



# FOURTH Quarter & Year End REPORT

FISCAL  
YEAR  
2015

# BENEFITS OF PUBLIC POWER

## Community Connections Fair

As a publicly owned utility, Austin Energy understands the key role and responsibility it has in building and supporting the community it serves. In keeping with this commitment to corporate citizenship, Austin Energy hosted the fifth annual Community Connections Resource Fair in September. The fair builds stronger and more stable neighborhoods by bringing social services, health screenings and job placement opportunities to the people who need them the most.

The event, held at Webb Middle School, was a partnership between several Austin Energy teams, including Customer Care, Customer Assistance Program and Marketing Communications, along with the Austin Independent School District. District 4 Council Member Greg Casar and his staff also attended the event to speak with constituents. Several other City departments participated in the event, including Austin Fire Department, Austin Police Department and Austin-Travis County Emergency Medical Service. Partnerships like these are what build a network of support that extends far into the community.

More than 85 organizations attended the fair, providing information to more than 1,330 residents that could help improve the community's quality of life. Many who attended noted that they earned less than \$30,000 per year. The family-friendly event also included free food, prizes and activities for children. It is important to Austin Energy that area residents receive the services they need and are not held back by location or a lack of information. Utility staff made a special effort to get the word out about the event to the surrounding community, including mailers and advertising. The more people Austin Energy can reach, the more people it can help.

A strong community means a strong utility, and Austin Energy is proud to play a part in meeting the community's needs.



## CUSTOMER ASSISTANCE PROGRAM STATS

Residential Customers Enrolled through Q4: > 40,931

Benefits Provided through Q4 (unaudited): > \$10.6 M

CAP Homes Weatherized through Q4: 424

# RATES REDUCED FOR NEXT FISCAL YEAR

Starting in November, Austin Energy residential customers will see a decrease in their typical monthly electric bill. For example, a 1,000 kilowatt-hour monthly electric bill will be reduced by \$3.33.

Commercial and industrial customers also could see a reduction in their electric bills of up to 10 percent, but increases or decreases depend on the amount of energy a customer uses.

Austin City Council approved lower rates Sept. 10 for the Power Supply Adjustment and the Community Benefit Charge. These decreases were partially offset by an increase in the Regulatory Charge.

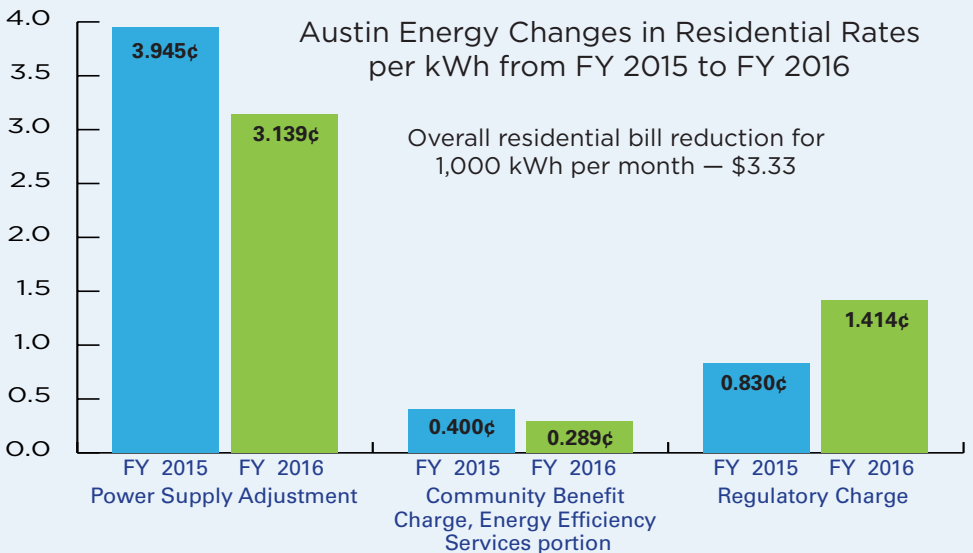
Both the Power Supply Adjustment and the Regulatory Charge are pass-through charges that allow Austin Energy to meet required costs. The utility makes no profit on these charges.

The Power Supply Adjustment is adjusted yearly and recovers the costs of providing power, including net electricity market expenses, fuel for generation, transportation and renewable purchase power agreements. The low cost of natural gas and coal has driven these costs down for the utility and its customers, resulting in a decrease in the PSA from 3.945 to 3.139 cents per kWh for residential customers.

The Community Benefit Charge collects costs from providing community benefits, including energy efficiency programs, the Customer Assistance Program and street lighting. The City Council approved applying \$9 million over three years from Austin Energy's energy efficiency services budget to lower the Community Benefit Charge. For residential customers, the energy efficiency portion of this charge decreased from 0.400 to 0.289 cents per kWh.

The Regulatory Charge recovers Austin Energy's share of the statewide costs for using the transmission grid and Electric Reliability Council of Texas administrative fees. This rate for residential customers increased from 0.830 to 1.414 cents per kWh primarily to recover costs that were deferred in prior years to meet the City's affordability goals.

Visit rates [austinenergy.com](http://austinenergy.com) for complete details about Austin Energy rates.



# FINANCIAL RESULTS - Fiscal Year Ended Sep. 30, 2015

Austin Energy's preliminary, unaudited financial results for the fourth quarter of fiscal year 2015 ending September 30 are consistent with expectations and show improvements in Cash and Net Income. Non-power supply operating revenue grew since last year by \$38 million, mainly due to increased regulatory revenue — which recovers transmission expense — and increased transmission service revenue due to an increase in usage and access fees.

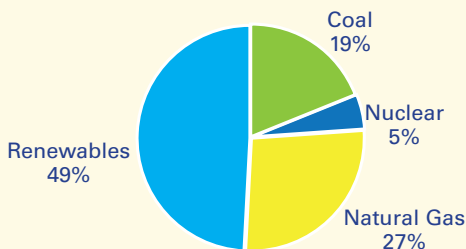
Austin Energy's net income for the fiscal year is \$73 million, which improved from a \$19 million net income in the prior period. The following items were significant factors:

- Power supply expenses were \$445 million, \$57 million lower than the same period last year primarily due to a decrease in market prices and lower generation.
- Total operating revenue increased \$38 million due in large part to increased transmission, regulatory and community benefit revenue.

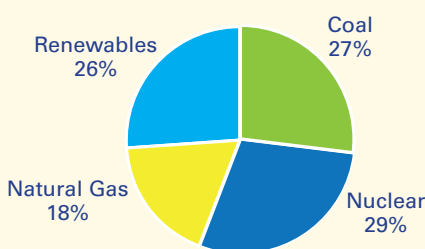
Austin Energy's financial statements reflect assets and liabilities for under-/over-recovery of certain recoverable costs. Power supply costs are over recovered by \$60 million compared to an under-recovery of \$25 million at September 30, 2014. Regulatory costs (e.g. transmission costs) are \$30 million under-recovered, up from \$16 million under-recovered last year.

Overall, Austin Energy's preliminary financial results show a \$99 million increase in cash during the fiscal year which will aid in replenishing reserve levels and allow Austin Energy to invest in operational technologies and competitive generation resources.

Power Generation Costs by Fuel Type/Source\*

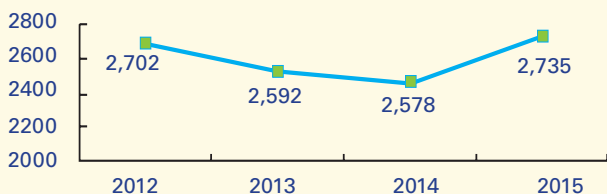


Power Generation by Fuel Type/Source (MWh)

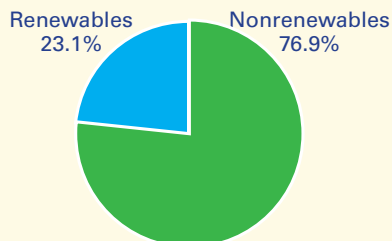


\* Costs include fuel for generation, fuel transportation, renewable power purchase agreements and hedging activity.

Historical System Peak Demand MW



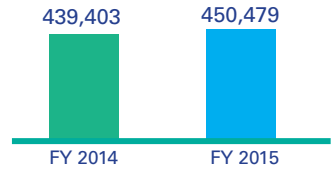
Renewable Power as Percent of Consumption



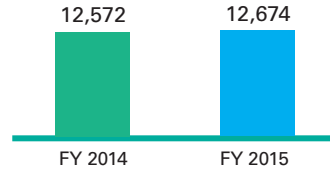
## INCOME STATEMENT

\$ in millions	12 months ended	
	9/30/14	9/30/15*
Operating Revenue	\$ 865	\$ 903
Power Supply Revenue	502	445
Power Supply Expense	502	445
Non-Power Supply Expense	538	538
Depreciation Expense	152	153
<b>Operating Income/(Loss)</b>	<b>175</b>	<b>212</b>
Other Revenue (Expense)	(51)	(34)
General Fund Transfer	105	105
<b>Net Income/(Loss)</b>	<b>\$19</b>	<b>\$73</b>
Debt to Equity Ratio	46%	48%
Debt Service Coverage	2.42	3.93

### Average Number of Customers



### Total Sales in Gigawatt Hours



## COMPARATIVE STATEMENT OF NET POSITION

\$ in millions	9/30/2014	9/30/2015*	Change
Cash	\$151	\$250	\$99
Accounts Receivable (net)	177	157	(20)
Power Supply Under-Recovery	25	0	(25)
Other Under-Recoveries	19	35	16
Debt Service	56	65	9
Strategic Reserve	107	152	45
Nuclear Decommissioning Reserve	197	206	9
Other Restricted Assets	125	106	(19)
Other Assets	412	654	242
Capital Assets	2,587	2,601	14
<b>TOTAL ASSETS</b>	<b>\$3,856</b>	<b>\$4,226</b>	<b>\$370</b>
Current Liabilities	131	116	(15)
Power Supply Over-Recovery	0	60	60
Other Over-Recoveries	12	17	5
Revenue Bonds	1,284	1,440	156
Commercial Paper	166	32	(134)
Other Long-Term Liabilities	581	806	225
Retained Earnings	1,682	1,755	73
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$3,856</b>	<b>\$4,226</b>	<b>\$370</b>

\*This information is unaudited and should be read in conjunction with the audited Comprehensive Financial Reports for the City of Austin, when published, on [www.austintexas.gov/financeonline/finance/main.cfm](http://www.austintexas.gov/financeonline/finance/main.cfm)