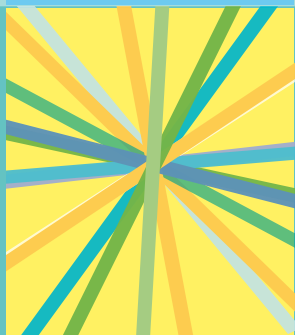




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THIRD
Quarter
REPORT
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**FISCAL
YEAR
2017**

austinenergy.com

DON'T SWEAT THE SUMMER HEAT

Austin Energy's summer savings campaign aims to help customers manage this season's bills

There's no question that summers in Central Texas are hot. With air conditioners often working overtime in the higher temperatures, customers can see higher electric bills. Austin Energy wants to make sure these dog days of summer don't get customers down, or dry up their piggy banks.

In June, the community-owned utility launched the citywide Summer Savings campaign to help customers manage their electric bills.

The campaign highlighted tips and tools including energy efficiency rebate programs and Austin Energy's web app. The app tracks daily use and alerts customers when their use approaches a higher-priced billing tier. It also lets customers see a future forecast of potential costs.

The campaign also called out specific tips customers can use immediately to help lower consumption and cost. Those included:

- Set your thermostat at 78 degrees or higher when possible. Every degree higher can decrease your bill by 3 percent.
- Change your AC filter every month during the summer. This helps with air flow and air quality.
- Unplug chargers. Turn off power strips when not in use. Electronics plugged in while "off" create phantom load, accounting for as much as 10 percent of home energy use.
- Keep curtains and blinds drawn on windows hit by direct sunlight. The sunlight can raise indoor temperatures 5-10 degrees very quickly.
- Use fans and point them in your direction when you are in the room to make you feel 2-4 degrees cooler. Turn off fans when not in the room.
- Install LED light bulbs. LEDs use 90 percent less electricity, generate less heat and last 10-25 times longer than incandescent bulbs, and five times longer than CFLs.

Part of being customer-driven and community-focused is making sure customers have the best tools to save energy and money.

Visit
austinenenergy.com/go/tips
for more ways to save.



AUSTIN ENERGY MAKES SEVERAL RENEWABLE ENERGY ADVANCEMENTS

Texas has a lot to offer, especially when it comes to renewable energy. The state's variety of green energy sources means Austin Energy can invest in the right type of project at the right location to best fit customer needs. In the third quarter of the fiscal year, two renewable projects made notable advancements.



East Pecos began delivering power

In April, the East Pecos Solar Farm delivered electricity to Austin Energy for the first time. This facility is the most recent solar investment to come online for the utility.

The far west Texas farm is rated at 120 MW and is approximately 1,000 acres with close to 1.2 million panels. This investment brings Austin Energy that much closer to the goal of 600 MW of solar generation by 2018.

Austin Energy entered contract for new Gulf Coast wind farm

From the desert to the coast, Austin Energy looks to take advantage of all the unique characteristics the Lone Star State has to offer when considering renewable energy. In late June, the Austin City Council signed a contract with Portland, Oregon-based Avangrid Renewables for a 200 MW Purchase Power Agreement of Gulf Coast wind.

Construction is scheduled to start January 2019.

Because this project is located along the coast, gulf breezes will generate electricity when Central Texas customers need it most. This could potentially increase the revenue produced for Austin Energy and lower cost risks for customers.

These advancements highlight the utility's diverse renewable energy portfolio. With Avangrid's addition, Austin Energy will have 1,300 MW of wind power under contract. In terms of solar, Austin Energy has 306 MW of utility-scale solar in its portfolio, with another 320 MW coming online in the next 18 months.

All together — when the Avangrid farm comes online — Austin Energy will offset 47 percent of customer demand with renewable energy.

For Austin Energy, renewable investments are about more than just going green. It's all about the balance between goals set by the community and the needs of all customers so Austin Energy can bring greater value to the community.



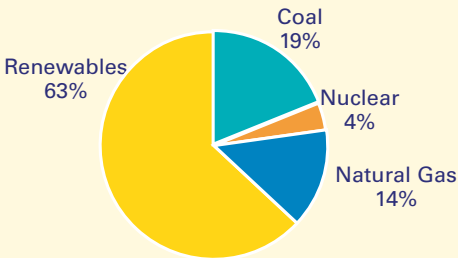
FINANCIAL RESULTS - FY 2017 Oct. 1, 2016 - Jun. 30, 2017

Austin Energy's preliminary, unaudited financial results for the period ending June 2017 reflect \$79 million in operating income. Non-power supply operating revenue grew since last year mainly due to increases in street area lighting revenue and regulatory revenue which recovers transmission expense. Non-power supply operating expense grew since last year primarily due to increases in power production, customer care and transmission expenses.

Austin Energy's financial statements reflect assets and liabilities for under-/over-recovery of certain recoverable costs. Power supply costs are over-recovered by \$31 million compared to an over-recovery of \$73 million at June 2016. Regulatory costs (e.g. transmission costs) are \$10 million under-recovered down from \$25 million last year.

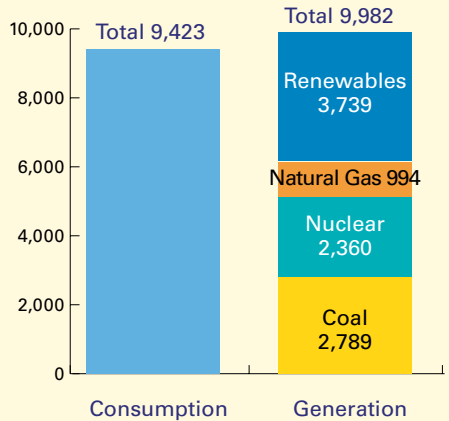
Overall, Austin Energy's preliminary results show a \$29 million increase in cash over the period which will allow Austin Energy to invest in operational technologies and cover short- and long-term liabilities.

Power Generation Costs by Fuel Type*

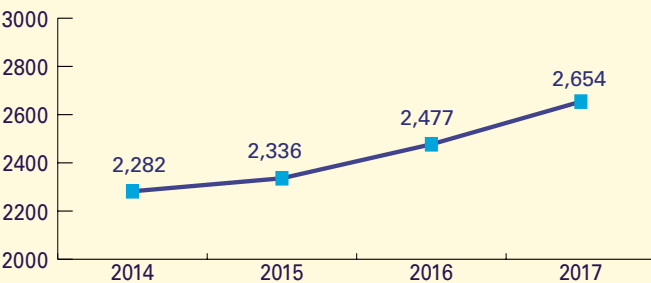


* Costs include fuel for generation, fuel transportation, renewable power purchase agreements and hedging activity.

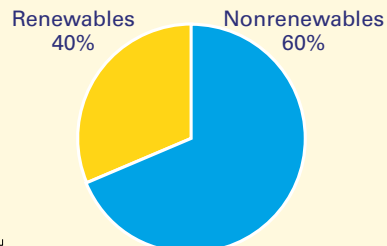
Consumption vs. Generation (GWh)



Historical Q3 System Peak Demand (MW)



Renewable Power as Percent of Consumption

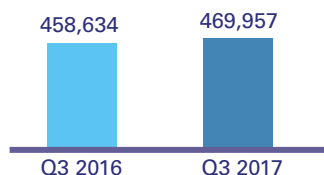


INCOME STATEMENT*

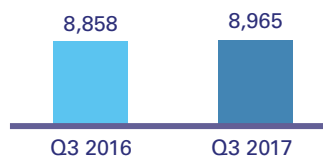
\$ in millions	9 months ended	
	6/30/16	6/30/17
Operating Revenues	\$ 624	\$ 641
Power Supply Revenue	299	316
Power Supply Expense	299	316
Non-Power Supply Expenses	392	442
Depreciation Expense	116	120
Operating Income/(Loss)	116	79
Other Revenue (Expense)	(33)	(18)
General Fund Transfer	79	81
Net Income/(Loss)	\$4	(\$20)
Debt Service Coverage	3.1	3.5
Debt to Equity Ratio**	45%	44%

**Calculated using 12 month rolling income statement.

Average Number of Customers



Total Sales in Gigawatt Hours



COMPARATIVE STATEMENT OF NET POSITION*

\$ in millions	6/30/2016	6/30/2017	Change
Cash	\$316	\$345	\$29
Accounts Receivable (net)	130	117	(13)
Other Under-Recoveries	33	16	(17)
Debt Service	18	15	(3)
Contingency Reserve	153	99	(54)
Power Supply Stabilization Reserve	0	89	89
Capital Reserve	0	12	12
Nuclear Decommissioning Reserve	211	218	7
Other Restricted Assets	84	104	20
Other Assets	672	735	63
Capital Assets	2,581	2,594	13
TOTAL ASSETS	\$4,198	\$4,344	\$146
Current Liabilities	115	131	16
Power Supply Over-Recovery	73	31	(42)
Other Over-Recoveries	15	12	(3)
Revenue Bonds	1,354	1,308	(46)
Commercial Paper	62	125	63
Other Long-Term Liabilities	820	926	106
Retained Earnings	1,759	1,811	52
TOTAL LIABILITIES AND FUND EQUITY	\$4,198	\$4,344	\$146

* This information is preliminary and unaudited.