

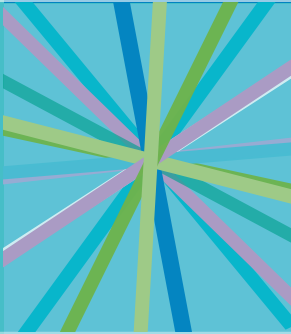


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FOURTH
Quarter
REPORT

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FISCAL
YEAR
2017

austinenergy.com

BENEFITS OF PUBLIC POWER

More than just getting the lights back on

Hurricane Harvey wreaked havoc on the Gulf Coast when it made landfall, but even as a tropical storm, Harvey's high winds snapped trees and limbs, pulled down power poles and knocking out power to more than 79,000 customers in the Austin Energy service area.

Austin Energy restoration and tree-trimming crews worked around the clock from Aug. 26 through 29 to remove downed vegetation and restore equipment and circuits. The utility's contact center fielded more than 6,000 phone calls and another 11,791 were handled by 21st Century, an automated call service that helps with call volume during large outages.

Customers and community come first at Austin Energy, and our community extends further than just our service territory. Once restoration and cleanup was completed here in Austin after Harvey, Austin Energy also deployed five contract crews and eight tree-trimming crews to assist AEP Texas in restoring power near the Texas Gulf Coast.

And when Hurricane Irma hit Florida and affected operations of another public power utility — Jacksonville Electric Authority — Five Austin Energy crews — 31 employees — and two City of Austin Fleet Services mechanics made the approximately 1,000-mile trip to help get the lights back on.

HARVEY by the NUMBERS

609

WIRE DOWN
calls received

1,456

SOCIAL
MEDIA
INTERACTIONS

177

ARCING
WIRE
calls received

50

POLES
REPLACED
after Harvey
hit Austin

964

TREE LIMB
ON WIRE
calls received

276

LOW WIRES
after Harvey
hit Austin



PASS-THROUGH CHARGES INCREASE

The Austin City Council approved an increase in two pass-through charges for Austin Energy as part of the FY 2018 budget approval process in September.

The Power Supply Adjustment increased by 7.1 percent and the Regulatory Charge increased by 1.4 percent. These changes went into effect Nov. 1, 2017.

The typical Austin Energy residential customer using 895 kWh can expect a monthly increase of \$1.95 in their electric bill. The exact change for an individual customer depends on their rate class and how they use power.

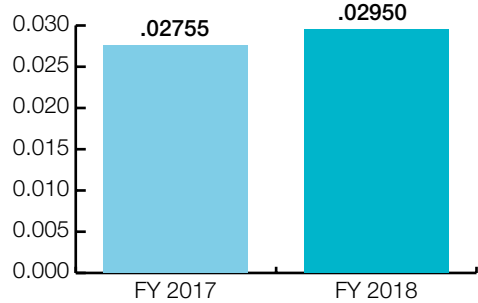
As a community-owned utility, Austin Energy works to keep rates low for customers. These charges are dollar-for-dollar recoveries. When costs change, the charges must change as well.

The Power Supply Adjustment covers the net costs of purchasing power from the grid and generating electricity. Since FY 2015, Austin Energy has been able to reduce the PSA by almost 30 percent, setting the rate below forecasted costs to return an over-collection. The increased rate is a result of higher market prices and the depletion of the over-collection.

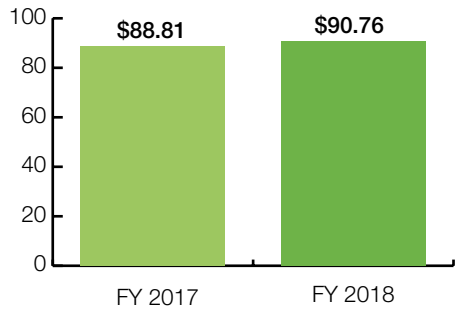
The Regulatory Charge covers Austin Energy's share of the statewide costs in managing, using and maintaining the electric grid. This charge is based on costs approved annually by the Public Utility Commission of Texas.

Go to austinenergy.com for more information on rates.

System Average Power Supply Adjustment Percentage of Change = 7.1%



Typical Residential Bill at 895 kWh Increases by \$1.95/Month.



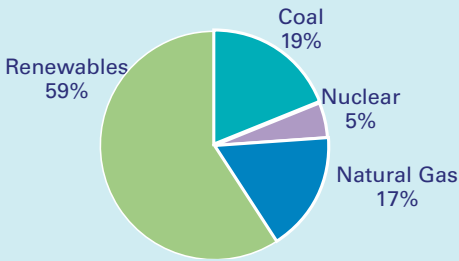
FINANCIAL RESULTS - FY 2017 Oct. 1, 2016 - Sept. 30, 2017

Austin Energy's financial results for the fiscal year ended 2017 reflect \$136 million in operating income. Non-power supply operating revenue decreased since last year mainly due to a decrease in service area base revenue. 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 \$34 million, compared to an over-recovery of \$69 million at September 2016. Austin Energy's FY 2017 financial policies reflect a revised breakdown of reserves including the Contingency Reserve (previously Strategic Reserve), the Power Supply Stabilization Reserve and the Capital Reserve (previously Repair and Replacement).

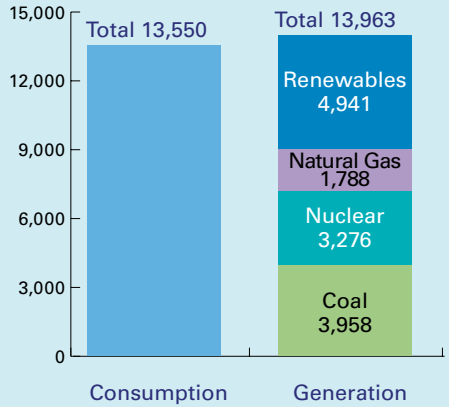
Overall, Austin Energy's financial results show a \$47 million increase in cash over the period which will allow Austin Energy to invest in operational technologies and cover short and long-term liabilities.

Power Generation Costs by Fuel Type*

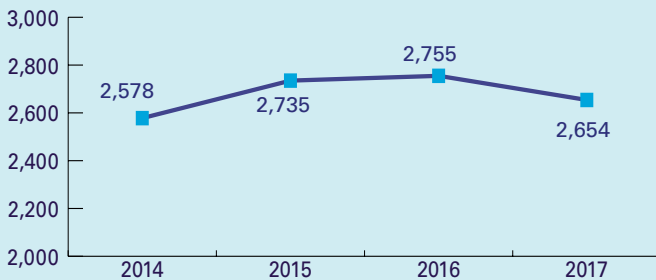


* Costs include fuel for generation, fuel transportation, renewable power purchase agreements and hedging activity.

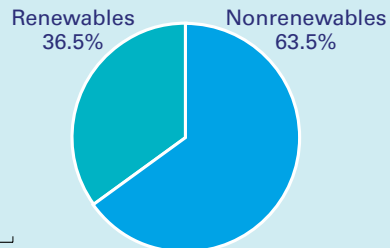
Consumption vs. Generation (GWh)



Historical Fiscal Year System Peak Demand (MW)



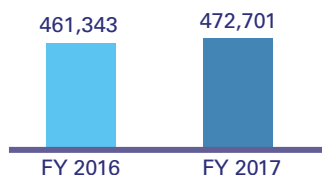
Renewable Energy load Offset



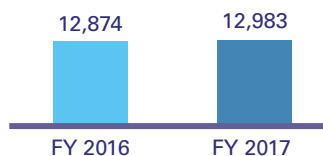
INCOME STATEMENT

\$ in millions	FY ended	
	9/30/16	9/30/17
Operating Revenues	\$ 932	\$ 913
Power Supply Revenue	438	449
Power Supply Expense	438	449
Non-Power Supply Expenses	582	614
Depreciation Expense	157	163
Operating Income/(Loss)	193	136
Other Revenue (Expense)	(12)	(11)
General Fund Transfer	105	108
Net Income/(Loss)	\$76	\$17
Debt Service Coverage	3.0	3.4
Debt to Equity Ratio	44%	44%

Average Number of Customers



Total Sales in Gigawatt Hours



COMPARATIVE STATEMENT OF NET POSITION

\$ in millions	9/30/2016	9/30/2017	Change
Cash	\$352	\$399	\$47
Accounts Receivable (net)	145	126	(19)
Other Under-Recoveries	16	4	(12)
Debt Service — ST	54	46	(8)
Contingency Reserve	189	97	(92)
Power Supply Stabilization Reserve	0	90	90
Capital Reserve	9	12	3
Nuclear Decommissioning Reserve	212	214	2
Other Restricted Assets	108	118	10
Other Assets	709	761	52
Capital Assets	2,610	2,601	(9)
TOTAL ASSETS	\$4,404	\$4,468	\$64
Other Current Liabilities	136	155	19
Power Supply Over-Recovery	69	34	(35)
Other Over-Recoveries	14	8	(6)
Revenue Bonds	1,367	1,320	(47)
Commercial Paper	88	146	58
Other Long-Term Liabilities	899	957	58
Retained Earnings	1,831	1,848	17
TOTAL LIABILITIES AND FUND EQUITY	\$4,404	\$4,468	\$64