

Austin Energy Quarterly Financial Report

3rd Quarter FY 2018 (April – June)

Rusty Maenius

Acting Chief Financial Officer



August 7, 2018

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Agenda

QUARTERLY Financial Report



Austin Energy Quarterly Financial Report

Executive Summary



Financial Summary Executive Summary



Substantially compliant with all financial policies.



Generally meet financial metrics supporting AA credit rating.



\$970 Million Revenues

Operating revenues exceed budget by 3.7% mostly due to slightly higher consumption.



\$745 Million Expenses

Operating expenses exceed budget by 3.4% due to higher Power Supply cost.



Balance sheet is liquid and adequately capitalized.



Residential rate structure proving to be effective price signal with significant reduction in consumption in the 4th and 5th tiers.

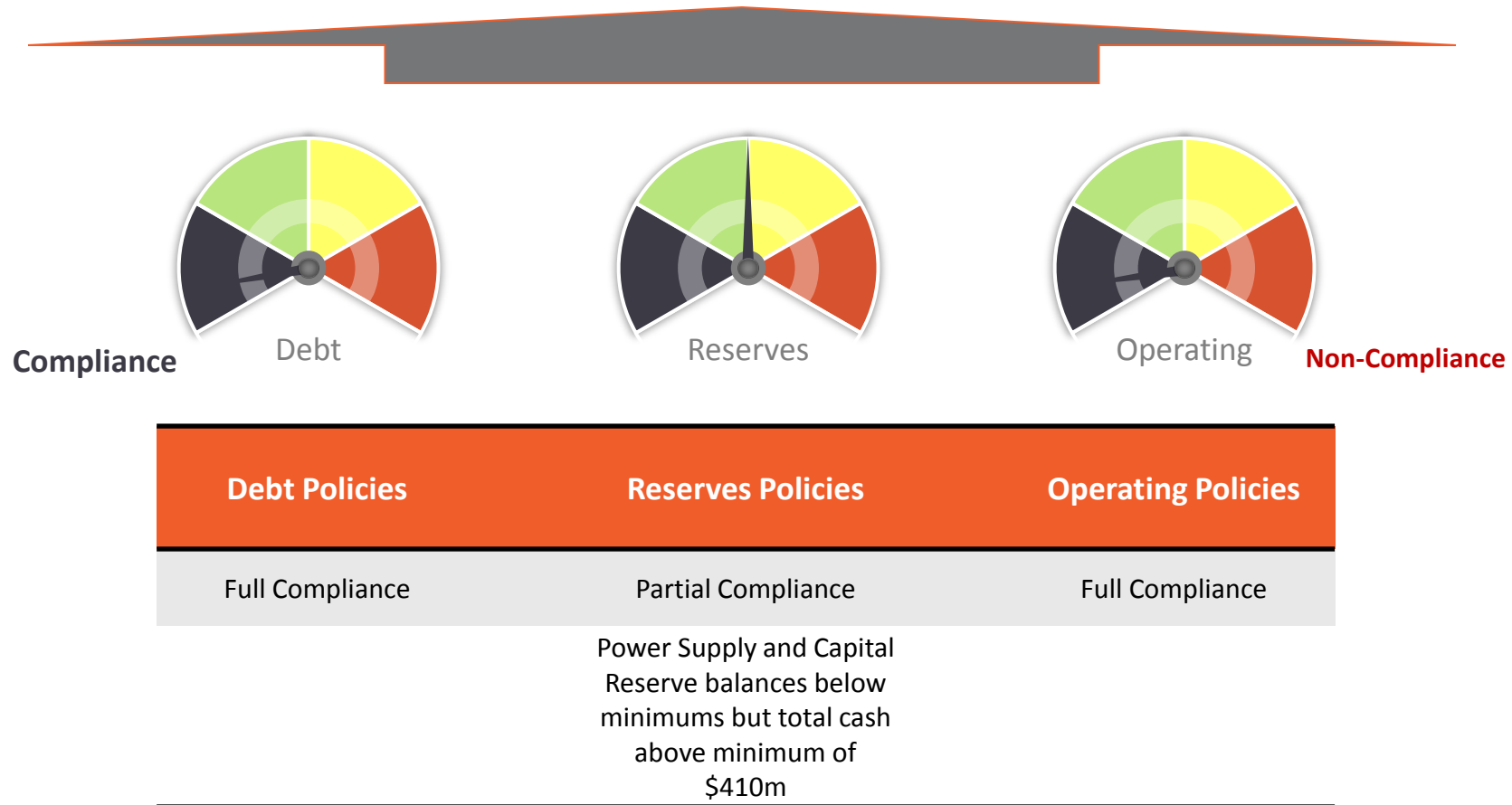


Austin Energy Quarterly Financial Report

Financial Policy Compliance



Financial policies are memorialized and adopted by ordinance each year during the budgeting process



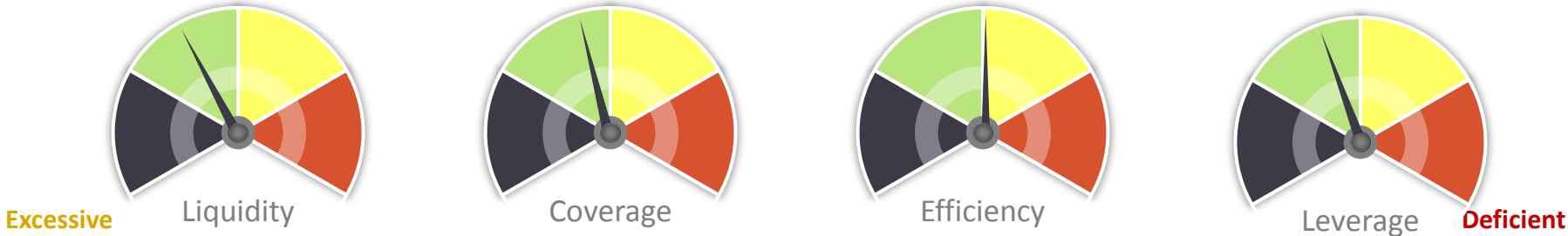
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Financial Performance Measures



AA Standard & Poor's Global Ratings Achieved November 2016



Days Cash on Hand	Debt Service Coverage Ratio	Operating Margins	Debt to Capitalization
Minimum > 150 Days	Minimum > 2.0	Minimum > 10%	Minimum < 50%
Actual 212 Days	Actual 4.0	Actual 9.7%	Actual 44.1%
Excludes General Fund Transfer			



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Austin Energy's Affordability Goal has two metrics



Affordability Metric	Competitiveness Metric
Full Compliance Since 2013	Non-Compliance Since 2015
<p>Maintain system average rates at or below 2% annual compound growth rate that began October 2012.</p>	<p>Maintain an average annual system rate in the lower 50% of all Texas utilities serving residential, commercial and industrial customers as measured by published data from the Energy Information Administration (EIA) Form 861.</p>



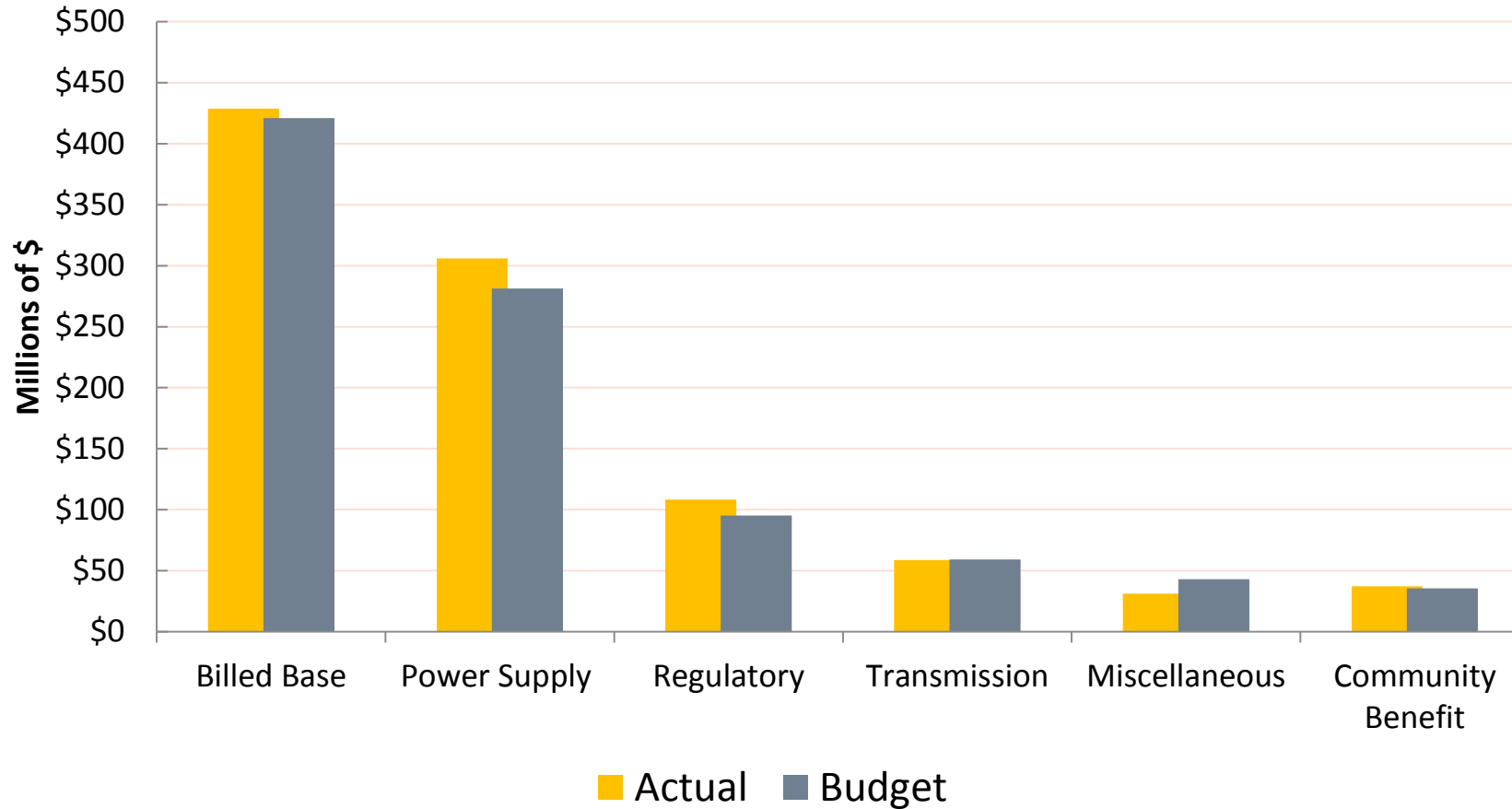
Austin Energy Quarterly Financial Report

Actual to Budget Analysis



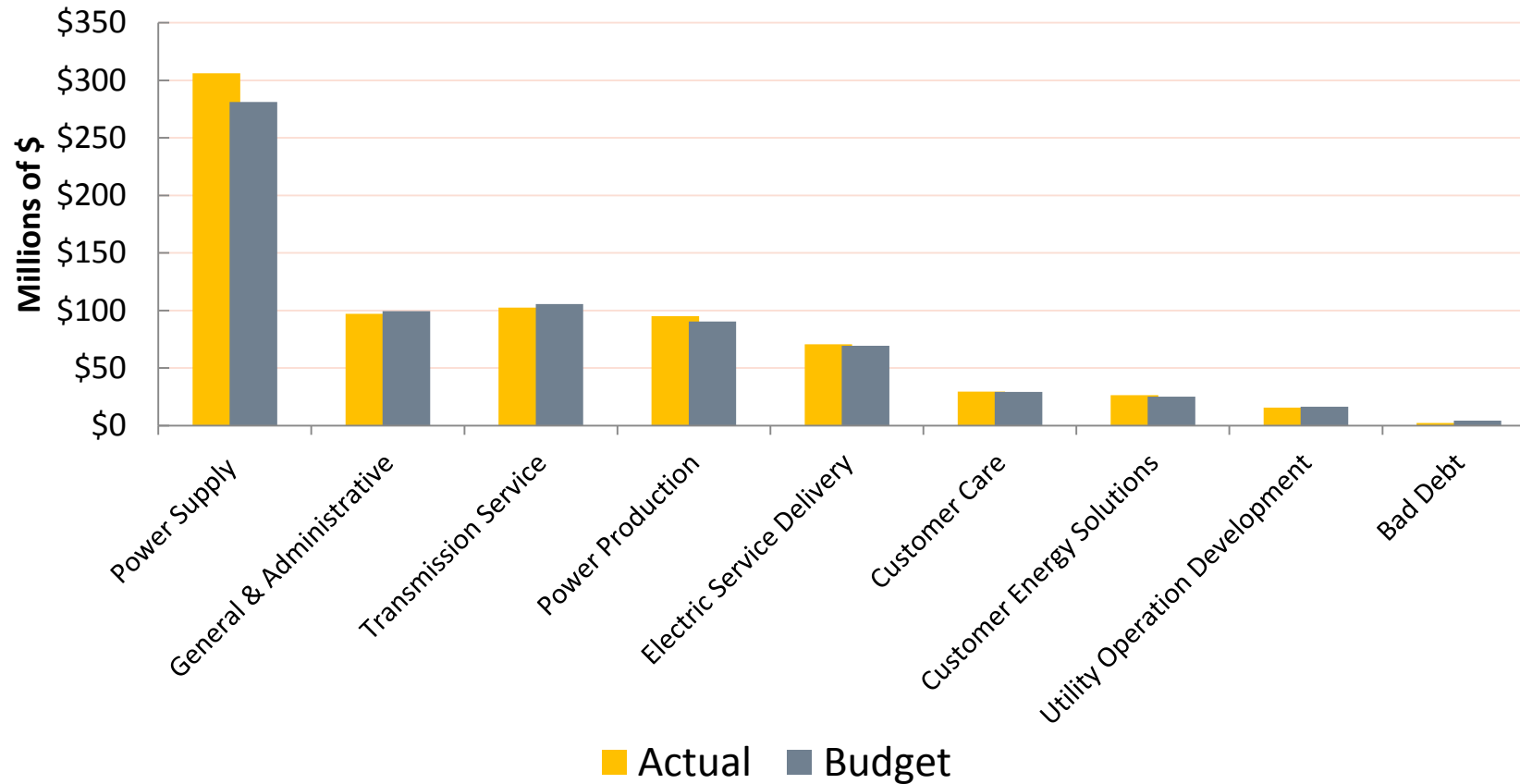
Actual to Budget Analysis

Budget Based Operating Revenues Fiscal Year Through June 30, 2018



Actual to Budget Analysis

Budget Based Operating Expenses Fiscal Year Through June 30, 2018



Actual to Budget Analysis

Budget Based Fund Summary Fiscal Year Through June 30, 2018

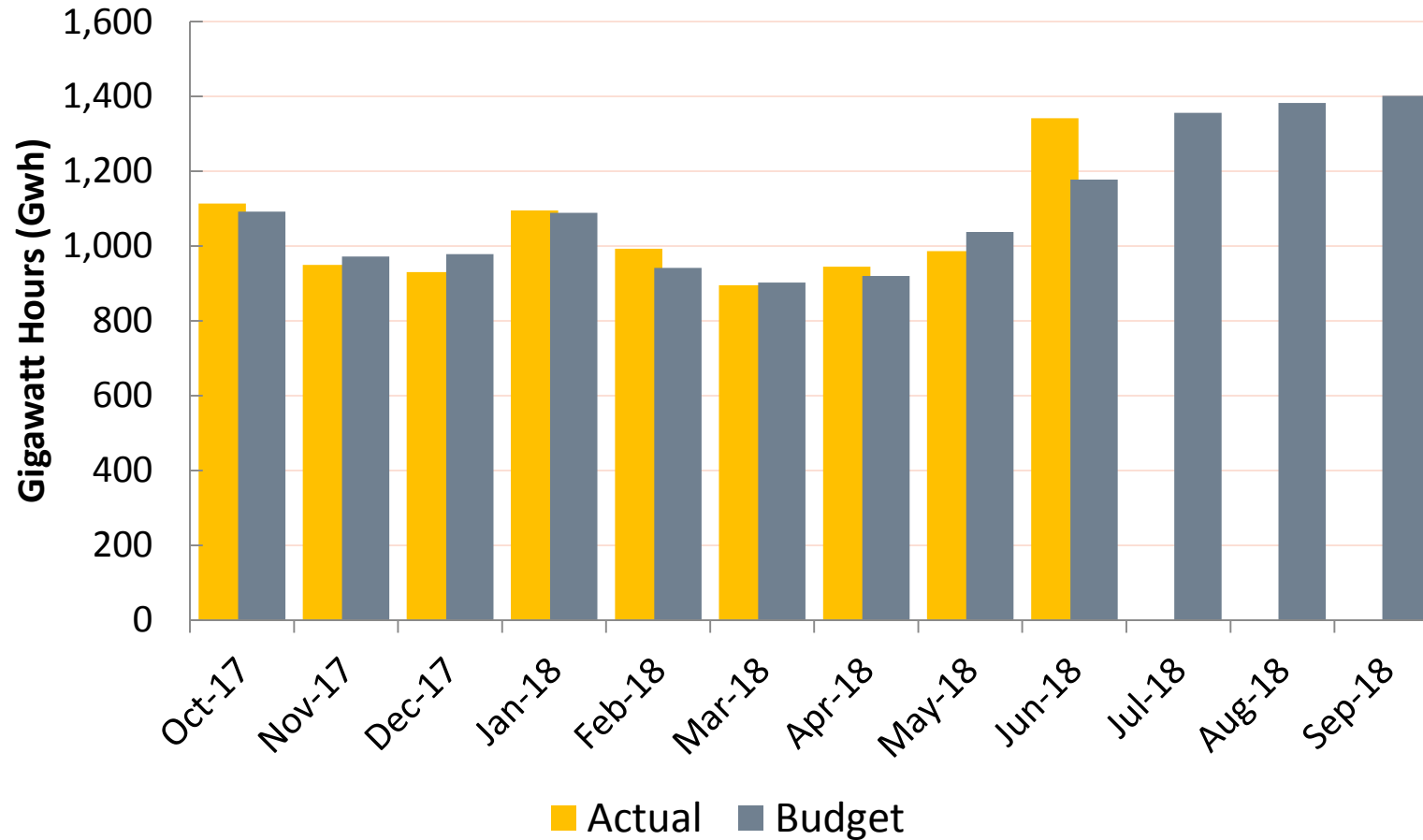
Millions of \$	Variance to Budget Favorable (Unfavorable)				Variance to Prior Year Favorable (Unfavorable)		
	Actual	Budget	Amount	%	Prior Year Actual	Amount	%
Operating Revenues	\$970.3	\$935.2	\$35.1	3.7%	\$959.9	\$10.4	1.1%
Operating Expenses	744.9	720.7	(24.2)	(3.4%)	762.8	17.9	2.4%
Operating Income (Loss)	\$225.4	\$214.5	\$10.9	5.0%	\$197.1	\$28.3	14.4%
Interest Revenue	7.7	2.5	5.2	210.5%	4.2	3.5	82.3%
Debt Service	(64.8)	(65.2)	(0.4)	0.7%	(66.1)	1.3	2.0%
Income (Loss) Before Transfers	\$168.3	\$151.8	\$16.5	10.9%	\$135.2	\$33.1	24.5%
Administrative Support	(19.5)	(19.5)	0	0%	(19.4)	(0.1)	(1.0%)
General Fund	(81.8)	(81.8)	0	0%	(81.0)	(0.8)	(0.9%)
Economic Development	(5.1)	(5.1)	0	0%	(5.6)	0.5	8.3%
CTM Fund	(6.5)	(6.5)	0	0%	(5.8)	(0.7)	(12.1%)
Voluntary Utility Assistance Fund Transfer	(0.6)	(0.6)	0	0%	(0.6)	0	0%
Other City Transfers	(1.8)	(1.8)	0	0%	0	(1.8)	(100%)
Internal Transfers / CIP	(79.0)	(79.0)	0	0%	(47.5)	(31.5)	(66.3%)
Excess (Deficiency) of Revenues	(\$26.0)	(\$42.5)	\$16.5	38.8%	(\$24.7)	(\$1.3)	(5.4%)



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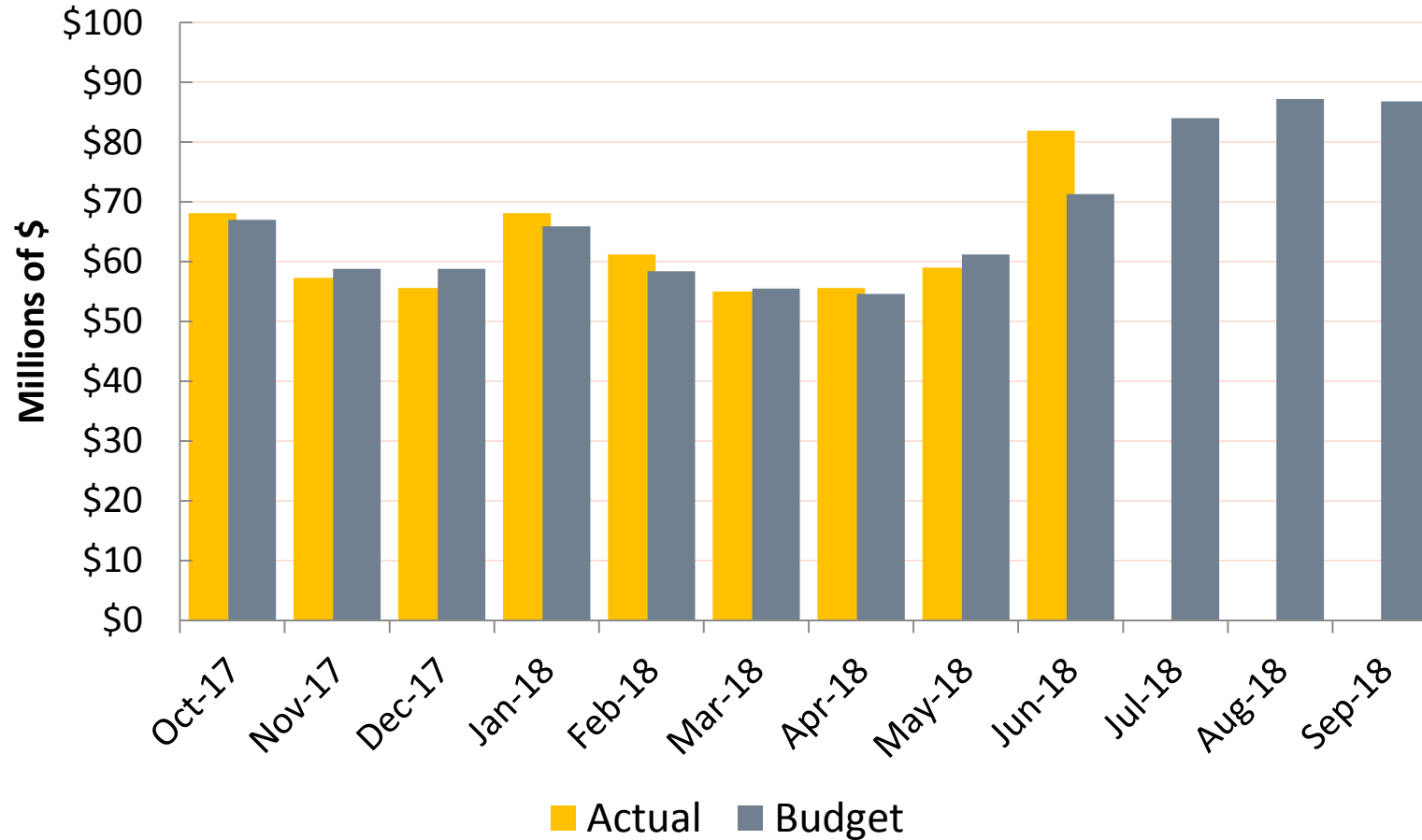
Actual to Budget Analysis

Actual to Budget Retail Energy Sales

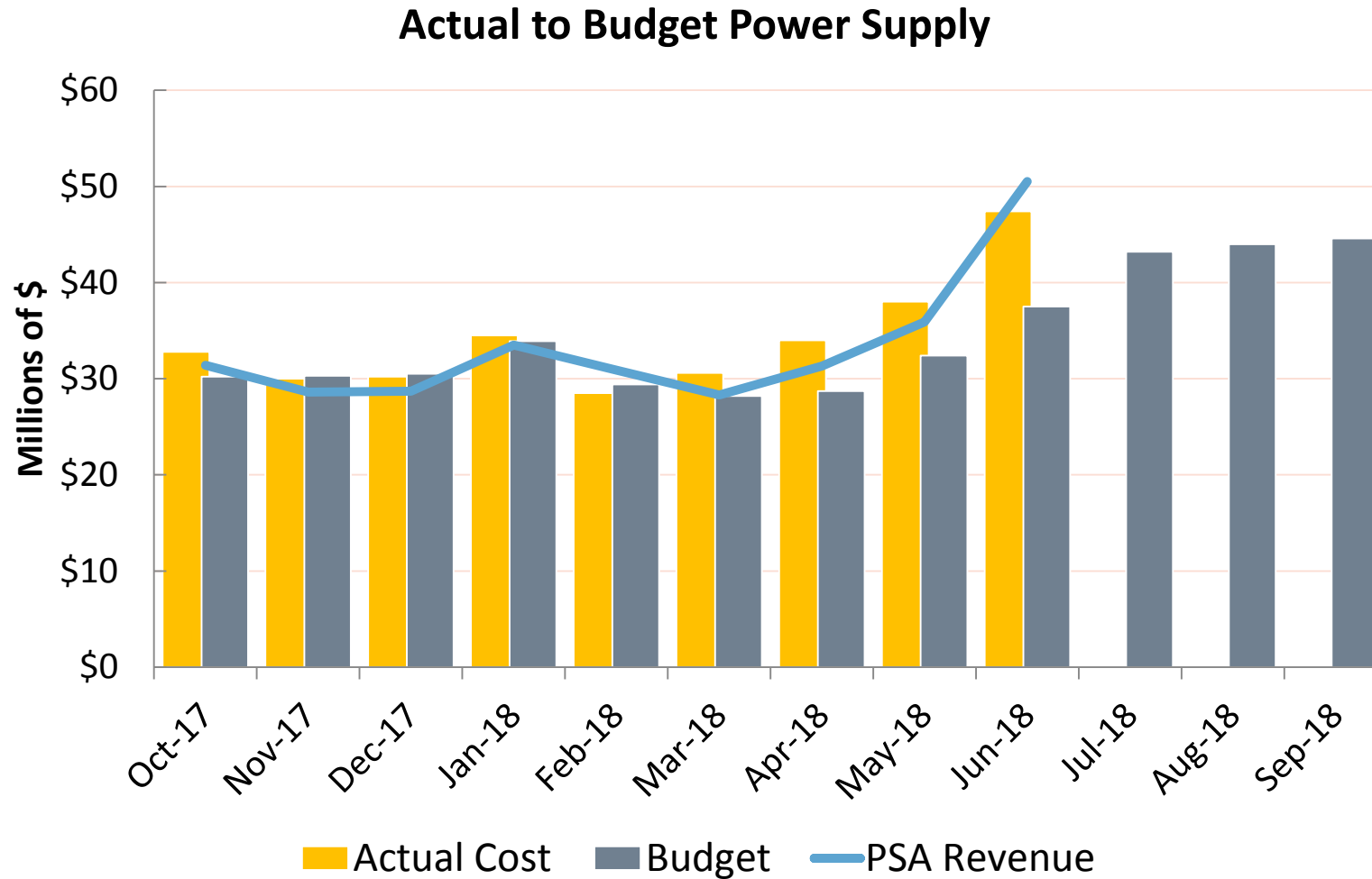


Actual to Budget Analysis

Actual to Budget Non-Power Supply Revenues



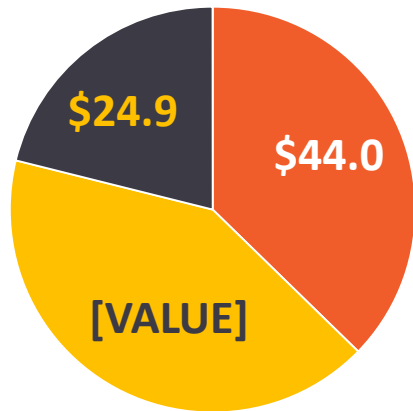
Actual to Budget Analysis



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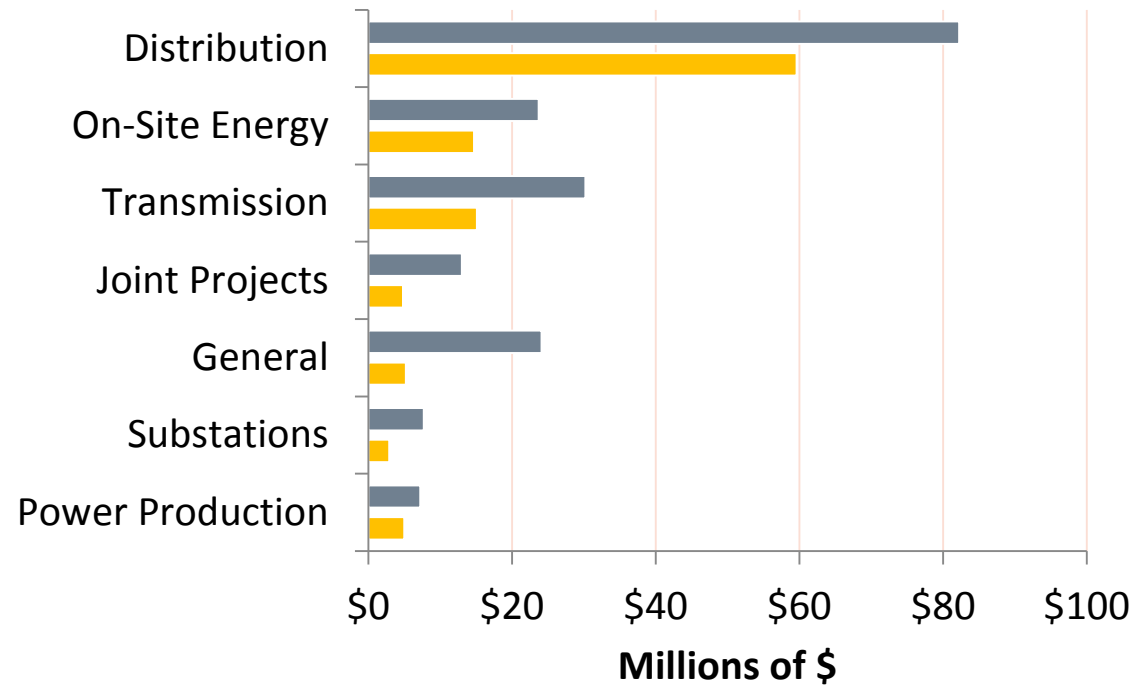
Capital Improvement Plan Summary

Type of Financing



- Cash
- Debt
- Contributions in Aid of Construction

Type of Project



■ FY 2018 Spend Plan ■ Year-to-Date



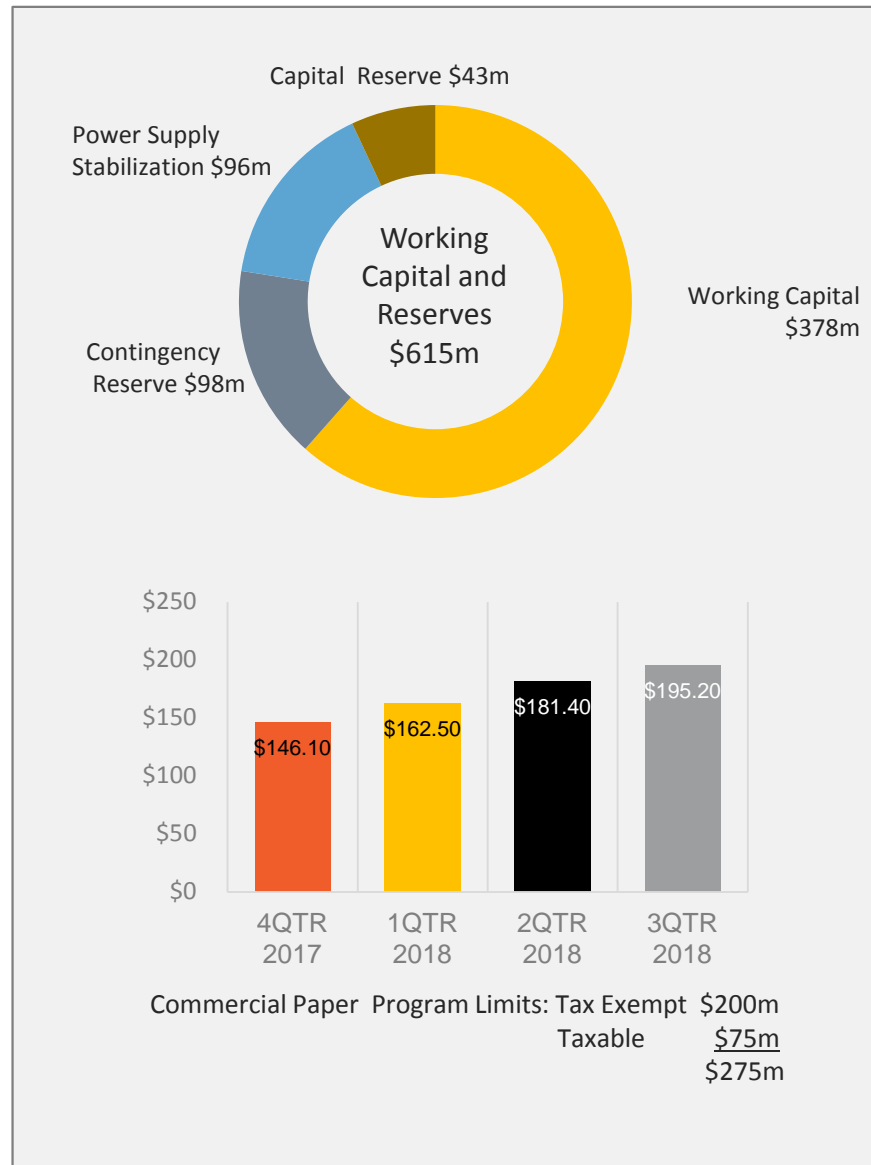
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Financial Statements



Balance Sheet Snapshot

Assets	Jun 2017	Jun 2018
Cash	↑ \$345.1	\$377.9
Current Assets	283.4	293.3
Capital Assets	2,594.3	2,584.0
Long-Term Assets	↑ 1,121.6	1,225.6
Total Assets	\$4,344.4	\$4,480.8
Liabilities and Fund Equity		
Current Liabilities	\$174.1	\$191.2
Long-term Liabilities	2,038.4	2,056.1
Deferred Inflow of Resources	↑ 320.5	384.7
Retained Earnings	1,811.4	1,848.8
Total Liabilities & Fund Equity	\$4,344.4	\$4,480.8



GAAP Financial Summary

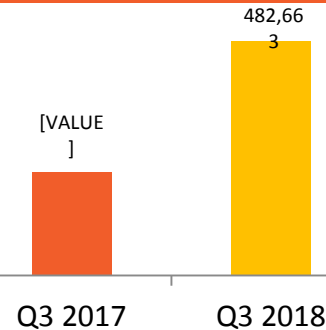
Comparative Statement of Net Position

\$ in Millions	6/30/2017	6/30/2018	Change
Cash	\$345	\$378	\$33
Accounts Receivable (net)	117	132	15
Other Under-Recoveries	16	5	(11)
Debt Service	15	15	-
Contingency Reserve	98	98	-
Power Supply Stabilization Reserve	89	96	7
Capital Reserve	12	43	31
Nuclear Decommissioning Reserve	218	220	2
Other Restricted Assets	105	130	22
Other Assets	735	780	48
Capital Assets	2,594	2,584	(10)
Total Assets	\$4,344	\$4,481	\$137
Current Liabilities	\$131	\$147	\$16
Power Supply Over-Recovery	31	27	(4)
Other Over-Recoveries	12	8	(4)
Revenue Bonds	1,308	1,263	(43)
Commercial Paper	125	195	70
Other Long-Term Liabilities	926	992	64
Retained Earnings	1,811	1,849	38
Total Liabilities and Fund Equity	\$4,344	\$4,481	\$137

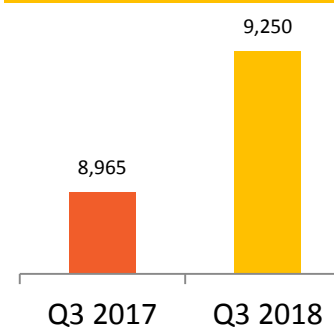
Income Statement

\$ in Millions	9 Months Ending	
	6/30/2017	6/30/2018
Operating Revenues	\$641	\$662
Power Supply Revenues	316	306
Power Supply Expenses	316	306
Non-Power Supply Expenses	442	445
Depreciation Expense	120	123
Operating Income/(Loss)	\$79	\$94
Other Revenue (Expense)	\$(18)	\$(11)
General Fund Transfer	(81)	(82)
Net Income/(Loss)	\$(20)	\$1
Debt Service Coverage	3.5	4.0
Debt Equity Ratio	44%	44%

Average Number of Customers



Total Sales in Gigawatt Hours



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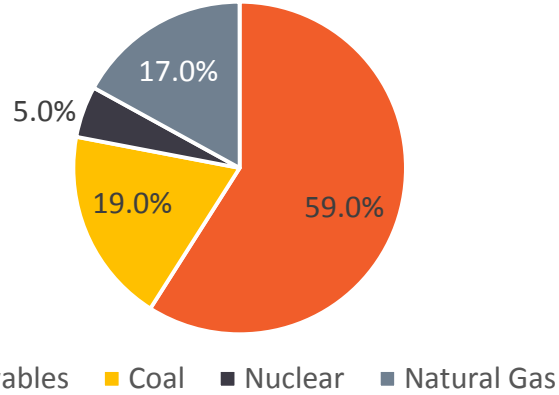
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Market and Industry Analysis



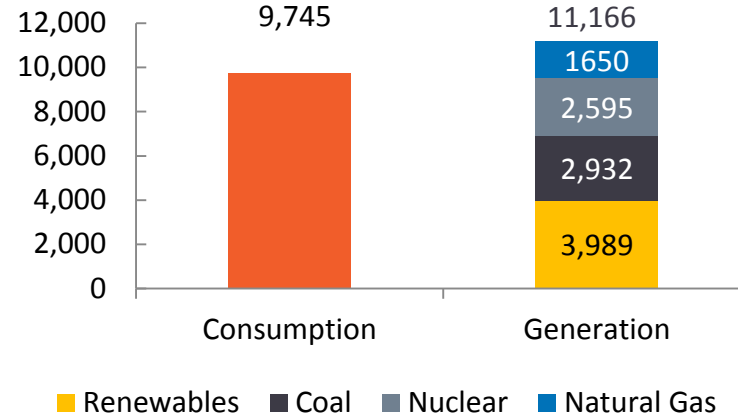
Net Generation and Load Analysis

Power Generation Cost by Fuel Type

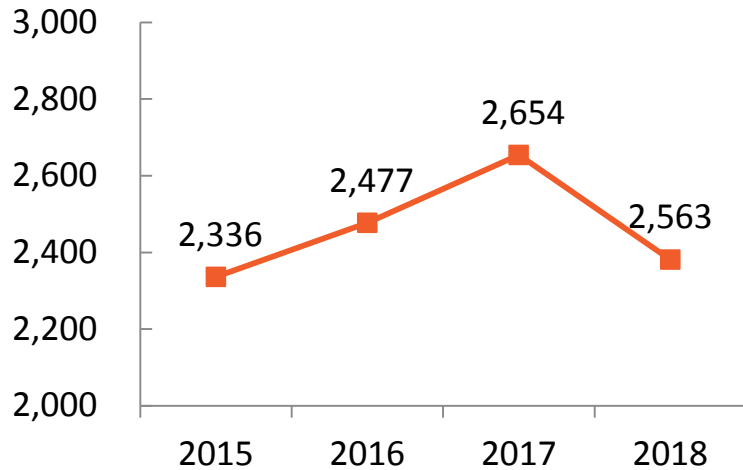


**Costs include fuel for generation, fuel transportation, renewable Power purchases agreements and hedging activity.*

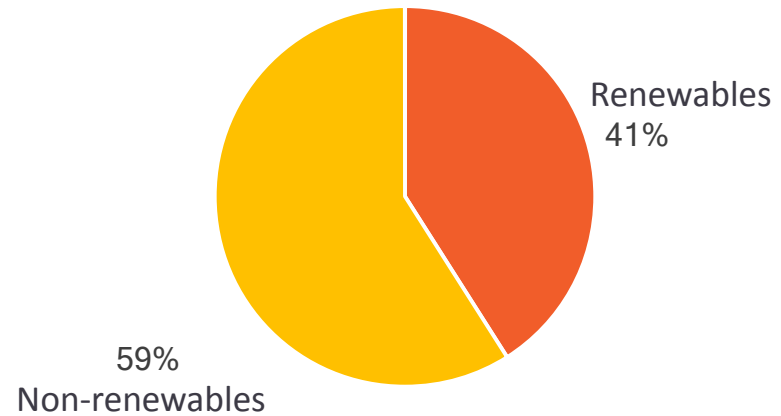
Consumption vs. Generation (GWh)



Historical Q3 System Peak Demand (MW)



Renewable Power as Percent of Consumption





**Customer Driven.
Community Focused.**

