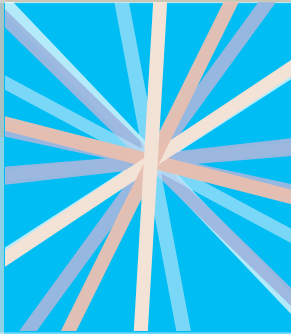




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THIRD
Quarter
REPORT

4



FISCAL
YEAR
2016

austinenergy.com

AUSTIN ENERGY CUSTOMER CARE

GEARING UP FOR THE SUMMER RUSH

While summer may be seen as a break for some, Austin Energy's Utility Contact Center staff are in the thick of their busy season. When it comes to customer service, there's no such thing as down time.

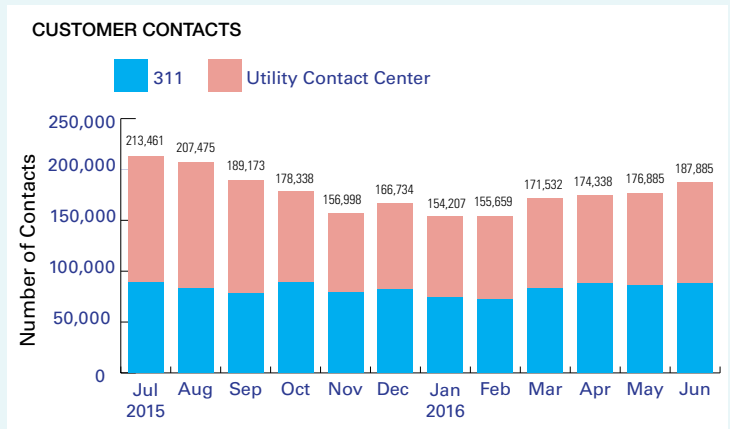
Austin Energy manages billing services for all City utilities, including Austin Water and Austin Resource Recovery. This makes Austin Energy a one-stop shop for City of Austin services, making the community-owned power a unique benefit to the people it serves. Austin Energy also manages Austin 3-1-1, the City's 24/7 call center for non-emergency situations and information. For both the Contact Center and 3-1-1, our local staff understands and meets the needs of the community.

Summer rush typically lasts from May through October, when the call center often handles upwards of 5,000 contacts per day. The increased call volume this time of year comes from more customers moving into and out of the service area. The Contact Center received 86,124 contacts in April, 90,322 contacts in May and 98,678 contacts in June.

To help support our call center staff during this tough time, Customer Care leaders produced a video providing encouragement and tips for continuing to provide excellent customer service.

Tips included:

- Always being positive
- Listening to and understanding what the customer is going through
- Staying organized
- Relying on training.



For Austin Energy Customer Service Representatives, training includes 200 hours of new hire training in the classroom as well as taking live customer calls. There are two assessments that every agent passes. After graduation, the new hires are placed in nesting. While in nesting they receive daily coaching. This experience lays the foundation for the service Austin Energy representatives administers. Austin Energy provides additional training to the contact center staff as needed. For example, in preparation for Austin Water's High Water Bill Administrative Adjustment, each agent attended a two-hour course designed to learn the new process while receiving refresher training on high bill calls for both water and electric services.

FINANCIAL RESULTS - FY 2016 Oct. 1, 2015 - Jun. 30, 2016

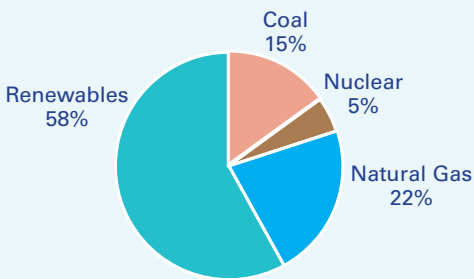
Austin Energy's preliminary, unaudited financial results for the nine months ending June 2016 are consistent with expectations. Non-power supply operating revenue grew since last year by \$27 million mainly due to increased regulatory revenue, which recovers transmission expense.

Austin Energy's unaudited net income at June 2016 is \$3 million up from a \$2 million net income in the prior period. Increased regulatory revenue is offset by an increase in total operating expenses including transmission and power production costs.

Austin Energy's financial statements reflect assets and liabilities for under-/over-recovery of certain recoverable costs. Power supply costs are over-recovered by \$73 million compared to an over-recovery of \$26 million at June 30, 2015. Regulatory costs (e.g. transmission costs) are \$25 million under-recovered at June 30, 2016 down from \$32 million last year.

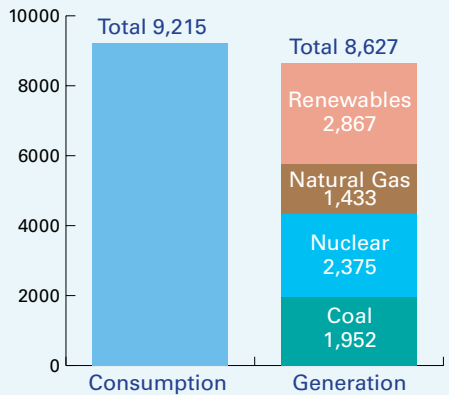
Overall, Austin Energy's preliminary financial results show a \$106 million increase in cash over the fiscal year, which will improve its financial resiliency.

Power Generation Costs by Fuel Type*

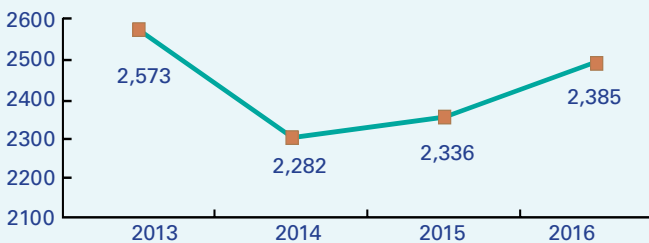


* Costs include fuel for generation, fuel transportation, renewable power purchase agreements and hedging activity.

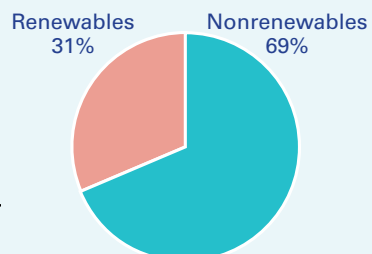
Consumption vs. Generation (GWh)



Q3 Historical System Peak Demand MW



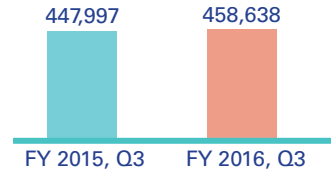
Renewable Power as Percent of Consumption



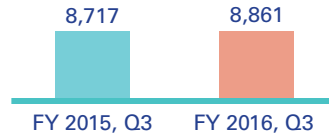
INCOME STATEMENT*

\$ in millions	9 months ended	
	6/30/15	6/30/16
Operating Revenues	\$ 597	\$624
Power Supply Revenue	302	299
Power Supply Expense	302	299
Non-Power Supply Expenses	374	392
Depreciation Expense	112	116
Operating Income/(Loss)	111	116
Other Revenue (Expense)	(30)	(34)
General Fund Transfer	79	79
Net Income/(Loss)	\$2	\$3
Debt Service Coverage**	3.4	3.0
Debt to Equity Ratio	46%	45%

Average Number of Customers



Total Sales in Gigawatt Hours



COMPARATIVE STATEMENT OF NET POSITION*

\$ in millions	6/30/2015***	6/30/2016	Change
Cash	\$210	\$316	\$106
Accounts Receivable (net)	132	130	(2)
Other Under-Recoveries	38	33	(5)
Debt Service	22	18	(4)
Strategic Reserve	108	153	45
Nuclear Decommissioning Reserve	203	211	8
Other Restricted Assets	89	80	(9)
Other Assets	467	676	209
Capital Assets	2,603	2,581	(22)
TOTAL ASSETS	\$3,872	\$4,198	\$326
Current Liabilities	113	116	3
Power Supply Over-Recovery	26	73	47
Other Over-Recoveries	17	15	(2)
Revenue Bonds	1,428	1,354	(74)
Commercial Paper	4	62	58
Other Long-Term Liabilities	600	819	219
Retained Earnings	1,684	1,759	75
TOTAL LIABILITIES AND FUND EQUITY	\$3,872	\$4,198	\$326

* This information is preliminary and unaudited.

** Calculated using 12 month rolling income statement.

*** June 2015 totals do not reflect the effect to Other Assets and Other Long-term Liabilities for the GASB 68 restatement of Pension obligations payable and Deferred outflows of resources.

BENEFITS OF PUBLIC POWER

SHOWING OFF WHAT KEEPS AUSTIN COOL: THE 20TH ANNUAL COOL HOUSE TOUR

There are a lot of things that keep Austin weird, but Austin Energy works hard to keep Austin cool. So cool, in fact, that we've been showing off the City's green building culture through the annual Cool House Tour. This year marked the 20th anniversary of the event, coproduced by Austin Energy Green Building and the Texas Solar Energy Society.

The tour highlights Austin Energy Green Building-rated homes by allowing Austinites to explore, talk with homeowners and contractors and otherwise be immersed in the world of green building.

This year, the Texas heat didn't stop the public from wanting to learn more about how residents are keeping it cool. Tour attendance grew 36 percent over the previous year. Almost 1,000 tickets were sold, and all buildings on the tour saw triple-digit attendance.

The tour featured 10 homes, all of them boasting new or remodeled designs built to high standards of energy efficiency. At each location, the homeowner, architect, builder, contractor or Green Building staff member were available to answer questions.

Austin Energy also hosted a free open house where visitors could learn more about other Customer Energy Solutions products and visit with other City of Austin departments.

For more information, photos of the event and inspiration for your own home project, check out coolhousetour.com.



Photo: Emerson Walter Photography