

**DRAFT**

# **Austin Energy Annual Performance Report**

**June 21, 2010**

**Proposed Expanded Report  
Year Ended September 30, 2009**



***Austin Energy Mission:***  
***Deliver clean, affordable, reliable energy and  
excellent customer service.***

This annual report provides operational data that reports on and demonstrates achievement and support for all elements of Austin Energy's mission statement and its strategic goals and objectives. Our goal is to keep our City Council, Electric Utility Commission, the leadership of our community, our customers and our employees informed on our operations in timely fashion through comprehensive reporting.

## **Affordable**

Austin Energy enjoys consistently high bond ratings. A bond rating is a measure of a utility's ability to repay its debt in a timely fashion. In June 2010, the City of Austin issued up to \$240 million in bonds, \$150 million of which will convert short-term debt (Commercial paper) to long-term debt. The City achieved a true interest cost of 3.995% for 30 years on the bonds – one of the lowest interest rates ever for the City. Total savings over the life of the bonds versus previous interest rates for bond components will exceed \$20 million.

### **Bond ratings at close of fiscal year, for each of the last five years**

**Austin Energy Credit Ratings**

| Description of debt                                     | Fiscal Year Ended | Fitch, Inc. | Moody's Investors Service, Inc. | Standard and Poor's |
|---------------------------------------------------------|-------------------|-------------|---------------------------------|---------------------|
| Combined utility revenue bonds - prior lien             | 2005              | A+ Stable   | A2                              | A+ Stable           |
|                                                         | 2006              | AA- Stable  | A1 Stable                       | AA- Stable          |
|                                                         | 2007              | AA- Stable  | A1 Stable                       | AA- Stable          |
|                                                         | 2008              | AA- Stable  | A1 Stable                       | AA- Stable          |
|                                                         | 2009              | AA- Stable  | A1 Stable                       | AA Stable           |
|                                                         |                   |             |                                 |                     |
| Combined utility revenue bonds - subordinate lien       | 2005              | A+ Stable   | A2                              | A Stable            |
|                                                         | 2006              | AA- Stable  | A1 Stable                       | A+ Stable           |
|                                                         | 2007              | AA- Stable  | A1 Stable                       | A+ Stable           |
|                                                         | 2008              | AA- Stable  | A1 Stable                       | A+ Stable           |
|                                                         | 2009              | AA- Stable  | A1 Stable                       | AA Stable           |
|                                                         |                   |             |                                 |                     |
| Electric utility revenue bonds - Electric separate lien | 2005              | A+ Stable   | A3 Stable                       | A Stable            |
|                                                         | 2006              | AA- Stable  | A1 Stable                       | A+ Stable           |
|                                                         | 2007              | AA- Stable  | A1 Stable                       | A+ Stable           |
|                                                         | 2008              | AA- Stable  | A1 Stable                       | A+ Stable           |
|                                                         | 2009              | AA- Stable  | A1 Positive                     | A+ Positive         |
|                                                         |                   |             |                                 |                     |

**Capital Improvement (CIP) and Operating & Maintenance actual expenditures to budget amounts, in each of the last five years**

**Austin Energy**

|                                     | <b>Fiscal Year Ended</b> | <b>Approved Budget</b> | <b>Amended Budget</b> | <b>Actual Expenditures</b> |
|-------------------------------------|--------------------------|------------------------|-----------------------|----------------------------|
| Operating Budget Total Requirements | 2005                     | \$ 904,611,903         | \$ 904,611,903        | \$ 935,751,816             |
| Operating Budget Total Requirements | 2006                     | \$ 953,148,417         | \$ 974,073,417        | \$ 1,056,619,878           |
| Operating Budget Total Requirements | 2007                     | \$ 1,124,863,219       | \$ 1,124,863,219      | \$ 1,066,420,724           |
| Operating Budget Total Requirements | 2008                     | \$ 1,156,297,612       | \$ 1,165,360,556      | \$ 1,248,009,469           |
| Operating Budget Total Requirements | 2009                     | \$ 1,379,690,769       | \$ 1,413,921,716      | \$ 1,300,176,900           |
| Operating Budget Total Requirements | 2010                     | \$ 1,312,393,516       | \$ 1,312,393,516      | n/a                        |
|                                     |                          |                        |                       |                            |
| Year 1 of Capital Spending Plan     | 2005                     | \$ 123,194,000         |                       | \$ 111,096,929             |
| Year 1 of Capital Spending Plan     | 2006                     | \$ 176,072,590         |                       | \$ 135,454,589             |
| Year 1 of Capital Spending Plan     | 2007                     | \$ 209,828,200         |                       | \$ 177,782,604             |
| Year 1 of Capital Spending Plan     | 2008                     | \$ 302,649,000         |                       | \$ 254,994,294             |
| Year 1 of Capital Spending Plan     | 2009                     | \$ 347,513,000         |                       | \$ 288,961,000             |
| Year 1 of Capital Spending Plan     | 2010                     | \$ 305,978,000         |                       | n/a                        |

The number of new customers (meters) added during FY 2009 was about 11,100, the largest increase since FY 2001. Sales during FY 2009 were 0.7% less than the year before, due primarily to reduced demand from large industrial customers. This stands in sharp contrast to the year before when sales increased by 7.6%.

- **Average number of customers by class annually**
- **Sales by customer class in MWH annually**
- **Revenue by customer class annually**
- **Percentage of revenues by customer class annually**

**Customers**

|              |          | FY05           | FY06           | FY07           | FY08           | FY09           |
|--------------|----------|----------------|----------------|----------------|----------------|----------------|
| Residential  | #        | 331,490        | 338,184        | 345,197        | 352,574        | 363,217        |
| Commercial   | #        | 39,691         | 40,934         | 41,825         | 42,585         | 43,049         |
| Industrial   | #        | 68             | 75             | 75             | 78             | 81             |
| Other        | #        | 1,486          | 1,505          | 1,523          | 1,553          | 1,579          |
| <b>Total</b> | <b>#</b> | <b>372,735</b> | <b>380,698</b> | <b>388,620</b> | <b>396,790</b> | <b>407,926</b> |

**MWH**

|              |          | FY05              | FY06              | FY07              | FY08              | FY09              |
|--------------|----------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Residential  | #        | 3,879,940         | 4,079,909         | 3,908,318         | 4,226,036         | 4,218,600         |
| Commercial   | #        | 4,195,212         | 4,287,176         | 4,350,912         | 4,530,470         | 4,480,902         |
| Industrial   | #        | 1,662,458         | 1,779,333         | 1,930,289         | 2,233,904         | 2,218,315         |
| Other        | #        | 1,127,787         | 1,150,462         | 1,135,550         | 1,195,630         | 1,185,323         |
| <b>Total</b> | <b>#</b> | <b>10,865,396</b> | <b>11,296,880</b> | <b>11,325,069</b> | <b>12,186,040</b> | <b>12,103,140</b> |

**Revenue**

|              |           | FY05               | FY06               | FY07               | FY08                 | FY09                 |
|--------------|-----------|--------------------|--------------------|--------------------|----------------------|----------------------|
| Residential  | \$        | 348,282,003        | 387,540,000        | 356,143,000        | 416,809,000          | 406,393,000          |
| Commercial   | \$        | 335,858,632        | 367,017,000        | 365,991,000        | 408,808,000          | 402,032,000          |
| Industrial   | \$        | 93,448,116         | 108,491,000        | 113,248,000        | 138,901,000          | 132,792,000          |
| Other        | \$        | 81,688,798         | 88,462,000         | 84,464,000         | 94,472,000           | 91,181,000           |
| <b>Total</b> | <b>\$</b> | <b>859,277,549</b> | <b>951,510,000</b> | <b>919,846,000</b> | <b>1,058,990,000</b> | <b>1,032,398,000</b> |

**cents per kWh**

|              |           | FY05             | FY06             | FY07             | FY08             | FY09             |
|--------------|-----------|------------------|------------------|------------------|------------------|------------------|
| Residential  | \$        | \$0.08976        | \$0.09499        | \$0.09112        | \$0.09863        | \$0.09633        |
| Commercial   | \$        | \$0.08006        | \$0.08561        | \$0.08412        | \$0.09024        | \$0.08972        |
| Industrial   | \$        | \$0.05621        | \$0.06097        | \$0.05867        | \$0.06218        | \$0.05986        |
| Other        | \$        | \$0.07243        | \$0.07689        | \$0.07438        | \$0.07901        | \$0.07693        |
| <b>Total</b> | <b>\$</b> | <b>\$0.07908</b> | <b>\$0.08423</b> | <b>\$0.08122</b> | <b>\$0.08690</b> | <b>\$0.08530</b> |

**System Peak**

|                    |                  |                  |                  |                  |                  |
|--------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Demand (kW)</b> | <b>2,445,000</b> | <b>2,430,000</b> | <b>2,391,000</b> | <b>2,514,000</b> | <b>2,602,000</b> |
|--------------------|------------------|------------------|------------------|------------------|------------------|

**MWH****(% by class)**

|              |          | FY05        | FY06        | FY07        | FY08        | FY09        |
|--------------|----------|-------------|-------------|-------------|-------------|-------------|
| Residential  | %        | 36%         | 36%         | 35%         | 35%         | 35%         |
| Commercial   | %        | 39%         | 38%         | 38%         | 37%         | 37%         |
| Industrial   | %        | 15%         | 16%         | 17%         | 18%         | 18%         |
| Other        | %        | 10%         | 10%         | 10%         | 10%         | 10%         |
| <b>Total</b> | <b>%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> |

**Revenue****(% by class)**

|              |          | FY05        | FY06        | FY07        | FY08        | FY09        |
|--------------|----------|-------------|-------------|-------------|-------------|-------------|
| Residential  | %        | 41%         | 41%         | 39%         | 39%         | 39%         |
| Commercial   | %        | 39%         | 39%         | 40%         | 39%         | 39%         |
| Industrial   | %        | 11%         | 11%         | 12%         | 13%         | 13%         |
| Other        | %        | 10%         | 9%          | 9%          | 9%          | 9%          |
| <b>Total</b> | <b>%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> |

## Average monthly residential usage and average bill, in each of the last five years

| <u>Average Monthly KWH per Residential Customer</u> |       |       |       |       |       |
|-----------------------------------------------------|-------|-------|-------|-------|-------|
|                                                     | 2005  | 2006  | 2007  | 2008  | 2009  |
| Austin Energy                                       | 975   | 1,005 | 943   | 999   | 968   |
| City Public Service Energy (San Antonio)            | 1,159 | 1,217 | 1,247 | 1,164 | 1,187 |

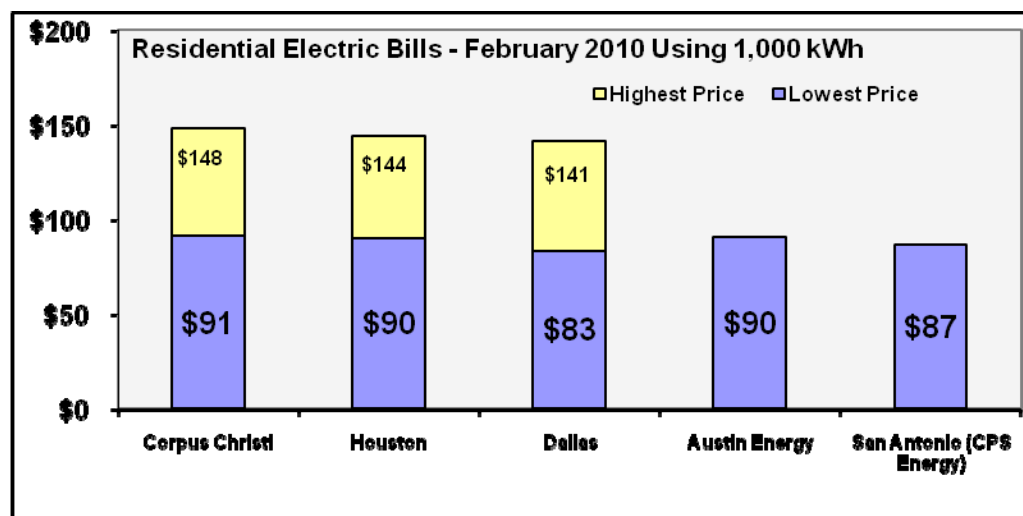
| <u>Average Monthly Bill per Residential Customer</u> |         |         |         |         |          |
|------------------------------------------------------|---------|---------|---------|---------|----------|
|                                                      | 2005    | 2006    | 2007    | 2008    | 2009     |
| Austin Energy                                        | \$87.55 | \$95.30 | \$85.98 | \$98.52 | \$93.24  |
| City Public Service Energy (San Antonio)             | \$87.39 | \$99.59 | \$98.27 | \$91.98 | \$107.60 |

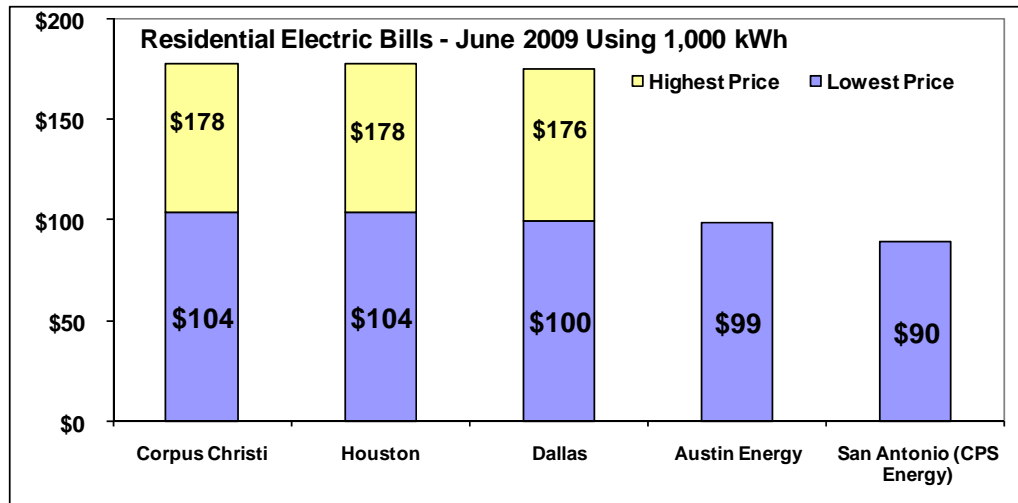
## Rates comparison

Comparison of residential, commercial, industrial customers including Austin, Dallas, Houston, Corpus and San Antonio, for the previous fiscal or calendar year, as can be reasonably obtained

### Residential Customers – Bill Comparisons

Summer 2009 and Winter 2010 (1,000 kWh)





### Known projected changes to base rates or fuel charge within each of the next five years

**Base Rates.** Austin Energy's 2011-2015 Financial Forecast shows an electric base (non-fuel) rate increase is required by Fiscal Year 2013; the amount of the increases will be determined pending completion of a planned rate study. The base rate has not changed since 1994.

**Fuel Charge.** Austin Energy's fuel charge is reviewed annually. Generally, changes to the fuel rate are effective on January 1 for the calendar year. As part of this expanded annual report, a section will be included here that details all projected changes in the fuel charge over each of the next five years. That summary will include the outlook on fuel costs, the impact of purchase power agreements such as those upcoming for the 30 MW solar farm near Webberville and the 100 MW biomass plant in east Texas and any expected changes in ERCOT support fees, among other.

## A history of fuel rate changes

| SECONDARY SERVICE<br>Rates provided in cents per kilowatt-hour (kWh) of electricity usage<br>(For Rates: E01, E02, E03, E04, E05, E06, E10, E13, E14, E23, ENW) |                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| January 1999 - July 2000                                                                                                                                        | 1.372 cents/kWh |
| August 2000 - October 2000                                                                                                                                      | 1.635 cents/kWh |
| November 2000 - January 2001                                                                                                                                    | 2.211 cents/kWh |
| February 2001 - December 2001                                                                                                                                   | 2.682 cents/kWh |
| January 2002 - June 2003                                                                                                                                        | 1.774 cents/kWh |
| July 2003 - October 2003                                                                                                                                        | 2.004 cents/kWh |
| November 1, 2003 - December 31, 2003                                                                                                                            | 2.265 cents/kWh |
| January 1, 2004 - December 31, 2005                                                                                                                             | 2.796 cents/kWh |
| January 1, 2006 - December 31, 2006                                                                                                                             | 3.634 cents/kWh |
| January 1, 2007 - May 31, 2007                                                                                                                                  | 3.343 cents/kWh |
| June 1, 2007 - December 31, 2007                                                                                                                                | 3.044 cents/kWh |
| For electric bills received beginning January 1, 2008                                                                                                           | 3.653 cents/kWh |

The fuel charge is a dollar-for-dollar cost recovery mechanism. Components of the fuel charge include fuel and fuel transportation costs, renewable energy contract costs not covered by subscriptions, congestion costs associated with renewables, power capacity purchase costs and fees associated with ERCOT support plus market operations cost sharing responsibility.

## Calendar Year 2010 Projected Fuel Charge Breakdown

|                                           |            |
|-------------------------------------------|------------|
| <b>Natural Gas Sand Hill &amp; Decker</b> | <b>53%</b> |
|-------------------------------------------|------------|

- Supply
- Pipeline Transportation
- Storage
- Financial Hedging

|             |                |            |
|-------------|----------------|------------|
| <b>Coal</b> | <b>Fayette</b> | <b>21%</b> |
|-------------|----------------|------------|

- Supply purchases
- Rail Transportation
- Diesel Fuel for plant start up

**Renewable Power – Unsubscribed****8%**

- Unsubscribed Green Choice Renewable Power (ex. Hackberry)
- Congestion Costs associated with unsubscribed renewable power
- Congestion hedging

**Conventional Purchase Power & Capacity****7%**

- Long or short term power purchases
- Long or short term capacity purchases (ex. ancillary / reserve services)

**STP****5%**

- Amortized fuel expense

**ERCOT****6%**

- ERCOT Administrative fee
- NERC / TRE fee
- Nodal Surcharge
- Uplift Charges (applied to all load on a load share basis)
- Real Time charges (ex. Resource / Load Imbalance, Mismatched schedule, Uninstructed Resource Charge)

**Fuel under/over collections at close of fiscal year, for each of the last five years**

| <b>Austin Energy</b>       |                          |                        |
|----------------------------|--------------------------|------------------------|
|                            | <b>Fiscal Year Ended</b> | <b>Amount</b>          |
| (Over)/Under Fuel Recovery | <b>2005</b>              | <b>\$ 20,800,815</b>   |
| (Over)/Under Fuel Recovery | <b>2006</b>              | <b>\$ 5,459,075</b>    |
| (Over)/Under Fuel Recovery | <b>2007</b>              | <b>\$ (19,380,165)</b> |
| (Over)/Under Fuel Recovery | <b>2008</b>              | <b>\$ (1,730,474)</b>  |
| (Over)/Under Fuel Recovery | <b>2009</b>              | <b>\$ (22,696,920)</b> |



## Deferred payment plans

Payment plans are available to utility customers who fall behind on their utility bill. The economic downturn over the past 1.5 years combined with extreme summer heat last year and colder winters the past two years increased the number of customers seeking payment plans. During FY 2009, an average of 12,000 customers a month were on payments plans, slightly up from the year before (11,444) but up significantly from 2007 which saw a monthly average of 8,600 customers utilizing payments plans.

- **Average number of payment plans in effect each month annually**
- **Total dollars involved in payment plans annually**
- **Average balance size of payment plans annually**

| <b>Fiscal Year</b> | <b>Payment Plans/Month</b> | <b>Dollars/Year</b> | <b>Average Plan Amount</b> |
|--------------------|----------------------------|---------------------|----------------------------|
| <b>FY 2009</b>     | 12,037                     | \$ 73.6 M           | \$ 505                     |
| <b>FY 2008</b>     | 11,444                     | \$ 73.5 M           | \$ 530                     |
| <b>FY 2007</b>     | 8,602                      | \$ 57.9 M           | \$ 561                     |
| <b>FY 2006</b>     | 6,159                      | \$ 44.6 M           | \$ 603                     |
| <b>FY 2005</b>     | 13,482                     | \$ 97.3 M           | \$ 601                     |

## Bad debt expense

Bad debt expense is an inactive account over due by more than 60 days. These accounts are generally turned over to a collection agency.

### Bad debt expense in each of the last five years

| <b>Fiscal Year</b> | <b>Bad Debt Expense</b> |
|--------------------|-------------------------|
| <b>FY 2009</b>     | \$ 3.6 M                |
| <b>FY 2008</b>     | \$ 2.0 M                |
| <b>FY 2007</b>     | \$ 3.5 M                |
| <b>FY 2006</b>     | \$ 5.3 M                |
| <b>FY 2005</b>     | \$ 5.8 M                |

## **Affordable (Operations)**

### **Heat Rate**

The heat rate is the number of British Thermal Units (BTU) needed to produce a kilowatt-hour (kWh) of electricity. In other words, the heat rate is a measurement of how efficiently a generating unit converts fuel into electricity. The lower the heat rate, the higher the efficiency.

The slight increase in overall system heat rate for FY 2009 from the year before is due to two factors. The extremely hot summer of 2009 increased the average temperature of reservoir water used to cool the South Texas Project (STP). This required the plant to work harder and resulted in a slight increase in the heat rate for STP production. Our increased wind energy capacity in 2009 means we have higher amounts of wind energy flowing overnight. This requires, as planned, a ramping down of the Fayette Power Project (FPP). Power plants operate less efficiently at lower levels of production, thereby increasing the average heat rate.

| Measure                                       | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 |
|-----------------------------------------------|---------|---------|---------|---------|---------|
| System annual average heat rate (BTU/net kWh) | 9,983   | 10,040  | 9,837   | 9,803   | 9,810   |

### **System Fuel Cost Average**

The system annual average fuel cost, in cents per kilowatt-hour of electricity produced, were lower during FY 2009 due primarily to lower natural gas prices.

| Measure                                    | FY 2005                   | FY 2006                   | FY 2007                   | FY 2008                   | FY 2009                   |
|--------------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| System annual average fuel cost (fuel/kWh) | 2.708<br>cents<br>per kwh | 3.178<br>cents per<br>kwh | 2.912<br>cents per<br>kwh | 3.655<br>cents per<br>kwh | 3.371<br>cents per<br>kwh |

## System Production Cost

The system annual average production cost in cents per kilowatt-hour of electricity produced includes fuel costs plus operating and maintenance costs. Lower natural gas costs were the key factor in lower production costs for FY 2009.

| Measure                                                                                       | FY 2005                   | FY 2006                   | FY 2007                   | FY 2008                   | FY 2009                   |
|-----------------------------------------------------------------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| <b>System annual average production cost (includes fuel plus operating &amp; maintenance)</b> | 3.504<br>cents per<br>kwh | 3.927<br>cents per<br>kwh | 3.831<br>cents per<br>kwh | 4.207<br>cents per<br>kwh | 4.045<br>cents per<br>kwh |

**Total energy delivered to customers by each fuel type in kWh and as a percentage of the total, in each of the last five fiscal years**

| <b>Percent of Power by Fuel Type</b> |                            |                    |                    |                    |                    |
|--------------------------------------|----------------------------|--------------------|--------------------|--------------------|--------------------|
| <b>% Generation</b>                  | <b>As of September 30,</b> |                    |                    |                    |                    |
|                                      | <b><u>2005</u></b>         | <b><u>2006</u></b> | <b><u>2007</u></b> | <b><u>2008</u></b> | <b><u>2009</u></b> |
| Coal                                 | 34.6%                      | 29.7%              | 32.2%              | 33.2%              | 28.3%              |
| Natural Gas & Oil                    | 25.2%                      | 27.9%              | 27.3%              | 25.7%              | 26.5%              |
| Nuclear                              | 27.9%                      | 27.3%              | 25.8%              | 27.1%              | 26.4%              |
| Renewable Energy                     | 4.3%                       | 5.7%               | 5.1%               | 6.1%               | 9.5%               |
| Purchased Power                      | 8.0%                       | 9.4%               | 9.6%               | 7.9%               | 9.3%               |
| <b>Total</b>                         | <b>100.0%</b>              | <b>100.0%</b>      | <b>100.0%</b>      | <b>100.0%</b>      | <b>100.0%</b>      |

## Fuel Costs

The price of natural gas during FY 2009 was 40% less than prices seen the year before. Currently natural gas prices are in the \$5-\$6 per MMBtu versus \$7-\$8 in FY 2008 and \$10-\$14 in FY 2007.

### Total costs by fuel type and percentage of total, in each of the last five years

| <b>Fuel Cost</b> |           | <b>FY05</b>           | <b>FY06</b>           | <b>FY07</b>           | <b>FY08</b>           | <b>FY09</b>           |
|------------------|-----------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Gas              | \$        | 227,898,760.45        | 230,376,973.73        | 219,069,606.11        | 293,337,648.39        | 157,522,365.54        |
| Coal             | \$        | 41,575,662.98         | 49,519,262.26         | 50,360,624.04         | 87,063,859.86         | 84,635,000.11         |
| Nuclear          | \$        | 13,038,730.27         | 13,485,442.82         | 14,197,168.83         | 15,823,058.81         | 16,866,182.92         |
| Fuel Oil         | \$        | 268,317.96            | 525,532.13            | 1,382,440.30          | 420,141.71            | 566,981.19            |
| Renewable        | \$        | 13,147,857.46         | 18,828,276.96         | 18,559,208.72         | 26,183,662.02         | 49,567,759.02         |
| <b>Total</b>     | <b>\$</b> | <b>295,929,329.12</b> | <b>312,735,487.90</b> | <b>303,569,048.00</b> | <b>422,828,370.79</b> | <b>309,158,288.78</b> |

| <b>Fuel Cost (%<br/>by type)</b> |          | <b>FY05</b> | <b>FY06</b> | <b>FY07</b> | <b>FY08</b> | <b>FY09</b> |
|----------------------------------|----------|-------------|-------------|-------------|-------------|-------------|
| Gas                              | %        | 77%         | 74%         | 72%         | 69%         | 51%         |
| Coal                             | %        | 14%         | 16%         | 17%         | 21%         | 27%         |
| Nuclear                          | %        | 4%          | 4%          | 5%          | 4%          | 5%          |
| Fuel Oil                         | %        | 0%          | 0%          | 0%          | 0%          | 0%          |
| Renewable                        | %        | 4%          | 6%          | 6%          | 6%          | 16%         |
| <b>Total</b>                     | <b>%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> |

## **Reliable**

Austin Energy invests about \$80 million dollars a year on average on capital improvements in the electric system. The utility maintains an aggressive maintenance program and over the past 10 years has built a consistent tree trimming program.

AE ranked 1st for reliability among 28 utilities in a benchmark study that included Seattle City Light, CPS in San Antonio and investor-owned utilities Oncor (Dallas) and CenterPoint (Houston). Over the last five years, AE posted a 49.54 minutes SAIDI (average length of outages) versus a 164.97 minutes average by participating companies in the top quartile. AE also posted a 0.65 SAIFI (average number of outages per customer annually) against a 1.34 average by utilities in the top quartile. Electric Service Delivery participated in the study to enhance development and reporting of measures as part of its ISO 9001 certification quality management process.

Austin Energy has established long-term goals that the number of power outages per customer not exceed 0.80 per year, the average duration of power outages not exceed 60 minutes and that the number of voltage sags per 100 miles of transmission not exceed 4.1 per year.

- **Average number of outages per customer (SAIFI) annually**
- **Average length of outages per occurrence (SAIDI) annually**
- **Transmission performance index (voltage sags/outages) per 100 miles of lines annually**

| Measure | Target | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 |
|---------|--------|---------|---------|---------|---------|---------|
| SAIFI   | 0.80   | 1.00    | 1.00    | 1.02    | 0.63    | 0.89    |
| SAIDI   | 60.00  | 76.19   | 84.68   | 82.13   | 46.48   | 63.41   |
| SATLPI  | 4.10   | 4.10    | 4.20    | 4.10    | 3.60    | 3.64    |

Austin Energy invests about \$10 million a year in its tree trimming program (Vegetation Management). A staff of 13 AE arborists and foresters oversee the program which utilizes two contract tree trimming companies.

The utility is one of the few in the nation that seeks to meet with each property owner in advance of tree trimming. A plan detailing the trimming needed for each tree on a property is discussed and provided to the property owner for their acknowledgment signature. When property owners refuse to meet or cooperate with scheduling, they receive a “refusal letter” which indicates when trimming will occur. The number of refusal letters necessary annually is extremely small.

- **Average number of miles trimmed annually**
- **Number of properties involved annually**
- **Number of refusal letters annually**

| Fiscal Year | Miles | Properties | Refusals |
|-------------|-------|------------|----------|
| FY 2009     | 480   | 13,892     | 28       |
| FY 2008     | 409   | 12,145     | 47       |
| FY 2007     | 307   | 11,681     | 55       |
| FY 2006     | 267   | 8,876      | 39       |
| FY 2005     | 369   | 9,947      | 24       |

## Availability and capacity factor

A reliable generation fleet enables Austin Energy to meet customer demand during peak hours, improves the economic dispatch of system units and provides opportunities to increase revenues through off-system sales. A common measure of reliability for generating units is the Equivalent Availability Factor (EAF). The EAF is a measure of the number of hours the full capacity of a generating is available per the total period hours.

Availability targets for base load facilities (South Texas Project [STP] and Fayette Power Plant [FPP]), are adjusted annually depending on the duration of any planned outages for that year. For intermediate and peaking facilities, Austin Energy's peak season availability target is greater than or equal to 95%. Performance results measuring Equivalent Availability Factor (EAF) follow:

| Measure                                              | Target | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY2009 |
|------------------------------------------------------|--------|---------|---------|---------|---------|--------|
| <b>STP EAF</b>                                       | 94.8%  | 89.5%   | 95.3%   | 90.6%   | 96.1%   | 91.65% |
| <b>FPP EAF</b>                                       | 94.2%  | 97.3%   | 87.0%   | 93.1%   | 91.1%   | 96.03% |
| <b>Intermediate/<br/>Peaking Peak<br/>Season EAF</b> | 95.0%  | 94.9%   | 93.2%   | 95.9%   | 96.3%   | 93.16% |

**Under development:** This report will include the capacity factor for each Austin Energy generating unit on an annual basis.

**Unplanned outages of more than 12 hours by any AE generating unit during the last fiscal year**

The table below shows outages lasting more than 12 hours for Austin Energy managed generating units in FY 2009 due to equipment malfunctions or other problems. Units with no reportable outages include Sand Hill Gas Turbines (GT) 1, 2, 3, and 4; Decker GT 2, Decker Gas Turbines GT 1,2,3 and 4; and STP1.

| Unit               | Outage Start Date/Time | Outage End Date/ Time | Duration (hours) | Description                                                                                                                                                            |
|--------------------|------------------------|-----------------------|------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Sand Hill 5</b> | 3/27/09 3:50 PM        | 3/29/09 9:18 AM       | 41:28            | Oil leak at Unit 5A turning gear.<br>Condensate pump bearing failure.<br>Hot reheat attemperator block valve failed closed.<br>Main steam temperature control problem. |
|                    | 5/18/09 9:53 PM        | 5/19/09 4:12 PM       | 18:19            |                                                                                                                                                                        |
|                    | 5/23/09 2:49 PM        | 5/24/09 10:21 AM      | 19:32            |                                                                                                                                                                        |
|                    | 9/14/09 6:46 AM        | 9/16/09 6:02 AM       | 47:16            |                                                                                                                                                                        |
| <b>Decker 1</b>    | 5/13/09 7:30 AM        | 5/17/09 6:00 PM       | 106:30           | Hot spot on boiler.<br>Superheater repairs.<br>Super spray valve repairs.                                                                                              |
|                    | 7/25/09 7:30 AM        | 7/26/09 12:20 AM      | 16:50            |                                                                                                                                                                        |
|                    | 8/01/09 11:00 AM       | 8/02/09 7:00 AM       | 20:00            |                                                                                                                                                                        |
| <b>Mueller EC</b>  | 2/16/08 1:11 PM        | 2/17/08 10:47 PM      | 33:36:00         | Fault on plant feeder.                                                                                                                                                 |
|                    | 3/7/08 5:55 PM         | 3/8/08 1:45 PM        | 19:50:00         | Broken wire on "Stop" button.                                                                                                                                          |
|                    | 3/29/08 1:36 AM        | 4/2/08 4:36 PM        | 111:00:00        | Air diverter valve actuator failed.                                                                                                                                    |
|                    | 6/14/08 6:50 PM        | 6/15/09 10:10 AM      | 15:20:00         | Inlet guide vane controller software error.                                                                                                                            |
|                    | 8/13/8 11:32 PM        | 9/30/09 12:00 AM      | 1152:00:00*      | 2nd stage turbine rotor failed causing catastrophic failure.                                                                                                           |
| <b>FPP1</b>        | 3/18/2009 7:14 AM      | 3/18/2009 8:30 PM     | 13.27            | Generator 7110 breaker disconnect fault.                                                                                                                               |
|                    | 4/4/2009 12:49 AM      | 4/5/2009 1:00 PM      | 24.18            | External tube leak on 8th floor "C" corner.                                                                                                                            |
|                    | 5/11/2009 6:28 PM      | 5/13/2009 6:01 AM     | 35.55            | Generator 350 G protective relay misoperation.                                                                                                                         |
|                    | 6/24/2009 2:10 PM      | 6/25/09 10:08 AM      | 43.97            | 1B vacuum pump tripped.                                                                                                                                                |
|                    | 7/30/09 3:26 PM        | 7/30/2009 5:48 PM     | 2.37             | CPU Fault - communication failure.                                                                                                                                     |
|                    | 12/24/09 5:02 PM       | 12/24/09 6:12 PM      | 1.17             | 1-2 Silo diverter wear plate issue.                                                                                                                                    |
|                    | 1/11/10 5:54 AM        | 1/11/2010 4:28 PM     | 10.57            | Startup failure.                                                                                                                                                       |
| <b>FPP 2</b>       | 3/18/09 7:14 AM        | 3/19/09 8:48 PM       | 25.57            | Generator 7110 breaker disconnects fault.                                                                                                                              |
|                    | 5/7/09 11:58 AM        | 5/20/09 9:07 PM       | 309.15           | Furnace roof and reheat tubes failure.                                                                                                                                 |
|                    | 11/24/09 12:40 AM      | 11/26/09 8:12 AM      | 55.53            | Tube leak.                                                                                                                                                             |
| <b>STP 2</b>       | 9/17/09 4:44 AM        | 9/28/09 2:23 PM       | 261.65           | Ruptured steam bellow.                                                                                                                                                 |

## **Clean**

Energy efficiency is the least expensive response to load growth at an average cost of \$350/KW versus \$750-\$850/KW for natural gas-fueled generating units. Austin Energy has set a goal of reducing peak demand by 800 MW between 2007 and 2020. Austin Energy conservation programs will be required to average about 56.4 MW of reduced peak demand per year through 2020. Projected peak demand savings for FY 2010 is 51 MW.

**Peak demand savings by all conservation programs in each of the last five years plus the cumulative percentage since 2007 achieved of the 800MW goal**

|                                               | Program        | 2005 | 2006 | 2007 | 2008  | 2009  |
|-----------------------------------------------|----------------|------|------|------|-------|-------|
| <b>Peak<br/>Demand<br/>Reduction<br/>(MW)</b> | Residential    | 21.9 | 24.2 | 25.2 | 25.3  | 19.4  |
|                                               | Commercial     | 16.9 | 18.5 | 24.3 | 19.7  | 19.6  |
|                                               | Green Building | 10.9 | 14.8 | 15.9 | 19.2  | 13.4  |
|                                               | Total          | 49.7 | 57.4 | 65.4 | 64.1  | 52.4  |
| <b>% of<br/>800 MW</b>                        |                |      |      | 8.1% | 16.1% | 22.7% |



**Summary rebate information for residential and commercial, including total rebate dollars, average number of rebates and cost per KW, both with and without Green Building peak demand reductions**

|                | 2005      | 2006      | 2007      | 2008      | 2009       | Total      |
|----------------|-----------|-----------|-----------|-----------|------------|------------|
| Residential    |           |           |           |           |            |            |
| Total rebate   | 7,513,137 | 8,879,781 | 8,809,516 | 9,138,795 | 10,804,112 | 45,145,341 |
| # rebates      | 26,926    | 30,596    | 32,375    | 44,177    | 37,911     | 171,985    |
| average rebate | \$ 279    | \$ 290    | \$ 272    | \$ 207    | \$ 285     | 1,333      |
| Cost per kW    | \$ 344    | \$ 367    | \$ 349    | \$ 362    | \$ 556     | \$ 389     |
| \$/kW w GB     | \$ 251    | \$ 261    | \$ 242    | \$ 265    | \$ 435     | \$ 283     |
|                |           |           |           |           |            | 0          |
| Commercial     |           |           |           |           |            | 0          |
| Total rebate   | 6,325,536 | 6,210,071 | 5,299,520 | 4,308,731 | 3,845,904  | 25,989,762 |
| # rebates      | 2,702     | 2,194     | 3,330     | 2,527     | 1,572      | 12,325     |
| average rebate | \$ 2,341  | \$ 2,830  | \$ 1,591  | \$ 1,705  | \$ 2,447   | 10,915     |
| Cost per kW    | \$ 374    | \$ 337    | \$ 218    | \$ 219    | \$ 196     | \$ 263     |
| \$/kW w GB     | \$ 319    | \$ 266    | \$ 183    | \$ 145    | \$ 140     | \$ 201     |

## Renewable Energy

Austin Energy has set a goal that of energy delivered to customers by 2020--35% will come from renewable resources. Also, that the renewables portfolio include 200 MW of solar capacity. Austin Energy GreenChoice has led 850 utility-sponsored green power programs in sales every year since 2002.

**Percentage of power delivered to customers annually from renewables and growth in installed solar capacity in MW.**

| Measure                           | Target | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 |
|-----------------------------------|--------|---------|---------|---------|---------|---------|
| <b>Renewable Energy Resources</b> | 35.00% | 3.80%   | 6.00%   | 5.80%   | 6.6%    | 10%     |
| <b>Solar Generation Capacity</b>  | 200 MW | 0.85 MW | 1.00 MW | 1.60 MW | 2.60 MW | 4.30 MW |

Austin Energy expanded its wind portfolio by 165 MW in December 2008. During Fiscal Year 2008-2009, about 10% of the power delivered from Austin Energy to its customers came from renewable resources, or 1,279,082,866 kWh. Of that total for FY 2009, about 65% was paid for by GreenChoice® participants. The cost of the remaining 35% was recovered through the fuel charge. The current long-term goal is that 35% of energy delivered by Austin Energy will be provided through renewable energy resources by 2020.

- Total renewable energy purchased annually
- kWh paid for by GreenChoice® subscribers
- kWh recovered through the fuel charge

| Measure                                | kWh | FY 2005     | FY 2006     | FY 2007     | FY 2008     | FY 2009       |
|----------------------------------------|-----|-------------|-------------|-------------|-------------|---------------|
| <b>Renewable Purchases</b>             | kWh | 452,125,300 | 662,745,030 | 649,266,500 | 797,480,831 | 1,279,082,866 |
| <b>Green Choice Sales</b>              | kWh | 440,276,010 | 606,206,182 | 634,964,958 | 730,868,214 | 828,592,825   |
| <b>Renewable Energy to Fuel Charge</b> | kWh | 11,849,290  | 54,538,848  | 14,301,542  | 66,162,617  | 450,490,041   |

## Emissions

Austin Energy has a goal to reduce by 2020, CO2 emissions 20% below 2005 levels. Decker, Sand Hill Energy Center (SHEC) and Holly (retired in 2007) are natural-gas fueled plants. The Fayette Power Project (FPP) is coal-fueled.

### CO2 emissions (pounds) by plant annually

| Fiscal Year | 2005    | 2006    | 2007    | 2008    | 2009    |
|-------------|---------|---------|---------|---------|---------|
| Decker      | 1,252.5 | 1,265.8 | 1,269.1 | 1,259.5 | 1,277.9 |
| SHEC        | 845.3   | 836.2   | 831.0   | 887.3   | 918.9   |
| Fayette     | 2,057.3 | 2,097.8 | 2,069.0 | 2,037.7 | 2,023.9 |
| Holly       | 1,336.0 | 1,357.6 | 1,348.2 | 0       | 0       |

## **Customer Service**

Austin Energy is proactive in addressing customer needs and regularly monitors customer satisfaction through customer surveys. The nationally recognized American Customer Satisfaction Index (ACSI) was selected as the basis for Austin Energy's Customer Satisfaction Index (AE-CSI). The AE-CSI measures, then averages, the satisfaction levels of Austin Energy's three major customer segments - residential, small/mid-sized-commercial, and key account (large commercial) customers based on the measurement of key deliverables such value and customer service. Austin Energy has set a goal of achieving a customer satisfaction score of 83/100 by 2010.

**Overall customer satisfaction rating for Austin Energy annually, and the customer satisfaction rating by customer type annually.**

| Measure               | Target | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 |
|-----------------------|--------|---------|---------|---------|---------|---------|
| Customer Satisfaction | 83/100 | 79/100  | 80/100  | 80/100  | 82/100  | 78/100  |

| Fiscal Year Ended September 30: |            | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 |
|---------------------------------|------------|---------|---------|---------|---------|---------|
| Customer Satisfaction           |            |         |         |         |         |         |
| Residential                     | Goal = 78% | 74%     | 75%     | 72%     | 76%     | 73%     |
| Commercial                      | Goal = 85% | 79%     | 81%     | 83%     | 74%     | 76%     |
| Key Accounts                    | Goal = 84% | 84%     | 84%     | 86%     | 86%     | 86%     |

## **Call Center Operations**

The City of Austin Utility Contact Center is managed by Austin Energy. On average the Center receives about 5,000 calls per day and about 1,000 faxed documents per month. The Contact Center and all Customer Care billing and account management services recently earned ISO 9001 certification. An ISO designation indicates that all activities related to providing and delivering a product are performed according to established standards, and are quality assured and documented through a quality management system.

**Number of customer calls handled by the utility Customer Contact Center annually**

| <b>Fiscal Year</b> | <b>Calls Received</b> |
|--------------------|-----------------------|
| <b>FY 2009</b>     | 1,435,929             |
| <b>FY 2008</b>     | 1,405,573             |
| <b>FY 2007</b>     | 1,416,055             |
| <b>FY 2006</b>     | 1,545,433             |
| <b>FY 2005</b>     | 1,498,124             |

**Average speed in answering calls by the Customer Contact Center customer service representatives**

| <b>Fiscal Year</b> | <b>Seconds</b> |
|--------------------|----------------|
| <b>FY 2009</b>     | 92             |
| <b>FY 2008</b>     | 74             |
| <b>FY 2007</b>     | 74             |
| <b>FY 2006</b>     | 122            |
| <b>FY 2005</b>     | 120            |

**Payments Processing**

Since March of 2008, 100% of all City of Austin utility payments have been posted the same day received—far exceeding the industry average of up to three days. This requires the daily posting of about 24,000 checks and payment stubs.

In addition the number of payments received electronically is exceptionally high and continues to increase. Part of that success is that some 50 retail locations where utility bill payments can be made such as HEBs, Randalls and Ace Cash Express locations utilize a Western Union wire program set up by Austin Energy staff to transfer customer utility bill payments to the utility. Payments through the pay station Western Union program have averaged more than 750,000 a year.

**Percentage of bill payments received electronically**

| <b>Fiscal Year</b> | <b>Percentage</b> |
|--------------------|-------------------|
| <b>FY 2009</b>     | 46.5%             |
| <b>FY 2008</b>     | 42.0%             |
| <b>FY 2007</b>     | 36.6%             |
| <b>FY 2006</b>     | 29.4%             |
| <b>FY 2005</b>     | 18.6%             |

## Customer Assistance

In addition to payment plans to assist customers who fall behind on utility bill payments, Austin Energy has developed for the City of Austin, one of the most generous Customer Assistance programs in the nation for those truly in need. Utility bill discounts are a key component of the program. These are provided to customers already receiving benefits through a variety of federal, state, county or city assistance programs. Austin Energy has continuously improved its outreach efforts to deliver these benefits to as many customers as possible. Currently some 9,820 families are receiving utility bill discounts at an average of about \$400 per year per family.

The large increase in participation from FY 2008 to FY 2009 reflects the fact that Austin Energy staff is now automatically enrolling eligible customers already receiving benefits through various state Medicaid programs. Efforts are also underway to finalize an agreement under which Travis County would provide its list annually of those participating in the Travis County Medical Assistance Program, for automatic enrollment in the Utility Bill Discount program. The ultimate size and benefits level of the discount program are being examined to determine future capability.

### Number of customers enrolled in the Utility Discount Program and savings in dollars annually

| Utility Discount Program | FY 2005   | FY 2006  | FY 2007   | FY 2008  | FY 2009  |
|--------------------------|-----------|----------|-----------|----------|----------|
| Customers                | 4,447     | 5,292    | 4,712     | 4,501    | 8,164    |
| Annual Savings           | \$779,349 | \$1.628M | \$41,486M | \$1,263M | \$3.103M |

## Web Site Links

Austin Energy will provide links to AE data that relates to budget, Council approval of purchases, financial reports to Council, energy efficiency and renewables reporting as well as links to AE submitted market and utility industry reporting.

Quarterly Report to EUC

[http://www.ci.austin.tx.us/budget/10-11/downloads/all\\_combined\\_2nd\\_quarter\\_report\\_2010.pdf](http://www.ci.austin.tx.us/budget/10-11/downloads/all_combined_2nd_quarter_report_2010.pdf)

List of payments under City Council limit (to CC on a monthly basis)

[http://www.ci.austin.tx.us/cityclerk/edims/2010/2010\\_council\\_index.htm](http://www.ci.austin.tx.us/cityclerk/edims/2010/2010_council_index.htm)

Link to RCAs

[http://www.ci.austin.tx.us/cityclerk/edims/2010/2010\\_council\\_index.htm](http://www.ci.austin.tx.us/cityclerk/edims/2010/2010_council_index.htm) or  
[http://www.cityofaustin.org/edims/advance\\_search.cfm](http://www.cityofaustin.org/edims/advance_search.cfm)

Link and instructions to Budget, Fee Schedules and Financial Policies

<http://www.ci.austin.tx.us/budget/default.htm> or  
<http://www.ci.austin.tx.us/budget/budget.htm>

All RMC reports and presentations including Energy Efficiency/Solar Reports

[http://www.ci.austin.tx.us/cityclerk/boards\\_commissions/boards/bid44.htm](http://www.ci.austin.tx.us/cityclerk/boards_commissions/boards/bid44.htm)

All EUC reposts and presentations including Financial Report

[http://www.ci.austin.tx.us/cityclerk/boards\\_commissions/boards/bid27.htm](http://www.ci.austin.tx.us/cityclerk/boards_commissions/boards/bid27.htm)

Link and instructions to Bond Official Statement (OS)

<http://www.ci.austin.tx.us/finance/treasury.htm>

Link and instructions to Comprehensive Annual Financial Report (CAFR)

<http://www.ci.austin.tx.us/controller/>

Link to emissions including hourly or aggregated NO<sub>x</sub>, SO<sub>2</sub> and CO<sub>2</sub> emissions, heat input, and energy output for large electricity generating units. The latest data available is from the previous calendar quarter.

<http://camddataandmaps.epa.gov/gdm/index.cfm?fuseaction=iss.isshome>

## ERCOT - Posted within two (2) days after the applicable Operating Day

Aggregated Bid Curves - Quantities and Prices of hourly bids for Balancing Energy Up and Down

[http://www.ercot.com/mktinfo/agg\\_bid/index.html](http://www.ercot.com/mktinfo/agg_bid/index.html)  
[http://www.ercot.com/mktinfo/agg\\_bid/index.html](http://www.ercot.com/mktinfo/agg_bid/index.html)

Self-arranged Ancillary Services for each type of service,  
by hour, Up-Reg, Down-Reg, Responsive, Non-Spin

<http://www.ercot.com/mktinfo/>

Self Arranged Energy Schedules

<http://www.ercot.com/gridinfo/>

[http://pi.ercot.com/contentproxy/publicList?folder\\_id=17872119](http://pi.ercot.com/contentproxy/publicList?folder_id=17872119)

Actual Resource generation

<http://www.ercot.com/gridinfo/>

[http://pi.ercot.com/contentproxy/publicList?folder\\_id=17872128](http://pi.ercot.com/contentproxy/publicList?folder_id=17872128)

Load and Resource generation for each QSE that /  
Dynamically schedules its Resources

<http://www.ercot.com/gridinfo/sysplan/>

[http://pi.ercot.com/contentproxy/publicList?folder\\_id=39176090](http://pi.ercot.com/contentproxy/publicList?folder_id=39176090)

Scheduled Load and Actual Load

<http://www.ercot.com/gridinfo/sysplan/>

[http://pi.ercot.com/contentproxy/publicList?folder\\_id=17872146](http://pi.ercot.com/contentproxy/publicList?folder_id=17872146)

## **ERCOT - Entity Specific Market Reports**

### **Posted sixty (60) days after the applicable Operating Day**

Final energy schedules for each QSE/  
(Qualified Scheduling Entity)

<http://www.ercot.com/mktinfo/services>

[https://pi.ercot.com/contentproxy/publicList?folder\\_id=10001739](https://pi.ercot.com/contentproxy/publicList?folder_id=10001739)

Final Ancillary Services schedule for each QSE

Up-Reg, Down-Reg, Responsive, Non-Spin

<http://www.ercot.com/mktinfo/services/>

[http://pi.ercot.com/contentproxy/publicList?folder\\_id=10001712](http://pi.ercot.com/contentproxy/publicList?folder_id=10001712)

Resource Plans for each Resource represented for each QSE

<http://www.ercot.com/gridinfo/sysplan/>

[https://pi.ercot.com/contentproxy/publicList?folder\\_id=10001919](https://pi.ercot.com/contentproxy/publicList?folder_id=10001919)

Actual generation from each resource

<http://www.ercot.com/gridinfo/sysplan/>

[http://pi.ercot.com/contentproxy/publicList?folder\\_id=39175212](http://pi.ercot.com/contentproxy/publicList?folder_id=39175212)

All ERCOT Dispatch Instructions for Balancing Energy  
and Ancillary Services Balancing Up, Balancing Down,

Up-Reg, Down-Reg, Responsive, Non-Spin

<http://www.ercot.com/gridinfo/sysplan/>

[http://pi.ercot.com/contentproxy/publicList?folder\\_id=39175561](http://pi.ercot.com/contentproxy/publicList?folder_id=39175561)

Load and Resource generation for each QSE that Dynamically  
schedules its Resources

<http://www.ercot.com/gridinfo/sysplan/>

[http://pi.ercot.com/contentproxy/publicList?folder\\_id=39176090](http://pi.ercot.com/contentproxy/publicList?folder_id=39176090)