



# **Austin Energy**

## **Financial Update**

### **Year Ended September 30, 2010**

### **1<sup>st</sup> Quarter Fiscal Year 2011**



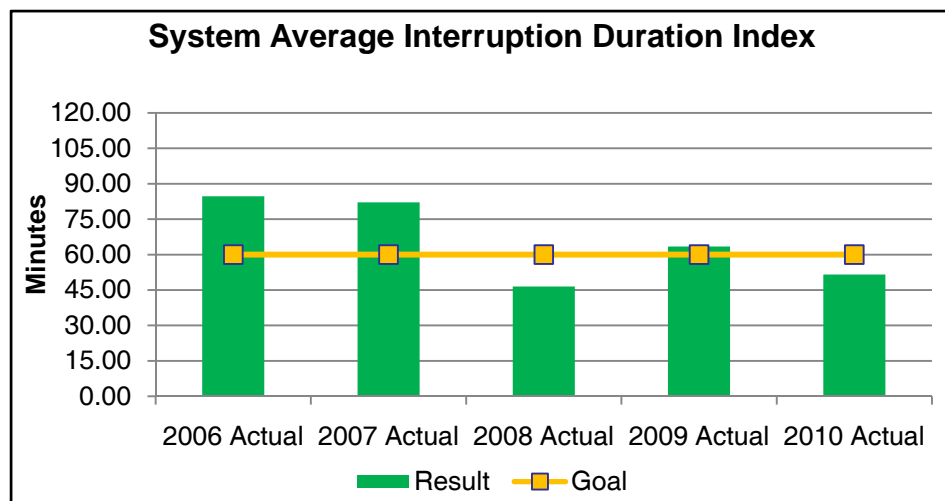
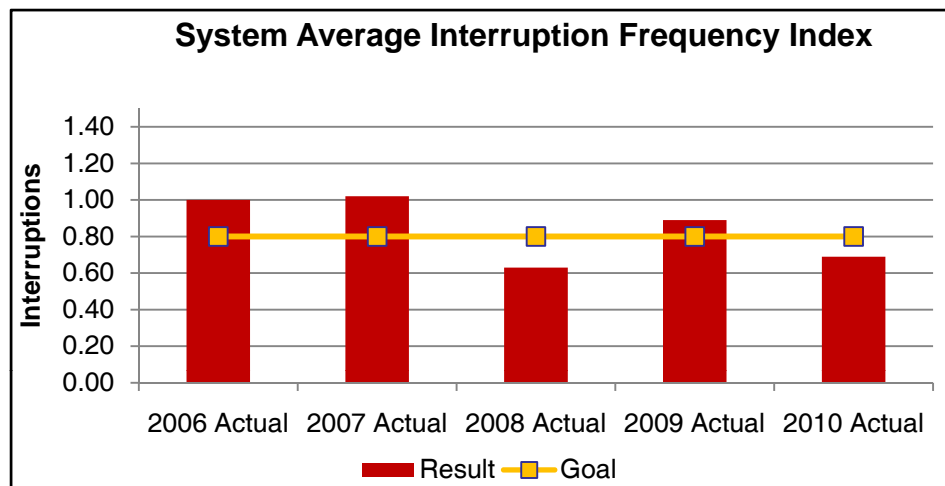
# Austin Energy – 2010 Highlights

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- Year of Transition – New General Manager September 27
- Major Accomplishments
  - Energy Resource Plan to 2020 approved pending affordability tool
  - Sand Hill Energy Center 100 MW peaking capacity online
  - Maintained bond credit ratings
  - Planning and launch of Rate Review
  - International Organization for Standardization (ISO 9001) Quality Management Program
    - Customer Care successfully certified
    - Electric Service Delivery recertified
  - Successful Transmission Operator compliance audits
    - North American Electric Reliability (NERC)
    - Texas Reliability Entity (TRE)
  - Preparations for December 1 Nodal Market conversion



# 2010 Performance & History



## Reliability

- **SAIFI - System Average Interruption Frequency Index**
  - Goal = 0.8 interruptions
  - Industry average of 1.1 interruptions
- **SAIDI – System Average Interruption Duration Index**
  - Goal = 60 Minutes
  - Industry average of 90 minutes



# Austin Energy – 2010 Overview

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## Operating – \$1.31 Billion Requirements

- \$501 million Fuel requirements
- \$428 million Operating requirements
- \$178 million Debt Service Requirements
- \$101 million General Fund Transfer
- \$ 59 million Transfer for Electric Capital Program
- \$ 44 million Transfer to Bond Retirement Reserve
  - One-time transfer to meet bond covenants
- No budget amendments in FY 2010



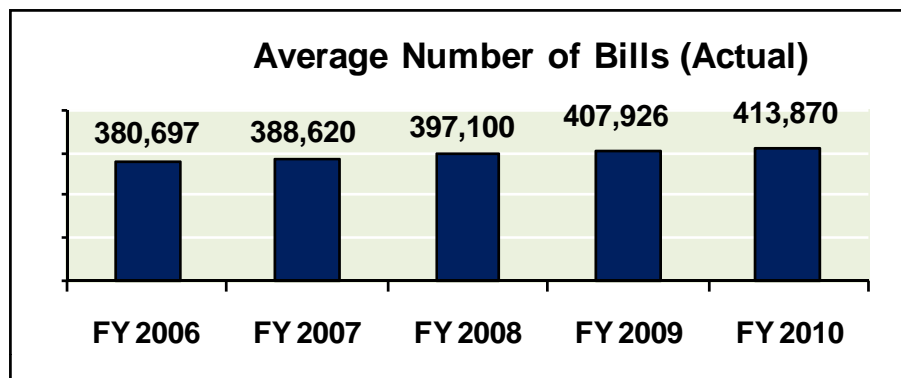
# 2010 Financial Results

<i>(\$ millions)</i>	<i>Amended Budget 2009-10</i>	<i>Estimated 2009-10</i>	<i>Actual* 2009-10</i>	<i>Difference Actual to Estimate</i>
<b><i>Beginning Balance</i></b>	<b><i>\$174.8</i></b>	<b><i>\$237.3</i></b>	<b><i>\$237.3</i></b>	<b><i>\$0.0</i></b>
<i>Base and Other Revenue</i>	762.0	754.2	741.0	(13.2)
<i>Fuel Revenue</i>	480.3	440.5	418.4	(22.1)
<i>Transfers In</i>	2.0	2.0	2.0	0.0
<b><i>Total Available Funds</i></b>	<b><i>\$1,244.3</i></b>	<b><i>\$1,196.7</i></b>	<b><i>\$1,161.4</i></b>	<b><i>(\$35.3)</i></b>
<i>Fuel Expenses</i>	501.3	462.2	438.3	23.9
<i>Non-Fuel Operating Expenses</i>	427.5	426.3	431.9	(5.6)
<i>Debt Service</i>	178.6	171.2	172.7	(1.5)
<i>Transfers Out</i>	205.0	205.0	205.0	0.0
<b><i>Total Requirements</i></b>	<b><i>\$1,312.4</i></b>	<b><i>\$1,264.7</i></b>	<b><i>\$1,247.9</i></b>	<b><i>\$16.8</i></b>
<i>Excess(Deficiency)</i>	(68.1)	(68.0)	(86.5)	(18.5)
<i>Adjustment to GAAP</i>	0.0	0.0	2.0	2.0
<b><i>Ending Balance</i></b>	<b><i>\$106.7</i></b>	<b><i>\$169.4</i></b>	<b><i>\$152.8</i></b>	<b><i>(\$16.5)</i></b>

\*Preliminary. Final, audited numbers not yet available.

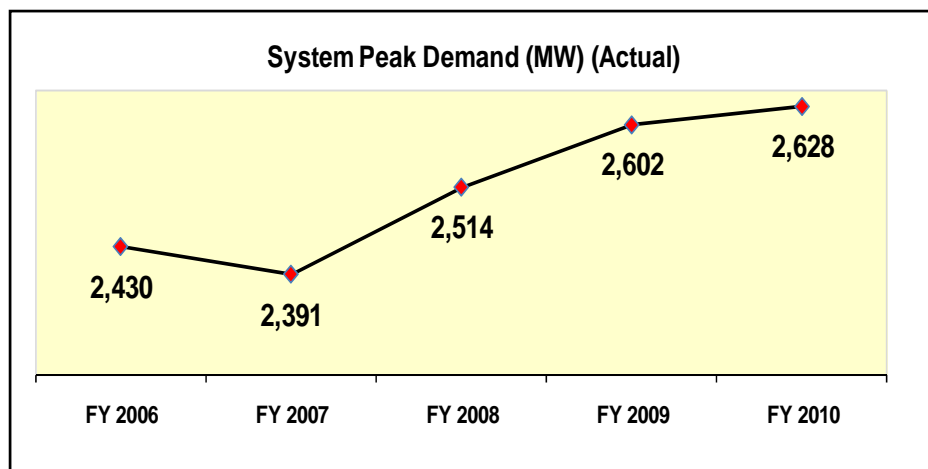


# 2010 Revenue Indicators



## Average Number of Bills

- Key indicator of revenue growth
- 413,870 for FY2010, an increase of 5,944 or 1.46% over FY 2009

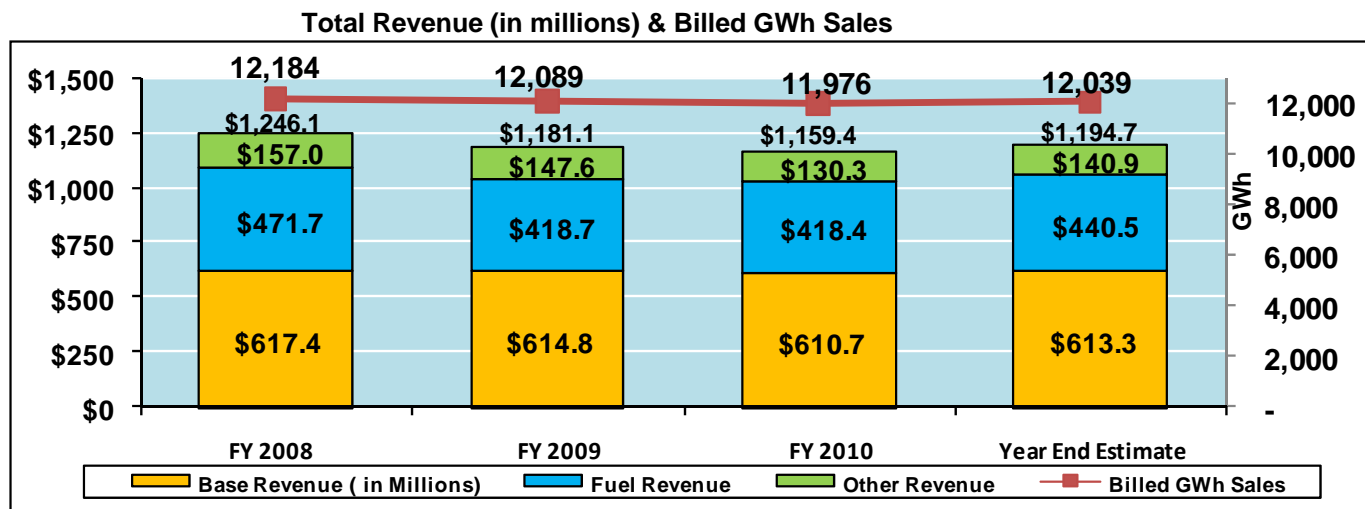


## AE System Peak Demand (Megawatts or MW)

- 2,628 MW on August 23, 2010
  - New record driven by 104 degree temperature
  - Previous record 2,602 MW in June 2009
- Summer 2007 cool and wet weather
- Sufficient owned and purchased power to meet service area demand



# 2010 Revenue Highlights



## Billed sales of 11,976 gigawatt hours (GWh)

- Electricity sales have declined in the past two years
- 113 GWh lower than FY 2009 & 208 GWh lower than FY 2008

## Service Area Base (Non-fuel) Revenue \$2.6 million below estimate

- 49% of total revenue or \$603.6 million annual budget
- \$610.7 million actual is \$7.1 million above budget

## Fuel Revenue \$22.1 million below estimate

- 39% of total revenue or \$480.3 million annual budget
- \$418.4 million actual is \$0.3 million lower than prior year actual

## Other Revenue \$14.3 million below estimate

- Wholesale sales lower due to reduced market demand



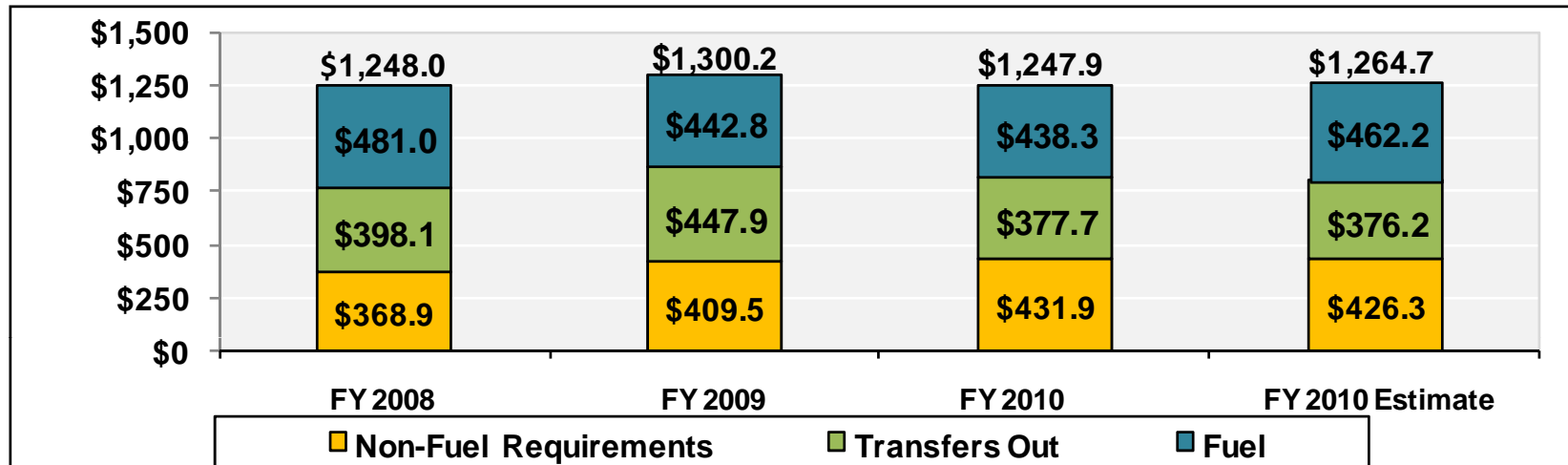
# 2010 Revenue

Category	Amended Budget	Year End Estimate	Actual 2009-10	Actual vs. Estimate	Prior Year Actual 2008-09	Actual 2009-10 vs. Prior Year
Service Area Base Revenue	\$ 603,577,198	\$ 613,345,143	\$ 610,722,591	\$ (2,622,552)	\$ 614,797,276	\$ (4,074,685)
Fuel & Green Choice Revenue	480,298,920	440,522,623	418,435,547	(22,087,076)	418,709,830	(274,283)
Transmission Service Revenue	57,620,709	57,620,709	60,745,716	3,125,007	57,003,422	3,742,294
Other Revenue	90,282,617	76,270,887	61,938,468	(14,332,419)	75,424,265	(13,485,797)
Interest Income	10,479,999	6,944,097	7,596,609	652,512	15,141,076	(7,544,467)
<b>Total Revenue</b>	<b>\$ 1,242,259,443</b>	<b>\$ 1,194,703,459</b>	<b>\$ 1,159,438,931</b>	<b>\$ (35,264,528)</b>	<b>\$ 1,181,075,869</b>	<b>\$ (21,636,938)</b>
Transfers In	2,000,000	2,000,000	2,000,000	0	43,215,000	(41,215,000)
<b>Total Available Funds</b>	<b>\$ 1,244,259,443</b>	<b>\$ 1,196,703,459</b>	<b>\$ 1,161,438,931</b>	<b>\$ (35,264,528)</b>	<b>\$ 1,224,290,869</b>	<b>\$ (62,851,938)</b>



# 2010 Requirements Highlights

Total Operating Requirements in (millions)



## Total Requirements \$16.8 million below estimate

- Fuel costs \$23.9 million lower due to reduced commodity pricing
- Non-fuel operating expenses \$5.6 million higher than estimate
  - South Texas Plant expenses higher than estimate related to outages
  - Savings in Call Center on billing costs and temporary services
- Debt Service \$1.5 million higher than estimate
  - Issued more commercial paper than planned



# 2010 Requirements

Category	Amended Budget	Year End Estimate	Actual 2009-10	Actual vs. Estimate	Prior Year Actual 2008-09	FY 2009-10 vs. FY 2008-09
Fuel Expense	\$ 501,298,920	\$ 462,222,623	\$ 438,286,450	\$ 23,936,173	\$ 442,789,384	\$ 4,502,934
Non-Fuel O&M	230,072,737	226,189,214	219,585,584	6,603,630	217,383,749	(2,201,835)
Transmission Service	63,938,866	63,938,866	64,467,253	(528,387)	58,477,514	(5,989,739)
Conservation	11,523,933	11,398,609	8,883,503	2,515,106	12,193,696	3,310,193
Conservation Rebates & Incentives	15,796,474	17,398,188	17,366,234	31,954	18,392,425	1,026,191
Nuclear & Coal Plants O&M	81,060,471	81,031,991	93,965,287	(12,933,296)	80,901,287	(13,064,000)
Other Operating Requirements	25,101,446	26,301,713	27,631,562	(1,329,849)	22,155,656	(5,475,906)
<b>Total Operating Requirements</b>	<b>928,792,847</b>	<b>888,481,204</b>	<b>870,185,873</b>	<b>18,295,331</b>	<b>852,293,711</b>	<b>(17,892,162)</b>
Debt Service	178,586,493	171,172,171	172,725,122	(1,552,951)	177,475,616	4,750,494
Transfer to Electric CIP	59,710,000	59,710,000	59,710,000	0	170,000,000	110,290,000
General Fund Transfer	101,000,000	101,000,000	101,000,000	0	95,000,000	(6,000,000)
Other Transfers	44,304,176	44,304,176	44,304,176	0	5,407,573	(38,896,603)
<b>Total Department Expenditures</b>	<b>\$ 1,312,393,516</b>	<b>\$ 1,264,667,551</b>	<b>\$ 1,247,925,171</b>	<b>\$ 16,742,380</b>	<b>\$ 1,300,176,900</b>	<b>\$ 52,251,729</b>



# Austin Energy – 2011 Overview

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## Operating – \$1.27 Billion Requirements

- \$490 million Fuel requirements
- \$415 million Operating requirements
- \$169 million Debt Service Requirements
- \$ 74 million Transfer for Electric Capital Program
- \$103 million General Fund Transfer
- \$7 million new revenue to recover increasing Texas electric grid costs

**1<sup>st</sup> Quarter Revenue and Expenditures on Target**



# Austin Energy – 2011 Cost Controls

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## Operating - \$1.27 Billion Requirements

- No new full time equivalents (FTEs) in 2010 or 2011
- \$3.2 million decrease in maintenance for plant boiler, turbine & other equipment - adjusted service schedules
- \$1.7 million decrease in software maintenance
- 311 call center net cost \$2.1 million, decrease of \$3.5 million from 2010 due to revised allocation
- \$9.1 million decrease in debt service requirements due to lower capital spending plan & use of bond reserve



# Austin Energy Financial Update

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Questions