



# AUSTIN ENERGY

FY 2014 – 2018 Financial Forecast



**Forecast Presentations:**  
[www.austintexas.gov/finance](http://www.austintexas.gov/finance)



# FY2014 Budget Calendar

- EUC:
  - June 17 – AE Budget Review
- City Council:
  - August 7 - Budgets Posted to COA Web
  - August 14 - Budget Work Session (Council Q&A)
  - August 22 – Budget Public Hearing
  - September 9-11 – Budget Adoption





# Organization Overview

FY 2013 Total  
Requirements (\$1,272.9 M)



## **Total Revenue**

FY 2013 Budget - \$1,284.8 M



## **O&M including fuel**

FY 2013 Budget - \$903.9 M  
FY 2013 FTEs – 1,706



## **Capital Projects**

FY 2013 Budget - \$220.8 M  
FY 2013 Debt Funded - \$146.8 M





# Austin Energy Overview

- Total Customers Served ~ 420,549
- Total Generation Capacity ~ 3,467 MW
- Total Substations ~ 72
- Total Transmission miles ~ 620
- Total Distribution miles ~ 11,363
  - Overhead ~ 5,451
  - Underground ~ 5,912





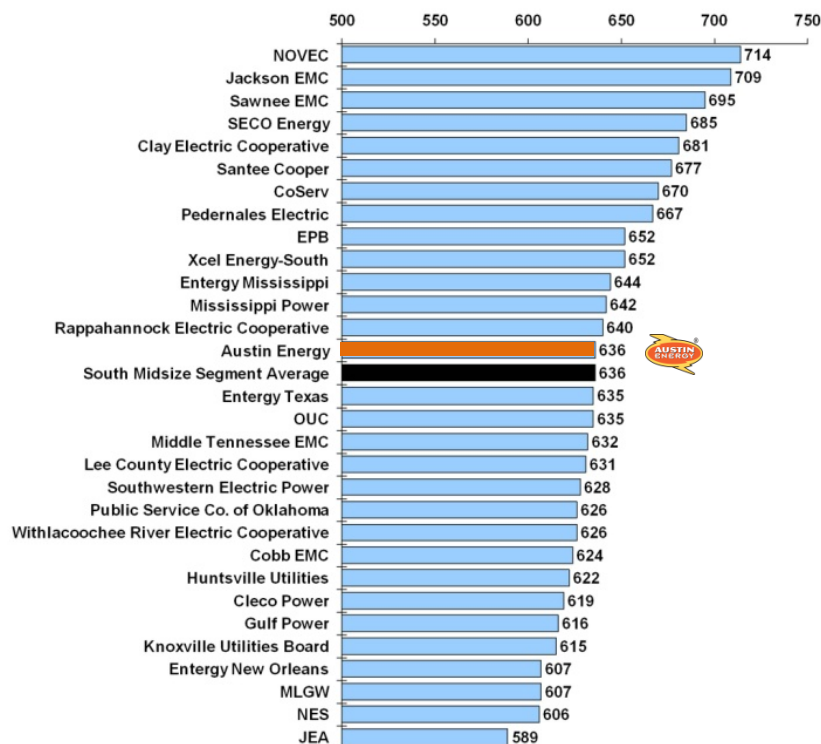
# 2012 Customer Survey Results

## J.D. Power and Associates 2012 Electric Utility Residential Customer Satisfaction Study<sup>SM</sup>

### Customer Satisfaction Index Ranking

#### South Region: Midsize Segment

(Based on a 1,000-point scale)



Source: J.D. Power and Associates 2012 Electric Utility Residential Customer Satisfaction Study<sup>SM</sup>

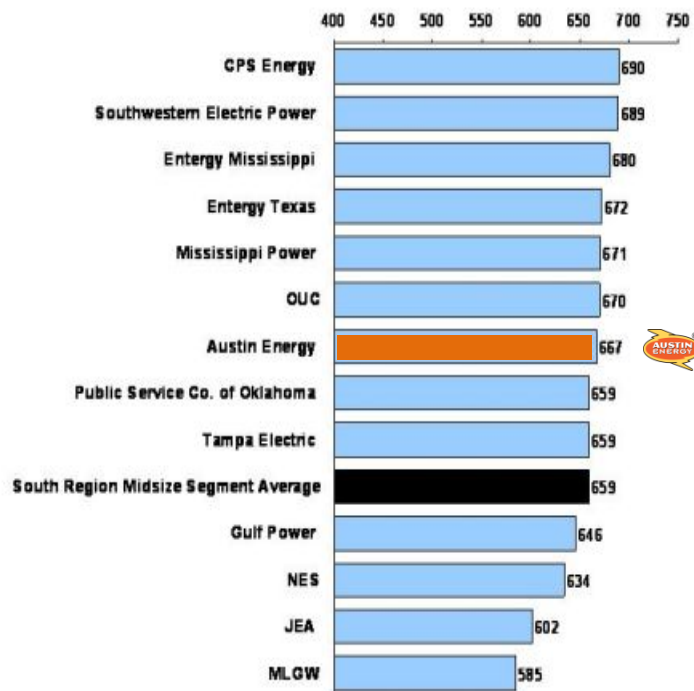
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## J.D. Power and Associates 2012 Electric Utility Business Customer Satisfaction Study<sup>SM</sup>

### Customer Satisfaction Index Scores

(Based on a 1,000-point scale)

#### South Region: Midsize Segment



Included in the study but not ranked due to insufficient sample size are: Cleco Power, Santee Cooper and Xcel Energy-South.

Source: J.D. Power and Associates 2012 Electric Utility Business Customer Satisfaction Study<sup>SM</sup>

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# Austin Energy Performance Indicators

## Maintain or Improve AA- Credit Rating

MEASURES	DESCRIPTION	FY 12 Target	FY 12 Results
SAIFI	System Average Interruption Frequency Index	Below 0.80	0.77
DSC	Debt Service Coverage Ratio	Min of 2.0	2.19
DCOH	Days Cash on Hand	Min of 150	68
Debt/Equity	Debt to Capitalization	Below 50%	47%
Renewable	35% by 2020 with 200 MW of Solar	17.6%	15%
DSM	Demand Side Management 800 MW by 2020	320	314
Affordability	Maximum of 2% system rate increase annually Ranked below 50% of Texas electric utilities for rates overall	Below 2% and 50% of State	Below 2% and 50% of State







# Austin Energy Fund Summary

## Austin Energy Fund Summary (in \$M)

	FY 2013 Budget	FY 2013 CYE	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Beginning Balance	\$123.5	\$127.2	\$176.9	\$199.8	\$224.5	\$236.0	\$246.3
Revenues/Transfers In	1,284.8	1,285.1	1297.5	1360.7	1450.2	1470.2	1529.5
<b><u>Requirements:</u></b>							
<b>Total Program</b>	903.9	897.8	911.5	950.0	990.9	1005.1	1041.6
<b>Debt Service</b>	173.2	138.7	142.6	135.7	144.1	141.7	139.8
<b>CIP</b>	68.8	71.9	90.6	96.1	114.9	117.6	117.9
<b>General Fund Transfer</b>	105.0	105.0	105.0	106.0	110.0	115.0	120.0
<b>Administrative Support</b>	22.0	22.0	24.9	26.2	28.0	30.0	32.1
<b>AE Reserve Transfers</b>	0.0	0.0	0.0	22.0	50.8	50.5	50.6
Total Requirements	1,272.9	1,235.4	1,274.6	1,336.0	1,438.7	1,459.9	1,502.0
<b>Excess (Deficiency)</b>	<b>11.9</b>	<b>49.7</b>	<b>22.9</b>	<b>24.7</b>	<b>11.5</b>	<b>10.3</b>	<b>27.5</b>
<b>Ending Balance</b>	<b>\$135.4</b>	<b>\$176.9</b>	<b>\$199.8</b>	<b>\$224.5</b>	<b>\$236.0</b>	<b>\$246.3</b>	<b>\$273.8</b>
FTEs	1,706	1,706	1,719	1,731	1,744	1,754	1,765





# Budget O&M Forecast Drivers

## Citywide Cost Drivers \$9.9M

- Health insurance
- Compensation adjustment
- Administrative support
- CTM support

## Department Cost Drivers \$ 31.4 M

- Addition of 13 FTEs
- Non-personnel O&M increase
- Power Supply Fuel increase
- Decrease South Texas Project & Fayette Power Plant
- EGRSO reimbursement

### Austin Energy Requirements

**FY 13 Budget** • \$1,272.9M

**FY 14 Forecast** • \$1,274.6 M

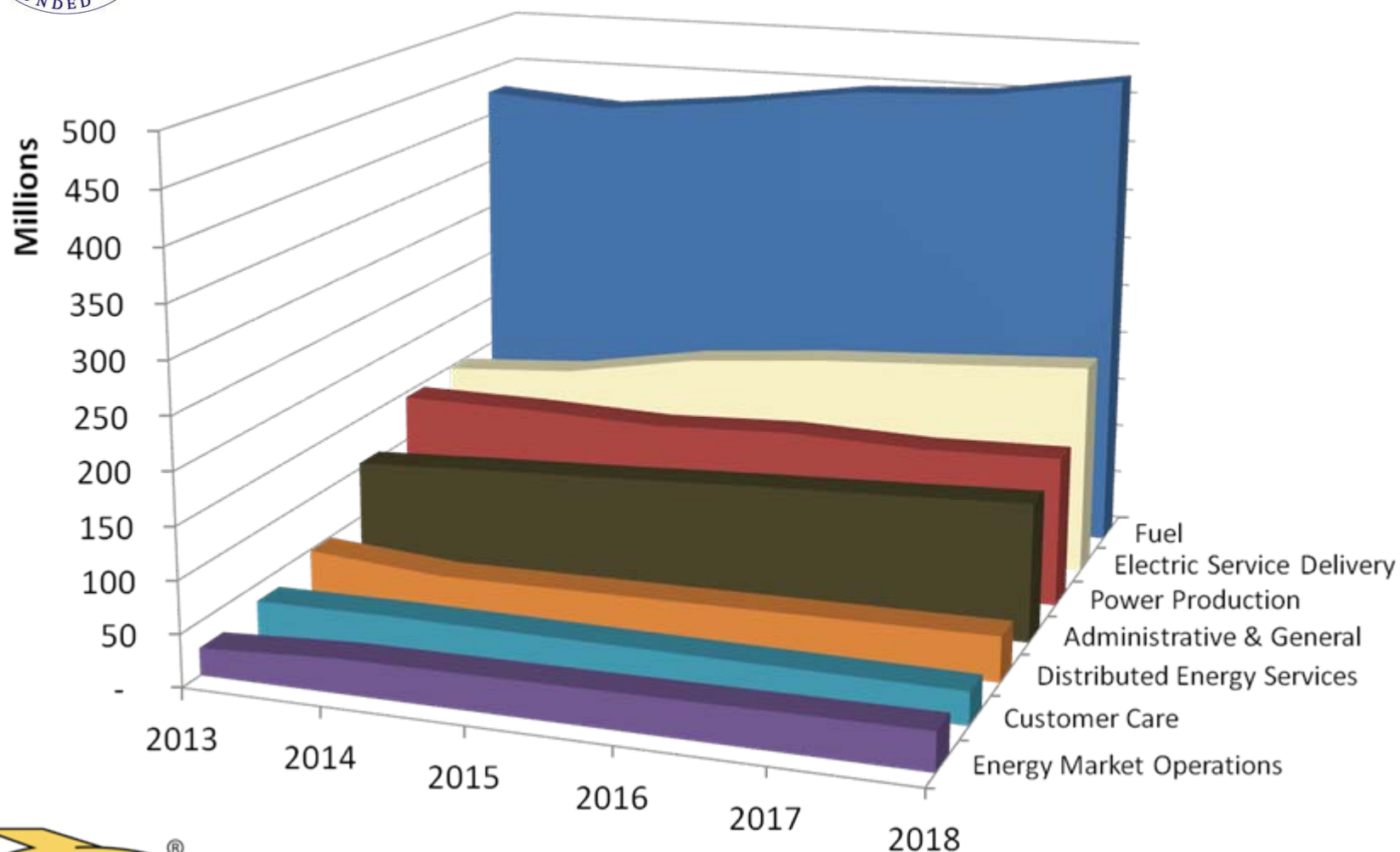
**% Change** • 0.13%





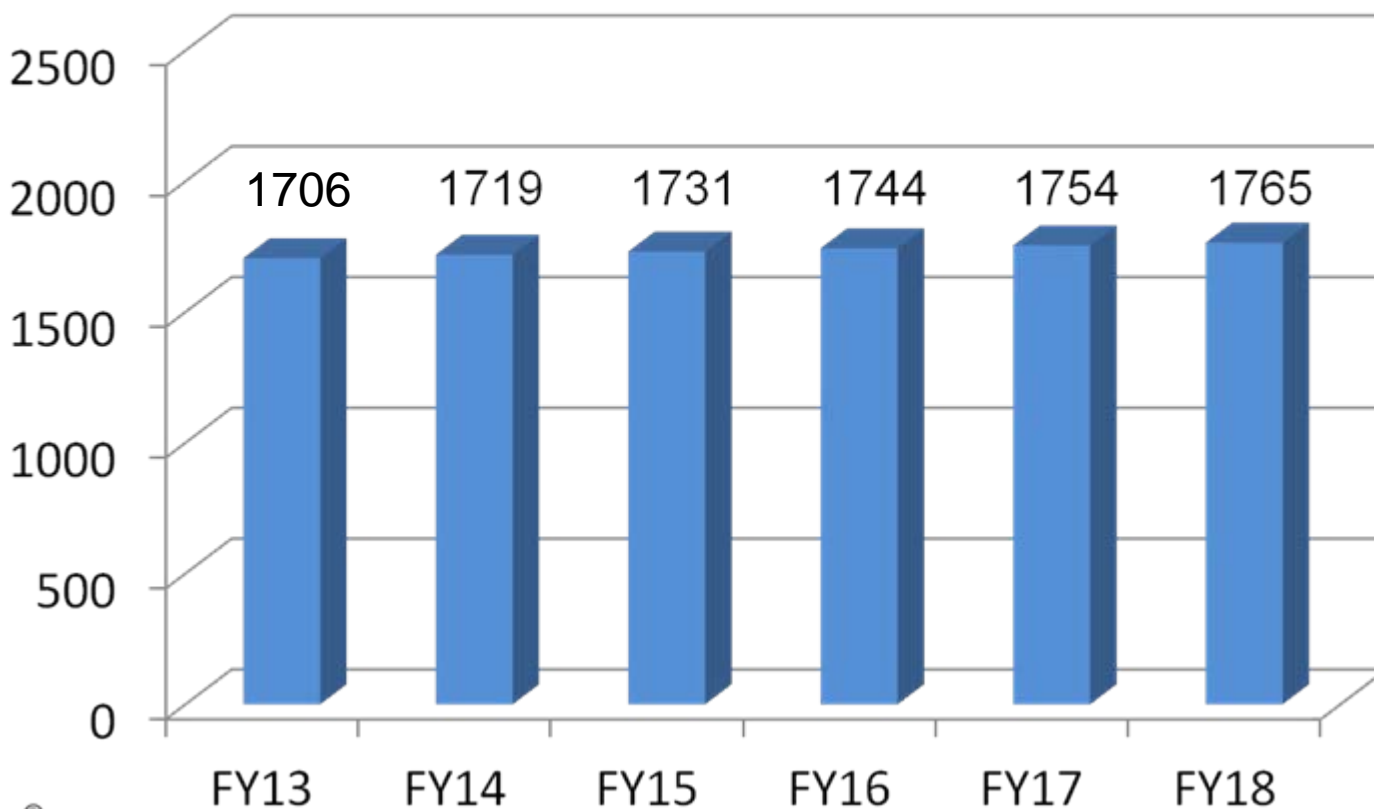


# Budget O&M Expenses





# Austin Energy FTE's





# 5 Year Capital Projects Forecast

## New Investments – \$ 1,201.2 million

- FY 2014 CIP \$220.1 M
- 5-year average \$240 M per year
- Average funding 45% cash and 55% debt
- Sand Hill expansion cost in 2015-2016, online in 2017





# FY 2014 Capital Plan, \$220.1 M

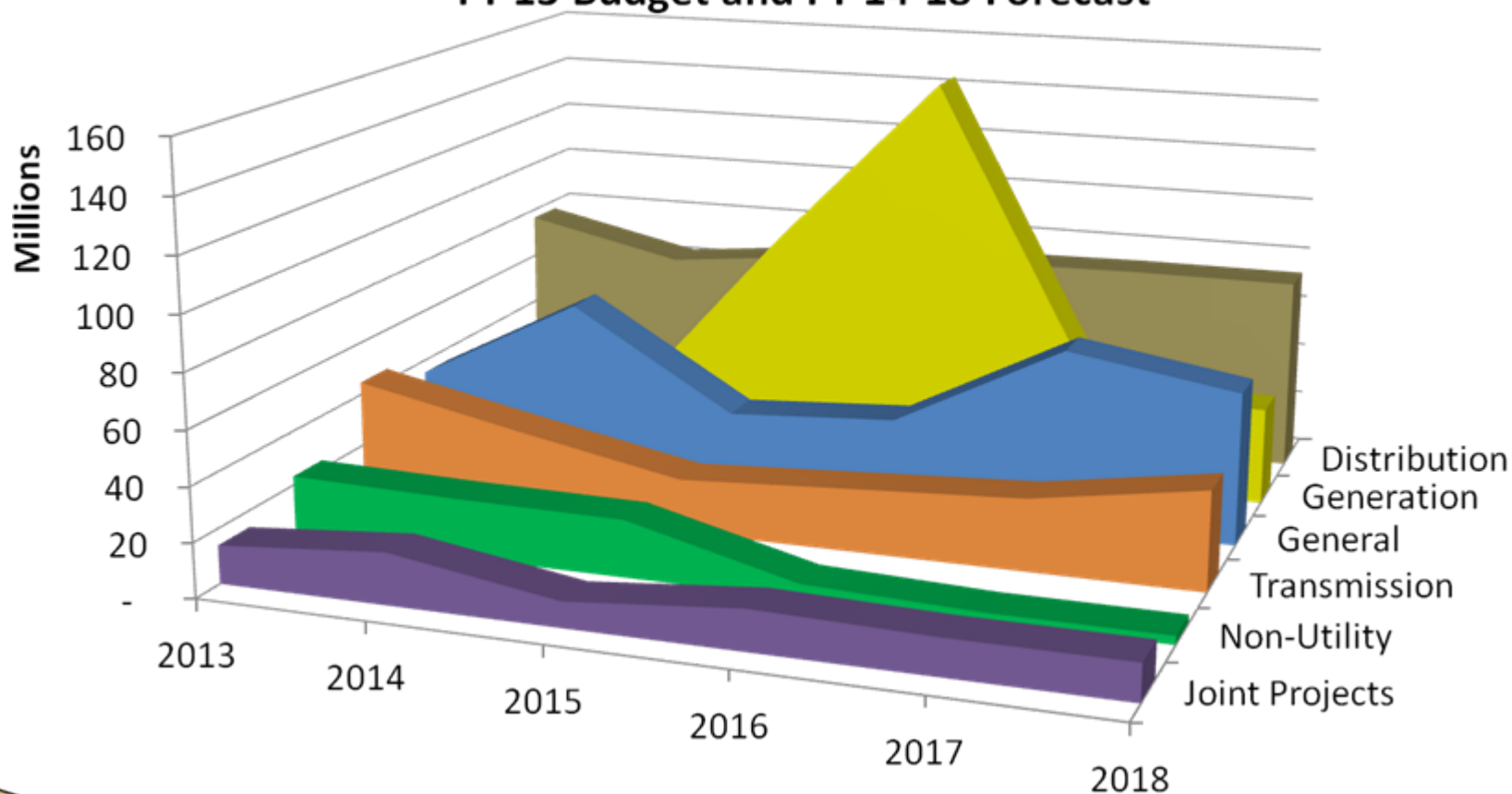
- Emissions upgrades for Fayette Power Project
- Dark Sky streetlight infrastructure upgrades
- Remote intelligent streetlight monitoring system
- Automated distribution & outage management systems
- Distribution system growth and reliability
- Upgrades to the Hamilton, Northland, Salem Walk and Trading Post substations for Transmission & Distribution
- Austrop 345 KV breaker –Transmission upgrade
- Downtown Chiller plant additional capacity
- Community Solar
- Riverside Drive office building





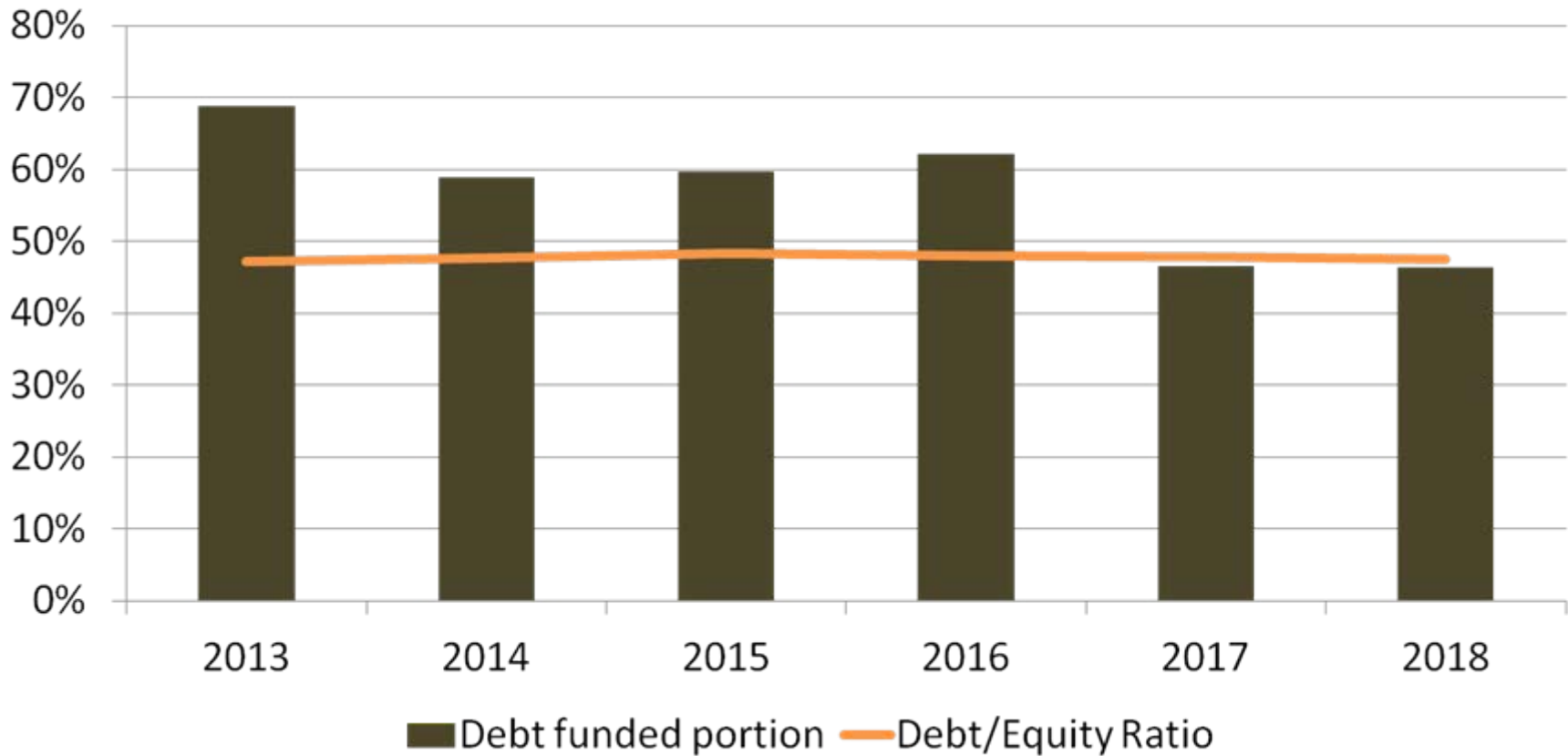
# 5 Year Capital Projects Forecast

**CIP Expenses**  
**FY 13 Budget and FY 14-18 Forecast**





# Capital Annual % Debt Funding and Debt/Equity Ratio







# FY 2014 Revenue Forecast

## Austin Energy Total Revenues

- Base Rate increase effective October 2012
- \$6 Million Reduction for Outside COA Settlement

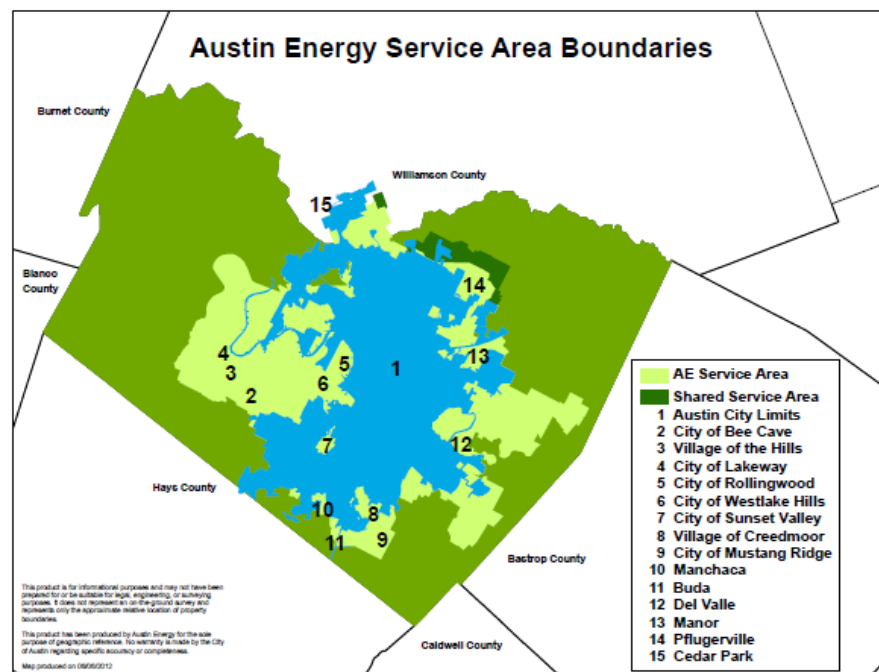
FY 2013 Revenues \$1,274.2 M

FY 2014 Forecast \$1,297.5 M

% Change 1.82%

## Revenue Drivers

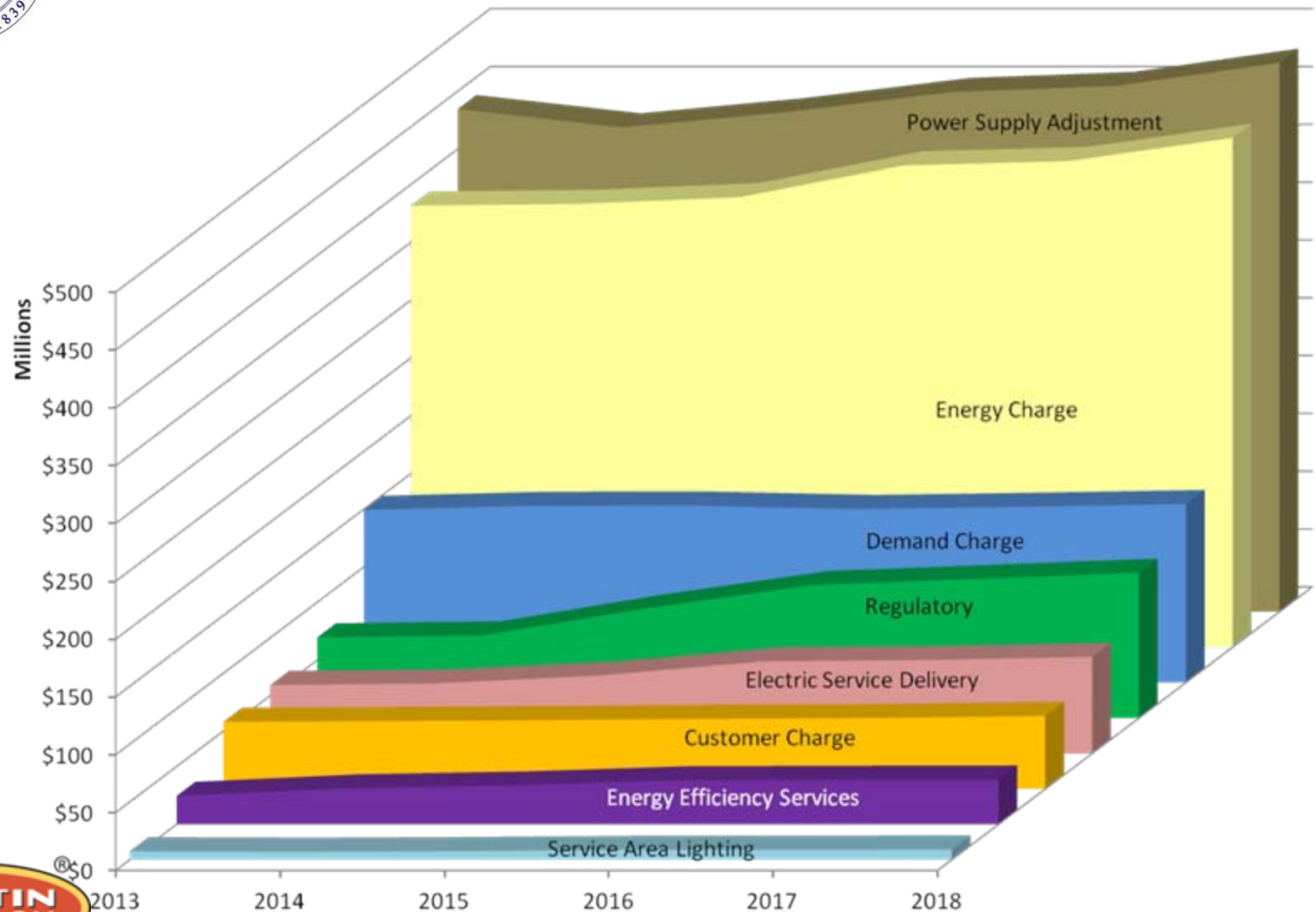
- Weather
- Growth
- Market Prices
- Pass Through Increases
  - Power Supply Adjustment (PSA)
  - Transmission (CREZ)
  - Energy Efficiency







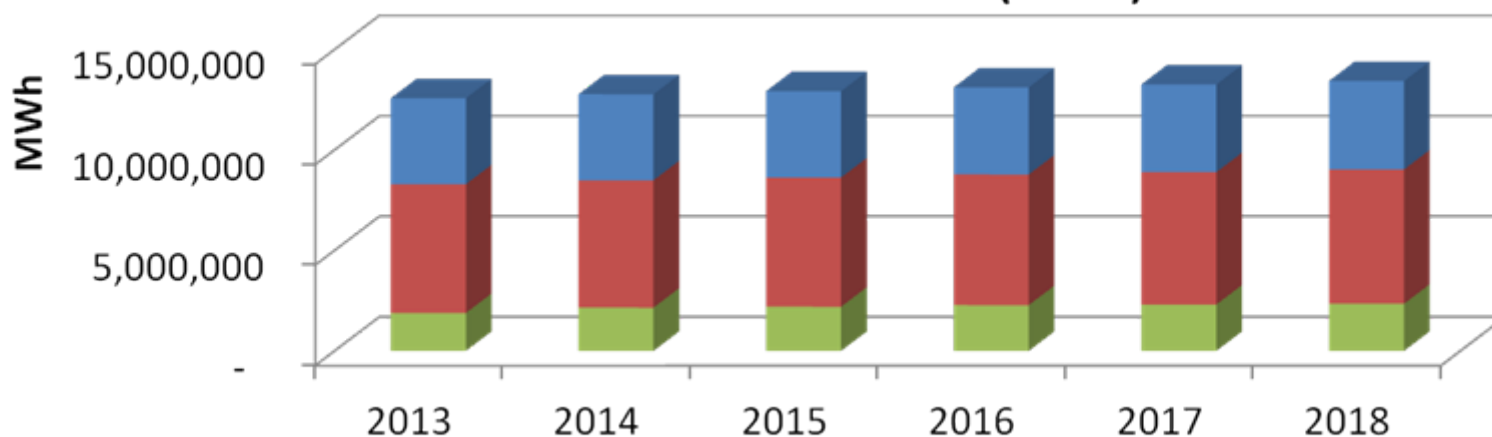
# Electric Rate Revenue by Category



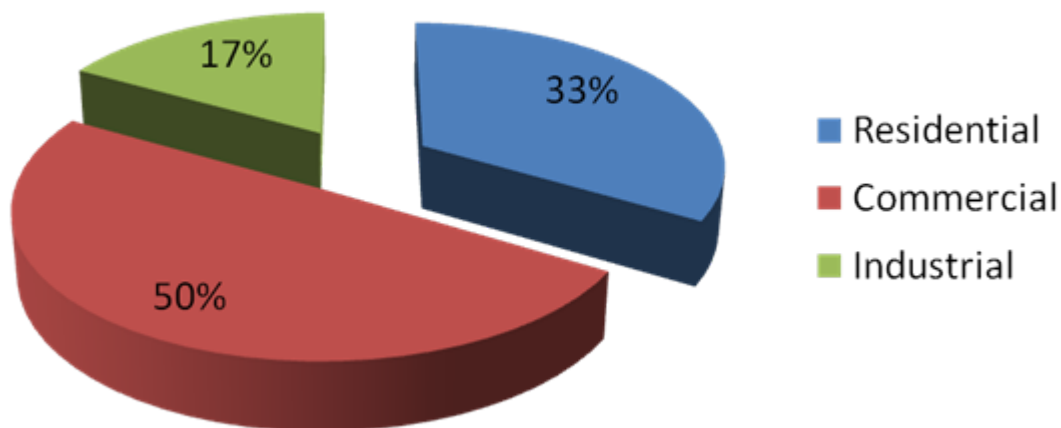


# Sales Forecast Summary (MWh)

**AE Forecast Sales (MWh)**



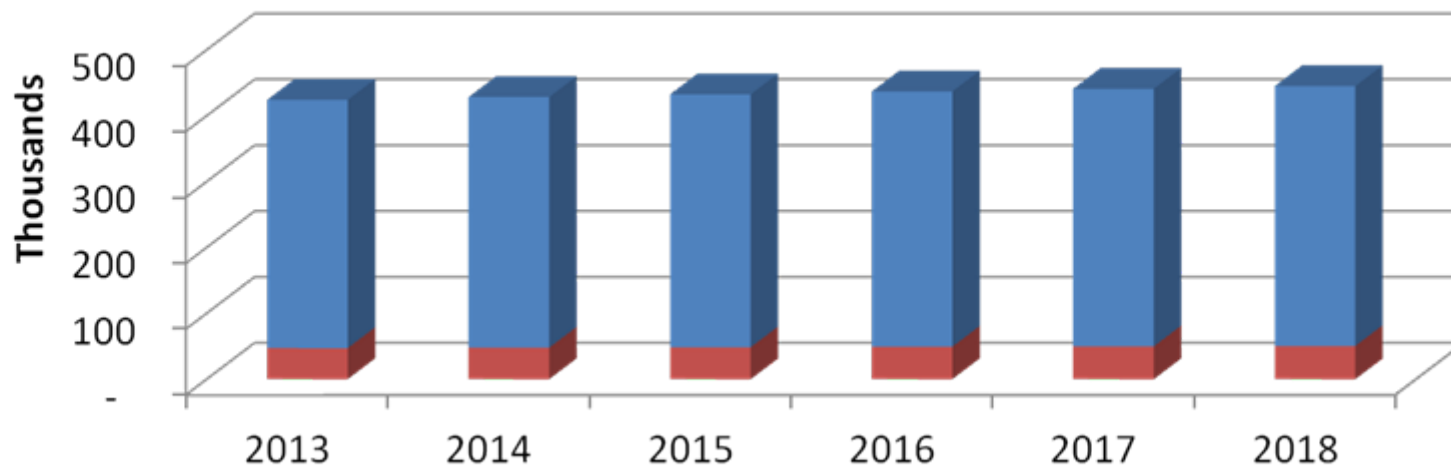
**Forecast FY14 Sales (MWh)**



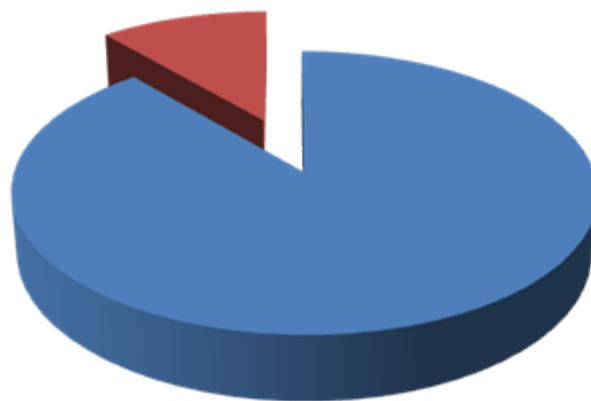


# Customer Forecast by Class

**AE Forecast Customers**



**Forecast FY14 Customer**

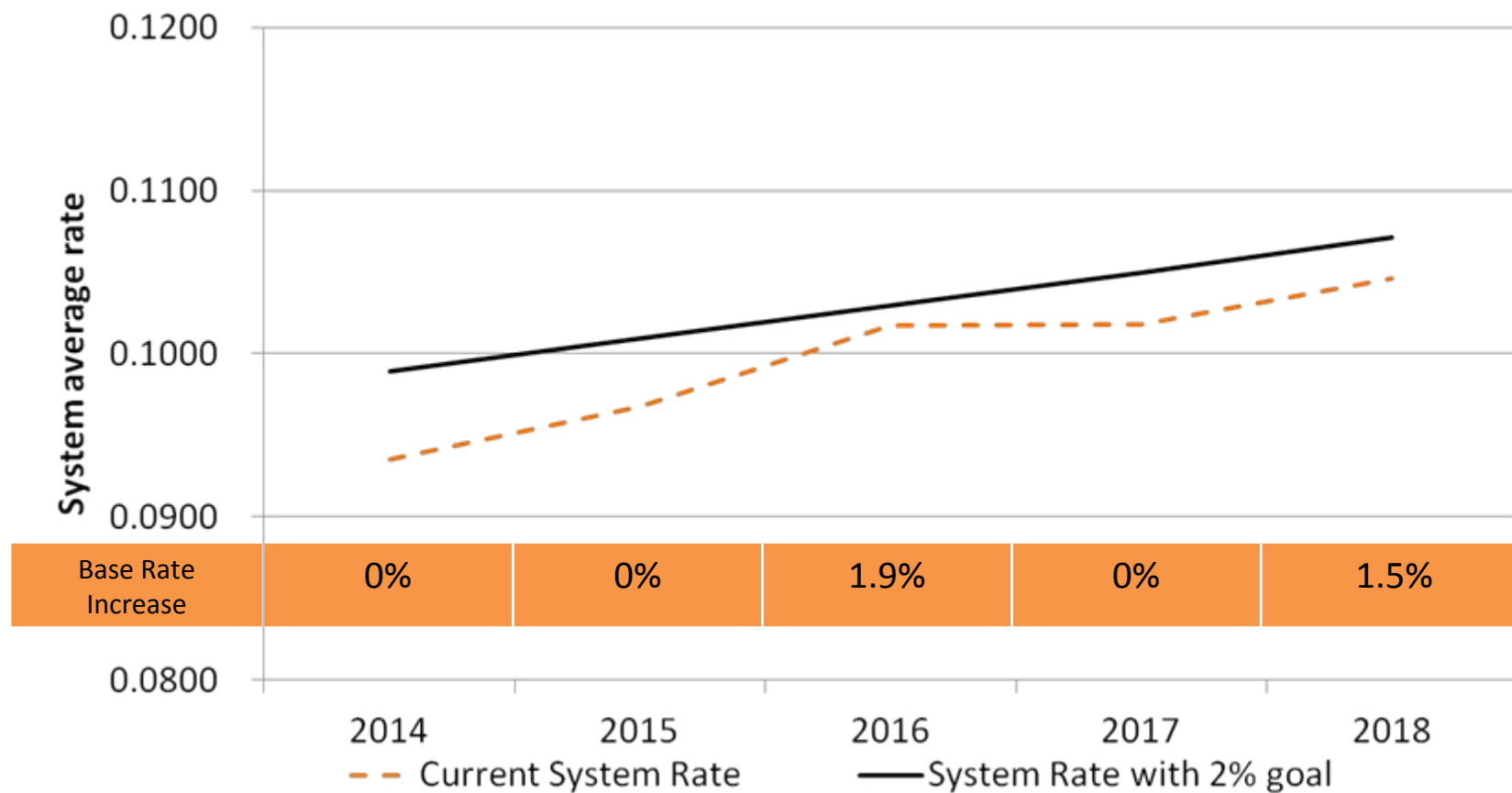


380,483	Residential
89%	
47,890	Commercial
11%	
24	Industrial
0.01%	





# Affordability



Pass through charges are included in current system rate



# Forecast Residential Bill Impact

- Based on average monthly residential customer usage of 1000 kWh

2013 Actual Rate	2014 Forecast Rate	2015 Forecast Rate	2016 Forecast Rate	2017 Forecast Rate	2018 Forecast Rate
\$100.04	\$100.97	\$101.67	\$104.45	\$104.88	\$107.20





# FY 2014 Outlook

## Opportunities

- All economic indicators are positive
- Employment growth is strong
- Unemployment is lower than the State and Nation
- Population growth is strong

## Challenges

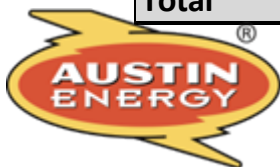
- Construction cost to meet growth
  - Materials Costs
  - Consulting Fees & Outside Services
  - Specialty Parts for generation
  - New Resources
- ERCOT market and resources
- AE Reserve & Cash levels low
- Significant number of key professionals eligible to retire
- Competition for Utility Skilled Labor
  - Professional, Service Crews, Customer Care, IT





# AE Cash Reserves

Reserve Name	Basis for level of funding	\$ in Millions	
		Current Estimate	Target
Working Capital (Operating Cash)	Minimum requirement - 45 days of O&M less fuel & purchased power	50	64
<b>Strategic Reserve:</b>			
Emergency	Minimum requirement -60 days of O&M less fuel & purchased power	85	85
Contingency	Minimum requirement- 60 days of O&M less fuel & purchased power	21	85
Rate Stabilization	Maximum balance-90 days of power supply costs	0	98
Total Strategic Reserve	Total of 3 components above	106	269
Repair and Replacement Fund	Maximum balance-1/2 of annual depreciation expense	0	61
Non-Nuclear Decommissioning Reserve Fund		-	56
Total		156	450







# For More Information

General Manager  
Larry Weis  
322-6569

Director of Corporate Communications  
Ed Clark  
322-6514

CFO  
Ann Little  
482-5364

