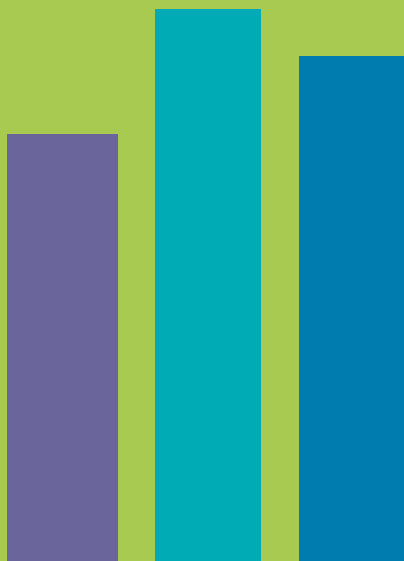
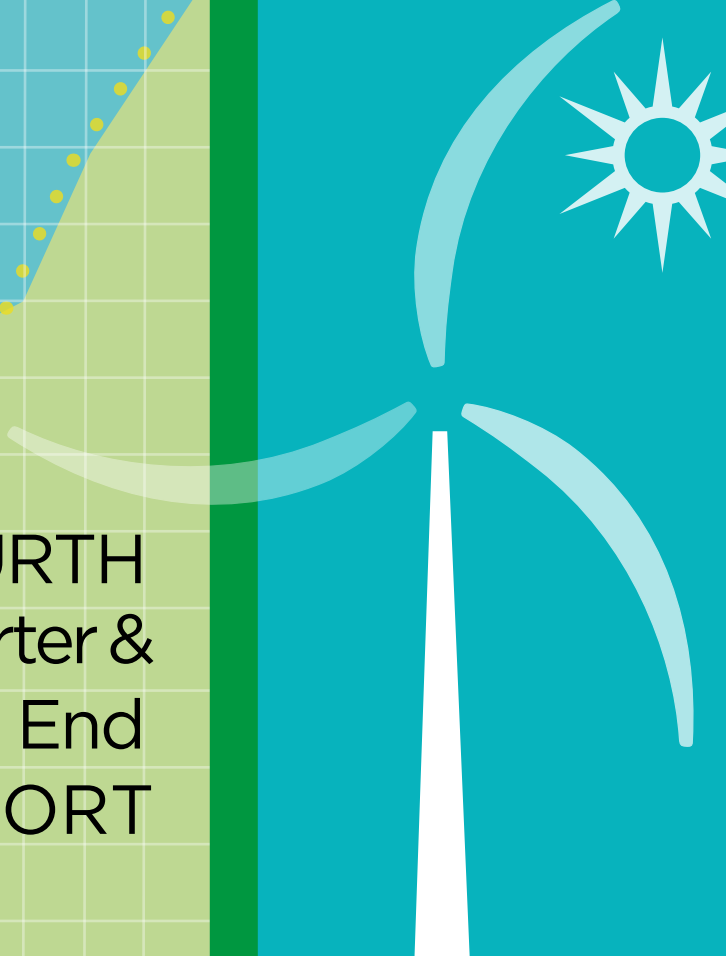




# FOURTH Quarter & Year End REPORT

FISCAL YEAR  
2013

[www.austinenergy.com](http://www.austinenergy.com)



# IN THE NEWS

Electric Service Delivery installed service for approximately 8,200 new customers in fiscal year 2013. The number of new customers is expected to almost double in 2014 due to strong economic growth in downtown and central Austin.

Austin Energy hosted three stakeholder meetings to establish dialogue with members of the community about Austin Energy's resource planning considerations and collect input on ways to achieve the Austin City Council goals outlined in the Resource, Generation and Climate Protection Plan to 2020. An Austin City Council-appointed task force will meet to further discuss the utility's resource planning to 2024. This plan is reviewed bi-annually.

Austin Energy has negotiated a Power Purchase Agreement (PPA) with Sun Edison for 150 megawatts of solar energy from sites in West Texas. The 25-year agreement will provide solar energy for as low as 4.5 to 5.5 cents/kWh. Austin Energy is expected to meet the utility scale portion of its solar goal with this PPA.

Austin Energy issued a Request for Proposal (RFP) to contract with a solar company to develop a local community solar project that allows residents to purchase renewable energy from the sun without installing panels on their homes. The RFP seeks up to 4 megawatts of ground-mounted solar photovoltaic panels installed on a 26-acre site owned by Austin Energy.

Austin Energy executed a PPA with Lincoln Renewable Energy, LLC for up to 300 megawatts of wind-generated electricity for a term of up to 18 years. This agreement positions Austin Energy to achieve its goal of delivering 35 percent renewable energy four years ahead of schedule in 2016.

In May 2014, Austin Energy will seek Austin City Council approval for alignment and consolidation of spending authorities for annual power and natural gas purchases with the rolling five-year hedging policy originally adopted in 2003.



# YEAR in REVIEW

Austin Energy received the top designation from the American Public Power Association (APPA) for delivering customers the highest level of reliable and safe electric service. Austin Energy is one of only six public power utilities out of more than 2,000 in the country recognized with a Reliable Public Power Provider (RP3) Diamond Level designation in 2013 from APPA.

Austin Energy achieved the best reliability in history in FY 2013. The outage per customer for the System Average Interruption Duration Index (SAIDI) was 46.24 minutes and the System Average Interruption Frequency Index (SAIFI) was 0.59. Austin Energy's previous best for the fiscal year was in 2008 with a 46.48 SAIDI and 0.63 SAIFI. Transmission also recorded its best performance ever with 1.28 faults per 100 miles of transmission, better than its previous record of 1.46 set in 2008.

Completion of the first phase of the Dunlap Substation was achieved. The substation, located in southeast Travis County, was energized in late July 2013. The substation serves both transmission and distribution needs and includes the largest autotransformer ever for Austin Energy at 30-feet-tall and weighing almost 500 tons.

Austin Energy negotiated two new wind contracts totaling 400 MW. With these contracts, Austin Energy expects to have about 1,350 MW of wind and will be on track to achieve its 35% renewable energy resources goal four years ahead of schedule in 2016.

Power Supply and Market Operations (PSMO) achieved ISO 9001-2008 certification. The International Organization for Standardization is a series of international quality standards designed to ensure all activities related to providing and delivering a service are performed according to established standards and are quality assured and documented. Electric Service Delivery, Customer Care and Laboratory Services also are ISO-certified.

Austin Energy's Plug-In EVerywhere™ network, powered by 100% renewable energy, expanded to a total of 186 public charging stations. This helped drive a two-year, 300% Austin EV growth rate. Austin Energy led a 10-county, regional effort to develop a community plan that supports the adoption of EVs and successfully deployed the first-of-its-kind EV home charging Demand Response program.

Austin Energy also offset the highest peak demand savings in the last five years with 54.3 MW of savings through energy efficiency for FY 2013. This total is the highest since 2008 when 64.1 MW were offset before the nationwide recession took hold.

Austin Energy became the first public power utility in Texas to implement the Green Button national initiative to provide customers easy access to their energy usage data. The industry-led initiative responds to a White House call-to-action to enable customers to securely download their data in a consumer-friendly format so they can use new Web and smart phone tools to make more informed decisions about energy. Austin Energy residential customers can activate Green Button by visiting [www.austinenenergyapp.com](http://www.austinenenergyapp.com).

With Austin Energy's expanded assistance programs, enrollment in the City of Austin Customer Assistance Discount Program reached a record high. Monthly utility bill discounts can save families as much as \$650 per year.

## CUSTOMER ASSISTANCE PROGRAM STATS

Residential Customers Enrolled: > 16,958

Benefits Provided: > \$5.5 Million

Weatherization Program Referrals: 136

# FINANCIAL RESULTS

Austin Energy's improving financials for fiscal year 2013 (FY 2013) were consistent with expectations. Higher profits compared to last fiscal year were primarily driven by the first full year of Austin Energy's rate increase and rate restructuring combined with continued customer growth in the service area.

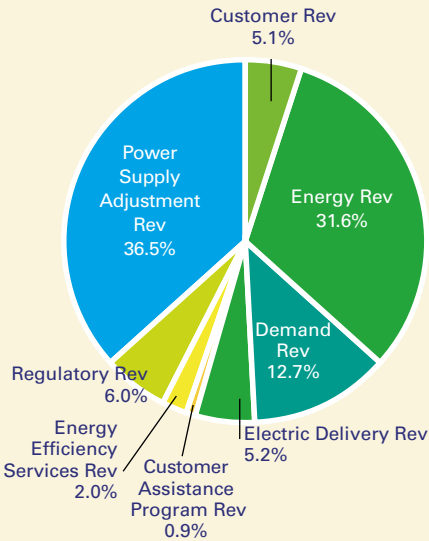
As a result, Austin Energy delivered stronger profitability metrics while maintaining solid capital levels. The utility made \$162 million in infrastructure investments in FY 2013 while maintaining a 47% debt/equity ratio. This includes the ongoing execution of asset management programs designed to modernize Austin Energy's grid in a cost-effective manner and improve service levels. The utility also has been focused on achieving operational and cost efficiencies to maintain affordability for customers.

Austin Energy's unaudited net income for FY 2013 was \$67 million compared to a \$30 million net loss in FY 2012. The following items were significant factors:

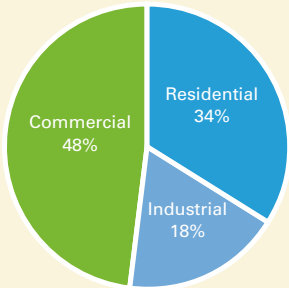
- Revenue increased \$108 million or 9% from the prior year primarily due to the additional recovery of costs from recent rate restructuring, including recovery of fuel which increased \$28 million.
- Operations and maintenance (O&M) expenses were \$13 million higher in FY 2013 compared to the prior year largely due to increases in generation joint project costs and transmission expenses.
- Depreciation expense was \$5 million higher with increasing investments for improved customer reliability and greater system efficiency.
- Other net expenses were lower than previous years due to debt restructuring that reduced interest expense.

Overall, Austin Energy's unaudited net income for FY 2013 increased \$97 million, which will help replenish depleted cash reserve levels and allow Austin Energy to invest in operational technologies and competitive generation resources.

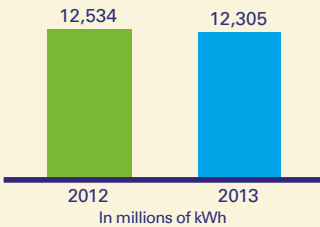
FY 2013 Retail Revenue  
\$1,169.8M



FY 2013  
kWh by Customer Class



Total kWh Sales



# COMPARATIVE STATEMENT OF NET ASSETS

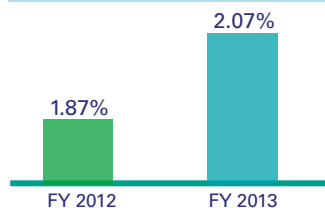
\$ IN THOUSANDS	9/30/2012	Unaudited 9/30/2013	VARIANCE
Cash	\$48,669	\$119,100	\$70,431
Accounts Receivable	164,479	182,340	17,861
Allowance for Doubtful Accounts	(2,585)	(7,309)	(4,724)
Inventories	80,965	84,603	3,638
Other Current Assets	65,266	65,047	(219)
<b>Restricted Assets:</b>			
Debt Service	101,775	66,945	(34,830)
Strategic Fund	116,483	105,996	(10,487)
Reserve Fund	13,054	9,979	(3,075)
Repair & Replacement Fund	64	64	—
Nuclear Decommissioning Acct.	184,653	190,892	6,239
Non-Nuclear Decommissioning Acct.	16,509	11,490	(5,019)
Construction	46,853	60,963	14,110
Other	28,731	28,779	48
Property, Plant and Equipment	2,591,616	2,586,775	(4,841)
Long-Term Other Assets	325,395	315,482	(9,913)
<b>TOTAL ASSETS</b>	<b>\$3,781,927</b>	<b>\$3,821,146</b>	<b>\$39,219</b>
Current Liabilities	\$ 87,166	\$ 90,879	\$ 3,713
Liabilities Payable from Restricted Assets	343,336	316,139	(27,197)
Revenue Bonds	1,091,185	1,235,664	144,479
Commercial Paper	225,256	88,541	(136,715)
Other Long-Term Liabilities	438,101	426,282	(11,819)
Retained Earnings	1,596,883	1,663,641	66,758
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$3,781,927</b>	<b>\$3,821,146</b>	<b>\$39,219</b>

\*NOTE: This information is unaudited and should be read in conjunction with the audited Comprehensive Financial Reports (CAFR) for the City of Austin when published on [www.austintexas.gov/financeonline/finance/main.cfm](http://www.austintexas.gov/financeonline/finance/main.cfm)

## INCOME STATEMENT

\$ in Millions	12 months ended	
	9/30/12	9/30/13 Unaud.
Operating Revenues	\$754	\$834
Fuel Revenue	426	454
Fuel Expense	426	454
Non-Fuel Expenses	470	483
Depreciation Expense	145	150
<b>Operating Income/(Loss)</b>	<b>139</b>	<b>201</b>
Other Revenue (Expense)	(64)	(29)
General Fund Transfer	105	105
<b>Net Income/(Loss)</b>	<b>(\$30)</b>	<b>\$67</b>

## DEBT SERVICE COVERAGE



## DEBT RATIO

