

OPERATING BUDGET FISCAL NOTE

DATE OF COUNCIL CONSIDERATION:

8/31/17

CONTACT DEPARTMENT(S):

Austin Energy

FUND:

Austin Energy Operating

Subject: Approve an ordinance amending the Fiscal Year 2016-2017 Austin Energy Operating Budget of Ordinance No. 20160912-001 to increase the Austin Energy Operating Fund power supply adjustment (PSA) revenue by \$100,000,000 and increase the power supply adjustment (PSA) expenses by \$100,000,000 to provide budget appropriations necessary to match actual PSA expenses which were originally budgeted to reduce the over-collection of PSA revenue in the previous fiscal year.

CURRENT YEAR IMPACT:

	2016-17 Amended	This Action	2016-17 Amended
Beginning Balance	310,501,436	0	310,501,436
Total Revenue	1,284,164,523	100,000,000	1,384,164,523
Total Transfers In	0	0	0
Total Appropriated Funds	1,284,164,523	100,000,000	1,384,164,523
Operating Requirements			
Operating Expenses	943,384,585	100,000,000	1,043,384,585
Total Debt Service	103,204,499	0	103,204,499
Total Transfers Out	220,078,250	0	220,078,250
Total Other Requirements	625,398	0	625,398
Total Operating Requirements	1,267,292,732	100,000,000	1,367,292,732
Excess (Deficiency) of Total Available Over Total Requirements	16,871,791	0	16,871,791
Ending Balance	327,373,227	0	327,373,227
Austin Energy FTEs	1,718.00	0.00	1,718.00

FIVE-YEAR IMPACT:

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Total Revenue	100,000,000	0	0	0	0
Total Operating Expenses	100,000,000	0	0	0	0
Net Budget Impact	0	0	0	0	0

ANALYSIS / ADDITIONAL INFORMATION : Austin Energy (AE) is seeking approval of this budget amendment to provide additional appropriations to cover the power supply actual expenditures that were not originally budgeted due to the prior year over collection of power supply revenue by \$69 million. As AE has traditionally done in the past, power supply expenses are budgeted to match power supply revenue to show the pass-thru matching concept. Due to the over-collection from the prior year which resides in AE's working capital as part of the fund balance, AE lowered the power supply rate by 12% beginning January 1, 2017 to draw down the over-collection. Using the pass-through matching concept, AE's FY 2016-17 budget reflected the lower revenue to be collected from the lower rates and matched the budgeted power supply expenses to the lower revenue anticipated. As power supply expenses have occurred during the fiscal year, the actual expenses reflect the true cost of the power supply which is higher than the original budget amount of \$361.9 million – the amount needed in revenue to cover the power supply expenses and reduce the over-collection at the same time. This budget amendment will not affect AE's power supply adjustment or PSA rates which will be reviewed again during the FY 2017-18 proposed budget.

** The above five-year impact analysis illustrates the total revenue and expense projections for the Austin Energy Operating Fund.*