



Austin Energy Quarterly Financial Report

*First Quarter Fiscal Year 2018
October - December*





Disclaimer

This information is unaudited and should be read in conjunction with the audited Comprehensive Annual Financial Reports for the City of Austin, when published on <https://www.austintexas.gov/financeonline/finance/main.cfm>



Agenda

QUARTERLY Financial Report





Executive Summary



Austin Energy's Strategic Plan 2017-2021

FINANCIAL HEALTH

Financial health is a core business objective for Austin Energy, allowing the utility to keep rates reasonable for customers and supporting innovative and diverse programs while providing an opportunity to reinvest its proceeds in the Greater Austin community.

GOAL STATEMENT

Maintaining financial stability and high bond ratings creates value for customers and the Austin community.



Executive Summary



We are in compliance with all financial policies with the exception of Power Supply and Capital Reserves. Working Capital and reserves exceed minimum requirements.



We achieved our Key Performance Indicator of Financial Health with a Standard & Poor's rating of AA. We are exceeding all other financial performance measures.



\$306 Million Revenues

Our operating revenues are short of budget by 1.5% mostly due to lower consumption.



\$255 Million Expenses

Our operating expenses exceed budget by 1.9% due to higher Power Production and Customer Care expenses.

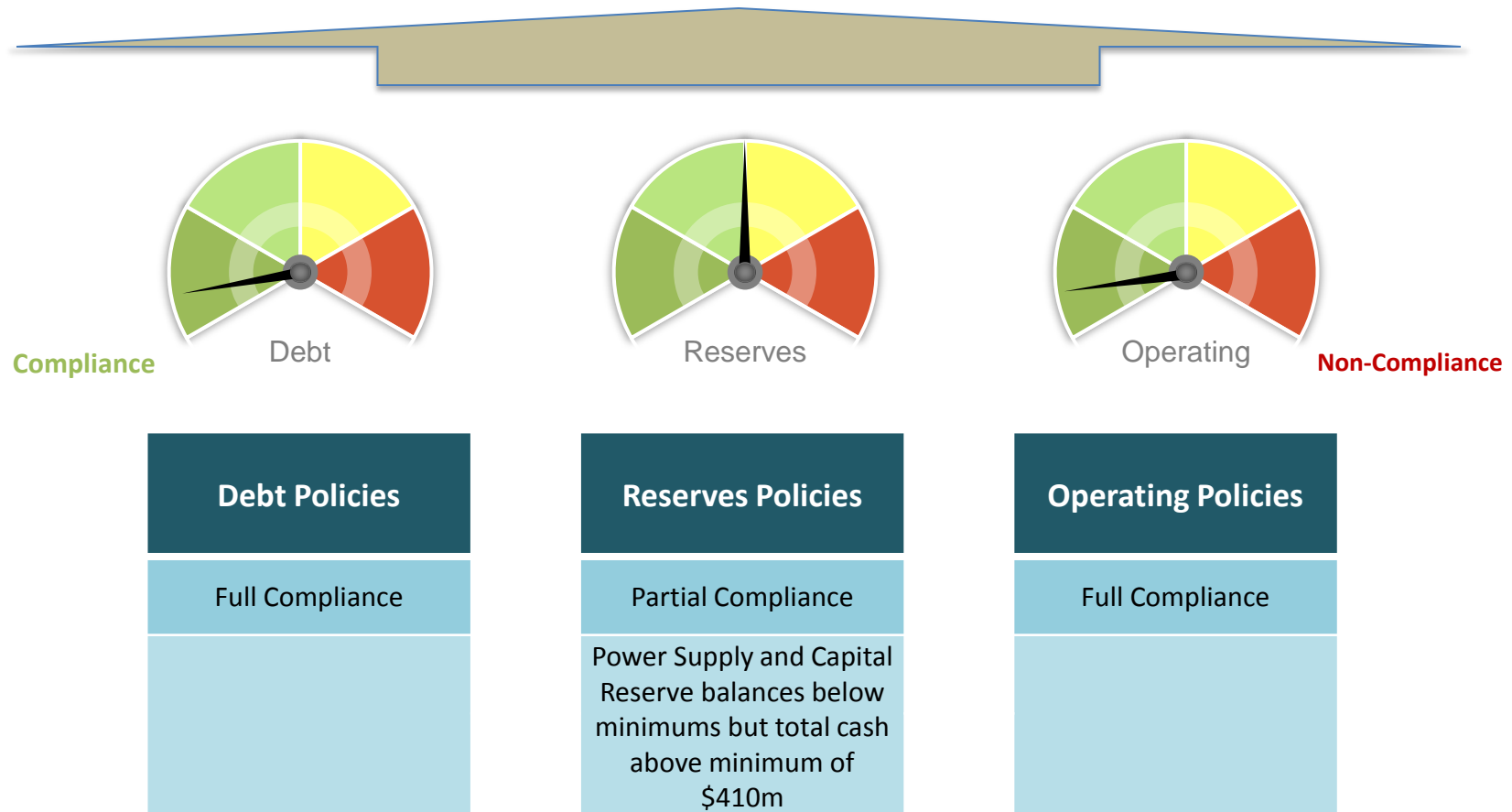


Total assets increased by 1.6% over last year with an increase in regulatory assets. Long-term liabilities increased by \$31 million as a result of commercial paper use for capital projects.

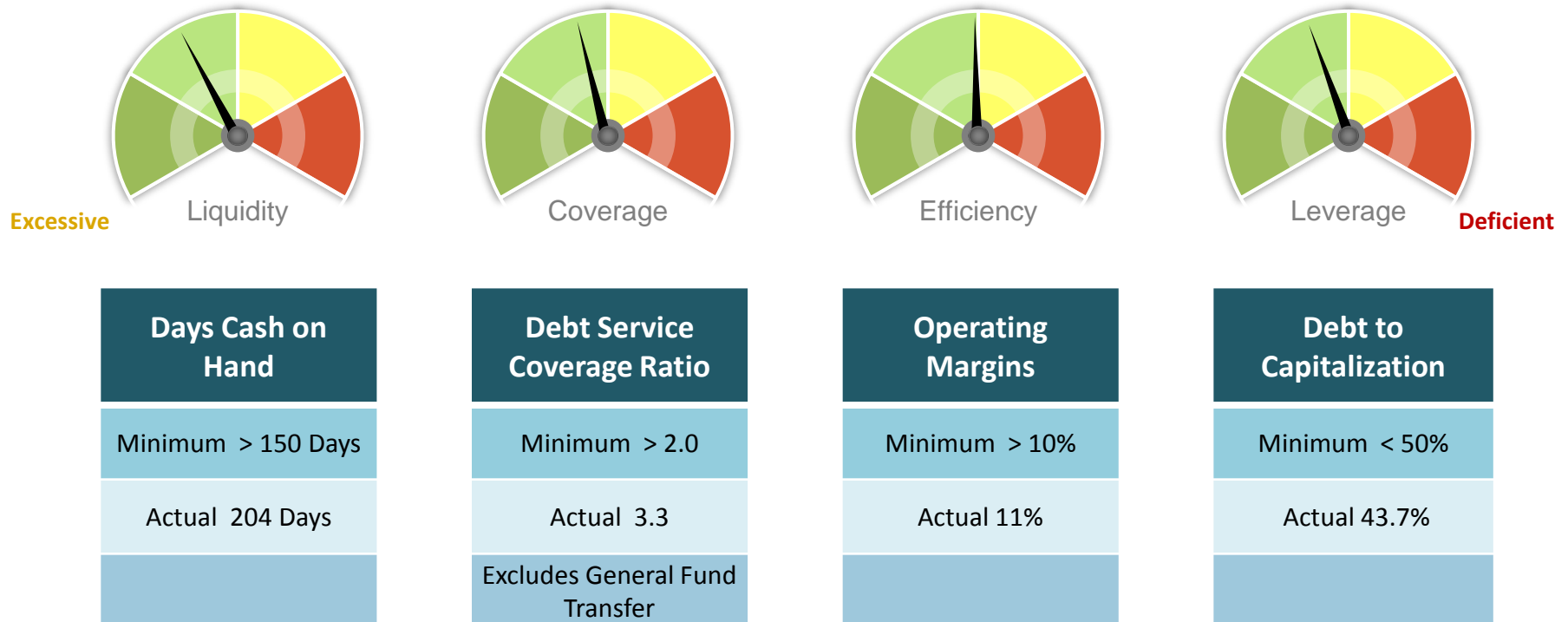


U.S. Energy Information Administration releases CY 2016 electric sales data showing Austin Energy was 101.7% of the average for all Texas electric utilities and had the second lowest residential bills in the State.

Austin Energy has 22 adopted financial policies. These policies are memorialized and adopted by ordinance each year during the budgeting process.



AA Standard & Poor's Global Ratings Achieved November 2016



During the 2011 rate review, City Council established an Affordability Goal for Austin Energy that has two metrics.



Affordability Metric

Full Compliance Since 2013

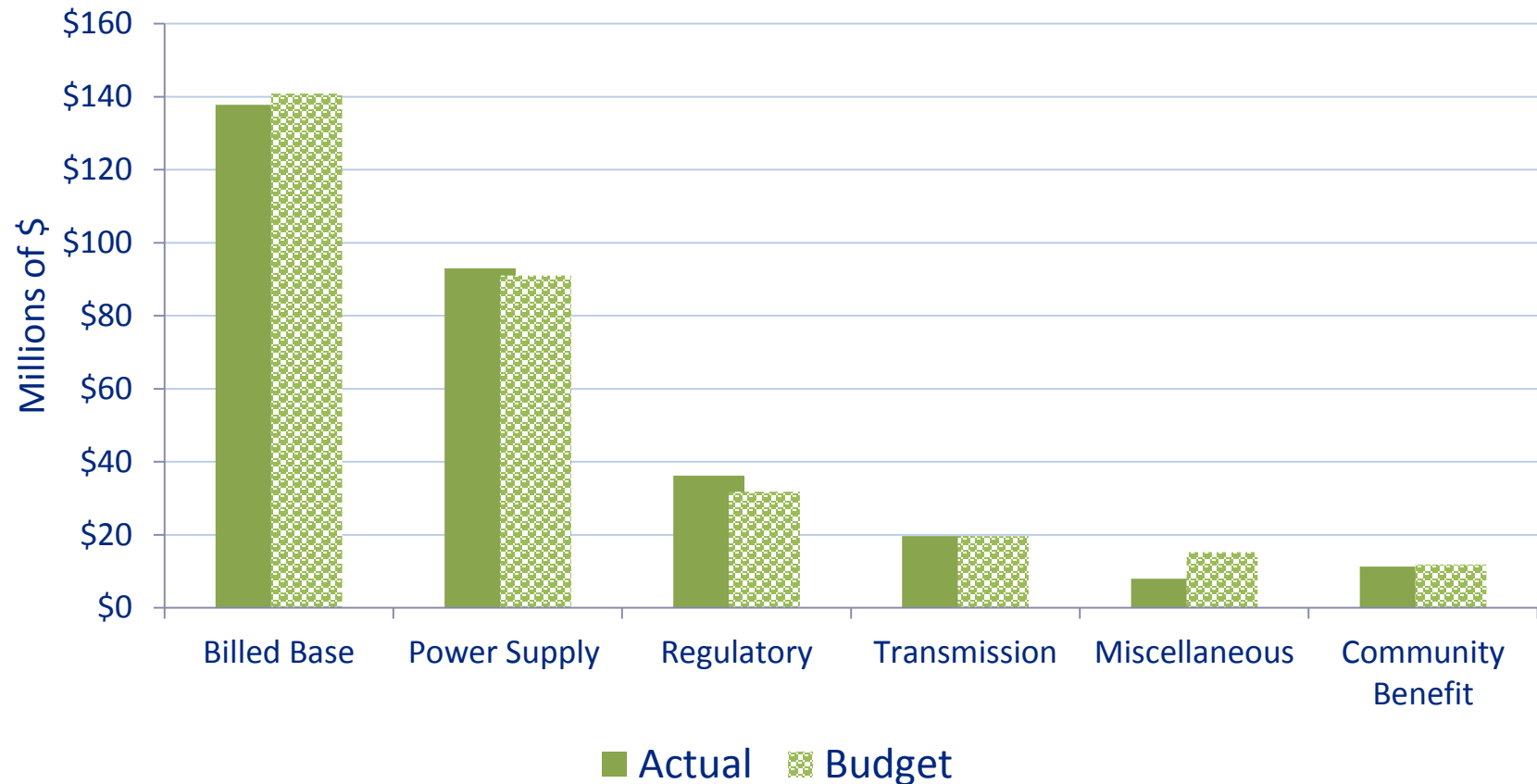
Maintain system average rates at or below 2% annual compound growth rate that began October 2012.

Competitiveness Metric

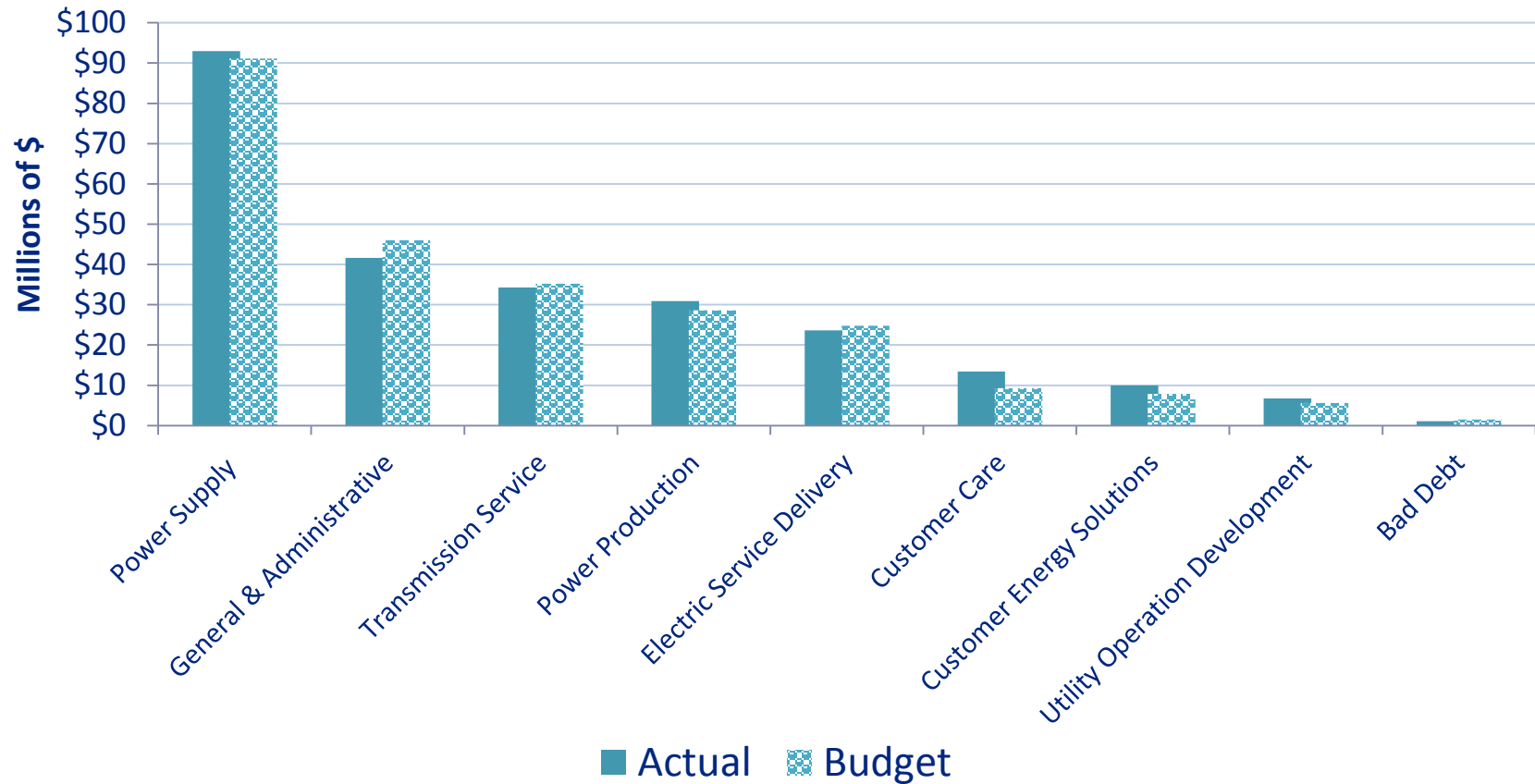
Non-Compliance Since 2015

Maintain an average annual system rate in the lower 50% of all Texas utilities serving residential, commercial and industrial customers as measured by published data from the Energy Information Administration (EIA) Form 861.

Budget Based Operating Revenues Fiscal Year Through December 31, 2017



Budget Based Operating Expenses Fiscal Year Through December 31, 2017





Actual to Budget Analysis



Budget Based Fund Summary

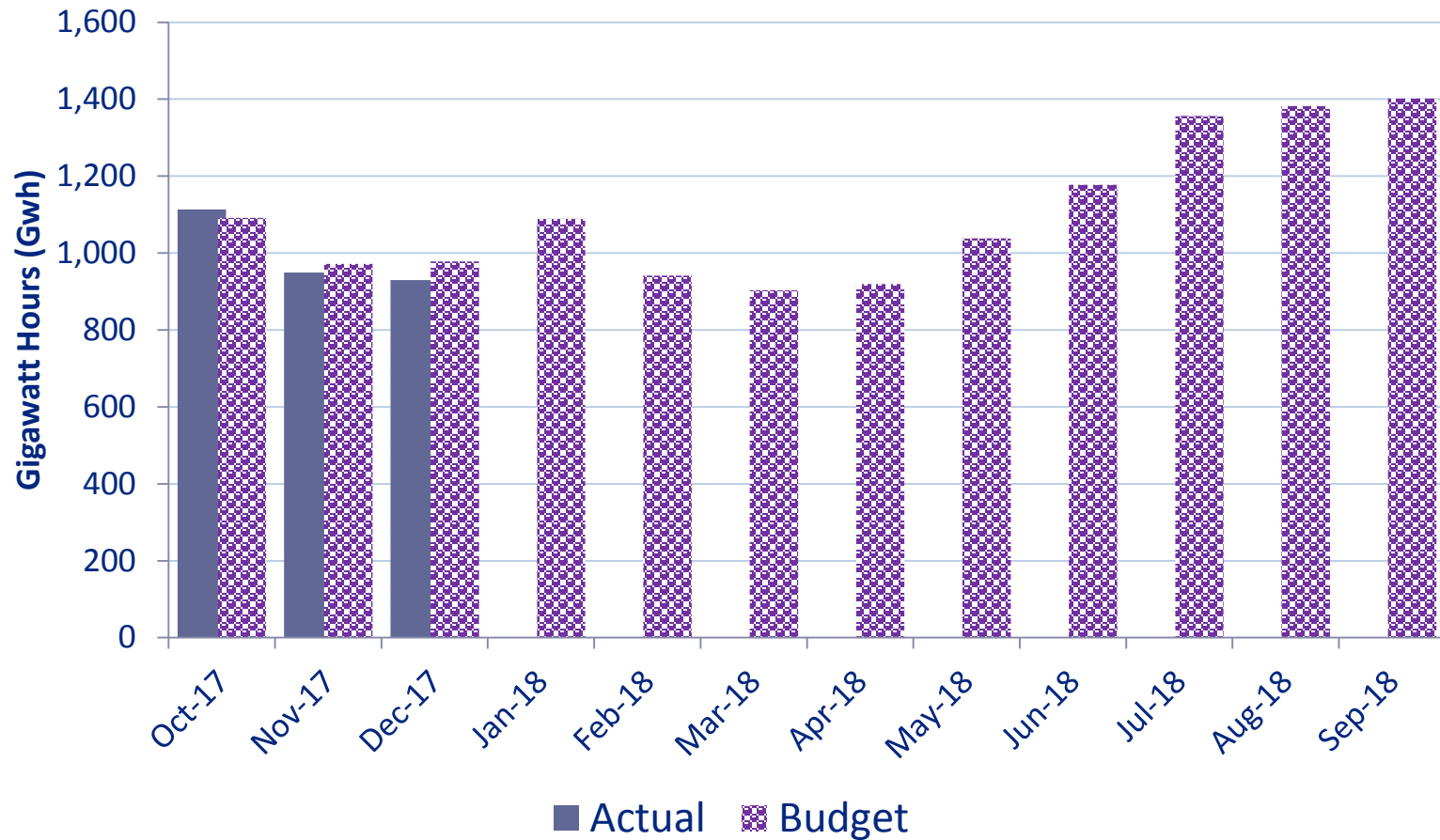
Fiscal Year Through December 31, 2017

Variance to Budget
Favorable (Unfavorable)

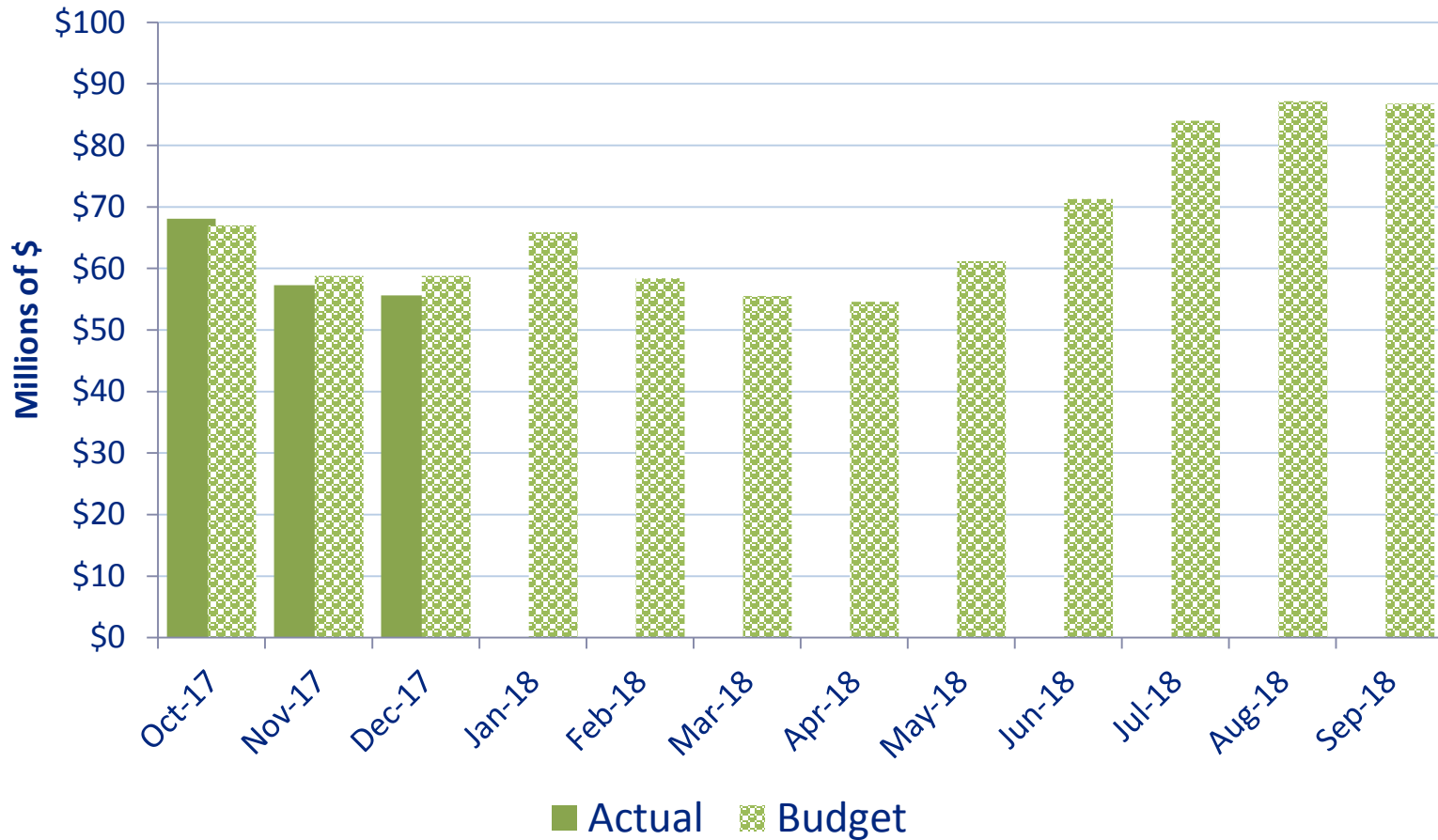
Variance to Prior Year
Favorable (Unfavorable)

Millions of \$	Actual	Budget	Amount	%	Prior Year Actual	Amount	%
Operating Revenues	\$306.2	\$310.7	(\$4.5)	(1.5%)	\$317.5	(\$11.3)	(3.5%)
Operating Expenses	254.6	249.9	(4.7)	(1.9%)	270.5	15.9	5.9%
Operating Income (Loss)	\$51.6	\$60.8	(\$9.2)	(15.1%)	\$47.0	\$4.6	9.9%
Interest Revenue	2.2	0.8	1.4	172.2%	1.3	0.9	75.2%
Debt Service	(23.8)	(23.6)	(0.2)	(0.9%)	(24.7)	0.9	3.4%
Income (Loss) Before Transfers	\$30.0	\$38.0	(\$8.0)	(21.0%)	\$23.6	\$6.4	27.4%
Administrative Support	(6.5)	(6.5)	0	0%	(6.5)	0	0%
General Fund	(27.3)	(27.3)	0	0%	(27.0)	(0.3)	(0.9%)
Economic Development	(1.7)	(1.7)	0	0%	(1.9)	0.2	8.3%
CTM Fund	(2.1)	(2.1)	0	0%	(1.9)	(0.2)	(12.1%)
Other City Transfers	(0.1)	(0.1)	0	0%	-	(0.1)	-
Internal Transfers / CIP	(49.7)	(49.7)	0	0%	(16.0)	(33.7)	(210.0%)
Excess (Deficiency) of Revenues	(\$57.4)	(\$49.4)	(\$8.0)	(16.1%)	(\$29.7)	(\$27.7)	(93.4)%

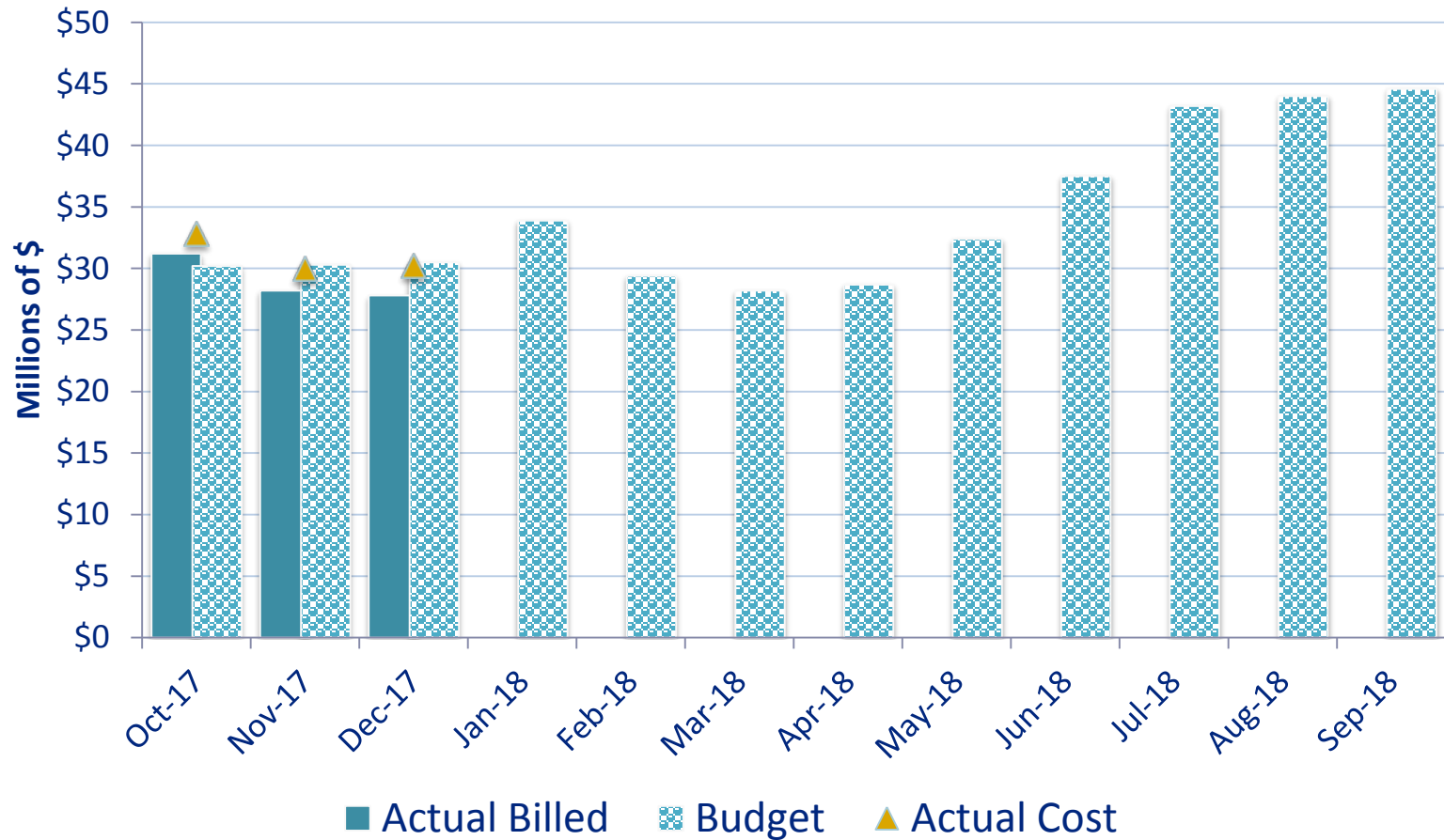
Actual to Budget Retail Electric Sales



Actual to Budget Non-Power Supply Revenues

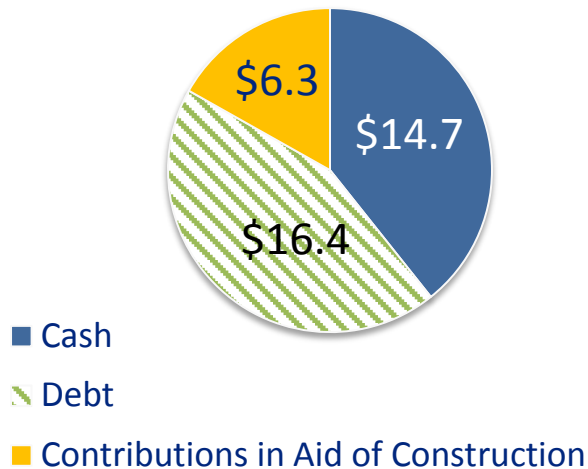


Actual to Budget Power Supply

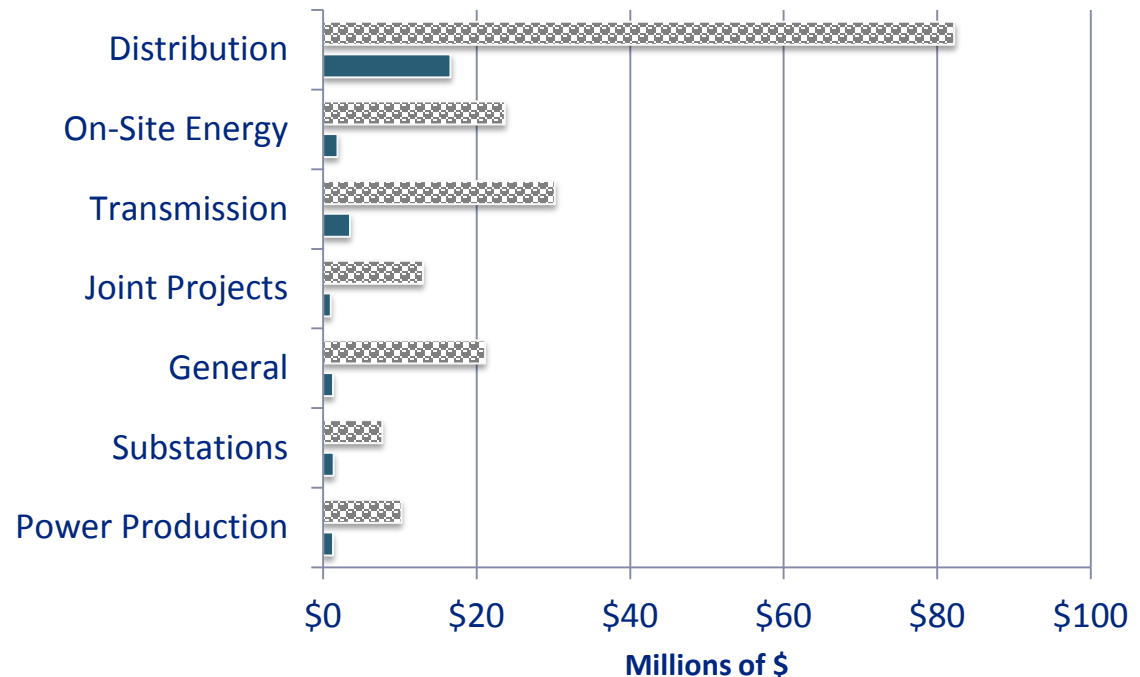


Capital Improvement Plan Summary

Type of Financing



Type of Project



■ FY 2018 Spend Plan ■ Year-to-Date



Balance Sheet Snapshot

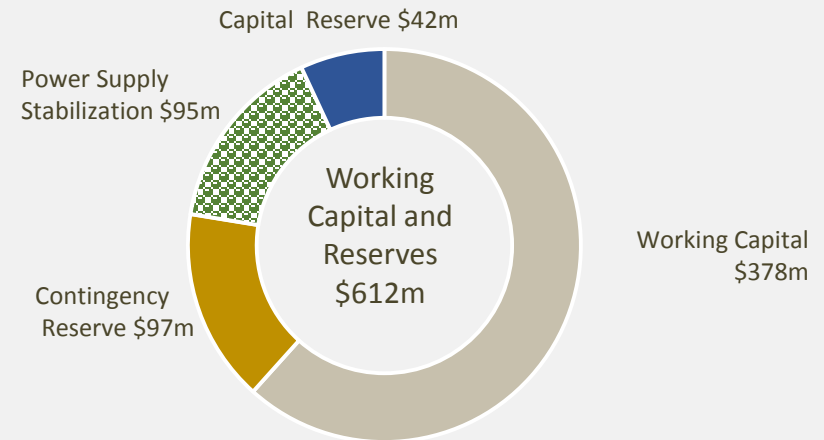


Assets

	Dec 2017	Dec 2016
Cash	↑ \$378.2	\$377.6
Current Assets	↑ 264.4	294.4
Capital Assets	2,585.3	2,596.1
Long-Term Assets	1,191.5	1,081.5
Total Assets	\$4,419.4	\$4,349.6

Liabilities and Fund Equity

Current Liabilities	\$172.9	\$165.5
Long-term Liabilities	↑ 2,037.7	2,006.3
Deferred Inflow of Resources	361.0	340.8
Retained Earnings	1,847.8	1,837.0
Total Liabilities & Fund Equity	\$4,419.4	\$4,349.6



Commercial Paper Program Limit s: Tax Exempt \$200m
Taxable \$75m
\$275m



Balance Sheet Snapshot



Cash Analysis (Millions of \$)

	Balance 12/31/2017	2018 Policy Minimums	Variance
(A) Working Capital	\$378		
Known Material Commitments and Claims to Cash:			
Power Supply Adjustment Over Recovery	(\$29)		
Accounts Receivable	\$103		
Accounts Payable and Sales Tax	(\$75)		
Deferred Fuel Revenue	(\$65)		
Pension & Post-Retirement Benefits	(\$422)		
(B) Total Commitments from Cash	(\$488)		
(A+B) Uncommitted Working Capital	(\$110)	\$130	(\$240)
Add: Contingency Reserve	\$97	\$96	\$1
Add: Power Supply Stabilization	\$95	\$102	(\$7)
Add: Capital Reserve	\$42	\$82	(\$40)
Uncommitted Cash on Hand	\$124	\$410	(\$286)



Balance Sheet Snapshot

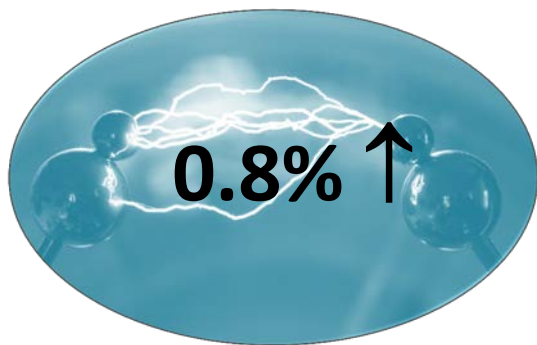


Contributions to Working Capital (Millions of \$)

	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Unaudited 2017	Projected 2018
(A) Reserve expense in base rates	\$18	\$18	\$18	\$18	\$0	\$0
Depreciation expense	\$150	\$152	\$153	\$157	\$163	\$159
Less: Principal on debt	(105)	(83)	(48)	(65)	(44)	(35)
Less: Cash for construction	(69)	(80)	(68)	(65)	(63)	(59)
(B) Depreciation contribution	(\$24)	(\$11)	\$37	\$27	\$56	\$65
(C) Net income contribution	\$51	\$2	\$55	\$60	\$11	\$24
Contributions to Working Capital (A+B+C)	\$45	\$9	\$110	\$105	\$67	\$89

Growth In Load

While the number of customers increases significantly, the amount of electricity consumed did not. During FY 2017 our Mwh sales increased only 0.8%.

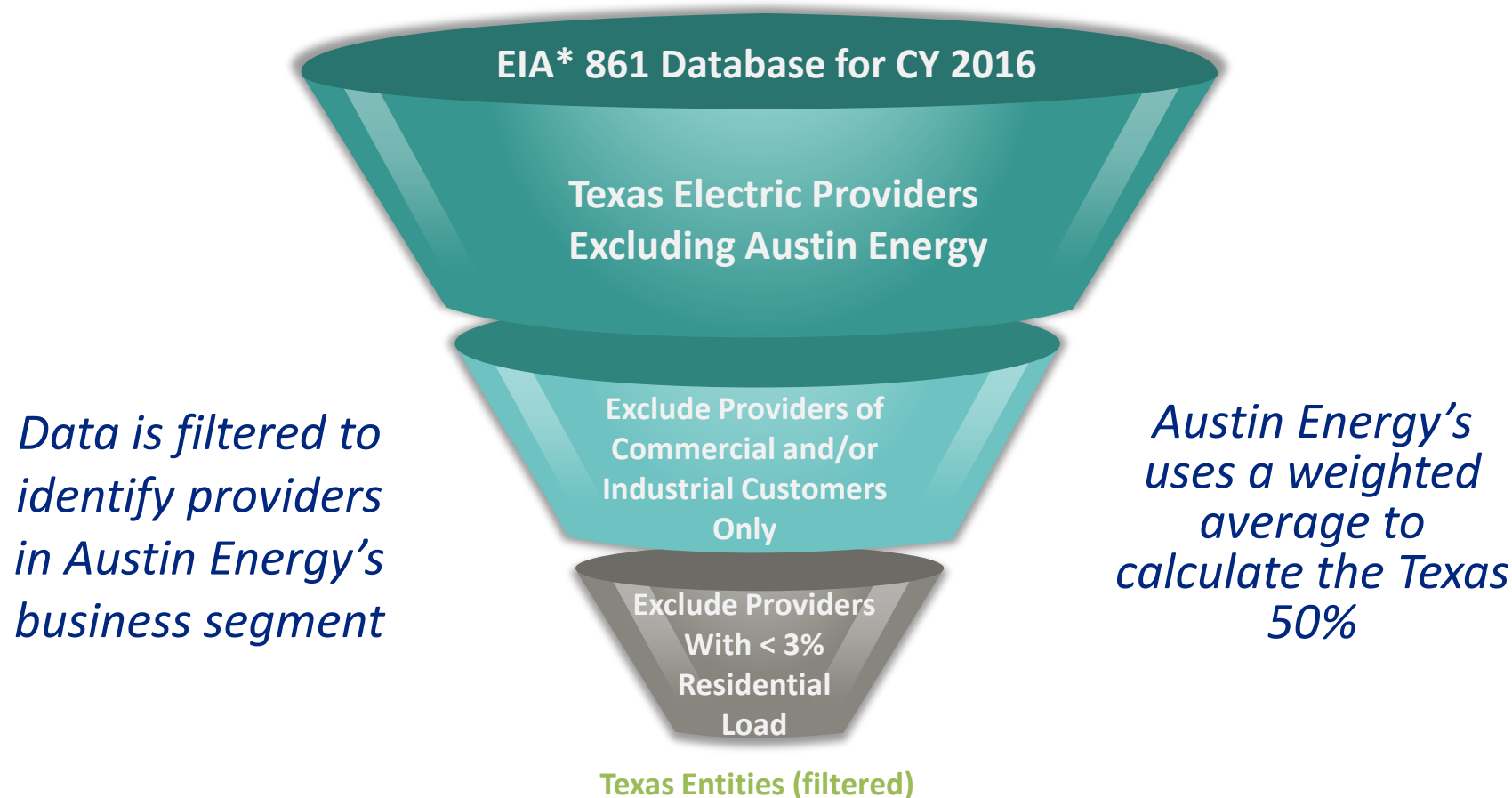


Growth in Customers

During FY 2017 the number of customers increased by 2.5%, from 461,343 to 472,701. New residential customers account for 91% of the growth in customer count.

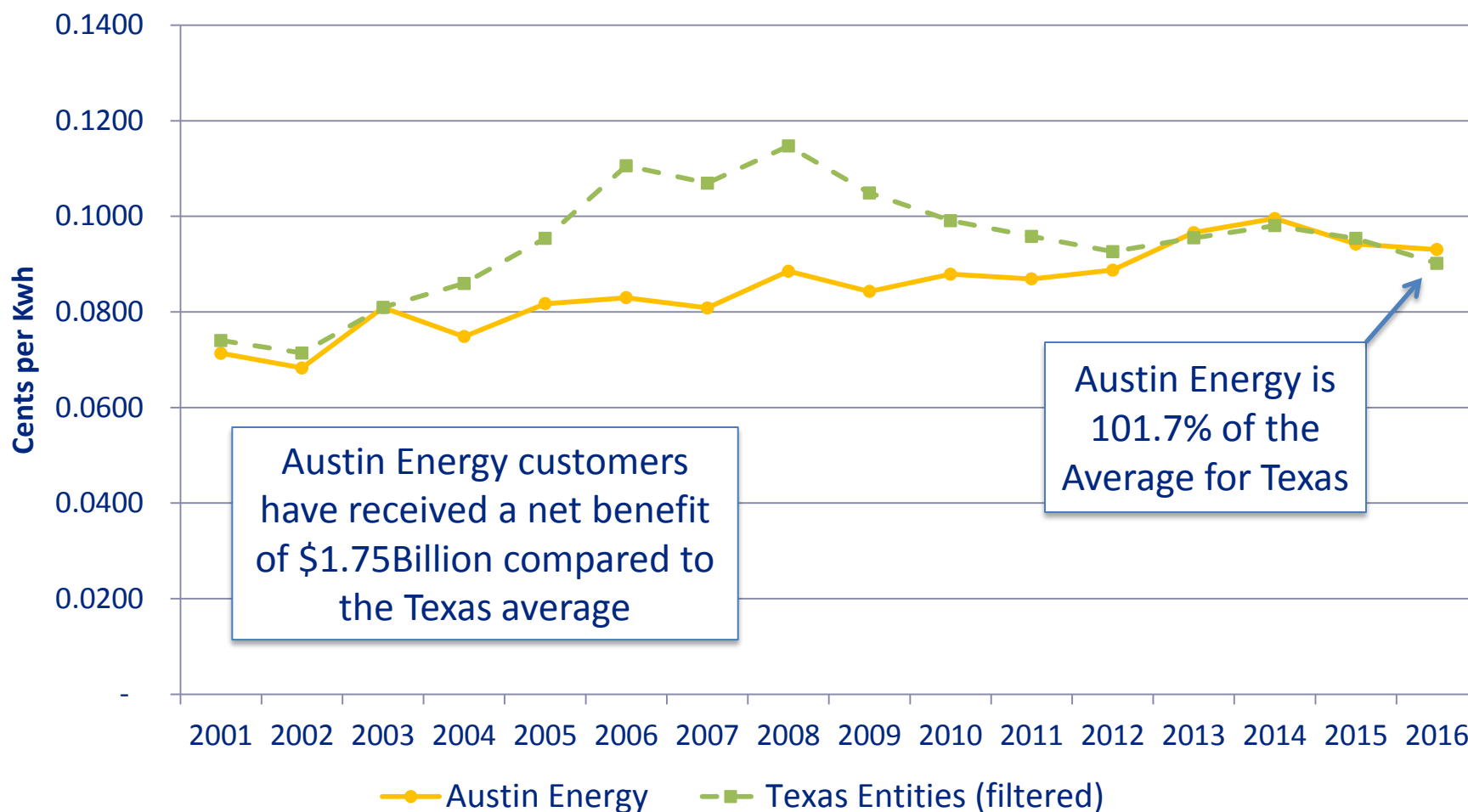


Competitiveness Metric Analysis

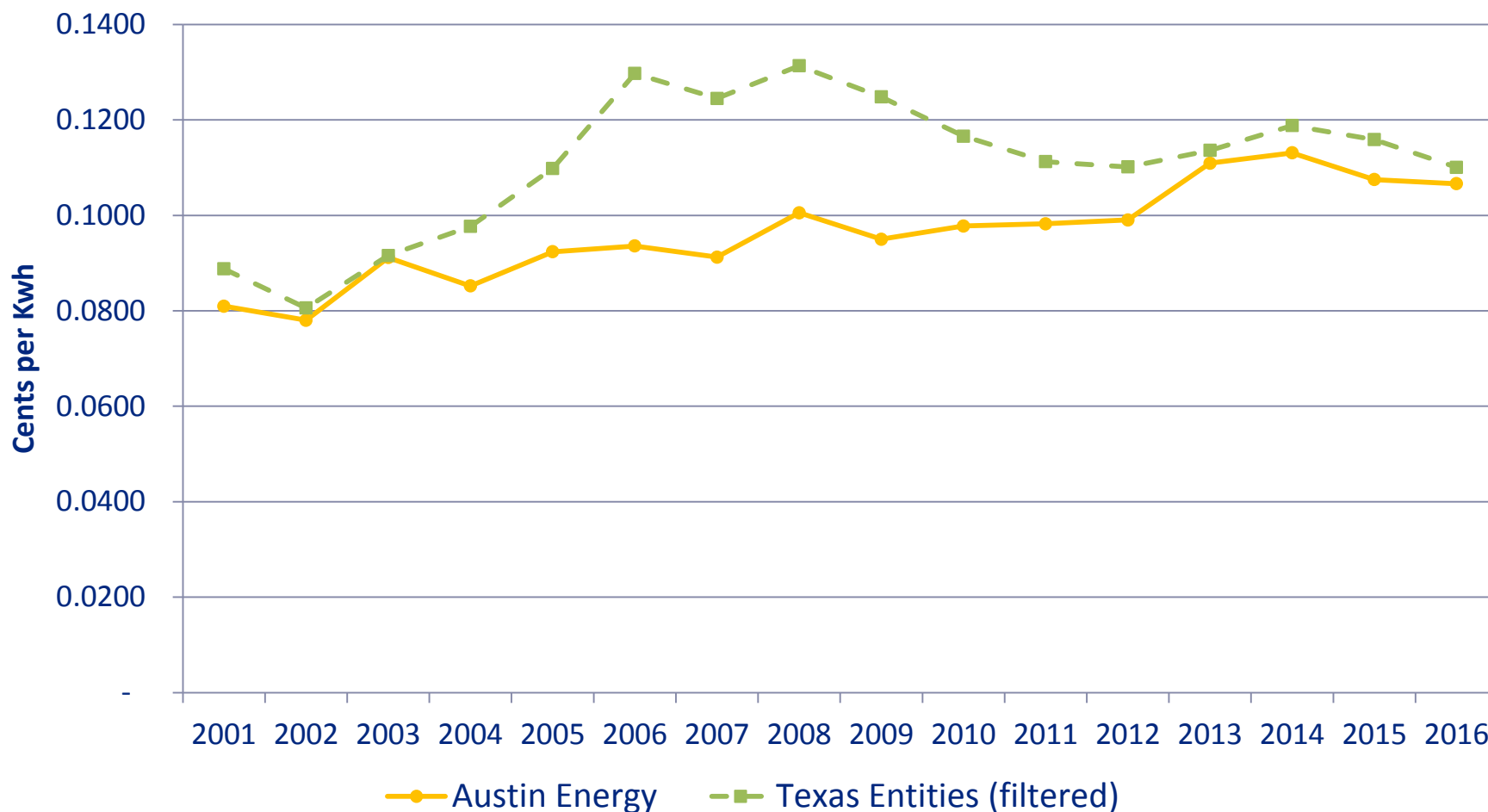


$$\text{Total Retail Revenue} \div \text{Total Retail Kilowatt Hours} = \text{Weighted Average Retail Rate}$$

System Average Annual Rates for CY 2016

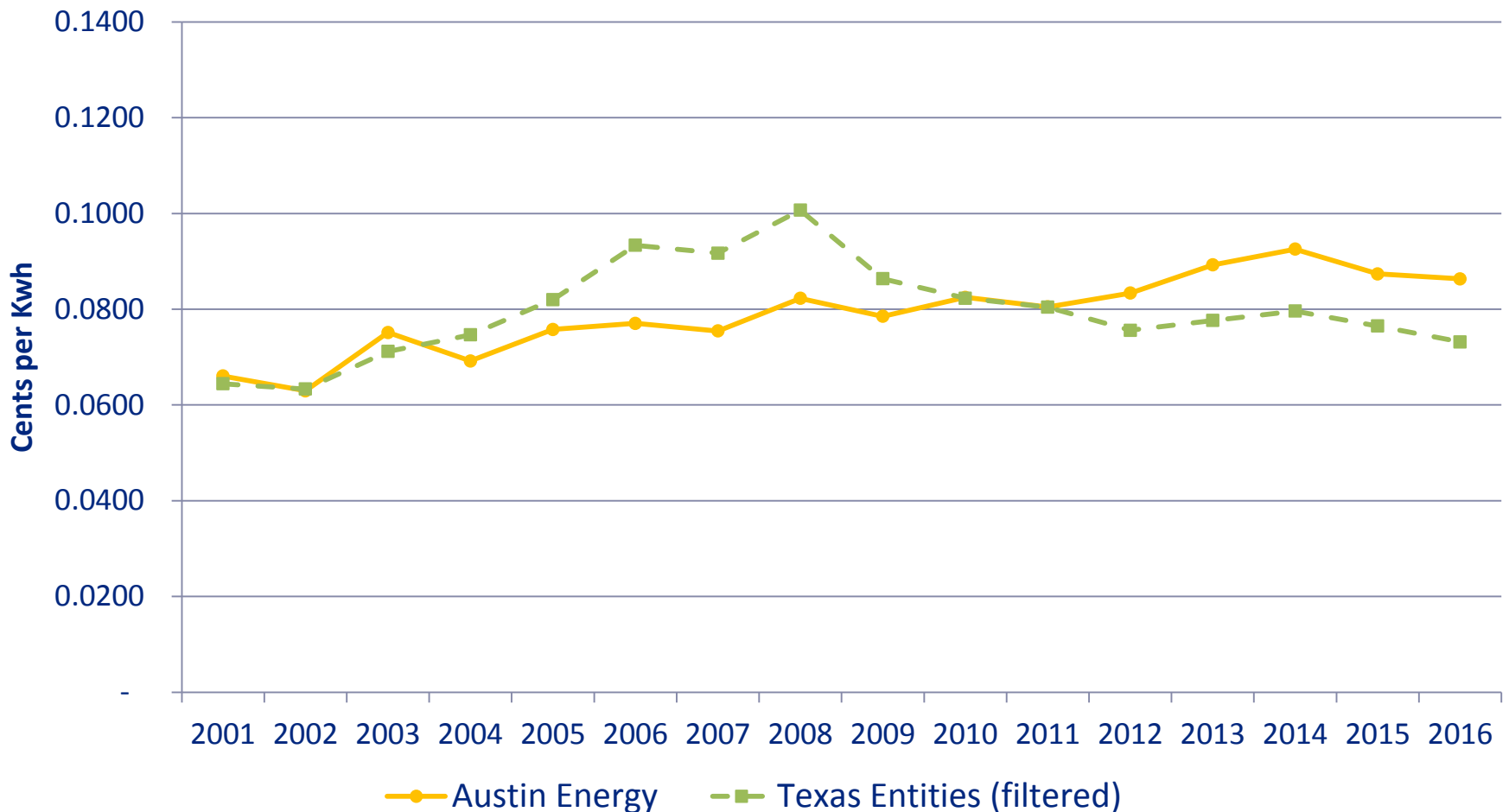


Residential Average Annual Rates for CY 2016



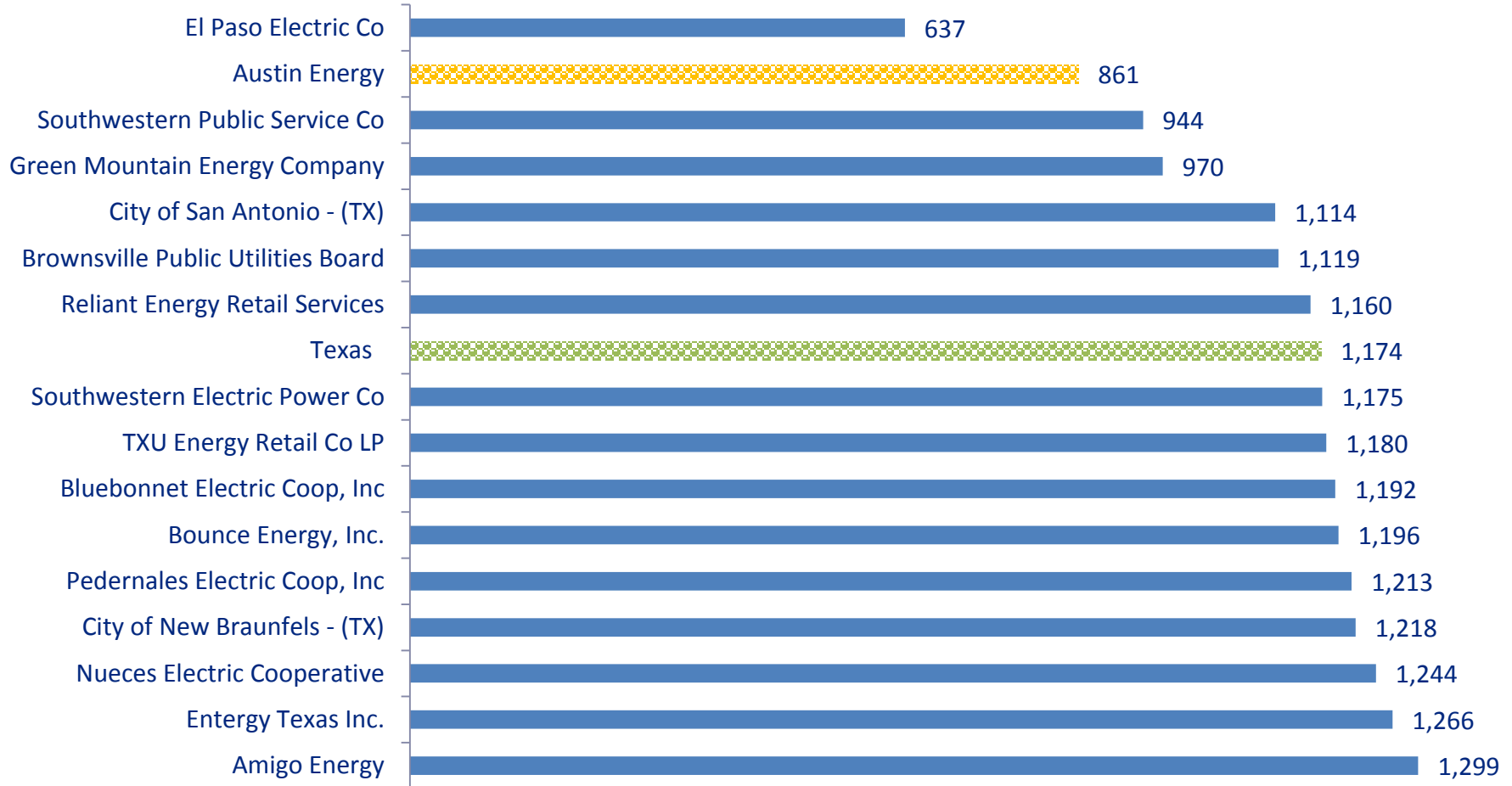
Source: U.S. Energy Information Administration Form 861, November 2017

Commercial & Industrial Average Annual Rates for CY 2016



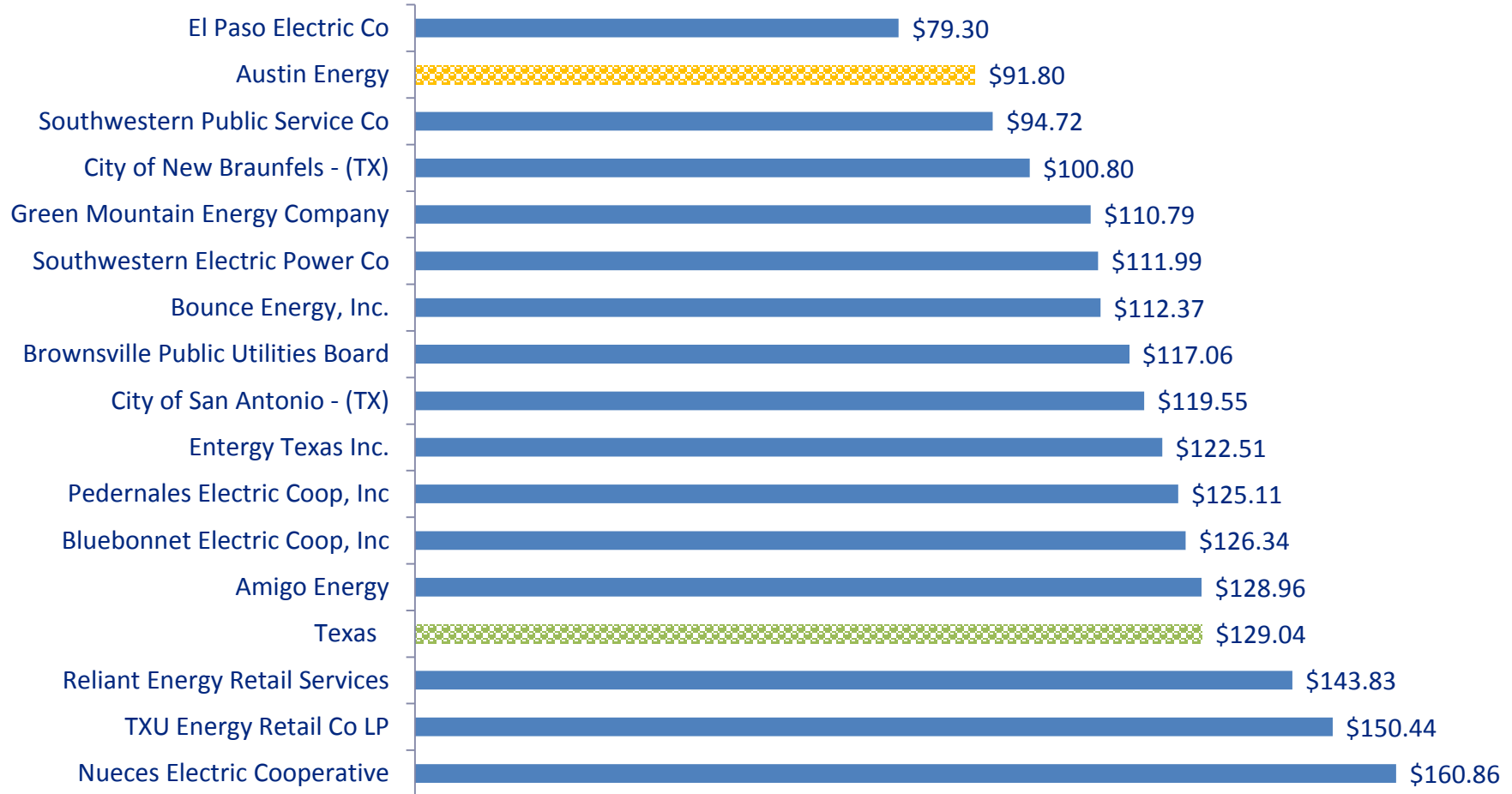
Source: U.S. Energy Information Administration Form 861, November 2017

Residential Average Monthly Consumption for CY 2016



Source: U.S. Energy Information Administration Form 861, November 2017

Residential Average Monthly Bill for CY 2016



Source: U.S. Energy Information Administration Form 861, November 2017