



# Austin Energy Quarterly Financial Report

*Second Quarter  
Fiscal Year 2018  
January - March*

**Electric Utility Commission**  
*May 21, 2018*





# 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



## About Us



*Substantially compliant with all financial policies*

## Our Mission & Vision



*Generally meet financial metrics supporting AA credit rating.*



**\$618** Million Revenues

*Operating revenues exceed budget by 0.4% mostly due to slightly higher consumption.*

**\$479** Million Expenses



*Operating expenses exceed budget by 1.1% due to higher Power Supply and Customer Care expenses.*

## Marketing Plan



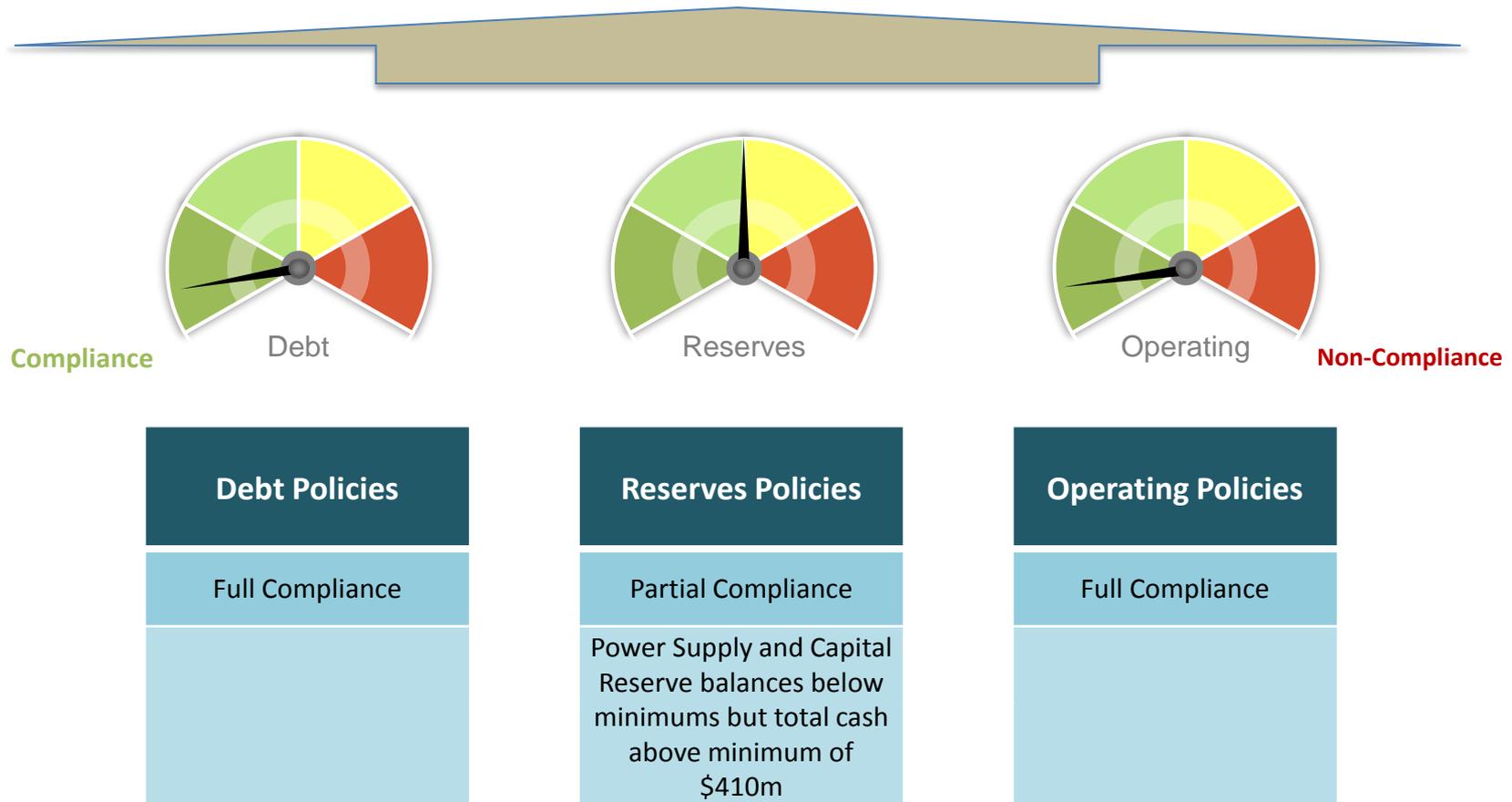
*Balance sheet is liquid and adequately capitalized.*

## Operating Plan



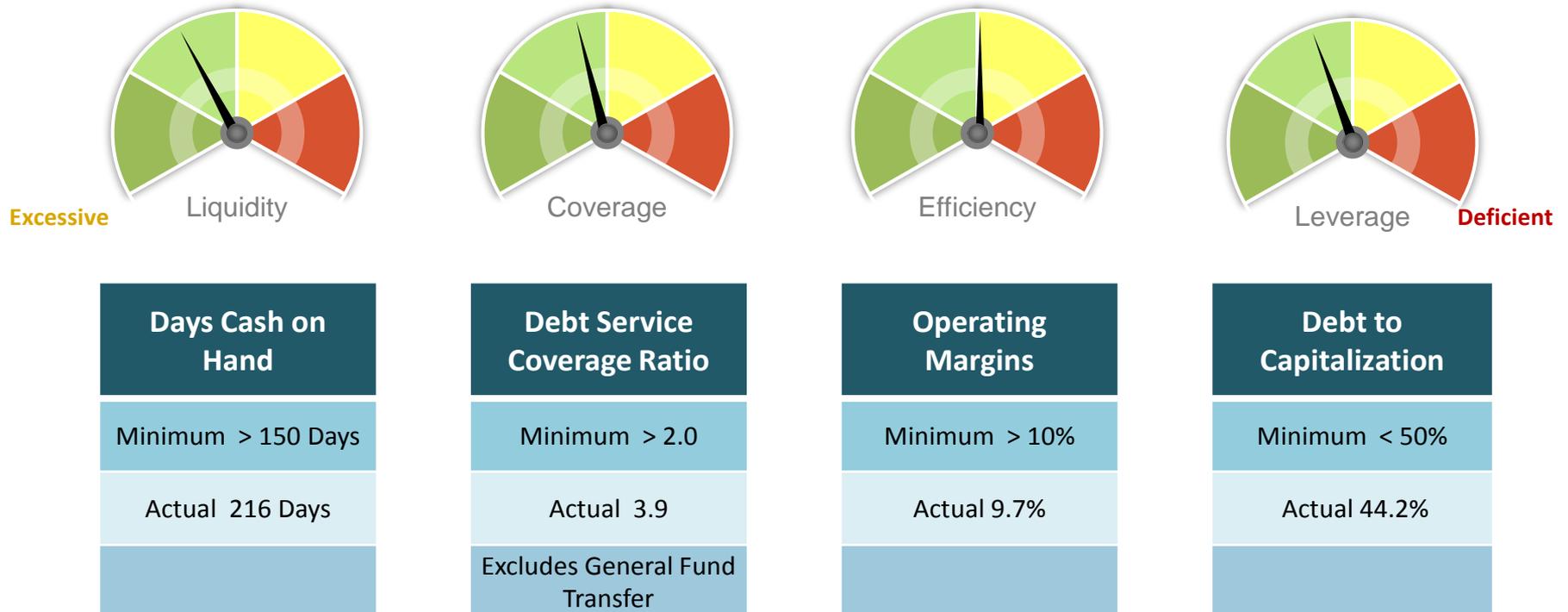
*Residential bills are affordable and representative of customers by district.*

Financial policies are memorialized and adopted by ordinance each year during the budgeting process.





## AA Standard & Poor's Global Ratings Achieved November 2016



Austin Energy's Affordability Goal has two metrics.



Compliance

Affordability



Competitiveness

Non-Compliance

## Affordability Metric

Full Compliance Since 2013

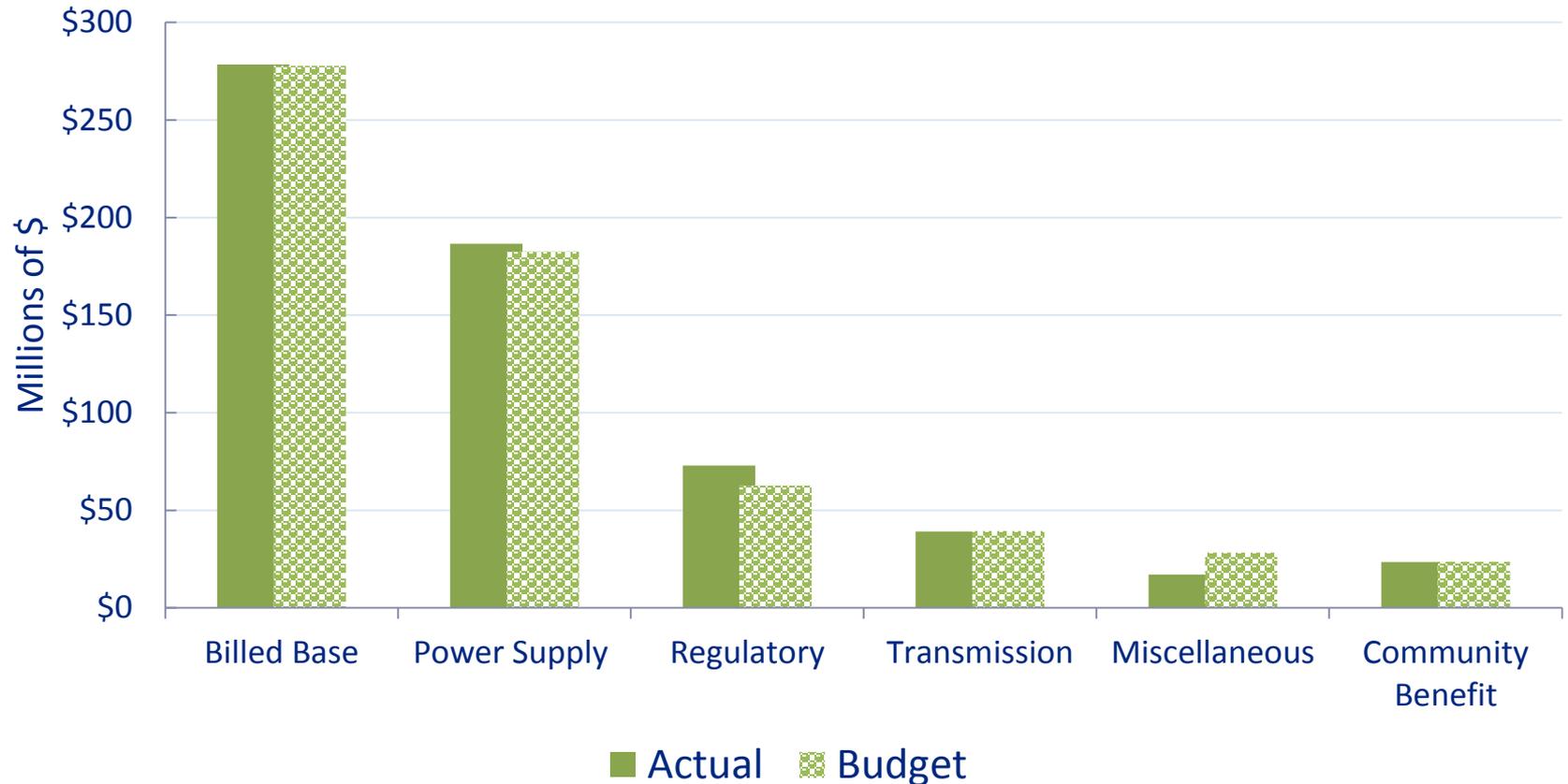
Maintain system average rates at or below 2% annual compound growth rate that began October 2012.

## Competitiveness Metric

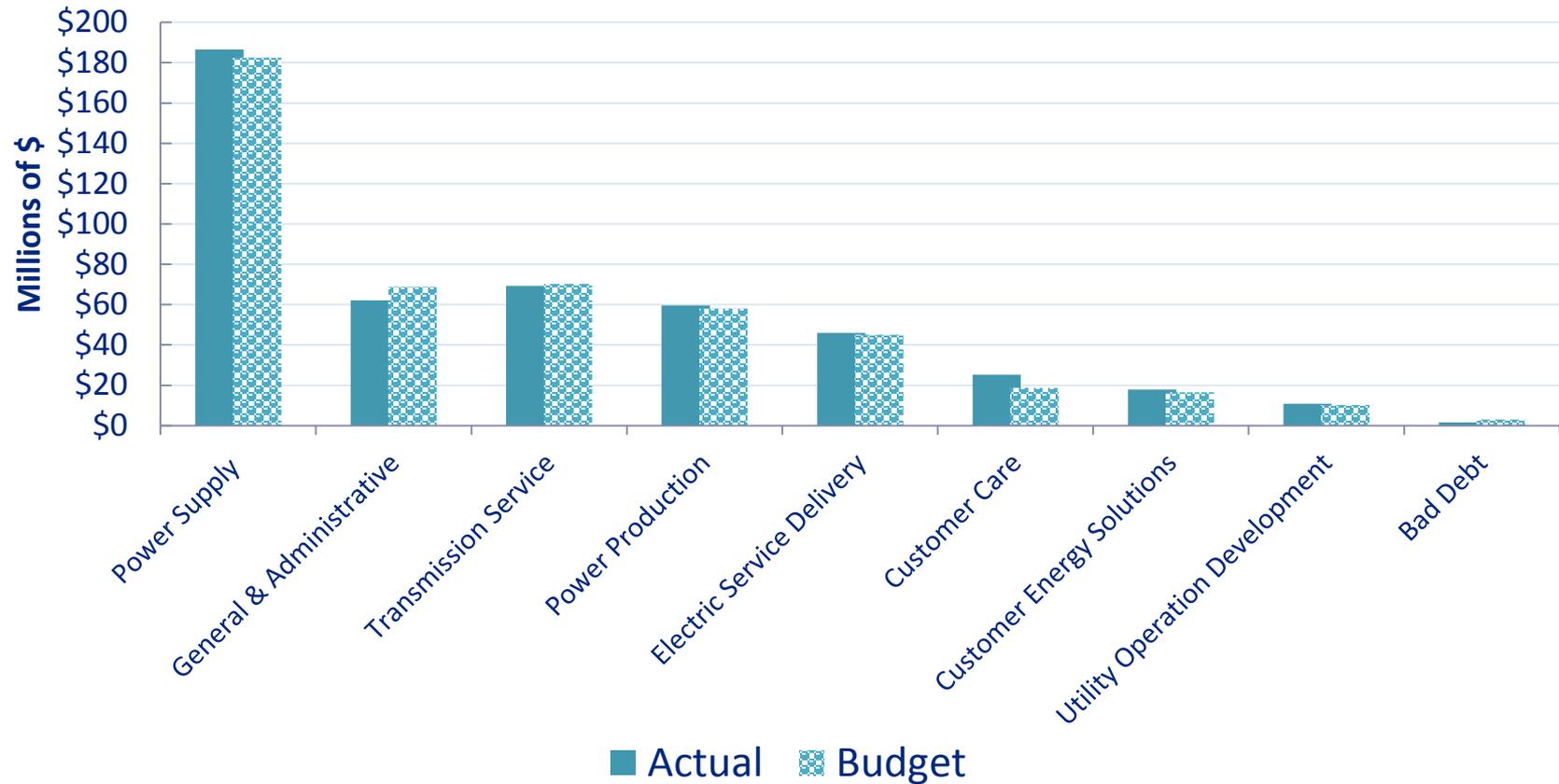
Non-Compliance Since 2015

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 March 31, 2018



## Budget Based Operating Expenses Fiscal Year Through March 31, 2018





# Actual to Budget Analysis



## Budget Based Fund Summary Fiscal Year Through March 31, 2018

Variance to Budget  
Favorable (Unfavorable)

Variance to Prior Year  
Favorable (Unfavorable)

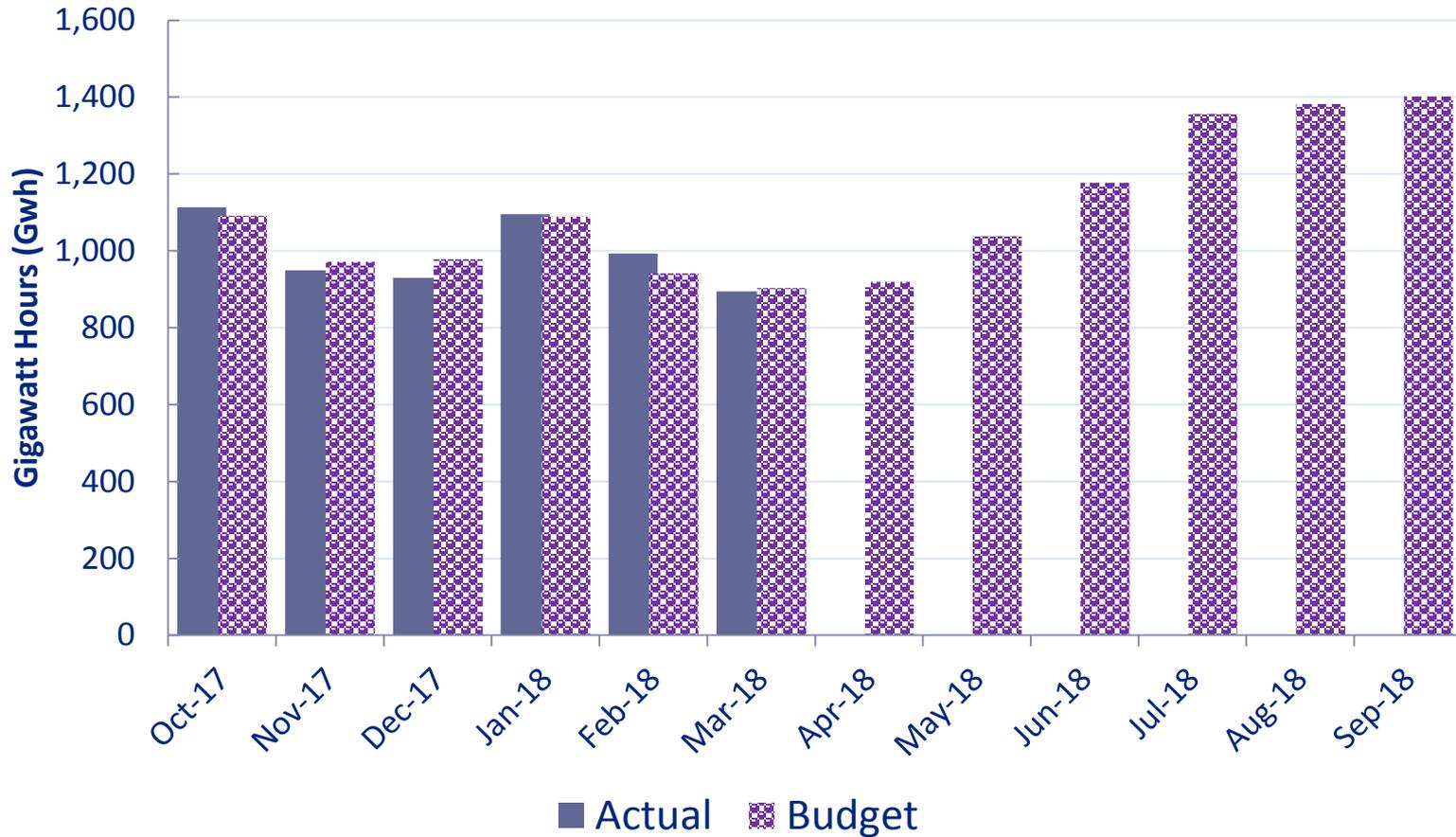
Millions of \$	Actual	Budget	Amount	%	Prior Year Actual	Amount	%
Operating Revenues	\$617.7	\$614.9	\$2.8	0.4%	\$623.6	(\$5.9)	(1.0%)
Operating Expenses	479.0	473.6	(5.4)	(1.1%)	504.9	25.9	5.1%
<b>Operating Income (Loss)</b>	<b>\$138.7</b>	<b>\$141.3</b>	<b>(\$2.6)</b>	<b>(1.9%)</b>	<b>\$118.7</b>	<b>\$20.0</b>	<b>16.8%</b>
Interest Revenue	4.8	1.7	3.1	188.2%	2.7	2.1	79.9%
Debt Service	(41.0)	(40.3)	(0.7)	(1.8%)	(43.7)	2.7	6.2%
<b>Income (Loss) Before Transfers</b>	<b>\$102.5</b>	<b>\$102.7</b>	<b>(\$0.2)</b>	<b>(0.2%)</b>	<b>\$77.7</b>	<b>\$24.8</b>	<b>31.9%</b>
Administrative Support	(13.0)	(13.0)	0	0%	(12.9)	(0.1)	(1.0%)
General Fund	(54.5)	(54.5)	0	0%	(54.0)	(0.5)	(0.9%)
Economic Development	(3.4)	(3.4)	0	0%	(3.7)	0.3	8.3%
CTM Fund	(4.3)	(4.3)	0	0%	(3.9)	(0.4)	(12.1%)
Other City Transfers	(1.1)	(1.1)	0	0%	0	(1.1)	0%
Internal Transfers / CIP	(64.3)	(64.3)	0	0%	(32.0)	(32.3)	(100.8%)
<b>Excess (Deficiency) of Revenues</b>	<b>(\$38.1)</b>	<b>(\$37.9)</b>	<b>(\$0.2)</b>	<b>(0.6%)</b>	<b>(\$28.8)</b>	<b>(\$9.3)</b>	<b>(32.4%)</b>



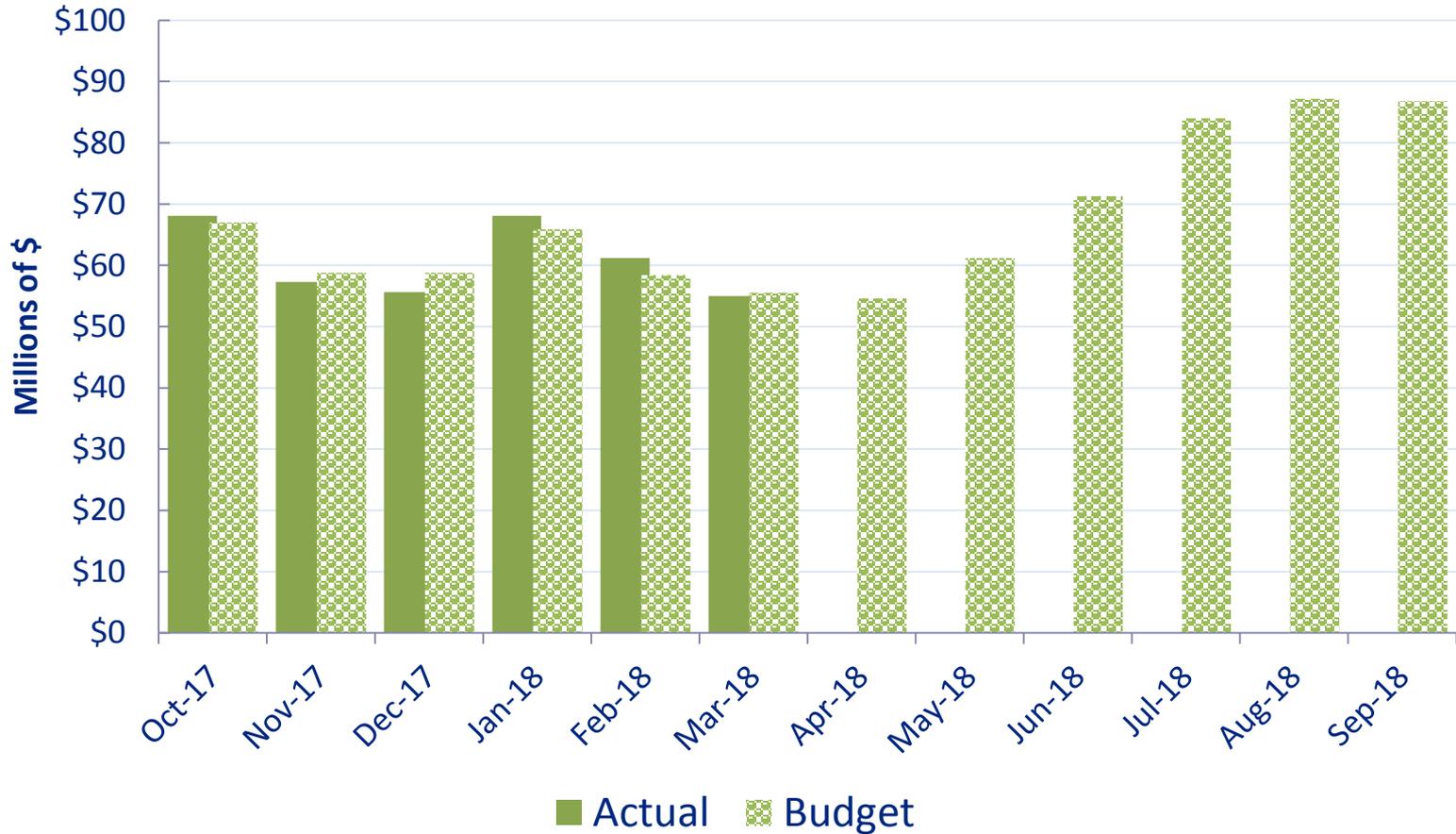
# Actual to Budget Analysis



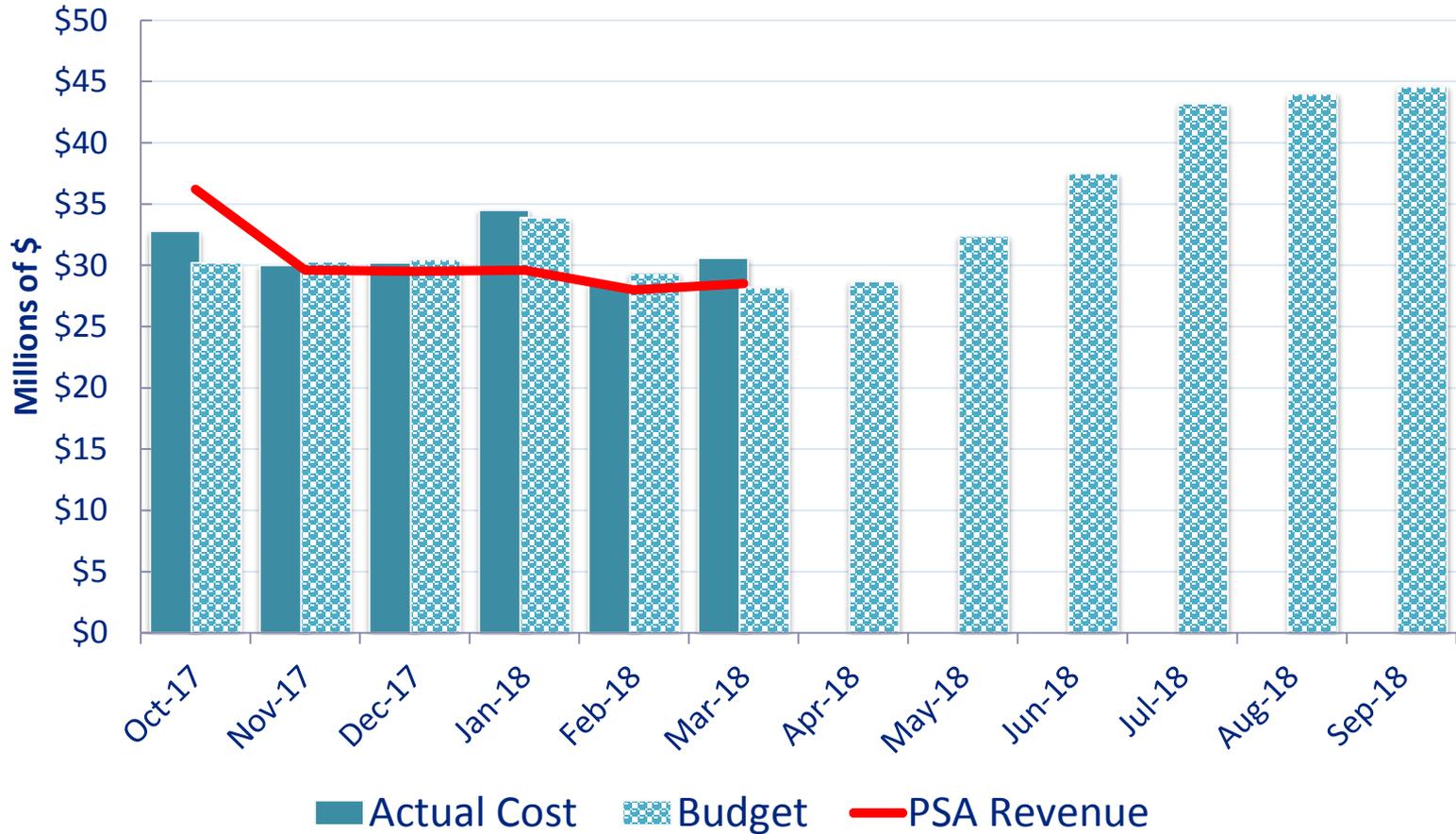
## Actual to Budget Retail Electric kWh Sales



## Actual to Budget Non-Power Supply Revenues

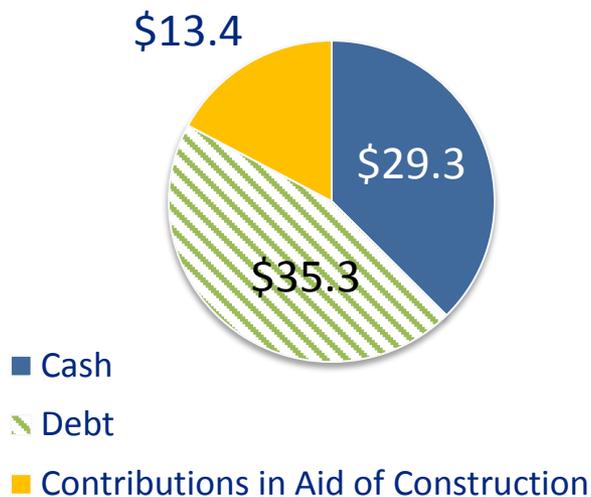


## Actual to Budget Power Supply

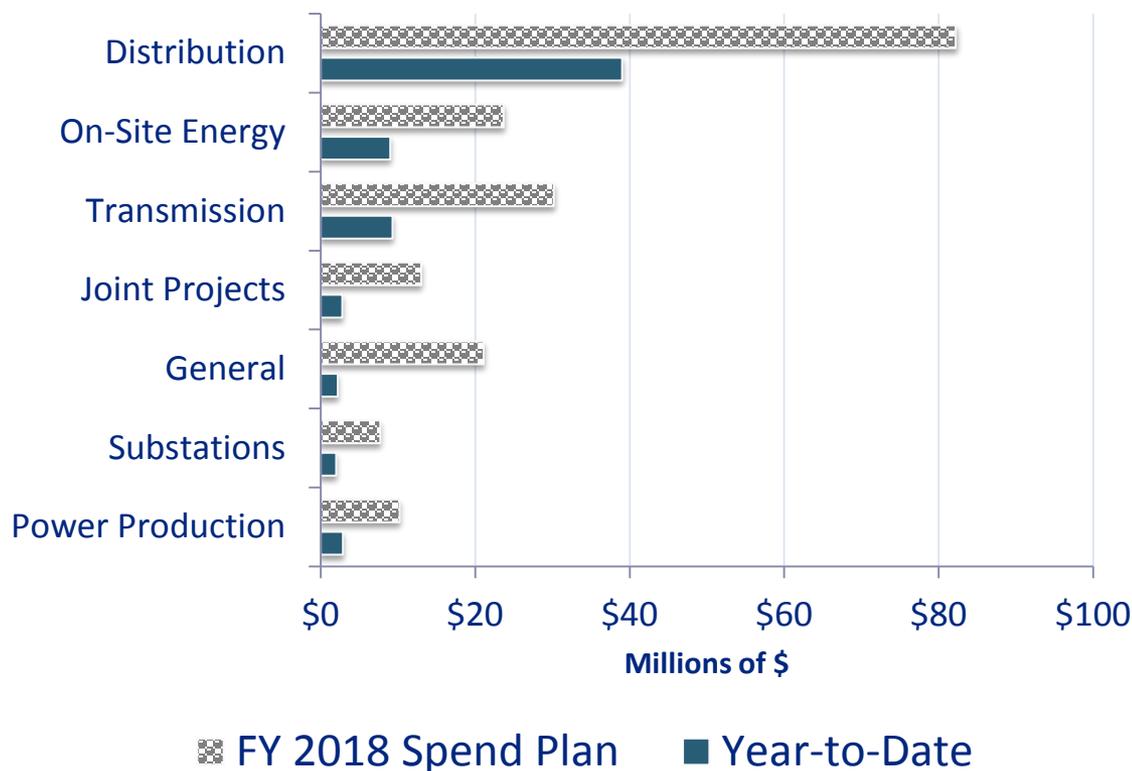


## Capital Improvement Plan Summary

### Type of Financing



### Type of Project





# GAAP Financial Summary



## Comparative Statement of Net Position

\$ in Millions	3/31/2017	3/31/2018	Change
Cash	\$363	\$389	\$26
Accounts Receivable (net)	105	94	(11)
Other Under-Recoveries	17	7	(10)
Debt Service	24	25	1
Contingency Reserve	98	98	-
Power Supply Stabilization Reserve	89	95	6
Capital Reserve	12	43	31
Nuclear Decommissioning Reserve	216	218	2
Other Restricted Assets	115	118	3
Other Assets	736	780	44
Capital Assets	2,599	2,591	(8)
<b>Total Assets</b>	<b>\$4,374</b>	<b>\$4,458</b>	<b>\$84</b>
Current Liabilities	\$121	\$127	\$6
Power Supply Over-Recovery	51	28	(23)
Other Over-Recoveries	14	8	(6)
Revenue Bonds	1,327	1,284	(43)
Commercial Paper	115	181	66
Other Long-Term Liabilities	920	976	56
Retained Earnings	1,826	1,854	28
<b>Total Liabilities and Fund Equity</b>	<b>\$4,374</b>	<b>\$4,458</b>	<b>\$84</b>

## Income Statement

\$ in Millions	6 Months Ending	
	3/31/2017	3/31/2018
Operating Revenues	\$423	\$430
Power Supply Revenues	199	187
Power Supply Expenses	199	187
Non-Power Supply Expenses	284	288
Depreciation Expense	80	82
<b>Operating Income/(Loss)</b>	<b>\$59</b>	<b>\$60</b>
Other Revenue (Expense)	\$(10)	\$1
General Fund Transfer	54	54
Net Income/(Loss)	\$(5)	\$7
<b>Debt Service Coverage</b>	<b>3.5</b>	<b>3.9</b>
<b>Debt Equity Ratio</b>	<b>44%</b>	<b>44%</b>

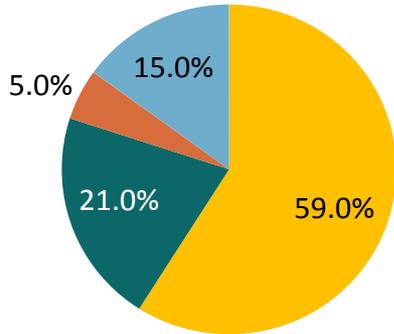
Average Number of Customers



Total Sales in Gigawatt Hours



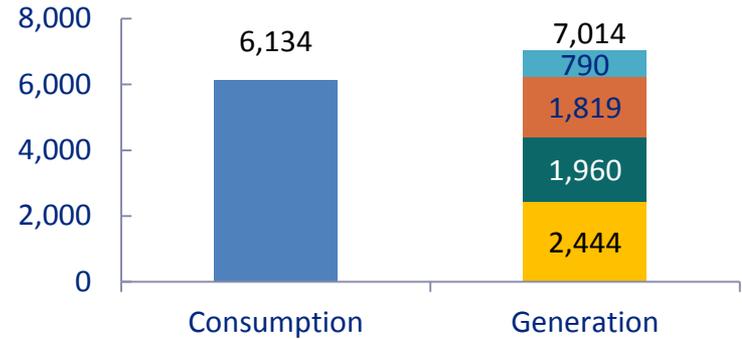
### Power Generation Cost by Fuel Type



■ Renewables ■ Coal ■ Nuclear ■ Natural Gas

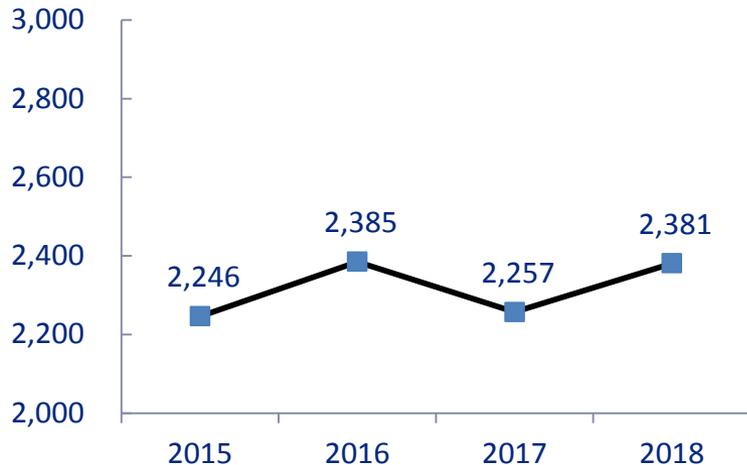
*\*Costs include fuel for generation, fuel transportation, renewable Power purchases agreements and hedging activity.*

### Consumption vs. Generation (GWh)

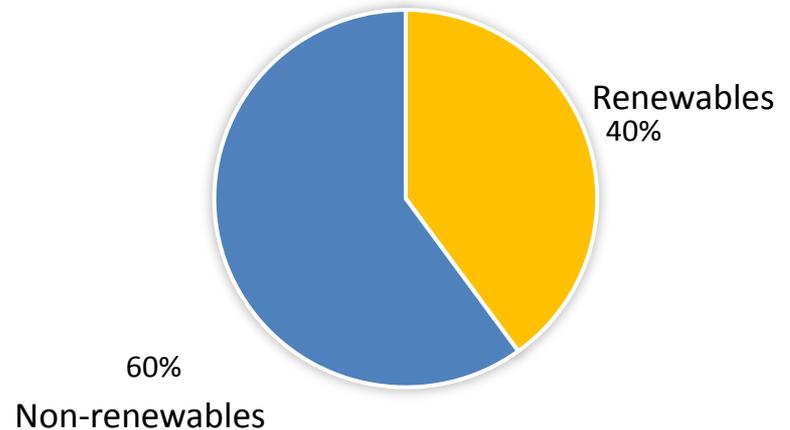


■ Renewables ■ Coal ■ Nuclear ■ Natural Gas

### Historical Q2 System Peak Demand (MW)



### Renewable Power as Percent of Consumption





## Residential Affordability

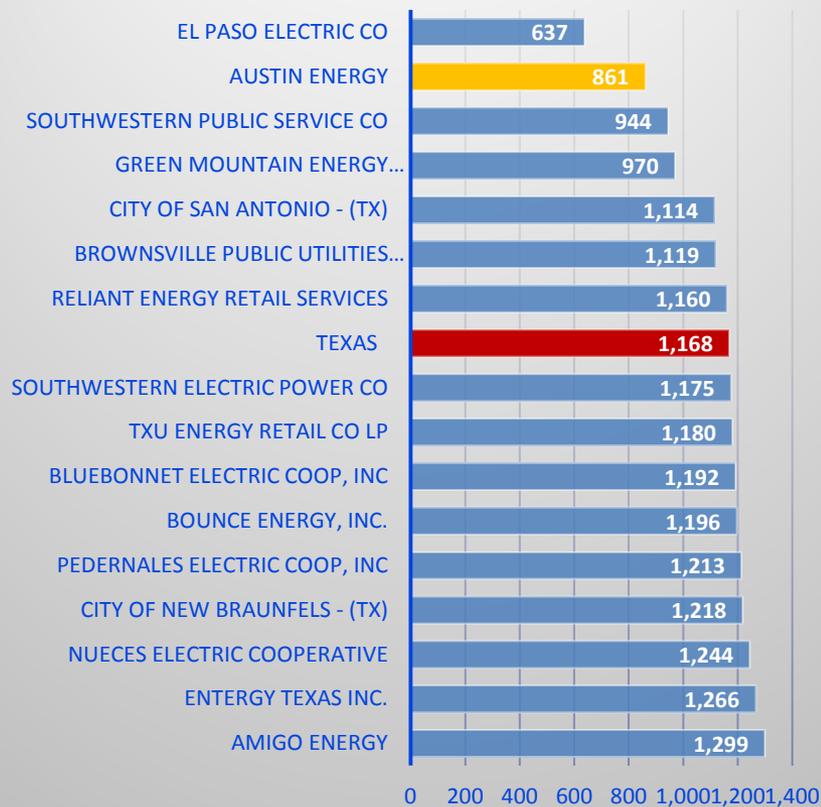
Often times Austin Energy cites the average residential use as a proxy. But is it representative of the customers in your district and is it affordable?



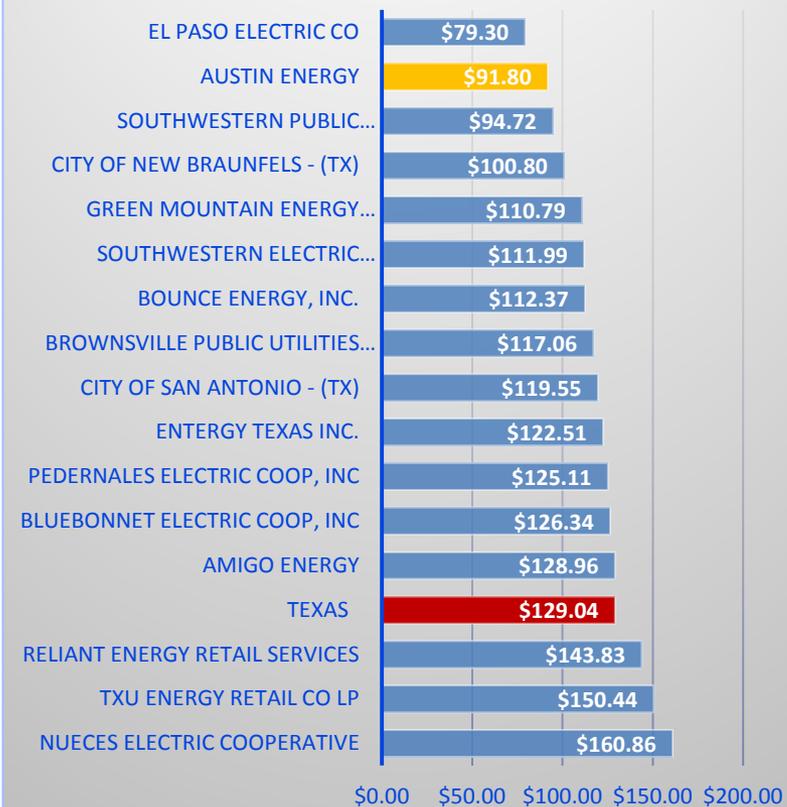
# Consumption Correlates to Bill

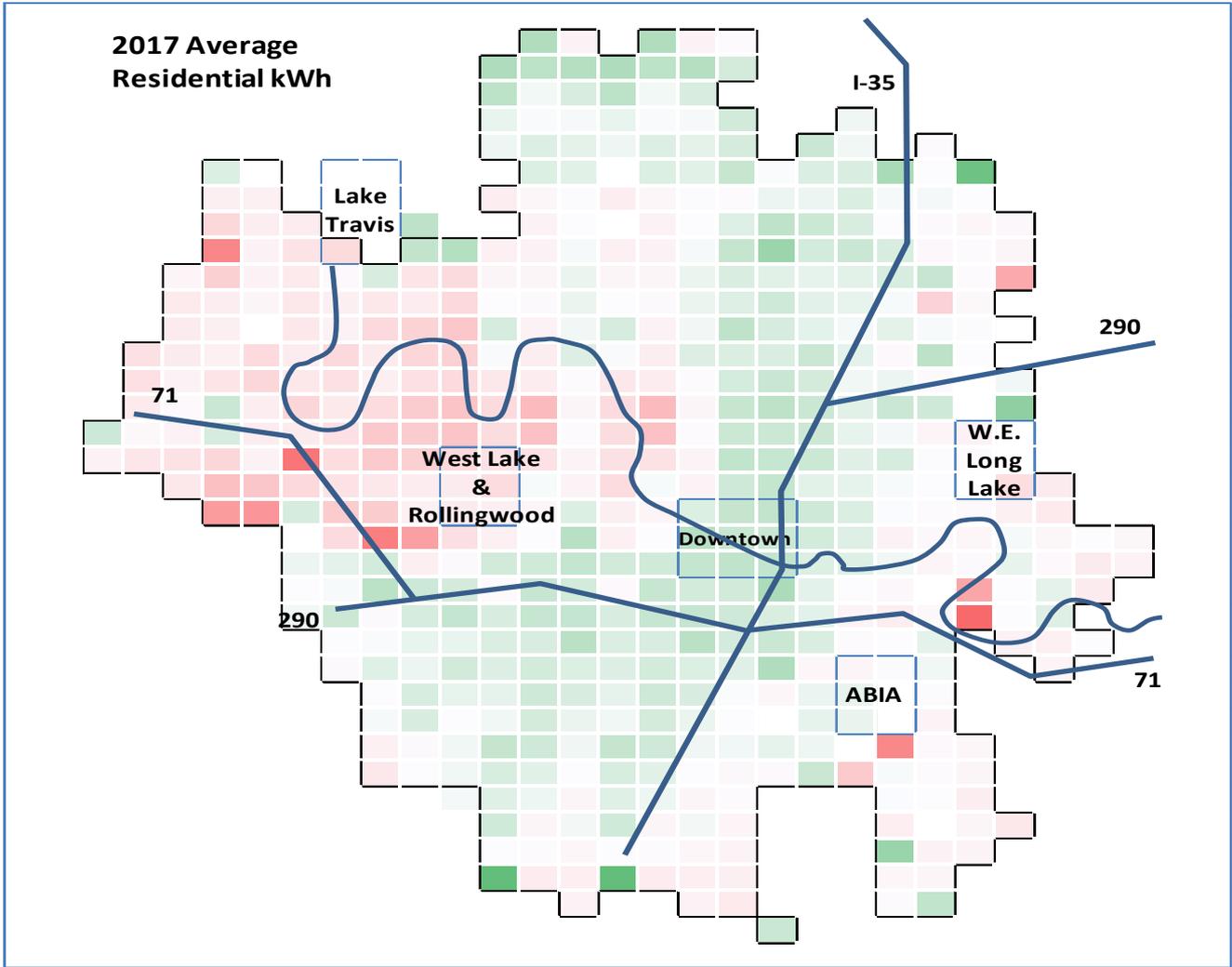


## 2016 Monthly Average Residential Usage (kWh/Customer)



## 2016 Monthly Average Residential Bill (\$/Customer)



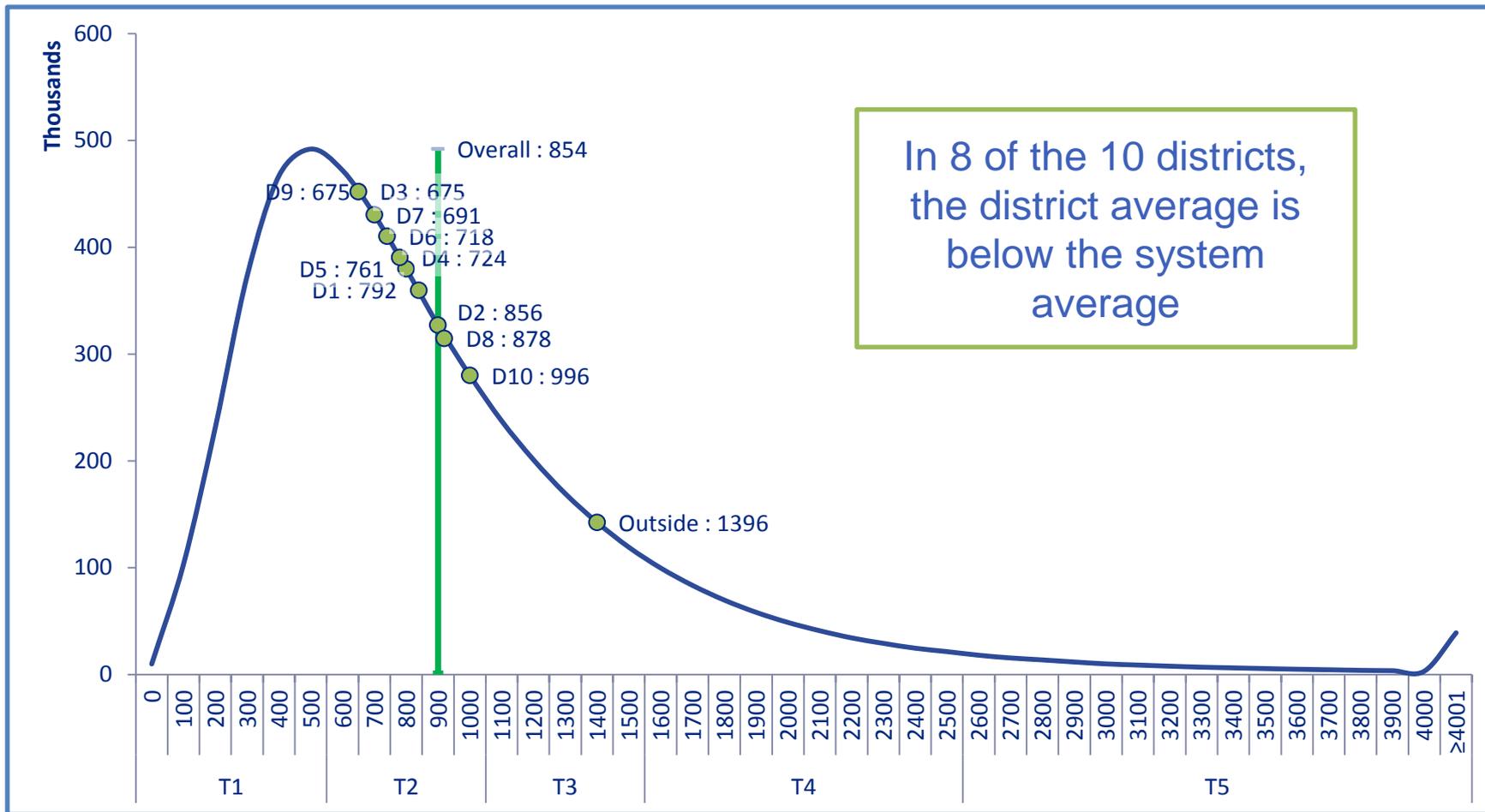


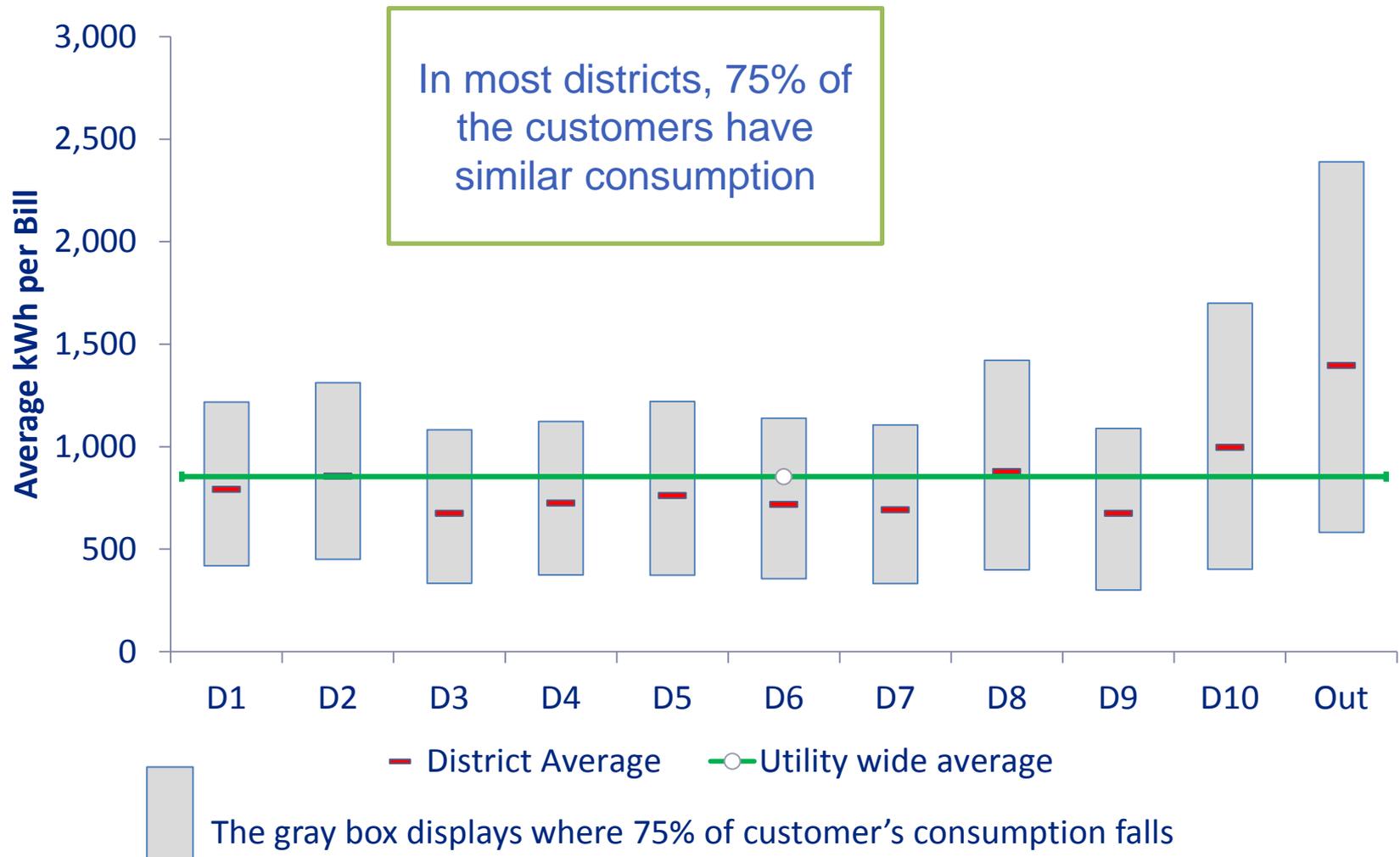
Residential customers use energy in different amounts.

- The darker the “Red” the higher the use.
- The darker the “Green” the lower the use.



# FY2017 Residential Bill Distribution







# QUESTIONS?