

# Austin Energy Quarterly Financial Report

4<sup>th</sup> Quarter FY 2018 (July – September)

Mark V. Dombroski  
Chief Financial Officer



November 19, 2018

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# 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:

<http://austintexas.gov/service/current-comprehensive-annual-financial-report>



# Agenda

## QUARTERLY Financial Report



# Austin Energy Quarterly Financial Report

## Executive Summary



# Executive Summary



Substantially compliant with all financial policies.



Generally meet financial metrics supporting AA credit rating.



**\$1,406** Million Revenues

Operating revenues exceed forecast by 3.2% mostly due to slightly higher consumption and power prices.



**\$1,029** Million Expenses

Operating expenses exceed forecast by 2.7% due to higher power supply costs.



Balance sheet is liquid and adequately capitalized.



Austin Energy achieved a slight improvement in meeting the Competitiveness metric but remains 1.5% above the average system rate of Texas utilities.

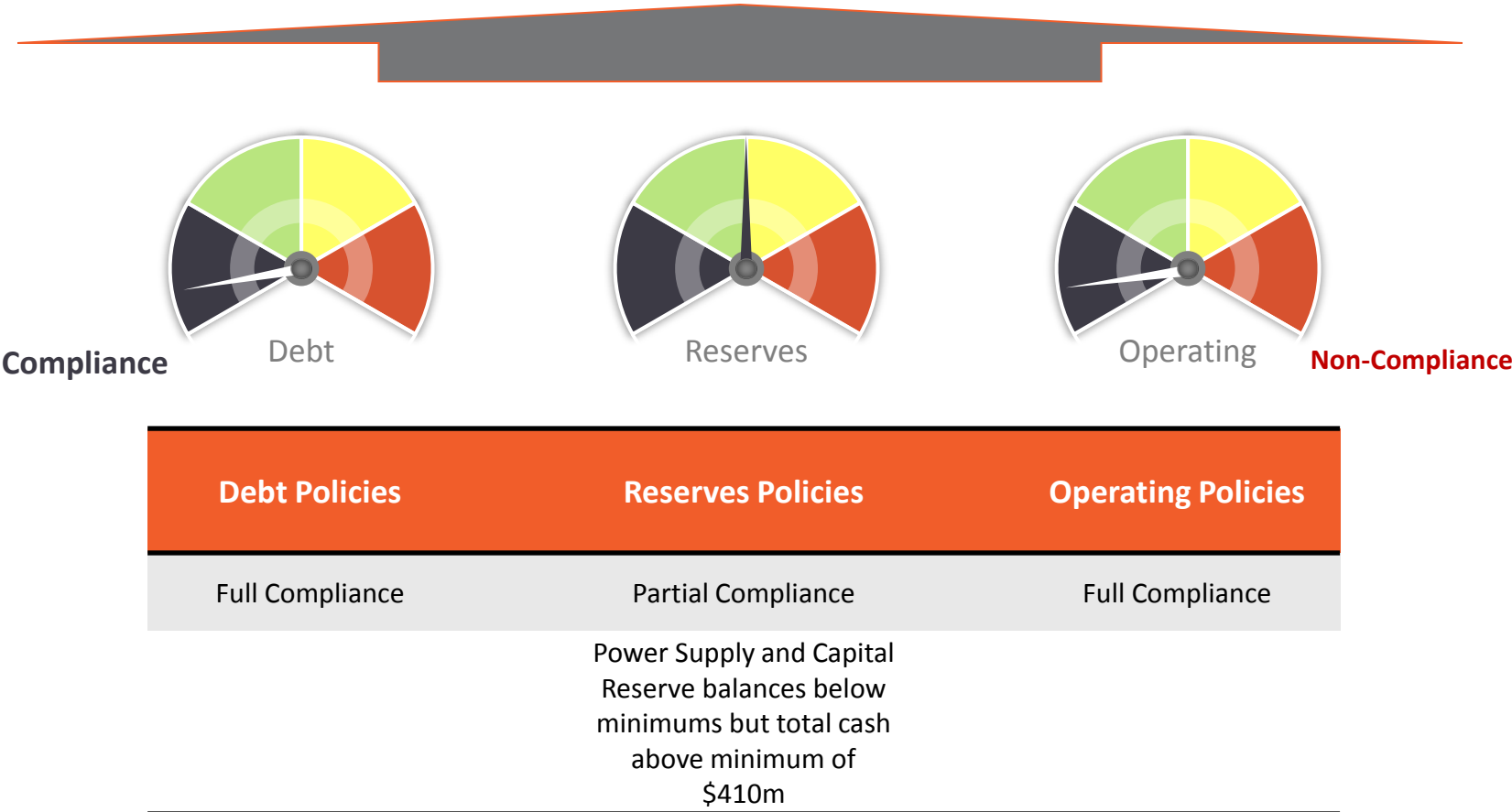


# Austin Energy Quarterly Financial Report

## Financial Policy Compliance



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



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# Austin Energy Quarterly Financial Report

## Financial Performance Measures





# AA

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



Days Cash on Hand	Debt Service Coverage Ratio	Operating Margins	Debt to Capitalization
Minimum > 150 Days	Minimum > 2.0	Minimum > 10%	Minimum < 50%
Actual 230 Days	Actual 3.9	Actual 10.4%	Actual 43.8%
Excludes General Fund Transfer			



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# Austin Energy's Affordability Goal has Two Metrics



Affordability Metric	Competitiveness Metric
Full Compliance Since 2013	Non-Compliance Since 2015
<p>Maintain system average rates at or below 2% annual compound growth rate that began October 2012.</p>	<p>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.</p>



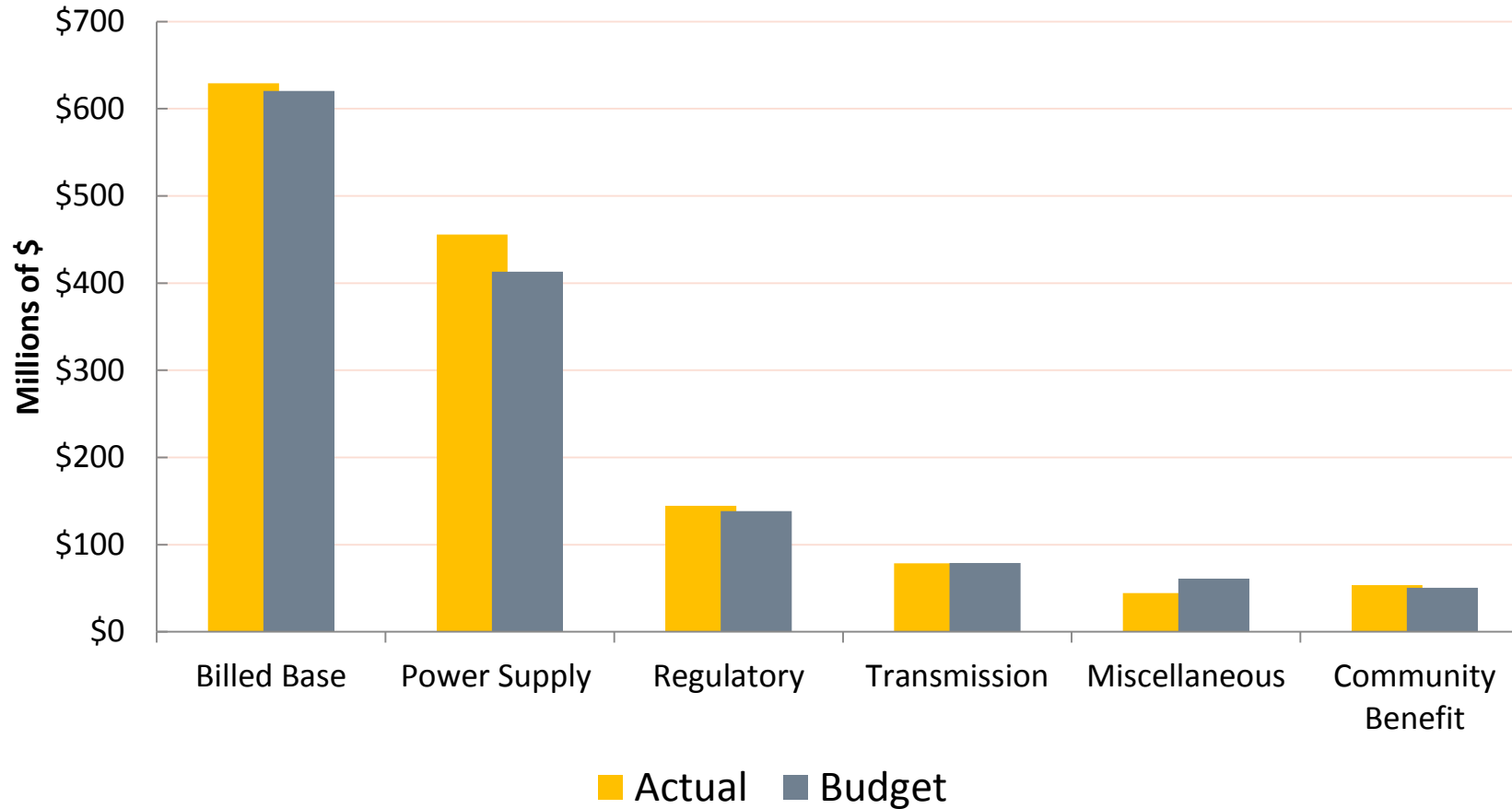
# Austin Energy Quarterly Financial Report

## Actual to Budget Analysis



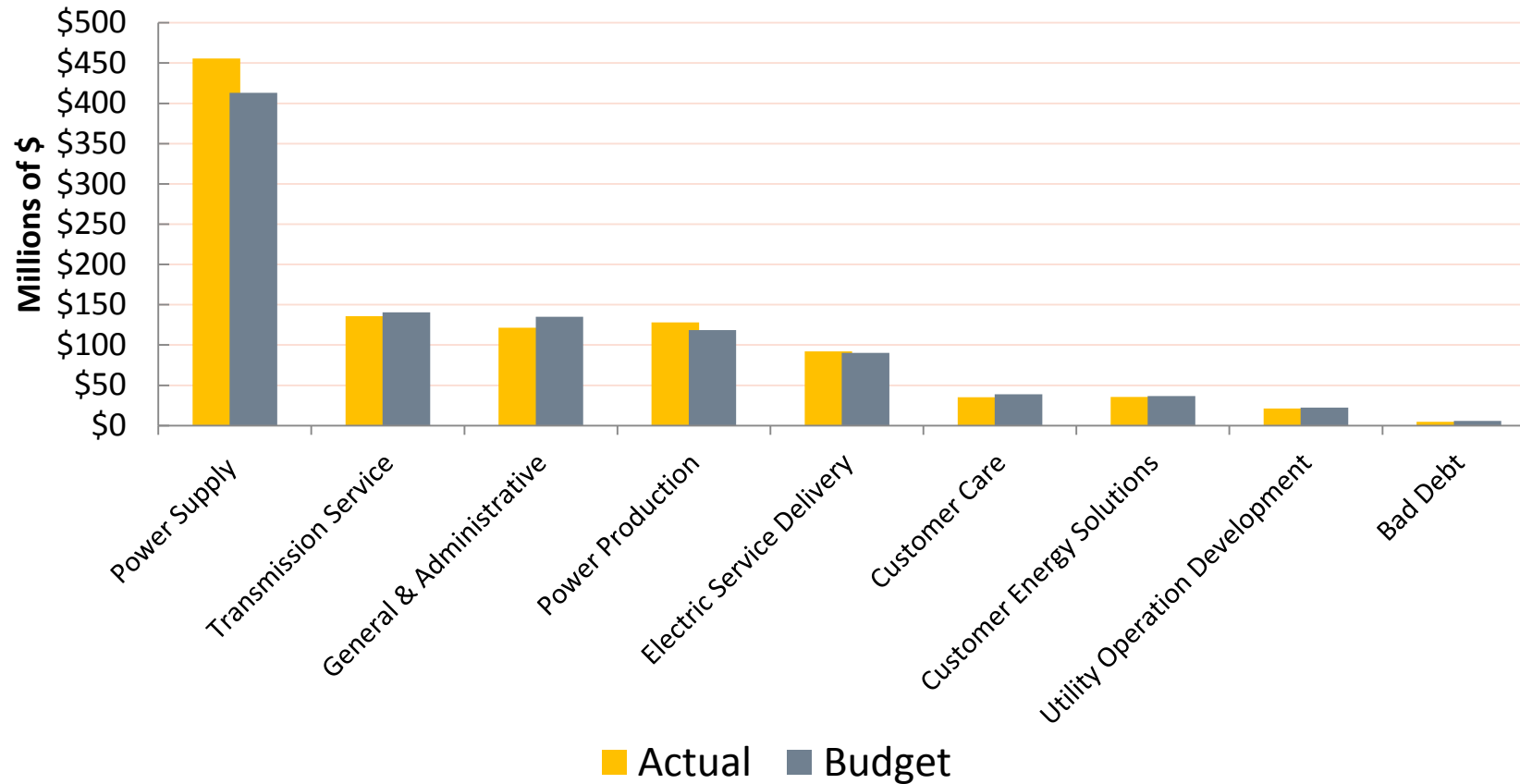
# Actual to Budget Analysis

**Budget Based Operating Revenues  
Fiscal Year Through September 30, 2018**



# Actual to Budget Analysis

## Budget Based Operating Expenses Fiscal Year Through September 30, 2018



# Actual to Budget Analysis

## Budget Based Fund Summary Fiscal Year Through September 30, 2018

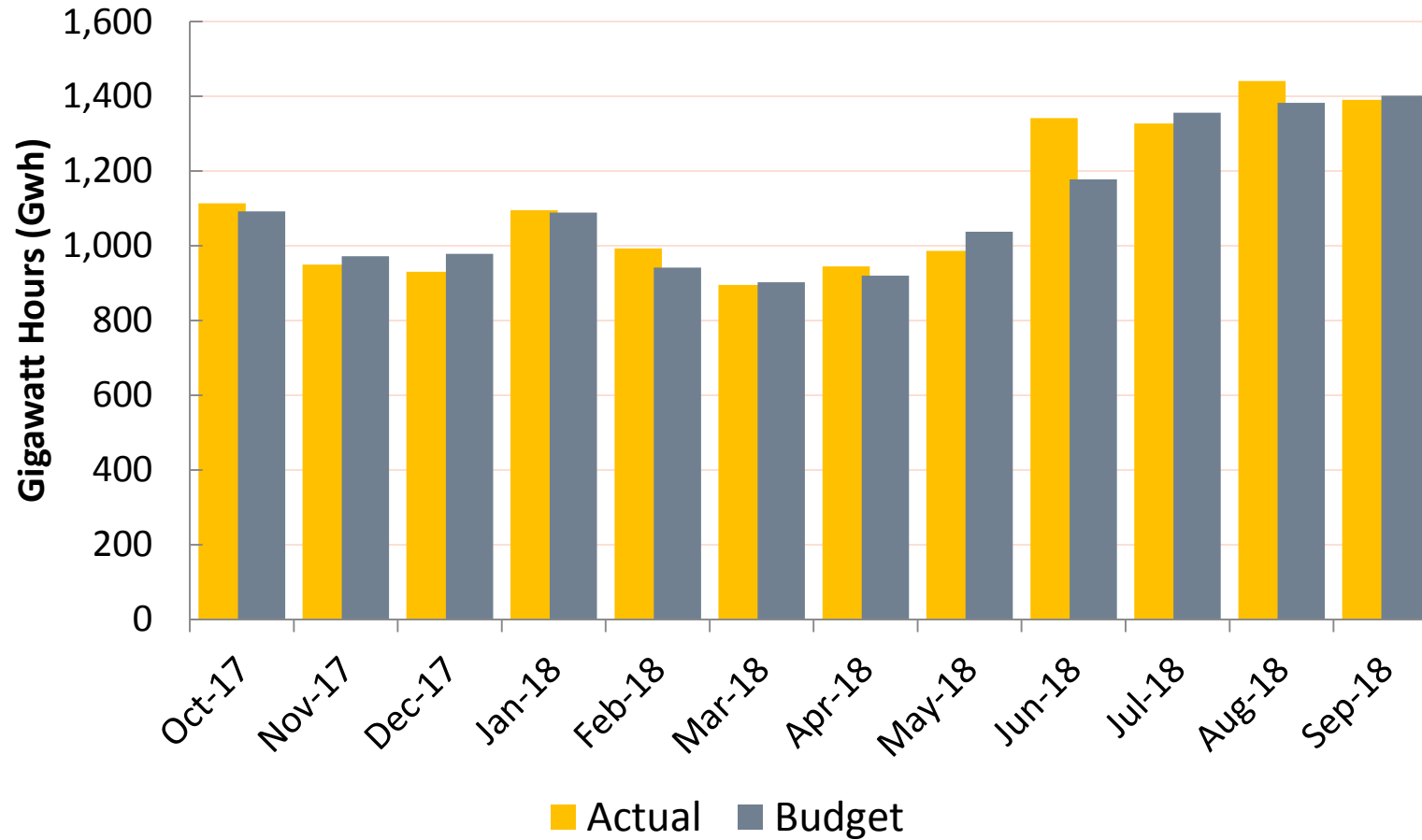
Millions of \$			Variance to Budget Favorable (Unfavorable)		Variance to Prior Year Favorable (Unfavorable)		
	Actual	Budget	Amount	%	Prior Year Actual	Amount	%
Operating Revenues	\$1,405.9	\$1,362.7	\$43.2	3.2%	\$1,366.8	\$39.1	2.9%
Operating Expenses	1,028.8	1,001.6	(27.2)	(2.7%)	1,032.0	3.2	0.3%
<b>Operating Income (Loss)</b>	<b>\$377.1</b>	<b>\$361.1</b>	<b>\$16.0</b>	<b>4.4%</b>	<b>\$334.8</b>	<b>\$42.3</b>	<b>12.6%</b>
Interest Revenue	11.5	3.3	8.2	247.2%	6.4	5.1	78.1%
Debt Service	(89.3)	(100.3)	11.0	11.0%	(95.7)	6.4	6.8%
<b>Income (Loss) Before Transfers</b>	<b>\$299.3</b>	<b>\$264.1</b>	<b>\$35.2</b>	<b>13.3%</b>	<b>\$245.5</b>	<b>\$53.8</b>	<b>21.9%</b>
Administrative Support	(26.0)	(26.0)	0	0%	(25.8)	(0.2)	(1.0%)
General Fund	(109.0)	(109.0)	0	0%	(108.0)	(1.0)	(0.9%)
Economic Development	(6.9)	(6.9)	0	0%	(7.5)	0.6	8.3%
CTM Fund	(8.7)	(8.7)	0	0%	(7.7)	(1.0)	(12.1%)
Voluntary Utility Assistance Fund Transfer	(1.4)	(0.6)	(0.8)	(139.3%)	(1.2)	0.2	(21.8%)
Other City Transfers	(3.1)	(4.1)	1.0	23.3%	(3.9)	0.8	19.7%
Internal Transfers / CIP	(93.7)	(93.7)	0	0%	(63.1)	(30.6)	(48.5%)
<b>Excess (Deficiency) of Revenues</b>	<b>\$50.5</b>	<b>\$15.1</b>	<b>\$35.4</b>	<b>230.4%</b>	<b>\$28.3</b>	<b>22.2</b>	<b>78.1%</b>



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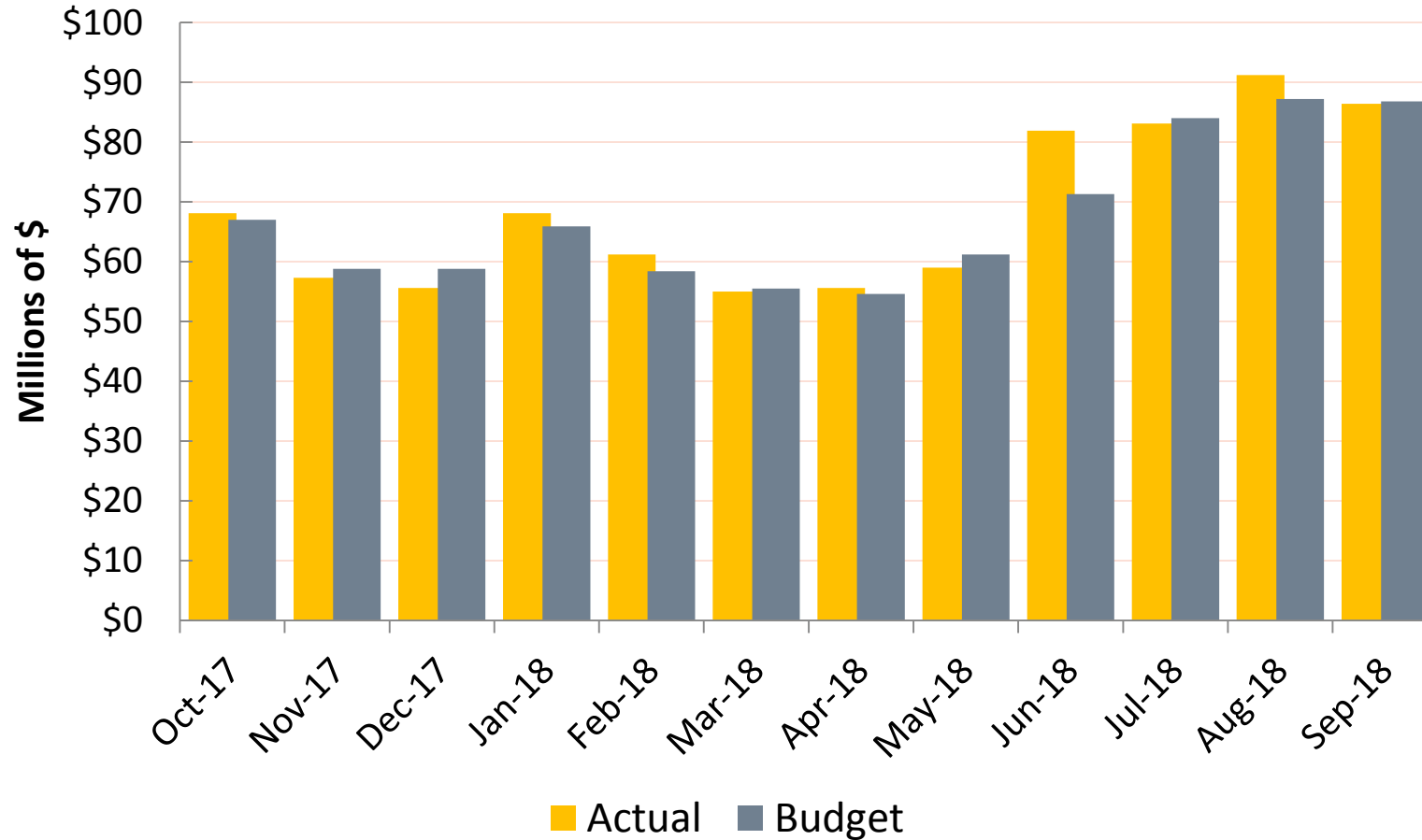
# Actual to Budget Analysis

## Actual to Budget Retail Energy Sales



# Actual to Budget Analysis

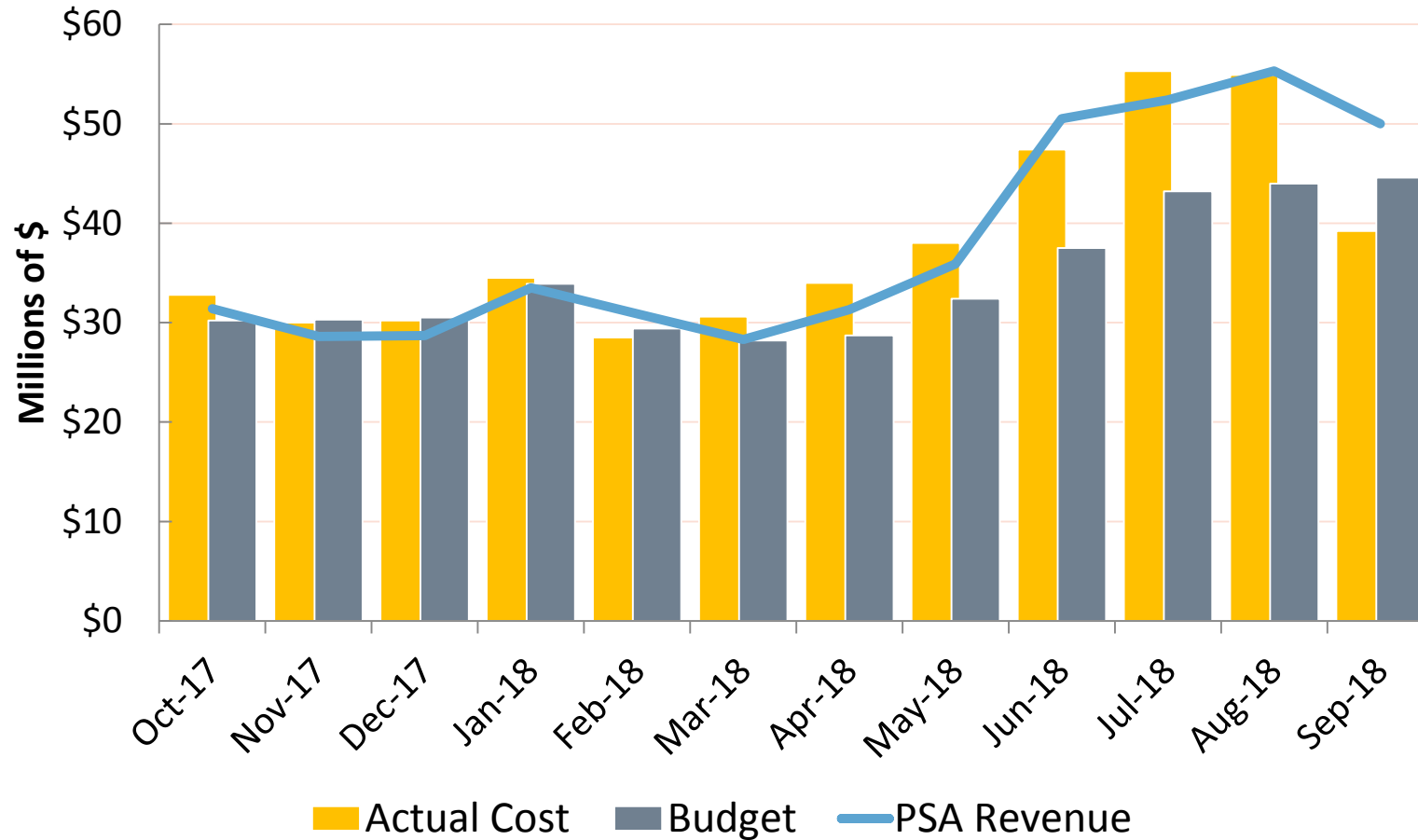
## Actual to Budget Non-Power Supply Revenues





# Actual to Budget Analysis

## Actual to Budget Power Supply

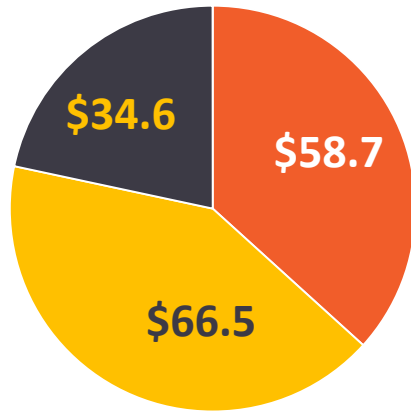


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# Capital Improvement Plan Summary

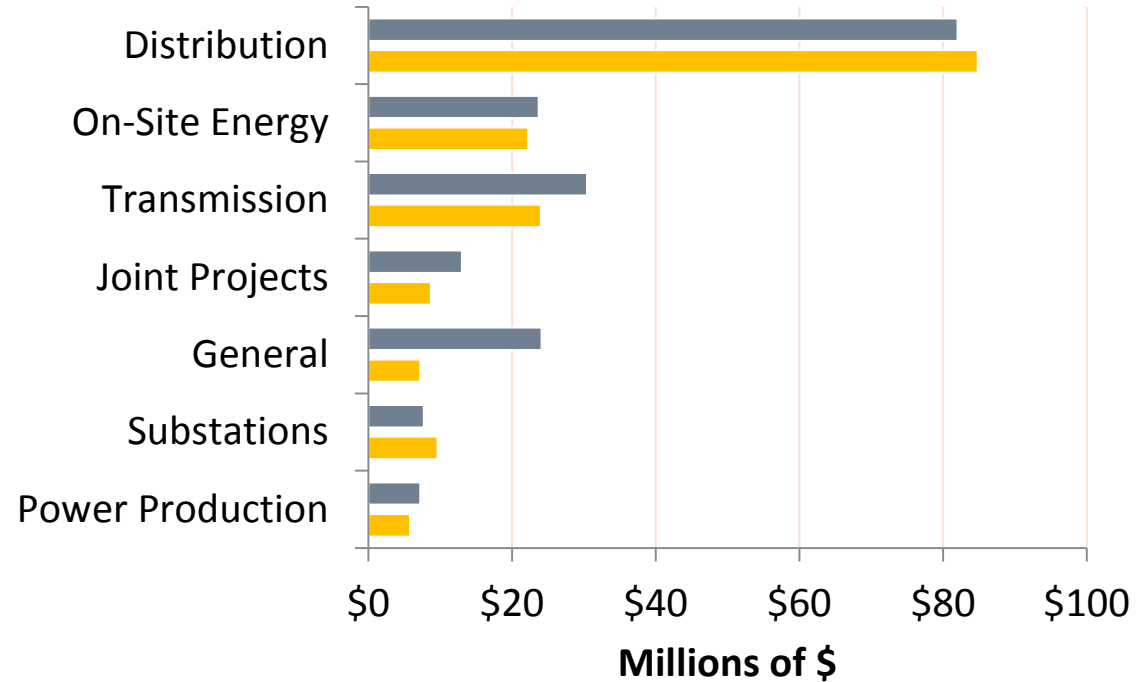
Fiscal Year Through September 30, 2018

Type of Financing



- Cash
- Debt
- Contributions in Aid of Construction

Type of Project

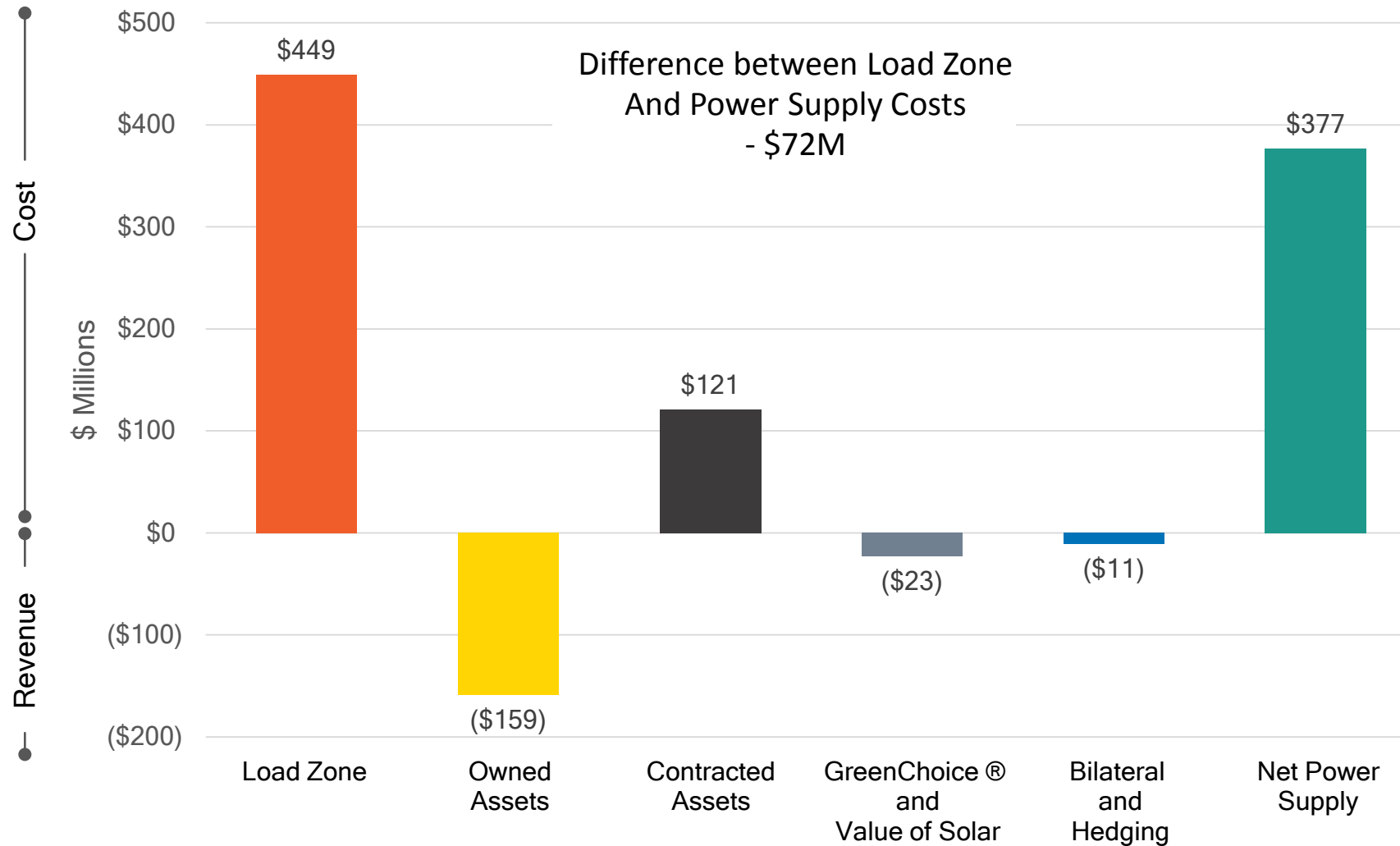


■ FY 2018 Spend Plan    ■ Year-to-Date



# Power Supply Adjustment Cost Components

Twelve Months Ending September 2018



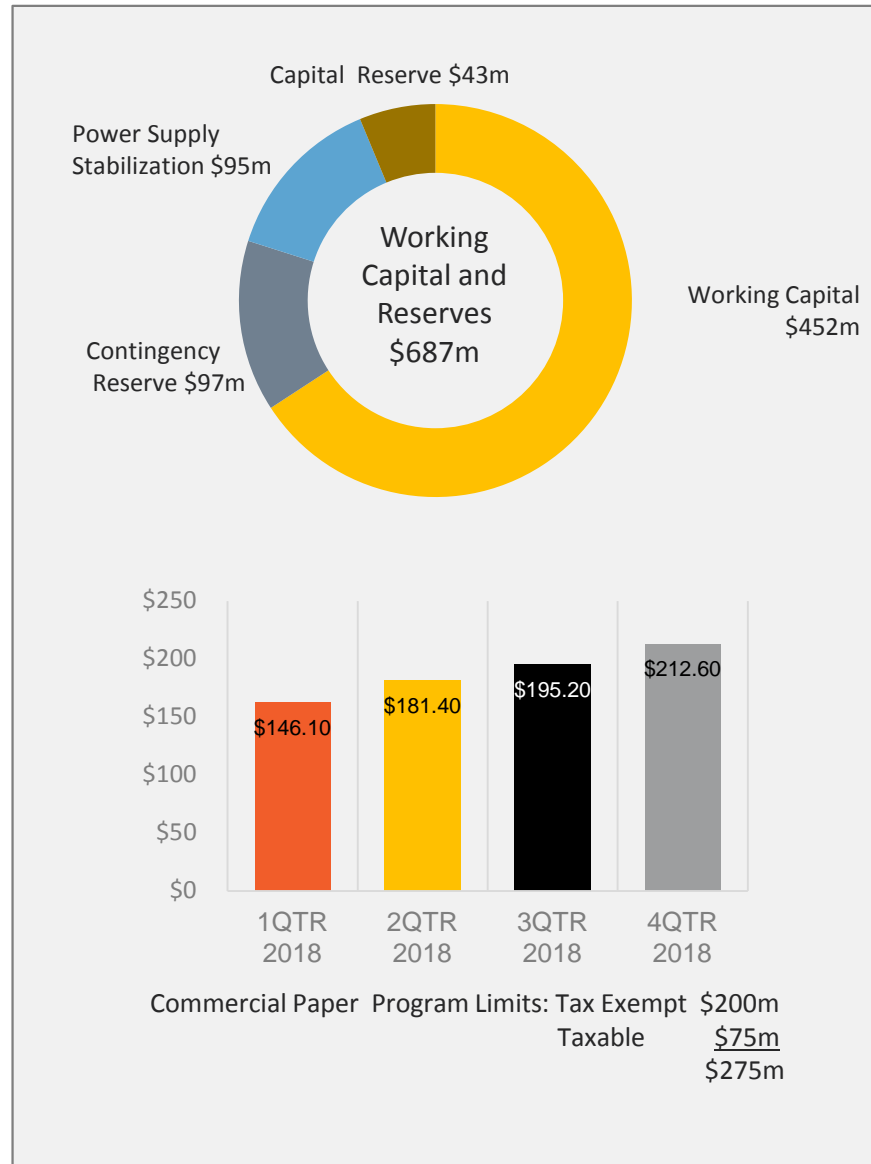
# Austin Energy Quarterly Financial Report

## Financial Statements



# Balance Sheet Snapshot

Assets	Sep 2017	Sep 2018
Cash ↑	\$398.6	\$452.2
Current Assets	331.0	319.2
Capital Assets	2,600.8	2,592.8
Long-Term Assets ↑	1,137.9	1,367.8
<b>Total Assets</b>	<b>\$4,468.3</b>	<b>\$4,732.0</b>
Liabilities and Fund Equity		
Current Liabilities ↓	\$213.7	\$206.7
Long-term Liabilities	2,040.7	2,190.2
Deferred Inflow of Resources	366.3	427.9
Retained Earnings	1,847.6	1,907.2
<b>Total Liabilities &amp; Fund Equity</b>	<b>\$4,468.3</b>	<b>\$4,732.0</b>



# GAAP Financial Summary

## Comparative Statement of Net Position

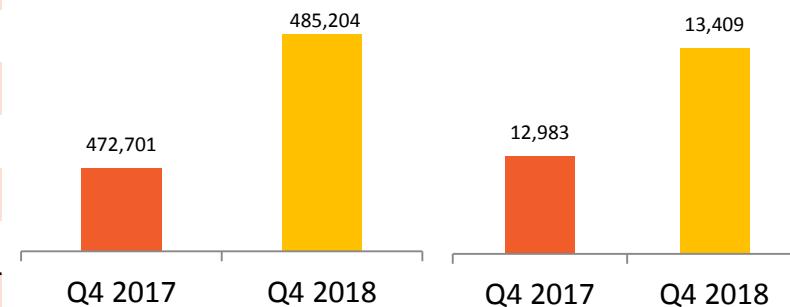
\$ in Millions	9/30/2017	9/30/2018	Change
Cash	\$399	\$452	\$53
Accounts Receivable (net)	126	137	11
Non-PSA Under-Recoveries	4	3	(1)
Debt Service	46	44	(2)
Contingency Reserve	97	97	-
Power Supply Stabilization Reserve	90	95	5
Capital Reserve	12	42	30
Nuclear Decommissioning Reserve	214	221	7
Other Restricted Assets	109	115	6
Other Assets	770	932	162
Capital Assets	2,601	2,594	(7)
<b>Total Assets</b>	<b>\$4,468</b>	<b>\$4,732</b>	<b>\$264</b>
Other Current Liabilities	\$155	\$148	\$(7)
Power Supply Over-Recovery	34	35	1
Non-PSA Over-Recoveries	8	21	13
Revenue Bonds	1,320	1,275	(45)
Commercial Paper	146	213	67
Other Long-Term Liabilities	957	1,133	176
Retained Earnings	1,848	1,907	59
<b>Total Liabilities and Fund Equity</b>	<b>\$4,468</b>	<b>\$4,732</b>	<b>\$264</b>

## Income Statement

\$ in Millions	12 Months Ending	
	9/30/2017	9/30/2018
Operating Revenues	\$913	\$945
Power Supply Revenues	449	456
Power Supply Expenses	449	456
Non-Power Supply Expenses	614	633
Depreciation Expense	163	166
<b>Operating Income/(Loss)</b>	<b>\$136</b>	<b>\$146</b>
Other Revenue (Expense)	\$(12)	\$23
General Fund Transfer	(108)	(109)
<b>Net Income/(Loss)</b>	<b>\$16</b>	<b>\$60</b>
Debt Service Coverage	3.4	3.9
Debt Equity Ratio	44%	44%

### Average Number of Customers

### Total Sales in Gigawatt Hours



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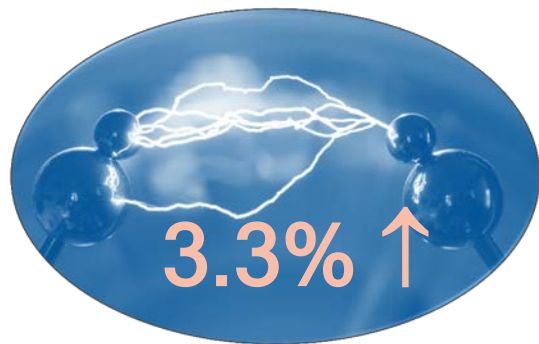
## Market and Industry Analysis



# Annual Change in Customers and Consumption

## Growth in Consumption

The increase in number of customers and the amount of electricity consumed moved in the same direction. During FY 2018 our MWh sales increased 3.3%.



## Growth in Customers

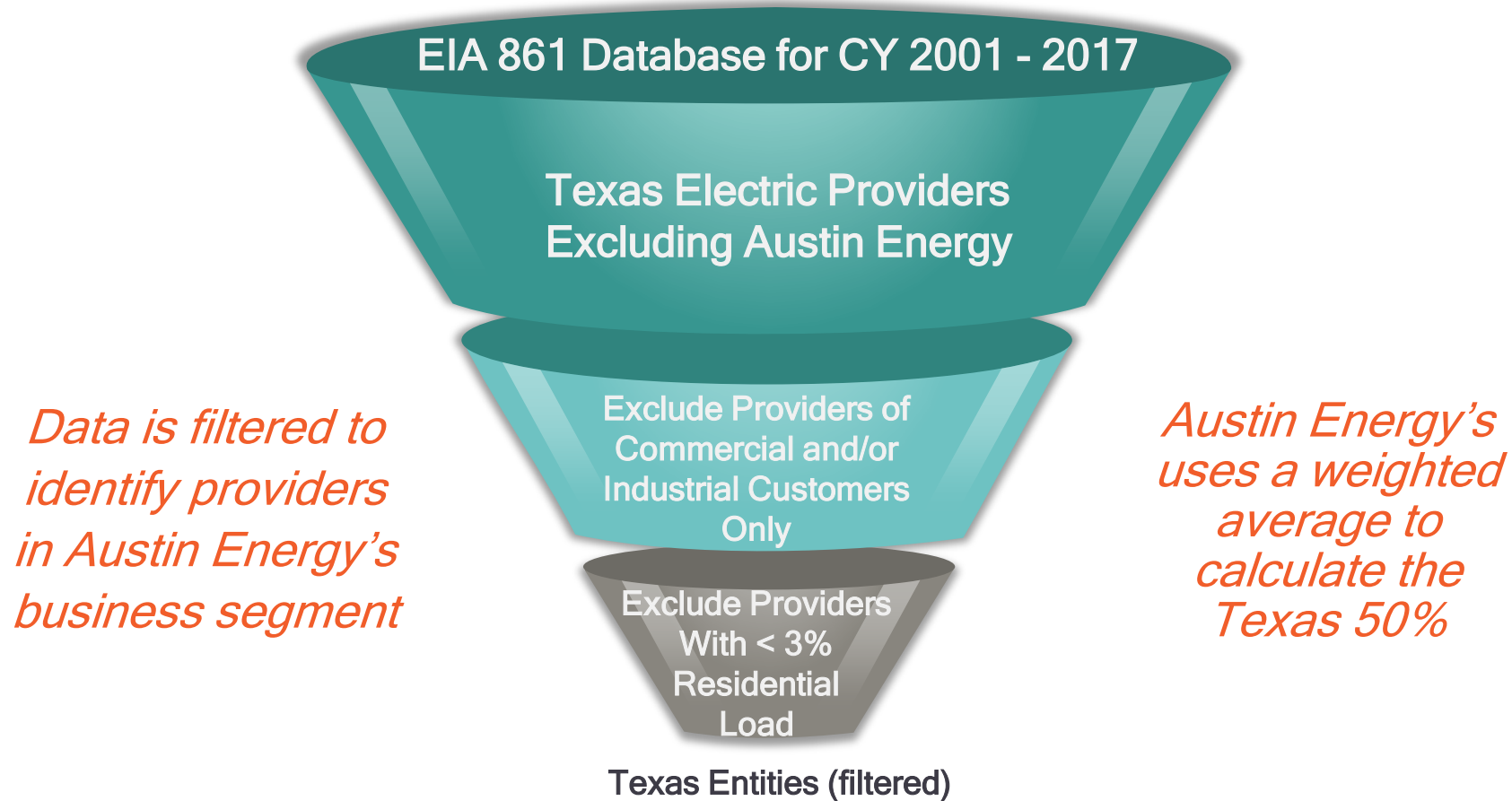
During FY 2018 the number of customers increased by 2.7%, from 472,701 to 485,204. New residential customers account for 93% of the growth in customer count.





# How the Analysis is Performed

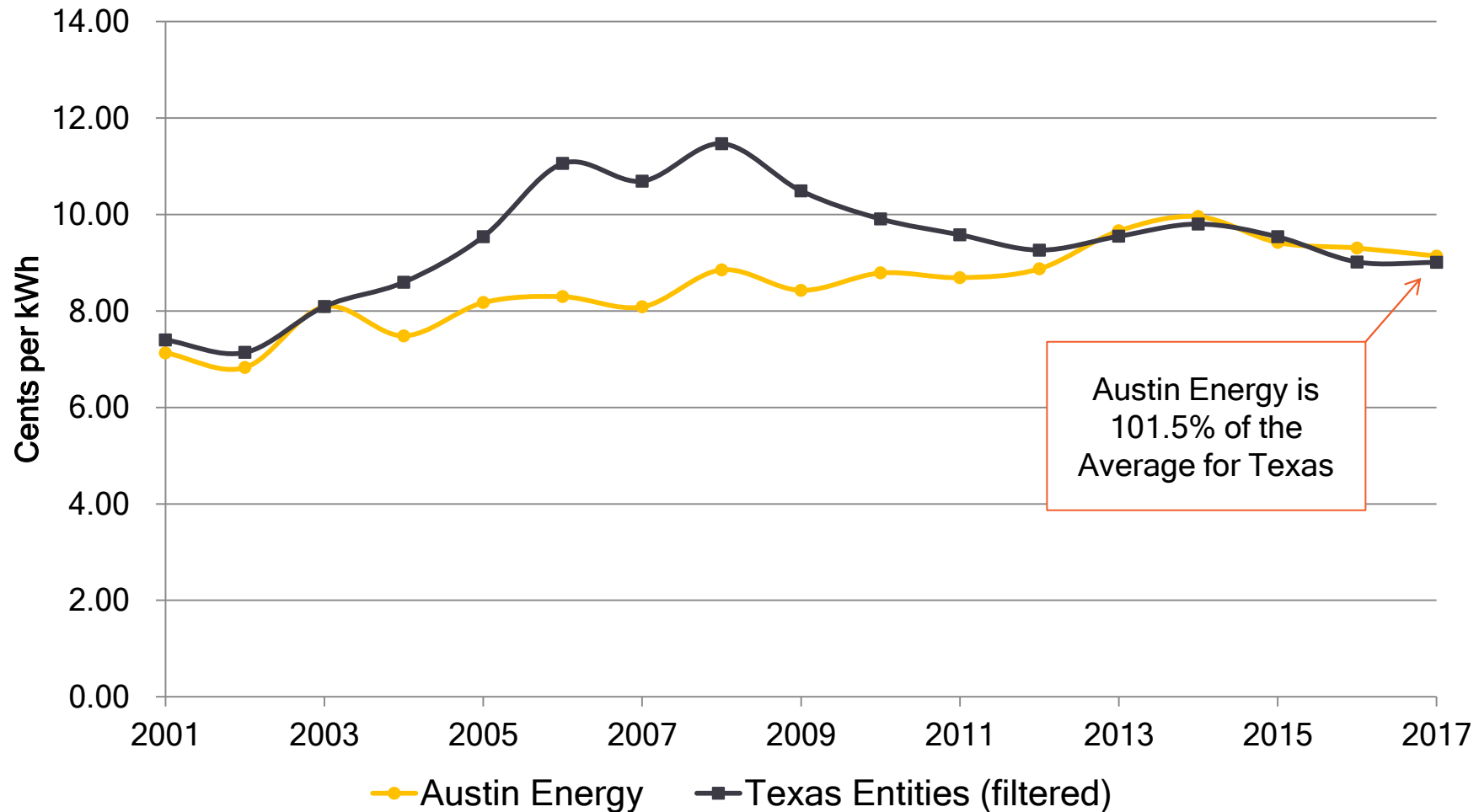
## Affordability Goal: Competitiveness Metric



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

# Affordability Goal: Competitiveness Metric

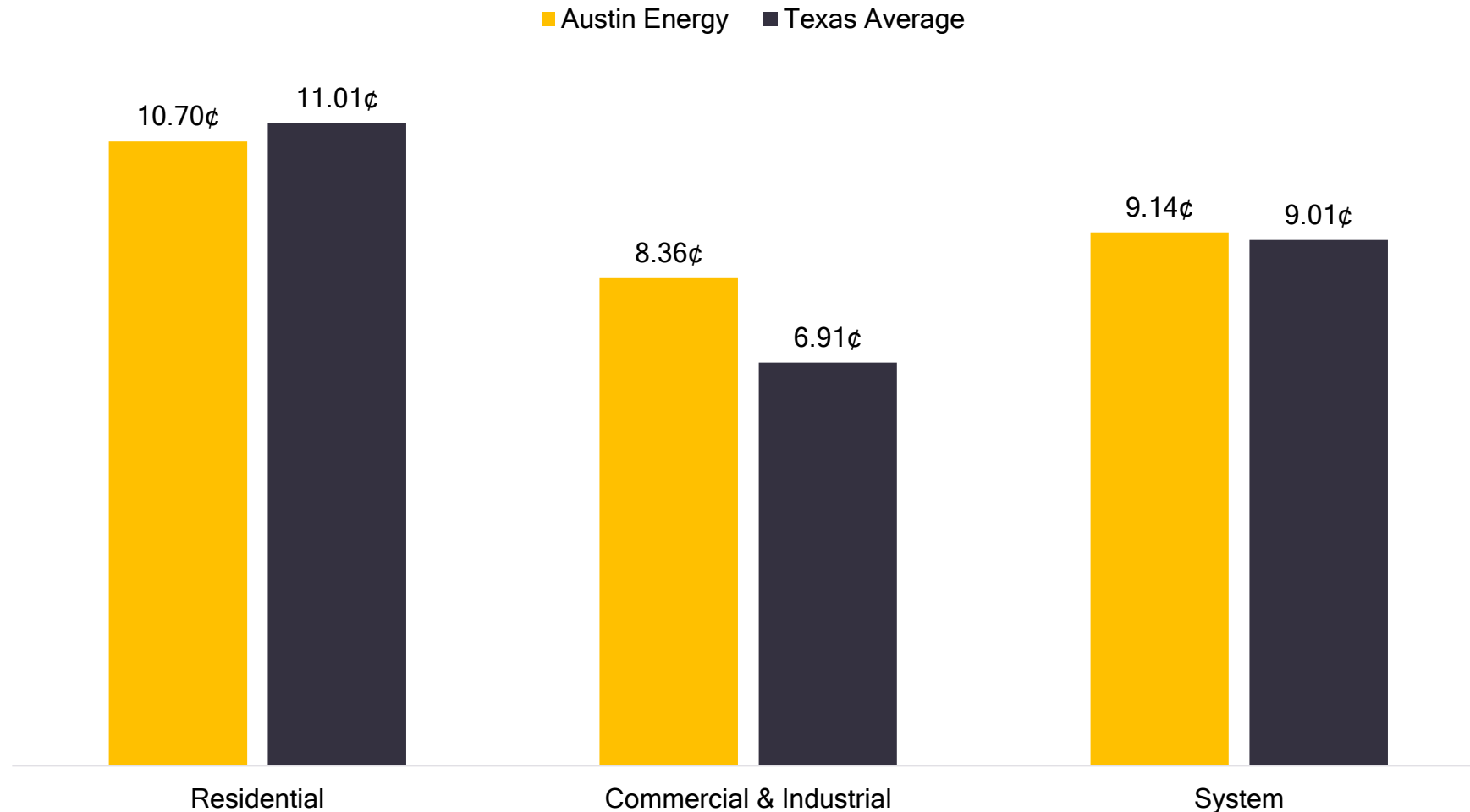
## System Average Annual Rates by Calendar Year



Source: U.S. Energy Information Administration Form 861, October 2018

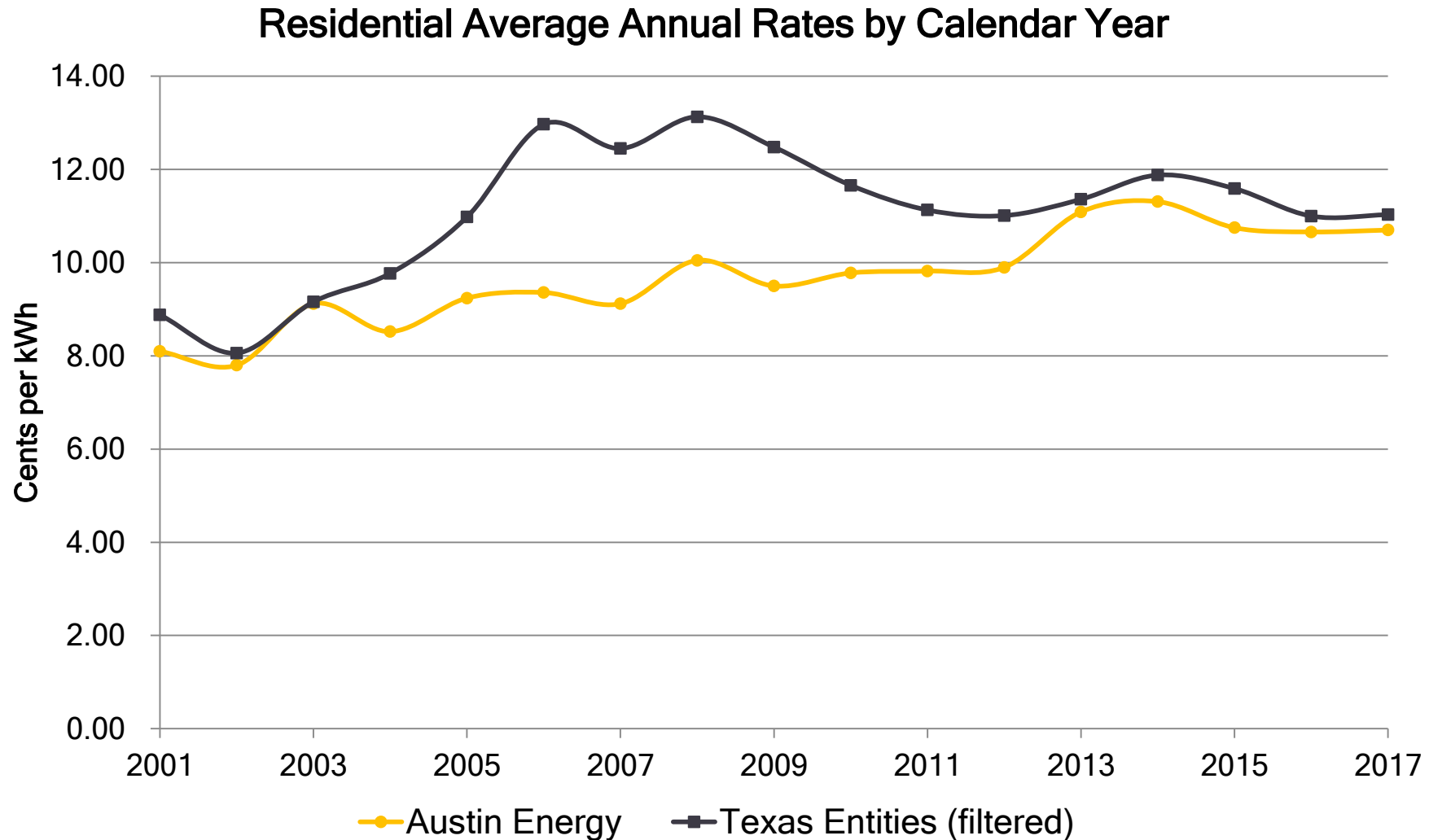
# Affordability Goal: Competitiveness Metric

## Average Annual Rates by Customer Class for CY 2017



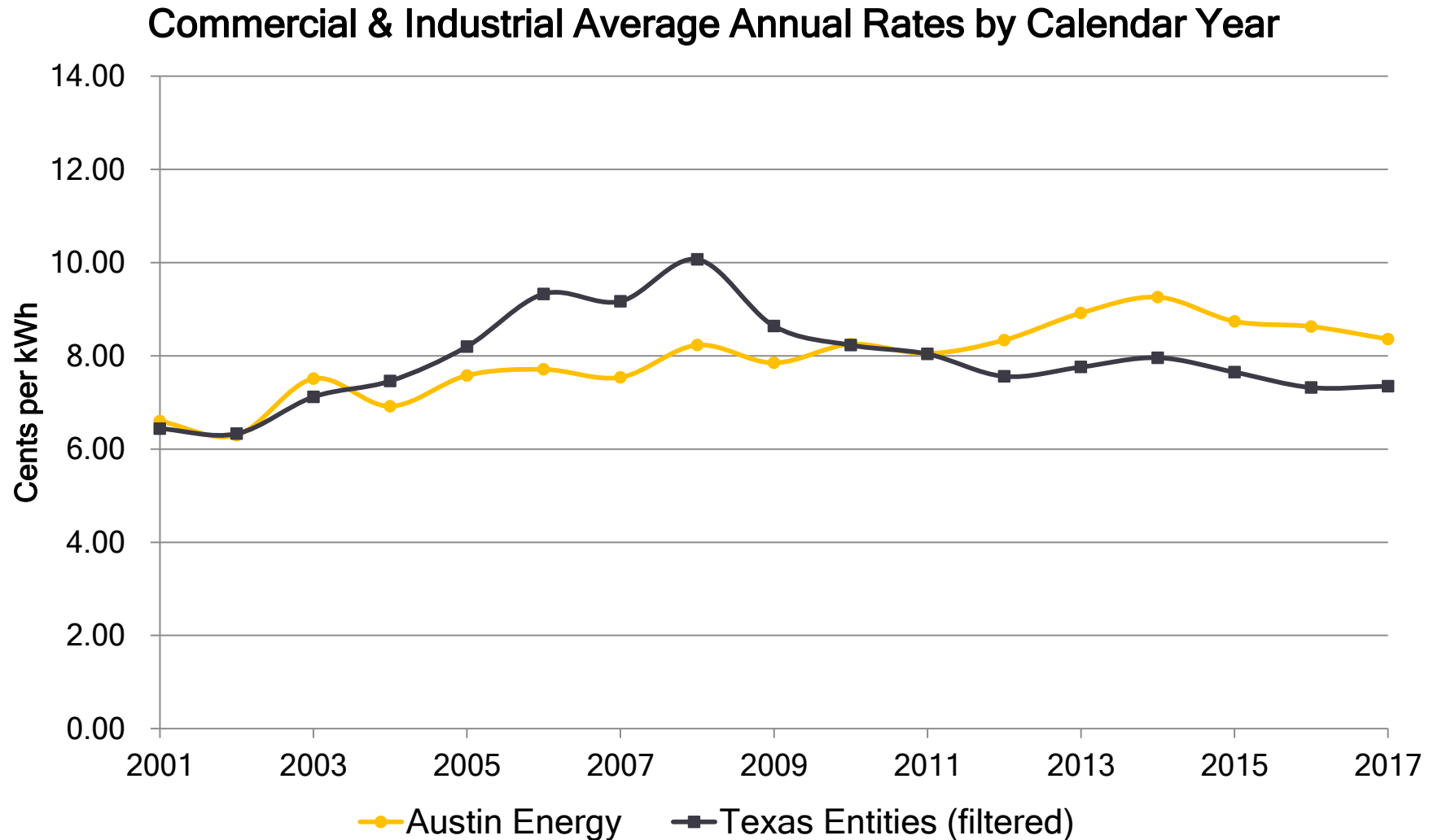
Source: U.S. Energy Information Administration Form 861, October 2018

# Affordability Goal: Competitiveness Metric



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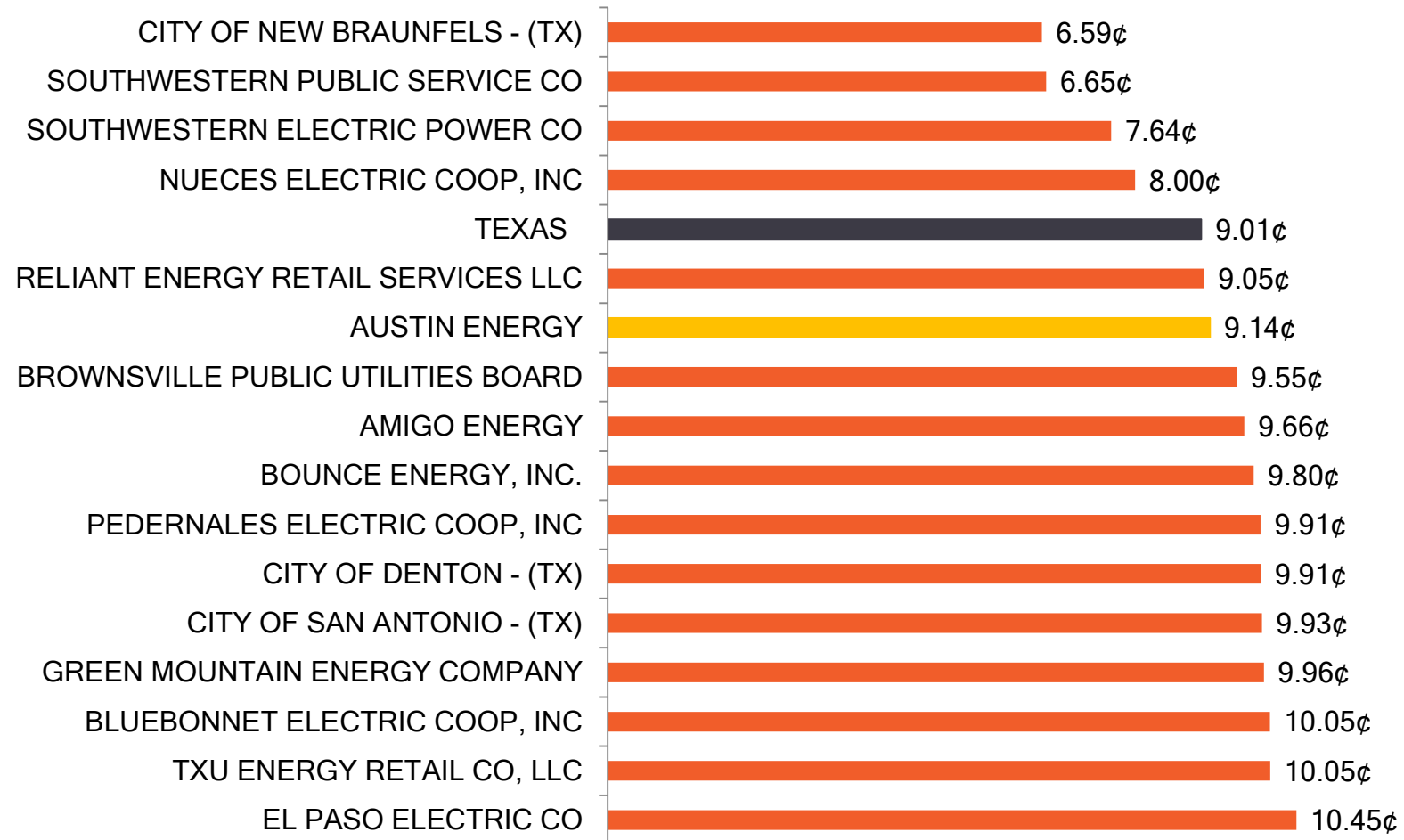
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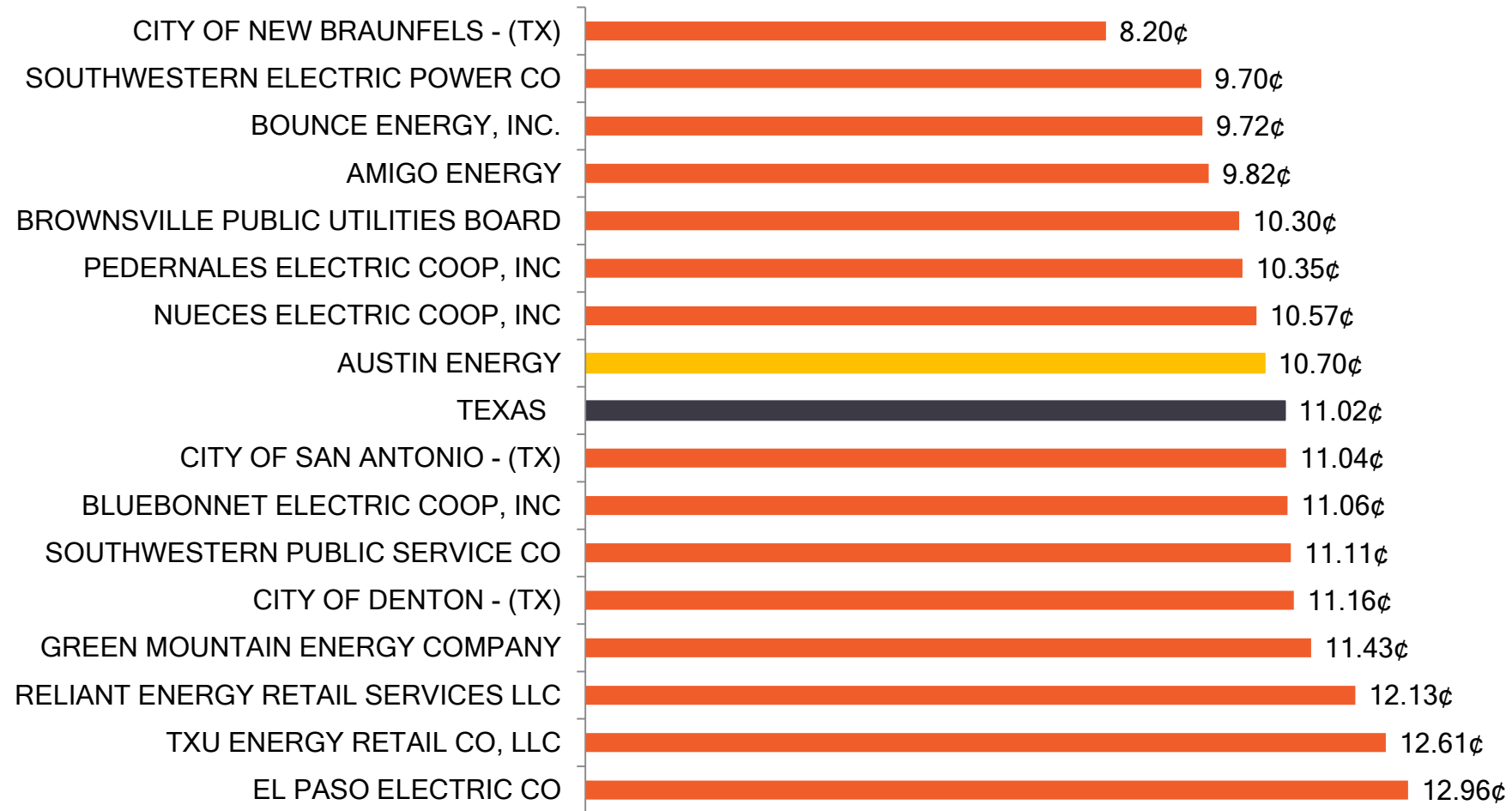
## System Average Rate for CY 2017



Source: U.S. Energy Information Administration Form 861, October 2018

# Affordability Goal: Competitiveness Metric

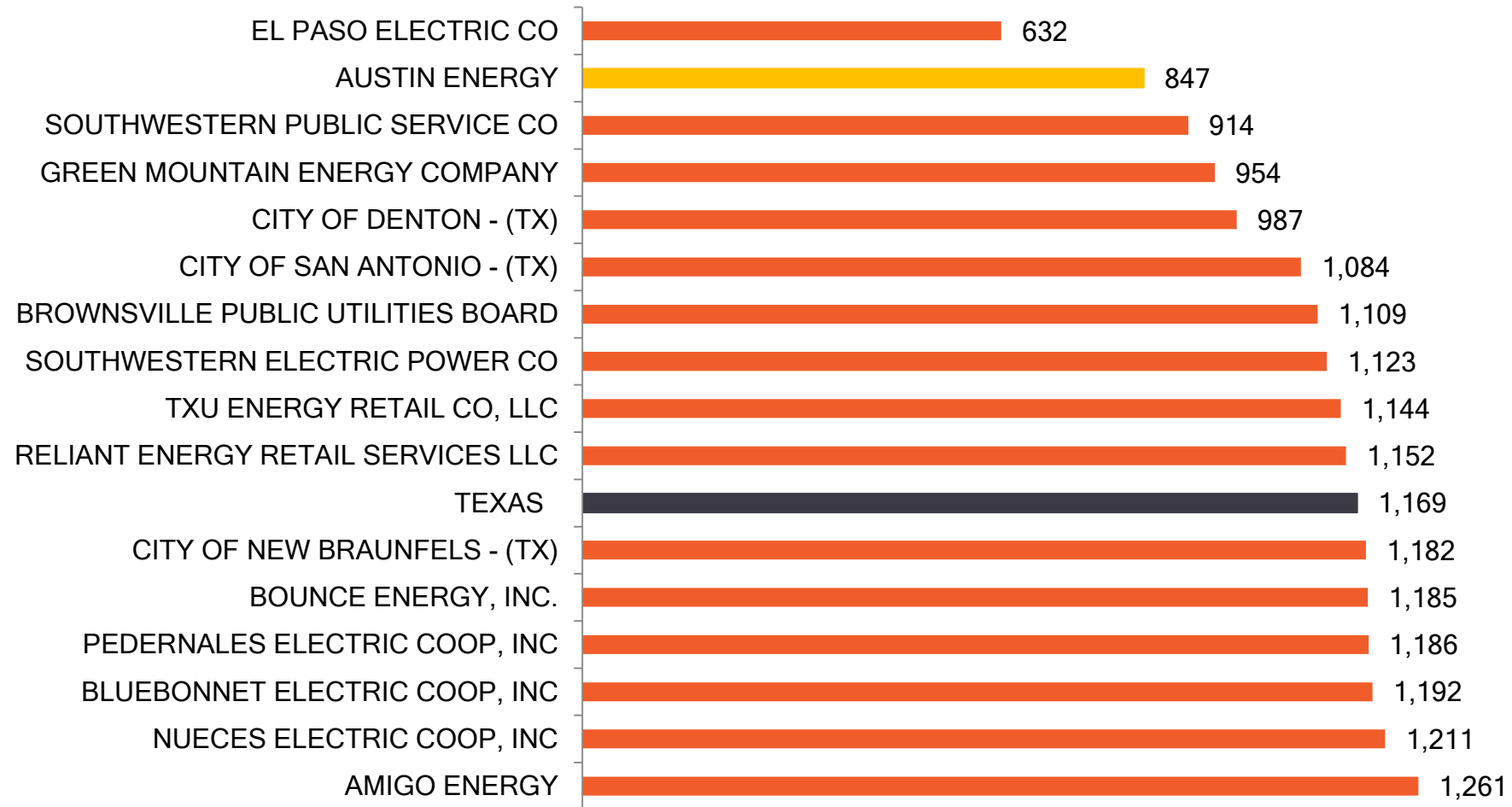
## Residential Average Rate for CY 2017



Source: U.S. Energy Information Administration Form 861, October 2018

# Affordability Goal: Competitiveness Metric

## Residential Average Monthly Consumption for CY 2017

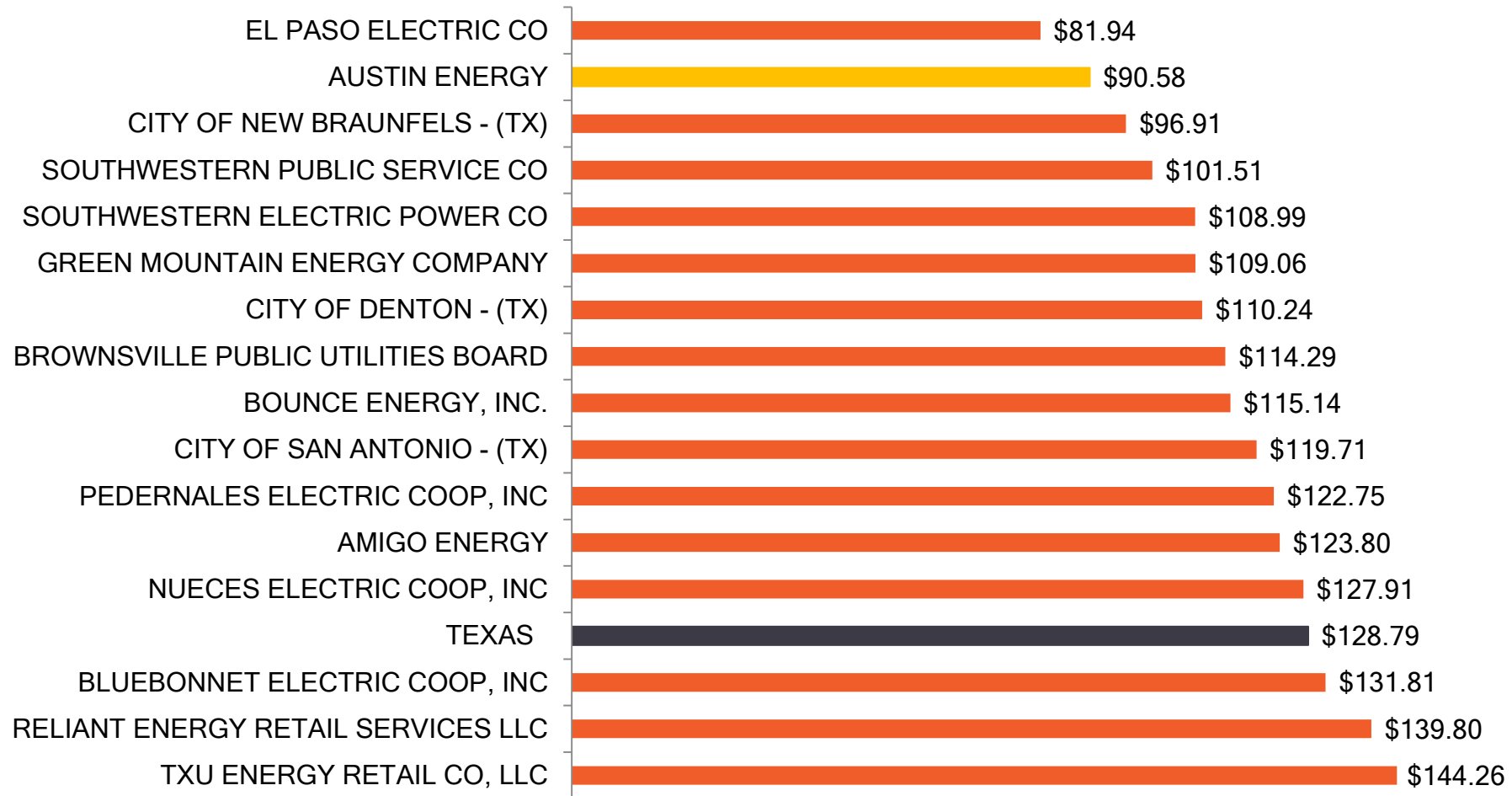


Source: U.S. Energy Information Administration Form 861, October 2018



# Affordability Goal: Competitiveness Metric

## Residential Average Monthly Bill for CY 2017



Source: U.S. Energy Information Administration Form 861, October 2018



**Customer Driven.  
Community Focused.**

