

Austin Energy Quarterly Financial Report

4th 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.

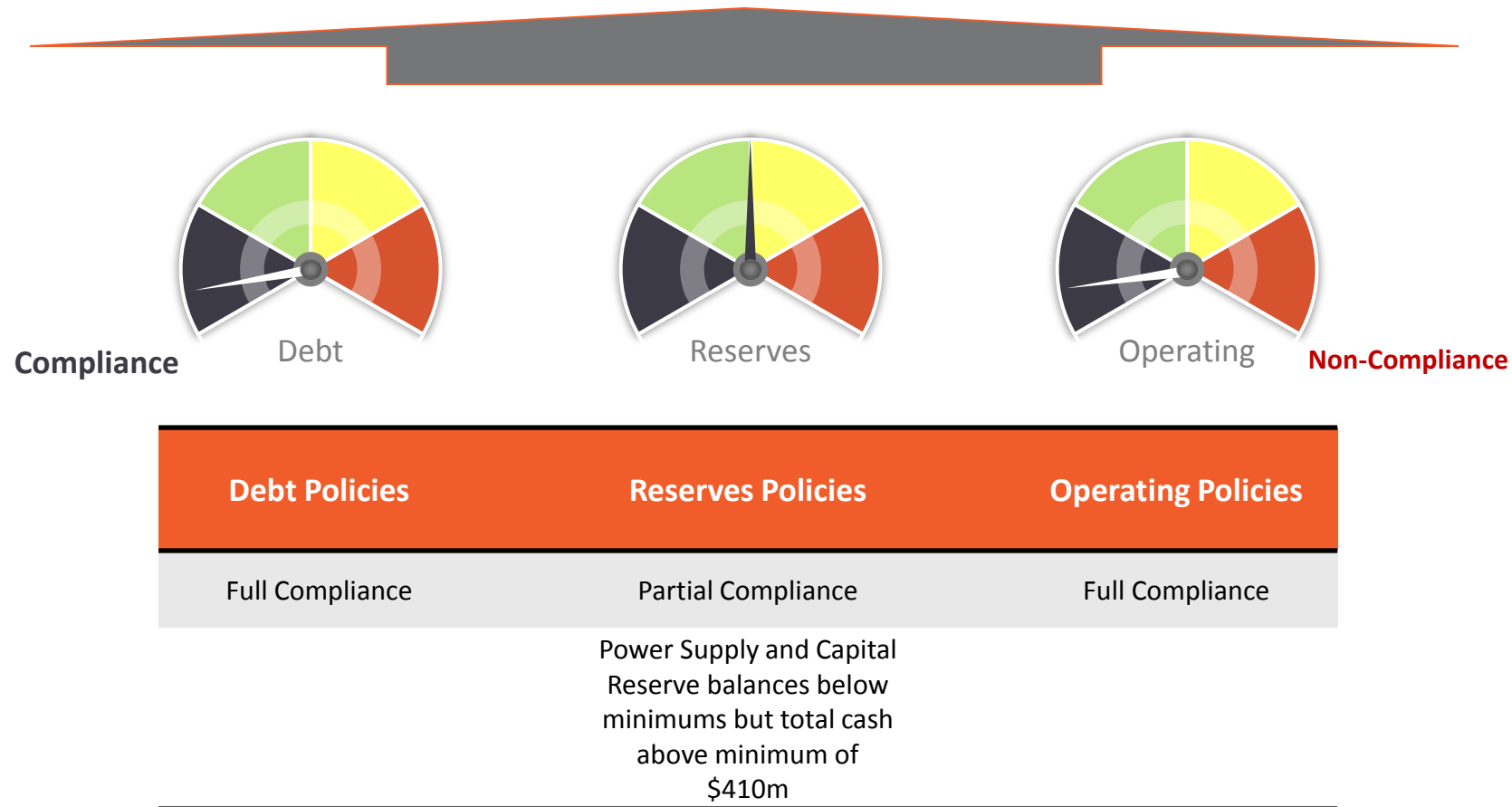


Austin Energy Quarterly Financial Report

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>



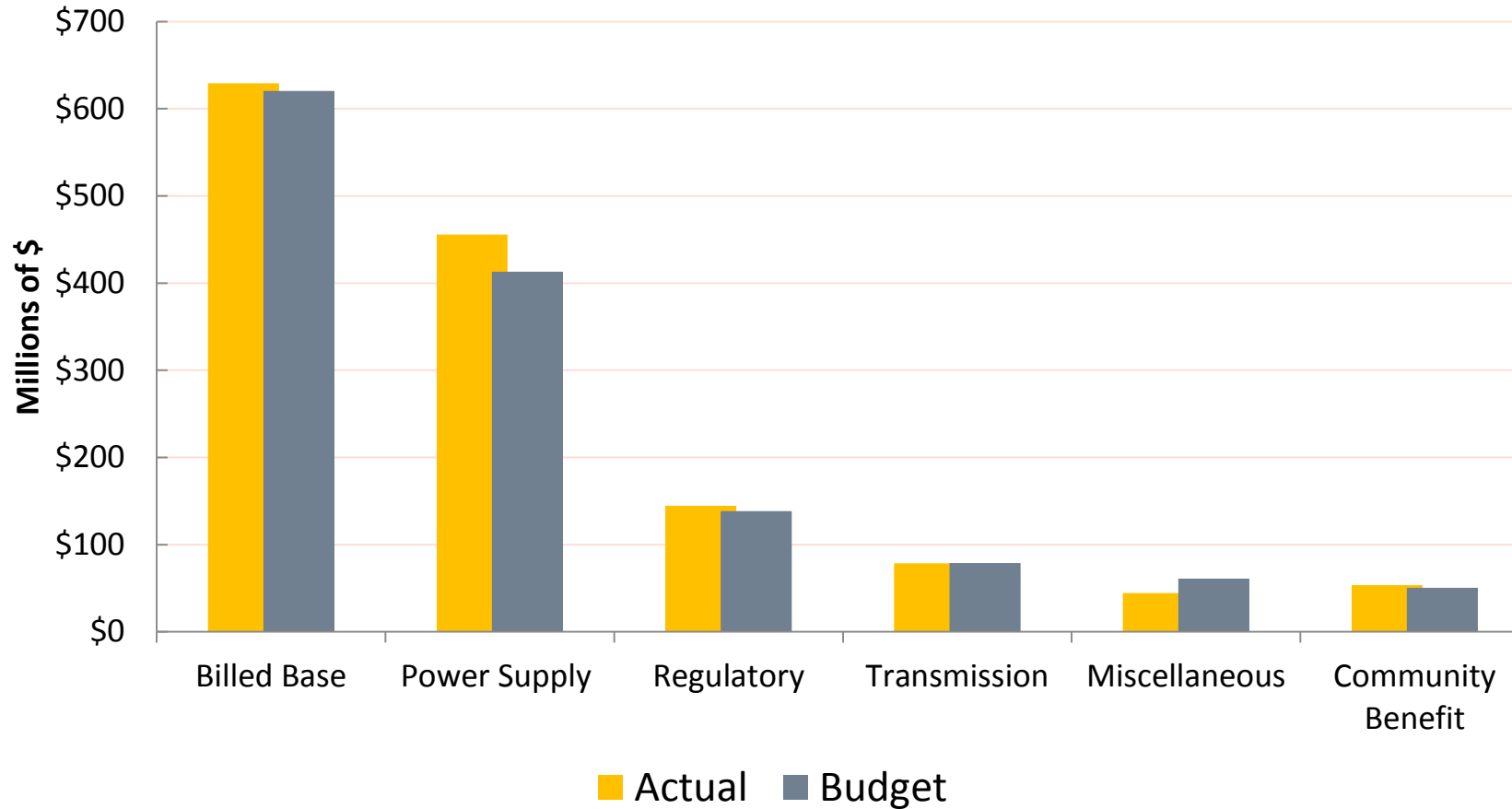
Austin Energy Quarterly Financial Report

Actual to Budget Analysis



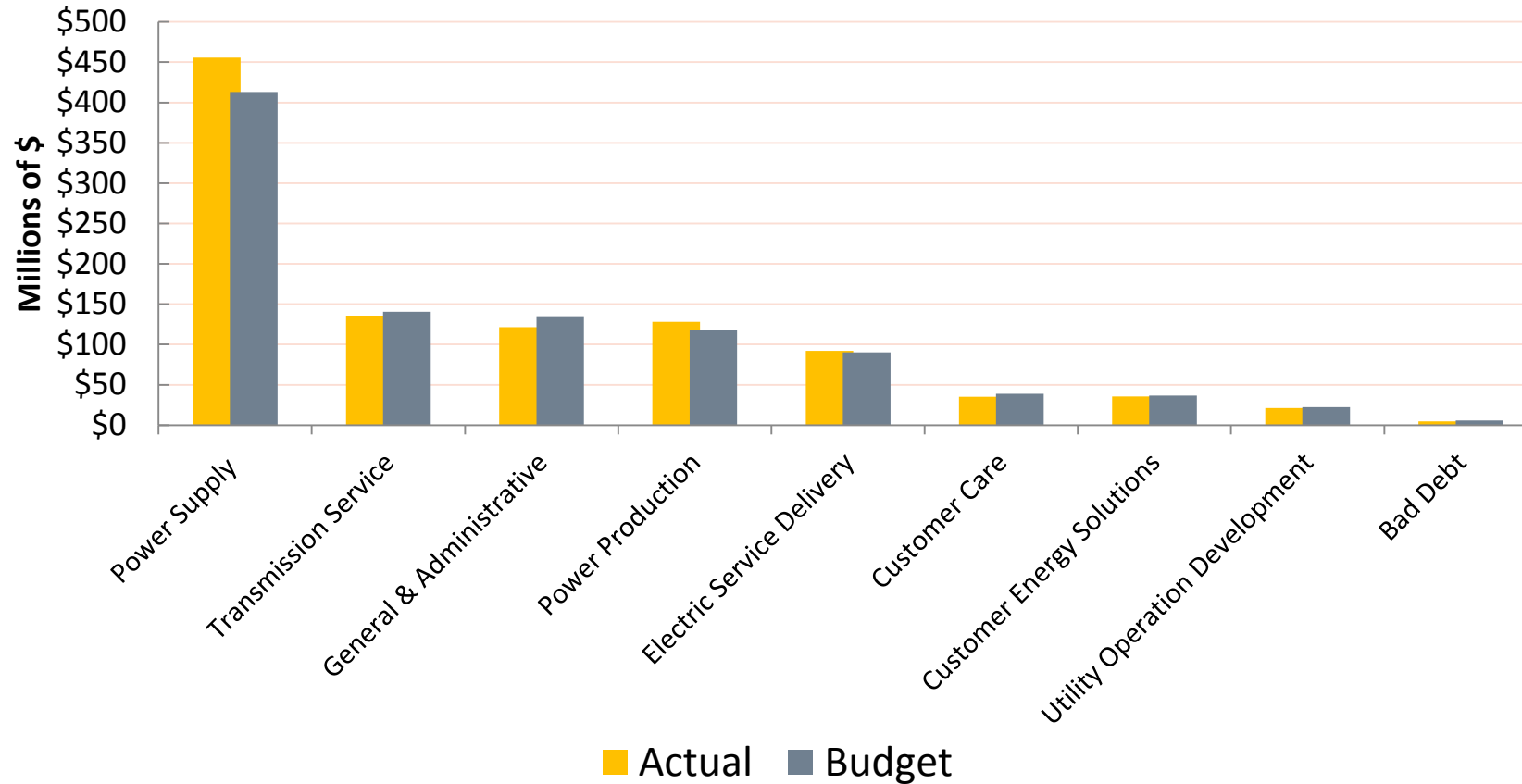
Actual to Budget Analysis

**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

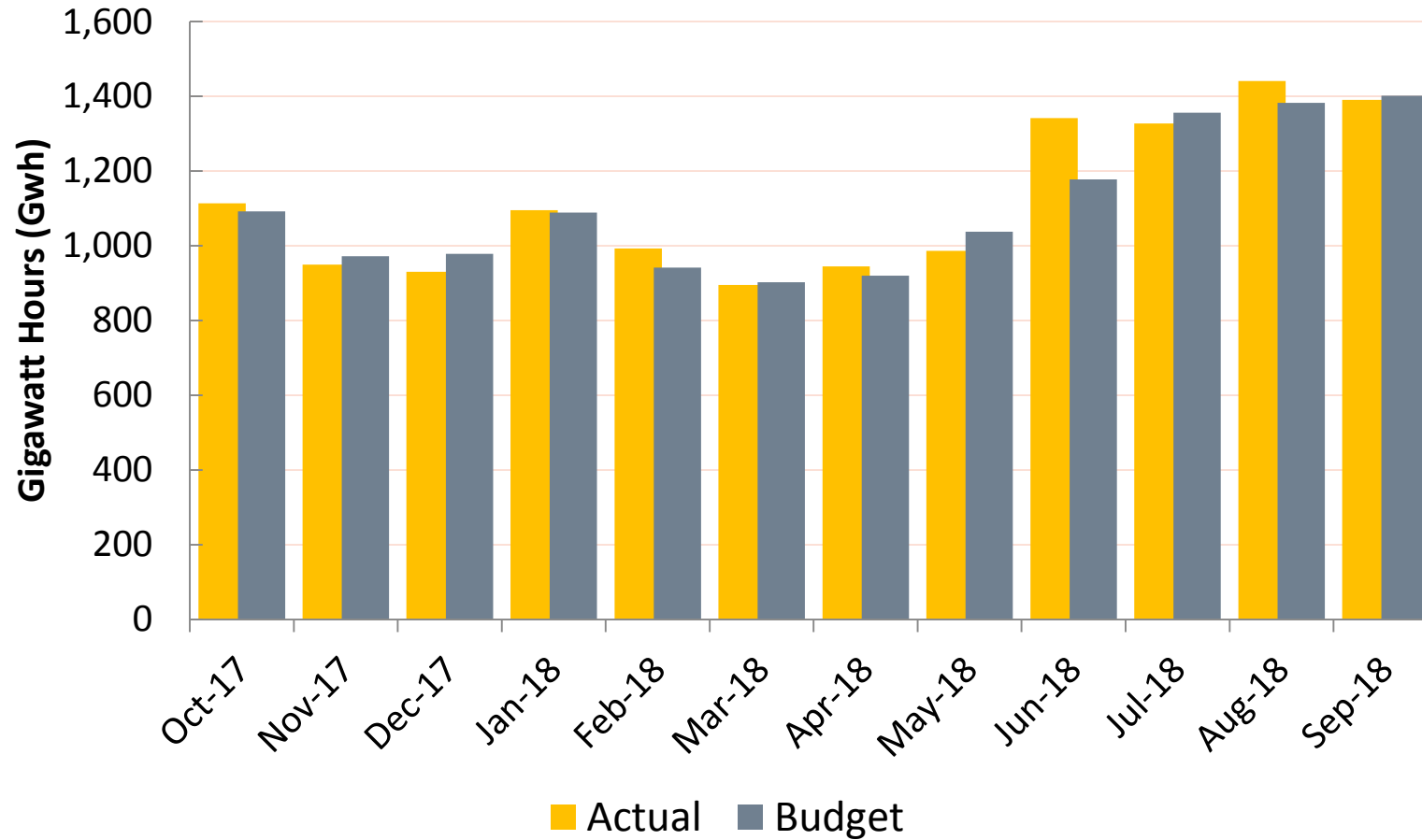
Millions of \$			Variance to Budget Favorable (Unfavorable)		Variance to Prior Year Favorable (Unfavorable)		
	Actual	Budget	Amount	%	Prior Year Actual	Amount	%
Operating Revenues	\$1,405.9	\$1,362.7	\$43.2	3.2%	\$1,366.8	\$39.1	2.9%
Operating Expenses	1,028.8	1,001.6	(27.2)	(2.7%)	1,032.0	3.2	0.3%
Operating Income (Loss)	\$377.1	\$361.1	\$16.0	4.4%	\$334.8	\$42.3	12.6%
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%
Income (Loss) Before Transfers	\$299.3	\$264.1	\$35.2	13.3%	\$245.5	\$53.8	21.9%
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%)
Excess (Deficiency) of Revenues	\$50.5	\$15.1	\$35.4	230.4%	\$28.3	22.2	78.1%



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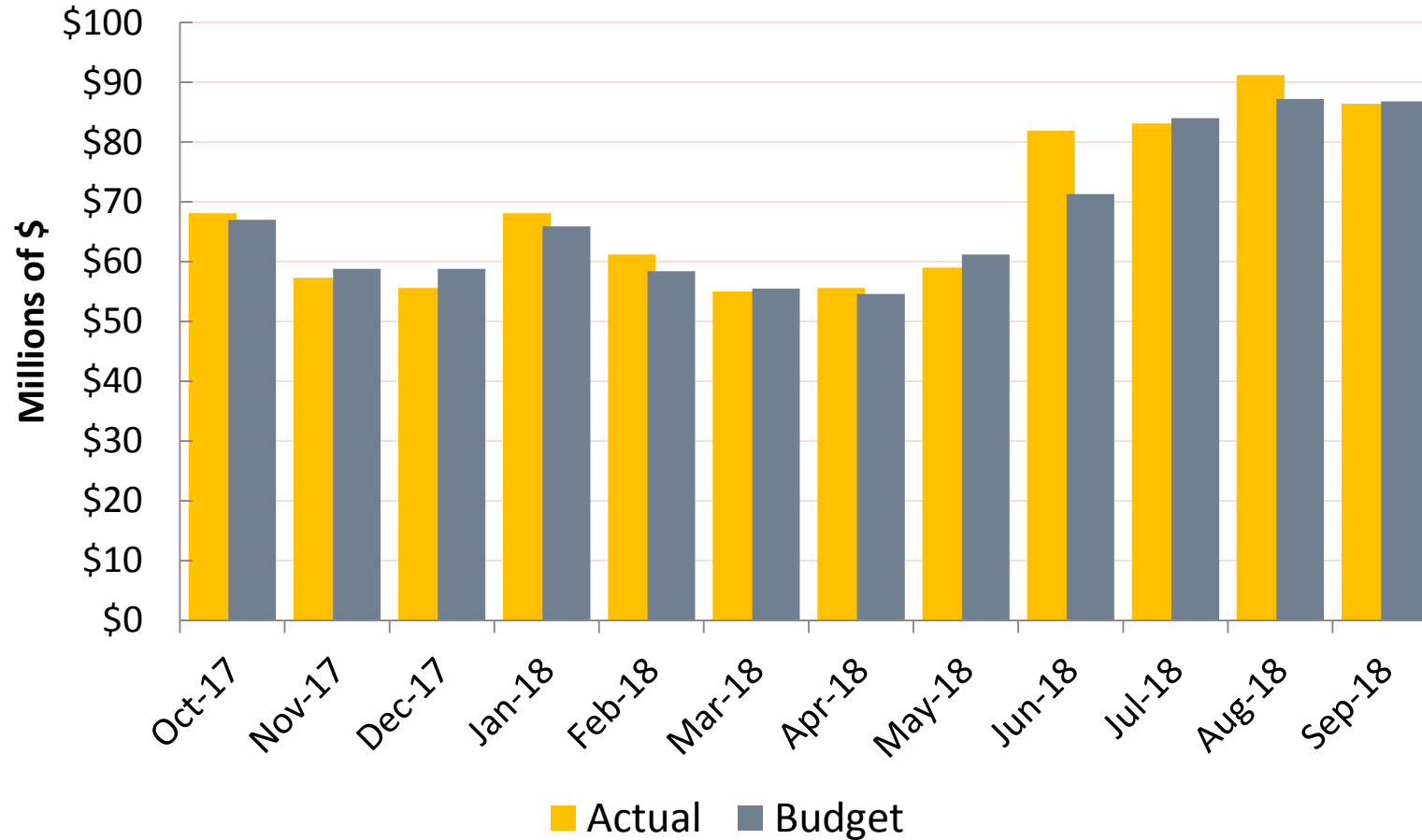
Actual to Budget Analysis

Actual to Budget Retail Energy Sales



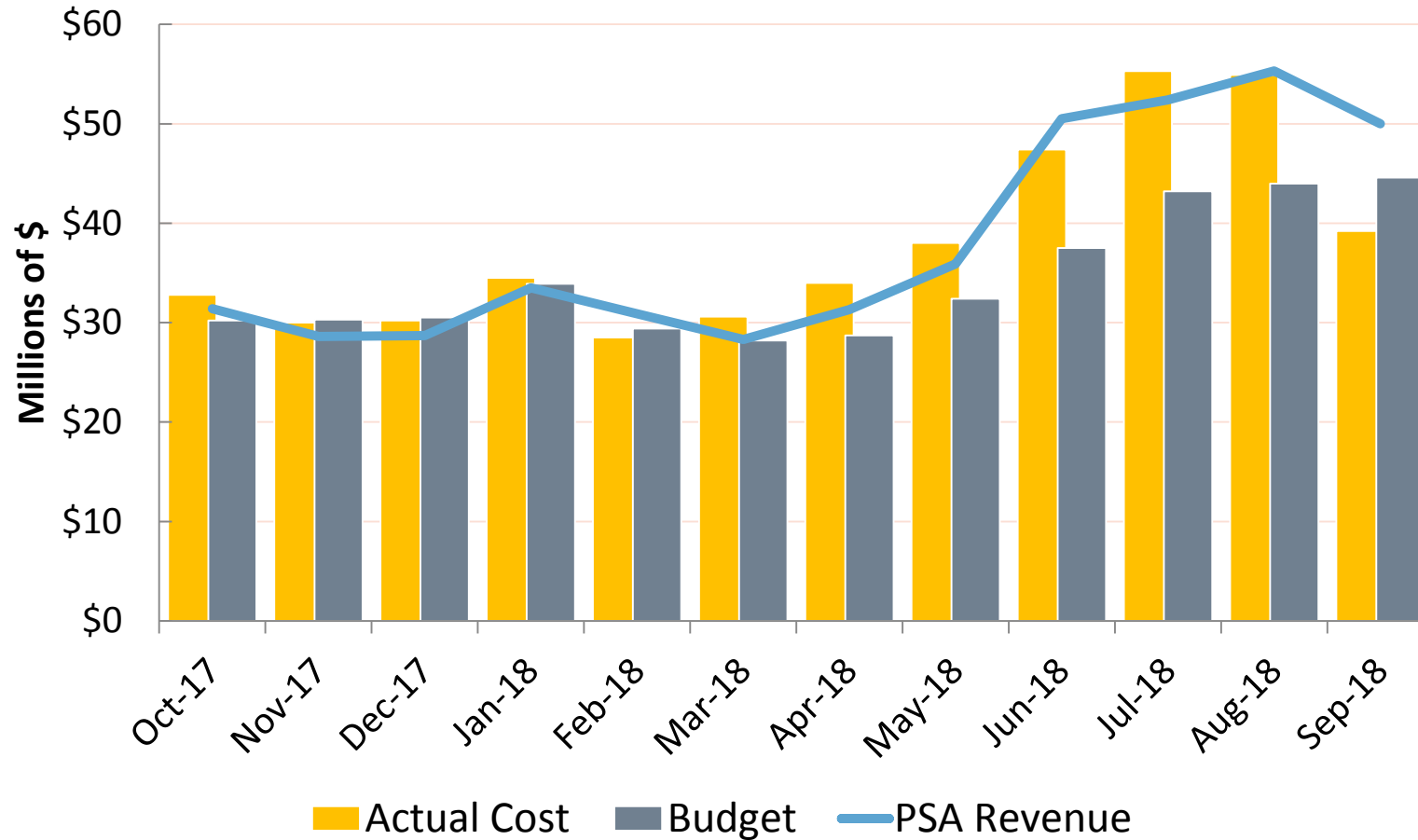
Actual to Budget Analysis

Actual to Budget Non-Power Supply Revenues



Actual to Budget Analysis

Actual to Budget Power Supply

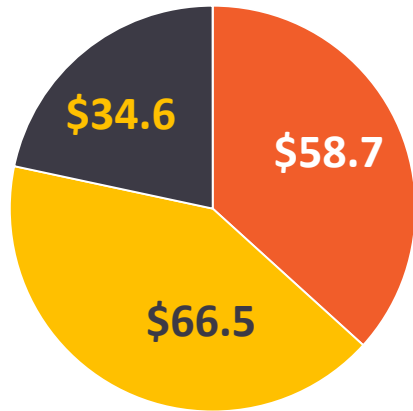


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Capital Improvement Plan Summary

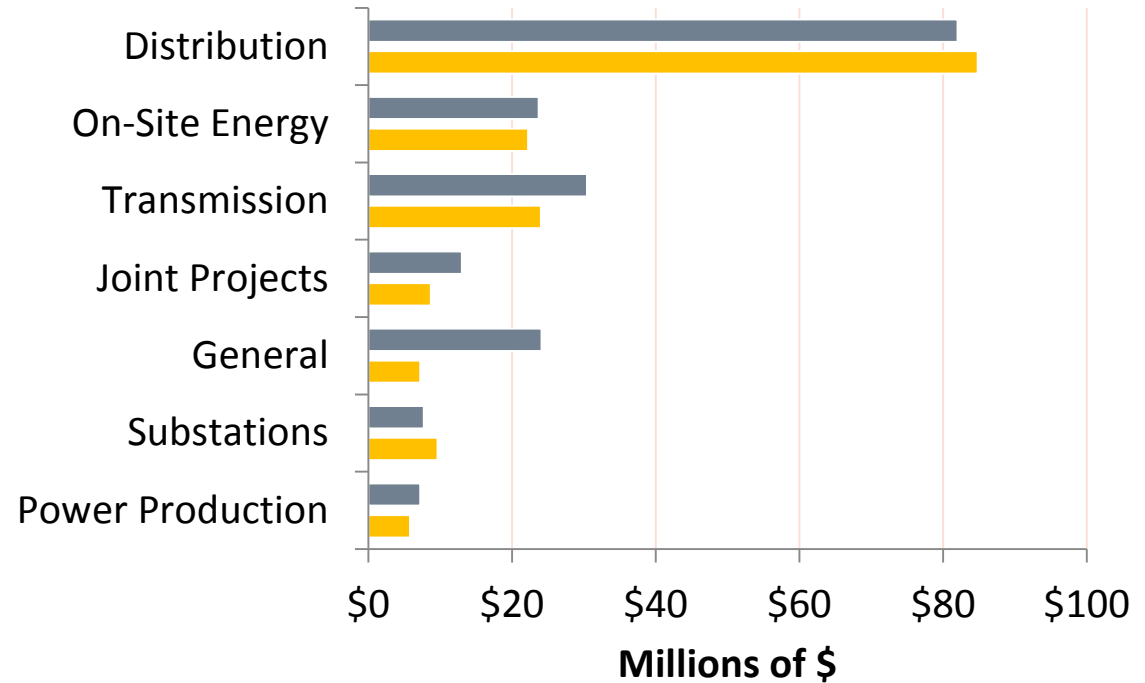
Fiscal Year Through September 30, 2018

Type of Financing



- Cash
- Debt
- Contributions in Aid of Construction

Type of Project

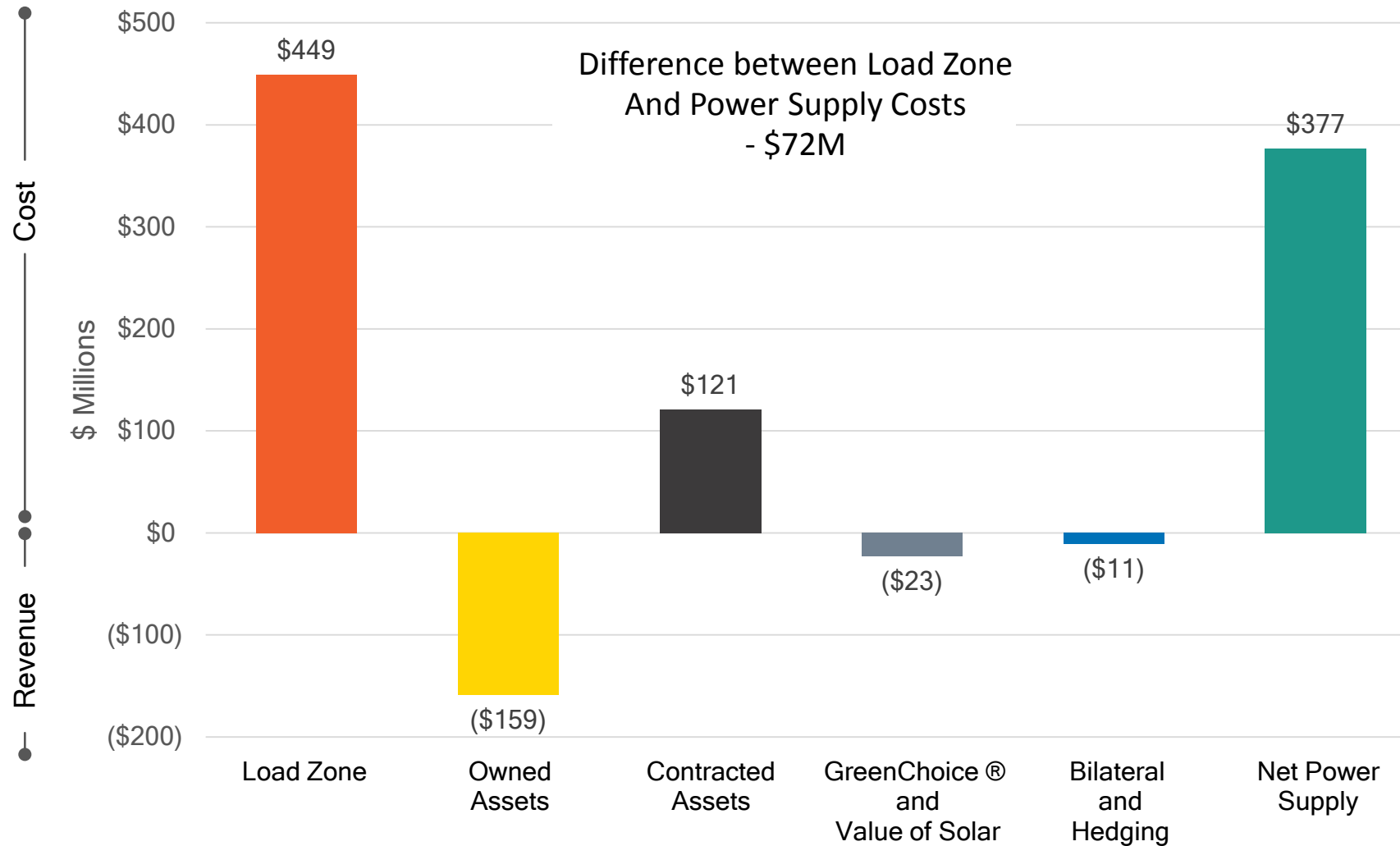


■ FY 2018 Spend Plan ■ Year-to-Date



Power Supply Adjustment Cost Components

Twelve Months Ending September 2018



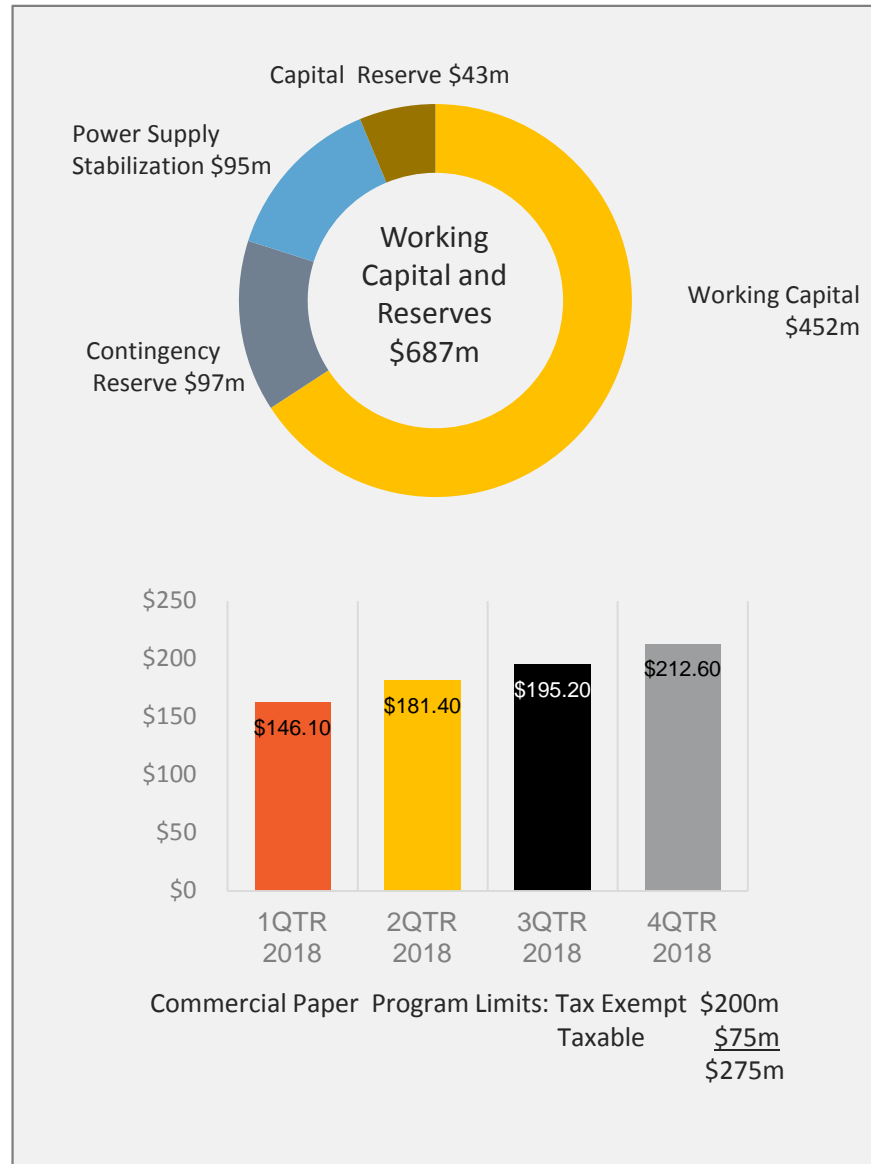
Austin Energy Quarterly Financial Report

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
Total Assets	\$4,468.3	\$4,732.0
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
Total Liabilities & Fund Equity	\$4,468.3	\$4,732.0



GAAP Financial Summary

Comparative Statement of Net Position

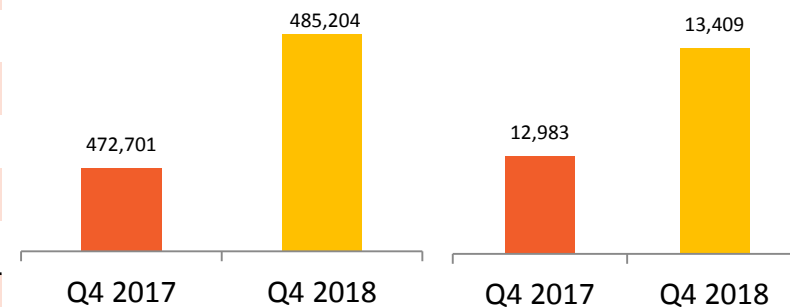
\$ in Millions	9/30/2017	9/30/2018	Change
Cash	\$399	\$452	\$53
Accounts Receivable (net)	126	137	11
Non-PSA Under-Recoveries	4	3	(1)
Debt Service	46	44	(2)
Contingency Reserve	97	97	-
Power Supply Stabilization Reserve	90	95	5
Capital Reserve	12	42	30
Nuclear Decommissioning Reserve	214	221	7
Other Restricted Assets	109	115	6
Other Assets	770	932	162
Capital Assets	2,601	2,594	(7)
Total Assets	\$4,468	\$4,732	\$264
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
Total Liabilities and Fund Equity	\$4,468	\$4,732	\$264

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
Operating Income/(Loss)	\$136	\$146
Other Revenue (Expense)	\$(12)	\$23
General Fund Transfer	(108)	(109)
Net Income/(Loss)	\$16	\$60
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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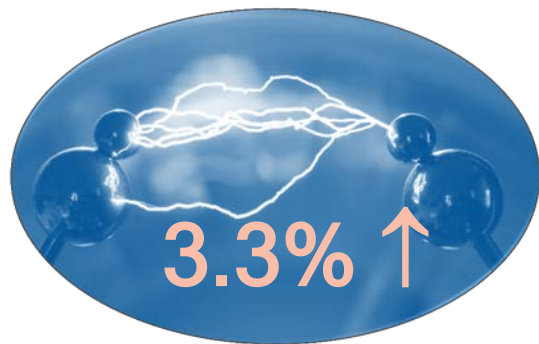
Market and Industry Analysis



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%.



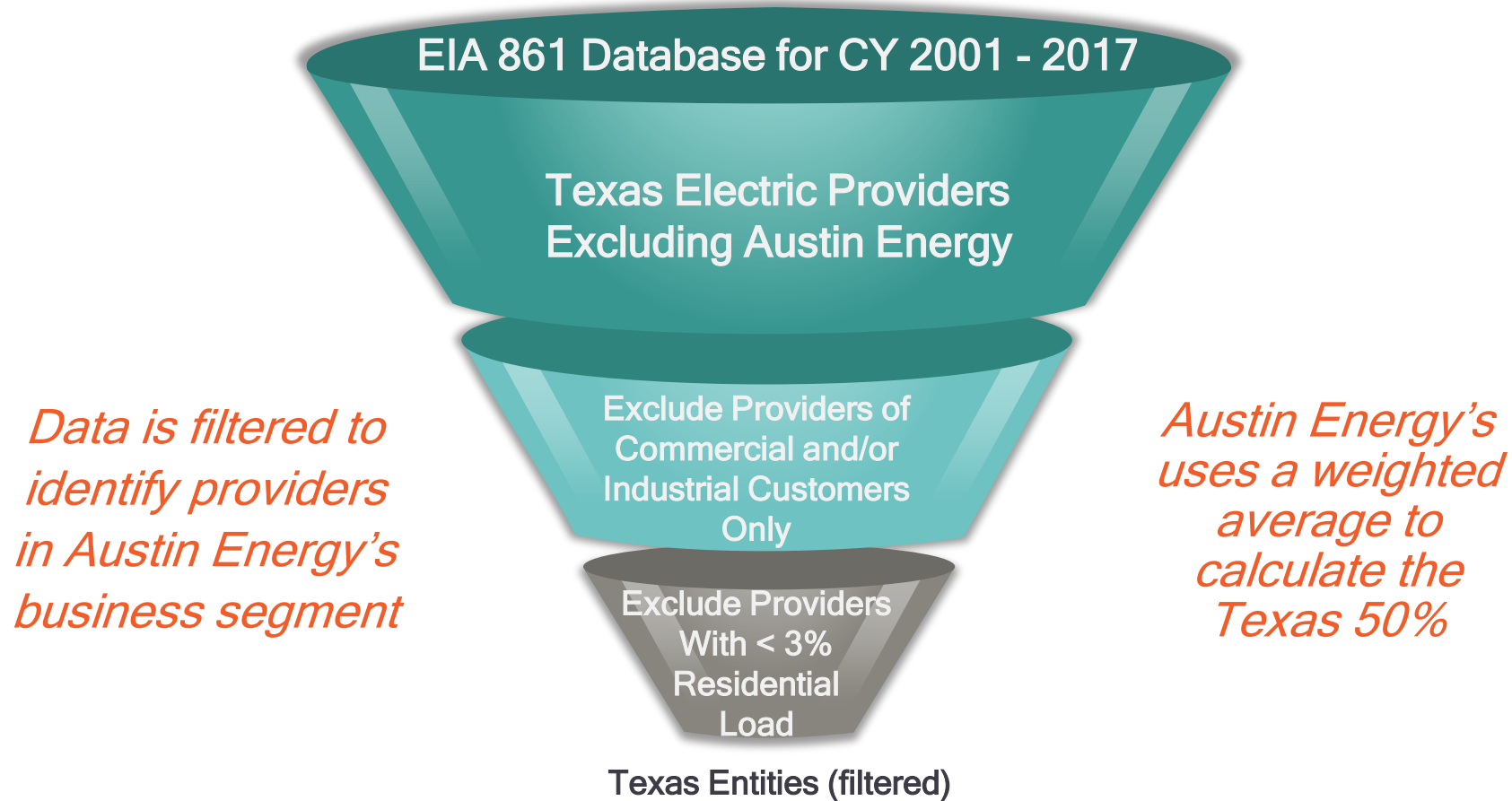
Growth in Customers

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.



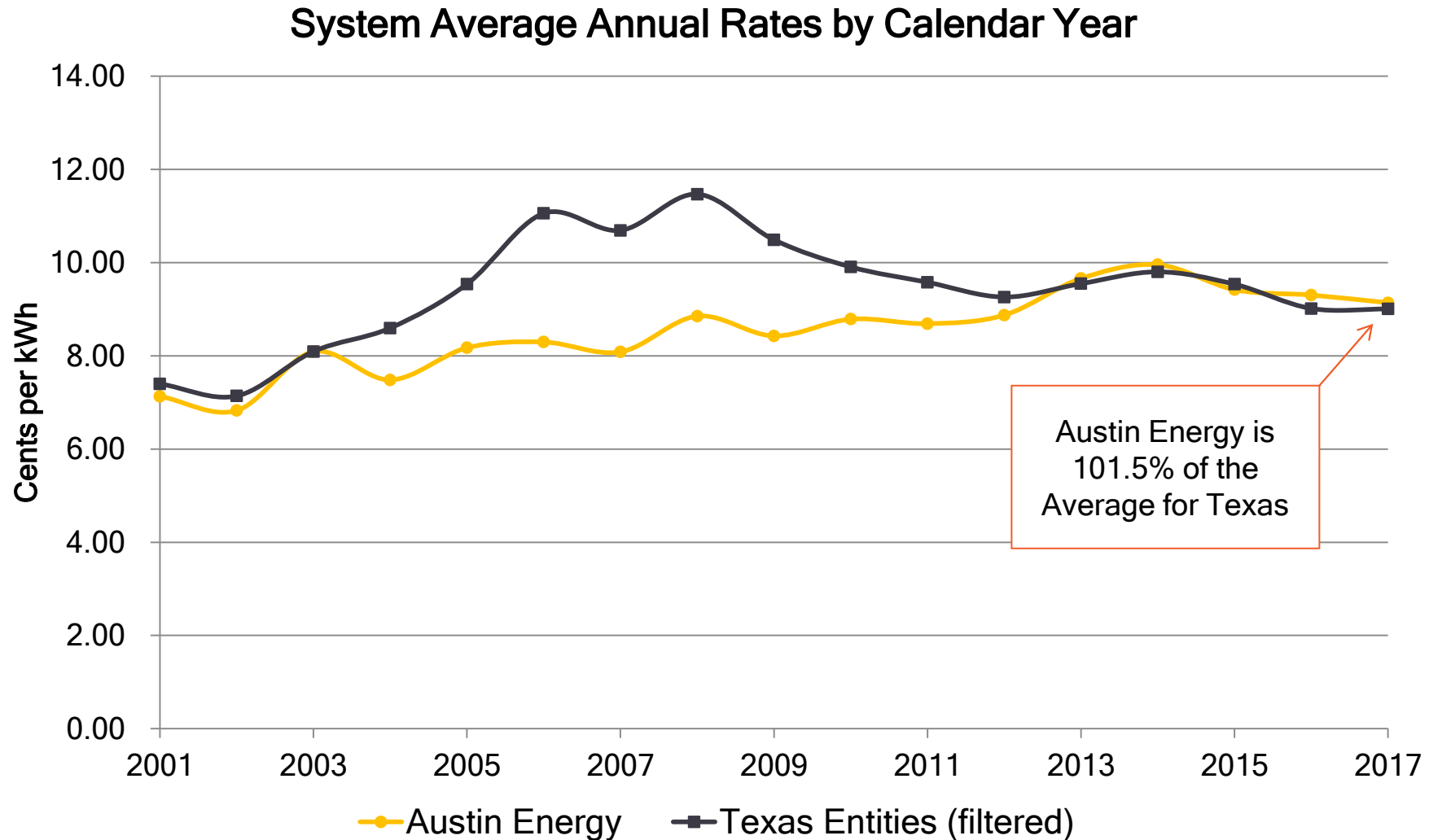
How the Analysis is Performed

Affordability Goal: Competitiveness Metric



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

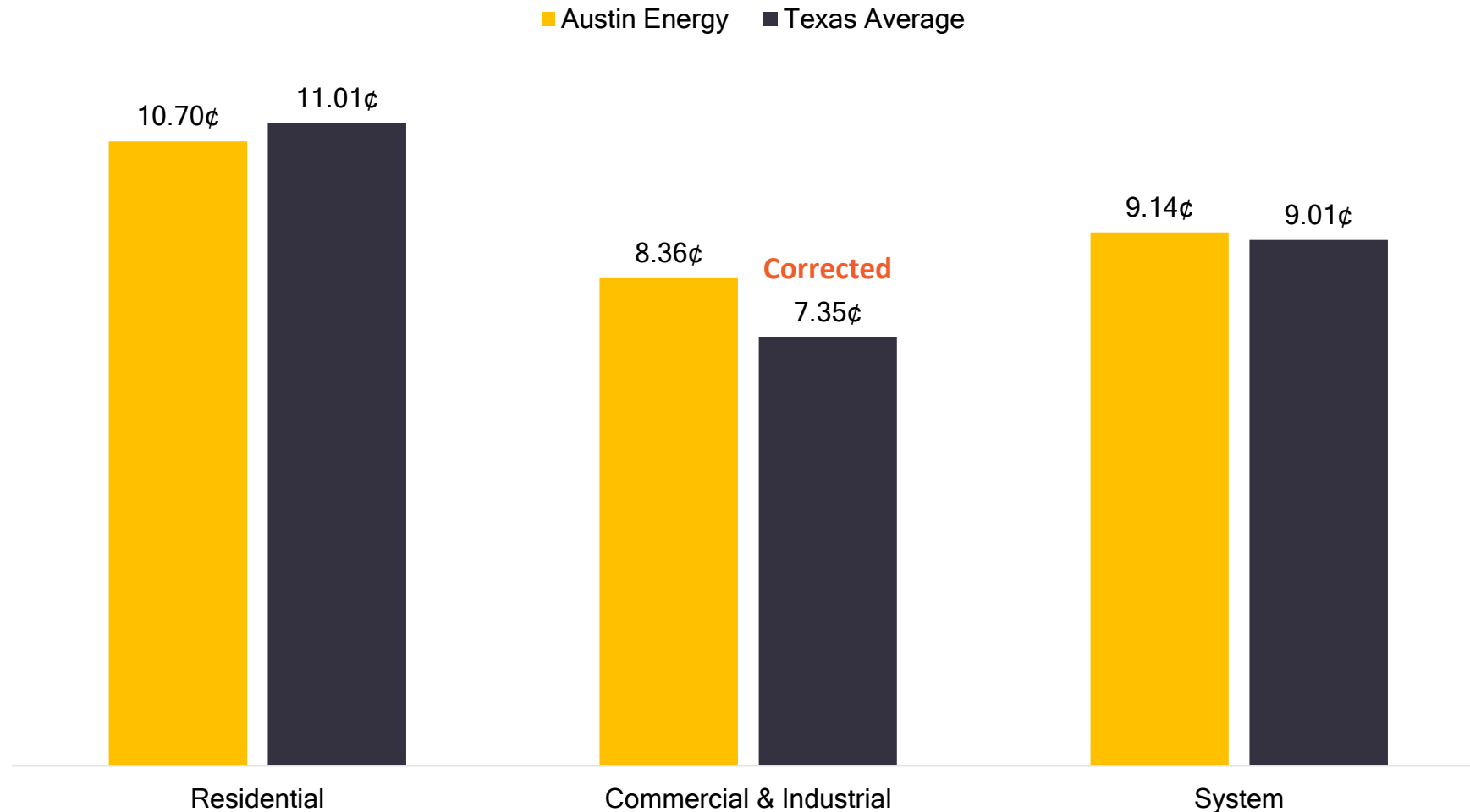
Affordability Goal: Competitiveness Metric



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

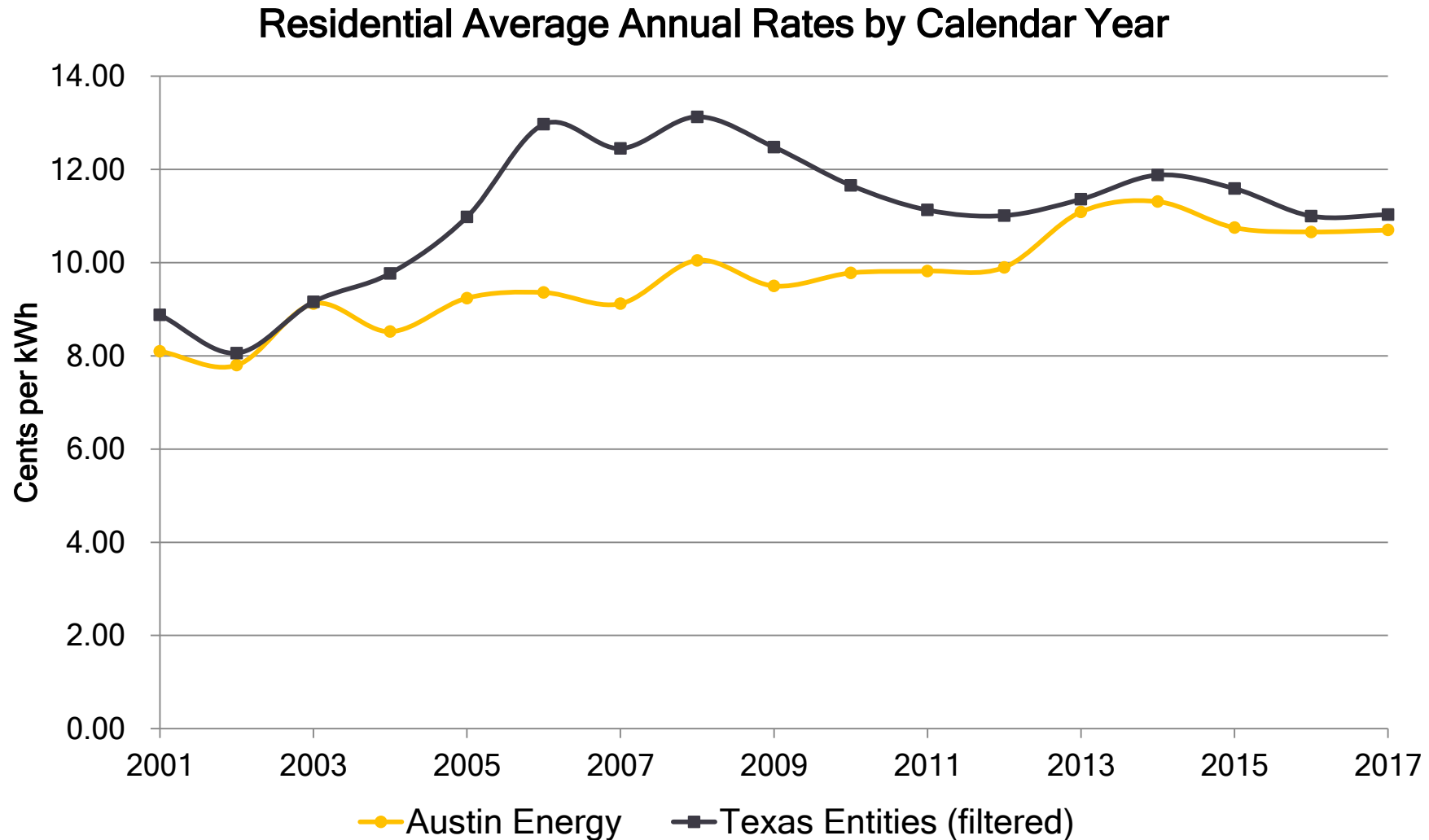
Affordability Goal: Competitiveness Metric

Average Annual Rates by Customer Class for CY 2017



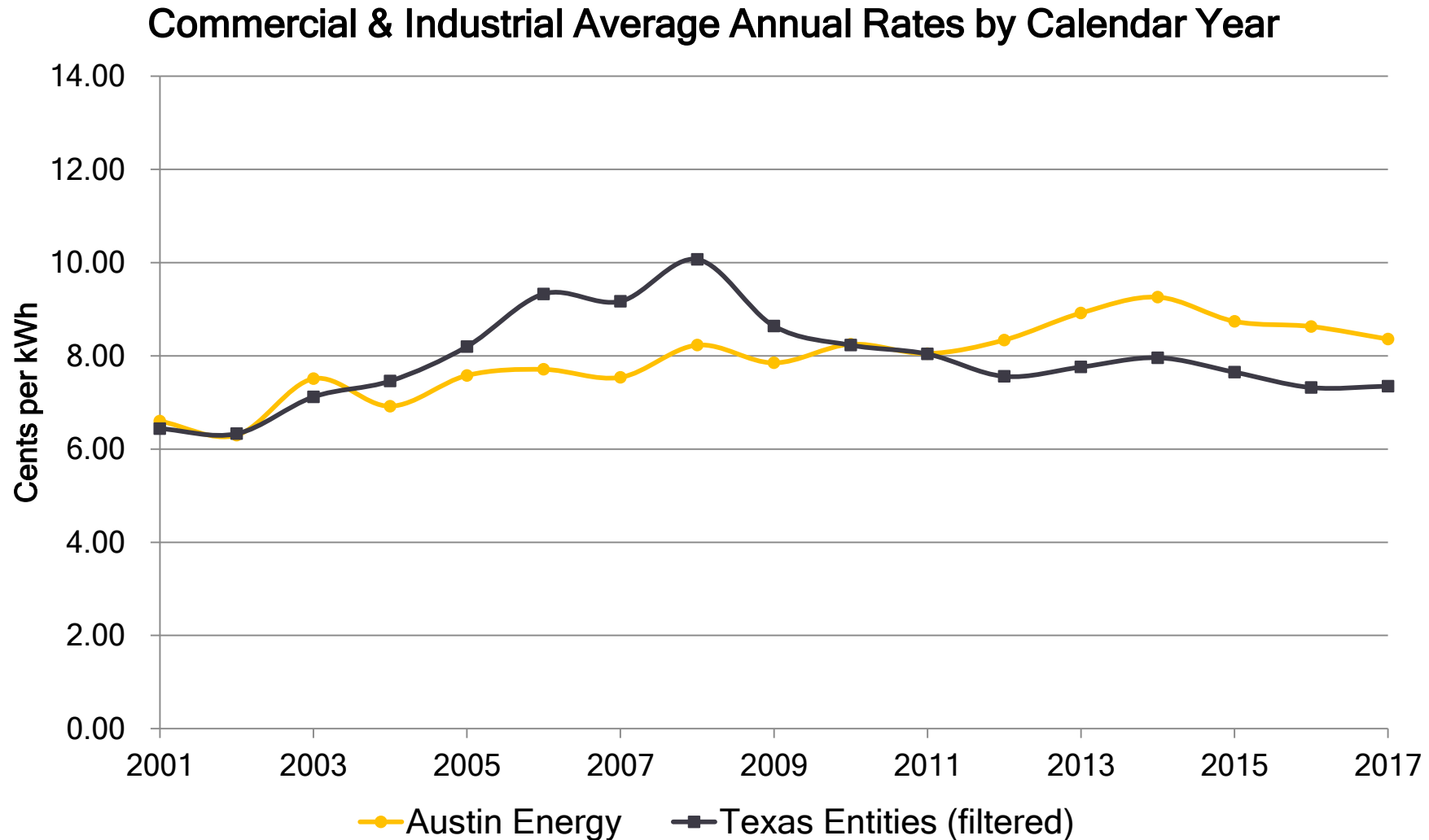
Source: U.S. Energy Information Administration Form 861, October 2018

Affordability Goal: Competitiveness Metric



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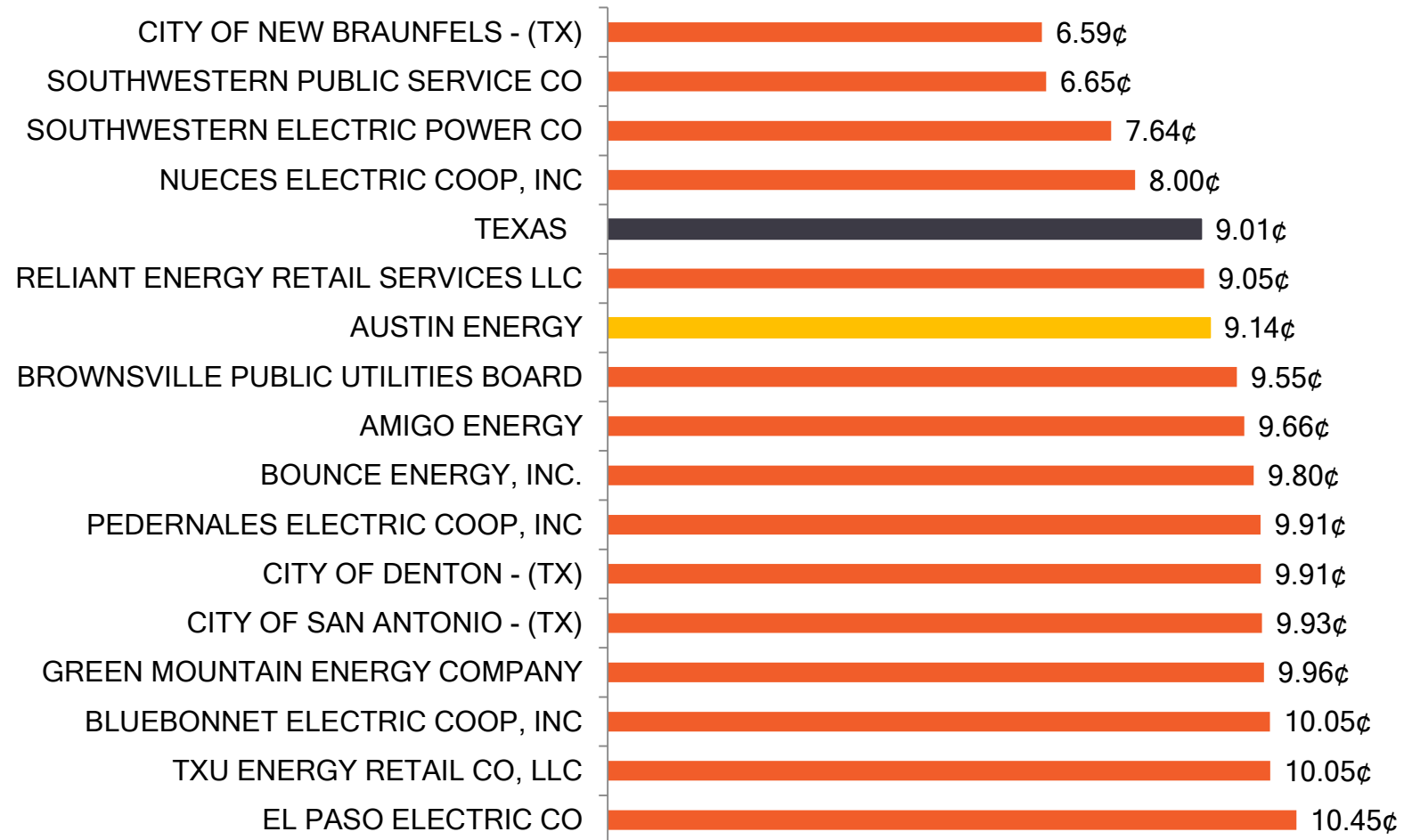
Affordability Goal: Competitiveness Metric



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

Affordability Goal: Competitiveness Metric

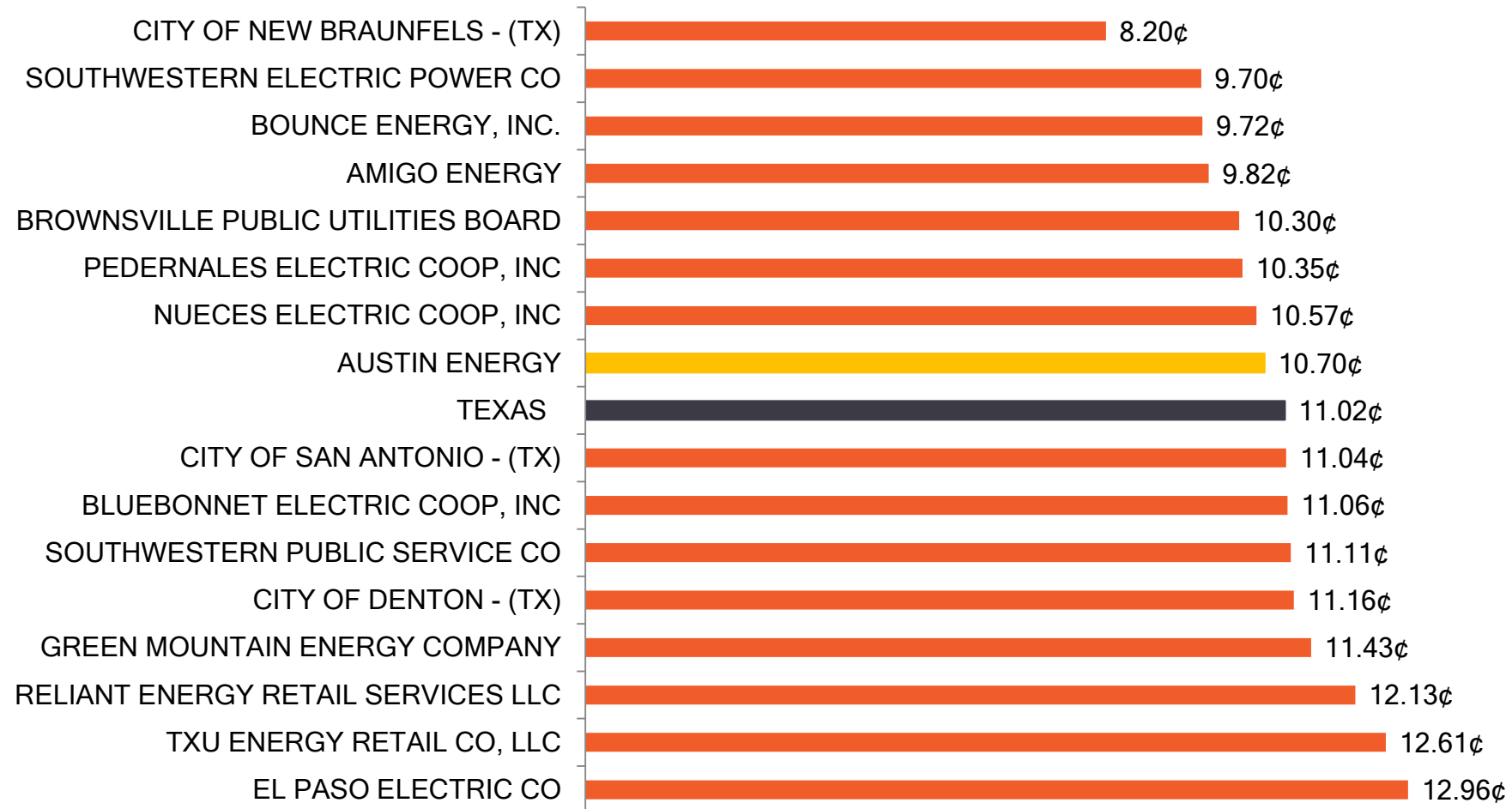
System Average Rate for CY 2017



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

Affordability Goal: Competitiveness Metric

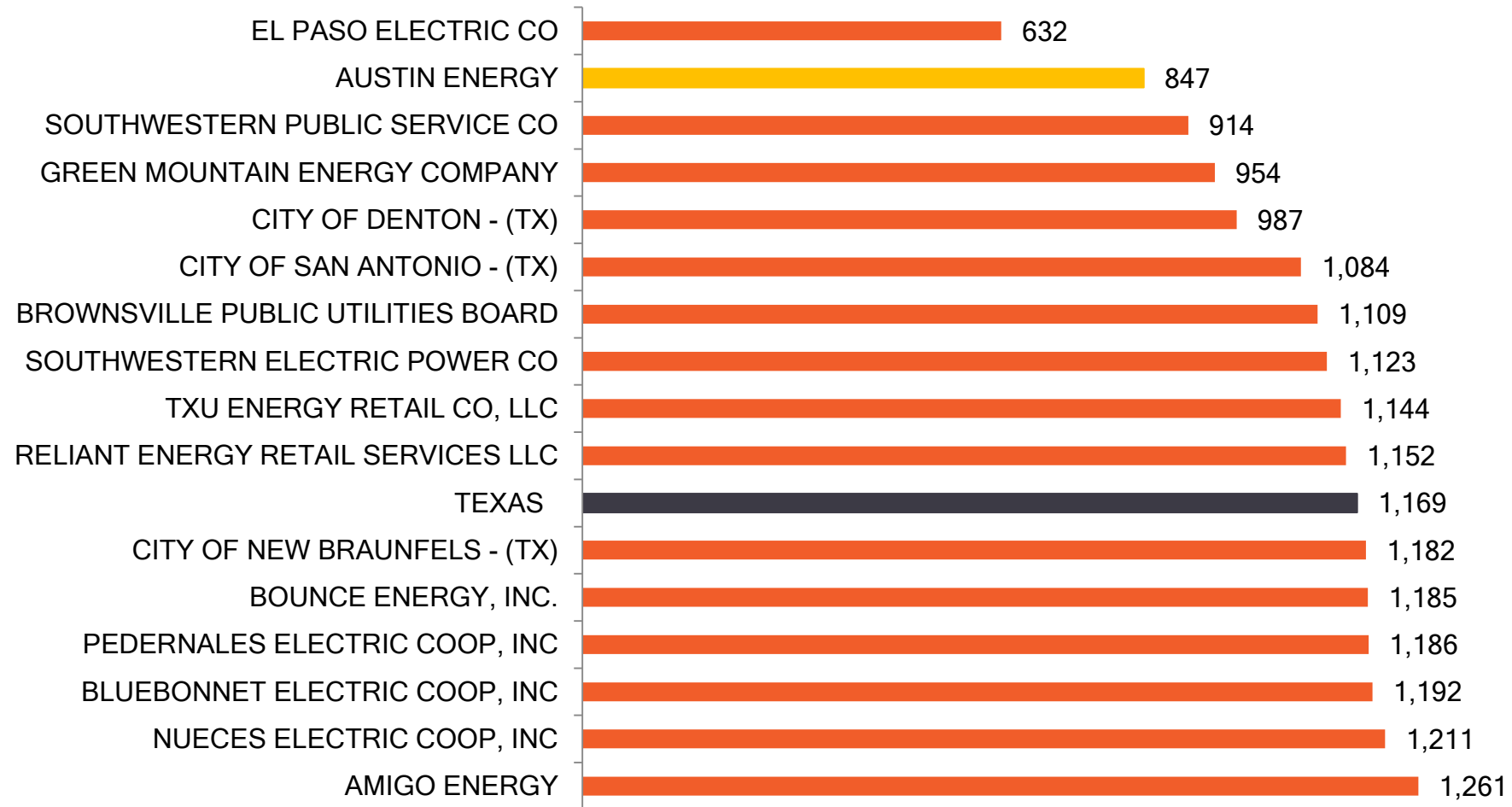
Residential Average Rate for CY 2017



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

Affordability Goal: Competitiveness Metric

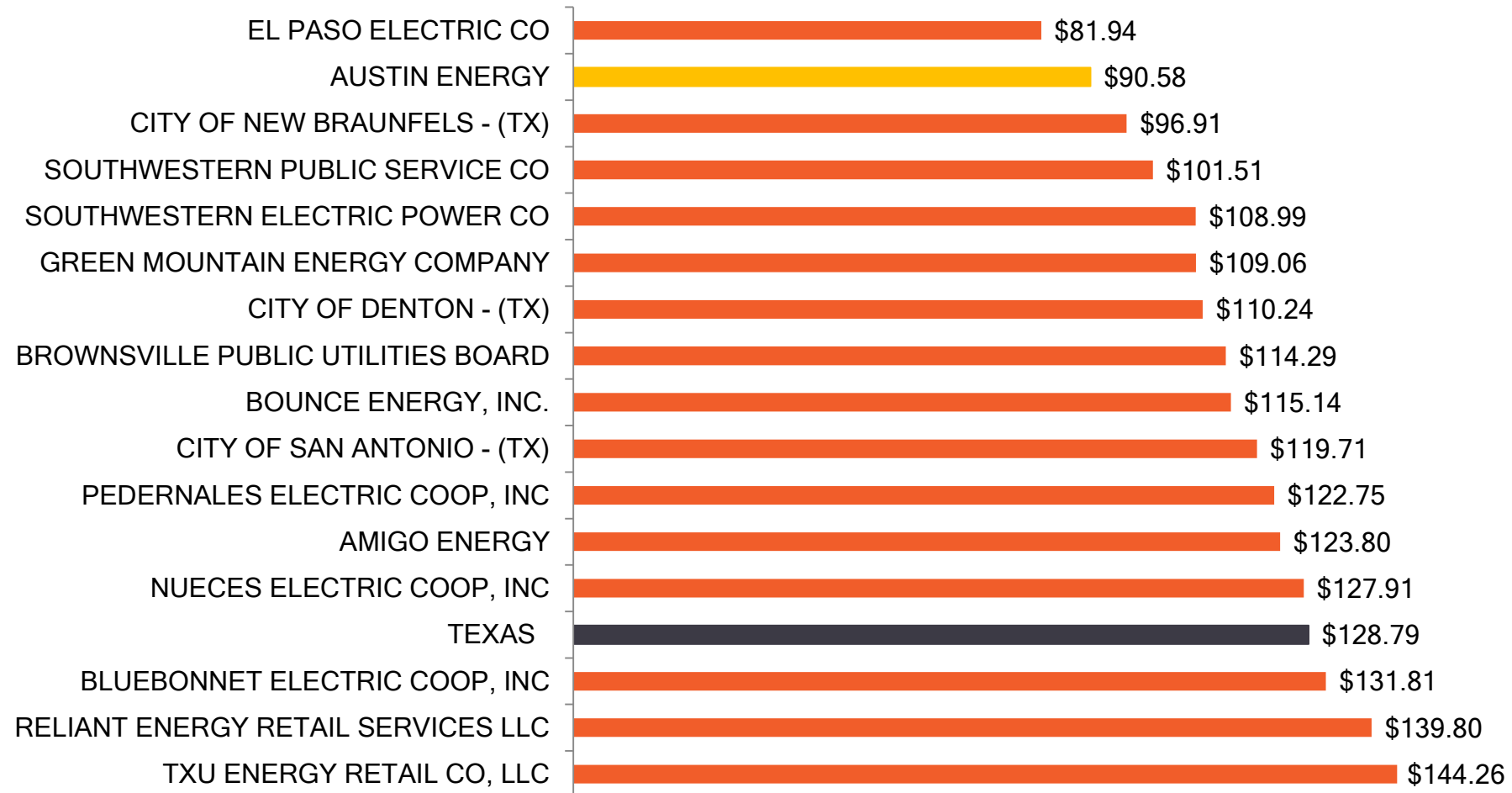
Residential Average Monthly Consumption for CY 2017



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.**

