

Austin Energy Quarterly Financial Report

3rd Quarter FY 2020 (April – June 2020)

Russell Maenius

Acting Chief Financial Officer



September 14, 2020

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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



Executive Summary



Financial Policy Compliance



Financial Performance Measures



Actual to Budget Analysis



Financial Statements



Market and Industry Analyses



Austin Energy Quarterly Financial Report

Executive Summary



Executive Summary



Substantially compliant with all financial policies. Capital Reserve balance below minimums but total cash above minimum of \$414m.



Generally meeting financial metrics supporting AA credit rating. Received credit upgrade from *Fitch Ratings* in May 2019.



\$ 958 Million Revenues

Operating revenues trended close to budget through June.



\$ 760 Million Expenses

Operating expenses exceed forecast by 1.3% primarily due to higher costs in electric service delivery.



Balance sheet is liquid and adequately capitalized. Cash decreased \$26M from prior year primarily due to increases in AR and Inventory.



COVID-19 pandemic impacts Austin Energy's energy and load.

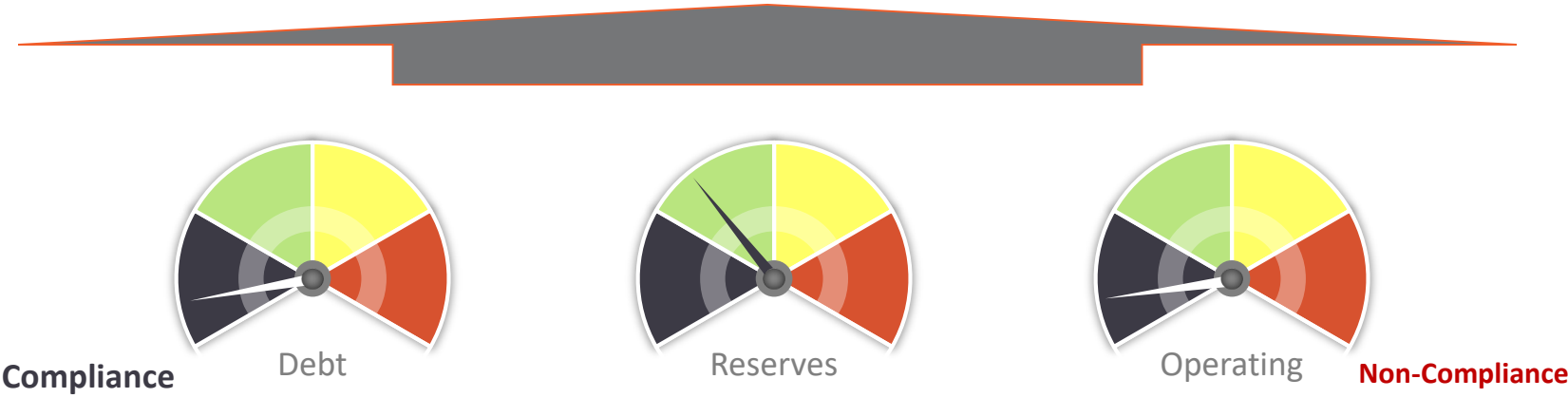


Austin Energy Quarterly Financial Report

Financial Policy Compliance



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



Debt Policies	Reserves Policies	Operating Policies
Full Compliance	Partial Compliance	Full Compliance
	Capital Reserve balance below minimums but total cash above minimum of \$414m	



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Austin Energy Quarterly Financial Report

Financial Performance Measures



AA

Standard & Poor's Global Ratings Achieved November 2018



Days Cash on Hand	Debt Service Coverage Ratio	Operating Margins	Debt to Capitalization
Minimum > 150 Days	Minimum > 2.0	Minimum > 10%	Minimum < 50%
Actual 209 Days	Actual 2.3	Actual 2%	Actual 52%
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 2016
<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>



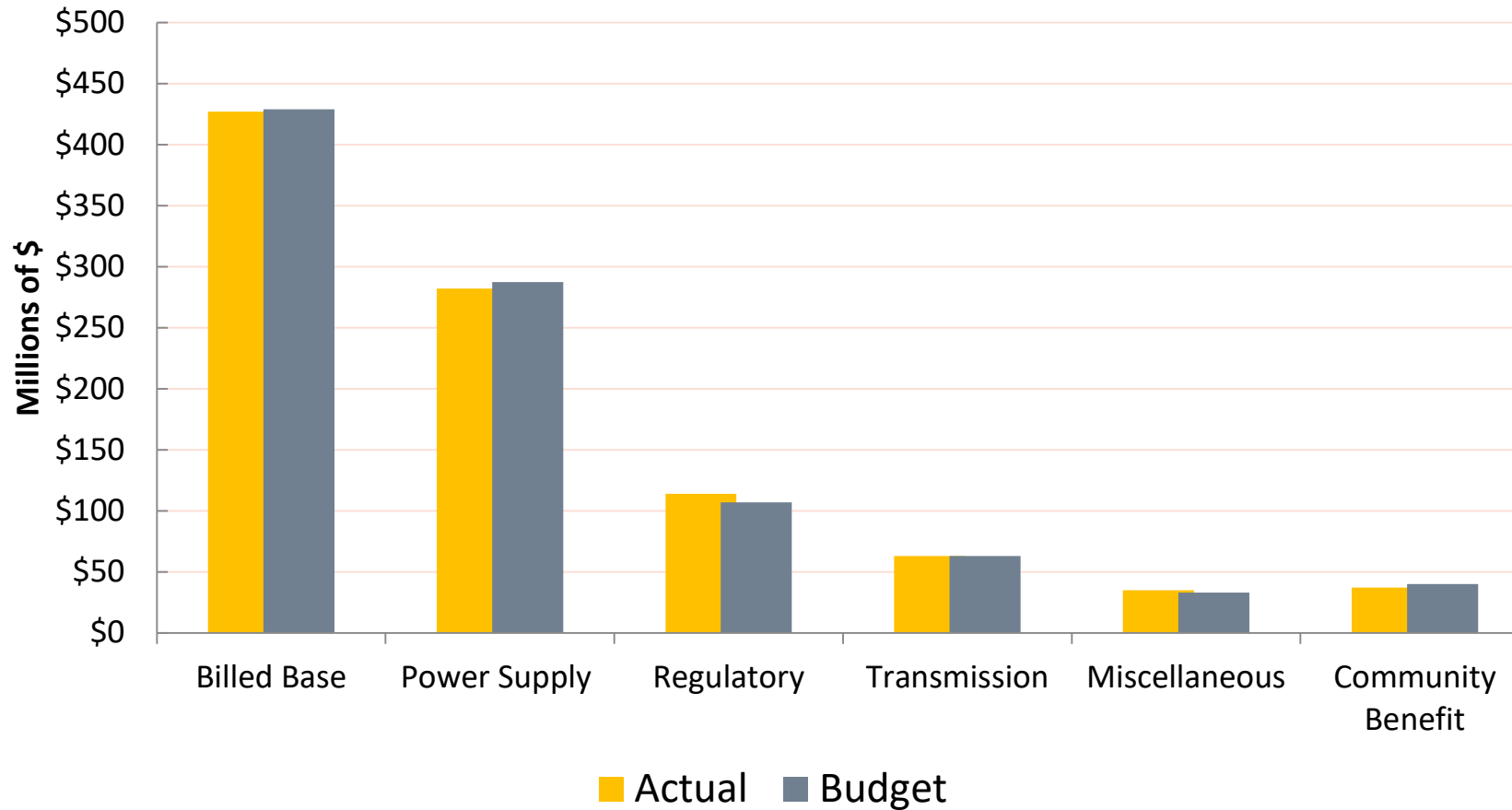
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Actual to Budget Analysis



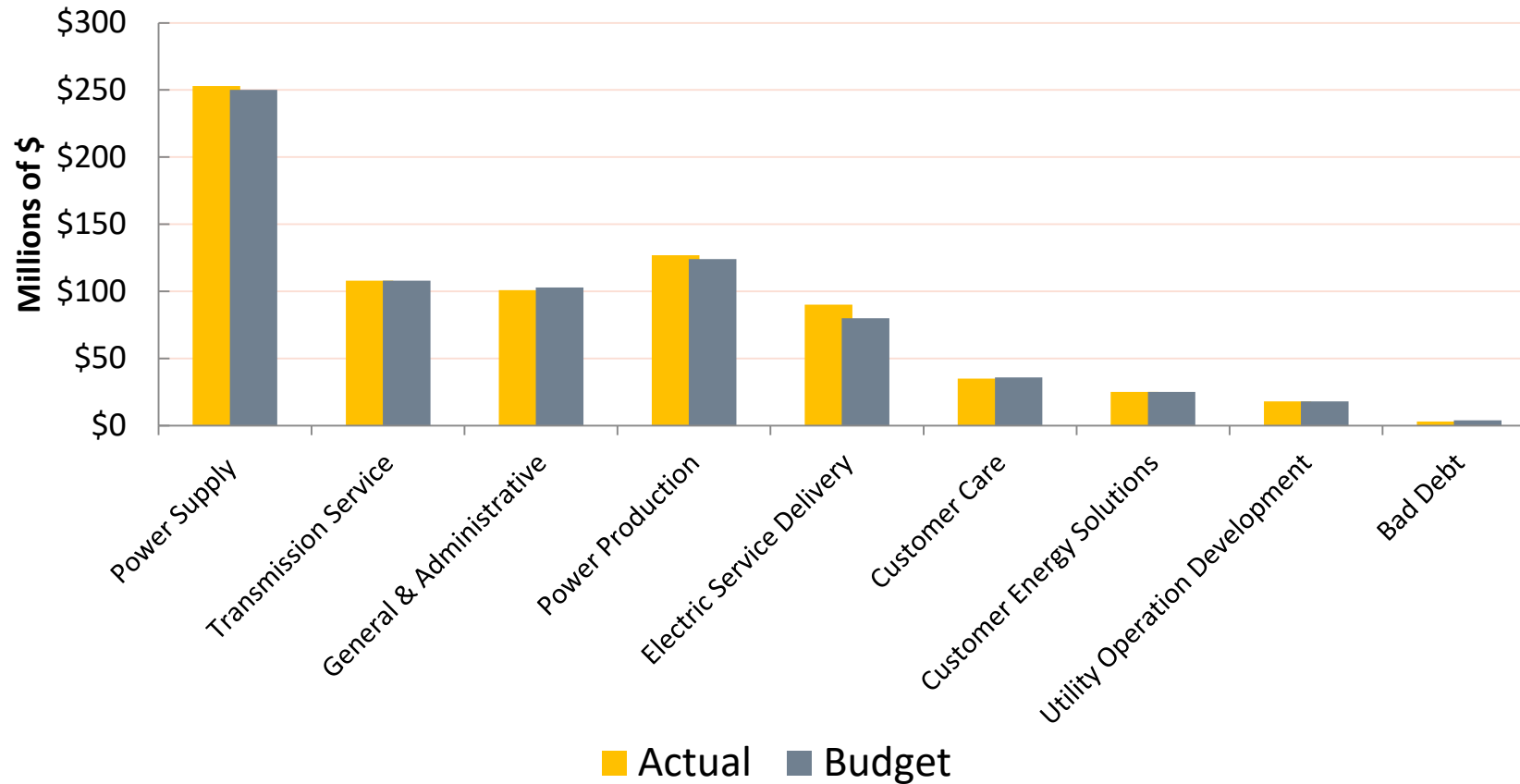
Actual to Budget Analysis

Budget Based Operating Revenues Fiscal Year Through June 30, 2020



Actual to Budget Analysis

Budget Based Operating Expenses Fiscal Year Through June 30, 2020



Actual to Budget Analysis

Budget Based Fund Summary

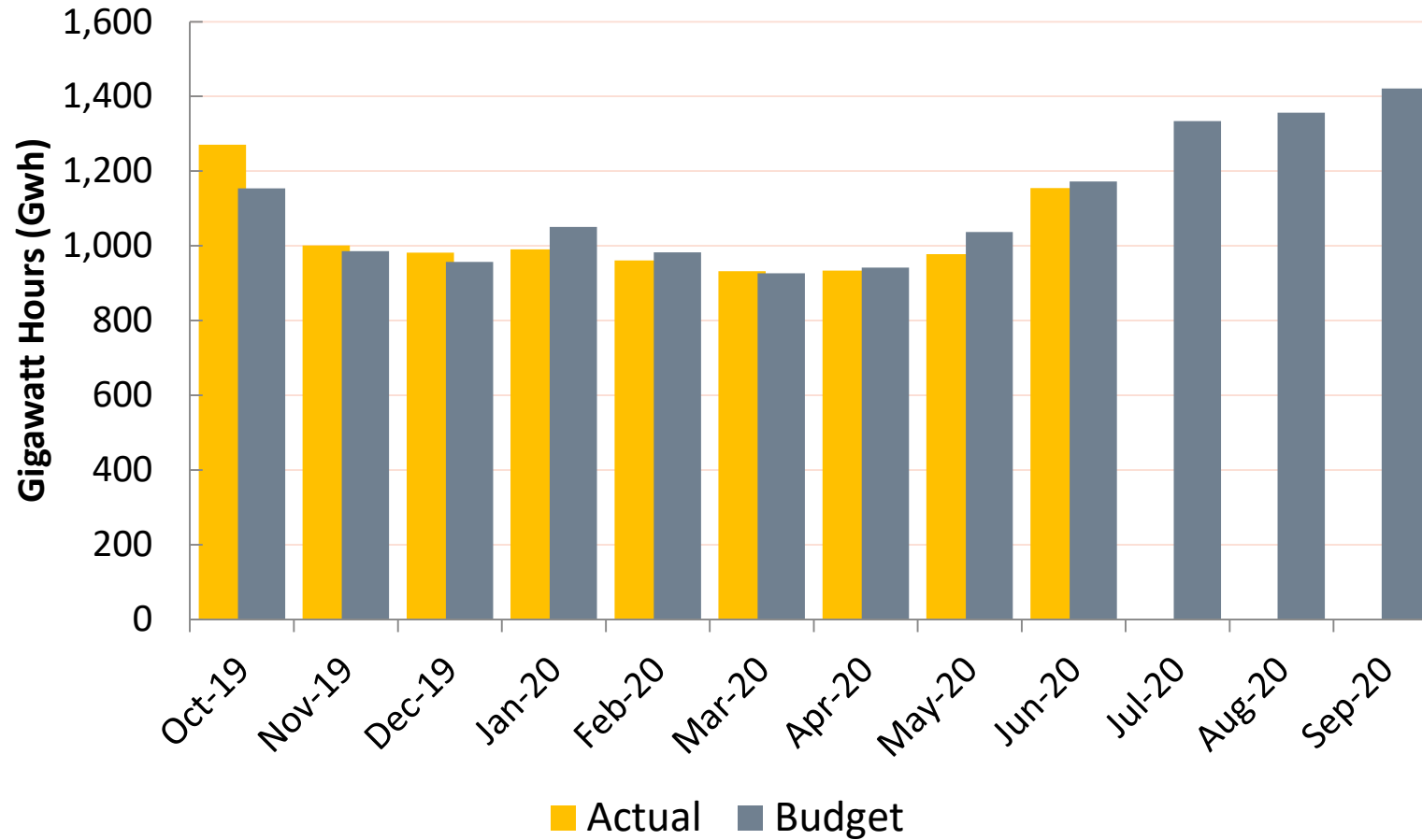
Fiscal Year Through June 30, 2020

Millions of \$			Variance to Budget		Variance to Prior Year		
	Actual	Budget	Favorable (Unfavorable)		Favorable (Unfavorable)		
			Amount	%	Prior Year Actual	Amount	%
Operating Revenues	\$958	\$959	(\$1)	0%	\$976	(\$18)	(2%)
Operating Expenses	760	750	(10)	(1%)	777	17	2%
Operating Income (Loss)	\$198	\$209	(\$11)	(5%)	\$199	(\$1)	(1%)
Interest Revenue	9	10	(1)	(12%)	12	(3)	(26%)
Debt Service	(98)	(98)	0	0%	(76)	(22)	(29%)
Income (Loss) Before Transfers	\$109	\$121	(\$12)	(10%)	\$135	(\$26)	(20%)
Administrative Support	(22)	(22)	0	0%	(22)	0	(2%)
General Fund	(83)	(83)	0	0%	(82)	(1)	(1%)
Economic Development	(7)	(7)	0	0%	(6)	(1)	(6%)
CTM Fund	(8)	(8)	0	0%	(7)	(1)	(12%)
Voluntary Utility Assistance Fund	(3)	(3)	0	0%	(1)	(2)	(416%)
Other City Transfers	(2)	(2)	0	0%	(2)	0	(51%)
Internal Transfers / CIP	(62)	(62)	0	0%	(90)	28	31%
Excess (Deficiency) of Revenues	(\$78)	(\$66)	(\$12)	(19%)	(\$75)	(\$3)	(6%)



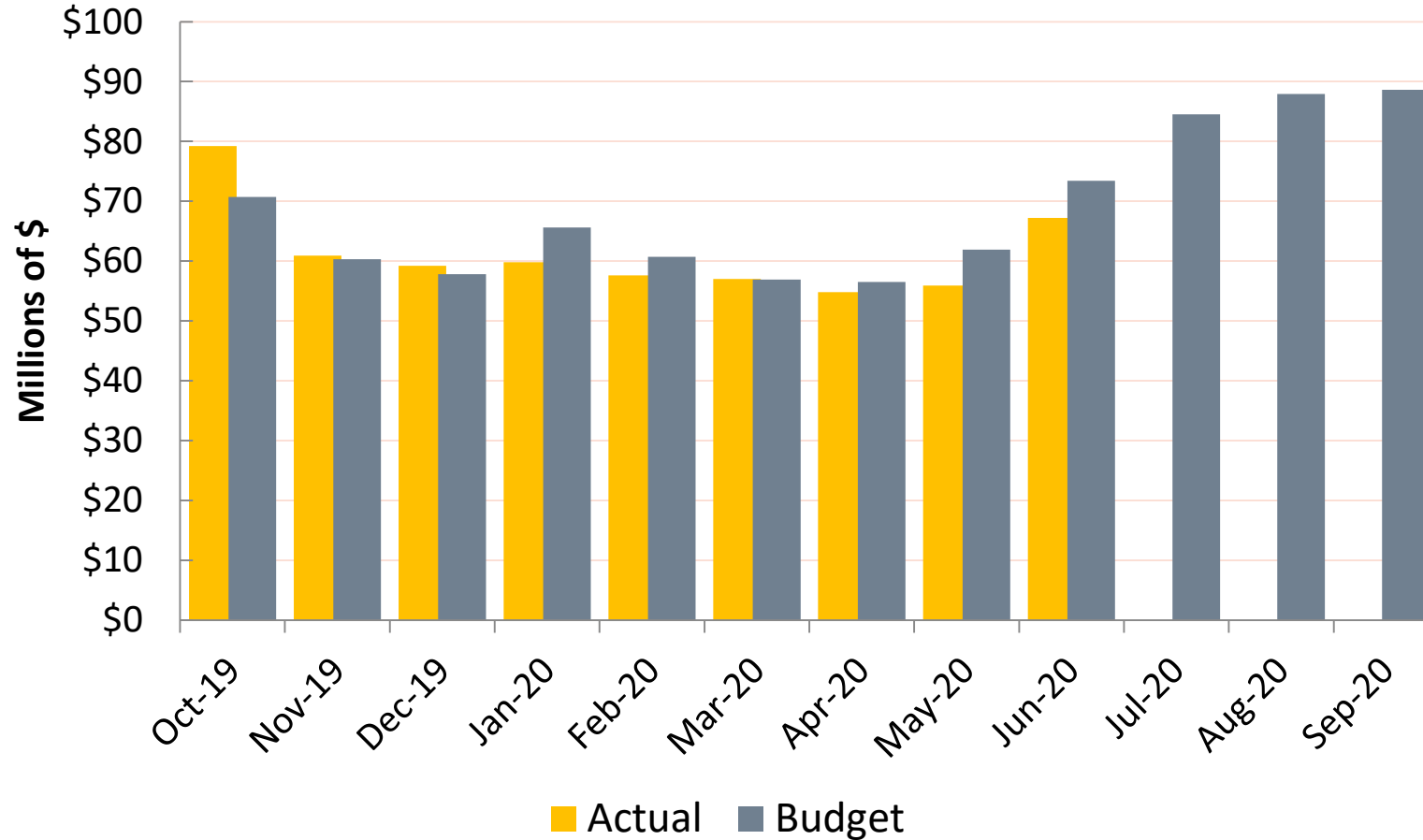
Actual to Budget Analysis

Actual to Budget Retail Energy Sales



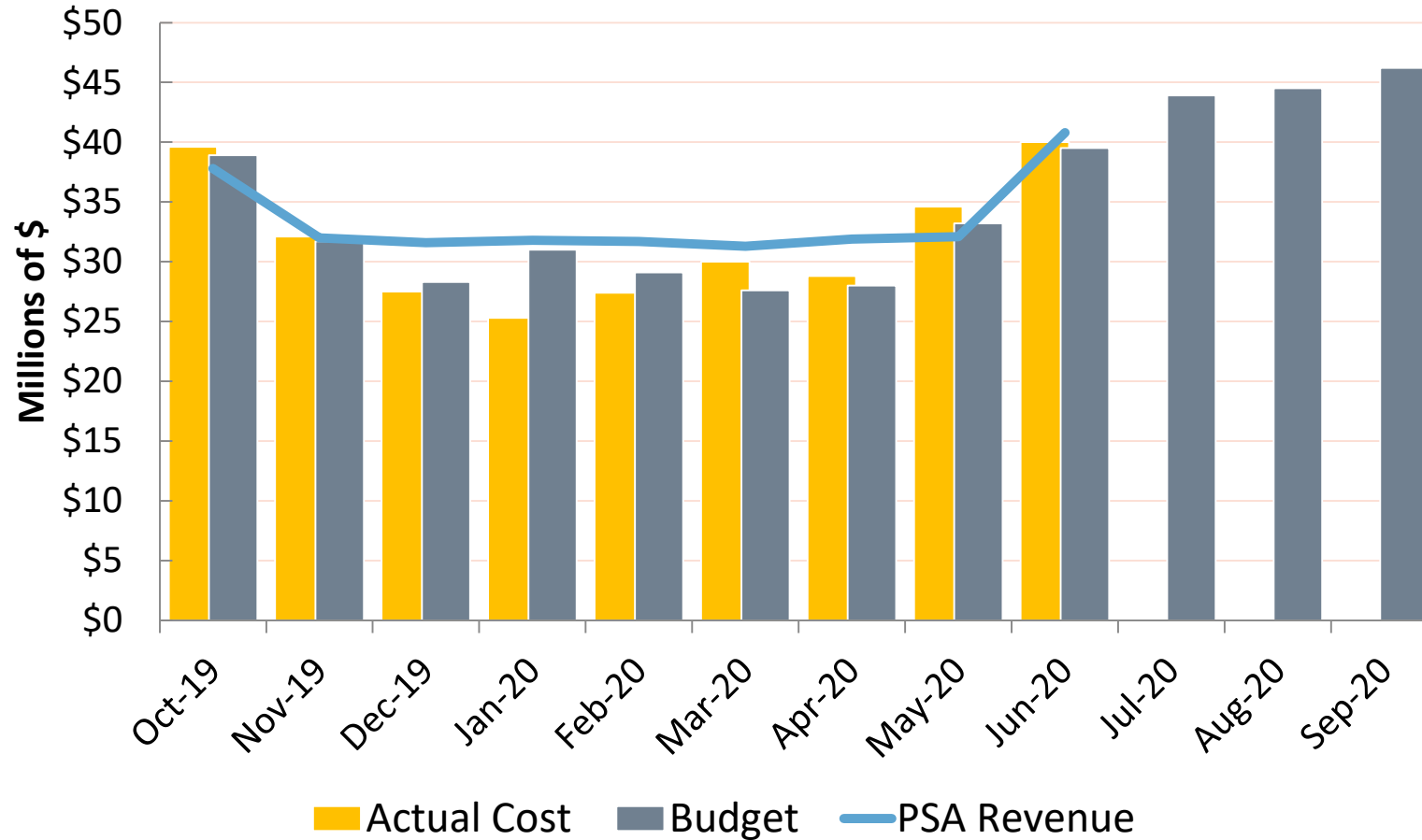
Actual to Budget Analysis

Actual to Budget Non-Power Supply Revenues



Actual to Budget Analysis

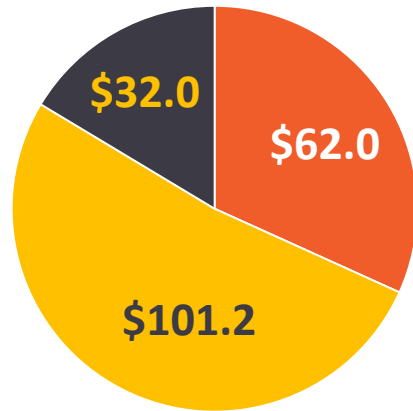
Actual to Budget Power Supply



Capital Improvement Plan Summary

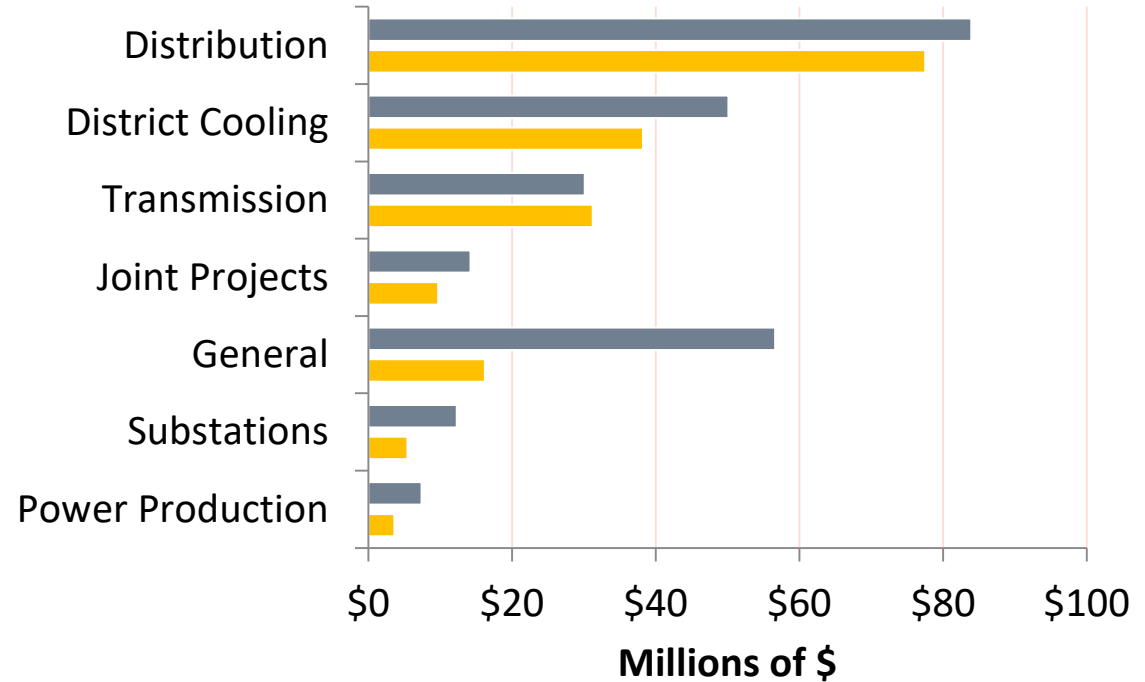
Fiscal Year Through June 30, 2020

Type of Financing



- Cash
- Debt
- Contributions in Aid of Construction

Type of Project

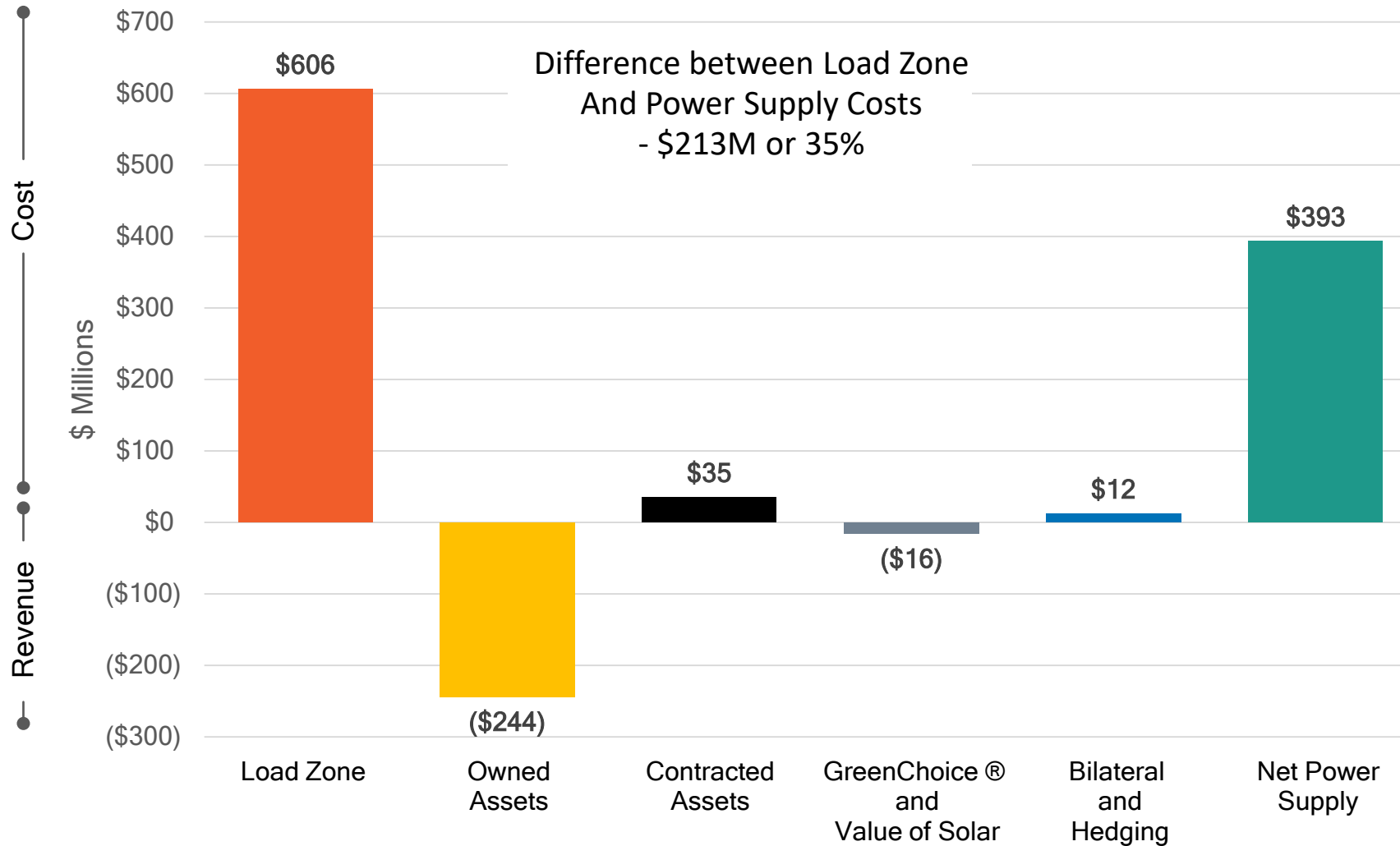


■ FY 2020 Spend Plan ■ Year-to-Date



Power Supply Adjustment Cost Components

Twelve Months Ending June 2020



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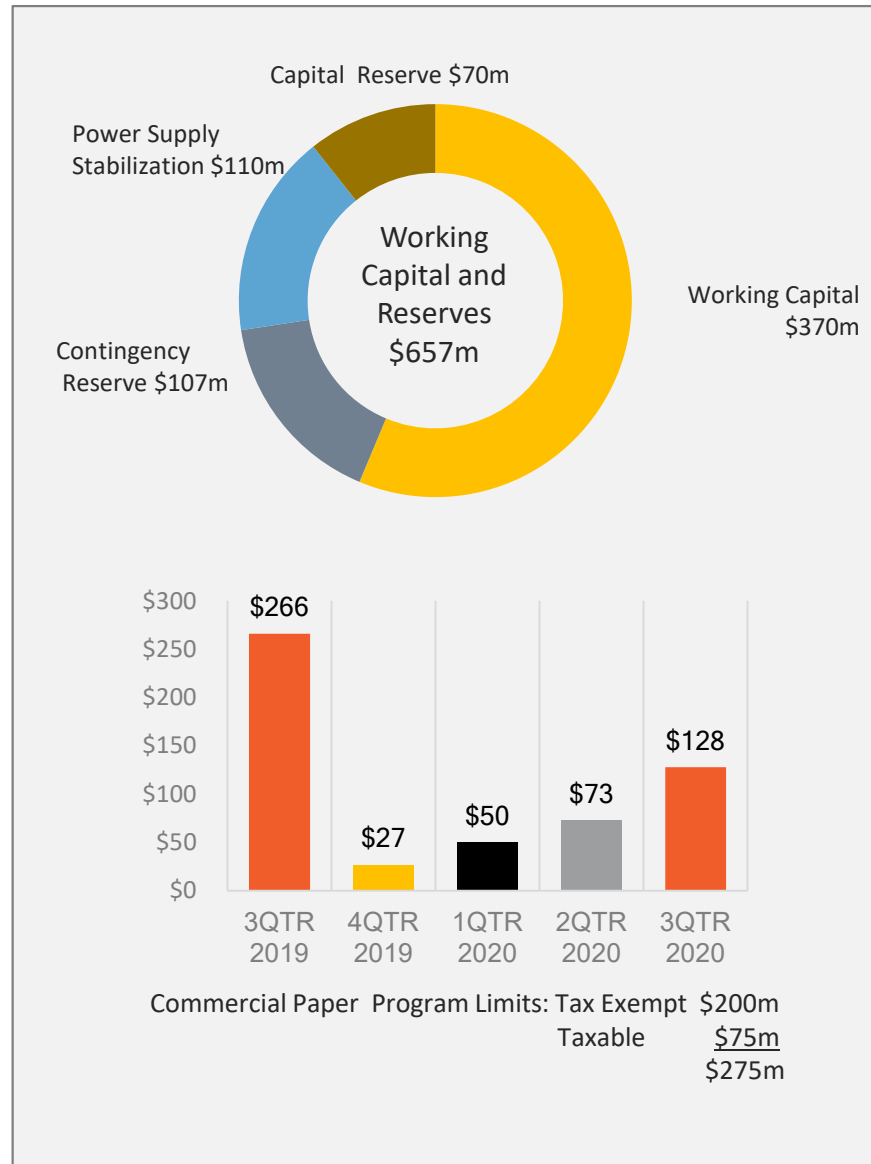
Financial Statements



Balance Sheet Snapshot

\$ in Millions

Assets	Jun 2019	Jun 2020
Cash	\$396	\$370
Current Assets ↑	287	336
Capital Assets	2,988	2,993
Long-Term Assets ↑	1,505	1,895
Total Assets	\$5,176	\$5,594
Liabilities and Fund Equity		
Current Liabilities	\$231	\$252
Long-term Liabilities ↑	2,681	3,011
Deferred Inflow of Resources	389	453
Retained Earnings	1,875	1,878
Total Liabilities & Fund Equity	\$5,176	\$5,594



GAAP Financial Summary

Comparative Statement of Net Position

\$ in Millions	6/30/2019	6/30/2020	Change
Cash	\$396	\$370	(\$26)
Accounts Receivable (net)	127	154	27
Power Supply Under-Recovery	0	5	5
Non-PSA Under-Recoveries	1	0	(1)
Debt Service	26	27	1
Contingency Reserve	104	107	3
Power Supply Stabilization Reserve	106	110	4
Capital Reserve	68	70	2
Nuclear Decommissioning Reserve	228	235	7
Other Restricted Assets	114	168	55
Other Assets	1,017	1,355	338
Capital Assets	2,988	2,993	5
Total Assets	\$5,175	\$5,594	\$419
Other Current Liabilities	144	163	19
Non-PSA Over-Recoveries	26	32	6
Revenue Bonds	1,683	1,912	229
Commercial Paper	266	128	(138)
Other Long-Term Liabilities	1,181	1,481	300
Retained Earnings	1,875	1,878	3
Total Liabilities and Fund Equity	\$5,175	\$5,594	\$419

Income Statement

\$ in Millions	12 Months Ending	
	06/30/2019	06/30/2020
Operating Revenues	\$941	\$968
Power Supply Revenues	464	461
Power Supply Expenses	459	412
Non-Power Supply Expenses	688	734
Depreciation Expense	173	249
Operating Income/(Loss)	\$85	\$34
Other Revenue (Expense)	\$51	\$78
General Fund Transfer	(110)	(111)
Net Income/(Loss)	\$26	\$1
Debt Service Coverage	3.5	2.3
Debt Equity Ratio	51%	52%

Average Number of Customers

493,320

505,362

Total Sales in Gigawatt Hours

9,083

9,206

FYTD 2019

FYTD 2020

FYTD 2019

FYTD 2020

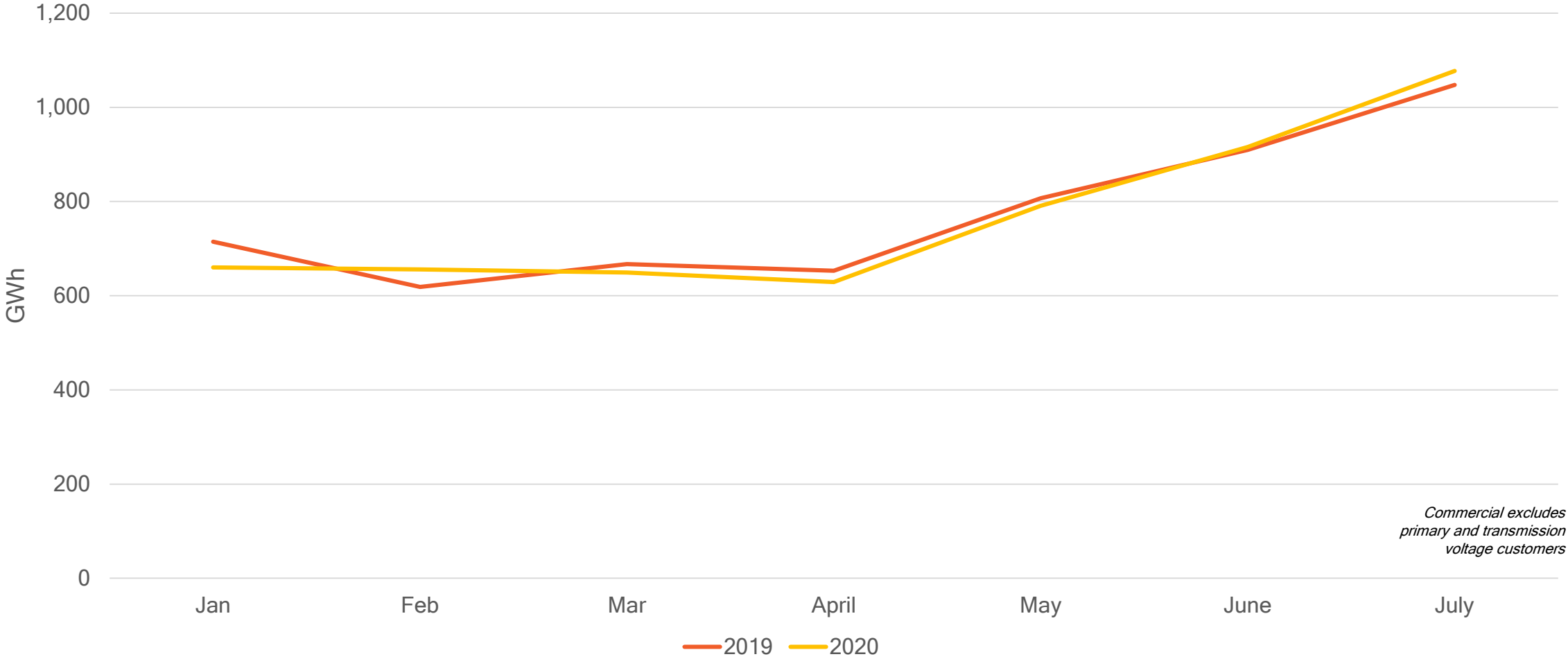


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COVID Impacts

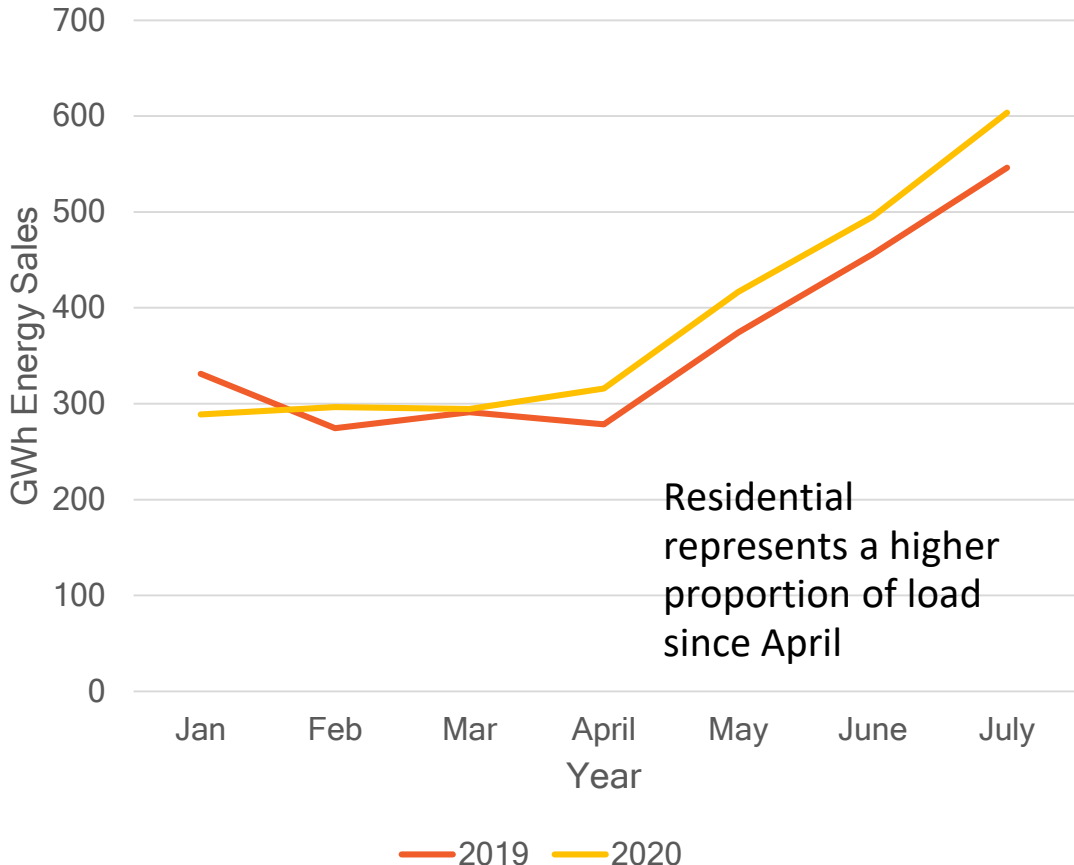


Secondary Voltage GWh Energy Sales

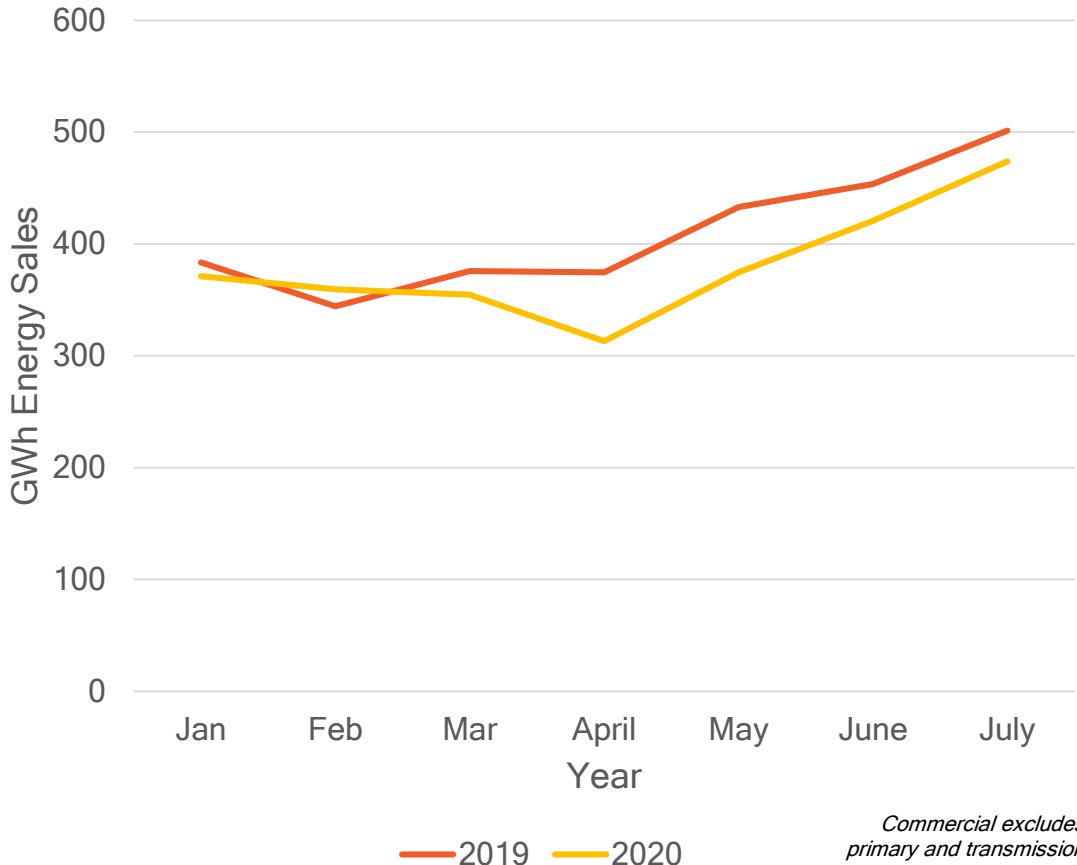


Secondary Voltage GWh Energy Sales

Residential

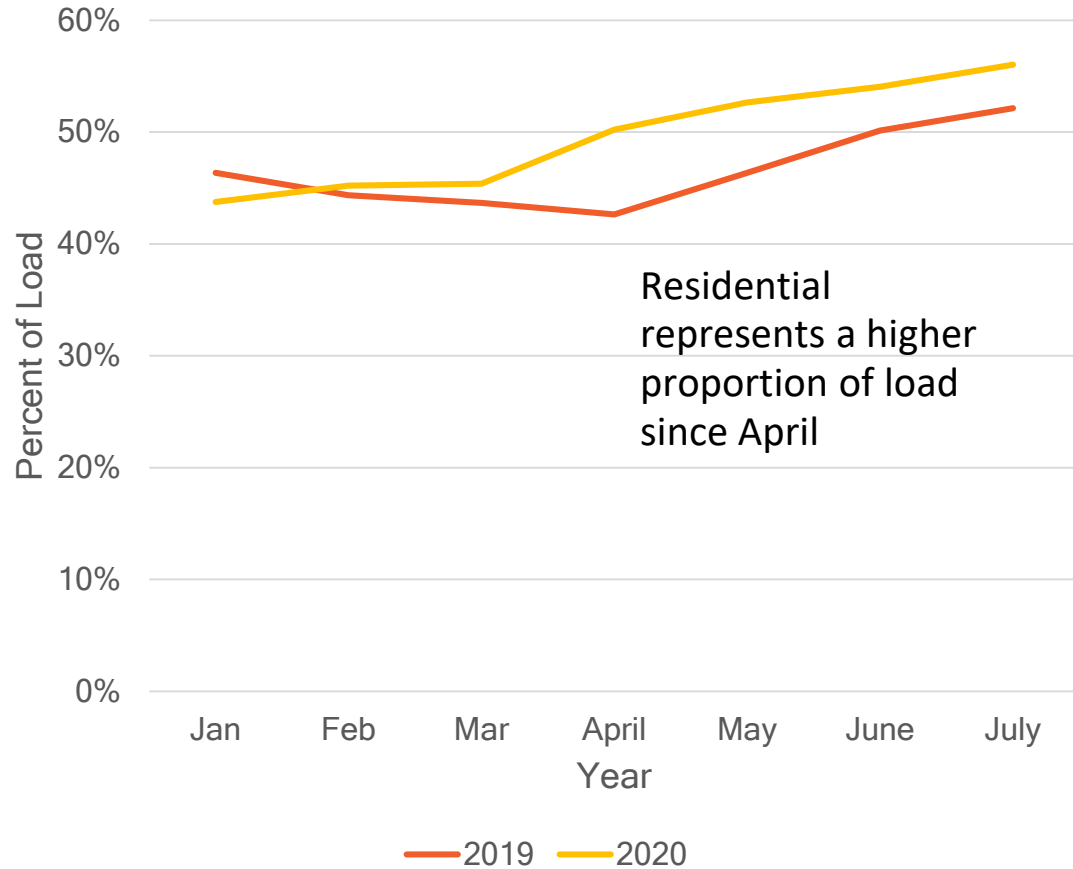


Commercial

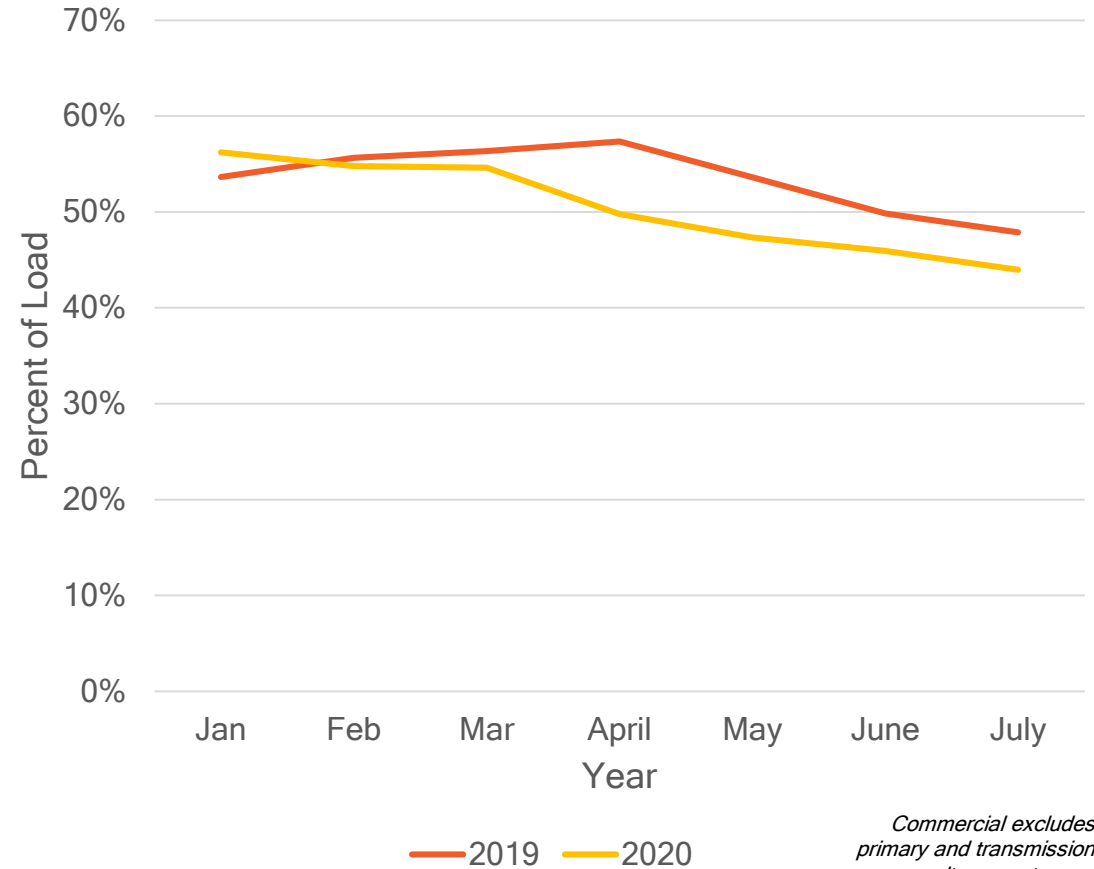


Secondary Voltage Load

Residential



Commercial



Commercial excludes primary and transmission voltage customers



COVID 19 Impacts

- Using secondary sales as a proxy, total energy sales are consistent with the prior year.
- Budget to actual energy sales and operating revenue are very close through the 3rd quarter.
- Residential energy sales are higher than prior year and backfill the reductions in commercial sales.
- Energy and load profiles are atypical to a normal year.





**Customer Driven.
Community Focused.**

