

Austin Energy Quarterly Financial Report

1st Quarter FY 2021 (October – December)

Mark Dombroski
Chief Financial Officer



February 10, 2021

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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. Contingency and Capital Reserve balances below minimums but total cash above minimum of \$457m.



Generally meeting financial metrics supporting AA credit rating (reaffirmed October 2020). Received credit upgrade from *Fitch Ratings* in May 2019.



\$ 319

Million
Revenues

Operating revenues at December are 1.4% under budget due to decreased usage.



\$280

Million
Expenses

Operating expenses are within 1.9% of budget primarily driven by timing of expenses in the first quarter.



Balance sheet is liquid and adequately capitalized. Cash decreased \$20m due to increased accounts receivable and lower sales.



Weather continues to be the major driver for energy consumption. The COVID pandemic has shifted consumption and demand for both residential and commercial customers.

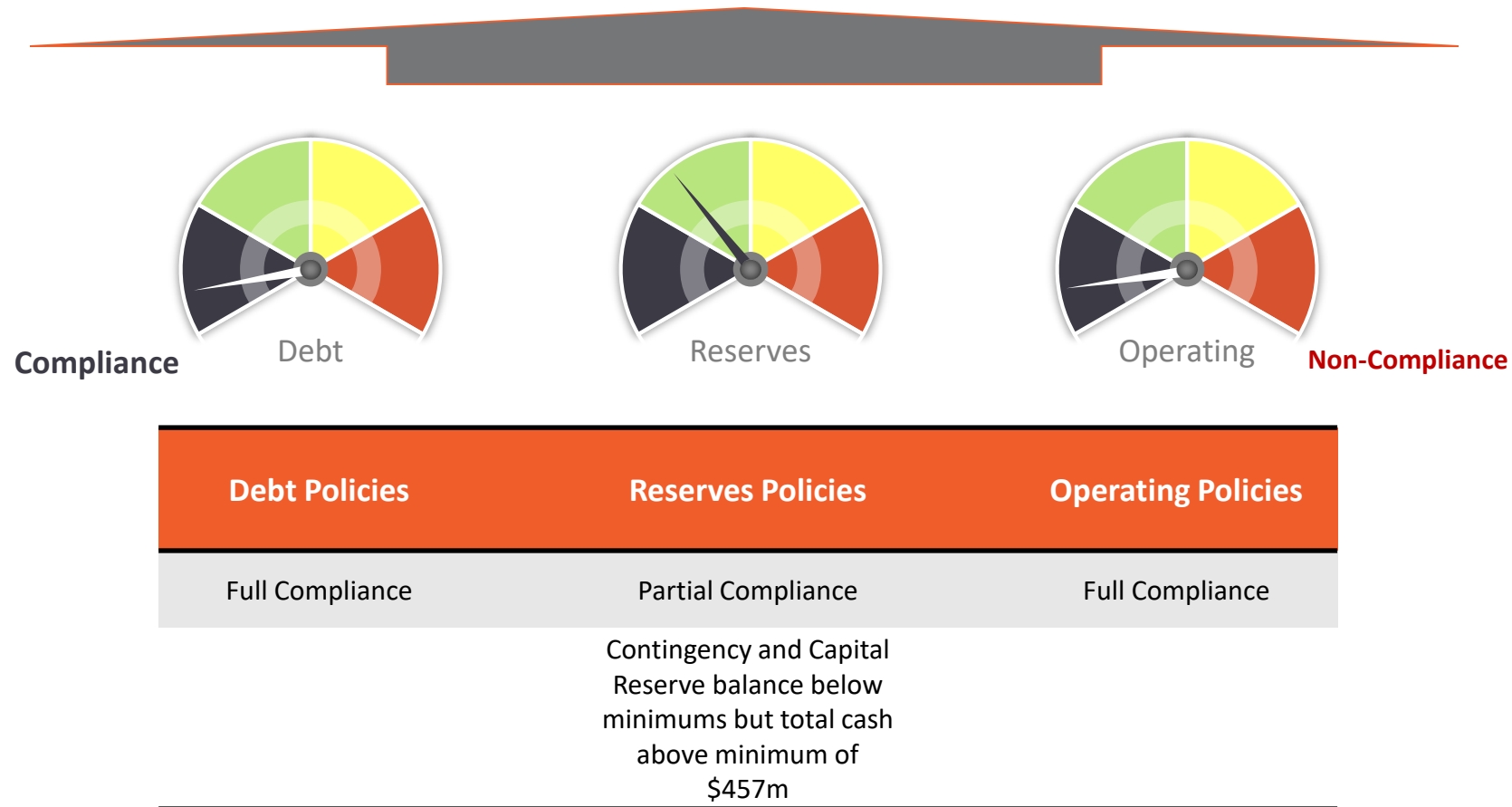


Austin Energy Quarterly Financial Report

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 2018



Days Cash on Hand	Debt Service Coverage Ratio	Operating Margins	Debt to Capitalization
Minimum > 150 Days	Minimum > 2.0	Minimum >	Minimum < 50%
Actual 223 Days	Actual 2.0	Actual -4%	Actual 53%
Excludes General Fund Transfer			



Austin Energy's Affordability Goal has Two Metrics



Affordability Metric	Competitiveness Metric
Full Compliance Since 2013	Full Compliance Since 2019
Maintain system average rates at or below 2% annual compound growth rate that began October 2012.	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.



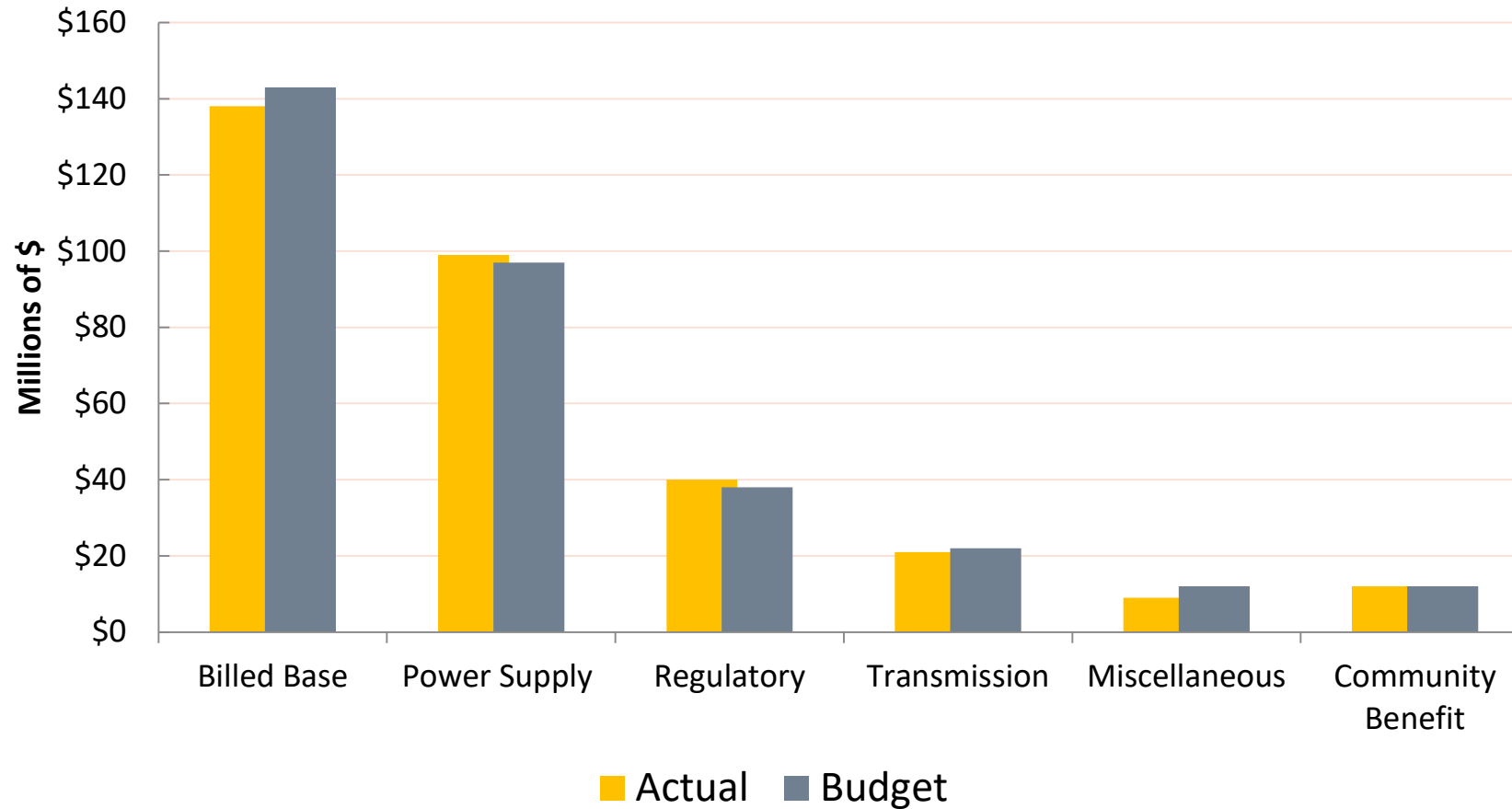
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Actual to Budget Analysis



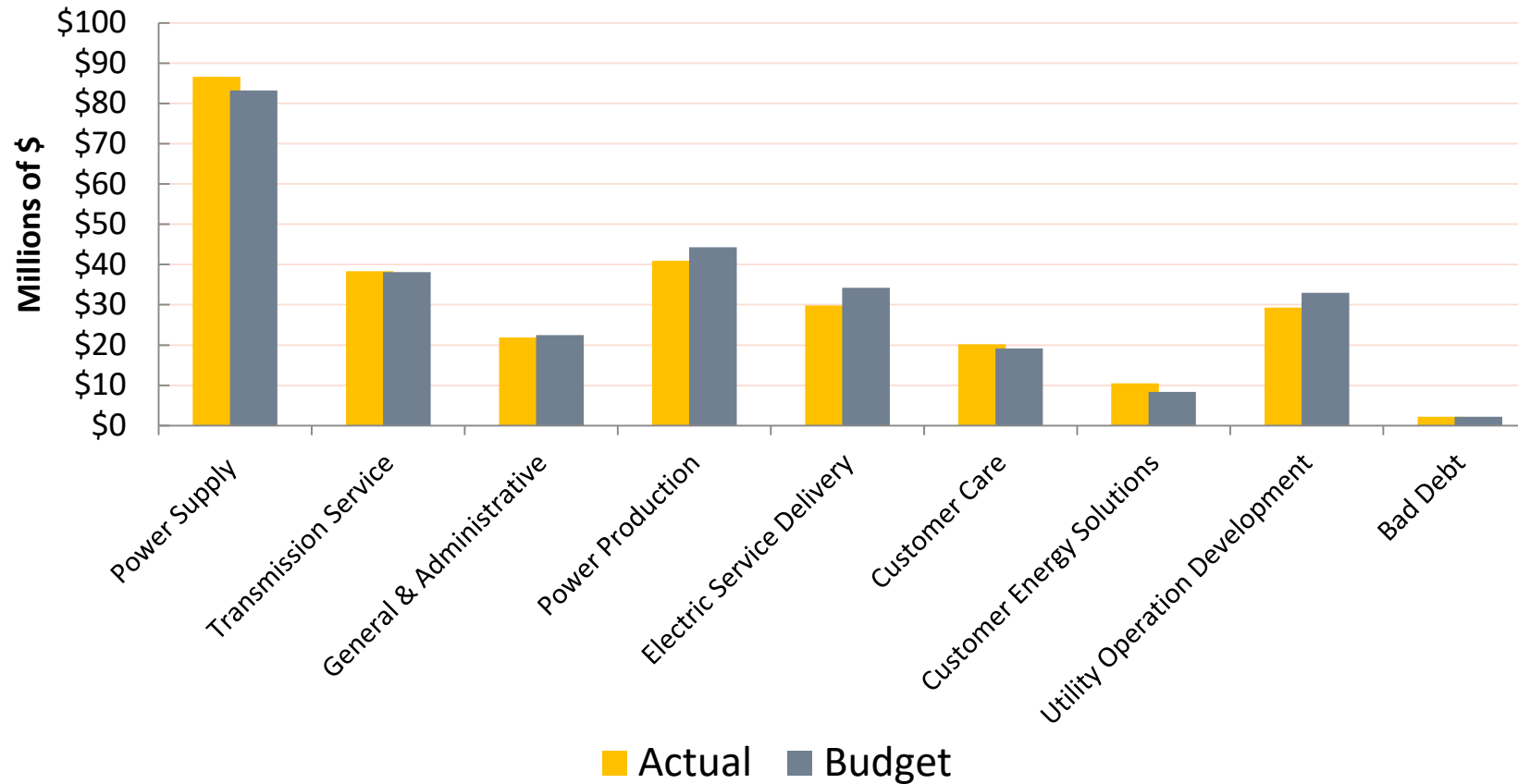
Actual to Budget Analysis

Budget Based Operating Revenues Fiscal Year Through December 31, 2020



Actual to Budget Analysis

Budget Based Operating Expenses Fiscal Year Through December 31, 2020



Actual to Budget Analysis

Budget Based Fund Summary

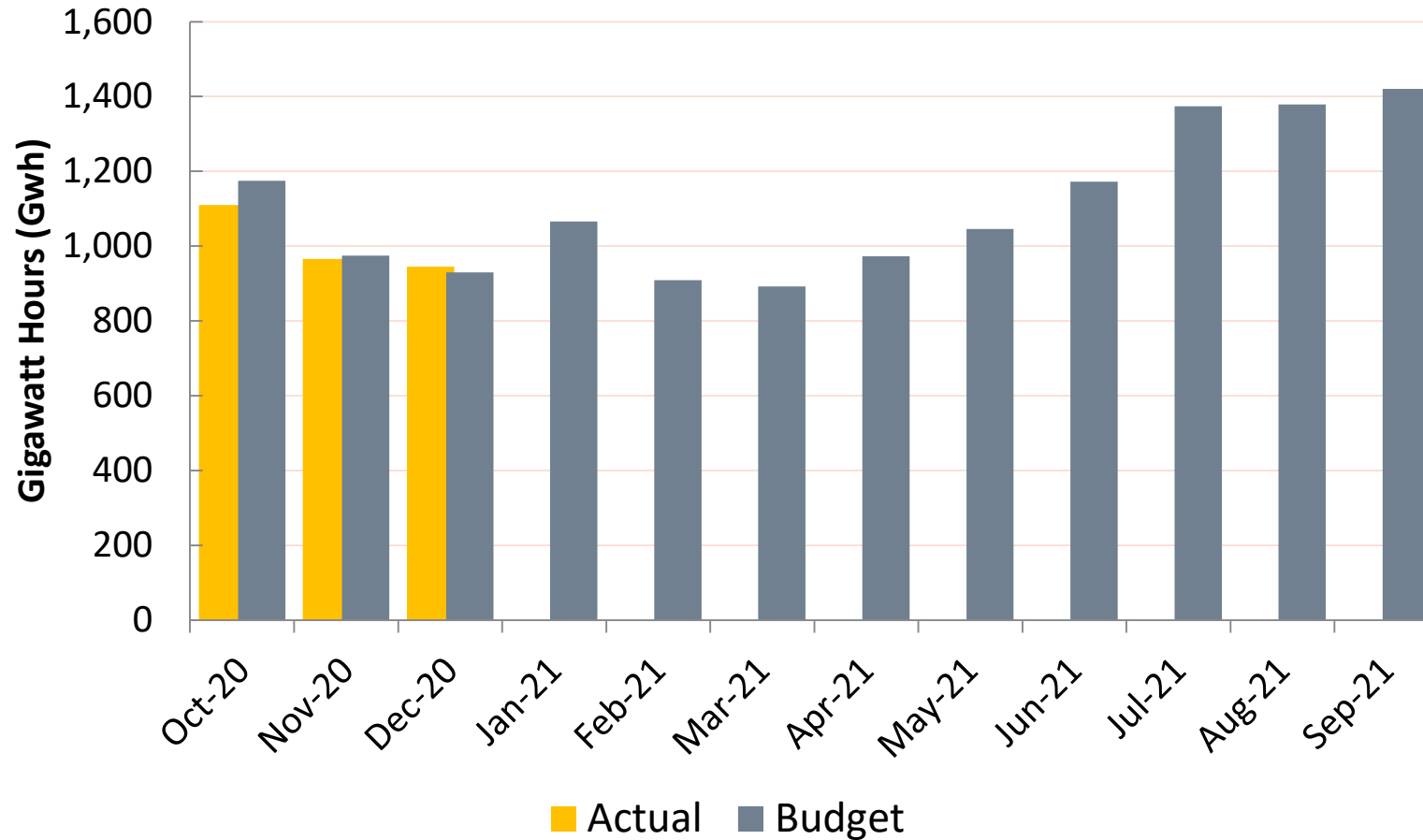
Fiscal Year Through December 31, 2020

Millions of \$	Variance to Budget				Variance to Prior Year		
	Actual	Budget	Favorable (Unfavorable)		Prior Year Actual	Favorable (Unfavorable)	
			Amount	%		Amount	%
Operating Revenues	\$319	\$324	(\$5)	(1%)	\$328	(\$9)	(3%)
Operating Expenses	280	285	5	2%	284	(\$4)	(2%)
Operating Income (Loss)	\$39	\$39	\$0	2%	\$44	(\$5)	(11%)
Interest Revenue	1	2	(\$1)	(59%)	4	(\$3)	(76%)
Debt Service	(39)	(39)	\$0	0%	(37)	(\$2)	(5%)
Income (Loss) Before Transfers	\$1	\$2	(\$1)	(37%)	\$11	(\$10)	(91%)
Administrative Support	(8)	(8)	\$0	0%	(7)	(\$1)	(6%)
General Fund	(29)	(29)	\$0	0%	(28)	(\$1)	(3%)
Economic Development	(2)	(2)	\$0	0%	(2)	\$0	(7%)
CTM Fund	(3)	(3)	\$0	0%	(3)	\$0	(18%)
Voluntary Utility Assistance Fund	0	0	\$0	0%	0	\$0	(0%)
Other City Transfers	(1)	(1)	\$0	0%	(1)	\$0	(31%)
Internal Transfers / CIP	(15)	(15)	\$0	0%	(25)	\$10	(39%)
Excess (Deficiency) of Revenues	(\$57)	(\$56)	(\$1)	(1%)	(\$55)	(\$2)	(2%)



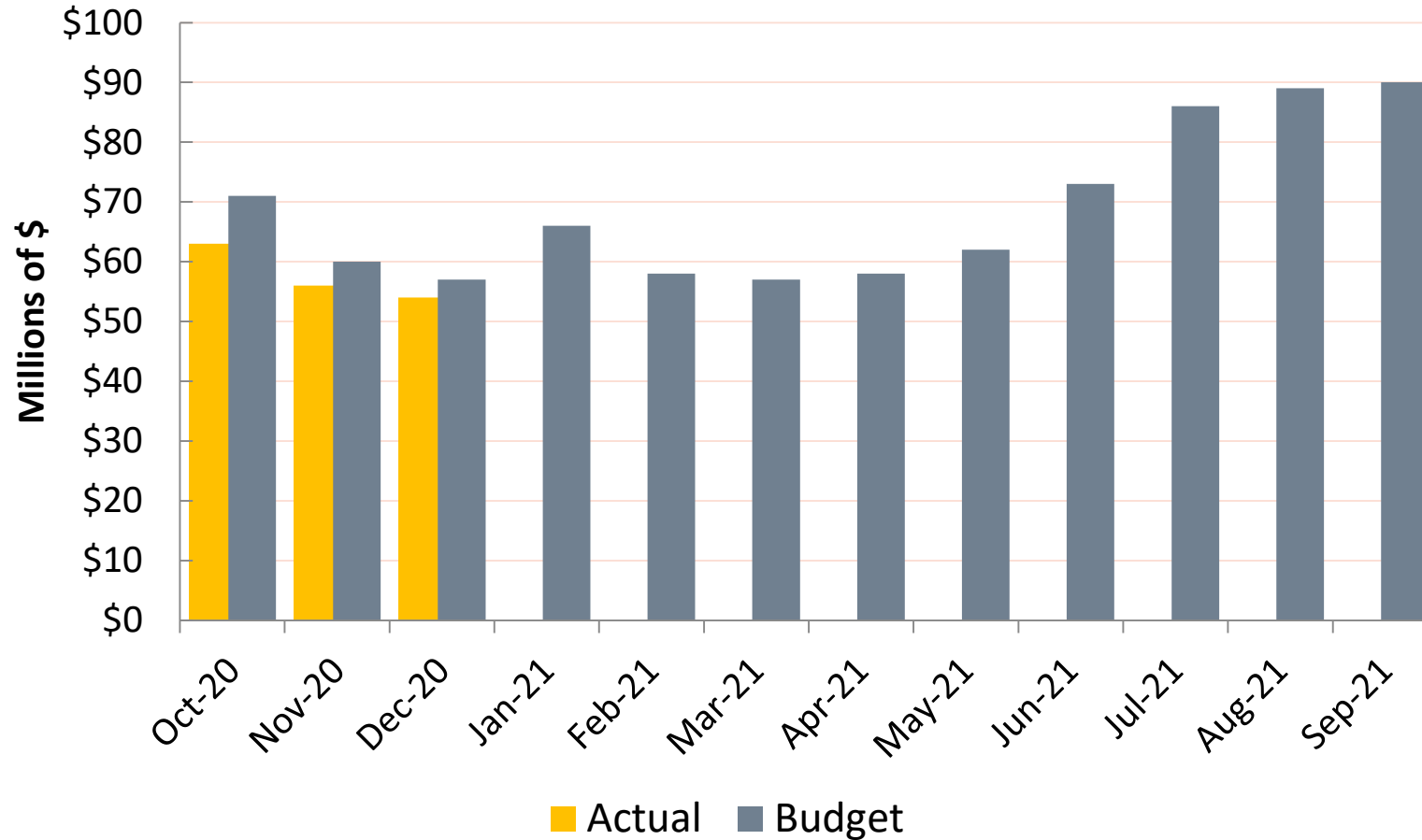
Actual to Budget Analysis

Actual to Budget Retail Energy Sales

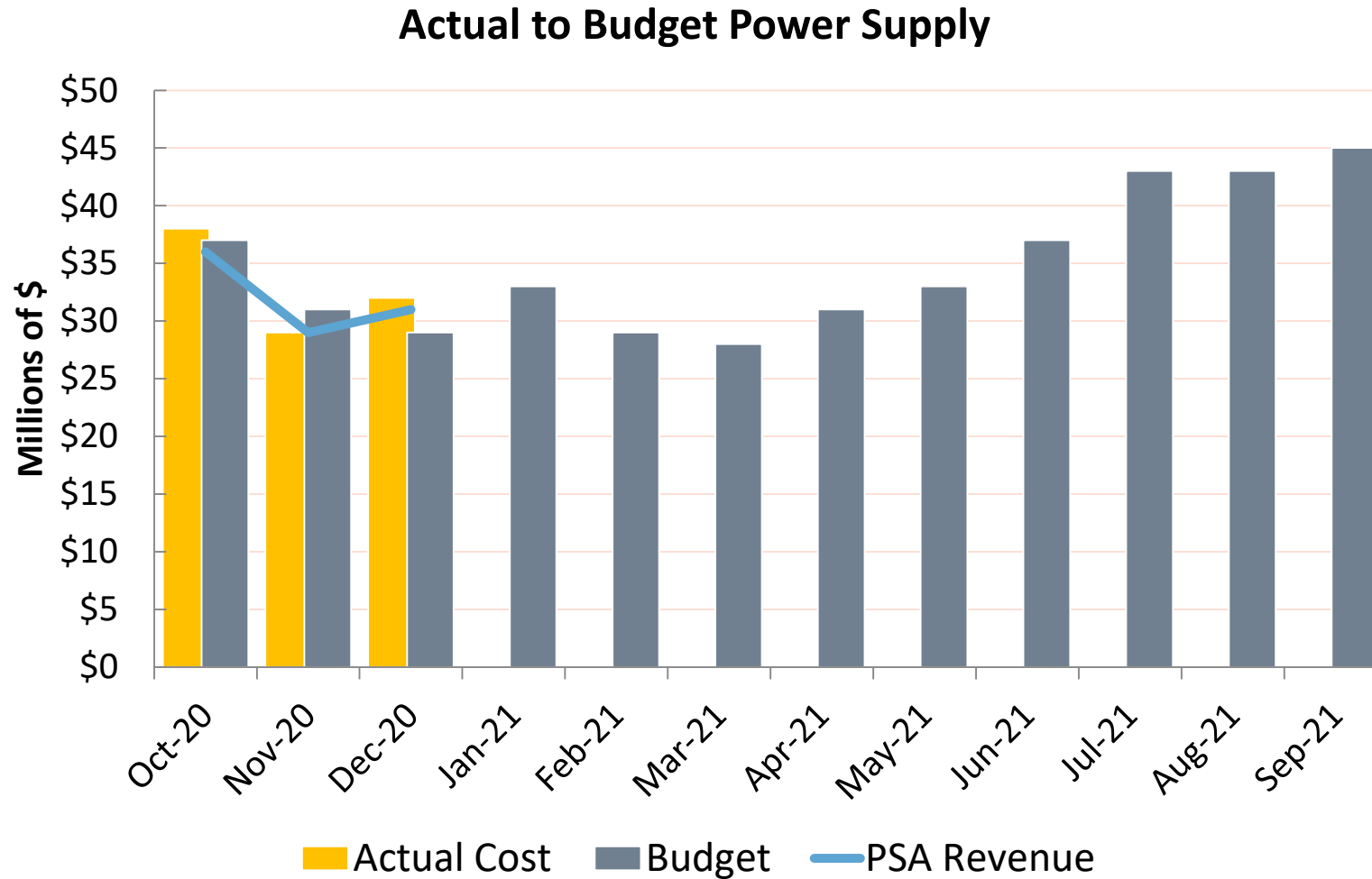


Actual to Budget Analysis

Actual to Budget Non-Power Supply Revenues



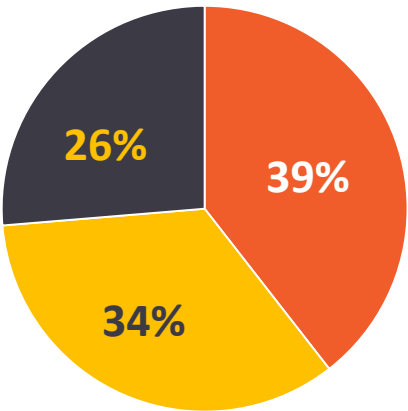
Actual to Budget Analysis



Capital Improvement Plan Summary

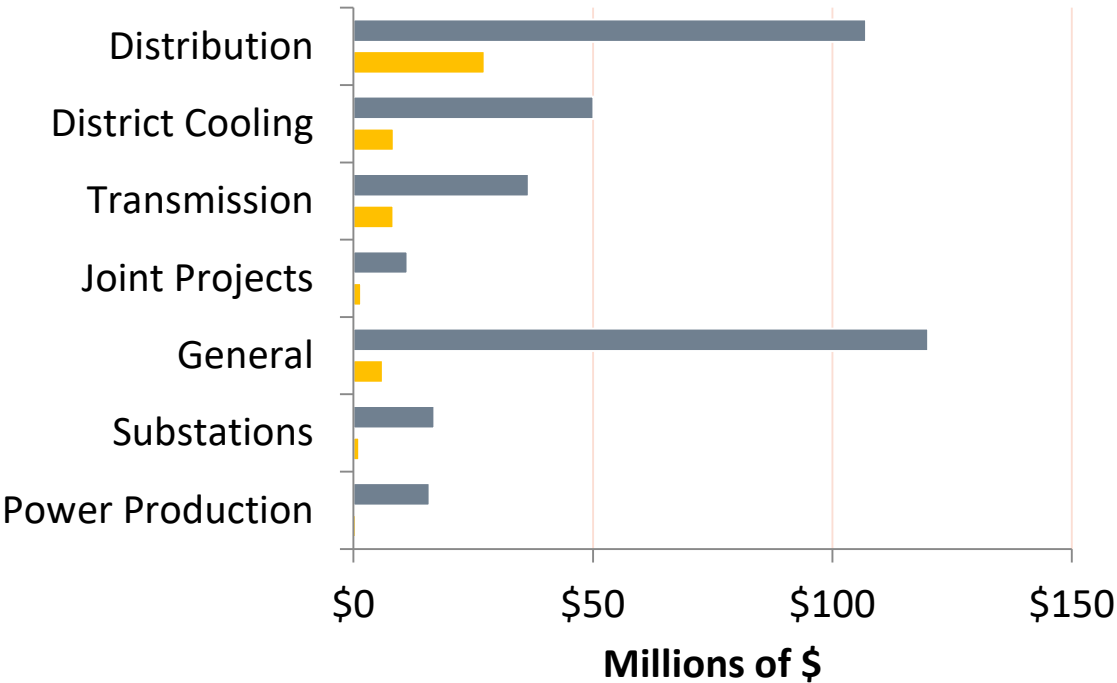
Fiscal Year Through December 31, 2020

Type of Financing



- Cash
- Debt
- Contributions in Aid of Construction

Type of Project

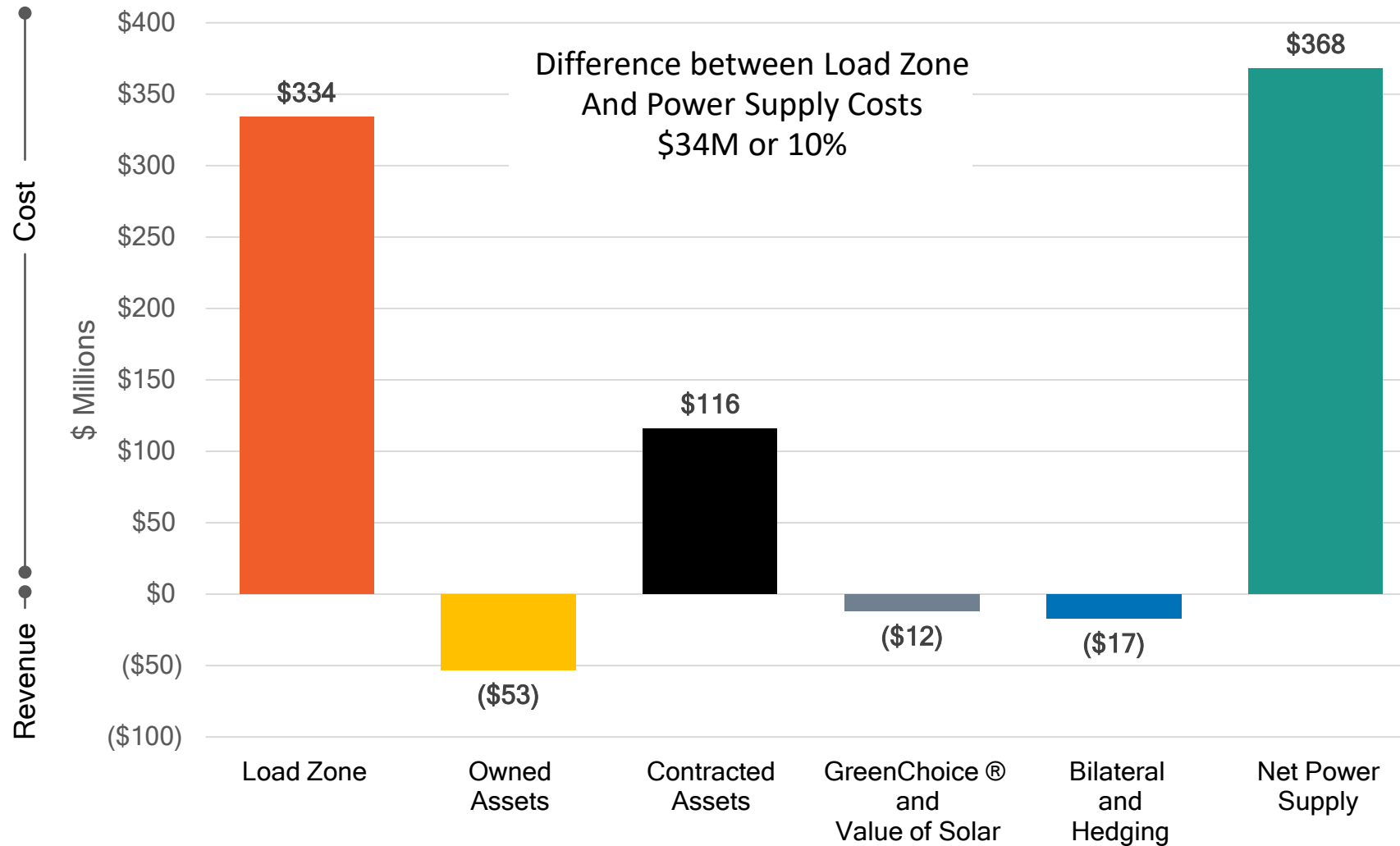


■ FY 2021 Spend Plan ■ Year-to-Date



Power Supply Adjustment Cost Components

Twelve Months Ending December 2020



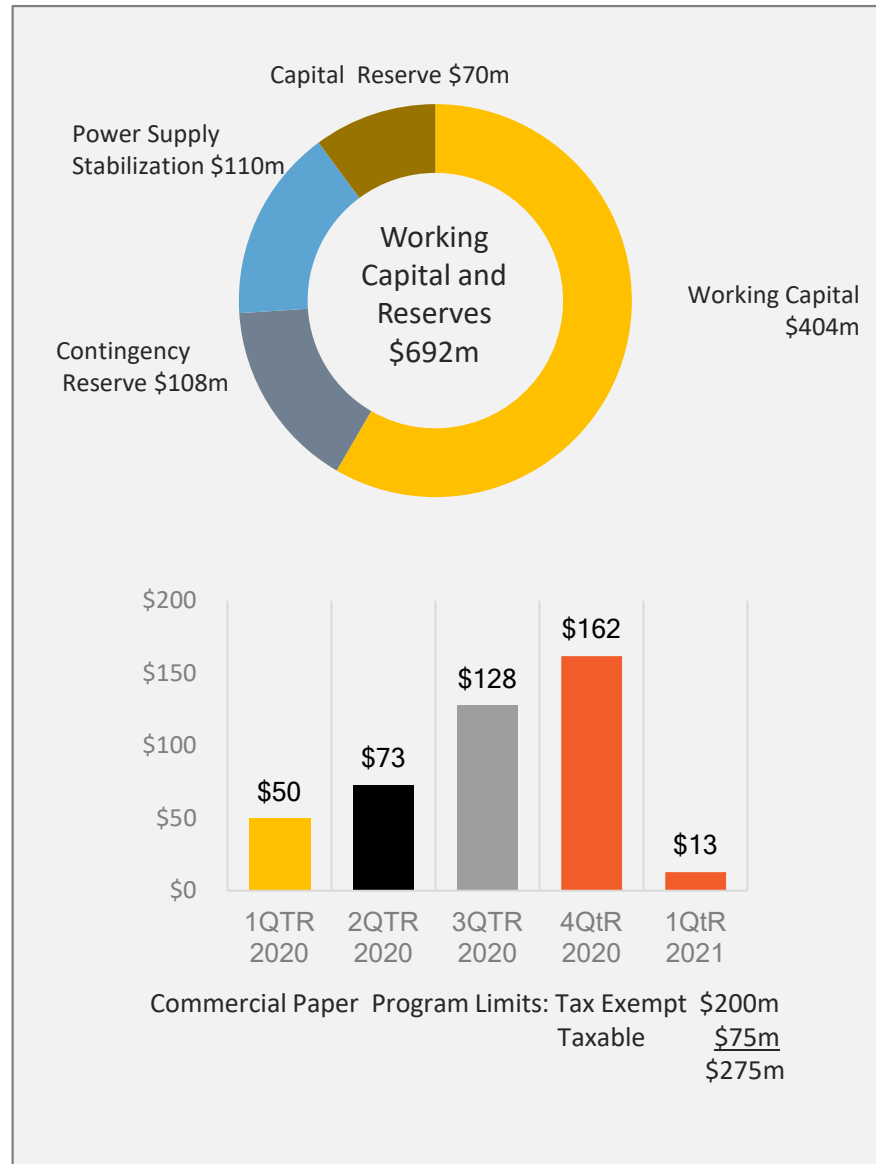
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Financial Statements



Balance Sheet Snapshot

\$ in Millions		
Assets	Dec 2019	Dec 2020
Cash	\$424	\$404
Current Assets	282	279
Capital Assets	2,973	2,941
Long-Term Assets	1,835	2,153
Total Assets	\$5,514	\$5,777
Liabilities and Fund Equity		
Current Liabilities	\$211	\$231
Long-term Liabilities	2,950	3,206
Deferred Inflow of Resources	453	488
Retained Earnings	1,900	1,852
Total Liabilities & Fund Equity	\$5,514	\$5,777



GAAP Financial Summary

Comparative Statement of Net Position

\$ in Millions	12/31/2019	12/31/2020	Change
Cash	\$424	\$404	(\$20)
Accounts Receivable (net)	112	118	6
Power Supply Under-Recovery	19	0	(19)
Non-PSA Under-Recoveries	0	2	2
Debt Service	11	12	1
Contingency Reserve	106	108	2
Power Supply Stabilization Reserve	109	110	1
Capital Reserve	70	70	-
Nuclear Decommissioning Reserve	231	237	6
Other Restricted Assets	161	229	68
Other Assets	1,298	1,546	248
Capital Assets	2,973	2,941	(32)
Total Assets	5,514	5,777	263
Other Current Liabilities	123	141	18
Power Supply Over-Recovery	0	3	3
Non-PSA Over-Recoveries	46	19	(27)
Revenue Bonds	1,924	2,086	162
Commercial Paper	50	13	(37)
Other Long-Term Liabilities	1,471	1,663	192
Retained Earnings	1,900	1,852	(48)
Total Liabilities and Fund Equity	5,514	5,777	263

Income Statement

\$ in Millions	12 Months Ending	
	12/31/2019	12/31/2020
Operating Revenues	\$966	\$943
Power Supply Revenues	489	422
Power Supply Expenses	449	368
Non-Power Supply Expenses	687	767
Depreciation Expense	234	284
Operating Income/(Loss)	\$85	(\$54)
Other Revenue (Expense)	\$41	\$118
General Fund Transfer	(110)	(112)
Net Income/(Loss)	\$16	(\$48)
Debt Service Coverage	2.8	2.0
Debt Capital Ratio	51%	53%

Average Number of Customers

502,781 513,860

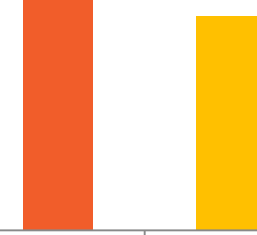


FYTD 2020

FYTD 2021

Total Sales in Gigawatt Hours

3,255 3,022



FYTD 2020

FYTD 2021



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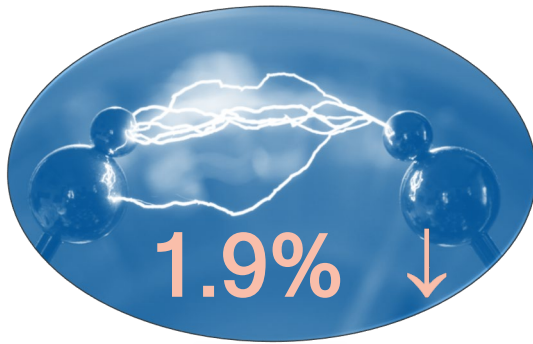
Market and Industry Analysis



Annual Change in Customers and Consumption

Change in Consumption

During FY 2020, the amount of electricity consumed slightly decreased by 1.9% MWh from prior year due to COVID related shifts in usage.

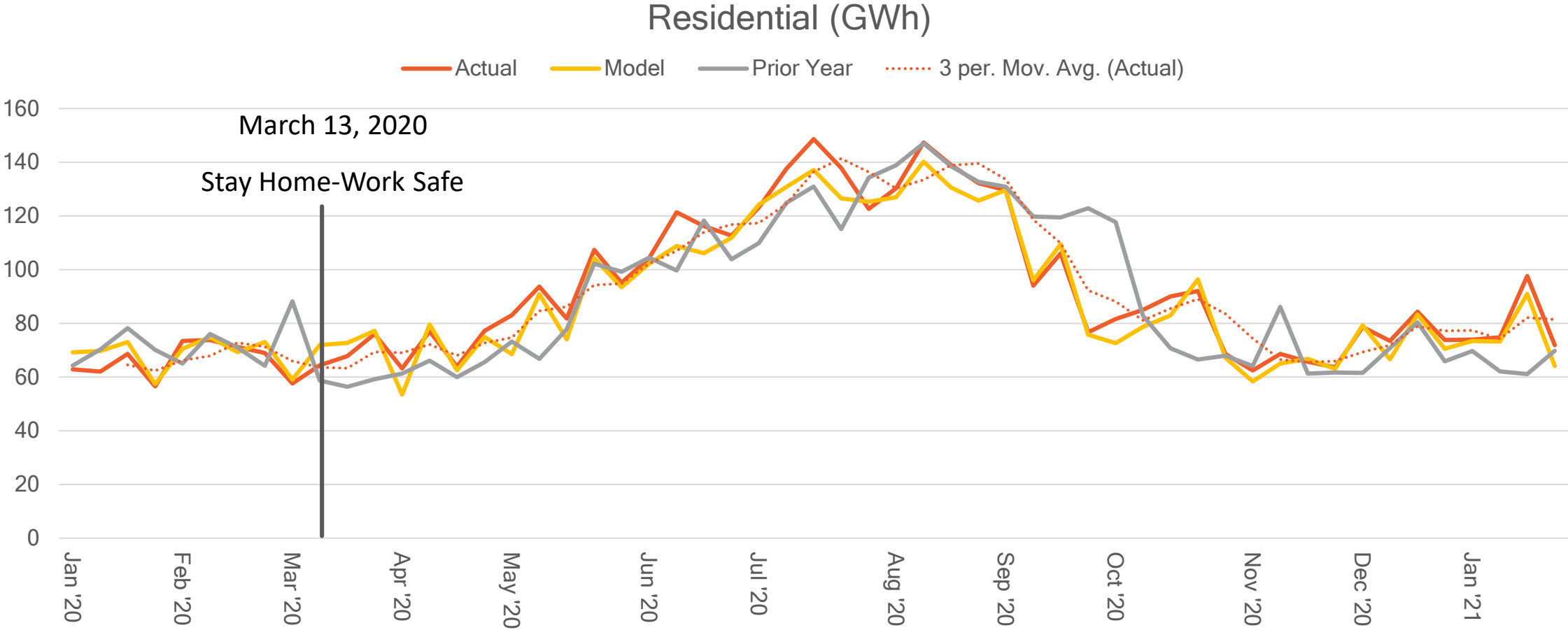


Growth in Customers

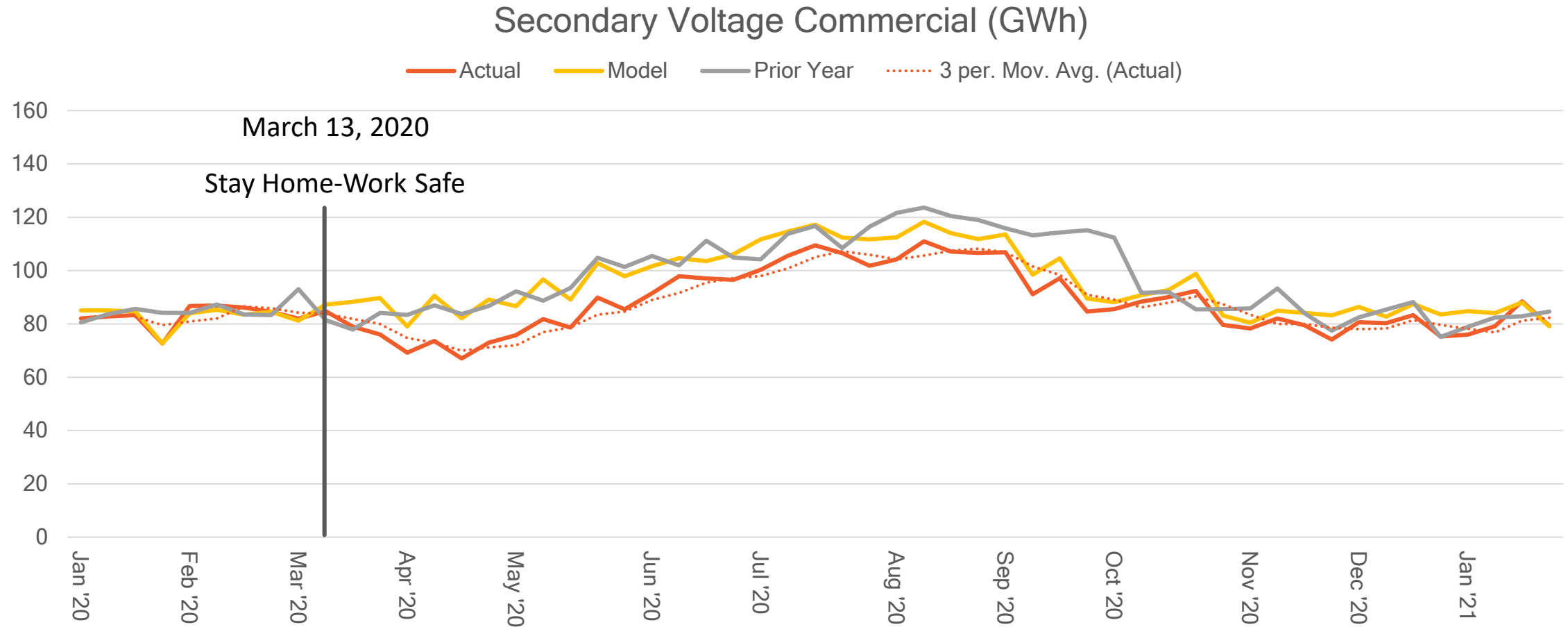
During FY 2020, the number of customers increased by 2.3%, from 496,258 to 507,660. New residential customers account for 95% of the growth in customer count.



Residential Weekly Consumption Patterns



Commercial Weekly Consumption Patterns





**Customer Driven.
Community Focused.**



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