

# Austin Energy Quarterly Financial Report

1<sup>st</sup> Quarter FY 2021 (October – December)

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Chief Financial Officer



February 8, 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:

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# 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.

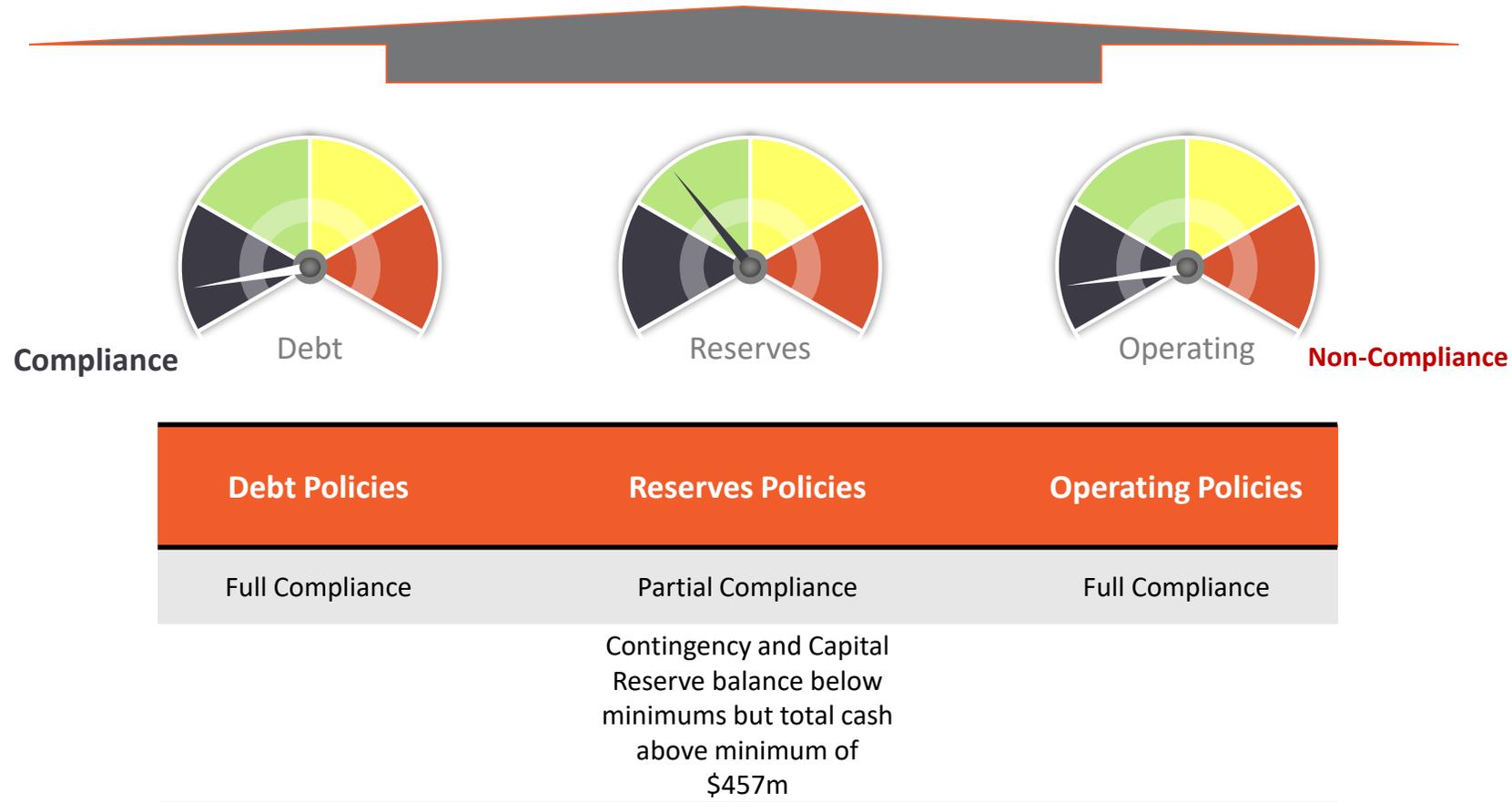


# Austin Energy Quarterly Financial Report

## 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 |                             |                   |                        |



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# Austin Energy's Affordability Goal has Two Metrics



| Affordability Metric   | Competitiveness Metric  |
|--|---|
| Full Compliance Since 2013   | Full Compliance Since 2019  |
| <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> |



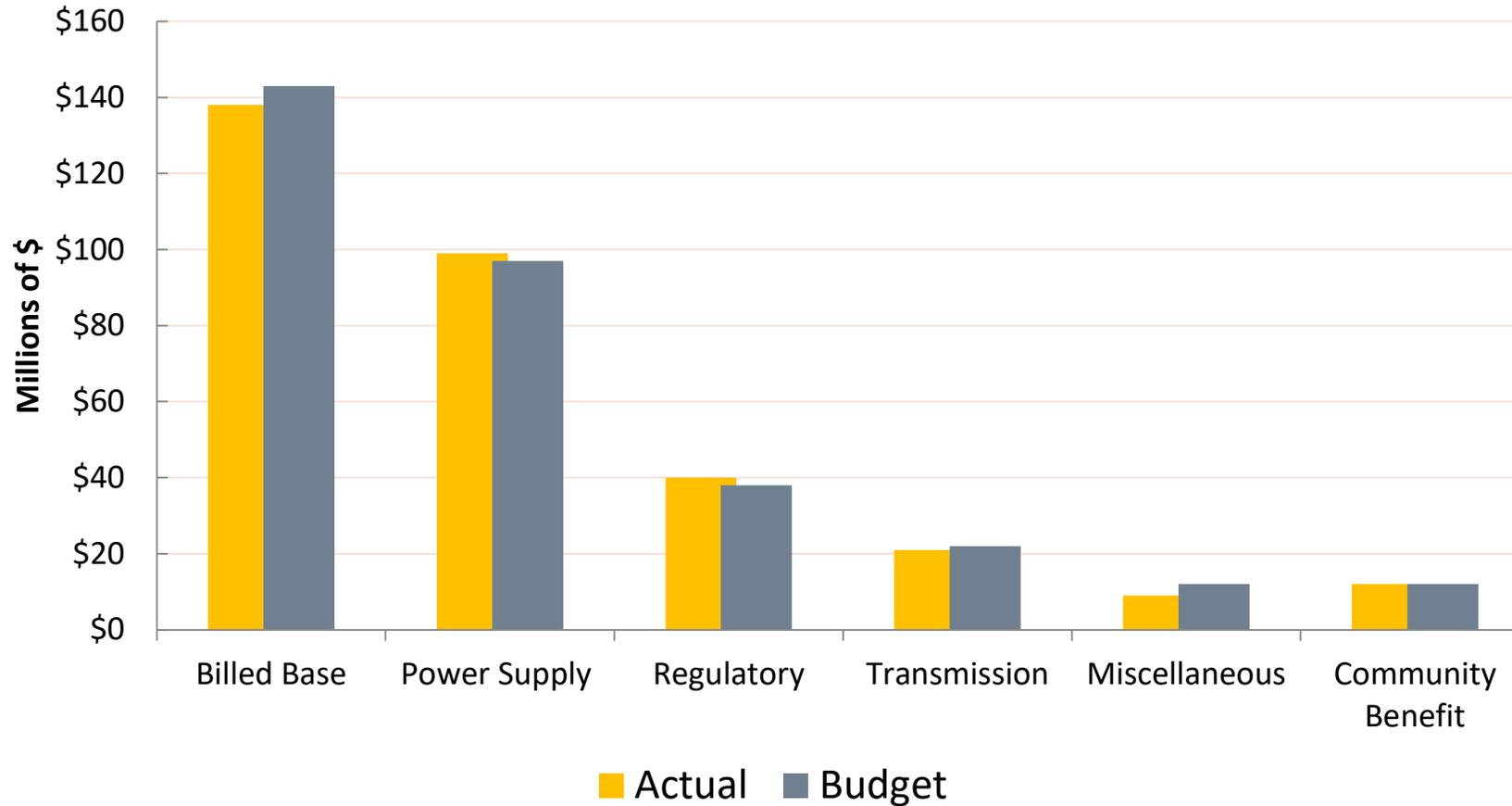
# Austin Energy Quarterly Financial Report

## Actual to Budget Analysis



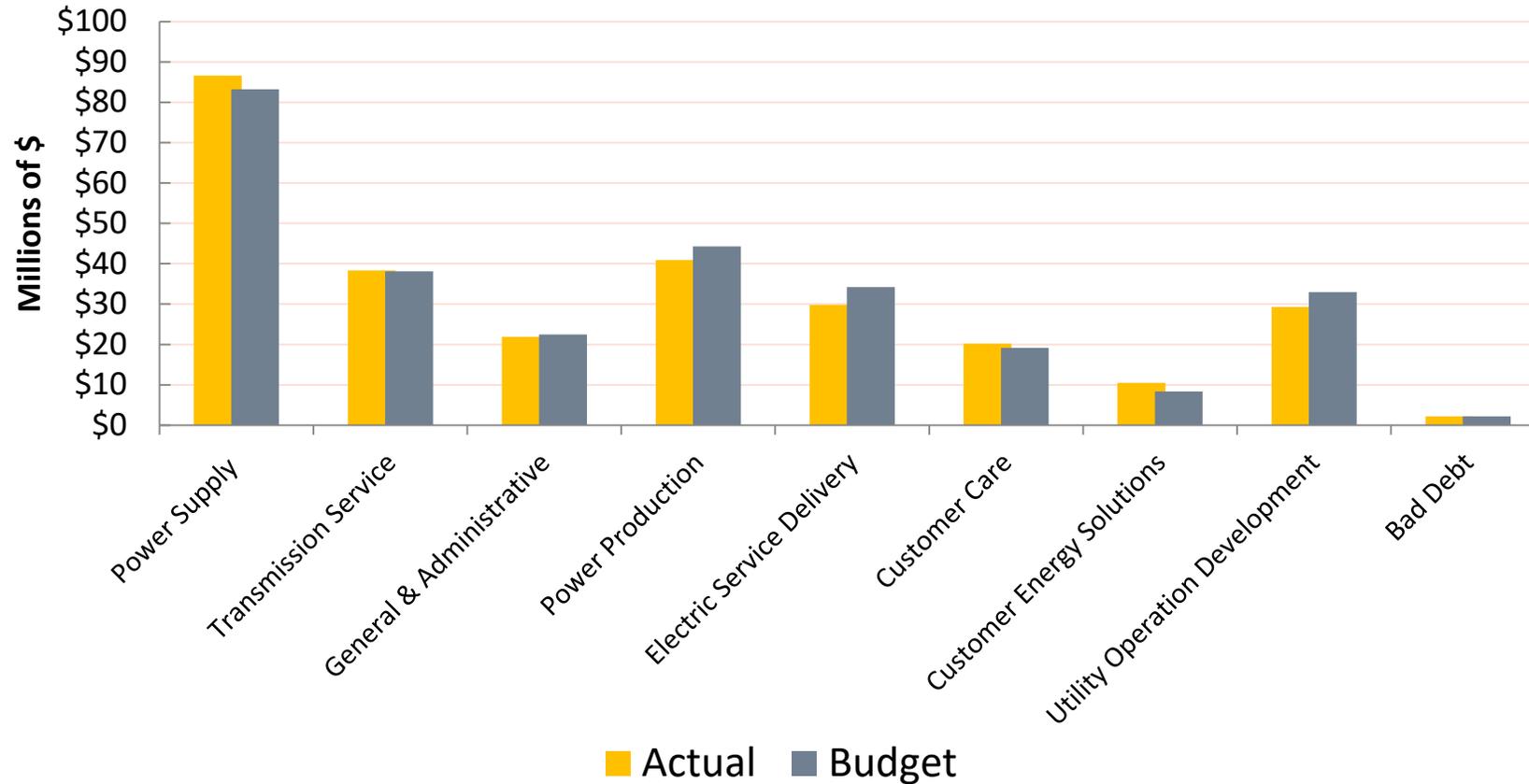
# Actual to Budget Analysis

**Budget Based Operating Revenues  
Fiscal Year Through 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

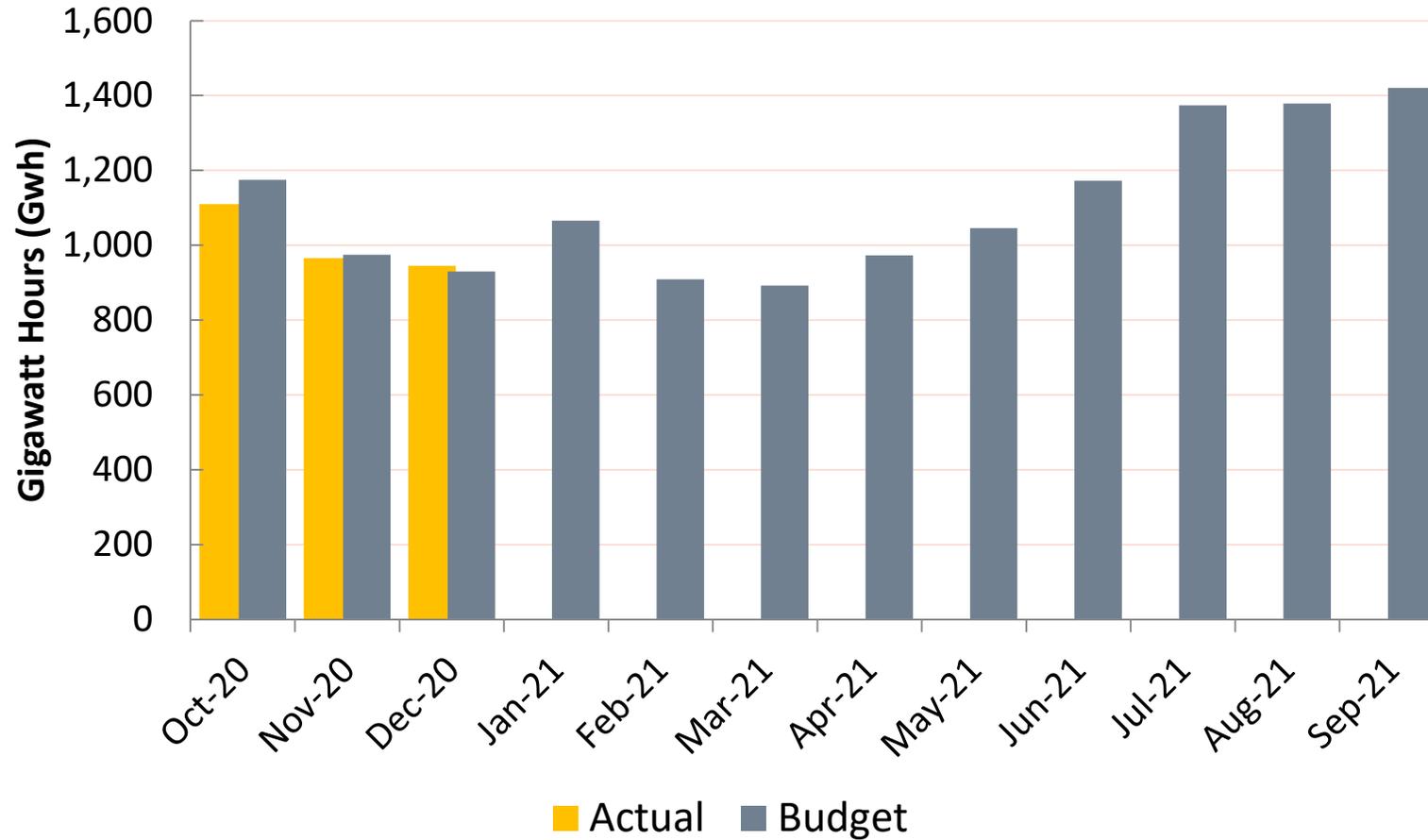
Fiscal Year Through December 31, 2020

| Millions of \$                         |               |               | Variance to Budget      |           | Variance to Prior Year  |        |       |
|--|---------------|---------------|-------------------------|-----------|-------------------------|--------|-------|
|  | Actual        | Budget        | Favorable (Unfavorable) |           | Favorable (Unfavorable) |        |       |
|  |               |               | Amount                  | %         | Prior Year Actual       | Amount | %     |
| Operating Revenues                     | \$319         | \$324         | (\$5)                   | (1%)      | \$328                   | (\$9)  | (3%)  |
| Operating Expenses                     | 280           | 285           | 5                       | 2%        | 284                     | (\$4)  | (2%)  |
| <b>Operating Income (Loss)</b>         | <b>\$39</b>   | <b>\$39</b>   | <b>\$0</b>              | <b>2%</b> | <b>\$44</b>             | (\$5)  | (11%) |
| Interest Revenue                       | 1             | 2             | (\$1)                   | (59%)     | 4                       | (\$3)  | (76%) |
| Debt Service                           | (39)          | (39)          | \$0                     | 0%        | (37)                    | (\$2)  | (5%)  |
| <b>Income (Loss) Before Transfers</b>  | <b>\$1</b>    | <b>\$2</b>    | (\$1)                   | (37%)     | <b>\$11</b>             | (\$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%) |
| <b>Excess (Deficiency) of Revenues</b> | <b>(\$57)</b> | <b>(\$56)</b> | (\$1)                   | (1%)      | <b>(\$55)</b>           | (\$2)  | (2%)  |



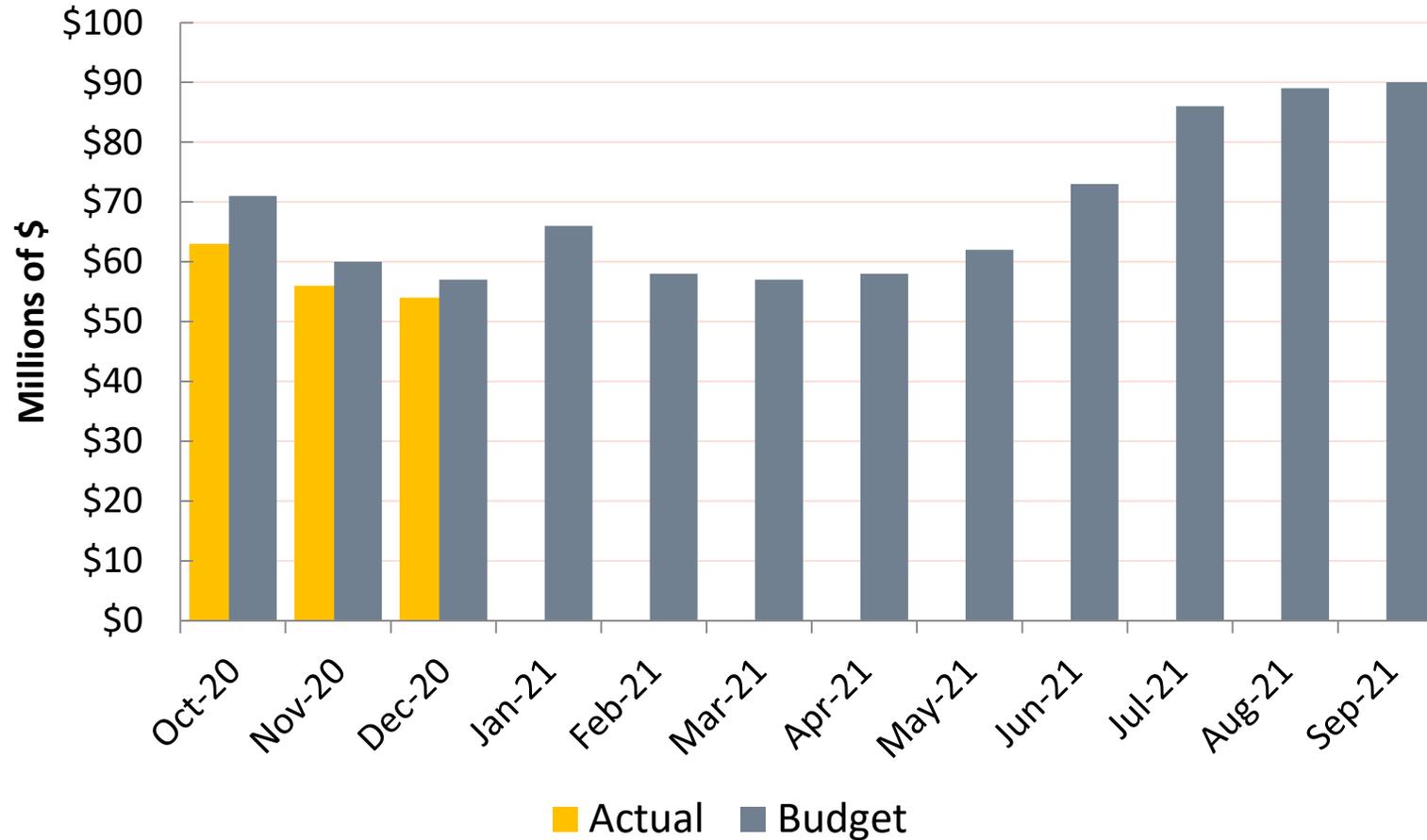
# Actual to Budget Analysis

## Actual to Budget Retail Energy Sales



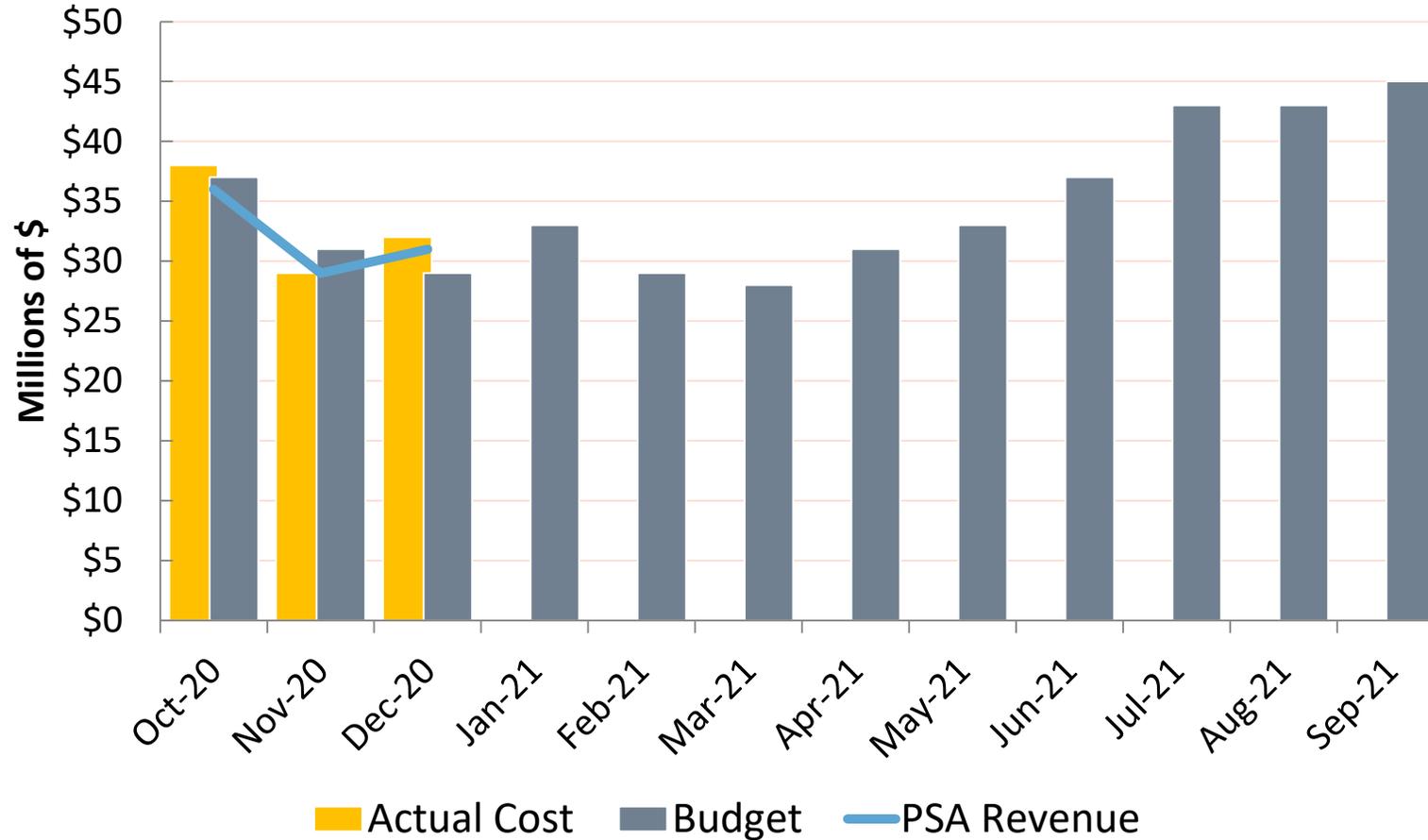
# Actual to Budget Analysis

## Actual to Budget Non-Power Supply Revenues



# Actual to Budget Analysis

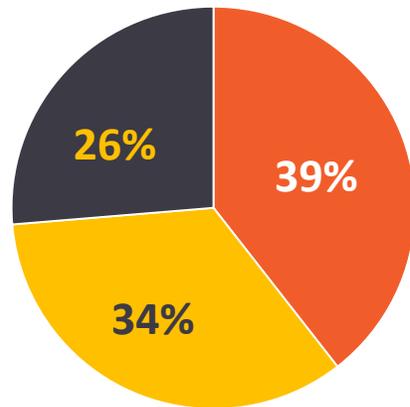
## Actual to Budget Power Supply



# Capital Improvement Plan Summary

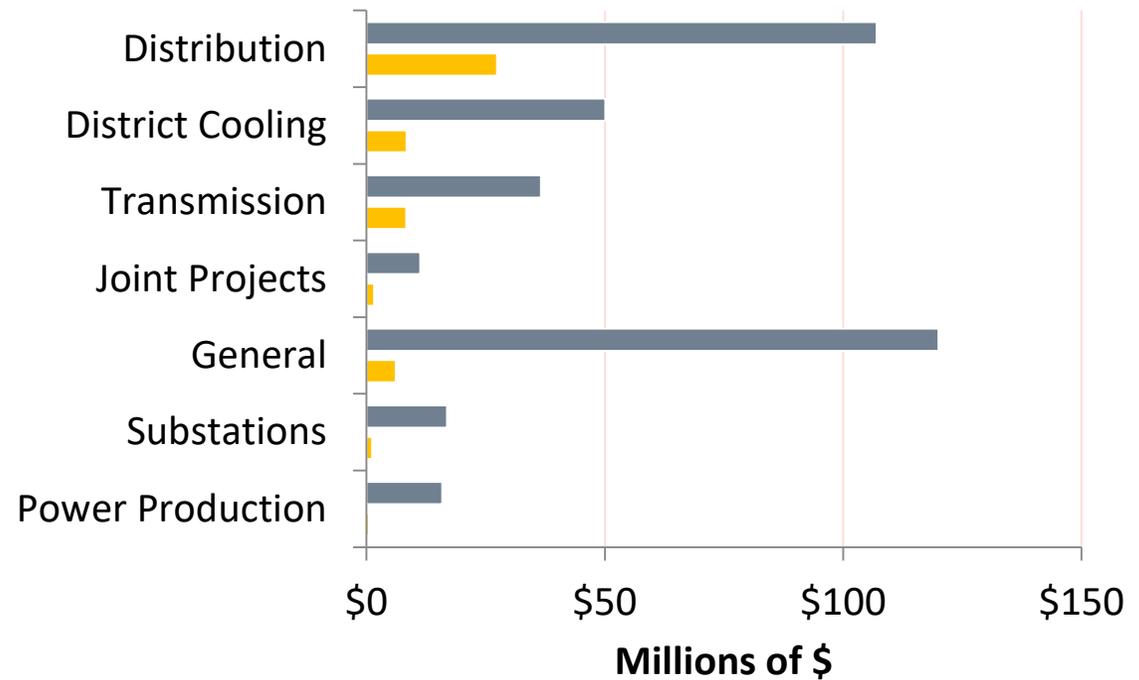
Fiscal Year Through December 31, 2020

Type of Financing



- Cash
- Debt
- Contributions in Aid of Construction

Type of Project

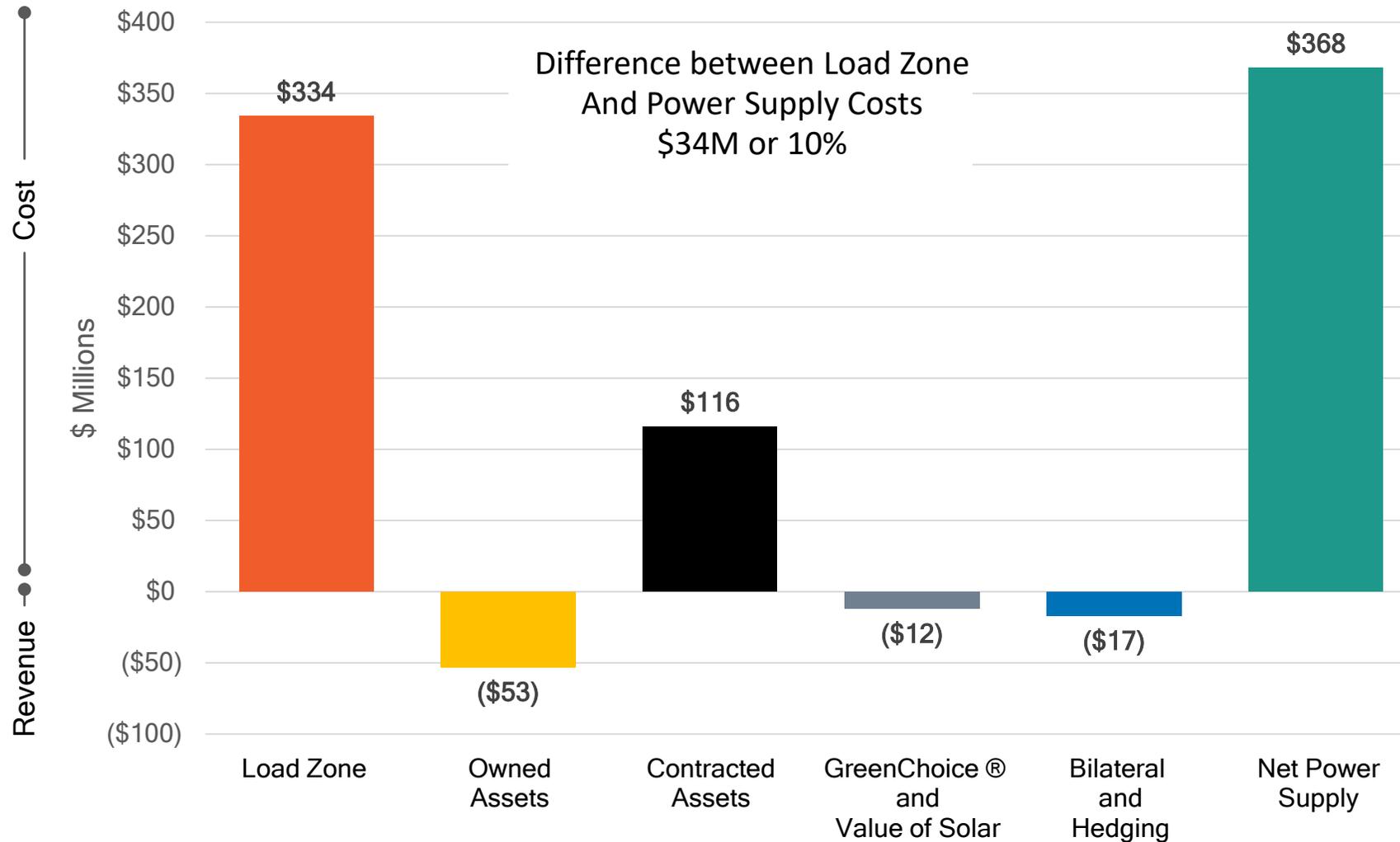


■ FY 2021 Spend Plan    ■ Year-to-Date



# Power Supply Adjustment Cost Components

Twelve Months Ending December 2020



# Austin Energy Quarterly Financial Report

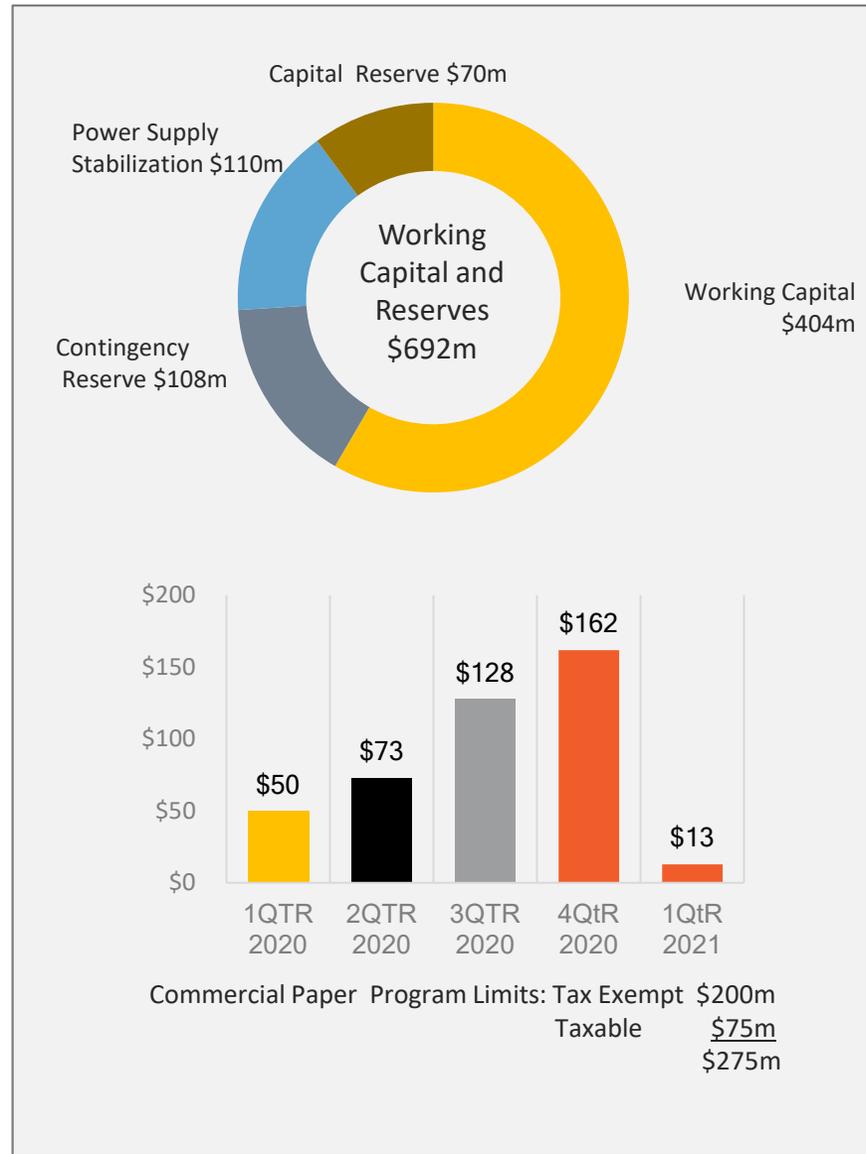
## Financial Statements



# 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          |
| <b>Total Assets</b>                        | <b>\$5,514</b> | <b>\$5,777</b> |
| <b>Liabilities and Fund Equity</b>         |                |                |
| Current Liabilities                        | \$211          | \$231          |
| Long-term Liabilities                      | 2,950          | 3,206          |
| Deferred Inflow of Resources               | 453            | 488            |
| Retained Earnings                          | 1,900          | 1,852          |
| <b>Total Liabilities &amp; Fund Equity</b> | <b>\$5,514</b> | <b>\$5,777</b> |



# GAAP Financial Summary

## Comparative Statement of Net Position

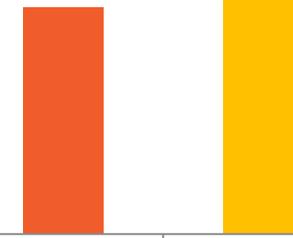
| \$ in Millions                           | 12/31/2019   | 12/31/2020   | Change     |
|--|--------------|--------------|------------|
| Cash                                     | \$424        | \$404        | (\$20)     |
| Accounts Receivable (net)                | 112          | 118          | 6          |
| 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)       |
| <b>Total Assets</b>                      | <b>5,514</b> | <b>5,777</b> | <b>263</b> |
| 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)       |
| <b>Total Liabilities and Fund Equity</b> | <b>5,514</b> | <b>5,777</b> | <b>263</b> |

## 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           |
| <b>Operating Income/(Loss)</b> | <b>\$85</b>      | <b>(\$54)</b> |
| Other Revenue (Expense)        | \$41             | \$118         |
| General Fund Transfer          | (110)            | (112)         |
| <b>Net Income/(Loss)</b>       | <b>\$16</b>      | <b>(\$48)</b> |
| Debt Service Coverage          | 2.8              | 2.0           |
| Debt Capital Ratio             | 51%              | 53%           |

### Average Number of Customers

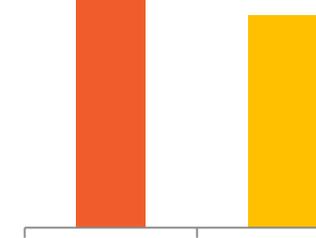
502,781      513,860



FYTD 2020      FYTD 2021

### Total Sales in Gigawatt Hours

3,255      3,022



FYTD 2020      FYTD 2021



# Austin Energy Quarterly Financial Report

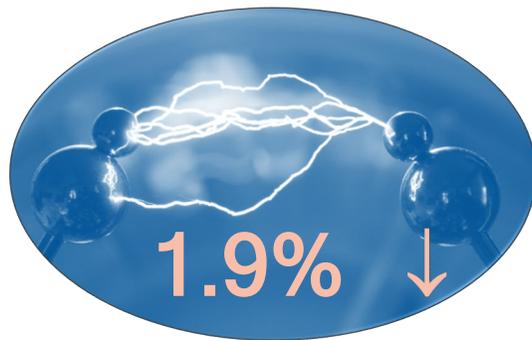
## Market and Industry Analysis



# 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.

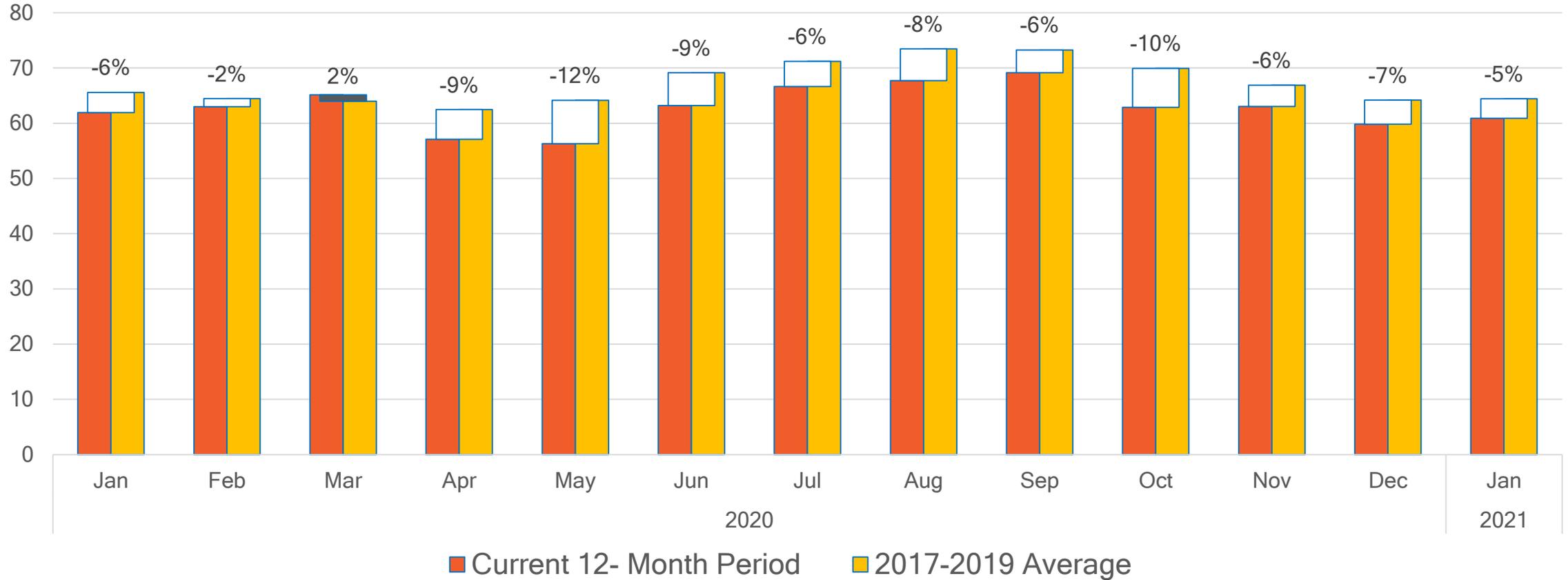


## Growth in Customers

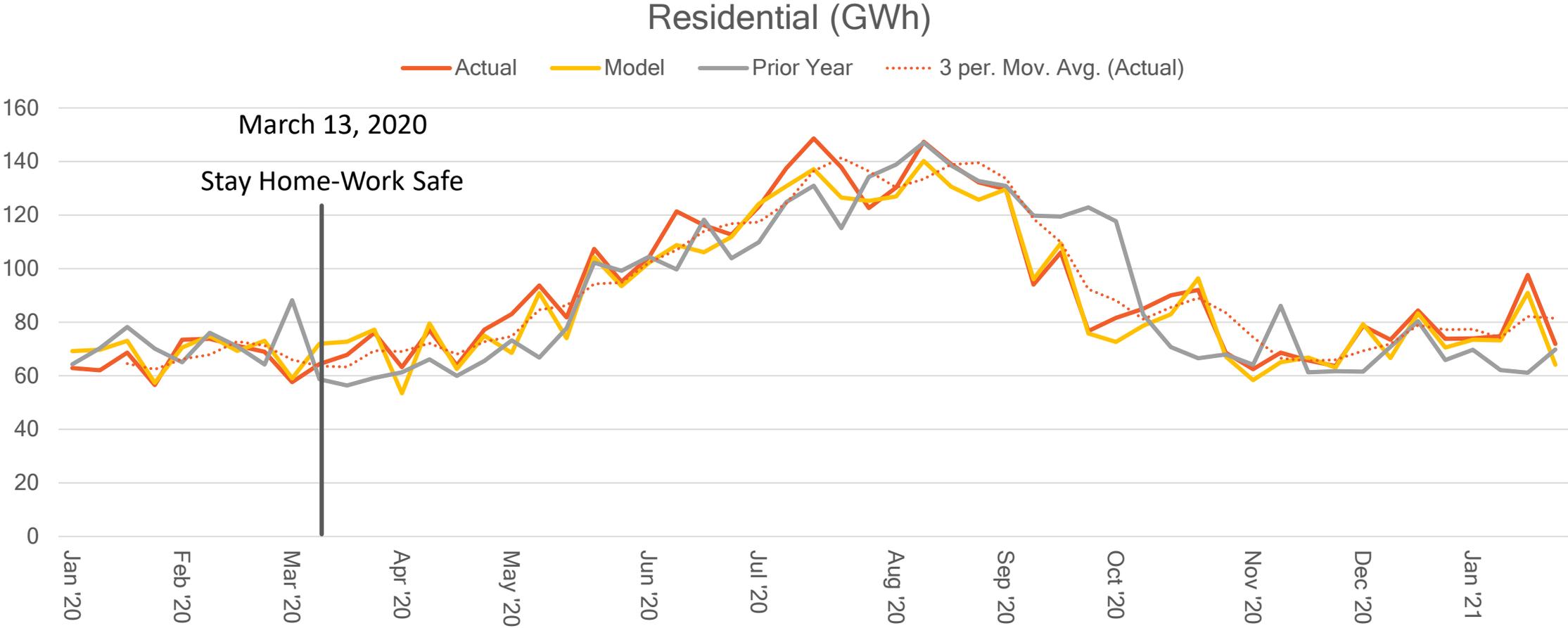
During FY 2020, the number of customers increased by 2.3%, from 496,258 to 507,660. New residential customers account for 95% of the growth in customer count.



# Billed Demand Trend



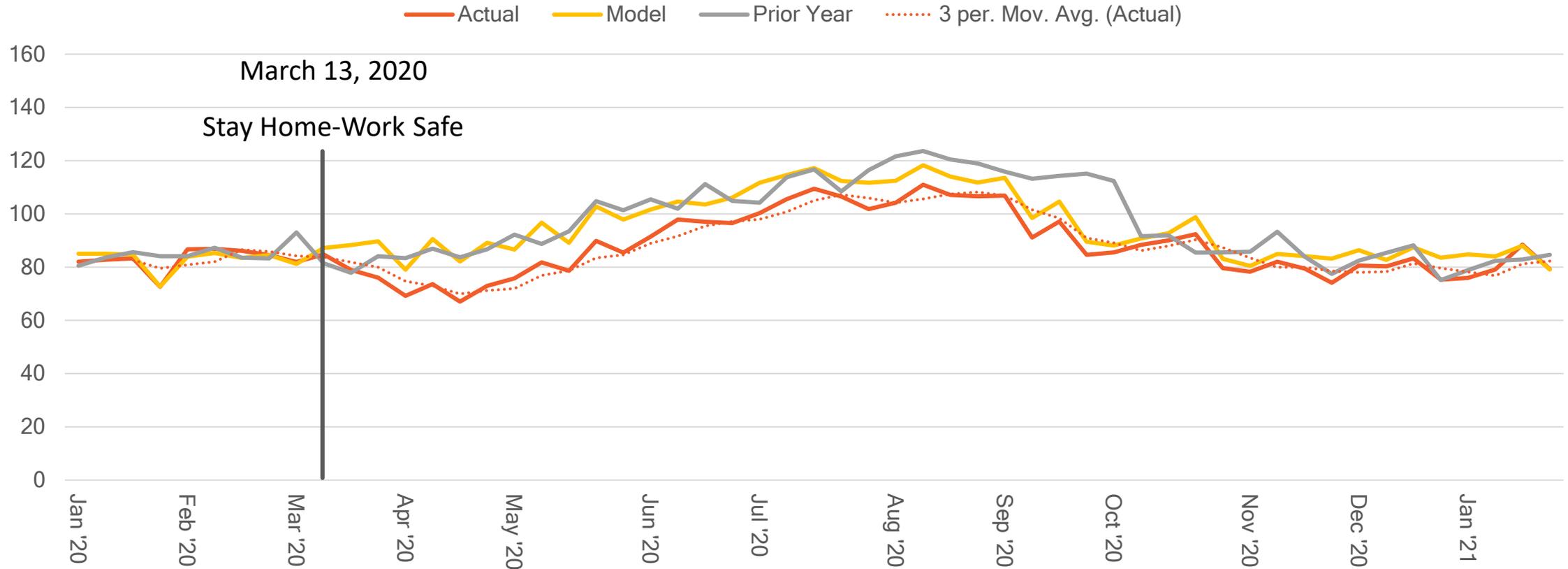
# Residential Weekly Consumption Patterns



# Commercial Weekly Consumption Patterns

Excludes Primary Customers

## Secondary Voltage Commercial (GWh)





**Customer Driven.  
Community Focused.**

