

Austin Energy Quarterly Financial Report

4th Quarter FY 2021 (July - September)

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Chief Financial Officer



November 8, 2021

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Certain information set forth in this presentation contains forecasted financial information. Forecasts necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance.

Although the forecasted financial information contained in this presentation is based upon what Austin Energy management believes are reasonable assumptions, there can be no assurance that forecasted financial information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forecasts.

In addition, this presentation contains unaudited information and should be read in conjunction with the audited Annual Comprehensive Financial Reports for the City of Austin, which was published on March 18, 2021:

[https://assets.austintexas.gov/financeonline/downloads/comprehensive annual financial report/comprehensive annual financial report 2020.pdf](https://assets.austintexas.gov/financeonline/downloads/comprehensive_annual_financial_report/comprehensive_annual_financial_report_2020.pdf)



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



Generally 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.



\$ 1,287 Million Revenues

Operating revenues at September are 9% under budget due to decreased Power Supply Revenue due to the February winter storm as well as decreased Base revenue.



\$937 Million Expenses

Operating expenses are 10% under budget due to lower Power Supply costs due to the February winter storm.



Balance sheet is liquid and adequately capitalized. Working Capital decreased \$72M primarily due to funding CIP and decreased base revenue.



Market competitiveness – System average rates remain consistent at 2.5% below state average for CY 2020.



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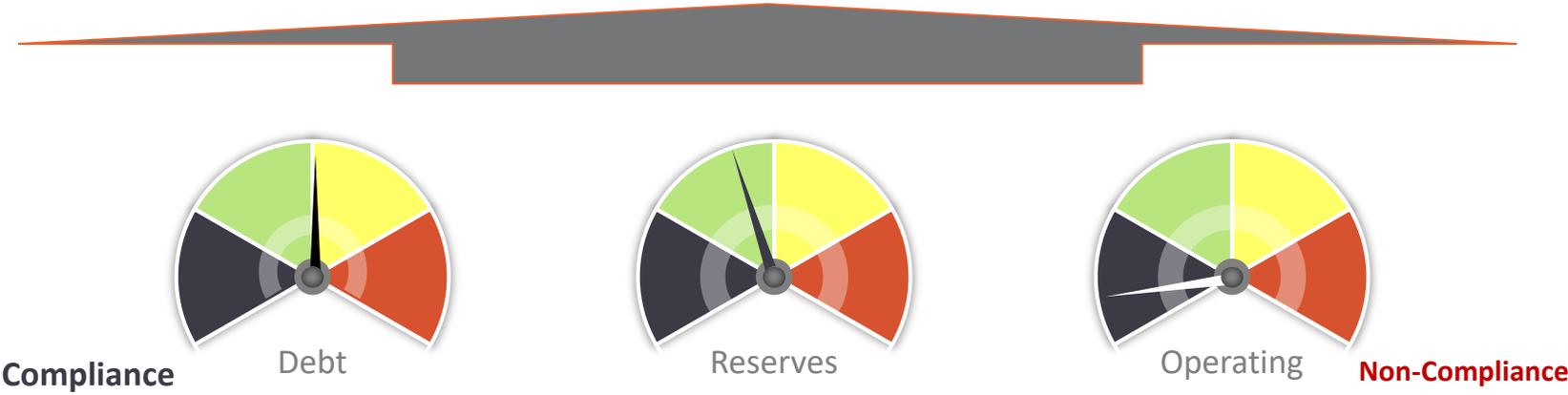
[https://assets.austintexas.gov/financeonline/downloads/comprehensive annual financial report/comprehensive annual financial report 2020.pdf](https://assets.austintexas.gov/financeonline/downloads/comprehensive_annual_financial_report/comprehensive_annual_financial_report_2020.pdf)

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
Partial Compliance	Partial Compliance	Full Compliance
Debt Service Coverage 2.0x at September	Contingency and Capital Reserve balance below minimums but total cash above minimum of \$457m	



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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 218 Days	Actual 2.0	Actual -3%	Actual 54%
Excludes General Fund Transfer			



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>



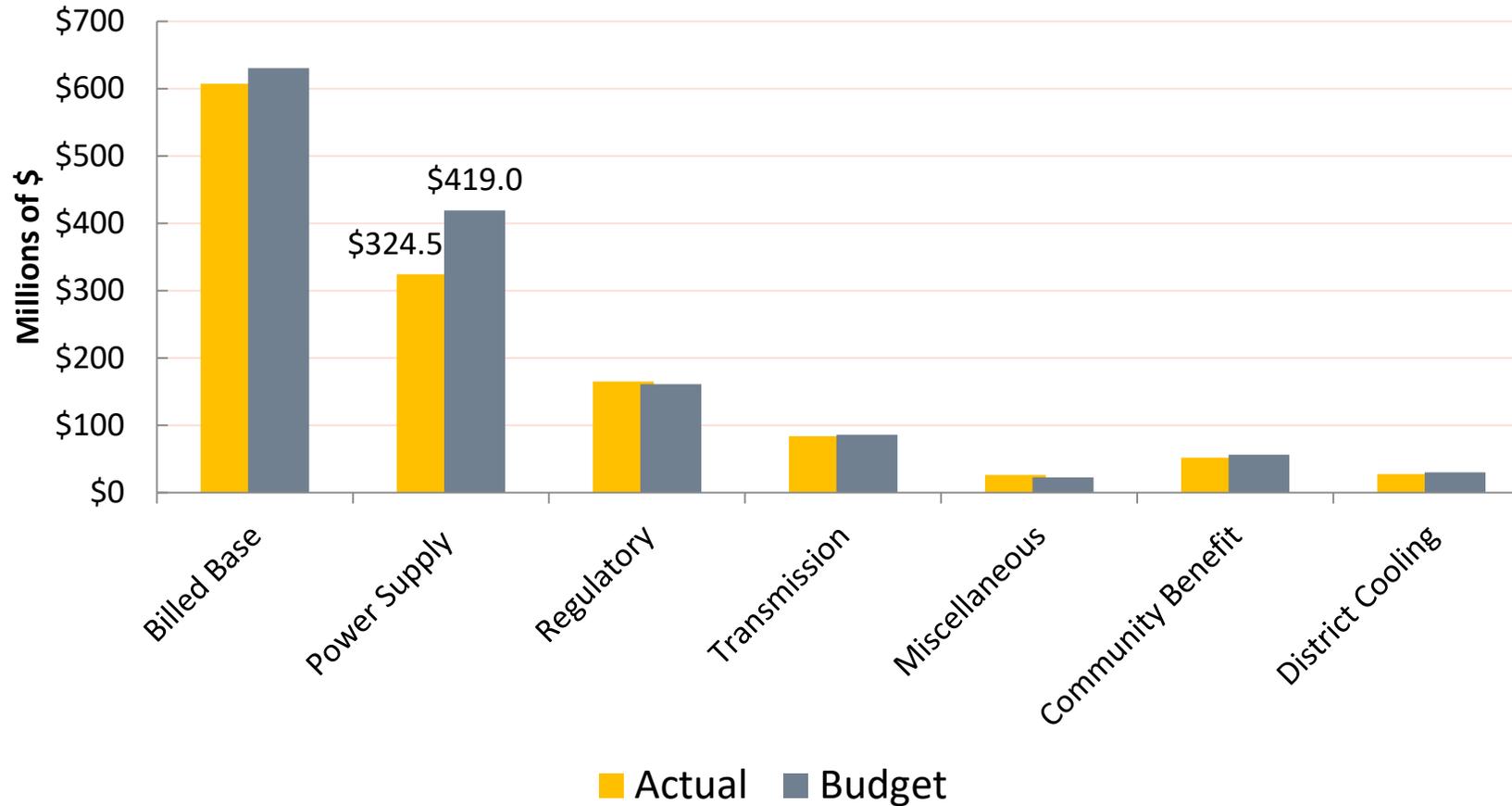
Austin Energy Quarterly Financial Report

Actual to Budget Analysis



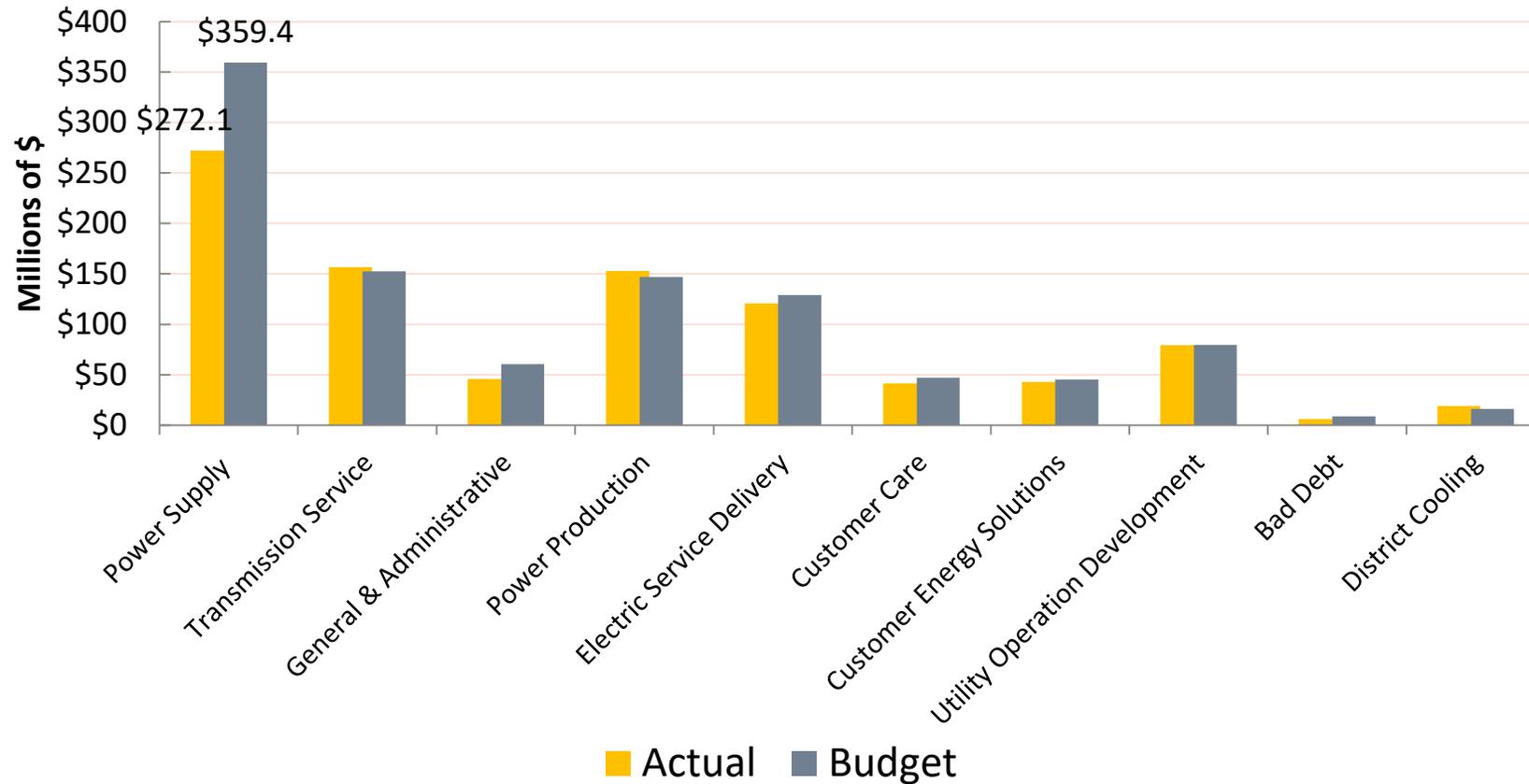
Actual to Budget Analysis

**Budget Based Operating Revenues
Fiscal Year Through September 30, 2021**



Actual to Budget Analysis

Budget Based Operating Expenses Fiscal Year Through September 30, 2021



Actual to Budget Analysis

Budget Based Fund Summary

Fiscal Year Through September 30, 2021

Variance to Budget

Variance to Prior Year

Favorable (Unfavorable)

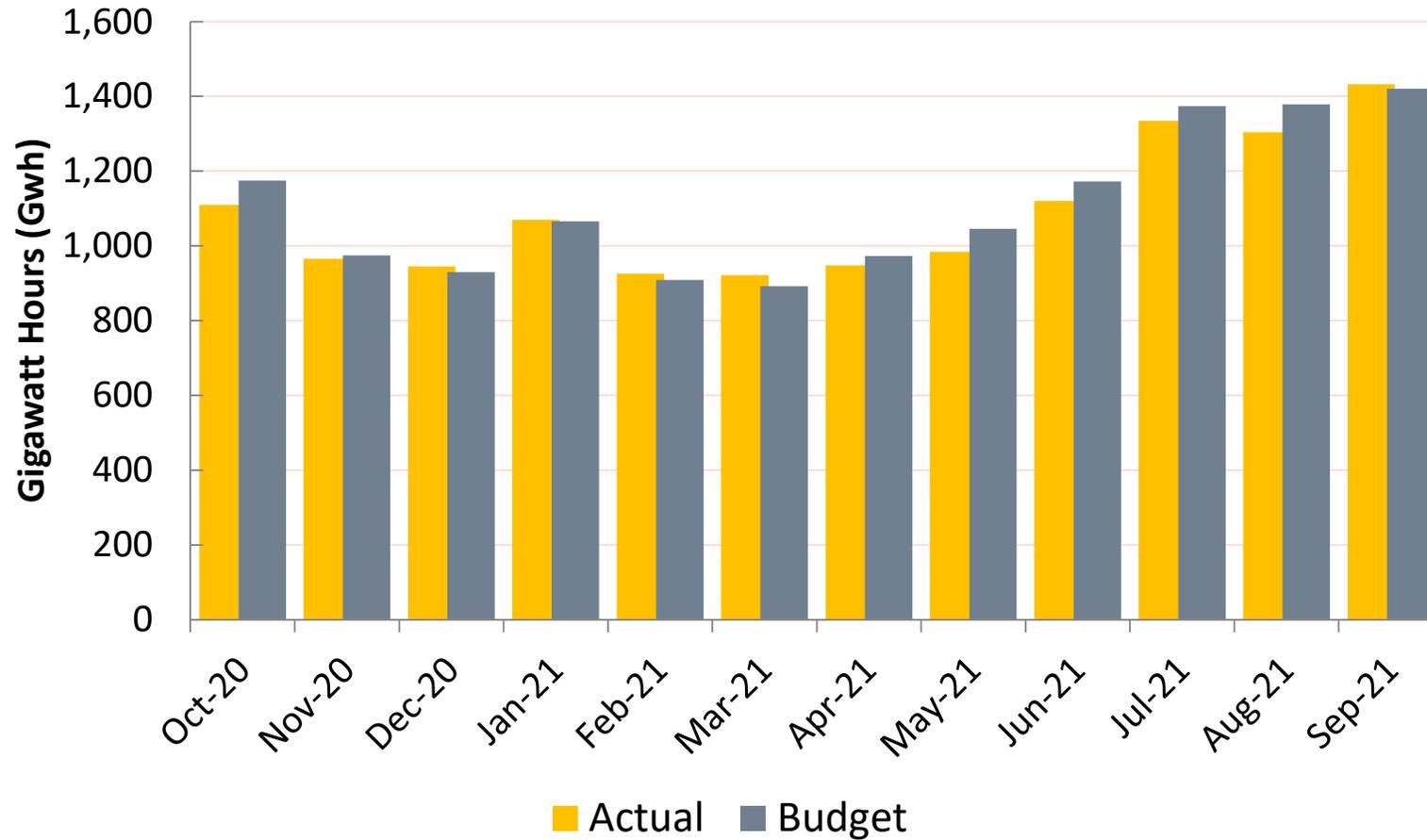
Favorable (Unfavorable)

Millions of \$	Actual	Budget	Amount	%	Prior Year Actual	Amount	%
Operating Revenues	\$1,287	\$1,407	(\$120)	(9%)	\$1,379	(\$92)	(7%)
Operating Expenses	937	1,045	108	10%	1,014	77	8%
Operating Income (Loss)	\$350	\$362	(\$12)	(3%)	\$365	(15)	(4%)
Interest Revenue	2	9	(7)	(74%)	11	(9)	(77%)
Debt Service	(161)	(159)	(2)	(1%)	(153)	(8)	(5%)
Income (Loss) Before Transfers	\$191	\$212	(21)	(10%)	\$223	(\$32)	(14%)
Administrative Support	(31)	(31)	0	0%	(30)	(1)	(6%)
General Fund	(114)	(114)	0	0%	(111)	(3)	(3%)
Economic Development	(8)	(8)	0	0%	(9)	1	8%
CTM Fund	(13)	(13)	0	0%	(11)	(2)	9%
Voluntary Utility Assistance Fund	(6)	(6)	0	0%	(6)	(0)	0%
Other City Transfers	(5)	(6)	1	8%	(6)	1	(2%)
Internal Transfers / CIP	(143)	(45)	(98)	(219%)	(80)	(63)	(78%)
Excess (Deficiency) of Revenues	(\$129)	(\$11)	(\$118)	(1049%)	(\$30)	(\$99)	(337%)



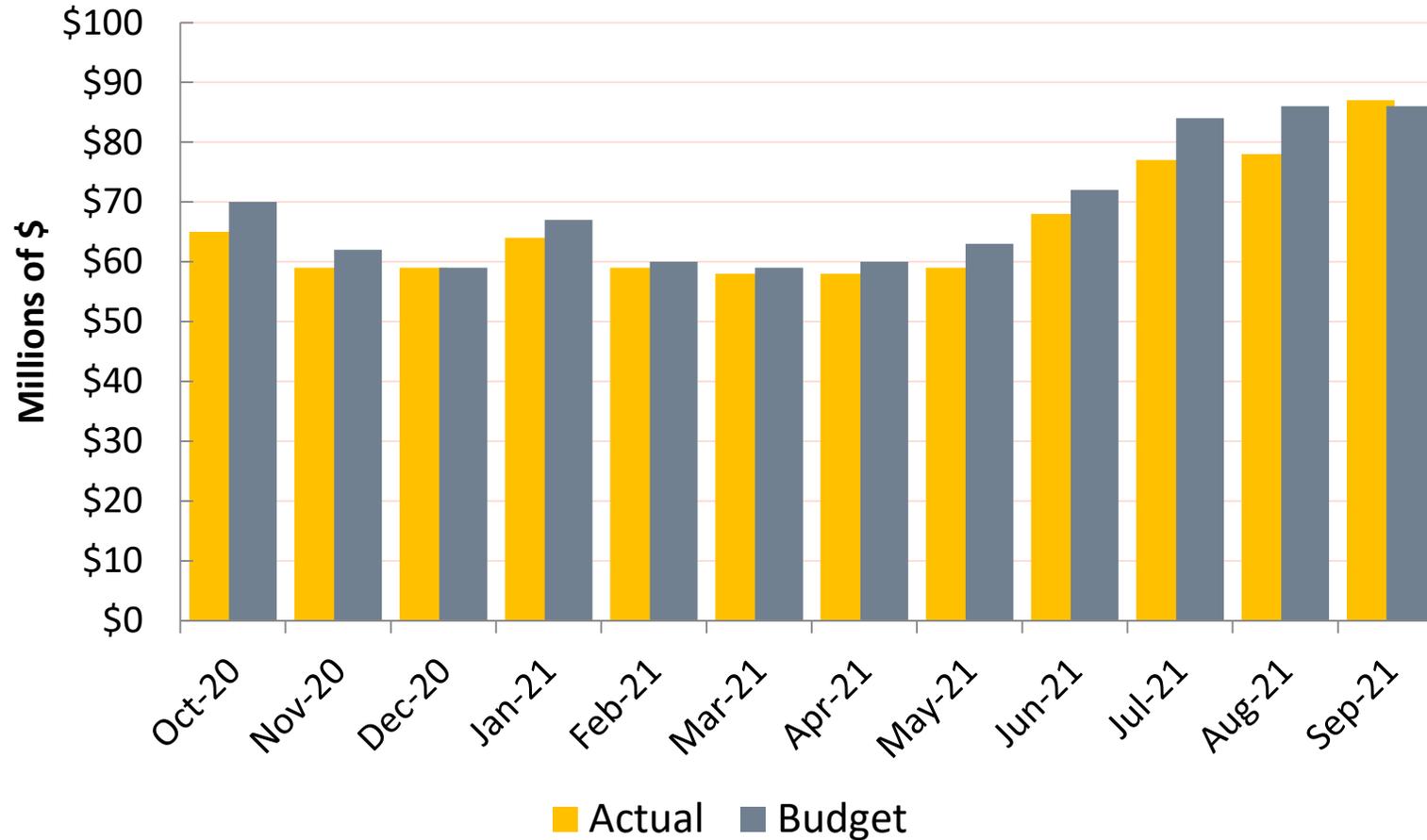
Actual to Budget Analysis

Actual to Budget Retail Energy Sales



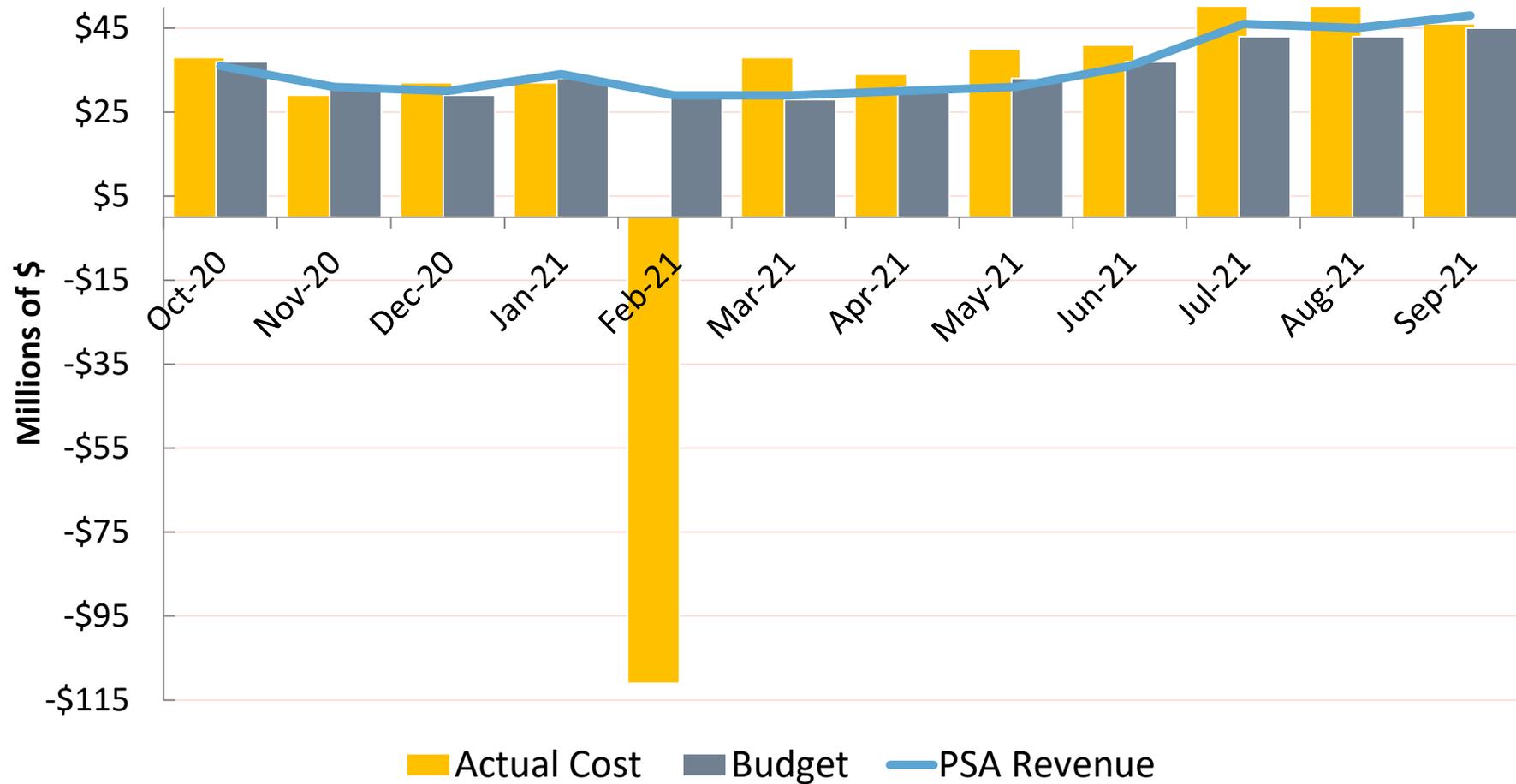
Actual to Budget Analysis

Actual to Budget Non-Power Supply Revenues



Actual to Budget Analysis

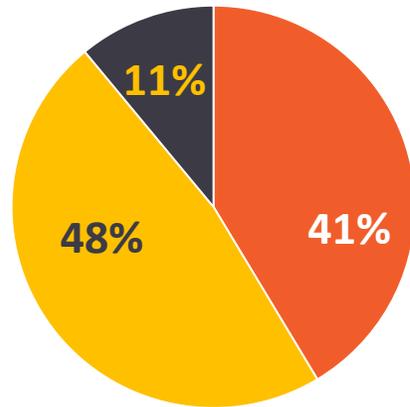
Actual to Budget Power Supply



Capital Improvement Plan Summary

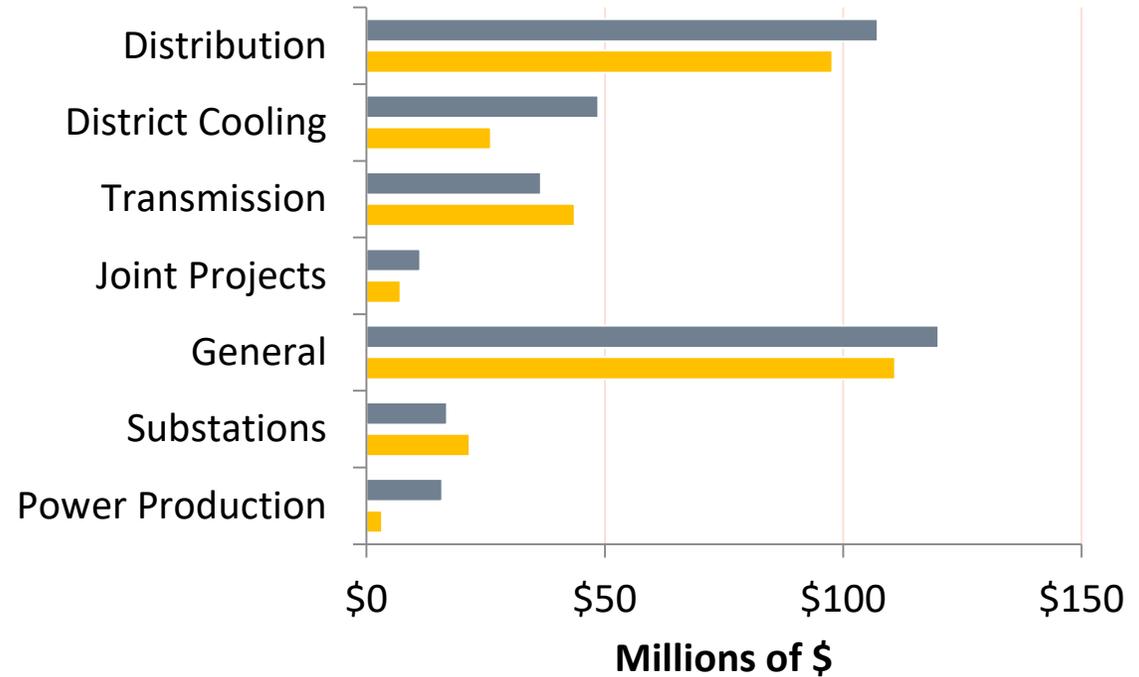
Fiscal Year Through September 30, 2021

Type of Financing



- Cash
- Debt
- Contributions in Aid of Construction

Type of Project

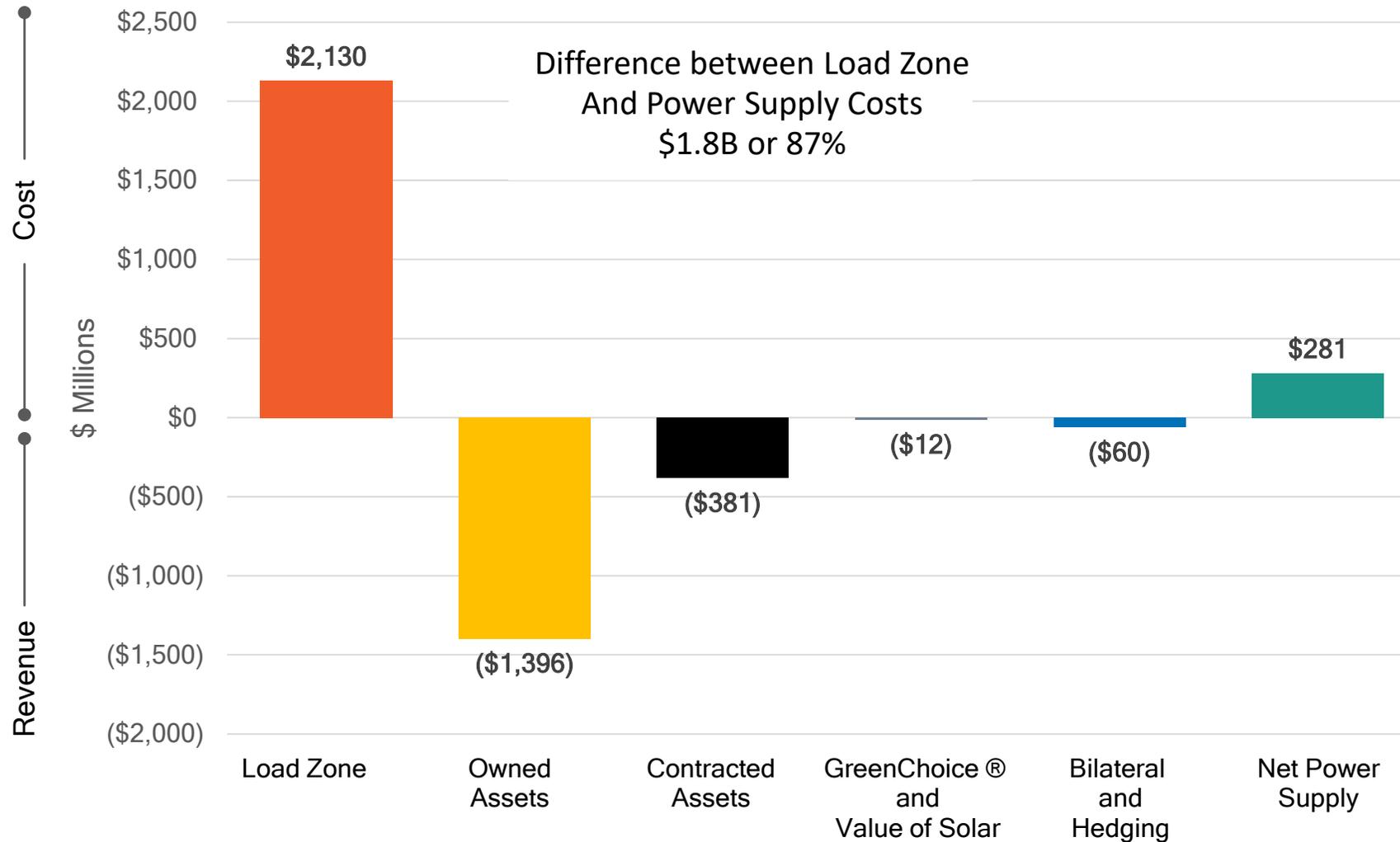


■ FY 2021 Spend Plan ■ Year-to-Date



Power Supply Adjustment Cost Components

Twelve Months Ending September 2021



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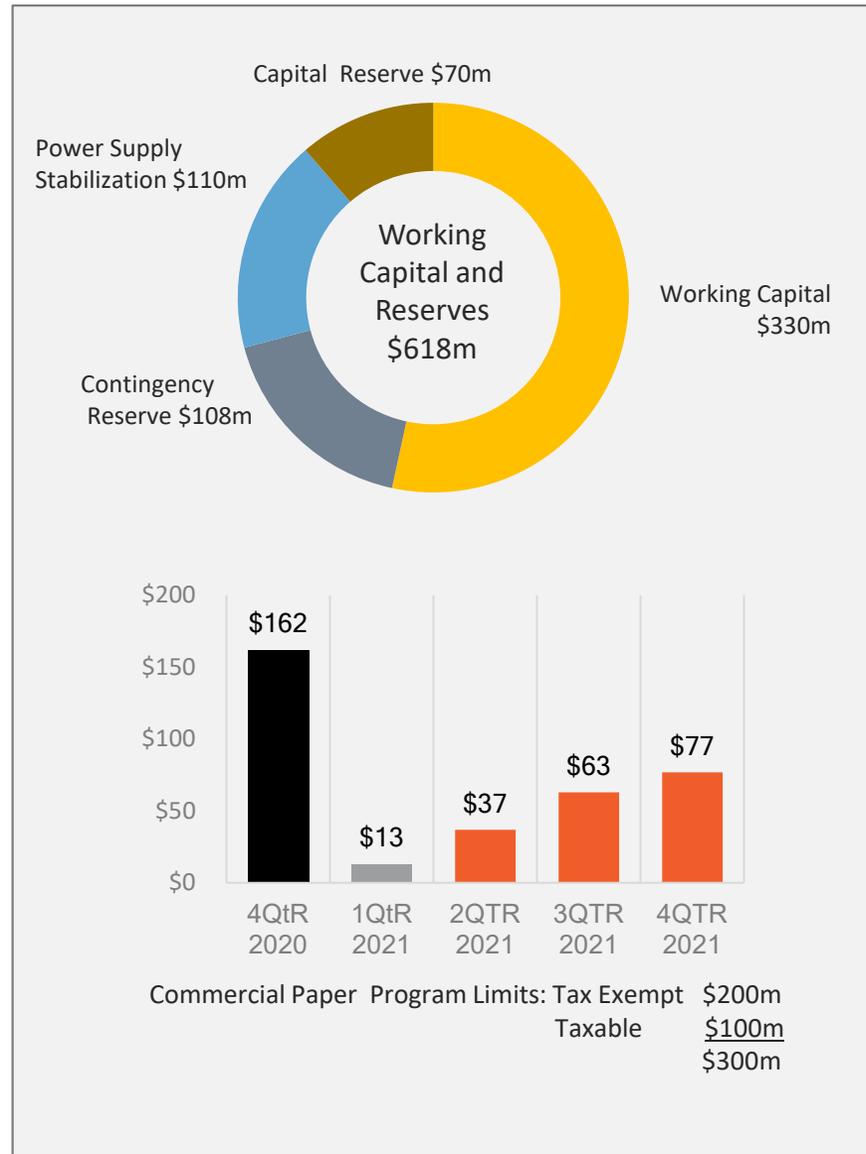
Financial Statements



Balance Sheet Snapshot

\$ in Millions

Assets	Sep 2020	Sep 2021
Cash	\$402	\$330
Current Assets	390	482
Capital Assets	2,967	3,037
Long-Term Assets	2,066	2,238
Total Assets	\$5,825	\$6,087
Liabilities and Fund Equity		
Current Liabilities	\$284	\$324
Long-term Liabilities	3,180	3,329
Deferred Inflow of Resources	487	612
Retained Earnings	1,874	1,822
Total Liabilities & Fund Equity	\$5,825	\$6,087



GAAP Financial Summary

Comparative Statement of Net Position

\$ in Millions	9/30/2020	9/30/2021	Change
Cash	\$402	\$330	(\$72)
Accounts Receivable (net)	142	204	62
Non-PSA Under-Recoveries	0	21	21
Debt Service	81	85	4
Contingency Reserve	107	108	1
Power Supply Stabilization Reserve	110	110	-
Capital Reserve	70	70	-
Nuclear Decommissioning Reserve	236	241	5
Other Restricted Assets	178	180	2
Other Assets	1,532	1,701	169
Capital Assets	2,967	3,037	70
Total Assets	5,825	6,087	262
Other Current Liabilities	176	207	31
Power Supply Over-Recovery	7	105	98
Non-PSA Over-Recoveries	28	16	(12)
Revenue Bonds	1,928	2,089	161
Commercial Paper	162	77	(85)
Other Long-Term Liabilities	1,650	1,771	121
Retained Earnings	1,874	1,822	(52)
Total Liabilities and Fund Equity	5,825	6,087	262

Income Statement

\$ in Millions	12 Months Ending	
	9/30/2020	9/30/2021
Operating Revenues	\$953	\$956
Power Supply Revenues	420	324
Power Supply Expenses	368	272
Non-Power Supply Expenses	764	764
Depreciation Expense	286	288
Operating Income/(Loss)	(\$45)	(\$44)
Other Revenue (Expense)	\$121	\$105
General Fund Transfer	(111)	(114)
Net Income/(Loss)	(\$35)	(\$53)
Debt Service Coverage	2.1	2.0
Debt Capital Ratio	53%	54%

Average Number of Customers

507,660 520,757

2.6%

FYTD 2020

FYTD 2021

Total Sales in Gigawatt Hours

13,212 13,063

(1.1%)

FYTD 2020

FYTD 2021



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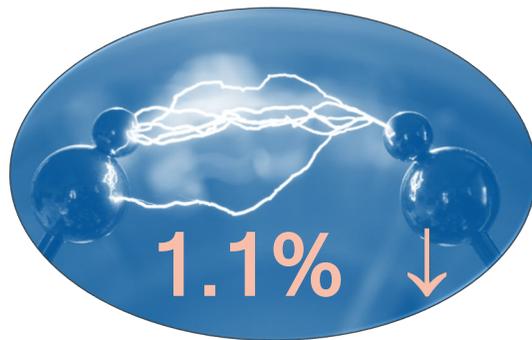
Market and Industry Analysis



Annual Change in Customers and Consumption

Change in Consumption

During FY 2021, the amount of electricity consumed slightly decreased by 1.1% MWh from prior year due to weather and COVID related shifts in usage.



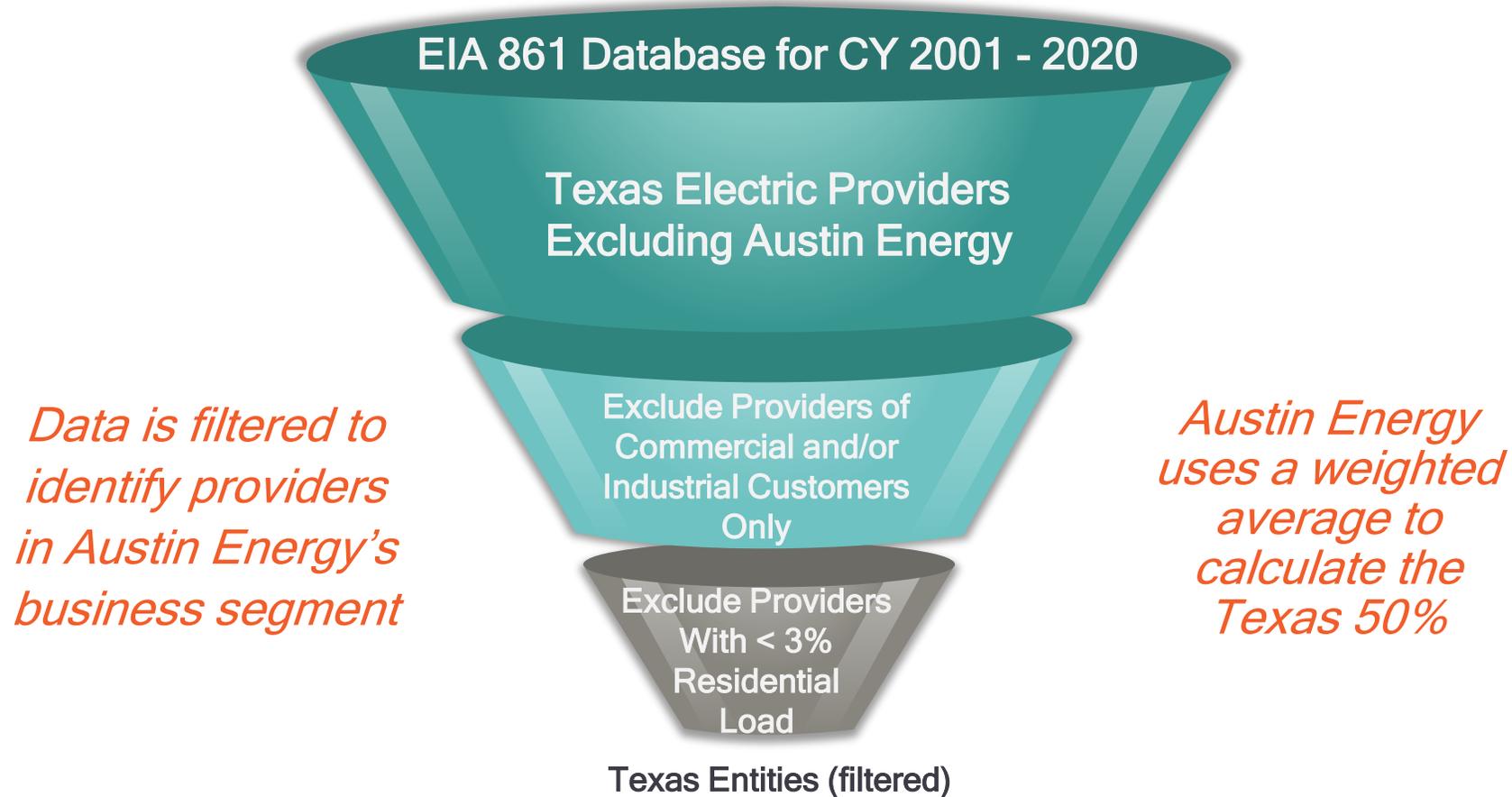
Growth in Customers

During FY 2021, the number of customers increased by 2.6%, from 507,660 to 520,757. New residential customers account for 97% of the growth in customer count.



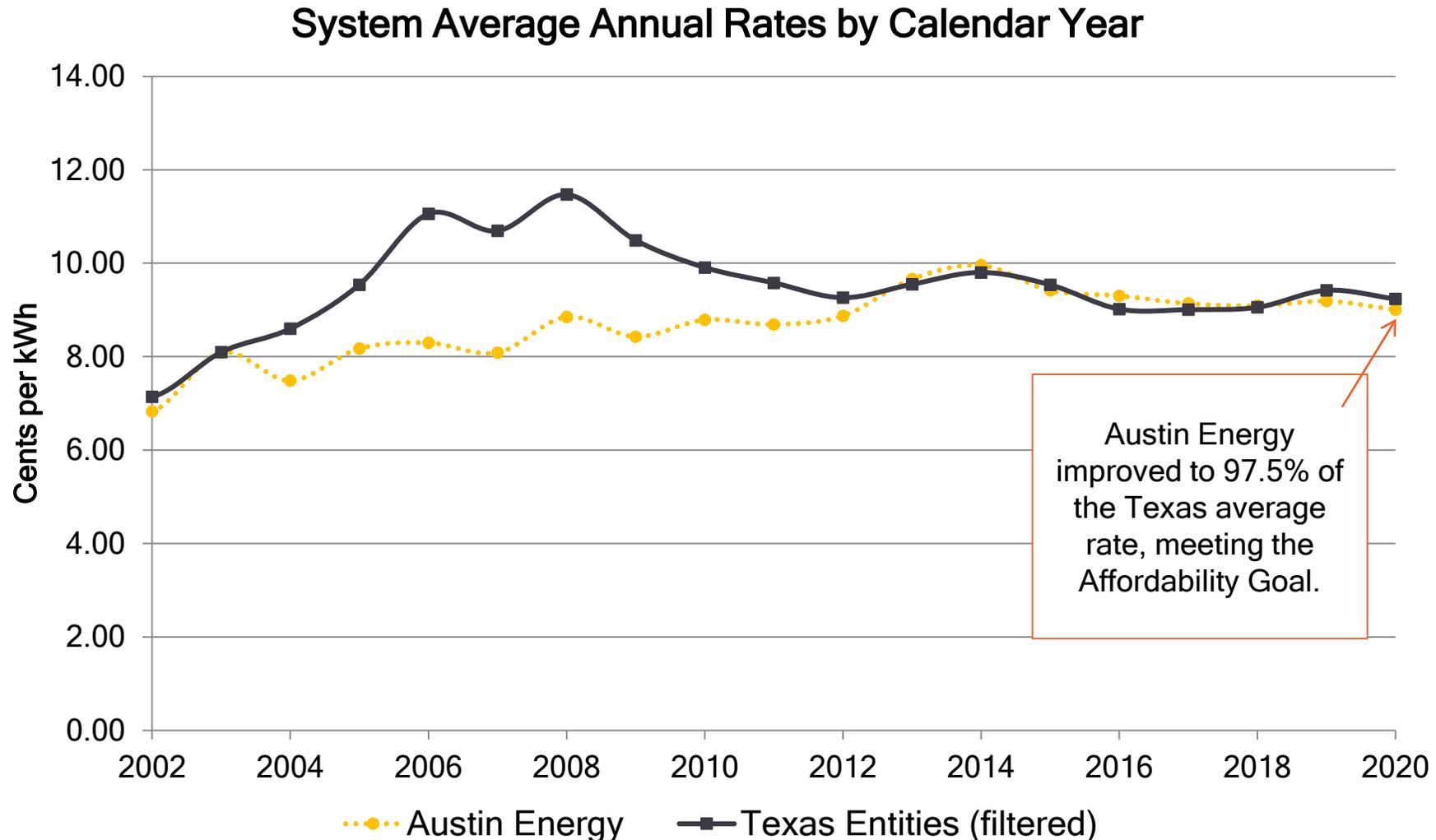
How the Analysis is Performed

Affordability Goal: Competitiveness Metric



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

Affordability Goal: Competitiveness Metric

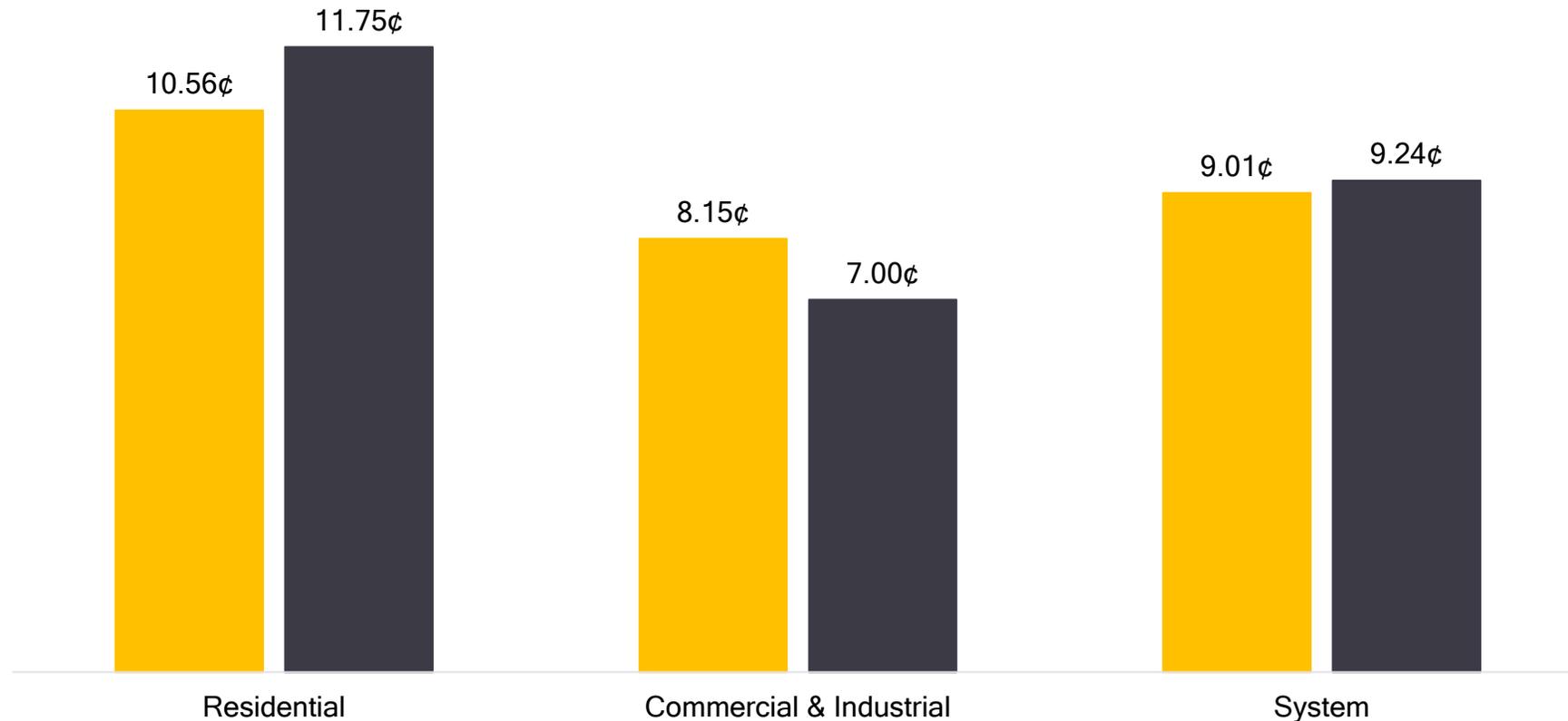


Source: U.S. Energy Information Administration Form 861, October 2021

Affordability Goal: Competitiveness Metric

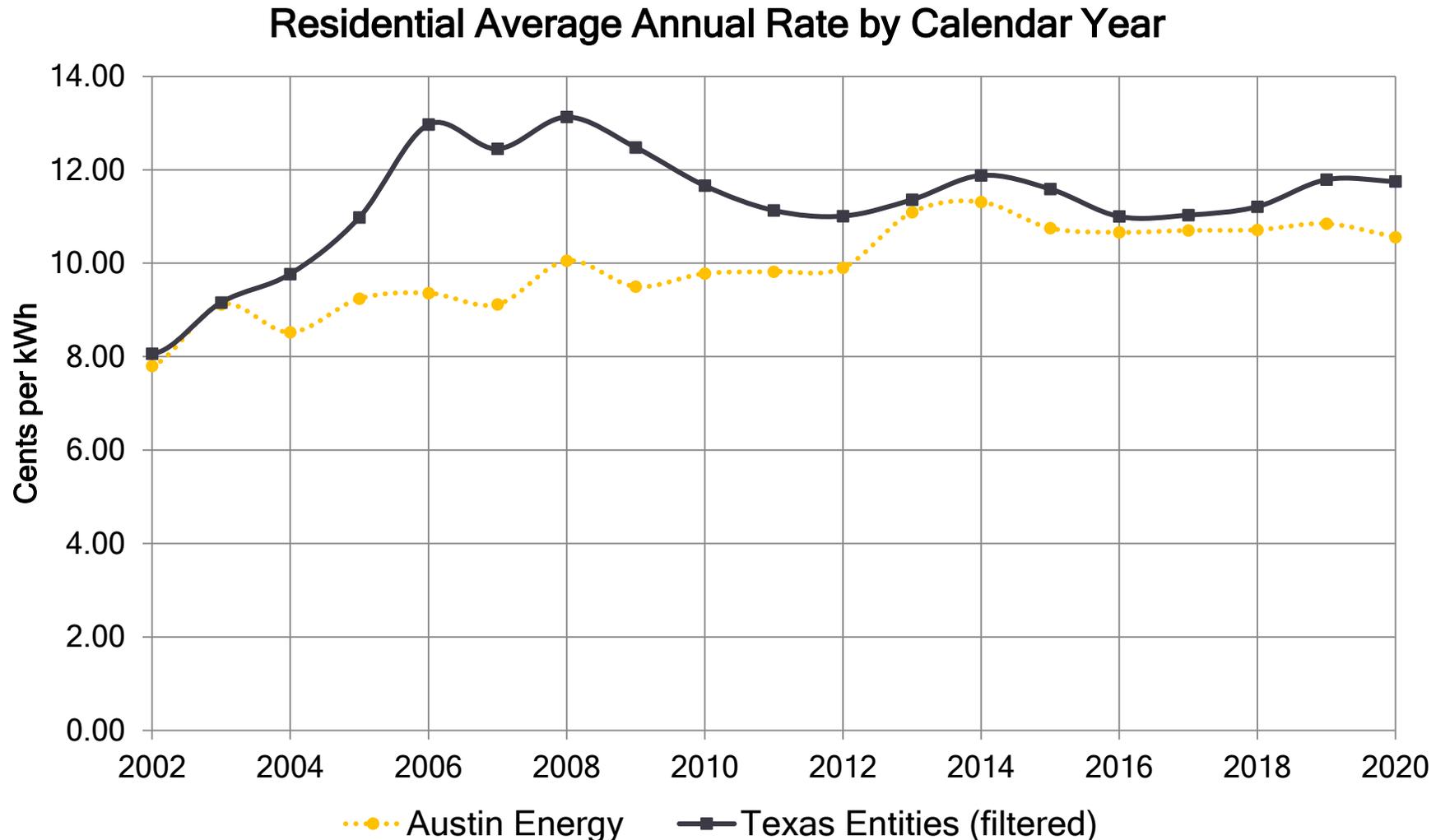
Average Annual Rates by Customer Class for CY 2020

■ Austin Energy ■ Texas Average



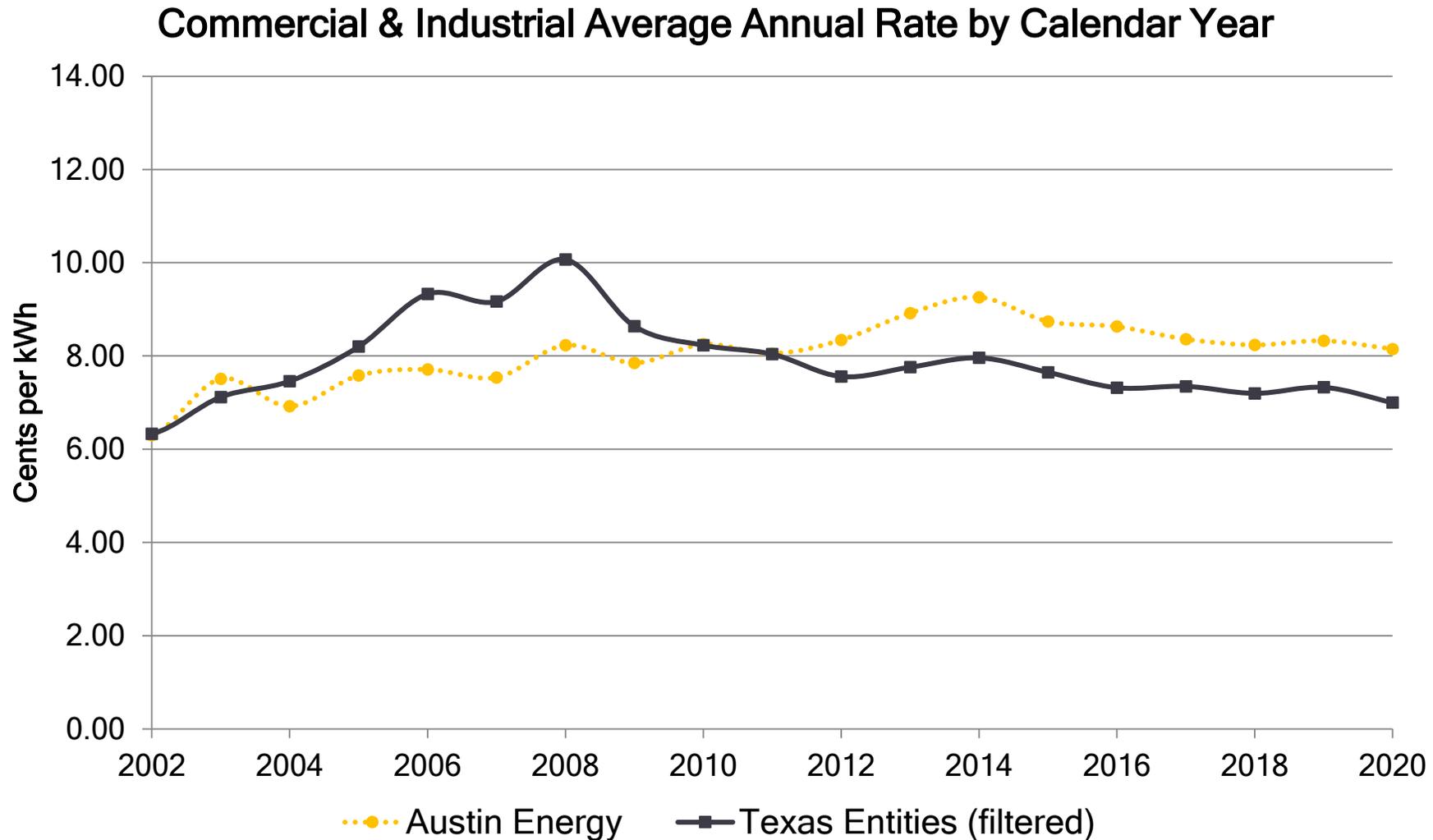
Source: U.S. Energy Information Administration Form 861, October 2021

Affordability Goal: Competitiveness Metric



Source: U.S. Energy Information Administration Form 861, October 2021

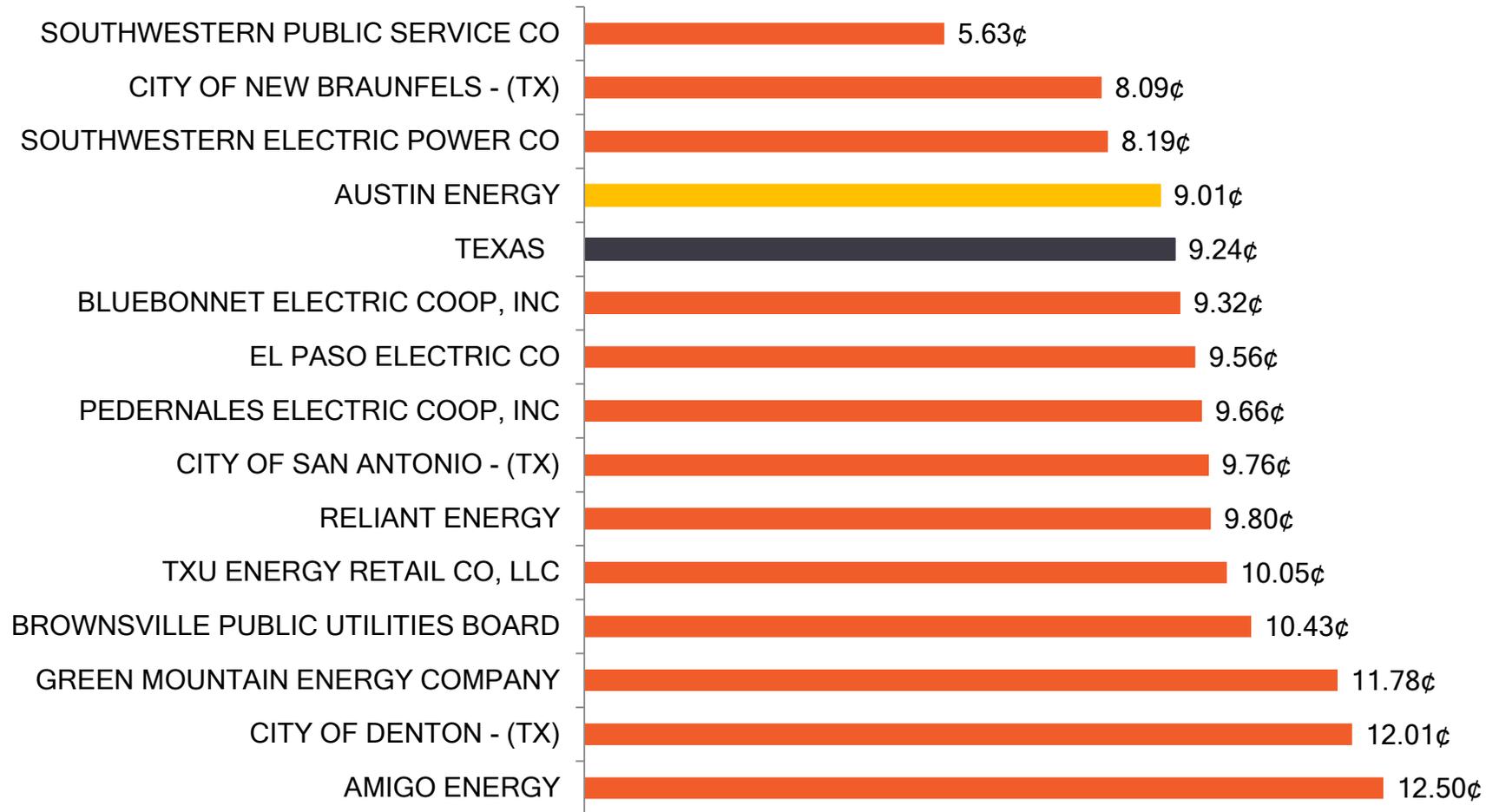
Affordability Goal: Competitiveness Metric



Source: U.S. Energy Information Administration Form 861, October 2021

Affordability Goal: Competitiveness Metric

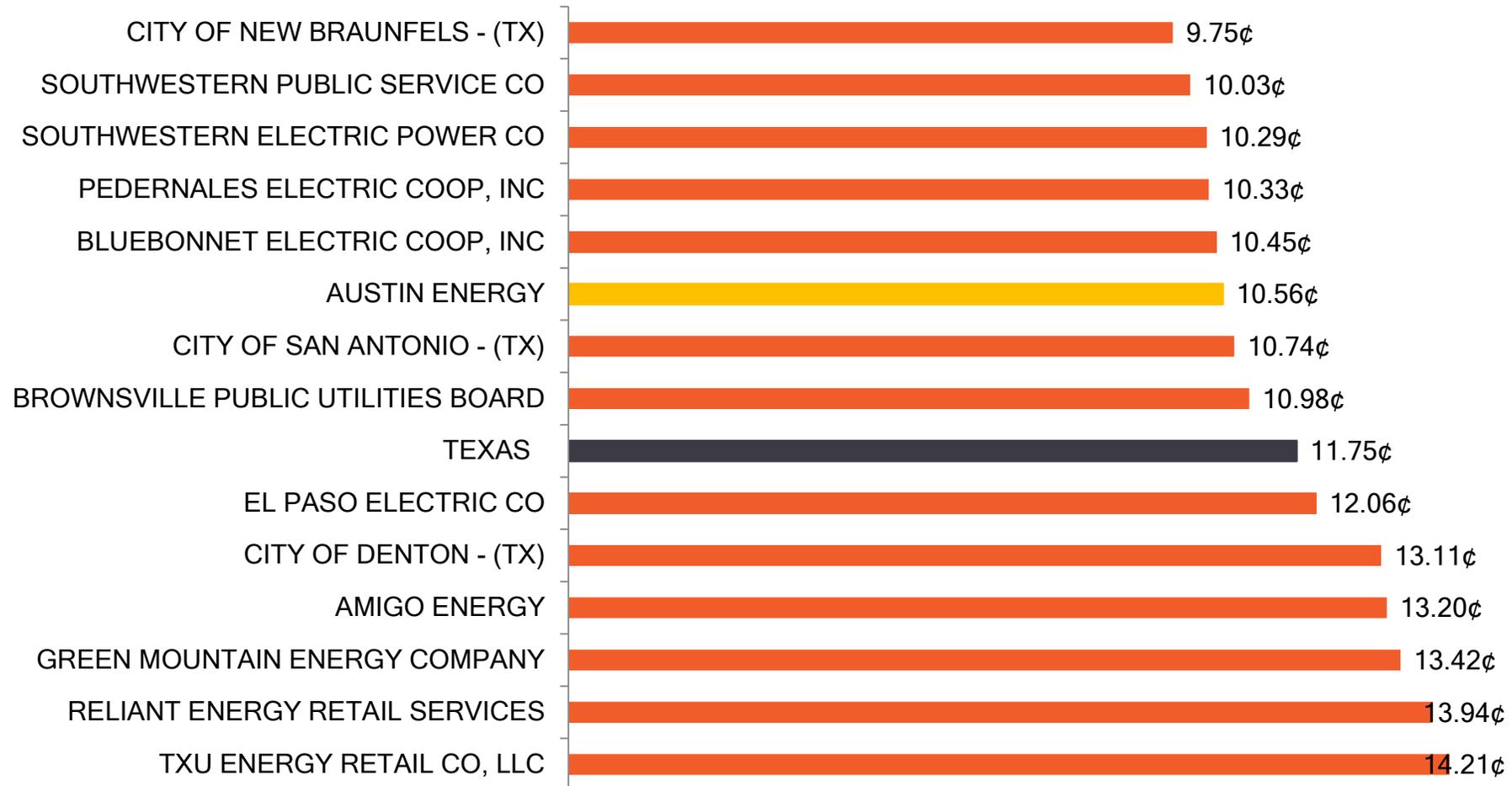
System Average Rate for CY 2020



Source: U.S. Energy Information Administration Form 861, October 2021

Affordability Goal: Competitiveness Metric

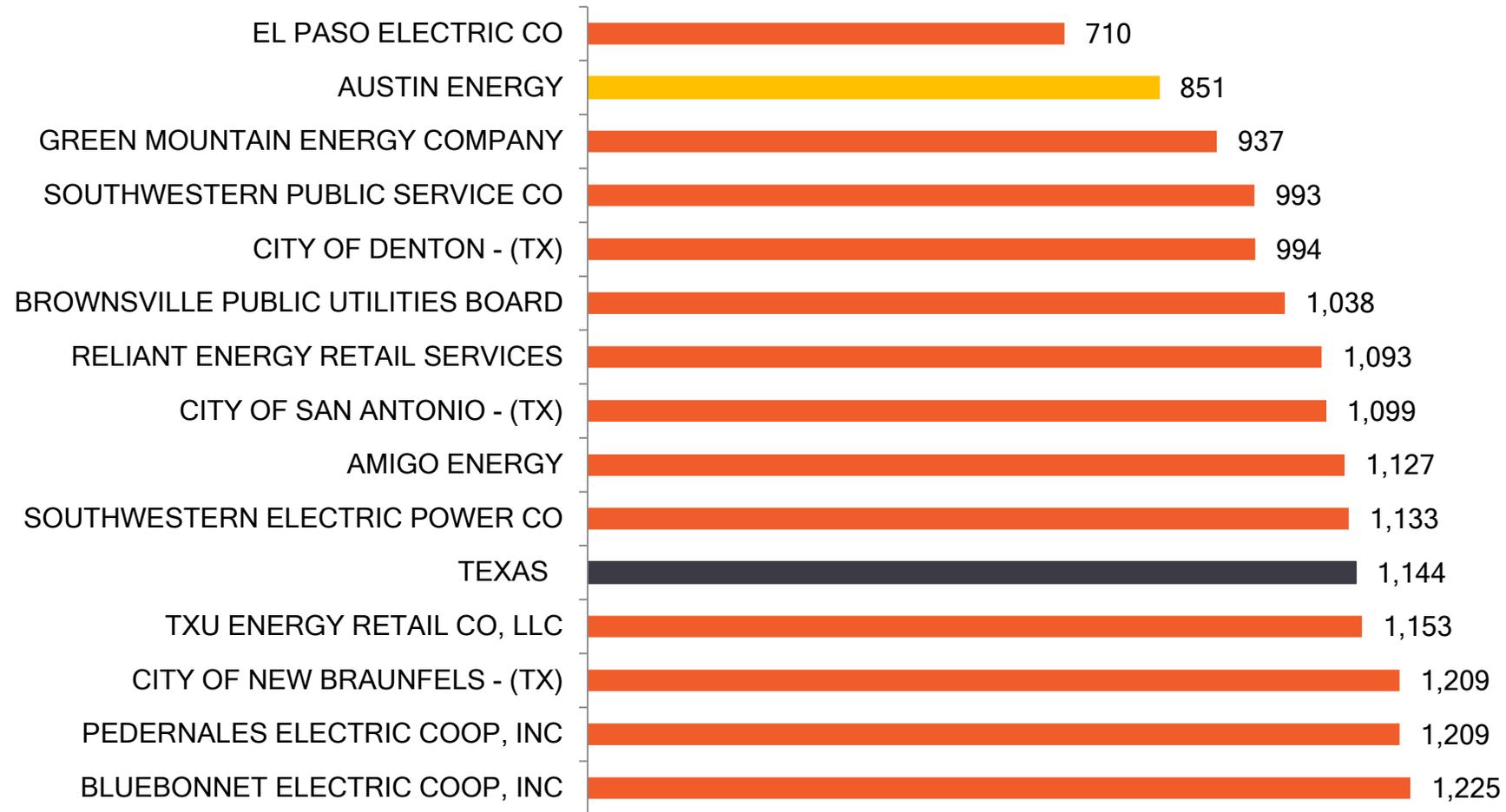
Residential Average Rate for CY 2020



Source: U.S. Energy Information Administration Form 861, October 2021

Affordability Goal: Competitiveness Metric

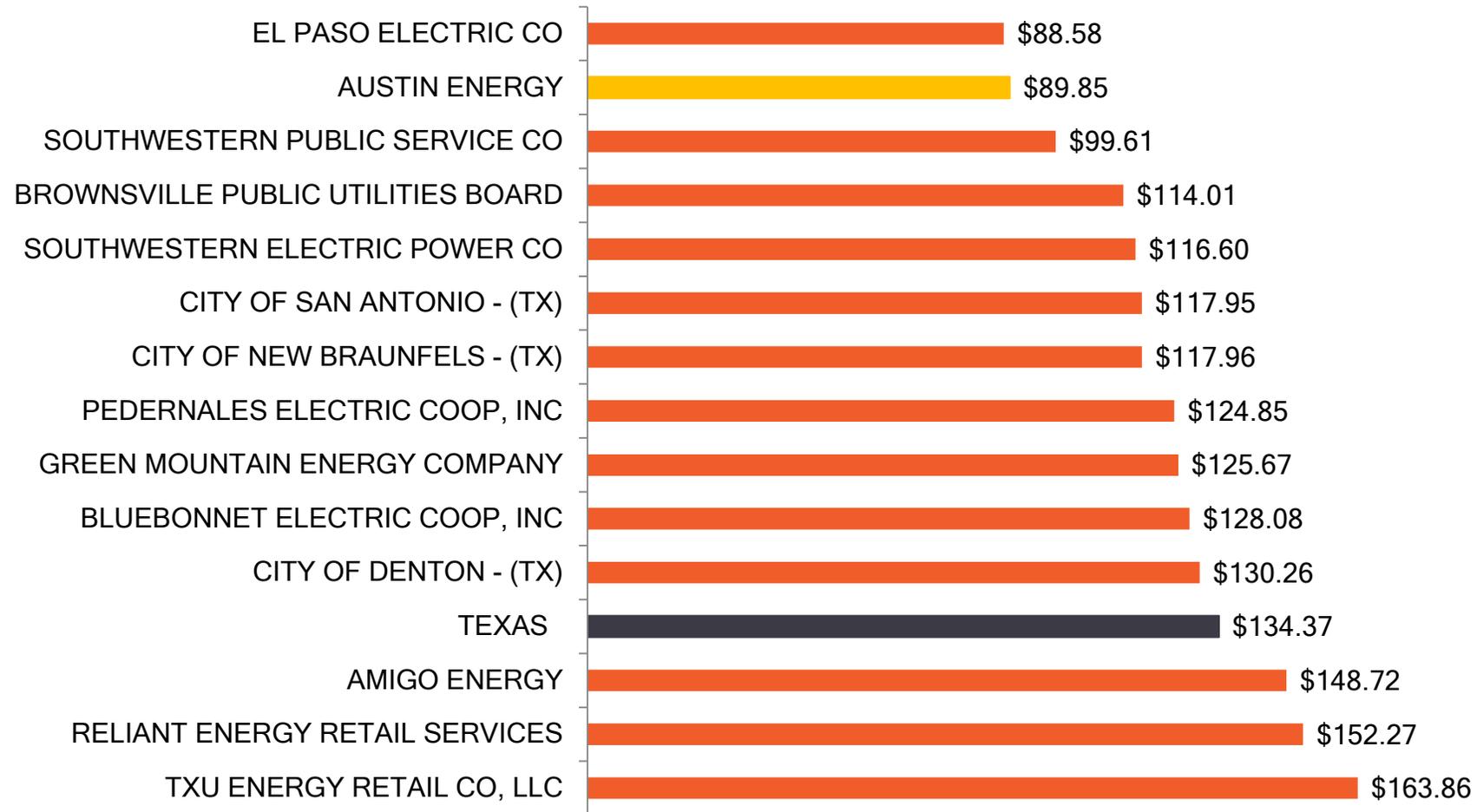
Residential Average Monthly Consumption for CY 2020



Source: U.S. Energy Information Administration Form 861, October 2021

Affordability Goal: Competitiveness Metric

Residential Average Monthly Bill for CY 2020



Source: U.S. Energy Information Administration Form 861, October 2021



**Customer Driven.
Community Focused.**

