

# Austin Energy Quarterly Financial Report

4<sup>th</sup> Quarter FY 2021 (July - September)

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Chief Financial Officer



November 16, 2021

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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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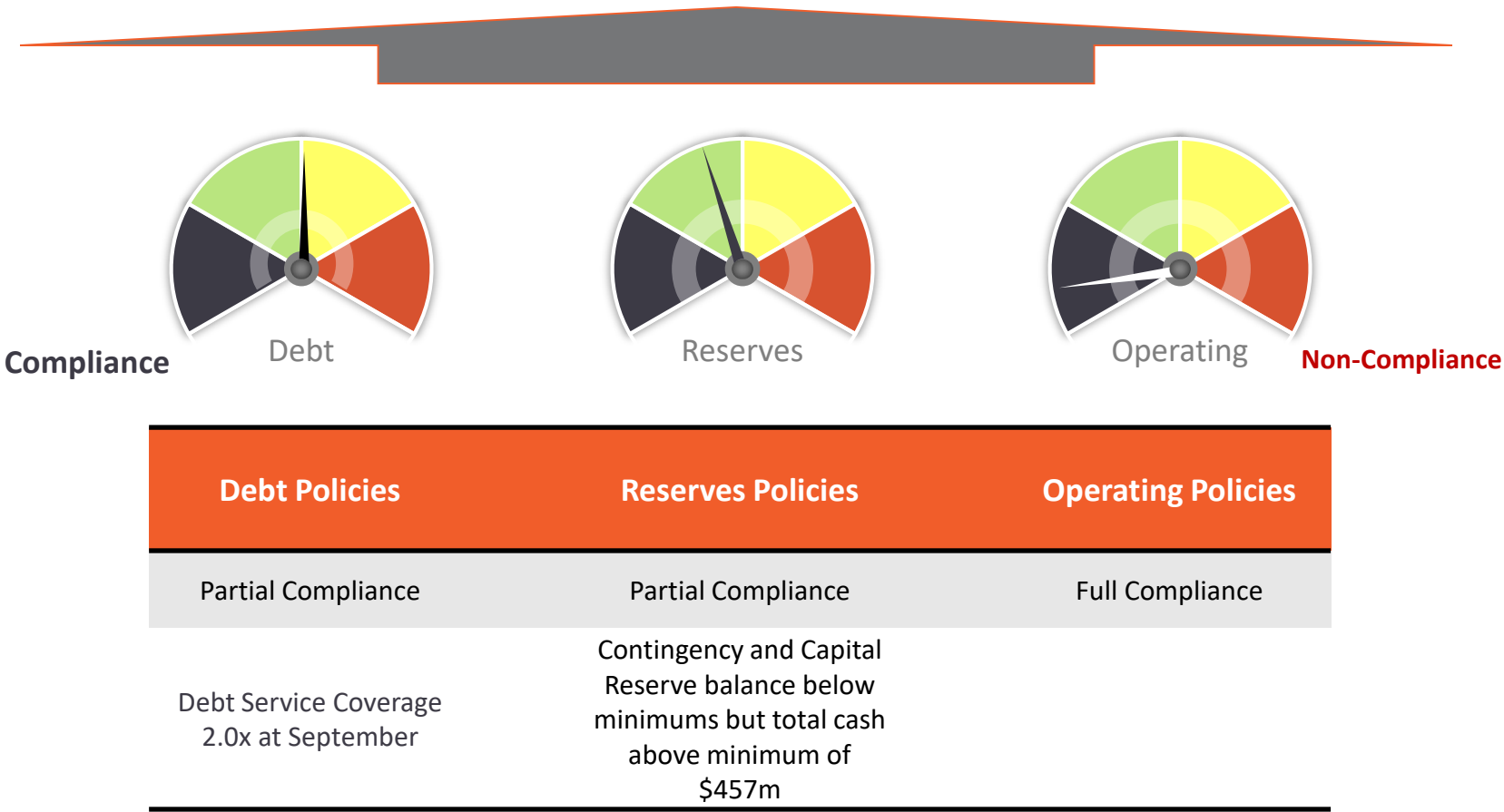
[https://assets.austintexas.gov/financeonline/downloads/comprehensive\\_annual\\_financial\\_report/comprehensive\\_annual\\_financial\\_report\\_2020.pdf](https://assets.austintexas.gov/financeonline/downloads/comprehensive_annual_financial_report/comprehensive_annual_financial_report_2020.pdf)

# Austin Energy Quarterly Financial Report

## Financial Policy Compliance



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



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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
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.



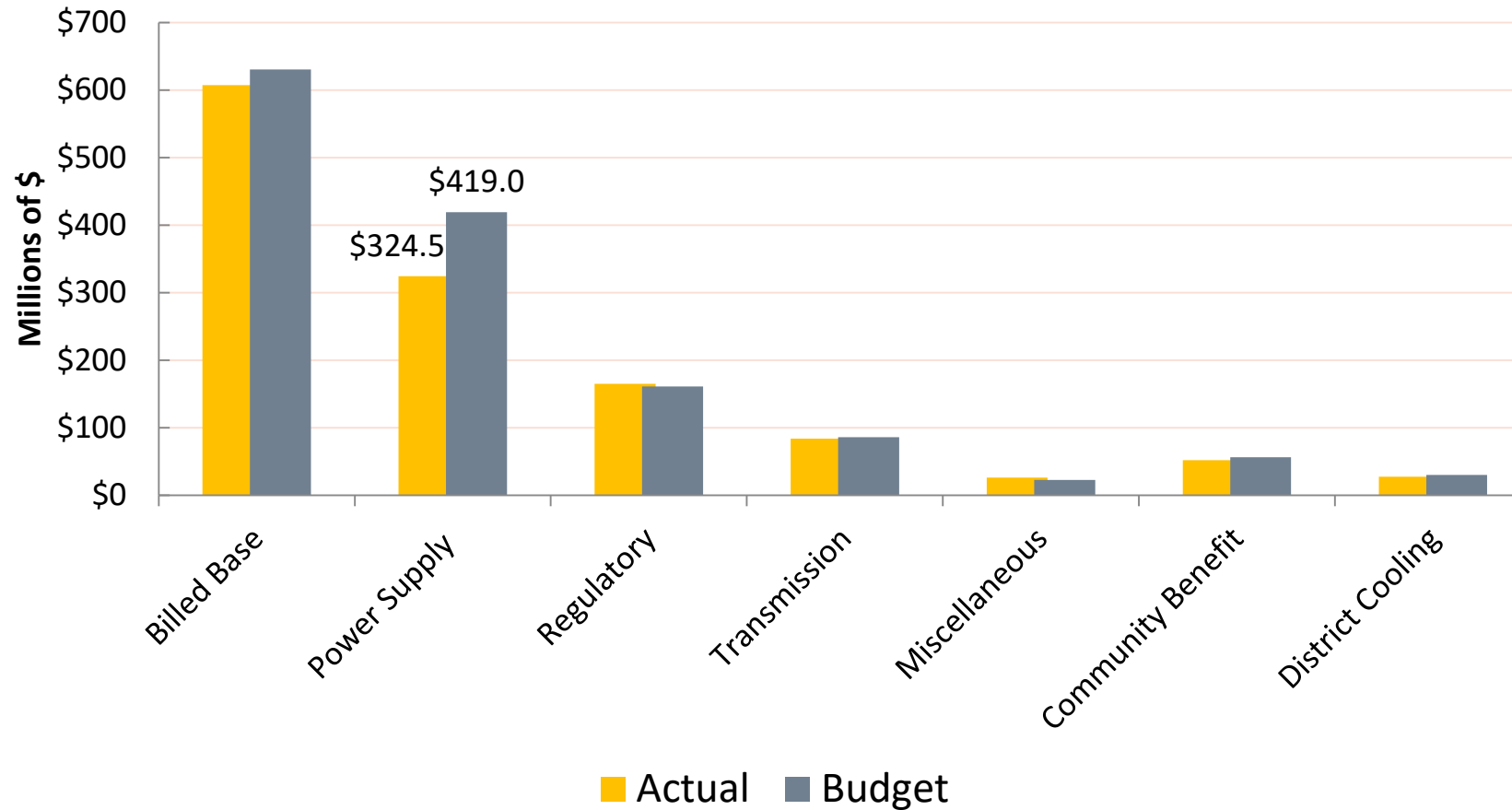
# Austin Energy Quarterly Financial Report

## Actual to Budget Analysis



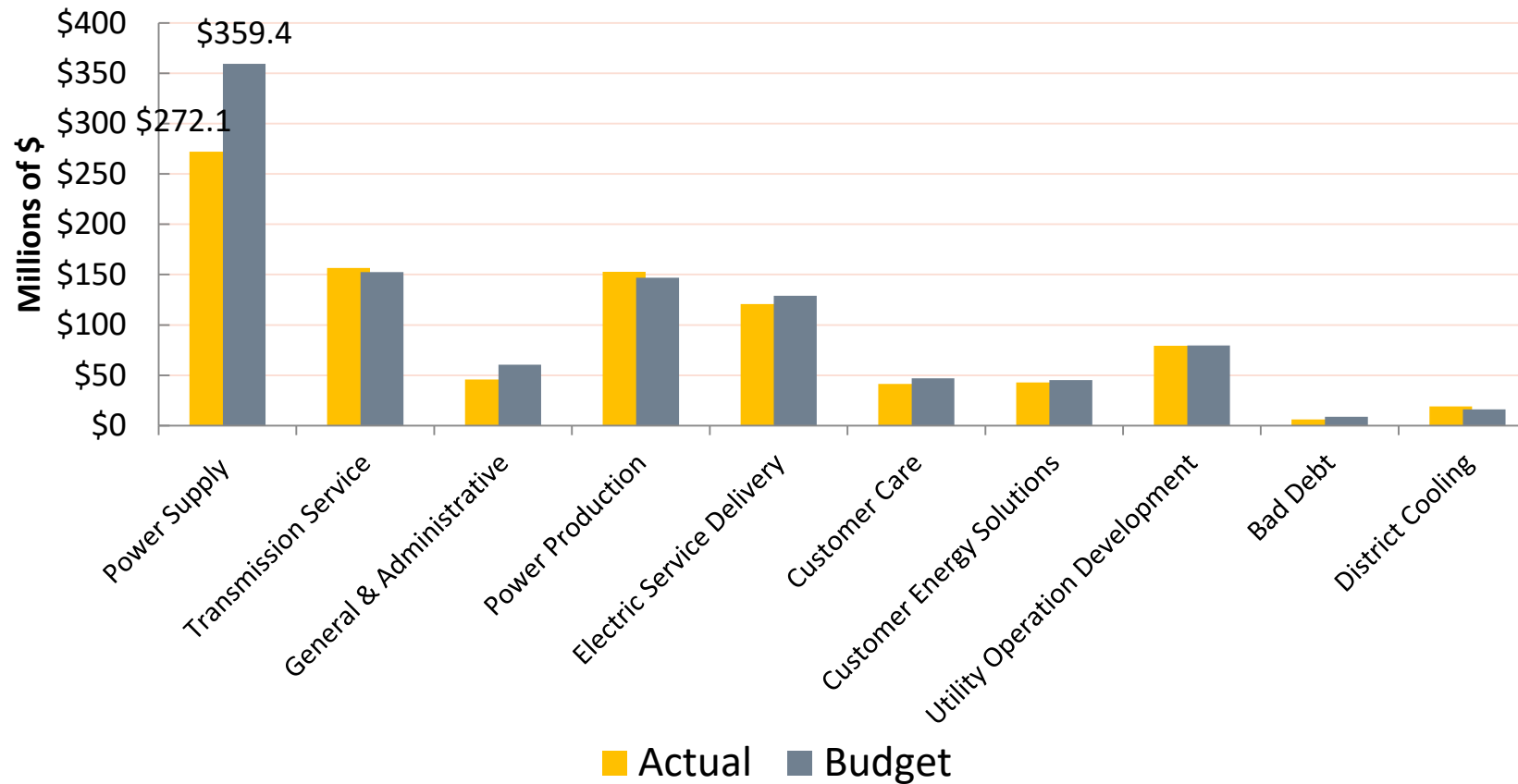
# Actual to Budget Analysis

## 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

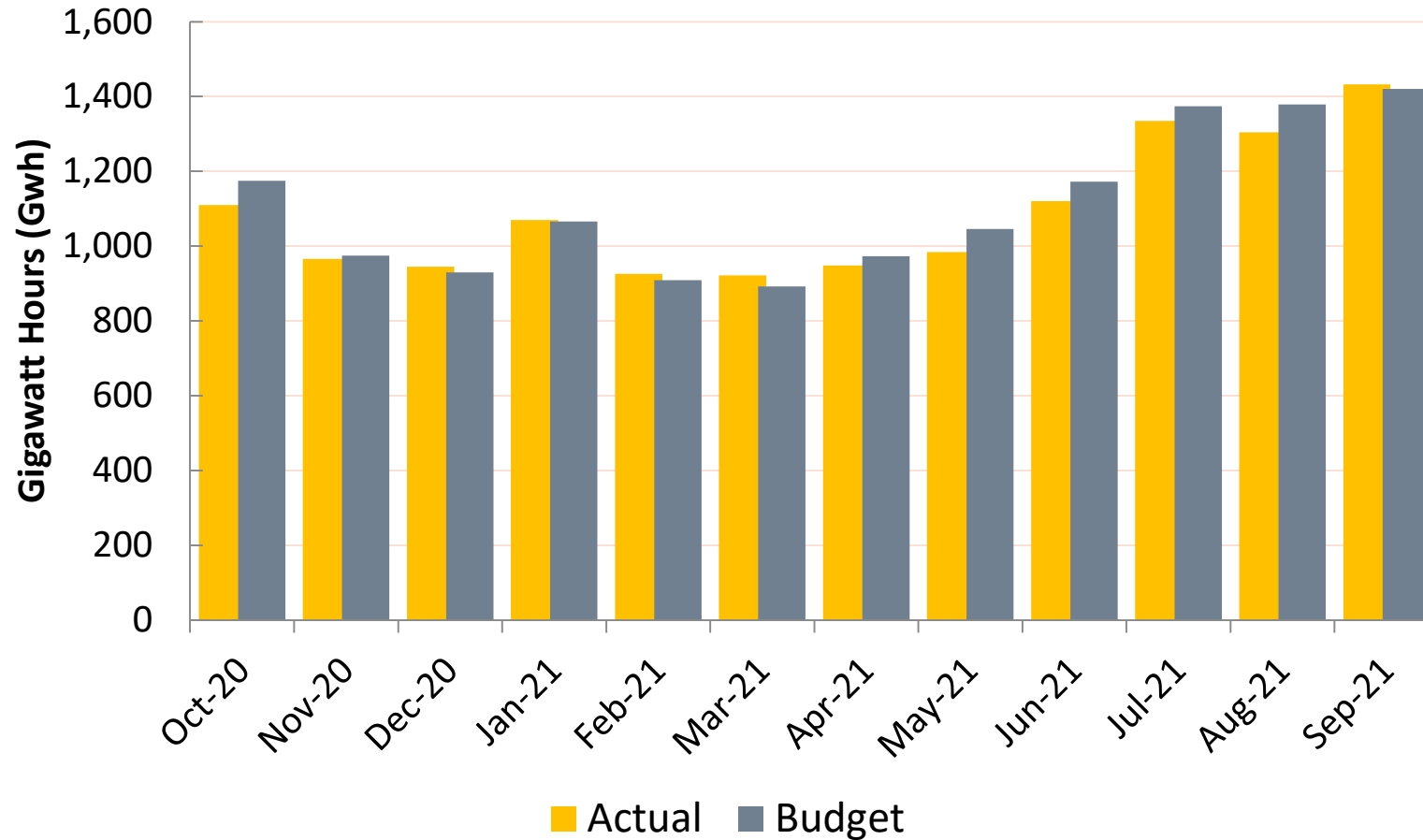
Fiscal Year Through September 30, 2021

			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%
<b>Operating Income (Loss)</b>	<b>\$350</b>	<b>\$362</b>	<b>(\$12)</b>	<b>(3%)</b>	<b>\$365</b>	<b>(15)</b>	<b>(4%)</b>
Interest Revenue	2	9	(7)	(74%)	11	(9)	(77%)
Debt Service	(161)	(159)	(2)	(1%)	(153)	(8)	(5%)
<b>Income (Loss) Before Transfers</b>	<b>\$191</b>	<b>\$212</b>	<b>(21)</b>	<b>(10%)</b>	<b>\$223</b>	<b>(\$32)</b>	<b>(14%)</b>
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%)
<b>Excess (Deficiency) of Revenues</b>	<b>(\$129)</b>	<b>(\$11)</b>	<b>(\$118)</b>	<b>(1049%)</b>	<b>(\$30)</b>	<b>(\$99)</b>	<b>(337%)</b>



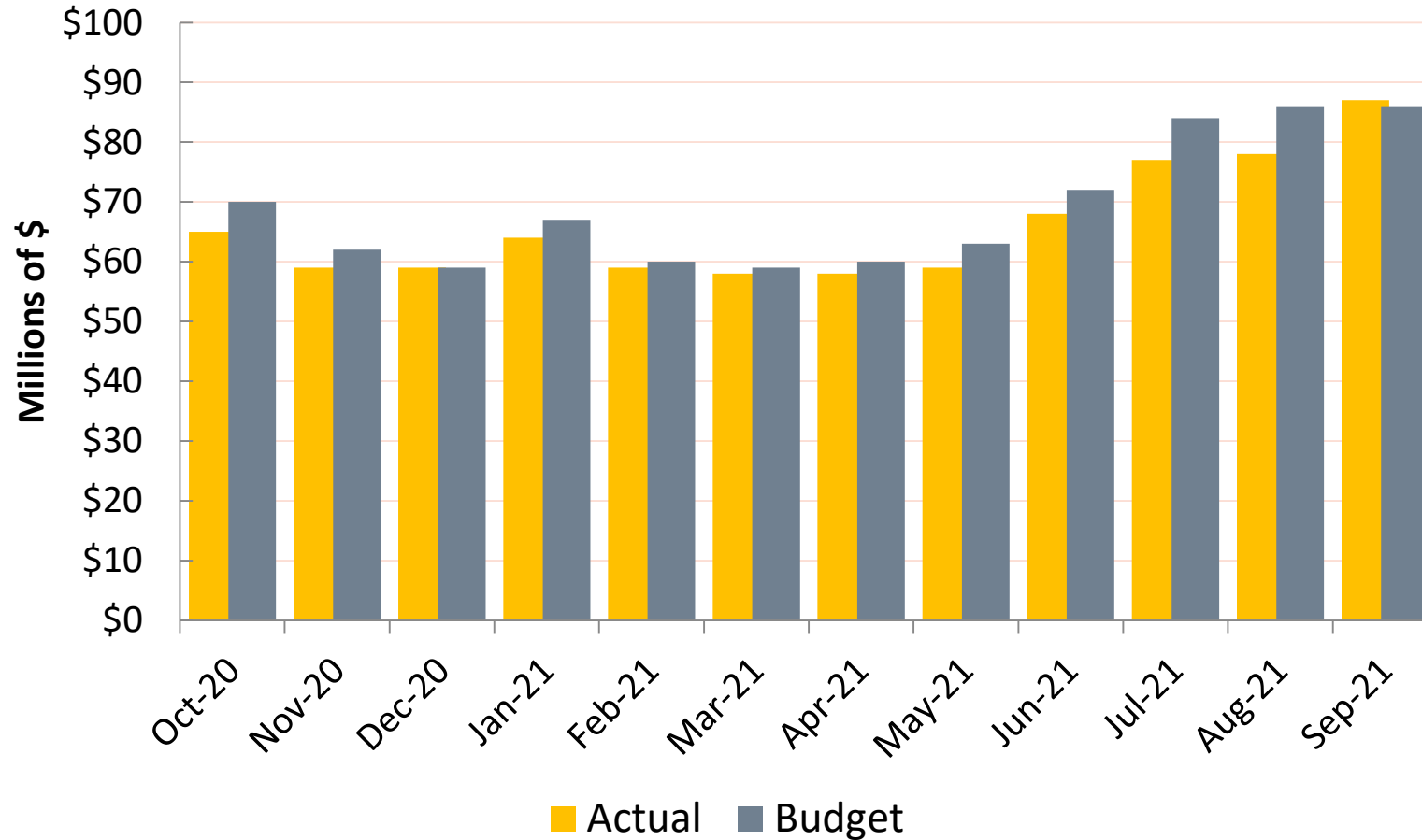
# Actual to Budget Analysis

## Actual to Budget Retail Energy Sales



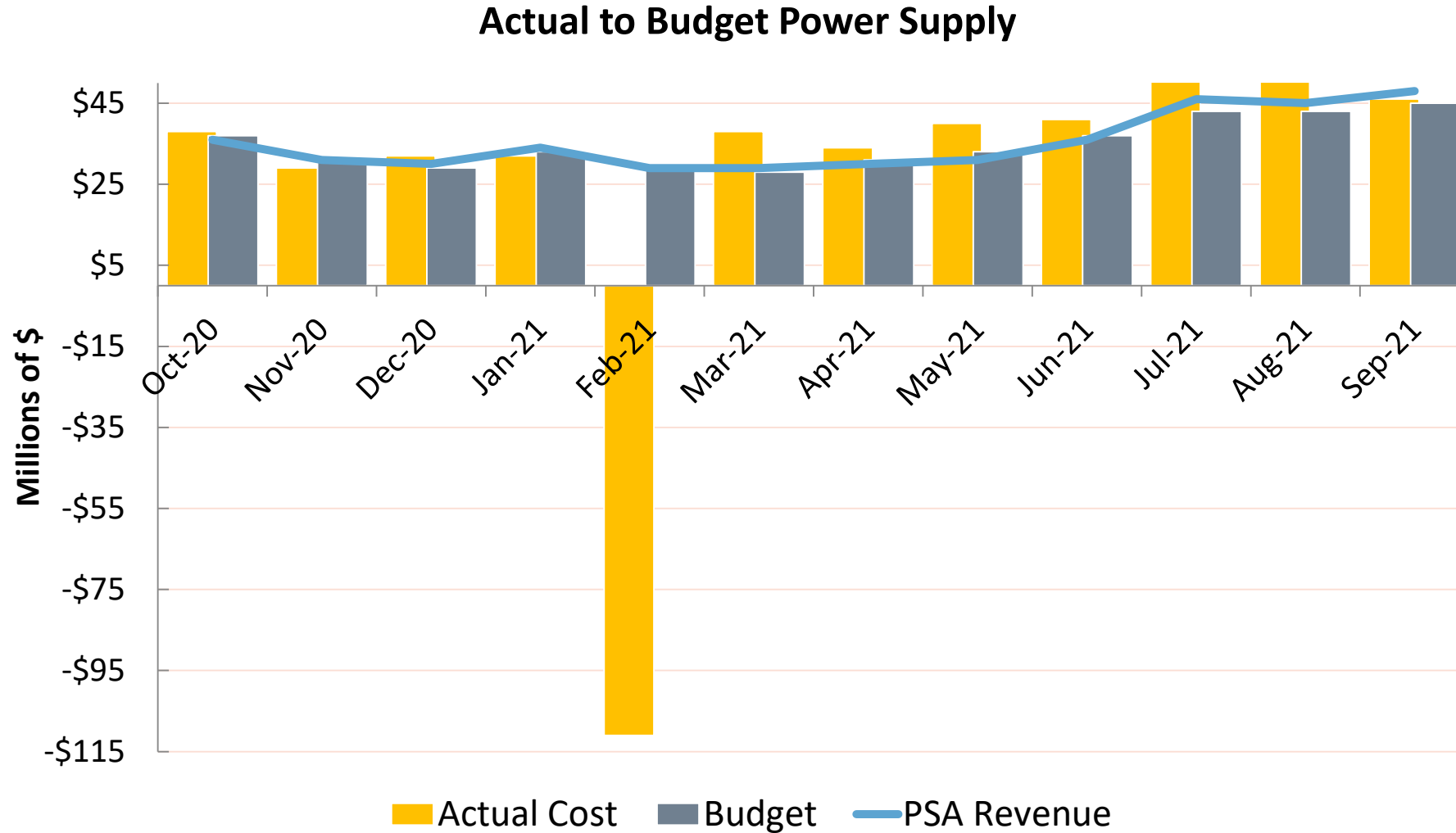
# Actual to Budget Analysis

## Actual to Budget Non-Power Supply Revenues





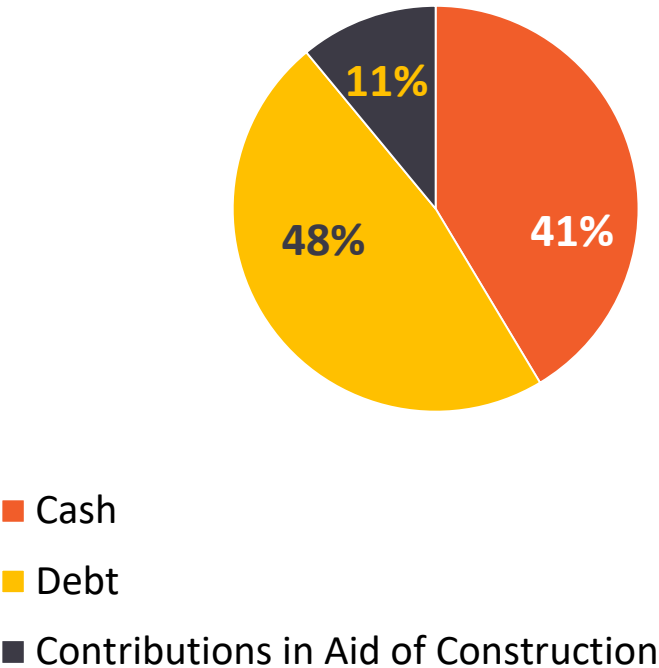
# Actual to Budget Analysis



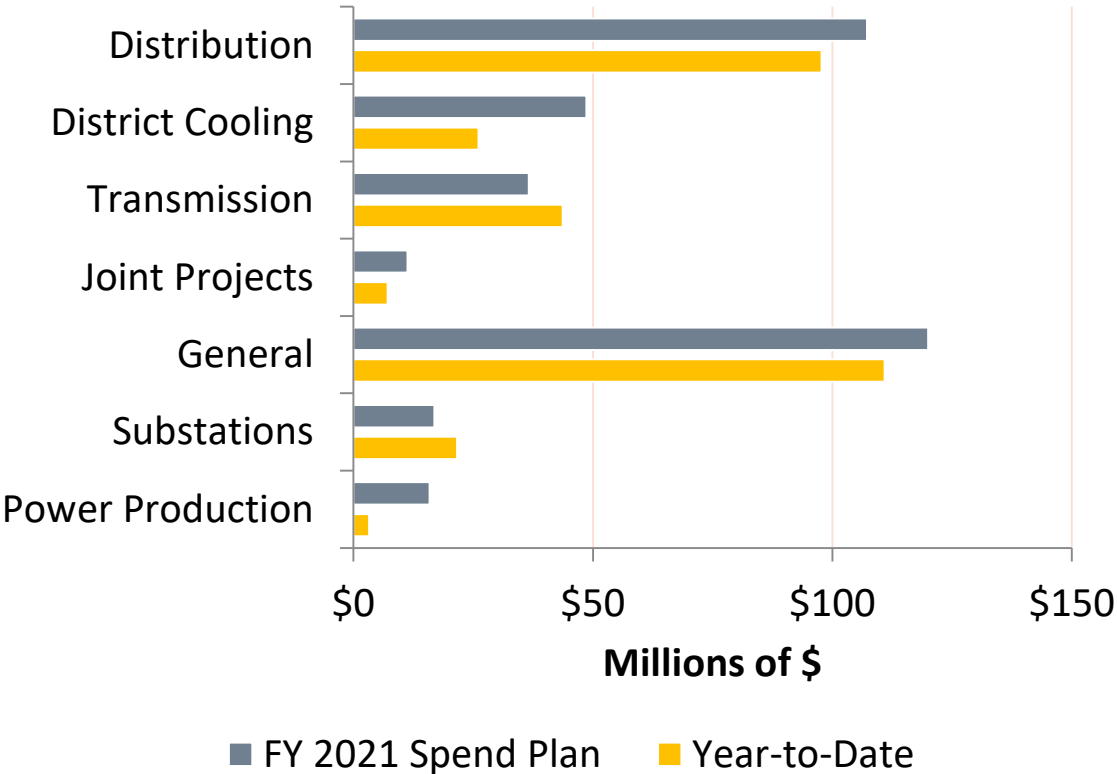
# Capital Improvement Plan Summary

Fiscal Year Through September 30, 2021

Type of Financing

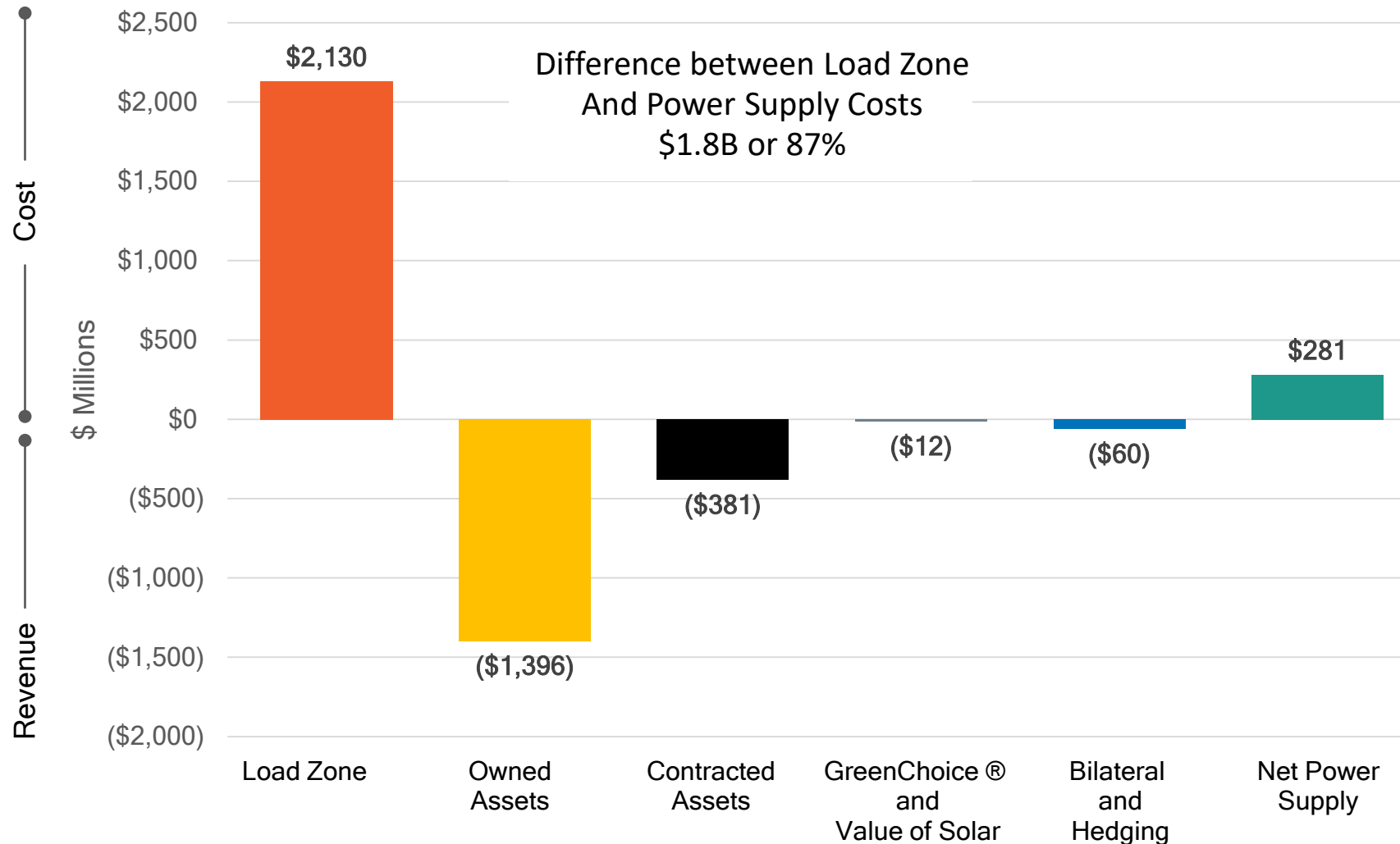


Type of Project



# Power Supply Adjustment Cost Components

Twelve Months Ending September 2021



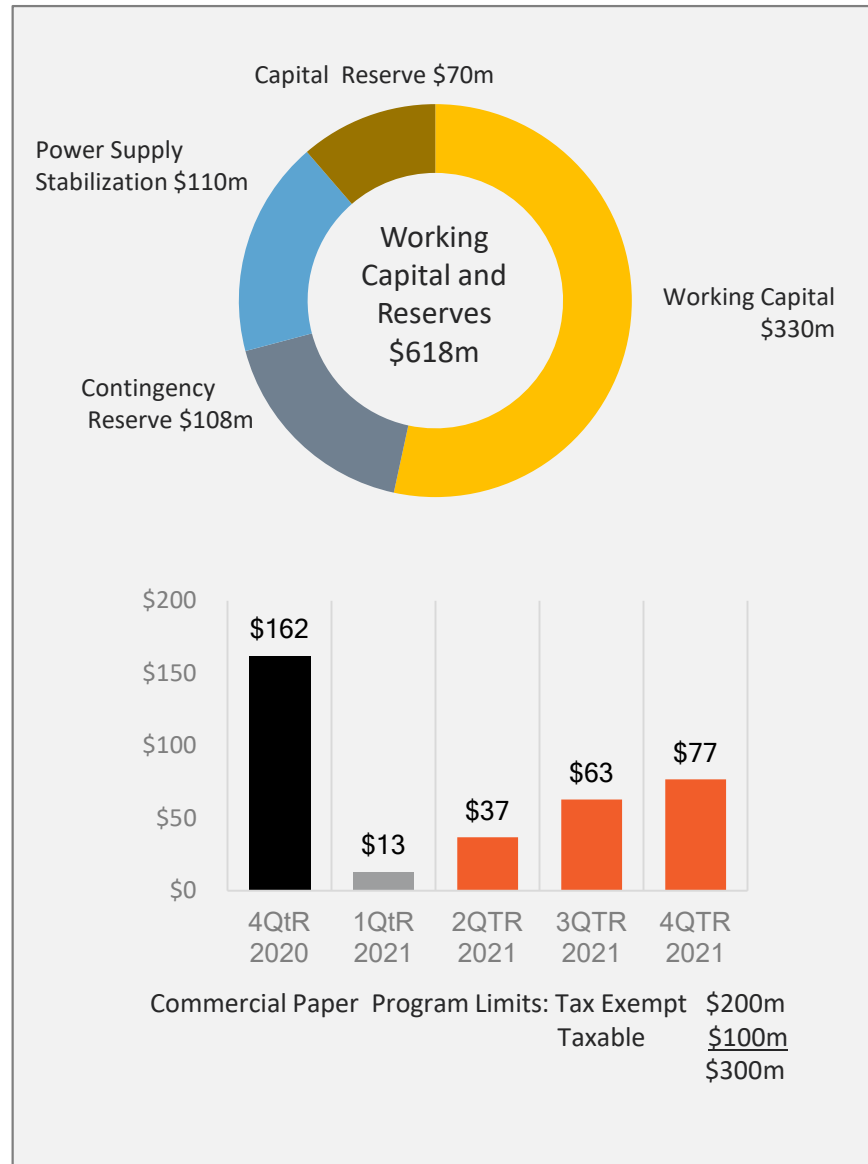
# Austin Energy Quarterly Financial Report

## 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
<b>Total Assets</b>	<b>\$5,825</b>	<b>\$6,087</b>
<b>Liabilities and Fund Equity</b>		
Current Liabilities	\$284	\$324
Long-term Liabilities	3,180	3,329
Deferred Inflow of Resources	487	612
Retained Earnings	1,874	1,822
<b>Total Liabilities &amp; Fund Equity</b>	<b>\$5,825</b>	<b>\$6,087</b>



# 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
<b>Total Assets</b>	<b>5,825</b>	<b>6,087</b>	<b>262</b>
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)
<b>Total Liabilities and Fund Equity</b>	<b>5,825</b>	<b>6,087</b>	<b>262</b>

## 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
<b>Operating Income/(Loss)</b>	<b>(\$45)</b>	<b>(\$44)</b>
Other Revenue (Expense)	\$121	\$105
General Fund Transfer	(111)	(114)
<b>Net Income/(Loss)</b>	<b>(\$35)</b>	<b>(\$53)</b>
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



# Austin Energy Quarterly Financial Report

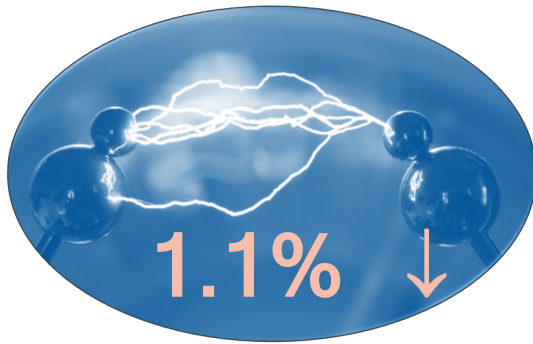
## Market and Industry Analysis



# 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

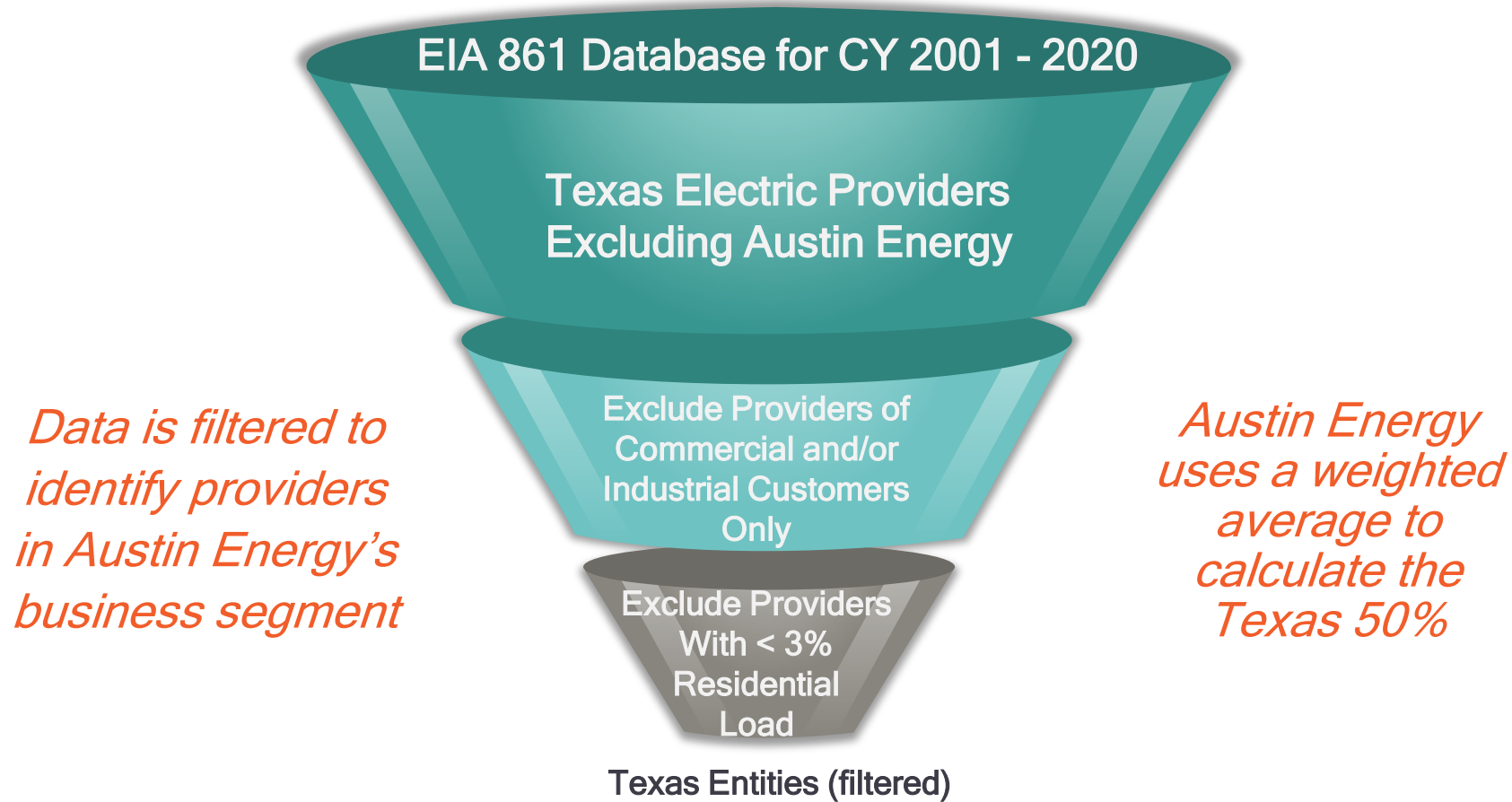
During FY 2021, the number of customers increased by 2.6%, from 507,660 to 520,757. New residential customers account for 97% of the growth in customer count.





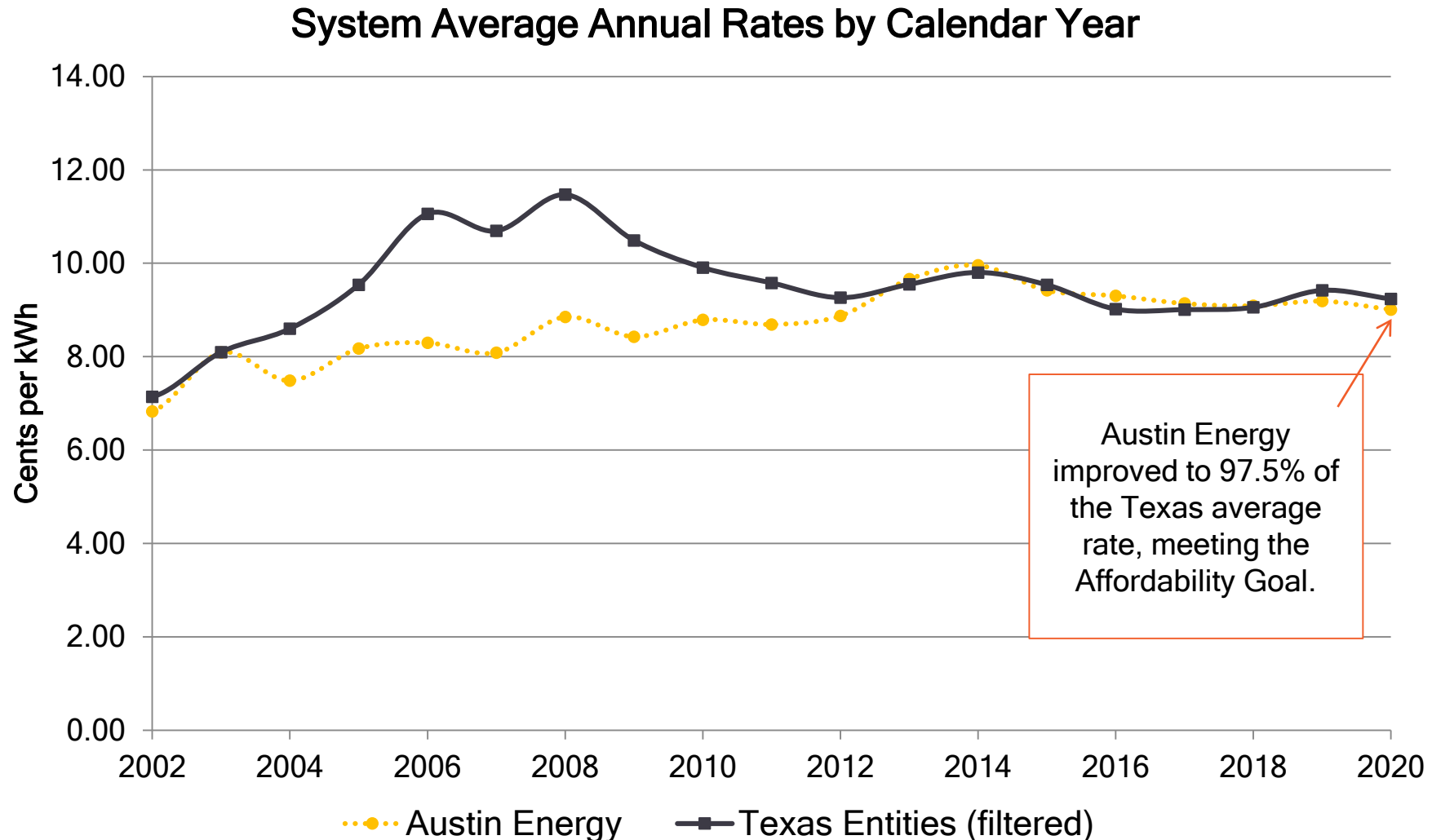
# How the Analysis is Performed

## Affordability Goal: Competitiveness Metric



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

# Affordability Goal: Competitiveness Metric

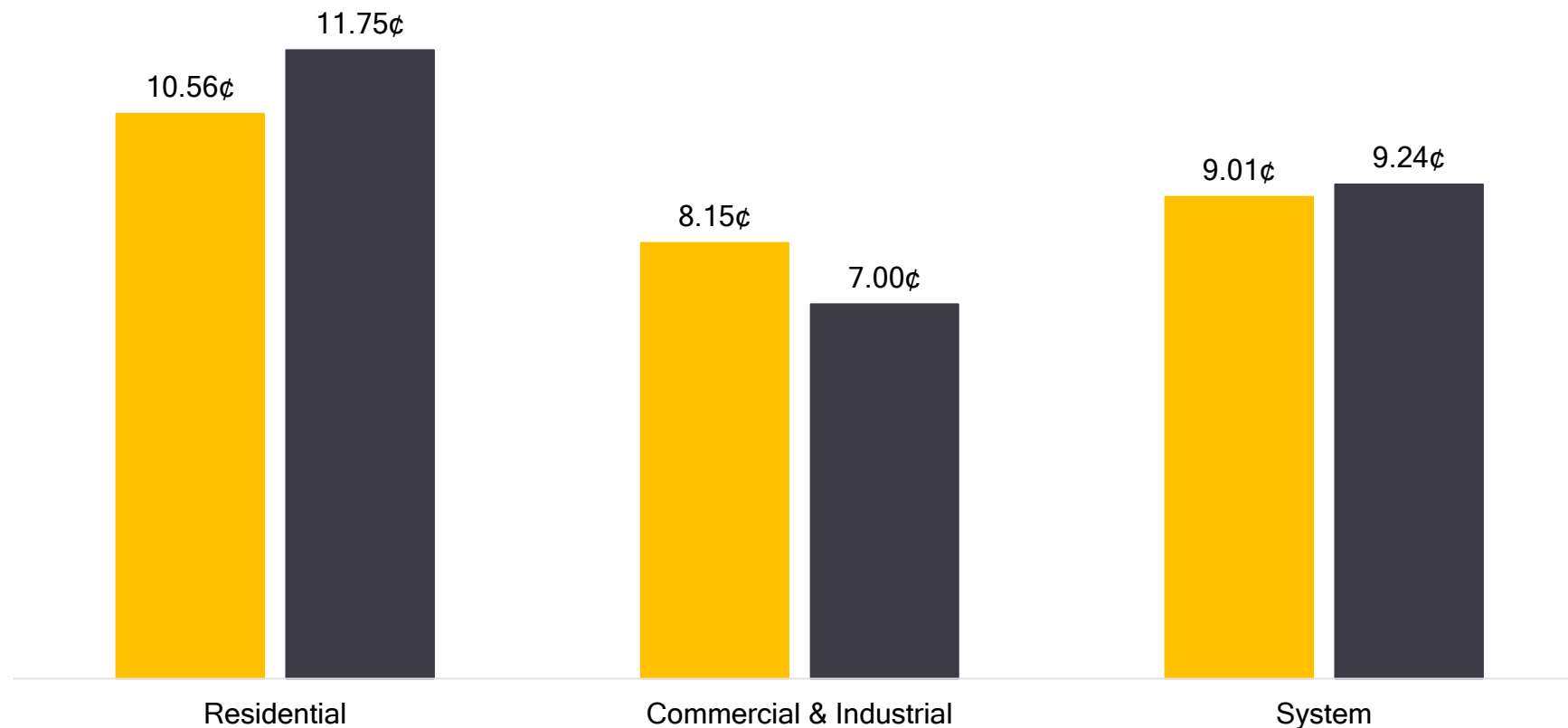


Source: U.S. Energy Information Administration Form 861, October 2021

# Affordability Goal: Competitiveness Metric

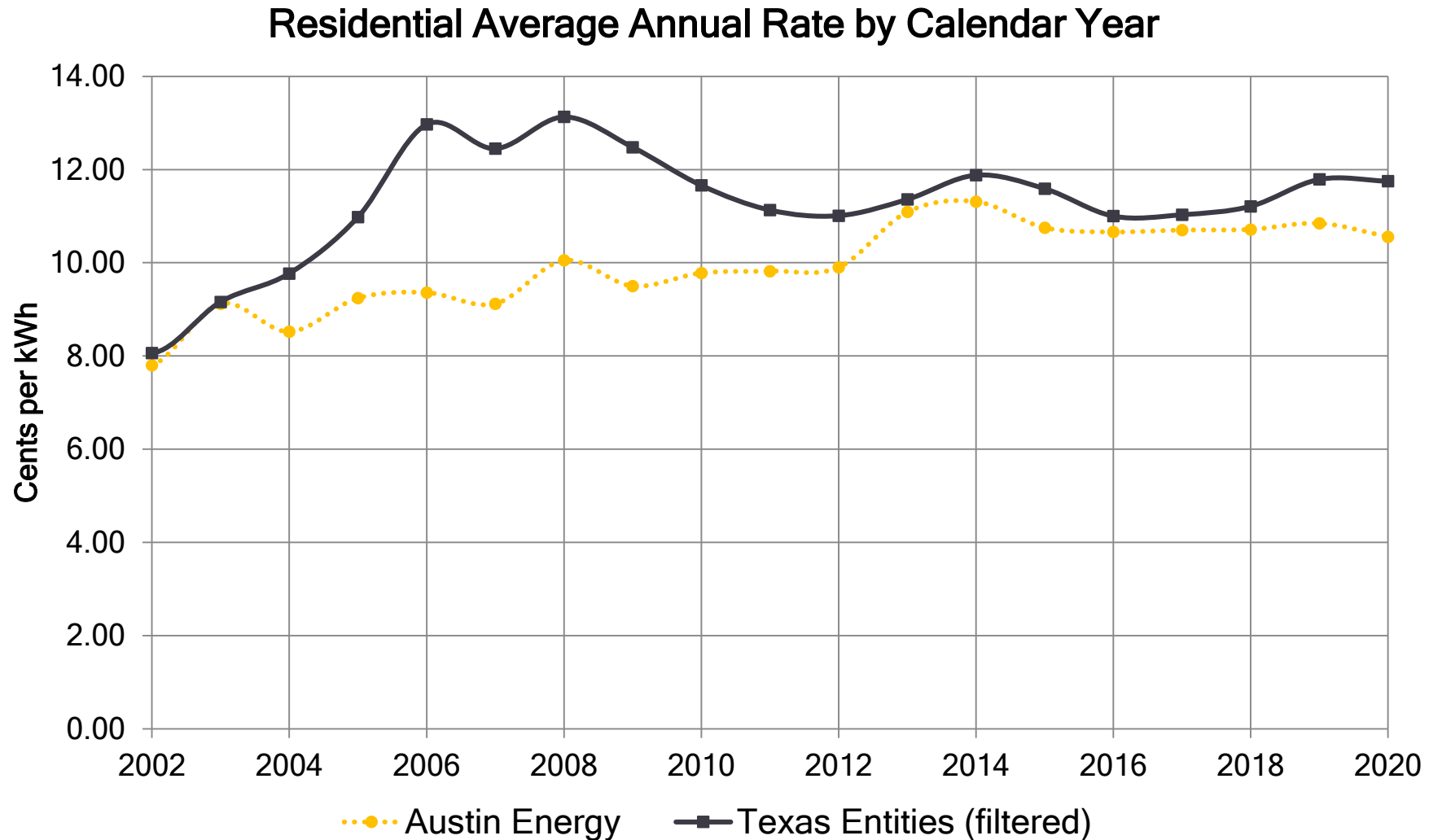
## Average Annual Rates by Customer Class for CY 2020

■ Austin Energy ■ Texas Average



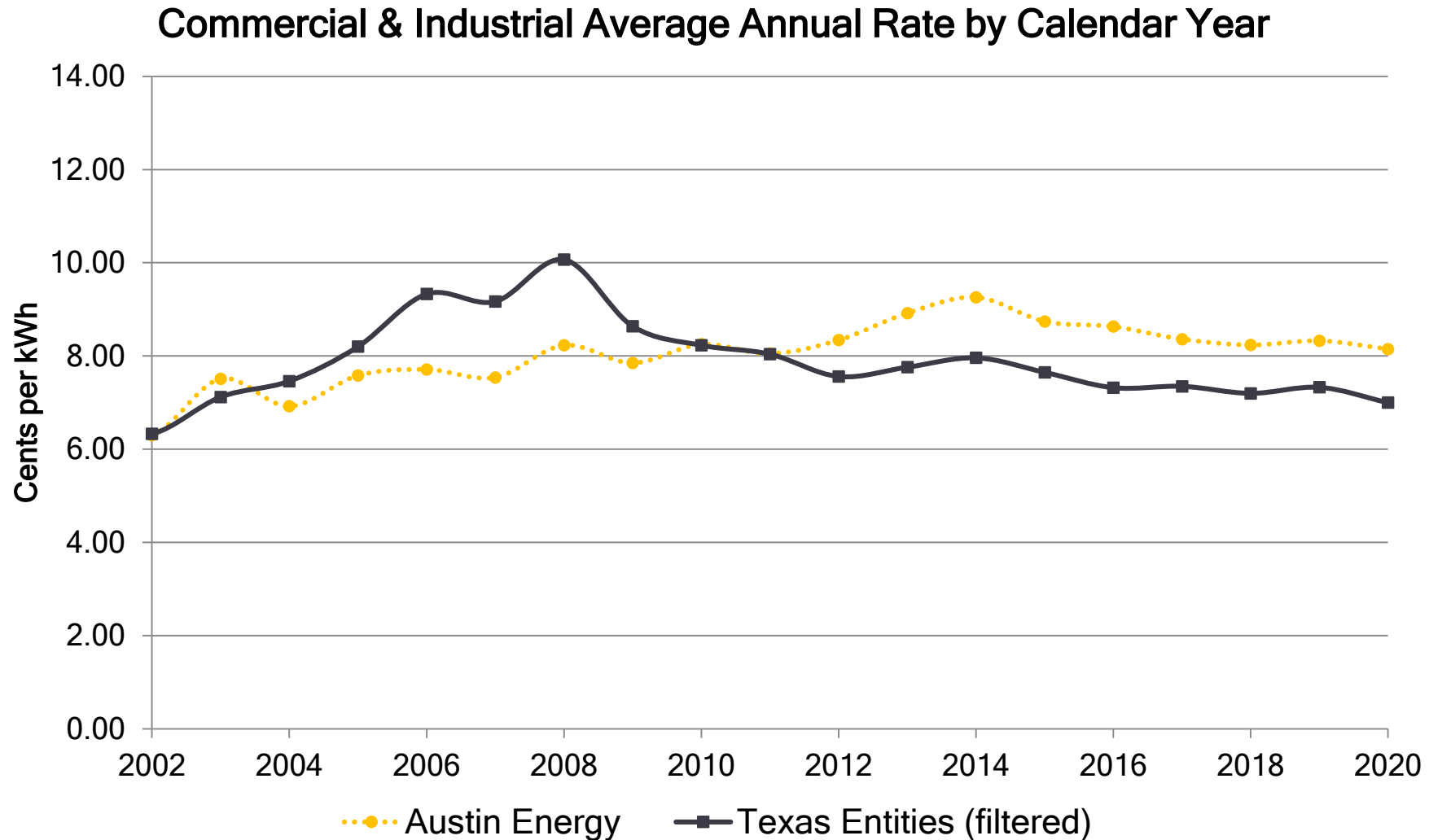
Source: U.S. Energy Information Administration Form 861, October 2021

# Affordability Goal: Competitiveness Metric



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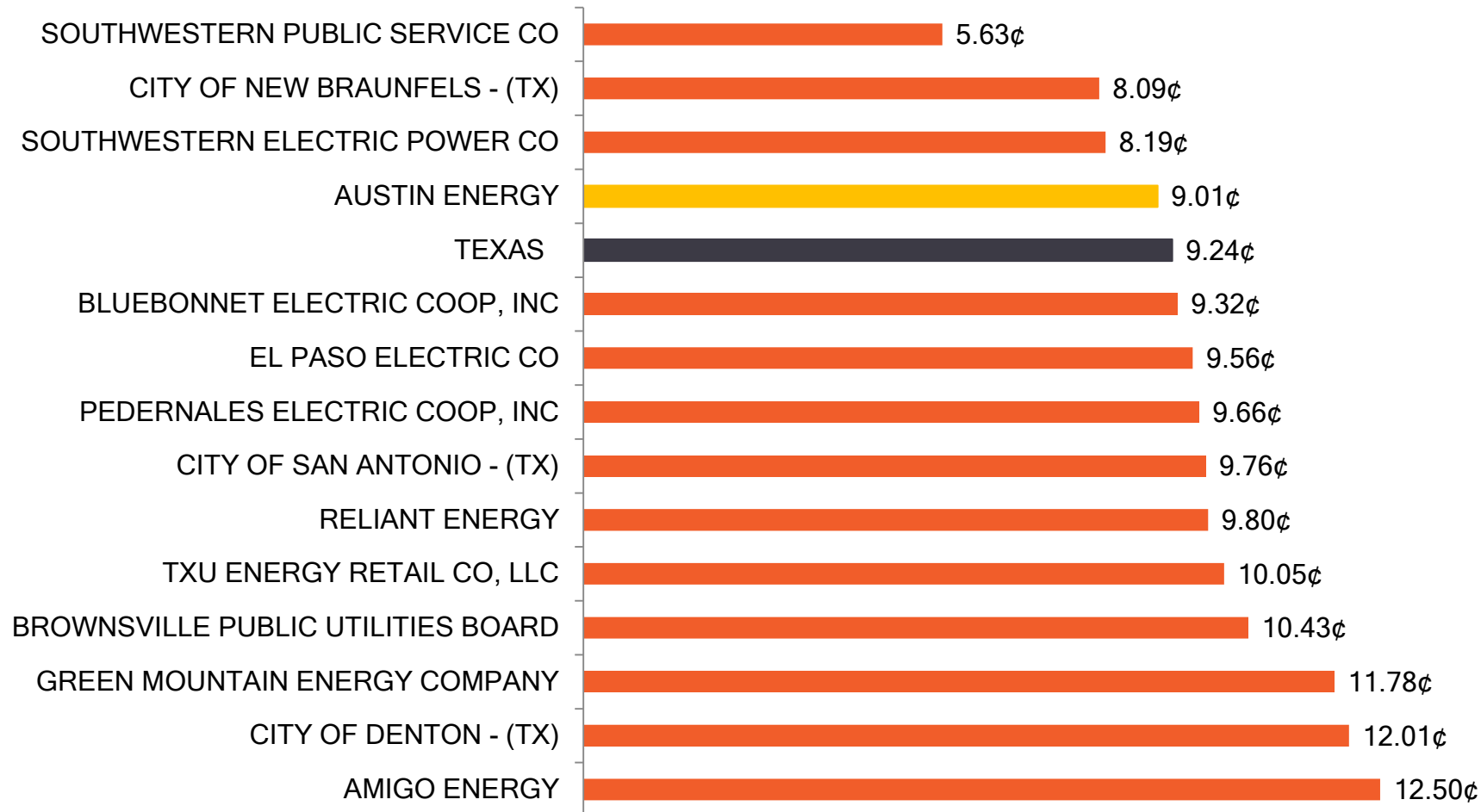
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Source: U.S. Energy Information Administration Form 861, October 2021

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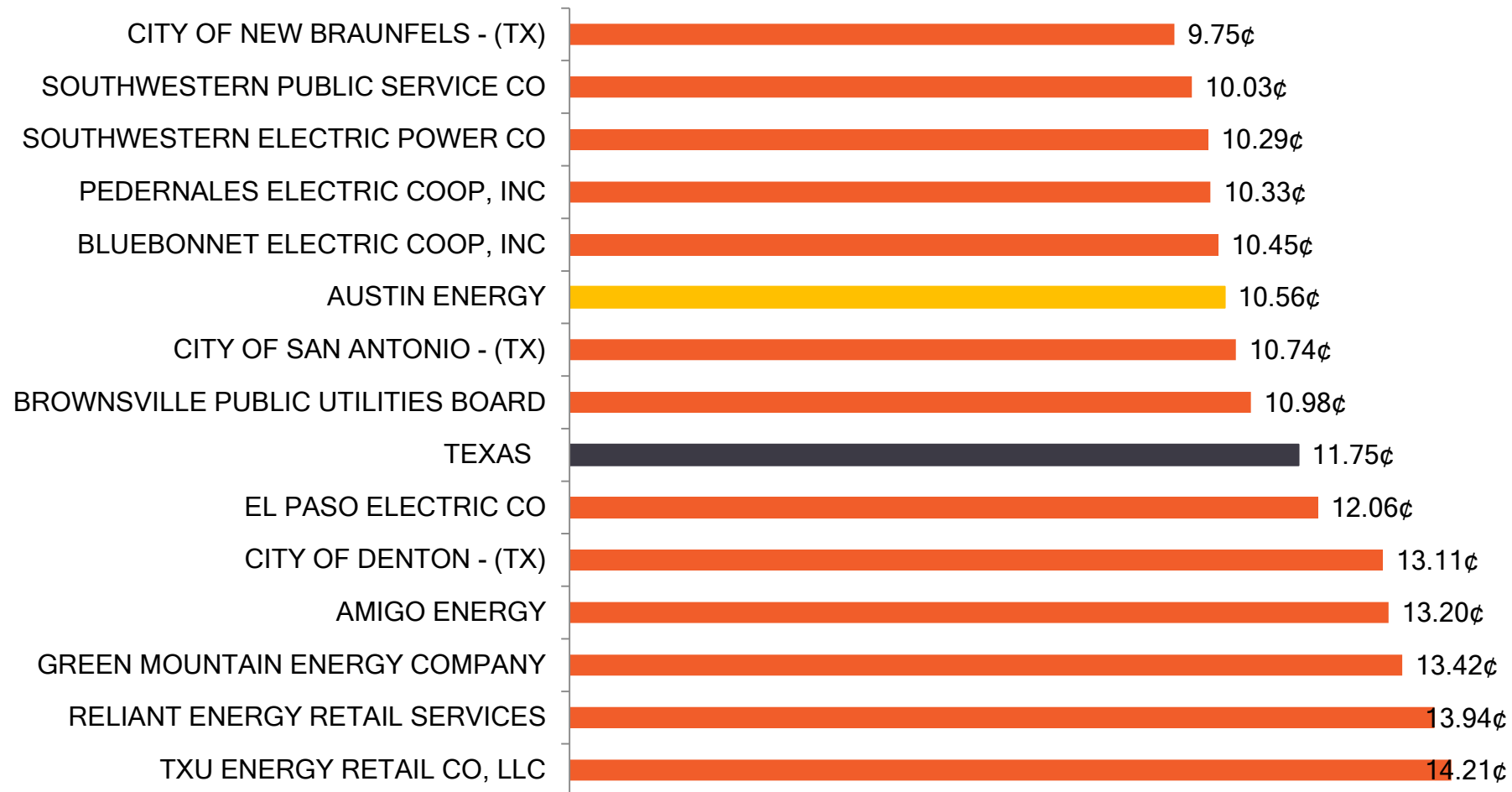
## System Average Rate for CY 2020



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

# Affordability Goal: Competitiveness Metric

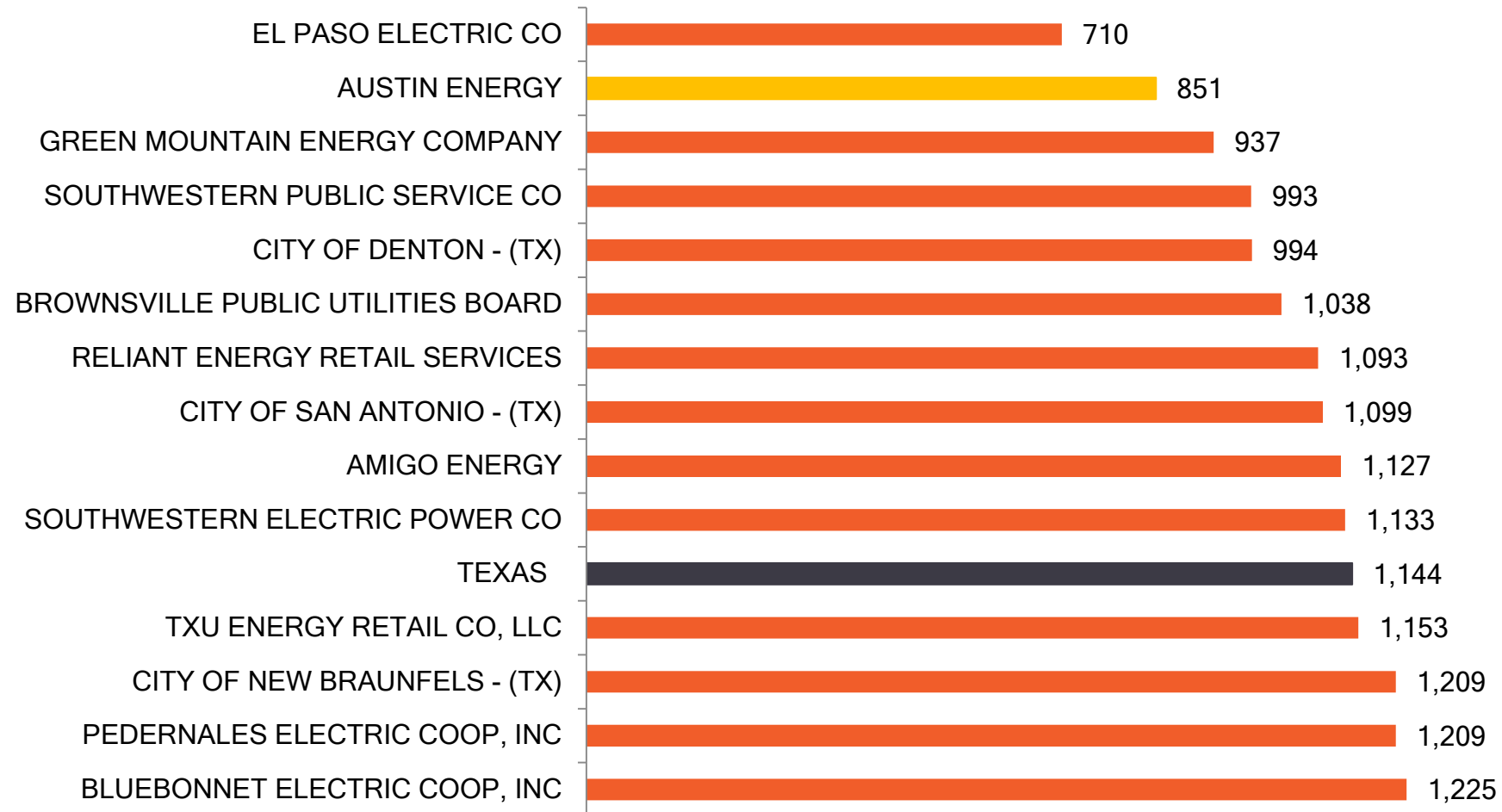
## Residential Average Rate for CY 2020



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

# Affordability Goal: Competitiveness Metric

## Residential Average Monthly Consumption for CY 2020

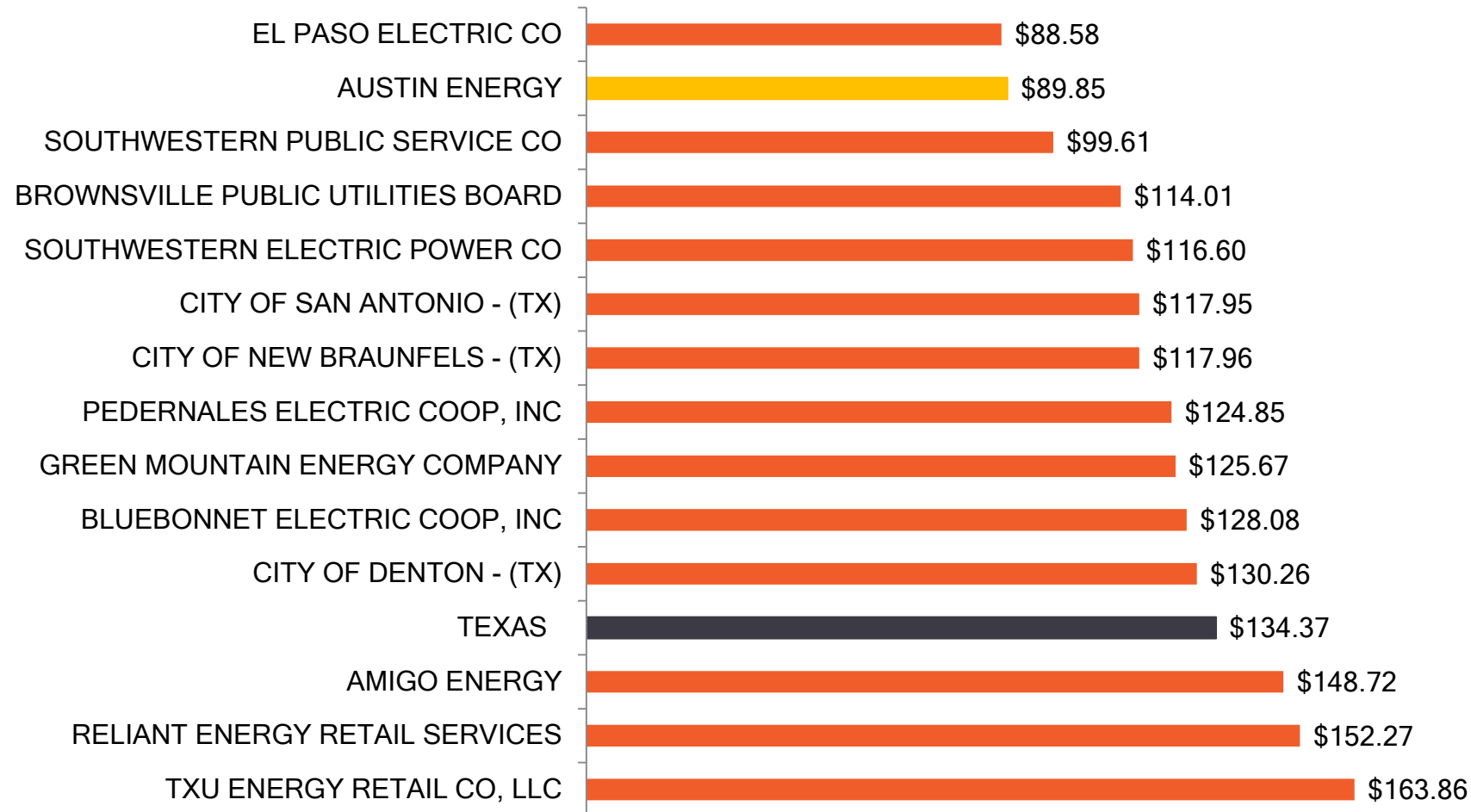


Source: U.S. Energy Information Administration Form 861, October 2021



# 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.**



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