

# Austin Energy Quarterly Financial Report

4<sup>th</sup> Quarter FY 2022 (July - September)

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November 29, 2022

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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 14, 2022:

[http://finance.austintexas.gov/web/controller/annual\\_comprehensive\\_financial\\_report/annual\\_comprehensive\\_financial\\_report\\_2021.pdf](http://finance.austintexas.gov/web/controller/annual_comprehensive_financial_report/annual_comprehensive_financial_report_2021.pdf)



# Agenda

## Quarterly Financial Report



# Austin Energy Quarterly Financial Report

## Executive Summary



# Executive Summary



Austin Energy is in partial compliance with its financial policies. Combined reserves, as well as Contingency and capital reserve balances are below minimums.



Working capital decreased by \$164m year over year, primarily due to current year under recovery of power supply costs including the return of the prior year over recovery from Winter Storm Uri.



**\$1.7**

Billion Operating Revenue

Operating revenue FYTD is 13% over budget, primarily due to extreme summer weather which drove increases in usage. Power costs were also up due to market changes, natural gas prices, and congestion costs.



**\$(1.7)**

Billion Expenses w/transfers

Operating expenses for September FYTD including transfers are 10% over budget, primarily due to increased power supply costs.



Austin Energy's bond rating was lowered by S&P to AA-, which is below our target rating of AA.



Market Competitiveness – System average rates were 12.6% below the state average for CY 2021.



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# Austin Energy Quarterly Financial Report

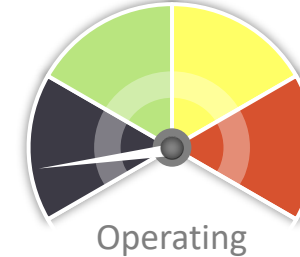
## Financial Policy Compliance



# Financial Policy Monitoring

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

Compliance Non-Compliance



Debt Policies	Reserves Policies	Operating Policies
Full Compliance	Partial Compliance	Full Compliance
Actual 2.2x DSC Policy minimum is 2.0x DSC	Contingency and Capital Reserve balances are below minimums. In addition, our Combined reserve of \$444m is below the minimum of \$480m	



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# Austin Energy Quarterly Financial Report

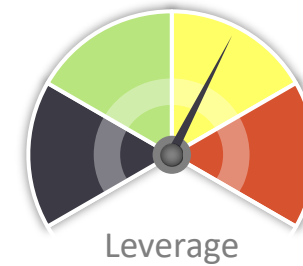
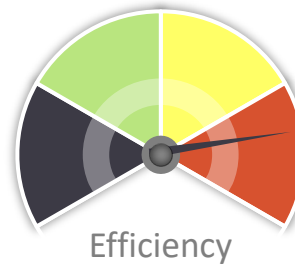
## Financial Performance Measures





# AA- Standard & Poor's Global Ratings Lowered in August 2022

Excessive Deficient



Days Cash on Hand	Debt Service Coverage Ratio	Operating Margins	Debt to Capitalization
Minimum > 150 Days	Minimum > 2.0	Minimum > 10%	Minimum < 50%
Actual 118 Days	Actual 2.2	Actual 2.1%	Actual 54%
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
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.



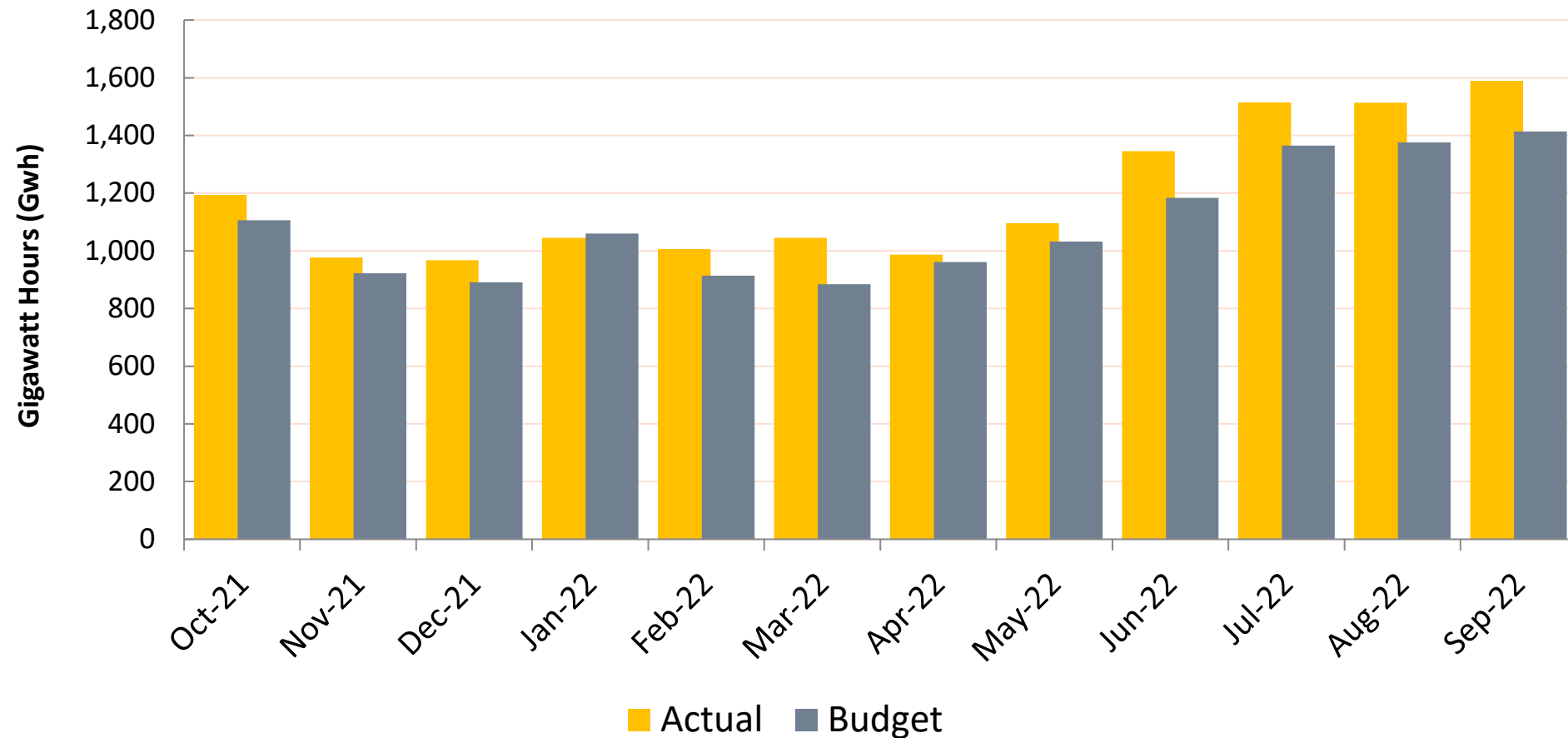
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# Austin Energy Quarterly Financial Report

## Actual to Budget Analysis



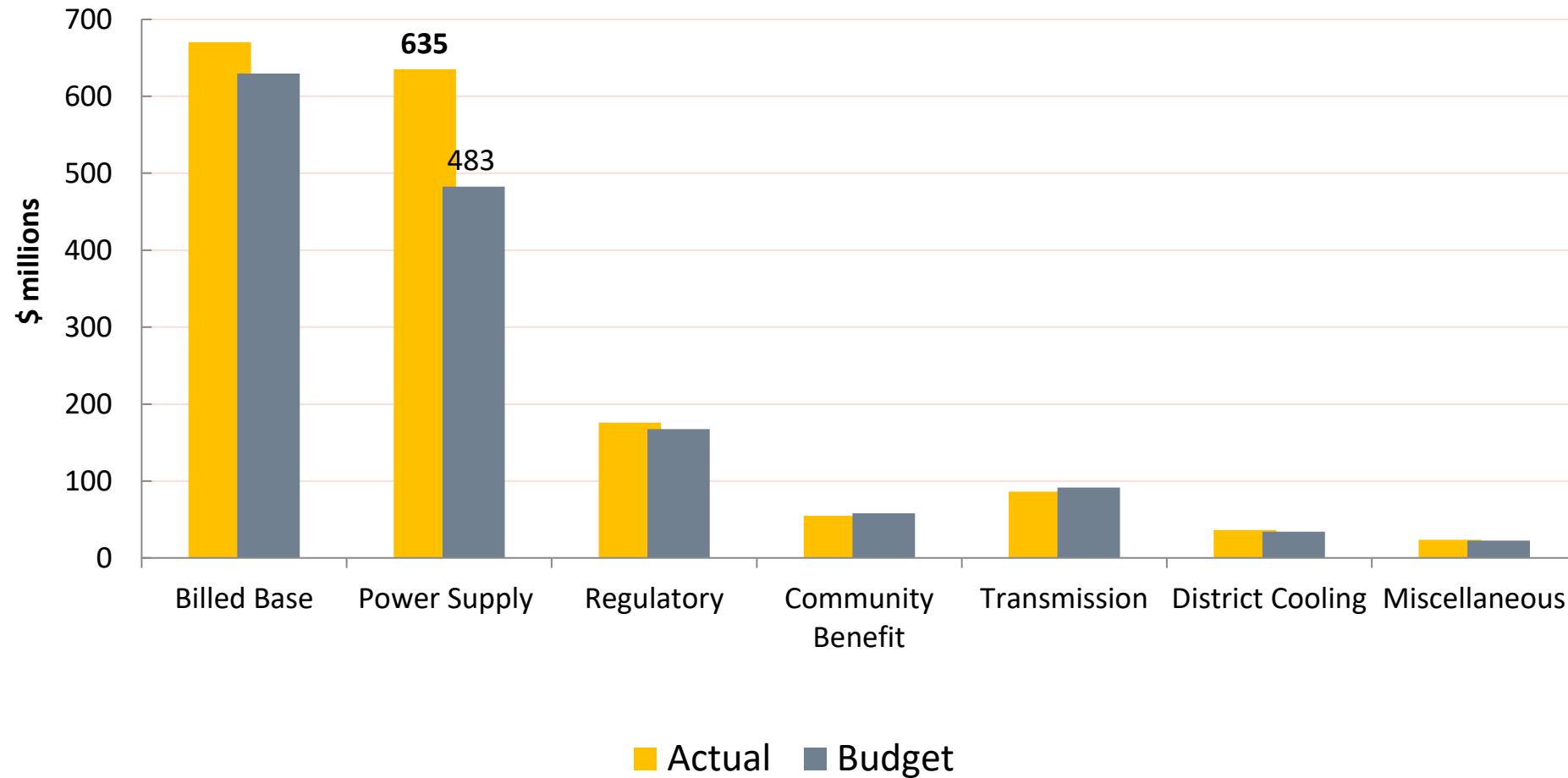
# Actual to Budget Analysis: Retail Sales



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# Actual to Budget Analysis: Revenue

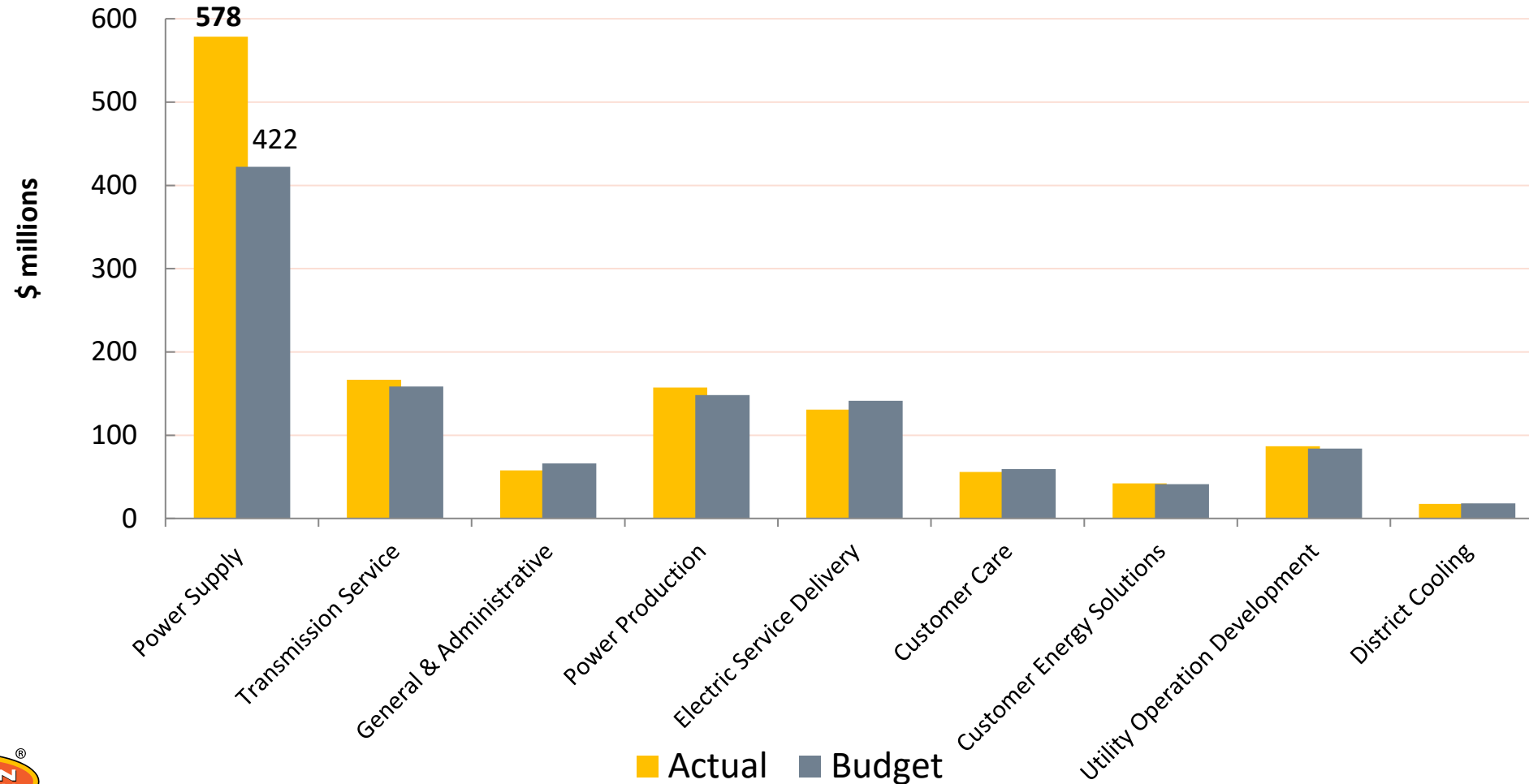
Fiscal Year Through September 30, 2022



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# Actual to Budget Analysis: Expense

Fiscal Year Through September 30, 2022



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# Actual to Budget Analysis: Fund Summary

## Budget Based Fund Summary

Fiscal Year Through September 30, 2022

Variance to Budget

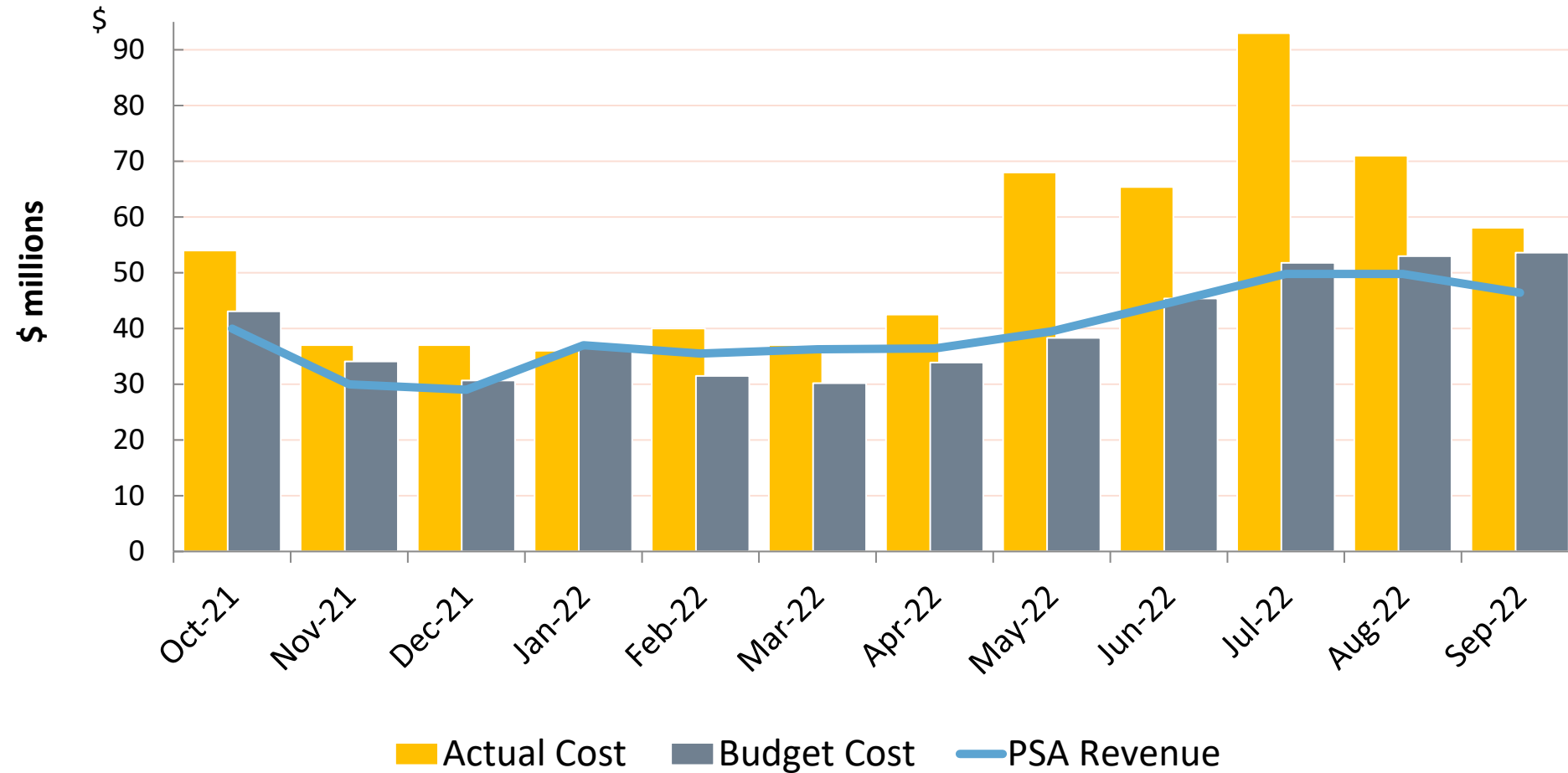
Favorable (Unfavorable)

Millions of \$	Actual	Budget	Amount	%
Operating Revenues	\$1,682	\$1,486	\$196	13%
Operating Expenses	1,293	1,139	(154)	(14%)
<b>Operating Income (Loss)</b>	<b>\$389</b>	<b>\$347</b>	<b>\$42</b>	<b>12%</b>
Interest Revenue	5	4	1	24%
Debt Service	(163)	(163)	(0)	(0%)
<b>Income (Loss) Before Transfers</b>	<b>\$232</b>	<b>\$188</b>	<b>\$43</b>	<b>23%</b>
Administrative Support	(28)	(28)	0	0%
General Fund	(114)	(114)	0	0%
Economic Development	(9)	(9)	0	0%
CTM Fund	(12)	(12)	0	0%
Voluntary Utility Assistance Fund	(1)	(1)	0	0%
Other City Transfers	(3)	(3)	0	0%
Internal Transfers / CIP	(62)	(40)	(22)	(55%)
<b>Excess (Deficiency) of Revenues</b>	<b>\$2</b>	<b>(\$19)</b>	<b>\$21</b>	<b>111%</b>



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# Actual to Budget Analysis: Power Supply Adjustment

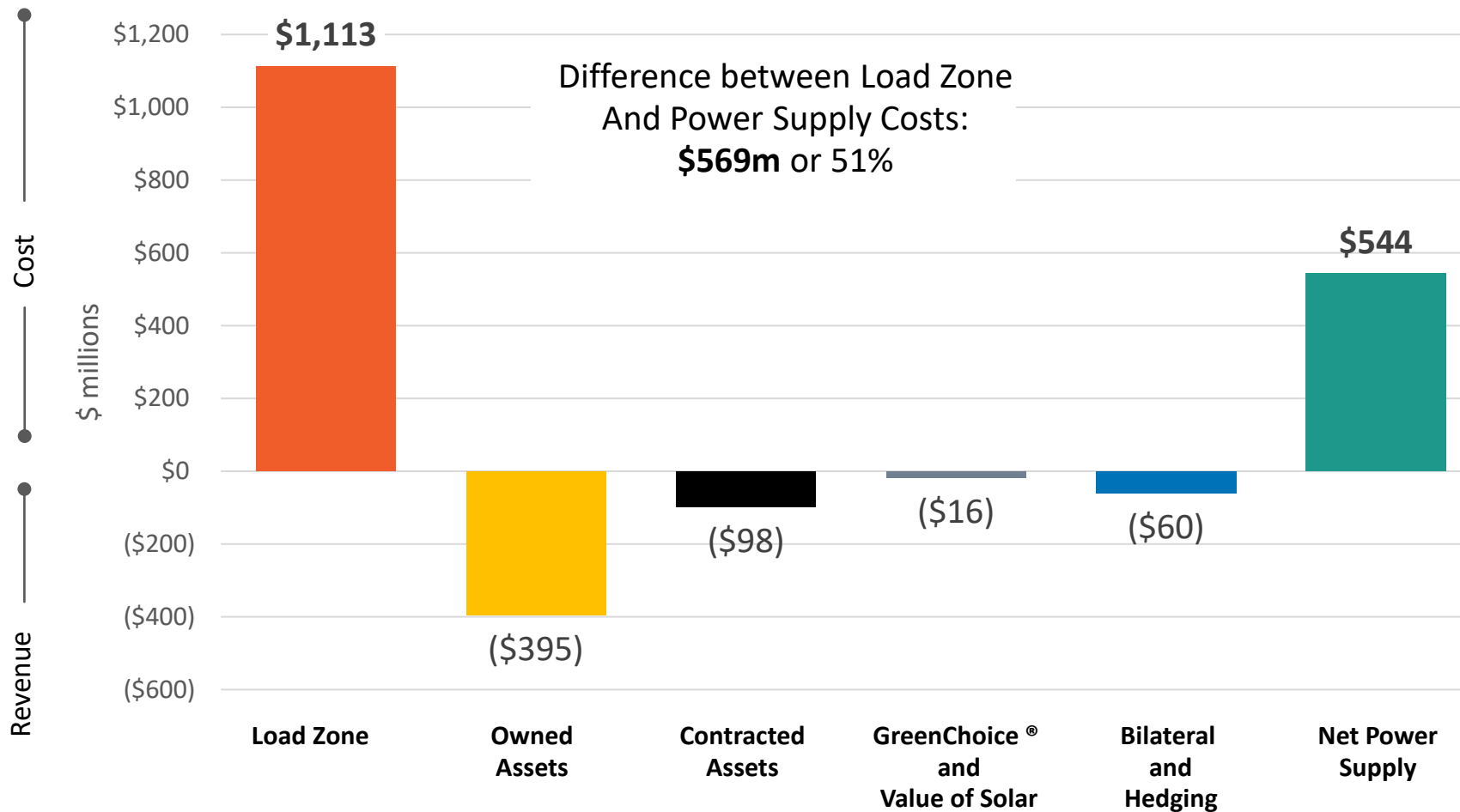


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# Power Supply Adjustment Cost Components

Twelve Months Ending September 2022

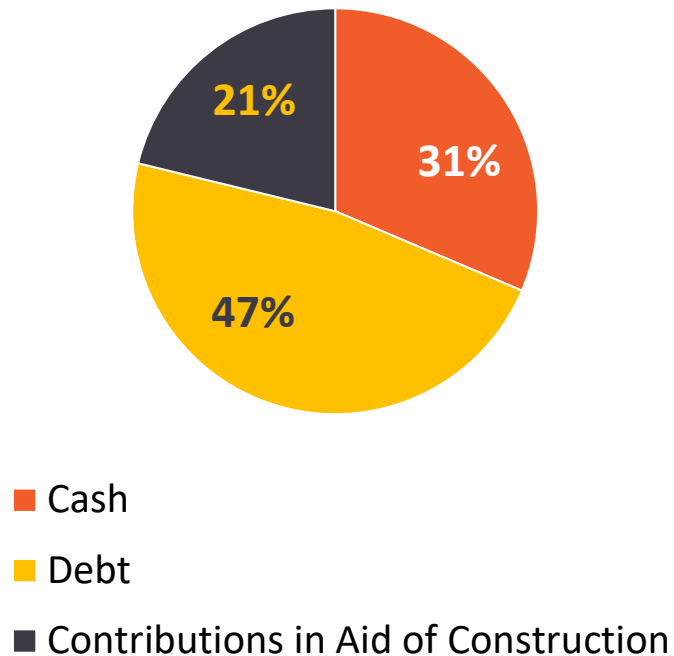


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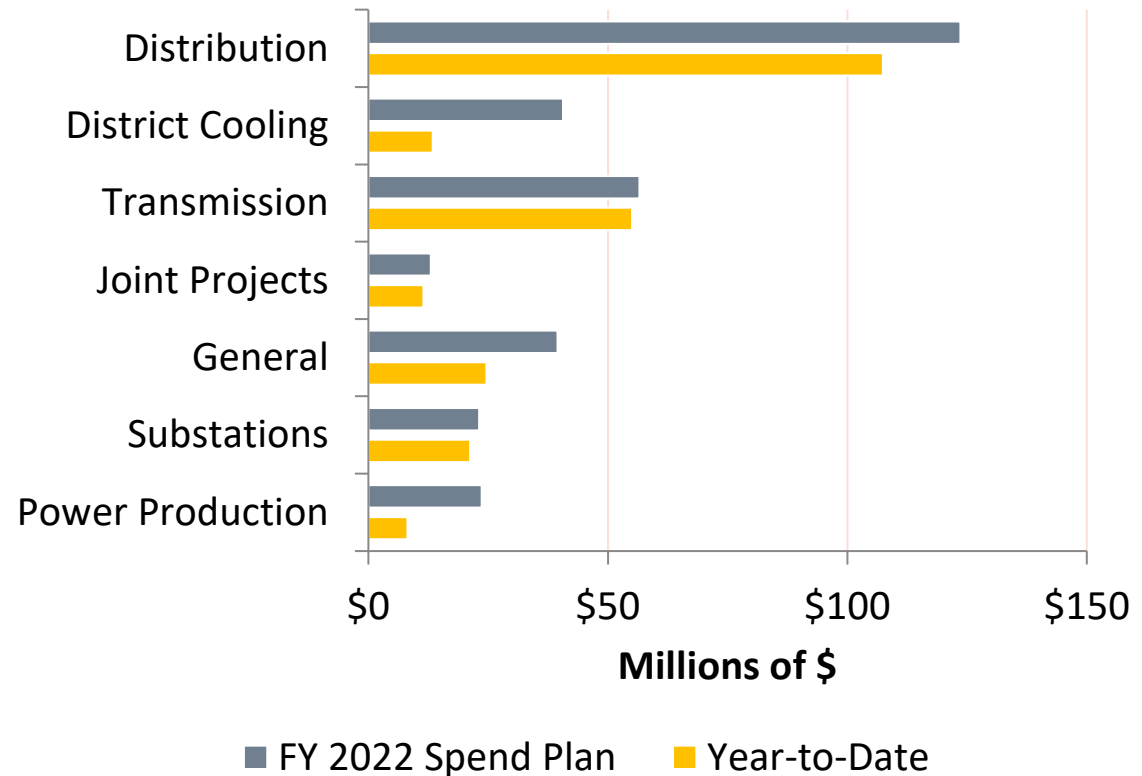
# Capital Improvement Plan Summary

Fiscal Year Through September 30, 2022

## Type of Financing



## Type of Project 75% of Spend Plan



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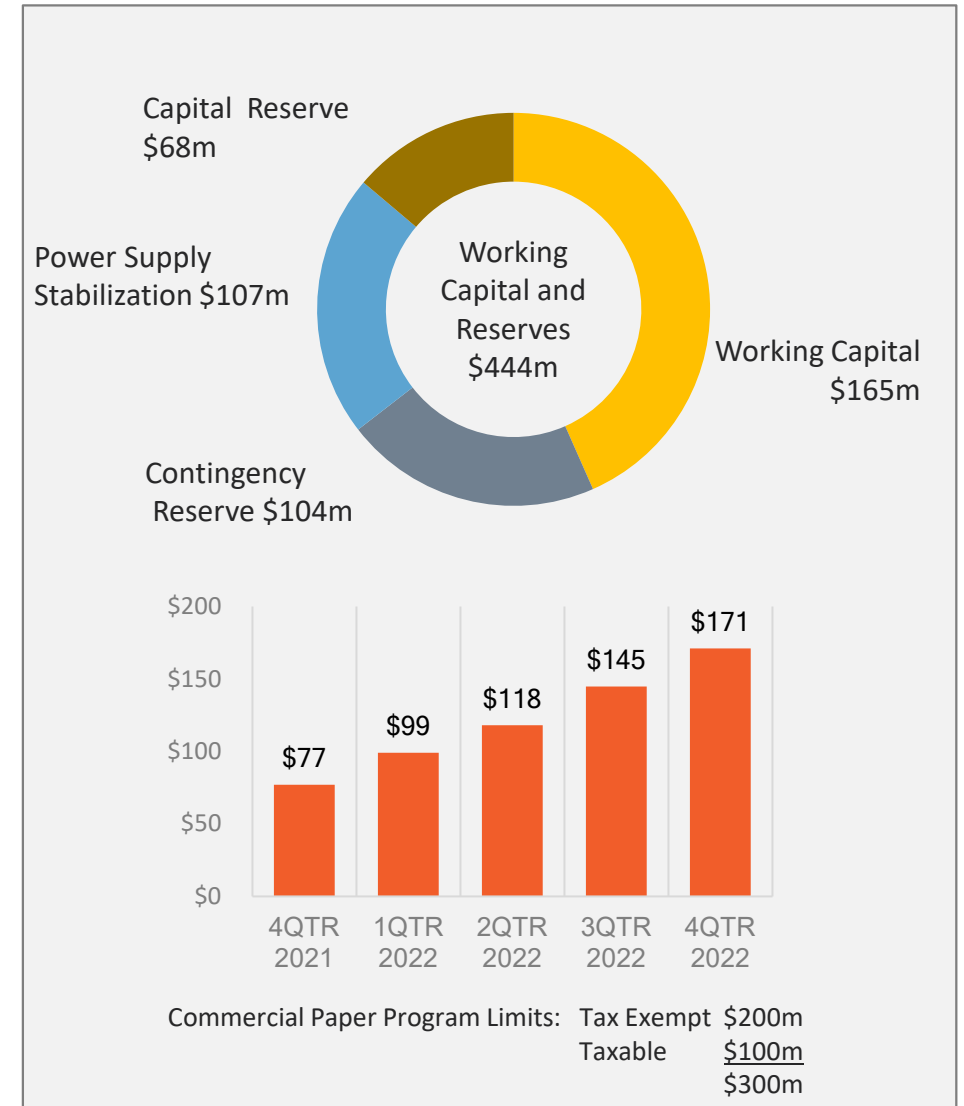
# Austin Energy Quarterly Financial Report

## Financial Statements



# Balance Sheet Snapshot

\$ in Millions	9/30/2022	9/30/2021
Cash	\$165	\$329
Other Current Assets	313	292
Operating Reserves	279	288
Nuclear Decommissioning Reserve	243	241
Other Restricted Assets	326	273
Capital Assets	3,022	3,047
Other LT Assets & Deferred Outflows	1,777	1,632
<b>Total Assets and Deferred Outflows</b>	<b>6,125</b>	<b>6,102</b>
Other Current Liabilities	286	199
Revenue Bonds	1,987	2,089
Commercial Paper	171	77
Other LT Liabilities & Deferred Inflows	1,867	1,920
Retained Earnings	1,814	1,817
<b>Total Liabilities, Deferred Inflows, and Fund Equity</b>	<b>6,125</b>	<b>6,102</b>

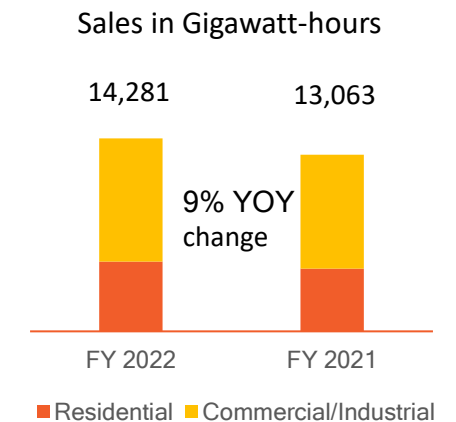
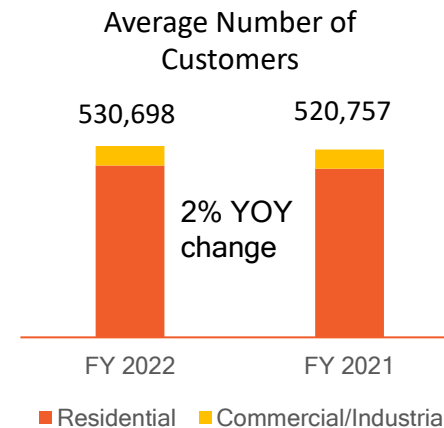
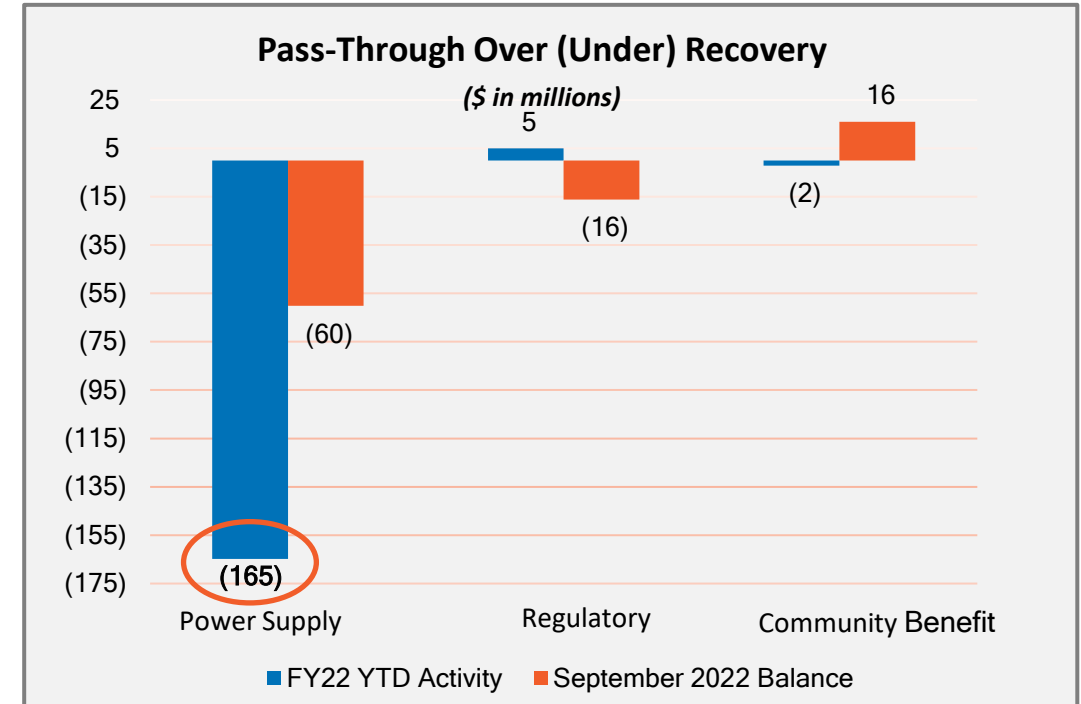


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# Income Statement and Other KPIs

\$ in Millions	Fiscal Year Ended	
	9/30/2022	9/30/2021
Operating Revenues	\$1,039	\$947
Power Supply Revenues	635	325
Power Supply Expenses	578	273
Non-Power Supply Expenses	796	783
Depreciation Expense	265	281
<b>Operating Income/(Loss)</b>	<b>\$35</b>	<b>(\$65)</b>
Other Revenue (Expense)	\$76	\$122
General Fund Transfer	(114)	(114)
<b>Net Income/(Loss)</b>	<b>(\$3)</b>	<b>(\$57)</b>
Debt Service Coverage	2.2	1.9
Debt Capital Ratio	54%	54%



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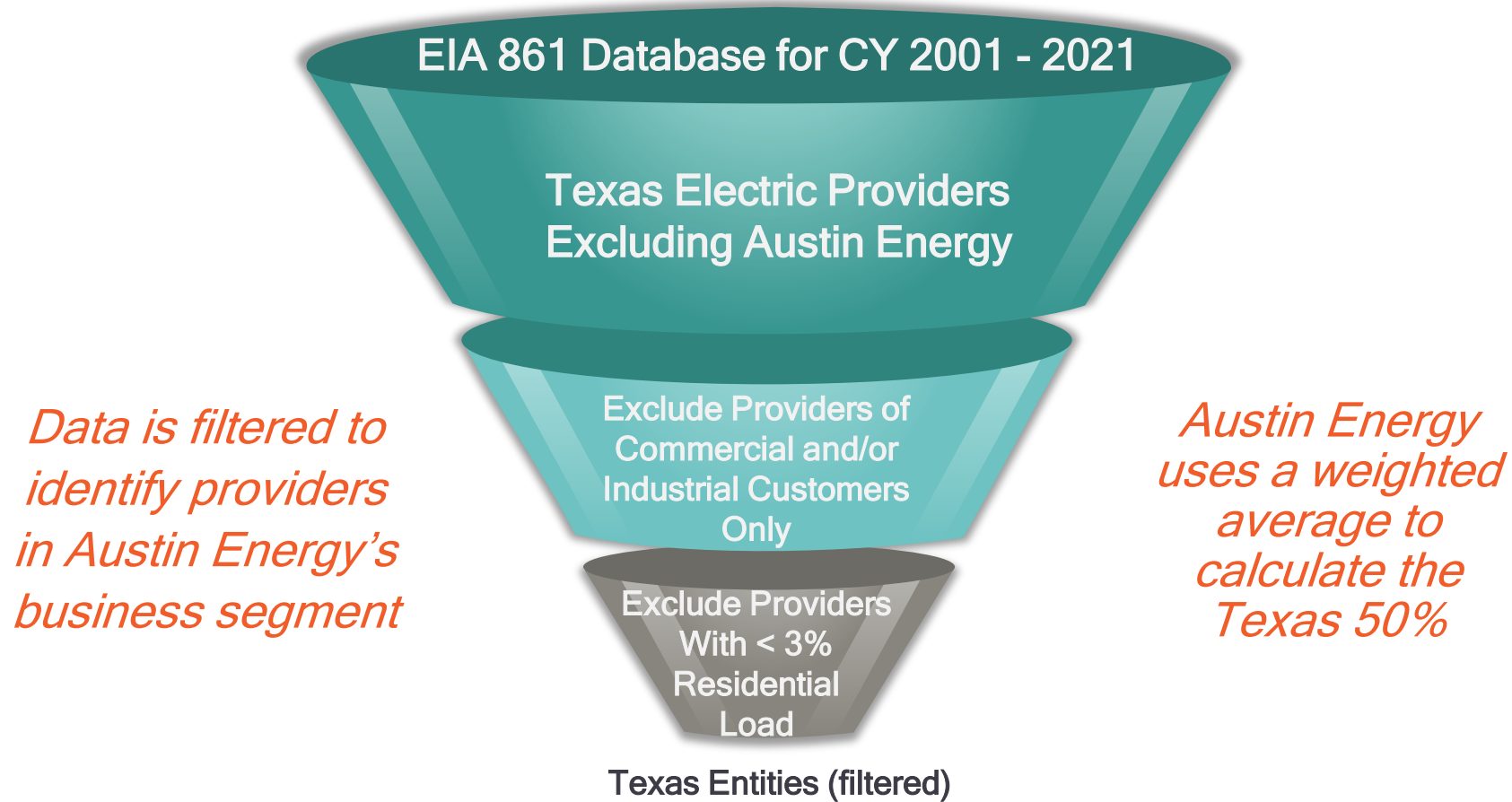
# Austin Energy Quarterly Financial Report

## Market and Industry Analysis



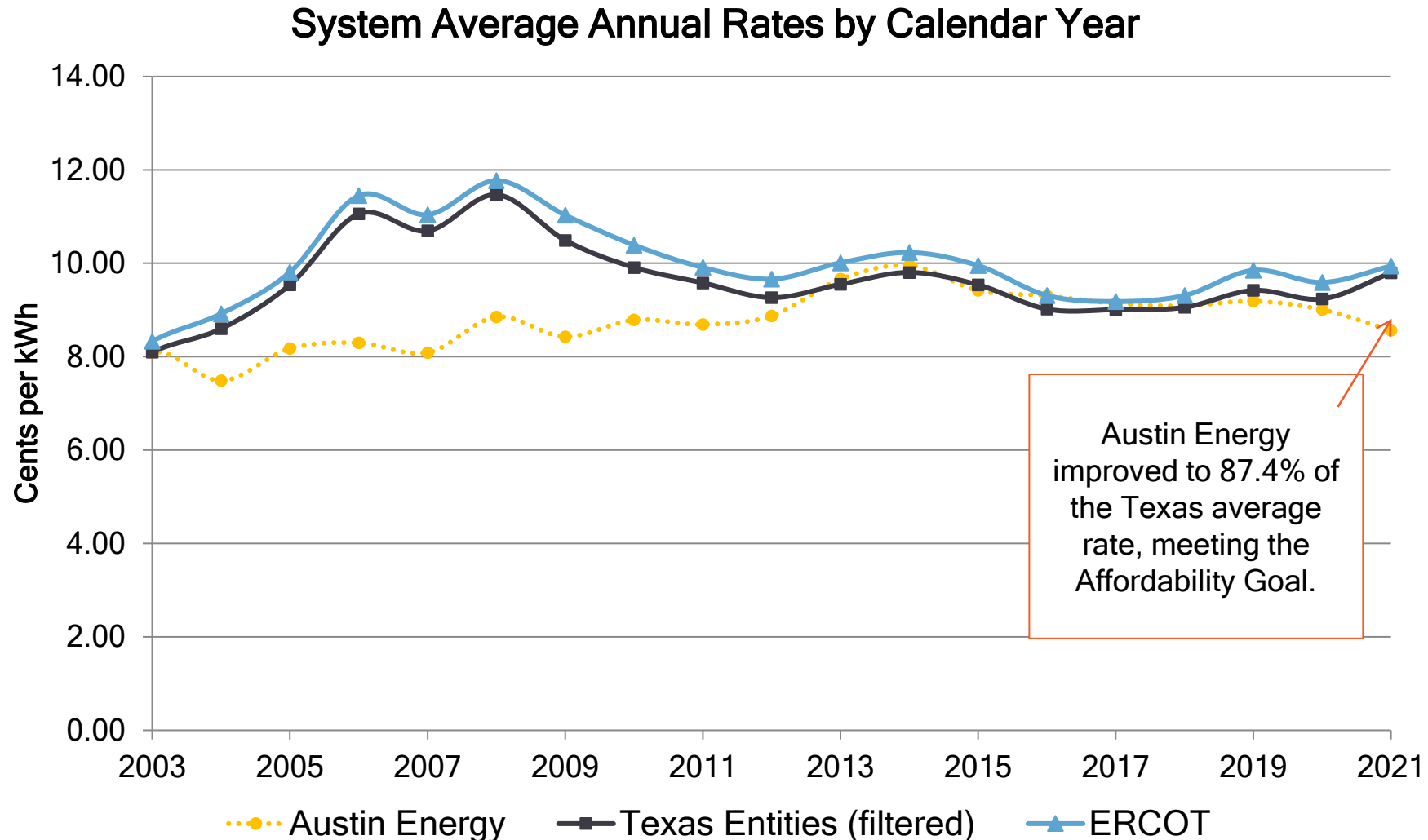
# How the Analysis is Performed

## Affordability Goal: Competitiveness Metric



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

# Affordability Goal: Competitiveness Metric

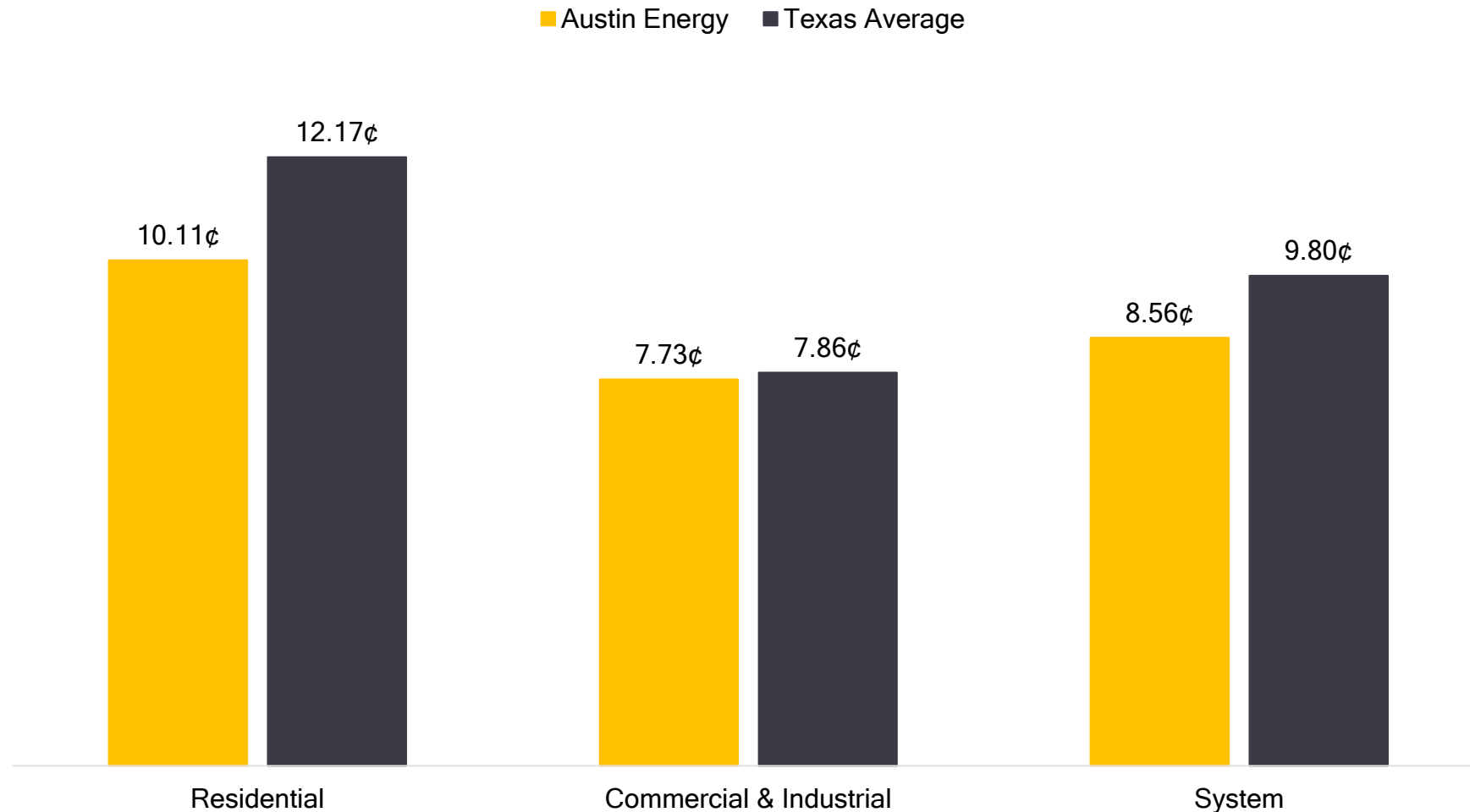


Source: U.S. Energy Information Administration Form 861, October 2022



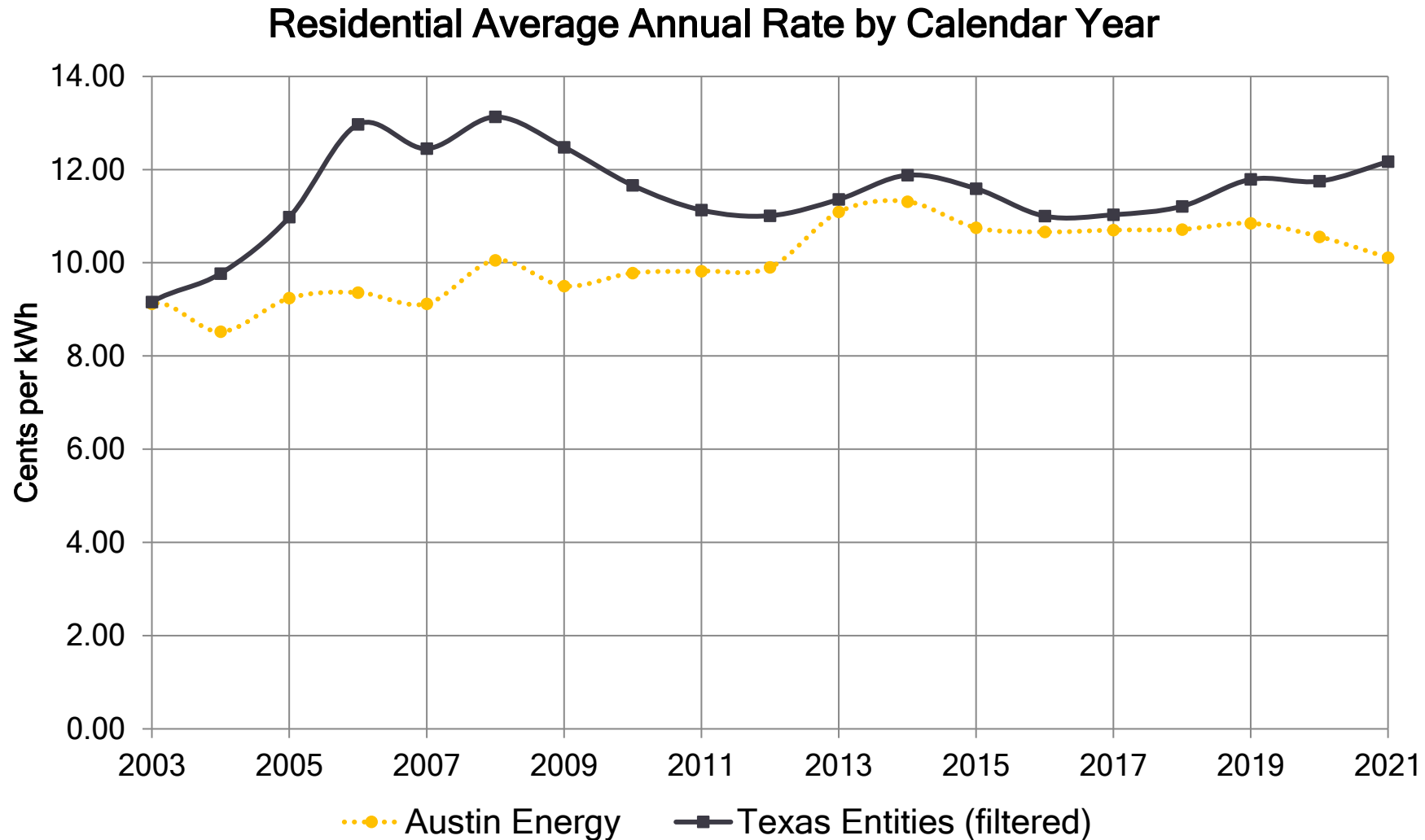
# Affordability Goal: Competitiveness Metric

## Average Annual Rates by Customer Class for CY 2021



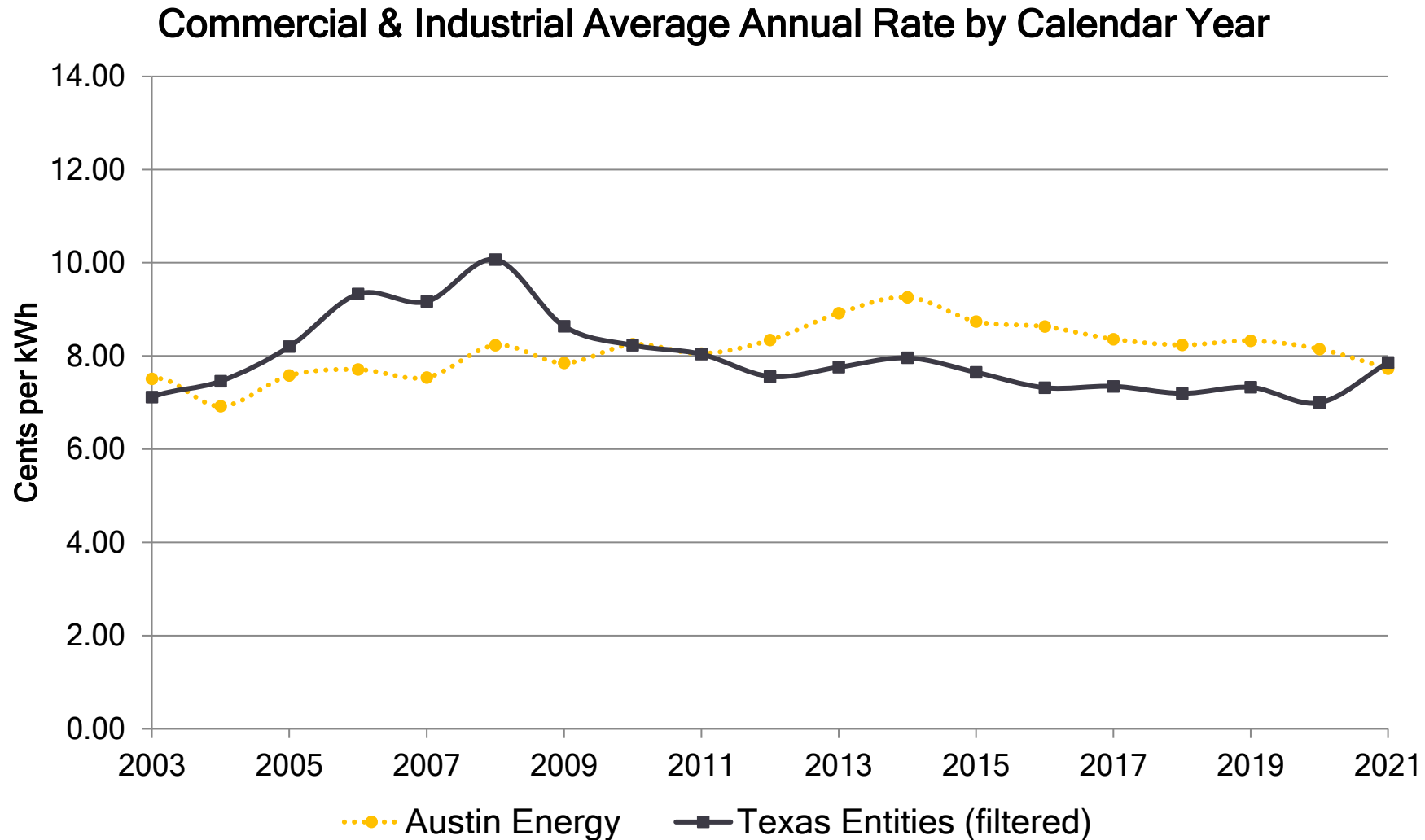
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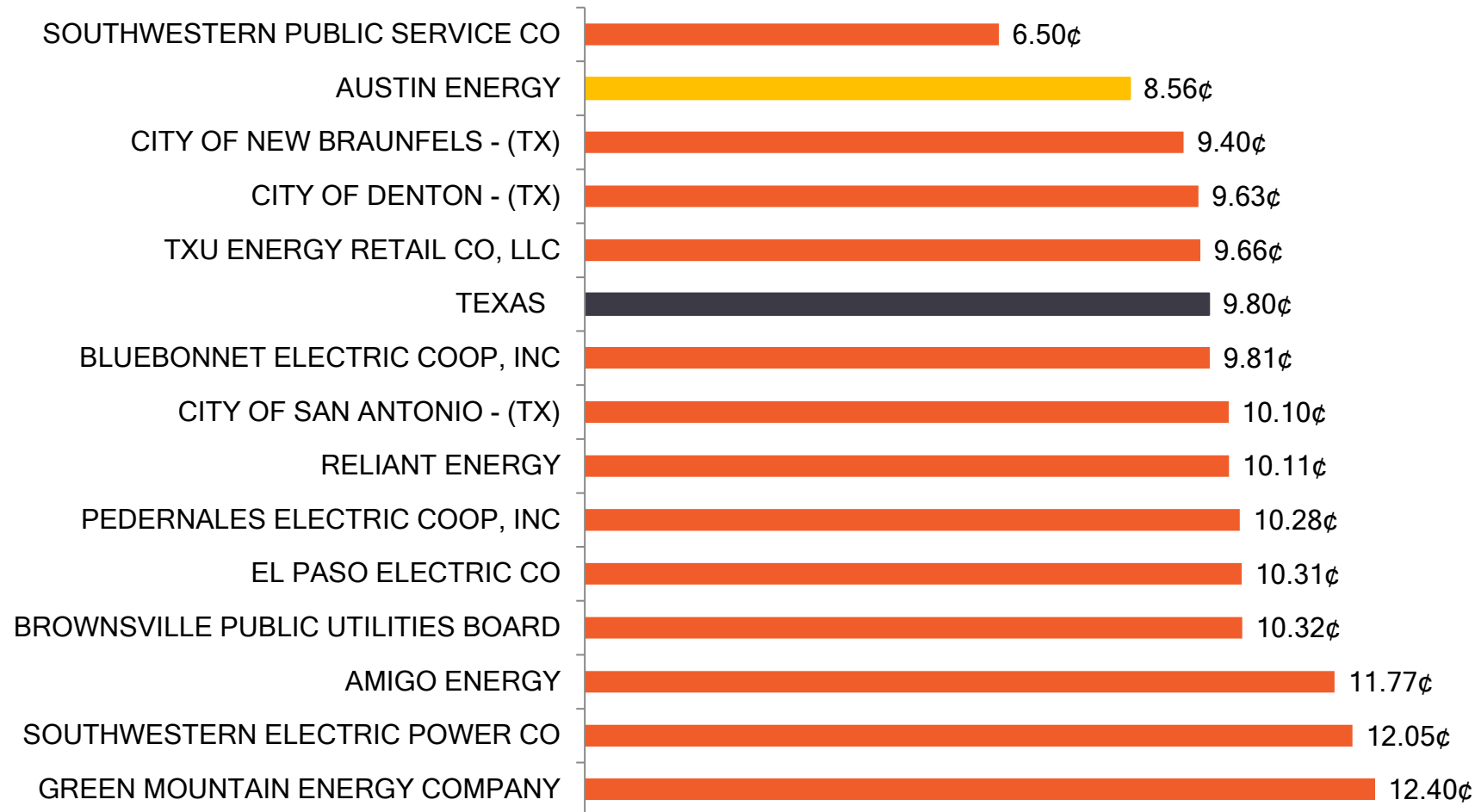
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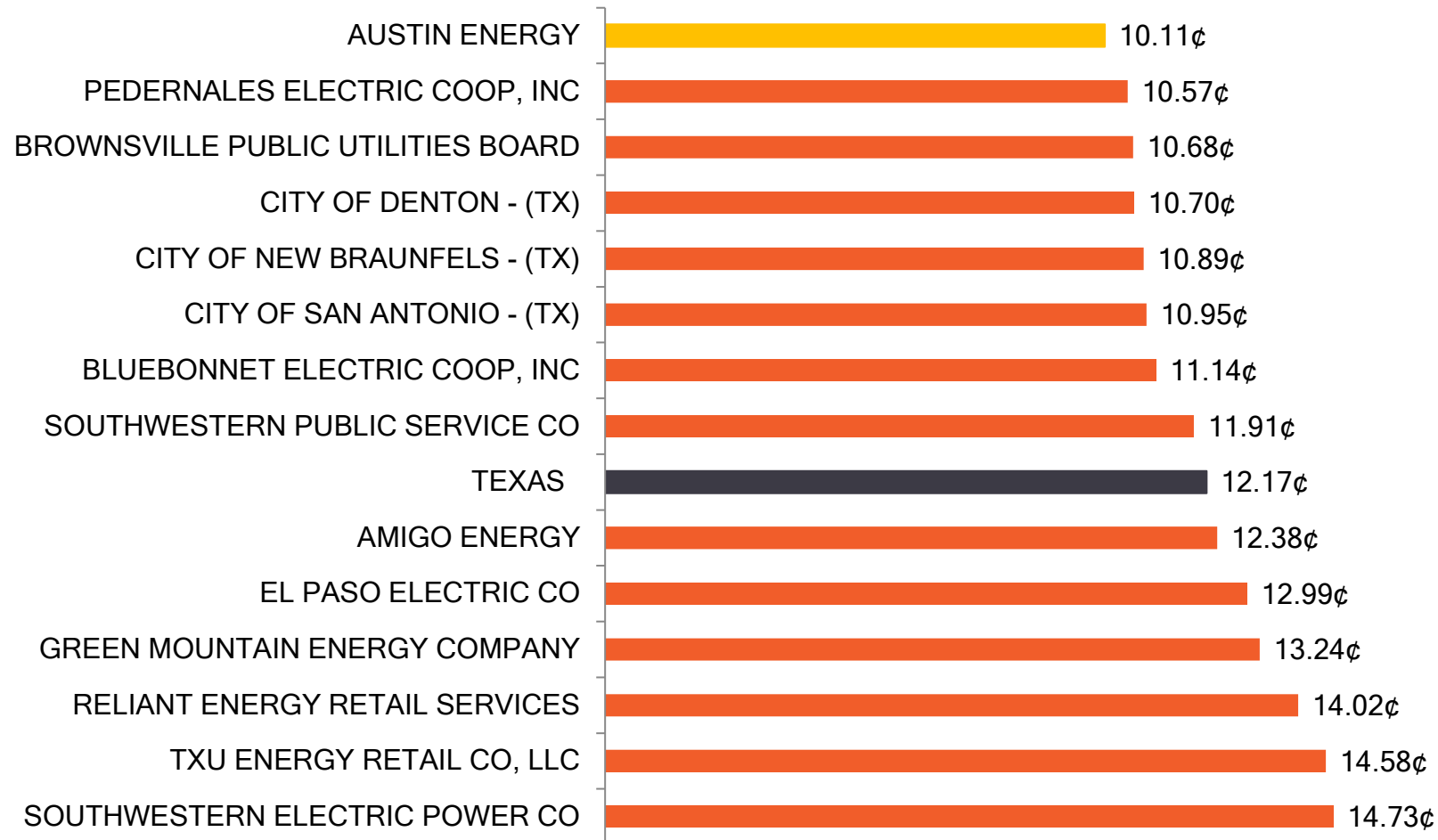
## System Average Rate for CY 2021



Source: U.S. Energy Information Administration Form 861, October 2022

# Affordability Goal: Competitiveness Metric

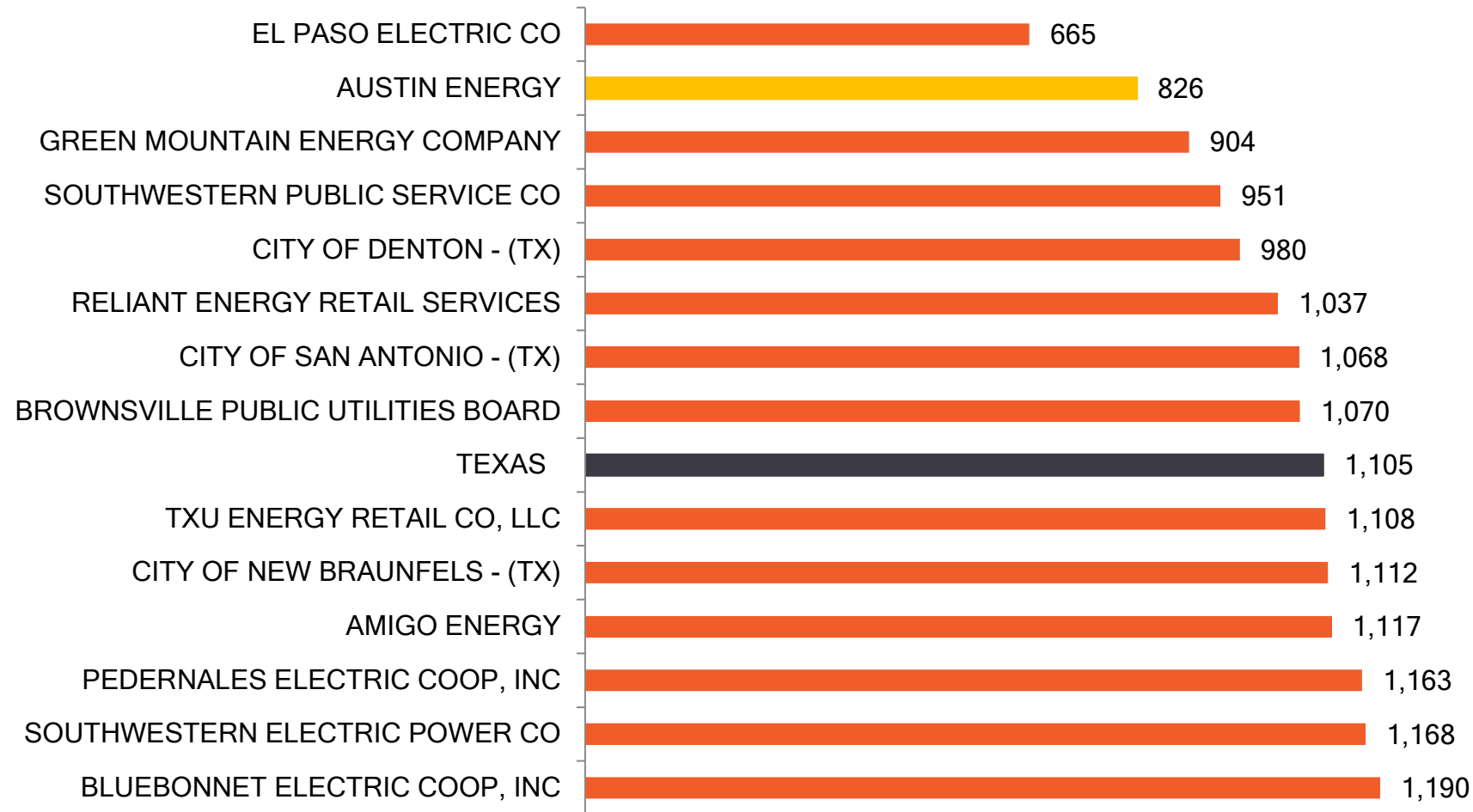
## Residential Average Rate for CY 2021



Source: U.S. Energy Information Administration Form 861, October 2022

# Affordability Goal: Competitiveness Metric

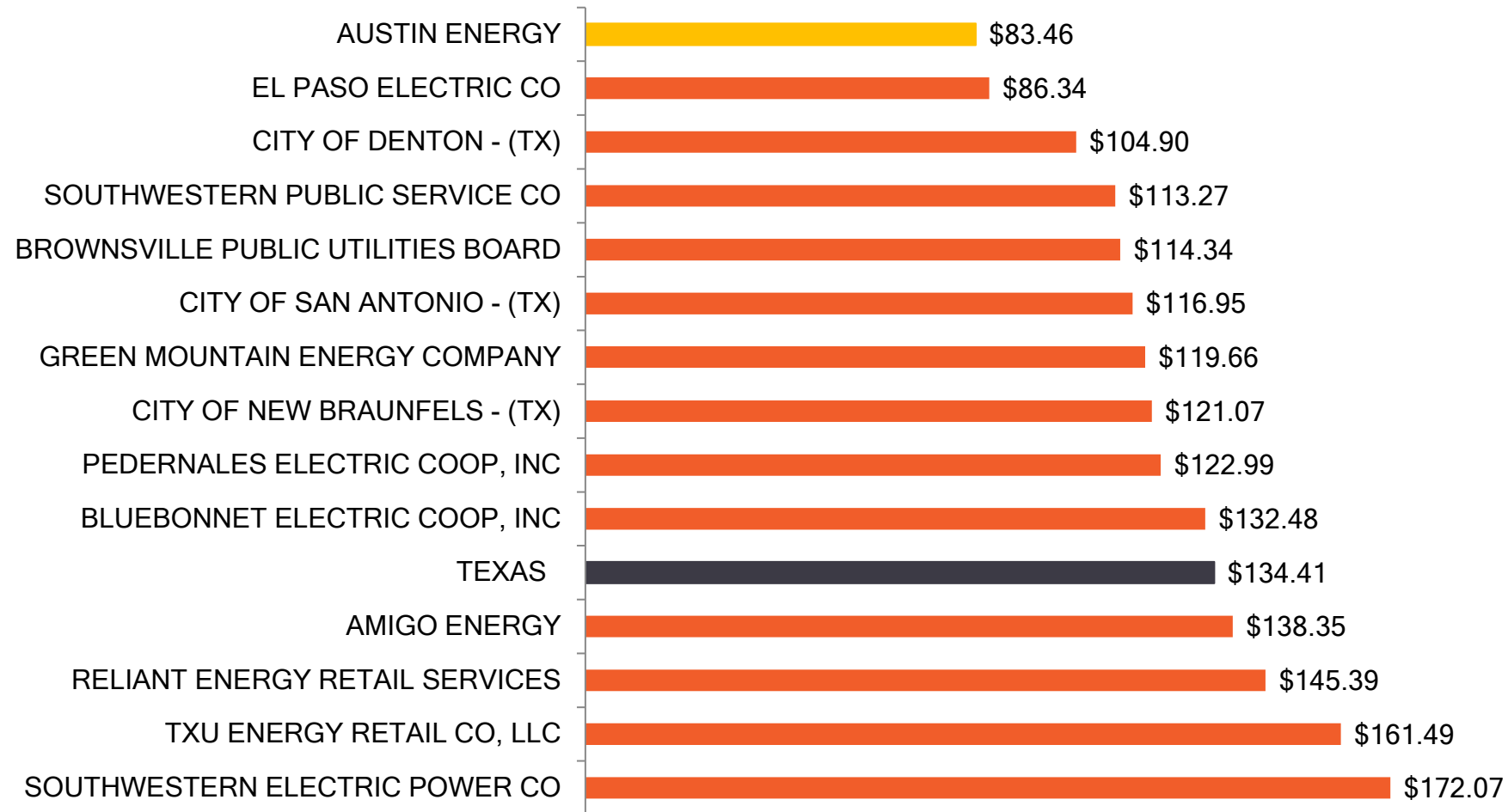
## Residential Average Monthly Consumption for CY 2021



Source: U.S. Energy Information Administration Form 861, October 2022

# Affordability Goal: Competitiveness Metric

## Residential Average Monthly Bill for CY 2021



Source: U.S. Energy Information Administration Form 861, October 2022



**Customer Driven.  
Community Focused.**



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