

# Austin Energy

## Financial Forecast FY 2024 to FY 2028

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# Austin Energy Forecast Fund Summary

Fund Summary (Millions of \$)	Budget FY 2023	CYE FY 2023	Forecast FY 2024	Forecast FY 2025	Forecast FY 2026 <sup>(1)</sup>	Forecast FY 2027	Forecast FY 2028
Beginning Fund Balance	\$261.0	\$235.1	\$238.6	\$238.4	\$238.4	\$239.2	\$240.0
Revenues & Transfers In <sup>(2)</sup>	\$1,688.3	\$1,691.3	\$1,638.6	\$1,678.7	\$1,751.3	\$1,817.5	\$1,873.8
Expenditures & Transfers Out	\$1,696.6	\$1,687.8	\$1,638.8	\$1,678.7	\$1,750.5	\$1,816.7	\$1,873.3
Change in Fund Balance	(\$8.4)	\$3.5	(\$0.2)	\$0.0	\$0.8	\$0.8	\$0.4
Ending Fund Balance	\$252.7	\$238.6	\$238.4	\$238.4	\$239.2	\$240.0	\$240.4
Average Residential Bill	\$108.71	\$108.71	\$108.71	\$108.71	\$111.40	\$111.40	\$111.40
Base Rate Increase %	0.0%	0.0%	0.0%	0.0%	5%	0.0%	0.0%
FTEs	1,897	1,897	1,897	1,897	1,897	1,897	1,897



(1) Forecast assumes a 5% increase in base rates to improve key financial metrics.

(2) Forecast assumes pass-through rates are set equal to expenses in accordance with GASB 62.

# Austin Energy Forecast CIP Summary

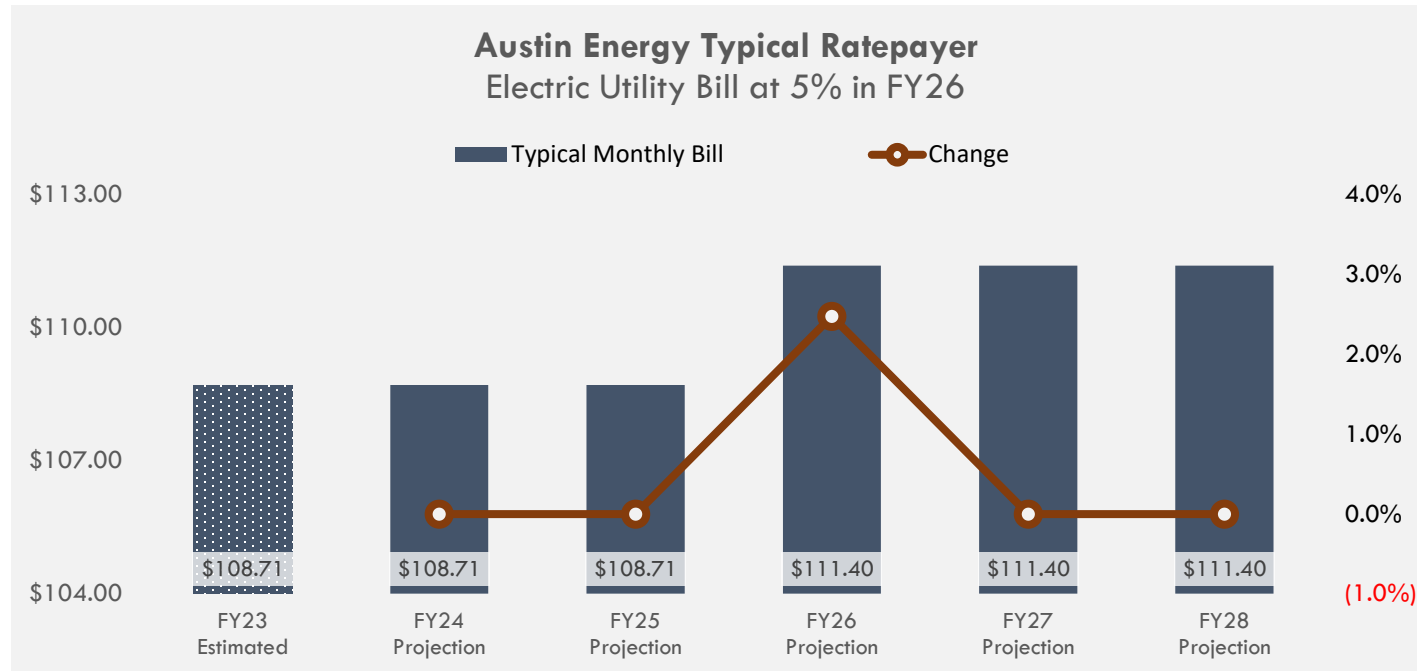
Millions of \$	CYE FY 2023	Forecast FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Total 2024-2028
Distribution	\$106.6	\$106.4	\$98.5	\$93.3	\$93.4	\$93.5	\$485.1
Distribution Substation	12.5	15.4	15.8	16.5	8.9	14.4	71.0
Transmission <sup>(1)</sup>	42.9	56.9	81.4	84.2	80.7	46.3	349.5
Electric Service Delivery	\$162.0	\$178.7	\$195.7	\$194.0	\$183.0	\$154.2	\$905.6
Power Production	15.2	20.3	17.3	8.5	9.1	7.7	62.9
Joint Projects	11.9	9.6	12.5	16.2	10.7	13.4	62.4
District Cooling <sup>(1)</sup>	13.5	18.7	17.7	7.4	1.5	0.0	45.3
General	41.1	35.4	64.2	1.7	1.2	1.2	103.7
<b>Total</b>	<b>\$243.7</b>	<b>\$262.7</b>	<b>\$307.4</b>	<b>\$227.9</b>	<b>\$205.5</b>	<b>\$176.4</b>	<b>\$1,179.9</b>



(1) Capital expenditures for Transmission and District Cooling are not recovered in retail electric rates.

# Typical Ratepayer Impact with 5% Base Rate Increase

In FY 2022-23, a residential customer within city of Austin limits using 860 kWh per month (the typical ratepayer) is billed \$108.71 monthly. Over the five-year forecast, Austin Energy's energy sales in kilowatt-hours (kWh) are projected to grow an average of 1% per year, while customer growth is projected to grow by 2% per year. To meet growing cost drivers, a 5% increase to the base rate is projected in FY 2025-26, which translates to a 2.5% overall bill impact to the typical ratepayer. These cost drivers include operating and maintenance expenses, debt service, investment in capital improvements, and transfers to other funds.



# Key Metrics with 5% Base Rate Increase in FY 2026 <sup>(1)</sup> <sup>(2)</sup>

## Forecasted Key Financial Metrics Summary

	Minimum or Target	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025	Forecast FY 2026 <sup>(3)</sup>	Forecast FY 2027	Forecast FY 2028
Operating Margin	10%	9%	12%	12%	14%	14%	13%
Net Income (Millions of \$)	> \$0	\$15.6	\$26.0	\$19.7	\$30.0	\$42.8	\$16.9
Quick Ratio	> 1.5	1.5	1.4	1.4	1.5	1.5	1.4
Days Cash on Hand	150 Days	148 Days	146 Days	145 Days	148 Days	151 Days	146 Days
Debt Service Coverage	> 2.0	2.2	2.2	2.0	2.1	2.2	2.1
Debt to Capital	< 50%	55%	54%	55%	54%	54%	53%



- (1) Forecast includes the December 2022 approved increase in residential Customer Charge and offsetting decrease in energy rates.
- (2) Forecast assumes pass-through rates are set equal to expenses in accordance with GASB 62.
- (3) Forecast assumes a 5% increase in base rates in FY 2026 to improve key financial metrics.

# Key Metrics with Annual 2% Base Rate Increase Starting FY 2025 <sup>(1)</sup> <sup>(2)</sup>

## Forecasted Key Financial Metrics Summary

	Minimum or Target	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025 <sup>(3)</sup>	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028
Operating Margin	10%	9%	12%	13%	14%	15%	14%
Net Income (Millions of \$)	> \$0	\$15.6	\$26.0	\$33.0	\$23.1	\$51.0	\$40.8
Quick Ratio	> 1.5	1.5	1.4	1.4	1.5	1.5	1.5
Days Cash on Hand	150 Days	148 Days	146 Days	148 Days	150 Days	155 Days	155 Days
Debt Service Coverage	> 2.0	2.2	2.2	2.1	2.0	2.2	2.2
Debt to Capital	< 50%	55%	54%	54%	54%	53%	52%

Numbers shown in green represent an improvement in the key metric from the 5% Base Rate increase in FY 2026 forecast.



- (1) Forecast includes the December 2022 approved increase in residential Customer Charge and offsetting decrease in energy rates.
- (2) Forecast assumes pass-through rates are set equal to expenses in accordance with GASB 62.
- (3) Forecast assumes an annual 2% increase in base rates beginning in FY 2025 to improve key financial metrics.

# Key Metrics with No Future Base Rate Increases <sup>(1)</sup> <sup>(2)</sup>

## Forecasted Key Financial Metrics Summary

	Minimum or Target	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028
Operating Margin	10%	9%	12%	12%	12%	13%	11%
Net Income (Millions of \$)	> \$0	\$15.6	\$26.0	\$19.7	(\$5.8)	\$7.5	(\$17.0)
Quick Ratio	> 1.5	1.5	1.4	1.4	1.4	1.4	1.3
Days Cash on Hand	150 Days	148 Days	146 Days	145 Days	140 Days	133 Days	120 Days
Debt Service Coverage	> 2.0	2.2	2.2	2.0	1.9	2.0	1.9
Debt to Capital	< 50%	55%	54%	55%	55%	54%	54%



- (1) Forecast includes the December 2022 approved increase in residential Customer Charge and offsetting decrease in energy rates.  
 (2) Forecast assumes pass-through rates are set equal to expenses in accordance with GASB 62.



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Community Focused.**



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