

Austin Energy Quarterly Financial Report

1st Quarter FY 2024 (October-December)

Stephanie Koudelka

Austin Energy Director of Finance



February 2024

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Agenda

Quarterly Financial Report



Austin Energy Quarterly Financial Report

Executive Summary



Executive Summary



\$382M Operating Revenue
with transfers

9% under budget due to lower ERCOT market prices offset by base revenue and interest earned.



\$(425M) Operating Expense
with transfers

8% under budget primarily due to lower power supply market prices in the first quarter.



Austin Energy is in partial compliance with its **financial policies**. Debt and Operating policies are compliant. Cash and reserves total \$459m vs policy minimum of \$569m.



The **Power Supply Adjustment** under recovery is \$64m as of December 2023.



This information contains unaudited and forecasted data that is subject to change. See link for FY22 audited Annual Comprehensive Financial Report:
http://finance.austintexas.gov/web/controller/annual_comprehensive_financial_report/annual_comprehensive_financial_report_2022.pdf

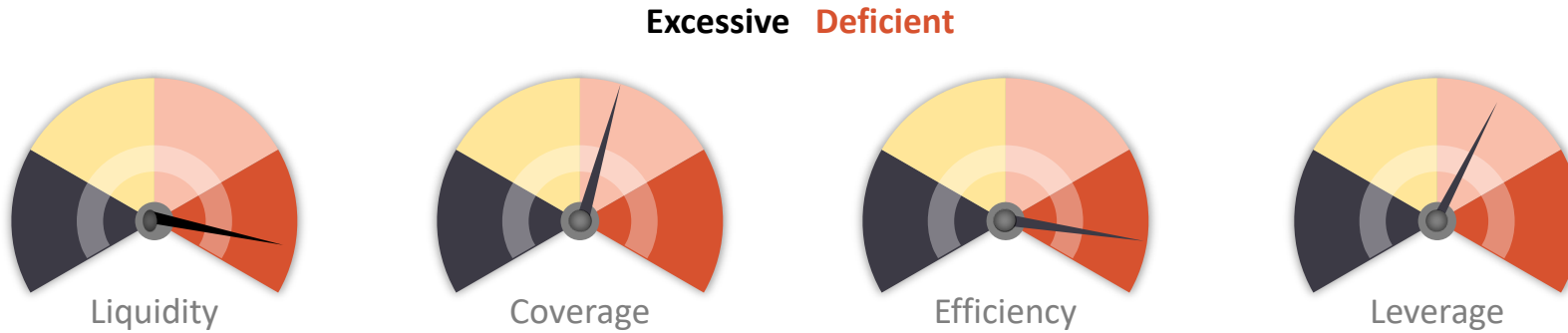
Austin Energy Quarterly Financial Report

Financial Health



Financial Health

S&P Bond Rating AA-



Days Cash on Hand	Debt Service Coverage Ratio	Operating Margin	Debt to Capitalization
Minimum > 150 Days	Minimum > 2.5	Minimum > 10%	Minimum < 50%
Actual 112 Days	Actual 2.3	Actual 3%	Actual 55%



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Budget to Actual



Budget to Actual - Fund Summary

Fiscal Year Through December 31, 2023

Millions of \$	Actual	Budget	Difference Favorable (Unfavorable)	%
Operating Revenues	\$374	\$412	(\$38)	(9%)
Operating Expenses	319	356	37	10%
Operating Income (Loss)	55	56	(1)	(2%)
Interest Revenue	7	6	1	17%
Debt Service	(42)	(43)	1	(2%)
Income (Loss) Before Transfers	20	19	1	5%
Administrative Support	(9)	(9)	0	0%
General Fund	(29)	(29)	0	0%
Economic Development	(2)	(2)	0	0%
CTM Fund	(2)	(2)	0	0%
Other City Transfers	(1)	(1)	0	0%
Internal Transfers / CIP	(20)	(20)	0	0%
Excess (Deficiency) of Revenues	(\$43)	(\$44)	\$1	(2%)

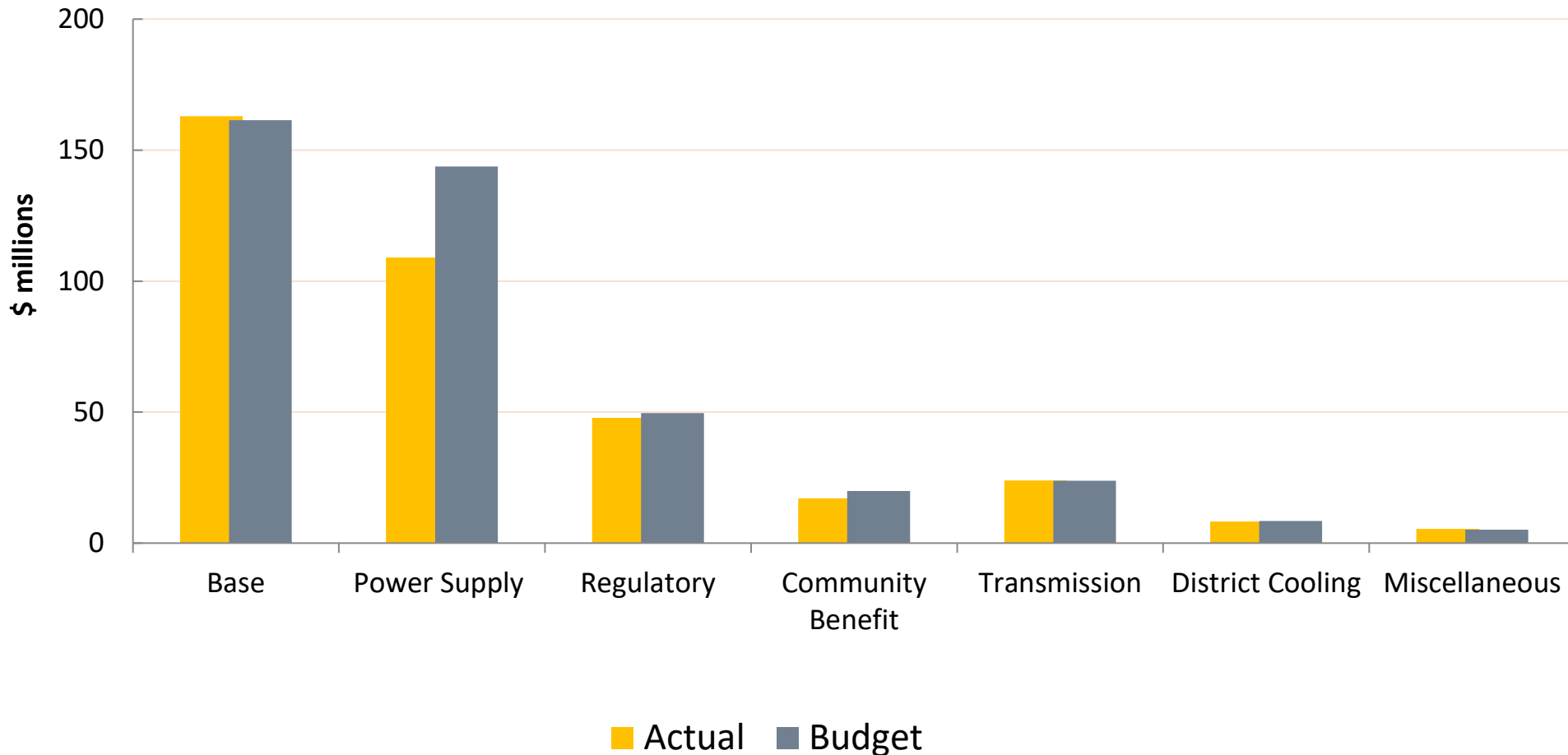


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Budget to Actual - Revenue

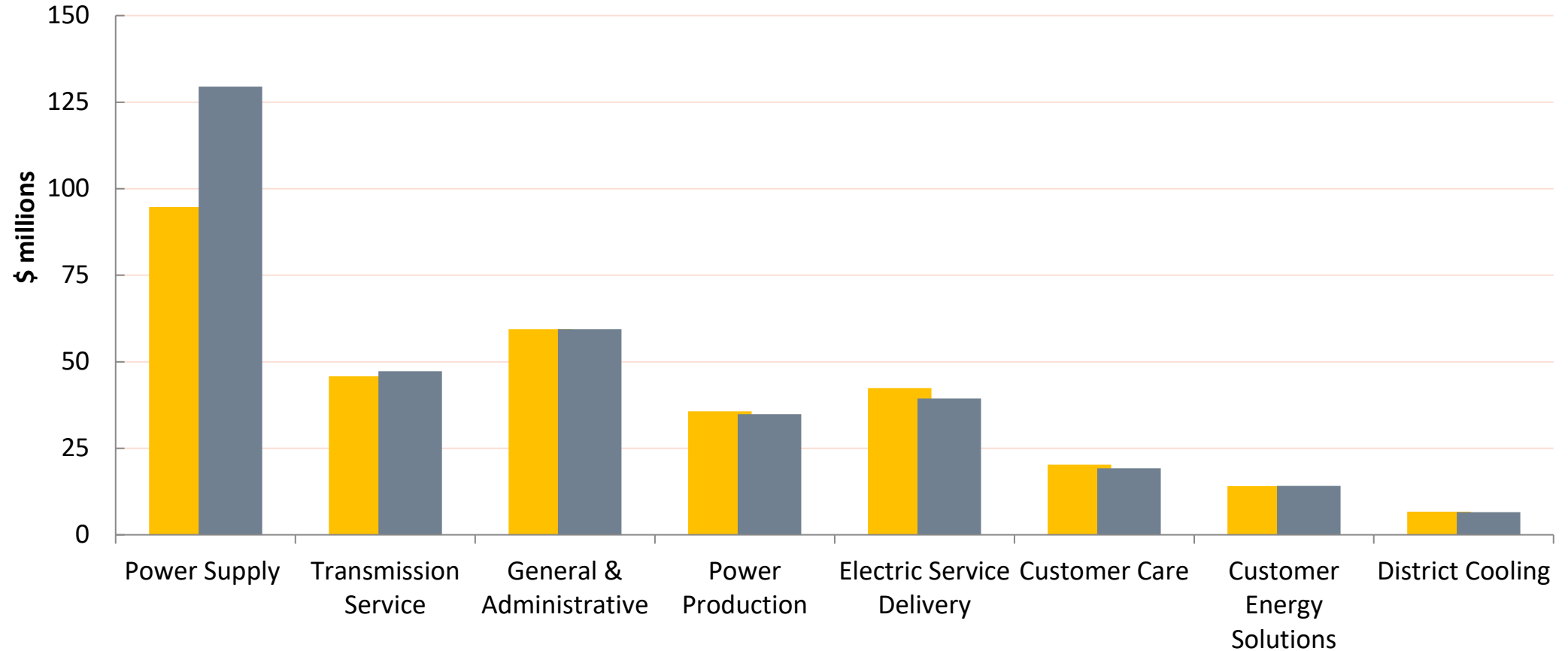
Fiscal Year Through December 31, 2023



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Budget to Actual - Expense

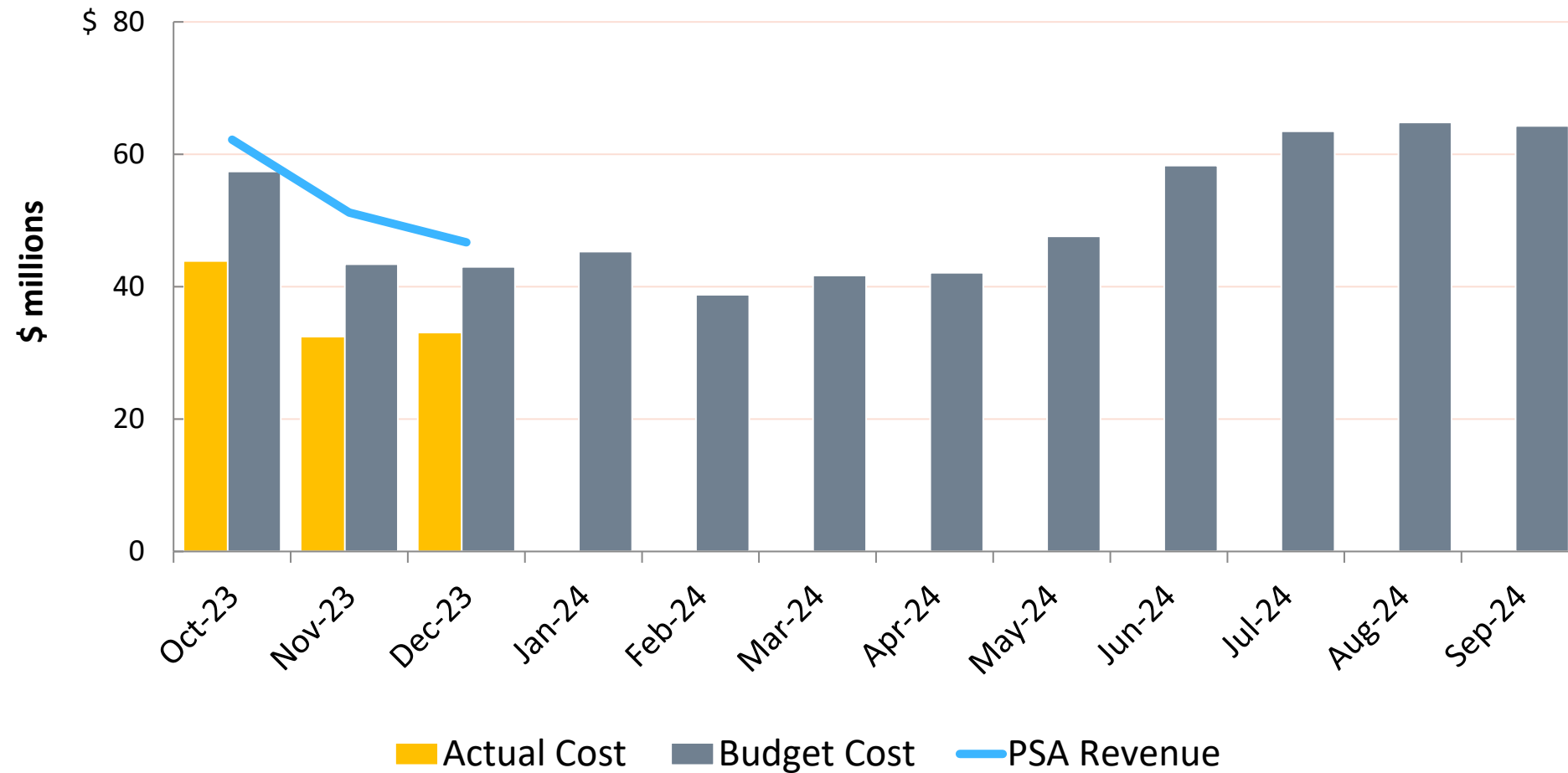
Fiscal Year Through December 31, 2023



■ Actual ■ Budget

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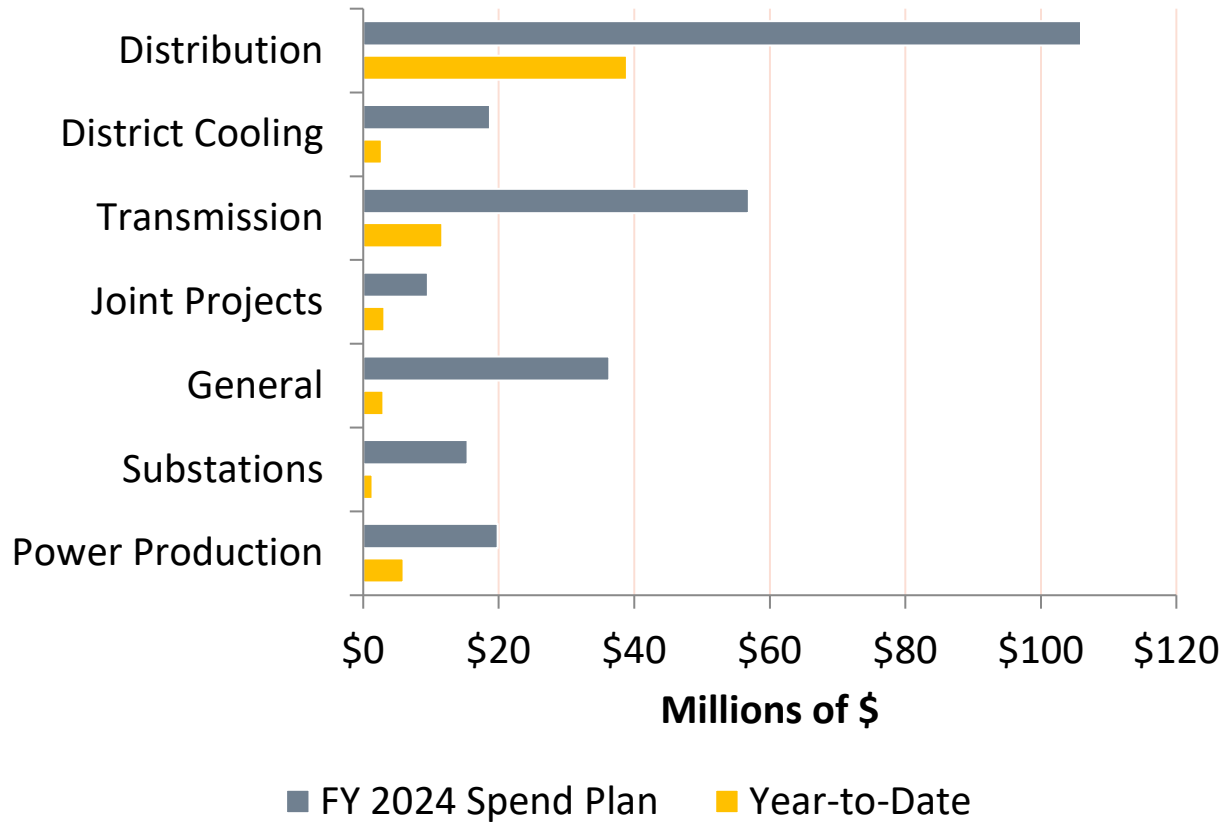
Budget to Actual - Power Supply Adjustment



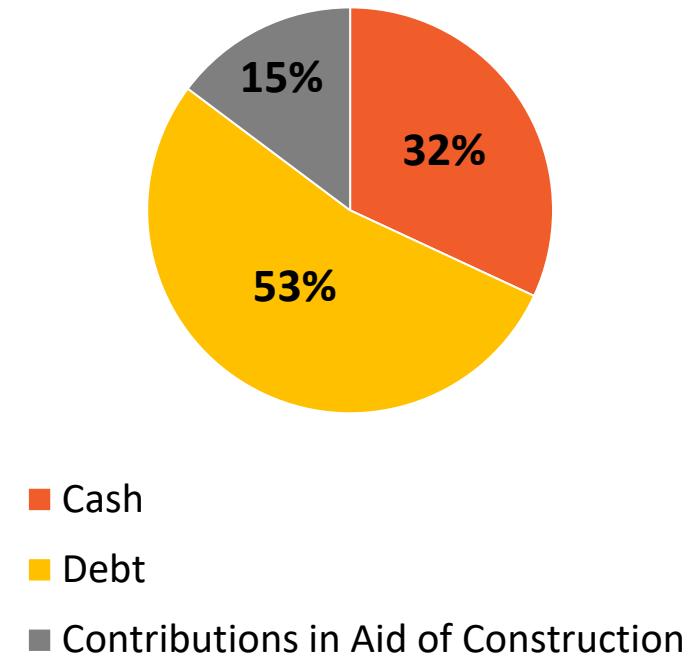
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Capital Improvement Plan

**Type of Project
25% of Spend Plan**



Type of Financing



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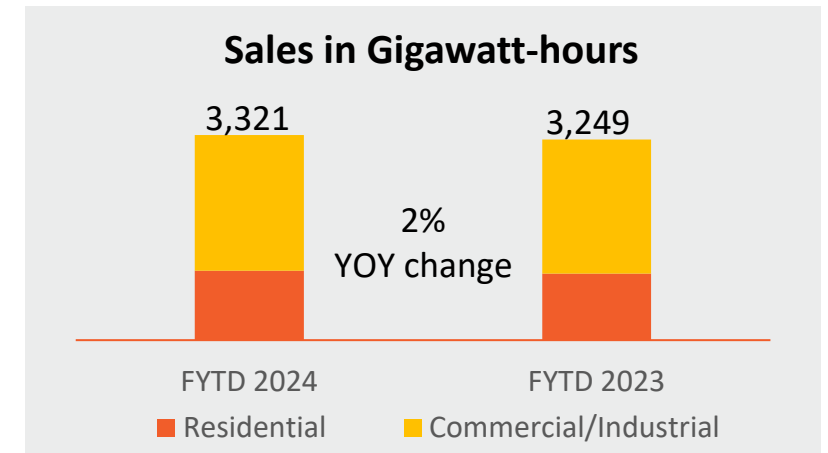
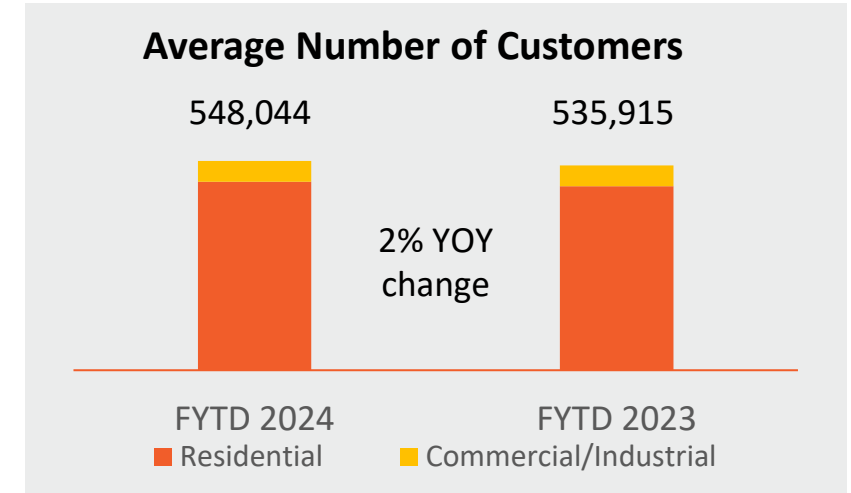
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Financial Statements



Income Statement

\$ in Millions	Fiscal Year Ended	
	12/31/2023	12/31/2022
Operating Revenues	\$263	\$244
Power Supply Revenues	109	139
Power Supply Expenses	95	124
Non-Power Supply Expenses	183	184
Depreciation Expense	53	50
Operating Income (Loss)	\$42	\$25
Other Revenues (Expenses)	(8)	(9)
General Fund Transfer	(29)	(29)
Net Income (Loss)	\$5	(\$13)
Debt Service Coverage	2.3	2.1
Debt Capital Ratio	55%	54%

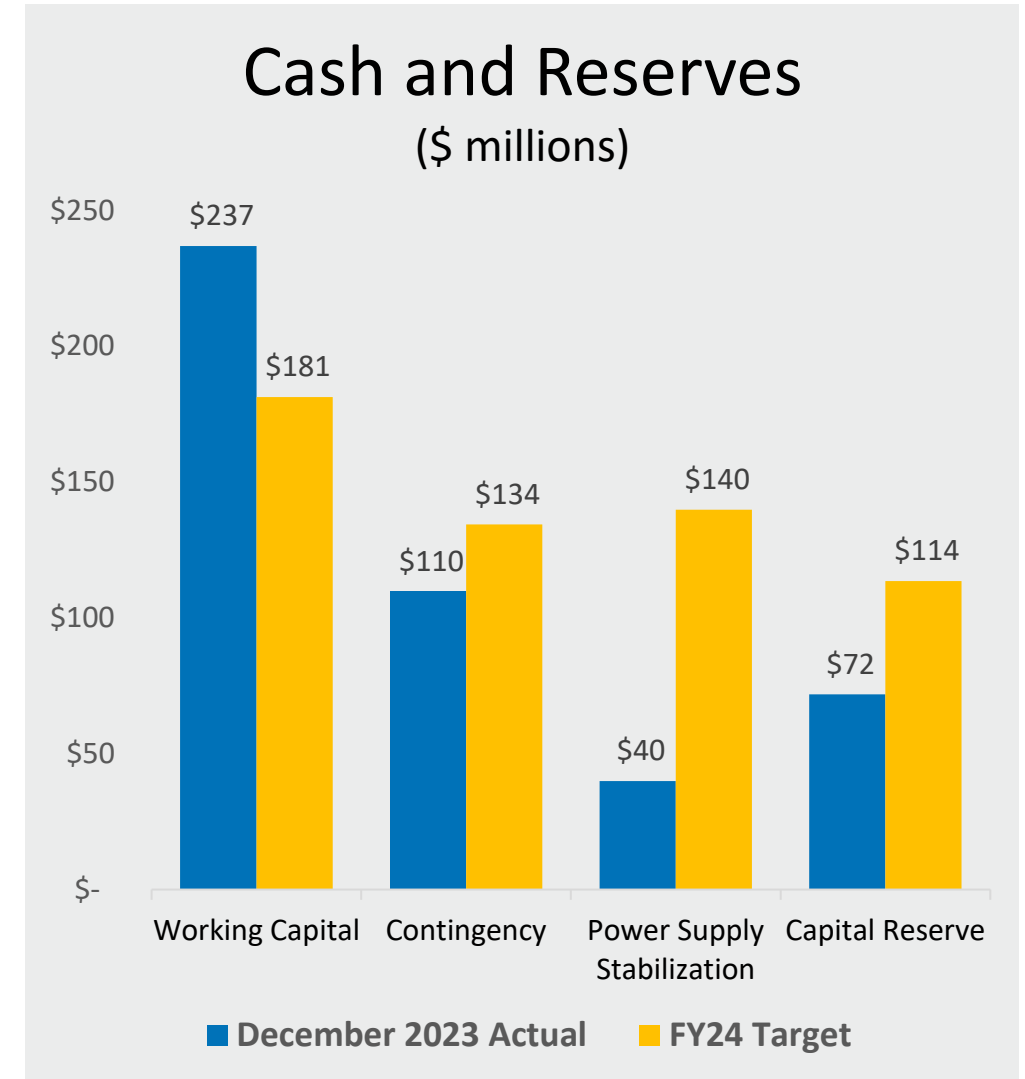


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Balance Sheet

\$ in Millions	12/31/2023	12/31/2022
Cash	\$237	\$154
Other Current Assets	348	344
Operating Reserves	222	281
Nuclear Decommissioning Reserve	262	246
Other Restricted Assets	289	257
Capital Assets	3,039	3,022
Other LT Assets & Deferred Outflows	1,969	1,758
Total Assets and Deferred Outflows	6,366	6,062
Other Current Liabilities	250	291
Revenue Bonds	2,042	1,896
Commercial Paper	110	190
Other LT Liabilities & Deferred Inflows	2,194	1,903
Retained Earnings	1,770	1,782
Total Liabilities, Deferred Inflows, and Fund Equity	6,366	6,062



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Market and Industry Analysis



Austin Energy Credit Ratings

Credit Rating Agency	Rate Range Default/Highest Risk ————— Highest Credit Quality	Austin Energy's Rating & Outlook
	D, C, CC, CCC, B, BB, <u>BBB</u> , A, AA , AAA + or – indicates strength or weakness in the assigned rating	AA- / Stable
	D, C, CC, CCC, B, BB, <u>BBB</u> , A, AA , AAA + or – indicates strength or weakness in the assigned rating	AA- / Stable
	B3, B2, B1, Ba3, Ba2, Ba1, <u>Baa3, Baa2, Baa1</u> , A3, A2, A1, Aa3 , Aa2, Aa1, Aaa	Aa3 / Stable

High-Yield or “Junk” ————— Investment Grade



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Moody's Rating Action Summary

December 2023	
Portfolio Review	<ul style="list-style-type: none">• Weakened liquidity metrics• ERCOT market volatility
Inputs and Assumptions	<ul style="list-style-type: none">• Cash balances low for current rating level• Base Rate increases in 5-year forecast• Continued timely Power Supply Adjustment recovery
Rating Action	<ul style="list-style-type: none">• Affirmed Aa3 rating• Stable outlook
Rating Outlook/Conditions	<ul style="list-style-type: none">• Lagging rate increases• Declining financial metrics – cash and coverage• Rate competitiveness and sustained coverage



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