

Austin Energy FY 2025 Proposed Budget

Electric Utility Commission

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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 [City of Austin's audited Annual Comprehensive Financial Reports](#).



Agenda

- Overview and Highlights
- Financial Health
- Typical Ratepayer Impact



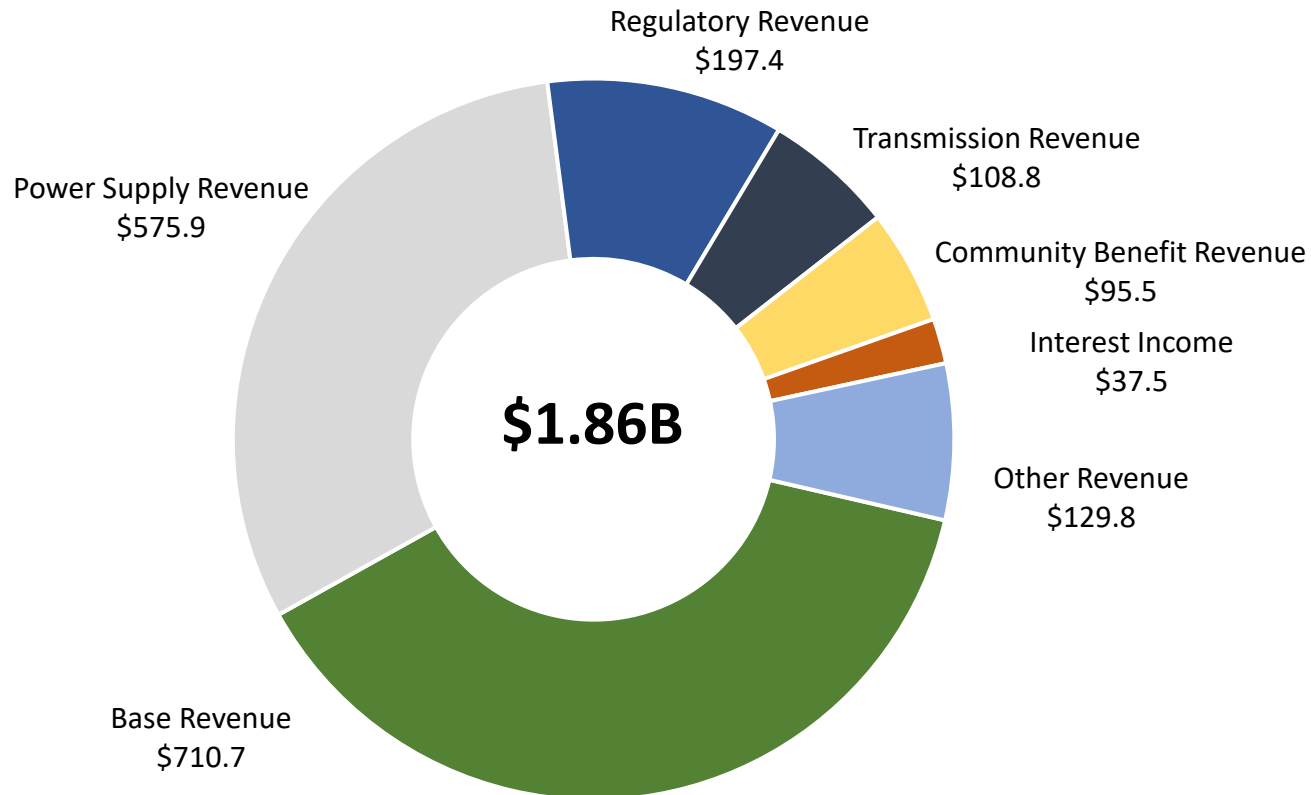
FY 2025 Proposed Budget Presentation

Overview and Highlights



FY 2025 Austin Energy Revenue (*\$ millions*)

FY 2025 Total Austin Energy Revenue



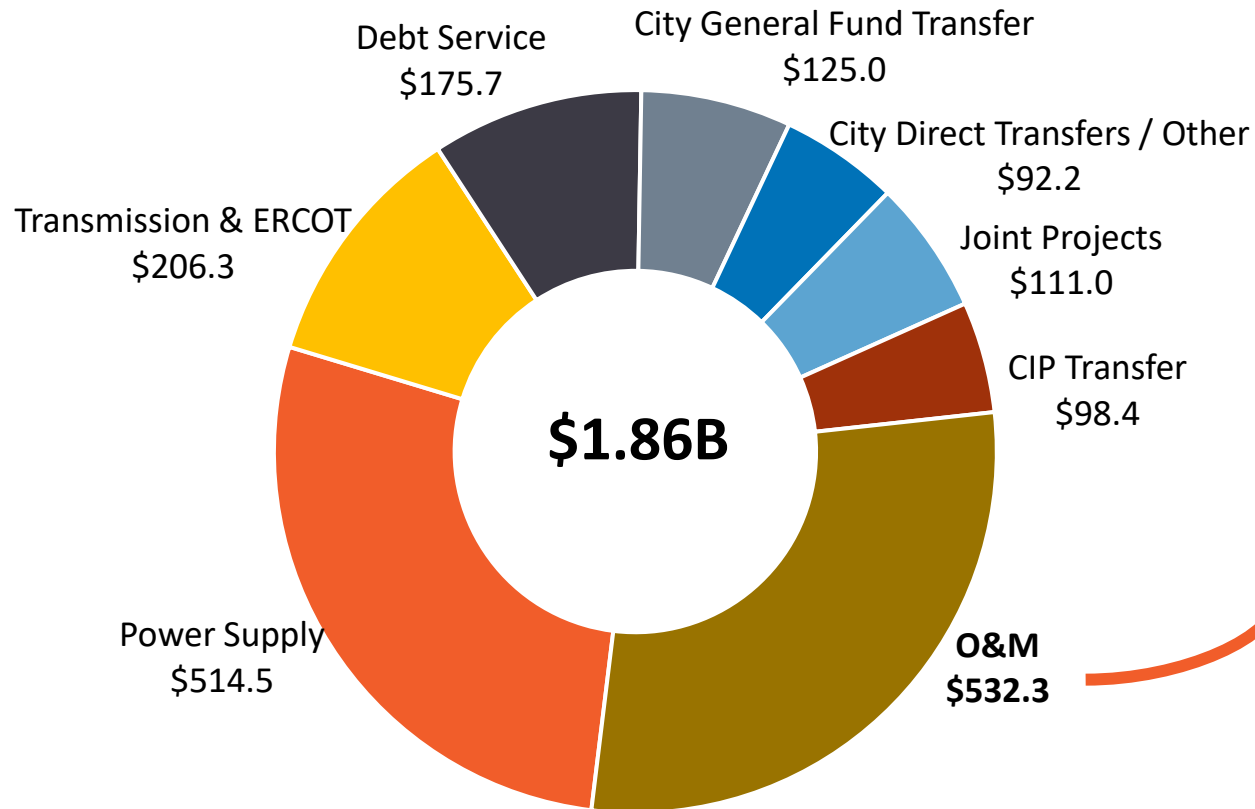
FY 2025 Revenue Drivers

- Increase Base Rate revenue due two percent base rate increase - \$13.8M
- Increase Community Benefit revenue primarily due to increases in Customer Assistance Program recovery - \$12.1M
- Increase Regulatory and Transmission revenue due to rising costs in the Electric Reliability Council of Texas (ERCOT) market - \$48.2M
- Change in other revenues including projected Winter Storm Mara FEMA reimbursement, interest revenue, and miscellaneous revenue - \$32.0M
- Decrease in Power Supply revenue due to forecasted decrease in Power Supply costs - **(\$34.4M)**

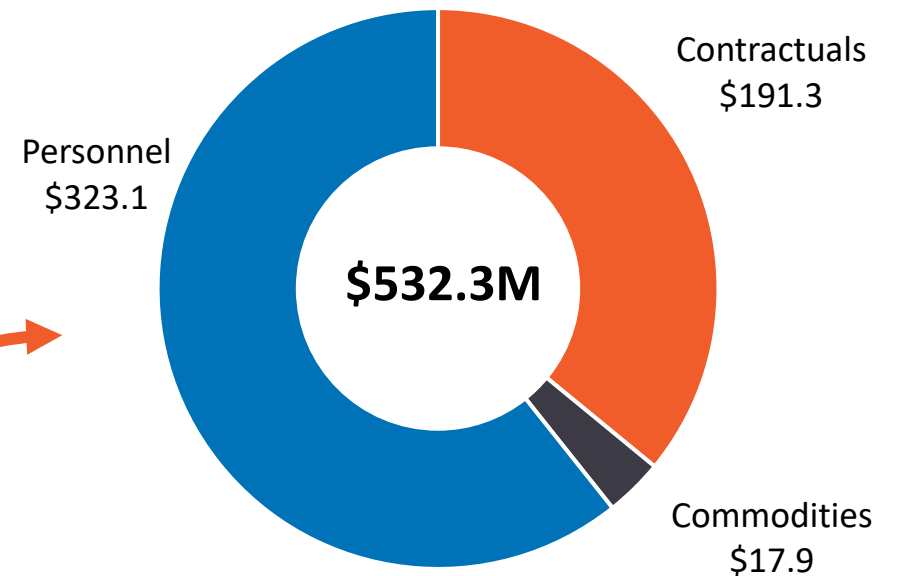


FY 2025 Austin Energy Requirements (*\$ millions*)

FY 2025 Total Austin Energy Budget



FY 2025 Operating & Maintenance Expense (O&M) Breakout



FY 2025 Expense Drivers

- Increase in Austin Energy's share of operating costs for the South Texas Nuclear Plant (STP) and Fayette Power Project (FPP) - **\$17.4M**
- Increase to employee salary and fringe cost - **\$13.8M**
- Increase vegetation management funding to account for increased contracted labor rates and vegetation management cycle goals - **\$9.0M**
- Increase transmission expense due to rising costs in the Electric Reliability Council of Texas (ERCOT) market - **\$7.8M**
- Call center contractor cost increases; includes living wage increase and staffing levels to maintain service levels for City of Austin utility customers - **\$3.2M**
- Increase Customer Energy Solutions conservation rebates and incentives, energy efficiency service programs, and electric vehicle programs - **\$2.0M**
- Increase for Altec vehicle leases for bucket trucks and other heavy-duty equipment - **\$3.8M**
- Increase to City General Fund Transfer - **\$10M**
- Transfer to City - Direct & Indirect services - **\$8.1M**



FY 2025 Austin Energy Fund Summary (*\$millions*)

	FY 2023 Actual	FY 2024 Estimated	FY 2025 Proposed	▲ from FY 2024 Estimated to FY 2025 Proposed	
Beginning Balance	235.1	285.0	285.9	.9	.1%
Revenue/Transfers In	1,900.6	1,782.8	1,855.6	72.8	4.1%
Expenditures					
Operating Expenses ⁽¹⁾	793.6	777.3	849.5	72.2	9.3%
Power Supply Expenses	633.6	549.7	514.5	(35.2)	(6.4%)
Debt Service	169.4	173.9	175.8	1.9	1.1%
Capital Improvement Plan (Cash Funded)	66.5	81.9	98.4	16.5	20.1%
General Fund Transfer	105.0	115.0	125.0	10.0	8.7%
Other Transfers to City & Requirements	69.2	84.1	92.2	8.1	9.6%
Total Expenditures	1,837.3	1,781.9	1,855.4	73.5	4.1%
Excess (Deficiency)	63.3	1.0	0.2	(.8)	(80.0%)
Ending Balance (Adjusted)	285.0	285.9	286.1	.2	.1%
FTEs	1,897	1,924	1,934 ⁽²⁾	10	

(1) Includes expenses for O&M, Joint Projects, and Transmission & ERCOT.

(2) FTE total includes a deduction for 11 real estate FTEs moved from Austin Energy to City of Austin Financial Services Department to consolidate City real estate services (Funded by AE) and 1 FTE moved to City of Austin Management Services.



FY 2025 New Full-time Employees (FTEs)

Program	New FTEs	Annual Cost	Annual Savings (Conversion Offset)	Annual Net Cost
Customer Energy Solutions	1	\$139,000	\$(160,000)	\$(21,000)
Corporate Services	2	\$216,008	\$(108,574)	\$107,433
Electric System Engineering & Tech	5	\$665,746	\$(926,000)	\$(260,254)
Electric System Field Operations	3	\$375,720	-	\$375,720
Regulatory & Government Affairs	1	\$156,761	\$(129,891)	\$26,870
Technology & Data	10	\$1,440,621	\$(1,952,500)	\$(511,879)
Total	22	\$2,993,856	\$(3,276,965)	\$(283,111)

11 real estate FTEs moved from Austin Energy to City of Austin Financial Services Department to consolidate City real estate services (Funded by AE). 1 FTE moved to City of Austin Management Services.



Capital Improvement Program (CIP) 5-Year Spend Plan (*\$ millions*)

Business Unit	FY 2024 Approved	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 25-29 Total
Distribution	105.9	159.1	141.5	119.5	106.6	96.9	623.6
Distribution Substation	15.4	26.8	22.8	17.3	10.1	7.0	84.0
Transmission*	56.9	56.1	75.8	71.4	75.6	64.1	342.9
Electric Service Delivery	178.2	242.0	240.1	208.1	192.3	168.0	1,050.5
Power Production	29.4	47.7	42.6	29.6	24.6	21.8	166.4
District Cooling*	18.7	25.8	5.0	4.0	3.0	3.0	40.8
General	36.3	86.3	16.3	7.9	4.8	4.5	119.8
Total	262.7	401.8	303.9	249.6	224.8	197.3	1,377.5

* Recovery of capital expenditures is not a component of electric retail rates



FY 2025 CIP Highlights

Distribution

- Higher materials/labor costs and continued growth, downtown network projects, including Brazos Duct Bank, East Ave Duct Bank, and Hwy 620 relocation project \$19.3M in FY 2025
- Distribution System Resilience Program - \$50M over 5 years of which \$10M is in 2025

Transmission and Distribution Substation

- Brackenridge Substation rebuild of 1975 substation \$45.5M of which \$9.8M in FY 2025
- Timber Creak Substation – new substation to serve Austin-Bergstrom Airport expansion and growing load in SE Austin \$29.2M of which \$5.1M in FY 2025

Power Production

- Hot section work at Sand Hill, Decker Dam improvements and Fallwell Lane work \$14.9M in FY 2025

General

- Austin Energy Field Service Center (Cameron Road) - \$52M in FY 2025



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Financial Health



Forecasted Key Financial Metrics Summary

	Minimum or Target	CYE FY2024	Proposed FY2025	Forecast FY2026	Forecast FY2027	Forecast FY2028	Forecast FY2029
Operating Margin	10%	12%	12%	11%	15%	14%	14%
Net Income (Millions of \$)	> \$0	\$39.8	\$56.1	\$37.0	\$64.7	\$42.7	\$49.4
Quick Ratio	> 1.5	2.6	2.5	2.4	2.3	2.3	2.2
Days Cash on Hand	150 Days	126 Days	133 Days	130 Days	138 Days	143 Days	154 Days
Debt Service Coverage	> 2.0	2.3	2.4	2.0	2.2	2.1	2.2
Debt to Capital	< 50%	56%	56%	56%	56%	55%	54%
GFT (Millions of \$)		\$115	\$125	\$133	\$140	\$147	\$152



FY 2025 Proposed Budget Presentation

Customer Bill Impact & Rate Comparison



Typical Residential Customer Bill Impact

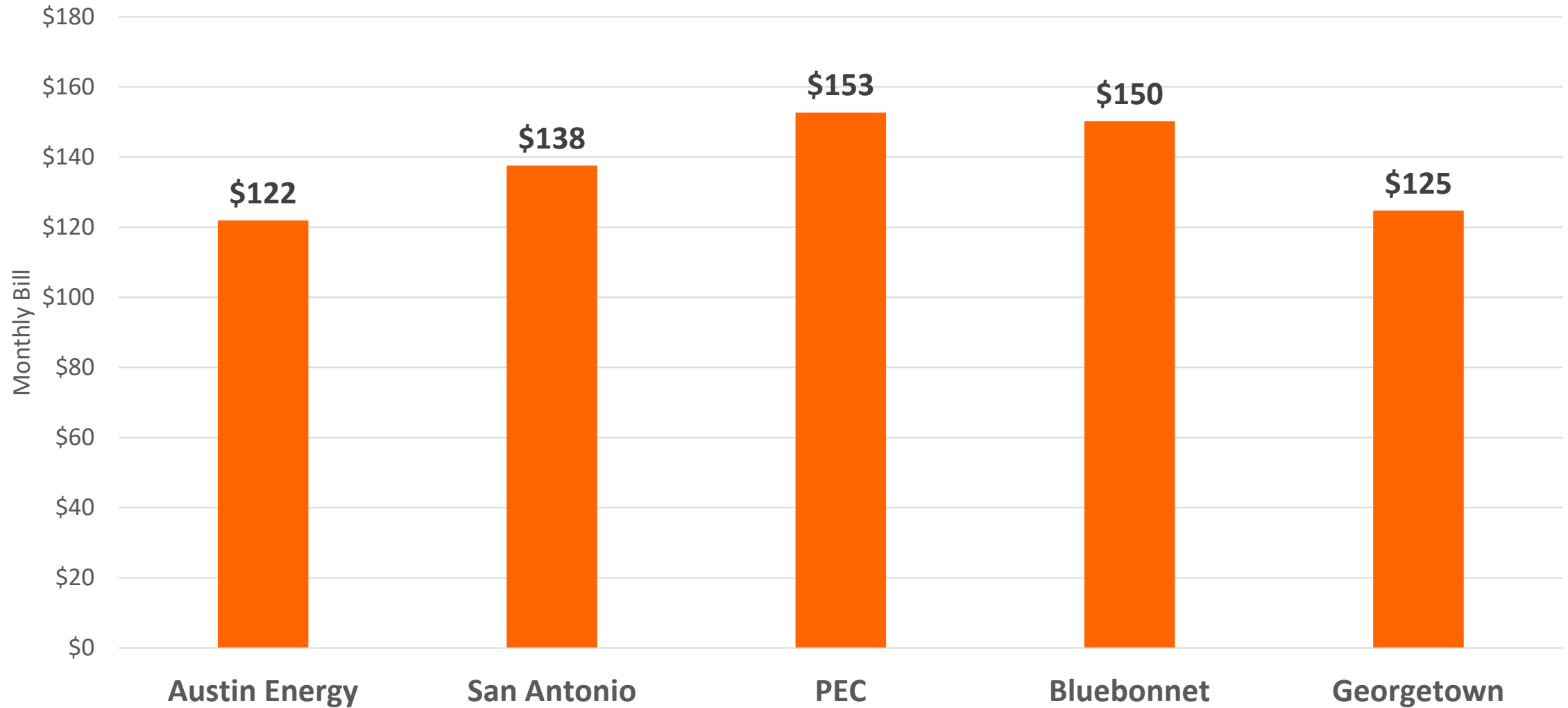
FY 2024 bill based on current rates / FY 2025 bill based on proposed rates (Inside City of Austin) Customer

Average Monthly Bill	Energy (kWh)	FY 2024	FY 2025	\$ Change	% Change
Base Rates	860	\$54.90	\$56.09	\$1.19	2%
Power Supply Adjustment (PSA)	860	\$45.77	\$45.77	\$0.00	0%
Service Area Lighting (CBC)	860	\$1.69	\$1.77	\$0.08	5%
Energy Efficiency Services (CBC)	860	\$3.00	\$3.00	\$0.00	0%
Customer Assistance Program (CBC)	860	\$2.08	\$3.82	\$1.74	84%
Regulatory Charge	860	\$11.82	\$11.51	(\$0.31)	(3%)
Total Monthly Bill	860	\$119.26	\$121.96	\$2.70	2%
Total CAP Customer Discounted Bill	860	\$92.86	\$92.83	(\$0.03)	-0.03%



Note: The FY 2024 PSA is based on the current rates, including PSA administrative updates through March 2024.

Residential Monthly Bills



Note: Surrounding utility average consumption data based on CY2022 EIA data and current rates; Austin Energy bill based on 860 kWh at proposed FY 2025 budget rates.





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