



Electric Utility Commission Budget Briefing

Austin Energy



June 18, 2012

Mission: *Deliver clean, affordable, reliable energy and excellent customer service.*



FY13 Budget Control



- Hold FTEs constant and review all vacant positions
- Evaluate current contracts for cost savings
- Evaluate maintenance schedules and adjust if there are no effects to reliability
- Expanded debt funding of capital projects

Process:

- Begin with FY 2012 Current Year Estimate
- Removed \$5 million one-time items
- Further reductions of \$23 million
- Requires a \$40 million transfer from Strategic Reserve to balance FY 2012 Budget



2013 Cost Drivers



Category	Estimated Increase(decrease)	Description
Fayette Power Plant (coal)	5.5	Ownership share (50% - Units 1 & 2) of plant operating costs
STP Power Plant (nuclear)	18.4	Ownership share (16%) of plant operating costs, primarily due to planned maintenance
Transmission Expense	14.0	Rising costs for Texas Transmission Construction Program
Labor Related	5.0	City-wide cost increases for Health insurance (7%; \$1.2 million) and Salary Adjustments (3%; \$3.8 million)
Corporate Expense	2.9	2% retirement contribution (\$2.2 million), Communications & Technology Management updated
Administrative Support	1.1	Updated allocation for administrative support
Debt Service	6.1	Increase in debt service for interest on new 2012 debt and planned 2013 new debt
Transfer to Electric Capital Improvement Program	(7.2)	Decrease in cash funded portion of capital program

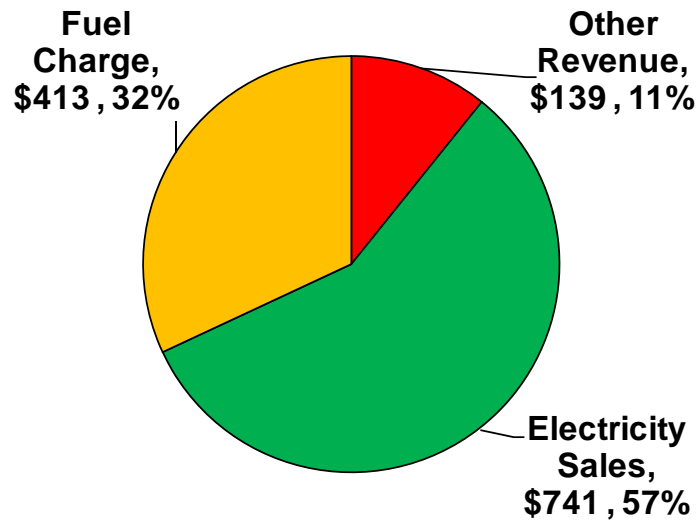
Modest economic growth and decline in average residential use, compared to recent past. Utility responded with cost management efforts since 2009.



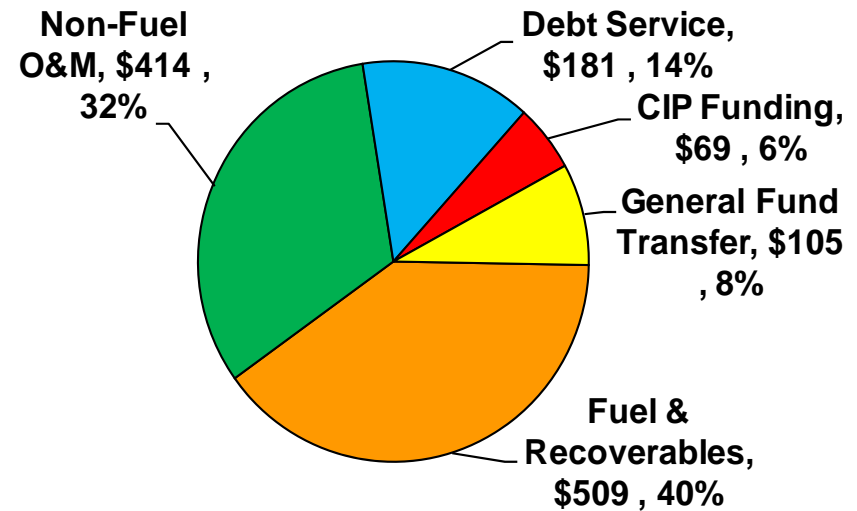
Sources & Uses of Funds



Sources of Funds
FY 2013 Proposed
\$1,297.1 Million
(In Millions)



Uses of Funds
FY 2013 Proposed
\$1,278.2 Million
(In Millions)





FY13 Proposed Budget Reductions

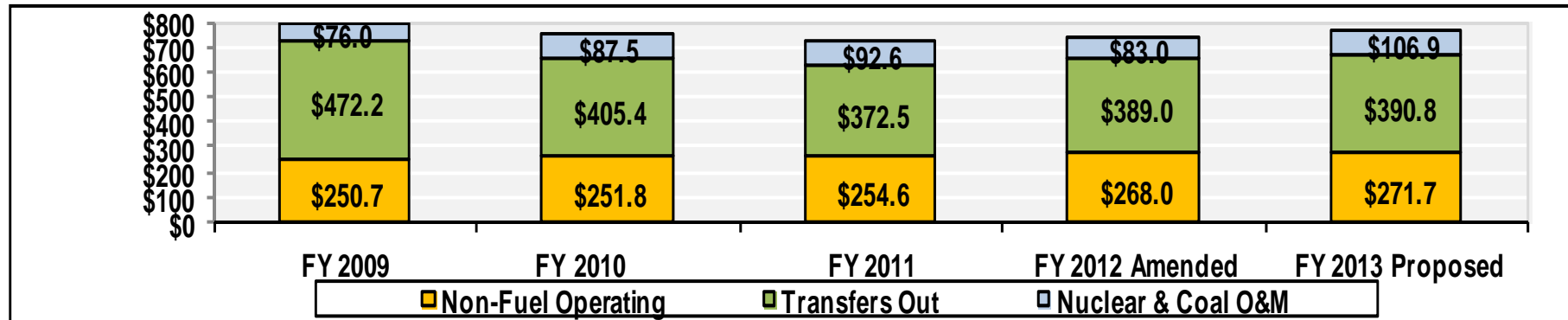


The Current FY13 Proposed Budget reflects a 5.5% decrease in Non-Fuel Operating Requirements from the preliminary proposed budget submittal.

		FY13 Preliminary Proposed	FY13 Current Proposed Budget	2013 Current to Preliminary
(in millions)				
Beginning Balance	\$	97.1	97.1	
Revenue	\$	1,209.5	1,256.9	47.4
Transfers In	\$	-	40.2	40.2
Available Funds	\$	1,209.5	1,297.1	87.6
Fuel & Recoverable Expense	\$	474.0	508.9	34.9
Operating Requirements (Non-Fuel):				-
Power Production	\$	144.6	144.9	0.3
Electric Service Delivery	\$	71.7	64.6	(7.1)
Utility Operations Development	\$	25.6	26.0	0.4
Customer Care	\$	34.9	33.9	(1.0)
Distributed Energy Services	\$	44.7	37.8	(6.9)
Support Services	\$	91.8	82.7	(9.1)
Other Expenses	\$	23.0	23.4	0.4
Total Operating Requirements (Non Fuel)	\$	436.3	413.3	(23.0)
Debt Service	\$	170.0	181.1	11.1
Transfers Out	\$	173.5	174.9	1.4
Total Requirements	\$	1,253.8	1,278.2	24.4
Excess (Deficiency)	\$	(44.3)	18.9	
Ending Balance	\$	52.8	116.0	



Budget Comparison



FY2013 Proposed Requirements (less Fuel) \$29.4 million higher than FY2012 Amended

- \$1,278.0 million Total Requirements proposed budget including Fuel
- \$769.4 million Total Requirements proposed budget (excluding Fuel)
- Non-fuel operating expenses \$4.7 million higher than FY2012 Amended
 - Increase in Decker Power Plant Maintenance
 - Increase in Energy Efficiency Programs
 - Increase in Onsite Energy Chiller Operations
 - Increase in Software Maintenance
- Transfers Out include General Fund, City of Austin Transfers, EGRSO, Debt Service, Capital Program cash



Proposed CIP 5-year Plan



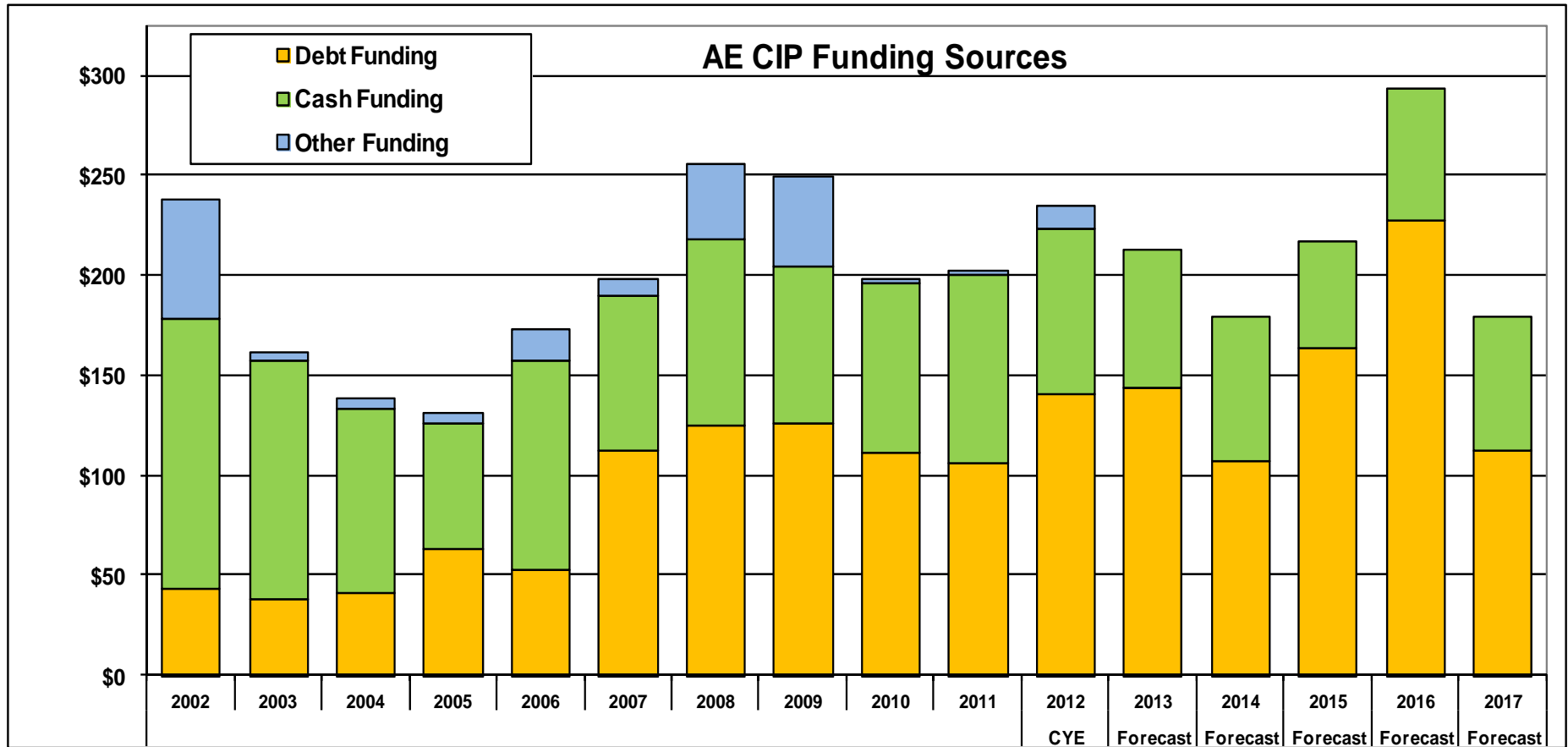
\$1.1 Billion Five Year Capital Spending Plan

\$ in Millions	Estimate	2012-13	2013-14	2014-15	2015-16	2016-17	2013- 2017 Total
Distribution	57.8	66.0	54.2	55.3	57.5	57.6	290.7
Distribution Substation	9.9	14.0	10.5	13.9	14.6	15.5	68.5
Transmission	21.6	44.7	17.0	20.0	23.5	21.8	127.0
Electric Service Delivery	89.3	124.7	81.7	89.2	95.6	95.0	486.2
Power Production	38.8	53.0	61.2	107.4	173.0	53.1	447.7
Customer Service Billing & Metering	6.5	4.5	7.2	4.3	8.3	10.3	34.5
Facilities, Technology & Support Services	72.8	35.8	27.8	16.3	16.1	20.1	116.2
Total	207.5	218.0	177.9	217.2	293.0	178.5	1,084.6

- Projects for power supply, reliability and customer service
- \$1,085 million 5-year plan with \$218 million in FY 2013
 - Electric Service Delivery - 45% of 5-year plan
 - Power Production - 41% of 5-year plan & includes 200 MW expansion at Sand Hill Energy Center in FY 2015-2017



AE CIP Funding Sources





Budget Calendar



- August 1 Proposed Budget Presented to City Council
- August 20 Present Proposed Budget to Electric Utility Commission
- August 22 Budget Work Session & Public Hearing
- September 1 Public Hearing on Property Tax Rate
- September 10, 11 and 12 Budget Approval Readings

Questions or Comments

more information available at:

www.ci.austin.tx.us/budget