

Austin Energy Quarterly Financial Report

4th Quarter FY 2019 (July – September)

Mark Dombroski
Chief Financial Officer



November 18, 2019

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Disclaimer

This information is unaudited and should be read in conjunction with the audited Comprehensive Annual Financial Reports for the City of Austin, when published on:

<http://austintexas.gov/service/current-comprehensive-annual-financial-report>



Agenda

QUARTERLY Financial Report



Executive Summary



Financial Policy Compliance



Financial Performance Measures



Actual to Budget Analysis



Financial Statements



Market and Industry Analyses

Austin Energy Quarterly Financial Report

Executive Summary



Executive Summary



Substantially compliant with all financial policies. Capital Reserve balance below minimums but total cash above minimum of \$417m.



Meeting financial metrics supporting AA credit rating. Received credit upgrade from *Fitch Ratings* in May 2019.



\$ 1,452 Million Revenues

Operating revenues exceed forecast by 4.9% due to higher power supply revenue offset by lower retail sales due to mild weather.



\$1,085 Million Expenses

Operating expenses exceed forecast by 6.4% due to higher ERCOT market prices from congestion coupled with planned outages.



Balance sheet is liquid and adequately capitalized. Cash balances trending downward due to power supply and other operating costs.



Austin Energy continued its trend in improvement in meeting the Competitiveness metric with average system rates only 0.4% above the average system rate of Texas utilities.

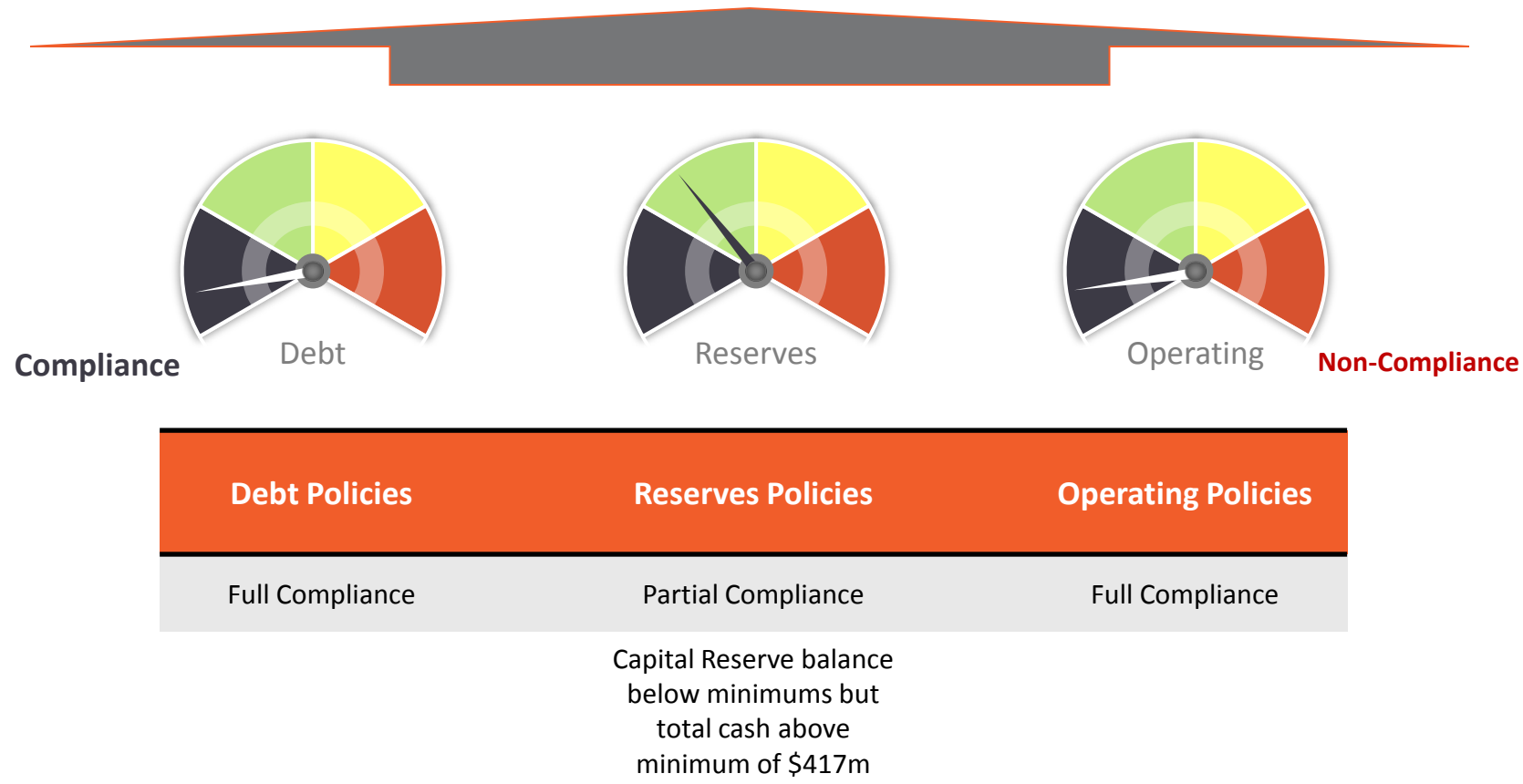


Austin Energy Quarterly Financial Report

Financial Policy Compliance



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



Austin Energy Quarterly Financial Report

Financial Performance Measures



AA

Standard & Poor's Global Ratings

Achieved November 2018



Days Cash on Hand	Debt Service Coverage Ratio	Operating Margins	Debt to Capitalization
Minimum > 150 Days	Minimum > 2.0	Minimum > 10%	Minimum < 50%
Actual 217 Days	Actual 4.0	Actual 6.1%	Actual 51.5%
Excludes General Fund Transfer			



Austin Energy's Affordability Goal has Two Metrics



Affordability Metric	Competitiveness Metric
Full Compliance Since 2013	Non-Compliance Since 2016
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.



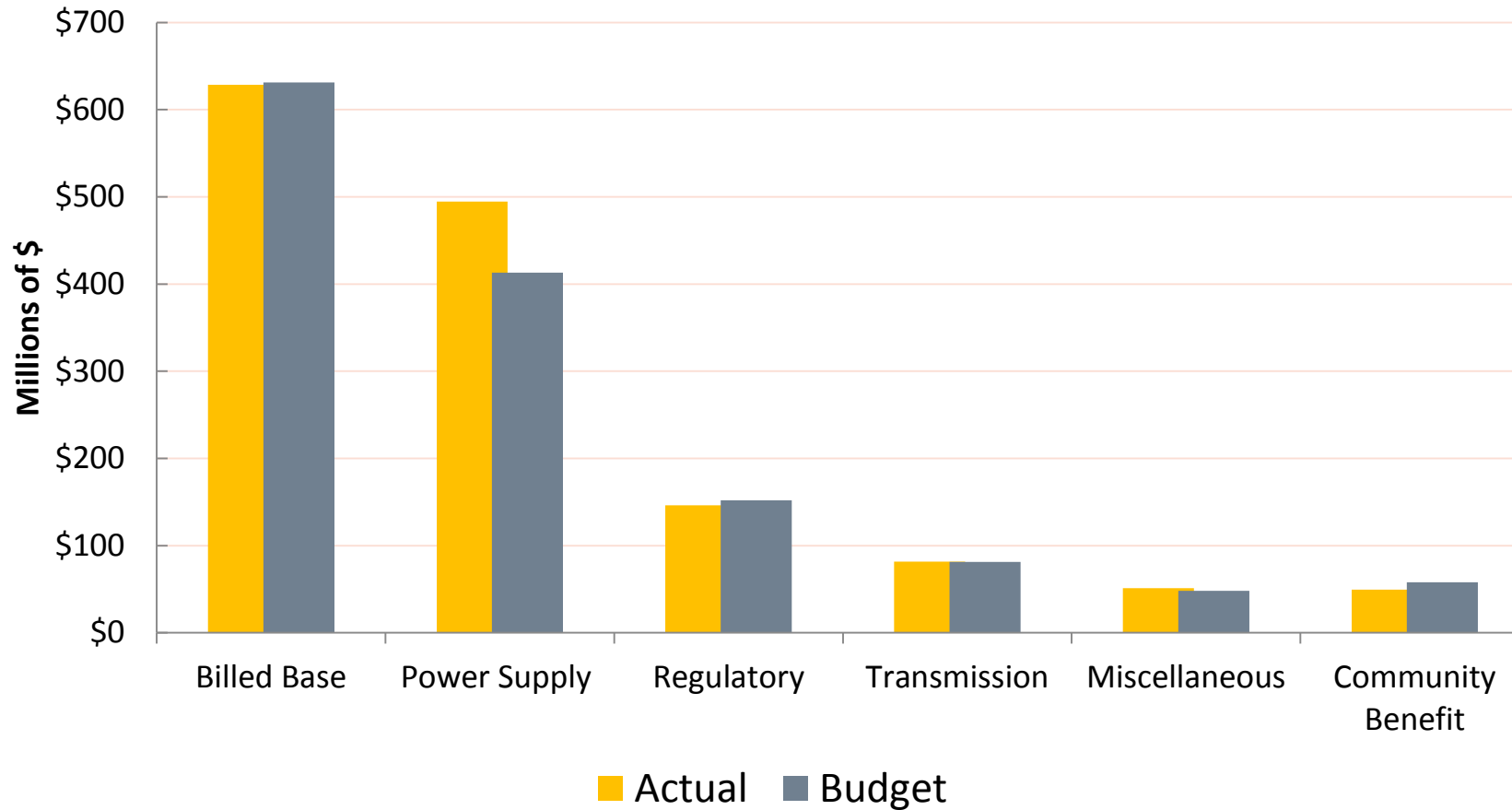
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Actual to Budget Analysis



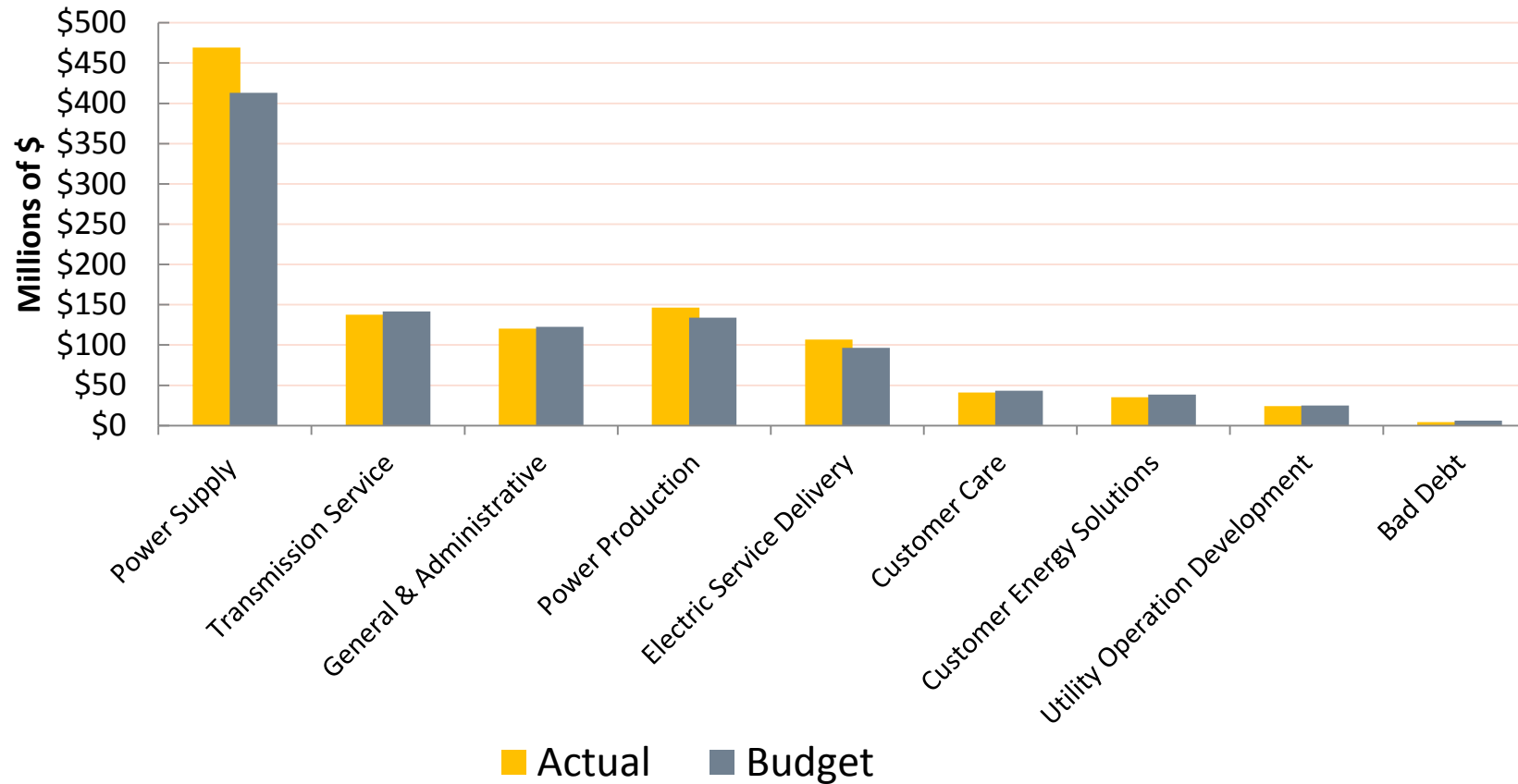
Actual to Budget Analysis

Budget Based Operating Revenues Fiscal Year Through September 30, 2019



Actual to Budget Analysis

Budget Based Operating Expenses Fiscal Year Through September 30, 2019



Actual to Budget Analysis

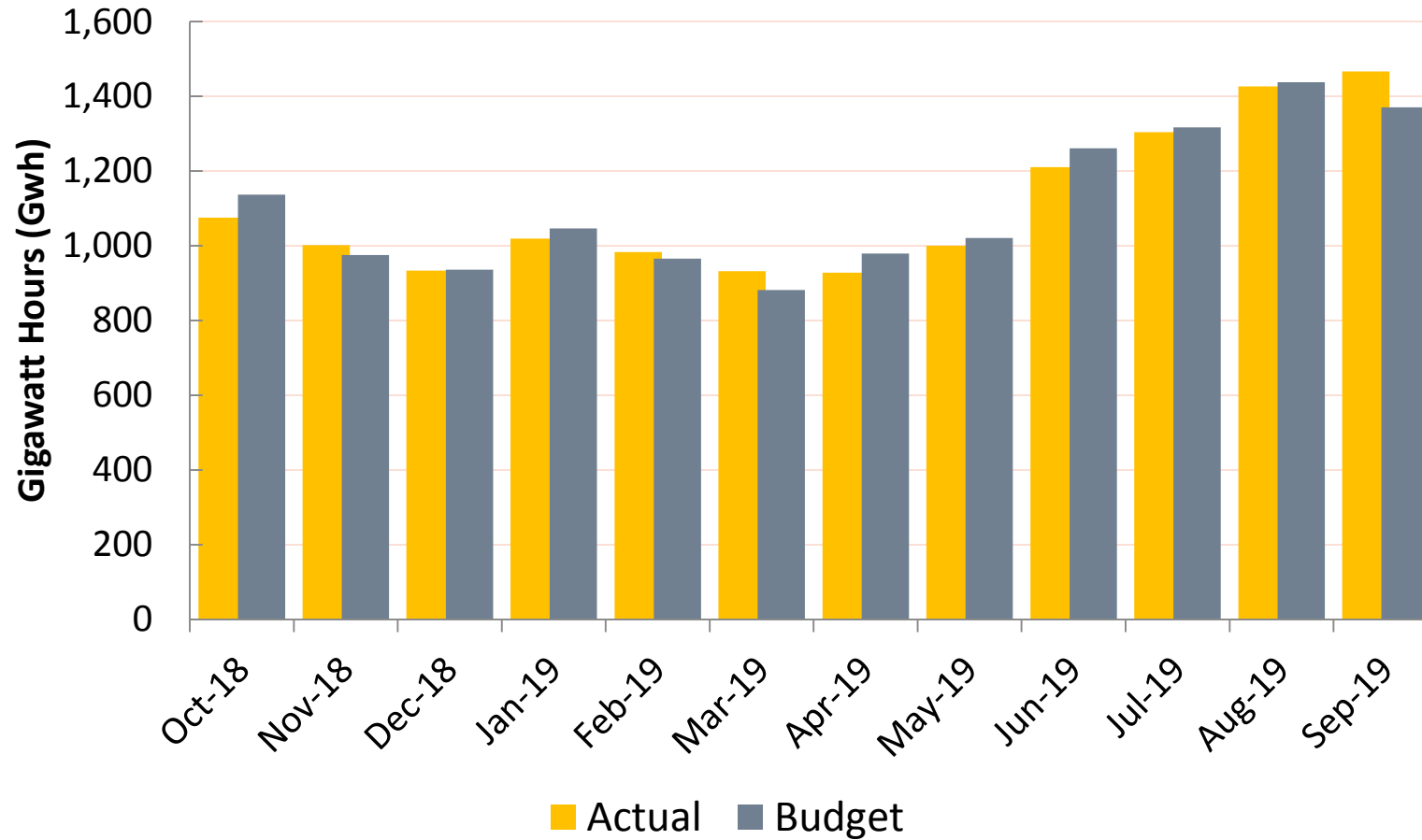
Budget Based Fund Summary Fiscal Year Through September 30, 2019

Millions of \$	Actual	Budget	Variance to Budget Favorable (Unfavorable)		Prior Year Actual	Variance to Prior Year Favorable (Unfavorable)	
			Amount	%		Amount	%
Operating Revenues	\$1,452	\$1,383	\$69	5%	\$1,406	\$46	3%
Operating Expenses	1,085	1,020	(65)	(6%)	1,029	(56)	(5%)
Operating Income (Loss)	\$367	\$363	\$4	1%	\$377	\$(10)	(3%)
Interest Revenue	17	9	8	89%	11	6	49%
Debt Service	(129)	(103)	(25)	(25%)	(89)	(40)	(45%)
Income (Loss) Before Transfers	\$255	\$269	\$(14)	(5%)	\$299	\$(44)	(15%)
Administrative Support	(29)	(29)	0	0%	(26)	(3)	(11%)
General Fund	(110)	(110)	0	0%	(109)	(1)	(1%)
Economic Development	(9)	(9)	0	0%	(7)	(2)	(24%)
CTM Fund	(10)	(10)	0	0%	(9)	(1.0)	(16%)
Other City Transfers	(3)	(4)	1	25%	(5)	2	40%
Internal Transfers / CIP	(107)	(107)	0	0%	(94)	(13)	(14%)
Excess (Deficiency) of Revenues	\$(13)	\$0	\$(13)	(1144%)	\$49	\$(62)	(124%)



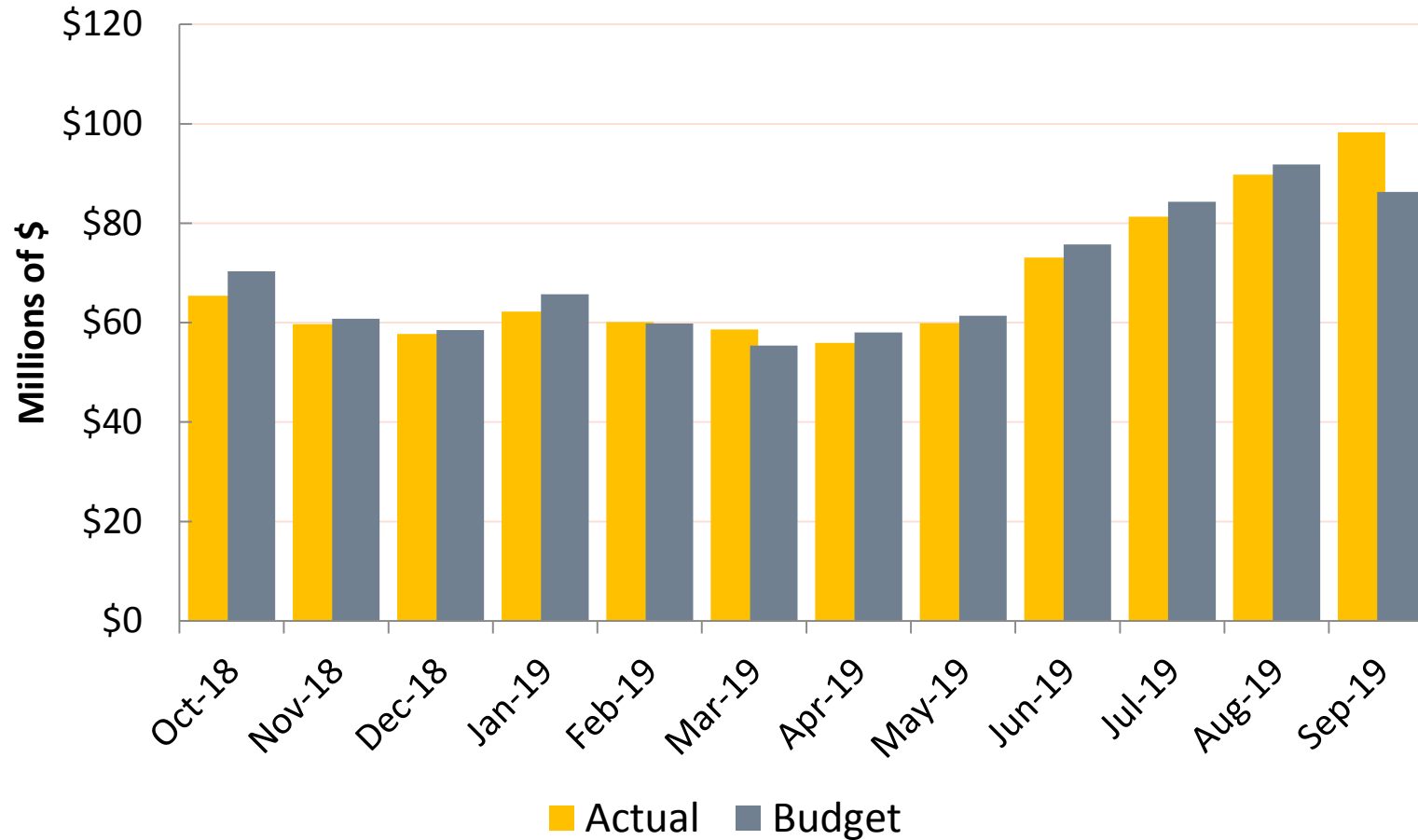
Actual to Budget Analysis

Actual to Budget Retail Energy Sales

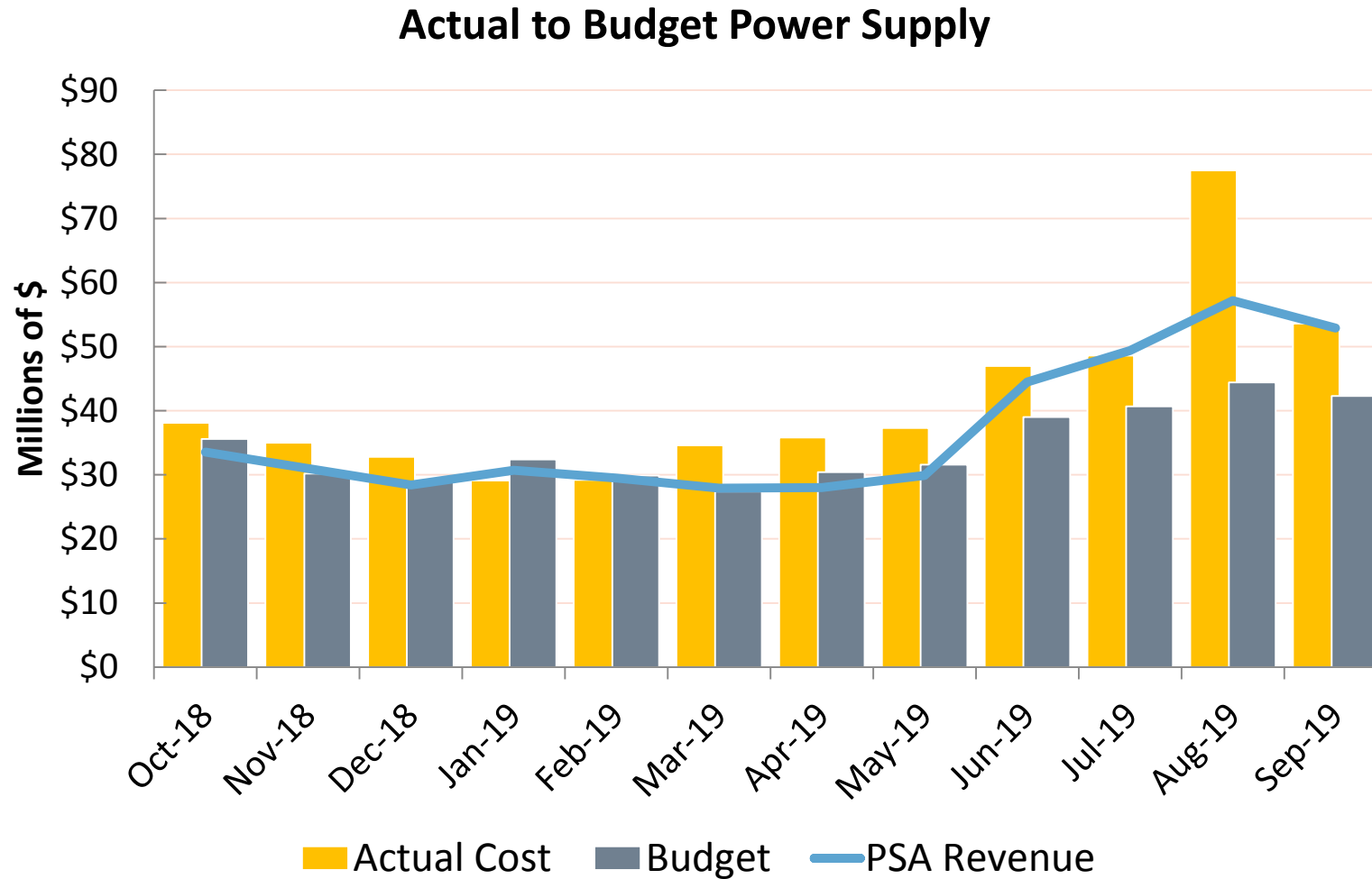


Actual to Budget Analysis

Actual to Budget Non-Power Supply Revenues



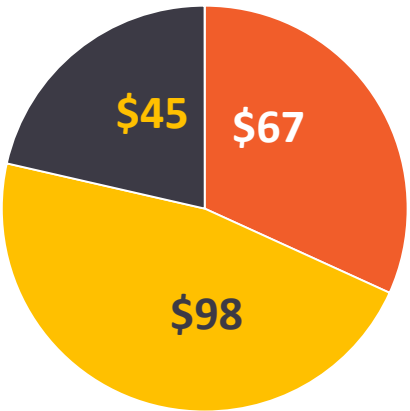
Actual to Budget Analysis



Capital Improvement Plan Summary

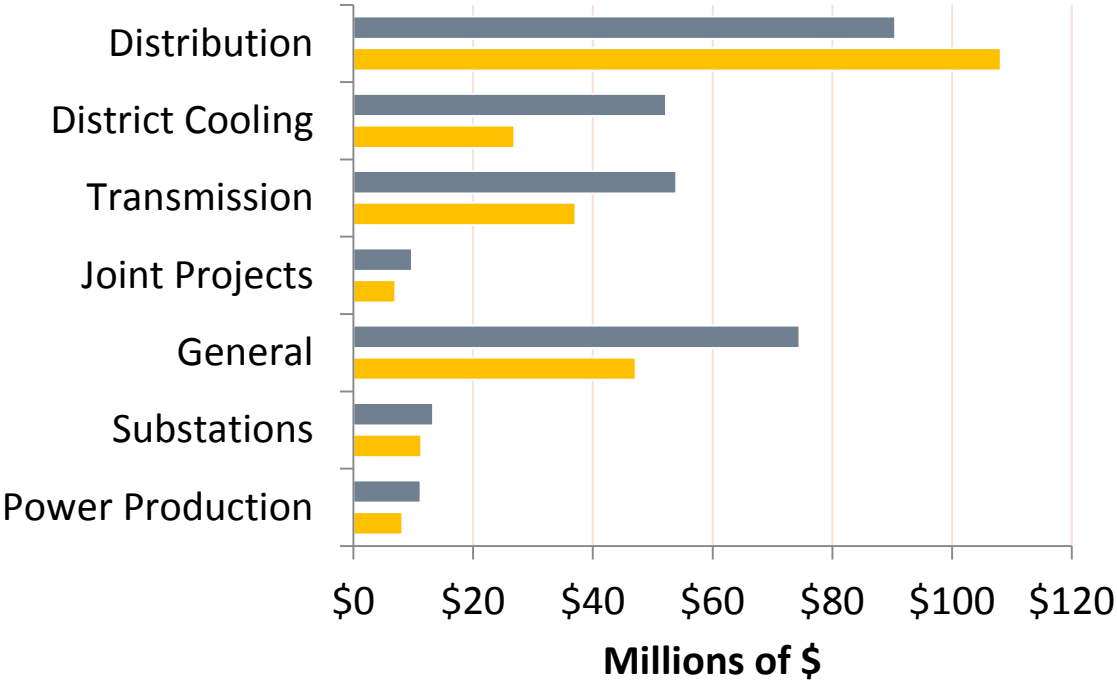
Fiscal Year Through September 30, 2019

Type of Financing



- Cash
- Debt
- Contributions in Aid of Construction

Type of Project



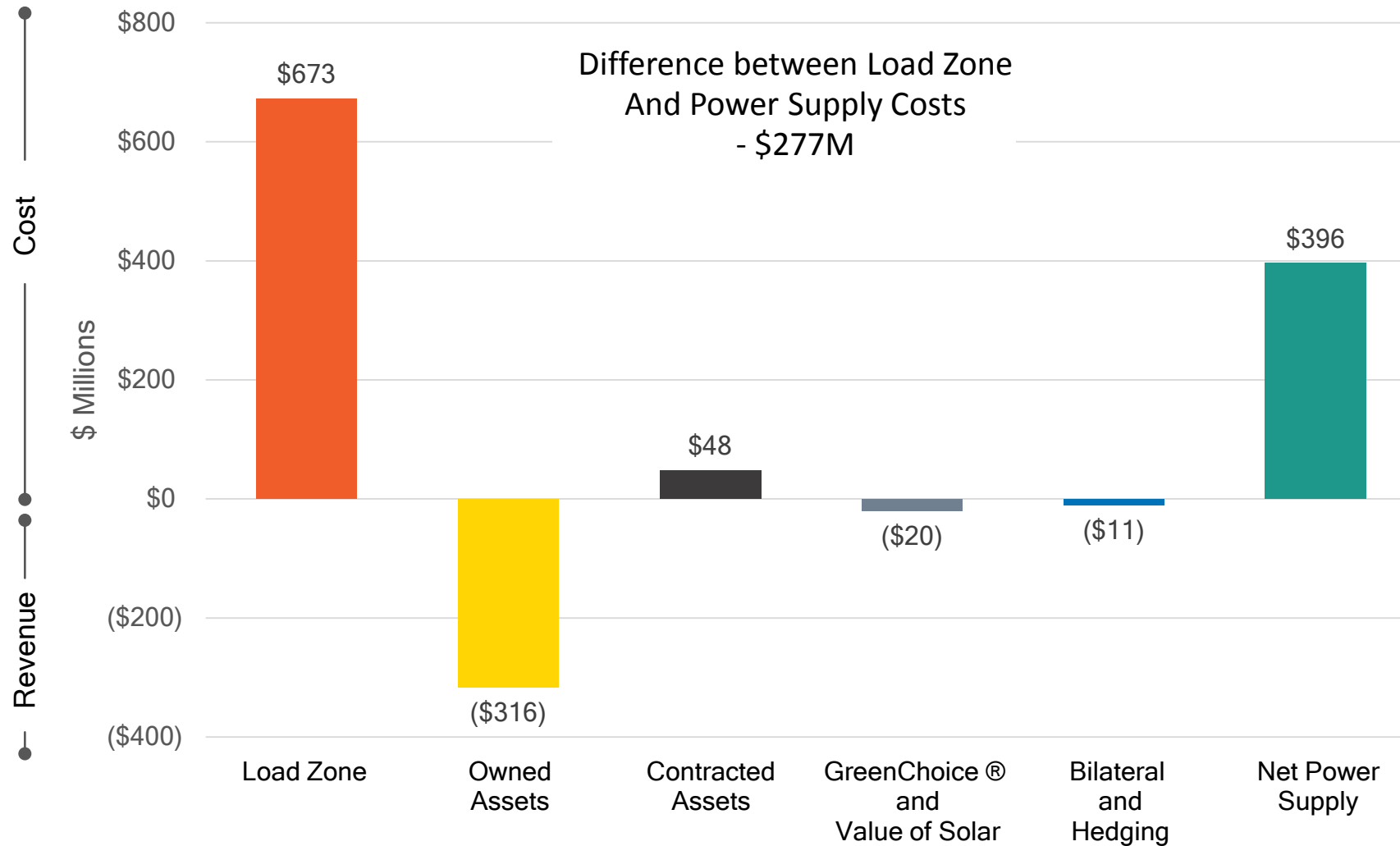
■ FY 2019 Spend Plan ■ Year-to-Date



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Power Supply Adjustment Cost Components

Twelve Months Ending September 2019



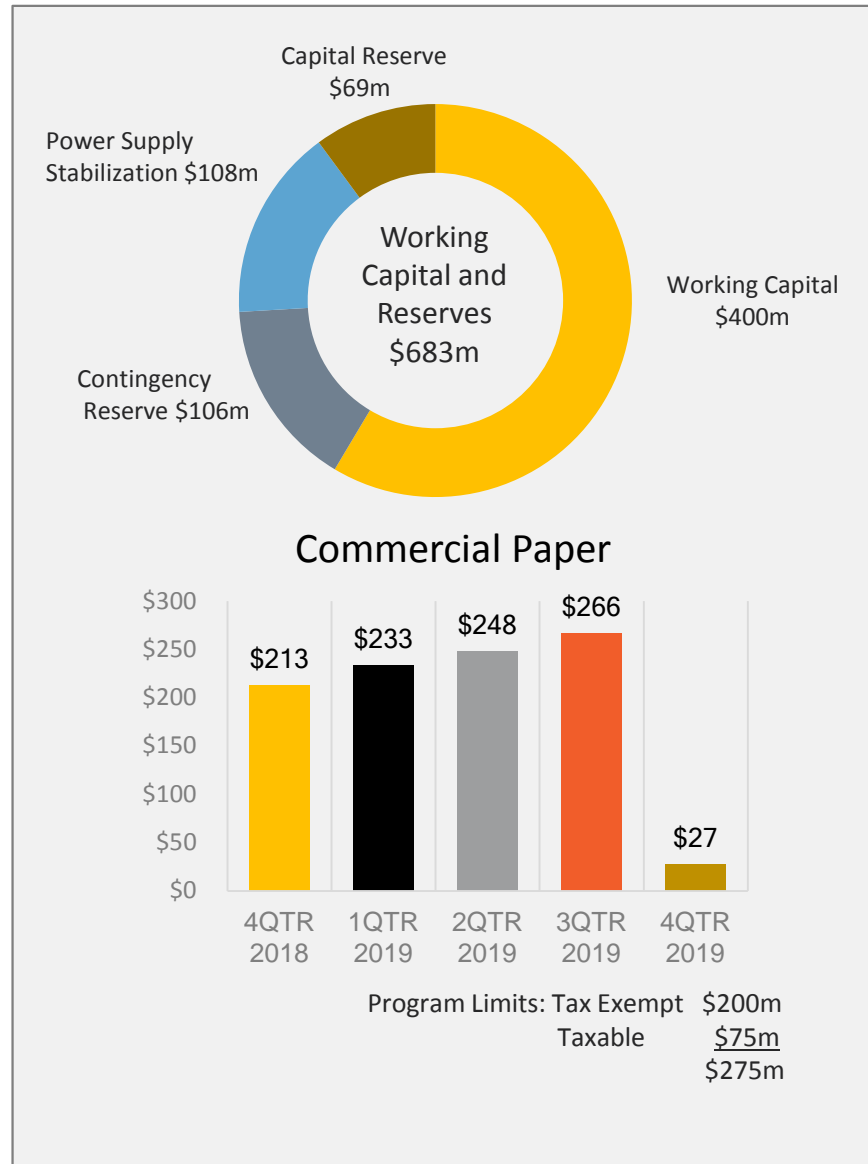
Austin Energy Quarterly Financial Report

Financial Statements



Balance Sheet Snapshot

\$ in Millions		
Assets	Sep 2018	Sep 2019
Cash	\$454	\$400
Other Current Assets	323	393
Capital Assets	2,595	2,981
Other Long-Term Assets	1,359	1,649
Total Assets	\$4,731	\$5,423
Liabilities and Fund Equity		
Current Liabilities	\$212	\$248
Long-term Liabilities	2,225	2,816
Deferred Inflow of Resources	389	434
Retained Earnings	1,905	1,925
Total Liabilities & Fund Equity	\$4,731	\$5,423



GAAP Financial Summary

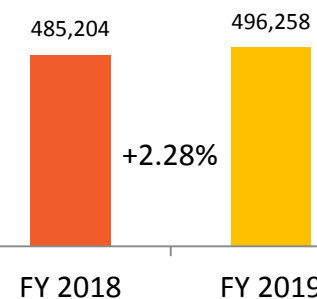
Comparative Statement of Net Position

\$ in Millions	09/30/2018	09/30/2019	Change
Cash	\$454	\$400	(\$54)
Accounts Receivable (net)	137	146	9
PSA Under-Recovery	0	21	21
Non-PSA Under-Recoveries	3	0	(3)
Debt Service	44	79	35
Contingency Reserve	97	106	9
Power Supply Stabilization Reserve	95	108	13
Capital Reserve	42	69	27
Nuclear Decommissioning Reserve	221	232	11
Other Assets	1,042	1,280	238
Capital Assets	2,596	2,982	386
Total Assets	\$4,731	\$5,423	\$692
Current Liabilities	\$154	\$143	(\$11)
Power Supply Over-Recovery	35	0	(35)
Non-PSA Over-Recoveries	21	42	21
Revenue Bonds	1,275	2,014	739
Commercial Paper	213	27	(186)
Other Long-Term Liabilities	1,128	1,271	143
Retained Earnings	1,905	1,926	21
Total Liabilities and Fund Equity	\$4,731	\$5,423	\$692

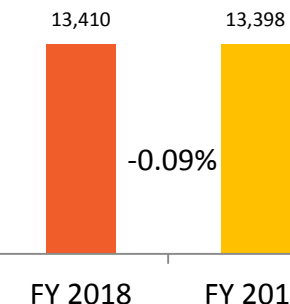
Income Statement

\$ in Millions	12 Months Ending	
	09/30/2018	09/30/2019
Operating Revenues	\$945	\$952
Power Supply Revenues	455	494
Power Supply Expenses	455	469
Non-Power Supply Expenses	667	680
Depreciation Expense	166	209
Operating Income/(Loss)	\$112	\$88
Other Revenue (Expense)	55	42
General Fund Transfer	(109)	(110)
Net Income/(Loss)	\$58	\$20
Debt Service Coverage	3.6	4.0
Debt to Capital Ratio	44%	51%

Average Number of Customers



Total Sales in Gigawatt Hours



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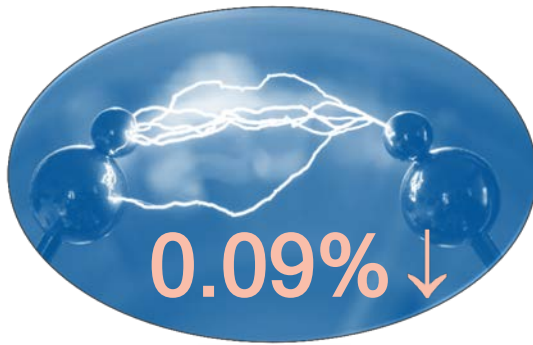
Market and Industry Analysis



Annual Change in Customers and Consumption

Change in Consumption

During FY 2019, the amount of electricity consumed slightly decreased by 0.09% MWh from prior year due to milder weather.



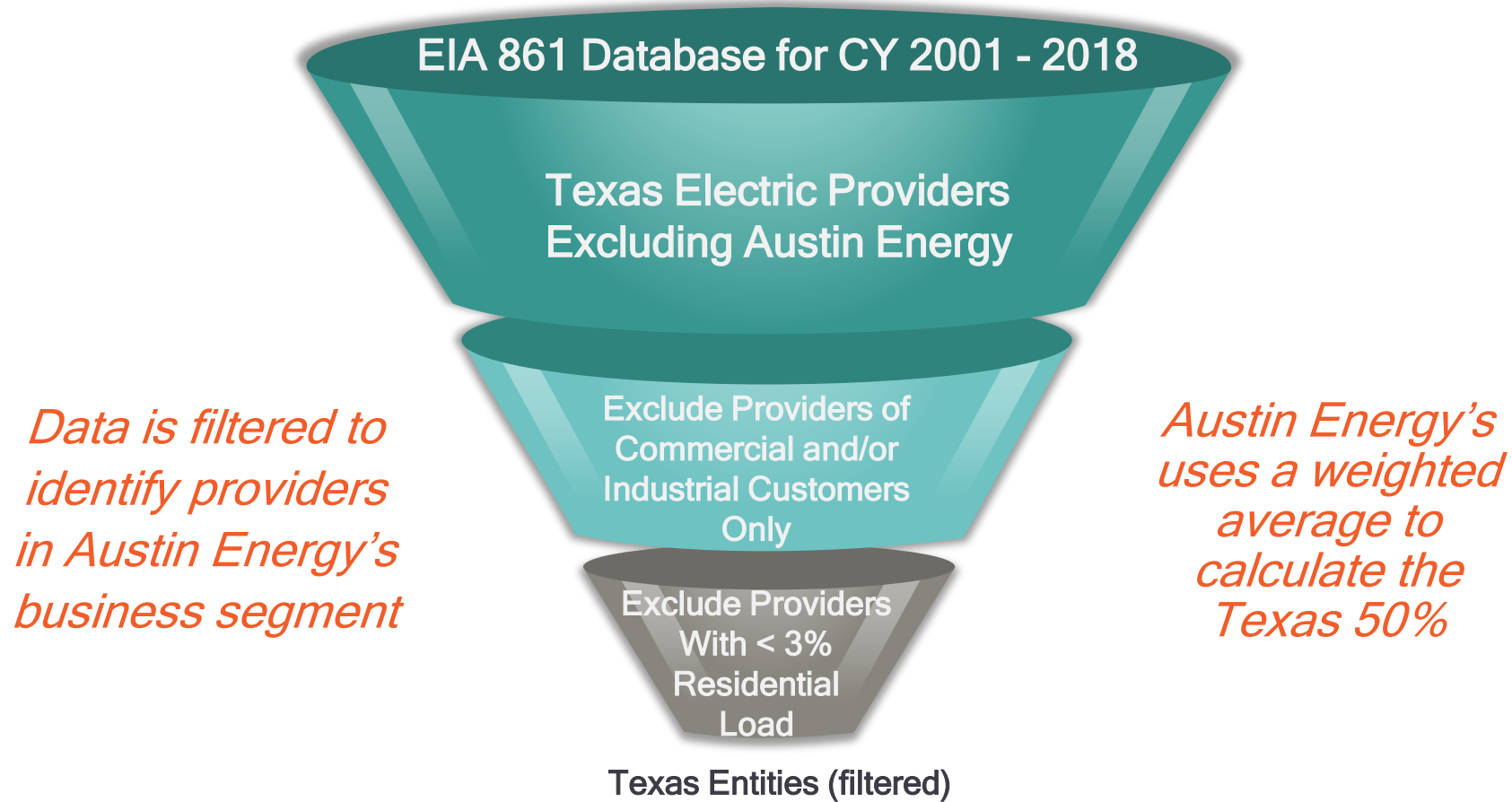
Growth in Customers

During FY 2019, the number of customers increased by 2.3%, from 485,204 to 496,258. New residential customers account for 94% of the growth in customer count.



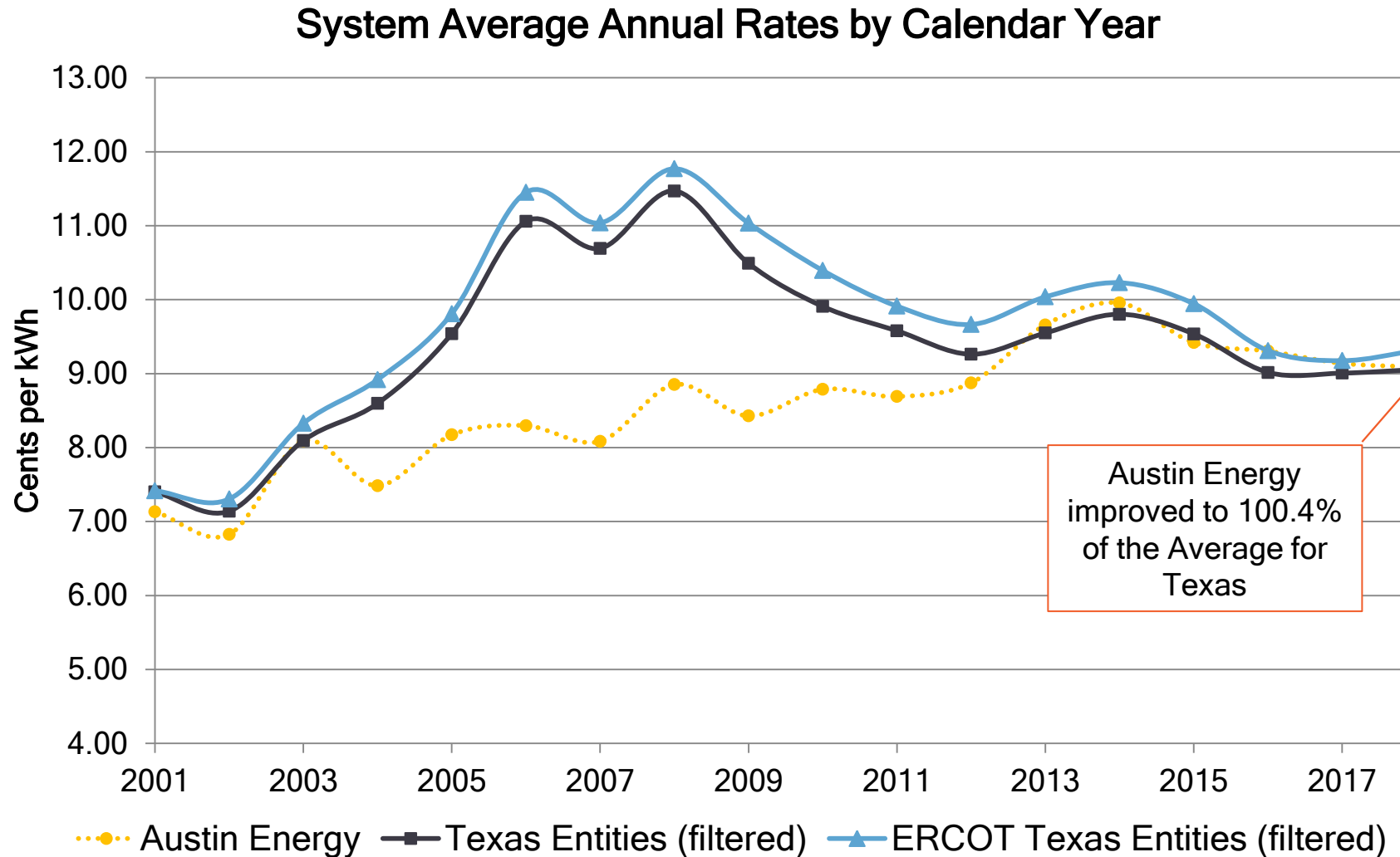
How the Analysis is Performed

Affordability Goal: Competitiveness Metric



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

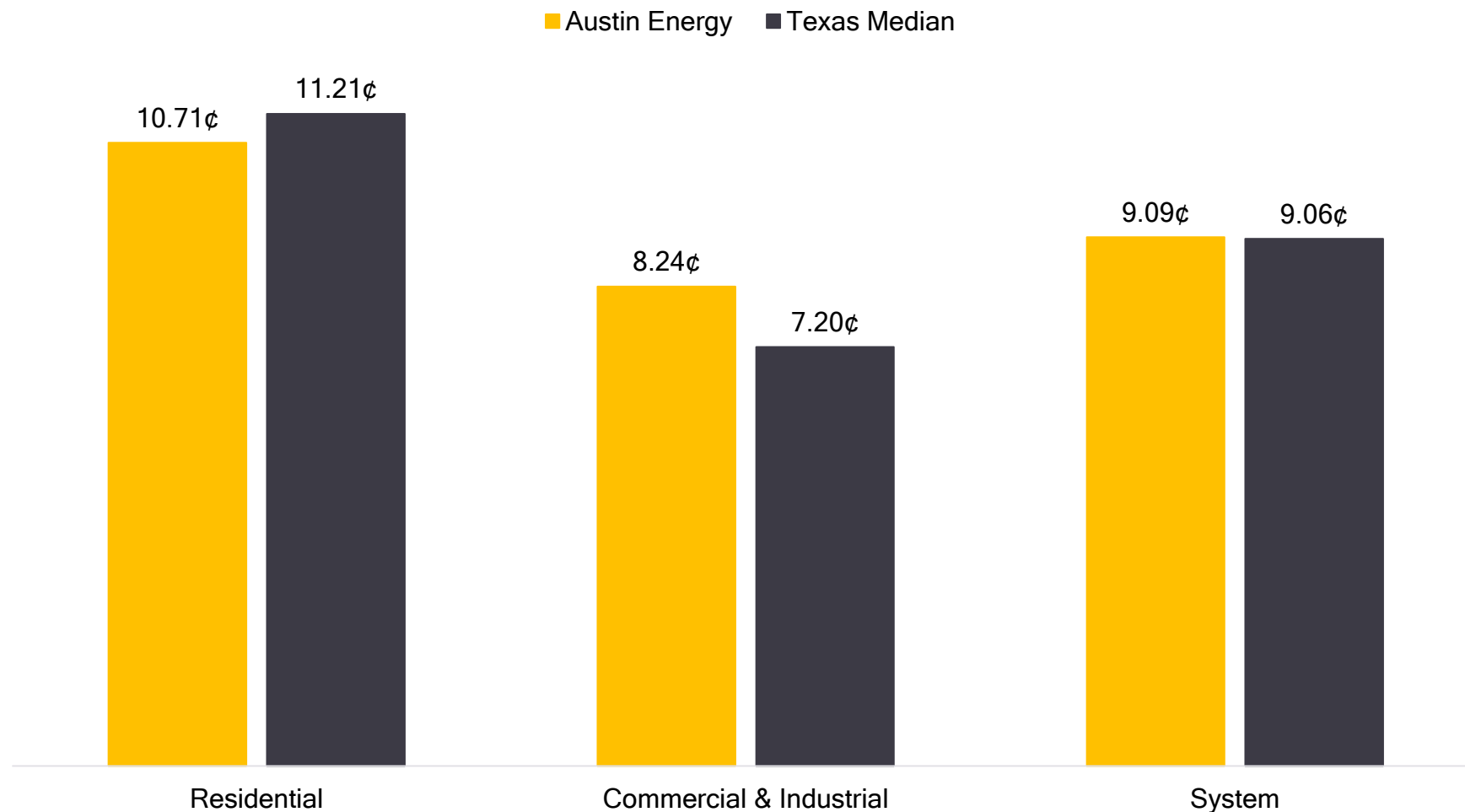
Affordability Goal: Competitiveness Metric



Source: U.S. Energy Information Administration Form 861, October 2019

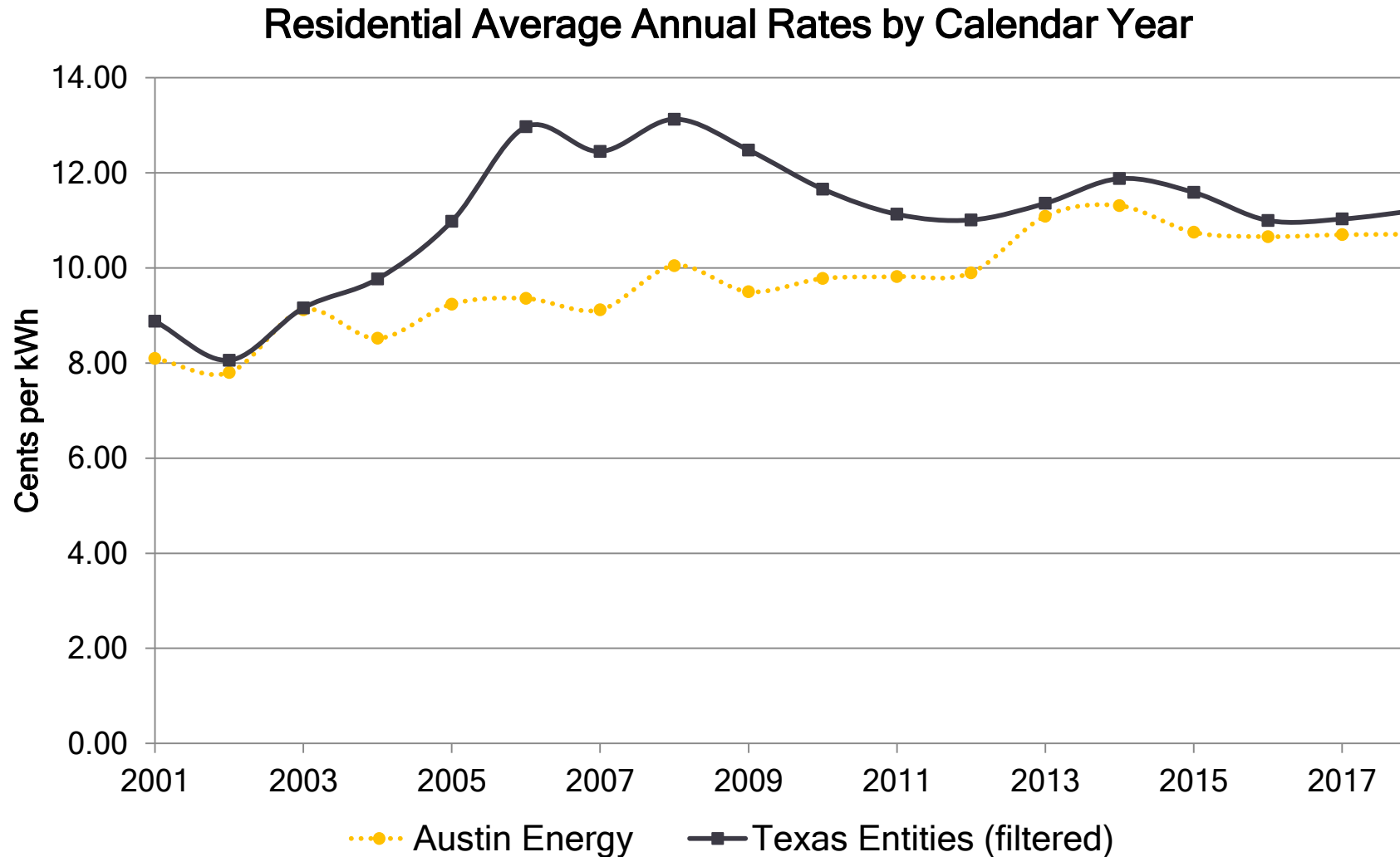
Affordability Goal: Competitiveness Metric

Average Annual Rates by Customer Class for CY 2018



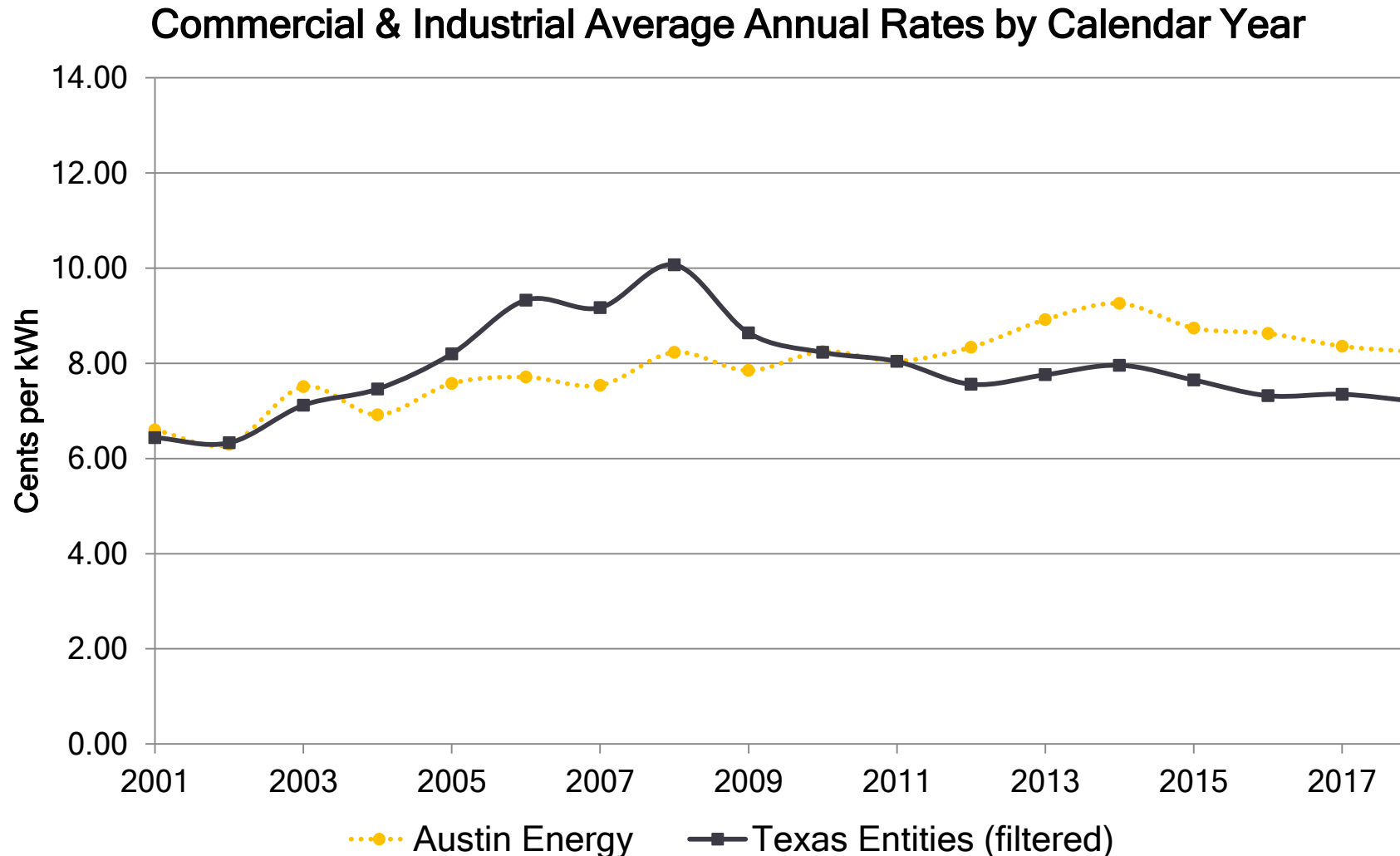
Source: U.S. Energy Information Administration Form 861, October 2019

Affordability Goal: Competitiveness Metric



Source: U.S. Energy Information Administration Form 861, October 2019

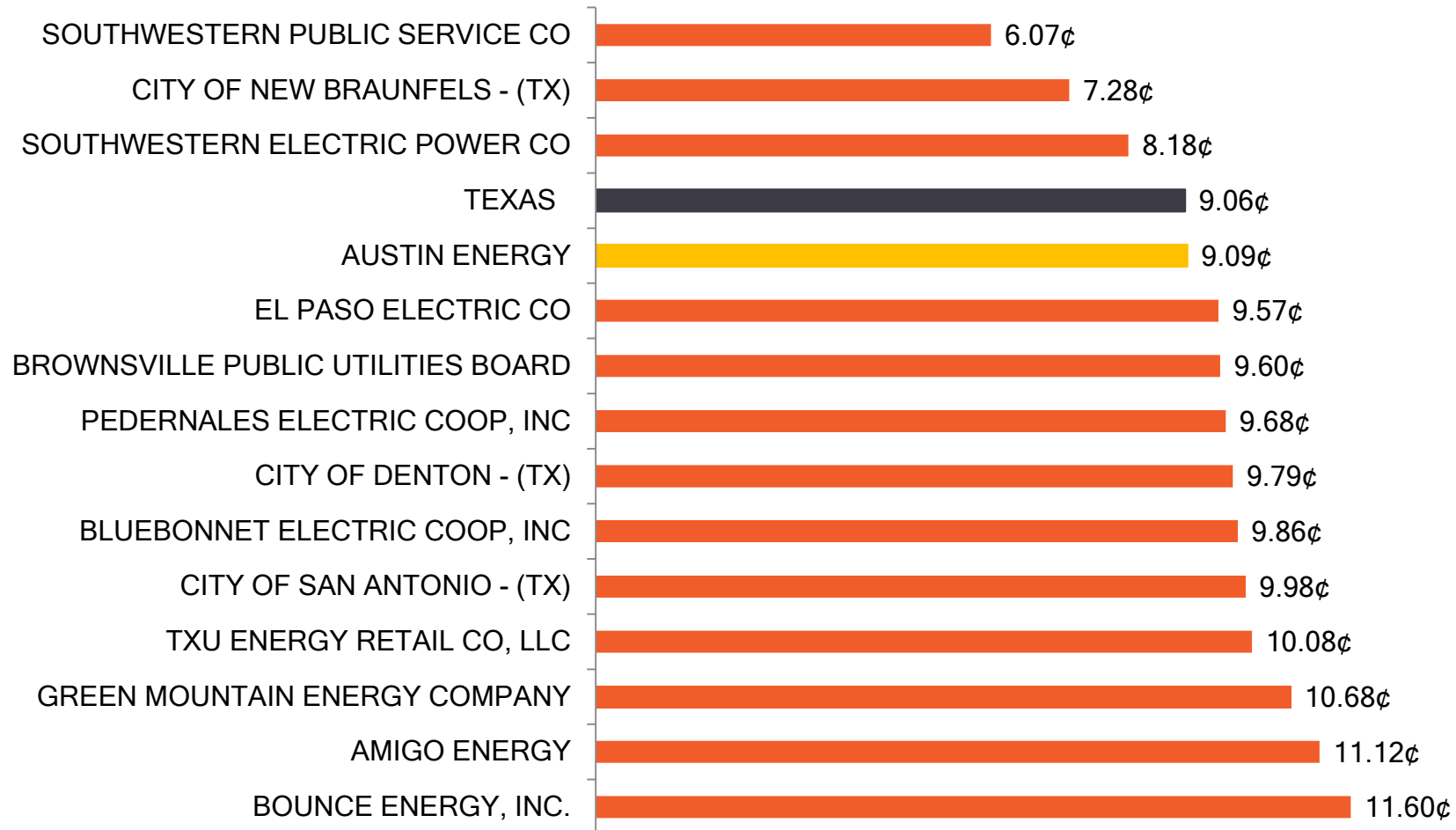
Affordability Goal: Competitiveness Metric



Source: U.S. Energy Information Administration Form 861, October 2019

Affordability Goal: Competitiveness Metric

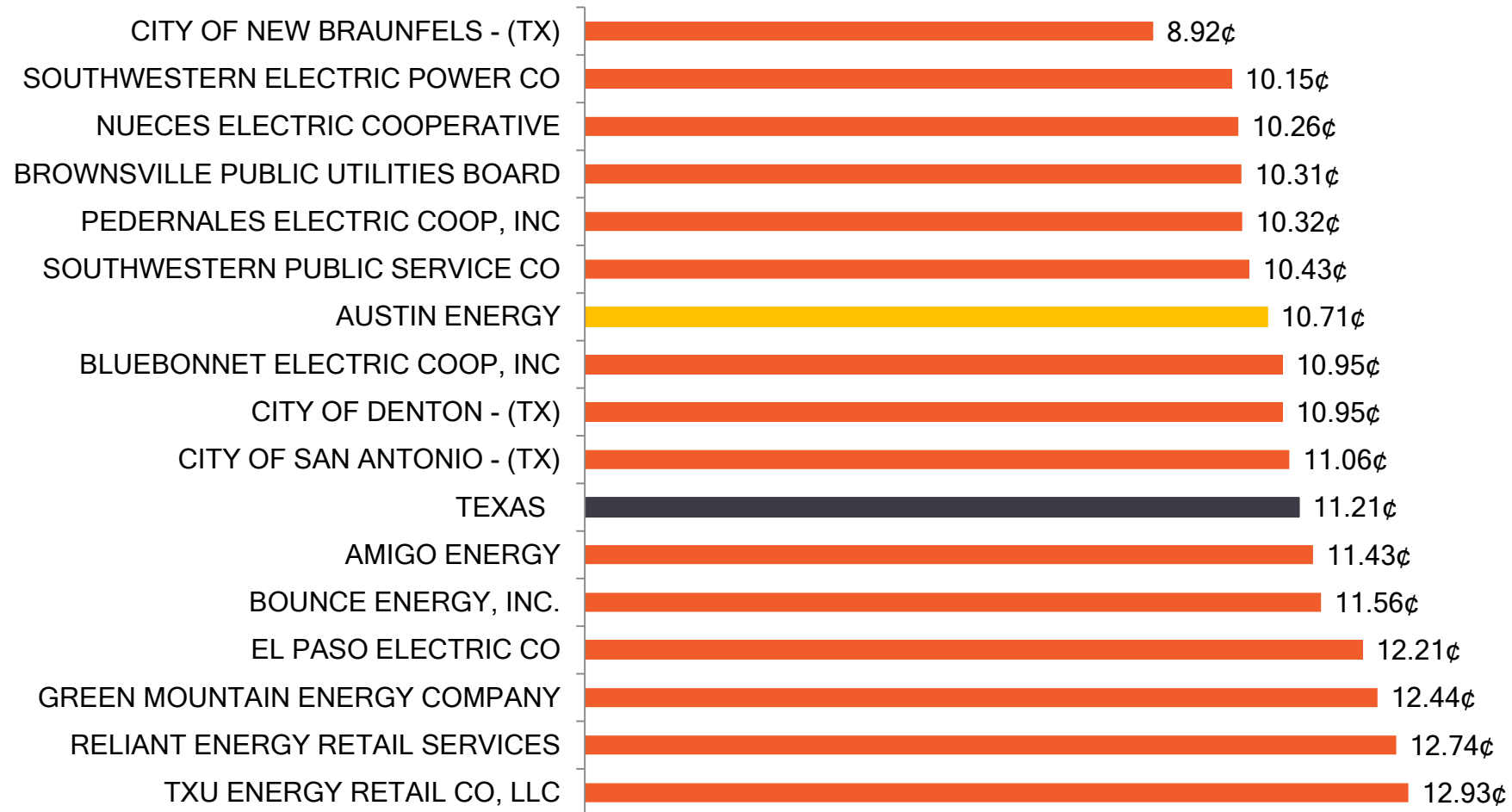
System Average Rate for CY 2018



Source: U.S. Energy Information Administration Form 861, October 2019

Affordability Goal: Competitiveness Metric

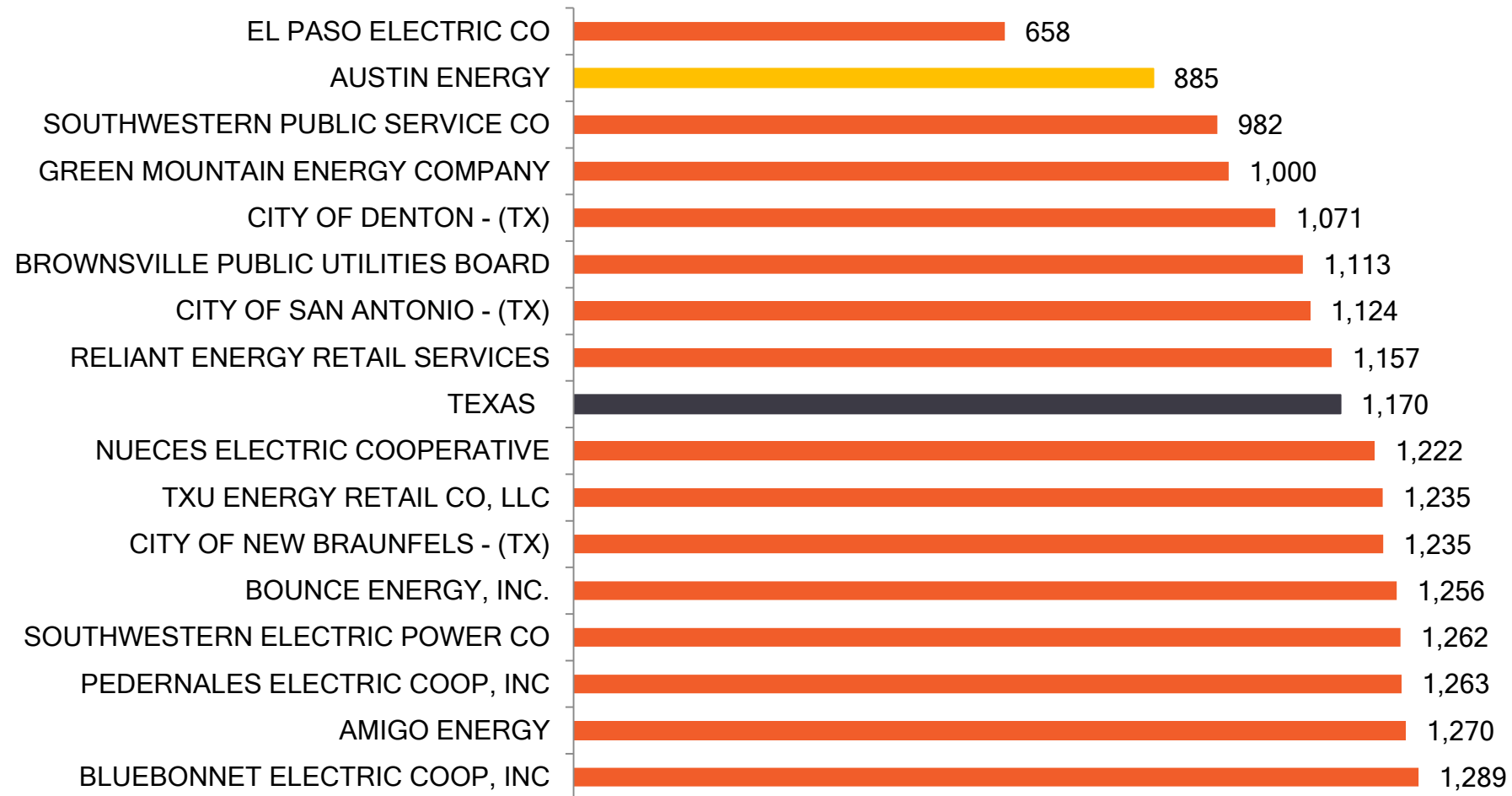
Residential Average Rate for CY 2018



Source: U.S. Energy Information Administration Form 861, October 2019

Affordability Goal: Competitiveness Metric

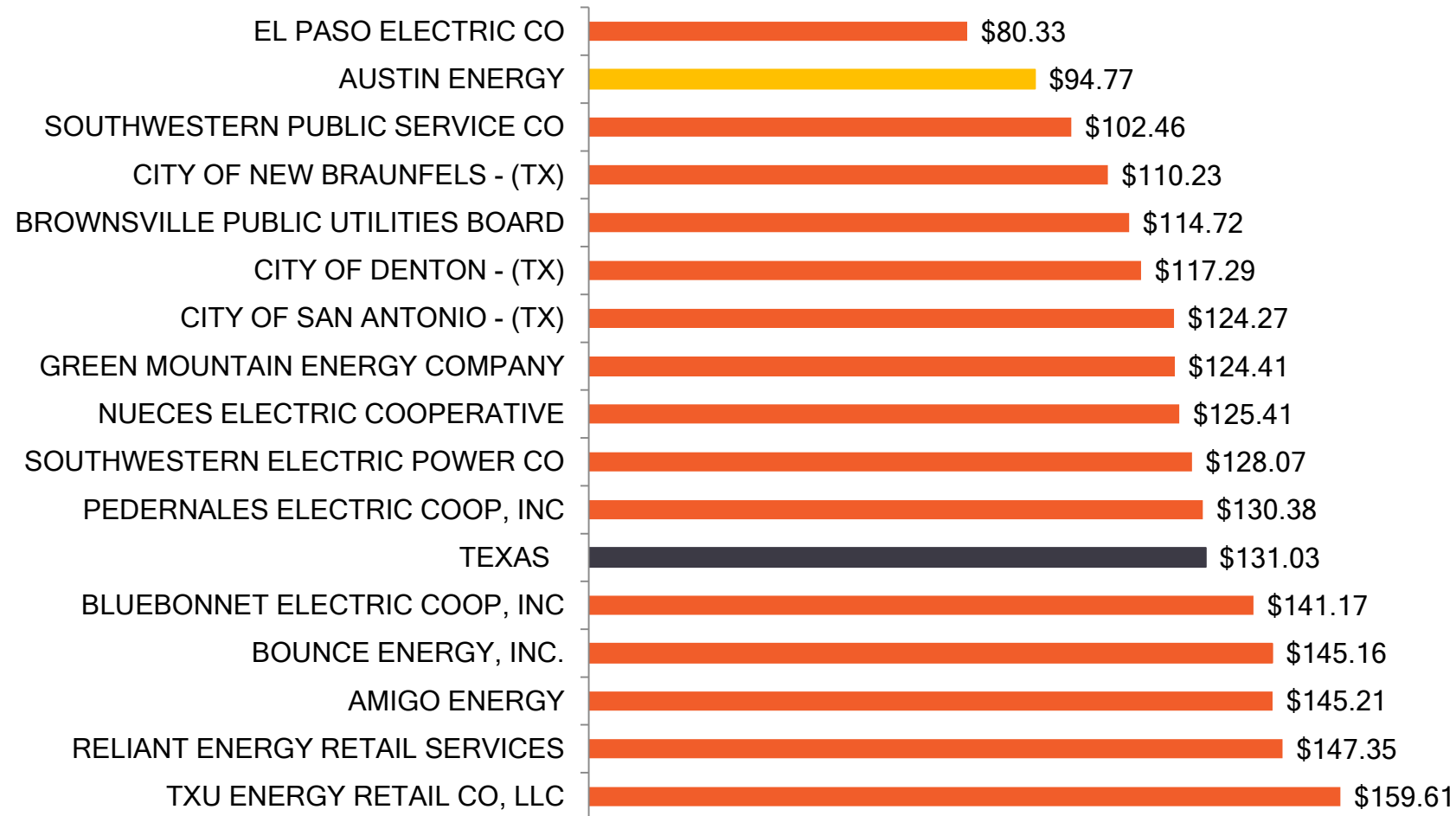
Residential Average Monthly Consumption for CY 2018



Source: U.S. Energy Information Administration Form 861, October 2019

Affordability Goal: Competitiveness Metric

Residential Average Monthly Bill for CY 2018



Source: U.S. Energy Information Administration Form 861, October 2019



**Customer Driven.
Community Focused.**



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