

Austin Energy Quarterly Financial Report

4th Quarter FY 2020 (July – Sept 2020)

Russell Maenius

Acting Chief Financial Officer



November 9, 2020

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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 \$414m.



Generally meeting financial metrics supporting AA credit rating (reaffirmed October 2020). Received credit upgrade from *Fitch Ratings* in May 2019.



\$ 1,374 Million Revenues

Operating revenues ended the year at 1.9% under budget due to decreased base rate tiers, decreased usage and lower costs in our passthrough rates.



\$1,017 Million Expenses

Operating expenses exceed forecast by 0.6% primarily due to higher electric service delivery expenses and power supply



Balance sheet is liquid and adequately capitalized. Cash is stable with a \$4M decrease compared to prior year.



System rate falls below State average.

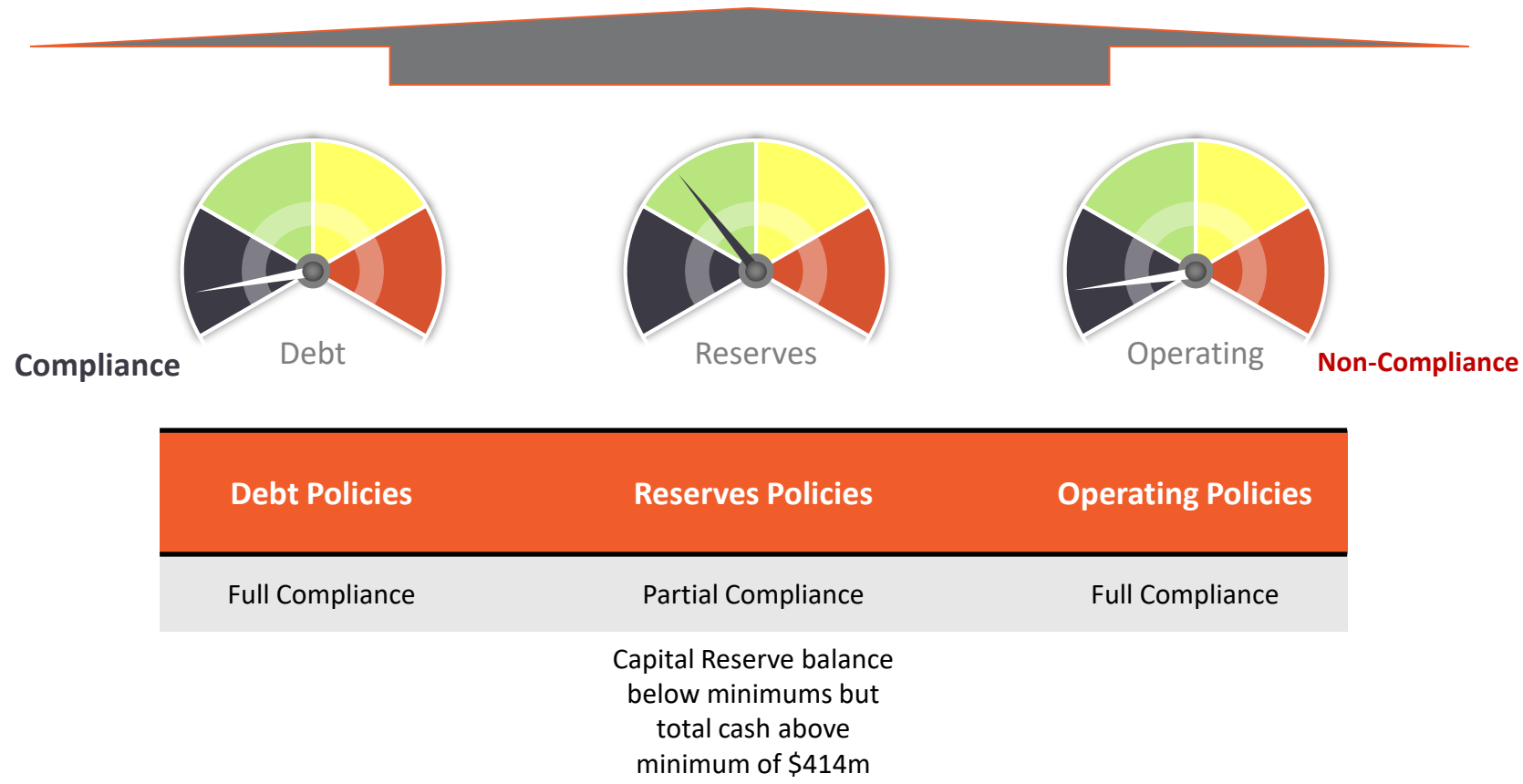


Austin Energy Quarterly Financial Report

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 224 Days	Actual 2.2	Actual -3%	Actual 53%
Excludes General Fund Transfer			



Austin Energy's Affordability Goal has Two Metrics



Affordability Metric	Competitiveness Metric
Full Compliance Since 2013	Full Compliance Since 2019
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.



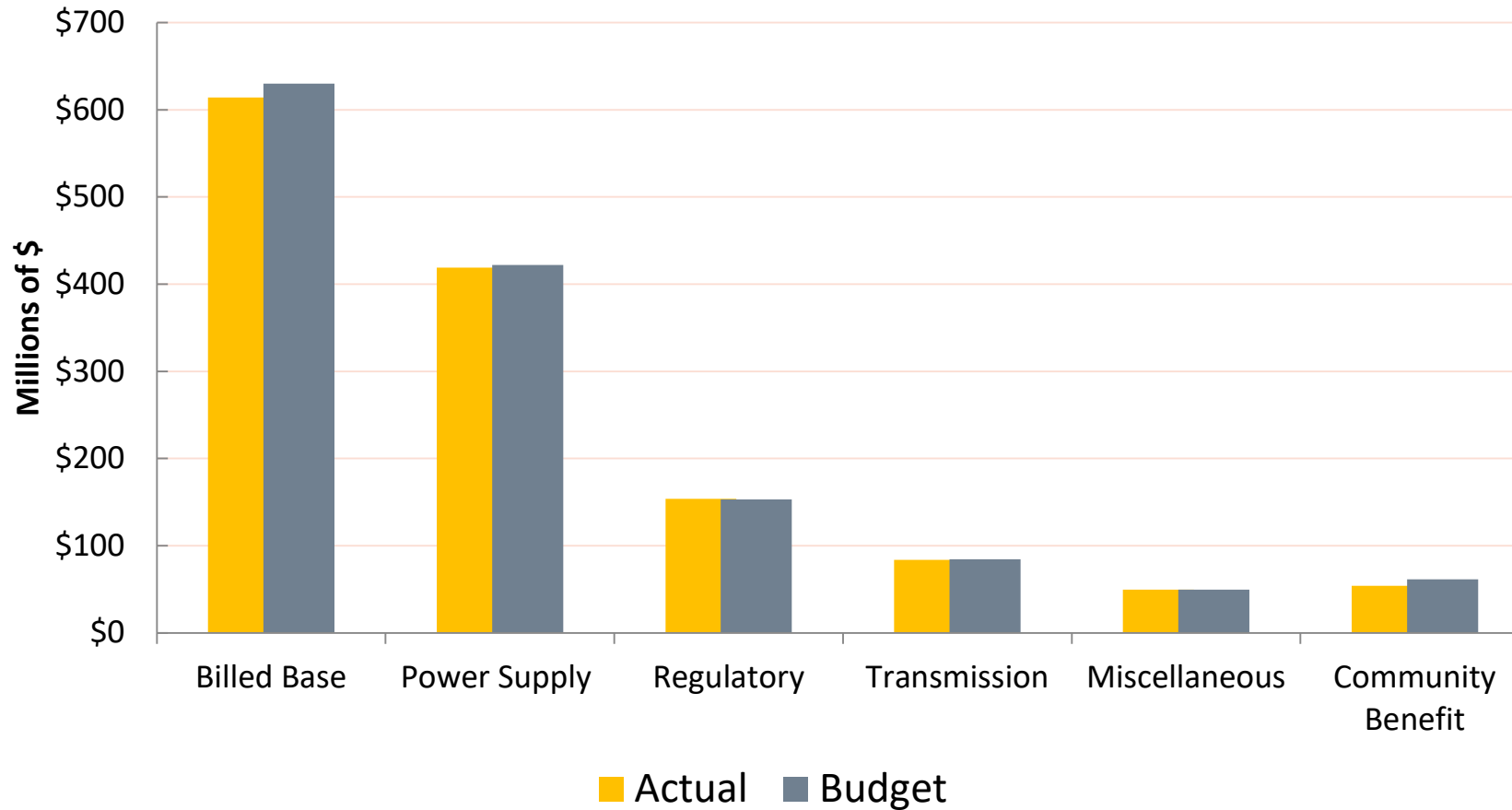
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Actual to Budget Analysis



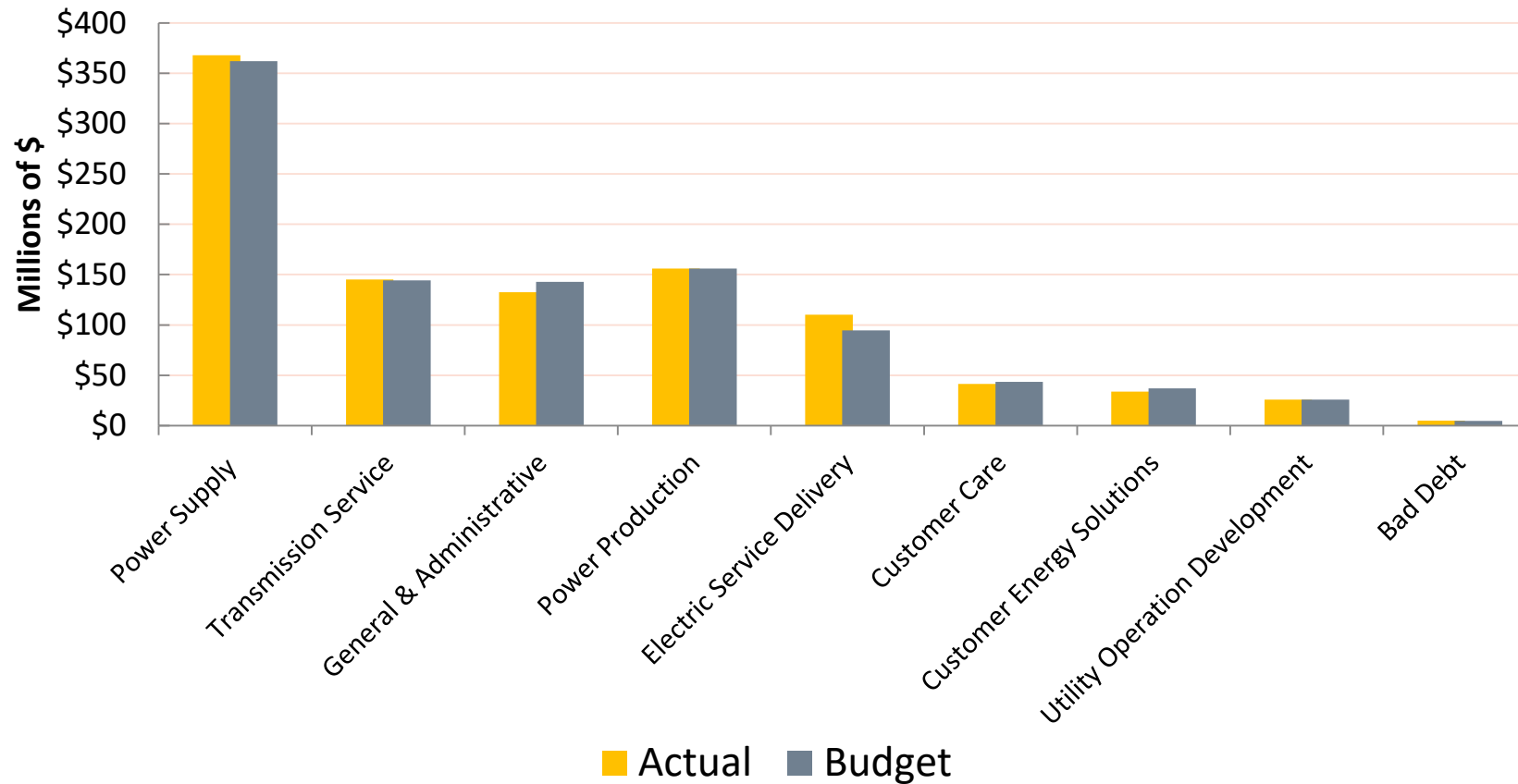
Actual to Budget Analysis

Budget Based Operating Revenues Fiscal Year Through September 30, 2020



Actual to Budget Analysis

Budget Based Operating Expenses Fiscal Year Through September 30, 2020



Actual to Budget Analysis

Budget Based Fund Summary

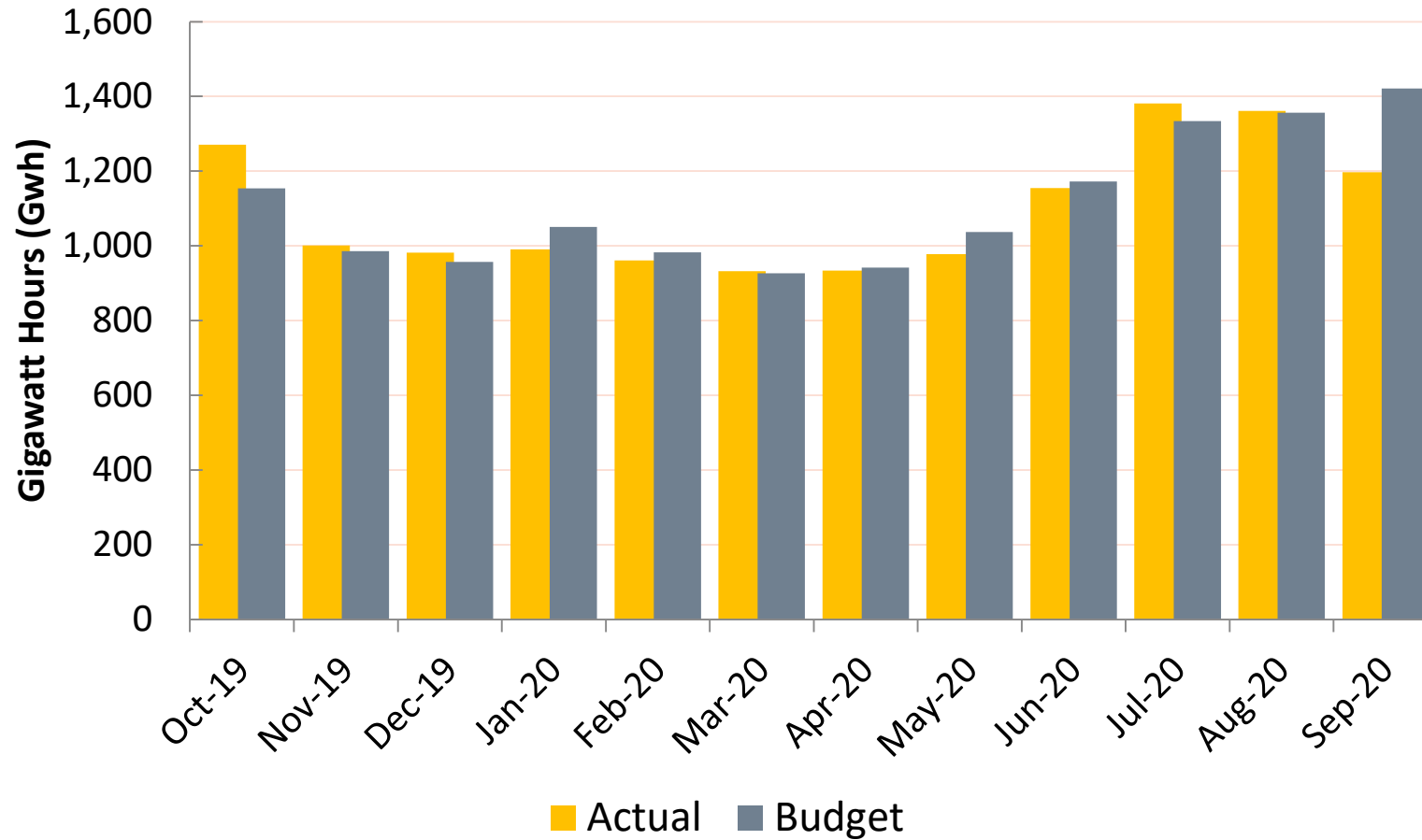
Fiscal Year Through September 30, 2020

Millions of \$			Variance to Budget		Variance to Prior Year		
	Actual	Budget	Favorable (Unfavorable)		Prior Year Actual	Favorable (Unfavorable)	
			Amount	%		Amount	%
Operating Revenues	\$1,374	\$1,401	(\$27)	(2%)	\$1,453	(\$79)	(5%)
Operating Expenses	1,017	1,011	(6)	0%	1,077	60	6%
Operating Income (Loss)	\$357	\$390	(\$33)	(8%)	\$376	(\$19)	(5%)
Interest Revenue	11	14	(3)	(25%)	17	(6)	(38%)
Debt Service	(152)	(154)	2	1%	(129)	(23)	(18%)
Income (Loss) Before Transfers	\$216	\$250	(\$34)	(15%)	\$264	(\$48)	(19%)
Administrative Support	(30)	(30)	0	0%	(29)	0	(2%)
General Fund	(111)	(111)	0	0%	(110)	(1)	(1%)
Economic Development	(9)	(9)	0	0%	(9)	(0)	(6%)
CTM Fund	(11)	(11)	0	0%	(10)	(1)	(12%)
Voluntary Utility Assistance Fund	(6)	(6)	0	0%	(0)	(5)	(833%)
Other City Transfers	(3)	(4)	1	4%	(3)	0	(27%)
Internal Transfers / CIP	(80)	(80)	0	1%	(107)	27	25%
Excess (Deficiency) of Revenues	(\$34)	(\$1)	(\$33)	(4920%)	(\$4)	(\$33)	(7%)



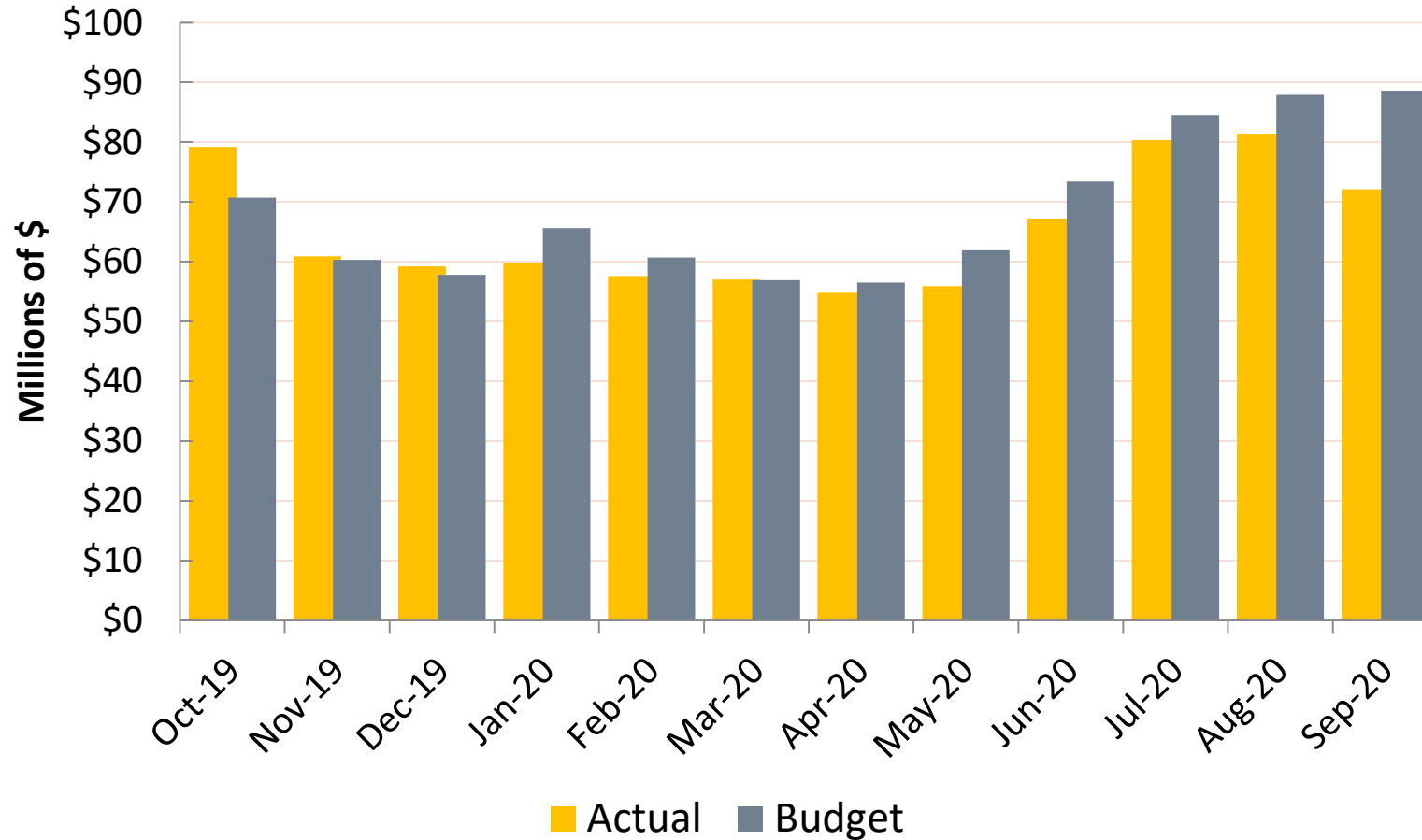
Actual to Budget Analysis

Actual to Budget Retail Energy Sales

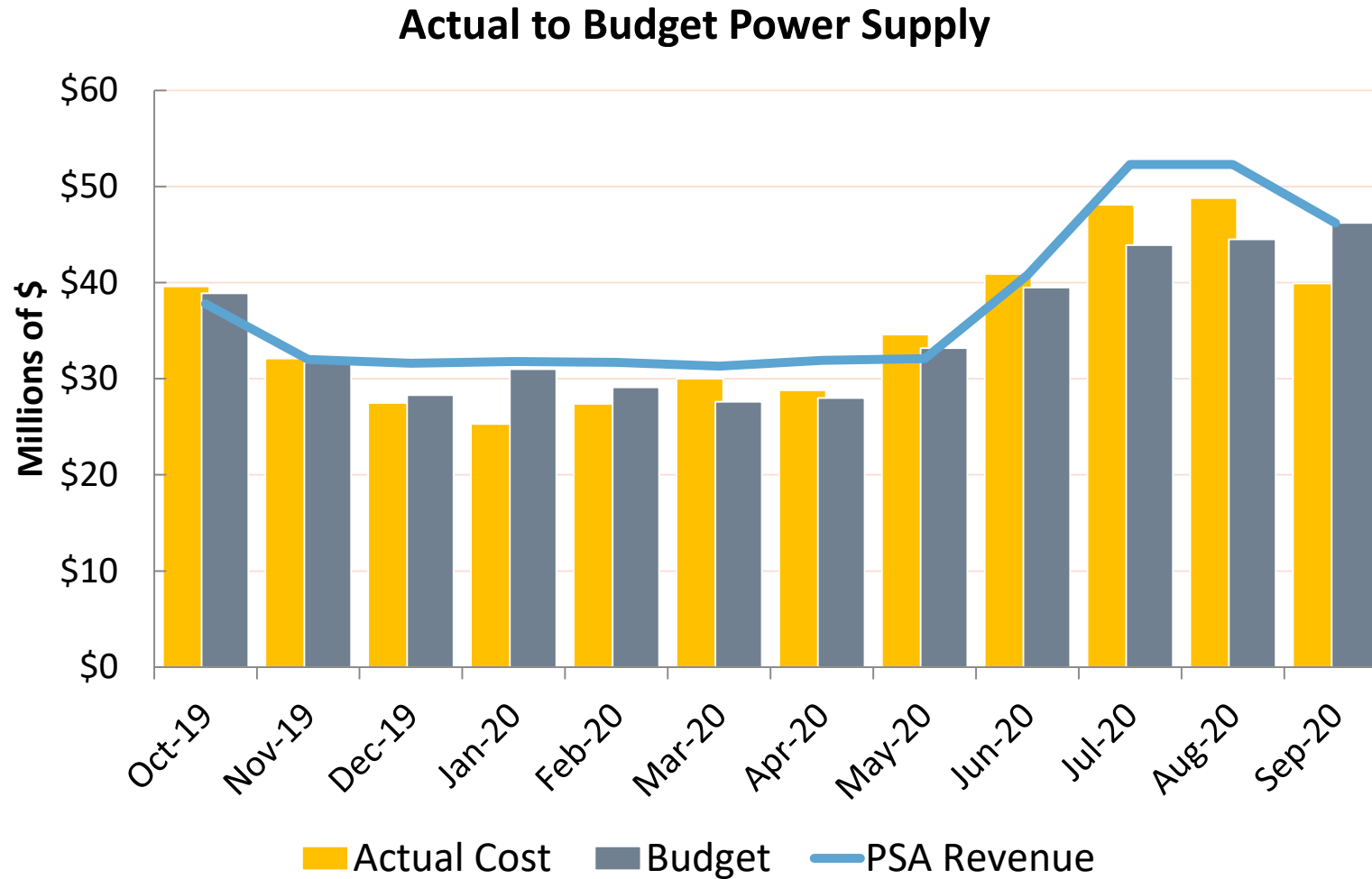


Actual to Budget Analysis

Actual to Budget Non-Power Supply Revenues



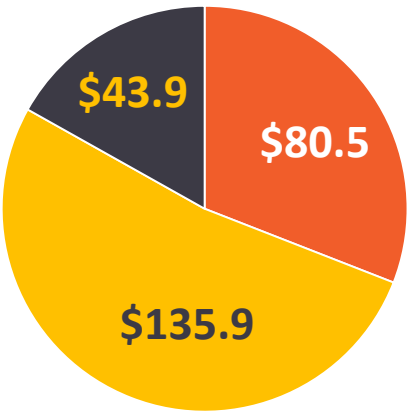
Actual to Budget Analysis



Capital Improvement Plan Summary

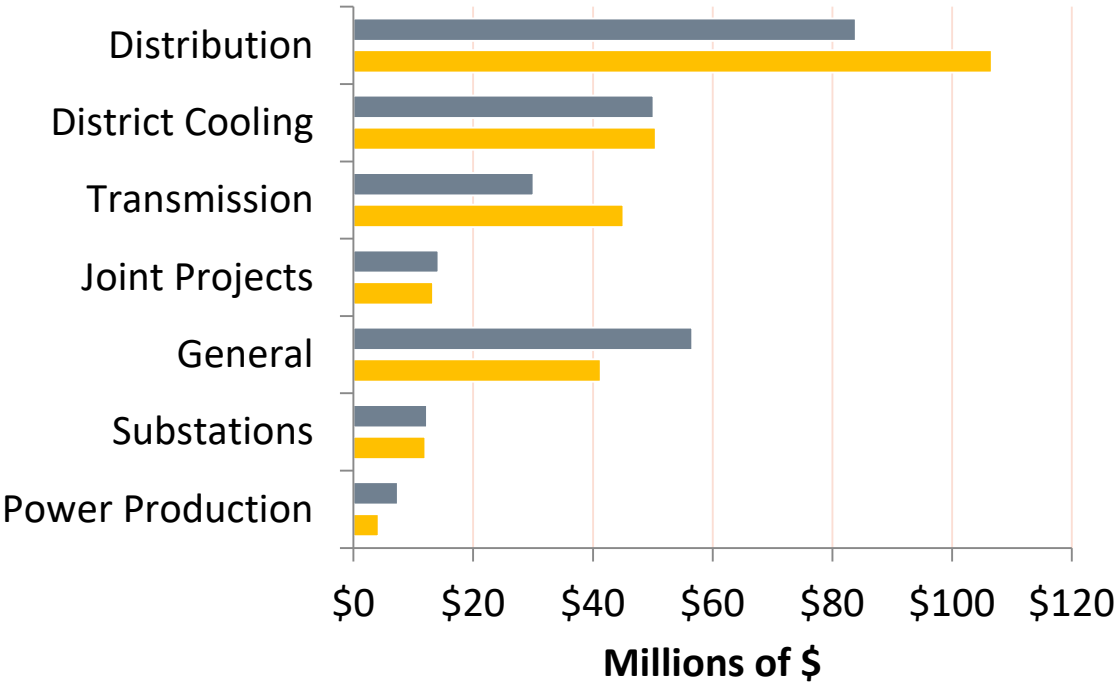
Fiscal Year Through September 30, 2020

Type of Financing



- Cash
- Debt
- Contributions in Aid of Construction

Type of Project

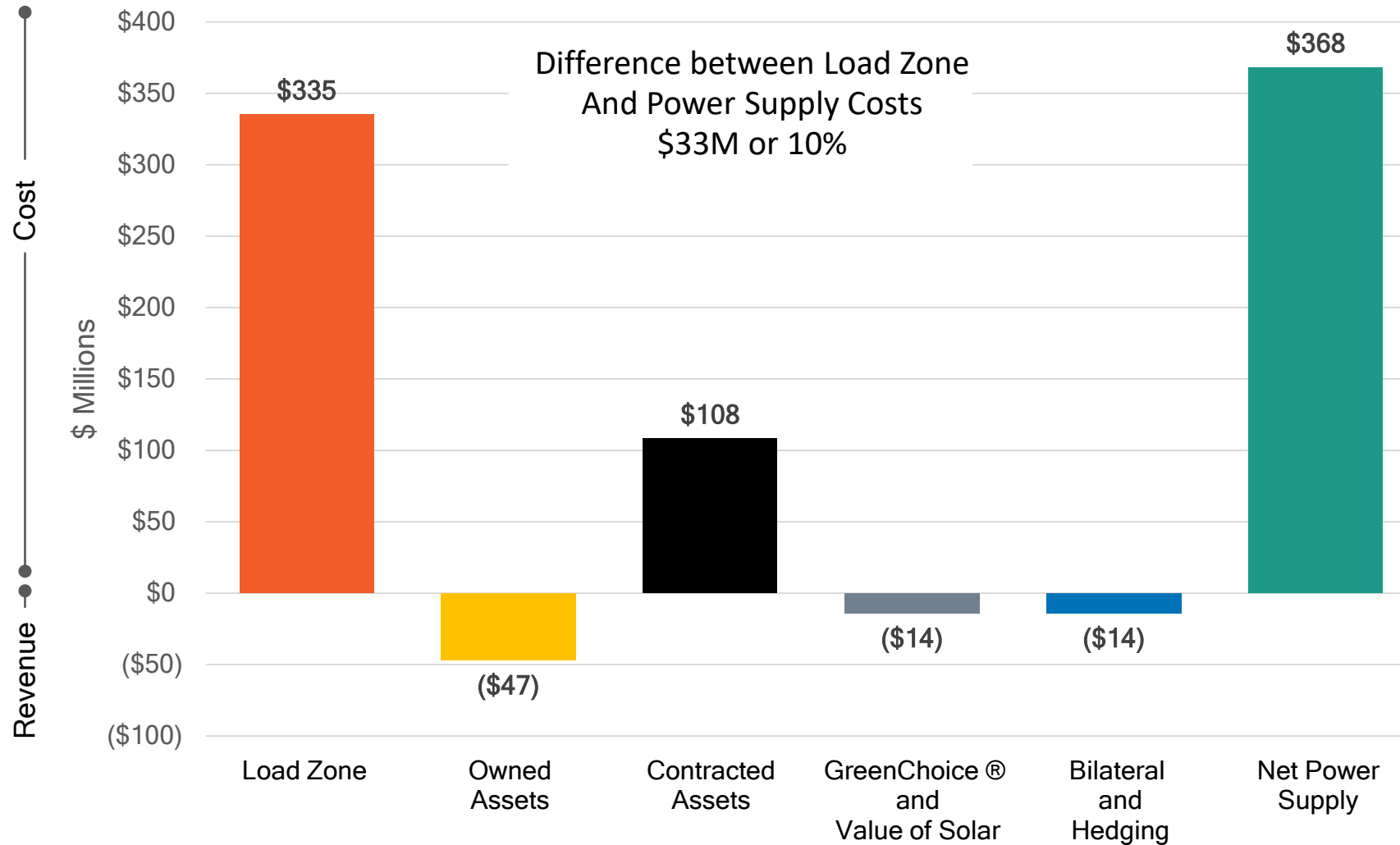


■ FY 2020 Spend Plan ■ Year-to-Date



Power Supply Adjustment Cost Components

Twelve Months Ending September 2020



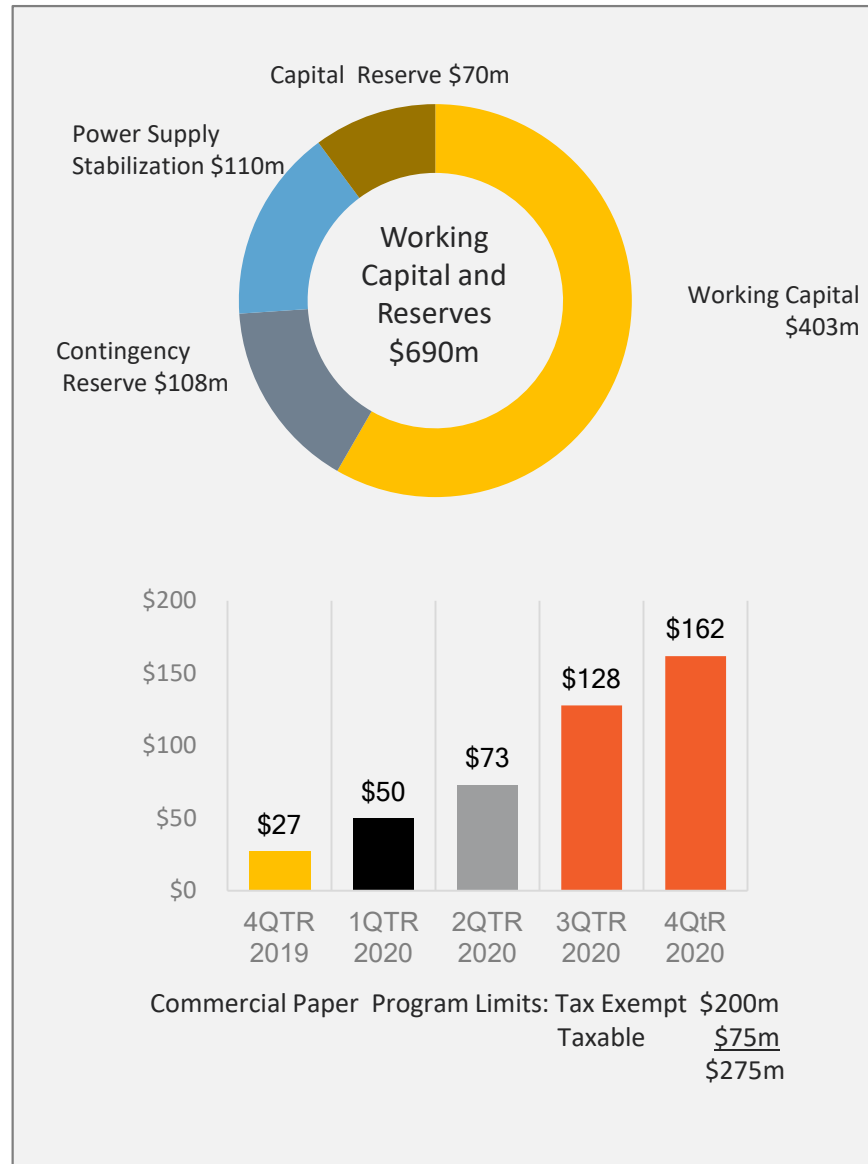
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Financial Statements



Balance Sheet Snapshot

\$ in Millions		
Assets	Sept 2019	Sept 2020
Cash	\$407	\$403
Current Assets	399	385
Capital Assets	3,004	2,964
Long-Term Assets	1,801	2,067
Total Assets	\$5,611	\$5,819
Liabilities and Fund Equity		
Current Liabilities	\$265	\$270
Long-term Liabilities	3,003	3,177
Deferred Inflow of Resources	434	493
Retained Earnings	1,909	1,879
Total Liabilities & Fund Equity	\$5,611	\$5,819



GAAP Financial Summary

Comparative Statement of Net Position

\$ in Millions	9/30/2019	9/30/2020	Change
Cash	\$407	\$403	(\$4)
Accounts Receivable (net)	149	138	(11)
Power Supply Under-Recovery	21		(21)
Debt Service	79	81	2
Contingency Reserve	106	107	1
Power Supply Stabilization Reserve	108	110	2
Capital Reserve	69	70	1
Nuclear Decommissioning Reserve	232	236	4
Other Restricted Assets	146	178	32
Other Assets	1,290	1,532	242
Capital Assets	3,004	2,964	(40)
Total Assets	5,611	5,819	208
Other Current Liabilities	161	163	2
Power Supply Over-Recovery	-	8	8
Non-PSA Over-Recoveries	41	28	(13)
Revenue Bonds	2,014	1,928	(86)
Commercial Paper	27	162	135
Other Long-Term Liabilities	1,459	1,651	192
Retained Earnings	1,909	1,879	(30)
Total Liabilities and Fund Equity	5,611	5,819	208

Income Statement

\$ in Millions	12 Months Ending	
	09/30/2019	09/30/2020
Operating Revenues	\$952	\$950
Power Supply Revenues	495	419
Power Supply Expenses	469	367
Non-Power Supply Expenses	684	756
Depreciation Expense	204	283
Operating Income/(Loss)	\$90	(\$37)
Other Revenue (Expense)	\$23	\$118
General Fund Transfer	(110)	(111)
Net Income/(Loss)	\$3	(\$30)
Debt Service Coverage	4.0	2.2
Debt Equity Ratio	52%	53%

Average Number of Customers

496,258 507,660



FYTD 2019

FYTD 2020

Total Sales in Gigawatt Hours

13,397 13,145



FYTD 2019

FYTD 2020



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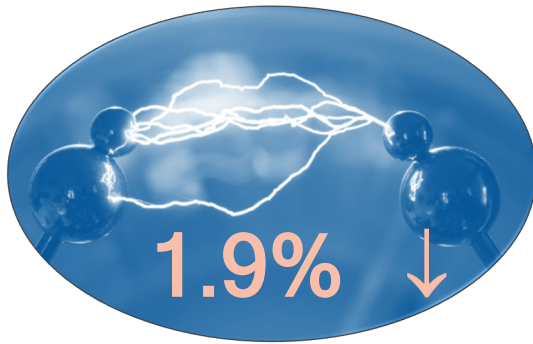
Market and Industry Analysis



Annual Change in Customers and Consumption

Change in Consumption

During FY 2020, the amount of electricity consumed slightly decreased by 1.9% MWh from prior year due to COVID related shifts in usage.



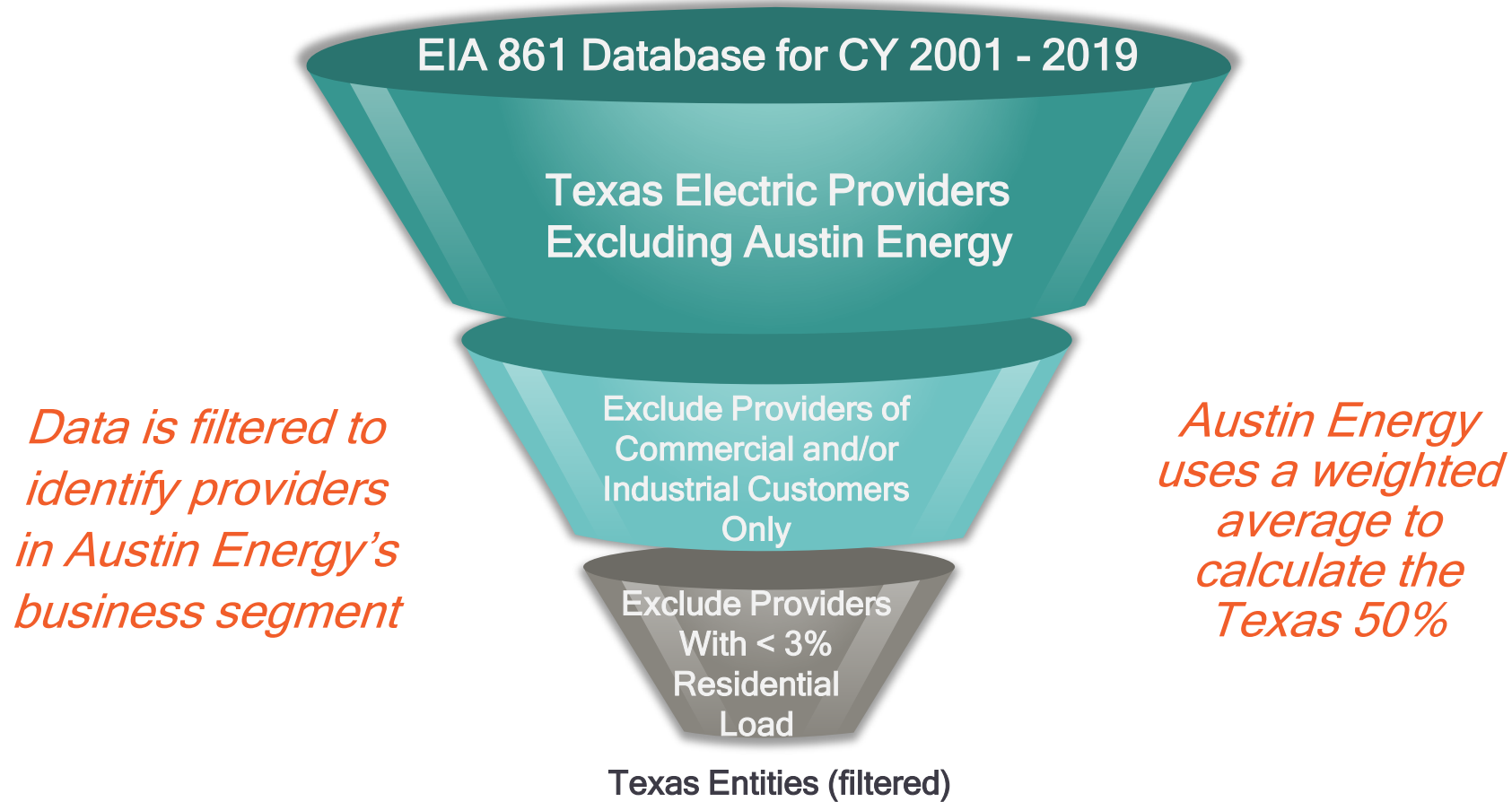
Growth in Customers

During FY 2020, the number of customers increased by 2.3%, from 496,258 to 507,660. New residential customers account for 95% of the growth in customer count.



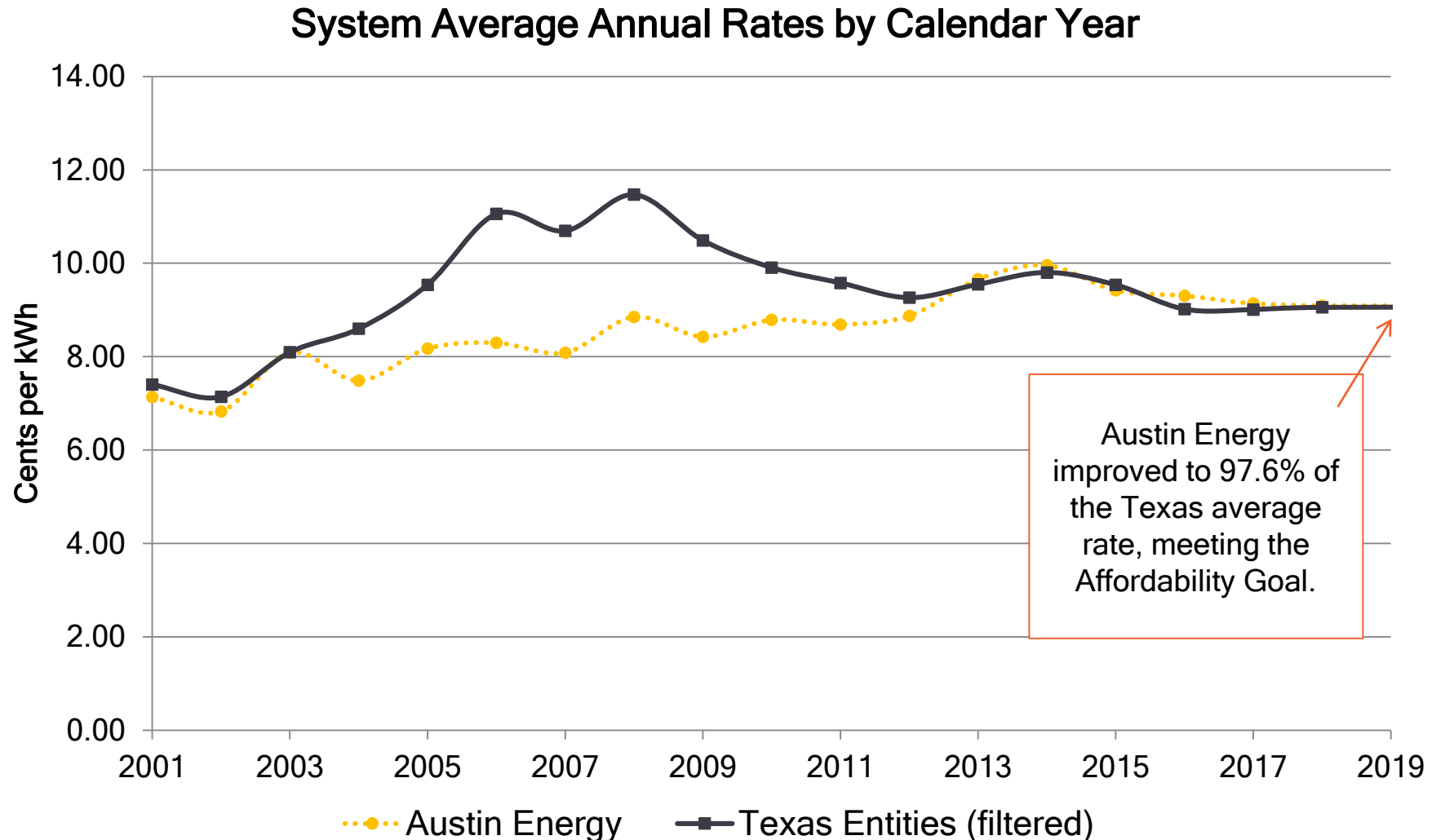
How the Analysis is Performed

Affordability Goal: Competitiveness Metric



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

Affordability Goal: Competitiveness Metric

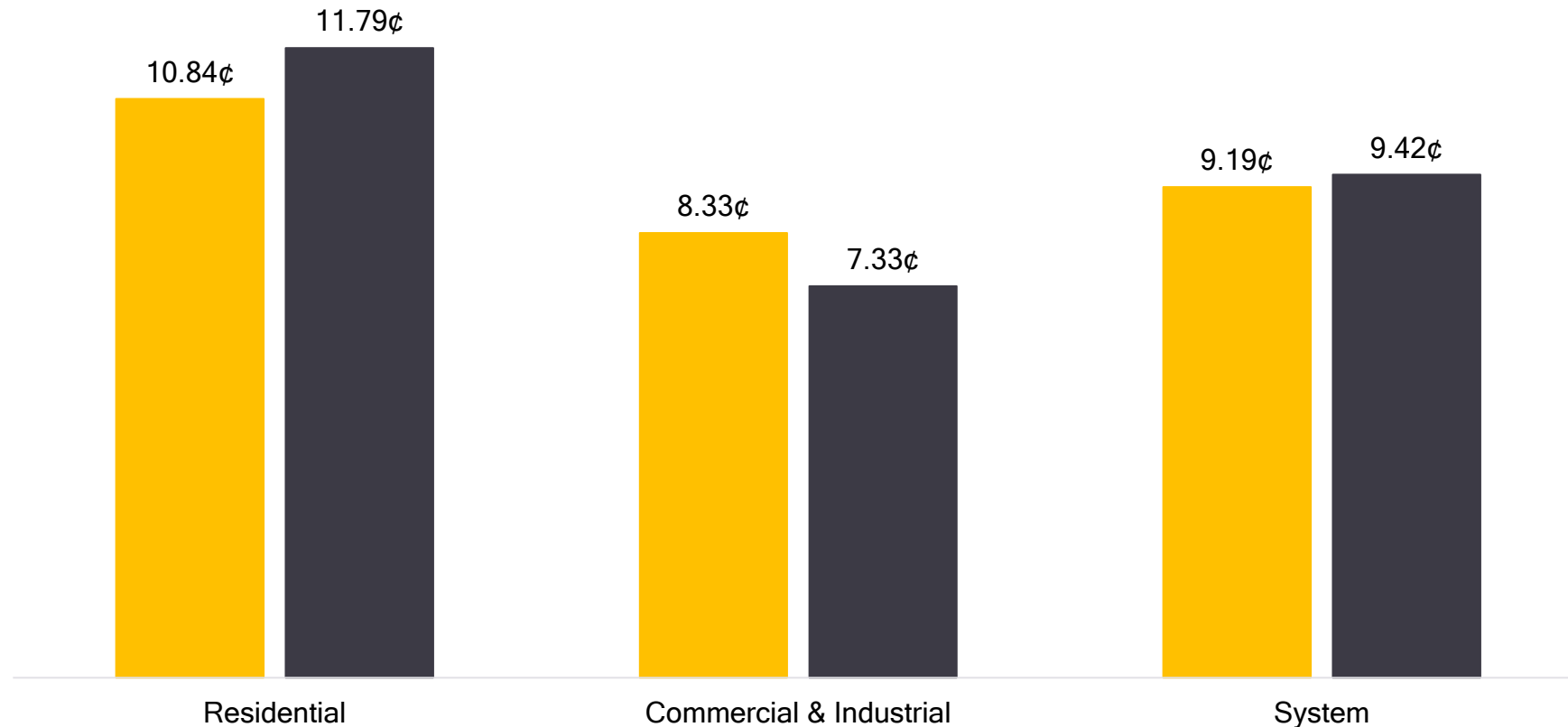


Source: U.S. Energy Information Administration Form 861, October 2020

Affordability Goal: Competitiveness Metric

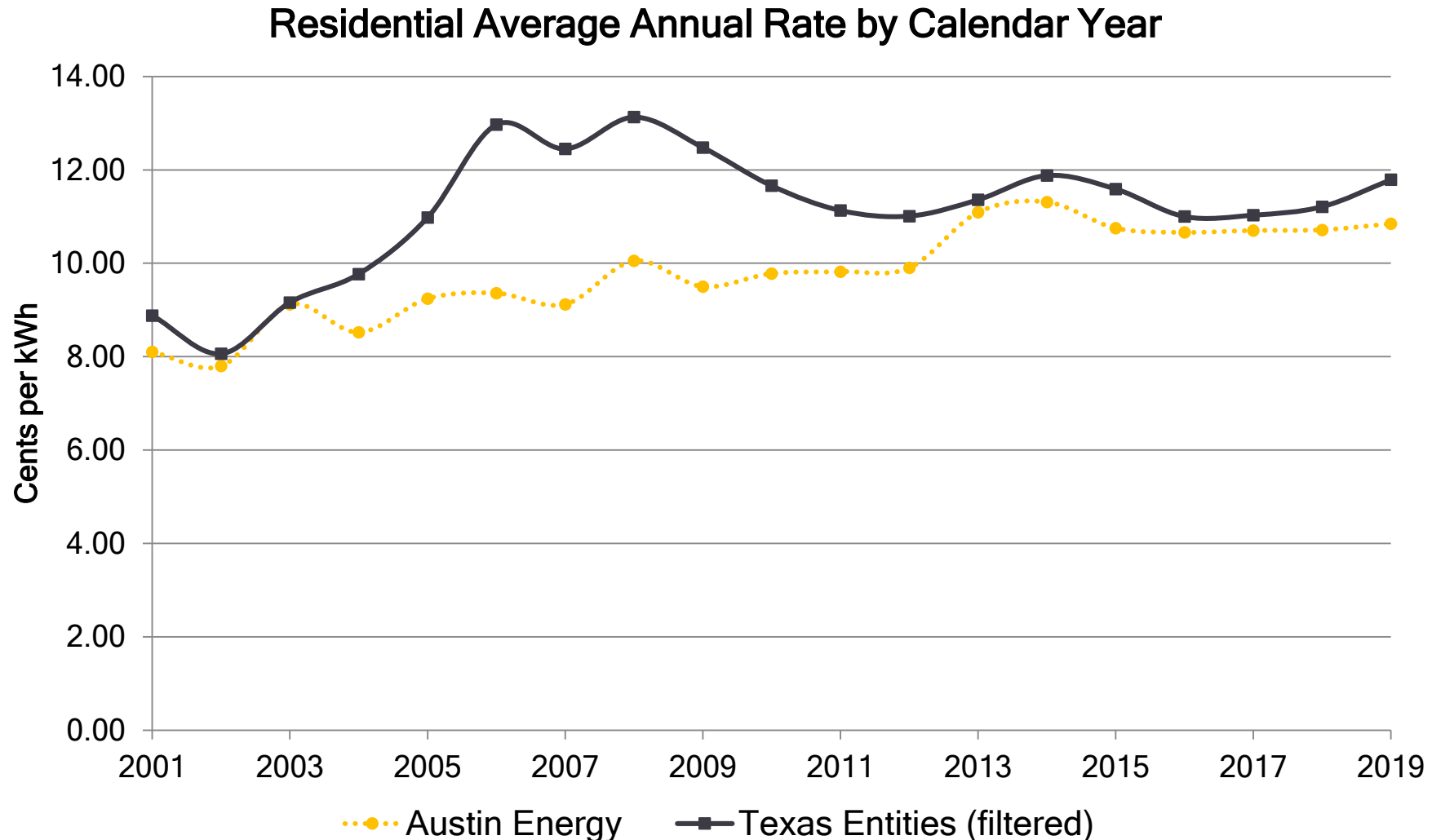
Average Annual Rates by Customer Class for CY 2019

■ Austin Energy ■ Texas Average



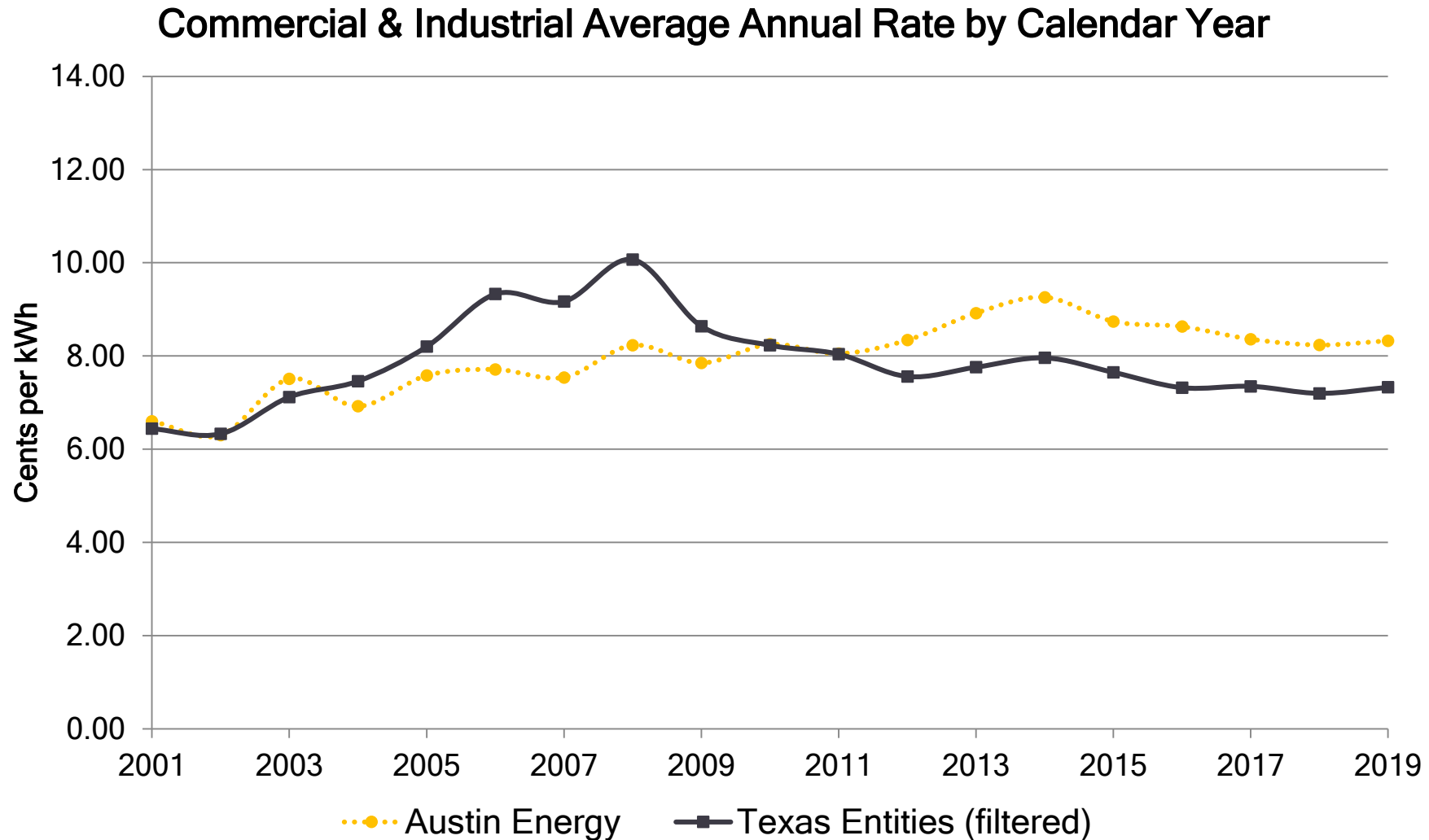
Source: U.S. Energy Information Administration Form 861, October 2020

Affordability Goal: Competitiveness Metric



Source: U.S. Energy Information Administration Form 861, October 2020

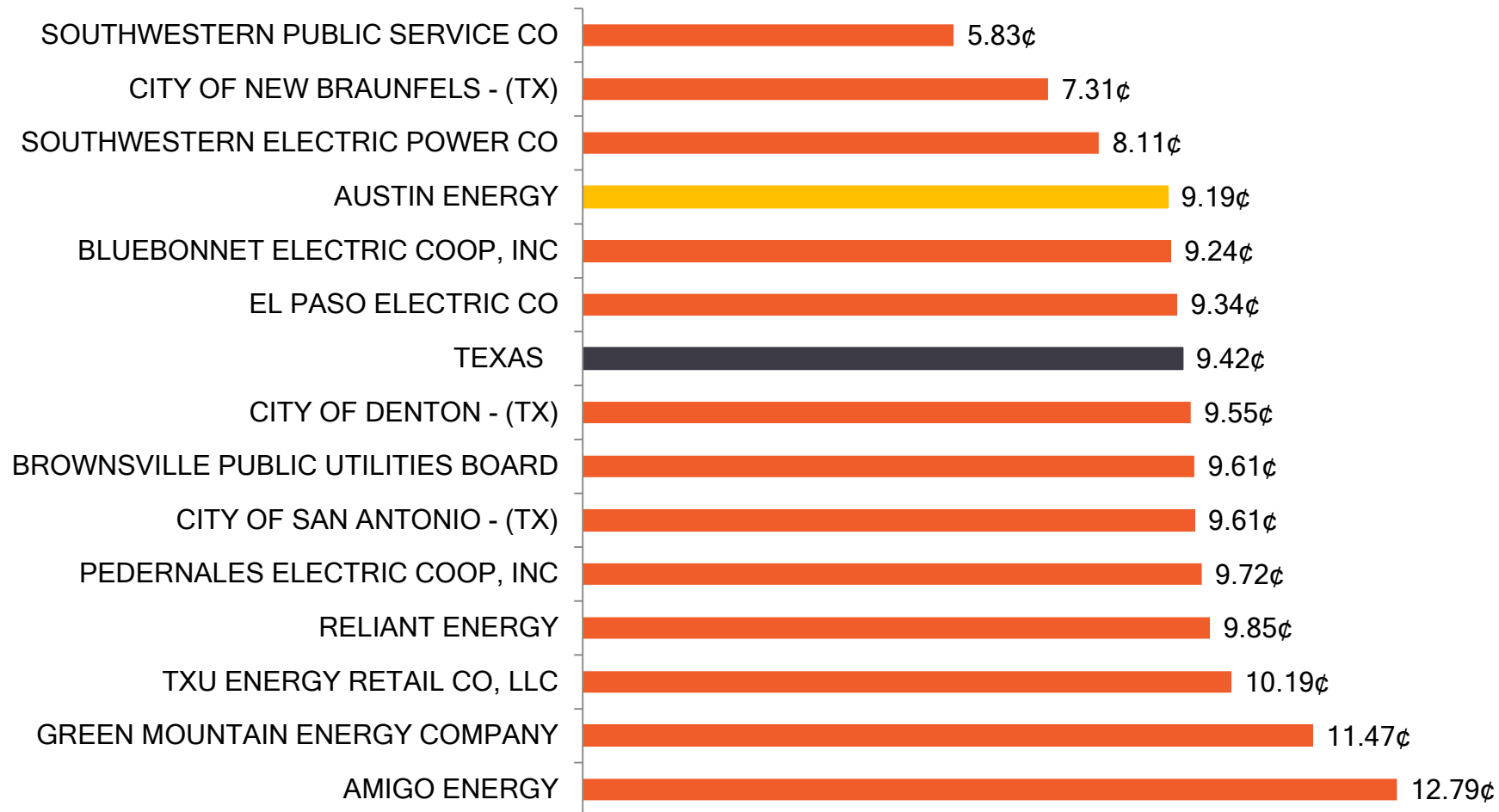
Affordability Goal: Competitiveness Metric



Source: U.S. Energy Information Administration Form 861, October 2020

Affordability Goal: Competitiveness Metric

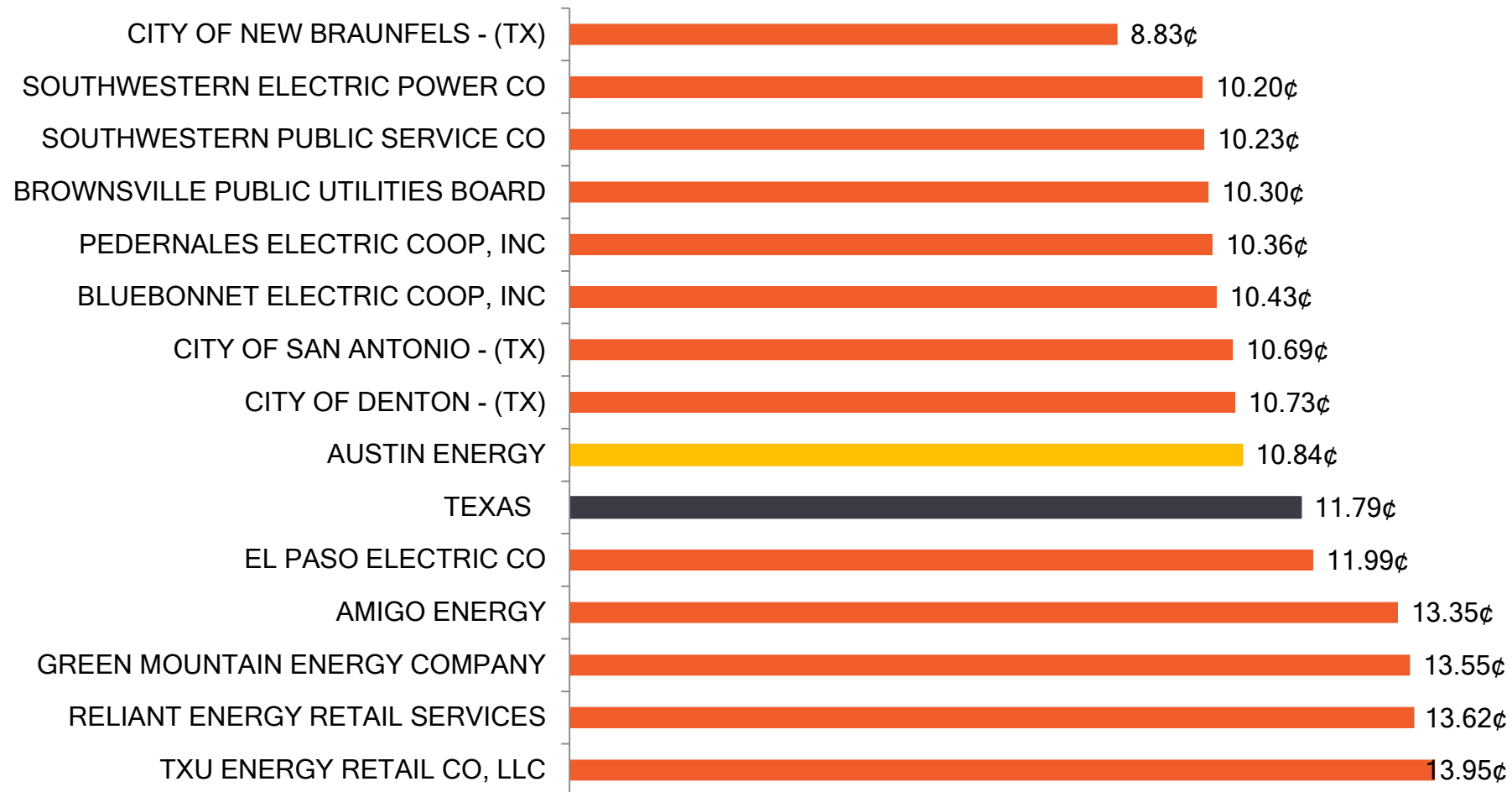
System Average Rate for CY 2019



Source: U.S. Energy Information Administration Form 861, October 2020

Affordability Goal: Competitiveness Metric

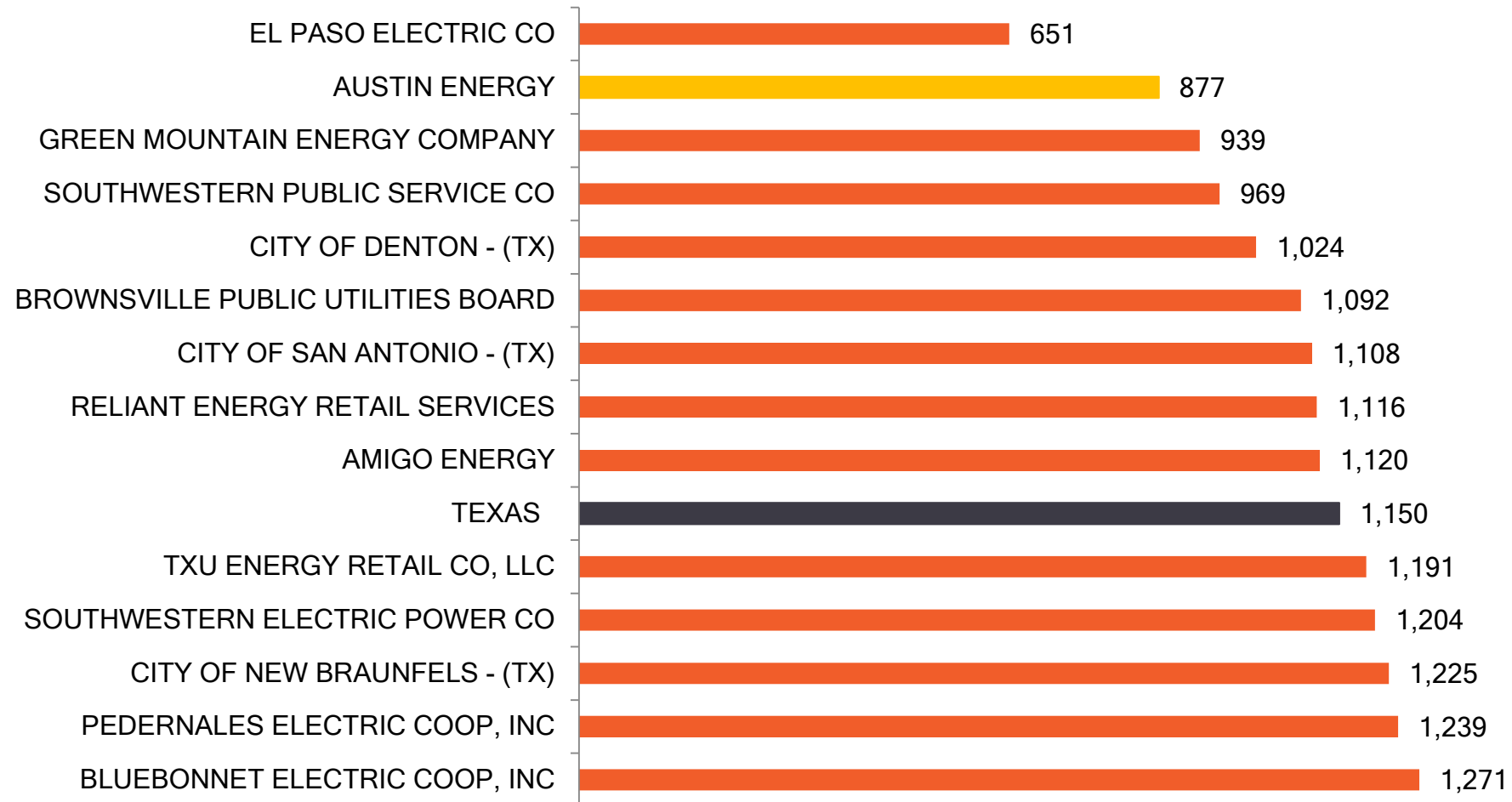
Residential Average Rate for CY 2019



Source: U.S. Energy Information Administration Form 861, October 2020

Affordability Goal: Competitiveness Metric

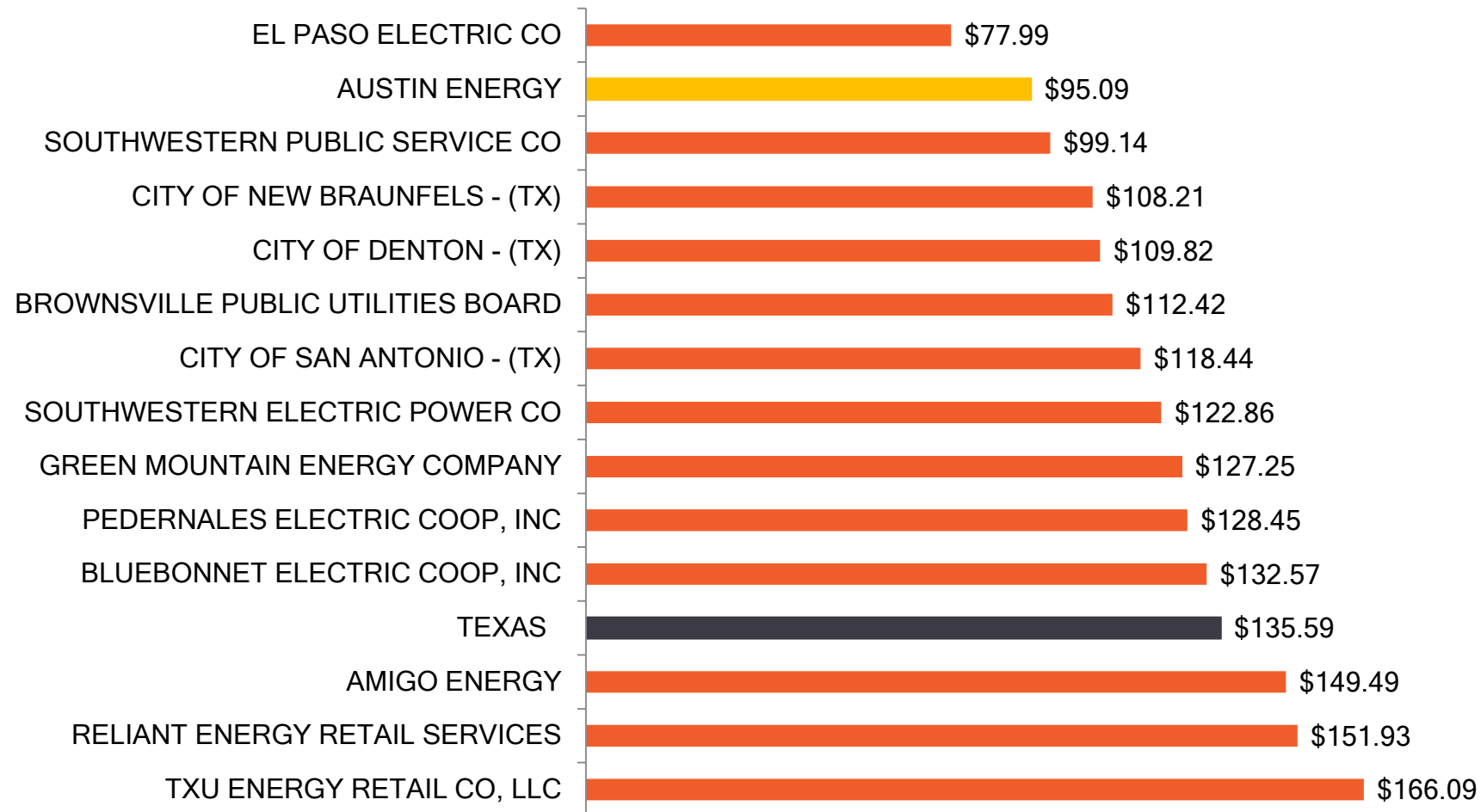
Residential Average Monthly Consumption for CY 2019



Source: U.S. Energy Information Administration Form 861, October 2020

Affordability Goal: Competitiveness Metric

Residential Average Monthly Bill for CY 2019



Source: U.S. Energy Information Administration Form 861, October 2020



**Customer Driven.
Community Focused.**



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