Item 3

Austin Energy Quarterly Financial Report

3rd Quarter FY 2020 (April – June 2020)

Russell Maenius
Acting Chief Financial Officer

August 19, 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



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. Received credit upgrade from *Fitch Ratings* in May 2019.

$ 958 Million Revenues

Operating revenues trended close to budget through June.

$760 Million Expenses

Operating expenses exceed forecast by 1.3% primarily due to higher costs in electric service delivery.

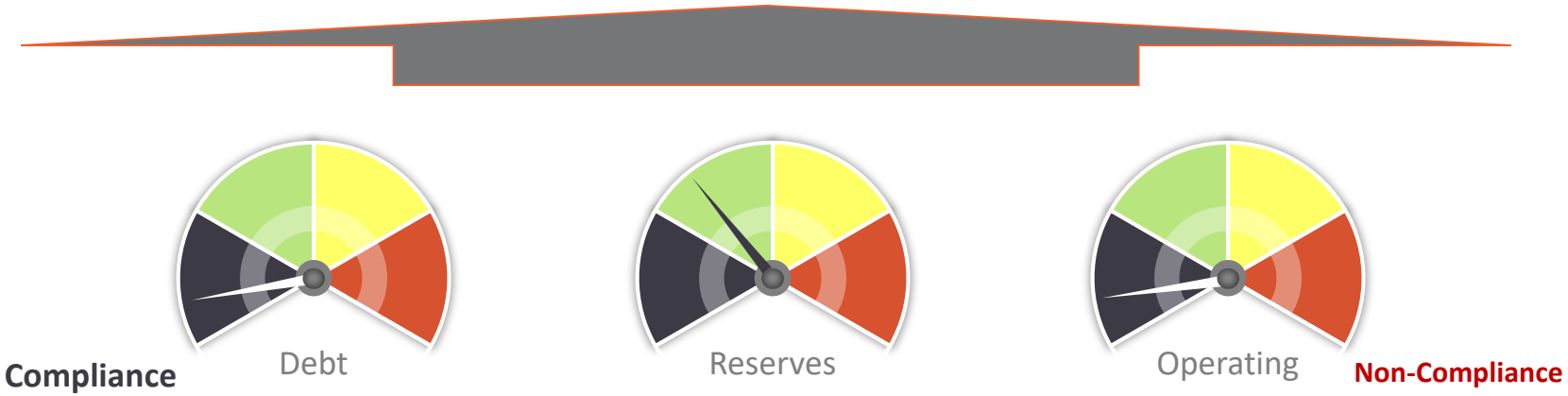
Balance sheet is liquid and adequately capitalized. Cash decreased $26M from prior year primarily due to increases in AR and Inventory.

COVID-19 pandemic impacts Austin Energy's energy and load.

Austin Energy Quarterly Financial Report

Financial Policy Compliance

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



Debt Policies	Reserves Policies	Operating Policies
Full Compliance	Partial Compliance	Full Compliance
	Capital Reserve balance below minimums but total cash above minimum of $414m	

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Austin Energy Quarterly Financial Report

Financial Performance Measures

AA
Standard & Poor's Global Ratings
Achieved November 2018

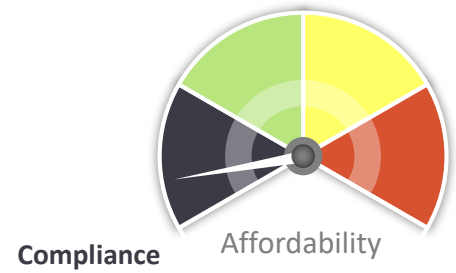


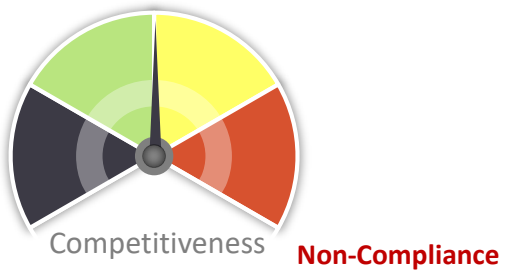


Days Cash on Hand	Debt Service Coverage Ratio	Operating Margins	Debt to Capitalization
Minimum > 150 Days	Minimum > 2.0	Minimum > 10%	Minimum < 50%
Actual 209 Days	Actual 2.3	Actual 2%	Actual 52%
	Excludes General Fund Transfer		

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Austin Energy's Affordability Goal has Two Metrics



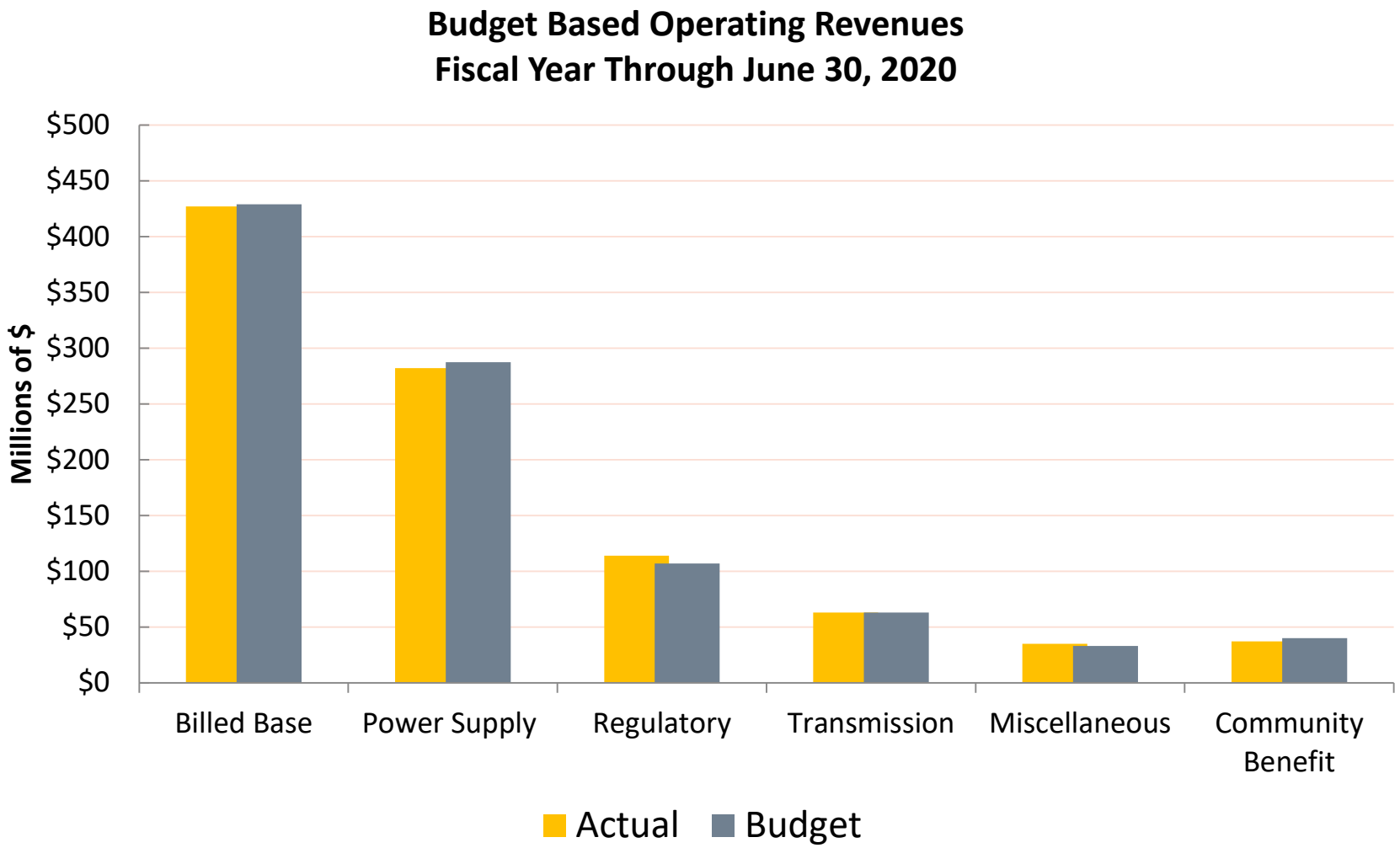


Affordability Metric	Competitiveness Metric
Full Compliance Since 2013	Non-Compliance Since 2016
Maintain system average rates at or below 2% annual compound growth rate that began October 2012.	Maintain an average annual system rate in the lower 50% of all Texas utilities serving residential, commercial and industrial customers as measured by published data from the Energy Information Administration (EIA) Form 861.

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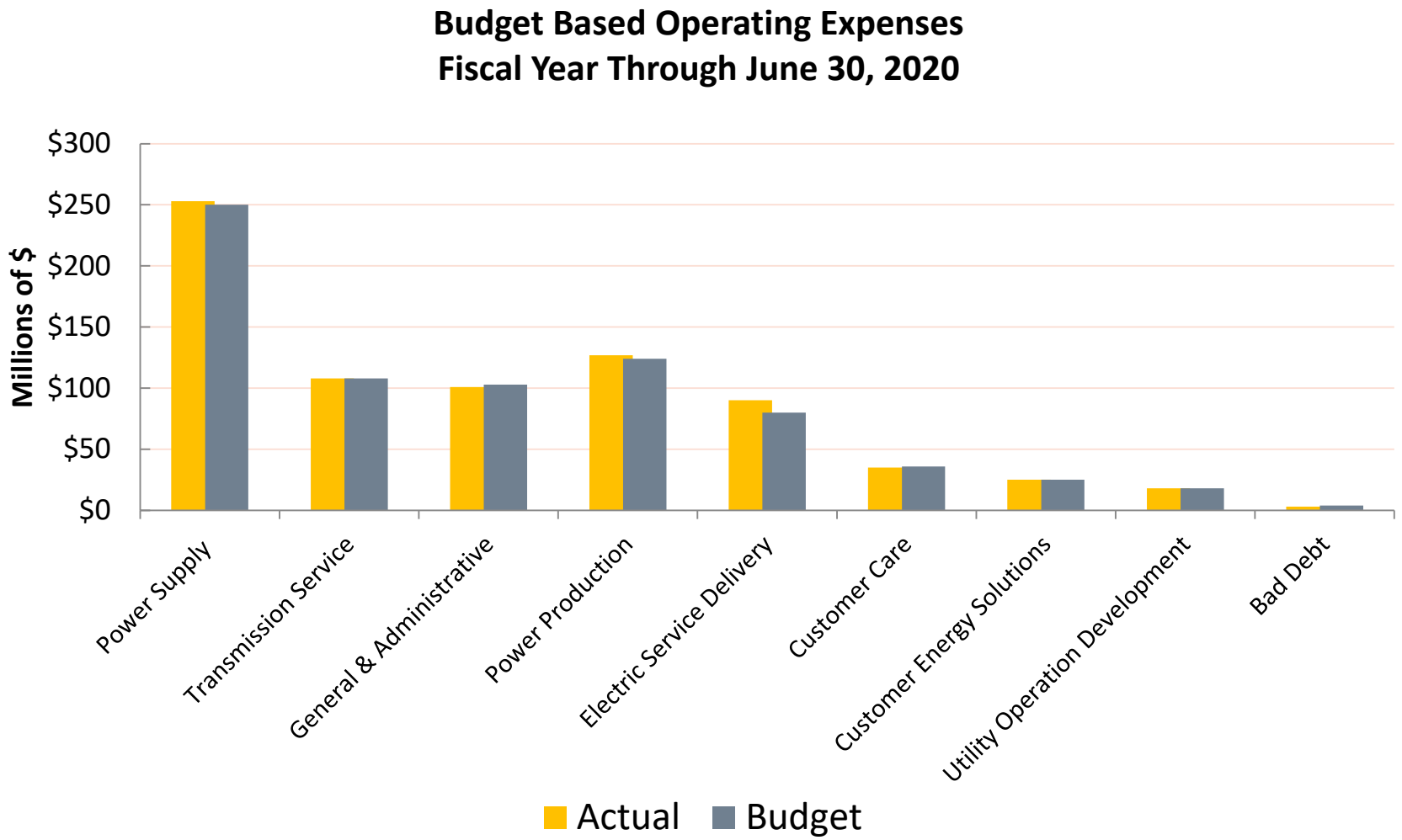
Actual to Budget Analysis

Actual to Budget Analysis



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Actual to Budget Analysis



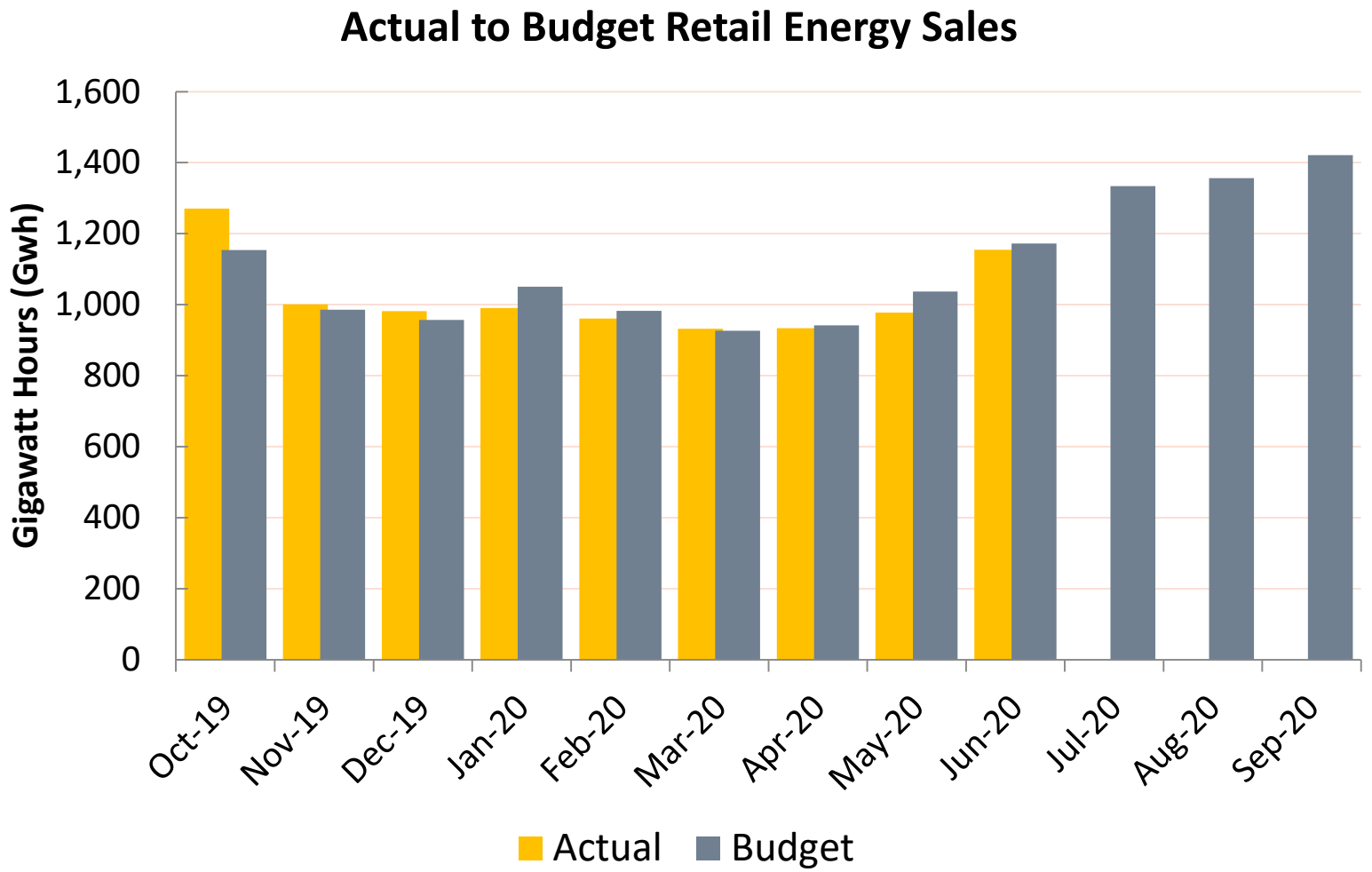
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Actual to Budget Analysis

Budget Based Fund Summary Fiscal Year Through June 30, 2020			Variance to Budget Favorable (Unfavorable)			Variance to Prior Year Favorable (Unfavorable)	
Millions of $	Actual	Budget	Amount	%	Prior Year Actual	Amount	%
Operating Revenues	$958	$959	($1)	0%	$976	($18)	(2%)
Operating Expenses	760	750	(10)	(1%)	777	17	2%
Operating Income (Loss)	**$198**	**$209**	**($11)**	**(5%)**	**$199**	**($1)**	**(1%)**
Interest Revenue	9	10	(1)	(12%)	12	(3)	(26%)
Debt Service	(98)	(98)	0	0%	(76)	(22)	(29%)
Income (Loss) Before Transfers	**$109**	**$121**	**($12)**	**(10%)**	**$135**	**($26)**	**(20%)**
Administrative Support	(22)	(22)	0	0%	(22)	0	(2%)
General Fund	(83)	(83)	0	0%	(82)	(1)	(1%)
Economic Development	(7)	(7)	0	0%	(6)	(1)	(6%)
CTM Fund	(8)	(8)	0	0%	(7)	(1)	(12%)
Voluntary Utility Assistance Fund	(3)	(3)	0	0%	(1)	(2)	(416%)
Other City Transfers	(2)	(2)	0	0%	(2)	0	(51%)
Internal Transfers / CIP	(62)	(62)	0	0%	(90)	28	31%
Excess (Deficiency) of Revenues	**($78)**	**($66)**	**($12)**	**(19%)**	**($75)**	**($3)**	**(6%)**

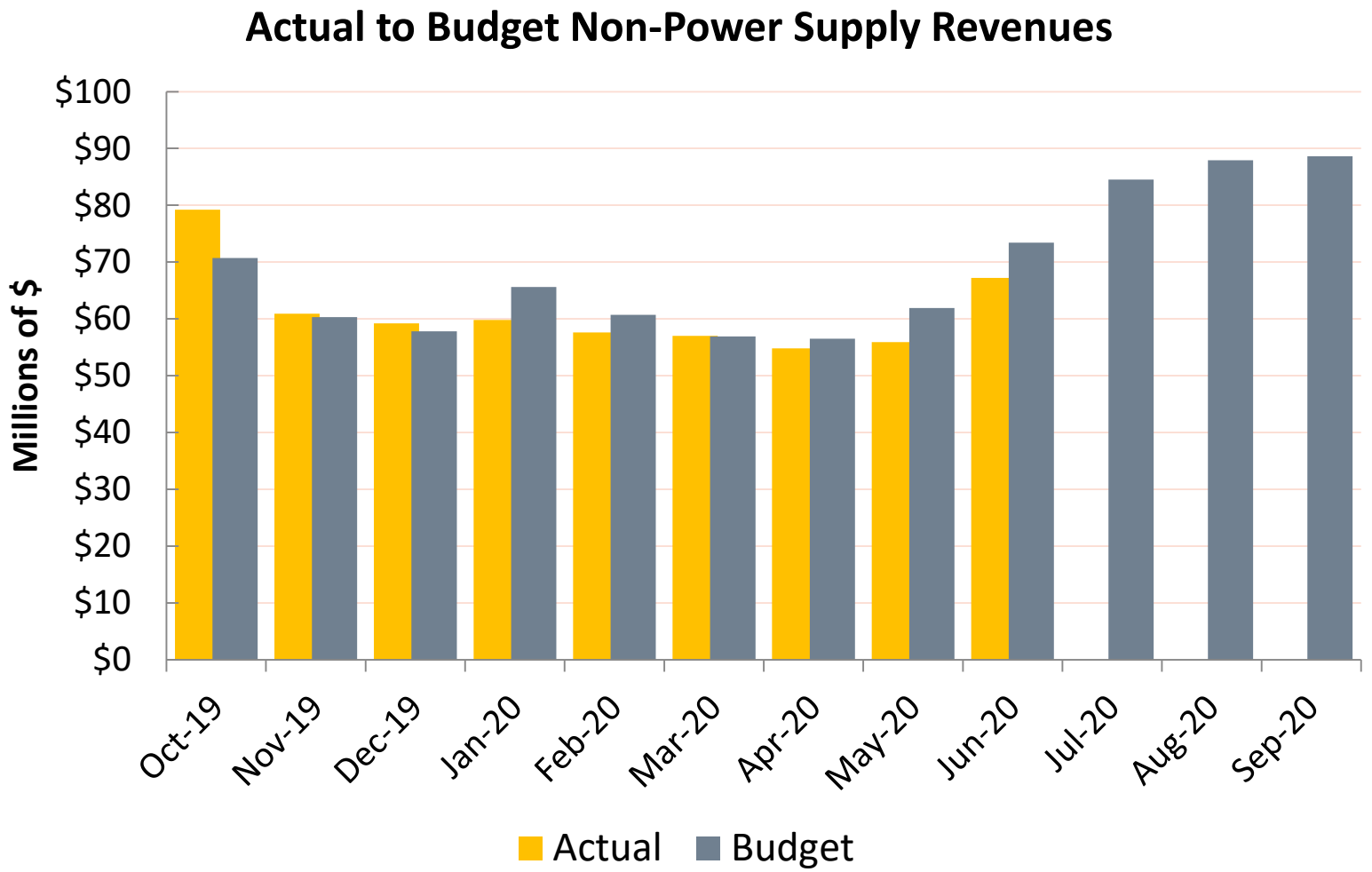
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Actual to Budget Analysis



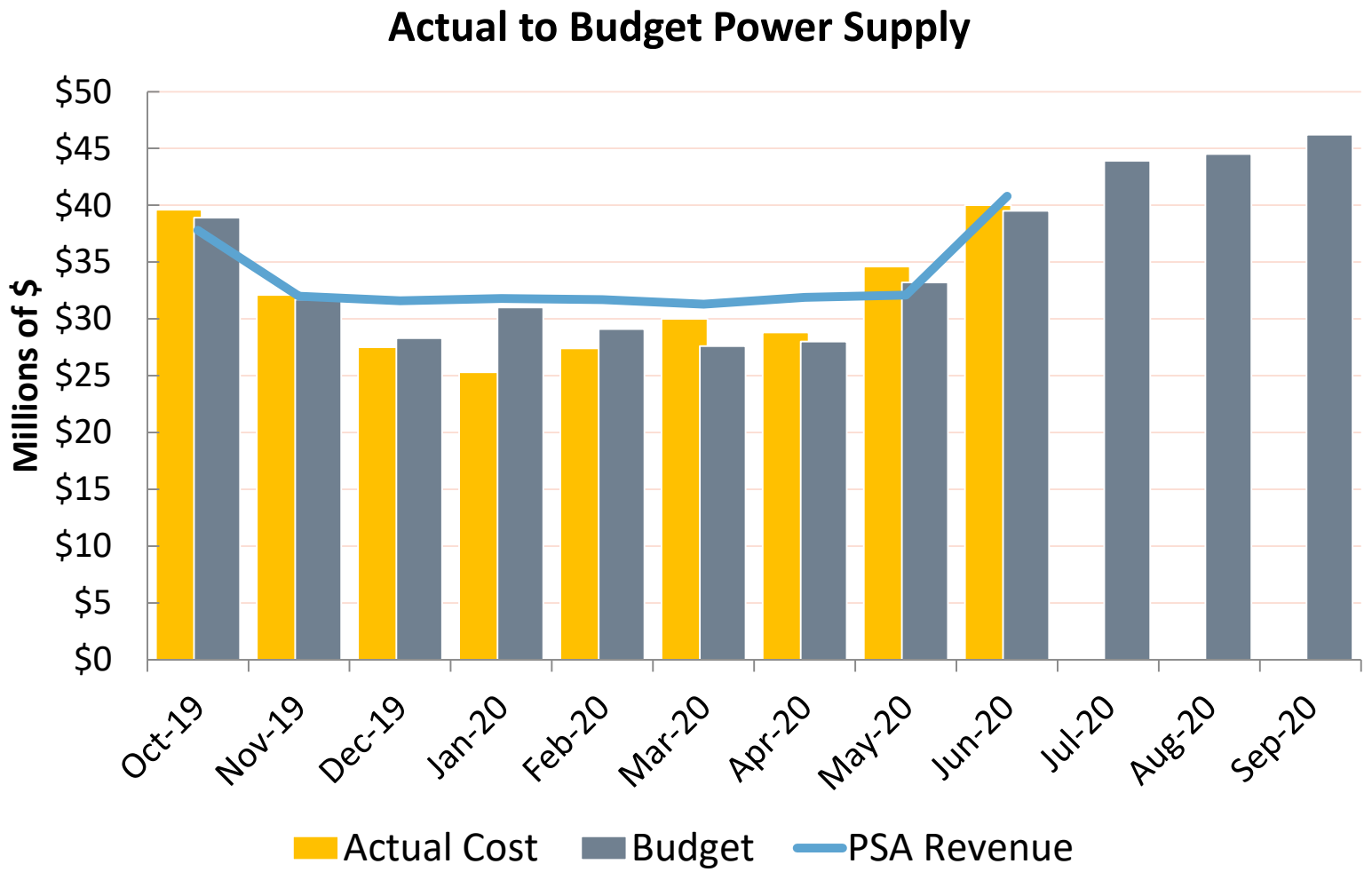
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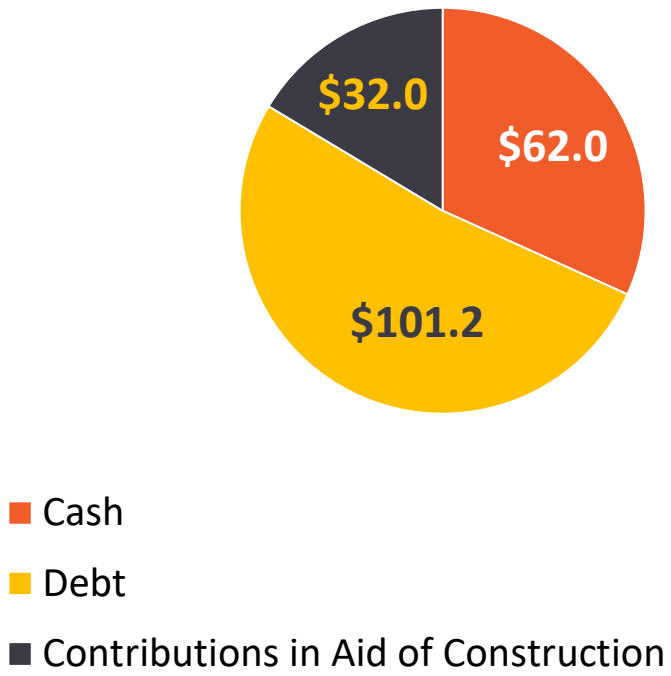


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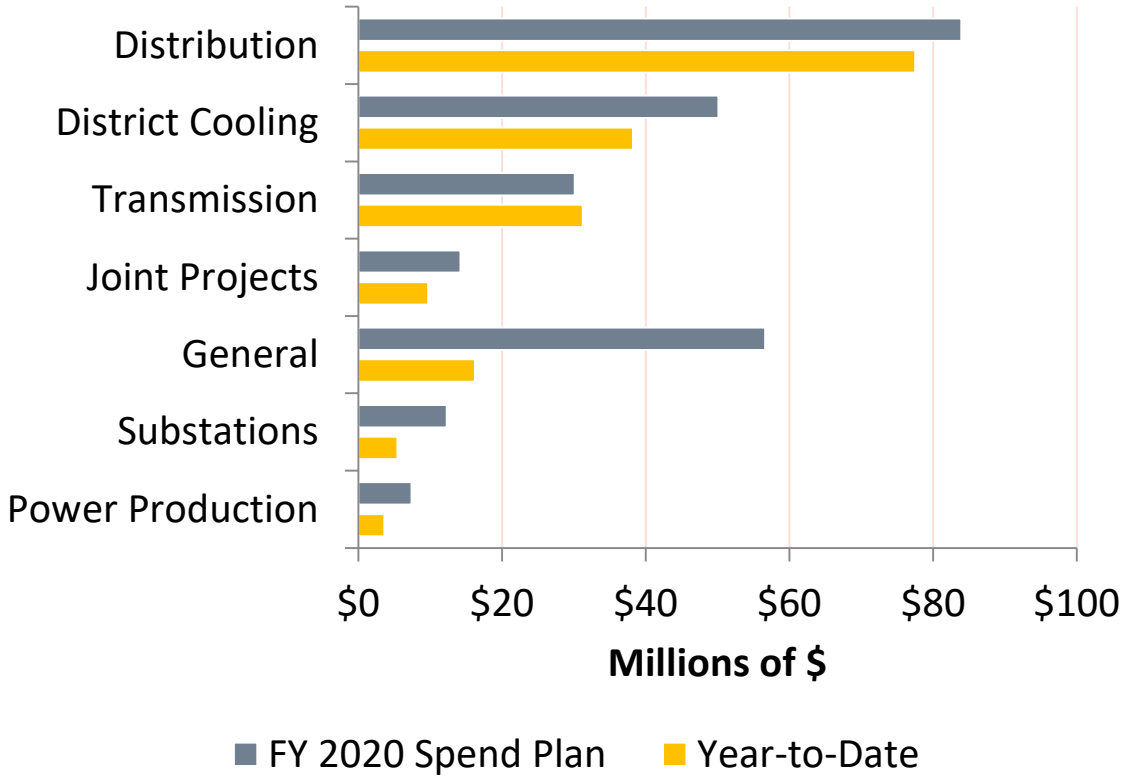
Capital Improvement Plan Summary

Fiscal Year Through June 30, 2020

Type of Financing



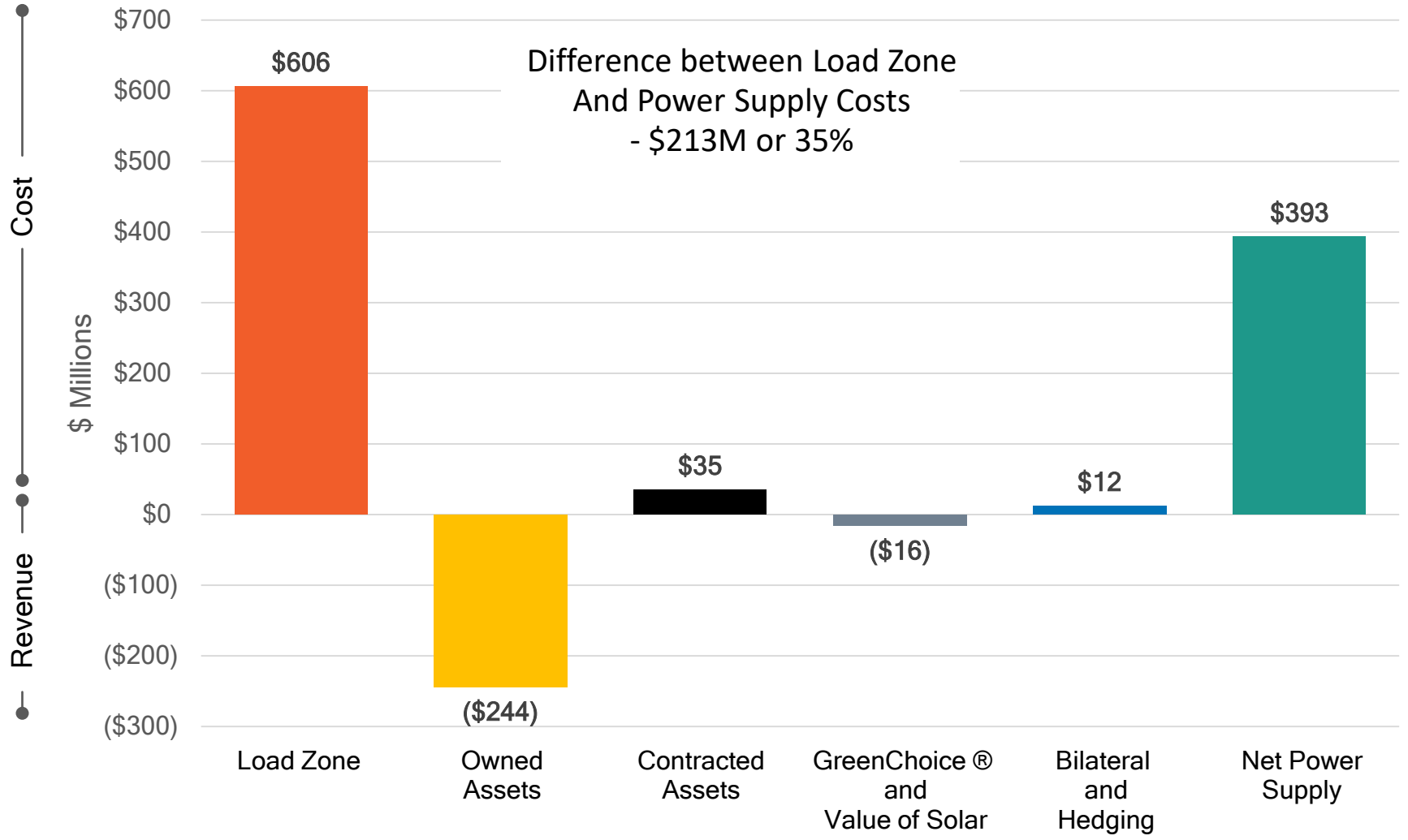
Type of Project



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Power Supply Adjustment Cost Components

Twelve Months Ending June 2020



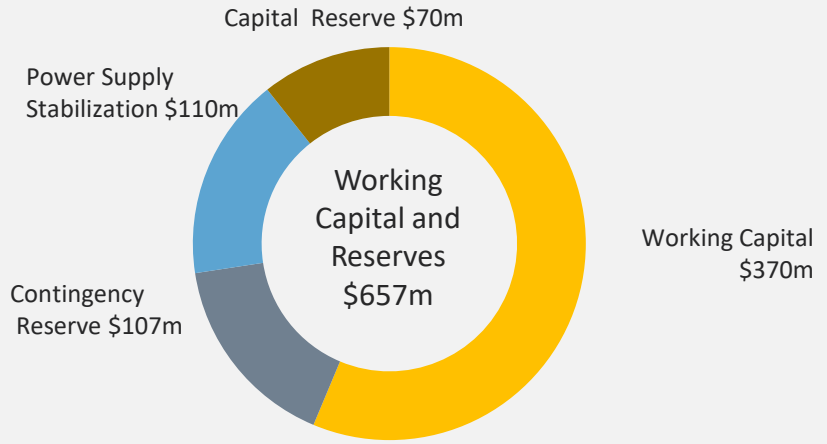
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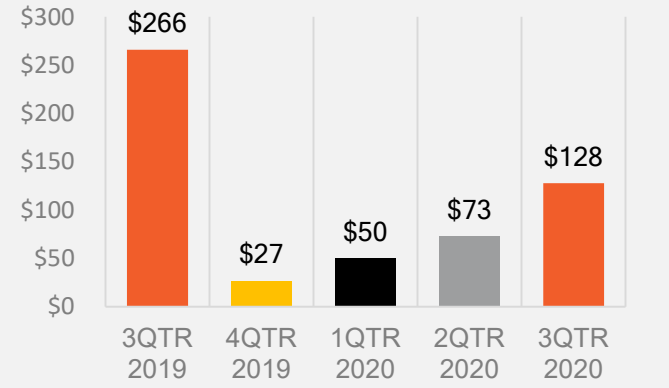
Financial Statements

Balance Sheet Snapshot

$ in Millions

Assets	Jun 2019	Jun 2020
Cash	$396	$370
Current Assets	287	336
Capital Assets	2,988	2,993
Long-Term Assets	1,505	1,895
Total Assets	**$5,176**	**$5,594**
Liabilities and Fund Equity		
Current Liabilities	$231	$252
Long-term Liabilities	2,681	3,011
Deferred Inflow of Resources	389	453
Retained Earnings	1,875	1,878
Total Liabilities & Fund Equity	**$5,176**	**$5,594**





Commercial Paper Program Limits: Tax Exempt $200m
Taxable $75m
$275m

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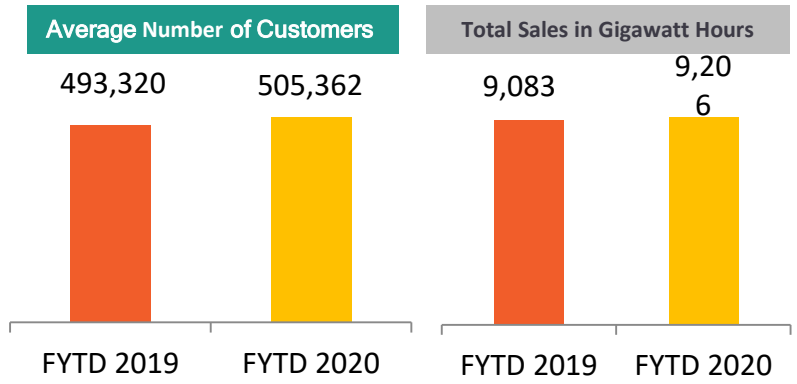
GAAP Financial Summary

Comparative Statement of Net Position

$ in Millions	6/30/2019	6/30/2020	Change
Cash	$396	$370	($26)
Accounts Receivable (net)	127	154	27
Power Supply Under-Recovery	0	5	5
Non-PSA Under-Recoveries	1	0	(1)
Debt Service	26	27	1
Contingency Reserve	104	107	3
Power Supply Stabilization Reserve	106	110	4
Capital Reserve	68	70	2
Nuclear Decommissioning Reserve	228	235	7
Other Restricted Assets	114	168	55
Other Assets	1,017	1,355	338
Capital Assets	2,988	2,993	5
Total Assets	**$5,175**	**$5,594**	**$419**
Other Current Liabilities	144	163	19
Non-PSA Over-Recoveries	26	32	6
Revenue Bonds	1,683	1,912	229
Commercial Paper	266	128	(138)
Other Long-Term Liabilities	1,181	1,481	300
Retained Earnings	1,875	1,878	3
Total Liabilities and Fund Equity	**$5,175**	**$5,594**	**$419**

Income Statement

$ in Millions	12 Months Ending 06/30/2019	12 Months Ending 06/30/2020
Operating Revenues	$941	$968
Power Supply Revenues	464	461
Power Supply Expenses	459	412
Non-Power Supply Expenses	688	734
Depreciation Expense	173	249
Operating Income/(Loss)	**$85**	**$34**
Other Revenue (Expense)	$51	$78
General Fund Transfer	(110)	(111)
Net Income/(Loss)	**$26**	**$1**
Debt Service Coverage	3.5	2.3
Debt Equity Ratio	51%	52%

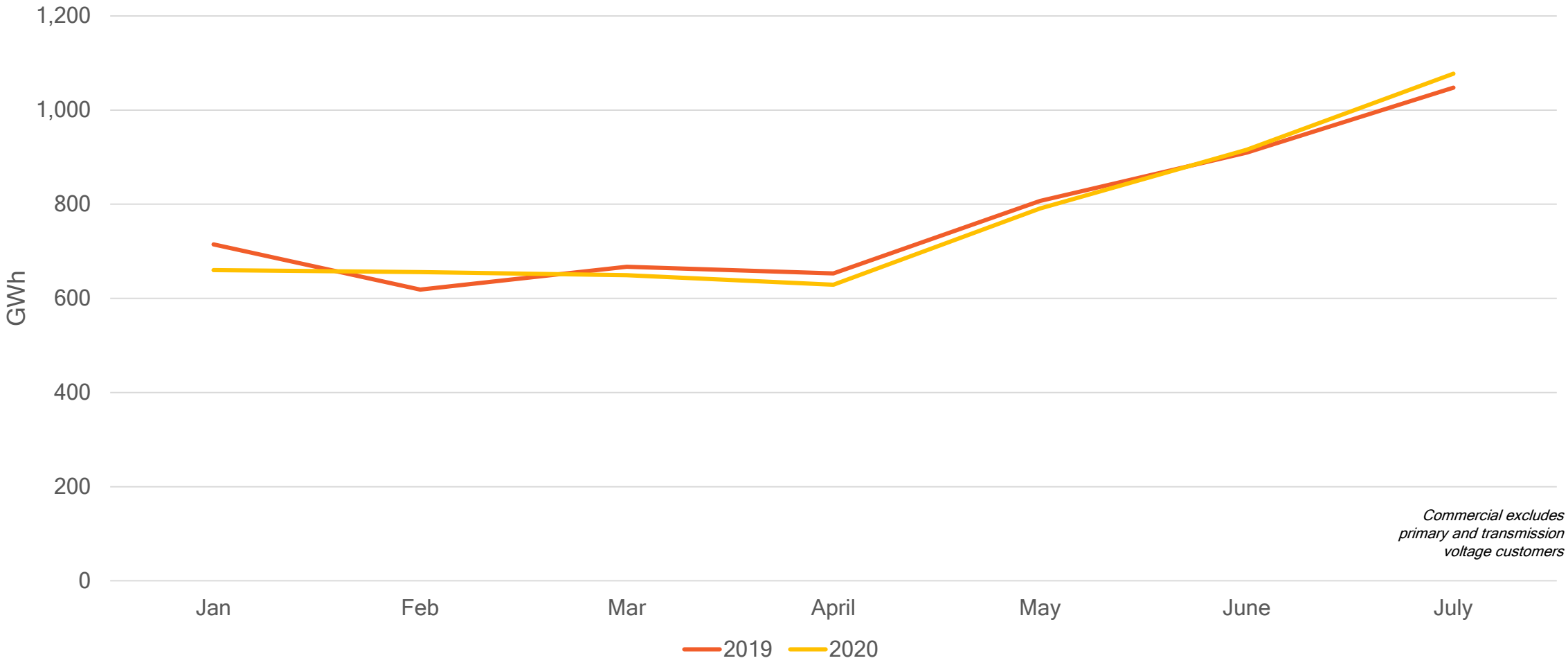


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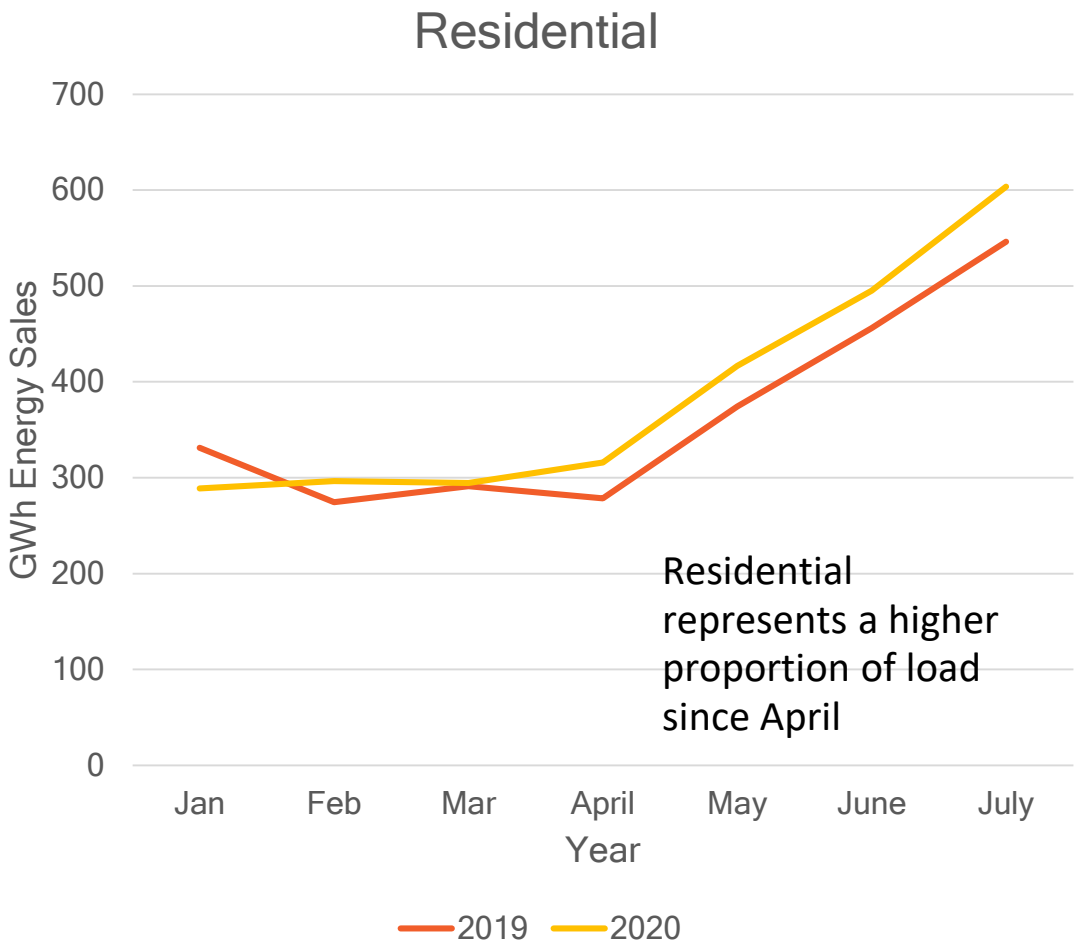
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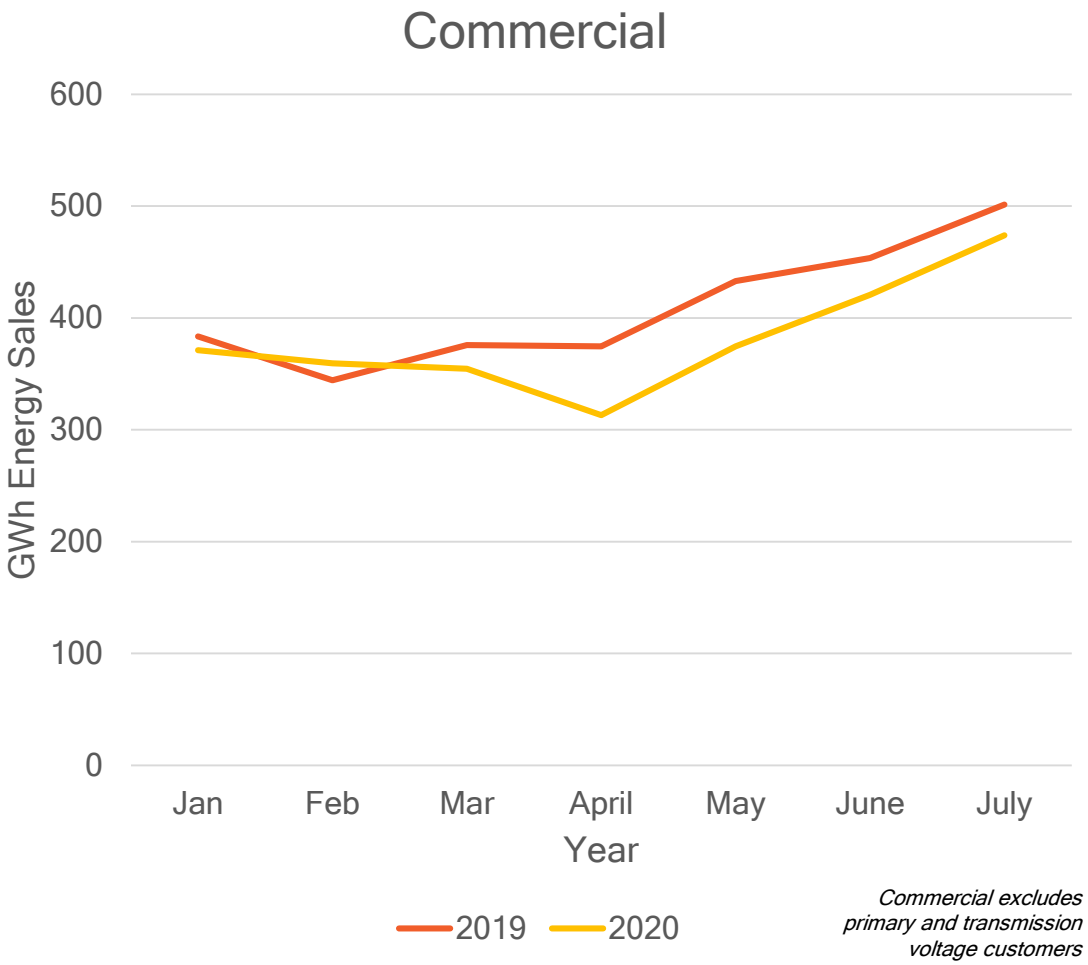
COVID Impacts

Secondary Voltage GWh Energy Sales



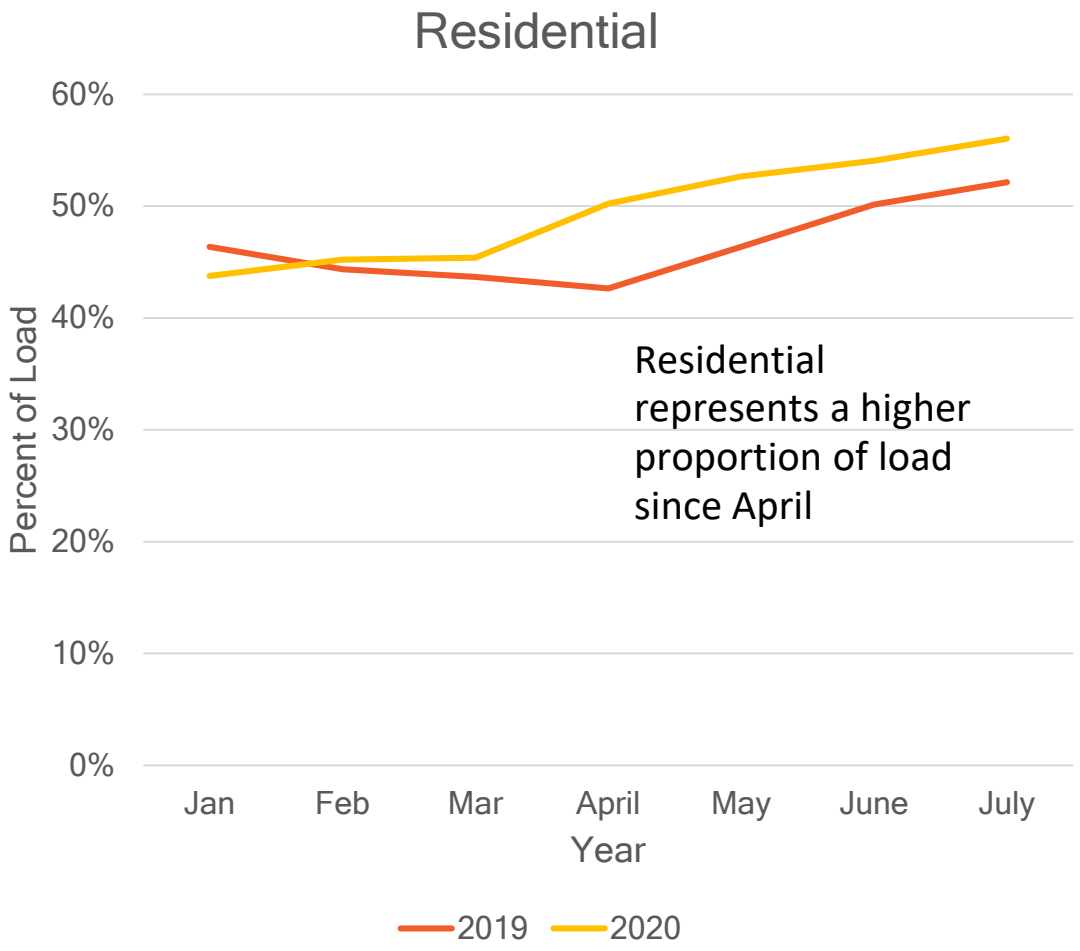
Secondary Voltage GWh Energy Sales

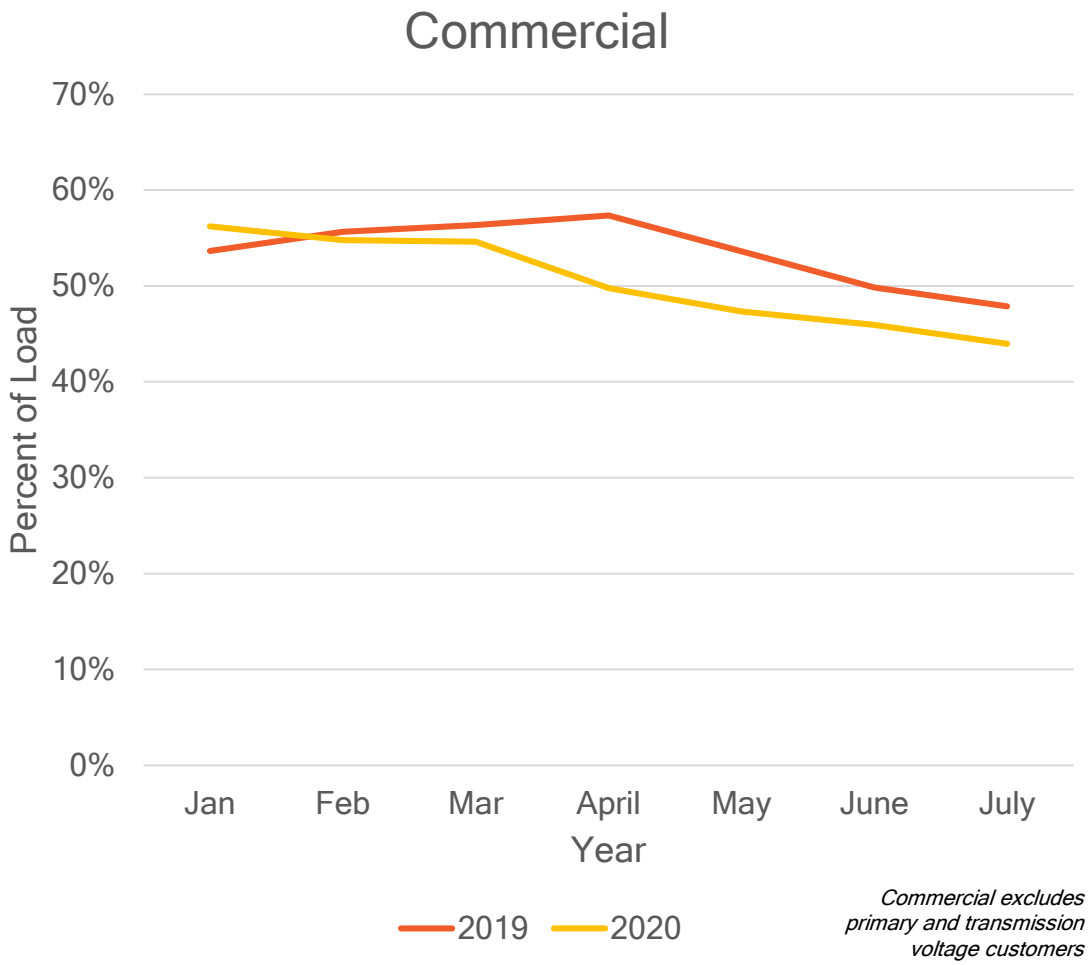




Commercial excludes primary and transmission voltage customers

Secondary Voltage Load





Commercial excludes primary and transmission voltage customers

COVID 19 Impacts

- Using secondary sales as a proxy, total energy sales are consistent with the prior year.
- Budget to actual energy sales and operating revenue are very close through the 3rd quarter.
- Residential energy sales are higher than prior year and backfill the reductions in commercial sales.
- Energy and load profiles are atypical to a normal year.



Customer Driven.
Community Focused.

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