

AUSTIN ENERGY ANNUAL REPORT

FISCAL YEAR 2019



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CUSTOMER DRIVEN. COMMUNITY FOCUSED.

As a public-power utility, Austin Energy has the responsibility to build a better Austin for our community and our customers. Customer Driven and Community Focused is our promise to those we serve. It means that in our mission, vision and daily operations, we put them first.

MISSION:

To safely deliver clean, affordable, reliable electricity and excellent customer service.



VISION:

To drive customer value in energy services with innovative technology and environmental leadership.



AUSTIN ENERGY GOVERNANCE



Austin Energy is a public-power utility and a department of the **City of Austin**. This establishes the **Austin City Council** as the **governing body** for **Austin Energy**, providing oversight and policy direction for the utility. Austin's City Manager and Austin Energy's General Manager are responsible for the safe and effective operations of the utility. (Pictured here is the 2019 Council.)

A MESSAGE FROM THE GENERAL MANAGER



JACKIE A. SARGENT
Austin Energy
General Manager

Customer Driven. Community Focused. That is Austin Energy's promise to those we serve. That is the promise made by more than 1,700 dedicated employees who work hard to safely deliver clean, affordable, reliable energy and excellent customer service. In FY 2019, as in other years, we made good on that promise.

Austin Energy's promise comes from our status as a public-power utility, bringing more benefits to our community. Specifically, one of those benefits is affordability. The Austin Energy team continues to focus its efforts on this benefit. Multifamily energy efficiency efforts aimed to help renters throughout the city. There are the Customer Assistance Programs that continued to provide aid to those in need, and there is the consistent support we provide to our local school districts, investing in the future of our region. As you review this Annual Report, you will find our FY 2019 highlights in this area. It is important for our community to have the tools and knowledge to save energy and money.

Our affordability efforts are reflected in customers' bills. The average Austin Energy residential customer comes in well below state averages for both energy use and monthly bills. Because Austin Energy is a public-power utility, we can offer these programs — and many others — to support affordability, helping make Austin a more livable city for everyone.

The electric industry is evolving, and the Austin area is one of the fastest growing areas in the nation. Austin Energy is constantly innovating and modernizing our operations to meet those changing needs. In FY 2019, we made significant progress in that area by investing in more than 400 megawatts of wind energy, engaging the public on the new Rainey Street Substation to enhance our downtown network and working to add more capacity to the District Cooling system. You can read on to find details on these projects and more. As we continue to grow, Austin Energy is making sure we can meet electricity needs now and into the future.

Austin Energy works to make sure we can meet and exceed the needs of those we serve. That is what it means to be Customer Driven and Community Focused. That is the benefit of public power.

I am honored to serve as General Manager to such a great team. Together with our city and community, we will continue our history of innovation and service to build a better utility and a stronger Austin.

Sincerely,

A handwritten signature in black ink that reads "Jackie A. Sargent".

Jackie A. Sargent

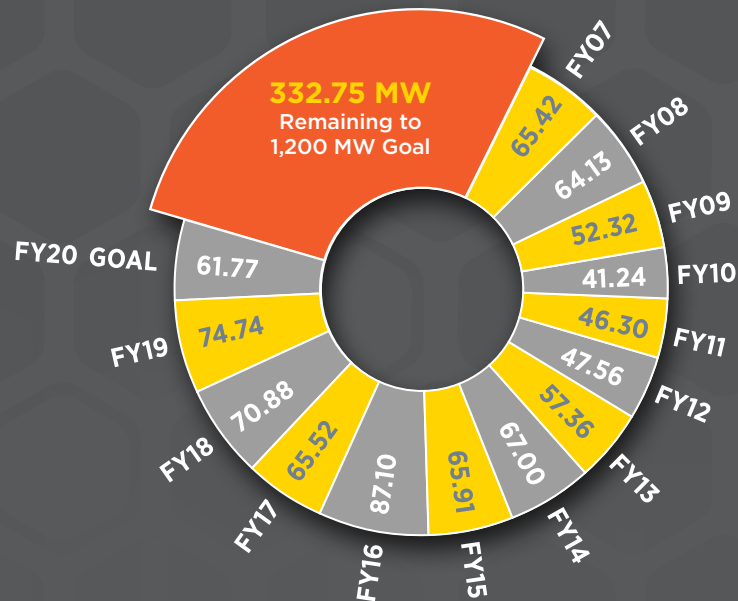
THE BIG PICTURE

Austin Energy is making sure the local system is ready for the region's growing population. The utility invested in improvement projects to support reliability, prevent outages and increase system capacity to account for the growth of the community. The region is growing, and Austin Energy is adapting to those changing needs.



More than **11,054 customers** joined Austin Energy in FY 2019. Since FY 2015, **45,815 customers** were added to the system.

Energy Efficiency Results for FY 2019



Energy Efficiency has long been a focus at Austin Energy. Between 1982 and 2006, these efforts saved approximately 700 MW of electricity. Since 2007 — with another energy-saving goal set — Customer Energy Solutions programs continue to help customers stay informed on energy consumption, save money on utility bills and reduce emissions for a cleaner Austin. These efforts saved around 75 MW in FY 2019, putting Austin Energy on track to meet its goal of 1,200 MW.

Reliability means customers have the power they need when they need it. Austin Energy works 24/7 to keep the lights on and the power flowing for Central Texas residents.

Average interruptions a year

0.94

Texas public power average

1.26

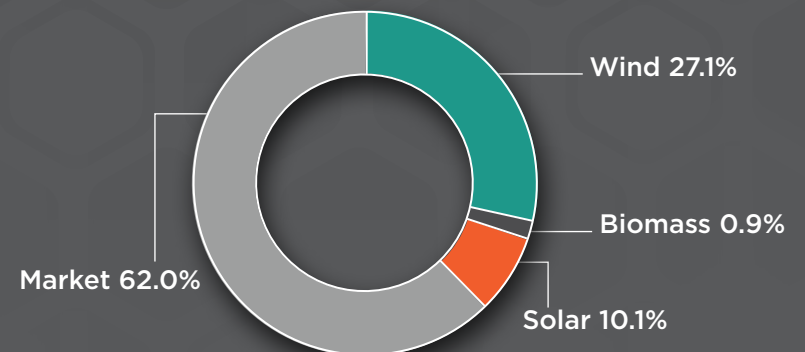
Average length of outage (minutes)

71.51

Texas public power average

132.05

Renewable Energy as percent of load FY 2019



As a public-power utility, we work to meet customer needs and expectations. Austin Energy continues to invest in renewable energy for our customers and community.



THE BIG PICTURE

AUDITED INCOME STATEMENT

\$ In Millions	Fiscal Year Ended	
	Sept. 30, 2019	Sept. 30, 2018
Operating Revenues	\$952	\$946
Power Supply Revenue	495	455
Power Supply Expense	469	455
Non-Fuel Expenses	684	667
Depreciation Expense	204	166
Operating Income/(Loss)	90	113
Other Revenue (Expense)	23	54
General Fund Transfer	(110)	(109)
Net Income/(Loss)	\$3	\$58
Debt Service Coverage	4.0	3.6
Debt to Capital Ratio	52%	44%

AUDITED COMPARATIVE STATEMENT OF NET POSITION

\$ In Millions	Sept. 30, 2019	Sept. 30, 2018	Change
Cash	407	454	(47)
Accounts Receivable (net)	149	137	12
Power Supply Under Recovery	21	-	21
Other Under Recoveries	-	3	(3)
Debt Service - ST	79	44	35
Contingency Reserve	106	97	9
Power Supply Stabilization Reserve	108	95	13
Capital Reserve	69	42	27
Nuclear Decommissioning Reserve	232	221	11
Other Restricted Assets	146	120	26
Other Assets	1,290	922	368
Capital Assets	3,004	2,596	408
Total Assets	5,611	4,731	880
Current Liabilities	161	154	7
Power Supply Over Recovery	-	35	(35)
Other Over Recoveries	41	21	20
Revenue Bonds	2,014	1,275	739
Commercial Paper	27	213	(186)
Other Long - Term Liabilities	1,459	1,128	331
Retained Earnings	1,909	1,905	4
Total Liabilities and Fund Equity	5,611	4,731	880

STANDARD AND POOR'S BOND RATING

AA
Current

AA
Target

OUTREACH AND ENERGY EFFICIENCY MAKE AUSTIN ELECTRICITY MORE AFFORDABLE

For almost 125 years, Austin Energy has served the region with reliable power and an increased quality of life. The utility is committed to its community. The work done at Austin Energy is driven by customers and focused on the community. Making that connection means the utility can help Austin be more affordable for those it serves.





MULTIFAMILY ENERGY EFFICIENCY HELPS TENANTS ACROSS THE CITY

With **88 percent** of low-income customers renting in the Austin area, Austin Energy understands the importance of reaching that community. In the past 30 years, the multifamily program has served more than **90,000 tenant units**. In FY 2019, staff focused on enhancements and new measures for the program, laying the foundation for an expanded vision and upgrades that will further address affordability.



AUSTIN ENERGY HELPS CUSTOMERS USE LESS AND SAVE MORE

Austin Energy finds ways to give customers the knowledge and power to change their use and bills. Those efforts are making a difference. According to the latest federal data (2018) from the Energy Information Administration, Austin Energy came in well below state averages for comparable utilities in both residential bill amounts and use — **\$94.77** and **885 kWh**. These figures mean Austin Energy has one of the lowest average residential bills in the state.



SUPPORTING SCHOOLS SUPPORTS THE FUTURE

Supporting customers and the community also means supporting the education of Central Texas' next generation of scientists and scholars. Austin-area school districts received **\$1.9 million in discounts** in FY 2019 and **\$55,652 in rebates**. This is how Austin Energy invests in the region's future. **400 AISD teachers** have access to EVs in Schools curriculum, bringing EV awareness to students and faculty.



THE CUSTOMER ASSISTANCE PROGRAMS PROVIDES AID TO THOSE IN NEED

Managed by Austin Energy, the City of Austin Customer Assistance Programs are how they City helps residents in need with their utilities. The Customer Assistance Discount Program — a piece of the Customer Assistance Programs — offers an **average monthly discount of \$76.66** to low-income customers served by Austin Energy, Austin Water and the Watershed Protection Department.

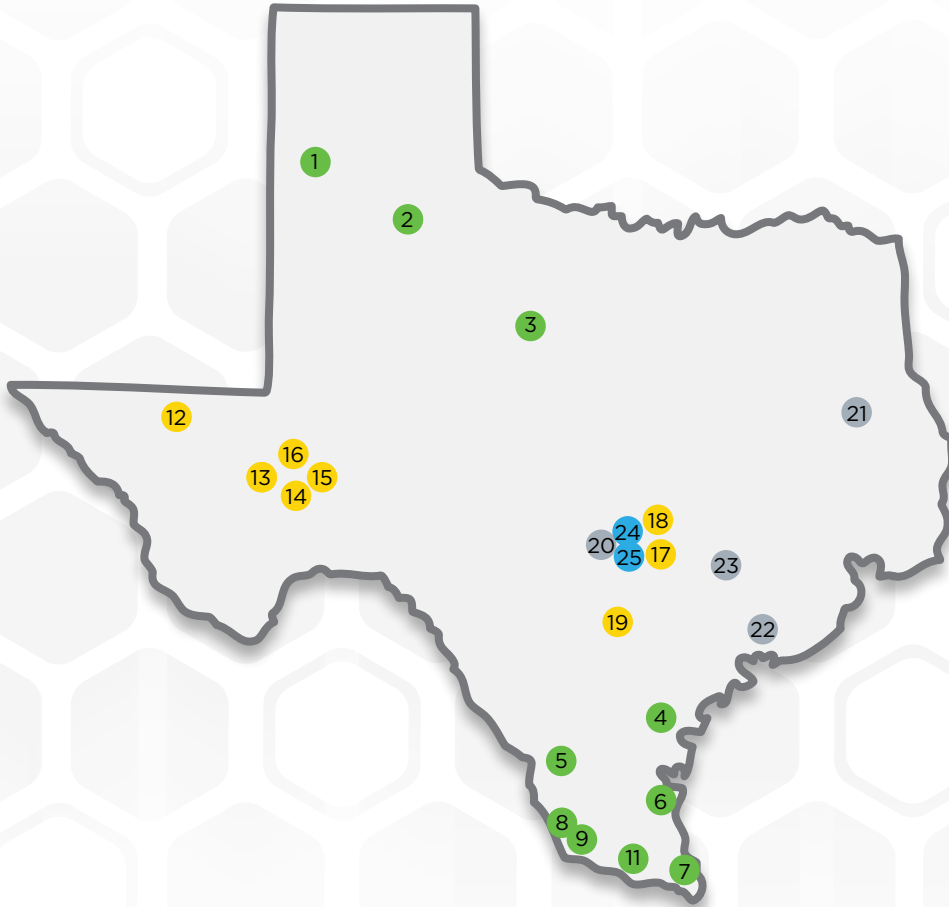
PUBLIC POWER CONSISTENTLY DELIVERS WHAT CUSTOMERS NEED AND WANT

Customers expect reliable power 24/7 from their electric provider. For Austin Energy, this means operating and maintaining power plants, managing 5,688 MW in generation capacity, keeping up with more than 12,000 miles of electric line and providing retail electric service to more than 490,000 customers. It is a complicated operation to make sure customers have the power they need, but public power has the opportunity to deliver more. It can deliver reliability both locally and to the state-wide grid. It can adapt to the changing electric environment with innovation and insight. And it can invest in the energy future for the region. Public Power is able to deliver more value because it is shaped by the customers and community it serves.



GENERATION PROTECTS CUSTOMERS FROM HIGH MARKET COSTS

AUSTIN ENERGY GENERATION RESOURCES ALL ACROSS TEXAS



From Far West Texas to the Texas coast and from traditional to renewable energy, Austin Energy's diverse generation investments make a difference all across the state. During tight conditions on the Electric Reliability Council of Texas market in August 2019, high demand triggered two Level 1 Energy Emergency Alerts and a need for conservation. Austin Energy's resources supported statewide reliability, and the utility worked with customers locally to reduce demand during those critical times. As a community-owned utility, Austin Energy's operations and generation protects customers and the state as a whole.

1	Jumbo Road	Wind	300 MW
2	Whirlwind	Wind	60 MW
3	Hackberry	Wind	165 MW
4	Karankawa	Wind	206 MW
5	Whitetail	Wind	92 MW
6	Gulf	Wind	170 MW
7	Los Vientos 2	Wind	200 MW
8	Los Vientos 3	Wind	200 MW
9	Los Vientos 4	Wind	200 MW
11	Raymond	Wind	200 MW
12	Aragorn	Solar	180 MW
13	Roserock	Solar	157 MW
14	Waymark	Solar	178 MW
15	East Pecos	Solar	118 MW
16	Upton	Solar	157 MW
17	Webberville	Solar	30 MW
18	East Blackland	Solar	144 MW
19	Pandora	Solar	250 MW
20	Mueller	CHP	5 MW
21	Nacogdoches	Biomass	100 MW
22	South Texas	Nuclear	430 MW
23	FPP	Coal	600 MW
24	Decker Creek	Gas	927 MW
25	SHEC	Gas	570 MW

PROVIDING THE POWER TO GROW

Austin Energy is making sure the local system is ready for the region's growing population. The utility invested in improvement projects to support reliability, prevent outages and increase system capacity to account for the growth of the community. The region is growing, and Austin Energy is adapting to those changing needs.

AUSTIN ENERGY INVESTS IN THE ENERGY FUTURE

In FY 2019, Austin Energy entered into a contract for **200 MW of wind power** with **RWE Renewables (formerly E.ON Climate & Renewables)**, and the **Karankawa Wind Farm** came online with **206 MW** of capacity.



In 2019 District Cooling Plant #3 (DCP3), located in the Seaholm eco-district, moved into a second year of construction. Crews completed much of the concrete shell for both buildings and the underground piping necessary to add 10,000 tons of capacity to the downtown cooling loop. DCP3 will be completed in 2020.



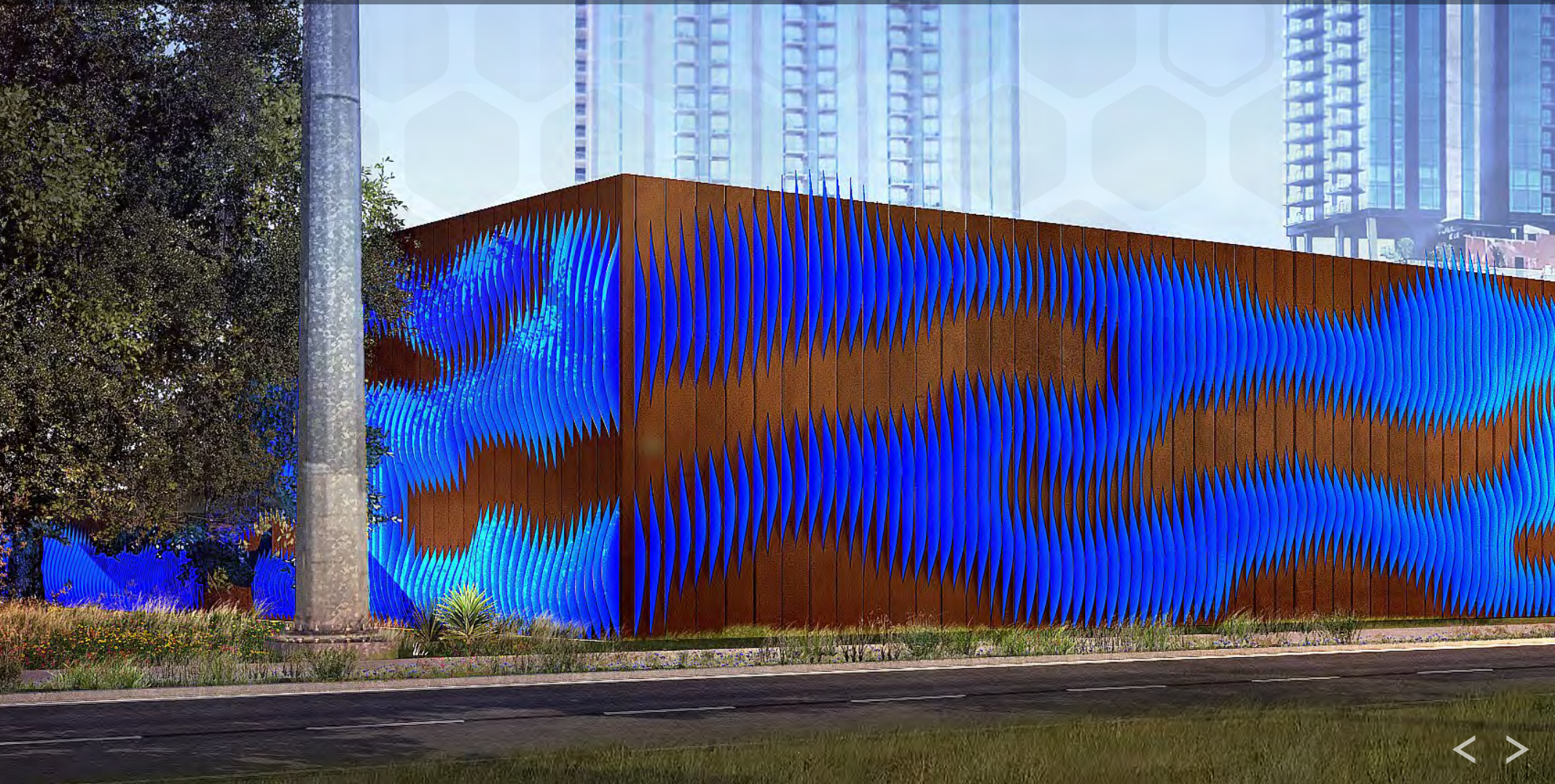
Nacogdoches Generating Facility

Austin Energy is constantly looking for the best mix of generation resources to maintain its clean, affordable and reliable portfolio. Austin Energy purchased the Nacogdoches Generating Facility — a wood waste, biomass fueled power plant in East Texas — in April 2019 to **save customers \$275 million** over time, when compared to the previous contract. Since the purchase of the plant, Austin Energy's bond rating with Fitch Ratings improved to AA.

The purchase was awarded Deal of the Year — Southwest from The Bond Buyer, a trade publication that covers the municipal bond industry.

PROVIDING THE POWER TO GROW

The Repowering Downtown initiative wrapped up community engagement in 2019 around building a third substation to serve the downtown network. This substation is located in the historic Rainey Street neighborhood, and the community chose the design of the surrounding wall and property landscaping, and selected Rainey Street Substation as the name. Upon completion, the Rainey Street Substation will allow Austin Energy to rebuild the more than 40-year-old Brackenridge Substation, providing the growing downtown network with reliable, resilient energy into the future. Construction of the substation will begin in 2021.



MAKE THE CONNECTION WITH AUSTIN ENERGY

For Austin Energy, the commitment to being Customer Driven and Community Focused ultimately means making the connection with customers. This is how the utility can provide the safe, affordable and reliable power our community depends on while also meeting their needs beyond electric service. The benefit of public power is that we are there for our customers and the community.

HOW TO CONNECT WITH US

NEWSLETTER

Austin Utilities Now editions are mailed and available electronically in English and Spanish at austinenenergy.com/go/utilitynews.

ONLINE

austinenenergy.com



facebook.com/austinenenergy



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