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3  
SECOND  
Quarter  
REPORT

An abstract geometric pattern consisting of numerous thin, colorful lines (orange, green, blue, yellow) radiating from a central point, creating a starburst or sunburst effect.

FISCAL  
YEAR  
2017

[austinenergy.com](http://austinenergy.com)

# BENEFITS OF PUBLIC POWER

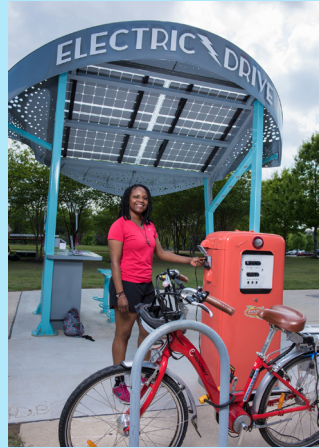


## ROCK DOWN TO ELECTRIC DRIVE

Though Austin is often billed as the Live Music Capital of the World, residents have more to rock out about than local bands and national acts. Deep in the heart of downtown, Austin Energy launched Electric Drive so Austin's growing electric vehicle infrastructure could take center stage.

As another piece in Austin Energy's Plug-In EVerYwhere network, Electric Drive offers dedicated parking for two electric vehicles — including a fast-charging DC port — as well as a solar-powered kiosk that can recharge electric bikes, laptops and a multitude of other electronic devices. Every charge port in Austin Energy's EV network is powered by 100 percent renewable energy through the GreenChoice® program.

If you're downtown, stop by Electric Drive and see how Austin Energy is giving the spark to electric transportation in Austin. Visit [pluginaustin.com](http://pluginaustin.com) for more EV information and a map of EV charging stations.



Electric Drive charges more than just your car. The station lets you plug in your electric bikes, scooters, motorcycles, laptops and other mobile devices.



(Above) The Electric Drive charge ports are part of the 547 EV charging ports in more than 162 locations that make up the Plug-In EVerYwhere network.



A large audience was ready to get plugged in at the March launch of Electric Drive.

# LOWER BASE RATES TAKE EFFECT

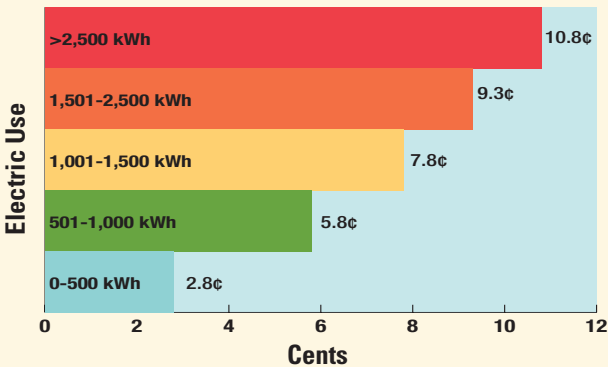
At the beginning of 2017, Austin Energy’s new lower base rates went into effect for both residential and commercial customers. These lower rates are part of the more than \$42 million reduction that came from Austin City Council’s approval of the joint rate agreement in the 2016 Cost of Service Study and Rate Review process.

## Residential Rates

For residential customers, about \$5 million from the total reduction was used to lower their base rates. The reduction also came with a shift from seasonal base rates to yearly base rates. The result is more predictable costs for customers and a greater ability to manage their bill.

Costs for electricity use are based on five tiers. The less electricity a customer uses, the lower their tier and per unit cost.

Because of the new residential rates, many customers may see a lower yearly cost for electricity than they did last year, but changes depend on how and when customers use energy.



Note: These numbers do not include pass-through charges. Outside City customers pay a different base rate.

## Affordability

Austin Energy’s lower rates reinforce the utility’s commitment to affordability and builds on previous achievements. According to the most recent federal data, the bill for an Austin Energy residential customer with average use in 2015 came in at \$97 a month. This bill was 28 percent lower than the state average.

## Commercial Reduction

Austin Energy’s commercial classes will see \$37.3 million of the reduction, about 88 percent of the total base rate reduction. Here’s how the change shakes out:

- \$1M reduction to Secondary < 10 kW (small offices, daycares, school portables)
- \$15.7M to Secondary 10-300 kW (small office buildings, retail, restaurants)
- \$5.3M to Secondary > 300 kW (large office buildings, schools, hospitals)
- \$4.5M to Primary < 3,000 kW (office parks, water treatment plants, manufacturing)
- \$5.3M to Primary 3,000-20,000 kW (large manufacturing, data centers)
- \$5.5M to Primary > 20,000 kW (large industrial manufacturing)

# FINANCIAL RESULTS - FY 2017 Oct. 1, 2016 – Mar. 31, 2017

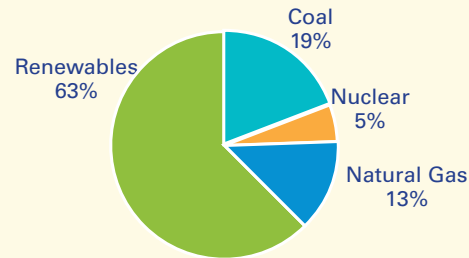
Austin Energy’s preliminary, unaudited financial results for the period ending March 2017 are consistent with expectations. Non-power supply operating revenue grew since last year by \$21 million mainly due to increases in base revenue and regulatory revenue which recovers transmission expense.

Austin Energy’s unaudited operating income is \$59 million, consistent with prior year results.

The utility’s financial statements reflect assets and liabilities for under-/over-recovery of certain recoverable costs. Power supply costs are over recovered by \$51 million compared to an over recovery of \$81 million at March 2016. Regulatory costs (e.g. transmission costs) are \$10 million under recovered, down from \$29 million last year.

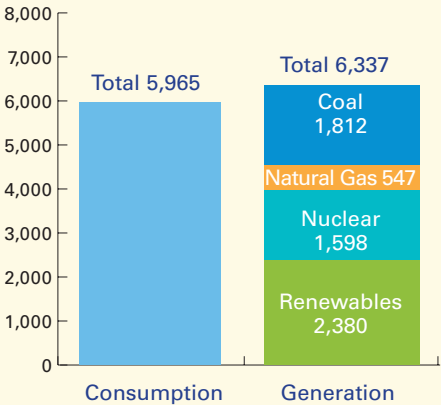
Overall, Austin Energy’s preliminary financial results show a \$52 million increase in cash over the period, which will allow Austin Energy to invest in operational technologies and competitive generation resources.

Power Generation Costs by Fuel Type\*

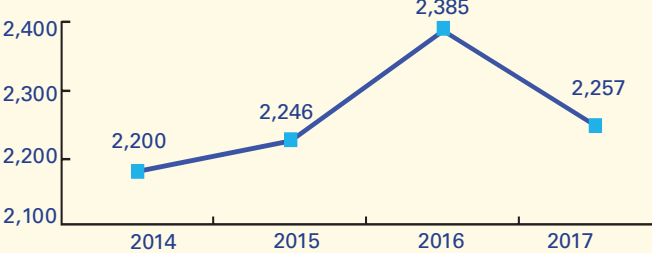


\* Costs include fuel for generation, fuel transportation, renewable power purchase agreements and hedging activity.

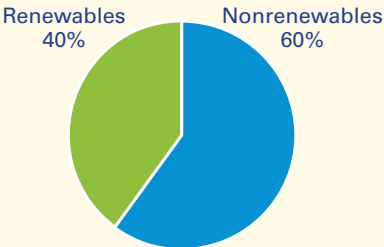
Consumption vs. Generation (GWh)



Historical Q2 System Peak Demand (MW)



Renewable Power as Percent of Consumption

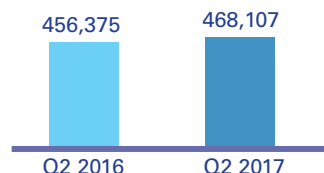


## INCOME STATEMENT\*

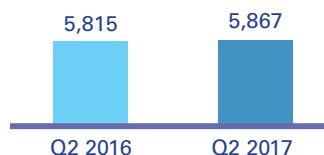
\$ in millions	6 months ended	
	3/31/16	3/31/17
Operating Revenues	\$ 402	\$ 423
Power Supply Revenue	191	199
Power Supply Expense	191	199
Non-Power Supply Expenses	262	284
Depreciation Expense	77	80
<b>Operating Income/(Loss)</b>	<b>63</b>	<b>59</b>
Other Revenue (Expense)	(24)	(10)
General Fund Transfer	53	54
Net Income/(Loss)	(\$14)	(\$5)
<b>Debt Service Coverage</b>	<b>3.2</b>	<b>3.5</b>
<b>Debt to Equity Ratio**</b>	<b>45%</b>	<b>44%</b>

\*\*Calculated using 12 month rolling income statement.

### Average Number of Customers



### Total Sales in Gigawatt Hours



## COMPARATIVE STATEMENT OF NET POSITION\*

\$ in millions	3/31/2016	3/31/2017	Change
Cash	\$311	\$363	\$52
Accounts Receivable (net)	111	105	(6)
Other Under-Recoveries	37	17	(20)
Debt Service	31	24	(7)
Contingency Reserve	153	98	(55)
Power Supply Stabilization Reserve	0	89	89
Capital Reserve	0	12	12
Nuclear Decommissioning Reserve	210	216	6
Other Restricted Assets	77	107	30
Other Assets	681	744	63
Capital Assets	2,588	2,599	11
<b>TOTAL ASSETS</b>	<b>\$4,199</b>	<b>\$4,374</b>	<b>\$175</b>
Current Liabilities	115	121	6
Power Supply Over-Recovery	81	51	(30)
Other Over-Recoveries	15	14	(1)
Revenue Bonds	1,383	1,327	(56)
Commercial Paper	50	115	65
Other Long-Term Liabilities	813	920	107
Retained Earnings	1,742	1,826	84
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$4,199</b>	<b>\$4,374</b>	<b>\$175</b>

\* This information is preliminary and unaudited.