FY 2019 MONTHLY FINANCIAL UPDATE AS OF JUNE 30, 2018

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July 30, 2018

Informational Update

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FINANCIAL HIGHLIGHTS

FIVE MONTHS YTD AS OF JUNE 30, 2018

Year-to-Date (Compared to Budget)		
🟢	Revenues net Fuel & Reg. Exp.	Higher revenues due to hotter temperatures and improved wholesale market sales
🟢	O&M	Lower pension and OPEB costs, lower outside service cost and lower STP outage costs, partially offset by higher labor costs
🟢	R&R Adds	Higher revenues net fuel & regulatory expense, and lower O&M and lower debt service
🟢	Capital	Primarily due to timing of projects related to Power Generation, EIT, Business & Economic Development and STP, partially offset by higher Electric Distribution and real estate activities
Latest Forecast (Total Fiscal Year)		
🟢	R&R Adds	Higher wholesale revenues, partially offset by higher O&M expenses
🟢	Key Metric	ADSC remains above business plan threshold
🟡	Capital	Capital is projected to be slightly unfavorable due to customer growth projects

ACTUAL HIGHLIGHTS – R&R ADDITIONS AND CAPITAL EXPENDITURES

FIVE MONTHS YTD AS OF JUNE 30, 2018

(in millions) Description	FY 2019 Budget	FY 2019 Actual	FY 2018 Actual	Variance Favorable (Unfavorable) Budget	Variance Favorable (Unfavorable) Prior Year
Revenues, net of unbilled	$ 1,057.1	$ 1,104.5	$ 983.3	$ 47.4	$ 121.2
Less: City Pymt (CP) per Flow of Funds	123.6	141.9	99.6	(18.3)	(42.3)
Revenues, net	933.5	962.6	883.7	29.1	78.9
Less: Fuel & Regulatory Expense	433.2	428.0	385.5	5.2	(42.5)
Revenues net Fuel & Regulatory	500.3	534.6	498.2	34.3	36.4
Operating & Maintenance	262.3	250.3	273.3	12.0	23.0
Debt Service	174.6	172.2	165.9	2.4	(6.3)
Total Expenses	436.9	422.5	439.2	14.4	16.7
Total R&R Fund Additions	$ 63.4	$ 112.1	$ 59.0	$ 48.7	$ 53.1
Total Capital Expenditures[1]	$ 213.5	$ 204.5	$ 200.8	$ 9.0	$ (3.7)

Higher revenues net fuel & regulatory expense compared to budget and lower O&M and debt service, resulted in higher R&R additions. Capital expenditures are favorable to budget.

[1] Net of contributed capital

FORECAST HIGHLIGHTS – R&R ADDITIONS AND CAPITAL EXPENDITURES

YEAR-END FORECAST AS OF JUNE 30, 2018

(in millions)	FY 2019		FY 2018	Variance Favorable (Unfavorable)	
Description	Budget	Forecast[1]	Actual	Budget	Prior Year
Revenues, net of unbilled	$ 2,661.5	$ 2,702.1	$ 2,624.4	$ 40.6	$ 77.7
Less: City Pymt (CP) per Flow of Funds	345.9	352.5	338.5	(6.6)	(14.0)
Revenues, net	2,315.6	2,349.6	2,285.9	34.0	63.7
Less: Fuel & Regulatory Expense	1,007.8	990.5	1,004.8	17.3	14.3
Revenues net Fuel & Regulatory	1,307.8	1,359.1	1,281.1	51.3	78.0
Operating & Maintenance	618.3	627.4	583.0	(9.1)	(44.4)
Debt Service	421.5	420.6	397.7	0.9	(22.9)
Total Expenses	1,039.8	1,048.0	980.7	(8.2)	(67.3)
Total R&R Fund Additions	$ 268.0	$ 311.1	$ 300.4	$ 43.1	$ 10.7
Total Capital Expenditures	$ 666.0	$ 671.0	$ 529.3	$ (5.0)	$ (141.7)

Higher revenues net fuel & regulatory expense, partially offset by higher O&M, resulted in higher R&R additions compared to budget. Capital is projected to be slightly unfavorable to budget.

[1] Five months actual, 7 months forecast as of June 30, 2018

FORECAST HIGHLIGHTS
KEY FINANCIAL METRICS
YEAR-END FORECAST AS OF JUNE 30, 2018

	Desired Direction	Prior Year	Forecast	Business Plan Threshold	Variance	Status
Adjusted Debt Service Coverage (ADSC)		1.76	1.74	1.50	0.24	
Days Cash on Hand		211	207	150	57	
Debt Capitalization		61.8%	61.6%	60.0%	1.6%	

<u>ADSC:</u>

Forecast remains above business plan threshold

<u>Days Cash on Hand:</u>

Performance remains favorable to the business plan threshold

<u>Debt Capitalization:</u>

Debt percentage slightly higher than business plan threshold

SUMMARY

- Higher revenues due to hotter temperatures and improved wholesale market sales resulted in higher YTD revenues, net fuel
  - ➢ Forecast for the year is favorable to budget primarily due to projected higher wholesale revenues
- YTD O&M compared to budget is favorable due to lower pension and OPEB costs, lower outside service cost and lower STP outage costs, partially offset by higher labor costs
  - ➢ Forecast for the year is unfavorable to budget primarily due to lower capitalized overhead costs, additional locate services, higher labor cost related to EIT and timing of outside service contracts
- YTD Capital expenditures were favorable to budget primarily due to timing of projects related to Power Generation, EIT, Business & Economic Development and STP, partially offset by higher Electric Distribution and real estate activities
  - ➢ Forecast for the year reflects capital spend unfavorable to budget due to higher-than-planned customer growth projects for EDS and Gas

Thank You