# FY 2019 MONTHLY FINANCIAL UPDATE
# AS OF JULY 31, 2018

*PRESENTED BY:*


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August 27, 2018

*Informational Update*

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# FINANCIAL HIGHLIGHTS

## SIX MONTHS YTD AS OF JULY 31, 2018

| | | |
|---|---|---|
| **Year-to-Date (Compared to Budget)** | | |
| ● | Revenues net Fuel & Reg. Exp. | Higher revenues due to improved wholesale market sales and hotter temperatures |
| ● | O&M | Lower pension and OPEB costs, outside service costs and 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 | Favorable primarily due to timing of projects in Power Generation and EIT and lower AMI expenditures, partially offset by higher Electric Distribution customer growth |
| **Latest Forecast (Total Fiscal Year)** | | |
| ● | R&R Adds | Higher wholesale revenues as well as higher than planned retail sales |
| ● | Key Metric | ADSC remains above business plan threshold |
| ● | Capital | Capital is projected to be slightly unfavorable due to higher Electric Distribution customer growth expenditures offset by lower AMI expenditures |

# ACTUAL HIGHLIGHTS – R&R ADDITIONS AND CAPITAL EXPENDITURES

## SIX MONTHS YTD AS OF JULY 31, 2018

| (in millions) | FY 2019 | | FY 2018 | Variance Favorable (Unfavorable) | |
|---|---|---|---|---|---|
| Description | Budget | Actual | Actual | Budget | Prior Year |
| Revenues, net of unbilled | $ 1,329.9 | $ 1,426.0 | $ 1,274.6 | $ 96.1 | $ 151.4 |
| Less: City Pymt (CP) per Flow of Funds | 170.6 | 183.6 | 165.1 | (13.0) | (18.5) |
| Revenues, net | 1,159.3 | 1,242.4 | 1,109.5 | 83.1 | 132.9 |
| Less: Fuel & Regulatory Expense | 530.0 | 528.6 | 493.5 | 1.4 | (35.1) |
| Revenues net Fuel & Regulatory | 629.3 | 713.8 | 616.0 | 84.5 | 97.8 |
| Operating & Maintenance | 308.8 | 297.3 | 310.6 | 11.5 | 13.3 |
| Debt Service | 209.8 | 206.7 | 199.1 | 3.1 | (7.6) |
| Total Expenses | 518.6 | 504.0 | 509.7 | 14.6 | 5.7 |
| Total R&R Fund Additions | $ 110.7 | $ 209.8 | $ 106.3 | $ 99.1 | $ 103.5 |
| Total Capital Expenditures[1] | $ 271.9 | $ 244.0 | $ 231.9 | $ 27.9 | $ (12.1) |

**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 JULY 31, 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 | $ 2,760.3 | $ 2,624.4 | $ 98.8 | $ 135.9 |
| Less: City Pymt (CP) per Flow of Funds | 345.9 | 358.9 | 338.5 | (13.0) | (20.4) |
| Revenues, net | 2,315.6 | 2,401.4 | 2,285.9 | 85.8 | 115.5 |
| Less: Fuel & Regulatory Expense | 1,007.8 | 1,004.4 | 1,004.8 | 3.4 | 0.4 |
| Revenues net Fuel & Regulatory | 1,307.8 | 1,397.0 | 1,281.1 | 89.2 | 115.9 |
| Operating & Maintenance | 618.3 | 615.9 | 583.0 | 2.4 | (32.9) |
| Debt Service | 421.5 | 419.1 | 397.7 | 2.4 | (21.4) |
| Total Expenses | 1,039.8 | 1,035.0 | 980.7 | 4.8 | (54.3) |
| Total R&R Fund Additions | $ 268.0 | $ 362.0 | $ 300.4 | $ 94.0 | $ 61.6 |
| Total Capital Expenditures | $ 666.0 | $ 667.9 | $ 529.3 | $ (1.9) | $ (138.6) |

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

[1] Six months actual, 6 months forecast as of July 31, 2018

# FORECAST HIGHLIGHTS
# KEY FINANCIAL METRICS
## YEAR-END FORECAST AS OF JULY 31, 2018

| | Desired Direction | Prior Year | Forecast | Business Plan Threshold | Variance | Status |
|---|---|---|---|---|---|---|
| Adjusted Debt Service Coverage (ADSC) | ↑ | 1.76 | 1.86 | 1.50 | 0.36 | ● (green) |
| Days Cash on Hand | ↑ | 211 | 224 | 150 | 74 | ● (green) |
| Debt Capitalization | ↓ | 61.8% | 61.3% | 60.0% | 1.3% | ● (yellow) |

<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 YTD revenues net fuel due to improved wholesale market sales and hotter temperatures
  - ➢ Forecast for the year is favorable to budget primarily due to projected higher wholesale and retail revenues net fuel
- YTD O&M compared to budget is favorable due to lower pension and OPEB costs, lower outside service costs and lower STP outage costs, partially offset by higher labor costs
  - ➢ Forecast for the year is favorable to budget primarily due to favorable pension and OPEB trusts' investment performance partially offset by higher labor costs, overhead costs and outside service contracts
- YTD Capital expenditures were favorable to budget primarily due to timing of projects in Power Generation and EIT and lower AMI expenditures, partially offset by higher Electric Distribution customer growth
  - ➢ Forecast for the year reflects capital spend slightly unfavorable to budget due to higher Electric Distribution customer growth expenditures offset by lower AMI expenditures

**_Thank You_**