



# ***FY 2020 FINANCIAL UPDATE AS OF APRIL 30, 2019***

*INTRODUCTION BY:*

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Chief Financial Officer & Treasurer

*PRESENTED BY:*

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May 20, 2019

*Informational Update*



# OBJECTIVES



- REVIEW FINANCIAL RESULTS YTD AND FORECAST
- REVIEW KEY DRIVERS IMPACTING FINANCIAL PERFORMANCE & METRICS

# AGENDA



- **FINANCIAL HIGHLIGHTS**
  - ACTUAL YTD RESULTS
  - LATEST FULL YEAR FORECAST
- **KEY FINANCIAL METRICS**
- **NET INCOME KEY DRIVERS**
- **SUMMARY**

# FINANCIAL HIGHLIGHTS

APRIL FY20 YTD ACTUALS



## YTD Actuals Compared to Budget

●	Revenues net Fuel & Reg. Exp.	Net revenues lower than budget primarily due to lower fuel recoveries from lower fuel costs
●	O&M	Favorable due to timing of outside services for EIT and Administrative & Business activities
●	R&R Adds	Slightly unfavorable due to lower revenues net fuel
●	Capital	Favorable due to scheduling changes in Power Generation, EIT, and Gas Delivery as well as timing of headquarters spend

## FY20 Forecast Compared to Actuals

●	R&R Adds	Higher wholesale revenues, higher than planned retail sales YTD as well as interest cost savings
●	Key Metric	Adjusted Debt Service Coverage and Days Cash on Hand remain above business plan threshold
●	Capital	Capital projected to be comparable to budget
●	Net Income	Forecasted to be favorable due to financing plan savings and higher wholesale margin

# ACTUAL HIGHLIGHTS – R&R ADDITIONS AND CAPITAL EXPENDITURES

## APRIL FY20 YTD ACTUALS



(in millions)	FY 2020		FY 2019	Variance	
	Budget	Actual	Actual	Favorable (Unfavorable)	
Description	Budget	Actual	Actual	Budget	Prior Year
Revenues, net of unbilled	\$ 548.2	\$ 536.7	\$ 582.2	\$ (11.5)	\$ (45.5)
Less: City Pymt (CP) per Flow of Funds	43.4	56.2	55.3	(12.8)	(0.9)
Revenues, net	504.8	480.5	526.9	(24.3)	(46.4)
Less: Fuel & Regulatory Expense	209.4	192.6	225.8	16.8	33.2
Revenues net Fuel & Regulatory	295.4	287.9	301.1	(7.5)	(13.2)
Operating & Maintenance	164.7	160.2	163.0	4.5	2.8
Debt Service	97.8	95.5	103.2	2.3	7.7
Total Expenses	262.5	255.7	266.2	6.8	10.5
Total R&R Fund Additions	\$ 32.9	\$ 32.2	\$ 34.9	\$ (0.7)	\$ (2.7)
Total Capital Expenditures <sup>1</sup>	\$ 183.7	\$ 137.0	\$ 110.6	\$ 46.7	\$ (26.4)

Lower net revenues compared to budget due to timing of fuel recoveries from lower fuel costs, partially offset by decreased O&M outside services and debt interest rates. Capital expenditures are favorable to budget due to scheduling changes.

<sup>1</sup> Net of contributed capital

# FORECAST HIGHLIGHTS – R&R ADDITIONS AND CAPITAL EXPENDITURES APRIL FY20 FORECAST



(in millions)	FY 2020		FY 2019	Variance	
	Budget	Forecast <sup>1</sup>	Actual	Favorable (Unfavorable)	
Description	Budget	Forecast <sup>1</sup>	Actual	Budget	Prior Year
Revenues, net of unbilled	\$ 2,599.0	\$ 2,583.6	\$ 2,808.3	\$ (15.4)	\$ (224.7)
Less: City Pymt (CP) per Flow of Funds	343.9	341.6	361.4	2.3	19.8
Revenues, net	2,255.1	2,242.0	2,446.9	(13.1)	(204.9)
Less: Fuel & Regulatory Expense	925.9	919.2	1,000.0	6.7	80.8
Revenues net Fuel & Regulatory	1,329.2	1,322.8	1,446.9	(6.4)	(124.1)
Operating & Maintenance	674.8	675.2	608.4	(0.4)	(66.8)
Debt Service	399.1	391.2	419.7	7.9	28.5
Total Expenses	1,073.9	1,066.4	1,028.1	7.5	(38.3)
Total R&R Fund Additions	\$ 255.3	\$ 256.4	\$ 418.8	\$ 1.1	\$ (162.4)
Total Capital Expenditures	\$ 738.9	\$ 738.9	\$ 555.8	\$ -	\$ (183.1)

Lower net revenues from lower fuel recoveries offset by lower debt service from financing plan savings resulted in slightly higher R&R additions compared to budget. Capital is projected to be comparable to budget.

<sup>1</sup> Three months actual, 9 month forecast as of April 30, 2019.

# FORECAST HIGHLIGHTS

## KEY FINANCIAL METRICS

### APRIL FY20 FORECAST



	Desired Direction	Prior Year	Forecast	Business Plan Threshold	Variance	Status
Adjusted Debt Service Coverage (ADSC)	↑	2.00	1.66	1.50	0.16	●
Days Cash on Hand	↑	246	245	150	95	●
Debt Capitalization	↓	61.8%	62.4%	60.0%	2.4%	●

**ADSC:**

Forecast remains above business plan threshold

**Days Cash on Hand:**

Performance remains favorable to the business plan threshold

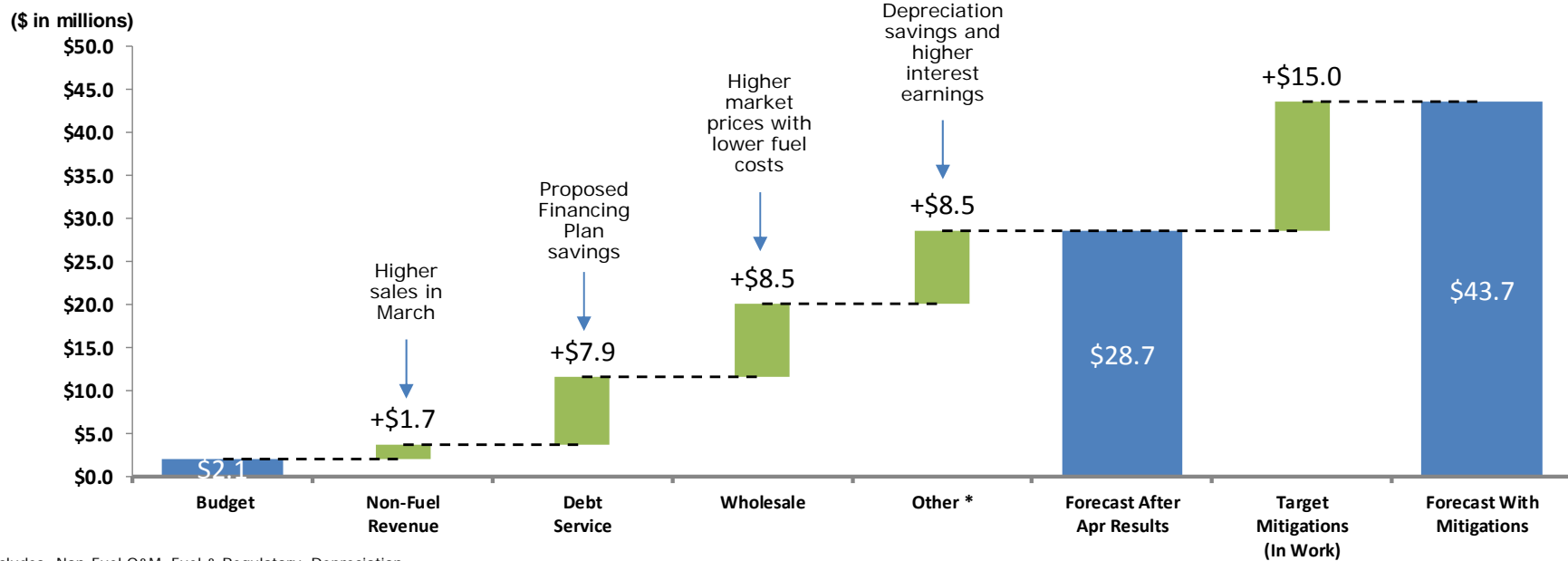
**Debt Capitalization:**

Debt percentage slightly higher than business plan threshold



# NET INCOME KEY DRIVERS

## THREE MONTHS ACTUALS, 9 MONTHS FORECAST AS OF APRIL 30, 2019



\* Includes: Non-Fuel O&M, Fuel & Regulatory, Depreciation

FY 2020 Net income is forecasted to be favorable to budget due to lower interest costs and higher wholesale margin. Management continues to monitor the operational & financial environment for opportunities to further improve net income.



# SUMMARY



- YTD net revenues lower compared to budget due to lower fuel recoveries from lower fuel costs
  - Forecast for the year is unfavorable to budget due to the timing of fuel and regulatory recoveries
- YTD O&M compared to budget is favorable due to timing of EIT and Administrative & Business activities
  - Forecast for the year is unfavorable to budget due to adjustments to labor benefit costs
- YTD Capital expenditures are favorable to budget due to scheduling changes in Power Generation, EIT, and Gas Delivery as well as timing of headquarters construction
  - Capital is projected to be comparable to budget
- Net income projected to be favorable to budget due to higher wholesale margin and financing plan savings; management will monitor to ensure year-end target is met



*Thank You*

