



SUPPLEMENTAL FINANCIAL DETAIL FOR RATE REQUEST DISCUSSION

December 1, 2021

TOTAL AVERAGE RESIDENTIAL BILL IMPACT



	<u>Bill Impact</u> \$	<u>Bill Impact</u> % ⁽¹⁾
Base Rate Increase:	~\$3.84/mo.	2.5%
Uri Fuel Costs:	~\$1.26/mo.	0.8%
<hr/>		
Total Bill Impact⁽²⁾:	~\$5.10/mo.	3.3%

(1) Includes base revenue + fuel & regulatory revenue

(2) Represents average bill impact to residential electric & gas customer

LOOKING FORWARD



- Our proposed financial plan includes a rate evaluation approximately every two years:

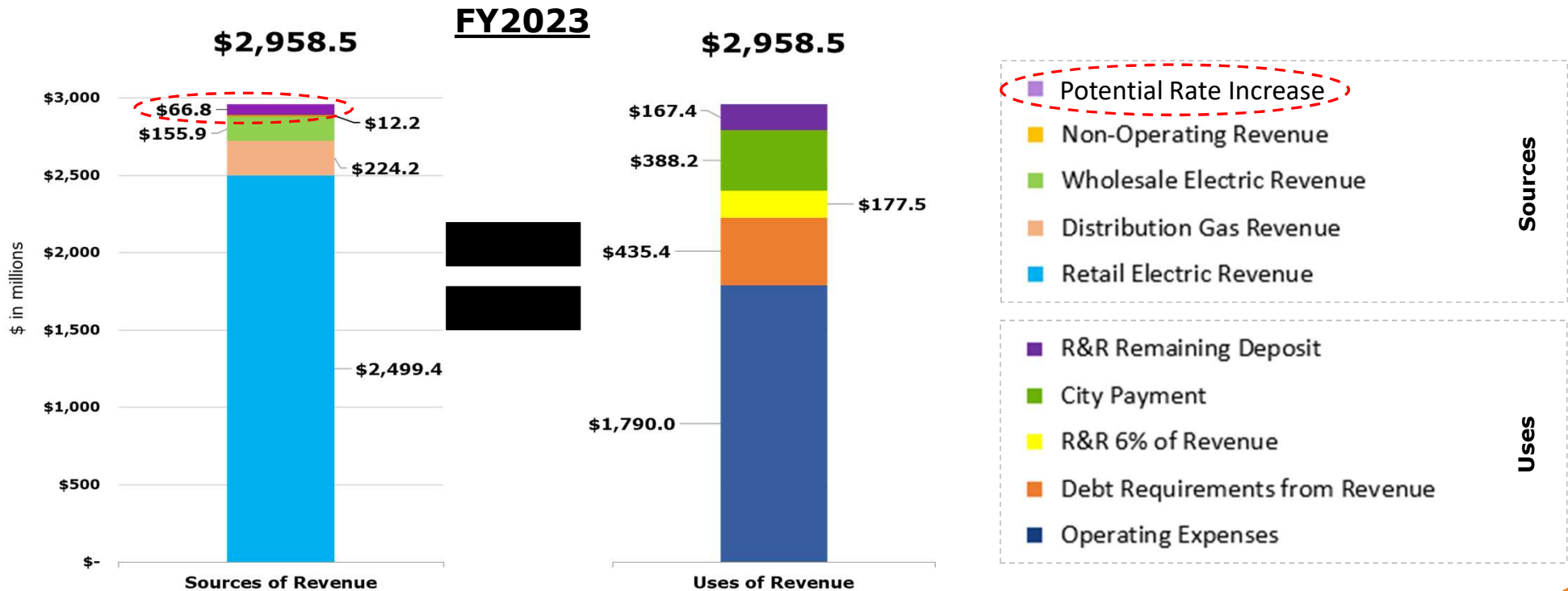
FY2023	FY2024⁽¹⁾	FY2025⁽¹⁾	FY2026⁽¹⁾	FY2027⁽¹⁾
3.85%	-	5.5%	-	5.5%

- In partnership with CoSA, we will continually monitor other issues that may impact future rate requests such as:
 - Disputed fuel costs from winter storm Uri
 - Past due balances resulting from pandemic
 - Decisions about our future generation sources
 - Our long term technology needs
 - Rate designs

(1) Estimates only; subject to change

THE BUDGETING PROCESS

BALANCING USES & SOURCES OF REVENUE

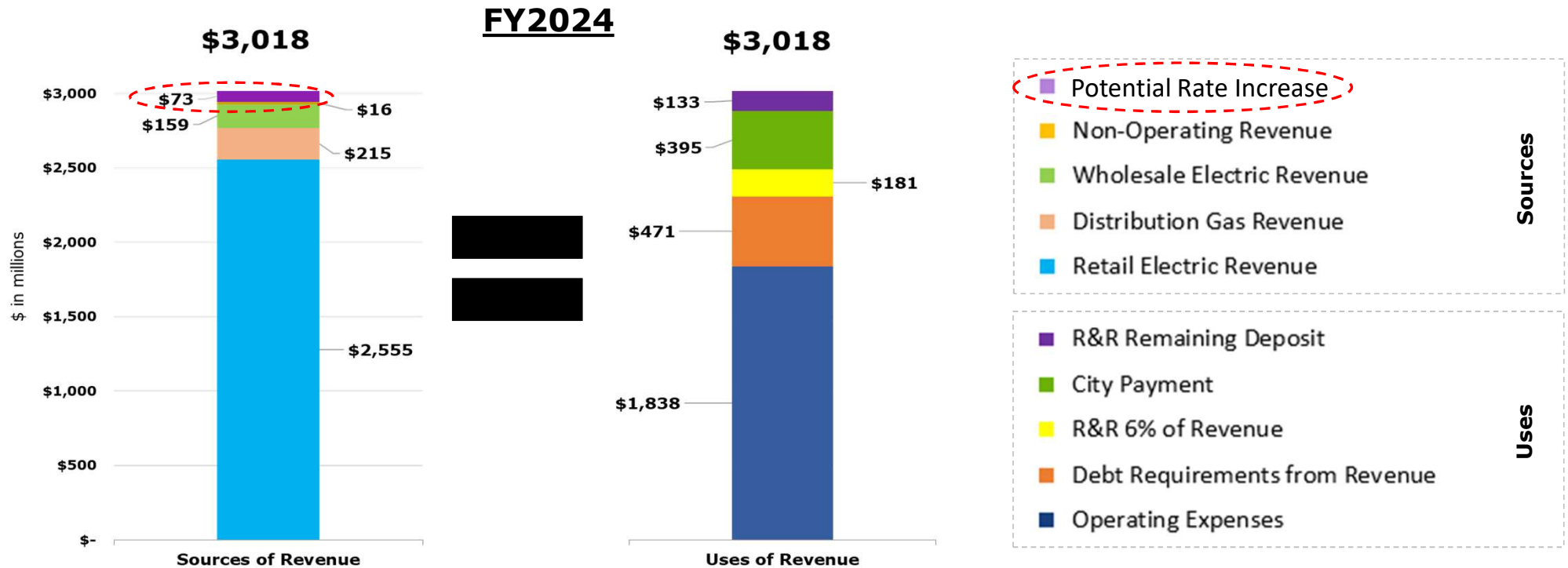


With the proposed rate request, our revenue (i.e., sources of revenue) will equal our costs (i.e., uses of revenue).

Note: FY2023 includes 11 months of post-rate increase revenue (~\$67M). This is ~\$73M annualized.

THE BUDGETING PROCESS

BALANCING USES & SOURCES OF REVENUE





With the proposed rate request, our revenue (i.e., sources of revenue) will equal our costs (i.e., uses of revenue).

Note: Chart depicts projected FY2024 sources & uses of revenue.

FINANCIAL HEALTH



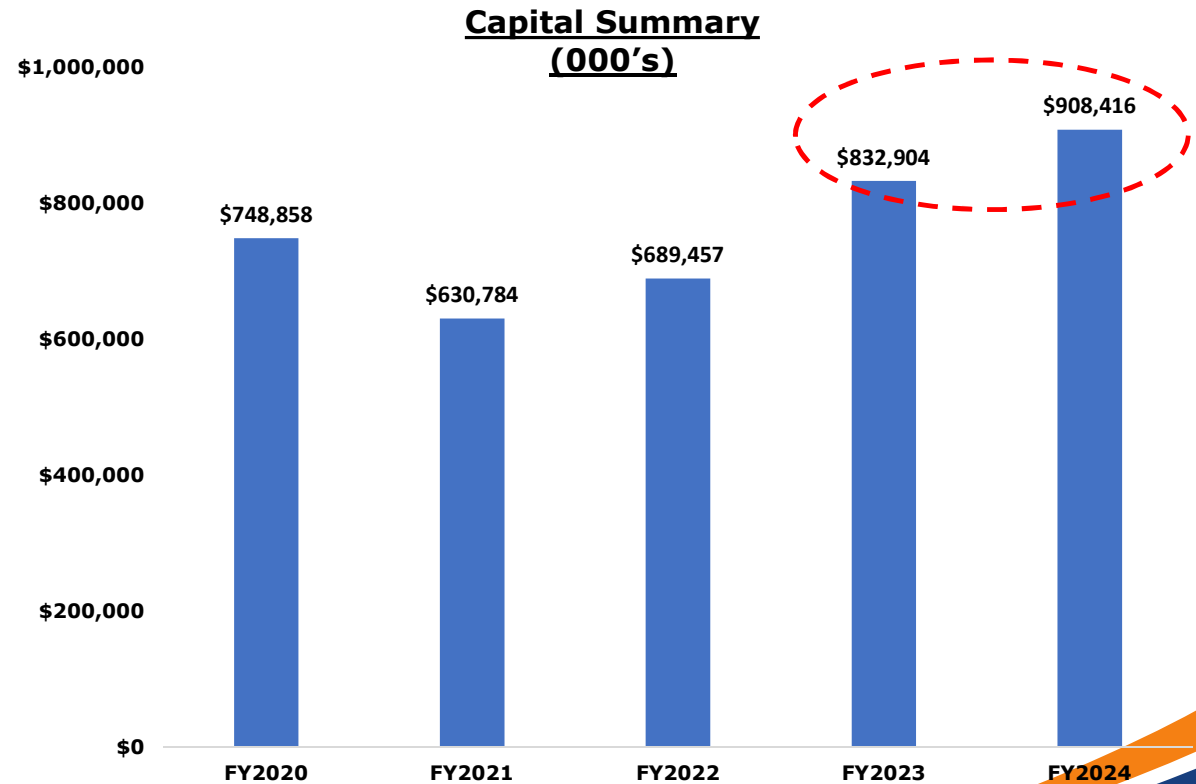
	<u>FY2023</u>	<u>FY2024</u>	<u>Subsequent Trend</u>
Debt Service Coverage Ratio	1.79	1.67	
Debt Capitalization Ratio	61.66%	62.28%	
Days Cash On Hand	170	170	<i>Flat</i>

The additional revenue generated from this level of rate increase ensures our financial health continues.

CAPITAL PLAN



- We evaluated our capital plan with a focus on near-term investments
- We are not including dollars for estimates on future generation projects at this time. We are allowing time for the Board, RAC, Council & broader community to have those discussions.



CAPITAL PLAN



Capital Summary by Strategic Category (Gross of CIAC) FY 2016 - 2024

Strategic Category	Actual FY 2016	Actual FY 2017	Actual FY 2018	Actual FY 2019	Actual FY 2020	Actual FY 2021	LE8 FY 2022	Budget FY 2023	Budget FY 2024
Civic Improvements	27,470,199	28,137,420	26,130,711	22,768,398	21,703,842	29,560,036	42,426,730	37,887,636	32,770,310
Customer Growth	113,060,791	143,988,424	135,563,323	158,470,247	174,438,862	191,129,958	223,875,173	242,898,667	240,771,259
Environmental/Legislative/Regulatory	13,135,981	14,586,294	12,413,478	9,734,826	17,633,398	18,281,410	18,512,731	49,778,891	40,613,498
Infrastructure Modernization	385,884,743	334,083,548	291,867,669	249,332,543	246,844,593	270,073,128	317,363,489	302,687,756	370,667,310
Special Projects	18,267,072	48,392,508	25,725,664	82,689,485	195,808,064	49,678,417	41,417,190	36,552,822	44,554,130
System Growth	56,484,739	89,251,936	68,450,073	67,822,601	80,352,831	61,362,216	45,861,997	163,098,305	179,039,428
Subtotal	614,303,524	658,440,131	560,150,919	590,818,100	736,781,589	620,085,164	689,457,310	832,904,076	908,415,935
AFUDC*	9,928,038	11,677,737	12,616,060	12,771,860	14,873,392	9,076,102	-	-	-
FY Non-GAAP Accrual/Other	1,572,118	3,185,380	(1,747,159)	2,000,130	(2,796,701)	1,622,863	-	-	-
Grand Total	625,803,680	673,303,248	571,019,820	605,590,090	748,858,280	630,784,129	689,457,310	832,904,076	908,415,935

* AFUDC - Allowance for Funds Used During Construction - Due to a change in Accounting Policies this is no longer capitalized starting in FY22.

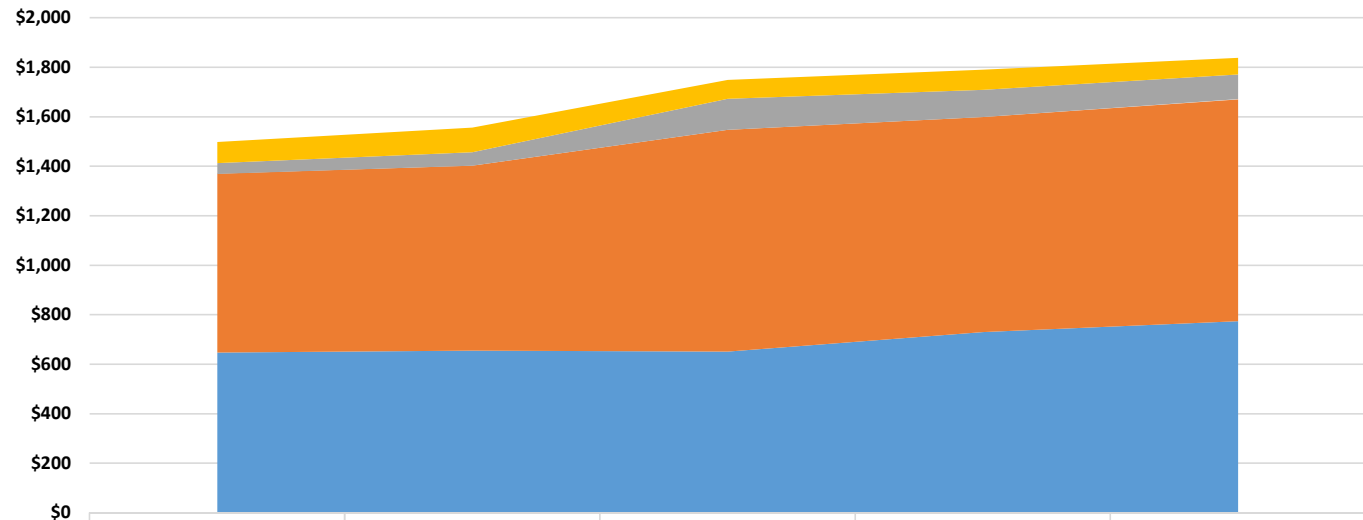
A recap of our capital plan by strategic category, by business unit and the project justification recap for each project was sent separately.

OPERATING EXPENSES (O&M)



Increasing O&M is driven by investments to make infrastructure more resilient (i.e., prepare for extreme weather), technology assessments & stabilizing staffing levels.

\$ in millions



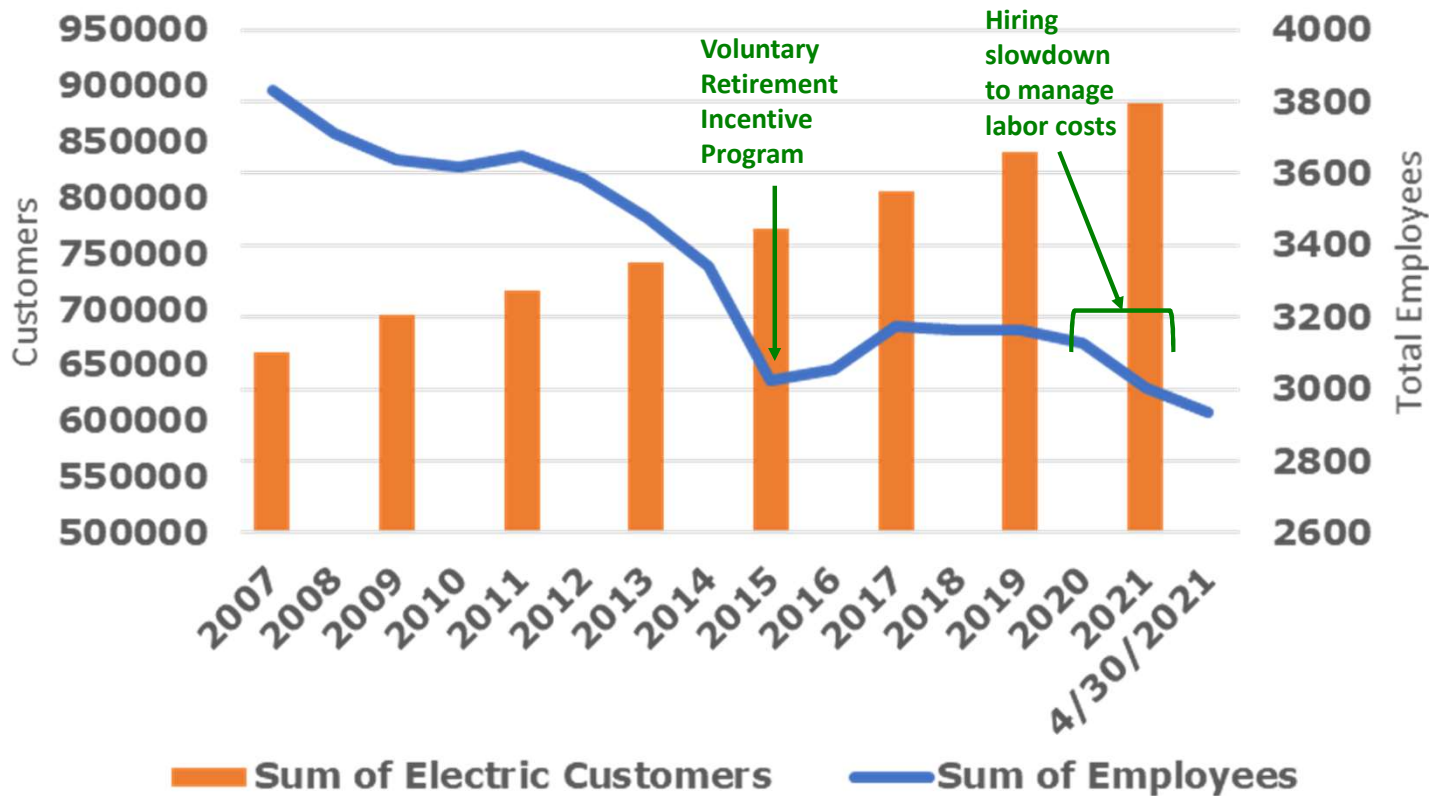
	FY2020	FY2021	FY2022	FY2023	FY2024
Regulatory / Other	84.4	99.0	76.2	81.4	67.6
Distribution Gas	43.7	54.1	125.1	109.8	100.6
Electric Fuel Expense	722.0	747.5	896.3	869.1	897.5
Non-Fuel O&M	\$647.1	\$654.9	\$650.7	\$729.7	\$773.0

■ Non-Fuel O&M ■ Electric Fuel Expense ■ Distribution Gas ■ Regulatory / Other

STAFFING LEVELS



TOTAL EMPLOYEES COMPARED TO CUSTOMERS

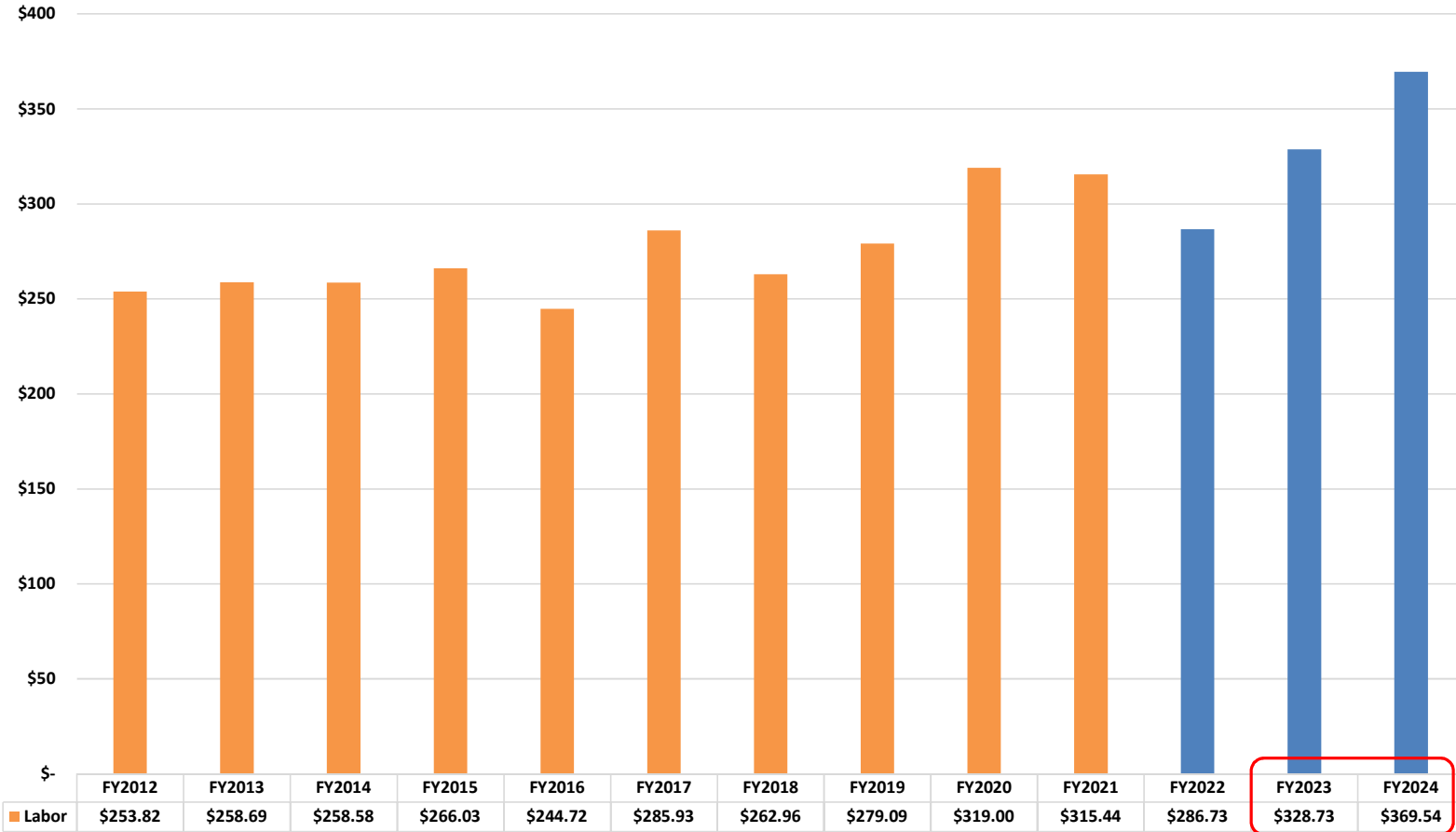


Serving **33% more customers** since 2007, while **employee headcount has decreased almost 25%** in the same time period.

NON-FUEL O&M

LABOR

(\$ in millions)



Headcount target of ~3200.

Over last 5 years we have saved \$100M in benefit costs.

Restored Merit in FY23 & FY24.

RESIDENTIAL BILL IMPACTS

INCLUDING WINTER STORM RECOVERY



BILL IMPACTS

ADP BILL IMPACTS

kWh	CCF	\$IMPACT	%IMPACT	\$IMPACT	%IMPACT
500	10	\$2.32	~3.0%	-\$0.90	~-1.4%
1,000	20	\$4.57	~3.3%	\$1.47	~1.1%
1,500	35	\$6.97	~3.4%	\$3.97	~2.0%
2,000	50	\$9.35	~3.5%	\$6.47	~2.5%

ADP discount mitigates impact to our most vulnerable customers.

RESIDENTIAL BILL IMPACTS

WITHOUT WINTER STORM RECOVERY



BILL IMPACTS

ADP BILL IMPACTS

kWh	CCF	\$IMPACT	%IMPACT	\$IMPACT	%IMPACT
500	10	\$1.81	~2.4%	-\$1.46	~-2.2%
1,000	20	\$3.53	~2.5%	\$0.33	~0.3%
1,500	35	\$5.33	~2.6%	\$2.20	~1.1%
2,000	50	\$7.12	~2.6%	\$4.06	~1.6%

ADP discount offsets potential rate increase on combined electric and gas ADP customers at average usage.

Note: New bills assume a 3.85% base rate increase

COMMERCIAL TOTAL BILL IMPACTS

INCLUDING WINTER STORM RECOVERY



Customer Group	Average Change/Month	
Electric	%	\$
Small Commercial	~3.6%	\$20
Large Commercial	~3.7%	\$412
Extra Large Commercial	~3.7%	\$2,730
Super Large Commercial	~3.8%	\$16,581
Gas	%	\$
Base Commercial	~5.4%	\$9
Class B	~5.7%	\$60
Large Volume	~4.8%	\$801

Note: New bills assume a 3.85% base rate increase; bill impacts include Winter Storm Uri regulatory asset recovery which is still pending approval.

COMMERCIAL TOTAL BILL IMPACTS WITHOUT WINTER STORM RECOVERY



Customer Group	Average Change/Month	
Electric	%	\$
Small Commercial	~2.8%	\$15
Large Commercial	~2.8%	\$309
Extra Large Commercial	~2.7%	\$1,999
Super Large Commercial	~2.7%	\$11,572
Gas	%	\$
Base Commercial	~3.3%	\$6
Class B	~3.5%	\$37
Large Volume	~3.3%	\$563

Note: New bills assume a 3.85% base rate increase; bill impacts do not include recovery for Winter Storm Uri, approval for regulatory asset is still pending.

RATE INCREASE & TOTAL BILL IMPACTS

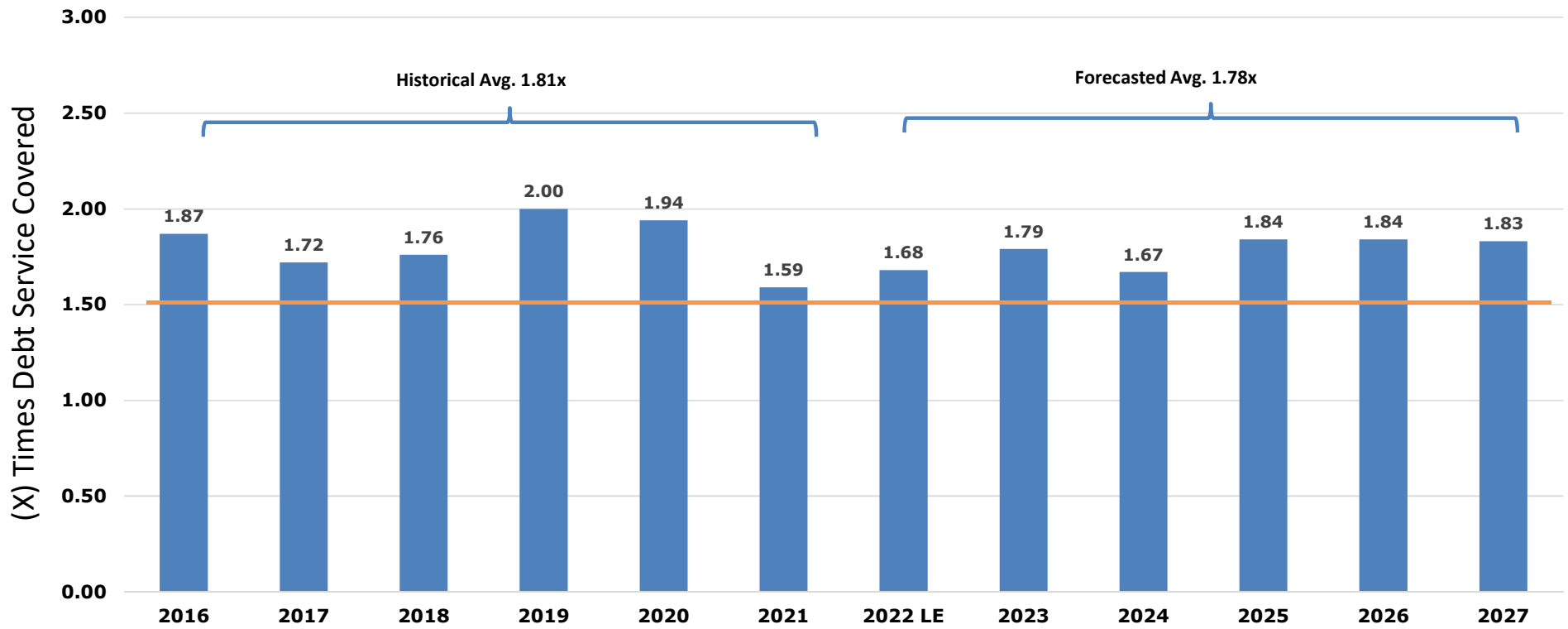
INCLUDING WINTER STORM RECOVERY



Customer Group	Base Rate Increase	Total Bill Impact
Electric	%	%
Residential	~3.6%	~3.2%
Small Commercial	~4.1%	~3.6%
Large Commercial	~4.1%	~3.7%
Extra Large Commercial	~4.1%	~3.7%
Super Large Commercial	~4.2%	~3.8%
Gas	%	%
Residential	~3.4%	~4.0%
Base Commercial	~4.2%	~5.4%
Class B	~4.5%	~5.7%
Large Volume	~4.7%	~4.8%

Note: New bills assume a 3.85% total system base rate increase; total bill impacts include recovery for Winter Storm Uri regulatory asset which is still pending approval.

ADJUSTED DEBT SERVICE COVERAGE



DEBT / EQUITY PAYDOWN

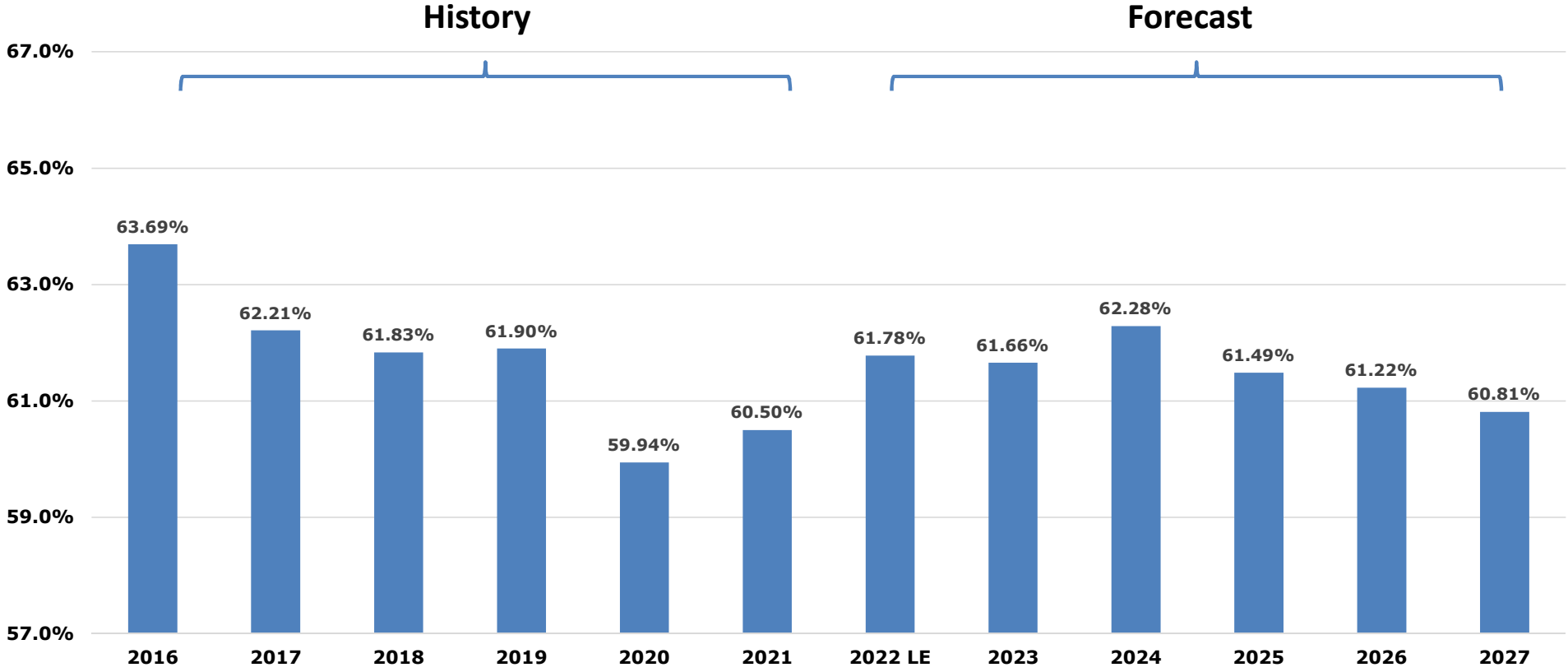


	FY 22 LE	FY 23	FY 24	FY 25	FY 26	FY 27
Debt Funding	61.69%	36.57%	54.80%	39.82%	45.24%	50.81%
Equity Funding	38.31%	63.43%	45.20%	60.18%	54.76%	49.19%

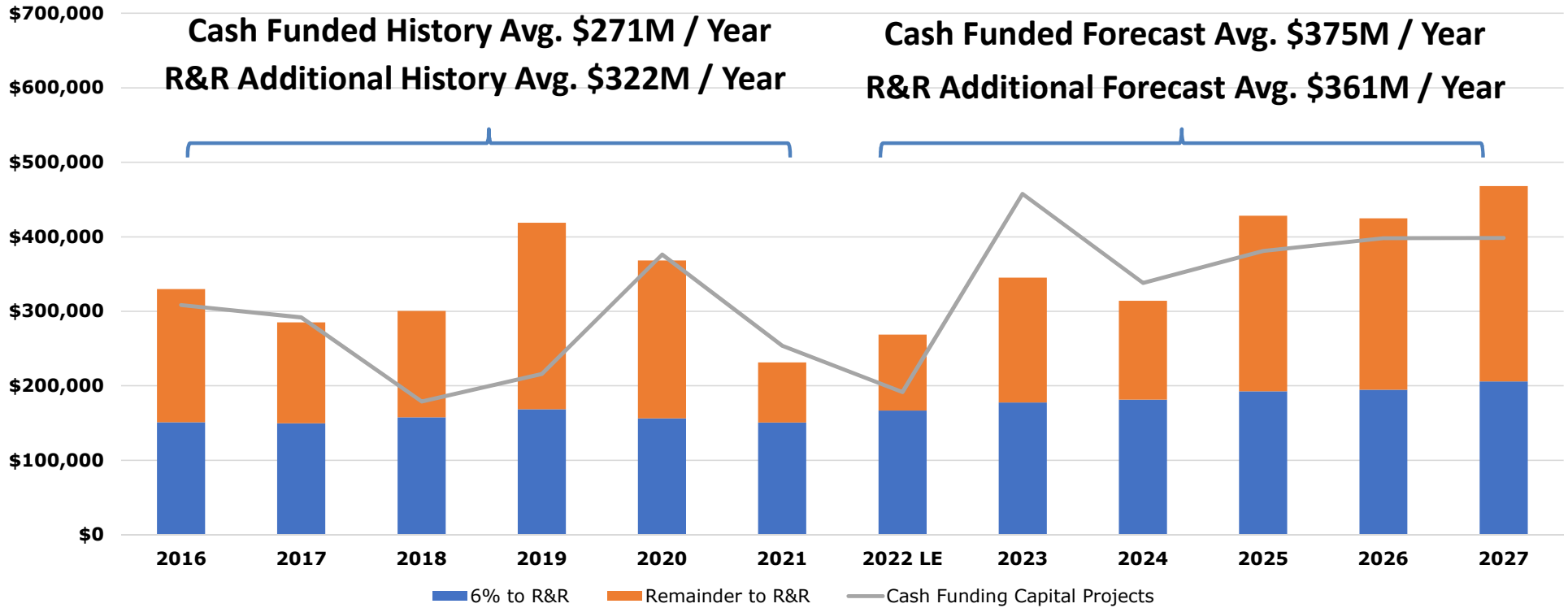
	FY 22 LE	FY 23	FY 24	FY 25	FY 26	FY 27
Debt Capitalization	61.78%	61.66%	62.28%	61.49%	61.22%	60.81%

On average we are able to maintain an even 50/50 funding mix for our capital program while bringing our debt capitalization ratio to ~60% by year 5.

DEBT CAPITALIZATION RATIO

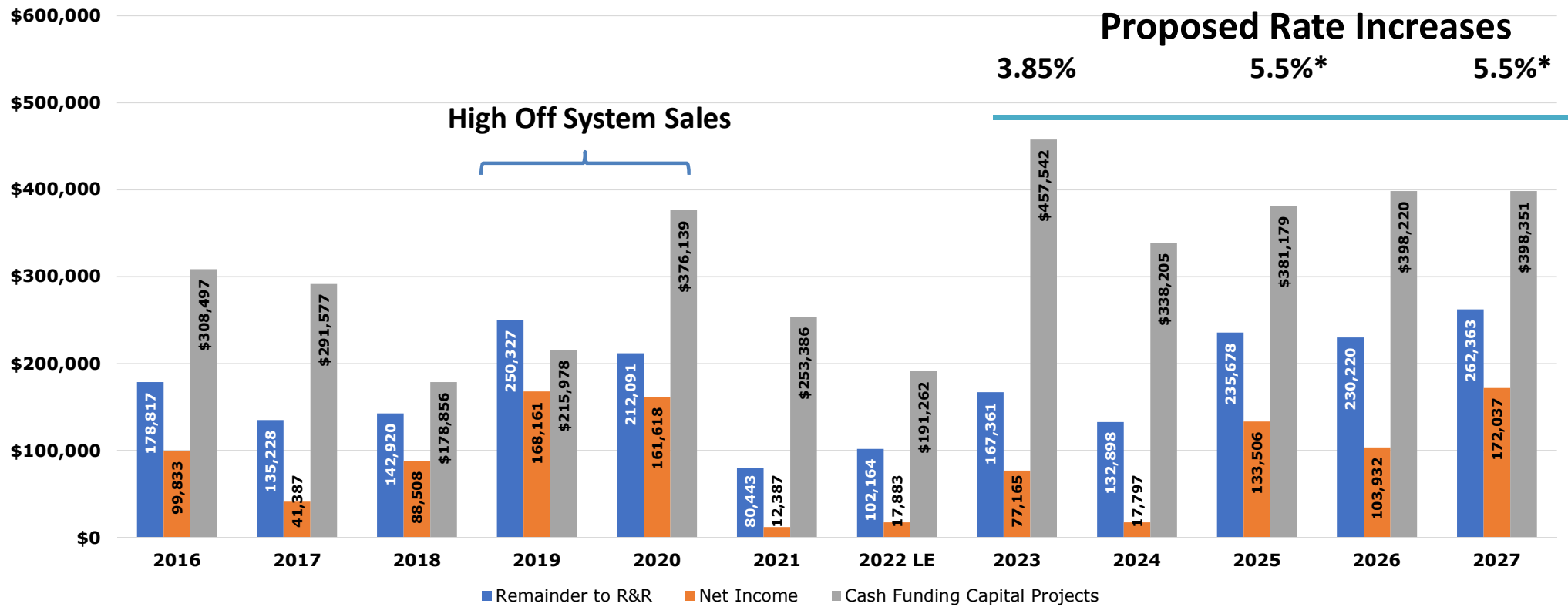


R&R DEPOSITS



Cash coming in from R&R Additions going right back out for funding our capital projects.

Net Income & Remainder R&R & Cash Funded Projects



*Estimates only; subject to change