



# ***FY 2020 FINANCIAL UPDATE AS OF MARCH 31, 2019***

*INTRODUCTION BY:*

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*PRESENTED BY:*

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*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

MARCH FY20 YTD ACTUALS



## YTD Actuals Compared to Budget

●	Revenues net Fuel & Reg. Exp.	Net revenues lower than budget due to timing of fuel recoveries
●	O&M	Favorable due to timing of EIT and STP maintenance activities
●	R&R Adds	Slightly unfavorable due to lower revenues net fuel
●	Capital	Favorable due to scheduling changes in Power Generation equipment replacements and timing of headquarters construction

## FY20 Forecast Compared to Actuals

●	R&R Adds	Higher wholesale revenues as well as higher than planned retail sales in March
●	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

## MARCH 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	\$ 369.5	\$ 365.7	\$ 395.5	\$ (3.8)	\$ (29.8)
Less: City Pymt (CP) per Flow of Funds	33.2	43.7	48.0	(10.5)	4.3
Revenues, net	336.3	322.0	347.5	(14.3)	(25.5)
Less: Fuel & Regulatory Expense	137.3	127.1	148.0	10.2	20.9
Revenues net Fuel & Regulatory	199.0	194.9	199.5	(4.1)	(4.6)
Operating & Maintenance	111.6	109.4	107.1	2.2	(2.3)
Debt Service	65.2	63.6	68.7	1.6	5.1
Total Expenses	176.8	173.0	175.8	3.8	2.8
Total R&R Fund Additions	\$ 22.2	\$ 21.9	\$ 23.7	\$ (0.3)	\$ (1.8)
Total Capital Expenditures <sup>1</sup>	\$ 110.0	\$ 68.4	\$ 75.0	\$ 41.6	\$ 6.6

Lower net revenues compared to budget due to timing of fuel recoveries, partially offset by decreased O&M maintenance activities 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 MARCH 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	\$ 2,601.0	\$ 2,808.3	\$ 2.0	\$ (207.3)
Less: City Pymt (CP) per Flow of Funds	343.9	343.2	361.4	0.7	18.2
Revenues, net	2,255.1	2,257.8	2,446.9	2.7	(189.1)
Less: Fuel & Regulatory Expense	925.9	925.3	1,000.0	0.6	74.7
Revenues net Fuel & Regulatory	1,329.2	1,332.5	1,446.9	3.3	(114.4)
Operating & Maintenance	674.8	675.4	608.4	(0.6)	(67.0)
Debt Service	399.1	393.7	419.7	5.4	26.0
Total Expenses	1,073.9	1,069.1	1,028.1	4.8	(41.0)
Total R&R Fund Additions	\$ 255.3	\$ 263.4	\$ 418.8	\$ 8.1	\$ (155.4)
Total Capital Expenditures	\$ 738.9	\$ 740.5	\$ 555.8	\$ (1.6)	\$ (184.7)

Higher net revenues from wholesale margins and lower debt service from proposed financing transactions resulted in higher R&R additions compared to budget. Capital is projected to be comparable to budget.

<sup>1</sup> Two months actual, 10 month forecast as of March 31, 2019.

# FORECAST HIGHLIGHTS

## KEY FINANCIAL METRICS

### MARCH FY20 FORECAST



	Desired Direction	Prior Year	Forecast	Business Plan Threshold	Variance	Status
Adjusted Debt Service Coverage (ADSC)	↑	2.00	1.67	1.50	0.17	●
Days Cash on Hand	↑	246	227	150	77	●
Debt Capitalization	↓	61.8%	62.4%	60.0%	2.4%	●

#### ADSC:

Forecast remains above business plan threshold

#### Days Cash on Hand:

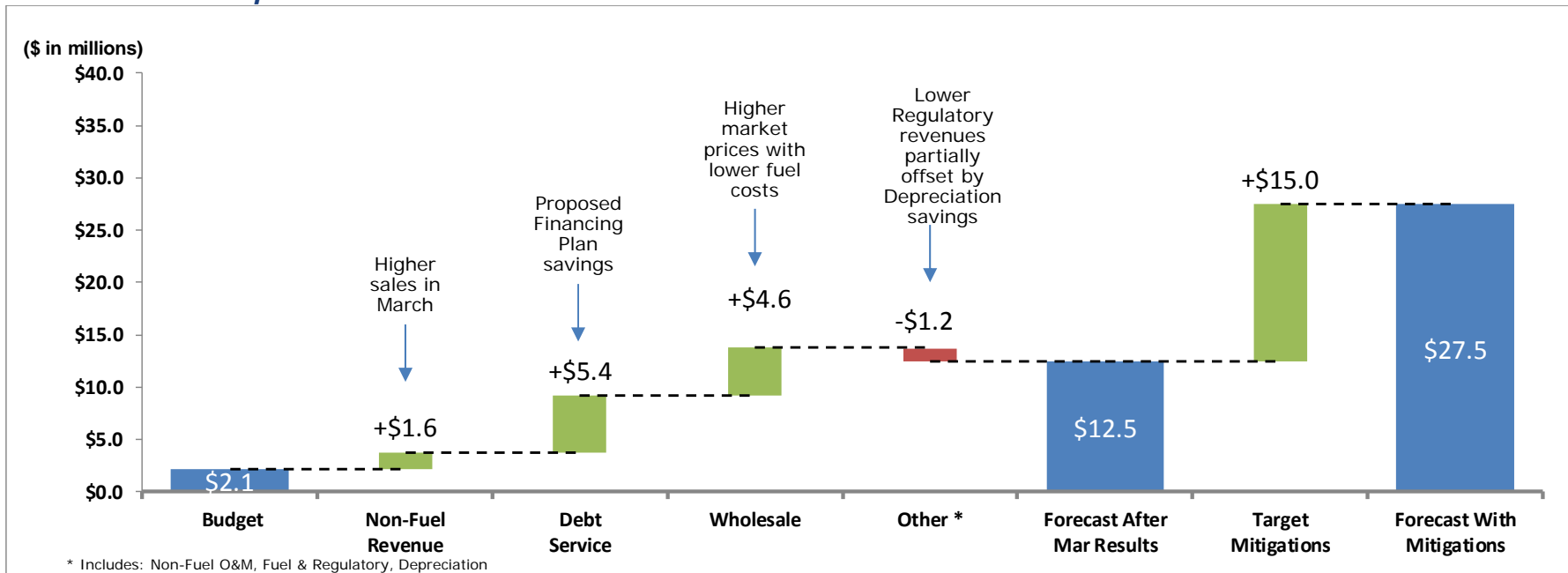
Performance remains favorable to the business plan threshold

#### Debt Capitalization:

Debt percentage slightly higher than business plan threshold

# NET INCOME KEY DRIVERS

## TWO MONTHS ACTUALS, 10 MONTHS FORECAST AS OF MARCH 31, 2019



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 timing of fuel recoveries
  - Forecast for the year is favorable to budget due to higher wholesale revenues and increase in retail sales
- YTD O&M compared to budget is favorable due to timing of EIT and STP maintenance activities
  - Forecast for the year is unfavorable to budget due higher locate costs
- YTD Capital expenditures are favorable to budget due to scheduling changes in Power Generation equipment replacements and timing of headquarters construction
  - Capital is projected to be comparable to budget
- YTD Net income projected to be favorable to budget due to higher wholesale market prices with lower fuel costs and financing plan savings; management will monitor to ensure year-end target is met



*Thank You*

