



# June 2022 Financial Presentation to the Board

Randy Kruger | Chief Financial Officer

# Grid Conditions This Week

	Installed Capacity	Wednesday (7/13) Tightest Hour (3-4 p.m.)	Percentage of Installed Capacity Available at Tightest Hour
Dispatchable	80,083	67,076	84%
Wind	35,162	4,294	12%
Solar	11,787	7,987	68%

- ERCOT has broken all-time demand record 8 times over last 70 days
- Texas now on track for hottest summer on record
- Monday 7.11 - ERCOT issued watch for capacity insufficiency for Monday as well as a conservation appeal
  - o Monday was a record at 78,264 MWs
  - o Extreme heat and Extreme low wind caused tight conditions
  - o Wind was below 700 MWs at lowest point
- Tuesday - was better as wind was up ~5-6k MWs
- Wednesday – Initially looked okay
  - o Far West solar had clouding reducing ~1-2k MWs
  - o Lower than expected wind
  - o Higher than expected thermal outages ~7k MWs
  - o ERCOT deployed Emergency Response Service (ERS), requested voltage control and other TDSP programs as well

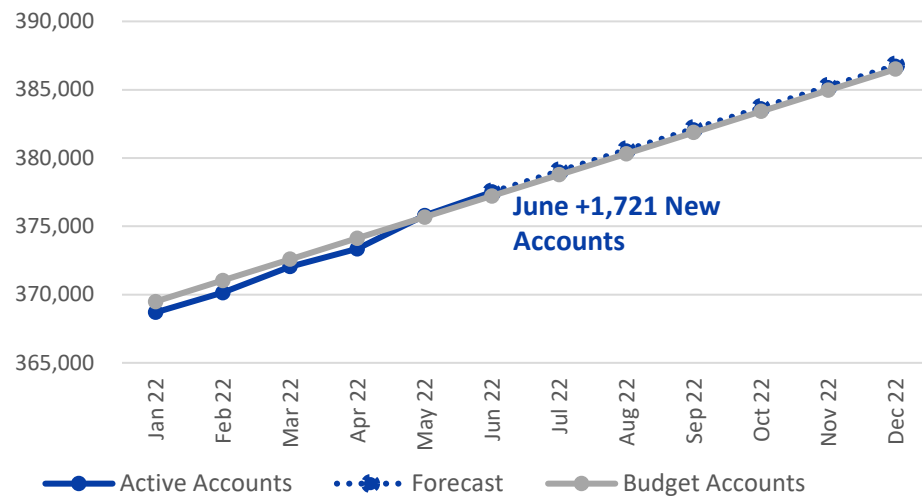


# Finance at a Glance – June 2022

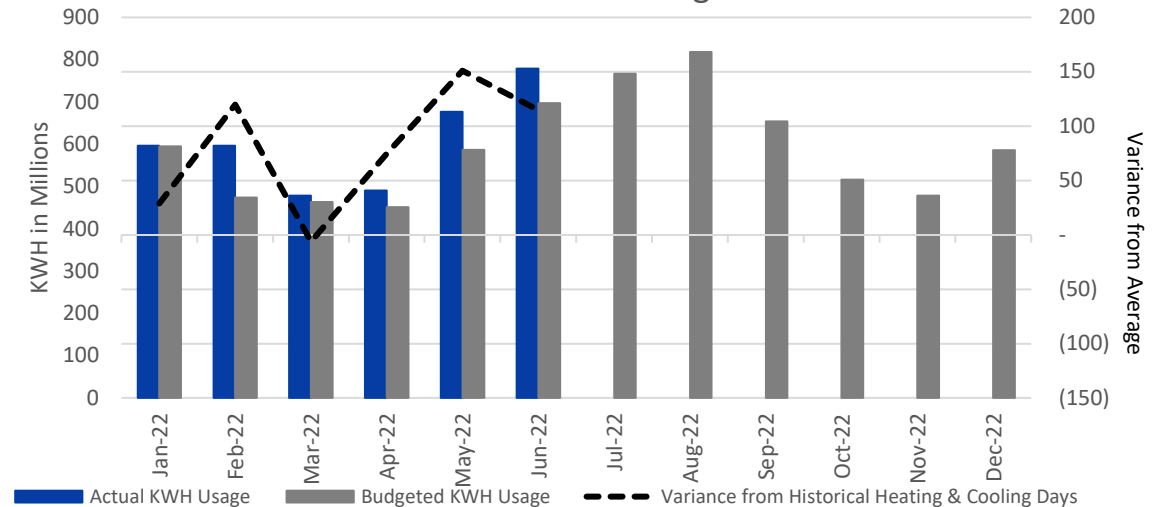
	MTD			YTD		
	Actual	Budget	Variance Favorable (Unfavorable)	Actual	Budget	Variance Favorable (Unfavorable)
<b>KWH Sold</b>	779,097	697,341	81,756	3,619,024	3,268,947	350,077
<b>Gross Margins</b>	\$ 31.9	\$ 31.0	\$ 0.9	\$ 168.1	\$ 159.2	\$ 8.9
<b>Net Margins</b>	\$ 8.4	\$ 6.9	\$ 1.5	\$ 22.1	\$ 18.6	\$ 3.5
<b>EBIDA</b>	\$ 20.3	\$ 16.9	\$ 3.4	\$ 98.7	\$ 78.5	\$ 20.2
<b>Revenue O/(U)</b>	\$ 13.4	\$ 5.2	\$ 8.2	\$ 12.8	\$ 14.4	\$ (1.6)
<b>EBIDA(X)</b>	\$ 33.7	\$ 22.1	\$ 11.6	\$ 111.4	\$ 92.8	\$ 18.6

	Liquidity Coverage (\$ in millions)
Cash & Marketable Securities	\$ 19.6
Short Term Facilities	505.0
Less: Short Term Borrowings	124.9
Available Liquidity	\$ 399.8
<b>Liquidity Coverage (Days)</b>	<b>229</b>

Active Account Growth



Weather and kWh Usage

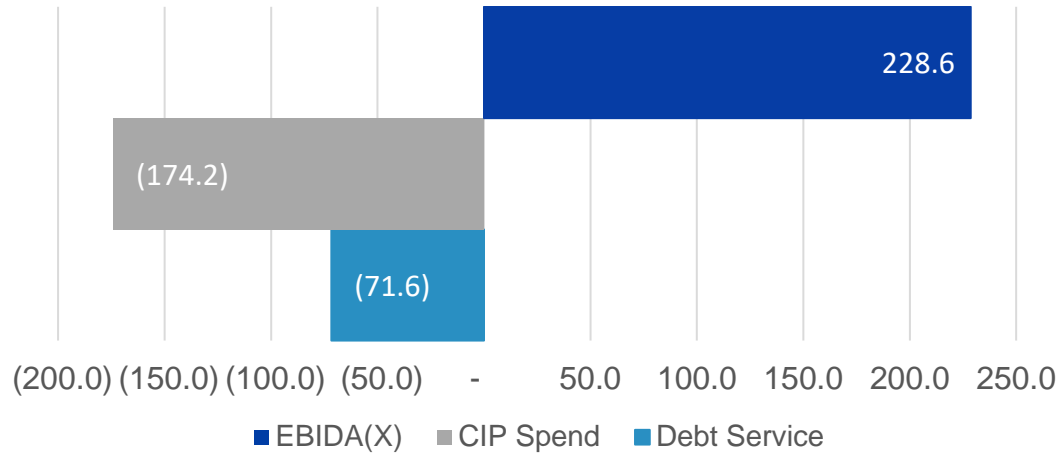


# Financial Performance

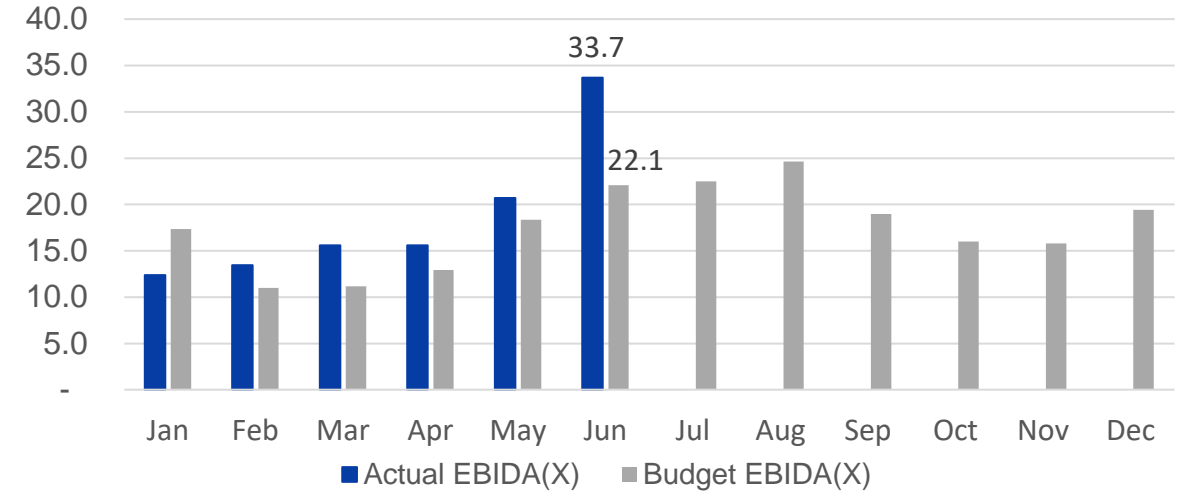
	MTD			YTD			Annual		2021 to 2022 % Change
	Actual	Budget	Prior Year	Actual	Budget	Prior Year	Forecast	Budget	
<b>Gross Margins</b>	<b>\$ 31,888,260</b>	<b>\$ 30,991,785</b>	<b>\$ 28,203,166</b>	<b>\$ 168,108,867</b>	<b>\$ 159,170,139</b>	<b>\$ 150,701,660</b>	<b>\$ 342,069,771</b>	<b>\$ 332,824,766</b>	11.55%
Operating Expenses Ex. Depreciation	12,399,298	14,090,702	11,691,768	70,780,356	81,837,876	80,828,151	156,493,871	165,745,081	-12.43%
Depreciation	8,179,530	6,391,252	5,827,733	54,301,128	38,347,513	34,789,684	103,194,829	76,695,026	
Interest Expense	3,778,703	3,592,730	3,519,147	22,273,010	21,556,379	18,607,353	43,809,516	43,103,481	
Other Income and Interest Expenses	(845,142)	(11,425)	(403,777)	(1,339,569)	(1,125,246)	(1,664,700)	(2,870,068)	(2,655,711)	
<b>Net Margins</b>	<b>\$ 8,375,871</b>	<b>\$ 6,928,526</b>	<b>\$ 7,568,295</b>	<b>\$ 22,093,942</b>	<b>\$ 18,553,617</b>	<b>\$ 18,141,172</b>	<b>\$ 41,441,623</b>	<b>\$ 49,936,889</b>	
<b>EBIDA</b>	<b>\$ 20,334,104</b>	<b>\$ 16,912,508</b>	<b>\$ 16,915,175</b>	<b>\$ 98,668,080</b>	<b>\$ 78,457,508</b>	<b>\$ 71,538,209</b>	<b>\$ 188,445,968</b>	<b>\$ 169,735,396</b>	37.92%
Over (Under) Collected Revenues	13,399,429	5,161,079	18,656,555	12,779,324	14,384,640	(147,613,731)	40,169,629	40,435,604	
<b>EBIDA(X)</b>	<b>\$ 33,733,533</b>	<b>\$ 22,073,587</b>	<b>\$ 35,571,730</b>	<b>\$ 111,447,404</b>	<b>\$ 92,842,148</b>	<b>\$ (76,075,522)</b>	<b>\$ 228,615,597</b>	<b>\$ 210,171,001</b>	
Total Long-Term Debt							\$ 1,014,979,288	\$ 1,040,538,177	
Debt Service							71,637,156	71,288,720	
Debt Service Coverage Ratio							2.63	2.38	
Equity as Percent of Assets							40.4%	40.3%	
Net Plant in Service							\$ 1,897,262,718	\$ 1,923,846,600	
Capital Improvement Spend							\$ 174,212,349	\$ 174,212,349	
Energy Sales kWh	779,096,656	697,340,949	643,061,495	3,619,024,157	3,268,947,141	3,145,265,730	7,441,296,887	7,091,219,870	15.06%
Energy Purchases kWh	826,118,298	743,644,196	691,480,071	3,851,263,542	3,485,832,233	3,368,437,639	7,900,365,620	7,571,421,437	14.33%
Active Accounts				377,511	377,225	358,297	386,791	386,505	5.36%

# Financing Sources & Uses

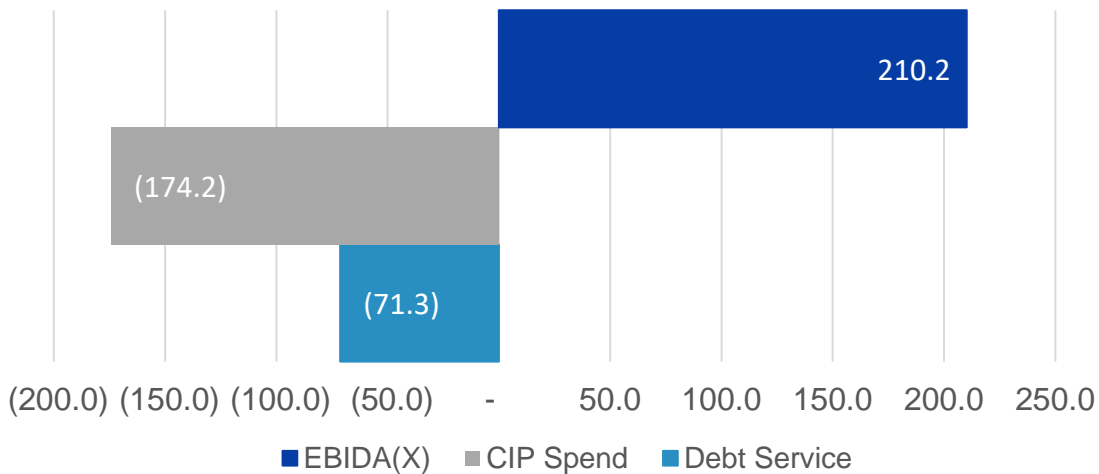
## Annual Forecast



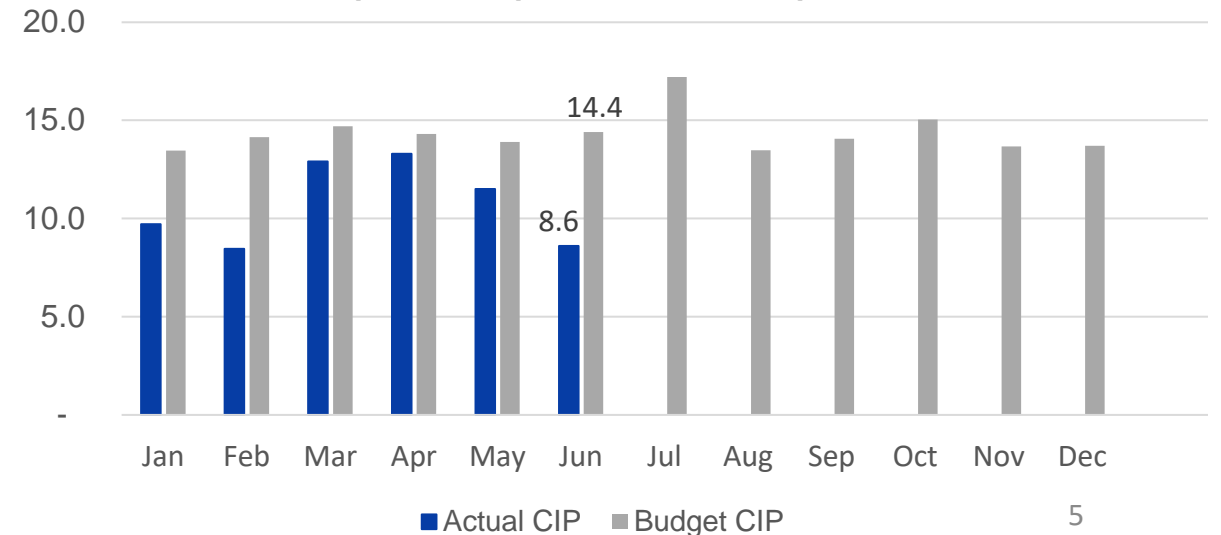
## EBIDA(X) by Month



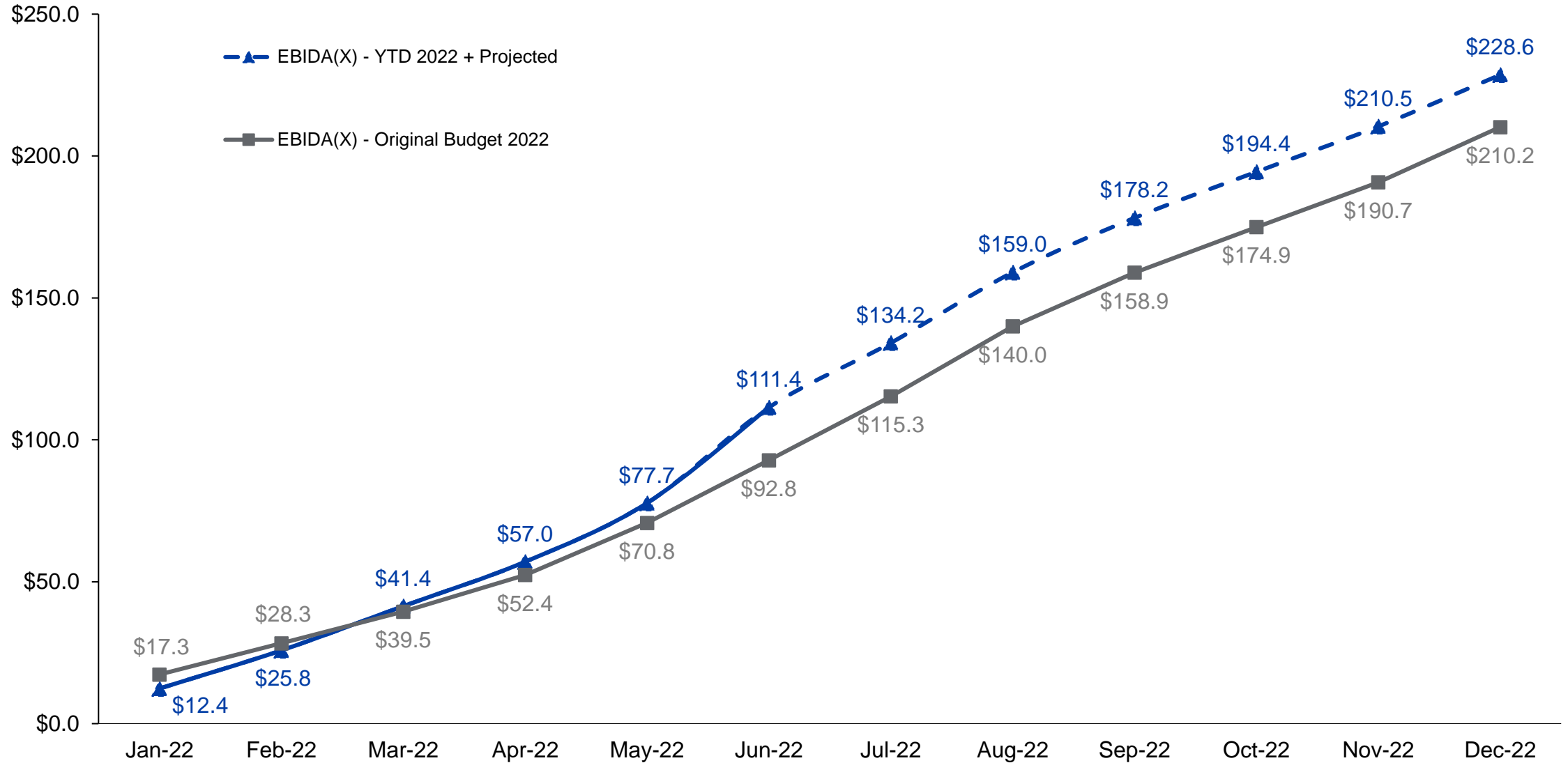
## Annual Budget



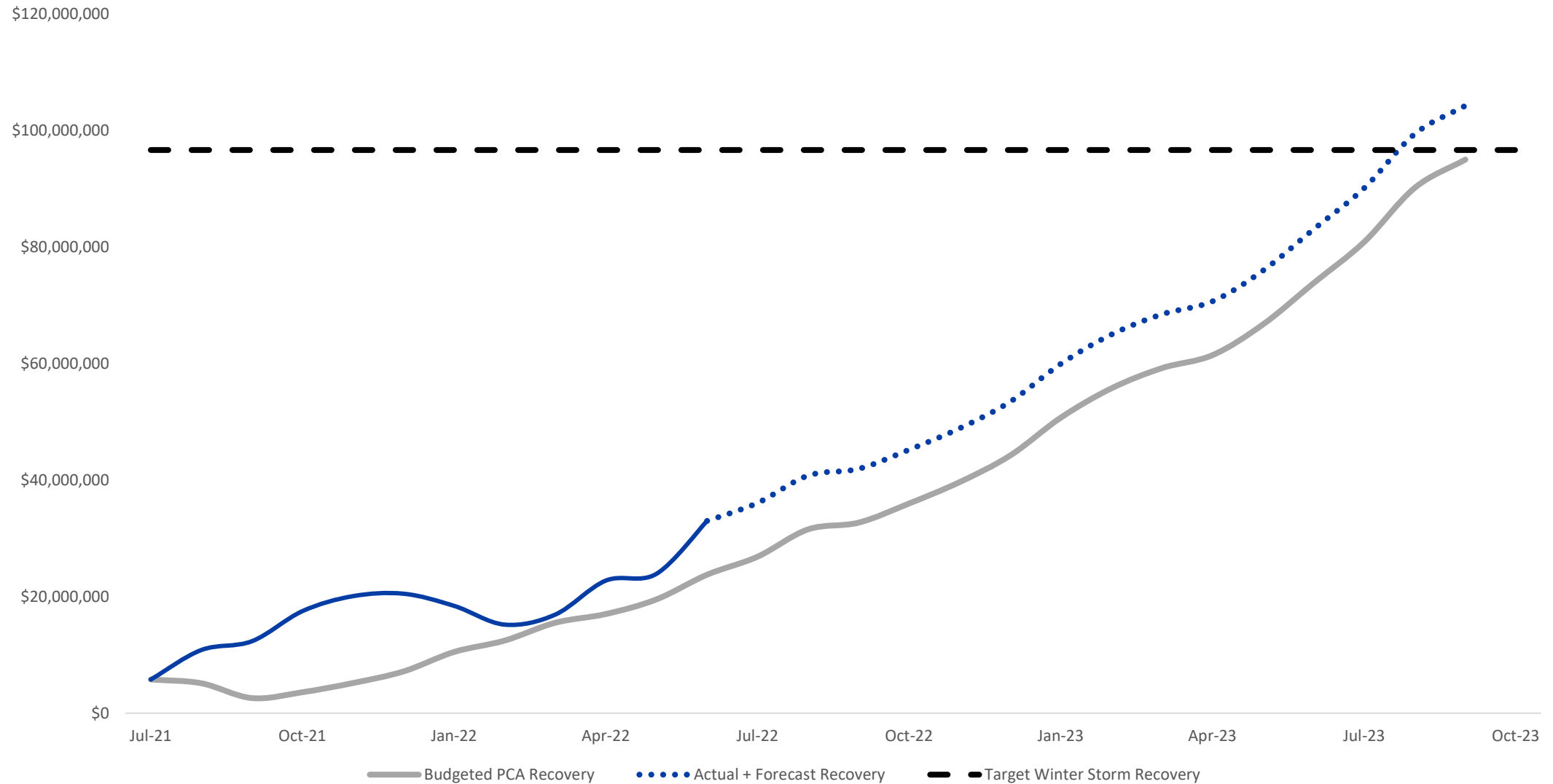
## Capital Improvement Spend



# EBIDA(X) Year to Date (in millions)

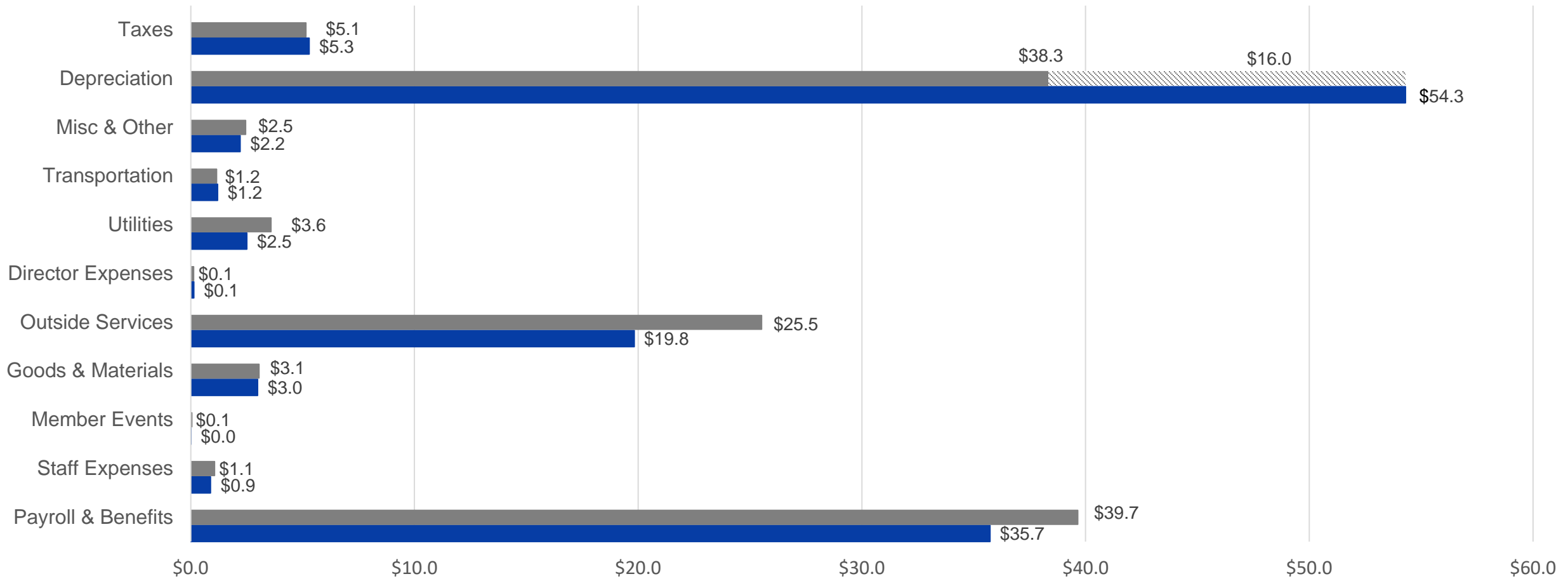


# Base Power Over/(Under) Recovery



# Cost of Service (in millions)

## YTD Actual vs Budget through June 2022





# CIP Spend

Construction Category & Description		YTD Actuals	YTD Budget	Variance (Over)/Under Budget	Amended Annual Budget
<b>Distribution</b>					
100	New Lines (Line Extensions for new primary, secondary and service lines)	\$ 2,501,611	\$ 4,550,000	\$ 2,048,389	\$ 9,100,000
200	Tie Lines (new construction between existing lines)	1,953,080	3,689,008	1,735,928	7,052,396
300	Conversions or Line Changes	7,409,099	8,334,486	925,387	19,623,189
600	Miscellaneous Distribution Equipment	24,689,801	24,208,938	(480,863)	48,417,876
700	Other Distribution Items	90,084	50,000	(40,084)	100,000
<b>Distribution Total</b>		<b>\$ 36,643,676</b>	<b>\$ 40,832,432</b>	<b>\$ 4,188,756</b>	<b>\$ 84,293,462</b>
<b>Substation</b>					
400	New Substations, Switching Stations and Meter Points	\$ 7,245	\$ 1,730,000	\$ 1,722,755	\$ 6,820,000
500	Substations, Switching Stations and Meter Point changes	4,526,644	4,726,833	200,189	9,758,111
<b>Substation Total</b>		<b>\$ 4,533,890</b>	<b>\$ 6,456,833</b>	<b>\$ 1,922,944</b>	<b>\$ 16,578,111</b>
<b>Transmission</b>					
800	New Transmission Lines	\$ 1,427,543	\$ 1,777,500	\$ 349,957	\$ 3,777,000
1000	Line and Station Changes	7,097,802	8,701,300	1,603,498	17,762,000
<b>Transmission Total</b>		<b>\$ 8,525,345</b>	<b>\$ 10,478,800</b>	<b>\$ 1,953,455</b>	<b>\$ 21,539,000</b>
<b>General Plant</b>					
2000	Facilities	\$ 8,012,097	\$ 15,887,500	\$ 7,875,403	\$ 32,825,000
3000	Information Technology	2,042,537	7,815,494	5,772,957	12,013,000
4000	Tools & Equipment	93,752	343,155	249,403	433,155
5000	Vehicles	1,160,714	3,265,311	2,104,597	6,530,621
<b>Total General Plant</b>		<b>\$ 11,309,099</b>	<b>\$ 27,311,459</b>	<b>\$ 16,002,360</b>	<b>\$ 51,801,776</b>
<b>Accrued WIP</b>		<b>\$ 3,502,031</b>	<b>\$ -</b>	<b>\$ (3,502,031)</b>	<b>\$ -</b>
<b>Total Capital Improvement Plan Spend</b>		<b>\$ 64,514,042</b>	<b>\$ 85,079,525</b>	<b>\$ 20,565,483</b>	<b>\$ 174,212,349</b>

# CIP Multiyear Project Spend

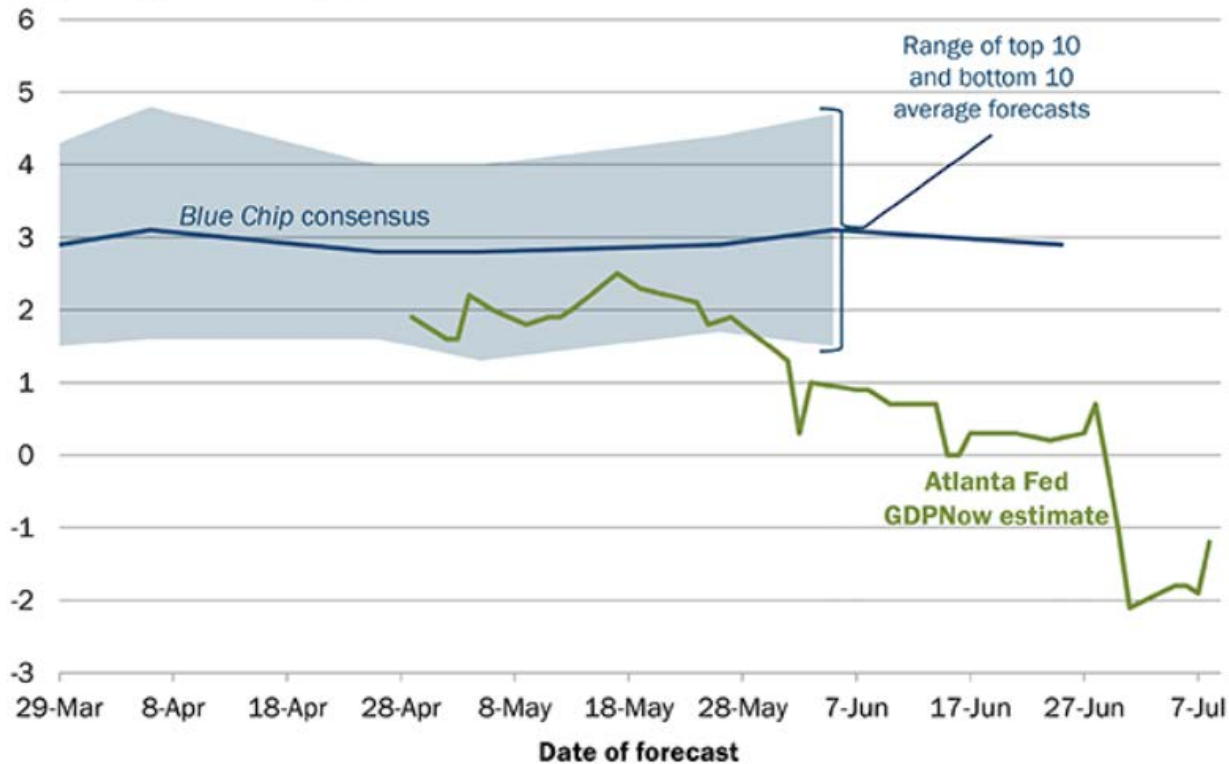
<b>Construction Category &amp; Project</b>	<b>Prior Year Spend</b>	<b>YTD Actuals</b>	<b>Project Actuals Post Approval</b>	<b>Project Budget</b>	<b>Remaining Budget</b>
<b><u>Distribution</u></b>					
Johnson City Make-ready & Voltage Conversion	\$ 1,919,850	\$ 1,143,426	\$ 3,063,277	\$ 5,000,000	\$ 1,936,723
Fairland Make-ready & Voltage Conversion	386,199	455,648	841,847	4,500,000	3,658,153
Convert Burnet to 24.9KV	831,495	274,853	1,106,348	5,000,000	3,893,652
<b>Distribution Total</b>	<b>\$ 3,137,544</b>	<b>\$ 1,873,927</b>	<b>\$ 5,011,471</b>	<b>\$ 14,500,000</b>	<b>\$ 9,488,529</b>
<b><u>Substation</u></b>					
Yarrington Purchase, Cut In, and Construct	\$ 6,831	\$ 50,000	\$ 56,831	\$ 9,150,000	\$ 9,093,169
Junction Upgrade T1 to 22.3 MVA	335,823	223,754	559,576	8,740,000	8,180,424
Hero Way Construct new 46.7 MVA Subst	-	313,005	313,005	8,150,000	7,836,995
<b>Substation Total</b>	<b>\$ 342,654</b>	<b>\$ 674,003</b>	<b>\$ 1,016,657</b>	<b>\$ 35,841,000</b>	<b>\$ 34,824,343</b>
<b><u>Transmission</u></b>					
Wimberley Loop	\$ 135,023	\$ 53,241	\$ 188,264	\$ 33,500,000	\$ 33,311,736
T323 PF-MF Overhaul and Remote Ends	246,651	3,614	250,265	15,500,000	15,249,735
MF-TP (T315) Storm Hardening and Remote Ends	315,877	124,502	440,378	13,340,000	12,899,622
T333 LV to NL Overhaul and Remote Ends	293,275	68,043	361,317	13,312,000	12,950,683
T327 LA-NL Overhaul	-	49,166	49,166	11,830,000	11,780,834
T623 TP-CV Storm Hardening and Remote Ends	37,698	73,446	111,144	8,147,000	8,035,856
T324 ML-HT Storm Hardening and Rebuild	1,363,964	167,025	1,530,989	3,620,000	2,089,011
EMS Hardware Software	-	975,825	975,825	3,187,000	2,211,175
<b>Transmission Total</b>	<b>\$ 2,392,488</b>	<b>\$ 1,514,861</b>	<b>\$ 3,907,349</b>	<b>\$ 102,436,000</b>	<b>\$ 98,528,651</b>
<b><u>General Plant</u></b>					
Transmission Control Center	\$ 9,111,608	\$ 5,846,693	\$ 14,958,301	\$ 32,950,000	\$ 17,991,699
Cedar Park Accessibility Improvements	479,577	977,438	1,457,015	8,250,000	6,792,985
<b>Total General Plant</b>	<b>\$ 9,591,185</b>	<b>\$ 6,824,131</b>	<b>\$ 16,415,316</b>	<b>\$ 41,200,000</b>	<b>\$ 24,784,684</b>

July 1, 2022

Preliminary readings From the Atlanta Fed show the second consecutive quarter of negative growth after GDP contracted 1.6% in Q1. A recession is defined as 2 consecutive quarters of negative GDP Growth.

**Evolution of Atlanta Fed GDPNow real GDP estimate for 2022: Q2**

Quarterly percent change (SAAR)



**GDPNow Q2 Estimate: (1.2)%**

**GDPNow is not an official forecast of the Atlanta Fed.** Rather, it is best viewed as a running estimate of real GDP growth based on available economic data for the current measured quarter. The official advance estimate of Q2 performance will not be available until the end of the month

Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

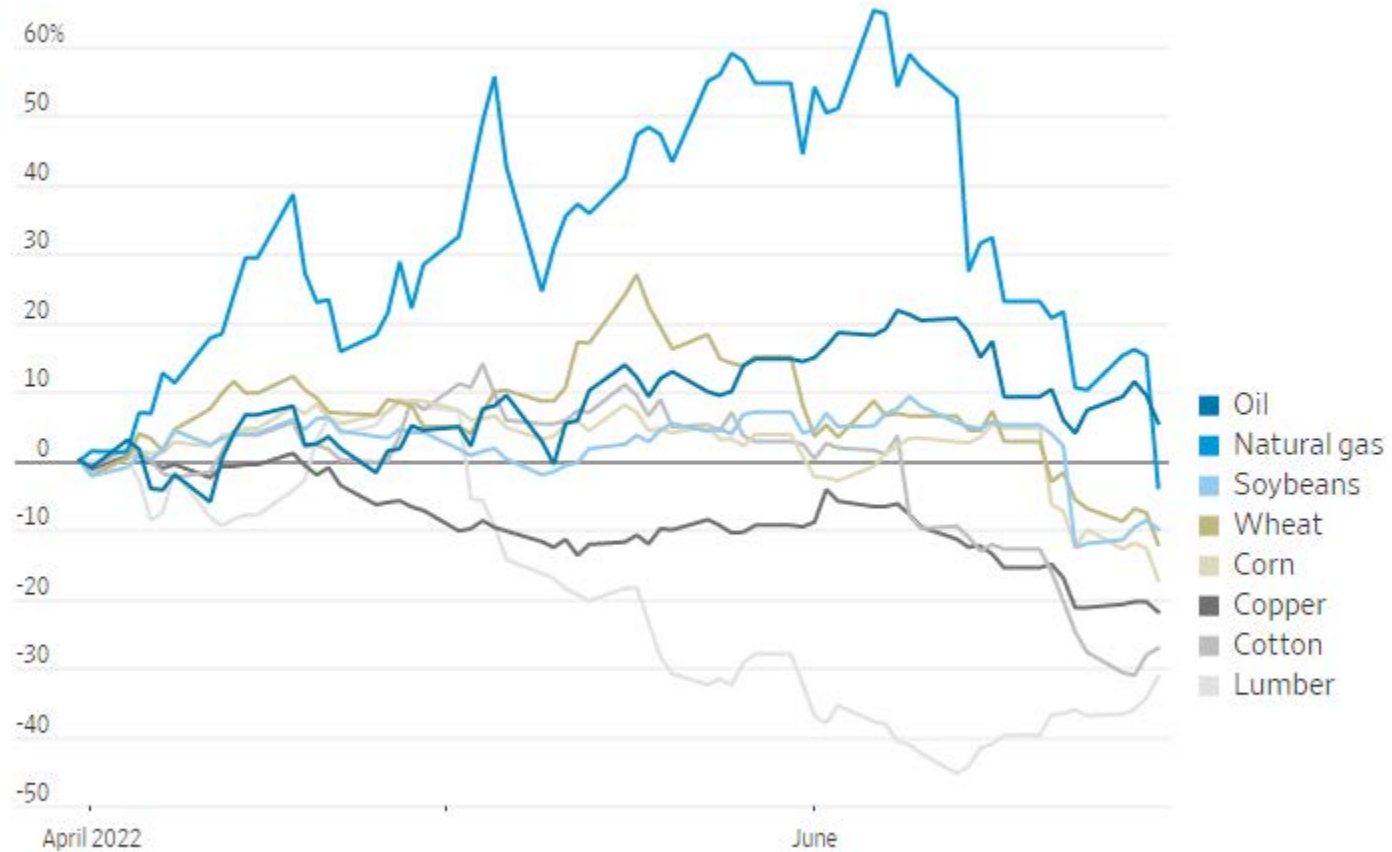
Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

# THE WALL STREET JOURNAL.

July 4, 2022

## Falling Commodity Prices Raise Hopes That Inflation Has Peaked

Second-quarter futures prices performance

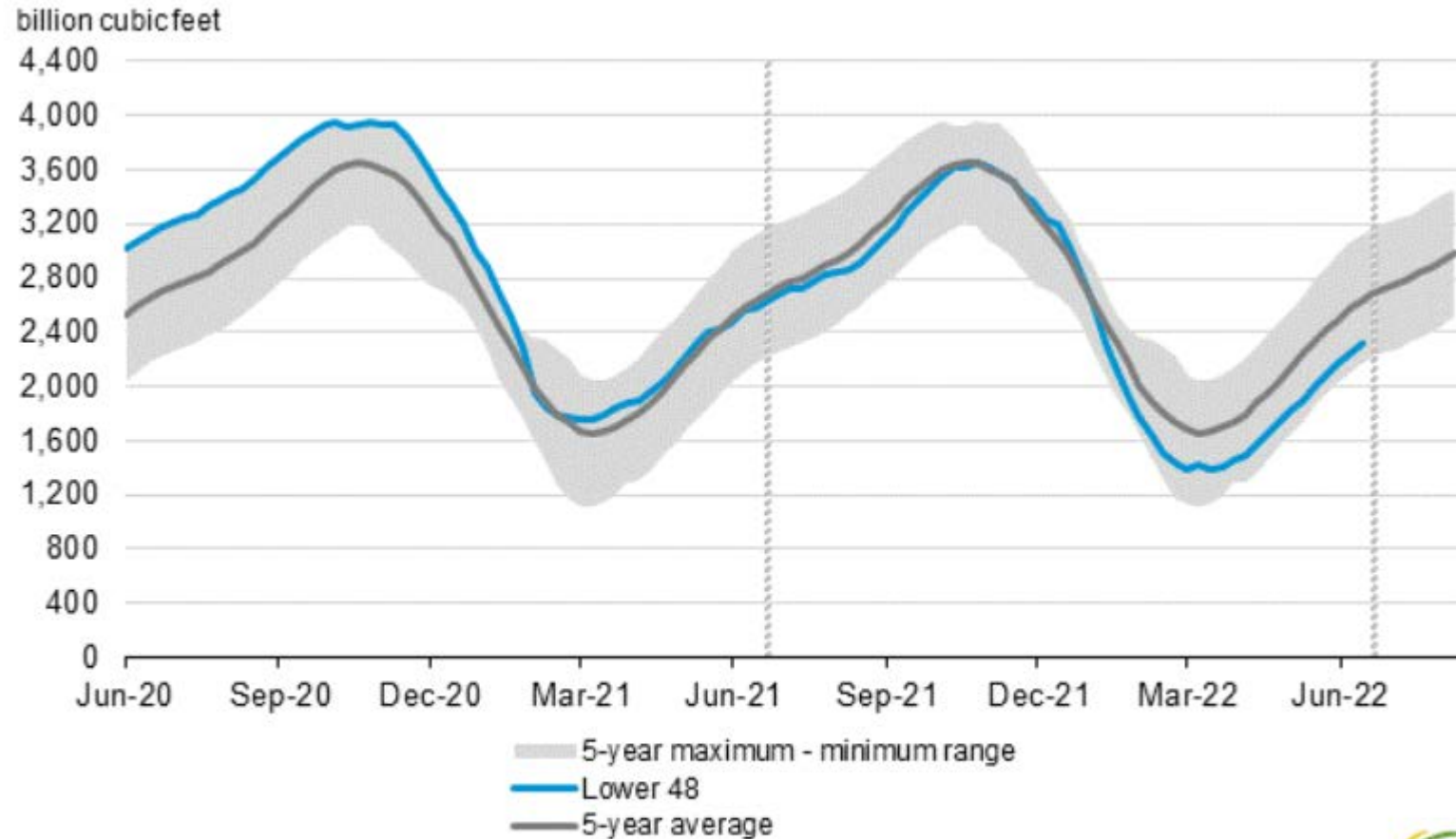


Source: FactSet

# Gas Storage

- Working gas in storage remains below 5-year average and near 5-year minimum

Working gas in underground storage compared with the 5-year maximum and minimum



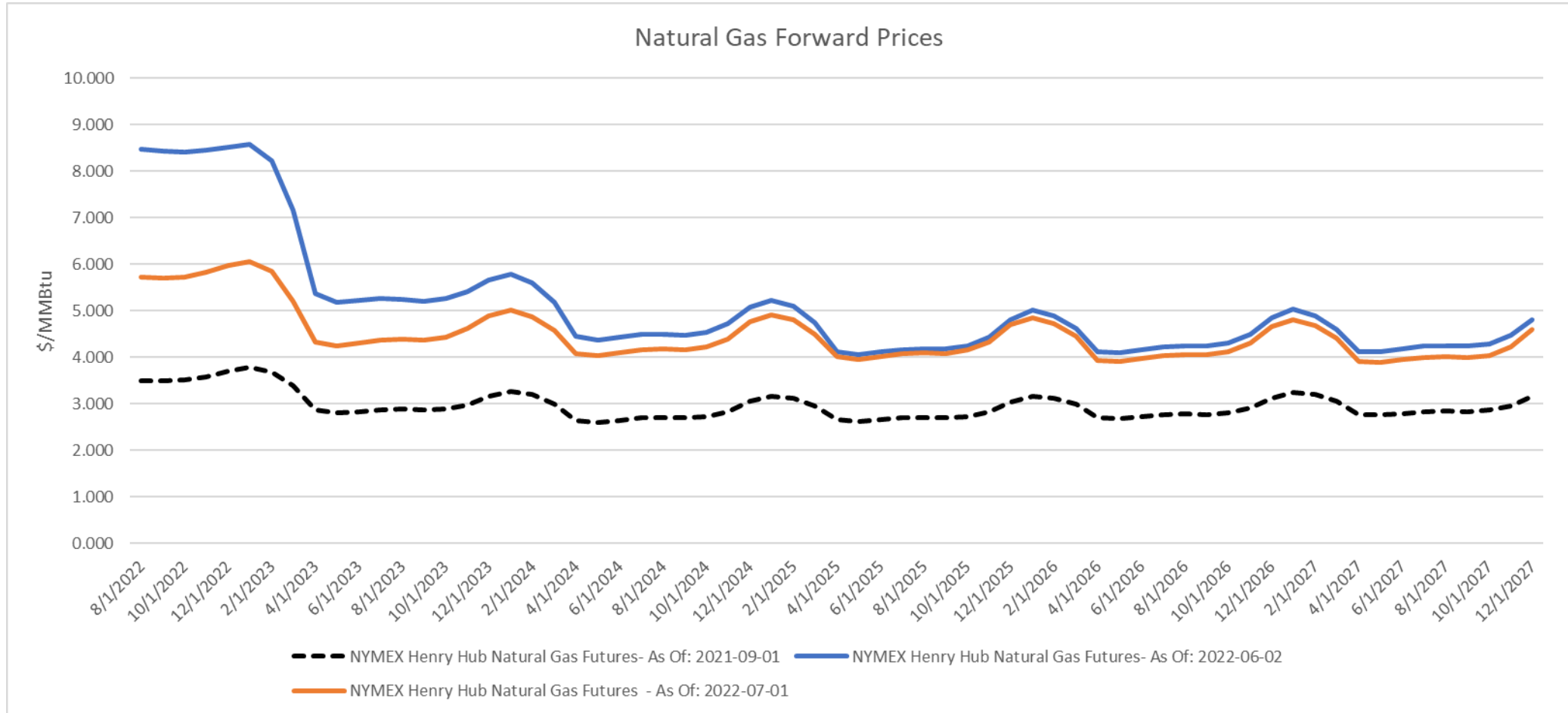
Source: U.S. Energy Information Administration



**Note:** The shaded area indicates the range between the historical minimum and maximum values for the weekly series from 2017 through 2021. The dashed vertical lines indicate current and year-ago weekly periods.

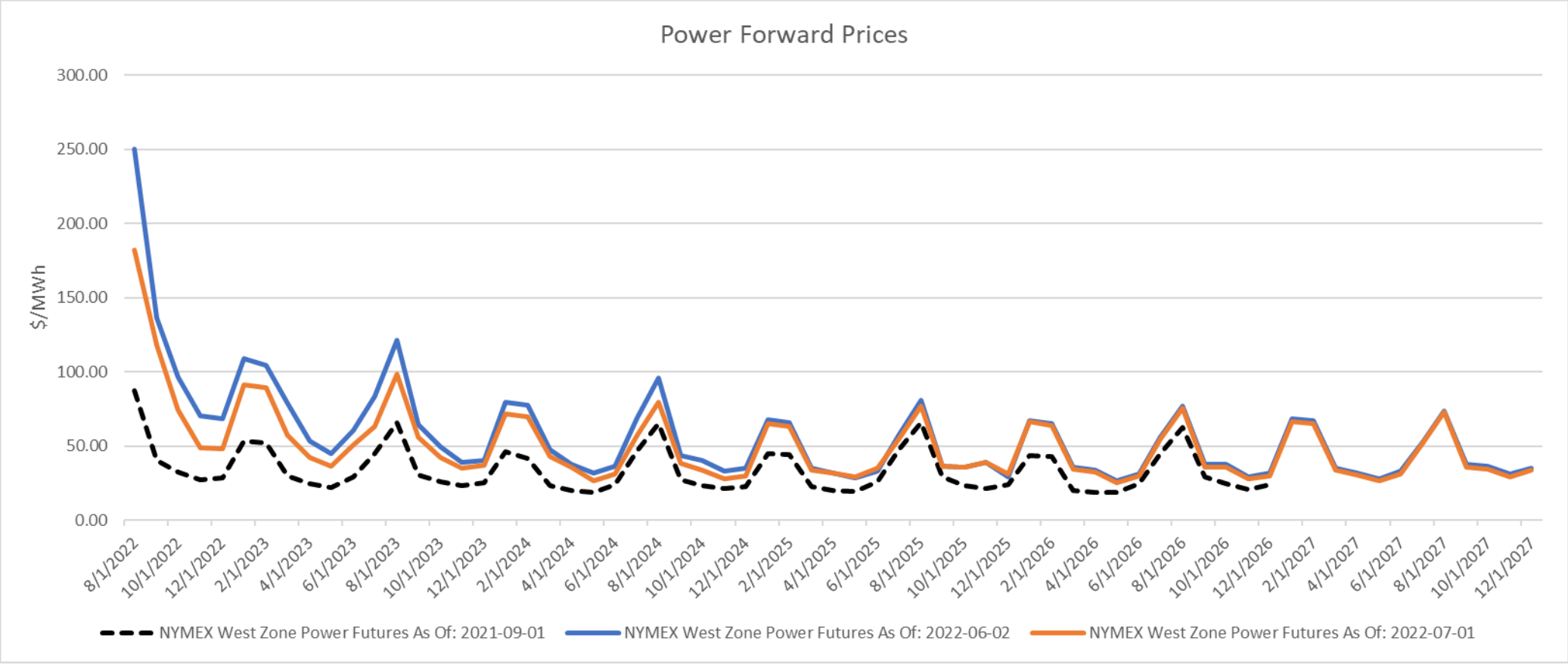
# Forward Natural Gas Prices

Natural gas prices are down since last month but up from budget



# Forward Power Prices

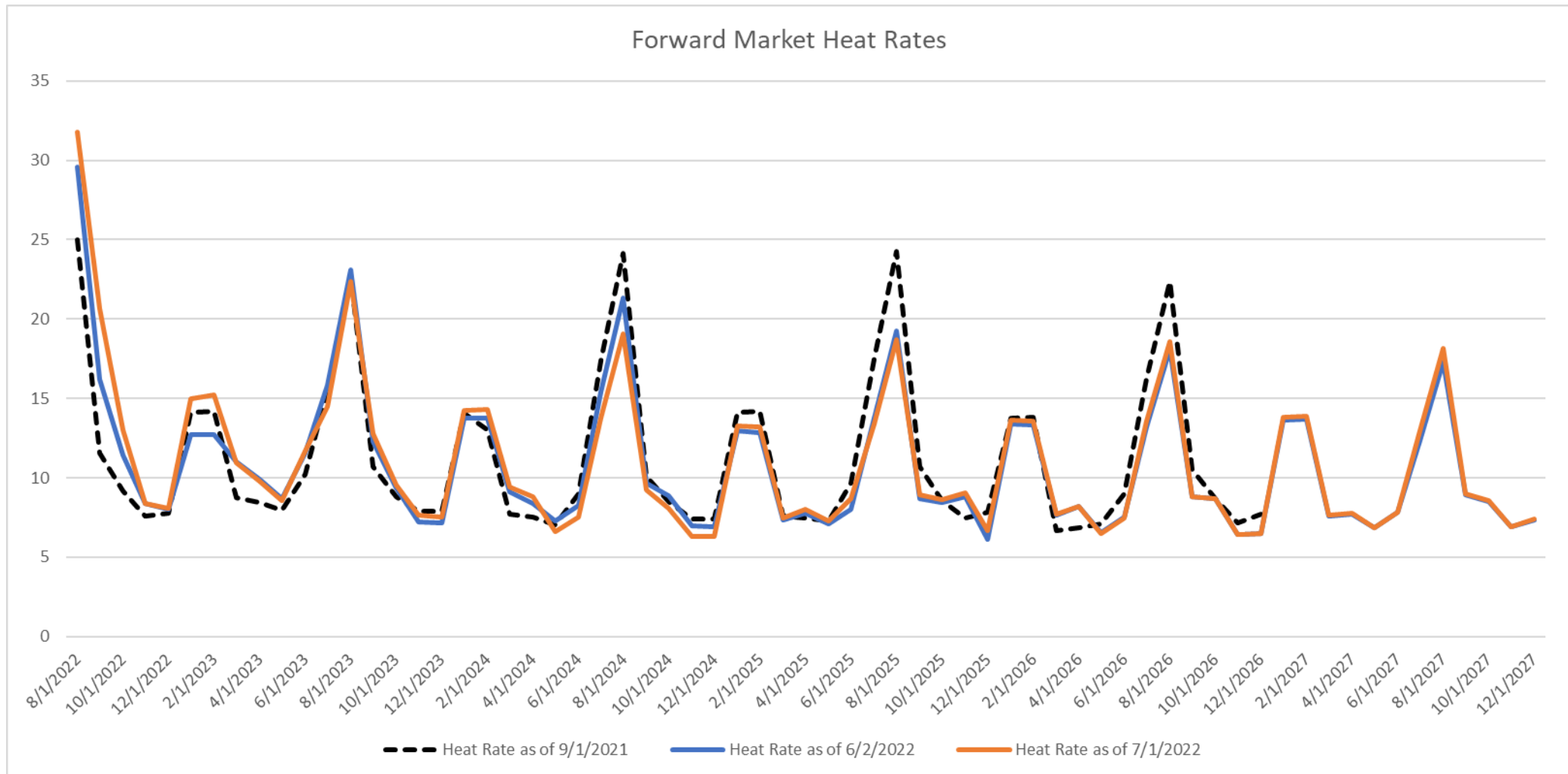
Forward power prices have followed gas prices





# Market Heat Rates

2022 and Winter 2023 market heat rates are up from budget and last month





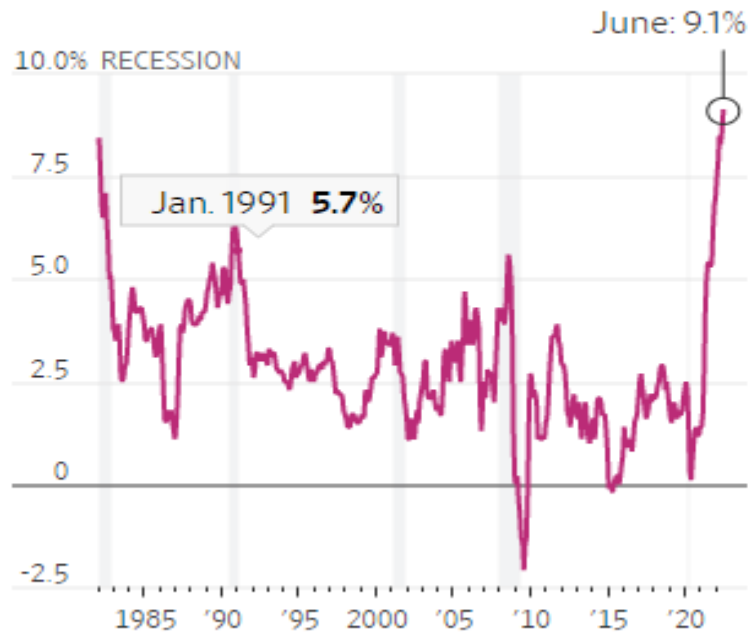
# THE WALL STREET JOURNAL.

July 13, 2022

## U.S. Inflation Hits New Four-Decade High of 9.1%

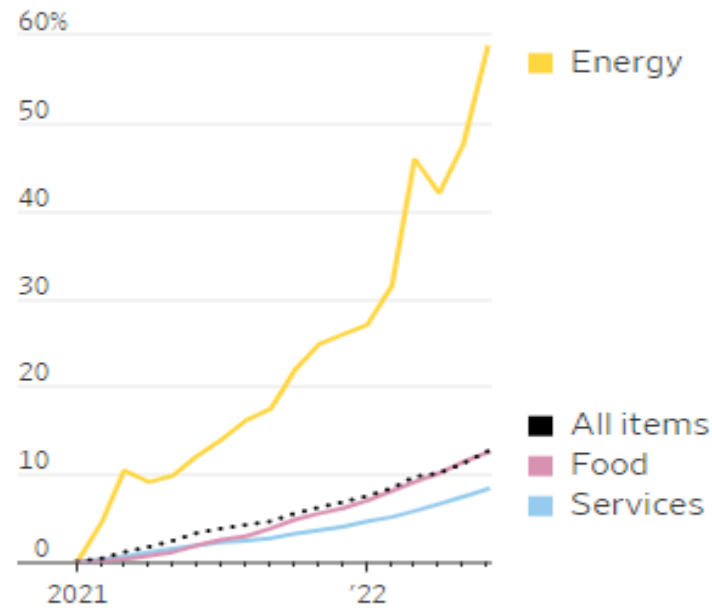
Prices up broadly across the economy, with gasoline far outpacing other categories

Consumer-price index, change from a year earlier



Source: Labor Department

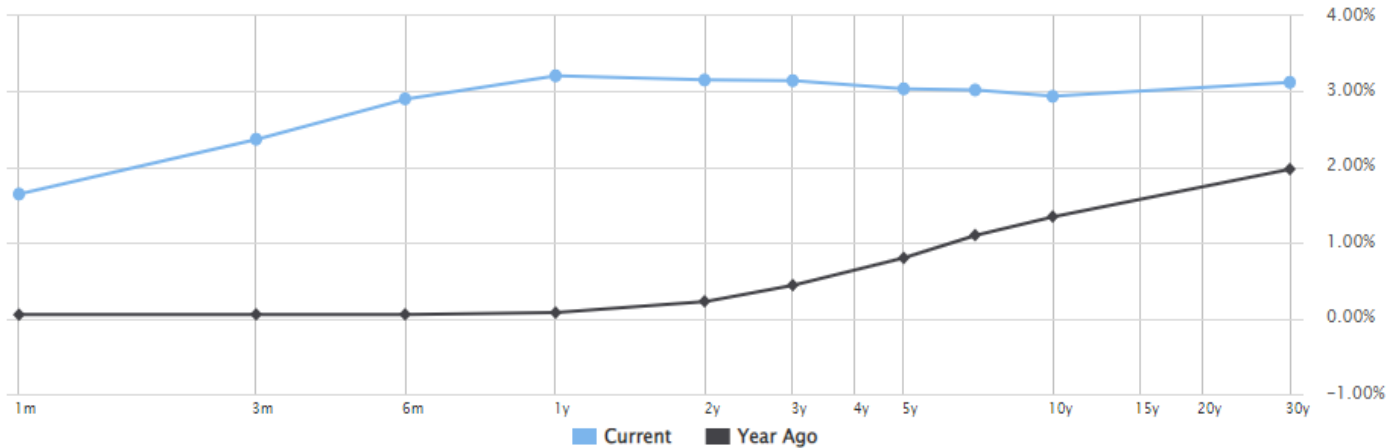
Consumer-price index, change since January 2021



Note: Seasonally adjusted  
Source: Labor Department

# Interest Rates

Yield Curve



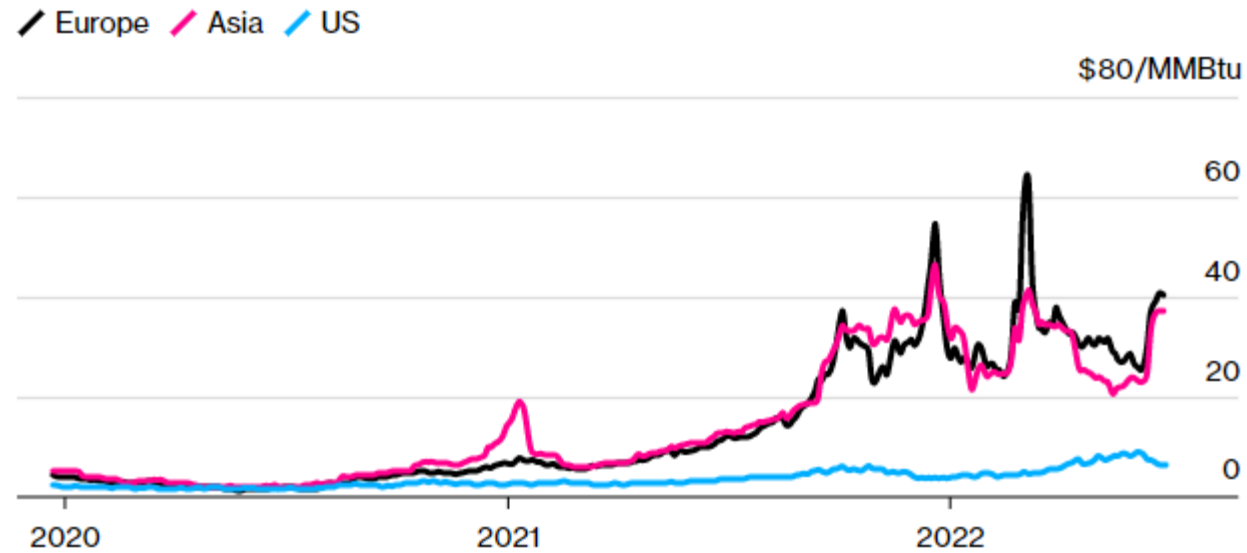
10-Year Note



# Bloomberg

July 5, 2022

## Natural Gas Soars 700%, Becoming Driving Force in the New Cold War



Source: Bloomberg

Note: Europe = TTF futures; Asia = JKM Swap futures and US = Henry Hub futures. MMBtu = million British Thermal Units

Be glad you don't live in Europe or Asia



**PROUD**

