

Lower Colorado River Authority
Financial Highlights
December 2019

Lower Colorado River Authority

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Key terms:

FYE – Fiscal year-end.

Net margin – Total operating revenues, including interest income, less direct and assigned expenses.

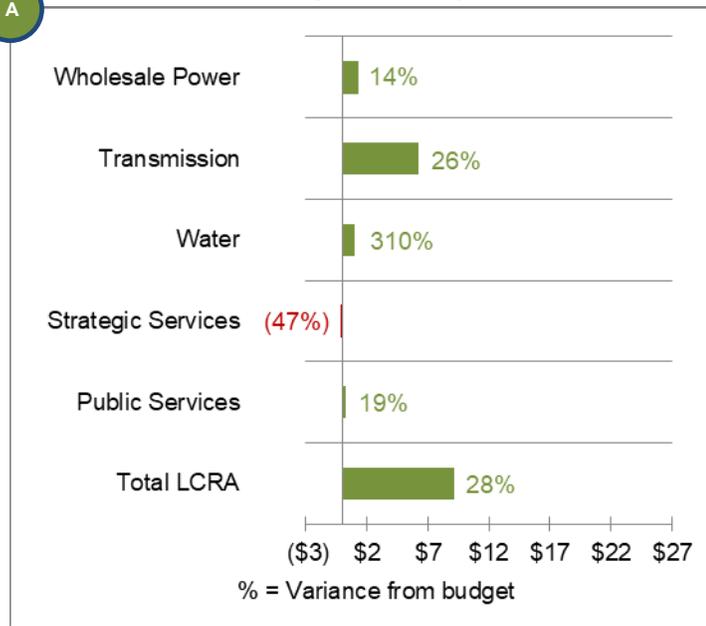
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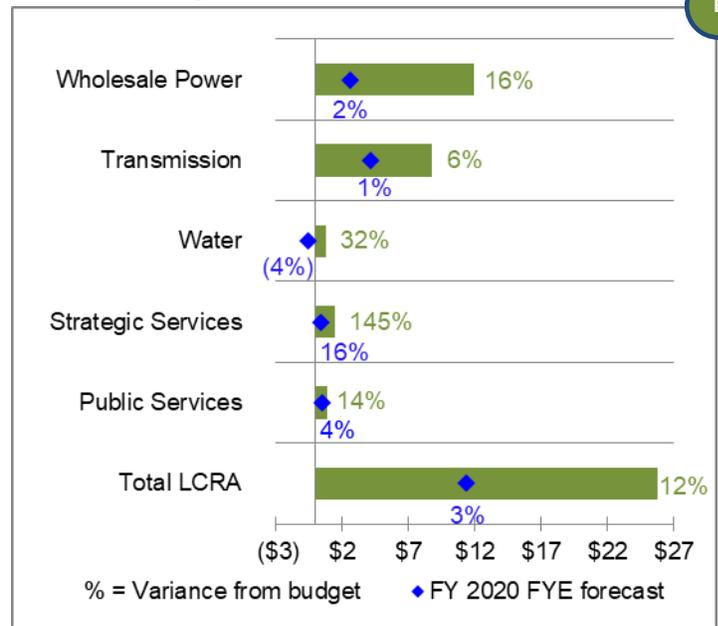
(Dollars in Millions)

Budget-to-Actual Highlights

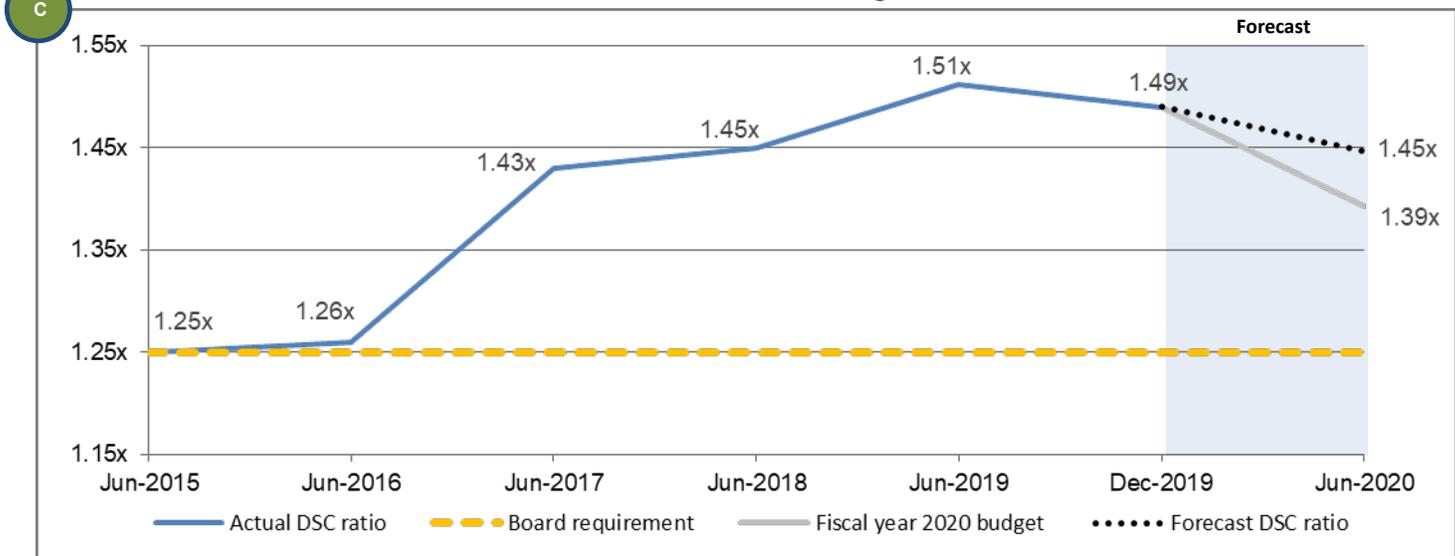
Net Margin Monthly Variances



Net Margin Fiscal Year-to-Date Variances



Debt Service Coverage



Key takeaways:

- The timing of nonfuel expenses, offset by lower-than-budgeted load, drove Wholesale Power's monthly performance. The timing of nonfuel expenses, higher-than-budgeted load and unbudgeted miscellaneous revenues drove the year-to-date performance. Unbudgeted miscellaneous revenues and higher-than-budgeted load and interest income are driving the year-end forecast.
- Lower-than-budgeted property taxes primarily drove Transmission's monthly performance. Lower-than-budgeted expenses, including property taxes, and higher-than-budgeted miscellaneous revenues and interest income drove the year-to-date performance and year-end forecast.

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Key takeaways (continued):

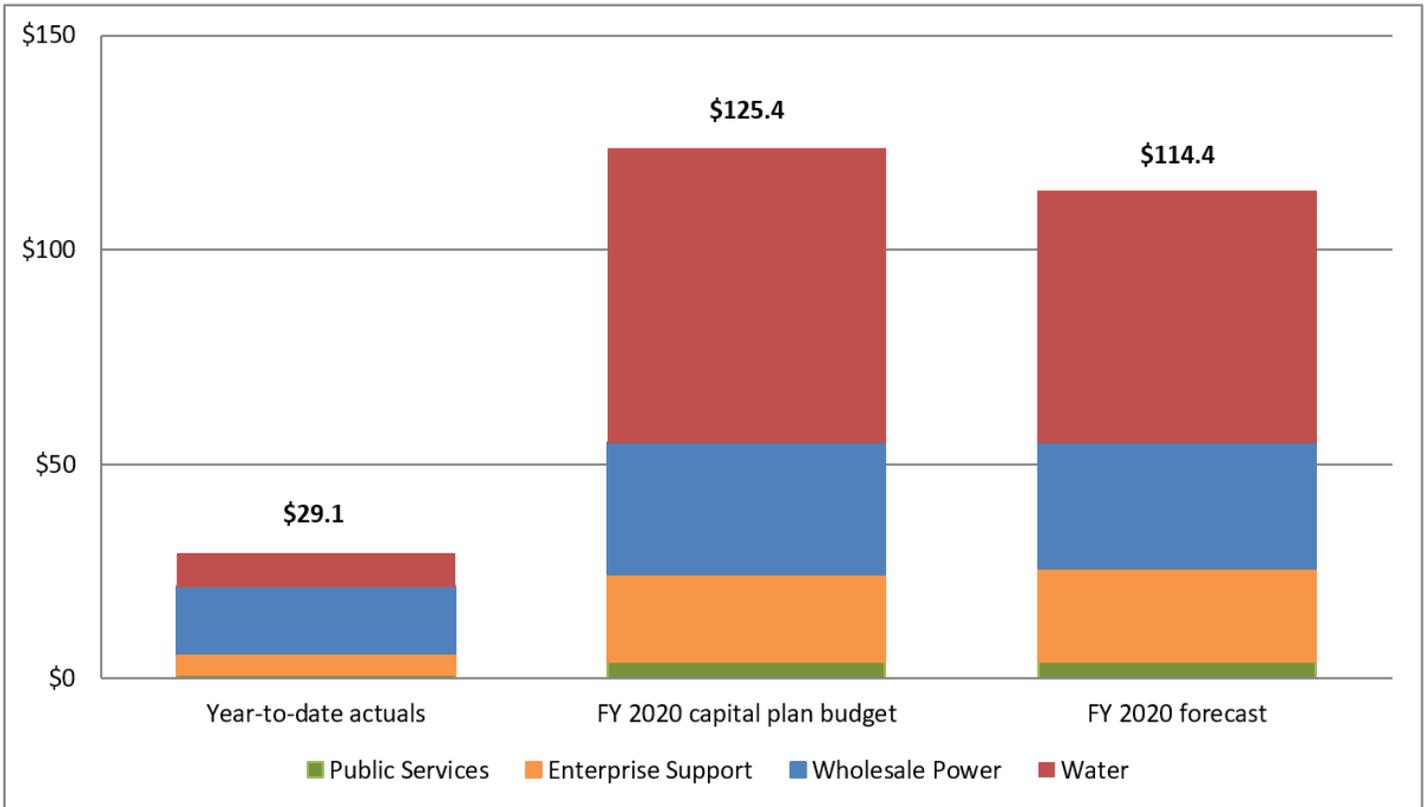
- The timing of irrigation revenues and river management expenses primarily drove Water's monthly performance. Lower-than-budgeted expenses, including timing, offset by lower-than-budgeted irrigation revenues, drove the year-to-date performance. Lower-than-budgeted irrigation revenues, offset by lower-than-budgeted river management expenses, are driving the year-end forecast.
- The timing of customer service revenues drove Strategic Services' monthly performance. An increase in transmission and telecommunications customer service work and lower-than-budgeted LCRA Environmental Laboratory Services expenses primarily drove the year-to-date performance and year-end forecast.
- The timing of water quality revenues and Public Services expenses drove Public Services' monthly performance. Lower-than-budgeted expenses drove the year-to-date performance and year-end forecast.
- Positive performances in Transmission, Wholesale Power, Public Services and Strategic Services and lower-than-budgeted debt service are driving the higher-than-budgeted debt service coverage projection.

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(Dollars in Millions)

Capital Forecast



Business area	Year-to-date actuals	Percentage of budget spent	FY 2020 capital plan budget	FY 2020 capital forecast	Variance to forecast
Wholesale Power	\$ 15.6	51%	\$ 30.7	\$ 29.3	\$ 1.4
Water	7.6	11%	68.5	58.7	9.8
Strategic Services	0.0	1%	1.9	0.8	1.1
Public Services	1.0	24%	4.0	4.0	0.1
Enterprise Support	5.0	24%	20.3	21.7	(1.4)
	\$ 29.1	23%	\$ 125.4	\$ 114.4	\$ 11.0

Note: Transmission's capital forecast is found in the LCRA Transmission Services Corporation Financial Highlights.

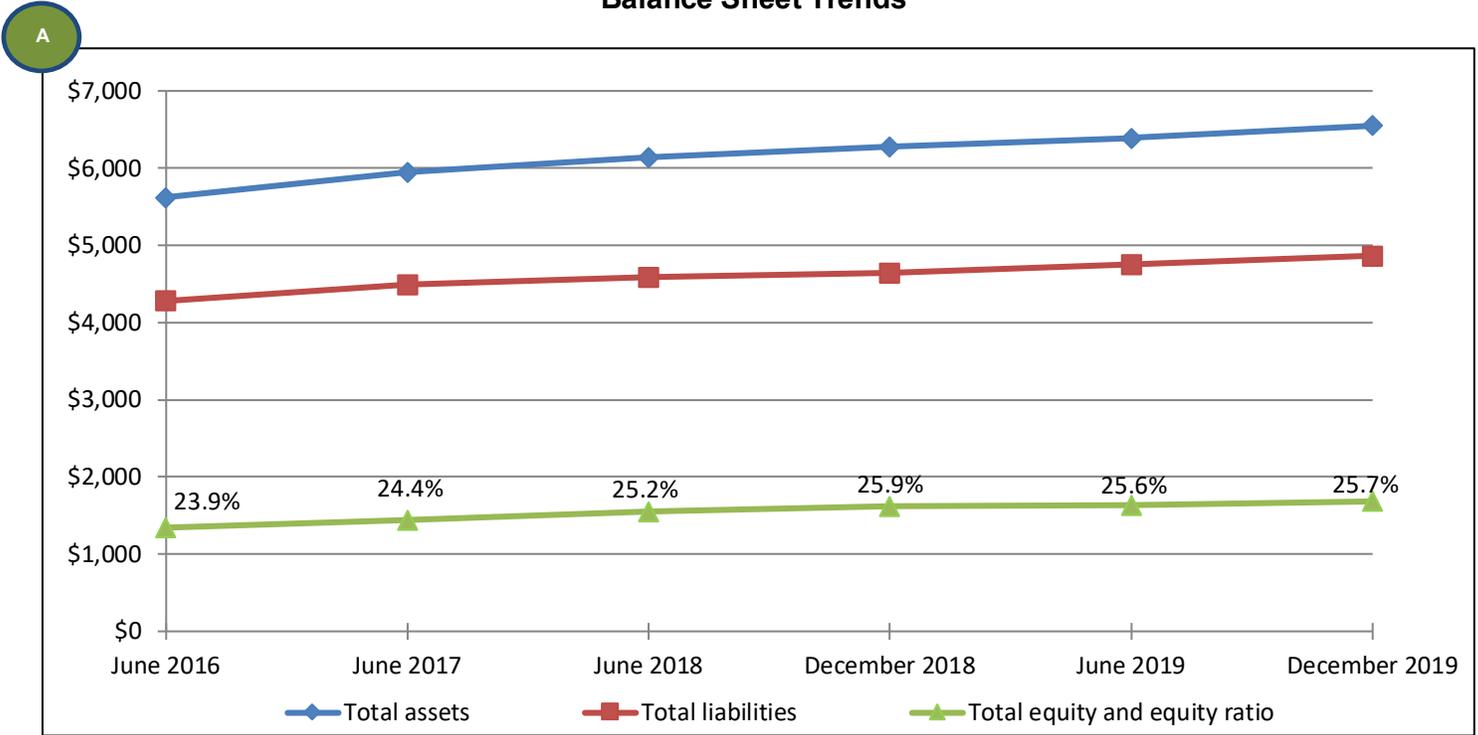
Key takeaways:

- LCRA currently is projecting capital spending for FY 2020 will be \$11 million under the amended capital plan budget of \$125.4 million. The favorable variance is due primarily to lower-than-budgeted spending on some Water projects, offset by additional spending for the Arbutle Reservoir project approved by the Board in December budgeted for FY 2020.
- For any project not previously authorized by the Board in the capital plan, authority is delegated to the general manager to approve any capital project with a lifetime budget not to exceed \$1.5 million, according to LCRA Board Policy 301 – Finance. The GM approved no new projects this quarter.

Lower Colorado River Authority Financial Statement Trends

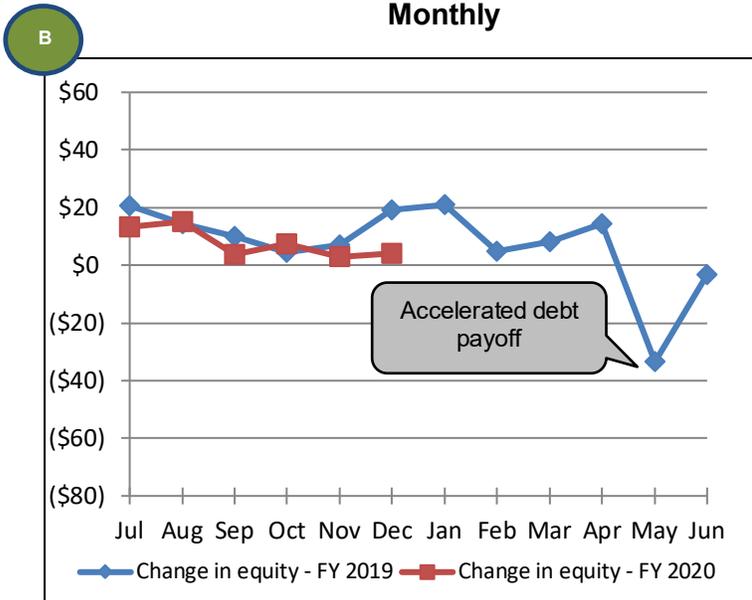
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Balance Sheet Trends

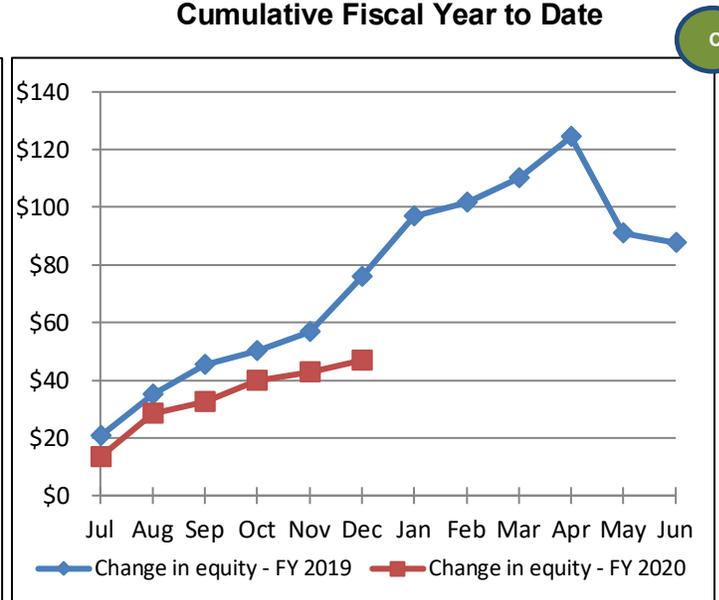


Income Statement Trends

Monthly



Cumulative Fiscal Year to Date



Key takeaways:

- Assets and liabilities have steadily trended upward over the past year due to construction activities related to Transmission's capital plan.
- The decrease in net income for December 2019 compared with December 2018 was due primarily to an LCRA depreciation adjustment in December 2018.

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(Dollars in Millions)

Condensed Balance Sheets

	Dec. 31, 2019	Dec. 31, 2018
<i>Assets</i>		
Total current assets	\$ 708.2	\$ 593.0
Total long-term assets	5,840.9	5,681.1
Total Assets	\$ 6,549.1	\$ 6,274.1
<i>Liabilities</i>		
Total current liabilities	\$ 563.9	\$ 693.2
Total long-term liabilities	4,302.2	3,956.4
Total liabilities	4,866.1	4,649.6
<i>Equity</i>		
Total equity	1,683.0	1,624.5
Total Liabilities and Equity	\$ 6,549.1	\$ 6,274.1

Condensed Statements of Revenues, Expenses and Changes in Equity

	Fiscal Year to Date	
	2020	2019
Operating Revenues		
Electric	\$ 479.1	\$ 533.9
Water and irrigation	11.5	11.7
Other	20.5	21.6
Total Operating Revenues	511.1	567.2
Operating Expenses		
Fuel	134.3	162.2
Purchased power	83.2	73.1
Operations	48.4	84.5
Maintenance	18.2	26.6
Depreciation, depletion and amortization	114.8	79.4
Total Operating Expenses	398.9	425.8
Operating Income	112.2	141.4
Nonoperating Revenues (Expenses)		
Interest on debt	(81.3)	(81.2)
Other income	16.0	15.8
Total Nonoperating Revenues (Expenses)	(65.3)	(65.4)
Change in Equity	46.9	76.0
Equity - Beginning of Period	1,636.1	1,548.5
Equity - End of Period	\$ 1,683.0	\$ 1,624.5

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(Dollars in Millions)

Condensed Statements of Cash Flows

	Fiscal Year to Date	
	2020	2019
Net cash provided by operating activities	\$ 233.9	\$ 204.8
Net cash provided by noncapital financing activities	1.1	1.9
Net cash used in capital and financing activities	(134.4)	(133.7)
Net cash provided by (used in) investing activities	<u>(71.1)</u>	<u>71.2</u>
Net Increase in Cash and Cash Equivalents	29.5	144.2
Cash and Cash Equivalents - Beginning of Period	<u>408.3</u>	<u>242.4</u>
Cash and Cash Equivalents - End of Period	<u>\$ 437.8</u>	<u>\$ 386.6</u>

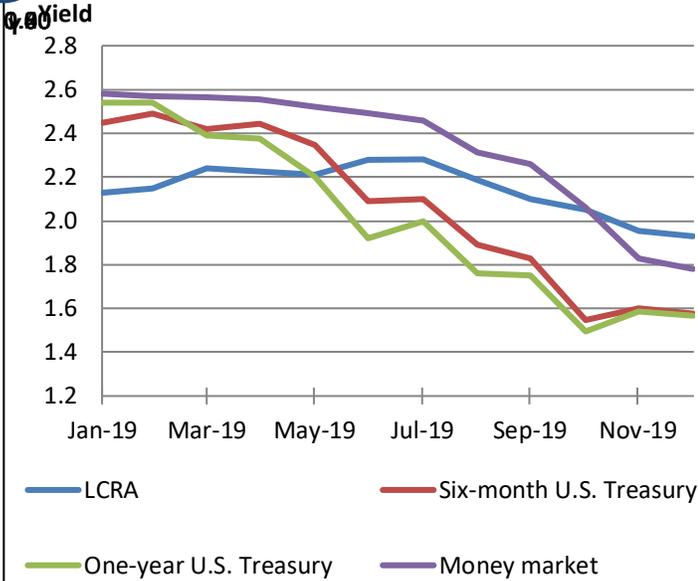
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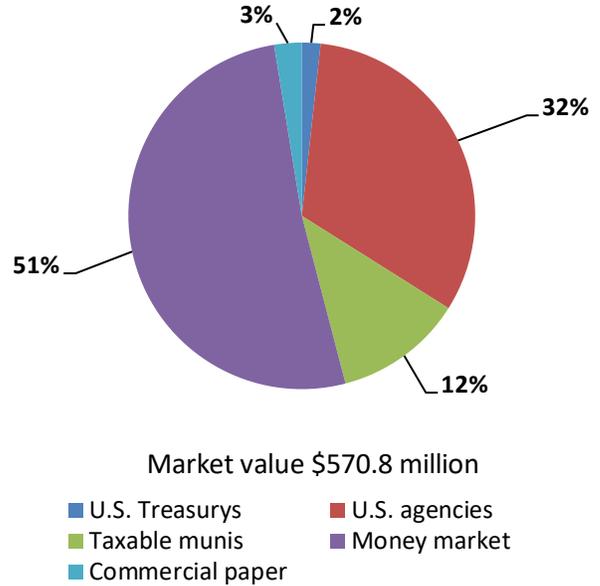
(Dollars in Millions)

Investments and Debt

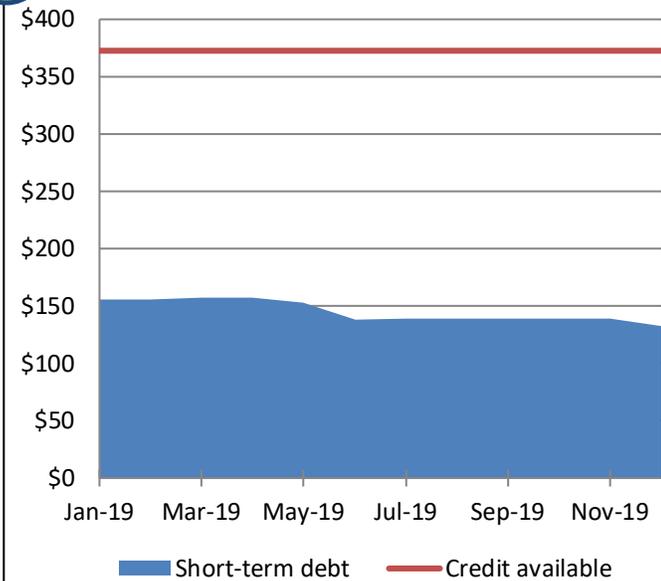
Investment Portfolio Yield



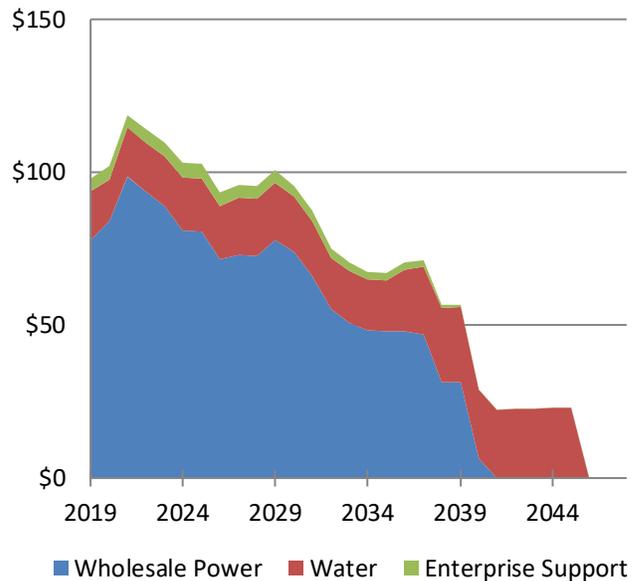
Investment Portfolio Composition



Short-Term Debt



Bond Debt Service



Key takeaway:

- The Federal Open Market Committee cut rates at the October 2019 meeting by 0.25%. This leaves rates in the 1.50%-1.75% range. The market is not anticipating any cuts going into 2020, leaving the federal funds target rate in the 1.50%-1.75% range.