



## **Austin Energy Open Meetings/Open Records Resolution Annual Report 2008**

The Austin City Council approved a resolution allowing Austin Energy to utilize a provision of Senate Bill 7 wherein the legislature recognized the need for municipally-owned utilities to keep confidential information that if disclosed would give advantage to competitors or prospective competitors. In approving the resolution, the City Council also provided that Austin Energy would publish an annual summary on the performance, costs and planning targets outlined below. The Council stipulated that this annual report should be presented at a public hearing where questions and input from the Electric Utility Commission and citizens could be provided, regarding the report.

The Council identified eight performance parameters on which reporting should be provided: 1) system annual average heat rate; 2) annual average combined equivalent availability of Austin Energy's base load generating units; 3) system annual average fuel cost; 4) system annual average production costs; 5) summary of planning targets for renewable energy and energy efficiency; 6) unplanned outage information for outages over six months old and lasting over 12 hours; 7) aggregate revenues and consumption by customer class; and 8) total fuel costs by fuel source.

### **Availability**

The annual average combined equivalent availability of Austin Energy's base load generating units, Fayette Power Project (FPP) and South Texas Project (STP), is the percentage of time during the year the unit is available for use. During 2008, for the fifth year in a row, the STP produced more electricity than any other two-unit nuclear power plant in the nation (there are 33 two-unit nuclear plants in the U.S.). Unit 1 led all 104 reactors nationwide and Unit 2 placed third nationally. The reactors ranked 9<sup>th</sup> and 11<sup>th</sup> respectively, of the 439 units worldwide, in production.

<b>Fiscal Year</b>	<b>FPP 1</b>	<b>FPP2</b>	<b>STP1</b>	<b>STP2</b>
2007	88.00%	98.20%	90.66%	90.56%
2008	97.30%	85.10%	92.30%	91.60%

The lower availability for FPP2 during 2008 was due to a planned outage.

## **Heat Rate**

The heat rate is the amount of fuel in British Thermal Units (BTU) used to produce a kilowatt-hour (kWh) of electricity. The lower the heat rate, the higher the efficiency.

	<b>FY 07</b> BTU/(net kWh)	<b>FY 08</b> BTU/(net kWh)
<b>Average</b>	9,837	9,803

## **Fuel Cost**

System annual average fuel cost in cents per kWh of electricity produced:

<b>FY 07</b>	<b>FY 08</b>
2.912 cents/kWh	3.655 cents/kWh

Fuel costs were higher during FY 08 primarily due to higher natural gas prices and higher rail (coal) transportation costs. New rail transportation contracts nearly doubled in cost during FY 2007. This reflects a trend experienced nationwide by utilities requiring coal deliveries by rail.

## **Fuel Expenditures**

Total fuel costs by fuel source (excludes hedging and ERCOT fees):

<b>Fuel Source</b>	<b>FY07</b>	<b>FY08</b>
Gas	\$219,069,606.11	\$293,337,648.39
Coal	\$50,360,624.04	\$87,063,859.86
Nuclear	\$14,197,168.83	\$15,823,058.81
Fuel Oil	\$1,382,440.30	\$420,141.71
Renewables	\$18,559,208.72	\$26,183,662.02
<b>Total</b>	<b>\$303,569,048.00</b>	<b>\$422,828,370.79</b>

## **Production Cost**

System annual average production cost in cents per kWh of electricity produced: (Production costs include fuel plus operating and maintenance). Higher natural gas and rail transportation costs were the key factors in higher production costs for FY 2008.

<b>FY 07</b>	<b>FY 08</b>
3.831 cents/kWh	4.207 cents/kWh

## **Revenues and Consumption**

Aggregate revenues and consumption by class of customer:

<b>FY 2007</b>			
<b>Customer Class</b>	<b>Revenue</b>	<b>Consumption</b>	<b>\$/kWh</b>
Residential	\$355,571,886	3,908,317,955	0.09098
Commercial	367,303,536	4,350,911,526	0.08442
Industrial	113,401,911	1,930,288,560	0.05875
Public Street & Highway	8,109,515	47,230,496	0.17170
Other Gov	75,439,477	1,088,319,666	0.06932
<b>Total COA</b>	<b>\$919,826,325</b>	<b>11,325,068,203</b>	<b>0.08122</b>
<b>FY 2008</b>			
<b>Customer Class</b>	<b>Revenue</b>	<b>Consumption</b>	<b>\$/kWh</b>
Residential	\$417,138,413	4,220,597,712	0.09883
Commercial	409,117,517	4,534,984,580	0.09021
Industrial	139,021,430	2,233,484,418	0.06224
Public Street & Highway	8,405,790	47,689,860	0.17626
Other Gov	86,139,180	1,147,483,264	0.07507
<b>Total COA</b>	<b>\$1,059,822,331</b>	<b>12,184,239,834</b>	<b>0.08698</b>

## **Austin Energy Renewable Energy and Energy Efficiency Planning Targets**

**Renewables:** Austin Energy expanded its wind portfolio by 165 MW in December 2008. During Fiscal Year 2007-2008, about 7% of the Austin Energy generated power was from renewable resources, or 808,000,000 kWh. The long-term goal is to achieve 30% of total Austin Energy electric energy provided through renewable energy resources by 2020.

**Energy Efficiency:** Austin Energy reduced the electric system peak demand during FY 2008 by 64.1 MW, a performance only slightly below FY 2007's record 65.4 MW. Of the FY 2008 achievement of 64.1 MW, 25.3 MW were achieved through residential programs, 19.7 MW through commercial programs and 19.2 MW through Green Building. Customer energy use through all energy efficiency programs was reduced by 132 million kWh, an 11% increase over 119 million kWh of energy savings during FY 2007.

## Unplanned Outages

The following table shows outages for Austin Energy managed generating units which occurred in FY 2008 due to equipment malfunctions or other problems and which lasted more than 12 hours.

Unit	Outage Start Date/Time	Outage End Date/ Time	Duration (hours)	Description
Sand Hill 1	3/30/08 6:10 AM	3/30/08 12:00 AM	17:50:00	Generator breaker failure
Sand Hill 2	10/5/07 3:53 PM	1/4/08 12:00 PM	2180:07:00	Compressor blade failure
	1/31/08 1:15 PM	2/5/08 1:12 PM	119:57:00	8 <sup>th</sup> stage bleed air line failure
	2/28/08 8:14 AM	2/29/08 1:00 PM	28:46:00	Hydraulic starter oil leak
	3/30/08 6:10 AM	3/30/08 12:00 AM	17:50:00	Generator breaker failure
Sand Hill 3	2/29/08 2:18 PM	3/4/08 5:13 PM	98:55:00	GSU #2 Protective relay failure
Sand Hill 4	2/29/08 2:18 PM	3/4/08 5:13 PM	98:55:00	GSU #2 Protective relay failure
	4/17/08 8:30 AM	4/19/08 5:50 PM	57:20:00	Variable stator vane link repair
Sand Hill 5	1/27/08 1:11 AM	1/28/08 1:46 PM	36:35:00	EX2100 system malfunction
Decker 1				No forced outages
Decker 2	12/16/07 8:31 PM	12/21/07 10:50 PM	122:32:00	Air Pre-heater gear damage
Decker GT 1	2/17/08 12:01 AM	7/17/08 4:23 PM	3648:42:00	Generator rotor and bearing damage
Decker GT 2				No forced outages
Decker GT 3	10/18/07 4:30 PM	10/22/07 3:32 PM	95:80:00	Voltage regulator
Decker GT 4				No forced outages
Mueller EC	2/16/08 1:11 PM	2/17/08 10:47 PM	33:36:00	Fault on plant feeder
	3/7/08 5:55 PM	3/8/08 1:45 PM	19:50:00	Broken wire on "Stop" button
	3/29/08 1:36 AM	4/2/08 4:36 PM	111:00:00	Air diverter valve actuator failed
	6/14/08 6:50 PM	6/15/09 10:10 AM	15:20:00	Inlet guide vane controller software error
	8:13:08 11:32 PM	9/30/09 12:00 AM	1152:00:00	2 <sup>nd</sup> stage turbine rotor failed causing catastrophic failure
Domain	8/1/07	TBD		Separated rotor winding lead

Questions regarding this report should be directed to Ed Clark, Austin Energy Corporate Communications, at (512) 322-6514.