



Austin Energy 2008 Annual Report on AE System Information

In September, 2001, 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 (EUC) 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 and South Texas Project) is the percentage of time during the year the plant is available for use.

Fiscal Year	FPP 1	FPP2	STP1	STP2
2006	98.28%	86.27%	100%	91.81%
2007	88.00%	98.20%	90.66 %	90.56%

The lower availability for FPP1 during 2007 was due to a planned outage for maintenance. The lower availability for the STP units in 2007 was due to planned refueling outages.

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. The higher heat rate in FY 06 was a result of disruptions in coal deliveries and the need to conserve coal, which resulted in the need to more frequently operate FPP at lower, less efficient load levels. Additionally, the Sand hill Energy Center Combined Cycle unit, which is the most efficient unit in our system, produced more energy in FY 07 versus FY 06.

	FY 06 BTU/(net kWh)	FY 07 BTU/(net kWh)
Average	10,040	9,837

Fuel Cost

System annual average fuel cost in cents per kilowatt-hour of electricity produced:

FY 06	FY 07
3.178 cents/kWh	2.912 cents/kWh

Fuel costs were higher during FY 06 primarily due to coal conservation and the need to utilize more expensive natural gas-fueled generation.

Fuel Expenditures

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

Fuel Source	FY06	FY07
Gas	\$ 230,376,973.73	\$219,069,606.11
Coal	\$ 49,519,262.26	\$50,360,624.04
Nuclear	\$ 13,485,442.82	\$14,197,168.83
Fuel Oil	\$ 525,532.13	\$1,382,440.30
Renewables	\$ 18,828,276.96	\$18,559,208.72
Total	\$ 312,735,487.90	\$303,569,048.00

Production Cost

System annual average production cost in cents per kilowatt-hour of electricity produced: (Production costs include fuel plus operating and maintenance). As with the higher heat rate, the higher production cost in FY 06 was due to coal delivery disruptions and the need to conserve coal, resulting in FPP operating at lower, less efficient load levels. In addition, utilizing less coal meant using more gas, and the price differential between the two fuels helped drive up production costs.

FY 06	FY 07
3.927 cents/kWh	3.831 cents/kWh

Revenues and Consumption

Aggregate revenues and consumption by class of customer:

Customer Class	FY 06		FY 07	
	Revenue	Consumption	Revenue	Consumption
Residential	\$ 387,540,340	4,079,909,225 kWh	\$ 356,142,936	3,908,317,955 kWh
Commercial	\$ 367,017,119	4,287,175,580 kWh	\$365,990,627	4,350,911,526 kWh
Industrial	\$ 108,490,939	1,779,332,904 kWh	\$113,247,946	1,930,288,560 kWh
Street/Highway	\$ 8,127,748	46,872,901 kWh	\$8,106,413	47,230,496 kWh
Other Gov	\$ 80,333,560	1,103,588,987 kWh	\$75,357,836	1,088,319,666 kWh
Total COA	\$ 951,509,706	11,296,879,297 kWh	\$ 918,845,758	11,325,068,203 kWh

Austin Energy Renewable Energy and Energy Efficiency Planning Targets

Renewables Planning Target: During Fiscal Year 2006-2007 about 6% of AE's system load was served by renewable energy. In December 2007 AE expanded its renewable portfolio with the addition of 60MW of wind. This is expected to increase the share of renewable to approximately 8%. By December 2008 AE will begin receiving an additional 165MW of wind power which is projected to increase renewables to 12-13% of system load. The long term goal is to achieve 30% of total AE electric energy provided through renewable energy resources by 2020.

Energy Efficiency Planning Target: AE reduced the electric system peak demand during FY 2007 by 65.4 MWs, which was a record. This record was achieved through Demand-Side Management (DSM) measures that included energy efficiency and conservation, as well as peak load management. The FY 2008 goal is to reduce peak demand by 64.5 MW. A total of 19.4 MWs are expected from Residential DSM programs and 21.7 MWs from Commercial DSM. In addition, 23.3 MWs of savings are expected through the Green Building Program. Peak demand is that hour during the year when the greatest demand for electricity occurs.

There was a secondary target to save 80 million kWh during FY 2007 in reduced energy use for the year. The actual estimated savings during FY 2007 totaled 92.2 million kWh. The target savings for FY 2008 is 124 million kWh.

Unplanned Outages

The outages in this chart are those that occurred during **FY 2007** due to equipment malfunctions or other problems that lasted over 12 hours:

Unit	Outage Start Date/Time	Outage End Date/Time	Duration, hrs	Description
Decker 1				no forced outages

Decker 2				no forced outages
Holly 1				no forced outages
Holly 2				no forced outages
Holly 3	9/19/07 8:09 PM	9/25/07 11:27 PM	135:18:00	Generator brush rigging failure
Holly 4	8/28/06 12:10 PM 4/3/07 7:15 PM 8/7/07 1:30 PM 8/11/07 9:05 PM	8/29/06 6:30 PM 4/4/07 10:20 AM 8/8/07 6:12 PM 8/14/07 10:45 PM	30:20:00 15:05:00 28:42:00 61:40:00	Boiler tube leak. EH system fluid reservoir leak Turbine control system malfunction Boiler tube leak
Sand Hill 1	2/28/06 9:15 PM 2/6/07 6:53 AM 2/7/07 1:00 PM 4/12/07 9:30 AM	3/6/06 6:00 AM 2/6/07 11:30 PM 2/8/07 3:45 PM 5/9/07 6:10 PM	128:45:00 16:37:00 26:45:00 656:40:00	Electrical Switchgear malfunction Precautionary inspection Control cable failure Vane failure/replacement
Sand Hill 2	5/4/06 6:28 AM 6/13/06 4:00 PM 2/22/07 8:10 PM 2/23/07 1:50 PM 2/24/07 7:55 PM 7/22/07 5:55 PM 8/20/07 11:11 PM 8/24/07 2:50 PM	5/5/06 2:05 PM 6/14/06 5:05 PM 2/23/07 11:40 AM 2/24/07 3:15 PM 2/25/07 10:59 AM 7/23/07 7:50 AM 8/21/07 2:45 PM 8/25/07 12:00 PM	31:37:00 25:05:00 15:30:00 25:16:00 39:04:00 13:55:00 15:34:00 21:10:00	Fuel control problems Vane control problems Vane control problems Vane control problems Vane control problems Vane control problems Vane control problems Vibration Monitoring System failure
Sand Hill 3	11/6/05 1:20 AM 12/4/05 12:06 AM 6/5/06 5:19 PM 8/7/06 11:40 AM 8/29/06 10:00 PM 3/25/07 2:00 PM 7/26/07 4:32 AM 8/27/07 4:32 PM	11/7/05 12:00 AM 12/6/05 3:23 PM 6/6/06 9:30 AM 8/8/06 4:00 AM 9/2/06 10:23 AM 4/11/07 5:12 PM 7/27/07 11:30 AM 1/24/07 4:44 PM	22:40:00 63:17:00 16:11:00 16:20:00 84:23:00 411:12:00 29:52:00 3600:12:00	Generator Vent Fan Malfunction Thermocouple failure Automatic Voltage Regulator Fault Fuel Gas Valve Malfunction Control System CPU Failure Fuel Nozzle failure Generator circuit breaker failure Compressor blade failure

Unit	Outage Start Date/Time	Outage End Date/Time	Duration, hrs	Description
Sand Hill 4	10/25/05 8:32 AM 11/5/06 12:03 PM 1/22/06 5:48 PM 10/16/06 12:00 AM 2/14/07 3:25 PM 4/24/07 7:11 AM 5/9/07 10:11 PM 6/6/07 7:00 PM 7/26/07 5:38 AM	10/28/05 2:56 PM 11/7/06 12:00 AM 1/24/06 9:48 AM 1/27/06 9:49 PM 2/15/07 10:45 AM 4/24/07 7:30 PM 5/12/07 11:35 AM 6/7/07 12:07 PM 7/27/07 11:26 AM	78:24:00 35:57:00 40:00:00 2493:49:00 19:20:00 12:19:00 61:24:00 17:07:00 29:48:00	Fuel Supply System malfunction NOx Control System Malfunction Control System Malfunction Defective High Pressure Turbine Blade Generator Enclosure vent fan failure SPRINT system malfunction Combustion system malfunction Pressure switch failure Generator circuit breaker failure
Sand Hill 5	10/6/05 10:53 PM 12/5/05 12:17 PM 1/19/06 9:17 AM 4/5/06 2:20 PM 6/7/06 9:10 PM	10/10/05 8:36 AM 12/7/05 4:40 AM 1/23/06 1:00 AM 4/24/06 8:00 AM 6/10/06 9:34 AM	81:43:00 40:23:00 87:43:00 449:40:00 60:24:00	High Exhaust Temperature Spread Condensate Pump Failure Combustor Problems HP Desuperheater Valve Failure Fire Protection System Malfunction

	7/19/06 8:06 AM 8/3/06 7:59 PM	7/29/06 3:00 AM 8/9/06 9:19 PM	234:54:00 145:20:00	Exciter Malfunction HP Desuperheater Valve Failure
Fayette 1	11/30/05 11:53 AM 12/3/05 5:02 PM 12/30/05 1:15 AM	12/3/05 2:03 AM 12/5/05 7:03 PM 12/31/05 12:21 AM	62:10:00 50:01:00 23:06:00	Cold Reheat piping flange leak. Cold Reheat piping leak. Waterwall tube leak.
Fayette 2	10/22/05 1:05 AM 2/2/06 10:42 PM 4/22/06 12:07 AM 5/1/06 1:22 PM 6/21/06 12:52 AM 8/1/06 2:02 AM 9/4/06 11:29 PM 10/2/06 11:58/ PM 10/15/07 2:00 AM 5/24/07 7:28 PM	10/22/05 11:30 PM 2/4/06 9:11 AM 4/23/06 4:28 AM 5/2/06 10:59 PM 6/22/06 10:00 PM 8/3/06 1:59 AM 9/6/06 10:21 PM 10/4/06 12:36 AM 10/16/07 3:43 AM 5/27/07 11:25 AM	22:25:00 34:29:00 28:21:00 33:37:00 45:08:00 47:57:00 46:52:00 24:38:00 25:43:00 63:57:00	Waterwall tube leak Waterwall tube leak Waterwall tube leak Cold Reheat piping flange leak. Steam cooled spacer tube leak. Steam cooled spacer tube leak. Boiler tube leaks Water cooled spacer tube leak Waterwall tube leak Waterwall tube leak
STP 1				no forced outages
STP 2				no forced outages

Questions regarding this report should be directed to Ed Clark, Corporate Communications at 322-6514.