



**INTERIM FINANCIAL**  
R E P O R T



SIX-MONTHS ENDED  
MARCH 31, 2023  
(UNAUDITED)

# Orlando Utilities Commission

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The unaudited statements presented in this interim financial report have been prepared in accordance with generally accepted accounting principles and follow the standards outlined by the Governmental Accounting Standards Board. It is management's assertion that the management discussion and supporting statements do not omit information necessary for a fair presentation nor do they improperly include untrue statements of a material fact or statements of a misleading nature.

## Management's Discussion and Analysis

The following discussion and analysis provides an overview of OUC's unaudited and preliminary financial position and results of operations in comparison to the approved budget and prior year equivalent period.

- The Statements of Revenues, Expenses and Changes in Net Position present the financial information for the six-months ended March 31, 2023 in comparison to the approved budget and prior year equivalent period.
  - Income before contributions for the six-months ended March 31, 2023 was \$52.1 million, which is \$2.1 million higher than budget and \$7.6 million lower than prior year.
- The Statements of Net Position present the nature and amount of resources and obligations at March 31, 2023 and September 30, 2022.
- The Statements of Cash Flows present the cash provided and used by operating activities, non-capital financing activities, capital financing activities and investing activities.

## Operating Revenues Analysis

(\$ in thousands)	As of March			Variance			
	2023 Actual	2023 Budget	2022 Actual	Actual vs Budget		2023 vs 2022	
Retail energy revenues (OUC and STC)	\$ 229,779	\$ 237,107	\$ 230,256	\$ (7,328)	(3.1)%	\$ (477)	(0.2)%
Wholesale energy revenues	22,737	16,338	13,705	6,399	39.2 %	9,032	65.9 %
Water revenues	43,613	44,608	43,197	(995)	(2.2)%	416	1.0 %
Other revenues	42,246	40,500	40,659	1,746	4.3 %	1,587	3.9 %
<b>Operating revenues, net of fuel</b>	<b>338,375</b>	<b>338,553</b>	<b>327,817</b>	<b>(178)</b>	<b>(0.1)%</b>	<b>10,558</b>	<b>3.2 %</b>
Fuel revenues	166,057	195,478	157,509	(29,421)	(15.1)%	8,548	5.4 %
<b>Total operating revenues</b>	<b>\$ 504,432</b>	<b>\$ 534,031</b>	<b>\$ 485,326</b>	<b>\$ (29,599)</b>	<b>(5.5)%</b>	<b>\$ 19,106</b>	<b>3.9 %</b>

### Budget Analysis:

- Operating revenues, net of fuel revenues were \$0.2 million lower than budget. Retail energy revenues were \$7.3 million lower than budget as a result of the net electric fuel price change on October 1, 2022; lowering retail non-fuel energy prices to offset a portion of the increase in retail fuel prices. Wholesale energy revenues were \$6.4 million higher than budget as a result of colder than normal weather in late December and unplanned wholesale sale opportunities.
- Fuel revenues, which are a pass-through charge of fuel expenses, were lower than budget as a result of the continued easing of natural gas commodity prices. These prices decreases coupled with the January 1, 2023 retail fuel price increase have allowed for the accelerated recovery of customer advanced funds from \$70.7 million as of the beginning of the fiscal year to \$15.1 million at March 31, 2023.

### Prior Year Analysis:

- Operating revenues, net of fuel revenues were \$10.6 million higher than prior year driven by an increase in wholesale revenues. Fuel revenues, which are a pass-through charge of fuel expenses, were higher as a result of increased fuel expenses relative to the prior year.

## Operating Expenses Analysis

(\$ in thousands)	As of March			Variance			
	2023 Actual	2023 Budget	2022 Actual	Actual vs Budget		2023 vs 2022	
Unit department expenses	\$ 137,528	\$ 139,918	\$ 122,729	\$ (2,390)	(1.7)%	\$ 14,799	12.1 %
Depreciation and amortization	84,200	85,543	80,053	(1,343)	(1.6)%	4,147	5.2 %
Payments to other governments and taxes	33,650	32,103	27,724	1,547	4.8 %	5,926	21.4 %
Capacity payments	12,639	12,700	12,454	(61)	(0.5)%	185	1.5 %
Emergency response expenses	732	—	—	732	100.0 %	732	100.0 %
<b>Operating expenses, net of fuel</b>	<b>268,749</b>	<b>270,264</b>	<b>242,960</b>	<b>(1,515)</b>	<b>(0.6)%</b>	<b>25,789</b>	<b>10.6 %</b>
Fuel for generation and purchased power	166,057	195,478	157,509	(29,421)	(15.1)%	8,548	5.4 %
<b>Total operating expenses</b>	<b>\$ 434,806</b>	<b>\$ 465,742</b>	<b>\$ 400,469</b>	<b>\$ (30,936)</b>	<b>(6.6)%</b>	<b>\$ 34,337</b>	<b>8.6 %</b>

### Budget Analysis:

- Operating expenses, net of fuel for generation and purchased power were \$1.5 million lower than budget as a result of the timing of unit department and depreciation expenses offset by higher than budget payment and taxes from elevated customer fuel prices.
- Fuel for generation and purchased power expenses were \$29.4 million lower than budgeted as a result of lower than anticipated natural gas commodity prices.

#### Prior Year Analysis:

- Operating expenses, net of fuel for generation and purchased power were \$25.8 million higher than prior year due to rising unit department labor expenses, scheduled plant maintenance expenses, increased depreciation expenses in alignment with the Clean Energy Plan and increased payments to other governments consistent with the increase in retail fuel revenues.
- Fuel for generation and purchased power expenses were \$8.5 million higher than prior year due to year-over-year rising natural gas commodity costs coupled with the impacts of coal transportation constraints.

#### Net Non-Operating and Special Item Expenses Analysis

(\$ in thousands)	As of March			Variance			
	2023 Actual	2023 Budget	2022 Actual	Actual vs Budget		2023 vs 2022	
Interest and other income	\$ 12,386	\$ 10,065	\$ 3,645	\$ 2,321	23.1 %	\$ 8,741	239.8 %
Generation decommissioning	\$ (6,771)	\$ (6,000)	\$ (6,164)	\$ (771)	12.9 %	\$ (607)	100.0 %
Interest expense	(23,179)	(22,377)	(22,677)	(802)	3.6 %	(502)	2.2 %
<b>Total non-operating income and (expenses)</b>	<b>\$ (17,564)</b>	<b>\$ (18,312)</b>	<b>\$ (25,196)</b>	<b>\$ 748</b>	<b>(4.1)%</b>	<b>\$ 7,632</b>	<b>(30.3)%</b>

#### Budget and Prior Year Analysis:

- Non-operating income and expenses were in-line with budget and lower than prior year due to the commencement of long-term custodial contractual agreements and increased interest and other income from unanticipated rising interest rates. These increased amounts were offset by the one-time loss on the sale of investment.

#### Change in Net Position Analysis

(\$ in thousands)	As of March			Variance			
	2023 Actual	2023 Budget	2022 Actual	Actual vs Budget		2023 vs 2022	
Income before contributions	\$ 52,062	\$ 49,977	\$ 59,661	\$ 2,085	4.2 %	\$ (7,599)	(12.7)%
Contributions in aid of construction	9,926	7,200	10,939	2,726	37.9 %	(1,013)	(9.3)%
Annual dividend	(35,104)	(35,104)	(31,749)	—	— %	(3,355)	10.6 %
<b>Increase in net position</b>	<b>\$ 26,884</b>	<b>\$ 22,073</b>	<b>\$ 38,851</b>	<b>\$ 4,811</b>	<b>21.8 %</b>	<b>\$ (11,967)</b>	<b>(30.8)%</b>

#### Budget and Prior Year Analysis:

- Income before contributions were favorable to budget as a result of unexpected wholesale revenues and in alignment with the current year revenue requirement modifications. Income before contributions were lower than prior year based on the timing of operating expenses and are anticipated to align as we progress further into fiscal year 2023.

## Total Assets and Deferred Outflows of Resources

(\$ in thousands)	March 2023	September 2022	Year-to-Date Change	March 2022
Utility plant	\$ 2,664,870	\$ 2,646,274	\$ 18,596	\$ 2,628,664
Restricted and internally designated assets	528,481	701,152	(172,671)	715,103
Current assets	298,166	309,961	(11,795)	319,407
Other assets	329,899	361,245	(31,346)	208,909
Deferred outflows of resources	67,667	65,307	2,360	64,079
<b>Total assets and deferred outflows of resources</b>	<b>\$ 3,889,083</b>	<b>\$ 4,083,939</b>	<b>\$ (194,856)</b>	<b>\$ 3,936,162</b>

### Year-to-Date Analysis:

- Total assets and deferred outflows of resources decreased \$194.9 million from the fiscal year ended 2022 primarily due to the annual debt service payment on October 1 in the amount \$106.9 million coupled with the utilization of designated resources for advanced customer fuel reserves.

## Total Liabilities and Deferred Inflows of Resources

(\$ in thousands)	March 2023	September 2022	Year-to-Date Change	March 2022
Current liabilities	\$ 302,104	\$ 424,626	\$ (122,522)	\$ 325,563
Other liabilities	149,389	134,285	15,104	176,574
Long-term debt, net	1,449,804	1,531,063	(81,259)	1,549,227
Deferred inflows of resources	333,186	366,249	(33,063)	290,308
<b>Total liabilities and deferred inflows of resources</b>	<b>2,234,483</b>	<b>2,456,223</b>	<b>(221,740)</b>	<b>2,341,672</b>
<b>Net position</b>	<b>1,654,600</b>	<b>1,627,716</b>	<b>26,884</b>	<b>1,594,490</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 3,889,083</b>	<b>\$ 4,083,939</b>	<b>\$ (194,856)</b>	<b>\$ 3,936,162</b>

### Year-to-Date Analysis:

- Total liabilities and deferred inflows of resources decreased \$221.7 million due to the annual debt service payments, the payment of hurricane restoration costs, lower fuel commodity costs and the timing of other current liabilities.

## Condensed Statement of Cash Flows and Capital Spend Analysis

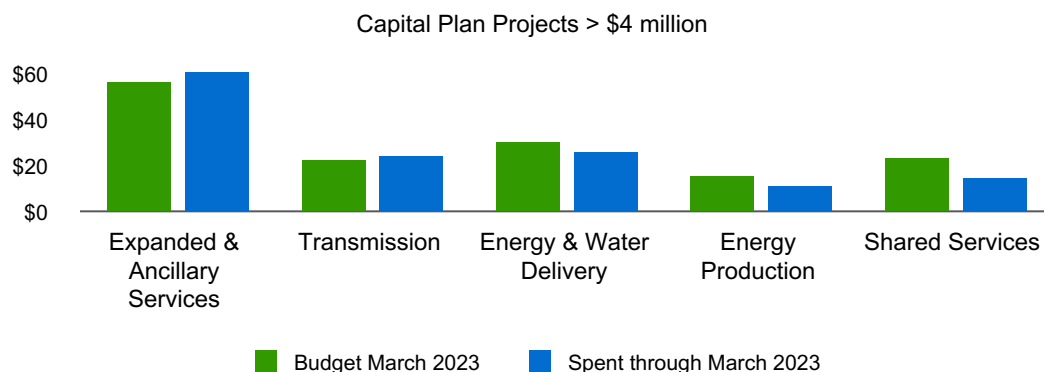
(\$ in thousands)	As of March		
	2023	2022	Change
Net cash provided by operating activities	\$ 133,812	\$ 131,237	\$ 2,575
Net cash used in non-capital related financing activities	(35,104)	(29,880)	(5,224)
Net cash used in capital related financing activities	(209,281)	(192,412)	(16,869)
Net cash provided by investing activities	75,404	(45,201)	120,605
<b>Net decrease in cash and cash equivalents</b>	<b>(35,169)</b>	<b>(136,256)</b>	<b>101,087</b>
<b>Cash and cash equivalents - beginning of year</b>	<b>229,942</b>	<b>447,192</b>	<b>(217,250)</b>
<b>Cash and cash equivalents - current</b>	<b>\$ 194,773</b>	<b>\$ 310,936</b>	<b>\$ (116,163)</b>

**Cash provided by operating activities:** Cash provided by operations was \$133.8 million, an increase of \$2.6 million from 2022, due to the increase in the retail electric fuel price billed to customers offset by an increase in cash paid for emergency response expenses and salaries and benefits.

- As of March 31, 2023, OUC expects to receive \$2.8 million and \$17.1 million in grant reimbursement funds for pandemic emergency response and preparedness and estimated costs for Hurricanes Irma, Ian, and Nicole, respectively.

**Cash used in capital related financing activities:** Cash used in capital related activities was \$209.3 million, an increase of \$16.9 million from 2022, due to timing of capital project outlays including the execution of the contractual agreements for expanded and ancillary services.

- Capital Spend:** As of March 31, 2023, net capital spending was \$149.3 million or 53.7 percent of the approved Capital Plan.



**Orlando Utilities Commission**  
**Statements of Net Position - Unaudited**  
Dollars in thousands

	March 2023	September 2022	Variance	
<b>Assets</b>				
Utility plant	\$ 2,664,870	\$ 2,646,274	\$ 18,596	0.7 %
Restricted and internally designated assets	528,481	701,152	(172,671)	(24.6)%
Current assets	298,166	309,961	(11,795)	(3.8)%
Other assets	329,899	361,245	(31,346)	(8.7)%
Deferred outflows of resources	67,667	65,307	2,360	3.6 %
<b>Total assets and deferred outflows of resources</b>	<b>\$ 3,889,083</b>	<b>\$ 4,083,939</b>	<b>\$ (194,856)</b>	<b>(4.8)%</b>
<b>Liabilities</b>				
Payables from restricted assets	\$ 164,787	\$ 169,431	\$ (4,644)	(2.7)%
Payables from current assets	137,317	255,195	(117,878)	(46.2)%
<b>Current liabilities</b>	<b>302,104</b>	<b>424,626</b>	<b>(122,522)</b>	<b>(28.9)%</b>
Other liabilities	149,389	134,285	15,104	11.2 %
Long-term debt, net	1,449,804	1,531,063	(81,259)	(5.3)%
<b>Total liabilities</b>	<b>1,901,297</b>	<b>2,089,974</b>	<b>(188,677)</b>	<b>(9.0)%</b>
<b>Deferred inflows of resources</b>	<b>333,186</b>	<b>366,249</b>	<b>(33,063)</b>	<b>(9.0)%</b>
<b>Net position</b>	<b>1,654,600</b>	<b>1,627,716</b>	<b>26,884</b>	<b>1.7 %</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 3,889,083</b>	<b>\$ 4,083,939</b>	<b>\$ (194,856)</b>	<b>(4.8)%</b>

\*\*\*See page 4 for additional information related to changes in the Statements of Net Position



**Orlando Utilities Commission**  
**Statements of Revenues, Expenses and Changes in Net Position - Unaudited**  
Dollars in thousands

	Actual March 2023	Budget March 2023	Variance to Budget		Actual March 2022	Variance to Prior Year	
<b>Operating revenues</b>							
Retail energy revenues (OUC and STC)	\$ 229,779	\$ 237,107	\$ (7,328)	(3.1)%	\$ 230,256	\$ (477)	(0.2)%
Wholesale energy revenues	22,737	16,338	6,399	39.2 %	13,705	9,032	65.9 %
Fuel	166,057	195,478	(29,421)	(15.1)%	157,509	8,548	5.4 %
Electric revenues	418,573	448,923	(30,350)	(6.8)%	401,470	17,103	4.3 %
Water revenues	43,613	44,608	(995)	(2.2)%	43,197	416	1.0 %
Other revenues							
Lighting service revenues	8,898	9,322	(424)	(4.5)%	8,981	(83)	(0.9)%
Chilled water revenues	18,246	15,434	2,812	18.2 %	14,899	3,347	22.5 %
Service fees & other revenues	15,102	15,744	(642)	(4.1)%	16,779	(1,677)	(10.0)%
<b>Total operating revenues</b>	<b>504,432</b>	<b>534,031</b>	<b>(29,599)</b>	<b>(5.5)%</b>	<b>485,326</b>	<b>19,106</b>	<b>3.9 %</b>
<b>Operating expenses</b>							
Fuel for generation and purchased power	166,057	195,478	(29,421)	(15.1)%	157,509	8,548	5.4 %
Unit/department	137,528	139,918	(2,390)	(1.7)%	122,729	14,799	12.1 %
Depreciation and amortization	84,200	85,543	(1,343)	(1.6)%	80,053	4,147	5.2 %
Payments to other governments and taxes	33,650	32,103	1,547	4.8 %	27,724	5,926	21.4 %
Capacity payments	12,639	12,700	(61)	(0.5)%	12,454	185	1.5 %
Emergency response costs	732	—	732	100.0 %	—	732	— %
<b>Total operating expenses</b>	<b>434,806</b>	<b>465,742</b>	<b>(30,936)</b>	<b>(6.6)%</b>	<b>400,469</b>	<b>34,337</b>	<b>8.6 %</b>
<b>Non-operating income and (expenses)</b>							
Interest income	8,831	7,182	1,649	23.0 %	696	8,135	1168.8 %
Generation decommissioning	(6,771)	(6,000)	(771)	12.9 %	(6,164)	(607)	100.0 %
Other income	3,555	2,883	672	23.3 %	2,949	606	20.5 %
Interest expense	(23,179)	(22,377)	(802)	3.6 %	(22,677)	(502)	2.2 %
<b>Total non-operating income and (expenses)</b>	<b>(17,564)</b>	<b>(18,312)</b>	<b>748</b>	<b>(4.1)%</b>	<b>(25,196)</b>	<b>7,632</b>	<b>(30.3)%</b>
<b>Income before contributions</b>	<b>52,062</b>	<b>49,977</b>	<b>2,085</b>	<b>4.2 %</b>	<b>59,661</b>	<b>(7,599)</b>	<b>(12.7)%</b>
<b>Contributions in aid of construction</b>	<b>9,926</b>	<b>7,200</b>	<b>2,726</b>	<b>37.9 %</b>	<b>10,939</b>	<b>(1,013)</b>	<b>(9.3)%</b>
<b>Dividend payments</b>	<b>(35,104)</b>	<b>(35,104)</b>	<b>—</b>	<b>— %</b>	<b>(31,749)</b>	<b>(3,355)</b>	<b>10.6 %</b>
<b>Increase in net position</b>	<b>26,884</b>	<b>\$ 22,073</b>	<b>\$ 4,811</b>	<b>21.8 %</b>	<b>38,851</b>	<b>\$(11,967)</b>	<b>(30.8)%</b>
<b>Net position - beginning of year</b>	<b>1,627,716</b>				<b>1,498,420</b>		
<b>Net position - end of period</b>	<b>\$ 1,654,600</b>				<b>\$ 1,537,271</b>		

\*\*\*See pages 2-3 for additional information related to changes in the Statements of Revenues, Expenses, and Changes in Net Position

**Orlando Utilities Commission**  
**Statements of Cash Flows - Unaudited**  
Dollars in thousands

	March 2023	March 2022
<b>Cash flow from operating activities</b>		
Cash received from customers	\$ 604,633	\$ 459,051
Cash paid for fuel and purchased power	(269,514)	(162,149)
Cash paid for unit department expenses	(69,673)	(52,509)
Cash paid for salaries and benefits	(93,822)	(84,551)
Cash paid for emergency response expenses	(4,001)	(254)
Cash paid for other payments and taxes	(33,811)	(28,351)
<b>Net cash provided by operating activities</b>	<u>133,812</u>	<u>131,237</u>
<b>Cash flows from non-capital related financing activities</b>		
Dividend to the City of Orlando	(35,104)	(31,749)
Build America Bonds subsidy received	—	1,869
<b>Net cash used in non-capital related financing activities</b>	<u>(35,104)</u>	<u>(29,880)</u>
<b>Cash flows from capital related financing activities</b>		
Utility plant net of contributions in aid of construction	(97,965)	(79,984)
Debt interest payments	(30,891)	(29,844)
Principal payments on long-term debt and use of bond proceeds	(79,915)	(82,050)
Debt issuance expense	(510)	(534)
<b>Net used in capital related financing activities</b>	<u>(209,281)</u>	<u>(192,412)</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale and maturities of investment securities	189,209	158,841
Loss on sale of investments	(1,963)	(1,792)
Purchases of investment securities	(73,600)	(207,933)
Investments and other income received	(38,242)	5,683
<b>Net cash provided by/(used in) investing activities</b>	<u>75,404</u>	<u>(45,201)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(35,169)</u>	<u>(136,256)</u>
<b>Cash and cash equivalents - beginning of year</b>	<u>229,942</u>	<u>447,192</u>
<b>Cash and cash equivalents - current</b>	<u>\$ 194,773</u>	<u>\$ 310,936</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>		
Operating income	\$ 69,626	\$ 84,857
<b>Adjustments to reconcile operating income to net cash provided by operating activities</b>		
Depreciation and amortization	84,200	80,052
Depreciation and amortization charged to fuel for generation and purchased power	1,207	2,383
Depreciation of vehicles and equipment charged to unit department expenses	1,054	1,216
Changes in assets and liabilities		
Decrease in receivables and accrued revenue	43,830	11,066
Decrease in fuel and materials and supplies inventories	(12,084)	(5,815)
(Increase)/Decrease in accounts payable	(107,450)	3,503
Decrease in deposits payable and deferred items	(984)	(5,735)
Increase/(decrease) in stabilization and deferred revenue accounts	54,413	(40,290)
<b>Net cash provided by operating activities</b>	<u>\$ 133,812</u>	<u>\$ 131,237</u>

\*\*\*See page 5 for additional information related to changes in the Statements of Cash Flows

**Orlando Utilities Commission  
Capital Plan**  
Dollars in thousands

	Year to Date March 2023 Plan	Year to Date March 2023 Actual	Variance to Budget	
Electric Production <sup>1</sup>	\$ 43,527	\$ 37,478	\$ (6,049)	(13.9)%
Transmission <sup>2</sup>	31,447	35,013	3,566	11.3 %
Transmission contributions	—	—	—	— %
Transmission, net	<u>31,447</u>	<u>35,013</u>	3,566	11.3 %
Electric Delivery <sup>3</sup>	29,291	20,225	(9,066)	(31.0)%
Electric Delivery contributions	(2,500)	(6,276)	(3,776)	151.0 %
Electric Delivery, net	<u>26,791</u>	<u>13,949</u>	(12,842)	(47.9)%
Lighting	4,599	4,858	259	5.6 %
Lighting contributions	(300)	(551)	(251)	83.7 %
Lighting, net	<u>4,299</u>	<u>4,307</u>	8	0.2 %
Water <sup>3</sup>	21,918	18,129	(3,789)	(17.3)%
Water contributions	(4,736)	(7,801)	(3,065)	64.7 %
Water, net	<u>17,182</u>	<u>10,328</u>	(6,854)	(39.9)%
Chilled Water	26,333	29,056	2,723	10.3 %
Support Services <sup>3</sup>	32,005	19,156	(12,849)	(40.1)%
Total OUC	<u>\$ 181,584</u>	<u>\$ 149,287</u>	<u>(32,297)</u>	<u>(17.8)%</u>

<sup>1</sup> Totals are net of participant share.

<sup>2</sup> St. Cloud property purchase carried over from prior year offset by various project delays due to supply chain constraints and the impact of Hurricanes Ian and Nicole.

<sup>3</sup> Project delays due to supply chain constraints and the impact of Hurricanes Ian and Nicole.