



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



NINE-MONTHS ENDED  
JUNE 30, 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 nine-months ended June 30, 2023 in comparison to the approved budget and prior year equivalent period.
  - Income before contributions for the nine-months ended June 30, 2023 was \$77.7 million, which is \$1.6 million higher than budget and \$10.9 million lower than prior year.
- The Statements of Net Position present the nature and amount of resources and obligations at June 30, 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 June			Variance			
	2023 Actual	2023 Budget	2022 Actual	Actual vs Budget		2023 vs 2022	
Retail energy revenues (OUC and STC)	\$ 357,224	\$ 363,983	\$ 359,125	\$ (6,759)	(1.9)%	\$ (1,901)	(0.5)%
Wholesale energy revenues	29,891	25,077	13,972	4,814	19.2 %	15,919	113.9 %
Water revenues	68,602	68,238	66,892	364	0.5 %	1,710	2.6 %
Other revenues	65,378	61,979	60,652	3,399	5.5 %	4,726	7.8 %
<b>Operating revenues, net of fuel</b>	<b>521,095</b>	<b>519,277</b>	<b>500,641</b>	<b>1,818</b>	<b>0.4 %</b>	<b>20,454</b>	<b>4.1 %</b>
Fuel revenues	242,886	282,420	283,594	(39,534)	(14.0)%	(40,708)	(14.4)%
<b>Total operating revenues</b>	<b>\$ 763,981</b>	<b>\$ 801,697</b>	<b>\$ 784,235</b>	<b>\$ (37,716)</b>	<b>(4.7)%</b>	<b>\$ (20,254)</b>	<b>(2.6)%</b>

### Budget Analysis:

- Operating revenues, net of fuel revenues were \$1.8 million higher than budget. Retail energy revenues were \$6.8 million lower than budget as a result of lowering retail non-fuel energy prices effective October 1, 2022. Wholesale energy revenues were \$4.8 million higher than budget as a result of colder than normal weather in late December and unplanned wholesale revenue 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 price decreases coupled with the January 1, 2023 retail fuel price increase have allowed for the accelerated recovery of customer advanced funds of \$70.7 million as of the beginning of the fiscal year to a fuel reserve balance of \$29.4 million as of June 30, 2023.

### Prior Year Analysis:

- Operating revenues, net of fuel revenues were \$20.5 million higher than prior year due in combination to the deferral of \$11.5 million of wholesale revenues in 2022 coupled with colder than normal weather and the energizing of two customer-sited chilled water facilities in the current year. Retail energy revenues decreased as a result of the retail non-fuel energy price reduction approved by the Board in October 2022 offset by favorable retail customer growth. Fuel revenues, which are a pass-through charge of fuel expenses, were lower as a result of declining fuel expenses throughout the current year.

## Operating Expenses Analysis

(\$ in thousands)	As of June			Variance			
	2023 Actual	2023 Budget	2022 Actual	Actual vs Budget		2023 vs 2022	
Unit department expenses	\$ 218,942	\$ 219,823	\$ 193,147	\$ (881)	(0.4)%	\$ 25,795	13.4 %
Depreciation and amortization	126,445	128,823	120,819	(2,378)	(1.8)%	5,626	4.7 %
Payments to other governments and taxes	51,323	49,404	41,978	1,919	3.9 %	9,345	22.3 %
Capacity payments	18,985	19,050	18,693	(65)	(0.3)%	292	1.6 %
Emergency response expenses	732	—	—	732	100.0 %	732	100.0 %
<b>Operating expenses, net of fuel</b>	<b>416,427</b>	<b>417,100</b>	<b>374,637</b>	<b>(673)</b>	<b>(0.2)%</b>	<b>41,790</b>	<b>11.2 %</b>
Fuel for generation and purchased power	242,886	282,420	283,594	(39,534)	(14.0)%	(40,708)	(14.4)%
<b>Total operating expenses</b>	<b>\$ 659,313</b>	<b>\$ 699,520</b>	<b>\$ 658,231</b>	<b>\$ (40,207)</b>	<b>(5.7)%</b>	<b>\$ 1,082</b>	<b>0.2 %</b>

### Budget Analysis:

- Operating expenses, net of fuel for generation and purchased power were \$0.7 million lower than budget as a result of lower depreciation expense offset by payments to other governments from elevated customer prices and unplanned emergency response expenses.
- Fuel for generation and purchased power expenses were \$39.5 million lower than budget 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 \$41.8 million higher than prior year due to rising labor and supply costs, scheduled plant maintenance expenses and increased benefit expenses from lower than anticipated investment returns. Additionally, depreciation expenses have increased in alignment with the *Path to Clean Energy* strategic initiative and payments to other governments consistent with the increase in retail electric revenues.
- Fuel for generation and purchased power expenses were \$40.7 million lower than prior year as a result of declining natural gas commodity costs.

**Non-Operating Income and Expense Analysis**

(\$ in thousands)	As of June			Variance			
	2023 Actual	2023 Budget	2022 Actual	Actual vs Budget		2023 vs 2022	
Interest and other income	\$ 20,552	\$ 16,521	\$ 7,351	\$ 4,031	24.4 %	\$ 13,201	179.6 %
Generation decommissioning	\$ (9,975)	\$ (9,000)	\$ (10,325)	\$ (975)	10.8 %	\$ 350	100.0 %
Interest expense	(37,497)	(33,565)	(34,366)	(3,932)	11.7 %	(3,131)	9.1 %
<b>Total non-operating income and (expense)</b>	<b>\$ (26,920)</b>	<b>\$ (26,044)</b>	<b>\$ (37,340)</b>	<b>\$ (876)</b>	<b>3.4 %</b>	<b>\$ 10,420</b>	<b>(27.9)%</b>

Budget and Prior Year Analysis:

- Non-operating income and expense were in-line with budget and lower than prior year due to the commencement of long-term custodial contractual agreements providing an additional \$5.9 million in income and increased interest and other income from rising interest rates. These increased amounts were offset by the one-time loss on the sale of investments coupled with debt issuance costs from newly issued debt.

**Change in Net Position Analysis**

(\$ in thousands)	As of June			Variance			
	2023 Actual	2023 Budget	2022 Actual	Actual vs Budget		2023 vs 2022	
Income before contributions	\$ 77,748	\$ 76,133	\$ 88,665	\$ 1,615	2.1 %	\$(10,917)	(12.3)%
Contributions in aid of construction	16,465	10,800	15,619	5,665	52.5 %	846	5.4 %
Annual dividend	(52,655)	(52,655)	(47,623)	—	— %	(5,032)	10.6 %
<b>Increase in net position</b>	<b>\$ 41,558</b>	<b>\$ 34,278</b>	<b>\$ 56,661</b>	<b>\$ 7,280</b>	<b>21.2 %</b>	<b>\$(15,103)</b>	<b>(26.7)%</b>

Budget and Prior Year Analysis:

- Income before contributions were favorable to budget as a result of higher than anticipated water system development contributions in aid of construction. 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)	June 2023	September 2022	Year-to-Date Change	June 2022
Utility plant	\$ 2,692,962	\$ 2,646,274	\$ 46,688	\$ 2,645,075
Restricted and internally designated assets	811,841	701,152	110,689	705,456
Current assets	312,572	309,961	2,611	323,514
Other assets	297,414	361,245	(63,831)	238,141
Deferred outflows of resources	78,295	65,307	12,988	63,100
<b>Total assets and deferred outflows of resources</b>	<b>\$ 4,193,084</b>	<b>\$ 4,083,939</b>	<b>\$ 109,145</b>	<b>\$ 3,975,286</b>

### Year-to-Date Analysis:

- Total assets and deferred outflows of resources increased \$109.1 million from the previous fiscal year end due to \$276.7 million in net proceeds from the issuance of 2023A bonds, offset by timing of debt service payments, utilization of the previously issued construction funds and the recovery of customer advanced funds to restore depleted fuel reserves.

## Total Liabilities and Deferred Inflows of Resources

(\$ in thousands)	June 2023	September 2022	Year-to-Date Change	June 2022
Current liabilities	\$ 291,319	\$ 424,626	\$ (133,307)	\$ 357,416
Other liabilities	154,277	134,285	19,992	178,099
Long-term debt, net	1,720,465	1,531,063	189,402	1,540,624
Deferred inflows of resources	357,747	366,249	(8,502)	286,845
<b>Total liabilities and deferred inflows of resources</b>	<b>2,523,808</b>	<b>2,456,223</b>	<b>67,585</b>	<b>2,362,984</b>
<b>Net position</b>	<b>1,669,276</b>	<b>1,627,716</b>	<b>41,560</b>	<b>1,612,303</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 4,193,084</b>	<b>\$ 4,083,939</b>	<b>\$ 109,145</b>	<b>\$ 3,975,287</b>

### Year-to-Date Analysis:

- Total liabilities and deferred inflows of resources increased \$67.6 million due to the \$276.7 million issuance of 2023A bonds offset by the timing of 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

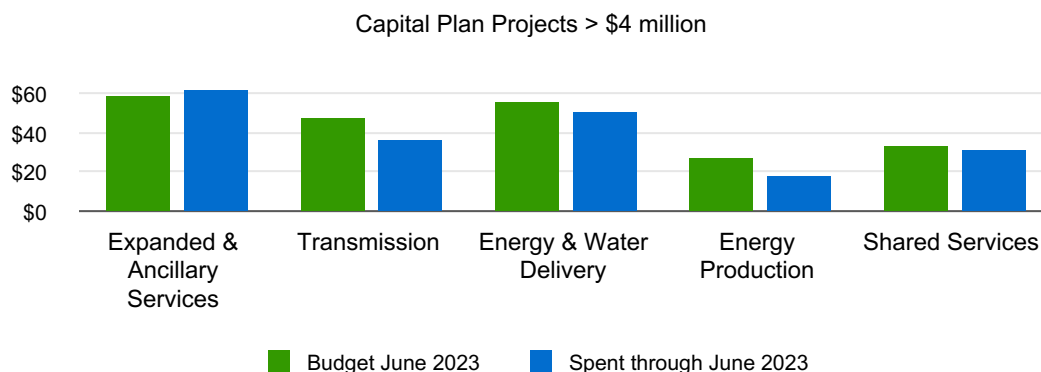
(\$ in thousands)	As of June		
	2023	2022	Change
Net cash provided by operating activities	\$ 249,388	\$ 202,911	\$ 46,477
Net cash used in non-capital related financing activities	(50,773)	(45,754)	(5,019)
Net cash used in capital related financing activities	(27,349)	(273,232)	245,883
Net cash provided by investing activities	(72,007)	(76,417)	4,410
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>99,259</b>	<b>(192,492)</b>	<b>291,751</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>\$ 329,201</b>	<b>\$ 254,700</b>	<b>\$ 74,501</b>

**Cash provided by operating activities:** Cash provided by operations was \$249.4 million, an increase of \$46.5 million from 2022, due to the increase in the retail electric fuel revenues collected offset by an increase in cash paid for expenses in unit department, salaries and benefits and emergency response.

- As of June 30, 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 \$27.3 million, a decrease of \$245.9 million from 2022, due to the proceeds from the 2023A bonds in the amount of \$276.7 million. Excluding the receipt of the newly issued debt, capital related activities were \$30.9 million or 23.3 percent higher as a result of costs associated with the completion of two large customer-sited chilled water facilities coupled with the rising cost of materials, supplies and labor.

- Capital Spend:** As of June 30, 2023, net capital spending was \$212.4 million or 76.4 percent of the approved Capital Plan.



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

	June 2023	September 2022	Variance	
<b>Assets</b>				
Utility plant	\$ 2,692,962	\$ 2,646,274	\$ 46,688	1.8 %
Restricted and internally designated assets	811,841	701,152	110,689	15.8 %
Current assets	312,572	309,961	2,611	0.8 %
Other assets	297,414	361,245	(63,831)	(17.7)%
Deferred outflows of resources	78,295	65,307	12,988	19.9 %
<b>Total assets and deferred outflows of resources</b>	<b>\$ 4,193,084</b>	<b>\$ 4,083,939</b>	<b>\$ 109,145</b>	<b>2.7 %</b>
<b>Liabilities</b>				
Payables from restricted assets	\$ 153,596	\$ 169,431	\$ (15,835)	(9.3)%
Payables from current assets	137,723	255,195	(117,472)	(46.0)%
<b>Current liabilities</b>	<b>291,319</b>	<b>424,626</b>	<b>(133,307)</b>	<b>(31.4)%</b>
Other liabilities	154,277	134,285	19,992	14.9 %
Long-term debt, net	1,720,465	1,531,063	189,402	12.4 %
<b>Total liabilities</b>	<b>2,166,061</b>	<b>2,089,974</b>	<b>76,087</b>	<b>3.6 %</b>
<b>Deferred inflows of resources</b>	<b>357,747</b>	<b>366,249</b>	<b>(8,502)</b>	<b>(2.3)%</b>
<b>Net position</b>	<b>1,669,276</b>	<b>1,627,716</b>	<b>41,560</b>	<b>2.6 %</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 4,193,084</b>	<b>\$ 4,083,939</b>	<b>\$ 109,145</b>	<b>2.7 %</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 June 2023	Budget June 2023	Variance to Budget		Actual June 2022	Variance to Prior Year		
<b>Operating revenues</b>								
Retail energy revenues (OUC and STC)	\$ 357,224	\$ 363,983	\$ (6,759)	(1.9)%	\$ 359,125	\$ (1,901)	(0.5)%	
Wholesale energy revenues	29,891	25,077	4,814	19.2 %	13,972	15,919	113.9 %	
Fuel	242,886	282,420	(39,534)	(14.0)%	283,594	(40,708)	(14.4)%	
Electric revenues	630,001	671,480	(41,479)	(6.2)%	656,691	(26,690)	(4.1)%	
Water revenues	68,602	68,238	364	0.5 %	66,892	1,710	2.6 %	
Other revenues								
Lighting service revenues	13,300	14,012	(712)	(5.1)%	13,342	(42)	(0.3)%	
Chilled water revenues	29,270	24,252	5,018	20.7 %	23,782	5,488	23.1 %	
Service fees & other revenues	22,808	23,715	(907)	(3.8)%	23,528	(720)	(3.1)%	
<b>Total operating revenues</b>	<b>763,981</b>	<b>801,697</b>	<b>(37,716)</b>	<b>(4.7)%</b>	<b>784,235</b>	<b>(20,254)</b>	<b>(2.6)%</b>	
<b>Operating expenses</b>								
Fuel for generation and purchased power	242,886	282,420	(39,534)	(14.0)%	283,594	(40,708)	(14.4)%	
Unit/department	218,942	219,823	(881)	(0.4)%	193,147	25,795	13.4 %	
Depreciation and amortization	126,445	128,823	(2,378)	(1.8)%	120,819	5,626	4.7 %	
Payments to other governments and taxes	51,323	49,404	1,919	3.9 %	41,978	9,345	22.3 %	
Capacity payments	18,985	19,050	(65)	(0.3)%	18,693	292	1.6 %	
Emergency response costs	732	—	732	100.0 %	—	732	— %	
<b>Total operating expenses</b>	<b>659,313</b>	<b>699,520</b>	<b>(40,207)</b>	<b>(5.7)%</b>	<b>658,231</b>	<b>1,082</b>	<b>0.2 %</b>	
<b>Non-operating income and (expenses)</b>								
Interest income	15,169	11,267	3,902	34.6 %	2,695	12,474	462.9 %	
Generation decommissioning	(9,975)	(9,000)	(975)	10.8 %	(10,325)	350	100.0 %	
Other income	5,383	5,254	129	2.5 %	4,656	727	15.6 %	
Interest expense	(37,497)	(33,565)	(3,932)	11.7 %	(34,366)	(3,131)	9.1 %	
<b>Total non-operating income and (expenses)</b>	<b>(26,920)</b>	<b>(26,044)</b>	<b>(876)</b>	<b>3.4 %</b>	<b>(37,340)</b>	<b>10,420</b>	<b>(27.9)%</b>	
<b>Income before contributions</b>	<b>77,748</b>	<b>76,133</b>	<b>1,615</b>	<b>2.1 %</b>	<b>88,664</b>	<b>(10,916)</b>	<b>(12.3)%</b>	
<b>Contributions in aid of construction</b>	<b>16,465</b>	<b>10,800</b>	<b>5,665</b>	<b>52.5 %</b>	<b>15,619</b>	<b>846</b>	<b>5.4 %</b>	
<b>Dividend payments</b>	<b>(52,655)</b>	<b>(52,655)</b>	<b>—</b>	<b>— %</b>	<b>(47,623)</b>	<b>(5,032)</b>	<b>10.6 %</b>	
<b>Increase in net position</b>	<b>41,558</b>	<b>\$ 34,278</b>	<b>\$ 7,280</b>	<b>21.2 %</b>	<b>56,660</b>	<b>\$(15,102)</b>	<b>(26.7)%</b>	
<b>Net position - beginning of year</b>	<b>1,627,718</b>				<b>1,555,641</b>			
<b>Net position - end of period</b>	<b>\$ 1,669,276</b>				<b>\$ 1,612,301</b>			

\*\*\*See pages 2 and 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

	June 2023	June 2022
<b>Cash flow from operating activities</b>		
Cash received from customers	\$ 892,594	\$ 681,991
Cash paid for fuel and purchased power	(357,460)	(248,621)
Cash paid for unit department expenses	(82,533)	(61,130)
Cash paid for salaries and benefits	(146,265)	(128,547)
Cash (paid)/received for emergency response expenses	(6,081)	1,244
Cash paid for other payments and taxes	(50,867)	(42,026)
<b>Net cash provided by operating activities</b>	<b>249,388</b>	<b>202,911</b>
<b>Cash flows from non-capital related financing activities</b>		
Dividend to the City of Orlando	(52,655)	(47,623)
Build America Bonds subsidy received	1,882	1,869
<b>Net cash used in non-capital related financing activities</b>	<b>(50,773)</b>	<b>(45,754)</b>
<b>Cash flows from capital related financing activities</b>		
Utility plant net of contributions in aid of construction	(163,656)	(132,715)
Debt interest payments	(58,439)	(57,648)
Principal payments on long-term debt and use of bond proceeds	(79,915)	(82,050)
Debt issuances	276,672	—
Debt issuance expense	(2,011)	(819)
<b>Net used in capital related financing activities</b>	<b>(27,349)</b>	<b>(273,232)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale and maturities of investment securities	245,723	240,236
Loss on sale of investments	(1,963)	(1,847)
Purchases of investment securities	(285,653)	(322,128)
Investments and other income (paid)/received	(30,114)	7,322
<b>Net cash used in investing activities</b>	<b>(72,007)</b>	<b>(76,417)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>99,259</b>	<b>(192,492)</b>
<b>Cash and cash equivalents - beginning of year</b>	<b>229,942</b>	<b>447,192</b>
<b>Cash and cash equivalents - current</b>	<b>\$ 329,201</b>	<b>\$ 254,700</b>
<b>Reconciliation of operating income to net cash provided by operating activities</b>		
Operating income	\$ 104,668	\$ 126,005
<b>Adjustments to reconcile operating income to net cash provided by operating activities</b>		
Depreciation and amortization	126,445	120,818
Depreciation and amortization charged to fuel for generation and purchased power	1,854	3,602
Depreciation of vehicles and equipment charged to unit department expenses	1,576	1,802
Changes in assets and liabilities		
Decrease/(Increase) in receivables and accrued revenue	27,748	(30,665)
Decrease in fuel and materials and supplies inventories	(12,192)	(646)
(Increase)/Decrease in accounts payable	(106,618)	44,018
Increase in deposits payable and deferred items	4,333	6,982
Increase/(Decrease) in stabilization and deferred revenue accounts	101,574	(69,005)
<b>Net cash provided by operating activities</b>	<b>\$ 249,388</b>	<b>\$ 202,911</b>

\*\*\*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 June 2023 Plan	Year to Date June 2023 Actual	Variance to Budget	
Electric Production <sup>1</sup>	\$ 54,653	\$ <b>51,754</b>	\$ (2,899)	(5.3)%
Transmission <sup>2</sup>	55,988	<b>45,308</b>	(10,680)	(19.1)%
Transmission contributions	—	—	—	— %
Transmission, net	<u>55,988</u>	<u><b>45,308</b></u>	(10,680)	(19.1)%
Electric Delivery <sup>2</sup>	44,067	<b>35,131</b>	(8,936)	(20.3)%
Electric Delivery contributions	(3,243)	<b>(8,827)</b>	(5,584)	172.2 %
Electric Delivery, net	<u>40,824</u>	<u><b>26,304</b></u>	(14,520)	(35.6)%
Lighting	6,874	<b>8,092</b>	1,218	17.7 %
Lighting contributions	(450)	<b>(1,548)</b>	(1,098)	244.0 %
Lighting, net	<u>6,424</u>	<u><b>6,544</b></u>	120	1.9 %
Water <sup>2</sup>	38,833	<b>31,565</b>	(7,268)	(18.7)%
Water contributions	(8,417)	<b>(11,583)</b>	(3,166)	37.6 %
Water, net	<u>30,416</u>	<u><b>19,982</b></u>	(10,434)	(34.3)%
Chilled Water	27,165	<b>23,661</b>	(3,504)	(12.9)%
Support Services <sup>2</sup>	49,422	<b>38,872</b>	(10,550)	(21.3)%
Total OUC	<u>\$ 264,892</u>	<u>\$ <b>212,425</b></u>	\$ (52,467)	(19.8)%

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

<sup>2</sup> Project delays due to supply chain constraints and the impact of Hurricanes Ian and Nicole.