

JP Morgan Conference Investor Presentation

April 2, 2014

*Photo: Medical City
VA Medical Center
Opening 2015*



OUC 
The Reliable One[®]

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Agenda

- Overview and Customer Growth
- Generation Update
- Rates and Financial Update
- Appendix

Overview – Management and Employees

- The OUC senior management team (CEO and eight Vice Presidents) has extensive energy industry experience
 - The senior management team has combined utility experience of more than 180 years
- OUC has a strong, five person Board (including the Mayor of Orlando) that acts independently from the City
- OUC employs approximately 1,100 employees
- Employees are not unionized

Overview – Ratings and Governance

- Current bond ratings:
 - Aa2 – stable outlook - Moody's
 - AA – stable outlook – Fitch
 - AA – stable outlook – S&P
- City of Orlando's General Obligation pledge has implied ratings of Aa1/AA/AAA by Moody's Investors Service, Standard & Poor's, and Fitch Ratings, respectively. City of Orlando ratings do not support OUC bond issues and do not directly affect OUC's credit ratings
- OUC has full authority over the management and control of the system, which allows OUC to undertake the construction, operation and maintenance of the electric and water systems
- OUC Board has sole authority to set electric and water rates
 - Limited FPSC review, but does not require FPSC approval

Sales Growth

Historical and Projected

Fiscal Years	Average Annual Growth Rate	Average Annual Growth Rate
	Electric (GWH)	Water (Kgals)
2009-2013	-0.2%	-0.5%
2014-2018	1.7%	1.3%

- 2009-2013 - No growth due to economic downturn, mild weather and changing customer usage patterns
- 2014-2018 - Moderate growth based on recovering economy impacting diverse sectors

Customer Load Growth

Location	Dollars (in millions)	Additional Load MWs
VA Hospital (2015)	\$1.4	4
Universal Studios (August 2014) New Harry Potter Attraction	\$1.3	5
Publix Distribution Center (October 2014)	\$1.1	4
Amcor Rigid Plastics (2013 and 2014)	\$2.5	10
Total	\$ 6.3 *	23 MWs

* Represents almost 2% growth in base revenues

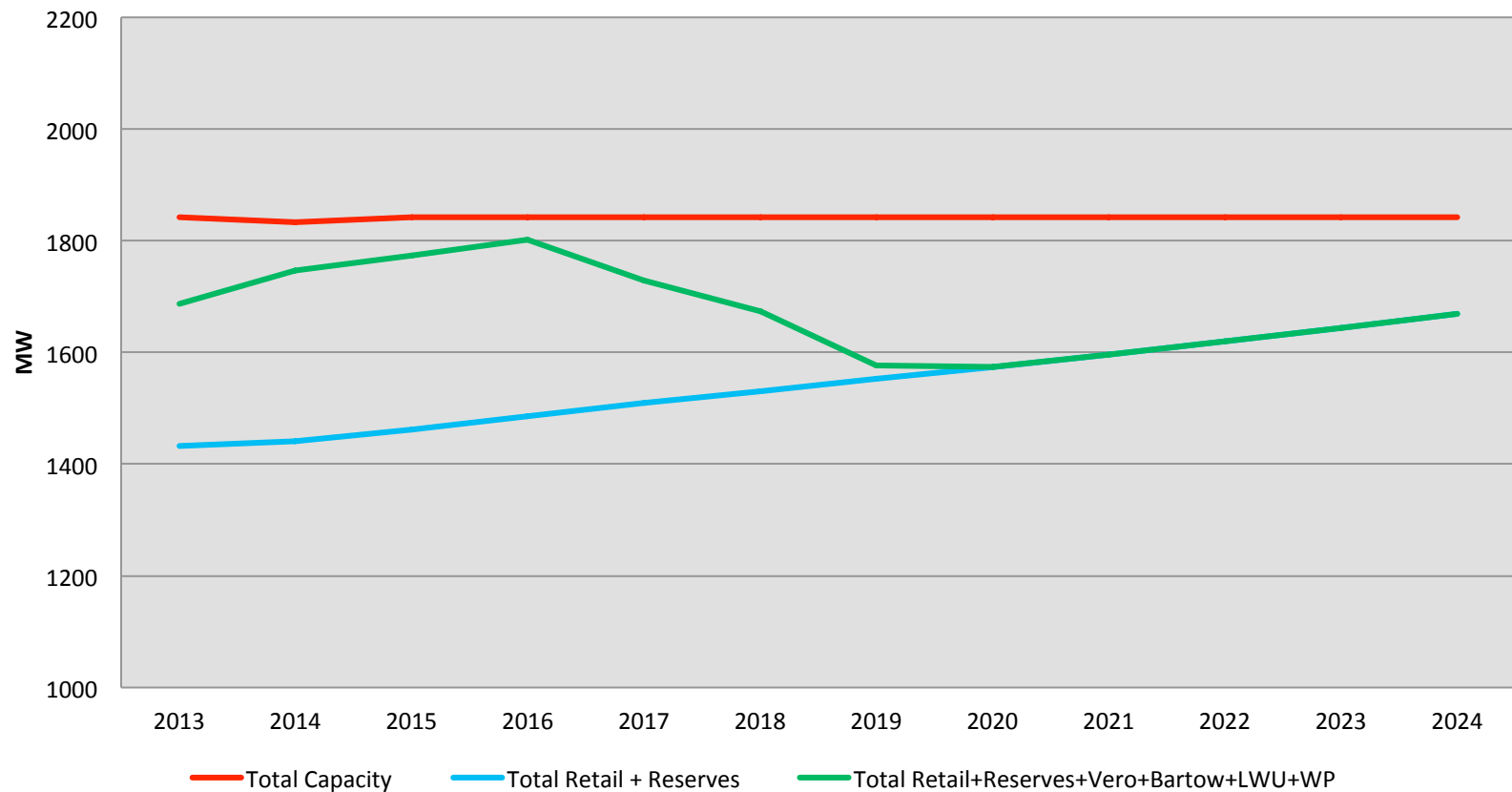


Generation Update

Photo: Stanton Energy Center

Managing Reserve Margins

Vero Beach + Bartow + Lake Worth + Winter Park Contracts



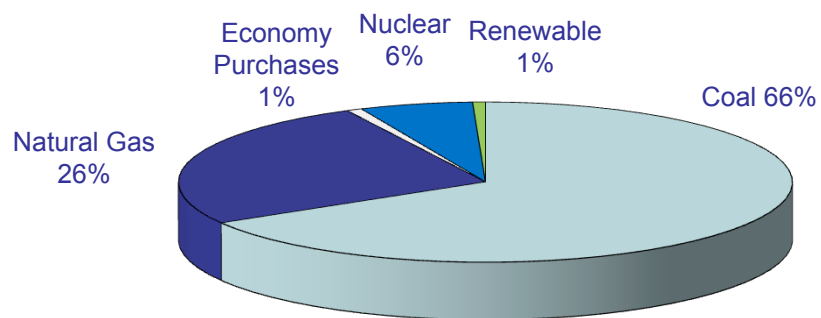
Vero is shown ending in 2016. Ongoing negotiations could change this date.

Operating Flexibility

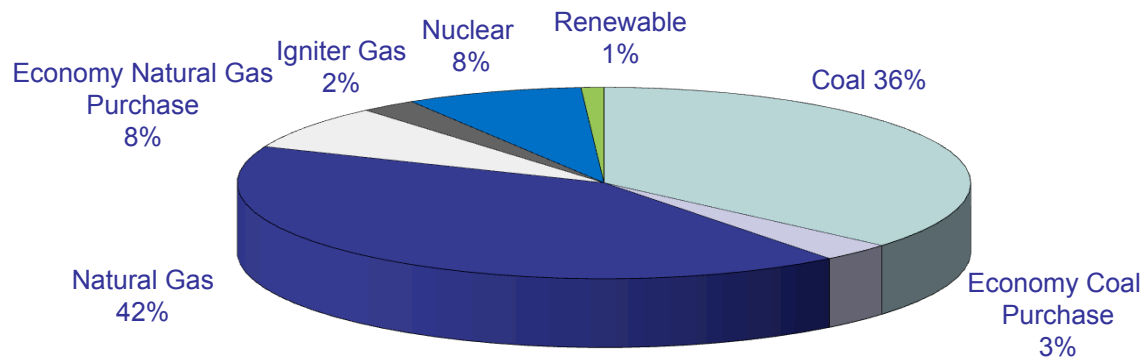
- Diversity of generation assets allow resource flexibility
- Florida Municipal Power Pool (FMPP)
- Stanton natural gas igniters
 - Operating range: 90 MW to 460 MW
 - 80 percent turndown capabilities compared to 40-50 percent industry
 - Reduce need for repeated shut down/start up
 - Significant cost savings during off-peak periods

Fuel Mix for Delivered Energy

2008



2013



Environmental Regulations

- Clean Air Interstate Rule (CAIR)/ Cross-State Air Pollution Rule (CSAPR)
- Maximum Achievable Control Technology (MACT)
 - No major capital investment anticipated
- Greenhouse Gas (GHG)
 - Impact on existing coal plants
 - Impact on natural gas market
 - Importance of fuel diversity and operating flexibility in uncertain regulatory environment

Clean Energy Strategy

- Target – Clean energy portfolio will be 16.7% of retail sales by FY 2018
- Tactical Strategy
 - Conservation efforts will reduce the need of generation by 173,300 MWH (2.7% of retail sales)
 - Leveraging the new AMI assets will reduce the need of generation by 85,000 MWH (1.3% of retail sales)
 - Supply side and customer sited renewable generation will produce 189,500 MWH (2.9% of retail sales)
 - Efficiency measures made to the generation units at SEC will produce an additional 72,000 MWH (1.1% of retail sales)
 - Partial ownership in nuclear generation will produce 568,000 MWH (8.7% of retail sales)

Rates and Financial Update

Rate Setting

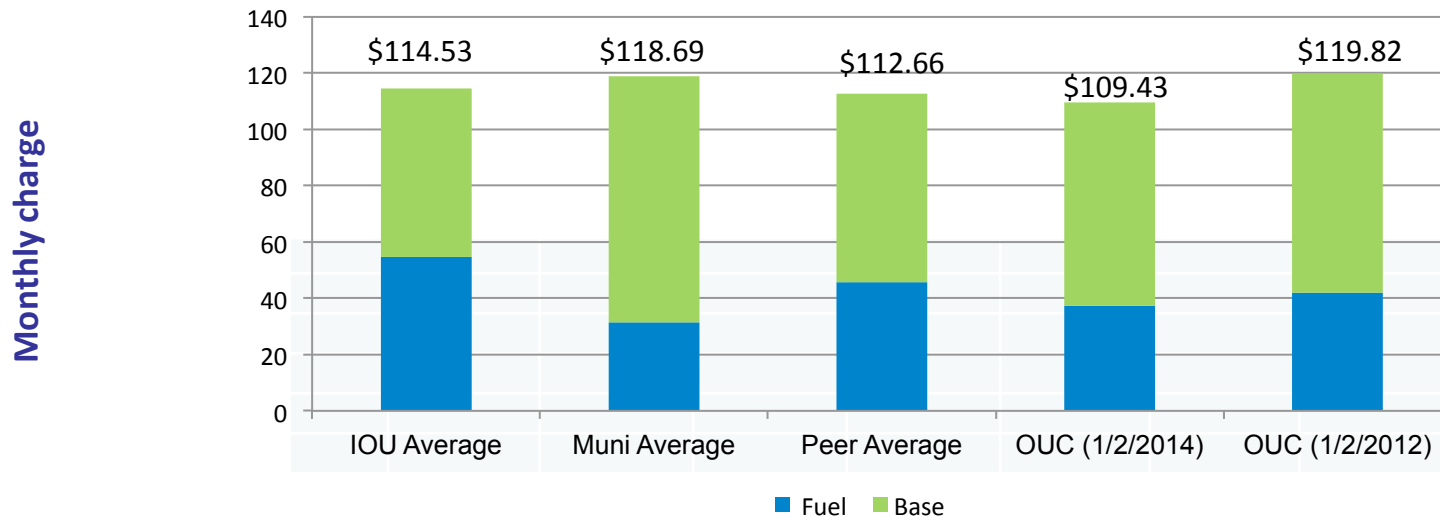
- OUC Board has sole authority to set electric and water rates
 - Florida PSC review limited to rate structure
- OUC has demonstrated a commitment to adjust rates as necessary to maintain adequate financial metrics, including debt service coverage and cash reserves
- OUC can implement rate changes within 30 days
 - Base and fuel stabilization reserves also available
- Rate actions:
 - No rate changes anticipated for 2014

Maintain Competitive Electric and Water Rates

- New net revenues of \$8.5 million
 - Pursue wholesale energy opportunities in Florida (\$4.5 million)
 - Attracting new retail electric customers above planned growth (\$2.0 million)
 - Evaluate new services (surge protection, home warranties) for customers (\$1.0 million)
 - Obtain additional water revenues through rate design (\$1.0 million)
- Reduce operating costs by \$6.0 million through process improvements

Electric Rates are Very Competitive (Florida IOU's and Muni's)

OUC Residential Rate Based on 1,000 kWh



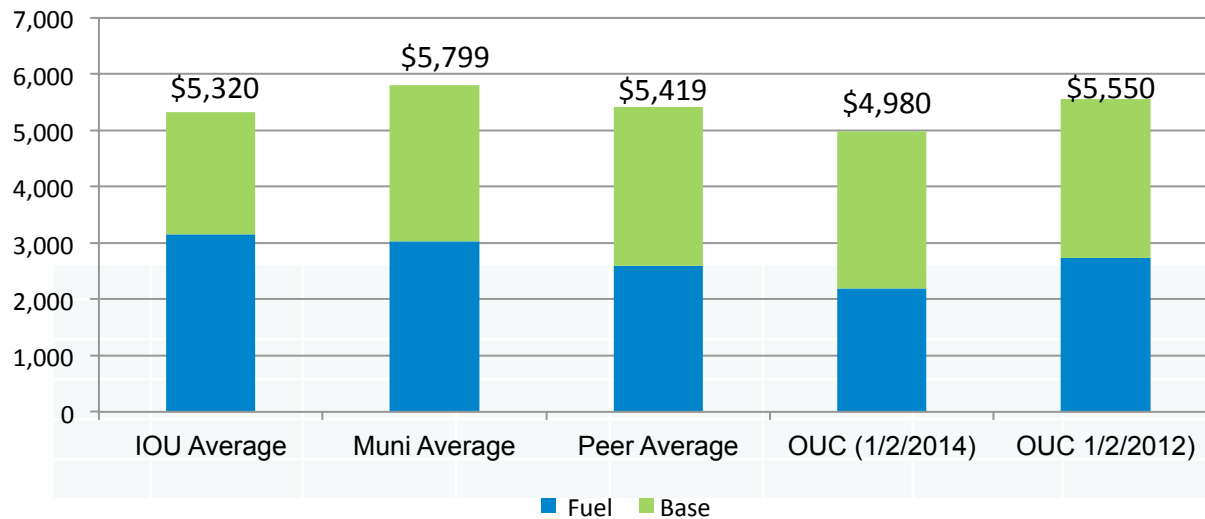
	IOU Average	Muni Average	Peer Average	OUC (1/2/2014)	OUC (1/2/2012)
Total	\$114.53	\$118.69	\$112.66	\$109.43	\$119.82
Fuel	\$54.82	\$31.34	\$45.67	\$37.25	\$42.07
Base	\$59.71	\$87.35	\$66.99	\$72.18	\$77.75

IOU Average: Florida Power & Light (FPL), Gulf Power, Duke, TECO, Florida Public Utilities
Muni Average : All Florida municipal electric utilities
Peer Average: Duke, FPL, TECO, GRU, JEA, Winter Park, KUA, Lakeland



Commercial Rate Comparison

General Service Demand based on 150 KW and 54,750 KWH



	IOU Average	Muni Average	Peer Average	OUC (1/2/2014)	OUC (1/2/2012)
Total	\$5,320	\$5,799	\$5,419	\$4,980	\$5,550
Fuel	\$3,157	\$3,034	\$2,593	\$2,191	\$2,727
Base	\$2,163	\$2,765	\$2,826	\$2,789	\$2,823

IOU Average: Florida Power & Light (FPL), Gulf Power, Duke, TECO, Florida Public Utilities

Muni Average : GRU, JEA, Winter Park, KUA, Lakeland and Bartow

Peer Average: All Muni's above except Bartow, plus Duke, FPL, TECO



Financial Metrics

(\$ in '000s)

Selected Indicators	Actual		Forecast				
	2012	2013	2014	2015	2016	2017	2018
Cash Reserves	\$595	\$566	\$445	\$454	\$466	\$473	\$476
Days Cash on Hand	353	350	251	252	251	250	250
Debt Ratio	60/40	58/42	57/43	56/44	55/45	54/46	52/48
Debt Service Coverage	2.46	2.42	2.47	2.48	2.48	2.59	2.51
Adjusted DS Coverage	1.82	1.77	1.78	1.82	1.83	1.93	1.87

Summary Financial Statement

Fiscal Year Ended 9/30

Condensed Statements of Revenues, Expenses and Changes in Net Position

(Dollars in thousands)	Years ended September 30	
	2013	2012
Operating revenues	\$825,358	\$854,383
Operating expenses	708,563	735,713
Operating income	116,795	118,670
Net non-operating expenses	42,862	45,993
Income before contributions	\$73,933	\$72,677

Revenue challenges due to a slower economy and milder weather were met with expense control to provide an increase in income before contributions

Summary Financial Statement

Five Months Ended 2/14

Condensed Statements of Revenues, Expenses and Changes in Net Position

(Dollars in thousands)	Five months ended February	
	2014	2013
Operating revenues	\$344,448	\$311,878
Operating expenses	292,869	276,221
Operating income	51,579	35,657
Net non-operating expenses	17,513	20,710
Income before contributions	\$34,066	\$14,947

Strong revenues through the first five months and continued expense control yielded an increase in income before contributions over prior year

Summary

- Proactive management
- Flexible generation fleet that is strategically positioned to address regulatory and legislative changes
- Diverse customer base
- Consistently above industry average operating performance metrics
- Strong and consistent financial metrics
- Competitive rates

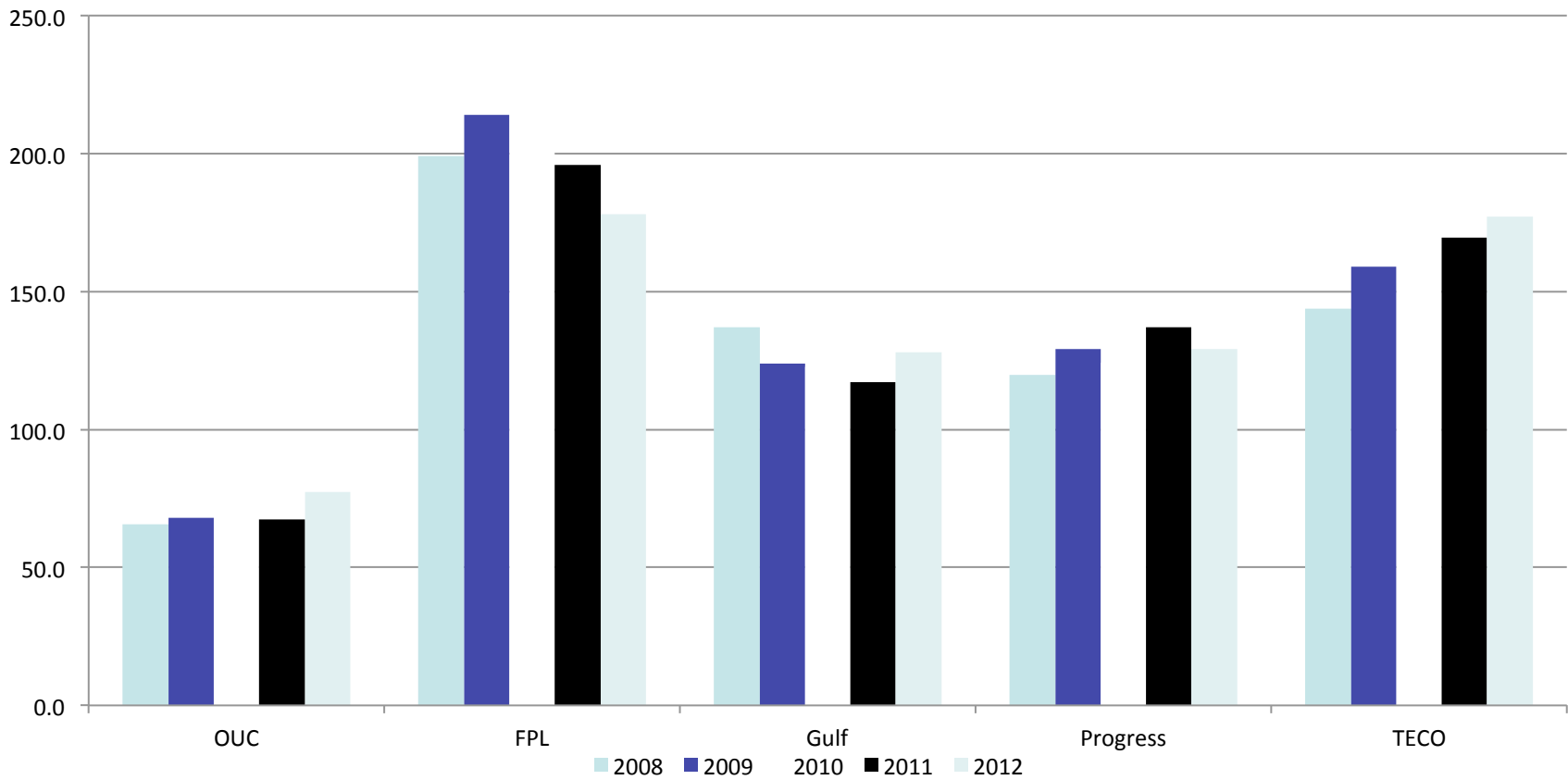
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 - [www.ouc.com/About OUC/Investor Relations/Presentations](http://www.ouc.com/About%20OUC/Investor%20Relations/Presentations)

QUESTIONS

Appendix

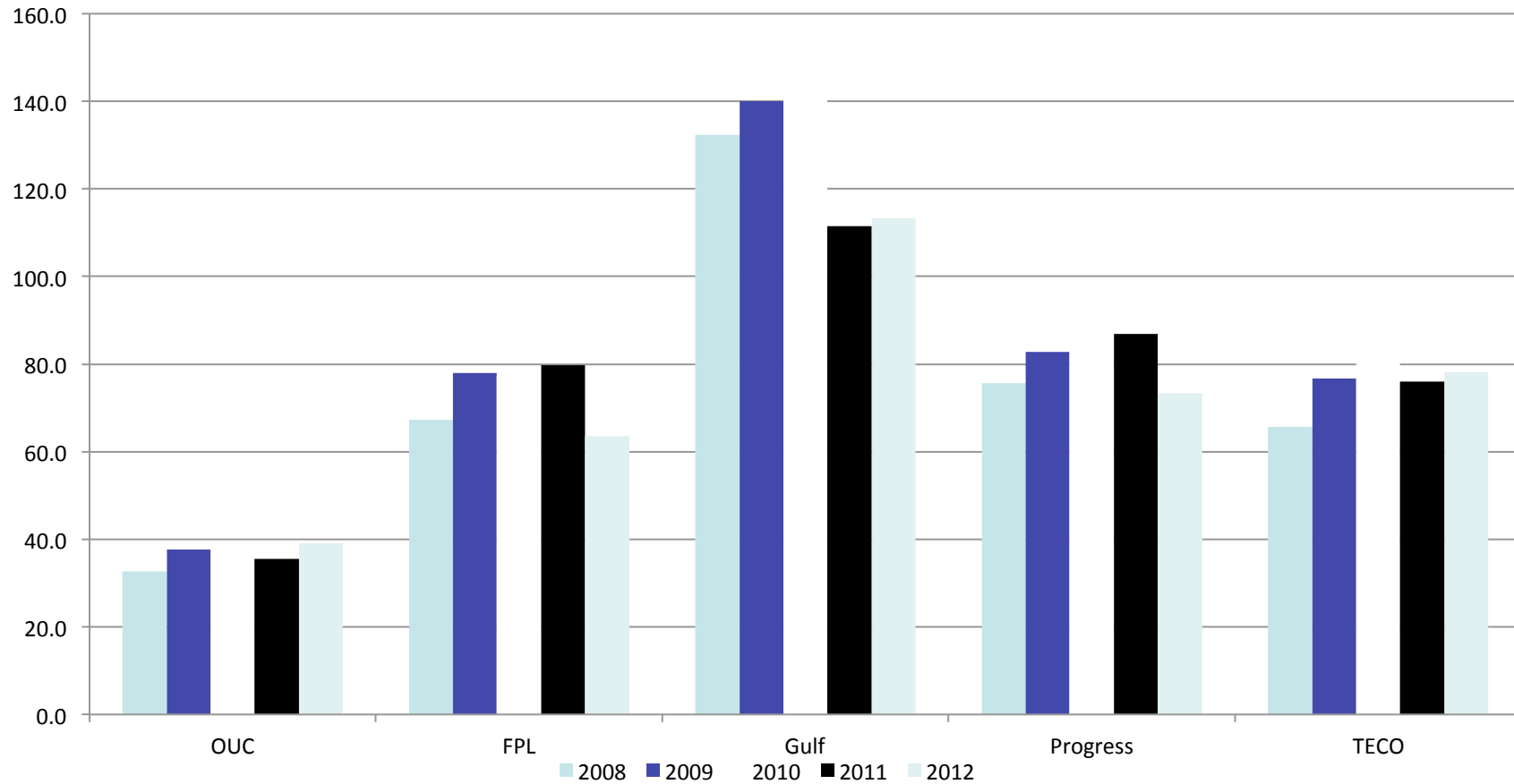
Operational Performance (LBAR)



Florida Reliability L-BAR Index (L-BAR: Average Length of Service Restoration in Minutes)



Operational Performance (SAIDI)



Florida Reliability SAIDI Index (SAIDI: Average Minutes of Service Interruption Per Customer)



Power Supply - Reliability Performance

