



# INTERIM FINANCIAL REPORT



THREE-MONTHS ENDED  
DECEMBER 31, 2021  
(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.

## **COVID-19 Update**

Since the outbreak of the pandemic, OUC continues to be focused on its core value of “Make Safety First” for the well-being of its employees, customers and the community. Health and safety guidelines for employees continue to be administered along with on-site and electronic medical screening protocols. Employees who transitioned to remote work at the onset of the pandemic have transitioned back to the office with a 3-day in-office hybrid work schedule.

## **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 Statement of Revenues, Expenses and Change in Net Position report presents the financial information for the three-months ended December 31, 2021 in comparison to the approved budget and prior year equivalent period.
  - Income before contributions for the three-months ended December 31, 2021 was \$38.8 million, which is \$1.3 million higher than budget and \$9.6 million higher than prior year.
- The Statement of Net Position presents the nature and amount of resources and obligations at December 31, 2021 and September 30, 2021.
- The Statement of Cash Flows report presents 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 December			Variance			
	2021 Actual	2021 Budget	2020 Actual	Actual vs Budget		2021 vs 2020	
Retail energy revenues (OUC and STC)	\$ 118,878	\$ 115,598	\$ 112,081	\$ 3,280	2.8 %	\$ 6,797	6.1 %
Wholesale energy revenues	5,618	6,143	7,239	(525)	(8.5)%	(1,621)	(22.4)%
Water revenues	21,259	21,308	18,365	(49)	(0.2)%	2,894	15.8 %
Other revenues	20,767	19,159	19,230	1,608	8.4 %	1,537	8.0 %
<b>Operating revenues, net of fuel</b>	<b>166,522</b>	<b>162,208</b>	<b>156,915</b>	<b>4,314</b>	<b>2.7 %</b>	<b>9,607</b>	<b>6.1 %</b>
Fuel revenues	81,894	58,026	58,502	23,868	41.1 %	23,392	40.0 %
<b>Total operating revenues</b>	<b>\$ 248,416</b>	<b>\$ 220,234</b>	<b>\$ 215,417</b>	<b>\$ 28,182</b>	<b>12.8 %</b>	<b>\$ 32,999</b>	<b>15.3 %</b>

### Budget Analysis:

- Operating revenues, net of fuel were \$4.3 million higher than budget as a result of warmer than normal weather and a continued return to business as usual in the retail electric, water and chilled water commercial customer segments. Higher than budgeted fuel revenues were driven by the increased use of fuel reserves to offset the rise in fuel commodity prices.

### Prior Year Analysis:

- Operating revenues, net of fuel were \$9.6 million higher than prior year due to the retail electric price neutral changes effective April 1, 2021 coupled with a decrease in the provision for uncollectible accounts. Water revenues were higher than prior year primarily due to the return to normal operations, conservation focused price changes and service fee assessments. These increases were offset by lower wholesale energy revenues in alignment with the Board approved deferral of revenues to offset decommissioning expenses for the McIntosh Unit 3 generation facility. Fuel revenues were also higher than prior year as a result of an increased utilization of fuel reserves.

## Operating Expenses Analysis

(\$ in thousands)	As of December			Variance			
	2021 Actual	2021 Budget	2020 Actual	Actual vs Budget		2021 vs 2020	
Unit department expenses	\$ 59,422	\$ 61,711	\$ 57,773	\$ (2,289)	(3.7)%	\$ 1,649	2.9 %
Depreciation and amortization	36,417	34,161	41,544	2,256	6.6 %	(5,127)	(12.3)%
Payments to other governments and taxes	14,690	13,958	14,298	732	5.2 %	392	2.7 %
Capacity payments	6,231	6,220	6,405	11	0.2 %	(174)	(2.7)%
Emergency response expenses	60	—	561	60	100.0 %	(501)	(89.3)%
<b>Operating expenses, net of fuel</b>	<b>116,820</b>	<b>116,050</b>	<b>120,581</b>	<b>770</b>	<b>0.7 %</b>	<b>(3,761)</b>	<b>(3.1)%</b>
Fuel for generation and purchased power	81,894	58,026	58,501	23,868	41.1 %	23,393	40.0 %
<b>Total operating expenses</b>	<b>\$ 198,714</b>	<b>\$ 174,076</b>	<b>\$ 179,082</b>	<b>\$ 24,638</b>	<b>14.2 %</b>	<b>\$ 19,632</b>	<b>11.0 %</b>

### Budget Analysis:

- Operating expenses, net of fuel for generation and purchased power were \$0.8 million higher than budget. This net change was driven by accelerated clean energy plan depreciation and amortization expenses offset by lower than projected operating expenses as a result of pandemic related constraints.
- Fuel for generation and purchased power were \$23.9 million higher than budgeted as a result of elevated natural gas commodity prices coupled with a wide range of pandemic and industry related constraints.

### Prior Year Analysis:

- Operating expenses, net of fuel for generation and purchased power were \$3.8 million lower than prior year. This net change was due to a reduction in depreciation and amortization costs as a result of the earlier than planned decommissioning of the McIntosh Unit 3 generation facility offset by an increase in unit department expenses stemming from the timing of outside service and project related costs.
- Fuel for generation and purchased power expenses were \$23.4 million higher than prior year due to year-over-year rising fuel commodity costs and pandemic and industry related constraints.

## Non-Operating Income and Expenses Analysis

(\$ in thousands)	As of December			Variance			
	2021 Actual	2021 Budget	2020 Actual	Actual vs Budget		2021 vs 2020	
Interest and other income	\$ 2,843	\$ 2,742	\$ 3,575	\$ 101	3.7 %	\$ (732)	(20.5)%
Interest expense	(11,264)	(11,391)	(10,661)	127	(1.1)%	(603)	5.7 %
Generation decommissioning	(2,446)	—	—	(2,446)	100.0 %	(2,446)	100.0 %
<b>Total non-operating income and (expenses)</b>	<b>\$ (10,867)</b>	<b>\$ (8,649)</b>	<b>\$ (7,086)</b>	<b>\$ (2,218)</b>	<b>25.6 %</b>	<b>\$ (3,781)</b>	<b>53.4 %</b>

### Budget and Prior Year Analysis:

- Non-Operating income and expenses were higher than budget and prior year as a result of the generation decommissioning expenses for McIntosh Unit 3 in conjunction with its earlier than planned retirement in April 2021.

## Change in Net Position Analysis

(\$ in thousands)	As of December			Variance			
	2021 Actual	2021 Budget	2020 Actual	Actual vs Budget		2021 vs 2020	
<b>Income before contributions</b>	\$ 38,835	\$ 37,509	\$ 29,249	\$ 1,326	3.5 %	\$ 9,586	32.8 %
Contributions in aid of construction	5,113	3,874	2,962	1,239	32.0 %	2,151	72.6 %
Annual dividend	(15,874)	(15,874)	(15,458)	—	— %	(416)	2.7 %
<b>Increase in net position</b>	<b>\$ 28,074</b>	<b>\$ 25,509</b>	<b>\$ 16,753</b>	<b>\$ 2,565</b>	<b>10.1 %</b>	<b>\$ 11,321</b>	<b>67.6 %</b>

### Budget and Prior Year Analysis:

- Income before contributions were in line with budget and the current year revenue requirement while contributions in aid of construction were higher than budget as a result of increased water system development contributions. In respect to the prior year, income before contributions were favorable as retail electric revenues continue to rebound from the impacts of the pandemic.

## Total Assets and Deferred Outflows of Resources

(\$ in thousands)	December 2021	September 2021	Year-to-Date Change	December 2020
Utility plant	\$ 2,617,898	\$ 2,624,130	\$ (6,232)	\$ 2,590,266
Restricted and internally designated assets	729,281	830,350	(101,069)	493,680
Current assets	256,901	299,032	(42,131)	228,522
Other assets	178,089	180,037	(1,948)	152,335
Deferred outflows of resources	70,394	73,611	(3,217)	124,222
<b>Total assets and deferred outflows of resources</b>	<b>\$ 3,852,563</b>	<b>\$ 4,007,160</b>	<b>\$ (154,597)</b>	<b>\$ 3,589,025</b>

### Year-to-Date Analysis:

- Total assets and deferred outflows of resources decreased \$154.6 million from the fiscal year ending 2021. Restricted and internally designated assets decreased \$101.1 million as a result of the October 1 debt service payments in the amount of \$110.8 million coupled with the utilization of fuel reserve and the replenishment of capital reserve funds from current assets. Beyond these changes, current assets decreased as a result of the seasonal changes in customer receivables coupled with market hedge derivative valuation changes.

## Total Liabilities and Deferred Inflows of Resources

(\$ in thousands)	December 2021	September 2021	Year-to-Date Change	December 2020
Current liabilities	\$ 268,352	\$ 336,808	\$ (68,456)	\$ 235,468
Other liabilities	167,479	161,095	6,384	210,794
Long-term debt, net	1,559,850	1,645,197	(85,347)	1,345,404
Deferred inflows of resources	273,167	308,419	(35,252)	282,186
<b>Total liabilities and deferred inflows of resources</b>	<b>2,268,848</b>	<b>2,451,519</b>	<b>(182,671)</b>	<b>2,073,852</b>
<b>Net position</b>	<b>1,583,715</b>	<b>1,555,641</b>	<b>28,074</b>	<b>1,515,173</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 3,852,563</b>	<b>\$ 4,007,160</b>	<b>\$ (154,597)</b>	<b>\$ 3,589,025</b>

### Year-to-Date Analysis:

- Total liabilities and deferred inflows decreased \$182.7 million due to timing of the annual debt service payments, the utilization of fuel reserves coupled with fuel hedge valuation changes and the timing of current liabilities.

## Condensed Statement of Cash Flows and Capital Spend Analysis

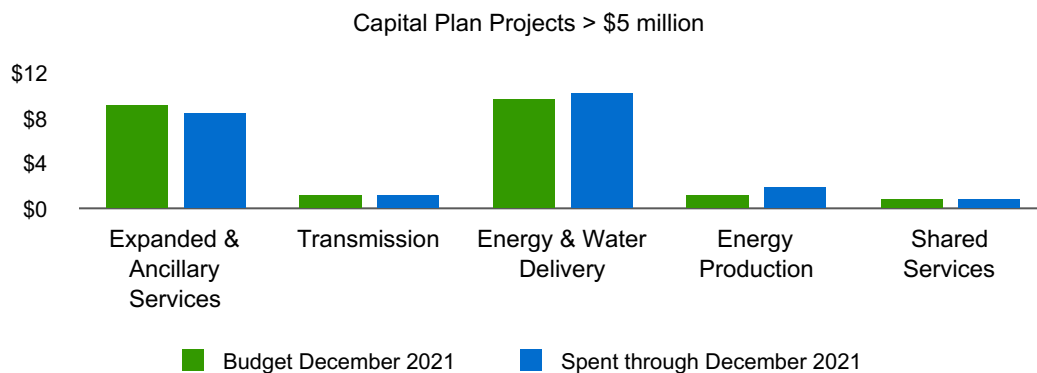
(\$ in thousands)	As of December		
	2021	2020	Change
Net cash provided by operating activities	\$ 36,754	\$ 72,276	\$ (35,522)
Net cash used in non-capital related financing activities	(15,874)	(13,576)	(2,298)
Net cash used in capital related financing activities	(145,739)	(131,741)	(13,998)
Net cash provided by investing activities	32,763	24,415	8,348
<b>Net decrease in cash and cash equivalents</b>	<b>(92,096)</b>	<b>(48,626)</b>	<b>(43,470)</b>
<b>Cash and cash equivalents - beginning of Year</b>	<b>447,192</b>	<b>249,357</b>	<b>197,835</b>
<b>Cash and cash equivalents - current</b>	<b>\$ 355,096</b>	<b>\$ 200,731</b>	<b>\$ 154,365</b>

**Cash provided by operating activities:** Cash provided by operations was \$36.8 million, a decrease of \$35.5 million from 2020. This change was due to the increased cost of fuel and the prior year one-time receipt of \$9.5 million of emergency response grant receivables.

- As of December 31, 2021, OUC expects to receive an additional \$10.3 million in emergency response cost reimbursement grant funds as a result of the modification of the federal funding level and the duration of the coverage period for COVID-19 emergency response and preparedness costs through April 2022.

**Cash provided by capital related financing activities:** Cash used in capital related activities was \$145.7 million, an increase of \$14.0 million as a result of higher annual debt service payments in 2021.

- Capital Spend:** As of December 31, 2021, net capital spending was \$35.3 million or 11.6 percent lower than the approved Capital Plan.



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

	December 2021	September 2021	Variance	
<b>Assets</b>				
Utility plant	\$ 2,617,898	\$ 2,624,130	\$ (6,232)	(0.2)%
Restricted and internally designated assets	729,281	830,350	(101,069)	(12.2)%
Current assets	256,901	299,032	(42,131)	(14.1)%
Other assets	178,089	180,037	(1,948)	(1.1)%
Deferred outflows of resources	70,394	73,611	(3,217)	(4.4)%
<b>Total Assets and deferred outflows of resources</b>	<b>\$ 3,852,563</b>	<b>\$ 4,007,160</b>	<b>\$ (154,597)</b>	<b>(3.9)%</b>
<b>Liabilities</b>				
Payables from restricted assets	\$ 155,328	\$ 170,825	\$ (15,497)	(9.1)%
Payables from current assets	113,024	165,983	(52,959)	(31.9)%
<b>Current Liabilities</b>	<b>268,352</b>	<b>336,808</b>	<b>(68,456)</b>	<b>(20.3)%</b>
Other liabilities	167,479	161,095	6,384	4.0 %
Long-term debt, net	1,559,850	1,645,197	(85,347)	(5.2)%
<b>Total liabilities</b>	<b>1,995,681</b>	<b>2,143,100</b>	<b>(147,419)</b>	<b>(6.9)%</b>
<b>Deferred inflows of resources</b>	<b>273,167</b>	<b>308,419</b>	<b>(35,252)</b>	<b>(11.4)%</b>
<b>Net position</b>	<b>1,583,715</b>	<b>1,555,641</b>	<b>28,074</b>	<b>1.8 %</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 3,852,563</b>	<b>\$ 4,007,160</b>	<b>\$ (154,597)</b>	<b>(3.9)%</b>

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



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

	Actual December 2021	Budget December 2021	Variance to Budget		Actual December 2020	Variance to Prior Year		
<b>Operating revenues</b>								
Retail energy revenues (OUC and STC)	\$ 118,878	\$ 115,598	\$ 3,280	2.8 %	\$ 112,081	\$ 6,797	6.1 %	
Wholesale energy revenues	5,618	6,143	(525)	(8.5)%	7,239	(1,621)	(22.4)%	
Fuel	81,894	58,026	23,868	41.1 %	58,502	23,392	40.0 %	
Electric revenues	206,390	179,767	26,623	14.8 %	177,822	28,568	16.1 %	
Water revenues	21,259	21,308	(49)	(0.2)%	18,365	2,894	15.8 %	
Other revenues								
Lighting service revenues	4,444	4,310	134	3.1 %	4,102	342	8.3 %	
Chilled water revenues	7,770	7,276	494	6.8 %	7,254	516	7.1 %	
Service fees & other revenues	8,553	7,573	980	12.9 %	7,874	679	8.6 %	
<b>Total operating revenues</b>	<b>248,416</b>	<b>220,234</b>	<b>28,182</b>	<b>12.8 %</b>	<b>215,417</b>	<b>32,999</b>	<b>15.3 %</b>	
<b>Operating expenses</b>								
Fuel for generation and purchased power	81,894	58,026	23,868	41.1 %	58,501	23,393	40.0 %	
Unit/department	59,422	61,711	(2,289)	(3.7)%	57,773	1,649	2.9 %	
Depreciation and amortization	36,417	34,161	2,256	6.6 %	41,544	(5,127)	(12.3)%	
Payments to other governments and taxes	14,690	13,958	732	5.2 %	14,298	392	2.7 %	
Capacity payments	6,231	6,220	11	0.2 %	6,405	(174)	(2.7)%	
Emergency response costs	60	—	60	100.0 %	561	(501)	(89.3)%	
<b>Total operating expenses</b>	<b>198,714</b>	<b>174,076</b>	<b>24,638</b>	<b>14.2 %</b>	<b>179,082</b>	<b>19,632</b>	<b>11.0 %</b>	
<b>Non-operating income and (expenses)</b>								
Interest income	1,180	911	269	29.5 %	1,872	(692)	(37.0)%	
Other income	1,663	1,831	(168)	(9.2)%	1,703	(40)	(2.3)%	
Interest expense	(11,264)	(11,391)	127	(1.1)%	(10,661)	(603)	5.7 %	
Generation decommissioning	(2,446)	—	(2,446)	100.0 %	—	(2,446)	— %	
<b>Total non-operating income and (expenses)</b>	<b>(10,867)</b>	<b>(8,649)</b>	<b>(2,218)</b>	<b>25.6 %</b>	<b>(7,086)</b>	<b>(3,781)</b>	<b>53.4 %</b>	
<b>Income before contributions</b>	<b>38,835</b>	<b>37,509</b>	<b>1,326</b>	<b>3.5 %</b>	<b>29,249</b>	<b>9,586</b>	<b>32.8 %</b>	
<b>Contributions in aid of construction</b>	<b>5,113</b>	<b>3,874</b>	<b>1,239</b>	<b>32.0 %</b>	<b>2,962</b>	<b>2,151</b>	<b>72.6 %</b>	
<b>Dividend payments</b>	<b>(15,874)</b>	<b>(15,874)</b>	<b>—</b>	<b>— %</b>	<b>(15,458)</b>	<b>(416)</b>	<b>2.7 %</b>	
<b>Increase in net position</b>	<b>28,074</b>	<b>\$ 25,509</b>	<b>\$ 2,565</b>	<b>10.1 %</b>	<b>16,753</b>	<b>\$11,321</b>	<b>67.6 %</b>	
<b>Net position - beginning of period</b>	<b>1,555,641</b>				<b>1,498,420</b>			
<b>Net position - end of period</b>	<b>\$ 1,583,715</b>				<b>\$ 1,515,173</b>			

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

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

	December 2021	December 2020
<b>Cash flow from operating activities</b>		
Cash received from customers	\$ 250,347	\$ 221,070
Cash paid for fuel and purchased power	(106,726)	(67,674)
Cash paid for unit department expenses	(50,362)	(35,081)
Cash paid for salaries and benefits	(40,978)	(40,499)
Cash (paid)/received for emergency response expenses	(184)	9,482
Cash paid for other payments and taxes	(15,343)	(15,022)
<b>Net cash provided by operating activities</b>	<b>36,754</b>	<b>72,276</b>
<b>Cash flows from non-capital related financing activities</b>		
Dividend to the City of Orlando	(15,874)	(15,458)
Build America Bonds subsidy received	—	1,882
<b>Net cash used in non-capital related financing activities</b>	<b>(15,874)</b>	<b>(13,576)</b>
<b>Cash flows from capital related financing activities</b>		
Utility plant net of contributions in aid of construction	(34,115)	(46,937)
Debt interest payments	(29,276)	(25,440)
Collateral deposits received	—	15,146
Principal payments on long-term debt and use of bond proceeds	(82,050)	(73,930)
Debt issuances and related costs	(298)	(580)
<b>Net cash used in capital related financing activities</b>	<b>(145,739)</b>	<b>(131,741)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale and maturities of investment securities	105,138	88,846
Gain on sale of investments	—	693
Purchases of investment securities	(74,808)	(68,058)
Investments and other income received	2,433	2,934
<b>Net cash provided by investing activities</b>	<b>32,763</b>	<b>24,415</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(92,096)</b>	<b>(48,626)</b>
<b>Cash and Cash Equivalents - beginning of year</b>	<b>447,192</b>	<b>249,357</b>
<b>Cash and Cash Equivalents - current</b>	<b>\$ 355,096</b>	<b>\$ 200,731</b>
<b>Reconciliation of operating income to net cash provided by operating activities</b>		
Operating income	\$ 49,702	\$ 36,335
<b>Adjustments to reconcile operating income to net cash provided by operating activities</b>		
Depreciation and amortization	36,417	41,544
Depreciation and amortization charged to fuel for generation and purchased power	1,191	656
Depreciation of vehicles and equipment charged to unit department expenses	616	628
Changes in assets and liabilities		
Decrease in receivables and accrued revenue	19,638	12,123
(Increase)/Decrease in fuel and materials and supplies inventories	(2,373)	9,828
Decrease in accounts payable	(40,680)	(27,348)
Decrease in deposits payable and deferred items	(6,087)	(6,841)
(Decrease)/Increase in stabilization and deferred revenue accounts	(21,670)	5,351
<b>Net cash provided by operating activities</b>	<b>\$ 36,754</b>	<b>\$ 72,276</b>

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

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

	Year to Date December 2021		Year to Date December 2021		
	Plan	Actual	Variance to Budget		
Electric Production <sup>1</sup>	\$ 4,263	\$ 5,079	\$ 816	19.1 %	
Transmission <sup>2</sup>	5,210	4,072	(1,138)	(21.8)%	
Transmission contributions	—	202	202	— %	
Transmission, net	5,210	4,274	(936)	(18.0)%	
Electric Delivery	13,055	12,388	(667)	(5.1)%	
Electric Delivery contributions	(2,075)	(1,944)	131	(6.3)%	
Electric Delivery, net	10,980	10,444	(536)	(4.9)%	
Lighting	1,928	1,279	(649)	(33.7)%	
Lighting contributions	(250)	(14)	236	(94.4)%	
Lighting, net	1,678	1,265	(413)	(24.6)%	
Water	9,388	8,868	(520)	(5.5)%	
Water contributions	(3,316)	(4,569)	(1,253)	37.8 %	
Water, net	6,072	4,299	(1,773)	(29.2)%	
Chilled Water	6,005	6,100	95	1.6 %	
Support Services <sup>3</sup>	5,731	3,844	(1,887)	(32.9)%	
Total OUC	\$ 39,939	\$ 35,305	(4,634)	(11.6)%	

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

<sup>2</sup> Project timing in Split Oak substation, Texas Avenue and Azalea to Pershing transmission line.

<sup>3</sup> Various project timing in Digital & Technology, Customer Service and New Products and Services.