



INTERIM FINANCIAL
R E P O R T



THREE-MONTHS ENDED
DECEMBER 31, 2022
(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 three-months ended December 31, 2022 in comparison to the approved budget and prior year equivalent period.
 - Income before contributions for the three-months ended December 31, 2022 was \$31.4 million, which is \$3.4 million higher than budget and \$7.4 million lower than prior year.
- The Statements of Net Position present the nature and amount of resources and obligations at December 31, 2022 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 December			Variance			
	2022 Actual	2022 Budget	2021 Actual	Actual vs Budget		2022 vs 2021	
Retail energy revenues (OUC and STC)	\$ 117,773	\$ 121,397	\$ 118,878	\$ (3,624)	(3.0)%	\$ (1,105)	(0.9)%
Wholesale energy revenues	12,971	8,158	5,618	4,813	59.0 %	7,353	130.9 %
Water revenues	21,798	22,569	21,259	(771)	(3.4)%	539	2.5 %
Other revenues	19,800	21,662	20,767	(1,862)	(8.6)%	(967)	(4.7)%
Operating revenues, net of fuel	172,342	173,786	166,522	(1,444)	(0.8)%	5,820	3.5 %
Fuel revenues	98,128	111,628	81,894	(13,500)	(12.1)%	16,234	19.8 %
Total operating revenues	\$ 270,470	\$ 285,414	\$ 248,416	\$ (14,944)	(5.2)%	\$ 22,054	8.9 %

Budget Analysis:

- Operating revenues, net of fuel revenues were \$1.4 million lower than budget. Retail energy revenues were \$3.6 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 offset by the impacts of warmer than normal weather. Wholesale energy revenues were \$4.8 million higher than budget as a result of colder than normal weather in late December and Other revenues were impacted by lower than anticipated generation participant service fees.
- Fuel revenues were lower than budget driven as a result of easing commodity price changes and decreasing the customer advanced funds to \$55.5 million.

Prior Year Analysis:

- Operating revenues, net of fuel revenues were \$5.8 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 electric retail fuel price increases implemented in January, June and October 2022.

Operating Expenses Analysis

(\$ in thousands)	As of December			Variance			
	2022 Actual	2022 Budget	2021 Actual	Actual vs Budget		2022 vs 2021	
Unit department expenses	\$ 63,553	\$ 68,467	\$ 59,483	\$ (4,914)	(7.2)%	\$ 4,070	6.8 %
Depreciation and amortization	41,835	44,678	36,418	(2,843)	(6.4)%	5,417	14.9 %
Payments to other governments and taxes	17,017	16,182	14,690	835	5.2 %	2,327	15.8 %
Capacity payments	6,321	6,350	6,231	(29)	(0.5)%	90	1.4 %
Emergency response expenses	2,459	—	—	2,459	100.0 %	2,459	100.0 %
Operating expenses, net of fuel	131,185	135,677	116,822	(4,492)	(3.3)%	14,363	12.3 %
Fuel for generation and purchased power	98,128	111,628	81,894	(13,500)	(12.1)%	16,234	19.8 %
Total operating expenses	\$ 229,313	\$ 247,305	\$ 198,716	\$ (17,992)	(7.3)%	\$ 30,597	15.4 %

Budget Analysis:

- Operating expenses, net of fuel for generation and purchased power were \$4.5 million lower than budget as a result of the timing of unit department and depreciation of amortization expenses.
- Fuel for generation and purchased power expenses were \$13.5 million lower than budgeted as a result of a decrease in fuel commodity prices.

Prior Year Analysis:

- Operating expenses, net of fuel for generation and purchased power were \$14.4 million higher than prior year due to rising unit department labor and benefit expenses increased depreciation expenses from actions taken in alignment with the Clean Energy Plan and Emergency response expenses from Hurricane Nicole. Payments to other governments also increased consistent with the increase in total retail revenues.
- Fuel for generation and purchased power expenses were \$16.2 million higher than prior year due to year-over-year rising fuel commodity costs coupled with the impacts of rising fuel transportation costs.

Net Non-Operating and Special Item Expenses Analysis

(\$ in thousands)	As of December			Variance			
	2022 Actual	2022 Budget	2021 Actual	Actual vs Budget		2022 vs 2021	
Interest and other income	\$ 4,927	\$ 4,102	\$ 2,844	\$ 825	20.1 %	\$ 2,083	73.2 %
Interest expense	(11,360)	(11,188)	(11,263)	(172)	1.5 %	(97)	0.9 %
Total non-operating income and (expenses)	\$ (6,433)	\$ (7,086)	\$ (8,419)	\$ 653	(9.2)%	\$ 1,986	(23.6)%
Generation decommissioning	\$ (3,314)	\$ (3,000)	\$ (2,445)	\$ (314)	10.5 %	\$ (869)	35.5 %
Total special items	\$ (3,314)	\$ (3,000)	\$ (2,445)	\$ (314)	10.5 %	\$ (869)	35.5 %

Budget and Prior Year Analysis:

- Non-operating income and expenses were in line with budget and lower than prior year due to increased interest income from rising interest rates.
- Special items were in line with budget and \$0.9 million higher than prior year due to the timing in which these costs were recognized in the prior year.

Change in Net Position Analysis

(\$ in thousands)	As of December			Variance			
	2022 Actual	2022 Budget	2021 Actual	Actual vs Budget		2022 vs 2021	
Income before contributions	\$ 31,410	\$ 28,023	\$ 38,836	\$ 3,387	12.1 %	\$ (7,426)	(19.1)%
Contributions in aid of construction	3,998	3,600	5,113	398	11.1 %	(1,115)	(21.8)%
Annual dividend	(17,552)	(17,552)	(15,874)	—	— %	(1,678)	10.6 %
Increase in net position	\$ 17,856	\$ 14,071	\$ 28,075	\$ 3,785	26.9 %	\$ (10,219)	(36.4)%

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)	December 2022	September 2022	Year-to-Date Change	December 2021
Utility plant	\$ 2,657,961	\$ 2,646,274	\$ 11,687	\$ 2,617,899
Restricted and internally designated assets	509,905	701,152	(191,247)	729,281
Current assets	304,741	309,961	(5,220)	256,901
Other assets	385,852	361,245	24,607	178,089
Deferred outflows of resources	70,151	65,307	4,844	70,395
Total assets and deferred outflows of resources	\$ 3,928,610	\$ 4,083,939	\$ (155,329)	\$ 3,852,565

Year-to-Date Analysis:

- Total assets and deferred outflows of resources decreased \$155.3 million from the fiscal year ended 2022 primarily due to annual debt service payment on October 1 in the amount \$106.9 million, investment valuation changes and timing of customer receivables.

Total Liabilities and Deferred Inflows of Resources

(\$ in thousands)	December 2022	September 2022	Year-to-Date Change	December 2021
Current liabilities	\$ 331,839	\$ 424,626	\$ (92,787)	\$ 268,352
Other liabilities	149,417	134,285	15,132	167,479
Long-term debt, net	1,451,956	1,531,063	(79,107)	1,559,850
Deferred inflows of resources	349,824	366,249	(16,425)	273,168
Total liabilities and deferred inflows of resources	2,283,036	2,456,223	(173,187)	2,268,849
Net position	1,645,574	1,627,716	17,858	1,583,716
Total liabilities, deferred inflows of resources and net position	\$ 3,928,610	\$ 4,083,939	\$ (155,329)	\$ 3,852,565

Year-to-Date Analysis:

- Total liabilities and deferred inflows of resources decreased \$173.2 million due to the annual debt service payments, the payment of hurricane restoration costs and the timing of other current liabilities.

Condensed Statement of Cash Flows and Capital Spend Analysis

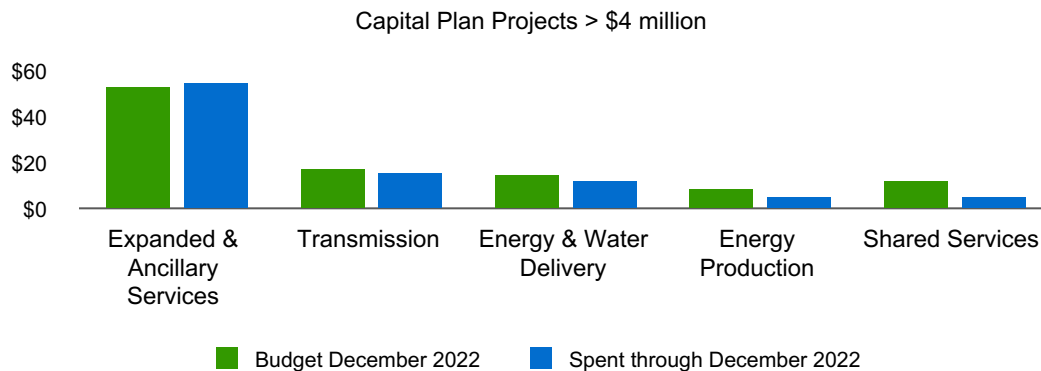
(\$ in thousands)	As of December		
	2022	2021	Change
Net cash provided by operating activities	\$ 58,888	\$ 36,754	\$ 22,134
Net cash used in non-capital related financing activities	(17,552)	(15,874)	(1,678)
Net cash used in capital related financing activities	(161,363)	(145,739)	(15,624)
Net cash provided by investing activities	56,673	32,763	23,910
Net decrease in cash and cash equivalents	(63,354)	(92,096)	28,742
Cash and cash equivalents - beginning of year	229,942	447,192	(217,250)
Cash and cash equivalents - current	\$ 166,588	\$ 355,096	\$ (188,508)

Cash provided by operating activities: Cash provided by operations was \$58.9 million, an increase of \$22.1 million from 2021, due to the increase in the retail electric fuel price billed to customers.

- As of December 31, 2022, OUC expects to receive \$3.1 million and \$14.2 million in emergency response cost reimbursement grant funds for pandemic emergency response and preparedness costs through April 2022 and costs incurred related to the damages caused by Hurricane Ian, respectively. Costs associated with Hurricane Nicole are currently being assessed in coordination with Orange and Osceola Counties.

Cash used in capital related financing activities: Cash used in capital related activities was \$161.4 million, an increase of \$15.6 million from 2021, due to timing of capital project outlays.

- Capital Spend:** As of December 31, 2022, net capital spending was \$105.7 million or 38.0 percent of the approved Capital Plan.



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

	<u>December 2022</u>	<u>September 2022</u>	<u>Variance</u>	
Assets				
Utility plant	\$ 2,657,961	\$ 2,646,274	\$ 11,687	0.4 %
Restricted and internally designated assets	509,905	701,152	(191,247)	(27.3)%
Current assets	304,741	309,961	(5,220)	(1.7)%
Other assets	385,852	361,245	24,607	6.8 %
Deferred outflows of resources	70,151	65,307	4,844	7.4 %
Total assets and deferred outflows of resources	\$ 3,928,610	\$ 4,083,939	\$ (155,329)	(3.8)%
Liabilities				
Payables from restricted assets	\$ 150,930	\$ 169,431	\$ (18,501)	(10.9)%
Payables from current assets	180,909	255,195	(74,286)	(29.1)%
Current liabilities	331,839	424,626	(92,787)	(21.9)%
Other liabilities	149,417	134,285	15,132	11.3 %
Long-term debt, net	1,451,956	1,531,063	(79,107)	(5.2)%
Total liabilities	1,933,212	2,089,974	(156,762)	(7.5)%
Deferred inflows of resources	349,824	366,249	(16,425)	(4.5)%
Net position	1,645,574	1,627,716	17,858	1.1 %
Total liabilities, deferred inflows of resources and net position	\$ 3,928,610	\$ 4,083,939	\$ (155,329)	(3.8)%

***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 December 2022	Budget December 2022	Variance to Budget		Actual December 2021	Variance to Prior Year	
Operating revenues							
Retail energy revenues (OUC and STC)	\$ 117,773	\$ 121,397	\$ (3,624)	(3.0)%	\$ 118,878	\$(1,105)	(0.9)%
Wholesale energy revenues	12,971	8,158	4,813	59.0 %	5,618	7,353	130.9 %
Fuel	98,128	111,628	(13,500)	(12.1)%	81,894	16,234	19.8 %
Electric revenues	228,872	241,183	(12,311)	(5.1)%	206,390	22,482	10.9 %
Water revenues	21,798	22,569	(771)	(3.4)%	21,259	539	2.5 %
Other revenues							
Lighting service revenues	4,460	4,633	(173)	(3.7)%	4,444	16	0.4 %
Chilled water revenues	8,879	8,650	229	2.6 %	7,770	1,109	14.3 %
Service fees & other revenues	6,463	8,379	(1,916)	(22.9)%	8,553	(2,090)	(24.4)%
Total operating revenues	270,472	285,414	(14,942)	(5.2)%	248,416	22,056	8.9 %
Operating expenses							
Fuel for generation and purchased power	98,128	111,628	(13,500)	(12.1)%	81,894	16,234	19.8 %
Unit/department	63,553	68,467	(4,914)	(7.2)%	59,483	4,070	6.8 %
Depreciation and amortization	41,835	44,678	(2,843)	(6.4)%	36,418	5,417	14.9 %
Payments to other governments and taxes	17,017	16,182	835	5.2 %	14,690	2,327	15.8 %
Capacity payments	6,321	6,350	(29)	(0.5)%	6,231	90	1.4 %
Total operating expenses	229,313	247,305	(17,992)	(7.3)%	198,716	30,597	15.4 %
Non-operating income and (expenses)							
Interest income	3,242	2,621	621	23.7 %	1,181	2,061	174.5 %
Other income	1,685	1,481	204	13.8 %	1,663	22	1.3 %
Interest expense	(11,360)	(11,188)	(172)	1.5 %	(11,263)	(97)	0.9 %
Total non-operating income and (expenses)	(6,433)	(7,086)	653	(9.2)%	(8,419)	1,986	(23.6)%
Special items							
Generation decommissioning	(3,314)	(3,000)	(314)	10.5 %	(2,445)	(869)	35.5 %
Income before contributions	31,412	28,023	3,389	12.1 %	38,836	(7,424)	(19.1)%
Contributions in aid of construction	3,998	3,600	398	11.1 %	5,113	(1,115)	(21.8)%
Dividend payments	(17,552)	(17,552)	—	— %	(15,874)	(1,678)	10.6 %
Increase in net position	17,858	\$ 14,071	\$ 3,787	26.9 %	28,075	\$(10,217)	(36.4)%
Net position - beginning of year	1,627,716				1,498,420		
Net position - end of period	\$ 1,645,574				\$ 1,526,495		

***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

	December 2022	December 2021
Cash flow from operating activities		
Cash received from customers	\$ 316,632	\$ 250,347
Cash paid for fuel and purchased power	(150,296)	(106,726)
Cash paid for unit department expenses	(39,506)	(50,362)
Cash paid for salaries and benefits	(46,180)	(40,978)
Cash received/(paid) for emergency response expenses	(4,402)	(184)
Cash paid for other payments and taxes	(17,360)	(15,343)
Net cash provided by operating activities	<u>58,888</u>	<u>36,754</u>
Cash flows from non-capital related financing activities		
Dividend to the City of Orlando	(17,552)	(15,874)
Build America Bonds subsidy received	—	—
Net cash used in non-capital related financing activities	<u>(17,552)</u>	<u>(15,874)</u>
Cash flows from capital related financing activities		
Utility plant net of contributions in aid of construction	(52,523)	(34,115)
Debt interest payments	(28,639)	(29,276)
Principal payments on long-term debt and use of bond proceeds	(79,915)	(82,050)
Debt issuance expense	(286)	(298)
Net used in capital related financing activities	<u>(161,363)</u>	<u>(145,739)</u>
Cash flows from investing activities		
Proceeds from sale and maturities of investment securities	129,572	105,138
Loss on sale of investments	(1,978)	—
Purchases of investment securities	(24,575)	(74,808)
Investments and other income received	(46,346)	2,433
Net cash used in investing activities	<u>56,673</u>	<u>32,763</u>
Net decrease in cash and cash equivalents	<u>(63,354)</u>	<u>(92,096)</u>
Cash and cash equivalents - beginning of year	<u>229,942</u>	<u>447,192</u>
Cash and cash equivalents - current	<u>\$ 166,588</u>	<u>\$ 355,096</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 41,157	\$ 49,700
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	41,835	36,417
Depreciation and amortization charged to fuel for generation and purchased power	606	1,191
Depreciation of vehicles and equipment charged to unit department expenses	526	618
Changes in assets and liabilities		
Decrease in receivables and accrued revenue	30,145	19,638
Decrease in fuel and materials and supplies inventories	1,556	(2,373)
Decrease in accounts payable	(65,051)	(40,680)
Increase in deposits payable and deferred items	(5,598)	(6,087)
Decrease in stabilization and deferred revenue accounts	13,712	(21,670)
Net cash provided by operating activities	<u>\$ 58,888</u>	<u>\$ 36,754</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 December 2022 Plan	Year to Date December 2022 Actual	Variance to Budget	
Electric Production ¹	\$ 33,315	\$ 32,476	\$ (839)	(2.5)%
Transmission	23,645	21,458	(2,187)	(9.2)%
Transmission contributions	—	—	—	— %
Transmission, net	<u>23,645</u>	<u>21,458</u>	(2,187)	(9.2)%
Electric Delivery ²	14,488	10,030	(4,458)	(30.8)%
Electric Delivery contributions	(1,250)	(3,935)	(2,685)	214.8 %
Electric Delivery, net	<u>13,238</u>	<u>6,095</u>	(7,143)	(54.0)%
Lighting	2,230	2,199	(31)	(1.4)%
Lighting contributions	(150)	(269)	(119)	79.3 %
Lighting, net	<u>2,080</u>	<u>1,930</u>	(150)	(7.2)%
Water	10,495	9,365	(1,130)	(10.8)%
Water contributions	(2,500)	(4,791)	(2,291)	91.6 %
Water, net	<u>7,995</u>	<u>4,574</u>	(3,421)	(42.8)%
Chilled Water	25,523	28,789	3,266	12.8 %
Support Services ³	16,770	10,365	(6,405)	(38.2)%
Total OUC	<u>\$ 122,566</u>	<u>\$ 105,687</u>	(16,879)	(13.8)%

¹ Totals are net of participant share.

² Project delays focused on new services and system reliability due to Hurricane Ian.

³ Timing of various projects including the St. Cloud Complex and CC&B and MDM technical upgrades due to Hurricane Ian.