



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



NINE-MONTHS ENDED  
JUNE 30, 2024  
(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, 2024 in comparison to the approved budget and prior year equivalent period.
  - Income before contributions for the nine-months ended June 30, 2024 was \$83.7 million, which is \$4.6 million higher than budget and \$5.0 million higher than prior year.
- The Statements of Net Position present the nature and amount of resources and obligations at June 30, 2024 and September 30, 2023.
- 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			
	2024 Actual	2024 Budget	2023 Actual	Actual vs Budget		2024 vs 2023	
Retail energy revenues (OUC and STC)	\$ 382,201	\$ 369,683	\$ 357,224	\$ 12,518	3.4 %	\$ 24,977	7.0 %
Wholesale energy revenues	20,136	20,092	29,891	44	0.2 %	(9,755)	(32.6)%
Water revenues	71,981	70,545	68,602	1,436	2.0 %	3,379	4.9 %
Other revenues	68,811	69,281	65,378	(470)	(0.7)%	3,433	5.3 %
<b>Operating revenues, net of fuel</b>	<b>543,129</b>	<b>529,601</b>	<b>521,095</b>	<b>13,528</b>	<b>2.6 %</b>	<b>22,034</b>	<b>4.2 %</b>
Fuel revenues	208,756	222,185	242,886	(13,429)	(6.0)%	(34,130)	(14.1)%
<b>Total operating revenues</b>	<b>\$ 751,885</b>	<b>\$ 751,786</b>	<b>\$ 763,981</b>	<b>\$ 99</b>	<b>— %</b>	<b>\$ (12,096)</b>	<b>(1.6)%</b>

### Budget Analysis:

- Operating revenues, net of fuel revenues were \$13.5 million higher than budget. Retail energy revenues were higher due to warmer than normal weather and increased electric vehicle penetration. Water revenues, including the impact of increasing the amount designated to reserves, were favorable to budget due to increased consumption as a result of less than normal rainfall.
- Fuel revenues, which are a pass-through charge of fuel expenses, were lower than budget as a result of lower than anticipated natural gas commodity prices.

### Prior Year Analysis:

- Operating revenues, net of fuel revenues were \$22.0 million higher than prior year due to electric retail base energy price increases effective October 1, 2023 offset by the deferral of retail revenue to fund Path to Clean Energy strategic initiatives. Wholesale energy revenues were lower due to the planned utilization of energy resources to support retail energy native load requirements coupled with prior year winter weather events in areas beyond OUC's service territory resulting in one-time unplanned wholesale energy sales. Water revenues were higher as a result of a water rate increase effective October 1, 2023 coupled with less than normal rainfall during the current year. Other revenues were higher due to other ancillary billings. Fuel revenues, which are a pass-through charge of fuel expenses, were lower as a result of lower natural gas commodity prices.

## Operating Expenses Analysis

(\$ in thousands)	As of June			Variance			
	2024 Actual	2024 Budget	2023 Actual	Actual vs Budget		2024 vs 2023	
Unit department expenses	\$ 246,088	\$ 239,438	\$ 217,942	\$ 6,650	2.8 %	\$ 28,146	12.9 %
Depreciation and amortization	130,037	130,476	126,445	(439)	(0.3)%	3,592	2.8 %
Payments to other governments and taxes	50,746	49,492	51,323	1,254	2.5 %	(577)	(1.1)%
Capacity payments	19,103	17,907	18,985	1,196	6.7 %	118	0.6 %
Emergency response expenses	—	—	732	—	100.0 %	(732)	(100.0)%
<b>Operating expenses, net of fuel</b>	<b>445,974</b>	<b>437,313</b>	<b>415,427</b>	<b>8,661</b>	<b>2.0 %</b>	<b>30,547</b>	<b>7.4 %</b>
Fuel for generation and purchased power	208,756	222,185	242,886	(13,429)	(6.0)%	(34,130)	(14.1)%
<b>Total operating expenses</b>	<b>\$ 654,730</b>	<b>\$ 659,498</b>	<b>\$ 658,313</b>	<b>\$ (4,768)</b>	<b>(0.7)%</b>	<b>\$ (3,583)</b>	<b>(0.5)%</b>

### Budget Analysis:

- Operating expenses, net of fuel for generation and purchased power were higher than budget due to increased labor and benefit expenses and unplanned outages.
- Fuel for generation and purchased power expenses were \$13.4 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 \$30.5 million higher than prior year due to the impacts of inflation, rising labor costs including costs associated with unplanned outages, supply chain constraints and the impact of the prior year operational efforts focused on FEMA eligible emergency response activities from Hurricane Ian and Nicole restoration efforts resulting in an overall increase in operating costs.
- Fuel for generation and purchased power expenses were \$34.1 million lower than prior year as a result of lower natural gas commodity costs.

**Non-Operating Income and Expense Analysis**

(\$ in thousands)	As of June			Variance			
	2024 Actual	2024 Budget	2023 Actual	Actual vs Budget		2024 vs 2023	
Interest and other income	\$ 31,268	\$ 32,031	\$ 20,551	\$ (763)	(2.4)%	\$ 10,717	52.1 %
Generation decommissioning	\$ (4,701)	\$ (4,053)	\$ (9,975)	\$ (648)	16.0 %	\$ 5,274	(52.9)%
Interest expense	(40,024)	(41,168)	(37,497)	1,144	(2.8)%	(2,527)	6.7 %
<b>Total non-operating income and (expense)</b>	<b>\$ (13,457)</b>	<b>\$ (13,190)</b>	<b>\$ (26,921)</b>	<b>\$ (267)</b>	<b>2.0 %</b>	<b>\$ 13,464</b>	<b>(50.0)%</b>

Budget and Prior Year Analysis:

- Non-operating income and expense were consistent with budget. Compared to the prior year, the decrease is due to higher current year interest income compounded by a prior year one-time investment loss of \$1.9 million and the completion of McIntosh Unit 3 decommissioning expenses. These changes were offset by the annualized impact of increased interest expenses associated with the issuance of the Series 2023A Bonds in June 2023.

**Change in Net Position Analysis**

(\$ in thousands)	As of June			Variance			
	2024 Actual	2024 Budget	2023 Actual	Actual vs Budget		2024 vs 2023	
Income before contributions	\$ 83,698	\$ 79,098	\$ 78,747	\$ 4,600	5.8 %	\$ 4,951	6.3 %
Contributions in aid of construction	18,214	11,175	16,465	7,039	63.0 %	1,749	10.6 %
Annual dividend	(55,860)	(55,454)	(52,655)	(406)	0.7 %	(3,205)	6.1 %
<b>Increase in net position</b>	<b>\$ 46,052</b>	<b>\$ 34,819</b>	<b>\$ 42,557</b>	<b>\$ 11,233</b>	<b>32.3 %</b>	<b>\$ 3,495</b>	<b>8.2 %</b>

Budget and Prior Year Analysis:

- Income before contributions were favorable to budget as a result of higher than anticipated electric retail energy revenues and increased contributions in aid of construction. Income before contributions was consistent with the change in budgeted net income from the prior year.

## Total Assets and Deferred Outflows of Resources

(\$ in thousands)	June 2024	September 2023	Year-to-Date Change	June 2023
Utility plant	\$ 2,896,139	\$ 2,757,429	\$ 138,710	\$ 2,692,963
Restricted and internally designated assets	721,463	861,538	(140,075)	811,841
Current assets	324,189	309,355	14,834	313,567
Other assets	218,551	256,493	(37,942)	301,080
Deferred outflows of resources	169,498	156,195	13,303	78,295
<b>Total assets and deferred outflows of resources</b>	<b>\$ 4,329,840</b>	<b>\$ 4,341,010</b>	<b>\$ (11,170)</b>	<b>\$ 4,197,746</b>

### Year-to-Date Analysis:

- Total assets and deferred outflows of resources decreased \$11.2 million from the previous fiscal year end due to investment valuation changes. In addition, restricted and internally designated assets decreased as bond proceeds were utilized to fund construction work in progress capital initiatives.
  - Days cash on hand is currently at 258 days as of June 30, 2024 and in line with our target.

## Total Liabilities and Deferred Inflows of Resources

(\$ in thousands)	June 2024	September 2023	Year-to-Date Change	June 2023
Current liabilities	\$ 299,207	\$ 318,384	\$ (19,177)	\$ 291,319
Other liabilities	309,424	296,828	12,596	157,943
Long-term debt, net	1,625,266	1,711,337	(86,071)	1,720,465
Deferred inflows of resources	354,859	319,429	35,430	357,744
<b>Total liabilities and deferred inflows of resources</b>	<b>2,588,756</b>	<b>2,645,978</b>	<b>(57,222)</b>	<b>2,527,471</b>
<b>Net position</b>	<b>1,741,084</b>	<b>1,695,032</b>	<b>46,052</b>	<b>1,670,275</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 4,329,840</b>	<b>\$ 4,341,010</b>	<b>\$ (11,170)</b>	<b>\$ 4,197,746</b>

### Year-to-Date Analysis:

- Total liabilities and deferred inflows of resources decreased \$57.2 million due to the annual debt service payments and lower current liabilities from decreased fuel and purchased power and emergency response payables offset by deferred inflows from increased fuel reserves as a result of lower than projected fuel prices.

## Condensed Statement of Cash Flows and Capital Spend Analysis

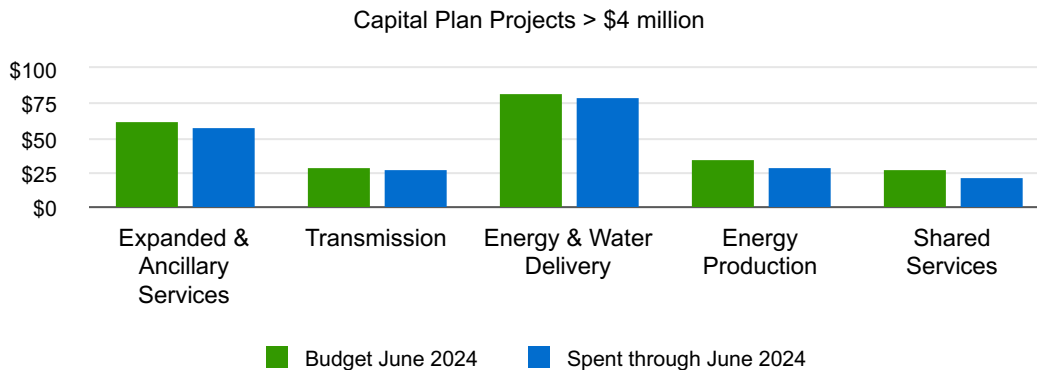
(\$ in thousands)	As of June		
	2024	2023	Change
Net cash provided by operating activities	\$ 245,615	\$ 249,388	\$ (3,773)
Net cash used in non-capital related financing activities	(52,080)	(50,773)	(1,307)
Net cash used in capital related financing activities	(385,583)	(27,349)	(358,234)
Net cash provided by investing activities	113,934	(72,007)	185,941
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(78,114)</b>	<b>99,259</b>	<b>(177,373)</b>
<b>Cash and cash equivalents - beginning of year</b>	<b>266,006</b>	<b>229,942</b>	<b>36,064</b>
<b>Cash and cash equivalents - current</b>	<b>\$ 187,892</b>	<b>\$ 329,201</b>	<b>\$ (141,309)</b>

**Cash provided by operating activities:** Cash provided by operations was \$245.6 million, a decrease of \$3.8 million from 2023. This change was due to a net increase of cash received by customers inclusive of amounts paid for pass-through fuel and purchased power and the increase in cash received for reimbursable emergency response expenses offset by an increase in cash paid for unit department and salaries and benefit expenses.

- As of June 30, 2024, OUC expects to receive \$3.1 million and \$7.0 million in grant reimbursement funds for pandemic emergency response and preparedness and estimated costs for Hurricanes Irma, Ian, Nicole and Idalia, respectively.

**Cash used in capital related financing activities:** Cash used in capital related activities was \$385.6 million, an increase of \$358.2 million from 2023 due to the proceeds from the 2023A bonds in the amount of \$276.7 million in the prior year. Excluding the receipt of the newly issued debt, capital related activities were \$81.6 million higher in 2024 in alignment with the Capital Plan.

- Capital Spend:** As of June 30, 2024, net capital spending was \$239.3 million or 8.5 percent lower than the revised capital budget.



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

	June 2024	September 2023	Variance	
<b>Assets</b>				
Utility plant	\$ 2,896,139	\$ 2,757,429	\$ 138,710	5.0 %
Restricted and internally designated assets	721,463	861,538	(140,075)	(16.3)%
Current assets	324,189	309,355	14,834	4.8 %
Other assets	218,551	256,493	(37,942)	(14.8)%
Deferred outflows of resources	169,498	156,195	13,303	8.5 %
<b>Total assets and deferred outflows of resources</b>	<b>\$ 4,329,840</b>	<b>\$ 4,341,010</b>	<b>\$ (11,170)</b>	<b>(0.3)%</b>
<b>Liabilities</b>				
Payables from restricted assets	\$ 157,600	\$ 167,698	\$ (10,098)	(6.0)%
Payables from current assets	141,607	150,686	(9,079)	(6.0)%
<b>Current liabilities</b>	<b>299,207</b>	<b>318,384</b>	<b>(19,177)</b>	<b>(6.0)%</b>
Other liabilities	309,424	296,828	12,596	4.2 %
Long-term debt, net	1,625,266	1,711,337	(86,071)	(5.0)%
<b>Total liabilities</b>	<b>2,233,897</b>	<b>2,326,549</b>	<b>(92,652)</b>	<b>(4.0)%</b>
<b>Deferred inflows of resources</b>	<b>354,859</b>	<b>319,429</b>	<b>35,430</b>	<b>11.1 %</b>
<b>Net position</b>	<b>1,741,084</b>	<b>1,695,032</b>	<b>46,052</b>	<b>2.7 %</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 4,329,840</b>	<b>\$ 4,341,010</b>	<b>\$ (11,170)</b>	<b>(0.3)%</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 2024	Budget June 2024	Variance to Budget		Actual June 2023	Variance to Prior Year	
<b>Operating revenues</b>							
Retail energy revenues (OUC and STC)	\$ 382,201	\$ 369,683	\$ 12,518	3.4 %	\$ 357,224	\$ 24,977	7.0 %
Wholesale energy revenues	20,136	20,092	44	0.2 %	29,891	(9,755)	(32.6)%
Fuel	208,756	222,185	(13,429)	(6.0)%	242,886	(34,130)	(14.1)%
Electric revenues	611,093	611,960	(867)	(0.1)%	630,001	(18,908)	(3.0)%
Water revenues	71,981	70,545	1,436	2.0 %	68,602	3,379	4.9 %
Other revenues							
Lighting service revenues	14,853	13,917	936	6.7 %	13,300	1,553	11.7 %
Chilled water revenues	28,720	29,646	(926)	(3.1)%	29,270	(550)	(1.9)%
Service fees & other revenues	25,238	25,718	(480)	(1.9)%	22,808	2,430	10.7 %
<b>Total operating revenues</b>	<b>751,885</b>	<b>751,786</b>	<b>99</b>	<b>— %</b>	<b>763,981</b>	<b>(12,096)</b>	<b>(1.6)%</b>
<b>Operating expenses</b>							
Fuel for generation and purchased power	208,756	222,185	(13,429)	(6.0)%	242,886	(34,130)	(14.1)%
Unit/department	246,088	239,438	6,650	2.8 %	217,942	28,146	12.9 %
Depreciation and amortization	130,037	130,476	(439)	(0.3)%	126,445	3,592	2.8 %
Payments to other governments and taxes	50,746	49,492	1,254	2.5 %	51,323	(577)	(1.1)%
Capacity payments	19,103	17,907	1,196	6.7 %	18,985	118	0.6 %
Emergency response costs	—	—	—	100.0 %	732	(732)	(100.0)%
<b>Total operating expenses</b>	<b>654,730</b>	<b>659,498</b>	<b>(4,768)</b>	<b>(0.7)%</b>	<b>658,313</b>	<b>(3,583)</b>	<b>(0.5)%</b>
<b>Non-operating income and (expenses)</b>							
Interest income	25,252	26,287	(1,035)	(3.9)%	15,168	10,084	66.5 %
Generation decommissioning	(4,701)	(4,053)	(648)	16.0 %	(9,975)	5,274	100.0 %
Other income	6,016	5,744	272	4.7 %	5,383	633	11.8 %
Interest expense	(40,024)	(41,168)	1,144	(2.8)%	(37,497)	(2,527)	6.7 %
<b>Total non-operating income and (expenses)</b>	<b>(13,457)</b>	<b>(13,190)</b>	<b>(267)</b>	<b>2.0 %</b>	<b>(26,921)</b>	<b>13,464</b>	<b>(50.0)%</b>
<b>Income before contributions</b>	<b>83,698</b>	<b>79,098</b>	<b>4,600</b>	<b>5.8 %</b>	<b>78,747</b>	<b>4,951</b>	<b>6.3 %</b>
<b>Contributions in aid of construction</b>	<b>18,214</b>	<b>11,175</b>	<b>7,039</b>	<b>63.0 %</b>	<b>16,465</b>	<b>1,749</b>	<b>10.6 %</b>
<b>Dividend payments</b>	<b>(55,860)</b>	<b>(55,454)</b>	<b>(406)</b>	<b>0.7 %</b>	<b>(52,655)</b>	<b>(3,205)</b>	<b>6.1 %</b>
<b>Increase in net position</b>	<b>46,052</b>	<b>\$ 34,819</b>	<b>\$ 11,233</b>	<b>32.3 %</b>	<b>42,557</b>	<b>\$ 3,495</b>	<b>8.2 %</b>
<b>Net position - beginning of year</b>	<b>1,695,032</b>				<b>1,627,718</b>		
<b>Net position - end of period</b>	<b>\$ 1,741,084</b>				<b>\$ 1,670,275</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 2024	June 2023
<b>Cash flow from operating activities</b>		
Cash received from customers	\$ 791,370	\$ 892,594
Cash paid for fuel and purchased power	(241,561)	(357,460)
Cash paid for unit department expenses	(88,598)	(82,533)
Cash paid for salaries and benefits	(159,315)	(146,265)
Cash received/(paid) for emergency response expenses	1,714	(6,081)
Cash paid for other payments and taxes	(57,995)	(50,867)
<b>Net cash provided by operating activities</b>	<b>245,615</b>	<b>249,388</b>
<b>Cash flows from non-capital related financing activities</b>		
Dividend to the City of Orlando	(55,860)	(52,655)
Build America Bonds subsidy received	3,780	1,882
<b>Net cash used in non-capital related financing activities</b>	<b>(52,080)</b>	<b>(50,773)</b>
<b>Cash flows from capital related financing activities</b>		
Utility plant net of contributions in aid of construction	(243,889)	(163,656)
Debt interest payments	(66,169)	(58,439)
Collateral deposits received	173	—
Principal payments on long-term debt and use of bond proceeds	(74,875)	(79,915)
Debt issuances	—	276,672
Debt issuance expense	(823)	(2,011)
<b>Net used in capital related financing activities</b>	<b>(385,583)</b>	<b>(27,349)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale and maturities of investment securities	402,042	245,723
Loss on sale of investments	(99)	(1,963)
Purchases of investment securities	(323,283)	(285,653)
Investments and other income received	35,274	(30,114)
<b>Net cash used in investing activities</b>	<b>113,934</b>	<b>(72,007)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(78,114)</b>	<b>99,259</b>
<b>Cash and cash equivalents - beginning of year</b>	<b>266,006</b>	<b>229,942</b>
<b>Cash and cash equivalents - current</b>	<b>\$ 187,892</b>	<b>\$ 329,201</b>
<b>Reconciliation of operating income to net cash provided by operating activities</b>		
Operating income	\$ 97,155	\$ 105,668
<b>Adjustments to reconcile operating income to net cash provided by operating activities</b>		
Depreciation and amortization	130,037	126,445
Depreciation and amortization charged to fuel for generation and purchased power	1,942	1,854
Depreciation of vehicles and equipment charged to unit department expenses	1,924	1,576
Changes in assets and liabilities		
(Increase)/Decrease in receivables and accrued revenue	(3,477)	27,750
Increase in fuel and materials and supplies inventories	(26,047)	(12,192)
Decrease in accounts payable	(3,096)	(107,618)
(Decrease)/Increase in deposits payable and deferred items	(1,279)	4,333
Increase in stabilization and deferred revenue accounts	48,456	101,572
<b>Net cash provided by operating activities</b>	<b>\$ 245,615</b>	<b>\$ 249,388</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 June 2024 Approved	Year to Date June 2024 Revised	Year to Date June 2024 Actual	Variance to Revised	
Electric Production <sup>1</sup>	\$ 40,514	\$ 31,024	\$ 29,189	\$ (1,835)	(5.9)%
Transmission	94,586	89,771	85,121	(4,650)	(5.2)%
Transmission contributions	(326)	(157)	(48)	109	(69.4)%
Transmission, net	94,260	89,614	85,073	(4,541)	(5.1)%
Electric Delivery	42,392	63,477	63,820	343	0.5 %
Electric Delivery contributions	(2,925)	(9,653)	(10,750)	(1,097)	11.4 %
Electric Delivery, net	39,467	53,824	53,070	(754)	(1.4)%
Lighting	6,300	9,257	8,719	(538)	(5.8)%
Lighting contributions	(750)	(4,353)	(4,613)	(260)	6.0 %
Lighting, net	5,550	4,904	4,106	(798)	(16.3)%
Water <sup>2</sup>	46,298	48,329	42,439	(5,890)	(12.2)%
Water contributions	(7,500)	(12,050)	(8,131)	3,919	(32.5)%
Water, net	38,798	36,279	34,308	(1,971)	(5.4)%
Chilled Water	8,591	1,688	1,688	—	— %
Support Services <sup>3</sup>	79,104	44,093	31,867	(12,226)	(27.7)%
Total OUC	\$ 306,284	\$ 261,426	\$ 239,301	\$ (22,125)	(8.5)%

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

<sup>2</sup> Driven by project delays in the ozone generator program combined with lower than anticipated repair and restoration projects

<sup>3</sup> Driven by project delays including the St. Cloud operations building and emerging technology initiatives.

The “Approved” represents the pro-rated annual amount of the Board approved annual Capital Plan. As there are many dynamics that can impact the timing and spend associated with amounts included in the “Approved ” Capital Plan, a “Revised” Capital Plan is included to reflect the most current capital plan estimates.

As of June 30, 2024, the year-to-date capital spend is 8.5 percent lower than the Revised Capital Plan and 21.9% lower than the Approved Capital Plan.