



INTERIM FINANCIAL REPORT



SIX-MONTHS ENDED
MARCH 31, 2024
(UNAUDITED)

Orlando Utilities Commission

Table of Contents

Management's Discussion and Analysis	1
Statements of Net Position – Unaudited	6
Statements of Revenues, Expenses and Changes in Net Position based on Budget - Unaudited	7
Statements of Cash Flows – Unaudited	8
Capital Plan	9

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 six-months ended March 31, 2024 in comparison to the approved budget and prior year equivalent period.
 - Income before contributions for the six-months ended March 31, 2024 was \$48.4 million, which is \$2.8 million higher than budget and \$3.7 million lower than prior year.
- The Statements of Net Position present the nature and amount of resources and obligations at March 31, 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 March			Variance			
	2024 Actual	2024 Budget	2023 Actual	Actual vs Budget		2024 vs 2023	
Retail energy revenues (OUC and STC)	\$ 241,926	\$ 239,137	\$ 229,779	\$ 2,789	1.2 %	\$ 12,147	5.3 %
Wholesale energy revenues	13,303	13,056	22,737	247	1.9 %	(9,434)	(41.5)%
Water revenues	46,460	45,943	43,613	517	1.1 %	2,847	6.5 %
Other revenues	45,310	45,375	42,246	(65)	(0.1)%	3,064	7.3 %
Operating revenues, net of fuel	346,999	343,511	338,375	3,488	1.0 %	8,624	2.5 %
Fuel revenues	127,678	143,298	166,057	(15,620)	(10.9)%	(38,379)	(23.1)%
Total operating revenues	\$ 474,677	\$ 486,809	\$ 504,432	\$ (12,132)	(2.5)%	\$ (29,755)	(5.9)%

Budget Analysis:

- Operating revenues, net of fuel revenues were \$3.5 million higher than budget due to increased electric vehicle penetration and moderately warmer than normal weather resulting in stronger than anticipated retail energy sales.
- 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 \$8.6 million higher than prior year due to electric retail base energy price increases effective October 1, 2023. Wholesale energy revenues were lower due to unplanned sales in the prior 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 March			Variance			
	2024 Actual	2024 Budget	2023 Actual	Actual vs Budget		2024 vs 2023	
Unit department expenses	\$ 157,347	\$ 156,845	\$ 137,528	\$ 502	0.3 %	\$ 19,819	14.4 %
Depreciation and amortization	86,019	86,019	84,200	—	— %	1,819	2.2 %
Payments to other governments and taxes	33,575	32,312	33,650	1,263	3.9 %	(75)	(0.2)%
Capacity payments	12,132	11,938	12,639	194	1.6 %	(507)	(4.0)%
Emergency response expenses	—	—	732	—	100.0 %	(732)	(100.0)%
Operating expenses, net of fuel	289,073	287,114	268,749	1,959	0.7 %	20,324	7.6 %
Fuel for generation and purchased power	127,678	143,298	166,057	(15,620)	(10.9)%	(38,379)	(23.1)%
Total operating expenses	\$ 416,751	\$ 430,412	\$ 434,806	\$ (13,661)	(3.2)%	\$ (18,055)	(4.2)%

Budget Analysis:

- Operating expenses, net of fuel for generation and purchased power were less than 1.0% higher than budget.
- Fuel for generation and purchased power expenses were \$15.6 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 \$20.3 million higher than prior year due to inflationary impacts including an increase in outside services, labor and benefit costs.
- Fuel for generation and purchased power expenses were \$38.4 million lower than prior year as a result of lower natural gas commodity costs.

Non-Operating Income and Expense Analysis

(\$ in thousands)	As of March			Variance			
	2024 Actual	2024 Budget	2023 Actual	Actual vs Budget		2024 vs 2023	
Interest and other income	\$ 21,603	\$ 20,706	\$ 12,386	\$ 897	4.3 %	\$ 9,217	74.4 %
Generation decommissioning	\$ (4,558)	\$ (4,053)	\$ (6,771)	\$ (505)	12.5 %	\$ 2,213	(32.7)%
Interest expense	(26,571)	(27,446)	(23,179)	875	(3.2)%	(3,392)	14.6 %
Total non-operating income and (expense)	\$ (9,526)	\$ (10,793)	\$ (17,564)	\$ 1,267	(11.7)%	\$ 8,038	(45.8)%

Budget and Prior Year Analysis:

- Non-operating income and expense were lower than budget due to stronger than expected interest income from rising interest rates. Compared to the prior year, the decrease is due to the commencement of long-term custodial contractual agreements, higher interest income and the complete recognition of the MC3 generation decommissioning expenses offset by an increase in interest expense from the issuance of the Series 2023A Bonds in June 2023.

Change in Net Position Analysis

(\$ in thousands)	As of March			Variance			
	2024 Actual	2024 Budget	2023 Actual	Actual vs Budget		2024 vs 2023	
Income before contributions	\$ 48,400	\$ 45,604	\$ 52,062	\$ 2,796	6.1 %	\$ (3,662)	(7.0)%
Contributions in aid of construction	14,572	7,450	9,926	7,122	95.6 %	4,646	46.8 %
Annual dividend	(37,376)	(36,969)	(35,104)	(407)	1.1 %	(2,272)	6.5 %
Increase in net position	\$ 25,596	\$ 16,085	\$ 26,884	\$ 9,511	59.1 %	\$ (1,288)	(4.8)%

Budget and Prior Year Analysis:

- Income before contributions were favorable to budget as a result of warmer than normal weather, higher than anticipated electric contributions in aid of construction and in alignment with the current year revenue requirement modifications. Income before contributions were lower than prior year as a result of prior year unexpected wholesale revenues offset by increased contributions in aid of construction.

Total Assets and Deferred Outflows of Resources

(\$ in thousands)	March 2024	September 2023	Year-to-Date Change	March 2023
Utility plant	\$ 2,846,098	\$ 2,757,429	\$ 88,669	\$ 2,664,870
Restricted and internally designated assets	756,586	861,538	(104,952)	528,481
Current assets	288,881	309,355	(20,474)	298,166
Other assets	227,460	256,493	(29,033)	333,565
Deferred outflows of resources	171,641	156,195	15,446	67,669
Total assets and deferred outflows of resources	\$ 4,290,666	\$ 4,341,010	\$ (50,344)	\$ 3,892,751

Year-to-Date Analysis:

- Total assets and deferred outflows of resources decreased \$50.3 million from the previous fiscal year end due to decreased customer receivables driven by lower fuel revenues coupled with investment valuation changes.
 - Days cash on hand is currently at 245 days as of March 31, 2024 and in line with our target.

Total Liabilities and Deferred Inflows of Resources

(\$ in thousands)	March 2024	September 2023	Year-to-Date Change	March 2023
Current liabilities	\$ 292,376	\$ 318,384	\$ (26,008)	\$ 302,104
Other liabilities	304,436	296,828	7,608	153,054
Long-term debt, net	1,630,179	1,711,337	(81,158)	1,449,804
Deferred inflows of resources	343,046	319,429	23,617	333,186
Total liabilities and deferred inflows of resources	2,570,037	2,645,978	(75,941)	2,238,148
Net position	1,720,629	1,695,032	25,597	1,654,602
Total liabilities, deferred inflows of resources and net position	\$ 4,290,666	\$ 4,341,010	\$ (50,344)	\$ 3,892,750

Year-to-Date Analysis:

- Total liabilities and deferred inflows of resources decreased \$75.9 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 fuel prices.

Condensed Statement of Cash Flows and Capital Spend Analysis

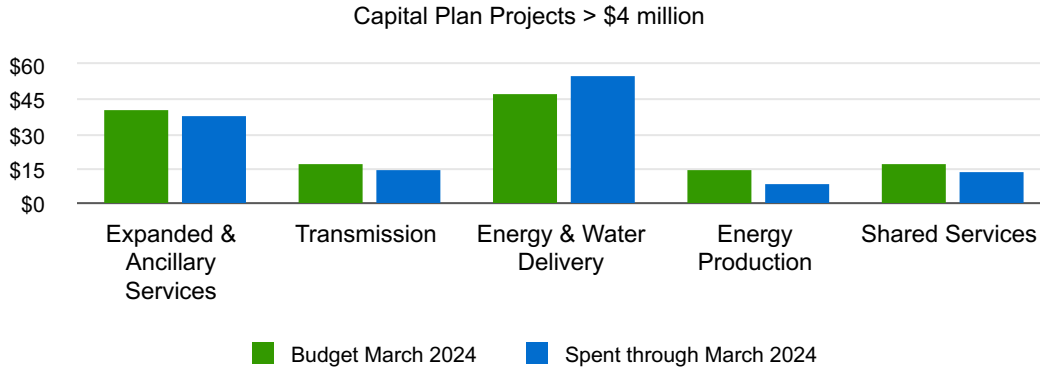
(\$ in thousands)	As of March		
	2024	2023	Change
Net cash provided by operating activities	\$ 142,072	\$ 133,812	\$ 8,260
Net cash used in non-capital related financing activities	(35,493)	(35,104)	(389)
Net cash used in capital related financing activities	(266,437)	(209,281)	(57,156)
Net cash provided by investing activities	96,015	82,737	13,278
Net increase/(decrease) in cash and cash equivalents	(63,843)	(27,836)	(36,007)
Cash and cash equivalents - beginning of year	266,006	229,942	36,064
Cash and cash equivalents - current	\$ 202,163	\$ 202,106	\$ 57

Cash provided by operating activities: Cash provided by operations was \$142.1 million, an increase of \$8.3 million from 2023, due to a decrease in cash paid for fuel and purchased power and emergency response payments.

- As of March 31, 2024, OUC expects to receive \$3.1 million and \$8.1 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 \$266.4 million, an increase of \$57.2 million from 2023 in alignment with our 2024 strategic initiatives to a Path to Clean Energy and Alternative Water Sources.

- Capital Spend:** As of March 31, 2024, net capital spending was \$156.1 million or 4.7 percent lower than the revised capital budget.



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

	March 2024	September 2023	Variance	
Assets				
Utility plant	\$ 2,846,098	\$ 2,757,429	\$ 88,669	3.2 %
Restricted and internally designated assets	756,586	861,538	(104,952)	(12.2)%
Current assets	288,881	309,355	(20,474)	(6.6)%
Other assets	227,460	256,493	(29,033)	(11.3)%
Deferred outflows of resources	171,641	156,195	15,446	9.9 %
Total assets and deferred outflows of resources	\$ 4,290,666	\$ 4,341,010	\$ (50,344)	(1.2)%
Liabilities				
Payables from restricted assets	\$ 174,743	\$ 167,698	\$ 7,045	4.2 %
Payables from current assets	117,633	150,686	(33,053)	(21.9)%
Current liabilities	292,376	318,384	(26,008)	(8.2)%
Other liabilities	304,436	296,828	7,608	2.6 %
Long-term debt, net	1,630,179	1,711,337	(81,158)	(4.7)%
Total liabilities	2,226,991	2,326,549	(99,558)	(4.3)%
Deferred inflows of resources	343,046	319,429	23,617	7.4 %
Net position	1,720,629	1,695,032	25,597	1.5 %
Total liabilities, deferred inflows of resources and net position	\$ 4,290,666	\$ 4,341,010	\$ (50,344)	(1.2)%

***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 March 2024	Budget March 2024	Variance to Budget		Actual March 2023	Variance to Prior Year		
Operating revenues								
Retail energy revenues (OUC and STC)	\$ 241,926	\$ 239,137	\$ 2,789	1.2 %	\$ 229,779	\$ 12,147	5.3 %	
Wholesale energy revenues	13,303	13,056	247	1.9 %	22,737	(9,434)	(41.5)%	
Fuel	127,678	143,298	(15,620)	(10.9)%	166,057	(38,379)	(23.1)%	
Electric revenues	382,907	395,491	(12,584)	(3.2)%	418,573	(35,666)	(8.5)%	
Water revenues	46,460	45,943	517	1.1 %	43,613	2,847	6.5 %	
Other revenues								
Lighting service revenues	9,524	9,278	246	2.7 %	8,898	626	7.0 %	
Chilled water revenues	18,070	18,929	(859)	(4.5)%	18,246	(176)	(1.0)%	
Service fees & other revenues	17,716	17,168	548	3.2 %	15,102	2,614	17.3 %	
Total operating revenues	474,677	486,809	(12,132)	(2.5)%	504,432	(29,755)	(5.9)%	
Operating expenses								
Fuel for generation and purchased power	127,678	143,298	(15,620)	(10.9)%	166,057	(38,379)	(23.1)%	
Unit/department	157,347	156,845	502	0.3 %	137,528	19,819	14.4 %	
Depreciation and amortization	86,019	86,019	—	— %	84,200	1,819	2.2 %	
Payments to other governments and taxes	33,575	32,312	1,263	3.9 %	33,650	(75)	(0.2)%	
Capacity payments	12,132	11,938	194	1.6 %	12,639	(507)	(4.0)%	
Emergency response costs	—	—	—	100.0 %	732	(732)	(100.0)%	
Total operating expenses	416,751	430,412	(13,661)	(3.2)%	434,806	(18,055)	(4.2)%	
Non-operating income and (expenses)								
Interest income	17,609	17,590	19	0.1 %	8,831	8,778	99.4 %	
Generation decommissioning	(4,558)	(4,053)	(505)	12.5 %	(6,771)	2,213	100.0 %	
Other income	3,994	3,116	878	28.2 %	3,555	439	12.3 %	
Interest expense	(26,571)	(27,446)	875	(3.2)%	(23,179)	(3,392)	14.6 %	
Total non-operating income and (expenses)	(9,526)	(10,793)	1,267	(11.7)%	(17,564)	8,038	(45.8)%	
Income before contributions	48,400	45,604	2,796	6.1 %	52,062	(3,662)	(7.0)%	
Contributions in aid of construction	14,572	7,450	7,122	95.6 %	9,926	4,646	46.8 %	
Dividend payments	(37,376)	(36,969)	(407)	1.1 %	(35,104)	(2,272)	6.5 %	
Increase in net position	25,596	\$ 16,085	\$ 9,511	59.1 %	26,884	\$ (1,288)	(4.8)%	
Net position - beginning of year	1,695,032				1,627,718			
Net position - end of period	\$ 1,720,628				\$ 1,654,602			

***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

	March 2024	March 2023
Cash flow from operating activities		
Cash received from customers	\$ 539,406	\$ 604,633
Cash paid for fuel and purchased power	(180,987)	(269,514)
Cash paid for unit department expenses	(72,669)	(69,673)
Cash paid for salaries and benefits	(104,026)	(93,822)
Cash received/(paid) for emergency response expenses	734	(4,001)
Cash paid for other payments and taxes	(40,386)	(33,811)
Net cash provided by operating activities	142,072	133,812
Cash flows from non-capital related financing activities		
Dividend to the City of Orlando	(37,376)	(35,104)
Build America Bonds subsidy received	1,883	—
Net cash used in non-capital related financing activities	(35,493)	(35,104)
Cash flows from capital related financing activities		
Utility plant net of contributions in aid of construction	(160,630)	(97,965)
Debt interest payments	(30,452)	(30,891)
Principal payments on long-term debt and use of bond proceeds	(74,875)	(79,915)
Debt issuance expense	(480)	(510)
Net used in capital related financing activities	(266,437)	(209,281)
Cash flows from investing activities		
Proceeds from sale and maturities of investment securities	263,970	179,427
Loss on sale of investments	(99)	(1,978)
Purchases of investment securities	(187,869)	(53,600)
Investments and other income received	20,013	(41,112)
Net cash used in investing activities	96,015	82,737
Net decrease in cash and cash equivalents	(63,843)	(27,836)
Cash and cash equivalents - beginning of year	266,006	229,942
Cash and cash equivalents - current	\$ 202,163	\$ 202,106
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 57,926	\$ 69,626
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	86,019	84,200
Depreciation and amortization charged to fuel for generation and purchased power	1,295	1,207
Depreciation of vehicles and equipment charged to unit department expenses	1,324	1,054
Changes in assets and liabilities		
Decrease in receivables and accrued revenue	31,439	43,830
Increase in fuel and materials and supplies inventories	(25,459)	(12,084)
Decrease in accounts payable	(29,787)	(107,450)
Decrease in deposits payable and deferred items	(14,170)	(983)
Increase in stabilization and deferred revenue accounts	33,485	54,412
Net cash provided by operating activities	\$ 142,072	\$ 133,812

***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 March 2024 Approved	Year to Date March 2024 Revised	Year to Date March 2024 Actual	Variance to Revised	
Electric Production ¹	\$ 27,010	\$ 16,994	\$ 18,911	\$ 1,917	11.3 %
Transmission	63,058	58,150	53,993	(4,157)	(7.1)%
Transmission contributions	(218)	(157)	(48)	109	(69.4)%
Transmission, net	62,840	57,993	53,945	(4,048)	(7.0)%
Electric Delivery ²	28,261	37,736	45,037	7,301	19.3 %
Electric Delivery contributions	(1,950)	(6,003)	(7,828)	(1,825)	30.4 %
Electric Delivery, net	26,311	31,733	37,209	5,476	17.3 %
Lighting	4,200	4,360	4,007	(353)	(8.1)%
Lighting contributions	(500)	(709)	(665)	44	(6.2)%
Lighting, net	3,700	3,651	3,342	(309)	(8.5)%
Water	30,866	30,235	27,067	(3,168)	(10.5)%
Water contributions	(5,000)	(6,562)	(6,013)	549	(8.4)%
Water, net	25,866	23,673	21,054	(2,619)	(11.1)%
Chilled Water	5,728	1,445	1,013	(432)	(29.9)%
Support Services	52,736	28,224	20,580	(7,644)	(27.1)%
Total OUC	\$ 204,191	\$ 163,713	\$ 156,054	\$ (7,659)	(4.7)%

¹ Totals are net of participant share.

² Higher than expected due to increased spending for new services in Orlando and St. Cloud as a result of increased supply chain and labor costs.

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 March 31, 2024, the year-to-date capital spend is 4.7 percent lower than the Revised Capital Plan and 23.6% lower than the Approved Capital Plan.