



INTERIM FINANCIAL
REPORT



THREE-MONTHS ENDED
DECEMBER 31, 2023
(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, 2023 in comparison to the approved budget and prior year equivalent period.
 - Income before contributions for the three-months ended December 31, 2023 was \$28.5 million, which is \$2.5 million higher than budget and \$2.9 million lower than prior year.
- The Statements of Net Position present the nature and amount of resources and obligations at December 31, 2023 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 December			Variance			
	2023 Actual	2023 Budget	2022 Actual	Actual vs Budget		2023 vs 2022	
Retail energy revenues (OUC and STC)	\$ 125,452	\$ 123,322	\$ 117,773	\$ 2,130	1.7 %	\$ 7,679	6.5 %
Wholesale energy revenues	6,346	6,688	12,971	(342)	(5.1)%	(6,625)	(51.1)%
Water revenues	23,445	23,193	21,798	252	1.1 %	1,647	7.6 %
Other revenues	23,983	23,420	19,800	563	2.4 %	4,183	21.1 %
Operating revenues, net of fuel	179,226	176,623	172,342	2,603	1.5 %	6,884	4.0 %
Fuel revenues	66,300	73,470	98,128	(7,170)	(9.8)%	(31,828)	(32.4)%
Total operating revenues	\$ 245,526	\$ 250,093	\$ 270,470	\$ (4,567)	(1.8)%	\$ (24,944)	(9.2)%

Budget Analysis:

- Operating revenues, net of fuel revenues were \$2.6 million higher than budget retail energy revenues due to warmer than normal weather and other miscellaneous revenues.
- 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 \$6.9 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 new chilled facilities coming online and 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 December			Variance			
	2023 Actual	2023 Budget	2022 Actual	Actual vs Budget		2023 vs 2022	
Unit department expenses	\$ 78,315	\$ 78,439	\$ 63,553	\$ (124)	(0.2)%	\$ 14,762	23.2 %
Depreciation and amortization	42,542	42,794	41,836	(252)	(0.6)%	706	1.7 %
Payments to other governments and taxes	17,957	16,956	17,017	1,001	5.9 %	940	5.5 %
Capacity payments	5,923	5,969	6,321	(46)	(0.8)%	(398)	(6.3)%
Emergency response expenses	—	—	2,459	—	100.0 %	(2,459)	(100.0)%
Operating expenses, net of fuel	144,737	144,158	131,186	579	0.4 %	13,551	10.3 %
Fuel for generation and purchased power	66,300	73,470	98,128	(7,170)	(9.8)%	(31,828)	(32.4)%
Total operating expenses	\$ 211,037	\$ 217,628	\$ 229,314	\$ (6,591)	(3.0)%	\$ (18,277)	(8.0)%

Budget Analysis:

- Operating expenses, net of fuel for generation and purchased power were consistent with budget.
- Fuel for generation and purchased power expenses were \$7.2 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 \$13.6 million higher than prior year due to an increase in outside services, labor and benefit costs as well as the impact of the prior year operational efforts focused on FEMA eligible emergency response activities as a result of Hurricane Ian restoration efforts.
- Fuel for generation and purchased power expenses were \$31.8 million lower than prior year as a result of lower natural gas commodity costs.

Non-Operating Income and Expense Analysis

(\$ in thousands)	As of December			Variance			
	2023 Actual	2023 Budget	2022 Actual	Actual vs Budget		2023 vs 2022	
Interest and other income	\$ 10,917	\$ 10,276	\$ 4,927	\$ 641	6.2 %	\$ 5,990	121.6 %
Generation decommissioning	\$ (3,000)	\$ (3,000)	\$ (3,314)	\$ —	— %	\$ 314	(9.5)%
Interest expense	(13,874)	(13,723)	(11,359)	(151)	1.1 %	(2,515)	22.1 %
Total non-operating income and (expense)	\$ (5,957)	\$ (6,447)	\$ (9,746)	\$ 490	(7.6)%	\$ 3,789	(38.9)%

Budget and Prior Year Analysis:

- Non-operating income and expense were lower than budget due to stronger than expected interest income as a result of rising interest rates. Compared to the prior year, the decrease is due to the commencement of long-term custodial contractual agreements and the one-time, prior year loss on the sale of investments offset by an increase in interest expense from the issuance of the 2023A Bonds debt in June 2023.

Change in Net Position Analysis

(\$ in thousands)	As of December			Variance			
	2023 Actual	2023 Budget	2022 Actual	Actual vs Budget		2023 vs 2022	
Income before contributions	\$ 28,532	\$ 26,017	\$ 31,410	\$ 2,515	9.7 %	\$ (2,878)	(9.2)%
Contributions in aid of construction	5,003	3,725	3,998	1,278	34.3 %	1,005	25.1 %
Annual dividend	(18,891)	(18,485)	(17,551)	(406)	2.2 %	(1,340)	7.6 %
Increase in net position	\$ 14,644	\$ 11,257	\$ 17,857	\$ 3,387	30.1 %	\$ (3,213)	(18.0)%

Budget and Prior Year Analysis:

- Income before contributions were favorable to budget as a result of warmer than normal weather 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.

Total Assets and Deferred Outflows of Resources

(\$ in thousands)	December 2023	September 2023	Year-to-Date Change	December 2022
Utility plant	\$ 2,794,192	\$ 2,757,429	\$ 36,763	\$ 2,657,961
Restricted and internally designated assets	777,926	861,538	(83,612)	509,905
Current assets	281,837	309,355	(27,518)	304,741
Other assets	236,944	256,493	(19,549)	389,518
Deferred outflows of resources	166,603	156,195	10,408	70,152
Total assets and deferred outflows of resources	\$ 4,257,502	\$ 4,341,010	\$ (83,508)	\$ 3,932,277

Year-to-Date Analysis:

- Total assets and deferred outflows of resources decreased \$83.5 million from the previous fiscal year end due to the annual debt service payment paid on October 1 in the amount of \$103.3 million offset by investment valuation changes.
 - Days cash on hand is currently at 244 days as of December 31, 2023 and inline with our target.

Total Liabilities and Deferred Inflows of Resources

(\$ in thousands)	December 2023	September 2023	Year-to-Date Change	December 2022
Current liabilities	\$ 274,900	\$ 318,384	\$ (43,484)	\$ 331,839
Other liabilities	309,548	296,828	12,720	153,082
Long-term debt, net	1,636,233	1,711,337	(75,104)	1,451,956
Deferred inflows of resources	327,145	319,429	7,716	349,825
Total liabilities and deferred inflows of resources	2,547,826	2,645,978	(98,152)	2,286,702
Net position	1,709,676	1,695,032	14,644	1,645,575
Total liabilities, deferred inflows of resources and net position	\$ 4,257,502	\$ 4,341,010	\$ (83,508)	\$ 3,932,277

Year-to-Date Analysis:

- Total liabilities and deferred inflows of resources decreased \$98.2 million due to the annual debt service payments and lower current liabilities from decreased fuel and purchased power and emergency response payables.

Condensed Statement of Cash Flows and Capital Spend Analysis

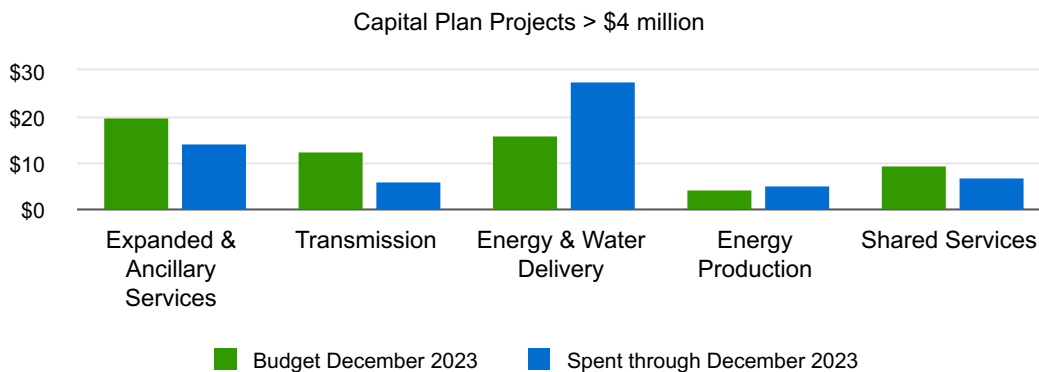
(\$ in thousands)	As of December		
	2023	2022	Change
Net cash provided by operating activities	\$ 66,042	\$ 58,888	\$ 7,154
Net cash used in non-capital related financing activities	(17,008)	(17,552)	544
Net cash used in capital related financing activities	(174,257)	(161,363)	(12,894)
Net cash provided by investing activities	101,166	56,673	44,493
Net increase/(decrease) in cash and cash equivalents	(24,057)	(63,354)	39,297
Cash and cash equivalents - beginning of year	266,006	229,942	36,064
Cash and cash equivalents - current	\$ 241,949	\$ 166,588	\$ 75,361

Cash provided by operating activities: Cash provided by operations was \$66.0 million, an increase of \$7.2 million from 2022, due to a decrease in cash paid for fuel and purchased power and emergency response payments.

- As of December 31, 2023, OUC expects to receive \$2.8 million and \$9.2 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 \$174.3 million, an increase of \$12.9 million from 2022 due to timing of payments related to capital projects from the prior year.

- Capital Spend:** As of December 31, 2023, net capital spending was \$71.3 million or 7.4 percent lower than the revised capital budget.



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

	<u>December 2023</u>	<u>September 2023</u>	<u>Variance</u>	
Assets				
Utility plant	\$ 2,794,192	\$ 2,757,429	\$ 36,763	1.3 %
Restricted and internally designated assets	777,926	861,538	(83,612)	(9.7)%
Current assets	281,837	309,355	(27,518)	(8.9)%
Other assets	236,944	256,493	(19,549)	(7.6)%
Deferred outflows of resources	166,603	156,195	10,408	6.7 %
Total assets and deferred outflows of resources	\$ 4,257,502	\$ 4,341,010	\$ (83,508)	(1.9)%
Liabilities				
Payables from restricted assets	\$ 159,216	\$ 167,698	\$ (8,482)	(5.1)%
Payables from current assets	115,684	150,686	(35,002)	(23.2)%
Current liabilities	274,900	318,384	(43,484)	(13.7)%
Other liabilities	309,548	296,828	12,720	4.3 %
Long-term debt, net	1,636,233	1,711,337	(75,104)	(4.4)%
Total liabilities	2,220,681	2,326,549	(105,868)	(4.6)%
Deferred inflows of resources	327,145	319,429	7,716	2.4 %
Net position	1,709,676	1,695,032	14,644	0.9 %
Total liabilities, deferred inflows of resources and net position	\$ 4,257,502	\$ 4,341,010	\$ (83,508)	(1.9)%

***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 2023	Budget December 2023	Variance to Budget		Actual December 2022	Variance to Prior Year	
Operating revenues							
Retail energy revenues (OUC and STC)	\$ 125,452	\$ 123,322	\$ 2,130	1.7 %	\$ 117,773	\$ 7,679	6.5 %
Wholesale energy revenues	6,346	6,688	(342)	(5.1)%	12,971	(6,625)	(51.1)%
Fuel	66,300	73,470	(7,170)	(9.8)%	98,128	(31,828)	(32.4)%
Electric revenues	198,098	203,480	(5,382)	(2.6)%	228,872	(30,774)	(13.4)%
Water revenues	23,445	23,193	252	1.1 %	21,798	1,647	7.6 %
Other revenues							
Lighting service revenues	4,610	4,639	(29)	(0.6)%	4,458	152	3.4 %
Chilled water revenues	9,790	10,203	(413)	(4.0)%	8,879	911	10.3 %
Service fees & other revenues	9,583	8,577	1,006	11.7 %	6,463	3,120	48.3 %
Total operating revenues	245,526	250,092	(4,566)	(1.8)%	270,470	(24,944)	(9.2)%
Operating expenses							
Fuel for generation and purchased power	66,300	73,470	(7,170)	(9.8)%	98,128	(31,828)	(32.4)%
Unit/department	78,315	78,439	(124)	(0.2)%	63,553	14,762	23.2 %
Depreciation and amortization	42,542	42,794	(252)	(0.6)%	41,836	706	1.7 %
Payments to other governments and taxes	17,957	16,956	1,001	5.9 %	17,017	940	5.5 %
Capacity payments	5,923	5,969	(46)	(0.8)%	6,321	(398)	(6.3)%
Emergency response costs	—	—	—	100.0 %	2,459	(2,459)	(100.0)%
Total operating expenses	211,037	217,628	(6,591)	(3.0)%	229,314	(18,277)	(8.0)%
Non-operating income and (expenses)							
Interest income	9,046	8,720	326	3.7 %	3,242	5,804	179.0 %
Generation decommissioning	(3,000)	(3,000)	—	— %	(3,314)	314	100.0 %
Other income	1,871	1,556	315	20.2 %	1,685	186	11.0 %
Interest expense	(13,874)	(13,723)	(151)	1.1 %	(11,359)	(2,515)	22.1 %
Total non-operating income and (expenses)	(5,957)	(6,447)	490	(7.6)%	(9,746)	3,789	(38.9)%
Income before contributions	28,532	26,017	2,515	9.7 %	31,410	(2,878)	(9.2)%
Contributions in aid of construction	5,003	3,725	1,278	34.3 %	3,998	1,005	25.1 %
Dividend payments	(18,891)	(18,485)	(406)	2.2 %	(17,551)	(1,340)	7.6 %
Increase in net position	14,644	\$ 11,257	\$ 3,387	30.1 %	17,857	\$ (3,213)	(18.0)%
Net position - beginning of year	1,695,032				1,627,718		
Net position - end of period	\$ 1,709,676				\$ 1,645,575		

***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

	December 2023	December 2022
Cash flow from operating activities		
Cash received from customers	\$ 289,624	\$ 316,632
Cash paid for fuel and purchased power	(104,598)	(150,296)
Cash paid for unit department expenses	(48,371)	(39,506)
Cash paid for salaries and benefits	(52,401)	(46,180)
Cash received/(paid) for emergency response expenses	482	(4,402)
Cash paid for other payments and taxes	(18,694)	(17,360)
Net cash provided by operating activities	<u>66,042</u>	<u>58,888</u>
Cash flows from non-capital related financing activities		
Dividend to the City of Orlando	(18,891)	(17,552)
Build America Bonds subsidy received	1,883	—
Net cash used in non-capital related financing activities	<u>(17,008)</u>	<u>(17,552)</u>
Cash flows from capital related financing activities		
Utility plant net of contributions in aid of construction	(71,247)	(52,523)
Debt interest payments	(27,903)	(28,639)
Principal payments on long-term debt and use of bond proceeds	(74,875)	(79,915)
Debt issuance expense	(232)	(286)
Net used in capital related financing activities	<u>(174,257)</u>	<u>(161,363)</u>
Cash flows from investing activities		
Proceeds from sale and maturities of investment securities	156,683	129,572
Loss on sale of investments	—	(1,978)
Purchases of investment securities	(65,866)	(24,575)
Investments and other income received	10,349	(46,346)
Net cash used in investing activities	<u>101,166</u>	<u>56,673</u>
Net decrease in cash and cash equivalents	<u>(24,057)</u>	<u>(63,354)</u>
Cash and cash equivalents - beginning of year	<u>266,006</u>	<u>229,942</u>
Cash and cash equivalents - current	<u>\$ 241,949</u>	<u>\$ 166,588</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 34,489	\$ 41,156
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	42,542	41,835
Depreciation and amortization charged to fuel for generation and purchased power	647	606
Depreciation of vehicles and equipment charged to unit department expenses	641	526
Changes in assets and liabilities		
Decrease in receivables and accrued revenue	25,732	30,145
(Increase)/Decrease in fuel and materials and supplies inventories	(17,218)	1,556
Decrease in accounts payable	(30,666)	(65,051)
Increase in deposits payable and deferred items	(8,080)	(5,596)
Increase in stabilization and deferred revenue accounts	17,955	13,711
Net cash provided by operating activities	<u>\$ 66,042</u>	<u>\$ 58,888</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 2023 Approved	Year to Date December 2023 Revised	Year to Date December 2023 Actual	Variance to Revised	
Electric Production ¹	\$ 13,505	\$ 7,308	\$ 7,807	\$ 499	6.8 %
Transmission	31,529	33,164	20,836	(12,328)	(37.2)%
Transmission contributions	(109)	(109)	(48)	61	(56.0)%
Transmission, net ²	31,420	33,055	20,788	(12,267)	(37.1)%
Electric Delivery	14,131	12,705	21,300	8,595	67.7 %
Electric Delivery contributions	(975)	(1,375)	(4,216)	(2,841)	206.6 %
Electric Delivery, net ³	13,156	11,330	17,084	5,754	50.8 %
Lighting	2,100	1,575	2,349	774	49.1 %
Lighting contributions	(250)	(225)	(284)	(59)	26.2 %
Lighting, net	1,850	1,350	2,065	715	53.0 %
Water	15,433	12,738	15,360	2,622	20.6 %
Water contributions	(2,500)	(2,500)	(4,544)	(2,044)	81.8 %
Water, net	12,933	10,238	10,816	578	5.6 %
Chilled Water	2,864	225	545	320	142.2 %
Support Services ⁴	26,368	13,526	12,190	(1,336)	(9.9)%
Total OUC	<u>\$ 102,096</u>	<u>\$ 77,032</u>	<u>\$ 71,295</u>	<u>\$ (5,737)</u>	(7.4)%

¹ Totals are net of participant share.

² Delays in the Convention Center substation expansion, Weber to County Club upgrade, Downtown and St. Cloud 230kV upgrades, and solar interconnection projects.

³ Driven by St. Cloud new services and corresponding contributions.

⁴ Driven by various projects in Digital and Technology and St. Cloud Operations Building.

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 December 31, 2023, the year to date capital spend is 7.4 percent lower than the Revised Capital Plan and 30.2% lower than the Approved Capital Plan.