

FOCUSED ON THE
FUTURE
Orlando Utilities Commission



2016 STATISTICAL AND FINANCIAL REPORT



OUC 
The *Reliable* One®

ORLANDO UTILITIES COMMISSION 2016 FINANCIAL AND STATISTICAL INFORMATION REPORT

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Years Ended September 30, 2016 - 2006

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Certain information in this document is being provided to meet OUC's current obligations under various continuing disclosure agreements entered into in connection with certain of its outstanding debt obligations, as required under Securities Exchange Commission Rule 15c2-12.



COMBINED INFORMATION

OUC created an economic development program to recruit, retain and expand businesses within our service territory. We encourage our partners to “make a power move” to greater reliability, better rates, deeper connections and a greener future.

Visit OUCPowersGrowth.com



GENERAL INFORMATION

OUC—The *Reliable One* is the second largest municipal utility in Florida providing electric and water services to more than 246,000 customers in Orlando, St. Cloud and parts of unincorporated Orange and Osceola Counties.

Created by a special act of the Florida Legislature in 1923 as a statutory commission of the State of Florida, the Orlando Utilities Commission (OUC) has full authority over the management and control of the electric and water systems of the City of Orlando. The charter, as amended, allows OUC to undertake the construction, operation and maintenance of electric, water, lighting, and chilled water systems, in Orange County and portions of Osceola County.

OUC is governed by a five member board (the Board) which includes the Mayor of the City of Orlando as an ex-officio member. Board members must be OUC customers, and at least one member must reside in unincorporated Orange County. Members serve without pay and may hold two consecutive four-year terms.

OUC's electric system provides service to retail customers within the City of Orlando and certain contiguous areas of Orange County. The boundaries of OUC's 248-square-mile retail electric service area are set pursuant to Florida statutes, and are currently subject to a ten year territorial agreement negotiated with Duke Energy (formerly known as Florida Power and Progress Energy Florida). The territorial agreement, which expires on or about August 1, 2017, was approved by the Florida Public Service Commission and retains jurisdiction over disputes under the agreement. OUC retains the authority to provide utility service even if the territorial agreement expires.

In 1997, OUC entered into an inter-local agreement with the City of St. Cloud in Osceola County to assume responsibility for providing retail electric energy services to its customers. The agreement with St. Cloud expires September 30, 2032. OUC also operates and maintains St. Cloud's electric transmission and distribution system in its 171-square-mile service territory, granted to St. Cloud through an electric territorial agreement with Duke Energy through November 4, 2019.

OUC provides water service to customers throughout Orlando as well as a 200-square-mile service area as set forth by a territorial agreement with Orange County (the County). OUC's agreement with the County has an expiration date of May 4, 2019 with automatic ten year extension periods. In accordance with OUC's Consumptive Use Permit (CUP) from the St. Johns River Water Management District, water is obtained from deep wells that tap the Floridian Aquifer, a natural source of high quality water hundreds of feet below the surface. State-of-the-art water plants ozonate the water for disinfection and remove hydrogen sulfide. OUC's CUP agreement expires in 2023.

OUC operates two related businesses – OUConvenient Lighting and Chilled Water – that serve Orlando and surrounding counties. OUConvenient Lighting works with municipalities and commercial partners to plan, install, and maintain indoor and outdoor lighting. Chilled Water provides chilled water service for air conditioning systems through a network of seven chilled water plants in five districts with a total capacity of 50,915 tons.

The information presented in the following pages represents OUC's financial and operational information for the periods of 2006-2016 and where appropriate, amounts have been reclassified to conform to the 2016 presentation. The footnotes primarily focus on trends of the previous four years.

STATEMENTS OF NET POSITION (Dollars in thousands)

| As of September 30 | 2016 | 2015 | 2014 | 2013 |
|---|---------------------|---------------------|---------------------|---------------------|
| Assets | | | | |
| Utility plant, net | | | | |
| In-service, net | \$ 2,183,571 | \$ 2,158,462 | \$ 2,133,614 | \$ 2,108,165 |
| Land and other non-depreciable assets | 72,569 | 72,651 | 69,455 | 69,214 |
| Construction work in progress | 154,216 | 144,733 | 151,557 | 135,465 |
| Total utility plant, net (1) | <u>2,410,356</u> | <u>2,375,846</u> | <u>2,354,626</u> | <u>2,312,844</u> |
| Restricted and internally designated assets | | | | |
| Debt service and related funds | 85,470 | 86,333 | 83,026 | 82,868 |
| Decommissioning, construction bond proceeds and other funds (2) | 211,230 | 249,010 | 195,343 | 186,543 |
| Liability reduction fund (3) | - | - | - | - |
| Stabilization and self insurance funds (4) | 209,602 | 175,980 | 153,926 | 169,275 |
| Capital reserve fund (5) | 118,968 | 98,968 | 118,968 | 118,968 |
| Total restricted and internally designated assets | <u>625,270</u> | <u>610,291</u> | <u>551,263</u> | <u>557,654</u> |
| Current assets | | | | |
| Cash and investments (6) | 48,026 | 53,627 | 38,081 | 60,333 |
| Customer receivables, net | 75,551 | 74,268 | 76,034 | 67,697 |
| Fuel for generation (7) | 15,440 | 30,012 | 24,821 | 30,168 |
| Materials and supplies inventory, net (8) | 35,425 | 32,491 | 42,226 | 42,561 |
| Other current assets (9) | 74,963 | 93,142 | 71,424 | 80,447 |
| Hedging derivative instruments maturing within one year (10) | 2,040 | - | 448 | 213 |
| Total current assets | <u>251,445</u> | <u>283,540</u> | <u>253,034</u> | <u>281,419</u> |
| Other assets | | | | |
| Net pension assets (11) | - | - | 29,448 | 28,268 |
| Net other post-employment benefit assets | 307 | 628 | 1,920 | 1,997 |
| Regulatory assets (1) (11) (12) | 117,268 | 147,516 | 34,900 | 42,096 |
| Other long-term assets (13) | 42,306 | 30,584 | 18,140 | 17,118 |
| Hedging derivative instruments (10) | 541 | - | 226 | 88 |
| Total other assets | <u>160,422</u> | <u>178,728</u> | <u>84,634</u> | <u>89,567</u> |
| Total assets | <u>3,447,493</u> | <u>3,448,405</u> | <u>3,243,557</u> | <u>3,241,484</u> |
| Deferred outflows of resources | | | | |
| Unamortized loss on refunded bonds | 54,368 | 45,408 | 51,922 | 58,439 |
| Fair value retirement obligation asset (14) | 6,833 | 2,851 | - | - |
| Unrealized pension contributions and losses (11) | 58,361 | 18,573 | - | - |
| Accumulated decrease in fair value of hedging derivatives (15) | 39,144 | 41,652 | 23,808 | 25,622 |
| Total deferred outflows of resources | <u>158,706</u> | <u>108,484</u> | <u>75,730</u> | <u>84,061</u> |
| Total assets and deferred outflows of resources | <u>\$ 3,606,199</u> | <u>\$ 3,556,889</u> | <u>\$ 3,319,287</u> | <u>\$ 3,325,545</u> |

(1) In 2013, OUC began implementing an Advanced Meter Infrastructure (AMI) for both electric and water. Through September 30, 2015, OUC incurred \$41.4 million for the implementation of the AMI project. In 2013, Duke Energy closed the Crystal River Unit 3 (CR3) nuclear generation facility and, as such, the net book value of \$17.6 million was reclassified as a regulatory asset. In 2012, Land and other non-depreciable assets increased primarily due to the reacquisition of the Indian River Plant for \$11.5 million.

(2) A settlement with Duke Energy was finalized in October 2015 for the closure of CR3. As a result, previously invested Asset retirement obligation funds of \$13.6 million were transferred. In 2015, OUC issued the Series 2015A Bonds of \$115.1 million to fund capital projects. As of September 30, 2016, proceeds were fully exhausted.

(3) In 2000, OUC sold the steam units at the Indian River Plant. A portion of the proceeds from this sale were internally designated to fund future debt maturities. In November 2006, \$113.4 million was used to defease portions of the Series 2001, 2001A, and 2003A Bonds. In 2012, the Board approved, as part of the IRP repurchase, the reclassification of \$20.3 million from the Liability reduction fund to the Capital reserve fund.

(4) The fluctuation over the past ten years was primarily due to changes in fuel stabilization funds as a result of fuel price volatility. These funds are designated to match the change in regulatory credits.

(5) In 2006, OUC established the Capital reserve to fund the construction of capital projects. Funding for the Capital reserve continued through 2008 with a reclassification of funds in 2010. These funds are used in conjunction with construction bond proceeds to support capital projects. In 2012, the Board approved, as part of the IRP re-purchase, the reclassification of \$20.3 million from the Liability reduction fund to the Capital reserve fund.

(6) The increase in 2011 was primarily due to the release of \$41.4 million of previously restricted Debt service reserve funds for the Series 1992 Bonds that matured on October 1, 2010.

(7) Fuel for generation fluctuates as a result of the generation plant operations and maturing fuel contracts.

| 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 2,144,052 | \$ 2,160,121 | \$ 2,134,963 | \$ 1,800,510 | \$ 1,748,769 | \$ 1,726,375 | \$ 1,681,186 |
| 70,022 | 62,882 | 62,868 | 59,501 | 59,196 | 31,632 | 31,632 |
| 84,125 | 65,041 | 107,333 | 421,685 | 343,959 | 176,216 | 100,909 |
| <u>2,298,199</u> | <u>2,288,044</u> | <u>2,305,164</u> | <u>2,281,696</u> | <u>2,151,924</u> | <u>1,934,223</u> | <u>1,813,727</u> |
| 82,707 | 122,714 | 133,981 | 121,526 | 118,406 | 118,471 | 117,812 |
| 208,323 | 258,940 | 314,346 | 179,005 | 224,233 | 211,336 | 217,311 |
| - | 20,268 | 20,386 | 20,384 | 20,380 | 30,593 | 143,446 |
| 183,649 | 197,414 | 174,676 | 141,604 | 110,013 | 143,154 | 111,085 |
| 118,968 | 14,700 | 14,700 | - | 32,140 | 32,618 | 5,500 |
| <u>593,647</u> | <u>614,036</u> | <u>658,089</u> | <u>462,519</u> | <u>505,172</u> | <u>536,172</u> | <u>595,154</u> |
| 85,404 | 131,368 | 54,715 | 33,622 | 43,520 | 36,148 | 55,666 |
| 71,245 | 74,711 | 84,000 | 81,482 | 78,801 | 89,749 | 68,715 |
| 19,348 | 24,319 | 19,863 | 19,950 | 5,972 | 14,752 | 9,626 |
| 40,303 | 36,698 | 37,827 | 36,727 | 37,926 | 35,927 | 33,669 |
| 90,187 | 109,477 | 118,278 | 106,405 | 90,730 | 71,862 | 66,366 |
| 2,595 | 5 | 31 | 314 | 114 | - | - |
| <u>309,082</u> | <u>376,578</u> | <u>314,714</u> | <u>278,500</u> | <u>257,063</u> | <u>248,438</u> | <u>234,042</u> |
| 29,883 | 28,731 | 30,100 | 34,268 | 36,801 | 40,048 | 43,182 |
| 2,071 | 2,068 | - | - | - | - | - |
| 20,084 | 20,873 | 22,076 | 20,989 | 27,123 | 23,490 | 10,155 |
| 17,350 | 18,213 | 22,911 | 21,000 | 16,067 | 12,094 | 11,588 |
| 2,052 | - | 17 | 202 | 826 | - | - |
| <u>71,440</u> | <u>69,885</u> | <u>75,104</u> | <u>76,459</u> | <u>80,817</u> | <u>75,632</u> | <u>64,925</u> |
| <u>3,272,368</u> | <u>3,348,543</u> | <u>3,353,071</u> | <u>3,099,174</u> | <u>2,994,976</u> | <u>2,794,465</u> | <u>2,707,848</u> |
| 51,265 | 53,638 | 57,653 | 46,461 | 53,720 | 61,864 | 75,784 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 43,559 | 50,165 | 75,660 | 84,159 | 43,420 | - | - |
| <u>94,824</u> | <u>103,803</u> | <u>133,313</u> | <u>130,620</u> | <u>97,140</u> | <u>61,864</u> | <u>75,784</u> |
| \$ <u>3,367,192</u> | \$ <u>3,452,346</u> | \$ <u>3,486,384</u> | \$ <u>3,229,794</u> | \$ <u>3,092,116</u> | \$ <u>2,856,329</u> | \$ <u>2,783,632</u> |

- (8) In response to changing technologies and evolving industry standards, OUC conducted an internal study during 2015 to evaluate inventory levels in comparison to industry norms. As a result, OUC began implementing strategies in late 2015 to remove inventory items above established levels.
- (9) During 2015, Other current assets increased due to increased collateral deposit requirements for fuel and investment hedges.
- (10) The fluctuations over the last ten years were driven by market valuation changes related to hedged fuel and investment instruments.
- (11) In 2015, OUC adopted GASB Statement No. 68 "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date", which established standards for measuring and recognizing liabilities, deferred outflows and inflows of resources and expenses related to the government sponsored pension plan. Effects of implementing Statement No. 68 of \$88.3 million were to be applied as an adjustment to Net position. Additionally, as of September 30, 2014, OUC had advanced funded pension plan assets of \$29.4 million. Under the Statement No. 68 guidance, these costs should be recognized as expense in the year of implementation. A Board approved regulatory action of \$117.7 million was recorded to account for the net effect of the implementation and will be amortized over 10 years. In 2016, Unrealized pension contributions and losses increased as a result of market fluctuations and actuarial assumption changes.
- (12) On October 30, 2015, full ownership interest of CR3 generation facility along with all future liabilities was transferred from the joint owners to Duke Energy via a special warranty deed reducing Regulatory assets by \$3.5 million.
- (13) Other long-term assets increased \$9.9 million in 2016 due to a prepayment for a Stanton Energy Center Unit B (SEC B) gas turbine outage scheduled for fiscal years 2021 and 2024. In 2015, prepaid assets increased \$10.6 million due to a prepayment for the fall 2017 SEC B turbine inspection.
- (14) In 2016, OUC implemented GASB Statement No. 83, "Certain Asset Retirement Obligations" and restated fiscal year 2015. The application of this statement established accounting and financial reporting standards that required the reclassification of the fair value retirement obligation asset, previously reported under the heading Utility plant, net, to Deferred outflow of resources.
- (15) The fluctuations over the past ten years were driven by market valuation changes related to unrecognized fuel and investment hedge losses.

STATEMENTS OF NET POSITION (Dollars in thousands)

As of September 30

| | 2016 | 2015 | 2014 | 2013 |
|---|---------------------|---------------------|---------------------|---------------------|
| Liabilities | | | | |
| Current liabilities - payable from restricted and designated assets | | | | |
| Accrued interest payable on notes and bonds | \$ 24,905 | \$ 30,508 | \$ 29,826 | \$ 31,031 |
| Current portion of long-term debt | 60,765 | 55,880 | 53,310 | 51,950 |
| Customer meter deposits (1) | 56,521 | 54,930 | 52,784 | 49,892 |
| Total payable from restricted and designated assets | <u>142,191</u> | <u>141,318</u> | <u>135,920</u> | <u>132,873</u> |
| Current liabilities - payable from current assets | | | | |
| Accounts payable and accrued expenses (2) | 67,289 | 75,246 | 95,549 | 78,971 |
| Other bonds payable (3) | 98,360 | 98,360 | 98,360 | 98,360 |
| Other current liabilities | 22,984 | 21,005 | 20,338 | 19,708 |
| Hedging derivative instruments maturing within one year (4) | 3,111 | 8,848 | 512 | 3,459 |
| Total payable from current assets | <u>191,744</u> | <u>203,459</u> | <u>214,759</u> | <u>200,498</u> |
| Total current liabilities | <u>333,935</u> | <u>344,777</u> | <u>350,679</u> | <u>333,371</u> |
| Other liabilities and credits | | | | |
| Asset retirement obligation and other liabilities (5) | 79,746 | 88,084 | 85,438 | 84,263 |
| Net pension liability (6) | 132,811 | 92,568 | - | - |
| Hedging derivative instruments (4) | 2,886 | 5,617 | 289 | 242 |
| Total other liabilities and credits | <u>215,443</u> | <u>186,269</u> | <u>85,727</u> | <u>84,505</u> |
| Long-term debt, net | 1,476,091 | 1,527,787 | 1,481,003 | 1,548,109 |
| Total liabilities | <u>2,025,469</u> | <u>2,058,833</u> | <u>1,917,409</u> | <u>1,965,985</u> |
| Deferred inflows of resources | | | | |
| Unamortized gain on refunded bonds | 1,568 | 1,747 | 1,926 | 2,104 |
| Regulatory credits (7) | 274,553 | 251,363 | 233,029 | 252,936 |
| Unrealized pension gains (6) | 16,646 | 18,585 | - | - |
| Accumulated increase in fair value of hedging derivatives (8) | 2,581 | - | 674 | 301 |
| Total deferred inflows of resources | <u>295,348</u> | <u>271,695</u> | <u>235,629</u> | <u>255,341</u> |
| Total liabilities and deferred inflows of resources | <u>\$ 2,320,817</u> | <u>\$ 2,330,528</u> | <u>\$ 2,153,038</u> | <u>\$ 2,221,326</u> |
| Net position | | | | |
| Net investment in capital assets | \$ 945,883 | \$ 893,645 | \$ 884,604 | \$ 789,341 |
| Restricted | - | 270 | 265 | 329 |
| Unrestricted | 339,499 | 332,446 | 281,380 | 314,549 |
| Total net position | <u>\$ 1,285,382</u> | <u>\$ 1,226,361</u> | <u>\$ 1,166,249</u> | <u>\$ 1,104,219</u> |

(1) Meter deposits have been rising due to an increase in OUC's customer base.

(2) The increase in Accounts payable and accrued expenses during 2014 resulted from higher fuel and purchased power payables of \$9.5 million as a result of increased generation. Additionally in 2014, OUC recorded accruals of \$6.0 million for an environmental restoration project, a Federal Emergency Management Agency (FEMA) deobligation loss contingency, and a tax liability with the Florida Department of Revenue. Due to resolution of the potential FEMA de-obligation and a waiver of past tax liabilities, accruals of \$4.9 million were reversed in 2015.

(3) In 2008, the Series 2004 Bonds were classified to Other bonds payable as the bonds were set to mature in July 2009. OUC intended to remarket these bonds with long-term variable rate debt. However, due to changing market conditions, only a portion of the debt was refunded on a long-term basis. In 2010, OUC refunded the remaining portion in the Windows mode with a seven month tender option and no underlying liquidity facility. Therefore, the debt remains classified as Current liabilities payable from current assets.

(4) The fluctuations over the last ten years were driven by market valuation changes related to hedged fuel and investment instruments.

(5) On October 30, 2015, full ownership interest of the Crystal River 3 generation facility along with all future liabilities was transferred from the joint owners to Duke Energy via a special warranty deed reducing Asset retirement obligations by \$17.6 million.

(6) In 2015, OUC reported the actuarially computed Net pension liability, as a result of implementing GASB Statement No. 68 "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date", which established standards for measuring and recognizing liabilities, deferred outflows and inflows of resources and expenses related to the government sponsored pension plan. In 2016, the Net pension liability increased as a result of market fluctuations and actuarial assumption changes.

| 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 32,211 | \$ 34,448 | \$ 37,284 | \$ 27,552 | \$ 28,093 | \$ 28,524 | \$ 30,810 |
| 50,610 | 88,450 | 51,080 | 48,350 | 46,045 | 44,440 | 41,420 |
| 45,942 | 43,079 | 39,062 | 33,485 | 33,575 | 31,481 | 29,012 |
| <u>128,763</u> | <u>165,977</u> | <u>127,426</u> | <u>109,387</u> | <u>107,713</u> | <u>104,445</u> | <u>101,242</u> |
| 74,499 | 84,963 | 84,089 | 68,080 | 93,162 | 68,222 | 62,189 |
| 98,360 | 98,360 | 98,522 | 199,266 | 218,799 | - | - |
| 19,245 | 18,604 | 22,927 | 24,266 | 17,876 | 13,546 | 13,102 |
| 7,815 | 11,519 | 8,022 | 3,552 | 5,482 | - | - |
| <u>199,919</u> | <u>213,446</u> | <u>213,560</u> | <u>295,164</u> | <u>335,319</u> | <u>81,768</u> | <u>75,291</u> |
| <u>328,682</u> | <u>379,423</u> | <u>340,986</u> | <u>404,551</u> | <u>443,032</u> | <u>186,213</u> | <u>176,533</u> |
| 76,732 | 79,688 | 77,974 | 81,022 | 84,037 | 79,507 | 80,916 |
| - | - | - | - | - | - | - |
| 2,996 | 7,530 | 13,050 | 12,020 | 1,766 | - | - |
| <u>79,728</u> | <u>87,218</u> | <u>91,024</u> | <u>93,042</u> | <u>85,803</u> | <u>79,507</u> | <u>80,916</u> |
| <u>1,612,662</u> | <u>1,666,567</u> | <u>1,789,258</u> | <u>1,541,539</u> | <u>1,446,100</u> | <u>1,481,868</u> | <u>1,511,674</u> |
| <u>2,021,072</u> | <u>2,133,208</u> | <u>2,221,268</u> | <u>2,039,132</u> | <u>1,974,935</u> | <u>1,747,588</u> | <u>1,769,123</u> |
| 2,281 | 3,194 | 3,422 | 3,650 | - | - | - |
| 272,224 | 283,106 | 267,236 | 229,039 | 198,136 | 243,299 | 212,742 |
| - | - | - | - | - | - | - |
| 4,647 | 5 | 48 | 1,688 | 940 | - | - |
| <u>279,152</u> | <u>286,305</u> | <u>270,706</u> | <u>234,377</u> | <u>199,076</u> | <u>243,299</u> | <u>212,742</u> |
| <u>\$ 2,300,224</u> | <u>\$ 2,419,513</u> | <u>\$ 2,491,974</u> | <u>\$ 2,273,509</u> | <u>\$ 2,174,011</u> | <u>\$ 1,990,887</u> | <u>\$ 1,981,865</u> |
| \$ 744,184 | \$ 745,117 | \$ 740,393 | \$ 778,476 | \$ 754,793 | \$ 661,230 | \$ 530,940 |
| 1,543 | 1,570 | 425 | 827 | 2,515 | 8,342 | 5,863 |
| 321,241 | 286,146 | 253,592 | 176,982 | 160,797 | 195,870 | 264,964 |
| <u>\$ 1,066,968</u> | <u>\$ 1,032,833</u> | <u>\$ 994,410</u> | <u>\$ 956,285</u> | <u>\$ 918,105</u> | <u>\$ 865,442</u> | <u>\$ 801,767</u> |

(7) The fluctuations over the past ten years were primarily due to the changes in fuel stabilization funds. Additional changes were driven by Board approved revenue deferrals in 2016, 2015, and 2014 of \$13.0 million, \$13.8 million, and \$8.0 million, respectively. Primarily, these funds will be used to mitigate expected future costs related to pending clean power plant requirements.

(8) The fluctuations over the past ten years were driven by market valuation changes related to unrecognized fuel hedge gains.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (Dollars in thousands)

| Years Ended September 30 | 2016 | 2015 | 2014 | 2013 |
|--|---------------------|---------------------|---------------------|---------------------|
| Operating revenues | | | | |
| Electric operating revenues (1) | \$ 763,530 | \$ 760,960 | \$ 779,323 | \$ 718,551 |
| Water operating revenues | 69,638 | 66,869 | 64,080 | 62,812 |
| Lighting operating revenues | 13,311 | 13,273 | 12,990 | 12,626 |
| Chilled water operating revenues | 31,670 | 32,150 | 31,592 | 31,369 |
| Operating revenues before regulatory action | <u>878,149</u> | <u>873,252</u> | <u>887,985</u> | <u>825,358</u> |
| Regulatory action (2) | (13,000) | (13,800) | (8,000) | - |
| Total operating revenues | <u>865,149</u> | <u>859,452</u> | <u>879,985</u> | <u>825,358</u> |
| Operating expenses | | | | |
| Fuel for generation and purchased power (3) | 301,483 | 316,875 | 347,896 | 315,867 |
| Production (4) | 95,563 | 95,032 | 88,060 | 84,538 |
| Transmission and distribution | 42,537 | 40,944 | 38,258 | 34,246 |
| Lighting | 4,529 | 4,181 | 3,128 | 3,450 |
| Chilled water | 16,650 | 16,394 | 15,733 | 15,090 |
| Storm recovery cost | - | (2,000) | 2,000 | - |
| Depreciation and amortization (5) | 121,019 | 115,857 | 113,710 | 119,073 |
| Customer service (6) | 36,660 | 34,375 | 32,495 | 33,525 |
| General and administrative (7) | 56,794 | 52,174 | 51,517 | 48,608 |
| Utility/property tax (8) | 17,057 | 13,489 | 18,130 | 14,800 |
| Revenue based payments to the City of Orlando | 28,681 | 28,189 | 27,784 | 29,406 |
| Revenue based payments to Orange County | 1,538 | 1,515 | 1,457 | 1,397 |
| Revenue based and system use payments to the City of St. Cloud (9) | 6,467 | 6,037 | 7,869 | 8,672 |
| Total operating expenses | <u>728,978</u> | <u>723,062</u> | <u>748,037</u> | <u>708,672</u> |
| Operating income | 136,171 | 136,390 | 131,948 | 116,686 |
| Non-operating income and (expense) | | | | |
| Interest income (10) | 5,265 | 5,675 | 4,848 | 4,512 |
| Other income, net | 10,453 | 9,785 | 9,375 | 10,289 |
| Amortization of gain on sale of assets (11) | 3,628 | 3,628 | 2,997 | 4,801 |
| Interest expense, net (12) | (57,361) | (58,656) | (59,887) | (62,355) |
| Total non-operating expenses, net | <u>(38,015)</u> | <u>(39,568)</u> | <u>(42,667)</u> | <u>(42,753)</u> |
| Income before contributions | 98,156 | 96,822 | 89,281 | 73,933 |
| Contributions in aid of construction (CIAC) (13) | 16,584 | 16,501 | 21,371 | 10,318 |
| Annual dividend (14) | <u>(55,719)</u> | <u>(53,211)</u> | <u>(48,622)</u> | <u>(47,000)</u> |
| Increase in net position | 59,021 | 60,112 | 62,030 | 37,251 |
| Net position - beginning of year | <u>1,226,361</u> | <u>1,166,249</u> | <u>1,104,219</u> | <u>1,066,968</u> |
| Net position - end of year | <u>\$ 1,285,382</u> | <u>\$ 1,226,361</u> | <u>\$ 1,166,249</u> | <u>\$ 1,104,219</u> |

(1) In 2016, Electric operating revenues increased slightly over 2015 due to above normal cooling days and customer growth offset by a Board approved rate decrease beginning July 2016. In 2015, Electric operating revenues decreased as a result of lower fuel revenues due to declining coal and natural gas pricing. In 2014, the Electric operating revenues increase was driven by retail consumption, wholesale market opportunities and new demand contracts with the Cities of Winter Park and Lake Worth. In 2013, the \$29.0 million decrease in Electric operating revenues was due to a rate decrease approved by the Board in October 2012.

(2) Amounts represent Board actions taken to (defer)/recognize revenue for rate making purposes.

(3) Fuel for generation decreased in 2016 and 2015 as a result of lower coal and natural gas commodity costs. In 2014, the increase was due to a rise in fuel costs, particularly for natural gas, an increase in native load requirements, and an extended outage at the Lakeland McIntosh Unit 3 facility. In 2013, the decrease was due to lower coal commodity costs.

(4) In response to changing technologies and evolving industry standards, OUC conducted an internal study during 2015 to evaluate inventory levels in comparison to industry norms. As a result, OUC began implementing strategies in late 2015 which resulted in an increase in the allowance for obsolescence reserve of \$8.5 million.

(5) In 2016, depreciation was accelerated on certain information technology projects in anticipation of the Customer Care and Billing system implementation. OUC initiated depreciation rate changes in late 2013 which resulted in a decrease, offset by systematic depreciation related to the capitalization of new assets.

(6) In 2015, additional one-time costs of \$1.9 million were incurred related to a system billing correction for the water Advanced Metering Infrastructure (AMI). In 2014, with the implementation of the AMI upgrades, the Customer service costs were lower due to staffing reductions. The increase in 2012 was primarily due to the recognition of costs associated with the write down of the non-AMI meters.

| | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|----|---------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$ | 747,605 | \$ 769,776 | \$ 759,754 | \$ 704,483 | \$ 734,136 | \$ 673,317 | \$ 665,748 |
| | 63,454 | 64,142 | 62,619 | 62,675 | 60,224 | 65,428 | 56,032 |
| | 12,449 | 12,316 | 12,155 | 12,036 | 11,283 | 10,437 | 8,885 |
| | <u>30,875</u> | <u>29,775</u> | <u>29,286</u> | <u>24,221</u> | <u>19,739</u> | <u>16,643</u> | <u>15,590</u> |
| | 854,383 | 876,009 | 863,814 | 803,415 | 825,382 | 765,825 | 746,255 |
| | - | - | - | - | 18,800 | - | - |
| | <u>854,383</u> | <u>876,009</u> | <u>863,814</u> | <u>803,415</u> | <u>844,182</u> | <u>765,825</u> | <u>746,255</u> |
| | 326,071 | 332,198 | 330,738 | 312,377 | 372,423 | 323,245 | 346,417 |
| | 95,108 | 96,229 | 94,089 | 80,363 | 81,359 | 73,401 | 69,685 |
| | 34,206 | 37,553 | 37,687 | 32,725 | 31,483 | 28,523 | 25,064 |
| | 3,272 | 3,161 | 3,494 | 3,688 | 3,853 | 2,909 | 2,771 |
| | 15,165 | 14,829 | 14,489 | 13,015 | 11,067 | 10,428 | 9,726 |
| | - | - | - | 162 | 624 | - | - |
| | 120,781 | 119,361 | 117,105 | 110,068 | 98,312 | 92,282 | 86,433 |
| | 38,289 | 35,074 | 31,448 | 29,361 | 29,245 | 29,979 | 27,234 |
| | 47,480 | 46,750 | 45,810 | 37,634 | 37,898 | 34,716 | 28,936 |
| | 15,481 | 16,473 | 16,535 | 15,142 | 13,533 | 12,908 | 12,895 |
| | 29,623 | 28,809 | 28,804 | 27,301 | 25,148 | 24,130 | 23,658 |
| | 1,477 | 1,461 | 1,821 | 1,687 | 1,054 | 1,056 | 1,062 |
| | <u>8,842</u> | <u>8,287</u> | <u>7,493</u> | <u>7,226</u> | <u>6,978</u> | <u>5,994</u> | <u>5,426</u> |
| | <u>735,795</u> | <u>740,185</u> | <u>729,513</u> | <u>670,749</u> | <u>712,977</u> | <u>639,571</u> | <u>639,307</u> |
| | 118,588 | 135,824 | 134,301 | 132,666 | 131,205 | 126,254 | 106,948 |
| | 6,691 | 4,560 | 8,569 | 10,649 | 16,683 | 23,228 | 22,724 |
| | 13,318 | 12,155 | 7,832 | 2,263 | 2,189 | 3,325 | 1,853 |
| | 4,315 | 3,971 | 3,971 | 3,971 | 3,971 | 3,970 | 3,970 |
| | <u>(70,235)</u> | <u>(78,530)</u> | <u>(85,051)</u> | <u>(77,048)</u> | <u>(74,167)</u> | <u>(71,764)</u> | <u>(73,721)</u> |
| | <u>(45,911)</u> | <u>(57,844)</u> | <u>(64,679)</u> | <u>(60,165)</u> | <u>(51,324)</u> | <u>(41,241)</u> | <u>(45,174)</u> |
| | 72,677 | 77,980 | 69,622 | 72,501 | 79,881 | 85,013 | 61,774 |
| | 8,619 | 8,419 | 14,099 | 11,579 | 18,734 | 24,362 | 25,293 |
| | <u>(47,161)</u> | <u>(47,976)</u> | <u>(45,596)</u> | <u>(45,900)</u> | <u>(45,952)</u> | <u>(45,700)</u> | <u>(47,800)</u> |
| | 34,135 | 38,423 | 38,125 | 38,180 | 52,663 | 63,675 | 39,267 |
| | <u>1,032,833</u> | <u>994,410</u> | <u>956,285</u> | <u>918,105</u> | <u>865,442</u> | <u>801,767</u> | <u>762,500</u> |
| | <u>\$ 1,066,968</u> | <u>\$ 1,032,833</u> | <u>\$ 994,410</u> | <u>\$ 956,285</u> | <u>\$ 918,105</u> | <u>\$ 865,442</u> | <u>\$ 801,767</u> |

- (7) Since 2013, General and administrative costs increased due to higher pension and medical costs. In 2010, lower than projected investment returns and the inclusion of previously approved cost-of-living adjustments (COLA) for the pension plan contributed to the increase.
- (8) Gross receipts tax costs increased in 2016 as a result of increased revenue. The 2014 increase was due to a pending gross receipts tax assessment of \$2.9 million which was subsequently waived in 2015.
- (9) In 2014, OUC made the final system use payment to the City of St. Cloud.
- (10) Since 2008, interest rates have been lower due to the market downturn. In 2015, OUC experienced favorable investment market valuation changes. In 2012, interest income increased slightly as a result of the inclusion of gains earned on investments sold prior to maturity along with increased market volatility.
- (11) Proceeds from the sale of the steam units at the Indian River Plant (IRP) were internally designated and the gain was deferred in accordance with GASB Statement No. 62 as it is applied to regulated operations. In January 2012, with the repurchase of the IRP, the long-term deferred transmission wheeling revenue was reclassified to deferred gain on sale and was amortized consistent with the original gain on sale amount.
- (12) Since 2011, OUC's bond interest and related expenses have declined as a result of favorable refunding activity and lower outstanding debt as a result of maturities. In 2010, Interest and other expense increased primarily due to the issuance of the Series 2010A Bonds for \$200.0 million in January 2010 and the impact of a full year of interest expense for the Series 2009A Bonds issued in May 2009.
- (13) Growth in the water business segment sustained the higher than normal CIAC contribution level in 2016. In 2015 and 2014, OUC received CIAC contributions for two major transmission projects.
- (14) Since 2008, the dividend payment to the City of Orlando was a fixed amount, based on 60% of budgeted income. In 2007 and prior years, this payment was calculated on actual income. In 2005, the Board approved a change for 2006 and 2007 to increase the dividend calculation from 60% to 85% and 80%, respectively, of income before contributions.

STATEMENTS OF CASH FLOWS (Dollars in thousands)

| Years Ended September 30 | 2016 | 2015 | 2014 | 2013 |
|---|-------------------|-------------------|-------------------|-------------------|
| Cash flows from operating activities | | | | |
| Cash received from customers | \$ 894,085 | \$ 872,926 | \$ 857,969 | \$ 808,235 |
| Cash paid for fuel and purchased power (1) | (290,858) | (353,320) | (326,155) | (318,861) |
| Cash paid for unit/department expenses excluding salaries and benefits (2) | (74,936) | (84,527) | (57,821) | (60,574) |
| Cash paid for salaries and benefits | (171,864) | (154,147) | (148,339) | (137,864) |
| Cash paid to other governments and taxes | (53,709) | (48,841) | (55,739) | (54,317) |
| Cash (paid to)/reimbursed from storm recovery expenses | - | - | - | - |
| Net cash provided by operating activities | <u>302,718</u> | <u>232,091</u> | <u>269,915</u> | <u>236,619</u> |
| Cash flows from non-capital related financing activities | | | | |
| Dividend payment | (55,719) | (53,211) | (48,622) | (47,000) |
| Build America Bond interest subsidy received | 3,694 | 3,674 | 5,487 | 1,982 |
| Net cash used in non-capital related financing activities | <u>(52,025)</u> | <u>(49,537)</u> | <u>(43,135)</u> | <u>(45,018)</u> |
| Cash flows from capital related financing activities | | | | |
| Utility plant net of contributions in aid of construction (3) | (134,841) | (122,808) | (144,399) | (149,974) |
| Debt interest payments | (70,663) | (63,376) | (65,904) | (68,942) |
| Collateral deposits (4) | (3,200) | (4,300) | (1,600) | 11,100 |
| Principal payments and refunding costs on long-term debt | (332,060) | (53,310) | (51,950) | (358,766) |
| Debt issuances | 279,134 | 112,100 | - | 308,305 |
| Debt issuance expenses | (1,170) | (890) | (1,435) | (2,896) |
| Net cash used in capital related financing activities | <u>(262,800)</u> | <u>(132,584)</u> | <u>(265,288)</u> | <u>(261,173)</u> |
| Cash flows from investing activities | | | | |
| Proceeds from sales and maturities of investment securities | 558,397 | 369,525 | 403,529 | 398,949 |
| Gain on sale of investments | 391 | 323 | 338 | 421 |
| Purchases of investment securities | (608,727) | (509,317) | (301,646) | (487,028) |
| Investments and other income received | 20,731 | 22,681 | 9,608 | 10,904 |
| Net cash (used in)/provided by investing activities | <u>(29,208)</u> | <u>(116,788)</u> | <u>111,829</u> | <u>(76,754)</u> |
| Net (decrease)/increase in cash and cash equivalents | <u>(41,315)</u> | <u>(66,818)</u> | <u>73,321</u> | <u>(146,326)</u> |
| Cash and cash equivalents - beginning of year | <u>157,048</u> | <u>223,866</u> | <u>150,545</u> | <u>296,871</u> |
| Cash and cash equivalents - end of year | <u>\$ 115,733</u> | <u>\$ 157,048</u> | <u>\$ 223,866</u> | <u>\$ 150,545</u> |
| Reconciliation of operating income to net cash provided by operating activities | | | | |
| Operating income | \$ 136,171 | \$ 136,390 | \$ 131,948 | \$ 116,686 |
| Adjustments to reconcile operating income to net cash provided by operating activities | | | | |
| Depreciation and amortization of plant charged to operations | 121,019 | 115,857 | 113,710 | 119,073 |
| Depreciation and amortization charged to fuel for generation and purchased power | 3,856 | 3,183 | 2,804 | 2,017 |
| Depreciation of vehicles and equipment charged to unit/department expenses | 1,388 | 1,160 | 3,636 | 3,960 |
| Changes in assets and liabilities | | | | |
| Decrease/(increase) in receivables and accrued revenue | 9,813 | 6,205 | 3,483 | (544) |
| Decrease/(increase) in fuel and materials and supplies inventories (5) | 19,214 | 7,611 | 11,987 | (8,261) |
| (Decrease)/increase in accounts payable | (7,556) | (20,731) | 17,257 | 11,108 |
| (Decrease)/increase in deposits payable and liabilities | (1,771) | (28,491) | 2,392 | 2,062 |
| Increase/(decrease) in stabilization and deferred credits | 20,584 | 10,907 | (17,302) | (9,482) |
| Net cash provided by operating activities | <u>\$ 302,718</u> | <u>\$ 232,091</u> | <u>\$ 269,915</u> | <u>\$ 236,619</u> |
| Reconciliation of cash and cash equivalents | | | | |
| Restricted and internally designated equivalents | \$ 28,273 | \$ 23,805 | \$ 137,210 | \$ 61,919 |
| Cash and investments | 2,089 | 2,193 | 3,629 | 5,758 |
| Construction and related funds | - | 44,717 | - | - |
| Debt service and related funds | 85,371 | 86,333 | 83,027 | 82,868 |
| Cash and cash equivalents - end of year | <u>\$ 115,733</u> | <u>\$ 157,048</u> | <u>\$ 223,866</u> | <u>\$ 150,545</u> |

(1) In 2016, fuel and purchased power declined due to a decrease in coal and natural gas commodity costs.

(2) High unit/department costs in 2006 were driven by higher operating costs at the Stanton Energy Center generation facilities.

(3) In 2013, 2014, and 2015, OUC implemented the Advanced Meter Infrastructure project, spending \$23.8 million, \$14.8 million, and \$2.8 million respectively. Additionally in 2013, OUC funded Information Technology projects of \$28.5 million, which included several customer focused web initiatives. Years 2007, 2008, and 2009 were higher than normal due to the new administration building and Stanton Energy Center Unit B construction.

(4) In 2010, OUC entered into a swap contract for variable debt issuances. As market fluctuations occur, OUC is required to collateralize losses above specified amounts.

(5) The 2016 decrease in Fuel and materials and supplies inventories is due to the Stanton Energy Center Unit 1 extended outage toward the end of the fiscal year.

| 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|--|---|---|---|---|--|--|
| \$ 846,553 (318,394) | \$ 903,066 (327,267) | \$ 899,241 (328,583) | \$ 827,231 (347,691) | \$ 839,152 (378,343) | \$ 763,456 (326,874) | \$ 819,265 (374,365) |
| (82,410) (137,749) (54,968) | (86,131) (138,637) (54,999) | (61,220) (136,480) (54,429) | (75,027) (115,283) (50,993) | (74,058) (113,564) (46,923) | (95,116) (63,880) (45,400) | (129,066) (56,081) (41,714) |
| - 253,032 | - 296,032 | - 318,529 | - 238,237 | (624) 225,640 | - 232,186 | 530 218,569 |
| (47,161) 3,973 (43,188) | (47,976) 3,963 (44,013) | (45,596) 2,675 (42,921) | (45,900) - (45,900) | (45,952) - (45,952) | (45,700) - (45,700) | (49,135) - (49,135) |
| (122,737) (73,766) (2,400) (250,890) 163,913 (1,502) (287,382) | (103,434) (89,517) 16,400 (231,095) 178,834 (2,892) (231,704) | (141,230) (97,153) (6,600) (366,000) 541,050 (5,086) (75,019) | (237,983) (78,236) - (362,945) 419,875 (3,955) (263,244) | (302,678) (81,091) - (44,440) 200,000 (1,623) (229,832) | (191,427) (74,448) - (289,337) 260,620 (2,429) (297,021) | (93,236) (70,443) - (75,898) 160,525 (857) (79,909) |
| 718,924 648 (591,306) 8,816 137,082 59,544 237,327 \$ 296,871 | 1,005,222 2,064 (1,009,564) 12,170 9,892 30,207 207,120 \$ 237,327 | 700,558 3,314 (864,933) 11,927 (149,134) 51,455 155,665 \$ 207,120 | 598,096 2,230 (497,435) 13,921 116,812 45,905 109,760 \$ 155,665 | 594,525 7,791 (634,030) 22,507 (9,207) (59,351) 169,111 \$ 109,760 | 592,967 - (538,523) 33,219 87,663 (22,872) 191,983 \$ 169,111 | 621,734 - (673,304) 19,399 (32,171) 57,354 134,629 \$ 191,983 |
| \$ 118,588 | \$ 135,824 | \$ 134,301 | \$ 132,666 | \$ 131,205 | \$ 126,254 | \$ 106,948 |
| 120,781 | 119,361 | 117,105 | 110,068 | 98,312 | 92,282 | 86,433 |
| 3,360 | 4,472 | 3,985 | 4,051 | 3,498 | 3,471 | 3,367 |
| 3,679 | 4,892 | 10,425 | 6,126 | 3,233 | 2,538 | 1,671 |
| 1,059 3,473 (395) 6,097 (3,610) | 10,245 4,271 557 (5,811) 22,221 | (3,179) 2,733 19,602 (11,599) 45,156 | (1,267) (7,407) (20,786) (14,322) 29,108 | 8,166 12,744 24,112 (12,986) (42,644) | (24,617) (6,956) 8,905 13,334 16,975 | 15,189 (31,101) (15,794) (5,077) 56,933 |
| \$ 253,032 | \$ 296,032 | \$ 318,529 | \$ 238,237 | \$ 225,640 | \$ 232,186 | \$ 218,569 |
| \$ 176,950 5,137 32,077 82,707 \$ 296,871 | \$ 144,401 3,960 7,637 81,329 \$ 237,327 | \$ 89,181 1,261 35,182 81,496 \$ 207,120 | \$ 88,474 4,362 33,042 29,787 \$ 155,665 | \$ 42,206 2,472 40,057 25,025 \$ 109,760 | \$ 87,049 9,907 1,048 71,107 \$ 169,111 | \$ 105,521 17,600 20,440 48,422 \$ 191,983 |

SELECTED FINANCIAL RATIOS (Dollars in thousands)

| Years Ended September 30 | 2016 | 2015 | 2014 | 2013 |
|--|----------|----------|----------|----------|
| Current ratio | | | | |
| Current assets/current liabilities (1) | 3.43 | 3.09 | 2.92 | 3.28 |
| Days cash on hand (1) | 379 | 337 | 308 | 350 |
| Leverage ratio | | | | |
| Total debt/total assets | 0.45 | 0.47 | 0.49 | 0.51 |
| Return on total position | | | | |
| Income before contributions/total assets (2) | 2.72% | 2.72% | 2.69% | 2.22% |
| Return on net position | | | | |
| Income before contributions/average net position (2)(3) | 7.82% | 8.09% | 7.86% | 6.81% |
| Debt/net position (4) | 53%/47% | 55%/45% | 55%/45% | 58%/42% |
| City of Orlando revenue based payments and dividend | \$84,400 | \$81,400 | \$76,406 | \$76,406 |
| As a percentage of retail revenue | 11.41% | 11.49% | 10.92% | 11.33% |
| Retail receivables/retail billed revenue (2) (5) (6) | 8.45% | 8.62% | 8.70% | 10.22% |
| Bad debt expense/retail billed revenue (OUC) (2) (6) (7) | 0.22% | 0.22% | 0.16% | 0.43% |
| Bad debt expense/retail revenue (Inter-local sales) (6) (8) | 0.29% | 0.54% | 0.30% | 0.42% |
| Days sales uncollected (OUC) (6) | 31 | 32 | 32 | 38 |
| Days sales uncollected (Inter-local sales) (6) (9) | 27 | 27 | 29 | 35 |
| Materials inventory as a percentage of total plant (10) | 1.47% | 1.37% | 1.79% | 1.84% |
| Total metered services per meter reader (OUC) (11) | 38,902 | 32,329 | 16,971 | 15,827 |

(1) In 2014, the decrease was primarily due to the use of cash to fund capital related activities. In 2008, the Series 2004 Bonds were classified as current since the bonds were set to mature in July 2009.

(2) Since 2014, the increase was a result of increased electric and water revenues due to higher native load consumption and unexpected wholesale revenue. In 2010, the return changed as a result of the issuance of the Series 2010A Construction Bonds of \$200.0 million. The change in 2007 and 2008 was driven by increased revenue as a result of a rate modification in January 2007 that included a reserve for future capital spending.

(3) The 2012 and 2013 decrease in Return on net position was due to lower electric revenue as a result of an approved electric energy rate decrease beginning October 1, 2012 and decreased consumption.

(4) OUC's long-term strategic plan includes lowering debt in order to prepare for future expansion.

(5) Since 2010, aged receivables have decreased due to a strengthening economic environment in Central Florida.

(6) In 2016, these calculations were restated to conform to new calculation methodology.

| 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|----------|----------|----------|----------|----------|----------|----------|
| 3.41 | 2.87 | 3.05 | 3.03 | 2.79 | 3.64 | 4.13 |
| 353 | 354 | 276 | 243 | 230 | 282 | 333 |
| 0.52 | 0.54 | 0.56 | 0.55 | 0.55 | 0.53 | 0.56 |
| 2.16% | 2.26% | 2.00% | 2.24% | 2.58% | 2.98% | 2.22% |
| 6.92% | 7.69% | 7.14% | 7.74% | 8.96% | 10.20% | 7.90% |
| 60%/40% | 62%/38% | 64%/36% | 63%/37% | 64%/36% | 63%/37% | 65%/35% |
| \$76,785 | \$76,785 | \$74,400 | \$73,201 | \$71,099 | \$69,829 | \$71,458 |
| 10.97% | 10.47% | 10.24% | 10.72% | 11.45% | 11.58% | 12.01% |
| 9.92% | 12.02% | 12.20% | 12.07% | 11.53% | 12.47% | 8.08% |
| 0.66% | 0.68% | 0.95% | 0.89% | 0.91% | 0.75% | 0.48% |
| 0.65% | 0.63% | 0.79% | 1.34% | 0.67% | 0.47% | 0.35% |
| 37 | 45 | 46 | 45 | 43 | 46 | 30 |
| 33 | 32 | 31 | 32 | 31 | 37 | 29 |
| 1.75% | 1.60% | 1.64% | 1.61% | 1.76% | 1.86% | 1.86% |
| 15,156 | 12,174 | 11,696 | 12,949 | 12,527 | 11,211 | 11,647 |

- (7) The implementation of the Power Pass program has contributed to the decrease in bad debt for OUC. In 2007, the percentage of bad debt expense to retail revenue increased as a result of billing issues with the implementation of PSERM and the delay in collection efforts. This was followed by the downturn in the economy beginning in 2008.
- (8) The implementation of the Power Pass program has contributed to the decrease in bad debt for St Cloud.
- (9) During 2013, the St. Cloud electric customers were transitioned into OUC's PSERM system. This transition resulted in the delay of St. Cloud cut-offs during September 2013 and the increase in Days sales uncollected.
- (10) In response to changing technologies and evolving industry standards, OUC conducted an internal study during 2015 to evaluate inventory levels in comparison to industry norms. As a result, OUC began implementing strategies in late 2015 which resulted in a decrease in materials as a percent of plant in service.
- (11) The change since 2012 is a result of a decrease in the number of meter readers due to the implementation of mobile data and the installation of OUC's Advance Metering Infrastructure.



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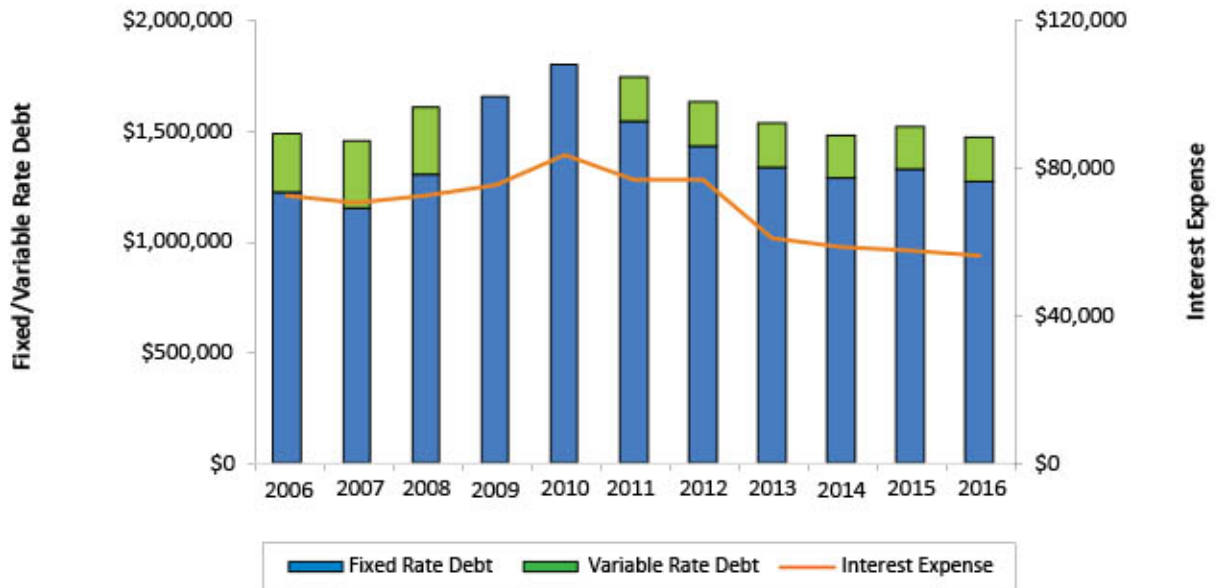
DEBT SERVICE INFORMATION

OUC invests in future technology to provide cost-effective energy and water delivery of the highest quality to increase revenues and stimulate innovation.



DEBT SERVICE INFORMATION

Fixed and Variable Rate Debt vs. Interest Expense
(Dollars in thousands)



Total interest costs have declined through scheduled maturities and a series of debt refundings, with more favorable rates, since 2010.

DEBT SERVICE COVERAGE AND RATIOS (Dollars in thousands)

| Years Ended September 30 | 2016 | 2015 | 2014 | 2013 |
|--|-------------------|-------------------|-------------------|-------------------|
| Gross revenue and income before contributions | | | | |
| Operating revenues | | | | |
| Electric operating revenues | \$ 750,530 | \$ 747,160 | \$ 771,323 | \$ 718,551 |
| Water operating revenues | 69,638 | 66,869 | 64,080 | 62,812 |
| Lighting operating revenues | 13,311 | 13,273 | 12,990 | 12,626 |
| Chilled water operating revenues | 31,670 | 32,150 | 31,592 | 31,369 |
| Total operating revenues | <u>865,149</u> | <u>859,452</u> | <u>879,985</u> | <u>825,358</u> |
| Interest and other income | 19,051 | 18,846 | 16,900 | 19,191 |
| Gross revenues and income before contributions | <u>884,200</u> | <u>878,298</u> | <u>896,885</u> | <u>844,549</u> |
| Expenses | | | | |
| Operating expenses | | | | |
| Electric operating expenses | 508,701 | 512,650 | 541,681 | 500,385 |
| Water operating expenses | 41,131 | 38,006 | 36,392 | 33,658 |
| Lighting operating expenses | 4,921 | 4,502 | 3,493 | 3,795 |
| Chilled water operating expenses | 17,489 | 17,189 | 16,496 | 15,807 |
| Total operating expenses (1) | <u>572,242</u> | <u>572,347</u> | <u>598,062</u> | <u>553,645</u> |
| Other expenses (1) | 1,101 | 696 | 1,133 | 1,134 |
| Total expenses | <u>573,343</u> | <u>573,043</u> | <u>599,195</u> | <u>554,779</u> |
| Net revenue and income available for debt service | <u>\$ 310,857</u> | <u>\$ 305,255</u> | <u>\$ 297,690</u> | <u>\$ 289,770</u> |
| Current debt service (2) | \$ 122,956 | \$ 119,990 | \$ 118,010 | \$ 119,698 |
| Current debt service coverage | 2.53x | 2.54x | 2.52x | 2.42x |
| Adjusted debt service coverage | | | | |
| Net revenue and income available for debt service | \$ 310,857 | \$ 305,255 | \$ 297,690 | \$ 289,770 |
| Revenue and dividend payments to the City of Orlando and revenue based payments to Orange County | 85,938 | 82,913 | 77,863 | 77,803 |
| Net revenue and income available after payments | <u>\$ 224,919</u> | <u>\$ 222,342</u> | <u>\$ 219,827</u> | <u>\$ 211,967</u> |
| Adjusted debt service coverage | 1.83x | 1.85x | 1.86x | 1.77x |
| Fixed or full charge coverage | | | | |
| Net revenue and income available after payments | \$ 224,919 | \$ 222,342 | \$ 219,827 | \$ 211,967 |
| Fixed demand payments/purchased power | 32,812 | 32,613 | 31,608 | 33,389 |
| Net revenue and income available after payments and fixed charge coverage | <u>\$ 257,731</u> | <u>\$ 254,955</u> | <u>\$ 251,435</u> | <u>\$ 245,356</u> |
| Fixed and full charge coverage | 1.65x | 1.67x | 1.68x | 1.60x |
| Debt ratio | | | | |
| Gross funded debt/Net fixed assets and net working capital | 58.81% | 60.58% | 61.68% | 63.76% |
| Net funded debt/Net fixed assets and net working capital | 64.44% | 65.80% | 66.82% | 69.46% |
| Operating ratio | | | | |
| Total expenses/Total operating revenues | 66.27% | 66.68% | 68.09% | 67.22% |
| Net take-down (%) | | | | |
| Net revenue and income available for debt service/ Gross revenue and income before contributions | 35.16% | 34.76% | 33.19% | 34.31% |
| Debt service safety margin | | | | |
| Net revenue and income available for debt service less current service/Gross revenue and income before contributions | 21.25% | 21.09% | 20.03% | 20.14% |

(1) In accordance with the debt coverage computation, supplemental payments to the City of Orlando and Orange County and depreciation and amortization were excluded. Additionally, other expenses were adjusted to add the effect of the swap agreements.

(2) The Series 2011A Bonds, classified as Current liabilities - payable from current assets, were included as Long-term debt as it is OUC's intention to hold the series until its final maturity date on October 1, 2027. OUC is currently evaluating options on the refunding of the 2011A Bond Series.

| 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$ 747,605 | \$ 769,776 | \$ 759,754 | \$ 704,483 | \$ 750,936 | \$ 673,317 | \$ 665,748 |
| 63,454 | 64,142 | 62,619 | 62,675 | 62,224 | 65,428 | 56,032 |
| 12,449 | 12,316 | 12,155 | 12,036 | 11,283 | 10,437 | 8,885 |
| 30,875 | 29,775 | 29,286 | 24,221 | 19,739 | 16,643 | 15,590 |
| <u>854,383</u> | <u>876,009</u> | <u>863,814</u> | <u>803,415</u> | <u>844,182</u> | <u>765,825</u> | <u>746,255</u> |
| 23,219 | 20,656 | 20,350 | 18,430 | 23,099 | 30,979 | 28,547 |
| <u>877,602</u> | <u>896,665</u> | <u>884,164</u> | <u>821,845</u> | <u>867,281</u> | <u>796,804</u> | <u>774,802</u> |
| 519,944 | 521,083 | 515,960 | 470,404 | 529,843 | 467,375 | 475,802 |
| 37,642 | 40,644 | 36,590 | 33,320 | 32,967 | 31,687 | 29,804 |
| 3,593 | 4,753 | 5,108 | 5,147 | 5,101 | 5,081 | 4,175 |
| <u>15,811</u> | <u>16,390</u> | <u>16,348</u> | <u>14,713</u> | <u>12,220</u> | <u>10,269</u> | <u>11,065</u> |
| 576,990 | 582,870 | 574,006 | 523,584 | 580,131 | 514,412 | 520,846 |
| 494 | 1,277 | 1,088 | 1,220 | 887 | 705 | 658 |
| <u>577,484</u> | <u>584,147</u> | <u>575,094</u> | <u>524,804</u> | <u>581,018</u> | <u>515,117</u> | <u>521,504</u> |
| <u>\$ 300,118</u> | <u>\$ 312,518</u> | <u>\$ 309,070</u> | <u>\$ 297,041</u> | <u>\$ 286,263</u> | <u>\$ 281,687</u> | <u>\$ 253,298</u> |
| \$ 122,205 | \$ 128,102 | \$ 134,877 | \$ 122,469 | \$ 116,220 | \$ 115,151 | \$ 113,022 |
| 2.46x | 2.44x | 2.29x | 2.43x | 2.46x | 2.45x | 2.24x |
| \$ 300,118 | \$ 312,518 | \$ 309,070 | \$ 297,041 | \$ 286,263 | \$ 281,687 | \$ 253,298 |
| 78,261 | 78,246 | 76,221 | 74,887 | 72,154 | 70,886 | 72,520 |
| <u>\$ 221,857</u> | <u>\$ 234,272</u> | <u>\$ 232,849</u> | <u>\$ 222,154</u> | <u>\$ 214,109</u> | <u>\$ 210,801</u> | <u>\$ 180,778</u> |
| 1.82x | 1.83x | 1.73x | 1.81x | 1.84x | 1.83x | 1.60x |
| \$ 221,857 | \$ 234,272 | \$ 232,849 | \$ 222,154 | \$ 214,109 | \$ 210,801 | \$ 180,778 |
| 34,120 | 33,415 | 32,483 | 32,833 | 30,261 | 33,608 | 30,061 |
| <u>\$ 255,977</u> | <u>\$ 267,687</u> | <u>\$ 265,332</u> | <u>\$ 254,987</u> | <u>\$ 244,370</u> | <u>\$ 244,409</u> | <u>\$ 210,839</u> |
| 1.64x | 1.66x | 1.59x | 1.64x | 1.67x | 1.64x | 1.47x |
| 66.64% | 67.99% | 68.84% | 70.26% | 72.51% | 64.71% | 70.19% |
| 70.73% | 68.90% | 68.26% | 68.26% | 71.28% | 63.51% | 68.27% |
| 67.59% | 66.68% | 66.79% | 65.53% | 68.95% | 67.26% | 69.88% |
| 34.20% | 34.85% | 34.75% | 35.94% | 32.89% | 35.35% | 32.69% |
| 20.27% | 20.57% | 19.50% | 21.04% | 19.48% | 20.90% | 18.10% |

ESTIMATED DEBT SERVICE FOR OUTSTANDING BONDS (Dollars in thousands)

| Years ending 9/30 (1) | Series 2003T principal payments | Series 2003T interest payments | Series 2006 principal payments | Series 2006 interest payments | Series 2007 principal payments | Series 2007 interest payments |
|--------------------------------------|---------------------------------|--------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| 2017 | \$ 4,755 | \$ 517 | \$ - | \$ - | \$ - | \$ - |
| 2018 | 5,010 | 265 | - | - | - | - |
| 2019 | - | - | - | - | - | - |
| 2020 | - | - | - | - | - | - |
| 2021 | - | - | - | - | - | - |
| 2022 | - | - | - | - | - | - |
| 2023 | - | - | - | - | - | - |
| 2024 | - | - | - | - | - | - |
| 2025 | - | - | - | - | - | - |
| 2026 | - | - | - | - | - | - |
| 2027 | - | - | - | - | - | - |
| 2028 | - | - | - | - | - | - |
| 2029 | - | - | - | - | - | - |
| 2030 | - | - | - | - | - | - |
| 2031 | - | - | - | - | - | - |
| 2032 | - | - | - | - | - | - |
| 2033 | - | - | - | - | - | - |
| 2034 | - | - | - | - | - | - |
| 2035 | - | - | - | - | - | - |
| 2036 | - | - | - | - | - | - |
| 2037 | - | - | - | - | - | - |
| 2038 | - | - | - | - | - | - |
| 2039 | - | - | - | - | - | - |
| 2040 | - | - | - | - | - | - |
| Subtotal long-term debt | 9,765 | 782 | - | - | - | - |
| Current portion (3) | 4,515 | 755 | 11,785 | 5,028 | 13,400 | 239 |
| Build America Bond - Federal Subsidy | - | - | - | - | - | - |
| Total long-term debt | <u>\$ 14,280</u> | <u>\$ 1,537</u> | <u>\$ 11,785</u> | <u>\$ 5,028</u> | <u>\$ 13,400</u> | <u>\$ 239</u> |

(1) The amounts presented here are the annual funding requirements for the principal and interest for the respective bond issues. The interest is paid semi-annually on April 1 and October 1 of each year. The principal amount, based on the maturity schedule, is fully funded by September 30 of each fiscal year and paid on October 1, the first day of the following fiscal year.

(2) The Series 2008 Variable Rate Demand Obligation Bonds of \$200.0 million are supported by a Stand By Bond Purchase Agreement (SBPA), which will expire on April 7, 2017. It is OUC's intention to either extend the current agreement, enter into a new agreement, or refund the debt and issue in a different mode.

(3) The amounts presented here include the interest payments paid in April 2016 and due October 2016, and the principal maturities due October 2016.

| 2007 swap interest payments | Series 2008 principal payments (2) | Series 2008 interest payments | Series 2009A interest payments | Series 2009B principal payments | Series 2009B interest payments |
|--------------------------------------|---|--|---|--|---|
| \$ - | \$ - | \$ 1,000 | \$ - | \$ - | \$ 3,258 |
| - | - | 1,200 | - | - | 3,258 |
| - | - | 1,500 | - | - | 3,258 |
| - | - | 2,200 | - | - | 3,258 |
| - | - | 2,200 | - | - | 3,258 |
| - | - | 2,200 | - | - | 3,258 |
| - | - | 2,200 | - | 11,420 | 3,258 |
| - | - | 2,200 | - | - | 2,687 |
| - | - | 2,200 | - | - | 2,687 |
| - | 25,000 | 2,200 | - | - | 2,687 |
| - | 25,000 | 1,925 | - | - | 2,687 |
| - | 25,000 | 1,650 | - | 7,900 | 2,687 |
| - | 25,000 | 1,375 | - | 8,295 | 2,292 |
| - | 25,000 | 1,100 | - | 8,710 | 1,877 |
| - | 25,000 | 825 | - | 9,145 | 1,442 |
| - | 25,000 | 550 | - | 9,605 | 985 |
| - | 25,000 | 275 | - | 10,085 | 504 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 200,000 | 26,800 | - | 65,160 | 43,341 |
| 252 | - | 505 | 321 | - | 5,312 |
| - | - | - | - | - | - |
| <u>\$ 252</u> | <u>\$ 200,000</u> | <u>\$ 27,305</u> | <u>\$ 321</u> | <u>\$ 65,160</u> | <u>\$ 48,653</u> |

ESTIMATED DEBT SERVICE FOR OUTSTANDING BONDS (Dollars in thousands)

| Years ending 9/30 (1) | Series 2009C principal payments | Series 2009C interest payments | Series 2010A principal payments | Series 2010A interest payments | Series 2010C principal payments | Series 2010C interest payments |
|--|---------------------------------|--------------------------------|---------------------------------|--------------------------------|---------------------------------|--------------------------------|
| 2017 | \$ 19,040 | \$ 877 | \$ - | \$ 11,324 | \$ 8,095 | \$ 2,721 |
| 2018 | - | - | - | 11,324 | 8,480 | 2,337 |
| 2019 | - | - | - | 11,324 | 8,895 | 1,923 |
| 2020 | - | - | - | 11,324 | 9,320 | 1,498 |
| 2021 | - | - | - | 11,324 | 9,765 | 1,052 |
| 2022 | - | - | - | 11,324 | 10,275 | 539 |
| 2023 | - | - | - | 11,324 | - | - |
| 2024 | - | - | - | 11,324 | - | - |
| 2025 | - | - | - | 11,324 | - | - |
| 2026 | - | - | - | 11,324 | - | - |
| 2027 | - | - | - | 11,324 | - | - |
| 2028 | - | - | - | 11,324 | - | - |
| 2029 | - | - | - | 11,324 | - | - |
| 2030 | - | - | - | 11,324 | - | - |
| 2031 | - | - | - | 11,324 | - | - |
| 2032 | - | - | - | 11,324 | - | - |
| 2033 | - | - | - | 11,324 | - | - |
| 2034 | - | - | 23,030 | 11,324 | - | - |
| 2035 | - | - | 23,880 | 10,020 | - | - |
| 2036 | - | - | 24,755 | 8,668 | - | - |
| 2037 | - | - | 25,665 | 7,267 | - | - |
| 2038 | - | - | 26,615 | 5,813 | - | - |
| 2039 | - | - | 27,590 | 4,306 | - | - |
| 2040 | - | - | 48,465 | 2,744 | - | - |
| Subtotal long-term debt | 19,040 | 877 | 200,000 | 242,650 | 54,830 | 10,070 |
| Current portion (4) | 18,190 | 1,762 | - | 11,324 | 7,745 | 3,069 |
| Build America Bond - Federal Subsidy (5) | - | - | - | (82,847) | - | - |
| Total long-term debt | \$ 37,230 | \$ 2,639 | \$ 200,000 | \$ 171,127 | \$ 62,575 | \$ 13,139 |

(1) The amounts presented here are the annual funding requirements for the principal and interest for the respective bond issues. The interest is paid semi-annually on April 1 and October 1 of each year. The principal amount, based on the maturity schedule, is fully funded by September 30 of each fiscal year and paid on October 1, the first day of the following fiscal year.

(2) The Series 2011A Windows Bonds have been designated by OUC as "Designated Maturity Obligations" for the purposes of the General Bond Resolution. For the purposes of this table, OUC has assumed that the Series 2011A bonds will bear interest at a fixed swap rate of 3.78% under the interest rate exchange agreement with the swap counterparty plus the applicable windows spread until maturity on October 1, 2027. Additionally, as these bonds were issued in the windows mode without an underlying liquidity facility, they were classified on the Statements of Net Position as a Current liability - payable from current assets. OUC is currently evaluating options on the refunding of the Series 2011A Bond.

(3) The interest on the 2005 forward swap, currently hedging the Series 2011A Bonds, is calculated on the swap notional amount of \$100.0 million versus the Series 2011A Bonds outstanding principal of \$98.4 million.

(4) The amounts presented here include the interest payments paid in April 2016 and due October 2016, and the principal maturities due October 2016.

(5) The amount presented here represents the total federal subsidy projected through maturity at the current sequester rebate percentage of 32.62%.

| Series 2011A principal payments (2) | Series 2011A interest payments (2) | 2005 forward swap interest payments (3) | Series 2011B principal payments | Series 2011B interest payments | Series 2011C principal payments | Series 2011C interest payments | Series 2012A principal payments | Series 2012A interest payments |
|-------------------------------------|------------------------------------|---|---------------------------------|--------------------------------|---------------------------------|--------------------------------|---------------------------------|--------------------------------|
| \$ - | \$ 746 | \$ 3,280 | \$ 5,425 | \$ 3,345 | \$ - | \$ 4,093 | \$ 2,155 | \$ 2,522 |
| - | 846 | 3,180 | 13,325 | 3,097 | - | 4,092 | 2,235 | 2,435 |
| - | 996 | 3,030 | 13,985 | 2,449 | 12,820 | 4,093 | - | 2,346 |
| - | 1,346 | 2,680 | 14,670 | 1,768 | 13,430 | 3,481 | - | 2,346 |
| - | 1,346 | 2,680 | 8,015 | 1,035 | 24,925 | 2,840 | 395 | 2,346 |
| - | 1,346 | 2,680 | 6,440 | 634 | 26,050 | 1,714 | 410 | 2,330 |
| - | 1,346 | 2,680 | 6,240 | 312 | - | 461 | 15,135 | 2,314 |
| - | 1,346 | 2,680 | - | - | 2,140 | 461 | 15,155 | 1,557 |
| - | 1,346 | 2,680 | - | - | 2,245 | 354 | 15,175 | 799 |
| 49,180 | 1,346 | 2,680 | - | - | 2,360 | 242 | 495 | 40 |
| 49,180 | 673 | 1,340 | - | - | 2,480 | 124 | 515 | 21 |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| 98,360 | 12,683 | 29,590 | 68,100 | 12,640 | 86,450 | 21,955 | 51,670 | 19,056 |
| - | 474 | 3,515 | 1,575 | 3,392 | - | 4,093 | 1,265 | 2,559 |
| - | - | - | - | - | - | - | - | - |
| <u>\$ 98,360</u> | <u>\$ 13,157</u> | <u>\$ 33,105</u> | <u>\$ 69,675</u> | <u>\$ 16,032</u> | <u>\$ 86,450</u> | <u>\$ 26,048</u> | <u>\$ 52,935</u> | <u>\$ 21,615</u> |

ESTIMATED DEBT SERVICE FOR OUTSTANDING BONDS (Dollars in thousands)

| Years ending 9/30 (1) | Series 2013A principal payments | Series 2013A interest payments | Series 2015A principal payments | Series 2015A interest payments | Series 2015B principal payments | Series 2015B interest payments |
|--|---------------------------------|--------------------------------|---------------------------------|--------------------------------|---------------------------------|--------------------------------|
| 2017 | \$ 2,500 | \$ 11,416 | \$ - | \$ 4,745 | \$ - | \$ 575 |
| 2018 | 5,370 | 11,316 | - | 4,745 | - | 691 |
| 2019 | 10,140 | 11,155 | - | 4,746 | - | 863 |
| 2020 | 21,290 | 10,648 | - | 4,745 | - | 1,266 |
| 2021 | 24,560 | 9,583 | - | 4,745 | - | 2,389 |
| 2022 | 35,610 | 8,355 | - | 4,745 | - | 2,388 |
| 2023 | 27,750 | 6,575 | - | 4,746 | - | 2,388 |
| 2024 | 51,980 | 5,187 | - | 4,745 | - | 2,388 |
| 2025 | 51,765 | 2,588 | - | 4,745 | - | 2,388 |
| 2026 | - | - | - | 4,745 | - | 2,389 |
| 2027 | - | - | - | 4,746 | - | 2,388 |
| 2028 | - | - | 7,250 | 4,745 | - | 2,388 |
| 2029 | - | - | 8,050 | 4,383 | - | 2,388 |
| 2030 | - | - | 8,890 | 3,980 | - | 2,388 |
| 2031 | - | - | 9,770 | 3,536 | - | 2,389 |
| 2032 | - | - | 10,700 | 3,047 | - | 2,388 |
| 2033 | - | - | 11,670 | 2,512 | - | 2,388 |
| 2034 | - | - | 18,595 | 1,929 | 18,200 | 2,388 |
| 2035 | - | - | 19,980 | 999 | 18,580 | 2,010 |
| 2036 | - | - | - | - | 18,970 | 1,625 |
| 2037 | - | - | - | - | 19,370 | 1,231 |
| 2038 | - | - | - | - | 19,775 | 829 |
| 2039 | - | - | - | - | 20,195 | 419 |
| 2040 | - | - | - | - | - | - |
| Subtotal long-term debt | 230,965 | 76,823 | 94,905 | 77,329 | 115,090 | 42,944 |
| Current portion (2) | 2,290 | 11,507 | - | 4,745 | - | 288 |
| Build America Bond - Federal Subsidy (3) | - | - | - | - | - | - |
| Total long-term debt | <u>\$ 233,255</u> | <u>\$ 88,330</u> | <u>\$ 94,905</u> | <u>\$ 82,074</u> | <u>\$ 115,090</u> | <u>\$ 43,232</u> |

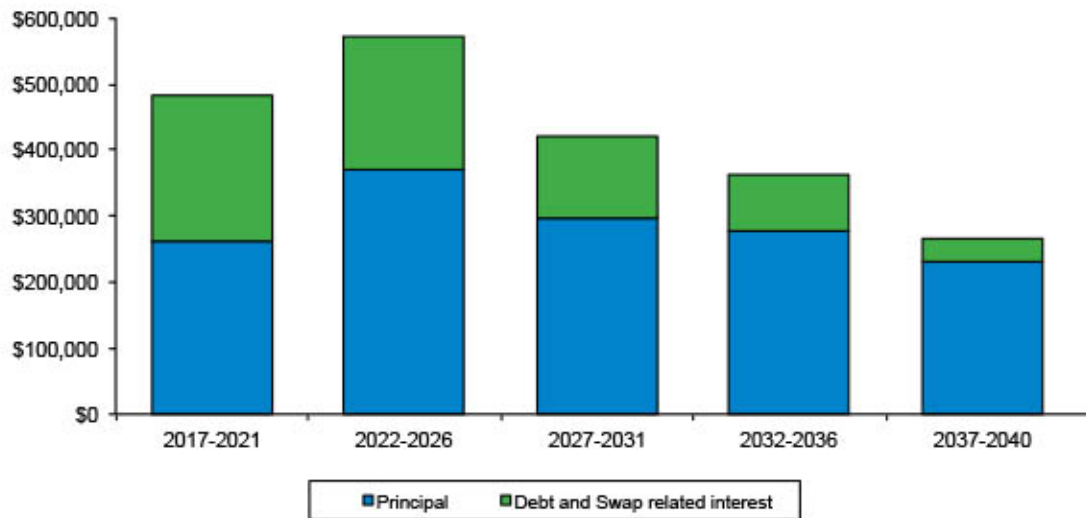
(1) The amounts presented here are the annual funding requirements for the principal and interest for the respective bond issues. The interest is paid semi-annually on April 1 and October 1 of each year. The principal amount, based on the maturity schedule, is fully funded by September 30 of each fiscal year and paid on October 1, the first day of the following fiscal year.

(2) The amounts presented here include the interest payments paid in April 2016 and due October 2016, and the principal maturities due October 2016.

(3) The amount presented here represents the total federal subsidy projected through maturity at the current sequester rebate percentage of 32.62%.

| Series 2015B swap payments | Series 2016A principal payments | Series 2016A interest payments | Total | Total principal | Total interest | Total swap interest |
|-------------------------------------|--|---|---------------------|---------------------|-------------------|---------------------------|
| \$ 1,813 | \$ 16,415 | \$ 6,775 | \$ 117,392 | \$ 58,385 | \$ 53,914 | \$ 5,093 |
| 1,698 | 34,495 | 6,118 | 125,517 | 68,915 | 51,724 | 4,878 |
| 1,525 | 14,500 | 4,394 | 113,941 | 60,340 | 49,046 | 4,555 |
| 1,122 | 15,220 | 3,669 | 125,282 | 73,930 | 47,550 | 3,802 |
| - | 14,390 | 2,908 | 129,756 | 82,050 | 45,026 | 2,680 |
| - | 1,455 | 2,188 | 123,941 | 80,240 | 41,021 | 2,680 |
| - | 9,605 | 2,115 | 109,868 | 70,150 | 37,038 | 2,680 |
| - | - | 1,635 | 105,486 | 69,275 | 33,531 | 2,680 |
| - | - | 1,635 | 101,931 | 69,185 | 30,066 | 2,680 |
| - | - | 1,635 | 106,323 | 77,035 | 26,608 | 2,680 |
| - | - | 1,635 | 104,037 | 77,175 | 25,522 | 1,340 |
| - | 5,415 | 1,635 | 69,995 | 45,565 | 24,430 | - |
| - | 5,680 | 1,364 | 70,151 | 47,025 | 23,126 | - |
| - | 5,965 | 1,080 | 70,314 | 48,565 | 21,749 | - |
| - | 6,265 | 782 | 70,478 | 50,180 | 20,298 | - |
| - | 6,515 | 531 | 70,645 | 51,820 | 18,825 | - |
| - | 6,770 | 271 | 70,799 | 53,525 | 17,274 | - |
| - | - | - | 75,466 | 59,825 | 15,641 | - |
| - | - | - | 75,469 | 62,440 | 13,029 | - |
| - | - | - | 54,018 | 43,725 | 10,293 | - |
| - | - | - | 53,533 | 45,035 | 8,498 | - |
| - | - | - | 53,032 | 46,390 | 6,642 | - |
| - | - | - | 52,510 | 47,785 | 4,725 | - |
| - | - | - | 51,209 | 48,465 | 2,744 | - |
| 6,158 | 142,690 | 40,370 | 2,101,093 | 1,437,025 | 628,320 | 35,748 |
| 1,959 | - | 1,092 | 122,956 | 60,765 | 56,465 | 5,726 |
| - | - | - | (82,847) | - | (82,847) | - |
| <u>\$ 8,117</u> | <u>\$ 142,690</u> | <u>\$ 41,462</u> | <u>\$ 2,141,202</u> | <u>\$ 1,497,790</u> | <u>\$ 601,938</u> | <u>\$ 41,474</u> |

ESTIMATED OUTSTANDING BOND PAYMENTS (Dollars in thousands)



MATURITY SCHEDULE OF DEFEASED DEBT (Dollars in thousands)

| Years ending 9/30 | 1989D (1) | 2009A (2) | 2009B (3) |
|---------------------|------------------|-------------------|------------------|
| 2017 | \$ 19,330 | \$ - | \$ - |
| 2018 | - | - | - |
| 2019 | - | 100,000 | 48,965 |
| Total defeased debt | <u>\$ 19,330</u> | <u>\$ 100,000</u> | <u>\$ 48,965</u> |

(1) These bonds were defeased in 2002 and funds were put in escrow to pay principal and interest payments.

(2) These bonds were defeased in 2016 by the Series 2015B Utility Revenue Refunding Bonds.

(3) These bonds were defeased in 2016 by the Series 2016A Utility Revenue Refunding Bonds.



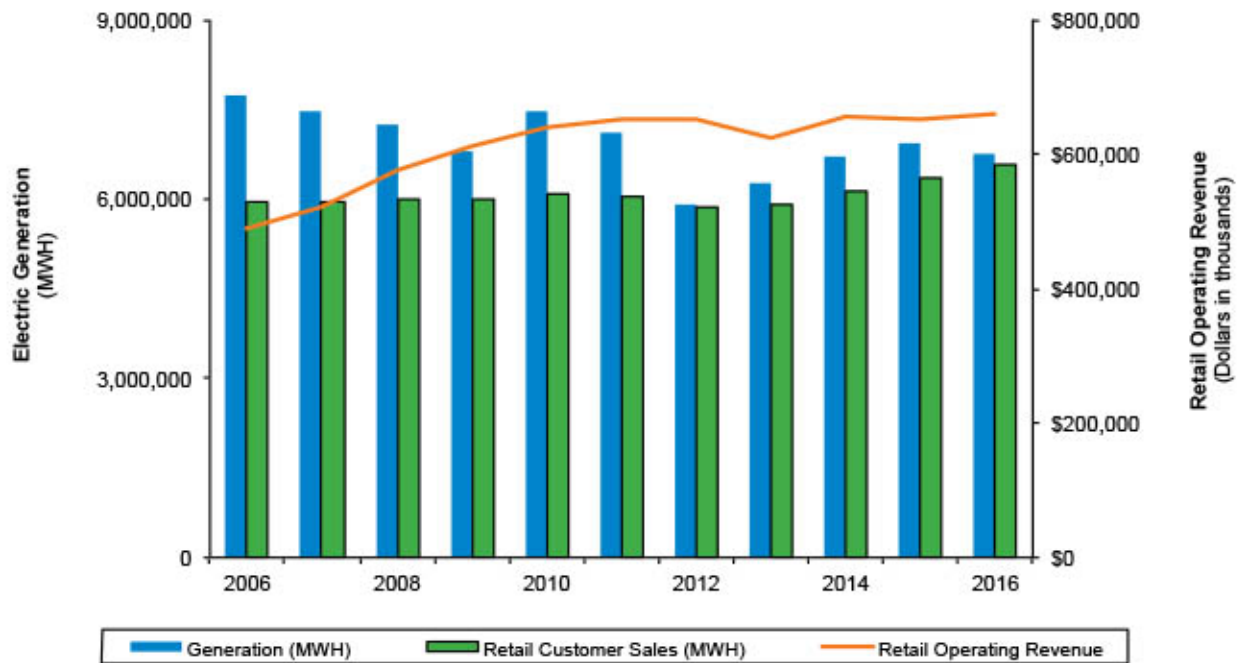
ELECTRIC OPERATIONS

OUC—The *Reliable One* is more than just a catch phrase. It's the mark of a company that has delivered the best electric reliability in Florida for the past 18 years in a row.

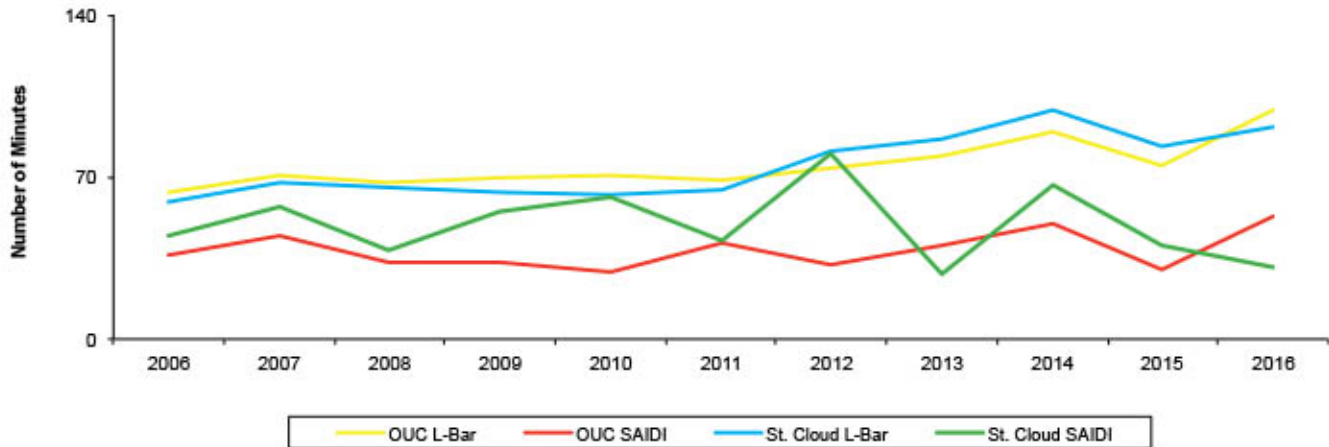


ELECTRIC BUSINESS OPERATIONS

Electric Generation, Retail Customer Sales and Retail Revenue



Distribution Reliability



Fiscal year 2016 had a very active summer storm season for the Orlando area, on August 13, 2016 a major weather event occurred resulting in a significant number of customers without power. In contrast, St. Cloud experienced a very reliable 2016. In 2014, the OUC Pershing substation experienced a significant event resulting in a large number of customers without power. In addition, both OUC and the City of St. Cloud had an active summer storm season. In 2015, there were no unusual events.

ELECTRIC REVENUES, EXPENSES AND CHANGES IN NET POSITION (Dollars in thousands)

| Years Ended September 30 | 2016 | 2015 | 2014 | 2013 |
|---|------------------|------------------|------------------|------------------|
| Operating revenues | | | | |
| Residential | \$ 231,054 | \$ 223,367 | \$ 224,284 | \$ 209,253 |
| Commercial - non-demand | 40,706 | 40,350 | 40,691 | 35,757 |
| Commercial - demand-secondary | 265,943 | 267,836 | 279,134 | 271,608 |
| Commercial - demand-primary | 41,307 | 41,868 | 40,608 | 38,837 |
| Non-metered Lighting | 3,969 | 4,028 | 4,121 | 4,173 |
| Inter-local sales | 76,766 | 72,532 | 68,395 | 63,182 |
| Service fees and other | 25,766 | 24,908 | 25,496 | 24,350 |
| Operating revenues (excluding wholesale sales) (1) | 685,511 | 674,889 | 682,729 | 647,160 |
| Wholesale sales (2) | 78,019 | 86,071 | 96,594 | 71,391 |
| Regulatory action (3) | (13,000) | (13,800) | (8,000) | - |
| Total operating revenues | 750,530 | 747,160 | 771,323 | 718,551 |
| Operations and maintenance expenses | | | | |
| Fuel and fixed demand payments (4) | 233,977 | 264,902 | 293,008 | 261,077 |
| Purchased power and other power supply expenses (5) | 67,506 | 51,973 | 54,888 | 54,790 |
| Production (6) | 80,583 | 79,998 | 74,384 | 71,592 |
| Transmission | 14,246 | 13,585 | 13,160 | 13,735 |
| Distribution - OUC | 18,283 | 18,383 | 16,556 | 13,668 |
| Distribution - St. Cloud | 1,410 | 1,321 | 1,185 | 999 |
| Storm recovery costs | - | (2,000) | 2,000 | - |
| Customer service | 29,386 | 26,622 | 26,338 | 26,327 |
| General and administrative (7) | 44,206 | 40,709 | 40,197 | 37,170 |
| Total operations and maintenance expenses | 489,597 | 495,493 | 521,716 | 479,358 |
| Other expenses | | | | |
| Utility/property tax (8) | 16,989 | 13,422 | 18,065 | 14,735 |
| Revenue based payments to the City of Orlando | 25,970 | 25,512 | 25,218 | 26,820 |
| Revenue based payments to Orange County | 1,382 | 1,353 | 1,301 | 1,249 |
| Revenue based payments and system use payments to the City of St. Cloud (9) | 6,467 | 6,037 | 7,869 | 8,672 |
| Depreciation and amortization (10) | 95,075 | 88,747 | 88,451 | 91,089 |
| Total other expenses | 145,883 | 135,071 | 140,904 | 142,565 |
| Total operating expenses | 635,480 | 630,564 | 662,620 | 621,923 |
| Operating income | 115,050 | 116,596 | 108,703 | 96,628 |
| Non-operating income and expenses | | | | |
| Interest income (11) | 4,305 | 4,808 | 4,072 | 3,758 |
| Other income, net (12) | 8,201 | 7,726 | 7,470 | 8,475 |
| Amortization of deferred gain on sale of assets (13) | 3,610 | 3,610 | 2,972 | 4,776 |
| Interest expense, net (14) | (45,672) | (46,495) | (47,407) | (48,942) |
| Total non-operating expense, net | (29,556) | (30,351) | (32,893) | (31,933) |
| Electric income before contributions | 85,494 | 86,245 | 75,810 | 64,695 |
| Contributions in aid of construction (CIAC) (15) | 2,797 | 5,496 | 11,267 | 399 |
| Annual dividend | (48,531) | (47,398) | (41,286) | (41,127) |
| Increase to net position | \$ 39,760 | \$ 44,343 | \$ 45,791 | \$ 23,967 |

(1) Residential revenues increased in 2016 due to 3.0% growth in services and above normal cooling days, offset by a fuel rate decrease on July 1, 2016. In addition, Inter-local consumption was 6.8% over 2015 resulting in \$4.3 million in increased sales. In 2014, the Operating revenues increase was driven by a 3.4% increase in retail and inter-local sales consumption. In 2013, Operating revenues were lower due to a Board approved rate decrease effective on October 1, 2012 and the annualized impact of the fuel rate decrease approved in March 2012.

(2) Wholesale sales decreased in 2016 and 2015 due to a decline in non-firm sales. Wholesale sales increased in 2014 as a result of new agreements with the City of Winter Park and the City of Lake Worth. In addition, favorable weather conditions and an unexpected outage at Lakeland's McIntosh Unit 3 generation facility increased sales. In 2013 and 2012, Wholesale sales decreased as a result of lower demand on coal generation utilization. In 2010, OUC secured wholesale agreements with the City of Bartow and the City of Vero Beach.

(3) Amounts represent Board actions taken to (defer)/recognize revenue for rate making purposes.

(4) Fuel and fixed demand payments decreased in 2016 and 2015 as a result of lower coal and natural gas commodity costs. In 2014, Fuel and fixed demand payments increased due to a rise in native load requirements and an extended outage at the Lakeland McIntosh Unit 3 generation facility.

(5) Fluctuations in Purchased power and other supply expenses were driven by market pricing and unit outages.

(6) In 2015, production costs rose due to implemented strategies to move inventory levels to industry norms and remained elevated in 2016 due to the Stanton Energy Center Unit 1 extended outage.

(7) Increased pension and medical costs were the key drivers of the increase since 2010.

(8) Gross receipts tax costs increased \$2.9 million in 2014 for a pending tax assessment which was subsequently waived in 2015.

| 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ 220,775 | \$ 228,372 | \$ 225,361 | \$ 210,641 | \$ 201,362 | \$ 197,510 | \$ 175,774 |
| 36,607 | 34,675 | 33,420 | 31,230 | 37,419 | 28,427 | 27,055 |
| 282,627 | 275,531 | 268,808 | 264,875 | 244,847 | 208,240 | 204,311 |
| 39,209 | 38,509 | 34,171 | 32,751 | 30,069 | 24,918 | 23,721 |
| 4,077 | 3,865 | 3,866 | 4,147 | 3,743 | 2,655 | 2,025 |
| 67,045 | 71,148 | 73,570 | 67,247 | 58,941 | 58,413 | 54,843 |
| 24,152 | 24,382 | 23,810 | 23,887 | 24,610 | 21,856 | 17,779 |
| 674,492 | 676,482 | 663,006 | 634,778 | 600,991 | 542,019 | 505,508 |
| 73,113 | 93,294 | 96,748 | 69,705 | 133,145 | 131,298 | 160,240 |
| - | - | - | - | 16,800 | - | - |
| <u>747,605</u> | <u>769,776</u> | <u>759,754</u> | <u>704,483</u> | <u>750,936</u> | <u>673,317</u> | <u>665,748</u> |
| 237,704 | 281,741 | 280,898 | 249,034 | 292,677 | 247,832 | 257,090 |
| 88,367 | 50,457 | 49,840 | 63,343 | 79,746 | 75,413 | 89,327 |
| 81,553 | 81,824 | 79,731 | 65,366 | 67,621 | 59,870 | 56,679 |
| 13,353 | 13,684 | 12,484 | 10,486 | 10,285 | 9,628 | 7,719 |
| 13,611 | 13,275 | 15,429 | 15,068 | 12,546 | 11,352 | 11,567 |
| 1,426 | 1,445 | 1,483 | 1,611 | 1,803 | 2,017 | 1,752 |
| - | - | - | 162 | 624 | - | - |
| 29,282 | 26,201 | 23,491 | 21,933 | 21,846 | 22,394 | 20,344 |
| 36,179 | 35,186 | 34,830 | 28,871 | 28,971 | 26,670 | 21,534 |
| <u>501,475</u> | <u>503,813</u> | <u>498,186</u> | <u>455,874</u> | <u>516,119</u> | <u>455,176</u> | <u>466,012</u> |
| 15,413 | 16,406 | 16,464 | 15,072 | 13,466 | 12,836 | 12,828 |
| 26,922 | 26,191 | 26,217 | 24,861 | 22,917 | 22,006 | 21,828 |
| 1,322 | 1,352 | 1,821 | 1,687 | 1,054 | 1,056 | 1,062 |
| 8,842 | 8,287 | 7,493 | 7,226 | 6,978 | 5,994 | 5,426 |
| 96,880 | 94,590 | 91,416 | 82,296 | 73,316 | 69,879 | 67,145 |
| 149,379 | 146,826 | 143,411 | 131,142 | 117,731 | 111,771 | 108,289 |
| <u>650,854</u> | <u>650,639</u> | <u>641,597</u> | <u>587,016</u> | <u>633,850</u> | <u>566,947</u> | <u>574,301</u> |
| 96,751 | 119,137 | 118,157 | 117,467 | 117,086 | 106,370 | 91,447 |
| 5,716 | 3,783 | 7,071 | 9,001 | 13,471 | 18,563 | 19,118 |
| 10,003 | 9,695 | 6,026 | 1,274 | 1,553 | 2,578 | 1,309 |
| 4,296 | 3,971 | 3,971 | 3,971 | 3,971 | 3,970 | 3,970 |
| (54,568) | (60,995) | (66,060) | (59,237) | (56,568) | (53,852) | (56,036) |
| <u>(34,553)</u> | <u>(43,546)</u> | <u>(48,992)</u> | <u>(44,991)</u> | <u>(37,573)</u> | <u>(28,741)</u> | <u>(31,639)</u> |
| 62,198 | 75,591 | 69,165 | 72,476 | 79,513 | 77,629 | 59,808 |
| (19) | 3,383 | 7,447 | 5,466 | 3,895 | 6,891 | 9,978 |
| <u>(40,363)</u> | <u>(46,506)</u> | <u>(45,297)</u> | <u>(45,888)</u> | <u>(45,745)</u> | <u>(41,730)</u> | <u>(46,279)</u> |
| <u>\$ 21,816</u> | <u>\$ 32,468</u> | <u>\$ 31,315</u> | <u>\$ 32,054</u> | <u>\$ 37,663</u> | <u>\$ 42,790</u> | <u>\$ 23,507</u> |

(9) In 2014, OUC made the final system use payment to the City of St. Cloud.

(10) In 2013 a study was conducted to ensure that OUC's depreciation rates properly reflected its asset maintenance program and industry norms. OUC initiated depreciation rate changes which resulted in a decrease of \$8.3 million. The annualized impact of the study implementation was a decrease of \$17.3 million. These decreases were offset by incremental year-over-year systematic depreciation related to the capitalization of the new assets.

(11) The Interest income increase in 2012 was primarily due to gains earned on investments sold prior to maturity along with investment valuation adjustments.

(12) As part of the Build America Bonds' stimulus program initiated in 2010, OUC was granted a federal subsidy estimated at \$3.8 million annually. In 2011, \$1.8 million was recognized for previously deferred storm recovery costs.

(13) Proceeds from the sale of the steam units at the Indian River Plant (IRP) were internally designated and the gain was deferred in accordance with GASB Statement No. 62 as it is applied to regulated operations. In January 2012, with the repurchase of the IRP, the long-term deferred transmission wheeling revenue was reclassified to deferred gain on sale and was amortized consistent with original gain on sale amount.

(14) Since 2011, OUC's bond interest and related expenses have declined as a result of favorable refunding activity and lower outstanding debt as a result of maturities. In 2010, Interest and other expense increased primarily due to the issuance of the Series 2010A Bonds for \$200.0 million in January 2010 and the impact of a full year of interest expense for the Series 2009A Bonds issued in May 2009.

(15) In 2015 and 2014, CIAC increases were primarily due to two large transmission projects. In 2012, the decrease in CIAC was due to the write-down of deferred customer retention assets for expired customer agreements.

ELECTRIC CONSUMPTION AND FINANCIAL RATIOS

Years Ended September 30

2016 2015 2014 2013

Profile of consumption and revenue by type of customer

Residential service (1)

| | | | | | | | | |
|------------------------|----|--------|----|--------|----|--------|----|--------|
| KWH sales per customer | | 11,999 | | 11,760 | | 11,488 | | 11,134 |
| Revenue per customer | \$ | 1,372 | \$ | 1,362 | \$ | 1,402 | \$ | 1,333 |
| Revenue per KWH | \$ | 0.1143 | \$ | 0.1158 | \$ | 0.1220 | \$ | 0.1197 |

Commercial service - non-demand (1)

| | | | | | | | | |
|------------------------|----|--------|----|--------|----|--------|----|--------|
| KWH sales per customer | | 17,387 | | 16,999 | | 16,371 | | 14,321 |
| Revenue per customer | \$ | 1,951 | \$ | 1,955 | \$ | 1,999 | \$ | 1,730 |
| Revenue per KWH | \$ | 0.1122 | \$ | 0.1150 | \$ | 0.1221 | \$ | 0.1208 |

Commercial service - demand secondary

| | | | | | | | | |
|------------------------|----|---------|----|---------|----|---------|----|---------|
| KWH sales per customer | | 563,130 | | 561,918 | | 562,671 | | 460,796 |
| Revenue per customer | \$ | 48,815 | \$ | 50,128 | \$ | 52,952 | \$ | 42,871 |
| Revenue per KWH | \$ | 0.0867 | \$ | 0.0892 | \$ | 0.0941 | \$ | 0.0930 |

Commercial service - demand primary

| | | | | | | | | |
|------------------------|----|------------|----|------------|----|------------|----|------------|
| KWH sales per customer | | 19,106,440 | | 18,532,314 | | 17,320,857 | | 18,396,222 |
| Revenue per customer | \$ | 1,652,280 | \$ | 1,641,885 | \$ | 1,657,484 | \$ | 1,726,091 |
| Revenue per KWH | \$ | 0.0865 | \$ | 0.0886 | \$ | 0.0957 | \$ | 0.0938 |

Non-Metered Lighting (2)

| | | | | | | | | |
|------------------------|----|--------|----|--------|----|--------|----|--------|
| KWH sales per customer | | 917 | | 917 | | 1,001 | | 1,082 |
| Revenue per customer | \$ | 59 | \$ | 61 | \$ | 69 | \$ | 76 |
| Revenue per KWH | \$ | 0.0649 | \$ | 0.0669 | \$ | 0.0686 | \$ | 0.0703 |

Inter-local service (1) (3)

| | | | | | | | | |
|------------------------|----|--------|----|--------|----|--------|----|--------|
| KWH sales per customer | | 18,801 | | 18,484 | | 18,337 | | 17,574 |
| Revenue per customer | \$ | 2,188 | \$ | 2,169 | \$ | 2,145 | \$ | 2,062 |
| Revenue per KWH | \$ | 0.1164 | \$ | 0.1173 | \$ | 0.1170 | \$ | 0.1173 |

Selected financial expense statistics

| | | | | | | | | |
|--|----|---------------|----|---------------|----|---------------|----|---------------|
| Total fuel and purchased power expense per KWH | \$ | 0.0381 | \$ | 0.0410 | \$ | 0.0461 | \$ | 0.0450 |
| Total operations and maintenance expense (excluding fuel and purchased power) per KWH | | 0.0238 | | 0.0234 | | 0.0228 | | 0.0236 |
| Total operations and maintenance expense per KWH | \$ | <u>0.0619</u> | \$ | <u>0.0644</u> | \$ | <u>0.0689</u> | \$ | <u>0.0686</u> |

| | | | | | | | | |
|--|----|--------------|----|--------------|----|--------------|----|--------------|
| Fuel, fixed demand, purchased power and other power supply expense per metered service | \$ | 1,312 | \$ | 1,418 | \$ | 1,599 | \$ | 1,427 |
| Production, transmission and distribution costs per metered service | | 498 | | 507 | | 484 | | 452 |
| Customer service expense per metered service | | 128 | | 119 | | 121 | | 119 |
| General and administrative expense per metered service (4) | | 192 | | 182 | | 185 | | 168 |
| Total operations and maintenance expense per metered service | \$ | <u>2,130</u> | \$ | <u>2,226</u> | \$ | <u>2,389</u> | \$ | <u>2,166</u> |

(1) In 2016 and 2013, Revenue per customer was lower due to the Board approved rate reductions. In 2014 and 2012, OUC sold bad debt resulting in a favorable adjustment to revenue.

(2) In 2013, a change was made in the methodology for reporting metered services, including unmetered lighting fixtures. KWH sales per customer, Revenue per customer, and Revenue per KWH reflect the change in services and vary slightly from previous years. Information was not available to restate the prior years.

(3) Inter-local service includes the KWH and metered services for the St. Cloud customer base.

(4) Since 2013, General and administrative costs increased due to higher pension and medical costs.

| | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|----|---------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 11,192 | 12,200 | 12,748 | 12,143 | 12,052 | 12,301 | 12,908 |
| \$ | 1,423 | \$ 1,492 | \$ 1,492 | \$ 1,399 | \$ 1,380 | \$ 1,325 | \$ 1,202 |
| \$ | 0.1271 | \$ 0.1223 | \$ 0.1170 | \$ 0.1152 | \$ 0.1145 | \$ 0.1077 | \$ 0.0931 |
| | 13,848 | 14,385 | 14,914 | 14,401 | 18,681 | 16,712 | 16,793 |
| \$ | 1,773 | \$ 1,763 | \$ 1,765 | \$ 1,692 | \$ 2,111 | \$ 1,585 | \$ 1,543 |
| \$ | 0.1280 | \$ 0.1225 | \$ 0.1184 | \$ 0.1175 | \$ 0.1130 | \$ 0.0948 | \$ 0.0919 |
| | 398,785 | 408,001 | 431,118 | 478,909 | 509,412 | 517,637 | 529,420 |
| \$ | 38,820 | \$ 38,630 | \$ 39,446 | \$ 42,985 | \$ 44,529 | \$ 37,731 | \$ 37,863 |
| \$ | 0.0973 | \$ 0.0947 | \$ 0.0915 | \$ 0.0898 | \$ 0.0874 | \$ 0.0729 | \$ 0.0715 |
| | 18,563,256 | 19,726,810 | 17,605,182 | 15,949,125 | 14,795,132 | 16,681,917 | 19,476,600 |
| \$ | 1,823,657 | \$ 1,833,759 | \$ 1,553,206 | \$ 1,364,616 | \$ 1,171,513 | \$ 1,038,255 | \$ 1,186,065 |
| \$ | 0.0982 | \$ 0.0930 | \$ 0.0882 | \$ 0.0856 | \$ 0.0792 | \$ 0.0622 | \$ 0.0609 |
| | 4,478 | 4,464 | 4,426 | 4,429 | 4,344 | 4,567 | 4,695 |
| \$ | 307 | \$ 293 | \$ 293 | \$ 311 | \$ 286 | \$ 216 | \$ 186 |
| \$ | 0.0686 | \$ 0.0656 | \$ 0.0662 | \$ 0.0703 | \$ 0.0659 | \$ 0.0473 | \$ 0.0396 |
| | 18,085 | 18,925 | 19,450 | 19,420 | 19,146 | 19,602 | 19,920 |
| \$ | 2,237 | \$ 2,414 | \$ 2,543 | \$ 2,347 | \$ 2,052 | \$ 2,083 | \$ 2,104 |
| \$ | 0.1237 | \$ 0.1276 | \$ 0.1307 | \$ 0.1208 | \$ 0.1072 | \$ 0.1063 | \$ 0.1056 |
| \$ | 0.0469 | \$ 0.0435 | \$ 0.0429 | \$ 0.0430 | \$ 0.0478 | \$ 0.0402 | \$ 0.0414 |
| | 0.0252 | 0.0225 | 0.0217 | 0.0197 | 0.0183 | 0.0164 | 0.0143 |
| \$ | <u>0.0721</u> | \$ <u>0.0660</u> | \$ <u>0.0646</u> | \$ <u>0.0627</u> | \$ <u>0.0661</u> | \$ <u>0.0566</u> | \$ <u>0.0557</u> |
| \$ | 1,441 | \$ 1,492 | \$ 1,510 | \$ 1,438 | \$ 1,717 | \$ 1,518 | \$ 1,680 |
| | 486 | 495 | 498 | 426 | 425 | 389 | 377 |
| | 129 | 118 | 107 | 101 | 101 | 105 | 99 |
| | 160 | 158 | 159 | 133 | 134 | 125 | 104 |
| \$ | <u>2,216</u> | \$ <u>2,263</u> | \$ <u>2,274</u> | \$ <u>2,098</u> | \$ <u>2,377</u> | \$ <u>2,137</u> | \$ <u>2,260</u> |

SELECTED FINANCIAL RATIOS

| Years ended September 30 | 2016 | 2015 | 2014 | 2013 |
|--|---------|---------|---------|---------|
| Electric operating ratio | | | | |
| Operation and maintenance expenses/total operating revenues | \$ 0.65 | \$ 0.66 | \$ 0.67 | \$ 0.67 |
| Electric income before contributions per revenue dollar | | | | |
| Electric income before contributions/total operating revenues (1)(2) | \$ 0.11 | \$ 0.12 | \$ 0.10 | \$ 0.09 |

ACTIVE SERVICES

| | | | | |
|--|----------------|----------------|----------------|----------------|
| OUC retail metered services | | | | |
| Residential | 170,885 | 165,972 | 162,065 | 157,927 |
| Commercial - non-demand | 21,059 | 20,674 | 20,598 | 20,113 |
| Commercial - demand - secondary | 5,444 | 5,452 | 5,234 | 5,309 |
| Commercial - demand - primary | 25 | 25 | 26 | 23 |
| Total OUC retail metered services | <u>197,413</u> | <u>192,123</u> | <u>187,923</u> | <u>183,372</u> |
| Inter-local services (3) | <u>35,998</u> | <u>34,177</u> | <u>32,705</u> | <u>31,052</u> |
| Total OUC retail and inter-local metered services | <u>233,411</u> | <u>226,300</u> | <u>220,628</u> | <u>214,424</u> |
| Unmetered lighting fixtures (4) | | | | |
| Conventional | 48,436 | 47,439 | 43,845 | 37,705 |
| Convenient | 16,095 | 15,913 | 18,627 | 14,418 |
| St. Cloud | 2,842 | 2,728 | 2,744 | 2,709 |
| Total unmetered lighting fixtures | <u>67,373</u> | <u>66,080</u> | <u>65,216</u> | <u>54,832</u> |
| Total OUC retail, unmetered lighting and inter-local services | <u>300,784</u> | <u>292,380</u> | <u>285,844</u> | <u>269,256</u> |

CONSUMPTION (MWH)

| | | | | |
|--|------------------|------------------|------------------|------------------|
| OUC retail sales | | | | |
| Residential | 2,020,927 | 1,928,839 | 1,838,003 | 1,748,182 |
| Commercial - non-demand | 362,796 | 350,785 | 333,249 | 296,058 |
| Commercial - demand - secondary | 3,067,932 | 3,002,329 | 2,966,118 | 2,919,375 |
| Commercial - demand - primary | 477,661 | 472,574 | 424,361 | 413,915 |
| Total OUC retail sales | <u>5,929,316</u> | <u>5,754,527</u> | <u>5,561,731</u> | <u>5,377,530</u> |
| Nonmetered lighting sales | | | | |
| Conventional | 31,434 | 31,251 | 30,553 | 30,486 |
| Convenient | 26,938 | 26,497 | 26,741 | 26,061 |
| St. Cloud | 2,797 | 2,422 | 2,804 | 2,783 |
| Total nonmetered lighting sales | <u>61,169</u> | <u>60,170</u> | <u>60,098</u> | <u>59,330</u> |
| Inter-local sales (3) | <u>659,695</u> | <u>618,132</u> | <u>584,557</u> | <u>538,413</u> |
| Total retail sales | <u>6,650,180</u> | <u>6,432,829</u> | <u>6,206,386</u> | <u>5,975,273</u> |
| Wholesale sales (5) | 1,264,504 | 1,299,129 | 1,344,764 | 1,036,486 |
| Pre-Commercial Adjustment | - | - | - | - |
| Total electric sales | <u>7,914,684</u> | <u>7,731,958</u> | <u>7,551,150</u> | <u>7,011,759</u> |

(1) In 2014 and 2008, storm recovery expenses related to FEMA declared storms were excluded from these computations.

(2) A rate modification was implemented in January 2007 that included a reserve for future capital spending. The reserve for capital spending was curtailed in 2009.

(3) Inter-local services represent the customer base for the City of St. Cloud.

(4) In 2013 a change was made in the methodology for reporting unmetered lighting services. Previously, this was reported at the service level rather than in billed fixtures.

(5) In 2014, Wholesale sales increased as a result of new contracts with the Cities of Winter Park and Lake Worth along with unplanned weather related sales. Wholesale sales decreased in 2013 and 2012 as a result of economic dispatching impacts.

| 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ 0.67 | \$ 0.65 | \$ 0.66 | \$ 0.65 | \$ 0.69 | \$ 0.68 | \$ 0.70 |
| \$ 0.08 | \$ 0.10 | \$ 0.09 | \$ 0.10 | \$ 0.11 | \$ 0.12 | \$ 0.09 |
| 156,106 | 154,212 | 151,995 | 150,123 | 151,025 | 150,254 | 147,978 |
| 21,233 | 20,069 | 19,272 | 18,595 | 18,325 | 18,268 | 17,609 |
| 7,362 | 7,199 | 7,066 | 6,563 | 5,761 | 5,593 | 5,445 |
| 22 | 21 | 21 | 23 | 25 | 28 | 20 |
| <u>184,723</u> | <u>181,501</u> | <u>178,354</u> | <u>175,304</u> | <u>175,136</u> | <u>174,143</u> | <u>171,052</u> |
| 30,222 | 29,715 | 29,229 | 28,640 | 28,667 | 28,785 | 27,294 |
| <u>214,945</u> | <u>211,216</u> | <u>207,583</u> | <u>203,944</u> | <u>203,803</u> | <u>202,928</u> | <u>198,346</u> |
| 13,168 | 13,089 | 13,050 | 13,093 | 13,282 | 13,546 | 10,781 |
| 142 | 138 | 132 | 133 | 132 | 129 | 121 |
| - | - | - | - | - | - | - |
| <u>13,310</u> | <u>13,227</u> | <u>13,182</u> | <u>13,226</u> | <u>13,414</u> | <u>13,675</u> | <u>10,902</u> |
| <u>228,255</u> | <u>224,443</u> | <u>220,765</u> | <u>217,170</u> | <u>217,217</u> | <u>216,603</u> | <u>209,248</u> |
| 1,736,537 | 1,867,879 | 1,925,770 | 1,828,354 | 1,815,446 | 1,834,301 | 1,887,949 |
| 285,967 | 282,958 | 282,375 | 265,840 | 341,806 | 299,786 | 294,401 |
| 2,903,352 | 2,910,069 | 2,937,853 | 2,951,040 | 2,891,934 | 2,856,841 | 2,856,749 |
| 399,110 | 414,263 | 387,314 | 382,779 | 392,071 | 400,366 | 389,532 |
| <u>5,324,966</u> | <u>5,475,169</u> | <u>5,533,312</u> | <u>5,428,013</u> | <u>5,441,257</u> | <u>5,391,294</u> | <u>5,428,631</u> |
| 30,521 | 29,965 | 29,750 | 29,422 | 27,298 | 24,154 | 19,901 |
| 26,115 | 26,218 | 25,923 | 26,814 | 28,742 | 29,195 | 28,607 |
| 2,777 | 2,763 | 2,762 | 2,758 | 2,797 | 2,775 | 2,574 |
| <u>59,413</u> | <u>58,946</u> | <u>58,435</u> | <u>58,994</u> | <u>58,837</u> | <u>56,124</u> | <u>51,082</u> |
| 541,987 | 557,743 | 562,777 | 556,461 | 550,001 | 549,634 | 519,117 |
| <u>5,926,366</u> | <u>6,091,858</u> | <u>6,154,524</u> | <u>6,043,468</u> | <u>6,050,095</u> | <u>5,997,052</u> | <u>5,998,830</u> |
| 1,032,099 | 1,536,840 | 1,608,248 | 1,215,600 | 1,743,680 | 2,039,338 | 2,371,843 |
| - | - | (48,685) | - | - | - | - |
| <u>6,958,465</u> | <u>7,628,698</u> | <u>7,714,087</u> | <u>7,259,068</u> | <u>7,793,775</u> | <u>8,036,390</u> | <u>8,370,673</u> |

ELECTRIC GENERATION (MWH)

| Years Ended September 30 | 2016 | 2015 | 2014 | 2013 |
|--|------------------|------------------|------------------|------------------|
| Stanton Energy Center (SEC) | | | | |
| Generation - steam (1) | 3,035,305 | 3,435,354 | 3,368,472 | 2,557,737 |
| Generation - combined cycle (2) | <u>2,651,213</u> | <u>2,568,751</u> | <u>2,589,656</u> | <u>2,621,239</u> |
| Total generation | 5,686,518 | 6,004,105 | 5,958,128 | 5,178,976 |
| Plant use - less participants' loss factor | 235,078 | 280,692 | 281,671 | 210,679 |
| Participants' reserve power | <u>13,063</u> | <u>7,017</u> | <u>5,779</u> | <u>12,616</u> |
| Delivered | <u>5,438,377</u> | <u>5,716,396</u> | <u>5,670,678</u> | <u>4,955,681</u> |
| McIntosh (MC 3) (3) | | | | |
| Generation - steam | 538,755 | 457,763 | 272,265 | 494,897 |
| Plant use | - | - | - | - |
| Delivered | <u>538,755</u> | <u>457,763</u> | <u>272,265</u> | <u>494,897</u> |
| St. Lucie | | | | |
| Generation - nuclear | 491,994 | 476,047 | 460,799 | 470,890 |
| Plant use | <u>11,759</u> | <u>11,378</u> | <u>11,013</u> | <u>11,254</u> |
| Delivered | <u>480,235</u> | <u>464,669</u> | <u>449,786</u> | <u>459,636</u> |
| Indian River | | | | |
| Generation - combustion turbines | 18,343 | 12,603 | 11,037 | 6,186 |
| Plant use - less participants' loss factor | 89 | 75 | 64 | 29 |
| Participants' reserve power | <u>4,301</u> | <u>4,266</u> | <u>4,045</u> | <u>753</u> |
| Delivered | <u>13,953</u> | <u>8,262</u> | <u>6,928</u> | <u>5,404</u> |
| Crystal River (CR 3) (4) | | | | |
| Generation - nuclear | - | - | 18,647 | 101,076 |
| Plant use | - | - | - | - |
| Delivered | - | - | <u>18,647</u> | <u>101,076</u> |
| Generation | | | | |
| Steam | 3,574,060 | 3,893,117 | 3,640,737 | 3,052,634 |
| Combined Cycle | 2,651,213 | 2,568,751 | 2,589,656 | 2,621,239 |
| Nuclear | 491,994 | 476,047 | 479,446 | 571,966 |
| Combustion turbines | 18,343 | 12,603 | 11,037 | 6,186 |
| Diesel (5) | - | - | - | - |
| Total generation | 6,735,610 | 6,950,518 | 6,720,876 | 6,252,025 |
| Total plant use - less participants' loss factor | 246,926 | 292,145 | 292,748 | 221,962 |
| Participants' reserve power | <u>17,364</u> | <u>11,283</u> | <u>9,824</u> | <u>13,369</u> |
| Total delivered | 6,471,320 | 6,647,090 | 6,418,304 | 6,016,694 |
| Inadvertent/wheeling retained | 210 | 30 | (424) | (530) |
| Purchases received | <u>1,733,724</u> | <u>1,330,198</u> | <u>1,389,224</u> | <u>1,250,574</u> |
| Available | 8,205,254 | 7,977,318 | 7,807,104 | 7,266,738 |
| Sales | <u>7,914,684</u> | <u>7,731,958</u> | <u>7,551,150</u> | <u>7,011,759</u> |
| Line losses | <u>290,570</u> | <u>245,360</u> | <u>255,954</u> | <u>254,979</u> |
| Line losses as a percentage of generation | 4.31% | 3.53% | 3.81% | 4.08% |

(1) During 2016, SEC 1 experienced an extended outage. Since 2012, the SEC coal units were run at reduced loads due to low natural gas prices.

(2) In late February 2010, OUC commenced commercial operations at SEC B.

(3) Since 2009, there have been several periods where the MC 3 plant was off-line for both planned and unplanned outages.

(4) On October 30, 2015, full ownership interest of the CR 3 generation facility along with all future liabilities associated with the unit were transferred from the joint owners to Duke Energy via a special warranty deed. In February 2013, Duke Energy announced closure of the CR 3 plant due to significant delamination within the core. Since 2010, generation represents reliability exchange power received to meet load and contractual requirements and therefore did not include plant use.

(5) In 2009, the St. Cloud generation plant was permanently shut down.

| 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| 2,683,426 | 3,727,184 | 4,362,451 | 4,429,154 | 4,454,325 | 4,708,038 | 5,000,919 |
| <u>2,346,132</u> | <u>2,189,279</u> | <u>2,010,119</u> | <u>1,185,894</u> | <u>1,197,723</u> | <u>1,242,650</u> | <u>1,233,259</u> |
| 5,029,558 | 5,916,463 | 6,372,570 | 5,615,048 | 5,652,048 | 5,950,688 | 6,234,178 |
| 205,302 | 282,013 | 300,351 | 277,943 | 271,331 | 282,180 | 298,490 |
| 10,394 | 4,103 | 1,890 | 7,174 | 6,049 | 4,471 | 2,194 |
| <u>4,813,862</u> | <u>5,630,347</u> | <u>6,070,329</u> | <u>5,329,931</u> | <u>5,374,668</u> | <u>5,664,037</u> | <u>5,933,494</u> |
| 439,888 | 678,916 | 620,000 | 656,636 | 1,059,302 | 965,401 | 989,279 |
| - | - | - | - | - | - | - |
| <u>439,888</u> | <u>678,916</u> | <u>620,000</u> | <u>656,636</u> | <u>1,059,302</u> | <u>965,401</u> | <u>989,279</u> |
| 302,751 | 370,845 | 384,006 | 378,376 | 383,095 | 402,666 | 368,876 |
| 7,236 | 8,863 | 9,178 | 9,043 | 9,156 | 9,624 | 8,816 |
| <u>295,515</u> | <u>361,982</u> | <u>374,828</u> | <u>369,333</u> | <u>373,939</u> | <u>393,042</u> | <u>360,060</u> |
| 12,947 | 17,814 | 31,389 | 14,735 | 25,222 | 17,701 | 20,285 |
| 56 | 78 | 138 | 68 | 111 | 71 | 82 |
| 759 | 841 | 766 | 743 | 777 | 691 | 715 |
| <u>12,132</u> | <u>16,895</u> | <u>30,485</u> | <u>13,924</u> | <u>24,334</u> | <u>16,939</u> | <u>19,488</u> |
| 115,337 | 113,410 | 79,754 | 120,008 | 103,783 | 123,034 | 98,972 |
| - | - | - | 3,547 | 3,050 | 3,607 | 2,890 |
| <u>115,337</u> | <u>113,410</u> | <u>79,754</u> | <u>116,461</u> | <u>100,733</u> | <u>119,427</u> | <u>96,082</u> |
| 3,123,314 | 4,406,100 | 4,982,451 | 5,085,790 | 5,513,627 | 5,673,439 | 5,990,198 |
| 2,346,132 | 2,189,279 | 2,010,119 | 1,185,894 | 1,197,723 | 1,242,650 | 1,233,259 |
| 418,088 | 484,255 | 463,760 | 498,384 | 486,878 | 525,700 | 467,848 |
| 12,947 | 17,814 | 31,389 | 14,735 | 25,222 | 17,701 | 20,285 |
| - | - | - | - | - | 236 | 108 |
| 5,900,481 | 7,097,448 | 7,487,719 | 6,784,803 | 7,223,450 | 7,459,726 | 7,711,698 |
| 212,594 | 290,954 | 309,667 | 290,601 | 283,838 | 296,003 | 310,816 |
| 11,153 | 4,944 | 2,656 | 7,917 | 6,826 | 5,162 | 2,909 |
| 5,676,734 | 6,801,550 | 7,175,396 | 6,486,285 | 6,932,786 | 7,158,561 | 7,397,973 |
| (98) | (118) | (15) | (192) | 278 | 274 | 777 |
| 1,426,791 | 1,003,127 | 833,210 | 881,022 | 1,082,008 | 1,127,939 | 1,125,358 |
| 7,103,427 | 7,804,559 | 8,008,591 | 7,367,115 | 8,015,072 | 8,286,774 | 8,524,108 |
| 6,958,465 | 7,628,698 | 7,714,087 | 7,259,068 | 7,793,775 | 8,036,390 | 8,370,673 |
| 144,962 | 175,861 | 294,504 | 108,047 | 221,297 | 250,384 | 153,435 |
| 2.46% | 2.48% | 3.93% | 1.59% | 3.06% | 3.36% | 1.99% |

NET GENERATING CAPABILITY (Including major purchased power agreements)

| Generating Facility (MW) Years Ended September 30 | Type | Name Plate Capacity | 2016 | | 2015 | | 2014 | | 2013 | |
|--|---------------|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | Summer MW | Winter MW | Summer MW | Winter MW | Summer MW | Winter MW | Summer MW | Winter MW |
| Stanton Energy Center (SEC) | Unit 1 FS | 425 | 302 | 304 | 302 | 304 | 302 | 304 | 302 | 304 |
| | Unit 2 FS | 425 | 340 | 340 | 340 | 340 | 340 | 340 | 334 | 334 |
| | Unit A CC | 633 | 174 | 184 | 174 | 184 | 174 | 184 | 174 | 184 |
| | Unit B CC (1) | 300 | 292 | 307 | 298 | 312 | 298 | 312 | 298 | 312 |
| Indian River Plant (IRP) | Unit A CT | 38 | 16 | 18 | 18 | 23 | 18 | 23 | 18 | 23 |
| | Unit B CT | 38 | 16 | 18 | 18 | 23 | 18 | 23 | 18 | 23 |
| | Unit C CT | 112 | 83 | 88 | 85 | 100 | 85 | 100 | 85 | 100 |
| | Unit D CT | 112 | 83 | 88 | 85 | 100 | 85 | 100 | 85 | 100 |
| St. Cloud Plant | Units 1-7 CT | 21 | - | - | - | - | - | - | - | - |
| Crystal River Plant (CR) | Unit 3 N (2) | 890 | - | - | - | - | - | - | 13 | 13 |
| C.D. McIntosh, Jr. Plant | Unit 3 FS | 364 | 133 | 136 | 133 | 136 | 133 | 136 | 133 | 136 |
| St. Lucie Plant | Unit 2 N | 850 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 62 |
| Total capability | | | 1,499 | 1,543 | 1,513 | 1,582 | 1,513 | 1,582 | 1,520 | 1,591 |
| Purchased power agreements | | | 330 | 330 | 330 | 330 | 330 | 330 | 330 | 330 |
| Total available | | | 1,829 | 1,873 | 1,843 | 1,912 | 1,843 | 1,912 | 1,850 | 1,921 |
| Firm commitments to other utilities (3) | | | (251) | (249) | (207) | (205) | (207) | (205) | (166) | (178) |
| Net available to OUC | | | 1,578 | 1,624 | 1,636 | 1,707 | 1,636 | 1,707 | 1,684 | 1,743 |

NOTE: FS - Fossil Steam, N - Nuclear, CT - Combustion Turbine, CC - Combined Cycle

PEAK DEMAND

Years ended September 30

| | 2016 | | 2015 | | 2014 | | 2013 | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Summer MW | Winter MW | Summer MW | Winter MW | Summer MW | Winter MW | Summer MW | Winter MW |
| Net peak demand (Net 60 minute integrated MW demand) | 1,189 | 944 | 1,171 | 1,025 | 1,139 | 959 | 1,070 | 846 |
| Gross peak demand (MW) (Instantaneous) | 1,230 | | 1,206 | | 1,198 | | 1,158 | |
| System load factor | 2016 60.1 | | 2015 57.4 | | 2014 58.8 | | 2013 60.3 | |

GENERATION AVAILABILITY DATA

Years ended September 30

| | | 2016 | | | 2015 | | | 2014 | | | 2013 | | | 2012 | | |
|-----------------|------------|------|------|------|------|------|------|------|------|------|------|-------|------|------|-------|------|
| | | CF | EAF | EFOR | CF | EAF | EFOR | CF | EAF | EFOR | CF | EAF | EFOR | CF | EAF | EFOR |
| SEC | Unit 1 (4) | 31.1 | 61.8 | 2.6 | 47.2 | 90.5 | 1.0 | 53.3 | 89.0 | 3.6 | 29.8 | 83.1 | 0.9 | 36.3 | 84.9 | 3.2 |
| | Unit 2 (4) | 68.2 | 87.6 | 1.8 | 66.5 | 89.9 | 3.1 | 58.5 | 85.2 | 2.8 | 55.3 | 86.9 | 0.3 | 57.9 | 92.2 | 0.6 |
| | Unit A | 42.3 | 92.7 | 0.2 | 38.1 | 92.2 | 0.8 | 44.9 | 94.3 | 0.1 | 29.3 | 90.7 | - | 33.6 | 80.9 | - |
| | Unit B (1) | 62.9 | 94.5 | 0.9 | 61.6 | 89.7 | 0.4 | 74.8 | 89.9 | - | 58.9 | 91.4 | 0.1 | 50.4 | 87.1 | 4.7 |
| IRP | Unit A (5) | 0.3 | 93.6 | - | 0.1 | 98.0 | 30.3 | 0.2 | 98.0 | - | 0.1 | 96.5 | 28.4 | - | 93.3 | - |
| | Unit B (5) | 0.1 | 96.9 | - | 0.1 | 96.0 | 0.6 | 0.2 | 96.5 | - | 0.1 | 97.1 | 89.6 | - | 94.7 | - |
| | Unit C (5) | 0.9 | 95.6 | 10.0 | 1.0 | 96.4 | 4.1 | 1.0 | 85.6 | 88.0 | 0.4 | 95.0 | - | - | 91.8 | - |
| | Unit D (5) | 1.3 | 95.4 | 13.1 | 0.5 | 94.5 | - | 0.3 | 95.1 | 48.6 | 0.3 | 79.9 | 97.0 | - | 73.1 | - |
| Crystal River | Unit 3 (2) | - | - | - | - | - | - | - | - | - | - | 100.0 | - | - | 100.0 | - |
| McIntosh | Unit 3 | 47.0 | 82.8 | 2.2 | 35.3 | 66.8 | 10.9 | 24.0 | 37.3 | 9.3 | 43.0 | 80.0 | 12.1 | 38.1 | 86.3 | 85.7 |
| St. Lucie Plant | Unit 2 | 94.8 | 92.8 | 0.1 | 89.6 | 87.7 | 6.1 | 82.9 | 81.5 | 3.3 | 85.1 | 81.7 | 2.8 | 86.4 | 83.9 | 0.8 |

CF - Capacity Factor

EAF - Equivalent Availability Factor

EFOR - Equivalent Forced Outage Rate

- (1) In late February 2010, OUC commenced commercial operations at SEC B.
- (2) Effective February 2013, Duke Energy announced the closing of the CR 3 Plant as a result of discovering multiple delaminations within the core. As of October 2015, OUC no longer held an ownership interest in CR 3.
- (3) In January 2014, OUC secured a three year wholesale agreement with the City of Lake Worth that has an option for two one-year extensions. In addition, OUC entered into a six year agreement with the City of Winter Park. Additionally, in January 2011, OUC executed a seven year inter-local agreement with the City of Bartow whereby OUC provides generation. In January 2010, OUC secured a twenty year wholesale agreement with the City of Vero Beach. This agreement was renegotiated in 2015, changing the expiration to 2023 and lowering the rate of energy sold to Vero Beach.
- (4) During 2016, SEC 1 had an extended outage. The SEC 1 and 2 capacity factors were lower since 2012 compared to 2011 and 2010 as a result of lowering production to accommodate more cost effective generation at the natural gas units.

| 2012 | | 2011 | | 2010 | | 2009 | | 2008 | | 2007 | | 2006 | |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Summer MW | Winter MW | Summer MW | Winter MW | Summer MW | Winter MW | Summer MW | Winter MW | Summer MW | Winter MW | Summer MW | Winter MW | Summer MW | Winter MW |
| 302 | 304 | 302 | 304 | 302 | 304 | 302 | 304 | 302 | 304 | 302 | 304 | 302 | 304 |
| 334 | 334 | 334 | 334 | 334 | 334 | 334 | 334 | 334 | 334 | 334 | 334 | 334 | 334 |
| 174 | 184 | 174 | 184 | 174 | 184 | 174 | 184 | 174 | 184 | 174 | 184 | 174 | 184 |
| 295 | 300 | 295 | 300 | 295 | 300 | - | - | - | - | - | - | - | - |
| 18 | 23 | 18 | 23 | 18 | 23 | 18 | 23 | 18 | 23 | 18 | 23 | 18 | 23 |
| 18 | 23 | 18 | 23 | 18 | 23 | 18 | 23 | 18 | 23 | 18 | 23 | 18 | 23 |
| 85 | 100 | 85 | 100 | 85 | 100 | 85 | 100 | 85 | 100 | 85 | 100 | 85 | 100 |
| 85 | 100 | 85 | 100 | 85 | 100 | 85 | 100 | 85 | 100 | 85 | 100 | 85 | 100 |
| - | - | - | - | - | - | - | - | 21 | 21 | 21 | 21 | 21 | 21 |
| 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 |
| 51 | 52 | 51 | 52 | 51 | 52 | 51 | 52 | 51 | 52 | 51 | 52 | 51 | 52 |
| 1,511 | 1,569 | 1,511 | 1,569 | 1,511 | 1,569 | 1,216 | 1,269 | 1,237 | 1,290 | 1,237 | 1,290 | 1,237 | 1,290 |
| 337 | 358 | 337 | 358 | 337 | 358 | 337 | 358 | 337 | 358 | 337 | 358 | 337 | 358 |
| 1,848 | 1,927 | 1,848 | 1,927 | 1,848 | 1,927 | 1,553 | 1,627 | 1,574 | 1,648 | 1,574 | 1,648 | 1,574 | 1,648 |
| (168) | (168) | (165) | (165) | (95) | (95) | - | - | (22) | (22) | (22) | (22) | (22) | (22) |
| <u>1,680</u> | <u>1,759</u> | <u>1,683</u> | <u>1,762</u> | <u>1,753</u> | <u>1,832</u> | <u>1,553</u> | <u>1,627</u> | <u>1,552</u> | <u>1,626</u> | <u>1,552</u> | <u>1,626</u> | <u>1,552</u> | <u>1,626</u> |

| 2012 | | 2011 | | 2010 | | 2009 | | 2008 | | 2007 | | 2006 | |
|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Summer MW | Winter MW | Summer MW | Winter MW | Summer MW | Winter MW | Summer MW | Winter MW | Summer MW | Winter MW | Summer MW | Winter MW | Summer MW | Winter MW |
| 1,070 | 907 | 1,064 | 1,094 | 1,081 | 1,134 | 1,102 | 1,033 | 1,080 | 973 | 1,085 | 893 | 1,074 | 970 |
| 1,123 | | 1,127 | | 1,191 | | 1,176 | | 1,147 | | 1,182 | | 1,135 | |
| 2012 | | 2011 | | 2010 | | 2009 | | 2008 | | 2007 | | 2006 | |
| 59.8 | | 61.4 | | 58.4 | | 58.4 | | 60.5 | | 59.6 | | 60.2 | |

| 2011 | | | 2010 | | | 2009 | | | 2008 | | | 2007 | | | 2006 | | |
|------|-------|-------|------|------|------|-------|------|------|------|------|------|-------|------|------|------|------|------|
| CF | EAF | EFOR | CF | EAF | EFOR | CF | EAF | EFOR | CF | EAF | EFOR | CF | EAF | EFOR | CF | EAF | EFOR |
| 62.5 | 86.0 | 0.7 | 72.0 | 82.6 | 1.2 | 70.1 | 87.2 | 0.6 | 77.6 | 85.6 | 4.6 | 82.3 | 90.1 | 1.3 | 85.1 | 93.7 | 0.1 |
| 69.4 | 86.6 | 0.3 | 81.1 | 90.3 | 0.8 | 85.2 | 96.6 | 1.0 | 78.4 | 82.1 | 1.4 | 80.8 | 84.8 | 6.3 | 88.4 | 93.7 | 0.6 |
| 38.0 | 90.9 | 0.9 | 38.5 | 84.6 | 7.7 | 41.2 | 88.7 | 1.6 | 57.8 | 87.7 | 0.2 | 60.2 | 92.2 | 0.2 | 66.2 | 92.1 | 0.4 |
| 58.0 | 86.9 | 1.0 | 60.9 | 86.8 | 5.5 | - | - | - | - | - | - | - | - | - | - | - | - |
| - | 84.6 | 89.2 | 0.1 | 96.4 | 78.1 | 0.2 | 92.8 | 85.7 | - | 97.3 | 80.3 | - | 96.8 | 80.8 | 1.1 | 97.7 | 81.6 |
| - | 94.0 | 5.3 | - | 79.9 | - | 0.2 | 98.0 | 52.9 | - | 95.6 | 58.7 | - | 78.5 | 93.9 | - | 95.7 | 96.4 |
| 1.2 | 99.9 | 6.2 | 2.8 | 95.0 | 13.8 | 0.8 | 70.4 | 93.2 | - | 97.3 | 51.8 | - | 92.6 | 73.0 | 3.4 | 98.6 | - |
| 2.0 | 100.0 | 0.9 | 2.7 | 87.8 | 7.5 | 0.8 | 92.6 | 70.2 | - | 97.8 | 31.7 | - | 92.6 | 63.0 | 5.2 | 98.6 | - |
| - | - | 100.0 | - | - | 80.0 | 102.0 | 95.7 | 1.3 | 85.1 | 82.8 | 0.2 | 100.9 | 98.7 | 0.7 | 83.1 | 78.4 | 8.5 |
| 57.8 | 85.5 | 2.1 | 66.8 | 60.5 | 38.9 | 55.9 | 67.1 | 9.3 | 88.2 | 89.7 | 7.5 | 80.8 | 84.1 | 6.7 | 84.3 | 84.1 | 8.7 |
| 65.2 | 63.1 | 10.5 | 99.8 | 97.5 | 2.3 | 83.1 | 74.9 | 13.9 | 70.2 | 69.3 | 10.3 | 95.0 | 95.9 | 3.9 | 80.8 | 82.3 | 4.3 |

(5) IRP EAF and EFOR fluctuate from year to year as a result of forced and/or planned outages in any given year.

ELECTRIC DISTRIBUTION RELIABILITY DATA

| Years Ended September 30 | 2016 | 2015 | 2014 | 2013 |
|---|----------------|----------------|----------------|----------------|
| Orlando/Orange County | | | | |
| Average service availability index (ASAI) | 0.9999 | 0.9999 | 0.9999 | 0.9999 |
| Average customer outage in minutes (SAIDI) (1) | 52.60 | 29.90 | 50.30 | 40.70 |
| Average customer interruption duration index in minutes (CAIDI) (1) | 79.70 | 58.40 | 66.40 | 54.50 |
| Average length of service interruption in minutes (L-Bar) (1) | 98.80 | 74.60 | 89.30 | 78.50 |
| St. Cloud/Osceola County | | | | |
| Average service availability index (ASAI) | 0.9999 | 0.9999 | 0.9999 | 0.9999 |
| Average customer outage in minutes (SAIDI) (2) | 30.80 | 40.60 | 66.00 | 28.10 |
| Average customer interruption duration index in minutes (CAIDI) (2) | 64.20 | 66.90 | 59.70 | 53.10 |
| Average length of service interruption in minutes (L-Bar) (2) | 91.60 | 83.70 | 99.20 | 86.80 |
| ELECTRIC PHYSICAL STATISTICS | | | | |
| Transmission system (circuit miles) | | | | |
| 69KV | 36.6 | 36.5 | 36.5 | 36.5 |
| 115KV | 126.9 | 126.9 | 125.9 | 125.9 |
| 230KV | 227.3 | 227.4 | 227.2 | 227.2 |
| Total transmission circuit miles | <u>390.8</u> | <u>390.8</u> | <u>389.6</u> | <u>389.6</u> |
| Number of Substations | | | | |
| OUC substations | 31 | 31 | 31 | 31 |
| STC substations | 4 | 4 | 4 | 4 |
| Total substations | <u>35</u> | <u>35</u> | <u>35</u> | <u>35</u> |
| Orlando distribution system (circuit miles) | | | | |
| Overhead | 739.6 | 737.8 | 741.5 | 738.6 |
| Underground | 1,292.2 | 1,270.0 | 1,248.9 | 1,214.6 |
| Total Orlando circuit miles | <u>2,031.8</u> | <u>2,007.8</u> | <u>1,990.4</u> | <u>1,953.2</u> |
| St. Cloud distribution system (circuit miles) | | | | |
| Overhead | 260.9 | 247.4 | 250.7 | 248.2 |
| Underground | 210.3 | 188.5 | 183.5 | 177.1 |
| Total St. Cloud circuit miles | <u>471.2</u> | <u>435.9</u> | <u>434.2</u> | <u>425.3</u> |
| Total OUC and St. Cloud circuit miles | <u>2,503.0</u> | <u>2,443.7</u> | <u>2,424.6</u> | <u>2,378.5</u> |
| Distribution expenses per circuit mile | \$ 8,059 | \$ 8,063 | \$ 7,516 | \$ 6,167 |
| Percentages of Orlando distribution system (circuit miles) | | | | |
| Overhead | 36.4% | 36.8% | 37.3% | 37.8% |
| Underground | 63.6% | 63.2% | 62.7% | 62.2% |
| Percentages of St. Cloud distribution system (circuit miles) | | | | |
| Overhead | 55.4% | 56.8% | 57.7% | 58.4% |
| Underground | 44.6% | 43.2% | 42.3% | 41.6% |

(1) One time non-excludable weather events impacted 2016 and 2014.

(2) The St. Cloud/Osceola system experienced excellent overall reliability in 2016 as exhibited by SAIDI and was not significantly impacted by some of the summer storm activity seen in Orlando. The L-Bar and SAIDI statistics are highly variable due to the small volume of events in the area. During 2014, St. Cloud/Osceola County experienced an active summer storm season. In 2012, there were three separate outage incidents during the month of June for unusually long durations.

| 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|---|---|---|---|---|---|
| 0.9999 31.70 | 0.9999 41.20 | 0.9999 28.70 | 0.9999 33.40 | 0.9999 33.20 | 0.9999 44.13 | 0.9993 36.40 |
| 50.30 | 57.70 | 52.90 | 52.70 | 43.50 | 52.03 | 50.82 |
| 74.20 | 68.30 | 70.20 | 69.30 | 67.70 | 70.79 | 62.86 |
| 0.9999 80.50 | 0.9999 42.80 | 0.9999 61.80 | 0.9999 55.00 | 0.9999 38.20 | 0.9998 56.97 | 0.9999 44.69 |
| 64.20 | 45.80 | 34.90 | 42.20 | 40.50 | 39.16 | 42.00 |
| 81.00 | 63.90 | 62.50 | 63.40 | 65.30 | 67.23 | 59.03 |
| 36.5 125.9 227.2 <u>389.6</u> | 36.5 130.7 227.2 <u>394.4</u> | 36.5 130.7 227.2 <u>394.4</u> | 36.5 130.7 227.2 <u>394.4</u> | 36.5 129.1 227.2 <u>392.8</u> | 36.5 129.1 226.5 <u>392.1</u> | 36.5 129.1 210.5 <u>376.1</u> |
| 31 4 <u>35</u> | 32 4 <u>36</u> | 32 4 <u>36</u> | 32 4 <u>36</u> | 30 4 <u>34</u> | 30 4 <u>34</u> | 29 4 <u>33</u> |
| 749.3 1,202.2 <u>1,951.5</u> | 746.0 1,181.4 <u>1,927.4</u> | 746.8 1,158.7 <u>1,905.5</u> | 738.8 1,145.2 <u>1,884.0</u> | 747.9 1,104.6 <u>1,852.5</u> | 738.3 1,065.9 <u>1,804.2</u> | 738.5 1,025.3 <u>1,763.8</u> |
| 250.7 167.0 417.7 <u>2,369.2</u> | 244.2 158.3 402.5 <u>2,329.9</u> | 242.6 154.7 397.3 <u>2,302.8</u> | 241.8 153.9 395.7 <u>2,279.7</u> | 240.2 150.8 391.0 <u>2,243.5</u> | 236.5 142.0 378.5 <u>2,182.7</u> | 236.9 118.4 355.3 <u>2,119.1</u> |
| \$ 6,347 | \$ 6,318 | \$ 7,344 | \$ 7,316 | \$ 6,396 | \$ 6,125 | \$ 6,285 |
| 38.4% 61.6% | 38.7% 61.3% | 39.2% 60.8% | 39.2% 60.8% | 40.4% 59.6% | 40.9% 59.1% | 41.9% 58.1% |
| 60.0% 40.0% | 60.7% 39.3% | 61.1% 38.9% | 61.1% 38.9% | 61.4% 38.6% | 62.5% 37.5% | 66.7% 33.3% |

ELECTRIC UTILITY PLANT (Dollars in thousands)

| Years Ended September 30 | 2016 | 2015 | 2014 | 2013 |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Electric plant, net | | | | |
| Generating plant, net | | | | |
| Stanton Energy Center Units 1 and 2 | \$ 384,450 | \$ 394,994 | \$ 416,352 | \$ 407,215 |
| Stanton Energy Center Unit A | 40,510 | 44,387 | 48,885 | 53,102 |
| Stanton Energy Center Unit B (SEC B) | 220,310 | 231,193 | 232,435 | 236,914 |
| McIntosh Unit 3 | 61,362 | 60,695 | 61,761 | 62,287 |
| St. Lucie Unit 2 | 104,950 | 102,535 | 101,988 | 100,359 |
| Indian River Plant | 13,635 | 9,887 | 11,182 | 12,210 |
| Crystal River Unit 3 (CR 3) (1) | - | - | - | - |
| Total generating plant, net | 825,217 | 843,691 | 872,603 | 872,087 |
| Distribution plant, net | 500,330 | 493,376 | 491,554 | 475,951 |
| Transmission plant, net | 315,567 | 279,200 | 241,402 | 230,324 |
| Other Electric plant, net (2) | 47,714 | 46,008 | 48,682 | 48,354 |
| Total electric plant, net | 1,688,828 | 1,662,275 | 1,654,241 | 1,626,716 |
| Common plant, net (3) | 70,489 | 71,499 | 68,963 | 72,301 |
| Total plant, net | \$ 1,759,317 | \$ 1,733,774 | \$ 1,723,204 | \$ 1,699,017 |

FUEL MIX STATISTICS

Cost of fuel (Dollars in thousands)

| | | | | |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|
| Coal (4) | \$ 127,223 | \$ 144,492 | \$ 149,395 | \$ 132,125 |
| Natural gas (4) | 131,376 | 132,115 | 157,641 | 142,152 |
| Nuclear | 3,848 | 2,177 | 2,827 | 3,404 |
| Renewable | 3,463 | 1,906 | 1,739 | 1,749 |
| Oil | 462 | 241 | 765 | 327 |
| Total cost of fuel (5) | \$ 266,372 | \$ 280,931 | \$ 312,071 | \$ 279,757 |

Fuel cost per million BTU

| | | | | |
|--------------------------|----------|----------|----------|----------|
| Coal (4) | \$ 4.08 | \$ 4.25 | \$ 4.53 | \$ 4.78 |
| Natural gas (4) | \$ 4.94 | \$ 5.23 | \$ 6.18 | \$ 5.99 |
| Nuclear (1) | \$ 0.71 | \$ 0.42 | \$ 0.56 | \$ 0.66 |
| Renewable | \$ 6.38 | \$ 3.07 | \$ 3.05 | \$ 3.43 |
| Oil | \$ 16.56 | \$ 14.99 | \$ 17.36 | \$ 23.49 |
| System average fuel cost | \$ 4.18 | \$ 4.31 | \$ 4.87 | \$ 4.90 |

System fuel mix percentage (based on generation)

| | | | | |
|---|---------------|---------------|---------------|---------------|
| Coal (4) | 48.9% | 52.2% | 51.5% | 48.5% |
| Natural gas (4) | 41.7% | 38.8% | 39.7% | 41.6% |
| Nuclear | 8.5% | 8.0% | 7.9% | 9.0% |
| Renewable (6) | 0.9% | 1.0% | 0.9% | 0.9% |
| Oil | - | - | - | - |
| Total system fuel mix percentage | 100.0% | 100.0% | 100.0% | 100.0% |

- (1) Effective February 2013, Duke Energy announced the closing of the CR 3 plant as a result of discovering multiple delaminations within the core. As a result, OUC reclassified the impaired assets under the heading of Regulatory assets. On October 30, 2015, full ownership interest of the CR 3 along with all future liabilities associated with the unit were transferred from the joint owners to Duke Energy via a special warranty deed.
- (2) In November 2007, OUC and Southern Power terminated construction of the gasification facilities at SEC B. The settlement agreement provided for liquidating damages in the form of land valued at \$27.5 million.
- (3) Common plant, net includes shared assets including administrative buildings and information technology infrastructure. As a result of an eminent domain action for the expansion of the I-4/S.R. 408 interchange, OUC built a new administrative facility. In 2009, the new administration building was completed and placed into service and in 2012 the former administration building was sold.

| | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|----|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ | 418,115 | \$ 433,256 | \$ 425,660 | \$ 432,484 | \$ 448,549 | \$ 462,050 | \$ 481,653 |
| | 56,595 | 50,554 | 52,490 | 56,543 | 61,410 | 56,971 | 59,789 |
| | 246,046 | 253,020 | 260,562 | - | - | - | - |
| | 64,222 | 66,769 | 69,676 | 41,928 | 46,867 | 47,251 | 51,700 |
| | 96,741 | 86,166 | 70,487 | 67,266 | 61,186 | 58,317 | 52,665 |
| | 13,732 | 15,539 | 16,623 | 17,764 | 19,892 | 22,266 | 24,818 |
| | 6,882 | 6,908 | 6,295 | 5,542 | 4,174 | 5,642 | 5,794 |
| | <u>902,333</u> | <u>912,212</u> | <u>901,793</u> | <u>621,527</u> | <u>642,078</u> | <u>652,497</u> | <u>676,419</u> |
| | 470,030 | 469,274 | 466,964 | 456,878 | 451,604 | 438,367 | 406,461 |
| | 239,299 | 243,011 | 234,941 | 195,766 | 173,332 | 166,739 | 164,753 |
| | 49,150 | 42,544 | 31,294 | 34,371 | 35,105 | 7,707 | 3,810 |
| | <u>1,660,812</u> | <u>1,667,041</u> | <u>1,634,992</u> | <u>1,308,542</u> | <u>1,302,119</u> | <u>1,265,310</u> | <u>1,251,443</u> |
| | <u>73,345</u> | <u>73,409</u> | <u>77,381</u> | <u>73,972</u> | <u>42,477</u> | <u>46,329</u> | <u>37,104</u> |
| \$ | <u>1,734,157</u> | <u>1,740,450</u> | <u>1,712,373</u> | <u>1,382,514</u> | <u>1,344,596</u> | <u>1,311,639</u> | <u>1,288,547</u> |
| \$ | 136,958 | \$ 153,891 | \$ 159,160 | \$ 165,904 | \$ 162,790 | \$ 139,169 | \$ 145,048 |
| | 139,233 | 129,227 | 128,117 | 103,334 | 164,696 | 140,780 | 163,545 |
| | 3,133 | 5,165 | 3,360 | 3,298 | 3,015 | 2,636 | 1,971 |
| | 1,943 | 1,045 | 845 | 1,475 | 1,175 | 791 | - |
| | 1,765 | 2,863 | 2,309 | 1,335 | 1,320 | 736 | 255 |
| \$ | <u>283,032</u> | <u>292,191</u> | <u>293,791</u> | <u>275,346</u> | <u>332,996</u> | <u>284,112</u> | <u>310,819</u> |
| \$ | 4.60 | \$ 3.72 | \$ 3.37 | \$ 3.44 | \$ 3.10 | \$ 2.58 | \$ 2.56 |
| \$ | 6.25 | \$ 6.27 | \$ 6.49 | \$ 7.58 | \$ 10.83 | \$ 8.96 | \$ 10.42 |
| \$ | 0.94 | \$ 1.27 | \$ 0.80 | \$ 0.62 | \$ 0.58 | \$ 0.47 | \$ 0.39 |
| \$ | 4.42 | \$ 2.66 | \$ 2.19 | \$ 2.25 | \$ 2.13 | \$ 1.42 | \$ - |
| \$ | 20.04 | \$ 19.46 | \$ 13.51 | \$ 13.84 | \$ 17.85 | \$ 12.39 | \$ 4.28 |
| \$ | 5.07 | \$ 4.39 | \$ 4.10 | \$ 4.05 | \$ 4.52 | \$ 3.75 | \$ 4.02 |
| | 53.2% | 62.1% | 65.8% | 71.0% | 71.3% | 71.1% | 73.1% |
| | 39.9% | 31.0% | 27.5% | 20.1% | 20.7% | 20.7% | 20.3% |
| | 5.9% | 6.1% | 5.9% | 7.9% | 7.1% | 7.4% | 6.5% |
| | 0.8% | 0.6% | 0.6% | 0.9% | 0.8% | 0.7% | - |
| | 0.2% | 0.2% | 0.2% | 0.1% | 0.1% | 0.1% | 0.1% |
| | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> |

(4) SEC 1 experienced an extended outage during 2016. In 2013 and 2012, cost of gas decreased resulting in the utilization of natural gas generation facilities to leverage favorable market rates. An increase in the commodity cost for coal contributed to the increase in Fuel cost per million BTU. Additionally in 2013, OUC completed a study that analyzed the classification of costs associated with material handling, procurement and movement of fuels. Based upon this study and supporting FERC guidance, \$4.0 million was included in Fuel for generation since implementation.

(5) The Cost of fuel is presented as gross plant operating costs as it does not include participant ownership adjustments.

(6) Prior to 2007, amounts were not tracked.



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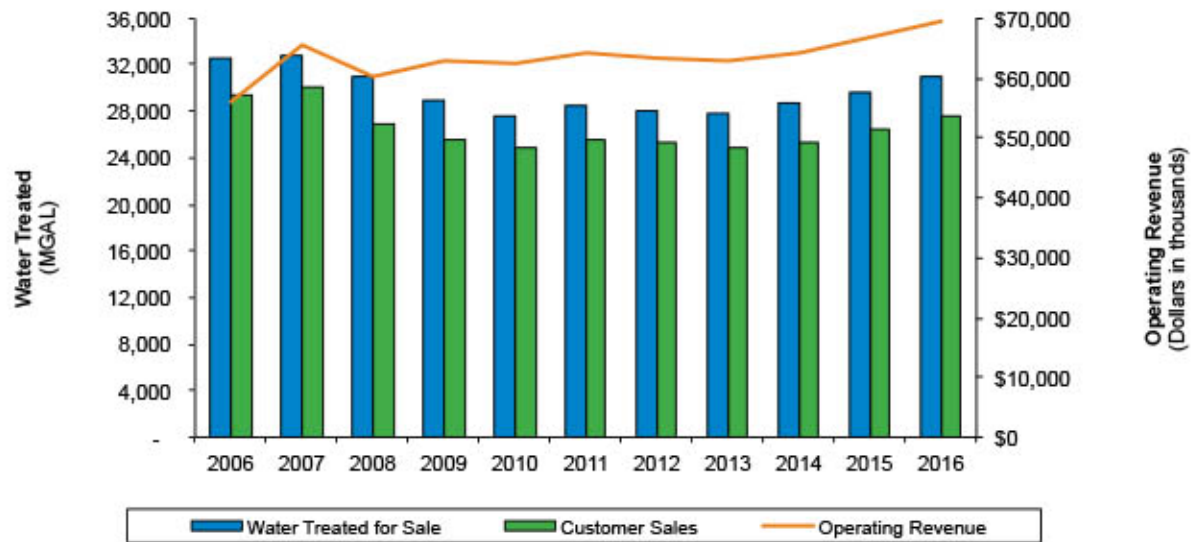
WATER OPERATIONS

OUC's in-house laboratory conducts more than 20,000 tests per year to ensure the quality and safety of our drinking water from source to faucet. With its award-winning taste, H₂OUC is on tap at hydration stations at many local parks and neighborhood centers.

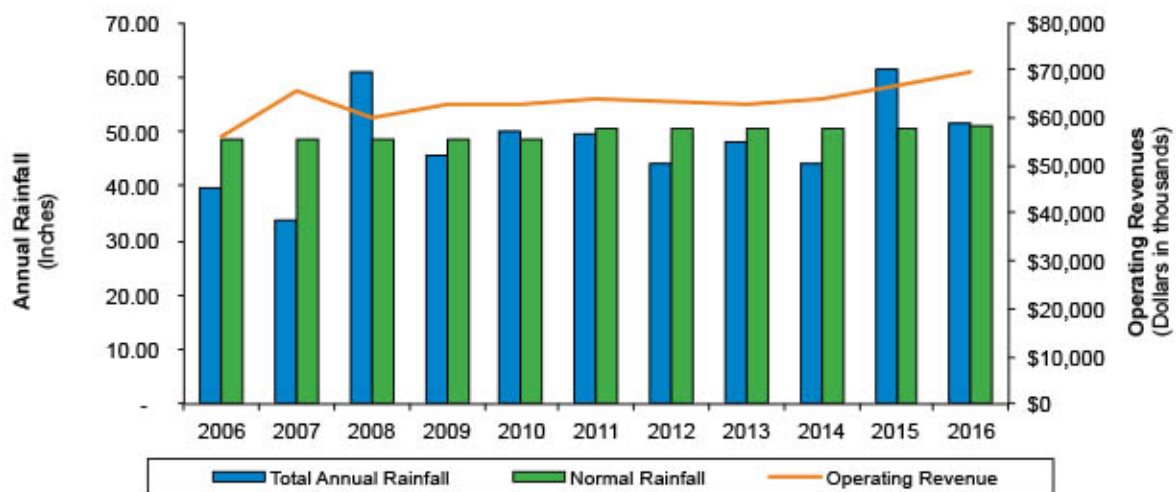


WATER BUSINESS OPERATIONS

Water Treated, Customer Sales & Operating Revenue



Total Annual Rainfall and Operating Revenue



Beginning in 2011, the normal rainfall amount was recalculated.

WATER REVENUES, EXPENSES AND CHANGES IN NET POSITION (Dollars in thousands)

| Years Ended September 30 | 2016 | 2015 | 2014 | 2013 |
|--|------------------|------------------|------------------|-----------------|
| Operating Revenues | | | | |
| Residential | \$ 22,989 | \$ 22,541 | \$ 21,753 | \$ 21,054 |
| Commercial | 27,736 | 26,484 | 25,246 | 24,777 |
| Irrigation | 13,797 | 12,856 | 11,981 | 12,249 |
| Fire protection | 2,330 | 2,314 | 2,266 | 2,231 |
| Service fees and other | 2,196 | 2,123 | 2,271 | 1,967 |
| Resale and other | 590 | 551 | 563 | 534 |
| Regulatory action (1) | - | - | - | - |
| Total operating revenues (1) | <u>69,638</u> | <u>66,869</u> | <u>64,080</u> | <u>62,812</u> |
| Operations and maintenance expenses | | | | |
| Production | 14,980 | 15,034 | 13,676 | 12,946 |
| Distribution (2) | 8,598 | 7,655 | 7,357 | 5,844 |
| Customer service (3) | 7,109 | 7,441 | 6,003 | 7,040 |
| General and administrative (4) | 11,151 | 10,146 | 10,018 | 10,207 |
| Total operations and maintenance expenses | <u>41,838</u> | <u>40,276</u> | <u>37,054</u> | <u>36,037</u> |
| Other expenses | | | | |
| Utility/property tax | 65 | 65 | 63 | 63 |
| Revenue based payments to the City of Orlando | 2,058 | 2,021 | 1,921 | 1,961 |
| Revenue based payments to Orange County | 4 | 5 | 5 | 4 |
| Depreciation and amortization (5) | 17,328 | 18,685 | 17,121 | 19,976 |
| Total other expenses | <u>19,455</u> | <u>20,776</u> | <u>19,110</u> | <u>22,004</u> |
| Total operating expenses | <u>61,293</u> | <u>61,052</u> | <u>56,164</u> | <u>58,041</u> |
| Operating income | 8,345 | 5,817 | 7,916 | 4,771 |
| Non-operating income and expense | | | | |
| Interest income | 655 | 606 | 557 | 459 |
| Other income, net (6) | 2,047 | 1,836 | 1,701 | 1,667 |
| Amortization of deferred gain on sale of assets | 16 | 16 | 23 | 23 |
| Interest expense, net | (7,104) | (7,326) | (7,396) | (7,740) |
| Total non-operating expenses, net | <u>(4,386)</u> | <u>(4,868)</u> | <u>(5,115)</u> | <u>(5,591)</u> |
| Water income/(loss) before contributions | 3,959 | 949 | 2,801 | (820) |
| Contributions in aid of construction (CIAC) (7) | 12,687 | 10,724 | 9,584 | 9,704 |
| Annual dividend | <u>(2,247)</u> | <u>(521)</u> | <u>(1,526)</u> | <u>521</u> |
| Increase in net position | <u>\$ 14,399</u> | <u>\$ 11,152</u> | <u>\$ 10,859</u> | <u>\$ 9,405</u> |

(1) In 2016, above normal cooling days drove an increase in higher water consumption for all water customer classes. In 2009, a rate increase was implemented. However since 2008, the weakened economy, increased rainfall and consumer usage changes offset these rate changes. In 2008, Deferred revenues from rate stabilization funds of \$2.0 million were used to offset these changes.

(2) Since 2012, costs have been rising due to maintenance on aging infrastructure. In 2011 and 2010, costs associated with the write down of deferred regulatory projects, including alternative water supply and consumptive use permit spending, increased Operations and maintenance expenses.

(3) In 2015, additional one-time costs of \$1.9 million were incurred related to a system billing correction for the water Advanced Metering Infrastructure (AMI). In 2013 and 2014, with the implementation of the AMI upgrades, the customer service costs were lower as a result of staffing reductions.

(4) Increased pension and medical costs were the key drivers of the increase since 2010.

(5) In 2013, to prepare for the implementation of water Advanced Metering Infrastructure (AMI), a portion of existing non-AMI meters were written off resulting in additional depreciation expense of \$3.3 million. This phased AMI project continued through 2016. During 2009, OUC recognized impairment for the change in usage of the Southeast water treatment plant of \$2.9 million. In 2008, Depreciation and amortization expense increased due to a change in the useful life for in-service water mains and meters and ozone generators of \$2.2 million and \$2.7 million, respectively.

| 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|-----------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|
| \$ 21,556 | \$ 22,320 | \$ 21,425 | \$ 21,310 | \$ 21,573 | \$ 33,173 | \$ 27,336 |
| 24,403 | 24,014 | 23,541 | 22,672 | 21,077 | 16,794 | 13,311 |
| 13,146 | 13,976 | 13,636 | 14,691 | 13,535 | 11,628 | 11,546 |
| 2,193 | 2,158 | 2,169 | 2,132 | 1,968 | 1,755 | 1,564 |
| 1,622 | 1,248 | 1,345 | 1,234 | 1,545 | 1,756 | 1,810 |
| 534 | 426 | 503 | 636 | 526 | 322 | 465 |
| - | - | - | - | 2,000 | - | - |
| <u>63,454</u> | <u>64,142</u> | <u>62,619</u> | <u>62,675</u> | <u>62,224</u> | <u>65,428</u> | <u>56,032</u> |
| 13,555 | 14,405 | 14,358 | 14,997 | 13,738 | 13,531 | 13,006 |
| 5,816 | 9,149 | 8,291 | 5,560 | 6,849 | 5,526 | 4,026 |
| 8,865 | 8,733 | 7,831 | 7,311 | 7,282 | 7,465 | 6,781 |
| 10,110 | 10,007 | 9,120 | 7,542 | 7,737 | 6,984 | 6,349 |
| <u>38,346</u> | <u>42,294</u> | <u>39,600</u> | <u>35,410</u> | <u>35,606</u> | <u>33,506</u> | <u>30,162</u> |
| 65 | 63 | 65 | 64 | 61 | 64 | 62 |
| 2,033 | 1,919 | 1,922 | 1,989 | 1,855 | 1,893 | 1,599 |
| 5 | 6 | - | - | - | - | - |
| <u>15,725</u> | <u>16,266</u> | <u>16,991</u> | <u>20,554</u> | <u>19,064</u> | <u>16,071</u> | <u>13,808</u> |
| <u>17,828</u> | <u>18,254</u> | <u>18,978</u> | <u>22,607</u> | <u>20,980</u> | <u>18,028</u> | <u>15,469</u> |
| <u>56,174</u> | <u>60,548</u> | <u>58,578</u> | <u>58,017</u> | <u>56,586</u> | <u>51,534</u> | <u>45,631</u> |
| 7,280 | 3,594 | 4,041 | 4,658 | 5,638 | 13,894 | 10,401 |
| 708 | 593 | 1,151 | 1,329 | 2,657 | 3,959 | 3,106 |
| 3,053 | 2,024 | 1,443 | 838 | 582 | 682 | 484 |
| 17 | - | - | - | - | - | - |
| <u>(8,906)</u> | <u>(10,055)</u> | <u>(11,161)</u> | <u>(10,663)</u> | <u>(10,831)</u> | <u>(12,200)</u> | <u>(12,440)</u> |
| <u>(5,128)</u> | <u>(7,438)</u> | <u>(8,567)</u> | <u>(8,496)</u> | <u>(7,592)</u> | <u>(7,559)</u> | <u>(8,850)</u> |
| 2,152 | (3,844) | (4,526) | (3,838) | (1,954) | 6,335 | 1,551 |
| 7,990 | 4,571 | 6,080 | 5,736 | 13,655 | 17,155 | 14,816 |
| <u>(1,396)</u> | <u>2,365</u> | <u>2,964</u> | <u>2,432</u> | <u>1,129</u> | <u>(3,406)</u> | <u>(1,201)</u> |
| <u>\$ 8,746</u> | <u>\$ 3,092</u> | <u>\$ 4,518</u> | <u>\$ 4,330</u> | <u>\$ 12,830</u> | <u>\$ 20,084</u> | <u>\$ 15,166</u> |

(6) A one-time legal settlement in 2012 resulted in the recognition of \$0.7 million.

(7) Growth in the water business led to higher than normal CIAC contribution in 2016. In 2009, the Central Florida area experienced a downturn in economic growth with conditions improving since 2012.

WATER CONSUMPTION AND FINANCIAL RATIOS

| Years Ended September 30 | 2016 | 2015 | 2014 | 2013 |
|---|---------------|---------------|---------------|---------------|
| Profile of consumption and revenue by type of customer | | | | |
| Residential service | | | | |
| KGAL sales per customer | 79 | 80 | 79 | 76 |
| Revenue per customer | \$ 215 | \$ 214 | \$ 211 | \$ 202 |
| Revenue per KGAL | \$ 2.7052 | \$ 2.6962 | \$ 2.6608 | \$ 2.6396 |
| Commercial service | | | | |
| KGAL sales per customer | 1,007 | 959 | 899 | 935 |
| Revenue per customer | \$ 1,847 | \$ 1,775 | \$ 1,664 | \$ 1,734 |
| Revenue per KGAL | \$ 1.8352 | \$ 1.8501 | \$ 1.8519 | \$ 1.8549 |
| Irrigation service | | | | |
| KGAL sales per customer | 242 | 231 | 221 | 226 |
| Revenue per customer | \$ 848 | \$ 799 | \$ 752 | \$ 766 |
| Revenue per KGAL | \$ 3.5098 | \$ 3.4606 | \$ 3.3999 | \$ 3.3903 |
| Selected financial expense statistics | | | | |
| Total operations and maintenance expenses per KGAL | \$ 1.5170 | \$ 1.5242 | \$ 1.4612 | \$ 1.4428 |
| Production and distribution costs per metered service (1) | \$ 171 | \$ 167 | \$ 156 | \$ 140 |
| Customer service expense per metered service (2) | 51 | 55 | 45 | 53 |
| General and administrative expense per metered service (3) | 81 | 75 | 75 | 76 |
| Total operations and maintenance expense per metered service | <u>\$ 303</u> | <u>\$ 297</u> | <u>\$ 276</u> | <u>\$ 269</u> |

(1) In 2011 and 2010, costs associated with the write down of deferred regulatory projects, including alternative water supply and consumptive use permit spending increased production and distribution costs.

(2) With the implementation of the Advanced Metering Infrastructure upgrades in 2013 and 2014, the customer service costs were lower as a result of staffing reductions.

(3) Since 2010 General and administrative expenses have risen due to increased pension and medical costs.

| 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 78 | 80 | 77 | 79 | 83 | 118 | 140 |
| \$ 204 | \$ 210 | \$ 201 | \$ 198 | \$ 208 | \$ 316 | \$ 265 |
| \$ 2.6243 | \$ 2.6458 | \$ 2.6093 | \$ 2.5215 | \$ 2.5178 | \$ 2.6897 | \$ 1.8932 |
| 1,011 | 1,042 | 1,064 | 1,071 | 991 | 864 | 780 |
| \$ 1,872 | \$ 1,932 | \$ 1,988 | \$ 1,918 | \$ 1,631 | \$ 1,233 | \$ 1,084 |
| \$ 1.8508 | \$ 1.8537 | \$ 1.8685 | \$ 1.7916 | \$ 1.6454 | \$ 1.4272 | \$ 1.3893 |
| 241 | 251 | 237 | 259 | 282 | 288 | 319 |
| \$ 821 | \$ 848 | \$ 804 | \$ 870 | \$ 836 | \$ 707 | \$ 719 |
| \$ 3.4004 | \$ 3.3799 | \$ 3.3912 | \$ 3.3564 | \$ 2.9616 | \$ 2.4565 | \$ 2.2565 |
| \$ 1.5155 | \$ 1.6403 | \$ 1.5927 | \$ 1.3796 | \$ 1.3201 | \$ 1.1175 | \$ 1.0294 |
| \$ 144 | \$ 175 | \$ 167 | \$ 151 | \$ 150 | \$ 141 | \$ 129 |
| 66 | 65 | 58 | 54 | 53 | 55 | 52 |
| 75 | 74 | 67 | 55 | 56 | 52 | 48 |
| <u>\$ 285</u> | <u>\$ 314</u> | <u>\$ 292</u> | <u>\$ 260</u> | <u>\$ 259</u> | <u>\$ 248</u> | <u>\$ 229</u> |

SELECTED FINANCIAL RATIOS

| Years Ended September 30 | 2016 | 2015 | 2014 | 2013 |
|--|---------|---------|---------|-----------|
| Water operating ratio | | | | |
| Water operations and maintenance expenses/operating revenues (1) | \$ 0.60 | \$ 0.60 | \$ 0.58 | \$ 0.57 |
| Water income/(loss) before contributions per revenue dollar | | | | |
| Water income/(loss) before contributions/operating revenues | \$ 0.06 | \$ 0.01 | \$ 0.04 | \$ (0.01) |

ACTIVE SERVICES

| | | | | |
|-------------------------------|----------------|----------------|----------------|----------------|
| Residential | 107,816 | 106,002 | 104,237 | 102,417 |
| Commercial | 15,048 | 14,980 | 14,866 | 15,476 |
| Irrigation | 16,337 | 16,194 | 16,003 | 15,878 |
| Total metered services | <u>139,201</u> | <u>137,176</u> | <u>135,106</u> | <u>133,771</u> |

FIRE PROTECTION

| | | | | |
|------------------------------|---------------|---------------|---------------|---------------|
| Fire protection services | 4,676 | 4,609 | 4,524 | 4,428 |
| Fire hydrants | 10,326 | 10,201 | 10,091 | 9,973 |
| Total fire protection | <u>15,002</u> | <u>14,810</u> | <u>14,615</u> | <u>14,401</u> |

CONSUMPTION (MGAL)

| | | | | |
|--------------------------|---------------|---------------|---------------|---------------|
| Residential | 8,498 | 8,360 | 8,175 | 7,976 |
| Commercial | 15,113 | 14,315 | 13,633 | 13,358 |
| Irrigation | 3,931 | 3,715 | 3,524 | 3,613 |
| Resale | 37 | 34 | 25 | 31 |
| Total consumption | <u>27,579</u> | <u>26,424</u> | <u>25,357</u> | <u>24,978</u> |

(1) In 2011, a one-time cost associated with a deferred regulatory project was recognized as an Operations and maintenance expense in the amount of \$2.3 million.

| 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| \$ 0.60 | \$ 0.66 | \$ 0.63 | \$ 0.56 | \$ 0.57 | \$ 0.51 | \$ 0.54 |
| \$ 0.03 | \$ (0.06) | \$ (0.07) | \$ (0.06) | \$ (0.03) | \$ 0.10 | \$ 0.03 |
| 106,207 | 105,053 | 107,030 | 106,495 | 108,437 | 105,819 | 103,866 |
| 13,095 | 12,976 | 11,883 | 11,795 | 11,845 | 14,879 | 12,358 |
| 16,088 | 15,938 | 17,025 | 16,899 | 16,860 | 16,608 | 16,288 |
| <u>135,390</u> | <u>133,967</u> | <u>135,938</u> | <u>135,189</u> | <u>137,142</u> | <u>137,306</u> | <u>132,512</u> |
| 4,346 | 4,294 | 4,248 | 4,192 | 4,124 | 3,596 | 4,186 |
| 9,933 | 9,828 | 9,753 | 9,630 | 9,578 | 9,451 | 9,118 |
| <u>14,279</u> | <u>14,122</u> | <u>14,001</u> | <u>13,822</u> | <u>13,702</u> | <u>13,047</u> | <u>13,304</u> |
| 8,214 | 8,436 | 8,211 | 8,451 | 8,860 | 12,333 | 14,439 |
| 13,185 | 12,955 | 12,599 | 12,655 | 13,247 | 11,767 | 9,581 |
| 3,866 | 4,135 | 4,021 | 4,377 | 4,726 | 5,745 | 5,117 |
| 38 | 35 | 34 | 184 | 140 | 139 | 165 |
| <u>25,303</u> | <u>25,561</u> | <u>24,865</u> | <u>25,667</u> | <u>26,973</u> | <u>29,984</u> | <u>29,302</u> |

WATER UTILITY PLANT (Dollars in thousands)

| Years Ended September 30 | 2016 | 2015 | 2014 | 2013 |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|
| Water plant, net | | | | |
| Production | \$ 124,281 | \$ 128,488 | \$ 121,852 | \$ 124,499 |
| Transmission and distribution | 236,450 | 230,220 | 214,122 | 199,259 |
| General | 186 | 157 | 1,468 | 4,176 |
| Total water plant, net | <u>360,917</u> | <u>358,865</u> | <u>337,442</u> | <u>327,934</u> |
| Common plant, net (1) | <u>23,496</u> | <u>23,833</u> | <u>22,988</u> | <u>24,100</u> |
| Total plant, net | <u>\$ 384,413</u> | <u>\$ 382,698</u> | <u>\$ 360,430</u> | <u>\$ 352,034</u> |

WATER PHYSICAL STATISTICS

| | | | | |
|---|--------|--------|--------|-------|
| Pipe miles | 1,827 | 1,814 | 1,801 | 1,788 |
| Number of public hydrants | 10,326 | 10,201 | 10,091 | 9,973 |
| Number of wells | 31 | 31 | 31 | 31 |
| Reservoir capacity (MGAL) | 28.5 | 28.5 | 28.5 | 28.5 |
| High service pumping capacity (MGAL per day) | 273 | 273 | 273 | 273 |
| Raw water capacity (MGAL per day) | 177.5 | 177.5 | 177.5 | 177.5 |
| Peak day (MGAL) (2) | 104.8 | 102.8 | 96.4 | 94.3 |
| Per capita, gallons pumped per day total system | 193 | 190 | 185 | 181 |
| Per capita, gallons consumed per day residential only | 53 | 53 | 53 | 52 |

WATER PRODUCTION (KGAL)

| | | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| Water treated for sale | | | | |
| Treated | 30,910,762 | 29,715,255 | 28,673,892 | 27,830,306 |
| Used by water department (3) | 5,856 | 5,848 | 5,840 | 5,840 |
| Total water treated for sale | <u>30,904,906</u> | <u>29,709,407</u> | <u>28,668,052</u> | <u>27,824,466</u> |
| Sales | | | | |
| Retail customers | 27,196,973 | 26,025,777 | 24,986,010 | 24,596,536 |
| Inter-department use | 343,527 | 360,487 | 345,357 | 351,617 |
| Wholesale customers | 37,899 | 33,837 | 25,522 | 31,380 |
| Total sales | <u>27,578,399</u> | <u>26,420,101</u> | <u>25,356,889</u> | <u>24,979,533</u> |
| Unbilled | <u>3,326,507</u> | <u>3,289,306</u> | <u>3,311,163</u> | <u>2,844,933</u> |
| Unbilled as a percentage of water treated for sale | 10.76% | 11.07% | 11.55% | 10.22% |

(1) Common plant, net includes shared assets including administrative buildings and information technology infrastructure. As a result of an eminent domain action taken by the Florida Department of Transportation for the expansion of the I-4/S.R. 408 interchange, OUC relocated its administrative offices. In 2009, the new Administration building was completed and placed into service and in 2012 the former Administration building was sold.

(2) Since 2015, the increase in Peak day was primarily due to growth in the Lake Nona area with high volume residential customers.

(3) In 2008, the Water production division revised their calculations to exclude water that was tested but still sold to end consumers. In 2009, the testing process was further refined as gauges, which measure the amount of water tested, were installed. The standards established in 2009 were maintained for all future periods.

| 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$ 129,840 | \$ 134,343 | \$ 139,082 | \$ 144,802 | \$ 158,635 | \$ 162,259 | \$ 156,382 |
| 193,735 | 190,413 | 183,912 | 181,163 | 177,709 | 170,969 | 158,109 |
| <u>3,751</u> | <u>3,490</u> | <u>3,486</u> | <u>4,181</u> | <u>113</u> | <u>685</u> | <u>5,626</u> |
| 327,326 | 328,246 | 326,480 | 330,146 | 336,457 | 333,913 | 320,117 |
| <u>24,448</u> | <u>24,470</u> | <u>25,794</u> | <u>24,657</u> | <u>14,159</u> | <u>15,443</u> | <u>12,368</u> |
| <u>\$ 351,774</u> | <u>\$ 352,716</u> | <u>\$ 352,274</u> | <u>\$ 354,803</u> | <u>\$ 350,616</u> | <u>\$ 349,356</u> | <u>\$ 332,485</u> |
| 1,784 | 1,766 | 1,763 | 1,750 | 1,755 | 1,729 | 1,714 |
| 9,933 | 9,828 | 9,753 | 9,630 | 9,578 | 9,451 | 9,118 |
| 31 | 31 | 32 | 32 | 34 | 34 | 34 |
| 28.5 | 28.5 | 28.5 | 28.5 | 28.5 | 28.5 | 28.5 |
| 273 | 273 | 273 | 274 | 274 | 274 | 274 |
| 177.5 | 177.5 | 182.5 | 182.5 | 184.0 | 184.0 | 184.0 |
| 94.3 | 97.4 | 95.7 | 103.8 | 111.2 | 111.4 | 114.6 |
| 183 | 187 | 183 | 195 | 207 | 224 | 227 |
| 54 | 55 | 54 | 57 | 59 | 84 | 100 |
| 28,004,849 | 28,393,238 | 27,681,382 | 28,980,391 | 31,047,104 | 32,950,881 | 32,739,861 |
| <u>5,856</u> | <u>5,840</u> | <u>5,840</u> | <u>5,840</u> | <u>29,040</u> | <u>72,995</u> | <u>73,000</u> |
| 27,998,993 | 28,387,398 | 27,675,542 | 28,974,551 | 31,018,064 | 32,877,886 | 32,666,861 |
| 24,946,151 | 25,185,446 | 24,574,646 | 25,257,125 | 26,599,439 | 29,768,879 | 28,933,432 |
| 318,305 | 341,103 | 256,286 | 225,955 | 234,186 | 76,107 | 203,177 |
| <u>37,718</u> | <u>34,853</u> | <u>33,895</u> | <u>184,282</u> | <u>140,145</u> | <u>139,441</u> | <u>165,176</u> |
| 25,302,174 | 25,561,402 | 24,864,827 | 25,667,362 | 26,973,770 | 29,984,427 | 29,301,785 |
| <u>2,696,819</u> | <u>2,825,996</u> | <u>2,810,715</u> | <u>3,307,189</u> | <u>4,044,294</u> | <u>2,893,459</u> | <u>3,365,076</u> |
| 9.63% | 9.96% | 10.16% | 11.41% | 13.04% | 8.80% | 10.30% |



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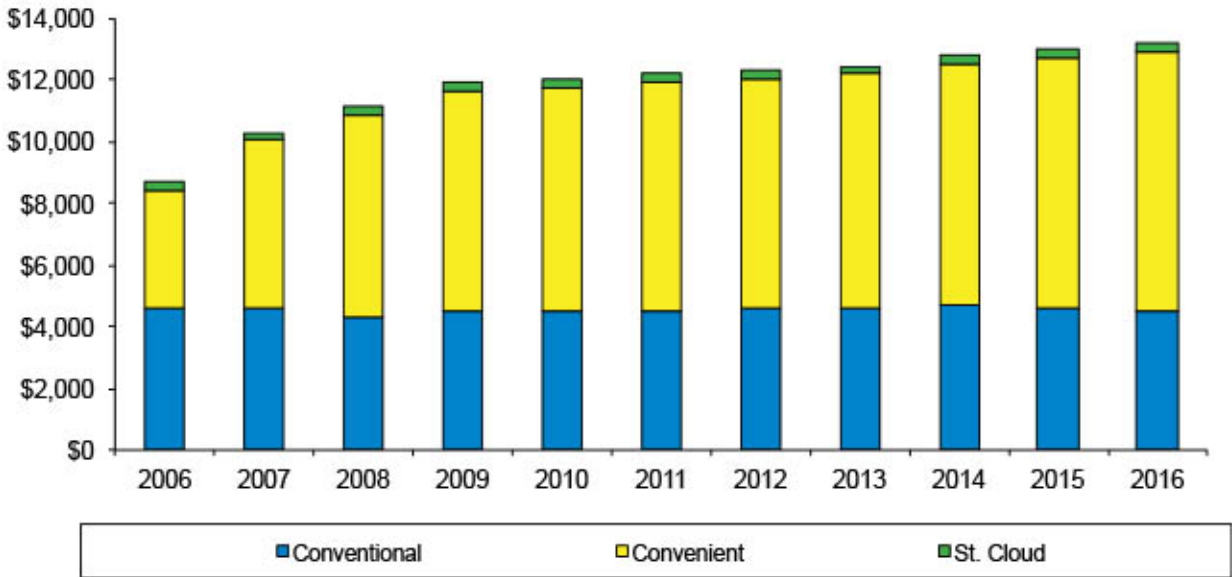
LIGHTING OPERATIONS

OUConvenient Lighting illuminates many of Orlando's iconic venues and fast-growing areas from Camping World Stadium to Lake Nona Medical City. On the street, energy-saving LED streetlights enhance safety and let Orlando's true colors come shining through.



LIGHTING BUSINESS OPERATIONS

Lighting Operating Revenue
(Dollars in thousands)



LIGHTING REVENUES, EXPENSES AND CHANGES IN NET POSITION (Dollars in thousands)

| Years Ended September 30 | 2016 | 2015 | 2014 | 2013 |
|--|-----------------|-----------------|-----------------|-----------------|
| Operating revenues | | | | |
| Conventional | \$ 4,493 | \$ 4,568 | \$ 4,656 | \$ 4,606 |
| Convenient | 8,439 | 8,163 | 7,865 | 7,592 |
| St. Cloud | 244 | 238 | 243 | 234 |
| Service fees and other | 135 | 304 | 226 | 194 |
| Total operating revenues | <u>13,311</u> | <u>13,273</u> | <u>12,990</u> | <u>12,626</u> |
| Operations and maintenance expenses | | | | |
| Conventional (1) | 2,644 | 2,573 | 1,990 | 2,208 |
| Convenient (1) | 1,771 | 1,457 | 1,048 | 1,150 |
| St. Cloud | 114 | 151 | 90 | 92 |
| General and administrative | 568 | 522 | 515 | 486 |
| Total operations and maintenance expenses | <u>5,097</u> | <u>4,703</u> | <u>3,643</u> | <u>3,936</u> |
| Other expenses | | | | |
| Utility/property tax | 1 | 1 | 1 | 1 |
| Revenue based payments to Orange County | 24 | 24 | 24 | 23 |
| Depreciation and amortization (1) | 4,039 | 3,878 | 3,618 | 3,199 |
| Total other expenses | <u>4,064</u> | <u>3,903</u> | <u>3,643</u> | <u>3,223</u> |
| Total operating expenses | <u>9,161</u> | <u>8,606</u> | <u>7,286</u> | <u>7,159</u> |
| Operating income | 4,150 | 4,667 | 5,704 | 5,467 |
| Non-operating income and expenses | | | | |
| Interest income | 144 | 106 | 102 | 224 |
| Other income, net | 94 | 94 | 94 | 22 |
| Amortization of deferred gain on sale of assets | 1 | 1 | 1 | 1 |
| Interest expense, net | (1,412) | (1,420) | (1,462) | (1,539) |
| Total non-operating expenses, net | <u>(1,173)</u> | <u>(1,219)</u> | <u>(1,265)</u> | <u>(1,292)</u> |
| Lighting income before contributions | 2,977 | 3,448 | 4,439 | 4,175 |
| Contributions in aid of construction (CIAC) (2) | 1,100 | 281 | 53 | 215 |
| Annual dividend | <u>(1,689)</u> | <u>(1,895)</u> | <u>(2,417)</u> | <u>(2,652)</u> |
| Increase in net position | <u>\$ 2,388</u> | <u>\$ 1,834</u> | <u>\$ 2,075</u> | <u>\$ 1,738</u> |

(1) The increases in 2016 and 2015 were due to LED lighting initiatives with the City of Orlando, City of St. Cloud, and Orange and Osceola Counties. The remainder of the increase was due to the replacement of fixtures and maintenance on poles due to an aging infrastructure, as well as increased restoration work due to damage resulting from construction, including the I-4 Ultimate project.

(2) The increase in 2016 was due to receipt of CIAC funds for a Roadway Illumination service agreement project with the Florida Department of Transportation.

| 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|
| \$ 4,574 | \$ 4,544 | \$ 4,489 | \$ 4,469 | \$ 4,350 | \$ 4,599 | \$ 4,564 |
| 7,498 | 7,411 | 7,264 | 7,209 | 6,554 | 5,448 | 3,891 |
| 234 | 232 | 234 | 234 | 236 | 244 | 233 |
| 143 | 129 | 168 | 124 | 143 | 146 | 197 |
| <u>12,449</u> | <u>12,316</u> | <u>12,155</u> | <u>12,036</u> | <u>11,283</u> | <u>10,437</u> | <u>8,885</u> |
| 2,150 | 2,144 | 2,350 | 2,425 | 2,457 | 1,944 | 1,788 |
| 1,008 | 887 | 1,000 | 1,131 | 1,259 | 868 | 874 |
| 114 | 130 | 144 | 132 | 137 | 97 | 109 |
| 476 | 520 | 586 | 541 | 528 | 455 | 511 |
| <u>3,748</u> | <u>3,681</u> | <u>4,080</u> | <u>4,229</u> | <u>4,381</u> | <u>3,364</u> | <u>3,282</u> |
| 1 | 2 | 3 | 2 | 2 | 2 | 2 |
| 23 | 23 | - | - | - | - | - |
| 3,284 | 3,490 | 3,408 | 3,261 | 2,815 | 3,266 | 2,579 |
| <u>3,308</u> | <u>3,515</u> | <u>3,411</u> | <u>3,263</u> | <u>2,817</u> | <u>3,268</u> | <u>2,581</u> |
| <u>7,056</u> | <u>7,196</u> | <u>7,491</u> | <u>7,492</u> | <u>7,198</u> | <u>6,632</u> | <u>5,863</u> |
| 5,393 | 5,120 | 4,664 | 4,544 | 4,085 | 3,805 | 3,022 |
| 138 | 102 | 168 | 180 | 453 | 620 | 201 |
| 127 | 213 | 184 | 78 | 28 | 30 | 29 |
| 1 | - | - | - | - | - | - |
| <u>(1,711)</u> | <u>(1,996)</u> | <u>(2,224)</u> | <u>(2,084)</u> | <u>(2,038)</u> | <u>(1,925)</u> | <u>(1,365)</u> |
| <u>(1,445)</u> | <u>(1,681)</u> | <u>(1,872)</u> | <u>(1,826)</u> | <u>(1,557)</u> | <u>(1,275)</u> | <u>(1,135)</u> |
| 3,948 | 3,439 | 2,792 | 2,718 | 2,528 | 2,530 | 1,887 |
| 648 | 457 | 565 | 373 | 106 | 316 | 499 |
| <u>(2,561)</u> | <u>(2,116)</u> | <u>(1,828)</u> | <u>(1,720)</u> | <u>(1,455)</u> | <u>(1,360)</u> | <u>(1,460)</u> |
| <u>\$ 2,035</u> | <u>\$ 1,780</u> | <u>\$ 1,529</u> | <u>\$ 1,371</u> | <u>\$ 1,179</u> | <u>\$ 1,486</u> | <u>\$ 926</u> |

SELECTED FINANCIAL RATIOS

Years Ended September 30

| | 2016 | 2015 | 2014 | 2013 |
|--|---------|---------|---------|---------|
| Lighting operating ratio | | | | |
| Lighting operation and maintenance expenses/operating revenues | \$ 0.38 | \$ 0.35 | \$ 0.28 | \$ 0.31 |
| Lighting income before contributions per revenue dollar | | | | |
| Lighting income before contributions/operating revenues | \$ 0.22 | \$ 0.26 | \$ 0.34 | \$ 0.33 |

LIGHTING UTILITY PLANT (Dollars in thousands)

| | | | | |
|----------------------------------|------------------|------------------|------------------|------------------|
| Lighting plant, net | | | | |
| Conventional (1) | \$ 10,020 | \$ 8,210 | \$ 8,271 | \$ 8,927 |
| Convenient | 30,894 | 31,250 | 32,236 | 33,534 |
| Total lighting plant, net | 40,914 | 39,460 | 40,507 | 42,461 |
| St. Cloud | 543 | 550 | 605 | 665 |
| Total plant, net | <u>\$ 41,457</u> | <u>\$ 40,010</u> | <u>\$ 41,112</u> | <u>\$ 43,126</u> |

(1) In 2016, Conventional lighting plant assets increased due to the LED lighting initiative with the City of Orlando, City of St. Cloud, Orange County, and Osceola County.

| 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ 0.30 | \$ 0.30 | \$ 0.34 | \$ 0.35 | \$ 0.39 | \$ 0.32 | \$ 0.37 |
| \$ 0.32 | \$ 0.28 | \$ 0.23 | \$ 0.23 | \$ 0.22 | \$ 0.24 | \$ 0.21 |
| \$ 8,891 | \$ 8,871 | \$ 9,117 | \$ 8,658 | \$ 8,442 | \$ 8,237 | \$ 9,125 |
| <u>34,236</u> | <u>35,937</u> | <u>35,867</u> | <u>36,142</u> | <u>36,282</u> | <u>30,080</u> | <u>22,894</u> |
| 43,127 | 44,808 | 44,984 | 44,800 | 44,724 | 38,317 | 32,019 |
| 718 | 754 | 773 | 814 | 756 | 793 | 762 |
| <u>\$ 43,845</u> | <u>\$ 45,562</u> | <u>\$ 45,757</u> | <u>\$ 45,614</u> | <u>\$ 45,480</u> | <u>\$ 39,110</u> | <u>\$ 32,781</u> |



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CHILLED WATER

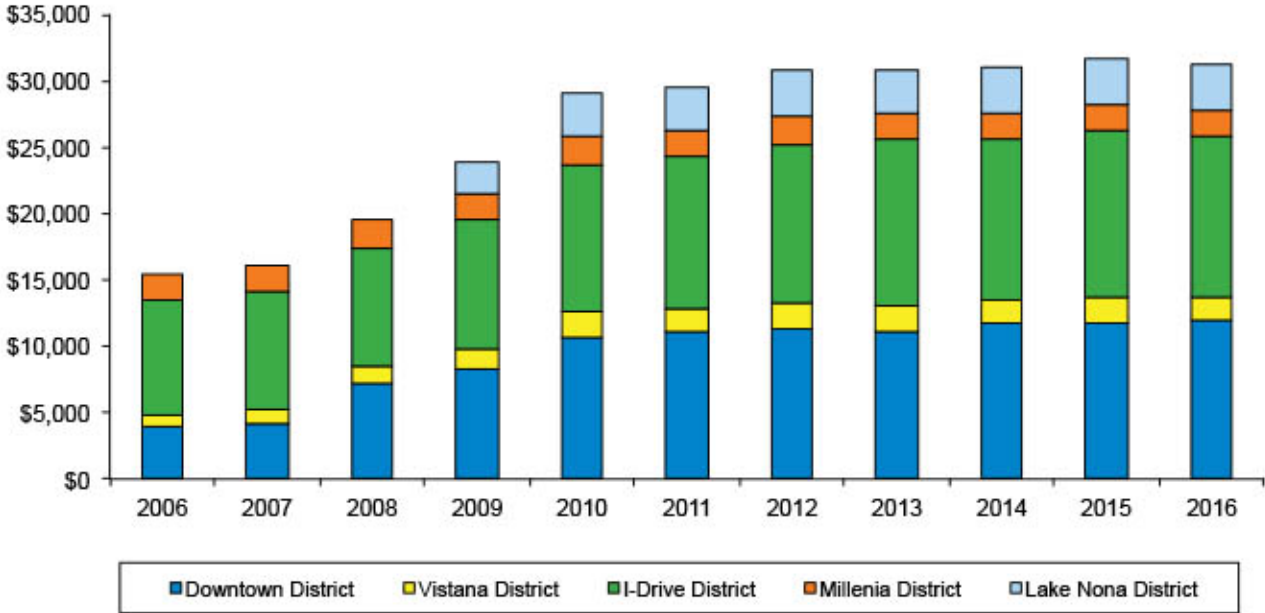
CHILLED WATER

OUCooling provides efficient air conditioning to some of the hottest places in town, including Amway Center, home of the Orlando Magic and Solar Bears. Five chilled water districts keep more than 2,000 commercial customers cool even on the steamiest Florida days.



CHILLED WATER BUSINESS OPERATIONS

Chilled Water Operating Revenue
(Dollars in thousands)



CHILLED WATER REVENUES, EXPENSES AND CHANGES IN NET POSITION (Dollars in thousands)

| Years Ended September 30 | 2016 | 2015 | 2014 | 2013 |
|---|-----------------|-----------------|-----------------|-----------------|
| Operating revenues | | | | |
| Downtown plant | \$ 11,867 | \$ 11,712 | \$ 11,692 | \$ 11,039 |
| Vistana plant | 1,892 | 1,920 | 1,894 | 1,910 |
| International Drive plant | 12,040 | 12,540 | 12,043 | 12,697 |
| Millenia plant | 1,952 | 2,001 | 2,012 | 1,919 |
| Lake Nona plant | 3,388 | 3,404 | 3,430 | 3,307 |
| Service fees and other | 531 | 573 | 521 | 497 |
| Total operating revenues | <u>31,670</u> | <u>32,150</u> | <u>31,592</u> | <u>31,369</u> |
| Operations and maintenance expenses | | | | |
| Downtown plant | 5,704 | 5,227 | 4,947 | 4,523 |
| Vistana plant | 893 | 888 | 846 | 862 |
| International Drive plant | 7,263 | 7,527 | 7,152 | 7,094 |
| Millenia plant | 1,338 | 1,320 | 1,357 | 1,306 |
| Lake Nona plant | 1,452 | 1,432 | 1,431 | 1,305 |
| Customer service (1) | 165 | 312 | 154 | 158 |
| General and administrative | 869 | 797 | 787 | 745 |
| Total operations and maintenance expenses | <u>17,684</u> | <u>17,503</u> | <u>16,674</u> | <u>15,993</u> |
| Other expenses | | | | |
| Utility/property tax | 2 | 1 | 1 | 1 |
| Revenue based payments to the City of Orlando | 653 | 656 | 645 | 625 |
| Revenue based payments to Orange County | 128 | 133 | 127 | 121 |
| Depreciation and amortization | 4,577 | 4,547 | 4,520 | 4,809 |
| Total other expenses | <u>5,360</u> | <u>5,337</u> | <u>5,293</u> | <u>5,556</u> |
| Total operating expenses | <u>23,044</u> | <u>22,840</u> | <u>21,967</u> | <u>21,549</u> |
| Operating income | 8,626 | 9,310 | 9,625 | 9,820 |
| Non-operating income and expenses | | | | |
| Interest income | 161 | 155 | 117 | 71 |
| Other income, net | 111 | 129 | 110 | 125 |
| Amortization of deferred gain on sale of assets | 1 | 1 | 1 | 1 |
| Interest expense, net | (3,173) | (3,415) | (3,622) | (4,134) |
| Total non-operating expenses, net | <u>(2,900)</u> | <u>(3,130)</u> | <u>(3,394)</u> | <u>(3,937)</u> |
| Chilled water income / (loss) before contributions | 5,726 | 6,180 | 6,231 | 5,883 |
| Contributions in aid of construction (CIAC)(2) | - | - | 467 | - |
| Annual dividend | <u>(3,252)</u> | <u>(3,397)</u> | <u>(3,393)</u> | <u>(3,742)</u> |
| Increase/(decrease) in net position | <u>\$ 2,474</u> | <u>\$ 2,783</u> | <u>\$ 3,305</u> | <u>\$ 2,141</u> |

(1) In 2015, Chilled water received a higher rate of Customer service expenses based on budget allocations.

(2) In 2014, OUC received contributions for projects in the Downtown area. In 2008, in conjunction with the Florida Department of Transportation (FDOT) completion of the I-4/S.R. 408 Interchange Improvement Project to relocate the Chilled water pipelines, OUC received \$1.1 million from the FDOT.

| 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|-----------------|-----------------|----------------|----------------|----------------|-----------------|-----------------|
| \$ 11,371 | \$ 11,163 | \$ 10,773 | \$ 8,272 | \$ 7,148 | \$ 4,142 | \$ 3,926 |
| 1,848 | 1,768 | 1,870 | 1,510 | 1,323 | 1,128 | 964 |
| 12,023 | 11,314 | 10,980 | 9,659 | 8,992 | 8,945 | 8,496 |
| 2,016 | 2,032 | 2,133 | 2,114 | 2,016 | 1,920 | 1,961 |
| 3,431 | 3,243 | 3,282 | 2,286 | - | - | - |
| 186 | 255 | 248 | 380 | 260 | 508 | 243 |
| <u>30,875</u> | <u>29,775</u> | <u>29,286</u> | <u>24,221</u> | <u>19,739</u> | <u>16,643</u> | <u>15,590</u> |
| 4,384 | 3,884 | 4,032 | 3,683 | 3,227 | 2,767 | 2,407 |
| 901 | 1,173 | 835 | 785 | 688 | 590 | 441 |
| 7,276 | 7,062 | 6,954 | 6,334 | 6,057 | 5,977 | 5,847 |
| 1,232 | 1,214 | 1,291 | 1,214 | 1,095 | 1,094 | 1,031 |
| 1,372 | 1,496 | 1,377 | 999 | - | - | - |
| 142 | 140 | 126 | 117 | 117 | 120 | 109 |
| 715 | 1,037 | 1,274 | 680 | 662 | 607 | 542 |
| <u>16,022</u> | <u>16,006</u> | <u>15,889</u> | <u>13,812</u> | <u>11,846</u> | <u>11,155</u> | <u>10,377</u> |
| 2 | 2 | 3 | 4 | 4 | 6 | 3 |
| 668 | 699 | 665 | 451 | 376 | 231 | 231 |
| 127 | 80 | - | - | - | - | - |
| <u>4,892</u> | <u>5,015</u> | <u>5,290</u> | <u>3,957</u> | <u>3,117</u> | <u>3,066</u> | <u>2,901</u> |
| <u>5,689</u> | <u>5,796</u> | <u>5,958</u> | <u>4,412</u> | <u>3,497</u> | <u>3,303</u> | <u>3,135</u> |
| <u>21,711</u> | <u>21,802</u> | <u>21,847</u> | <u>18,224</u> | <u>15,343</u> | <u>14,458</u> | <u>13,512</u> |
| 9,164 | 7,973 | 7,439 | 5,997 | 4,396 | 2,185 | 2,078 |
| 129 | 82 | 179 | 139 | 102 | 86 | 299 |
| 135 | 223 | 179 | 73 | 26 | 35 | 31 |
| 1 | - | - | - | - | - | - |
| <u>(5,050)</u> | <u>(5,484)</u> | <u>(5,606)</u> | <u>(5,064)</u> | <u>(4,730)</u> | <u>(3,787)</u> | <u>(3,880)</u> |
| <u>(4,785)</u> | <u>(5,179)</u> | <u>(5,248)</u> | <u>(4,852)</u> | <u>(4,602)</u> | <u>(3,666)</u> | <u>(3,550)</u> |
| 4,379 | 2,794 | 2,191 | 1,145 | (206) | (1,481) | (1,472) |
| - | 8 | 7 | 4 | 1,078 | - | - |
| <u>(2,841)</u> | <u>(1,719)</u> | <u>(1,435)</u> | <u>(724)</u> | <u>119</u> | <u>796</u> | <u>1,140</u> |
| <u>\$ 1,538</u> | <u>\$ 1,083</u> | <u>\$ 763</u> | <u>\$ 425</u> | <u>\$ 991</u> | <u>\$ (685)</u> | <u>\$ (332)</u> |

SELECTED FINANCIAL RATIOS

Years Ended September 30

| | 2016 | 2015 | 2014 | 2013 |
|--|-----------|-----------|-----------|-----------|
| Chilled water operating ratio | | | | |
| Chilled water operation and maintenance expenses/ operating revenues | \$ 0.56 | \$ 0.54 | \$ 0.53 | \$ 0.51 |
| Chilled water income/(loss) before contributions per revenue dollar | | | | |
| Chilled water income/(loss) before contributions/ operating revenues | \$ 0.18 | \$ 0.19 | \$ 0.20 | \$ 0.19 |
| Revenue per TON-hour produced | \$ 0.2227 | \$ 0.2269 | \$ 0.2298 | \$ 0.2387 |

CHILLED WATER UTILITY PLANT (Dollars in thousands)

| | | | | |
|---------------------------------|------------------|------------------|------------------|------------------|
| Chilled water plant, net | | | | |
| Downtown plant | \$ 33,989 | \$ 35,424 | \$ 36,840 | \$ 37,196 |
| Vistana plant | 3,246 | 3,441 | 3,663 | 3,855 |
| International Drive plant | 21,300 | 22,668 | 24,035 | 25,277 |
| Millenia plant | 2,066 | 2,246 | 2,427 | 2,552 |
| Lake Nona plant | 10,351 | 10,854 | 11,357 | 11,748 |
| Total plant, net | <u>\$ 70,952</u> | <u>\$ 74,633</u> | <u>\$ 78,322</u> | <u>\$ 80,628</u> |

ACTIVE SERVICES

| | | | | |
|-------------------------------|--------------|--------------|--------------|--------------|
| Residential | 2,365 | 2,365 | 2,365 | 2,365 |
| Commercial | 210 | 203 | 203 | 203 |
| Total metered services | <u>2,575</u> | <u>2,568</u> | <u>2,568</u> | <u>2,568</u> |

CHILLED WATER PHYSICAL STATISTICS

| | | | | |
|---------------------------|--------------|--------------|--------------|--------------|
| Pipe miles | | | | |
| Downtown plant | 8.38 | 8.38 | 8.38 | 8.38 |
| Vistana plant | 3.72 | 2.44 | 2.44 | 2.44 |
| International Drive plant | 3.79 | 3.79 | 3.79 | 3.79 |
| Millenia plant | 0.26 | 0.26 | 0.26 | 0.26 |
| Lake Nona plant | 1.62 | 1.62 | 1.62 | 1.62 |
| Total pipe miles | <u>17.77</u> | <u>17.77</u> | <u>17.77</u> | <u>17.77</u> |

Generation capacity, TON

| | | | | |
|---------------------------------------|---------------|---------------|---------------|---------------|
| Downtown plant | 16,315 | 16,315 | 16,315 | 16,315 |
| Vistana plant | 2,400 | 2,400 | 2,400 | 2,400 |
| International Drive plant | 22,100 | 22,100 | 22,100 | 22,100 |
| Millenia plant | 4,800 | 4,800 | 4,800 | 4,800 |
| Lake Nona plant | 5,300 | 5,300 | 5,300 | 5,300 |
| Total generation capacity, TON | <u>50,915</u> | <u>50,915</u> | <u>50,915</u> | <u>50,915</u> |

TON-HOURS PRODUCED (in thousands)

| | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|
| Downtown plant | 45,633 | 42,620 | 40,561 | 38,925 |
| Vistana plant | 5,294 | 5,375 | 5,322 | 5,150 |
| International Drive plant | 70,705 | 70,464 | 67,581 | 64,159 |
| Millenia plant | 9,128 | 8,830 | 9,136 | 9,206 |
| Lake Nona plant | 11,450 | 11,884 | 12,603 | 11,850 |
| Total TON-hours produced | <u>142,210</u> | <u>139,173</u> | <u>135,203</u> | <u>129,290</u> |

| 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ 0.52 | \$ 0.54 | \$ 0.54 | \$ 0.57 | \$ 0.60 | \$ 0.67 | \$ 0.67 |
| \$ 0.14 | \$ 0.09 | \$ 0.07 | \$ 0.05 | \$ (0.01) | \$ (0.09) | \$ (0.09) |
| \$ 0.2420 | \$ 0.2349 | \$ 0.2511 | \$ 0.2344 | \$ 0.1985 | \$ 0.1753 | \$ 0.1759 |
| \$ 38,684 | \$ 37,842 | \$ 38,351 | \$ 29,842 | \$ 30,394 | \$ 26,097 | \$ 26,106 |
| 4,089 | 4,323 | 4,557 | 4,791 | 4,423 | 4,642 | 4,444 |
| 26,541 | 27,340 | 28,018 | 25,174 | 26,288 | 23,371 | 24,404 |
| 2,709 | 2,929 | 3,133 | 3,353 | 3,572 | 3,792 | 4,053 |
| 12,273 | 12,821 | 13,369 | 13,920 | 5 | - | - |
| <u>\$ 84,296</u> | <u>\$ 85,255</u> | <u>\$ 87,428</u> | <u>\$ 77,080</u> | <u>\$ 64,682</u> | <u>\$ 57,902</u> | <u>\$ 59,007</u> |
| 2,365 | 2,365 | 2,365 | 2,365 | 1,724 | 708 | 627 |
| 201 | 195 | 194 | 198 | 231 | 171 | 174 |
| <u>2,566</u> | <u>2,560</u> | <u>2,559</u> | <u>2,563</u> | <u>1,955</u> | <u>879</u> | <u>801</u> |
| 7.65 | 7.65 | 7.65 | 7.65 | 7.30 | 7.10 | 7.10 |
| 2.44 | 2.44 | 2.44 | 2.44 | 2.44 | 1.24 | 1.24 |
| 3.79 | 3.79 | 3.79 | 3.79 | 3.32 | 3.32 | 3.32 |
| 0.26 | 0.26 | 0.26 | 0.26 | 0.26 | 0.26 | 0.26 |
| 1.62 | 1.62 | 1.62 | 1.62 | 1.51 | - | - |
| <u>15.76</u> | <u>15.76</u> | <u>15.76</u> | <u>15.76</u> | <u>14.83</u> | <u>11.92</u> | <u>11.92</u> |
| 16,315 | 16,315 | 16,315 | 11,250 | 11,250 | 9,850 | 9,850 |
| 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 |
| 22,100 | 22,100 | 22,100 | 22,100 | 22,100 | 22,100 | 22,100 |
| 4,800 | 4,800 | 4,800 | 4,800 | 4,800 | 4,800 | 4,800 |
| 5,300 | 5,300 | 5,300 | 5,300 | - | - | - |
| <u>50,915</u> | <u>50,915</u> | <u>50,915</u> | <u>45,850</u> | <u>40,550</u> | <u>39,150</u> | <u>39,150</u> |
| 36,673 | 37,970 | 33,473 | 29,486 | 27,561 | 21,804 | 18,954 |
| 5,109 | 5,354 | 5,431 | 4,504 | 4,063 | 3,857 | 4,512 |
| 63,520 | 61,432 | 56,030 | 51,278 | 57,262 | 57,780 | 50,422 |
| 8,970 | 8,834 | 8,991 | 9,093 | 9,253 | 8,603 | 13,375 |
| 12,523 | 12,082 | 11,697 | 7,371 | - | - | - |
| <u>126,795</u> | <u>125,672</u> | <u>115,622</u> | <u>101,732</u> | <u>98,139</u> | <u>92,044</u> | <u>87,263</u> |



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STATISTICAL INFORMATION

OUC's goal is to provide a high-quality experience for our customers. We do that by leveraging smart grid technology with online tools that provide quick and easy access to data and information that save OUC customers time, energy, water, and yes, money.



STATISTICAL INFORMATION

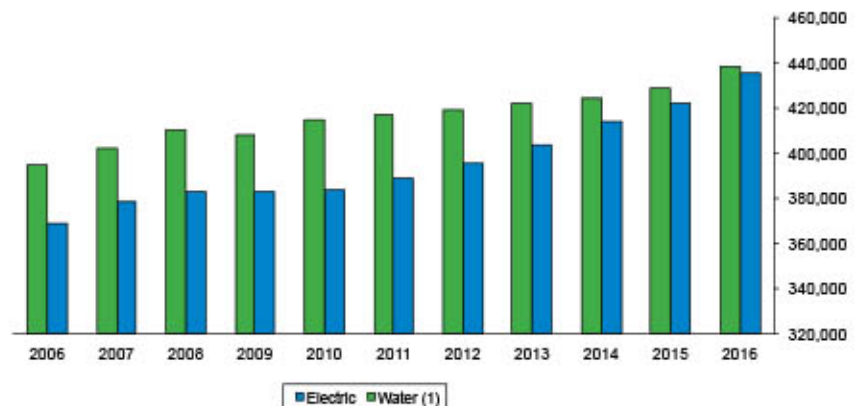
NUMBER OF EMPLOYEES

| Year | Electric Operations | Lighting Operations | Chilled Water Operations | Water Operations | Budgeted Total | Actual Total | Retail Customers to Employees |
|------|---------------------|---------------------|--------------------------|------------------|----------------|--------------|-------------------------------|
| 2016 | 873 | 12 | 19 | 223 | 1,127 | 1,149 | 381 |
| 2015 | 873 | 12 | 19 | 216 | 1,120 | 1,062 | 396 |
| 2014 | 854 | 11 | 15 | 246 | 1,126 | 1,051 | 401 |
| 2013 | 887 | 11 | 16 | 244 | 1,158 | 1,086 | 371 |
| 2012 | 938 | 11 | 18 | 254 | 1,221 | 1,090 | 334 |
| 2011 | 917 | 11 | 16 | 255 | 1,199 | 1,179 | 304 |
| 2010 | 882 | 11 | 16 | 248 | 1,157 | 1,127 | 317 |
| 2009 | 937 | 13 | 18 | 259 | 1,227 | 1,116 | 316 |
| 2008 | 886 | 12 | 19 | 253 | 1,170 | 1,154 | 307 |
| 2007 | 858 | 12 | 17 | 242 | 1,129 | 1,097 | 323 |
| 2006 | 848 | 12 | 16 | 242 | 1,118 | 1,062 | 322 |

The customer service and administration employees were proportionately allocated to each of the operating segments.
The calculation of Retail Customers to Employees includes total electric and water metered services/Actual Total number of employees.

SERVICE AREA POPULATION

| Year | Electric | Water (1) |
|------|----------|-----------|
| 2016 | 435,500 | 438,018 |
| 2015 | 421,700 | 428,761 |
| 2014 | 414,245 | 424,276 |
| 2013 | 403,668 | 421,815 |
| 2012 | 395,500 | 419,353 |
| 2011 | 389,000 | 416,892 |
| 2010 | 383,700 | 414,431 |
| 2009 | 382,500 | 408,078 |
| 2008 | 382,600 | 410,459 |
| 2007 | 378,400 | 402,414 |
| 2006 | 369,000 | 394,369 |



(1) In 2016, a change in methodology was made to align with water population figures from the St. Johns River Water Management District.

CLIMATOLOGICAL DATA

Average Annual Rainfall and Temperature Orlando Metro Area Fiscal Year Ended September 30

| Fiscal Year | Rain (Inches) | | Temperature (°F) | |
|-------------|---------------|----------------------|------------------|------------------------|
| | Annual Total | Above (Below) Normal | Annual Average | Above (Below) Normal * |
| 2016 | 51.8 | 0.9 | 74.8 | 2.0 |
| 2015 | 61.5 | 10.7 | 73.8 | 1.0 |
| 2014 | 44.0 | (6.4) | 73.9 | 1.1 |
| 2013 | 48.1 | (2.6) | 73.0 | 0.2 |
| 2012 | 44.3 | (6.5) | 73.6 | 0.8 |
| 2011 | 49.4 | 1.0 | 72.8 | - |
| 2010 | 50.3 | 1.9 | 72.0 | (0.8) |
| 2009 | 45.7 | 2.7 | 72.3 | (0.5) |
| 2008 | 61.2 | 12.9 | 73.6 | 0.8 |
| 2007 | 33.7 | (14.7) | 73.0 | 0.2 |
| 2006 | 39.7 | (8.7) | 73.0 | 0.2 |

* Normal was based on the average annual temperature as published by the National Weather Service.

Monthly Rainfall and Temperature Orlando Metro Area Fiscal Year Ended September 30, 2016

| Month* | Rain (Inches) | | Temperature (°F) | |
|----------------|---------------|----------------------|------------------|----------------------|
| | Total | Above (Below) Normal | Average Daily | Above (Below) Normal |
| September | 6.0 | 4.3 | 81.8 | 0.1 |
| October | 0.5 | (2.9) | 76.1 | 0.1 |
| November | 2.8 | 2.6 | 74.8 | 6.3 |
| December | 0.7 | (0.8) | 71.6 | 9.0 |
| January | 5.7 | 1.0 | 59.0 | (1.2) |
| February | 1.7 | 2.6 | 61.4 | (1.6) |
| March | 5.3 | (3.0) | 71.2 | 4.3 |
| April | 1.3 | 1.7 | 72.8 | 1.6 |
| May | 6.2 | (2.6) | 77.4 | 0.1 |
| June | 7.7 | (0.8) | 82.8 | 1.4 |
| July | 4.0 | - | 85.2 | 2.5 |
| August | 9.9 | 8.6 | 83.6 | 0.8 |
| Annual Total | 51.8 | 10.7 | N/A | N/A |
| Annual Average | 4.3 | 0.9 | 74.8 | 2.0 |

* Data for the year lags one month behind because the relevant weather occurs approximately one month prior to the billing period.

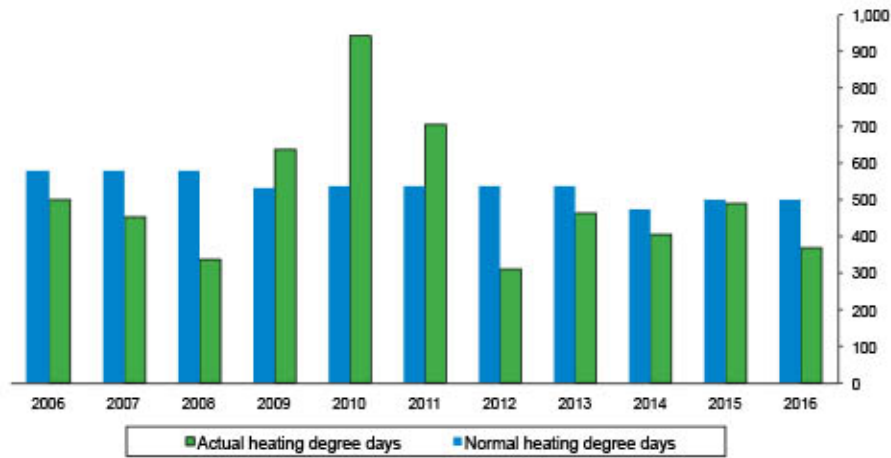
CLIMATOLOGICAL DATA (continued)

Orlando Metro Area Fiscal Year Ended September 30

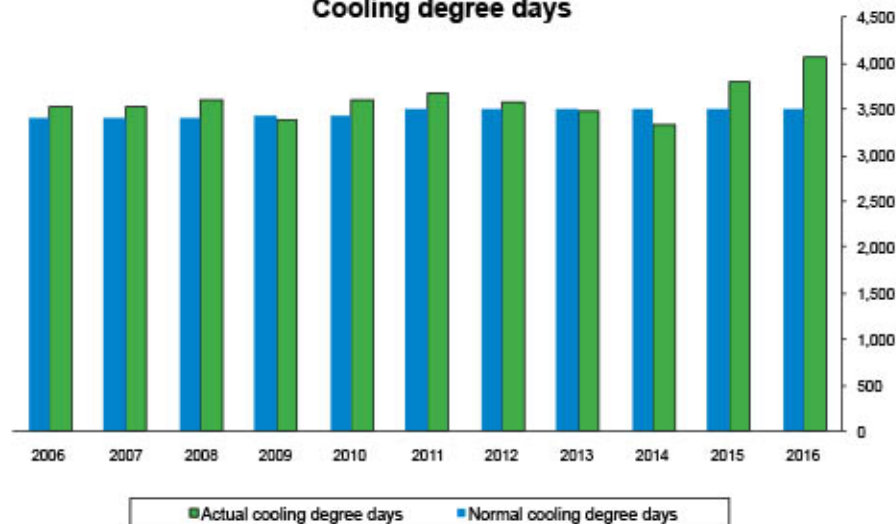
| Year | Heating Degree Days | Cooling Degree Days |
|------|---------------------|---------------------|
| 2016 | 370 | 4,077 |
| 2015 | 486 | 3,804 |
| 2014 | 406 | 3,342 |
| 2013 | 461 | 3,474 |
| 2012 | 313 | 3,566 |
| 2011 | 703 | 3,664 |
| 2010 | 942 | 3,606 |
| 2009 | 637 | 3,387 |
| 2008 | 338 | 3,592 |
| 2007 | 453 | 3,529 |
| 2006 | 499 | 3,536 |

Source: US Department of Commerce, National Weather Service

Heating degree days



Cooling degree days



INSURANCE COVERAGES

September 30, 2016

| Carrier | Type of coverage | Limits | Period |
|--|---|--|-------------------|
| Self insured | General liability | \$2.0 million per occurrence retention | Continuous |
| Self insured | Automobile liability | \$2.0 million per occurrence retention | Continuous |
| Self insured | Worker's compensation | \$500 thousand per occurrence retention | Continuous |
| Florida Municipal Insurance Trust (FMIT) | Excess worker's compensation | Statutory limit of liability above a \$500 thousand per occurrence retention | 10-01-15/10-01-16 |
| AEGIS | Excess automobile and general liability | \$35.0 million above the \$2.0 million retention for the general liability and automobile liability | 10-01-15/10-01-16 |
| Energy Insurance Mutual | Excess automobile and general liability | \$15.0 million above the \$35.0 million limit for excess automobile and general liability with AEGIS | 10-01-15/10-01-16 |
| Factory Mutual | All risk property/boiler and machinery | \$2.7 billion insurable values \$250 thousand base retentions, various retentions depending on machinery | 10-01-15/10-01-16 |
| AEGIS | Directors & officers / public officials liability | \$10.0 million | 10-01-15/10-01-16 |
| CHUBB | Fiduciary Liability | \$10.0 million | 10-01-15/10-01-16 |
| Great American Insurance | Dishonesty, disappearance & destruction (Crime) | \$10.0 million | 10-01-15/10-01-16 |
| Self insured | Health and medical benefits individual stop-loss | Amounts in excess of \$0.25 million per insured per year net of applicable deductible | Continuous |
| Aetna | Health and medical benefits aggregate stop-loss | Amounts in excess of 125% of expected annual claims with a maximum policy payment limit of \$2.0 million | Continuous |



GLOSSARY OF TERMS



GLOSSARY OF TERMS

Active Services: Services are provided to residential and commercial customers by OUC through service agreements. The service agreement is deemed active only if the service is current and not interrupted by suspension and/or closure.

Amortize: To reduce an original amount or an account balance systematically over a period of time.

Average Length of Service Interruption in Minutes (L-Bar): Measures the average length of time of a single service interruption.

Average Service Availability Index (ASAI): The ratio of the total number of hours that service was available to the total customer hours demanded.

Build America Bonds (BABs): Taxable municipal bonds created under the American Recovery and Reinvestment Act of 2009 that carry special federal subsidies for either the bondholder or the bond issuer.

Capacity Factor (CF): A measure of the performance of a power source over time as a percentage of its full power potential.

Cash and Cash Equivalents: The value of assets that can be converted into cash immediately. Usually includes bank accounts and marketable securities, such as government bonds. Cash equivalents on the Statements of Net Position include securities with an original maturity of 90 days or less.

Circuit-Mile: The total length in miles of separate circuits regardless of the number of conductors used per circuit.

Combined Cycle (CC): Characteristic of a power producing engine or plant that employs more than one thermodynamic cycle.

Combustion Turbine (CT): Turbine that converts the chemical energy of a liquid fuel into mechanical energy by internal combustion; gaseous products of the fuel, which are burned in compressed air, are expanded through a turbine.

Contribution in Aid of Construction (CIAC): Any amount of money or other property contributed to a regulated public utility to the extent that the purpose of the contribution is to provide for the expansion, improvement, or replacement of the utility's facilities.

Cooling-Degree Day: The measure of how high the average daily temperature is relative to a reference temperature of 72.8 degrees Fahrenheit. For example, if the average temperature for the day is 78 degrees, then the cooling-degree days are equal to 5.2 degrees above normal.

Cost of Living Adjustment (COLA): An annual adjustment in wages to offset a change in purchasing power, as measured by the Consumer Price Index.

Customer Average Interruption Duration Index (CAIDI): The average repair time that any given customer may experience.

Debt Service Coverage Ratio: A ratio of cash available for debt service to interest, principal and lease payments, excluding payments to the City of Orlando.

Debt Service Requirement: Amount required to service all debts during a period, usually one year.

Decommissioning: The process related to permanently taking a nuclear plant out of service, including decontaminating and removing buildings or other structures.

Defeasance: A provision that legally discharges a borrower for debt incurred when the borrower sets aside cash or bonds sufficient to service the outstanding debt.

Depreciation: Amount allocated during the period to expense the cost of acquiring a capital asset over the useful life of the asset.

Derivative: A security for which price is dependent upon or derived from one or more underlying assets. The derivative itself is merely a contract between two or more parties. Examples of derivatives include futures and options.

Equivalent Availability Factor (EAF): The amount of time a generation plant is able to produce electricity over a certain period, divided by the amount of time in the period.

Equivalent Forced Outage Rate (EFOR): A measure of reliability during the time the generation plant was actually required to generate.

Federal Emergency Management Agency (FEMA): An agency of the United States Department of Homeland Security with a primary purpose of coordinating the response to a disaster that has occurred in the United States that overwhelms the resources of local and state authorities.

Federal Energy Regulatory Commission (FERC): Independent federal agency created within the U.S. Department of Energy. FERC is vested with broad regulatory authority over wholesale electric, natural gas and oil production, and the licensing of hydroelectric facilities.

Fossil Steam (FS): The steam created from burning fossil fuel such as coal.

General and Administrative Expenses (G&A): The expenses of operating a business that are not directly linked to the company's products or services. They include salaries, rent and payments to utilities generally known as overhead.

Governmental Accounting Standards Board (GASB): The authoritative standard-setting body that establishes accounting and financial reporting principles for governmental entities in the United States.

Heating-Degree Day: The measure of how low the average daily temperature is relative to a reference temperature of 65 degrees Fahrenheit. For example, if the average temperature for the day is 60 degrees, then the heating-degree days are equal to 5.0 degrees below normal.

Hedging: The process of buying and selling fuel oil, natural gas and electric energy futures, options or similar contracts to protect against loss due to price fluctuations.

Inter-local Sales: Agreement between OUC and the City of St. Cloud (STC) to provide retail electric service to all STC customers.

Kilowatt (KW): A measure of electric power. A kilowatt equals 1,000 watts. It produces enough energy to light up ten 100-watt light bulbs.

Kilowatt-hour (KWh): A measure of electric power consumption. A kilowatt-hour equals 1,000 watts of energy flowing for a one hour period.

L-Bar: The average length of service restoration in minutes.

MMBtu: 1,000,000 British Thermal Units (BTU). A BTU is the standard unit for measuring the quantity of heat energy, such as the heat content of fuel. It is the amount of heat energy necessary to raise the temperature of one pound of water one degree Fahrenheit at sea level pressure.

Megawatt (MW): A measure of electric power. A megawatt equals 1,000 kilowatts or 1,000,000 watts.

Megawatt-hour (MWh): A measure of electric power consumption. A megawatt-hour equals one megawatt of power flowing for one hour.

Metropolitan Statistical Area (MSA): A Core Based Statistical Area having at least one urbanized area with a population of 50,000 or more, plus adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties.

Millions of Gallons (MGAL): A unit of measurement usually used to measure water in utility plants.

Other Post-employment Benefits (OPEB): Post-employment benefits other than pension benefits. OPEBs include post-employment healthcare benefits, regardless of the type of plan that provides them, and all post-employment benefits provided separately from a pension plan, excluding benefits defined as termination benefits.

Peak Demand-Gross (Instantaneous): The demand at the instant of greatest load, usually determined from the readings of indicating or graphic meters.

Peak Demand-Net (Net 60-min integrated MW demand): The greatest rate at which electrical energy has been used during any on-peak period of 15 consecutive minutes in the billing month.

Peoplesoft Environment Management (PSERM): The customer billing system used at OUC.

Refunding: Retiring an outstanding bond issue after the first call date by using money from the sale of a new offering.

Statement of Cash Flows: A statement that shows actual cash inflows and outflows by operating, investing, and financing activities for the reporting period.

Statement of Net Position: A statement of financial position as of a specific date, listing assets, liabilities and fund net assets.

Statement of Revenues, Expenses and Changes in Net Position: A statement that summarizes the revenues, expenses, and net income for the reporting period.

System Average Interruption Duration Index (SAIDI): The average outage duration for any given customer.

System Load factor: The ratio of the average load in kilowatts supplied during a designated period to the peak or maximum load in kilowatts occurring in that period.

Utility Plant in-service: An asset with a life of two or more years and a value of greater than \$1,000.



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