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ORLANDO UTILITIES COMMISSION 2018 FINANCIAL AND STATISTICAL INFORMATION REPORT

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Years Ended September 30, 2018 - 2014

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Certain information provided in this document is being provided to meet OUC's current continuing disclosure 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

COMBINED INFORMATION



OUC's offerings have expanded beyond traditional water and electrical services, providing customers with additional options, such as rooftop and community solar, electric vehicle charging, home rebates, chilled water and more.

OUC 
The *Reliable One*®

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GENERAL INFORMATION

OUC—The *Reliable One* is the second largest municipal utility in Florida, providing a portfolio of utility services to more than 273,000 customers in Orlando, St. Cloud and parts of unincorporated Orange and Osceola Counties.

OUC was created in 1923 by a Special Act of the Florida Legislature as a statutory commission of the State of Florida and is governed by a Board (the Board) consisting of five members including the Mayor of the City of Orlando (the City) as an ex-officio member. The Act confers upon OUC the rights and powers to set prices for electric and water services. OUC is responsible for a portfolio of utility services including electric, water, chilled water, lighting, back-up generation, electric vehicle charging and solar solutions.

The electric system provides power to customers within the City and certain contiguous portions of Orange County (the “Orlando System”) and the City of St. Cloud (St. Cloud) and certain contiguous portions of Osceola County (the “St. Cloud System”). The electric system is the largest component of the System and consists of seven generation units, a transmission station with 35 substations and approximately 393 miles of transmission lines and cables. The Orlando System encompassed 248 square miles and had 242,971 active retail electric meters, of which 176,543 were residential and 27,153 were commercial, and the St. Cloud System encompassed 171 square miles and had 39,275 active retail electric meters, of which 35,563 were residential and 3,712 were commercial. The boundaries of OUC’s retail electric service area are established by OUC’s charter and a territorial agreement with Duke Energy, currently expired as of August 2017. OUC retains the authority to provide utility services stated in the expired agreement and will jointly file a newly negotiated agreement with the Florida Public Service Commission for approval.

OUC entered into an inter-local agreement with St. Cloud, located in Osceola County, in 1997 and provides retail electric energy services for all of St. Cloud’s customers. The St. Cloud System consists of a transmission system with four substations and approximately 56 miles of transmission lines and cables. The St. Cloud Agreement expires on September 30, 2032. 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 Floridan 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 OUCooling – that serve Orlando and surrounding counties. OUConvenient Lighting works with municipalities and commercial partners to plan, install, and maintain indoor and outdoor lighting. OUCooling provides chilled water services for air conditioning systems through a network of nine 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 2014-2018 and, where appropriate, amounts have been reclassified to conform to the 2018 presentation. Generally, narratives have been provided for changes greater than twenty percent when comparing 2018 to 2017 and 2014, respectively.

STATEMENTS OF NET POSITION (Dollars in thousands)

As of September 30	2018	2017	2016	2015	2014
Assets					
Utility plant, net					
In-service, net	\$ 2,251,990	\$ 2,218,952	\$ 2,183,570	\$ 2,158,462	\$ 2,133,614
Land and other non-depreciable assets	73,253	73,091	72,569	72,651	69,455
Construction work in progress	164,213	159,025	154,216	144,733	151,557
Total utility plant, net	<u>2,489,456</u>	<u>2,451,068</u>	<u>2,410,355</u>	<u>2,375,846</u>	<u>2,354,626</u>
Restricted and internally designated assets					
Debt service and related funds (1)	99,527	86,949	85,470	86,333	83,026
Decommissioning, construction bond proceeds and other funds (1)	298,470	202,860	211,230	249,010	195,343
Reserves and self insurance funds (2)	188,024	200,018	209,602	175,980	153,926
Capital reserve and liability reduction funds (3)	71,468	49,468	118,968	98,968	118,968
Total restricted and internally designated assets	<u>657,489</u>	<u>539,295</u>	<u>625,270</u>	<u>610,291</u>	<u>551,263</u>
Current assets					
Cash and investments	47,099	39,408	48,026	53,627	38,081
Customer receivables, net (4)	97,287	111,731	75,551	74,268	76,034
Fuel for generation (5)	18,223	24,829	15,440	30,012	24,821
Materials and supplies inventory, net	38,479	37,499	35,425	32,491	42,226
Other current assets (6)	60,062	55,078	75,425	93,142	71,872
Total current assets	<u>261,150</u>	<u>268,545</u>	<u>249,866</u>	<u>283,540</u>	<u>253,034</u>
Other assets					
Regulatory assets (7) (8)	178,987	194,863	179,909	147,516	34,900
Other long-term assets (7) (9)	30,154	46,692	42,594	31,212	49,734
Total other assets	<u>209,141</u>	<u>241,555</u>	<u>222,503</u>	<u>178,728</u>	<u>84,634</u>
Total assets	<u>3,617,236</u>	<u>3,500,463</u>	<u>3,507,994</u>	<u>3,448,405</u>	<u>3,243,557</u>
Deferred outflows of resources					
Unamortized loss on refunded bonds	40,781	46,874	54,368	45,408	51,922
Fair value retirement obligation asset	6,319	6,576	6,833	2,851	-
Unrealized pension contributions and losses (7)	40,500	46,313	55,047	18,573	-
Unrealized OPEB benefit payments and losses (7)	10,762	17,777	21,761	-	-
Accumulative decrease in fair value of hedging derivatives (6)	2,536	2,098	39,144	41,652	23,808
Goodwill	368	1,101	1,834	-	-
Total deferred outflows of resources	<u>101,266</u>	<u>120,739</u>	<u>178,987</u>	<u>108,484</u>	<u>75,730</u>
Total assets and deferred outflows of resources	<u>\$ 3,718,502</u>	<u>\$ 3,621,202</u>	<u>\$ 3,686,981</u>	<u>\$ 3,556,889</u>	<u>\$ 3,319,287</u>

(1) In 2018, the increase was due to the timing of construction fund reimbursements associated with the Series 2018A Bonds and increases in the debt service fund. In 2015, the increase was due to the issuance of the Series 2015A Bonds, offset by the closure of Crystal River Unit 3.

(2) The annual fluctuation is primarily due to changes in fuel reserve funds, including funds designated for clean power initiatives. In general, these funds are designated to match the change in regulatory credits.

(3) These funds are used to support capital projects with periodic replenishments.

(4) Customer receivables increased in 2017 as a result of a change in the billing cycle for consolidated accounts and a 90 day suspension in collection activities during the implementation of the CC&B system. In 2018, the return to normal operations resulted in a decrease in outstanding receivables.

(5) In 2018, the decrease in fuel inventory was due to the timing of the fall outage at SEC Unit 2. In 2017, coal inventories increased due to the building of coal reserves to mitigate the impacts of Hurricane Irma. Generally, fuel for generation fluctuates as a result of generation plant operations.

(6) In 2017, other current assets decreased primarily due to a \$16.8 million partial interest rate swap termination payment in conjunction with the Series 2017A Bonds' refunding. During 2015, other current assets increased due to additional collateral deposit requirements for fuel and investment hedges.

(7) In conjunction with new pension and OPEB accounting guidance, the Board approved regulatory actions of \$117.7 million in 2015 and \$66.2 million in 2017, respectively, to establish associated liabilities and consolidate advance benefit fundings. The regulatory assets are expected to be fully amortized by 2025. Deferred outflows of resources for pension and other post-employment benefits (OPEB) fluctuate based on changes in assumptions, including expected versus actual experience, and investment performance.

(8) Effective in 2018, the Board approved a regulatory action to defer unrealized investment valuations to mitigate market driven timing differences and cost recovery through the rate-making model. In 2017, regulatory assets increased primarily due to the \$20.9 million deferral of expected reimbursements from the Federal Emergency Management Agency (FEMA) resulting from Hurricanes Matthew and Irma. On October 30, 2015, full ownership interest of the CR 3 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.

(9) In 2018, the decrease was due to the use of long-term service agreement and contractual services agreement (CSA) prepayments for SEC Unit A and Unit B major planned outages. In 2016, other long-term assets increased \$9.9 million due to a CSA prepayment for SEC Unit B major outages scheduled for fiscal years 2021 and 2024.

STATEMENTS OF NET POSITION (Dollars in thousands)

As of September 30	2018	2017	2016	2015	2014
Liabilities					
Current liabilities - payable from restricted and designated assets					
Accrued interest payable on notes and bonds	\$ 30,883	\$ 28,790	\$ 24,905	\$ 30,508	\$ 29,826
Current portion of long-term debt	68,915	58,385	60,765	55,880	53,310
Customer meter deposits	58,156	56,991	56,521	54,930	52,784
Total payable from restricted and designated assets	<u>157,954</u>	<u>144,166</u>	<u>142,191</u>	<u>141,318</u>	<u>135,920</u>
Current liabilities - payable from current assets					
Accounts payable and accrued expenses (10)	76,625	92,864	67,289	75,246	95,549
Other bonds payable (11)	-	-	98,360	98,360	98,360
Other current liabilities	22,725	22,058	22,984	21,005	20,338
Hedging derivative instruments maturing within one year	1,035	1,395	3,111	8,848	512
Total payable from current assets	<u>100,385</u>	<u>116,317</u>	<u>191,744</u>	<u>203,459</u>	<u>214,759</u>
Total current liabilities	<u>258,339</u>	<u>260,483</u>	<u>333,935</u>	<u>344,777</u>	<u>350,679</u>
Other liabilities and credits					
Asset retirement obligation and other liabilities	83,446	80,108	81,224	88,084	85,438
Pension liability (7)	97,623	124,057	133,917	92,568	-
Net OPEB liability (7)	25,146	45,545	81,189	-	-
Hedging derivative instruments	1,502	703	2,886	5,617	289
Total other liabilities and credits	<u>207,717</u>	<u>250,413</u>	<u>299,216</u>	<u>186,269</u>	<u>85,727</u>
Total long-term debt, net (11)	1,564,637	1,477,363	1,476,091	1,527,787	1,481,003
Total liabilities	<u>2,030,693</u>	<u>1,988,259</u>	<u>2,109,242</u>	<u>2,058,833</u>	<u>1,917,409</u>
Deferred inflows of resources					
Unamortized gain on refunded bonds	1,212	1,390	1,568	1,747	1,926
Regulatory credits	237,817	256,271	274,553	251,363	233,029
Unrealized pension gains (7)	22,609	10,047	13,282	18,585	-
Unrealized OPEB gains (7)	25,806	22,399	373	-	-
Accumulated increase in fair value of hedging derivatives	5,519	1,713	2,581	-	674
Total deferred inflows of resources	<u>292,963</u>	<u>291,820</u>	<u>292,357</u>	<u>271,695</u>	<u>235,629</u>
Total liabilities and deferred inflows of resources	<u>\$ 2,323,656</u>	<u>\$ 2,280,079</u>	<u>\$ 2,401,599</u>	<u>\$ 2,330,528</u>	<u>\$ 2,153,038</u>
Net position					
Net invested in capital assets	\$ 1,071,359	\$ 1,048,799	\$ 945,883	\$ 893,645	\$ 884,604
Unrestricted	323,487	292,324	339,499	332,716	281,645
Total net position	<u>\$ 1,394,846</u>	<u>\$ 1,341,123</u>	<u>\$ 1,285,382</u>	<u>\$ 1,226,361</u>	<u>\$ 1,166,249</u>

(10) The change in accounts payable was due to the impact of Hurricane Irma in September 2017. During 2014, fuel and purchased power payables of \$9.5 million were higher as a result of increased generation and recorded accruals of \$6.0 million for an environmental restoration project, a FEMA de-obligation loss contingency, and a tax liability with the Florida Department of Revenue.

(11) In 2017, the Series 2011A *Windows* Bonds were refunded with the issuance of the Series 2017A Bonds.

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

Years Ended September 30	2018	2017	2016	2015	2014
Operating revenues					
Electric operating revenues	\$ 767,032	\$ 755,204	\$ 763,530	\$ 760,960	\$ 779,323
Water operating revenues	74,889	72,743	69,638	66,869	64,080
Lighting operating revenues	14,799	13,184	13,311	13,273	12,990
Chilled water operating revenues	32,103	31,718	31,670	32,150	31,592
Operating revenues before regulatory action	888,823	872,849	878,149	873,252	887,985
Regulatory action	13,848	5,800	(13,000)	(13,800)	(8,000)
Total operating revenues	902,671	878,649	865,149	859,452	879,985
Operating expenses					
Fuel for generation and purchased power	306,255	308,844	301,483	316,875	347,896
Electric and water production	96,072	93,688	95,563	95,032	88,060
Transmission and distribution	49,326	45,784	42,537	40,944	38,258
Lighting	4,253	4,032	4,529	4,181	3,128
Chilled water	16,397	16,225	16,650	16,394	15,733
Customer service (1)	43,585	38,991	36,660	34,375	32,495
General and administrative (2)	62,926	56,801	56,794	52,174	51,517
Storm recovery cost (3)	-	8,617	-	(2,000)	2,000
Depreciation and amortization (4)	141,101	128,944	121,019	115,857	113,710
Utility/property tax	17,103	15,718	17,057	13,489	18,130
Revenue based payments to the City of Orlando	29,392	28,339	28,681	28,189	27,784
Revenue based payments to Orange County	1,503	1,473	1,538	1,515	1,457
Revenue based and system use payments to the City of St. Cloud	7,286	6,858	6,467	6,037	7,869
Total operating expenses	775,199	754,314	728,978	723,062	748,037
Operating income	127,472	124,335	136,171	136,390	131,948
Non-operating income and (expense)					
Interest income (5)	8,318	4,551	5,265	5,675	4,848
Other income, net	10,726	10,784	10,453	9,785	9,375
Amortization of gain on sale of assets (6)	6,072	8,386	3,628	3,628	2,997
Interest expense, net	(54,813)	(51,896)	(57,361)	(58,656)	(59,887)
Total non-operating expenses, net	(29,697)	(28,175)	(38,015)	(39,568)	(42,667)
Income before contributions	97,775	96,160	98,156	96,822	89,281
Contributions in aid of construction (CIAC) (7)	16,564	18,642	16,584	16,501	21,371
Annual dividend (8)	(60,616)	(59,061)	(55,719)	(53,211)	(48,622)
Increase in net position	53,723	55,741	59,021	60,112	62,030
Net position - beginning of year	1,341,123	1,285,382	1,226,361	1,166,249	1,104,219
Net position - end of year	\$ 1,394,846	\$ 1,341,123	\$ 1,285,382	\$ 1,226,361	\$ 1,166,249

(1) In 2018, customer service costs increased in conjunction with the transition of the new CC&B system.

(2) General and administrative costs increased due to higher pension and medical costs.

(3) Storm recovery costs were incurred as a result of impacts from Hurricane Matthew in October 2016 and Hurricane Irma in September 2017. Recovery costs of \$20.9 million were deferred for anticipated reimbursement from FEMA.

(4) In 2018, depreciation and amortization expenses increased primarily due to the systematic recognition of major inspection outage costs at SEC Unit A and Unit B and a full year of CC&B system expenses. In 2017, depreciation and amortization expenses increased primarily due to the capitalization of new assets and the acceleration of the valuation of several fossil fuel units to align with OUC's clean energy initiatives. In 2016, depreciation was accelerated on certain information technology projects in anticipation of the CC&B system implementation.

(5) Effective in 2018, the Board approved an action to defer unrealized investment valuations (\$4.7 million in unrealized losses in 2018) consistent with the rate-making model. In 2017, unrealized valuation losses of \$3.8 million were included in interest income.

(6) In 2018, the amortization of the deferred gain on sale was realigned with the SEC Unit A purchased power agreement extension.

(7) Growth in the electric delivery business segment resulted in increased CIAC contributions in 2017. In 2014, OUC received CIAC contributions for two major transmission projects.

(8) Beginning in 2018, the dividend payment was fixed at a 3% annual escalation rate. Prior to 2018, the dividend payment to the City of Orlando was fixed at 60% of budgeted income.

STATEMENTS OF CASH FLOWS (Dollars in thousands)

Years Ended September 30	2018	2017	2016	2015	2014
Cash flows from operating activities					
Cash received from customers	\$ 908,504	\$ 834,122	\$ 894,085	\$ 872,926	\$ 857,969
Cash paid for fuel and purchased power	(299,910)	(308,101)	(290,858)	(353,320)	(326,155)
Cash paid for unit/department expenses excluding salaries and benefits	(67,009)	(62,124)	(74,936)	(84,527)	(57,821)
Cash paid for salaries and benefits	(173,994)	(174,890)	(171,864)	(154,147)	(148,339)
Cash paid to other governments and taxes	(55,213)	(52,390)	(53,709)	(48,841)	(55,739)
Cash paid for storm recovery expenses (1)	(17,479)	(14,365)	-	-	-
Net cash provided by operating activities	<u>294,899</u>	<u>222,252</u>	<u>302,718</u>	<u>232,091</u>	<u>269,915</u>
Cash flows from non-capital related financing activities					
Dividend payment	(60,616)	(59,061)	(55,719)	(53,211)	(48,622)
Debt interest payments - pension bonds	(391)	(636)	(865)	(1,075)	(1,272)
Debt principal payments - pension bonds	(4,755)	(4,515)	(4,300)	(4,095)	(3,905)
Build America bond interest subsidy received	3,708	3,732	3,694	3,674	5,487
Net cash used in non-capital related financing activities	<u>(62,054)</u>	<u>(60,480)</u>	<u>(57,190)</u>	<u>(54,707)</u>	<u>(48,312)</u>
Cash flows from capital related financing activities					
Utility plant net of contributions in aid of construction	(160,391)	(164,715)	(134,841)	(122,808)	(144,399)
Debt interest payments	(61,264)	(55,917)	(69,798)	(62,301)	(64,632)
Collateral deposits (2)	2,900	16,800	(3,200)	(4,300)	(1,600)
Principal payments and refunding costs on long-term debt	(53,630)	(164,913)	(327,760)	(49,215)	(48,045)
Debt issuances	180,000	108,663	279,134	112,100	-
Debt issuances expenses	(1,039)	(1,376)	(1,170)	(890)	(1,435)
Net cash used in capital related financing activities	<u>(93,424)</u>	<u>(261,458)</u>	<u>(257,635)</u>	<u>(127,414)</u>	<u>(260,111)</u>
Cash flows from investing activities					
Proceeds from sales and maturities of investment securities	334,838	570,050	558,788	369,848	403,867
Purchases of investment securities	(436,079)	(413,663)	(608,727)	(509,317)	(301,646)
Investments and other income received	(8,519)	7,345	20,731	22,681	9,608
Net cash (used in)/provided by investing activities	<u>(109,760)</u>	<u>163,732</u>	<u>(29,208)</u>	<u>(116,788)</u>	<u>111,829</u>
Net increase/(decrease) in cash and cash equivalents	29,661	64,046	(41,315)	(66,818)	73,321
Cash and cash equivalents - beginning of year	179,779	115,733	157,048	223,866	150,545
Cash and cash equivalents - end of year	<u>\$ 209,440</u>	<u>\$ 179,779</u>	<u>\$ 115,733</u>	<u>\$ 157,048</u>	<u>\$ 223,866</u>
Reconciliation of operating income to net cash provided by operating activities					
Operating income	\$ 127,472	\$ 124,335	\$ 136,171	\$ 136,390	\$ 131,948
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation and amortization of plant charged to operations	141,101	128,944	121,019	115,857	113,710
Depreciation and amortization charged to fuel for generation and purchased power	4,219	4,711	3,856	3,183	2,804
Depreciation of vehicles and equipment charged to unit/department expenses	2,575	1,755	1,388	1,160	3,636
Changes in assets and liabilities					
Decrease/(increase) in receivables and accrued revenue (3)	1,722	(45,655)	9,813	6,205	3,483
Decrease/(increase) in fuel and materials and supplies inventories (4)	14,018	(3,745)	19,214	7,611	11,987
(Decrease)/increase in accounts payable (1)	(18,609)	13,445	(7,556)	(20,731)	17,257
Increase/(decrease) in deposits payable and liabilities (5)	17,200	3,045	(1,771)	(28,491)	2,392
Increase/(decrease) in reserves and deferred credits	5,201	(4,583)	20,584	10,907	(17,302)
Net cash provided by operating activities	<u>\$ 294,899</u>	<u>\$ 222,252</u>	<u>\$ 302,718</u>	<u>\$ 232,091</u>	<u>\$ 269,915</u>
Reconciliation of cash and cash equivalents					
Restricted and internally designated cash and cash equivalents	173,645	134,419	113,644	154,855	220,237
Cash and investments	35,795	45,360	2,089	2,193	3,629
Cash and cash equivalents - end of year	<u>\$ 209,440</u>	<u>\$ 179,779</u>	<u>\$ 115,733</u>	<u>\$ 157,048</u>	<u>\$ 223,866</u>

(1) Storm recovery costs were incurred as a result of the impacts from Hurricane Matthew in October 2016 and Hurricane Irma in September 2017. Recovery costs of \$20.9 million were deferred and anticipated to be reimbursed from FEMA.

(2) In 2017, the change in collateral deposits was primarily due to a \$16.8 million payment to suspend the 2011A swap as part of the Series 2017A Bonds' refinancing. As market conditions change, OUC continues to receive and pay amounts above collateral thresholds.

(3) Cash received from customers increased due to the improvements to the CC&B system, a change in the billing cycle for consolidated customers and the resumption of collection activities after CC&B implementation. Cash received from customers decreased in 2017 primarily due to the implementation of a new CC&B system that included billing in arrears for customer-consolidated bills. This change increased the billing interval for metered services and resulted in an increase in customer receivables of \$36.2 million.

(4) Variances are primarily related to fuel inventories and the timing of coal burned and received at the end of the fiscal year, including the impacts from planned outages.

(5) The change in 2018 was due to the use of prepaid contractual service agreement funds for the major planned inspection outages at SEC Unit A and Unit B. In 2015, the change was due to the negotiated prepayment of the contractual service agreement with General Electric for SEC Unit B future major inspections.

SELECTED FINANCIAL RATIOS (Dollars in thousands)

Years Ended September 30	2018	2017	2016	2015	2014
Current ratio					
Current assets/current liabilities (1) (2)	3.02	2.93	3.43	3.09	2.92
Days cash on hand (2)	330	313	379	337	308
Leverage ratio					
Total debt/total assets	0.44	0.42	0.45	0.47	0.49
Return on total position					
Income before contributions/total assets	2.63%	2.66%	2.66%	2.72%	2.69%
Return on net position					
Income before contributions/average net position	7.15%	7.32%	7.82%	8.09%	7.86%
Debt/net position	53%/47%	52%/48%	53%/47%	55%/45%	55%/45%
City of Orlando revenue based payments and dividend					
As a percentage of retail revenue	\$90,008 12.39%	\$87,400 12.33%	\$84,400 11.41%	\$81,400 11.49%	\$76,406 10.92%
Retail receivables/retail billed revenue (2) (3)	11.56%	13.05%	8.35%	8.55%	8.51%
Bad debt expense/retail billed revenue (OUC) (2) (3)	0.09%	0.42%	0.22%	0.22%	0.45%
Bad debt expense/retail revenue (Inter-local sales) (3)	0.24%	0.40%	0.29%	0.57%	0.64%
Day sales uncollected (OUC) (3)	43	49	31	32	31
Day sales uncollected (Inter-local sales) (3)	36	39	27	28	29
Materials inventory as a percentage of total plant (4)	1.55%	1.53%	1.47%	1.37%	1.79%
Total metered services per meter reader (OUC) (5)	40,495	39,675	38,902	32,329	16,971

(1) In 2017, the decrease was due to the planned release of \$69.5 million from the capital reserve to fund utility plant additions. Renewal and replacement funds of \$14.5 million and base rate reserve funds of \$5.9 million were utilized due to unanticipated storm restoration costs resulting from Hurricanes Matthew and Irma.

(2) In 2017, customer receivables increased as a result of a change in the billing cycle for consolidated accounts and a 90 day suspension in collection activities during the implementation of the CC&B system.

(3) In 2017, collection activities were suspended for 90 days during the CC&B implementation and resumed in 2018.

(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 reduced net inventory. Since 2015, inventories have been slowly increasing.

(5) The change since 2015 is a result of steady growth. The increase in 2015 is due to the implementation of mobile data and the installation of OUC's Advanced Meter Infrastructure (AMI) project for electric meters, resulting in a reduction in the number of meter readers.

DEBT SERVICE

DEBT SERVICE

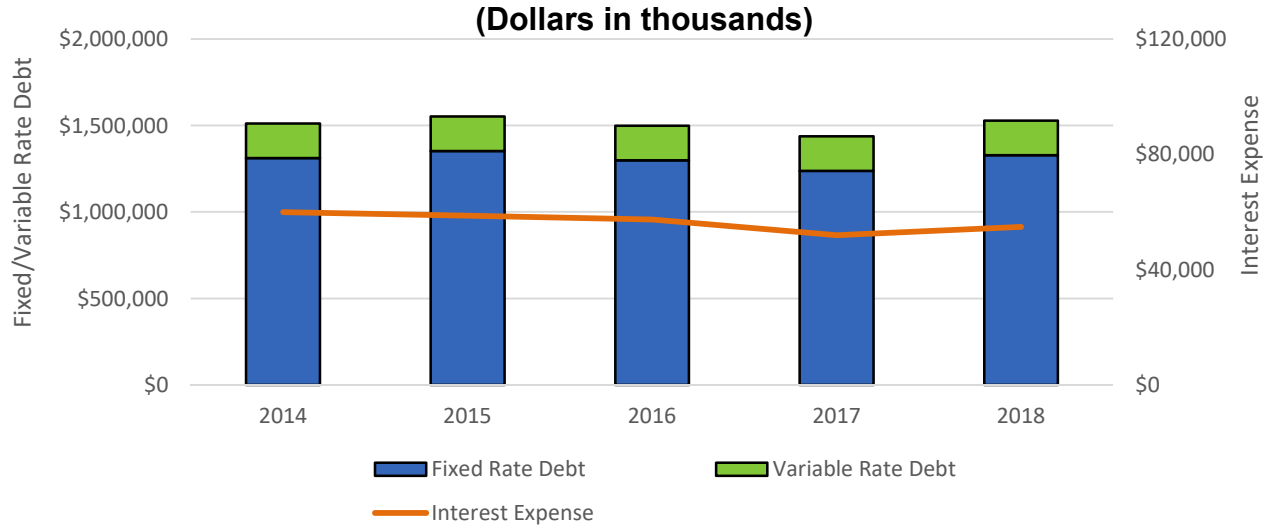


Significant investments in infrastructure are required to maintain the systems that provide efficient and reliable utility services to our customers. OUC maintains a strong fiscal foundation with credit ratings of "AA" from Standard & Poor's and Fitch Ratings and "Aa2" from Moody's Investors Service.



DEBT SERVICE INFORMATION

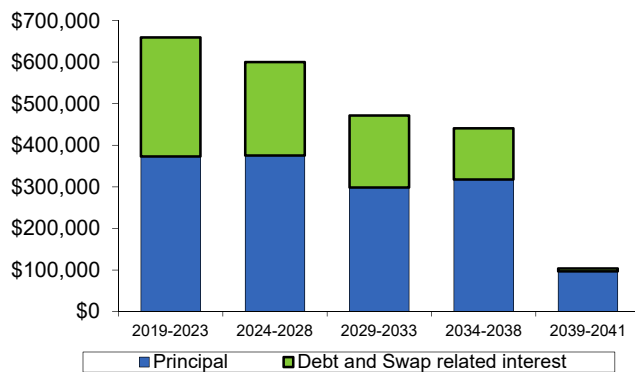
Fixed and Variable Rate Debt vs. Interest Expense



Total interest costs have declined since 2014 as a result of a series of debt refundings with more favorable rates to leverage the historic low interest rate environment.

Estimated Outstanding Bond Payments

(Dollars in thousands)



Maturity Schedule of Defeased Debt

(Dollars in thousands)

Years Ending 9/30	2009A (1)	2009B (2)
2019	\$ 100,000	\$ 48,965

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

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

ESTIMATED DEBT SERVICE FOR OUTSTANDING BONDS (Dollars in thousands)

PRINCIPAL AND INTEREST PAYMENT SCHEDULE FOR OUTSTANDING BONDS (1)

Bond Series	Current 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
2003T												
Principal	\$ 5,010	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	265	-	-	-	-	-	-	-	-	-	-	-
2008												
Principal	-	-	-	-	-	-	-	-	25,000	25,000	25,000	25,000
Interest	2,511	4,500	5,000	5,500	6,000	6,000	6,000	6,000	6,000	5,250	4,500	3,750
2009B												
Principal	-	-	-	-	-	11,420	-	-	-	-	7,900	8,295
Interest	3,258	3,258	3,258	3,258	3,258	3,258	2,687	2,687	2,687	2,687	2,687	2,292
2010A												
Principal	-	-	-	-	-	-	-	-	-	-	-	-
Interest	11,324	11,324	11,324	11,324	11,324	11,324	11,324	11,324	11,324	11,324	11,324	11,324
Build America interest subsidy	(3,702)	(3,702)	(3,702)	(3,702)	(3,702)	(3,702)	(3,702)	(3,702)	(3,702)	(3,702)	(3,702)	(3,702)
2010C												
Principal	8,480	8,895	9,320	9,765	10,275	-	-	-	-	-	-	-
Interest	2,337	1,923	1,498	1,052	539	-	-	-	-	-	-	-
2011B												
Principal	13,325	13,985	14,670	8,015	6,440	6,240	-	-	-	-	-	-
Interest	3,097	2,448	1,768	1,035	634	312	-	-	-	-	-	-
2011C												
Principal	-	12,820	13,430	24,925	26,050	-	2,140	2,245	2,360	2,480	-	-
Interest	4,092	4,093	3,481	2,840	1,714	461	461	354	242	124	-	-
2012A												
Principal	2,235	-	-	395	410	15,135	15,155	15,175	495	515	-	-
Interest	2,435	2,346	2,346	2,346	2,330	2,314	1,557	799	40	21	-	-
2013A												
Principal	5,370	10,140	21,290	24,560	35,610	27,750	51,980	51,765	-	-	-	-
Interest	11,316	11,155	10,648	9,583	8,355	6,575	5,187	2,588	-	-	-	-
2015A												
Principal	-	-	-	-	-	-	-	-	-	-	7,250	8,050
Interest	4,745	4,745	4,746	4,745	4,745	4,745	4,746	4,745	4,745	4,745	4,746	4,383
2015B (2)												
Principal	-	-	-	-	-	-	-	-	-	-	-	-
Interest	1,445	2,590	2,877	2,389	2,388	2,388	2,388	2,388	2,389	2,388	2,388	2,388
Swap interest	1,054	(202)	(489)	-	-	-	-	-	-	-	-	-
2016A												
Principal	34,495	14,500	15,220	14,390	1,455	9,605	-	-	-	-	5,415	5,680
Interest	6,118	4,393	3,669	2,908	2,188	2,115	1,635	1,635	1,635	1,635	1,635	1,364
2017A												
Principal	-	-	-	-	-	-	-	-	49,180	49,180	-	-
Interest	4,572	4,572	4,572	4,111	4,111	4,111	4,111	4,111	4,111	2,056	-	-
2018A												
Principal	-	-	-	-	-	6,350	6,665	7,000	7,350	7,720	8,105	8,510
Interest	5,112	7,511	7,511	7,511	7,511	7,511	7,194	6,860	6,510	6,143	5,757	5,351
Total long-term debt	\$ 128,894	\$ 121,294	\$ 132,437	\$ 136,950	\$ 131,635	\$ 123,912	\$ 119,528	\$ 115,974	\$ 120,366	\$ 117,566	\$ 83,005	\$ 82,685
Total principal	\$ 68,915	\$ 60,340	\$ 73,930	\$ 82,050	\$ 80,240	\$ 76,500	\$ 75,940	\$ 76,185	\$ 84,385	\$ 84,895	\$ 53,670	\$ 55,535
Total interest	\$ 59,980	\$ 60,954	\$ 58,507	\$ 54,900	\$ 51,395	\$ 47,412	\$ 43,588	\$ 39,789	\$ 35,981	\$ 32,671	\$ 29,335	\$ 27,150

TOTAL PAYMENT SCHEDULE FOR OUTSTANDING BONDS (1)

	Current 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Total principal	\$ 68,915	\$ 60,340	\$ 73,930	\$ 82,050	\$ 80,240	\$ 76,500	\$ 75,940	\$ 76,185	\$ 84,385	\$ 84,895	\$ 53,670	\$ 55,535
Total interest	62,628	64,858	62,698	58,602	55,097	51,114	47,290	43,491	39,683	36,373	33,037	30,852
Build America Bond	(3,702)	(3,702)	(3,702)	(3,702)	(3,702)	(3,702)	(3,702)	(3,702)	(3,702)	(3,702)	(3,702)	(3,702)
Total swap interest	1,054	(202)	(489)	-	-	-	-	-	-	-	-	-
Total long-term debt	\$ 128,895	\$ 121,294	\$ 132,437	\$ 136,950	\$ 131,635	\$ 123,912	\$ 119,528	\$ 115,974	\$ 120,366	\$ 117,566	\$ 83,005	\$ 82,685

(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 interest on the Series 2015B Bonds after 2020 is assumed at the fixed swap rate of 2.075%. The swap agreement is subject to an optional earlier termination provision, if not exercised the agreement will terminate in September 2039.

Bond Series	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	Total
2003T												
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,010
Interest	-	-	-	-	-	-	-	-	-	-	-	265
2008												
Principal	25,000	25,000	25,000	25,000	-	-	-	-	-	-	-	200,000
Interest	3,000	2,250	1,500	750	-	-	-	-	-	-	-	68,511
2009B												
Principal	8,710	9,145	9,605	10,085	-	-	-	-	-	-	-	65,160
Interest	1,877	1,442	985	504	-	-	-	-	-	-	-	40,083
2010A												
Principal	-	-	-	-	23,030	23,880	24,755	25,665	26,615	27,590	48,465	200,000
Interest	11,324	11,324	11,324	11,324	11,324	10,020	8,668	7,267	5,813	4,306	2,745	231,327
Build America interest subsidy	(3,702)	(3,702)	(3,702)	(3,702)	(3,702)	(3,276)	(2,834)	(2,375)	(1,900)	(1,408)	(897)	(75,624)
2010C												
Principal	-	-	-	-	-	-	-	-	-	-	-	46,735
Interest	-	-	-	-	-	-	-	-	-	-	-	7,349
2011B												
Principal	-	-	-	-	-	-	-	-	-	-	-	62,675
Interest	-	-	-	-	-	-	-	-	-	-	-	9,294
2011C												
Principal	-	-	-	-	-	-	-	-	-	-	-	86,450
Interest	-	-	-	-	-	-	-	-	-	-	-	17,862
2012A												
Principal	-	-	-	-	-	-	-	-	-	-	-	49,515
Interest	-	-	-	-	-	-	-	-	-	-	-	16,534
2013A												
Principal	-	-	-	-	-	-	-	-	-	-	-	228,465
Interest	-	-	-	-	-	-	-	-	-	-	-	65,407
2015A												
Principal	8,890	9,770	10,700	11,670	18,595	19,980	-	-	-	-	-	94,905
Interest	3,980	3,536	3,047	2,512	1,929	999	-	-	-	-	-	72,584
2015B (2)												
Principal	-	-	-	-	18,200	18,580	18,970	19,370	19,775	20,195	-	115,090
Interest	2,388	2,389	2,388	2,388	2,388	2,010	1,625	1,231	829	419	-	46,461
Swap interest	-	-	-	-	-	-	-	-	-	-	-	363
2016A												
Principal	5,965	6,265	6,515	6,770	-	-	-	-	-	-	-	126,275
Interest	1,080	782	531	271	-	-	-	-	-	-	-	33,594
2017A												
Principal	-	-	-	-	-	-	-	-	-	-	-	98,360
Interest	-	-	-	-	-	-	-	-	-	-	-	40,438
2018A												
Principal	8,935	9,380	9,850	10,345	10,860	11,405	11,975	12,570	13,200	-	-	150,220
Interest	4,926	4,479	4,010	3,518	3,000	2,458	1,887	1,289	660	-	-	106,709
Total long-term debt	\$ 82,373	\$ 82,060	\$ 81,753	\$ 81,435	\$ 85,624	\$ 86,056	\$ 85,046	\$ 85,017	\$ 84,992	\$ 84,992	\$ 84,992	\$ 2,210,017
Total principal	\$ 57,500	\$ 59,560	\$ 61,670	\$ 63,870	\$ 70,685	\$ 73,845	\$ 75,700	\$ 77,605	\$ 79,590	\$ 81,585	\$ 83,580	\$ 1,528,860
Total interest	\$ 24,873	\$ 22,500	\$ 20,083	\$ 17,565	\$ 14,939	\$ 12,211	\$ 9,346	\$ 7,412	\$ 5,402	\$ 3,317	\$ 1,847	\$ 681,157

	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	Total
Total principal	\$ 57,500	\$ 59,560	\$ 61,670	\$ 63,870	\$ 70,685	\$ 73,845	\$ 75,700	\$ 77,605	\$ 79,590	\$ 81,585	\$ 83,580	1,528,860
Total interest	28,575	26,202	23,785	21,267	18,641	15,487	12,180	9,787	7,302	4,725	2,744	756,418
Build America Bond	(3,702)	(3,702)	(3,702)	(3,702)	(3,702)	(3,276)	(2,834)	(2,375)	(1,900)	(1,408)	(897)	(75,624)
Total swap interest	-	-	-	-	-	-	-	-	-	-	-	363
Total long-term debt	\$ 82,373	\$ 82,060	\$ 81,753	\$ 81,435	\$ 85,624	\$ 86,056	\$ 85,046	\$ 85,017	\$ 84,992	\$ 84,992	\$ 84,992	\$ 2,210,017

DEBT SERVICE COVERAGE AND RATIOS (Dollars in thousands)

Years Ended September 30	2018	2017	2016	2015	2014
Gross revenue and income before contributions					
Operating revenues					
Electric operating revenues	\$ 780,880	\$ 761,004	\$ 750,530	\$ 747,160	\$ 771,323
Water operating revenues	74,889	72,743	69,638	66,869	64,080
Lighting operating revenues	14,799	13,184	13,311	13,273	12,990
Chilled water operating revenues	32,103	31,718	31,670	32,150	31,592
Total operating revenues	902,671	878,649	865,149	859,452	879,985
Interest and other income	24,891	23,466	19,051	18,846	16,900
Gross revenue and income before contributions	927,562	902,115	884,200	878,298	896,885
Expenses					
Operating expenses					
Electric operating expenses	529,704	519,539	508,701	512,650	541,681
Water operating expenses	44,134	39,105	41,131	38,006	36,392
Lighting operating expenses	4,764	5,517	4,921	4,502	3,493
Chilled water operating expenses	17,723	16,440	17,489	17,189	16,496
Total operating expenses (1)	596,325	580,601	572,242	572,347	598,062
Other expenses (1)	1,069	1,165	1,101	696	1,133
Total expenses	597,394	581,766	573,343	573,043	599,195
Net revenue and income available for debt service	\$ 330,168	\$ 320,349	\$ 310,857	\$ 305,255	\$ 297,690
Current debt service	\$ 132,598	\$ 118,260	\$ 122,956	\$ 119,990	\$ 118,010
Current debt service coverage	2.49x	2.71x	2.53x	2.54x	2.52x
Adjusted debt service coverage					
Net revenue and income available for debt service	\$ 330,168	\$ 320,349	\$ 310,857	\$ 305,255	\$ 297,690
Revenue and dividend payments to the City of Orlando and revenue based payments to Orange County	91,543	88,874	85,938	82,913	77,863
Net revenue and income available after payments	<u>\$ 238,625</u>	<u>\$ 231,475</u>	<u>\$ 224,919</u>	<u>\$ 222,342</u>	<u>\$ 219,827</u>
Adjusted debt service coverage	1.80x	1.96x	1.83x	1.85x	1.86x
Fixed or full charge coverage					
Net revenue and income available after payments	\$ 238,625	\$ 231,475	\$ 224,919	\$ 222,342	\$ 219,827
Fixed demand payments/purchased power	32,991	32,723	32,812	32,613	31,608
Net revenue and income available after payments and fixed charge coverage	<u>\$ 271,616</u>	<u>\$ 264,198</u>	<u>\$ 257,731</u>	<u>\$ 254,955</u>	<u>\$ 251,435</u>
Fixed and full charge coverage	1.64x	1.75x	1.65x	1.67x	1.68x
Debt ratio					
Gross funded debt/Net fixed assets and net working capital	53.93%	53.93%	58.98%	60.58%	61.68%
Net funded debt/Net fixed assets and net working capital	57.79%	57.79%	64.62%	65.80%	66.82%
Operating ratio					
Total expenses/Total operating revenues	66.18%	66.21%	66.27%	66.68%	68.09%
Net take-down (%)					
Net revenue and income available for debt service/ Gross revenue and income before contributions	35.60%	35.51%	35.16%	34.76%	33.19%
Debt service safety margin					
Net revenue and income available for debt service less current service/Gross revenue and income before contributions	21.30%	22.40%	21.25%	21.09%	20.03%

(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 for the effect of the swap agreements.

ELECTRIC OPERATIONS



ELECTRIC OPERATIONS

20 years as the most reliable electric utility in Florida, is a true testament to the power and commitment of a community-owned public power utility.

OUC 
The *Reliable One*®

CONNECTED
CUSTOMERS • EMPLOYEES • COMMUNITY

ELECTRIC BUSINESS OPERATIONS

OUC Average Electric Bill History

(Based on 1,000 kWh Inside the City of Orlando Residential Customer)



Price Trend Information

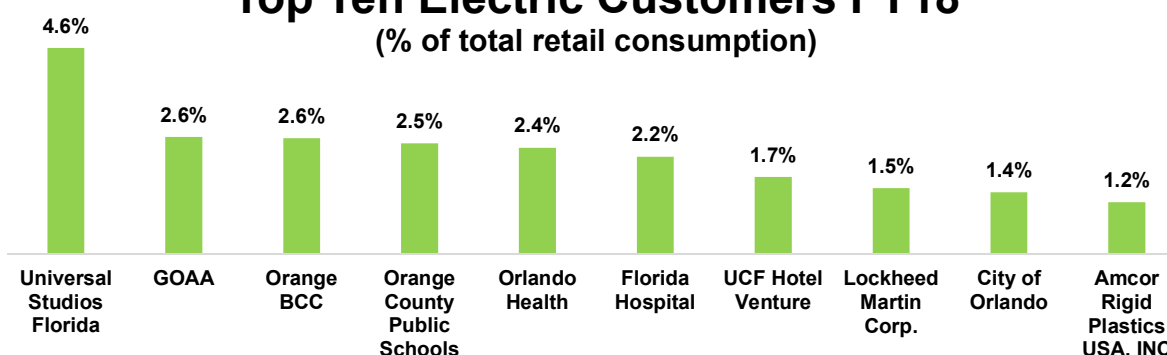
OUC's prices are designed to be competitive, effectively recover costs and meet its strategic initiative to deliver pricing below the peer average. Prices are reviewed by management, presented annually at the Budget Workshop and approved by the Board.

In conjunction with the Budget Workshop and subsequent approval of the Operating Budget, the Board approved a 7.7 percent decrease in fuel prices for all customers. Offsetting this decrease was an adjustment to the customer, energy and demand charges allowing the average residential customer bill to remain at \$106 per month for 1,000 kWh. These changes were preceded by a decrease in customer fuel prices in July 2016 of 3.6% allowing for the average residential customer using 1,000 kWh to lower their bill from \$109.43 to \$106.

OUC has also embarked on a Pricing Platform initiative which is designed to provide customers with pricing alternatives to meet the changing dynamics of the electric utility industry. A Pricing Platform Workshop was provided to the Board to begin this initiative and a multi-year implementation roadmap is being developed.

Top Ten Electric Customers FY18

(% of total retail consumption)



Electric Reliability

OUC is committed to delivering the highest quality customer experience and has, for the past 20 consecutive years, been the most reliable utility in the State of Florida. Reliability metrics are included on page 17.

Electric Generation Initiatives

In December 2018, the Board approved the commencement of a collaborative Electric Integrated Resources Plan ("EIRP") which is designed to develop a 20-year roadmap for OUC's future generation resource needs. The overarching goal of the EIRP will be to balance reliability, affordability, resource innovation and sustainability with the long-term needs, interests and values of OUC's customers and the community. Results of this study are anticipated in early 2020.

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

Years Ended September 30	2018	2017	2016	2015	2014
Operating Revenues					
Residential	\$ 229,750	\$ 224,685	\$ 231,054	\$ 223,367	\$ 224,284
Commercial - non-demand	45,048	42,157	40,706	40,350	40,691
Commercial - demand-secondary	259,835	261,664	265,943	267,836	279,134
Commercial - demand-primary	41,759	41,312	41,307	41,868	40,608
Non-metered lighting	4,790	3,836	3,969	4,028	4,121
Inter-local sales	79,918	76,146	76,766	72,532	68,395
Service fees and other	24,400	22,992	25,766	24,908	25,496
Operating revenues (excluding wholesale sales) (1)	685,500	672,792	685,511	674,889	682,729
Wholesale sales	81,532	82,412	78,019	86,071	96,594
Regulatory action	9,043	6,712	(13,000)	(13,800)	(8,000)
Total operating revenues	776,075	761,916	750,530	747,160	771,323
Operations and maintenance expenses					
Fuel and fixed demand payments	257,979	260,581	233,977	264,902	293,008
Purchased power and other power supply expenses	48,276	48,263	67,506	51,973	54,888
Production	80,907	79,051	80,583	79,998	74,384
Transmission	14,344	14,229	14,246	13,585	13,160
Distribution - OUC	24,162	21,860	18,283	18,383	16,556
Distribution - St. Cloud	2,226	2,029	1,410	1,321	1,185
Storm recovery expenses	-	7,622	-	(2,000)	2,000
Customer Service (2)	33,953	30,642	29,386	26,622	26,338
General & administrative	49,525	44,286	44,206	40,709	40,197
Total operations and maintenance expenses	511,372	508,563	489,597	495,493	521,716
Other expenses					
Utility/property tax (3)	17,034	15,651	16,989	13,422	18,065
Revenue based payments to the City of Orlando	26,557	25,610	25,970	25,512	25,218
Revenue based payments to Orange County	1,339	1,317	1,382	1,353	1,301
Revenue based and system use payments to the City of St. Cloud (4)	7,286	6,858	6,467	6,037	7,869
Depreciation and amortization (5)	112,355	101,621	95,075	88,747	88,451
Total other expenses	164,571	151,057	145,883	135,071	140,904
Total operating expenses	675,943	659,620	635,480	630,564	662,620
Operating Income	100,132	102,296	115,050	116,596	108,703
Non-operating income and expenses					
Interest income (6)	6,358	3,469	4,305	4,808	4,072
Other income, net	8,461	8,531	8,201	7,726	7,470
Amortization of deferred gain on sale of assets (7)	6,054	8,366	3,610	3,610	2,972
Interest expense, net (8)	(44,028)	(41,354)	(45,672)	(46,495)	(47,407)
Total non-operating expense, net	(23,155)	(20,988)	(29,556)	(30,351)	(32,893)
Electric income before contributions	76,977	81,308	85,494	86,245	75,810
Contributions in aid of construction (CIAC)	4,509	6,673	2,797	5,496	11,267
Annual dividend	(47,723)	(49,938)	(48,531)	(47,398)	(41,286)
Increase to net position	\$ 33,763	\$ 38,043	\$ 39,760	\$ 44,343	\$ 45,791

(1) In 2018, residential and commercial non-demand revenues increased due to continued customer growth. In 2017, residential and commercial demand revenues decreased due to lower cooling and heating days and outages as a result of two hurricanes. 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.

(2) In 2018 and 2017, customer service charges increased in conjunction with the transition of the new CC&B system.

(3) In 2018, gross receipts tax increased due to higher revenue resulting from a change in consolidated bill cycles. Gross receipts tax costs increased \$2.9 million in 2014 for a contingent tax assessment which was waived in 2015.

(4) In 2014, OUC made the final system use payment to the City of St. Cloud. The remaining increases are due to continued growth in the St. Cloud territory.

(5) In 2018, depreciation and amortization expenses increased primarily due to the systematic recognition of major inspection outage costs at SEC Units A and B and a full year of CC&B system expenses. In 2017, depreciation and amortization expenses increased primarily due to the capitalization of new assets and the acceleration of the valuation of several fossil fuel units to align with OUC's clean energy initiatives. In 2016, depreciation was accelerated on certain information technology projects in anticipation of the CC&B system implementation.

(6) Effective in 2018, the Board approved action to defer unrealized investment valuations (\$4.7 million in unrealized losses in 2018) consistent with the rate-making model. In 2017, unrealized valuation losses of \$3.8 million were included in interest income.

(7) In 2018, the amortization of the deferred gain on sale was realigned with the SEC Unit A purchased power agreement extension.

(8) In 2018, the increase in interest expense was due to the issuance of the Series 2018A Bonds. Prior to 2018, OUC's bond interest and related expenses declined as a result of favorable refunding activity and lower outstanding debt balance.

ELECTRIC CONSUMPTION AND FINANCIAL RATIOS

Years Ended September 30

2018 2017 2016 2015 2014

Profile of consumption & revenue by type of customer

Residential service (1)

kWH sales per customer		11,570		11,378		11,999		11,760		11,488
Revenue per customer	\$	1,312	\$	1,304	\$	1,372	\$	1,362	\$	1,402
Revenue per kWH	\$	0.1134	\$	0.1146	\$	0.1143	\$	0.1158	\$	0.1220

Commercial service - non-demand (1)

kWH sales per customer		19,127		17,597		17,387		16,999		16,371
Revenue per customer	\$	2,091	\$	1,992	\$	1,951	\$	1,955	\$	1,999
Revenue per kWH	\$	0.1093	\$	0.1132	\$	0.1122	\$	0.1150	\$	0.1221

Commercial service - demand secondary

kWH sales per customer		561,903		551,107		563,130		561,918		562,671
Revenue per customer	\$	48,382	\$	48,162	\$	48,815	\$	50,128	\$	52,952
Revenue per kWH	\$	0.0861	\$	0.0874	\$	0.0867	\$	0.0892	\$	0.0941

Commercial service - demand primary

kWH sales per customer		18,274,302		18,594,588		19,106,440		18,532,314		17,320,857
Revenue per customer	\$	1,575,811	\$	1,620,078	\$	1,652,280	\$	1,641,882	\$	1,657,484
Revenue per kWH	\$	0.0862	\$	0.0871	\$	0.0865	\$	0.0886	\$	0.0957

Non-Metered Lighting

kWH sales per customer		768		823		917		917		1,001
Revenue per customer	\$	61	\$	54	\$	59	\$	61	\$	69
Revenue per kWH	\$	0.0794	\$	0.0656	\$	0.0643	\$	0.0669	\$	0.0686

Inter-local service (1) (2)

kWH sales per customer		18,393		18,259		18,801		18,484		18,337
Revenue per customer	\$	2,080	\$	2,071	\$	2,188	\$	2,169	\$	2,145
Revenue per kWH	\$	0.1131	\$	0.1134	\$	0.1164	\$	0.1173	\$	0.1170

Selected financial expense statistics

Total fuel and purchased power expense per kWH	\$	0.0378	\$	0.0393	\$	0.0381	\$	0.0410	\$	0.0461
Total operations and maintenance expense (excluding fuel and purchased power) per kWH		0.0253		0.0244		0.0238		0.0234		0.0228
Total operations and maintenance expense per kWH	\$	<u>0.0631</u>	\$	<u>0.0637</u>	\$	<u>0.0619</u>	\$	<u>0.0644</u>	\$	<u>0.0689</u>

Operations and maintenance expense per metered service

Fuel, fixed demand, purchased power and other power supply expense	\$	1,273	\$	1,310	\$	1,312	\$	1,418	\$	1,599
Production, transmission and distribution costs		506		497		498		507		484
Customer service expense		141		130		128		119		121
General and administrative expense		206		188		192		182		185
Total operations and maintenance expense	\$	<u>2,126</u>	\$	<u>2,125</u>	\$	<u>2,130</u>	\$	<u>2,226</u>	\$	<u>2,389</u>

(1) In 2018, there was a slight increase in sales due to an increase in heating degree days. In 2017, residential and commercial demand revenues decreased due to lower cooling and heating degree days and outages as a result of two hurricanes. In 2016, revenue per customer was lower due to the Board approved rate reductions.

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

SELECTED FINANCIAL RATIOS

Year Ended September 30	2018	2017	2016	2015	2014
Electric operating ratio					
Electric operation and maintenance expenses/total operating revenues	\$ 0.67	\$ 0.66	\$ 0.65	\$ 0.66	\$ 0.67
Electric income before contributions per revenue dollar					
Electric income before contributions/total operating revenues (1)	\$ 0.09	\$ 0.11	\$ 0.11	\$ 0.12	\$ 0.10
ACTIVE SERVICES					
OUC retail metered services					
Residential	176,543	173,772	170,885	165,972	162,065
Commercial - non-demand	21,807	21,277	21,059	20,674	20,598
Commercial - demand - secondary	5,319	5,422	5,444	5,452	5,234
Commercial - demand - primary	27	26	25	25	26
Total OUC retail metered services	<u>203,696</u>	<u>200,497</u>	<u>197,413</u>	<u>192,123</u>	<u>187,923</u>
Inter-local services (2)	<u>39,275</u>	<u>37,554</u>	<u>35,998</u>	<u>34,177</u>	<u>32,705</u>
Total OUC retail and inter-local metered services	<u>242,971</u>	<u>238,051</u>	<u>233,411</u>	<u>226,300</u>	<u>220,628</u>
Unmetered lighting fixtures					
Conventional	53,372	50,712	42,974	42,478	41,910
Convenient	25,256	21,890	21,557	20,803	20,518
St. Cloud	2,895	2,838	2,842	2,800	2,788
Total unmetered lighting fixtures	<u>81,523</u>	<u>75,440</u>	<u>67,373</u>	<u>66,081</u>	<u>65,216</u>
Total OUC retail, unmetered lighting and inter-local services	<u>324,494</u>	<u>313,491</u>	<u>300,784</u>	<u>292,381</u>	<u>285,844</u>
CONSUMPTION (MWH)					
OUC retail sales					
Residential	2,026,608	1,960,736	2,020,927	1,928,839	1,838,003
Commercial - non-demand	412,036	372,501	362,796	350,785	333,249
Commercial - demand - secondary	3,017,699	2,994,166	3,067,932	3,002,329	2,966,118
Commercial - demand - primary	484,269	474,162	477,661	472,574	424,361
Total OUC retail sales	<u>5,940,612</u>	<u>5,801,565</u>	<u>5,929,316</u>	<u>5,754,527</u>	<u>5,561,731</u>
Nonmetered lighting sales					
Conventional	32,781	31,675	31,434	31,251	30,553
Convenient	24,675	24,305	26,938	26,497	26,741
St. Cloud	2,848	2,789	2,797	2,422	2,804
Total nonmetered lighting sales	<u>60,304</u>	<u>58,769</u>	<u>61,169</u>	<u>60,170</u>	<u>60,098</u>
Inter-local sales (2)	<u>706,543</u>	<u>671,510</u>	<u>659,695</u>	<u>618,132</u>	<u>584,557</u>
Total retail sales	<u>6,707,459</u>	<u>6,531,844</u>	<u>6,650,180</u>	<u>6,432,829</u>	<u>6,206,386</u>
Wholesale sales (3)	<u>1,404,820</u>	<u>1,325,765</u>	<u>1,264,504</u>	<u>1,299,129</u>	<u>1,344,764</u>
Total electric sales	<u>8,112,279</u>	<u>7,857,609</u>	<u>7,914,684</u>	<u>7,731,958</u>	<u>7,551,150</u>

(1) In 2018, the decrease was due to the systematic recognition of planned major outages at SEC Unit A and Unit B. In 2017 and 2014, storm recovery expenses related to FEMA declared storms were excluded from these computations.

(2) Inter-local services represent the customer based for the City of St. Cloud.

(3) In 2018 and 2017, the increase in wholesale sales was primarily due to FMPP sales offsetting lower native load requirements. 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.

ELECTRIC GENERATION (MWH)

Years Ended September 30	2018	2017	2016	2015	2014
Stanton Energy Center (SEC)					
Generation - steam (1)	3,652,214	3,603,131	3,035,305	3,435,354	3,368,472
Generation - combined cycle	2,519,657	2,499,981	2,651,213	2,568,751	2,589,656
Total generation	6,171,871	6,103,112	5,686,518	6,004,105	5,958,128
Plant use - less participants' loss factor	304,295	290,049	235,078	280,692	281,671
Participants' reserve power	3,149	5,340	13,063	7,017	5,779
Delivered	5,864,427	5,807,723	5,438,377	5,716,396	5,670,678
McIntosh (MAC 3) (2)					
Generation - steam	627,727	574,593	538,755	457,763	272,265
Plant use	-	-	-	-	-
Delivered	627,727	574,593	538,755	457,763	272,265
St. Lucie (SL 2)					
Generation - nuclear	481,150	467,747	491,994	476,047	460,799
Plant use	11,499	11,179	11,759	11,378	11,013
Delivered	469,651	456,568	480,235	464,669	449,786
Indian River					
Generation - combustion turbines	17,989	18,966	18,343	12,603	11,037
Plant use - less participants' loss factor	83	102	89	75	64
Participants' reserve power	4,362	4,346	4,301	4,266	4,045
Delivered	13,544	14,518	13,953	8,262	6,928
Crystal River (CR 3) (3)					
Generation - nuclear	-	-	-	-	18,647
Plant use	-	-	-	-	-
Delivered	-	-	-	-	18,647
Generation					
Steam	4,279,941	4,177,724	3,574,060	3,893,117	3,640,737
Combined Cycle	2,519,657	2,499,981	2,651,213	2,568,751	2,589,656
Nuclear	481,150	467,747	491,994	476,047	479,446
Combustion turbines	17,989	18,966	18,343	12,603	11,037
Total generation	7,298,737	7,164,418	6,735,610	6,950,518	6,720,876
Total plant use - less participants loss factor	315,877	301,330	246,926	292,145	292,748
Participants' reserve power	7,511	9,686	17,364	11,283	9,824
Total delivered	6,975,349	6,853,402	6,471,320	6,647,090	6,418,304
Inadvertent/wheeling retained	-	-	210	30	(424)
Purchases received	1,318,792	1,329,700	1,733,724	1,330,198	1,389,224
Available	8,294,141	8,183,102	8,205,254	7,977,318	7,807,104
Sales	8,112,279	7,857,609	7,914,684	7,731,958	7,551,150
Line losses	181,862	325,493	290,570	245,360	255,954
Line losses as a percentage of generation	2.49%	4.54%	4.31%	3.53%	3.81%

(1) OUC dispatches energy based on economics and in 2018 and 2017, favorable coal prices contributed to higher generation. In 2016, the decrease was primarily due to an extended outage at SEC Unit 1.

(2) Since 2014, there have been several periods where the MAC 3 plant was off-line for both planned and unplanned outages. In November 2018, the City of Lakeland announced the closure of MC 3, effective in 2024.

(3) 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.

NET GENERATING CAPABILITY (Including major purchased power agreements)

Generating Facility (MW)

Years Ended September 30

Name Plate Capacity	2018		2017		2016		2015		2014	
	Summer MW	Winter MW	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	302	304
Unit 2 FS	425	340	340	340	340	340	340	340	340	340
Unit A CC	633	184	188	174	184	174	184	184	174	184
Unit B CC	300	292	307	292	307	292	307	298	298	312
Indian River Plant (IRP)										
Unit A CT	38	16	18	16	18	16	18	23	18	23
Unit B CT	38	16	18	16	18	16	18	23	18	23
Unit C CT	112	83	88	83	88	83	88	85	85	100
Unit D CT	112	83	88	83	88	83	88	85	85	100
C.D. McIntosh, Jr. Plant (MC3)										
Unit 3 FS	364	133	136	133	136	133	136	133	133	136
St. Lucie Plant										
Unit 2 N	850	60	60	60	60	60	60	60	60	60
Total capability	1,509	1,547	1,499	1,543	1,499	1,543	1,513	1,582	1,513	1,582
Purchased power agreements	342	342	330	330	330	330	330	330	330	330
Total available	1,851	1,889	1,829	1,873	1,829	1,873	1,843	1,912	1,843	1,912
Firm commitments to other utilities (1)	(267)	(267)	(254)	(252)	(251)	(251)	(205)	(205)	(207)	(205)
Net available to OUC	1,584	1,622	1,575	1,621	1,578	1,624	1,636	1,707	1,636	1,707

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

PEAK DEMAND

Years Ended September 30

	2018		2017		2016		2015		2014	
	Summer MW	Winter MW	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)	1,136	1,069	1,175	885	1,189	944	1,171	1,025	1,139	959
Gross peak demand (MW) (Instantaneous)	1,210	-	1,188	-	1,230	-	1,206	-	1,198	-
System load factor	<u>2018</u> 61.8		<u>2017</u> 59.1		<u>2016</u> 60.1		<u>2015</u> 57.4		<u>2014</u> 58.8	

GENERATION AVAILABILITY DATA

Years Ended September 30

SEC	2018			2017			2016			2015			2014		
	CF	EAF	EFOR	CF	EAF	EFOR	CF	EAF	EFOR	CF	EAF	EFOR	CF	EAF	EFOR
Unit 1 (2)	56.9	85.7	5.7	56.0	90.4	1.2	31.1	61.8	2.6	47.2	90.5	1.0	53.3	89.0	3.6
Unit 2 (2)	64.5	87.3	1.1	64.0	84.8	2.3	68.2	87.6	1.8	66.5	89.9	3.1	58.5	85.2	2.8
Unit A	36.1	84.0	3.4	33.7	91.6	0.1	42.3	92.7	0.2	38.1	92.2	0.8	44.9	94.3	0.1
Unit B	60.2	86.7	-	60.1	82.8	1.0	62.9	94.5	0.9	61.6	89.7	0.4	74.8	89.9	-
IRP															
Unit A (3)	-	91.4	93.7	0.2	98.5	14.3	0.3	93.6	-	0.1	98.0	30.3	0.2	98.0	-
Unit B (3)	0.1	92.7	10.5	0.3	97.9	60.6	0.1	96.9	-	0.1	96.0	0.6	0.2	96.5	-
Unit C (3)	1.0	95.9	-	1.3	96.5	14.5	0.9	95.6	10.0	1.0	96.4	4.1	1.0	85.6	88.0
Unit D (3)	1.2	97.3	13.7	1.0	96.9	54.1	1.3	95.4	13.1	0.5	94.5	-	0.3	95.1	48.6
McIntosh															
Unit 3	53.5	85.1	1.3	49.0	82.3	6.0	47.0	82.8	2.2	35.3	66.8	10.9	24.0	37.3	9.3
St. Lucie Plant															
Unit 2	90.2	89.5	1.3	90.2	88.4	-	94.8	92.8	0.1	89.6	87.7	6.1	82.9	81.5	3.3

CF - Capacity Factor

EAF - Equivalent Availability Factor

EFOR - Equivalent Forced Outage Rate

(1) The following is a breakdown of wholesale agreements secured with other utilities and related megawatt (MW) commitments:

Agreement with	Begins	Expires	MW
City of Lake Worth	January 2014	December 2018	40
City of Winter Park	January 2014	December 2019	16
City of Bartow	January 2018	December 2020	71
City of Vero Beach	January 2010	December 2018	140
Total			267

(2) OUC dispatches energy based on economics and in 2018 and 2017, favorable coal prices contributed to higher generation. In 2016, the decrease was due to an extended outage at SEC Unit 1.

(3) OUC's combustion turbines located at IRP have limited use which cause higher fluctuations in activity.

ELECTRIC DISTRIBUTION RELIABILITY DATA

Years Ended September 30	2018	2017	2016	2015	2014
Orlando/Orange County					
Average service availability index (ASAI)	0.9999	0.9999	0.9999	0.9999	0.9999
Average customer outage in minutes (SAIDI) (1)	51.8	45.60	52.60	29.90	50.30
Average customer interruption duration index in minutes (CAIDI) (1)	76.1	70.80	79.70	58.40	66.40
Average length of service interruption in minutes (L-Bar) (1)	75.9	77.40	98.80	74.60	89.30
St. Cloud/Osceola County					
Average service availability index (ASAI)	0.9999	0.9999	0.9999	0.9999	0.9999
Average customer outage in minutes (SAIDI) (2)	77.2	45.10	30.80	40.60	66.00
Average customer interruption duration index in minutes (CAIDI) (2)	71.3	58.40	64.20	66.90	59.70
Average length of service interruption in minutes (L-Bar) (2)	76.9	80.00	91.60	83.70	99.20
ELECTRIC PHYSICAL STATISTICS					
Transmission system (circuit miles)					
69KV	36.6	36.6	36.5	36.5	36.5
115KV	129.3	129.3	126.9	126.9	125.9
230KV	227.4	227.4	227.4	227.4	227.2
Total transmission circuit miles	393.3	393.3	390.8	390.8	389.6
Number of substations					
OUC substations	31	31	31	31	31
STC substations	4	4	4	4	4
Total Substations	35	35	35	35	35
Orlando distribution system (circuit miles)					
Overhead	735.4	738.7	739.6	737.8	741.5
Underground	1,341.4	1,316.9	1,292.2	1,270.0	1,248.9
Total Orlando circuit miles	2,076.8	2,055.6	2,031.8	2,007.8	1,990.4
St. Cloud distribution system (circuit miles)					
Overhead	260.4	260.3	260.9	247.4	250.7
Underground	229.1	221.3	210.3	188.5	183.5
Total St. Cloud circuit miles	489.5	481.6	471.2	435.9	434.2
Total OUC & St. Cloud circuit miles	2,566.3	2,537.2	2,503.0	2,443.7	2,424.6
Distribution expenses per circuit mile (3)	\$ 10,283	\$ 9,415	\$ 7,868	\$ 8,063	\$ 7,516
Percentages of Orlando distribution system (circuit miles)					
Overhead	35.4%	35.9%	36.4%	36.8%	37.3%
Underground	64.6%	64.1%	63.6%	63.2%	62.7%
Percentages of St. Cloud distribution system (circuit miles)					
Overhead	53.2%	54.0%	55.4%	56.8%	57.7%
Underground	46.8%	46.0%	44.6%	43.2%	42.3%

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

(2) The L-Bar and SAIDI statistics are highly variable due to the small volume of events in the area. The St. Cloud/Osceola system was not significantly impacted by some of the summer storm activity seen in Orlando in 2018. During 2014, St. Cloud/Osceola County experienced an active summer storm season.

(3) In 2018 and 2017, distribution expenses increased primarily due to increased staffing levels to support maintenance projects, including the I-4 Ultimate project.

ELECTRIC UTILITY PLANT (Dollars in thousands)

Years Ended September 30

	2018	2017	2016	2015	2014
Electric plant, net					
Generating plant, net					
Stanton Energy Center Unit 1 and Unit 2	\$ 361,420	\$ 371,978	\$ 384,450	\$ 394,994	\$ 416,352
Stanton Energy Center Unit A	39,817	33,919	40,510	44,387	48,885
Stanton Energy Center Unit B	209,795	209,681	220,310	231,193	232,435
McIntosh Unit 3	49,959	58,920	61,362	60,695	61,761
St. Lucie Unit 2	105,680	105,831	104,950	102,535	101,988
Indian River Plant	10,864	11,866	13,635	9,887	11,182
Total generating plant	<u>777,535</u>	<u>792,195</u>	<u>825,217</u>	<u>843,691</u>	<u>872,603</u>
Distribution plant, net	549,584	529,514	500,330	493,376	491,554
Transmission plant, net	347,200	317,098	315,567	279,200	241,402
Other Electric plant	53,844	47,873	47,714	46,008	48,682
Total electric plant, net	<u>1,728,163</u>	<u>1,686,680</u>	<u>1,688,828</u>	<u>1,662,275</u>	<u>1,654,241</u>
Common plant, net (1)	86,644	94,641	70,489	71,499	68,963
Total Plant, net	<u>\$ 1,814,807</u>	<u>\$ 1,781,321</u>	<u>\$ 1,759,317</u>	<u>\$ 1,733,774</u>	<u>\$ 1,723,204</u>

FUEL MIX STATISTICS

Cost of fuel					
Coal (2)	\$ 148,845	\$ 143,912	\$ 124,364	\$ 139,769	\$ 155,368
Natural gas	108,980	120,249	134,717	136,965	153,302
Nuclear	3,655	3,344	3,848	2,177	2,827
Renewable (3)	10,364	8,616	5,743	5,352	4,790
Total cost of fuel	<u>\$ 271,844</u>	<u>\$ 276,121</u>	<u>\$ 268,671</u>	<u>\$ 284,263</u>	<u>\$ 316,288</u>
Fuel cost per MWh					
Coal (2)	\$ 36.11	\$ 36.36	\$ 39.98	\$ 41.31	\$ 46.82
Natural gas	\$ 31.89	\$ 35.87	\$ 31.08	\$ 34.75	\$ 39.72
Nuclear	\$ 7.78	\$ 7.32	\$ 8.01	\$ 4.68	\$ 6.03
Renewable (3)	\$ 56.38	\$ 55.29	\$ 75.27	\$ 62.41	\$ 61.47
System average fuel cost	\$ 33.23	\$ 34.86	\$ 33.58	\$ 36.09	\$ 40.96
System fuel mix for total generation (based on MWh)					
Coal (2)	50.3%	50.0%	38.9%	43.0%	43.0%
Natural Gas	41.7%	42.3%	54.2%	50.0%	50.0%
Nuclear	5.7%	5.8%	6.0%	5.9%	6.1%
Renewable (3)	2.2%	2.0%	1.0%	1.1%	1.0%
Total system fuel mix for total generation (based on MWh)	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

(1) The change beginning in 2017 was due to the implementation and transition to the CC&B system. Common plant, net includes shared assets including administrative and operations buildings and information technology infrastructure.

(2) Coal consumption is based on quantity utilized to generate MWhs and does not include the impact of heat rates on energy production. Coal consumption increased beginning in 2017 primarily due to operational efficiencies implemented at the Stanton coal generation facilities and reduced commodity and transportation costs.

(3) To support sustainability initiatives, OUC has entered into several renewable power purchase agreements for solar and landfill gas.

WATER OPERATIONS



Providing safe, great-tasting water treated with ozone is guaranteed by a state-certified Water Quality Lab that conducts more than 20,000 chemical and bacteriological tests per year.

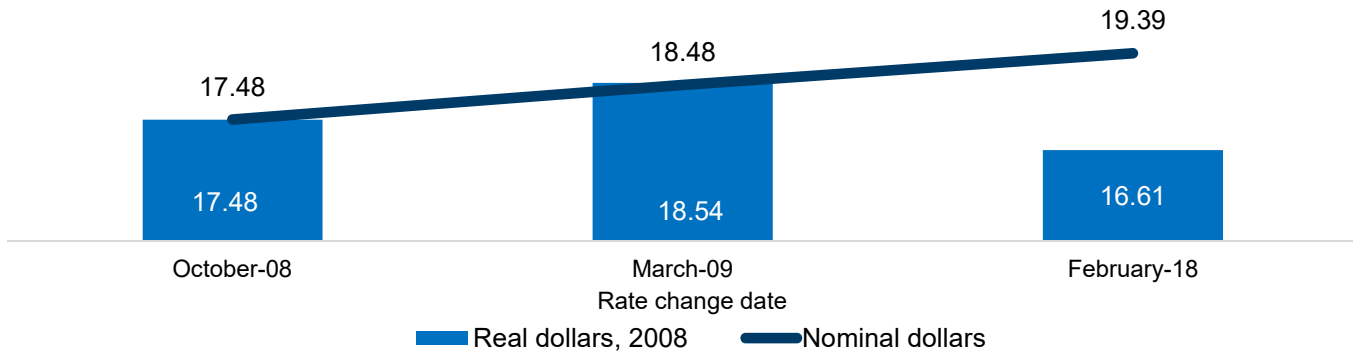
OUC 
The *Reliable One*®

CONNECTED
CUSTOMERS • EMPLOYEES • COMMUNITY

WATER OPERATIONS

WATER BUSINESS OPERATIONS

OUC Average Water Bill History
(Based on 10,000 Gallons Inside the City of Orlando Residential Customer)

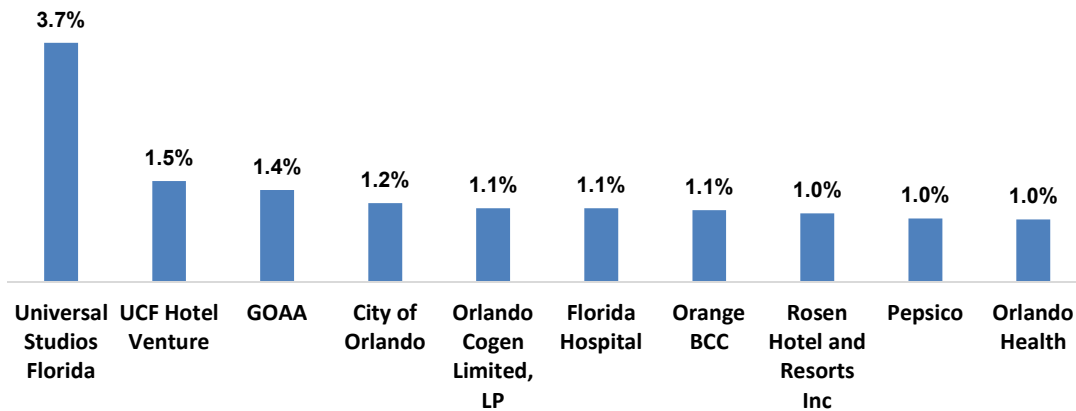


Price Trend Information

OUC's prices are designed to be competitive, effectively recover costs and meet its strategic initiative to deliver pricing below the peer average. Prices are reviewed by management, presented annually at the Budget Workshop and approved by the Board.

In conjunction with the Budget Workshop and subsequent approval of the Operating Budget, the Board approved a multi-year price plan designed to increase prices no more than five percent per year over a four year period. The plan is designed to narrow the gap between the real and nominal price of water as OUC addresses conservation impacts and the future need for alternative water resources.

Top Ten Water Customers FY18
(% of total retail consumption)



Water Quality

OUC maintains and operates seven state of the art water plants and operates a certified water quality lab to ensure that OUC's customers continue to enjoy award-winning water with confidence and the knowledge that our water is tested regularly and surpasses the highest quality standards.

Water Sustainability Initiatives

OUC is committed to encouraging water conservation while ensuring the safety and quality of its water supply. OUC's water resources are governed by its consumptive use permit (CUP) with key requirements to conserve groundwater resources and offset environmental impacts due to groundwater pumping. OUC also supplies reclaimed water for irrigation to its customers inside the City of Orlando and areas outside the OUC service area and partners with other utilities to provide regional solutions to ease current and future water supply constraints.

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

Years Ended September 30	2018	2017	2016	2015	2014
Operating Revenues					
Residential	\$ 24,654	\$ 23,975	\$ 22,989	\$ 22,541	\$ 21,753
Commercial	29,992	28,259	27,736	26,484	25,246
Irrigation	14,695	15,307	13,797	12,856	11,981
Fire protection	2,566	2,429	2,330	2,314	2,266
Service fees and other	2,424	2,184	2,196	2,123	2,271
Resale and other	558	589	590	551	563
Regulatory action (1)	4,805	(912)	-	-	-
Total operating revenues	<u>79,694</u>	<u>71,831</u>	<u>69,638</u>	<u>66,869</u>	<u>64,080</u>
Operations and maintenance expenses					
Production	15,165	14,637	14,980	15,034	13,676
Distribution	8,594	7,666	8,598	7,655	7,357
Storm recovery costs	-	793	-	-	-
Customer service (2)	9,412	8,212	7,109	7,441	6,003
General and administrative	11,844	10,964	11,151	10,146	10,018
Total operations and maintenance expenses	<u>45,015</u>	<u>42,272</u>	<u>41,838</u>	<u>40,276</u>	<u>37,054</u>
Other expenses					
Utility/property tax	66	64	65	65	63
Revenue based payments to the City of Orlando	2,151	2,108	2,058	2,021	1,921
Revenue based payments to Orange County	4	3	4	5	5
Depreciation and amortization	19,550	18,171	17,328	18,685	17,121
Total other expenses	<u>21,771</u>	<u>20,346</u>	<u>19,455</u>	<u>20,776</u>	<u>19,110</u>
Total operating expenses	<u>66,786</u>	<u>62,618</u>	<u>61,293</u>	<u>61,052</u>	<u>56,164</u>
Operating income	12,908	9,213	8,345	5,817	7,916
Non-operating income and expense					
Interest income (3)	1,468	705	655	606	557
Other income, net	2,024	2,003	2,047	1,836	1,701
Amortization of deferred gain on sale of assets	16	16	16	16	23
Interest expense, net	(6,645)	(6,382)	(7,104)	(7,326)	(7,396)
Total non-operating expenses, net	<u>(3,137)</u>	<u>(3,658)</u>	<u>(4,386)</u>	<u>(4,868)</u>	<u>(5,115)</u>
Water income before contributions	9,771	5,555	3,959	949	2,801
Contributions in aid of construction (CIAC)	11,372	10,803	12,687	10,724	9,584
Annual dividend	(6,057)	(3,412)	(2,247)	(521)	(1,526)
Increase in net position	<u>\$ 15,086</u>	<u>\$ 12,946</u>	<u>\$ 14,399</u>	<u>\$ 11,152</u>	<u>\$ 10,859</u>

(1) In 2017, the Board approved a regulatory action to defer \$1.5 million, which is being used to bridge the phased-in water rate increase in 2018. This was offset by the recognition of \$0.6 million to align with the CC&B implementation. In 2018, the Board approved the use of \$4.8 million in reserves to begin the phased-in water price increase over the upcoming four years.

(2) In 2018, customer service charges increased with the transition to the CC&B system and reallocation of resources back to core operations. Customer service costs increased due to maintenance activities after the implementation of CC&B in July 2017. 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).

(3) Effective in 2018, the Board approved action to defer unrealized investment valuations (\$4.7 million in unrealized losses in 2018) consistent with the rate-making model. In 2017, unrealized valuation losses of \$3.8 million were included in interest income.

WATER CONSUMPTION AND FINANCIAL RATIOS

Years Ended September 30

2018

2017

2016

2015

2014

Profile of consumption and revenue by type of customer

Residential service

KGAL sales per customer	80	82	79	80	79
Revenue per customer	\$ 224	\$ 221	\$ 215	\$ 214	\$ 211
Revenue per KGAL	\$ 2.8112	\$ 2.7005	\$ 2.7052	\$ 2.6962	\$ 2.6608

Commercial service

KGAL sales per customer	1,067	1,031	1,007	959	899
Revenue per customer	\$ 2,011	\$ 1,890	\$ 1,847	\$ 1,775	\$ 1,664
Revenue per KGAL	\$ 1.8849	\$ 1.8329	\$ 1.8352	\$ 1.8501	\$ 1.8519

Irrigation service

KGAL sales per customer	249	266	242	231	221
Revenue per customer	\$ 886	\$ 932	\$ 848	\$ 799	\$ 752
Revenue per KGAL	\$ 3.5573	\$ 3.4995	\$ 3.5098	\$ 3.4606	\$ 3.3999

Selected financial expense statistics

Total operations and maintenance expenses per KGAL	\$ 1.5605	\$ 1.4447	\$ 1.5170	\$ 1.5242	\$ 1.4612
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Operations and maintenance expense per metered service

Production and distribution costs	\$ 168	\$ 159	\$ 171	\$ 167	\$ 156
Customer service expense (1)	67	59	51	55	45
General and administrative expense	84	78	81	75	75
Total operations and maintenance expense	<u>\$ 319</u>	<u>\$ 296</u>	<u>\$ 303</u>	<u>\$ 297</u>	<u>\$ 276</u>

SELECTED FINANCIAL RATIOS

Water operating ratio

Water operations and maintenance expenses/operating revenues	\$ 0.60	\$ 0.57	\$ 0.60	\$ 0.60	\$ 0.58
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Water income before contributions per revenue dollar

Water income before contributions/operating revenues	\$ 0.13	\$ 0.10	\$ 0.06	\$ 0.01	\$ 0.04
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ACTIVE SERVICES

Residential	110,433	109,215	107,816	106,002	104,237
Commercial	14,972	14,854	15,048	14,980	14,866
Irrigation	16,639	16,523	16,337	16,194	16,003
Total metered services	<u>142,044</u>	<u>140,592</u>	<u>139,201</u>	<u>137,176</u>	<u>135,106</u>

FIRE PROTECTION

Fire protection services	7,412	4,758	4,676	4,609	4,524
Fire hydrants	10,520	10,423	10,326	10,201	10,091
Total fire protection	<u>17,932</u>	<u>15,181</u>	<u>15,002</u>	<u>14,810</u>	<u>14,615</u>

CONSUMPTION (MGAL)

Residential	8,770	8,878	8,498	8,360	8,175
Commercial	15,912	15,418	15,113	14,315	13,633
Irrigation	4,131	4,374	3,931	3,715	3,524
Resale	34	41	37	34	25
Total consumption	<u>28,847</u>	<u>28,711</u>	<u>27,579</u>	<u>26,424</u>	<u>25,357</u>

(1) In 2018, customer service costs increased in conjunction with the transition of the CC&B system.

WATER UTILITY PLANT (Dollars in Thousands)

Years Ended September 30

	2018	2017	2016	2015	2014
Water plant, net					
Production	\$ 115,886	\$ 120,107	\$ 124,281	\$ 128,488	\$ 121,852
Transmission and distribution	256,601	249,914	236,450	230,220	214,122
General	135	161	186	157	1,468
Total water plant, net	<u>372,622</u>	<u>370,182</u>	<u>360,917</u>	<u>358,865</u>	<u>337,442</u>
Common plant, net (1)	<u>28,881</u>	<u>26,693</u>	<u>23,496</u>	<u>23,833</u>	<u>22,988</u>
Total plant, net	<u>\$ 401,503</u>	<u>\$ 396,875</u>	<u>\$ 384,413</u>	<u>\$ 382,698</u>	<u>\$ 360,430</u>

WATER PHYSICAL STATISTICS

Pipe miles	1,851	1,839	1,827	1,814	1,801
Number of public hydrants	10,520	10,423	10,326	10,201	10,091
Number of wells	31	31	31	31	31
Reservoir capacity (MGAL)	28.5	28.5	28.5	28.5	28.5
High service pumping capacity (MGAL per day)	273	273	273	273	273
Raw water capacity (MGAL per day)	177.5	177.5	177.5	177.5	177.5
Peak day (MGAL) (2)	104.0	112.2	104.8	102.8	96.4
Per capita, gallons pumped per day total system	210	201	193	190	185
Per capita, gallons consumed per day residential only	58	56	53	54	54

WATER PRODUCTION (KGAL)

Water treated for sale					
Treated	31,812,084	31,989,054	30,910,762	29,715,255	28,673,892
Used by water department	5,840	5,840	5,856	5,848	5,840
Total water treated for sale	<u>31,806,244</u>	<u>31,983,214</u>	<u>30,904,906</u>	<u>29,709,407</u>	<u>28,668,052</u>
Sales					
Retail customers	28,492,063	28,337,704	27,196,973	26,025,777	24,986,010
Inter-department use	320,796	333,133	343,527	360,487	345,357
Wholesale customers	32,861	39,615	37,899	33,837	25,522
Total sales	<u>28,845,721</u>	<u>28,710,452</u>	<u>27,578,399</u>	<u>26,420,101</u>	<u>25,356,889</u>
Unbilled	2,960,523	3,272,762	3,326,507	3,289,306	3,311,163
Unbilled as a percentage of water treated for sale	9.31%	10.23%	10.76%	11.07%	11.55%

(1) In 2017, the increase was from the implementation of the CC&B system. Common plant, net includes shared assets including administrative and operations buildings and information technology infrastructure.

(2) The decrease in 2018 was primarily due to higher rainfall than in prior years. From 2014 through 2017, the increase in peak day was primarily due to overall growth in OUC's service territory, including the addition of over 4,900 residential customer meters.

LIGHTING OPERATIONS

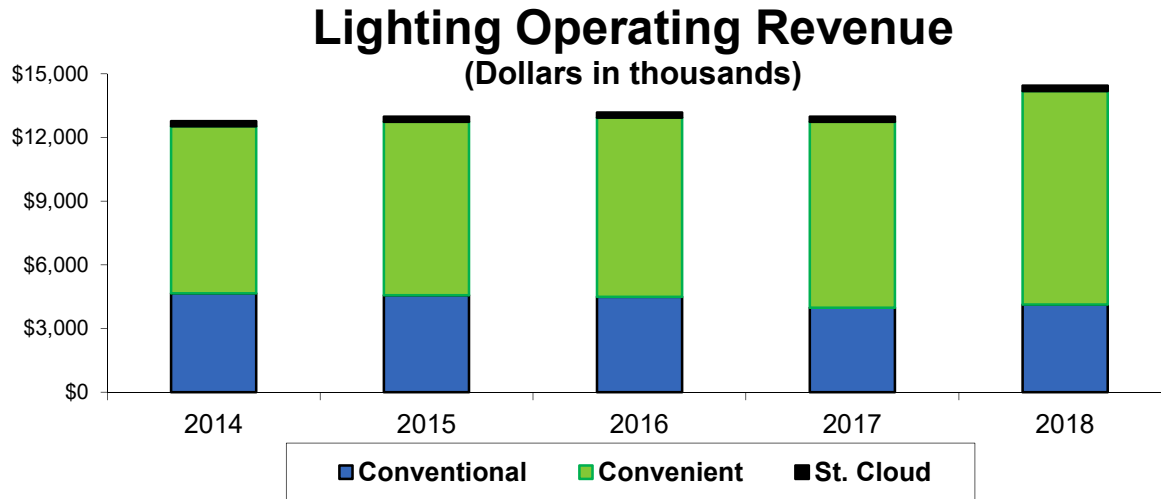
LIGHTING OPERATIONS



Commercial customers continue to turn to OUConvenient *Lighting* to help them illuminate their facilities with smart, innovative, efficient lighting solutions that increase visibility and safety.



LIGHTING BUSINESS OPERATIONS



Price Trend Information

OUC offers its customers lighting services through its Conventional and Convenient lighting programs. The Conventional program primarily provides outdoor lighting solutions for governmental organizations including the City of Orlando, The Florida Department of Transportation, Orange County and the City of St. Cloud with prices approved by the Board. The Convenient lighting program, branded “*OUConvenient*”, provides complete outdoor lighting solutions for a wide spectrum of commercial applications – from industrial parks and sports complexes to residential developments with pricing that is contractually based.

Lighting Sustainability Initiatives

Consistent with the other facets of OUC’s operations, OUC is committed to the City’s goal to be the “*Greenest City in the Southeast*” and has embarked on partnerships to upgrade public street lamps to energy-efficient LED lighting. Watt-for-watt, LED uses half the electricity of traditional lamps while savings taxpayer money and strengthening the safety of the community.

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

Years Ended September 30	2018	2017	2016	2015	2014
Operating Revenues					
Conventional	\$ 4,384	\$ 4,228	\$ 4,737	\$ 4,806	\$ 4,899
Convenient (1)	10,057	8,749	8,439	8,163	7,865
Service fees and other	358	207	135	304	226
Total operating revenues	<u>14,799</u>	<u>13,184</u>	<u>13,311</u>	<u>13,273</u>	<u>12,990</u>
Operations and maintenance expenses					
Conventional	3,040	2,804	2,758	2,724	2,080
Convenient	1,213	1,228	1,771	1,457	1,048
Storm recovery costs	-	133	-	-	-
General & administrative	732	770	568	522	515
Total operations and maintenance expenses	<u>4,985</u>	<u>4,935</u>	<u>5,097</u>	<u>4,703</u>	<u>3,643</u>
Other expenses					
Utility/property tax	1	1	1	1	1
Revenue based payments to Orange County	27	25	24	24	24
Depreciation and amortization	4,615	4,720	4,039	3,878	3,618
Total other expenses	<u>4,643</u>	<u>4,746</u>	<u>4,064</u>	<u>3,903</u>	<u>3,643</u>
Total operating expenses	<u>9,628</u>	<u>9,681</u>	<u>9,161</u>	<u>8,606</u>	<u>7,286</u>
Operating income	5,171	3,503	4,150	4,667	5,704
Non-operating income and expense					
Interest income	208	187	144	106	102
Other income, net	110	110	94	94	94
Amortization of deferred gain on sale of assets	1	4	1	1	1
Interest expense, net	(1,430)	(1,292)	(1,412)	(1,420)	(1,462)
Total non-operating expenses, net	<u>(1,111)</u>	<u>(991)</u>	<u>(1,173)</u>	<u>(1,219)</u>	<u>(1,265)</u>
Lighting income before contributions	4,060	2,512	2,977	3,448	4,439
Contributions in aid of construction (CIAC) (2)	683	1,057	1,100	281	53
Annual dividend	<u>(2,516)</u>	<u>(1,543)</u>	<u>(1,689)</u>	<u>(1,895)</u>	<u>(2,417)</u>
Increase in net position	<u>\$ 2,227</u>	<u>\$ 2,026</u>	<u>\$ 2,388</u>	<u>\$ 1,834</u>	<u>\$ 2,075</u>

(1) The increase in 2018 was primarily due to new billing of long-term lighting contracts for developments in Eagle Creek and Osceola County and outdoor sports complexes.

(2) The increase in 2017 and 2016 was primarily due to receipt of CIAC funds for the Church Street Streetscape Improvement project with the City of Orlando and the receipt of CIAC funds for a Roadway Illumination service agreement project with the Florida Department of Transportation.

SELECTED FINANCIAL RATIOS

Years Ended September 30	2018	2017	2016	2015	2014
Lighting operating ratio					
Lighting operation & maintenance expenses/operating revenues	\$ 0.34	\$ 0.37	\$ 0.38	\$ 0.35	\$ 0.28
Lighting income before contributions per revenue dollar					
Lighting income before contributions/operating revenues (1)	\$ 0.27	\$ 0.15	\$ 0.22	\$ 0.26	\$ 0.34
LIGHTING UTILITY PLANT (Dollars in thousands)					
Lighting plant, net					
Conventional (1)	\$ 13,881	\$ 14,359	\$ 10,563	\$ 8,760	\$ 8,876
Convenient	31,071	31,988	30,894	31,250	32,236
Total lighting plant, net	<u>\$ 44,952</u>	<u>\$ 46,347</u>	<u>\$ 41,457</u>	<u>\$ 40,010</u>	<u>\$ 41,112</u>

(1) In 2017 and 2016, Conventional lighting plant assets and related depreciation increased due to the LED lighting initiative with the City of Orlando, City of St. Cloud, Orange County, and Osceola County.



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CHILLED WATER



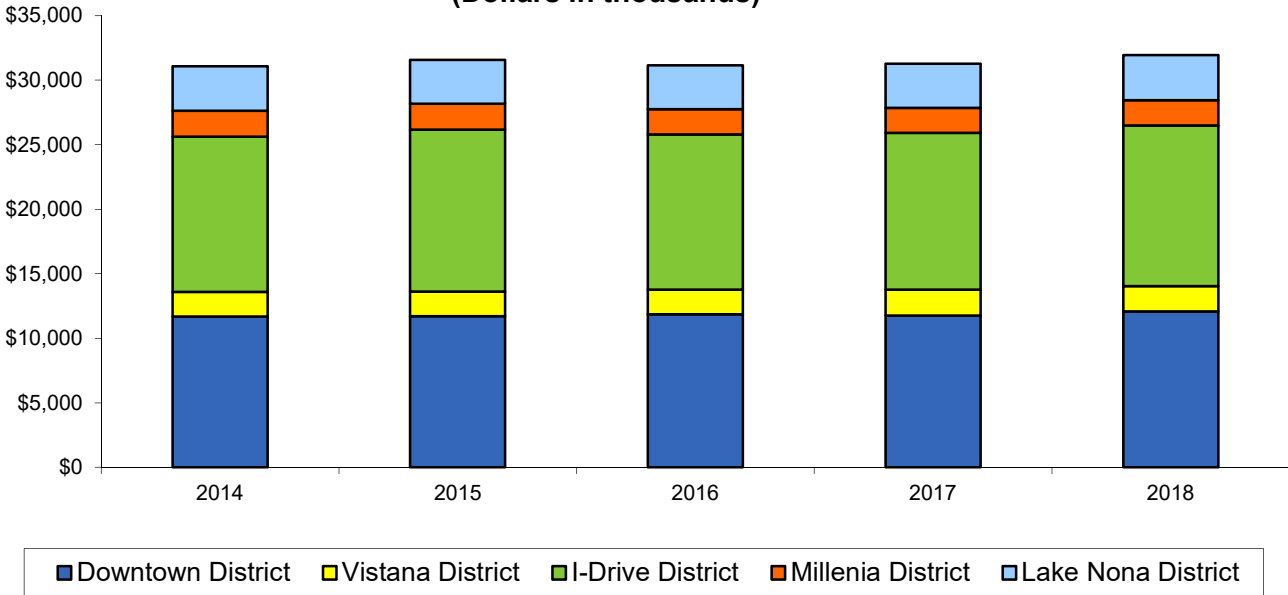
CHILLED WATER

OUCooling's cost-effective and environmentally friendly chilled water services provide a long-term cooling solution for commercial customers in Orlando. Providing diversified utility services, such as chilled water, has been a focus for OUC with new chilled water facilities planned to significantly grow the portfolio of utility services.



CHILLED WATER BUSINESS OPERATIONS

Chilled Water Operating Revenue (Dollars in thousands)



Price Trend Information

OUC offers its customers chilled water services through its “*OUCooling*” program. Chilled water provides large commercial customers and high-density residential complexes with an energy efficient, sustainable and economical way to provide air-conditioning services. Pricing for these services are contractually based.

Chilled Water Operations

Economies of scale is foundational to chilled water operations with the ability to deliver cooling services through the recirculation of refrigerated water with an enhanced level of reliability and safety. OUC operates five chilled water plants with a total capacity of approximately 51,000 tons.

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

Years Ended September 30	2018	2017	2016	2015	2014
Operating revenues					
Downtown plant	\$ 12,079	\$ 11,763	\$ 11,867	\$ 11,712	\$ 11,692
Vistana plant	1,972	2,000	1,892	1,920	1,894
International Drive plant	12,443	12,165	12,040	12,540	12,043
Millenia plant	1,951	1,927	1,952	2,001	2,012
Lake Nona plant	3,499	3,417	3,388	3,404	3,430
Service fees and other	159	446	531	573	521
Total operating revenues	<u>32,103</u>	<u>31,718</u>	<u>31,670</u>	<u>32,150</u>	<u>31,592</u>
Operations and maintenance expenses					
Downtown plant	5,443	5,386	5,704	5,227	4,947
Vistana plant	945	901	893	888	846
International Drive plant	7,316	7,165	7,263	7,527	7,152
Millenia plant	1,353	1,376	1,338	1,320	1,357
Lake Nona plant	1,340	1,397	1,452	1,432	1,431
Storm recovery costs	-	69	-	-	-
Customer service	220	137	165	312	154
General & administrative	825	781	869	797	787
Total operations and maintenance expenses	<u>17,442</u>	<u>17,212</u>	<u>17,684</u>	<u>17,503</u>	<u>16,674</u>
Other expenses					
Utility/property tax	2	2	2	1	1
Revenue based payments to the City of Orlando	684	621	653	656	645
Revenue based payments to Orange County	133	128	128	133	127
Depreciation and amortization	4,581	4,432	4,577	4,547	4,520
Total other expenses	<u>5,400</u>	<u>5,183</u>	<u>5,360</u>	<u>5,337</u>	<u>5,293</u>
Total operating expenses	<u>22,842</u>	<u>22,395</u>	<u>23,044</u>	<u>22,840</u>	<u>21,967</u>
Operating Income	9,261	9,323	8,626	9,310	9,625
Non-operating income and expenses					
Interest income	284	190	161	155	117
Other income, net	131	140	111	129	110
Amortization of deferred gain on sale of assets	1	-	1	1	1
Interest expense, net	(2,710)	(2,868)	(3,173)	(3,415)	(3,622)
Total non-operating expenses, net	<u>(2,294)</u>	<u>(2,538)</u>	<u>(2,900)</u>	<u>(3,130)</u>	<u>(3,394)</u>
Chilled water income before contributions	6,967	6,785	5,726	6,180	6,231
Contributions in aid of construction (CIAC)	-	109	-	-	467
Annual dividend	(4,320)	(4,169)	(3,252)	(3,397)	(3,393)
Increase in net position	<u>\$ 2,647</u>	<u>\$ 2,725</u>	<u>\$ 2,474</u>	<u>\$ 2,783</u>	<u>\$ 3,305</u>

SELECTED FINANCIAL RATIOS

Years Ended September 30

	2018	2017	2016	2015	2014
Chilled water operating ratio					
Chilled water operation and maintenance expenses/ operating revenues	\$ 0.54	\$ 0.54	\$ 0.56	\$ 0.54	\$ 0.53
Chilled water income before contributions per revenue dollar					
Chilled water income before contributions/ operating revenues	\$ 0.22	\$ 0.22	\$ 0.18	\$ 0.19	\$ 0.20
Revenue per TON-hour produced	\$ 0.6305	\$ 0.6230	\$ 0.6220	\$ 0.6314	\$ 0.6205

CHILLED WATER UTILITY PLANT (Dollars in thousands)

Chilled water plant, net					
Downtown plant	\$ 31,366	\$ 32,679	\$ 33,989	\$ 35,424	\$ 36,840
Vistana plant	2,800	3,022	3,246	3,441	3,663
International Drive plant	18,630	19,942	21,300	22,668	24,035
Millenia plant	1,837	2,010	2,066	2,246	2,427
Lake Nona plant	9,345	9,848	10,351	10,854	11,357
Total plant, net	<u>\$ 63,978</u>	<u>\$ 67,501</u>	<u>\$ 70,952</u>	<u>\$ 74,633</u>	<u>\$ 78,322</u>

ACTIVE SERVICES

Residential	2,386	2,376	2,365	2,365	2,365
Commercial	208	209	210	203	203
Total metered services	<u>2,594</u>	<u>2,585</u>	<u>2,575</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	8.38
Vistana plant	3.72	3.72	3.72	3.72	3.72
International Drive plant	3.79	3.79	3.79	3.79	3.79
Millenia plant	0.26	0.26	0.26	0.26	0.26
Lake Nona plant	1.62	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>	<u>17.77</u>

Generation capacity, TON (in thousands)

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

TON-HOURS PRODUCED (in thousands)

Downtown plant	42,270	43,622	45,633	42,620	40,561
Vistana plant	5,181	5,333	5,294	5,375	5,322
International Drive plant	73,749	69,854	70,705	70,464	67,581
Millenia plant	8,970	8,893	9,128	8,830	9,136
Lake Nona plant	10,865	10,644	11,450	11,884	12,603
Total Ton hours produced (1)	<u>141,036</u>	<u>138,346</u>	<u>142,210</u>	<u>139,173</u>	<u>135,203</u>

(1) In 2017, total ton hours produced decreased due to fewer cooling degree days than the previous three years.



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STATISTICAL INFORMATION



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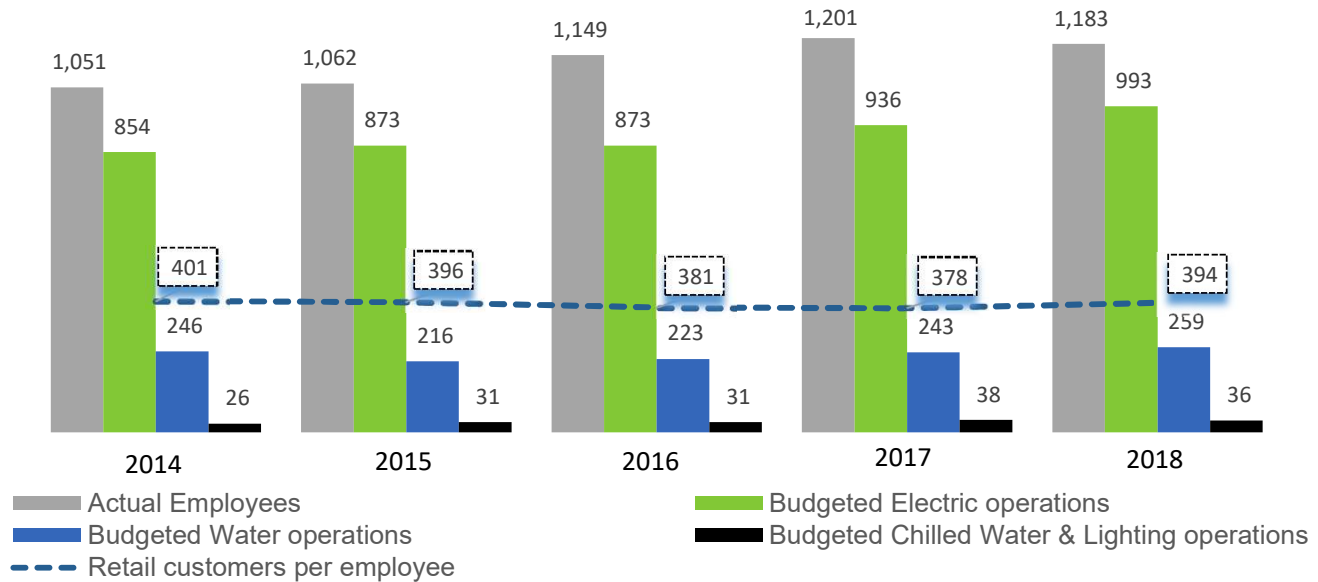
OUC continues to leverage technology and data to deliver reliable, affordable and sustainable energy services to its customers.

OUC 
The Reliable One®

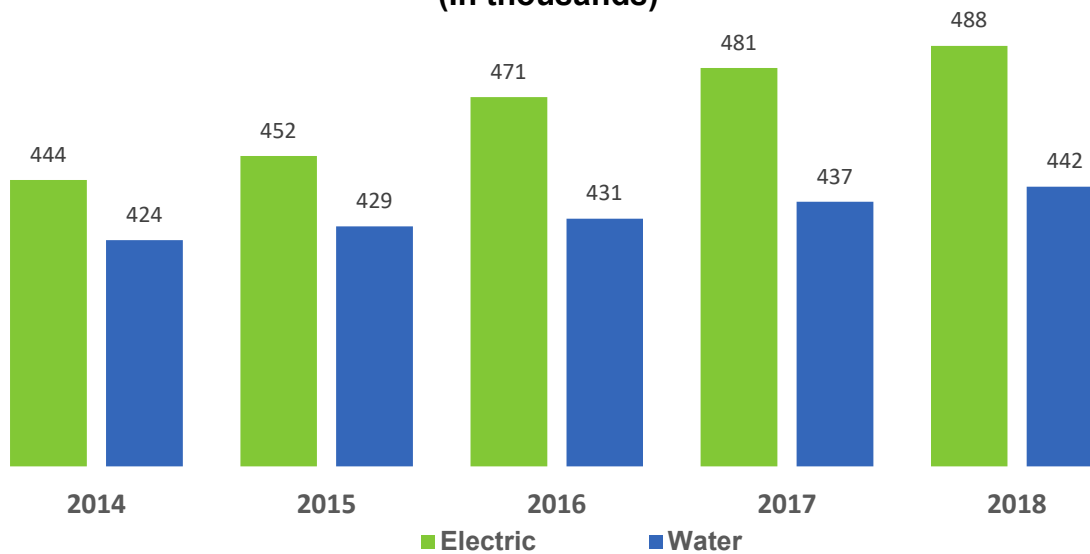
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STATISTICAL INFORMATION

Number of Employees



Service Area Population (In thousands)

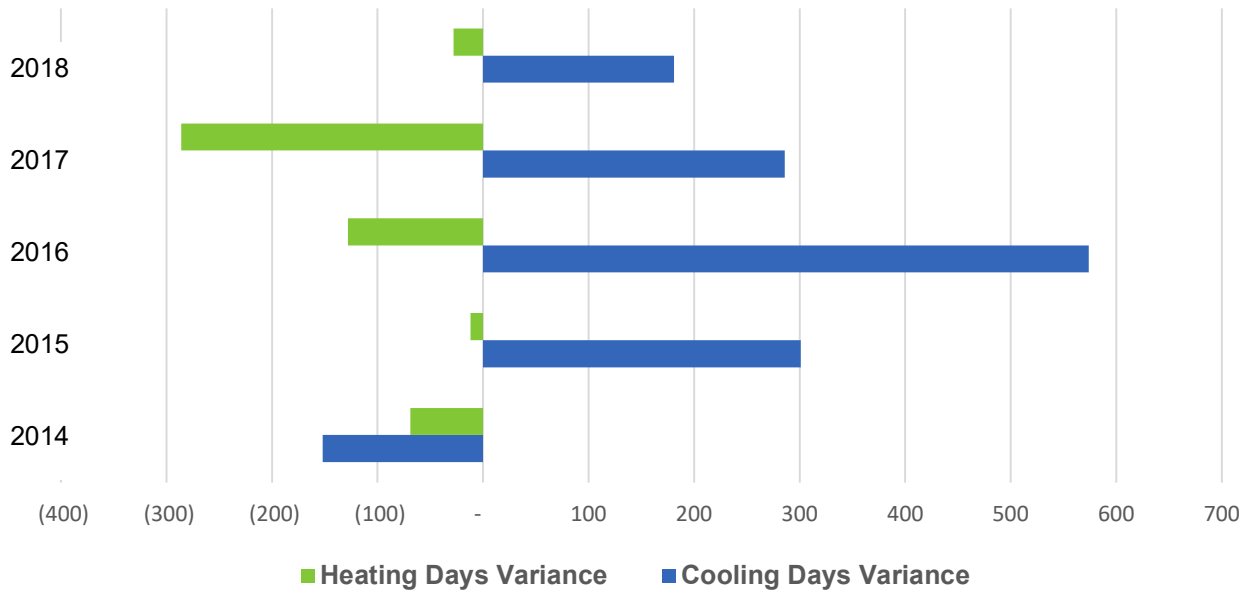


The source of the OUC's electric service area population is IHS-Global Insights. This change recognizes the more urban nature of OUC's service territory. In 2018 through 2016, a change in methodology was used to estimate the water service area population by multiplying OUC's September active residential services by a factor of four. This was based on changing policies for installing master meters and submeters. For the years 2014-2015, the population estimates were aligned with the St. John's River Water Management District data.

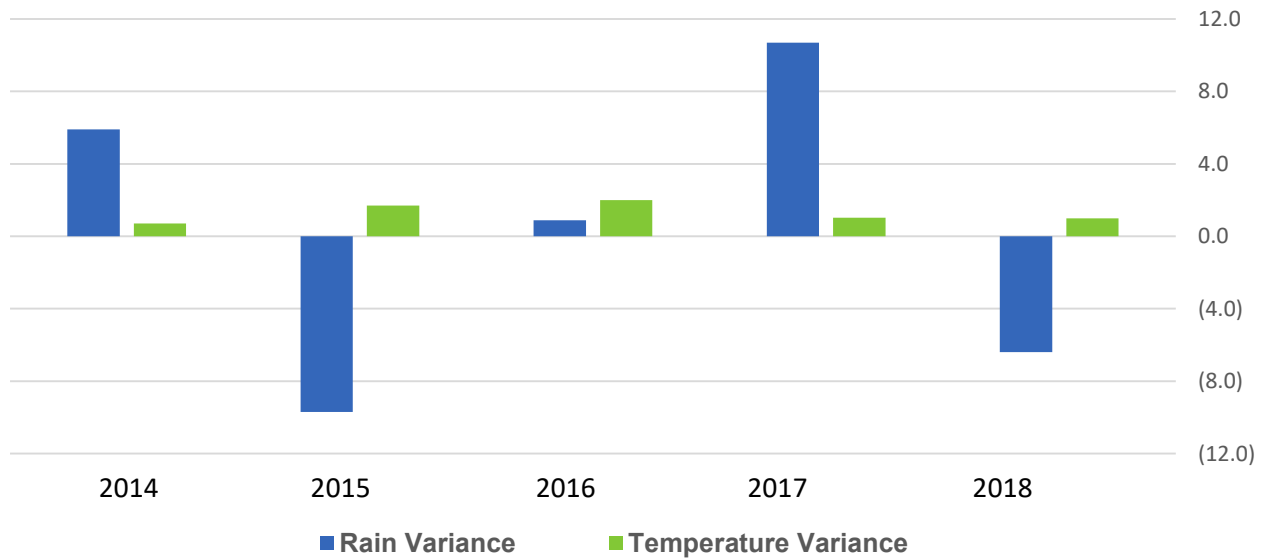
Climatological Data

Orlando Metro Area
Fiscal Year Ended September 30

Number of Heating or Cooling Degree Days below or above Average



Yearly Variance in Rain and Temperature



INSURANCE COVERAGES

September 30, 2018

Carrier	Type of coverage	Limits	Period
OUC	General liability	\$2.0 million per occurrence retention	Continuous
OUC	Automobile liability	\$2.0 million per occurrence retention	Continuous
OUC	Worker's compensation	\$500 thousand per occurrence retention	Continuous
OUC	Health and medical benefits individual stop-loss	Amounts in excess of \$0.25 million per insured per year net of applicable deductible	Continuous
AEGIS	Excess automobile and general liability	\$35.0 million above the \$2.0 million retention for general liability and automobile liability	10-01-17/10-01-18
AEGIS	Directors and officers / public officials liability	\$10.0 million	10-01-17/10-01-18
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
CHUBB	Fiduciary Liability	\$10.0 million	10-01-17/10-01-18
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	10-01-17/10-01-18
Factory Mutual	All risk property/boiler and machinery	\$2.7 billion insurable values \$250 thousand base retentions, various retentions depending on machinery	10-01-17/10-01-18
Florida Municipal Insurance Trust (FMIT)	Excess worker's compensation	Statutory limit of liability above a \$500 thousand per occurrence retention	10-01-17/10-01-18
Great American Insurance	Dishonesty, disappearance, and destruction (Crime)	\$10.0 million	10-01-17/10-01-18



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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.

Florida Municipal Power Pool (FMPP): The Florida Municipal Power Pool was created to bring multiple utilities together and create a more efficient and economical way to serve their customers needs. FMPP consists of three pool members: Florida Municipal Power Agency, Lakeland Electric and OUC.

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.

Interlocal 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.

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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