

# GAINING VELOCITY

# ouc



The *Reliable One*®

ORLANDO UTILITIES COMMISSION

2017  
FINANCIAL AND  
STATISTICAL REPORT

# ORLANDO UTILITIES COMMISSION 2017 FINANCIAL AND STATISTICAL INFORMATION REPORT

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Years Ended September 30, 2017 - 2007

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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

**USTA**   
**NATIONAL  
CAMPUS**



OUC continues to partner with businesses large and small to help them relocate or grow within Central Florida. In 2017, we helped the United States Tennis Association (USTA) offer green solutions within its new National Campus in Lake Nona. As the hometown utility, we are committed to doing all we can to ensure economic prosperity and job growth within the area we serve.

Visit [OUCPowersGrowth.com](http://OUCPowersGrowth.com)

**OUC**   
The *Reliable One*®

# GENERAL INFORMATION

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OUC—the Reliable One is the second largest municipal utility in Florida providing electric and water services to more than 244,000 customers in Orlando, St. Cloud and parts of unincorporated Orange and Osceola Counties.

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

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

OUC's electric system provides service to retail customers within the City of Orlando and certain contiguous areas of Orange County and to other utilities at wholesale. The boundaries of OUC's 248- square-mile retail electric service area is established by OUC's charter, but is currently subject to a ten year service territorial agreement with Duke Energy. The territorial agreement expired on or about August 1, 2017. This agreement has been re-negotiated and OUC and Duke Energy plan to jointly file with the Florida Public Service Commission for approval. OUC retains the authority to provide utility service even though the territorial agreement is currently expired.

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

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

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

The information presented in the following pages represents OUC's financial and operational information for the periods of 2007-2017 and where appropriate, amounts have been reclassified to conform to the 2017 presentation. The footnotes primarily focus on trends for the years 2014 through 2017.

STATEMENTS OF NET POSITION (Dollars in thousands)

As of September 30	2017	2016	2015	2014
<b>Assets</b>				
Utility plant, net				
In-service, net	\$ 2,218,952	\$ 2,183,571	\$ 2,158,462	\$ 2,133,614
Land and other non-depreciable assets	73,091	72,569	72,651	69,455
Construction work in-progress	159,025	154,216	144,733	151,557
<b>Total utility plant, net (1) (12)</b>	<u>2,451,068</u>	<u>2,410,356</u>	<u>2,375,846</u>	<u>2,354,626</u>
Restricted and internally designated assets				
Debt service and related funds	86,949	85,470	86,333	83,026
Decommissioning, construction bond proceeds and other funds (2)	202,860	211,230	249,010	195,343
Stabilization and self insurance funds (3)	200,018	209,602	175,980	153,926
Capital reserve and liability reduction funds (4)	49,468	118,968	98,968	118,968
<b>Total restricted and internally designated assets</b>	<u>539,295</u>	<u>625,270</u>	<u>610,291</u>	<u>551,263</u>
Current assets				
Cash and investments	39,408	48,026	53,627	38,081
Customer receivables, net (5)	111,731	75,551	74,268	76,034
Fuel for generation (6)	24,829	15,440	30,012	24,821
Materials and supplies inventory, net (7)	37,499	35,425	32,491	42,226
Other current assets (8)	58,036	77,003	93,142	71,872
<b>Total current assets</b>	<u>271,503</u>	<u>251,445</u>	<u>283,540</u>	<u>253,034</u>
Other assets				
Net pension assets (9)	-	-	-	29,448
Net other post-employment benefit assets (OPEB) (9)	-	-	628	1,920
Regulatory assets (1) (9) (10)	194,863	179,910	147,516	34,900
Other long-term assets (11) (13)	43,553	40,472	30,584	18,140
Hedging derivative instruments	181	541	-	226
<b>Total other assets</b>	<u>238,597</u>	<u>220,923</u>	<u>178,728</u>	<u>84,634</u>
<b>Total assets</b>	<u>3,500,463</u>	<u>3,507,994</u>	<u>3,448,405</u>	<u>3,243,557</u>
<b>Deferred outflows of resources</b>				
Unamortized loss on refunded bonds	46,874	54,368	45,408	51,922
Fair value retirement obligation asset (12)	6,576	6,833	2,851	-
Unrealized pension contributions and losses (9)	46,313	55,047	18,573	-
Unrealized OPEB benefit payments and losses (9)	17,777	21,761	-	-
Accumulative decrease in fair value of hedging derivatives	2,098	39,144	41,652	23,808
Goodwill (13)	1,101	1,834	-	-
<b>Total deferred outflows of resources</b>	<u>120,739</u>	<u>178,987</u>	<u>108,484</u>	<u>75,730</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 3,621,202</u>	<u>\$ 3,686,981</u>	<u>\$ 3,556,889</u>	<u>\$ 3,319,287</u>

(1) In 2017, the increase was primarily due to completion of several large transmission line upgrades, the Stanton Energy Center Unit 1 (SEC 1) turbine upgrade, a pond liner replacement upgrade, and the implementation of the Customer Care and Billing (CC&B) system. In 2013, Duke Energy closed the Crystal River Unit 3 (CR 3) nuclear generation facility and, as such, the net book value of \$17.6 million was reclassified as a regulatory asset.

(2) A settlement with Duke Energy was finalized in October 2015 for the closure of CR 3. As a result, previously invested Asset retirement obligation funds of \$13.6 million were transferred. In 2015, OUC issued the Series 2015A Bonds of \$115.1 million to fund capital projects. As of September 30, 2016, proceeds from these bonds were fully exhausted.

(3) The fluctuation over the past eleven years was primarily due to changes in fuel stabilization funds as a result of fuel price volatility. In general, these funds are designated to match the change in regulatory credits.

(4) These funds are used in conjunction with construction bond proceeds to support capital projects. In 2017, the planned release of capital reserves funded utility plant additions. In 2012, the Board approved, as part of the Indian River Plant (IRP) re-purchase, the reclassification of the remaining balance of the liability reduction fund \$20.3 million, to the capital reserve fund.

(5) Customer Receivables increased due to 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 July 2017.

(6) In 2017, coal inventories increased due to damage from Hurricane Irma which caused Stanton Energy Center Unit 2 (SEC 2) to accelerate the planned fall outage to September 15 - 30. Fuel for generation fluctuates as a result of generation plant operations and maturing fuel contracts.

(7) In 2017 and 2016, Distribution and Transmission inventory levels increased relative to the increase and timing of planned construction, as well as the impact of two hurricanes during fiscal year 2017. In response to changing technologies and evolving industry standards, OUC conducted an internal study in 2015 to evaluate inventory levels in comparison to industry norms. As a result, OUC began implementing strategies in late 2015 to reduce inventory levels.



2013	2012	2011	2010	2009	2008	2007
\$ 2,108,165	\$ 2,144,052	\$ 2,160,121	\$ 2,134,963	\$ 1,800,510	\$ 1,748,769	\$ 1,726,375
69,214	70,022	62,882	62,868	59,501	59,196	31,632
135,465	84,125	65,041	107,333	421,685	343,959	176,216
<u>2,312,844</u>	<u>2,298,199</u>	<u>2,288,044</u>	<u>2,305,164</u>	<u>2,281,696</u>	<u>2,151,924</u>	<u>1,934,223</u>
82,868	82,707	122,714	133,981	121,526	118,406	118,471
186,543	208,323	258,940	314,346	179,005	224,233	211,336
169,275	183,649	197,414	174,676	141,604	110,013	143,154
118,968	118,968	34,968	35,086	20,384	52,520	63,211
<u>557,654</u>	<u>593,647</u>	<u>614,036</u>	<u>658,089</u>	<u>462,519</u>	<u>505,172</u>	<u>536,172</u>
60,333	85,404	131,368	54,715	33,622	43,520	36,148
67,697	71,245	74,711	84,000	81,482	78,801	89,749
30,168	19,348	24,319	19,863	19,950	5,972	14,752
42,561	40,303	36,698	37,827	36,727	37,926	35,927
80,660	92,782	109,482	118,309	106,719	90,844	71,862
<u>281,419</u>	<u>309,082</u>	<u>376,578</u>	<u>314,714</u>	<u>278,500</u>	<u>257,063</u>	<u>248,438</u>
28,268	29,883	28,731	30,100	34,268	36,801	40,048
1,997	2,071	2,068	-	-	-	-
42,096	20,084	20,873	22,076	20,989	27,123	23,490
17,118	17,350	18,213	22,911	21,000	16,067	12,094
88	2,052	-	17	202	826	-
<u>89,567</u>	<u>71,440</u>	<u>69,885</u>	<u>75,104</u>	<u>76,459</u>	<u>80,817</u>	<u>75,632</u>
<u>3,241,484</u>	<u>3,272,368</u>	<u>3,348,543</u>	<u>3,353,071</u>	<u>3,099,174</u>	<u>2,994,976</u>	<u>2,794,465</u>
58,439	51,265	53,638	57,653	46,461	53,720	61,864
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
25,622	43,559	50,165	75,660	84,159	43,420	-
-	-	-	-	-	-	-
<u>84,061</u>	<u>94,824</u>	<u>103,803</u>	<u>133,313</u>	<u>130,620</u>	<u>97,140</u>	<u>61,864</u>
<u>\$ 3,325,545</u>	<u>\$ 3,367,192</u>	<u>\$ 3,452,346</u>	<u>\$ 3,486,384</u>	<u>\$ 3,229,794</u>	<u>\$ 3,092,116</u>	<u>\$ 2,856,329</u>

(8) 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 increased collateral deposit requirements for fuel and investment hedges.

(9) In conjunction with new pension and other post-employment benefits 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 OPEB fluctuate based on changes in assumptions, including expected versus actual experience, and investment performance.

(10) 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.

(11) In 2016, Other long-term assets increased \$9.9 million due to a prepayment for a Stanton Energy Center Unit B (SEC B) gas turbine outage scheduled for fiscal years 2021 and 2024.

(12) Effective in 2015, OUC implemented accounting and financial reporting standards that required the reclassification of the fair value retirement obligation asset, previously reported under the heading Utility plant, net, to Deferred outflows of resources.

(13) In 2017, OUC adopted GASB Statement No. 85 "Omnibus 2017." The application of this statement established accounting and financial reporting standards that required the reclassification of Goodwill previously reported as Other assets to Deferred outflows of resources.

STATEMENTS OF NET POSITION (Dollars in thousands)

As of September 30	2017	2016	2015	2014
<b>Liabilities</b>				
Current liabilities - payable from restricted and designated assets				
Accrued interest payable on notes and bonds	\$ 28,790	\$ 24,905	\$ 30,508	\$ 29,826
Current portion of long-term debt	58,385	60,765	55,880	53,310
Customer meter deposits	56,991	56,521	54,930	52,784
<b>Total payable from restricted and designated assets</b>	<b>144,166</b>	<b>142,191</b>	<b>141,318</b>	<b>135,920</b>
Current liabilities - payable from current assets				
Accounts payable and accrued expenses (1)	92,864	67,289	75,246	95,549
Other bonds payable (2)	-	98,360	98,360	98,360
Other current liabilities	22,058	22,984	21,005	20,338
Hedging derivative instruments maturing within one year	1,395	3,111	8,848	512
<b>Total payable from current assets</b>	<b>116,317</b>	<b>191,744</b>	<b>203,459</b>	<b>214,759</b>
<b>Total current liabilities</b>	<b>260,483</b>	<b>333,935</b>	<b>344,777</b>	<b>350,679</b>
Other liabilities and credits				
Asset retirement obligation and other liabilities (3)	80,108	81,224	88,084	85,438
Pension liability (4)	124,057	133,917	92,568	-
Net OPEB liability (5)	45,545	81,189	-	-
Hedging derivative instruments	703	2,886	5,617	289
<b>Total other liabilities and credits</b>	<b>250,413</b>	<b>299,216</b>	<b>186,269</b>	<b>85,727</b>
Total long-term debt, net	1,477,363	1,476,091	1,527,787	1,481,003
<b>Total liabilities</b>	<b>1,988,259</b>	<b>2,109,242</b>	<b>2,058,833</b>	<b>1,917,409</b>
<b>Deferred inflows of resources</b>				
Unamortized gain on refunded bonds	1,390	1,568	1,747	1,926
Regulatory credits (6)	256,271	274,553	251,363	233,029
Unrealized pension gains (4)	10,047	13,282	18,585	-
Unrealized OPEB gains (5)	22,399	373	-	-
Accumulated increase in fair value of hedging derivatives	1,713	2,581	-	674
<b>Total deferred inflows of resources</b>	<b>291,820</b>	<b>292,357</b>	<b>271,695</b>	<b>235,629</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>\$ 2,280,079</b>	<b>\$ 2,401,599</b>	<b>\$ 2,330,528</b>	<b>\$ 2,153,038</b>
<b>Net position</b>				
Net invested in capital assets	\$ 1,048,799	\$ 945,883	\$ 893,645	\$ 884,604
Restricted	-	-	270	265
Unrestricted	292,324	339,499	332,446	281,380
<b>Total net position</b>	<b>\$ 1,341,123</b>	<b>\$ 1,285,382</b>	<b>\$ 1,226,361</b>	<b>\$ 1,166,249</b>

(1) The increase in Accounts payable and accrued expenses during 2017 was primarily driven by restoration costs as a result of a hurricane in September 2017. During 2014, OUC expended higher fuel and purchased power payables of \$9.5 million as a result of increased generation. Additionally in 2014, OUC recorded accruals of \$6.0 million for an environmental restoration project, a FEMA de-obligation loss contingency, and a tax liability with the Florida Department of Revenue. Due to resolution of the potential FEMA de-obligation and a waiver of past tax liabilities, accruals of \$4.9 million were reversed in 2015.

(2) In 2017, the Series 2011A *Windows* Bonds were refunded as a result of the issuance of new long-term debt. In 2009, a portion of the Series 2009B Bonds was classified to Other bonds payable as the portion was set to mature in June 2010. In 2008, the Series 2004 Bonds were classified to Other bonds payable as they were set to mature in July 2009.

(3) 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 Asset retirement obligations by \$2.6 million.

(4) In conjunction with new pension accounting guidance, OUC reported the actuarially computed net pension liability. The net pension liability changes in 2016 and 2017 resulted from market fluctuations and actuarial assumption changes. Also in 2017, the prior year was restated to include a \$1.1 million total pension liability for the non-qualified pension plan trust that was established in 2017.

2013	2012	2011	2010	2009	2008	2007
\$ 31,031	\$ 32,211	\$ 34,448	\$ 37,284	\$ 27,552	\$ 28,093	\$ 28,524
51,950	50,610	88,450	51,080	48,350	46,045	44,440
49,892	45,942	43,079	39,062	33,485	33,575	31,481
<u>132,873</u>	<u>128,763</u>	<u>165,977</u>	<u>127,426</u>	<u>109,387</u>	<u>107,713</u>	<u>104,445</u>
78,971	74,499	84,963	84,089	68,080	93,162	68,222
98,360	98,360	98,360	98,522	199,266	218,799	-
19,708	19,245	18,604	22,927	24,266	17,876	13,546
3,459	7,815	11,519	8,022	3,552	5,482	-
<u>200,498</u>	<u>199,919</u>	<u>213,446</u>	<u>213,560</u>	<u>295,164</u>	<u>335,319</u>	<u>81,768</u>
<u>333,371</u>	<u>328,682</u>	<u>379,423</u>	<u>340,986</u>	<u>404,551</u>	<u>443,032</u>	<u>186,213</u>
84,263	76,732	79,688	77,974	81,022	84,037	79,507
-	-	-	-	-	-	-
-	-	-	-	-	-	-
242	2,996	7,530	13,050	12,020	1,766	-
<u>84,505</u>	<u>79,728</u>	<u>87,218</u>	<u>91,024</u>	<u>93,042</u>	<u>85,803</u>	<u>79,507</u>
1,548,109	1,612,662	1,666,567	1,789,258	1,541,539	1,446,100	1,481,868
<u>1,965,985</u>	<u>2,021,072</u>	<u>2,133,208</u>	<u>2,221,268</u>	<u>2,039,132</u>	<u>1,974,935</u>	<u>1,747,588</u>
2,104	2,281	3,194	3,422	3,650	-	-
252,936	272,224	283,106	267,236	229,039	198,136	243,299
-	-	-	-	-	-	-
-	-	-	-	-	-	-
301	4,647	5	48	1,688	940	-
<u>255,341</u>	<u>279,152</u>	<u>286,305</u>	<u>270,706</u>	<u>234,377</u>	<u>199,076</u>	<u>243,299</u>
<u>\$ 2,221,326</u>	<u>\$ 2,300,224</u>	<u>\$ 2,419,513</u>	<u>\$ 2,491,974</u>	<u>\$ 2,273,509</u>	<u>\$ 2,174,011</u>	<u>\$ 1,990,887</u>
\$ 789,341	\$ 744,184	\$ 745,117	\$ 740,393	\$ 778,476	\$ 754,793	\$ 661,230
329	1,543	1,570	425	827	2,515	8,342
314,549	321,241	286,146	253,592	176,982	160,797	195,870
<u>1,104,219</u>	<u>\$ 1,066,968</u>	<u>\$ 1,032,833</u>	<u>\$ 994,410</u>	<u>\$ 956,285</u>	<u>\$ 918,105</u>	<u>\$ 865,442</u>

(5) In 2017, OUC began reporting this liability as a result of implementing new accounting guidance. Fluctuations in the Unrealized OPEB gains were driven by changes in assumptions, expected versus actual experience, and projected versus actual investment performance.

(6) In 2017, the Board approved the recognition of \$5.9 million to mitigate hurricane restoration costs not anticipated to be eligible for FEMA recovery and \$1.4 million to align with the implementation of the new CC&B system, offset by a \$1.5 million deferral to the Water Rate Stabilization fund to offset future planned use in 2018. Additional changes were driven by Board approved revenue deferrals in 2016, 2015, and 2014 of \$13.0 million, \$13.8 million, and \$8.0 million, respectively. Primarily, these funds will be used to mitigate expected future costs related to pending clean power plant requirements. Other fluctuations over the past ten years were primarily due to the changes in fuel stabilization funds.

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

Years Ended September 30	2017	2016	2015	2014
<b>Operating revenues</b>				
Electric operating revenues (1)	\$ 755,204	\$ 763,530	\$ 760,960	\$ 779,323
Water operating revenues	72,743	69,638	66,869	64,080
Lighting operating revenues	13,184	13,311	13,273	12,990
Chilled water operating revenues	31,718	31,670	32,150	31,592
<b>Operating revenues before regulatory action</b>	<b>872,849</b>	<b>878,149</b>	<b>873,252</b>	<b>887,985</b>
Regulatory action (2)	5,800	(13,000)	(13,800)	(8,000)
<b>Total operating revenues</b>	<b>878,649</b>	<b>865,149</b>	<b>859,452</b>	<b>879,985</b>
<b>Operating expenses</b>				
Fuel for generation and purchased power (3)	308,844	301,483	316,875	347,896
Production (4)	93,688	95,563	95,032	88,060
Transmission and distribution	45,784	42,537	40,944	38,258
Lighting	4,032	4,529	4,181	3,128
Chilled water	16,225	16,650	16,394	15,733
Storm recovery cost (5)	8,617	-	(2,000)	2,000
Depreciation and amortization (6)	128,944	121,019	115,857	113,710
Customer service (7)	38,991	36,660	34,375	32,495
General and administrative (8)	56,801	56,794	52,174	51,517
Utility/property Tax (9)	15,718	17,057	13,489	18,130
Revenue based payments to the City of Orlando	28,339	28,681	28,189	27,784
Revenue based payments to Orange County	1,473	1,538	1,515	1,457
Revenue based and system use payments to the City of St. Cloud (10)	6,858	6,467	6,037	7,869
<b>Total operating expenses</b>	<b>754,314</b>	<b>728,978</b>	<b>723,062</b>	<b>748,037</b>
<b>Operating income</b>	<b>124,335</b>	<b>136,171</b>	<b>136,390</b>	<b>131,948</b>
<b>Non-operating income and (expense)</b>				
Interest income (11)	4,551	5,265	5,675	4,848
Other income, net	10,784	10,453	9,785	9,375
Amortization of gain on sale of assets (12)	8,386	3,628	3,628	2,997
Interest expense, net (13)	(51,896)	(57,361)	(58,656)	(59,887)
<b>Total non-operating expenses, net</b>	<b>(28,175)</b>	<b>(38,015)</b>	<b>(39,568)</b>	<b>(42,667)</b>
<b>Income before contributions</b>	<b>96,160</b>	<b>98,156</b>	<b>96,822</b>	<b>89,281</b>
<b>Contributions in aid of construction (CIAC) (14)</b>	<b>18,642</b>	<b>16,584</b>	<b>16,501</b>	<b>21,371</b>
<b>Annual dividend (15)</b>	<b>(59,061)</b>	<b>(55,719)</b>	<b>(53,211)</b>	<b>(48,622)</b>
<b>Increase in net position</b>	<b>55,741</b>	<b>59,021</b>	<b>60,112</b>	<b>62,030</b>
<b>Net position - beginning of year</b>	<b>1,285,382</b>	<b>1,226,361</b>	<b>1,166,249</b>	<b>1,104,219</b>
<b>Net position - end of year</b>	<b>\$ 1,341,123</b>	<b>\$ 1,285,382</b>	<b>\$ 1,226,361</b>	<b>\$ 1,166,249</b>

(1) In 2017, Electric operating revenues decreased \$9.0 million due to milder weather and brief outages due to two hurricanes, partially mitigated by customer growth. In 2016, Electric operating revenues increased slightly over 2015 due to above normal cooling days and customer growth offset by a Board approved fuel rate decrease beginning July 2016. In 2015, Electric operating revenues decreased as a result of lower fuel revenues due to declining coal and natural gas pricing. In 2014, the Electric operating revenues increase was driven by retail consumption, wholesale market opportunities and new demand contracts with the Cities of Winter Park and Lake Worth.

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

(3) In 2017, Fuel for generation increased \$7.4 million primarily due to increased commodity costs, particularly for natural gas resources. Fuel for generation decreased in 2016 and 2015 as a result of lower coal and natural gas commodity costs.

(4) In 2016 and 2017, Production expenses remained high primarily due to annual average wage increases, increased maintenance costs at St. Lucie Unit 2 and maintenance costs related to the turbine overhaul at SEC 1. In response to changing technologies and evolving industry standards, OUC conducted an internal study during 2015 to evaluate inventory levels in comparison to industry norms. As a result, OUC began implementing strategies in late 2015 which resulted in an increase in the allowance for obsolescence reserve of \$8.5 million.

(5) 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.

(6) In 2017, depreciation and amortization expenses increased primarily due to the capitalization of new assets and the acceleration of the valuation of Stanton Energy Center Unit A (SEC A) 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. OUC initiated depreciation rate changes in late 2013 which resulted in a decrease, offset by systematic depreciation related to the capitalization of new assets.

	2013	2012	2011	2010	2009	2008	2007
\$	718,551	\$ 747,605	\$ 769,776	\$ 759,754	\$ 704,483	\$ 734,136	\$ 673,317
	62,812	63,454	64,142	62,619	62,675	60,224	65,428
	12,626	12,449	12,316	12,155	12,036	11,283	10,437
	31,369	30,875	29,775	29,286	24,221	19,739	16,643
	825,358	854,383	876,009	863,814	803,415	825,382	765,825
	-	-	-	-	-	18,800	-
	825,358	854,383	876,009	863,814	803,415	844,182	765,825
	315,867	326,071	332,198	330,738	312,377	372,423	323,245
	84,538	95,108	96,229	94,089	80,363	81,359	73,401
	34,246	34,206	37,553	37,687	32,725	31,483	28,523
	3,450	3,272	3,161	3,494	3,688	3,853	2,909
	15,090	15,165	14,829	14,489	13,015	11,067	10,428
	-	-	-	-	162	624	-
	119,073	120,781	119,361	117,105	110,068	98,312	92,282
	33,525	38,289	35,074	31,448	29,361	29,245	29,979
	48,608	47,480	46,750	45,810	37,634	37,898	34,716
	14,800	15,481	16,473	16,535	15,142	13,533	12,908
	29,406	29,623	28,809	28,804	27,301	25,148	24,130
	1,397	1,477	1,461	1,821	1,687	1,054	1,056
	8,672	8,842	8,287	7,493	7,226	6,978	5,994
	708,672	735,795	740,185	729,513	670,749	712,977	639,571
	116,686	118,588	135,824	134,301	132,666	131,205	126,254
	4,512	6,691	4,560	8,569	10,649	16,683	23,228
	10,289	13,318	12,155	7,832	2,263	2,189	3,325
	4,801	4,315	3,971	3,971	3,971	3,971	3,970
	(62,355)	(70,235)	(78,530)	(85,051)	(77,048)	(74,167)	(71,764)
	(42,753)	(45,911)	(57,844)	(64,679)	(60,165)	(51,324)	(41,241)
	73,933	72,677	77,980	69,622	72,501	79,881	85,013
	10,318	8,619	8,419	14,099	11,579	18,734	24,362
	(47,000)	(47,161)	(47,976)	(45,596)	(45,900)	(45,952)	(45,700)
	37,251	34,135	38,423	38,125	38,180	52,663	63,675
	1,066,968	1,032,833	994,410	956,285	918,105	865,442	801,767
\$	1,104,219	\$ 1,066,968	\$ 1,032,833	\$ 994,410	\$ 956,285	\$ 918,105	\$ 865,442

(7) 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). In 2014, with the implementation of the AMI upgrades, the Customer service costs were lower due to staffing reductions.

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

(9) Gross receipts tax costs increased in 2016 as a result of increased revenue. The 2014 increase was due to a potential tax assessment of \$2.9 million which was waived in 2015.

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

(11) Between 2008 and 2012 yields on investments declined and have been steady since.

(12) In 1999, proceeds from the sale of IRP were deferred as a result of OUC Board action. In accordance with this action, a portion of the gain was to be amortized over the useful life of the SEC A facility to mitigate future depreciation impacts. In 2017, amortization of the gain on sale increased to offset the financial valuation changes in the SEC A generation facility.

(13) Since 2011, OUC's bond interest and related expenses have declined as a result of favorable refunding activity and a declining lower debt to equity ratio.

(14) Growth in the electric delivery business segment resulted in increased CIAC contributions in 2017. In 2015 and 2014, OUC received CIAC contributions for two major transmission projects.

(15) Since 2008, the dividend payment to the City of Orlando has been a fixed amount based on 60% of budgeted income.

STATEMENTS OF CASH FLOWS (Dollars in thousands)

Years Ended September 30	2017	2016	2015	2014
<b>Cash flows from operating activities</b>				
Cash received from customers (1)	\$ 834,122	\$ 894,085	\$ 872,926	\$ 857,969
Cash paid for fuel and purchased power (2)	(308,101)	(290,858)	(353,320)	(326,155)
Cash paid for unit/department expenses excluding salaries and benefits	(62,124)	(74,936)	(84,527)	(57,821)
Cash paid for salaries and benefits	(174,890)	(171,864)	(154,147)	(148,339)
Cash paid to other governments and taxes	(52,390)	(53,709)	(48,841)	(55,739)
Cash (paid to)/reimbursed from storm recovery expenses (3)	(14,365)	-	-	-
<b>Net cash provided by operating activities</b>	<u>222,252</u>	<u>302,718</u>	<u>232,091</u>	<u>269,915</u>
<b>Cash flows from non-capital related financing activities</b>				
Dividend payment	(59,061)	(55,719)	(53,211)	(48,622)
Debt interest payments - pension bonds	(636)	(865)	(1,075)	(1,272)
Debt principal payments - pension bonds	(4,515)	(4,300)	(4,095)	(3,905)
Build America bond interest subsidy received	3,732	3,694	3,674	5,487
<b>Net cash used in non-capital related financing activities</b>	<u>(60,480)</u>	<u>(57,190)</u>	<u>(54,707)</u>	<u>(48,312)</u>
<b>Cash flows from capital related financing activities</b>				
Utility plant net of contributions in aid of construction (4)	(164,715)	(134,841)	(122,808)	(144,399)
Debt interest payments	(55,917)	(69,798)	(62,301)	(64,632)
Collateral deposits (5)	16,800	(3,200)	(4,300)	(1,600)
Principal payments & refunding costs on long-term debt	(164,913)	(327,760)	(49,215)	(48,045)
Debt issuances	108,663	279,134	112,100	-
Debt issuances expenses	(1,376)	(1,170)	(890)	(1,435)
<b>Net cash used in capital related financing activities</b>	<u>(261,458)</u>	<u>(257,635)</u>	<u>(127,414)</u>	<u>(260,111)</u>
<b>Cash flows from investing activities</b>				
Proceeds from sales and maturities of investment securities	570,009	558,397	369,525	403,529
Gain on sale of investments	41	391	323	338
Purchases of investment securities	(413,663)	(608,727)	(509,317)	(301,646)
Investments and other income received	7,345	20,731	22,681	9,608
<b>Net cash (used in)/provided by investing activities</b>	<u>163,732</u>	<u>(29,208)</u>	<u>(116,788)</u>	<u>111,829</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	64,046	(41,315)	(66,818)	73,321
<b>Cash and cash equivalents - beginning of year</b>	115,733	157,048	223,866	150,545
<b>Cash and cash equivalents - end of year</b>	<u>\$ 179,779</u>	<u>\$ 115,733</u>	<u>\$ 157,048</u>	<u>\$ 223,866</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>				
<b>Operating income</b>	\$ 124,335	\$ 136,171	\$ 136,390	\$ 131,948
<b>Adjustments to reconcile operating income to net cash provided by operating activities</b>				
Depreciation and amortization of plant charged to operations	128,944	121,019	115,857	113,710
Depreciation and amortization charged to fuel for generation and purchased power	4,711	3,856	3,183	2,804
Depreciation of vehicles and equipment charged to unit/department expenses	1,755	1,388	1,160	3,636
<b>Changes in assets and liabilities</b>				
Decrease/(increase) in receivables and accrued revenue (1)	(45,655)	9,813	6,205	3,483
Decrease/(increase) in fuel and materials and supplies inventories (6)	(3,745)	19,214	7,611	11,987
(Decrease)/increase in accounts payable (3)	13,445	(7,556)	(20,731)	17,257
(Decrease)/increase in deposits payable and liabilities	3,045	(1,771)	(28,491)	2,392
Increase/(decrease) in stabilization and deferred credits	(4,583)	20,584	10,907	(17,302)
<b>Net cash provided by operating activities</b>	<u>\$ 222,252</u>	<u>\$ 302,718</u>	<u>\$ 232,091</u>	<u>\$ 269,915</u>
<b>Reconciliation of cash and cash equivalents</b>				
Restricted and internally designated equivalents	\$ 47,470	\$ 28,273	\$ 23,805	\$ 137,210
Cash and investments	45,360	2,089	2,193	3,629
Construction and related funds	-	-	44,717	-
Debt service and related funds	86,949	85,371	86,333	83,027
<b>Cash and cash equivalents - end of year</b>	<u>\$ 179,779</u>	<u>\$ 115,733</u>	<u>\$ 157,048</u>	<u>\$ 223,866</u>

(1) 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.

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

	2013	2012	2011	2010	2009	2008	2007
\$	808,235	\$ 846,553	\$ 903,066	\$ 899,241	\$ 827,231	\$ 839,152	\$ 763,456
	(318,861)	(318,394)	(327,267)	(328,583)	(347,691)	(378,343)	(326,874)
	(60,574)	(82,410)	(86,131)	(61,220)	(75,027)	(74,058)	(95,116)
	(137,864)	(137,749)	(138,637)	(136,480)	(115,283)	(113,564)	(63,880)
	(54,317)	(54,968)	(54,999)	(54,429)	(50,993)	(46,923)	(45,400)
	-	-	-	-	-	(624)	-
	<u>236,619</u>	<u>253,032</u>	<u>296,032</u>	<u>318,529</u>	<u>238,237</u>	<u>225,640</u>	<u>232,186</u>
	(47,000)	(47,161)	(47,976)	(45,596)	(45,900)	(45,952)	(45,700)
	(1,455)	(1,624)	(1,777)	(1,914)	(2,036)	(2,142)	(2,232)
	(3,725)	(3,565)	(3,420)	(3,290)	(3,175)	(3,075)	(2,990)
	1,982	3,973	3,963	2,675	-	-	-
	<u>(50,198)</u>	<u>(48,377)</u>	<u>(49,210)</u>	<u>(48,125)</u>	<u>(51,111)</u>	<u>(51,169)</u>	<u>(50,922)</u>
	(149,974)	(122,737)	(103,434)	(141,230)	(237,983)	(302,678)	(191,427)
	(67,487)	(72,142)	(87,740)	(95,239)	(76,200)	(78,949)	(72,216)
	11,100	(2,400)	16,400	(6,600)	-	-	-
	(355,041)	(247,325)	(227,675)	(362,710)	(359,770)	(41,365)	(286,347)
	308,305	163,913	178,834	541,050	419,875	200,000	260,620
	(2,896)	(1,502)	(2,892)	(5,086)	(3,955)	(1,623)	(2,429)
	<u>(255,993)</u>	<u>(282,193)</u>	<u>(226,507)</u>	<u>(69,815)</u>	<u>(258,033)</u>	<u>(224,615)</u>	<u>(291,799)</u>
	398,949	718,924	1,005,222	700,558	598,096	594,525	592,967
	421	648	2,064	3,314	2,230	7,791	-
	(487,028)	(591,306)	(1,009,564)	(864,933)	(497,435)	(634,030)	(538,523)
	10,904	8,816	12,170	11,927	13,921	22,507	33,219
	<u>(76,754)</u>	<u>137,082</u>	<u>9,892</u>	<u>(149,134)</u>	<u>116,812</u>	<u>(9,207)</u>	<u>87,663</u>
	(146,326)	59,544	30,207	51,456	45,905	(59,351)	(22,872)
	296,871	237,327	207,120	155,665	109,760	169,111	191,983
\$	<u>150,545</u>	<u>296,871</u>	<u>237,327</u>	<u>207,120</u>	<u>155,665</u>	<u>109,760</u>	<u>169,111</u>
\$	116,686	\$ 118,588	\$ 135,824	\$ 134,301	\$ 132,666	\$ 131,205	\$ 126,254
	119,073	120,781	119,361	117,105	110,068	98,312	92,282
	2,017	3,360	4,472	3,985	4,051	3,498	3,471
	3,960	3,679	4,892	10,425	6,126	3,233	2,538
	(544)	1,059	10,245	(3,179)	(1,267)	8,166	(24,617)
	(8,261)	3,473	4,271	2,733	(7,407)	12,744	(6,956)
	11,108	(395)	557	19,602	(20,786)	24,112	8,905
	2,062	6,097	(5,811)	(11,599)	(14,322)	(12,986)	13,334
	(9,482)	(3,610)	22,221	45,156	29,108	(42,644)	16,975
\$	<u>236,619</u>	<u>253,032</u>	<u>296,032</u>	<u>318,529</u>	<u>238,237</u>	<u>225,640</u>	<u>232,186</u>
\$	61,919	\$ 176,950	\$ 144,401	\$ 89,181	\$ 88,474	\$ 42,206	\$ 87,049
	5,758	5,137	3,960	1,261	4,362	2,472	9,907
	-	32,077	7,637	35,182	33,042	40,057	1,048
	82,868	82,707	81,329	81,496	29,787	25,025	71,107
\$	<u>150,545</u>	<u>296,871</u>	<u>237,327</u>	<u>207,120</u>	<u>155,665</u>	<u>109,760</u>	<u>169,111</u>

(4) In 2016 and 2017, OUC implemented the CC&B system and related interfaces and systems. In 2013, 2014, and 2015, OUC implemented the AMI project, spending \$23.8 million, \$14.8 million, and \$2.8 million respectively. Additionally in 2013, OUC funded Information Technology projects of \$28.5 million, which included several customer focused web initiatives.

(5) In 2017, the collateral deposit change was primarily due to a \$16.8 million payment to suspend the 2011A swap as part of the Series 2017A Bonds' refinancing. As market fluctuations occur, OUC is required to collateralize fair market valuation changes above specified amounts.

(6) The 2016 decrease in Fuel and materials and supplies inventories is due to the SEC 1 extended outage toward the end of the fiscal year.

**SELECTED FINANCIAL RATIOS (Dollars in thousands)**

<b>Years Ended September 30</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Current ratio</b>				
Current assets/current liabilities (1) (2)	2.93	3.43	3.09	2.92
<b>Days cash on hand (2)</b>	313	379	337	308
<b>Leverage ratio</b>				
Total debt/total assets	0.42	0.45	0.47	0.49
<b>Return on total position</b>				
Income before contributions/total assets (3)	2.66%	2.66%	2.72%	2.69%
<b>Return on net position</b>				
Income before contributions/average net position (3)	7.32%	7.82%	8.09%	7.86%
<b>Debt/net position (4)</b>	52%/48%	53%/47%	55%/45%	55%/45%
<b>City of Orlando revenue based payments and dividend</b>	\$87,400	\$84,400	\$81,400	\$76,406
As a percentage of retail revenue	12.33%	11.41%	11.49%	10.92%
<b>Retail receivables/retail billed revenue (2) (5)</b>	13.13%	8.45%	8.62%	8.70%
<b>Bad debt expense/retail billed revenue (OUC) (2) (5)</b>	0.42%	0.22%	0.22%	0.16%
<b>Bad debt expense/retail revenue (Inter-local sales) (5)</b>	0.41%	0.29%	0.54%	0.30%
<b>Day sales uncollected (OUC) (5)</b>	49	31	32	32
<b>Day sales uncollected (Inter-local sales) (5)</b>	39	27	27	29
<b>Materials inventory as a percentage of total plant (6)</b>	1.53%	1.47%	1.37%	1.79%
<b>Total metered services per meter reader (OUC) (7)</b>	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 stabilization 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. In 2014, the decrease was primarily due to the use of cash to fund capital related activities.

(3) Since 2014, higher electric and water revenues from increased consumption and unexpected wholesale revenue strengthened this ratio.

(4) Long-term financial planning to reduce the debt to equity ratio has been the driver of this change.



2013	2012	2011	2010	2009	2008	2007
3.28	3.41	2.87	3.05	3.03	2.79	3.64
350	353	354	276	243	230	282
0.51	0.52	0.54	0.56	0.55	0.55	0.53
2.22%	2.16%	2.26%	2.00%	2.24%	2.58%	2.98%
6.81%	6.92%	7.69%	7.14%	7.74%	8.96%	10.20%
58%/42%	60%/40%	62%/38%	64%/36%	63%/37%	64%/36%	63%/37%
\$76,406	\$76,785	\$76,785	\$74,400	\$73,201	\$71,099	\$69,829
11.33%	10.97%	10.47%	10.24%	10.72%	11.45%	11.58%
10.22%	9.92%	12.02%	12.20%	12.07%	11.53%	12.47%
0.43%	0.66%	0.68%	0.95%	0.89%	0.91%	0.75%
0.42%	0.65%	0.63%	0.79%	1.34%	0.67%	0.47%
38	37	45	46	45	43	46
35	33	32	31	32	31	37
1.84%	1.75%	1.60%	1.64%	1.61%	1.76%	1.86%
15,827	15,156	12,174	11,696	12,949	12,527	11,211

(5) In 2017, collections activity was suspended 90 days during the CC&B implementation.

(6) In response to changing technologies and evolving industry standards, OUC conducted an internal study during 2015 to evaluate inventory levels in comparison to industry norms. As a result, OUC began implementing strategies in late 2015 which resulted in a decrease in materials as a percent of plant in service.

(7) The change since 2015 is a result of a decrease in the number of meter readers due to the implementation of mobile data and the installation of OUC's AMI project.





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# DEBT SERVICE

DEBT SERVICE INFORMATION

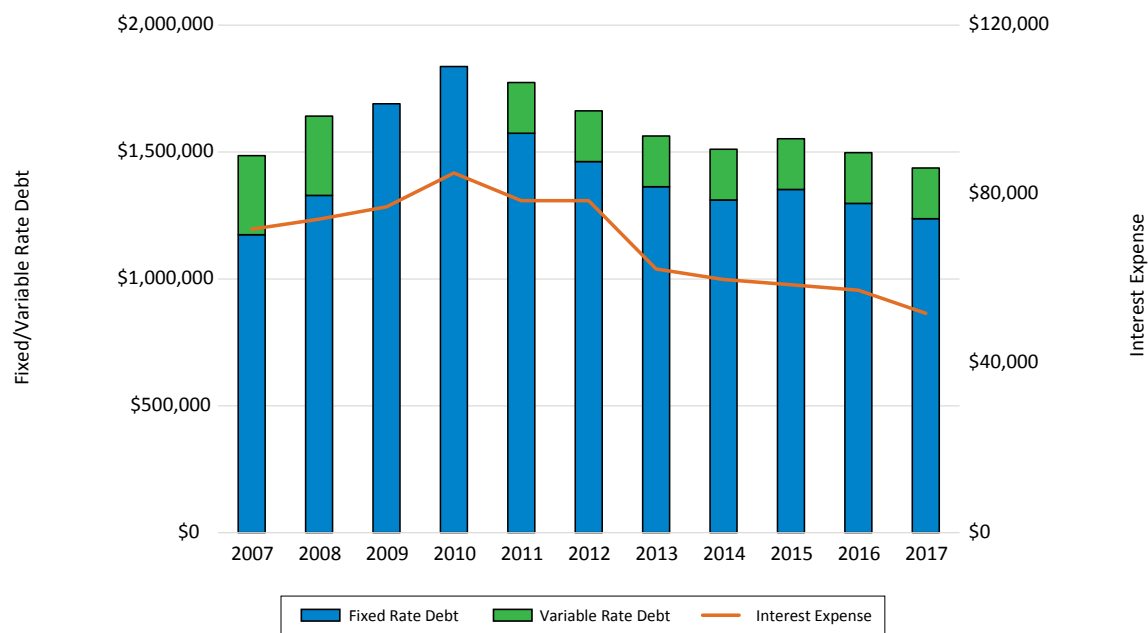
Innovative and emerging technologies are key to OUC's success in providing the highest quality electric and water services while increasing revenues.



# DEBT SERVICE INFORMATION

## Fixed and Variable Rate Debt vs. Interest Expense

(Dollars in thousands)



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

**DEBT SERVICE COVERAGE AND RATIOS (Dollars in thousands)**

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

2013	2012	2011	2010	2009	2008	2007
\$ 718,551	\$ 747,605	\$ 769,776	\$ 759,754	\$ 704,483	\$ 750,936	\$ 673,317
62,812	63,454	64,142	62,619	62,675	62,224	65,428
12,626	12,449	12,316	12,155	12,036	11,283	10,437
31,369	30,875	29,775	29,286	24,221	19,739	16,643
825,358	854,383	876,009	863,814	803,415	844,182	765,825
19,191	23,219	20,656	20,350	18,430	23,099	30,979
844,549	877,602	896,665	884,164	821,845	867,281	796,804
500,385	519,944	521,083	515,960	470,404	529,843	467,375
33,658	37,642	40,644	36,590	33,320	32,967	31,687
3,795	3,593	4,753	5,108	5,147	5,101	5,081
15,807	15,811	16,390	16,348	14,713	12,220	10,269
553,645	576,990	582,870	574,006	523,584	580,131	514,412
1,134	494	1,277	1,088	1,220	887	705
554,779	577,484	584,147	575,094	524,804	581,018	515,117
\$ 289,770	\$ 300,118	\$ 312,518	\$ 309,070	\$ 297,041	\$ 286,263	\$ 281,687
\$ 119,698 2.42x	\$ 122,205 2.46x	\$ 128,102 2.44x	\$ 134,877 2.29x	\$ 122,469 2.43x	\$ 116,220 2.46x	\$ 115,151 2.45x
\$ 289,770	\$ 300,118	\$ 312,518	\$ 309,070	\$ 297,041	\$ 286,263	\$ 281,687
77,803	78,261	78,246	76,221	74,887	72,154	70,886
\$ 211,967	\$ 221,857	\$ 234,272	\$ 232,849	\$ 222,154	\$ 214,109	\$ 210,801
1.77x	1.82x	1.83x	1.73x	1.81x	1.84x	1.83x
\$ 211,967	\$ 221,857	\$ 234,272	\$ 232,849	\$ 222,154	\$ 214,109	\$ 210,801
33,389	34,120	33,415	32,483	32,833	30,261	33,608
\$ 245,356	\$ 255,977	\$ 267,687	\$ 265,332	\$ 254,987	\$ 244,370	\$ 244,409
1.60x	1.64x	1.66x	1.59x	1.64x	1.67x	1.64x
63.76%	66.64%	67.99%	68.84%	70.26%	72.51%	64.71%
69.46%	70.73%	68.90%	68.26%	68.26%	71.28%	63.51%
67.22%	67.59%	66.68%	66.79%	65.53%	68.95%	67.26%
34.31%	34.20%	34.85%	34.75%	35.94%	32.89%	35.35%
20.14%	20.27%	20.57%	19.50%	21.04%	19.48%	20.90%



ESTIMATED DEBT SERVICE FOR OUTSTANDING BONDS (Dollars in thousands)

Years Ending September 30 (1)	Series 2003T principal payments	Series 2003T interest payments	Series 2008 principal payments (2)	Series 2008 interest payments	Series 2009B principal payments
2018	\$ 5,010	\$ 265	\$ -	\$ 2,000	\$ -
2019	-	-	-	2,500	-
2020	-	-	-	2,700	-
2021	-	-	-	3,000	-
2022	-	-	-	3,500	-
2023	-	-	-	3,500	11,420
2024	-	-	-	3,500	-
2025	-	-	-	3,500	-
2026	-	-	25,000	3,500	-
2027	-	-	25,000	3,063	-
2028	-	-	25,000	2,625	7,900
2029	-	-	25,000	2,188	8,295
2030	-	-	25,000	1,750	8,710
2031	-	-	25,000	1,312	9,145
2032	-	-	25,000	875	9,605
2033	-	-	25,000	437	10,085
2034	-	-	-	-	-
2035	-	-	-	-	-
2036	-	-	-	-	-
2037	-	-	-	-	-
2038	-	-	-	-	-
2039	-	-	-	-	-
2040	-	-	-	-	-
Subtotal long-term debt	5,010	265	200,000	39,950	65,160
Current portion (3)	4,755	517	-	1,491	-
Build America Bond - Federal Subsidy (4)	-	-	-	-	-
Total long-term debt	\$ 9,765	\$ 782	\$ 200,000	\$ 41,441	\$ 65,160

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

(2) The Series 2008 Variable Rate Demand Obligation Bonds of \$200.0 million are supported by a Stand By Bond Purchase Agreement (SBPA), which will expire on April 4, 2022. It is OUC's intention to either extend the current agreement, enter into a new agreement, or refund the debt and issue in a different mode.

(3) The amounts presented here include the interest payments paid in April 2017 and due October 2017 and the principal maturities due October 2017.

(4) The amount presented here represents the total federal subsidy projected through maturity at the current sequester rebate percentage of 32.69%.

Series 2009B interest payments	Series 2009C principal payments	Series 2009C interest payments	Series 2010A principal payments	Series 2010A interest payments	Series 2010C principal payments	Series 2010C interest payments
\$ 3,258	\$ -	\$ -	\$ -	\$ 11,324	\$ 8,480	\$ 2,337
3,258	-	-	-	11,324	8,895	1,923
3,258	-	-	-	11,324	9,320	1,498
3,258	-	-	-	11,324	9,765	1,052
3,258	-	-	-	11,324	10,275	539
3,258	-	-	-	11,324	-	-
2,687	-	-	-	11,324	-	-
2,687	-	-	-	11,324	-	-
2,687	-	-	-	11,324	-	-
2,687	-	-	-	11,324	-	-
2,687	-	-	-	11,324	-	-
2,292	-	-	-	11,324	-	-
1,877	-	-	-	11,324	-	-
1,442	-	-	-	11,324	-	-
985	-	-	-	11,324	-	-
504	-	-	-	11,324	-	-
-	-	-	23,030	11,324	-	-
-	-	-	23,880	10,020	-	-
-	-	-	24,755	8,668	-	-
-	-	-	25,665	7,267	-	-
-	-	-	26,615	5,813	-	-
-	-	-	27,590	4,306	-	-
-	-	-	48,465	2,744	-	-
40,083	-	-	200,000	231,326	46,735	7,349
3,258	19,040	877	-	11,324	8,095	2,721
-	-	-	-	(79,315)	-	-
<u>\$ 43,341</u>	<u>\$ 19,040</u>	<u>\$ 877</u>	<u>\$ 200,000</u>	<u>\$ 163,335</u>	<u>\$ 54,830</u>	<u>\$ 10,070</u>





ESTIMATED DEBT SERVICE FOR OUTSTANDING BONDS (Dollars in thousands)

Years Ending September 30 (1)	Series 2011A interest payments (2)	Series 2005 swap payments	Series 2011B principal payments	Series 2011B interest payments	Series 2011C principal payments
2018	\$ -	\$ -	\$ 13,325	\$ 3,097	\$ -
2019	-	-	13,985	2,448	12,820
2020	-	-	14,670	1,768	13,430
2021	-	-	8,015	1,035	24,925
2022	-	-	6,440	634	26,050
2023	-	-	6,240	312	-
2024	-	-	-	-	2,140
2025	-	-	-	-	2,245
2026	-	-	-	-	2,360
2027	-	-	-	-	2,480
2028	-	-	-	-	-
2029	-	-	-	-	-
2030	-	-	-	-	-
2031	-	-	-	-	-
2032	-	-	-	-	-
2033	-	-	-	-	-
2034	-	-	-	-	-
2035	-	-	-	-	-
2036	-	-	-	-	-
2037	-	-	-	-	-
2038	-	-	-	-	-
2039	-	-	-	-	-
2040	-	-	-	-	-
Subtotal long-term debt	-	-	62,675	9,294	86,450
Current portion (3)	353	1,121	5,425	3,345	-
Build America Bond - Federal Subsidy	-	-	-	-	-
Total long-term debt	\$ 353	\$ 1,121	\$ 68,100	\$ 12,639	\$ 86,450

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

(2) The Series 2011A *Windows* Bonds were refunded in 2017.

(3) The amounts presented here include the interest payments paid in April 2017 and due October 2017 and the principal maturities due October 2017.

Series 2011C interest payments	Series 2012A principal payments	Series 2012A interest payments	Series 2013A Principal Payments	Series 2013A Interest Payments	Series 2015A principal payments	Series 2015A interest payments
\$ 4,092	\$ 2,235	\$ 2,435	\$ 5,370	\$ 11,316	\$ -	\$ 4,745
4,093	-	2,346	10,140	11,155	-	4,745
3,481	-	2,346	21,290	10,648	-	4,746
2,840	395	2,346	24,560	9,583	-	4,745
1,714	410	2,330	35,610	8,355	-	4,745
461	15,135	2,314	27,750	6,575	-	4,745
461	15,155	1,557	51,980	5,187	-	4,746
354	15,175	799	51,765	2,588	-	4,745
242	495	40	-	-	-	4,745
124	515	21	-	-	-	4,745
-	-	-	-	-	7,250	4,746
-	-	-	-	-	8,050	4,383
-	-	-	-	-	8,890	3,980
-	-	-	-	-	9,770	3,536
-	-	-	-	-	10,700	3,047
-	-	-	-	-	11,670	2,512
-	-	-	-	-	18,595	1,929
-	-	-	-	-	19,980	999
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
17,862	49,515	16,534	228,465	65,407	94,905	72,584
4,093	2,155	2,521	2,500	11,416	-	4,745
-	-	-	-	-	-	-
\$ 21,955	\$ 51,670	\$ 19,055	\$ 230,965	\$ 76,823	\$ 94,905	\$ 77,329



ESTIMATED DEBT SERVICE FOR OUTSTANDING BONDS (Dollars in thousands)

Years Ending September 30 (1)	Series 2015B principal payments	Series 2015B interest payments (2)	Series 2015B swap payments (2)	Series 2016A principal payments	Series 2016A interest payments
2018	\$ -	\$ 1,093	\$ 1,295	\$ 34,495	\$ 6,118
2019	-	1,324	1,065	14,500	4,393
2020	-	1,496	892	15,220	3,669
2021	-	2,389	-	14,390	2,908
2022	-	2,388	-	1,455	2,188
2023	-	2,388	-	9,605	2,115
2024	-	2,388	-	-	1,635
2025	-	2,388	-	-	1,635
2026	-	2,389	-	-	1,635
2027	-	2,388	-	-	1,635
2028	-	2,388	-	5,415	1,635
2029	-	2,388	-	5,680	1,364
2030	-	2,388	-	5,965	1,080
2031	-	2,389	-	6,265	782
2032	-	2,388	-	6,515	531
2033	-	2,388	-	6,770	271
2034	18,200	2,388	-	-	-
2035	18,580	2,010	-	-	-
2036	18,970	1,625	-	-	-
2037	19,370	1,231	-	-	-
2038	19,775	829	-	-	-
2039	20,195	419	-	-	-
2040	-	-	-	-	-
Subtotal long-term debt	115,090	43,462	3,252	126,275	33,594
Current portion (4)	-	856	1,694	16,415	6,775
Build America Bond - Federal Subsidy (5)	-	-	-	-	-
Total long-term debt	\$ 115,090	\$ 44,318	\$ 4,946	\$ 142,690	\$ 40,369

(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.

(3) The Series 2017A Bonds are in a fixed rate mode and cash flows on the associated swap were terminated through October 1, 2020. Interest after October 1, 2020 is assumed at the total bond interest cost (TIC) of 4.18% through maturity.

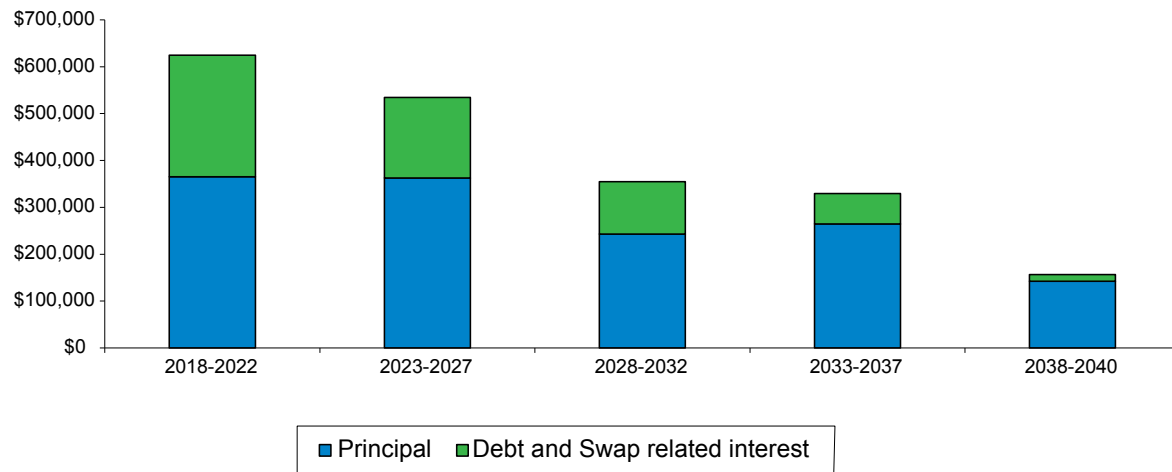
(4) The amounts presented here include the interest payments paid in April 2017 and due October 2017 and the principal maturities due October 2017.

(5) The amount presented here represents the total federal subsidy projected through maturity at the current sequester rebate percentage of 32.69%.

Series 2017A principal payments	Series 2017A interest payments (3)	Total	Total principal	Total interest	Total swap interest
\$ -	\$ 4,572	\$ 126,862	\$ 68,915	\$ 56,652	\$ 1,295
-	4,572	115,486	60,340	54,081	1,065
-	4,572	126,328	73,930	51,506	892
-	4,111	130,641	82,050	48,591	-
-	4,111	125,326	80,240	45,086	-
-	4,111	111,253	70,150	41,103	-
-	4,111	106,871	69,275	37,596	-
-	4,111	103,316	69,185	34,131	-
49,180	4,111	107,708	77,035	30,673	-
49,180	2,056	105,218	77,175	28,043	-
-	-	70,970	45,565	25,405	-
-	-	70,964	47,025	23,939	-
-	-	70,964	48,565	22,399	-
-	-	70,965	50,180	20,785	-
-	-	70,970	51,820	19,150	-
-	-	70,961	53,525	17,436	-
-	-	75,466	59,825	15,641	-
-	-	75,469	62,440	13,029	-
-	-	54,018	43,725	10,293	-
-	-	53,533	45,035	8,498	-
-	-	53,032	46,390	6,642	-
-	-	52,510	47,785	4,725	-
-	-	51,209	48,465	2,744	-
98,360	40,438	2,000,040	1,378,640	618,148	3,252
-	2,768	118,260	58,385	57,060	2,815
-	-	(79,315)	-	(79,315)	-
<u>\$ 98,360</u>	<u>\$ 43,206</u>	<u>\$ 2,038,985</u>	<u>\$ 1,437,025</u>	<u>\$ 595,893</u>	<u>\$ 6,067</u>



**ESTIMATED OUTSTANDING BOND PAYMENTS (Dollars in thousands)**



**MATURITY SCHEDULE OF DEFEASED DEBT (Dollars in thousands)**

<u>Years Ending 9/30</u>	<u>2009A (1)</u>	<u>2009B (2)</u>
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.

# ELECTRIC OPERATIONS

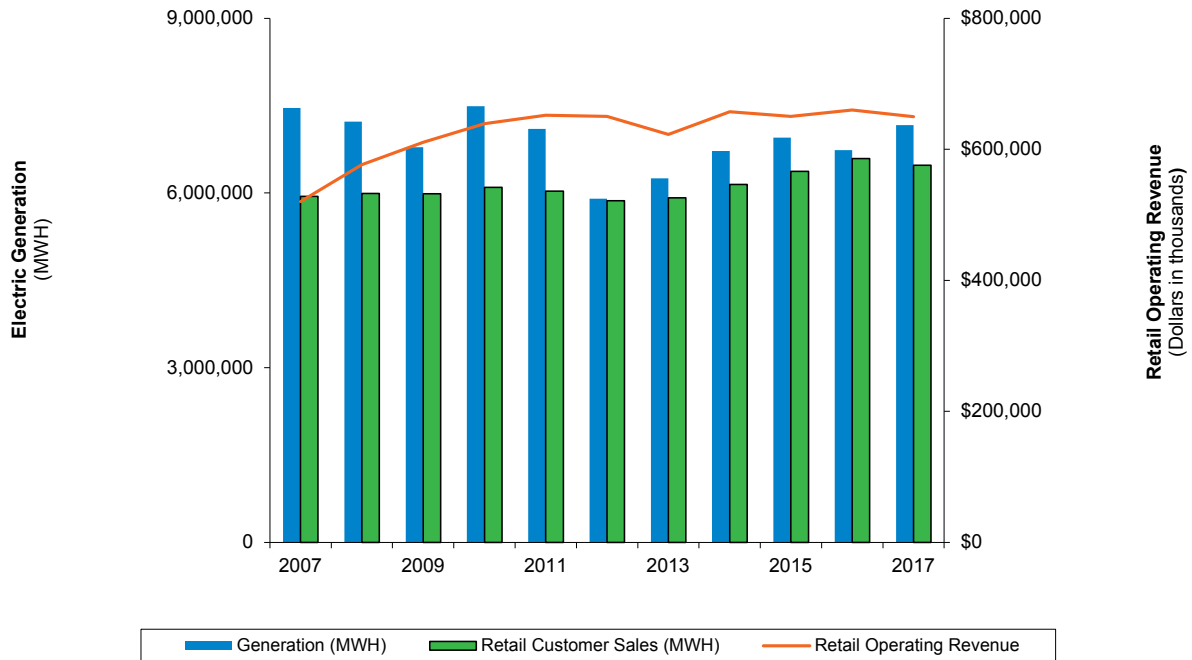


OUC—The *Reliable One* says it all. Ensuring we live up to our name “The *Reliable One*” despite facing two hurricanes – Matthew & Irma.

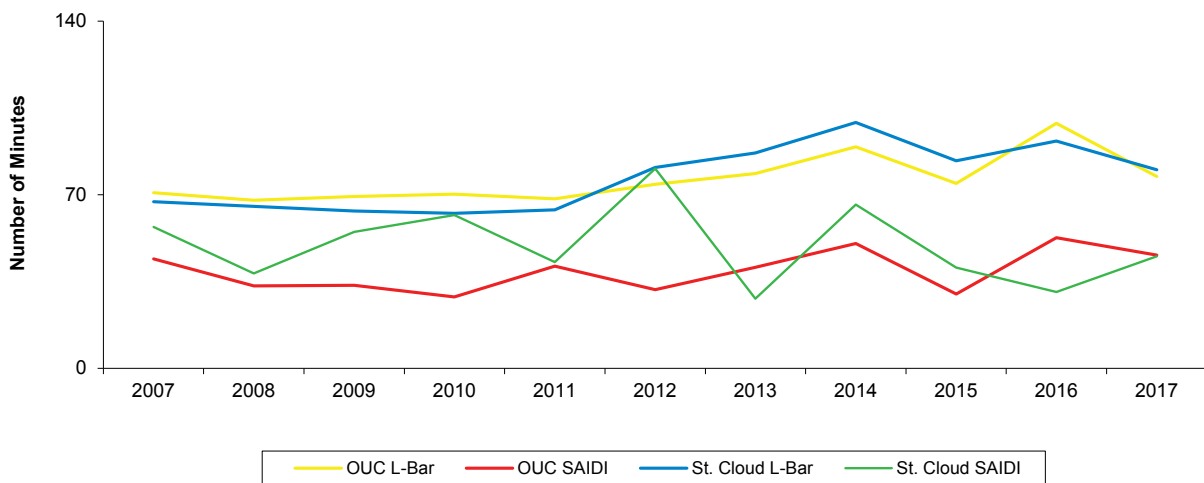


# ELECTRIC BUSINESS OPERATIONS

**Electric Generation, Retail Customer Sales and Retail Revenue**



**Distribution Reliability**



In 2017, the impacts of Hurricane Matthew in October 2016 and Hurricane Irma in September 2017 were excluded from reliability statistics. Fiscal year 2016 had a very active summer storm season for the Orlando area, on August 13, 2016 a major weather event occurred resulting in a significant number of customers without power. In contrast, St. Cloud experienced a very reliable 2016. In 2014, the OUC Pershing substation experienced a significant event resulting in a large number of customers without power and OUC and St Cloud had an active summer storm season.

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

Years Ended September 30	2017	2016	2015	2014
<b>Operating Revenues</b>				
Residential	\$ 224,685	\$ 231,054	\$ 223,367	\$ 224,284
Commercial - non-demand	42,157	40,706	40,350	40,691
Commercial - demand-secondary	261,664	265,943	267,836	279,134
Commercial - demand-primary	41,312	41,307	41,868	40,608
Non-metered Lighting	3,836	3,969	4,028	4,121
Inter-local sales	76,146	76,766	72,532	68,395
Service fees and other	22,992	25,766	24,908	25,496
Operating revenues (excluding wholesale sales) (1)	672,792	685,511	674,889	682,729
Wholesale sales (2)	82,412	78,019	86,071	96,594
Regulatory action (3)	6,712	(13,000)	(13,800)	(8,000)
<b>Total operating revenues</b>	<b>761,916</b>	<b>750,530</b>	<b>747,160</b>	<b>771,323</b>
<b>Operations and maintenance expenses</b>				
Fuel and fixed demand payments (4)	260,581	233,977	264,902	293,008
Purchased power and other power supply expenses (5)	48,263	67,506	51,973	54,888
Production (6)	79,051	80,583	79,998	74,384
Transmission	14,229	14,246	13,585	13,160
Distribution - OUC	21,860	18,283	18,383	16,556
Distribution - St. Cloud	2,029	1,410	1,321	1,185
Storm recovery expenses	7,622	-	(2,000)	2,000
Customer Service	30,642	29,386	26,622	26,338
General & administrative (7)	44,286	44,206	40,709	40,197
<b>Total operations and maintenance expenses</b>	<b>508,563</b>	<b>489,597</b>	<b>495,493</b>	<b>521,716</b>
<b>Other expenses</b>				
Utility/property tax (8)	15,651	16,989	13,422	18,065
Revenue based payments to the City of Orlando	25,610	25,970	25,512	25,218
Revenue based payments to Orange County	1,317	1,382	1,353	1,301
Revenue based and system use payments to the City of St. Cloud (9)	6,858	6,467	6,037	7,869
Depreciation and amortization (10)	101,621	95,075	88,747	88,451
<b>Total other expenses</b>	<b>151,057</b>	<b>145,883</b>	<b>135,071</b>	<b>140,904</b>
<b>Total operating expenses</b>	<b>659,620</b>	<b>635,480</b>	<b>630,564</b>	<b>662,620</b>
<b>Operating Income</b>	<b>102,296</b>	<b>115,050</b>	<b>116,596</b>	<b>108,703</b>
<b>Non-operating income and expenses</b>				
Interest income	3,469	4,305	4,808	4,072
Other income, net (11)	8,531	8,201	7,726	7,470
Amortization of deferred gain on sale of assets (12)	8,366	3,610	3,610	2,972
Interest expense, net (13)	(41,354)	(45,672)	(46,495)	(47,407)
<b>Total non-operating expense, net</b>	<b>(20,988)</b>	<b>(29,556)</b>	<b>(30,351)</b>	<b>(32,893)</b>
<b>Electric income before contributions</b>	<b>81,308</b>	<b>85,494</b>	<b>86,245</b>	<b>75,810</b>
<b>Contributions in aid of construction (CIAC) (14)</b>	<b>6,673</b>	<b>2,797</b>	<b>5,496</b>	<b>11,267</b>
<b>Annual dividend</b>	<b>(49,938)</b>	<b>(48,531)</b>	<b>(47,398)</b>	<b>(41,286)</b>
<b>Increase to net position</b>	<b>\$ 38,043</b>	<b>\$ 39,760</b>	<b>\$ 44,343</b>	<b>\$ 45,791</b>

(1) 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. In 2014, the Operating revenues increase was driven by a 3.4% increase in retail and inter-local sales consumption.

(2) In 2017 to offset lower native load requirements, sales to the Florida Municipal Power Pool (FMPP) increased. Wholesale sales decreased in 2016 and 2015 due to a decline in non-firm sales. Wholesale sales increased in 2014 as a result of new agreements with the City of Winter Park and the City of Lake Worth. In addition, favorable weather conditions and an unexpected outage at Lakeland's McIntosh Unit 3 (MC3) generation facility increased sales.

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

(4) Fuel and fixed demand payments increased in 2017 as a result of higher coal and natural gas commodity costs. In 2014, Fuel and fixed demand payments increased due to a rise in native load requirements and an extended outage at the Lakeland MC3 generation facility.

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

(6) In 2017 and 2016, Production expenses remained high primarily due to annual average wage increases, increased maintenance costs at St. Lucie Unit 2 and maintenance costs related to the turbine overhaul at SEC 1. In 2015, production costs rose due to implemented strategies to move inventory levels to industry norms.

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



2013	2012	2011	2010	2009	2008	2007
\$ 209,253	\$ 220,775	\$ 228,372	\$ 225,361	\$ 210,641	\$ 201,362	\$ 197,510
35,757	36,607	34,675	33,420	31,230	37,419	28,427
271,608	282,627	275,531	268,808	264,875	244,847	208,240
38,837	39,209	38,509	34,171	32,751	30,069	24,918
4,173	4,077	3,865	3,866	4,147	3,743	2,655
63,182	67,045	71,148	73,570	67,247	58,941	58,413
24,350	24,152	24,382	23,810	23,887	24,610	21,856
647,160	674,492	676,482	663,006	634,778	600,991	542,019
71,391	73,113	93,294	96,748	69,705	133,145	131,298
-	-	-	-	-	16,800	-
718,551	747,605	769,776	759,754	704,483	750,936	673,317
261,077	237,704	281,741	280,898	249,034	292,677	247,832
54,790	88,367	50,457	49,840	63,343	79,746	75,413
71,592	81,553	81,824	79,731	65,366	67,621	59,870
13,735	13,353	13,684	12,484	10,486	10,285	9,628
13,668	13,611	13,275	15,429	15,068	12,546	11,352
999	1,426	1,445	1,483	1,611	1,803	2,017
-	-	-	-	162	624	-
26,327	29,282	26,201	23,491	21,933	21,846	22,394
37,170	36,179	35,186	34,830	28,871	28,971	26,670
479,358	501,475	503,813	498,186	455,874	516,119	455,176
14,735	15,413	16,406	16,464	15,072	13,466	12,836
26,820	26,922	26,191	26,217	24,861	22,917	22,006
1,249	1,322	1,352	1,821	1,687	1,054	1,056
8,672	8,842	8,287	7,493	7,226	6,978	5,994
91,089	96,880	94,590	91,416	82,296	73,316	69,879
142,565	149,379	146,826	143,411	131,142	117,731	111,771
621,923	650,854	650,639	641,597	587,016	633,850	566,947
96,628	96,751	119,137	118,157	117,467	117,086	106,370
3,758	5,716	3,783	7,071	9,001	13,471	18,563
8,475	10,003	9,695	6,026	1,274	1,553	2,578
4,776	4,296	3,971	3,971	3,971	3,971	3,970
(48,942)	(54,568)	(60,995)	(66,060)	(59,237)	(56,568)	(53,852)
(31,933)	(34,553)	(43,546)	(48,992)	(44,991)	(37,573)	(28,741)
64,695	62,198	75,591	69,165	72,476	79,513	77,629
399	(19)	3,383	7,447	5,466	3,895	6,891
(41,127)	(40,363)	(46,506)	(45,297)	(45,888)	(45,745)	(41,730)
\$ 23,967	\$ 21,816	\$ 32,468	\$ 31,315	\$ 32,054	\$ 37,663	\$ 42,790

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

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

(10) In 2017, depreciation and amortization expenses increased primarily due to the capitalization of new assets and the acceleration of the SEC A to align with OUC's clean energy initiatives. In 2013, a study was conducted to ensure that OUC's depreciation rates properly reflected its asset maintenance program and industry norms. OUC initiated depreciation rate changes which resulted in a decrease of \$8.3 million. The annualized impact of the study implementation was a decrease of \$17.3 million. These decreases were offset by incremental year-over-year systematic depreciation related to the capitalization of the new assets.

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

(12) In 2017, amortization of the deferred gain increased to mitigate the accelerated valuation impact of the SEC A generation facility depreciation. In 1999, the sale of IRP gain was deferred as a result of OUC Board action. In accordance with this action, a portion of the gain was to be amortized over the useful life of the SEC A facility to mitigate future depreciation impacts.

(13) Since 2011, OUC's bond interest and related expenses have declined as a result of favorable refunding activity and a declining lower debt to equity ratios.

(14) In 2017, CIAC increases were primarily due to electric delivery projects. In 2015 and 2014, CIAC increases were due to multiple transmission projects.



## ELECTRIC CONSUMPTION AND FINANCIAL RATIOS

Years Ended September 30	2017	2016	2015	2014
<b>Profile of consumption &amp; revenue by type of customer</b>				
<b>Residential service (1) (2)</b>				
KWH sales per customer	11,378	11,999	11,760	11,488
Revenue per customer	\$ 1,304	\$ 1,372	\$ 1,362	\$ 1,402
Revenue per KWH	\$ 0.1146	\$ 0.1143	\$ 0.1158	\$ 0.1220
<b>Commercial service - non-demand (1) (2)</b>				
KWH sales per customer	17,597	17,387	16,999	16,371
Revenue per customer	\$ 1,992	\$ 1,951	\$ 1,955	\$ 1,999
Revenue per KWH	\$ 0.1132	\$ 0.1122	\$ 0.1150	\$ 0.1221
<b>Commercial service - demand secondary (2)</b>				
KWH sales per customer	551,107	563,130	561,918	562,671
Revenue per customer	\$ 48,162	\$ 48,815	\$ 50,128	\$ 52,952
Revenue per KWH	\$ 0.0874	\$ 0.0867	\$ 0.0892	\$ 0.0941
<b>Commercial service - demand primary (2)</b>				
KWH sales per customer	18,594,588	19,106,440	18,532,314	17,320,857
Revenue per customer	\$ 1,620,078	\$ 1,652,280	\$ 1,641,882	\$ 1,657,484
Revenue per KWH	\$ 0.0871	\$ 0.0865	\$ 0.0886	\$ 0.0957
<b>Non-Metered Lighting (2)</b>				
KWH sales per customer	823	917	917	1,001
Revenue per customer	\$ 54	\$ 59	\$ 61	\$ 69
Revenue per KWH	\$ 0.0656	\$ 0.0643	\$ 0.0669	\$ 0.0686
<b>Inter-local service (1) (2) (3)</b>				
KWH sales per customer	18,259	18,801	18,484	18,337
Revenue per customer	\$ 2,071	\$ 2,188	\$ 2,169	\$ 2,145
Revenue per KWH	\$ 0.1134	\$ 0.1164	\$ 0.1173	\$ 0.1170
<b>Selected financial expense statistics</b>				
Total fuel and purchased power expense per KWH	\$ 0.0393	\$ 0.0381	\$ 0.0410	\$ 0.0461
Total operations and maintenance expense (excluding fuel and purchased power) per KWH	0.0244	0.0238	0.0234	0.0228
Total operations and maintenance expense per KWH	<u>\$ 0.0637</u>	<u>\$ 0.0619</u>	<u>\$ 0.0644</u>	<u>\$ 0.0689</u>
<b>Operations and maintenance expense per metered service</b>				
Fuel, fixed demand, purchased power and other power supply expense	\$ 1,310	\$ 1,312	\$ 1,418	\$ 1,599
Production, transmission and distribution costs	497	498	507	484
Customer service expense	130	128	119	121
General and administrative expense (4)	188	192	182	185
Total operations and maintenance expense	<u>\$ 2,125</u>	<u>\$ 2,130</u>	<u>\$ 2,226</u>	<u>\$ 2,389</u>

(1) In 2017, residential and commercial demand revenues decreased due to lower cooling and heating days and outages as a result of two hurricanes. In 2016 and 2013, Revenue per customer was lower due to the Board approved rate reductions. In 2014 and 2012, OUC sold bad debt resulting in a favorable adjustment to revenue.

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

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

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

	2013	2012	2011	2010	2009	2008	2007
	11,134	11,192	12,200	12,748	12,143	12,052	12,301
\$	1,333	\$ 1,423	\$ 1,492	\$ 1,492	\$ 1,399	\$ 1,380	\$ 1,325
\$	0.1197	\$ 0.1271	\$ 0.1223	\$ 0.1170	\$ 0.1152	\$ 0.1145	\$ 0.1077
	14,321	13,848	14,385	14,914	14,401	18,681	16,712
\$	1,730	\$ 1,773	\$ 1,763	\$ 1,765	\$ 1,692	\$ 2,111	\$ 1,585
\$	0.1208	\$ 0.1280	\$ 0.1225	\$ 0.1184	\$ 0.1175	\$ 0.1130	\$ 0.0948
	460,796	398,785	408,001	431,118	478,909	509,412	517,637
\$	42,871	\$ 38,820	\$ 38,630	\$ 39,446	\$ 42,985	\$ 44,529	\$ 37,731
\$	0.0930	\$ 0.0973	\$ 0.0947	\$ 0.0915	\$ 0.0898	\$ 0.0874	\$ 0.0729
	18,396,222	18,563,256	19,726,810	17,605,182	15,949,125	14,795,132	16,681,917
\$	1,726,091	\$ 1,823,657	\$ 1,833,759	\$ 1,553,206	\$ 1,364,616	\$ 1,171,513	\$ 1,038,255
\$	0.0938	\$ 0.0982	\$ 0.0930	\$ 0.0882	\$ 0.0856	\$ 0.0792	\$ 0.0622
	1,082	4,478	4,464	4,426	4,429	4,344	4,567
\$	76	\$ 307	\$ 293	\$ 293	\$ 311	\$ 286	\$ 216
\$	0.0703	\$ 0.0686	\$ 0.0656	\$ 0.0662	\$ 0.0703	\$ 0.0659	\$ 0.0473
	17,574	18,085	18,925	19,450	19,420	19,146	19,602
\$	2,062	\$ 2,237	\$ 2,414	\$ 2,543	\$ 2,347	\$ 2,052	\$ 2,083
\$	0.1173	\$ 0.1237	\$ 0.1276	\$ 0.1307	\$ 0.1208	\$ 0.1072	\$ 0.1063
\$	0.0450	\$ 0.0469	\$ 0.0435	\$ 0.0429	\$ 0.0430	\$ 0.0478	\$ 0.0402
	0.0236	0.0252	0.0225	0.0217	0.0197	0.0183	0.0164
\$	0.0686	\$ 0.0721	\$ 0.0660	\$ 0.0646	\$ 0.0627	\$ 0.0661	\$ 0.0566
\$	1,427	\$ 1,441	\$ 1,492	\$ 1,510	\$ 1,438	\$ 1,717	\$ 1,518
	452	486	495	498	426	425	389
	119	129	118	107	101	101	105
	168	160	158	159	133	134	125
\$	2,166	\$ 2,216	\$ 2,263	\$ 2,274	\$ 2,098	\$ 2,377	\$ 2,137



## SELECTED FINANCIAL RATIOS

Year Ended September 30	2017	2016	2015	2014
<b>Electric operating ratio</b>				
Electric operation and maintenance expenses/total operating revenues	\$ 0.66	\$ 0.65	\$ 0.66	\$ 0.67
<b>Electric income before contributions per revenue dollar</b>				
Electric income before contributions/total operating revenues (1)	\$ 0.11	\$ 0.11	\$ 0.12	\$ 0.10
<b>ACTIVE SERVICES</b>				
<b>OUC retail metered services</b>				
Residential	173,772	170,885	165,972	162,065
Commercial - non-demand	21,277	21,059	20,674	20,598
Commercial - demand - secondary	5,422	5,444	5,452	5,234
Commercial - demand - primary	26	25	25	26
<b>Total OUC retail metered services</b>	<u>200,497</u>	<u>197,413</u>	<u>192,123</u>	<u>187,923</u>
<b>Inter-local services (2)</b>	<u>37,554</u>	<u>35,998</u>	<u>34,177</u>	<u>32,705</u>
<b>Total OUC retail and inter-local metered services</b>	<u>238,051</u>	<u>233,411</u>	<u>226,300</u>	<u>220,628</u>
<b>Unmetered lighting fixtures (3)</b>				
Conventional	50,712	48,436	47,439	43,845
Convenient	21,890	16,095	15,913	18,627
St. Cloud	2,838	2,842	2,728	2,744
<b>Total unmetered lighting fixtures</b>	<u>75,440</u>	<u>67,373</u>	<u>66,080</u>	<u>65,216</u>
<b>Total OUC retail, unmetered lighting and inter-local services</b>	<u>313,491</u>	<u>300,784</u>	<u>292,380</u>	<u>285,844</u>
<b>CONSUMPTION (MWH)</b>				
<b>OUC retail sales</b>				
Residential	1,960,736	2,020,927	1,928,839	1,838,003
Commercial - non-demand	372,501	362,796	350,785	333,249
Commercial - demand - secondary	2,994,166	3,067,932	3,002,329	2,966,118
Commercial - demand - primary	474,162	477,661	472,574	424,361
<b>Total OUC retail sales</b>	<u>5,801,565</u>	<u>5,929,316</u>	<u>5,754,527</u>	<u>5,561,731</u>
<b>Nonmetered lighting sales</b>				
Conventional	31,675	31,434	31,251	30,553
Convenient	24,305	26,938	26,497	26,741
St. Cloud	2,789	2,797	2,422	2,804
<b>Total nonmetered lighting sales</b>	<u>58,769</u>	<u>61,169</u>	<u>60,170</u>	<u>60,098</u>
<b>Inter-local sales (2)</b>	<u>671,510</u>	<u>659,695</u>	<u>618,132</u>	<u>584,557</u>
<b>Total retail sales</b>	<u>6,531,844</u>	<u>6,650,180</u>	<u>6,432,829</u>	<u>6,206,386</u>
<b>Wholesale sales (4)</b>	<u>1,325,765</u>	<u>1,264,504</u>	<u>1,299,129</u>	<u>1,344,764</u>
<b>Pre-Commercial Adjustment</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total electric sales</b>	<u>7,857,609</u>	<u>7,914,684</u>	<u>7,731,958</u>	<u>7,551,150</u>

(1) In 2017, 2014 and 2008, storm recovery expenses related to FEMA declared storms were excluded from these computations.

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

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

(4) In 2017, the increase in Wholesales 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.

2013	2012	2011	2010	2009	2008	2007
\$ 0.67	\$ 0.67	\$ 0.65	\$ 0.66	\$ 0.65	\$ 0.69	\$ 0.68
\$ 0.09	\$ 0.08	\$ 0.10	\$ 0.09	\$ 0.10	\$ 0.11	\$ 0.12
157,927	156,106	154,212	151,995	150,123	151,025	150,254
20,113	21,233	20,069	19,272	18,595	18,325	18,268
5,309	7,362	7,199	7,066	6,563	5,761	5,593
23	22	21	21	23	25	28
<u>183,372</u>	<u>184,723</u>	<u>181,501</u>	<u>178,354</u>	<u>175,304</u>	<u>175,136</u>	<u>174,143</u>
<u>31,052</u>	<u>30,222</u>	<u>29,715</u>	<u>29,229</u>	<u>28,640</u>	<u>28,667</u>	<u>28,785</u>
<u>214,424</u>	<u>214,945</u>	<u>211,216</u>	<u>207,583</u>	<u>203,944</u>	<u>203,803</u>	<u>202,928</u>
37,705	13,168	13,089	13,050	13,093	13,282	13,546
14,418	142	138	132	133	132	129
2,709	-	-	-	-	-	-
<u>54,832</u>	<u>13,310</u>	<u>13,227</u>	<u>13,182</u>	<u>13,226</u>	<u>13,414</u>	<u>13,675</u>
<u>269,256</u>	<u>228,255</u>	<u>224,443</u>	<u>220,765</u>	<u>217,170</u>	<u>217,217</u>	<u>216,603</u>
1,748,182	1,736,537	1,867,879	1,925,770	1,828,354	1,815,446	1,834,301
296,058	285,967	282,958	282,375	265,840	341,806	299,786
2,919,375	2,903,352	2,910,069	2,937,853	2,951,040	2,891,934	2,856,841
413,915	399,110	414,263	387,314	382,779	392,071	400,366
<u>5,377,530</u>	<u>5,324,966</u>	<u>5,475,169</u>	<u>5,533,312</u>	<u>5,428,013</u>	<u>5,441,257</u>	<u>5,391,294</u>
30,486	30,521	29,965	29,750	29,422	27,298	24,154
26,061	26,115	26,218	25,923	26,814	28,742	29,195
2,783	2,777	2,763	2,762	2,758	2,797	2,775
<u>59,330</u>	<u>59,413</u>	<u>58,946</u>	<u>58,435</u>	<u>58,994</u>	<u>58,837</u>	<u>56,124</u>
538,413	541,987	557,743	562,777	556,461	550,001	549,634
<u>5,975,273</u>	<u>5,926,366</u>	<u>6,091,858</u>	<u>6,154,524</u>	<u>6,043,468</u>	<u>6,050,095</u>	<u>5,997,052</u>
1,036,486	1,032,099	1,536,840	1,608,248	1,215,600	1,743,680	2,039,338
-	-	-	(48,685)	-	-	-
<u>7,011,759</u>	<u>6,958,465</u>	<u>7,628,698</u>	<u>7,714,087</u>	<u>7,259,068</u>	<u>7,793,775</u>	<u>8,036,390</u>



## ELECTRIC GENERATION (MWH)

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

(1) In 2017, damage to the SEC 1 stack from Hurricane Irma caused an earlier than planned outage in September. During 2016, SEC 1 experienced an extended outage.

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

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

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

2013	2012	2011	2010	2009	2008	2007
2,557,737	2,683,426	3,727,184	4,362,451	4,429,154	4,454,325	4,708,038
<u>2,621,239</u>	<u>2,346,132</u>	<u>2,189,279</u>	<u>2,010,119</u>	<u>1,185,894</u>	<u>1,197,723</u>	<u>1,242,650</u>
5,178,976	5,029,558	5,916,463	6,372,570	5,615,048	5,652,048	5,950,688
210,679	205,302	282,013	300,351	277,943	271,331	282,180
12,616	10,394	4,103	1,890	7,174	6,049	4,471
<u>4,955,681</u>	<u>4,813,862</u>	<u>5,630,347</u>	<u>6,070,329</u>	<u>5,329,931</u>	<u>5,374,668</u>	<u>5,664,037</u>
494,897	439,888	678,916	620,000	656,636	1,059,302	965,401
-	-	-	-	-	-	-
<u>494,897</u>	<u>439,888</u>	<u>678,916</u>	<u>620,000</u>	<u>656,636</u>	<u>1,059,302</u>	<u>965,401</u>
470,890	302,751	370,845	384,006	378,376	383,095	402,666
11,254	7,236	8,863	9,178	9,043	9,156	9,624
<u>459,636</u>	<u>295,515</u>	<u>361,982</u>	<u>374,828</u>	<u>369,333</u>	<u>373,939</u>	<u>393,042</u>
6,186	12,947	17,814	31,389	14,735	25,222	17,701
29	56	78	138	68	111	71
753	759	841	766	743	777	691
<u>5,404</u>	<u>12,132</u>	<u>16,895</u>	<u>30,485</u>	<u>13,924</u>	<u>24,334</u>	<u>16,939</u>
101,076	115,337	113,410	79,754	120,008	103,783	123,034
-	-	-	-	3,547	3,050	3,607
<u>101,076</u>	<u>115,337</u>	<u>113,410</u>	<u>79,754</u>	<u>116,461</u>	<u>100,733</u>	<u>119,427</u>
3,052,634	3,123,314	4,406,100	4,982,451	5,085,790	5,513,627	5,673,439
2,621,239	2,346,132	2,189,279	2,010,119	1,185,894	1,197,723	1,242,650
571,966	418,088	484,255	463,760	498,384	486,878	525,700
6,186	12,947	17,814	31,389	14,735	25,222	17,701
-	-	-	-	-	-	236
<u>6,252,025</u>	<u>5,900,481</u>	<u>7,097,448</u>	<u>7,487,719</u>	<u>6,784,803</u>	<u>7,223,450</u>	<u>7,459,726</u>
221,962	212,594	290,954	309,667	290,601	283,838	296,003
13,369	11,153	4,944	2,656	7,917	6,826	5,162
6,016,694	5,676,734	6,801,550	7,175,396	6,486,285	6,932,786	7,158,561
(530)	(98)	(118)	(15)	(192)	278	274
<u>1,250,574</u>	<u>1,426,791</u>	<u>1,003,127</u>	<u>833,210</u>	<u>881,022</u>	<u>1,082,008</u>	<u>1,127,939</u>
7,266,738	7,103,427	7,804,559	8,008,591	7,367,115	8,015,072	8,286,774
7,011,759	6,958,465	7,628,698	7,714,087	7,259,068	7,793,775	8,036,390
<u>254,979</u>	<u>144,962</u>	<u>175,861</u>	<u>294,504</u>	<u>108,047</u>	<u>221,297</u>	<u>250,384</u>
4.08%	2.46%	2.48%	3.93%	1.59%	3.06%	3.36%



**NET GENERATING CAPABILITY (Including major purchased power agreements)**

**Generating Facility (MW)  
Years Ended September 30**

	Type	Name Plate Capacity	2017		2016		2015		2014	
			Summer MW	Winter MW	Summer MW	Winter MW	Summer MW	Winter MW	Summer MW	Winter MW
Stanton Energy Center (SEC)	Unit 1 FS	425	302	304	302	304	302	304	302	304
	Unit 2 FS	425	340	340	340	340	340	340	340	340
	Unit A CC	633	174	184	174	184	174	184	174	184
	Unit B CC (1)	300	292	307	292	307	298	312	298	312
Indian River Plant (IRP)	Unit A CT	38	16	18	16	18	18	23	18	23
	Unit B CT	38	16	18	16	18	18	23	18	23
	Unit C CT	112	83	88	83	88	85	100	85	100
	Unit D CT	112	83	88	83	88	85	100	85	100
St. Cloud Plant	Units 1-7 CT	21	-	-	-	-	-	-	-	-
Crystal River Plant (CR)	Unit 3 N (2)	890	-	-	-	-	-	-	-	-
C.D. McIntosh, Jr. Plant (MC)	Unit 3 FS	364	133	136	133	136	133	136	133	136
St. Lucie Plant	Unit 2 N	850	60	60	60	60	60	60	60	60
Total capability			<b>1,499</b>	<b>1,543</b>	<b>1,499</b>	<b>1,543</b>	<b>1,513</b>	<b>1,582</b>	<b>1,513</b>	<b>1,582</b>
Purchased power agreements			330	330	330	330	330	330	330	330
Total available			<b>1,829</b>	<b>1,873</b>	<b>1,829</b>	<b>1,873</b>	<b>1,843</b>	<b>1,912</b>	<b>1,843</b>	<b>1,912</b>
Firm commitments to other utilities (3)			(254)	(252)	(251)	(249)	(207)	(205)	(207)	(205)
Net available to OUC			<b>1,575</b>	<b>1,621</b>	<b>1,578</b>	<b>1,624</b>	<b>1,636</b>	<b>1,707</b>	<b>1,636</b>	<b>1,707</b>

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

**PEAK DEMAND**

**Years Ended September 30**

	2017		2016		2015		2014	
	Summer MW	Winter MW	Summer MW	Winter MW	Summer MW	Winter MW	Summer MW	Winter MW
<b>Net peak demand</b> (Net 60 minute integrated MW demand)	1,175	885	1,189	944	1,171	1,025	1,139	959
<b>Gross peak demand (MW)</b> (Instantaneous)	1,188	-	1,230	-	1,206	-	1,198	-
<b>System load factor</b>	<u>59.1</u>		<u>60.1</u>		<u>57.4</u>		<u>58.8</u>	

**GENERATION AVAILABILITY DATA**

**Years Ended September 30**

	Unit	2017			2016			2015			2014		
		CF	EAF	EFOR	CF	EAF	EFOR	CF	EAF	EFOR	CF	EAF	EFOR
SEC	Unit 1 (4)	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 (4)	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	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 (1)	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 (5)	0.2	98.5	14.3	0.3	93.6	-	0.1	98.0	30.3	0.2	98.0	-
	Unit B (5)	0.3	97.9	60.6	0.1	96.9	-	0.1	96.0	0.6	0.2	96.5	-
	Unit C (5)	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 (5)	1.0	96.9	54.1	1.3	95.4	13.1	0.5	94.5	-	0.3	95.1	48.6
Crystal River	Unit 3 (2)	-	-	-	-	-	-	-	-	-	-	-	-
McIntosh	Unit 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	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) In late February 2010, OUC commenced commercial operations at SEC B.

(2) Effective February 2013, Duke Energy announced the closing of the CR 3 Plant as a result of discovering multiple delaminations within the core. As of October 2015, OUC no longer held an ownership interest in CR 3.

(3) In January 2014, OUC secured a three year wholesale agreement with the City of Lake Worth that has been extended through December 2018. In addition, OUC entered into a six year agreement with the City of Winter Park. Additionally, in January 2011, OUC executed a seven year inter-local agreement with the City of Bartow whereby OUC provides generation which has been extended through January 2020. In January 2010, OUC secured a twenty year wholesale agreement with the City of Vero Beach. This agreement was renegotiated in 2015, changing the expiration to 2023 and lowering the rate of energy sold to Vero Beach. On October 24, 2017, the City of Vero Beach approved the sale of its city owned utility system to Florida Power and Light (FPL) effective October 2018. Upon completion of the sale, OUC's contractual obligation to serve will terminate. The termination and settlement agreement is contingent upon the execution of a power supply agreement in which FPL must take over 85 MW's of capacity for two years.

(4) In 2017, damage to the SEC 1 stack caused an early outage in September. During 2016, SEC 1 had an extended outage. The SEC 1 and 2 capacity factors were lower since 2012 compared to 2011 and 2010 as a result of lowering production to accommodate more cost effective generation at the natural gas units.

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



2013		2012		2011		2010		2009		2008		2007	
Summer MW	Winter MW	Summer MW	Winter MW	Summer MW	Winter MW	Summer MW	Winter MW	Summer MW	Winter MW	Summer MW	Winter MW	Summer MW	Winter MW
302	304	302	304	302	304	302	304	302	304	302	304	302	304
334	334	334	334	334	334	334	334	334	334	334	334	334	334
174	184	174	184	174	184	174	184	174	184	174	184	174	184
298	312	295	300	295	300	295	300	-	-	-	-	-	-
18	23	18	23	18	23	18	23	18	23	18	23	18	23
18	23	18	23	18	23	18	23	18	23	18	23	18	23
85	100	85	100	85	100	85	100	85	100	85	100	85	100
85	100	85	100	85	100	85	100	85	100	85	100	85	100
-	-	-	-	-	-	-	-	-	-	21	21	21	21
13	13	13	13	13	13	13	13	13	13	13	13	13	13
133	136	136	136	136	136	136	136	136	136	136	136	136	136
60	62	51	52	51	52	51	52	51	52	51	52	51	52
<b>1,520</b>	<b>1,591</b>	<b>1,511</b>	<b>1,569</b>	<b>1,511</b>	<b>1,569</b>	<b>1,511</b>	<b>1,569</b>	<b>1,216</b>	<b>1,269</b>	<b>1,237</b>	<b>1,290</b>	<b>1,237</b>	<b>1,290</b>
330	330	337	358	337	358	337	358	337	358	337	358	337	358
<b>1,850</b>	<b>1,921</b>	<b>1,848</b>	<b>1,927</b>	<b>1,848</b>	<b>1,927</b>	<b>1,848</b>	<b>1,927</b>	<b>1,553</b>	<b>1,627</b>	<b>1,574</b>	<b>1,648</b>	<b>1,574</b>	<b>1,648</b>
(166)	(178)	(168)	(168)	(165)	(165)	(95)	(95)	-	-	(22)	(22)	(22)	(22)
<b>1,684</b>	<b>1,743</b>	<b>1,680</b>	<b>1,759</b>	<b>1,683</b>	<b>1,762</b>	<b>1,753</b>	<b>1,832</b>	<b>1,553</b>	<b>1,627</b>	<b>1,552</b>	<b>1,626</b>	<b>1,552</b>	<b>1,626</b>

2013		2012		2011		2010		2009		2008		2007	
Summer MW	Winter MW	Summer MW	Winter MW	Summer MW	Winter MW	Summer MW	Winter MW	Summer MW	Winter MW	Summer MW	Winter MW	Summer MW	Winter MW
1,070	846	1,070	907	1,064	1,094	1,081	1,134	1,102	1,033	1,080	973	1,085	893
1,158		1,123		1,127			1,191	1,176		1,147		1,182	
<b>2013</b>		<b>2012</b>		<b>2011</b>		<b>2010</b>		<b>2009</b>		<b>2008</b>		<b>2007</b>	
60.3		59.8		61.4		58.4		58.4		60.5		59.6	

2013			2012			2011			2010			2009			2008			2007		
CF	EAF	EFOR	CF	EAF	EFOR	CF	EAF	EFOR	CF	EAF	EFOR	CF	EAF	EFOR	CF	EAF	EFOR	CF	EAF	EFOR
29.8	83.1	0.9	36.3	84.9	3.2	62.5	86.0	0.7	72.0	82.6	1.2	70.1	87.2	0.6	77.6	85.6	4.6	82.3	90.1	1.3
55.3	86.9	0.3	57.9	92.2	0.6	69.4	86.6	0.3	81.1	90.3	0.8	85.2	96.6	1.0	78.4	82.1	1.4	80.8	84.8	6.3
29.3	90.7	-	33.6	80.9	-	38.0	90.9	0.9	38.5	84.6	7.7	41.2	88.7	1.6	57.8	87.7	0.2	60.2	92.2	0.2
58.9	91.4	0.1	50.4	87.1	4.7	58.0	86.9	1.0	60.9	86.8	5.5	-	-	-	-	-	-	-	-	-
0.1	96.5	28.4	-	93.3	-	-	84.6	89.2	0.1	96.4	78.1	0.2	92.8	85.7	-	97.3	80.3	-	96.8	80.8
0.1	97.1	89.6	-	94.7	-	-	94.0	5.3	-	79.9	-	0.2	98.0	52.9	-	95.6	58.7	-	78.5	93.9
0.4	95.0	-	-	91.8	-	1.2	99.9	6.2	2.8	95.0	13.8	0.8	70.4	93.2	-	97.3	51.8	-	92.6	73.0
0.3	79.9	97.0	-	73.1	-	2.0	100.0	0.9	2.7	87.8	7.5	0.8	92.6	70.2	-	97.8	31.7	-	92.6	63.0
-	-	100.0	-	-	100.0	-	-	100.0	-	-	80.0	102.0	95.7	1.3	85.1	82.8	0.2	100.9	98.7	0.7
43.0	80.0	12.1	38.1	86.3	85.7	57.8	85.5	2.1	66.8	60.5	38.9	55.9	67.1	9.3	88.2	89.7	7.5	80.8	84.1	6.7
85.1	81.7	2.8	86.4	83.9	0.8	65.2	63.1	10.5	99.8	97.5	2.3	83.1	74.9	13.9	70.2	69.3	10.3	95.0	95.9	3.9



## ELECTRIC DISTRIBUTION RELIABILITY DATA

Years Ended September 30	2017	2016	2015	2014
<b>Orlando/Orange County</b>				
Average service availability index (ASAI)	0.9999	0.9999	0.9999	0.9999
Average customer outage in minutes (SAIDI) (1)	45.60	52.60	29.90	50.30
Average customer interruption duration index in minutes (CAIDI) (1)	70.80	79.70	58.40	66.40
Average length of service interruption in minutes (L-Bar) (1)	77.40	98.80	74.60	89.30
<b>St. Cloud/Osceola County</b>				
Average service availability index (ASAI)	0.9999	0.9999	0.9999	0.9999
Average customer outage in minutes (SAIDI) (2)	45.10	30.80	40.60	66.00
Average customer interruption duration index in minutes (CAIDI) (2)	58.40	64.20	66.90	59.70
Average length of service interruption in minutes (L-Bar) (2)	80.00	91.60	83.70	99.20

## ELECTRIC PHYSICAL STATISTICS

<b>Transmission system (circuit miles)</b>				
69KV	36.6	36.5	36.5	36.5
115KV	129.3	126.9	126.9	125.9
230KV	227.4	227.4	227.4	227.2
<b>Total transmission circuit miles</b>	<u>393.3</u>	<u>390.8</u>	<u>390.8</u>	<u>389.6</u>
<b>Number of substations</b>				
OUC substations	31	31	31	31
STC substations	4	4	4	4
<b>Total Substations</b>	<u>35</u>	<u>35</u>	<u>35</u>	<u>35</u>
<b>Orlando distribution system (circuit miles)</b>				
Overhead	738.7	739.6	737.8	741.5
Underground	1,316.9	1,292.2	1,270.0	1,248.9
<b>Total Orlando circuit miles</b>	<u>2,055.6</u>	<u>2,031.8</u>	<u>2,007.8</u>	<u>1,990.4</u>
<b>St. Cloud distribution system (circuit miles)</b>				
Overhead	260.3	260.9	247.4	250.7
Underground	221.3	210.3	188.5	183.5
<b>Total St. Cloud circuit miles</b>	<u>481.6</u>	<u>471.2</u>	<u>435.9</u>	<u>434.2</u>
<b>Total OUC &amp; St. Cloud circuit miles</b>	<u>2,537.2</u>	<u>2,503.0</u>	<u>2,443.7</u>	<u>2,424.6</u>
<b>Distribution expenses per circuit mile (3)</b>	\$ 9,415	\$ 7,868	\$ 8,063	\$ 7,516
<b>Percentages of Orlando distribution system (circuit miles)</b>				
Overhead	35.9%	36.4%	36.8%	37.3%
Underground	64.1%	63.6%	63.2%	62.7%
<b>Percentages of St. Cloud distribution system (circuit miles)</b>				
Overhead	54.0%	55.4%	56.8%	57.7%
Underground	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. During 2014, St. Cloud/Osceola County experienced an active summer storm season.

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

2013	2012	2011	2010	2009	2008	2007
0.9999	0.9999	0.9999	0.9999	0.9999	0.9999	0.9999
40.70	31.70	41.20	28.70	33.40	33.20	44.13
54.50	50.30	57.70	52.90	52.70	43.50	52.03
78.50	74.20	68.30	70.20	69.30	67.70	70.79
0.9999	0.9999	0.9999	0.9999	0.9999	0.9999	0.9998
28.10	80.50	42.80	61.80	55.00	38.20	56.97
53.10	64.20	45.80	34.90	42.20	40.50	39.16
86.80	81.00	63.90	62.50	63.40	65.30	67.23
36.5	36.5	36.5	36.5	36.5	36.5	36.5
125.9	125.9	130.7	130.7	130.7	129.1	129.1
227.2	227.2	227.2	227.2	227.2	227.2	226.5
<u>389.6</u>	<u>389.6</u>	<u>394.4</u>	<u>394.4</u>	<u>394.4</u>	<u>392.8</u>	<u>392.1</u>
31	31	32	32	32	30	30
4	4	4	4	4	4	4
<u>35</u>	<u>35</u>	<u>36</u>	<u>36</u>	<u>36</u>	<u>34</u>	<u>34</u>
738.6	749.3	746.0	746.8	738.8	747.9	738.3
1,214.6	1,202.2	1,181.4	1,158.7	1,145.2	1,104.6	1,065.9
<u>1,953.2</u>	<u>1,951.5</u>	<u>1,927.4</u>	<u>1,905.5</u>	<u>1,884.0</u>	<u>1,852.5</u>	<u>1,804.2</u>
248.2	250.7	244.2	242.6	241.8	240.2	236.5
177.1	167.0	158.3	154.7	153.9	150.8	142.0
425.3	417.7	402.5	397.3	395.7	391.0	378.5
<u>2,378.5</u>	<u>2,369.2</u>	<u>2,329.9</u>	<u>2,302.8</u>	<u>2,279.7</u>	<u>2,243.5</u>	<u>2,182.7</u>
\$ 6,167	\$ 6,347	\$ 6,318	\$ 7,344	\$ 7,316	\$ 6,396	\$ 6,125
37.8%	38.4%	38.7%	39.2%	39.2%	40.4%	40.9%
62.2%	61.6%	61.3%	60.8%	60.8%	59.6%	59.1%
58.4%	60.0%	60.7%	61.1%	61.1%	61.4%	62.5%
41.6%	40.0%	39.3%	38.9%	38.9%	38.6%	37.5%



**ELECTRIC UTILITY PLANT (Dollars in thousands)**

Years Ended September 30

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

**FUEL MIX STATISTICS**

<b>Cost of fuel</b>				
Coal (3)	\$ 144,040	\$ 128,419	\$ 141,766	\$ 145,395
Natural gas	119,728	130,199	134,677	162,234
Nuclear	3,374	3,848	2,177	2,827
Renewable	1,687	1,238	2,239	2,334
Oil	286	462	291	765
<b>Total cost of fuel</b>	<u>\$ 269,115</u>	<u>\$ 264,166</u>	<u>\$ 281,150</u>	<u>\$ 313,555</u>

**Fuel cost per million BTU**

Coal (3)	\$ 3.66	\$ 4.12	\$ 4.26	\$ 4.41
Natural gas	\$ 5.47	\$ 4.90	\$ 5.20	\$ 6.36
Nuclear (1)	\$ 0.66	\$ 0.71	\$ 0.42	\$ 0.56
Renewable	\$ 4.11	\$ 2.28	\$ 3.61	\$ 4.10
Oil	\$ 13.21	\$ 16.56	\$ 18.10	\$ 28.32
System average fuel cost	\$ 4.03	\$ 4.15	\$ 4.32	\$ 4.89

**System fuel mix for total generation (based on BTU)**

Coal (3)	58.9%	48.9%	52.2%	51.5%
Natural Gas	32.8%	41.7%	38.8%	39.7%
Nuclear	7.7%	8.5%	8.0%	7.9%
Renewable	0.6%	0.9%	1.0%	0.9%
Oil	-	-	-	-
<b>Total system fuel mix for total generation (based on BTU)</b>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

**System fuel mix for retail load (based on MWH) (4)**

Coal	49.5%	29.8%	40.2%	39.6%
Natural Gas	41.4%	60.7%	50.9%	48.9%
Nuclear	6.8%	6.9%	7.5%	10.4%
Renewable (4)	2.3%	2.6%	1.4%	1.1%
Oil	-	-	-	-
<b>Total system fuel mix for retail load (based on MWH)</b>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

(1) Effective February 2013, Duke Energy announced the closing of the CR 3 plant as a result of discovering multiple delaminations within the core. As a result, OUC reclassified the impaired assets under the heading of Regulatory assets. On October 30, 2015, full ownership interest of the CR 3 along with all future liabilities associated with the unit were transferred from the joint owners to Duke Energy via a special warranty deed.

(2) In 2017, the increase was from the implementation of the CC&B system. Common plant, net includes shared assets including administrative buildings and information technology infrastructure. As a result of an eminent domain action for the expansion of the I-4/S.R. 408 interchange, OUC built a new administrative facility. In 2009, the new administration building was completed and placed into service and in 2012 the former administration building was sold.

(3) 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 in 2017 primarily due to the one-time outage experienced at SEC1 in 2016, as well as operational efficiencies implemented at the Stanton coal generation facilities.

(4) In 2012, OUC began calculating the retail system fuel mix by MWHs to include purchased power agreements which support its clean energy sustainability goals.

	2013	2012	2011	2010	2009	2008	2007
\$	407,215	\$ 418,115	\$ 433,256	\$ 425,660	\$ 432,484	\$ 448,549	\$ 462,050
	53,102	56,595	50,554	52,490	56,543	61,410	56,971
	236,914	246,046	253,020	260,562	-	-	-
	62,287	64,222	66,769	69,676	41,928	46,867	47,251
	100,359	96,741	86,166	70,487	67,266	61,186	58,317
	12,210	13,732	15,539	16,623	17,764	19,892	22,266
	-	6,882	6,908	6,295	5,542	4,174	5,642
	<u>872,087</u>	<u>902,333</u>	<u>912,212</u>	<u>901,793</u>	<u>621,527</u>	<u>642,078</u>	<u>652,497</u>
	475,951	470,030	469,274	466,964	456,878	451,604	438,367
	230,324	239,299	243,011	234,941	195,766	173,332	166,739
	48,354	49,150	42,544	31,294	34,371	35,105	7,707
	<u>1,626,716</u>	<u>1,660,812</u>	<u>1,667,041</u>	<u>1,634,992</u>	<u>1,308,542</u>	<u>1,302,119</u>	<u>1,265,310</u>
	<u>72,301</u>	<u>73,345</u>	<u>73,409</u>	<u>77,381</u>	<u>73,972</u>	<u>42,477</u>	<u>46,329</u>
\$	<u>1,699,017</u>	<u>1,734,157</u>	<u>1,740,450</u>	<u>1,712,373</u>	<u>1,382,514</u>	<u>1,344,596</u>	<u>1,311,639</u>
\$	129,226	\$ 131,168	\$ 153,891	\$ 159,160	\$ 165,904	\$ 162,790	\$ 139,169
	145,059	152,273	129,227	128,117	103,334	164,696	140,780
	3,404	3,133	5,165	3,360	3,298	3,015	2,636
	1,867	1,113	1,045	845	1,475	1,175	791
	327	1,765	2,863	2,309	1,335	1,320	736
\$	<u>279,883</u>	<u>289,452</u>	<u>292,191</u>	<u>293,791</u>	<u>275,346</u>	<u>332,996</u>	<u>284,112</u>
\$	4.67	\$ 4.41	\$ 3.72	\$ 3.37	\$ 3.44	\$ 3.10	\$ 2.58
\$	6.11	\$ 6.84	\$ 6.27	\$ 6.49	\$ 7.58	\$ 10.83	\$ 8.96
\$	0.66	\$ 0.94	\$ 1.27	\$ 0.80	\$ 0.62	\$ 0.58	\$ 0.47
\$	3.66	\$ 2.53	\$ 2.66	\$ 2.19	\$ 2.25	\$ 2.13	\$ 1.42
\$	23.46	\$ 20.04	\$ 19.46	\$ 13.51	\$ 13.84	\$ 17.85	\$ 12.39
\$	4.90	\$ 5.18	\$ 4.39	\$ 4.10	\$ 4.05	\$ 4.52	\$ 3.75
	48.5%	53.2%	62.1%	65.8%	71.0%	71.3%	71.1%
	41.6%	39.9%	31.0%	27.5%	20.1%	20.7%	20.7%
	9.0%	5.9%	6.1%	5.9%	7.9%	7.1%	7.4%
	0.9%	0.8%	0.6%	0.6%	0.9%	0.8%	0.7%
	-	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
	32.3%	34.0%	-	-	-	-	-
	57.9%	58.4%	-	-	-	-	-
	8.6%	6.6%	-	-	-	-	-
	1.2%	1.0%	-	-	-	-	-
	-	-	-	-	-	-	-
	<u>100.0%</u>	<u>100.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>





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# WATER OPERATIONS

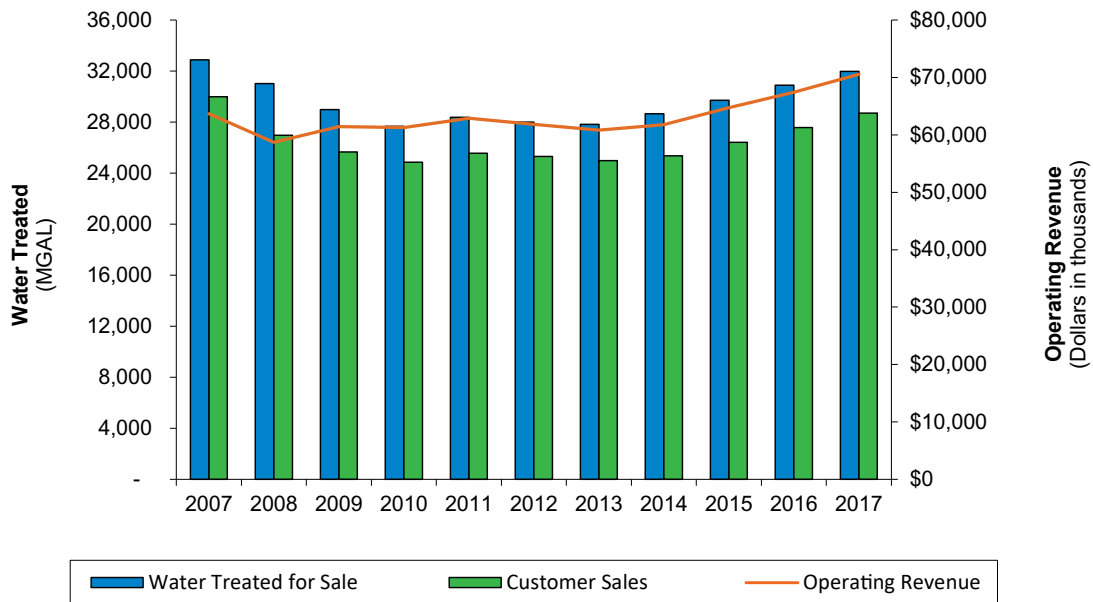


With more than 20,000 quality and safety tests per year and treatment with ozone – the strongest disinfectant available – OUC ensures clean, great-tasting H<sub>2</sub>OUC from source to tap.

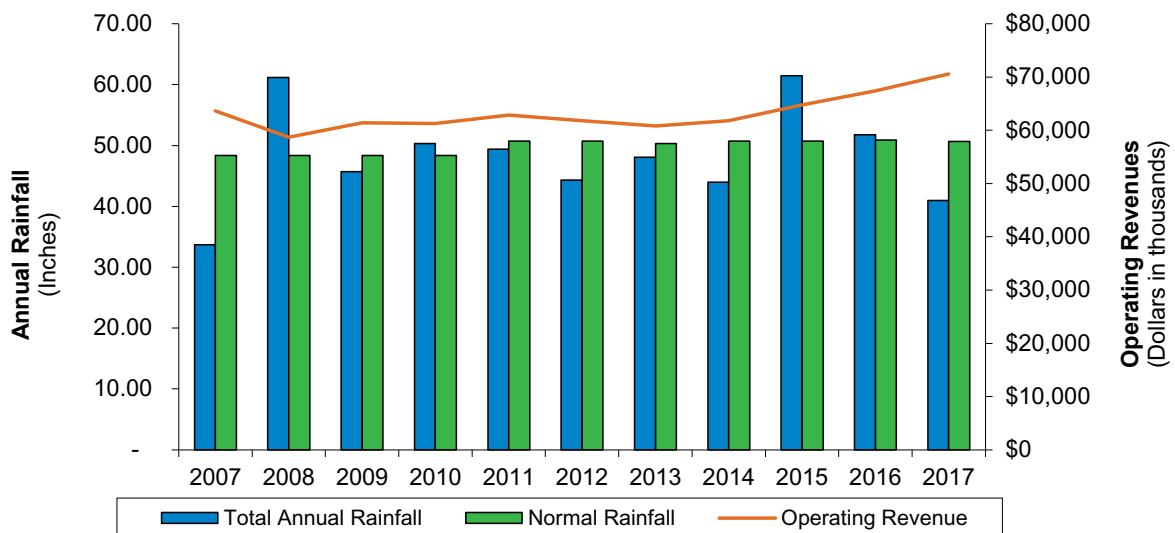


# WATER BUSINESS OPERATIONS

### Water Treated, Customer Sales & Operating Revenue



### Total Annual Rainfall and Operating Revenue



Beginning in 2011, the normal rainfall amount was recalculated.





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

Years Ended September 30	2017	2016	2015	2014
<b>Operating Revenues</b>				
Residential	\$ 23,975	\$ 22,989	\$ 22,541	\$ 21,753
Commercial	28,259	27,736	26,484	25,246
Irrigation	15,307	13,797	12,856	11,981
Fire protection	2,429	2,330	2,314	2,266
Service fees and other	2,184	2,196	2,123	2,271
Resale and other	589	590	551	563
Regulatory action (1)	(912)	-	-	-
<b>Total operating revenues</b>	<u>71,831</u>	<u>69,638</u>	<u>66,869</u>	<u>64,080</u>
<b>Operations and maintenance expenses</b>				
Production	14,637	14,980	15,034	13,676
Distribution	7,666	8,598	7,655	7,357
Storm recovery costs	793	-	-	-
Customer service (2)	8,212	7,109	7,441	6,003
General and administrative	9,964	11,151	10,146	10,018
<b>Total operations and maintenance expenses</b>	<u>41,272</u>	<u>41,838</u>	<u>40,276</u>	<u>37,054</u>
<b>Other expenses</b>				
Utility/property tax	64	65	65	63
Revenue based payments to the City of Orlando	2,108	2,058	2,021	1,921
Revenue based payments to Orange County	3	4	5	5
Depreciation and amortization (3)	18,171	17,328	18,685	17,121
<b>Total other expenses</b>	<u>20,346</u>	<u>19,455</u>	<u>20,776</u>	<u>19,110</u>
<b>Total operating expenses</b>	<u>61,618</u>	<u>61,293</u>	<u>61,052</u>	<u>56,164</u>
<b>Operating income</b>	10,213	8,345	5,817	7,916
<b>Non-operating income and expense</b>				
Interest income	705	655	606	557
Other income, net (4)	2,003	2,047	1,836	1,701
Amortization of deferred gain on sale of assets	16	16	16	23
Interest expense, net	(6,382)	(7,104)	(7,326)	(7,396)
<b>Total non-operating expenses, net</b>	<u>(3,658)</u>	<u>(4,386)</u>	<u>(4,868)</u>	<u>(5,115)</u>
<b>Water income/(loss) before contributions</b>	6,555	3,959	949	2,801
<b>Contributions in aid of construction (CIAC) (5)</b>	10,803	12,687	10,724	9,584
<b>Annual dividend</b>	(4,026)	(2,247)	(521)	(1,526)
<b>Increase in net position</b>	<u>\$ 13,332</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 will be used to bridge the phase-in water rate increase in 2018. This was offset by the recognition of \$0.6 million to align with the CC&B implementation.

(2) 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 AMI. In 2013 and 2014, with the implementation of the AMI upgrades, the customer service costs were lower as a result of staffing reductions.

(3) In 2017, the new CC&B system was implemented. In 2013, to prepare for the implementation of water AMI, a portion of existing non-AMI meters were written off resulting in additional depreciation expense of \$3.3 million. This phased AMI project continued through 2016.

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

(5) Growth in the water business led to higher than normal CIAC contribution in 2016.

	2013	2012	2011	2010	2009	2008	2007
\$	21,054	\$ 21,556	\$ 22,320	\$ 21,425	\$ 21,310	\$ 21,573	\$ 33,173
	24,777	24,403	24,014	23,541	22,672	21,077	16,794
	12,249	13,146	13,976	13,636	14,691	13,535	11,628
	2,231	2,193	2,158	2,169	2,132	1,968	1,755
	1,967	1,622	1,248	1,345	1,234	1,545	1,756
	534	534	426	503	636	526	322
	-	-	-	-	-	2,000	-
	<u>62,812</u>	<u>63,454</u>	<u>64,142</u>	<u>62,619</u>	<u>62,675</u>	<u>62,224</u>	<u>65,428</u>
	12,946	13,555	14,405	14,358	14,997	13,738	13,531
	5,844	5,816	9,149	8,291	5,560	6,849	5,526
	-	-	-	-	-	-	-
	7,040	8,865	8,733	7,831	7,311	7,282	7,465
	<u>10,207</u>	<u>10,110</u>	<u>10,007</u>	<u>9,120</u>	<u>7,542</u>	<u>7,737</u>	<u>6,984</u>
	<u>36,037</u>	<u>38,346</u>	<u>42,294</u>	<u>39,600</u>	<u>35,410</u>	<u>35,606</u>	<u>33,506</u>
	63	65	63	65	64	61	64
	1,961	2,033	1,919	1,922	1,989	1,855	1,893
	4	5	6	-	-	-	-
	<u>19,976</u>	<u>15,725</u>	<u>16,266</u>	<u>16,991</u>	<u>20,554</u>	<u>19,064</u>	<u>16,071</u>
	<u>22,004</u>	<u>17,828</u>	<u>18,254</u>	<u>18,978</u>	<u>22,607</u>	<u>20,980</u>	<u>18,028</u>
	<u>58,041</u>	<u>56,174</u>	<u>60,548</u>	<u>58,578</u>	<u>58,017</u>	<u>56,586</u>	<u>51,534</u>
	4,771	7,280	3,594	4,041	4,658	5,638	13,894
	459	708	593	1,151	1,329	2,657	3,959
	1,667	3,053	2,024	1,443	838	582	682
	23	17	-	-	-	-	-
	<u>(7,740)</u>	<u>(8,906)</u>	<u>(10,055)</u>	<u>(11,161)</u>	<u>(10,663)</u>	<u>(10,831)</u>	<u>(12,200)</u>
	<u>(5,591)</u>	<u>(5,128)</u>	<u>(7,438)</u>	<u>(8,567)</u>	<u>(8,496)</u>	<u>(7,592)</u>	<u>(7,559)</u>
	(820)	2,152	(3,844)	(4,526)	(3,838)	(1,954)	6,335
	9,704	7,990	4,571	6,080	5,736	13,655	17,155
	521	(1,396)	2,365	2,964	2,432	1,129	(3,406)
\$	<u>9,405</u>	<u>8,746</u>	<u>3,092</u>	<u>4,518</u>	<u>4,330</u>	<u>12,830</u>	<u>20,084</u>



## WATER CONSUMPTION AND FINANCIAL RATIOS

Years Ended September 30

	2017	2016	2015	2014
<b>Profile of consumption and revenue by type of customer</b>				
<b>Residential service</b>				
KGAL sales per customer	82	79	80	79
Revenue per customer	\$ 221	\$ 215	\$ 214	\$ 211
Revenue per KGAL	\$ 2.7005	\$ 2.7052	\$ 2.6962	\$ 2.6608
<b>Commercial service</b>				
KGAL sales per customer	1,031	1,007	959	899
Revenue per customer	\$ 1,890	\$ 1,847	\$ 1,775	\$ 1,664
Revenue per KGAL	\$ 1.8329	\$ 1.8352	\$ 1.8501	\$ 1.8519
<b>Irrigation service</b>				
KGAL sales per customer	266	242	231	221
Revenue per customer	\$ 932	\$ 848	\$ 799	\$ 752
Revenue per KGAL	\$ 3.4995	\$ 3.5098	\$ 3.4606	\$ 3.3999
<b>Selected financial expense statistics</b>				
Total operations and maintenance expenses per KGAL	\$ 1.4375	\$ 1.5170	\$ 1.5242	\$ 1.4612
<b>Operations and maintenance expense per metered service</b>				
Production and distribution costs	\$ 159	\$ 171	\$ 167	\$ 156
Customer service expense (1)	59	51	55	45
General and administrative expense (2)	71	81	75	75
Total operations and maintenance expense	<u>\$ 289</u>	<u>\$ 303</u>	<u>\$ 297</u>	<u>\$ 276</u>

(1) With the implementation of the AMI upgrades in 2013 and 2014, the customer service costs were lower as a result of staffing reductions.

(2) Beginning in 2010, General and administrative expenses increased due to increased pension and medical costs.

	2013	2012	2011	2010	2009	2008	2007
	76	78	80	77	79	83	118
\$	202	\$ 204	\$ 210	\$ 201	\$ 198	\$ 208	\$ 316
\$	2.6396	\$ 2.6243	\$ 2.6458	\$ 2.6093	\$ 2.5215	\$ 2.5178	\$ 2.6897
	935	1,011	1,042	1,064	1,071	991	864
\$	1,734	\$ 1,872	\$ 1,932	\$ 1,988	\$ 1,918	\$ 1,631	\$ 1,233
\$	1.8549	\$ 1.8508	\$ 1.8537	\$ 1.8685	\$ 1.7916	\$ 1.6454	\$ 1.4272
	226	241	251	237	259	282	288
\$	766	\$ 821	\$ 848	\$ 804	\$ 870	\$ 836	\$ 707
\$	3.3903	\$ 3.4004	\$ 3.3799	\$ 3.3912	\$ 3.3564	\$ 2.9616	\$ 2.4565
\$	1.4428	\$ 1.5155	\$ 1.6403	\$ 1.5927	\$ 1.3796	\$ 1.3201	\$ 1.1175
\$	140	\$ 144	\$ 175	\$ 167	\$ 151	\$ 150	\$ 141
	53	66	65	58	54	53	55
	76	75	74	67	55	56	52
\$	<u>269</u>	\$ <u>285</u>	\$ <u>314</u>	\$ <u>292</u>	\$ <u>260</u>	\$ <u>259</u>	\$ <u>248</u>



## SELECTED FINANCIAL RATIOS

### Years Ended September 30

	2017	2016	2015	2014
<b>Water operating ratio</b>				
Water operations and maintenance expenses/operating revenues	\$ 0.56	\$ 0.60	\$ 0.60	\$ 0.58

### Water income/(loss) before contributions per revenue dollar

Water income/(loss) before contributions/operating revenues	\$ 0.10	\$ 0.06	\$ 0.01	\$ 0.04
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### ACTIVE SERVICES

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

### FIRE PROTECTION

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

### CONSUMPTION (MGAL)

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

2013	2012	2011	2010	2009	2008	2007
\$ 0.57	\$ 0.60	\$ 0.66	\$ 0.63	\$ 0.56	\$ 0.57	\$ 0.51
\$ (0.01)	\$ 0.03	\$ (0.06)	\$ (0.07)	\$ (0.06)	\$ (0.03)	\$ 0.10
102,417	106,207	105,053	107,030	106,495	108,437	105,819
15,476	13,095	12,976	11,883	11,795	11,845	14,879
15,878	16,088	15,938	17,025	16,899	16,860	16,608
<u>133,771</u>	<u>135,390</u>	<u>133,967</u>	<u>135,938</u>	<u>135,189</u>	<u>137,142</u>	<u>137,306</u>
4,428	4,346	4,294	4,248	4,192	4,124	3,596
9,973	9,933	9,828	9,753	9,630	9,578	9,451
<u>14,401</u>	<u>14,279</u>	<u>14,122</u>	<u>14,001</u>	<u>13,822</u>	<u>13,702</u>	<u>13,047</u>
7,976	8,214	8,436	8,211	8,451	8,860	12,333
13,358	13,185	12,955	12,599	12,655	13,247	11,767
3,613	3,866	4,135	4,021	4,377	4,726	5,745
31	38	35	34	184	140	139
<u>24,978</u>	<u>25,303</u>	<u>25,561</u>	<u>24,865</u>	<u>25,667</u>	<u>26,973</u>	<u>29,984</u>



**WATER UTILITY PLANT (Dollars in Thousands)**

<b>Years Ended September 30</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Water plant, net</b>				
Production	\$ 120,107	\$ 124,281	\$ 128,488	\$ 121,852
Transmission and distribution	249,914	236,450	230,220	214,122
General	161	186	157	1,468
<b>Total water plant, net</b>	<b>370,182</b>	<b>360,917</b>	<b>358,865</b>	<b>337,442</b>
Common plant, net (1)	26,693	23,496	23,833	22,988
<b>Total plant, net</b>	<b>\$ 396,875</b>	<b>\$ 384,413</b>	<b>\$ 382,698</b>	<b>\$ 360,430</b>

**WATER PHYSICAL STATISTICS**

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

**WATER PRODUCTION (KGAL)**

<b>Water treated for sale</b>				
Treated	31,989,054	30,910,762	29,715,255	28,673,892
Used by water department (3)	5,840	5,856	5,848	5,840
<b>Total water treated for sale</b>	<b>31,983,214</b>	<b>30,904,906</b>	<b>29,709,407</b>	<b>28,668,052</b>
<b>Sales</b>				
Retail customers	28,337,704	27,196,973	26,025,777	24,986,010
Inter-department use	333,133	343,527	360,487	345,357
Wholesale customers	39,615	37,899	33,837	25,522
<b>Total sales</b>	<b>28,710,452</b>	<b>27,578,399</b>	<b>26,420,101</b>	<b>25,356,889</b>
Unbilled	3,272,762	3,326,507	3,289,306	3,311,163
Unbilled as a percentage of water treated for sale	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 buildings and information technology infrastructure. As a result of an eminent domain action taken by the Florida Department of Transportation for the expansion of the I-4/S.R. 408 interchange, OUC relocated its administrative offices. In 2009, the new Administration building was completed and placed into service and in 2012 the former Administration building was sold.

(2) Since 2015, the increase in Peak day was primarily due to overall growth in OUC's service territory, including the addition of over 3,000 residential customers.

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

2013	2012	2011	2010	2009	2008	2007
\$ 124,499	\$ 129,840	\$ 134,343	\$ 139,082	\$ 144,802	\$ 158,635	\$ 162,259
199,259	193,735	190,413	183,912	181,163	177,709	170,969
4,176	3,751	3,490	3,486	4,181	113	685
<u>327,934</u>	<u>327,326</u>	<u>328,246</u>	<u>326,480</u>	<u>330,146</u>	<u>336,457</u>	<u>333,913</u>
24,100	24,448	24,470	25,794	24,657	14,159	15,443
<u>\$ 352,034</u>	<u>\$ 351,774</u>	<u>\$ 352,716</u>	<u>\$ 352,274</u>	<u>\$ 354,803</u>	<u>\$ 350,616</u>	<u>\$ 349,356</u>
1,788	1,784	1,766	1,763	1,750	1,755	1,729
9,973	9,933	9,828	9,753	9,630	9,578	9,451
31	31	31	32	32	34	34
28.5	28.5	28.5	28.5	28.5	28.5	28.5
273	273	273	273	274	274	274
177.5	177.5	177.5	182.5	182.5	184.0	184.0
94.3	94.3	97.4	95.7	103.8	111.2	111.4
181	183	187	183	195	207	224
52	54	55	54	57	59	84
27,830,306	28,004,849	28,393,238	27,681,382	28,980,391	31,047,104	32,950,881
5,840	5,856	5,840	5,840	5,840	29,040	72,995
<u>27,824,466</u>	<u>27,998,993</u>	<u>28,387,398</u>	<u>27,675,542</u>	<u>28,974,551</u>	<u>31,018,064</u>	<u>32,877,886</u>
24,596,536	24,946,151	25,185,446	24,574,646	25,257,125	26,599,439	29,768,879
351,617	318,305	341,103	256,286	225,955	234,186	76,107
31,380	37,718	34,853	33,895	184,282	140,145	139,441
<u>24,979,533</u>	<u>25,302,174</u>	<u>25,561,402</u>	<u>24,864,827</u>	<u>25,667,362</u>	<u>26,973,770</u>	<u>29,984,427</u>
<u>2,844,933</u>	<u>2,696,819</u>	<u>2,825,996</u>	<u>2,810,715</u>	<u>3,307,189</u>	<u>4,044,294</u>	<u>2,893,459</u>
10.22%	9.63%	9.96%	10.16%	11.41%	13.04%	8.80%







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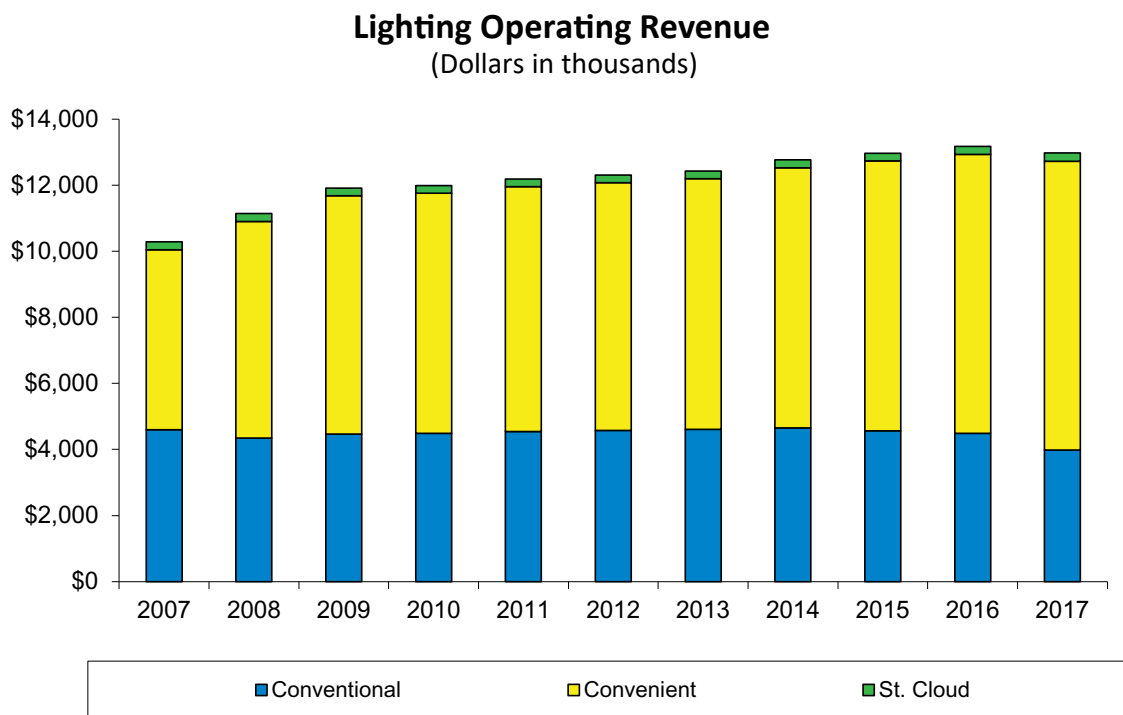
# LIGHTING OPERATIONS



OUConvenient Lighting keeps Orlando shining bright – from illuminating championship games at major sports stadiums to keeping roadways and neighborhoods safe with energy-efficient LED streetlights.

**OUC**   
The *Reliable One*®

# LIGHTING BUSINESS OPERATIONS



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

Years Ended September 30	2017	2016	2015	2014
<b>Operating Revenues</b>				
Conventional	\$ 3,979	\$ 4,493	\$ 4,568	\$ 4,656
Convenient	8,749	8,439	8,163	7,865
St. Cloud	249	244	238	243
Service fees and other	207	135	304	226
<b>Total operating revenues</b>	<u>13,184</u>	<u>13,311</u>	<u>13,273</u>	<u>12,990</u>
<b>Operations and maintenance expenses</b>				
Conventional (1)	2,687	2,644	2,573	1,990
Convenient (1)	1,228	1,771	1,457	1,048
St. Cloud	117	114	151	90
Storm recovery costs (2)	133	-	-	-
General & administrative (3)	1,770	568	522	515
<b>Total operations and maintenance expenses</b>	<u>5,935</u>	<u>5,097</u>	<u>4,703</u>	<u>3,643</u>
<b>Other expenses</b>				
Utility/property tax	1	1	1	1
Revenue based payments to Orange County	25	24	24	24
Depreciation and amortization (1) (3)	4,720	4,039	3,878	3,618
<b>Total other expenses</b>	<u>4,746</u>	<u>4,064</u>	<u>3,903</u>	<u>3,643</u>
<b>Total operating expenses</b>	<u>10,681</u>	<u>9,161</u>	<u>8,606</u>	<u>7,286</u>
<b>Operating income</b>	2,503	4,150	4,667	5,704
<b>Non-operating income and expense</b>				
Interest income	187	144	106	102
Other income, net	110	94	94	94
Amortization of deferred gain on sale of assets	4	1	1	1
Interest expense, net	(1,292)	(1,412)	(1,420)	(1,462)
<b>Total non-operating expenses, net</b>	<u>(991)</u>	<u>(1,173)</u>	<u>(1,219)</u>	<u>(1,265)</u>
<b>Lighting income before contributions</b>	1,512	2,977	3,448	4,439
<b>Contributions in aid of construction (CIAC) (4)</b>	1,057	1,100	281	53
<b>Annual dividend</b>	<u>(928)</u>	<u>(1,689)</u>	<u>(1,895)</u>	<u>(2,417)</u>
<b>Increase in net position</b>	<u>\$ 1,641</u>	<u>\$ 2,388</u>	<u>\$ 1,834</u>	<u>\$ 2,075</u>

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

(2) Storm recovery costs were incurred as a result of impacts from Hurricane Matthew in October 2016 and Hurricane Irma in September 2017.

(3) In 2017, Lighting received a higher rate of shared services expenses based on budget allocations.

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

2013	2012	2011	2010	2009	2008	2007
\$ 4,606	\$ 4,574	\$ 4,544	\$ 4,489	\$ 4,469	\$ 4,350	\$ 4,599
7,592	7,498	7,411	7,264	7,209	6,554	5,448
234	234	232	234	234	236	244
194	143	129	168	124	143	146
<u>12,626</u>	<u>12,449</u>	<u>12,316</u>	<u>12,155</u>	<u>12,036</u>	<u>11,283</u>	<u>10,437</u>
2,208	2,150	2,144	2,350	2,425	2,457	1,944
1,150	1,008	887	1,000	1,131	1,259	868
92	114	130	144	132	137	97
-	-	-	-	-	-	-
486	476	520	586	541	528	455
<u>3,936</u>	<u>3,748</u>	<u>3,681</u>	<u>4,080</u>	<u>4,229</u>	<u>4,381</u>	<u>3,364</u>
1	1	2	3	2	2	2
23	23	23	-	-	-	-
3,199	3,284	3,490	3,408	3,261	2,815	3,266
<u>3,223</u>	<u>3,308</u>	<u>3,515</u>	<u>3,411</u>	<u>3,263</u>	<u>2,817</u>	<u>3,268</u>
<u>7,159</u>	<u>7,056</u>	<u>7,196</u>	<u>7,491</u>	<u>7,492</u>	<u>7,198</u>	<u>6,632</u>
5,467	5,393	5,120	4,664	4,544	4,085	3,805
224	138	102	168	180	453	620
22	127	213	184	78	28	30
1	1	-	-	-	-	-
(1,539)	(1,711)	(1,996)	(2,224)	(2,084)	(2,038)	(1,925)
<u>(1,292)</u>	<u>(1,445)</u>	<u>(1,681)</u>	<u>(1,872)</u>	<u>(1,826)</u>	<u>(1,557)</u>	<u>(1,275)</u>
4,175	3,948	3,439	2,792	2,718	2,528	2,530
215	648	457	565	373	106	316
<u>(2,652)</u>	<u>(2,561)</u>	<u>(2,116)</u>	<u>(1,828)</u>	<u>(1,720)</u>	<u>(1,455)</u>	<u>(1,360)</u>
<u>\$ 1,738</u>	<u>\$ 2,035</u>	<u>\$ 1,780</u>	<u>\$ 1,529</u>	<u>\$ 1,371</u>	<u>\$ 1,179</u>	<u>\$ 1,486</u>



## SELECTED FINANCIAL RATIOS

Years Ended September 30	2017	2016	2015	2014
<b>Lighting operating ratio</b>				
Lighting operation & maintenance expenses/operating revenues (1)	\$ 0.45	\$ 0.38	\$ 0.35	\$ 0.28
<b>Lighting income before contributions per revenue dollar</b>				
Lighting income before contributions/operating revenues (1)	\$ 0.11	\$ 0.22	\$ 0.26	\$ 0.34
<b>LIGHTING UTILITY PLANT (Dollars in thousands)</b>				
<b>Lighting plant, net</b>				
Conventional (2)	\$ 13,848	\$ 10,020	\$ 8,210	\$ 8,271
Convenient	31,988	30,894	31,250	32,236
<b>Total OUC lighting plant, net</b>	<u>45,836</u>	<u>40,914</u>	<u>39,460</u>	<u>40,507</u>
St. Cloud	511	543	550	605
<b>Total lighting plant, net</b>	<u>\$ 46,347</u>	<u>\$ 41,457</u>	<u>\$ 40,010</u>	<u>\$ 41,112</u>

(1) In 2017, Lighting received a higher rate of shared services expenses based on budget allocations.

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

2013	2012	2011	2010	2009	2008	2007
\$ 0.31	\$ 0.30	\$ 0.30	\$ 0.34	\$ 0.35	\$ 0.39	\$ 0.32
\$ 0.33	\$ 0.32	\$ 0.28	\$ 0.23	\$ 0.23	\$ 0.22	\$ 0.24
\$ 8,927	\$ 8,891	\$ 8,871	\$ 9,117	\$ 8,658	\$ 8,442	\$ 8,237
33,534	34,236	35,937	35,867	36,142	36,282	30,080
42,461	43,127	44,808	44,984	44,800	44,724	38,317
665	718	754	773	814	756	793
<u>\$ 43,126</u>	<u>\$ 43,845</u>	<u>\$ 45,562</u>	<u>\$ 45,757</u>	<u>\$ 45,614</u>	<u>\$ 45,480</u>	<u>\$ 39,110</u>





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# CHILLED WATER

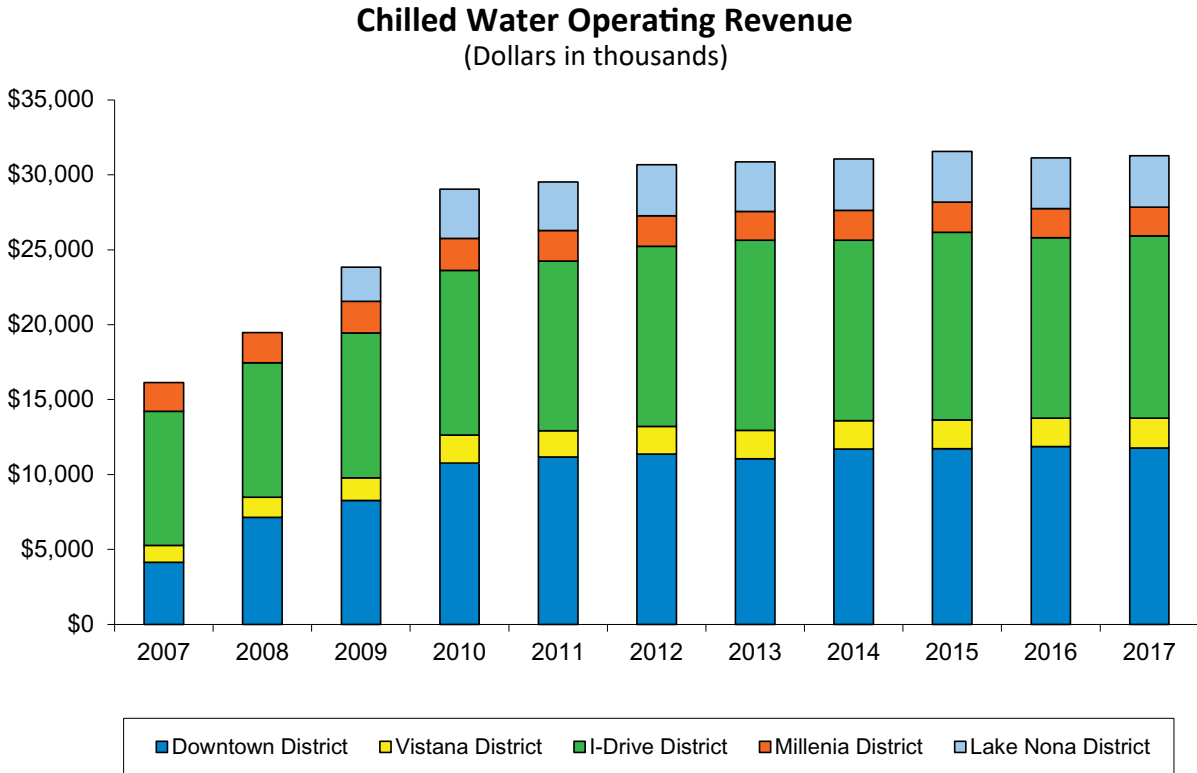


CHILLED WATER

OUCooling provides efficient chilled water A/C services to some of the hottest venues in town. We will soon cool visitors within the second-phase expansion of the Dr. Phillips Center for the Performing Arts, increasing the facility's usage to 900 tons or more.



# CHILLED WATER BUSINESS OPERATIONS



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

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

(1) Storm recovery costs were incurred as a result of impacts from Hurricane Matthew in October 2016 and Hurricane Irma in September 2017.

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

(3) In 2017, OUC received contributions for enhancements to the existing chilled water distribution system at the Millenia Mall. In 2014, OUC received contributions for projects in the Downtown area. In 2008, in conjunction with the Florida Department of Transportation (FDOT) completion of the I-4/S.R. 408 Interchange Improvement Project to relocate the Chilled water pipelines, OUC received \$1.1 million from the FDOT.

	2013	2012	2011	2010	2009	2008	2007
\$	11,039	\$ 11,371	\$ 11,163	\$ 10,773	\$ 8,272	\$ 7,148	\$ 4,142
	1,910	1,848	1,768	1,870	1,510	1,323	1,128
	12,697	12,023	11,314	10,980	9,659	8,992	8,945
	1,919	2,016	2,032	2,133	2,114	2,016	1,920
	3,307	3,431	3,243	3,282	2,286	-	-
	497	186	255	248	380	260	508
	<u>31,369</u>	<u>30,875</u>	<u>29,775</u>	<u>29,286</u>	<u>24,221</u>	<u>19,739</u>	<u>16,643</u>
	4,523	4,384	3,884	4,032	3,683	3,227	2,767
	862	901	1,173	835	785	688	590
	7,094	7,276	7,062	6,954	6,334	6,057	5,977
	1,306	1,232	1,214	1,291	1,214	1,095	1,094
	1,305	1,372	1,496	1,377	999	-	-
	-	-	-	-	-	-	-
	158	142	140	126	117	117	120
	745	715	1,037	1,274	680	662	607
	<u>15,993</u>	<u>16,022</u>	<u>16,006</u>	<u>15,889</u>	<u>13,812</u>	<u>11,846</u>	<u>11,155</u>
	1	2	2	3	4	4	6
	625	668	699	665	451	376	231
	121	127	80	-	-	-	-
	<u>4,809</u>	<u>4,892</u>	<u>5,015</u>	<u>5,290</u>	<u>3,957</u>	<u>3,117</u>	<u>3,066</u>
	<u>5,556</u>	<u>5,689</u>	<u>5,796</u>	<u>5,958</u>	<u>4,412</u>	<u>3,497</u>	<u>3,303</u>
	<u>21,549</u>	<u>21,711</u>	<u>21,802</u>	<u>21,847</u>	<u>18,224</u>	<u>15,343</u>	<u>14,458</u>
	9,820	9,164	7,973	7,439	5,997	4,396	2,185
	71	129	82	179	139	102	86
	125	135	223	179	73	26	35
	1	1	-	-	-	-	-
	<u>(4,134)</u>	<u>(5,050)</u>	<u>(5,484)</u>	<u>(5,606)</u>	<u>(5,064)</u>	<u>(4,730)</u>	<u>(3,787)</u>
	<u>(3,937)</u>	<u>(4,785)</u>	<u>(5,179)</u>	<u>(5,248)</u>	<u>(4,852)</u>	<u>(4,602)</u>	<u>(3,666)</u>
	5,883	4,379	2,794	2,191	1,145	(206)	(1,481)
	-	-	8	7	4	1,078	-
	<u>(3,742)</u>	<u>(2,841)</u>	<u>(1,719)</u>	<u>(1,435)</u>	<u>(724)</u>	<u>119</u>	<u>796</u>
\$	<u>2,141</u>	<u>\$ 1,538</u>	<u>\$ 1,083</u>	<u>\$ 763</u>	<u>\$ 425</u>	<u>\$ 991</u>	<u>\$ (685)</u>



## SELECTED FINANCIAL RATIOS

Years Ended September 30	2017	2016	2015	2014
<b>Chilled water operating ratio</b>				
Chilled water operation and maintenance expenses/ operating revenues	\$ 0.54	\$ 0.56	\$ 0.54	\$ 0.53
<b>Chilled water income/(loss) before contributions per revenue dollar</b>				
Chilled water income/(loss) before contributions/ operating revenues	\$ 0.22	\$ 0.18	\$ 0.19	\$ 0.20
<b>Revenue per TON-hour produced</b>	\$ 0.2293	\$ 0.2227	\$ 0.2269	\$ 0.2298
<b>CHILLED WATER UTILITY PLANT (Dollars in thousands)</b>				
<b>Chilled water plant, net</b>				
Downtown plant	\$ 32,679	\$ 33,989	\$ 35,424	\$ 36,840
Vistana plant	3,022	3,246	3,441	3,663
International Drive plant	19,942	21,300	22,668	24,035
Millenia plant	2,010	2,066	2,246	2,427
Lake Nona plant	9,848	10,351	10,854	11,357
<b>Total plant, net</b>	<u>\$ 67,501</u>	<u>\$ 70,952</u>	<u>\$ 74,633</u>	<u>\$ 78,322</u>
<b>ACTIVE SERVICES</b>				
Residential	2,376	2,365	2,365	2,365
Commercial	209	210	203	203
<b>Total metered services</b>	<u>2,585</u>	<u>2,575</u>	<u>2,568</u>	<u>2,568</u>
<b>CHILLED WATER PHYSICAL STATISTICS</b>				
<b>Pipe miles</b>				
Downtown plant	8.38	8.38	8.38	8.38
Vistana plant	3.72	3.72	3.72	3.72
International Drive plant	3.79	3.79	3.79	3.79
Millenia plant	0.26	0.26	0.26	0.26
Lake Nona plant	1.62	1.62	1.62	1.62
<b>Total pipe miles</b>	<u>17.77</u>	<u>17.77</u>	<u>17.77</u>	<u>17.77</u>
<b>Generation capacity, TON</b>				
Downtown plant	16,315	16,315	16,315	16,315
Vistana plant	2,400	2,400	2,400	2,400
International Drive plant	22,100	22,100	22,100	22,100
Millenia plant	4,800	4,800	4,800	4,800
Lake Nona plant	5,300	5,300	5,300	5,300
<b>Total generation capacity, TON</b>	<u>50,915</u>	<u>50,915</u>	<u>50,915</u>	<u>50,915</u>
<b>TON-HOURS PRODUCED (in thousands)</b>				
Downtown plant	43,622	45,633	42,620	40,561
Vistana plant	5,333	5,294	5,375	5,322
International Drive plant	69,854	70,705	70,464	67,581
Millenia plant	8,893	9,128	8,830	9,136
Lake Nona plant	10,644	11,450	11,884	12,603
<b>Total Ton hours produced (1)</b>	<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.

2013	2012	2011	2010	2009	2008	2007
\$ 0.51	\$ 0.52	\$ 0.54	\$ 0.54	\$ 0.57	\$ 0.60	\$ 0.67
\$ 0.19	\$ 0.14	\$ 0.09	\$ 0.07	\$ 0.05	\$ (0.01)	\$ (0.09)
\$ 0.2387	\$ 0.2420	\$ 0.2349	\$ 0.2511	\$ 0.2344	\$ 0.1985	\$ 0.1753
\$ 37,196	\$ 38,684	\$ 37,842	\$ 38,351	\$ 29,842	\$ 30,394	\$ 26,097
3,855	4,089	4,323	4,557	4,791	4,423	4,642
25,277	26,541	27,340	28,018	25,174	26,288	23,371
2,552	2,709	2,929	3,133	3,353	3,572	3,792
11,748	12,273	12,821	13,369	13,920	5	-
<u>\$ 80,628</u>	<u>\$ 84,296</u>	<u>\$ 85,255</u>	<u>\$ 87,428</u>	<u>\$ 77,080</u>	<u>\$ 64,682</u>	<u>\$ 57,902</u>
2,365	2,365	2,365	2,365	2,365	1,724	708
203	201	195	194	198	231	171
<u>2,568</u>	<u>2,566</u>	<u>2,560</u>	<u>2,559</u>	<u>2,563</u>	<u>1,955</u>	<u>879</u>
8.38	7.65	7.65	7.65	7.65	7.30	7.10
3.72	2.44	2.44	2.44	2.44	2.44	1.24
3.79	3.79	3.79	3.79	3.79	3.32	3.32
0.26	0.26	0.26	0.26	0.26	0.26	0.26
1.62	1.62	1.62	1.62	1.62	1.51	-
<u>17.77</u>	<u>15.76</u>	<u>15.76</u>	<u>15.76</u>	<u>15.76</u>	<u>14.83</u>	<u>11.92</u>
16,315	16,315	16,315	16,315	11,250	11,250	9,850
2,400	2,400	2,400	2,400	2,400	2,400	2,400
22,100	22,100	22,100	22,100	22,100	22,100	22,100
4,800	4,800	4,800	4,800	4,800	4,800	4,800
5,300	5,300	5,300	5,300	5,300	-	-
<u>50,915</u>	<u>50,915</u>	<u>50,915</u>	<u>50,915</u>	<u>45,850</u>	<u>40,550</u>	<u>39,150</u>
38,925	36,673	37,970	33,473	29,486	27,561	21,804
5,150	5,109	5,354	5,431	4,504	4,063	3,857
64,159	63,520	61,432	56,030	51,278	57,262	57,780
9,206	8,970	8,834	8,991	9,093	9,253	8,603
11,850	12,523	12,082	11,697	7,371	-	-
<u>129,290</u>	<u>126,795</u>	<u>125,672</u>	<u>115,622</u>	<u>101,732</u>	<u>98,139</u>	<u>92,044</u>





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# STATISTICAL INFORMATION



OUC believes innovation is key to providing the highest customer satisfaction – from adopting new smart grid technologies and online conservation tools to finding new ways to diversify our energy portfolio with renewable energy options.





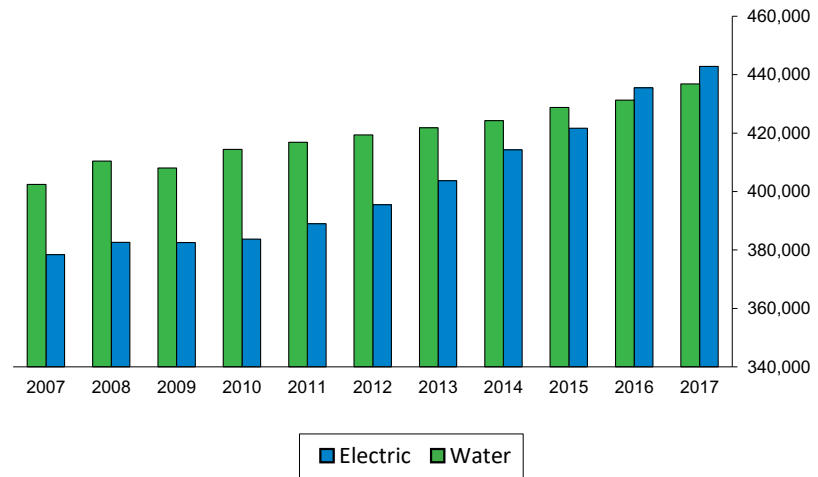
## NUMBER OF EMPLOYEES

Year	Electric Operations	Lighting Operations	Chilled Water Operations	Water Operations	Budgeted Total	Actual Total	Retail Customers to Employees
2017	936	19	19	243	1,217	1,201	378
2016	873	12	19	223	1,127	1,149	381
2015	873	12	19	216	1,120	1,062	396
2014	854	11	15	246	1,126	1,051	401
2013	887	11	16	244	1,158	1,086	371
2012	938	11	18	254	1,221	1,090	334
2011	917	11	16	255	1,199	1,179	304
2010	882	11	16	248	1,157	1,127	317
2009	937	13	18	259	1,227	1,116	316
2008	886	12	19	253	1,170	1,154	307
2007	858	12	17	242	1,129	1,097	323

In 2016, a change in methodology was made due to inconsistencies in historical population estimates based on changing policies for installing master meters and submeters. For the years 2007-2015 the population estimates were aligned with the St. John's River Water Management District data. For the years 2016 and 2017, OUC's September active residential services multiplied by a factor of 4 was used to estimate population for the water system.

## SERVICE AREA POPULATION

Year	Electric	Water
2017	442,858	436,860
2016	435,500	431,264
2015	421,700	428,761
2014	414,245	424,276
2013	403,668	421,815
2012	395,500	419,353
2011	389,000	416,892
2010	383,700	414,431
2009	382,500	408,078
2008	382,600	410,459
2007	378,400	402,414



## CLIMATOLOGICAL DATA

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

Fiscal Year	Rain (Inches)		Temperature (°F)	
	Annual Total	Above (Below) Normal	Annual Average	Above (Below) Normal *
2017	41.0	(9.7)	74.5	1.7
2016	51.8	0.9	74.8	2.0
2015	61.5	10.7	73.8	1.0
2014	44.0	(6.4)	73.9	1.0
2013	48.1	(2.6)	73.0	0.2
2012	44.3	(6.5)	73.6	0.8
2011	49.4	1.0	72.8	-
2010	50.3	1.9	72.0	(0.8)
2009	45.7	2.7	72.3	(0.5)
2008	61.2	12.9	73.6	0.8
2007	33.7	(14.7)	73.0	0.2

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

### Monthly Rainfall and Temperature Orlando Metro Area Fiscal Year Ended September 30, 2017

Month*	Rain (Inches)		Temperature (°F)	
	Total	Above (Below) Normal	Average Daily	Above (Below) Normal
September	7.3	1.1	82.2	0.5
October	2.8	(0.7)	76.5	0.5
November	0.1	(2.1)	68.7	0.2
December	2.5	0.1	68.8	6.2
January	2.0	(0.5)	64.6	4.4
February	1.0	(1.1)	68.0	5.0
March	0.1	(3.6)	68.8	1.9
April	-	(2.5)	74.4	3.2
May	3.4	(0.2)	77.0	(0.3)
June	5.4	(2.1)	79.7	(1.7)
July	10.6	3.2	82.3	(0.4)
August	6.0	(1.3)	83.1	0.3
Annual Total	41.0	(9.7)	N/A	N/A
Annual Average	3.4	(0.8)	74.5	1.7

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

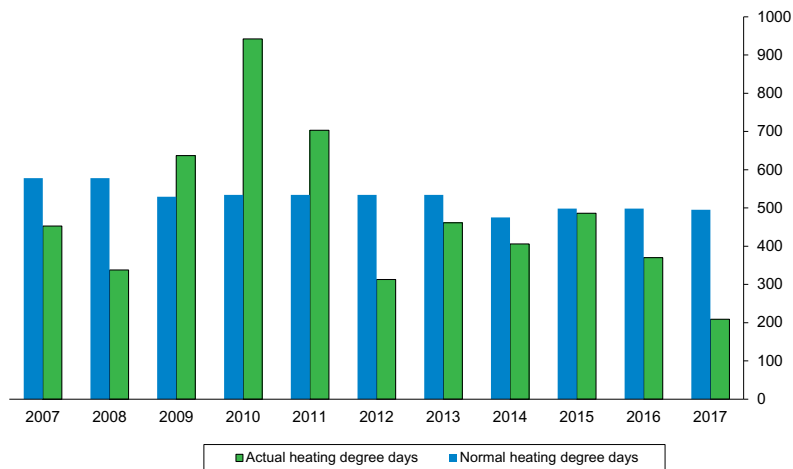
## CLIMATOLOGICAL DATA (continued)

### Orlando Metro Area Fiscal Year Ended September 30

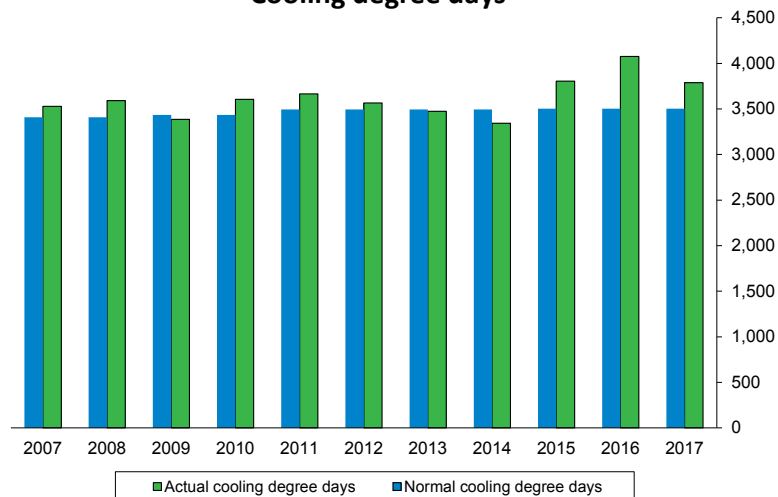
Year	Heating Degree Days	Cooling Degree Days
2017	209	3,788
2016	370	4,077
2015	486	3,804
2014	406	3,342
2013	461	3,474
2012	313	3,566
2011	703	3,664
2010	942	3,606
2009	637	3,387
2008	338	3,592
2007	453	3,529

Source: US Department of Commerce, National Weather Service

#### Heating degree days



#### Cooling degree days



## INSURANCE COVERAGES

September 30, 2017

Carrier	Type of coverage	Limits	Period
Self insured	General liability	\$2.0 million per occurrence retention	Continuous
Self insured	Automobile liability	\$2.0 million per occurrence retention	Continuous
Self insured	Worker's compensation	\$500 thousand per occurrence retention	Continuous
Florida Municipal Insurance Trust (FMIT)	Excess worker's compensation	Statutory limit of liability above a \$500 thousand per occurrence retention	10-01-16/10-01-17
AEGIS	Excess automobile and general liability	\$35.0 million above the \$2.0 million retention for general liability and automobile liability	10-01-16/10-01-17
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	10-01-16/10-01-17
Factory Mutual	All risk property/boiler and machinery	\$2.7 billion insurable values \$250 thousand base retentions, various retentions depending on machinery	10-01-16/10-01-17
Aegis	Directors and officers / public officials liability	\$10.0 million	10-01-16/10-01-17
Chubb	Fiduciary Liability	\$10.0 million	10-01-16/10-01-17
Great American Insurance	Dishonesty, disappearance, and destruction (Crime)	\$10.0 million	10-01-16/10-01-17
Self insured	Health and medical benefits individual stop-loss	Amounts in excess of \$0.25 million per insured per year net of applicable deductible	Continuous
Aetna	Health and medical benefits aggregate stop-loss	Amounts in excess of 125% of expected annual claims with a maximum policy payment limit of \$2.0 million	Continuous

# GLOSSARY OF TERMS

## Velocity

N. velocity, celerity, rapidity, fleetness, alacrity, quickness, agility; instantaneity, pace, time, promptness, expeditiousness, rate, gait, speed-rate, mile match number; speed of light, sound, supersonic speed, celerity, promptness

## 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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