



INTERIM FINANCIAL
R E P O R T



SIX MONTHS ENDED
March 2019

Orlando Utilities Commission

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The unaudited statements presented in this interim financial report have been prepared in accordance with generally accepted accounting principles and follow the standards outlined by the Governmental Accounting Standards Board. It is management’s assertion that the management discussion and supporting statements do not omit information necessary for a fair presentation nor do they improperly include untrue statements of a material fact or statements of a misleading nature.

Management's Discussion and Analysis

The following discussion and analysis provides an overview of OUC's financial position and results of operations for the period identified within each component of the financial statements presented below.

- The Operating Revenues, Expenses and Change in Net Position report presents the financial information for the six-month period ended March 31, 2019 in comparison to the approved budget and prior year equivalent periods.
 - Income before contributions for the six-month ended March 31, 2019 was \$32.1 million, \$0.2 million higher than budget and \$0.6 million higher than prior year.
- The Total Assets and Deferred Outflow of Resources and Total Liabilities and Deferred Inflows of Resources presents the nature and amount of resources and obligations at March 31, 2019 and September 30, 2018.
- The Statement of Cash Flows report presents the cash provided and used by operating activities, non-capital financing activities, capital financing activities and investing activities.

Operating Revenues Analysis

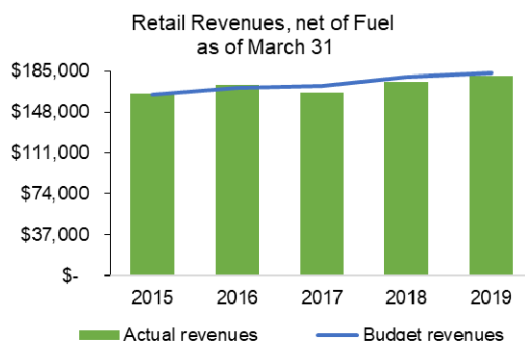
(\$ in thousands)	As of March 31,			Variance			
	2019	2019	2018	Actual vs Budget		2019 vs 2018	
	Actual	Budget	Actual				
Retail energy revenues	\$ 180,583	\$ 183,110	\$ 175,128	\$ (2,527)	-1.4%	\$ 5,456	3.1%
Resale energy revenues	41,785	42,042	43,476	(256)	-0.6%	(1,692)	-3.9%
Water revenues	38,722	39,154	36,835	(432)	-1.1%	1,887	5.1%
Other revenues	34,638	35,013	34,782	(375)	-1.1%	(144)	-0.4%
Operating revenues, net of fuel	295,728	299,318	290,221	(3,590)	-1.2%	5,506	1.9%
Fuel revenues	116,247	116,844	124,439	(597)	-0.5%	(8,192)	-6.6%
Total operating revenues	\$ 411,975	\$ 416,163	\$ 414,660	\$ (4,187)	-1.0%	\$ (2,685)	-0.6%

Budget Analysis:

- Retail energy revenues were \$2.5 million lower due to lower than expected use per customer, offset by favorable weather conditions.

Prior Year Analysis:

- Retail energy revenues were \$5.5 million higher due to the Board approved electric revenue neutral price changes which increased energy and customer charge effective October 2018, customer growth and favorable weather conditions during the first quarter of the fiscal year.
- Resale energy revenues were \$1.7 million lower due to a decrease in wholesale sales, offset by an increase in St. Cloud revenues stemming from the Board approved electric revenue neutral price increase and steady customer growth.
- Water revenues were \$1.9 million higher due to the planned price increase and a \$0.8 million increase in the use of reserves.
- Fuel revenues decreased \$8.2 million due to the Board approved electric revenue neutral price changes which decreased fuel prices 7.7 percent.



Operating Expenses Analysis, net of mutual aid storm restoration activities

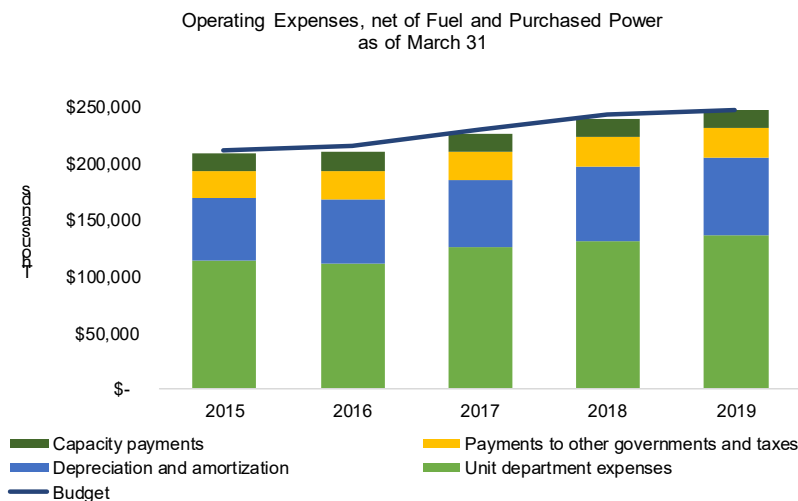
(\$ in thousands)	As of March 31,			Variance			
	2019 Actual	2019 Budget	2018 Actual	Actual vs Budget		2019 vs 2018	
Unit department expenses	\$ 135,938	\$ 139,275	\$ 131,120	\$ (3,336)	-2.4%	\$ 4,818	3.7%
Depreciation and amortization	69,051	69,286	66,635	(236)	-0.3%	2,416	3.6%
Payments to other governments and taxes	26,726	26,026	26,495	699	2.7%	231	0.9%
Capacity payments	15,125	15,598	16,202	(474)	-3.0%	(1,077)	-6.6%
Operating expenses, net of fuel	246,840	250,184	240,452	(3,347)	-1.3%	6,388	2.7%
Fuel for generation and purchased power	116,247	116,844	124,439	(597)	-0.5%	(8,192)	-6.6%
Total operating expenses	\$ 363,087	\$ 367,029	\$ 364,891	\$ (3,945)	-1.1%	\$ (1,804)	-0.5%

Budget Analysis:

- Unit Department expenses were \$3.3 million lower primarily due to approved position vacancies.

Prior Year Analysis:

- Unit department expenses were \$3.3 million higher due to the timing of system outage costs and budgeted inflationary changes.
- Depreciation and amortization increased due to the annualized impact of the major generation facility outages at SEC A & B.
- Capacity payments decreased due to the extension of SEC A and the associated decrease in capacity payments beginning in 2019.
- Fuel for generation and purchased power decreased \$8.2 million due to the renegotiated lower transportation costs.

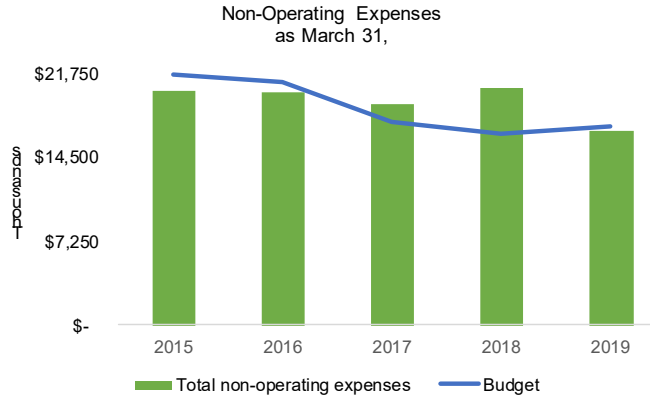


Non-Operating Income and Expenses Analysis

(\$ in thousands)	As of March 31,			Variance			
	2019 Actual	2019 Budget	2018 Actual	Actual vs Budget		2019 vs 2018	
Interest and other income	\$ 10,939	\$ 11,171	\$ 8,740	\$ (230)	-2.1%	\$ 2,199	25.2%
Interest expense	27,760	28,412	27,048	(652)	-2.3%	712	2.6%
Total non-operating expenses	\$ 16,821	\$ 17,241	\$ 18,307	\$ (420)	-2.4%	\$ (1,486)	-8.1%

Budget and Prior Year Analysis:

- Total net non-operating expenses were in-line with budget while current year net non-operating expenses were lower than prior year due to increasing cash balances and rising short-term rates.



Change in Net Position Analysis

(\$ in thousands)	As of March 31,			Variance			
	2019 Actual	2019 Budget	2018 Actual	Actual vs Budget		2019 vs 2018	
Income before contributions	\$ 32,066	\$ 31,893	\$ 31,462	\$ 175	0.5%	\$ 605	1.9%
Contributions in aid of construction	7,200	8,101	9,082	(902)	-11.1%	(1,884)	-20.7%
Annual dividend	(31,681)	(31,681)	(30,308)	-	0.0%	(1,372)	4.5%
Increase in net position	\$ 7,585	\$ 8,313	\$ 10,236	\$ (728)	-8.8%	\$ (2,651)	-25.9%

Budget and Prior Year Analysis:

- Net position is consistent with budget with favorable Income before contributions offsetting timing differences from contributions in aid of construction. In respect to prior year, net position decreased \$2.7 million as a result of the timing of contributions in aid of construction and the annual fixed escalation of the dividend to the City of Orlando.

Total Assets and Deferred Outflows of Resources

(\$ in thousands)	March 2019	September 2018	Change	March 2018
Utility plant	\$ 2,494,113	\$ 2,485,182	\$ 8,931	\$ 2,464,875
Restricted and internally designated assets	636,149	657,489	(21,340)	672,923
Current assets	225,846	286,548	(60,702)	238,922
Other assets	183,255	185,065	(1,810)	199,392
Deferred outflows of resources	106,791	112,556	(5,765)	127,378
Total assets and deferred outflows of resources	\$ 3,646,153	\$ 3,726,840	\$ (80,687)	\$ 3,703,489

Restricted and Internally Designated Assets: Restricted and internally designated assets decreased \$21.3 million in conjunction with the timing of the annual debt service requirements, offset by the net replenishment of internally designated reserves.

Current assets: Current assets decreased \$60.7 million due to the timing of replenishment of internally designated reserves and the seasonality of customer receivables.

Total Liabilities and Deferred Inflows of Resources

(\$ in thousands)	March 2019	September 2018	Change	March 2018
Payables from restricted assets	\$ 86,048	\$ 157,955	\$ (71,907)	\$ 86,265
Payables from current assets	80,640	107,746	(27,106)	86,230
Other liabilities	210,256	207,717	2,539	251,675
Long-term debt, net	1,563,468	1,564,637	(1,169)	1,642,616
Deferred inflows of resources	303,309	293,938	9,371	287,644
Total liabilities and deferred inflows of resources	2,243,720	2,331,993	(88,273)	2,354,429
Net position	1,402,433	1,394,847	7,586	1,349,059
Total liabilities, deferred inflows of resources and net position	\$ 3,646,153	\$ 3,726,840	\$ (80,687)	\$ 3,703,489

Payables from restricted and current assets: Payables from restricted and current assets decreased as a result of the timing of accruals for the debt service requirements of \$97.8 million and the timing of payables from current assets including fuel payables.

Condensed Statement of Cash Flows and Capital Spend Analysis

(\$ in thousands)	As of March 31,		
	2019	2018	Change
Net cash provided by operating activities	\$ 130,781	\$ 116,700	\$ 14,081
Net cash used in non-capital related financing activities	(36,824)	(33,464)	(3,360)
Net cash (used in)/provided by capital related financing activities	(177,066)	23,007	(200,073)
Net cash provided by/(used in) investing activities	79,193	(142,136)	221,329
Net decrease in cash and cash equivalents	(3,916)	(35,893)	31,977
Cash and cash equivalents - beginning of Year	209,441	179,779	29,662
Cash and cash equivalents - current	\$ 205,525	\$ 143,886	\$ 61,639

Cash used in capital related financing activities: Increased outflows for capital related financing activities was due to the inflow of \$180.0 million in bond proceeds in fiscal year 2017 and higher scheduled annual debt service requirements in the amount of \$15.0 million.

Cash flow from investing activities: Cash provided by investing activities for the six-months ending March 2019 was \$79.2 million due to timing of debt service payments.

Orlando Utilities Commission
Statements of Revenues, Expenses and Changes in Net Position - Unaudited

Dollars in thousands

	Actual Year to Date March 2019	Budget Year to Date March 2019	Variance to Budget		Actual Year to Date March 2018	Variance to Prior Year	
Operating revenues							
Retail energy	\$ 180,583	\$ 183,110	\$ (2,527)	-1.4%	\$ 175,128	\$ 5,456	3.1%
Resale energy	41,785	42,042	(257)	-0.6%	43,476	(1,692)	-3.9%
Fuel	116,247	116,844	(597)	-0.5%	124,439	(8,192)	-6.6%
Electric revenues	338,615	341,996	(3,381)	-1.0%	343,043	(4,428)	-1.3%
Water revenues	38,722	39,154	(432)	-1.1%	36,835	1,887	5.1%
Other revenues							
Lighting service revenues	7,547	8,101	(554)	-6.8%	7,072	475	6.7%
Chilled water revenues	14,646	13,082	1,564	12.0%	14,317	328	2.3%
Service fees & other revenues	12,446	13,830	(1,384)	-10.0%	13,393	(948)	-7.1%
Total operating revenues	411,975	416,163	(4,188)	-1.0%	414,660	(2,685)	-0.6%
Operating expenses							
Fuel for generation and purchased power	116,247	116,844	(597)	-0.5%	124,439	(8,192)	-6.6%
Capacity payment	15,125	15,598	(473)	-3.0%	16,202	(1,077)	-6.6%
Unit/department	135,938	139,275	(3,336)	-2.4%	131,120	4,818	3.7%
Depreciation and amortization	69,051	69,286	(235)	-0.3%	66,635	2,416	3.6%
Payments to other governments and taxes	26,726	26,026	700	2.7%	26,495	231	0.9%
Total operating expenses	363,087	367,029	(3,942)	-1.1%	364,891	(1,804)	-0.5%
Non-operating income and (expenses)							
Interest income	5,729	5,973	(244)	-4.1%	3,110	2,619	84.2%
Other income	5,210	5,198	12	0.2%	5,630	(420)	-7.5%
Interest expense	(27,760)	(28,412)	652	-2.3%	(27,048)	(712)	2.6%
Total non-operating income and (expenses)	(16,821)	(17,241)	420	-2.4%	(18,307)	1,486	-8.1%
Income before contributions	32,066	31,893	174	0.5%	31,462	605	1.9%
Revenue from contributions in aid of construction	7,200	8,101	(902)	-11.1%	9,082	(1,883)	-20.7%
Dividend payments	(31,681)	(31,681)	-	0.0%	(30,308)	(1,373)	4.5%
Increase in net position	7,585	\$ 8,313	\$ (728)	-8.8%	10,236	\$ (2,651)	-25.9%
Net position - beginning of period	1,394,848				1,341,123		
Net position - end of period	\$ 1,402,433				\$ 1,351,359		

Orlando Utilities Commission
Statements of Net Position - Unaudited

Dollars in thousands

	March 2019	September 2018	Variance to Prior Year	
Assets				
Utility plant	\$ 2,494,113	\$ 2,485,182	\$ 8,930	0.4%
Restricted and internally designated assets	636,149	657,489	(21,340)	-3.2%
Current assets	225,846	286,548	(60,702)	-21.2%
Other assets	183,255	185,065	(1,810)	-1.0%
Deferred outflows of resources	106,791	112,556	(5,765)	-5.1%
Total Assets and deferred outflows of resources	\$ 3,646,153	\$ 3,726,840	\$ (80,686)	-2.2%
Liabilities				
Payables from restricted assets	\$ 86,048	\$ 157,955	\$ (71,907)	-45.5%
Payables from current assets	80,640	107,746	(27,106)	-25.2%
Other liabilities	210,256	207,717	2,539	1.2%
Long-term debt, net	1,563,468	1,564,637	(1,170)	-0.1%
Total liabilities	1,940,413	2,038,055	(97,643)	-4.8%
Deferred inflows of resources	303,309	293,938	9,370	3.2%
Net position	1,402,433	1,394,847	7,585	0.5%
Total liabilities, deferred inflows of resources and net position	\$ 3,646,153	\$ 3,726,840	\$ (80,687)	-2.2%

Orlando Utilities Commission Statements of Cash Flows - Unaudited

Dollars in thousands

	March 2019	March 2018
Cash flow from operating activities		
Cash received from customers	\$ 462,823	\$ 453,461
Cash paid for fuel and purchased power	(151,916)	(154,269)
Cash paid for unit department expenses	(153,144)	(53,673)
Cash paid for salaries and benefits	(19)	(87,188)
Cash paid for storm recovery	455	(14,496)
Cash paid for other payments and taxes	(27,418)	(27,135)
Net cash provided by operating activities	130,781	116,700
Cash flows from non-capital related financing activities		
Dividend to the City of Orlando	(31,681)	(30,308)
Debt principle payments - pension bonds	(5,010)	(4,755)
Debt interest payments - pension bonds	(133)	1,599
Net cash used in non-capital related financing activities	(36,824)	(33,464)
Cash flows from capital related financing activities		
Utility plant net of contributions in aid of construction	(74,471)	(74,255)
Debt interest payments	(34,357)	(30,610)
Collateral deposits	(3,846)	2,000
Principal payments on long-term debt and use of bond proceeds	(129,769)	(53,630)
Debt issuances and related costs	65,377	179,502
Net cash used in capital related financing activities	(177,066)	23,007
Cash flows from investing activities		
Proceeds from sale and maturities of investment securities	271,389	203,616
Purchases of investment securities	(219,395)	(348,558)
Investments and other expenses paid	27,199	2,806
Net cash provided by/(used in) investing activities	79,193	(142,136)
Net increase/(decrease) in cash and cash equivalents	(3,916)	(35,893)
Cash and Cash Equivalents - beginning of year	209,441	179,779
Cash and Cash Equivalents - current	\$ 205,525	\$ 143,886
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 48,888	\$ 49,769
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	69,051	66,635
Depreciation and amortization charged to fuel for generation and purchased power	1,477	2,106
Depreciation of vehicles and equipment charged to unit department expenses	1,047	1,061
Changes in assets and liabilities		
Decrease in receivables and accrued revenue	54,312	36,060
Decrease in fuel and materials and supplies inventories	(3,623)	2,289
Decrease in accounts payable	(26,287)	(35,451)
Increase in deposits paid and deferred items	(7,459)	(7,101)
Increase in stabilization and deferred revenue accounts	(6,625)	1,332
Net cash provided by operating activities	\$ 130,781	\$ 116,700

**Orlando Utilities Commission
Capital Plan**

Dollars in thousands

	Adopted 2019 Plan	Year to Date March 2019 Budget	Year to Date March 2019 Actual	Variance to Budget	
Electric Production (1)	\$ 42,200	\$ 9,716	\$ 10,139	\$ (423)	-4.4%
Transmission	47,200	18,119	17,520	599	3.3%
Electric Delivery	43,000	20,922	21,627	(705)	-3.4%
Electric Delivery contributions	(6,000)	(3,000)	(1,514)	(1,486)	49.5%
Electric Delivery, net	37,000	17,922	20,113	(2,191)	-12.2%
Lighting	8,235	3,614	3,921	(307)	-8.5%
Lighting contributions	(2,235)	(1,118)	(281)	(837)	74.9%
Lighting, net	6,000	2,497	3,640	(1,143)	-45.9%
Water	16,400	8,571	5,301	3,270	38.2%
Water contributions	(1,000)	(500)	(447)	(54)	10.8%
Water, net	15,400	8,071	4,854	3,216	39.8%
Chilled Water	26,100	2,510	545	1,965	78.3%
Support Services	44,200	17,979	10,580	7,399	41.2%
Total OUC	\$ 218,100	\$ 76,813	\$ 67,392	\$ 9,421	12.3%

(1) - Totals are net of participant share