



INTERIM FINANCIAL REPORT



THREE-MONTHS ENDED
DECEMBER 31, 2020
(UNAUDITED)

Orlando Utilities Commission

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

COVID-19 Update

OUC continues to respond to effects of the pandemic and state and local stay-at-home executive orders with the well-being of our employees, customers and the community at the center of our response. Health and safety guidelines for essential and on-site employees have been instituted along with medical and travel screening policies. In April 2020 at the onset of the pandemic, OUC approved \$12.1 million of customer assistance programs including a planned \$7.5 million one-time fuel price reduction in the month of May 2020, funding in the amount of \$2.6 million through United Way's Project Care, \$1.5 million through an internally administered small commercial customer program and \$0.5 million in funding for the Power Pass program. In December 2020, the Board approved the reallocation of \$0.9 million of the originally approved \$12.1 million in funds to support the extension of the Project Care program to fund the community's estimated need through January 2021. Beyond the one-time fuel price reduction, funds continue to be available to our customers along with support to assist them access the expanded federal grant assistance programs of the Low Income Housing and Energy Assistance Program (LIHEAP) and the Coronavirus Relief Fund (CRF).

Management's Discussion and Analysis

The following discussion and analysis provides an overview of OUC's unaudited and preliminary financial position and results of operations in comparison to the approved budget and prior year equivalent period.

- The Operating Revenues, Expenses and Change in Net Position report presents the projected financial information for the three-months ended December 31, 2020 in comparison to the approved budget and prior year equivalent period.
 - Income before contributions for the three-months ended December 31, 2020 was \$28.9 million, which is \$1.7 million higher than budget and \$0.6 million lower 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 December 31, 2020 and September 30, 2020.
- 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 December			Variance			
	2020 Actual	2020 Budget	2019 Actual	Actual vs Budget		2020 vs 2019	
Retail energy revenues (OUC and STC)	\$ 112,081	\$ 108,744	\$ 111,695	\$ 3,337	3.1 %	\$ 386	0.3 %
Wholesale energy revenues	7,239	7,190	7,284	49	0.7 %	(45)	(0.6)%
Water revenues	18,365	19,737	20,665	(1,372)	(7.0)%	(2,300)	(11.1)%
Other revenues	18,830	18,283	18,497	547	3.0 %	333	1.8 %
Operating revenues, net of fuel	156,515	153,954	158,141	2,561	1.7 %	(1,626)	(1.0)%
Fuel revenues	58,502	56,562	57,511	1,940	3.4 %	991	1.7 %
Total operating revenues	\$ 215,017	\$ 210,516	\$ 215,652	\$ 4,501	2.1 %	\$ (635)	(0.3)%

Budget Analysis:

- Actual revenues were higher than budget as a result of greater than projected electric retail residential revenues in Orlando and St. Cloud and stronger than originally projected recovering electric retail commercial revenues. Different than electric retail revenues, water revenues continue to trail budget as a result of lower than expected consumption impacted by COVID-19 and higher than normal year-to-date rainfall.

Prior Year Analysis:

- Water revenues decreased due to the current year impacts of COVID-19 and higher than normal year-to-date rainfall.

Operating Expenses Analysis

(\$ in thousands)	As of December			Variance			
	2020 Actual	2020 Budget	2019 Actual	Actual vs Budget		2020 vs 2019	
Unit department expenses	\$ 57,773	\$ 61,146	\$ 63,788	\$ (3,373)	(5.5)%	\$ (6,015)	(9.4)%
Depreciation and amortization	41,544	36,924	34,646	4,620	12.5 %	6,898	19.9 %
Payments to other governments and taxes	14,298	13,475	14,358	823	6.1 %	(60)	(0.4)%
Capacity payments	6,405	6,456	7,149	(51)	(0.8)%	(744)	(10.4)%
Emergency response expenses	561	—	1,110	561	100.0 %	(549)	100.0 %
Operating expenses, net of fuel	120,581	118,001	121,051	2,580	2.2 %	(470)	(0.4)%
Fuel for generation and purchased power	58,502	56,562	57,511	1,940	3.4 %	991	1.7 %
Total operating expenses	\$ 179,083	\$ 174,563	\$ 178,562	\$ 4,520	2.6 %	\$ 521	0.3 %

Budget Analysis:

- Operating expenses were \$2.6 million higher than budget due to \$5.0 million in accelerated depreciation charges related to Macintosh Unit 3, partially offset by lower unit department expenses of \$3.4 million as a result of timing and savings from cost optimization efforts.
- Fuel for generation and purchased power increased \$1.9 million as a result of increased commodity costs coupled with an incremental increase in residential demand as compared to budget.

Prior Year Analysis:

- Unit department expenses decreased from prior year as a result of the cost optimization initiatives to offset reduced retail electric and water revenues. This decrease was partially offset by accelerated depreciation for the Macintosh 3 generation facility as a result of the City of Lakeland's decision to shutter this facility in March 2021.

Non-Operating Income and Expenses Analysis

(\$ in thousands)	As of December			Variance			
	2020 Actual	2020 Budget	2019 Actual	Actual vs Budget		2020 vs 2019	
Interest and other income	\$ 3,575	\$ 2,465	\$ 5,343	\$ 1,110	45.0 %	\$ (1,768)	(33.1)%
Interest expense	10,661	11,239	12,964	(578)	(5.1)%	(2,303)	(17.8)%
Total non-operating expenses	\$ 7,086	8,774	7,621	\$ (1,688)	(19.2)%	\$ (535)	(7.0)%

Budget and Prior Year Analysis:

- Results are favorable to budget with the actual to budget variance for interest and other income anticipated to decrease as gains from investment sales are offset by lower reinvested yields.

Change in Net Position Analysis

(\$ in thousands)	As of December			Variance			
	2020 Actual	2020 Budget	2019 Actual	Actual vs Budget		2020 vs 2019	
Income before contributions	\$ 28,850	\$ 27,178	\$ 29,470	\$ 1,672	6.2 %	\$ (620)	(2.1)%
Contributions in aid of construction	2,962	4,622	3,093	(1,660)	(35.9)%	(131)	(4.2)%
Annual dividend	(15,458)	(15,458)	(16,432)	—	— %	974	(5.9)%
Increase in net position	\$ 16,354	\$ 16,342	\$ 16,131	\$ 12	0.1 %	\$ 223	1.4 %

Budget and Prior Year Analysis:

- Income before contributions are favorable to budget offset by trailing contributions in aid of construction.

Total Assets and Deferred Outflows of Resources

(\$ in thousands)	December 2020	Fiscal Year 2020	Year-to-Date Change	December 2019
Utility plant	\$ 2,590,349	\$ 2,589,767	\$ 582	\$ 2,513,077
Restricted and internally designated assets	493,680	543,603	(49,923)	558,603
Current assets	227,570	270,120	(42,550)	247,987
Other assets	116,788	121,126	(4,338)	162,604
Deferred outflows of resources	124,222	133,490	(9,268)	102,917
Total assets and deferred outflows of resources	\$ 3,552,609	\$ 3,658,106	\$ (105,497)	\$ 3,585,188

Year-to-Date Analysis:

- Total assets and deferred outflows of resources decreased \$105.5 million from fiscal year 2020. The change is primarily due to the use of \$99.4 million of internally designated funds for debt service payments, offset by current period transfers to restricted and internally designated assets for current year debt service accruals.

Total Liabilities and Deferred Inflows of Resources

(\$ in thousands)	December 2020	Fiscal Year 2020	Year-to-Date Change	December 2019
Current liabilities	\$ 235,468	\$ 268,832	\$ (33,364)	\$ 153,984
Other liabilities	190,805	187,431	3,374	185,422
Long-term debt, net	1,345,404	1,439,320	(93,916)	1,497,041
Deferred inflows of resources	266,161	264,105	2,056	286,469
Total liabilities and deferred inflows of resources	2,037,838	2,159,688	(121,850)	2,122,916
Net position	1,514,771	1,498,418	16,353	1,462,272
Total liabilities, deferred inflows of resources and net position	\$ 3,552,609	\$ 3,658,106	\$ (105,497)	\$ 3,585,188

Year-to-Date Analysis:

- Current liabilities decreased due to the payment of semi-annual interest and annual debt service payments, offset by the current year reclass from long-term debt for debt maturing within one-year.
- Long-term debt decreased due to a reclass to current liabilities for the debt maturing within one-year, offset by systematic amortization of debt premium and changes in derivative valuations.

Condensed Statement of Cash Flows and Capital Spend Analysis

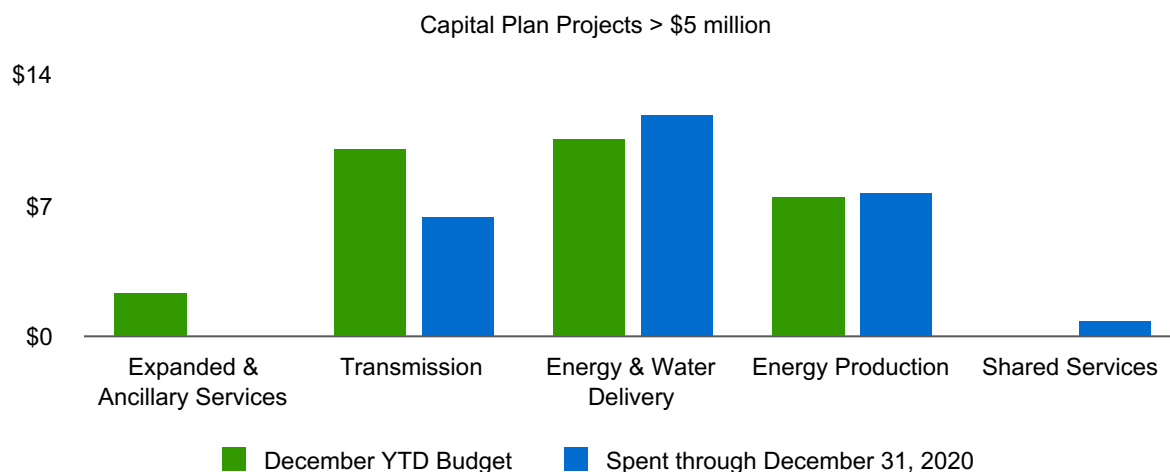
(\$ in thousands)	As of December		
	2020	2019	Change
Net cash provided by operating activities	\$ 72,277	\$ 56,806	\$ 15,471
Net cash used in non-capital related financing activities	(13,575)	(15,757)	2,182
Net cash used in capital related financing activities	(131,740)	(125,151)	(6,589)
Net cash provided by investing activities	24,416	51,721	(27,305)
Net decrease in cash and cash equivalents	(48,622)	(32,381)	(16,241)
Cash and cash equivalents - beginning of Year	249,357	234,115	15,242
Cash and cash equivalents - current	\$ 200,735	\$ 201,734	\$ (999)

Cash provided by operating activities: Cash provided by operations was \$72.3 million, an increase of \$15.5 million from 2019, primarily due to the receipt of \$9.5 million of emergency response grant receivables. The remaining change is a result of decreased fuel and purchased power expenses based on declining commodity prices and reduced unit/department spending in conjunction with business optimization initiatives offset by lower retail electric commercial revenues, retail water revenues and expanded customer payment terms.

- As of December 31, 2020, OUC expects to receive an additional \$10.0 million in FEMA grant reimbursement funds in fiscal year 2021.

Cash used in non-capital and capital related financing activities: Cash used in non-capital related financing activities was \$2.2 million lower than prior year as a result of the timing of cash receipts from the Build America Bond program. Cash used in capital related activities was \$131.7 million for the period. The change from prior year was primarily driven by an increase in capital spending year-over-year, offset by lower debt service payments compared to 2019.

- Capital Spend:** As of December 31, 2020, net capital spending was \$46.1 million, or 8.2%, behind the budgeted plan. In respect to the individual capital projects greater than \$5.0 million, the timing of customer initiatives and COVID-19 have impacted the timeline of these projects.



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

	December 2020	Fiscal Year 2020	Variance	
Assets				
Utility plant	\$ 2,590,349	\$ 2,589,767	\$ 582	— %
Restricted and internally designated assets	493,680	543,603	(49,923)	(9.2)%
Current assets	227,570	270,120	(42,550)	(15.8)%
Other assets	116,788	121,126	(4,338)	(3.6)%
Deferred outflows of resources	124,222	133,490	(9,268)	(6.9)%
Total Assets and deferred outflows of resources	\$ 3,552,609	\$ 3,658,106	\$ (105,497)	(2.9)%
Liabilities				
Payables from restricted assets	\$ 152,811	\$ 156,747	\$ (3,936)	(2.5)%
Payables from current assets	82,657	112,085	(29,428)	(26.3)%
Current Liabilities	235,468	268,832	(33,364)	(12.4)%
Other liabilities	190,805	187,431	3,374	1.8 %
Long-term debt, net	1,345,404	1,439,320	(93,916)	(6.5)%
Total liabilities	1,771,677	1,895,583	(123,906)	(6.5)%
Deferred inflows of resources	266,161	264,105	2,056	0.8 %
Net position	1,514,771	1,498,418	16,353	1.1 %
Total liabilities, deferred inflows of resources and net position	\$ 3,552,609	\$ 3,658,106	\$ (105,497)	(2.9)%

***See page 6 for additional information related to changes in the Statement of Net Position

Orlando Utilities Commission
Statement of Revenue, Expenses and Changes in Net Position - Unaudited
Dollars in thousands

	Actual December 2020	Budget December 2020	Variance to Budget		Actual December 2019	Variance to Prior Year	
Operating revenues							
Retail energy revenues (OUC and STC)	\$ 112,081	\$ 108,744	\$ 3,337	3.1 %	\$ 111,695	\$ 386	0.3 %
Wholesale energy revenues	7,239	7,190	49	0.7 %	7,284	(45)	(0.6)%
Fuel	<u>58,502</u>	<u>56,562</u>	<u>1,940</u>	<u>3.4 %</u>	<u>57,511</u>	<u>991</u>	<u>1.7 %</u>
Electric revenues	177,822	172,496	5,326	3.1 %	176,490	1,332	0.8 %
Water revenues	18,365	19,737	(1,372)	(7.0)%	20,665	(2,300)	(11.1)%
Other revenues							
Lighting service revenues	4,102	4,188	(86)	(2.1)%	4,047	55	1.4 %
Chilled water revenues	7,254	7,283	(29)	(0.4)%	7,534	(280)	(3.7)%
Service fees & other revenues	<u>7,474</u>	<u>6,811</u>	<u>663</u>	<u>9.7 %</u>	<u>6,916</u>	<u>558</u>	<u>8.1 %</u>
Total operating revenues	<u>215,017</u>	<u>210,515</u>	<u>4,502</u>	<u>2.1 %</u>	<u>215,652</u>	<u>(635)</u>	<u>(0.3)%</u>
Operating expenses							
Fuel for generation and purchased power	58,502	56,562	1,940	3.4 %	57,511	991	1.7 %
Unit/department	57,773	61,146	(3,373)	(5.5)%	63,788	(6,015)	(9.4)%
Depreciation and amortization	41,544	36,924	4,620	12.5 %	34,646	6,898	19.9 %
Payments to other governments and taxes	14,298	13,475	823	6.1 %	14,358	(60)	(0.4)%
Capacity payments	6,405	6,456	(51)	(0.8)%	7,149	(744)	(10.4)%
Emergency response costs	561	—	561	100.0 %	1,110	(549)	100.0 %
Total operating expenses	<u>179,083</u>	<u>174,563</u>	<u>4,520</u>	<u>2.6 %</u>	<u>178,562</u>	<u>521</u>	<u>0.3 %</u>
Non-operating income and (expenses)							
Interest income	1,873	761	1,112	146.1 %	2,541	(668)	(26.3)%
Other income	1,703	1,704	(1)	(0.1)%	2,802	(1,099)	(39.2)%
Interest expense	<u>10,661</u>	<u>11,239</u>	<u>(578)</u>	<u>(5.1)%</u>	<u>12,964</u>	<u>(2,303)</u>	<u>(17.8)%</u>
Total non-operating income and (expenses)	<u>(7,085)</u>	<u>(8,774)</u>	<u>1,689</u>	<u>(19.3)%</u>	<u>(7,621)</u>	<u>536</u>	<u>(7.0)%</u>
Income before contributions	28,849	27,178	1,671	6.1 %	29,469	(620)	(2.1)%
Contributions in aid of construction	2,962	4,622	(1,660)	(35.9)%	3,093	(131)	(4.2)%
Dividend payments	<u>(15,458)</u>	<u>(15,458)</u>	<u>—</u>	<u>— %</u>	<u>(16,432)</u>	<u>974</u>	<u>(5.9)%</u>
Increase in net position	<u>16,353</u>	<u>\$ 16,342</u>	<u>\$ 11</u>	<u>0.1 %</u>	<u>16,130</u>	<u>\$ 223</u>	<u>1.4 %</u>
Net position - beginning of period	<u>1,498,418</u>				<u>1,446,141</u>		
Net position - end of period	<u>\$ 1,514,771</u>				<u>\$ 1,462,271</u>		

***See pages 4-5 for additional information related to changes in the Statement of Revenues, Expenses, and Changes in Net Position

Orlando Utilities Commission
Statement of Cash Flows - Unaudited
Dollars in thousands

	December 2020	December 2019
Cash flow from operating activities		
Cash received from customers	\$ 226,406	\$ 238,201
Cash paid for fuel and purchased power	(67,674)	(73,062)
Cash paid for unit department expenses	(40,416)	(49,204)
Cash paid for salaries and benefits	(40,499)	(42,603)
Cash received/(paid) for storm recovery	9,482	(1,563)
Cash paid for other payments and taxes	(15,022)	(14,964)
Net cash provided by operating activities	<u>72,277</u>	<u>56,805</u>
Cash flows from non-capital related financing activities		
Dividend to the City of Orlando	(15,458)	(16,432)
Build America Bonds subsidy received	1,882	675
Net cash used in non-capital related financing activities	<u>(13,576)</u>	<u>(15,757)</u>
Cash flows from capital related financing activities		
Utility plant net of contributions in aid of construction	(46,937)	(35,526)
Debt interest payments	(25,440)	(30,072)
Collateral deposits	15,146	1,500
Principal payments on long-term debt and use of bond proceeds	(73,930)	(60,340)
Debt issuances and related costs	(580)	(713)
Net cash used in capital related financing activities	<u>(131,741)</u>	<u>(125,151)</u>
Cash flows from investing activities		
Proceeds from sale and maturities of investment securities	88,846	157,408
Gain on sale of investments	693	91
Purchases of investment securities	(68,058)	(110,994)
Investments and other expenses paid	2,934	5,216
Net cash provided by investing activities	<u>24,415</u>	<u>51,721</u>
Net decrease in cash and cash equivalents	<u>(48,625)</u>	<u>(32,382)</u>
Cash and Cash Equivalents - beginning of year	<u>249,357</u>	<u>234,115</u>
Cash and Cash Equivalents - current	<u>\$ 200,732</u>	<u>\$ 201,733</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 35,935	\$ 37,090
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	41,544	34,646
Depreciation and amortization charged to fuel for generation and purchased power	656	738
Depreciation of vehicles and equipment charged to unit department expenses	628	644
Changes in assets and liabilities		
Decrease in receivables and accrued revenue	12,524	26,490
Decrease in fuel and materials and supplies inventories	9,828	880
Decrease in accounts payable	(27,348)	(31,255)
Increase in deposits paid and deferred items	(6,841)	(7,029)
Increase in stabilization and deferred revenue accounts	5,351	(5,399)
Net cash provided by operating activities	<u>\$ 72,277</u>	<u>\$ 56,805</u>

***See page 7 for additional information related to changes in the Statements of Cash Flows

Orlando Utilities Commission
Capital Plan
Dollars in thousands

	Adopted 2021 Plan	Year to Date December 2020 Plan	Year to Date December 2020 Actual	Variance to	Budget
Electric Production (1)	\$ 19,030	\$ 7,725	\$ 8,852	\$ 1,127	14.6 %
Transmission	66,740	15,246	11,943	(3,303)	(21.7)%
Transmission contributions	(7,000)	(750)	(151)	599	(79.9)%
Transmission, net	59,740	14,496	11,792	(2,704)	(18.7)%
Electric Delivery	45,387	13,917	13,705	(212)	(1.5)%
Electric Delivery contributions	(4,800)	(1,200)	(642)	558	(46.5)%
Electric Delivery, net	40,587	12,717	13,062	345	2.7 %
Lighting	8,510	2,253	2,392	139	6.2 %
Lighting contributions	(1,000)	(249)	(43)	206	(82.7)%
Lighting, net	7,510	2,004	2,350	346	17.3 %
Water	29,864	3,435	3,608	173	5.0 %
Water contributions	(1,000)	(249)	(57)	192	(77.1)%
Water, net	28,864	3,186	3,551	365	11.5 %
Chilled Water (2)	29,940	1,151	(1,395)	(2,546)	(221.2)%
Support Services	61,282	8,885	7,856	(1,029)	(11.6)%
Total OUC	<u>\$ 246,953</u>	<u>\$ 50,164</u>	<u>\$ 46,068</u>	<u>(4,096)</u>	(8.2)%

(1) - Totals are net of participant share

(2) - Year-to-date actual negative balance is a result of accrued projects for fiscal year 2020 that have not yet been paid

***See page 7 for additional information related to changes in the Capital Plan