MINUTES
July 7, 2026
2:01 P.M.

Present:

COMMISSIONERS:
Linda Landman Gonzalez, President
Phillip Brown, First Vice President
Bridget Williams, Second Vice President
Britta Gross, Commissioner
Buddy Dyer, Mayor

Clint Bullock, General Manager & Chief Executive Officer
Attila Miszti, Chief Operating Officer
Carlos Woody, Chief Legal Officer
Linda Ferrone, Chief Customer & Marketing Officer
Christopher McCullion, Chief Financial Officer
Michael Murtagh, Chief Transformation & Technology Officer
Latisha Thompson, Chief Employee Experience Officer
LeMoyne Adams, Orlando Alancastro, Luz Aviles, Jaison Busby, Jenise Osani, Vice Presidents
Frances Johnson, Recording Secretary

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The July 7, 2026 Budget & Pricing Workshop of the Orlando Utilities Commission was held in person at the Orlando Utilities Commission's Reliable Plaza Commission Chambers.

President Landman Gonzalez asked Vince Preston to provide the Safety and Security protocols for the meeting.

The Budget Workshop was called to order at 2:01 P.M. President Landman Gonzalez acknowledged a full quorum was present.

* * *

Clint Bullock provided brief opening remarks, noting that no action would be taken at this public meeting.

Fiscal Year 2027 Proposed Operating Budget & Five-Year Capital Plan

Chris McCullion commenced by noting that the Fiscal Year (FY) 2027 Operating Budget and Five-Year Capital Plan have been strategically aligned with OUC's recently adopted ten-year strategic plan, Strategy 2035. He provided details on the FY 2027 cost recovery, indicating that total recoverable costs are expected to be 0.2 percent higher than the FY 2026 budget. This includes an 8.4 percent decrease in fuel and purchased power expenses, a 5.9 percent increase in non-fuel operating expenses, a 4.9 percent increase in the annual dividend paid to the City of Orlando, and a 26.4 percent increase in net non-operating expenses for FY 2027.

Mr. McCullion continued with a detailed overview of the Five-Year Capital Plan, noting that the Capital Plan totals approximately $2.2 billion, highlighting a 11.9 percent increase compared to the FY 2026 accepted plan. He noted that strategic priority projects represent 60.2 percent of the total proposed plan, while core operations account for 39.8 percent.

Fiscal Year 2027 Proposed Rate Changes

Mr. McCullion provided details on the methods by which OUC delivers customer value by adhering to rate design principles that prioritize rate stability and predictability for customers, ensure fairness and equity of rates across customer segments, and encourage conservation of energy and water resources. He briefly highlighted the revenue neutral DemandLevel implementation for residential and small commercial customers that begins in November 2026, which introduces a reduction in non-fuel energy and the addition of a tier based DemandLevel charge of $5, $10, or $15 per month, noting residential customers using 1,000 kWh will see a decrease of $8.48 in their non-fuel energy charge and an average DemandLevel charge of $8.33 per month, for a net decrease of $0.15 per month. He then summarized the proposed water rate changes for FY 2027, detailing the October 2026 proposed conservation-focused retail rate increase and the proposed increase in System Development Charges which will be effective January 2027 to fund a portion of the costs of planned alternative water supply projects.

Mr. McCullion also provided an overview of the proposed increase to OUC's residential electric Contribution in Aid of Construction (CIAC) charge for single-family homes to account for escalating power equipment cost. Additionally, he outlined the proposed revisions of the economic development tariffs. Both changes are scheduled to take effect on January 1, 2027.

2027 Proposed Operating Revenues and Next Steps

Mr. McCullion summarized the projected FY 2027 operating revenues, noting total revenues are projected to be 0.5 percent higher than the FY 2026 revenues. This is primarily due to lower fuel expenses being offset by customer growth, an 8.5 percent increase in water revenues from the proposed conservation-focused retail rate increase, and a 9.4 percent increase in other revenues driven by service fees and chilled water.

Mr. McCullion outlined the next steps, summarizing the board actions for consideration at the August 11, 2026 Commission Meeting. These actions include adopting the FY 2027 operating budget, accepting the five-year capital plan, and approving the FY 2027 rate changes. He noted that customers will be notified in September about changes effective October 1, 2026 and November 2026, while builders and developers will be informed beginning in October 2026 regarding electric CIAC and water system development charge changes effective January 1, 2027.

He concluded by emphasizing OUC's financial strength, stating that the budget supports its "AA" bond rating and that OUC's bond ratings were recently reaffirmed by Moody's, Fitch and S&P. He expressed appreciation to the Financial Services team and the entire OUC organization for their dedication and collaboration in preparing the budget.

Commissioner Gross asked if cost evaluations have begun to determine cost impact of the Department of Energy (DOE) Order related to Stanton Unit 1. Mr. McCullion replied that while cost impacts are dependent on variables such as fuel prices, analysis can be shared at a future committee meeting. Mr. Bullock noted that Stanton Unit 1 is active until September 1, 2026 based on the DOE Order and current impacts are known, but future changes have not been considered yet.

Commissioner Williams asked about efforts to encourage water conservation to minimize bill impact. Mr. Bullock further explained the tiered billing approach representation on slide 15 of the presentation intended to help promote conservation. Mr. McCullion stated that additional clarification would be provided at the next Audit-Finance Committee meeting.

Refer to the appendix for more information.

No additional comments were provided by the Commissioners or members of the public.

MOTION: On a motion by Commissioner Gross, seconded by Commissioner Williams and unanimously carried, the Budget Workshop was adjourned at 2:39 P.M.

APPENDIX

Budget Workshop

2027 Annual Budget & Pricing Workshop

FY 2027 Annual Budget & Pricing Workshop

OUC
The *Reliable* One®

Christopher McCullion – Chief Financial Officer	07/07/26

Strategy 2035: Building on Our Momentum

MISSION

Provide exceptional value to our customers and community through the delivery of sustainable and reliable services and solutions.

VISION

OUC is an innovative solutions leader and the partner of choice.

OUR VALUES

- Make Safety First
- Do The Right Thing
- Partner Together
- Drive Innovation
- Deliver Results
- Value the Customer

STRATEGIC PRIORITIES

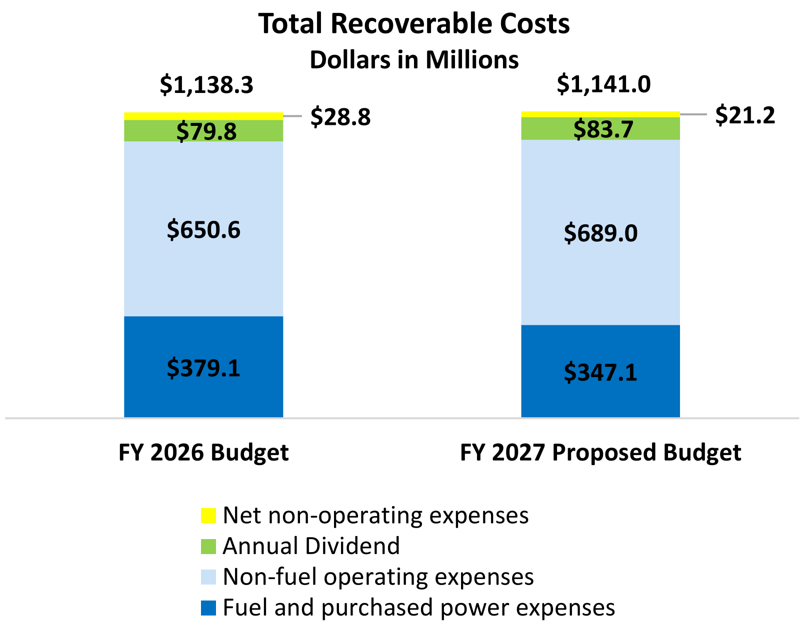
- Partner of Choice
- Reliability & Resiliency
- Workforce Excellence
- Electric & Water Sustainability
- Operational Efficiency

FY 2027 Operating Budget & Five-Year Capital Plan

- Operating budget is prepared using cost recovery principles
  - Customer pricing is designed to recover operating costs including a return, which is shared with the City of Orlando
  - Pricing is designed to be fair and equitable while providing customers with bill stability and price signals to promote conservation
- Five-year capital plan is prepared to ensure reliability, affordability, sustainability and resiliency for utility services and solutions provided to our customers and community

FY 2027 Cost Recovery Overview

- Total recoverable costs are projected to increase 0.2% compared to the FY 2026 budget
  - 8.4% decrease in fuel and purchased power expenses
    - Driven by decreasing commodity prices
  - 5.9% increase in non-fuel operating expenses
    - Driven primarily by unit department initiatives focusing on strategic priorities
  - 4.9% increase in annual dividend paid to the City of Orlando
    - Driven by overall increase in income before contributions
  - 26.4% decrease in net non-operating expenses
    - Driven by increased interest earnings and other income



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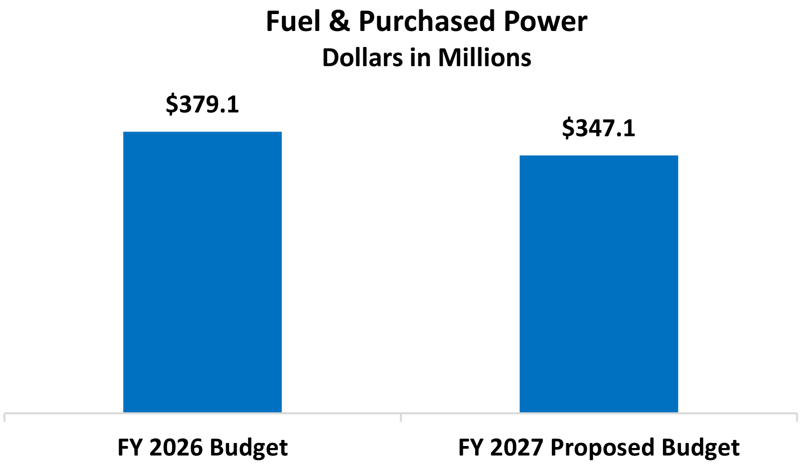
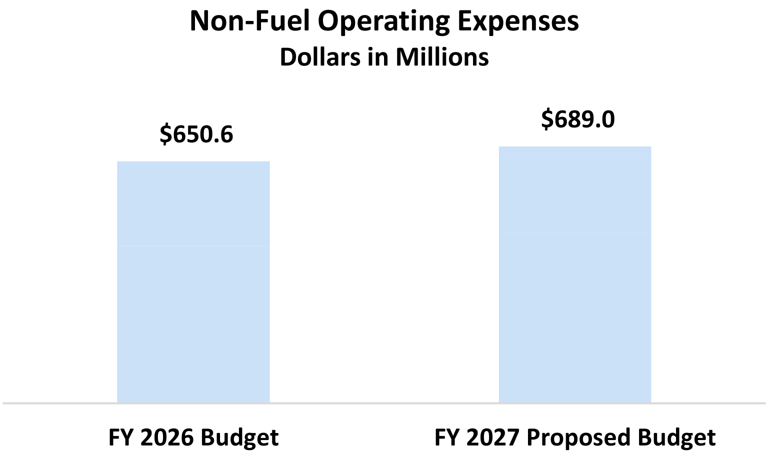
Fuel and Purchased Power Expenses

- Fuel and purchased power expenses are projected to decrease by 8.4%
  - Lower projected commodity fuel costs
    - Natural gas prices are projected to be 12.4% lower than the prices assumed for the 2026 budget
  - Average cost per megawatt-hour (MWh) is projected to be $39.41
    - 8.8% decrease from FY 2026 budget
  - Clean energy resources are projected to be 14.3% of total fuel costs and is projected to contribute 18% of energy production



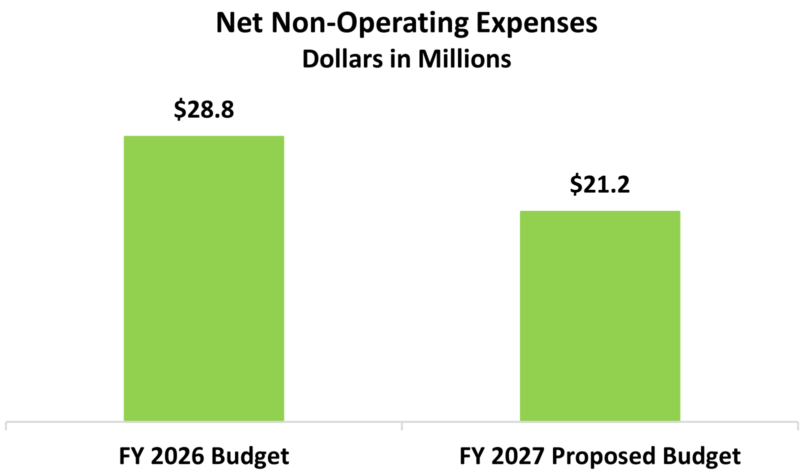
Non-Fuel Operating Expenses

- Projected increase of 5.9% in non-fuel operating expenses
  - 7.8% increase in unit department expenses
    - Increase in labor and benefits expenses to support technology quality assurance, project management, process optimization and operations; coupled with higher medical expenses and market driven wage adjustments
    - Increase in other expenses, inclusive of external resources, driven primarily by strategic priorities related to Electric and Water Sustainability, Partner of Choice, Workforce Excellence and Operational Efficiency
  - 2.6% increase in payments to other gov’t and taxes
    - Increase in revenue-based payments
  - 4.3% increase in depreciation expenses
    - Traditional electric and water customer growth, inclusive of expanded transmission capacity



Net Non-Operating Expenses

- 26.4% decrease in net non-operating expenses
  - 13.1% increase in interest income
    - Increased investment balances from renewal and replacement and electric base reserves
  - 69.7% increase in other income
    - Increase driven by 2025 Jetport land sale and initiation of deferred gain recognition
  - 2.8% increase in interest expense
    - $225 million borrowing included in FY 2027



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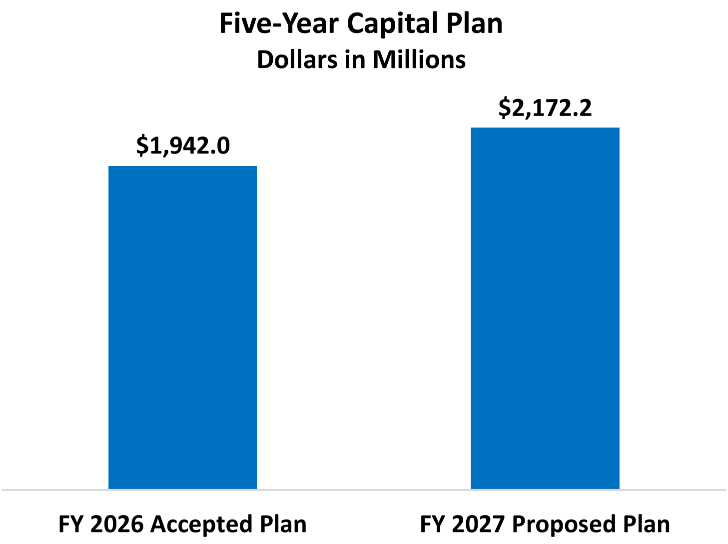
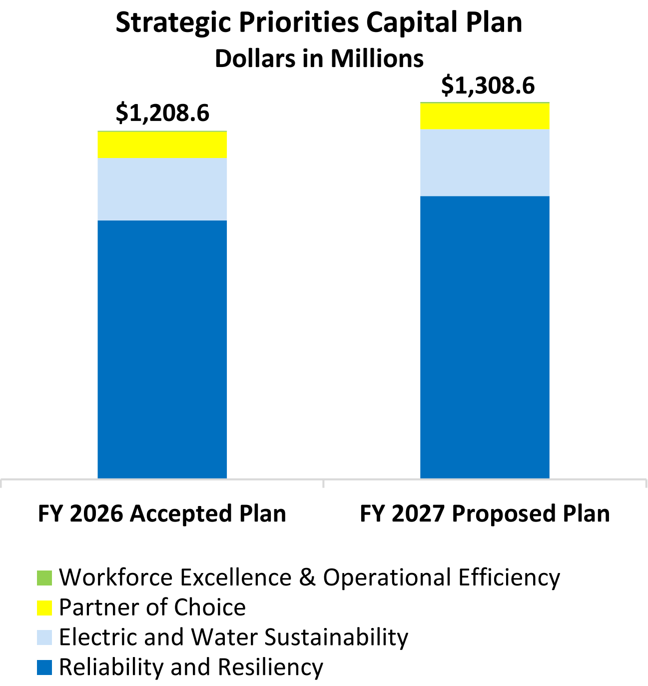
Five-Year Capital Plan Focused on the Future

- Capital plan is projected to increase 11.9% compared to FY 2026 accepted plan
  - Primary drivers are electric distribution projects to support growing demand for new energy services, grid hardening infrastructure upgrades and transmission projects designed to expand energy transfer capabilities
- Strategic priorities projects represent 60.2% of total proposed plan or $1,308.6 million
  - Priorities include *Reliability and Resiliency, Electric and Water Sustainability, Partner of Choice, Workforce Excellence, and Operational Efficiency*
- Core operations represent 39.8% of total proposed plan or $863.6 million



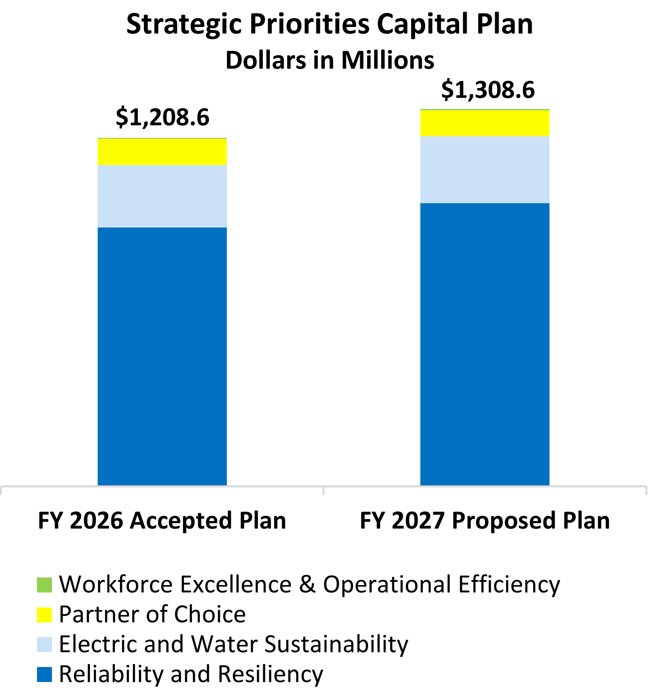
Five-Year Capital Plan Focused on the Future

- Strategic priorities capital plan represent 60.2% of the total proposed plan:
  - **Reliability and Resiliency**
    $982.6 million or 75.1% of strategic priorities capital plan
    - Projects to support growing demand for new energy services; infrastructure improvements to increase energy transfer capabilities, includes installation of two new 230kV transmission sources, one serving Downtown Orlando and the other in St. Cloud; grid hardening to improve reliability and resiliency; Summerlin Avenue water main upgrades to ensure consistent water delivery
  - **Electric and Water Sustainability**
    $231.6 million or 17.7% of strategic priorities capital plan
    - Advancing sustainability by expanding grid infrastructure to support new utility-scale solar generation; reducing carbon dioxide emissions through a diverse fuel portfolio transitioning coal-fired generation to natural gas; advancing diversified water resources through construction of Southeast Reverse Osmosis Water Treatment Plant



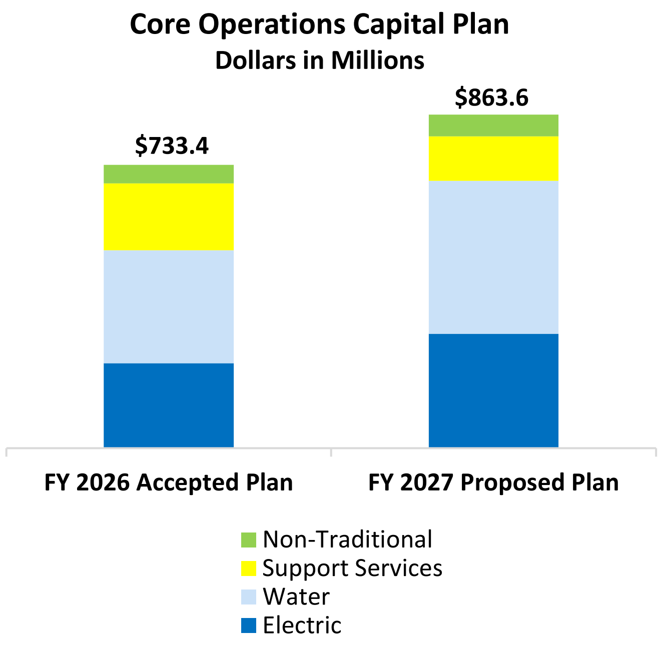
Five-Year Capital Plan Focused on the Future

- Strategic priorities capital plan represent 60.2% of the total proposed plan:
  - **Partner of Choice**
    $90 million or 6.9% of strategic priorities capital plan
    - Customer-facing technology transformation advancements to deliver on customer solutions that enable affordability including PeakSHIFT; continued development of innovative, efficient, reliable, high-quality non-traditional services and solutions
  - **Workforce Excellence and Operational Efficiency**
    $4.4 million or 0.3% of strategic priorities capital plan
    - Employee-facing technology transformations that enhance safety through expanded safety program training and resources; operational efficiency advancements supporting automated alternatives inclusive of strategic sourcing; continued development of meter data platform



Five-Year Capital Plan Focused on the Future

- Capital plan also includes initiatives to deliver on our mission, representing 39.8% of the total proposed plan
  - **Electric Core Capital Plan:** Transmission reliability initiatives, generation capital improvements, and energy-delivery reliability projects represent $295.1 million, or 34.2% of Core Operating Capital Plan
  - **Water Core Capital Plan:** Distribution renewal and replacement initiatives, and water production plant upgrades represent $394.8 million, or 45.7% of Core Operating Capital Plan
  - **Support Services Core Capital Plan:** Technology, fleet and facility initiatives represent $114.8 million, or 13.3% of Core Operating Capital Plan
  - **Non-Traditional Core Capital Plan:** Conventional and private lighting initiatives, and existing chilled water infrastructure upgrades represent $58.9 million, or 6.8% of Core Operating Capital Plan



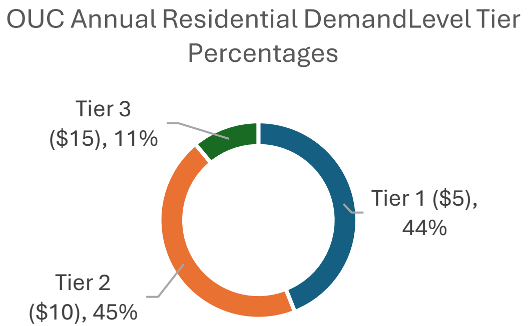
FY 2027 Proposed Rate Changes

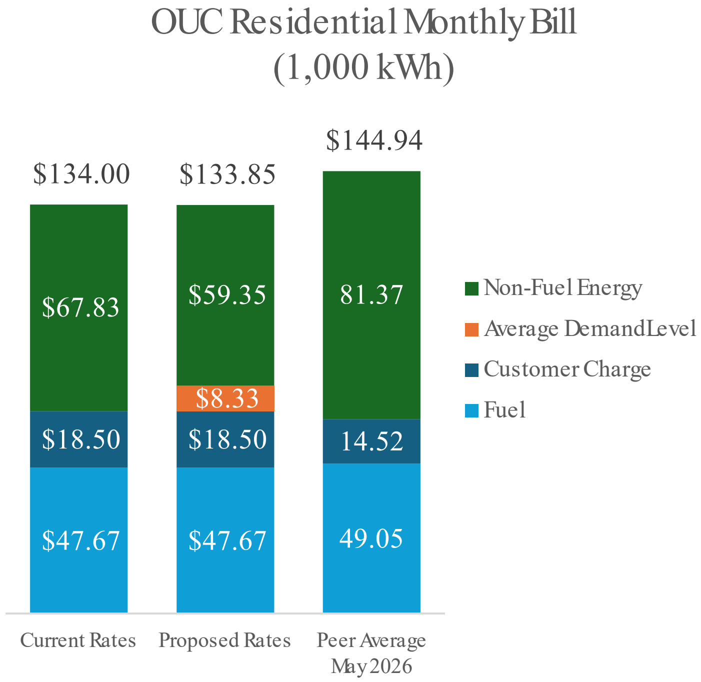
Delivering Customer Value

- Rate design for utility services is guided by long-established, cost-recovery principles while balancing sustainable, reliable and innovative solutions
  - Rate stability and predictability
    - Protects customers from cost volatility
    - Allows customers to budget for services
  - Fairness and equity
    - Ensures cost allocation best reflects how diverse customers use utility services
  - Conservation
    - Provides customers with price signals that encourage prudent energy and water usage
- Rates are consistently measured against strategic targets

FY 2027 DemandLevel Implementation

- Beginning in November 2026: Revenue neutral DemandLevel implementation for residential and small commercial customers
- DemandLevel introduces a reduction in non-fuel energy and adds a tier based DemandLevel charge
  - A residential customer using 1,000 kWh will see a decrease in their non-fuel energy charge of $8.48





Strategic Target $152.18 as of May 2026

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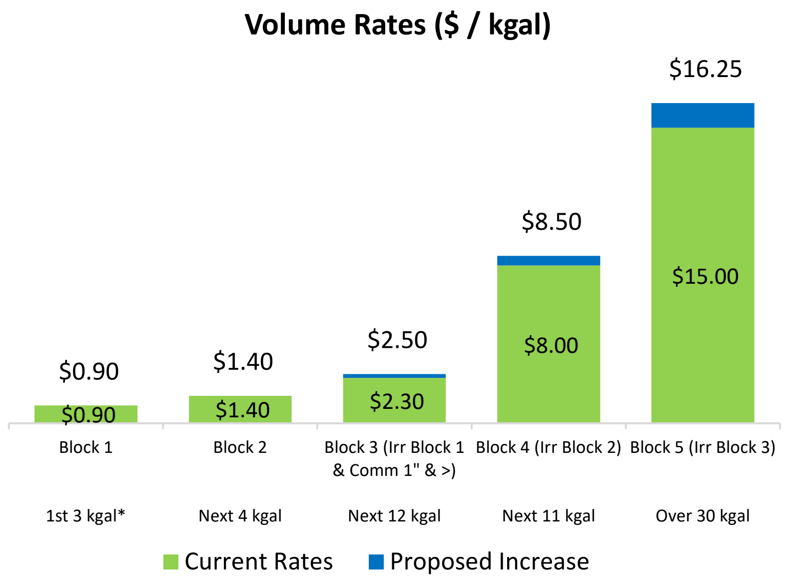
Proposed Water Rate Changes

- October 2026 proposed retail rate increase promotes conservation
  - The average monthly 10-kilogallon (kgal) residential bill is increasing by 60¢ to $26.30, remaining well below the strategic target of $43.47
  - A commercial 1-inch meter with 75-kgal usage increases by $15 to $202.75
  - Fire protection revenue proposed to increase 13%
    - Most common connection increases from $29.50 to $34
- Alternative water solutions are increasing cost to serve new construction
  - Effective January 2027: System Development Charge (SDC) proposed to increase 12.5% from $2,325 to $2,616 per Equivalent Residential Connection



*Block sizes shown for residential & commercial 5/8in meters
Irrigation meters have different block sizes

Miscellaneous Changes

- Residential Electric Contributions in Aid of Construction (CIAC) Charge effective January 2027
  - Escalating power equipment costs have increased the differential between overhead and underground service requiring two new charges for building residential single-family
    - Charge #1 - **Offsite** (underground duct bank)
      - $30 / KVA customer installed duct bank

      OR
      - $113 / KVA OUC installed duct bank
    - Charge #2 - **Onsite** (transformers, primary cable, etc.)
      - $135 per lot
  - New residential CIAC charges allows for the elimination of $650 per lot refundable deposit
- Reviewing Economic Development Tariffs revisions for January 2027
  - Propose combining existing economic development tariffs and updating requirements
  - Double rate discounts for first 4 years of service while lowering initial facilities credit to reduce risk to OUC customers

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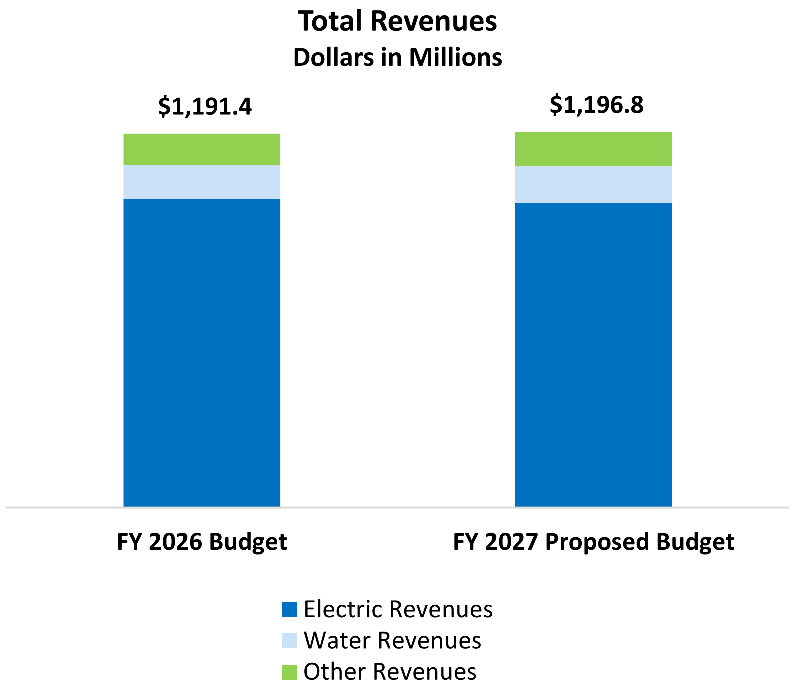
FY 2027 Proposed Operating Revenues

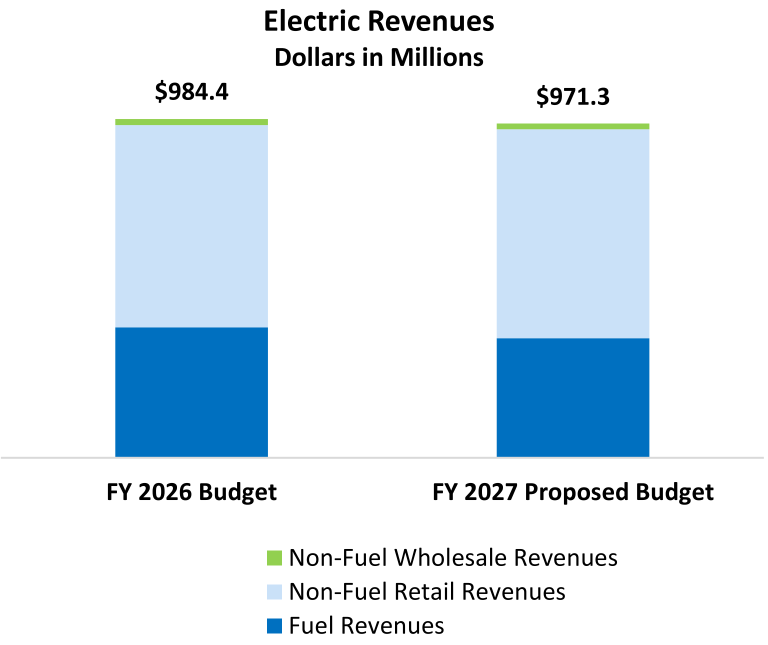
FY 2026 Revenue Overview

- Total revenues are projected to be 0.5% higher than FY 2026 budget
  - 1.3% decrease in electric revenues driven by lower fuel expenses offset by customer growth
  - 8.5% increase in water revenues from conservation-focused rate increase
  - 9.4% increase in other revenues driven by service fees and chilled water revenues



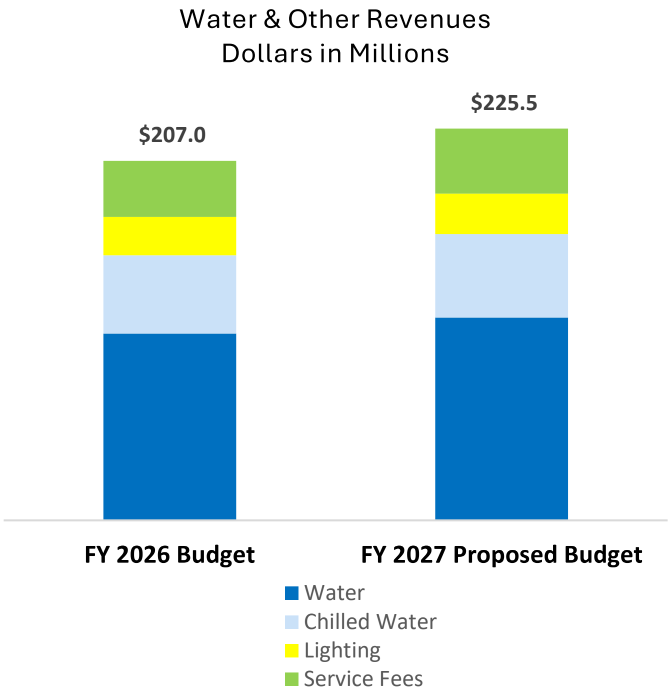
Electric Revenues

- 1.3% decrease in total electric revenues
  - 8.4% decrease in fuel revenues from lower commodity costs
  - 3.4% increase in non-fuel retail revenues due to customer growth
  - 6.7% decrease in non-fuel wholesale revenues from reduced wheeling revenue



Water & Other Revenues

- 8.5% increase in water revenues from conservation-focused rate increase
- 9.4% increase in other revenues
  - 6.7% increase in chilled water revenues from Epic Universe
  - 5.9% increase in lighting revenues primarily due to sales growth and contractual rate increases
  - 15.5% increase in service fees revenue due to higher participant revenue from new SEC Unit 2 service station fee and Florida Municipal Power Pool revenue following competition of the Energy Management System project



OUC's Financial Health is Strong

- FY 2027 Operating Budget, Five-Year Capital Plan and FY 2027 rate changes support OUC's "AA" bond ratings by maintaining strong financial metrics that align with rating agency criteria
- OUC's ratings are reviewed annually by Moody's, Fitch and S&P, and were reaffirmed in June 2026

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OUC’s Financial Health is Strong

- **Rating Agency Perspectives:**
  - **S&P** – "The rating reflects OUC's healthy financial performance that we believe the commission will maintain."
  - **Fitch** – "OUC's operating risk profile is very strong, reflecting a very low operating cost burden supported by a diverse mix of owned and contracted assets."
  - **Moody’s**
    - "The Aa2 rating reflects OUC's strong financial performance over the last three years that is supported by the utility's rate-setting autonomy."
    - "OUC also has ample liquidity and charges reasonably competitive electric rates compared to its peers in Florida..."
    - "The stable outlook reflects our view that OUC's ability and willingness to adjust rates will support a continuation of sound financial metrics as it advances carbon transition risk reduction strategies and funds various capital improvement projects."

S&P Global Ratings

FitchRatings

MOODY’S RATINGS

Next Steps

- Board action for consideration on August 11, 2026, Commission Meeting:
  - Adopt FY 2027 Operating Budget
  - Accept Five-Year Capital Plan
  - Approval of FY 2027 rate changes
- In September, customers will be notified of changes effective October 1, 2026, and November 1, 2026
- In October, builders and developers will be notified of water SDC & electric CIAC changes effective January 1, 2027

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