ANNUAL

REPORT

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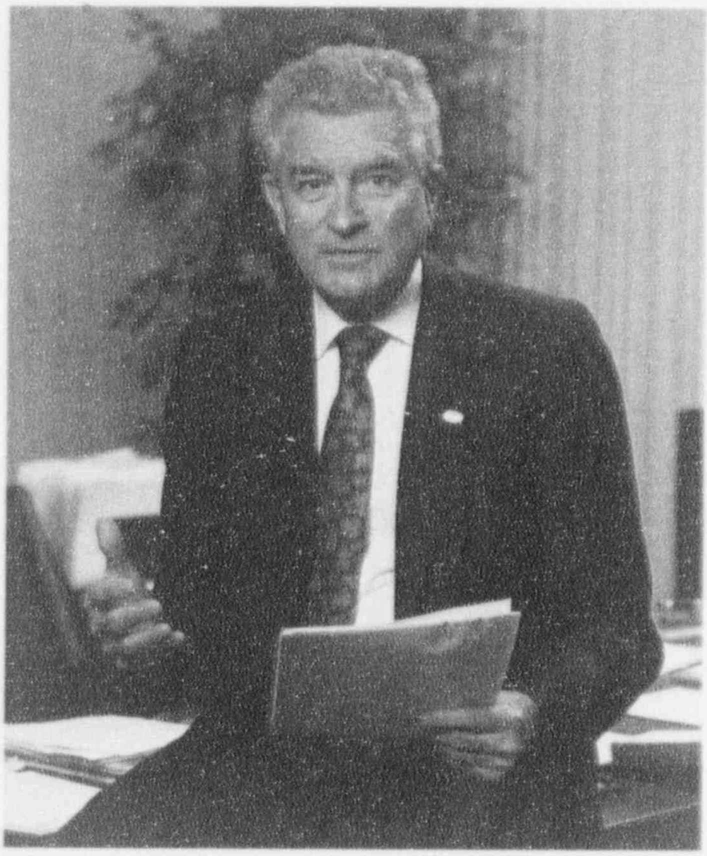
ORLANDO UTILITIES COMMISSION

Forward

thinking,

to serve,

to conserve.



A letter from the General Manager

Challenges and opportunities presented themselves to the Orlando Utilities Commission during 1992. The continuing sluggishness of the economy, coupled with unseasonably mild weather throughout the year, suppressed sales and revenues after years of impressive growth. Also during 1992, major changes were made in the organizational structure.

In spite of these significant issues, the loyal employees of OUC managed to produce another good year and OUC's strengths were confirmed by overall strong performance. Near record interest and other income, coupled with prudent operating expense controls, generated a very solid income statement. Remaining in extremely sound financial condition, OUC retained the top credit rating of any electric and water utility in the nation.

Electric and water customers continued to reap the benefits of rates that are among the lowest in the state. The price of power, which has remained level for five consecutive years, was lowered. And while our rates remained among the lowest, both electric and water services continued to improve and are of the highest quality to be found.

Our surveys in 1992 revealed a customer base that is attuned to the high quality and low cost of our services. The positive results of the survey revealed that 91.5% of the customers queried say OUC is doing a good job. This level of customer satisfaction is 1.2% higher than last year and 10 points higher than the national average.

We also continued to serve our other "stakeholders" well, the citizens of Orlando. They again received a relatively large dividend through OUC's contributions to the city which help hold down Orlando's property taxes.

1992 witnessed the Commission voting unanimously to proceed with the construction of a second generating unit at the Stanton Energy Center. The addition of this unit will provide reliable and adequate electrical power to our customers well into the next century. As with the first unit, every effort will be made to preserve and protect the environment.

We believe strongly that OUC must prepare to provide a growing customer base with an adequate and reliable supply of high quality water and electricity. However, we are equally strong in our belief that OUC has a paramount responsibility to minimize the impact of our operations on the environment.

Determined to preserve and protect the environment, we are placing a major emphasis on expanding our already impressive conservation program and taking steps to involve customers in this process. We have formed a Customer Advisory Committee on Conservation to make certain that all of our "stakeholders" are represented in our conservation planning and programs.

We are particularly proud of our employees this year. Confronted with extraordinary challenges, they worked even harder to maintain and strengthen the image of OUC. This fact is supported by the very positive earnings level, by the improvements in quality of service and reliability, and by our customers' positive response to all surveys.

Another bright point in OUC's 1992 performance centers around the great contribution of the Commissioners. In the face of unequalled demands, they guided OUC through challenging times while maintaining the quality performance that we have come to expect from the OUC team.

Teamwork and quality are bywords at OUC and 1992 truly was a year when the team played together to win, continuing a tradition that has become an integral part of this fine Commission.

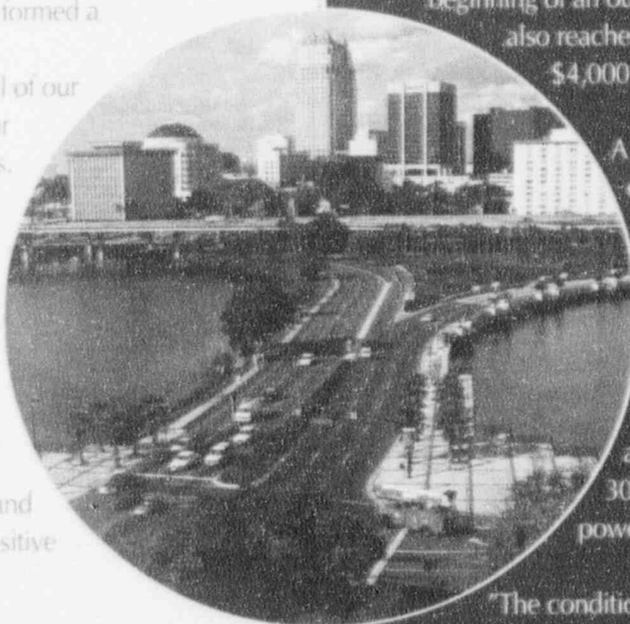
1992. It was truly a year of grand performances by the OUC "PROUD" team!

Troy W. Todd

Troy W. Todd
Executive Vice President and General Manager

PROUD to serve

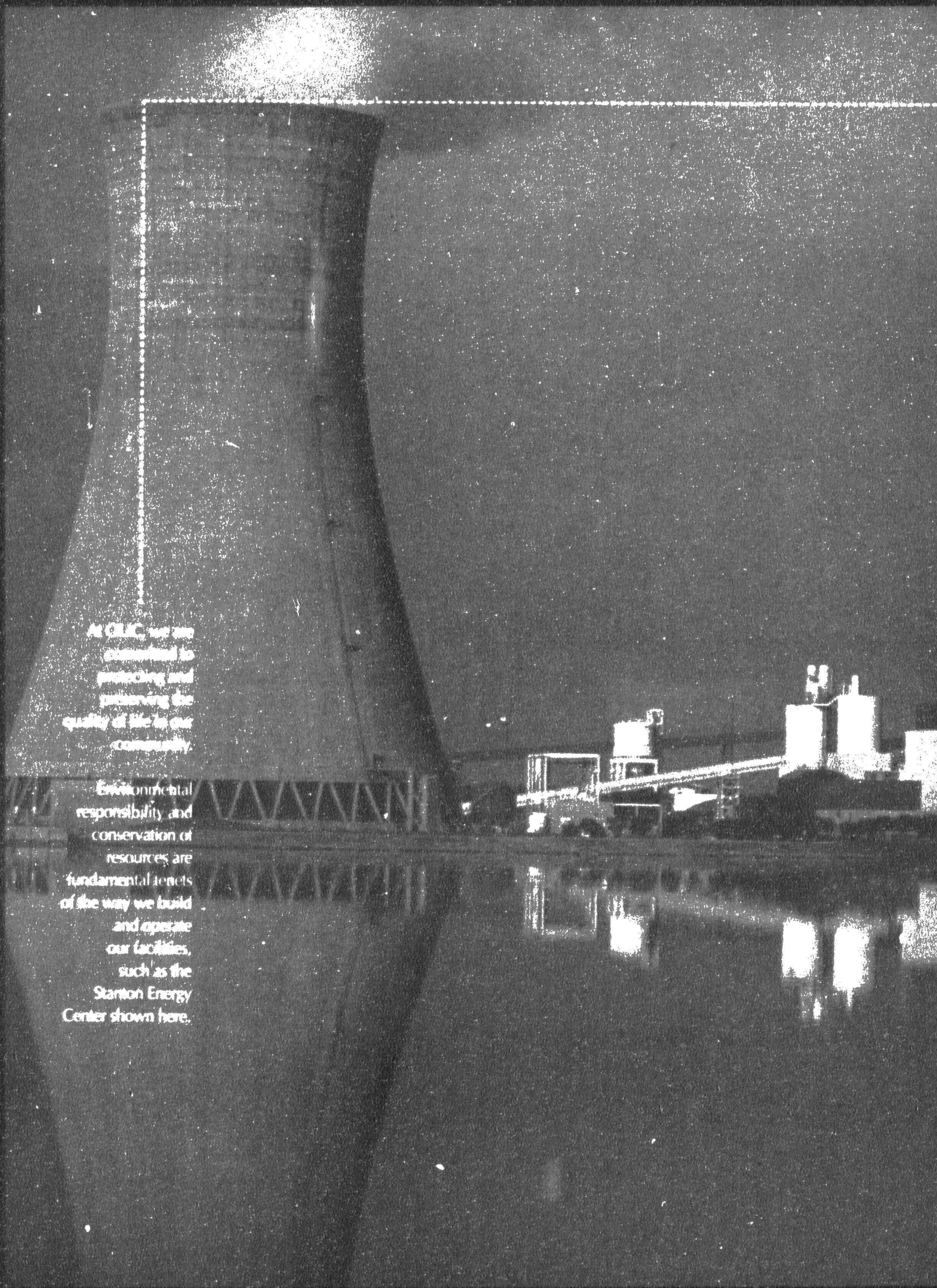
When Hurricane Andrew struck South Florida last summer, the Orlando Utilities Commission and its employees responded quickly. Within two days, volunteers had filled 10,000 one-gallon bottles of pure OUC water and sent them to the disaster area. The "H_2O to Go" project was just the beginning of an outpouring of assistance. Employees also reached into their pockets, donating $4,000 in relief funds.



A week later, nearly 60 linemen, engineers and other workers were dispatched south to help the city of Homestead rebuild its electric system. The devastation shocked the workers – some to the point of tears. But then they got down to business, toiling from dawn to dusk and eventually replacing more than 300 distribution poles and 26 miles of power lines.

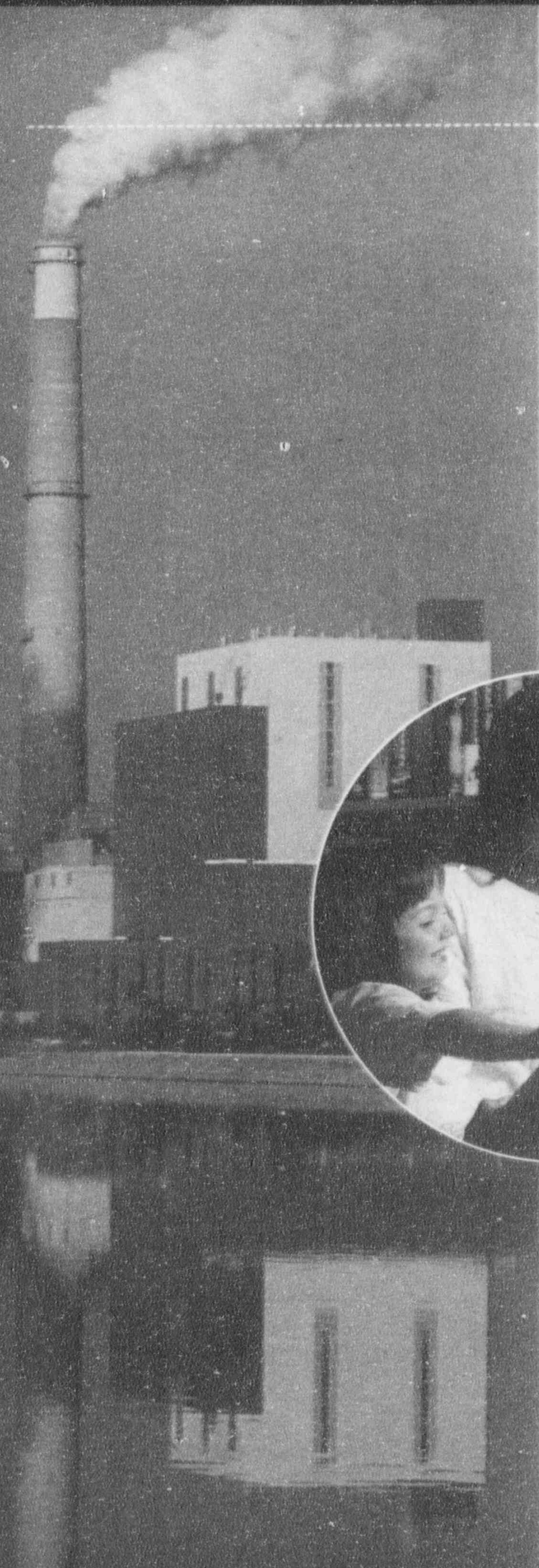
"The conditions for your crews could not have been more difficult," officials of the City of Homestead wrote later. "Those of us who had the privilege of working with your staff will always remember the determination, resourcefulness, and personal commitment they demonstrated in helping us through these catastrophic times. We thank you and salute you for your support..."

Every day, OUC employees demonstrate the same commitment to the people they serve, providing electric and water service of uncompromised quality and reliability.



At OUC, we are committed to protecting and preserving the quality of life in our community.

Environmental responsibility and conservation of resources are fundamental tenets of the way we build and operate our facilities, such as the Stanton Energy Center shown here.



Protect and Conserve

OUC believes in the cleanliness of the environment. We do not believe that anyone has the right to make our environment any less habitable.

Not satisfied with merely meeting minimum state and federal requirements, we design and build our power and water facilities to operate significantly cleaner and safer than required by all government standards.

OUC is nationally recognized as an environmental leader. When *Newsweek* magazine chose Orlando as one of America's best young cities a few years ago, it cited the excellent environmental performance of the Curtis H. Stanton Energy Center.

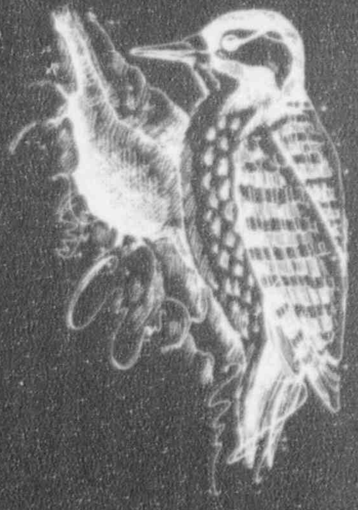
Exemplifying OUC's commitment to air quality, Stanton 1 is one of the cleanest coal-fired power plants in America. In operation since 1987, it operates far cleaner than the Clean Air Act requires.

More than $100 million was spent on environmental protection equipment and systems at the plant, 20% of the total construction cost.

When it adds a second unit at Stanton 2, OUC will take its environmental commitment even further. This unit will be the first pulverized coal unit of its size in America to use Selective Catalytic Reduction equipment to reduce nitrogen oxides emissions. This is a big – and expensive – step forward toward maintaining superior environmental protection.

In terms of water quality, no potable water is used for cooling. Both Stanton units are designed to protect and conserve this precious resource by using "grey" water. Like the first unit, the second will be a "zero discharge" facility, meaning that no water used in plant operations will flow into the ground or natural bodies of water. Instead, it will be recycled and reused.

On the site are the nesting grounds of the Red-Cockaded Woodpecker, an endangered species. OUC has scrupulously avoided disturbing their nesting areas. It has hired a consultant to study and track the population of these rare birds and maintains a forest management program to protect them and enhance their habitat. As a result, other wildlife thrives in this protected environment, such as the eagle shown at right.



In addition, both units are designed to use treated wastewater for cooling. Together, they will use up to 10 million gallons a day of treated sewage effluent.

The Stanton Energy Center is situated on 3,280 acres, some of them environmentally fragile. In every area, OUC has taken steps to mitigate the impact of its power plant. For instance, OUC has engineered its transmission lines to avoid and minimize their effect on wetlands. To further mitigate Stanton's impact on the wetlands and to enrich the environment, OUC will plant 52,000 cypress and long-leaf pine seedlings.

Indisputably a technological achievement, Stanton 2 will again attract national attention to Orlando. But the Stanton plant reflects just part of OUC's overall commitment to environmental protection.

The same dedication to protecting and preserving the environment is evident at OUC's Indian River Power Plant. Since it began operation in 1960, it has always operated well within federal and state air emission limits. Annually, OUC invests an additional $3 million to $4 million to buy cleaner fuels and maintain the superior environmental performance of this facility. During 1992, sulfur emissions at IRP were approximately one-fourth of the allowable limits.

Conservation

OUC is equally determined to conserve precious resources.

Historically a leader in conservation, we are redoubling our efforts. While we prepare to break ground on the new Stanton unit, we are already breaking new ground in conservation.

A Customer Advisory Committee on Conservation has been created, and a nationally-known consulting firm, Synergic Resources Corp., selected to help develop new programs to curb growth in both annual electric consumption and peak use.

Starting in January 1993, OUC is offering significantly enhanced conservation programs and financial incentives to customers. Residential customers who "weatherwise" their homes may receive up to $350 in rebates for increasing attic insulation, repairing duct leaks and installing other OUC-approved conservation measures.

OUC reaches out to today's customers and tomorrow's.

Our staff takes conservation exhibits and presentations to neighborhood, church and community events, reaching thousands every year.

We teach conservation in the elementary and middle schools, too, reaching more than 8,000 students during the school year.

Customers installing high efficiency electric heat pumps that meet OUC standards and also removing electric resistance heating will receive $300 rebates. Commercial customers installing OUC-approved efficient lighting technology will receive $100 rebates for each kilowatt of inefficient lighting load removed.

The utility has also adopted Optional Time of Day Rates as well as Optional Curtailable Rates to provide incentives for commercial electric customers to shift or curb their peak energy use. To conserve water, OUC has levelized rates for commercial customers, eliminating volume discounts.

Two decades ago, during the first "energy crisis", OUC responded with a free home energy audit program that became a model for the state. The Florida Public Service Commission lauded OUC as the original leader in energy conservation.

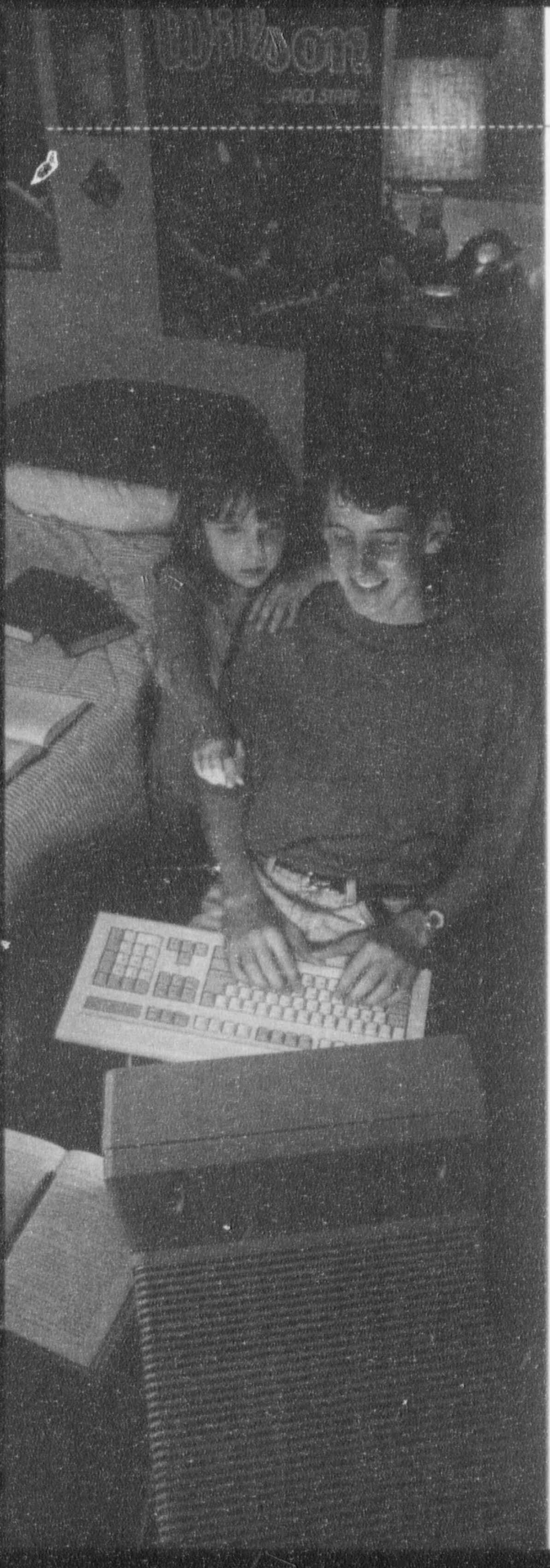
OUC still offers residential energy surveys, giving customers $10 for having the audit, a free water heater insulation jacket, and a written report on energy-saving recommendations.

The residential survey now includes a water use audit, and audited customers receive rain gauges, leak detection products and water conserving literature as well as a written report.

In some cases, OUC even provides financial assistance for customers to make small home improvements designed to conserve resources.

Central Florida sits atop the Floridan Aquifer, a massive natural reservoir, and water conservation may seem unnecessary. But elsewhere in Florida and around the nation, water is increasingly scarce. We recognize, therefore, that water is a precious commodity that must be used responsibly.

In the coming years, Orlando's growth will require more power and water. OUC will meet those needs – with an unwavering commitment to conserve and protect our resources and the environment.



Electric

Competition is coming to the electric power industry. And like the telecommunications industry before it, electric utilities will need to prepare themselves for a highly competitive, deregulated marketplace – a marketplace where electricity will be sold like any other commodity.

OUC is already in an excellent competitive position, with the highest bond ratings of any electric utility in the nation, the third-lowest electric rates among peninsular Florida's "big ten" power providers, and the highest reliability in the state for the second year in a row. Average annual customer outage time dropped 15% to 45.8 minutes for the year.

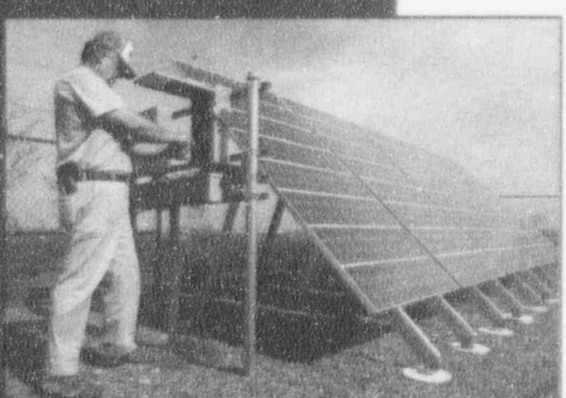
The utility has sharpened its competitive edge through careful strategic thinking and long-term planning. For instance, OUC builds power plants not only to meet projected capacity needs, but also to ensure reliability, contain fuel costs, and provide other economic benefits for customers. After three decades of such strategic planning, it owns a diverse mix of generation resources.

At its Indian River Generating Station in Brevard County, it has three steam-generating and four jointly-owned combustion turbine units, all of which can burn either gas or oil. At the Stanton Energy Center, it has a coal-fired unit which can be converted to burn natural gas. OUC also owns interest in Lakeland's coal/oil/refuse burning plant and owns an interest in two nuclear plants.

This diversity and flexibility enables OUC to take maximum advantage of fuel market conditions through aggressive, innovative fuel procurement strategies.

The strategic timing of each additional unit has also enabled OUC to sell power to other utilities during tight energy markets, such as now exists, while its own demand grows. Such interim sales significantly help OUC offset expenses and save customers money.

A pacesetter in joint action and interutility agreements, OUC often sells ownership interests in new units to other municipal utilities, providing a further savings for customers.



Sunlight powers equipment at the Col. Joe Kittinger Park at the Orlando Executive Airport. OUC staff designed and installed the 2,100 watt solar energy system.

The small photovoltaic system provided an innovative solution to providing power for some of the park's facilities.

OUC staff is also studying the feasibility of using small solar energy systems to provide power at its water plants.

OUC's strategic position was further improved in 1992 when the governor and state cabinet unanimously approved adding a second unit at Stanton, and the Commission authorized funds to begin construction in the spring of 1993. The plant is to be in operation by mid-1996.

The second unit will take Central Florida into the next century, providing abundant, reliable power for the entertainment and tourist industries, manufacturing and residential growth. Without it, Central Florida could not meet its energy needs by the end of the decade, even taking slower growth in the 1990s into account.

As part of the overall Stanton plan, the second unit was designed to be nearly identical to the first. By replicating the first unit, OUC analysts estimate they have cut 20% from the cost of the second unit.

To cut costs further, OUC has sold a 28.4% interest in Stanton 2 to the Florida Municipal Power Agency on behalf of 14 other municipal utilities. OUC, which owns the site, will retain a 71.6% ownership interest in the second unit, and will be responsible for building and operating it. It also retains a 68.5% interest in the first unit.

Although a replica of the first coal-fired unit, Stanton Unit 2 will feature hundreds of improvements, including state-of-the-art technology that will maintain air quality far beyond the toughest standards.

Stanton was not the only electric activity of note in 1992, however.

Two jointly owned, gas/oil-fueled combustion turbine units were installed at Indian River. A second transmission line was added from Indian River to Stanton. A portion of another one was moved to make way for a fourth runway at Orlando International Airport.

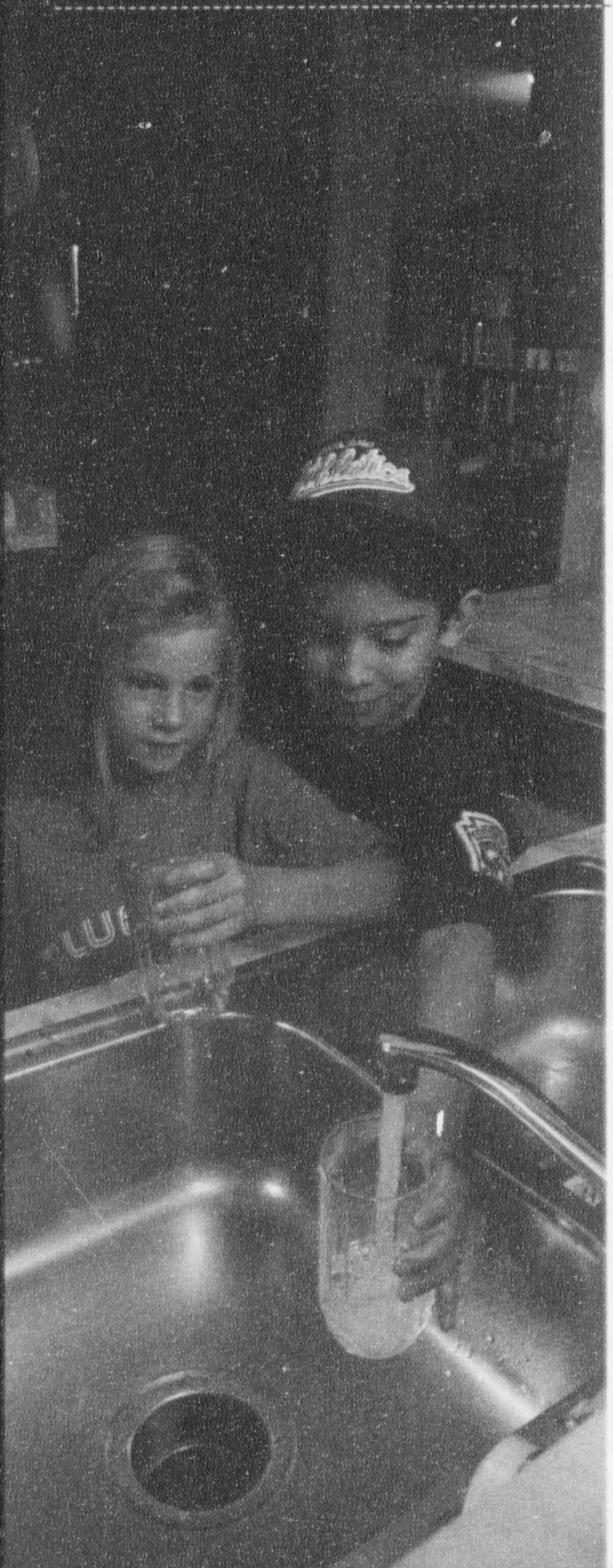
A new energy control center went into operation in June, providing enhanced load dispatching service for OUC and the Florida Municipal Power Pool.

Two new substations were completed, one to serve Orlando International Airport and one to serve the growing southwest area, including Universal Studios. Their combined capacity is enough to serve the equivalent of 20,000 homes.

When it comes to aesthetics, OUC is the state's most aggressive utility. New substations, for instance, are designed to blend into the neighborhood. Decorative, protective walls and attractive landscaping surround them.

When it comes to undergrounding power lines, OUC also leads the state. Approximately 40% of its system is now buried and out of sight. In the heart of Downtown Orlando, more than 80% of the power lines are underground. The benefits of this practice are practical as well as aesthetic. Undergrounding enhances system reliability.

With such a tradition of strategic planning and responsiveness to the community and customers' needs, OUC is well positioned for a more competitive environment.



Water

Orlando sits atop the Floridan Aquifer, one of the most abundant – and purest – sources of drinking water in the world.

Yet OUC spent more time in 1992 than ever before studying methods to make certain that the water it delivers "is better than it has to be."

It's all part of OUC's "water quality master plan," a strategy that pushes OUC's water quality standards far beyond state and federal requirements.

At its Water Quality Lab, OUC chemists and technicians monitor the water supply from more than one hundred locations. They also conduct research into new water treatment processes that may be required as environmental requirements and customer expectations increase.

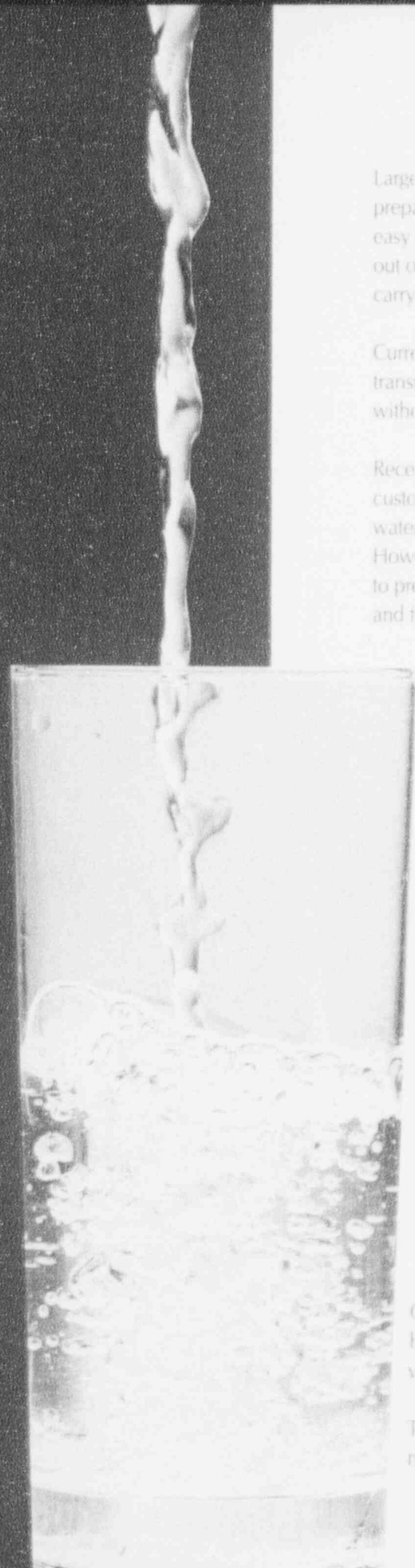
Working with a top consulting firm, OUC's water quality experts are studying new and advanced treatment methods. For instance, OUC developed a patented method using activated carbon to remove hydrogen sulfide from the water. The process is now used in two plants.

Now its researchers are experimenting with using ozone, air stripping and combinations of these and other methods to enhance the taste and quality of drinking water. In the future, OUC plans to be prepared to use the best treatment methods available to keep its water "better than it has to be."

From its early days, OUC has been a progressive water utility that planned ahead.

In the 1950s, it turned to the lower Floridan Aquifer for water, drilling its wells more than 1,300 feet below the surface, plunging right to the heart of this underground supply where water is cleanest and most protected.

The Water Quality Laboratory was among the first to be state certified and consistently receives the state's highest certification for testing drinking water.



Larger pipes than required were installed. The pipes cost more at the time, but prepared OUC for future growth. Similarly, OUC designed its 10 water plants for easy expansion and high reliability. They are interconnected. If one plant is taken out of service for maintenance and repairs, the remaining plants are designed to carry the load, without any inconvenience to consumers.

Currently, thanks to its network of interconnected water plants, service and transmission mains, OUC has the capacity to handle the greatest peaks of demand without cutting water pressure.

Recent studies have also reconfirmed that the drinking water OUC delivers to customers is free of unsafe levels of lead. Our water mains are lead free and our water source, the Floridan Aquifer, contains only trace amounts of the metal. However, OUC participates in programs to inform customers of ways to prevent lead contamination that may be caused by in-home plumbing and fixtures.

OUC continues to look ahead and plan to meet anticipated needs. In the next five years OUC has contingency plans to replace two older plants and add an eleventh plant to the system. It also plans to increase capacity at its other plants by adding wells, high service pumps and storage tanks. In addition, it plans to convert existing treatment plants to new or more advanced processes.

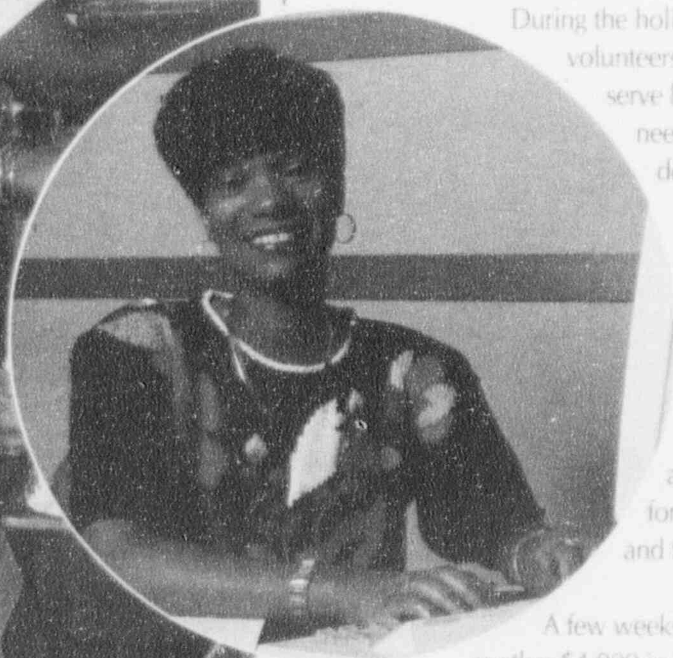
In 1992, OUC began the modernization and expansion of its 35-year-old Pin Hills plant. OUC will retain existing wells and some of the basic infrastructur but also add a well, high service pumping equipment and a ground storage tank to significantly increase capacity.

The modernized plant will boast new instrumentation and treatment capabilities. To the credit of its planners, the new facilities will be built while the old facilities continue to function. The switchover, when it occurs, will be without interruption of service.

This project epitomizes OUC's mission as a water provider – and a neighbor. The plant is designed to reliably produce water of exceptional quality, under al conditions. The equipment is designed to help conserve resources – both pow and water – and protect the environment.

Overall, the facility is designed to blend into the neighborhood, with hip-roofed buildings, stucco walls, and a low-profile water tank partly buried to minimize it visual impact.

Throughout the planning stages, OUC staff involved neighbors in the process, meeting with residents of the area and keeping them abreast of developments.



The Power to Serve

After hours, OUC employees show as much commitment to their community as they do to their jobs.

In 1992 that meant organizing and helping other volunteers clean and rebuild Orlando's Gilbert McQueen Park. In all, 140 corporate and neighborhood volunteers pitched in to restore life to the old park.

On another day, two dozen OUC employees took up brushes to paint the home of a 90-year-old Orlando resident. This marked the third consecutive year that OUC employees have participated in the community-wide Paint Orlando Beautiful program.

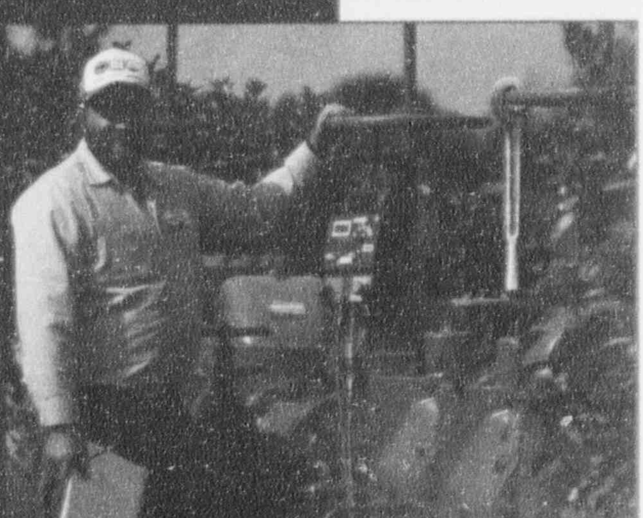
During the holiday season, scores of OUC volunteers gave up their lunch hours to serve hundreds of meals to the needy and homeless. Others donated gifts to Toys for Tots.

In August, OUC's PROUD volunteers marched "en masse" to benefit CrimeLine. More than 240 employees and family members joined in the walk at Lake Eola, raising $4,000 for the cause from co-workers and friends.

A few weeks later, OUC employees gave another $4,000 in Hurricane Relief Funds to the victims of Hurricane Andrew. They also bottled 10,000 gallons of drinking water and delivered them to South Florida.

Nor did they stint when autumn's United Way fund drive rolled around, pledging a near-record $96,500.

Since 1990, when OUC launched its innovative PROUD Community Volunteers program, employees have logged 9,600 hours of community service and earned nearly $7,000 in cash contributions from OUC for the organizations they serve.



Whether dealing with customers directly or working behind the scenes, OUC employees are PROUD to serve.

Whether building homes for the homeless or umpiring little league games, OUC volunteers work after hours to make a difference. In recognition of that, the 1,700-member American Public Power Association last summer presented OUC with its Community Service Award. For OUC has clearly demonstrated it has the powe to serve the community as good citizens, too.

On The Job

OUC's employees also won applause at work. While customers gave OUC a 91.5% overall satisfaction rating in 1992, they gave even higher marks to employees for courtesy and providing helpfu information. Over 90% also said employees seem well-trained an seem to work productively.

The 91.5% overall satisfaction rating is far better than the national customer satisfaction rating average of 80%. In addition, customer gave OUC even higher marks in a separate quality assurance surve of customers contacting OUC. Those respondents gave OUC a 94.2% satisfaction rating.

OUC's phone services are a particular source of customer satisfaction. In all, OUC received 531,000 customer calls in 1992 based on 24-hour, 7-day-a-week totals. Of these, 97% were completed on the first try.

This performance was primarily the result of intensive employee training, employee empowerment and the addition of some parttin workers for peak periods.

It represents a dramatic improvement from several years ago when growth temporarily outstripped OUC's call-in response capabilities

Today, a very user-friendly computerized voice response system provides customers with a new level of convenience. They can now call after hours, weekends, and holidays for bill balances and short credit extensions.

As is evident, the computerized system is not designed to replace personal service. During business hours, callers are automatically put through to a personal representative; they are never "locked" into the computer menu.

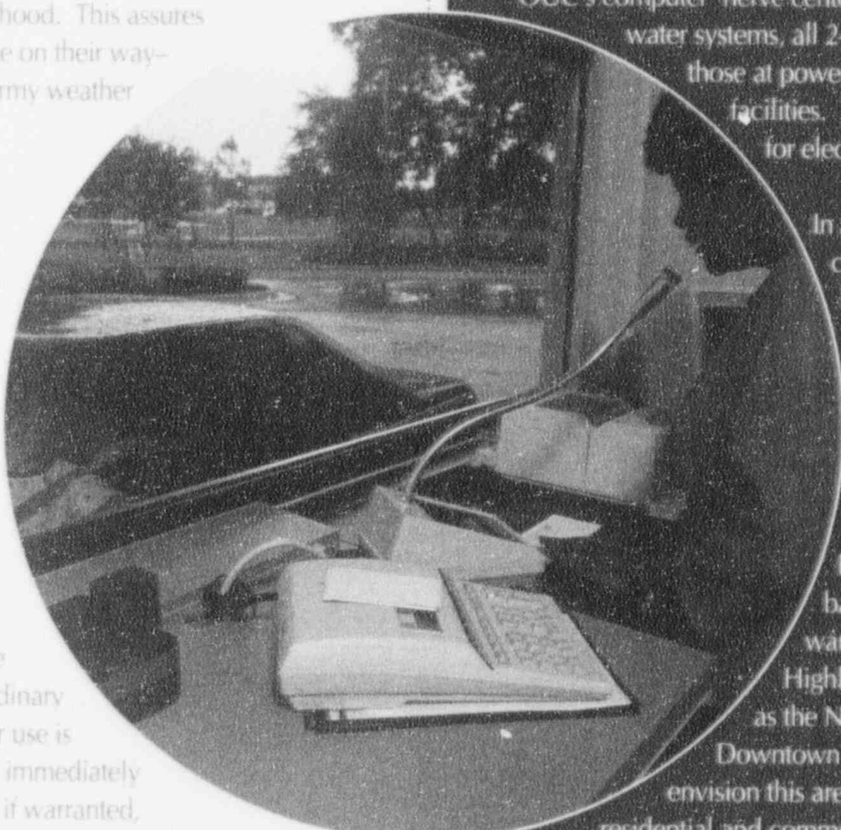
The system also helps OUC meet the extraordinary peak in phone calls th occurs especially after holidays.

OUC also uses a voice response system at its trouble call center with a similar rate of success. There, the system offers other advantages, too. It logs calls and helps service dispatchers locate outage areas immediately. It also automatically lets callers know if an outage has already been reported in their neighborhood. This assures callers that OUC crews are on their way– welcome news during stormy weather if the lights do go out.

OUC meter readers are committed to service, too, achieving an all-time high 99.985% accuracy rate in 1992. More and more are achieving 100% accuracy levels. Such accuracy can provide unexpected benefits to customers.

Meter reading data is processed each night. The next morning, any extraordinary increase in water or power use is reported. OUC personnel immediately contact the customer and, if warranted, personally visit to find the cause.

In one such instance, plumbing damage was discovered that, left undetected, could have cost a 91-year-old customer hundreds of dollars.



New Facilities

In 1992, OUC relocated hundreds of employees to its new 48-acre Pershing Operations Center. This complex contains OUC's computer "nerve centers" for the electric and water systems, all 24-hour operations except those at power plants, and fleet service facilities. This is a major staging area for electric crews, too.

In addition, the utility's third customer service center is located at Pershing. It features three drive-thru lanes as well as full service inside for residential and small business customers.

For 70 years, OUC has based its operations and warehousing facilities at Lake Highland, a location emerging as the Northern Gateway to Downtown Orlando. City planners envision this area becoming a model residential and commercial area. A national search is already on for developers.

Nearby, OUC's original Lake Ivanhoe Water and Power Plant was reborn in 1992 – as the Dr. Phillips Performing Arts Center. Leased for $1 a year by OUC to The Ivanhoe Foundation, the historic building has undergone extensive restoration and renovation. A home for four resident performing arts groups, it is the first hint of what this Downtown gateway could become.

OUC will continue to use its Lake Highland complex while a second center is built. Known as the Gardenia Operations Center, it is scheduled to be completed and ready for occupancy in 1994.

Preview and Review

This year OUC laid the groundwork for a plan to refinance and retire over half a billion dollars in debt. The plan was successfully implemented in December 1992, saving $236 million over 17 years – a higher saving than originally anticipated. (In present value terms, that is a savings of $51.6 million.)

In December 1992, OUC sold $467.8 million in AAA-rated senior bonds at 5.76% to refinance $532.7 million in bonds carrying an 8.87% rate. The new issue matures in the same 17-year time span as the bonds being refunded. In addition, OUC used approximately $69 million from its own Investment Fund as part of this refinancing plan.

The major bond rating analysts expressed continued confidence in OUC. Duff & Phelps, Inc. assigned its "AAA" rating to the new bond issue. Fitch Investors Service, Inc., Moody's Investors Service, Inc., and Standard & Poor's Corporation assigned "AA+," "Aa1" and "AA" ratings, respectively, to the new senior bond series.

As these high ratings indicate, OUC ended Fiscal '92 in a very strong financial position in spite of the economic slowdown. Furthermore, it anticipates it will continue to have a solid cash flow that will allow it to fund over 40% of its capital improvement program internally.

Planning for anticipated strong growth for the long-term, OUC estimates it will spend a total of $710.5 million on capital improvements between 1993 and 1997. However, it plans to use borrowed funds to pay for only 60% of that amount, and to use net revenues and other internal sources to pay the remaining 40%. Of the total, approximately $352 million is earmarked for OUC's share of the cost to build Stanton 2. The balance, $358 million, is for other electric and water system improvements.

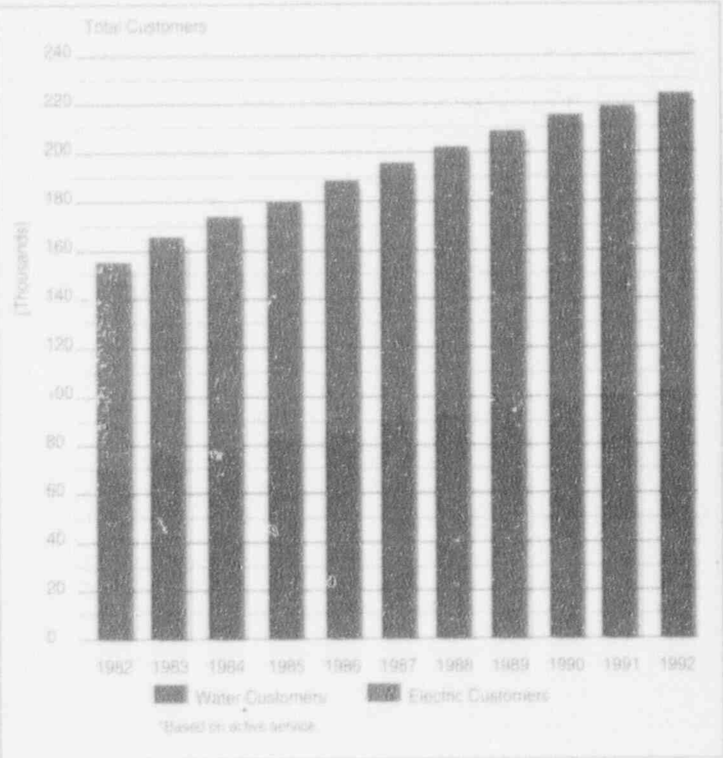
The Year in Review

Fiscal '92 performance continued to be strong, though affected by the sluggish economic climate and extremely mild weather. Overall, combined operating revenues and interest income rose 1.55% to $345.68 million.

Electric revenues declined 1.1% due to the mild weather, but were a strong $286.8 million. Water revenues rose 5.6% to $20.6 million; interest income rose 23.8% to $38.3 million. Combined operating and interest expenses increased 3.36% to total $320.75 million. As anticipated, net income was less than the previous year, $24.9 million compared to $30.1 million.

"Stakeholders" Benefit

Nevertheless, OUC's "stakeholders" – its customers and the citizens of Orlando – continued to receive the same high level of benefits. Citizens received near record annual "dividends" from the utility. OUC contributed $28.06 million to the city. These contributions help the city pay for the services it provides citizens and help hold down property taxes. The total contribution to the city remained almost level with last year's, primarily because part of it is based on a five-year rolling average of net income.



Rate Review

Unchanged for five years, the price of power was reduced in June for the balance of Fiscal '92. That reduction will remain in effect through most of 1993. As a result, residents are paying $1.47 less a month for 1,000 kilowatt hours of power, for a total of $72.97. With this price, OUC is expected to rank second lowest among peer utilities in 1993.

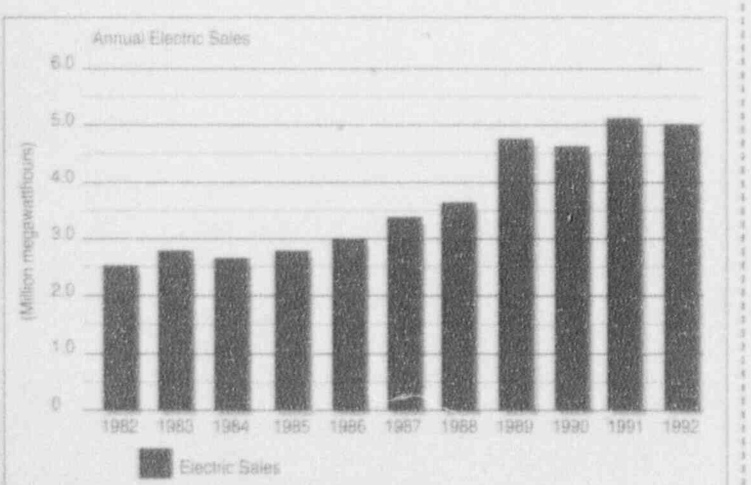
Water rates will increase slightly but remain the lowest among peer utilities. In 1993, an Orlando resident will pay $8.63 a month for 10,000 gallons of water. In February 1992, that cost was $7.98, up 22 cents from the preceding 12 months.

Operations Review

Total electric use declined 1.8% to 5 million megawatt hours. This is primarily because interchange sales dropped 5.8% to 1.5 million MWH due to the extremely mild weather and economic conditions around the state. Local retail sales remained level with the previous year at 3.5 million MWH.

Power sales to other utilities remained strong because of the state's tight energy market. The net revenues they produced also remained on a par with last year's because of firm power agreements. Growth in electric customers began to pick up; total active electric services increased 2.2% to 120,891. The peak demand for the year was 810 gross megawatts which occurred July 9. This was the highest summer peak OUC has experienced.

Because of a sharp drop in rainfall, water sales rose 3.6% to 25.4 billion gallons. Peak water demand was 146.7 million gallons a day, up 16.7% over the previous year. However, 1990 was the benchmark year: annual use hit 26.1 billion gallons, and peak pumping hit an all-time high of 162.8 million gallons. Active services increased at approximately the same rate as the previous year, gaining 1.6% to reach a total of 101,985.



Finance Review

In December 1991, OUC issued $100 million in five-year Bond Anticipation Notes (BANS) to partially fund capital projects. It soon "swapped" the variable interest rate on these BANS for a two-year fixed 3.57% rate. In August, OUC issued $75 million in long-term subordinated bonds to refund its 1990 variable rate BANS at a 6.16% interest rate.

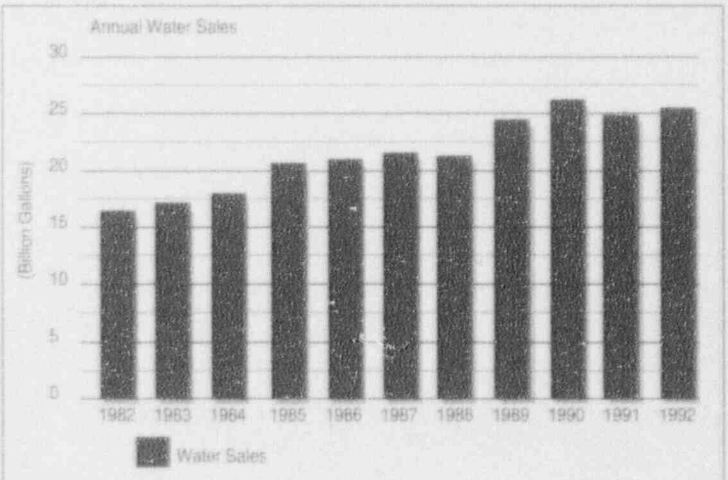
Expense Review

The cost of fuel and purchased power declined $3.79 million to a four-year low of $99.4 million, down 3.7%. This was due to a weak energy market, OUC's fuel purchasing strategies, and the reliability of its own generation resources.

Interest and other expenses rose $7.9 million to $92 million; however, this was nearly offset by a $7.4 million increase in interest and other income.

Other combined operating and maintenance expenses, however, rose $4 million, to $86.2 million. These include costs associated with electric and water production, transmission, distribution, support and customer service systems and sales taxes. General and administrative costs declined slightly.

Some of the increase in operating expenses and an increase in depreciation was due to OUC's placing new facilities in service including two combustion turbine units, two major substations, a second major transmission line, the 48-acre Pershing Operations Center and a drive-thru customer service center. Thus, staff now operates three customer service centers and two warehousing - operations centers.



Preview and Review...continued

On the Horizon
In the preceding decade, OUC experienced extraordinary growth. It rebounded early from the recessionary period of the early 80's and between 1982 and 1991 it experienced average annual increases of 5.1% in retail electric sales and 4.5% a year on average in water sales. For the next decade it anticipates strong growth again, though at a slightly lower annual average rate.

Organizational Changes
A changing of the guard and restructuring took place in Fiscal 1992 which are expected to result in even higher levels of performance in the future.

Troy W. Todd was named Executive Vice President and General Manager. Before joining OUC, he served 10 years as President and Chief Executive Officer of United Telephone Company of Florida. A graduate of Virginia Polytechnic Institute, he brings over 36 years management experience in the telecommunications industry to OUC.

Former Executive Vice President and General Manager Theodore C. Pope retired after 33 years of distinguished service to the utility, the community, and the industry.

Two major departments became the Electric Business Unit and the Water Business Unit and their managers promoted to Vice Presidents. A separate Customer Services Department was created to increase responsiveness to customer needs. It encompasses all divisions and programs dealing directly with customers. The Communications Division became a Department and its community relations role expanded.

Two new executives were selected to join OUC early in the next fiscal year. H. Pike Teinert was named manager of the new Customer Services Department effective December 1992. He was formerly corporate customer service consultant for Texas Utilities Electric Co. Virginia Botts Rutledge was named manager of the Financial Services Department effective January 1993. She comes to OUC from Massachusetts Municipal Wholesale Electric Co. where she was Treasurer and Chief Financial Officer.

Management

Troy W. Todd
Executive Vice President
and General Manager

William H. Herrington
Vice President
Electric Business Unit

A. Raymond Boyd, Jr.
Vice President
Water Business Unit

John E. Hearn
Interim Manager
Financial Services

George M. Standridge
Manager
Customer and
Support Services

Tracy L. Smith
Manager
Communications Department

Thomas B. Tart, Esq.
General Counsel

Donald E. Moore
Strategic Advisor

1992 Annual Report Comparative Highlights

For Years Ended Sept. 30
Combined Operations

(Dollars in Thousands)	1992	1991	% Increase (Decrease)	1982
Operating Revenues	$ 307,359	$ 309,452	-0.7%	$ 155,618
Total Operating Expenses	$ 228,672	$ 226,136	1.1%	$ 133,148
Interest and Other Income (1)	$ 38,321	$ 30,954	23.8%	$ 13,995
Interest and Other Expenses	$ 92,073	$ 84,181	9.4%	$ 24,623
Net Income	$ 24,933	$ 30,089	-17.1%	$ 11,841
Payments to City of Orlando	$ 28,057	$ 28,200	-0.5%	$ 12,623
Utility Plant (Net book value)	$1,081,618	$1,024,585	5.6%	$ 391,395
Equity	$ 371,583	$ 360,126	3.2%	$ 153,820
Long-term Debt (2)	$1,207,387	$1,108,788	8.9%	$ 343,294
Total Assets	$1,756,303	$1,605,308	9.4%	$ 533,193
Debt Service Coverage - Senior Lien	2.67x	2.68x	-1.1%	2.57x
Senior Bond Ratings (3)	AAA, Aa1, AA	AAA, Aa1, AA		Aa, AA

Electric Operations

	1992	1991	% Increase (Decrease)	1982
Operating Revenues	$ 286,781	$ 289,962	-1.1%	$ 145,188
Total Operating Expenses	$ 211,660	$ 209,997	0.8%	$ 125,397
Fuel and Purchased Power	$ 99,445	$ 103,233	-3.7%	$ 94,900
Departmental Operations	$ 112,215	$ 106,765	5.1%	$ 30,497
Total Sales (MWH)	5,022,271	5,115,557	-1.8%	2,510,245
Total Retail Sales (MWH)	3,543,506	3,546,436	-0.1%	2,260,678
Commercial/Industrial Sales	2,331,349	2,339,469	-0.3%	1,374,953
Residential Sales	1,212,157	1,206,967	0.4%	885,725
Sales for Resales (MWH)	1,478,765	1,569,121	-5.8%	249,567
Total Active Services	120,891	118,273	2.2%	87,728
Residential	104,309	102,033	2.2%	76,723
Commercial/Industrial	16,582	16,240	2.1%	11,005
Average Annual Residential Use (KWH)	11,621	11,829	-1.8%	11,544
Average Revenue per KWH				
Residential Sales	7.42 ¢	7.56 ¢	-1.9%	6.30 ¢
Heating Degree Days	505	304	66.1%	545
Cooling Degree Days	3,403	3,875	-12.2%	3,552
Gross Peak Demand (MW)	810	779	4.0%	573

Water Operations

	1992	1991	% Increase (Decrease)	1982
Operating Revenues	$ 20,578	$ 19,490	5.6%	$ 10,429
Total Operating Expenses	$ 17,012	$ 16,139	5.4%	$ 7,752
Sales (Million Gallons)	25,387,719	24,498,992	3.6%	16,493,415
Total Active Services	101,985	100,352	1.6%	70,310
Residential	85,423	84,276	1.4%	61,383
Commercial/Industrial	10,155	10,073	0.8%	7,207
Irrigation	6,407	6,003	6.7%	1,720
Average Annual Residential Usage (Gal.)	159,000	151,000	5.3%	150,000
Average Revenue per 1000 gallons				
Residential Sales	83.79 ¢	83.53 ¢	0.3%	67.58 ¢
Rainfall (inches)	49.30	59.60	-17.2%	57.90
Peak Pumping (Million Gallons per Day)	146.70	125.70	16.7%	104.80

1. Certain reclassifications were made to conform to the 1991 presentation.
2. Includes 1990A Bond Anticipation Notes; excludes the current portion.
3. Bond Rating Agencies: Duff & Phelps, Inc., Moody's Investors Service, and Standard & Poor's, respectively.

Commissioners

Jerry Chicone, Jr.
Commission President

Jerry Chicone remained at the Commission helm in his third term as President. A citrus grower and civic leader, he is recognized as a driving force behind the revitalization of Downtown Orlando. He has held leadership posts in many civic and business organizations and was the founding chairman of the Orlando Downtown Development Board. He is a graduate of the University of Florida with a degree in Business Administration.

Richard L. Fletcher, Jr.
First Vice President

Richard L. Fletcher, Jr. is an attorney with the firm of Holland & Knight. Past chairman of the Orlando Downtown Development Board, he is active in many civic organizations and his church. He graduated with honors, first in Banking and Finance and then in law, from the University of Florida.

Mel R. Martinez
Second Vice President

A partner in the law firm of Martinez & Dalton, Mel Martinez has held many leadership positions in the Academy of Florida Trial Lawyers. He has been equally active in community and civic organizations, chairing the Orlando Housing Authority and the Mayor's Hispanic Advisory Committee. He received his law degree from Florida State University and a bachelors in International Affairs.

Raymond D. McCleese
Commissioner

A retired military man, Ray D. McCleese is Superintendent of the Sumter Correctional Institution. He is active in professional, veteran, and community affairs. After receiving a degree in Criminal Justice, Political Science and Public Administration from the University of Central Florida, he earned a masters in Rehabilitation Counseling from the University of South Florida.

Bill Frederick
Mayor-Commisioner

Elected mayor three times, Bill Frederick has served 12 years as an ex-officio member of the Commission. During his administration, Downtown Orlando has literally been reborn. The city has experienced a renaissance that has placed it among the best places in the nation to live and to locate a business. After graduating from Duke University with academic honors, he received his law degree from the University of Florida.

Orlando Utilities Commission

September 30, 1992

audited financial statements

Contents

Balance Sheets
Orlando Utilities Commission

ASSETS	September 30 1992	1991
Utility Plant -- Note F		
In Service:		
Electric -- Notes G and J	$ 1,148,525,549	$ 1,080,538,953
Water	140,041,492	132,199,521
Common	42,987,591	36,894,224
Allowances for depreciation and amortization (deduction)	(335,503,700)	(307,263,705)
	996,050,932	942,368,993
Construction work in progress	85,566,879	82,216,447
	1,081,617,811	1,024,585,440
Restricted Assets -- Notes B and D		
Debt service and related accounts	228,116,988	220,945,471
Construction and related accounts	116,239,857	137,229,598
Renewal and replacement account	30,932,909	30,158,057
Customer meter deposits	11,776,598	11,072,143
	387,066,352	399,405,269
Current Assets		
Cash and investments -- Note D	27,960,088	20,985,112
Customer accounts receivable, less allowance for doubtful accounts (1992 -- $806,768;1991 -- $758,940)	29,658,629	30,573,877
Accrued utility revenue	15,606,389	16,522,645
Fuel for generation	7,688,519	9,330,554
Margin deposit on futures contracts	-	40,502
Materials and supplies	25,824,287	24,197,644
Accrued interest receivable	580,446	513,365
Miscellaneous receivables and prepaid expenses	1,855,689	3,434,878
	109,174,047	105,598,577
Other Assets and Deferred Charges		
Self-insurance account -- Notes C and D	6,055,132	6,182,885
Investment fund -- Note A	122,052,339	32,168,609
Fuel stabilization account	33,556,274	28,154,801
Rate stabilization account	8,320,071	2,427,010
Unamortized debt expenses	2,692,111	2,283,642
Deferred compensation plan investments -- Note H	5,768,550	4,501,922
	178,444,477	75,718,869
Total Assets	$ 1,756,302,687	$ 1,605,308,155

See notes to the financial statements.

Capitalization and Liabilities

CAPITALIZATION	September 30 1992	September 30 1991
Equity:		
Accumulated retained earnings:		
Reserved for debt service	$ 182,224,709	$ 175,874,922
Reserved for renewal and replacement	30,932,909	30,158,057
Unreserved -- invested in or designated for plant and working capital	93,481,078	91,643,623
	306,638,696	297,676,602
Contributed capital	64,944,196	62,449,781
	371,582,892	360,126,383
Long-Term Debt -- Note E		
Bond and note principal	1,281,580,800	1,182,043,016
Unamortized discount (deduction)	(74,193,619)	(73,255,038)
	1,207,387,181	1,108,787,978
Total Capitalization	1,578,970,073	1,468,914,361
Current Liabilities -- payable from restricted assets		
Accrued interest payable on notes and bonds	40,297,279	39,775,549
Current portion of long-term debt--Note E	5,595,000	5,295,000
Customer meter deposits and interest thereon	11,776,598	11,072,143
	57,668,877	56,142,692
Current Liabilities -- payable from current assets		
Accounts payable and accrued expenses	25,655,999	27,181,636
Billings on behalf of state and local governments	8,227,539	6,670,091
Accrued payments to the General Fund of the City of Orlando -- Note I	1,612,620	3,851,410
	35,496,158	37,703,137
Other Liabilities and Deferred Credits		
Fuel stabilization account	33,556,274	28,210,651
Rate stabilization account	8,320,071	2,427,010
Water and electric construction deposits	33,826,551	4,036,250
Deferred materials and supplies	2,696,133	3,372,132
Deferred compensation plan liability -- Note H	5,768,550	4,501,922
	84,167,579	42,547,965
Total Liabilities and Deferred Credits	177,332,614	136,393,794
Total Capitalization and Liabilities	$ 1,756,302,687	$ 1,605,308,155

See notes to the financial statements.

Statements of Income and Accumulated Retained Earnings

	Year Ended September 30 1992	1991
Operating Revenues	$ 307,358,507	$ 309,451,974
Operating Expenses:		
Fuel for generation and purchased power	99,444,938	103,232,578
Production	37,823,886	35,291,046
Transmission and distribution	12,262,464	11,907,463
Depreciation and amortization	32,571,942	30,393,304
Customer services	9,252,832	8,357,556
General and administrative	21,738,778	21,742,368
State utilities gross receipts and property taxes	5,123,303	4,803,302
Revenue based payment to the General Fund of the City of Orlando -- Note I	10,453,968	10,408,434
Total Operating Expenses	228,672,111	226,136,051
Operating Income	78,686,396	83,315,923
Non-Operating Income (Expense):		
Interest income	37,250,737	29,452,062
Other income	1,069,875	1,501,651
Interest expense	(87,722,913)	(80,280,635)
Other expenses	(4,350,584)	(3,900,425)
Net Income	24,933,511	30,088,576
Accumulated retained earnings at beginning of year	297,676,602	283,792,978
Dividend payment to the General Fund of the City of Orlando -- Note I	(17,603,000)	(17,792,000)
Depreciation of contributed utility plant	1,631,583	1,587,048
Accumulated Retained Earnings at End of Year	$ 306,638,696	$ 297,676,602

See notes to the financial statements.

Statements of Cash Flows

	Year Ended September 30 1992	1991
Cash Flows from Operating Activities		
Operating Income	$ 78,686,396	$ 83,315,923
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization of plant charged to operations	32,571,942	30,393,304
Depreciation and amortization charged to fuel costs	2,588,465	2,969,199
Depreciation of vehicles and equipment charged to general and administrative costs	1,458,637	1,256,129
Provision for bad debts	47,828	50,623
Other expenses	(2,565,219)	(2,324,303)
Changes in operating assets and liabilities:		
Decrease in accounts receivable and accruals	1,095,620	1,727,209
Decrease in fuel, margin deposit on futures and materials and supplies	55,894	1,172,298
Increase in accounts payable and accruals	8,554,784	17,681,135
Increase in deposits payable	29,818,757	2,401,605
Net cash provided by operating activities	152,113,104	138,643,122
Cash Flows from Non-Capital Financing Activities		
Dividend payment to the General Fund of the City of Orlando	(19,792,000)	(17,480,000)
Net cash used in non-capital financing activities	(19,792,000)	(17,480,000)
Cash Flows from Capital and Related Financing Activities		
Debt interest expense	(84,593,044)	(70,780,245)
Principal payments on long-term debt	(75,324,213)	(4,955,000)
Debt issuances	170,749,927	212,503,750
Debt issuance expenses paid	(547,326)	(631,465)
Construction and acquisition of utility plant	(131,426,978)	(106,789,831)
Proceeds from sale of utility plant	40,930,201	9,805,621
Contributed capital	3,896,664	2,933,144
Net cash provided by (used in) capital and related financing activities	(76,314,769)	42,145,974
Cash Flows from Investing Activities		
Net purchases of investments	(81,488,090)	(154,012,566)
Investment income	39,680,234	26,435,754
Net cash used in investing activities	(41,807,856)	(127,576,812)
Increase in Cash and Cash Equivalents	14,198,479	35,732,284
Cash and Cash Equivalents at Beginning of Year	82,418,276	46,685,992
Cash and Cash Equivalents at End of Year	$ 96,616,755	$ 82,418,276

See notes to the financial statements.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Orlando Utilities Commission are presented in conformity with generally accepted accounting principles as applicable to governments. The existing hierarchy provides that accounting guidance should first be sought in statements of the Governmental Accounting Standards Board (GASB). If the GASB has not issued a standard applicable to a situation, then pronouncements of the Financial Accounting Standards Board are presumed to apply. Additionally, the financial statements are presented substantially in conformity with accounting principles and methods prescribed by the Federal Energy Regulatory Commission (FERC) and other regulatory authorities except for the method of accounting for contributed capital described in the notes to financial statements.

The following is a summary of the more significant accounting policies:

Reporting Entity: The Orlando Utilities Commission (the Commission) was created in 1923 by a Special Act of the Florida Legislature as a statutory commission of the State of Florida. The Commission consists of five members, including the Mayor of the City of Orlando. Members, with the exception of the Mayor who is an ex-officio member of the Commission, serve without compensation, may serve no more than two consecutive four year terms and new members are selected in the following manner. The Nominating Board of the City of Orlando, which for this purpose functions only as a screening committee, submits the names of three persons to the Commission for consideration. The Commission may nominate one of these persons or reject all three. The nominee is then subject to election or rejection by the Orlando City Council. Once elected, Commission members cannot be removed for any reason by the City Council.

The Commission meets the criteria of an "other stand-alone government" as defined in Statement 14 of the Governmental Accounting Standards Board. No component units exist as defined in Statement 14.

Measurement Focus: The Commission operates the electric and water system in a manner similar to private business; therefore, operations are accounted for as an enterprise fund where costs (expenses, including depreciation) of providing services to customers on a continuing basis are recovered through user charges.

Basis of Accounting: The Commission's financial statements are prepared on an accrual basis of accounting with revenues being recognized when earned and expenses recognized when incurred.

Budgets: Revenue and expense budgets are prepared on an annual basis in accordance with the Commission's bond indentures and submitted to the Commission for approval prior to October 1 of the fiscal year. Legal adoption of budgets is not required. Actual revenues and expenses are compared to the budgets on a line item basis within departments and an analysis of variances report is prepared and submitted to the Commission each month as required by bond indentures.

Utility Plant: Utility plant is stated at historical cost which includes cost of contract work, labor, materials and allocated indirect charges for equipment, supervision and engineering and labor related costs. Donated assets are recorded at the cost provided by the developer which approximates fair market value at date of donation. The Commission charges the cost of repairs and minor replacements to maintenance expense. The cost of electric or water plant retired or otherwise disposed of, together with removal costs less salvage, is charged to accumulated depreciation at such time as property is removed from service.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

The following is a summary of utility plant at September 30, 1992, by major classes:

	Electric	Water	Common	Total
Land	$ 18,409,550	$ 838,508	$ 1,730,508	$ 20,978,566
Electric generating plant	751,608,024			751,608,024
Water wells		13,951,231		13,951,231
Structures and improvements	64,744,899	4,742,311	15,793,595	85,280,805
Equipment	313,763,076	120,509,442	25,463,488	459,736,006
	1,148,525,549	140,041,492	42,987,591	1,331,554,632
Allowances for depreciation and amortization	(283,821,344)	(32,791,023)	(18,891,333)	(335,503,700)
Construction work in progress	57,357,757	3,419,073	24,790,049	85,566,879
Net utility plant	$ 922,061,962	$110,669,542	$48,886,307	$1,081,617,811

The following is a summary of changes in utility plant:

	Balances September 30 1991	Additions	Deletions	Balances September 30 1992
Land	$ 21,007,585	$ 496,555	$ (525,574)	$ 20,978,566
Electric generating plant	742,737,621	54,524,550	(45,654,147)	751,608,024
Water wells	13,664,161	287,070		13,951,231
Structures and improvements	56,581,949	28,698,856		85,280,805
Equipment	415,641,382	52,920,593	(8,825,969)	459,736,006
	1,249,632,698	136,927,624	(55,005,690)	1,331,554,632
Allowances for depreciation and amortization	(307,263,705)	(36,619,045)	8,379,050	(335,503,700)
Construction work in progress	82,216,447	130,928,422	(127,577,990)	85,566,879
Net utility plant	$1,024,585,440	$ 231,237,001	$(174,204,630)	$1,081,617,811

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Depreciation: Utility plant is depreciated using the straight-line method for each of the various plant classifications at rates which will amortize the costs over the estimated economic useful lives of the assets. Depreciation of vehicles and other construction equipment is charged to departmental operating expenses or construction work in progress. Amounts for all other assets are charged to depreciation expense. The estimated useful lives of utility plant are as follows:

Electric Plant:	
Generating Plant:	
Fossil	30 - 40 years
Nuclear	30 - 36 years
Structures and improvements	30 - 50 years
Equipment	6 2/3 - 50 years
Water Plant:	
Water wells	25 - 50 years
Structures and improvements	50 years
Equipment	6 2/3 - 50 years
Common Plant:	
Structures and improvements	50 years
Office equipment	14 1/3 years
Vehicles and other construction equipment	5 - 30 years

Cash and Investments: The Commission maintains cash in demand accounts. Investments are recorded at cost. Florida statutes and applicable debt resolutions authorize the Commission to invest in obligations of the U.S. Treasury and various agencies of the United States government. The Commission is also authorized to invest in state and local government tax-exempt debt. In addition, the Commission may invest in interest bearing time deposits or savings accounts of banks and savings and loan associations provided the deposits are collateralized by federal government securities.

Additionally, Florida statutes and applicable debt resolutions permit the Commission's investments to include repurchase agreements, that is, a purchase of securities from authorized dealers or banking institutions, with a simultaneous agreement that the dealers or banking institutions will repurchase them in the future at the same price plus a contract rate of interest. The market value of the securities underlying repurchase agreements normally exceeds the cash received, providing a margin against a decline in market value of the securities. Except for overnight repurchase agreements with our depository bank, securities underlying repurchase agreements are held in our accounts by a third party. If the dealers default on their obligations to repurchase these securities from the Commission, the Commission would suffer an economic loss equal to the difference between the market value plus accrued interest of the underlying securities and the agreement obligation, including accrued interest. The Commission has established that authorized dealers are primary dealers as defined by the Federal Reserve Bank and report to the Securities and Exchange Commission and authorized banking institutions are limited to the fifteen largest U.S. banks.

Statement of Cash Flows: For purposes of the Statement of Cash Flows, cash and cash equivalents includes all cash accounts and investments (including restricted assets) with a maturity of three months or less when purchased.

Customer Accounts Receivable: The Commission bills customers monthly on a cyclical basis and accrues revenues at the end of the fiscal year for electric and water consumed but not billed. See "Rates and Revenues" below.

The customer accounts receivable balance of $29,658,629 includes billings done on behalf of state and other local governments. The net liability of $8,227,539 (billings on behalf of state and local governments less expenses) represents the September billings of these governments.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Fuel for Generation and Materials and Supplies: Fuel oil, coal and materials and supplies inventories are stated at average cost. Nuclear fuel is included in electric utility plant and amortized to fuel expense as it is used.

Futures Contracts: Since 1986 the Commission has entered into energy futures contracts to offset the price fluctuations of anticipated future acquisitions of fossil fuel. The Commission had no open energy futures contracts at September 30, 1992 or 1991.

During 1991 the Commission began using natural gas futures contracts in lieu of energy future contracts. At September 30, 1991 the Commission had a $40,502 margin deposit on open natural gas futures contracts with an original cost of $834,150 and a market value of $890,000. The difference between the original cost and market value of $55,850 as well as realized gains of $447 have been recognized through the stabilization account. See "Rates and Revenues" below.

At September 30, 1992, all natural gas contracts had been closed and a total gain in the amount of $204,501 has been recognized through the fuel stabilization account. See "Rates and Revenues" below.

Interest Rate Swap Agreement: The differential to be paid or received is accrued as interest rates change and is recognized over the life of the agreement.

Investment Fund: In fiscal year 1991, the Commission embarked upon a plan to accumulate resources to be used for the retirement of outstanding debt or for payment of future capital expenditures. The plan calls for the investment of approximately $30,000,000 per year for each of the next five years. Additionally in 1992, $55,674,854 was deposited into the fund from a participation fee and the sale of a portion of the common facilities at SEC 1 to minority owners.

Contributed Capital: The Commission considers amounts received for construction of utility plant and utility plant contributed by developers as capital contributions. Accordingly, these capital contributions are added to plant assets and are treated as a separate component of Commission capitalization. Depreciation applicable to contributed utility plant is included as an operating expense in determining net income and is subsequently charged against contributed capital from accumulated retained earnings.

Debt Discount and Expenses: Debt discount and issue expenses are deferred and amortized to operations over the lives of the related issues using the bonds outstanding method of amortization.

Rates and Revenues: Each year, the Commission's staff performs a rate adequacy study to determine the electric and water revenue requirements. Based on this study, current cost of service studies, and regulations of the Florida Public Service Commission regarding electric "rate structure", the Commission's staff develops its electric and water rate schedules which are presented to the Commission at a public workshop and then presented for their approval at a public hearing.

The Commission staff makes its determination of revenue requirements using the rate base method and includes construction work in progress in the rate base. Therefore, in accordance with proper ratemaking theory, the Commission does not use an allowance for funds used during construction (AFUDC) in determining revenue requirements. Since the Commission's level of revenue requirements and subsequent revenue is determined without regard to AFUDC, the Commission does not capitalize interest on construction work in progress.

Operating revenues are recorded based on actual billings to customers plus an estimate for accrued unbilled electric and water consumption at the end of each fiscal year.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

The Commission has established a policy on recovery of fuel costs in accordance with guidelines from the Public Utilities Regulatory Policies Act of 1978 (PURPA). Under PURPA only fuel costs incurred are to be recovered. The Commission estimates on an annual basis a fuel component charge to be applied during the next fiscal year. The difference between the fuel costs actually charged to the customers and the fuel cost actually incurred is applied to the fuel stabilization account. During the process of determining the fuel component the Commission determines what portion of the fuel stabilization account will be utilized.

Effective in fiscal year 1989, costs (revenues) which are to be recovered by (used to reduce) rates in periods other than when incurred (realized) are deferred until the periods in which the Commission recognizes them in utility rates. These items are included in the rate stabilization account. Specific Commission approval is required for all increases or decreases to this account.

The balances in the fuel stabilization account and the rate stabilization account are funded by internally restricted cash accounts and earn the same interest rate as the Commission's operating investment portfolio.

Compensated Absences: The Commission records compensation for unused vacation and sick leave as an expense in the year in which the vacation and sick leave is earned in accordance with National Council on Governmental Accounting Statement 4. At September 30, 1992, annual vacation leave earned but not taken was $1,026,933 and sick leave accumulated but not taken was $2,353,662.

When operations and scheduling permit, compensatory time to offset overtime hours on an hour for hour basis may be granted through mutual agreement between the employees and their supervisor. A maximum of 40 hours compensatory time may be accrued and carried over from pay period to pay period. Compensatory time is expensed in the period earned. At September 30, 1992, the liability was $75,459

NOTE B—RESTRICTED ASSETS

Certain assets are restricted by bond resolution; additionally, some assets have been classified as restricted in accordance with governmental accounting standards for enterprise funds and utility industry accounting practices. The Commission's restricted assets consist of the following accounts:

	September 30 1992	1991
Debt service and related accounts--Note E:		
Investment account	$ 36,250,739	$ 29,918,643
Principal and interest accounts	46,474,685	45,070,549
Debt service reserve accounts	122,568,649	112,966,155
Capitalized interest	22,822,915	32,990,124
Total debt service and related accounts	228,116,988	220,945,471
Construction and related accounts:		
Nuclear generation facility decommissioning accounts	4,399,701	3,678,723
Bond construction accounts	111,840,156	133,550,875
Total construction and related accounts	116,239,857	137,229,598
Renewal and replacement account	30,932,909	30,158,057
Customer deposits and interest thereon	11,776,598	11,072,143
Total restricted assets	$ 387,066,352	$ 399,405,269
The accounts consist of:		
Cash	$ 7,288,855	$ 716,395
Investments	372,757,729	389,666,885
Accrued interest receivable	7,019,768	9,021,989
	$ 387,066,352	$ 399,405,269

NOTE C—SELF-INSURANCE ACCOUNT

The Commission's self-insurance program covers a portion of its workers' compensation, general liability and automobile liability exposures. During 1992, $464,600 was expended for claims and $336,847 of interest income was added to the account. Claims expense and interest income for 1991 were $285,426 and $444,912, respectively. Under the self-insurance program the Commission is liable for all claims up to certain maximum amounts. Claims in excess of the maximum amounts are covered by insurance. The maximum amounts are as follows:

Workers' compensation	$350,000
General liability	500,000
Automobile liability	500,000

Total claims incurred but not reported at year end are estimated to be less than $25,000. It is the opinion of general counsel that the Orlando Utilities Commission, as a statutory Commission may enjoy sovereign immunity in the same manner as a municipality, as allowed by recent Florida Courts of Appeals rulings. Under said rulings, Florida Statutes limit liability for claims or judgements by one person to $100,000 or a total of $200,000 for the same incident or occurrence; greater liability can result only through an act of the Florida Legislature. Furthermore, any defense of sovereign immunity shall not be deemed to have been waived or the limits of liability increased as a result of obtaining or providing insurance in excess of statutory limitations. It is also the opinion of general counsel that the Commission, as a municipal utility, is statutorily immune from suit for malicious prosecution.

NOTE D—CASH AND INVESTMENTS

At September 30, 1992 and 1991, the carrying amount of the Commission's cash was $1,285,100 and $586,181, respectively, and the bank balances were $1,087,995 and $262,398, respectively. The bank balances were covered by federal depository insurance or collateralized by a pool of U.S. Government securities held in trust by a third party bank in the name of the Commission's banking institution.

In the following schedule the Commission's investments are summarized and categorized to give an indication of the level of risk assumed by the Commission at September 30, 1992 and 1991. Category 1 includes investments that are insured or registered or for which the securities are held by the Commission or its agent in the Commission's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the bank's trust department or agent in the Commission's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the bank's trust department or agent but not in the Commission's name.

Margin deposit on futures contracts and deferred compensation plan benefit investments are not categorized because they are not evidenced by securities that exist in physical or book entry form.

NOTE D—CASH AND INVESTMENTS--Continued

Investments	Category 1	Category 2	Category 3	Carrying Amount	Market Value
September 30, 1992:					
Repurchase agreements	$190,852,435	$	$10,800,000	$201,652,435	$201,652,435
U.S. Government securities	340,056,296			340,056,296	354,271,657
Other U.S. and agency backed securities	17,233,770			17,233,770	17,675,511
State and local government securities	10,000,041			10,000,041	10,121,650
	$558,142,542	$	$10,800,000	$568,942,542	$583,721,253
September 30, 1991:					
Repurchase agreements	$175,535,266	$	$ 9,600,000	$185,135,266	$185,135,266
U.S. Government securities	213,419,930			213,419,930	220,680,654
Other U.S. backed securities	29,091,669			29,091,669	29,598,857
State and local government securities	50,383,908			50,383,908	52,450,354
	$468,430,773	$	$ 9,600,000	$478,030,773	$487,865,131

These investments are held in the following accounts:

	September 30 1992	September 30 1991
Restricted assets	$387,066,352	$399,405,269
Cash and investments	27,960,088	20,985,112
Accrued interest receivable	580,446	513,365
Self-insurance account	6,055,132	6,182,885
Investment fund	122,052,339	32,168,609
Fuel stabilization account	33,556,274	28,154,801
Rate stabilization account	8,320,071	2,427,010
	585,590,702	489,837,051
Less: Cash and accrued interest receivable from restricted assets	14,308,623	9,738,384
Cash from cash and investments	1,285,100	586,181
Accrued interest receivable	580,446	513,365
Accrued interest receivable from investment fund	473,991	968,348
Total investments	$568,942,542	$478,030,773
Cash and cash equivalents	$ 96,616,755	$ 82,418,276
Investments	480,899,742	396,915,073
Accrued interest	8,074,205	10,503,702
	$585,590,702	$489,837,051

NOTE E—LONG-TERM DEBT

During 1978, the Commission provided for the advance refunding of all of its $123,325,000 water and electric revenue bonds (Refunded Bonds) outstanding at April 1, 1978 by the sale of $110,330,000 Water and Electric Revenue Refunding and Improvement Bonds, Series 1978 and $94,650,000 Special Obligation Bonds, Series 1978. The Refunding and Improvement Bonds were subsequently advance refunded in December 1985. From the proceeds of the sale of the two 1978 issues, monies were invested in United States obligations in an irrevocable Escrow Deposit Trust Fund. Such United States obligations mature at such time so as to provide sufficient funds for the payment of maturing principal and interest on the Refunded Bonds. All interest earned or accrued on the United States obligations has been pledged and will be used for the payment of the principal and interest on the Special Obligation Bonds, Series 1978. The Refunded Bonds are treated as extinguished debt for financial reporting purposes, were removed from the balance sheet and have a remaining principal balance of $54,910,000 at September 30, 1992.

In December 1985, the Commission provided for the advance refunding of all of its water and electric revenue bonds then outstanding in the aggregate principal amount of $577,730,000 (Refunded Bonds) by the sale of $565,040,000 Water and Electric Refunding Bonds, Series 1985 ($950 million authorized and validated and confirmed by the Supreme Court of Florida). Sale proceeds were invested in United States obligations in an irrevocable Escrow Deposit Trust Fund. Such United States obligations will mature at such time and in such amounts so as to provide sufficient funds for the payment of maturing principal and interest on the Refunded Bonds. The Refunded Bonds are treated as extinguished debt for financial reporting purposes, were removed from the balance sheet and have a remaining principal balance of $545,880,000 at September 30, 1992.

The 1985 senior lien revenue bonds are payable and secured by a first lien upon and pledge of the net revenues derived by the Commission from the operation of the water and electric system and from investment income earned on monies and obligations in certain sinking fund accounts.

The Commission has covenanted in the senior bond resolution to fix, establish and maintain rates and collect fees, rentals or other charges for the services and facilities as will always provide in each fiscal year net revenues which shall be adequate at all times to pay in each fiscal year the sum of at least one hundred twenty-five percent (125%) of the annual debt service requirement on the outstanding bonds and that net revenues shall be sufficient to make all other payments required by the terms of the senior bond resolution.

The senior bond resolution establishes the Revenue Fund Account, Renewal and Replacement Fund Account and Sinking Fund Account, which is comprised of the Interest, Principal, Investment, Bond Redemption, Debt Service Reserve and Demand Charge Component accounts.

In accordance with the senior bond resolution, gross revenues derived from the operation of the water and electric system are to be deposited in the Revenue Fund and shall be applied only in the following manner:

1. Revenues are first to be used to pay the current operating expenses of the water and electric system and then all Sinking Fund and Renewal and Replacement Fund requirements.
2. The balance of any revenues remaining in the Revenue Fund shall at the option of the Commission, be used (i) for any lawful purpose in connection with the water and electric system and (ii) to make any payments of funds to the City of Orlando, provided however, that none of the revenues is ever to be used for the purposes described in (i) and (ii) unless all payments required in (1) above, including any deficiencies for prior payments, have been made in full to the date of such use, and the Commission shall have fully complied with all covenants and agreements contained in the bond resolution.

Also, in December 1985 the Commission issued $294,600,000 Series 1985B Water and Electric Revenue Bond Anticipation Notes (BAN's). Proceeds of the Series 1985B BAN's, together with other available funds, were used to refund the principal and accrued interest of the Series 1985A BAN's, to fund all the interest requirements on the Series 1985B BAN's and to establish a debt service reserve fund for the Series 1985B BAN's. The 1985B BAN's matured on May 31, 1989. The Series 1985B BAN's were paid by the proceeds of the Water and Electric Subordinated Revenue Bonds Series 1989A and from the Series 1985B BAN's Capitalized Interest Account and Debt Service Reserve Account.

NOTE E—LONG-TERM DEBT--Continued

In March 1989, the Commission issued the Water and Electric Subordinated Revenue Bonds Series 1989A (Series 1989A) in the amount of $241,905,000 to pay a portion of the Series 1985B BAN's which matured in May 1989. The balance of the Series 1985B BAN's was paid off using funds remaining in the 1985B BAN's Capitalized Interest and Debt Service Reserve Accounts. In May 1989, the Commission issued the Water and Electric Subordinated Revenue Bonds Series 1989B (Series 1989B) in the amount of $241,905,000 to pay the principal portion of the Water and Electric Subordinated Revenue Bonds Series 1989A.

In August 1989, the Commission issued the Water and Electric Subordinated Revenue Bonds Series 1989C (Series 1989C) in the amount of $75,000,000 to refund $46,500,000 of the Series 1989B and to undertake certain capital improvements to the water and electric system. From the proceeds an amount sufficient to pay the principal and related interest of the refunded portion of the Series 1989B Bonds was invested in United States obligations and irrevocably deposited into an escrow account. All of the $46,500,000 in 1989B Bonds refunded were redeemed in October and November 1989. The purpose of the refunding was to reduce the Commission's exposure to interest rate fluctuations by reducing the amount of variable rate debt outstanding.

The remaining portion of the Series 1989C Bonds are payable from and secured by a lien upon and a pledge of the net revenues derived by the Commission from the operation of the water and electric system and certain investment income, subject to the prior lien thereon of the Commission's outstanding senior debt obligations (Water and Electric Refunding Bonds, Series 1985).

The Commission has covenanted in the junior lien bond resolution to fix, establish and maintain such rates and collect such fees, rentals or other charges for the services and facilities as will always provide in each fiscal year, net revenues which will be adequate after the deduction of amounts required to be deposited from net revenues in each fiscal year to provide for the annual debt service requirement for senior debt obligations, to fund any debt service reserve requirement for such senior debt obligations and to make any required deposit to other funds and accounts established under documents evidencing or securing senior debt obligations at all times to pay in each fiscal year the sum of at least (i) one hundred percent (100%) of the annual debt service requirement for the bonds issued pursuant to the resolution and any pari passu additional bonds hereafter issued for the then current fiscal year and (ii) one hundred percent (100%) of the amount required to be deposited into the Demand Charge Component Account for the then current fiscal year, and that such net revenues will be sufficient to make all other payments required by the terms of the resolution and that such rates, fees, rentals or other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

The junior lien bond resolution establishes the Sinking Fund which includes the Interest, Principal, Bond Redemption and Demand Charge Component Accounts. In accordance with the resolution gross revenues are to be applied in accordance with the senior bond resolution and then to be applied to the Junior Lien Sinking Fund accounts.

In January 1990, the Commission issued the Water and Electric Subordinated Revenue Bonds, Series 1989D in the amount of $253,945,000 to pay the redemption price of the remaining Series 1989B Bonds. Consequently, the redeemed Series 1989B Bonds have been removed from the balance sheet. None of the Series 1989B Bonds are outstanding. The Series 1989D Bonds have coupon rates of 6.75%, 5.50%, and 5.00% due in term form on October 1, in the years 2017, 2020, and 2023, respectively. The Series 1989D Bonds are secured by a lien upon and a pledge of the net revenues derived from the Commission upon the operation of the water and electric system and on certain investment income, as provided in the resolution, and are further secured by a Debt Service Reserve Account established by the resolution. The lien of the Series 1989D Bonds is junior to the Series 1985 issue but on a parity with the Series 1989C issue.

NOTE E—LONG-TERM DEBT--Continued

In March 1990, the Commission issued the Water and Electric Subordinated Revenue Bonds, Series 1990AA (Minibonds) in the amount of $8,082,000 to pay for capital improvements to the water and electric system. The Minibonds are issued as fully registered capital appreciation bonds in the initial principal amount of $250 and integral multiples thereof, and mature on February 8, 2000.

The Minibonds bear interest at 7.10% per annum compounded semi-annually, and are not subject to redemption prior to maturity. The Minibonds are payable solely from and secured by a lien upon the net revenues derived by the Commission from the operation of the water and electric system and of certain investment income, as provided in the Minibond Resolution. The lien of the Minibonds upon the net revenues is junior and subordinate to the prior lien thereon of the Commission's outstanding debt obligations. The Minibonds have an accreted value of $9,580,800 at September 30, 1992.

In February 1991, the Commission issued Water and Electric Subordinated Revenue Bonds, Series 1991A (Series 1991A) in the amount of $235,820,000 to pay for capital improvements of the water and electric system. The Series 1991A Bonds are term bonds due in 2020 and 2026 and have coupon rates of 6.5% and 5.5%, respectively. The Series 1991A Bonds are junior to the Series 1985 Bonds but on a parity with the Series 1989C and Series 1989D bonds. The Series 1991A Bonds are secured by the same sources as the 1989C and Series 1989D Bonds.

In December 1991, the Commission issued $99,995,000 Variable Rate Demand Water and Electric Revenue Bond Anticipation Notes Series 1991 (Series 1991 Notes). The purpose of this series is to provide for the payment of costs relating to the acquisition and construction of improvements to the water and electric system.

The Series 1991 Notes are due December 10, 1996 and were issued in the weekly pricing mode. On January 8, 1992 the Commission and a commercial bank entered into a two year swap agreement on the notional amount of $99,995,000. The agreement will guarantee the Commission a fixed rate of 3.57% until January 10, 1994, at which time the Series 1991 Notes will revert to the weekly pricing mode. The Commission is exposed to credit loss in the event of nonperformance by the other party to the interest rate swap agreement. However, the Commission does not anticipate nonperformance by the counter party.

The Series 1991 Notes are payable from and secured ratably by a lien on and pledge of (i) the proceeds of Bonds to be issued by the Commission to pay the principal of and accrued and unpaid interest on the Series 1991 Notes (other than proceeds of Bonds deposited in a reserve fund or funded interest accounts therefore or used to pay costs of issuance thereof), which lien and pledge are superior to all other liens thereon, (ii) the moneys on deposit in the Note Debt Service Reserve Account, which lien and pledge are superior to all other liens thereon and (iii) the moneys on deposit in the Construction Account, which lien and pledge are superior to all other liens thereon. In addition to the sources described in clauses (ii) and (iii) above, payment of interest on the Series 1991 Notes is payable from and secured by a lien on and pledge of Net Revenues.

In addition to the remainder of the authorized but unissued 1985 Bonds of $384,960,000, the Commission has also been authorized to issue an additional $955,000,000 of senior lien bonds for a total of $1,339,960,000 to be used for refunding or other designated purposes.

In August 1992, the Commission refunded the $70,000,000 Unit Priced Demand Adjustable Water and Electric Revenue Bond Anticipation Notes, Series 1990A (1990A Notes) with the Water and Electric Subordinated Revenue Bonds Series 1992A (the "Series 1992A Bonds"). The Series 1992A Bonds are term bonds due in 2020 and 2027 and have coupon rates of 6.0% and 5.5% respectively. The Series 1992A Bonds are junior to the Series 1985 Bonds but on a parity with the Series 1989C, Series 1989D, and Series 1991A bonds. The Series 1992A Bonds are secured by the same sources as the 1989C, 1989D and Series 1991A Bonds.

In December 1992 it is anticipated that the Commission will authorize approximately $450,000,000 in bonds to defease the Series 1985 Bonds.

The Commission has no material operating or capital leases.

NOTE E—LONG-TERM DEBT--Continued

Bonds and Bond Anticipation Notes (BANS) principal outstanding is as follows:

	September 30 1992	1991
BONDS:		
Series 1985, 5.25% to 8.625% due serially 1986 to 2000 and in term form from 2000 to 2010	$ 538,315,000	$ 543,610,000
Less current portion of Series 1985	5,595,000	5,295,000
Long-term portion of Series 1985	532,720,000	538,315,000
Series 1989C, 7.00% due serially 2011 to 2015 and in term form in 2023	75,000,000	75,000,000
Series 1989D, 5.00% to 6.75% due in term form in years 2017, 2020, and 2023	253,945,000	253,945,000
Series 1990AA, 7.10% Capital Appreciation "Minibonds", maturing February 8, 2000	9,580,800	8,963,016
Series 1991A, 5.50% to 6.50% due in term form in years 2020 and 2026	235,820,000	235,820,000
Series 1992A, 6.00% and 5.50% due in term form in years 2020 and 2027	74,520,000	
	1,181,585,800	1,112,043,016
BANS:		
Series 1990A Unit Priced Demand Adjustable Bond Anticipation Notes, maturing September 1, 1995		70,000,000
Series 1991 Variable Rate Demand Bond Anticipation Notes, maturing December 10, 1996	99,995,000	
	$ 1,281,580,800	$ 1,182,043,016

NOTE E—LONG-TERM DEBT--Continued

Following is a schedule of annual principal and interest sinking fund requirements on the revenue bonds and notes outstanding at September 30, 1992.

Fiscal Year Ending	Debt Service for Series 1985 Bonds		Debt Service for Series 1989C Bonds		Debt Service for Series 1989D Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
1993	$ 10,105,000	$ 44,343,903		$ 5,250,000		$ 14,987,425
1994	13,895,000	43,575,923		5,250,000		14,987,425
1995	14,975,000	42,499,060		5,250,000		14,987,425
1996	16,150,000	41,316,035		5,250,000		14,987,425
1997	17,465,000	40,007,885		5,250,000		14,987,425
1998	18,910,000	38,558,290		5,250,000		14,987,425
1999	20,495,000	36,969,850		5,250,000		14,987,425
2000	22,245,000	35,227,775		5,250,000		14,987,425
2001	24,135,000	33,336,950		5,250,000		14,987,425
2002	26,210,000	31,255,306		5,250,000		14,987,425
2003	28,480,000	28,994,694		5,250,000		14,987,425
2004	30,930,000	26,538,294		5,250,000		14,987,425
2005	71,685,000	23,870,581		5,250,000		14,987,425
2006	36,640,000	17,687,750		5,250,000		14,987,425
2007	39,755,000	14,573,350		5,250,000		14,987,425
2008	43,135,000	11,194,175		5,250,000		14,987,425
2009	46,800,000	7,527,700		5,250,000		14,987,425
2010	50,710,000	3,549,700		5,250,000		14,987,425
2011			$ 3,725,000	5,250,000	$ 13,065,000	14,987,425
2012			3,985,000	4,989,250	13,945,000	14,105,537
2013			4,265,000	4,710,300	14,885,000	13,164,250
2014			4,560,000	4,411,750	15,890,000	12,159,513
2015			4,880,000	4,092,550	16,965,000	11,086,937
2016			5,225,000	3,750,950	18,110,000	9,941,800
2017			5,590,000	3,385,200	19,330,000	8,719,375
2018			5,980,000	2,993,900	20,635,000	7,414,600
2019			6,400,000	2,575,300	21,770,000	6,279,675
2020			6,845,000	2,127,300	22,965,000	5,082,325
2021			7,325,000	1,648,150	24,230,000	3,819,250
2022			7,840,000	1,135,400	25,440,000	2,607,750
2023			8,380,000	586,600	26,715,000	1,335,750
2024						
2025						
2026						
2027						
	$532,720,000	$521,027,221	$75,000,000	$136,156,650	$ 253,945,000	$380,477,837

For the 1985, 1989C, 1989D, 1991A, and 1992A Bonds, interest is payable on April 1 and October 1, with principal payments due on October 1.

(1) Represents accreted value of the Minibonds due and payable at their maturity on February 8, 2000.

(2) The Series 1991 Notes are variable rate. A swap rate of 3.57% was used to determine interest through January 10, 1994; an estimated rate of 5.5% was used thereafter.

Series 1990AA Minibonds (1)	Debt Service for Series 1991A Bonds Principal	Debt Service for Series 1991A Bonds Interest	Debt Service for Series 1991 Notes (2) Principal	Debt Service for Series 1991 Notes (2) Interest	Debt Service for Series 1992A Bonds Principal	Debt Service for Series 1992A Bonds Interest	Total
		$ 14,174,500		$3,569,822		$ 4,986,450	$ 97,417,100
		14,174,500		4,969,002		4,274,100	101,125,950
		14,174,500		5,499,725		4,274,100	101,659,810
		14,174,500	$99,995,000	1,069,391		4,274,100	197,216,451
		14,174,500				4,274,100	96,158,910
		14,174,500				4,274,100	96,154,315
		14,174,500				4,274,100	96,150,875
$16,000,000		14,174,500				4,274,100	112,158,800
		14,174,500				4,274,100	96,157,975
		14,174,500				4,274,100	96,151,331
		14,174,500				4,274,100	96,160,719
		14,174,500				4,274,100	96,154,319
		14,174,500				4,274,100	134,241,606
		14,174,500				4,274,100	93,013,775
		14,174,500				4,274,100	93,014,375
		14,174,500				4,274,100	93,015,200
		14,174,500				4,274,100	93,013,725
		14,174,500				4,274,100	92,945,725
	$ 8,925,000	14,174,500			$ 2,665,000	4,274,100	67,066,025
	9,505,000	13,594,375			2,825,000	4,114,200	67,063,362
	10,120,000	12,976,550			2,990,000	3,944,700	67,055,800
	10,780,000	12,318,750			3,170,000	3,765,300	67,055,313
	11,485,000	11,618,050			3,360,000	3,575,100	67,062,637
	12,230,000	10,871,525			3,565,000	3,373,500	67,067,775
	13,025,000	10,076,575			3,775,000	3,159,600	67,060,750
	13,870,000	9,229,950			4,005,000	2,933,100	67,061,550
	14,770,000	8,328,400			4,245,000	2,692,800	67,061,175
	15,730,000	7,368,350			4,500,000	2,438,100	67,056,075
	16,750,000	6,345,900			4,770,000	2,168,100	67,056,400
	17,670,000	5,424,650			5,030,000	1,905,750	67,053,550
	18,645,000	4,452,800			5,310,000	1,629,100	67,054,250
	19,670,000	3,427,325			5,600,000	1,337,050	30,034,375
	20,750,000	2,345,475			5,905,000	1,029,050	30,029,525
	21,895,000	1,204,225			6,230,000	704,275	30,033,500
					6,575,000	361,625	6,936,625
$16,000,000	$235,820,000	$388,898,400	$99,995,000	$15,107,940	$74,520,000	$121,051,600	$2,850,719,648

NOTE F—PARTICIPATION AGREEMENTS

In 1980 the Commission entered into a Participation Agreement with Florida Power and Light Company (FPL) to purchase a 6.08951% (52 net megawatts) undivided ownership interest in St. Lucie Unit No. 2 nuclear powered electric generating facility constructed by FPL. This unit is presently rated at 853 net megawatts (MW) and commenced commercial operation in 1983. The Commission has also entered into a Reliability Exchange Agreement with FPL. The Reliability Exchange Agreement results in the Commission exchanging 50% of its share of the output from St. Lucie Unit No. 2 for a like amount from St. Lucie Unit No. 1, a nuclear powered electric generating facility. FPL has operational control of both projects.

The Commission also has a Participation Agreement with the City of Lakeland, Florida dated April 4, 1978. Under the terms of this Agreement the Commission has a 40% (136 net MW) undivided ownership interest in a 340 net MW refuse and coal-fired steam generating unit (McIntosh Unit No. 3) owned by the City of Lakeland. The City of Lakeland has operational control of this project.

Since 1975, the Commission has owned a 1.6015% (13 net MW) undivided ownership interest in Florida Power Corporation's 835 net MW nuclear powered electric generating plant designated Crystal River Unit No. 3. This ownership interest was acquired under the terms of a single Participation Agreement with Florida Power Corporation and ten Florida municipal utilities. Florida Power Corporation has operational control of this project.

In 1984 and 1985, the Commission entered into Participation Agreements with Florida Municipal Power Agency (FMPA) and the Kissimmee Utility Authority (KUA) to sell a portion of Stanton Energy Center Unit #1 (SEC 1) excluding common and external facilities. SEC 1 is rated at 440 net MW. Under the terms of these agreements, FMPA has a 26.6265% undivided ownership interest and KUA has a 4.8193% undivided ownership interest. The Commission, which has retained a 68.5542% undivided ownership interest, has operational control of this project.

In 1991, the Participation Agreements for SEC 1 were amended to sell to FMPA and KUA their ownership share of the common and external facilities, excluding the external land, railroad tracks, scale and switch engine. This sale closed in June 1992, with the exception of the wastewater treatment plant and the railroad coal cars sale, which was completed in 1991.

In 1988, the Commission entered into Participation Agreements with FMPA and KUA to sell a portion of the Commission's Indian River Plant Combustion Turbine Project for units A and B excluding common facilities. The Commission's Combustion Turbine Project for units A and B includes two 48 MW combustion turbines which can generate electricity utilizing natural gas or light diesel oil. Under the terms of these agreements, FMPA has a 39% undivided ownership interest and KUA has a 12.2% undivided ownership interest. The Commission, which has retained a 48.8% undivided ownership interest, has operational control of this project.

In 1990, the Commission entered into a Participation Agreement with FMPA to sell a portion of the Commission's Indian River Plant Combustion Turbine Project for Units C and D excluding common facilities. The Commission's Combustion Turbine Project for Units C and D includes two 118 MW combustion turbines which can generate electricity utilizing natural gas and light diesel oil. Unit C was placed in commercial operation in August 1992, with Unit D placed in service in October 1992. Under the terms of this agreement, FMPA has a 21% undivided ownership interest. The Commission, which has retained a 79% (93 net megawatts per unit) undivided ownership interest, has operational control of this project.

In 1991, the Commission entered into a participation agreement with FMPA to sell a portion of Stanton Energy Center Unit #2 which is yet to be constructed. Under the terms of this agreement, FMPA has an undivided ownership interest of 28.4091%. The Commission, which has retained a 71.5909% undivided ownership interest, will have operational control of this project. The closing on this sale took place in June 1992. Construction in progress at September 30, 1992 was $18,750,525.

NOTE F—PARTICIPATION AGREEMENTS--Continued

Following is a summary of the Commission's proportionate share of each jointly owned plant. SEC 1, McIntosh Unit No. 3, and the Indian River Plant Combustion Turbine Projects include the cost of common and/or external facilities. The other plants do not, but the participants pay user charges to the operating entity. According to the participation agreements, each participant must provide its own financing and each participant's share of expenses for the operations of the plants are included in the corresponding operating expenses of its own income statement. Allowance for depreciation and amortization on utility plant in service is determined by each participant based on their depreciation methods and rates relating to their share of the plant.

Plants as of September 30, 1992

	St. Lucie Unit No. 2	McIntosh Unit No. 3	Crystal River Unit No. 3	Stanton Energy Center Unit No. 1	Stanton Energy Center Unit No. 2	Indian River Combustion Turbines
Utility plant in service	$104,638,018	$104,301,693	$16,030,821	$374,363,264		$51,432,474
Allowance for depreciation & amortization	(33,333,213)	(32,765,119)	(8,720,754)	(48,365,346)		(1,851,159)
Construction work in progress				70,309	$18,750,525	1,590,018
Commission's net share	$ 71,304,805	$ 71,536,574	$ 7,310,067	$326,068,227	$18,750,525	$51,171,333

It has been determined that none of the participation agreements to which the Commission is a party meet the criteria of a joint venture as specified in Statement 14 of the Governmental Accounting Standards Board. The Commission lacks operational control over the St. Lucie Unit No. 2, Crystal River Unit No. 3 and McIntosh Unit No. 3 plants. SEC 1 and Indian River Combustion Turbine Projects are controlled by the Commission. Fiscal and budgetary control of SEC 1 and the Combustion Turbine Projects remains with the Commission. No separate governing authority exists for any of the participation plants.

The Commission also has an agreement with Orange County, Florida to share operating costs of a waste water treatment facility at the SEC 1 site. The Commission operates the facility. Effective July 1, 1992, the County's annual fee for the operation and maintenance of the facility is $598,128. The fee is subject to annual increases based upon inflationary factors and is subject to renegotiation within the form of the contract. The annual fee is classified as a reduction to SEC 1 operating and maintenance expenses.

NOTE G—ELECTRIC SUPPLY AGREEMENTS

Capacity Commitment: In 1985, the Commission entered into an agreement with the Florida Municipal Power Agency (FMPA) to provide FMPA with a total of 130 MW of the Commission's 619 MW of Units 1, 2, and 3 generating capacity of the Indian River plant on a take or pay basis. Payment to the Commission is based upon a demand charge plus 21.65% share of the cost of operation and maintenance of the oil/gas fired steam turbine units plus the fuel cost for any power used. The contract's initial term began during 1986 and extends to 2001. FMPA has an option to extend the contract for a five-year ramp down.

In 1989, the Commission also entered into capacity commitment contracts with FMPA and KUA for each to receive 20 MW of generating capacity of the Commission's system generating capacity for 15 years.

In September 1989, the Commission entered into two capacity commitments with Reedy Creek Improvement District for 15MW of generating capacity of the Commission's system generating capacity for 10 years plus a two-year ramp down, and to receive 6MW of reserve capacity of the Commission's system generating capacity for 10 years.

In 1990, the Commission entered into capacity commitments with FMPA and KUA. FMPA will receive an additional 20MW of generating capacity of the Commission's system generating capacity for 1991 to 1994 and 10MW for 1995. KUA received an additional 25MW of generating capacity of the Commission's system generating capacity in 1991 and 20MW in 1992.

On August 13, 1992, the Commission entered into a contract with the City of St. Cloud, Florida (S[illegible] whereby the Commission will supply STC 5MW of generating capacity and associated energy from the Commission's ownership share of SEC 2 for a period of 10 years, beginning on the date of commercial operation of SEC 2.

Florida Municipal Power Pool: In May 1988, an agreement was entered into between the Commission, the City of Lakeland, Florida, and the FMPA's All-Requirements Project to cooperate in the interconnected operation of the respective electric supply systems, so as to obtain the fullest advantage of each systems' generating resources.

A management committee consisting of a representative from each organization supervises the operation of this Pool. The Commission operates the dispatching service and administers the Pool. Production cost savings due to the operation of the Pool are accounted for and allocated to each organization by individual pool participation.

The term of the agreement is for one year, to be automatically renewed from year to year until terminated by the consent of all participants; however, any one participant may withdraw at any time upon one year's written notice.

NOTE H—DEFERRED COMPENSATION PLAN

The Commission offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Commission employees, permits employees to contribute 25% of their base salary exclusive of total pension and dependent medical care contributions up to $7,500 per year. Assets and liabilities of the plan are recorded at market. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, are (until paid or made available to the employee or other beneficiary) solely the property of the Commission (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Commission's general creditors. Participants' rights under the plan are equal to those of general creditors of the Commission in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the Commission's legal counsel that the Commission has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The Commission believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE I—PAYMENTS TO THE CITY OF ORLANDO AND ORANGE COUNTY

Two types of payments are made to the General Fund of the City of Orlando; a revenue based payment and an income based payment. The revenue based payment is calculated at six percent of gross retail electric and water billings to customers within the City. This payment is classified as an operating expense. The income-based dividend payment is calculated at 50% of a rolling five year average of net income, with certain exclusions. For income-based dividend payment calculations involving fiscal years 1991 through 1994 only, 60% of net income will be used. This payment is recorded as a reduction of retained earnings and is not considered an expense for rate making purposes.

Payments are made to Orange County based on one percent of gross retail electric billings within the County but outside the city limits of the City of Orlando. This payment, which was $594,499 and $634,568 for fiscal years ended September 30, 1992 and 1991, respectively, is classified as an operating (general and administrative) expense.

All payments are made pursuant to a unilateral policy established by the Commission.

NOTE J—COMMITMENTS AND CONTINGENT LIABILITIES

1. The Commission and the other participants in SEC 1 have a coal supply contract with a term that ends on December 31, 1999 with the option of two successive five year terms. The contract requires at least 950,000 tons in 1993 and 850,000 tons per year thereafter. The usage is estimated at 6,050,000 tons from 197_ through 1999.
2. The Commission and the other participants in SEC 1 have also agreed to a contract that expires on December 31, 2007 for rail delivery of the unit's coal purchases.
3. In 1989 the Commission was informed by the Property Appraiser of Brevard County, that the Commission's property in that county is no longer exempt from certain real and tangible personal property taxes and should be removed from it's previous tax exempt status. The Commission has filed a Complaint for Declaratory and Injunctive Relief in Brevard County Circuit Court asking the Court to declare said assessment and levy of taxes unconstitutional and void under the Constitution and Statutes of Florida. The Commission believes that the Florida Constitution exempts such facilities from taxation. The case has been tried. The trial judge entered a final judgment in favor of the Commission that the property in question is exempt from taxation. The Brevard County Property Appraiser is appealing this judgment. If the Indian River plant and associated facilities are allowed by the Appellate Court to remain on the tax rolls of Brevard County, the 1989 through 1992 taxes will amount to $3,190,294 in the aggregate. The property in Brevard County in question is owned exclusively by the Commission and used in the production and transmission of electricity.
4. In September 1992, the Commission approved construction of a second coal fired generating unit. The unit is a 440 net MW unit that will supply 302 MW to the system. The Commission will pay an estimated $350,000,000 for its 71.59% ownership of the unit with an estimated completion date of June 1996. At September 30, 1992 the Commission has entered into contracts totaling $220,382,115.

NOTE K—PENSION PLAN

The Orlando Utilities Commission has a single employer defined benefit pension plan covering all employees who regularly work 20 or more hours per week. Employees participate in the plan immediately upon employment.

The pension plan approved by the Orlando Utilities Commission states that the Commission shall make such contributions to the retirement fund as shall be required under accepted actuarial principles to at least be sufficient to maintain the plan as a qualified employee defined benefit plan meeting the minimum funding standard requirements of the Internal Revenue Code with respect to its members, as shall be determined from time to time by the actuary.

The Commission shall not have any right, title, or interest in the contributions made to the retirement fund under the plan, and no part of the retirement fund shall revert to the Commission, except that:

a. Upon complete termination of the plan and the allocation and distribution of the retirement fund as provided herein, any funds remaining in the retirement fund because of an actuarial computation after the satisfaction of all fixed and contingent liabilities under the plan with respect to the Commission may revert to the Commission.
b. If an excess contribution is made to the retirement fund by the Commission, then such contribution may be returned to the Commission within one year after the payment of the contribution.
c. If the Internal Revenue Service determines that the plan does not meet the requirements of Code section 401(a), the plan shall be null and void, and any contributions shall be returned to the Commission within one year following the determination that the plan does not meet such requirements, unless the Commission elects to make the changes to the plan necessary to receive a determination from the Internal Revenue Service that the requirements of Code section 401(a) are met.

NOTE K—PENSION PLAN--Continued

Each participant contributes weekly to the Plan four percent of earnings until the completion of 20 years of service. After completion of 20 years of service, each member shall contribute weekly to the plan two percent of earnings. Such required contributions shall cease upon a member's completion of 30 years of service.

The Commission's contribution is determined using the actuarial cost method. The actuarial pension plan obligations were used as a basis for calculating the determined contribution requirements for the fund. Pension expense for the fiscal years 1992 and 1991 was $3,483,906 and $2,671,836 respectively, which includes normal costs plus amortization of past service costs. The assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 7.5%. The method used to determine the normal cost and actuarial liability is the Projected Unit Credit Actuarial Cost Method.

The participant's pension benefit is 2½ % of the highest three consecutive years base earnings times years employment. A maximum of 30 years of service is credited. Benefits are vested after 5 years of service.

Investment earnings for the plan years 1991 and 1990 were 15.3% and 2.3% respectively. The overall cumulative average annual rate of return for the plan has been 13.9% since October 1, 1984.

The pension benefit obligation presented as the actuarial present value of accumulated plan benefits is a standard measure of the present value of pension benefits, adjusted for the effects of projected salary increases of 6% estimated to be payable in the future as a result of employee service to date.

The pension plan's assets are administered by The Mutual Life Insurance Company of New York (MONY). The pension plan's funds may be invested in money market accounts, bonds, and stocks and are presented at market value.

NOTE K—PENSION PLAN--Continued

Plan data as of October 1, 1991 (latest actuarial valuation) as developed by consulting actuaries is as follows:

Actuarial present value of accumulated plan benefits:	
Present value of vested benefits	$ 69,415,163
Present value of non-vested benefits	1,153,287
Total present value of all accumulated benefits	$ 70,568,450
Projected benefit funded status:	
Vested:	
Retirees and beneficiaries currently receiving benefits, terminated & disabled employees not yet receiving benefits	$ 36,210,833
Current employees:	
Accumulated employee contributions	11,557,222
Employer-financed	21,647,108
Non-Vested:	
Employer-financed	21,727,011
Total pension benefit obligation	$ 91,142,174
Net assets available for benefits	$ 101,441,727
Net assets in excess of pension benefit obligations	$ 10,299,553
The plan activity for fiscal year 1991 is as follows:	
Asset value as of October 1, 1990	$ 87,835,044
Contributions for 1990-91:	
Paid during the year - Employee	$ 1,109,255
Paid during the year - Commission	2,671,836
Total contributions	$ 3,781,091
Contributions receivable at beginning of year	0
Contributions receivable at end of plan year	0
Contributions for 1990-91 plan year	$ 3,781,091
Disbursements for 1990-91:	
Benefit payments	$ 3,658,562
Expenses and fees	0
Total disbursements for 1990-91	$ 3,658,562
Investment return for 1990-91	$ 13,484,154
Actuarial asset value as of October 1, 1991	$ 101,441,727
Approximate rate of return after expenses and fees	15.34%

NOTE K—PENSION PLAN--Continued

Contribution and payroll information for the year ended September 30, 1992 follows:

Contributions:	
Employer	$ 3,483,906
Employee	1,076,026
Total contributions	$ 4,559,932
Total payroll	$42,143,467
Covered payroll	$36,966,061
Contributions as a percent of covered payroll	12.34%
Actuary recommended contribution for fiscal year 1992:	
Employer	$ 3,062,095
Employee	1,253,667
	$ 4,315,762
Recommended contributions as a percent of covered payroll	11.67%

Trend information for the preceding five years follows.

Year Ended September 30	Net Assets Available for Benefits as a Percentage of Pension Benefit Obligation	Unfunded Pension Benefit Obligation	Contributions as a Percentage of Covered Payroll
1991	111.3%	—	10.1%
1990	104.8	—	11.6
1989	119.6	—	11.6
1988	120.4	—	11.6
1987	116.5	—	13.9

NOTE L—PENSION PLAN SUPPLEMENTARY INFORMATION (UNAUDITED)

This schedule presents required supplemental historical pension benefit information for the last ten years currently available.

Year Ended September 30	(1) Net Assets Available for Benefits (Millions)	(2) Pension Benefit Obligation (Millions)	(3) Percentage Funded (1)/(2)	(4) Overfunded I-ension Benefit Obligation (2)-(1) (Millions)	(5) Annual Covered Payroll (Millions)	(6) Overfunded Pension Obligation as a Percentage of Annual Covered Payroll (4)/(5)
1991	$101.44	$91.14	111.30%	$(10.30)	$36.97	(27.86)%
1990	87.84	83.80	104.82	(4.04)	32.43	(12.46)
1989	85.68	71.64	119.60	(14.04)	30.43	(46.14)
1988	74.58	61.95	120.39	(12.63)	28.33	(44.58)
1987 (A)	70.74	60.72	116.50	(10.02)	28.04	(35.73)
1986	42.57	24.90	170.96	(17.67)	19.72	(89.60)
1985	33.79	24.36	138.71	(9.43)	18.23	(51.73)
1984	28.92	22.09	130.92	(6.83)	17.00	(40.18)
1983	28.13	22.14	127.06	(5.99)	16.24	(36.88)
1982	22.40	19.63	114.11	(2.77)	14.70	(18.84)

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of pension funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the pension plan. Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the Commission's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the pension plan.

(A) The pension benefit obligation was valued by the actuary (Hewitt Associates) as prescribed by the Governmental Accounting Standards Board Statement 5 in 1987. This method differs from prior years in that projected benefits are allocated on a level basis to employee's years of service. This resulted in a 39.2% increase. Contract amendments increased the pension benefit obligation by 68.8% and net assets available for benefits by 44.3%.

NOTE M—OTHER POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note K, health care benefits and life insurance coverage is provided to all employees who retire on or after attaining age 55 with at least 10 years of service or at any age after completing 25 years of service. Currently 253 retirees meet the eligibility requirements. Retirees may also elect to provide health care insurance for their qualifying dependents by paying 35 percent of the calculated premium. The Commission is a secondary provider for those retirees and/or their dependents who are eligible for Medicare benefits.

The Commission's health care plan is administered through an insurance company on a Minimum Payment Plan but operates as a self-insurance program with an additional purchased insurance policy to cover those claims over $100,000. In this plan the insurance company administers the plan and processes the claims according to insurance coverage with the Commission reimbursing the insurance company for it's payouts. Expenses are recorded by the Commission when paid to the insurance company. Total postemployment health care costs recognized by the Commission for the years ended September 30, 1992 and 1991, were $795,767 and $793,020 respectively; postemployment life insurance costs during the same periods were $100,121 and $95,834.

Health care coverage is offered to former employees who voluntarily terminate and certain dependents who are no longer eligible for employee dependent coverage in accordance with federal law (COBRA). Currently there are 11 COBRA participants. All participants are responsible for 100 percent of their insurance premiums.

NOTE N—REGULATION

According to existing laws of the State of Florida, the five board members of the Orlando Utilities Commission act as the regulatory authority for the establishment of electric and water rates. The Florida Public Service Commission (FPSC) has authority to regulate the electric "rate structures" of municipal utilities in Florida. It is believed that "rate structures" are clearly distinguishable from the total amount of revenues which a particular utility may receive from rates, and that distinction has thus far been carefully made by the FPSC.

Prior to implementation of any rate change, the Commission files the proposed tariff with the Florida Public Service Commission and has established the prerequisite of a Public Notice and the holding of a Public Hearing.

Florida Public Service Commission: As noted above, the FPSC has jurisdiction to regulate electric "rate structures" of municipal utilities. In addition, the Florida Electric Power Plant Siting Act and the Transmission Line Siting Act have given the FPSC exclusive authority to approve the need for new power plants and transmission lines. The FPSC also exercises jurisdiction under the Florida Energy Efficiency and Conservation Act as related to electric use conservation programs and prescribes conformance to the Federal Energy Regulatory Commission's Uniform System of Accounts. The FPSC also approves territorial agreements and settles territorial disputes.

Environmental and Other Regulations: Operations of the Commission are subject to environmental regulation by Federal, State and local authorities and to zoning regulations by local authorities. The Commission's interconnection agreements with investor owned utilities are subject to review and approval by the FERC. FERC also exercises jurisdiction over the Commission under the Public Utility Regulatory Policies Act of 1978. Federal and State standards and procedures that govern control of the environment can change. These changes can arise from continuing legislative, regulatory, and judicial action respecting the standards and procedures. Therefore, there is no assurance that the electric and water plants in operation, under construction, or contemplated will always remain subject to the regulations currently in effect, or will always be in compliance with future regulations.

An inability to comply with environmental standards or deadlines could result in reduced operating levels or complete shutdown of individual electric generating units or water plant facilities not in compliance. Furthermore, compliance with environmental standards or deadlines may substantially increase capital and operating costs.

NOTE O—INCOME TAXES

It is the opinion of the Commission and its counsel, that the Orlando Utilities Commission is exempt from federal and state income taxes.

NOTE P—BUSINESS SEGMENTS

The Commission operates in two business segments -- the generation, transmission and distribution of electricity and the production, treatment, and distribution of water. A summary of the segment information follows:

	Electric	Water	Total
Year Ended September 30, 1992:			
Operating revenues	$ 286,780,569	$ 20,577,938	$ 307,358,507
Depreciation and amortization	29,537,599	3,034,343	32,571,942
Operating income	75,120,768	3,565,628	78,686,396
Net income	21,344,028	3,589,483	24,933,511
Dividend payment to the General Fund of the City of Orlando	14,610,490	2,992,510	17,603,000
Contributed capital	15,163,477	49,780,719	64,944,196
Utility plant additions	129,345,717	10,932,339	140,278,056
Utility plant deletions	46,473,295	153,345	46,626,640
Net working capital	72,305,530	1,372,359	73,677,889
Total assets	1,584,541,479	171,761,208	1,756,302,687
Long-term debt - net	1,151,045,780	56,341,401	1,207,387,181
Total equity (accumulated retained earnings and contributed plant)	265,430,503	106,152,389	371,582,892
Year Ended September 30, 1991:			
Operating revenues	$ 289,961,819	$ 19,490,155	$ 309,451,974
Depreciation and amortization	27,579,027	2,814,277	30,393,304
Operating income	79,964,422	3,351,501	83,315,923
Net income	25,830,552	4,258,024	30,088,576
Dividend payment to the General Fund of the City of Orlando	14,945,280	2,846,720	17,792,000
Contributed capital	15,310,868	47,138,913	62,449,781
Utility plant additions	105,927,476	9,789,401	115,716,877
Utility plant deletions	19,354,984	90,410	19,445,394
Net working capital	65,014,960	2,880,480	67,895,440
Total assets	1,445,755,217	159,552,938	1,605,308,155
Long-term debt - net	1,061,599,810	47,188,168	1,108,787,978
Total equity (accumulated retained earnings and contributed plant)	258,211,989	101,914,394	360,126,383

There were no sales to any single customer in excess of 10% of operating revenues for the fiscal years 1992 and 1991.

Report of Independent Certified Public Accountants

Commissioners of the
Orlando Utilities Commission

We have audited the accompanying balance sheets of Orlando Utilities Commission as of September 30, 1992 and 1991, and the related statements of income and accumulated retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Orlando Utilities Commission at September 30, 1992 and 1991, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Ernst + Young

November 25, 1992

Orlando Utilities Commission