Item 110665
RUC 11/20/12

BAKER TILLY

Baker Tilly Virchow Krause, LLP
Ten Terrace Ct, PO Box 7398
Madison, WI 53707-7398
tel 608 249 6622
fax 608 249 8532
bakertilly.com

February 11, 2013

Ms. Diane Wilson, Managing Utility Analyst
Gainesville Regional Utilities
PO Box 147051 Station A110
Gainesville, FL 32614-7051

Dear Ms. Wilson:

Enclosed is the water rate study prepared for Gainesville Regional Utilities (GRU) for the test year ending September 30, 2013.

Based on this study, revenue from present water rates is $189,109 greater than utility costs for fiscal year 2013. This difference represents 0.66% of revenue at present rates. Baker Tilly calculated the revenue required using the utility basis with a 5.76% return on utility net investment rate base.

As detailed on page 11, the 5.76% rate of return corresponds to an 8.89% return on equity. In recent decisions, the Florida Public Service Commission authorized returns on equity between 9.67% and 10.51% for investor owned utilities. An equivalent return on equity for Gainesville Regional Utilities is between 6.29% and 6.83%. A lower return for GRU is equivalent to a higher return for an investor owned utility because GRU does not pay income tax. Baker Tilly estimates that income tax reduces the return on rate base by one third for an investor owned utility. GRU's water utility needs the higher return on equity to maintain adequate cash flow and meet debt service obligations.

Baker Tilly finds that overall revenue at present rates is reasonably close to the calculated cost of service. However, differences exist between revenue at present rates and the calculated cost of service for individual customer classes. Ideally, GRU should perform a number of rate studies over time while making small rate changes in the direction of the cost of service.

Please call me at 608 240 2361 or email russ.hissom@bakertilly.com to discuss anything contained in the study. Thank you for the opportunity to work with you on this project. We appreciate the effort GRU staff put into making information available for this study.

Sincerely,

BAKER TILLY VIRCHOW KRAUSE, LLP

Russell A. Hissom

Russell A. Hissom, CPA, Partner

Enclosures

GAINESVILLE REGIONAL UTILITIES

FORECASTED WATER REVENUE REQUIREMENT,
COST OF SERVICE, AND RATE DESIGN

Prepared as of
November 12, 2012

GAINESVILLE REGIONAL UTILITIES

TABLE OF CONTENTS

GAINESVILLE REGIONAL UTILITIES

TABLE OF CONTENTS (cont.)

BAKER TILLY

Baker Tilly Virchow Krause, LLP
Ten Terrace Ct, PO Box 7398
Madison, WI 53707-7398
tel 608 249 6622
fax 608 249 8532
bakertilly.com

ACCOUNTANTS' COMPILATION REPORT

Gainesville Regional Utilities
Gainesville, Florida

We have compiled the accompanying forecasted schedules as identified in the table of contents of the Gainesville Regional Utilities for the years ending September 30, 2012 and 2013, in accordance with applicable guidelines for a compilation of a financial forecast established by the American Institute of Certified Public Accountants attestation standards.

The accompanying schedules present, to the best of management's knowledge and belief, the results of water operations of the Gainesville Regional Utilities for the forecast period. This report was prepared to help GRU establish water rates and should not be used for any other purposes. It is not intended to be a forecast of financial position, changes in net assets, or cash flows in accordance with generally accepted accounting principles.

As disclosed in the Summary of Significant Accounting Policies, in some instances, these forecasted schedules include departures from generally accepted accounting principles. The effect of those departures has not been determined.

A compilation is limited to presenting, in the form of a forecast, information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying statements or assumptions. Furthermore, there will usually be differences between the forecast and actual results since some assumptions inevitably will not materialize and unanticipated events and circumstances may occur, and the variations may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

We have also compiled the summarized historical financial information presented with the forecast for comparative purposes which was taken from the audited financial statements for the years ended September 30, 2009 through September 30, 2011. We have not audited these financial statements.

Management is responsible for the preparation and fair presentation of the historical information and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the historical financial information.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of historical information without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial information.

This report is intended solely for the information and use of Gainesville Regional Utility management and is not intended to be, and should not be, used by anyone other than the specified parties.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
November 12, 2012

GAINESVILLE REGIONAL UTILITIES

EXECUTIVE SUMMARY

INTRODUCTION

The Gainesville Regional Utilities retained Baker Tilly Virchow Krause, LLP (Baker Tilly) to forecast the revenue requirement for fiscal year 2013, analyze cost of service, and design water rates.

Baker Tilly used the utility basis to develop the revenue requirement and used the base - extra capacity approach to analyze the cost of service. The major steps in this analysis are summarized below.

REVENUE REQUIREMENT

Baker Tilly forecasted costs, sales, and revenues for fiscal year 2013. Baker Tilly based the forecast on GRU's budget for fiscal year 2013 and historical trends. Forecasted fiscal year 2013 revenue at present rates exceeds fiscal year 2013 forecasted costs by $189,109. This small variance indicates that the overall level of current rates is reasonable and appropriate.

		Forecasted Revenue Requirement
Revenue from Rates	$	28,867,577
Expenses		
Operation and Maintenance		14,900,744
Depreciation		6,334,825
Transfer to the General Fund		5,824,749
Transfer to Rate Stabilization		98,346
Return on Rate Base		6,914,203
Less Other Revenues		(5,394,399)
		28,678,468
Rate Change Required	$	(189,109)

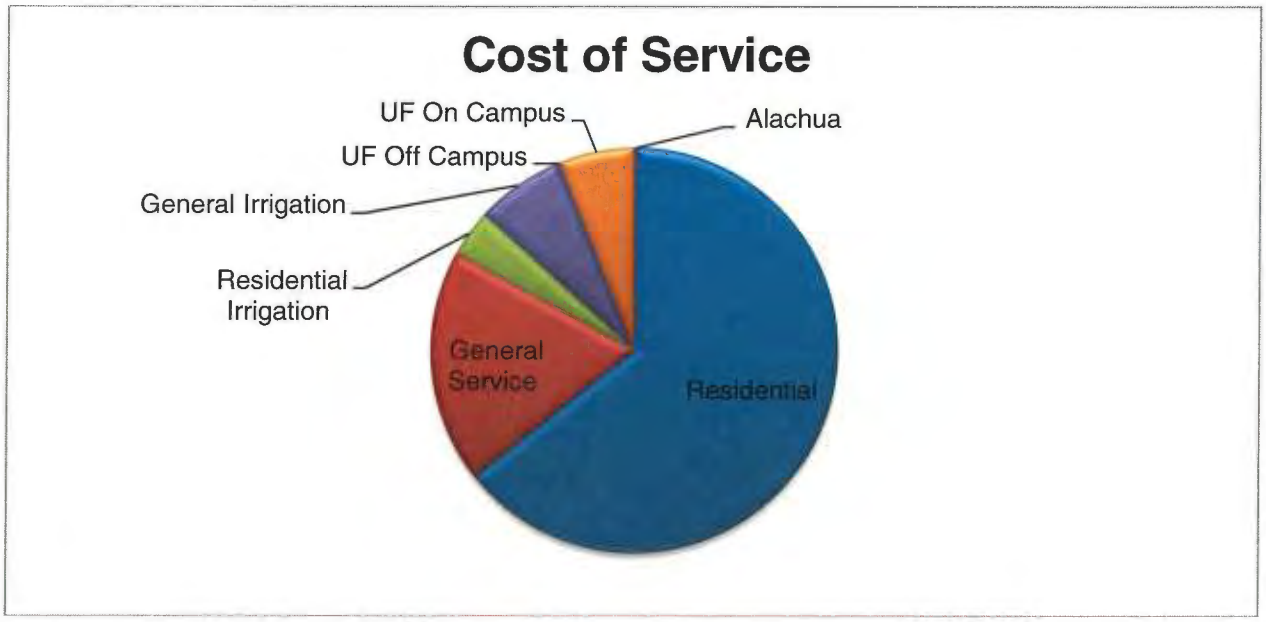
EXECUTIVE SUMMARY (cont.)

COST OF SERVICE

After identifying the revenue needed, Baker Tilly allocated responsibility for the revenue to the customer classes. This process is called a cost of service study. Descriptions of the allocators used in the cost of service study can be found in the Summary of Significant Assumptions below. The following table presents the cost of service by class and compares it to present rates. Customer classes showing a negative percentage change are those with revenue at present rates in excess of allocated costs.

Customer Class	FY13 Forecasted Cost of Service	Percent Change from Current Rates
Residential	$ 18,427,131	5.28%
General Service	5,363,646	(21.04%)
Residential Irrigation	1,070,313	(2.33%)
General Irrigation	2,019,491	1.40%
University of Florida - Off Campus	32,460	(16.90%)
University of Florida - On Campus	1,743,960	(2.32%)
Alachua	21,467	42.08%
Total Cost of Service	$ 28,678,468	(0.66%)

GRU's current rate for wholesale service is based on an incremental cost approach, which contrasts with Baker Tilly's average embedded cost approach. While overall GRU must recover its average embedded cost, incremental cost ratemaking is appropriate for customers in a competitive environment. As long as the rate is greater than the customer's incremental cost, all ratepayers will benefit from bringing the incremental cost customer onto the system.

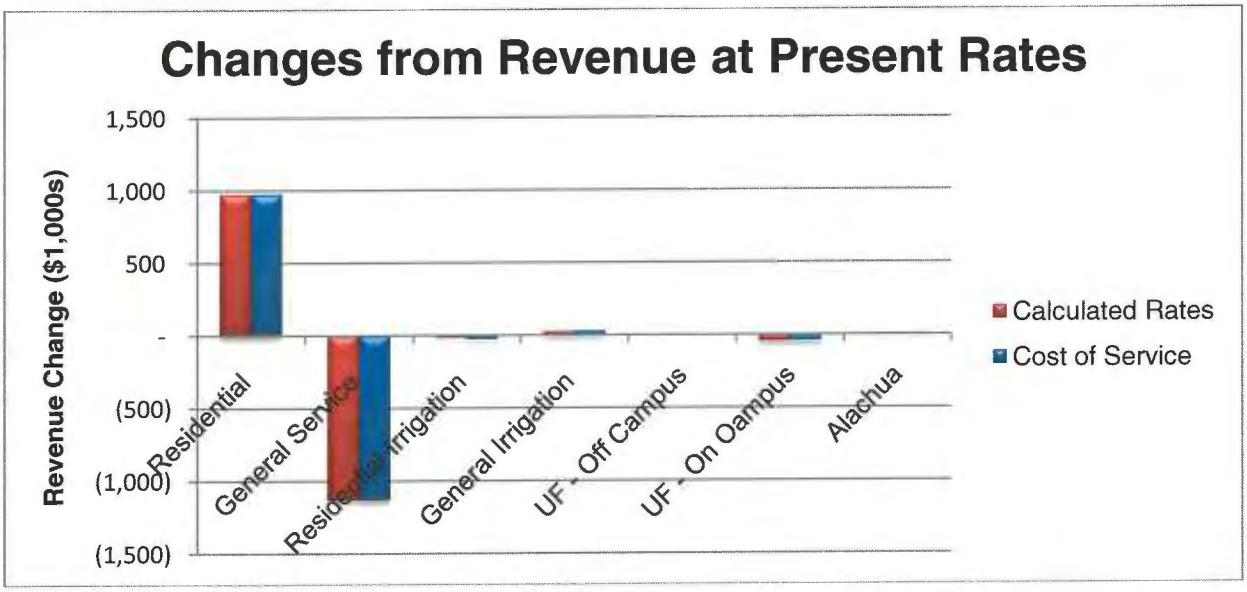


EXECUTIVE SUMMARY (cont.)

RATE DESIGN

The cost of service analysis indicates that forecasted revenues are greater than forecasted costs. GRU can adjust rates to match costs to revenues for individual classes. We designed rates to match the cost of service results as much as possible.

The calculated rates are based on the cost of service for each class. The results are summarized below. The complete rate design is shown on page 25.



MULTI-UNIT RESIDENTIAL

Gainesville currently scales multi-family rate blocks by multiples of the single family blocks. For a standalone home, the first rate block ends at 7,000 gallons per month. An apartment building with four units has a first rate block ending at 28,000 gallons. Multi-unit buildings typically use less water per unit than standalone single family homes, so most multi-unit consumption falls in the first volume block. Because the first block rate has the lowest residential rate, GRU recovers relatively less revenue from multi-unit residences than single family residences.

As detailed on page 26, Baker Tilly estimates that multi-unit residences use 47% as much water as single family residences. Baker Tilly recommends the following revision to multi-unit volume blocks.

Residence Type	Single Unit Standalone	Multi-Unit
First Block	First 7,000 gallons	First 3,300 gallons
Second Block	Next 13,000 gallons	Next 6,100 gallons
Third Block	Over 20,000 gallons	Over 9,400 gallons

Smaller multi-unit rate blocks will push more volume into the higher volume blocks, which are charged higher rates. This change will cause multi-unit residences to progress through the volume blocks the same way single-unit residences do.

EXECUTIVE SUMMARY (cont.)

CUSTOMER CHARGES

GRU currently charges the same monthly customer charge for all customers. The rates developed on page 25 introduce customer charges that vary by customer class. Customer charges that vary by meter size would also be reasonable. The alternative rates below would apply to all customer classes.

Meter Size	Calculated Monthly Customer Charge
5/8	$ 6.89
3/4	7.31
1	8.54
1.5	10.19
2	14.73
3	48.12
4	60.49
6	89.34
8	122.32
10	167.67

WATER FOR PUBLIC FIRE PROTECTION

This study does not separately calculate the cost to provide water for public fire protection. This cost is normally a significant piece of a water utility's overall costs. Because GRU does not bill the provision of water for public fire protection separately from general water service, Baker Tilly included fire protection costs with general service water costs.

SUMMARY OF SIGNIFICANT ASSUMPTIONS

INTRODUCTION

This section discusses the procedures and assumptions used to prepare this water rate study report for Gainesville.

The financial forecast presents, to the best of the Gainesville management's knowledge and belief, the expected results of water utility operations for the forecast period. Accordingly, the forecast reflects its judgment as of November 12, 2012, the date of this forecast, of the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecast. There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Baker Tilly adjusted the test year, fiscal 2013, to reflect a normal year. However, this rate study does not account for changes to costs or revenues which occur outside of fiscal 2013. GRU management should consider changes expected beyond the test year before revising rates. Ideally, GRU should review a number of rate studies over time and revise rates in light of patterns repeated consistently over time.

FORECASTED OPERATIONS AND MAINTENANCE EXPENSES

Forecasted expenses were based on Gainesville's water budget for fiscal year 2013 and past trends. Management indicated that there are no significant, one-time items in the fiscal year 2013 budget that require normalization.

Operations and maintenance expenses for fiscal year 2013 are forecasted to increase from the historical average to reflect inflation of utility costs.

FORECASTED REVENUES

Volume sales recorded in the Gainesville's billing system from October 2010 through September 2011 was multiplied by current Gainesville water rates to recalculate revenues. The recalculated revenue was compared to actual revenues in Gainesville's financial records, and the difference was within three percent.

Baker Tilly forecasted volume sales and customer counts in fiscal year 2013 based on forecasts by GRU management and historical trends. Compared to fiscal year 2011, GRU is forecasted to add residential and non-residential customers but to sell less water. This forecast is consistent with industry-wide trends toward more efficient water use. Baker Tilly assumes that water sales are inelastic and do not respond to increases or decreases in rates.

FORECASTED PLANT ADDITIONS AND RETIREMENTS

Baker Tilly forecasted additions to plant in service for fiscal years 2012 and 2013 based on the revised six year capital budget prepared by GRU management. To forecast retirements, Baker Tilly averaged 2010 and 2011 retirements.

SUMMARY OF SIGNIFICANT ASSUMPTIONS (cont.)

COST FUNCTIONS

Expenses are allocated to the customer classes based on the base-extra capacity allocation model as laid out in *Manual M1: Principles of Water Rates, Fees, and Charges* published by the American Water Works Association. The following table describes the cost functions used in the model and how those functions are allocated to customer classes. Allocator values for each cost function are shown in bold on pages 22 and 23.

Base	Base costs depend on the volume supplied and are independent of the time at which the water is supplied. Power for pumping and chemicals for treatment are base costs. Base is allocated on total annual sales to each customer class.
Max Day Extra Capacity	Max day extra capacity costs are incurred to meet the maximum day demand in excess of average day demand. Mains and pumps are max day costs. Max day is allocated to customer classes by estimated consumption on the maximum day of the year.
Max Hour Extra Capacity	Max hour extra capacity costs are incurred to meet the maximum hour demand in excess of average hour demand. Elevated storage is a max day cost because it supports peak demand and fire flow. Max day is allocated to customer classes by estimated consumption during the maximum hour of the year.
Equivalent Meter	Equivalent meter costs are customer-related costs that depend on the size of the customer. Meters and services are equivalent meter costs. Equivalent meter is allocated to customer classes based on the weighted number of meters.
Billing & Collection	Billing and collection costs are customer-related costs that are independent of customer size. Customer accounting is a billing and collection cost. Billing and collection is allocated to customer classes based on the number of meters in each class.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The statements below are required by the American Institute of Certified Public Accountants for the preparation of a financial forecast in this report.

REVENUE RECOGNITION

Water revenues are recorded for service rendered based on meter readings, with billings made to customers monthly.

EXPENSES

Historical operation and maintenance expenses and the forecasted fiscal year 2013 expenses are reported on an accrual basis.

PLANT

Additions to and replacement of utility plant are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. The cost of property replaced, retired, or otherwise disposed of is deducted from plant accounts.

DEPRECIATION

Depreciation is computed using straight-line rates applied to the average plant investment balances. Depreciation for the study was determined by the Comprehensive Depreciation Study from October 2011 performed by Burns & McDonnell.

REVENUE REQUIREMENT FORECAST

Gainesville Regional Utilities
Water Rate Study Report
Forecasted Revenue Requirement Summary

		Forecasted 2013
Revenue		
Revenue from Rates	$	28,867,577
Other Revenue - Connection Charges		956,630
Other Revenue - Surcharges		2,186,486
Other Revenue - Interest Income		128,217
Other Revenue - BABs Subsidy		894,820
Other Revenue - Service Charges		1,186,201
Other Revenue - Shands/Innovation Square		42,045
Total Revenue		34,261,976
Expenses		
Operations and Maintenance		14,900,744
Depreciation		6,334,825
Transfer to the General Fund		5,824,749
Transfer to Rate Stabilization Fund		98,346
Net Income	$	7,103,312
Net Investment Rate Base		
Plant in Service	$	204,886,188
Materials and Supplies		542,103
Accumulated Depreciation		(85,364,775)
Total Rate Base		120,063,517
Forecasted Return on Rate Base (Net Income above)		7,103,312
Target Return on Rate Base		6,914,203
Rate Increase Required	$	(189,109)

Please Refer to Summary of Significant Assumptions and Summary of Significant Accounting Policies

Gainesville Regional Utilities
Water Rate Study Report
Cash Flow Forecast

	Forecasted 2013 at Present Rates	Forecasted 2013 with Rate Change
Sources of Cash		
Revenue from Rates	28,867,577	28,687,247
Other Revenue - Connection Charges	956,630	956,630
Other Revenue - Surcharges	2,186,486	2,186,486
Other Revenue - Interest Income	128,217	128,217
Other Revenue - BABs Subsidy	894,820	894,820
Other Revenue - Service Charges	1,186,201	1,186,201
Payment from Rate Stabilization	-	-
Other Revenue - Shands/Innovation Square	42,045	42,045
Total Sources of Cash	34,261,976	34,081,646
Uses of Cash		
Operations and Maintenance	14,900,744	14,900,744
Debt Service	8,192,829	8,192,829
Utility Plant Improvement Fund	5,056,199	5,056,199
Transfer to Rate Stabilization Fund	98,346	98,346
Transfer to the General Fund	5,824,749	5,824,749
Total Uses of Cash	34,072,867	34,072,867
Net Cash Flow	189,109	8,779

Please Refer to Summary of Significant Assumptions and Summary of Significant Accounting Policies

Gainesville Regional Utilities

Water Rate Study Report

Rate of Return and Capital Structure

	Forecasted 2013 Cash Basis Capital Costs	Forecasted 2013 Utility Basis Capital Costs
Debt Service	$ 8,192,829	$ -
Utility Plant Improvement Fund	5,056,199	-
Depreciation	-	6,334,825
	13,249,028	6,334,825
Required Return on Rate Base	-	6,914,203
Total Capital Costs	13,249,028	13,249,028
Rate Base		120,063,517
Rate of Return Required for Return of $6,914,203		5.76%

	Amount	Percent of Capital Structure	Return	Weighted Return
Long-term debt	$ 136,975,886	66.02%	4.15%	2.74%
Equity	70,485,982	33.98%	8.89%	3.02%
Total	$ 207,461,868	100.00%		5.76%

Please Refer to Summary of Significant Assumptions and Summary of Significant Accounting Policies

Gainesville Regional Utilities

Water Rate Study Report

Forecasted Operations and Maintenance Expenses

	Actual 2010	Actual 2011	Budgeted 2012	Forecasted 2013
Source of Supply Expenses				
Operations and Labor	$ -	$ -	$ -	$ -
Purchased Power	1,773,270	1,963,074	1,945,680	2,238,133
Materials Exp	87,985	162,411	116,500	115,000
Contract Serv	-	-	-	-
Misc	4,926	1,645	21,000	-
Total Supply Expenses	1,866,181	2,127,130	2,083,180	2,353,133
Water Treatment Expenses				
Operations and Labor	1,454,314	1,476,138	1,605,631	1,695,032
Chemicals	1,560,738	1,611,923	1,307,680	1,556,173
Materials	136,801	121,603	150,935	153,221
Contract Serv	61,914	62,978	75,000	54,400
Rent Expense	8,476	1,551	35,000	35,000
Purchased Power	14	-	-	-
Misc expense	2,188	(803)	-	1,440
Regulatory Exp	113,378	-	250	129
Total Treatment Expenses	3,337,824	3,273,391	3,174,496	3,495,395
Transmission and Distribution Expenses				
Operations and Labor	1,519,242	1,483,322	1,675,535	1,883,696
Maint and Labor	15,877	-	-	-
Materials	415,338	182,219	237,062	246,318
Contract Services - Mtc	-	-	-	-
Contract Services - Op	-	1,019	-	-
Rent Expense	1,874	3,792	66,804	41,578
Insurance	5	-	-	551
Misc Expense - Mtc	342,044	339,128	290,000	332,560
Misc Expense - Op	622	-	-	-
Total Transmission and Distribution Expenses	2,295,002	2,009,480	2,269,400	2,504,703

Gainesville Regional Utilities

Water Rate Study Report

Forecasted Operations and Maintenance Expenses

	Actual 2010	Actual 2011	Budgeted 2012	Forecasted 2013
Customer Accounts Expenses				
Operations and Labor	1,132,486	-	-	-
Purchased Power	3,082	-	-	-
Materials	117,439	-	-	-
Contract Services	48,986	-	-	-
Rent exp	28,821	-	-	-
Misc exp	14,207	-	-	-
Bad Debt Expense	125,277	-	-	-
Total Customer Expenses	1,470,298	-	-	-
Administrative and General Expenses				
Operations and Labor	1,432,662	-	-	-
Purchased Power	43,488	-	-	-
Materials Exp	568,550	-	-	-
Contract Serv	266,641	-	-	-
Rent exp	408,763	-	-	-
Insurance	199,874	-	-	-
Conserv	5,428	-	-	-
Misc	498,302	18,089	-	-
Total General Expenses	3,423,708	18,089	-	-
Administrative Expenses				
Customer Accounts	37,826	1,060,972	1,462,993	1,488,596
Sales Expense	6,139	211,498	69,981	66,696
Other A&G	129,986	3,825,049	4,716,105	4,992,221
Total Administrative Expenses	173,951	5,097,519	6,249,079	6,547,513
Total Operations and Maintenance	$ 12,566,963	$ 12,525,609	$ 13,776,155	$ 14,900,744

Please Refer to Summary of Significant Assumptions and Summary of Significant Accounting Policies

Gainesville Regional Utilities
Water Rate Study Report
Revenue Forecast for 2013

			Residential		General Service		Residential Irrigation		General Irrigation		University of Florida		Alachua		Total	
			Units	Revenue	Units	Revenue	Units	Revenue	Units	Revenue	Units	Revenue	Units	Revenue	Units	Revenue
Single Family Residential	Current Rates															
First 7,000 Gallons	2.05	per 1,000 gallons	2,554,095	5,235,895											2,554,095	5,235,895
Next 13,000 Gallons	3.65	per 1,000 gallons	738,168	2,694,313											738,168	2,694,313
Over 20,000 Gallons	6.00	per 1,000 gallons	245,430	1,472,580											245,430	1,472,580
Customer Charge	8.65	per bill	736,884	6,374,047											736,884	6,374,047
Multi Unit Residential																
First 7,000 Gallons	2.05	per 1,000 gallons	747,357	1,532,082											747,357	1,532,082
Next 13,000 Gallons	3.65	per 1,000 gallons	-	-												
Over 20,000 Gallons	6.00	per 1,000 gallons	-	-												
Customer Charge	8.65	per bill	16,800	145,320											16,800	145,320
General Service																
Volume Charge	3.65	per 1,000 gallons			1,640,545	5,987,989									1,640,545	5,987,989
Customer Charge	8.65	per bill			58,284	504,157									58,284	504,157
Residential Irrigation																
First 15,000 Gallons	3.65	per 1,000 gallons					139,706	509,927							139,706	509,927
Over 15,000 Gallons	6.00	per 1,000 gallons					69,816	418,896							69,816	418,896
Customer Charge	8.65	per bill					19,236	166,391							19,236	166,391
General Irrigation																
Volume Charge	4.40	per 1,000 gallons							423,906	1,865,186					423,906	1,865,186
Customer Charge	8.65	per bill							14,568	126,013					14,568	126,013
University of Florida																
Volume On Campus	2.17	per 1,000 gallons									820,630	1,780,767			820,630	1,780,767
Customer On Campus	8.65	per bill									420	3,633			420	3,633
Volume Off Campus	3.21	per 1,000 gallons									10,528	33,795			10,528	33,795
Customer Off Campus	8.65	per bill									480	4,152			480	4,152
City of Alachua																
Volume Charge	1.62	per 1,000 gallons											7,355	11,915	7,355	11,915
Customer Charge	8.65	per bill											60	519	60	519
Volume Revenue				10,934,870		5,987,989		928,823		1,865,186		1,814,562		11,915		21,543,345
Customer Revenue				6,519,367		504,157		166,391		126,013		7,785		519		7,324,232
Total 2013 Revenues				$ 17,454,237		$ 6,492,146		$ 1,095,214		$ 1,991,199		$ 1,822,347		$ 12,434		$ 28,867,577

Gainesville Regional Utilities

Water Rate Study Report

Forecasted Plant in Service

Acct. No.	Account Description	Actual Balance 9/30/2011	FY 2012 Forecasted Additions	FY 2012 Forecasted Retirements	Forecasted Balance 9/30/2012	FY 2013 Forecasted Additions	FY 2013 Forecasted Retirements	Forecasted Balance 9/30/2013	Test Year Average Balance
310	Land & Land Rights	$ 1,933,756	$ 25,876	$ -	$ 1,959,632	$ 26,272	$ -	$ 1,985,904	$ 1,972,768
Source of Supply									
311	Generation-Structure&Impr	681,666	-	-	681,666	-	-	681,666	681,666
318	Source of Supply-Wells &	1,937,344	-	-	1,937,344	-	-	1,937,344	1,937,344
326	Source of Supply-Supply M	641,286	-	-	641,286	-	-	641,286	641,286
	Total Source of Supply Plant	3,260,296	-	-	3,260,296	-	-	3,260,296	3,260,296
Pumping Plant									
329	Structures and Improvement	2,994,298	-	-	2,994,298	-	-	2,994,298	2,994,298
333	Electric Pumping Equipment	5,532,453	-	-	5,532,453	-	-	5,532,453	5,532,453
334	Pumping Plt-Diesel Pumping	1,460,284	-	-	1,460,284	-	-	1,460,284	1,460,284
	Total Pumping Plant	9,987,035	-	-	9,987,035	-	-	9,987,035	9,987,035
Water Treatment Plant									
337	Land & Land Rights-Ttrmnt	56,644	-	-	56,644	-	-	56,644	56,644
338	Structures and Improvemen	6,324,308	3,627,102	-	9,951,410	2,370,894	-	12,322,304	11,136,857
339	Treatment Plant Equipment	7,516,607	4,310,906	(260,555)	11,566,958	2,755,793	(260,555)	14,062,196	12,814,577
	Total Water Treatment Plant	13,897,559	7,938,008	(260,555)	21,575,012	5,126,687	(260,555)	26,441,144	24,008,078
Transmission and Distribution Plant									
374	Land and Land Rights	823,729	-	-	823,729	-	-	823,729	823,729
375	Distr Structures&Improvs	23,691	-	-	23,691	-	-	23,691	23,691
376	Distribution Plant-Reserv	2,441,777	-	-	2,441,777	-	-	2,441,777	2,441,777
377	Mains	104,551,819	3,305,068	(171,869)	107,685,018	3,761,092	(171,869)	111,274,241	109,479,630
378	Fire or Force Mains	3,955,036	24,183	-	3,979,219	144,159	-	4,123,378	4,051,299
379	Services	14,602,228	410,352	(75,037)	14,937,543	364,889	(75,037)	15,227,395	15,082,469
380	Meters	11,933,634	1,231,056	(250,000)	12,914,690	1,094,666	(250,000)	13,759,356	13,337,023
381	Backflow Preventers	3,560,651	24,183	(34,379)	3,550,455	24,326	(34,379)	3,540,402	3,545,429
382	Hydrants	9,557,728	302,285	-	9,860,013	273,667	-	10,133,680	9,996,847
	Total Transmission and Distribution Plant	151,450,293	5,297,127	(531,285)	156,216,135	5,662,799	(531,285)	161,347,649	158,781,892
General Plant									
389	Land and Land Rights	93,800	-	-	93,800	-	-	93,800	93,800
390	Structures&Improvements	574,305	58,998	-	633,303	89,127	-	722,430	677,867
391	Office Furniture & Equipm	12,735	1,308	-	14,043	1,976	-	16,019	15,031
391.1	Computers and Electronics	1,820,519	187,022	-	2,007,541	282,530	-	2,290,071	2,148,806
392	Transportation Equipment	802,723	82,464	(130,733)	754,454	106,178	-	860,632	807,543
394	Tools Shop &Garage Equip	111,806	11,486	(6,000)	117,292	16,507	(6,000)	127,799	122,546
395	Laboratory&Testing Equip	71,521	7,347	-	78,868	11,099	-	89,967	84,418
396	Power Operated Equipment	2,572,521	264,276	(178,074)	2,658,723	374,174	(178,074)	2,854,823	2,756,773
397	Communication Equipment	52,029	5,345	-	57,374	8,074	-	65,448	61,411
398	Miscellaneous Equipment	91,438	9,393	-	100,831	14,190	-	115,021	107,926
	Total General Plant	6,203,397	627,639	(314,807)	6,516,229	903,855	(184,074)	7,236,010	6,876,119
	Total Plant In Service	$ 186,732,336	$ 13,888,650	$ (1,106,647)	$ 199,514,339	$ 11,719,613	$ (975,914)	$ 210,258,038	$ 204,886,188

Gainesville Regional Utilities
Water Rate Study Report
Forecasted Depreciation Expense

Acct. No.	Account Description	Depreciation Rates	2012 Depreciable Balance	2012 Depreciation Expense	2013 Depreciable Balance	2013 Depreciation Expense
310	Land & Land Rights	0.00%	$ 1,946,694	$ -	$ 1,972,768	$ -
Source of Supply						
311	Generation-Structure&Impr	3.67%	681,666	25,017	681,666	25,017
318	Source of Supply-Wells &	4.14%	1,937,344	80,206	1,937,344	80,206
326	Source of Supply-Supply M	1.37%	641,286	8,786	641,286	8,786
	Total Source of Supply Plant		3,260,296	114,009	3,260,296	114,009
Pumping Plant						
329	Structures and Improvement	2.21%	2,994,298	66,174	2,994,298	66,174
333	Electric Pumping Equipment	6.37%	5,532,453	352,417	5,532,453	352,417
334	Pumping Plt-Diesel Pumping	6.24%	1,460,284	91,122	1,460,284	91,122
	Total Pumping Plant		9,987,035	509,713	9,987,035	509,713
Water Treatment Plant						
337	Land & Land Rights-Ttrmnt	0.00%	56,644	-	56,644	-
338	Structures and Improvemen	2.11%	8,137,859	171,709	11,136,857	234,988
339	Treatment Plant Equipment	3.62%	9,541,783	345,413	12,814,577	463,888
	Total Water Treatment Plant		17,736,286	517,122	24,008,078	698,876
Transmission and Distribution Plant						
374	Land and Land Rights	0.00%	823,729	-	823,729	-
375	Distr Structures&Improvs	0.00%	23,691	-	23,691	-
376	Distribution Plant-Reserv	1.85%	2,441,777	45,173	2,441,777	45,173
377	Mains	2.57%	106,118,419	2,727,243	109,479,630	2,813,626
378	Fire or Force Mains	1.62%	3,967,128	64,267	4,051,299	65,631
379	Services	2.62%	14,769,886	386,971	15,082,469	395,161
380	Meters	6.31%	12,424,162	783,965	13,337,023	841,566
381	Backflow Preventers	2.64%	3,555,553	93,867	3,545,429	93,599
382	Hydrants	2.28%	9,708,871	221,362	9,996,847	227,928
	Total Transmission and Distribution Plant		153,833,214	4,322,848	158,781,892	4,482,684
General Plant						
389	Land and Land Rights	0.00%	93,800	-	93,800	-
390	Structures&Improvements	0.22%	603,804	1,328	677,867	1,491
391	Office Furniture & Equipm	7.07%	13,389	947	15,031	1,063
391.1	Computers and Electronics	9.90%	1,914,030	189,489	2,148,806	212,732
392	Transportation Equipment	9.00%	778,589	70,073	807,543	72,679
394	Tools Shop &Garage Equip	6.13%	114,549	7,022	122,546	7,512
395	Laboratory&Testing Equip	6.25%	75,195	4,700	84,418	5,276
396	Power Operated Equipment	7.92%	2,615,622	207,157	2,756,773	218,336
397	Communication Equipment	6.25%	54,702	3,419	61,411	3,838
398	Miscellaneous Equipment	6.13%	96,135	5,893	107,926	6,616
	Total General Plant		6,359,813	490,028	6,876,119	529,543
Total Depreciation Expense			$193,123,337	$ 5,953,720	$204,886,188	$ 6,334,825

Please Refer to Summary of Significant Assumptions and Summary of Significant Accounting Policies

Gainesville Regional Utilities

Draft Revenue Requirement Report

Forecasted Accumulated Depreciation

Acct. No.	Account Description	Actual Balance 9/30/2011	FY 2012 Estimated Depreciation	FY 2012 Estimated Retirements	Forecasted Balance 9/30/2012	FY 2013 Forecasted Depreciation	FY 2013 Forecasted Retirements	Forecasted Balance 9/30/2013	Test Year Average Balance
310	Land & Land Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Source of Supply									
311	Generation-Structure&Impr	(351,021)	(25,017)	-	(376,038)	(25,017)	-	(401,055)	(388,547)
318	Source of Supply-Wells &	(747,558)	(80,206)	-	(827,764)	(80,206)	-	(907,970)	(867,867)
326	Source of Supply-Supply M	(404,032)	(8,786)	-	(412,818)	(8,786)	-	(421,604)	(417,211)
	Total Source of Supply Plant	(1,502,611)	(114,009)	-	(1,616,620)	(114,009)	-	(1,730,629)	(1,673,625)
Pumping Plant									
329	Structures and Improvement	(1,989,967)	(66,174)	-	(2,056,141)	(66,174)	-	(2,122,315)	(2,089,228)
333	Electric Pumping Equipment	(3,067,314)	(352,417)	-	(3,419,731)	(352,417)	-	(3,772,148)	(3,595,939)
334	Pumping Plt-Diesel Pumping	(1,021,775)	(91,122)	-	(1,112,897)	(91,122)	-	(1,204,019)	(1,158,458)
	Total Pumping Plant	(6,079,056)	(509,713)	-	(6,588,769)	(509,713)	-	(7,098,482)	(6,843,625)
Water Treatment Plant									
337	Land & Land Rights-Ttrmnt	-	-	-	-	-	-	-	-
338	Structures and Improvemen	(3,920,439)	(171,709)	-	(4,092,148)	(234,988)	-	(4,327,136)	(4,209,642)
339	Treatment Plant Equipment	(4,192,364)	(345,413)	260,555	(4,277,222)	(463,888)	260,555	(4,480,555)	(4,378,889)
	Total Water Treatment Plant	(8,112,803)	(517,122)	260,555	(8,369,370)	(698,876)	260,555	(8,807,691)	(8,588,530)
Transmission and Distribution Plant									
374	Land and Land Rights	-	-	-	-	-	-	-	-
375	Distr Structures&Improvs	(23,691)	-	-	(23,691)	-	-	(23,691)	(23,691)
376	Distribution Plant-Reserv	(1,523,758)	(45,173)	-	(1,568,931)	(45,173)	-	(1,614,104)	(1,591,518)
377	Mains	(41,730,687)	(2,727,243)	171,869	(44,286,061)	(2,813,626)	171,869	(46,927,818)	(45,606,939)
378	Fire or Force Mains	(965,961)	(64,267)	-	(1,030,228)	(65,631)	-	(1,095,859)	(1,063,044)
379	Services	(5,787,522)	(386,971)	75,037	(6,099,456)	(395,161)	75,037	(6,419,580)	(6,259,518)
380	Meters	(4,950,952)	(783,965)	250,000	(5,484,917)	(841,566)	250,000	(6,076,483)	(5,780,700)
381	Backflow Preventers	(1,357,270)	(93,867)	34,379	(1,416,758)	(93,599)	34,379	(1,475,978)	(1,446,368)
382	Hydrants	(3,446,490)	(221,362)	-	(3,667,852)	(227,928)	-	(3,895,780)	(3,781,816)
	Total Transmission and Distribution Plant	(59,786,330)	(4,322,848)	531,285	(63,577,893)	(4,482,684)	531,285	(67,529,292)	(65,553,593)
General Plant									
389	Land and Land Rights	-	-	-	-	-	-	-	-
390	Structures&Improvements	(453,085)	(1,328)	-	(454,413)	(1,491)	-	(455,904)	(455,159)
391	Office Furniture & Equipm	(4,545)	(947)	-	(5,492)	(1,063)	-	(6,555)	(6,024)
391.1	Computers and Electronics	(644,810)	(189,489)	-	(834,299)	(212,732)	-	(1,047,031)	(940,665)
392	Transportation Equipment	(130,619)	(70,073)	130,733	(69,959)	(72,679)	-	(142,638)	(106,298)
394	Tools Shop &Garage Equip	(52,090)	(7,022)	6,000	(53,112)	(7,512)	6,000	(54,624)	(53,868)
395	Laboratory&Testing Equip	(27,302)	(4,700)	-	(32,002)	(5,276)	-	(37,278)	(34,640)
396	Power Operated Equipment	(950,059)	(207,157)	178,074	(979,142)	(218,336)	178,074	(1,019,404)	(999,273)
397	Communication Equipment	(36,294)	(3,419)	-	(39,713)	(3,838)	-	(43,551)	(41,632)
398	Miscellaneous Equipment	(58,643)	(5,893)	-	(64,536)	(6,616)	-	(71,152)	(67,844)
	Total General Plant	(2,357,447)	(490,028)	314,807	(2,532,668)	(529,543)	184,074	(2,878,137)	(2,705,402)
	Total Accumulated Depreciation	$ (77,838,247)	$ (5,953,720)	$ 1,106,647	$ (82,685,320)	$ (6,334,825)	$ 975,914	$ (88,044,231)	$ (85,364,775)

COST OF SERVICE ANALYSIS

Gainesville Regional Utilities

Water Rate Study Report

System Demand Ratios

	2013 Forecasted
1) Average day pumpage (gallons)	23,797,553
2) Maximum day consumption	31,801,000
3) Maximum hour for average day - (line 1 /24 x 2.5)	1,582,000

Ratios

Base : Maximum Day Ratio

Base	23,797,553 / 31,801,000	=	74.80%
Maximum day (1.0-base)		=	25.20%

Base : Maximum Hour Ratio

Base	991,600 / 1,582,000	=	62.70%
Maximum hour (1.0-base)		=	37.30%

Gainesville Regional Utilities

Water Rate Study Report

Allocation of Operations and Maintenance Expenses to Cost Functions

		Allocation						Allocated Cost					
			Demand			Customer Costs			Demand			Customer Costs	
Source of Supply Expenses	Forecasted 2013	Base	Max Day	Max Hour (System)	Max Hour (Distribution)	Equivalent Meters	Billing & Collection	Base	Max Day	Max Hour (System)	Max Hour (Distribution)	Equivalent Meters	Billing & Collection
Purchased Power	$ 2,238,133	1.000	-	-	-	-	-	$ 2,238,133	$ -	$ -	$ -	$ -	$ -
Materials Exp	115,000	0.748	0.252	-	-	-	-	86,020	28,980	-	-	-	-
Misc	-	0.748	0.252	-	-	-	-	-	-	-	-	-	-
Total Supply Expenses	2,353,133							2,324,153	28,980	-	-	-	-
Water Treatment Expenses													
Operations and Labor	1,695,032	0.748	0.252	-	-	-	-	1,267,884	427,148	-	-	-	-
Chemicals	1,556,173	1.000	-	-	-	-	-	1,556,173	-	-	-	-	-
Materials	153,221	0.748	0.252	-	-	-	-	114,609	38,612	-	-	-	-
Contract Serv	54,400	0.748	0.252	-	-	-	-	40,691	13,709	-	-	-	-
Rent Expense	35,000	0.748	0.252	-	-	-	-	26,180	8,820	-	-	-	-
Purchased Power	-	0.748	0.252	-	-	-	-	-	-	-	-	-	-
Misc expense	1,440	0.748	0.252	-	-	-	-	1,077	363	-	-	-	-
Regulatory Exp	129	0.748	0.252	-	-	-	-	96	33	-	-	-	-
Total Treatment Expenses	3,495,395							3,006,710	488,685	-	-	-	-
Transmission and Distribution Expenses													
Operations and Labor	1,883,696	0.620	0.110	0.085	0.085	0.100	-	1,167,891	207,207	160,114	160,114	188,370	-
Maint and Labor	-	0.620	0.110	0.085	0.085	0.100	-	-	-	-	-	-	-
Materials	246,318	0.620	0.110	0.085	0.085	0.100	-	152,717	27,095	20,937	20,937	24,632	-
Contract Services - Mtc	-	0.620	0.110	0.085	0.085	0.100	-	-	-	-	-	-	-
Contract Services - Op	-	0.620	0.110	0.085	0.085	0.100	-	-	-	-	-	-	-
Rent Expense	41,578	0.620	0.110	0.085	0.085	0.100	-	25,778	4,574	3,534	3,534	4,158	-
Insurance	551	0.620	0.110	0.085	0.085	0.100	-	341	61	47	47	55	-
Misc Expense - Mtc	332,560	0.620	0.110	0.085	0.085	0.100	-	206,186	36,582	28,268	28,268	33,256	-
Misc Expense - Op	-	0.620	0.110	0.085	0.085	0.100	-	-	-	-	-	-	-
Total Transmission and Distribution Expenses	2,504,703							1,552,913	275,519	212,900	212,900	250,471	-
Administrative Expenses													
Customer Accounts	1,488,596	-	-	-	-	-	1.000	-	-	-	-	-	1,488,596
Sales Expense	66,696	-	-	-	-	-	1.000	-	-	-	-	-	66,696
Other A&G	4,992,221	0.350	0.150	0.100	0.100	0.150	0.150	1,747,278	748,833	499,222	499,222	748,833	748,833
Total Administrative Expenses	6,547,513							1,747,278	748,833	499,222	499,222	748,833	2,304,125
Total Operations and Maintenance	$14,900,744							$ 8,631,054	$ 1,542,017	$ 712,122	$ 712,122	$ 999,304	$ 2,304,125

Gainesville Regional Utilities

Water Rate Study Report

Allocation of Depreciation Expense to Cost Functions

Account Number	Account Description	Forecasted 2013 Depreciation	Allocations						Allocated Costs					
				Demand			Customer Costs			Demand			Customer Costs	
			Base	Max Day	Max Hour (System)	Max Hour (Distribution)	Equivalent Meters	Billing & Collection	Base	Max Day	Max Hour (System)	Max Hour (Distribution)	Equivalent Meters	Billing & Collection
310	Land & Land Rights	$ -	0.748	0.252	-	-	-	-	$ -	$ -	$ -	$ -	$ -	$ -
	Source of Supply													
311	Generation-Structure&Impr	25,017	0.748	0.252	-	-	-	-	18,713	6,304	-	-	-	-
318	Source of Supply-Wells &	80,206	0.748	0.252	-	-	-	-	59,994	20,212	-	-	-	-
326	Source of Supply-Supply M	8,786	0.748	0.252	-	-	-	-	6,572	2,214	-	-	-	-
	Total Source of Supply Plant	114,009							85,279	28,730	-	-	-	-
	Pumping Plant													
329	Structures and Improvemen	66,174	0.748	0.252	-	-	-	-	49,498	16,676	-	-	-	-
333	Electric Pumping Equipmen	352,417	0.748	0.252	-	-	-	-	263,608	88,809	-	-	-	-
334	Pumping Plt-Diesel Pumpin	91,122	0.748	0.252	-	-	-	-	68,159	22,963	-	-	-	-
	Total Pumping Plant	509,713							381,265	128,448	-	-	-	-
	Water Treatment Plant													
337	Land & Land Rights-Ttrmnt	-							-	-	-	-	-	-
338	Structures and Improvemen	234,988	0.748	0.252	-	-	-	-	175,771	59,217	-	-	-	-
339	Treatment Plant Equipment	463,888	0.748	0.252	-	-	-	-	346,988	116,900	-	-	-	-
	Total Water Treatment Plant	698,876							522,759	176,117	-	-	-	-
	Transmission and Distribution Plant													
374	Land and Land Rights	-							-	-	-	-	-	-
375	Distr Structures&Improvs	-	0.710	0.050	0.240	-	-	-	-	-	-	-	-	-
376	Distribution Plant-Reserv	45,173	0.400	-	0.600	-	-	-	18,069	-	27,104	-	-	-
377	Mains	2,813,626	0.574	0.126	0.060	0.240	-	-	1,615,021	354,517	168,818	675,270	-	-
378	Fire or Force Mains	65,631	0.574	0.126	0.150	0.150	-	-	37,671	8,270	9,845	9,845	-	-
379	Services	395,161	-	-	-	-	1.000	-	-	-	-	-	395,161	-
380	Meters	841,566	-	-	-	-	1.000	-	-	-	-	-	841,566	-
381	Backflow Preventers	93,599	0.710	0.050	0.120	0.120	-	-	66,455	4,680	11,232	11,232	-	-
382	Hydrants	227,928	0.710	0.050	-	0.240	-	-	161,829	11,396	-	54,703	-	-
	Total Transmission and Distribution Plant	4,482,684							1,899,045	378,863	216,999	751,050	1,236,727	-
	General Plant													
389	Land and Land Rights	-							-	-	-	-	-	-
390	Structures&Improvements	1,491	0.604	0.151	0.120	-	0.125	-	901	225	179	-	186	-
391	Office Furniture & Equipm	1,063	0.604	0.151	0.120	-	0.125	-	641	161	128	-	133	-
391.1	Computers and Electronics	212,732	0.604	0.151	0.120	-	0.125	-	128,489	32,123	25,528	-	26,592	-
392	Transportation Equipment	72,679	0.604	0.151	0.120	-	0.125	-	43,898	10,975	8,721	-	9,085	-
394	Tools Shop &Garage Equip	7,512	0.604	0.151	0.120	-	0.125	-	4,538	1,134	901	-	939	-
395	Laboratory&Testing Equip	5,276	0.604	0.151	0.120	-	0.125	-	3,186	797	633	-	660	-
396	Power Operated Equipment	218,336	0.604	0.151	0.120	-	0.125	-	131,875	32,969	26,200	-	27,292	-
397	Communication Equipment	3,838	0.604	0.151	0.120	-	0.125	-	2,317	580	461	-	480	-
398	Miscellaneous Equipment	6,616	0.604	0.151	0.120	-	0.125	-	3,996	999	794	-	827	-
	Total General Plant	529,543							319,841	79,963	63,545	-	66,194	-
Total Depreciation Expense		$ 6,334,825							$3,208,189	$ 792,121	$ 280,544	$ 751,050	$1,302,921	$ -

Please Refer to Summary of Significant Assumptions and Summary of Significant Accounting Policies

Gainesville Regional Utilities

Water Rate Study Report

Summary of Costs by Function

Revenue Requirement Component	Allocation Basis	Forecasted 2013	Base	Demand			Customer Costs	
				Max Day	Max Hour (System)	Max Hour (Distribution)	Equivalent Meters	Billing & Collection
Operation and Maintenance Expenses	-	$ 14,900,744	$ 8,631,054	$ 1,542,017	$ 712,122	$ 712,122	$ 999,304	$ 2,304,125
Depreciation	-	6,334,825	3,208,189	792,121	280,544	751,050	1,302,921	-
Return on Rate Base	-	6,914,203	3,501,608	864,568	306,202	819,740	1,422,085	-
Subtotal		28,149,772	15,340,851	3,198,706	1,298,868	2,282,912	3,724,310	2,304,125
Average Allocation Weighting		100.0%	54.50%	11.36%	4.61%	8.11%	13.23%	8.19%
Transfer to the General Fund	Above Allocation	5,824,749	3,174,489	661,691	268,521	472,387	770,614	477,047
Rate Stabilization Payment	Above Allocation	98,346	53,598	11,172	4,534	7,976	13,011	8,055
Other Revenue - Connection Charges	Above Allocation	(956,630)	(521,363)	(108,673)	(44,101)	(77,583)	(126,562)	(78,348)
Other Revenue - Surcharges	Above Allocation	(2,186,486)	(1,191,635)	(248,385)	(100,797)	(177,324)	(289,272)	(179,073)
Other Revenue - Interest Income	Above Allocation	(128,217)	(69,879)	(14,565)	(5,911)	(10,398)	(16,963)	(10,501)
Other Revenue - BABs Subsidy	Above Allocation	(894,820)	(487,676)	(101,652)	(41,251)	(72,570)	(118,385)	(73,286)
Other Revenue - Service Charges	Above Allocation	(1,186,201)	(646,480)	(134,752)	(54,684)	(96,201)	(156,934)	(97,150)
Other Revenue - Shands/Innovation Square	Above Allocation	(42,045)	(22,915)	(4,776)	(1,938)	(3,410)	(5,563)	(3,443)
Allocated Costs		$ 28,678,468	$ 15,628,990	$ 3,258,766	$ 1,323,241	$ 2,325,789	$ 3,794,256	$ 2,347,426

Please Refer to Summary of Significant Assumptions and Summary of Significant Accounting Policies

Gainesville Regional Utilities
Water Rate Study Report
Customer Class Allocators

Customer Class	Annual Volume (1,000 Gallons)	Average Day (1,000 Gallons)	Percent	Maximum Day: Max Day Extra Capacity Ratio	Maximum Day: Max Day Volume (1,000 Gallons)	Maximum Day: Percent	Maximum Hour: Max Hour Extra Capacity Ratio	Maximum Hour: Max Hour Volume (1,000 Gallons)	Maximum Hour: Max Hour System Percent	Maximum Hour: Max Hour Distribution Percent
Residential	4,285,050	11,740	**57.95%**	1.01	11,857	**51.94%**	2.00	978	**54.16%**	**59.96%**
General Service	1,640,545	4,490	**22.16%**	0.85	3,817	**16.72%**	1.65	309	**17.09%**	**18.92%**
Residential Irrigation	209,522	570	**2.81%**	2.90	1,653	**7.24%**	4.75	113	**6.24%**	**6.91%**
General Irrigation	423,906	1,160	**5.73%**	2.90	3,364	**14.74%**	4.75	230	**12.71%**	**14.07%**
UF Off Campus	10,528	30	**0.15%**	0.93	28	**0.12%**	1.85	2	**0.13%**	**0.14%**
UF On Campus	820,630	2,250	**11.11%**	0.93	2,093	**9.17%**	1.85	173	**9.60%**	**0.00%**
Alachua	7,355	20	**0.10%**	0.85	17	**0.07%**	1.65	1	**0.08%**	**0.00%**
Total	7,397,536	20,260	**100.00%**		22,828	**100.00%**		1,807	**100.00%**	**100.00%**

Noncoincident peak day (1,000 gallons)	43,088	From above
Coincident peak day (1,000 gallons)	31,801	From page 18

Gainesville Regional Utilities

Water Rate Study Report

Forecasted Meter Counts and Equivalent Meters

Size	Meters		Meters						
			Residential	General Service	Residential Irrigation	General Irrigation	UF Off Campus	UF - On Campus	Alachua
5/8	66,409		61,544	2,433	1,589	826	16	-	1
3/4	378		93	211	4	70	-	-	-
1	1,749		614	910	7	211	4	1	2
1 1/2	897		261	564	-	66	5	1	-
2	930		249	612	3	39	11	15	1
3	99		18	77	-	2	1	1	-
4	42		14	24	-	-	1	3	-
6	34		10	19	-	-	-	5	-
8	18		4	7	-	-	2	4	1
10	5		-	-	-	-	-	5	-
Total	70,561		62,807	4,857	1,603	1,214	40	35	5
	Percent of Total		**89.01%**	**6.88%**	**2.27%**	**1.72%**	**0.06%**	**0.05%**	**0.01%**

Size	Equivalent Meters	Equivalent Meter Ratio	Equivalent Meters						
			Residential	General Service	Residential Irrigation	General Irrigation	UF Off Campus	UF - On Campus	Alachua
5/8	66,409	1.0	61,544	2,433	1,589	826	16	-	1
3/4	415	1.1	102	232	4	77	-	-	-
1	2,449	1.4	860	1,274	10	295	6	1	3
1 1/2	1,615	1.8	470	1,015	-	119	9	2	-
2	2,698	2.9	722	1,775	9	113	32	44	3
3	1,089	11.0	198	847	-	22	11	11	-
4	588	14.0	196	336	-	-	14	42	-
6	714	21.0	210	399	-	-	-	105	-
8	522	29.0	116	203	-	-	58	116	29
10	200	40.0	-	-	-	-	-	200	-
Total	76,699		64,418	8,514	1,612	1,452	146	521	36
	Percent of Total		**83.99%**	**11.10%**	**2.10%**	**1.89%**	**0.19%**	**0.68%**	**0.05%**

Gainesville Regional Utilities

Water Rate Study Report

Summary Of Costs by Rate Class

		Allocated Costs						
	Forecasted Cost	Residential	General Service	Residential Irrigation	General Irrigation	UF Off Campus	UF On Campus	Alachua
Base	$ 15,628,990	$ 9,056,484	$ 3,463,680	$ 439,710	$ 894,848	$ 23,143	$ 1,735,697	$ 15,428
Max Day	3,258,766	1,692,656	544,810	235,968	480,215	3,983	298,707	2,427
Max Hour (System)	1,323,241	716,602	226,105	82,632	168,163	1,694	127,038	1,007
Max Hour (Distribution)	2,325,789	1,394,470	439,988	160,798	327,237	3,296	-	-
Equivalent Meters	3,794,256	3,186,797	421,162	79,679	71,711	7,209	25,801	1,897
Billing & Collection	2,347,426	2,089,443	161,503	53,287	40,376	1,408	1,174	235
General Fund Transfer Adjustment	-	290,679	106,398	18,239	36,941	(8,273)	(444,457)	473
Cost of Service	28,678,468	18,427,131	5,363,646	1,070,313	2,019,491	32,460	1,743,960	21,467
Revenue At Present Rates	28,867,577	17,454,237	6,492,146	1,095,214	1,991,199	37,947	1,784,400	12,434
Difference from Cost of Service	$ (189,109)	$ 972,894	$ (1,128,500)	$ (24,901)	$ 28,292	$ (5,487)	$ (40,440)	$ 9,033
Percent Difference from Cost of Service	-0.66%	5.28%	-21.04%	-2.33%	1.40%	-16.90%	-2.32%	42.08%

Please Refer to Summary of Significant Assumptions and Summary of Significant Accounting Policies

RATE DESIGN

Gainesville Regional Utilities

Water Rate Study Report

Rate Design

Rate Class	Units		Current Rates	Cost Based	Residential		General Service		Residential Irrigation		General Irrigation		University of Florida		Alachua	
					Current	Cost Based	Current	Cost Based	Current	Cost Based	Current	Cost Based	Current	Cost Based	Current	Cost Based
Single Family Residential																
First 7,000 Gallons	2,554,095	1,000 Gallons	2.05	**2.53**	5,235,895	6,449,090										
Next 13,000 Gallons	738,168	1,000 Gallons	3.65	**3.65**	2,694,313	2,694,313										
Over 20,000 Gallons	245,430	1,000 Gallons	6.00	**6.00**	1,472,580	1,472,580										
Customer Charge	736,884	Customer Months	8.65	**7.39**	6,374,047	5,445,573										
Multi Unit Residential																
First 3,300 Gallons	539,567	1,000 Gallons	2.05	**2.53**	1,106,112	1,362,407										
Next 6,100 Gallons	155,942	1,000 Gallons	3.65	**3.65**	569,188	569,188										
Over 9,400 Gallons	51,848	1,000 Gallons	6.00	**6.00**	311,088	311,088										
Customer Charge	16,800	Customer Months	8.65	**7.39**	145,320	124,152										
General Service																
Volume Charge	1,640,545	1,000 Gallons	3.65	**2.85**			5,987,989	4,675,553								
Customer Charge	58,284	Customer Months	8.65	**11.82**			504,157	688,917								
Residential Irrigation																
First 15,000 Gallons	139,706	1,000 Gallons	3.65	**3.65**					509,927	509,927						
Over 15,000 Gallons	69,816	1,000 Gallons	6.00	**6.00**					418,896	418,896						
Customer Charge	19,236	Customer Months	8.65	**7.86**					166,391	151,195						
General Irrigation																
Volume Charge	423,906	1,000 Gallons	4.40	**4.41**							1,865,186	1,869,425				
Customer Charge	14,568	Customer Months	8.65	**10.23**							126,013	149,031				
University of Florida																
Volume On Campus	820,630	1,000 Gallons	2.17	**2.09**									1,780,767	1,715,117		
Customer On Campus	420	Customer Months	8.65	**64.23**									3,633	26,977		
Volume Off Campus	10,528	1,000 Gallons	3.21	**2.26**									33,795	23,793		
Customer Off Campus	480	Customer Months	8.65	**17.95**									4,152	8,616		
City of Alachua																
Volume Charge	7,355	1,000 Gallons	1.62	**2.56**											11,915	18,829
Customer Charge	60	Customer Months	8.65	**43.00**											519	2,580
Volume Revenue					11,389,176	12,858,666	5,987,989	4,675,553	928,823	928,823	1,865,186	1,869,425	1,814,562	1,738,910	11,915	18,829
Customer Revenue					6,519,367	5,569,725	504,157	688,917	166,391	151,195	126,013	149,031	7,785	35,593	519	2,580
	Forecasted 2013 Revenues at Cost Based Rates					18,428,391		5,364,470		1,080,018		2,018,456		1,774,503		21,409

Gainesville Regional Utilities

Water Rate Study Report

Multi-Unit Residential

	Total Residential Volume	Standalone Residential Volume	Multi-Unit Residential Volume	Number of Multi-Unit Buildings
Oct	390,803	325,258	65,545	1,400
Nov	401,797	390,803	10,994	1,400
Dec	377,721	311,823	65,898	1,400
Jan	351,219	282,959	68,260	1,400
Feb	342,085	237,296	104,789	1,400
Mar	316,328	253,373	62,955	1,400
Apr	406,449	336,679	69,770	1,400
May	418,439	406,449	11,990	1,400
Jun	459,058	396,355	62,703	1,400
Jul	420,678	355,493	65,185	1,400
Aug	358,171	296,972	61,199	1,400
Sep	434,145	358,667	75,478	1,400
	4,676,893	3,952,127	724,766	16,800

Total Number of Units in Multi-Unit Residential Buildings	23,858

	Standalone Residential	Multi-Unit Residential
Sales in Thousands of Gallons	3,952,127	724,766
Total Units	61,407	23,858
Average Monthly Volume per Unit in Thousands of Gallons	5.4	2.5
Multi-Unit Residential Uses 47% as Much Volume per Unit as Standalone Residential		47%

	Standalone Residential Rate Blocks	Multi-Unit Rate Blocks	
First	7,000	3,300	gallons
Next	13,000	6,100	gallons
Over	20,000	9,400	gallons

Gainesville Regional Utilities

Water Rate Study Report

Connection Charges

	Meter Assembly			
Meter Size	**Present Rates**	**Equivalent Ratios**	**Meter Capacity**	**Average Consumption**
5/8"	480	523	380	296
3/4"	550	575	831	857
1"	670	732	1,305	1,319
1 1/2"	2,040	941	3,797	2,856
2"	2,270	1,516	3,797	7,000
3"	7,370	5,750	-	11,816
4"	8,310	7,318	-	25,557
6"	15,220	10,978	-	11,570
8"	18,070	15,160	-	122,616
Forecasted Revenues over 5 Years	1,683,021	1,683,021	1,683,021	1,683,021

	Meter Only			
Meter Size	**Present Rates**	**Equivalent Ratios**	**Meter Capacity**	**Average Consumption**
5/8"	240	283	206	160
3/4"	310	312	450	465
1"	430	397	708	715
1 1/2"	1,500	510	2,059	1,549
2"	1,720	822	2,059	3,796
3"	-	-	-	-
4"	-	-	-	-
6"	-	-	-	-
8"	-	-	-	-
Forecasted Revenues over 5 Years	912,694	912,694	912,694	912,694

	Transmission and Distribution			
Meter Size	**Present Rates**	**Equivalent Ratios**	**Meter Capacity**	**Average Consumption**
5/8"	400	956	694	541
3/4"	1,160	1,051	1,518	1,567
1"	1,270	1,338	2,386	2,412
1 1/2"	2,940	1,720	6,941	5,223
2"	5,460	2,771	6,941	12,797
3"	$5,460 or 1.433 per gallon estimated average daily flow	10,512	-	21,603
4"		13,379	-	46,726
6"		20,068	-	21,153
8"		27,713	-	224,180
Forecasted Revenues over 5 Years	3,120,857	3,076,695	3,076,483	3,077,088

	Water Treatment Plant			
Meter Size	**Present Rates**	**Equivalent Ratios**	**Meter Capacity**	**Average Consumption**
5/8"	630	926	673	524
3/4"	1,820	1,019	1,472	1,518
1"	2,070	1,297	2,312	2,337
1 1/2"	4,740	1,667	6,727	5,061
2"	9,440	2,686	6,727	12,401
3"	9,440	10,188	-	20,934
4"	9,440	12,966	-	45,279
6"	9,440	19,449	-	20,498
8"	9,440	26,858	-	217,238
Forecasted Revenues over 5 Years	2,981,806	2,981,806	2,981,806	2,981,806

	Total (Meter Assembly, T&D, Treatment)			
Meter Size	**Present Rates**	**Equivalent Ratios**	**Meter Capacity**	**Average Consumption**
5/8"	1,510	2,405	1,747	1,361
3/4"	3,530	2,645	3,820	3,942
1"	4,010	3,366	6,004	6,067
1 1/2"	9,720	4,328	17,465	13,140
2"	17,170	6,973	17,465	32,198
3"	22,270	26,450	-	54,353
4"	23,210	33,663	-	117,561
6"	30,120	50,495	-	53,221
8"	32,970	69,731	-	564,033
Forecasted Revenues over 5 Years	7,015,356	7,741,522	7,741,310	7,741,916

Please Refer to Summary of Significant Assumptions and Summary of Significant Accounting Policies

Gainesville Regional Utilities
Water Rate Study Report
Connection Charge Projects

Transmission and Distribution Projects Recovered in Connection Charges	2007	2008	2009	2010	2011	Total	Allocation to New Customers	Allocated Costs
Pressure Improv Main Ph III		3,969				3,969	60%	2,381
Pressure Improv Main Ph IV	367,880	113,134	1,316,983	4,040	4,546	1,806,583	60%	1,083,950
2500 NW 39th Ave Abbington Oaks	124,344					124,344	60%	74,607
Update System Model	67,188	88,555	65,108	26,785	7,558	255,194	60%	153,116
Egville SE12 Roadway Improv	35,765					35,765	25%	8,941
Egville SE10 Ave WM	31,687	1,877				33,565	25%	8,391
SW 24th Ave WM Public Works	640,250	116,315				756,565	60%	453,939
Oversizing	377,081	69,566	94,004	204,636	53,421	798,708	100%	798,708
Road Improvement Related Projects	60,430	63,048	21,850	322,258	150,871	618,457	25%	154,614
								2,738,647
							Overhead	338,058
							Total	$3,076,705

Gainesville Regional Utilities

Water Rate Study Report

Service Charges and Deposits

Description	Current Rate	Labor Hours	Travel Hours	Labor Rate	Labor Cost	Vehicle Hours	Vehicle Rate	Vehicle Cost	Equipment	Total
Water Turn On	30.00	0.50	0.30	29.61	23.69	0.80	20.00	16.00	-	**40.00**
Collection Agency Transfer Fee	25% up to $50									**25% up to $50**
Backflow Test Fee	75.00	1.00	0.30	29.61	38.49	1.30	20.00	26.00	-	**64.00**
Remote Read (ERT) Meter Installation - Water	100.00	1.25	0.30	29.61	45.90	1.55	20.00	31.00	20.00	**97.00**
Field Visit	25.00	0.50	0.30	29.61	23.69	0.80	20.00	16.00	-	**40.00**
Specially Scheduled Meter Reading	20.00	0.25	0.30	18.33	10.08	0.55	20.00	11.00	-	**21.00**
Meter Reread - Reading Correct	20.00	0.25	0.30	18.33	10.08	0.55	20.00	11.00	-	**21.00**
Conservation Visit - Customer Failed to Show	20.00	0.50	0.30	29.61	23.69	0.80	20.00	16.00	-	**40.00**
Delinquent Disconnection - Base Charge	40.00	0.50	0.30	29.61	23.69	0.80	20.00	16.00	-	**40.00**
Delinquent Disconnection - Water Service Removed Adder	30.00	0.50	0.30	29.61	23.69	0.80	20.00	16.00	-	**40.00**
Delinquent Disconnection - After Hours Adder	40.00	1.70	0.30	32.57	65.14	-	20.00	-	-	**65.00**
Delinquent Disconnection - Weekend / Holiday Adder	50.00	1.50	0.30	32.57	58.63	-	20.00	-	-	**59.00**
Customer Requested Temporary Meter Disconnection	20.00	0.50	0.30	29.61	23.69	0.80	20.00	16.00	-	**40.00**
Unauthorized Service Investigation	65.00	1.25	0.30	29.61	45.90	0.80	20.00	16.00	-	**62.00**
Installation and Removal of Meter on Fire Hydrant	90.00	1.75	0.30	29.61	60.70	2.05	20.00	41.00	-	**102.00**
Temporary Hydrant Meter Deposit	1,100.00									**1,739.00**
Water Meter Removal	125.00	2.00	0.30	29.61	68.10	2.30	20.00	46.00	-	**114.00**
Temporary Water Meter	90.00	1.75	0.30	29.61	60.70	2.05	20.00	41.00	-	**102.00**
Meter Testing (5/8 - 2" meters)	various	0.50	0.30	29.61	23.69	0.80	20.00	16.00	-	**40.00**
Meter Testing (greater than 2" meters)	various	0.50	0.30	29.61	23.69	0.80	20.00	16.00	-	**$50 + 3rd party**
Remove & Replace Meter	35.00	0.75	0.30	29.61	31.09	1.05	20.00	21.00	-	**52.00**
Residential Deposit	20.00									**45.00 or twice monthly bill**
Returned Payment Fee	Greater of $20 or 5% of transaction amount									**Greater of $20 or 5% of transaction amount**
Late Payment Fee	Greater of $1 or 1.5% of delinquent balance									**Greater of $1 or 1.5% of delinquent balance**
Customer Meter Reading Form	1.00									**1.00**
Fire Hydrant Damage	Actual cost									**Actual cost**
Base Inspection Service Fee	643.00									**662.00**
Inspection Fee per Linear Foot of Developer Installed Distribution Piping	2.08									**2.14**

Assumptions	Pay Rate	Overhead Rate	Loaded Rate
Labor			
Field Service Rep	21.00	0.41	29.61
Meter Reader	13.00	0.41	18.33
Vehicle			
Pick-Up Truck	20.00		
Bucket Truck	50.00		
Equipment			
ERT Meter	$20 more than a standard meter		

Please Refer to Summary of Significant Assumptions and Summary of Significant Accounting Policies

Gainesville Regional Utilities
Water Rate Study Report
Installation Charges

Meter and Service Installation Charge	Source	
Meter and Service Plant in Service	-	28,419,492
Equivalent Units	-	76,699
Installation Labor	2 hours at $29.61 per hour	59.22
Cost per Equivalent Unit		429.75

	Current Rate	Equivalent Units	**Calculated Rate**
⅝ inch meter with service	470.00	1.00	**429.75**
¾ inch meter with service	510.00	1.10	**472.73**
1 inch meter with service	620.00	1.40	**601.65**
1½ inch meter with service	950.00	1.80	**773.55**
2 inch meter with service	1,030.00	2.90	**1,246.28**
3 inch meter with service	7,160.00	11.00	**4,727.25**
4 inch meter with service	8,080.00	14.00	**6,016.50**
6 inch meter with service	14,800.00	21.00	**9,024.75**
8 inch meter with service	17,580.00	29.00	**12,462.75**
Larger than 8 inch meter with service	Site specific costs	40.00	**17,190.00**

Meter Only Installation Charge	Source	
Meter Plant in Service	-	13,337,023
Equivalent Units	-	76,699
Installation Labor	2 hours at $29.61 per hour	59.22
Cost per Equivalent Unit		233.11

	Current Rate	Equivalent Units	**Calculated Rate**
⅝ inch meter	230.00	1.00	**233.11**
¾ inch meter	270.00	1.10	**256.42**
1 inch meter	390.00	1.40	**326.35**
1½ inch meter	650.00	1.80	**419.60**
2 inch meter	740.00	2.90	**676.02**

Standby Fire Line Installation Charge	Source	
Meter Plant in Service	-	15,082,469
Equivalent Units	-	76,699
Installation Labor	2 hours at $29.61 per hour	59.22
Cost per Equivalent Unit		255.86

	Current Rate	Equivalent Units	**Calculated Rate**
6 inch service	6,700.00	21.00	**5,373.06**
8 inch service	9,400.00	29.00	**7,419.94**
Larger than 8 inch service	Site specific costs		**Site specific costs**

Gainesville Regional Utilities
Water Rate Study Report
Representative Bills

Customer	Meter Size	Volume (1,000 gallons)	Monthly Bill at Current Rates	Monthly Bill at Cost Based Rates	Change	Percent Change
Small Residential	5/8	3	14.80	14.97	0.16	1%
Average Residential	5/8	6	20.95	22.54	1.59	8%
Large Residential	5/8	20	70.45	72.52	2.07	3%
Small Residential - Multi Unit	5/8	3	14.80	14.97	0.16	1%
Average Residential - Multi Unit	5/8	6	20.95	25.58	4.63	22%
Large Residential - Multi Unit	5/8	20	70.45	101.59	31.14	44%
Non-Residential	1	15	63.40	54.57	(8.83)	-14%
Non-Residential	2	28	110.85	91.62	(19.23)	-17%
Non-Residential	4	75	282.40	225.57	(56.83)	-20%
Average Residential Irrigation	5/8	11	48.80	48.01	(0.79)	-2%
Large Residential Irrigation	2	33	171.40	170.61	(0.79)	0%
Average General Irrigation	5/8	29	135.35	138.12	2.77	2%
Large General Irrigation	3	87	390.55	393.90	3.35	1%
Average UF On Campus	2	1,954	4,248.83	4,148.09	(100.74)	-2%
Average UF Off Campus	5/8	22	79.27	67.67	(11.60)	-15%
City of Alachua	n/a	613	1,001.71	1,784.28	782.57	78%