

Gainesville Regional Utilities

Quarterly Financial Statements

2nd Quarter Ended March 31st, 2009



This page is intentionally left blank

**Gainesville Regional Utilities
Quarterly Financial Statements
Quarter Ended March 31st, 2009**

Contents

Management Overview and Analysis

Overview and Basis of Accounting 2

Financial Statements

Combined Statement of Operating Income 5
Electric Revenue Fund - Statement of Operating Income w/ Discussion 7
Water Revenue Fund - Statement of Operating Income w/ Discussion 11
Wastewater Revenue Fund - Statement of Operating Income w/ Discussion 15
Gas Revenue Fund - Statement of Operating Income w/ Discussion 19
Telecommunications Revenue Fund - Statement of Operating Income w/ Discussion 21
Combined Balance Sheet w/ Discussion 25

Supplemental Data

Electric Fund Statistics 29
Water/Wastewater Fund Statistics 31
Gas Fund Statistics 32
Clean Air Allowances 33
Fuel Mix Graphs 34

Definitions and Supplemental Information

Glossary of Terms 39

Management Overview and Analysis

Overview

The City of Gainesville, Florida owns and operates a combined utility system doing business as Gainesville Regional Utilities (GRU) which provides five separate utility functions. The utility functions consist of an electric generation, transmission and distribution system (Electric System), water production and distribution system (Water System), wastewater collection and treatment systems (Wastewater System), natural gas distribution system (Gas System) and a telecommunication system (GRUCom). Each of these systems is accounted for internally as a separate enterprise fund but reported as a combined utility system for external financial reporting purposes.

We offer readers this management discussion and analysis of the utility system's financial statements for the quarter ended March 31, 2009. It should be read in conjunction with the financial statements that follow this section.

Basis of Accounting

The financial statements are presented on the accrual basis of accounting, under Generally Accepted Accounting Principles (GAAP). Under this basis, revenues are recognized in the period earned and expenses are recognized in the period incurred. Additionally, separate financial statements are presented in accordance with the amended and restated Utilities System Revenue Bond Resolution (Bond Resolution). In the Bond Resolution statements, rates are designed to cover operating and maintenance expense, debt service and other uses, which exclude depreciation expense and other non-cash expense items.

The Bond Resolution financial statement method of reporting is utilized for the determination of rates. It results in costs being included in different periods than when these costs are recognized for GAAP financial statement purposes.

Gainesville Regional Utilities has adopted the uniform system of accounts prescribed by the Federal Energy Regulatory Commission (FERC) and the National Association of Regulatory Utility Commissioners (NARUC).

This page is intentionally left blank

Financial Statements

Gainesville Regional Utilities
COMBINED UTILITIES FUNDS
STATEMENT OF OPERATING INCOME
FOR SECOND QUARTER ENDED MARCH 31, 2009

This Year	Quarter		Change (%)		Year to Date	FY 09 Budget	FY 09 Projected	Change (%)
	Last Year	Change						
28,764	26,469	2,295	8.7	REVENUES:				
1,240	912	328	36.0	Total Native Load Sales of Electricity	58,657	127,114	116,545	(8.31)
26,496	22,653	3,843	17.0	Interchange Sales	1,850	-	1,800	-
270	(120)	390	(325.0)	Fuel Adjustment	52,091	158,450	129,107	(18.52)
-	-	-	-	Other Revenues	1,072	2,912	3,165	8.69
593	787	(194)	(24.7)	Rate Stabilization Fund Transfer	-	12,194	12,116	(0.64)
57,363	50,701	6,662	13.1	Interest Income	1,213	2,744	2,376	(13.41)
				Total Electric Revenues	114,883	303,414	265,109	(12.62)
5,798	5,389	409	7.6	Sales of Water	12,448	29,523	27,284	(7.58)
100	196	(96)	(49.0)	Other Water Revenues	679	2,052	1,691	(17.59)
-	-	-	-	Rate Stabilization Fund Transfer	-	(1,584)	(952)	(39.90)
59	54	5	9.3	Interest Income	119	226	240	6.19
5,957	5,639	318	5.6	Total Water Revenues	13,246	30,217	28,263	(6.47)
8,071	7,719	352	4.6	Wastewater Billings	15,951	33,193	32,499	(2.09)
(186)	121	(307)	(253.7)	Other Wastewater Revenues	266	2,746	2,041	(25.67)
-	-	-	-	Rate Stabilization Fund Transfer	-	(867)	(2,392)	175.89
101	103	(2)	(1.9)	Interest Income	203	337	411	21.96
7,986	7,943	43	0.5	Total Wastewater Revenues	16,420	35,409	32,559	(8.05)
3,578	4,253	(675)	(15.9)	Sales of Gas and Service	8,290	14,210	12,684	(10.74)
5,865	7,053	(1,188)	(16.8)	Purchased Gas Adjustment	10,591	22,141	17,267	(22.01)
-	-	-	-	Rate Stabilization Fund Transfer	-	169	(1,890)	(1,218.34)
130	155	(25)	(16.1)	Interest Income	259	547	487	(10.97)
9,573	11,461	(1,888)	(16.5)	Total Gas Revenues	19,140	37,067	28,548	(22.98)
2,608	2,798	(190)	(6.8)	Sales of GRUCom Services	5,133	10,383	10,639	2.47
-	-	-	-	Rate Stabilization Fund Transfer	-	2,290	(1,510)	(165.94)
78	80	(2)	(2.5)	Interest Income	159	256	487	90.23
2,686	2,878	(192)	(6.7)	Total GRUCom Revenues	5,292	12,929	9,616	(25.62)
83,565	78,622	4,943	6.3	TOTAL REVENUES	168,981	419,036	364,095	(13.11)
				OPERATION & MAINTENANCE EXPENSES:				
				Electric Fund:				
				Fuel Expense:				
57,877	46,276	11,601	25.1	Retail & Purchased Power	57,877	158,450	129,107	(18.52)
1,460	1,153	307	26.6	Interchange	1,460	-	1,200	-
59,337	47,429	11,908	25.1	Total Fuel Expense	59,337	158,450	130,307	(17.76)
18,180	18,151	29	0.2	Operation & Maintenance Expense	18,180	38,276	35,385	(7.55)
9,450	8,749	701	8.0	Administrative & General Expense	9,450	18,951	19,424	2.50
86,967	74,329	12,638	17.0	Total Electric Fund Expenses	86,967	215,677	185,116	(14.17)

Gainesville Regional Utilities
COMBINED UTILITIES FUNDS
STATEMENT OF OPERATING INCOME
FOR SECOND QUARTER ENDED MARCH 31, 2009

This Year	Quarter		Change (%)
	Last Year	Change	
1,869	1,643	226	13.8
1,127	1,032	95	9.2
<u>2,996</u>	<u>2,675</u>	<u>321</u>	<u>12.0</u>
1,790	1,882	(92)	(4.9)
1,276	1,123	153	13.6
<u>3,066</u>	<u>3,005</u>	<u>61</u>	<u>2.0</u>
5,406	7,573	(2,167)	(28.6)
389	460	(71)	(15.4)
805	878	(73)	(8.3)
<u>6,600</u>	<u>8,911</u>	<u>(2,311)</u>	<u>(25.9)</u>
818	706	112	15.9
556	599	(43)	(7.2)
<u>1,374</u>	<u>1,305</u>	<u>69</u>	<u>5.3</u>
<u>57,209</u>	<u>53,592</u>	<u>3,617</u>	<u>6.7</u>
14,049	12,626	1,423	11.3
141	379	(238)	(62.8)
<u>14,190</u>	<u>13,005</u>	<u>1,185</u>	<u>9.1</u>
2,961	2,964	(3)	(0.1)
4,920	4,938	(18)	(0.4)
2,973	2,550	423	16.6
<u>1,312</u>	<u>1,573</u>	<u>(261)</u>	<u>(16.6)</u>
<u>26,356</u>	<u>25,030</u>	<u>1,326</u>	<u>5.3</u>
12,543	12,089	454	3.8
8,052	6,588	1,464	22.2
8,650	7,947	703	8.8
118	75	43	57.3
<u>(3,007)</u>	<u>(1,669)</u>	<u>(1,338)</u>	<u>80.1</u>

	Year to Date	FY 09 Budget	FY 09 Projected	Change (%)
Water Fund:				
Operation & Maintenance Expense	3,780	8,229	7,538	(8.40)
Administrative & General Expense	2,120	4,884	4,526	(7.33)
Total Water Fund Expenses	<u>5,900</u>	<u>13,113</u>	<u>12,064</u>	<u>(8.00)</u>
Wastewater Fund:				
Operation & Maintenance Expense	3,710	8,211	7,417	(9.67)
Administrative & General Expense	2,326	5,747	5,131	(10.72)
Total Wastewater Fund Expenses	<u>6,036</u>	<u>13,958</u>	<u>12,548</u>	<u>(10.10)</u>
Gas Fund:				
Fuel Expense - Purchased Gas	11,282	23,589	17,267	(26.80)
Operation & Maintenance Expense	846	1,735	1,574	(9.28)
Administrative & General Expense	1,564	3,748	3,366	(10.19)
Total Gas Fund Expenses	<u>13,692</u>	<u>29,072</u>	<u>22,207</u>	<u>(23.61)</u>
GRUCom Fund:				
Operation & Maintenance Expense	1,496	5,568	3,292	(40.88)
Administrative & General Expense	1,038	2,335	1,619	(30.66)
Total GRUCom Fund Expenses	<u>2,534</u>	<u>7,903</u>	<u>4,911</u>	<u>(37.86)</u>
Total Operation & Maintenance Expenses	<u>115,129</u>	<u>279,723</u>	<u>236,846</u>	<u>(15.33)</u>
NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION:				
Electric - Retail & Wholesale	27,526	87,737	79,393	(9.51)
Electric - Interchange	390	-	600	-
Total Electric Fund	<u>27,916</u>	<u>87,737</u>	<u>79,993</u>	<u>(8.83)</u>
Water Fund	7,346	17,105	16,200	(5.29)
Wastewater Fund	10,384	21,451	20,011	(6.71)
Gas Fund	5,448	7,995	6,341	(20.69)
GRUCom Fund	2,758	5,026	4,705	(6.39)
TOTAL NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION	<u>53,852</u>	<u>139,313</u>	<u>127,249</u>	<u>(8.66)</u>
DEBT SERVICE	26,332	74,081	63,702	(14.01)
UPIF CONTRIBUTIONS	16,104	30,572	29,453	(3.66)
TRANSFER TO GENERAL FUND	17,301	34,301	33,735	(1.65)
NUCLEAR DECOMMISSIONING/FUEL DISPOSAL	249	359	359	-
NET INCOME/(DEFICIT)	<u>(6,134)</u>	<u>-</u>	<u>-</u>	<u>-</u>

(1) Projected Aggregate Debt Service Coverage Ratio	127,249	127,249
	62,568	61,018
=	2.03	2.09
(2) Projected Total Debt Service Coverage Ratio	127,249	127,249
	65,339	62,578
=	1.95	2.03

Electric Revenue Fund Financial Performance Discussion

Revenues from sales of native energy are projected to be 8.3% lower than original budget. This is due to customers' response to economic conditions, demand elasticity due to price increases, and a mild winter and spring.

Fuel Adjustment Revenue has increased by almost 17% over the same quarter in FY08. However, Fuel Adjustment Revenue for the current year is projected to be nearly 18.5% less than budget due to lower than anticipated fuel costs.

GRU conservatively estimated Interchange Sales at zero for the FY09 budgeting process. However, excess generation from running units is marketed. Current year Interchange Sales projections are expected to exceed original budget by \$1.85 million.

Other Electric Sales are projected to nearly double over those budgeted as the Utility renewed its contract with the City of Alachua.

Projected Interest Income for FY09, as compared to FY08, decreased in the Electric Revenue Fund due to a decrease in cumulative cash available for investments and an overall lower return on the investment portfolio due to market changes. The Electric Revenue Fund's interest income is projected to be 13.42% less than originally budgeted for FY09.

Steam Power Generation expense projections for FY09 are down 6.6% compared to original budget, while Nuclear Power Generation expenses are projected to be under budget for FY09. Other Power Generation expenses have increased 33.4% over FY08 due to the cost of overhaul materials for work being performed on the Deerhaven Unit #3 Combustion Turbine.

Total Power Production expenses are projected to be 16.6% under original FY09 budget due to effective cost-management. Total Transmission and Distribution expenses are expected to be slightly below budget for FY09.

Total Administrative and General expenses, though moderately higher compared to the same quarter in FY08, are projected to be only 2.5% lower than originally budget in FY09. Some of this increase is attributable to planned increased spending on Conservation Programs. Photovoltaic Systems rebate programs have increased significantly in FY09 over FY08.

Electric Revenue Fund Financial Performance Discussion

Debt Service expenses increased from FY08 primarily because of a scheduled increase in principal payments of \$678,000 for the 1996A bonds, as well as new debt payments of \$6.2 million and \$2.8 million for the 2008A and 2008B bonds, respectively. The increase in debt service expense is mitigated by the savings as a result of the 2008 Series C Commercial Paper Notes issuance which refunded the 2002A and 2002B bonds. The savings for the current fiscal year is estimated to be \$471,000. Debt Service expenses for FY09 will be less than budgeted due to a delay in issuing new debt for regular construction purposes.

In conjunction with savings achieved by delaying the FY09 planned bond issuance, and significant cost-reduction measures, the Electric Revenue Fund is projected to end the year with a slightly smaller net deficit than originally anticipated. This deficit is primarily due to lower sales. There was a programmed withdrawal from Rate Stabilization Fund of over \$12.19m for the current year. Projected results show a withdrawal of nearly \$12.11m.

Gainesville Regional Utilities

ELECTRIC REVENUE FUND STATEMENT OF OPERATING INCOME FOR SECOND QUARTER ENDED MARCH 31, 2009

This Year	Last Year	Quarter Change	Change (%)		Year to Date	FY 09 Budget	FY 09 Projected	Change (%)
12,960	10,853	2,107	19.4	REVENUES:				
12,511	11,859	652	5.5	Residential Sales	25,376	63,120	52,612	(16.65)
1,240	912	328	36.0	General Service & Large Power	26,018	57,550	53,768	(6.57)
815	805	10	1.2	Interchange Sales	1,850	-	1,850	-
2,478	2,952	(474)	(16.1)	Utility Surcharge	1,627	3,089	3,545	14.76
				Other Electric Sales (1)	5,636	3,355	6,620	97.32
30,004	27,381	2,623	9.6	Total Sales of Elec. Before Fuel Adj	60,507	127,114	118,345	(6.90)
26,496	22,653	3,843	17.0	Fuel Adjustment	52,091	158,450	129,107	(18.52)
56,500	50,034	6,466	12.9	Total Sales of Electricity	112,598	285,564	247,452	(13.35)
270	(120)	390	(325.0)	Other Revenues (2)	1,072	2,912	3,165	8.69
-	-	-	-	Rate Stabilization Fund Transfer	-	12,194	12,066	(1.05)
593	787	(194)	(24.7)	Interest Income	1,213	2,744	2,376	(13.41)
57,363	50,701	6,662	13.1	Total Revenues	114,883	303,414	265,109	(12.62)
				OPERATION & MAINTENANCE EXPENSES:				
				Power Production Expenses:				
				Fuel Expense:				
28,197	23,363	4,834	20.7	Retail & Purchased Power	57,877	158,450	129,107	(18.52)
1,099	533	566	106.2	Interchange	1,460	-	1,200	-
29,296	23,896	5,400	22.6	Total Fuel Expense	59,337	158,450	130,307	(17.76)
5,098	5,260	(162)	(3.1)	Steam Power Generation Expense	10,152	21,066	19,675	(6.60)
431	394	37	9.4	Nuclear Power Generation Expense	848	1,587	1,292	(18.59)
391	293	98	33.4	Other Power Generation Expense	556	1,786	982	(45.02)
271	285	(14)	(4.9)	System Control & Load Dispatching	553	1,084	1,089	0.46
35,487	30,128	5,359	17.8	Total Power Production Expenses	71,446	183,973	153,345	(16.65)
210	257	(47)	(18.3)	Transmission & Distribution Expenses:				
2,679	2,938	(259)	(8.8)	Transmission Expense	475	951	1,000	5.15
2,889	3,195	(306)	(9.6)	Distribution Expense	5,596	11,802	11,347	(3.86)
				Total Transmission & Distribution	6,071	12,753	12,347	(3.18)
2,022	1,917	105	5.5	Administrative & General Expenses:				
2,775	2,456	319	13.0	Customer Accounts & Sales Expense	3,743	8,278	8,076	(2.44)
4,797	4,373	424	9.7	Administrative & General Expense	5,707	10,673	11,348	6.32
43,173	37,696	5,477	14.5	Total Administrative & General	9,450	18,951	19,424	2.50
				Total Operation & Maintenance Expenses	86,967	215,677	185,116	(14.17)

(1) Other Electric Sales - Wholesale sales, traffic signals, streetlights and rental lights.

(2) Other Revenues - Commercial lighting, service charges, miscellaneous.

Gainesville Regional Utilities

**ELECTRIC REVENUE FUND
STATEMENT OF OPERATING INCOME
FOR SECOND QUARTER ENDED MARCH 31, 2009**

Page 2

This Year	Quarter		Change (%)		Year to Date	FY 09 Budget	FY 09 Projected	Change (%)
	Last Year	Change						
14,049	12,626	1,423	11.3	NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION:	27,526	87,737	79,393	(9.51)
141	379	(238)	(62.8)	Retail & Wholesale Interchange	390	-	600	-
14,190	13,005	1,185	9.1	TOTAL NET REVENUE IN ACCORDANCE WITH BOND RESOLUTION	27,916	87,737	79,993	(8.83)
8,282	7,193	1,089	15.1	DEBT SERVICE	17,293	48,764	41,851	(14.18)
4,803	3,978	825	20.7	UPIF CONTRIBUTIONS	9,606	18,569	17,714	(4.60)
5,195	5,010	185	3.7	TRANSFER TO GENERAL FUND (Includes incentive)	10,206	20,045	20,069	0.12
118	75	43	57.3	NUCLEAR DECOMMISSIONING/FUEL DISPOSAL	249	359	359	-
(4,208)	(3,251)	(957)	29.4	NET INCOME/(DEFICIT)	(9,438)	-	-	-

Water Revenue Fund Financial Performance Discussion

The increase in FY09 revenue reflects the base rate increase over FY08 for the Water System implemented as of October 1, 2009. Despite these rate increases, Total Sales of Water are projected to be 7.58% less than originally budgeted for FY09.

Other Revenues are down roughly 49% primarily due to a decrease in connection charges in first quarter FY09 over FY08. This is a function of the continued downturn in the new housing and construction market. Other Revenues are projected to be nearly 17.6% less than originally budgeted in FY09.

Interest income for FY09, as compared to FY08, increased in the Water Revenue Fund due to an increase in cumulative cash available for investments. The Water Revenue Fund's interest income is projected to be \$14K greater than originally budgeted.

Water Treatment expense is showing 18.7% higher than the same quarter in FY08 primarily due to a combination of timing of monthly plant electricity billing, and higher costs associated with treatment supplies and materials. However, this category is still expected to be under original FY09 budget by 12.3%. Water Distribution is slightly increased in FY09 over FY08, but is projected to be only marginally higher than originally budgeted in FY09 by 2.78%.

Overall Operation & Maintenance Expenses are expected to come in below budget by 8.00%. These reductions, which include Administrative and General expense reductions of 7.0% are due to many factors, including an overall directive for departments to reduce expenditures in response to lower sales levels. Customer Accounts and Sales expense has increased slightly in FY09 over FY08, due to a higher percentage of the costs associated with Field Services being allocated to the Water System.

Debt Service expenses for FY09 decreased as compared to FY08 primarily because of a scheduled increase in principal payments of \$228,000 for the 1996A bonds, as well as new debt payments of \$479,000 for the 2008B bonds being offset by interest savings on the 2003C, 2005C, and 2006A bonds. Additionally, debt service expense is mitigated by the savings as a result of the 2008 Series C Commercial Paper Notes issuance which refunded the 2002A and 2002B bonds. The savings for the current fiscal year is estimated to be \$76,000. Debt Service expenses for FY09 will be less than budgeted due to a delay in issuing new debt for regular construction purposes.

Water Revenue Fund
Financial Performance Discussion cont.

The difference between FY09 budgeted and projected General Fund Transfer is due to the change in projections for the Utility Surcharge revenue. The FY09 projected Surcharge Revenue is projected to be \$501k less than budgeted.

Despite considerable savings achieved by delaying the FY09 planned bond issuance, the Water Revenue Fund is projected to end the year with a smaller net income than originally anticipated. This deficit is primarily due to lower sales. There was a programmed deposit to the Rate Stabilization Fund of over \$1.5m for the current year. Current projections show a contribution of nearly \$950k.

Gainesville Regional Utilities

**WATER REVENUE FUND
STATEMENT OF OPERATING INCOME
FOR SECOND QUARTER ENDED MARCH 31, 2009**

This Year	Quarter		Change (%)		Year to Date	FY 09 Budget	FY 09 Projected	Change (%)
	Last Year	Change						
5,161	4,717	444	9.4	REVENUES:				
484	212	272	128.3	General Customers	10,936	25,580	23,488	(8.18)
153	460	(307)	(66.7)	University of Florida	779	1,388	1,540	10.95
-	-	-	-	Utility Surcharge	733	2,555	2,256	(11.70)
				Fire Hydrant Rentals	-	-	-	-
5,798	5,389	409	7.6	Total Sales of Water	12,448	29,523	27,284	(7.58)
100	196	(96)	(49.0)	Other Revenues (1)	679	2,052	1,691	(17.59)
-	-	-	-	Rate Stabilization Fund Transfer	-	(1,584)	(952)	(39.90)
59	54	5	9.3	Interest Income	119	226	240	6.19
5,957	5,639	318	5.6	Total Revenues	13,246	30,217	28,263	(6.47)
1,372	1,156	216	18.7	OPERATION & MAINTENANCE EXPENSES:				
497	487	10	2.1	Water Treatment Expense	2,754	6,103	5,353	(12.29)
335	329	6	1.8	Water Trans. & Dist. Expense	1,026	2,126	2,185	2.78
792	703	89	12.7	Customer Accounts & Sales Expense	711	1,548	1,424	(8.01)
				Administrative & General Expense	1,409	3,336	3,102	(7.01)
2,996	2,675	321	12.0	Total Operation & Maintenance Expenses	5,900	13,113	12,064	(8.00)
2,961	2,964	(3)	(0.1)	TOTAL NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION	7,346	17,104	16,199	(5.29)
1,203	1,587	(384)	(24.2)	DEBT SERVICE	2,593	7,159	6,739	(5.87)
1,149	903	246	27.2	UPIF CONTRIBUTIONS	2,298	4,171	4,188	0.41
1,233	1,058	175	16.5	TRANSFER TO GENERAL FUND	2,598	5,774	5,272	(8.69)
(624)	(584)	(40)	6.8	NET INCOME/(DEFICIT)	(143)	-	-	-

(1) Other Revenue - Connection fees and miscellaneous.

This page is intentionally left blank

Wastewater Revenue Fund Financial Performance Discussion

Although wastewater billings for the second quarter of FY09 increased 5.3% over FY08, this increase is attributable to the base rate increase for the Wastewater System implemented as of October 1, 2008. Actual k-Gals billed are only marginally higher in FY09 compared to FY08. Overall, the annualized FY09 sales are predicted to result in wastewater billings to be down approximately 3%.

As in the Water System, Surcharge Revenues in the Wastewater System have decreased this quarter over the same quarter last year, though to a somewhat lesser extent. Additionally, and similar to the Water System, Other Revenues are projected to be down comparably at nearly 25.7% for FY09 as compared to original FY09 budget.

Interest income for FY09, as compared to FY08, is comparable in the Wastewater Fund. However, the Wastewater Revenue Fund's FY09 interest income is projected to be 21.9% greater than budget due to a significant increase in cumulative cash available for investments.

Collection expenses are 26% lower than FY08 due partly to decreased disposal fees in the Wastewater System. Additionally, mandated cost savings measures required of all cost categories by the General Manager have resulted in a targeted 10.10% decrease from FY09 original budget in the Wastewater System.

Debt Service expenses decreased slightly from FY08 primarily because of a scheduled increase in principal payments of \$465,000 for the 1996A bonds, as well as new debt payments of \$507,000 for the 2008B bonds being offset by interest savings on the 2003C, 2005C, and 2006A bonds. Additionally, debt service expense is mitigated by the savings as a result of the 2008 Series C Commercial Paper Notes issuance which refunded the 2002A and 2002B bonds. The savings for the current fiscal year is estimated to be \$189,000. Debt Service expenses for FY09 will be less than budgeted due to a delay in issuing new debt for regular construction purposes.

The difference between FY09 budgeted and projected General Fund Transfer is due to the change in projections for the Utility Surcharge revenue. The FY09 projected Surcharge Revenue is projected to be \$55k less than budgeted.

Wastewater Revenue Fund
Financial Performance Discussion cont.

Due to considerable savings achieved by delaying the FY09 planned bond issuance, along with the previously mentioned cost-cutting measures, the Wastewater System is projected to end the year with more net income than originally anticipated. This is despite depressed sales. There was a programmed deposit to the Rate Stabilization Fund of \$867k for the current year. Projected results show a deposit of nearly \$2.4m.

Gainesville Regional Utilities
WASTEWATER REVENUE FUND
STATEMENT OF OPERATING INCOME
FOR SECOND QUARTER ENDED MARCH 31, 2009

This Year	Last Year	Quarter Change	Change (%)		Year to Date	FY 09 Budget	FY 09 Projected	Change (%)
7,384	7,009	375	5.4	REVENUES:	14,430	30,865	29,947	(2.97)
687	710	(23)	(3.2)	Wastewater Billings	1,521	2,328	2,552	9.62
(186)	121	(307)	(253.7)	Surcharge	266	2,746	2,041	(25.67)
-	-	-	-	Other Revenues (1)	-	(867)	(2,392)	175.89
101	103	(2)	(1.9)	Rate Stabilization Fund Transfer	203	337	411	21.96
				Interest Income				
<u>7,986</u>	<u>7,943</u>	<u>43</u>	<u>0.5</u>	Total Revenues	<u>16,420</u>	<u>35,409</u>	<u>32,559</u>	<u>(8.05)</u>
				OPERATION & MAINTENANCE EXPENSES:				
313	424	(111)	(26.2)	Wastewater Collection Expense	680	1,748	1,586	(9.27)
1,477	1,458	19	1.3	Wastewater Treatment Expense	3,030	6,463	5,831	(9.78)
241	303	(62)	(20.5)	Customer Accounts & Sales Expense	511	1,177	1,100	(6.54)
1,035	820	215	26.2	Administrative & General Expense	1,815	4,570	4,031	(11.79)
<u>3,066</u>	<u>3,005</u>	<u>61</u>	<u>2.0</u>	Total Operation & Maintenance Expenses	<u>6,036</u>	<u>13,958</u>	<u>12,548</u>	<u>(10.10)</u>
				TOTAL NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION	<u>10,384</u>	<u>21,451</u>	<u>20,011</u>	<u>(6.71)</u>
4,920	4,938	(18)	(0.4)	DEBT SERVICE	3,411	9,429	8,480	(10.06)
1,592	1,857	(265)	(14.3)	UPIF CONTRIBUTIONS	2,904	5,704	5,268	(7.64)
1,452	1,230	222	18.0	TRANSFER TO GENERAL FUND	3,201	6,318	6,263	(0.87)
1,554	1,385	169	12.2					
<u>322</u>	<u>466</u>	<u>(144)</u>	<u>(30.9)</u>	NET INCOME/(DEFICIT)	<u>867</u>	<u>-</u>	<u>-</u>	<u>-</u>

(1) Other Revenue - Connection fees and miscellaneous.

This page is intentionally left blank

Gas Revenue Fund Financial Performance Discussion

Residential therm sales were higher for the second quarter FY09 compared to last year. This is likely the result of cooler weather in the spring (30% greater heating degree days) despite a warmer winter, and to a lesser extent, lower prices for natural gas. Commercial gas sales are less affected by weather and have been more likely affected by the overall economy. However, sales for FY09 are projected to be down for this system due to multiple reasons, primarily customers' response to economic conditions.

Purchased Gas Adjustment projections are based on projected sales, and increase or decrease proportionately. Purchased Gas Adjustment revenues are expected to be nearly 22% below budget, commensurate with Purchased Gas Fuel Expense, due to significantly lower gas costs and lower sales.

Interest income for FY09 in the Gas Revenue Fund is comparable to FY08, due to a minor increase in cumulative cash available for investments, which is offset by a decrease in yield. The Gas Revenue Fund's interest income is projected to be slightly lower than budgeted by 10.97%.

Operation and Maintenance expenses increased in FY09 over FY08 by 28.6% due to additional labor costs associated with mains repairs and related maintenance. Customer Accounts and Sales expense are up by 15.43% over FY08, and Administrative and General Expenses are lower than FY08 amounts by 26.2% due to a higher percentage of Field Services expenses being allocated to the Gas System. However, overall Operation & Maintenance Expenses are expected to come in below budget by nearly 24%. These reductions are due to many factors, including an overall directive for departments to reduce expenditures in response to lower sales levels.

Debt Service expense decreased from FY08 primarily by the savings as a result of the 2008 Series C Commercial Paper Notes issuance which refunded the 2002A and 2002B bonds. The savings for the current fiscal year is estimated to be \$151,000. The decrease in Debt Service expense is somewhat offset by a scheduled increase in principal payments for the 1996A bonds. Debt Service expenses for FY09 will be less than budgeted due to a delay in issuing new debt for regular construction purposes.

Due to considerable savings achieved by cost-savings measures previously mentioned, and delaying the FY09 planned bond issuance, the Gas System is projected to end the year with a net income rather than the net loss that was originally anticipated. There was a programmed withdrawal from the Rate Stabilization Fund of \$169k for the current year. Projected results show a deposit of nearly \$1.9m.

Gainesville Regional Utilities
GAS REVENUE FUND
STATEMENT OF OPERATING INCOME
FOR SECOND QUARTER ENDED MARCH 31, 2009

This Year	Quarter		Change (%)		Year to Date	FY 09 Budget	FY 09 Projected	Change (%)
	Last Year	Change						
2,974	2,564	410	16.0	REVENUES:				
763	1,861	(1,098)	(59.0)	Sales of Gas and Service:				
(660)	329	(989)	(300.6)	Residential	5,749	8,057	7,548	(6.32)
5,865	7,053	(1,188)	(16.8)	Commerical & Industrial	1,592	3,901	3,598	(7.77)
127	93	34	36.6	Interruptible & Transportation	92	1,003	207	(79.36)
310	248	62	25.0	Purchased Gas Adjustment	10,591	22,141	17,267	(22.01)
64	49	15	30.6	Surcharge	213	276	343	24.28
				Cleanup Cost Recovery Factor (MGP)	508	836	807	(3.47)
				Other Revenue (1)	136	137	181	32.12
9,443	11,306	(1,863)	(16.5)	Total Sales	18,881	36,351	29,951	(17.61)
-	-	-	-	Miscellaneous Revenue:				
130	155	(25)	(16.1)	Rate Stabilization Fund Transfer	-	169	(1,890)	(1,218.34)
				Interest Income	259	547	487	(10.97)
9,573	11,461	(1,888)	(16.5)	Total Revenues	19,140	37,067	28,548	(22.98)
5,406	7,573	(2,167)	(28.6)	OPERATION & MAINTENANCE EXPENSES:				
389	460	(71)	(15.4)	Fuel Expense - Purchased Gas	11,282	23,589	17,267	(26.80)
444	592	(148)	(25.0)	Operation & Maintenance Expenses	846	1,735	1,574	(9.28)
361	286	75	26.2	Customer Accounts & Sales Expense	934	2,119	1,898	(10.43)
				Administrative & General Expense	630	1,629	1,468	(9.88)
6,600	8,911	(2,311)	(25.9)	Total Operation & Maintenance Expenses	13,692	29,072	22,207	(23.61)
2,973	2,550	423	16.6	TOTAL NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION	5,448	7,995	6,341	(20.69)
597	718	(121)	(16.9)	DEBT SERVICE	1,282	4,407	3,006	(31.79)
453	384	69	18.0	UPIF CONTRIBUTIONS	906	1,769	1,549	(12.44)
581	410	171	41.7	TRANSFER TO GENERAL FUND	1,122	1,819	1,786	(1.81)
1,342	1,038	304	29.3	NET INCOME/(DEFICIT)	2,138	-	-	-

(1) Other Revenue - Liquid propane sales, service charges and miscellaneous.

Telecommunications Revenue Fund Financial Performance Discussion

Telecommunication revenue decreased by 14.6% in the second quarter of FY09 compared to the second quarter of FY08, likely due to a slowdown in economic growth in the telecommunications industry. Internet access and trunking radio revenues increased compared to the same period in FY08. Tower Lease Rental revenue decreased in FY09 compared to FY08 by 4.2%. However, total sales for the Telecommunication System are still projected to come in at or near budgeted levels for FY09.

Interest income for FY09, as compared to FY08, decreased slightly in the Telecommunications Revenue Fund due to lower yields and market returns on investments. The Telecommunication Revenue Fund's interest income is projected to be nearly double its original FY09 budget due to a significantly greater amount of available funds for investment.

As mentioned in last quarter's results, GRUCom's long running lawsuit regarding property taxes came to a close in November 2008 with a favorable ruling from the Alachua County Circuit Court. Since 1999 the City has been seeking a ruling that the taxation of GRUCom's fiber optic network and Internet services equipment are exempt from taxation under the Florida Constitution. The case was on remand from the Florida Supreme Court that had ruled that the fact that such services are essential does not make a City's telecommunications equipment automatically exempt from taxation. Instead the Supreme Court said that such equipment is exempt only if the City entered the telecommunications market for one of four reasons: 1.) to provide customers with freedom of choice; 2.) to encourage new services; 3.) to encourage innovation; or 4.) to encourage investment in telecommunications infrastructure. After a two day hearing before the Circuit Court, the judge ruled from the bench that the City had entered and remains in the telecommunications market for all of these reasons. The Plaintiffs in the case, the Alachua County Property Appraiser and the Florida Department of Revenue, decided not to appeal the verdict, thus ending the lawsuit. Had GRUCom lost this case it would have been subject to approximately \$2 million in back taxes and interest and faced an annual tax liability in the future starting at about \$300,000.

Second quarter FY09 Operating and Maintenance expenses increased by 15.8% compared to the prior year amount. This increase is due largely to increased purchased circuits associated with system expansion, as well as other incremental increases, such as utilities expense. However, FY09 expenses are projected to be nearly \$2m less than budgeted, primarily due to the aforementioned court case.

Telecommunications Revenue Fund Financial Performance Discussion cont.

Customer Accounts and Sales expense is 28.7% below second quarter spending compared to last year, which is largely due to decreased marketing expenses in the FY09. Additionally, Administrative and General Expenses decreased slightly by 2.07% in second quarter FY09, compared to second quarter FY08. However, total operations and maintenance expenses are projected to be nearly 38% below original FY09 budget.

Debt Service expenses increased from FY08 due primarily to the payments required by new debt. The 2008A bonds account for approximately \$200,000 of the total annual increase from FY08 to FY09. Debt Service expenses for FY09 will be less than budgeted due to a delay in issuing new debt for regular construction purposes.

Due to considerable savings achieved by delaying the FY09 planned bond issuance and through the settled court case, debt service savings due to the delay of debt issuance, and cost savings measures across the Utility, the Telecommunications System is projected to end the year with a net income rather than the net loss that was originally anticipated. There was a programmed withdrawal from the Rate Stabilization Fund of \$2.3m for the current year. Projected results show a deposit of nearly \$1.5m.

Gainesville Regional Utilities
TELECOMMUNICATIONS REVENUE FUND
STATEMENT OF OPERATING INCOME
FOR SECOND QUARTER ENDED MARCH 31, 2009

This Year	Last Year	Quarter Change	Change (%)		Year to Date	FY 09 Budget	FY 09 Projected	Change (%)
				REVENUES:				
				Sales :				
1,270	1,487	(217)	(14.6)	Telecommunication	2,536	5,371	5,430	1.10
545	509	36	7.1	Trunking Radio	1,091	2,039	2,182	7.01
431	450	(19)	(4.2)	Tower Lease Rental	814	1,368	1,540	12.57
362	352	10	2.8	Internet Access	692	1,605	1,487	(7.35)
<hr/>				Total Sales	<hr/>			
2,608	2,798	(190)	(6.8)		5,133	10,383	10,639	2.47
<hr/>				Miscellaneous Revenue:	<hr/>			
-	-	-	-	Rate Stabilization Fund Transfer/Borrowings	-	2,290	(1,510)	(165.94)
78	80	(2)	(2.5)	Interest Income	159	256	487	90.23
<hr/>				Total Revenues	<hr/>			
2,686	2,878	(192)	(6.7)		5,292	12,929	9,616	(25.62)
<hr/>				OPERATION & MAINTENANCE EXPENSES:	<hr/>			
818	706	112	15.9	Operation & Maintenance Expenses	1,496	5,568	3,292	(40.88)
82	115	(33)	(28.7)	Customer Accounts & Sales Expense	171	368	344	(6.52)
474	484	(10)	(2.1)	Administrative & General Expense	867	1,967	1,275	(35.18)
<hr/>				Total Operation & Maintenance Expenses	<hr/>			
1,374	1,305	69	5.3		2,534	7,903	4,911	(37.86)
<hr/>				TOTAL NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION	<hr/>			
1,312	1,573	(261)	(16.6)		2,758	5,026	4,705	(6.39)
<hr/>				DEBT SERVICE	<hr/>			
869	734	135	18.4	UPIF CONTRIBUTIONS	1,753	4,322	3,626	(16.10)
195	93	102	109.7	TRANSFER TO GENERAL FUND	390	359	734	104.46
87	84	3	3.6		174	345	345	-
<hr/>				NET INCOME/(DEFICIT)	<hr/>			
161	656	(495)	(75.5)		438	-	-	-

This page is intentionally left blank

Balance Sheet – Combined Funds
As of March 31, 2009

Differences in Total cash, investment and accounts receivable are primarily due to timing differences related to cash settlements between funds. Current assets are reduced due to the elimination of the current portion of the LILO contract which was terminated in February 2009, offset by an increase in outstanding fuels contracts.

In the Restricted Assets section, the Construction Fund balance is reduced due to the spend down of capital projects, including the Deerhaven Retrofit project. Utility Plant Improvement Fund is decreased due to budgeted and scheduled transfers in accordance with the bond resolution. The reduction in Rate Stabilization reflects the net transfer of \$5.1 million to Operating Fund based on FY2008 final results. Rate Stabilization is further reduced by lower cumulative interest earnings and other financing activities within the fund.

Non-current assets are reduced due to the termination of the LILO contract in February 2009.

Current Liabilities is also reduced due to the elimination of the current portion payable of the LILO contract, offset by an increase in outstanding accounts payable due to normal fluctuations in business activity.

Other Payables from Restricted Assets increased due to an increase in interest payable.

The redemption of variable rate debt, the 2002 Series A and 2002 Series B bonds for \$62 million with Commercial Paper Notes, caused the decrease in Utilities System Revenue Bonds Payable-Sub Debt and a commensurate increase in the Commercial Paper Notes Payable.

Non-current Liabilities is reduced due to the elimination of the long-term portion of the LILO contract.

**GAINESVILLE REGIONAL UTILITIES
COMBINED FUNDS
BALANCE SHEET
March 31, 2009**

(000's)	<u>Mar 31, 2009</u>	<u>Mar 31, 2008</u>	<u>\$ Difference</u>	<u>% Difference</u>
<u>ASSETS</u>				
CURRENT ASSETS:				
Cash, Investments & Accounts Receivable	9,357	27,336	(17,979)	-192.1%
Other Current Assets	27,859	32,254	(4,395)	-15.8%
TOTAL CURRENT ASSETS	37,216	59,590	(22,374)	-60.1%
RESTRICTED ASSETS:				
Debt Service Fund	28,691	20,016	8,675	30.2%
Construction Fund	88,860	216,313	(127,453)	-143.4%
Utility Plant Improvement Fund	24,417	26,815	(2,398)	-9.8%
Rate Stabilization Fund	60,143	73,229	(13,086)	-21.8%
Other Restricted Assets	17,263	15,350	1,913	11.1%
TOTAL RESTRICTED ASSETS	219,374	351,723	(132,349)	-60.3%
NON-CURRENT ASSETS	23,320	118,355	(95,035)	-407.5%
NET CAPITAL ASSETS	994,686	877,499	117,187	11.8%
TOTAL ASSETS	1,274,597	1,407,168	(132,571)	-10.4%
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES	13,767	18,702	(4,935)	-35.8%
PAYABLE FROM RESTRICTED ASSETS:				
Rate Stabilization Deferred Credit	68,314	73,091	(4,777)	-7.0%
Other Payables From Restricted Assets	35,119	30,373	4,746	13.5%
TOTAL PAYABLE FROM RESTRICTED ASSETS	103,433	103,464	(31)	0.0%
LONG TERM-DEBT:				
Utilities System Revenue Bonds Payable-Senior Lien Debt	697,118	719,502	(22,384)	-3.2%
Utilities System Revenue Bonds Payable-Sub. Debt	0	62,000	(62,000)	-100.0%
Commercial Paper Notes Payable	62,000	0	62,000	0.0%
Unamortized Bond Financing Costs	(21,021)	(22,268)	1,247	-5.9%
TOTAL LONG-TERM DEBT	738,097	759,234	(21,137)	-2.9%
OTHER NON-CURRENT LIABILITIES	28,723	139,006	(110,283)	-384.0%
TOTAL LIABILITIES	884,020	1,020,406	(136,387)	-15.4%
TOTAL NET ASSETS	390,577	386,761	3,816	1.0%
TOTAL LIABILITIES AND NET ASSETS	1,274,597	1,407,168	(132,571)	-10.4%

This page is intentionally left blank

Supplemental Data

Gainesville Regional Utilities

ELECTRIC RESALE

FOR SECOND QUARTER ENDED MARCH 31, 2009

This Year	Month March			Change		Six Months Period Ended March 31		
	Per KWh	Last Year	Per KWh			This Year	Last Year	Change
663,775	0.0748	829,734	0.0966	(165,959)	Resale Revenue			
450,072	0.0815	481,361	0.0928	(31,290)	Alachua	4,520,145	3,943,071	577,074
					Seminole	3,074,752	2,430,733	644,019
<u>1,113,847</u>	0.0773	<u>1,311,096</u>	0.0952	<u>(197,248)</u>	Total Resale Revenue	<u>7,594,896</u>	<u>6,373,803</u>	<u>1,221,093</u>
					Resale KWh			
8,876,391		8,585,642		290,749	Alachua	54,472,669	51,449,935	3,022,734
5,524,994		5,186,540		338,454	Seminole	36,419,232	33,598,440	2,820,792
<u>14,401,385</u>		<u>13,772,182</u>		<u>629,203</u>	Total Resale KWh	<u>90,891,901</u>	<u>85,048,375</u>	<u>5,843,526</u>

Gainesville Regional Utilities

ELECTRIC STATISTICS

FOR SECOND QUARTER ENDED MARCH 31, 2009

Month March				Six Months Period Ended March 31		
This Year	Last Year	Change		This Year	Last Year	Change
92,319	90,668	1,651	Total Customers	95,259	92,000	3,259
30,971	30,740	231	Street Lights in Service	30,971	30,740	231
582.10	585.33	(3.23)	Miles of Overhead Distribution Line	582.10	585.33	(3.23)
823.14	804.40	18.74	Miles of Underground Distribution Line	823.14	804.40	18.74
1,405.24	1,389.73	15.51	Total Miles of Distribution Line	1,405.24	1,389.73	15.51
343	281	62	Maximum Peak Load Generated/Gross (MW)	445	401	44
319	273	46	Maximum Peak Load Generated/Net (MW)	421	385	36
145,041	147,044	(2,003)	Net Energy for Load (MWh)	166,036	182,310	(16,274)
61.11	72.40	(11.29)	Load Factor - Percent	64.69	72.40	(7.71)
68	28	40	Cooling Degree DBFs - Actual Days	334	411	(77)
64	64	-	Cooling Degree DBFs - Normal Days	422	424	(2)
4	(36)	40	Difference from Normal	(88)	(13)	(75)

Gainesville Regional Utilities
WATER & WASTEWATER STATISTICS
FOR SECOND QUARTER ENDED MARCH 31, 2009

WATER

Month March			Six Months Period Ended March 31			
This Year	Last Year	Change		This Year	Last Year	Change
69,166	68,439	727	Total Customers	69,156	69,325	(169)
			Pumpage - Mega-gallons			
30,025	28,339	1,686	Raw Water - Max	30,545	29,774	771
22,395	20,511	1,884	Raw Water - Min	18,828	16,977	1,851
25,886	23,763	2,123	Raw Water - Avg	24,599	24,284	315
802,463	736,641	65,822	Total	4,501,627	4,444,040	57,587
			Distribution System - Max	30,043	28,106	1,937
28,682	27,753	929	Distribution System - Min	19,432	18,920	512
22,513	20,325	2,188	Distribution System - Avg	24,444	24,111	333
25,601	23,689	1,912	Total	4,473,327	4,412,246	61,081
793,637	734,345	59,292	Maximum Daily Pumpage	34.40	31.63	2.77
			Average Max. Daily Pumpage	30.37	28.47	1.90
			Minimum Daily Pumpage	16.55	10.05	6.50
			Average Min. Daily Pumpage	19.04	17.03	2.01
			Miles of Main	1,099.6	1,088.6	11.0
			Miles of Potable Water Fire Mains	12.1	10.8	1.3
			Hydrants	5,430	5,367	63
			Precipitation - Actual Inches	3.97	4.36	(0.39)
			Precipitation - Normal Inches	4.19	4.19	-
			Difference from Normal	(0.22)	0.17	(0.39)

WASTEWATER

Month March			Six Months Period Ended March 31			
This Year	Last Year	Change		This Year	Last Year	Change
61,513	60,464	1,049	Total Customers	61,135	61,303	(167)
16,214	16,002	212.00	Manholes	16,214	16,002	212
24.7	24.6	0.1	Miles of Reclaimed Water Mains	24.7	24.6	0.1
609.5	603.5	6.0	Miles of Gravity Main	609.5	603.5	6.0
134.6	133.3	1.3	Miles of Force Main	134.6	133.3	1.3
744.1	736.8	7.3	Total Miles of Main	744.1	736.8	7.3

Gainesville Regional Utilities

GAS STATISTICS

FOR SECOND QUARTER ENDED MARCH 31, 2009

This Year	Month March			Six Months Period Ended March 31		
	Last Year	Change		This Year	Last Year	Change
<u>31,794</u>	<u>31,883</u>	<u>(89)</u>	Total NG Customers	<u>32,289</u>	<u>32,480</u>	<u>(191)</u>
<u>185</u>	<u>204</u>	<u>(19)</u>	LP Gas Total Customers	<u>186</u>	<u>200</u>	<u>(14)</u>
			Distribution Mains			
729.20	720.76	8.44	NG System	729.20	720.76	8.44
6.80	7.45	(0.65)	LP System	6.80	7.45	(0.65)
<u>736.00</u>	<u>728.21</u>	<u>7.79</u>	Total Distribution Mains	<u>736.00</u>	<u>728.21</u>	<u>7.79</u>
0.65000	1.07080	(0.42080)	LP Gas Fuel Adjustment \$/Gal	1.35032	1.55235	(0.20203)
111	142	(31)	Heating Degree DBFs - Actual Days	1,265	945	320
127	127	-	Heating Degree DBFs - Normal Days	1,093	1,091	2
(16)	15	(31)	Difference from Normal	172	(146)	318
			Purchased Natural Gas Clause			
0.68000	1.42060	(0.74060)	Firm PGA	0.78522	0.91678	(0.13156)
0.53910	1.40940	(0.87030)	Interruptible PGA	0.76517	0.90562	(0.14045)

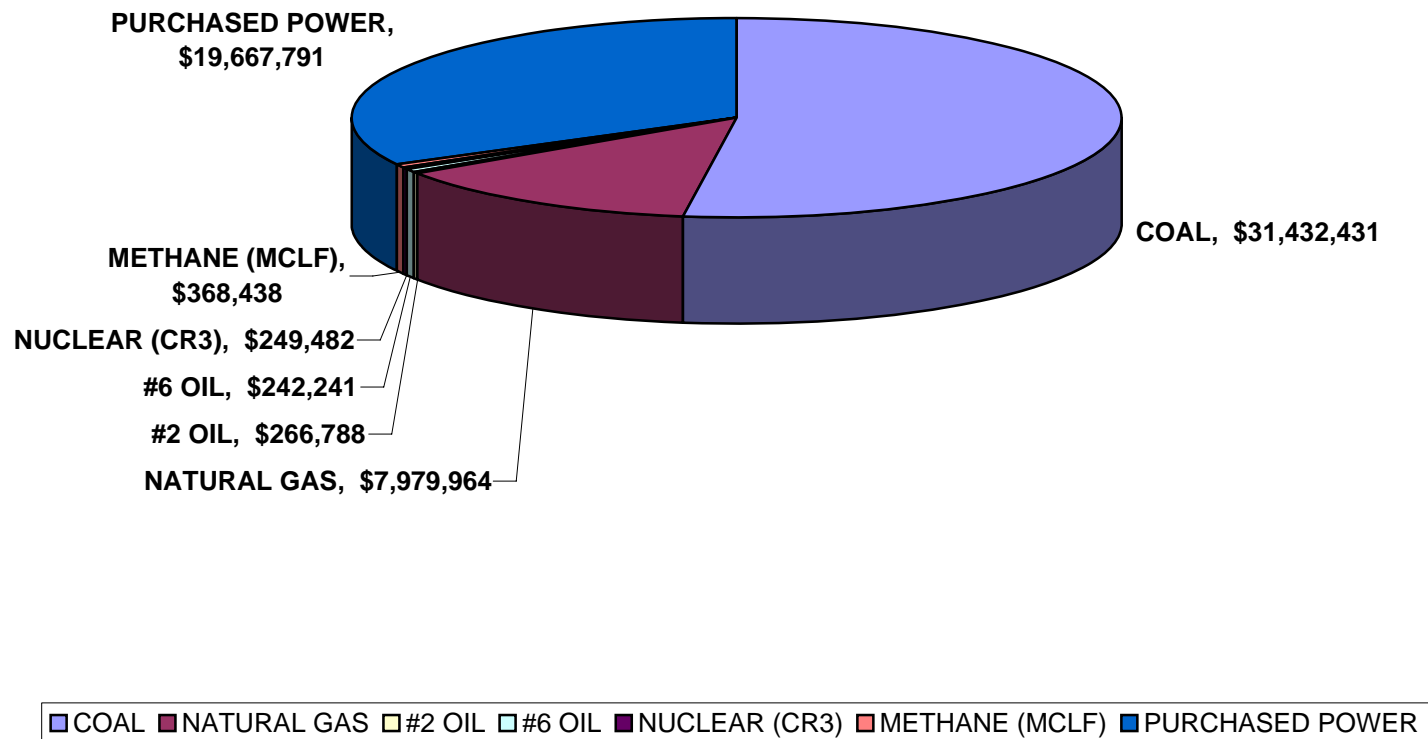
Gainesville Regional Utilities

**CLEAN AIR ALLOWANCES
FOR SECOND QUARTER ENDED MARCH 31, 2009**

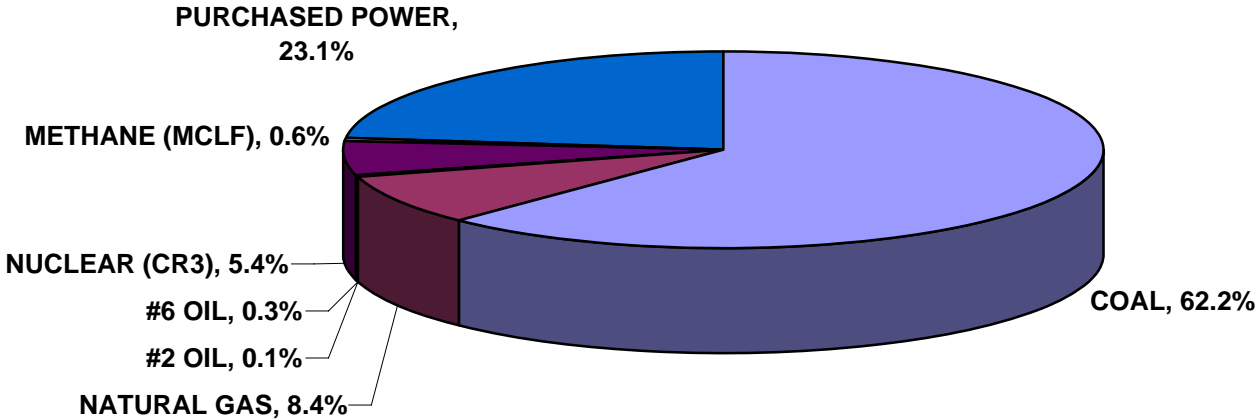
Second Quarter that Ended March					SO2 Emissions (tons)	Fiscal Year				
This Year	%	Last Year	%	Change		This Year	%	Last Year	%	Change
0.00	0.0000	0.10	0.0053	(0.10)	John R. Kelly: Total (CC1)	0.00	0.0000	0.10	0.0053	(0.10)
18.6	1.071	9.8	0.522	(50.9)	Deerhaven B1	18.6	1.071	9.8	0.522	(50.9)
1,718.5	98.924	1,865.8	99.472	(1,279.1)	B2	1,718.5	98.924	1,865.8	99.472	(1,279.1)
0.1	0.006	0.1	0.005	(0.1)	CT3	0.10	0.006	0.10	0.005	(0.1)
<u>1,737.2</u>	100.000	<u>1,875.7</u>	99.995	<u>(138.5)</u>	Total Emissions	<u>1,737.2</u>	100.000	<u>1,875.7</u>	99.995	<u>(138.5)</u>
<u>1,737.2</u>		<u>1,875.8</u>		<u>(138.6)</u>	Total GRU Emissions	<u>1,737.2</u>		<u>1,875.8</u>		<u>(138.6)</u>

Calendar Year 2008					SO2 Allowances (tons)	Calendar Year 2009				
Deerhaven	%	JR Kelly	%	GRU Total		Deerhaven	%	JR Kelly	%	GRU Total
2,507	93.650	170	6.350	2,677	Carryover	3,254	93.479	227	6.521	3,481
8,369	99.312	58	0.688	8,427	Yearly Allocation	8,369	99.312	58	0.688	8,427
<u>10,876</u>	97.947	<u>228</u>	2.053	<u>11,104</u>	Total	<u>11,623</u>	97.607	<u>285</u>	2.393	<u>11,908</u>
7,622	99.987	1	0.013	7,623	Used	1,738	100.000	-	-	1,738
<u>3,254</u>	93.479	<u>227</u>	6.521	<u>3,481</u>	Left Over	<u>9,885</u>	97.198	<u>285</u>	2.802	<u>10,170</u>

Total Cost by Fuel Type Three Months Ending March 31, 2009

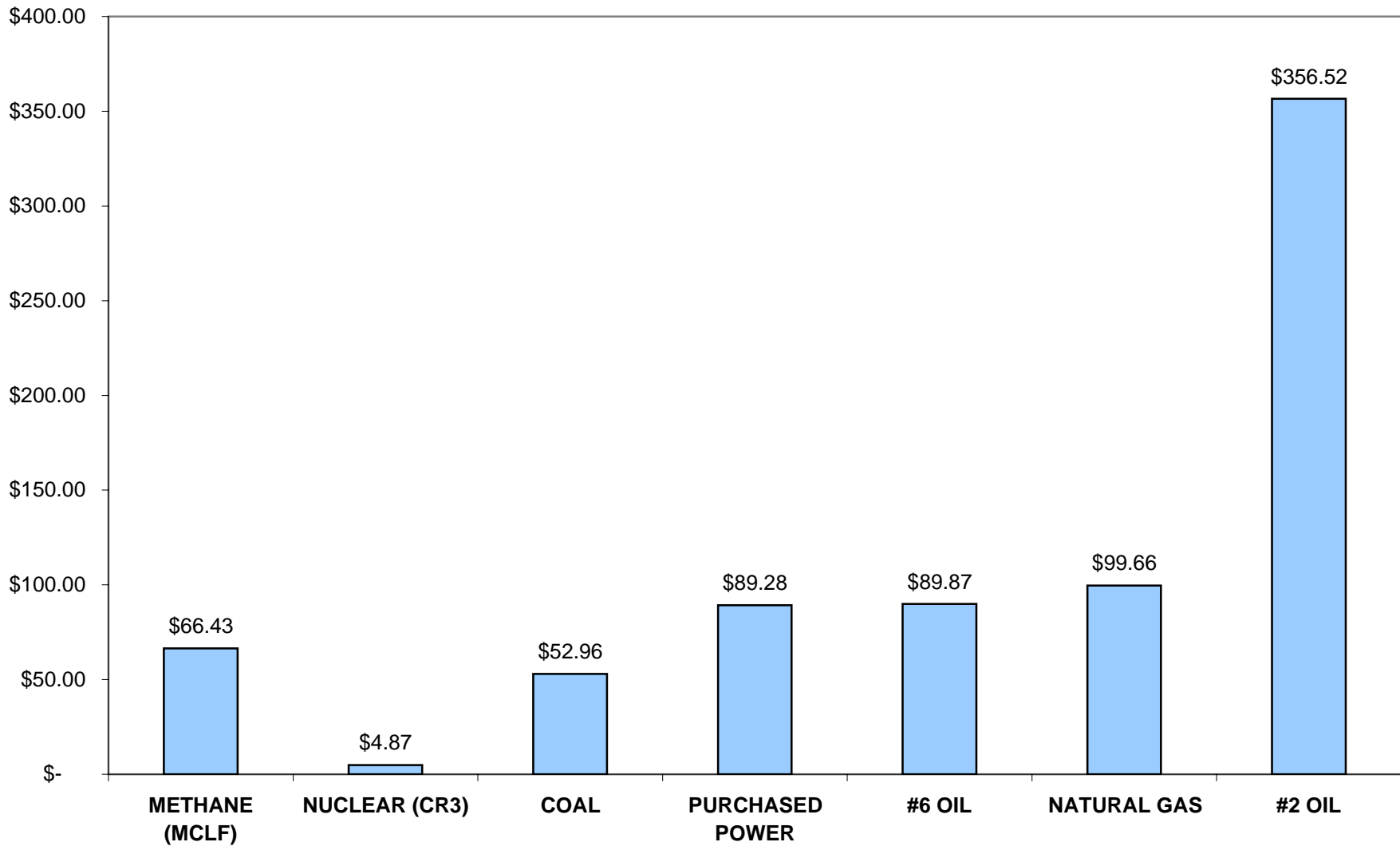


**Sources of Power by Fuel Type
Three Months Ending March 31, 2009**



■ COAL ■ NATURAL GAS ■ #2 OIL ■ #6 OIL ■ NUCLEAR (CR3) ■ METHANE (MCLF) ■ PURCHASED POWER

Total Cost per MWh by Fuel Type Three Months Ending March 31, 2009



This page is intentionally left blank

Definitions and Supplemental Information

Glossary of Terms Flow of Funds Statements

All Systems

Debt Service – Accounts for funds accumulated to provide payment of principal and interest on, or to redeem, outstanding debt.

Interest Income – As presented on our Flow of Funds Statement of Operating Income, it represents interest earnings on utility investments.

Operation & Maintenance Expense – Non-Fuel – This represents all operating, maintenance and administrative costs needed to support electric power generation, transmission and distribution, water treatment and distribution, wastewater collection and treatment, and telecommunication services provided by the utility.

Rate Stabilization Fund Transfer – This fund accounts for monies accumulated as a reserve for unplanned events, revenue changes, forecasting errors or unexpected losses and to stabilize rates over future periods through the transfer of funds to and from operations as necessary.

Surcharge – Additional charge to customers in the unincorporated service area, i.e. Electric – 10%, equal to the electric use tax; Gas – 10%; Water – 25% and Wastewater – 25% both per F.S Chapter 180.

UPIF Contributions – The Utility Plant Improvement Fund (UPIF) accounts for funds used to pay for certain capital projects or debt service, the purchase or redemption of bonds, or otherwise provide for the repayment of bonds. The contribution level is established under a formula set forth in the Utilities System Revenue Bond Resolution. It represents the equity that the utility puts back into the system.

Electric System

Fuel Adjustment – Revenue from fuel cost recovered from customers beyond the amount that is recovered in the base energy charge. GRU’s cost of fuel for the electric system is passed directly through to its customers. The base energy charge includes a portion of the fuel cost, 6.5 mils, or \$6.50 per 1,000 kWh. Fuel cost beyond this amount is applied to customer bills as calculated monthly, via a fuel adjustment rate.

Interchange Sales – Large blocks of energy sold to other utilities on a firm or non-firm basis. These sales are controlled through GRU’s Control Area Services, which monitors excess availability of power generated.

Nuclear Decommissioning\Fuel Disposal – As a partial owner of the Crystal River Unit 3 (CR3) nuclear power plant operated by Progress Energy, GRU is responsible for its share of future decommissioning costs. These costs are expensed annually and recovered through rates charged to customers. The fuel disposal cost represents GRU’s share of costs associated with safely disposing of CR3’s spent nuclear fuel assembly units.

Fuel Expense – This represents the cost of the fuel supply needed to generate electric power, i.e. coal, oil and natural gas, as well as the fuel distributed directly to service accounts, i.e. natural gas.

Other Electric Sales – This includes wholesales sales (sales for resale) to City of Alachua and Seminole Electric Co-op, traffic signal and streetlight sales to the City and County.

Other Revenue – This includes miscellaneous revenue receipts not specified in other categories, such as commercial lighting and service charges.

Gas System

Cleanup Cost Recovery Factor (MGP) – Revenue collected, at a rate of \$.0321/therm, for the cleanup and renovation of the former manufactured gas plant site into the Depot Avenue Stormwater Park.

Commercial & Industrial (General Service) – Natural gas and liquefied propane service provided on a firm, non-interruptible basis for any purpose except for residential purposes.

Fuel Expense – Purchased Gas – The purchase of natural gas, through long-term contractual agreements, for direct distribution to our gas utility services.

Interruptible & Transportation – Natural gas service provided on a non-firm basis to nonresidential customers. This service is subject to interruption pursuant to the policies and conditions stipulated to by the customer and the System. Included also is revenue for gas transportation to the University of Florida.

Other Gas Sales – Includes other miscellaneous sales not specifically identified in other categories, such as Liquid Propane (LP) sales.

Other Revenue - This includes miscellaneous revenue receipts not specified in other categories, such as service charges.

Residential Gas Sales – Natural gas and liquefied propane service provided on a firm, non-interruptible basis to households and other nonprofit living units.

Water System

Other Revenues – This includes connection fee charges for water service to new service locations plus miscellaneous revenue receipts not specified in other categories.

Wastewater System

Other Revenues – This includes connection fee charges for wastewater service to new service locations plus miscellaneous revenue receipts not specified in other categories

GRUCom System

Internet Access – Revenue generated from the sale of retail Internet access. GRUCom provides dial-up Internet access services under the domain names GRU.Net and Gator.Net. High speed Internet access is also provided to commercial customers, government entities and to residents at several apartment complexes in the Gainesville area. High speed Internet access services are typically delivered to the customer location utilizing the GRUCom fiber optic network. Revenue from periphery services such as Web Site Hosting and e-mail only accounts are also included in this category.

Telecommunications Revenue– Includes revenue for sales of point to point and carrier access circuits delivered in whole, or in part, on the GRUCom fiber optic network. These sales are primarily to other telecommunications carriers, commercial customers and government entities requiring high bandwidth connections for delivery of data, voice and video signals. Also includes revenues from switched services provided by GRUCom. Currently GRUCom utilizes its voice switch to provide call in lines for dial-up access to Internet Service Providers including GRU.Net/Gator.Net.

Tower Lease Rental – Revenue generated in conjunction with the lease of space on the City’s communication and water towers for the location of antennas and related equipment. These leases are primarily with Cellular and Personal Communications Services (PCS) companies offering wireless communications in the Gainesville area. Also includes revenue from the rental of interface equipment to customers (Routers, Channel Service Units/Data Service Units, etc.) necessary for them to connect to GRUCom services delivered over the fiber optic network.

Trunking Radio – Revenue generated by the 800 MHz radio system, delivering switched voice and data services for public safety and other government entities. Revenues are collected through monthly subscriber unit charges.

Glossary of Terms Balance Sheet

Other Current Assets – Includes fuel and stores inventories and other miscellaneous current assets.

Restricted Assets – Those moneys or other resources that are restricted as to use by legal or contractual requirements.

Other Restricted Assets – GRU's investment in The Energy Authority (TEA) and our funded obligation for the decommissioning of our share of Crystal River #3 nuclear facility.

Other Non-Current Assets – Includes long-term portion of Lease In\Lease Out (LILO) of Deerhaven generation plant, plus other miscellaneous non-current assets.

Net Capital Assets – System plant assets net of accumulated depreciation.

Current Liabilities – Includes fuels, vendor and miscellaneous payables.

Payable from Restricted Assets – Obligations that are payable from GRU's restricted assets.

Other Payables from Restricted Assets – Includes the current year's portion of debt principal due and Construction Fund vendor payables.

Long-Term Debt – Bonds and commercial paper debt obligations.

Other Non-Current Liabilities – Includes deferred revenue due from LILO transaction.

Total Liabilities – The combination of Current Liabilities, Payable from Restricted Assets, Long-Term Debt and Other Non-Current Liabilities.

Net Assets – The net value or net worth of the system after deducting total liabilities from system assets.

This page is intentionally left blank