

Gainesville Regional Utilities

Quarterly Financial Statements

2nd Quarter Ended March 31st, 2010



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**Gainesville Regional Utilities
Quarterly Financial Statements
Quarter Ended March 31st, 2010**

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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 31st, 2010. 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).

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Financial Statements

Gainesville Regional Utilities

**GAINESVILLE REGIONAL UTILITIES
COMBINED UTILITIES FUNDS
STATEMENT OF OPERATING INCOME
FOR SECOND QUARTER ENDED MARCH 31, 2010**

This Year	Quarter		Change (%)
	Last Year	Change	
33,963	28,764	5,199	18.1
400	1,240	(840)	(67.7)
26,445	26,496	(51)	(0.2)
2,840	270	2,570	951.8
-	-	-	-
481	593	(112)	(18.8)
64,130	57,363	6,767	11.8
5,520	5,798	(278)	(4.8)
77	100	(23)	(23.0)
-	-	-	-
50	59	(9)	(15.0)
5,647	5,957	(310)	(5.2)
7,839	8,071	(232)	(2.9)
486	(186)	672	(361.4)
-	-	-	-
83	101	(18)	(17.4)
8,408	7,986	422	5.3
6,038	3,578	2,460	68.7
5,558	5,865	(308)	(5.2)
-	-	-	-
87	130	(43)	(33.1)
11,682	9,573	2,109	22.0
2,553	2,608	(55)	(2.1)
-	-	-	-
66	78	(12)	(15.2)
2,619	2,686	(67)	(2.5)
92,486	83,565	8,921	10.7
32,675	28,197	4,478	15.9
355	1,099	(744)	(67.7)
33,030	29,296	3,734	12.7
9,077	9,080	(3)	(0.0)
3,261	4,797	(1,536)	(32.0)
45,369	43,173	2,196	5.1

REVENUES:

Total Native Load Sales of Electricity	67,000	121,980	137,396	12.6
Interchange Sales	1,021	1,850	2,500	35.1
Fuel Adjustment	54,707	113,320	113,320	-
Other Revenues	4,453	12,313	7,177	(41.7)
Rate Stabilization Fund Transfer	-	-	-	-
Interest Income	961	1,946	1,880	(3.4)
Total Electric Revenues	128,142	251,408	262,273	4.3
Sales of Water	11,993	28,831	26,202	(9.1)
Other Water Revenues	62	1,842	988	(46.4)
Rate Stabilization Fund Transfer	-	-	-	-
Interest Income	94	274	199	(27.6)
Total Water Revenues	12,149	30,948	27,389	(11.5)
Wastewater Billings	15,475	31,540	29,015	(8.0)
Other Wastewater Revenues	538	4,934	3,292	(33.3)
Rate Stabilization Fund Transfer	-	-	-	-
Interest Income	159	497	335	(32.5)
Total Wastewater Revenues	16,171	36,971	32,642	(11.7)
Sales of Gas and Service	9,012	13,197	13,694	3.8
Purchased Gas Adjustment	7,914	14,678	13,953	(4.9)
Rate Stabilization Fund Transfer	-	-	-	-
Interest Income	175	554	349	(36.9)
Total Gas Revenue	17,101	28,429	27,996	(1.5)
Sales of GRUCom Services	5,446	10,975	10,975	0.0
Rate Stabilization Fund Transfer	-	-	-	-
Interest Income	129	543	262	(51.7)
Total GRUCom Revenues	5,575	11,518	11,237	(2.4)
TOTAL REVENUES	179,137	359,274	361,537	0.6

OPERATION & MAINTENANCE EXPENSES:

Electric Fund:				
Fuel Expense:				
Retail & Purchased Power	55,886	113,320	113,320	-
Interchange	1,118	1,200	2,200	83.3
Total Fuel Expenses	57,004	114,520	115,520	0.9
Operation & Maintenance Expense	17,176	38,395	38,857	1.2
Administrative & General Expense	7,923	19,022	19,018	(0.0)
Total Electric Fund Expenses	82,104	171,937	173,395	0.8

Year to Date	FY 10 Budget	FY 10 Projected	Change (%)
1,021	1,850	2,500	35.1
54,707	113,320	113,320	-
4,453	12,313	7,177	(41.7)
-	-	-	-
961	1,946	1,880	(3.4)
128,142	251,408	262,273	4.3
11,993	28,831	26,202	(9.1)
62	1,842	988	(46.4)
-	-	-	-
94	274	199	(27.6)
12,149	30,948	27,389	(11.5)
15,475	31,540	29,015	(8.0)
538	4,934	3,292	(33.3)
-	-	-	-
159	497	335	(32.5)
16,171	36,971	32,642	(11.7)
9,012	13,197	13,694	3.8
7,914	14,678	13,953	(4.9)
-	-	-	-
175	554	349	(36.9)
17,101	28,429	27,996	(1.5)
5,446	10,975	10,975	0.0
-	-	-	-
129	543	262	(51.7)
5,575	11,518	11,237	(2.4)
179,137	359,274	361,537	0.6

Gainesville Regional Utilities

**GAINESVILLE REGIONAL UTILITIES
COMBINED UTILITIES FUNDS
STATEMENT OF OPERATING INCOME
FOR SECOND QUARTER ENDED MARCH 31, 2010**

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<u>This Year</u>	<u>Last Year</u>	<u>Quarter Change</u>	<u>Change (%)</u>
1,867	1,869	(2)	(0.1)
908	1,127	(219)	(19.5)
2,775	2,996	(221)	(7.4)
1,571	1,790	(219)	(12.2)
1,406	1,276	130	10.2
2,977	3,066	(89)	(2.9)
7,050	5,406	1,644	30.4
339	389	(50)	(12.8)
789	805	(16)	(2.0)
8,178	6,600	1,578	15.6
813	818	(5)	(0.6)
446	556	(110)	(19.8)
1,259	1,374	(115)	(8.4)
60,558	57,209	3,349	5.9
18,715	14,049	4,666	33.2
45	141	(96)	(68.1)
18,760	14,190	4,570	32.2
2,872	2,961	(89)	(3.0)
5,432	4,920	512	10.4
3,504	2,973	530	17.8
1,361	1,312	49	3.7
31,928	26,356	5,571	21.1
20,336	12,543	7,793	62.1
8,127	8,052	75	0.9
8,713	8,650	63	0.7
24	118	(94)	(80.0)
(5,271)	(3,007)	(2,265)	75.3

	<u>Year to Date</u>	<u>FY 10 Budget</u>	<u>FY 10 Projected</u>	<u>Change (%)</u>
Water Fund:				
Operation & Maintenance Expense	3,473	7,317	7,211	(1.4)
Administrative & General Expense	2,033	4,439	4,646	4.7
Total Water Fund Expenses	5,507	11,755	11,857	0.9
Wastewater Fund:				
Operation & Maintenance Expense	2,969	7,177	6,536	(8.9)
Administrative & General Expense	2,743	6,448	6,734	4.4
Total Wastewater Fund Expenses	5,712	13,624	13,270	(2.6)
Gas Fund:				
Fuel Expense - Purchased Gas	10,824	14,678	13,953	(4.9)
Operation & Maintenance Expense	699	1,337	1,482	10.9
Administrative & General Expense	1,606	3,546	3,785	6.7
Total Gas Fund Expenses	13,129	19,560	19,220	(1.7)
GRUCom Fund:				
Operation & Maintenance Expense	1,705	3,497	3,564	1.9
Administrative & General Expense	967	1,756	2,151	22.5
Total GRUCom Fund Expenses	2,672	5,253	5,715	8.8
Total Operation & Maintenance Expenses	109,124	222,129	223,456	0.6
NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION:				
Electric - Retail & Wholesale	46,135	78,822	88,578	12.4
Electric - Interchange	(98)	650	300	(53.8)
Total Electric Fund	46,037	79,472	88,878	11.8
Water Fund	6,642	19,193	15,532	(19.1)
Wastewater Fund	10,459	23,347	19,372	(17.0)
Gas Fund	3,972	8,869	8,776	(1.0)
GRUCom Fund	2,903	6,265	5,522	(11.9)
TOTAL NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION	70,014	137,145	138,081	0.7
DEBT SERVICE	35,980	74,270	70,334	(5.3)
UPIF CONTRIBUTIONS	16,332	32,818	32,275	(1.7)
TRANSFER TO GENERAL FUND	14,378	35,141	32,999	(6.1)
NUCLEAR DECOMMISSIONING/FUEL DISPOSAL	89	359	359	-
NET INCOME/(DEFICIT)	3,235	(5,443)	2,114	(138.8)

(1) Projected Aggregate Debt Service Coverage Ratio

137,145	138,081
71,980	69,071
1.91	2.00

(2) Projected Total Debt Service Coverage Ratio

137,145	138,081
74,270	70,334
1.85	1.96

Electric Revenue Fund Financial Performance Discussion

Total electric sales revenues for second quarter FY10, exclusive of fuel adjustment, have increased by 14.5% over the same quarter in FY09. This is mainly due to a colder than anticipated winter, and a base rate increase implemented as of October 1, 2009. Total electric sales, exclusive of fuel adjustment, are projected to be 16.1% higher than originally budgeted for FY10.

Retail and Purchased Power Fuel Expense for the second quarter in FY10 has also increased by 15.9% compared to the second quarter of FY09. This is comparable to the 15.4% increase in Residential Sales, General Service and Large Power Sales, as well as Other Electric Sales.

Interchange sales and interchange fuel expense have both decreased compared with the same period in FY09. This is due to a lack of excess marketable generation from our plants. This is primarily due to a lack of demand on the interchange market due to economic pricing conditions. However, the margins on the Interchange sales are projected to remain relatively stable.

Other Revenues have increased by 951.8% from this quarter in FY09, reflecting the sales related to the Shands South Energy Center.

Interest income for second quarter FY10, as compared to the same period in FY09, decreased in the Electric Revenue Fund by 18.9% due to an overall lower return on the investment portfolio due to market changes. Investment returns are lower for all systems given the current economic climate of low interest rates.

Steam Power Generation expenses for second quarter FY10 are comparable to the same quarter last year, while Nuclear Power Generation expenses have increased 17.4%. These costs are expected to be higher than originally budgeted for FY10, due to GRU's obligation for maintenance and upgrades at the Crystal River nuclear facility. Other Power Generation expenses have decreased in FY10 from FY09 by 27.9% due to the completion of overhaul work performed in FY09 on the Deerhaven Unit #3 Combustion Turbine.

Electric Revenue Fund
Financial Performance Discussion cont.

Customer Accounts and Sales expenses are down 15.7% compared to this same quarter in FY09. This is largely due to continued reductions of overtime in Field Service. Additionally, General Marketing expenditures have been reduced in an effort to realize cost savings. Administrative and General expenses are lower by 43.9%, primarily due to the increased percentage of labor and associated costs allocated to capital, as capital efforts have escalated within the Electric System. However, total Administrative and General expenses are projected to meet budget for FY10.

Debt Service expenses increased from FY09 primarily because of a scheduled increase in principal payments for the 2005C, and 2006A bonds. Additionally, due to the issuance of the 2009A and 2009B bonds, there is an increase to debt service cost for the principal and interest payments associated with this new debt. The increase in debt service expense is somewhat mitigated by low interest rates on most of GRU's variable rate debt.

We are projected to end the year with a deposit into the Rate Stabilization Fund. This is primarily the result of higher than anticipated sales within the Electric System. At the same time, most costs within the System are projected to remain close to budget for FY10. There was a programmed withdrawal from Rate Stabilization Fund of just over \$8m for the current year. Projected results show a deposit of nearly \$4.4m.

Gainesville Regional Utilities

**GAINESVILLE REGIONAL UTILITIES
ELECTRIC REVENUE FUND
STATEMENT OF OPERATING INCOME
FOR SECOND QUARTER ENDED MARCH 31, 2010**

This Year	Quarter Last Year	Change	Change (%)
15,759	12,960	2,799	21.6
14,682	12,511	2,171	17.4
400	1,240	(840)	(67.7)
900	815	85	10.5
2,621	2,478	143	5.8
34,363	30,004	4,359	14.5
26,445	26,496	(51)	(0.2)
60,808	56,500	4,308	7.6
2,840	270	2,570	951.8
-	-	-	-
481	593	(112)	(18.9)
64,129	57,363	6,766	11.8
32,675	28,197	4,478	15.9
355	1,099	(744)	(67.7)
33,030	29,296	3,734	12.7
5,103	5,098	5	0.1
506	431	75	17.4
282	391	(109)	(27.9)
221	271	(50)	(18.3)
39,142	35,487	3,655	10.3
262	210	52	24.6
2,704	2,679	25	0.9
2,965	2,889	76	2.6
1,704	2,022	(318)	(15.7)
1,557	2,775	(1,218)	(43.9)
3,261	4,797	(1,536)	(32.0)
45,369	43,173	2,196	5.1

REVENUES:

	Year to Date	FY 10 Budget	FY 10 Projected	Change (%)
Residential Sales	29,572	57,095	58,081	1.7
General Service and Large Power Sales	30,663	57,014	64,089	12.4
Interchange Sales	1,021	1,850	2,500	35.1
Utility Surcharge	1,698	3,549	3,809	7.3
Other Electric Sales ⁽¹⁾	5,067	4,321	15,226	252.4
Total Sales of Elec. Before Fuel Adj.	68,020	123,830	143,705	16.1
Fuel Adjustment	54,707	113,320	113,320	-
Total Sales of Electricity	122,727	237,149	257,025	8.4
Other Revenues	4,453	12,313	3,368	(72.6)
Rate Stabilization Fund Transfer	-	-	-	-
Interest Income	961	1,946	1,880	(3.4)
Total Revenues	128,142	251,408	262,273	4.3

OPERATION & MAINTENANCE EXPENSES:

Power Production Expenses:				
Fuel Expenses:				
Retail & Purchased Power	55,886	113,320	113,320	-
Interchange	1,118	1,200	2,200	83.3
Total Fuel Expenses	57,004	114,520	115,520	0.9
Steam Power Generation Expense	9,367	22,656	23,237	2.6
Nuclear Power Generation Expense	1,199	1,435	2,440	70.0
Other Power Generation Expense	415	1,310	580	(55.7)
System Control & Load Dispatching	475	1,132	849	(25.0)
Total Power Production Expenses	68,459	141,053	142,626	1.1
Transmission & Distribution Expenses:				
Transmission Expenses	521	1,266	1,039	(17.9)
Distribution Expenses	5,200	10,596	10,712	1.1
Total Transmission & Distribution	5,721	11,862	11,751	(0.9)
Administrative & General Expenses:				
Customer Accounts & Sales Expense	3,330	7,902	8,159	3.3
Administrative & General Expense	4,593	11,120	10,858	(2.4)
Total Administrative & General	7,923	19,022	19,018	(0.0)
Total Operating & Maintenance Expenses	82,104	171,937	173,395	0.8

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

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

Gainesville Regional Utilities

**GAINESVILLE REGIONAL UTILITIES
ELECTRIC REVENUE FUND
STATEMENT OF OPERATING INCOME
FOR SECOND QUARTER ENDED MARCH 31, 2010
Page 2**

This Year	Last Year	Quarter Change	Change (%)		Year to Date	FY 10 Budget	FY 10 Projected	Change (%)	
				NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION:					
18,715	14,049	4,666	33.2	Retail & Wholesale	46,135	78,822	88,578	12.4	
45	141	(96)	(68.1)	Interchange	(98)	650	300	(53.8)	
<hr/>				<hr/>				<hr/>	
18,760	14,190	4,570	32.2	TOTAL NET REVENUE IN ACCORDANCE WITH BOND RESOLUTION	46,037	79,472	88,878	11.8	
<hr/>				<hr/>				<hr/>	
12,901	8,282	4,619	55.8	DEBT SERVICE	22,990	47,378	44,840	(5.4)	
4,871	4,803	68	1.4	UPIF CONTRIBUTIONS	9,812	19,764	19,274	(2.5)	
5,162	5,195	(33)	(0.6)	TRANSFER TO GENERAL FUND (Includes incentive)	8,496	20,004	20,040	0.2	
24	118	(94)	(80.0)	NUCLEAR DECOMMISSIONING/FUEL DISPOSAL	89	359	359	-	
<hr/>				<hr/>				<hr/>	
(4,198)	(4,208)	10	(0.2)	NET INCOME/(DEFICIT)	4,650	(8,033)	4,365	(154.3)	

Water Revenue Fund Financial Performance Discussion

The decrease in second quarter FY10 revenue reflects decreased consumption due to a combination of price sensitivity to increased water rates, and a higher than average rainfall for this period. The decrease in consumption is somewhat offset by the base rate increases implemented in the Water System as of October 1, 2009. Overall, these lower sales are predicted to result in a Total Sales of Water decrease of 9% for FY10.

Utility Surcharge revenue has decreased in second quarter FY10 compared to the same quarter in FY09 by 17%. Also, Other Revenues, which include connection fees, are down 23% in second quarter FY10 compared to FY09. This is largely a function of the continued downturn in the new housing and construction market, which has affected connection revenues negatively.

Interest income for second quarter FY10, as compared to FY09, decreased in the Water Revenue Fund by 15.3% due to an overall lower return on the investment portfolio due to market changes. Investment returns are significantly less for all systems given the current economic climate of low interest rates. Additionally, the Water System made a 36.7% larger net withdrawal from the Rate Stabilization Fund for FY09 than originally projected, giving it a proportionately smaller amount to invest.

Water Treatment expense is down 11% for the second quarter of FY10, compared to the second quarter in FY09. This corresponds to lower variable costs associated with decreased consumption as well as reallocating certain managerial and administrative labor costs to the Administrative and General expense classification in an effort to more accurately reflect costs. Water Distribution expense has increased in this quarter compared to FY09, due largely to repairs and maintenance on several water mains. Due to cost-saving measures described below, the total Operating and Maintenance expenses for the Water System are expected to be near budget for FY10.

Customer Accounts and Sales expense has decreased in second quarter FY10 for the Water System, as compared to FY09, by 52%. This is due to a reallocation of Field Services costs from the Water System to the Wastewater System. This allocation more accurately represents the division of labor and non-labor costs in Field Services spent on efforts within the Wastewater System. Had this allocation not occurred, these expenses would have been comparable to the same quarter in FY09. Administrative and General expenses are lower, but comparable, showing a 5.6% decrease.

Water Revenue Fund
Financial Performance Discussion cont.

Debt Service expenses increased from FY09 primarily because of a scheduled increase in principal payments for the 2005C, and 2006A bonds. Additionally, due to the issuance of the 2009B bonds, there is an increase to debt service cost for the principal payment associated with this new debt. The increase in debt service expense is somewhat mitigated by record low interest rates on most of GRU's variable rate debt.

We are projected to end the year with a withdrawal from the Rate Stabilization Fund rather than a deposit, as originally anticipated. This withdrawal is primarily due to lower sales. The Water System is still pursuing cost-saving measures to mitigate the impact of these reduced sales including shift splitting to reduce overtime, among others. There was a programmed deposit to the Rate Stabilization Fund of \$50k for the current year. Projected results show a withdrawal of nearly \$1.4m.

Gainesville Regional Utilities

**GAINESVILLE REGIONAL UTILITIES
WATER REVENUE FUND
STATEMENT OF OPERATING INCOME
FOR SECOND QUARTER ENDED MARCH 31, 2010**

This Year	Last Year	Quarter Change	Change (%)
5,074	5,161	(87)	(1.7)
318	484	(166)	(34.2)
127	153	(26)	(17.0)
-	-	-	-
-	-	-	-
5,519	5,798	(279)	(4.8)
77	100	(23)	(23.0)
-	-	-	-
50	59	(9)	(15.3)
5,646	5,957	(311)	(5.2)
1,221	1,372	(151)	(11.0)
647	497	150	30.1
160	335	(175)	(52.2)
747	792	(45)	(5.6)
2,775	2,996	(221)	(7.4)
2,871	2,961	(90)	(3.0)
2,327	1,203	1,124	93.4
1,183	1,149	34	2.9
1,284	1,233	51	4.2
(1,922)	(624)	(1,298)	208.1

REVENUES:

General Customers
University of Florida
Utility Surcharge
Fire Hydrant Rentals

Total Sales of Water

Other Revenues
Rate Stabilization Fund Transfer
Interest Income

Total Revenues

OPERATION & MAINTENANCE EXPENSES:

Water Treatment Expense
Water Trans. & Dist. Expense
Customer Accounts & Sales Expense
Administrative & General Expenses

Total Operating & Maintenance Expenses

**TOTAL NET REVENUES IN ACCORDANCE WITH
THE BOND RESOLUTION**

DEBT SERVICE
UPIF CONTRIBUTIONS
TRANSFER TO GENERAL FUND

NET INCOME/(DEFICIT)

Year to Date	FY 10 Budget	FY 10 Projected	Change (%)
10,436	25,037	22,682	(9.4)
745	1,395	1,655	18.6
812	2,400	1,866	(22.3)
-	-	-	-
11,993	28,831	26,202	(9.1)
62	1,842	988	(46.4)
-	-	-	-
94	274	199	(27.5)
12,149	30,948	27,389	(11.5)
2,295	5,148	5,001	(2.9)
1,178	2,229	2,210	(0.9)
476	1,180	1,085	(8.0)
1,557	3,199	3,561	11.3
5,507	11,755	11,857	0.9
6,642	19,192	15,532	(19.1)
3,848	8,477	7,393	(12.8)
2,382	4,795	4,684	(2.3)
2,179	5,871	4,882	(16.8)
(1,767)	50	(1,427)	(2,981.7)

(1) Other Revenue - Connection fees and miscellaneous.

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Wastewater Revenue Fund Financial Performance Discussion

Wastewater billings decreased slightly for the second quarter of FY10 by 1.5% from FY09. However, Wastewater Billings are projected to decrease by 8% for FY10. These reduced billings are partially offset by base rate increases implemented for the Wastewater System as of October 1, 2009.

As in the Water System, Surcharge Revenues have also decreased this quarter from the same quarter in FY09. This Surcharge Revenue decrease of 17.5%, as well as the decrease in Other Revenues, which includes connection charges, is likely due to the continued contraction in the economy, particularly in the construction and housing industries.

Interest income for second quarter FY10, as compared to FY09, decreased in the Wastewater Revenue Fund by 17.8% due to an overall lower return on the investment portfolio due to market changes. Investment returns are significantly less for all systems given the current economic climate of low interest rates. Additionally, the Wastewater System made a 39.6% smaller deposit to the Rate Stabilization Fund for FY09 than originally projected, giving it a proportionately smaller amount to invest.

Collection expenses have increased by 38.6% compared to the same quarter in FY09 due to changes in how lift station expenses are being classified. Lift station costs were previously considered Treatment costs since they were managed by the treatment plants. Part of the SAP conversion included fully adopting the NARUC method of account coding, which provided an opportunity to reclassify certain costs. Treatment expenses are also showing a decrease of 23% due to the change in cost classification as mentioned above. Certain changes also included classifying managerial and administrative labor out of Operations and into the Administrative and General category for financial reporting. However, collectively these expenses are down by 2.9% as compared to the same quarter last year, and are projected to be 2.6% less than budget for FY10.

Customer Accounts and Sales expense have increased in second quarter FY10 for the Wastewater System, as compared to FY09, by 52%. This is due to a reallocation of Field Services from the Water System to the Wastewater System. This allocation more accurately represents the division of labor and non-labor costs in Field Services spent on efforts within the Wastewater System. Had this allocation not occurred, these expenses would have been comparable to the same quarter in FY09.

Wastewater Revenue Fund
Financial Performance Discussion cont.

Debt Service expenses increased from FY09 primarily because of a scheduled increase in principal payments for the 2005C, and 2006A bonds. Additionally, due to the issuance of the 2009B bonds, there is an increase to debt service cost for the principal payment associated with this new debt. The increase in debt service expense is somewhat mitigated by record low interest rates on most of GRU's variable rate debt.

We are projected to end the year with a withdrawal from the Rate Stabilization Fund instead of the deposit that was originally anticipated. This withdrawal is primarily due to lower revenues. Similar to the Water System, the Wastewater System has also enacted cost-savings measures to lessen the severity of reduced sales. This includes reducing variable costs associated with reduced throughput, as well as work shift reallocations in order to reduce overtime. There was a programmed deposit to the Rate Stabilization Fund of \$508k for the current year. Projected results show a withdrawal of nearly \$1.2m.

Gainesville Regional Utilities

**GAINESVILLE REGIONAL UTILITIES
WASTEWATER REVENUE FUND
STATEMENT OF OPERATING INCOME
FOR SECOND QUARTER ENDED MARCH 31, 2010**

This Year	Quarter		Change (%)
	Last Year	Change	
7,272	7,384	(112)	(1.5)
567	687	(120)	(17.5)
486	(186)	672	361.4
-	-	-	-
83	101	(18)	(17.8)
8,408	7,986	422	5.3
434	313	121	38.6
1,137	1,477	(340)	(23.0)
367	241	126	52.2
1,039	1,035	4	0.4
2,977	3,066	(89)	(2.9)
5,431	4,920	511	10.4
2,645	1,592	1,053	66.1
1,456	1,452	4	0.3
1,597	1,554	43	2.8
(268)	322	(590)	(183.1)

REVENUES:

Wastewater Billings	14,388	31,540	29,015	(8.0)
Surcharge	1,087	2,524	2,127	(15.7)
Other Revenues	538	2,410	1,165	(51.7)
Rate Stabilization Fund Transfer	-	-	-	-
Interest Income	159	497	335	(32.5)

Total Revenues

16,171 36,971 32,642 (11.7)

OPERATION & MAINTENANCE EXPENSES:

Wastewater Collection Expense	875	1,684	2,155	27.9
Wastewater Treatment Expense	2,093	5,484	4,381	(20.1)
Customer Accounts & Sales Expense	581	1,476	1,320	(10.5)
Administrative & General Expenses	2,162	4,981	5,414	8.7

Total Operating & Maintenance Expenses

5,712 13,624 13,270 (2.6)

**TOTAL NET REVENUES IN ACCORDANCE WITH
THE BOND RESOLUTION**

10,459 23,347 19,372 (17.0)

DEBT SERVICE	4,503	10,030	8,970	(10.6)
UPIF CONTRIBUTIONS	2,938	5,925	5,751	(2.9)
TRANSFER TO GENERAL FUND	2,648	6,884	5,837	(15.2)

NET INCOME/(DEFICIT)

371 508 (1,187) (333.8)

(1) Other Revenue - Connection fees and miscellaneous.

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Gas Revenue Fund Financial Performance Discussion

Residential therm sales were higher for the second quarter FY10 compared to last year by 32%. This is likely the result of colder than predicted winter weather. Commercial and Interruptible sales, Gas Surcharge Revenue, and Liquid Propane Gas sales all also showed a significant increase over this same quarter last year, for similar reasoning as Residential sales. However, Total Sales for FY10 are projected to meet budget for this system.

Interest income for FY10, as compared to FY09, decreased in the Gas Revenue Fund by 33.1% due to an overall lower return on the investment portfolio due to market changes. Investment returns are significantly less for all systems given the current economic climate of low interest rates.

Fuel Expense has increased by 30.4% for the second quarter of FY10, as compared to the same period in FY09. This amount corresponds to the increase in gas sales for this same period. Operation and Maintenance expenses are 12.3% lower than FY09 due to decreased labor expenditures and related O&M through the second quarter FY10. Last year saw increased labor costs associated with main repairs and related maintenance. Customer Accounts and Sales expense are down 1.8% due to reduced General Marketing expenses. Additionally, Administrative and General Expenses are slightly down compared to FY09 by 2.8%.

Debt Service expenses increased from FY09 primarily because of a scheduled increase in principal payments for the 2005C, and 2006A bonds. Additionally, due to the issuance of the 2009B bonds, there is an increase to debt service cost for the principal payment associated with this new debt. The increase in debt service expense is somewhat mitigated by record low interest rates on most of GRU's variable rate debt.

We are projected to end the year with a larger deposit into the Rate Stabilization Fund than originally anticipated. There was a programmed contribution to the Rate Stabilization Fund of \$480k for the current year. Projected results show a deposit of nearly \$1.1m.

Gainesville Regional Utilities
GAINESVILLE REGIONAL UTILITIES
GAS REVENUE FUND
STATEMENT OF OPERATING INCOME
FOR SECOND QUARTER ENDED MARCH 31, 2010

This Year	Last Year	Quarter Change	Change (%)
3,933	2,974	959	32.2
1,467	103	1,364	1,324.3
5,558	5,865	(307)	(5.2)
187	127	60	47.2
449	310	139	44.8
2	64	(62)	(96.9)
11,596	9,443	2,153	22.8
-	-	-	-
87	130	(43)	(33.1)
11,683	9,573	2,110	22.0
7,050	5,406	1,644	30.4
341	389	(48)	(12.3)
436	444	(8)	(1.8)
351	361	(10)	(2.8)
8,178	6,600	1,578	23.9
3,505	2,973	532	17.9
1,062	597	465	77.9
482	453	-	-
581	581	-	-
1,380	1,342	38	2.8

REVENUES:

Sales of Gas and Service:
Residential
Commercial & Interruptible
Purchased Gas Adjustment
Surcharge
Liquid Propane Gas
Other Revenue

Total Sales

Miscellaneous Revenue:

Rate Stabilization Fund Transfer
Interest Income

Total Revenues

OPERATION & MAINTENANCE EXPENSES:

Fuel Expense - Purchased Gas
Operation & Maintenance Expenses
Customer Accounts & Sales Expense
Administrative & General Expense

Total Operation & Maintenance Expenses

**TOTAL NET REVENUES IN ACCORDANCE WITH
THE BOND RESOLUTION**

DEBT SERVICE
UPIF CONTRIBUTIONS
TRANSFER TO GENERAL FUND

NET INCOME/(DEFICIT)

Year to Date	FY 10 Budget	FY 10 Projected	Change (%)
5,572	7,870	8,415	6.9
2,614	3,880	3,647	(6.0)
7,854	14,678	13,953	(4.9)
271	359	440	22.6
626	787	324	(58.8)
(11)	301	867	188.0
16,926	27,875	27,647	(0.8)
-	-	-	-
175	554	349	(36.9)
17,101	28,429	27,996	(1.5)
10,824	14,678	13,953	(4.9)
699	1,337	1,482	10.9
871	2,119	1,985	(6.3)
735	1,427	1,800	26.2
13,129	19,560	19,220	(1.7)
3,972	8,869	8,776	(1.0)
1,936	4,567	3,706	(18.9)
931	1,795	2,027	12.9
907	2,027	1,884	(7.0)
198	480	1,160	141.4

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

Telecommunications Revenue Fund Financial Performance Discussion

Telecommunication revenues decreased by 12.5% in the second quarter of FY10, compared to the second quarter of FY09. Internet access revenues increased 16.9% compared to this same period. This was the result of the addition of several new services, as well as larger accounts added. Tower Lease Rental revenue increased in FY10 over FY09 by 12.5%. This was due to the residual revenue added as a result of a tower lease audit in the first quarter FY10, which uncovered several billing discrepancies. The catch-up billing for these differences resulted in the increased revenue for FY10. Trunking Radio revenue was comparable between both periods.

Interest income for second quarter FY10, as compared to FY09, decreased in the Telecommunications Revenue Fund by 15.4% due to an overall lower return on the investment portfolio due to market changes. Investment returns are significantly less for all systems given the current economic climate of low interest rates. Additionally, the Telecommunications System made a 40.8% smaller deposit to the Rate Stabilization Fund for FY09 than originally projected, giving it a proportionately smaller amount to invest.

Second quarter FY10 Total Operating and Maintenance expenses were comparable to the prior year amount. The slight net decrease of 8.4% to this category is primarily within the Customer Accounts and Sales Expenses, as well as Administrative and General Expenses.

Debt Service expenses increased from FY09 primarily because of a scheduled increase in principal payments for the 2005C, and 2006A bonds. Additionally, due to the issuance of the 2009A bonds, there is an increase to debt service cost compared to budget as the Telecommunication system received a higher allocation of the issuance than originally budgeted. The increase in debt service expense is somewhat mitigated by record low interest rates on most of GRU's variable rate debt.

We are projected to end the year with a withdrawal from the Rate Stabilization Fund instead of the deposit originally anticipated. There was a programmed deposit to the Rate Stabilization Fund of \$1.5m for the current year. Projected results show a withdrawal of \$797k.

Gainesville Regional Utilities

**GAINESVILLE REGIONAL UTILITIES
TELECOMMUNICATIONS REVENUE FUND
STATEMENT OF OPERATING INCOME
FOR SECOND QUARTER ENDED MARCH 31, 2010**

This Year	Last Year	Quarter Change	Change (%)
1,112	1,270	(158)	(12.5)
534	545	(11)	(2.1)
485	431	54	12.5
423	362	61	16.9
2,553	2,608	(55)	(2.1)
-	-	-	-
66	78	(12)	(15.4)
2,619	2,686	(67)	(2.5)
813	818	(5)	(0.6)
67	82	(15)	(18.7)
379	474	(95)	(20.0)
1,259	1,374	(115)	(8.4)
1,360	1,312	48	
1,401	869	532	61.2
135	195	(60)	(30.9)
89	87	2	2.0
(264)	161	(425)	(264.0)

REVENUES:

Sales:

Telecommunication
Trunking Radio
Tower Lease Rental
Internet Access

Total Sales

Miscellaneous Revenue:

Rate Stabilization Fund Transfer
Interest Income

Total Revenues

OPERATION & MAINTENANCE EXPENSES:

Operation & Maintenance Expenses
Customer Accounts & Sales Expense
Administrative & General Expenses

Total Operating & Maintenance Expenses

**TOTAL NET REVENUES IN ACCORDANCE WITH
THE BOND RESOLUTION**

DEBT SERVICE
UPIF CONTRIBUTIONS
TRANSFER TO GENERAL FUND

NET INCOME/(DEFICIT)

Year to Date	FY 10 Budget	FY 10 Projected	Change (%)
2,569	7,194	7,194	0.0
1,081	2,226	2,226	-
920	1,555	1,555	-
877	-	-	-
5,446	10,975	10,975	0.0
-	-	-	-
129	543	262	(51.7)
5,575	11,518	11,237	(2.4)
1,705	3,497	3,564	1.9
136	338	391	15.7
831	1,418	1,760	24.1
2,672	5,253	5,715	8.8
2,903	6,265	5,522	(11.9)
2,704	3,818	5,425	42.1
270	539	539	-
148	355	355	-
(218)	1,553	(797)	(151.3)

Balance Sheet – Combined Funds
As of March 31st, 2010

Total cash, investment and accounts receivable are reduced primarily due to a reduction in outstanding customer receivables as compared to the first quarter and a normal fluctuation in cash balances.

The Debt Service funds reflects accumulation of approximately half of our annual debt service requirement, which has increased for FY2010 due to the issuance of 2009A and 2009B series bonds in September 2009. In the Restricted Asset section, the construction fund balance is lower due to normal spend down of funds on capital projects.

Current Liabilities is reduced due to the reversal of year-end accruals which increased the payable accounts at September 30, 2009, accompanied by a reduction in outstanding payable due to normal fluctuations in payments to vendors. The remaining variance is due to recording of fuel adjustment and PGA true-ups at year end.

Other Payables from Restricted Assets decreased, primarily due to the net affect of making our semi-annual debt interest payment on October 1, offset by the accrual of our fiscal 2010 semi-annual debt interest obligation due on April 1, 2010.

**GAINESVILLE REGIONAL UTILITIES
COMBINED FUNDS
BALANCE SHEET
MAR 31, 2010**

(000's)	Mar 31, 2010	Sep 30, 2009	\$ Difference	% Difference
<u>ASSETS</u>				
CURRENT ASSETS:				
Cash, Investments & Accounts Receivable	40,505	55,408	(14,903)	-36.8%
Other Current Assets	24,076	24,854	(778)	-3.2%
TOTAL CURRENT ASSETS	64,581	80,262	(15,681)	-24.3%
RESTRICTED ASSETS:				
Debt Service Fund	30,895	44,620	(13,725)	-44.4%
Construction Fund	171,085	201,598	(30,513)	-17.8%
Utility Plant Improvement Fund	27,575	24,981	2,594	9.4%
Rate Stabilization Fund	60,971	59,429	1,542	2.5%
Other Restricted Assets	19,031	18,171	861	4.5%
TOTAL RESTRICTED ASSETS	309,557	348,798	(39,241)	-12.7%
NON-CURRENT ASSETS	21,196	21,687	(491)	-2.3%
NET CAPITAL ASSETS	1,059,214	1,049,533	9,681	0.9%
TOTAL ASSETS	1,454,548	1,500,280	(45,732)	-3.1%
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES	13,097	27,287	(14,190)	-108.3%
PAYABLE FROM RESTRICTED ASSETS:				
Rate Stabilization Deferred Credit	60,966	60,966	0	0.0%
Other Payables From Restricted Assets	38,851	57,682	(18,831)	-48.5%
TOTAL PAYABLE FROM RESTRICTED ASSETS	99,817	118,648	(18,831)	-18.9%
LONG TERM-DEBT:				
Utilities System Revenue Bonds				
Payable-Senior Lien Debt	842,202	859,725	(17,523)	-2.1%
Utilities System Revenue Bonds Payable-Sub. Debt	0	0	0	0.0%
Commercial Paper Notes Payable	62,000	76,000	(14,000)	-22.6%
Unamortized Bond Financing Costs	(19,017)	(20,136)	1,119	-5.9%
TOTAL LONG-TERM DEBT	885,185	915,589	(30,404)	-3.4%
OTHER NON-CURRENT LIABILITIES	27,159	26,980	179	0.7%
TOTAL LIABILITIES	1,025,258	1,088,504	(63,246)	-6.2%
TOTAL NET ASSETS	429,290	411,776	17,514	4.1%
TOTAL LIABILITIES AND NET ASSETS	1,454,548	1,500,280	(45,732)	-3.1%

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Supplemental Data

Gainesville Regional Utilities

ELECTRIC RESALE

FOR SECOND QUARTER ENDED MARCH 31, 2010

This Year	Month March			Change		Six Months Period Ended March 31		
	Per KWh	Last Year	Per KWh			This Year	Last Year	Change
722,276	0.0767	663,775	0.0748	58,500	Resale Revenue			
530,388	0.0892	450,072	0.0815	80,316	Alachua	4,823,585	4,520,145	303,441
					Seminole	3,261,417	3,074,752	186,665
<u>1,252,664</u>	0.0815	<u>1,113,847</u>	0.0773	<u>138,816</u>	Total Resale Revenue	<u>8,085,002</u>	<u>7,594,896</u>	<u>490,106</u>
					Resale KWh			
9,415,347		8,876,391		538,956	Alachua	57,595,516	54,472,669	3,122,847
5,948,490		5,524,994		423,496	Seminole	38,997,935	36,419,232	2,578,703
<u>15,363,837</u>		<u>14,401,385</u>		<u>962,452</u>	Total Resale KWh	<u>96,593,451</u>	<u>90,891,901</u>	<u>5,701,550</u>

Gainesville Regional Utilities

ELECTRIC STATISTICS

FOR SECOND QUARTER ENDED MARCH 31, 2010

Month March				Six Months Period Ended March 31		
This Year	Last Year	Change		This Year	Last Year	Change
96,909	95,415	1,494	Total Customers	96,288	95,262	1,026
31,427	30,982	445	Street Lights in Service	31,427	30,982	445
578.61	582.10	(3.49)	Miles of Overhead Distribution Line	578.61	582.10	(3.49)
835.95	823.14	12.81	Miles of Underground Distribution Line	835.95	823.14	12.81
1,414.56	1,405.24	9.32	Total Miles of Distribution Line	1,414.56	1,405.24	9.32
349	343	6	Maximum Peak Load Generated/Gross (MW)	488	445	43
327	319	8	Maximum Peak Load Generated/Net (MW)	464	421	43
124,827	147,245	(22,418)	Net Energy for Load (MWh)	184,050	166,036	18,014
51.31	62.04	(10.73)	Load Factor - Percent	69.65	64.69	4.96
2	68	(66)	Cooling Degree DBFs - Actual Days	380	334	46
64	64	-	Cooling Degree DBFs - Normal Days	424	423	1
(62)	4	(66)	Difference from Normal	(44)	(89)	45

Gainesville Regional Utilities
WATER & WASTEWATER STATISTICS
FOR SECOND QUARTER ENDED MARCH 31, 2010

WATER

Month March			Six Months Period Ended March 31			
This Year	Last Year	Change		This Year	Last Year	Change
68,530	69,166	(636)	Total Customers	68,391	69,156	(765)
			Pumpage - Mega-gallons			
22,422	30,025	(7,603)	Raw Water - Max	29,786	30,545	(759)
18,284	22,395	(4,111)	Raw Water - Min	17,381	18,828	(1,447)
20,317	25,886	(5,569)	Raw Water - Avg	22,046	24,599	(2,553)
639,142	802,463	(163,321)	Total	4,012,348	4,501,627	(489,279)
22,293	28,682	(6,389)	Distribution System - Max	27,284	30,043	(2,759)
17,710	22,513	(4,803)	Distribution System - Min	16,953	19,432	(2,479)
20,161	25,601	(5,440)	Distribution System - Avg	21,741	24,444	(2,703)
625,002	793,637	(168,635)	Total	3,956,773	4,473,327	(516,554)
28.44	34.40	(5.96)	Maximum Daily Pumpage	36.12	35.41	0.71
24.76	30.48	(5.72)	Average Max. Daily Pumpage	25.80	28.73	(2.93)
11.07	16.61	(5.54)	Minimum Daily Pumpage	11.07	14.80	(3.73)
13.20	19.12	(5.92)	Average Min. Daily Pumpage	16.08	19.21	(3.13)
1,101.1	1,099.6	1.5	Miles of Main	1,101.1	1,099.6	1.5
12.1	12.1	0.0	Miles of Potable Water Fire Mains	12.1	12.1	0.0
5,525	5,430	95	Hydrants	5,525	5,430	95
3.25	3.97	(0.72)	Precipitation - Actual Inches	18.08	15.64	2.44
4.18	4.18	-	Precipitation - Normal Inches	18.21	18.33	(0.12)
(0.93)	(0.21)	(0.72)	Difference from Normal	(0.13)	(2.69)	2.56

WASTEWATER

Month March			Six Months Period Ended March 31			
This Year	Last Year	Change		This Year	Last Year	Change
61,732	61,513	219	Total Customers	51,470	52,322	(852)
14,724	16,214	(1,490.00)	Manholes	14,724	16,214	(1,490)
24.9	24.7	0.2	Miles of Reclaimed Water Mains	24.9	24.7	0.2
136.8	134.6	2.2	Miles of Force Main	136.8	134.6	2.2
610.4	609.5	0.9	Miles of Gravity Main	610.4	609.5	0.9
747.2	744.1	3.1	Total Miles of Main	747.2	744.1	3.1

Gainesville Regional Utilities

GAS STATISTICS

FOR SECOND QUARTER ENDED MARCH 31, 2010

Month March			Six Months Period Ended March 31			
This Year	Last Year	Change		This Year	Last Year	Change
<u>33,272</u>	<u>33,439</u>	<u>(167)</u>	Total NG Customers	<u>32,859</u>	<u>33,113</u>	<u>(254)</u>
<u>182</u>	<u>181</u>	<u>1</u>	LP Gas Total Customers	<u>183</u>	<u>186</u>	<u>(3)</u>
			Distribution Mains			
732.09	729.20	2.89	NG System	732.09	729.20	2.89
7.05	6.80	0.25	LP System	7.05	6.80	0.25
<u>739.14</u>	<u>736.00</u>	<u>3.14</u>	Total Distribution Mains	<u>739.14</u>	<u>736.00</u>	<u>3.14</u>
233	111	122	Heating Degree DBFs - Actual Days	1,542	1,263	279
127	127	-	Heating Degree DBFs - Normal Days	1,097	1,097	-
106	(16)	122	Difference from Normal	445	166	279
57.3	63.3	(6.0)	Average Temperature	58.3	59.6	(1.3)
			Retail Fuel Charges			
0.06100	0.05600	0.00500	NG Fuel Adjustment	0.06167	0.05917	0.00250
0.68000	0.53000	0.15000	Firm PGA	0.78522	0.65189	0.13333
0.53910	0.51380	0.02530	Interruptible PGA	0.76517	0.63785	0.12732
0.65000	1.59000	(0.94000)	LP Fuel Adjustment	1.35032	1.68130	(0.33098)

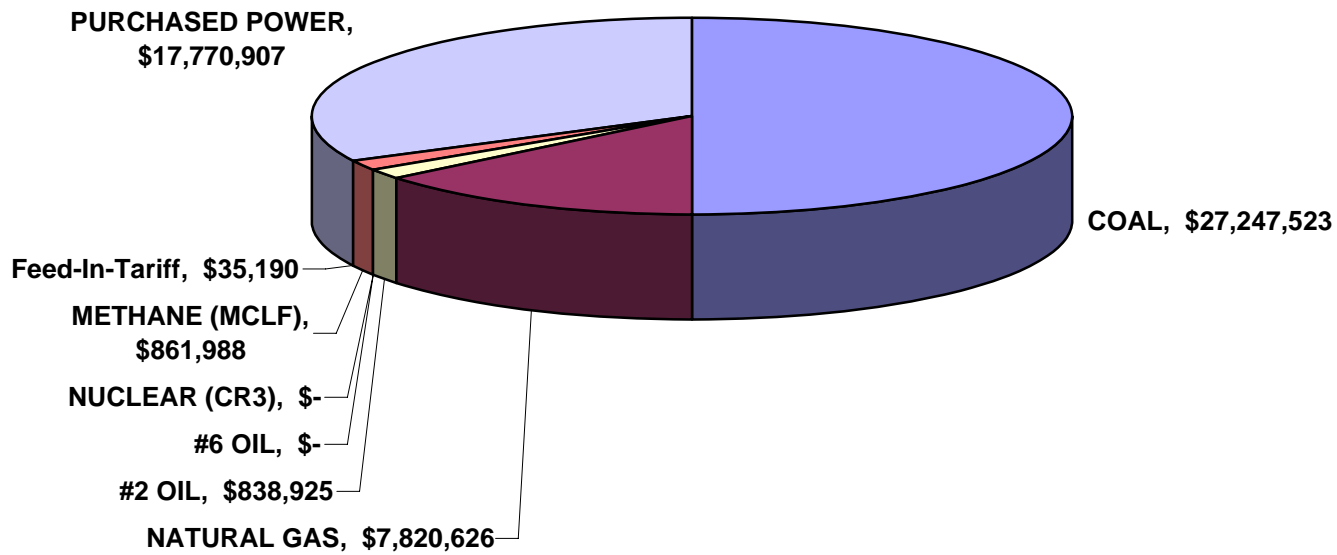
Gainesville Regional Utilities

**CLEAN AIR ALLOWANCES
FOR SECOND QUARTER ENDED MARCH 31, 2010**

Quarter that Ended March					SO2 Emissions (tons)	Calendar Year				
This Year	%	Last Year	%	Change		This Year	%	Last Year	%	Change
16.00	2.2698	0.00	0.0000	16.00	John R. Kelly:	16.00	2.2698	0.00	0.0000	16.00
					Total (CC1)	0.00		0.00		0.00
					Deerhaven	0.00		0.00		0.00
0.0	-	18.6	1.071	(50.9)	B1	0.0	-	18.6	1.071	(50.9)
688.7	99.971	1,718.5	98.924	(1,279.1)	B2	688.7	99.971	1,718.5	98.924	(1,279.1)
0.2	0.029	0.1	0.006	(0.1)	CT3	0.20	0.029	0.10	0.006	(0.1)
688.9	97.730	1,737.2	100.000	(1,048.3)	Total Emissions	688.9	97.730	1,737.2	100.000	(1,048.3)
704.9		1,737.2		(1,032.3)	Total GRU Emissions	704.9		1,737.2		(1,032.3)

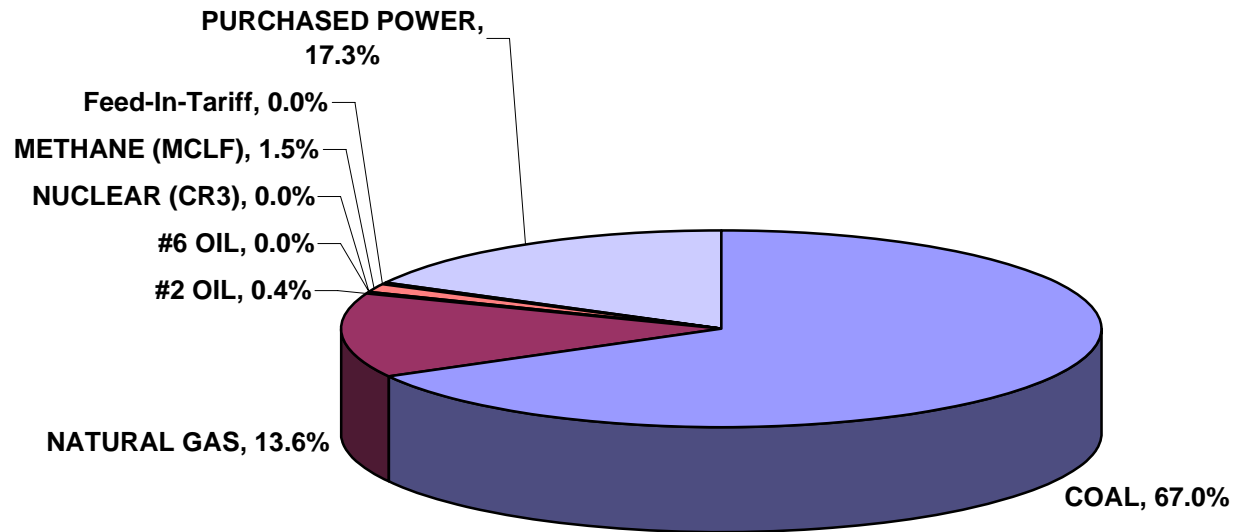
Calendar Year 2009					SO2 Allowances (tons)	Calendar Year 2010				
Deerhaven	%	JR Kelly	%	GRU Total		Deerhaven	%	JR Kelly	%	GRU Total
3,254	93.479	227	6.521	3,481	Carryover	5,807	95.337	284	4.663	6,091
8,369	99.312	58	0.688	8,427	Yearly Allocation	8,400	99.209	67	0.791	8,467
11,623	97.607	285	2.393	11,908	Total Available	14,207	97.589	351	2.411	14,558
5,816	99.983	1	0.017	5,817	Used	1,378	97.730	32	2.270	1,410
5,807	95.337	284	4.663	6,091	Left Over	12,829	97.574	319	2.426	13,148

Total Cost by Fuel Type FY2010 - Through March 31, 2010



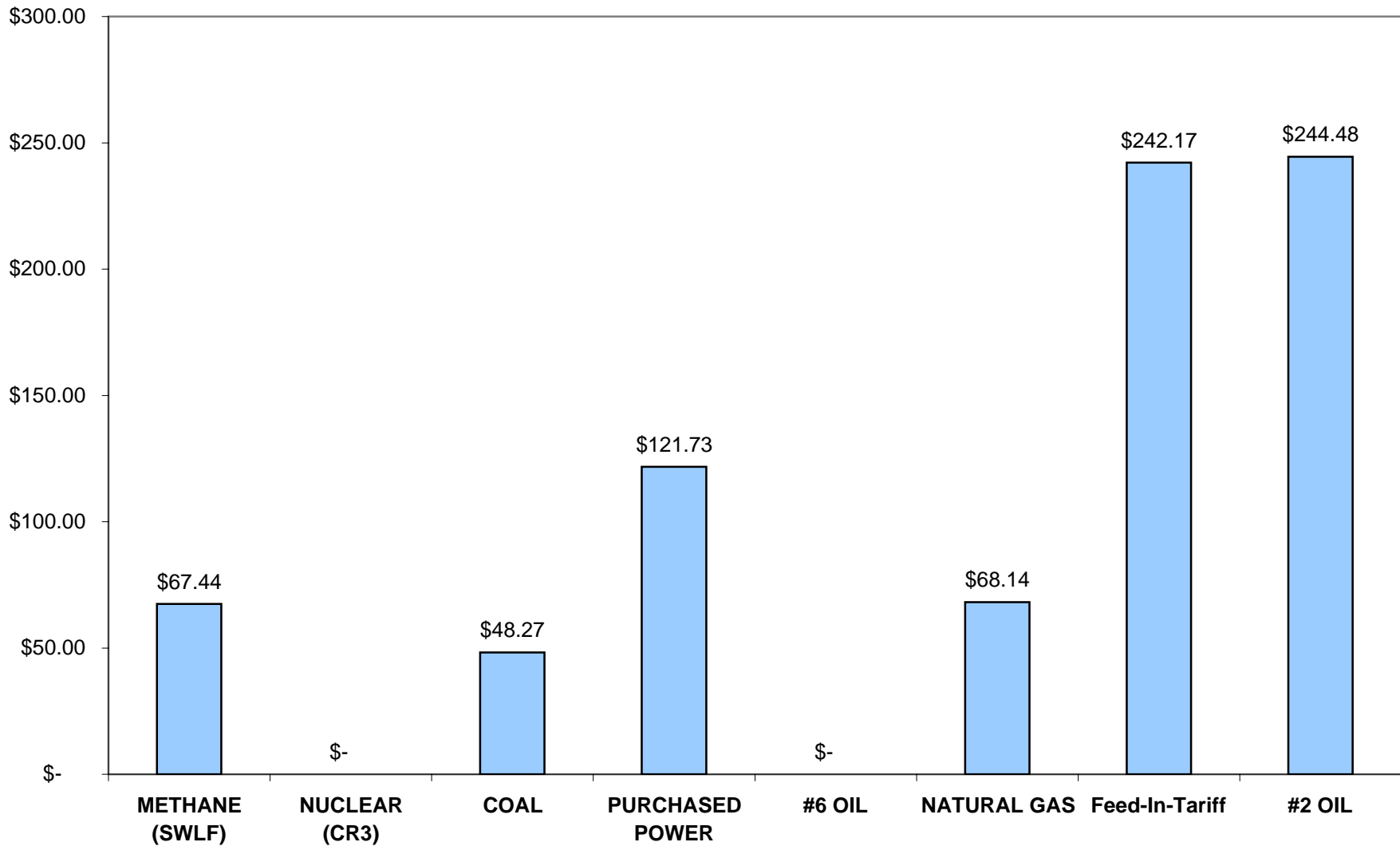
COAL NATURAL GAS #2 OIL #6 OIL NUCLEAR (CR3) METHANE (MCLF) Feed-In-Tariff PURCHASED POWER

MWh Generation by Fuel Type FY2010 - Through March 31, 2010



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

Total Cost per MWh by Fuel Type FY2010 - Through March 31, 2010



**DEERHAVEN FUELS REPORT
FOR SECOND QUARTER ENDED MARCH 31, 2010**

Month March

This Year		Last Year	
BBLs	Value	BBLs	Value
67,837.30	2,621,875.08	66,713.74	2,540,470.07
67,837.30	2,621,875.08	67,769.64	2,581,199.35
GALS	Value	GALS	Value
299,301.00	440,949.95	307,633.99	397,644.23
293,364.00	426,995.45	288,797.99	369,256.31
TONS	Value	TONS	Value
46,010.86	2,777,168.38	72,420.93	6,032,183.55
52,276.41	3,296,317.91	83,530.19	7,115,003.49
%	Days	%	Days
65.23	26.33	64.15	25.89
65.23	26.33	65.16	26.31
34.80	42.33	35.77	43.52
34.11	41.48	33.58	40.83
	20.53		34.43
	23.83		40.28

Month March

This Year	Last Year	Change	Percentage
38.6495	38.0802	0.5693	1.4950
38.6495	38.0878	0.5616	1.4745
1.4733	1.2926	0.1807	13.9779
1.4555	1.2786	0.1769	13.8368

Quarter that Ended March 31

This Year		Last Year	
BBLs	Value	BBLs	Value
67,837.30	2,621,875.08	48,037.14	1,820,111.67
67,837.30	2,621,875.08	67,769.64	2,581,199.35
GALS	Value	GALS	Value
232,724.00	284,465.37	213,638.99	255,280.38
293,364.00	426,995.45	288,797.99	369,256.31
TONS	Value	TONS	Value
48,969.15	3,142,001.92	88,710.93	8,142,337.58
52,276.41	3,296,317.91	83,530.19	7,115,003.49
%	Days	%	Days
65.23	26.33	46.19	18.41
65.23	26.33	65.16	26.31
27.06	32.82	24.84	30.09
34.11	41.48	33.58	40.83
	22.09		43.01
	23.83		40.28

Quarter that Ended March 31

This Year	Last Year	Change	Percentage
38.6495	37.8897	0.7598	2.0053
38.6495	38.0878	0.5616	1.4745
1.2223	1.1949	0.0274	2.2943
1.4555	1.2786	0.1769	13.8368

**JR KELLY FUELS REPORT
FOR SECOND QUARTER ENDED MARCH 31, 2010**

Month March

This Year		Last Year	
BCLS	Value	BCLS	Value
8,509.10	340,140.21	8,245.12	329,090.14
8,509.10	340,140.21	8,245.12	329,090.14
GALS		GALS	
Value	Value	Value	Value
490,272.20	869,780.97	312,611.36	463,325.53
490,272.20	869,780.97	312,611.36	463,325.53
%	Days	%	Days
8.18	2.60	7.93	2.50
8.18	2.60	7.93	2.50
57.01	69.61	36.35	44.23
57.01	69.61	36.35	44.23

Quarter that Ended March 31

This Year		Last Year	
BCLS	Value	BCLS	Value
8,509.10	340,140.21	9,143.12	366,679.98
8,509.10	340,140.21	8,245.12	329,090.14
GALS		GALS	
Value	Value	Value	Value
257,140.00	320,169.48	315,912.37	471,844.51
490,272.20	869,780.97	312,611.36	463,325.53
%	Days	%	Days
8.18	2.60	8.79	2.86
8.18	2.60	7.93	2.50
29.90	36.31	36.73	44.70
57.01	69.61	36.35	44.23

Month March

This Year	Last Year	Change	Percentage
39.9737	39.9133	0.0604	0.1513
39.9737	39.9133	0.0604	0.1513
1.7741	1.4821	0.2920	19.6992
1.7741	1.4821	0.2920	19.6992

Quarter that Ended March 31

This Year	Last Year	Change	Percentage
39.9737	40.1045	(0.1308)	(0.3261)
39.9737	39.9133	0.0604	0.1513
1.2451	1.4936	(0.2485)	(16.6361)
1.7741	1.4821	0.2920	19.6992

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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.

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