

981020

PROJECT SUMMARY

BENEFITS: Meeting our community's future electric needs in an environmentally responsible, cost effective, and competitive way.

PROJECT COST: \$41.2 million.

FINANCIAL IMPACT: Construction will not result in increased electric rates.

PROJECTED COMPLETION: Winter of 2001.

Increase Income for Community Needs

Our research takes into account population growth, consumer appliance choices, and many other factors in predicting our community's future energy needs. Based on our research, we know we can wait until year 2006 to increase our generation capacity and I be able to meet our customers' basic electric needs. It we see that as a missed opportunity. To take full advantage of the benefits of this proposal, it makes sense to begin this project as soon as possible — with targeted completion date of 2001.

The low-cost electricity produced can be used locally or be sold to other energy companies. A portion of the revenues will help offset the cost of the project, and in keeping with our profit-sharing policies, income from this project will be returned to our community members, the citizens of Gainesville, to support critical community services such as police and fire protection.

We want to keep you informed. If you have questions or suggestions, please contact our Communications Department at 334-3400 ext. 1030.

FOR MORE INFORMATION CONTACT:
Corporate Communications
Gainesville Regional Utilities
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Revitalizing Our Downtown Community

Repowering the Kelly Generating Station



Revitalizing Our Downtown Community Repowering the Kelly Generating Station



wants to meet the future electric needs of our community in a way that's environmentally responsible, cost effective, and competitive. We know that's important to many of you too. After a lot of study, we think we've answered that challenge, so we wanted to tell you about one of our proposals. We call this proposal the "Repowering" of the J. R. Kelly Generating Station. We believe it will benefit our community in many ways:

- Provide Power for the Future
- Improve Air Emissions
- Improve Energy Efficiency
- Expand Depot Avenue Redevelopment Efforts
- Develop a Community Partnership
- Increase Income for Community Needs

Provide Power for the Future

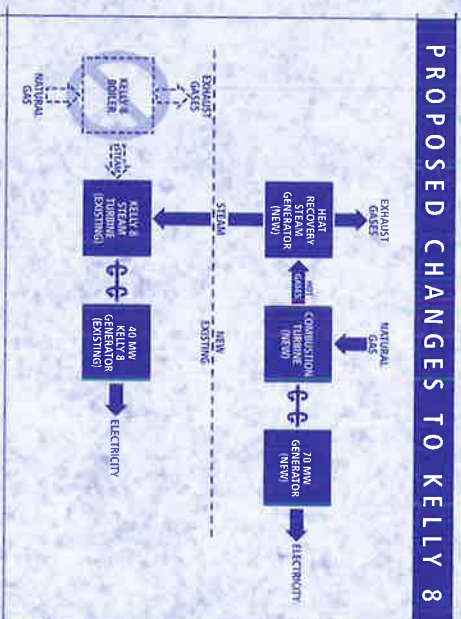
Identifying ways of providing reliable electricity — with an eye on our environment — makes sense for all of us.

In preparing for the future of Gainesville's electric needs, we looked at a number of technology and fuel sources, examining availability, feasibility, environmental factors, and affordability. We checked out potential fuels, including traditional sources such as coal, nuclear, oil, and natural gas. We also evaluated a wide variety of renewable resources like solar, wind, and biomass.

We even looked at buying an existing electric generating station somewhere else or creating partnerships with other companies. We have found that the least expensive, most responsible and reliable way to prepare for the community's future is to re-power an existing GRU generating unit — specifically Unit 8 at the J. R. Kelly Generating Station — using environmentally

friendly natural gas. The proposed changes to the Kelly Generating Station involve combining parts of existing equipment with new components to create a truly "recycled" unit. We will combine a new 70 megawatt generator and a heat recovery steam generator with Kelly's existing steam turbine and 40 megawatt generator to create an efficient 110 megawatt combined-cycle unit.

This renovated unit will fit into the existing Kelly Generating Station and be more efficient than the existing unit. We do not anticipate any increases in noise from the changes, and best of all, the new facility uses cleaner technology.



Improve Air Emissions

Not only is updating the existing plant more efficient than other options, it has the benefit of improved air emissions. Natural gas, as its fuel source, is the cleanest of fossil fuels. And the advanced process used by the repowered unit will actually help prevent the formation of Nitrogen Oxides (NOx). Our new unit will reduce NOx emission rates by 83 percent compared with older gas fired steam-generating units at Kelly. We believe the benefits of investing in this cutting-edge technology are exciting and will benefit our community in powerful ways.

Improve Energy Conservation

Our residential customers already use less electric energy than any other residential customers in the state — and have done so for many years. We're proud of that. We believe in proactive conservation measures that help reduce the amount of energy used and lower our customers' utility bills. We will continue our conservation efforts; however, demand for electricity will undoubtedly increase. Despite efforts to manage growth and conserve energy, we will need additional electricity during the next 10 years to serve our community adequately.

That's why generating more power while using less fuel with this more efficient unit is so important. We will be able to reduce fuel consumption per megawatt produced, while producing more energy, which will help control costs and keep utility rates down!

Expand Depot Avenue Redevelopment Efforts

The Kelly Generating Station has been a part of Gainesville since 1914. It is an early symbol of public power in our community. We want to preserve that history by using the past to build for the future. This repowering gives us the opportunity to improve the looks of the Depot Avenue area while preserving historic Combined with nearby renovations for a new central bus location and a planned storm water park, we can help make this neighborhood a model in urban design.

Develop a Community Partnership

Before we begin, we want to include our neighbors in deciding how this Depot Avenue area can be designed to be attractive, pedestrian and bike friendly, and a positive contributor to the life and vitality of downtown Gainesville. We will soon be announcing a community partnership plan to gather input from the public on how this new unit can best fit in to the Depot Avenue area. This will involve a series of community meetings.