



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

February 11, 2013

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

Dear Ms. Wilson:

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

Based on this study, revenue from present natural gas rates is \$435,275 less than utility costs for fiscal year 2013. This difference represents 1.64% of revenue at present rates. Baker Tilly calculated the revenue required using the utility basis with a 13.08% return on utility net investment rate base.

As detailed on page 11, the 13.08% rate of return corresponds to a 37.69% return on equity. In recent decisions, the Florida Public Service Commission authorized returns on equity between 9.67% and 10.51% for investor owned utilities. An equivalent return on equity for Gainesville Regional Utilities is between 6.29% and 6.83%. A lower return for GRU is equivalent to a higher return for an investor owned utility because GRU does not pay income tax. Baker Tilly estimates that income tax reduces the return on rate base by one third for an investor owned utility.

The higher return on equity is needed for GRU's natural gas utility to maintain adequate cash flow and meet the debt service obligations, including the manufactured gas plant debt. The rate of return is higher for natural gas than other GRU services because the value of plant in service is lower relative to the revenue required.

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

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

Sincerely,

BAKER TILLY VIRCHOW KRAUSE, LLP

Russell A. Hissom, CPA, Partner

Enclosures

GAINESVILLE REGIONAL UTILITIES

FORECASTED NATURAL GAS REVENUE REQUIREMENT, COST OF SERVICE, AND RATE DESIGN

Prepared as of
November 12, 2012

GAINESVILLE REGIONAL UTILITIES

TABLE OF CONTENTS

	<u>Page</u>
Accountants' Compilation Report	1
Executive Summary	2 - 5
Summary of Significant Assumptions	6 - 7
Summary of Significant Accounting Policies	8
Revenue Requirement Forecast	
Forecasted Revenue Requirement Summary	9
Forecasted Cash Flow	10
Rate of Return and Capital Structure	11
Forecasted Operations and Maintenance Expenses	12
Revenue Forecast for 2013	13
Forecasted Plant in Service	14
Forecasted Depreciation Expense	15
Forecasted Accumulated Depreciation	16
Cost of Service Analysis	
Allocation of Operation and Maintenance Expenses to Cost Functions	17
Allocation of Depreciation Expenses to Cost Functions	18
Customer Class Allocation Factors	19
Summary of Costs by Function	20
Summary of Costs by Rate Class	21
Rate Design	
Rate Design	22
Service Charges and Deposits	23

ACCOUNTANTS' COMPILATION REPORT

Gainesville Regional Utilities
Gainesville, Florida

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

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

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

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

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

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

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

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

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
November 12, 2012

GAINESVILLE REGIONAL UTILITIES

EXECUTIVE SUMMARY

INTRODUCTION

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

Baker Tilly used the utility basis to develop the revenue requirement and used the commodity-demand approach to analyze the cost of service. The utility basis differs from the method GRU used in the past to calculate revenue requirement, but it produces a revenue requirement relatively close to revenue at present rates. The major steps in this analysis are summarized below.

REVENUE REQUIREMENT

Baker Tilly forecasted costs, sales, and revenues for fiscal year 2013. Baker Tilly based the forecast on GRU's budget for fiscal year 2013 and historical trends.

	Forecasted Revenue Requirement
Revenue from Rates	\$ 11,358,151
Purchased Gas Adjustment (incl Embedded)	13,880,041
Manufactured Gas Adjustment	1,051,820
	<hr/> 26,621,811
Expenses	
Operation and Maintenance - Fuel	13,880,082
Other Operations and Maintenance	5,997,527
Depreciation	2,766,481
Transfer to the General Fund	2,539,681
Return on Rate Base	5,322,122
Less Other Revenues	<hr/> (3,448,807)
	27,057,086
Rate Increase Required	<hr/> <hr/> \$ 435,275

The small variance between revenue at present rates and the calculated revenue required indicates that the overall level of rates is appropriate given GRU's costs.

GAINESVILLE REGIONAL UTILITIES

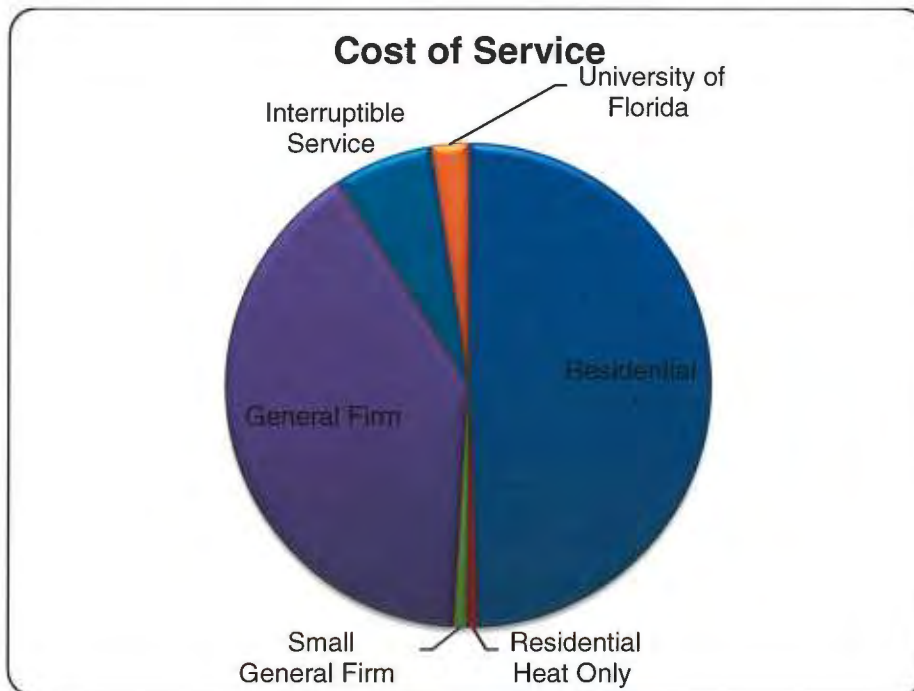
EXECUTIVE SUMMARY (cont.)

COST OF SERVICE

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

<u>Customer Class</u>	<u>FY13 Forecasted Cost of Service</u>	<u>Percent Change from Current Rates</u>
Residential	\$ 13,351,020	(1.51%)
Residential Heat Only	183,491	33.07%
Small Commercial	270,850	(24.72%)
Firm	10,811,935	3.09%
Interruptible	1,749,661	0.05%
University of Florida	684,100	111.40%
Georgia Pacific	6,029	(26.47%)
Total Cost of Service	\$ 27,057,086	1.64%

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



GAINESVILLE REGIONAL UTILITIES

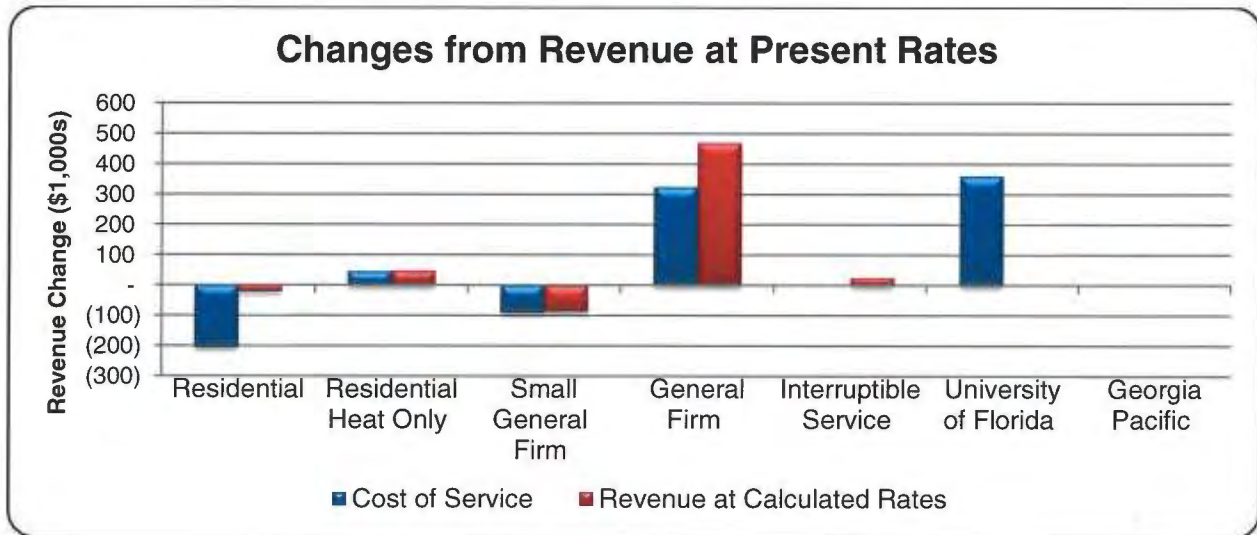
EXECUTIVE SUMMARY (cont.)

RATE DESIGN

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

Because University of Florida and Georgia Pacific rates are fixed by contract, the increase required for the University was absorbed by the other classes.

Customer Class	Cost of Service Change	Adjusted Change
Residential	\$ (204,452)	\$ (20,375)
Residential Heat Only	45,599	47,784
Small General Firm	(88,923)	(85,274)
General Firm	323,852	468,676
Interruptible	869	24,371
University of Florida	360,500	-
Georgia Pacific	(2,170)	-
Overall Change	\$ 435,275	\$ 465,544



GAINESVILLE REGIONAL UTILITIES

EXECUTIVE SUMMARY (cont.)

SMALL COMMERCIAL CLASS FOR CUSTOMERS AVERAGING BELOW 50 THERMS PER MONTH

Gainesville's existing rate structure has a single rate class for any nonresidential customer receiving firm service, including small businesses. Gainesville management expressed concern that the higher monthly customer charge is a burden to small businesses.

Baker Tilly finds that there is wide diversity within the general firm rate class from very small to very large customers. If customers are split around an average consumption of 50 therms per month, Baker Tilly finds that the high consumption group averages 847 therms per month. The low consumption group averages 13 therms per month.

A small commercial class with a lower customer charge and a higher energy charge may be appropriate for customers averaging below 50 therms per month. Because rates for this class will be lower than general firm rates, GRU must define eligibility for this class clearly.

HEAT-ONLY RESIDENTIAL RATE

A small number of Gainesville's residential customers use natural gas only for heat. These customers have a higher peak consumption compared to their average monthly consumption. Heat-only customers require the same distribution infrastructure as customers using gas for space heating, water heating, and cooking, but GRU has to recover these costs over a smaller number of therms.

Because the same costs must be recovered over a smaller volume of gas, a higher energy charge may be appropriate for these customers.

Baker Tilly's rate study assumes the creation of a heat only residential class. If GRU does not implement a heat-only rate, the costs allocated to this class must be reallocated to the other classes. Costs can be reallocated using the allocation factors on page 19 or combined with the main residential class.

GAINESVILLE REGIONAL UTILITIES

SUMMARY OF SIGNIFICANT ASSUMPTIONS

INTRODUCTION

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

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

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

FORECASTED OPERATIONS AND MAINTENANCE EXPENSES

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

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

FORECASTED REVENUES

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

Baker Tilly's used GRU management's forecasts for energy sales and customer counts in fiscal year 2013. Compared to the actual values from fiscal year 2011, GRU is forecasted to sell less gas to residential and interruptible customers.

Baker Tilly assumes that sales are inelastic and do not respond to increases or decreases in rates.

FORECASTED PLANT ADDITIONS AND RETIREMENTS

Baker Tilly forecasted additions to plant in service for fiscal years 2012 and 2013 based on the revised six year capital budget prepared by GRU management. To forecast retirements, Baker Tilly averaged 2010 and 2011 retirements. Baker Tilly removed from these averages large retirements associated with major capital additions that are not forecasted for the test year.

GAINESVILLE REGIONAL UTILITIES

SUMMARY OF SIGNIFICANT ASSUMPTIONS (cont.)

ALLOCATORS

Assets and expenses are allocated to the customer classes based on customer class characteristics. The following table describes the relevant characteristics used to allocate costs.

Customer	Customer count is the weighted number of customers in each class.
Commodity	Commodity is the total number of therms each class uses for the year.
Capacity	Capacity is the number of therms each class uses in the peak month. Capacity has been split between Distribution, which includes mains, meters, and services; and System.

GAINESVILLE REGIONAL UTILITIES

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REVENUE RECOGNITION

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

EXPENSES

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

PLANT

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

DEPRECIATION

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

REVENUE REQUIREMENT FORECAST

Gainesville Regional Utilities
Natural Gas Rate Study Report
Forecasted Revenue Requirement Summary

	Forecasted 2013	
Revenues		
Revenue from Rates	\$	11,358,151
Embedded Fuel Revenue		1,413,370
Purchased Gas Adjustment		12,466,671
Gas Transport Service		331,799
Manufactured Gas Adjustment		1,051,820
Other Revenue - Interest Income		213,098
Other Revenue - Rate Stabilization Transfer		939,821
Other Revenue - Surcharge Revenue		417,745
Other Revenue - BABs Subsidy		668,472
Other Revenue - Other		1,209,671
		1,209,671
Total Revenues		30,070,618
Expenses		
Operation and Maintenance - Purchased Gas		13,880,082
Other Operations and Maintenance		5,997,527
Depreciation		2,766,481
Transfer to the General Fund		2,539,681
		2,539,681
Total Expenses		25,183,771
Net Income	\$	4,886,847
Net Investment Rate Base		
Plant in Service	\$	68,839,690
Materials and Supplies		336,327
Accumulated Depreciation		(28,475,619)
		(28,475,619)
Total Rate Base	\$	40,700,398
Forecasted Return on Rate Base (Net Income above)		4,886,847
Target Return on Rate Base		5,322,122
Rate Increase Required	\$	435,275

Gainesville Regional Utilities
Natural Gas Rate Study Report
Forecasted Cash Flow

	Forecasted 2013 at Present Rates	Forecasted 2013 with Rate Change
Sources of Cash		
Revenue from Rates	\$ 11,358,151	\$ 11,718,354
Embedded Fuel Revenue	1,413,370	1,413,370
Purchased Gas Adjustment	12,466,671	12,466,669
Gas Transport Service	331,799	331,799
Manufactured Gas Adjustment	1,051,820	1,126,801
Other Revenue - Interest Income	213,098	213,098
Other Revenue - Rate Stabilization Transfer	939,821	939,821
Other Revenue - Surcharge Revenue	417,745	417,745
Other Revenue - BABs Subsidy	668,472	668,472
Other Revenue - Other	1,209,671	1,209,671
Total Sources of Cash	30,070,618	30,505,800
Uses of Cash		
Purchased Gas	13,880,082	13,880,082
Other Operations and Maintenance	5,997,527	5,997,527
Debt Service	4,495,351	4,495,351
Manufactured Gas Debt Service	1,127,164	1,127,164
Utility Plant Improvement Fund	2,466,088	2,466,088
Transfer to the General Fund	2,539,681	2,539,681
Working Capital Reserve	-	-
Total Uses of Cash	30,505,893	30,505,893
Net Cash Flow	\$ (435,275)	\$ (93)

Gainesville Regional Utilities
Natural Gas Rate Study Report
Rate of Return and Capital Structure

	Forecasted 2013 Cash Basis Capital Costs	Forecasted 2013 Utility Basis Capital Costs
Debt Service	4,495,351	-
Manufactured Gas Debt Service	1,127,164	-
Utility Plant Improvement Fund	2,466,088	-
Working Capital Reserve	-	-
Depreciation	-	2,766,481
	8,088,603	2,766,481
Required Return on Rate Base	-	5,322,122
Total Capital Costs	8,088,603	8,088,603
Rate Base		40,700,398
Rate of Return Required for Return of \$5,322,122		13.08%

	Amount	Percent of Capital Structure	Return	Weighted Return
Long-term debt	\$ 59,872,079	73.37%	4.15%	3.04%
Equity	21,729,272	26.63%	37.69%	10.04%
Total	\$ 81,601,351	100.00%		13.08%

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

Gainesville Regional Utilities
Natural Gas Rate Study Report
Forecasted Operations and Maintenance Expenses

		Actual	Actual	Budgeted	Forecasted
	<u>Fuel</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
804	Gas Purchases	\$ 14,632,694	\$ 13,800,865	\$ 13,475,808	\$ 13,880,082
	<u>Distribution</u>				
870	Gas Dist Op-Sup& Eng	341,102	288,952	309,773	298,652
874	Gas Dist Op-Mains&Ser Exp	201,737	229,039	400,908	422,185
875	Gas Dist Op-Meter & Reg S	18,227	8,640	15,224	21,000
880	Gas Dist Op-Other Exp	244,716	171,776	157,866	179,715
881	Gas Dist Op-Rents	1,333	1,329	1,421	1,464
885	Gas Dist-Maint Sup&Eng	159,900	229,214	123,971	180,646
887	Gas Dist-Maint of Mains	136,141	98,916	96,543	99,662
889	Gas Dist-Maint of Meas& e	9,659	6,896	12,182	7,900
890	Gas Dist-Maint of Statn E	12,574	10,876	14,650	14,860
891	Gas Dist-City Gate Meter	(955)	1,148	3,257	3,185
892	Gas Dist-Maint of Serv	22,795	13,649	31,845	23,278
893	Gas Mt-Meters	234,297	199,387	219,618	245,722
894	Gas Dist Mt-Miscellaneous	418	-	-	-
	Total Distribution Expenses	1,381,944	1,259,822	1,387,258	1,498,269
	<u>Customer Accounts</u>				
901	Cust Service & Accts-Sup	10,621	14,435	29,866	26,390
902	Meter Reading	391,653	417,540	460,853	441,845
903	Cust Records & Collect Ex	987,924	1,085,268	1,328,970	1,373,973
904	Uncollectible Accounts	23,863	(167)	-	-
908	Customer Assistance Exp	104,425	76,550	111,725	165,000
909	Inform&Instructl Adverti	41,070	37,008	41,791	67,994
910	Misc Customer Svc&Info Ex	11,446	13,520	10,831	9,208
912	Demo & Selling Expense	1,649	1,657	2,428	4,832
913	A&G Advertising Expense	439	-	-	-
914	Customer Marketing	5,231	3,848	1,886	25,461
916	Misc Sales Expense	380,234	377,919	288,945	234,889
	Total Customer Accounts Expenses	1,958,555	2,027,578	2,277,295	2,349,592
	<u>Administrative and General</u>				
920	Admin & Gen Salaries	765,214	748,389	779,197	914,552
921	Admin&General Exp	296,153	315,236	399,112	406,096
922	Admin&General Exp Transfe	(205,763)	(116,370)	(74,610)	(149,907)
923	Outside Services Employed	163,549	158,981	515,480	390,931
924	Property Insurance	132,099	136,039	130,377	102,891
925	Injuries & Damages	42,403	24,560	88,222	116,907
926	Employee Pension & Benefi	(11,952)	(109,246)	(164,147)	(206,551)
930	General Advertising Expen	25,598	19,577	26,517	58,415
931	Rents	222,192	222,093	222,031	225,689
935	Maintenance of General Pl	168,685	176,623	341,420	290,643
	Total General Expenses	1,598,178	1,575,882	2,263,599	2,149,666
	Total Operations and Maintenance	\$ 19,571,371	\$ 18,664,147	\$ 19,403,960	\$ 19,877,609

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

Gainesville Regional Utilities
Natural Gas Rate Study Report
 Revenue Forecast for 2013

	Authorized Rates	Residential		General Firm		Interruptible Service		University of Florida		Georgia Pacific		Total	
		Units	Revenue	Units	Revenue	Units	Revenue	Units	Revenue	Units	Revenue	Units	Revenue
Residential													
Energy Charge	\$0.41394 per therm	8,783,414	\$ 3,635,806									8,783,414	\$ 3,635,806
Embedded Fuel Cost	0.06906 per therm	8,783,414	606,583									8,783,414	606,583
Purchased Gas Adjustment	0.59855 per therm	8,783,414	5,257,312									8,783,414	5,257,312
Manufactured Gas Adjustment	0.0505 per therm	8,783,414	443,562									8,783,414	443,562
Customer Charge	9.52 per bill	393,918	3,750,099									393,918	3,750,099
General Firm													
Energy Charge	0.27394 per therm			10,244,704	\$ 2,806,434							10,244,704	2,806,434
Embedded Fuel Cost	0.06906 per therm			10,244,704	707,499							10,244,704	707,499
Purchased Gas Adjustment	0.59855 per therm			10,244,704	6,131,968							10,244,704	6,131,968
Manufactured Gas Adjustment	0.0505 per therm			10,244,704	517,358							10,244,704	517,358
Customer Charge	35.00 per bill			19,560	684,600							19,560	684,600
Interruptible Service													
Energy Charge	0.25984 per therm			1,800,001	\$ 467,712							1,800,001	467,712
Embedded Fuel Cost	0.05516 per therm			1,800,001	99,288							1,800,001	99,288
Purchased Gas Adjustment	0.59855 per therm			1,800,001	1,077,391							1,800,001	1,077,391
Manufactured Gas Adjustment	0.0505 per therm			1,800,001	90,900							1,800,001	90,900
Customer Charge	375.00 per bill			36	13,500							36	13,500
University of Florida													
Energy Charge	0.010 per therm			32,000,000	\$ 320,000							32,000,000	320,000
Customer Charge	300.00 per bill			12	3,600							12	3,600
Georgia Pacific													
Energy Charge	0.020 per therm			229,950	\$ 4,599							229,950	4,599
Customer Charge	300.00 per bill			12	3,600							12	3,600
User Charge Revenue													
Embedded Fuel Cost		7,385,905		3,491,034		481,212		-					11,358,151
Purchased Gas Adjustment		606,583		707,499		99,288		-					1,413,370
Manufactured Gas Adjustment		5,257,312		6,131,968		1,077,391		-					12,466,671
Gas Transport Service		443,562		517,358		90,900		-					1,051,820
		-		-		-		323,600					331,799
Total 2013 Revenues			\$ 13,693,362		\$ 10,847,859		\$ 1,748,791		\$ 323,600		\$ 8,199		\$ 26,621,811

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

Gainesville Regional Utilities
Natural Gas Rate Study Report
Forecasted Plant in Service

Acct. No.	Account Description	Actual Balance 9/30/2011	FY 2012 Estimated		Forecasted Balance 9/30/2012	FY 2013 Forecasted		Forecasted Balance 9/30/2013	Test Year Average Balance
			Additions	Retirements		Additions	Retirements		
374	Land and Land Rights	\$ 352,061	\$ 14,200	\$ -	\$ 366,261	\$ 19,931	\$ -	\$ 386,192	\$ 376,227
<u>Distribution Plant</u>									
375	Structures and Improvements	-	-	-	-	-	-	-	-
377	Mains	35,617,975	1,658,159	(16,666)	37,259,468	2,003,979	(16,666)	39,246,781	38,253,125
379	Services	6,656,865	748,743	-	7,405,608	754,599	-	8,160,207	7,782,908
380	Meters	6,099,428	678,774	(293,965)	6,484,237	803,629	(293,965)	6,993,901	6,739,069
383	House Regulators	2,179,741	-	(40,682)	2,139,059	-	(40,682)	2,098,377	2,118,718
384	Measuring and Regulating Stations	301,254	271,353	-	572,607	246,345	-	818,952	695,780
385	Gas Gate Stations	799,767	-	(12,997)	786,770	-	(12,997)	773,773	780,272
386	Tanks and Installations	29,835	-	-	29,835	-	-	29,835	29,835
	Total Distribution Plant	51,684,865	3,357,029	(364,310)	54,677,584	3,808,552	(364,310)	58,121,826	56,399,707
<u>General Plant</u>									
389	Land and Land Rights	-	-	-	-	-	-	-	-
390	Structures and Improvements	68,537	10,001	-	78,538	19,851	-	98,389	88,464
391	Office Furniture and Equipment	54,375	7,934	(455)	61,854	12,422	(455)	73,821	67,838
391.1	Computers and Electronics	1,518,341	221,552	(12,706)	1,727,187	439,767	(12,706)	2,154,248	1,940,718
392	Transportation Equipment	824,160	120,259	(20,582)	923,837	233,504	(20,582)	1,136,759	1,030,298
393	Stores Equipment	-	-	-	-	-	-	-	-
394	Tools, Shop and Garage Equipment	184,178	26,875	-	211,053	53,345	-	264,398	237,726
395	Laboratory Equipment	127,722	18,637	-	146,359	36,993	-	183,352	164,856
396	Power Operated Equipment	959,931	140,070	(58,385)	1,041,616	263,274	(58,385)	1,246,505	1,144,060
397	Communication Equipment	33,167	4,840	-	38,007	9,606	-	47,613	42,810
398	Miscellaneous Equipment	85,710	12,507	-	98,217	24,825	-	123,042	110,630
399	Other Tangible Property	-	6,585,062	-	6,585,062	1,302,587	-	7,887,649	7,236,356
	Total General Plant	3,856,121	7,147,737	(92,129)	10,911,729	2,396,174	(92,128)	13,215,775	12,063,756
	Total Plant In Service	\$ 55,893,047	\$ 10,518,966	\$ (456,439)	\$ 65,955,574	\$ 6,224,657	\$ (456,438)	\$ 71,723,793	\$ 68,839,690

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

Gainesville Regional Utilities
Natural Gas Rate Study Report
Forecasted Depreciation Expense

Account Number	Account Description	Depreciation Rates	2012 Depreciable Balance	2012 Depreciation Expense	2013 Depreciable Balance	2013 Depreciation Expense
374	Land and Land Rights	0.00%	\$ 359,161	\$ -	\$ 376,227	\$ -
Distribution Plant						
375	Structures and Improvements	0.00%	-	-	-	-
376	Distribution Plant - Reserved	0.00%	-	-	-	-
377	Mains	4.70%	36,438,722	1,712,620	38,253,125	1,797,897
378	Fire Mains	0.00%	-	-	-	-
379	Services	0.80%	7,031,237	56,250	7,782,908	62,263
380	Meters	5.08%	6,291,833	319,625	6,739,069	342,345
381	Backflow Preventers	0.00%	-	-	-	-
382	Hydrants	0.00%	-	-	-	-
383	House Regulators	4.78%	2,159,400	103,219	2,118,718	101,275
384	Measuring and Regulating Stations	2.97%	436,931	12,977	695,780	20,665
385	Gas Gate Stations	3.22%	793,269	25,543	780,272	25,125
386	Tanks and Installations	0.84%	29,835	251	29,835	251
Total Distribution Plant			53,181,227	2,230,485	56,399,707	2,349,821
General Plant						
389	Land and Land Rights	0.00%	-	-	-	-
390	Structures and Improvements	2.33%	73,538	1,713	88,464	2,061
391	Office Furniture and Equipment	7.07%	58,115	4,109	67,838	4,796
391.1	Computers and Electronics	9.90%	1,622,764	160,654	1,940,718	192,131
392	Transportation Equipment	9.00%	873,998	78,660	1,030,298	92,727
393	Stores Equipment	0.00%	-	-	-	-
394	Tools, Shop and Garage Equipment	6.13%	197,616	12,114	237,726	14,573
395	Laboratory Equipment	6.25%	137,041	8,565	164,856	10,304
396	Power Operated Equipment	7.92%	1,000,773	79,261	1,144,060	90,610
397	Communication Equipment	6.25%	35,587	2,224	42,810	2,676
398	Miscellaneous Equipment	6.13%	91,964	5,637	110,630	6,782
399	Other Tangible Property	0.00%	3,292,531	-	7,236,356	-
Total General Plant			7,383,927	352,937	12,063,756	416,660
Total Plant In Service			\$ 60,924,315	\$ 2,583,422	\$ 68,839,690	\$ 2,766,481

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

Gainesville Regional Utilities
Natural Gas Rate Study Report
Forecasted Accumulated Depreciation

Acct. No.	Account Description	Actual		FY 2012 Forecasted		Forecasted		FY 2012 Forecasted		Forecasted		Test Year	
		Balance 9/30/2011		Depreciation	Retirements	Balance 9/30/2012		Depreciation	Retirements	Balance 9/30/2013		Balance	Average Balance
374	Land and Land Rights	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Distribution Plant												
375	Structures and Improvements	-	-	-	-	-	-	-	-	-	-	-	-
377	Mains	(13,189,389)	(1,712,620)	(1,712,620)	16,666	(14,885,343)	(1,797,897)	16,666	(16,666,574)	(15,775,959)			
379	Services	(6,399,143)	(56,250)	(56,250)	-	(6,455,393)	(62,263)	-	(6,517,656)	(6,486,525)			
380	Meters	(3,213,135)	(319,625)	(319,625)	293,965	(3,238,795)	(342,345)	293,965	(3,287,175)	(3,262,985)			
383	House Regulators	(723,281)	(103,219)	(103,219)	40,682	(785,818)	(101,275)	40,682	(846,411)	(816,115)			
384	Measuring and Regulating Stations	(192,570)	(12,977)	(12,977)	-	(205,547)	(20,665)	-	(226,212)	(215,880)			
385	Gas Gate Stations	(121,854)	(25,543)	(25,543)	12,997	(134,400)	(25,125)	12,997	(146,528)	(140,464)			
386	Tanks and Installations	(28,818)	(251)	(251)	-	(29,069)	(251)	-	(29,320)	(29,195)			
	Total Distribution Plant	(23,868,190)	(2,230,485)	(2,230,485)	364,310	(25,734,365)	(2,349,821)	364,310	(27,719,876)	(26,727,123)			
	General Plant												
389	Land and Land Rights	-	-	-	-	-	-	-	-	-	-	-	-
390	Structures and Improvements	(1,906)	(1,713)	(1,713)	-	(3,619)	(2,061)	-	(5,680)	(4,650)			
391	Office Furniture and Equipment	(18,760)	(4,109)	(4,109)	455	(22,414)	(4,796)	455	(26,755)	(24,585)			
391.1	Computers and Electronics	(523,857)	(160,654)	(160,654)	12,706	(671,805)	(192,131)	12,706	(851,230)	(761,517)			
392	Transportation Equipment	(175,979)	(78,660)	(78,660)	20,582	(234,057)	(92,727)	20,582	(306,202)	(270,129)			
393	Stores Equipment	-	-	-	-	-	-	-	-	-			
394	Tools, Shop and Garage Equipment	(119,976)	(12,114)	(12,114)	-	(132,090)	(14,573)	-	(146,663)	(139,377)			
395	Laboratory Equipment	(64,507)	(8,565)	(8,565)	-	(73,072)	(10,304)	-	(83,376)	(78,224)			
396	Power Operated Equipment	(394,745)	(79,261)	(79,261)	58,385	(415,621)	(90,610)	58,385	(447,846)	(431,733)			
397	Communication Equipment	(10,841)	(2,224)	(2,224)	-	(13,065)	(2,676)	-	(15,741)	(14,403)			
398	Miscellaneous Equipment	(14,850)	(5,637)	(5,637)	-	(20,487)	(6,782)	-	(27,269)	(23,878)			
399	Other Tangible Property	-	-	-	-	-	-	-	-	-			
	Total General Plant	(1,325,421)	(352,937)	(352,937)	92,129	(1,586,229)	(416,660)	92,128	(1,910,761)	(1,748,496)			
	Total Plant In Service	(25,193,611)	(2,583,422)	(2,583,422)	456,439	(27,320,594)	(2,766,481)	456,438	(29,630,637)	(28,475,619)			

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

COST OF SERVICE ANALYSIS

Gainesville Regional Utilities

Natural Gas Rate Study Report

Allocation of Operations and Maintenance Expenses to Cost Functions

Account Number	Account Description	Forecasted 2013	Cost Components				
			Customer	Commodity	Demand - Distribution	Demand - System	
Fuel							
804	Gas Purchases	\$ 13,880,082	\$ -	\$ 13,880,082	\$ -	\$ -	
Distribution							
870	Gas Dist Op-Sup& Eng	298,652	-	-	-	298,652	
874	Gas Dist Op-Mains&Ser Exp	422,185	-	-	422,185	-	
875	Gas Dist Op-Meter & Reg S	21,000	21,000	-	-	-	
880	Gas Dist Op-Other Exp	179,715	-	-	-	179,715	
881	Gas Dist Op-Rents	1,464	-	-	-	1,464	
885	Gas Dist-Maint Sup&Eng	180,646	-	-	-	180,646	
887	Gas Dist-Maint of Mains	99,662	-	-	99,662	-	
889	Gas Dist-Maint of Meas& e	7,900	-	-	-	7,900	
890	Gas Dist-Maint of Statn E	14,860	-	-	-	14,860	
891	Gas Dist-City Gate Meter	3,185	-	-	-	3,185	
892	Gas Dist-Maint of Serv	23,278	-	-	23,278	-	
893	Gas Mt-Meters	245,722	245,722	-	-	-	
894	Gas Dist Mt-Miscellaneous	-	-	-	-	-	
	Total Distribution Expenses	1,498,269	266,722	-	545,125	686,422	
Customer Accounts							
901	Cust Service & Accts-Sup	26,390	26,390	-	-	-	
902	Meter Reading	441,845	441,845	-	-	-	
903	Cust Records & Collect Ex	1,373,973	1,373,973	-	-	-	
904	Uncollectible Accounts	-	-	-	-	-	
908	Customer Assistance Exp	165,000	165,000	-	-	-	
909	Inform&Instructl Adverti	67,994	67,994	-	-	-	
910	Misc Customer Svc&Info Ex	9,208	9,208	-	-	-	
912	Demo & Selling Expense	4,832	4,832	-	-	-	
913	A&G Advertising Expense	-	-	-	-	-	
914	Customer Marketing	25,461	25,461	-	-	-	
916	Misc Sales Expense	234,889	234,889	-	-	-	
	Expenses	2,349,592	2,349,592	-	-	-	
			Customer	Commodity	Demand - Distribution	Demand - System	
Average Allocation without Admin and General			14.76%	78.30%	3.07%	3.87%	
Administrative and General							
920	Admin & Gen Salaries	914,552	134,988	716,094	28,077	35,393	
921	Admin&General Exp	406,096	59,940	317,973	12,467	15,716	
922	Admin&General Exp Transfe	(149,907)	(22,126)	(117,378)	(4,602)	(5,801)	
923	Outside Services Employed	390,931	57,701	306,099	12,002	15,129	
924	Property Insurance	102,891	15,187	80,563	3,159	3,982	
925	Injuries & Damages	116,907	17,255	91,539	3,589	4,524	
926	Employee Pension & Benefi	(206,551)	(30,487)	(161,729)	(6,341)	(7,994)	
930	General Advertising Expen	58,415	8,622	45,739	1,793	2,261	
931	Rents	225,689	33,312	176,714	6,929	8,734	
935	Maintenance of General Pl	290,643	42,899	227,573	8,923	11,248	
	Total General Expenses	2,149,666	317,291	1,683,187	65,996	83,192	
Total Operations and Maintenance			\$ 19,877,609	\$ 2,933,605	\$ 15,563,269	\$ 611,121	\$ 769,614

Gainesville Regional Utilities
Natural Gas Rate Study Report
Allocation of Depreciation Expenses to Cost Functions

Account Number	Account Description	Forecasted 2013 Depreciation Expense	Cost Components			
			Customer	Commodity	Demand - Distribution	Demand - System
374	Land and Land Rights	\$ -	\$ -	\$ -	\$ -	\$ -
	<u>Distribution Plant</u>					
375	Structures and Improvements	-	-	-	-	-
376	Distribution Plant - Reserved	-	-	-	-	-
377	Mains	1,797,897	-	-	1,797,897	-
378	Fire Mains	-	-	-	-	-
379	Services	62,263	-	-	62,263	-
380	Meters	342,345	-	-	342,345	-
381	Backflow Preventers	-	-	-	-	-
382	Hydrants	-	-	-	-	-
383	House Regulators	101,275	-	-	-	101,275
384	Measuring and Regulating Stations	20,665	-	-	-	20,665
385	Gas Gate Stations	25,125	-	-	-	25,125
386	Tanks and Installations	251	-	-	-	251
	Total Distribution Plant	2,349,821	-	-	2,202,505	147,316
	<u>General Plant</u>					
389	Land and Land Rights	-	-	-	-	- A
390	Structures and Improvements	2,061	1,401	-	292	368 A
391	Office Furniture and Equipment	4,796	3,262	-	679	855 A
391.1	Computers and Electronics	192,131	130,684	-	27,182	34,265 A
392	Transportation Equipment	92,727	63,071	-	13,119	16,537 A
393	Stores Equipment	-	-	-	-	- A
394	Tools, Shop and Garage Equipment	14,573	9,912	-	2,062	2,599 A
395	Laboratory Equipment	10,304	7,008	-	1,458	1,838 A
396	Power Operated Equipment	90,610	61,632	-	12,819	16,159 A
397	Communication Equipment	2,676	1,820	-	379	477 A
398	Miscellaneous Equipment	6,782	4,613	-	959	1,210 A
399	Other Tangible Property	-	-	-	-	- A
	Total General Plant	416,660	283,403	-	58,949	74,308
	Total Depreciation Expense	\$ 2,766,481	\$ 283,403	\$ -	\$ 2,261,454	\$ 221,624

A - Allocated on the basis of administrative and general expenses excluding the allocation to commodity.

Gainesville Regional Utilities
Natural Gas Rate Study Report
Customer Class Allocation Factors

Commodity and Capacity Allocation

Class	October	November	December	January	February	March	April	May	June	July	August	September
Residential	335,601	495,634	993,198	1,612,630	1,576,832	1,133,105	723,973	458,093	372,144	345,831	317,123	342,753
Residential Heat Only	101	1,507	17,861	33,997	20,783	2,063	-44	-38	97	60	46	64
Small Commercial	6,319	7,277	8,355	6,748	8,550	11,066	8,871	8,073	7,465	7,850	7,401	7,397
Firm	682,227	776,033	955,774	1,173,032	1,188,544	1,008,282	881,394	751,265	702,288	696,371	655,431	678,691
Interruptible	148,801	151,274	163,573	167,056	175,547	159,350	146,576	137,819	137,149	138,404	135,182	139,270
University of Florida	2,483,328	2,392,512	2,595,712	3,019,552	2,835,904	2,695,424	2,121,312	2,934,848	2,942,048	2,824,576	2,684,320	2,470,464
Georgia Pacific	17,845	17,192	18,653	21,698	20,379	19,369	15,244	21,090	21,141	20,297	19,289	17,753
Total	3,674,222	3,841,429	4,753,126	6,034,713	5,826,539	5,028,659	3,897,326	4,311,150	4,182,332	4,033,389	3,818,792	3,656,392

Commodity Allocation

Class	Annual		Adjusted	
	Therms	Allocation	Therms	Allocation
Residential	8,706,917	16.41%	8,706,917	41.80%
Res Heat Only	76,497	0.14%	76,497	0.37%
Small Commercial	95,372	0.18%	95,372	0.46%
Firm	10,149,330	19.13%	10,149,330	48.73%
Interruptible	1,800,000	3.39%	1,800,000	8.64%
University of Florida	32,000,000	60.32%	0	0.00% A
Georgia Pacific	229,950	0.43%	0	0.00% A
Total	53,058,066	100.00%	20,828,116	100.00%

Capacity Allocation

Class	Peak		Adjusted	
	Therms	Allocation	Therms	Allocation
Residential	1,612,630	26.60%	1,612,630	53.36%
Res Heat Only	33,997	0.56%	33,997	1.13%
Small Commercial	11,066	0.18%	11,066	0.37%
Firm	1,188,544	19.60%	1,188,544	39.33%
Interruptible	175,547	2.90%	175,547	5.81%
University of Florida	3,019,552	49.80%	0	0.00%
Georgia Pacific	21,698	0.36%	0	0.00%
Total	6,063,034	100.00%	3,021,784	100.00%

A - Because the University of Florida and Georgia Pacific do not purchase gas from GRU, they are not allocated purchased gas costs.

Customer Allocation

Class	October	November	December	January	February	March	April	May	June	July	August	September
Residential	31,551	31,729	32,107	32,303	32,363	32,699	32,810	32,887	32,537	32,391	32,902	32,251
Residential Heat Only	449	449	449	449	449	449	449	449	449	449	449	449
Small Commercial	648	676	607	387	452	647	706	706	681	681	717	668
Firm	949	932	1,032	1,276	1,212	1,022	950	927	931	933	887	933
Interruptible	3	3	3	3	3	3	3	3	3	3	3	3
University of Florida	1	1	1	1	1	1	1	1	1	1	1	1
Georgia Pacific	1	1	1	1	1	1	1	1	1	1	1	1
Total	33,602	33,791	34,200	34,420	34,481	34,822	34,920	34,974	34,603	34,459	34,960	34,306

Class	Customers	Weighting Factor	Weighted Customers	Allocation
Residential	388,530	1	388,530	81.41%
Residential Heat Only	5,388	1	5,388	1.13%
Small Commercial	7,576	3	22,728	4.76%
Firm	11,984	5	59,920	12.56%
Interruptible	36	10	360	0.08%
University of Florida	12	10	120	0.03%
Georgia Pacific	12	10	120	0.03%
Total	413,514		477,166	100.00%

94.0%
1.3%
1.8%
2.9%
0.0%
0.0%
0.0%

1.4%

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

Gainesville Regional Utilities
Natural Gas Rate Study Report
Summary of Costs by Function

	Forecasted 2013	Cost Components			Demand - System
		Customer	Commodity	Demand - Distribution	
Operations and Maintenance					
Purchased Gas	\$ 13,880,082	\$ -	\$ 13,880,082	\$ -	\$ -
Non-Fuel Expenses	<u>5,997,527</u>	<u>2,933,605</u>	<u>1,683,187</u>	<u>611,121</u>	<u>769,614</u>
Total Operations and Maintenance	19,877,609	2,933,605	15,563,269	611,121	769,614
Capital					
Depreciation	2,766,481	283,403	-	2,261,454	221,624
Return on Ratebase	<u>5,322,122</u>	<u>545,207</u>	<u>-</u>	<u>4,350,557</u>	<u>426,358</u>
Total Capital	8,088,603	828,610	-	6,612,011	647,982
Allocation of Capital and O&M		13.45%	55.65%	25.83%	5.07%
Transfer to the General Fund	2,539,681	341,587	1,413,332	656,000	128,762
Other Revenue	<u>(3,448,807)</u>	<u>(463,865)</u>	<u>(1,919,260)</u>	<u>(890,827)</u>	<u>(174,855)</u>
Total Revenue Required	<u>\$ 27,057,086</u>	<u>\$ 3,639,937</u>	<u>\$ 15,057,341</u>	<u>\$ 6,988,305</u>	<u>\$ 1,371,503</u>

Gainesville Regional Utilities
Natural Gas Rate Study Report
 Summary of Costs by Rate Class

	Rate Classes						
	Forecasted 2013	Residential	Residential Only	Small Commercial	Firm	Interruptible	University of Florida Georgia Pacific
Cost Components							
Customer	\$ 3,639,937	\$ 2,963,273	\$ 41,131	\$ 173,261	\$ 457,176	\$ 2,912	\$ 1,092
Commodity - Fuel	13,880,082	5,801,874	51,356	63,848	6,763,765	1,199,239	-
Commodity - Non-Fuel	1,177,259	492,094	4,356	5,415	573,679	101,715	-
Demand - Distribution	6,988,305	3,728,959	78,968	25,857	2,748,500	406,021	-
Demand - System	1,371,503	364,820	7,680	2,469	268,815	39,774	4,937
Total Revenue Required	27,057,086	13,351,020	183,491	270,850	10,811,935	1,749,661	6,029
Revenue Forecast at Present Rates	26,621,811	13,555,472	137,892	359,773	10,488,093	1,748,792	8,199
Rate Change Required	\$ 435,275	\$ (204,452)	\$ 45,599	\$ (88,923)	\$ 323,852	\$ 869	\$ (2,170)
Percent Change Required	1.64%	-1.51%	33.07%	-24.72%	3.09%	0.05%	-26.47%

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

RATE DESIGN

Gainesville Regional Utilities
Natural Gas Rate Study Report
Rate Design

Rate Class	Units	Residential		Residential Heat Only		Small General Firm		General Firm		Interruptible Service		University of Florida		Georgia Pacific	
		Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed
Residential															
Energy Charge	8,706,917 Therms	\$0.41394	\$0.40800	3,604,141	3,552,422										
Embedded Gas	8,706,917 Therms	0.06906	0.06906	601,300	601,300										
Purchased Gas															
Adjustment	8,706,917 Therms	0.59855	0.59855	5,211,526	5,211,525										
Manufactured Gas															
Adjustment	8,706,917 Therms	0.05050	0.05410	439,689	471,044										
Customer Charge	388,530 Customer Months	9.52	9.52	3,698,806	3,698,806										
Residential Heat Only															
Energy Charge	76,497 Therms	0.41394	1.03500		79,174										
Embedded Gas	76,497 Therms	0.06906	0.06906		5,283										
Purchased Gas															
Adjustment	76,497 Therms	0.59855	0.59855		45,787										
Manufactured Gas															
Adjustment	76,497 Therms	0.05050	0.05410		3,863										
Customer Charge	5,388 Customer Months	9.52	9.52		51,294										
Small General Firm															
Energy Charge	95,372 Therms	0.27394	0.33980			26,126	32,407								
Embedded Gas	95,372 Therms	0.06906	0.06906			6,586	6,586								
Purchased Gas															
Adjustment	95,372 Therms	0.59855	0.59855			57,085	57,085								
Manufactured Gas															
Adjustment	95,372 Therms	0.05050	0.05410			4,816	5,160								
Customer Charge	7,576 Customer Months	35.00	22.87			265,160	173,261								
General Firm															
Energy Charge	10,149,330 Therms	0.27394	0.31280			2,760,307	3,174,710								
Embedded Gas	10,149,330 Therms	0.06906	0.06906			700,913	700,913								
Purchased Gas															
Adjustment	10,149,330 Therms	0.59855	0.59855			6,074,882	6,074,881								
Manufactured Gas															
Adjustment	10,149,330 Therms	0.05050	0.05410			512,541	549,079								
Customer Charge	11,984 Customer Months	35.00	38.15			419,440	457,176								
Interruptible Service															
Energy Charge	1,800,001 Therms	0.25984	0.26978					467,712	485,604						
Embedded Gas	1,800,001 Therms	0.05516	0.05516					99,288	99,288						
Purchased Gas															
Adjustment	1,800,001 Therms	0.59855	0.59855					1,077,392	1,077,391						
Manufactured Gas															
Adjustment	1,800,001 Therms	0.05050	0.05410					90,900	97,380						
Customer Charge	38 Customer Months	375.00	375.00					13,500	13,500						
University of Florida															
Energy Charge	32,000,000 Therms	0.01000	0.01000									320,000	320,000		
Customer Charge	12 Customer Months	300.00	300.00									3,600	3,600		
Georgia Pacific															
Energy Charge	229,950 Therms	0.02000	0.02000											4,599	4,599
Customer Charge	12 Customer Months	300.00	300.00											3,600	3,600
User Charges															
Embedded Fuel				7,302,947	7,251,228	82,959	130,468	291,286	205,668	3,199,747	3,631,886	481,212	499,104	-	-
Purchased Gas Adjustment				601,300	601,300	5,283	5,283	6,586	6,586	700,913	700,913	99,288	99,288	-	-
Manufactured Gas Adjustment				5,211,526	5,211,525	45,787	45,787	57,085	57,085	6,074,882	6,074,881	1,077,392	1,077,391	-	-
Gas Transport Service				439,689	471,044	3,863	4,138	4,816	5,160	512,541	549,079	90,900	97,380	-	-
Forecasted 2013 Revenues at Proposed Rates				\$ 13,535,097		\$ 185,676		\$ 274,499	\$ 10,956,759	\$ 1,773,163	\$ 323,600	\$ 323,600	\$ 323,600	\$ 8,199	\$ 8,199
Proposed Difference from Cost of Service				194,077		2,185		3,649	144,824	23,502	(360,500)	(360,500)	2,170		

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

Gainesville Regional Utilities
Natural Gas Rate Study Report
Service Charges and Deposits

Description	Current Rate		Workers		Labor		Travel		Labor Rate		Labor Cost		Vehicle		Vehicle		Total
	\$		1.00	1.00	Hours	Hours	Hours	Hours	\$		\$		Hours	Rate	Cost	Rate	
Natural Gas Turn On - Residential	50.00		1.00	1.00	0.50	0.30	0.30	0.30	39.48		31.58		0.80	20.00	16.00		\$ 48.00
Natural Gas Turn On with Water or Electric - Residential	40.00		1.00	1.00	0.50	0.15	0.15	0.15	39.48		25.66		0.65	20.00	13.00		39.00
Natural Gas Turn On - Non-Residential	100.00		1.00	1.00	1.00	0.30	0.30	0.30	39.48		51.32		1.30	20.00	26.00		77.00
Natural Gas Turn On with Water or Electric-Non-Residential	100.00		1.00	1.00	1.00	0.15	0.15	0.15	39.48		45.40		1.15	20.00	23.00		68.00
Collection Agency Transfer Fee	25% up to \$50																
Remote Read (ERT) Meter Installation - Gas	59.00		1.00	1.25	1.25	0.30	0.30	0.30	29.61		45.90		1.55	20.00	31.00	25% up to \$50 20.00	97.00
Field Visit	25.00		1.00	1.00	0.25	0.30	0.30	0.30	29.61		16.29		0.55	20.00	11.00		27.00
Scheduled Meter Reading	20.00		1.00	1.00	0.25	0.30	0.30	0.30	18.33		10.08		0.55	20.00	11.00		21.00
Meter Reread - Reading Correct	20.00		1.00	1.00	0.25	0.30	0.30	0.30	18.33		10.08		0.55	20.00	11.00		21.00
Conservation Appointment - Customer	20.00		1.00	1.00	0.10	0.30	0.30	0.30	29.61		11.84		0.40	20.00	8.00		20.00
Failed to Show																	
Gas Appointment - Customer Failed to Show	20.00		1.00	1.00	0.10	0.30	0.30	0.30	39.48		15.79		0.40	20.00	8.00		24.00
Light Pilot Light	50.00		1.00	1.00	0.50	0.30	0.30	0.30	39.48		31.58		0.80	20.00	16.00		48.00
Gas Red Tag	25.00		1.00	1.00	0.25	0.30	0.30	0.30	39.48		21.71		0.55	20.00	11.00		33.00
Delinquent Disconnection - Base Charge	40.00		1.00	1.00	0.50	0.30	0.30	0.30	39.48		31.58		0.80	20.00	16.00		48.00
Delinquent Disconnection - After Hours Adder	40.00		1.00	1.70	1.70	0.30	0.30	0.30	43.43		86.86		-	20.00	-		87.00
Delinquent Disconnection - Weekend / Holiday Adder	50.00		1.00	1.70	1.70	0.30	0.30	0.30	43.43		86.86		-	20.00	-		87.00
Delinquent Disconnection - Commercial Gas Adder	30.00		1.00	1.00	0.50	-	-	-	39.48		19.74		0.50	20.00	10.00		30.00
Customer Requested Temporary Meter Disconnection	20.00		1.00	1.00	0.50	0.30	0.30	0.30	39.48		31.58		0.80	20.00	16.00		48.00
Gas Meter Test	10.00		1.00	1.00	0.50	0.30	0.30	0.30	39.48		31.58		0.80	20.00	16.00		48.00
Unauthorized Service Investigation	65.00		2.50	2.50	0.50	0.30	0.30	0.30	29.61		59.22		0.80	20.00	16.00		75.00
GRU Late Payment Fee	1.00 or 1.5%																
Residential Deposit	50.00																1.00 or 1.5% 69.68

Assumptions	Pay Rate	Overhead Rate	Loaded Rate
Labor			
Field Service Rep	\$21	41%	\$29.61
Meter Reader	\$13	41%	\$18.33
Specialized Natural Gas	\$28	41%	\$39.48
Vehicle			
Utility Truck	\$20		
Bucket Truck	\$40		

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