

Gainesville Regional Utilities

Interim Financial Statements

For the Period Ended June 30, 2014



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**Gainesville Regional Utilities
Interim Financial Statements
For the Period Ended June 30, 2014**

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Overview and Basis of Accounting

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 system (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. The systems are reported as a combined utility system for external financial reporting purposes.

Fiscal year 2014 budget projections are now reflected in the unaudited schedules in accordance with bond resolution.

We offer readers these abbreviated unaudited utility system financial statements and supplementary data for the period ended June 30, 2014.

Basis of Accounting

The unaudited statements of net position and the unaudited statements of revenues, expenses and changes in net position are presented on the accrual basis of accounting, utilizing Generally Accepted Accounting Principles (GAAP). Under this basis, revenues are recognized in the period earned and expenses are recognized in the period incurred. The unaudited schedules of net revenues in accordance with bond resolution are presented on the basis of accounting required in the Utilities System Revenue Bond Resolution as Supplemented and Amended (Bond Resolution). Under this basis, rates are designed to cover operating and maintenance expenses, debt service and other uses, excluding depreciation expense and other non-cash expense items. The schedules of net revenues in accordance with bond resolution also include the rate impact for the period presented.

GRU has adopted the uniform system of accounts prescribed by the Federal Energy Regulatory Commission (FERC).

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Financial Statements with Discussion

**GAINESVILLE REGIONAL UTILITIES
COMBINED UTILITIES FUNDS
SCHEDULES OF COMBINED NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION-UNAUDITED
FOR THE PERIOD ENDED JUNE 30, 2014**

Current Year to Date	Prior Year to Date	Change (\$)	Change (%)		Current Year to Date	FY 14 Budget	FY 14 Projected	Change (%)
				REVENUES:				
\$ 88,148	\$ 90,770	\$ (2,622)	(2.9)	Total Native Load Sales of Electricity	\$ 88,147	\$ 136,326	\$ 128,830	(5.5)
2,068	107	1,962	1,838.3	Interchange Sales	2,068	200	2,400	1,100.0
98,864	71,336	27,528	38.6	Fuel Adjustment	98,864	153,351	146,067	(4.7)
10,030	9,648	382	4.0	Other Revenues	10,030	13,172	13,019	(1.2)
(5,535)	-	(5,535)	-	Rate Stabilization Fund Transfer From/(To)	(5,535)	(7,380)	(3,412)	(53.8)
1,754	667	1,087	162.9	Interest Income - Electric	1,754	868	848	(2.3)
195,329	172,528	22,801	13.2	Total Electric Revenues	195,328	296,537	287,752	(3.0)
22,106	21,922	184	0.8	Sales of Water	22,106	31,112	30,532	(1.9)
1,617	1,531	86	5.6	Other Water Revenues	1,617	3,315	2,847	(14.1)
(454)	-	(454)	-	Rate Stabilization Fund Transfer From/(To)	(454)	(605)	(423)	(30.1)
69	82	(13)	(16.2)	Interest Income - Water	69	93	105	12.9
23,338	23,535	(197)	(0.8)	Total Water Revenues	23,338	33,915	33,061	(2.5)
26,626	26,511	116	0.4	Wastewater Billings	26,626	35,485	35,554	0.2
1,593	1,115	478	42.9	Other Wastewater Revenues	1,593	4,404	2,935	(33.4)
(1,134)	-	(1,134)	-	Rate Stabilization Fund Transfer From/(To)	(1,134)	(1,512)	(1,888)	24.9
84	129	(45)	(35.1)	Interest Income - Wastewater	84	144	158	9.7
27,169	27,755	(585)	(2.1)	Total Wastewater Revenues	27,169	38,521	36,759	(4.6)
10,508	9,963	545	5.5	Sales of Gas and Service	10,508	12,638	12,286	(2.8)
9,622	7,560	2,062	27.3	Purchased Gas Adjustment	9,622	10,382	11,468	10.5
946	959	(13)	(1.3)	Other Gas Revenues	946	1,868	1,820	(2.6)
(273)	-	(273)	-	Rate Stabilization Fund Transfer From/(To)	(273)	(365)	268	(173.4)
35	138	(103)	(74.4)	Interest Income - Gas	35	155	171	10.3
20,838	18,620	2,218	11.9	Total Gas Revenues	20,838	24,678	26,013	5.4
8,667	7,955	712	8.9	Sales of GRUCom Services	8,667	11,381	11,134	(2.2)
714	-	714	-	Rate Stabilization Fund Transfer From/(To)	714	952	333	(65.0)
56	93	(37)	(39.3)	Interest Income - GRUCom	56	94	118	25.5
9,437	8,048	1,389	17.3	Total GRUCom Revenues	9,437	12,427	11,585	(6.8)
276,112	250,486	25,625	10.2	TOTAL REVENUES	276,111	406,078	395,170	(2.7)
				OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
				Electric Fund:				
				Fuel Expense:				
98,864	69,488	29,376	42.3	Retail and Purchased Power	98,864	153,351	146,067	(4.7)
1,430	89	1,341	1,499.8	Interchange	1,430	1,200	1,700	41.7
100,294	69,577	30,717	44.1	Total Fuel Expenses	100,295	154,551	147,767	(4.4)
26,776	30,078	(3,302)	(11.0)	Operation & Maintenance Expense	26,775	41,636	40,630	(2.4)
14,900	17,844	(2,944)	(16.5)	Administrative & General Expense	14,900	23,173	22,168	(4.3)
141,969	117,499	24,470	20.8	Total Electric Fund Expenses	141,969	219,360	210,565	(4.0)

(Dollar Amounts in Thousands)

**GAINESVILLE REGIONAL UTILITIES
COMBINED UTILITIES FUNDS
SCHEDULES OF COMBINED NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION-UNAUDITED
FOR THE PERIOD ENDED JUNE 30, 2014
(Continued)**

Current Year to Date	Prior Year to Date	Change (\$)	Change (%)		Current Year to Date	FY 14 Budget	FY 14 Projected	Change (%)
5,508	5,467	41	0.8	Water Fund:	5,508	8,869	8,792	(0.9)
3,454	4,088	(634)	(15.5)	Operation & Maintenance Expense	3,454	6,075	5,728	(5.7)
<u>8,962</u>	<u>9,555</u>	<u>(593)</u>	<u>(6.2)</u>	Administrative & General Expense	<u>8,962</u>	<u>14,944</u>	<u>14,520</u>	<u>(2.8)</u>
				Total Water Fund Expenses				
6,163	5,490	673	12.3	Wastewater Fund:	6,163	8,745	8,984	2.7
3,568	4,274	(705)	(16.5)	Operation & Maintenance Expense	3,568	6,684	5,636	(15.7)
<u>9,731</u>	<u>9,764</u>	<u>(32)</u>	<u>(0.3)</u>	Administrative & General Expense	<u>9,731</u>	<u>15,429</u>	<u>14,620</u>	<u>(5.2)</u>
				Total Wastewater Fund Expenses				
9,622	7,449	2,173	29.2	Gas Fund:	9,622	10,382	11,468	10.5
900	910	(11)	(1.2)	Fuel Expense - Purchased Gas	900	1,494	1,346	(9.9)
2,813	3,072	(259)	(8.4)	Operation & Maintenance Expense	2,813	3,791	4,107	8.3
<u>13,335</u>	<u>11,431</u>	<u>1,904</u>	<u>16.7</u>	Administrative & General Expense	<u>13,335</u>	<u>15,667</u>	<u>16,921</u>	<u>8.0</u>
				Total Gas Fund Expenses				
2,662	2,386	276	11.6	GRUCom Fund:	2,662	4,635	4,206	(9.3)
1,610	1,461	149	10.2	Operation & Maintenance Expense	1,610	2,760	2,488	(9.9)
<u>4,272</u>	<u>3,847</u>	<u>425</u>	<u>11.0</u>	Administrative & General Expense	<u>4,272</u>	<u>7,395</u>	<u>6,694</u>	<u>(9.5)</u>
				Total GRUCom Fund Expenses				
<u>178,270</u>	<u>152,096</u>	<u>26,174</u>	<u>17.2</u>	TOTAL EXPENSES	<u>178,270</u>	<u>272,795</u>	<u>263,320</u>	<u>(3.5)</u>
				NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION:				
52,722	55,012	(2,290)	(4.2)	Electric - Retail & Wholesale	52,721	78,177	76,487	(2.2)
638	17	621	3,587.5	Electric - Interchange	638	(1,000)	700	(170.0)
<u>53,359</u>	<u>55,029</u>	<u>(1,670)</u>	<u>(3.0)</u>	Total Electric Fund	<u>53,359</u>	<u>77,177</u>	<u>77,187</u>	<u>0.0</u>
14,375	13,980	396	2.8	Total Water Fund	14,375	18,971	18,541	(2.3)
17,438	17,991	(553)	(3.1)	Total Wastewater Fund	17,438	23,092	22,139	(4.1)
7,503	7,189	314	4.4	Total Gas Fund	7,503	9,011	9,092	0.9
<u>5,165</u>	<u>4,201</u>	<u>964</u>	<u>22.9</u>	Total GRUCom Fund	<u>5,165</u>	<u>5,032</u>	<u>4,891</u>	<u>(2.8)</u>
				TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>97,840</u>	<u>133,283</u>	<u>131,850</u>	<u>(1.1)</u>
				LESS:				
42,501	48,932	(6,431)	(13.1)	DEBT SERVICE	42,501	51,943	51,646	(0.6)
32,161	27,683	4,477	16.2	UPIF CONTRIBUTIONS	32,161	42,880	42,880	-
28,576	24,444	4,132	16.9	TRANSFER TO GENERAL GOVERNMENT	28,576	38,101	37,317	(2.1)
-	11	(11)	(100.0)	NUCLEAR DECOMMISSIONING/FUEL DISPOSAL	-	359	7	(98.1)
<u>\$ (5,397)</u>	<u>\$ (2,680)</u>	<u>\$ (2,717)</u>	<u>(101.4)</u>	NET IMPACT TO RATE STABILIZATION	<u>\$ (5,397)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

(Dollar Amounts in Thousands)

(1) Budgeted Debt Service is net of UPIF debt service contributions of \$9.4 million

Electric Revenue Fund Financial Performance Discussion

Overall, total revenues in the electric system increased 13.2% and total expenses increased 20.8% for the period ended June 30, 2014.

The primary factor for the increase in total revenues and total expenses is due to payments of the fixed and variable portion of the Gainesville Renewable Energy Center (GREC) purchase power agreement which began in January 2014. Retail and purchased power expense increased \$29.3 million over the prior period with a corresponding increase in fuel adjustment revenue of \$27.5 million. Due to the increase in fuel expense, \$7.8 million was recognized in fuel revenues from the deferred fuel adjustment levelization balance.

Total sales of electricity for the period ended June 30, 2014, have decreased slightly by 0.7% from the prior period. Other electric sales for the period ended June 30, 2014, are 1.9% lower than the prior period. The difference is related to the discontinuation of wholesale sales to Seminole Electric Cooperative. Residential and commercial sales are comparable to the prior period as a fairly cold winter brought sales more in line after the mild fall experienced in the period ended December 31, 2013.

Interchange sales have increased \$2 million over the prior period. Interchange fuel expense has increased significantly due to improved sales. Interchange sales are subject to multiple variables including the availability of excess marketable generation from our plants and economic pricing conditions within the interchange market.

Steam power generation expense is down 13.6% compared to this period last year due to extensive auxiliary repairs performed at Deerhaven during the prior period. Nuclear power generation expense has decreased considerably as the Crystal River 3 (CR3) plant is now offline and GRU is no longer incurring monthly expenses associated with the plant. The plant was decommissioned as of September 30, 2013. Other power generation expense increased during the period ended June 30, 2014, due to a planned major outage at combustion turbine 4 at the J. R. Kelly plant. System control and load dispatching costs increased due to additional staffing. Transmission costs are down 5.4% due to increased capital labor over O&M for Gas & Electric Management and Substation & Relay cost centers. Distribution expense has increased 3.8% due to reimbursements received last year from mutual aid rendered to utilities affected by super storm Sandy.

Customer accounts and sales expense is down 28.9% due to the elimination of all conservation rebate programs except for the low income whole house rebate. Administrative and general expense is down 13.7%. This is largely due to increased fleet capitalization activity and timing of payments for liquidity fees.

Electric Revenue Fund
Financial Performance Discussion (continued)

Debt service for the period ended June 30, 2014, is lower than the prior period due to final payment of the 1992B, 2003B and 2003C bond series in fiscal year 2013.

The electric system reflects a negative \$8.8 million impact to rate stabilization as the bulk of the electric revenue season is in the final quarter of the fiscal year. In addition, total revenues and total expenses are expected to be close to projected budget for fiscal year 2014.

**GAINESVILLE REGIONAL UTILITIES
ELECTRIC REVENUE FUND
SCHEDULES OF NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION-UNAUDITED
FOR THE PERIOD ENDED JUNE 30, 2014**

Current Year to Date	Prior Year to Date	Change (\$)	Change (%)		Current Year to Date	FY 14 Budget	FY 14 Projected	Change (%)
REVENUES:								
\$ 34,153	\$ 34,532	\$ (379)	(1.1)	Residential Sales	\$ 34,153	\$ 54,906	\$ 51,215	(6.7)
46,071	48,117	(2,046)	(4.3)	General Service and Large Power Sales	46,071	70,394	67,663	(3.9)
2,068	107	1,961	1,837.4	Interchange Sales	2,068	200	2,400	1,100.0
2,259	2,343	(84)	(3.6)	Utility Surcharge	2,259	3,736	3,279	(12.2)
5,665	5,777	(112)	(1.9)	Other Electric Sales	5,665	7,290	6,673	(8.5)
90,216	90,876	(660)	(0.7)	Total Sales of Electricity prior to Fuel Adjustment	90,216	136,526	131,230	(3.9)
98,864	71,336	27,528	38.6	Fuel Adjustment	98,864	153,351	146,067	(4.7)
189,080	162,212	26,868	16.6	Total Sales of Electricity	189,080	289,877	277,297	(4.3)
10,030	9,648	382	4.0	Other Revenue	10,030	13,172	13,019	(1.2)
(5,535)	-	(5,535)	-	Rate Stabilization Fund Transfer From/(To)	(5,535)	(7,380)	(3,412)	(53.8)
1,754	667	1,087	162.9	Interest Income	1,754	868	848	(2.3)
195,329	172,527	22,802	13.2	TOTAL REVENUES	195,329	296,537	287,752	(3.0)
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:								
98,864	69,488	29,376	42.3	Retail and Purchased Power	98,864	153,351	146,067	(4.7)
1,430	89	1,341	1,499.8	Interchange	1,430	1,200	1,700	41.7
100,294	69,577	30,717	44.1	Total Fuel Expenses	100,294	154,551	147,767	(4.4)
15,945	18,465	(2,520)	(13.6)	Steam Power Generation Expense	15,945	25,652	25,494	(0.6)
26	1,219	(1,193)	(97.9)	Nuclear Power Generation Expense	26	1,369	22	(98.4)
1,669	1,527	142	9.3	Other Power Generation Expense	1,669	1,756	2,048	16.6
979	896	83	9.3	System Control & Load Dispatching	979	1,116	1,174	5.2
18,619	22,107	(3,488)	(15.8)	Total Power Production Expenses	18,619	29,893	28,738	(3.9)
1,191	1,259	(68)	(5.4)	Transmission Expense	1,191	2,126	1,685	(20.7)
6,965	6,712	253	3.8	Distribution Expense	6,965	9,617	10,207	6.1
8,156	7,971	185	2.3	Total Transmission & Distribution Expenses	8,156	11,743	11,892	1.3
2,349	3,303	(954)	(28.9)	Administrative & General Expenses:	2,349	3,977	3,865	(2.8)
12,551	14,541	(1,990)	(13.7)	Customer Accounts & Sales Expense	12,551	19,196	18,303	(4.7)
14,900	17,844	(2,944)	(16.5)	Administrative & General Expense	14,900	23,173	22,168	(4.3)
141,969	117,499	24,470	20.8	TOTAL OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES	141,969	219,360	210,565	(4.0)

(Dollar Amounts in Thousands)

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

(2) Other Revenues - Shands SEC, Innovation Square, BABs Rebate

**GAINESVILLE REGIONAL UTILITIES
ELECTRIC REVENUE FUND
SCHEDULES OF NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION-UNAUDITED
FOR THE PERIOD ENDED JUNE 30, 2014
(Continued)**

Current Year to Date	Prior Year to Date	Change (\$)	Change (%)		Current Year to Date	FY 14 Budget	FY 14 Projected	Change (%)
<u>53,360</u>	<u>55,028</u>	<u>(1,668)</u>	<u>(3.0)</u>	TOTAL NET REVENUE IN ACCORDANCE WITH BOND RESOLUTION	<u>53,360</u>	<u>77,177</u>	<u>77,187</u>	<u>0.0</u>
				LESS:				
27,589	28,533	(944)	(3.3)	DEBT SERVICE	27,589	30,740	30,493	(0.8)
18,589	16,555	2,034	12.3	UPIF CONTRIBUTIONS	18,589	24,785	24,785	-
15,969	13,429	2,540	18.9	TRANSFER TO GENERAL GOVERNMENT	15,969	21,293	21,902	2.9
-	11	(11)	(100.0)	NUCLEAR DECOMMISSIONING/FUEL DISPOSAL	-	359	7	(98.1)
<u>\$ (8,787)</u>	<u>\$ (3,500)</u>	<u>\$ (5,288)</u>	<u>(151.1)</u>	NET IMPACT TO RATE STABILIZATION	<u>\$ (8,787)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

(Dollar Amounts in Thousands)

(1) Debt Service is reflected on an annualized basis

(2) Debt Service Budgeted is net of \$8.5 million UPIF utilized to pay Debt Service

Water Revenue Fund Financial Performance Discussion

Overall total revenues decreased by 0.8% and total expenses decreased by 6.2% compared to the prior period

The water system implemented a 4.1% increase in rates for fiscal year 2014, to offset declining sales which is reflected in the relatively flat revenues.

Other revenue, which includes connection fees and capital contributions from developers, has increased from the prior period. During fiscal year 2014, the water system received capital contributions from developers in Longleaf subdivision, Solaria apartments, Walmart and others.

The primary factor in the reduction in total expenses is due to reduced administrative and general expense from fewer self-insured workers' compensation claims as well as increased fleet capitalization.

Debt service for the period ended June 30, 2014 is lower than the prior period due to final payment of the 1992B, 2003B and 2003C bond series in fiscal year 2013.

The water system reflects a positive \$645,000 impact to rate stabilization as of June 30, 2014. Total revenues and total expenses are expected to be close to the projected budget for fiscal year 2014 or just slightly below largely depending on weather.

**GAINESVILLE REGIONAL UTILITIES
WATER REVENUE FUND
SCHEDULES OF NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION-UNAUDITED
FOR THE PERIOD ENDED JUNE 30, 2014**

Current Year to Date	Prior Year to Date	Change (\$)	Change (%)		Current Year to Date	FY 14 Budget	FY 14 Projected	Change (%)
				REVENUES:				
\$ 19,130	\$ 19,055	\$ 75	0.4	General Customers	\$ 19,130	\$ 27,026	\$ 26,586	(1.6)
1,333	1,241	92	7.4	University of Florida	1,333	1,860	1,752	(5.8)
1,643	1,626	17	1.1	Utility Surcharge	1,643	2,226	2,194	(1.4)
<u>22,106</u>	<u>21,922</u>	<u>184</u>	<u>0.8</u>	Total Sales	<u>22,106</u>	<u>31,112</u>	<u>30,532</u>	<u>(1.9)</u>
1,617	1,531	86	5.6	Other Revenue	1,617	3,315	2,847	
(454)	-	(454)	-	Rate Stabilization Fund Transfer From/(To)	(454)	(605)	(423)	(30.1)
69	82	(13)	(16.2)	Interest Income	69	93	105	12.9
<u>23,338</u>	<u>23,535</u>	<u>(197)</u>	<u>(0.8)</u>	TOTAL REVENUES	<u>23,338</u>	<u>33,915</u>	<u>33,061</u>	<u>(2.5)</u>
				OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
3,905	3,912	(7)	(0.2)	Water Treatment Expense	3,905	6,359	6,156	(3.2)
1,603	1,555	48	3.1	Water Transmission & Distribution Expense	1,603	2,510	2,636	5.0
926	906	20	2.2	Customer Accounts & Sales Expense	926	1,474	1,400	(5.0)
2,528	3,182	(654)	(20.5)	Administrative & General Expense	2,528	4,601	4,328	(5.9)
<u>8,962</u>	<u>9,555</u>	<u>(593)</u>	<u>(6.2)</u>	TOTAL OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES	<u>8,962</u>	<u>14,944</u>	<u>14,520</u>	<u>(2.8)</u>
				TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION				
<u>14,376</u>	<u>13,980</u>	<u>396</u>	<u>2.8</u>		<u>14,376</u>	<u>18,971</u>	<u>18,541</u>	
				LESS:				
4,093	5,883	(1,790)	(30.4)	DEBT SERVICE	4,093	6,121	6,054	(1.1)
4,827	3,826	1,001	26.2	UPIF CONTRIBUTIONS	4,827	6,435	6,435	-
4,811	3,883	928	23.9	TRANSFER TO GENERAL GOVERNMENT	4,811	6,415	6,052	(5.7)
<u>\$ 645</u>	<u>\$ 388</u>	<u>\$ 257</u>	<u>66.1</u>	NET IMPACT TO RATE STABILIZATION	<u>\$ 645</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

(Dollar Amounts in Thousands)

(1) Other Revenue - Connection fees and miscellaneous.

(2) Debt Service is reflected on an annualized basis

Wastewater Revenue Fund Financial Performance Discussion

Overall, total revenues and total expenses remained relatively flat compared to the prior period.

Wastewater rates increased 1.7% during fiscal year 2014 and are reflected in the relatively flat revenue on fewer kGals used by customers.

Other revenue, which includes connection fees and capital contributions from developers, is up considerably over the prior period. The wastewater system received capital contributions from developers of the Longleaf subdivision, Solaria apartments, Walmart and others.

Wastewater collection expense is up 24.5% and is due to the fulfillment of several critical labor vacancies that existed in the prior period. Wastewater treatment expense has increased by 5.5% and is due to timing differences of variable chemical costs and an increase in electric service.

Administrative and general expense has decreased by 19.6% due to a lower allocation of field service charges and increased activity in fleet capitalization.

Debt service for the period ended June 30, 2014, is lower than the prior period due to final payment of the 1992B, 2003B and 2003C bond series in fiscal year 2013.

The wastewater system reflects a positive \$759,000 impact to rate stabilization as of June 30, 2014. Total revenues and total expenses are expected to be close to the projected budget for fiscal year 2014 or just slightly below largely depending on weather.

**GAINESVILLE REGIONAL UTILITIES
WASTEWATER REVENUE FUND
SCHEDULES OF NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION-UNAUDITED
FOR THE PERIOD ENDED JUNE 30, 2014**

Current Year to Date	Prior Year to Date	Change (\$)	Change (%)		Current Year to Date	FY 14 Budget	FY 14 Projected	Change (%)
\$ 24,670	\$ 24,613	\$ 57	0.2	REVENUES:	\$ 24,670	\$ 33,068	\$ 33,102	0.1
1,956	1,898	58	3.1	Wastewater Billing	1,956	2,417	2,452	1.4
1,593	1,115	478	42.9	Utility Surcharge	1,593	4,404	2,935	(33.4)
(1,134)	-	(1,134)	-	Other Revenue	(1,134)	(1,512)	(1,888)	24.9
84	129	(45)	(35.1)	Rate Stabilization Fund Transfer From/(To)	84	144	158	9.7
<u>27,169</u>	<u>27,755</u>	<u>(586)</u>	<u>(2.1)</u>	Interest Income	<u>27,169</u>	<u>38,521</u>	<u>36,759</u>	<u>(4.6)</u>
				TOTAL REVENUES				
				OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
2,437	1,959	479	24.5	Wastewater Collection Expense	2,437	3,164	3,597	13.7
3,726	3,532	194	5.5	Wastewater Treatment Expense	3,726	5,581	5,387	(3.5)
664	663	(0)	(0.0)	Customer Accounts & Sales Expense	664	1,150	972	(15.5)
2,904	3,610	(706)	(19.6)	Administrative & General Expense	2,904	5,534	4,664	(15.7)
<u>9,731</u>	<u>9,764</u>	<u>(33)</u>	<u>(0.3)</u>	TOTAL OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES	<u>9,731</u>	<u>15,429</u>	<u>14,620</u>	<u>(5.2)</u>
				TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION				
<u>17,438</u>	<u>17,991</u>	<u>(553)</u>	<u>(3.1)</u>		<u>17,438</u>	<u>23,092</u>	<u>22,139</u>	<u>(4.1)</u>
				LESS:				
4,988	7,248	(2,260)	(31.2)	DEBT SERVICE	4,988	7,505	7,297	(2.8)
6,025	4,647	1,378	29.6	UPIF CONTRIBUTIONS	6,025	8,033	8,033	-
5,666	5,180	486	9.4	TRANSFER TO GENERAL GOVERNMENT	5,666	7,554	6,809	(9.9)
<u>\$ 759</u>	<u>\$ 916</u>	<u>\$ (157)</u>	<u>(17.2)</u>	NET IMPACT TO RATE STABILIZATION	<u>\$ 759</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

(Dollar Amounts in Thousands)

(1) Other Revenue - Connection fees and miscellaneous.

(2) Debt Service is reflected on an annualized basis

Gas Revenue Fund Financial Performance Discussion

Overall total revenues increased by 11.9% and total expenses increased 16.7% compared to the prior period.

Residential and commercial gas sales were 6% and 4% higher for the period ended June 30, 2014. This was the result of colder than normal weather experienced during the winter months. Other gas sales and MGP include liquid propane gas sales, and the Manufactured Gas Plant (MGP) cleanup cost recovery factor.

The primary factor in the increase in revenues and expenses is due to much colder weather. Fuel expense purchased gas increased \$2.2 million over the prior period with a corresponding increase in the purchased gas adjustment revenue of \$2.1 million. Due to the increase in purchased gas, \$1.3 million was recognized in purchased gas adjustment revenue from the deferred purchased gas adjustment levelization balance.

Operation and maintenance expense are relatively flat compared to the prior period. Customer accounts and sales expense is down 9.6% due to reduced radio advertising and customer service cost allocation reductions. Customer accounts and sales expense is projected to be higher than the fiscal year 2014 budgeted amount. Administrative and general expense has decreased 6.9% compared to the prior period yet is expected to be similar to the projected budget by year end.

Debt service for the period ended June 30, 2014, is lower than the prior period due to final payment of the 1992B, 2003B and 2003C bond series in fiscal year 2013.

The gas system reflects a positive \$911,000 impact to rate stabilization as of June 30, 2014. Total revenues and total expenses are expected to be close to the projected budget for fiscal year 2014 or just slightly above.

**GAINESVILLE REGIONAL UTILITIES
GAS REVENUE FUND
SCHEDULES OF NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION
FOR THE PERIOD ENDED JUNE 30, 2014**

Current Year to Date	Prior Year to Date	Change (\$)	Change (%)		Current Year to Date	FY 14 Budget	FY 14 Projected	Change (%)
				REVENUES:				
				Sales of Gas and Service:				
\$ 5,833	\$ 5,501	\$ 332	6.0	Residential	\$ 5,833	\$ 7,581	\$ 6,987	(7.8)
3,422	3,292	130	4.0	Commercial & Interruptible	3,422	3,477	3,858	11.0
9,622	7,560	2,062	27.3	Purchased Gas Adjustment	9,622	10,382	11,468	10.5
334	317	17	5.5	Surcharge	334	422	407	(3.6)
919	853	66	7.8	Other Gas Sales and MGP	919	1,158	1,034	(10.7)
<u>20,130</u>	<u>17,523</u>	<u>2,607</u>	<u>14.9</u>	Total Sales	<u>20,130</u>	<u>23,020</u>	<u>23,754</u>	<u>3.2</u>
				Miscellaneous Revenue:				
946	959	(13)	(1.3)	Other Revenue	946	1,868	1,820	(2.6)
(273)	-	(273)	-	Rate Stabilization Fund Transfer From/(To)	(273)	(365)	268	(173.4)
35	138	(103)	(74.4)	Interest Income	35	155	171	10.3
<u>20,838</u>	<u>18,620</u>	<u>2,218</u>	<u>11.9</u>	TOTAL REVENUES	<u>20,838</u>	<u>24,678</u>	<u>26,013</u>	<u>5.4</u>
				OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
9,622	7,449	2,173	29.2	Fuel Expense - Purchased Gas	9,622	10,382	11,468	10.5
900	910	(10)	(1.1)	Operation & Maintenance Expense	900	1,494	1,346	(9.9)
1,589	1,757	(168)	(9.6)	Customer Accounts & Sales Expense	1,589	1,839	2,201	19.7
1,224	1,315	(91)	(6.9)	Administrative & General Expense	1,224	1,952	1,906	(2.4)
<u>13,335</u>	<u>11,431</u>	<u>1,904</u>	<u>16.7</u>	TOTAL OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES	<u>13,335</u>	<u>15,667</u>	<u>16,921</u>	<u>8.0</u>
<u>7,503</u>	<u>7,189</u>	<u>314</u>	<u>4.4</u>	TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>7,503</u>	<u>9,011</u>	<u>9,092</u>	<u>0.9</u>
				LESS:				
2,667	3,297	(630)	(19.1)	DEBT SERVICE	2,667	3,778	3,745	(0.9)
2,095	1,814	281	15.5	UPIF CONTRIBUTIONS	2,095	2,793	2,793	-
1,830	1,693	137	8.1	TRANSFER TO GENERAL GOVERNMENT	1,830	2,440	2,554	4.7
<u>\$ 911</u>	<u>\$ 385</u>	<u>\$ 526</u>	<u>136.7</u>	NET IMPACT TO RATE STABILIZATION	<u>\$ 911</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

(Dollar Amounts in Thousands)

(1) Other Revenue - Connection fees and miscellaneous.

(2) Debt Service is reflected on an annualized basis

Telecommunications Revenue Fund Financial Performance Discussion

Overall total revenues increased by 17.3% and total expenses increased by 11.0%.

Revenues increased primarily in tower lease rentals and internet access revenues.

Operation and maintenance expense increased 11.6% primarily due to increased spending in voice mail system maintenance over the same period last year. Also contributing to the increase is capital to O&M adjustments made in the period ended June 30, 2014.

Customer accounts and sales expense increased 65.5% or \$100,000 over the same period last year. Customer service support allocations were revised to better align GRUCom's utilization of these resources. Administrative and general expense for the system is higher than the same period last year due to a change in the GRUCom allocation in IT and customer service cost centers. The allocation was revised to better align utilization of IT and customer service resources. Adjustments to labor allocation between capital and O&M will allow year-end projection to come in under budget.

Debt service for the period ended June 30, 2014, is lower than the prior period due to final payment of the 1992B, 2003B and 2003C bond series in fiscal year 2013.

The telecommunications system reflects a positive \$1.1 million impact to rate stabilization as of June 30, 2014. Total revenues and total expenses are expected to be below the projected budget for fiscal year 2014. Telecommunication sales are a continued focus for this system.

**GAINESVILLE REGIONAL UTILITIES
TELECOMMUNICATIONS REVENUE FUND
SCHEDULES OF NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION
FOR THE PERIOD ENDED JUNE 30, 2014**

Current Year to Date	Prior Year to Date	Change (\$)	Change (%)		Current Year to Date	FY 14 Budget	FY 14 Projected	Change (%)
				REVENUES:				
				Sales:				
\$ 4,205	\$ 4,125	\$ 80	1.9	Telecommunication	\$ 4,205	\$ 6,078	\$ 5,660	(6.9)
1,382	1,375	7	0.5	Trunking Radio	1,382	1,841	1,832	(0.5)
1,641	1,211	430	35.5	Tower Lease Rental	1,641	1,505	1,820	20.9
1,439	1,244	195	15.7	Internet Access	1,439	1,957	1,822	(6.9)
<u>8,667</u>	<u>7,955</u>	<u>712</u>	<u>8.9</u>	Total Sales	<u>8,667</u>	<u>11,381</u>	<u>11,134</u>	<u>(2.2)</u>
				Miscellaneous Revenue:				
714	-	714	-	Rate Stabilization Fund Transfer From/(To)	714	952	333	(65.0)
56	93	(37)	(39.3)	Interest Income	56	94	118	25.5
<u>9,437</u>	<u>8,048</u>	<u>1,389</u>	<u>17.3</u>	TOTAL REVENUES	<u>9,437</u>	<u>12,427</u>	<u>11,585</u>	<u>(6.8)</u>
				OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
2,662	2,386	276	11.6	Operation & Maintenance Expense	2,662	4,635	4,206	(9.3)
252	152	100	65.5	Customer Accounts & Sales Expense	252	390	407	4.4
1,358	1,309	49	3.7	Administrative & General Expense	1,358	2,370	2,081	(12.2)
<u>4,272</u>	<u>3,847</u>	<u>425</u>	<u>11.0</u>	Total Operation, Maintenance and Administrative Expenses	<u>4,272</u>	<u>7,395</u>	<u>6,694</u>	<u>(9.5)</u>
				TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION				
<u>5,165</u>	<u>4,201</u>	<u>964</u>	<u>22.9</u>		<u>5,165</u>	<u>5,032</u>	<u>4,891</u>	<u>(2.8)</u>
				LESS:				
3,165	3,971	(806)	(20.3)	DEBT SERVICE	3,165	3,799	4,057	6.8
625	840	(215)	(25.6)	UPIF CONTRIBUTIONS	625	834	834	-
300	258	42	16.1	TRANSFER TO GENERAL GOVERNMENT	300	399	-	(100.0)
<u>\$ 1,075</u>	<u>\$ (868)</u>	<u>\$ 1,943</u>	<u>223.8</u>	NET IMPACT TO RATE STABILIZATION	<u>\$ 1,075</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

(Dollar Amounts in Thousands)

(1) Other Revenue - Connection fees and miscellaneous.

(2) Debt Service is reflected on an annualized basis

(3) Debt Service Budgeted is net of \$900,000 UPIF utilized to pay Debt Service

Combined Funds
Statements of Net Position and Statements of Revenues, Expenses, and Changes in Net Position
Financial Performance Discussion

Overall, the reduction in total assets is driven by a decrease in the debt service fund, the construction fund, and the utility plant improvement fund. The debt service fund decreased due to the normal scheduled semi-annual principal and interest payments due and paid in October 2013. The construction fund and the utility plant improvement fund continue to decrease due to normal capital outlay.

Current liabilities decreased due to normal fluctuations in payments to vendors, including fuel related payments.

Other payables decreased primarily due to the effect of making our semi-annual debt interest payment on October 1 in addition to the reclassification of short term debt to long term debt due to the reacquisition of liquidity facilities. In conjunction with the decrease in short term debt, long term utilities system revenue bonds increased accordingly.

Operating revenue was impacted by a budgeted transfer to the rate stabilization fund of \$6.7 million for the period ending June 30, 2014. The change in net position was a positive \$1.5 million.

**GAINESVILLE REGIONAL UTILITIES
COMBINED FUNDS
STATEMENTS OF NET POSITION - UNAUDITED
JUNE 30, 2014**

	<u>June 30, 2014</u>	<u>September 30, 2013</u>	<u>Change (\$)</u>	<u>Change (%)</u>
CURRENT ASSETS:				
Cash, Investments & Accounts Receivable	96,297	94,129	2,168	2.3%
Other Current Assets	18,721	26,646	(7,925)	-42.3%
TOTAL CURRENT ASSETS	<u>115,018</u>	<u>120,775</u>	<u>(5,757)</u>	<u>-5.0%</u>
RESTRICTED ASSETS:				
Debt Service Fund	22,934	45,852	(22,918)	-99.9%
Rate Stabilization Fund	63,251	56,155	7,096	11.2%
Construction Fund	30,039	53,605	(23,566)	-78.5%
Utility Plant Improvement Fund	45,485	49,244	(3,759)	-8.3%
Other Restricted Assets	21,049	20,580	469	2.2%
TOTAL RESTRICTED ASSETS	<u>182,758</u>	<u>225,436</u>	<u>(42,678)</u>	<u>-23.4%</u>
NON-CURRENT ASSETS	<u>30,427</u>	<u>30,298</u>	<u>129</u>	<u>0.4%</u>
NET CAPITAL ASSETS	<u>1,213,835</u>	<u>1,207,643</u>	<u>6,192</u>	<u>0.5%</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>39,943</u>	<u>39,943</u>	<u>0</u>	<u>0.0%</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>1,581,981</u>	<u>1,624,095</u>	<u>(42,114)</u>	<u>-2.7%</u>
CURRENT LIABILITIES:				
Other Current Liabilities	24,565	23,089	1,476	6.0%
Fuel Adjustment Levelization-Electric System	9,706	17,536	(7,830)	-80.7%
Purchased Gas Adjustment Levelization	(299)	971	(1,270)	424.7%
TOTAL CURRENT LIABILITIES	<u>33,972</u>	<u>41,596</u>	<u>(7,624)</u>	<u>-22.4%</u>
PAYABLE FROM RESTRICTED ASSETS:				
Rate Stabilization Deferred Credit	63,083	56,400	6,683	10.6%
Other Payables From Restricted Assets	34,897	153,422	(118,525)	-339.6%
TOTAL PAYABLE FROM RESTRICTED ASSETS	<u>97,980</u>	<u>209,822</u>	<u>(111,841)</u>	<u>-114.1%</u>
LONG TERM-DEBT:				
Utilities System Revenue Bonds				
Payable-Senior Lien Debt	869,570	795,950	73,620	8.5%
Commercial Paper Notes Payable	62,000	62,000	0	0.0%
Unamortized Bond Financing Costs	(20,519)	(22,470)	1,951	-9.5%
Fair Value of Derivative Instruments	43,750	43,750	(0)	0.0%
TOTAL LONG-TERM DEBT	<u>954,801</u>	<u>879,230</u>	<u>75,571</u>	<u>7.9%</u>
OTHER NON-CURRENT LIABILITIES	<u>15,872</u>	<u>15,603</u>	<u>269</u>	<u>1.7%</u>
TOTAL LIABILITIES	<u>1,102,625</u>	<u>1,146,251</u>	<u>(43,626)</u>	<u>-4.0%</u>
DEFERRED INFLOWS OF RESOURCES	<u>29</u>	<u>29</u>	<u>0</u>	<u>0.0%</u>
NET POSITION	<u>479,327</u>	<u>477,815</u>	<u>1,512</u>	<u>0.3%</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>1,581,981</u>	<u>1,624,095</u>	<u>(42,114)</u>	<u>-2.7%</u>

(Dollar Amount in Thousands)

**GAINESVILLE REGIONAL UTILITIES
COMBINED FUNDS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - UNAUDITED
FOR THE PERIODS ENDED JUNE 30, 2014 AND SEPTEMBER 30, 2013**

	<u>Period Ended June 30, 2014</u>	<u>Fiscal Year Ended September 30, 2013</u>
OPERATING REVENUE:		
Sales and service charges	\$ 268,876,520	\$ 325,905,629
Transfers from (to) rate stabilization	(6,683,325)	5,366,661
Other operating revenue	<u>11,890,695</u>	<u>17,503,963</u>
TOTAL OPERATING REVENUE	<u>274,083,890</u>	<u>348,776,253</u>
OPERATING EXPENSES:		
Operation and maintenance	153,013,794	168,406,263
Administrative and general	26,278,576	46,059,743
Depreciation and amortization	<u>44,656,828</u>	<u>59,135,363</u>
TOTAL OPERATING EXPENSES	<u>223,949,198</u>	<u>273,601,369</u>
OPERATING INCOME	<u>50,134,692</u>	<u>75,174,884</u>
NON-OPERATING INCOME (EXPENSE):		
Interest income	2,074,259	2,117,935
Interest expense, net of AFUDC	(25,867,698)	(41,028,880)
Other interest related income, BABs	<u>2,675,464</u>	<u>5,515,262</u>
TOTAL NON-OPERATING EXPENSE	<u>(21,117,975)</u>	<u>(33,395,683)</u>
INCOME BEFORE CONTRIBUTIONS, TRANSFERS AND SPECIAL ITEMS	<u>29,016,717</u>	<u>41,779,201</u>
CAPITAL CONTRIBUTIONS:		
Contributions from developers	1,071,627	639,381
NET CAPITAL CONTRIBUTIONS	<u>1,071,627</u>	<u>639,381</u>
OPERATING TRANSFER TO CITY OF GAINESVILLE GENERAL FUND	<u>(28,576,069)</u>	<u>(36,656,458)</u>
CHANGE IN NET POSITION BEFORE EXTRAORDINARY ITEM	1,512,275	5,762,124
EXTRAORDINARY ITEM: LOSS ON DISPOSAL OF PLANT ASSETS	<u>—</u>	<u>(17,891,152)</u>
CHANGE IN NET POSITION	1,512,275	(12,129,028)
NET POSITION - BEGINNING OF YEAR	<u>477,815,181</u>	<u>489,944,209</u>
NET POSITION - END OF YEAR	<u>\$ 479,327,456</u>	<u>\$ 477,815,181</u>

Supplementary Data

Gainesville Regional Utilities
ELECTRIC SYSTEM - FUEL ADJUSTMENT LEVELIZATION
FOR THE PERIOD ENDED JUNE 30, 2014

	Period Ended June 30, 2014	Fiscal Year 2014 Budget	Percentage of Budget
Fuel Revenues	91,034,331	153,351,000	59%
Fuel Expenses	98,864,707	153,351,000	64%
To (From) Fuel Adjustment Levelization	(7,830,376)	-	
Fuel Adjustment Beginning Balance	17,536,493		
To (From) Fuel Adjustment Levelization	(7,830,376)		
Fuel Adjustment Ending Balance	9,706,117		

Gainesville Regional Utilities
ELECTRIC RESALE
FOR THE PERIOD ENDED JUNE 30, 2014

<u>June 2014</u>	<u>Per KWh</u>	<u>June 2013</u>	<u>Per KWh</u>	<u>Change (\$)</u>		<u>Current Year to Date</u>	<u>Prior Year to Date</u>	<u>Change (\$)</u>
922,950	0.0820	760,517	0.0703	162,433	Resale Revenue			
-	-	25,840	-	(25,840)	Alachua	6,547,420	5,411,545	1,135,875
					Seminole	-	1,579,119	(1,579,119)
<u>922,950</u>	<u>0.0820</u>	<u>786,358</u>	<u>0.0726</u>	<u>136,593</u>	Total Resale Revenue	<u>6,547,420</u>	<u>6,990,664</u>	<u>(443,244)</u>
11,253,062		10,824,757		428,305	Resale KWh			
-		-		-	Alachua	83,814,209	78,661,249	5,152,960
					Seminole	-	18,180,608	(18,180,608)
<u>11,253,062</u>		<u>10,824,757</u>		<u>428,305</u>	Total Resale KWh	<u>83,814,209</u>	<u>96,841,857</u>	<u>(13,027,648)</u>

Gainesville Regional Utilities
ELECTRIC STATISTICS
FOR THE PERIOD ENDED JUNE 30, 2014

<u>June 2014</u>	<u>June 2013</u>	<u>Change</u>		<u>Current Year to Date</u>	<u>Prior Year to Date</u>	<u>Change</u>
94,039	93,135	904	Total Customers	93,070	92,217	853
564.37	567.15	(2.78)	Miles of Overhead Distribution Line	564.37	567.15	(2.78)
851.70	846.60	5.10	Miles of Underground Distribution Line	851.70	846.60	5.10
<u>1,416.07</u>	<u>1,413.75</u>	<u>2.32</u>	Total Miles of Distribution Line	<u>1,416.07</u>	<u>1,413.75</u>	<u>2.32</u>
4,320	4,506	(186)	Outdoor Lights Customers*	4,470	4,543	(73)
31,747	31,786	(39)	Outdoor Lights in Service	31,747	31,786	(39)
387	411	(24)	Maximum Peak Load Net (MW)	387	411	(24)
179,293	181,052	(1,759)	Net Energy for Load (MWh)	1,332,202	1,322,113	10,089
64.35%	61.18%	3.17%	Load Factor - Percent	66.32%	62.20%	4.12%
428	488	(60)	Cooling Degree - Actual Days	1,308	1,304	4
450	450	-	Cooling Degree - Normal Days	1,322	1,320	2
(22)	38	(60)	Difference from Normal	(14)	(16)	2
0.0690	0.0510	0	Fuel Adjustment	0.0661	0.0510	0.0151

* City Streetlights, County Streetlights, Rental Lights and Traffic Signals

Gainesville Regional Utilities
WATER STATISTICS
FOR THE PERIOD ENDED JUNE 30, 2014

<u>June 2014</u>	<u>June 2013</u>	<u>Change</u>		<u>Current Year to Date</u>	<u>Prior Year to Date</u>	<u>Change</u>
70,636	69,722	914	Total Customers	69,886	69,450	435
			Pumpage - Mega-gallons			
25,773	27,153	(1,380)	Raw Water - Max	26,501	27,190	(689)
18,902	19,913	(1,011)	Raw Water - Min	16,020	16,264	(244)
22,236	22,409	(174)	Raw Water - Avg	21,591	21,935	(344)
<u>667,076</u>	<u>672,281</u>	<u>(5,205)</u>	Total	<u>5,915,908</u>	<u>5,988,151</u>	<u>(72,243)</u>
24,698	25,766	(1,068)	Distribution System - Max	25,485	26,185	(699)
19,068	20,115	(1,048)	Distribution System - Min	16,420	16,760	(340)
21,867	22,193	(325)	Distribution System - Avg	21,272	21,677	(404)
<u>656,022</u>	<u>665,781</u>	<u>(9,759)</u>	Total	<u>5,828,564</u>	<u>5,917,717</u>	<u>(89,153)</u>
30.39	31.42	(1.03)	Maximum Daily Pumpage	32.04	32.23	(0.19)
25.99	26.83	(0.84)	Average Max. Daily Pumpage	25.93	26.75	(0.82)
13.16	13.93	(0.77)	Minimum Daily Pumpage	11.68	13.53	(1.85)
16.03	16.60	(0.57)	Average Min. Daily Pumpage	18.70	26.75	(8.05)
1,138.8	1,129.5	9.3	Miles of Potable Water Main	1,138.8	1,129.5	9.3
15.2	16.2	(1.0)	Miles of Potable Water Fire Mains	15.2	16.2	(1.0)
5,667	5,644	23	Fire Hydrants	5,667	5,644	23
4.52	6.25	(1.73)	Precipitation - Actual Inches	32.24	25.12	7.12
7.01	7.01	-	Precipitation - Normal Inches	29.60	29.61	(0.01)
(2.49)	(0.76)	(1.73)	Difference from Normal	2.64	(4.49)	7.13

Gainesville Regional Utilities
WASTEWATER STATISTICS
FOR THE PERIOD ENDED JUNE 30, 2014

<u>June 2014</u>	<u>June 2013</u>	<u>Change</u>		<u>Current Year to Date</u>	<u>Prior Year to Date</u>	<u>Change</u>
63,791	62,898	893	Total Customers	63,098	62,601	497
			Miles of Main			
139.1	139.1	0.0	Force Main	139.1	139.1	0.0
630.7	629.1	1.6	Gravity Main	630.7	629.1	1.6
769.8	768.2	1.6	Total Miles of Main	769.8	768.2	1.6
27.7	27.3	0.4	Miles of Reclaimed Water Mains	27.7	27.3	0.4
15,048	14,976	72	Manholes	15,048	14,976	72
165	165	0	Active Lift Stations	165	165	0

Gainesville Regional Utilities
GAS SYSTEM - PURCHASED GAS ADJUSTMENT (PGA) LEVELIZATION
FOR THE PERIOD ENDED JUNE 30, 2014

	Period Ended June 30, 2014	Fiscal Year 2014 Budget	Percentage of Budget
Purchased Gas Revenues	8,352,042	10,382,000	80%
Purchased Gas Expenses	9,622,269	10,382,000	93%
To (From) PGA Levelization	(1,270,228)	-	
PGA Beginning Balance	970,869		
To (From) PGA Levelization	(1,270,228)		
PGA Ending Balance	(299,359)		

Gainesville Regional Utilities
GAS STATISTICS
FOR THE PERIOD ENDED JUNE 30, 2014

<u>June 2014</u>	<u>June 2013</u>	<u>Change</u>		<u>Current Year to Date</u>	<u>Prior Year to Date</u>	<u>Change</u>
33,966	33,432	534	Total NG Customers	33,670	33,369	301
189	190	(1)	Total LP Gas Customers	191	190	2
757.23	748.30	8.93	Distribution Mains			
7.17	7.17	0.00	NG System	757.23	748.30	8.93
			LP System	7.17	7.17	0.00
764.40	755.47	8.93	Total Distribution Mains	764.40	755.47	8.93
0	0	-	Heating Degree DBFs - Actual Days	1,098	1,040	58
0	0	-	Heating Degree DBFs - Normal Days	1,098	1,145	(47)
0	0	-	Difference from Normal	0	(105)	105
60.3	56.3	4.0	Average Temperature	61.3	61.4	(0.1)
			FUEL ADJUSTMENTS			
0.0690	0.0510	0.0180	Natural Gas Firm PGA	0.0661	0.0510	0.0151
0.4000	0.4000	-	Natural Gas Int PGA	0.4000	0.4000	-
1.9700	1.2900	0.6800	LP PGA	1.9311	1.1956	0.7356
1.0180	1.0150	0.0030	Calorific Value	1.0162	1.0194	(0.0032)

Gainesville Regional Utilities
GRUCOM STATISTICS
FOR THE PERIOD ENDED JUNE 30, 2014

June 2014	June 2013	Change		Current Year to Date	Prior Year to Date	Change
			Customers			
19	21	(2)	GRU Equipment Lease	21	22	(1)
262	247	15	GRU EtherLink	255	244	11
112	88	24	GRU Internet Access	99	89	10
2	2	0	GRU Backup Conduit	2	2	0
102	70	32	GRU Broadband Internet Access	88	64	24
62	55	7	GRU Colocation Lease	56	60	(4)
99	88	11	GRU DS0 Transport	91	89	2
62	66	(4)	GRU DS1 Transport	61	67	(6)
311	290	21	GRU DS1Transport - Carrier	300	363	(63)
2	2	0	GRU DS3 Transport	3	2	1
58	69	(11)	GRU DS3 Transport - Carrier	59	77	(18)
26	37	(11)	GRU EtherLink Carrier	43	36	7
1	1	0	GRU OC3 Transport	1	1	0
5	5	0	GRU OC3 Transport Carrier	5	5	0
2	2	0	GRU OC48 Transport Carrier	2	2	0
2	2	0	GRU SAN Fiber Channel	2	2	0
8	8	0	GRU SCADA Transport	8	8	0
2	2	0	GRU Switched Transport	2	2	0
0	7	(7)	GRU Telephone Line Leases	6	8	(2)
0	3	(3)	GRU Telephone Set Leases	3	3	0
126	163	(37)	GRU Tower Lease	133	168	(35)
5	5	0	GRU TRS Analog Consol	5	5	0
39	37	2	GRU TRS Analog Radio	38	38	0
3	3	0	GRU TRS Digital Console	3	3	0
19	18	1	GRU TRS Digital Radio	18	18	0
1	1	0	GRU Trunk Termination	1	1	0
296	392	(96)	Telecomm - GRUnet	346	423	(77)

Gainesville Regional Utilities
DEERHAVEN FUELS INVENTORIES
FOR THE PERIOD ENDED JUNE 30, 2014

June 2014		June 2013		#6 Oil (Bunker C) Inventory	Current Year to Date		Prior Year to Date	
BBLs	Value	BBLs	Value		BBLs	Value	BBLs	Value
18,900.00	377,658.47	67,787.00	2,623,968.23	Beginning	18,900.00	377,658.47	67,787.00	2,623,968.23
18,900.00	377,658.47	63,462.60	2,415,072.11	Ending	18,900.00	377,658.47	63,462.60	2,415,072.11
GALS	Value	GALS	Value	#2 Oil (Diesel) Inventory	GALS	Value	GALS	Value
131,695.00	71,312.11	180,331.00	144,614.87	Beginning	131,695.00	71,312.11	184,736.00	158,997.24
131,695.00	71,312.11	179,009.00	140,298.53	Ending	131,695.00	71,312.11	179,009.00	140,298.53
TONS	Value	TONS	Value	Coal Fuel Inventory	TONS	Value	TONS	Value
66,736.35	4,559,142.24	286,100.10	24,526,190.66	Beginning	117,639.24	9,095,222.51	315,294.91	27,265,230.96
49,334.40	3,052,549.51	244,777.85	20,641,458.00	Ending	49,334.40	3,052,549.51	244,777.85	20,641,458.00
%	Days	%	Days	Oil Levels	%	Days	%	Days
18.17	6.76	65.18	26.31	#6 Oil				
18.17	6.76	61.02	24.59	Beginning	18.17	6.76	65.18	26.31
				Ending	18.17	6.76	61.02	24.59
15.31	18.39	20.97	25.33	#2 Oil				
15.31	18.39	20.82	25.14	Beginning	15.31	18.39	21.48	25.96
				Ending	15.31	18.39	20.82	25.14
	31.44		146.89	Coal				
	22.28		125.15	Beginning		58.23		162.26
				Ending		22.28		125.15
June 2014	June 2013	Change	Percentage		Current Year to Date	Prior Year to Date	Change	Percentage
19.9819	38.7090	(18.7271)	(48.38)	Bunker C (\$/BBL)	19.9819	38.7090	(18.7271)	(48.38)
19.9819	38.0550	(18.0731)	(47.49)	Beginning	19.9819	38.0550	(18.0731)	(47.49)
				Ending	19.9819	38.0550	(18.0731)	(47.49)
0.5415	0.8019	(0.2604)	(32.48)	Diesel Fuel (\$/Gal)	0.5415	0.8607	(0.3192)	(37.08)
0.5415	0.7838	(0.2423)	(30.91)	Beginning	0.5415	0.7838	(0.2423)	(30.91)
				Ending	0.5415	0.7838	(0.2423)	(30.91)
68.3157	85.7259	(17.4102)	(20.31)	Coal (\$/Ton)	77.3145	86.4753	(9.1608)	(10.59)
61.8747	84.3273	(22.4526)	(26.63)	Beginning	61.8747	84.3273	(22.4526)	(26.63)
				Ending	61.8747	84.3273	(22.4526)	(26.63)

Gainesville Regional Utilities
JR KELLY FUELS INVENTORIES
FOR THE PERIOD ENDED JUNE 30, 2014

June 2014		June 2013			Current Year to Date		Prior Year to Date	
BBLs	Value	BBLs	Value		BBLs	Value	BBLs	Value
-	-	8,493.00	339,466.27	#6 Oil (Bunker C) Inventory	-	-	8,493.00	339,466.27
-	-	8,493.00	339,466.27	Beginning	-	-	8,493.00	339,466.27
				Ending	-	-	8,493.00	339,466.27
GALS	Value	GALS	Value		GALS	Value	GALS	Value
443,698.90	759,983.95	456,367.45	789,850.19	#2 Oil (Diesel) Inventory	443,698.90	759,983.95	469,075.36	819,809.21
443,698.90	759,983.95	456,367.45	789,850.19	Beginning	443,698.90	759,983.95	469,075.36	819,809.21
				Ending	443,698.90	759,983.95	456,367.45	789,850.19
%	Days	%	Days	Oil Levels	%	Days	%	Days
0.00	(0.80)	8.17	2.60	#6 Oil	0.00	(0.80)	8.17	2.60
0.00	(0.80)	8.17	2.60	Beginning	0.00	(0.80)	8.17	2.60
				Ending	0.00	(0.80)	8.17	2.60
51.59	62.96	53.07	64.77	#2 Oil	51.59	62.96	54.54	66.58
51.59	62.96	53.07	64.77	Beginning	51.59	62.96	54.54	66.58
				Ending	51.59	62.96	53.07	64.77
June 2014	June 2013	Change	Percentage		Current Year to Date	Prior Year to Date	Change	Percentage
-	39.9701	(39.9701)	(100.00)	Bunker C (\$/BBL)	-	39.9701	(39.9701)	(100.00)
-	39.9701	(39.9701)	(100.00)	Beginning	-	39.9701	(39.9701)	(100.00)
				Ending	-	39.9701	(39.9701)	(100.00)
1.7128	1.7307	(0.0179)	(1.03)	Diesel Fuel (\$/Gal)	1.7128	1.7477	(0.0349)	(2.00)
1.7128	1.7307	(0.0179)	(1.03)	Beginning	1.7128	1.7477	(0.0349)	(2.00)
				Ending	1.7128	1.7307	(0.0179)	(1.03)

Gainesville Regional Utilities
GENERATION BY FUEL
FOR THE PERIOD ENDED JUNE 30, 2014

<u>June 2014</u>	<u>June 2013</u>	<u>Change (\$)</u>		<u>Current Year to Date</u>	<u>Prior Year to Date</u>	<u>Change (\$)</u>
			Fuel Cost for native Load (\$)			
3,551,595	3,426,840	124,755	Coal	17,200,812	21,533,448	(4,332,636)
1,590,944	1,046,467	544,477	Natural Gas	15,850,089	22,756,788	(6,906,699)
3,097	15,816	(12,719)	Oil	95,023	154,746	(59,723)
421,107	-	421,107	Coal By-Products	1,480,008	-	1,480,008
-	44,083	(44,083)	Nuclear (CR3)	37,073	338,445	(301,372)
485,617	160,391	325,226	Methane (MCLF)	1,886,030	1,463,900	422,130
1,079,284	380,602	698,682	Feed-In-Tariff	3,958,232	3,852,228	106,004
7,720,769	2,314,965	5,405,804	Purchased Power	58,357,198	19,179,947	39,177,251
27,330	-	27,330	Interchange Sales	1,430,382	-	1,430,382
<u>14,879,743</u>	<u>7,389,164</u>	<u>7,490,579</u>	Total	<u>100,294,847</u>	<u>69,279,502</u>	<u>31,015,345</u>
			Energy Sources (MWh) for Native Load			
90,919	76,320	14,599	Coal	434,021	460,312	(26,291)
26,243	18,729	7,514	Natural Gas	330,106	539,229	(209,123)
-	43	(43)	Oil	868	524	344
-	-	-	Coal By-Products	-	-	-
-	8,574	(8,574)	Nuclear (CR3)	16,569	79,230	(62,661)
4,552	2,181	2,371	Methane (MCLF)	23,388	20,082	3,306
4,637	1,436	3,201	Feed-In-Tariff	16,260	14,185	2,075
58,277	30,227	28,050	Purchased Power	560,984	217,999	342,985
(676)	30,227	(30,903)	Interchange Sales	(46,472)	-	(46,472)
<u>183,952</u>	<u>167,737</u>	<u>16,215</u>	Total	<u>1,335,724</u>	<u>1,331,561</u>	<u>4,163</u>
			Average Fuel and Purchased Power Cost per MWh (\$/MWh)			
39	45	(6)	Coal	40	47	(7)
61	56	5	Natural Gas	48	42	6
-	369.53	(370)	Oil	109.47	295.09	(186)
-	-	-	Coal By-Products	-	-	-
-	5.14	(5)	Nuclear (CR3)	2.24	4.27	(2)
106.68	73.54	33	Methane (MCLF)	80.64	72.90	8
232.75	264.95	(32)	Feed-In-Tariff	243.43	271.57	(28)
132.48	76.59	56	Purchased Power	104.03	87.98	16
(40.43)	-	(40)	Interchange Sales	(30.78)	-	(31)
<u>80.89</u>	<u>44.05</u>	<u>461.95</u>	Total	<u>75.09</u>	<u>52.03</u>	<u>7,451.13</u>

*Interchange sales are reduced from generation and purchased power to yield native load fuel cost and native load

**Gainesville Regional Utilities
CLEAN AIR ALLOWANCES
For the Period Ended June 2014**

SO₂ Allowances (tons)

	DH	JRK	GRU Total
Carryover	28,496	124	28,620
Annual Alloc.	8,400		8,400
Total Available	36,896	124	37,020
Used	730	2	732
Left Over	35,436	122	35,558

SO₂ Emissions (tons)

Quarter	B1	B2	CT3	DH Total	CC1	JRK Total	GRU Total
1	4.1	243.8	0.5	248.4	0.8	0.8	249.2
2	0.0	481.3	0.0	481.3	0.1	0.1	481.4
3				0.0		0.0	0.0
4				0.0		0.0	0.0
Year	4.1	725.1	0.5	730.0	0.9	1.0	731.0

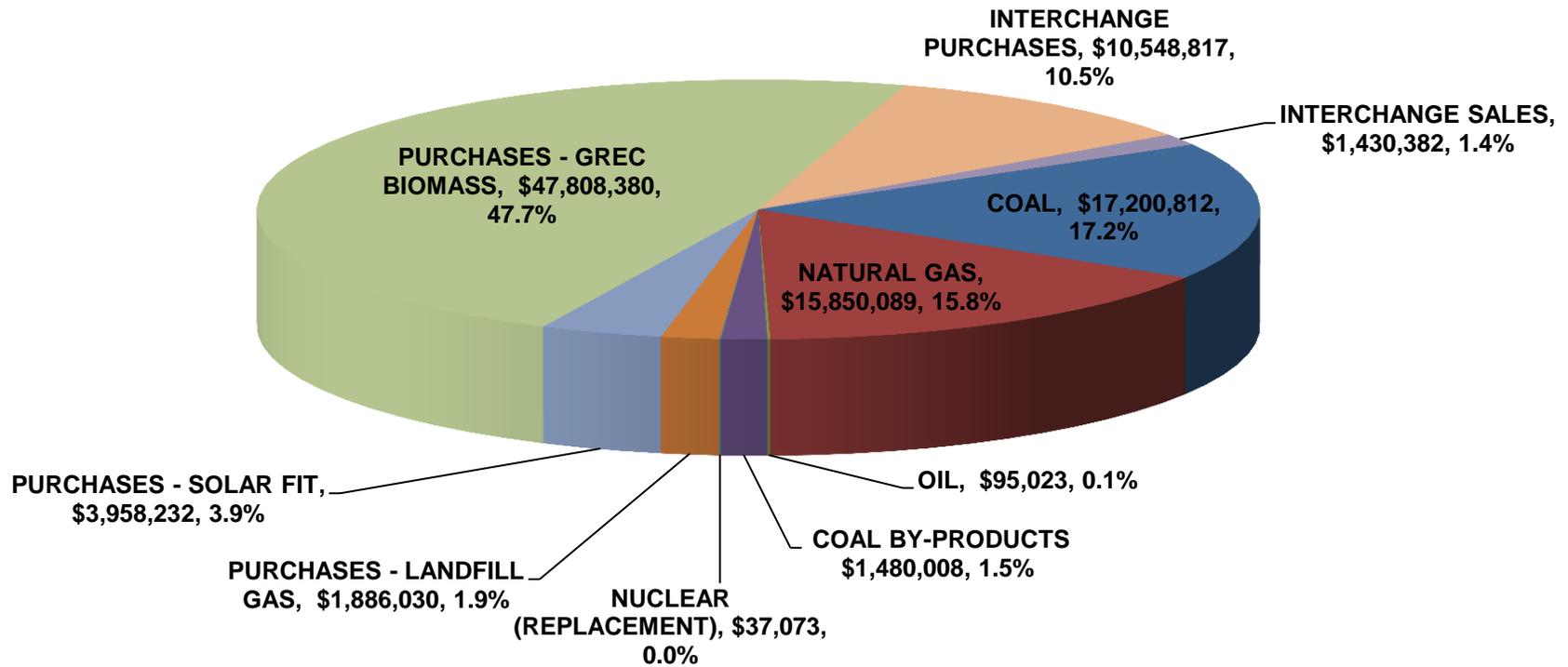
NO_x Allowances (tons)

	DH		JRK		GRU Total	
	Ann.	OS	Ann.	OS	Ann.	OS
Carryover	0	0	0	0	0	0
Annual Alloc.	1,194				1,194	0
Total Available	4,001	833	110	81	4,111	914
Used	545	249	17	6	562	255
Sold	0	0	0	0	0	0
Left Over	3,456	584	93	75	3,549	659

NO_x Emissions (tons)

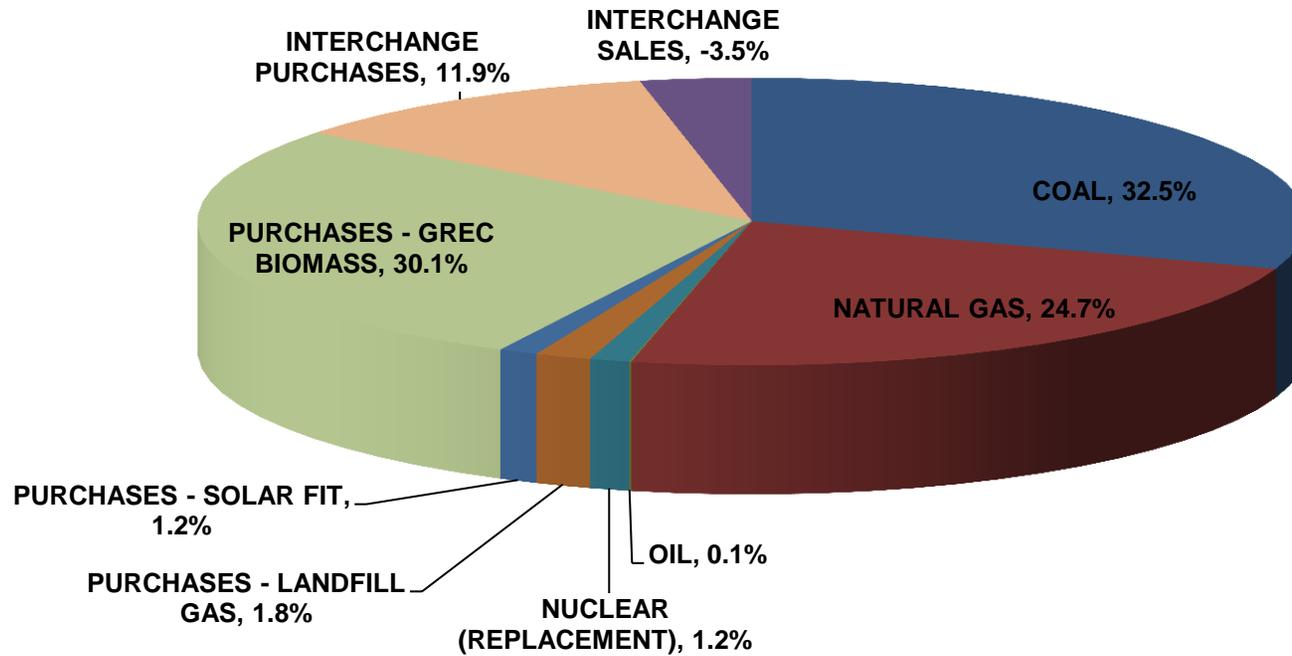
Quarter	B1		B2		CT3		DH Total		CC1		JRK Total		GRU Total	
	Ann.	OS	Ann.	OS	Ann.	OS	Ann.	OS	Ann.	OS	Ann.	OS	Ann.	OS
1	12.1	0.0	177.7	0.0	1.0	0.0	190.8	0.0	11.1	0.0	11.1	0.0	201.9	0.0
2	5.5	5.5	348.3	243.2	0.4	0.2	354.2	248.9	5.6	5.6	5.6	5.6	359.8	254.5
3		0.0		0.0		0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0
4		0.0		0.0		0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0
Year	17.6	5.5	526.0	243.2	1.4	0.2	545.0	248.9	16.7	5.6	16.7	5.6	561.7	254.5

**Total Fuel Cost & Percentage by Fuel Type
For the Period Ended June 30, 2014**



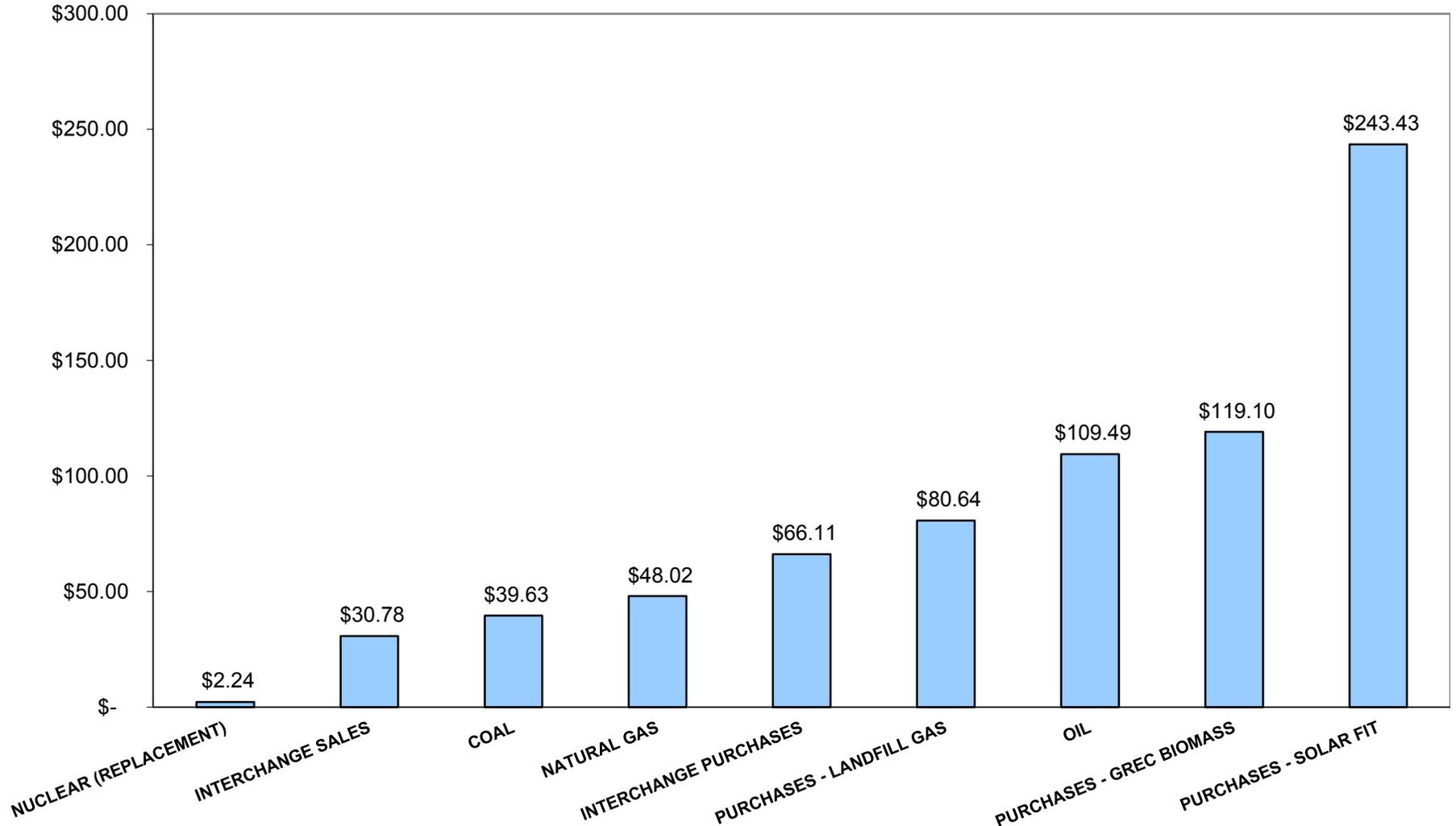
■ COAL	■ NATURAL GAS	■ OIL
■ COAL REAGENTS, BY-PRODUCTS & MISC	■ NUCLEAR (REPLACEMENT)	■ PURCHASES - LANDFILL GAS
■ PURCHASES - SOLAR FIT	■ PURCHASES - GREC BIOMASS	■ INTERCHANGE PURCHASES
■ INTERCHANGE SALES		

Sources of Electric Energy for Load by Fuel Type (MWh) For the Period Ended June 30, 2014



■ COAL	■ NATURAL GAS	■ OIL
■ COAL REAGENTS, BY-PRODUCTS & MISC	■ NUCLEAR (REPLACEMENT)	■ PURCHASES - LANDFILL GAS
■ PURCHASES - SOLAR FIT	■ PURCHASES - GREC BIOMASS	■ INTERCHANGE PURCHASES
■ INTERCHANGE SALES		

Total Fuel & Purchased Power Cost per MWh by SourceType For the Period Ended June 30, 2014



Glossary of Terms

Glossary of Terms

All Systems

Construction fund – provides for funds to be utilized for the cost of acquisition and construction of the utility system.

Debt service fund – provides for funds accumulated to provide payment of principal and interest on, or to redeem, outstanding debt.

Rate stabilization fund transfer – reserves designated for unplanned events, revenue changes or unexpected losses and to stabilize rates over future periods through the transfer of funds to and from operations as necessary.

Utility Plant Improvement Fund (UPIF) - provides for funds used to pay for certain capital projects or debt service, the purchase or redemption of bonds, or otherwise provides 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.

Interest income – represents interest earnings on utility investments.

Operation & maintenance expense – non-fuel – 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.

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

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

Other electric sales – includes wholesale sales (sales for resale) to the City of Alachua, traffic signal and streetlight sales to the City and County.

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

Native load – amount of energy required to serve retail and wholesale sales (sales for resale).

Gas System

Cleanup cost recovery factor (MGP) – revenue collected, at a rate of \$.0505/therm, for the cleanup and renovation of the former manufactured gas plant site at 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 – represents 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. Also included 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 - includes miscellaneous revenue receipts not specified in other categories, such as service charges.

Residential gas sales – represents natural gas and liquefied propane service provided on a firm, non-interruptible basis to households and other nonprofit living units.

Water System

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

Wastewater System

Other revenues – 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.