

Gainesville Regional Utilities

Quarterly Financial Statements

1st Quarter Ending December 31, 2007



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**Gainesville Regional Utilities
Quarterly Financial Statements
Quarter Ending December 31, 2007**

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Management Overview and Analysis

Overview

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

We offer readers of this management discussion and analysis of the utility system's financial statements for the quarter ended December 31, 2007. It should be read in conjunction with the financial statements that follow this section.

Basis of Accounting

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

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

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

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Financial Statements

**GAINESVILLE REGIONAL UTILITIES
COMBINED UTILITIES FUNDS
STATEMENT OF OPERATING INCOME**

This Year	Last Year	Quarter Change	Change (%)
28,520	25,330	3,190	12.59
832	1,071	(239)	(22.32)
19,548	18,311	1,237	6.76
632	594	38	6.40
-	-	-	-
759	603	156	25.87
<u>50,291</u>	<u>45,909</u>	<u>4,382</u>	<u>9.54</u>
6,098	5,681	417	7.34
945	479	466	97.29
-	-	-	-
27	5	22	440.00
<u>7,070</u>	<u>6,165</u>	<u>905</u>	<u>14.68</u>
7,240	6,224	1,016	16.32
1,096	724	372	51.38
-	-	-	-
61	31	30	96.77
<u>8,397</u>	<u>6,979</u>	<u>1,418</u>	<u>20.32</u>
1,989	2,552	(563)	(22.06)
4,247	3,919	328	8.37
-	-	-	-
133	88	45	51.14
<u>6,369</u>	<u>6,559</u>	<u>(190)</u>	<u>(2.90)</u>
2,389	2,245	144	6.41
-	-	-	-
63	25	38	152.00
<u>2,452</u>	<u>2,270</u>	<u>182</u>	<u>8.02</u>
<u>74,579</u>	<u>67,882</u>	<u>6,697</u>	<u>9.87</u>
22,913	17,817	5,096	28.60
620	668	(48)	(7.19)
<u>23,533</u>	<u>18,485</u>	<u>5,048</u>	<u>27.31</u>
8,724	9,346	(622)	(6.66)
4,376	3,477	899	25.86
<u>36,633</u>	<u>31,308</u>	<u>5,325</u>	<u>17.01</u>

REVENUES:

Total Native Load Sales of Electricity
Interchange Sales
Fuel Adjustment
Other Revenues
Rate Stabilization Fund Transfer
Interest Income

Total Electric Revenues

Sales of Water
Other Water Revenues
Rate Stabilization Fund Transfer
Interest Income

Total Water Revenues

Wastewater Billings
Other Wastewater Revenues
Rate Stabilization Fund Transfer
Interest Income

Total Wastewater Revenues

Sales of Gas and Service
Purchased Gas Adjustment
Rate Stabilization Fund Transfer
Interest Income

Total Gas Revenues

Sales of Telecommunications Services
Rate Stabilization Fund Transfer
Interest Income

Total Telecommunications Revenues

TOTAL REVENUES

OPERATION & MAINTENANCE EXPENSES:

Electric Fund:

Fuel Expense:

Retail & Purchased Power
Interchange
Total Fuel Expense

Operation & Maintenance Expense
Administrative & General Expense

Total Electric Fund Expenses

Year to Date	FY 08 Budget	FY 08 Projected	Change (%)
28,520	130,869	130,869	-
832	1,580	1,580	-
19,548	90,164	90,164	-
632	2,808	2,808	-
-	3,269	3,269	-
759	2,711	2,711	-
<u>50,291</u>	<u>231,401</u>	<u>231,401</u>	<u>-</u>
6,098	25,108	25,108	-
945	2,039	2,039	-
-	(960)	(960)	-
27	132	132	-
<u>7,070</u>	<u>26,319</u>	<u>26,319</u>	<u>-</u>
7,240	30,095	30,095	-
1,096	2,358	2,358	-
-	(498)	(498)	-
61	220	220	-
<u>8,397</u>	<u>32,175</u>	<u>32,175</u>	<u>-</u>
1,989	12,120	12,120	-
4,247	20,537	20,537	-
-	768	768	-
133	485	485	-
<u>6,369</u>	<u>33,910</u>	<u>33,910</u>	<u>-</u>
2,389	10,276	10,276	-
-	(309)	(309)	-
63	164	164	-
<u>2,452</u>	<u>10,131</u>	<u>10,131</u>	<u>-</u>
<u>74,579</u>	<u>333,936</u>	<u>333,936</u>	<u>-</u>
22,913	105,434	105,434	-
620	1,108	1,108	-
<u>23,533</u>	<u>106,542</u>	<u>106,542</u>	<u>-</u>
8,724	36,879	36,879	-
4,376	18,307	18,307	-
<u>36,633</u>	<u>161,728</u>	<u>161,728</u>	<u>-</u>

**GAINESVILLE REGIONAL UTILITIES
COMBINED UTILITIES FUNDS
STATEMENT OF OPERATING INCOME**

This Year	Last Year	Quarter Change	Change (%)
1,480	1,705	(225)	(13.20)
939	809	130	16.07
<u>2,419</u>	<u>2,514</u>	<u>(95)</u>	<u>(3.78)</u>
1,387	1,729	(342)	(19.78)
1,269	1,004	265	26.39
<u>2,656</u>	<u>2,733</u>	<u>(77)</u>	<u>(2.82)</u>
4,576	4,257	319	7.49
369	399	(30)	(7.52)
798	655	143	21.83
<u>5,743</u>	<u>5,311</u>	<u>432</u>	<u>8.13</u>
580	634	(54)	(8.52)
623	526	97	18.44
<u>1,203</u>	<u>1,160</u>	<u>43</u>	<u>3.71</u>
<u>48,654</u>	<u>43,026</u>	<u>5,628</u>	<u>13.08</u>
13,446	14,198	(752)	(5.30)
212	403	(191)	(47.39)
<u>13,658</u>	<u>14,601</u>	<u>(943)</u>	<u>(6.46)</u>
4,651	3,651	1,000	27.39
5,741	4,246	1,495	35.21
626	1,248	(622)	(49.84)
<u>1,249</u>	<u>1,110</u>	<u>139</u>	<u>12.52</u>
<u>25,925</u>	<u>24,856</u>	<u>1,069</u>	<u>4.30</u>
11,984	10,511	1,473	14.01
6,588	5,220	1,368	26.21
7,782	7,512	270	3.59
59	96	(37)	(38.54)
<u>(488)</u>	<u>1,517</u>	<u>(2,005)</u>	<u>(132.17)</u>

Water Fund:

Operation & Maintenance Expense	1,480	6,831	6,831	-
Administrative & General Expense	939	4,801	4,801	-
Total Water Fund Expenses	<u>2,419</u>	<u>11,632</u>	<u>11,632</u>	<u>-</u>

Wastewater Fund:

Operation & Maintenance Expense	1,387	7,540	7,540	-
Administrative & General Expense	1,269	5,994	5,994	-
Total Wastewater Fund Expenses	<u>2,656</u>	<u>13,534</u>	<u>13,534</u>	<u>-</u>

Gas Fund:

Fuel Expense - Purchased Gas	4,576	22,029	22,029	-
Operation & Maintenance Expense	369	1,579	1,579	-
Administrative & General Expense	798	4,205	4,205	-
Total Gas Fund Expenses	<u>5,743</u>	<u>27,813</u>	<u>27,813</u>	<u>-</u>

Telecommunications Fund:

Operation & Maintenance Expense	580	4,026	4,026	-
Administrative & General Expense	623	2,808	2,808	-
Total Telecommunications Fund Expenses	<u>1,203</u>	<u>6,834</u>	<u>6,834</u>	<u>-</u>

Total Operation & Maintenance Expenses

Year to Date	FY 08 Budget	FY 08 Projected	Change (%)
48,654	221,541	221,541	-

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

Electric - Retail & Wholesale	13,446	69,201	69,201	-
Electric - Interchange	212	472	472	-
Total Electric Fund	<u>13,658</u>	<u>69,673</u>	<u>69,673</u>	<u>-</u>
Water Fund	4,651	14,688	14,688	-
Wastewater Fund	5,741	18,641	18,641	-
Gas Fund	626	6,097	6,097	-
Telecommunications Fund	1,249	3,297	3,297	-

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

25,925	112,395	112,395	-
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DEBT SERVICE

UPIF CONTRIBUTIONS	11,984	53,747	53,747	-
TRANSFER TO GENERAL FUND	6,588	26,363	26,363	-
NUCLEAR DECOMMISSIONING/FUEL DISPOSAL	7,782	31,951	31,951	-
	59	334	334	-

NET INCOME/(DEFICIT)

(488)	-	-	-
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(1) Projected Aggregate Debt Service
Coverage Ratio

	112,395	112,395
	51,445	51,445
=	2.18	2.18

(2) Projected Total Debt Service
Coverage Ratio

	112,395	112,395
	53,747	53,747
=	2.09	2.09

Electric Revenue Fund Financial Performance Discussion

There are variances in the individual revenue categories, but the overall increase in revenue reflects the 10.8% revenue requirement increase implemented as of October 1, 2007. Even though kilowatt hours sold for General Service customers were in-line with last year, the revenue in this customer class is up for FY08.

Fuel Adjustment Revenue has increased by 6.76% over the prior years results.

Retail and Purchased Power Expense for the first three months is nearly 29% over the first three months of the prior fiscal year.

Interchange sales and interchange fuel expense have both decreased compared with the prior fiscal three month results due to less excess generation from our plants.

Other Electric Sales are 37% higher in first quarter FY08 over last year due to higher megawatt-hour consumption by wholesale customers (\$662k) and street lighting (\$130k).

Interest income for FY08, as compared to FY07, increased due to an increase in cumulative cash available for investments. The increase in Cash & Investments generated a total portfolio yield of 4.96%, which is 1.15% greater than FY07. The Electric Revenue Fund's interest income is \$156,000 greater with its yield being 1.08% higher than in FY07.

Steam Power Generation expenses are down over 14% as significant overhaul repairs at both Deerhaven (\$700k) and Kelly (\$300k) plants were incurred in FY07. Timing fluctuations in the Crystal River 3 billings have created a \$431k increase in FY08 spending over this same period last year. This increase was anticipated and as such we expect Nuclear Generation expenses to be within budget for FY08. Transmission and Distribution expenses are fluctuating from the first quarter this year as compared to last year due to timing, but expenses are projected to be within budget for FY08.

**GAINESVILLE REGIONAL UTILITIES
ELECTRIC REVENUE FUND
STATEMENT OF OPERATING INCOME**

This Year	Last Year	Quarter Change	Change (%)		Year to Date	FY 08 Budget	FY 08 Projected	Change (%)
				REVENUES:				
11,987	11,727	260	2.22	Residential Sales	11,987	63,356	63,356	-
11,217	8,973	2,244	25.01	General Service Sales	11,542	42,895	42,895	-
1,743	1,754	(11)	(0.63)	Large Power Sales	1,418	7,856	7,856	-
832	1,071	(239)	(22.32)	Interchange Sales	832	1,580	1,580	-
648	742	(94)	(12.67)	Utility Surcharge	648	3,532	3,532	-
2,925	2,134	791	37.07	Other Electric Sales (1)	2,925	13,230	13,230	-
<hr/>				Total Sales of Elec. Before Fuel Adj	29,352	132,449	132,449	-
29,352	26,401	2,951	11.18	Fuel Adjustment	19,548	90,164	90,164	-
19,548	18,311	1,237	6.76	<hr/>				
48,900	44,712	4,188	9.37	Total Sales of Electricity	48,900	222,613	222,613	-
<hr/>				Other Revenues (2)	632	2,808	2,808	-
632	594	38	6.40	Rate Stabilization Fund Transfer	-	3,269	3,269	-
-	-	-	-	Interest Income	759	2,711	2,711	-
759	603	156	25.87	<hr/>				
50,291	45,909	4,382	9.54	Total Revenues	50,291	231,401	231,401	-
				OPERATION & MAINTENANCE EXPENSES:				
				Power Production Expenses:				
				Fuel Expense:				
22,913	17,817	5,096	28.60	Retail & Purchased Power	22,913	105,434	105,434	-
620	668	(48)	(7.19)	Interchange	620	1,108	1,108	-
<hr/>				Total Fuel Expense	23,533	106,542	106,542	-
23,533	18,485	5,048	27.31	<hr/>				
4,740	5,532	(792)	(14.32)	Steam Power Generation Expense	4,740	20,210	20,210	-
760	329	431	131.00	Nuclear Power Generation Expense	760	1,480	1,480	-
124	166	(42)	(25.30)	Other Power Generation Expense	124	1,681	1,681	-
239	276	(37)	(13.41)	System Control & Load Dispatching	239	1,040	1,040	-
<hr/>				Total Power Production Expenses	29,396	130,953	130,953	-
29,396	24,788	4,608	18.59	<hr/>				
				Transmission & Distribution Expenses:				
244	371	(127)	(34.23)	Transmission Expense	244	896	896	-
2,617	2,672	(55)	(2.06)	Distribution Expense	2,617	11,572	11,572	-
<hr/>				Total Transmission & Distribution	2,861	12,468	12,468	-
2,861	3,043	(182)	(5.98)	<hr/>				
				Administrative & General Expenses:				
1,183	989	194	19.62	Customer Accounts & Sales Expense	1,183	7,708	7,708	-
3,193	2,488	705	28.34	Administrative & General Expense	3,193	10,599	10,599	-
<hr/>				Total Administrative & General	4,376	18,307	18,307	-
4,376	3,477	899	25.86	<hr/>				
36,633	31,308	5,325	17.01	Total Operation & Maintenance Expenses	36,633	161,728	161,728	-

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

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

Electric Revenue Fund
Financial Performance Discussion cont.

Customer Accounts and Sales expenses are up 20% over this time last year due to multiple factors. This year there is a planned increase in spending on Conservation Programs (\$143k). Administrative and General expenses are up 28% due to budgeted expenses for the Financial Management System Replacement Project (\$291k). Retirement costs (\$189k) paid to the City were not paid until second quarter in FY07. Equipment usage (\$305k) charged to capital projects during the first quarter of FY08 was not posted until the second quarter, making expenditures appear higher when compared to FY07. Both these items are timing issues and neither will create a variance from our planned FY08 spending for the year

Debt Service expenses increased from FY07 primarily because of a scheduled increase in principal payments of \$2.5 million for the 1992B and 2003C bonds. The increase in debt service expense is mitigated by the savings as a result of the 2007A issuance which partially refunded the 2003A and 2005A bonds. The savings for the current fiscal year is estimated to be \$759,000.

**GAINESVILLE REGIONAL UTILITIES
ELECTRIC REVENUE FUND
STATEMENT OF OPERATING INCOME**
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This Year	Last Year	Quarter Change	Change (%)
13,446	14,198	(752)	(5.30)
212	403	(191)	(47.39)
-	-	-	-
13,658	14,601	(943)	(6.46)
6,930	5,892	1,038	17.62
3,978	3,444	534	15.51
4,830	4,689	141	3.01
59	96	(37)	(38.54)
(2,139)	480	(2,619)	(545.63)

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

Retail & Wholesale
Interchange

**TOTAL NET REVENUE IN ACCORDANCE
WITH BOND RESOLUTION**

DEBT SERVICE
UPIF CONTRIBUTIONS
TRANSFER TO GENERAL FUND (Includes incentive)
NUCLEAR DECOMMISSIONING/FUEL DISPOSAL

NET INCOME/(DEFICIT)

Year to Date	FY 08 Budget	FY 08 Projected	Change (%)
13,446	69,201	69,201	-
212	472	472	-
-	-	-	-
13,658	69,673	69,673	-
6,930	33,858	33,858	-
3,978	15,917	15,917	-
4,830	19,564	19,564	-
59	334	334	-
(2,139)	-	-	-

Water Revenue Fund Financial Performance Discussion

The overall increase in revenue reflects the 13% revenue requirement increase for the Water System implemented as of October 1, 2007.

Other Revenues are up 97% primarily due to a sharp increase in connection charges in first quarter FY08 over FY07 (\$406k). At this early point, we still believe that connection charge revenue come in at plan.

Interest income for FY08, as compared to FY07, increased due to an increase in cumulative cash available for investments. The increase in Cash & Investments generated a total portfolio yield of 4.96%, which is 1.15% greater than FY07. The Water Revenue Fund's interest income is \$21,000 greater with its yield being 1.73% higher than in FY07.

Water Treatment expense is showing 10% lower than the first three months in FY07 primarily due to timing of monthly plant electricity billing. Water Distribution is 21% lower than FY07 due to changes made in staff profiles which capitalizes a higher percentage of certain positions. This change more accurately reflects the work they do on a daily basis.

Administrative and General expenses are up 21% due to the FMIS Project (\$56k), and timing related items similar to those discussed in the Electric Fund including pension benefits charges and a change in equipment usage capital allocations.

Debt Service expenses increased from FY07 due primarily to an additional requirement of \$802,000 for principal paydown of 1992B and 2003C bonds. The increase in debt service expense is mitigated by the savings in the 2007A issuance to partially refund 2003A & 2005A bonds. The savings for the year is estimated to be \$1 million.

**GAINESVILLE REGIONAL UTILITIES
WATER REVENUE FUND
STATEMENT OF OPERATING INCOME**

This Year	Last Year	Quarter Change	Change (%)
5,327	4,906	421	8.58
255	239	16	6.69
516	533	(17)	(3.19)
<u>6,098</u>	<u>5,681</u>	<u>417</u>	<u>7.34</u>
945	479	466	97.29
-	-	-	-
27	5	22	440.00
<u>7,070</u>	<u>6,165</u>	<u>905</u>	<u>14.68</u>
1,080	1,198	(118)	(9.85)
400	507	(107)	(21.10)
262	250	12	4.80
677	559	118	21.11
<u>2,419</u>	<u>2,514</u>	<u>(95)</u>	<u>(3.78)</u>
<u>4,651</u>	<u>3,651</u>	<u>1,000</u>	<u>27.39</u>
1,587	1,569	18	1.15
903	558	345	61.83
1,134	1,084	50	4.61
<u>1,027</u>	<u>440</u>	<u>587</u>	<u>133.41</u>

REVENUES:

General Customers
University of Florida
Utility Surcharge
 Total Sales of Water
 Other Revenues (1)
Rate Stabilization Fund Transfer
Interest Income

Total Revenues

OPERATION & MAINTENANCE EXPENSES:

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

Total Operation & Maintenance Expenses

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

DEBT SERVICE
UPIF CONTRIBUTIONS
TRANSFER TO GENERAL FUND

NET INCOME/(DEFICIT)

Year to Date	FY 08 Budget	FY 08 Projected	Change (%)
5,327	21,793	21,793	-
255	941	941	-
516	2,374	2,374	-
<u>6,098</u>	<u>25,108</u>	<u>25,108</u>	-
945	2,039	2,039	-
-	(960)	(960)	-
27	132	132	-
<u>7,070</u>	<u>26,319</u>	<u>26,319</u>	-
1,080	4,793	4,793	-
400	2,038	2,038	-
262	1,425	1,425	-
677	3,376	3,376	-
<u>2,419</u>	<u>11,632</u>	<u>11,632</u>	-
<u>4,651</u>	<u>14,687</u>	<u>14,687</u>	-
1,587	6,229	6,229	-
903	3,616	3,616	-
1,134	4,842	4,842	-
<u>1,027</u>	<u>-</u>	<u>-</u>	-

Wastewater Revenue Fund Financial Performance Discussion

The overall increase in revenue reflects the 17% revenue requirement increase for the Water System implemented as of October 1, 2007.

Other Revenues have increased 51% this quarter over last quarter due to an increase in connection fees (\$350k) similar to the Water System. Commercial and Industrial waste hauling services are also up over last year by \$23k.

Interest income for FY08, as compared to FY07, increased due to an increase in cumulative cash available for investments. The increase in Cash & Investments generated a total portfolio yield of 4.96%, which is 1.15% greater than FY07. The Wastewater Revenue Fund's interest income is \$29,000 greater with its yield being 1.79% higher than in FY07.

Collection expenses are showing 18% lower than FY07 due to a decrease in O&M labor from changes to certain positions distribution profiles which sends a higher portion of their labor cost to capital projects. This change more accurately reflects the work they do on a daily basis. Treatment expenses are also showing down by 20% due to timing of electricity costs being posted in the system and more labor being capitalized as described above and in the Water Revenue Fund section as well.

Administrative and General expenses are up 30% due to the FMIS Project (\$71k), and timing related items similar to those discussed in the Electric Fund including pension benefits charges and a change in equipment usage capital allocations.

Debt Service expenses increased from FY07 due primarily to an additional requirement of \$1.4 million for principal paydown of 1992B and 2003C bonds. The increase in debt service expense is mitigated by the savings in the 2007A issuance to partially refund 2003A & 2005A bonds. The savings for the year is estimated to be \$247,000.

**GAINESVILLE REGIONAL UTILITIES
WASTEWATER REVENUE FUND
STATEMENT OF OPERATING INCOME**

This Year	Last Year	Quarter Change	Change (%)
6,580	5,740	840	14.63
660	484	176	36.36
1,096	724	372	51.38
-	-	-	-
61	31	30	96.77
<u>8,397</u>	<u>6,979</u>	<u>1,418</u>	<u>20.32</u>
333	404	(71)	(17.57)
1,054	1,325	(271)	(20.45)
232	208	24	11.54
1,037	796	241	30.28
<u>2,656</u>	<u>2,733</u>	<u>(77)</u>	<u>(2.82)</u>
<u>5,741</u>	<u>4,246</u>	<u>1,495</u>	<u>35.21</u>
2,004	1,971	33	1.67
1,230	786	444	56.49
1,362	1,233	129	10.46
<u>1,145</u>	<u>256</u>	<u>889</u>	<u>347.27</u>

REVENUES:

Wastewater Billings	6,580
Surcharge	660
Other Revenues (1)	1,096
Rate Stabilization Fund Transfer	-
Interest Income	61

Total Revenues

OPERATION & MAINTENANCE EXPENSES:

Wastewater Collection Expense	333
Wastewater Treatment Expense	1,054
Customer Accounts & Sales Expense	232
Administrative & General Expense	1,037

Total Operation & Maintenance Expenses

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

DEBT SERVICE	2,004
UPIF CONTRIBUTIONS	1,230
TRANSFER TO GENERAL FUND	1,362

NET INCOME/(DEFICIT)

Year to Date	FY 08 Budget	FY 08 Projected	Change (%)
6,580	27,679	27,679	-
660	2,416	2,416	-
1,096	2,358	2,358	-
-	(498)	(498)	-
61	220	220	-
<u>8,397</u>	<u>32,175</u>	<u>32,175</u>	-
333	1,733	1,733	-
1,054	5,807	5,807	-
232	1,140	1,140	-
1,037	4,854	4,854	-
<u>2,656</u>	<u>13,534</u>	<u>13,534</u>	-
<u>5,741</u>	<u>18,641</u>	<u>18,641</u>	-
2,004	8,157	8,157	-
1,230	4,915	4,915	-
1,362	5,569	5,569	-
<u>1,145</u>	<u>-</u>	<u>-</u>	-

(1) Other Revenue - Connection fees and miscellaneous.

Gas Revenue Fund Financial Performance Discussion

Residential therm sales were lower for the first quarter FY08 compared to last year. This is likely the result of warmer weather (25% fewer heating degree days and 30% greater cooling degree days) and to a lesser extent, higher prices for natural gas. Commercial gas sales are less effected by weather.

Purchased Gas Adjustment projections are based on projected sales, and increase proportionately.

Interest income for FY08, as compared to FY07, increased due to an increase in cumulative cash available for investments. The increase in Cash & Investments generated a total portfolio yield of 4.96%, which is 1.15% greater than FY07. The Gas Revenue Fund's interest income is \$46,000 greater with its yield being 1.01% higher than in FY07.

Administrative and General expenses are higher than FY07 amounts due to equipment capitalization allocation timing issues. However, expenses are expected to be within budget for the FY08.

Debt Service expenses increased from FY07 due primarily to an additional requirement of \$903,000 for principal paydown of 1992B and 2003C bonds. The gas system also had an additional debt service increase of \$541,000 from the 2007A issuance to partially refund 2003A & 2005A bonds. Unlike 2005A, the refunding of 2003A does not include the gas system so net savings is not reflected.

**GAINESVILLE REGIONAL UTILITIES
GAS REVENUE FUND
STATEMENT OF OPERATING INCOME**

This Year	Last Year	Quarter Change	Change (%)
1,028	1,341	(313)	(23.34)
888	829	59	7.12
(377)	119	(496)	(416.81)
4,247	3,919	328	8.37
56	74	(18)	(24.32)
153	135	18	13.33
88	54	34	62.96
<u>6,236</u>	<u>6,471</u>	<u>(235)</u>	<u>(3.63)</u>
-	-	-	-
133	88	45	51.14
<u>6,369</u>	<u>6,559</u>	<u>(190)</u>	<u>(2.90)</u>
4,576	4,257	319	7.49
369	399	(30)	(7.52)
459	497	(38)	(7.65)
339	158	181	114.56
<u>5,743</u>	<u>5,311</u>	<u>432</u>	<u>8.13</u>
<u>626</u>	<u>1,248</u>	<u>(622)</u>	<u>(49.84)</u>
795	487	308	63.24
384	324	60	18.52
372	425	(53)	(12.47)
<u>(925)</u>	<u>12</u>	<u>(937)</u>	<u>(7,808.33)</u>

REVENUES:

Sales of Gas and Service:
 Residential
 Commercial & Industrial
 Interruptible & Transportation
 Purchased Gas Adjustment
 Surcharge
 Cleanup Cost Recovery Factor (MGP)
 Other Revenue (1)

Total Sales

Miscellaneous Revenue:

Rate Stabilization Fund Transfer
 Interest Income

Total Revenues

OPERATION & MAINTENANCE EXPENSES:

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

Total Operation & Maintenance Expenses

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

DEBT SERVICE
 UPIF CONTRIBUTIONS
 TRANSFER TO GENERAL FUND

NET INCOME/(DEFICIT)

Year to Date	FY 08 Budget	FY 08 Projected	Change (%)
1,028	7,556	7,556	-
888	3,111	3,111	-
(377)	921	921	-
4,247	20,537	20,537	-
56	376	376	-
153	21	21	-
88	135	135	-
<u>6,236</u>	<u>32,657</u>	<u>32,657</u>	-
-	768	768	-
133	485	485	-
<u>6,369</u>	<u>33,910</u>	<u>33,910</u>	-
4,576	22,029	22,029	-
369	1,579	1,579	-
459	2,602	2,602	-
339	1,603	1,603	-
<u>5,743</u>	<u>27,813</u>	<u>27,813</u>	-
<u>626</u>	<u>6,097</u>	<u>6,097</u>	-
795	2,918	2,918	-
384	1,538	1,538	-
372	1,641	1,641	-
<u>(925)</u>	<u>-</u>	<u>-</u>	-

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

Telecommunications Revenue Fund Financial Performance Discussion

Telecommunication revenue increased by 6.4% in the first quarter of FY08 compared to the first quarter of FY07. Internet access revenues increased significantly due to the increasing bandwidth requirements of commercial customers and new apartment complexes initiating Gator.Net services. While revenues from fiber transport services continue to be strong, overall Telecommunications revenue declined slightly primarily as a result of some circuit disconnects by GRUCom's largest customer.

Interest income for FY08, as compared to FY07, increased due to an increase in cumulative cash available for investments. The increase in Cash & Investments generated a total portfolio yield of 4.96%, which is 1.15% greater than FY07. Telecommunication Revenue Fund's interest income is \$20,000 greater with its yield being .81% higher than in FY07.

First quarter FY08 Operating and Maintenance expenses increased by 3.7% over the prior year amount. This increase is due to several small increases, including increased purchased circuits associated with increased sales.

While not impacting Telecommunication financial results in the first quarter of FY08, in December the Florida Supreme Court declined to review the opinion issued by the First District Court of Appeal regarding whether the City's communication towers are subject to ad valorem taxation. As a result, in January 2008 GRUCom paid \$170 thousand to the Alachua County Tax Assessor which represented unpaid taxes on communication towers for the years 2003 through 2007, plus accrued interest. Telecommunication expects to recover the majority of these taxes from the cellular telephone companies that lease space on the towers, in conjunction with their lease agreements. While the matter of the taxability of communications towers has been resolved, the First District remanded to the trial court the issue of whether the City's fiber optic network and Internet are taxable. The City will continue to defend its interest in this issue in the trial court.

Customer Accounts and Sales expense is 65% above first quarter spending over last year due to FY07 not incurring planned promotional program expenditures until later in the year.. FY08 spending is coming in more typical and costs are expected to remain within budget for the year.

Debt Service expenses increased from FY07 due primarily to the reallocation of 2005B bonds in FY08, reflecting actual construction expenditures associated with the debt. The change in allocation between Electric and Telecommunication is an increase of 12.26 % to Telecommunication. The increase in debt service expense is mitigated by the savings in the 2007A issuance to partially refund 2003A & 2005A bonds. The savings for the year is estimated to be \$51,000.

**GAINESVILLE REGIONAL UTILITIES
TELECOMMUNICATIONS REVENUE FUND
STATEMENT OF OPERATING INCOME**

This Year	Last Year	Quarter Change	Change (%)
1,192	1,250	(58)	(4.64)
547	483	64	13.25
332	293	39	13.31
318	219	99	45.21
<u>2,389</u>	<u>2,245</u>	<u>144</u>	<u>6.41</u>
-	-	-	-
<u>63</u>	<u>25</u>	<u>38</u>	<u>152.00</u>
<u>2,452</u>	<u>2,270</u>	<u>182</u>	<u>8.02</u>
580	634	(54)	(8.52)
102	62	40	64.52
521	464	57	12.28
<u>1,203</u>	<u>1,160</u>	<u>43</u>	<u>3.71</u>
<u>1,249</u>	<u>1,110</u>	<u>139</u>	<u>12.52</u>
668	592	76	12.84
93	108	(15)	(13.89)
84	81	3	3.70
<u>404</u>	<u>329</u>	<u>75</u>	<u>22.80</u>

REVENUES:

Sales :

Telecommunication
Trunking Radio
Tower Lease Rental
Internet Access

Total Sales

Miscellaneous Revenue:

Rate Stabilization Fund Transfer/Borrowings
Interest Income

Total Revenues

OPERATION & MAINTENANCE EXPENSES:

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

Total Operation & Maintenance Expenses

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

DEBT SERVICE
UPIF CONTRIBUTIONS
TRANSFER TO GENERAL FUND

NET INCOME/(DEFICIT)

Year to Date	FY 08 Budget	FY 08 Projected	Change (%)
1,192	5,200	5,200	-
547	1,997	1,997	-
332	1,524	1,524	-
318	1,555	1,555	-
<u>2,389</u>	<u>10,276</u>	<u>10,276</u>	<u>-</u>
-	(309)	(309)	-
<u>63</u>	<u>164</u>	<u>164</u>	<u>-</u>
<u>2,452</u>	<u>10,131</u>	<u>10,131</u>	<u>-</u>
580	4,026	4,026	-
102	548	548	-
521	2,260	2,260	-
<u>1,203</u>	<u>6,834</u>	<u>6,834</u>	<u>-</u>
<u>1,249</u>	<u>3,297</u>	<u>3,297</u>	<u>-</u>
668	2,585	2,585	-
93	377	377	-
84	335	335	-
<u>404</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Balance Sheet – Combined Funds
As of December 31, 2007**

Total cash, investment and accounts receivable are reduced primarily due to the reversal of the rate stabilization temporary transfer which took place as of September 30, 2007. An additional reduction of \$8.6 million in accounts receivable is a result of collections from final billing issues at year end. Many of the stabilization issues on the new CCS were resolved in the last quarter of FY2007, which increased the accounts receivable balance at fiscal year end. These billings are now being collected, reducing the A/R balance back to normal levels. The Other Current Assets was higher at September 30 due to recording of fuel adjustment and purchased gas adjustment true-ups at year end.

In the Restricted Asset section, debt service cash is lower as of December 2007 by \$13.5 million due to the net affect of our semi-annual payment of debt interest and annual pay down of debt principal, which was offset by deposits to the debt service fund to begin building towards our fiscal 2008 debt obligation. The construction fund balance is lower by \$14.0 million due to normal spend down of funds on capital projects. Utility Plant improvement fund is increased due to budgeted and scheduled transfers in accordance with the bond resolution. The increase in rate stabilization reflects the return of the temporary transfer mentioned above.

Included in the change for Current Liabilities is a decrease in fuels payable primarily due to milder weather conditions normally experienced at this time of year. Accounts payable is reduced by \$14.5 million, which represents normal fluctuations in payments to vendors. Deferred credits at September 30 included an amount for the rate stabilization transfer, which is offset by an increase in the restricted asset. The increase in due to/from other funds reflects outstanding amounts owed to or from City of Gainesville funds.

Other Payables from Restricted Assets decreased \$13.5 million, primarily due to the net affect of making our semi-annual debt interest payment on October 1, offset by the accrual of our fiscal 2008 first quarter debt interest obligation.

**GAINESVILLE REGIONAL UTILITIES
COMBINED FUNDS
BALANCE SHEET
December 31, 2007**

(000's)	Dec 31, 2007	Sep 30, 2007	\$ Difference	% Difference
<u>ASSETS</u>				
CURRENT ASSETS:				
Cash, Investments & Accounts Receivable	26,013	49,480	(23,467)	-90.2%
Other Current Assets	36,740	43,533	(6,793)	-18.5%
TOTAL CURRENT ASSETS	62,753	93,013	(30,260)	-48.2%
RESTRICTED ASSETS:				
Debt Service Fund	16,007	29,560	(13,553)	-84.7%
Construction Fund	52,673	66,740	(14,067)	-26.7%
Utility Plant Improvement Fund	23,391	16,071	7,320	31.3%
Rate Stabilization Fund	66,616	52,829	13,787	20.7%
Other Restricted Assets	15,097	15,008	89	0.6%
TOTAL RESTRICTED ASSETS	173,784	180,208	(6,424)	-3.7%
NON-CURRENT ASSETS	119,825	122,775	(2,950)	-2.5%
NET CAPITAL ASSETS	848,637	839,422	9,215	1.1%
TOTAL ASSETS	1,204,999	1,235,418	(30,419)	-2.5%
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES	14,508	55,738	(41,230)	-284.2%
PAYABLE FROM RESTRICTED ASSETS:				
Rate Stabilization Deferred Credit	73,091	52,829	20,262	27.7%
Other Payables From Restricted Assets	27,766	41,333	(13,567)	-48.9%
TOTAL PAYABLE FROM RESTRICTED ASSETS	100,857	94,162	6,695	6.6%
LONG TERM-DEBT:				
Utilities System Revenue Bonds Payable-Senior Lien Debt	529,999	535,495	(5,496)	-1.0%
Utilities System Revenue Bonds Payable-Sub. Debt	61,175	62,000	(825)	-1.3%
Commercial Paper Notes Payable	0	0	0	0.0%
Unamortized Bond Financing Costs	(22,731)	(23,331)	600	-2.6%
TOTAL LONG-TERM DEBT	568,443	574,164	(5,721)	-1.0%
OTHER NON-CURRENT LIABILITIES	142,236	145,390	(3,154)	-2.2%
TOTAL LIABILITIES	826,044	869,454	(43,410)	-5.3%
TOTAL NET ASSETS	378,955	365,964	12,991	3.4%
TOTAL LIABILITIES AND NET ASSETS	1,204,999	1,235,418	(30,419)	-2.5%

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Supplemental Statistical Data

**GAINESVILLE REGIONAL UTILITIES
ELECTRIC RESALE**

This Year	Month December Last Year	Change		Three Months Period Ended December 31		
				This Year	Last Year	Change
			Resale KWh			
8,198,943	7,622,414	576,529	Alachua	25,422,587	23,302,032	2,120,555
5,607,306	5,479,188	128,118	Seminole	17,044,617	16,070,082	974,535
<u>13,806,249.00</u>	<u>13,101,602.00</u>	<u>704,647.00</u>	Total Resale KWh	<u>78,825,330.00</u>	<u>75,441,361.00</u>	<u>3,383,969.00</u>
			Resale Revenue			
580,442.59	494,254.96	86,187.63	Alachua	1,973,531.70	1,517,162.80	456,368.90
370,064.58	329,211.51	40,853.07	Seminole	1,247,261.07	965,168.80	282,092.27
<u>950,507.17</u>	<u>823,466.47</u>	<u>127,040.70</u>	Total Resale Revenue	<u>5,209,780.17</u>	<u>5,494,482.74</u>	<u>(284,702.57)</u>
			Resale Per KWh			
0.0708	0.0648	0.1495	Alachua	0.0776	0.0651	0.2152
0.0660	0.0601	0.3189	Seminole	0.0732	0.0601	0.2895

**GAINESVILLE REGIONAL UTILITIES
ELECTRIC STATISTICS**

Month December			Three Months Period Ended December 31			
This Year	Last Year	Change		This Year	Last Year	Change
91,819	91,380	439	Total Customers	92,404	91,414	990
30,639	29,995	644	Street Lights in Service	30,639	29,995	644
588.17	592.85	(5)	Miles of Overhead Distribution Line	591.72	592.85	(1.13)
799.26	781.27	18	Miles of Underground Distribution Line	782.17	759.52	22.65
1,387.43	1,374.12	13.31	Total Miles of Distribution Line	1,373.89	1,352.37	21.52
320	341	(21)	Maximum Peak Load Generated/Gross	401	386	15
318	321	(3)	Maximum Peak Load Generated/Net	385	371	14
62.90	62.68	0.22	Load Factor - Percent	66.67	69.36	(2.69)
11,214.30	11,262.40	(48.10)	BTU per KWh Net Generated	11,244.53	11,190.42	54.12
32	40	(8)	Cooling Degree DBFs - Actual	346	267	79
25	25	0	Cooling Degree DBFs - Normal	318	318	0

**GAINESVILLE REGIONAL UTILITIES
WATER and WASTEWATER STATISTICS**

WATER

This Year	Month December Last Year	Change		Three Months Period Ended December 31 This Year	Last Year	Change
69,261	66,708	2,553	Total Customers	69,435	66,609	2,826
23,502	24,313	(811)	Pumpage - Mega-gallons			
728,559	753,705	(25,146)	Raw Water - Average	25,299	27,450	(2,151)
			Total	2,327,527	2,525,436	(197,909)
23,312	23,650	(338)	Distribution System - Average	24,989	26,782	(1,793)
722,657	733,138	(10,481)	Total	2,298,999	2,463,986	(164,987)
30.67	31.64	(0.97)	Maximum Daily Pumpage	35.25	39.19	(3.94)
27.12	27.65	(0.53)	Average Max. Daily Pumpage	29.28	31.35	(2.07)
13.53	12.45	1.08	Minimum Daily Pumpage	13.53	12.45	1.08
19.20	19.44	(0.24)	Average Min. Daily Pumpage	20.07	21.71	(1.64)
1,083	1,051	31.70	Miles of Main	1,051	1,051	0.00
2.04	2.77	(0.73)	Precipitation - Actual	9.89	6.29	3.60
2.43	2.43	0.00	Precipitation - Normal	7.68	7.68	0.00

WASTEWATER

This Year	Month December Last Year	Change		Three Months Period Ended December 31 This Year	Last Year	Change
183	1,985	(1,802)	Net Gain in Customers	480	530	(50)
61,157	59,437	1,720	Total Customers	61,456	59,426	2,030
601	578	23	Miles of Gravity Main	578	578	0
132	127	5	Miles of Force Main	127	127	0

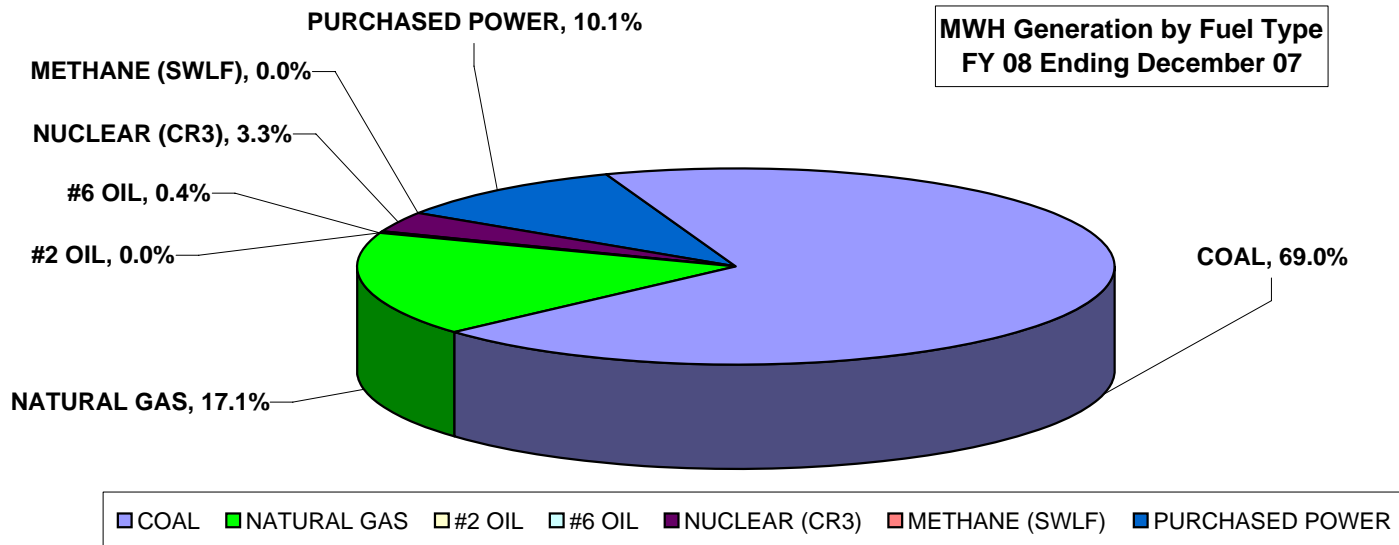
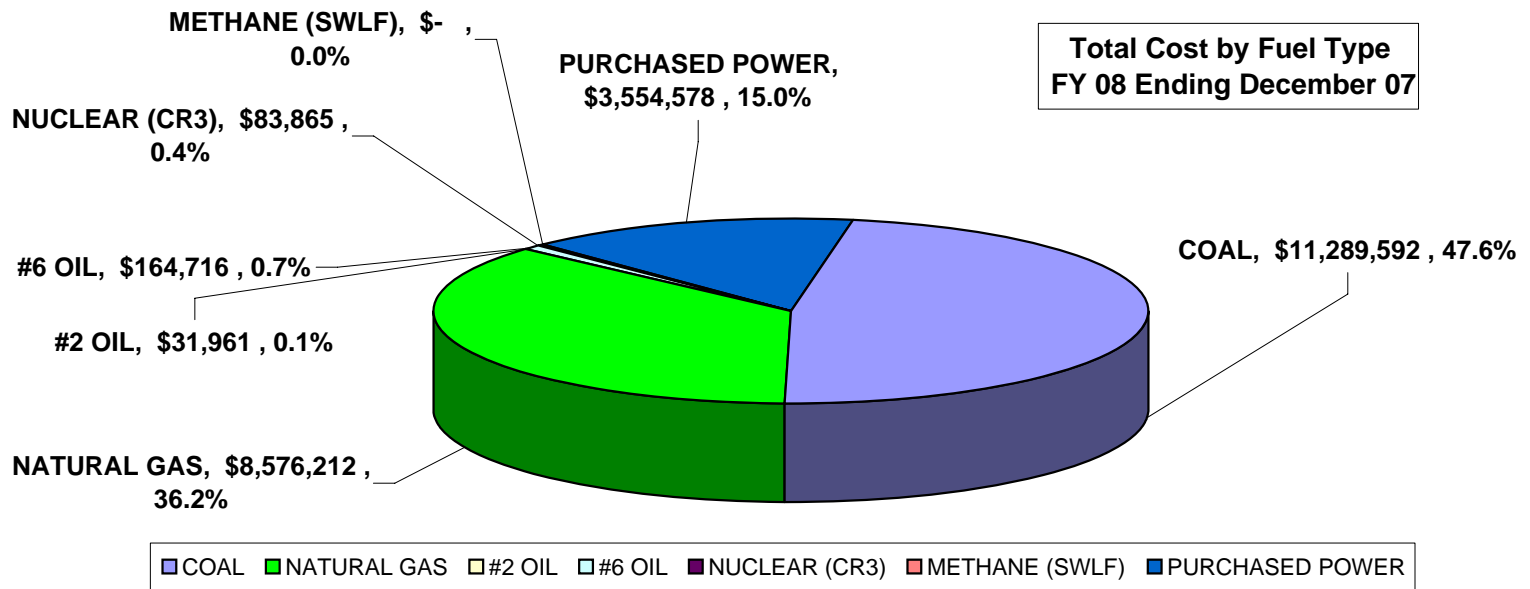
**GAINESVILLE REGIONAL UTILITIES
GAS STATISTICS**

This Year	Month December Last Year	Change		Three Months This Year	Period Ended Last Year	December 31 Change
<u>33,589</u>	<u>32,742</u>	<u>847</u>	Total Customers	<u>33,635</u>	<u>32,636</u>	<u>999</u>
<u>197</u>	<u>192</u>	<u>5</u>	LP Gas Total Customers	<u>196</u>	<u>191</u>	<u>5</u>
724.36	717.56	6.80	Distribution Mains	717.56	705.00	12.56
1,026.80	967.30	59.50	Average BTU per Cubic Foot	1,029.17	999.93	29.23
2.39089	0.64930	1.74	LP Gas Fuel Adjustment \$/Gal	1.46743	1.14350	0.32
153	161	(8.00)	Heating Degree DBFs - Actual	294	390	(96.00)
283	283	0.00	Heating Degree DBFs - Normal	429	429	0.00
			Purchased Natural Gas Clause			
0.98560	0.80970	0.18	Firm Fuel Charge	0.72422	0.69600	0.03
0.97440	0.79860	0.18	Interruptible Fuel charge	0.71306	0.68480	0.03

**GAINESVILLE REGIONAL UTILITIES
CLEAN AIR ALLOWANCES**

					Twelve Months Period Ended December 31					
This Year	%	Month December Last Year	%	Change	SO2 Emissions (tons)	This Year	%	Last Year	%	Change
0.10	-	0.10	-	0.00	John R. Kelly: CC1	0.60	-	0.50	-	0.10
7.8	0.37%	11.0	0.47%	(50.9)	Deerhaven	111.5	1.40%	160.8	1.94%	(50.9)
2,106.5	99.63%	2,351.3	99.53%	(1,279.1)	B1	7,837.1	98.60%	8,119.3	98.06%	(1,279.1)
0.0	0.00%	0.0	0.00%	(0.1)	B2	0.1	0.00%	0.2	0.00%	(0.1)
					CT3					
<u>2,114.3</u>	<u>100%</u>	<u>2,362.3</u>	<u>100%</u>	<u>(248.0)</u>	Total Emissions	<u>7,948.7</u>	<u>100%</u>	<u>8,280.3</u>	<u>100%</u>	<u>(331.6)</u>
<u>2,114.4</u>	<u>0.00%</u>	<u>2,362.4</u>	<u>100.00%</u>	<u>(248.0)</u>	Total GRU Emissions	<u>7,949.3</u>	<u>0.00%</u>	<u>8,280.8</u>	<u>100.00%</u>	<u>(331.5)</u>
					Calendar Year 2007					
JR Kelly	%	Calendar Year 2006 Deerhaven	%	GRU Total	SO2 Allowances (tons)	JR Kelly	%	Deerhaven	%	GRU Total
58	2.82%	1,998	97.18%	2,056	Carryover	115	5.22%	2,087	94.78%	2,202
58	0.69%	8,369	99.31%	8,427	Yearly Allocation	58	0.69%	8,369	99.31%	8,427
<u>116</u>	<u>1.11%</u>	<u>10,367</u>	<u>98.89%</u>	<u>10,483</u>	Total	<u>173</u>	<u>1.63%</u>	<u>10,456</u>	<u>98.37%</u>	<u>10,629</u>
1	0.01%	8,280	99.99%	8,281	Used	1	0.02%	5,835	99.98%	5,836
<u>115</u>	<u>5.22%</u>	<u>2,087</u>	<u>94.78%</u>	<u>2,202</u>	Left Over	<u>172</u>	<u>3.59%</u>	<u>4,621</u>	<u>96.41%</u>	<u>4,793</u>

Calendar Year Stats



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Definitions and Supplemental Information

Glossary of Terms Flow of Funds Statements

All Systems

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

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

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

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

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

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

Electric System

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

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

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

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

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

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

Gas System

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

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

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

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

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

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

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

Water System

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

Wastewater System

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

Telecommunications System

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

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

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

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

Glossary of Terms Balance Sheet

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

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

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

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

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

Current Liabilities – Includes fuels, vendor and miscellaneous payables.

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

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

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

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

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

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

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