

Gainesville Regional Utilities

Quarterly Financial Statements

1st Quarter Ended December 31st, 2008



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**Gainesville Regional Utilities
Quarterly Financial Statements
Quarter Ended December 31st, 2008**

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Management Overview and Analysis

Overview

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

We offer readers this management discussion and analysis of the utility system's financial statements for the quarter ended December 31, 2008. It should be read in conjunction with the financial statements that follow this section.

Basis of Accounting

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

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

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

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Financial Statements

Gainesville Regional Utilities
COMBINED UTILITIES FUNDS
STATEMENT OF OPERATING INCOME
FOR FIRST QUARTER ENDED DECEMBER 31, 2008

This Year	Quarter		Change (%)		Year to Date	FY 09 Budget	FY 09 Projected	Change (%)
	Last Year	Change						
29,893	28,520	1,373	4.81	REVENUES:	29,893	127,114	114,676	(9.78)
610	832	(222)	(26.68)	Total Native Load Sales of Electricity	610	-	1,800	-
25,595	19,548	6,047	30.93	Interchange Sales	25,595	158,450	132,029	(16.67)
802	632	170	26.90	Fuel Adjustment	802	2,912	3,186	9.41
-	-	-	-	Other Revenues	-	12,194	15,089	23.74
620	759	(139)	(18.31)	Rate Stabilization Fund Transfer	620	2,744	2,600	(5.25)
57,520	50,291	7,229	14.37	Interest Income	57,520	303,414	269,380	(11.22)
				Total Electric Revenues				
6,650	6,098	552	9.05	Sales of Water	6,650	29,523	27,720	(6.11)
579	945	(366)	(38.73)	Other Water Revenues	579	2,052	1,941	(5.41)
-	-	-	-	Rate Stabilization Fund Transfer	-	(1,584)	119	(107.51)
60	27	33	122.22	Interest Income	60	226	240	6.19
7,289	7,070	219	3.10	Total Water Revenues	7,289	30,217	30,020	(0.65)
				Wastewater Billings	7,880	33,193	31,865	(4.00)
7,880	7,240	640	8.84	Other Wastewater Revenues	452	2,746	2,467	(10.16)
452	1,096	(644)	(58.76)	Rate Stabilization Fund Transfer	-	(867)	(548)	(36.79)
-	-	-	-	Interest Income	102	337	408	21.07
102	61	41	67.21	Total Wastewater Revenues	8,434	35,409	34,192	(3.44)
8,434	8,397	37	0.44	Sales of Gas and Service	4,712	14,210	12,345	(13.12)
				Purchased Gas Adjustment	4,725	22,141	17,673	(20.18)
4,712	1,836	2,876	156.64	Rate Stabilization Fund Transfer	-	169	(1,622)	(1,059.76)
4,725	4,247	478	11.26	Interest Income	129	547	530	(3.11)
-	-	-	-	Total Gas Revenues	9,566	37,067	28,926	(21.96)
129	133	(4)	(3.01)	Sales of GRUCom Services	2,525	10,383	10,383	-
9,566	6,216	3,350	53.89	Rate Stabilization Fund Transfer	-	2,290	(37)	(101.62)
				Interest Income	81	256	324	26.56
2,525	2,389	136	5.69	Total GRUCom Revenues	2,606	12,929	10,670	(17.47)
-	-	-	-	TOTAL REVENUES	85,415	419,036	373,188	(10.94)
81	46	35	76.09	OPERATION & MAINTENANCE EXPENSES:				
2,606	2,435	171	7.02	Electric Fund:				
85,415	74,409	11,006	14.79	Fuel Expense:				
				Retail & Purchased Power	29,680	158,450	132,029	(16.67)
29,680	22,913	6,767	29.53	Interchange	361	-	1,200	-
361	620	(259)	(41.77)	Total Fuel Expense	30,041	158,450	133,229	(15.92)
30,041	23,533	6,508	27.65	Operation & Maintenance Expense	9,100	38,276	35,165	(8.13)
				Administrative & General Expense	4,653	18,951	19,469	2.73
9,100	8,724	376	4.31	Total Electric Fund Expenses	43,794	215,677	187,863	(12.90)
4,653	4,376	277	6.33					
43,794	36,633	7,161	19.55					

Gainesville Regional Utilities
COMBINED UTILITIES FUNDS
STATEMENT OF OPERATING INCOME
FOR FIRST QUARTER ENDED DECEMBER 31, 2008

This Year	Quarter		Change (%)		Year to Date	FY 09 Budget	FY 09 Projected	Change (%)
	Last Year	Change						
1,911	1,480	431	29.12	Water Fund:	1,911	8,229	8,039	(2.31)
993	939	54	5.75	Operation & Maintenance Expense	993	4,884	4,889	0.10
2,904	2,419	485	20.05	Administrative & General Expense	2,904	13,113	12,928	(1.41)
				Total Water Fund Expenses				
1,920	1,387	533	38.43	Wastewater Fund:	1,920	8,211	8,054	(1.91)
1,050	1,269	(219)	(17.26)	Operation & Maintenance Expense	1,050	5,747	5,660	(1.51)
2,970	2,656	314	11.82	Administrative & General Expense	2,970	13,958	13,714	(1.75)
				Total Wastewater Fund Expenses				
5,876	4,576	1,300	28.41	Gas Fund:	5,876	23,589	17,673	(25.08)
457	369	88	23.85	Fuel Expense - Purchased Gas	457	1,735	1,526	(12.05)
759	798	(39)	(4.89)	Operation & Maintenance Expense	759	3,748	3,237	(13.63)
7,092	5,743	1,349	23.49	Administrative & General Expense	7,092	29,072	22,436	(22.83)
				Total Gas Fund Expenses				
678	580	98	16.90	GRUCom Fund:	678	5,568	3,451	(38.02)
482	623	(141)	(22.63)	Operation & Maintenance Expense	482	2,335	2,469	5.74
1,160	1,203	(43)	(3.57)	Administrative & General Expense	1,160	7,903	5,920	(25.09)
				Total GRUCom Fund Expenses				
57,920	48,654	9,266	19.04	Total Operation & Maintenance Expenses	57,920	279,723	242,861	(13.18)
				NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION:				
13,477	13,446	31	0.23	Electric - Retail & Wholesale	13,477	87,737	80,917	(7.77)
249	212	37	17.45	Electric - Interchange	249	-	600	-
13,726	13,658	68	0.50	Total Electric Fund	13,726	87,737	81,517	(7.09)
4,385	4,651	(266)	(5.72)	Water Fund	4,385	17,105	17,093	(0.07)
5,464	5,741	(277)	(4.82)	Wastewater Fund	5,464	21,451	20,478	(4.54)
2,474	473	2,001	423.07	Gas Fund	2,474	7,995	6,490	(18.82)
1,446	1,232	214	17.37	GRUCom Fund	1,446	5,026	4,750	(5.49)
27,495	25,755	1,740	6.76	TOTAL NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION	27,495	139,313	130,327	(6.45)
13,789	12,017	1,772	14.75	DEBT SERVICE	13,789	74,081	63,700	(14.01)
8,052	6,588	1,464	22.22	UPIF CONTRIBUTIONS	8,052	30,572	32,111	5.03
8,651	7,782	869	11.17	TRANSFER TO GENERAL FUND	8,651	34,301	34,157	(0.42)
131	59	72	122.03	NUCLEAR DECOMMISSIONING/FUEL DISPOSAL	131	359	359	-
(3,128)	(691)	(2,437)	352.66	NET INCOME/(DEFICIT)	(3,128)	-	-	-
				(1) Projected Aggregate Debt Service Coverage Ratio		139,313	130,327	
						71,593	62,140	
				=		1.95	2.10	
				(2) Projected Total Debt Service Coverage Ratio		139,313	130,327	
						74,081	63,700	
				=		1.88	2.05	

Electric Revenue Fund Financial Performance Discussion

Total electric sales revenues for FY09, exclusive of fuel adjustment, have increased by 3.92% over FY08. However, actual megawatt sales have decreased 4.80% in FY09 from FY08. The increase in revenue reflects the base rate increase implemented as of October 1, 2008. This held true for General Service and Large Power revenues, which collectively showed increases of 4.2% in revenues. However, the collective megawatt sales for these categories actually decreased by 3.1% in FY09 compared to FY08. This decline in sales is expected to continue, with projected revenues from Total Sales of Electricity projected to be 8.4% less than budgeted for this fiscal year.

Fuel Adjustment Revenue has increased by almost 31% over the prior year results. However, Fuel Adjustment for the current year is projected to be nearly 12% less than budget due to lower than anticipated fuel costs.

Retail and Purchased Power Expense for the first three months is nearly 30% over the first three months of the prior fiscal year. Fuel Expense, like the associated revenue, is expected to be lower than budget due to fuel prices.

Interchange sales and interchange fuel expense have both decreased compared with the prior fiscal three month results due to less excess marketable generation from our plants. Since the cost of generation has increased due to higher coal prices in the first quarter, GRU is required to demand a higher price for its Interchange energy to cover the higher costs. This translates into lower Interchange sales. GRU conservatively estimated Interchange sales at zero during the budgeting process, but continues to actively market any excess generation. Current year actuals and projections therefore reflect some sales with a corresponding offset for Interchange fuel expense.

Other Electric Sales in the first quarter FY09 are comparable to FY08. Electric Sales for FY09 are predicted to nearly double over those budgeted as the Utility renewed its contract with the City of Alachua.

Interest income for FY09, as compared to FY08, decreased in the Electric revenue Fund due to a decrease in cumulative cash available for investments and an overall lower return on the investment portfolio due to market changes. The Electric Revenue Fund's interest income is \$139,000 less with its yield being 1.00% lower than in FY08

Electric Revenue Fund

Financial Performance Discussion cont.

Steam Power Generation expenses for FY09 are up slightly over FY08, while Nuclear Power Generation expenses are down 45.1%. Timing fluctuations in the Crystal River 3 billings have created a \$343k decrease in FY09 spending compared to this same period last year. However, Nuclear Generation expenses are projected to be within budget for FY09. Other Power Generation expenses have increased in FY09 over FY08 by 33% due to the cost of overhaul materials for work being performed on the Deerhaven Unit #3 Combustion Turbine.

Overall Power Production and Transmission and Distribution Expenses are expected to come in below budget by 6% to 11%. These reductions are due to many factors, including an overall directive for departments to reduce expenditures in response to lower sales levels.

Customer Accounts and Sales expenses are up 45.4% over this time last year due to multiple factors. This year there is a planned increase in spending on Conservation Programs. Specifically, the Commercial Program expenditures and the Photovoltaic Systems rebates have increased substantially in FY09 over FY08. Administrative and General expenses are down moderately by 8.1%, due largely to the timing of certain O&M costs being capitalized earlier in the fiscal year. This expense category includes not only system-specific Administrative and General costs, but also includes an allocation for all common administrative costs. At the direction of the General Manager, each department successfully achieved a 3% target reduction for FY09 remaining projections. However, the Administrative & General expense categories, by system, may not reflect these savings due to the grouping required for financial statement presentation.

Debt Service expenses increased from FY08 primarily because of a scheduled increase in principal payments of \$678,000 for the 1996A bonds, as well as new debt payments of \$6.2 million and \$2.8 million for the 2008A and 2008B bonds, respectively. The increase in debt service expense is mitigated by the savings as a result of the 2008 Series C Commercial Paper Notes issuance which refunded the 2002A and 2002B bonds. The savings for the current fiscal year is estimated to be \$471,000. Debt Service expenses for FY09 will be less than budgeted due to a delay in issuing new debt for regular construction purposes.

Despite considerable savings achieved by delaying the FY09 planned bond issuance, we are projected to end the year with a greater net deficit than originally anticipated. This deficit is primarily due to lower sales. There was a programmed withdrawal from Rate Stabilization Fund of over \$12.1m for the current year. Projected results show a withdrawal of nearly \$14.6m.

Gainesville Regional Utilities
ELECTRIC REVENUE FUND
STATEMENT OF OPERATING INCOME
FOR FIRST QUARTER ENDED DECEMBER 31, 2008

This Year	Last Year	Quarter Change	Change (%)		Year to Date	FY 09 Budget	FY 09 Projected	Change (%)
12,416	11,987	429	3.58	REVENUES:	12,416	63,120	55,658	(11.82)
13,507	12,960	547	4.22	Residential Sales	13,507	57,550	48,908	(15.02)
610	832	(222)	(26.68)	General Service & Large Power	610	-	1,800	-
812	648	164	25.31	Interchange Sales	812	3,089	2,928	(5.21)
3,158	2,925	233	7.97	Utility Surcharge	3,158	3,355	7,182	114.07
				Other Electric Sales (1)				
30,503	29,352	1,151	3.92	Total Sales of Elec. Before Fuel Adj	30,503	127,114	116,476	(8.37)
25,595	19,548	6,047	30.93	Fuel Adjustment	25,595	158,450	132,029	(16.67)
56,098	48,900	7,198	14.72	Total Sales of Electricity	56,098	285,564	248,505	(12.98)
802	632	170	26.90	Other Revenues (2)	802	2,912	3,186	9.41
-	-	-	-	Rate Stabilization Fund Transfer	-	12,194	15,089	23.74
620	759	(139)	(18.31)	Interest Income	620	2,744	2,600	(5.25)
57,520	50,291	7,229	14.37	Total Revenues	57,520	303,414	269,380	(11.22)
				OPERATION & MAINTENANCE EXPENSES:				
				Power Production Expenses:				
				Fuel Expense:				
29,680	22,913	6,767	29.53	Retail & Purchased Power	29,680	158,450	132,029	(16.67)
361	620	(259)	(41.77)	Interchange	361	-	1,200	-
30,041	23,533	6,508	27.65	Total Fuel Expense	30,041	158,450	133,229	(15.92)
5,054	4,740	314	6.62	Steam Power Generation Expense	5,054	21,066	19,318	(8.30)
417	760	(343)	(45.13)	Nuclear Power Generation Expense	417	1,587	1,642	3.47
165	124	41	33.06	Other Power Generation Expense	165	1,786	1,107	(38.02)
282	239	43	17.99	System Control & Load Dispatching	282	1,084	1,121	3.41
35,959	29,396	6,563	22.33	Total Power Production Expenses	35,959	183,973	156,417	(14.98)
				Transmission & Distribution Expenses:				
265	244	21	8.61	Transmission Expense	265	951	950	(0.11)
2,917	2,617	300	11.46	Distribution Expense	2,917	11,802	11,027	(6.57)
3,182	2,861	321	11.22	Total Transmission & Distribution	3,182	12,753	11,977	(6.08)
				Administrative & General Expenses:				
1,721	1,183	538	45.48	Customer Accounts & Sales Expense	1,721	8,278	8,214	(0.77)
2,932	3,193	(261)	(8.17)	Administrative & General Expense	2,932	10,673	11,255	5.45
4,653	4,376	277	6.33	Total Administrative & General	4,653	18,951	19,469	2.73
43,794	36,633	7,161	19.55	Total Operation & Maintenance Expenses	43,794	215,677	187,863	(12.90)

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

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

Gainesville Regional Utilities
ELECTRIC REVENUE FUND
STATEMENT OF OPERATING INCOME
FOR FIRST QUARTER ENDED DECEMBER 31, 2008

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This Year	Last Year	Quarter Change	Change (%)		Year to Date	FY 09 Budget	FY 09 Projected	Change (%)
				NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION:				
13,477	13,446	31	0.23	Retail & Wholesale	13,477	87,737	80,917	(7.77)
249	212	37	17.45	Interchange	249	-	600	-
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13,726	13,658	68	0.50	TOTAL NET REVENUE IN ACCORDANCE WITH BOND RESOLUTION	13,726	87,737	81,517	(7.09)
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9,011	6,930	2,081	30.03	DEBT SERVICE	9,011	48,764	41,851	(14.18)
4,803	3,978	825	20.74	UPIF CONTRIBUTIONS	4,803	18,569	19,120	2.97
5,011	4,830	181	3.75	TRANSFER TO GENERAL FUND (Includes incentive)	5,011	20,045	20,187	0.71
131	59	72	122.03	NUCLEAR DECOMMISSIONING/FUEL DISPOSAL	131	359	359	-
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(5,230)	(2,139)	(3,091)	144.51	NET INCOME/(DEFICIT)	(5,230)	-	-	-
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Water Revenue Fund Financial Performance Discussion

The increase in FY09 revenue reflects the base rate increase over FY08 for the Water System implemented as of October 1, 2009. Actual k-Gal sales for FY09 are 5.8% lower as compared to FY08 sales for the first quarter. Overall these lower sales are predicted to result in Total Sales of Water to be down approximately 7%.

Other Revenues are down 39% primarily due to a decrease in connection charges in first quarter FY09 over FY08. This is a function of the continued downturn in the new housing and construction market. The downturn was anticipated, so current year projections are only slightly lower than budget.

Interest income for FY09, as compared to FY08, increased in the Water Revenue Fund due to a significant increase in cumulative cash available for investments. The Water Revenue Fund's interest income is \$33,000 greater even though its yield was .92% lower than in FY08.

Water Treatment expense is showing 27.9% higher than the first three months in FY08 primarily due to timing of monthly plant electricity billing. Water Distribution is 32.2% higher than FY08 due to increased labor efforts associated with operational labor maintenance. Additional distribution repairs were performed corrected in FY09, and as work shifts from expansion to maintenance, a higher percentage of the effort is shifted to O&M versus capital. Overall Operation & Maintenance Expenses are expected to come in below budget by 1% to 5%. These reductions are due to many factors, including an overall directive for departments to reduce expenditures in response to lower sales levels.

Customer Accounts and Sales expense has increased in FY09 over FY08 (\$114k), due to a higher percentage of the costs associated with field services being allocated to the Water System. Administrative and General expenses are down 8.8% for reasons previously discussed in the Electric System.

Debt Service expenses for FY09 decreased as compared to FY08 primarily because of a scheduled increase in principal payments of \$228,000 for the 1996A bonds, as well as new debt payments of \$479,000 for the 2008B bonds being offset by interest savings on the 2003C, 2005C, and 2006A bonds. Additionally, debt service expense is mitigated by the savings as a result of the 2008 Series C Commercial Paper Notes issuance which refunded the 2002A and 2002B bonds. The savings for the current fiscal year is estimated to be \$76,000. Debt Service expenses for FY09 will be less than budgeted due to a delay in issuing new debt for regular construction purposes.

Water Revenue Fund
Financial Performance Discussion cont.

Despite considerable savings achieved by delaying the FY09 planned bond issuance, we are projected to end the year with a net deficit rather than a net income as originally anticipated. This deficit is primarily due to lower sales. There was a programmed deposit to the Rate Stabilization Fund of over \$1.5m for the current year. Projected results show a withdrawal of nearly \$200k.

Gainesville Regional Utilities

**WATER REVENUE FUND
STATEMENT OF OPERATING INCOME
FOR FIRST QUARTER ENDED DECEMBER 31, 2008**

This Year	Quarter		Change (%)		Year to Date	FY 09 Budget	FY 09 Projected	Change (%)
	Last Year	Change						
5,775	5,327	448	8.41	REVENUES:	5,775	25,580	23,432	(8.40)
295	255	40	15.69	General Customers	295	1,388	1,541	11.02
580	516	64	12.40	University of Florida	580	2,555	2,747	7.51
-	-	-	-	Utility Surcharge	-	-	-	-
-	-	-	-	Fire Hydrant Rentals	-	-	-	-
6,650	6,098	552	9.05	Total Sales of Water	6,650	29,523	27,720	(6.11)
579	945	(366)	(38.73)	Other Revenues (1)	579	2,052	1,941	(5.41)
-	-	-	-	Rate Stabilization Fund Transfer	-	(1,584)	119	(107.51)
60	27	33	122.22	Interest Income	60	226	240	6.19
7,289	7,070	219	3.10	Total Revenues	7,289	30,217	30,020	(0.65)
1,382	1,080	302	27.96	OPERATION & MAINTENANCE EXPENSES:	1,382	6,103	6,019	(1.38)
529	400	129	32.25	Water Treatment Expense	529	2,126	2,020	(4.99)
376	262	114	43.51	Water Trans. & Dist. Expense	376	1,548	1,532	(1.03)
617	677	(60)	(8.86)	Customer Accounts & Sales Expense	617	3,336	3,357	0.63
2,904	2,419	485	20.05	Administrative & General Expense	2,904	13,113	12,928	(1.41)
4,385	4,651	(266)	(5.72)	Total Operation & Maintenance Expenses	4,385	17,104	17,092	(0.07)
1,390	1,583	(193)	(12.19)	TOTAL NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION	1,390	7,159	6,738	(5.88)
1,149	903	246	27.24	DEBT SERVICE	1,149	4,171	4,591	10.07
1,365	1,134	231	20.37	UPIF CONTRIBUTIONS	1,365	5,774	5,763	(0.19)
481	1,031	(550)	(53.35)	TRANSFER TO GENERAL FUND	481	-	-	-
				NET INCOME/(DEFICIT)				

(1) Other Revenue - Connection fees and miscellaneous.

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Wastewater Revenue Fund Financial Performance Discussion

Although wastewater billings for the first quarter of FY09 increased 7% over FY08, this increase is attributable to the base rate increase for the Water System implemented as of October 1, 2008. This revenue requirement increase is offset by a 6% decrease in actual k-Gals. Overall these lower sales are predicted to result in wastewater billings to be down approximately 5%.

Surcharge Revenues have increased this quarter over last quarter, and similar to the Water System, Other Revenues are down significantly (58%) due to a decrease in connection charges. This downturn was anticipated, resulting in projections close to budget.

Interest income for FY09, as compared to FY08, increased in the Wastewater Fund due to a significant increase in cumulative cash available for investments. The Wastewater Revenue Fund's interest income is \$41,000 greater even though its yield was .94% lower than in FY08. Current year results are close to the budgeted amounts.

Collection expenses are showing 10.2% higher than FY08 due to an increased O&M labor charge for collection mains. As work shifts from expansion to maintenance, a higher percentage of the effort is shifted to O&M versus capital. Treatment expenses are also showing an increase of 47.3% due to timing of electricity costs being posted in the system.

Customer Accounts and Sales expense has increased in FY09 over FY08 by 16.3%, due to a higher percentage of the costs associated with field services being allocated to the Wastewater System. Administrative and General expenses are down for reasons previously discussed in the Electric System.

Debt Service expenses decreased slightly from FY08 primarily because of a scheduled increase in principal payments of \$465,000 for the 1996A bonds, as well as new debt payments of \$507,000 for the 2008B bonds being offset by interest savings on the 2003C, 2005C, and 2006A bonds. Additionally, debt service expense is mitigated by the savings as a result of the 2008 Series C Commercial Paper Notes issuance which refunded the 2002A and 2002B bonds. The savings for the current fiscal year is estimated to be \$189,000. Debt Service expenses for FY09 will be less than budgeted due to a delay in issuing new debt for regular construction purposes.

Wastewater Revenue Fund
Financial Performance Discussion cont.

Despite considerable savings achieved by delaying the FY09 planned bond issuance, we are projected to end the year with a net income less than originally anticipated. This deficit is primarily due to lower sales. There was a programmed deposit to the Rate Stabilization Fund of \$867k for the current year. Projected results show a deposit of \$469k.

Gainesville Regional Utilities
WASTEWATER REVENUE FUND
STATEMENT OF OPERATING INCOME
FOR FIRST QUARTER ENDED DECEMBER 31, 2008

This Year	Quarter		Change (%)		Year to Date	FY 09 Budget	FY 09 Projected	Change (%)
	Last Year	Change						
7,046	6,580	466	7.08	REVENUES:	7,046	30,865	29,388	(4.79)
834	660	174	26.36	Wastewater Billings	834	2,328	2,477	6.40
452	1,096	(644)	(58.76)	Surcharge	452	2,746	2,467	(10.16)
-	-	-	-	Other Revenues (1)	-	(867)	(548)	(36.79)
102	61	41	67.21	Rate Stabilization Fund Transfer	102	337	408	21.07
				Interest Income				
<u>8,434</u>	<u>8,397</u>	<u>37</u>	<u>0.44</u>	Total Revenues	<u>8,434</u>	<u>35,409</u>	<u>34,192</u>	<u>(3.44)</u>
				OPERATION & MAINTENANCE EXPENSES:				
367	333	34	10.21	Wastewater Collection Expense	367	1,748	1,752	0.23
1,553	1,054	499	47.34	Wastewater Treatment Expense	1,553	6,463	6,302	(2.49)
270	232	38	16.38	Customer Accounts & Sales Expense	270	1,177	1,180	0.25
780	1,037	(257)	(24.78)	Administrative & General Expense	780	4,570	4,480	(1.97)
<u>2,970</u>	<u>2,656</u>	<u>314</u>	<u>11.82</u>	Total Operation & Maintenance Expenses	<u>2,970</u>	<u>13,958</u>	<u>13,714</u>	<u>(1.75)</u>
				TOTAL NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION				
<u>5,464</u>	<u>5,741</u>	<u>(277)</u>	<u>(4.82)</u>		<u>5,464</u>	<u>21,451</u>	<u>20,478</u>	<u>(4.54)</u>
1,819	2,004	(185)	(9.23)	DEBT SERVICE	1,819	9,429	8,479	(10.08)
1,452	1,230	222	18.05	UPIF CONTRIBUTIONS	1,452	5,704	5,810	1.86
1,647	1,362	285	20.93	TRANSFER TO GENERAL FUND	1,647	6,318	6,189	(2.04)
<u>545</u>	<u>1,145</u>	<u>(600)</u>	<u>(52.40)</u>	NET INCOME/(DEFICIT)	<u>545</u>	<u>-</u>	<u>-</u>	<u>-</u>

(1) Other Revenue - Connection fees and miscellaneous.

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Gas Revenue Fund Financial Performance Discussion

Residential therm sales were higher for the first quarter FY09 compared to last year. This is likely the result of cooler weather (65% greater heating degree days, and 26% fewer cooling degree days) and to a lesser extent, lower prices for natural gas. Commercial gas sales are less affected by weather. Additionally, \$1.4 million of the increase represents an accounting adjustment related to the timing of recognition of PGA into revenues. However, sales for FY09 are projected to be down for this system as with all others due to multiple reasons, primarily economic and conservation related.

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

Interest income for FY09 in the Gas Revenue Fund is comparable to FY08, due to a minor increase in cumulative cash available for investments, which is offset by a decrease in yield. The Gas Revenue Fund's interest income is \$3k greater with its yield being .98% lower than in FY08. These slightly favorable results carry into FY09 when comparing projection to budget numbers.

Operation and Maintenance expenses increased in FY09 over FY08 by 23.8% due to additional labor costs associated with mains repairs and related maintenance. Customer Accounts and Sales expense are up slightly over FY08, and Administrative and General Expenses are lower than FY08 amounts by 20.6% due to reasons previously discussed. Overall Operation & Maintenance Expenses are expected to come in below budget by 12% to 25%. These reductions are due to many factors, including an overall directive for departments to reduce expenditures in response to lower sales levels.

Debt Service expense decreased from FY08 primarily by the savings as a result of the 2008 Series C Commercial Paper Notes issuance which refunded the 2002A and 2002B bonds. The savings for the current fiscal year is estimated to be \$151,000. The decrease in Debt Service expense is somewhat offset by a scheduled increase in principal payments for the 1996A bonds. Debt Service expenses for FY09 will be less than budgeted due to a delay in issuing new debt for regular construction purposes.

Due to considerable savings achieved by delaying the FY09 planned bond issuance, we are projected to end the year with a net income rather than the net loss that was originally anticipated. There was a programmed withdrawal from the Rate Stabilization Fund of \$169k for the current year. Projected results show a deposit of nearly \$1.7m.

Gainesville Regional Utilities
GAS REVENUE FUND
STATEMENT OF OPERATING INCOME
FOR FIRST QUARTER ENDED DECEMBER 31, 2008

This Year	Quarter		Change (%)		Year to Date	FY 09 Budget	FY 09 Projected	Change (%)
	Last Year	Change						
2,775	1,028	1,747	169.94	REVENUES:				
829	888	(59)	(6.64)	Sales of Gas and Service:				
752	(377)	1,129	(299.47)	Residential	2,775	8,057	7,573	(6.01)
4,725	4,247	478	11.26	Commerical & Industrial	829	3,901	2,890	(25.92)
86	56	30	53.57	Interruptible & Transportation	752	1,003	650	(35.19)
198	153	45	29.41	Purchased Gas Adjustment	4,725	22,141	17,673	(20.18)
72	88	(16)	(18.18)	Surcharge	86	276	230	(16.67)
				Cleanup Cost Recovery Factor (MGP)	198	836	821	(1.79)
				Other Revenue (1)	72	137	181	32.12
9,437	6,083	3,354	55.14	Total Sales	9,437	36,351	30,018	(17.42)
-	-	-	-	Miscellaneous Revenue:				
129	133	(4)	(3.01)	Rate Stabilization Fund Transfer	-	169	(1,622)	(1,059.76)
				Interest Income	129	547	530	(3.11)
9,566	6,216	3,350	53.89	Total Revenues	9,566	37,067	28,926	(21.96)
5,876	4,576	1,300	28.41	OPERATION & MAINTENANCE EXPENSES:				
457	369	88	23.85	Fuel Expense - Purchased Gas	5,876	23,589	17,673	(25.08)
490	459	31	6.75	Operation & Maintenance Expenses	457	1,735	1,526	(12.05)
269	339	(70)	(20.65)	Customer Accounts & Sales Expense	490	2,119	1,587	(25.11)
				Administrative & General Expense	269	1,629	1,650	1.29
7,092	5,743	1,349	23.49	Total Operation & Maintenance Expenses	7,092	29,072	22,436	(22.83)
2,474	473	2,001	423.07	TOTAL NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION	2,474	7,995	6,490	(18.82)
685	795	(110)	(13.84)	DEBT SERVICE	685	4,407	3,006	(31.79)
453	384	69	17.97	UPIF CONTRIBUTIONS	453	1,769	1,810	2.32
541	372	169	45.43	TRANSFER TO GENERAL FUND	541	1,819	1,674	(7.97)
795	(1,078)	1,873	(173.76)	NET INCOME/(DEFICIT)	795	-	-	-

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

Telecommunications Revenue Fund Financial Performance Discussion

Telecommunication revenue increased by 5.6% in the first quarter of FY09 compared to the first quarter of FY08. Internet access and trunking radio revenues were comparable to the same period in FY08. Tower Lease Rental revenue increased in FY09 over FY08 by 15.3%, due to the addition of several new rental contracts. All of the revenues for FY09 are projected to come in at or near budgeted levels.

Interest income for FY09, as compared to FY08, increased in the Telecommunications Revenue Fund due to significant increase in cumulative cash available for investments. The Telecommunication Revenue Fund's interest income is \$18,000 greater, even though its yield was 1.08% lower than in FY08.

GRUCom's long running lawsuit regarding property taxes came to a close in November 2008 with a favorable ruling from the Alachua County Circuit Court. Since 1999 the City has been seeking a ruling that the taxation of GRUCom's fiber optic network and Internet services equipment are exempt from taxation under the Florida Constitution. The case was on remand from the Florida Supreme Court that had ruled that the fact that such services are essential does not make a City's telecommunications equipment automatically exempt from taxation. Instead the Supreme Court said that such equipment is exempt only if the City entered the telecommunications market for one of four reasons: 1.) to provide customers with freedom of choice; 2.) to encourage new services; 3.) to encourage innovation; or 4.) to encourage investment in telecommunications infrastructure. After a two day hearing before the Circuit Court, the judge ruled from the bench that the City had entered and remains in the telecommunications market for all of these reasons. The Plaintiffs in the case, the Alachua County Property Appraiser and the Florida Department of Revenue, decided not to appeal the verdict, thus ending the lawsuit. Had GRUCom lost this case it would have been subject to approximately \$2 million in back taxes and interest and faced an annual tax liability in the future starting at about \$300, 000.

First quarter FY09 Operating and Maintenance expenses increased by 16.8% compared to the prior year amount. This increase is due largely to increased purchased circuits associated with system expansion, as well as other incremental increases, such as utilities expense. However, FY09 expenses are projected to be nearly \$2m less than budgeted, primarily due to the aforementioned court case.

Telecommunications Revenue Fund
Financial Performance Discussion cont.

Customer Accounts and Sales expense is 12.7% below first quarter spending compared to last year, which is largely due to decreased marketing expenses in the FY09. Additionally, Administrative and General Expenses decreased by 24.5% in first quarter FY09, compared to first quarter FY08 for reasons previously discussed.

Debt Service expenses increased from FY08 due primarily to the payments required by new debt. The 2008A bonds account for approximately \$200,000 of the increase from FY08 to FY09. Debt Service expenses for FY09 will be less than budgeted due to a delay in issuing new debt for regular construction purposes.

Due to considerable savings achieved by delaying the FY09 planned bond issuance and through the settled court case, we are projected to end the year with a smaller net loss than originally anticipated. There was a programmed withdrawal from the Rate Stabilization Fund of \$2.3m for the current year. Projected results show a withdrawal of \$57k.

Gainesville Regional Utilities
TELECOMMUNICATIONS REVENUE FUND
STATEMENT OF OPERATING INCOME
FOR FIRST QUARTER ENDED DECEMBER 31, 2008

This Year	Last Year	Quarter Change	Change (%)		Year to Date	FY 09 Budget	FY 09 Projected	Change (%)
REVENUES:								
Sales :								
1,266	1,192	74	6.21	Telecommunication	1,266	5,371	5,371	-
546	547	(1)	(0.18)	Trunking Radio	546	2,039	2,039	-
383	332	51	15.36	Tower Lease Rental	383	1,368	1,368	-
330	318	12	3.77	Internet Access	330	1,605	1,605	-
<hr/>								
2,525	2,389	136	5.69	Total Sales	2,525	10,383	10,383	-
Miscellaneous Revenue:								
-	-	-	-	Rate Stabilization Fund Transfer/Borrowings	-	2,290	(37)	(101.62)
81	46	35	76.09	Interest Income	81	256	324	26.56
<hr/>								
2,606	2,435	171	7.02	Total Revenues	2,606	12,929	10,670	(17.47)
<hr/>								
OPERATION & MAINTENANCE EXPENSES:								
678	580	98	16.90	Operation & Maintenance Expenses	678	5,568	3,451	(38.02)
89	102	(13)	(12.75)	Customer Accounts & Sales Expense	89	368	369	0.27
393	521	(128)	(24.57)	Administrative & General Expense	393	1,967	2,100	6.76
<hr/>								
1,160	1,203	(43)	(3.57)	Total Operation & Maintenance Expenses	1,160	7,903	5,920	(25.09)
<hr/>								
1,446	1,232	214	17.37	TOTAL NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION	1,446	5,026	4,750	(5.49)
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884	705	179	25.39	DEBT SERVICE	884	4,322	3,626	(16.10)
195	93	102	109.68	UPIF CONTRIBUTIONS	195	359	780	117.27
87	84	3	3.57	TRANSFER TO GENERAL FUND	87	345	344	(0.29)
<hr/>								
277	356	(79)	(22.19)	NET INCOME/(DEFICIT)	277	-	-	-

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Balance Sheet – Combined Funds
As of December 31, 2008

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, 2008.

In the Restricted Assets section, the Construction Fund balance nearly doubled when compared to December 31, 2007. This was due to the 2008 Series A and B bond issuance of \$151 million for construction of capital projects in February 2008. 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 an increase in Fuel Payable, primarily caused by higher fuel prices. GRU's long-term coal contracts expired, which has required the Utility to purchase on the spot market. Coal prices for this time last year were \$56 per ton, and for 2008 they were approximately \$125 per ton. GRU has since secured a long-term contract which will effectively lower the cost of coal. Deferred credits included an amount for the Rate Stabilization transfer which is offset by an increase in the Restricted Asset.

Other Payables from Restricted Assets decreased, primarily due to the reduction of Construction Fund payables outstanding, which decreased from \$7.2 million in FY08, to \$1.5 million in FY09.

The redemption of variable rate debt, the 2002 Series A and 2002 Series B bonds for \$62 million with Commercial Paper Notes, caused the decrease in Utilities System Revenue Bonds Payable-Sub Debt and a commensurate increase in the Commercial Paper Notes Payable.

**GAINESVILLE REGIONAL UTILITIES
COMBINED FUNDS
BALANCE SHEET
DECEMBER 31, 2008**

(000's)	ASSETS	Dec 31, 2008	Dec 31, 2007	\$ Difference	% Difference
	CURRENT ASSETS:				
	Cash, Investments & Accounts Receivable	20,090	26,013	(5,923)	-29.5%
	Other Current Assets	34,295	36,740	(2,445)	-7.1%
	TOTAL CURRENT ASSETS	54,385	62,753	(8,368)	-15.4%
	RESTRICTED ASSETS:				
	Debt Service Fund	16,634	16,007	627	3.8%
	Construction Fund	113,519	52,673	60,846	53.6%
	Utility Plant Improvement Fund	26,094	23,391	2,703	10.4%
	Rate Stabilization Fund	73,244	66,616	6,628	9.0%
	Other Restricted Assets	17,156	15,097	2,059	12.0%
	TOTAL RESTRICTED ASSETS	246,647	173,784	72,863	29.5%
	NON-CURRENT ASSETS	120,235	119,825	410	0.3%
	NET CAPITAL ASSETS	974,817	848,637	126,180	12.9%
	TOTAL ASSETS	1,396,084	1,204,999	191,085	13.7%
	LIABILITIES AND NET ASSETS				
	CURRENT LIABILITIES	27,847	14,508	13,339	47.9%
	PAYABLE FROM RESTRICTED ASSETS:				
	Rate Stabilization Deferred Credit	68,314	73,091	(4,777)	-7.0%
	Other Payables From Restricted Assets	22,363	27,766	(5,403)	-24.2%
	TOTAL PAYABLE FROM RESTRICTED ASSETS	90,677	100,857	(10,180)	-11.2%
	LONG TERM-DEBT:				
	Utilities System Revenue Bonds Payable-Senior Lien Debt	702,914	529,999	172,915	24.6%
	Utilities System Revenue Bonds Payable-Sub. Debt	0	61,175	(61,175)	-100.0%
	Commercial Paper Notes Payable	62,000	0	62,000	0.0%
	Unamortized Bond Financing Costs	(21,465)	(22,731)	1,266	-5.9%
	TOTAL LONG-TERM DEBT	743,449	568,443	175,006	23.5%
	OTHER NON-CURRENT LIABILITIES	138,369	142,236	(3,868)	-2.8%
	TOTAL LIABILITIES	1,000,341	826,044	174,297	17.4%
	TOTAL NET ASSETS	395,742	378,955	16,787	4.2%
	TOTAL LIABILITIES AND NET ASSETS	1,396,083	1,204,999	191,084	13.7%

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Supplemental Data

Gainesville Regional Utilities

ELECTRIC RESALE

FOR FIRST QUARTER ENDED DECEMBER 31, 2008

Month December					Three Months Period Ended December 31			
<u>This Year</u>	<u>Per KWh</u>	<u>Last Year</u>	<u>Per KWh</u>	<u>Change</u>		<u>This Year</u>	<u>Last Year</u>	<u>Change</u>
785,576	0.0869	580,443	0.0708	205,133	Resale Revenue	2,384,279	1,973,532	410,748
505,329	0.0829	370,065	0.0660	135,264	Alachua	1,504,661	1,247,261	257,400
					Seminole			
<u>1,290,905</u>	0.0853	<u>950,507</u>	0.0688	<u>340,397</u>	Total Resale Revenue	<u>3,888,940</u>	<u>3,220,793</u>	<u>668,147</u>
					Resale KWh			
9,036,430		8,198,943		837,487	Alachua	27,269,819	25,422,587	1,847,232
6,097,392		5,607,306		490,086	Seminole	18,073,551	17,044,617	1,028,934
<u>15,133,822</u>		<u>13,806,249</u>		<u>1,327,573</u>	Total Resale KWh	<u>45,343,370</u>	<u>42,467,204</u>	<u>2,876,166</u>

Gainesville Regional Utilities

ELECTRIC STATISTICS

FOR FIRST QUARTER ENDED DECEMBER 31, 2008

Month December				Three Months Period Ended December 31		
This Year	Last Year	Change		This Year	Last Year	Change
<u>95,641</u>	<u>91,819</u>	<u>3,822</u>	Total Customers	<u>95,327</u>	<u>92,404</u>	<u>2,923</u>
30,934	30,639	295	Street Lights in Service	30,934	30,639	295
583.20	588.17	(4.97)	Miles of Overhead Distribution Line	583.20	588.17	(4.97)
821.96	799.26	22.70	Miles of Underground Distribution Line	821.96	799.26	22.70
<u>1,405.16</u>	<u>1,387.43</u>	<u>17.73</u>	Total Miles of Distribution Line	<u>1,405.16</u>	<u>1,387.43</u>	<u>17.73</u>
364	320	44	Maximum Peak Load Generated/Gross (MW)	372	401	(29)
340	318	22	Maximum Peak Load Generated/Net (MW)	345	385	(40)
150,961	148,812	2,149	Net Energy for Load (MWh)	166,036	182,310	(16,274)
59.68	62.90	(3.22)	Load Factor - Percent	64.69	66.67	(1.98)
<u>11,272.80</u>	<u>11,214.30</u>	<u>58.50</u>	BTU per KWh Net Generated	<u>33,502.60</u>	<u>33,393.80</u>	<u>108.80</u>
33	32	1	Cooling Degree DBFs - Actual Days	253	346	(93)
25	25	-	Cooling Degree DBFs - Normal Days	318	318	-
8	7	1	Difference from Normal	(65)	28	(93)

Gainesville Regional Utilities
WATER & WASTEWATER STATISTICS
FOR FIRST QUARTER ENDED DECEMBER 31, 2008

WATER

Month December			Three Months Period Ended December 31			
This Year	Last Year	Change		This Year	Last Year	Change
69,526	69,261	265	Total Customers	69,342	69,435	(93)
			Pumpage - Mega-gallons			
28,498	26,797	1,701	Raw Water - Max	30,545	29,774	771
18,828	19,330	(502)	Raw Water - Min	18,828	19,330	(502)
22,755	23,502	(747)	Raw Water - Avg	24,969	25,299	(330)
705,416	728,559	(23,143)	Total	2,297,121	2,327,527	(30,406)
25,275	26,499	(1,224)	Distribution System - Max	30,043	28,106	1,937
19,432	18,920	512	Distribution System - Min	19,432	18,920	512
22,659	23,312	(653)	Distribution System - Avg	24,841	24,989	(148)
702,437	722,657	(20,220)	Total	2,285,412	2,298,999	(13,587)
29.03	30.67	(1.64)	Maximum Daily Pumpage	35.41	35.25	0.16
26.30	27.12	(0.82)	Average Max. Daily Pumpage	29.12	29.28	(0.16)
16.46	13.53	2.93	Minimum Daily Pumpage	16.46	13.53	2.93
18.52	19.20	(0.68)	Average Min. Daily Pumpage	19.96	20.07	(0.11)
1,095.2	1,082.7	12.5	Miles of Main	1,095.2	1,082.7	12.5
5,428	5,251	177	Hydrants	5,428	5,251	177
0.89	2.04	(1.15)	Precipitation - Actual Inches	6.09	9.89	(3.80)
2.43	2.43	-	Precipitation - Normal Inches	7.68	7.68	-
(1.54)	(0.39)	(1.15)	Difference from Normal	(1.59)	2.21	(3.80)

WASTEWATER

Month December			Three Months Period Ended December 31			
This Year	Last Year	Change		This Year	Last Year	Change
61,125	61,157	(32)	Total Customers	60,913	61,456	(543)
606.9	601.3	5.6	Miles of Gravity Main	606.9	601.3	5.6
133.4	131.5	1.9	Miles of Force Main	133.4	131.5	1.9
740.3	732.8	7.5	Total Miles of Main	740.3	732.8	7.5

Gainesville Regional Utilities

GAS STATISTICS

FOR FIRST QUARTER ENDED DECEMBER 31, 2008

Month December				Three Months Period Ended December 31		
This Year	Last Year	Change		This Year	Last Year	Change
33,499	33,589	(90)	Total NG Customers	32,875	33,071	(196)
181	197	(16)	LP Gas Total Customers	188	196	(8)
			Distribution Mains			
727.82	716.91	10.91	NG System	727.82	716.91	10.91
7.45	7.45	0.00	LP System	7.45	7.45	0.00
735.27	724.36	10.91	Total Distribution Mains	735.27	724.36	10.91
1,040.20	1,026.80	13.40	Average BTU per Cubic Foot	1,036.20	1,029.17	7.03
1.60410	2.39089	(0.78679)	LP Gas Fuel Adjustment \$/Gal	1.94063	1.46743	0.47320
199	153	46	Heating Degree DBFs - Actual Days	487	294	193
283	283	-	Heating Degree DBFs - Normal Days	429	429	-
(84)	(130)	46	Difference from Normal	58	(135)	193
			Purchased Natural Gas Clause			
0.83000	0.98560	(0.15560)	Firm PGA	0.87378	0.72422	0.14956
0.86200	0.97440	(0.11240)	Interruptible PGA	0.87797	0.71306	0.16490

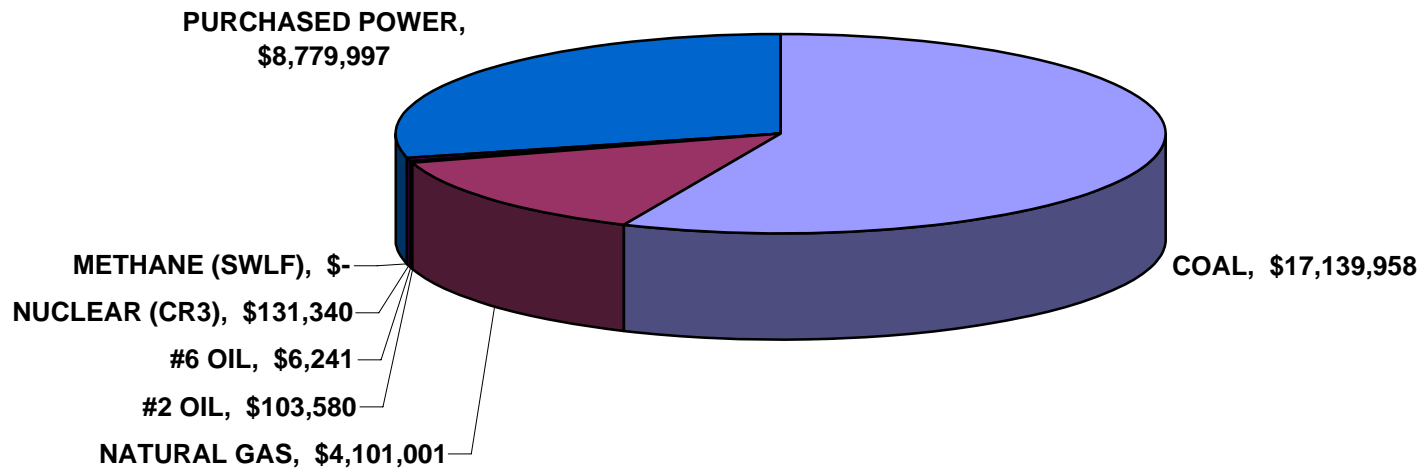
Gainesville Regional Utilities

**CLEAN AIR ALLOWANCES
FOR FIRST QUARTER ENDED DECEMBER 31, 2008**

Fourth Quarter that Ended September					SO2 Emissions (tons)	Fiscal Year 2008				
This Year	%	Last Year	%	Change		This Year	%	Last Year	%	Change
0.10	0.0056	0.10	0.0047	-	John R. Kelly: Total (CC1)	1.00	0.0131	1.00	0.0126	-
0.7	0.039	7.8	0.369	(50.9)	Deerhaven B1	48.0	0.630	112.0	1.409	(50.9)
1,772.6	99.961	2,106.5	99.631	(1,279.1)	B2	7,574.0	99.370	7,837.0	98.591	(1,279.1)
0.0	-	0.0	-	(0.1)	CT3	0.00	-	0.00	-	(0.1)
<u>1,773.3</u>	99.994	<u>2,114.3</u>	99.995	<u>(341.0)</u>	Total Emissions	<u>7,622.0</u>	99.987	<u>7,949.0</u>	99.987	<u>(327.0)</u>
<u>1,773.4</u>		<u>2,114.4</u>		<u>(341.0)</u>	Total GRU Emissions	<u>7,623.0</u>		<u>7,950.0</u>		<u>(327.0)</u>

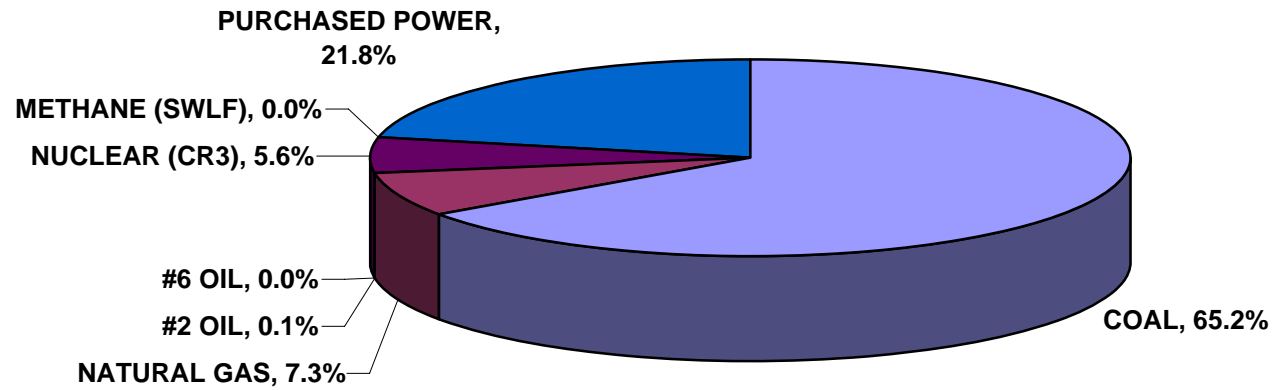
Calendar Year 2007					SO2 Allowances (tons)	Calendar Year 2008				
Deerhaven	%	JR Kelly	%	GRU Total		Deerhaven	%	JR Kelly	%	GRU Total
2,087	94.777	115	5.223	2,202	Carryover	2,507	93.580	172	6.420	2,679
8,369	99.312	58	0.688	8,427	Yearly Allocation	8,369	99.312	58	0.688	8,427
<u>10,456</u>	98.372	<u>173</u>	1.628	<u>10,629</u>	Total	<u>10,876</u>	97.929	<u>230</u>	2.071	<u>11,106</u>
7,949	99.987	1	0.013	7,950	Used	7,622	99.987	1	0.013	7,623
<u>2,507</u>	93.580	<u>172</u>	6.420	<u>2,679</u>	Left Over	<u>3,254</u>	93.425	<u>229</u>	6.575	<u>3,483</u>

Total Cost by Fuel Type Three Months Ending December 31, 2008



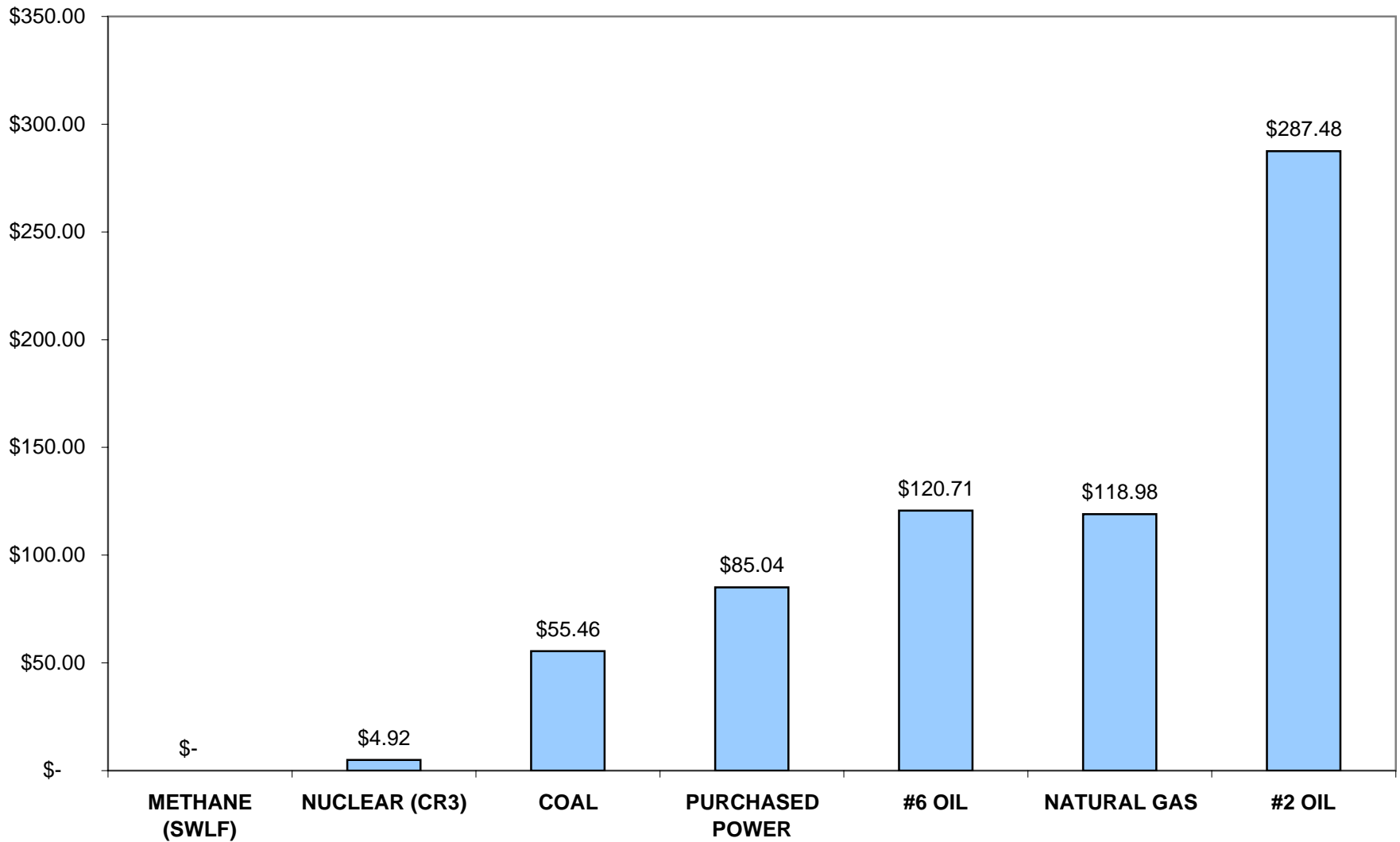
■ COAL ■ NATURAL GAS □ #2 OIL □ #6 OIL ■ NUCLEAR (CR3) ■ METHANE (SWLF) ■ PURCHASED POWER

MWh Generation by Fuel Type Three Months Ending December 31, 2008



■ COAL ■ NATURAL GAS ■ #2 OIL ■ #6 OIL ■ NUCLEAR (CR3) ■ METHANE (SWLF) ■ PURCHASED POWER

**Total Cost per MWh by Fuel Type
Three Months Ending December 31, 2008**



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Definitions and Supplemental Information

Glossary of Terms Flow of Funds Statements

All Systems

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

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

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

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

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

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

Electric System

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

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

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

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

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

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

Gas System

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

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

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

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

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

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

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

Water System

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

Wastewater System

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

GRUCom System

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

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

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

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

Glossary of Terms Balance Sheet

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

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

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

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

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

Current Liabilities – Includes fuels, vendor and miscellaneous payables.

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

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

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

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

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

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

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