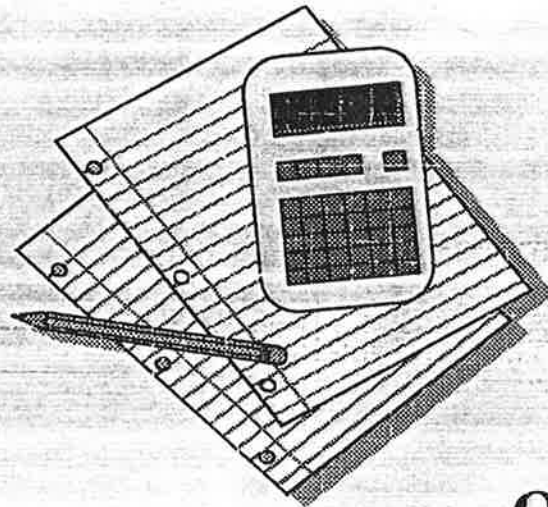


**Gainesville
Regional
Utilities**



**Quarterly
Financial
Report as of
March 31, 2000**

**GAINESVILLE REGIONAL UTILITIES
QUARTERLY FINANCIAL REPORT
MARCH 31, 2000**

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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 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 revenue requirements, 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 (GRU) has adopted the uniform system of accounts prescribed by the Federal Energy Regulatory Commission (FERC) and the National Association of Regulatory Utility Commissioners (NARUC).

Definitions of Key Account Groups

Electric Retail Sales – Sales to the ultimate or consuming customer includes residential, general service (demand and non-demand), large power, and City traffic and street lights.

Electric Interchange Sales – Large blocks of energy sold to other utilities on a firm or non-firm basis. These sales are controlled through GRU's Power Supply Department, which monitors excess availability of power generated.

Electric Fuel Adjustment Revenue – 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.

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

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

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

Gas Interruptible Sales – 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.

Water Other Revenues – Connection fee charges for water service to new housing locations.

Wastewater Other Revenues – Connection fee charges for wastewater service to new housing locations.

Surcharge – Additional charge to customers in the unincorporated service area, i.e. Electric – 10%; Water – 25%; Wastewater – 25%.

GRUCom Fiber Optics Transport 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 units requiring high bandwidth connections for delivery of data, voice and video signals. Also includes revenues from dedicated Internet access services delivered over the fiber network.

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

GRUNet sales – Revenue generated from the sale of dial-up Internet access. GRUNet is available anywhere in the local calling area and is primarily used by residential customers for access to the Internet at a data rate of 56 kilobits per second.

Tower Lease Rental Revenue – 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.

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.

Operation & Maintenance Expense – Fuel – This represents the cost of fuel sources 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.

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

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

UPIF Contribution – 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 is established under a formula level set forth in the GRU Bond Resolution. It represents the equity that the utility puts into the system. Good business practice dictates and our bondholders require such equity contribution.

Lease\Leaseback Transaction – The lease and subsequent leaseback of Deerhaven Unit 1 and a substantial portion of the Deerhaven Unit 2 generating facilities. Under the terms of the transaction, GRU continues to own, operate, maintain and staff the facilities. The net benefit to the City of this transaction was approximately \$35 million.

Nuclear Decommissioning\Fuel Disposal – As a partial owner of the Crystal River Unit 3 (CR3) nuclear power plant operated by Florida Power Corporation (FPC), 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.

Current Year Performance-to-Date and Projected Results

Electric System

At the current pace, retail sales are projected to be slightly down for fiscal year 2000. However, that trend is changing as more recently the weather has been hotter and drier than normal. Since the summer months produce a majority of sales in this system, if current conditions continue, sales should meet budgeted expectations.

Interchange sales are higher than budgeted, but this is directly due to high natural gas costs, which are directly passed on to customers. Net interchange sales, after fuel cost, are projected to be about as budgeted for the year.

Gas System

In the gas system, the majority of sales activity takes place during the winter months. Year-to-date revenues have exceeded budget, but this is due to the high cost of natural gas. When fuel cost is considered, the net revenue for gas operations is projected to finish below budget for the year. Once again, the cause is a warmer than normal winter, thus lower gas heating requirements.

Water & Wastewater Systems

Through March, water consumption was higher than normal. However, water usage restrictions imposed in May will force lower usage, thus, lower than budgeted sales. We project totals will exceed budget for the year by approximately 2%.

Wastewater billings follow water's pattern, so projected revenues should also be higher than budgeted by about the same percentage.

In both water and wastewater, connection fee revenue, included on the financial statements under the "Other Revenue" category, will exceed budget by about 15% to 20% for the year.

GRUCom

GRUCom revenues for fiscal 2000 are currently projected to be somewhat lower than budget; however, total revenue should still end up approximately 47% higher than fiscal 1999. Currently, Trunking Radio Service (TRS) and GRUNet are lagging slightly. The in-service date for TRS was pushed back due to difficulties encountered in finalizing the Inter-local Agreement with the County, resulting in a delay in revenue generation. The urban portion of TRS is now expected to become operational in July of this year.

An advertising campaign slated for August should jump start GRUNet sign-ups by early fall. It was also decided to grandfather GRUNet customers that signed up at the original introductory rate for service rather than bill them at the new, higher monthly rate. Total GRUCom revenues are expected to continue to increase into fiscal 2001.

GAINESVILLE REGIONAL UTILITY SERVICES

ELECTRIC REVENUE FUND

Statement of Operating Income

For the Six Month Period Ended March 31, 2000

	Year To Date Last Year	Year To Date	Annual Budget	Twelve Month Projection	Difference Projection vs. Budget	Difference as a % of Annual Budget
REVENUES:						
Residential Sales	18,864	19,705	44,480	43,483	(997)	(2.24)
General Service Sales	14,783	14,971	33,328	32,614	(714)	(2.14)
Large Power Sales	2,402	2,524	5,876	5,662	(214)	(3.64)
Interchange Sales	3,210	2,863	5,917	6,574	657	11.10
Utility Surcharge	1,365	1,430	3,163	3,114	(49)	(1.55)
Other Electric Sales	3,798	3,723	8,539	8,224	(315)	(3.69)
Total Sales of Elec. Before Fuel Adj	44,422	45,216	101,303	99,671	(1,632)	(1.61)
Fuel Adjustment	11,693	12,509	28,319	29,204	885	3.13
Total Sales of Electricity	56,115	57,725	129,622	128,875	(747)	(0.58)
Other Revenues	1,019	1,062	2,629	2,250	(379)	(14.42)
Lease/Leaseback Revenue	249,223	0	0	0	0	0.00
Rate Stabilization Fund Transfer	4,803	0	(5,197)	(5,197)	0	0.00
Interest Income	2,541	2,005	5,000	5,169	169	3.38
Total Revenues	313,701	60,792	132,054	131,097	(957)	(0.72)
OPERATION & MAINTENANCE EXPENSES:						
Total Fuel Expense	16,667	18,608	41,876	41,723	(153)	(0.37)
Total Non-Fuel Expense	14,786	16,370	32,580	32,605	25	0.08
Total Operation & Maintenance Expenses	31,453	34,978	74,456	74,328	(128)	(0.17)
NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION:						
Retail & Wholesale Interchange	279,984	24,321	54,329	53,480	(849)	(1.56)
	2,264	1,493	3,269	3,289	20	0.61
TOTAL NET REVENUE IN ACCORDANCE WITH BOND RESOLUTION	282,248	25,814	57,598	56,769	(829)	(1.44)
DEBT SERVICE	46,930	11,655	22,401	22,702	301	1.34
UPI/F CONTRIBUTIONS	9,419	9,516	19,035	19,028	(7)	(0.04)
LEASE/LEASEBACK INVESTMENT PURCHASES	213,738	0	0	0	0	0.00
TRANSFER TO GENERAL FUND	12,367	7,551	15,405	15,356	(49)	(0.32)
NUCLEAR DECOMMISSIONING/FUEL DISPOSAL	101	280	757	757	0	0.00
NET INCOME/(DEFICIT)	(307)	(3,188)	0	(1,074)	(1,074)	0.00

GAINESVILLE REGIONAL UTILITIES

GAS REVENUE FUND

Statement of Operating Income

For the Six Month Period Ended March 31, 2000

	Year To Date Last Year	Year To Date	Annual Budget	Twelve Month Projection	Difference Projection vs. Budget	Difference as a % of Annual Budget
REVENUES:						
Sales of Gas and Service:						
Residential	3,860	5,233	7,779	8,017	238	3.06
Commercial & Industrial	2,228	2,793	4,357	4,729	372	8.54
Interruptible	834	850	1,280	1,487	207	16.17
Other Gas Sales	38	243	405	446	41	10.12
Total Sales	6,960	9,119	13,821	14,679	858	6.21
Miscellaneous Revenue:						
Net Income - Jobbing	18	(43)	75	0	(75)	(100.00)
Other Revenue	67	69	268	150	(118)	(44.03)
Rate Stabilization Fund Transfer	0	0	99	99	0	0.00
Interest Income	225	218	400	484	84	21.00
Total Revenues	7,270	9,363	14,663	15,412	749	5.11
OPERATION & MAINTENANCE EXPENSES:						
Total Fuel Expense	3,572	4,789	6,226	7,427	1,201	19.29
Total Non-Fuel Expense	1,656	1,931	4,642	4,553	(89)	(1.92)
Total Operation & Maintenance Expenses	5,228	6,720	10,868	11,980	1,112	10.23
TOTAL NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION						
DEBT SERVICE	2,042	2,643	3,795	3,432	(363)	(9.57)
UPIF CONTRIBUTIONS	815	879	1,795	1,798	3	0.17
TRANSFER TO GENERAL FUND	467	484	942	994	52	5.52
	561	529	1,058	1,058	0	0.00
NET INCOME/(DEFICIT)	199	751	0	(418)	(418)	0.00

GAINESVILLE REGIONAL UTILITIES
WATER REVENUE FUND
 Statement of Operating Income
 For the Six Month Period Ended March 31, 2000

	Year To Date Last Year	Year To Date	Annual Budget	Twelve Month Projection	Difference Projection vs. Budget	Difference as a % of Annual Budget
REVENUES:						
General Customers	4,348	4,506	9,470	9,621	151	1.59
University of Florida	281	297	608	608	0	0.00
Electric Generation Stations	24	19	30	36	6	20.00
Utility Surcharge	431	454	941	962	21	2.23
Fire Hydrant Rentals	480	490	1,056	1,020	(36)	(3.41)
Total Sales of Water	5,564	5,766	12,105	12,247	142	1.17
Other Revenues	913	836	1,300	1,500	200	15.38
Rate Stabilization Fund Transfer	0	0	1,279	1,279	0	0.00
Interest Income	540	566	890	1,243	353	39.66
Total Revenues	7,017	7,168	15,574	16,269	695	4.46
Total Operation & Maintenance Expenses	2,936	3,178	6,647	6,685	38	0.57
TOTAL NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION	4,081	3,990	8,927	9,584	657	7.36
DEBT SERVICE	1,836	2,002	3,899	3,999	100	2.56
UPIF CONTRIBUTIONS	987	1,142	2,261	2,306	45	1.99
TRANSFER TO GENERAL FUND	1,265	1,367	2,767	2,788	21	0.76
NET INCOME/(DEFICIT)	(7)	(521)	0	491	491	0.00

GAINESVILLE REGIONAL UTILITIES
WASTEWATER REVENUE FUND
Statement of Operating Income
For the Six Month Period Ended March 31, 2000

	Year To Date Last Year	Year To Date	Annual Budget	Twelve Month Projection	Difference Projection vs. Budget	Difference as a % of Annual Budget
REVENUES:						
Wastewater Billings	6,805	7,031	14,117	14,140	23	0.16
Surcharge	581	627	1,189	1,226	37	3.11
Other Revenues	1,073	1,246	1,700	2,000	300	17.65
Rate Stabilization Fund Transfer	0	0	2,463	2,463	0	0.00
Interest Income	821	852	1,664	1,863	199	11.96
Total Revenues	<u>9,280</u>	<u>9,756</u>	<u>21,133</u>	<u>21,692</u>	<u>559</u>	<u>2.65</u>
Total Operation & Maintenance Expenses	<u>4,110</u>	<u>4,297</u>	<u>8,797</u>	<u>8,600</u>	<u>(197)</u>	<u>(2.24)</u>
TOTAL NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION	<u>5,170</u>	<u>5,459</u>	<u>12,336</u>	<u>13,092</u>	<u>756</u>	<u>6.13</u>
DEBT SERVICE	2,571	2,831	5,464	5,634	170	3.11
UPIF CONTRIBUTIONS	1,354	1,580	3,124	3,197	73	2.34
TRANSFER TO GENERAL FUND	1,778	1,906	3,748	3,785	37	0.99
NET INCOME/(DEFICIT)	<u>(533)</u>	<u>(858)</u>	<u>0</u>	<u>476</u>	<u>476</u>	<u>0.00</u>

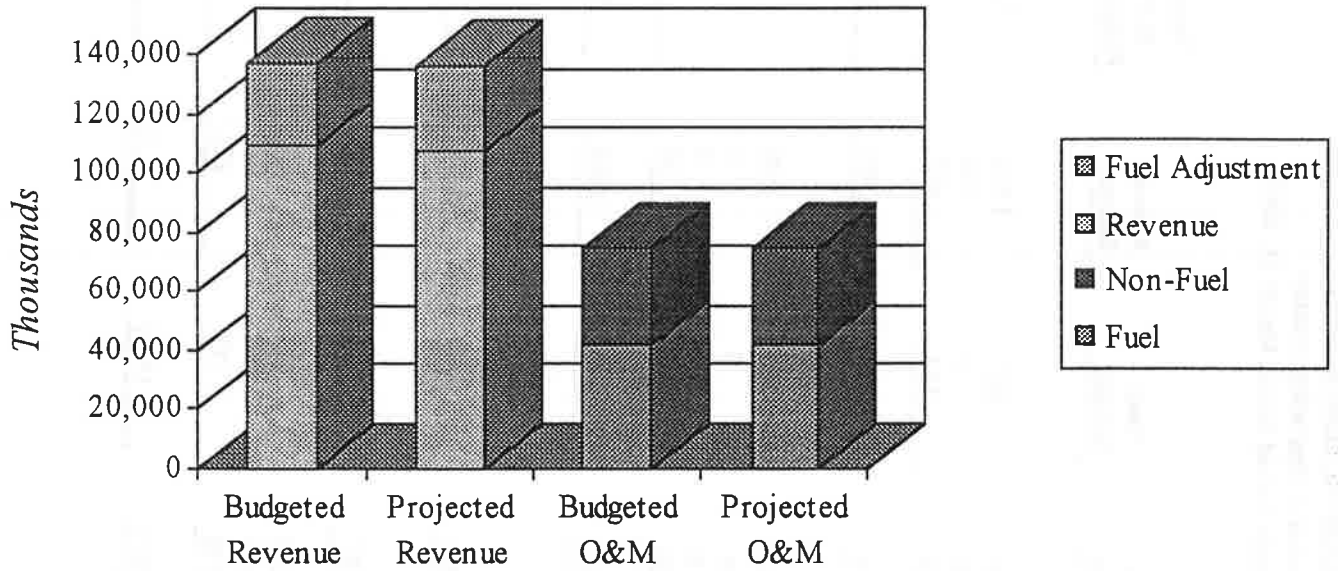
GAINESVILLE REGIONAL UTILITIES
GRUCOM REVENUE FUND
 Statement of Operating Income
 For the Six Month Period Ended March 31, 2000

	Year To Date Last Year	Year To Date	Annual Budget	Twelve Month Projection	Difference Projection vs. Budget	Difference as a % of Annual Budget
REVENUES:						
Sales :						
Fiber Optics-Non-Residential	516	901	1,832	1,817	(15)	(0.82)
Trunking Radio	0	0	454	265	(189)	(41.63)
Internet Access	63	173	477	412	(65)	(13.63)
Total Sales	579	1,074	2,763	2,494	(269)	(9.74)
Miscellaneous Revenue:						
Tower Lease Rental	379	401	856	828	(28)	(3.27)
Other Revenues	16	0	0	0	0	0.00
Rate Stabilization Fund Transfer	0	0	0	0	0	0.00
Interest Income	28	8	36	32	(4)	(11.11)
Total Revenues	1,002	1,483	3,655	3,354	(301)	(8.24)
Total Operation & Maintenance Expenses						
	665	795	1,754	1,826	72	4.10
TOTAL NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION	337	688	1,901	1,528	(373)	(19.62)
DEBT SERVICE	282	410	1,056	922	(134)	(12.69)
UPIF CONTRIBUTIONS/CAPITAL	411	566	621	900	279	44.93
TRANSFER TO GENERAL FUND	110	112	224	224	0	0.00
NET INCOME/(DEFICIT)	(466)	(400)	0	(518)	(518)	0.00

Gainesville Regional Utilities

Electric Revenue Fund

Fiscal Year Budget versus Projected Revenues & Expenses



Budgeted Revenue and O&M versus Twelve Month Projection

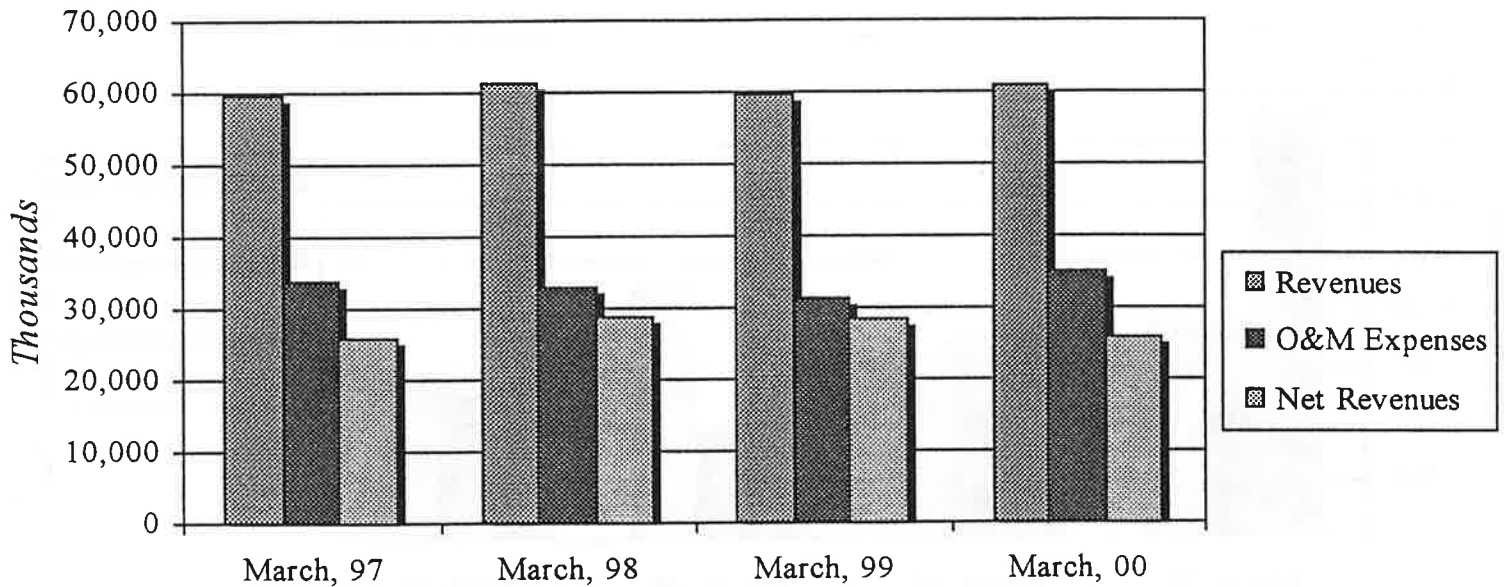
(000's)	<u>Budgeted Revenues</u>	<u>Projected Revenues</u>	<u>Budgeted O&M</u>	<u>Projected O&M</u>
Fuel	-	-	41,876	41,723
Non-Fuel	-	-	32,580	32,605
Revenue	108,932	107,090	-	-
Fuel Adjust.	28,319	29,204	-	-

* These projections are for Fiscal Year End '00 as of Quarter ended March 31, 2000.

Gainesville Regional Utilities

Electric Revenue Fund

Revenue and Expense - Four Year Comparison



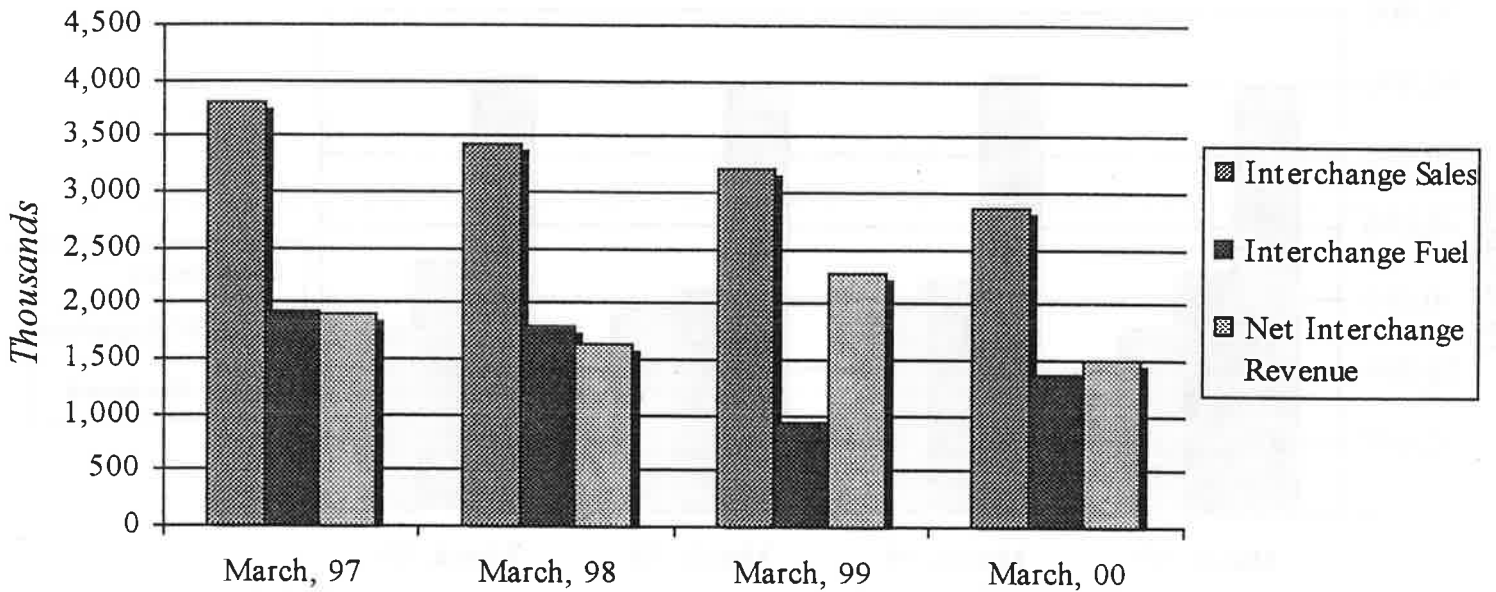
Actual Revenue, Expense, and Net Revenues for the six months ended March 31, 1997-2000

(000's)	<u>Revenue</u>	<u>O&M</u>	<u>Net Revenues</u>
March, 97	59,464	33,583	25,881
March, 98	61,344	32,730	28,614
March, 99	59,675	31,453	28,222
March, 00	60,792	34,978	25,814

Gainesville Regional Utilities

Electric Revenue Fund

Interchange Sales - Four Year Comparison



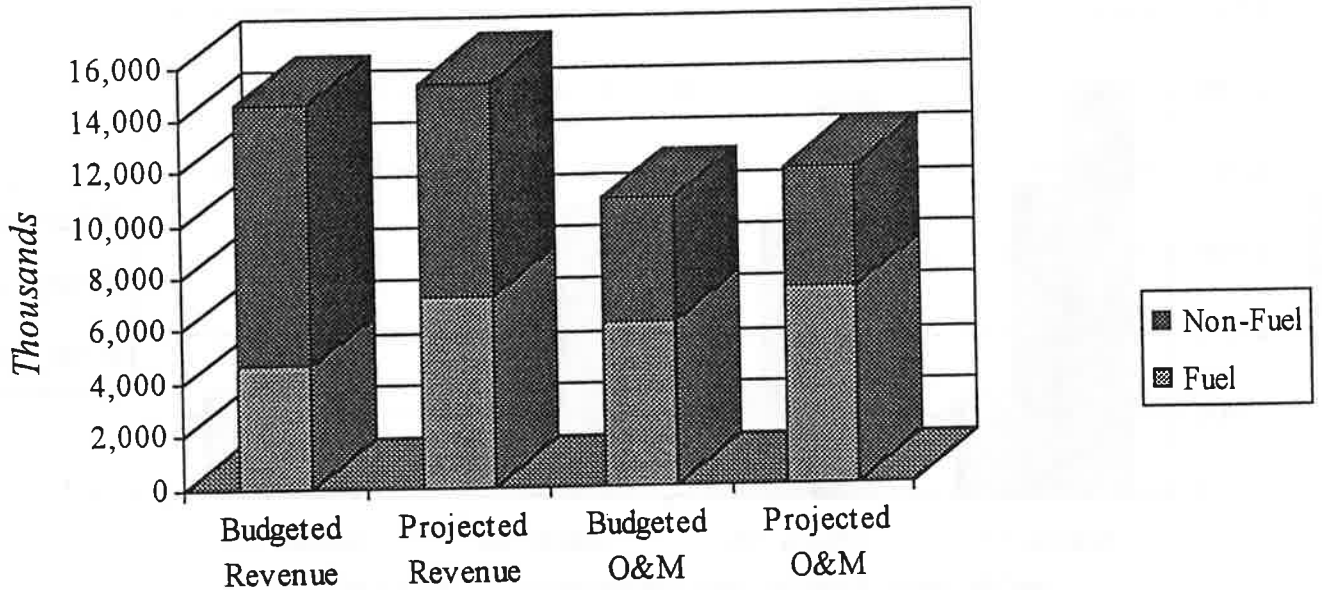
Actual Revenue, Expense, and Net Revenues for the six months ended March 31, 1997-2000

(000's)	<u>Sales</u>	<u>Fuel</u>	<u>Net Sales</u>
March, 97	3,813	1,921	1,892
March, 98	3,441	1,806	1,635
March, 99	3,210	946	2,264
March, 00	2,863	1,370	1,493

Gainesville Regional Utilities

Gas Revenue Fund

Fiscal Year Budget versus Projected Revenues & Expenses



Budgeted Revenue and O&M versus Twelve Month Projection

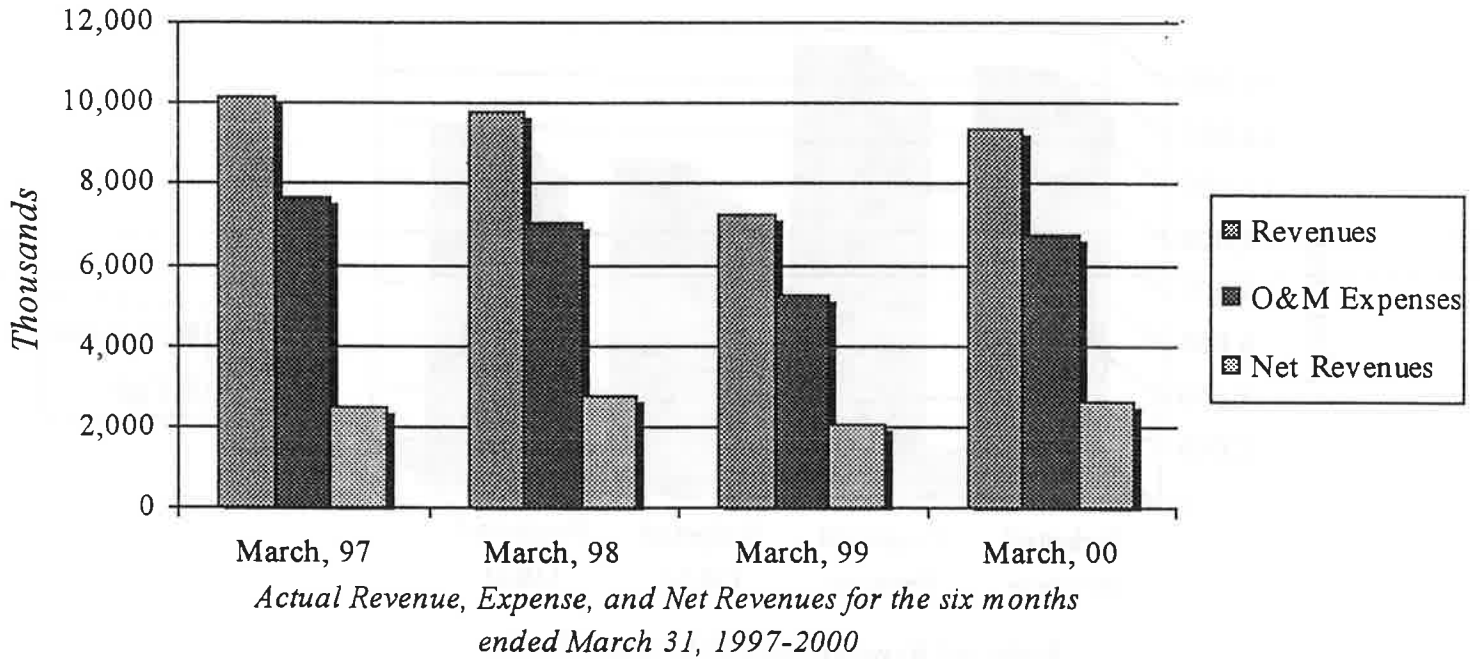
	Budgeted	Projected	Budgeted	Projected
(000's)	<u>Revenues</u>	<u>Revenues</u>	<u>O&M</u>	<u>O&M</u>
Fuel	4,655	7,264	6,226	7,427
Non-Fuel	9,910	8,049	4,642	4,553

* These projections are for Fiscal Year End '00 as of Quarter ended March 31, 2000.

Gainesville Regional Utilities

Gas Revenue Fund

Revenue and Expense - Four Year Comparison

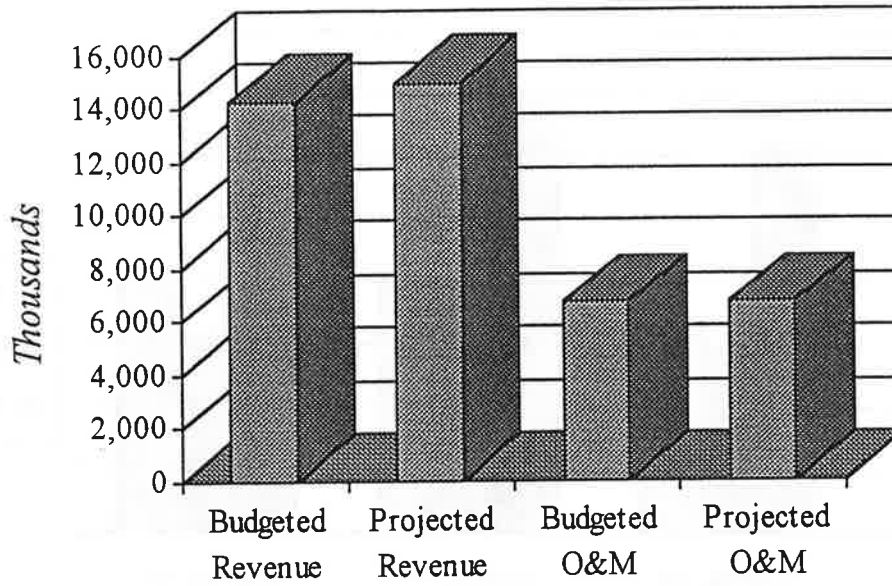


(000's)	<u>Revenue</u>	<u>O&M</u>	<u>Net Revenues</u>
March, 97	10,149	7,637	2,512
March, 98	9,809	7,040	2,769
March, 99	7,270	5,228	2,042
March, 00	9,363	6,720	2,643

Gainesville Regional Utilities

Water Revenue Fund

Fiscal Year Budget versus Projected Revenues & Expenses



Budgeted Revenue and O&M versus Twelve Month Projection

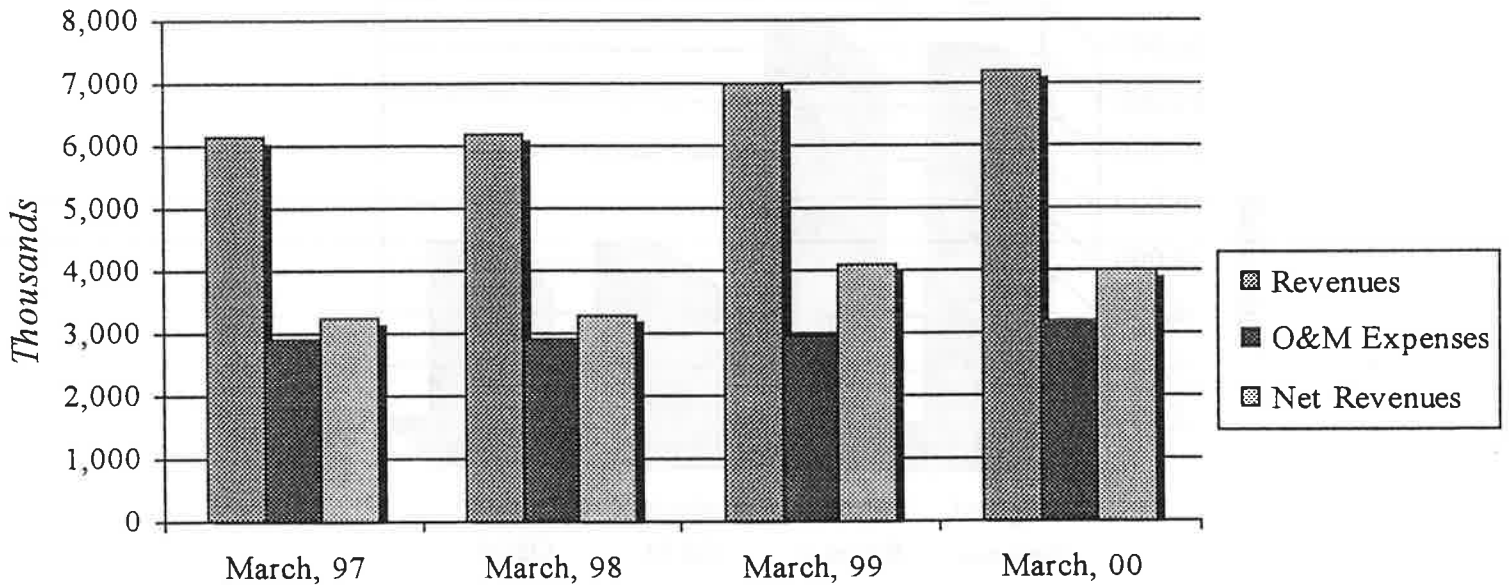
	Budgeted	Projected	Budgeted	Projected
(000's)	<u>Revenues</u>	<u>Revenues</u>	<u>O&M</u>	<u>O&M</u>
	14,295	14,990	6,647	6,685

* These projections are for Fiscal Year End '00 as of Quarter ended March 31, 2000.

Gainesville Regional Utilities

Water Revenue Fund

Revenue and Expense - Four Year Comparison



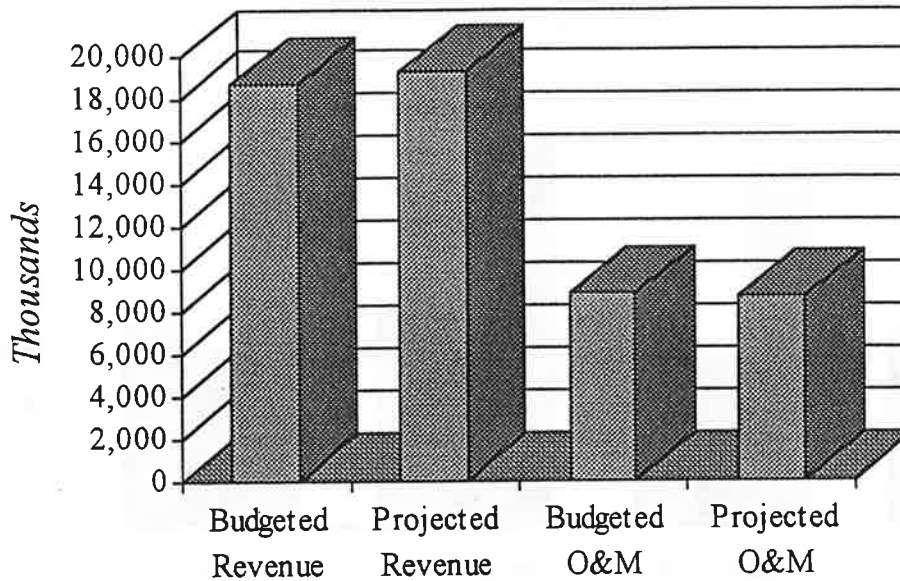
Actual Revenue, Expense, and Net Revenues for the six months ended March 31, 1997-2000

(000's)	<u>Revenue</u>	<u>O&M</u>	<u>Net Revenues</u>
March, 97	6,147	2,906	3,241
March, 98	6,192	2,890	3,302
March, 99	7,017	2,936	4,081
March, 00	7,168	3,178	3,990

Gainesville Regional Utilities

Wastewater Revenue Fund

Fiscal Year Budget versus Projected Revenues & Expenses



Budgeted Revenue and O&M versus Twelve Month Projection

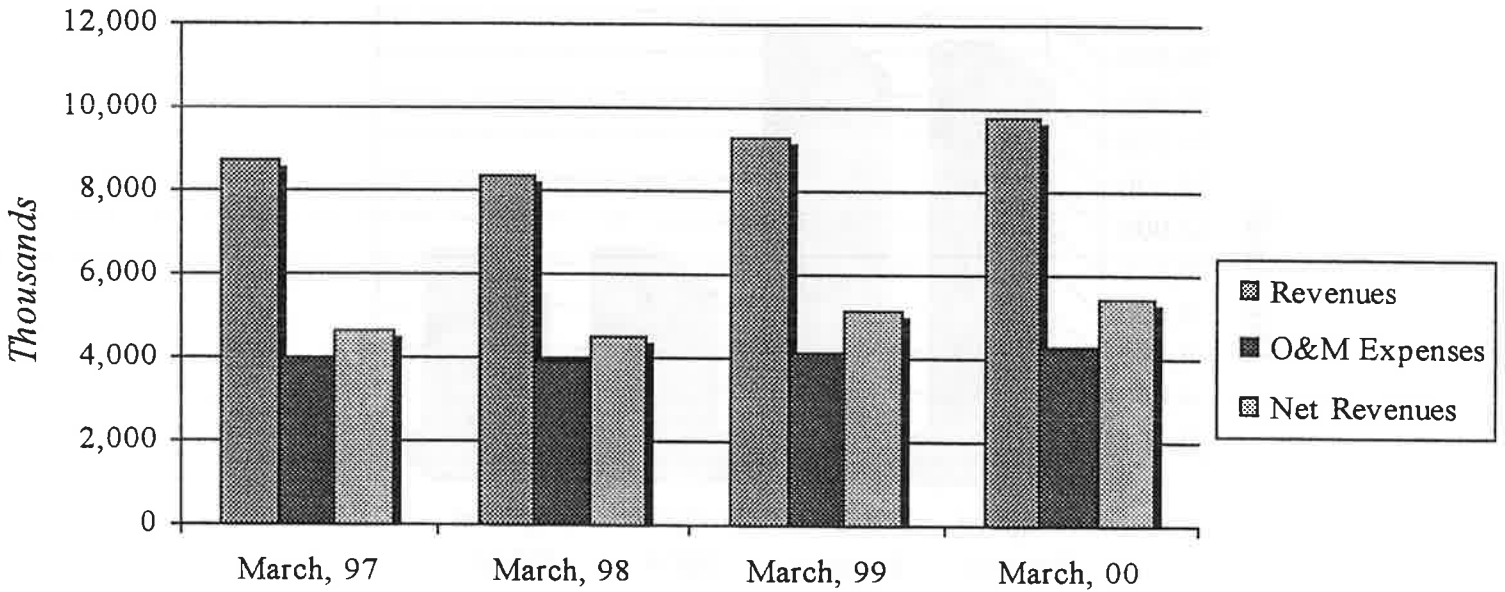
	Budgeted	Projected	Budgeted	Projected
(000's)	<u>Revenues</u>	<u>Revenues</u>	<u>O&M</u>	<u>O&M</u>
	18,670	19,229	8,797	8,600

* These projections are for Fiscal Year End '00 as of Quarter ended March 31, 2000.

Gainesville Regional Utilities

Wastewater Revenue Fund

Revenue and Expense - Four Year Comparison



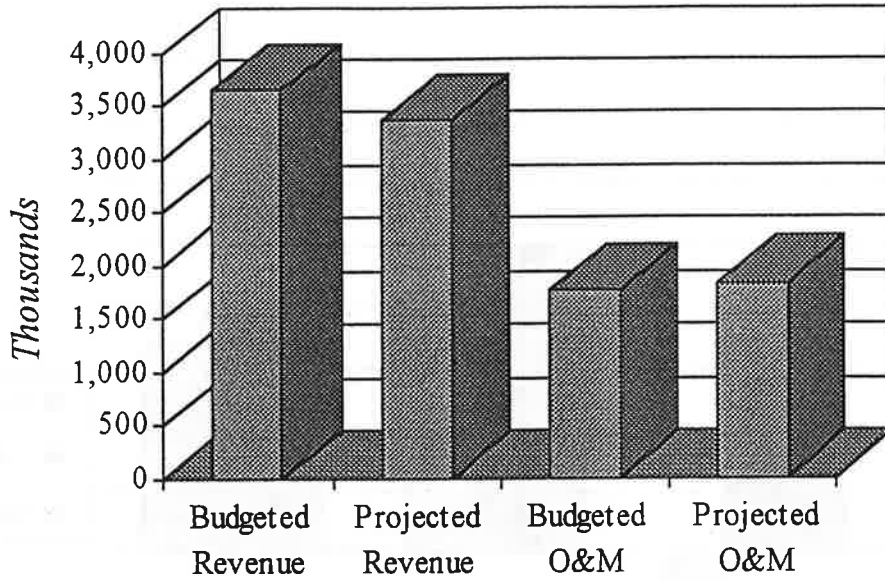
Actual Revenue, Expense, and Net Revenues for the six months ended March 31, 1997-2000

(000's)	<u>Revenue</u>	<u>O&M</u>	<u>Net Revenues</u>
March, 97	8,696	4,035	4,661
March, 98	8,380	3,911	4,469
March, 99	9,280	4,110	5,170
March, 00	9,756	4,297	5,459

Gainesville Regional Utilities

GRUCom Revenue Fund

Fiscal Year Budget versus Projected Revenues & Expenses



Budgeted Revenue and O&M versus Twelve Month Projection

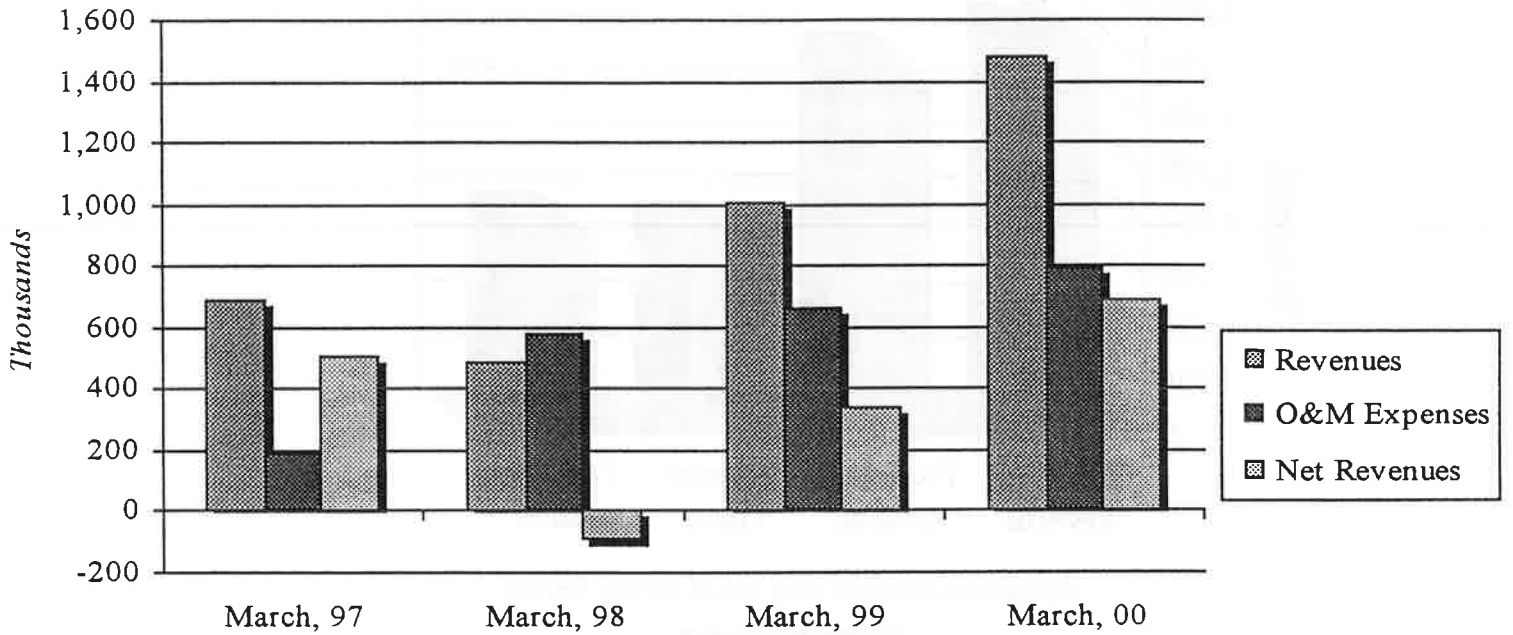
	Budgeted	Projected	Budgeted	Projected
(000's)	<u>Revenues</u>	<u>Revenues</u>	<u>O&M</u>	<u>O&M</u>
	3,655	3,354	1,754	1,826

* These projections are for Fiscal Year End '00 as of Quarter ended March 31, 2000.

Gainesville Regional Utilities

GRUCom Revenue Fund

Revenue and Expense - Four Year Comparison



Actual Revenue, Expense, and Net Revenues for the six months ended March 31, 1999-2000

(000's)	<u>Revenue</u>	<u>O&M</u>	<u>Net Revenues</u>
March, 97	695	188	507
March, 98	488	579	(91)
March, 99	1,002	665	337
March, 00	1,483	795	688