



Annual Operating and Capital Budget

Budget Year 2016

Annual Operating Budget

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Section A – Budget Overview

System Overview

Electric System

The Energy Supply department operates the J.R. Kelly Generating Station with a net summer generation capability of 112 Megawatts (MW), the Deerhaven Generating Station with a total net summer generation capability of 417 MW, and the South Energy Center with a net summer capability of 3.5 MW. In addition, the System also has two Power Purchase Agreements (PPA): one for all of the available energy, delivered energy and environmental attributes from a 102.5 MW biomass fuel generating facility, Gainesville Renewable Energy Center (GREC), located on property leased from GRU and one for the entire output generated from landfill gas derived from the Baseline Landfill in Marion County, which has a net summer capability of 3 MW. The total combined generating and PPA resources for GRU are 638 MW.

The Energy Delivery department operates 120 miles of 138 Kilovolt (KV) and 230 KV transmission lines, 563 miles of 12 KV overhead distribution lines, 852 miles of 12 KV underground distribution lines, and 13 substations. The Department is also responsible for the construction and maintenance of all GRU-owned substations as well as all transmission and distribution infrastructure including: conductors, cables and wires, poles, protection devices, isolating and interrupting devices, voltage regulators, meters, control systems and lighting systems.

Water System

The Water System is responsible for operating and maintaining the Murphree Water Treatment Plant, which has a treatment capacity of 54 million gallons of water per day (MGD). The plant is responsible for providing safe, reliable, high-quality drinking water to customers at acceptable pressures and volumes. The System is also responsible for construction, operation and maintenance of over 1,130 miles of water transmission and distribution main, as well as the installation and maintenance of water meters, fire hydrants and backflow prevention devices.

Wastewater System

The Wastewater System operates and maintains the 14.9 MGD at Kanapaha Water Reclamation Facility, the 7.5 MGD at Main Street Water Reclamation Facility, 165 lift stations, 629 miles of gravity main and 139 miles of associated force main. Responsibilities include pumping, treating and discharging high-quality treated effluent that meets federal and state drinking water standards, and providing high-quality reclaimed water to residential and business customers primarily for irrigation. The Wastewater System also administers the utility's industrial pretreatment, biosolids, grease and backflow prevention programs.

Gas System

The Gas System covers approximately 115 square miles and provides service to 30 percent of Alachua County's population. The Energy Delivery Department is responsible for the construction, operation and maintenance of six natural gas gate stations, as well as all transmission and distribution system infrastructure, including: 766 miles of pipelines in various sizes and materials, valves, pressure regulators, protection devices, odorant injection systems, meters and control systems. The system also includes a number of propane gas distribution systems operated in developments where natural gas is not yet available.

GRUCom

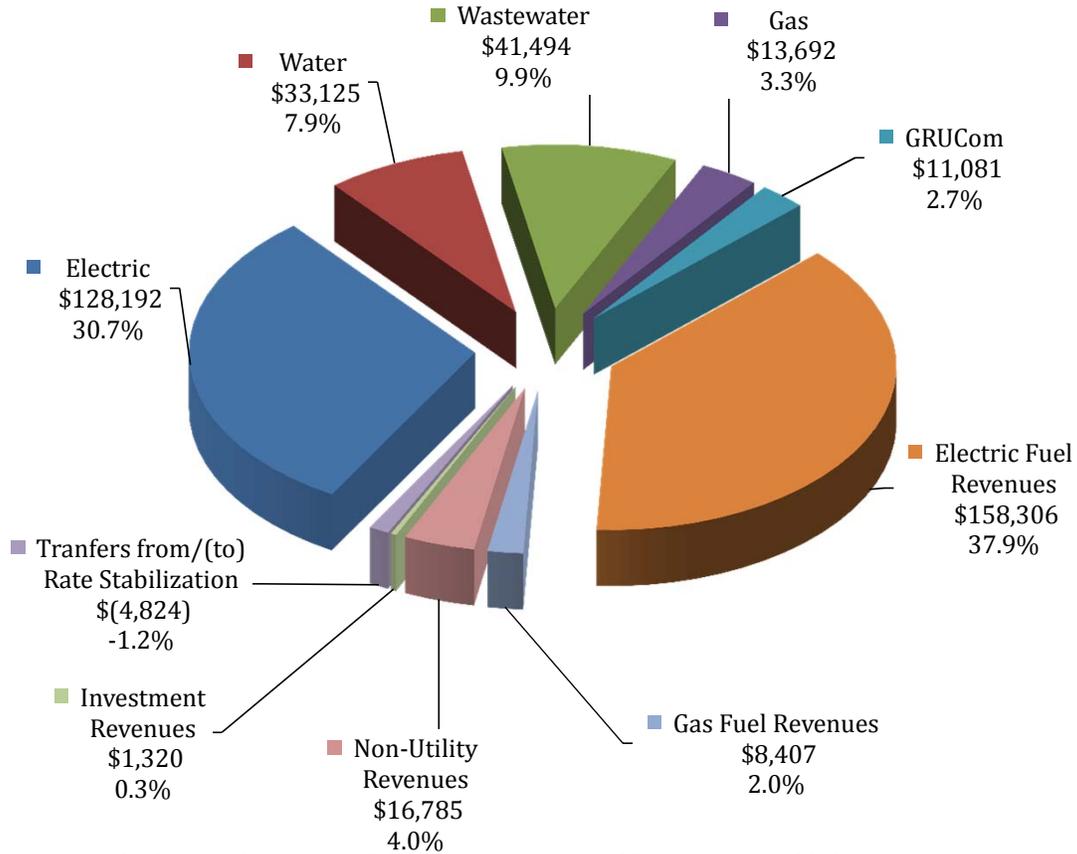
The Telecommunications System, GRUCom provides transport services utilizing a 448.9-mile fiber-optic network. GRUCom's four basic product lines include Telecommunication (data transport and carrier services), Public Safety Radio, Tower and Colocation Leasing and Internet Access. GRUCom is divided into several operating units, including Business Management, Engineering, Construction, Electronics, Network Operations, and Public Safety Radio System. The GRUCom fiber-optic network continues to expand, providing customers with unmatched service and reliability.

Through expansion of its product base or affiliation with other service providers to deliver bundled services, GRUCom continues its mission of bringing new communications technologies and services to Gainesville at affordable prices.

Annual Operating Budget

Budget Overview

FY16 Revenues
Dollars in Thousands



* BABs subsidies are shown net of debt service in Projection 2015 and Revised 2016 and not as Non-Utility Revenues.

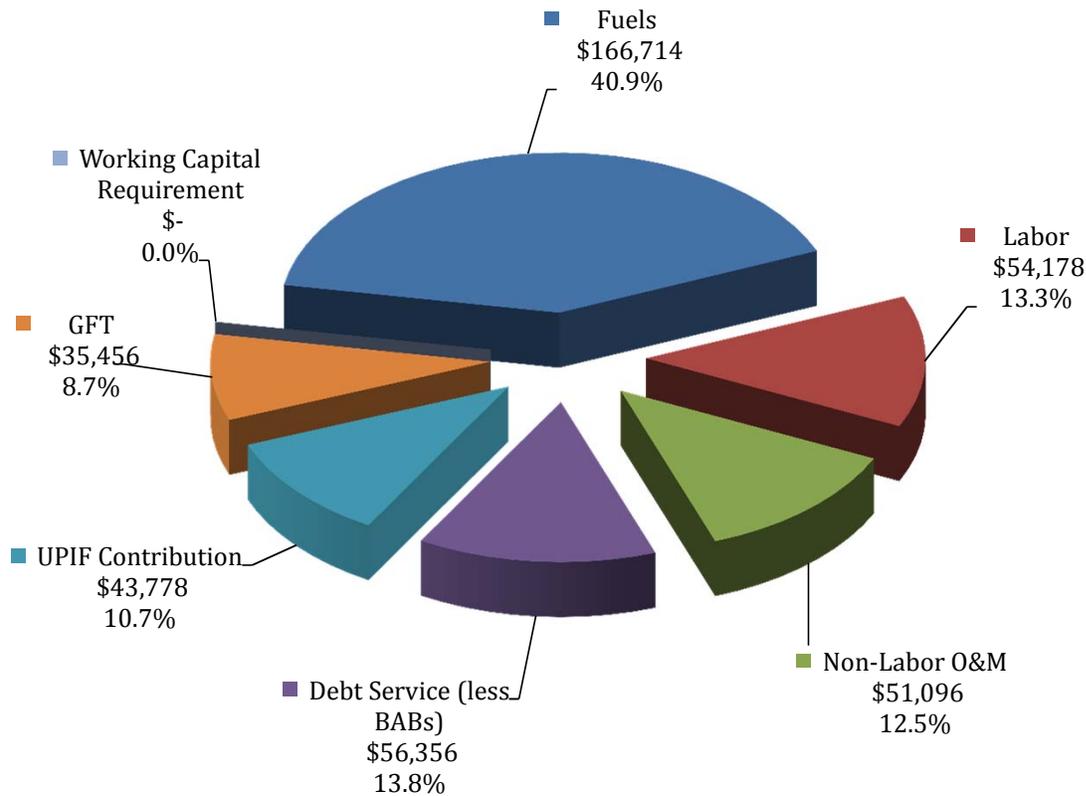
	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Revenues:				
Electric	\$ 130,894	\$ 126,006	\$ 138,146	\$ 128,192
Water	32,147	31,283	33,602	33,125
Wastewater	37,896	39,060	40,001	41,494
Gas	12,731	13,397	13,267	13,692
GRUCom	11,814	10,972	12,901	11,081
Electric Fuel Revenues	160,325	161,313	167,022	158,306
Gas Fuel Revenues	11,325	10,229	10,745	8,407
Non-Utility Revenues	13,724	11,098	15,309	16,785
Investment Revenues	1,526	1,606	1,497	1,320
Transfers from/(to) Rate Stabilization	1,152	(3,396)	(3,212)	(4,824)
Total Revenues	\$ 413,534	\$ 401,568	\$ 429,278	\$ 407,578

Annual Operating Budget

Budget Overview

FY16 Expenses and Uses of Net Revenues

Dollars in Thousands



* BABs subsidies are shown net of debt service in Projection 2015 and Revised 2016 and not as Non-Utility Revenues.

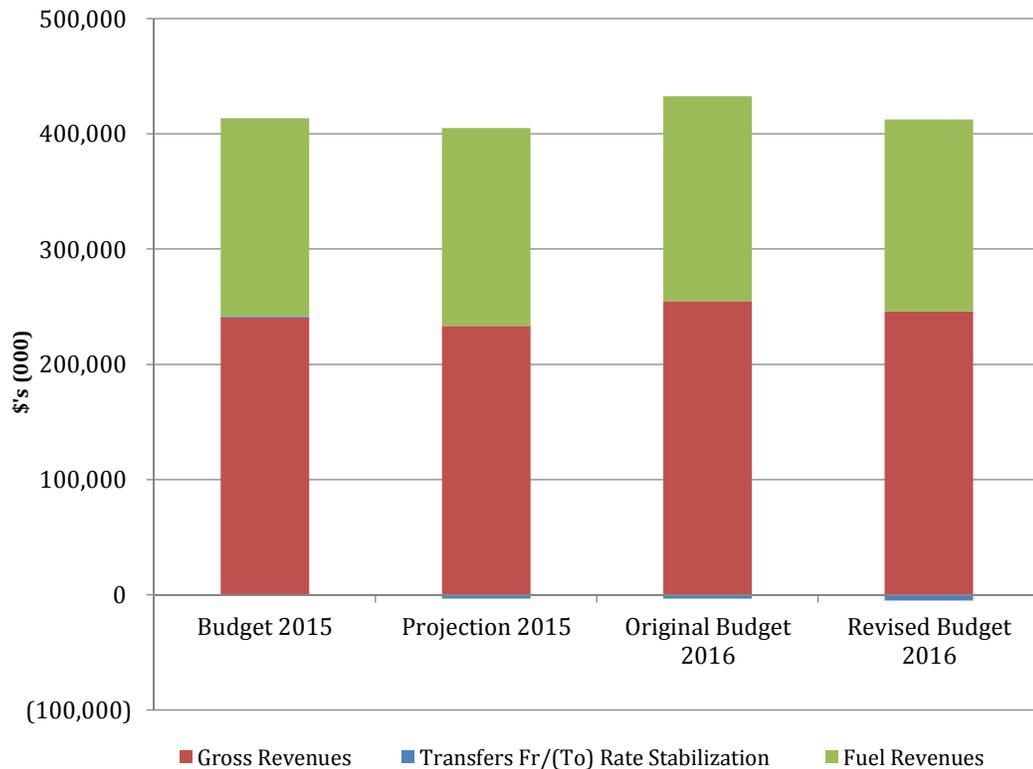
	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Expenses and Use of Net Revenues:				
Fuels	\$ 172,150	\$ 171,543	\$ 178,266	\$ 166,714
Labor	53,850	51,594	55,052	54,178
Non-Labor O&M	47,385	46,821	50,245	51,096
Debt Service (less BABs)	61,002	54,066	61,825	56,356
UPIF Contribution	43,605	42,734	46,949	43,778
GFT	34,892	34,660	35,691	35,456
Working Capital Requirement	650	150	1,250	-
Total Expenses	\$ 413,534	\$ 401,568	\$ 429,278	\$ 407,578

Annual Operating Budget

Budget Overview

Revenues Trend

Fiscal Years Ending September 30



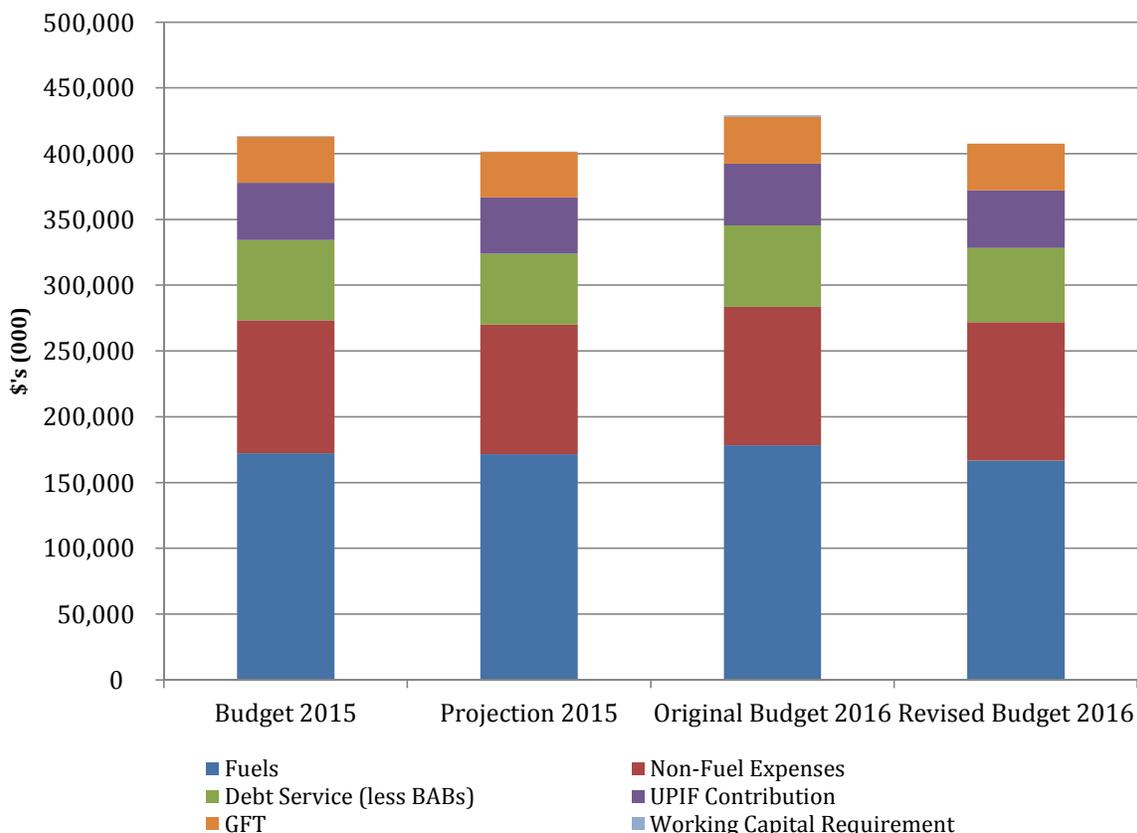
	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Utility Operating Revenues				
Electric	\$ 130,894	\$ 126,006	\$ 138,146	\$ 128,192
Water	32,147	31,283	33,602	33,125
Wastewater	37,896	39,060	40,001	41,494
Gas	12,731	13,397	13,267	13,692
GRUCom	11,814	10,972	12,901	11,081
Fuel Revenues	171,650	171,542	177,767	166,713
Non-Utility Revenues	13,724	11,098	15,309	16,785
Investment Revenues	1,526	1,606	1,497	1,320
Transfer from/(to) Rate Stabilization	1,152	(3,396)	(3,212)	(4,824)
Total Revenues	\$ 413,534	\$ 401,568	\$ 429,278	\$ 407,578

Annual Operating Budget

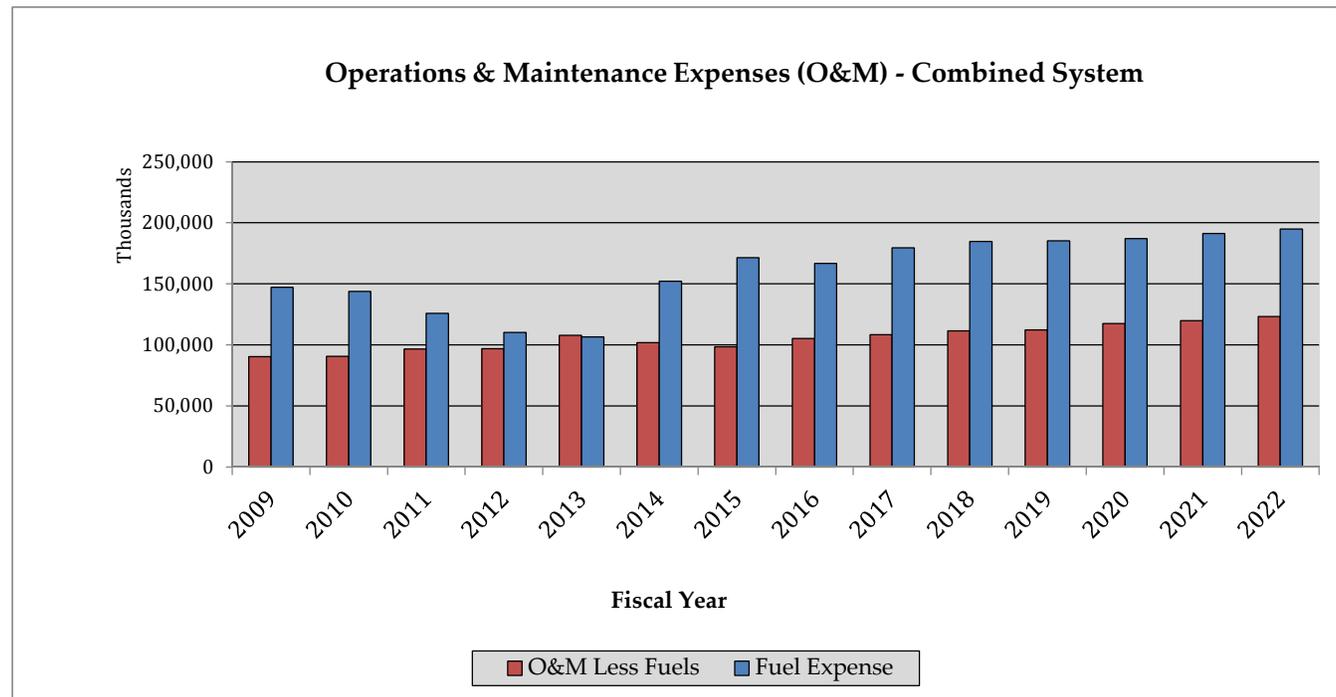
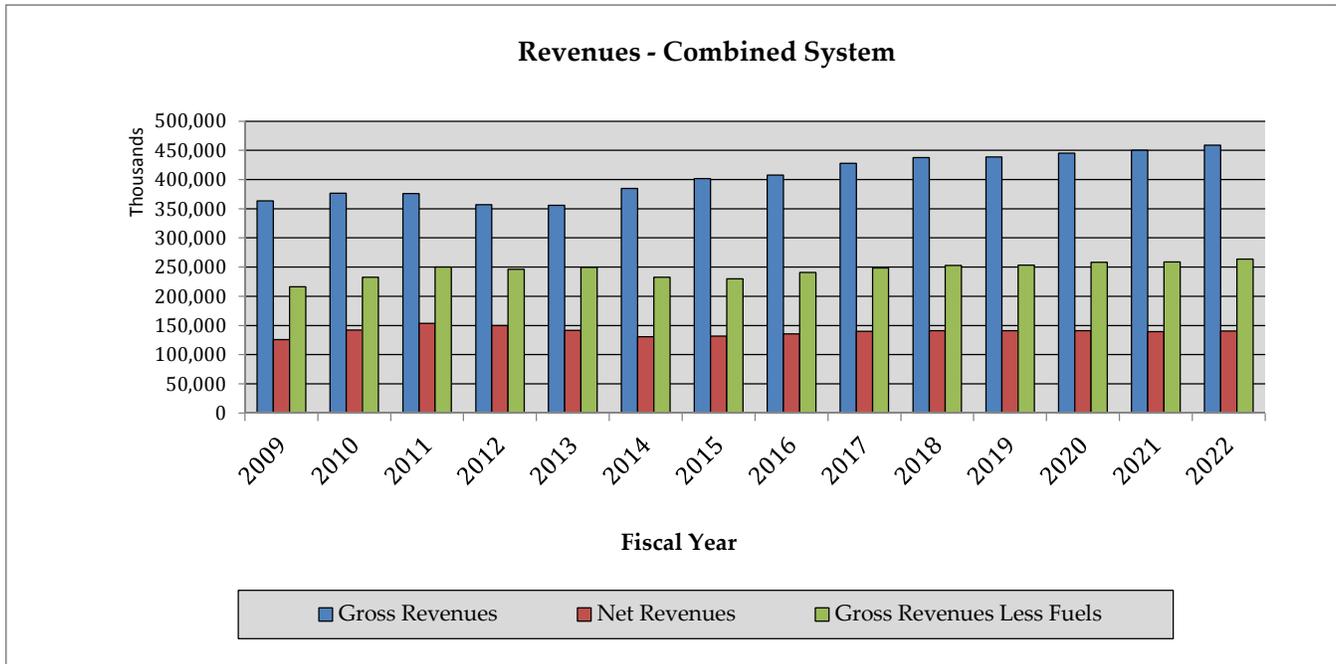
Budget Overview

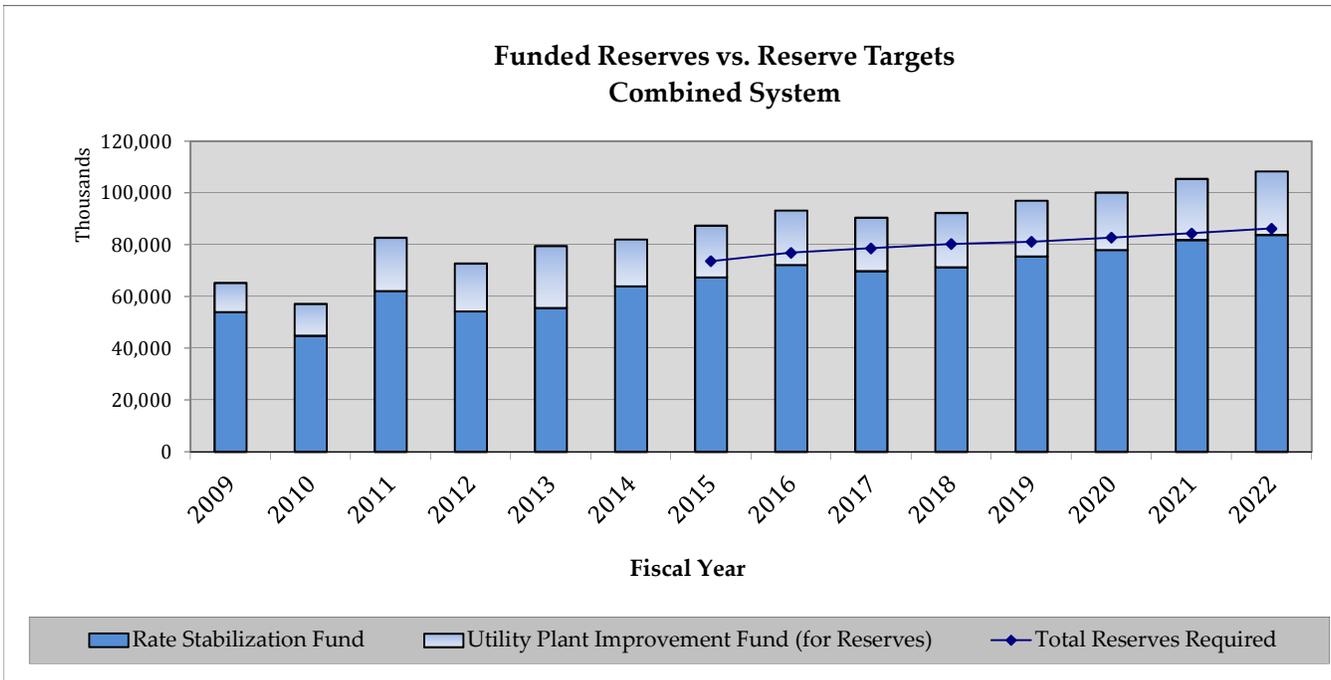
Expenses Trend

Fiscal Years Ending September 30

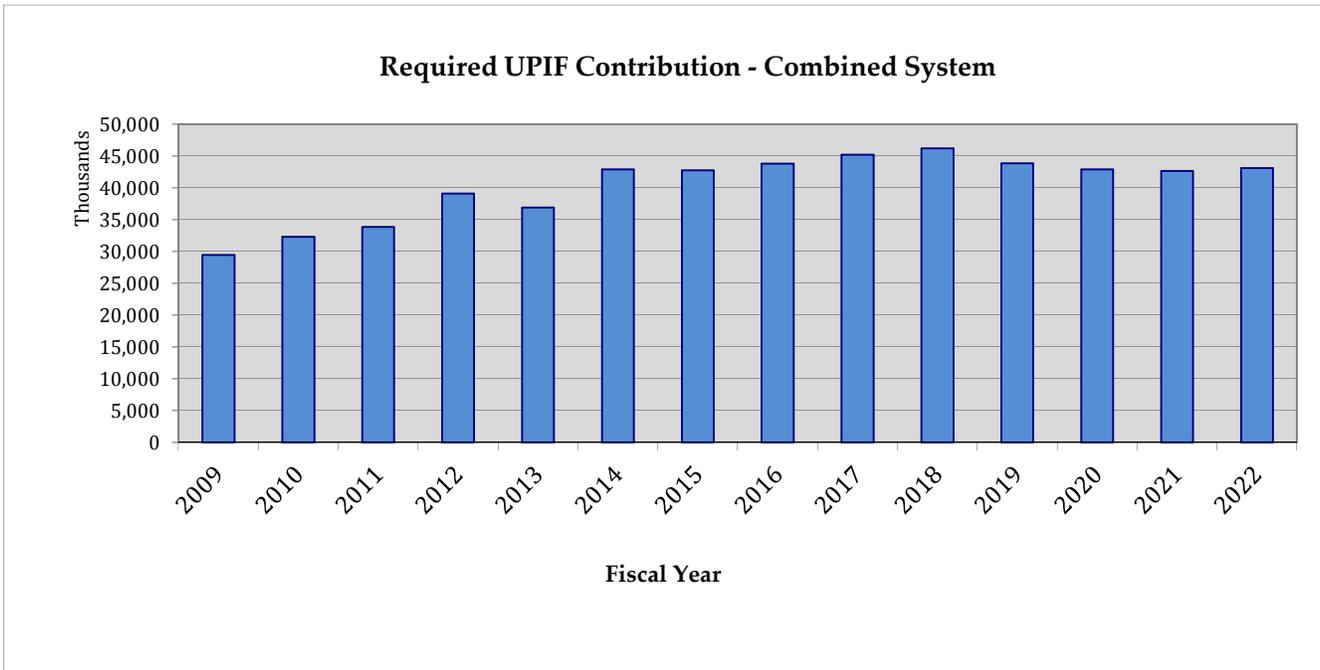


	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Fuels	\$ 172,150	\$ 171,543	\$ 178,266	\$ 166,714
Labor - Operations	33,574	32,269	34,291	32,856
Labor - Administrative	20,276	19,325	20,761	21,322
Total Labor	53,850	51,594	55,052	54,178
O&M - Operations	29,414	29,101	31,555	31,671
O&M - Administrative	17,971	17,720	18,690	19,425
Total O&M	47,385	46,821	50,245	51,096
Total Expenses	273,385	269,958	283,563	271,988
Debt Service (less BABs)	61,002	54,066	61,825	56,356
UPIF Contribution	43,605	42,734	46,949	43,778
GFT	34,892	34,660	35,691	35,456
Working Capital Requirement	650	150	1,250	-
Uses of Net Revenues	140,149	131,610	145,715	135,590
Total Expenses and Uses	\$ 413,534	\$ 401,568	\$ 429,278	\$ 407,578

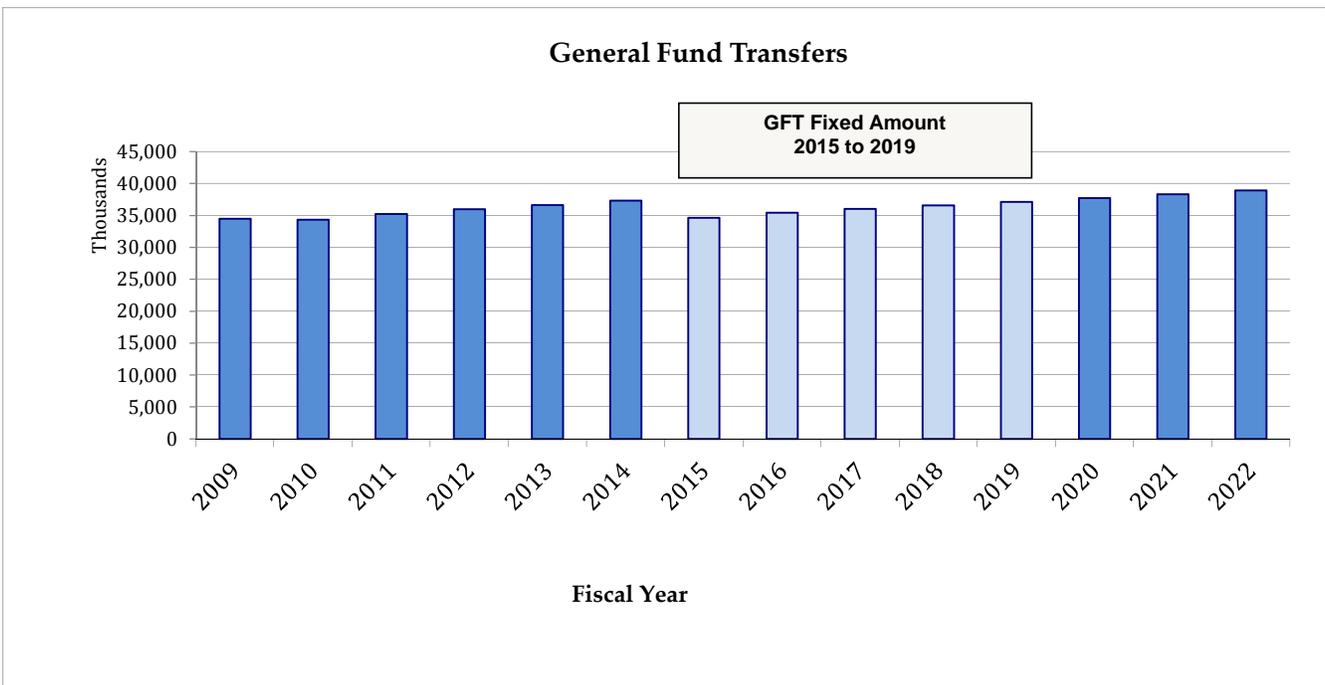




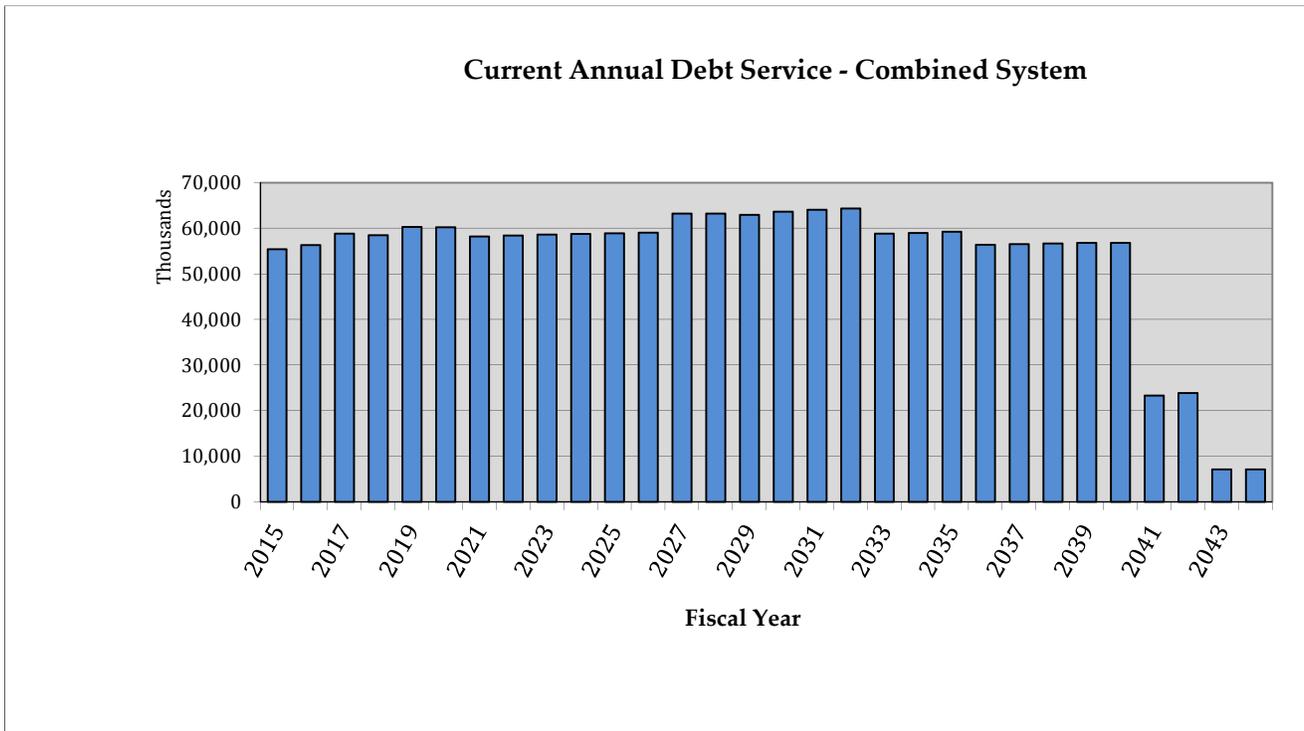
Positive numbers reflect a deposit into the Rate Stabilization Fund (RSF). This indicates that utility revenues were greater than expenses, including General Fund Transfer, Debt Service and UPIF contributions. Negative numbers reflect a withdrawal from the Rate Stabilization Fund. This indicates that utility revenues were less than expenses, including General Fund Transfers, Debt Service and UPIF contributions. RSF activity is projected over the planning horizon to manage rates and mitigate significant pricing variances to customers.



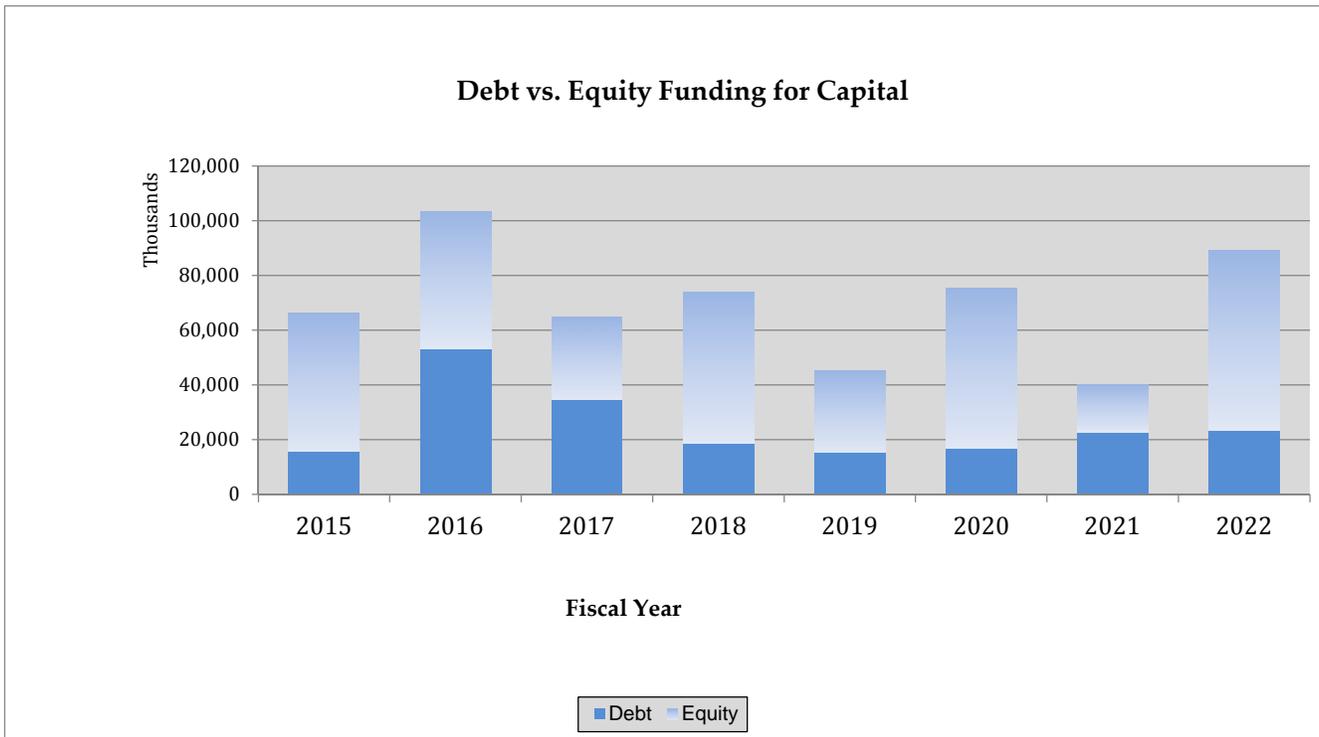
The Utility Plant Improvement Fund (UPIF) Contribution is required by the Utilities System Revenue Bond Resolution, As Amended.



The General Fund Transfer (GFT) represents transfers to the City of Gainesville’s General Fund, in total, for all Systems.



Includes Commercial Paper. Net of Build America Bonds' Subsidy and swaps. Excludes future issuances beyond 2022.



Annual Operating Budget

Budget Overview

FY16 Rate

Electric	Consumption	FY15 Rate	FY16 Rate
Residential Customer Charge	Per Bill	\$ 12.75	\$ 14.25
Residential	Tier One (0-250 kWh)	\$ 0.031	
Residential	Tier Two (251-750 kWh)	\$ 0.042	
Residential	Tier Three (over 750 kWh)	\$ 0.084	
Residential	<i>Proposed Tier One (0-1000 kWh)</i>		\$ 0.044 *
Residential	<i>Proposed Tier Two (>1000 kWh)</i>		\$ 0.064 *
General Service Non-Demand Customer Charge	Per Bill	\$ 29.50	\$ 29.50
General Service Non-Demand	Tier One (0-1500 kWh)	\$ 0.069	\$ 0.069
General Service Non-Demand	Tier Two (over 1500 kWh)	\$ 0.100	\$ 0.100
General Service Demand Customer Charge	Per Bill	\$ 100.00	\$ 100.00
General Service Demand Charge	Per kW	\$ 8.50	\$ 8.50
General Service Energy Charge	Per kWh	\$ 0.0400	\$ 0.0400
Large Power Customer Charge	Per Bill	\$ 350.00	\$ 350.00
Large Power Demand Charge	Per kW	\$ 8.50	\$ 8.50
Large Power Energy Charge	Per kWh	\$ 0.0360	\$ 0.0360

**Recommended Electrical Rate Structure, 2 Tiers*

Water	Consumption	FY15 Rate	FY16 Rate
Residential Customer Charge (5/8" & 3/4")	Per Bill	\$ 9.20	\$ 9.20
Residential	Tier One (0-6 kgals)	\$ 2.35	\$ 2.55
Residential	Tier Two (7 - 20 kgals)	\$ 3.75	\$ 3.90
Residential	Tier Three (over 20 kgals)	\$ 6.00	\$ 6.00
Commercial Customer Charge	Per Bill	\$ 9.20	<i>Based on Meter Size</i>
Commercial	All kgals	\$ 3.85	\$ 3.90
Multi-Family Customer Charge	Per Bill	\$ 9.20	<i>Based on Meter Size</i>
Multi-Family	All kgals	\$ 3.05	\$ 3.45
Irrigation Residential Customer Charge	Per Bill	\$ 9.20	\$ 9.20
Irrigation Residential	Tier One (0-14 kgals)	\$ 3.75	\$ 3.90
Irrigation Residential	Tier Two (over 14 kgals)	\$ 6.00	\$ 6.00
Irrigation Commercial Customer Charge	Per Bill	\$ 9.20	<i>Based on Meter Size</i>
Irrigation Commercial	All kgals	\$ 4.55	\$ 4.60

Wastewater	Consumption	FY15 Rate	FY16 Rate
All Customers	Per Bill	\$ 8.40	\$ 9.00
	All kgals	\$ 6.05	\$ 6.25
Reclaimed Water	Per Bill	\$ 8.40	\$ 9.00
	All kgals	\$ 0.70	\$ 0.85

Natural Gas	Consumption	FY15 Rate	FY16 Rate
Residential Customer Charge	Per Bill	\$ 9.75	\$ 9.75
Residential Energy Charge	Per Therm	\$ 0.5020	\$ 0.5400
Residential - MGP Charge	Per Therm	\$ 0.0556	\$ 0.0556
Small Commercial Customer Charge	Per Bill	\$ 20.00	\$ 20.00
Small Commercial Energy Charge	Per Therm	\$ 0.4900	\$ 0.5400
Small Commercial MGP Charge	Per Therm	\$ 0.0556	\$ 0.0556
Commercial Customer Charge	Per Bill	\$ 40.00	\$ 45.00
Commercial Energy Charge	Per Therm	\$ 0.3650	\$ 0.3800
Commercial MGP Charge	Per Therm	\$ 0.0556	\$ 0.0556
Large Commercial Customer Charge	Per Bill	\$ 375.00	\$ 400.00
Large Commercial Energy Charge	Per Therm	\$ 0.2050	\$ 0.2300
Large Commercial MGP Charge	Per Therm	\$ 0.0556	\$ 0.0556

Proposed Service Charges – Electric

<u>Description</u>	<u>Current Rate</u>	<u>Proposed Rates</u>
Electric Turn On - Residential & GS Non-Demand	\$ 30.00	\$ 26.00
Electric Turn On with Water or Gas - Residential or GS Non-Demand	N/A	\$ 19.00
Electric Turn On - GS Demand	\$ 60.00	\$ 62.00
Electric Turn On - Large Power	N/A	\$ 197.00
Remote Read Meter Installation - Residential & GS Non-Demand	\$ 77.00	\$ 195.00
Remote Read Meter Installation - GS Demand (single phase)	\$ 177.00	\$ 207.00
Remote Read Meter Installation - GS Demand (three phase)	N/A	\$ 368.00
Field Visit	\$ 25.00	\$ 38.00
Scheduled Meter Reading	\$ 20.00	\$ 24.00

Proposed Service Charges – Electric

<u>Description</u>	<u>Current Rate</u>	<u>Proposed Rates</u>
Meter Reread - Reading Correct	\$ 20.00	\$ 24.00
Conservation Appointment - Customer Failed to Show	\$ 20.00	\$ 26.00
Delinquent Disconnection - Base Charge	\$ 40.00	\$ 52.00
Delinquent Disconnection / Reconnection - Point of Service Adder (Lineworker Assist)	\$ 100.00	\$ 214.00
Delinquent Disconnection / Reconnection - After Hours Labor Adder (Field Service Tech)	\$ 40.00	\$ 87.00
Delinquent Disconnection / Reconnection - After Hours Labor Adder (Lineworker)	N/A	\$ 112.00
Customer Requested Temporary Meter Disconnection	\$ 20.00	\$ 26.00
Electric Meter Test (Field & Shop)	\$ 20.00	\$ 66.00
Resealing Meter Socket	\$ 10.00	\$ 38.00
Meter Tampering / Unauthorized Service Investigation	\$ 65.00	\$ 151.00

Proposed Service Charges – Gas

<u>Description</u>	<u>Current Rate</u>	<u>Proposed Rate</u>
Natural Gas Turn On - Residential	\$ 50.00	\$ 44.00
Natural Gas Turn On with Water or Electric - Residential	\$ 40.00	\$ 36.00
Natural Gas Turn On - Non-Residential	\$ 100.00	\$ 100.00
Natural Gas Turn On with Water or Electric - Non-Residential	\$ 100.00	\$ 91.00
Remote Read Meter Installation - Gas Residential	\$ 59.00	\$ 112.00
Remote Read Meter Installation - Gas Non-Residential	N/A	\$ 155.00
Field Visit	\$ 25.00	\$ 44.00
Scheduled Meter Reading	\$ 20.00	\$ 24.00

Proposed Service Charges – Water

<u>Description</u>	<u>Current Rates</u>	<u>Proposed Rates</u>
Water Turn On	\$ 30.00	\$ 26.00
Water Turn On with Electric or Gas - Residential or GS Non-Demand	N/A	\$ 19.00
Backflow Test Fee	\$ 100.00	\$ 72.00
Remote Read Meter Installation - Water	\$ 100.00	\$ 153.00
Field Visit	\$ 25.00	\$ 38.00
Scheduled Meter Reading	\$ 20.00	\$ 24.00
Meter Reread - Reading Correct	\$ 20.00	\$ 24.00
Conservation Visit - Customer Failed to Show	\$ 20.00	\$ 38.00
Delinquent Disconnection - Base Charge	\$ 40.00	\$ 52.00
Delinquent Disconnection - Water Service Removed Adder	\$ 30.00	\$ 24.00
Delinquent Reconnection - After Hours Labor Adder (Field Service Tech)	\$ 40.00	\$ 87.00

Proposed Service Charges – Water

<u>Description</u>	<u>Current Rates</u>	<u>Proposed Rates</u>
Customer Requested Temporary Meter Disconnection	\$ 20.00	\$ 26.00
Meter Tampering / Unauthorized Service Investigation	\$ 65.00	\$ 124.00
Installation and Removal of Meter on Fire Hydrant	\$ 92.00	\$ 113.00
Temporary Hydrant Meter Deposit	\$ 1,130.00	\$ 1,250.00
Water Meter Removal	\$ 125.00	\$ 127.00
Temporary Water Meter	\$ 92.00	\$ 113.00
Remove & Replace Meter	\$ 35.00	\$ 58.00
Meter Testing (5/8 - 2" meters)	Various	\$ 44.00
Meter Testing (greater than 2" meters)	Various	

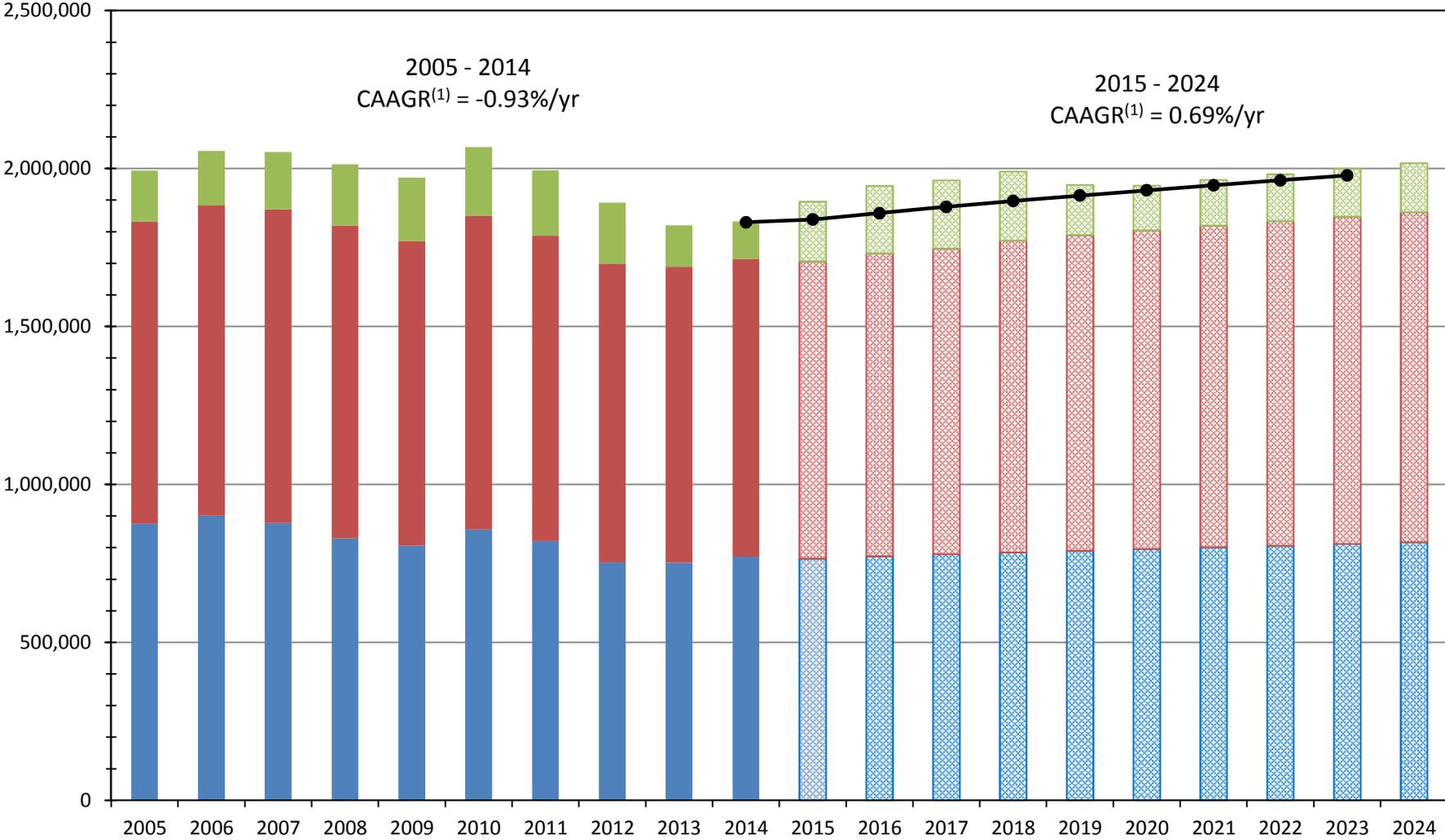
Proposed Service Charges – Wastewater

<u>Description</u>	<u>Current Rate</u>	<u>Proposed Rates</u>
Field Visit	\$ 25.00	\$ 38.00
Conservation Visit - Customer Failed to Show	\$ 20.00	\$ 38.00
Meter Tampering / Unauthorized Service Investigation	\$ 65.00	\$ 139.00

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Electric Energy Sales MegaWatt-hours

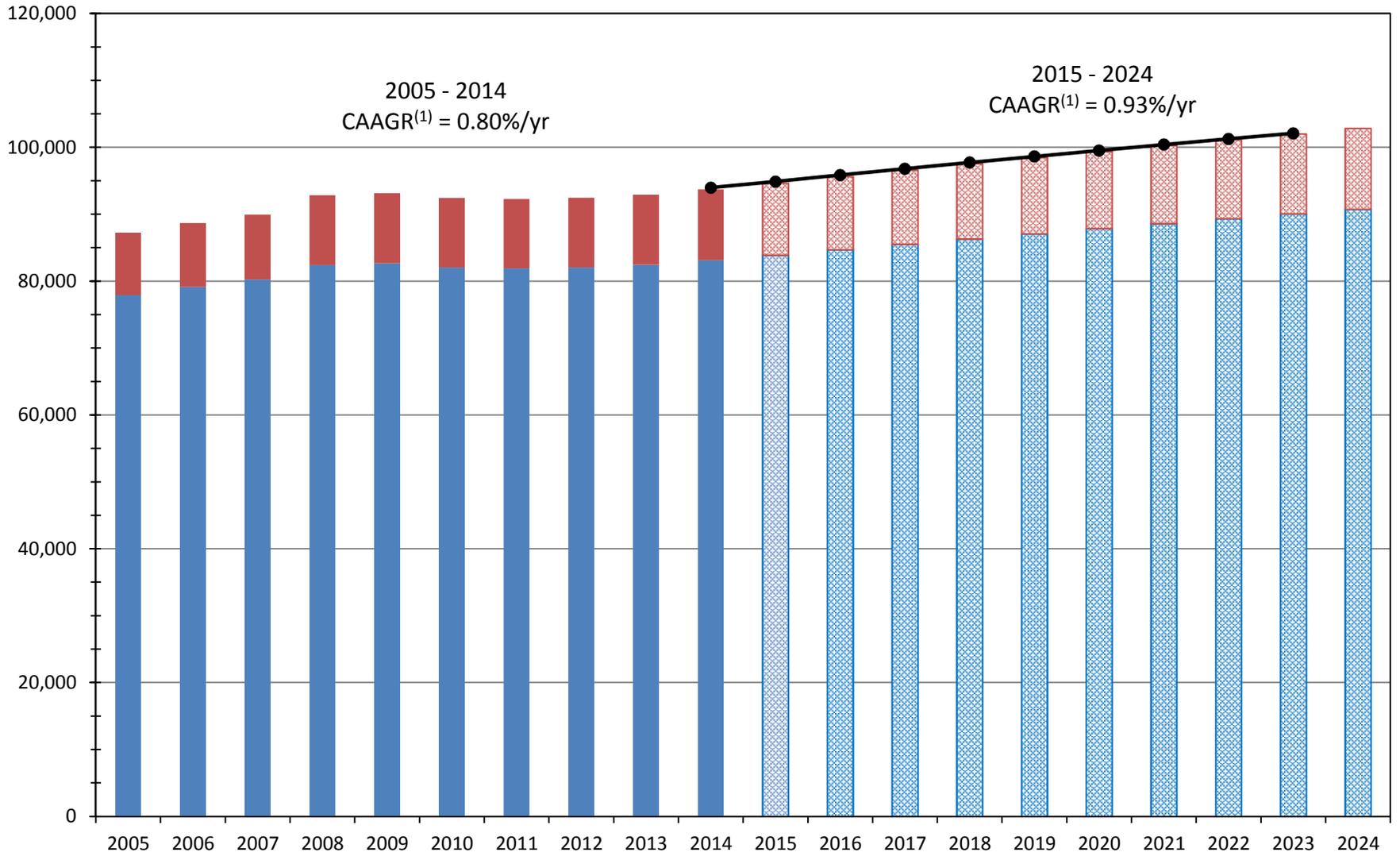
■ Residential
 ■ Non-Residential
 ■ Sales for Resale
 ●— 2015 Forecast



(1) Compound Average Annual Growth Rate

Electric Customers

Residential Non-Residential 2015 Forecast

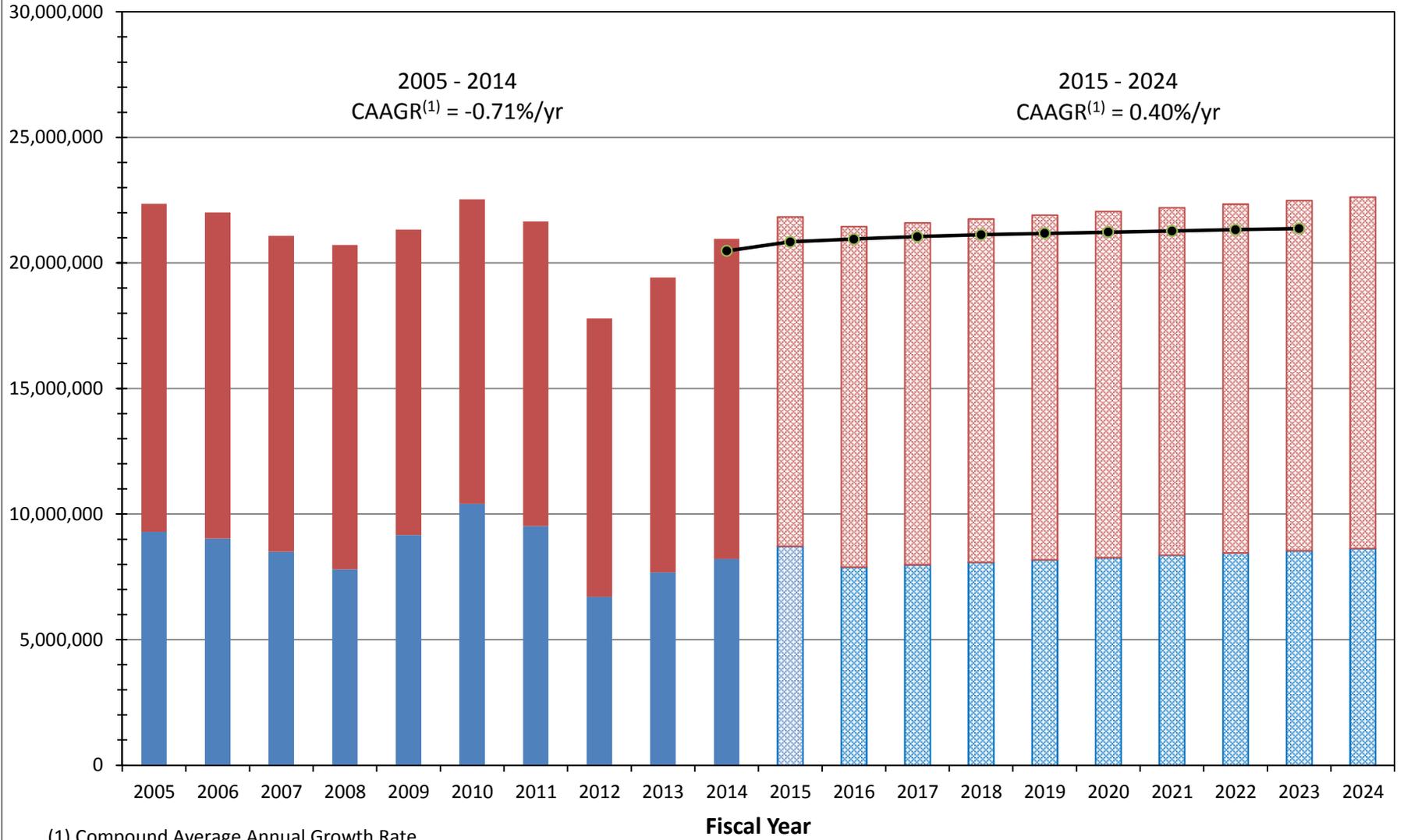


(1) Compound Average Annual Growth Rate

Fiscal Year

Natural Gas Energy Sales Therms

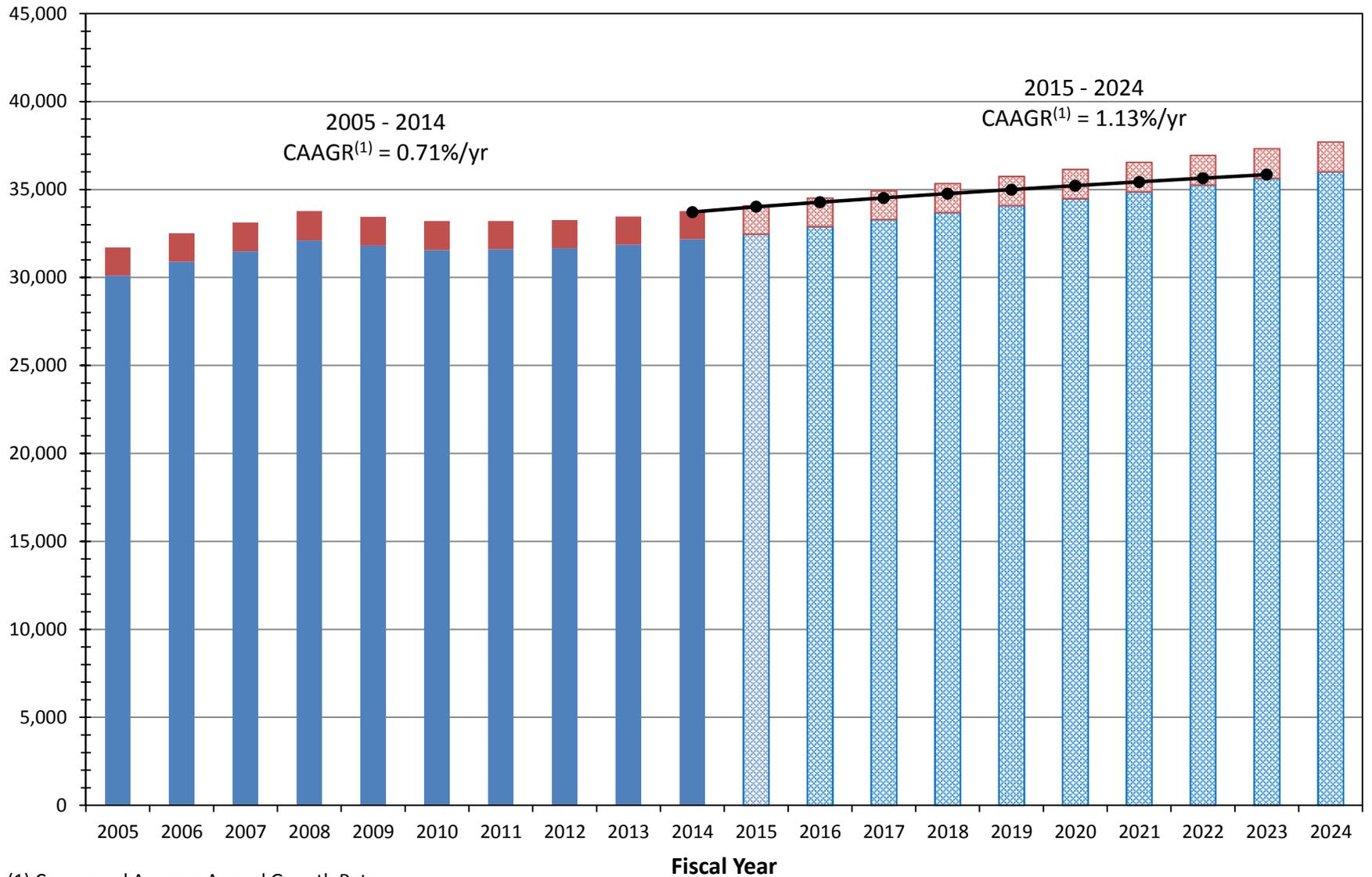
■ Residential
 ■ Non-Residential
 ● 2015 Forecast



(1) Compound Average Annual Growth Rate

Natural Gas Customers

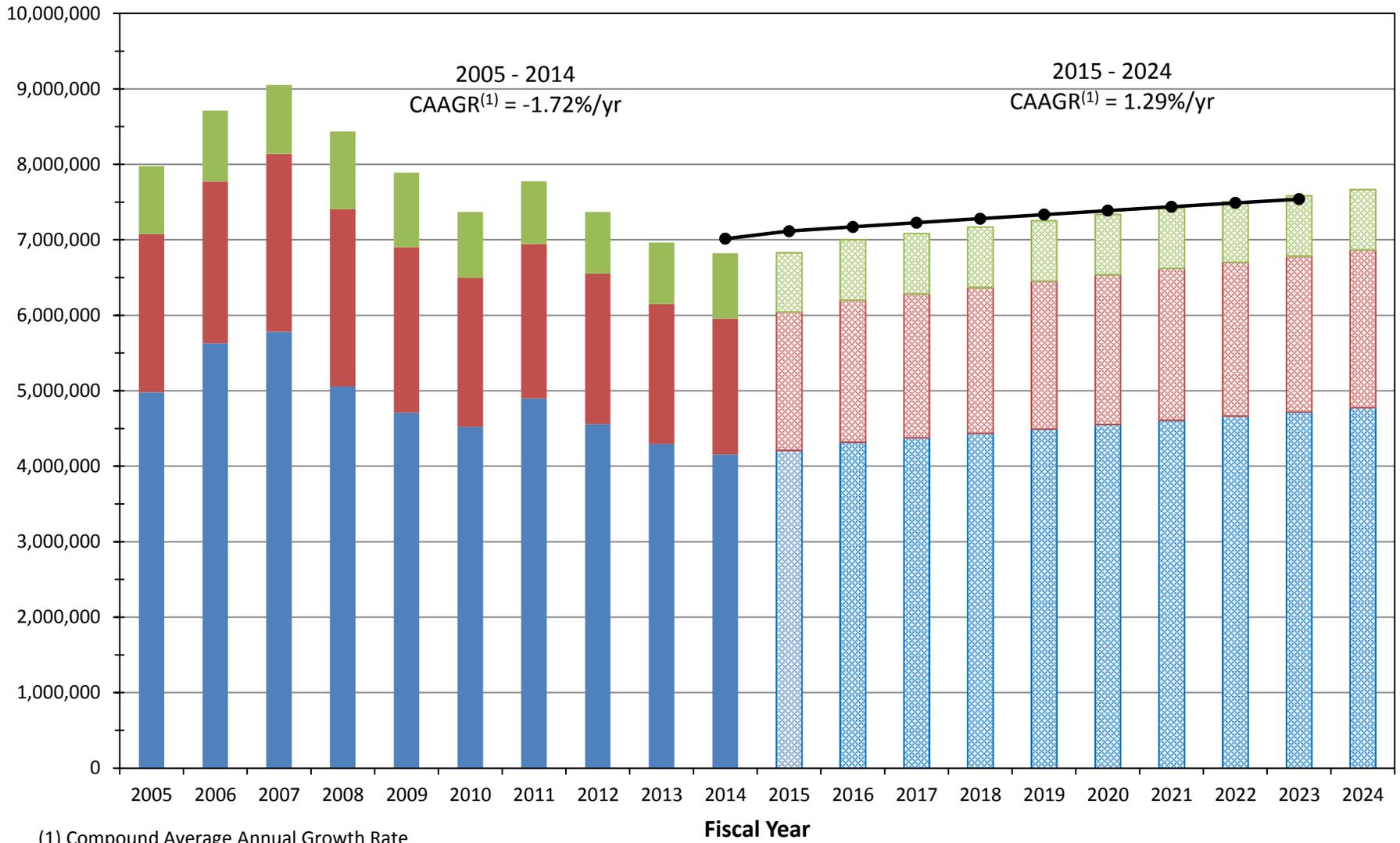
Residential Non-Residential 2015 Forecast



(1) Compound Average Annual Growth Rate

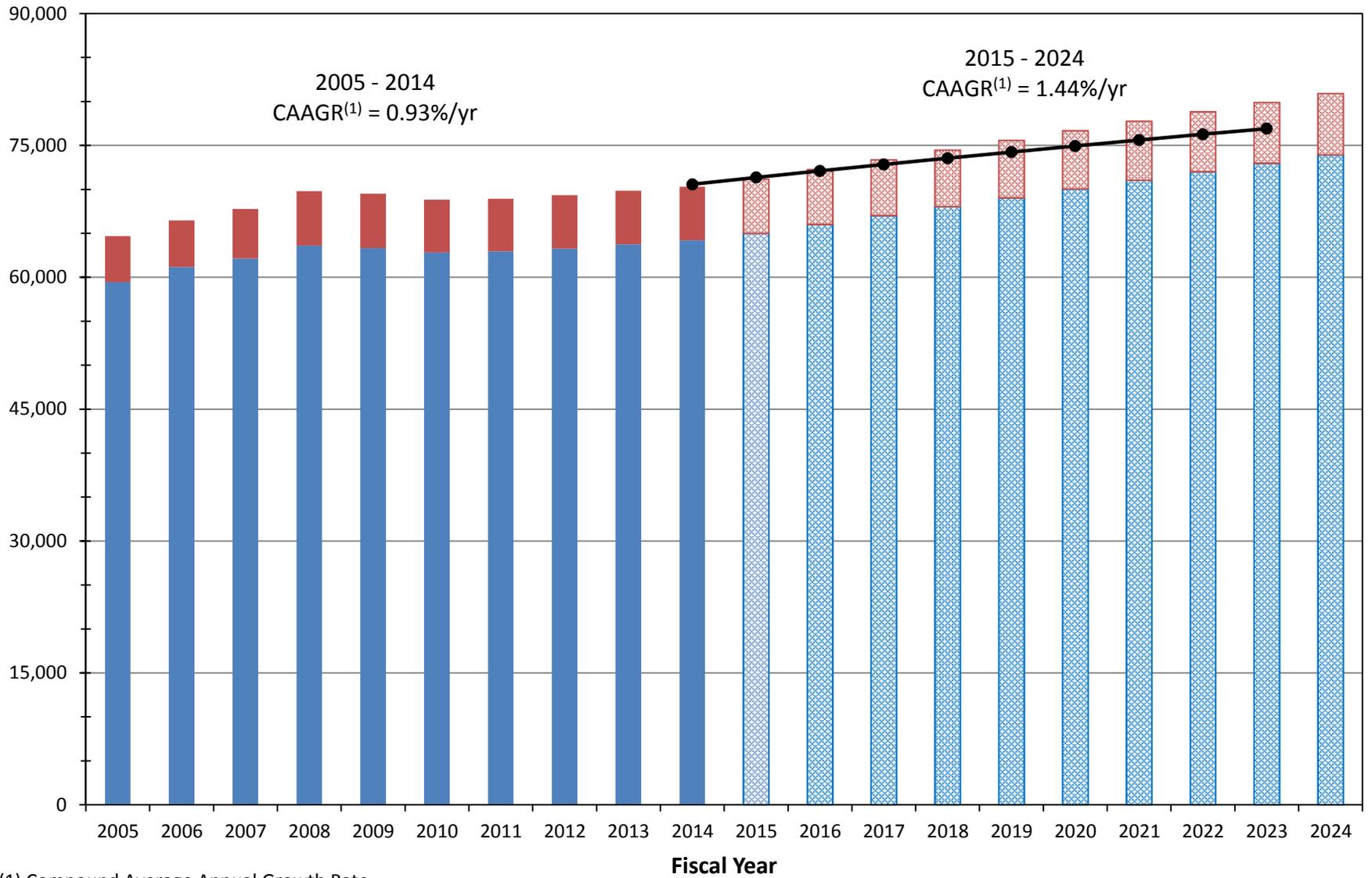
Water Sales Thousand Gallons (kgal)

■ Residential
 ■ Non-Residential
 ■ University of Florida
 ●— 2015 Forecast



Water Customers

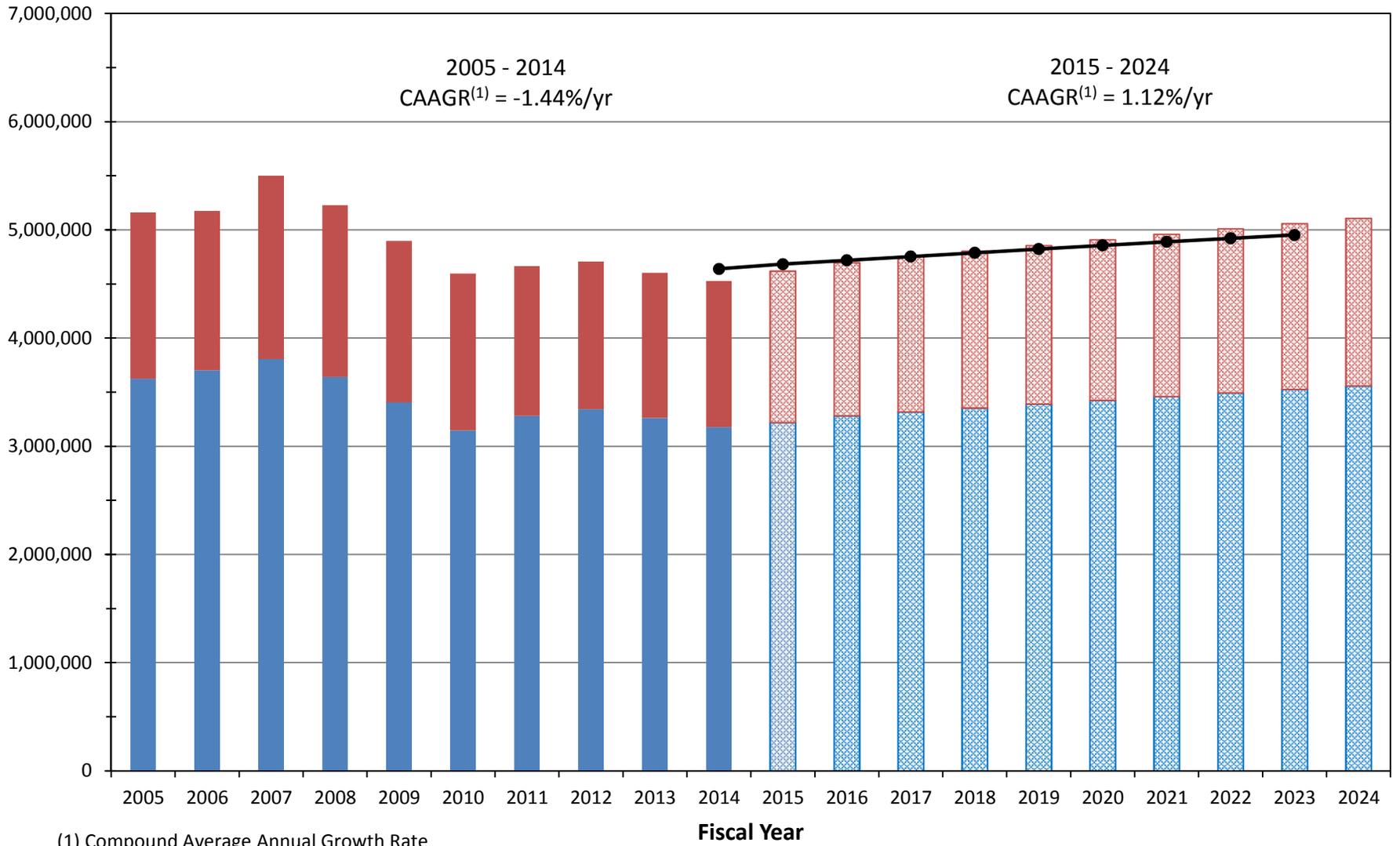
Residential Non-Residential 2015 Forecast



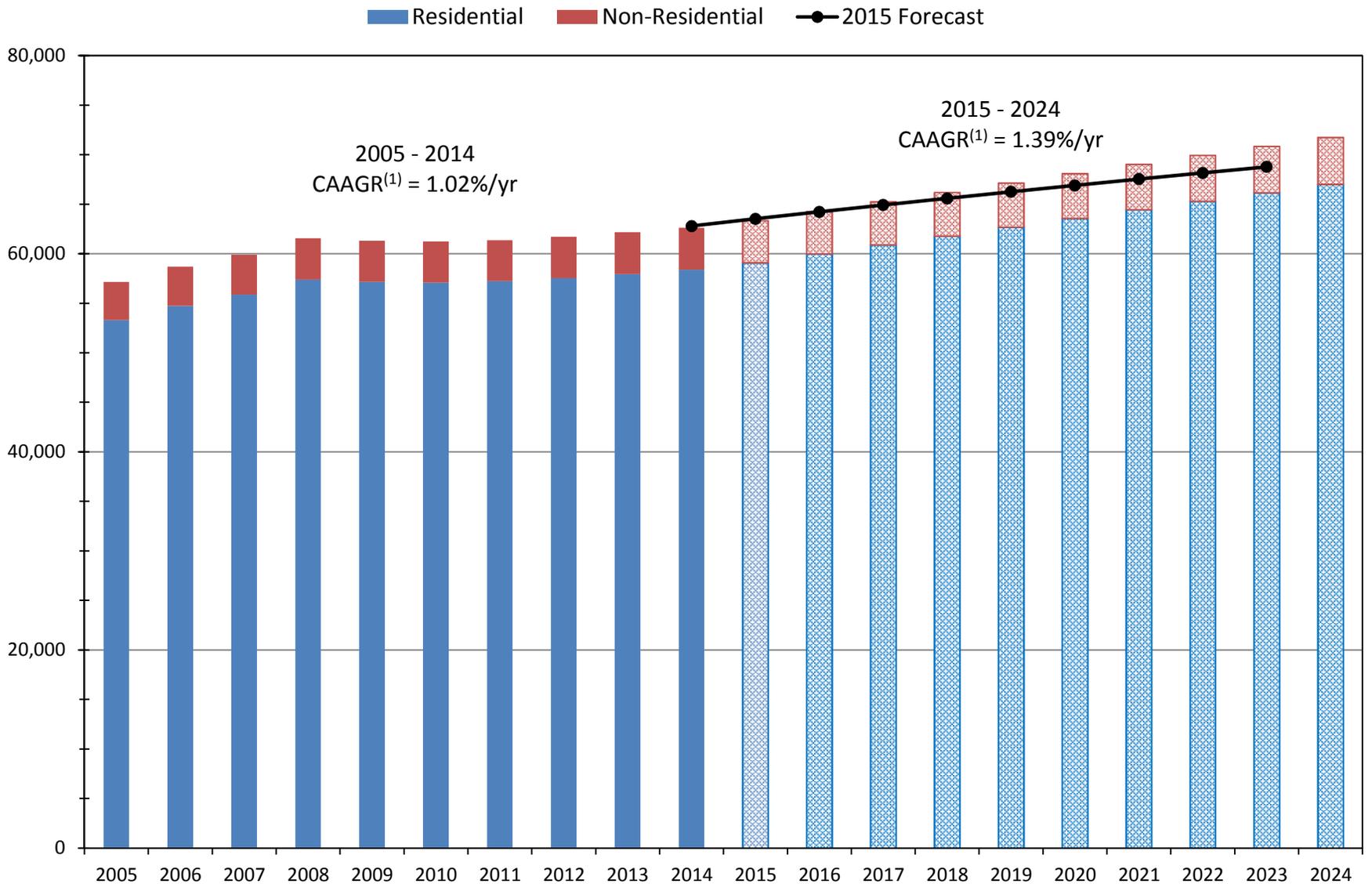
(1) Compound Average Annual Growth Rate

Wastewater Billings Thousand Gallons (kgal)

■ Residential
 ■ Non-Residential
 ●— 2015 Forecast



Wastewater Customers



(1) Compound Average Annual Growth Rate

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Section B – Flow of Funds

Annual Operating Budget

Flow of Funds

Combined System

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Revenues:				
Sales Revenue	\$ 214,853,207	\$ 209,375,381	\$ 228,149,355	\$ 215,842,546
Fuel Adjustment Revenue	160,325,212	161,312,853	167,021,962	158,305,701
PGA Revenue	11,324,698	10,229,009	10,745,099	8,407,472
Surcharge Revenue	8,432,330	8,195,615	8,855,141	8,567,992
Connection Revenue	2,854,840	2,854,840	2,872,893	2,872,892
Interchange Revenue	600,000	-	600,000	-
Other Revenue	12,466,527	11,390,845	12,748,038	17,084,923
Interest Income	1,525,689	1,605,784	1,496,901	1,320,303
Rate Stabilization (to)/from	1,151,569	(3,395,997)	(3,211,835)	(4,824,306)
Total Revenues	413,534,072	401,568,330	429,277,554	407,577,523
O&M Expenses:				
Native Load Fuel Cost	160,325,212	161,312,853	167,021,962	158,305,701
Interchange Fuel Cost	500,000	-	500,000	-
Purchased Gas	11,324,698	10,229,009	10,745,099	8,407,472
Other O&M	101,234,679	98,415,081	105,296,371	105,274,411
Total Expenses	273,384,589	269,956,943	283,563,432	271,987,584
Net Revenues:				
General	140,049,483	131,611,387	145,614,122	135,589,939
Interchange	100,000	-	100,000	-
Total Net Revenues	140,149,483	131,611,387	145,714,122	135,589,939
Uses of Net Revenues:				
Debt Service (Net of UPIF used for DS)	61,001,657	54,066,480	61,824,826	56,355,741
UPIF	43,605,401	42,734,466	46,948,735	43,778,139
General Fund Transfer	34,892,425	34,660,441	35,690,561	35,456,059
Working Capital	650,000	150,000	1,250,000	-
Total Use of Net Revenues	140,149,483	131,611,387	145,714,122	135,589,939
Net Revenue/(Deficit)	\$ -	\$ -	\$ -	\$ -

Annual Operating Budget

Flow of Funds

Electric System

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Revenues:				
Residential Revenue	\$ 51,082,677	\$ 45,421,584	\$ 51,501,267	\$ 45,700,464
Residential Rate Change Revenue	(4,342,028)	-	(2,576,596)	-
Non-Residential Revenue	70,117,503	62,937,739	71,271,641	64,518,143
Non-Residential Rate Change Revenue	(5,959,988)	-	(3,209,647)	-
Sales for Resale	3,602,203	3,677,663	3,887,203	3,934,461
South Energy Center Revenue	10,999,922	10,820,055	12,676,989	10,845,560
Innovation Square Revenue	287,269	170,246	637,517	182,378
Fuel Adjustment Revenue	160,325,212	161,312,853	167,021,962	158,305,701
Surcharge Revenue	3,208,419	2,979,152	3,357,960	3,010,596
Interchange Revenue	600,000	-	600,000	-
Other Revenue	6,838,684	7,294,910	7,272,353	14,692,706
Interest Income	939,900	1,119,075	810,613	973,365
Rate Stabilization (to)/from	5,171,490	1,352,600	1,737,708	(2,785,973)
Total Revenues	302,871,263	297,085,877	314,988,970	299,377,401
O&M Expenses:				
Native Load Fuel Cost	160,325,212	161,312,853	167,021,962	158,305,701
Interchange Fuel Cost	500,000	-	500,000	-
Other O&M	60,099,242	58,346,911	61,984,928	61,254,398
Total Expenses	220,924,454	219,659,764	229,506,890	219,560,099
Net Revenues:				
General	81,846,809	77,426,113	85,382,080	79,817,302
Interchange	100,000	-	100,000	-
Total Net Revenues	81,946,809	77,426,113	85,482,080	79,817,302
Uses of Net Revenues:				
Debt Service (Net of UPIF used for DS)	38,245,998	34,433,438	38,227,559	35,404,469
UPIF	23,705,509	23,756,130	26,455,140	24,734,721
General Fund Transfer	19,495,302	19,236,545	19,799,381	19,678,113
Working Capital	500,000	-	1,000,000	-
Total Use of Net Revenues	81,946,809	77,426,113	85,482,080	79,817,302
Net Revenue/(Deficit)	\$ -	\$ -	\$ -	\$ -

Annual Operating Budget

Flow of Funds

Water System

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Revenues:				
Sales of Water	\$ 26,983,625	\$ 26,413,951	\$ 27,243,624	\$ 27,028,011
Rate Change Revenue	1,077,762	-	2,175,522	1,013,550
UF Revenue	1,756,700	1,749,139	1,757,900	1,791,331
South Energy Center Revenue	33,019	33,019	34,670	34,670
Innovation Square Revenue	25,019	-	29,305	-
Surcharge Revenue	2,270,448	2,197,234	2,287,128	2,360,858
Connection Revenue	889,259	889,259	896,835	896,835
Other Revenue	2,525,645	1,428,890	2,177,593	1,025,952
Surcharge on Connections	-	-	73,989	-
Interest Income	113,319	110,427	165,317	65,101
Rate Stabilization (to)/from	(2,079,904)	(1,472,557)	(2,405,994)	(1,182,023)
Total Revenues	33,594,892	31,349,362	34,435,889	33,034,285
O&M Expenses:				
Other O&M	14,549,332	13,983,007	14,604,277	14,613,057
Total Expenses	14,549,332	13,983,007	14,604,277	14,613,057
Total Net Revenues	19,045,560	17,366,355	19,831,612	18,421,228
Uses of Net Revenues:				
Debt Service (Net of UPIF used for DS)	6,062,226	5,307,360	6,629,883	5,910,315
UPIF	7,356,894	6,435,338	7,599,516	6,758,167
General Fund Transfer	5,626,440	5,623,657	5,602,213	5,752,746
Working Capital	-	-	-	-
Total Use of Net Revenues	19,045,560	17,366,355	19,831,612	18,421,228
Net Revenue/(Deficit)	\$ -	\$ -	\$ -	\$ -

Annual Operating Budget

Flow of Funds

Wastewater System

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Revenues:				
Wastewater Charges	\$ 33,330,330	\$ 34,164,300	\$ 33,596,272	\$ 34,727,627
Rate Change Revenue	1,616,521	-	3,258,838	1,672,746
South Energy Center Revenue	91,770	91,770	91,770	91,770
Innovation Square Revenue	9,856	-	11,544	-
Biosolids Revenue	312,000	292,496	312,000	300,000
Surcharge Revenue	2,549,806	2,546,169	2,567,089	2,725,361
Connection Revenue	1,965,581	1,965,581	1,976,058	1,976,058
Other Revenue	921,806	551,826	1,009,440	70,669
Surcharge on Connections	-	-	163,025	-
Interest Income	195,796	135,779	240,784	157,558
Rate Stabilization (to)/from	(1,799,511)	(1,713,996)	(1,355,725)	(688,436)
Total Revenues	39,193,955	38,033,924	41,871,095	41,033,352
O&M Expenses:				
Other O&M	14,824,269	14,667,310	16,063,299	16,712,303
Total Expenses	14,824,269	14,667,310	16,063,299	16,712,303
Total Net Revenues	24,369,686	23,366,614	25,807,796	24,321,049
Uses of Net Revenues:				
Debt Service (Net of UPIF used for DS)	7,920,044	6,856,518	8,346,206	7,387,529
UPIF	8,934,097	8,934,097	9,738,263	9,337,059
General Fund Transfer	7,365,545	7,426,000	7,473,327	7,596,461
Working Capital	150,000	150,000	250,000	-
Total Use of Net Revenues	24,369,686	23,366,614	25,807,796	24,321,049
Net Revenue/(Deficit)	\$ -	\$ -	\$ -	\$ -

Annual Operating Budget

Flow of Funds

Gas System

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Revenues:				
Residential Revenue	\$ 7,017,503	\$ 7,423,079	\$ 7,043,629	\$ 7,119,375
Residential Rate Change Revenue	298,244	-	598,836	338,170
Non-Residential Revenue	3,696,331	4,299,811	3,729,584	4,363,621
Non-Residential Rate Change Revenue	157,094	-	317,082	207,272
MGPCRF Revenue	1,158,290	1,201,454	1,171,590	1,192,663
Purchased Gas Adjustment Revenue	11,324,698	10,229,009	10,745,099	8,407,472
Surcharge Revenue	403,657	473,060	405,950	471,177
Other Revenue	1,868,392	1,658,380	1,976,652	995,596
Interest Income	165,620	147,506	173,153	90,255
Rate Stabilization (to)/from	(301,332)	(1,324,802)	304,484	784,319
Total Revenues	25,788,497	24,107,496	26,466,059	23,969,921
O&M Expenses:				
Purchased Gas	11,324,698	10,229,009	10,745,099	8,407,472
Other O&M	5,715,325	5,766,937	5,922,797	6,417,594
Total Expenses	17,040,023	15,995,946	16,667,896	14,825,066
Total Net Revenues	8,748,474	8,111,550	9,798,163	9,144,855
Uses of Net Revenues:				
Debt Service (Net of UPIF used for DS)	2,943,474	2,337,448	4,221,114	3,891,611
UPIF	3,399,862	3,399,862	3,134,397	2,824,504
General Fund Transfer	2,405,138	2,374,240	2,442,652	2,428,740
Working Capital	-	-	-	-
Total Use of Net Revenues	8,748,474	8,111,550	9,798,163	9,144,855
Net Revenue/(Deficit)	\$ -	\$ -	\$ -	\$ -

Annual Operating Budget

Flow of Funds

GRUCom

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Revenues:				
Telecommunications Revenue	\$ 8,061,590	\$ 7,506,944	\$ 9,068,880	\$ 7,547,844
Public Safety Radio Revenue	1,859,146	1,783,817	1,887,033	1,801,655
Tower Lease Rental Revenue	1,892,849	1,680,811	1,944,902	1,731,236
Other Income	-	164,343	-	-
Interest Income	111,054	92,997	107,034	34,024
Rate Stabilization (to)/from	160,826	(237,241)	(1,492,308)	(952,193)
Total Revenues	12,085,465	10,991,670	11,515,541	10,162,565
O&M Expenses:				
Other O&M	6,046,511	5,650,916	6,721,070	6,277,059
Total	6,046,511	5,650,916	6,721,070	6,277,059
Total Net Revenues	6,038,954	5,340,754	4,794,471	3,885,506
Uses of Net Revenues:				
Debt Service (Net of UPIF used for DS)	5,829,915	5,131,715	4,400,064	3,761,818
UPIF	209,039	209,039	21,419	123,688
General Fund Transfer	-	-	372,988	-
Working Capital	-	-	-	-
Total Use of Net Revenues	6,038,954	5,340,754	4,794,471	3,885,506
Net Revenue/(Deficit)	\$ -	\$ -	\$ -	\$ -

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Section C – Revenues

Annual Operating Budget

Revenues

Electric System

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Revenues:				
Residential Revenue	\$ 51,082,677	\$ 45,421,584	\$ 51,501,267	\$ 45,700,464
Residential Rate Change Revenue	(4,342,028)	-	(2,576,596)	-
Non-Residential Revenue	70,117,503	62,937,739	71,271,641	64,518,143
Non-Residential Rate Change Revenue	(5,959,988)	-	(3,209,647)	-
Sales for Resale	3,602,203	3,677,663	3,887,203	3,934,461
South Energy Center Revenue	10,999,922	10,820,055	12,676,989	10,845,560
Innovation Square Revenue	287,269	170,246	637,517	182,378
Fuel Adjustment Revenue	160,325,212	161,312,853	167,021,962	158,305,701
Surcharge Revenue	3,208,419	2,979,152	3,357,960	3,010,596
Interchange Revenue	600,000	-	600,000	-
Other Revenue	6,838,684	7,294,910	7,272,353	14,692,706
Interest Income	939,900	1,119,075	810,613	973,365
Rate Stabilization (to)/from	5,171,490	1,352,600	1,737,708	(2,785,973)
Total	\$ 302,871,263	\$ 297,085,877	\$ 314,988,969	\$ 299,377,400

Description

- Forecasts were developed from econometric models that project number of customers and usage per customer for each major billing class. External inputs used in these models were sourced from the Bureau of Economic and Business Research (demographics), IHS Global Insight (economics), and the National Oceanic and Atmospheric Administration (climate). Revenue projections are the product of number of customers, billed sales, and GRU's prevailing prices.
- Cumulative increases in retail revenues from proposed rate changes are shown.
- The South Energy Center (SEC) is a combined heat and power plant providing electricity, chilled water, steam, and the storage and delivery of medical gases to the UF Health Cancer Center. The SEC has contributed significant revenues to the Electric System since May 2009.
- Innovation Square is a research and business development effort of the University of Florida and is served by the Electric System.
- Fuel adjustment revenues collect the fuel and purchased power costs for retail and firm contract unit electricity sales.
- Surcharge revenues are a 10 percent charge applied to the non-fuel portion of retail rates for customers outside incorporated Gainesville.
- Interchange revenues are from non-firm wholesale sales, typically made on an hourly or day-ahead basis, based on market prices, and include fuel and variable O&M production costs. Due to uncertainty of the marketability of excess power from the system, no revenues were budgeted in this area for FY15 or FY16.
- Other Revenue includes late fees and other miscellaneous service charges. Interest Income is generated from the investments earnings for the Operating Fund, Rate Stabilization Fund, and Utility Plant Improvement Fund for each System.
- Rate Stabilization revenues are withdrawals from (if positive) or deposits to (if negative) financial reserve accounts.

Budget Highlights

- Projected Residential and Non-Residential sales revenues for FY15 are 2.8 percent and 1.9 percent lower than originally budgeted. Projected Residential and Non-Residential sales revenues for FY16 are 6.6 percent and 5.2 percent lower than originally budgeted, respectively. Retail sales are expected to increase 0.9 percent per year over the next ten years.
- Sales for Resale include energy sales to the City of Alachua, transmission service to Seminole Electric Cooperative, Inc., and firm sales to the City of Winter Park.
- In Other Revenue, one-time revenue from the CR3 Settlement of approximately \$10 million has increased the Revised Budget for FY16. Any excess revenue will move into the Rate Stabilization Fund for use in FY17 as applicable.
- Interest Income projections for FY15 have been increased by 16.0 percent, compared to original budget. This is due primarily to having higher than anticipated funds available for investment.
- The Electric System is projected to make a smaller withdrawal from its Rate Stabilization reserves in FY15 than originally budgeted. The original FY15 budget provided for a \$5.2 million withdrawal, while revised projections show a withdrawal of \$1.4 million.

Annual Operating Budget

Revenues

Water System

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Revenues:				
Sales of Water	\$ 26,983,625	\$ 26,413,951	\$ 27,243,624	\$ 27,028,011
Rate Change Revenue	1,077,762	-	2,175,522	1,013,550
UF Revenue	1,756,700	1,749,139	1,757,900	1,791,331
South Energy Center Revenue	33,019	33,019	34,670	34,670
Innovation Square Revenue	25,019	-	29,305	-
Surcharge Revenue	2,270,448	2,197,234	2,287,128	2,360,858
Connection Revenue	889,259	889,259	896,835	896,835
Other Revenue	2,525,645	1,428,890	2,177,593	1,025,952
Surcharge on Connections	-	-	73,989	-
Interest Income	113,319	110,427	165,317	65,101
Rate Stabilization (to)/from	(2,079,904)	(1,472,557)	(2,405,994)	(1,182,023)
Total	\$ 33,594,892	\$ 31,349,362	\$ 34,435,890	\$ 33,034,286

Description

- Forecasts were developed from econometric models that project number of customers and usage per customer for each major billing class. External inputs used in these models were sourced from the Bureau of Economic and Business Research (demographics), IHS Global Insight (economics), and the National Oceanic and Atmospheric Administration (climate). Revenue projections are the product of number of customers, billed sales, and GRU's prevailing prices.
- Revenues are obtained from retail sales to residential and non-residential customers served by the potable water system and include monthly customer charges and usage charges (Kgal) based on metered water sales.
- UF revenues represent wholesale water sales to the UF campus, which maintains its own distribution system, as well as off-campus UF facilities.
- Cumulative increases in retail revenues from proposed rate changes are shown.
- The South Energy Center listed above is a generation facility that became operational in 2009, and is served by the Water System.
- Innovation Square listed above is a research and business development effort of UF and is also served by the Water System.
- A surcharge of 25 percent is collected outside incorporated Gainesville.
- Connection fees are collected to recover the costs of water supply, treatment and distribution required for each new customer. There is a 25 percent surcharge on connection fees for customers outside of incorporated Gainesville. In 2015, by direction of the City Commission, the fee was not collected, but will be reinstated for FY16 and directly passed through to General Government to fund the Connect Free program. Since it is a direct pass through, it is not shown in the revenue table above.
- Interest Income is generated from the investments earnings for the Operating Fund, Rate Stabilization Fund, and Utility Plant Improvement Fund for each System.
- Rate Stabilization revenues are withdrawals from (if positive) or deposits to (if negative) our financial reserve accounts.

Budget Highlights

- Revenues from sales of water for FY15 are projected to be 5.9 percent lower than originally budgeted, and revenues from sales of water for FY16 are projected to be 4.7 percent lower than originally budgeted.
- UF Revenues are projected to be 0.4 percent lower than originally budgeted for FY15, and 1.9 percent higher than originally budgeted for FY16.
- South Energy Center revenues are expected to meet original budget for FY15.
- Innovation Square revenues are not expected to meet original budget for FY15 due to less than anticipated development in that area.
- Utility Surcharge revenues are projected to be 3.2 percent lower than originally budgeted for FY15, and 3.2 percent higher than originally budgeted for FY16.
- Due to a combination of lower than forecast sales and certain expense increases, the Water System is projected to make a deposit to the Rate Stabilization Fund for FY15 of \$1,472,557 instead of the \$2,079,904 deposit originally budgeted.

Annual Operating Budget

Revenues

Wastewater System

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Revenues:				
Wastewater Charges	\$ 33,330,330	\$ 34,164,300	\$ 33,596,272	\$ 34,727,627
Rate Change Revenue	1,616,521	-	3,258,838	1,672,746
South Energy Center Revenue	91,770	91,770	91,770	91,770
Innovation Square Revenue	9,856	-	11,544	-
Biosolids Revenue	312,000	292,496	312,000	300,000
Surcharge Revenue	2,549,806	2,546,169	2,567,089	2,725,361
Connection Revenue	1,965,581	1,965,581	1,976,058	1,976,058
Other Revenue	921,806	551,826	1,009,440	70,669
Surcharge on Connections	-	-	163,025	-
Interest Income	195,796	135,779	240,784	157,558
Rate Stabilization (to)/from	(1,799,511)	(1,713,996)	(1,355,725)	(688,436)
Total	\$ 39,193,955	\$ 38,033,923	\$ 41,871,095	\$ 41,033,351

Description

- Forecasts were developed from econometric models that project number of customers and usage per customer for each major billing class. External inputs used in these models were sourced from the Bureau of Economic and Business Research (demographics), IHS Global Insight (economics), and the National Oceanic and Atmospheric Administration (climate). Revenue projections are the product of number of customers, billed quantities, and GRU's prevailing prices.
- Revenues are obtained from wastewater charges to residential and non-residential customers served by our wastewater collection, treatment, reuse and disposal system.
- Cumulative increases in retail revenues from proposed rate changes are shown.
- Wastewater is not metered. Charges for most residential customers are based on winter water consumption to avoid billing customers for irrigation and other outdoor uses that do not discharge to the wastewater system.
- Non-residential customers are billed based on 95 percent of water consumption each month. Customers are given the option of installing irrigation water meters, which are not included in wastewater bill calculations, as a way to manage wastewater costs.
- The South Energy Center is a generation facility that became operational in 2009 and is served by the Wastewater System.
- Innovation Square is a research and business development effort of UF and is also served by the Wastewater System.
- Biosolids revenue is generated for the receipt, treatment, and beneficial reuse of waste residuals of other municipalities and septage haulers.
- A surcharge of 25 percent is collected from customers outside incorporated Gainesville.
- Connection charges are collected to recover the capital costs of wastewater collection and treatment required for each new customer. There is a 25 percent surcharge on connection fees for customers outside incorporated Gainesville. In 2015, by direction of the City Commission, the fee was not collected, but will be reinstated for FY16 and directly passed through to General Government to fund the Connect Free program. Since it is a direct pass through, it is not shown in the revenue table above.
- Interest Income is generated from the investments earnings for the Operating Fund, Rate Stabilization Fund, and Utility Plant Improvement Fund for each System.

- Rate Stabilization revenues are withdrawals (if positive) or deposits (if negative) from our financial reserve accounts.

Budget Highlights

- Revenues from wastewater billings are projected to be 2.2 percent lower than originally budgeted for FY15 and 1.2 percent lower than originally budgeted for FY16.
- South Energy Center revenues are expected to meet original budget for FY15.
- Innovation Square revenues are not expected to be on target for original budget in FY15 due to less development than anticipated in that area.
- Utility Surcharge revenues are projected to be 0.1 percent lower than originally budgeted for FY15 and 6.2 percent higher than originally budgeted for FY16.
- Interest Income is expected to be less than originally budgeted for FY15 by 30.6 percent. This is due primarily to lower than anticipated return on investments as well as fewer reserve funds available for investment in the Wastewater System.
- The Wastewater System is projected to make a contribution to the Rate Stabilization Fund for FY15 of \$1,713,996 compared to the original FY15 budget amount of \$1,799,511, due largely to lower than anticipated revenues. The FY16 proposed budget calls for a deposit of \$688,436 to the Rate Stabilization Fund.

Annual Operating Budget

Revenues

Gas System

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Revenues:				
Residential Revenue	\$ 7,017,503	\$ 7,423,079	\$ 7,043,629	\$ 7,119,375
Residential Rate Change Revenue	298,244	-	598,836	338,170
Non-Residential Revenue	3,696,331	4,299,811	3,729,584	4,363,621
Non-Residential Rate Change Revenue	157,094	-	317,082	207,272
MGPCRF Revenue	1,158,290	1,201,454	1,171,590	1,192,663
Purchased Gas Adjustment Revenue	11,324,698	10,229,009	10,745,099	8,407,472
Surcharge Revenue	403,657	473,060	405,950	471,177
Other Revenue	1,868,392	1,658,380	1,976,652	995,596
Interest Income	165,620	147,506	173,153	90,255
Rate Stabilization (to)/from	(301,332)	(1,324,802)	304,484	784,319
Total	\$ 25,788,497	\$ 24,107,496	\$ 26,466,058	\$ 23,969,920

Description

- Forecasts were developed from econometric models that project number of customers and usage per customer for each major billing class. External inputs used in these models were sourced from the Bureau of Economic and Business Research (demographics), IHS Global Insight (economics), and the National Oceanic and Atmospheric Administration (climate). Revenue projections are the product of number of customers, billed sales, and GRU's prevailing prices.
- Cumulative increases in retail revenues from proposed rate changes are shown.
- The Manufactured Gas Plant Cost Recovery Factor (MGPCRF) is a component of revenue based on therm sales. It recovers the cost of environmental clean-up at the Depot Park Manufactured Gas Plant. This cost is partially offset with insurance proceeds, with the project expected to total nearly \$27 million when complete.
- Purchased Gas Adjustment (PGA) revenue collects for the natural gas fuel distributed to customers.
- A 10 percent surcharge is collected from customers outside incorporated Gainesville.
- Other Revenue typically includes late fees, service charges, and sales revenue from liquid propane distribution system customers.
- Interest Income is generated from the investments earnings for the Operating Fund, Rate Stabilization Fund, and Utility Plant Improvement Fund for each System.
- Rate Stabilization revenues are withdrawals from (if positive) or deposits (if negative) to financial reserve accounts.

Budget Highlights

- Residential revenues are projected to be 1.5 percent higher than originally budgeted and non-residential revenues are projected to be 10.9 percent higher than originally budgeted, for FY15. Residential revenues are projected to be 2.4 percent lower than originally budgeted, while non-residential revenues are projected to be 13 percent higher than originally budgeted, for FY16.
- Surcharge revenue is projected to be 17 percent higher than originally budgeted for FY15 and 16 percent higher than originally budgeted for FY16.
- Interest Income is expected to be approximately \$18,000 less than originally budgeted for FY15.

- The Gas System was originally budgeted to make a contribution to the Rate Stabilization Fund of \$301,332 in FY15; however, a deposit of \$1,324,802 is now projected for FY15. The FY16 budget projects withdrawal of \$784,319 from the Rate Stabilization Fund.

Annual Operating Budget

Revenues

GRUCom

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Revenues:				
Telecommunications Revenue	\$ 8,061,590	\$ 7,506,944	\$ 9,068,880	\$ 7,547,844
Public Safety Radio Revenue	1,859,146	1,783,817	1,887,033	1,801,655
Tower Lease Rental Revenue	1,892,849	1,680,811	1,944,902	1,731,236
Other Income	-	164,343	-	-
Interest Income	111,054	92,997	107,034	34,024
Rate Stabilization (to)/from	160,826	(237,241)	(1,492,308)	(952,193)
Total	\$ 12,085,465	\$ 10,991,670	\$ 11,515,541	\$ 10,162,566

Description

- GRUCom Telecommunication revenues are based on historical growth rates for fiber transport services and Internet access sales, anticipated price changes and market demand estimates. Projections have been adjusted to reflect additional services in Wireless Carriers for 4G/LTE services as well as the loss of the remaining traditional TDM services.
- Public Safety Radio revenue projections are based on the historical growth rate of radios deployed. These revenues have been adjusted to reflect the new contract that has been put into place extending the service through 2020.
- Tower Lease Rental services are primarily tower space leases with Personal Wireless Communications Services (PCS) providers and co-location space leases in the GRUCom Central Office. Revenues from new leases executed in recent months have been included in the forecast. The tower space leases mandate annual CPI increases, which have also been included.
- Interest Income is generated from the investments earnings for the Operating Fund, Rate Stabilization Fund, and Utility Plant Improvement Fund for each System.
- Rate Stabilization revenues are withdrawals from (if positive) or deposits to (if negative) from financial reserve accounts.

Budget Highlights

GRUCom fiber transport and data services continue to be in high demand by PCS providers, other carriers and local businesses. Wireless Carriers are continuing to increase their data services as customer demand dictates. The Network upgrades and additions to the Wireless Towers in Alachua County have us well positioned to meet bandwidth requirements as the Carriers add bandwidth to handle increased customer demand.

- GRUCom continues to receive requests from existing apartment complexes for GATOR NET services. Revenues from these new contracts are included in projections.
- Demand for co-location space at the GRUCom Central Office continues to grow at a steady pace as more companies and agencies seek to take advantage of the security, reliability and network access benefits available there. GRUCom has completed the retrofit of the existing Co-location space, allowing for additional revenue, and is evaluating additional space needs. GRUCom has initiated a project to upgrade the electrical service to the facility and in the facility to improve reliability.

- GRUCom Internet access product sales and customer bandwidth are projected to increase. GRUCom has upgraded its transport circuit to the major carrier co-location facility in Atlanta, known as Telex and to the major carrier co-location facility in Miami known as Terremark . The increased capacity and service diversity allows GRUCom to purchase low cost Internet access in large quantities with service assurance and shorter provisioning periods. Additionally, GRUCom continues to increase peering arrangements with organizations located in both facilities, which will provide a higher level of performance for GRUCom customers.
- GRUCom is working with a cellular carrier to design and install a small cell system in the local area. This system will provide revenue opportunities for GRUCom and the Electric department.
- GRUCom is delivering 1 Gigabit service to Gator Net locations. It is expected that this service offering will be expanded during the next year.
- Interest Income is expected to be less than originally budgeted for FY15 by \$18,057.
- GRUCom is projected to make a deposit to the Rate Stabilization Fund for FY15 of \$237,241 instead of the \$160,826 withdrawal originally budgeted. The FY16 budget projects a contribution of \$952,193 to the Rate Stabilization Fund.

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Section D – Non-Labor

Annual Operating Budget

Non-Labor

Fuel

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Expenditures:				
Coal	\$ 48,503,709	\$ 39,093,771	\$ 49,172,625	\$ 42,039,494
Natural Gas - Generation	8,207,631	15,149,818	8,163,044	8,217,889
Natural Gas - Customer Sales	11,324,698	10,229,009	10,745,099	8,407,472
Fuel Oil #6 #2	-	85,136	-	-
Purchased Power	101,596,064	104,837,388	107,612,199	105,753,048
Landfill Gas	2,017,808	2,146,740	2,074,094	2,295,270
Total Expenditures	\$ 171,649,910	\$ 171,541,862	\$ 177,767,061	\$ 166,713,173

** 2015 Projections include Actuals through March 2015 for fuel expense and actuals through February 2015 for purchase power and landfill plus updated budget for remainder of FY15*

Description

Coal generation is estimated to satisfy approximately 54 percent of the total system load during FY16 compared to 45 percent projected for FY15. The increase is due to lower projected costs in FY16.

Natural gas generation is estimated to satisfy 12 percent of total system load during FY16. Natural gas is supplied directly to customers local distribution company (LDC) to operate appliances in their homes and businesses. Natural gas is purchased through The Energy Authority (TEA) and transported via Florida Gas Transmission (FGT) interstate pipeline. Natural gas cost for generation and LDC will differ based on the timing and volume of usage during the year.

GRU has a 30-year PPA with Gainesville Renewable Energy Center (GREC) for 102.5 MW of biomass-generated power. Biomass is expected to satisfy 30 percent of total system load for FY16.

Power is purchased off the electric grid when there is a financial benefit to customers or if there is a need to maintain system reliability. GRU also secures short-term and long-term purchased power arrangements as a hedge to meet native load.

GRU has a four-year 10MW power sales agreement with the City of Winter Park that began January 1, 2015. While this agreement increases fuel expense, it will also bring additional net revenue to reduce costs for GRU customers.

Budget Highlights

- The FY15 “as-burned” cost of coal is projected to average \$3.38/MMBtu. The budgeted FY16 “as burned” cost of coal is \$3.06/MMBtu.
- The FY16 “as-burned” coal price includes \$3,098,284 for pebble lime and \$524,968 for urea required for operation of the dry scrubber and SCR.
- The FY16 “as-burned” coal price also includes fly ash sales which are projected to generate revenues of \$225,980. This is an offset to coal expenses for the fiscal year.
- GRU has secured one short-term coal supply contract and is currently negotiating a second.
- Inclusive of hedging, baseload transaction(s), capacity charges, and excess capacity expenses, natural gas prices for FY15 are projected to average \$4.08/MMBtu. Prices for FY16 are budgeted to average \$4.23/MMBtu.
- Natural gas costs for customer sales (LDC) inclusive of hedging, baseload transaction(s), capacity charges, and excess capacity expenses for FY15 are projected to average \$4.69/MMBtu. Prices for FY16 are budgeted to average \$4.22/MMBtu delivered.
- Expenses for power from GREC in FY16 are estimated to be \$63.63 million for fixed charges, \$24.09 million for variable charges and \$7.65 million for its annual property tax assessment.

Annual Operating Budget

Non-Labor

Energy Supply

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Expenditures:				
Administration	\$ 401,448	\$ 477,624	\$ 404,337	\$ 150,000
Energy Supply Training	136,150	124,002	140,235	136,150
Fuels Management	10,750	10,552	11,075	10,750
Product Assurance Support	38,200	32,155	39,346	38,200
Maintenance of Plant - Kelly Plant	980,676	979,849	1,010,102	980,676
Maintenance of Plant - Deerhaven	4,111,607	4,112,894	4,373,933	4,108,307
Maintenance of Plant - Plant Outage Crystal River 3	3,839,750	3,648,983	3,954,946	4,580,000
	-	5,606	-	-
Control Area Services	81,300	104,656	83,739	163,600
Electric Environmental	124,850	125,967	126,100	124,850
Total Expenditures	\$ 9,724,731	\$ 9,622,287	\$ 10,143,813	\$ 10,292,533

Description

Energy Supply operates and maintains GRU's Electric Generating and Combined Heating and Power (CHP) assets. Other areas of responsibility under Energy Supply are Power Engineering, Outage Planning and Major Maintenance, Power Systems Operation, Transmission Switching, Power Marketing, Generation Planning and Fuels Management (includes procurement, transportation and risk management for both the electric generating and gas distribution systems.)

Budget Highlights

Energy Supply proposes a \$567,802 increase in non-labor expense from the FY15 budget. The majority of the proposed increase is in the Planned Outage budget:

- Over several years, Energy Supply has performed diagnostics and analytics required to move from a twelve month planned outage frequency to an 18-month planned outage frequency without a material increase in operational risk. This frequency reduces non-labor outage costs by 25 – 30 percent over a three year period.
- Energy Supply proposes to transition Deerhaven Unit 2 (DH 2) to an eighteen month planned outage frequency beginning in FY16. Doing so requires the addition of work scope to the FY16 planned outage, resulting in the proposed expense increase.
- Savings over the next six years from transitioning DH 2 to an 18-month planned outage frequency are expected to be approximately \$5 million.

Annual Operating Budget

Non-Labor

District Energy

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Expenditures:				
New Business Services	\$ 43,500	\$ 42,906	\$ 43,500	\$ 43,950
South Energy Center	2,205,137	2,462,041	2,749,703	2,295,705
Innovation Energy Center	157,721	162,607	201,815	186,009
Total Expenditures	\$ 2,406,358	\$ 2,667,554	\$ 2,995,018	\$ 2,525,664

Description

District Energy develops, operates, and maintains GRU's special-purpose energy and thermal plants at the South Energy Center and the Innovation Energy Center. District Energy also evaluates and implements new energy and thermal business ventures for GRU.

Budget Highlights

- Expenses related to the South Energy Center (SEC) are in accordance with the contractual terms of the agreement between GRU and UF Health.
- Increased expenses at the SEC in FY16 reflect the expansion of the SEC to serve the new UF Health Heart and Vascular Hospital and UF Health Neuromedicine Hospital.
- Innovation Energy Center expenses reflect chilled water and backup power production sales as the Gainesville Innovation District develops.

Annual Operating Budget

Non-Labor

Energy Delivery

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Expenditures:				
Energy Delivery Administration	\$ 25,069	\$ 24,884	\$ 25,570	\$ 24,709
Work & Resource Management	211,140	229,046	222,007	325,766
Electric Transmission & Distribution	2,378,146	2,317,481	2,428,491	2,820,384
Energy Delivery Engineering	197,591	203,213	200,945	288,442
Substation & Relay Operations	416,274	419,283	424,597	472,733
Gas & Electric Measurement	215,416	215,013	223,066	272,557
Systems Control	939,355	849,519	1,082,384	953,284
Gas Transmission & Distribution	180,065	141,503	183,666	412,470
Field Services	529,389	419,386	542,236	551,178
Total Expenditures	\$ 5,092,445	\$ 4,819,328	\$ 5,332,962	\$ 6,121,523

Description

The Energy Delivery Department is responsible for the design, construction, operation and maintenance of approximately 120 miles of electric transmission, 1,415 miles of electric distribution lines, 766 miles of gas distribution mains, 13 electric substations, and 6 natural gas gate stations. The department's other responsibilities include electric and gas metering; electric and gas system engineering; electric and gas system protection; power quality assurance; electric and gas system monitoring and control (SCADA); water, electric and gas service initiation and termination; all underground facility locates; and all meter reading. The department is responsible for compliance with federal, state and local regulations related to safety, gas operator qualification, gas pipeline integrity, electric system reliability and operation, construction standards and associated reporting requirements.

Budget Highlights

In response to strengthening economic conditions and the need to develop staff required to ensure business continuity, FY16 revised operating and maintenance expenses will increase, as compared with the FY16 original budget.

- A new group of seven lineworker apprentices began training in June of FY15. This is the first class of apprentices to be initiated in the last eight years and they should progress to journey-level lineworkers in four years. The total lineworker training program extends over a seven-year timeframe. Similarly, a new group of four gas worker and line technician apprentices began training in FY15. The development of these new employees into skilled craftworkers will help ensure that the utility will be positioned to deliver high quality and reliable electric and gas services in the future.
- Certain expenses that have been historically charged as capital expenses have been re-categorized as operations and maintenance expenses. This revised treatment of expenses impacts both the electric and gas systems.

- Federally mandated regulatory requirements, such as the NERC Reliability and Critical Infrastructure Protection Standards, have generated significant upward pressure on O&M expenses, particularly within the Systems Control and Substation & Relay work groups.
- Funding for the natural gas rebate program has been increased in FY16 in response to strengthened acceptance of gas appliances (new construction and replacement installations) as well the need to remain competitive with the offerings of the industry within the State.

Annual Operating Budget

Non-Labor

Water

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Expenditures:				
Administration	\$ 11,050	\$ 11,046	\$ 11,050	\$ 11,050
Safety Training	14,402	14,377	14,689	14,664
Planning	150,940	138,250	151,190	150,620
Engineering	74,300	61,751	85,575	85,175
Murphree Plant				
Electric Expense	2,559,981	2,305,921	2,559,981	2,425,000
Chemicals	1,615,000	1,557,725	1,663,700	1,624,359
Security Guard Service	124,000	123,639	124,000	126,480
Sludge Disposal Fees	275,000	571,803	283,250	285,000
Other	589,100	590,264	594,200	626,598
Total	5,163,081	5,149,352	5,225,131	5,087,437
Water Distribution:				
Maintenance of Water System	274,412	286,553	273,892	279,985
Maintenance of Fleet	317,407	302,008	322,000	307,000
Other	46,531	49,787	46,381	51,381
Total	638,350	638,348	642,273	638,366
Total Expenditures	\$ 6,052,123	\$ 6,013,124	\$ 6,129,908	\$ 5,987,312

Description

The Water System is responsible for operating and maintaining the Murphree Water Treatment Plant, which has a treatment capacity of 54 million gallons of water per day (MGD). These responsibilities include providing safe, reliable, high-quality drinking water to 69,000 customers serving 189,000 people in the Gainesville urban area at acceptable pressures and volumes. The Water System is also responsible for construction, operation and maintenance of over 1,130 miles of water transmission and distribution lines, as well as the installation and maintenance of water meters, fire hydrants and backflow prevention devices.

Budget Highlights

Most of the O&M expenses in the Water System are not discretionary. For example, in order to meet federal and state safe drinking water standards, certain energy usage, chemicals, processes, and certified operational personnel for water treatment and transmission and distribution are required.

- Overall, the Water System proposes a \$142,596 decrease from its FY16 original budget. FY16 savings achieved through reductions in operational expenses.

Annual Operating Budget

Non-Labor

Wastewater

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Expenditures:				
Administration	\$ 11,050	\$ 11,046	\$ 11,050	\$ 11,050
Safety Training	14,352	14,377	14,638	14,664
Planning	9,700	10,070	9,950	9,520
Engineering	74,300	62,207	85,575	85,675
Water Reclamation Facilities				
Electric Service	3,144,600	3,144,640	3,239,100	3,027,000
Water Service	21,200	20,982	23,200	22,700
Chemicals	586,900	580,845	777,100	983,400
Maintenance - Plant & Fleet	1,119,000	1,239,461	1,802,260	1,009,692
Other	414,600	423,442	420,500	1,411,800
Total	5,286,300	5,409,371	6,262,160	6,454,592
Wastewater Collection				
Maintenance of Fleet	411,200	380,701	440,000	405,000
Radio & Communication Service	19,500	19,500	20,475	20,475
Other	125,966	158,209	125,300	160,300
Total	556,666	558,410	585,775	585,775
Total Expenditures	\$ 5,952,368	\$ 6,065,481	\$ 6,969,148	\$ 7,161,276

Description

The Wastewater System operates and maintains the 14.9 million gallons of water per day (MGD) at Kanapaha Water Reclamation Facility, the 7.5 MGD at Main Street Water Reclamation Facility, 170 lift stations, 642 miles of gravity main and 136 miles of associated force main, providing service to 63,000 customers in the Gainesville urban area. Responsibilities include pumping, treating and discharging high-quality treated effluent that meets federal and state drinking water standards, and providing high-quality reclaimed water to residential and business customers, primarily for irrigation. The Wastewater System also administers the Utility's Industrial Pretreatment (IPT), biosolids disposal, fats, oils and greases (FOG) disposal, and reclaimed water programs.

Budget Highlights

Most of the O&M expenses in the Wastewater System are not discretionary. For example, in order to meet federal and state collection, treatment, effluent and disposal standards, certain chemicals, processes and certified operational personnel are required.

- Wastewater proposes an overall \$192,128 increase to its FY16 original budget. The proposed increases are for expenses related to collection system and lift station odor control, plant maintenance, fleet repairs, and administrative expenses such as training, travel and professional services.

Annual Operating Budget

Non-Labor

GRUCom

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Expenditures:				
Operations	\$ 1,183,849	\$ 1,042,830	\$ 1,202,891	\$ 898,775
Public Safety Radio	612,500	532,972	629,980	561,000
Professional Services	115,000	176,329	111,800	135,000
Circuits	1,327,378	1,125,959	1,359,462	1,245,000
Total Expenditures	\$ 3,238,727	\$ 2,878,090	\$ 3,304,133	\$ 2,839,775

Description

GRUCom's four basic product lines include Telecommunications (data transport and carrier services), Public Safety Radio, Tower and Colocation leasing, and Internet access.

Budget Highlights

- GRUCom expenditures reflect the ongoing costs to operate and maintain the fiber optic network and the equipment used to provide data transport, carrier services, and Internet access.
- Operations costs are associated with network expansion for new growth (revenue) and support of existing services.
- Public Safety Radio costs are related to the operations of the county-wide Trunked Radio System.
- Professional Services expenditures reflect costs associated with utilizing external sources to assist with ongoing service development with the cellular, long distance transport and other telecommunication organizations that provide Internet services and peering relationships.
- Expenditures for circuits are associated with backbone Internet access and transport connectivity purchased by GRUCom from other service providers. These services allow GRUCom to resell Internet access and to reach customers who are not in close proximity to GRUCom's fiber network.

Annual Operating Budget

Non-Labor

Administration

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Expenditures:				
General Manager	\$ 481,955	\$ 493,769	\$ 384,755	\$ 452,244
Utilities - Legal Services	25,185	22,154	25,491	26,841
Community Relations	104,766	133,119	109,379	43,457
Compliance	5,650	5,650	4,900	3,980
Total Expenditures	\$ 617,556	\$ 654,692	\$ 524,525	\$ 526,522

Description

The General Manager oversees the operations of the combined utility systems – Electric, Gas, Water, Wastewater and GRUCom – and is responsible for the annual budget, policy recommendation, and the implementation of policies adopted by the City Commission.

Utilities/Legal Services is part of the City Attorney’s Office and provides daily legal counsel for the combined utility systems, including assistance with contract negotiation and representation of the utility systems before the courts and administrative bodies.

Community Relations develops, implements, manages and evaluates more than 13 community outreach programs for the combined utility systems.

Compliance is responsible for the management of the Electric System’s environmental compliance, as well as compliance with North American Electric Reliability Corporation (NERC) regulatory programs. This requires monitoring regulatory and external affairs, as well as wholesale and other contracts, and assuring that electric operations conform to environmental permitting and NERC standards for voltage, frequency, stability and reliability under authority delegated by the Federal Energy Regulatory Commission.

Budget Highlights

- Overall, Administration FY16 revised budget is comparable to the original FY16 budget submitted.
 - The General Manager recommends a slight increase in expenditures for FY16 due to increased costs of memberships for organizations.
 - Community Relations proposes decreases to its FY16 revised budget, as compared to the FY16 original budget, due to the reorganization of duties. In FY16, government relation duties will fall under the new Business & Government Relations department within Customer Support Services.

Annual Operating Budget

Non-Labor

Customer Support Services

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Expenditures:				
Customer Operations Administration	\$ 713,962	\$ 856,430	\$ 724,342	\$ 1,012,773
Energy & Business Services	669,504	622,535	558,440	553,449
Marketing & Communications	588,250	553,426	606,497	554,903
Facilities & Administrative Services	2,914,037	2,913,947	3,001,459	3,062,260
Business & Government Relations	-	-	-	113,750
Total Expenditures	\$ 4,885,753	\$ 4,946,338	\$ 4,890,738	\$ 5,297,135

Description

Customer Support Services includes the customer call center, lobby and drive-thru payment processing, billing and collections, conservation, new services, promotion of utility services, and customer and employee communications. It also includes administrative functions such as utilities purchasing and stores, mail services, land rights and real estate, facilities maintenance and security.

Budget Highlights

- The Customer Operations Administration increase consists of the following components:
 - Conversion of city temp budget dollars to Temp Force dollars
 - Project Dox software for plan review
 - Cash Cycle Solutions contract management changes
- The Facilities & Administrative Services budget increases are related to the following items:
 - The EOC Campus Management Committee directed Administrative Services to add \$37,850 to its budget for security projects.
 - An additional \$85,000 was added to cover taxes should they be levied on the vacated part of the downtown campus this year and to have a property appraisal done for those same buildings (Power District).
 - \$25,000 is included for consulting fees and maintenance to maintain ponds at EOC Campus.
- Business & Government Relations will absorb a portion of duties from Community Relations and also Energy & Business Services. No historical data is provided since the reorganization is effective for FY16.

Annual Operating Budget

Non-Labor

Information Technology

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Expenditures:				
Administration	\$ 47,942	\$ 47,942	\$ 40,569	\$ 677,024
Infrastructure Services	1,892,376	1,892,372	2,125,376	1,983,467
Application Development	158,935	158,935	197,935	179,135
Business Operations Support Services	1,143,875	1,143,873	1,261,147	1,181,147
Total Expenditures	\$ 3,243,128	\$ 3,243,122	\$ 3,625,027	\$ 4,020,773

Description

Information Technology (IT) maintains the network, phone, server, storage, and data center infrastructure and provides IT and communication services for the combined utilities and General Government. IT supports over 2,100 users and approximately 2,500 desktop and laptop computers used by employees at over 30 locations. In addition, IT supports mission-critical systems such as the SAP financial management and customer care systems, the Advantage HR, payroll, and financial system, multiple websites, and various revenue collection systems.

Budget Highlights

Major expenditures in the IT budget are related to maintaining the mission-critical systems, implementing infrastructure and software upgrades and network security improvements.

- Expenses in three IT cost centers are expected to decrease as a result of negotiated changes in some enterprise software licensing agreements. Additionally, IT expenses are still realizing some benefit from pre-payment of multi-year support agreements; some of those agreements will be due again in FY17.
- Approximately \$636,000 has been added to the IT administration budget for ongoing support costs of new enterprise business systems anticipated by the previously approved capital software project budget.

Annual Operating Budget

Non-Labor

Finance

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Expenditures:				
Finance	\$ 7,475	\$ 7,498	\$ 8,925	\$ 8,925
Rates, Forecasting & Business Analytics	24,750	24,410	24,250	22,750
Financial Analysis & Budget	38,955	36,307	40,121	36,395
Accounting	16,996	18,121	16,996	15,822
Accounts Payable	6,975	7,526	6,975	6,781
Total Expenditures	\$ 95,151	\$ 93,862	\$ 97,267	\$ 90,673

Description

Finance is responsible for preparation and administration of the utility budget; cash and debt management; administration, monitoring and control of investments; accounting for the combined utility systems; and rates, forecasting, benchmarking and business process documentation.

Budget Highlights

- The Finance Department proposes a \$6,594 decrease for its FY16 revised budget, as compared to the FY16 original budget. Expenditures such as training, travel and professional services have been reduced in an effort to produce budget savings while effectively managing current operations.

Annual Operating Budget

Non-Labor

Human Resources

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Expenditures:				
Travel & Training	\$ 38,000	\$ 16,389	\$ 38,000	\$ 39,359
Professional Services	12,405	-	55,905	-
Other	4,959	16,930	4,959	2,290
Total Expenditures	\$ 55,364	\$ 33,319	\$ 98,864	\$ 41,649

Description

The Human Resources (HR) Department provides human resources support to all levels of GRU and General Government leadership. HR's operational goals are to foster and measure a culture that promotes alignment with the organization's mission and values, with an emphasis on productivity and customer service; to recruit, retain and motivate a diverse and highly-skilled workforce; to maintain effective employee and labor relations; to provide comprehensive learning solutions that meet the current and future needs of the organization; to maintain an appropriate and competitive compensation and classification system; and to coordinate and enhance organization-wide communications on issues that impact employees and their jobs in support of organizational goals and objectives.

Budget Highlights

- Human Resources FY16 revised budget proposes a \$57,215 decrease, as compared to the FY16 original budget. Professional Services expenditures have been decreased due to reduced reliance on temporary personal services.

Annual Operating Budget

Non-Labor

General System Expenditures

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Expenditures:				
Insurance	\$ 3,795,410	\$ 3,593,032	\$ 3,950,564	\$ 3,933,771
Joint Services Allocation	2,020,877	2,020,877	2,121,921	2,121,921
Risk Management Fees	1,782,309	1,782,309	1,831,194	1,782,309
Professional/Contractual Services	460,000	460,000	370,800	500,000
Bank/Fiscal Agent Fees	2,161,336	2,150,736	2,226,176	2,014,238
Regulatory Fees/Permits	137,093	137,093	141,206	137,093
Fleet Maintenance Capitalization	(995,000)	(995,000)	(995,000)	(995,000)
System Expenditures Capitalized	(3,750,000)	(3,750,000)	(3,750,000)	(3,750,000)
Pension Bonds	1,752,889	1,753,249	1,890,459	1,803,163
Recoveries	(2,649,636)	(2,649,687)	(2,748,753)	(2,728,203)
Other	1,306,225	1,281,252	1,094,389	1,371,934
Total Expenditures	\$ 6,021,503	\$ 5,783,862	\$ 6,132,957	\$ 6,191,226

Description

General System Expenditures are of common benefit to all systems, such as financial audit fees, regulatory fees, fringe costs, insurance and payments to General Government for joint services rendered.

Budget Highlights

- Pension costs are allocated out of System Expenditures to departments as fringe benefits.
- Insurance premiums and payments for property and liability risks are projected to be below budget in FY15 due to a decrease in the boiler plant insurance. Risk Management at General Government negotiates and selects insurers for the utility. Risk Management fees, worker's compensation and general liability are contingent on the number and amount of claims that may be settled during a given year.
- Joint Services Allocation represents GRU's contribution to services such as the City Commission, City Auditor, Equal Opportunity Office, and other services that are provided by General Government. This amount increases by 3% each year, per agreement with General Government.
- Professional/Contractual Services includes the utility's financial management expenses, rating agency monitoring, cost of service studies, pay studies and other consulting services dealing with GASB pronouncements and taxation issues.
- The capitalization of fringe benefits, fleet costs, and other related system expenditures are handled through the utility's system expenditures department. Costs have remained steady over the last couple of years. However, accounting is reviewing the utility's capitalization policies and may recommend changes where appropriate.
- Examples of "Other" expenditures include record retention/storage, corporate dues and memberships, and annual audit and legal services.

Annual Operating Budget

Non-Labor

Debt Service Expenditures

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Expenditures:				
Senior Lien Debt Service Payment	\$ 56,209,726	\$ 54,885,152	\$ 55,941,802	\$ 55,639,720
Subordinated Debt Service Payment	6,141,933	5,795,930	6,133,026	5,979,190
Total Before BABS and UPIF	62,351,659	60,681,082	62,074,828	61,618,910
BABS (Build America Bonds Subsidy)		(5,264,602)		(5,263,168)
UPIF	(1,350,000)	(1,350,000)	(250,000)	-
Effective Debt Service	\$ 61,001,659	\$ 54,066,480	\$ 61,824,828	\$ 56,355,741

Description

The Senior Lien Debt Service and Subordinated Debt Service Funds were established by the Amended and Restated Utilities System Revenue Bond Resolution. The amounts deposited into these funds must be used to pay outstanding senior lien or subordinated debt. The Bond Resolution requires that monthly deposits be made to the Senior Lien Debt Service and Subordinated Debt Service Funds after 1) operating and maintenance expenses and 2) required Rate Stabilization Fund transfers are paid. These monies are restricted from other uses and are held in a separate bank account by the Utility's trustee.

Budget Highlights

- GRU continues to realize reduced interest expense on the 2009 Series B Bonds and the 2010 Series B Bonds as a result of issuing these series utilizing the Build America Bonds program created under the American Recovery and Reinvestment Act of 2009. This program provides a federal subsidy for a portion of the interest cost of the 2009 Series B Bonds and the 2010 Series B Bonds. Additionally, GRU's Variable Rate Debt continues to achieve historically low rates due to GRU's excellent credit rating and low interest rates.
- The FY15 budget reflects the use of \$1.35 million of Utility Plant Improvement Fund (UPIF) monies to pay a portion of the debt service. UPIF is not used for payment of Debt Service in the FY16 budget.

Annual Operating Budget

Non-Labor

Utility Plant Improvement Fund

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Expenditures:				
Electric Revenue Contribution	\$ 23,705,509	\$ 23,756,130	\$ 26,455,140	\$ 24,734,721
Water Revenue Contribution	7,356,894	3,399,862	7,599,516	2,824,504
Wastewater Revenue Contribution	8,934,097	6,435,338	9,738,263	6,758,167
Gas Revenue Contribution	3,399,862	8,934,097	3,134,397	9,337,059
GRUCom Revenue Contribution	209,039	209,039	21,419	123,688
Total Expenditures	\$ 43,605,401	\$ 42,734,466	\$ 46,948,735	\$ 43,778,139

Description

The Utility Plant Improvement Fund (UPIF) was established by the Amended and Restated Utilities System Revenue Bond Resolution. The amounts deposited into this fund can be used to pay for construction costs or for debt service on outstanding debt. This fund represents the equity that is set aside for future construction projects. If at any time other monies are not available for the payment of O&M expenses, then UPIF may be used for O&M expenses.

Budget Highlights

- Per the Bond Resolution, the utility is required to deposit into UPIF at least one-half of the sum of Net Revenues, including interest income but excluding non-operating revenues and expenses less Senior Lien debt service. The required contribution amount of \$43.6 million budgeted in FY15 is based on FY14 operating results and is projected to come in \$871,000 less than the budgeted amount, being used at 1/12 of budget each month and adjusted at the end of FY15. The decrease in FY16 deposits to UPIF are based on the revenue projection for those years.
- The UPIF monies represent the City's equity investment in the utility and are used to defray the costs of maintaining a capital-intensive operation. Currently UPIF is used to pay a portion of the Utility's construction expenses for all systems. The Utility is planning to contribute equity to the capital program, lowering potentially borrowed funds by \$51 million in FY15, and \$50 million in FY16.

Annual Operating Budget

Non-Labor

General Fund Transfer

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Expenditures:				
Electric	\$ 19,495,302	\$ 19,236,545	\$ 19,799,381	\$ 19,678,113
Water	5,626,440	5,623,657	5,602,213	5,752,746
Wastewater	7,365,545	7,426,000	7,473,327	7,596,461
Gas	2,405,138	2,374,240	2,442,652	2,428,740
GRUCom		-	372,988	-
Total Expenditures	\$ 34,892,425	\$ 34,660,441	\$ 35,690,561	\$ 35,456,059

Description

On April 17, 2014, a new transfer agreement was approved by the City Commission for FY15 through FY19. The transfers are projected to be \$34.7 million in FY15 and \$35.5 million in FY16. A portion of the calculation of the value is application of the property tax revenue received by the City from GREC toward GRU's total transfer. This value may vary from projections, yielding a slight variance from the numbers stated above.

Budget Highlights

- The FY15 GFT is projected to be 8.7 percent of Total Revenues and 15.0 percent of Total Non-Fuel Revenues.

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Section E – Labor

Annual Operating Budget

Labor

Combined System

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Operation & Maintenance				
Wages & Fringes	\$ 49,218,019	\$ 46,886,253	\$ 50,459,961	\$ 49,669,295
Overtime Pay	2,666,111	2,451,946	2,690,416	2,635,231
Temporary Staffing	680,912	535,480	595,538	422,470
Other Pay	1,284,432	1,720,338	1,306,048	1,451,358
Total O&M Labor	53,849,474	51,594,018	55,051,963	54,178,354
Capital Projects				
Wages & Fringes	19,399,282	19,281,105	19,784,903	20,082,080
Overtime Pay	866,647	858,936	888,573	778,854
Temporary Staffing	142,306	278,123	141,256	421,631
Other Pay	523,835	656,803	523,751	586,875
Total Capital Labor	20,932,069	21,074,968	21,338,483	21,869,440
Total				
Wages & Fringes	68,617,301	66,167,358	70,244,863	69,751,375
Overtime Pay	3,532,757	3,310,883	3,578,989	3,414,084
Temporary Staffing	823,218	813,603	736,794	844,101
Other Pay	1,808,267	2,377,141	1,829,799	2,038,232
Total GRU Labor	\$ 74,781,543	\$ 72,668,985	\$ 76,390,446	\$ 76,047,793

	Projection 2015	Original 2016	Revised 2016
FTE Breakdown			
Managerial	62.00	64.00	61.00
Professional	204.00	201.75	202.00
CWA	642.75	643.00	625.75
Overfills	14.00	13.00	11.00
Total Positions Authorized	922.75	921.75	899.75
Total Positions Filled	792.55		
Total Positions Vacant	130.20		

Annual Operating Budget

Labor

New Positions

The FY16 Budget recommends no additional regular Full Time Equivalent (FTE) positions for the upcoming fiscal year.

Deleted Positions

The FY16 Budget recommends the deletion of the following 20 FTE positions for the upcoming fiscal year:

	<u>Department</u>	<u>FTE</u>	<u>Position Title</u>	<u>Title Code</u>
119	Marketing & Communications	1.00	Marketing & Comm Specialist, Sr.	6424
141	Energy & Business Services	1.00	Analyst , Senior	1241
142	Cash Receipts	1.00	Customer Accounts Rep	3041
600	New Business Services	1.00	Analyst , Senior	1241
510	Electric Transmission & Distribution	1.00	Lead Lineworker	6115
510	Electric Transmission & Distribution	1.00	Lead Lineworker	6115
510	Electric Transmission & Distribution	1.00	Electric Lineworker	6119
560	Gas Transmission & Distribution	1.00	Gas Worker Lead	6415
560	Gas Transmission & Distribution	1.00	Gas Worker Lead	6415
300	Energy Supply	1.00	Staff Specialist	1147
940	Human Resources	1.00	HR/OD Specialist	1213
120	Information Technology	1.00	Staff Specialist	1147
210	Murphree Water Plant	1.00	Water Plant Operator/Mechanic	2538
220	Water Reclamation Facilities & Lift Stations	1.00	WWW ICE Tech	2559
220	Water Reclamation Facilities & Lift Stations	1.00	Water Wastewater Supervisor	2581
250	Water Distribution	1.00	Water Wastewater Crew Leader	2543
250	Water Distribution	1.00	Service Operator	2573
260	Wastewater Collection	1.00	Service Operator	2573
260	Wastewater Collection	1.00	Service Operator	2573
260	Wastewater Collection	1.00	Service Operator	2573
		20.00		

New and Continuing Overfill Positions

The FY16 Budget recommends 11 overfill positions in nine different operational areas within Information Technology, Wastewater, Energy Supply, and Energy Delivery. Ten of these FTE positions are needed for attrition planning due to retirements and resignations of current incumbents. One is for special plant maintenance projects.

	<u>Department</u>	<u>FTE</u>	<u>Position Title</u>	<u>Title Code</u>
124	IT Business Operations Support Services	1.00	Business Systems Analyst Sr	4065
220	Water Reclamation Facilities & Lift Stations	1.00	WW Plant Facilities Director	2503
340	MMG - Major Maintenance Group	1.00	Power Plant Mechanic	6337
350	Fuels Management	1.00	Fuels Manager	6306
360	Power Engineering	1.00	Utility Project Team Leader	6077
361	Power Engineering	1.00	Power Plant Lab Supervisor	6325
380	Control Area Services	3.00	Power Systems Coordinator II	6173
550	Systems Control	1.00	Technical Systems Analyst II	4070
570	Field Services	1.00	Utilities Location Tech	6101
		11.00		

The following overfill FTEs need to continue for attrition planning:

One Business Systems Analyst, Senior is needed in anticipation of a pending retirement. This overfill allows the Business Operations Support area to begin an intense knowledge transfer process that includes the transition of knowledge for software system (specifically SAP) as well as business process knowledge. The transition will better position IT to sustain a healthy support and growth environment for GRU's SAP enterprise system.

One Wastewater Plant Facilities Director is needed for the utility standards, policies, processes, and culture for a seamless transfer of management at Main Street and Kanapaha Water Reclamation Facilities prior to the manager retiring from the utility.

One Fuels Manager is needed to cross-train and shadow the current incumbent who plans to retire in February 2016. The overfill will allow an orderly transition of leadership in the Fuels department. In addition, Energy Supply will utilize the incumbent's unique skills and experience to enhance the procedures for executing processes by which the fuels department does business pertaining to budgeting, fuel procurement and quality control. This overfill will be eliminated in 2016.

One Utility Project Team Leader is needed to conduct some key projects related to the Deerhaven fire protection upgrades, fly ash silo refurbishments; Air Quality Control System (AQCS) lime hydrator system and additional projects that have environmental/regulatory impact. This overfill will be eliminated when the incumbent exits the DROP in 2017.

One Power Plant Lab Supervisor is needed as a result of the recent transfer of a Power Plant Lab Supervisor incumbent to the Energy Supply Environmental Division to conduct emissions reporting as well as support upcoming Mercury and Air Toxins Standards (MATS) environmental compliance regulation. In addition, a second Power Plant Lab Supervisor incumbent will be exiting the DROP in 2017, at which time the overfill will be eliminated.

Three Power System Coordinator (PSC) overfills were for succession planning purposes and will be eliminated by the end of calendar year 2015 once two senior PSC operators have exited the DROP. An additional PSC overfill supports a combined Energy Supply and Energy Delivery organizational change. Energy Supply has taken on the responsibility of transmission switching, which required additional personnel. Transmission switching also requires job duties performed by NERC certified operators. Further evaluation will be performed in FY16 to determine if the PSC II overfill will be converted into a regular FTE.

One Technical Systems Analyst II is needed and must continue to provide essential technical support for mission critical electric system software applications including the Outage Management System and Energy Management System. This analyst also provides technical support required to satisfy the NERC operating and critical infrastructure protection standards.

One Utilities Location Technician is needed and must continue in order to prepare for the near term separation of two incumbent technicians. A proven three-year training program is in place to ensure that the requisite body of knowledge, skills and abilities required to accurately locate all GRU utility systems is satisfied. The Utilities Location Technicians often work more than 40 hours a week in order to satisfy the volume of underground facility locate requests generated through the Florida One Call System (811).

The following overfill FTEs need to continue for special projects:

One Power Plant Mechanic overfill has been required due to the additional field equipment needing routine preventive maintenance since the Deerhaven Unit 2 AQCS became operational in 2009. Two Power Plant Mechanic overfill positions were initially added to meet the expected additional workload. Since then, Energy Supply reduced it to one overfill position. In a continuous effort to reduce costs, Energy Supply has moved toward using internal resources to perform work traditionally performed by contractors. Further evaluation will be performed in FY16 to determine if the Power Plant Mechanic overfill will be converted into a regular FTE.

Annual Operating Budget

Labor

Energy Supply

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Operation & Maintenance				
Wages & Fringes	\$ 13,461,397	\$ 13,769,387	\$ 13,699,350	\$ 13,374,397
Overtime Pay	906,942	919,347	915,700	1,016,500
Temporary Staffing	183,622	135,437	149,044	61,000
Other Pay	178,831	263,857	189,331	224,113
Total O&M Labor	14,730,791	15,088,028	14,953,425	14,676,010
Capital Projects				
Wages & Fringes	423,588	466,334	\$ 428,380	\$ 632,618
Overtime Pay	-	6,574	-	-
Temporary Staffing	49,451	46,473	37,690	169,000
Other Pay	10,017	4,479	10,506	9,827
Total Capital Labor	483,057	523,862	476,576	811,445
Total				
Wages & Fringes	13,884,985	14,235,722	14,127,730	14,007,015
Overtime Pay	906,942	925,921	915,700	1,016,500
Temporary Staffing	233,073	181,910	186,734	230,000
Other Pay	188,847	268,337	199,836	233,940
Total GRU Labor	\$ 15,213,848	\$ 15,611,889	\$ 15,430,001	\$ 15,487,455

	Projection 2015	Original 2016	Revised 2016
FTE Breakdown			
Managerial	11.00	12.00	10.00
Professional	30.00	26.00	30.00
CWA	124.00	123.00	123.00
Overfills	7.00	7.00	7.00
Total Positions	172.00	168.00	170.00

Annual Operating Budget

Labor

District Energy

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Operation & Maintenance				
Wages & Fringes	\$ 716,580	\$ 687,021	\$ 730,355	\$ 676,931
Overtime Pay	70,000	65,497	70,000	70,000
Temporary Staffing	15,000	2,939	15,000	5,018
Other Pay	11,456	21,801	11,611	14,742
Total O&M Labor	813,036	777,258	826,966	766,691
Capital Projects				
Wages & Fringes	133,560	141,148	135,383	275,867
Overtime Pay	-	-	-	-
Temporary Staffing	10,000	95,022	10,000	162,262
Other Pay	7,569	7,932	7,664	8,075
Total Capital Labor	151,128	244,101	153,047	446,203
Total				
Wages & Fringes	850,139	828,168	865,738	952,797
Overtime Pay	70,000	65,497	70,000	70,000
Temporary Staffing	25,000	97,960	25,000	167,280
Other Pay	19,025	29,733	19,275	22,817
Total GRU Labor	\$ 964,164	\$ 1,021,359	\$ 980,013	\$ 1,212,894

	Projection 2015	Original 2016	Revised 2016
FTE Breakdown			
Managerial	2.00	2.00	2.00
Professional	2.00	2.00	1.00
CWA	6.00	6.00	6.00
Overfills	0.00	0.00	0.00
Total Positions	10.00	10.00	9.00

Annual Operating Budget

Labor

Energy Delivery

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Operation & Maintenance				
Wages & Fringes	\$ 11,713,319	\$ 10,539,341	\$ 12,001,028	\$ 11,394,783
Overtime Pay	548,283	472,123	556,661	445,457
Temporary Staffing	28,500	62,677	14,250	41,532
Other Pay	431,856	395,607	444,908	451,288
Total O&M Labor	12,721,958	11,469,748	13,016,847	12,333,060
Capital Projects				
Wages & Fringes	9,322,005	9,231,460	9,531,712	9,636,226
Overtime Pay	258,150	221,757	262,232	212,307
Temporary Staffing	27,200	85,863	26,450	27,953
Other Pay	308,267	302,731	298,122	240,751
Total Capital Labor	9,915,622	9,841,811	10,118,516	10,117,238
Total				
Wages & Fringes	21,035,324	19,770,802	21,532,740	21,031,009
Overtime Pay	806,433	693,880	818,892	657,764
Temporary Staffing	55,700	148,540	40,700	69,486
Other Pay	740,123	698,337	743,030	692,040
Total GRU Labor	\$ 22,637,581	\$ 21,311,559	\$ 23,135,363	\$ 22,450,298

	Projection 2015	Original 2016	Revised 2016
FTE Breakdown			
Managerial	15.00	14.00	15.00
Professional	37.00	36.00	37.00
CWA	221.00	222.00	215.00
Overfills	3.00	3.00	2.00
Total Positions	276.00	275.00	269.00

Annual Operating Budget

Labor

Water

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Operation & Maintenance				
Wages & Fringes	\$ 3,392,496	\$ 3,105,243	\$ 3,414,421	\$ 3,370,374
Overtime Pay	497,784	446,364	520,717	567,472
Temporary Staffing	21,906	26,164	25,459	36,744
Other Pay	202,501	218,428	217,364	206,494
Total O&M Labor	4,114,688	3,796,199	4,177,961	4,181,084
Capital Projects				
Wages & Fringes	1,983,739	2,210,346	2,022,294	2,168,080
Overtime Pay	224,774	265,670	237,865	282,649
Temporary Staffing	11,393	14,439	16,900	16,841
Other Pay	39,088	62,750	45,391	89,919
Total Capital Labor	2,258,995	2,553,205	2,322,450	2,557,488
Total				
Wages & Fringes	5,376,235	5,315,589	5,436,715	5,538,454
Overtime Pay	722,559	712,034	758,582	850,121
Temporary Staffing	33,300	40,603	42,359	53,585
Other Pay	241,589	281,179	262,755	296,413
Total GRU Labor	\$ 6,373,683	\$ 6,349,404	\$ 6,500,411	\$ 6,738,572

	Projection 2015	Original 2016	Revised 2016
FTE Breakdown			
Managerial	5.00	5.00	5.00
Professional	8.50	8.50	8.50
CWA	60.50	60.50	57.50
Overfills	1.00	1.00	0.00
Total Positions	75.00	75.00	71.00

Annual Operating Budget

Labor

Wastewater

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Operation & Maintenance				
Wages & Fringes	\$ 4,359,886	\$ 4,177,630	\$ 4,703,636	\$ 4,585,930
Overtime Pay	513,074	411,614	497,074	402,446
Temporary Staffing	56,906	34,340	55,459	37,744
Other Pay	250,710	382,008	245,034	289,860
Total O&M Labor	5,180,577	5,005,593	5,501,203	5,315,980
Capital Projects				
Wages & Fringes	2,583,499	2,764,168	2,623,621	2,677,711
Overtime Pay	332,249	319,450	336,886	244,702
Temporary Staffing	11,393	14,439	16,900	16,841
Other Pay	60,552	100,388	66,371	113,785
Total Capital Labor	2,987,694	3,198,445	3,043,778	3,053,040
Total				
Wages & Fringes	6,943,386	6,941,799	7,327,257	7,263,641
Overtime Pay	845,323	731,064	833,960	647,149
Temporary Staffing	68,300	48,779	72,359	54,585
Other Pay	311,263	482,396	311,404	403,646
Total GRU Labor	\$ 8,168,271	\$ 8,204,038	\$ 8,544,981	\$ 8,369,020

	Projection 2015	Original 2016	Revised 2016
FTE Breakdown			
Managerial	4.00	4.00	4.00
Professional	8.50	8.50	8.50
CWA	94.00	94.00	89.00
Overfills	2.00	2.00	1.00
Total Positions	108.50	108.50	102.50

Annual Operating Budget

Labor

GRUCom

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Operation & Maintenance				
Wages & Fringes	\$ 1,353,353	\$ 1,418,941	\$ 1,377,055	\$ 1,360,486
Overtime Pay	28,000	36,026	28,000	35,000
Temporary Staffing	16,686	8,150	16,979	14,000
Other Pay	33,318	105,705	33,679	45,158
Total O&M Labor	1,431,356	1,568,822	1,455,713	1,454,644
Capital Projects				
Wages & Fringes	1,768,457	1,643,095	1,799,412	1,345,150
Overtime Pay	42,000	36,026	42,000	35,000
Temporary Staffing	25,029	8,150	25,469	14,000
Other Pay	47,867	105,705	48,387	45,158
Total Capital Labor	1,883,352	1,792,976	1,915,268	1,439,308
Total				
Wages & Fringes	3,121,810	3,062,036	3,176,467	2,705,636
Overtime Pay	70,000	72,052	70,000	70,000
Temporary Staffing	41,714	16,300	42,448	28,000
Other Pay	81,185	211,410	82,066	90,316
Total GRU Labor	\$ 3,314,709	\$ 3,361,798	\$ 3,370,980	\$ 2,893,952

	Projection 2015	Original 2016	Revised 2016
FTE Breakdown			
Managerial	2.00	3.00	2.00
Professional	11.00	11.00	11.00
CWA	30.00	30.00	30.00
Overfills	0.00	0.00	0.00
Total Positions	43.00	44.00	43.00

Annual Operating Budget

Labor

Administration

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Operation & Maintenance				
Wages & Fringes	\$ 933,860	\$ 464,007	\$ 949,387	\$ 924,702
Overtime Pay	2,998	3,101	2,998	3,110
Temporary Staffing	8,466	19,900	8,466	8,466
Other Pay	12,118	70,971	10,573	16,328
Total O&M Labor	957,442	557,978	971,424	952,606
Capital Projects				
Wages & Fringes	288,301	110,695	293,087	205,962
Overtime Pay	1,053	1,088	1,053	1,091
Temporary Staffing	2,974	2,006	2,974	2,974
Other Pay	4,144	4,722	3,601	3,057
Total Capital Labor	296,474	118,509	300,715	213,085
Total				
Wages & Fringes	1,222,162	574,702	1,242,473	1,130,664
Overtime Pay	4,051	4,188	4,051	4,201
Temporary Staffing	11,440	21,906	11,440	11,440
Other Pay	16,263	75,692	14,174	19,385
Total GRU Labor	\$ 1,253,916	\$ 676,488	\$ 1,272,139	\$ 1,165,690

	Projection 2015	Original 2016	Revised 2016
FTE Breakdown			
Managerial	2.00	3.00	2.00
Professional	2.00	5.00	4.00
CWA	3.00	3.00	3.00
Overfills	0.00	0.00	0.00
Total Positions	7.00	11.00	9.00

Annual Operating Budget

Labor

Customer Support Services

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Operation & Maintenance				
Wages & Fringes	\$ 5,957,753	\$ 5,391,244	\$ 6,128,629	\$ 6,183,923
Overtime Pay	84,030	86,917	84,047	84,995
Temporary Staffing	327,908	197,413	288,908	176,720
Other Pay	49,359	95,696	50,073	64,346
Total O&M Labor	6,419,049	5,771,270	6,551,657	6,509,984
Capital Projects				
Wages & Fringes	1,296,582	1,224,591	1,320,141	1,483,593
Overtime Pay	4,820	6,687	4,906	1,605
Temporary Staffing	-	361	-	-
Other Pay	29,053	45,208	29,424	53,308
Total Capital Labor	1,330,456	1,276,847	1,354,471	1,538,507
Total				
Wages & Fringes	7,254,335	6,615,835	7,448,770	7,667,517
Overtime Pay	88,850	93,604	88,953	86,600
Temporary Staffing	327,908	197,774	288,908	176,720
Other Pay	78,412	140,904	79,497	117,654
Total GRU Labor	\$ 7,749,505	\$ 7,048,117	\$ 7,906,128	\$ 8,048,491

	Projection 2015	Original 2016	Revised 2016
FTE Breakdown			
Managerial	10.00	10.00	10.00
Professional	29.00	29.00	28.00
CWA	82.75	82.75	81.75
Overfills	0.00	0.00	0.00
Total Positions	121.75	121.75	119.75

Annual Operating Budget

Labor

Information Technology

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Operation & Maintenance				
Wages & Fringes	\$ 5,311,943	\$ 5,269,246	\$ 5,403,222	\$ 5,575,394
Overtime Pay	9,680	10,308	9,900	9,900
Temporary Staffing	20,191	32,157	20,245	20,245
Other Pay	83,400	113,438	84,952	118,672
Total O&M Labor	5,425,213	5,425,148	5,518,319	5,724,211
Capital Projects				
Wages & Fringes	724,356	718,534	736,803	760,281
Overtime Pay	1,320	1,406	1,350	1,350
Temporary Staffing	2,753	4,385	2,761	2,761
Other Pay	11,373	15,469	11,584	16,182
Total Capital Labor	739,802	739,793	752,498	780,574
Total				
Wages & Fringes	6,036,298	5,987,780	6,140,025	6,335,675
Overtime Pay	11,000	11,713	11,250	11,250
Temporary Staffing	22,944	36,542	23,006	23,006
Other Pay	94,773	128,906	96,537	134,854
Total GRU Labor	\$ 6,165,015	\$ 6,164,941	\$ 6,270,817	\$ 6,504,785

	Projection 2015	Original 2016	Revised 2016
FTE Breakdown			
Managerial	4.00	4.00	4.00
Professional	53.00	53.00	52.00
CWA	14.00	14.00	13.00
Overfills	1.00	0.00	1.00
Total Positions	72.00	71.00	70.00

Annual Operating Budget

Labor

Finance

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Operation & Maintenance				
Wages & Fringes	\$ 1,407,797	\$ 1,435,559	\$ 1,432,988	\$ 1,611,835
Overtime Pay	5,320	651	5,320	350
Temporary Staffing	1,728	16,304	1,728	21,000
Other Pay	28,498	49,361	16,098	17,933
Total O&M Labor	1,443,344	1,501,874	1,456,134	1,651,118
Capital Projects				
Wages & Fringes	693,095	582,960	708,907	714,222
Overtime Pay	2,280	279	2,280	150
Temporary Staffing	2,112	6,986	2,112	9,000
Other Pay	5,192	6,384	1,978	6,087
Total Capital Labor	702,679	596,610	715,277	729,459
Total				
Wages & Fringes	2,100,892	2,018,520	2,141,895	2,326,057
Overtime Pay	7,600	930	7,600	500
Temporary Staffing	3,840	23,290	3,840	30,000
Other Pay	33,690	55,745	18,076	24,019
Total GRU Labor	\$ 2,146,023	\$ 2,098,484	\$ 2,171,411	\$ 2,380,577

	Projection 2015	Original 2016	Revised 2016
FTE Breakdown			
Managerial	4.00	4.00	4.00
Professional	17.00	16.75	17.00
CWA	6.50	6.75	6.50
Overfills	0.00	0.00	0.00
Total Positions	27.50	27.50	27.50

Annual Operating Budget

Labor

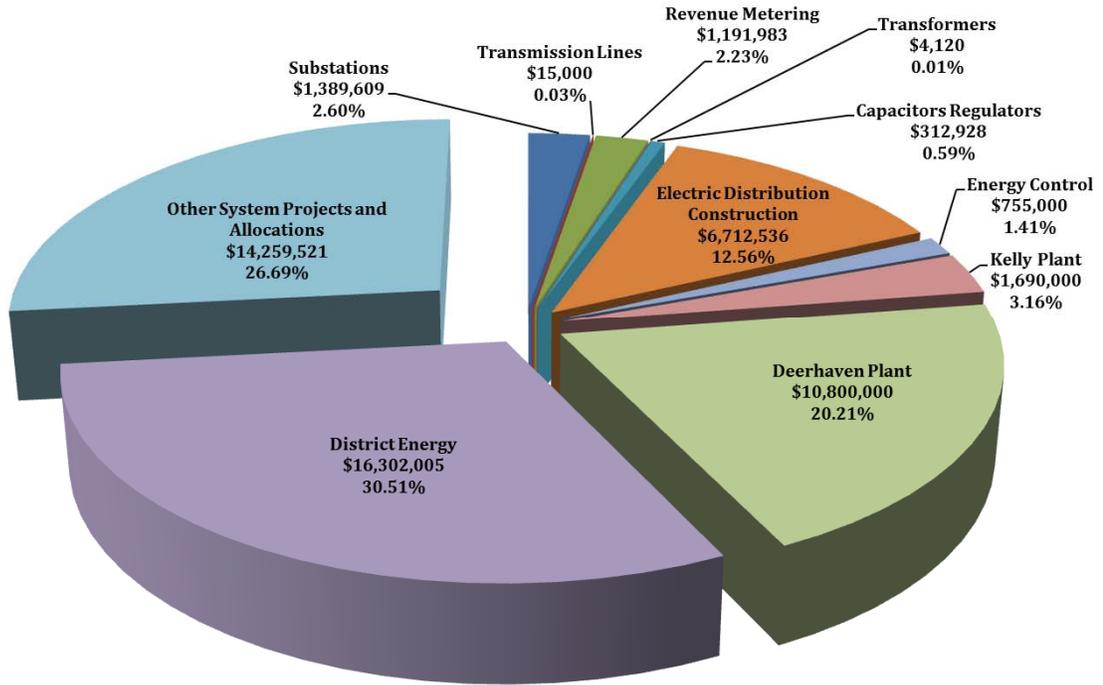
Human Resources

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Operation & Maintenance				
Wages & Fringes	\$ 609,636	\$ 628,632	\$ 619,890	\$ 610,541
Overtime Pay	-	-	-	-
Temporary Staffing	-	-	-	-
Other Pay	2,384	3,466	2,425	2,425
Total O&M Labor	612,020	632,099	622,315	612,966
Capital Projects				
Wages & Fringes	182,099	187,774	185,162	182,369
Overtime Pay	-	-	-	-
Temporary Staffing	-	-	-	-
Other Pay	712	1,035	724	724
Total Capital Labor	182,811	188,809	185,886	183,094
Total				
Wages & Fringes	791,735	816,406	805,052	792,911
Overtime Pay	-	-	-	-
Temporary Staffing	-	-	-	-
Other Pay	3,096	4,502	3,149	3,149
Total GRU Labor	\$ 794,831	\$ 820,908	\$ 808,201	\$ 796,060

	Projection 2015	Original 2016	Revised 2016
FTE Breakdown			
Managerial	3.00	3.00	3.00
Professional	6.00	6.00	5.00
CWA	1.00	1.00	1.00
Overfills	0.00	0.00	0.00
Total Positions	10.00	10.00	9.00

Section F – Capital Projects

Electric System
FY16 Revised Budget



Electric Projects	Revised 2016
Substations	\$ 1,389,609
Transmission Lines	15,000
Revenue Metering	1,191,983
Transformers	4,120
Capacitors Regulators	312,928
Electric Distribution Construction	6,712,536
Energy Control	755,000
Kelly Plant	1,690,000
Deerhaven Plant	10,800,000
District Energy	16,302,005
Other System Projects and Allocations	14,259,521
Total Projects	\$ 53,432,702

Electric System

Energy Supply Major Projects FY16

- Energy Supply's capital budget for FY16 represents a total investment of \$12.49 million of which \$10.8 million is allocated to the Deerhaven Generating Station account and \$1.69 million allocated to the JRK Generating Station account. The drivers for the majority of the investments fall into three categories:
 - Regulatory and Compliance
 - Reliability (including life-cycle management)
 - Efficiency

JRK Generating Station Major Projects FY16

- Refurbishment of the JRK Unit 8 Cooling Tower is a multi-year life-cycle management project addressing safety, efficiency and reliability. In FY16, 25 percent of the distribution fill and fill structure for all four cells will be replaced. Unit 8 Cooling Tower Refurbishment - \$400,000.
- Decommissioning of assets no longer in service is a multi-year responsibility with the retirements of Combustion Turbine Units 1, 2 and 3 and Steam Unit 7. About \$300,000 will be used to dismantle Cooling Tower 7 and assessment of asbestos for further remediation.
- The other Combined Cycle projects at the JRK plant include:
 - Replacement of the silencer for the high pressure (HP) valve (end of life, affects ability to meet noise levels consistent with a downtown location) - \$150,000.
 - Installation of a generator rotor ground detector (safety and property protection) - \$125,000.
 - Improvements to the Combustion Turbine 4 Generation Step-up Transformer T-33 including refurbishment of bushings for reliability and addition of disconnects for isolation to correct a safety deficiency - \$205,000.

Deerhaven Generating Station Major Projects FY16

- At Deerhaven \$5.67 million of the investment is for Deerhaven Steam Unit 2 (DH2) and \$2.2 million for Combustion Turbine 3 (CT3). The remaining Deerhaven capital budget will be invested in Deerhaven Steam Unit 1 (DH1), Deerhaven Process Plant, General Plant, System Control and Power 2020.
- The Energy Supply capital budget annually includes funds for replacement of DH2 AQCS components and equipment (i.e. SCR catalyst replacement, baghouse bag replacements, etc.) that are necessary to maintain efficiency, reliability, and to comply with environmental regulatory air emissions requirements.
 - Baghouse bags and cage replacements for 6 compartments-\$1,000,000
 - SCR Catalyst Replacement - \$500,000
- Deerhaven Steam Unit 2 bottom ash weir seal refurbishment will require an investment of \$450,000.
- Refurbishment of the DH2 Cooling Tower is a multi-year life-cycle management project addressing safety, efficiency and reliability. In FY16, three cells are scheduled to be rebuilt-\$750,000.
- The Energy Supply capital budget addresses electrical system life cycle management for the precipitator electrical building. This project will span two years starting in FY16, with an investment of \$400,000 and a total project investment of \$1,600,000.
- The west pulverizer is scheduled to have the roll wheels changed out. Roll wheels are the grinding component for a pulverizer and are expected to be changed out based on wear and inspection results every few years - \$350,000.
- Rebuild of the west boiler feed water pump is scheduled as part of prudent life-cycle management-\$250,000.
- Two switchyard breakers (breaker 686 and 687) that feed DH2 are scheduled for replacement as part of life-cycle management - \$150,000.
- One of DH1 Generation Step-Up Transformers (T-61) requires a replacement of the radiator, control cabinet and wiring - \$150,000.

- Energy Supply's capital budget includes funding for Deerhaven Combustion Turbine 3 (CT3) replacement parts in preparation for CT3's major inspection in FY17. Purchasing portions of the capital spares over two years is required in order to fully prepare for this major work. The capital spares include combustion liners and second stage nozzles. CT3 Replacement Parts - \$2,150,000.
- Investment is required for Deerhaven to meet current fire protection compliance. About \$800,000 is allocated to this project; \$350,000 for an emergency-start automatic diesel fire pump and the remaining to address piping and supply. This is part of a multi-year process towards compliance which started last year. These investments are to reduce the risk category rating with our insurance carriers for premium reduction.
- The total allocation of projects at the process plant which provides for the zero discharge of water from the facility is \$550,000. These projects include upgrade of chemical feeders and controls.
- The coal handling system will have incremental refurbishment of belts, supports and equipment - \$240,000.
- System Control requires an investment of \$420,000 for unit commitment software to improve economic and efficiency of dispatching.*
- Power 2020 is budgeted for \$250,000 in FY16.*

**Unit commitment software and Power 2020 are allocated to Deerhaven for accounting purposes and may be subject to future reallocation.*

District Energy Major Projects FY16

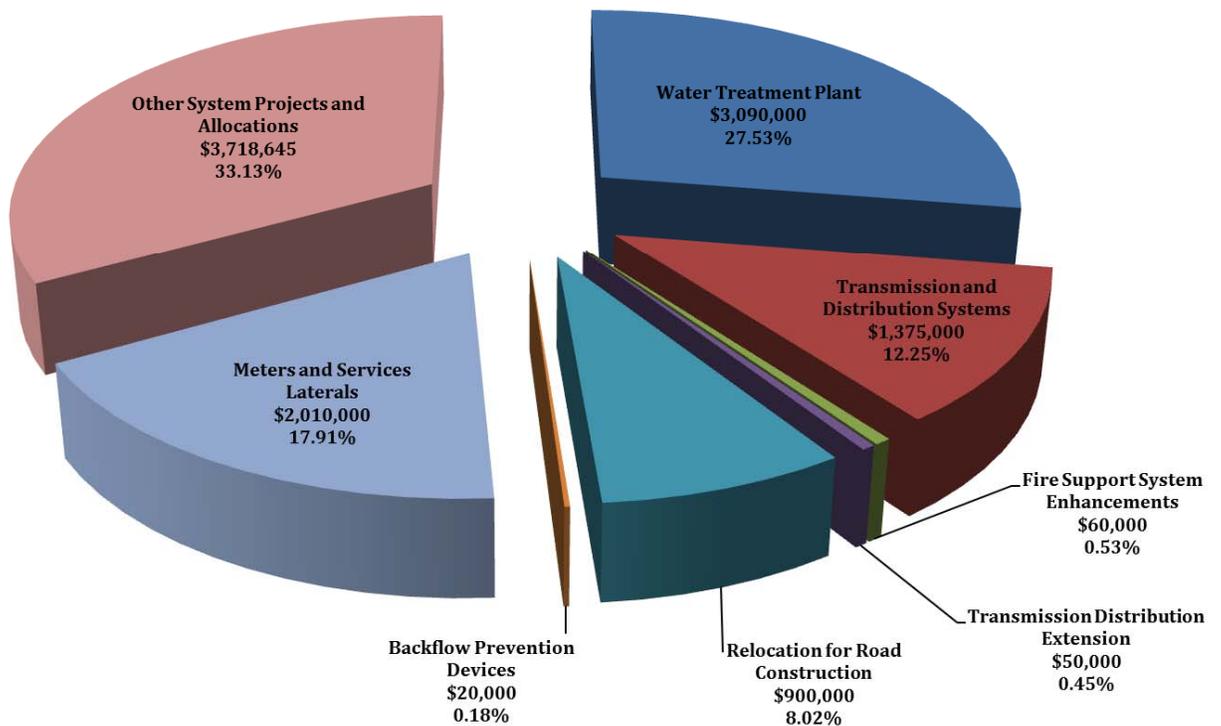
- The South Energy Center will add electrical and chilled water capacity to support the new UF Health Heart & Vascular and Neuromedicine hospital currently under construction. GRU will invest in capital assets including a reciprocating natural gas-fired engine, a backup diesel generator, a chiller, cooling towers, transformers, circuit breakers, and other ancillary equipment. The total budget for the project is \$28.5 million, of which \$16.3 million is budgeted in FY16.
- GRU will begin to install piping and conduit from the hospital site to the South Energy Center in July 2015. GRU will purchase, install, and commission equipment at the South Energy Center in a phased approach through the end of 2017. The new hospital will open in early 2018.
- Capital investments in the South Energy Center are recovered from UF Health in accordance with GRU's contract with UF Health. Net revenues from the South Energy Center flow back to GRU's electric fund, helping to provide rate relief to all GRU electric customers.
- Funds for the investment in the South Energy Center were approved during the November 6, 2014 City Commission meeting.

Energy Delivery Major Projects FY16

- Transmission and distribution substation improvement projects are necessary to ensure excellent system reliability, quality of service and customer satisfaction. These projects will typically focus on work related to circuit breaker replacements, auxiliary equipment enhancements and relay and control upgrades. The proposed budget is approximately \$1.38 million.
- Distribution automation projects focus on system reliability and service quality with the end result being fewer service interruptions and enhanced customer satisfaction. Such work will typically involve mid-circuit fault interrupting devices, power factor correcting and voltage regulating devices. The proposed budget is approximately \$312,000.
- Distribution system improvement projects are necessary to ensure excellent system reliability, quality of service and customer satisfaction. Such work will typically focus on work related to circuit breaker replacements, auxiliary equipment enhancements and relay and control upgrades. The proposed budget is approximately \$1.19 million.

- Distribution system main line extensions and improvement projects (overhead and underground) are necessary to deliver service to new or existing developments. The proposed budget for this work is \$450,000.
- System expansion projects (typically underground) are necessary to deliver service within new residential, commercial and industrial developments. Service lines and associated equipment are also included in this budget category. The proposed budget for this work is approximately \$1.35 million.
- System lighting projects include roadway work initiated by the City of Gainesville, Alachua County or FDOT and rental lighting which is initiated by the development community and individual customers. GRU standardized LED lighting solution early in FY15 in addition to metal halide and high pressure sodium light sources. The proposed budget for all lighting work is approximately \$476,000.
- Aging overhead and underground distribution system components, some elements of which are more than 50 years old, will be systematically and proactively renewed or replaced to maintain GRU's excellent system reliability, quality of service and customer satisfaction. Planned work extends throughout GRU's service area and includes planned renewal and replacement work such as overhead neighborhood infrastructure reconstruction, underground primary voltage cable rejuvenation and the replacement of obsolete switchgear. The proposed budget is approximately \$2.17 million.
- Damaged and defective distribution system components, including poles, overhead and underground conductors, and transformers resultant from severe weather, accident and damage by others are replaced systematically and upon discovery. The proposed budget is approximately \$1.4 million.
- The FY16 budget includes funding needed to initiate the replacement of the utility's existing Outage Management System (OMS) with a new state-of-the-art application. Replacement of the OMS will ensure that this mission critical system remains highly reliable, efficient and customer focused. The proposed budget is \$100,000 in FY16.

Water System
FY16 Revised Budget



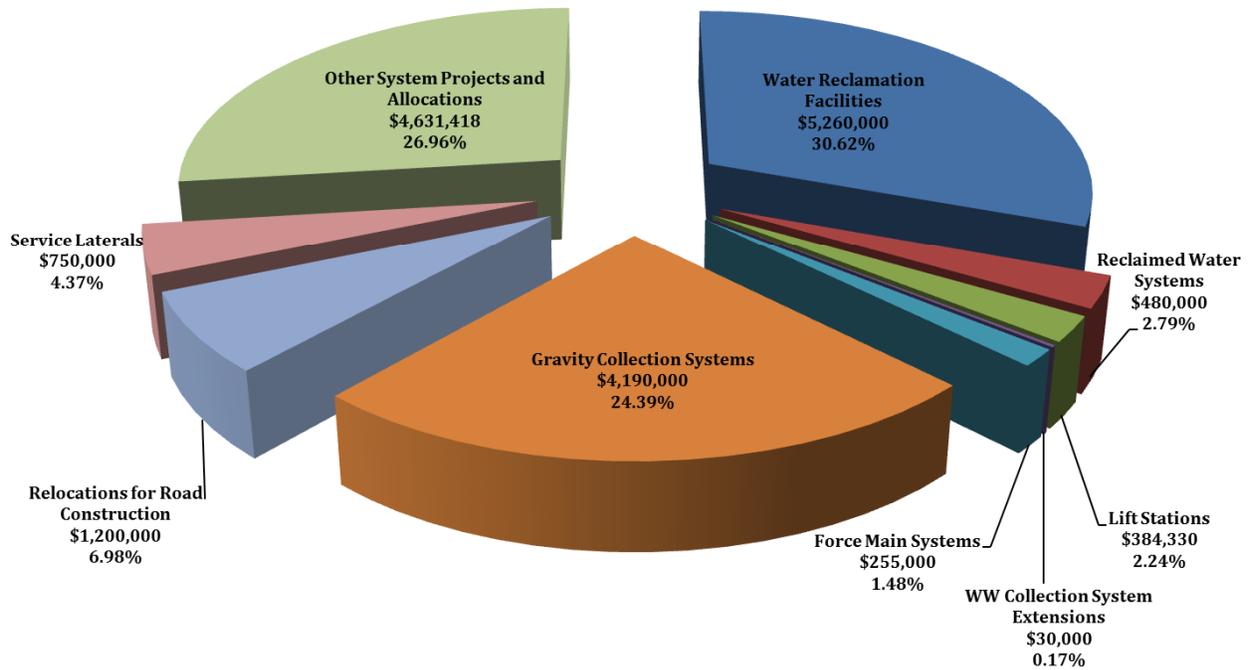
Water Projects	Revised 2016
Water Treatment Plant	\$ 3,090,000
Transmission and Distribution Systems	1,375,000
Fire Support System Enhancements	60,000
Transmission Distribution Extension	50,000
Relocation for Road Construction	900,000
Backflow Prevention Devices	20,000
Meters and Services Laterals	2,010,000
Other System Projects and Allocations	3,718,645
Total Projects	\$ 11,223,645

Water System

Major Projects FY16

- Design of a new electrical building with new Motor Control Centers (MCCs) began in FY15 and construction is anticipated to be completed in FY18. The existing MCCs have been in service since 1976. The project will also include replacing the 1,000 kW plant engine generator set. In addition, the Murphree Water Treatment Plant Stormwater Management Plan will be updated for the water plant site.
- GRU is implementing an Infrastructure Improvement Area (IIA) in the Innovation District and surrounding area. GRU is making water distribution, reclaimed water distribution, and wastewater collection system improvements within defined areas ahead of development in order to ensure that capacity is available to serve future redevelopment. In order to recover expenditures, GRU is developing a charge to be paid by development projects within the IIA. The policy will ensure that capacity is made available when it is needed, that the improvements are performed as efficiently and cost-effectively as possible, and that the cost of these improvements is allocated fairly between development projects.
- The Depot Avenue Segment 4 roadway project consists of rebuilding SE 7th Avenue from Lewis Oil Company at SE 7th Street east to Williston Road. GRU's work will include removing and replacing water mains and services. This work will begin in FY16 and be completed in FY17.
- GRU is continuing to invest in replacing galvanized and cast iron water mains throughout the service area. These efforts are designed to upgrade the water system and improve water pressure. The specific areas are selected by analyzing water pressures and known pressure issues to determine the most cost-effective improvement projects.
- The water meter changeout program is designed to identify and replace large and small meters with reduced accuracy or known issues with new meters. This program more accurately measures customer water usage, therefore correcting and increasing water revenue.

Wastewater System
FY16 Revised Budget



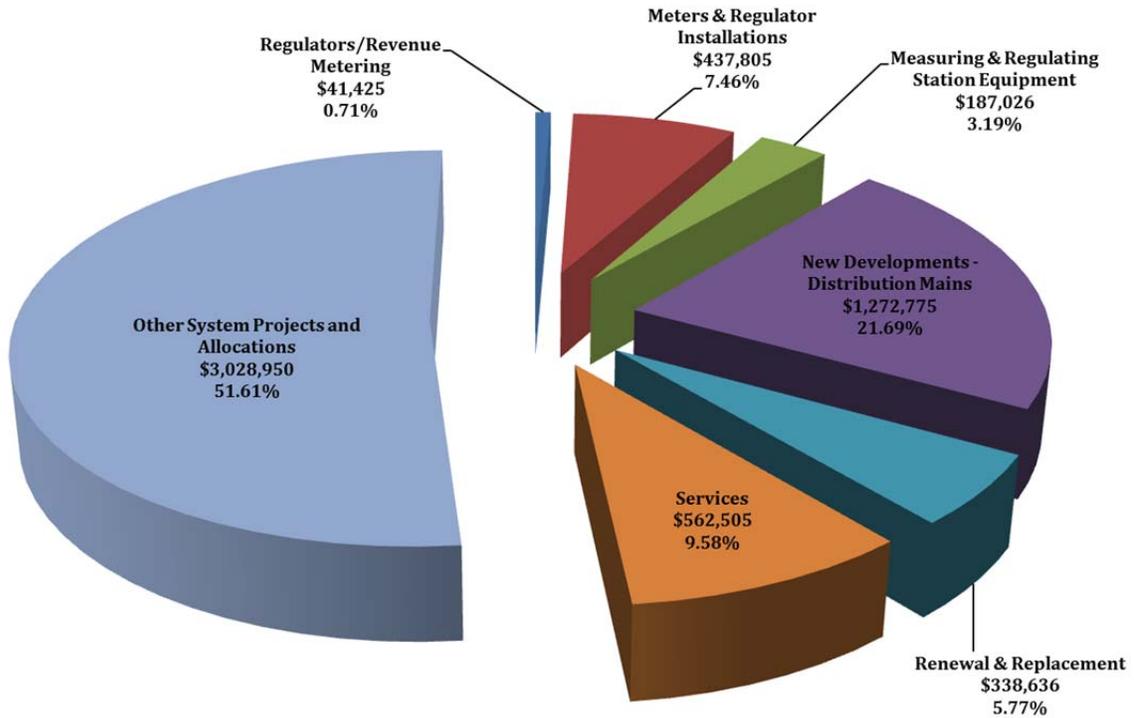
Wastewater Projects	Revised 2016
Water Reclamation Facilities	\$ 5,260,000
Reclaimed Water Systems	480,000
Lift Stations	384,330
WW Collection System Extensions	30,000
Force Main Systems	255,000
Gravity Collection Systems	4,190,000
Relocations for Road Construction	1,200,000
Service Laterals	750,000
Other System Projects and Allocations	4,631,418
Total Projects	\$ 17,180,748

Wastewater System

Major Projects FY16

- The Paynes Prairie Sheetflow Restoration project (Sweetwater Wetlands Park) is a cooperative project between GRU and Public Works to meet the total maximum daily load (TMDL) for nitrogen at Alachua Sink and treat the City's stormwater run-off. Also, the Main Street Water Reclamation Facility will be upgraded for phosphorous removal (separate line item). Construction for this project was completed in FY15 and performance testing will begin in FY16 and continue for several years.
- The Biosolids Dewatering project is a direct result of a settlement agreement and consent order with Alachua County to cease the utility's current operation of applying Class-B biosolids at the Whistling Pines Ranch. A study conducted to determine available alternatives to land application showed that the viable alternatives required dewatering to a significantly higher level than the existing level (minimum of 20 percent solids rather than 5 percent solids). The dewatering project includes the construction of a facility utilizing centrifuge technology to dewater waste activated sludge from Kanapaha Water Reclamation Facility and Main Street Water Reclamation Facility. The project will be completed in early FY16 in order to meet the scheduled February 2016 compliance date.
- The installation of new bar screens at the Kanapaha Water Reclamation Facility will be the first step in preparing for a new biosolids dewatering facility. The new biosolids dewatering facility will utilize centrifuge equipment that operates at high speeds. The new screens will remove more debris from the waste stream, in turn protecting the treatment process and allowing the new dewatering centrifuges to operate properly. This installation will be completed in FY16 in order to be in place before the dewatering facility begins operation.
- The SW 20th Avenue/SW 61st Street project is being completed in conjunction with a county Public Works project. GRU will relocate existing force main and gravity main wastewater facilities. It is anticipated to be complete in FY16.
- Reclaimed water mains will be constructed to serve the Innovation District from the 500 to 900 block of SW 6th Street. This reclaimed water will be utilized for irrigation and the new chilled water system in Innovation Square.
- The NE 2nd Street from NE 10th Avenue to NE 16th Avenue project includes replacement of the existing sewer gravity main and manholes. This project is to reduce infiltration into the gravity collection system and renew the gravity collection system.
- GRU will continue to invest in rehabilitating aging infrastructure through trenchless technology including Cured In Place Pipe (CIPP) commonly referred to as sliplining. This technology allows GRU to improve the existing deteriorated pipe by installing a new pipe liner inside the existing pipe. This technique reduces the cost and disruption of opening a roadway to conduct repairs or replacements on existing sanitary sewer gravity collection mains.
- The NW 3rd Avenue and NW 12th Street gravity main improvement project will commence in FY16. This project is designed to improve gravity collection system capacity to serve future customers. The project is part of the Infrastructure Improvement Area (IIA) that was recently implemented.

**Gas System
FY16 Revised Budget**



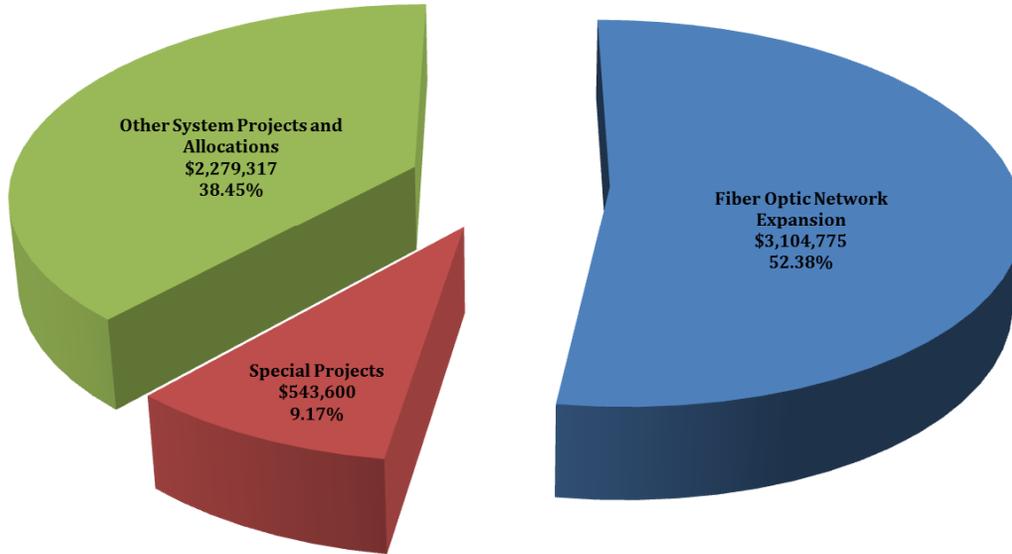
Gas Projects	Revised 2016
Regulators/Revenue Metering	\$ 41,425
Meters & Regulator Installations	437,805
Measuring & Regulating Station Equipment	187,026
New Developments - Distribution Mains	1,272,775
Renewal & Replacement	338,636
Services	562,505
Other System Projects and Allocations	3,028,950
Total Projects	\$ 5,869,122

Gas System

Major Projects FY16

- Meters and associated equipment are necessary to measure industrial customer energy consumption. Aging installations are also systematically and proactively renewed or replaced to promote and ensure billing accuracy. The proposed budget is \$41,425.
- Meters and associated equipment are necessary to measure residential and commercial customer energy consumption. Aging installations are also systematically and proactively renewed or replaced to promote and ensure billing accuracy. The proposed budget is \$437,805.
- Measuring and regulating station projects are necessary to promote and enhance system reliability, quality of service and customer satisfaction. The proposed budget for this work is \$187,026.
- System main line extensions and improvements are necessary to deliver service to new or existing developments. The proposed budget for this work is \$866,700.
- System expansion projects are necessary to deliver service within new residential, commercial and industrial developments. The proposed budget is \$406,075.
- Aging gas distribution system pipes are systematically and proactively renewed or replaced to improve system reliability, quality of service and customer satisfaction. The planned work to replace cast iron, black plastic and steel piping extends throughout the core of GRU's service area. FY16 will bring closure to the cast iron pipe replacement element of this renewal and replacement program. The proposed budget is \$338,636.
- Service lines and associated equipment are necessary to deliver service to new customers. Aging service pipes are systematically and proactively renewed or replaced to improve system reliability, quality of service and customer satisfaction. The proposed budget for this work is \$ 562,505.

GRUCom
FY16 Revised Budget



Telecommunications Projects	Revised 2016
Fiber Optic Network Expansion	\$ 3,104,775
Special Projects	543,600
Other System Projects and Allocations	2,279,317
Total Projects	\$ 5,927,692

GRUCom System

Major Projects FY16

- During FY16, GRUCom will continue to build fiber optic systems to new and/or existing tower locations and install the infrastructure required to support the growth in cellular carrier data transport. Funds for this initiative are included in the Network Expansion capital budget.
- GRUCom will continue to expand the recently announced Gigabit Internet access options GATOR NET product line. Funds for this initiative are included in the Network Expansion capital budget.
- GRUCom has proposed funding to expand the Public Safety Trunked Radio System (TRS) P25 functionality. Funds for this initiative are included in the GRUCom TRS upgrade budget.
- GRUCom will continue to invest in infrastructure within the Innovation District and other related areas throughout the community. Timing of new facilities will depend on private industry construction plans. The installation of the facilities will prepare GRUCom to provide leading-edge technology services in a timely and cost-effective manner. Funds for this project are included in the FY16 Network Expansion capital budget.
- GRUCom has initiated a Renewal and Replacement Program focused on the original fiber optic cable infrastructure. This cable has reached its functional lifespan and presents the potential for unscheduled outages due to failure. Fiber Optic Network Expansion budget includes funding for this project.

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Section G – Financial Ratios

Annual Operating Budget

Financial Reserves and Ratios

Reserve Requirements

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Reserve Requirements:				
Electric	\$ 42,652,603	\$ 40,310,535	\$ 42,923,763	\$ 42,208,775
Water	10,531,845	11,455,801	10,734,214	12,069,222
Wastewater	12,492,824	13,062,099	12,805,451	13,384,155
Gas	6,907,658	4,822,673	6,989,004	5,281,476
GRUCom	3,916,891	3,998,292	4,279,509	3,949,856
	76,501,821	73,649,400	77,731,940	76,893,484
Reserve Funded:				
Rate Stabilization Fund	61,325,022	67,426,118	64,536,858	72,250,424
Utility Plant Improvement Fund	17,686,652	20,000,958	17,295,256	20,993,086
	79,011,674	87,427,076	81,832,114	93,243,510
Amount (Over)/Under Funded	\$ (2,509,853)	\$ (13,777,676)	\$ (4,100,174)	\$ (16,350,026)

Description

Risk, in general, is the quantifiable likelihood of loss or less-than-expected returns. Risk management is the process of analyzing exposure to risk and determining how best to handle such exposure. Staff has identified the utility's financial risk and risk mitigators and established a framework for setting reserve fund levels where other mitigators aren't present.

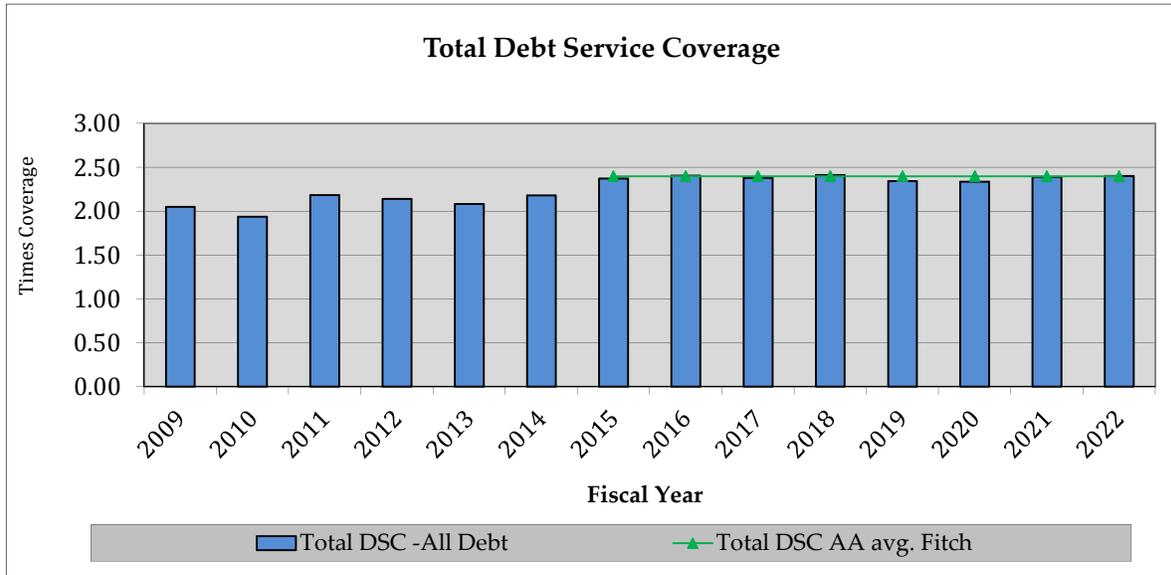
The utility is exposed to five major categories of risk: operating cash flow, catastrophic event, construction, regulatory and environmental, and contingent financial liabilities. A reserve fund level that is formula-driven by the primary indicators of risk is necessary as the levels of risk can vary markedly through time. There are two funds established within the Bond Resolution that can be used to provide financial reserves: the Rate Stabilization Fund and the Utility Plant Improvement Fund.

These reserve funds can provide financial insurance to allow the utility to reliably meet its financial obligations under adverse circumstances and can also serve as a means by which to mitigate required rate changes (particularly rate increases). Maintaining minimum financial reserves contributes to financial strength.

Budget Highlights

- The reserve requirement for FY15 is projected to be below the original FY15.
- As revenues increase, Revenue at Risk also increases. This risk excludes the amounts collected for fuels.
- Fixed Non-Fuel O&M is fluctuating over the planning horizon due to reasons outlined in the flow of funds narratives. These expenditures must be covered through reserves to hedge against the possibility that critical business systems could be lost and revenues would not be collected.

- Construction Risk is intended to cover contingent liabilities associated with capital project construction. These could include potential cost overruns or project delays. This amount generally moves in tandem with capital spending.
- The level of funding available for required reserves is projected to be significantly more than sufficient for FY15, with better than required amounts also for FY16 revised budget. Rate Stabilization Fund balances will continue to grow over the planning horizon to meet reserve goals in each system except for GRUCom.
- The anticipated \$10 million settlement to be received in FY16 significantly impacts combined reserve levels. Since this settlement will be used over two years, the amount of reserve overfunding will increase in FY16 and return to more traditional levels in FY17.

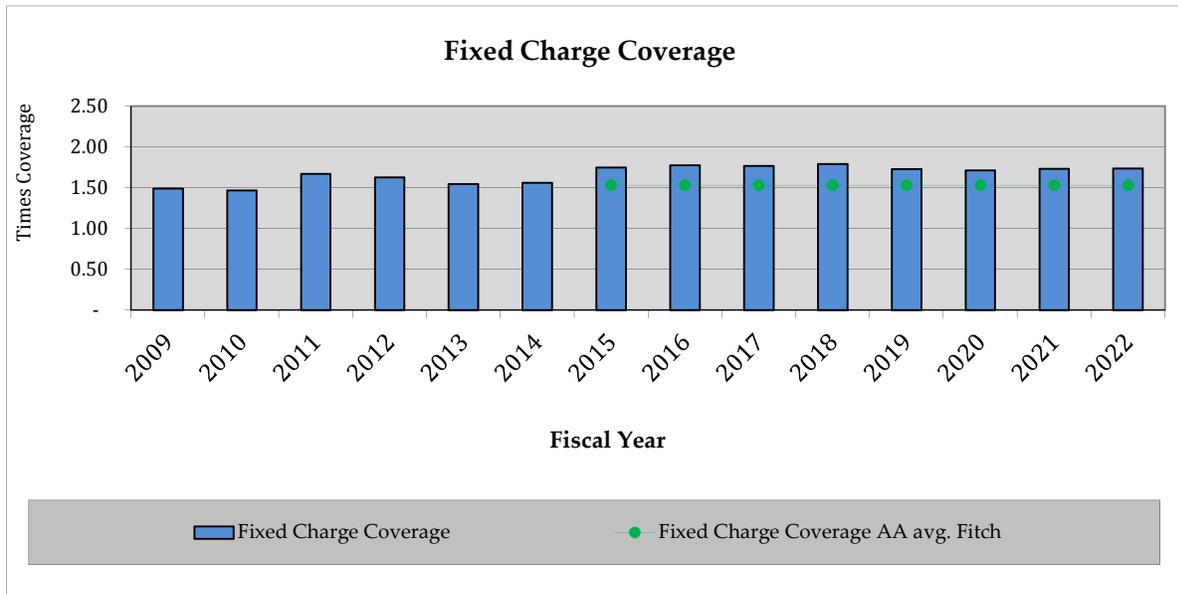


Total Debt Service Coverage: Number of times total debt service payments are covered by net revenues

Calculation: Net revenues divided by principal and interest of all debts (senior lien and subordinated)

This ratio indicates the amount of cash flow available to meet payments due for all debt. The ratings agencies refer to this ratio as an indication of financial strength and a measure of a company's ability to weather unexpected events. A ratio of less than 1 indicates that there are insufficient cash flows to cover the debt. The coverage ratio can be improved through increased revenues or a decrease in debt payments. Debt Service is reduced by the anticipated Build America Bonds Subsidy.

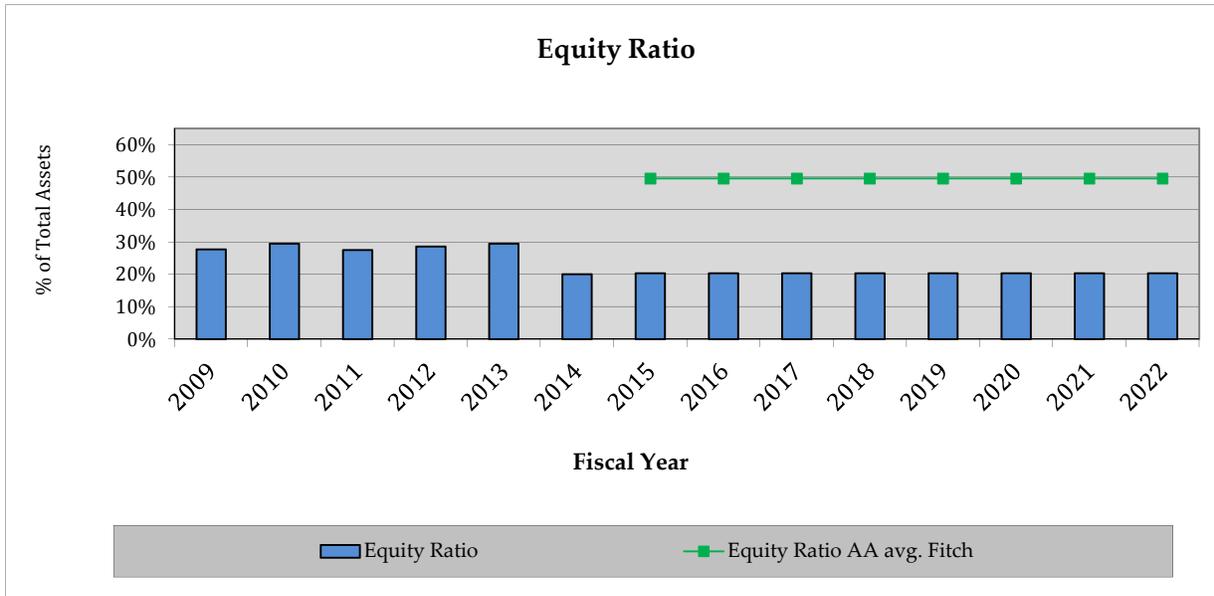
Due to a debt restructuring and refunding in FY12, debt service coverage rose in FY14 and is expected to stay at approximately 2.4 through FY22.



Fixed Charge Coverage: Number of times total fixed charges are covered by net revenues

Calculation: Net revenues less General Fund Transfer (GFT) divided by principal and interest of all debts including senior lien and subordinated.

This traditional ratio indicates the amount of cash flow available to meet payments due for all debt after the GFT payment. Fixed charge indicates a payment other than operating expenses that is required and static. The ratings agencies refer to this ratio as an indication of a company's financial strength and general ability to weather unexpected events. A ratio of less than 1 indicates that there are insufficient cash flows to cover operating expenses, debt service and the GFT payment. This coverage ratio can be improved by increasing net revenues or decreasing fixed charges.

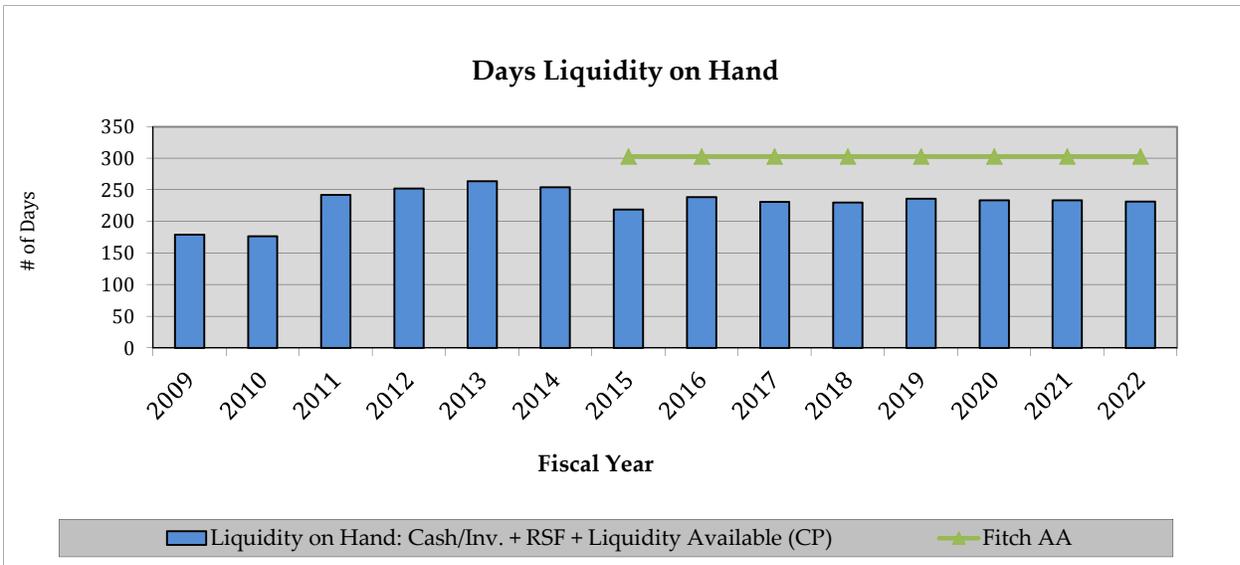


Equity Ratio: Percent of assets that are not leveraged

Calculation: Net assets divided by total assets

This ratio is an indication of leverage and the financial health of an organization. The percent is the amount of total assets that are owned by the company. This gives an indication of a company's ability to handle extraordinary events, and is a measure of a company's solvency. A higher percentage of equity to total assets is preferred. It is also important to note that total assets are in the financial statements on a cost basis and have not been adjusted for an actual market value.

GRU's policy is to increase equity use for capital funding either through directly funding such construction, or using it to offset debt service for capital.



Days Liquidity on Hand: Number of operating days liquidity on hand

Calculation: Short term liquid assets divided by average daily operating expenses

This ratio is used as an indication of a company's liquidity. It shows how many days of operations can be funded from existing cash, investments and available lines of commercial paper. This ratio gives an indication of a company's flexibility and ability to respond to unexpected events. This is sometimes referred to as a company's agility.

In recent years, this metric has been at or above 200 days, which is consistent with GRU's peer ratings. Days Liquidity on Hand is projected to remain above 200 days over the planning horizon.



Days Cash on Hand: Number of operating days cash on hand

Calculation: Cash and cash equivalent assets divided by average daily operating expenses

This ratio is used as an indication of a company's ability to meet current liabilities with available cash measured at fiscal year-end. It shows how many days of operations can be funded from existing cash. This ratio gives an indication of a company's flexibility and ability to respond to unexpected events. This is sometimes referred to as a company's agility.

In recent years, this metric has been near 175 days, which is consistent with GRU's peer ratings. Due to an increase in fuel expense, Days Cash on Hand decreased in FY15. The metric rose in FY16 due to the recognition of the CR3 settlement to be received in FY16. Days Cash on Hand is projected to remain above 150 days over the planning horizon.