

Gainesville Regional Utilities

Budget to Actual Comparison

For the Period Ended June 30, 2018



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Management's Discussion and Analysis

Budget to Actual Comparison

Gainesville Regional Utilities
Budget to Actual Comparison
For the Period Ended June 30, 2018

Management's Discussion and Analysis

We offer readers this analysis of the budget to actual activities of GRU for the period ended June 30, 2018.

Budget Highlights

Combined Utility Systems

- The combined systems withdrew \$5.1 million from rate stabilization for the period ended June 30, 2018.

Electric System

- Budgeted base and fuel revenues have been modified to reflect purchase of the Deerhaven Renewables plant. The modified amounts represent base revenues increased as of February 1, 2018 as well as a reduction in fuel revenue and expense. At June 30, MWh sales were close to forecast levels with 1,425,487 actual MWh sold compared to 1,433,369 forecast, a variance of (0.5%).
- Administrative and general costs are significantly below budget due primarily to two factors. First, there is a more detailed cost allocation associated with the newly implemented SAP software. Corporate shared services and overhead from operational areas budgeted under administrative and general expense are now being charged to operating areas based on the manner in which the work is distributed. Second, while there was an increase in the administrative and general expense budget category in FY18 compared to FY17, through June 30 actual expenses were comparable to first half spending in FY17. This difference will appear in other systems as well.
- Power production costs are running higher than budget due to contract costs from newly purchased DHR plant plus the shift in administrative and general costs to operations.
- Transmission and distribution costs are higher due to the shift in A&G costs to operations.

Water System

- Kgal water sale volumes are close to forecast levels with residential and non-residential water revenue coming in approximately 1.4% above forecast levels at June 30.
- Other revenues are below budget due to connection charges coming in at approximately \$1.5 million below forecast levels at June 30.

Gainesville Regional Utilities
Budget to Actual Comparison
For the Period Ended June 30, 2018

Wastewater System

- Including reclaimed water, wastewater kgals billed are coming in approximately 2.9% above forecasted levels at June 30.

Gas System

- Combined gas sales for both residential and commercial are ahead of forecast levels for the year through June 30 by 2.4%. Sold therms are up by 579,364 or 3.2%. Other gas sales are up for the year primarily due to manufactured gas plant revenues coming in higher than budget.
- Gas fuel adjustment and purchased gas expense are under budget due to gas prices remaining lower than budgeted for FY18.
- Other revenues are down compared to budget due to lower services charges such as turn on/off fees.
- Other income (expense) is below budget as debt service fees have been reclassified from administrative and general expense.

Telecommunications (GRUCom) System

- The budgeted transfers from the GRUCom rate stabilization fund were not made due to the fact that the balance in the fund was not sufficient to support the transfer.

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Budget to Actual Statements

**Gainesville Regional Utilities
Combined Utility Systems
Budget to Actual Comparison
For the Period Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over/<Under> Budget</u>	<u>% Variance</u>	<u>FY18 Budget</u>	<u>YTD Actual as % of FY18 Budget</u>
REVENUES:						
Electric system:						
Sales of electricity	\$ 114,521,678	\$ 112,290,163	\$ (2,231,515)	(1.9)	\$ 171,417,459	65.5
Fuel adjustment	73,454,107	72,783,119	(670,988)	(0.9)	105,201,500	69.2
Sales for resale	2,758,710	4,035,933	1,277,223	46.3	3,678,280	109.7
Transfer from/(to) rate stabilization	5,553,643	5,553,643	-	-	7,507,251	74.0
Other revenue	5,953,046	4,490,116	(1,462,930)	(24.6)	7,937,394	56.6
Other income (expense)	675,230	(998,174)	(1,673,404)	(247.8)	900,307	(110.9)
Build America Bonds	2,171,318	2,177,981	6,663	0.3	2,895,091	75.2
Total electric system revenues	205,087,732	200,332,781	(4,754,951)	(2.3)	299,537,282	66.9
Water system:						
Sales of water	25,287,560	25,642,054	354,494	1.4	34,153,375	75.1
Transfer from/(to) rate stabilization	(800,988)	(800,988)	-	-	(1,046,888)	76.5
Other revenue	2,856,396	1,350,765	(1,505,631)	(52.7)	3,808,528	35.5
Other income (expense)	209,054	(124,387)	(333,441)	(159.5)	278,739	(44.6)
Build America Bonds	611,598	613,474	1,876	0.3	815,464	75.2
Total water system revenues	28,163,620	26,680,918	(1,482,702)	(5.3)	38,009,218	70.2
Wastewater system:						
Sales of wastewater	29,740,165	30,508,519	768,354	2.6	39,117,651	78.0
Transfer from/(to) rate stabilization	1,666,012	1,666,012	-	-	2,225,136	74.9
Other revenue	3,133,636	2,667,088	(466,548)	(14.9)	4,178,181	63.8
Other income (expense)	183,055	(132,173)	(315,228)	(172.2)	244,073	(54.2)
Build America Bonds	694,664	696,796	2,132	0.3	926,219	75.2
Total wastewater system revenues	35,417,532	35,406,242	(11,290)	(0.0)	46,691,260	75.8
Gas system:						
Sales of gas	12,510,491	13,013,546	503,055	4.0	15,486,425	84.0
Fuel adjustment	7,948,450	6,490,190	(1,458,260)	(18.3)	9,591,330	67.7
Transfer from/(to) rate stabilization	(1,398,261)	(1,398,261)	-	-	(1,841,623)	75.9
Other revenue	1,318,657	263,479	(1,055,178)	(80.0)	1,758,209	15.0
Other income (expense)	89,844	(21,789)	(111,633)	(124.3)	119,792	(18.2)
Build America Bonds	454,773	456,169	1,396	0.3	606,364	75.2
Total gas system revenues	20,923,954	18,803,334	(2,120,620)	(10.1)	25,720,497	73.1
Telecommunications system:						
Sales of services	8,828,942	8,463,974	(364,968)	(4.1)	11,771,922	71.9
Transfer from/(to) rate stabilization	1,228,306	-	(1,228,306)	(100.0)	1,637,741	-
Other revenue	134,509	14,491	(120,018)	(89.2)	179,345	8.1
Other income (expense)	24,053	(155,265)	(179,318)	(745.5)	32,071	(484.1)
Total telecommunications system revenues	10,215,810	8,323,200	(1,892,610)	(18.5)	13,621,079	61.1
TOTAL REVENUES	299,808,648	289,546,475	(10,262,173)	(3.4)	423,579,336	68.4

**Gainesville Regional Utilities
Combined Utility Systems
Budget to Actual Comparison
For the Period Ended June 30, 2018**

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	Budget	Actual	Actual Over/<Under> Budget	% Variance	FY18 Budget	YTD Actual as % of FY18 Budget
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:						
Electric system:						
Fuel expenses	73,454,107	72,783,119	(670,988)	(0.9)	105,201,500	69.2
Operation and maintenance	40,824,100	45,866,334	5,042,234	12.4	54,432,134	84.3
Administrative and general	24,054,257	10,359,145	(13,695,112)	(56.9)	32,072,343	32.3
Total Electric System Expenses	138,332,464	129,008,598	(9,323,866)	(6.7)	191,705,977	67.3
Water system:						
Operation and maintenance	7,785,224	8,270,113	484,889	6.2	10,380,299	79.7
Administrative and general	5,185,649	3,049,776	(2,135,873)	(41.2)	6,914,199	44.1
Total Water System Expenses	12,970,873	11,319,889	(1,650,984)	(12.7)	17,294,498	65.5
Wastewater system:						
Operation and maintenance	6,752,049	11,031,602	4,279,553	63.4	9,002,731	122.5
Administrative and general	8,664,164	3,329,625	(5,334,539)	(61.6)	11,552,219	28.8
Total Wastewater System Expenses	15,416,213	14,361,227	(1,054,986)	(6.8)	20,554,950	69.9
Gas system:						
Fuel expense and purchased gas	7,948,450	6,490,190	(1,458,260)	(18.3)	9,591,330	67.7
Operation and maintenance	1,687,523	2,160,167	472,644	28.0	2,250,030	96.0
Administrative and general	4,099,616	1,640,393	(2,459,223)	(60.0)	5,466,155	30.0
Total Gas System Expenses	13,735,589	10,290,750	(3,444,839)	(25.1)	17,307,515	59.5
Telecommunications system:						
Operation and maintenance	3,720,230	4,067,260	347,030	9.3	4,960,306	82.0
Administrative and general	2,824,811	634,497	(2,190,314)	(77.5)	3,766,415	16.8
Total Telecommunications System Expenses	6,545,041	4,701,757	(1,843,284)	(28.2)	8,726,721	53.9
TOTAL EXPENSES	187,000,180	169,682,221	(17,317,959)	(9.3)	255,589,661	66.4
NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION:						
Total electric system	66,755,268	71,324,183	4,568,915	6.8	107,831,305	66.1
Total water system	15,192,747	15,361,029	168,282	1.1	20,714,720	74.2
Total wastewater system	20,001,319	21,045,015	1,043,696	5.2	26,136,310	80.5
Total gas system	7,188,365	8,512,584	1,324,219	18.4	8,412,982	101.2
Total telecommunications system	3,670,769	3,621,443	(49,326)	(1.3)	4,894,358	74.0
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	112,808,468	119,864,254	7,055,786	6.3	167,989,675	71.4
LESS:						
Debt service	66,824,267	66,824,267	-	-	90,490,043	73.8
Debt service - UPIF	(3,750,000)	(3,750,000)	-	-	(5,000,000)	75.0
UPIF contributions	34,590,415	34,590,415	-	-	46,120,553	75.0
Transfer to City of Gainesville General Fund	27,284,310	27,284,310	-	-	36,379,079	75.0
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	\$ (12,140,524)	\$ (5,084,738)	\$ 7,055,786	(58.1)	\$ -	-

Gainesville Regional Utilities
Electric Utility System
Budget to Actual Comparison
For the Period Ended June 30, 2018

	Budget	Actual	Actual Over/(<Under> Budget	% Variance	FY18 Budget	YTD Actual as % of FY18 Budget
REVENUES:						
Residential	\$ 41,727,200	\$ 42,004,719	\$ 277,519	0.7	\$ 61,840,939	67.9
Non-residential	55,736,700	53,737,720	(1,998,980)	(3.6)	86,391,612	62.2
Fuel adjustment	73,454,107	72,783,119	(670,988)	(0.9)	105,201,500	69.2
Sales for resale	2,758,710	4,035,933	1,277,223	46.3	3,678,280	109.7
Utility surcharge	2,536,000	2,545,827	9,827	0.4	3,822,538	66.6
Other electric sales	14,521,778	14,001,897	(519,881)	(3.6)	19,362,370	72.3
Total Sales of Electricity	190,734,495	189,109,215	(1,625,280)	(0.9)	280,297,239	67.5
Transfer from/(to) rate stabilization	5,553,643	5,553,643	-	-	7,507,251	74.0
Other revenue	5,953,046	4,490,116	(1,462,930)	(24.6)	7,937,394	56.6
Other income (expense)	675,230	(998,174)	(1,673,404)	(247.8)	900,307	(110.9)
Build America Bonds	2,171,318	2,177,981	6,663	0.3	2,895,091	75.2
Total Revenues	205,087,732	200,332,781	(4,754,951)	(2.3)	299,537,282	66.9
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:						
Fuel expenses	73,454,107	72,783,119	(670,988)	(0.9)	105,201,500	69.2
Power production	30,885,257	31,891,047	1,005,790	3.3	41,180,343	77.4
Transmission and distribution	9,938,843	13,975,287	4,036,444	40.6	13,251,791	105.5
Interchange	-	-	-	-	-	-
Administrative and general	24,054,257	10,359,145	(13,695,112)	(56.9)	32,072,343	32.3
Total Operation, Maintenance and Administrative Expenses	138,332,464	129,008,598	(9,323,866)	(6.7)	191,705,977	67.3
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	66,755,268	71,324,183	4,568,915	6.8	107,831,305	66.14
LESS:						
Debt service	48,811,175	48,811,175	-	-	65,905,450	74.1
Debt service - UPIF	(3,750,000)	(3,750,000)	-	-	(5,000,000)	75.0
UPIF contributions	19,123,933	19,123,933	-	-	25,498,577	75.0
Transfer to City of Gainesville General Fund	16,070,458	16,070,458	-	-	21,427,278	75.0
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	\$ (13,500,298)	\$ (8,931,383)	\$ 4,568,915	(33.8)	\$ -	-

**Gainesville Regional Utilities
Water Utility System
Budget to Actual Comparison
For the Period Ended June 30, 2018**

	Budget	Actual	Actual Over/<Under> Budget	% Variance	FY18 Budget	YTD Actual as % of FY18 Budget
REVENUES:						
Residential	\$ 15,858,130	\$ 15,858,776	\$ 646	0.0	\$ 21,359,240	74.2
Non-residential	7,553,956	7,894,793	340,837	4.5	10,266,112	76.9
Utility surcharge	1,875,474	1,888,485	13,011	0.7	2,528,023	74.7
Total Sales of Water	25,287,560	25,642,054	354,494	1.4	34,153,375	75.1
Transfer from/(to) rate stabilization	(800,988)	(800,988)	-	-	(1,046,888)	76.5
Other revenue	2,856,396	1,350,765	(1,505,631)	(52.7)	3,808,528	35.5
Other income (expense)	209,054	(124,387)	(333,441)	(159.5)	278,739	(44.6)
Build America Bonds	611,598	613,474	1,876	0.3	815,464	75.2
Total Revenues	28,163,620	26,680,918	(1,482,702)	(5.3)	38,009,218	70.2
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:						
Transmission and distribution	3,347,832	2,936,583	(411,249)	(12.3)	4,463,776	65.8
Treatment	4,437,392	5,333,530	896,138	20.2	5,916,523	90.1
Administrative and general	5,185,649	3,049,776	(2,135,873)	(41.2)	6,914,199	44.1
Total Operation, Maintenance and Administrative Expenses	12,970,873	11,319,889	(1,650,984)	(12.7)	17,294,498	65.5
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	15,192,747	15,361,029	168,282	1.1	20,714,720	74.2
LESS:						
Debt service	5,487,983	5,487,983	-	-	7,407,663	74.1
UPIF contributions	5,601,161	5,601,161	-	-	7,468,215	75.0
Transfer to City of Gainesville General Fund	4,379,132	4,379,132	-	-	5,838,842	75.0
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	\$ (275,529)	\$ (107,247)	\$ 168,282	(61.1)	\$ -	-

**Gainesville Regional Utilities
Wastewater Utility System
Budget to Actual Comparison
For the Period Ended June 30, 2018**

	Budget	Actual	Actual Over/(<Under> Budget	% Variance	FY18 Budget	YTD Actual as % of FY18 Budget
REVENUES:						
Residential	\$ 20,071,724	\$ 20,329,677	\$ 257,953	1.3	\$ 26,588,599	76.5
Non-residential	7,512,804	7,997,158	484,354	6.4	9,658,869	82.8
Utility surcharge	2,155,637	2,181,684	26,047	1.2	2,870,183	76.0
Total Sales of Services	29,740,165	30,508,519	768,354	2.6	39,117,651	78.0
Transfer from/(to) rate stabilization	1,666,012	1,666,012	-	-	2,225,136	74.9
Other revenue	3,133,636	2,667,088	(466,548)	(14.9)	4,178,181	63.8
Other income (expense)	183,055	(132,173)	(315,228)	(172.2)	244,073	(54.2)
Build America Bonds	694,664	696,796	2,132	0.3	926,219	75.2
Total Revenues	35,417,532	35,406,242	(11,290)	(0.0)	46,691,260	75.8
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:						
Collection	4,356,124	6,000,715	1,644,591	37.8	5,808,165	103.3
Treatment	2,395,925	5,030,887	2,634,962	110.0	3,194,566	157.5
Administrative and general	8,664,164	3,329,625	(5,334,539)	(61.6)	11,552,219	28.8
Total Operation, Maintenance and Administrative Expenses	15,416,213	14,361,227	(1,054,986)	(6.8)	20,554,950	69.9
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	20,001,319	21,045,015	1,043,696	5.2	26,136,310	80.5
LESS:						
Debt service	6,579,837	6,579,837	-	-	8,951,258	73.5
UPIF contributions	7,377,358	7,377,358	-	-	9,836,478	75.0
Transfer to City of Gainesville General Fund	5,511,431	5,511,431	-	-	7,348,574	75.0
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	\$ 532,693	\$ 1,576,389	\$ 1,043,696	195.9	\$ -	-

**Gainesville Regional Utilities
Gas Utility System
Budget to Actual Comparison
For the Period Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over/<Under> Budget</u>	<u>% Variance</u>	<u>FY18 Budget</u>	<u>YTD Actual as % of FY18 Budget</u>
REVENUES:						
Residential	\$ 7,140,790	\$ 6,988,587	\$ (152,203)	(2.1)	\$ 8,667,688	80.6
Non-residential	4,031,414	4,455,046	423,632	10.5	5,116,091	87.1
Fuel adjustment	7,948,450	6,490,190	(1,458,260)	(18.3)	9,591,330	67.7
Utility surcharge	432,100	448,894	16,794	3.9	494,397	90.8
Other gas sales	906,187	1,121,019	214,832	23.7	1,208,249	92.8
Total Sales of Gas	20,458,941	19,503,736	(955,205)	(4.7)	25,077,755	77.8
Transfer from/(to) rate stabilization	(1,398,261)	(1,398,261)	-	-	(1,841,623)	75.9
Other revenue	1,318,657	263,479	(1,055,178)	(80.0)	1,758,209	15.0
Other income (expense)	89,844	(21,789)	(111,633)	(124.3)	119,792	(18.2)
Build America Bonds	454,773	456,169	1,396	0.3	606,364	75.2
Total Revenues	20,923,954	18,803,334	(2,120,620)	(10.1)	25,720,497	73.1
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:						
Fuel expense - purchased gas	7,948,450	6,490,190	(1,458,260)	(18.3)	9,591,330	67.7
Operation and maintenance	1,687,523	2,160,167	472,644	28.0	2,250,030	96.0
Administrative and general	4,099,616	1,640,393	(2,459,223)	(60.0)	5,466,155	30.0
Total Operation, Maintenance and Administrative Expenses	13,735,589	10,290,750	(3,444,839)	(25.1)	17,307,515	59.5
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	7,188,365	8,512,584	1,324,219	18.4	8,412,982	101.2
LESS:						
Debt service	3,039,095	3,039,095	-	-	4,151,875	73.2
UPIF contributions	2,159,027	2,159,027	-	-	2,878,702	75.0
Transfer to City of Gainesville General Fund	1,036,804	1,036,804	-	-	1,382,405	75.0
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	\$ 953,439	\$ 2,277,658	\$ 1,324,219	138.9	\$ -	-

**Gainesville Regional Utilities
Telecommunications Utility System
Budget to Actual Comparison
For the Period Ended June 30, 2018**

	Budget	Actual	Actual Over/-(Under) Budget	% Variance	FY18 Budget	YTD Actual as % of FY18 Budget
REVENUES:						
Residential	\$ -	\$ 37,004	\$ 37,004	-	\$ -	-
Non-residential	8,828,942	8,426,970	(401,972)	(4.6)	11,771,922	71.6
Total Sales of Services	8,828,942	8,463,974	(364,968)	(4.1)	11,771,922	71.9
Transfer from/(to) rate stabilization	1,228,306	-	(1,228,306)	(100.0)	1,637,741	-
Other revenue	134,509	14,491	(120,018)	(89.2)	179,345	8.1
Other income (expense)	24,053	(155,265)	(179,318)	(745.5)	32,071	(484.1)
Total Revenues	10,215,810	8,323,200	(1,892,610)	(18.5)	13,621,079	61.1
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:						
Operation and maintenance	3,720,230	4,067,260	347,030	9.3	4,960,306	82.0
Administrative and general	2,824,811	634,497	(2,190,314)	(77.5)	3,766,415	16.8
Total Operation, Maintenance and Administrative Expenses	6,545,041	4,701,757	(1,843,284)	(28.2)	8,726,721	53.9
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	3,670,769	3,621,443	(49,326)	(1.3)	4,894,358	74.0
LESS:						
Debt service	2,906,177	2,906,177	-	-	4,073,797	71.3
UPIF contributions	328,936	328,936	-	-	438,581	75.0
Transfer to City of Gainesville General Fund	286,485	286,485	-	-	381,980	75.0
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	\$ 149,171	\$ 99,845	\$ (49,326)	(33)	\$ -	-

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