

Gainesville Regional Utilities

Quarterly Financial Statements

1st Quarter Ended December 31st, 2011



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**Gainesville Regional Utilities
Quarterly Financial Statements
Quarter Ended December 31st, 2011**

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Management Overview and Analysis

Overview

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

We offer readers this management discussion and analysis of the utility system's financial statements for the quarter ended December 31st, 2011. It should be read in conjunction with the financial statements that follow this section.

Basis of Accounting

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

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

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

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Financial Statements

**GAINESVILLE REGIONAL UTILITIES
COMBINED UTILITIES FUNDS
STATEMENT OF OPERATING INCOME
FOR FIRST QUARTER ENDED DECEMBER 31, 2011**

This Year	Year Last Year	Change	Change (%)		Year to Date	FY 12 Budget	FY 12 Projected	Change (%)
29,729	30,655	(926)	(3.0)	REVENUES:	29,729	136,388	128,980	(5.4)
(422)	497	(919)	(184.9)	Total Native Load Sales of Electricity	(422)	2,500	2,500	-
24,727	25,550	(822)	(3.2)	Interchange Sales	24,727	114,742	114,742	-
2,080	2,044	37	1.8	Fuel Adjustment	2,080	17,005	17,005	-
-	-	-	-	Other Revenues	-	-	-	-
314	355	(41)	(11.6)	Rate Stabilization Fund Transfer	314	1,287	1,139	(11.5)
56,429	59,101	(2,672)	(4.5)	Interest Income - Electric	56,429	271,921	264,366	(2.8)
				Total Electric Revenues				
7,698	7,364	333	4.5	Sales of Water	7,698	29,955	32,676	9.1
363	352	11	3.1	Other Water Revenues	363	3,033	3,033	-
-	-	-	-	Rate Stabilization Fund Transfer	-	-	-	-
36	38	(2)	(4.6)	Interest Income - Water	36	155	127	(18.3)
8,097	7,754	343	4.4	Total Water Revenues	8,097	33,143	35,836	8.1
8,242	7,928	314	4.0	Wastewater Billings	8,242	33,371	35,315	5.8
289	136	153	111.8	Other Wastewater Revenues	289	2,937	2,937	-
-	-	-	-	Rate Stabilization Fund Transfer	-	-	-	-
67	68	(1)	(1.6)	Interest Income - Wastewater	67	231	235	1.9
8,598	8,133	466	5.7	Total Wastewater Revenues	8,598	36,539	38,487	5.3
2,867	3,229	(362)	(11.2)	Sales of Gas and Service	2,867	12,820	12,216	(4.7)
2,747	3,462	(715)	(20.7)	Purchased Gas Adjustment	2,747	13,476	14,063	4.4
230	252	(22)	(8.7)	Other Gas Revenues	230	1,798	1,831	1.8
-	-	-	-	Rate Stabilization Fund Transfer	-	-	-	-
67	70	(4)	(5.5)	Interest Income - Gas	67	239	231	(3.4)
5,910	7,014	(1,103)	(15.7)	Total Gas Revenues	5,910	28,334	28,341	0.0
2,841	2,847	(6)	(0.2)	Sales of GRUCom Services	2,841	12,822	12,822	-
-	-	-	-	Other GRUCom Revenues	-	-	-	-
-	-	-	-	Rate Stabilization Fund Transfer	-	-	-	-
44	53	(9)	(16.4)	Interest Income - GRUCom	44	180	152	(15.6)
2,885	2,899	(14)	(0.5)	Total GRUCom Revenues	2,885	13,002	12,974	(0.2)
81,920	84,901	(2,981)	(3.5)	TOTAL REVENUES	81,920	382,939	380,004	(0.8)
				OPERATION & MAINTENANCE EXPENSES:				
				Electric Fund:				
				Fuel Expense:				
22,283	25,380	(3,097)	(12.2)	Retail & Purchased Power	22,283	114,756	114,742	(0.0)
56	427	(371)	(86.9)	Interchange	56	2,200	2,200	-
22,339	25,807	(3,468)	(13.4)	Total Fuel Expenses	22,339	116,956	116,942	(0.0)
8,682	7,874	808	10.3	Operation & Maintenance Expense	8,682	41,519	41,586	0.2
6,942	5,882	1,060	18.0	Administrative & General Expense	6,942	24,603	24,603	-
37,963	39,562	(1,600)	(4.0)	Total Electric Fund Expenses	37,963	183,078	183,132	0.0

**GAINESVILLE REGIONAL UTILITIES
COMBINED UTILITIES FUNDS
STATEMENT OF OPERATING INCOME
FOR FIRST QUARTER ENDED DECEMBER 31, 2011**

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This Year	Year Last Year	Change	Change (%)		Year to Date	FY 12 Budget	FY 12 Projected	Change (%)
1,863	1,628	235	14.4	Water Fund:	1,863	7,527	7,527	-
1,134	1,170	(37)	(3.1)	Operation & Maintenance Expense	1,134	6,249	6,249	-
2,996	2,798	198	7.1	Administrative & General Expense	2,996	13,776	13,776	-
				Total Water Fund Expenses				
1,688	1,450	239	16.5	Wastewater Fund:	1,688	7,887	7,887	-
1,303	1,410	(107)	(7.6)	Operation & Maintenance Expense	1,303	6,834	6,834	-
2,991	2,860	132	4.6	Administrative & General Expense	2,991	14,720	14,720	-
				Total Wastewater Fund Expenses				
2,964	4,504	(1,540)	(34.2)	Gas Fund:	2,964	13,476	14,063	4.4
318	274	44	16.1	Fuel Expense - Purchased Gas	318	1,591	1,625	2.1
975	920	55	6.0	Operation & Maintenance Expense	975	4,368	4,368	-
4,257	5,697	(1,441)	(12.1)	Administrative & General Expense	4,257	19,435	20,056	3.2
				Total Gas Fund Expenses				
774	818	(44)	(5.4)	GRUCom Fund:	774	3,772	3,772	-
630	528	102	19.4	Operation & Maintenance Expense	630	2,897	2,897	-
1,404	1,345	58	4.3	Administrative & General Expense	1,404	6,669	6,669	-
				Total GRUCom Fund Expenses				
49,611	52,263	(1,053)	(2.0)	TOTAL OPERATION & MAINTENANCE EXPENSES	49,611	237,679	238,353	0.3
18,944	19,468	(524)	(2.7)	NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION:	18,944	88,543	80,934	(8.6)
(478)	70	(548)	(780.7)	Electric - Retail & Wholesale	(478)	300	300	-
18,467	19,538	(1,072)	(5.5)	Electric - Interchange	18,467	88,843	81,234	(8.6)
5,100	4,956	144	2.9	Total Electric Fund	5,100	19,366	22,059	13.9
5,607	5,273	334	6.3	Water Fund	5,607	21,819	23,767	8.9
1,654	1,317	337	25.6	Wastewater Fund	1,654	8,899	8,285	(6.9)
1,481	1,554	(73)	(4.7)	Gas Fund	1,481	6,333	6,305	(0.4)
				GRUCom Fund				
32,309	32,638	(329)	(1.0)	TOTAL NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION	32,309	145,261	141,650	(2.5)
15,247	15,039	208	1.4	DEBT SERVICE	15,247	71,412	71,101	(0.4)
9,319	8,139	1,180	14.5	UPIF CONTRIBUTIONS	9,319	37,275	39,094	4.9
6,072	5,859	213	3.6	TRANSFER TO GENERAL FUND	6,072	36,433	36,221	(0.6)
1	-	1	-	NUCLEAR DECOMMISSIONING/FUEL DISPOSAL	1	413	358	(13.4)
2,500	103	2,397	2,336.8	WORKING CAPITAL	2,500	10,000	10,000	-
(830)	3,498	(1,931)	(55.2)	NET INCOME/(DEFICIT)	(830)	(10,274)	(15,123)	47.2
				(1) Projected Aggregate Debt Service Coverage Ratio		145,261	141,650	
						69,232	70,772	
						2.10	2.00	
				(2) Projected Total Debt Service Coverage Ratio		145,261	141,650	
						71,412	71,101	
						2.03	1.99	

Electric Revenue Fund Financial Performance Discussion

Total electric sales revenues for FY12, exclusive of fuel adjustment, have decreased by 5.9% from FY11. The decrease in revenue is largely attributable to milder than average weather for this period.

Fuel Adjustment Revenue has decreased by 3.2% from the prior year results, which is comparable to the decrease in total sales of electricity.

Retail and Purchased Power Expense for the first three months is 12.2% lower than for the first three months of the prior fiscal year.

Interchange sales show a negative value for the first quarter in FY12, due to certain capacity fixed costs being netted against revenues in that account. Interchange fuel expense has decreased by 86.9% in first quarter FY12 as compared to the first quarter of FY11. Interchange sales are subject to multiple variables including the availability of excess marketable generation from our plants and economic pricing conditions within the interchange market.

Other Electric Sales in the first quarter FY12 have increased by 42.9% compared to FY11, which is due to a timing difference in December FY11 billing. Other Revenues in first quarter FY12 are comparable to sales in the same period of FY11.

Interest income for FY12, as compared to FY11, decreased in the Electric Revenue Fund by 11.6%. This is due largely to an overall lower return on the investment portfolio due to market conditions and despite a slightly larger than anticipated contribution to the Electric Rate Stabilization Fund for FY11.

Steam Power Generation expenses are up considerably (\$1.1 million) over last year due to a planned Unit 2 outage at Deerhaven and a minor Unit 1 outage following the Unit 2 work. Expenses are on track for FY12. Nuclear Power Generation expenses are down 49.0% from FY11 due to timing differences related to invoices processed from Progress Energy CR3 billings. Other Power Generation expenses are down considerably over the same quarter last year due to significant repairs to a fuel nozzle and cap and liner incurred last year.

Electric Revenue Fund
Financial Performance Discussion cont.

Transmission costs are up 13.0% compared to last year same quarter due to increased O&M labor costs related to the FRCC compliance audit on Substation and Relay systems. Distribution costs are up 9.6% due to a \$178k warehouse correction posted last year causing a timing issue. Costs for FY12 are on track with budget.

GRU completed a study last year to evaluate administrative departmental allocations to each System. Changes were implemented starting in FY2012 which impacted each System in varying degrees. Electric System Customer Accounts and Sales expenses are down 26.5% mainly due to a change in coding by Energy and Business and Marketing departments moving \$375k into Administrative and General Accounts mostly through labor and design expenses. Administrative and General Expenses are up by 36.9%. In addition to the \$375k from Customer Accounts, property insurance associated with boiler plant assets are up \$520k from last year same quarter as well as General Liability Claims (\$248k), Group Health Insurance (\$240k) and Employer Pension (\$137k).

Debt Service expenses for the first quarter in FY12 are comparable to first quarter FY11.

We had originally budgeted a \$7.3m net deficit for the year. However, based on the most recent sales forecast we are projected to end the year with a net deficit of nearly \$14.2m for the current year, assuming that expenses remain on budget.

**GAINESVILLE REGIONAL UTILITIES
ELECTRIC REVENUE FUND
STATEMENT OF OPERATING INCOME
FOR FIRST QUARTER ENDED DECEMBER 31, 2011**

Year								
This Year	Last Year	Change	Change (%)		Year to Date	FY 12 Budget	FY 12 Projected	Change (%)
11,058	12,390	(1,332)	(10.7)	REVENUES:	11,058	57,954	53,890	(7.0)
15,610	15,833	(223)	(1.4)	Residential Sales	15,610	65,601	62,197	(5.2)
(422)	497	(919)	(184.9)	General Service and Large Power Sales	(422)	2,500	2,500	-
748	814	(66)	(8.1)	Interchange Sales	748	3,479	3,486	0.2
2,313	1,618	695	42.9	Utility Surcharge	2,313	9,355	9,407	0.6
29,308	31,152	(1,845)	(5.9)	Other Electric Sales	29,308	138,888	131,480	(5.3)
				Total Sales of Elec. Before Fuel Adj.				
24,727	25,550	(822)	(3.2)	Fuel Adjustment	24,727	114,742	114,742	-
54,035	56,702	(2,667)	(4.7)	Total Sales of Electricity	54,035	253,630	246,222	(2.9)
				Other Revenues	2,080	17,005	17,005	-
2,080	2,044	37	1.8	Rate Stabilization Fund Transfer	-	-	-	-
-	-	-	-	Interest Income	314	1,287	1,139	(11.5)
314	355	(41)	(11.6)	Total Revenues	56,429	271,921	264,366	(2.8)
56,429	59,101	(2,672)	(4.5)					
				OPERATION & MAINTENANCE EXPENSES:				
				Power Production Expenses:				
				Fuel Expenses:				
22,283	25,380	(3,097)	(12.2)	Retail & Purchased Power	22,283	114,756	114,742	(0.0)
56	427	(371)	(86.9)	Interchange	56	2,200	2,200	-
22,339	25,807	(3,468)	(13.4)	Total Fuel Expenses	22,339	116,956	116,942	(0.0)
				Steam Power Generation Expense	5,573	25,903	25,970	0.3
5,573	4,430	1,143	25.8	Nuclear Power Generation Expense	299	2,311	2,311	-
299	587	(288)	(49.0)	Other Power Generation Expense	51	251	251	-
51	338	(287)	(85.0)	System Control & Load Dispatching	230	1,577	1,577	-
230	220	10	4.7	Total Power Production Expenses	6,153	30,041	30,108	0.2
6,153	5,574	579	10.4					
				Transmission & Distribution Expenses:				
				Transmission Expenses	260	1,133	1,133	-
260	230	30	13.0	Distribution Expenses	2,268	10,345	10,345	-
2,268	2,069	199	9.6	Total Transmission & Distribution Expenses:	2,529	11,478	11,478	-
2,529	2,299	229	10.0					
				Administrative & General Expenses:				
				Customer Accounts & Sales Expense	1,288	8,889	8,889	-
1,288	1,753	(465)	(26.5)	Administrative & General Expense	5,654	15,714	15,714	-
5,654	4,129	1,525	36.9	Total Administrative & General Expenses:	6,942	24,603	24,603	-
6,942	5,882	1,060	18.0					
				Total Operating & Maintenance Expenses	37,963	183,078	183,132	0.0
37,963	39,562	(1,600)	(4.0)					

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

(2) Other Revenues - Shands SEC, Innovation Square, BABs Rebate

**GAINESVILLE REGIONAL UTILITIES
ELECTRIC REVENUE FUND
STATEMENT OF OPERATING INCOME
FOR FIRST QUARTER ENDED DECEMBER 31, 2011**

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This Year	Last Year	Year Change	Change (%)		Year to Date	FY 12 Budget	FY 12 Projected	Change (%)
				NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION				
18,833	19,468	(636)	(3.3)	Retail & Wholesale	18,833	88,543	80,934	(8.6)
(366)	70	(436)	(621.8)	Interchange	(366)	300	300	-
<hr/>				TOTAL NET REVENUE IN ACCORDANCE WITH BOND RESOLUTION	<hr/>			
18,467	19,538	(1,072)	(5.5)		18,467	88,843	81,234	(8.6)
9,182	9,248	(66)	(0.7)	DEBT SERVICE	9,182	43,248	43,086	(0.4)
5,861	4,812	1,049	21.8	UPIF CONTRIBUTIONS	5,861	23,444	23,961	2.2
3,425	3,803	(377)	(9.9)	TRANSFER TO GENERAL FUND (Includes incentive)	3,425	20,551	19,529	(5.0)
1		1	-	NUCLEAR DECOMMISSIONING/FUEL DISPOSAL	1	413	358	(13.4)
2,125	103	2,022	1,971.3	WORKING CAPITAL	2,125	8,500	8,500	-
<hr/>				NET INCOME/(DEFICIT)	<hr/>			
(2,128)	1,573	(3,701)	(235.2)		(2,128)	(7,313)	(14,200)	94.2

Water Revenue Fund Financial Performance Discussion

The increase in FY12 General Customer revenue of 3.7% likely reflects the base rate increase in FY12 over FY11 for the Water System. These base rate increases were implemented as of October 1, 2011. Actual k-Gal sales for first quarter FY12 for this category are 3% lower compared to FY11 sales for the same period.

Utility Surcharge is down slightly and Other Revenues, which include connection fees, are up 3.1% in first quarter FY12 compared to FY11. This revenue increase is the result of several large connection billings, including North Florida Regional Hospital Tower, as well as increased connection fees implemented October 1, 2011.

Interest income for FY12, as compared to FY11, decreased in the Water Revenue Fund by 4.6%. This is due largely to an overall lower return on the investment portfolio due to market changes. Investment returns are significantly less for all systems given the current economic climate of low interest rates.

Water Treatment expense for FY12, as compared to FY11, increased by 10.6% due to a change in accounting policy for accruing year end electric costs. Going forward electric costs will no longer be accrued and will be expensed in the appropriate month.

Water Transmission & Distribution expense is up 23.9% compared to the first three months in FY11. This corresponds to increased non-labor and labor expenditures in response to necessary repairs and restoration.

GRU completed a study last year to evaluate administrative departmental allocations to each System. Changes were implemented starting in FY2012 which impacted each System in varying degrees. Consequently, Customer Accounts and Sales expense has decreased in FY12 from FY11 by \$34k, due to implementation of the administrative departmental allocations, as well as a reimbursement from a St. John's River Water Management District grant that matched in kind labor to implement a Soil Moisture Sensor (SMS) pilot.

Debt Service expenses for the first quarter in FY12 are comparable to first quarter FY11.

We had originally budgeted net income of \$1.6m for FY12. However, our latest sales projections indicate a net income of nearly \$2.5m for the current year, assuming expense levels stay on budget.

**GAINESVILLE REGIONAL UTILITIES
WATER REVENUE FUND
STATEMENT OF OPERATING INCOME
FOR FIRST QUARTER ENDED DECEMBER 31, 2011**

This Year	Year		Change (%)
	Last Year	Change	
6,712	6,474	238	3.7
417	314	103	33.0
568	576	(8)	(1.5)
7,698	7,364	333	4.5
363	352	11	3.1
-	-	-	-
36	38	(2)	(4.6)
8,097	7,754	343	4.4
1,281	1,158	123	10.6
582	470	112	23.9
216	251	(34)	(13.7)
917	920	(2)	(0.2)
2,996	2,798	198	7.1
5,100	4,956	144	2.9
1,687	1,595	92	5.7
1,039	1,214	(175)	(14.4)
856	811	45	5.5
1,518	1,336	182	13.7

REVENUES:

General Customers
University of Florida
Utility Surcharge
Total Sales of Water

Other Revenues
Rate Stabilization Fund Transfer
Interest Income
Total Revenue

OPERATION & MAINTENANCE EXPENSES:

Water Treatment Expense
Water Trans. & Dist. Expense
Customer Accounts & Sales Expense
Administrative & General Expenses
Total Operation & Maintenance Expenses

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

DEBT SERVICE
UPIF CONTRIBUTIONS
TRANSFER TO GENERAL FUND

NET INCOME/(DEFICIT)

Year to Date	FY 12 Budget	FY 12 Projected	Change (%)
6,712	26,171	28,371	8.4
417	1,518	1,854	22.1
568	2,266	2,451	8.2
7,698	29,955	32,676	9.1
363	3,033	3,033	-
-	-	-	-
36	155	127	(18.3)
8,097	33,143	35,836	8.1
1,281	5,258	5,258	-
582	2,270	2,270	-
216	1,533	1,533	-
917	4,716	4,716	-
2,996	13,776	13,776	-
5,100	19,366	22,059	
1,687	8,419	8,386	(0.4)
1,039	4,157	5,472	31.6
856	5,136	5,641	9.8
1,518	1,655	2,560	54.7

(1) Other Revenue - Connection fees and miscellaneous.

Wastewater Revenue Fund Financial Performance Discussion

Wastewater billings for the first quarter of FY12 increased by 4.5% over FY11, this increase is attributable to the base rate increase for the Wastewater System implemented as of October 1, 2011. This revenue requirement increase is offset by a nearly 1.5% decrease in actual k-Gals billed.

Surcharge Revenues have decreased this quarter from the same quarter in FY11 by 2.7%, similar to the Water System. Additionally, like the Water System, Other Revenues have increased significantly over the previous year as the result of several large connection billings, including North Florida Regional Hospital Tower, as well as increased connection fees implemented October 1, 2011.

Interest income for FY12, as compared to FY11, decreased in the Wastewater Revenue Fund by 1.6%. This is due largely to an overall lower return on the investment portfolio due to market changes. This decrease is less than that for other systems, as the Wastewater Revenue Fund made a significantly larger contribution to the Wastewater Rate Stabilization Fund for FY11 than originally anticipated. Investment returns are less for all systems given the current economic climate of low interest rates.

Collection expense is 16.1% higher than FY11 due to a change in accounting policy for accruing year end electric costs. Going forward electric costs will no longer be accrued and will be expensed in the appropriate month. Treatment expenses are up 16.6% compared to the first three months of FY11. This is attributable to the same change in accounting policy.

GRU completed a study last year to evaluate administrative departmental allocations to each System. Changes were implemented starting in FY2012 which impacted each System in varying degrees. Consequently, Customer Accounts and Sales expense for FY12, as compared to FY11, has decreased \$79k due to the implementation of the new administrative department allocations to the Wastewater System.

Debt Service expenses for the first quarter in FY12 are comparable to first quarter FY11.

We had originally budgeted a net deficit of \$116k for FY12. However, our latest sales projections indicate a net income of nearly \$1.6m for the current year, assuming expenses remain true to budget.

**GAINESVILLE REGIONAL UTILITIES
WASTEWATER REVENUE FUND
STATEMENT OF OPERATING INCOME
FOR FIRST QUARTER ENDED DECEMBER 31, 2011**

This Year	Year Last Year	Change	Change (%)
7,680	7,350	330	4.5
562	578	(16)	(2.7)
289	136	153	111.8
-	-	-	-
67	68	(1)	(1.6)
8,598	8,133	466	5.7
579	499	80	16.1
1,109	951	158	16.6
228	306	(79)	(25.7)
1,075	1,104	(29)	(2.6)
2,991	2,860	132	4.6
5,607	5,273	334	6.3
2,087	2,002	85	4.3
1,382	1,505	(123)	(8.2)
1,041	1,001	40	4.0
1,097	765	332	43.4

REVENUES:

Wastewater Billings	7,680
Surcharge	562
Other Revenues	289
Rate Stabilization Fund Transfer	-
Interest Income	67

Total Revenue

OPERATION & MAINTENANCE EXPENSES:

Wastewater Collection Expense	579
Wastewater Treatment Expense	1,109
Customer Accounts & Sales Expense	228
Administrative & General Expenses	1,075

Total Operation & Maintenance Expenses

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

DEBT SERVICE	2,087
UPIF CONTRIBUTIONS	1,382
TRANSFER TO GENERAL FUND	1,041

NET INCOME/(DEFICIT)

Year to Date	FY 12 Budget	FY 12 Projected	Change (%)
7,680	30,973	32,772	5.8
562	2,399	2,543	6.0
289	2,937	2,937	-
-	-	-	-
67	231	235	1.9
8,598	36,539	38,487	5.3
579	2,757	2,757	-
1,109	5,129	5,129	-
228	1,211	1,211	-
1,075	5,623	5,623	-
2,991	14,720	14,720	-
5,607	21,819	23,767	8.9
2,087	10,163	10,098	(0.6)
1,382	5,528	5,519	(0.2)
1,041	6,243	6,540	4.8
1,097	(116)	1,610	(1,488.6)

(1) Other Revenue - Connection fees and miscellaneous.

Gas Revenue Fund Financial Performance Discussion

Residential gas sales were lower for the first quarter FY12 compared to FY11 by 12.3%. This is the result of milder than average weather in this period. Commercial gas sales are somewhat less affected by weather, but are also down 10.8% comparable to this same quarter last year. Other Gas Sales and MGP includes Liquid Propane Gas Sales, and the Manufactured Gas Plant (MGP) Cleanup Cost Recovery Factor. The decrease in this category is due to lower propane sales associated with the aforementioned milder than average weather, as well as lower MGP revenue which is driven by therm sales.

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

Interest income for FY12, as compared to FY11, decreased in the Gas Revenue Fund by 5.5%. This is due largely to an overall lower return on the investment portfolio due to market changes. Investment returns are significantly less for all systems given the current economic climate of low interest rates.

Operation and Maintenance expenses are 16.1% higher than FY11 due to Field Services increasing its allocation to the Gas System to be in line with staff resource activity. Most of cost this shifted from the Electric System.

GRU completed a study last year to evaluate administrative departmental allocations to each System. Changes were implemented starting in FY2012 which impacted each System in varying degrees. Customer Account and Sales expenses as well as Administrative and General expenses are mostly on track with last FY11 with slight increases stemming from the implemented administrative allocation changes.

Debt Service expenses for the first quarter in FY12 are comparable to first quarter FY11.

We had originally budgeted a net deficit of \$2.3m for FY12. However, our latest sales projections indicate a net deficit of nearly \$2.9m for the current year, assuming that expenses stay on budget.

**GAINESVILLE REGIONAL UTILITIES
GAS REVENUE FUND
STATEMENT OF OPERATING INCOME
FOR FIRST QUARTER ENDED DECEMBER 31, 2011**

	Year			
This Year	Last Year	Change	Change (%)	
1,568	1,788	(221)	(12.3)	
977	1,095	(118)	(10.8)	
2,747	3,462	(715)	(20.7)	
88	105	(17)	(16.3)	
234	240	(7)	(2.8)	
5,614	6,691	(1,078)	(16.1)	
230	252	(22)	(8.7)	
-	-	-	-	
67	70	(4)	(5.5)	
5,910	7,014	(1,103)	(15.7)	
2,964	4,504	(1,540)	(34.2)	
318	274	44	16.1	
467	448	18	4.1	
508	471	37	7.8	
4,257	5,697	(1,441)	(25.3)	
1,654	1,317	337	25.6	
971	973	(2)	(0.2)	
804	496	308	62.0	
355	184	171	93.0	
375	-	375	-	
(851)	(578)	(274)	47.4	

	Year to Date	FY 12 Budget	FY 12 Projected	Change (%)
REVENUES:				
Sales of Gas and Service:				
Residential	1,568	7,171	6,808	(5.1)
Commercial & Interruptible	977	4,243	4,048	(4.6)
Purchased Gas Adjustment	2,747	13,476	14,063	4.4
Surcharge	88	369	394	6.8
Other Gas Sales and MGP	234	1,037	966	(6.8)
	-	-	-	-
Total Sales	5,614	26,296	26,279	(0.1)
Miscellaneous Revenue:				
Other Revenue	230	1,798	1,831	1.8
Rate Stabilization Fund Transfer	-	-	-	-
Interest Income	67	239	231	(3.4)
Total Revenues	5,910	28,334	28,341	0.0
OPERATION & MAINTENANCE EXPENSES:				
Fuel Expense - Purchased Gas	2,964	13,476	14,063	4.4
Operation & Maintenance Expenses	318	1,591	1,625	2.1
Customer Accounts & Sales Expense	467	2,296	2,296	-
Administrative & General Expense	508	2,073	2,073	-
Total Operation & Maintenance Expenses	4,257	19,435	20,056	3.2
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION				
	1,654	8,899	8,285	(6.9)
DEBT SERVICE				
UPIF CONTRIBUTIONS	971	4,427	4,409	(0.4)
TRANSFER TO GENERAL FUND	804	3,216	3,209	(0.2)
WORKING CAPITAL	355	2,128	2,134	0.3
	375	1,500	1,500	-
NET INCOME/(DEFICIT)	(851)	(2,372)	(2,967)	25.1

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

Telecommunications Revenue Fund Financial Performance Discussion

Telecommunication revenues increased by 6.3% in the first quarter of FY12, as compared to the first quarter of FY11. Trunking Radio revenues increased by 7.3% due primarily to system expansion. Tower Lease Rental revenue decreased in FY12 from FY11 by 15.5%. This is the result of a billing audit in FY11 that produced additional revenue for this period in FY11 compared to the current year. Internet Access revenues decreased 11% compared to this same period in FY11. This was primarily the result of the deactivation of several large circuits and the conversion of these customers to longer term contracts. However, this short-term decrease creates the potential for future additional revenues.

Interest income for FY12, as compared to FY11, decreased in the Telecommunications Revenue Fund by 16.4%. This is due largely to an overall lower return on the investment portfolio due to market changes. Investment returns are significantly less for all systems given the current economic climate of low interest rates. Additionally, the Telecommunications Revenue Fund made a significant withdrawal from the Telecommunications Rate Stabilization Fund in FY11, reducing the funds available for investment.

GRU completed a study last year to evaluate administrative departmental allocations to each System. Changes were implemented starting in FY2012 which impacted each System in varying degrees. First quarter FY12 Customer Accounts and Sales Expenses decreased by 41.1% or \$29k compared to the prior year amount due to implementation of new allocation percentages in which departments charging to these accounts had a reduction of allocable costs to the Telecommunication System. Administrative and General Expenses are up 28.7% with Facilities Maintenance increasing Telecommunication's share of its allocation (\$102k) in conjunction with the Eastside Operations Center completion. As a result of the study, IT allocation increased from 5.0% to 5.92% in FY12. This accounts for the remainder of the increases over first quarter FY11.

Debt Service expenses for the first quarter in FY12 are comparable to first quarter FY11.

The originally budgeted net deficit of \$2.1m for FY12 appears to be on target, based on the most recent sales forecast. This assumes that expense levels will stay on budget.

**GAINESVILLE REGIONAL UTILITIES
TELECOMMUNICATIONS REVENUE FUND
STATEMENT OF OPERATING INCOME
FOR FIRST QUARTER ENDED DECEMBER 31, 2011**

Year								
This Year	Last Year	Change	Change (%)		Year to Date	FY 12 Budget	FY 12 Projected	Change (%)
				REVENUES:				
				Sales:				
1,473	1,386	87	6.3	Telecommunication	1,473	7,199	7,199	-
533	497	36	7.3	Trunking Radio	533	2,078	2,078	-
422	500	(78)	(15.5)	Tower Lease Rental	422	1,788	1,788	-
413	464	(51)	(11.0)	Internet Access	413	1,757	1,757	-
<u>2,841</u>	<u>2,847</u>	<u>(6)</u>	<u>(0.2)</u>	Total Sales	<u>2,841</u>	<u>12,822</u>	<u>12,822</u>	<u>-</u>
				Miscellaneous Revenue:				
-	-	-	-	Rate Stabilization Fund Transfer	-	-	-	-
-	-	-	-	Other Revenue	-	-	-	-
44	53	(9)	(16.4)	Interest Income	44	180	152	(15.6)
<u>2,885</u>	<u>2,899</u>	<u>(14)</u>	<u>(0.5)</u>	Total Revenues	<u>2,885</u>	<u>13,002</u>	<u>12,974</u>	<u>(0.2)</u>
				OPERATION & MAINTENANCE EXPENSES:				
774	818	(44)	(5.4)	Operation & Maintenance Expenses	774	3,772	3,772	-
42	71	(29)	(41.1)	Customer Accounts & Sales Expense	42	441	441	-
588	457	131	28.7	Administrative & General Expenses	588	2,456	2,456	-
<u>1,404</u>	<u>1,345</u>	<u>58</u>	<u>4.3</u>	Total Operating & Maintenance Expenses	<u>1,404</u>	<u>6,669</u>	<u>6,669</u>	<u>-</u>
				TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>1,481</u>	<u>6,333</u>	<u>6,305</u>	<u>(0.4)</u>
				DEBT SERVICE	1,320	5,155	5,122	(0.6)
1,320	1,221	99	8.1	UPIF CONTRIBUTIONS	232	930	933	0.3
232	112	121	108.0	TRANSFER TO GENERAL FUND	396	2,377	2,377	-
396	61	335	550.1					
<u>(467)</u>	<u>160</u>	<u>(627)</u>	<u>(391.4)</u>	NET INCOME/(DEFICIT)	<u>(467)</u>	<u>(2,128)</u>	<u>(2,126)</u>	<u>(0.1)</u>

**Balance Sheet – Combined Funds
As of December 31, 2011**

Operating cash and Accounts receivable have both declined as a result of lower revenues during the first quarter, which have resulted in lower billings to customers and lower collections from customers, a combined decrease of approximately \$17 million. The remaining difference in cash is a result of the timing of settlements at December 31, 2011. Other Current Assets are increased due to higher fuel inventory and fuel contracts outstanding at December 31, 2011.

In the Restricted Asset section, debt service cash is lower as of December 2011 due to the net affect of our semi-annual payment of debt interest and annual pay down of debt principal, which was offset by deposits to the debt service fund to begin building towards our fiscal 2011 debt obligation. The construction fund balance is lower due to normal spend down of funds on capital projects.

Current Liabilities is reduced due to the reversal of year-end accruals which increased the payable accounts at September 30, 2010, accompanied by a reduction in outstanding payable due to normal fluctuations in payments to vendors, including fuel related payments.

Other Payables from Restricted Assets decreased, primarily due to the net affect of making our semi-annual debt interest payment on October 1, offset by the accrual of our fiscal 2011 first quarter debt interest obligation.

**GAINESVILLE REGIONAL UTILITIES
COMBINED FUNDS
BALANCE SHEET
DECEMBER 31, 2011**

(000's)	<u>Dec 31, 2011</u>	<u>Sep 30, 2011</u>	<u>\$ Difference</u>	<u>% Difference</u>
<u>ASSETS</u>				
CURRENT ASSETS:				
Cash, Investments & Accounts Receivable	57,349	78,698	(21,348)	-37.2%
Other Current Assets	29,273	24,533	4,740	16.2%
TOTAL CURRENT ASSETS	86,622	103,231	(16,609)	-19.2%
RESTRICTED ASSETS:				
Debt Service Fund	16,262	52,756	(36,495)	-224.4%
Rate Stabilization Fund	66,441	67,459	(1,018)	-1.5%
Construction Fund	143,683	154,391	(10,707)	-7.5%
Utility Plant Improvement Fund	40,638	42,432	(1,794)	-4.4%
Other Restricted Assets	17,166	17,076	90	0.5%
TOTAL RESTRICTED ASSETS	284,189	334,113	(49,924)	-17.6%
NON-CURRENT ASSETS	30,245	30,206	39	0.1%
NET CAPITAL ASSETS	1,192,244	1,171,601	20,643	1.7%
TOTAL ASSETS	1,593,301	1,639,151	(45,850)	-2.9%
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES	25,006	39,305	(14,299)	-57.2%
PAYABLE FROM RESTRICTED ASSETS:				
Rate Stabilization Deferred Credit	66,231	66,231	0	0.0%
Other Payables From Restricted Assets	142,738	157,788	(15,050)	-10.5%
TOTAL PAYABLE FROM RESTRICTED ASSETS	208,968	224,018	(15,050)	-7.2%
LONG TERM-DEBT:				
Utilities System Revenue Bonds				
Payable-Senior Lien Debt	809,695	842,125	(32,430)	-4.0%
Commercial Paper Notes Payable	62,000	62,000	0	0.0%
Unamortized Bond Financing Costs	(16,287)	(16,799)	512	-3.1%
TOTAL LONG-TERM DEBT	855,408	887,326	(31,918)	-3.7%
OTHER NON-CURRENT LIABILITIES	18,606	18,606	0	0.0%
TOTAL LIABILITIES	1,107,989	1,169,255	(61,267)	-5.5%
TOTAL NET ASSETS	485,312	469,896	15,416	3.2%
TOTAL LIABILITIES AND NET ASSETS	1,593,301	1,639,151	(45,850)	-2.9%

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Supplemental Data

ELECTRIC RESALE
FOR FIRST QUARTER ENDED DECEMBER 31, 2011

This Year	Per KWh	Month December				Three Months That Ended December 31		
		Last Year	Per KWh	Change		This Year	Last Year	Change
561,409	0.0644	710,406	0.0661	(148,997)	Resale Revenue			
463,385	0.0781	652,611	0.0752	(189,226)	Alachua	560,230	632,059	(71,829)
					Seminole	418,267	500,376	(82,109)
<u>1,024,794</u>	0.0699	<u>1,363,017</u>	0.0702	<u>(338,223)</u>	Total Resale Revenue	<u>978,497</u>	<u>1,132,435</u>	<u>(153,938)</u>
8,722,531		10,745,370		(2,022,839)	Resale KWh			
5,936,305		8,676,825		(2,740,520)	Alachua	8,620,576	9,389,532	(768,956)
					Seminole	5,674,477	6,708,279	(1,033,802)
<u>14,658,836</u>		<u>19,422,195</u>		<u>(4,763,359)</u>	Total Resale KWh	<u>14,295,053</u>	<u>16,097,811</u>	<u>(1,802,758)</u>

ELECTRIC STATISTICS
FOR FIRST QUARTER ENDED DECEMBER 31, 2011

Month December			Three Months That Ended December 31			
This Year	Last Year	Change		This Year	Last Year	Change
96,154	96,227	(73)	Total Customers	95,994	96,402	(407)
31,631	31,461	170	Street Lights in Service	31,631	31,461	170
573.06	576.49	(3.43)	Miles of Overhead Distribution Line	573.06	576.49	(3.43)
849.07	840.74	8.33	Miles of Underground Distribution Line	849.07	840.74	8.33
<u>1,422.13</u>	<u>1,417.23</u>	<u>4.90</u>	Total Miles of Distribution Line	<u>1,422.13</u>	<u>1,417.23</u>	<u>4.90</u>
277	423	(146)	Maximum Peak Load Generated/Gross (MW)	289	364	(75)
270	395	(125)	Maximum Peak Load Generated/Net (MW)	285	338	(53)
140,386	183,046	(42,660)	Net Energy for Load (MWh)	141,829	159,528	(17,699)
72.22	64.36	7.85	Load Factor - Percent	69.22	66.03	3.19
20	0	20	Cooling Degree DBFs - Actual Days	1,501	1,421	80
25	25	-	Cooling Degree DBFs - Normal Days	1,307	1,311	(4)
(5)	(25)	20	Difference from Normal	194	110	84
0.0510	0.0520	(0.0010)	Fuel Adjustment	0.0510	0.0520	(0.0010)

WATER STATISTICS
FOR FIRST QUARTER ENDED DECEMBER 31, 2011

Month December			Three Months That Ended December 31			
This Year	Last Year	Change		This Year	Last Year	Change
68,742	68,341	401	Total Customers	68,713	68,483	230
			Pumpage - Mega-gallons			
24,917	24,276	640	Raw Water - Max	29,500	29,602	(102)
17,668	16,960	708	Raw Water - Min	17,668	16,960	708
21,173	21,579	(407)	Raw Water - Avg	23,059	24,112	(1,053)
656,348	668,955	(12,607)	Total	2,121,467	2,218,329	(96,862)
			Distribution System - Max	27,911	28,480	(569)
23,077	23,528	(451)	Distribution System - Min	18,323	17,577	746
18,323	17,577	746	Distribution System - Avg	22,425	23,681	(1,256)
20,506	21,074	(567)	Total	2,063,111	2,178,644	(115,533)
635,690	653,281	(17,591)	Maximum Daily Pumpage	34.05	32.46	1.59
			Average Max. Daily Pumpage	27.16	27.84	(0.68)
28.89	28.74	0.15	Minimum Daily Pumpage	11.26	13.35	(2.09)
25.03	25.40	(0.38)	Average Min. Daily Pumpage	17.55	18.69	(1.14)
11.26	13.35	(2.09)	Miles of Potable Water Main	1,115.3	1,108.7	6.6
16.40	15.43	0.97	Miles of Potable Water Fire Mains	13.1	13.1	0.0
			Fire Hydrants	5,564	5,545	19
1,115.3	1,108.7	6.6	Precipitation - Actual Inches	1.61	0.42	1.19
13.1	13.1	0.0	Precipitation - Normal Inches	2.44	2.44	-
5,564	5,545	19	Difference from Normal	(0.83)	(2.02)	1.19
0.49	0.69	(0.20)				
2.32	2.32	-				
(1.83)	(1.63)	(0.20)				

WASTEWATER STATISTICS
FOR FIRST QUARTER ENDED DECEMBER 31, 2011

Month December			Three Months That Ended December 31			
This Year	Last Year	Change		This Year	Last Year	Change
61,978	61,572	406	Total Customers	61,935	61,688	247
			Pumpage (Mega-gallons)			
257.19	249.20	7.99	Kanapaha WRF Total	784.19	790.97	(6.78)
8.30	8.04	0.26	Kanapaha WRF Daily Avg	8.52	8.60	(0.08)
210.82	172.33	38.49	Main Street WRF Total	640.81	503.51	137.30
6.80	5.56	1.24	Main Street WRF Daily Avg	6.97	5.47	1.49
468	422	46	Total Pumpage	1,425	1,294	131
15.097	13.598	1.499	Total Daily Avg (MGD)	15.490	14.074	1.416
60.02	58.80	1.22	Total Reclaimed	189.55	188.00	1.55
2.43	2.57	(0.14)	Reclaimed Daily Max	2.65	2.59	0.06
1.94	1.90	0.04	Reclaimed Monthly Avg	2.06	2.04	0.02
14,940	14,780	160.00	Manholes	14,940	14,780	160
27.1	27.1	0.0	Miles of Reclaimed Water Mains	27.1	27.1	0.0
			Miles of Main			
138.8	138.1	0.7	Force Main	138.8	138.1	0.7
617.5	613.5	4.0	Gravity Main	617.5	613.5	4.0
756.3	751.6	4.7	Total Miles of Main	756.3	751.6	4.7

GAS STATISTICS
FOR FIRST QUARTER ENDED DECEMBER 31, 2011

Month December			Three Months That Ended December 31			
This Year	Last Year	Change		This Year	Last Year	Change
33,186	33,056	130	Total NG Customers	33,102	33,017	86
183	182	1	Total LP Gas Customers	185	182	2
739.55	733.52	6.03	Distribution Mains			
7.17	7.05	0.12	NG System	739.55	733.52	6.03
			LP System	7.17	7.05	0.12
746.72	740.57	6.15	Total Distribution Mains	746.72	740.57	6.15
153	527	(374)	Heating Degree DBFs - Actual Days	273	642	(369)
288	288	-	Heating Degree DBFs - Normal Days	437	437	-
(135)	239	(374)	Difference from Normal	(164)	205	(369)
60.5	47.8	12.7	Average Temperature	64.6	60.4	4.2
			FUEL ADJUSTMENTS			
0.5500	0.5900	(0.0400)	Natural Gas Firm PGA	0.5500	0.5900	(0.0400)
0.5338	0.5738	(0.0400)	Natural Gas Int PGA	0.5338	0.5738	(0.0400)
1.9600	1.6500	0.3100	LP PGA	1.9700	1.4200	0.5500
1.0270	1.0290	(0.0020)	Calorific Value	1.0270	1.0290	(0.0020)

GRUCOM STATISTICS
FOR FIRST QUARTER ENDED DECEMBER 31, 2011

Month December				Three Months That Ended December 31		
This Year	Last Year	Change		This Year	Last Year	Change
Customers						
2	2	0	GRU Backup Conduit	2	2	0
45	51	(6)	GRU Broadband Internet Access	45	48	(3)
61	61	0	GRU Colocation Lease	62	60	2
88	82	6	GRU DS0 Transport	88	81	7
81	91	(10)	GRU DS1 Transport	84	96	(12)
267	749	(482)	GRU DS1 Transport - Carrier	476	689	(213)
2	5	(3)	GRU DS3 Transport	2	5	(3)
74	77	(3)	GRU DS3 Transport - Carrier	80	77	3
32	41	(9)	GRU Equipment Lease	35	38	(3)
236	228	8	GRU EtherLink	237	224	13
32	1	31	GRU EtherLink Carrier	32	1	31
1	1	0	GRU Fiber Drivers	1	1	0
80	79	1	GRU Internet Access	80	80	0
2	0	2	GRU OC3 Transport	2	0	2
3	5	(2)	GRU OC3 Transport Carrier	4	5	(1)
2	2	0	GRU OC48 Transport Carrier	2	2	0
2	1	1	GRU SAN Fiber Channel	2	1	1
10	40	(30)	GRU SCADA Transport	10	40	(30)
2	2	0	GRU Switched Transport	2	2	0
3	5	(2)	GRU Telephone Internet Access	4	6	(2)
10	19	(9)	GRU Telephone Line Leases	10	19	(9)
5	5	0	GRU Telephone Set Leases	5	5	0
171	202	(31)	GRU Tower Lease	172	193	(21)
5	5	0	GRU TRS Analog Consol	5	5	0
38	38	0	GRU TRS Analog Radio	38	38	0
3	3	0	GRU TRS Digital Console	3	3	0
19	18	1	GRU TRS Digital Radio	19	18	1
1	0	1	GRU Trunk Termination	1	1	0
560	800	(240)	Telecomm - GRUnet	573	781	(208)

**CLEAN AIR ALLOWANCES
CALENDAR YEAR 2011**

SO₂ Allowances (tons)

	DH	JRK	GRU Total
Carryover	7,845.0	349.0	8,194.0
Annual Alloc.	8,400.0	67.0	8,467.0
Total Available	16,245.0	416.0	16,661.0
Used	4,082.0	2.0	4,084.0
Left Over	12,163.0	414.0	12,577.0

SO₂ Emissions (tons)

Quarter	B1	B2	CT3	DH Total	CC1	JRK Total	GRU Total
1	12.7	967.5	0.0	980.2	0.0	0.0	980.2
2	4.8	349.2	0.1	354.1	0.3	0.3	354.4
3	0.1	405.5	0.0	405.6	0.2	0.2	405.8
4	0.2	300.9	0.0	301.1	0.1	0.1	301.2
Year	17.8	2,023.1	0.1	2,041.0	0.6	0.6	2,041.6

NO_x Allowances (tons)

	DH		JRK		GRU Total	
	Ann.	OS	Ann.	OS	Ann.	OS
Purch/Trans	0	0	0	0	0	0
Annual Alloc.	1,142	632	86	44	1,228	676
Total Available	1,142	632	86	44	1,228	676
Used	525	276	27	15	552	291
Sold	0	0	0	0	0	0
Left Over	617	356	59	29	676	385

NO_x Emissions (tons)

Quarter	B1		B2		CT3		DH Total		CC1		JRK Total		GRU Total	
	Ann.	OS	Ann.	OS	Ann.	OS	Ann.	OS	Ann.	OS	Ann.	OS	Ann.	OS
1	16.0	0.0	86.7	0.0	1.1	0.0	103.8	0.0	1.8	0.0	1.8	0.0	105.6	0.0
2	37.1	10.8	91.0	90.5	1.9	1.3	130.0	102.6	9.4	5.5	9.4	5.5	139.4	108.1
3	20.2	20.2	152.6	152.6	0.8	0.8	173.6	173.6	9.8	9.8	9.8	9.8	183.4	183.4
4	47.1	0.0	70.2	0.0	0.3	0.0	117.6	0.0	6.2	0.0	6.2	0.0	123.8	0.0
Year	120.4	31.0	400.5	243.1	4.1	2.1	525.0	276.2	27.2	15.3	27.2	15.3	552.2	291.5

DEERHAVEN FUELS INVENTORIES
FOR FIRST QUARTER ENDED DECEMBER 31, 2011

Month December			
This Year		Last Year	
BCLS	Value	BCLS	Value
67,795.30	2,624,543.90	79,076.40	3,406,971.66
67,795.30	2,624,543.90	72,984.10	2,984,425.57
GALS	Value	GALS	Value
197,719.00	202,570.88	291,822.00	423,371.08
188,699.00	172,706.57	288,410.00	415,351.41
TONS	Value	TONS	Value
161,012.30	12,979,444.26	53,868.44	3,435,603.01
164,555.90	13,295,020.65	57,143.94	3,722,033.55
%	Days	%	Days
65.19	26.32	76.04	30.83
65.19	26.32	70.18	28.39
22.99	27.82	33.93	41.26
21.94	26.53	33.54	40.77
	81.06		24.67
	82.92		26.39

Month December			
This Year	Last Year	Change	Percentage
38.7128	43.0846	(4.3718)	(10.1470)
38.7128	40.8914	(2.1787)	(5.3280)
1.0245	1.4508	(0.4262)	(29.3804)
0.9152	1.4401	(0.5249)	(36.4473)
80.6115	63.7777	16.8338	26.3946
80.7933	65.1344	15.6590	24.0411

#6 Oil (Bunker C) Inventory

Beginning	67,795.30	2,624,543.90	79,076.40	3,406,971.66
Ending	67,795.30	2,624,543.90	77,045.63	3,266,122.96

#2 Oil (Diesel) Inventory

Beginning	200,508.67	211,807.19	295,049.33	430,845.37
Ending	194,712.33	192,616.11	291,455.67	422,497.03

Coal Fuel Inventory

Beginning	120,331.83	9,332,696.26	68,764.49	4,738,152.14
Ending	147,897.38	11,804,415.24	60,015.41	3,973,348.67

Oil Levels

#6 Oil

Beginning	65.19	26.32	76.04	30.83
Ending	65.19	26.32	74.08	30.02

#2 Oil

Beginning	23.31	28.22	34.31	41.72
Ending	22.64	27.39	33.89	41.21

Coal

Beginning		59.65		32.51
Ending		74.16		27.90

Bunker C (\$/BBL)

Beginning	38.7128	43.0846	(4.3718)	(10.1470)
Ending	38.7128	42.3921	(3.6793)	(8.6792)

Diesel Fuel (\$/Gal)

Beginning	1.0563	1.4602	(0.4039)	(27.6596)
Ending	0.9892	1.4496	(0.4604)	(31.7586)

Coal (\$/Ton)

Beginning	77.5580	68.9041	8.6540	12.5594
Ending	79.8149	66.2055	13.6094	20.5563

Three Months That Ended December 31			
This Year		Last Year	
BCLS	Value	BCLS	Value
67,795.30	2,624,543.90	79,076.40	3,406,971.66
67,795.30	2,624,543.90	77,045.63	3,266,122.96
GALS	Value	GALS	Value
200,508.67	211,807.19	295,049.33	430,845.37
194,712.33	192,616.11	291,455.67	422,497.03
TONS	Value	TONS	Value
120,331.83	9,332,696.26	68,764.49	4,738,152.14
147,897.38	11,804,415.24	60,015.41	3,973,348.67
%	Days	%	Days
65.19	26.32	76.04	30.83
65.19	26.32	74.08	30.02
23.31	28.22	34.31	41.72
22.64	27.39	33.89	41.21
	59.65		32.51
	74.16		27.90

Three Months That Ended December 31			
This Year	Last Year	Change	Percentage
38.7128	43.0846	(4.3718)	(10.1470)
38.7128	42.3921	(3.6793)	(8.6792)
1.0563	1.4602	(0.4039)	(27.6596)
0.9892	1.4496	(0.4604)	(31.7586)
77.5580	68.9041	8.6540	12.5594
79.8149	66.2055	13.6094	20.5563

JR KELLY FUELS INVENTORIES
FOR FIRST QUARTER ENDED DECEMBER 31, 2011

Month December			
This Year		Last Year	
BBLs	Value	BBLs	Value
8,509.10	340,140.21	8,509.10	340,140.21
8,493.00	339,466.27	8,509.10	340,140.21
GALS	Value	GALS	Value
474,307.39	832,143.77	491,313.12	872,234.95
474,307.39	832,143.77	478,842.53	842,835.41
%	Days	%	Days
8.18	2.60	8.18	2.60
8.17	2.60	8.18	2.60
55.15	67.33	57.13	69.76
55.15	67.33	55.68	67.98

#6 Oil (Bunker C) Inventory

Beginning
Ending

#2 Oil (Diesel) Inventory

Beginning
Ending

Oil Levels

#6 Oil
Beginning
Ending

#2 Oil
Beginning
Ending

Three Months That Ended December 31			
This Year		Last Year	
BBLs	Value	BBLs	Value
8,509.10	340,140.21	8,509.10	340,140.21
8,503.73	339,915.56	8,509.10	340,140.21
GALS	Value	GALS	Value
475,344.93	834,589.78	493,548.78	877,505.54
474,497.73	832,592.49	488,440.58	865,070.40
%	Days	%	Days
8.18	2.60	8.18	2.60
8.18	2.60	8.18	2.60
55.27	67.48	57.39	70.08
55.17	67.36	56.80	69.35

Month December			
This Year	Last Year	Change	Percentage
39.9737	39.9737	-	-
39.9701	39.9737	(0.0036)	(0.0089)
1.7544	1.7753	(0.0209)	(1.1758)
1.7544	1.7602	(0.0057)	(0.3245)

Bunker C (\$/BBL)

Beginning
Ending

Diesel Fuel (\$/Gal)

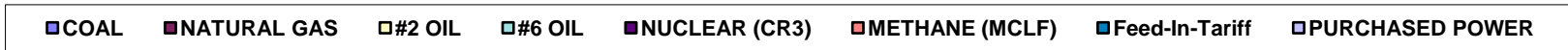
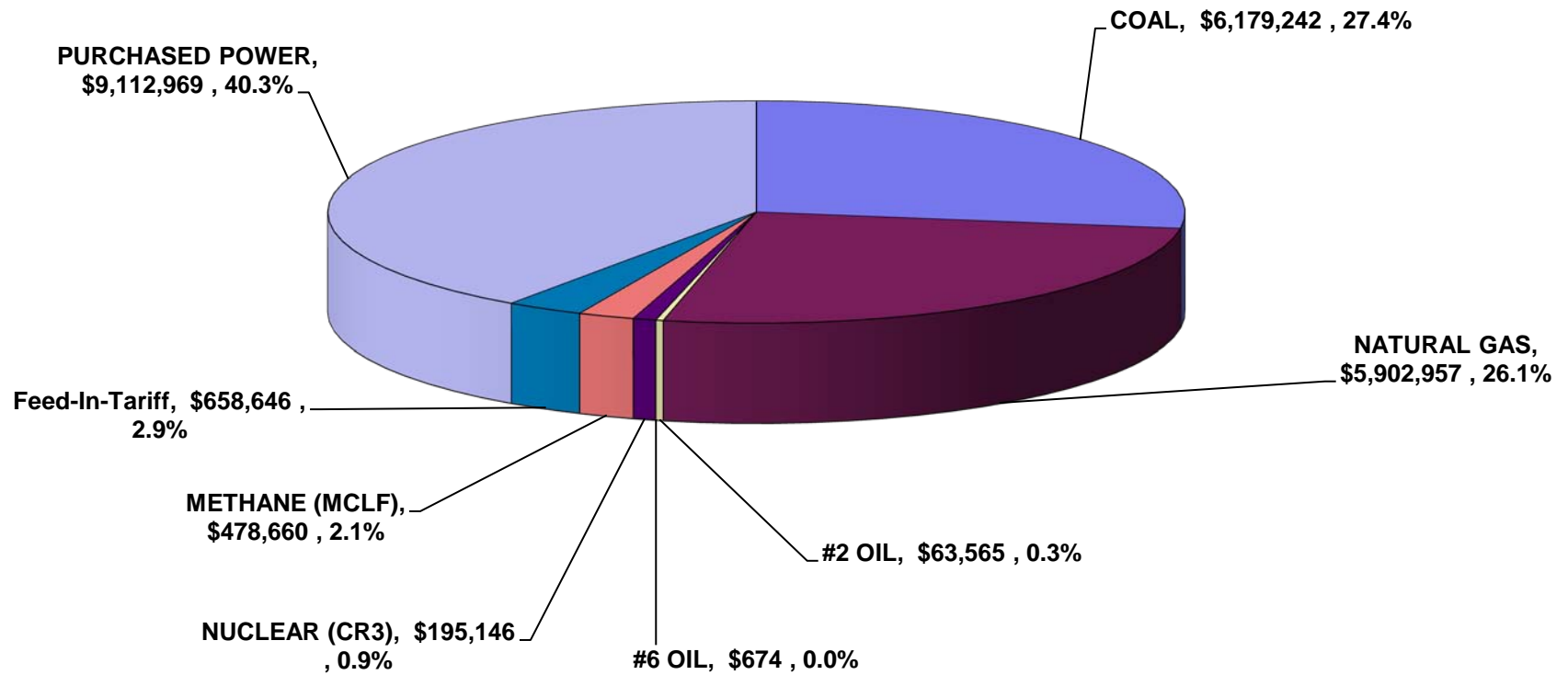
Beginning
Ending

Three Months That Ended December 31			
This Year	Last Year	Change	Percentage
39.9737	39.9737	-	-
39.9725	39.9737	(0.0012)	(0.0030)
1.7558	1.7780	(0.0222)	(1.2483)
1.7547	1.7711	(0.0164)	(0.9262)

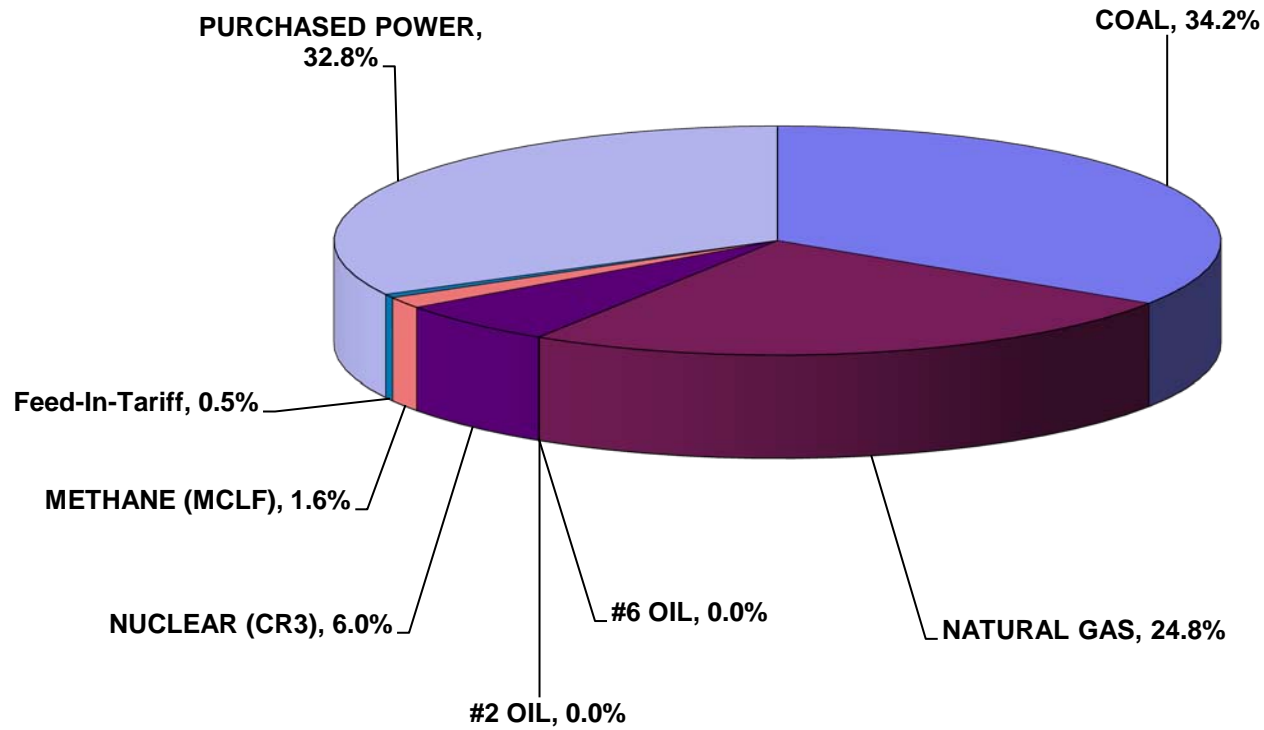
GENERATION BY FUEL
FOR FIRST QUARTER ENDED DECEMBER 31, 2011

Month December			Three Months That Ended December 31			
This Year	Last Year	Change		This Year	Last Year	Change
			Cost By Fuel (\$)			
4,309,795	3,927,201	382,594	Coal	6,179,242	12,934,586	(6,755,345)
735,256	2,057,134	(1,321,878)	Natural Gas	5,902,957	4,307,609	1,595,348
29,864	37,419	(7,555)	#2 Oil	63,565	55,622	7,943
674	422,546	(421,872)	#6 Oil	674	422,546	(421,872)
64,861	106,255	(41,394)	Nuclear (CR3)	195,146	206,815	(11,669)
156,520	140,155	16,365	Methane (MCLF)	478,660	435,766	42,894
196,416	40,120	156,296	Feed-In-Tariff	658,646	132,855	525,792
1,609,935	3,229,245	(1,619,310)	Purchased Power	9,112,969	7,214,162	1,898,807
<u>7,103,321</u>	<u>9,960,076</u>	<u>(2,856,755)</u>	Total	<u>22,591,859</u>	<u>25,709,961</u>	<u>(3,118,102)</u>
			Generation By Fuel (MWH)			
106,530	101,506	5,024	Coal	146,340	335,160	(188,820)
13,648	29,753	(16,105)	Natural Gas	105,832	52,934	52,898
43	52	(9)	#2 Oil	107	60	46
14	1,928	(1,914)	#6 Oil	14	1,928	(1,914)
7,801	9,672	(1,871)	Nuclear (CR3)	25,848	28,216	(2,368)
2,236	2,060	176	Methane (MCLF)	6,838	6,401	437
669	152	517	Feed-In-Tariff	2,224	502	1,722
10,141	39,201	(29,060)	Purchased Power	140,203	62,408	77,795
<u>141,082</u>	<u>184,325</u>	<u>(43,243)</u>	Total	<u>427,405</u>	<u>487,609</u>	<u>(60,204)</u>
			Average Fuel Cost per MWH (\$/MWH)			
40.46	38.69	76.16	Coal	42.23	38.59	35.78
53.87	69.14	82.08	Natural Gas	55.78	81.38	30.16
696.14	718.22	821.18	#2 Oil	596.86	925.49	171.18
48.48	219.19	220.43	#6 Oil	48.48	219.19	220.43
8.31	10.99	22.12	Nuclear (CR3)	7.55	7.33	4.93
70.00	68.04	92.98	Methane (MCLF)	70.00	68.08	98.16
293.68	263.54	302.56	Feed-In-Tariff	296.16	264.52	305.39
158.76	82.38	55.72	Purchased Power	65.00	115.60	24.41
<u>50.35</u>	<u>54.04</u>	<u>66.06</u>	Total	<u>52.86</u>	<u>52.73</u>	<u>51.79</u>

**Total Cost & Percentage by Fuel Type
3 months ended Through Dec 2011**

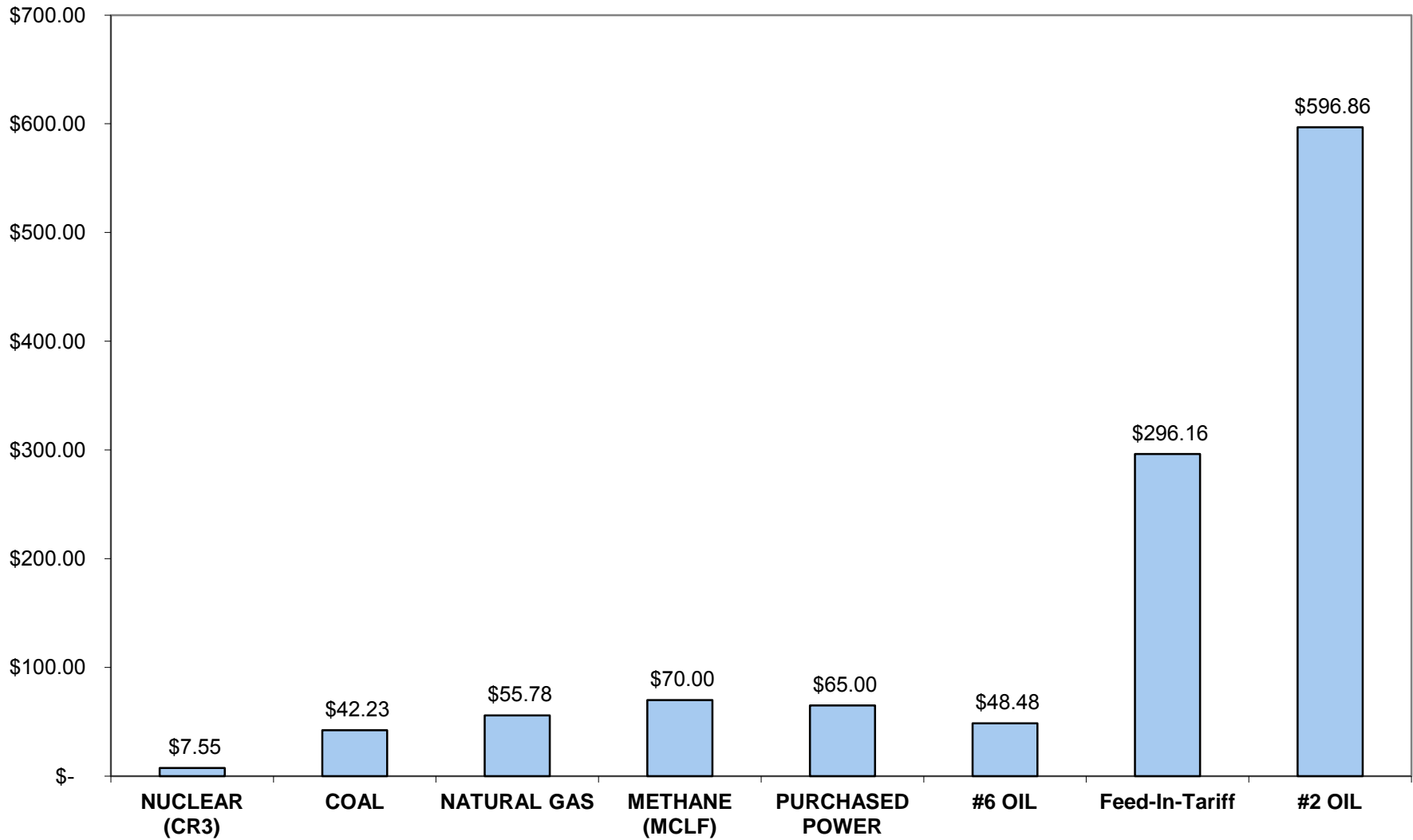


MWh Generation by Fuel Type FY2012 - Through Dec 2011



■ COAL	■ NATURAL GAS	■ #2 OIL	■ #6 OIL	■ NUCLEAR (CR3)
■ METHANE (MCLF)	■ Feed-In-Tariff	■ PURCHASED POWER	■	■

Total Fuel Cost per MWh by Fuel Type FY2012 - Through Dec 31, 2011



Definitions and Supplemental Information

Glossary of Terms Flow of Funds Statements

All Systems

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

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

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

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

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

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

Electric System

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

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

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

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

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

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

Gas System

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

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

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

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

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

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

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

Water System

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

Wastewater System

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

GRUCom System

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

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

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

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

Glossary of Terms Balance Sheet

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

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

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

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

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

Current Liabilities – Includes fuels, vendor and miscellaneous payables.

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

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

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

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

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

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

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