

**Gainesville
Regional
Utilities**



**Quarterly
Financial
Report as of
December 31, 2001**

**GAINESVILLE REGIONAL UTILITIES
QUARTERLY FINANCIAL REPORT
DECEMBER 31, 2001**

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Basis of Accounting

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

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

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

Definitions of Key Account Groups

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

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

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

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

Other Electric Revenue – This includes miscellaneous revenue receipts not specified in other categories.

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

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

Gas Interruptible Sales – Natural gas service provided on a non-firm basis to nonresidential customers. This service is subject to interruption pursuant to the policies and conditions stipulated to by the customer and the System.

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

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

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

GRUCom Fiber Optics Transport Revenue – Includes revenue for sales of point to point and carrier access circuits delivered in whole, or in part, on the GRUCom fiber optic network. These sales are primarily to other telecommunications carriers, commercial customers and government units requiring high bandwidth connections for delivery of data, voice and video signals. Also includes revenues from dedicated Internet access services delivered over the fiber network.

Trunking Radio Revenue – Revenue generated by the GRU's 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.

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

Tower Lease Rental Revenue – Revenue generated in conjunction with the lease of space on the City's communication and water towers for the location of antennas and related equipment. These leases are primarily with Cellular and Personal Communications Services (PCS) companies offering wireless communications in the Gainesville area.

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

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

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 GRU.

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

UPIF Contribution – The Utility Plant Improvement Fund (UPIF) accounts for funds used to pay for certain capital projects or debt service, the purchase or redemption of bonds, or otherwise provide for the repayment of bonds. The contribution level is established under a formula level set forth in the GRU Bond Resolution. It represents the equity that the utility puts into the system. Good business practice dictates and our bondholders require such equity contribution.

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

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

Current Year Performance-to-Date and Projected Results

Electric System

Milder temperatures in November and December contributed to lower space heating requirements; thus, non-fuel revenues among retail electric customers are 2.4% below budget.

Fuel expenses are expected to come in under budget due to lower than anticipated natural gas prices. When initially projected, gas prices were \$5.97/mmbtu on average. Our revised projections put the average price per mmbtu at \$3.81. Since fuel expense is a direct pass through to our customers, the impact on sales, i.e. fuel adjustment revenue, is a projected drop of approximately 10%.

For now, other operation & maintenance (O&M) expenses (non-fuel) are projected to be in line with budget.

Debt service expenses, the repayment of principal and interest on long-term borrowings, is projected to be 6.9% below budget for all combined systems. Since originally budgeted, we have seen a drop in our commercial paper interest rates, from 4.5% to approximately 2.0%.

Gas System

As was the case with the electric system, milder weather conditions in November and December led to lower space heating requirements, thus lower gas usage. This has resulted in non-fuel revenues for firm natural gas customers being projected about 3.0% below budget.

The drop in anticipated natural gas prices has resulted in projected total fuel-related revenue to be approximately 19% below budget. Conversely, fuel expense is now projected to be approximately 28% below budget.

No significant differences from budget are projected for non-fuel O&M at this time.

Water & Wastewater Systems

The only significant difference noted to date in either the water or wastewater systems involves Other Revenue, where connection fees from new development is currently running lower than budgeted.

In the O&M area, wastewater expenses are down approximately 7.0% due to lower energy requirements in the plants, plus other miscellaneous cost saving efforts.

Water O&M is projected to be in line with budget at this time.

GRUCom

GRUCom revenue for the first quarter of FY2002 is lower than planned, however, Operating and Maintenance (O&M) expenses are also under budget. Due to a tougher economy and the difficult market environment for telecommunications services, GRUCom is making a concerted effort to limit O&M expenses.

The economy has been particularly severe for GRUCom's carrier customers and this has negatively affected GRUCom fiber transport sales. Although new sales continue to materialize, fiber transport revenue for FY2002 is now projected to be lower than planned.

Trunked Radio System (TRS) revenue for the quarter was also lower than planned. Make ready of the rural tower site at Austin Cary, which is the responsibility of Alachua County under the Interlocal Agreement, continues to be behind schedule. This, in turn, has delayed the addition of County subscribers to the TRS. Projected TRS revenue for FY2002 has been adjusted downward to reflect the expected impact of the delay.

Internet access revenue for the quarter is in line with the plan. Committed sales should result in higher Internet access revenue in the second quarter. Tower lease revenue for the quarter also met expectations.

Although overall projected revenue is now expected to be below plan for FY2002, O&M expenses are also expected to come in below budget.

GAINESVILLE REGIONAL UTI .S
ELECTRIC REVENUE FUND
STATEMENT OF OPERATING INCOME
FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2001

(\$1,000)

	CURRENT MONTH	YEAR TO DATE	ANNUAL BUDGET	TWELVE MONTH PROJECTION	DIFFERENCE VS. BUDGET	DIFFERENCE AS A % OF ANNUAL BUDGET
REVENUES:						
Residential Sales	3,089	9,717	46,847	45,609	(1,238)	(2.64)
General Service Sales	2,551	8,017	34,965	34,289	(676)	(1.93)
Large Power Sales	425	1,372	5,604	5,551	(53)	(0.94)
Interchange Sales	913	2,822	19,663	18,738	(925)	(4.70)
Utility Surcharge	240	738	3,470	3,372	(98)	(2.84)
Other Electric Sales	766	2,077	9,592	9,416	(176)	(1.83)
Total Sales of Elec. Before Fuel Adj	7,984	24,743	120,140	116,975	(3,165)	(2.63)
Fuel Adjustment	2,712	9,116	46,405	41,756	(4,649)	(10.02)
Total Sales of Electricity	10,696	33,859	166,545	158,731	(7,814)	(4.69)
Other Revenues	175	499	2,629	2,471	(158)	(6.01)
Rate Stabilization Fund Transfer	0	0	(4,286)	(1,153)	3,133	(73.10)
Interest Income	398	1,197	5,300	4,800	(500)	(9.43)
Total Revenues	11,269	35,555	170,188	164,849	(5,339)	(3.14)
OPERATION & MAINTENANCE EXPENSES:						
Power Production Expenses:						
Fuel Expense:						
Retail & Purchased Power Interchange	3,301	9,516	60,579	57,639	(2,940)	(4.85)
	457	1,549	13,779	12,707	(1,072)	(7.78)
Total Fuel Expense	3,758	11,065	74,358	70,346	(4,012)	(5.40)
Steam Power Generation Expense	1,029	3,365	13,701	13,589	(112)	(0.82)
Nuclear Power Generation Expense	488	873	1,987	1,987	0	0.00
Other Power Generation Expense	15	54	282	282	0	0.00
System Control & Load Dispatching	53	163	602	582	(20)	(3.32)
Total Power Production Expenses	5,343	15,520	90,930	86,786	(4,144)	(4.56)
Transmission & Distribution Expenses:						
Transmission Expense	39	123	596	589	(7)	(1.17)
Distribution Expense	392	1,398	6,280	6,161	(119)	(1.89)
Total Transmission & Distribution	431	1,521	6,876	6,750	(126)	(1.83)
Administrative & General Expenses:						
Customer Accounts & Sales Expense	270	836	3,565	3,565	0	0.00
Administrative & General Expense	992	2,783	7,988	7,841	(147)	(1.84)
Total Administrative & General	1,262	3,619	11,553	11,406	(147)	(1.27)
Total Operation & Maintenance Expenses	7,036	20,660	109,359	104,942	(4,417)	(4.04)

GAINESVILLE REGIONAL UT IS
 ELECTRIC REVENUE FUND
 STATEMENT OF OPERATING INCOME
 FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2001

(\$1,000)

	CURRENT MONTH	YEAR TO DATE	ANNUAL BUDGET	TWELVE MONTH PROJECTION	DIFFERENCE PROJECTION VS. BUDGET	DIFFERENCE AS A % OF ANNUAL BUDGET
NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION:						
Retail & Wholesale Interchange	3,777	13,622	54,945	53,876	(1,069)	(1.95)
	456	1,273	5,884	6,031	147	2.50
	4,233	14,895	60,829	59,907	(922)	(1.52)
TOTAL NET REVENUE IN ACCORDANCE WITH BOND RESOLUTION						
DEBT SERVICE	1,982	5,580	22,589	21,779	(810)	(3.59)
UPIF CONTRIBUTIONS	1,737	5,235	20,983	20,871	(112)	(0.53)
TRANSFER TO GENERAL FUND	1,348	4,042	16,497	16,497	0	0.00
NUCLEAR DECOMMISSIONING/FUEL DISPOSAL	26	102	760	760	0	0.00
NET INCOME/(DEFICIT)	(860)	(64)	0	0	0	N.A.

GAINESVILLE REGIONAL UT. 25
 GAS REVENUE FUND

STATEMENT OF OPERATING INCOME
 FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2001

	CURRENT MONTH	YEAR TO DATE	ANNUAL BUDGET	TWELVE MONTH PROJECTION	DIFFERENCE VS. BUDGET	DIFFERENCE AS A % OF ANNUAL BUDGET
REVENUES:						
(\$1,000)						
Sales of Gas and Service:						
Residential	725	1,952	12,265	9,704	(2,561)	(20.88)
Commercial & Industrial	549	1,498	7,127	5,815	(1,313)	(18.42)
Interruptible	130	404	2,663	1,674	(989)	(37.15)
Other Gas Sales	3	9	51	47	(4)	(7.84)
Total Sales	1,407	3,863	22,106	17,239	(4,867)	(22.02)
Miscellaneous Revenue:						
Net Income - Jobbing	(1)	6	22	22	0	0.00
Other Revenue	50	152	98	242	144	146.94
Rate Stabilization Fund Transfer	0	0	728	872	144	19.78
Interest Income	27	85	400	350	(50)	(12.60)
Total Revenues	1,483	4,106	23,355	18,725	(4,630)	(19.82)
OPERATION & MAINTENANCE EXPENSES:						
Fuel Expense - Purchased Gas	967	2,233	13,703	9,907	(3,796)	(27.70)
Operation & Maintenance Expenses	27	89	794	794	0	0.00
Administrative & General Expense	249	750	3,368	3,348	(20)	(0.59)
Total Operation & Maintenance Expenses	1,243	3,072	17,865	14,049	(3,816)	(21.36)
TOTAL NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION	240	1,034	5,490	4,676	(814)	(14.82)
DEBT SERVICE	183	516	3,169	2,394	(775)	(24.46)
UPIF CONTRIBUTIONS	95	292	1,184	1,145	(39)	(3.29)
TRANSFER TO GENERAL FUND	95	284	1,137	1,137	0	0.00
NET INCOME/(DEFICIT)	(133)	(58)	(0)	0	0	N.A.

GAINESVILLE REGIONAL UT
WATER REVENUE FUND

STATEMENT OF OPERATING INCOME
FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2001

(\$1,000)

	CURRENT MONTH	YEAR TO DATE	ANNUAL BUDGET	TWELVE MONTH PROJECTION	DIFFERENCE PROJECTION VS. BUDGET	DIFFERENCE AS A % OF ANNUAL BUDGET
REVENUES:						
General Customers	842	2,528	10,995	10,962	(33)	(0.30)
University of Florida	46	153	649	635	(14)	(2.13)
Electric Generation Stations	2	7	60	52	(8)	(12.61)
Utility Surcharge	96	296	1,170	1,193	23	1.97
Fire Hydrant Rentals	85	254	1,094	1,075	(19)	(1.76)
Total Sales of Water	1,071	3,238	13,968	13,917	(51)	(0.36)
Other Revenues	32	224	1,600	1,424	(176)	(11.00)
Rate Stabilization Fund Transfer	0	0	1,384	1,670	286	20.66
Interest Income	80	243	1,100	1,050	(50)	(4.55)
Total Revenues	1,183	3,705	18,052	18,061	9	0.05
OPERATION & MAINTENANCE EXPENSES:						
Water Treatment Expense	160	786	3,159	3,159	0	0.00
Water Trans. & Dist. Expense	88	283	1,239	1,239	0	0.00
Customer Accounts & Sales Expense	72	221	1,018	1,018	0	0.00
Administrative & General Expense	195	586	2,174	2,139	(35)	(1.61)
Total Operation & Maintenance Expenses	515	1,876	7,590	7,555	(35)	(0.46)
TOTAL NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION	668	1,829	10,462	10,507	44	0.42
DEBT SERVICE	376	1,089	4,280	4,230	(50)	(1.17)
UPIF CONTRIBUTIONS	252	742	2,940	3,011	71	2.41
TRANSFER TO GENERAL FUND	268	814	3,242	3,265	23	0.71
NET INCOME/(DEFICIT)	(228)	(816)	0	0	0	N.A.

GAINESVILLE REGIONAL UT 2S
WASTEWATER REVENUE FUND
STATEMENT OF OPERATING INCOME
FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2001

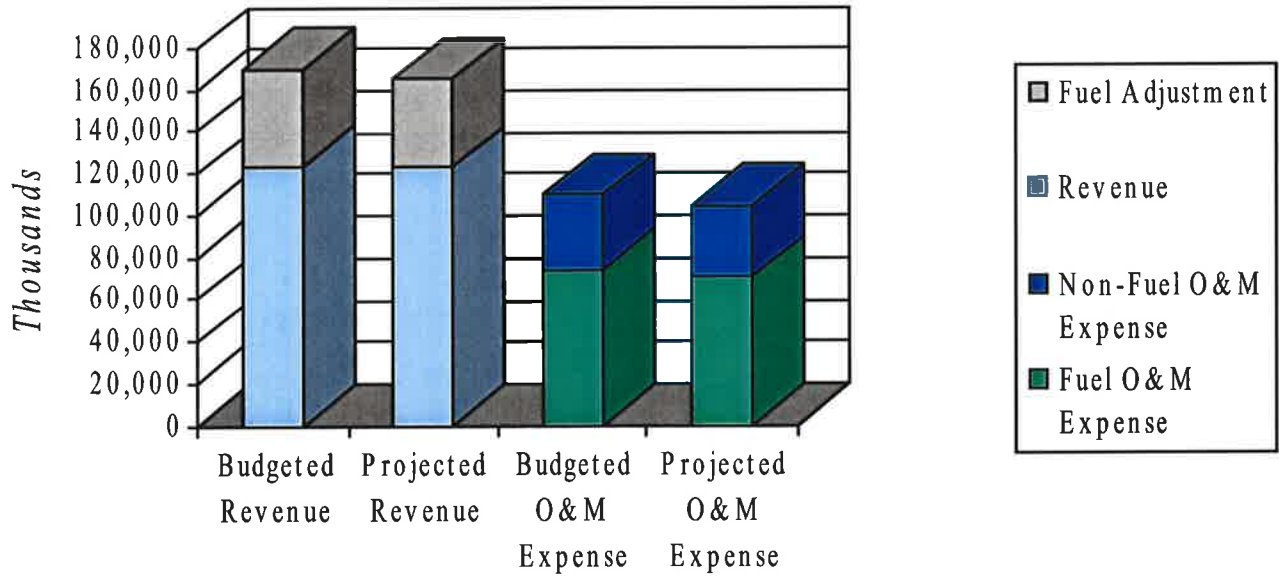
(\$1,000)

	CURRENT MONTH	YEAR TO DATE	ANNUAL BUDGET	TWELVE MONTH PROJECTION	DIFFERENCE PROJECTION VS. BUDGET	DIFFERENCE AS A % OF ANNUAL BUDGET
REVENUES:						
Wastewater Billings	1,176	3,586	15,124	15,005	(119)	(0.79)
Surcharge	117	355	1,376	1,394	18	1.29
Other Revenues	48	339	2,200	1,989	(211)	(9.59)
Rate Stabilization Fund Transfer	0	0	3,789	3,010	(779)	(20.56)
Interest Income	113	348	1,664	1,575	(89)	(5.35)
Total Revenues	1,454	4,628	24,153	22,973	(1,180)	(4.89)
OPERATION & MAINTENANCE EXPENSES:						
Wastewater Treatment Expense	185	900	4,406	4,082	(324)	(7.35)
Wastewater Collection Expense	75	269	1,166	1,066	(100)	(8.58)
Customer Accounts & Sales Expense	63	197	943	943	0	0.00
Administrative & General Expense	247	687	2,790	2,565	(225)	(8.06)
Total Operation & Maintenance Expenses	570	2,053	9,305	8,656	(649)	(6.98)
TOTAL NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION	884	2,575	14,848	14,317	(531)	(3.58)
DEBT SERVICE	566	1,527	6,544	6,021	(523)	(7.99)
UPIF CONTRIBUTIONS	335	1,010	4,049	4,023	(26)	(0.64)
TRANSFER TO GENERAL FUND	357	1,075	4,255	4,273	18	0.42
NET INCOME/(DEFICIT)	(374)	(1,037)	0	(0)	0	N.A.

Gainesville Regional Utilities

Electric Revenue Fund

Fiscal Year Budget versus Projected Revenues & Expenses



*Budgeted Revenue and O&M Expense
versus Twelve Month Projection*

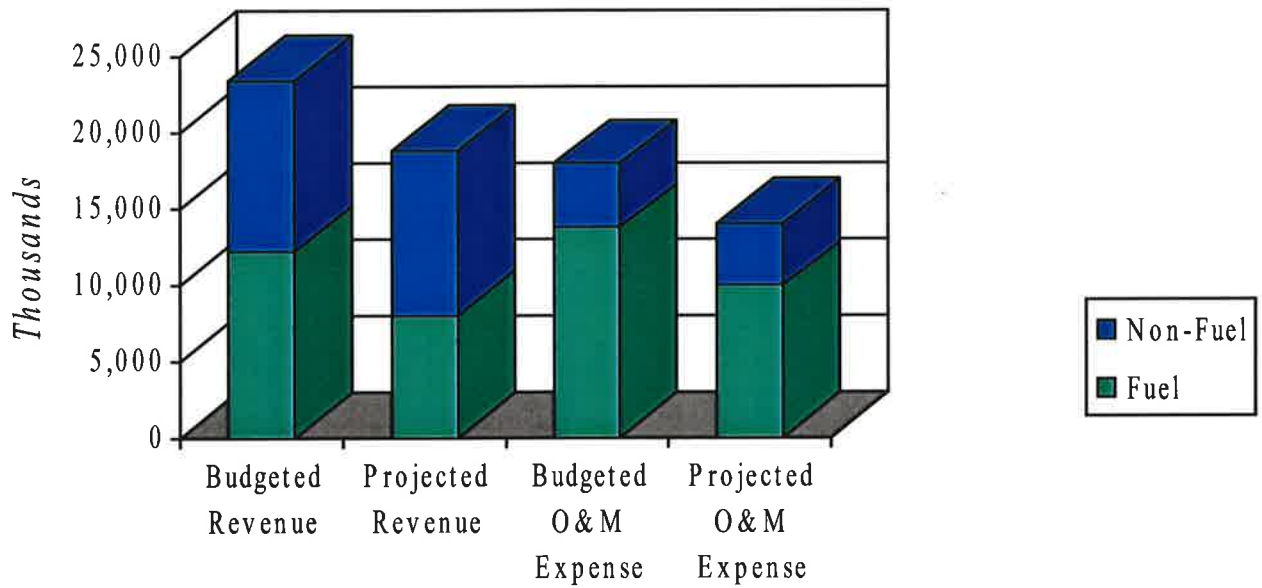
(000's)	<u>Budgeted Revenues</u>	<u>Projected Revenues</u>	<u>Budgeted O&M Expense</u>	<u>Projected O&M Expense</u>
Fuel	-	-	74,358	70,346
Non-Fuel	-	-	35,001	34,596
Revenue	123,783	123,093	-	-
Fuel Adjust.	46,405	41,756	-	-

* These projections are for the first quarter ended December 31, 2001.

Gainesville Regional Utilities

Gas Revenue Fund

Fiscal Year Budget versus Projected Revenues & Expenses



*Budgeted Revenue and O&M Expense versus
Twelve Month Projection*

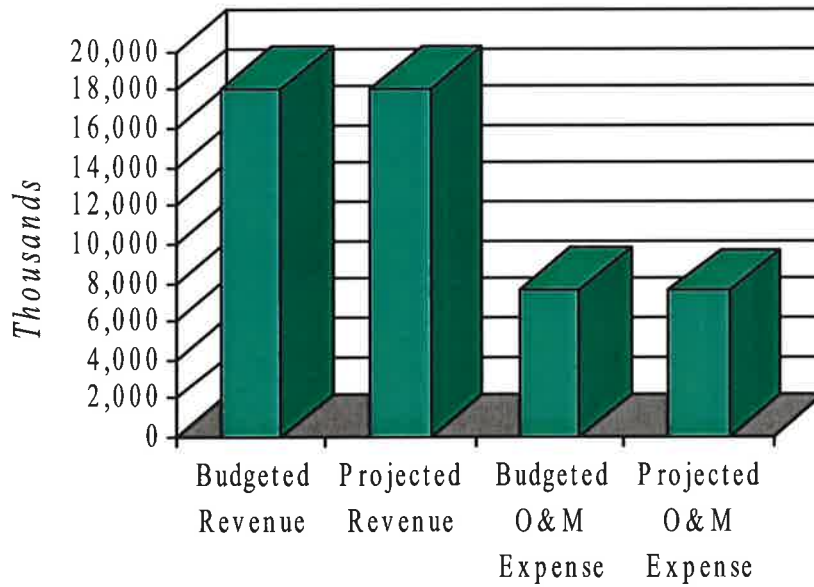
(000's)	Budgeted Revenues	Projected Revenues	Budgeted O&M Expense	Projected O&M Expense
Fuel	12,212	8,049	13,703	9,907
Non-Fuel	11,143	10,676	4,162	4,142

* These projections are for first quarter ended December 31, 2001.

Gainesville Regional Utilities

Water Revenue Fund

Fiscal Year Budget versus Projected Revenues & Expenses



*Budgeted Revenue and O&M Expense versus
Twelve Month Projection*

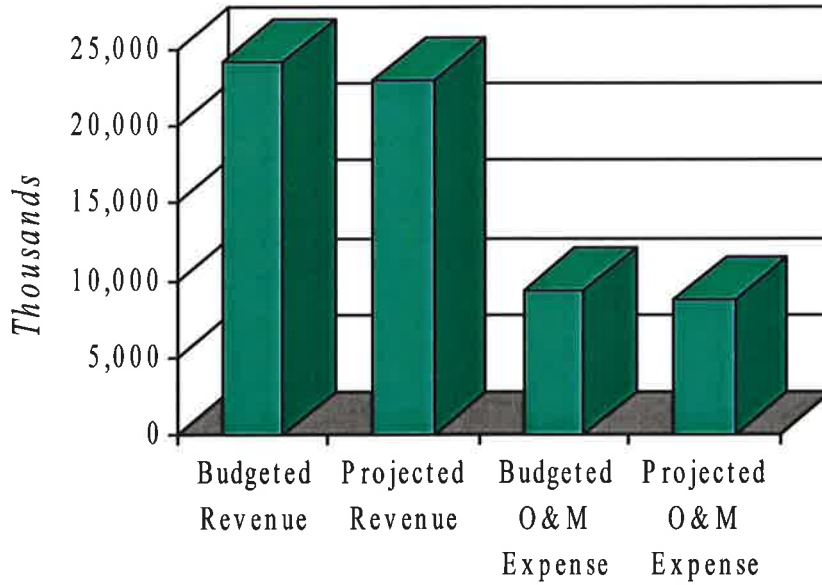
(000's)	Budgeted Revenues	Projected Revenues	Budgeted O&M Expense	Projected O&M Expense
	18,052	18,061	7,590	7,555

* These projections are for the first quarter ended December 31, 2001.

Gainesville Regional Utilities

Wastewater Revenue Fund

Fiscal Year Budget versus Projected Revenues & Expenses



*Budgeted Revenue and O&M Expense versus
Twelve Month Projection*

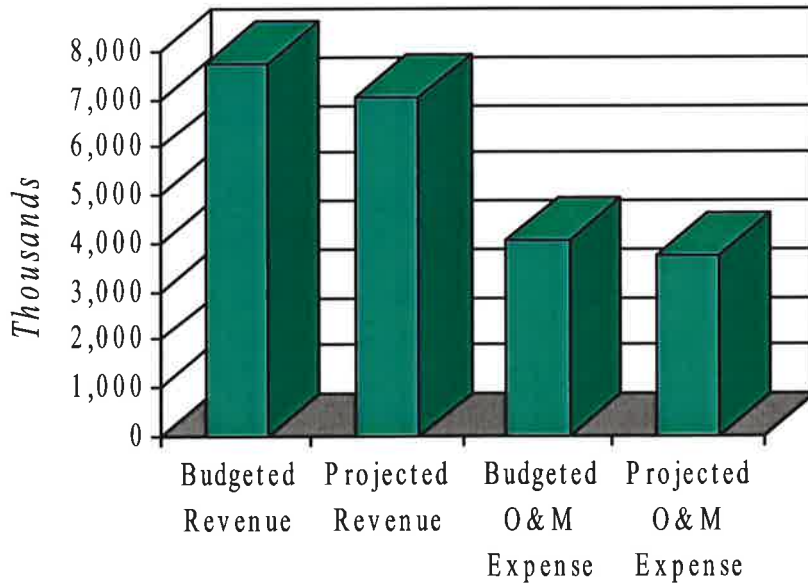
(000's)	Budgeted Revenues	Projected Revenues	Budgeted O&M Expense	Projected O&M Expense
	24,153	22,973	9,305	8,656

* These projections are for the first quarter ended December 31, 2001.

Gainesville Regional Utilities

GRUCom Revenue Fund

Fiscal Year Budget versus Projected Revenues & Expenses



*Budgeted Revenue and O&M Expense versus
Twelve Month Projection*

(000's)	Budgeted Revenues	Projected Revenues	Budgeted O&M Expense	Projected O&M Expense
	7,716	7,025	4,044	3,744

* These projections are for the first quarter ended December 31, 2001.