

General Manager Regular Item #080168

Proposed Annual
Operating Budget 2009 and 2010
Presented July 10, 2008



FY09-10 Proposed Budget

- Agenda
 - Issues
 - Fuel Prices
 - Financial Overview
 - Energy Supply
 - Energy Delivery
 - Water/ Wastewater
 - Conservation
 - Questions/ Comments

Reductions to Staff Budget Submissions

- Non-labor O&M
 - Reduction of \$2.4 million in FY09
- Capital
 - Reduction of \$23.6 million in FY09-13
- Personnel
 - 19.5 FTEs requested
 - 13 denied
 - Reduction of \$848,000 (salary & fringe)

Customer Electric Price = Base Rate + Fuel

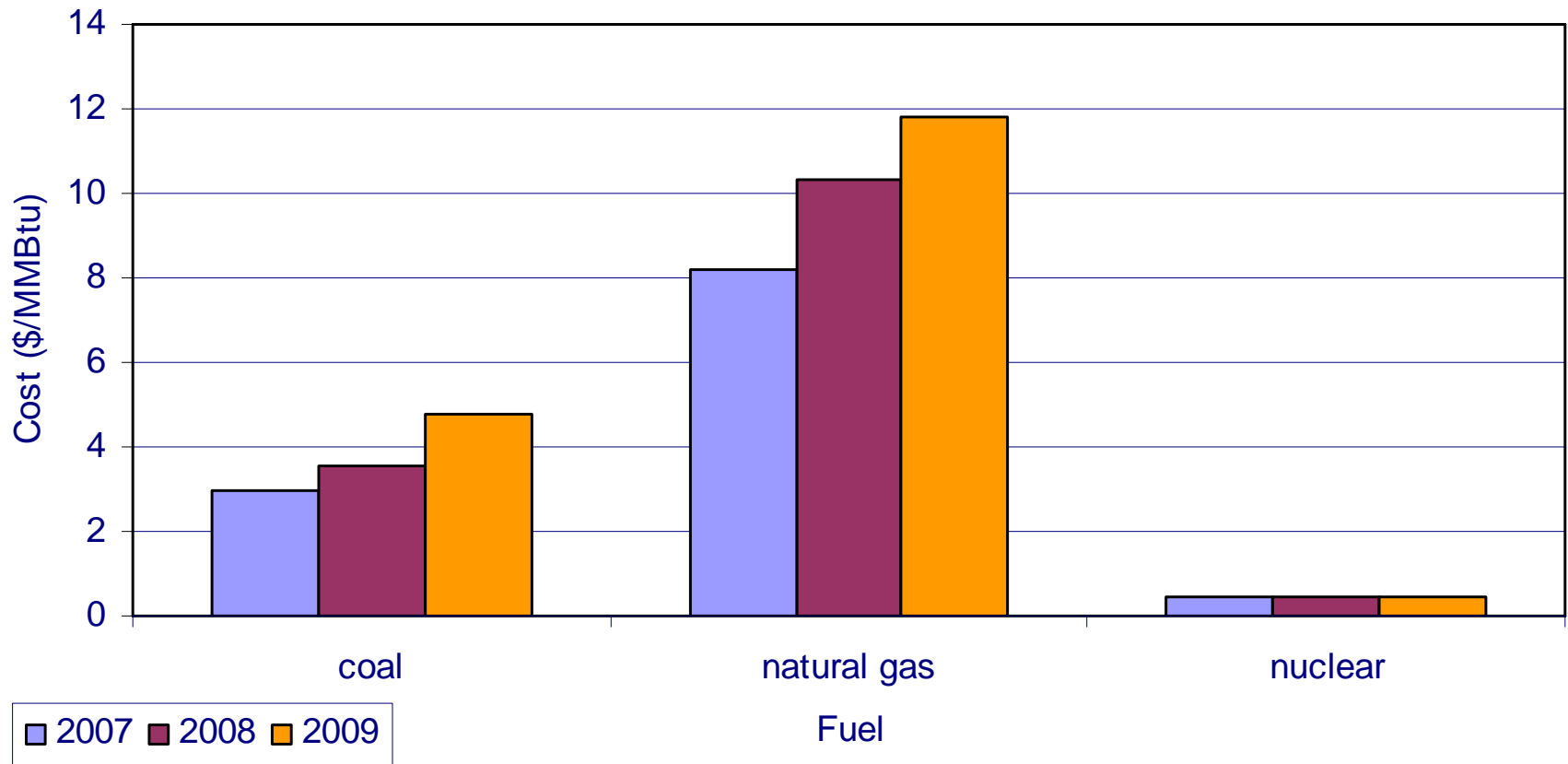
- Two elements of price in the electric system
 - Fuel (Direct pass through)
 - Base Rate (O&M, Capital)

What's driving price increases?

- Base Rates
 - Debt Service & UPIF - scheduled increases in debt service
 - O&M increases - materials, chemicals, gasoline and energy cost increases in all systems
 - General Fund Transfer
- Fuel
 - Commodity Prices
 - Environmental compliance and uncertainty

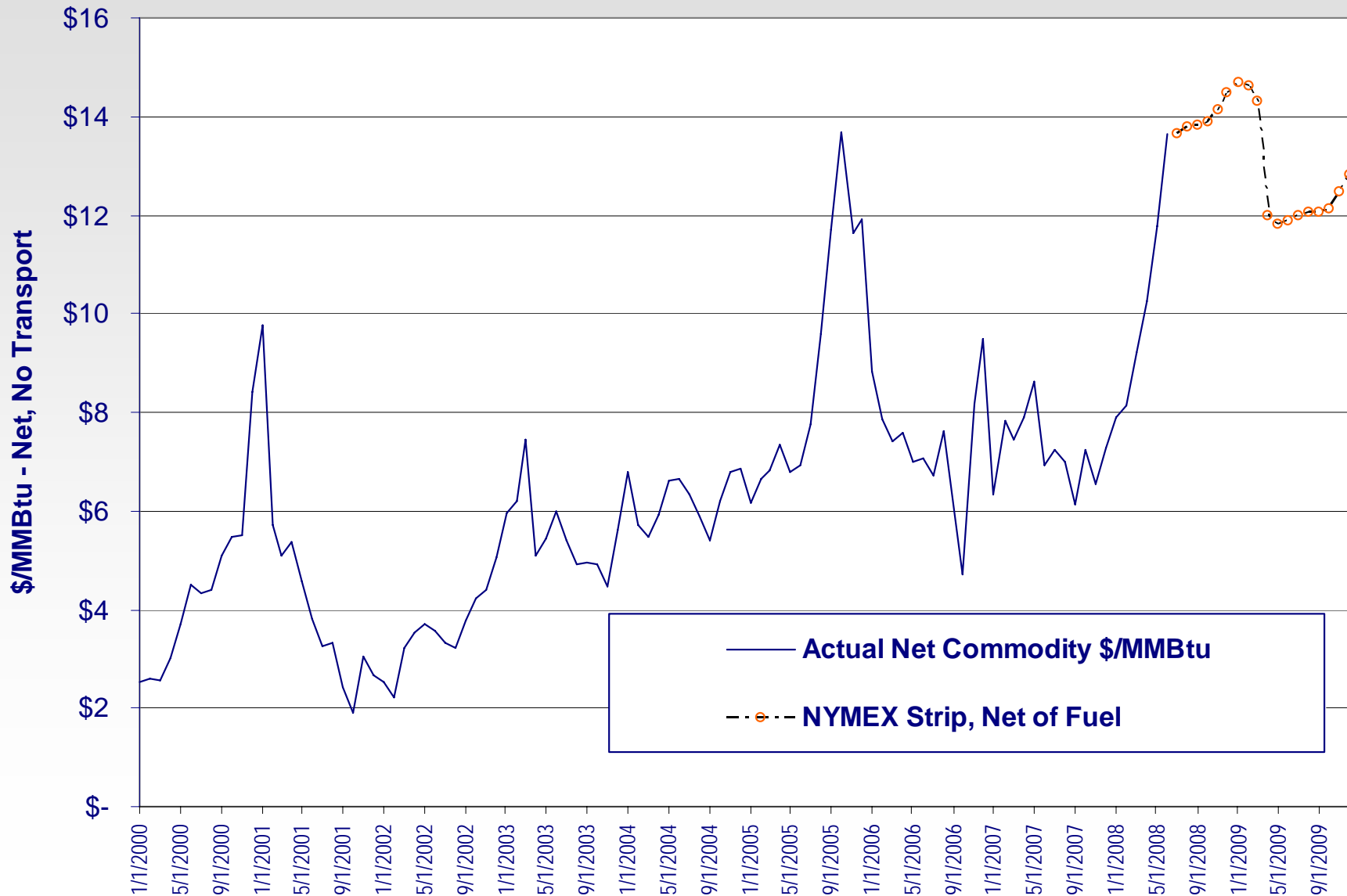
GRU Fuel Costs

Actual (2007) and Projected (2008-2009) Fuel Cost per Year

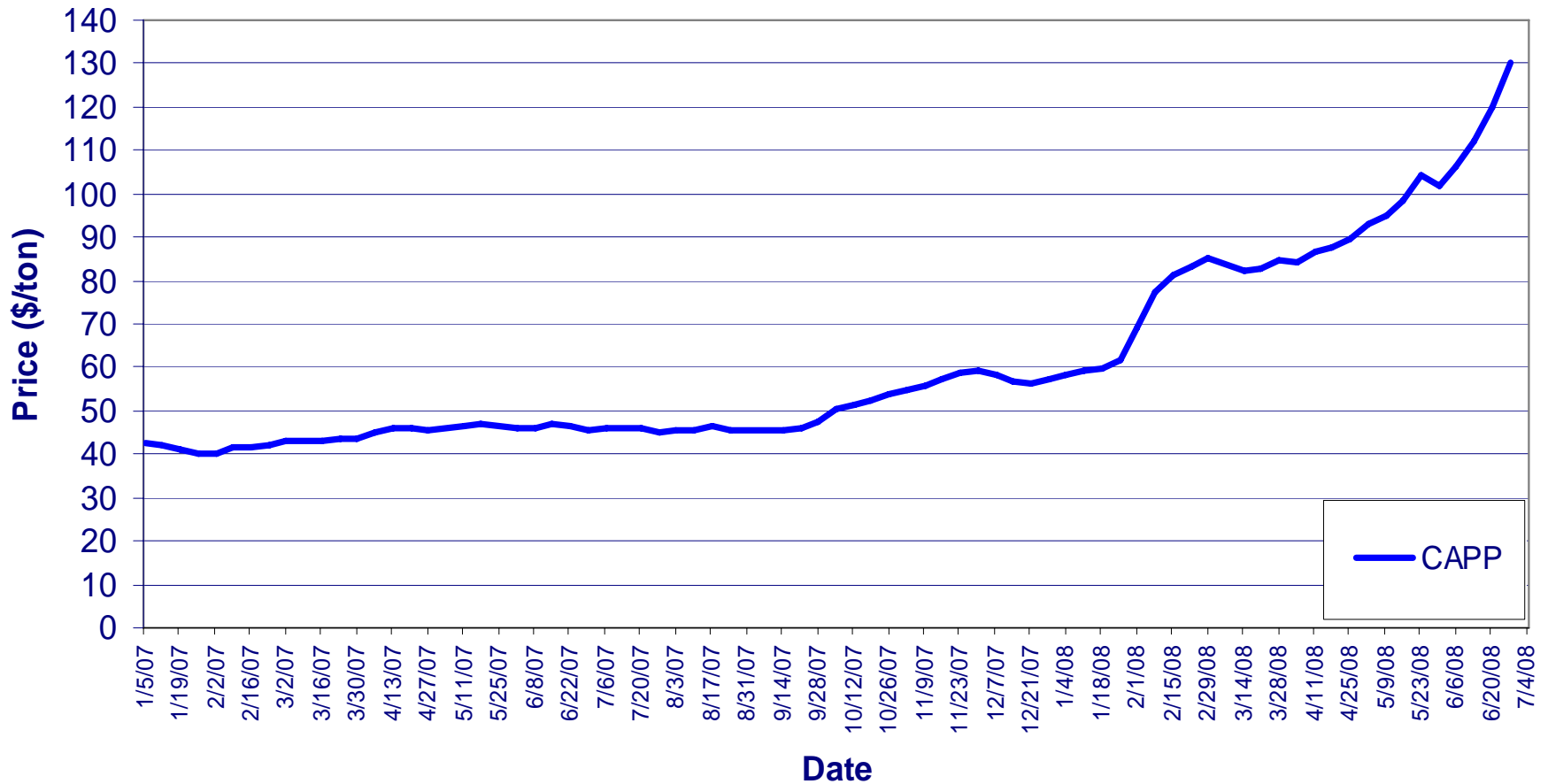


Net Commodity Costs

Actual 2000 - June 2008, with Estimates

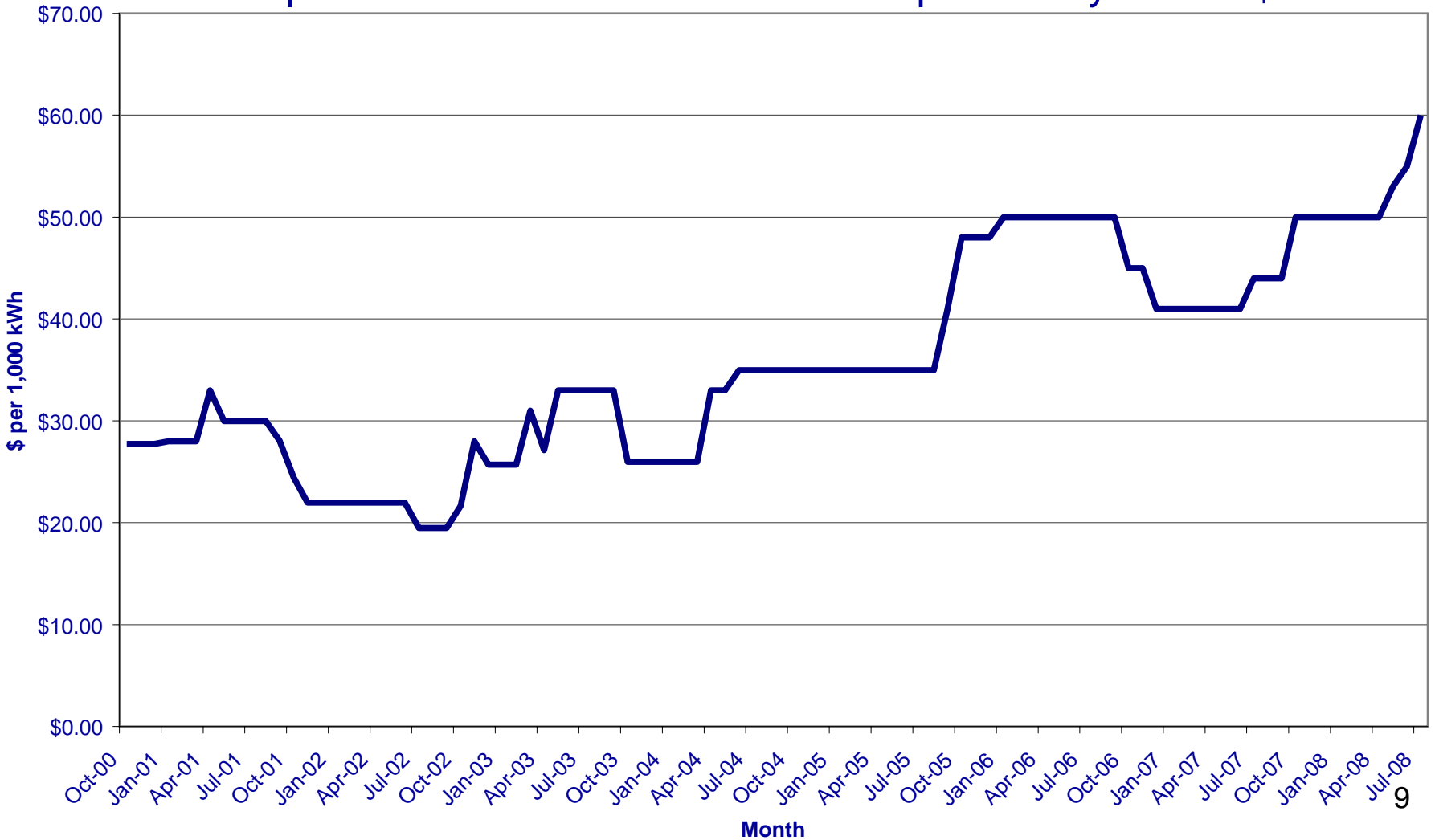


Weekly Coal Daily Prices for Compliance Coal (Commodity Only)



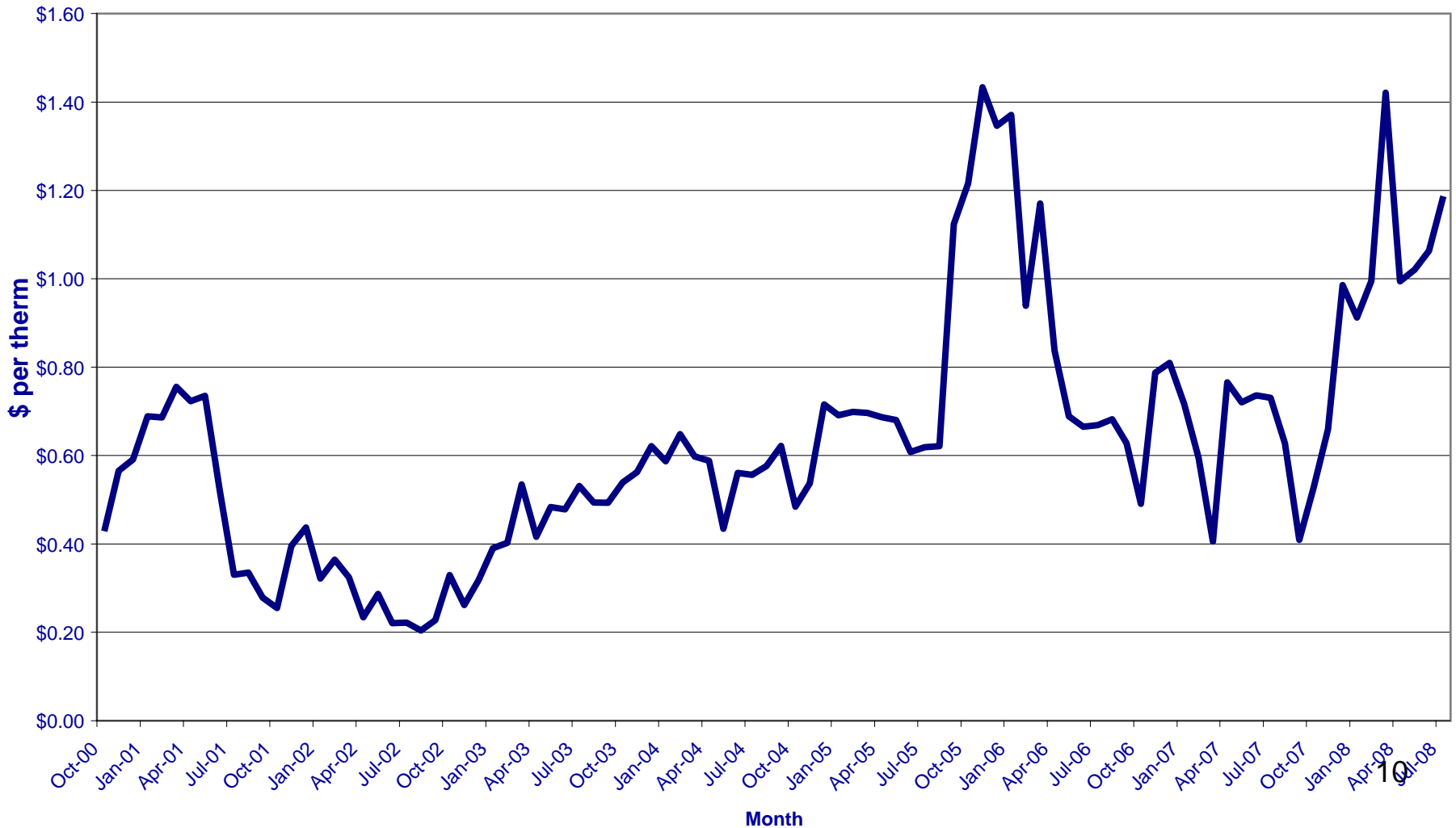
Electric Fuel Adjustment Per 1,000 kWh October 2000 to July 2008

Fuel Impact to Customer Bills between April to July 2008: \$10.00



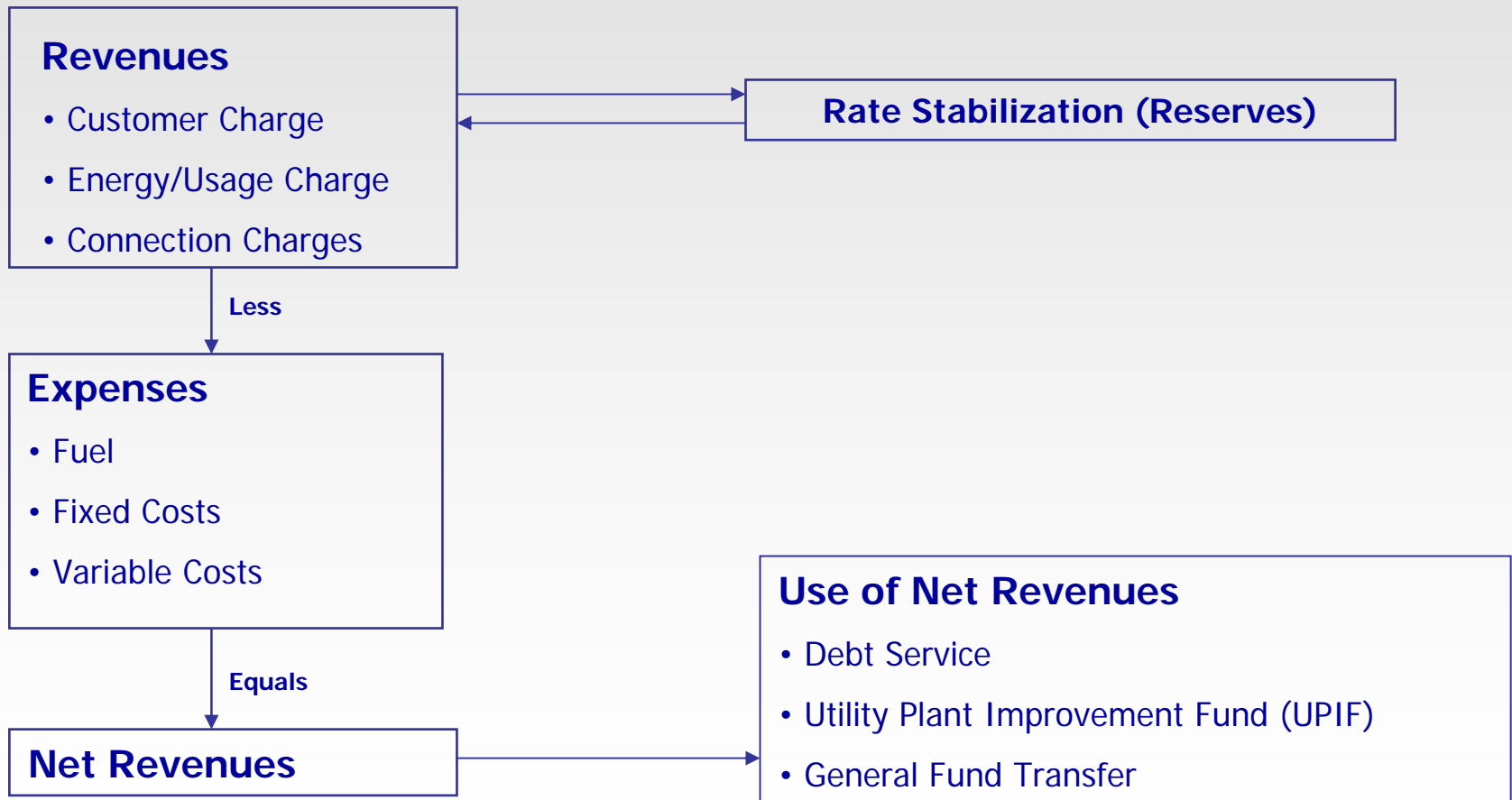
Purchased Gas Adjustment Per Therm October 2000 to July 2008

Fuel Impact to Customer Bills between April to July 2008: \$4.80



Finance

Flow of Funds



Increases and Drivers

- Third year of rate increases
- Prior year base rate increases
- Drivers:
 - Debt Service
 - \$200 million in investment projects
 - Increased costs
 - Sales are not meeting projections
 - Build up Utility Plant Improvement Fund (UPIF)
 - Electric GFT percentage increase
- We can stay at our level of increases in all but the Gas System

Non-Fuel Revenue Requirements

		2009	2010
Electric	(Rating Pres)	7%	4%
	(Initial Budget)	13%	5%
	(Current Budget)	7%	3%
Water	(Rating Pres)	9.5%	7%
	(Initial Budget)	10.5%	7%
	(Current Budget)	9%	5%
Wastewater	(Rating Pres)	11%	7%
	(Initial Budget)	18%	9%
	(Current Budget)	10%	6%
Gas	(Rating Pres)	9%	6.5%
	(Initial Budget)	25%	15%
	(Current Budget)	19%	6.75%

Proposed Changes Residential

System	Current July 2008 Bill	Proposed Base Rate Increase	Proposed 2009 Bill
Electric 1000 kWh	\$128.54*	3.06	\$131.60*
Gas 25 Therms	\$48.21**	3.97	\$52.18**
Water 7 kGals	\$16.27	1.86	\$18.13
Wastewater 7 kGals	\$36.41	4.17	\$40.58
TOTAL	\$229.43	13.06	\$242.49

*Based on the 60 mil Fuel Adjustment effective July 1, 2008

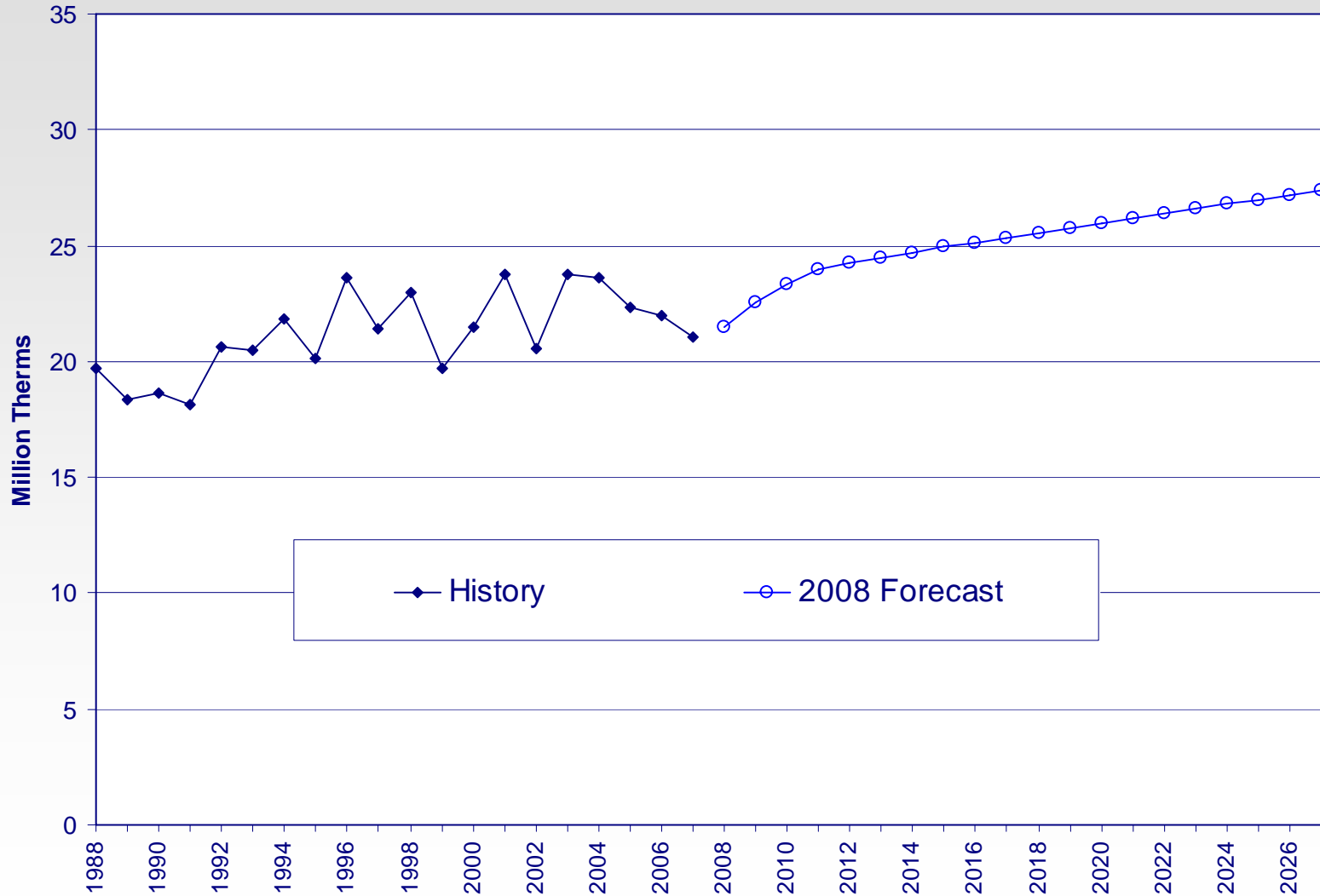
**Based on the \$1.1862 Purchase Gas Adjustment effective July 1, 2008

Gas Rate Pressures

(Recommending increase over '08 budget sessions)

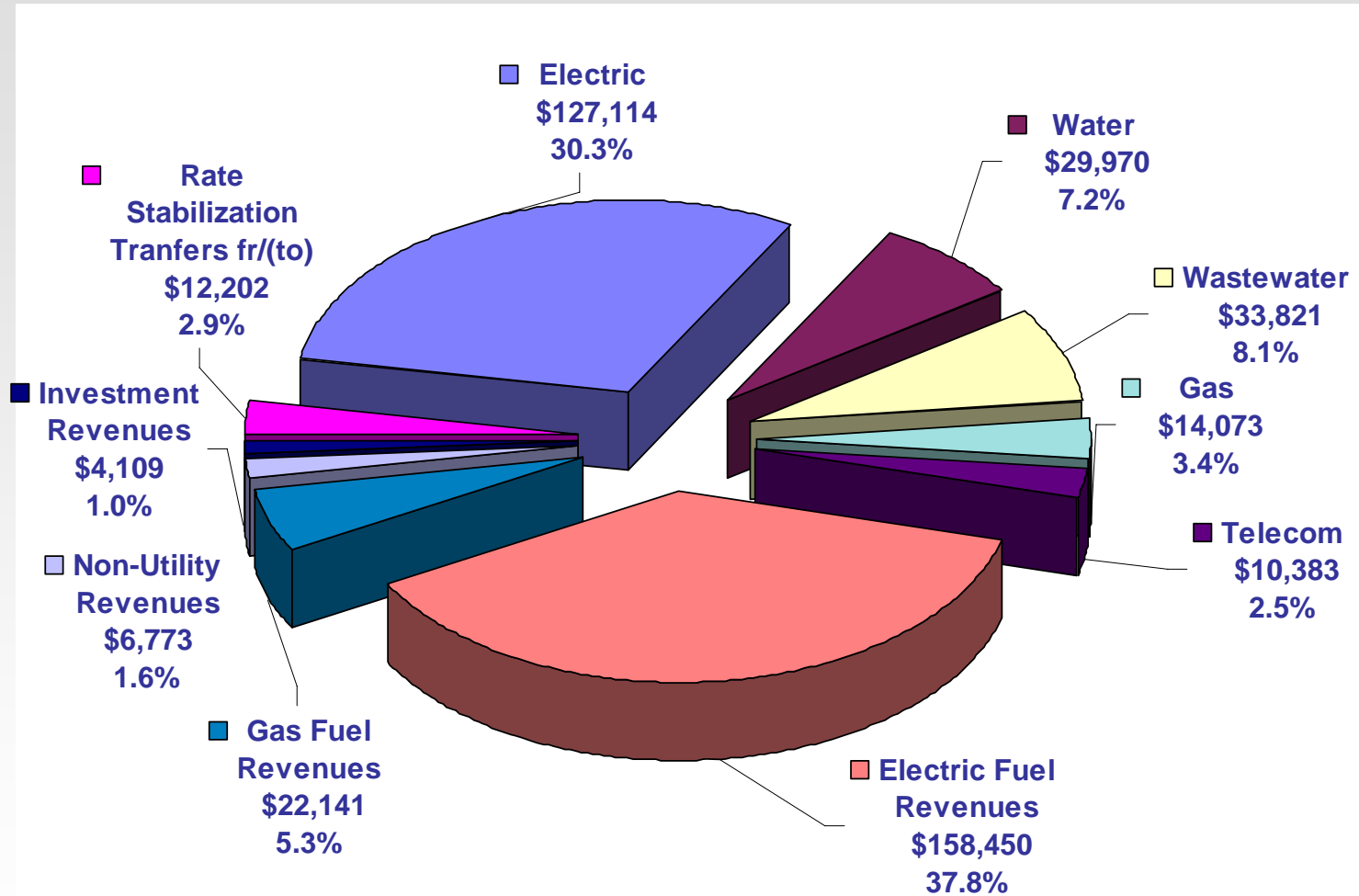
- Rate Increase Drivers
 - Sales not meeting projections
 - Depleted reserves due to lack of sales
 - Debt Service increase
 - Increased Manufactured Gas Plant cost recovery
- Mitigated Decreases
 - Cut in expenses
 - UPIF Contribution and GFT
 - Slight increase in Interest Income

Natural Gas Retail Sales

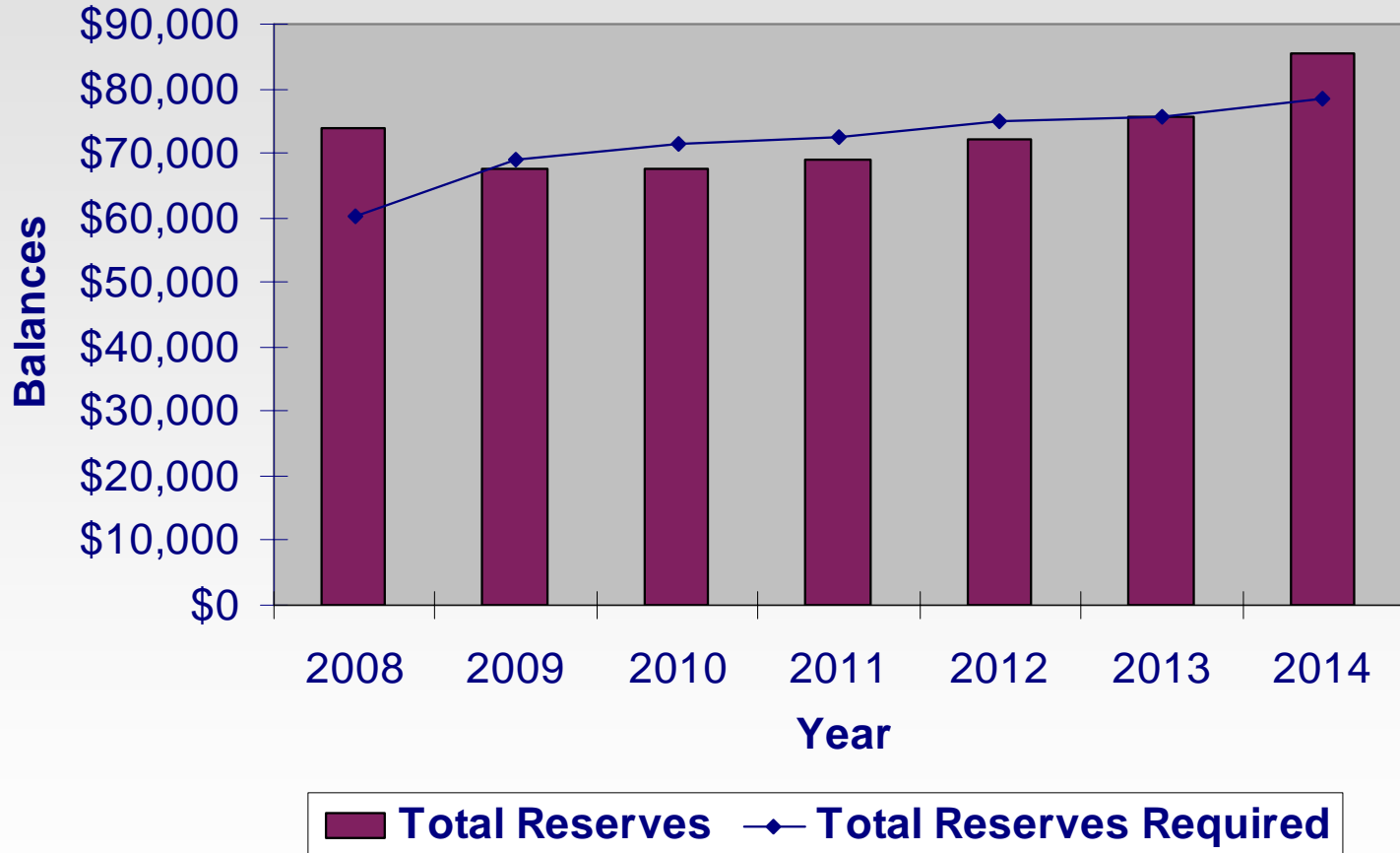


FY09 Revenue Classification

Dollars in Thousands

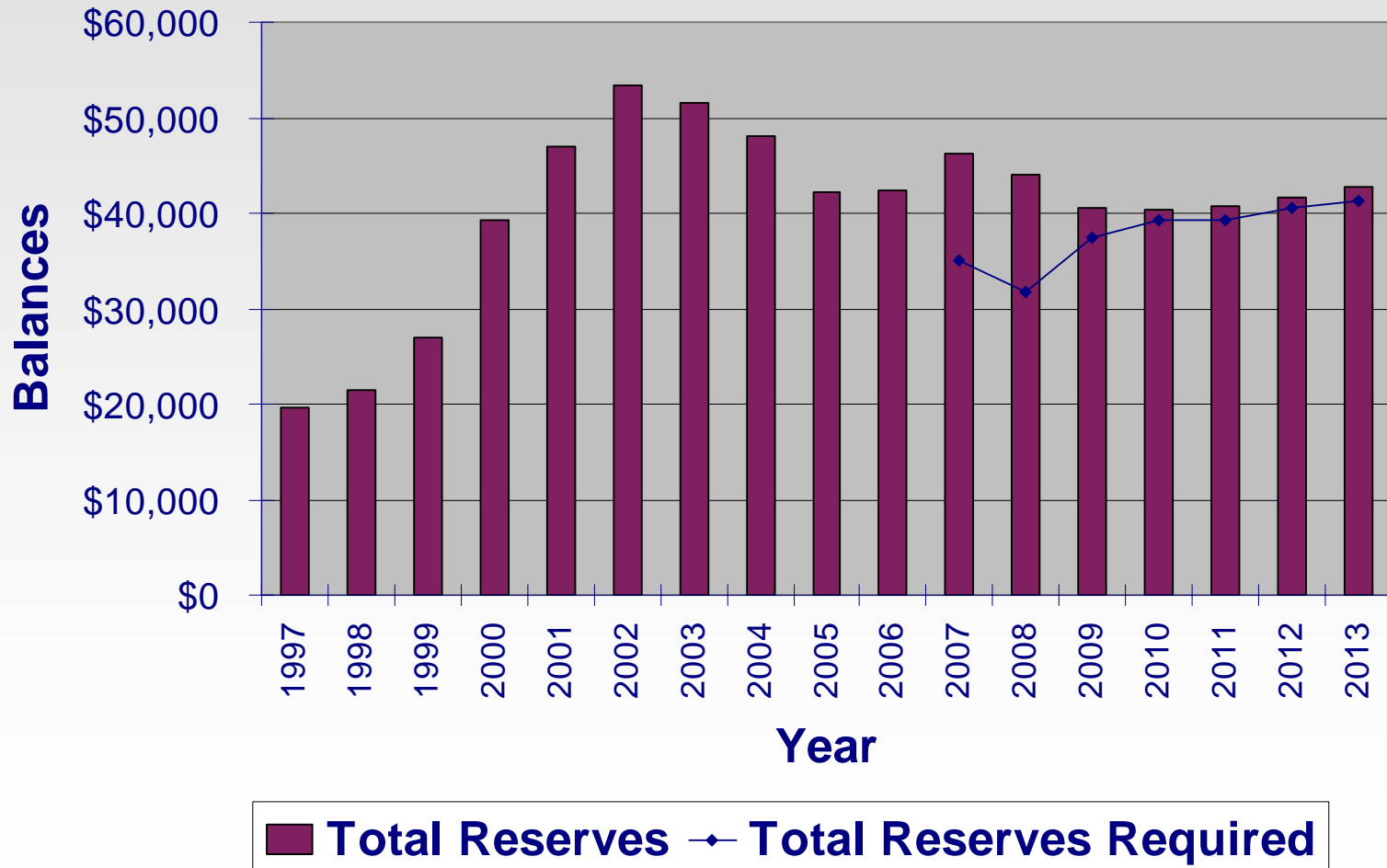


Combined System Required Reserves



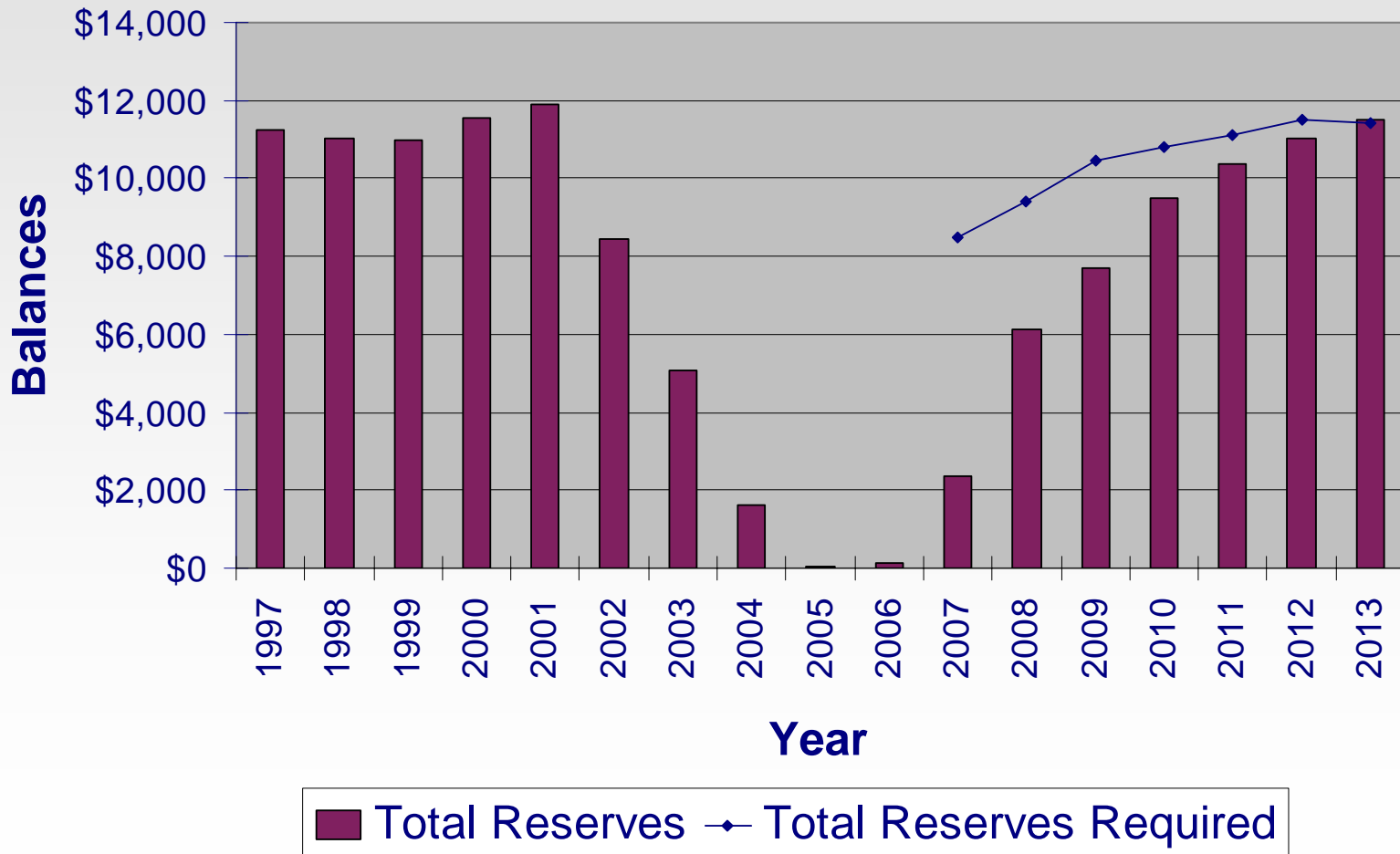
Electric System Reserves

(\$ 000's)



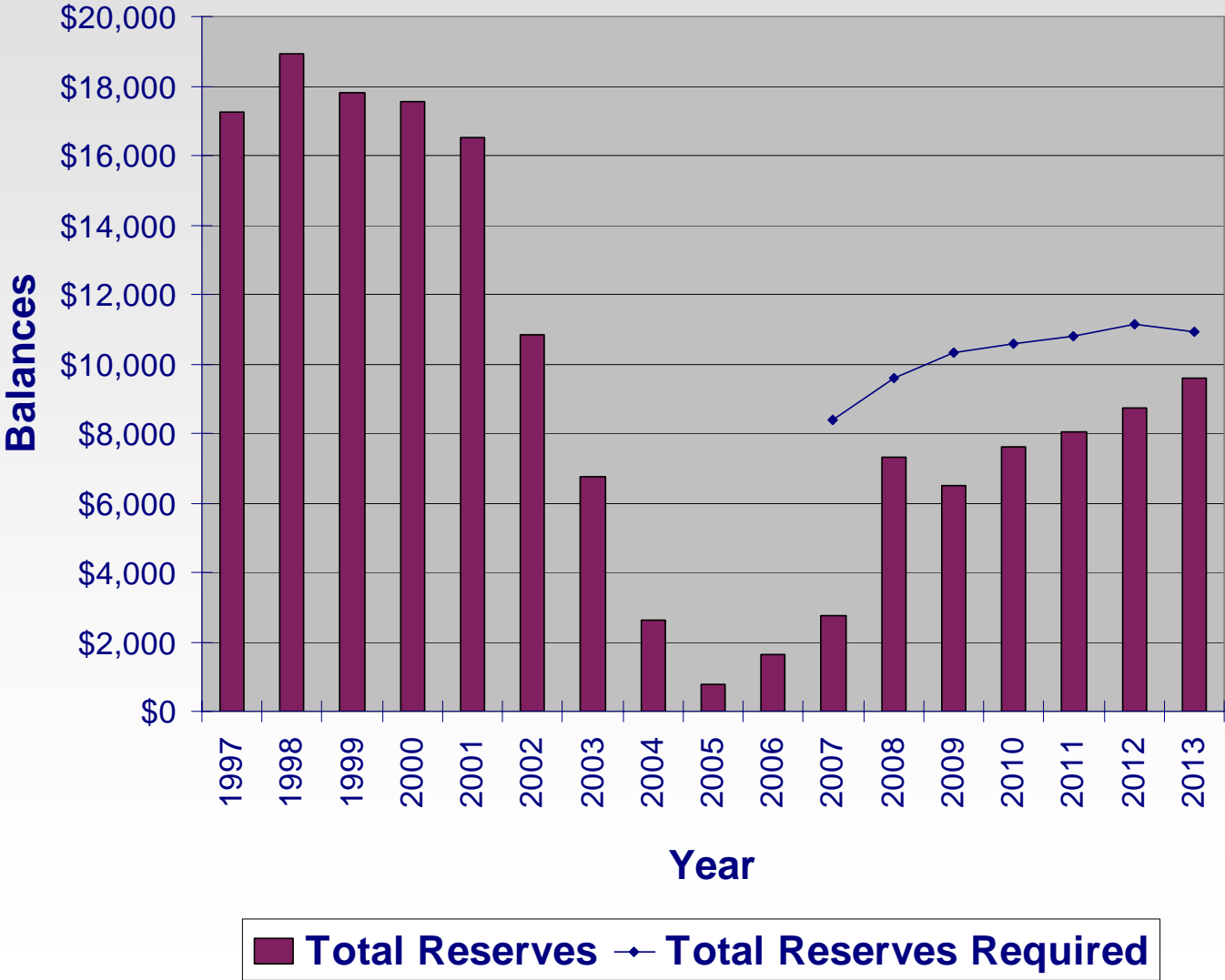
Water System Reserves

(\$ 000's)



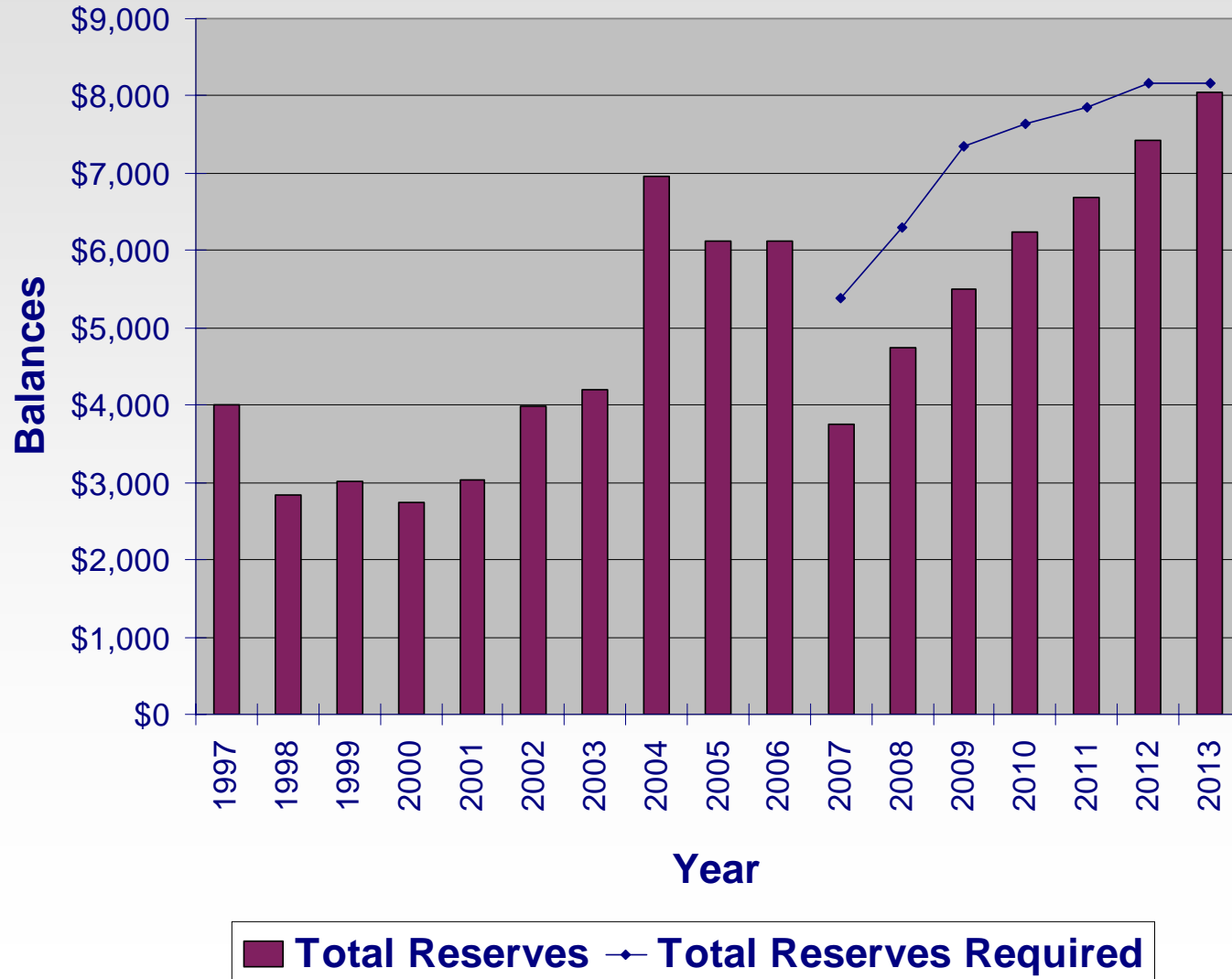
Wastewater System Reserves

(\$ 000's)

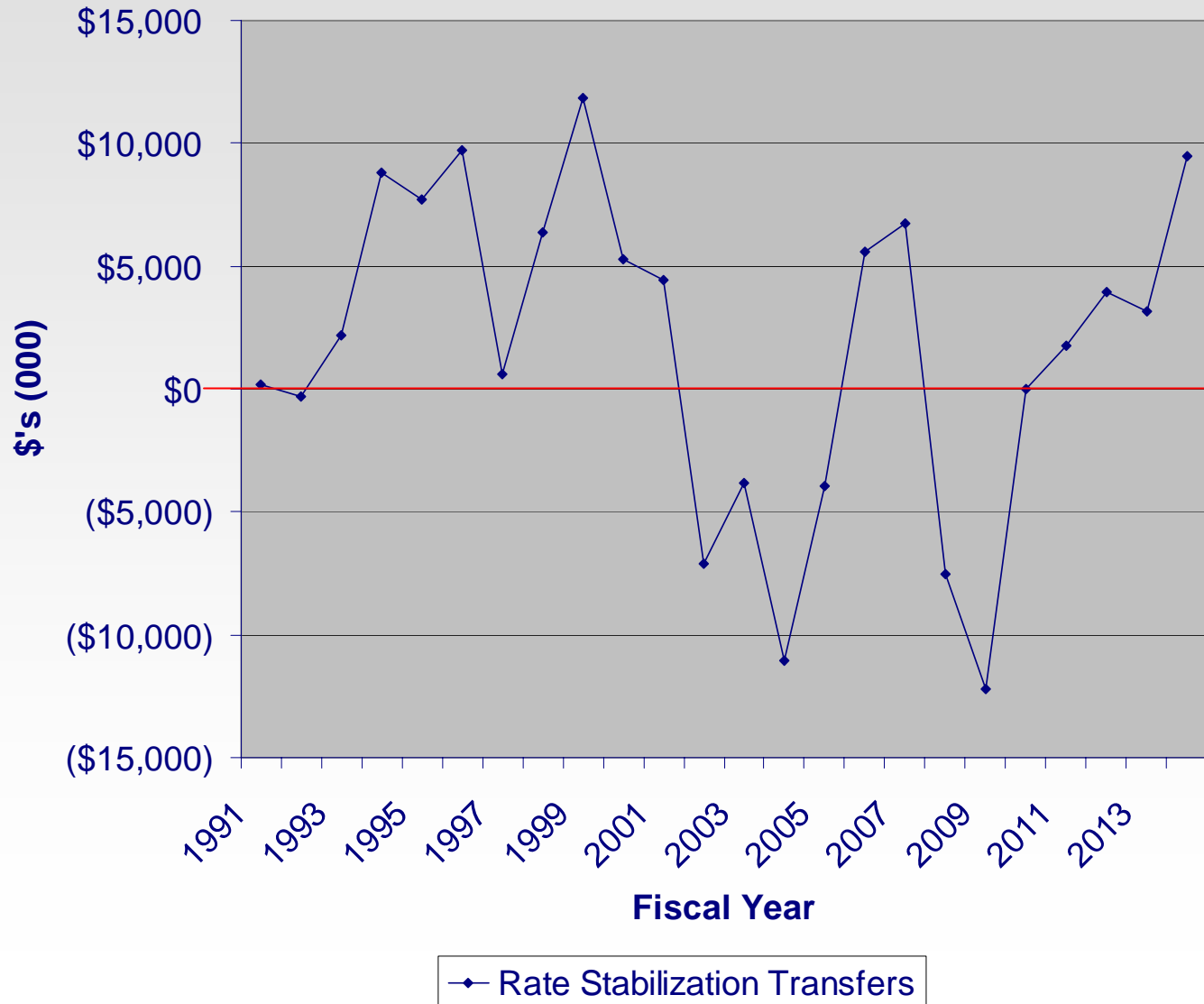


Gas System Reserves

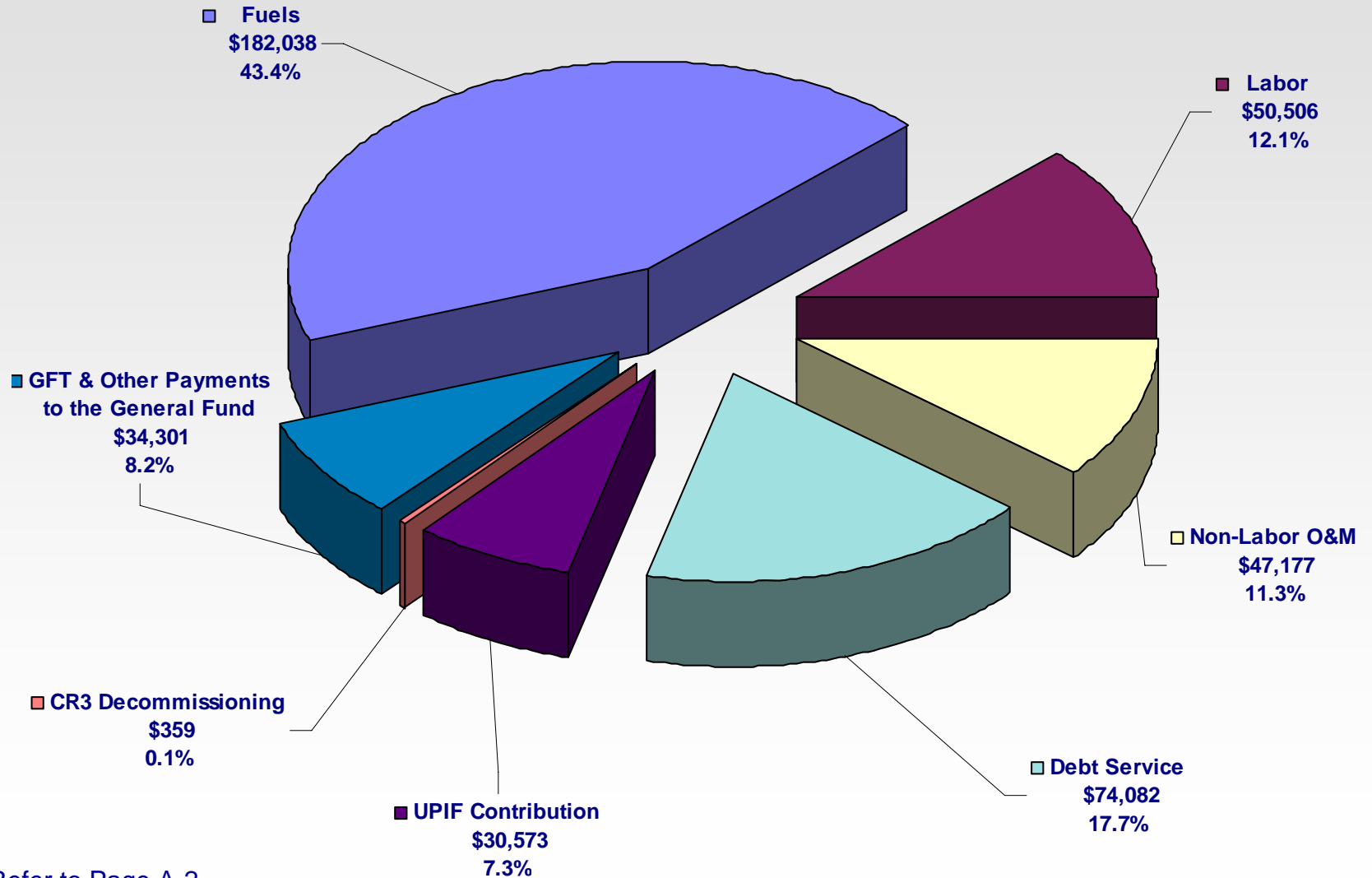
(\$ 000's)



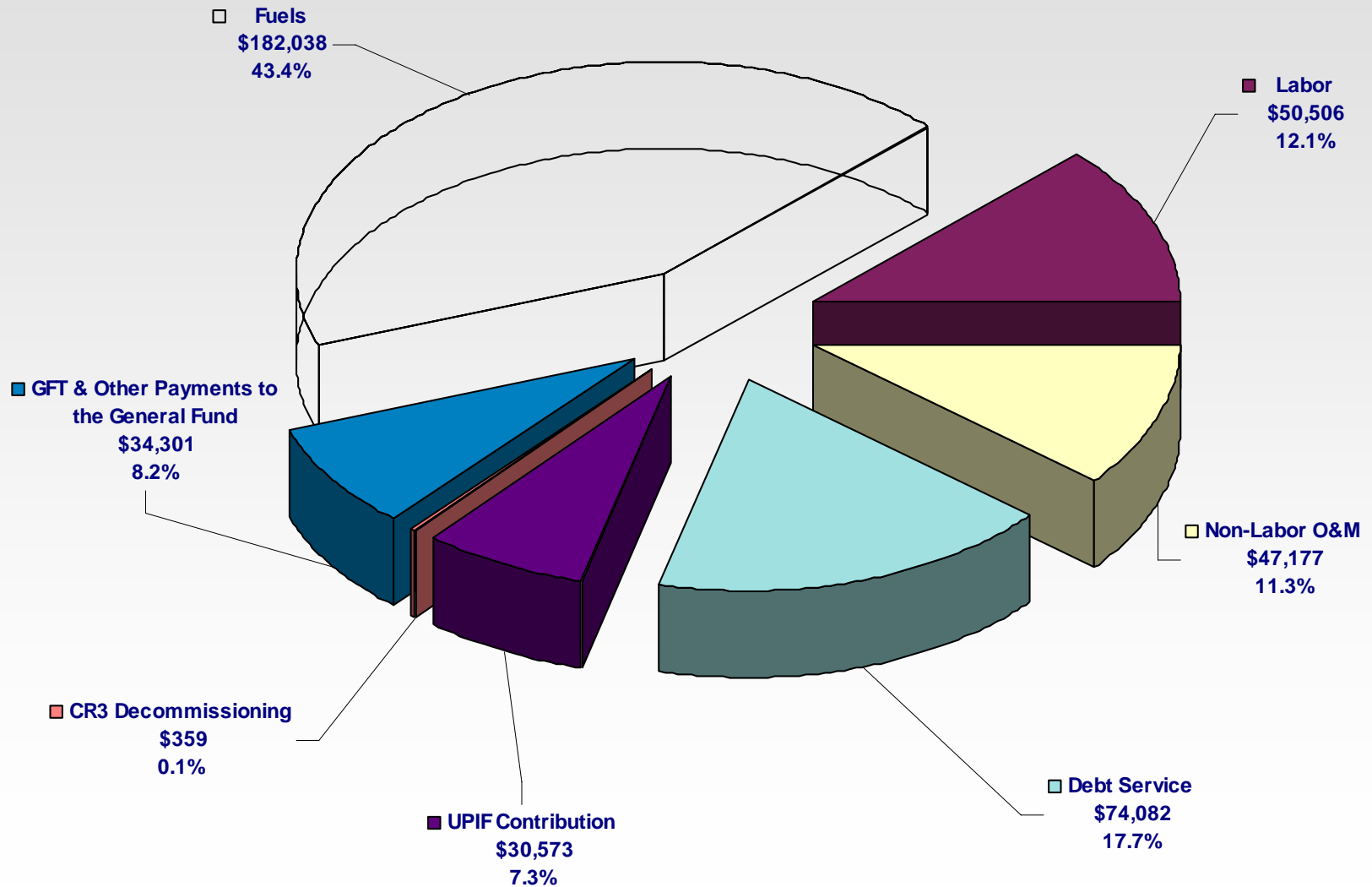
RSF Transfers - Combined



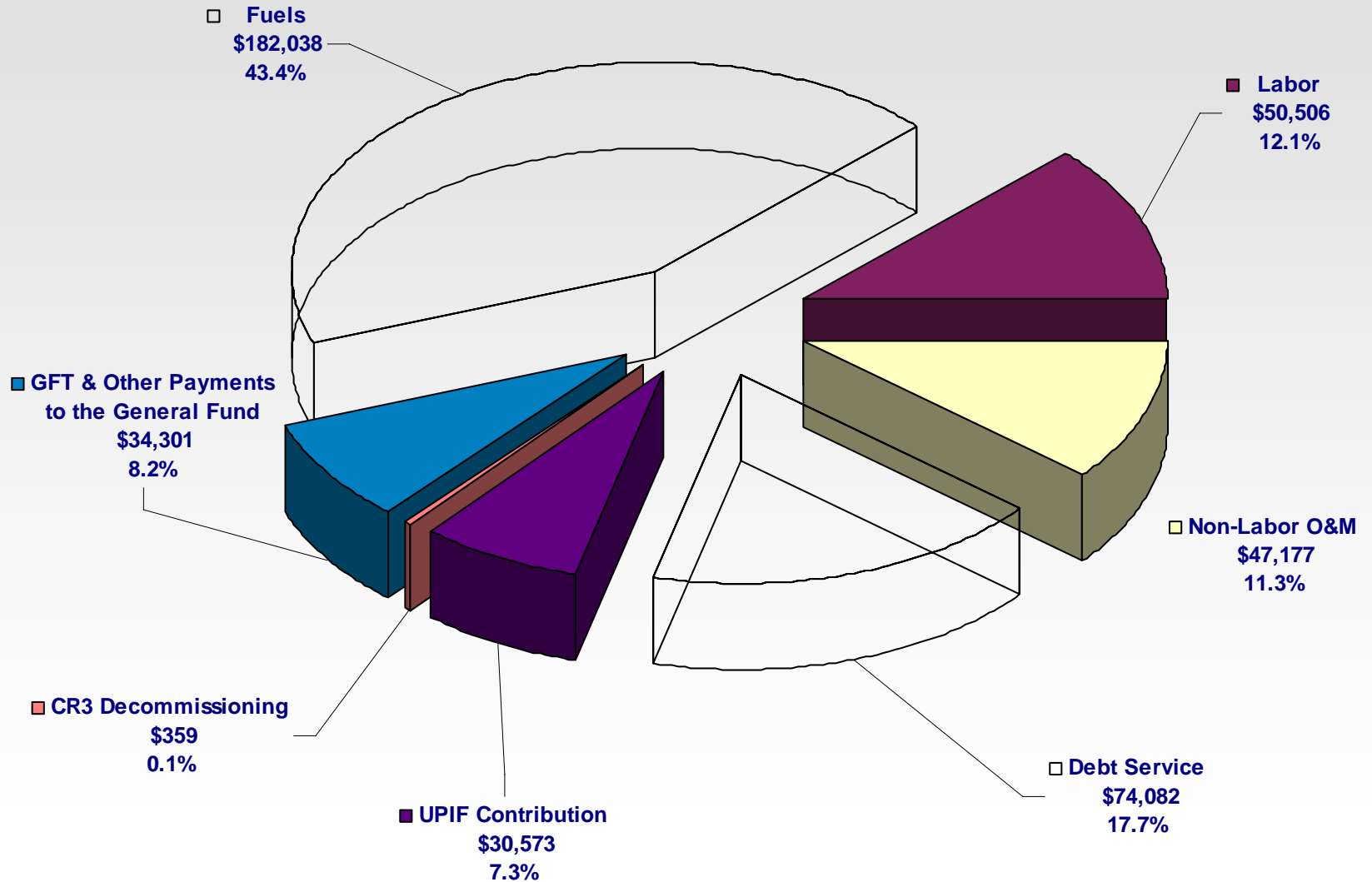
FY09 Expense Classification



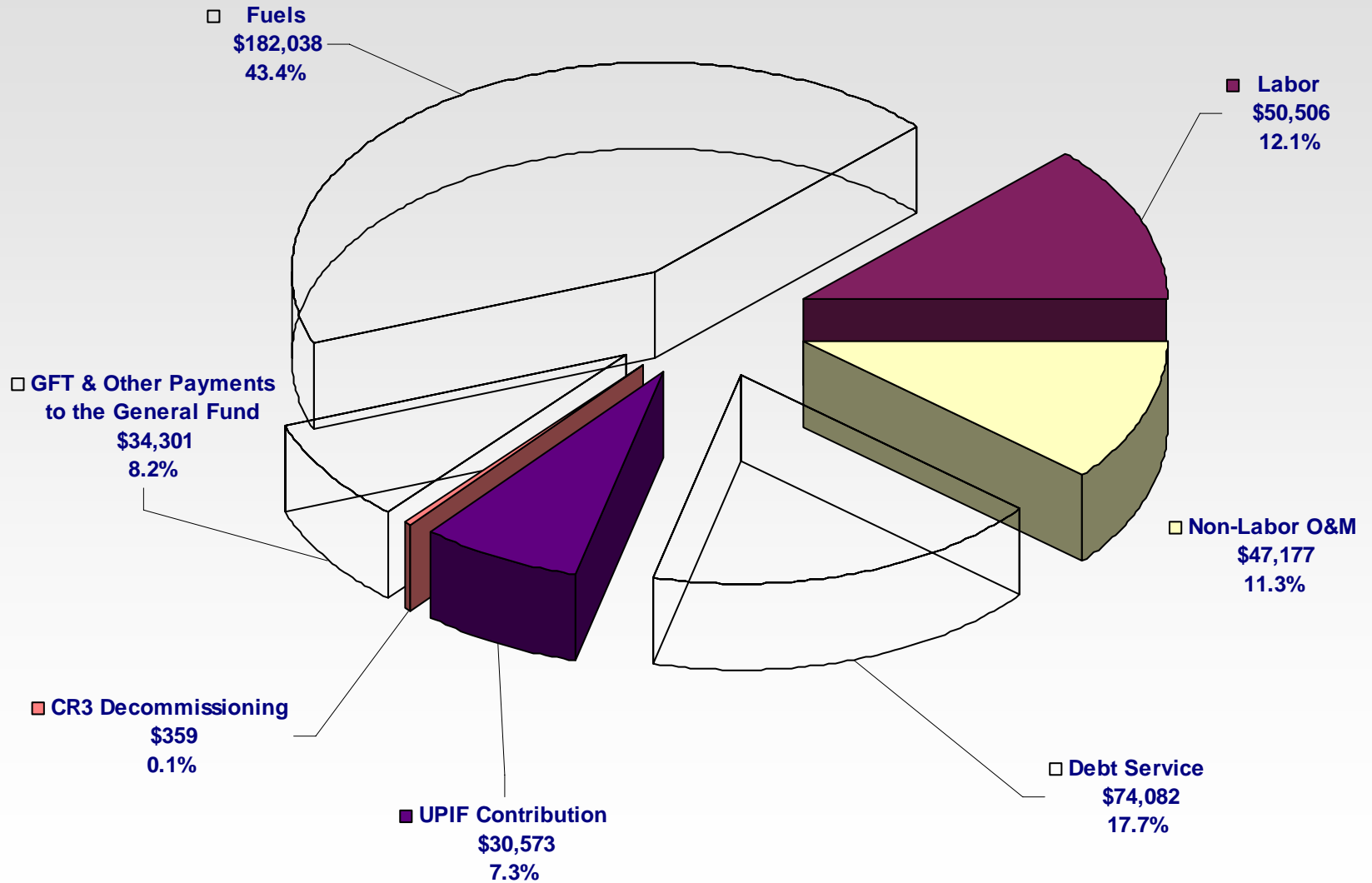
FY09 Expense Classification



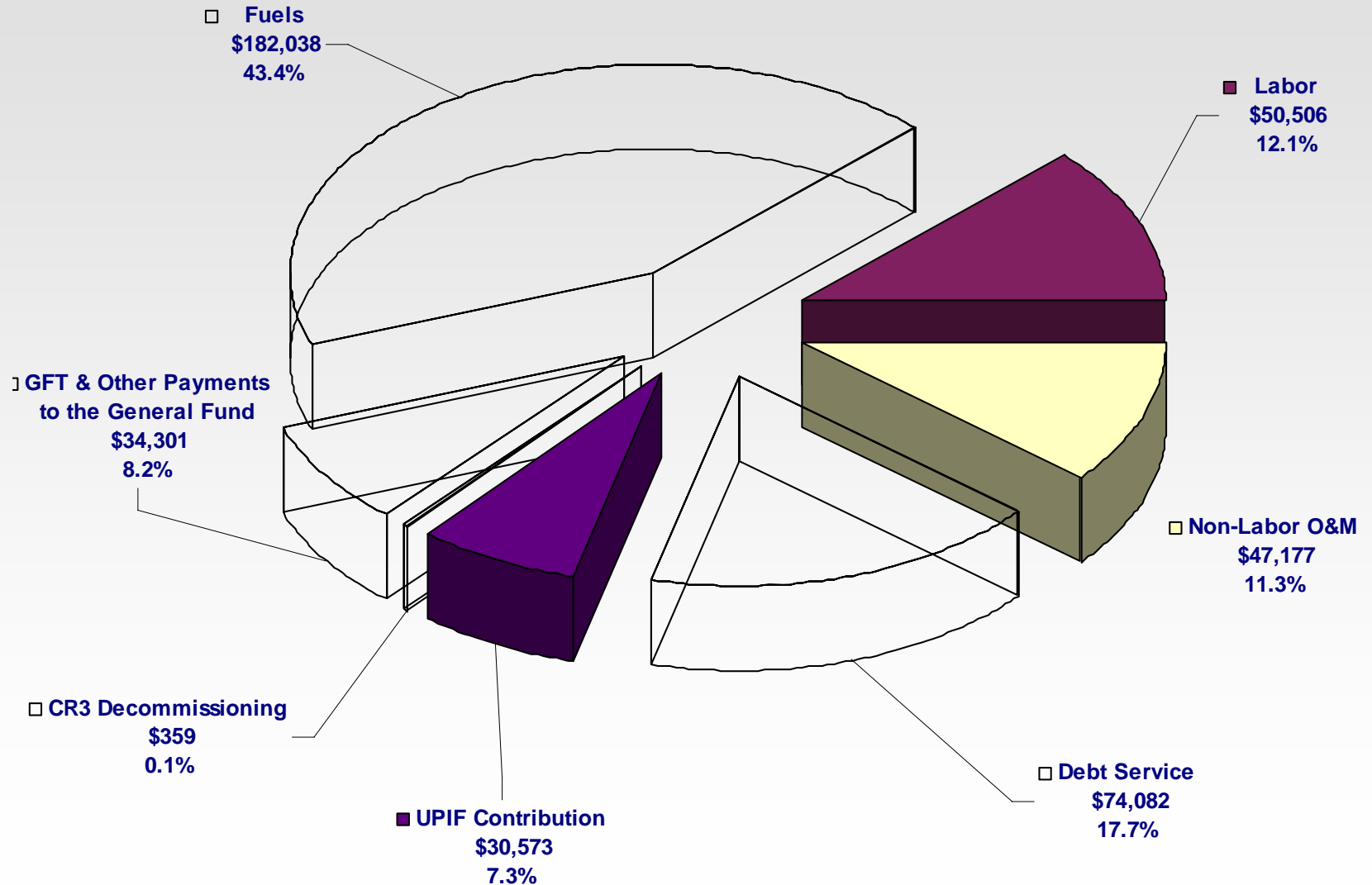
FY09 Expense Classification



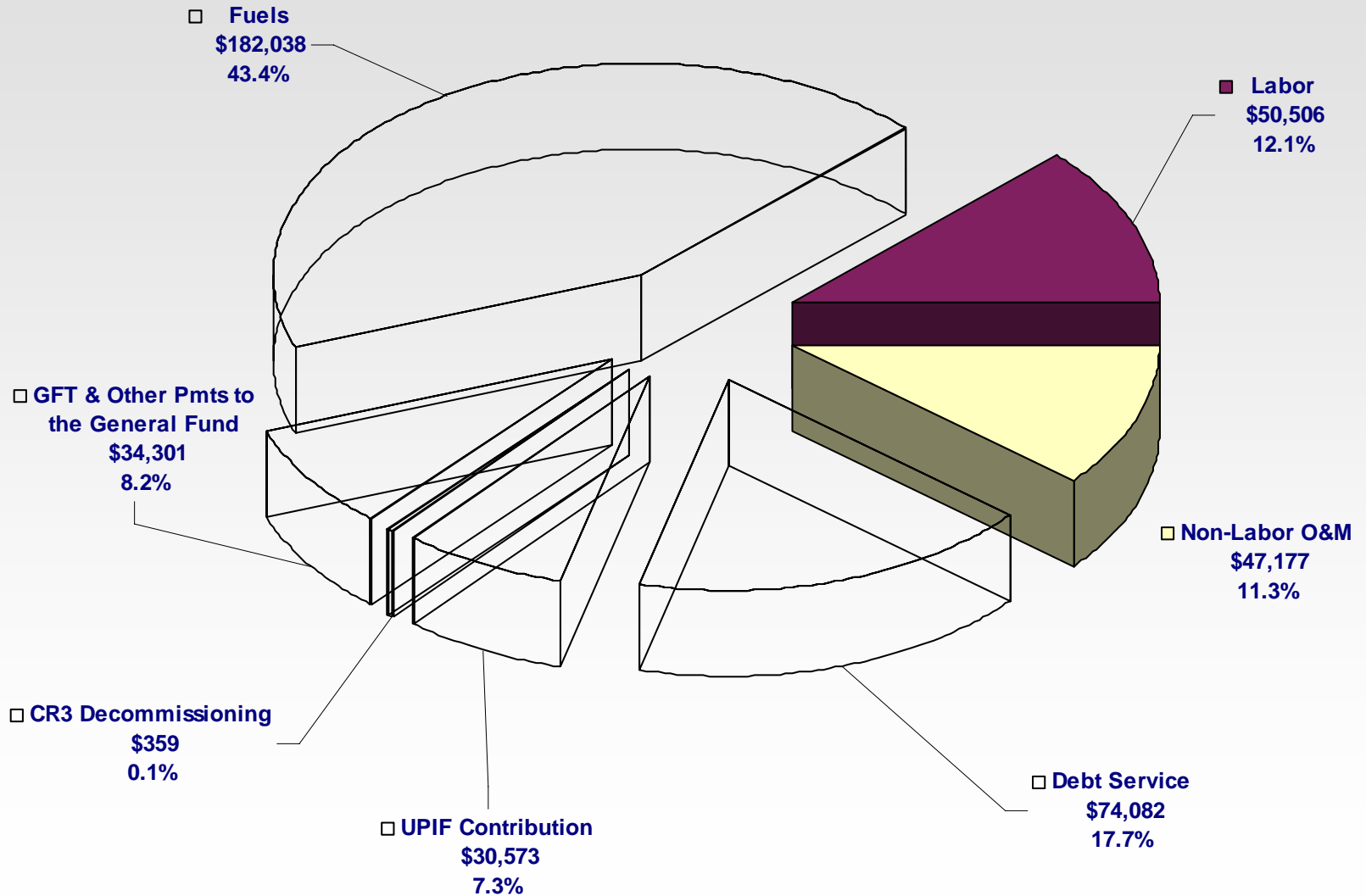
FY09 Expense Classification



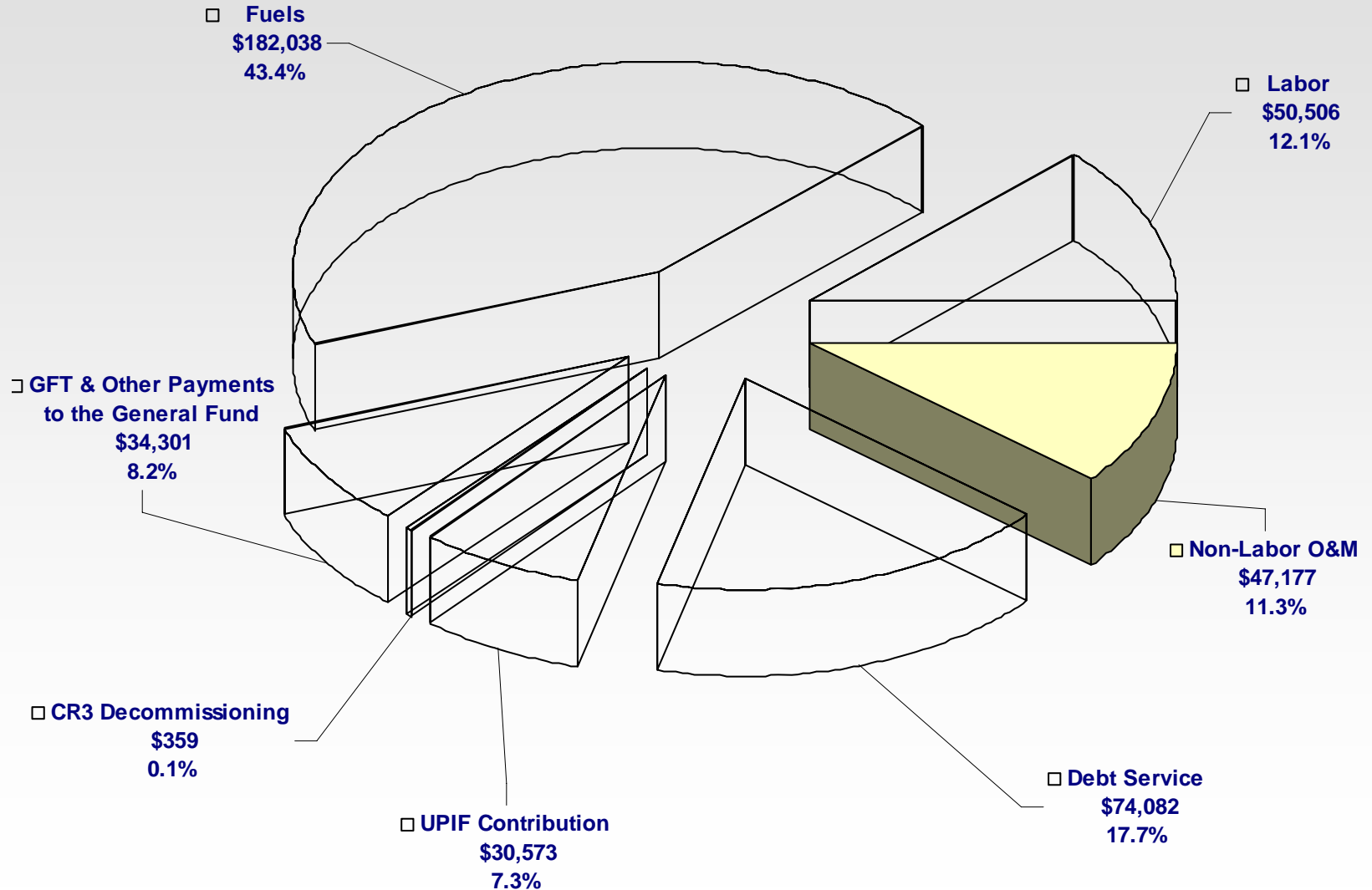
FY09 Expense Classification



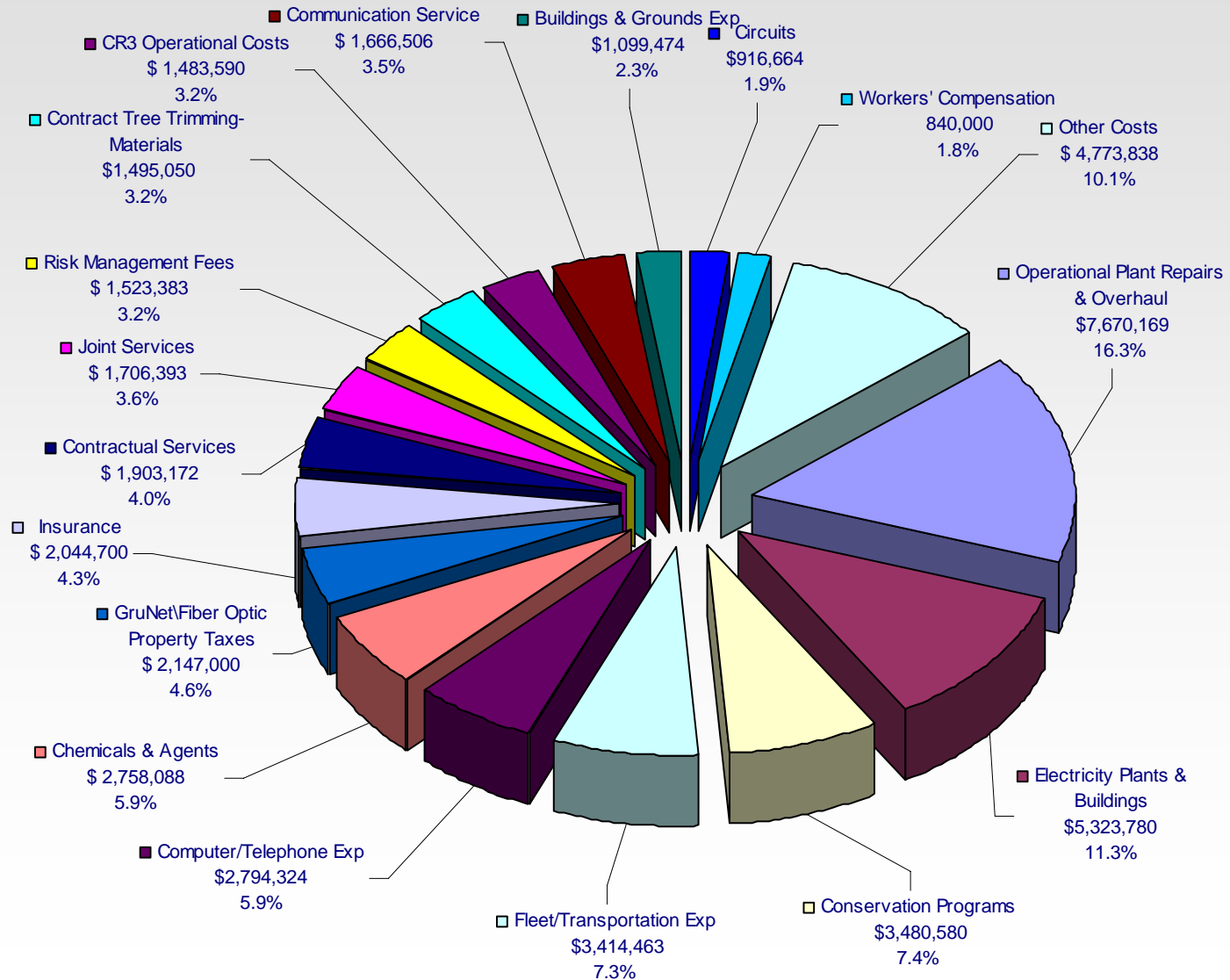
FY09 Expense Classification



FY09 Expense Classification

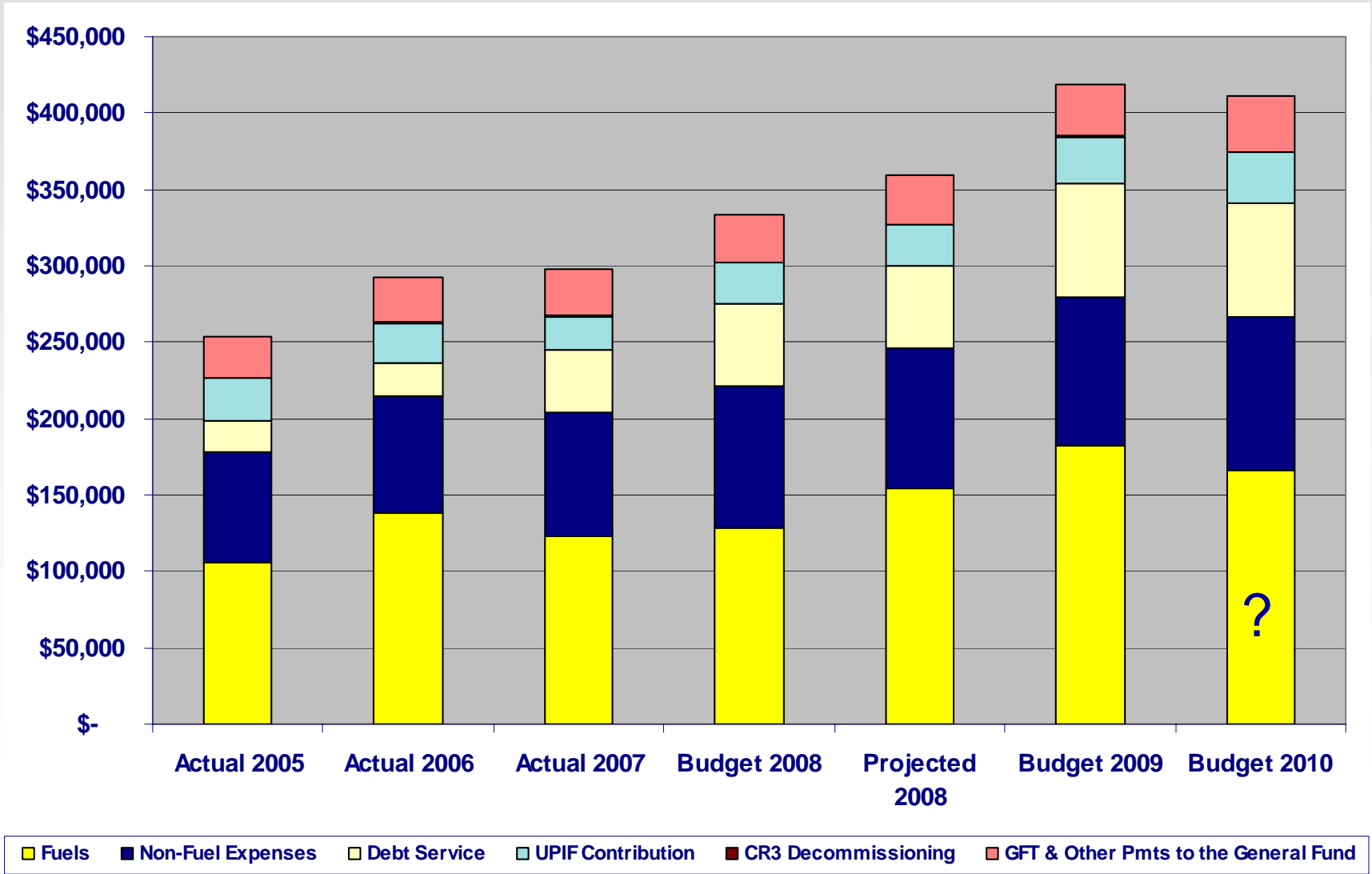


FY09 Non-Labor O&M



Expenses Trend

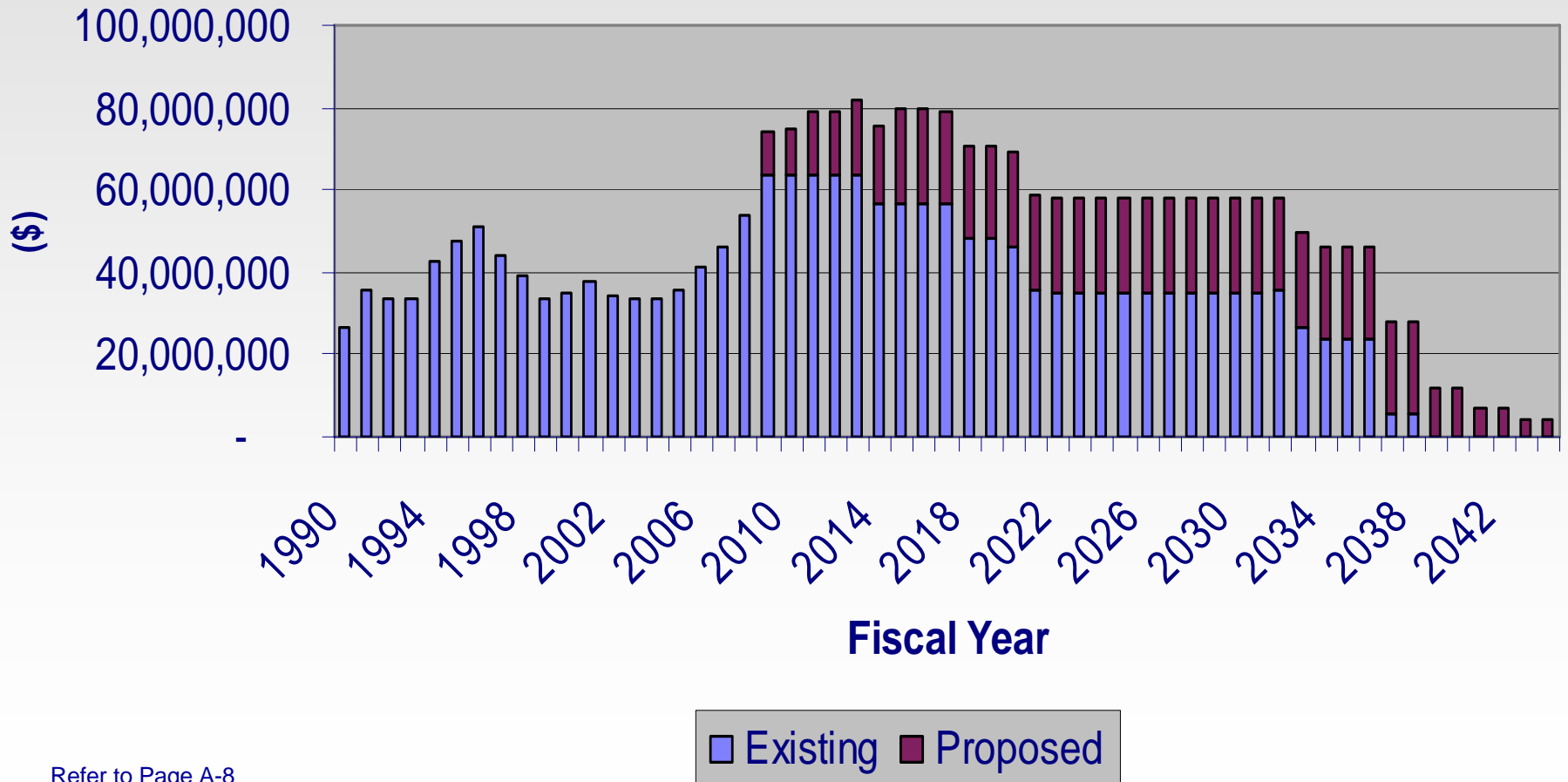
Dollars in Thousands



Personal Services Requests

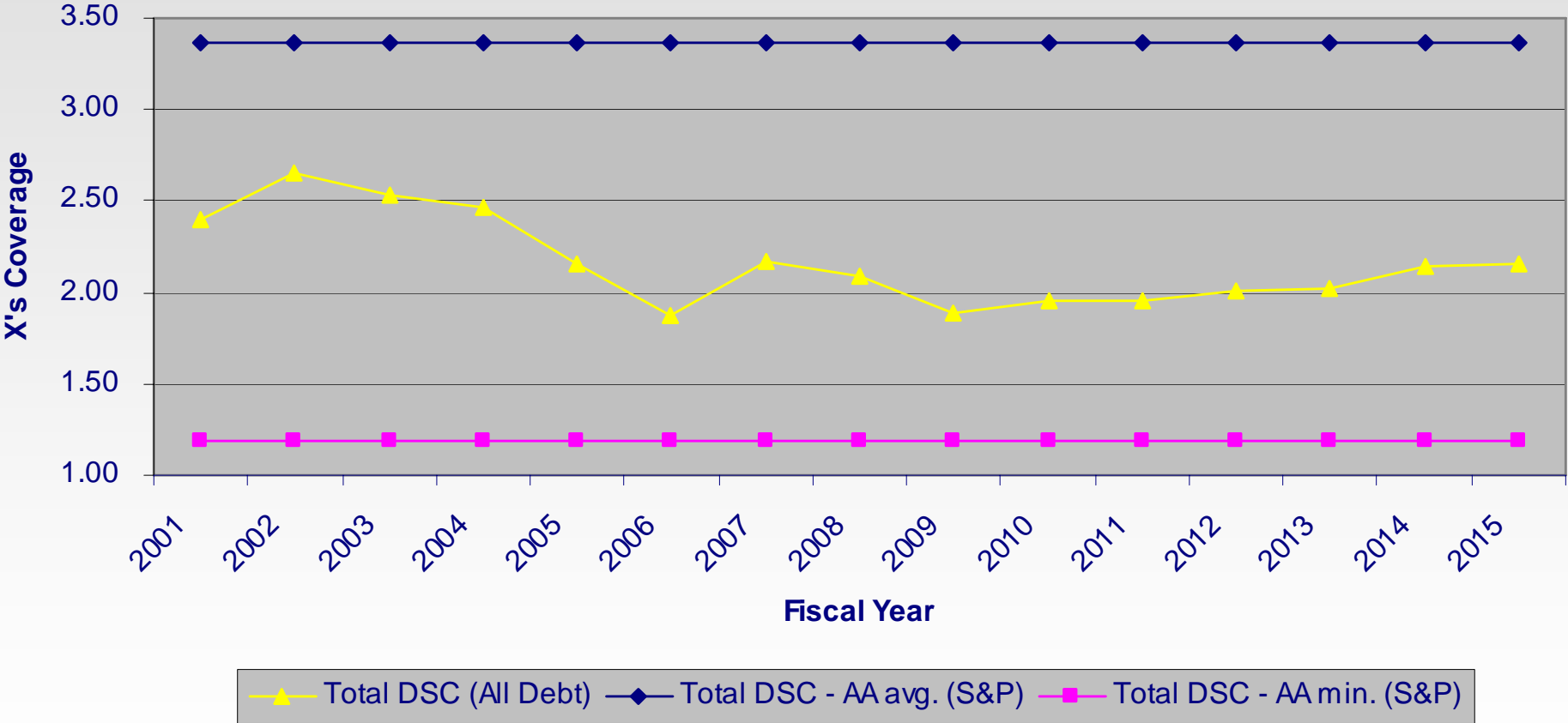
- New Positions Requested
(6.5 Full Time Employees; \$342k)
 - GRUCom Sales Representative, Sr.
 - Purchasing Staff Assistant (.5)
 - New Services Representative
 - W/WW ICE Tech Apprentice
 - Water Distribution Service Operator
 - Deerhaven Power Plant ICE Tech
 - Systems Control Utilities Location Tech
- Existing Temporary or Overfill to Regular
(7 Full Time Employees; \$59k)
 - GRUCom Network Operations Center Customer Service Representative 1 (6)
 - Substation and Relay – Relay Technician

Debt Service – Long Term



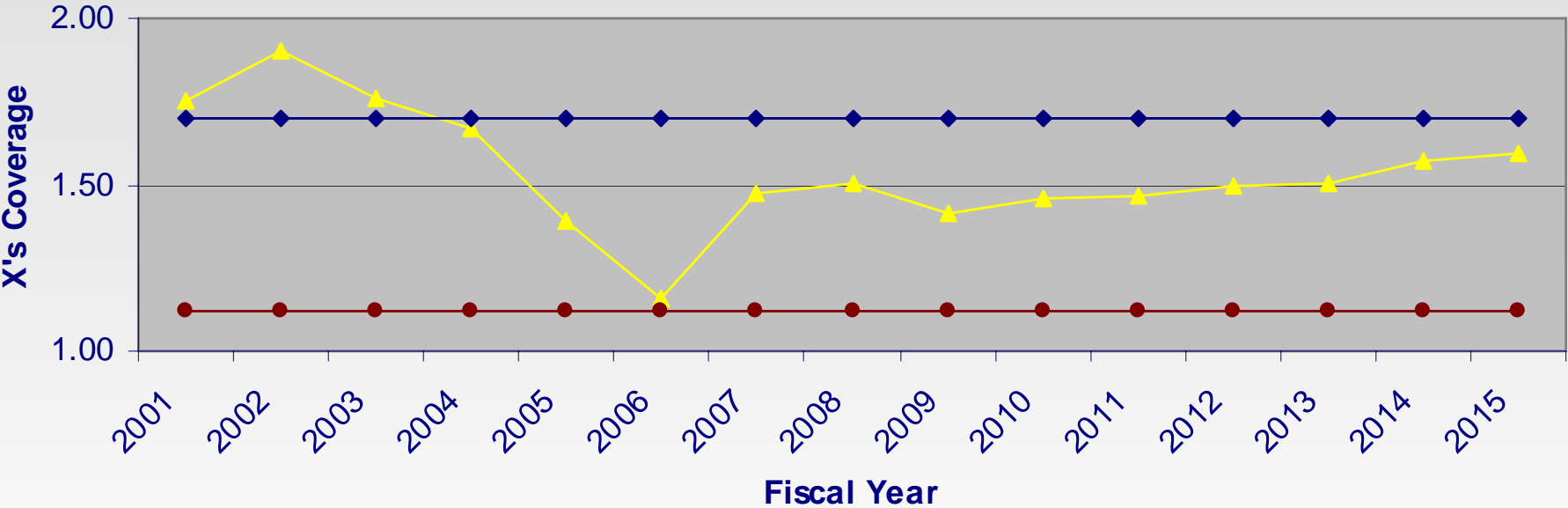
Refer to Page A-8

FY09 Total Debt Service Coverage



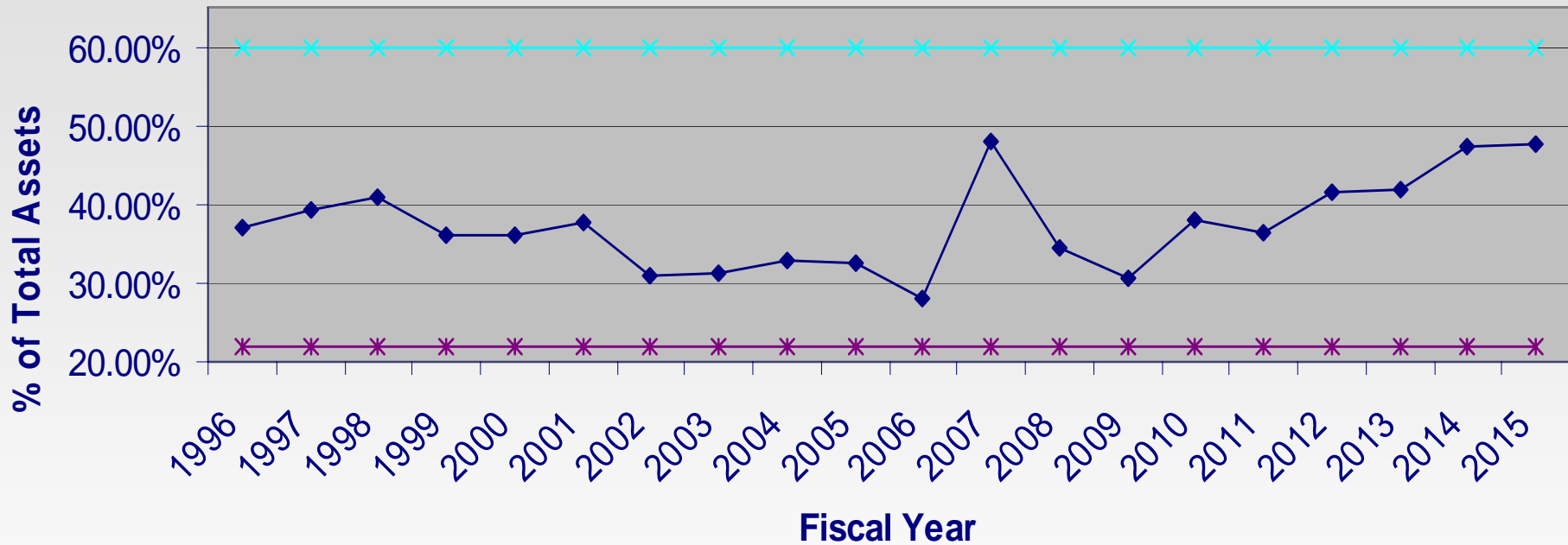
Total Debt Service Coverage – Number of times total debt service payments are covered by net revenues

FY09 Fixed Charge Coverage



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

FY09 Equity Ratio

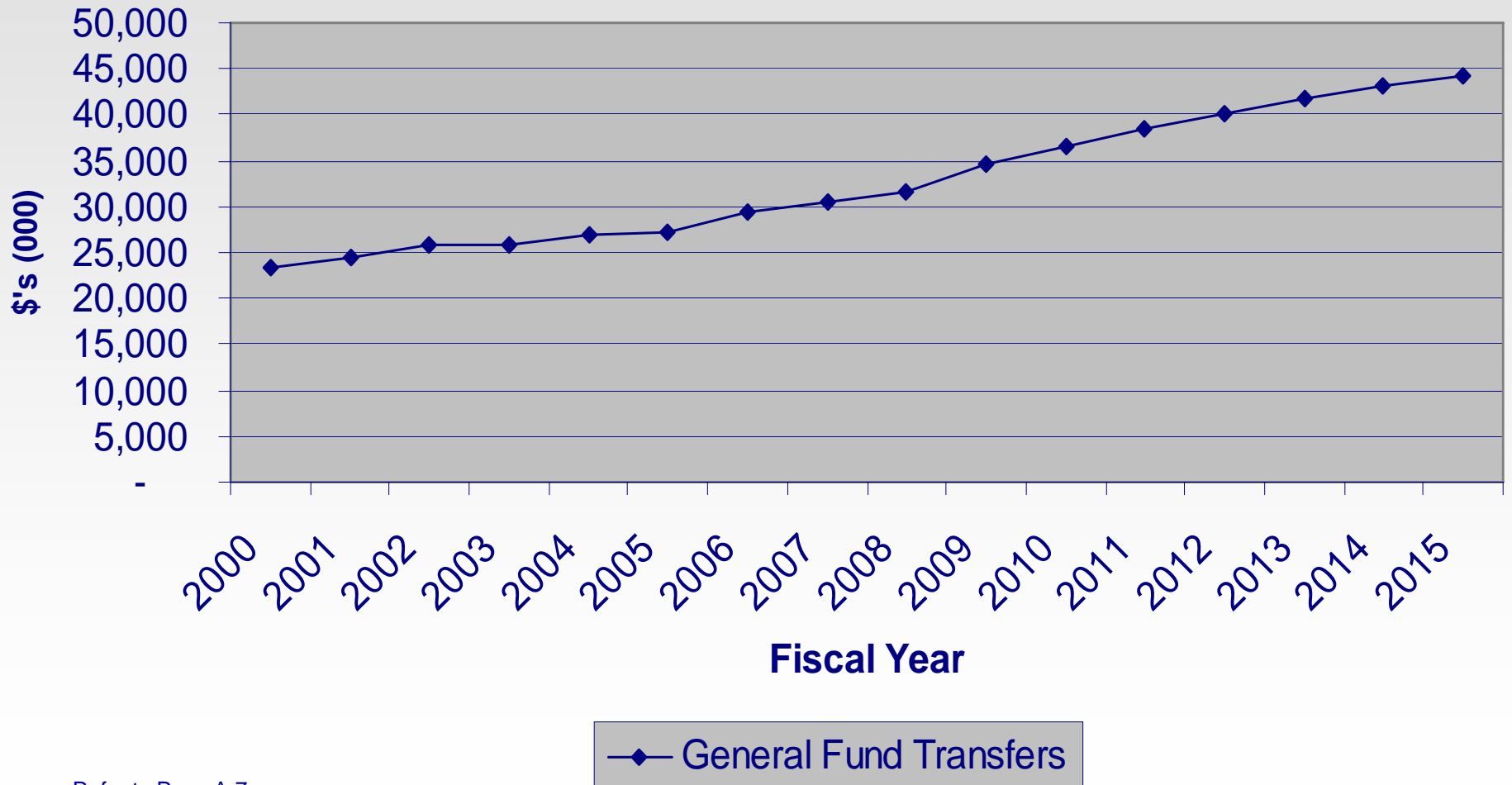


◆ Equity Ratio * Equity Ratio - AA avg. (S&P) * Equity Ratio - AA min. (S&P)

Refer to Page F-6

Equity Ratio – Percent of assets that are not leveraged

General Fund Transfer



Refer to Page A-7

Effect of O&M and Capital Adjustments

1% equals	Electric	Gas	Water	WW
O&M	\$1,108,000	\$108,919	\$243,763	\$280,594
Capital	\$15,700,000	\$1,550,000	\$3,450,000	\$4,000,000

Energy Supply

Energy Supply Functions

- Power Production
- Production Assurance
 - Reliability Management
 - Plant Performance
 - Power Engineering
- Fuels
 - Procurement
 - Management

Energy Supply Ongoing Projects

- Deerhaven Unit 2 Air Quality Control System (AQCS) Retrofit
- South Energy Center

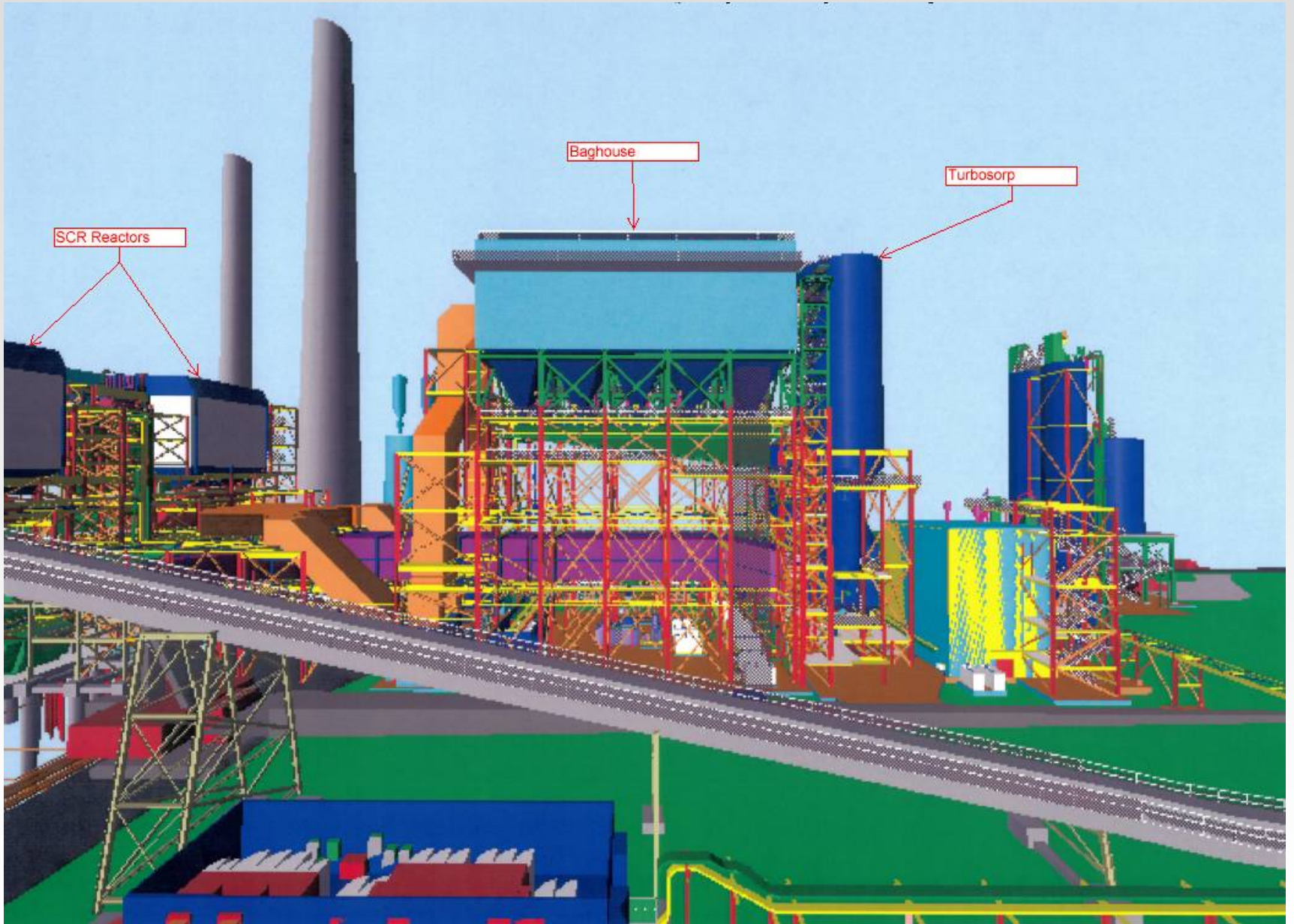


Deerhaven Unit 2 Air Quality Control System

- Dry Flue Gas Desulphurization Unit (FGD)
- Selective Catalytic Reactor (SCR)
- Bag House

AQCS Retrofit Budget - \$141 million

- 34 percent of construction completed
- 84 percent engineering and equipment purchases completed
- \$57.3 million proposed for FY09



South Energy Center

Revised Budget - \$48.5 million

- **55 percent construction completed**
- **95 percent engineering and equipment completed**
- **\$16.7 million proposed for FY09**

Other Significant Projects

- **Reliability**
 - The Cost of Unreliability – Replacement Power
- **Efficiency**
 - More Power for Less Fuel

Reliability Projects

- Deerhaven Unit 2 Primary Superheater Replacement - \$2.55 million
- Deerhaven Unit 1 Low Pressure Turbine Blade Replacement - \$1.5 million
- Deerhaven Unit 2 Coal Handling System Improvements - \$1.47 million
- Deerhaven Units 1 & 2 Cooling Tower Improvements - \$875,000

Deerhaven Unit 2 Turbine

\$14.9 million (FY09, FY10, FY11)



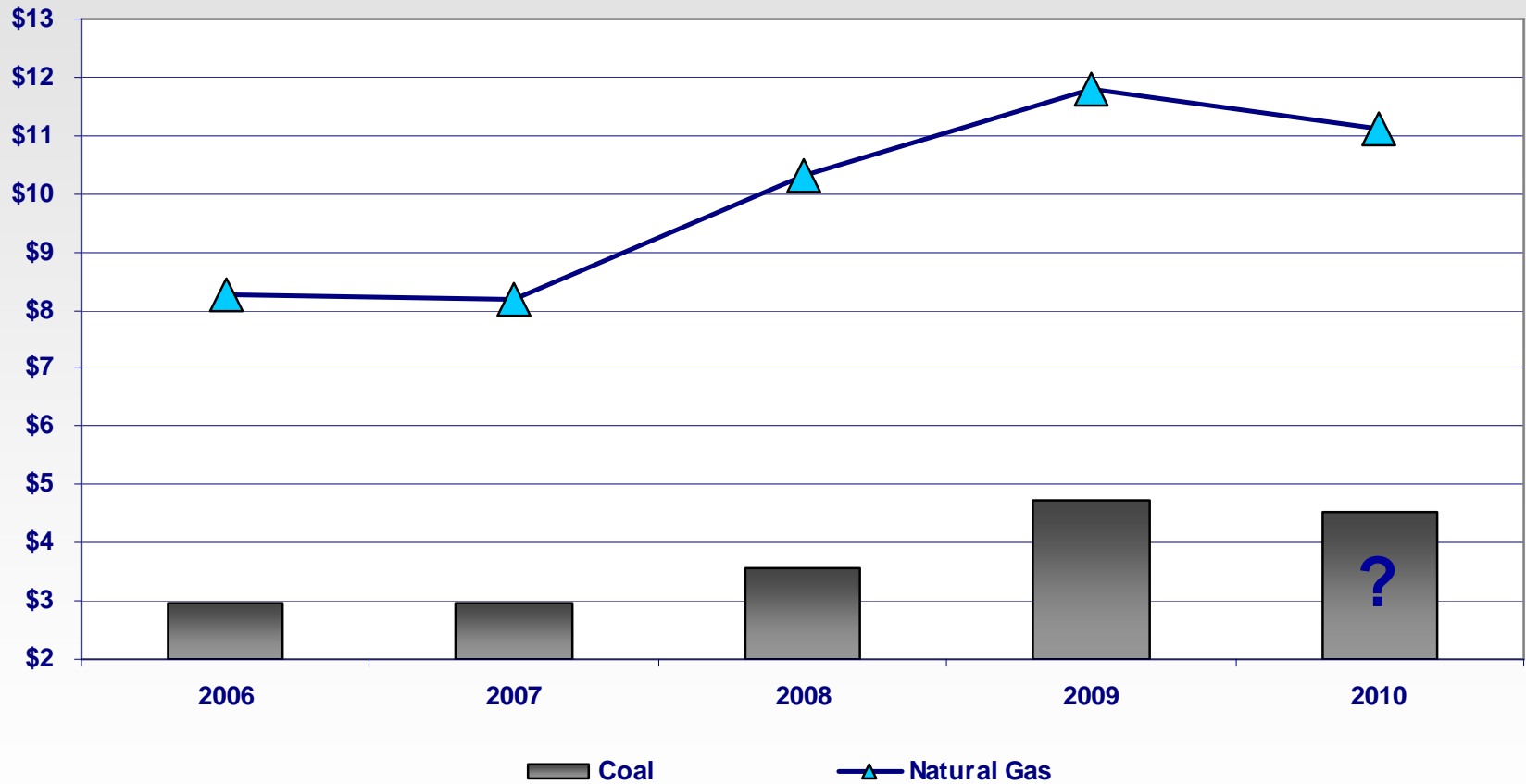
Deerhaven Staffing +1 ICE Tech

(Instrument/Control/Electrical Technician)

- AQCS project includes numerous additional instrumentation and electrical devices
- Current ICE shop overtime rate is 17 percent with a current backlog
- 33 percent of the current ICE shop is eligible for retirement

Fuel History / Forecast

Coal & Natural Gas \$/MMBtu



Fuels Management

- Natural Gas Prepay Contract
 - \$1.4 million savings since October 2006
- Natural Gas Short Term Contract
 - \$340,000 savings since October 2006, expires May 2009
- Coal Supply Contract
 - GRU's coal contract will save customers almost \$27 million in 2008

Fuels Management

- **Natural Gas Prepay Contract**
 - \$1.4 million savings since October 2006
 - Expires in 2026, no action required
 - **\$16.8 million savings total over contract life**
- **Natural Gas Short Term Contract**
 - \$340,000 savings since October 2006, expires May 2009
 - Begin supplier search and negotiations by first quarter 2009
 - Expected savings of \$548,000 for October 2006 thru May 2009
- **Coal Supply Contract**
 - GRU's coal contract will save customers almost \$27 million in 2008
 - Negotiating 6 month 2009 contract for compliance coal
 - Retrofit Project will allow the use of more types of coal
 - The switch to performance coal allows the use of more suppliers resulting in increased competition

Fuels Management

- Long Term Rail Transportation Contract
 - CSX contract limits exposure to transportation rate changes
- Financial Risk Management
 - Comprehensive hedging program for natural gas since 2000

Fuels Management

- Long Term Rail Transportation Contract
 - CSX contract limits exposure to transportation rate changes
 - Expires in 2019, no action required
- Financial Risk Management
 - Comprehensive hedging program for natural gas since 2000
 - Hedging program constantly being refined to improve performance
 - Negotiating coal agreements with physical and economic hedges
 - Evaluating potential risk management opportunities for coal supply

Energy Delivery

Energy Delivery - Capital

- **Electric System**

2008 budget: **\$12,815,793**

2009 budget: **\$13,626,125**

2010 budget: **\$13,200,032**

- **Gas System**

2008 budget: **\$2,786,595**

2009 budget: **\$2,398,395**

2010 budget: **\$2,798,045**

Note: excludes Overheads, Eastside Operations Center Costs, and MGP Clean-up Costs

Energy Delivery – Capital Electric System

Transmission Projects

FY09: \$250,000
138KV Capacitor Banks*

FY10: \$272,000
230KV Circuit Breaker Addition

*Initiated in FY08



Energy Delivery – Capital Electric System

Substation Projects

FY09: \$500,000

Millhopper Substation

McMichen Substation

FY10: \$160,000



Energy Delivery – Capital Electric System

Transformation Projects

FY09: \$1,750,000
Springhill Power
Delivery System*

FY10: \$ 538,000
North Power Delivery
System (Initial Work)

*Project initiated in FY07



Energy Delivery – Capital Electric System

New Development Projects

FY08: \$4,006,800

FY09: \$2,400,000

FY10: \$3,100,000



Energy Delivery – Capital Electric System

Underground Conversion Projects

FY09: \$791,000

Waldo Rd*

NW 5th Avenue

SE/SW 5th Ave

Depot Ave.

FY10: \$632,000

Waldo Rd

NW 5th Avenue

*Initiated in FY07



Energy Delivery – Capital Electric System

Underground Renewal & Replacement Projects

FY09: \$1,100,000

FY10: \$1,200,000



Energy Delivery – Capital Electric System

Overhead Renewal & Replacement Projects

FY09: \$597,000

FY10: \$892,000

*NE expenditures to date:

FY07: \$700,000

FY08: \$520,000



Energy Delivery – Capital Gas System

New Development Projects

FY08: \$1,318,830

FY09: \$1,080,000

FY10: \$1,300,000



Energy Delivery – Capital Gas System

Renewal & Replacement Pipeline Projects

Cast iron

Bare Steel

Early Plastic

FY09: \$332,200

FY10: \$342,200



Energy Delivery – Capital Special Projects

Eastside Operations Center

FY09: \$3,250,000

Permits

Engineering

Final Design

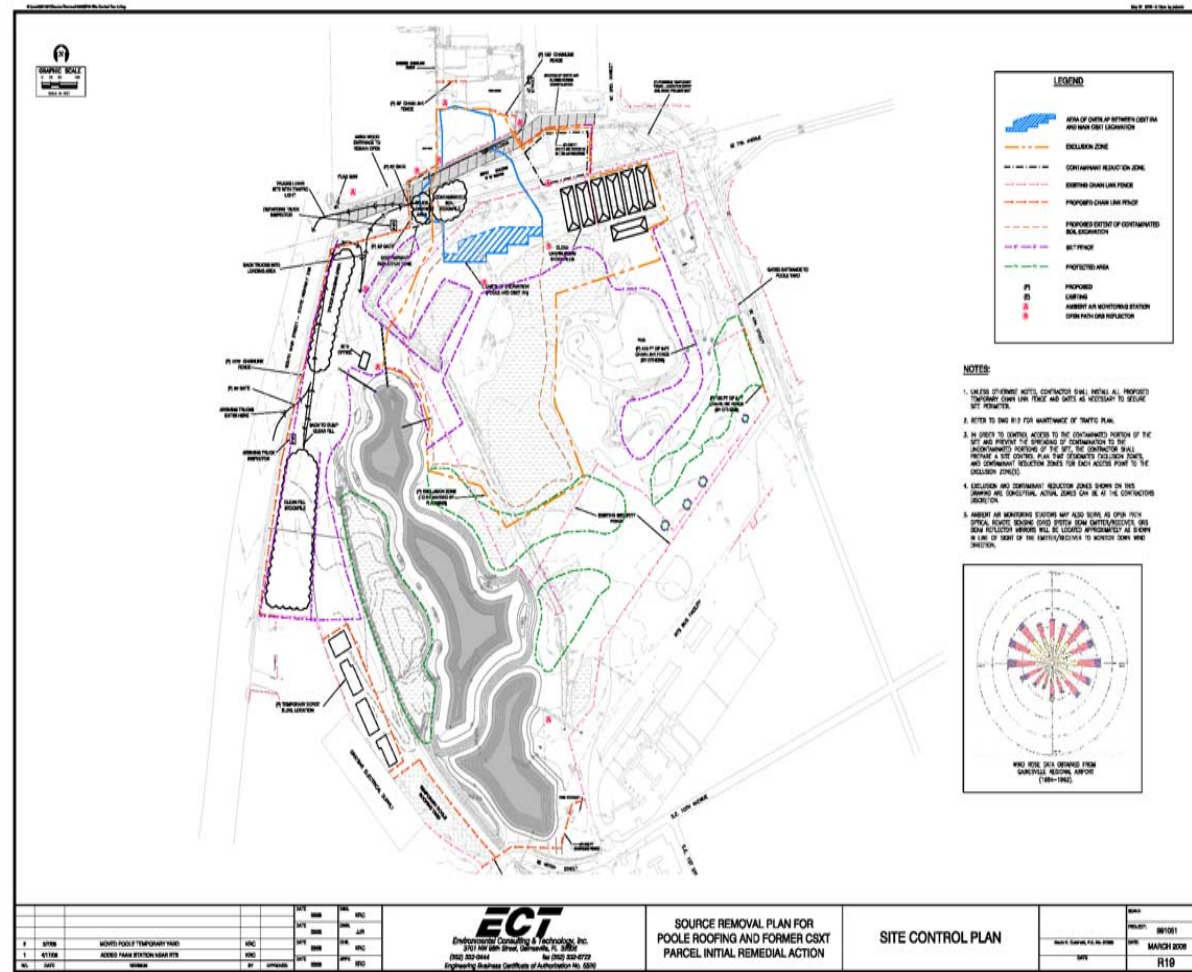
FY10: \$36,300,000

Construction



Energy Delivery – Capital Special Projects

Manufactured Gas Plant Cleanup
FY09:
\$14,890,000
Construction
FY10:
\$1,150,000
Wrap Up



Energy Delivery – 2009

Personal Services Requests

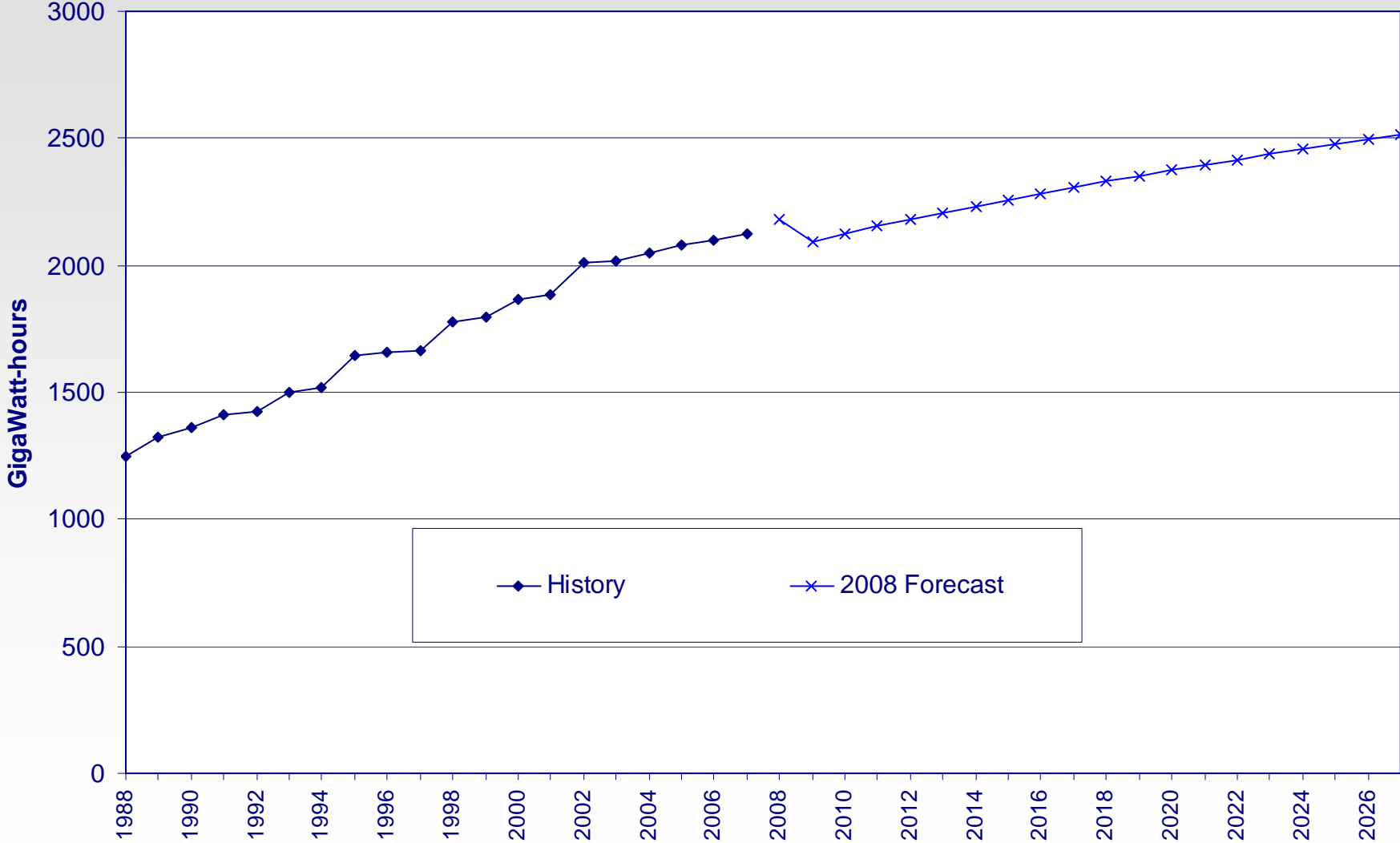
- One Utilities Location Technician position
 - Reduce OT costs
 - Satisfy increasing work load
 - Hedge against retirements
- Convert Temporary Overfill Relay Technician position to regular status
 - Satisfy long term electric system test, maintenance, and upgrade requirements (federal & state)
 - Retain skilled and difficult to recruit craft worker
 - Hedge against separations/retirements

Electric and Gas Rates

Electric Rate Design

- Promote conservation
 - Continue baseline rate structure
 - Higher rate for higher tiers
- Set customer charge at cost
- Increase street and rental lighting rates by 7 percent
- Voluntary Time-of-Use rates for all classes
- Net metering at retail cost

Net Energy for Load



Electric Rates – Residential Proposed for FY09

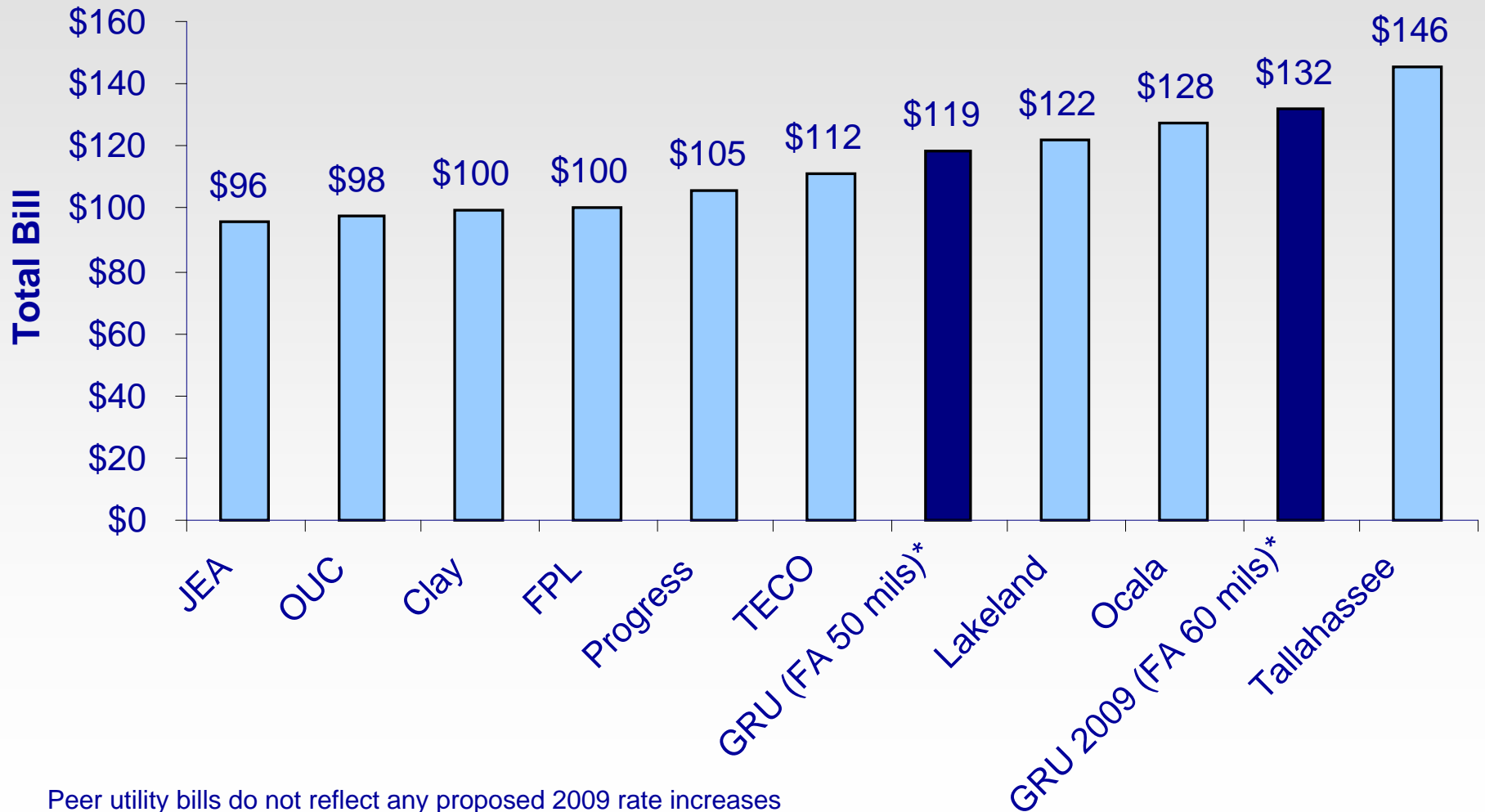
- Monthly customer charge \$5.54 to \$7.60
- Energy charge (¢/kWh)
 - Tier 1 (0 to 250 kWh) 2.5¢ to 2.6¢
 - Tier 2 (251 to 750 kWh) 6.5¢ to 6.6¢
 - Tier 3 (Over 750 kWh) 9.7¢ to 9.8¢

	Current	Base	Proposed
Residential Bill	July 2008*	Change	2009 Bill*
1000 kWh	\$128.54	\$3.06	\$131.60

*Based on the 60 mil fuel adjustment effective July 1, 2008

Residential Electric

1,000 KWH
as of April 2008



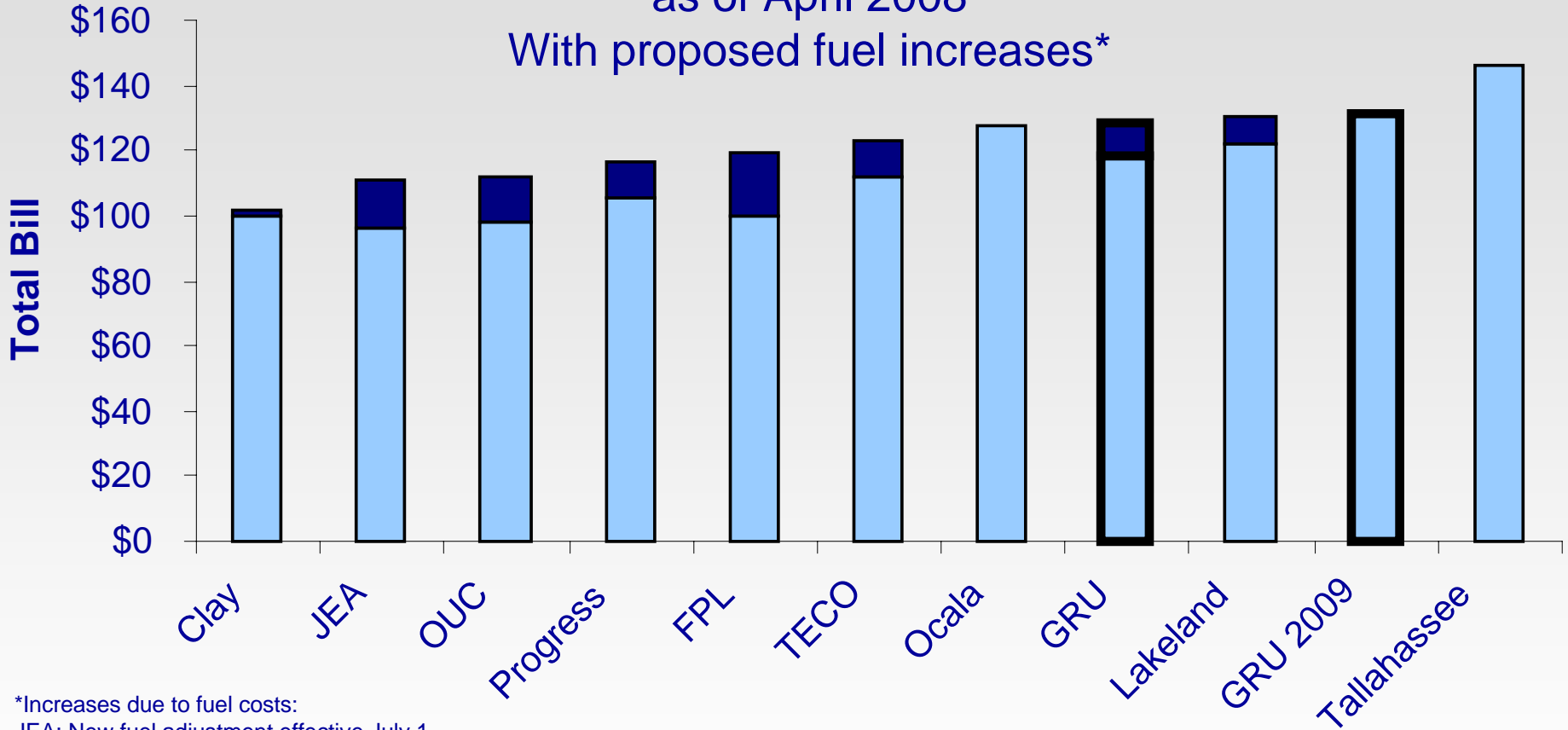
Peer utility bills do not reflect any proposed 2009 rate increases

Residential Electric

1,000 KWH

as of April 2008

With proposed fuel increases*



*Increases due to fuel costs:

JEA: New fuel adjustment effective July 1

OUC: Will raise base rate and fuel adjustment October 1

Clay: New fuel adjustment effective June 1

FPL: New fuel adjustment effective August 1 upon PSC approval

Progress: New fuel adjustment effective August 1 upon PSC approval

TECO: Base rate increase May 2009 upon PSC approval

GRU: New fuel adjustment effective July 1

Lakeland: New fuel adjustment effective July 1

Ocala: No change announced

Tallahassee: No change announced



Electric Rates

General Service Non-Demand

Proposed for FY09

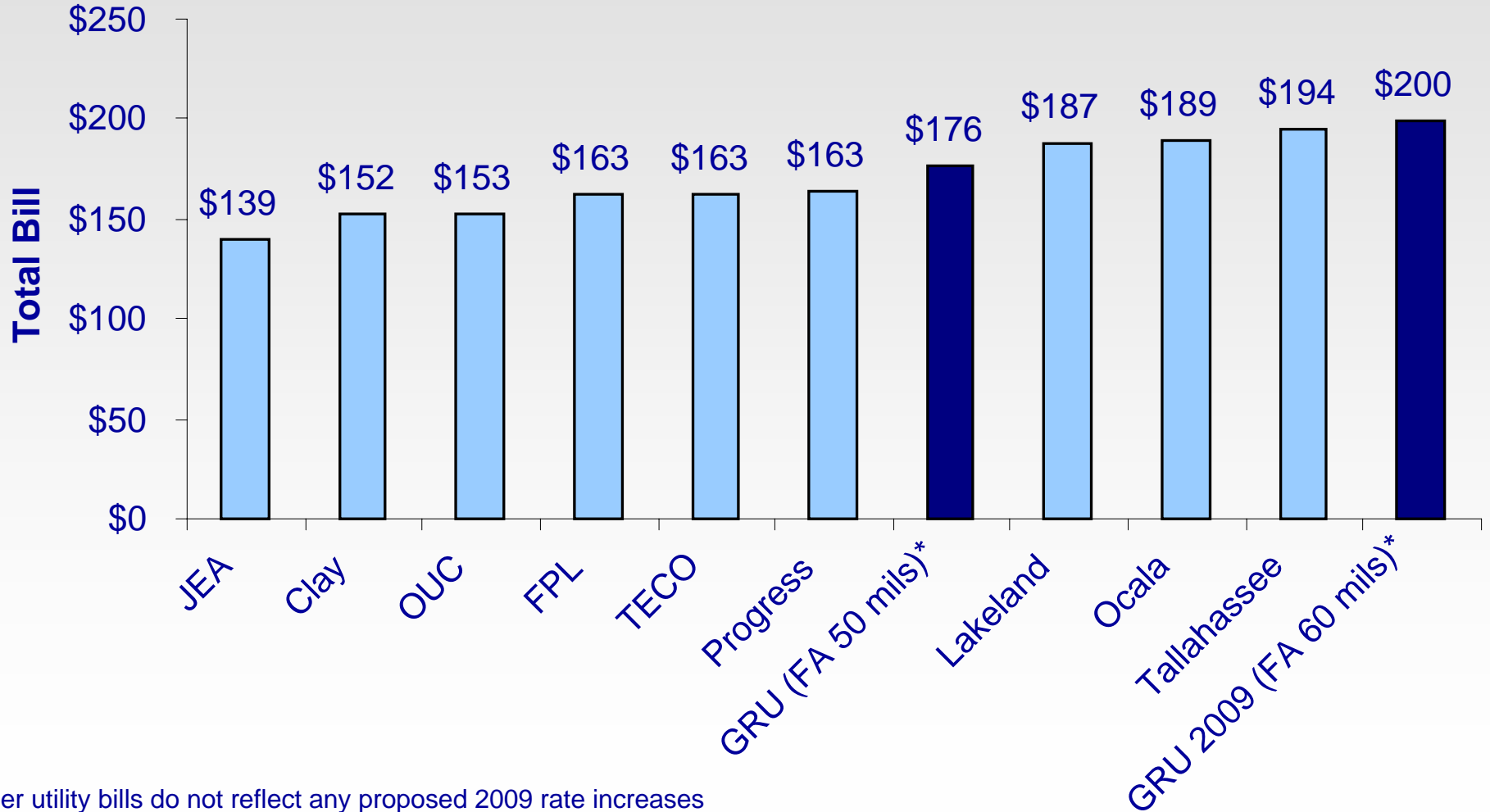
- No Change to Monthly Customer Charge \$16.00
- Energy Charge (¢/kWh)
 - 0 to 1,500 kWh 6.2¢ to 6.8¢
 - Over 1,500 kWh 8.0¢ to 9.5¢

GSN Bill	Current July 2008*	Base Change	Proposed 2009 Bill*
1500 kWh	\$191.37	\$8.37	\$199.74

*Based on the 60 mil fuel adjustment effective July 1, 2008
Assumes a Business Partner Discount of 7%

General Service Non Demand

1,500 KWH
as of April 2008



Peer utility bills do not reflect any proposed 2009 rate increases

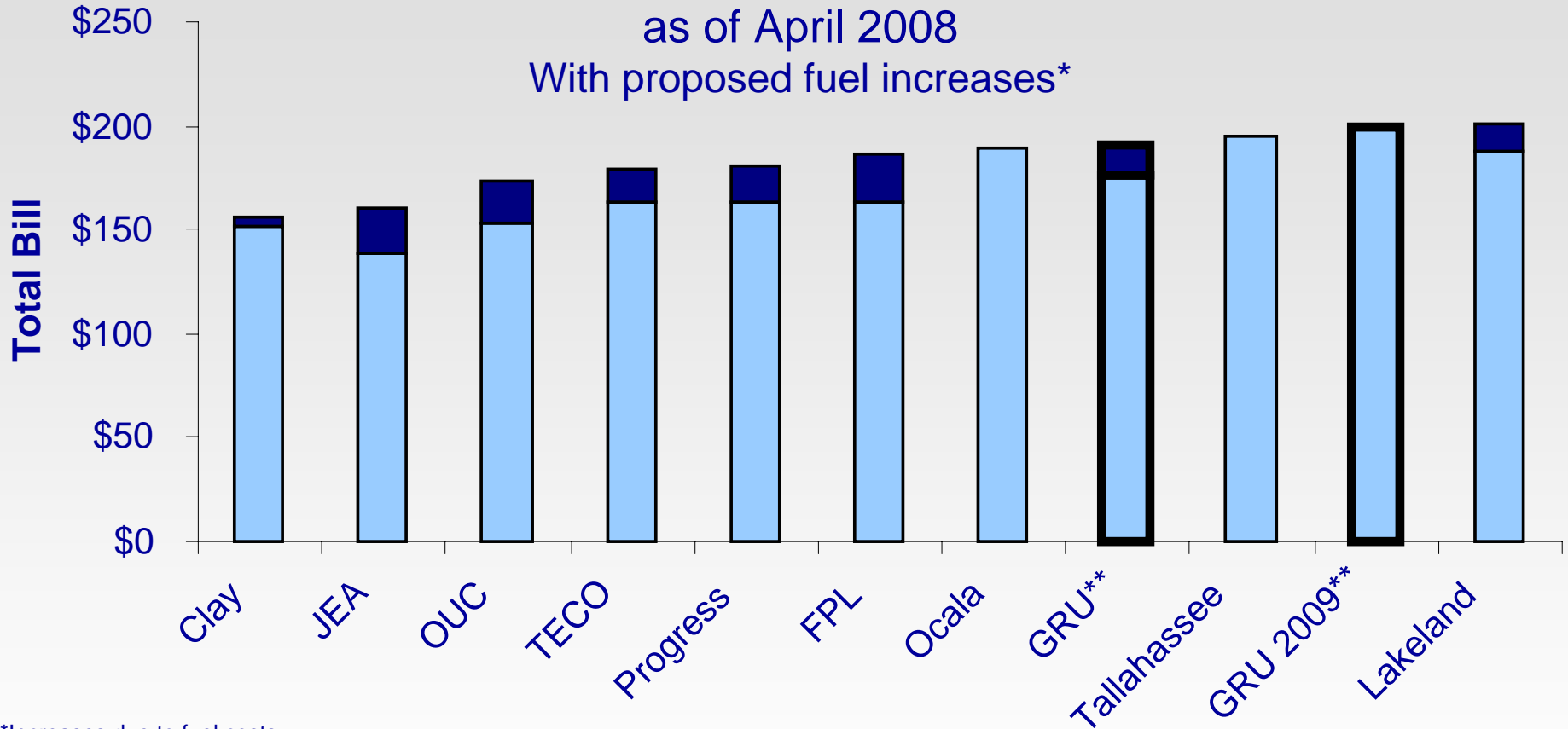
*Includes Business Partner Discount

General Service Non Demand

1,500 KWH

as of April 2008

With proposed fuel increases*



*Increases due to fuel costs:

JEA: New fuel adjustment effective July 1

OUC: Will raise base rate and fuel adjustment October 1

Clay: New fuel adjustment effective June 1

FPL: New fuel adjustment effective August 1 upon PSC approval

Progress: New fuel adjustment effective August 1 upon PSC approval

TECO: Base rate increase May 2009 upon PSC approval

GRU: New fuel adjustment effective July 1

Lakeland: New fuel adjustment effective July 1

Ocala: No change announced

Tallahassee: No change announced



**Includes Business Partner Discount

Electric Rates

General Service Demand

Proposed for FY09

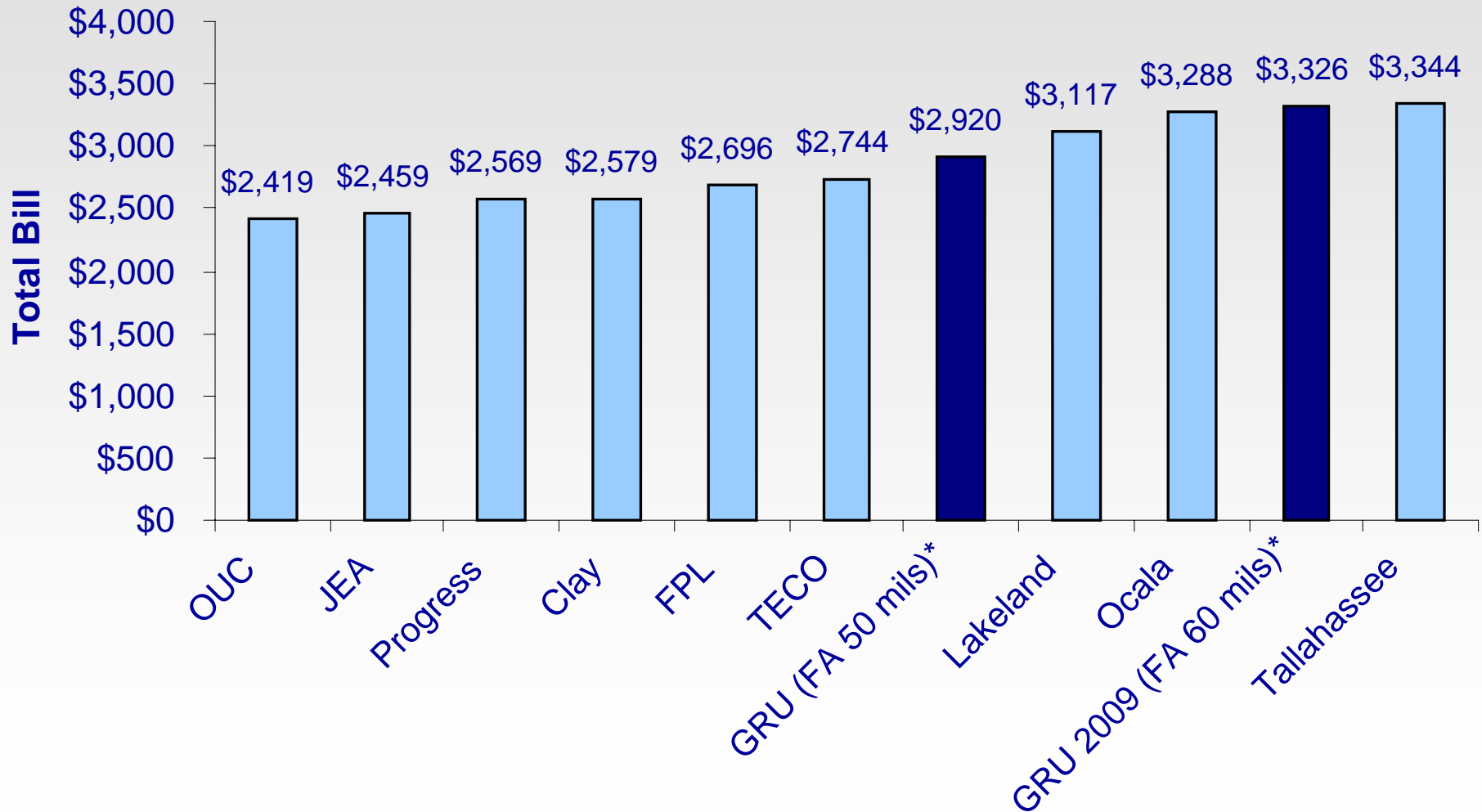
- Monthly Customer charge \$33 to \$45
- Energy charge (¢/kWh) 2.9¢ to 3.2¢
- Demand charge (\$/kW) \$9.00 to \$9.20

GSD Bill	Current July 2008*	Base Change	Proposed 2009 Bill*
30,000 kWh & 75 kW	\$3,220.20	\$105.30	\$3,325.50

*Based on the 60 mil fuel adjustment effective July 1, 2008
Assumes a Business Partner Discount of 10%

General Service Demand

30,000 KWH 75 KW
as of April 2008



Peer utility bills do not reflect any proposed 2009 rate increases

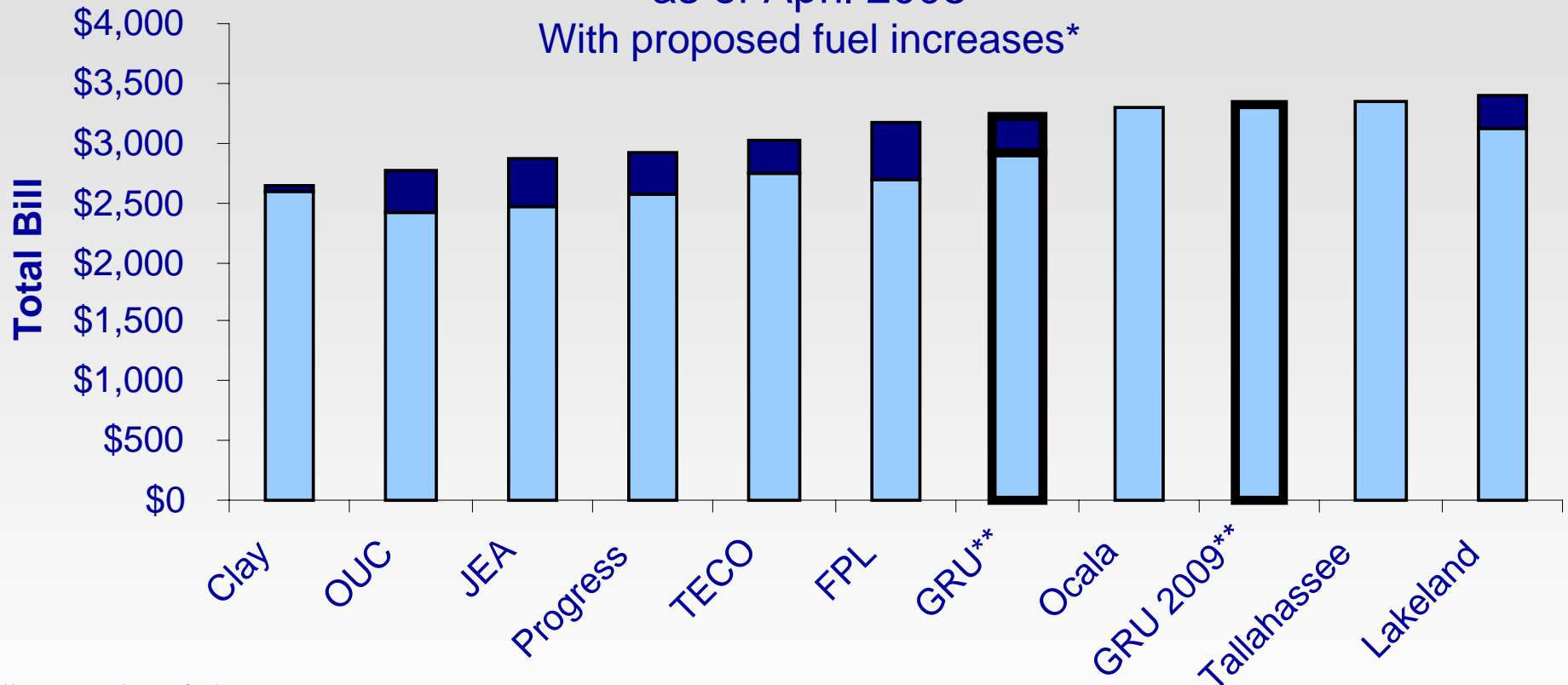
*Includes Business Partner Discount

General Service Demand

30,000 KWH 75 KW

as of April 2008

With proposed fuel increases*



*Increases due to fuel costs:

JEA: New fuel adjustment effective July 1

OUC: Will raise base rate and fuel adjustment October 1

Clay: New fuel adjustment effective June 1

FPL: New fuel adjustment effective August 1 upon PSC approval

Progress: New fuel adjustment effective August 1 upon PSC approval

TECO: Base rate increase May 2009 upon PSC approval

GRU: New fuel adjustment effective July 1

Lakeland: New fuel adjustment effective July 1

Ocala: No change announced

Tallahassee: No change announced



**Includes Business Partner Discount

Electric Rates Large Power Proposed for FY09

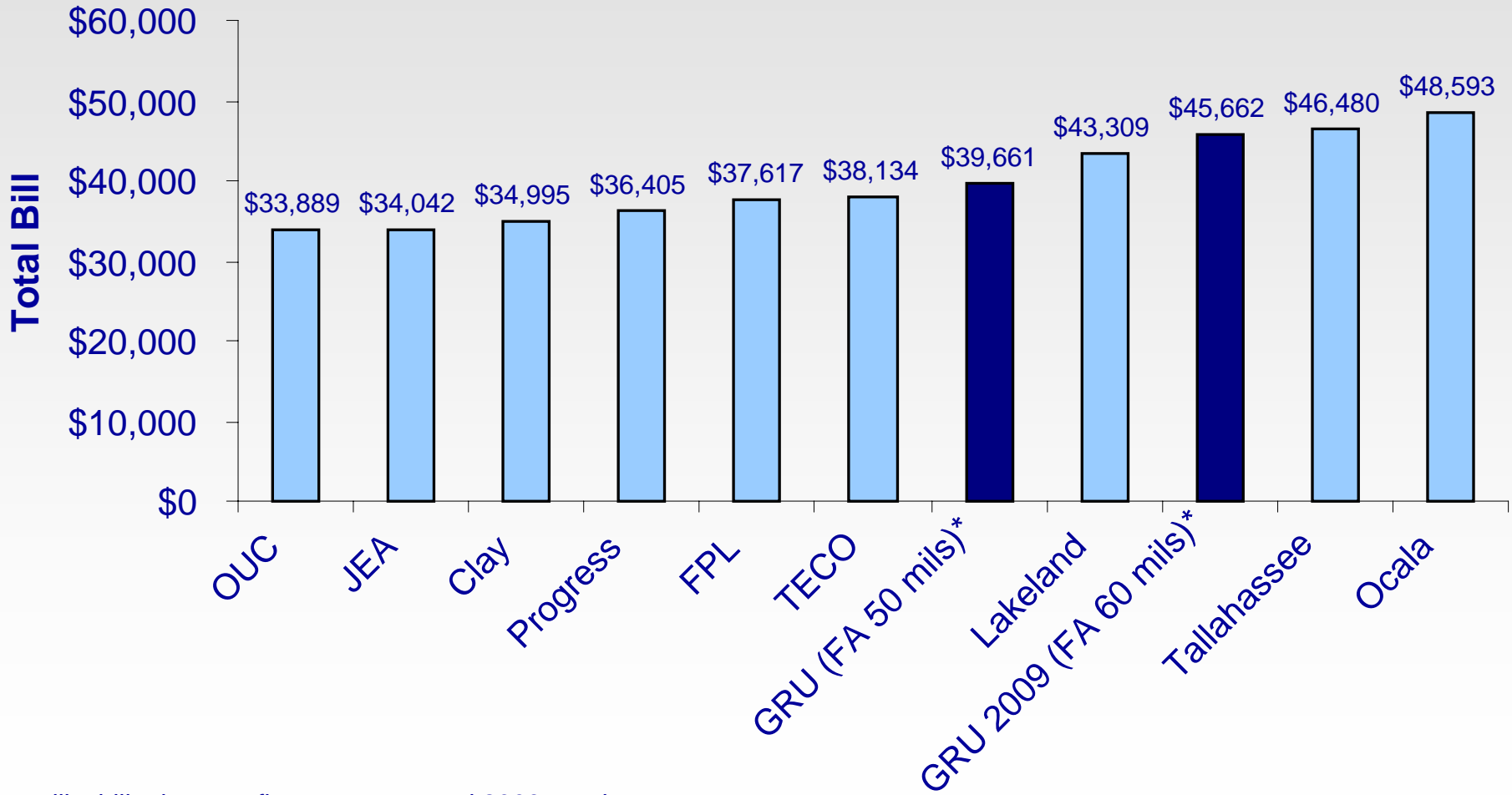
- Monthly Customer charge \$265 to \$300
- Energy charge (¢/kWh) 2.7¢ to 3.1¢
- Demand charge (kW) \$9.00 to \$9.20

	Current	Base	Proposed
Large Power Bill	July 2008*	Change	2009 Bill*
430,000 kWh & 1,000 kW	\$43,961.25	\$1,700.85	\$45,662.10

*Based on the 60 mil fuel adjustment effective July 1, 2008
Assumes a Business Partner Discount of 13%

Large Power

430,000 KWH 1,000 KW
as of April 2008



Peer utility bills do not reflect any proposed 2009 rate increases

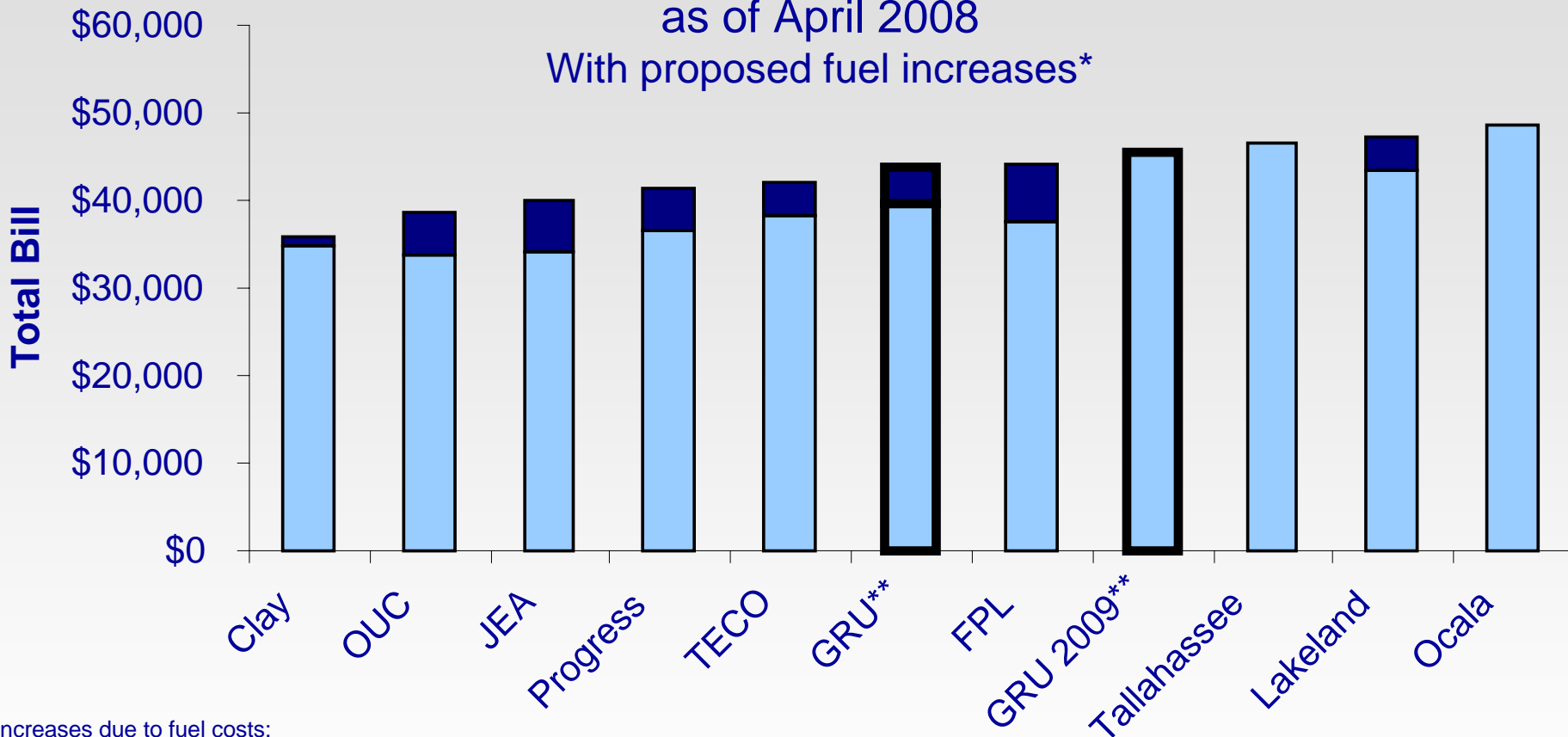
*Includes Business Partner Discount

Large Power

430,000 KWH 1,000 KW

as of April 2008

With proposed fuel increases*



*Increases due to fuel costs:

JEA: New fuel adjustment effective July 1

OUC: Will raise base rate and fuel adjustment October 1

Clay: New fuel adjustment effective June 1

FPL: New fuel adjustment effective August 1 upon PSC approval

Progress: New fuel adjustment effective August 1 upon PSC approval

TECO: Base rate increase May 2009 upon PSC approval

GRU: New fuel adjustment effective July 1

Lakeland: New fuel adjustment effective July 1

Ocala: No change announced

Tallahassee: No change announced

Apr-08 New Increases

**Includes Business Partner Discount

Gas Rate Design

- Set customer charge at cost
- Modify Manufactured Gas Plant Cleanup Cost Recovery factor
- Establish annual calorific (Btu) value
- Revise Purchased Gas Adjustment methodology

Natural Gas Rates Residential Proposed for FY09

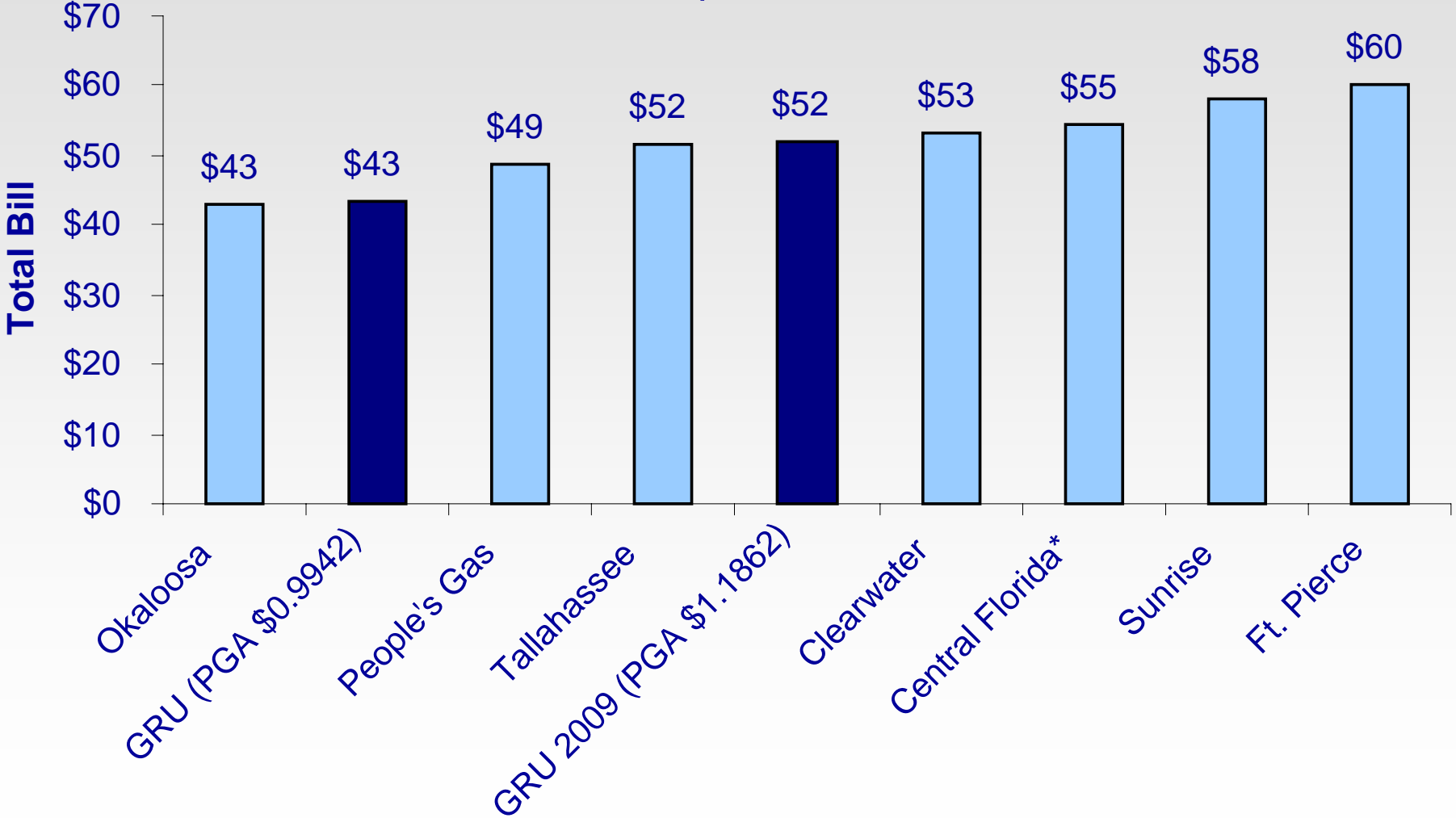
- Monthly Customer charge \$7.15 to \$11.00
- Energy charge (¢/therm) – No Change 42.4¢
- Manufactured Gas Plant Recovery (¢/therm) 3.21¢ to 3.7¢

	Current July 2008*	Base Change	Proposed 2009 Bill*
25 therms	\$48.21	\$3.97	\$52.18

*Based on the \$1.1862 Purchased Gas Adjustment effective July 1, 2008

Residential Natural Gas

25 THERMS
as of April 2008



Peer utility bills do not reflect any proposed 2009 rate increases

*Central Florida rates with GRU PGA

Natural Gas Rates Commercial Proposed for FY09

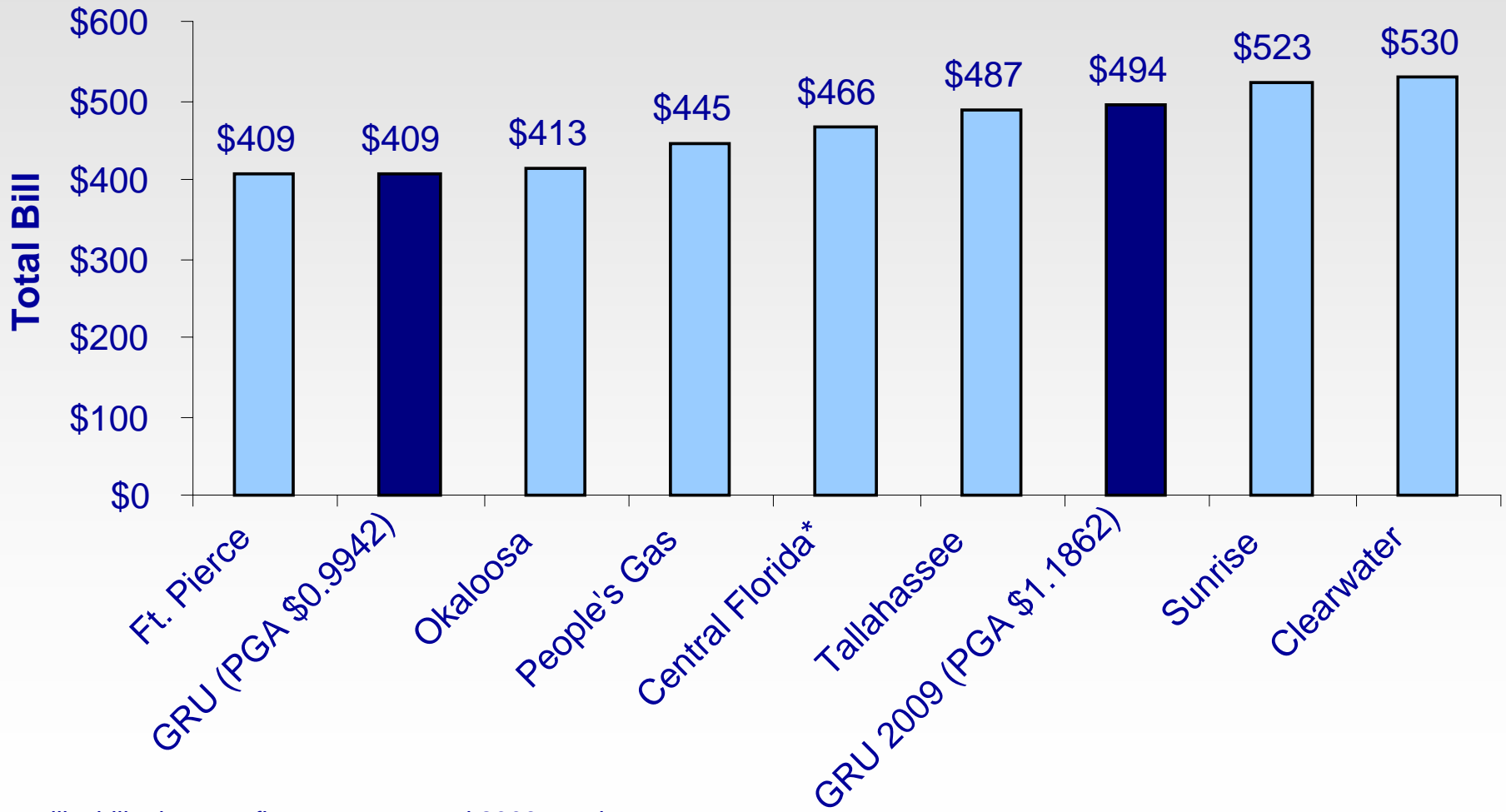
- Monthly Customer charge \$19.89 to \$30.00
- Energy charge (¢/therm) 26.99¢ to 30.8¢
- Manufactured Gas Plant Recovery (¢/therm) 3.21¢ to 3.7¢

	Current July 2008*	Base Change	Proposed 2009 Bill*
300 therms	\$466.35	\$23.01	\$489.36

*Based on the \$1.1862 Purchased Gas Adjustment effective July 1, 2008

Commercial Natural Gas

300 THERMS
as of April 2008

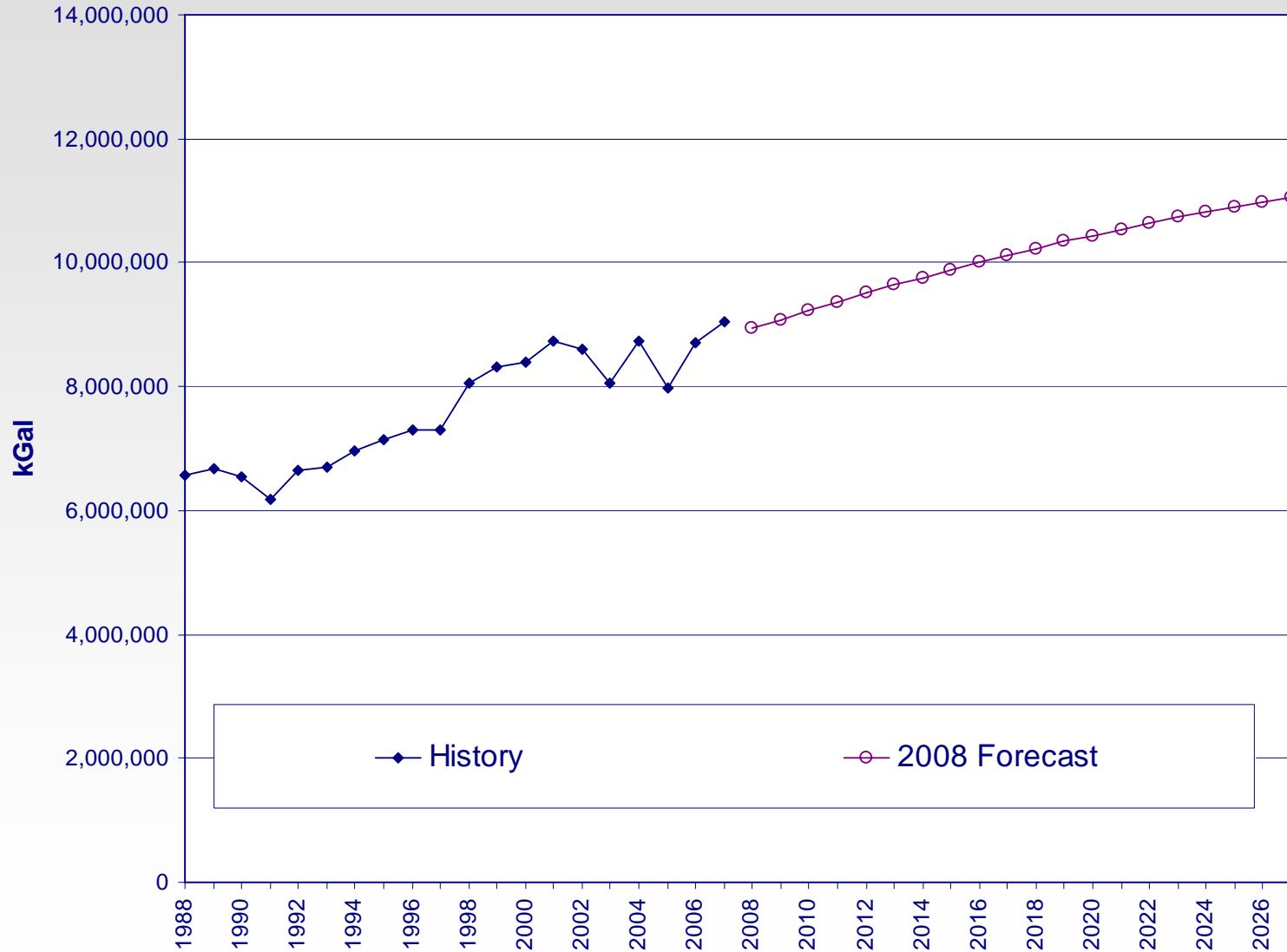


Peer utility bills do not reflect any proposed 2009 rate increases

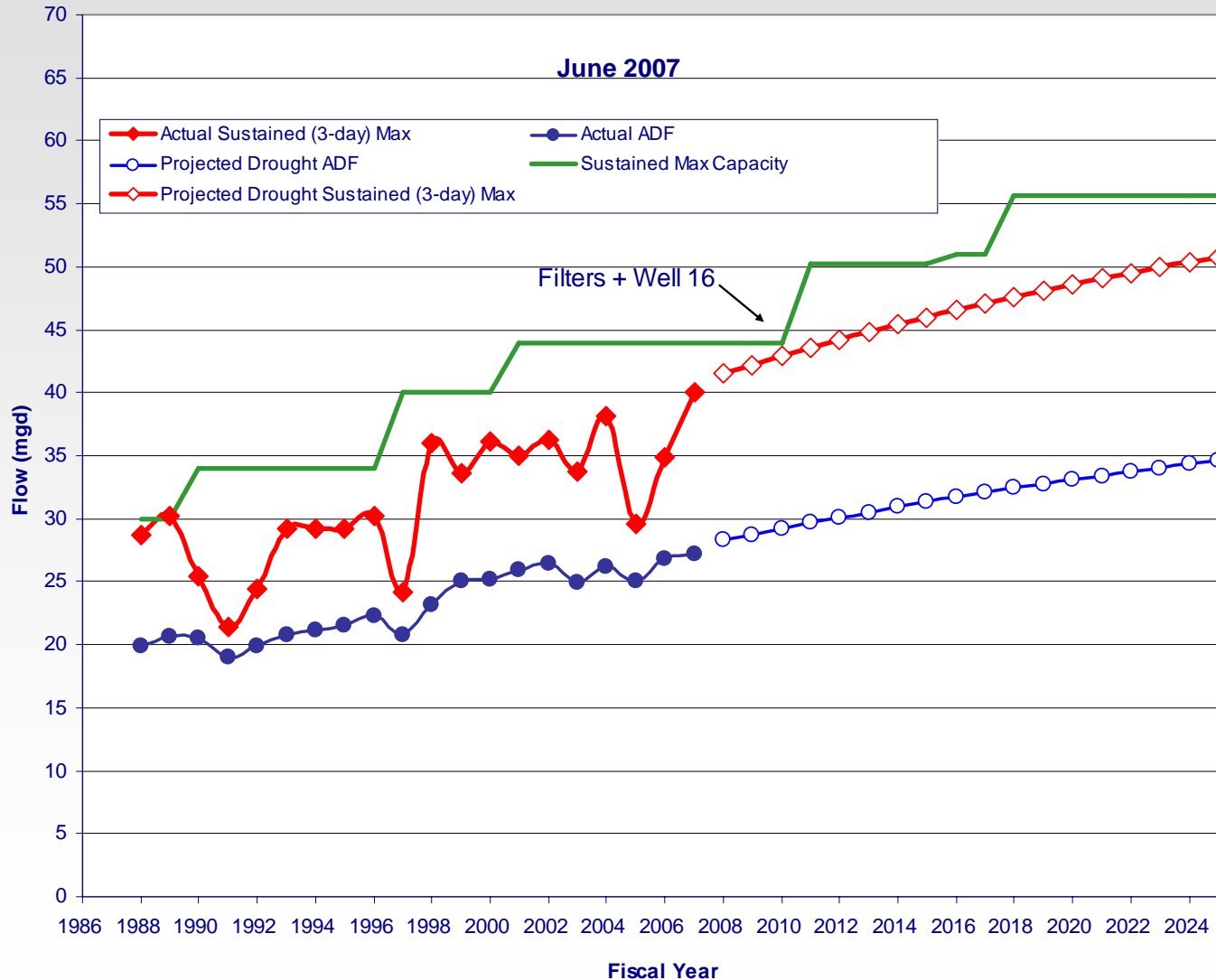
*Central Florida rates with GRU PGA

Water/Wastewater

Total Water Sales



Projected Sustained Maximum Water Demand



Permanent Equipment for New Well

- Well 16
 - \$300,000 – FY09
 - \$650,000 – FY10
 - \$650,000 – FY11
- Increase “drought rated” capacity
- Required to meet increasing peak demands



Filter Addition



- \$2.4 million – FY09
- \$500,000 – FY10
- Final step in softening process
- Ensures water clarity
- Required to meet increasing peak demands

Water Distribution System



- 6,500 foot 36-inch water main
- Improve/maintain pressures throughout the water distribution system

Murphree Staffing

+1 ICE Tech Apprentice

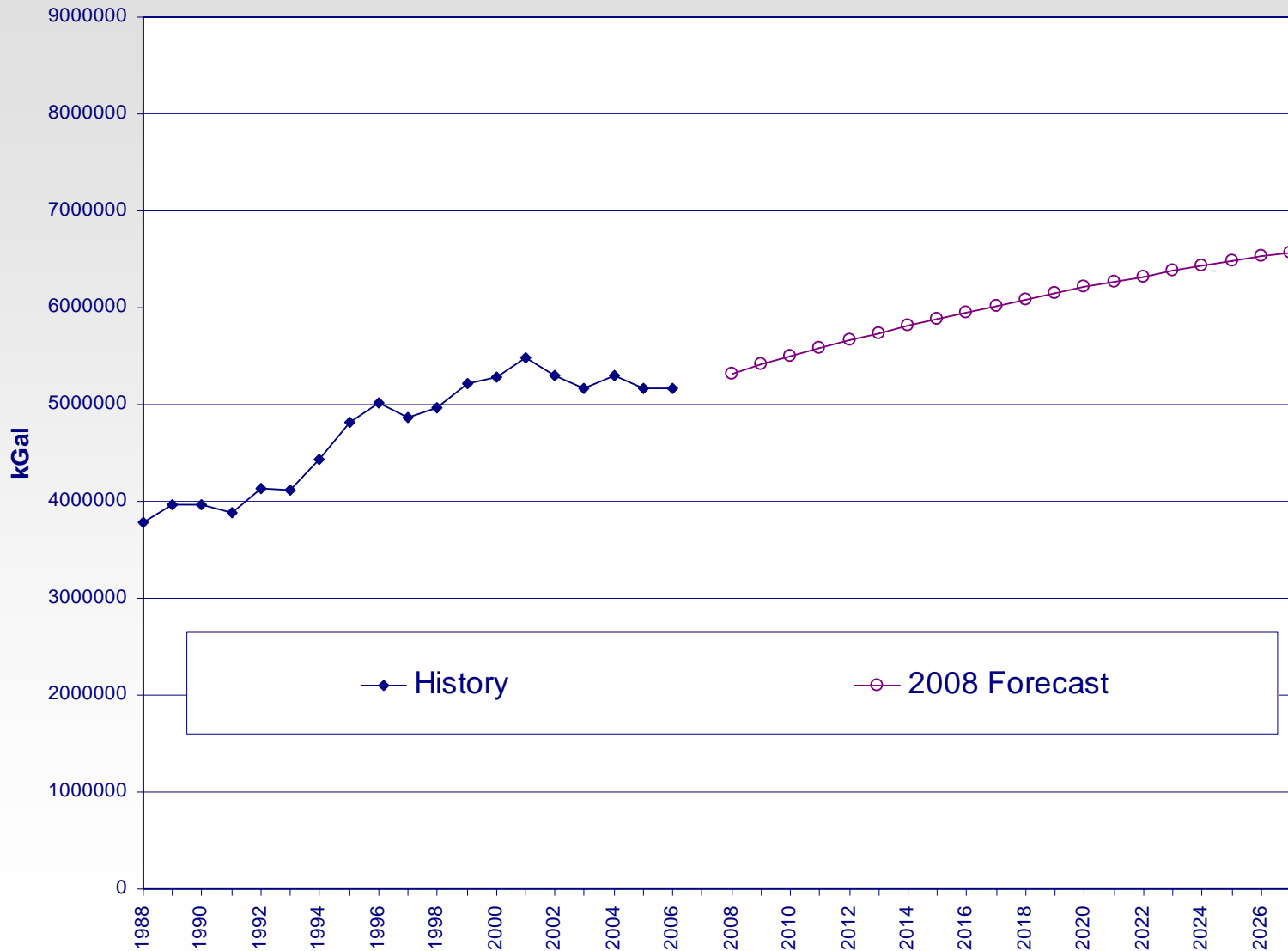
(Instrument/Control/Electrical Apprentice)

- Plant automation has allowed staffing reductions from 24 to 18 employees
- Plant flows and complexity increasing
- Instrumentation/Control/Automation becoming increasingly more important
- Two ICE Techs, rotate standby responsibility
- Both ICE Techs are retirement eligible

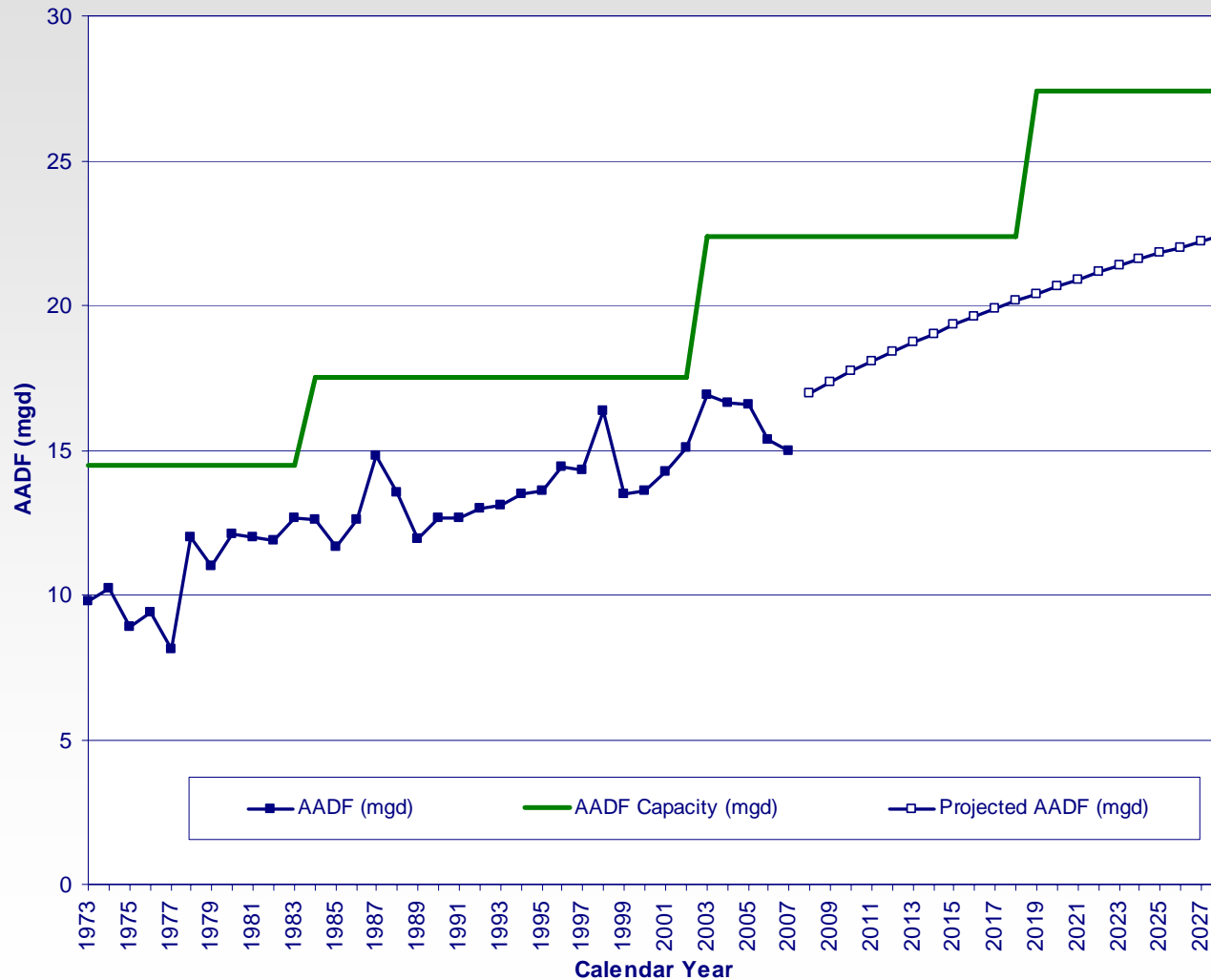
Water Distribution System +1 Service Operator

- Enhance Customer Service
 - Leak repairs
 - Customer response
- Meet Water Meter Replacement Goals
 - Improve meter accuracy
 - Revenue enhancement

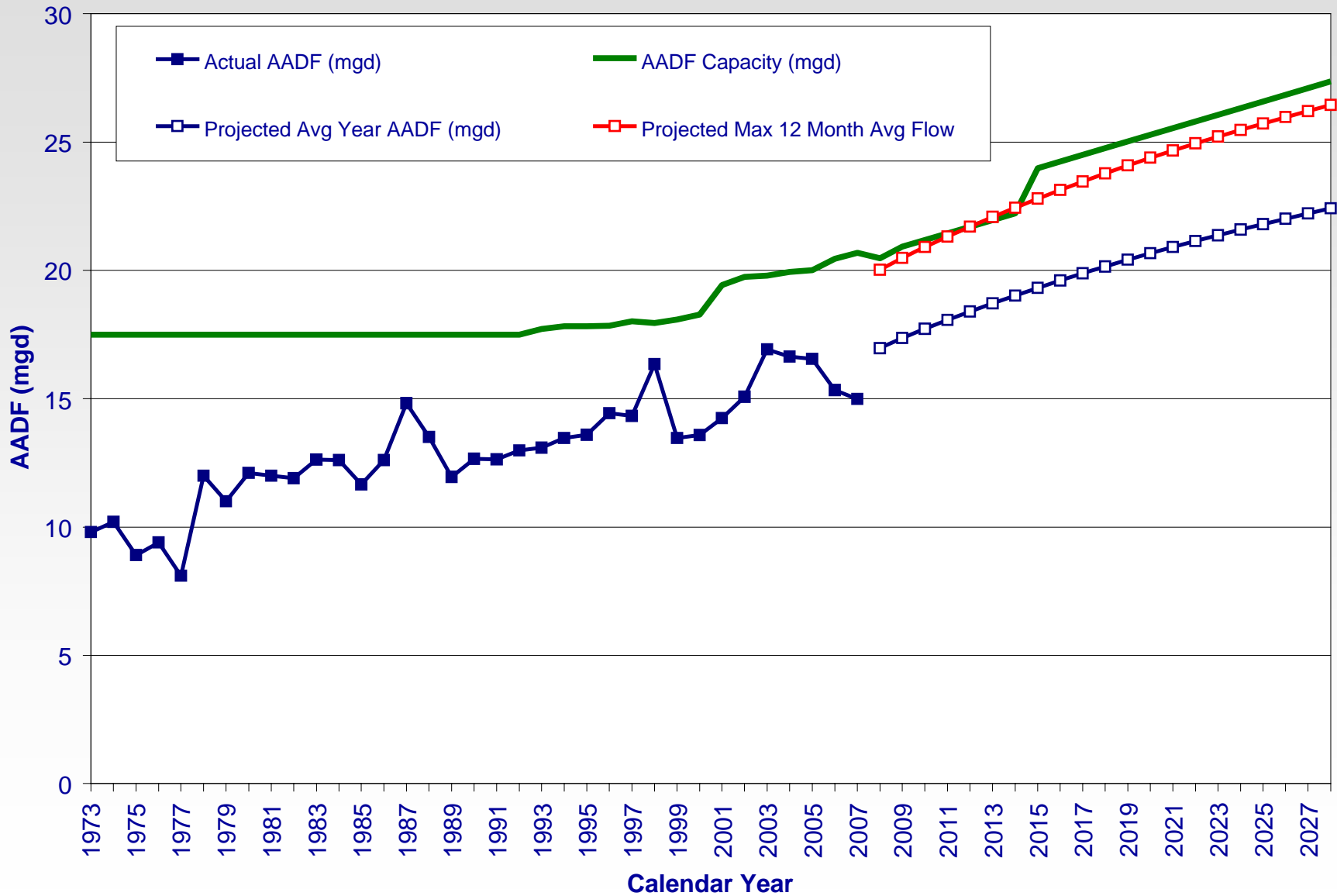
Total Wastewater Sales



Projected Wastewater Average Daily Flow



Projected Wastewater Disposal Capacity



Wastewater Collection System Maintenance



Wastewater Collection System

- \$1.8 million – FY09 to replace or rehab Gravity Sewers, Force Mains and Lift Stations
- Decreases probability of spills



Biosolids

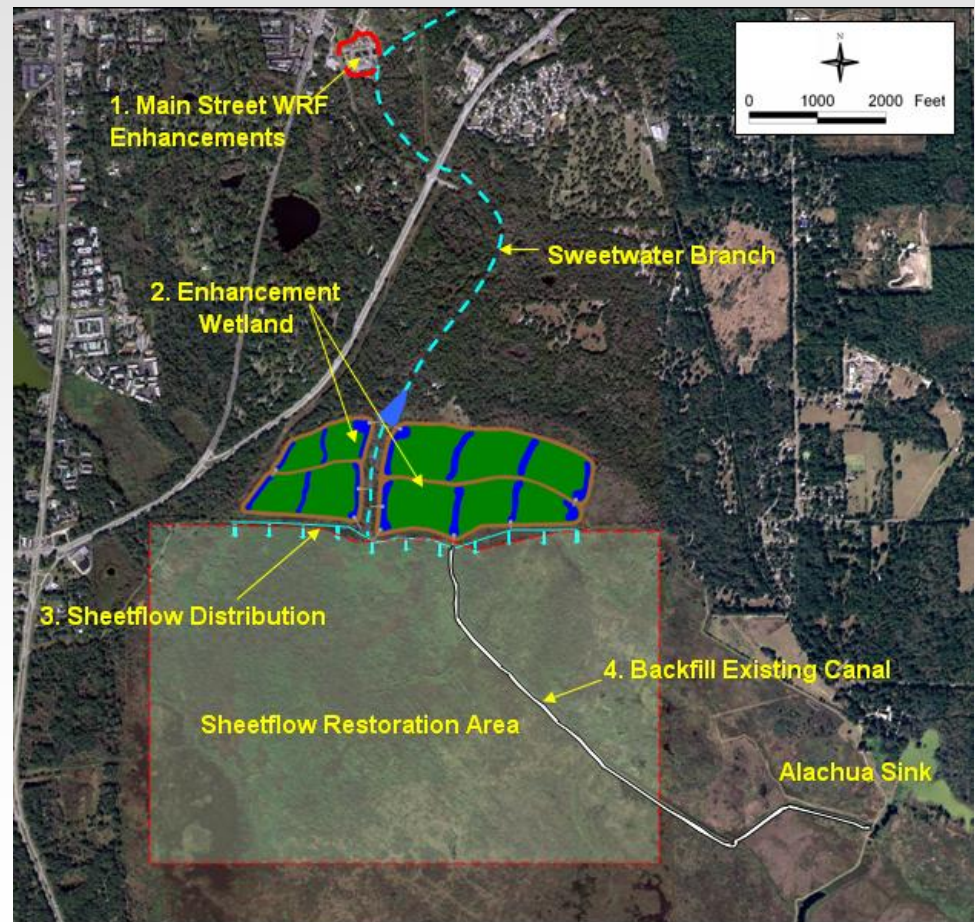


- Environmentally friendly alternative to chemical fertilizer
- Sustainable: recycles valuable nutrients
- Purchase site to ensure continued land application/mitigate risk
 - \$9.5 million – FY09
 - \$2 million – FY10
 - 20 Yr NPV Cost = \$25-\$30 million
- Alternative: Contract Land Application
 - \$6 million – FY10
 - 20 Yr NPV Cost = \$34-\$38 million

Sweetwater Branch/Paynes Prairie Sheetflow Restoration

Project Benefits

1. GRU & City PWD meet Alachua Sink TMDL
2. Restore ~1300 acres of wetlands on Paynes Prairie
3. Public Recreation & Wildlife Habitat
4. Protect Alachua Sink & Floridan Aquifer
5. GRU Cost = \$11.6 million
6. FY09 Expenditure = \$386,000



Water/Wastewater Rates

Water/Wastewater Rate Design

- Encourage reduced water use
- Set monthly customer charge at cost
- Commercial and second tier residential water rate set at system average price
- Revise connection fees
- Modify reclaimed water billing structure
- Update fire hydrant and backflow preventer testing fees

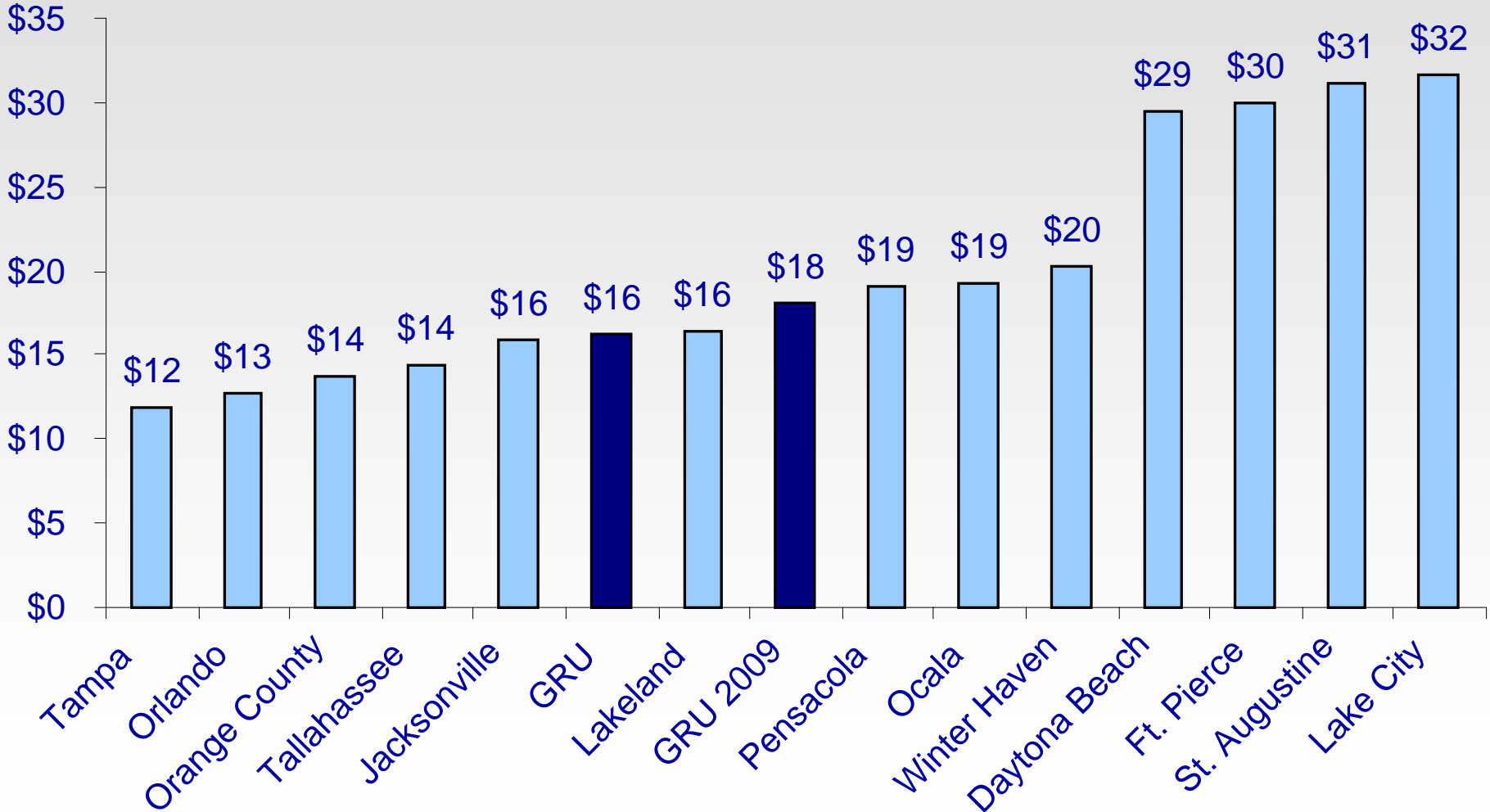
Water Rate Increases Proposed for FY09

Monthly Customer Charge	\$5.35 to \$7.00
Residential Usage (\$/1,000 gallons)	
Tier 1 (0 - 9,000 gallons)	\$1.56 to \$1.59
Tier 2 (10,000 - 24,000)	\$2.82 to \$3.11
Tier 3 (> 25,000 gallons)	\$4.93 to \$5.50
Commercial Usage (\$/1,000 gallons)	\$2.82 to \$3.11

	Current July 2008	Increase	Proposed 2009 Bill
Residential 7 kGal Bill	\$16.27	\$1.86	\$18.13
Commercial 30 kGal Bill	\$89.95	\$10.35	\$100.30

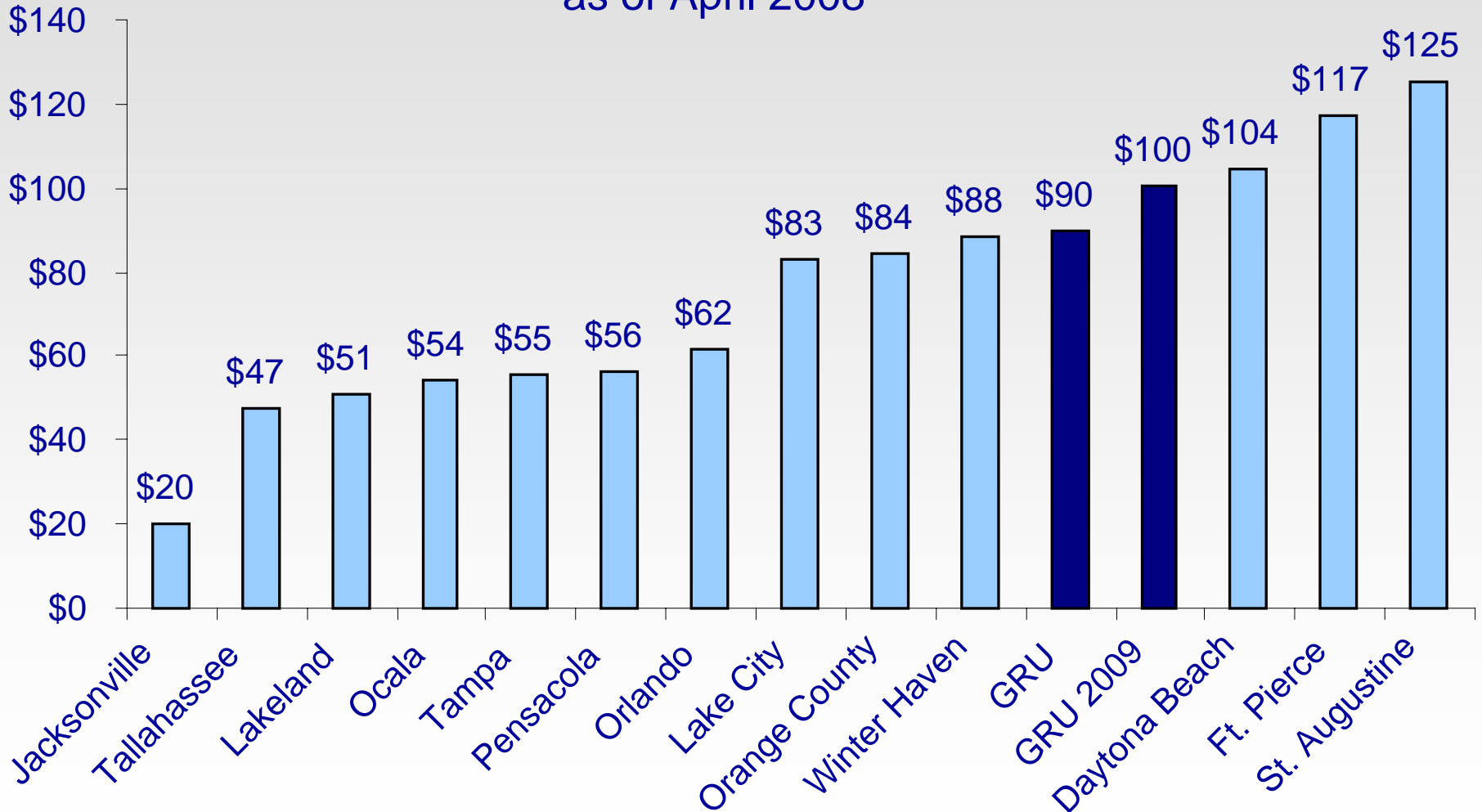
Residential Water

7 KGALS
as of April 2008



Commercial Water

30 KGALS
as of April 2008



Water/Wastewater Connection, Inspection & Tapping Fees

- Connection and Inspection Fees
 - 3.1 percent increase (CPI)
- Bring Tapping Fees up to Cost
 - No changes since 1984

Size	1984 - 2008 Actual	Proposed 2009
2"	\$400	\$770
4"	\$1,200	\$3,870
6"	\$1,350	\$4,170
8"	\$1,500	\$4,830
12"	\$2,100	\$7,690

Wastewater Rate Increases Proposed for FY09

All customers pay same wastewater rate

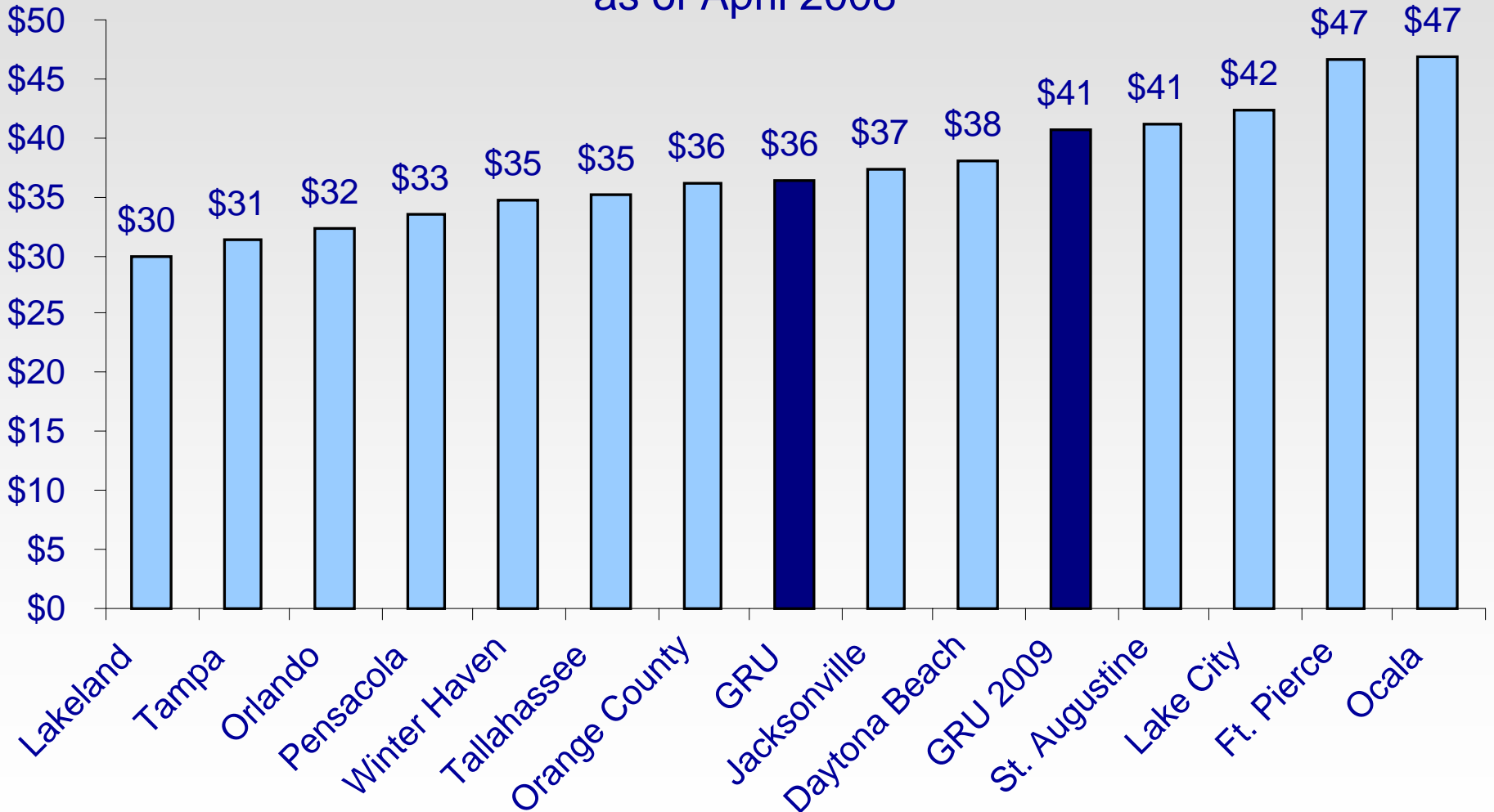
Monthly Customer Charge \$4.00 to \$6.00

Charge per 1,000 Gallons (kGal) \$4.63 to \$4.94

	Current July 2008	Increase	Proposed 2009 Bill
Residential 7 kGal Bill	\$36.41	\$4.17	\$40.58
Commercial 30 kGal Bill	\$142.90	\$11.30	\$154.20

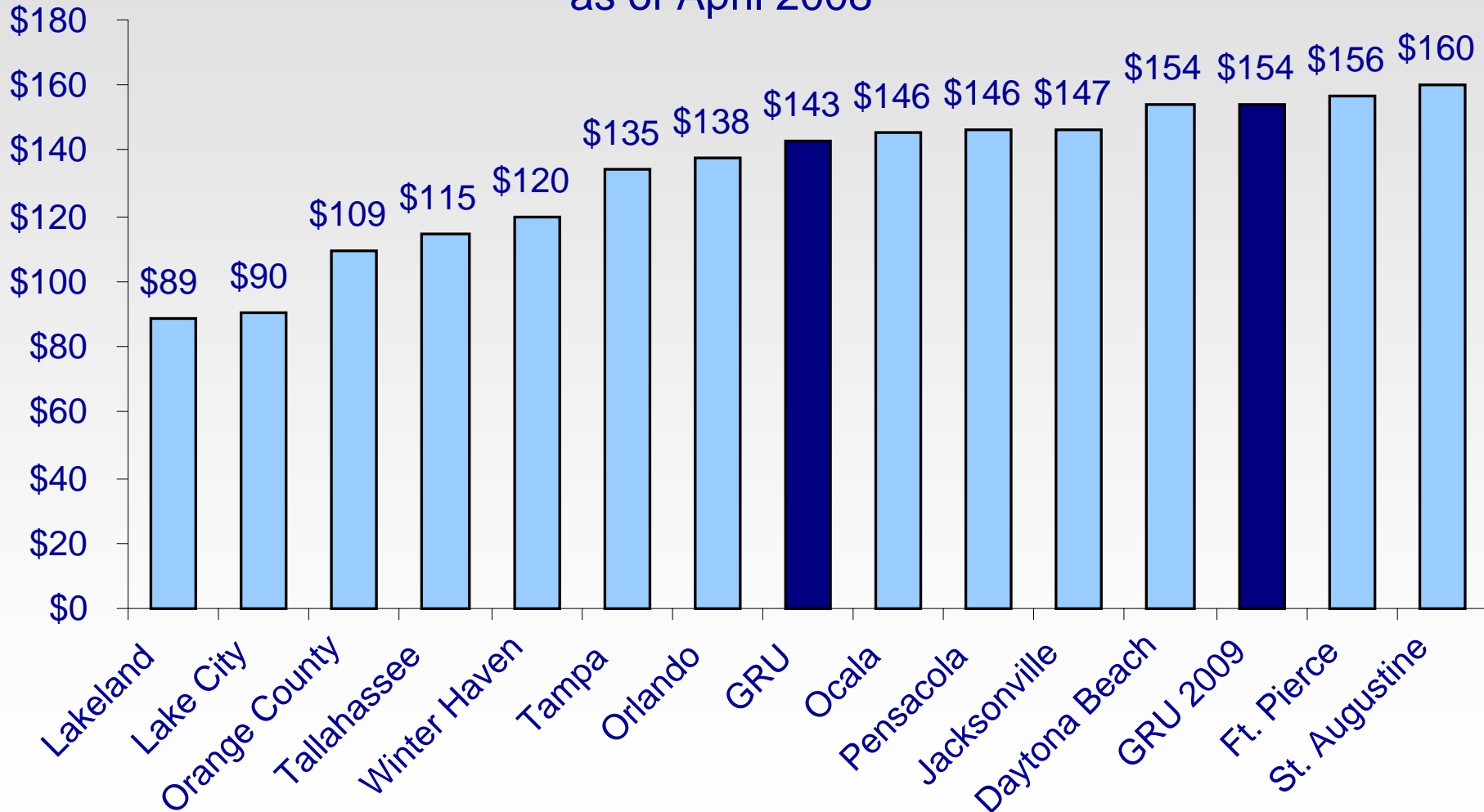
Residential Wastewater

7 KGALS
as of April 2008



Commercial Wastewater

30 KGALS
as of April 2008



Peer utility bills do not reflect any proposed 2009 rate increases

Additional Changes

Reclaimed Water

- Currently \$10 flat fee, unlimited usage
- Proposed Structure and rates:
 - Monthly Customer Charge \$6.00
 - Charge per 1,000 Gallons (kGal) \$0.60

Supported Fire Hydrants (Behind Customer Meter)

- Increase from \$6.82 to \$8.90 per month

Backflow Preventer Testing Fee

- Increase from \$50 to \$70

FY09 Proposed Changes Residential

System	Unit	Current July 2008*	Base Change	Proposed 2009 Bill*
Electricity	1,000 kWh	\$128.54	\$3.06	\$131.60
Natural Gas	25 therms	\$48.21	\$3.97	\$52.18
Water	7 kGals	\$16.27	\$1.86	\$18.13
Wastewater	7 kGals	\$36.41	\$4.17	\$40.58
Total		\$229.43	\$13.06	\$242.49

*Electricity based on the 60 mil fuel adjustment effective July 1, 2008

Natural Gas based on the \$1.1862 purchased gas adjustment effective July 1, 2008

Conservation

Customer Support Services

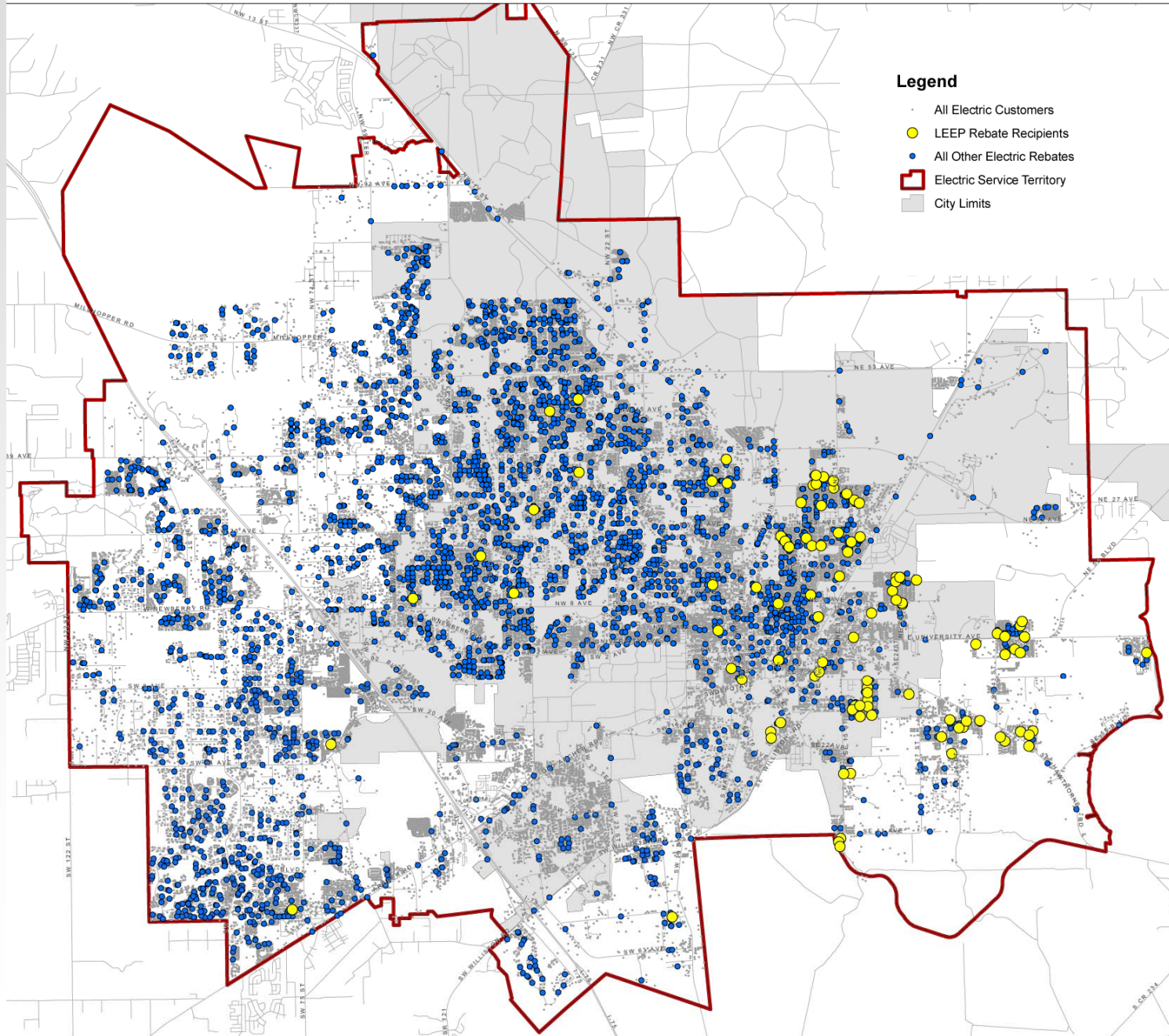
- Help minimize impact of price increases while maintaining adequate service levels
- Fund conservation at current level with increases proposed in FY10
- Recommend drop in late fee on unpaid balances from 2 to 1.5 percent
- Add two FTE
 - New Services
 - GRUCom



Conservation Programs

- Low Interest Loan
- Added Insulation
- Central Air Conditioner Maintenance
- Duct Leak Repair
- Energy Star® for Affordable Housing
- Heat Recovery Unit
- High Efficiency Central AC
- Super Seer Central AC
- High Efficiency Room AC
- LEEP (Low Income Energy Efficiency Program)
- Reflective Roof Coating for Mobile Homes
- Refrigerator Buyback and Recycling
- Compact Fluorescent Lamp (CFL)
- Irrigation Maintenance and Rain Sensor
- Home Performance with ENERGY STAR®
- Pool Pump
- Solar Electric (PV) System Rebate Program
- Solar Water Heating Rebate Program
- Business Customized Rebate
- Exit Sign Replacement
- Smart Vendor
- Business Lighting
- Energy Surveys
- Natural Gas Water Heater
- Tankless Natural Gas Water Heater
- Natural Gas Central Heat
- Natural Gas Range and Dryer
- Online Energy Survey

Electric Rebates Issued Oct. 2006 through April 2008 - by Service Location



Conservation Targets & Programs Budget

	FY08	FY09	FY10	Total 08/10
Demand Target	3.2 MW	3.3 MW	3.9 MW	10.3 MW
Energy Target	17,005 MWh	18,832 MWh	22,435 MWh	58,272 MWh
Budget	*\$3.51 million	*\$3.51 million	*\$4.25 million	*\$11.27 million

*Does not include labor, vehicle or administrative allocation

Conservation Program Funding

	FY09	FY10
Residential	\$1.4 million	\$1.9 million
Commercial	\$1.6 million	\$1.9 million
Community Based	* \$0.5 million	*\$0.5 million

*Programs do not meet Total Resource Cost (TRC)

Customer Program Updates

- New Efforts with Partnering Contractors
 - Natural Gas
 - Pool Pump
 - Irrigation
 - Solar
- Customized Business →
- LEEP
 - 150 completed
 - 114 next year
- Green Building



Before Energy Efficient Lighting



After Energy Efficient Lighting

BEST SYMPOSIUM AGENDA

DAY 1 – JULY 9 • 9:00-4:00

(Class and Certification Test) @ GRU - Multi Purpose Room

All Day - Florida Green Home Designation Certification

- Offered by the Florida Solar Energy Center (FSEC) – Eric Martin, Senior Research Engineer in the Buildings Research Division

(Lunch provided by GRU)

DAY 2 – JULY 10 • 9:00-5:00

(Continental Breakfast provided by GRU – Best Western) 8:15-9:00

Introductory Speaker – Rob Hink, LEED AP, USGBC South Florida Chapter President 9:00-9:30

Morning Session – An Overview of LEED in Gainesville and Other Florida Cities

- Moderator – Amy Carpus, GRU
- Speaker – Bahar Armaghani, LEED AP, USGBC Heart of Florida Chapter President 9:35-10:10
- Speaker – Alison Cox, Residential Contractor and David Miller, President, The Brice Group 10:15-10:55
- Break 11:00-11:15
- Speaker – Dr. Pierce Jones, Director, UF Program for Resource Efficient Communities 11:15-11:50
- Speaker – Mary Alford, M.E., Commercial & Residential Energy Rater, LEED AP 11:55 - 12:30

Customer Program Updates

- Heat Recovery - eliminate
- Residential Surveys – eliminate
- Regulation - ongoing
- Measurement and Verification - underway

Facilities Update



- Exit signs have been replaced with Light Emitting Diode (LED) exit signs
- Smart Vendor devices on drink vending machines
- Traffic light retrofit to energy efficient LED lighting
- \$900,000 of energy upgrades over the next two years at the Administration Building
 - Results in a 7-9 year investment payback

Solar Update

- Solar photovoltaic (electric)
 - Over 253 kW installed in FY07 & 08
 - \$374,000 in rebates
 - Comparing results against the state
 - Over 17 percent of solar electric rebates from the state
 - GRU customers represent only 1 percent of state's population
- Solar thermal (water heating)
 - 91 installed between FY96 & 06
 - 53 installed in FY07 & 08
- 250 kW parking lot project with Wal-Mart
- Working with local business leaders to install 14 new systems (300+ kW)
- Net metering to begin October 2008 pending CC approval



Next Budget Meeting

July 21, 2008

- Discuss
 - Time-of Use Rates
 - Purchase Gas Adjustment
 - Calorific
- Rate change timeline reminder
 - September 1, 2008 – Revised electric rate tariffs filed with Public Service Commission (PSC)
 - September 8, 2008 – First Ordinance Reading
 - September 22, 2008 – Final Ordinance Reading
 - October 1, 2008 – Approved rates go into effect

QUESTIONS?