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February 11, 2013

Ms. Diane Wilson, Managing Utility Analyst
Gainesville Regional Utilities
PO Box 147051 Station A110
Gainesville, FL 32614-7051

Dear Ms. Wilson:

Enclosed is the wastewater rate study prepared for Gainesville Regional Utilities (GRU) for the test year ending September 30, 2013.

Based on this study, revenue from present water rates is \$312,408 less than utility costs for fiscal year 2013. This difference represents 0.97% of revenue at present rates. Baker Tilly calculated the revenue required using the utility basis with a 5.34% return on utility net investment rate base.

As detailed on page 10, the 5.34% rate of return corresponds to a 7.45% return on equity. In recent decisions, the Florida Public Service Commission authorized returns on equity between 9.67% and 10.51% for investor owned utilities. An equivalent return on equity for Gainesville Regional Utilities is between 6.29% and 6.83%. A lower return for GRU is equivalent to a higher return for an investor owned utility because GRU does not pay income tax. Baker Tilly estimates that income tax reduces the return on rate base by one third for an investor owned utility. Circumstances unique to GRU could justify a return on equity outside this range.

Baker Tilly finds that overall revenue at present rates is reasonably close to the calculated cost of service. However, differences exist between revenue at present rates and the calculated cost of service for individual customer classes. Ideally, GRU should perform a number of rate studies over time while making small rate changes in the direction of the cost of service.

Please call me at 608 240 2361 or email russ.hissom@bakertilly.com to discuss anything contained in the study. Thank you for the opportunity to work with you on this project. We appreciate the effort GRU staff put into making information available for this study.

Sincerely,

BAKER TILLY VIRCHOW KRAUSE, LLP

Russell A. Hissom, CPA, Partner

Enclosures

GAINESVILLE REGIONAL UTILITIES

FORECASTED WASTEWATER REVENUE REQUIREMENT,
COST OF SERVICE, AND RATE DESIGN

Prepared as of
November 12, 2012

GAINESVILLE REGIONAL UTILITIES

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GAINESVILLE REGIONAL UTILITIES

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ACCOUNTANTS' COMPILATION REPORT

Gainesville Regional Utilities
Gainesville, Florida

We have compiled the accompanying forecasted schedules as identified in the table of contents of the Gainesville Regional Utilities for the years ending September 30, 2012 and 2013, in accordance with attestation standards established by the American Institute of Certified Public Accountants.

The accompanying schedules present, to the best of management's knowledge and belief, the results of wastewater operations of the Gainesville Regional Utilities for the forecast period. This report was prepared to help GRU establish wastewater rates and should not be used for any other purposes. It is not intended to be a forecast of financial position, changes in net assets, or cash flows in accordance with generally accepted accounting principles.

As disclosed in the Summary of Significant Accounting Policies, in some instances, these forecasted schedules include departures from generally accepted accounting principles. The effect of those departures has not been determined.

A compilation is limited to presenting, in the form of a forecast, information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying statements or assumptions. Furthermore, there will usually be differences between the forecast and actual results since some assumptions inevitably will not materialize and unanticipated events and circumstances may occur, and the variations may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

We have also compiled the summarized historical financial information presented with the forecast for comparative purposes which was taken from the audited financial statements for the years ended September 30, 2009 through September 30, 2011. We have not audited these financial statements.

Management is responsible for the preparation and fair presentation of the historical information and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the historical financial information.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of historical information without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial information.

This report is intended solely for the information and use of Gainesville Regional Utility management and is not intended to be, and should not be, used by anyone other than the specified parties.

Baker Tilly Virchow Krause, LLP
Madison, Wisconsin
November 12, 2012

GAINESVILLE REGIONAL UTILITIES

EXECUTIVE SUMMARY

INTRODUCTION

The Gainesville Regional Utilities retained Baker Tilly Virchow Krause, LLP (Baker Tilly) to forecast the revenue requirement for fiscal year 2013, analyze cost of service, and design wastewater rates.

Baker Tilly used the utility basis to develop the revenue requirement. The major steps in the rate study are summarized below.

REVENUE REQUIREMENT

Baker Tilly forecasted costs, sales, and revenues for fiscal year 2013. Baker Tilly based the forecast on GRU's budget for fiscal year 2013 and historical trends. Forecasted fiscal year 2013 revenue at present rates falls short of fiscal year 2013 forecasted costs by \$312,408. This small variance indicates that the overall level of current rates is reasonable and appropriate.

	Forecasted Revenue Requirement	
Revenue from Rates	\$	32,151,895
Expenses		
Operation and Maintenance		15,434,312
Depreciation		8,096,231
Transfer to the General Fund		7,770,189
Return on Rate Base		8,106,396
Less Other Revenues		(6,942,825)
		<hr/>
		32,464,303
Rate Increase Required	\$	<hr/> <hr/> 312,408

GAINESVILLE REGIONAL UTILITIES

EXECUTIVE SUMMARY (cont.)

COST OF SERVICE

After identifying the revenue needed, Baker Tilly allocated responsibility for the revenue to the cost functions. Cost functions are the different services provided by the utility for which it incurs costs. The process of allocating costs to different functions is called a cost of service study. The following table presents the cost of service by cost function.

Cost Function	FY13 Forecasted Cost of Service
Customer Costs	\$ 10,400,049
Volume Costs	14,458,104
Reclaimed Water Costs	354,572
Chemical Oxygen Demand Costs	3,009,311
Suspended Solids Costs	2,326,117
Phosphorus Costs	1,112,109
Ammonia Costs	804,041
Total Cost of Service	\$ 32,464,303

The table below shows the percent change required by customer class. Customer classes showing a negative percentage change are those with revenue at present rates in excess of allocated costs.

Customer Class	FY13 Difference Between Revenue and Allocated Costs
Residential	4.9%
Non-Residential	(12.9%)
Reclaimed Water Service	115.8%
High Strength	(22.1%)

GAINESVILLE REGIONAL UTILITIES

EXECUTIVE SUMMARY (cont.)

RATE DESIGN

The cost of service analysis indicates that forecasted revenues are less than forecasted costs. GRU can adjust rates for specific classes to match costs to revenues for individual classes. We designed rates to match the cost of service results as much as possible. In changing rates, GRU should seek to avoid rate shock and honor contractual obligations while moving rates toward the cost of service.

The wastewater rate structure consists of a customer charge and a volume charge, which includes the assumed normal residential pollutant strength. For wastewater exceeding the assumed domestic strength, Baker Tilly developed high strength rates based on the pollutant loadings in pounds.

- > Chemical oxygen demand, abbreviated COD in the study
- > Suspended solids, abbreviated SS in the study
- > Phosphorus, abbreviated Phos in the study
- > Ammonia, abbreviated NH3 in the study

We designed rates to match the revenue recovered from each class to the cost of service. The results are summarized below.

<u>Rate</u>	<u>Current Rate</u>	<u>Cost Based Rate</u>
Volume Rate per 1,000 Gallons	\$ 5.50	\$ 4.53
Customer Charge	7.40	13.68
Reclaimed Rate per 1,000 Gallons	0.60	1.38
COD per Pound	*	0.20
SS per Pound	*	0.23
Phos per Pound	*	1.85
NH3 per Pound	*	0.50

* Current high strength charges are based on the domestic strength volume rate times the ratio of the sampled concentration to the domestic strength concentration. Baker Tilly recommends high strength charges based on pounds of loading, which is calculated from volume and concentration.

GAINESVILLE REGIONAL UTILITIES

EXECUTIVE SUMMARY (cont.)

WINTER MAX OPTIONS

Outdoor water use is not treated at the wastewater plant, so is reasonable to not apply wastewater rates to this volume. Since the volume of outdoor use is not measured directly, GRU assumes that customers only use water indoors during January and February. GRU defines the higher of January and February as the winter max. Use in March through December in excess of the winter max level is assumed to not flow to the wastewater plant. This is a reasonable method for estimating outdoor use.

For nonresidential customers, GRU currently bills wastewater on only a portion of water consumption. This assumes a uniform percentage of outdoor use for all nonresidential customers throughout the year.

Baker Tilly identified possible alternative methods for estimating outdoor water use.

Alternative	Advantage	Disadvantage
January February maximum	Reasonable, consistent with current practice	Makes wastewater billing dependent on fluctuations during a small part of the year
January February average	Reasonable, may even out short term fluctuations by averaging over two months	Lower estimate of indoor water use reduces the units for which GRU bills
January through March maximum	Higher estimate of indoor water use increases the units for which GRU bills	Meter readings late in March may include outdoor water use
January through March average	Produces stable estimate less prone to short term fluctuations	May include late march outdoor water use, but this is averaged with lower use in January and February
No adjustment for outdoor use	Simplifies wastewater billing	May be unfair to some customers with heavy outdoor water use

GAINESVILLE REGIONAL UTILITIES

SUMMARY OF SIGNIFICANT ASSUMPTIONS

INTRODUCTION

This section discusses the procedures and assumptions used to prepare this wastewater rate study report for Gainesville.

The financial forecast presents, to the best of the Gainesville management's knowledge and belief, the expected results of wastewater utility operations for the forecast period. Accordingly, the forecast reflects its judgment as of November 12, 2012, the date of this forecast, of the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecast. There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Baker Tilly adjusted the test year, fiscal 2013, to reflect a normal year. However, this rate study does not account for changes to costs or revenues which occur outside of fiscal 2013. GRU management should consider changes expected beyond the test year before revising rates. Ideally, GRU should review a number of rate studies over time and revise rates in light of consistent patterns.

FORECASTED OPERATIONS AND MAINTENANCE EXPENSES

Forecasted expenses were based on Gainesville's wastewater budget for fiscal year 2013 and past trends. Management indicated that there are no significant, one-time items in the fiscal year 2013 budget that require normalization.

Operations and maintenance expenses for fiscal year 2013 are forecasted to increase from the historical average, which is consistent with increasing utility costs.

FORECASTED REVENUES

Volume sales recorded in the Gainesville's billing system from October 2010 through September 2011 was multiplied by current Gainesville wastewater rates to recalculate revenues. The recalculated revenue was compared to actual revenues in Gainesville's financial records, and the difference was within three percent.

Baker Tilly forecasted volume sales and customer counts in fiscal year 2013 based on forecasts by GRU management and historical trends. Compared to fiscal year 2011, GRU is forecasted to add residential and non-residential customers and to receive slightly more wastewater. Improvements in water efficiency may be enough to offset the forecasted increase in customers. Baker Tilly assumes that sales are inelastic and do not respond to increases or decreases in rates.

FORECASTED PLANT ADDITIONS AND RETIREMENTS

Baker Tilly forecasted additions to plant in service for fiscal years 2012 and 2013 based on the revised six year capital budget prepared by GRU management. To forecast retirements, Baker Tilly averaged 2010 and 2011 retirements.

GAINESVILLE REGIONAL UTILITIES

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The statements below are required by the American Institute of Certified Public Accountants for the preparation of a financial forecast in this report.

REVENUE RECOGNITION

Wastewater revenues are recorded for service rendered based on meter readings, with billings made to customers monthly.

EXPENSES

Historical operation and maintenance expenses and the forecasted fiscal year 2013 expenses are reported on an accrual basis.

PLANT

Additions to and replacement of utility plant are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. The cost of property replaced, retired, or otherwise disposed of is deducted from plant accounts.

DEPRECIATION

Depreciation is computed using straight-line rates applied to the average plant investment balances. Depreciation for the study was determined by the Comprehensive Depreciation Study from October 2011 performed by Burns & McDonnell.

REVENUE REQUIREMENT FORECAST

Gainesville Regional Utilities
Wastewater Rate Study Report
Revenue Requirement Summary

	Forecasted 2013
Revenue	
Revenue from Rates	\$ 32,151,895
Other Revenues - Connection Charges	1,924,560
Other Revenues - Surcharges	2,348,765
Other Revenues - Interest Income	223,693
Other Revenues - BABs Subsidy	1,009,614
Other Revenues - Rate Stabilization Transfer	1,338,392
Other Revenues - Shands and Innovation Square	<u>97,801</u>
Total Revenue	39,094,720
Expenses	
Operations and Maintenance	15,434,312
Depreciation	8,096,231
Transfer to the General Fund	<u>7,770,189</u>
Total Expenses	31,300,732
Net Income	7,793,988
Net Investment Rate Base	
Plant in Service	268,710,395
Accumulated Depreciation	<u>(116,814,262)</u>
Total Rate Base	151,896,133
Forecasted Return on Rate Base (Net Income above)	7,793,988
Target Return on Rate Base	8,106,396
Rate Increase Required	<u>\$ 312,408</u>

Gainesville Regional Utilities
Wastewater Rate Study Report
Cash Flow Forecast

	Forecasted 2013 at Present Rates	Forecasted 2013 with Rate Increase
Sources of Cash		
Revenue from Rates	\$ 32,151,895	\$ 32,467,498
Other Revenues - Connection Charges	1,924,560	1,924,560
Other Revenues - Surcharges	2,348,765	2,348,765
Other Revenues - Interest Income	223,693	223,693
Other Revenues - BABs Subsidy	1,009,614	1,009,614
Other Revenues - Rate Stabilization Transfer	1,338,392	1,338,392
Other Revenues - Shands and Innovation Square	97,801	97,801
Total Sources of Cash	<u>39,094,720</u>	<u>39,410,323</u>
 Uses of Cash		
Operations and Maintenance	15,434,312	15,434,312
Debt Service	10,011,183	10,011,183
Utility Plant Improvement Fund	6,191,444	6,191,444
Transfer to Rate Stabilization Fund	-	-
Transfer to the General Fund	7,770,189	7,770,189
Total Uses of Cash	<u>39,407,128</u>	<u>39,407,128</u>
 Net Cash Flow	 <u>\$ (312,408)</u>	 <u>\$ 3,195</u>

Gainesville Regional Utilities
Wastewater Rate Study Report
Rate of Return and Capital Structure

	Forecasted 2013 Cash Basis Capital Costs	Forecasted 2013 Utility Basis Capital Costs
Debt Service	\$ 10,011,183	-
Utility Plant Improvement Fund	6,191,444	-
Depreciation	-	8,096,231
	16,202,627	8,096,231
Required Return on Rate Base	-	8,106,396
Total Capital Costs	16,202,627	16,202,627

Rate Base 151,896,133

Rate of Return Required for Return of \$8,106,396 5.34%

	Amount	Percent of Capital Structure	Return	Weighted Return
Long-term debt	\$ 158,941,560	63.93%	4.15%	2.65%
Equity	89,683,698	36.07%	7.45%	2.69%
Total	\$ 248,625,258	100.00%		5.34%

Please refer to Summary of Significant Assumptions and Summary of Significant Accounting Policies

Gainesville Regional Utilities
Wastewater Rate Study Report
Forecasted Operations and Maintenance Expenses

	Actual 2010	Actual 2011	Budgeted 2012	Forecasted 2013
<u>Collection Expenses</u>				
Operations and Labor	\$ 1,340,736	\$ 1,371,414	\$ 1,726,400	\$ 1,804,976
Purchased Power	356,690	520,449	520,105	568,697
Chemicals	152,892	163,477	174,127	177,433
Materials & Supplies	256,076	218,636	282,543	299,966
Contract Services	25,780	26,394	16,640	14,713
Rent	(59,808)	(18,069)	64	66
Vehicle	2,029	3,275	37,406	20,644
Insurance	6	250	-	-
Misc	(61,893)	(21,643)	-	-
Total Collection Expenses	2,072,365	2,282,302	2,757,284	2,886,495
<u>Pumping Expenses</u>				
Operations and Labor	1,708,770	1,783,186	2,024,333	2,001,755
Purchased WW	2,057	989	-	-
Purchased Power	277,619	1,897,641	1,823,000	2,209,969
Chemicals	434,610	404,113	390,276	459,190
Materials & Supplies	351,645	411,034	421,922	389,962
Contract Services	55,232	119,579	62,386	61,392
Misc	16,967	34,380	33,000	33,783
Total Pumping Expenses	2,846,900	4,650,921	4,754,917	5,156,051
<u>Customer Accounts Expenses</u>				
Operations and Labor	707,846	-	-	-
Purchased Power	27	-	-	-
Materials & Supplies	129,395	-	-	-
Contract Services	63,339	-	-	-
Rent	-	-	-	-
Bad Debt Expense	146,010	-	-	-
Misc	13,310	-	-	-
Total Customer Expenses	1,059,927	-	-	-
<u>Administrative and General Expenses</u>				
Operations and Labor	2,129,966	-	-	-
Purchased Power	41,225	-	-	-
Materials & Supplies	206,390	-	-	-
Contract Services	301,628	-	-	-
Rent Exp	152,125	-	-	-
Vehicle Exp	190,971	-	-	-
Insurance	498,293	-	-	-
Misc	1,149,530	-	-	-
Total A&G Expenses	4,670,126	-	-	-

Please refer to Summary of Significant Assumptions and Summary of Significant Accounting Policies

Gainesville Regional Utilities
Wastewater Rate Study Report
Forecasted Operations and Maintenance Expenses

Treatment & Disposal Expenses

Sludge Removal	\$ 51,768	\$ 100,522	\$ 225,000	\$ 190,000
Purchased Power	1,596,797	-	-	-
Materials & Supplies	1,382	8,412	3,266	2,684
Vehicle Expense	50,020	57,584	58,185	70,763
Reclaimed Water	96,345	134,369	88,000	-
Misc	(24,659)	(3,421)	-	-
Total Treatment Expenses	1,771,652	297,466	374,451	263,447

Administrative Expenses

Customer Accounts	(12,775)	1,285,697	1,198,479	985,677
Sales Expense	8,186	234,468	12,444	29,588
Other A&G	316,045	4,985,271	5,622,668	6,113,054
Total Administrative Expenses	311,456	6,505,436	6,833,573	7,128,319

Total Operations and Maintenance	<u>\$ 12,732,427</u>	<u>\$ 13,736,125</u>	<u>\$ 14,720,226</u>	<u>\$ 15,434,312</u>
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Gainesville Regional Utilities
Wastewater Rate Study Report
Revenue Forecast for 2013 at Current Rates

Customer Class	Current Rates	Residential		Non-Residential		Reclaimed Water		High Strength		Total	
		Units	Revenue	Units	Revenue	Units	Revenue	Units	Revenue	Units	Revenue
Residential											
Volume Charge	5.50 per 1,000 gallons	3,344,979	18,397,386							3,344,979	18,397,386
Customer Charge	7.40 per bill	700,488	5,183,611							700,488	5,183,611
Non-Residential											
Volume Charge	5.50 per 1,000 gallons			1,409,107	7,750,088					1,409,107	7,750,088
Customer Charge	7.40 per bill			50,460	373,404					50,460	373,404
Reclaimed Water Service											
Volume Charge	0.60 per 1,000 gallons					256,986	154,192			256,986	154,192
Customer Charge	7.40 per bill					9,528	70,507			9,528	70,507
High Strength											
Volume Charge	5.50 per 1,000 gallons							37,304	205,172	37,304	205,172
Excess Strength Surcharge	0.80 per pound							21,917	17,446	21,917	17,446
Customer Charge	7.40 per bill							12	89	12	89
Volume Revenue			18,397,386		7,750,088		154,192		205,172		26,506,838
Excess Strength Revenue			-		-		-		17,446		17,446
Customer Revenue			5,183,611		373,404		70,507		89		5,627,611
Total 2013 Revenues			<u>\$ 23,580,997</u>		<u>\$ 8,123,492</u>		<u>\$ 224,699</u>		<u>\$ 222,707</u>		<u>\$ 32,151,895</u>

Gainesville Regional Utilities
Wastewater Rate Study Report
Forecasted Plant in Service

Acct. No.	Plant Account	Actual Balance 9/30/2011		FY 2012 Forecasted		Forecasted Balance 9/30/2012		FY 2013 Forecasted		Forecasted Balance 9/30/2013		Test Year Average Balance	
				Additions	Retirements			Additions	Retirements				
Pumping Plant													
328	Land&Land Rights-Pumping	\$ 99,487	\$ -	\$ -	\$ -	\$ 99,487	\$ -	\$ -	\$ -	\$ 99,487	\$ -	\$ 99,487	\$ 99,487
329	Structures and Improvemtn	3,861,294	-	-	-	3,861,294	-	-	-	3,861,294	-	3,861,294	3,861,294
333	Electric Pumping Equipmen	9,814,819	1,479,530	(21,188)	(21,188)	11,273,161	1,477,305	(21,188)	(21,188)	12,729,278	(21,188)	12,001,230	12,001,230
334	Pumping Pit-Diesel Pumpin	706,039	-	-	-	706,039	-	-	-	706,039	-	706,039	706,039
336	Receiving Wells	4,914,393	-	-	-	4,914,393	-	-	-	4,914,393	-	4,914,393	4,914,393
	Total Pumping Plant	19,396,032	1,479,530	(21,188)	(21,188)	20,854,374	1,477,305	(21,188)	(21,188)	22,310,491	(21,188)	21,582,433	21,582,433
Water Treatment Plant													
337	Land & Land Rights-Trrmnt	1,055,666	23,966	-	-	1,079,632	24,215	-	-	1,103,847	-	1,103,847	1,091,740
338	Structures and Improvemtn	26,041,448	-	(4,188)	(4,188)	26,037,260	-	(4,188)	(4,188)	26,033,072	(4,188)	26,035,166	26,035,166
339	Treatment Plant Equipment	42,422,325	-	(290,897)	(290,897)	42,131,428	-	(290,897)	(290,897)	41,840,531	(290,897)	41,985,980	41,985,980
	Total Water Treatment Plant	69,519,440	23,966	(295,085)	(295,085)	69,248,321	24,215	(295,085)	(295,085)	68,977,451	(295,085)	69,112,886	69,112,886
Collection Plant													
374	Land and Land Rights	1,070,742	-	-	-	1,070,742	-	-	-	1,070,742	-	1,070,742	1,070,742
377	Mains	90,481,661	4,330,216	-	-	94,811,877	3,651,378	-	-	98,463,255	-	96,637,566	96,637,566
378	Fire or Force Mains	25,828,840	2,117,762	-	-	27,946,602	177,284	-	-	28,123,886	-	28,035,244	28,035,244
379	Services	18,250,608	608,811	-	-	18,859,419	624,260	-	-	19,483,679	-	19,171,549	19,171,549
380	Meters	294,365	-	-	-	294,365	-	-	-	294,365	-	294,365	294,365
	Total Collection Plant	135,926,216	7,056,789	-	-	142,983,005	4,452,922	-	-	147,435,927	-	145,209,466	145,209,466
Reuse Water Plant													
386	Tanks and Installation	13,217	-	-	-	13,217	-	-	-	13,217	-	13,217	13,217
387	Reclaimed Water	8,371,710	3,785,808	-	-	12,157,518	20,120,627	-	-	32,278,145	-	22,217,832	22,217,832
	Total Reuse Water Plant	8,384,927	3,785,808	-	-	12,170,735	20,120,627	-	-	32,291,362	-	22,231,049	22,231,049
General Plant													
388	Land & Land Rights	981	-	-	-	981	-	-	-	981	-	981	981
389	Land and Land Rights	32,000	-	-	-	32,000	-	-	-	32,000	-	32,000	32,000
390	Structures&Improvements	366,288	46,550	-	-	412,838	44,450	-	-	457,288	-	435,063	435,063
391	Office Furniture & Equipm	10,435	1,326	-	-	11,761	1,266	-	-	13,027	-	12,394	12,394
391.1	Computers and Electronics	1,869,315	237,561	(3,700)	(3,700)	2,103,176	226,448	-	-	2,329,624	-	2,216,400	2,216,400
392	Transportation Equipment	674,686	85,742	(69,367)	(69,367)	691,061	74,406	(69,367)	(69,367)	696,100	-	693,581	693,581
394	Tools Shop & Garage Equip	142,809	18,149	(10,424)	(10,424)	150,534	16,208	(10,424)	(10,424)	156,318	-	153,426	153,426
395	Laboratory&Testing Equip	383,632	48,754	(10,495)	(10,495)	421,891	45,425	(10,495)	(10,495)	456,821	-	439,356	439,356
396	Power Operated Equipment	5,639,673	716,715	(209,349)	(209,349)	6,147,039	661,849	(209,349)	(209,349)	6,599,539	-	6,373,289	6,373,289
397	Communication Equipment	16,774	2,132	-	-	18,906	2,036	-	-	20,942	-	19,924	19,924
398	Miscellaneous Equipment	195,421	24,835	(21,860)	(21,860)	198,396	21,361	(21,860)	(21,860)	197,897	-	198,147	198,147
	Total General Plant	9,332,014	1,181,764	(325,195)	(325,195)	10,188,583	1,093,449	(321,495)	(321,495)	10,960,537	(321,495)	10,574,561	10,574,561
	Total Plant In Service	\$ 242,558,630	\$ 13,527,857	\$ (641,468)	\$ (641,468)	\$ 255,445,019	\$ 27,168,518	\$ (637,768)	\$ (637,768)	\$ 281,975,769	\$ (637,768)	\$ 268,710,395	\$ 268,710,395

Please refer to Summary of Significant Assumptions and Summary of Significant Accounting Policies

Gainesville Regional Utilities
Wastewater Rate Study Report
Forecasted Depreciation Expense

Acct. No.	Account Description	Depreciation Rates	2012 Depreciable Balance	2012 Depreciation Expense	2013 Depreciable Balance	2013 Depreciation Accrual
Pumping Plant						
328	Land&Land Rights-Pumping	0.00%	\$ 99,487	\$ -	\$ 99,487	\$ -
329	Structures and Improvemen	2.63%	3,861,294	101,552	3,861,294	101,552
333	Electric Pumping Equipmen	5.14%	10,543,990	541,961	12,001,220	616,863
334	Pumping Pit-Diesel Pumpin	5.25%	706,039	37,067	706,039	37,067
336	Receiving Wells	3.05%	4,914,393	149,889	4,914,393	149,889
	Total Pumping Plant		20,125,203	830,469	21,582,433	905,371
Water Treatment Plant						
337	Land & Land Rights-Ttrmnt	0.00%	1,067,649	-	1,091,740	-
338	Structures and Improvemen	2.15%	26,039,354	559,846	26,035,166	559,756
339	Treatment Plant Equipment	2.34%	42,276,877	989,279	41,985,980	982,472
	Total Water Treatment Plant		69,383,880	1,549,125	69,112,886	1,542,228
Collection Plant						
374	Land and Land Rights	0.00%	1,070,742	-	1,070,742	-
377	Mains	3.16%	92,646,769	2,927,638	96,637,566	3,053,747
378	Fire or Force Mains	2.58%	26,887,721	693,703	28,035,244	723,309
379	Services	2.69%	18,555,013	499,130	19,171,549	515,715
380	Meters	6.16%	294,365	18,133	294,365	18,133
	Total Collection Plant		139,454,611	4,138,604	145,209,466	4,310,904
Reuse Water Plant						
386	Tanks and Installation	3.69%	13,217	488	13,217	488
387	Reclaimed Water	2.21%	10,264,614	226,848	22,217,832	491,014
	Total Water Reuse Plant		10,277,831	227,336	22,231,049	491,502
General Plant						
388	Land & Land Rights	0.00%	981	-	981	-
389	Land and Land Rights	0.00%	32,000	-	32,000	-
390	Structures&Improvements	1.95%	389,563	7,596	435,063	8,484
391	Office Furniture & Equipm	7.07%	11,098	785	12,394	876
391.1	Computers and Electronics	9.90%	1,986,245	196,638	2,216,400	219,424
392	Transportation Equipment	9.00%	682,874	61,459	693,581	62,422
394	Tools Shop &Garage Equip	6.13%	146,672	8,991	153,426	9,405
395	Laboratory&Testing Equip	6.25%	402,762	25,173	439,356	27,460
396	Power Operated Equipment	7.92%	5,893,356	466,754	6,373,289	504,764
397	Communication Equipment	6.25%	17,840	1,115	19,924	1,245
398	Miscellaneous Equipment	6.13%	196,909	12,071	198,147	12,146
	Total General Plant		9,760,299	780,582	10,574,561	846,226
	Total Depreciation Expense		\$ 249,001,824	\$ 7,526,116	\$ 268,710,395	\$ 8,096,231

Please refer to Summary of Significant Assumptions and Summary of Significant Accounting Policies

Gainesville Regional Utilities
Wastewater Rate Study Report
Forecasted Accumulated Depreciation

Acct. No.	Plant Account	Actual Balance 9/30/2011	FY 2012 Forecasted		Forecasted Balance 9/30/2012		FY 2013 Forecasted		Forecasted Balance 9/30/2013		Test Year Average Balance
			Depreciation	Retirements	Depreciation	Retirements	Depreciation	Retirements	Depreciation	Retirements	
Pumping Plant											
328	Land&Land Rights-Pumping Structures and Improvemen	\$ (1,120,966)	-	-	-	-	(1,222,518)	-	-	(1,324,070)	-
329	Electric Pumping Equipmen	(5,845,322)	(101,552)	21,188	(6,366,095)	(616,863)	21,188	(6,961,770)	(1,273,294)		
333	Pumping Pit-Diesel Pumpin	(264,030)	(37,067)	-	(301,097)	(37,067)	-	(338,164)	(6,663,932)		
334	Receiving Wells	(2,501,582)	(149,889)	-	(2,651,471)	(149,889)	-	(2,801,360)	(319,631)		
336	Total Pumping Plant	(9,731,900)	(830,469)	21,188	(10,541,181)	(905,371)	21,188	(11,425,364)	(2,726,416)	(10,983,273)	
Water Treatment Plant											
337	Land & Land Rights-Ttrmnt Structures and Improvemen	-	-	4,188	(12,279,096)	(559,756)	4,188	(12,834,664)	-		
338	Treatment Plant Equipment	(11,723,438)	(989,279)	290,897	(27,029,458)	(982,472)	290,897	(27,721,033)	(12,556,880)		
339	Total Water Treatment Plant	(38,054,513)	(1,549,125)	295,085	(39,308,553)	(1,542,228)	295,085	(40,555,696)	(27,375,245)	(39,932,125)	
Collection Plant											
374	Land and Land Rights	-	-	-	-	-	-	-	-	-	
377	Mains	(36,178,651)	(2,927,638)	-	(39,106,289)	(3,053,747)	-	(42,160,036)	(40,633,162)		
378	Fire or Force Mains	(8,450,020)	(693,703)	-	(9,143,723)	(723,309)	-	(9,867,032)	(9,505,377)		
379	Services	(9,163,814)	(499,130)	-	(9,662,944)	(515,715)	-	(10,178,659)	(9,920,801)		
380	Meters	(65,722)	(18,133)	-	(83,855)	(18,133)	-	(101,988)	(92,922)		
	Total Collection Plant	(53,858,206)	(4,138,604)	-	(57,996,810)	(4,310,904)	-	(62,307,714)	(60,152,262)		
Reuse Water Plant											
386	Tanks and Installation	(2,572)	(488)	-	(3,060)	(488)	-	(3,548)	(3,304)		
387	Reclaimed Water	(2,004,030)	(226,848)	-	(2,230,878)	(491,014)	-	(2,721,892)	(2,476,385)		
	Total Reuse Water Plant	(2,006,603)	(227,336)	-	(2,233,939)	(491,502)	-	(2,725,441)	(2,479,689)		
General Plant											
388	Land & Land Rights	-	-	-	-	-	-	-	-	-	
389	Land and Land Rights	-	-	-	-	-	-	-	-	-	
390	Structures&Improvements	(223,642)	(7,596)	-	(231,238)	(8,484)	-	(239,722)	(235,480)		
391	Office Furniture & Equipm	(1,471)	(785)	-	(2,256)	(876)	-	(3,132)	(2,694)		
391	Computers and Electronics	(263,489)	(196,638)	3,700	(456,427)	(219,424)	-	(675,851)	(566,139)		
392	Transportation Equipment	(103,961)	(61,459)	69,367	(96,053)	(62,422)	69,367	(89,108)	(92,581)		
394	Tools Shop & Garage Equip	(67,212)	(8,991)	10,424	(65,779)	(9,405)	10,424	(64,760)	(65,269)		
395	Laboratory&Testing Equip	(262,180)	(25,173)	10,495	(276,858)	(27,460)	10,495	(293,823)	(285,341)		
396	Power Operated Equipment	(1,503,105)	(466,754)	209,349	(1,760,510)	(504,764)	209,349	(2,055,925)	(1,908,217)		
397	Communication Equipment	(9,909)	(1,115)	-	(11,024)	(1,245)	-	(12,269)	(11,647)		
398	Miscellaneous Equipment	(114,191)	(12,071)	21,860	(104,402)	(12,146)	21,860	(94,688)	(99,545)		
	Total General Plant	(2,549,160)	(780,582)	325,195	(3,004,547)	(846,226)	321,495	(3,529,278)	(3,266,913)		
	Total Accumulated Depreciation	\$ (106,200,383)	\$ (7,526,116)	\$ 641,468	\$ (113,085,031)	\$ (8,096,231)	\$ 637,768	\$ (120,543,494)	\$ (116,814,262)		

Please refer to Summary of Significant Assumptions and Summary of Significant Accounting Policies

COST OF SERVICE ANALYSIS

Gainesville Regional Utilities
Wastewater Rate Study Report

Allocation of Operations and Maintenance Expenses to Cost Functions

Collection Expenses	Allocation Percentages														
	Forecasted 2013	Customer	Volume	Reclaimed	COD	SS	Phos	NH3	Customer	Volume	Reclaimed	COD	SS	Phos	NH3
Operations and Labor	\$ 1,804,976	0.30	0.70	-	-	-	-	-	\$ 541,493	\$1,263,483	\$ -	\$ -	\$ -	\$ -	\$ -
Purchased Power	568,697	0.30	0.70	-	-	-	-	-	170,609	398,088	-	-	-	-	-
Chemicals	177,433	-	-	-	0.35	0.35	0.15	0.15	-	-	62,101	62,102	62,102	26,615	26,615
Materials & Supplies	299,966	0.30	0.70	-	-	-	-	-	89,990	209,976	-	-	-	-	-
Contract Services	14,713	0.30	0.70	-	-	-	-	-	4,414	10,299	-	-	-	-	-
Rent	66	0.30	0.70	-	-	-	-	-	20	46	-	-	-	-	-
Vehicle	20,644	0.30	0.70	-	-	-	-	-	6,193	14,451	-	-	-	-	-
Total Collection Expenses	2,886,495								812,719	1,896,343		62,101	62,102	26,615	26,615
Pumping Expenses															
Operations and Labor	2,001,755	0.30	0.70	-	-	-	-	-	600,527	1,401,228	-	-	-	-	-
Purchased WW	-	0.30	0.70	-	-	-	-	-	-	-	-	-	-	-	-
Purchased Power	2,209,969	-	-	-	0.35	0.35	0.15	0.15	-	-	773,490	773,489	773,489	331,495	331,495
Chemicals	459,190	0.30	0.70	-	-	-	-	-	137,757	321,433	-	-	-	-	-
Materials & Supplies	389,962	0.30	0.70	-	-	-	-	-	116,989	272,973	-	-	-	-	-
Contract Services	61,392	0.30	0.70	-	-	-	-	-	18,418	42,974	-	-	-	-	-
Misc	33,783	0.30	0.70	-	-	-	-	-	10,135	23,648	-	-	-	-	-
Total Pumping Expenses	5,156,051								883,826	2,062,256		773,490	773,489	331,495	331,495
Treatment & Disposal Expenses															
Sludge Removal	190,000	0.10	-	-	0.10	0.70	0.05	0.05	19,000	-	-	19,000	133,000	9,500	9,500
Materials & Supplies	-	0.10	-	-	0.10	0.70	0.05	0.05	-	-	-	-	-	-	-
Vehicle Expense	2,684	0.10	-	-	0.10	0.70	0.05	0.05	268	-	268	1,880	134	134	
Reclaimed Water	70,763	-	-	1.00	-	-	-	-	-	-	70,763	-	-	-	-
Total Treatment Expenses	263,447								19,268	-	70,763	19,268	134,880	9,634	9,634
Administrative Expenses															
Customer Accounts	985,677	1.00	-	-	-	-	-	-	985,677	-	-	-	-	-	-
Sales Expense	29,588	1.00	-	-	-	-	-	-	29,588	-	-	-	-	-	-
Other A&G	6,113,054	0.29	0.43	0.01	0.09	0.10	0.04	0.04	1,772,786	2,628,613	61,131	550,175	611,305	244,522	244,522
Total Administrative Expenses	7,128,319								2,788,051	2,628,613	61,131	550,175	611,305	244,522	244,522
Total Operations and Maintenance	\$ 15,434,312								\$ 4,503,864	\$ 6,587,212	\$ 131,894	\$ 1,405,034	\$ 1,581,776	\$ 612,266	\$ 612,266

Please refer to Summary of Significant Assumptions and Summary of Significant Accounting Policies

Gainesville Regional Utilities
Wastewater Rate Study Report

Allocation of Depreciation Expense to Cost Functions

Account Number	Account Descriptions	Allocations										Allocated Costs									
		Forecasted 2013 Depreciation	Customer	Volume	Reclaimed	COD	SS	Phos	NH3	Customer	Volume	Reclaimed	COD	SS	Phos	NH3					
Pumping Plant																					
328	Land&Land Rights-Pumping Structures and Improvemen	\$ 101,552	-	0.60	-	-	-	-	40,621	60,931	-	-	-	-	-						
333	Electric Pumping Equipment	616,863	0.40	0.60	-	-	-	246,745	370,118	-	-	-	-	-	-						
334	Pumping Plt-Diesel Pumpin	37,067	0.40	0.60	-	-	-	14,827	22,240	-	-	-	-	-	-						
336	Receiving Wells	149,889	0.40	0.60	-	-	-	59,956	89,933	-	-	-	-	-	-						
	Total Pumping Plant	905,371						362,149	543,222												
Water Treatment Plant																					
337	Land & Land Rights-Tirmt	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
338	Structures and Improvemen	559,756	-	0.20	0.35	0.20	0.05	-	111,951	111,951	195,915	111,951	111,951	111,951	27,988						
339	Treatment Plant Equipment	982,472	-	0.15	0.50	0.20	0.10	-	147,371	147,371	491,236	196,494	98,247	49,124							
	Total Water Treatment Plant	1,542,228							259,322		667,151	308,445	210,198	77,112							
Collection Plant																					
374	Land and Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
377	Mains	3,053,747	0.50	0.50	-	-	-	1,526,874	1,526,873	-	-	-	-	-	-						
378	Fire or Force Mains	723,309	0.50	0.50	-	-	-	361,655	361,654	-	-	-	-	-	-						
379	Services	515,715	0.50	0.50	-	-	-	257,857	257,857	-	-	-	-	-	-						
380	Meters	18,133	0.50	0.50	-	-	-	9,067	9,066	-	-	-	-	-	-						
	Total Collection Plant	4,310,904						2,155,454	2,155,450												
Reuse Water Plant																					
386	Tanks and Installation	488	-	0.80	0.20	-	-	-	390	390	98	-	-	-	-						
387	Reclaimed Water	491,014	-	0.80	0.20	-	-	-	392,811	98,203	98,203	-	-	-	-						
	Total Water Reuse Plant	491,502							393,201	98,301											
General Plant																					
388	Land & Land Rights	-	0.35	0.47	0.01	0.09	0.03	-	-	-	-	-	-	-	-						
389	Land and Land Rights	-	0.35	0.47	0.01	0.09	0.03	-	-	-	-	-	-	-	-						
390	Structures&improvements	8,484	0.35	0.47	0.01	0.09	0.04	0.03	2,969	3,987	764	339	255	85							
391	Office Furniture & Equipm	876	0.35	0.47	0.01	0.09	0.04	0.03	307	411	79	35	26	9							
391.1	Computers and Electronics	219,424	0.35	0.47	0.01	0.09	0.04	0.03	76,798	103,130	2,194	8,777	6,563	2,194							
392	Transportation Equipment	62,422	0.35	0.47	0.01	0.09	0.04	0.03	21,848	29,338	624	2,497	1,873	624							
394	Tools Shop &Garage Equip	9,405	0.35	0.47	0.01	0.09	0.04	0.03	3,292	4,421	846	376	282	94							
395	Laboratory&Testing Equip	27,460	0.35	0.47	0.01	0.09	0.04	0.03	176,667	237,238	5,048	20,191	15,143	5,048							
396	Power Operated Equipment	504,764	0.35	0.47	0.01	0.09	0.04	0.03	436	586	12	50	37	12							
397	Communication Equipment	1,245	0.35	0.47	0.01	0.09	0.04	0.03	4251	5,710	121	486	364	121							
398	Miscellaneous Equipment	12,146	0.35	0.47	0.01	0.09	0.04	0.03	296,179	397,727	8,462	33,849	25,387	8,462							
	Total General Plant	846,226							\$ 2,813,782	\$ 3,748,922	\$ 106,763	\$ 342,294	\$ 235,585	\$ 85,574							
	Total Depreciation Expense	\$ 8,096,231																			

Please refer to Summary of Significant Assumptions and Summary of Significant Accounting Policies

Gainesville Regional Utilities
Wastewater Rate Study Report
Summary of Costs by Function

Revenue Requirement Component	Allocation Basis	Forecasted 2013	High Strength															
			Customer	Volume	Reclaimed	COD	SS	Phos	NH3									
Operation and Maintenance																		
Expenses		\$ 15,434,312	\$ 4,503,864	\$ 6,587,212	\$ 131,894	\$ 1,405,034	\$ 1,581,776	\$ 612,266	\$ 612,266	\$ 612,266	\$ 612,266	\$ 612,266	\$ 612,266	\$ 612,266	\$ 612,266	\$ 612,266	\$ 612,266	\$ 612,266
Depreciation		8,096,231	2,813,782	3,748,922	106,763	763,311	342,294	235,585	235,585	235,585	235,585	235,585	235,585	235,585	235,585	235,585	235,585	235,585
Return on Rate Base		8,106,396	2,817,315	3,753,629	106,897	764,269	342,724	235,881	235,881	235,881	235,881	235,881	235,881	235,881	235,881	235,881	235,881	235,881
Subtotal		31,636,939	10,134,961	14,089,763	345,554	2,932,614	2,266,794	1,083,732	1,083,732	1,083,732	1,083,732	1,083,732	1,083,732	1,083,732	1,083,732	1,083,732	1,083,732	1,083,732
Average Allocation Weighting		100.0%	32.04%	44.52%	1.09%	9.27%	7.17%	3.43%	3.43%	3.43%	3.43%	3.43%	3.43%	3.43%	3.43%	3.43%	3.43%	3.43%
Transfer to the General Fund	Above Allocation	7,770,189	2,489,568	3,459,288	84,695	720,297	557,123	266,517	266,517	266,517	266,517	266,517	266,517	266,517	266,517	266,517	266,517	266,517
Other Revenues - Connection Charges	Above Allocation	(1,924,560)	(616,629)	(856,814)	(20,978)	(178,407)	(137,991)	(66,012)	(66,012)	(66,012)	(66,012)	(66,012)	(66,012)	(66,012)	(66,012)	(66,012)	(66,012)	(66,012)
Other Revenues - Surcharges	Above Allocation	(2,348,765)	(752,544)	(1,045,670)	(25,602)	(217,731)	(168,406)	(80,563)	(80,563)	(80,563)	(80,563)	(80,563)	(80,563)	(80,563)	(80,563)	(80,563)	(80,563)	(80,563)
Other Revenues - Interest Income	Above Allocation	(223,693)	(71,671)	(99,588)	(2,438)	(20,736)	(16,039)	(7,673)	(7,673)	(7,673)	(7,673)	(7,673)	(7,673)	(7,673)	(7,673)	(7,673)	(7,673)	(7,673)
Other Revenues - BABs	Above Allocation	(1,009,614)	(323,480)	(449,481)	(11,005)	(93,591)	(72,389)	(34,630)	(34,630)	(34,630)	(34,630)	(34,630)	(34,630)	(34,630)	(34,630)	(34,630)	(34,630)	(34,630)
Other Revenues - Rate Stabilization Transfer	Above Allocation	(1,338,392)	(428,821)	(595,852)	(14,588)	(124,069)	(95,963)	(45,907)	(45,907)	(45,907)	(45,907)	(45,907)	(45,907)	(45,907)	(45,907)	(45,907)	(45,907)	(45,907)
Other Revenues - Shands and Innovation Square	Above Allocation	(97,801)	(31,335)	(43,542)	(1,066)	(9,066)	(7,012)	(3,355)	(3,355)	(3,355)	(3,355)	(3,355)	(3,355)	(3,355)	(3,355)	(3,355)	(3,355)	(3,355)
Allocated Costs		\$ 32,464,303	\$ 10,400,049	\$ 14,458,104	\$ 354,572	\$ 3,009,311	\$ 2,326,117	\$ 1,112,109	\$ 1,112,109	\$ 1,112,109	\$ 1,112,109	\$ 1,112,109	\$ 1,112,109	\$ 1,112,109	\$ 1,112,109	\$ 1,112,109	\$ 1,112,109	\$ 1,112,109

Please Refer to Summary of Significant Assumptions and Summary of Significant Accounting Policies

RATE DESIGN

Gainesville Regional Utilities
Wastewater Rate Study Report
Customer and Reclaimed Water Rates

	<u>Source</u>		
Customer Cost	-	\$	10,400,049
Customers * Months	-		<u>760,488</u>
Monthly Charge per Customer		\$	<u>13.68</u>

	<u>Source</u>		
Reclaimed Water Cost	-	\$	354,572
Reclaimed Sales (1,000s Gallons)	-		<u>256,986</u>
Calculated Reclaimed Water Charge		\$	<u>1.38</u>

Note: In calculating the reclaimed water rate, we are assuming no change in sales volume despite the increase in rate.

Gainesville Regional Utilities
Wastewater Rate Study Report
Domestic Volume and Excess Strength Rates

Volume	COD	SS	Phos	NH3	Total
\$ 14,458,104	\$ 3,009,311	\$ 2,326,117	\$ 1,112,109	\$ 804,041	\$ 21,709,682

	Volume (1,000s Gallons)	Conversion Factor (lb*L)/(kgal*mg)	Assumed Domestic Strength (mg/L)	
Volume	Domestic Strength Volume			4,754,086 per 1,000 gallons
	Sivance			<u>37,304</u> per 1,000 gallons
	Total Volume			4,791,390 per 1,000 gallons
COD	Domestic	4,791,390 x	0.00834538 x	375 = 14,994,739 Pounds
	Sivance Excess Strength			<u>21,917</u> Pounds
	Total COD			15,016,657 Pounds
SS		4,791,390 x	0.00834538 x	250 = 9,996,493 Pounds
Phos		4,791,390 x	0.00834538 x	15 = 599,790 Pounds
NH3		4,791,390 x	0.00834538 x	40 = 1,599,439 Pounds

Component Rates

	Cost	Units	
Volume cost per 1,000 gallons	14,458,104 /	4,791,390 =	3.02 per 1,000 gallons
Chemical Oxygen Demand	3,009,311 /	15,016,657 =	0.20 per Pound
Suspended Solids	2,326,117 /	9,996,493 =	0.23 per Pound
Phosphorus	1,112,109 /	599,790 =	1.85 per Pound
Ammonia	804,041	1,599,439	0.50 per Pound

Domestic Strength Rate

Volume				=	3.02	per 1,000 gallons
COD	375 mg/L	x	0.00834538 x	0.20 =	0.63	per 1,000 gallons
SS	250 mg/L	x	0.00834538 x	0.23 =	0.48	per 1,000 gallons
Phos	15 mg/L	x	0.00834538 x	1.85 =	0.23	per 1,000 gallons
NH3	40 mg/L	x	0.00834538 x	0.50	<u>0.17</u>	per 1,000 gallons

Total Calculated Domestic Rate \$ 4.53 per 1,000 gallons

Gainesville Regional Utilities
Wastewater Rate Study Report
Forecasted Revenues at Calculated Rates

Customer Class	Units	Current Rates		Residential		Non-Residential		Reclaimed Water		High Strength	
		Current Rates	Calculated Rates	Current	Calculated Rates	Current	Calculated Rates	Current	Calculated Rates	Current	Calculated Rates
Residential											
Volume Charge	3,344,979	5.50	4.53	18,397,386	15,152,756						
Customer Charge	700,488	7.40	13.68	5,183,611	9,582,676						
Non-Residential											
Volume Charge	1,409,107	5.50	4.53			7,750,088	6,383,255				
Customer Charge	50,460	7.40	13.68			373,404	690,293				
Reclaimed Water Service											
Volume Charge	256,986	0.60	1.38					154,192	354,641		
Customer Charge	9,528	7.40	13.68					70,507	130,343		
High Strength											
Volume Charge	37,304	5.50	4.53							205,172	168,987
COD	21,917	0.80	0.20							17,446	4,383
Customer Charge	12	-	13.68							-	164
Volume Revenue											
Excess Strength Revenue					15,152,756		6,383,255		354,641		168,987
Customer Revenue					-		-		-		4,383
					9,582,676		690,293		130,343		164
Total 2013 Revenues					\$ 24,735,432		\$ 7,073,548		\$ 484,984		\$ 173,534

Please refer to Summary of Significant Assumptions and Summary of Significant Accounting Policies

Gainesville Regional Utilities
Wastewater Rate Study Report
Connection Fees

Collection System

Meter Size	Present Rates	Equivalent Ratios	Meter Capacity	Average Consumption
5/8"	570	1,910	1,450	1,162
3/4"	1,660	2,101	3,171	3,365
1"	1,850	2,675	4,984	5,178
1 1/2"	4,250	3,439	14,498	11,214
2"	8,160	5,540	14,498	27,479
3"		21,015	-	46,387
4"	\$8,160 or \$2.132 per	26,746	-	100,333
6"	gallon estimated	40,119	-	45,421
8"	average daily flow	55,402	-	481,374
Forecasted Revenue over 5 Years	3,429,798	5,182,879	5,183,016	5,181,947

Treatment Plant

Meter Size	Present Rates	Equivalent Ratios	Meter Capacity	Average Consumption
5/8"	2,640	3,741	2,839	2,276
3/4"	7,700	4,115	6,210	6,590
1"	8,940	5,238	9,759	10,142
1 1/2"	20,130	6,734	28,390	21,965
2"	41,710	10,849	28,390	53,823
3"		41,153	-	90,858
4"	\$41,710 or \$9.535 per	52,376	-	196,519
6"	gallon estimated	78,564	-	88,966
8"	average daily flow	108,494	-	942,857
Forecasted Revenue over 5 Years	10,149,759	10,149,529	10,149,646	10,149,763

Total Collection & Treatment

Meter Size	Present Rates	Equivalent Ratios	Meter Capacity	Average Consumption
5/8"	3,210	5,652	4,289	3,438
3/4"	9,360	6,217	9,382	9,955
1"	10,790	7,912	14,743	15,321
1 1/2"	24,380	10,173	42,888	33,179
2"	49,870	16,390	42,888	81,303
3"		62,167	-	137,245
4"	\$49,870 or \$11.667 per	79,122	-	296,852
6"	gallon estimated	118,683	-	134,387
8"	average daily flow	163,896	-	1,424,231
Forecasted Revenue over 5 Years	13,579,557	15,332,409	15,332,661	15,331,710

Gainesville Regional Utilities
Wastewater Rate Study Report
Service Charges and Deposits

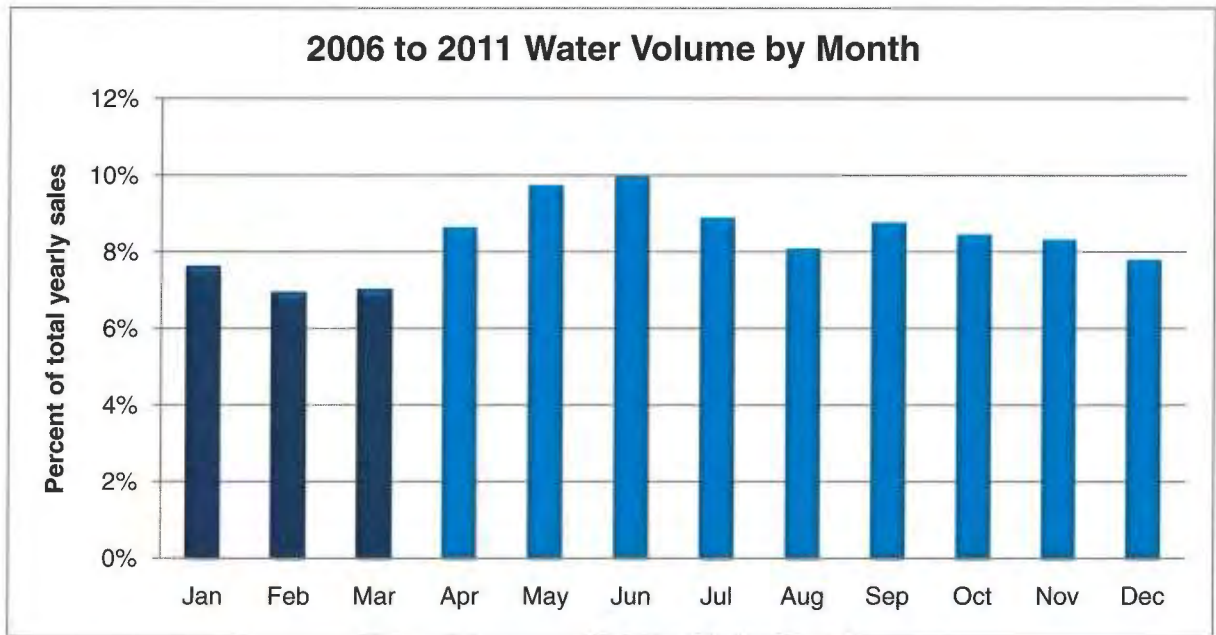
Description	Current Rate		Labor		Travel		Labor		Vehicle		Total
	Rate	Hours	Rate	Hours	Hours	Rate	Rate	Hours	Rate	Cost	
Collection Agency Transfer Fee	25% up to \$50										
Field Visit	25.00	0.50	29.61	0.30			23.69	0.80	20.00	16.00	25% up to \$50
Conservation Visit - Customer Failed to Show	20.00	0.50	29.61	0.30			23.69	0.80	20.00	16.00	40.00
Unauthorized Service Investigation	65.00	1.25	29.61	0.30			45.90	0.80	20.00	16.00	40.00
Residential Deposit	40.00										62.00
Returned Payment Fee	Greater of \$20 or 5% of transaction amount										72.78 or twice monthly bill
Late Payment Fee	Greater of \$1 or 1.5% of delinquent balance										Greater of \$20 or 5% of transaction amount
Base Inspection Service Fee	1,155.00										Greater of \$1 or 1.5% of delinquent balance
Inspection Fee per Linear Foot of Developer Installed											1,190.00
Distribution Piping	5.00										5.15
Private Sewerage System Permit	5.00										5.15
Industrial User Fee	500.00										5.15
Residential Connection Required but not Connected	34.90										21.63
Single Unit Residential Private Well Volume	34.90										21.63
Single Unit Residential Private Well Customer Charge											
	7.40										13.68
Multi Unit Residential Private Well Volume	27.50										21.63
Multi Unit Residential Private Well Customer Charge	7.40										13.68

Assumptions	Pay Rate		Overhead		Loaded	
	Rate	Rate	Rate	Rate	Rate	Rate
Labor						
Field Service Rep	21.00		41%		29.61	
Meter Reader	13.00		41%		18.33	
Vehicle						
Pick-Up Truck	20.00					
Bucket Truck	40.00					

Gainesville Regional Utilities
Wastewater Rate Study Report
Winter Maximum

Water consumption is lowest during January, February, and March. The average or maximum of two or three of these months is a reasonable estimate of year-round indoor water use.

Month	Sales Volume						6 Year Total	6 Year Average
	2011	2010	2009	2008	2007	2006		
Jan	359,799	351,987	389,013	399,587	394,880	377,162	2,272,428	7.62%
Feb	347,035	315,583	337,889	363,668	367,962	332,622	2,064,759	6.92%
Mar	327,277	293,911	350,821	351,754	395,955	373,650	2,093,368	7.02%
Apr	425,943	389,439	418,853	404,564	492,710	438,830	2,570,339	8.62%
May	443,242	428,392	473,053	534,710	566,102	456,265	2,901,764	9.73%
Jun	488,466	400,526	376,506	551,085	597,844	550,494	2,964,921	9.94%
Jul	444,042	399,331	407,406	397,378	499,031	499,953	2,647,141	8.87%
Aug	377,712	391,733	364,808	400,380	430,484	436,321	2,401,438	8.05%
Sep	457,760	405,126	374,007	401,632	510,887	458,505	2,607,917	8.74%
Oct	427,150	410,394	379,436	420,748	431,817	446,173	2,515,718	8.43%
Nov	376,816	423,771	384,218	408,650	421,046	461,655	2,476,156	8.30%
Dec	356,314	393,641	380,708	387,408	397,265	401,133	<u>2,316,469</u>	<u>7.76%</u>
							29,832,418	100.00%



Gainesville Regional Utilities
Wastewater Rate Study Report
Sludge Hauling Rates

High Strength Component	Milligrams per Liter	Milligrams per Liter Embedded in Volume Charge	Conversion Factor (lb*L)/(kgal*mg)	Pounds per 1,000 Gallons	Rate per Unit	Rate per 1,000 Gal	
Volume						4.53	
Chemical Oxygen Demand	15,000	(375)	0.00834538	122	0.20 =	24.41	
Suspended Solids	10,000	(250)	0.00834538	81	0.23 =	18.71	
Phosphorus	600	(15)	0.00834538	5	1.85 =	9.03	
Ammonia	1,600	(40)	0.00834538	13	0.50 =	6.51	
Total Rate per 1,000 Gallons						\$	63.19
Administrative Charge per Load			\$	13.68			
Additional Rate per Additional 1% Suspended Solids			\$	60.17			

Please refer to Summary of Significant Assumptions and Summary of Significant Accounting Policies

Gainesville Regional Utilities
Wastewater Rate Study Report
Representative Bills

Customer	Volume (1,000 gallons)	Monthly Bill at Current Rates	Monthly Bill at Cost-Based Rates	Change	Percent Change
Small Residential	3	23.90	27.27	3.37	14%
Average Residential	5	34.90	36.33	1.43	4%
Large Residential	15	89.90	81.63	(8.27)	-9%
Non-Residential	20	117.40	104.28	(13.12)	-11%
Non-Residential	28	161.40	140.52	(20.88)	-13%
Non-Residential	56	315.40	267.36	(48.04)	-15%
Non-Residential	84	469.40	394.20	(75.20)	-16%
Reclaimed Water	27	23.60	50.94	27.34	116%