

# **Gainesville Regional Utilities**

## **Quarterly Financial Statements**

**3<sup>rd</sup> Quarter Ended June 30<sup>th</sup>, 2011**



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**Gainesville Regional Utilities  
Quarterly Financial Statements  
Quarter Ended June 30<sup>th</sup>, 2011**

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# **Management Overview and Analysis**

## **Overview**

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

We offer readers this management discussion and analysis of the utility system's financial statements for the quarter ended June 30<sup>th</sup>, 2011. It should be read in conjunction with the financial statements that follow this section.

## **Basis of Accounting**

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

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

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

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# **Financial Statements**

**GAINESVILLE REGIONAL UTILITIES  
COMBINED UTILITIES FUNDS  
STATEMENT OF OPERATING INCOME  
FOR THIRD QUARTER ENDED JUNE 30, 2011**

This Year	Year Last Year	Change	Change (%)		Year to Date	FY 11 Budget	FY 11 Projected	Change (%)
				<b>REVENUES:</b>				
95,411	100,393	(4,982)	(5.0)	Total Native Load Sales of Electricity	95,411	131,577	135,405	2.9
502	4,080	(3,578)	(87.7)	Interchange Sales	502	2,500	2,500	-
78,778	81,471	(2,693)	(3.3)	Fuel Adjustment	78,778	129,096	112,260	(13.0)
9,480	8,175	1,305	16.0	Other Revenues	9,480	14,304	16,444	15.0
-	-	-	-	Rate Stabilization Fund Transfer	-	-	-	-
1,073	1,389	(316)	(22.8)	Interest Income	1,073	1,968	1,369	(30.4)
<b>185,244</b>	<b>195,508</b>	<b>(10,264)</b>	<b>(5.2)</b>	<b>Total Electric Revenues</b>	<b>185,244</b>	<b>279,445</b>	<b>267,978</b>	<b>(4.1)</b>
				<b>Total Water Revenues</b>				
21,570	18,728	2,842	15.2	Sales of Water	21,570	28,291	27,755	(1.9)
1,393	449	944	210.2	Other Water Revenues	1,393	2,293	2,584	12.7
-	-	-	-	Rate Stabilization Fund Transfer	-	-	-	-
118	141	(23)	(16.3)	Interest Income	118	160	149	(6.9)
<b>23,081</b>	<b>19,318</b>	<b>3,763</b>	<b>19.5</b>	<b>Total Water Revenues</b>	<b>23,081</b>	<b>30,744</b>	<b>30,488</b>	<b>(0.8)</b>
				<b>Total Wastewater Revenues</b>				
24,185	23,150	1,035	4.5	Wastewater Billings	24,185	32,892	31,633	(3.8)
779	815	(36)	(4.4)	Other Wastewater Revenues	779	2,233	2,314	3.6
-	-	-	-	Rate Stabilization Fund Transfer	-	-	-	-
209	237	(28)	(11.8)	Interest Income	209	301	264	(12.3)
<b>25,173</b>	<b>24,202</b>	<b>971</b>	<b>4.0</b>	<b>Total Wastewater Revenues</b>	<b>25,173</b>	<b>35,426</b>	<b>34,211</b>	<b>(3.4)</b>
				<b>Total Gas Revenue</b>				
10,944	11,819	(875)	(7.4)	Sales of Gas and Service	10,944	12,685	13,481	6.3
12,218	10,203	2,015	19.7	Purchased Gas Adjustment	12,218	11,424	14,063	23.1
204	251	(47)	(18.7)	Other Gas Revenue	204	368	259	-
1,058	178	880	494.4	Rate Stabilization Fund Transfer	1,058	337	1,745	417.8
-	-	-	-	Interest Income	-	-	-	-
<b>24,424</b>	<b>22,451</b>	<b>1,973</b>	<b>8.8</b>	<b>Total Gas Revenue</b>	<b>24,424</b>	<b>24,814</b>	<b>29,548</b>	<b>19.1</b>
				<b>Total GRUCom Revenues</b>				
8,563	8,235	328	4.0	Sales of GRUCom Services	8,563	11,505	11,651	1.3
-	-	-	-	Other GRUCom Revenues	-	-	-	-
1	-	1	-	Rate Stabilization Fund Transfer	1	-	-	-
152	189	(37)	(19.6)	Interest Income	152	246	200	(18.7)
<b>8,716</b>	<b>8,424</b>	<b>292</b>	<b>3.5</b>	<b>Total GRUCom Revenues</b>	<b>8,716</b>	<b>11,751</b>	<b>11,851</b>	<b>0.9</b>
<b>266,638</b>	<b>269,903</b>	<b>(3,265)</b>	<b>(1.2)</b>	<b>TOTAL REVENUES</b>	<b>266,638</b>	<b>382,180</b>	<b>374,076</b>	<b>(2.1)</b>
				<b>OPERATION &amp; MAINTENANCE EXPENSES:</b>				
				Electric Fund:				
				Fuel Expense:				
77,001	89,422	(12,421)	(13.9)	Retail & Purchased Power	77,001	124,046	107,721	(13.2)
684	3,640	(2,956)	(81.2)	Interchange	684	2,200	2,200	-
1,687	-	1,687	-	Other Fuel Related Expense	1,687	5,050	4,539	(10.1)
<b>79,372</b>	<b>93,062</b>	<b>(13,690)</b>	<b>(14.7)</b>	<b>Total Fuel Expenses</b>	<b>79,372</b>	<b>131,296</b>	<b>114,460</b>	<b>(12.8)</b>
				<b>Operation &amp; Maintenance Expense</b>				
27,397	27,442	(45)	(0.2)	Operation & Maintenance Expense	27,397	41,656	41,519	(0.3)
15,780	12,825	2,955	23.0	Administrative & General Expense	15,780	22,618	24,617	8.8
<b>122,549</b>	<b>133,329</b>	<b>(10,780)</b>	<b>(8.1)</b>	<b>Total Electric Fund Expenses</b>	<b>122,549</b>	<b>195,570</b>	<b>180,596</b>	<b>(7.7)</b>



**GAINESVILLE REGIONAL UTILITIES  
COMBINED UTILITIES FUNDS  
STATEMENT OF OPERATING INCOME  
FOR THIRD QUARTER ENDED JUNE 30, 2011**

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This Year	Last Year	Year Change	Change (%)
5,356	5,170	186	3.6
3,621	3,629	(8)	(0.2)
<b>8,977</b>	<b>8,799</b>	<b>178</b>	<b>2.0</b>
5,286	4,657	629	13.5
4,613	4,218	395	9.4
<b>9,899</b>	<b>8,875</b>	<b>1,024</b>	<b>11.5</b>
10,735	13,120	(2,385)	(18.2)
838	1,001	(163)	(16.3)
2,759	2,516	243	9.7
<b>14,332</b>	<b>16,637</b>	<b>(2,305)</b>	<b>(24.8)</b>
2,629	2,447	182	7.4
1,428	1,361	67	4.9
<b>4,057</b>	<b>3,808</b>	<b>249</b>	<b>6.5</b>
<b>159,814</b>	<b>171,448</b>	<b>(11,634)</b>	<b>(6.8)</b>
64,564	61,739	2,825	4.6
(182)	440	(622)	(141.4)
62,695	62,179	516	0.8
14,104	10,519	3,585	34.1
15,274	15,327	(53)	(0.3)
10,092	5,814	4,278	73.6
4,659	4,616	43	0.9
<b>106,824</b>	<b>98,455</b>	<b>8,369</b>	<b>8.5</b>
53,222	51,675	1,547	3.0
25,211	24,303	908	3.7
23,594	22,949	645	2.8
84	123	(39)	(31.7)
-	-	-	-
<b>4,713</b>	<b>(595)</b>	<b>5,308</b>	<b>(892.1)</b>

Water Fund:

Operation & Maintenance Expense  
Administrative & General Expense  
**Total Water Fund Expenses**

Year to Date	FY 11 Budget	FY 11 Projected	Change (%)
5,356	7,360	7,237	(1.7)
3,621	5,506	5,396	(2.0)
<b>8,977</b>	<b>12,866</b>	<b>12,633</b>	<b>(1.8)</b>

Wastewater Fund:

Operation & Maintenance Expense  
Administrative & General Expense  
**Total Wastewater Fund Expenses**

5,286	7,423	7,293	(1.8)
4,613	7,462	6,682	(10.5)
<b>9,899</b>	<b>14,885</b>	<b>13,975</b>	<b>(6.1)</b>

Gas Fund:

Fuel Expense - Purchased Gas  
Operation & Maintenance Expense  
Administrative & General Expense  
**Total Gas Fund Expenses**

10,735	11,424	14,063	23.1
838	1,293	1,604	24.1
2,759	4,127	3,911	(5.2)
<b>14,332</b>	<b>16,844</b>	<b>19,578</b>	<b>16.2</b>

GRUCom Fund:

Operation & Maintenance Expense  
Administrative & General Expense  
**Total GRUCom Fund Expenses**

2,629	3,616	3,277	(9.4)
1,428	2,433	2,098	(13.8)
<b>4,057</b>	<b>6,049</b>	<b>5,375</b>	<b>(11.1)</b>

**Total Operation & Maintenance Expenses**

<b>159,814</b>	<b>246,214</b>	<b>232,157</b>	<b>(5.7)</b>
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**NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION:**

Electric - Retail & Wholesale  
Electric - Interchange

64,564	88,625	91,621	3.4
(182)	300	300	-

Total Electric Fund

Water Fund  
Wastewater Fund  
Gas Fund  
GRUCom Fund

62,695	83,875	87,382	4.2
14,104	17,878	17,855	(0.1)
15,274	20,541	20,236	(1.5)
10,092	7,970	9,970	25.1
4,659	5,702	6,476	13.6

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

<b>106,824</b>	<b>135,966</b>	<b>141,919</b>	<b>4.4</b>
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DEBT SERVICE

UPIF CONTRIBUTIONS  
TRANSFER TO GENERAL FUND  
NUCLEAR DECOMMISSIONING/FUEL DISPOSAL  
WORKING CAPITAL

53,222	70,581	70,388	(0.3)
25,211	32,555	32,555	-
23,594	35,154	35,153	-
84	406	359	(11.6)
-	-	8,500	-

**NET INCOME/(DEFICIT)**

<b>4,713</b>	<b>(2,730)</b>	<b>3,464</b>	<b>(226.9)</b>
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(1) Projected Aggregate Debt Service Coverage Ratio

135,966	141,919
68,401	69,125
1.99	2.05

(2) Projected Total Debt Service Coverage Ratio

135,966	141,919
70,581	70,388
1.93	2.02

## **Electric Revenue Fund Financial Performance Discussion**

Total electric sales revenues through third quarter FY11, exclusive of fuel adjustment, have decreased by 8.2% compared to FY10 sales through this same period. For FY11, residential electric revenues are projected to be slightly lower than originally budgeted, while non-residential electric revenues are projected to be slightly higher than originally budgeted. These opposite-moving projections are likely the result of more pronounced residential customer sensitivity to price changes. Non-residential customers are generally not as sensitive to price changes.

Interchange sales and interchange fuel expense have both decreased compared with the FY10 by 87.7% and 81.2%, respectively. Interchange sales are subject to multiple variables including the availability of excess marketable generation from our plants and economic pricing conditions within the interchange market. As a result, interchange sales and the associated fuel expense can vary extensively from budget and projections.

Other Electric Sales, which includes wholesale sales, have decreased by 8.6% through third quarter FY11 as compared to FY10. However, is projected to perform better than budget by 4.9% for FY11 based on higher summer sales.

Fuel Adjustment Revenue has decreased by almost 3.3% over the prior year results. FY11 projections indicate a 13% decrease from original FY11 budget.

The increase in Other Revenues FY11 projections and year-to-date actuals as compared to FY10, are largely the result of the Build America Bonds rebate being reclassified into revenue from Debt service. Additionally, this increase also reflects increased sales related to the Shands South Energy Center.

Interest income through third quarter FY11, as compared to FY10, decreased in the Electric Revenue Fund by 22.8%. This is due to an overall lower return on the investment portfolio due to current market conditions. Investment returns are lower for all systems given the current economic climate of low interest rates and are projected to be 30.4% lower for FY11 than originally budgeted within the Electric Revenue Fund.

Retail and Purchased Power Fuel Expense through the third quarter in FY11 is 13.9% lower than through the third quarter of the prior fiscal year.

**Electric Revenue Fund**  
**Financial Performance Discussion cont.**

Steam Power Generation expenses are down for FY11 primarily due to a limited Spring outage for DH1 & 2 with a more extensive outage planned in the Fall in FY12. Nuclear Power Generation expenses are expected to come in near budget for FY11. Other Power Generation expenses are up considerably due to significant repairs to a fuel nozzle and cap and liner bringing expected costs to run \$2 million higher than budget. This increased cost offsets lower steam turbine expenses from the limited Spring outage mentioned above. System Control and Load Dispatching expenses are tracking similar to FY10 and expected to be at budget for FY11.

Transmission and distribution costs are in line with FY10 at the third quarter mark and both are expected to be close to budget for the year.

Customer Accounts and Sales expenses are up 15.7% with the increased spending on conservation rebate programs adding \$300k of increased costs over FY10 this time last year. However, Customer Accounts and Sales expenses are projected to finish the year under budget by 7.3%. Administrative and General expenses are up by 27.7%, due mainly to pension and OPEB costs up \$2M over FY10 same time last year. These same costs are projected to drive Administrative and General expenses \$2.6M, or 18.8% higher than budgeted for FY11.

Debt Service costs for the Electric System are projected to be lower than previously budgeted for FY11. During FY11, GRU issued the 2010 Series B Bonds and the 2010 Series C Bonds. GRU is utilizing capitalized interest to fund the debt service for these issuances in FY11 and FY12. This lowers the projected debt service cost for both years. Additionally, as part of the 2010 Series C issuance, GRU refunded certain 2008 Series A Bonds, which were largely allocated to the Electric System. This, in addition to a lower than projected interest rate for the 2010 issuances, has lowered the projected debt service costs for the Electric System for FY11.

We had originally budgeted a \$3.5m net deficit for the year. However, we are now projected to end the year with net deficit of nearly \$4.7m.

**GAINESVILLE REGIONAL UTILITIES  
ELECTRIC REVENUE FUND  
STATEMENT OF OPERATING INCOME  
FOR THIRD QUARTER ENDED JUNE 30, 2011**

This Year	Year Last Year	Change	Change (%)		Year to Date	FY 11 Budget	FY 11 Projected	Change (%)
39,016	43,886	(4,870)	(11.1)	<b>REVENUES:</b>	39,016	57,163	57,114	(0.1)
46,980	46,426	554	1.2	Residential Sales	46,980	60,803	64,556	6.2
502	4,080	(3,578)	(87.7)	General Service and Large Power Sales	502	2,500	2,500	-
2,538	2,553	(15)	(0.6)	Interchange Sales	2,538	3,903	3,552	(9.0)
6,877	7,528	(651)	(8.6)	Utility Surcharge	6,877	9,708	10,183	4.9
				Other Electric Sales				
95,913	104,473	(8,560)	(8.2)	Total Sales of Elec. Before Fuel Adj.	95,913	134,077	137,905	2.9
78,778	81,471	(2,693)	(3.3)	Fuel Adjustment	78,778	129,096	112,260	(13.0)
174,691	185,944	(11,253)	(6.1)	Total Sales of Electricity	174,691	263,173	250,165	(4.9)
9,480	8,175	1,305	16.0	Other Revenues	9,480	14,304	16,444	15.0
-	-	-	-	Rate Stabilization Fund Transfer	-	-	-	-
1,073	1,389	(316)	(22.8)	Interest Income	1,073	1,968	1,369	(30.4)
<b>185,244</b>	<b>195,508</b>	<b>(10,264)</b>	<b>(5.2)</b>	<b>Total Revenues</b>	<b>185,244</b>	<b>279,445</b>	<b>267,978</b>	<b>(4.1)</b>
				<b>OPERATION &amp; MAINTENANCE EXPENSES:</b>				
				Power Production Expenses:				
				Fuel Expenses:				
77,001	89,422	(12,421)	(13.9)	Retail & Purchased Power	77,001	124,046	107,721	(13.2)
684	3,640	(2,956)	(81.2)	Interchange	684	2,200	2,200	-
1,687	-	1,687	-	Other Fuel Related Expense	1,687	5,050	4,539	(10.1)
79,372	93,062	(13,690)	(14.7)	Total Fuel Expenses	79,372	131,296	114,460	(12.8)
15,357	15,765	(408)	(2.6)	Steam Power Generation Expense	15,357	26,630	24,761	(7.0)
1,839	1,716	123	7.2	Nuclear Power Generation Expense	1,839	2,055	2,124	3.4
1,426	885	541	61.1	Other Power Generation Expense	1,426	348	2,473	610.6
666	657	9	1.4	System Control & Load Dispatching	666	1,078	1,036	(3.9)
98,660	112,085	(13,425)	(12.0)	Total Power Production Expenses	98,660	161,407	144,854	(10.3)
				Transmission & Distribution Expenses:				
824	757	67	8.9	Transmission Expenses	824	1,132	1,070	(5.5)
7,285	7,662	(377)	(4.9)	Distribution Expenses	7,285	10,413	10,055	(3.4)
8,109	8,419	(310)	(3.7)	Total Transmission & Distribution	8,109	11,545	11,125	(3.6)
				Administrative & General Expenses:				
5,750	4,969	781	15.7	Customer Accounts & Sales Expense	5,750	8,632	8,000	(7.3)
10,030	7,856	2,174	27.7	Administrative & General Expense	10,030	13,986	16,617	18.8
15,780	12,825	2,955	23.0	Total Administrative & General	15,780	22,618	24,617	8.8
<b>122,549</b>	<b>133,329</b>	<b>(10,780)</b>	<b>(8.1)</b>	<b>Total Operating &amp; Maintenance Expenses</b>	<b>122,549</b>	<b>195,570</b>	<b>180,596</b>	<b>(7.7)</b>

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

(2) Other Revenues - Commercial lighting, service charges, miscellaneous.

**GAINESVILLE REGIONAL UTILITIES  
ELECTRIC REVENUE FUND  
STATEMENT OF OPERATING INCOME  
FOR THIRD QUARTER ENDED JUNE 30, 2011**

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This Year	Last Year	Year Change	Change (%)
62,877	61,739	1,138	1.8
(182)	440	(622)	(141.4)
62,695	62,179	516	0.8
32,340	33,106	(766)	(2.3)
15,173	14,543	630	4.3
15,368	13,497	1,871	13.9
84	123	(39)	(31.7)
-	-	-	-
<b>(270)</b>	<b>910</b>	<b>(1,180)</b>	<b>(129.7)</b>

**NET REVENUES IN ACCORDANCE WITH THE  
BOND RESOLUTION:**

Retail & Wholesale  
Interchange

Year to Date	FY 11 Budget	FY 11 Projected	Change (%)
62,877	83,575	87,082	4.2
(182)	300	300	-
62,695	83,875	87,382	4.2
32,340	44,978	42,734	(5.0)
15,173	19,248	19,248	-
15,368	22,815	21,240	(6.9)
84	406	359	(11.6)
-	-	8,500	
<b>(270)</b>	<b>(3,572)</b>	<b>(4,699)</b>	<b>131.6</b>

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

DEBT SERVICE  
UPIF CONTRIBUTIONS  
TRANSFER TO GENERAL FUND (Includes incentive)  
NUCLEAR DECOMMISSIONING/FUEL DISPOSAL  
WORKING CAPITAL

**NET INCOME/(DEFICIT)**

## **Water Revenue Fund Financial Performance Discussion**

The increase in FY11 General Customer revenue of 16.4% through third quarter FY11, as compared to FY10, reflects increased consumption largely due to lower than average rainfall for this period. The increase also reflects the base rate increase in FY11 over FY10 for the Water System implemented as of October 1, 2010. However, these revenues are still projected to be slightly less than budgeted for FY11 by .5%.

Utility Surcharge revenues are up by 25.2% through third quarter FY11 as compared to FY10, but are still projected to be 4.3% lower than budget. Other Revenues, which include connection fees, are also up in third quarter FY11 compared to FY10. This revenue increase is largely a function of the reclassification of the Build America Bonds subsidy from debt service to Other Revenue, as connection fees are down for FY11. This resulted in an increased revenue figure for the third quarter of FY11 and a projected increase of 12.7% for FY11 as compared to budget.

Interest income through third quarter FY11, as compared to FY10, decreased in the Water Revenue Fund by 16.3%. This is due to an overall lower return on the investment portfolio due to current market conditions. Investment returns are lower for all systems given the current economic climate of low interest rates and are projected to be 6.9% lower for FY11 than originally budgeted within the Water Revenue Fund.

Although Water Treatment expenses through third quarter FY11 increased by 11.4% over FY10, this is due to timing differences of electric service costs caused by an additional one-month accrual being posted to the System for this same period in FY11. These expenses are projected to be 1.7% less than budgeted for FY11.

Water Transmission & Distribution expenses through third quarter FY11, as compared to FY10, decreased by 12.8% due to an operation shift from point repair on service leaks and breaks to wholesale pipe repair and replacement. These expenses are projected to be 1.6% lower for FY11 than originally budgeted.

Customer Accounts and Sales expense is down 19.2% through third quarter FY11, as compared to FY10. This decrease is due to reallocating certain costs to properly reflect the workload of Field Services to both Water and Wastewater funds. These expenses are projected to be 5.3% lower than originally budgeted for FY11.

**Water Revenue Fund**  
**Financial Performance Discussion cont.**

Debt service costs for the Water System are projected to be higher than originally budgeted for FY11 by 11.4%, even though the System is utilizing capitalized interest to pay debt service costs associated with the 2010 Series B Bonds and 2010 Series B Bonds in FY11 and FY12. This is due to the reclassification of the associated subsidy for the 2009 Series B Bonds and 2010 Series B Bonds under the Build America Bond program. This subsidy was previously classified as a reduction to Debt Service, but has been reclassified to Other Revenue.

While we had originally budgeted net income of \$747k for FY11, our latest projections indicate a deposit into the Rate Stabilization Fund of nearly \$370k for the current year.

**GAINESVILLE REGIONAL UTILITIES  
WATER REVENUE FUND  
STATEMENT OF OPERATING INCOME  
FOR THIRD QUARTER ENDED JUNE 30, 2011**

This Year	Year Last Year	Change	Change (%)
18,901	16,243	2,658	16.4
990	1,144	(154)	(13.5)
1,679	1,341	338	25.2
<b>21,570</b>	<b>18,728</b>	<b>2,842</b>	<b>15.2</b>
1,393	449	944	210.2
-	-	-	-
118	141	(23)	(16.3)
<b>23,081</b>	<b>19,318</b>	<b>3,763</b>	<b>19.5</b>
3,900	3,501	399	11.4
1,456	1,669	(213)	(12.8)
763	944	(181)	(19.2)
2,858	2,685	173	6.4
<b>8,977</b>	<b>8,799</b>	<b>178</b>	<b>2.0</b>
<b>14,104</b>	<b>10,519</b>	<b>3,585</b>	<b>34.1</b>
6,183	5,379	804	14.9
3,685	3,533	152	4.3
3,244	3,529	(285)	(8.1)
<b>992</b>	<b>(1,922)</b>	<b>2,914</b>	<b>(151.6)</b>

Year to Date	FY 11 Budget	FY 11 Projected	Change (%)
<b>REVENUES:</b>			
18,901	24,364	24,245	(0.5)
990	1,741	1,417	(18.6)
1,679	2,186	2,093	(4.3)
<b>21,570</b>	<b>28,291</b>	<b>27,755</b>	<b>(1.9)</b>
1,393	2,293	2,584	12.7
-	-	-	-
118	160	149	(6.9)
<b>23,081</b>	<b>30,744</b>	<b>30,488</b>	<b>(0.8)</b>
<b>OPERATION &amp; MAINTENANCE EXPENSES:</b>			
3,900	5,151	5,063	(1.7)
1,456	2,209	2,174	(1.6)
763	1,199	1,136	(5.3)
2,858	4,307	4,260	(1.1)
<b>8,977</b>	<b>12,866</b>	<b>12,633</b>	<b>(1.8)</b>
<b>14,104</b>	<b>17,878</b>	<b>17,855</b>	<b>(0.1)</b>
<b>TOTAL NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION</b>			
6,183	7,410	8,256	11.4
3,685	4,855	4,855	-
3,244	4,866	4,374	(10.1)
<b>992</b>	<b>747</b>	<b>370</b>	<b>(50.5)</b>

(1) Other Revenue - Connection fees and miscellaneous.



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## **Wastewater Revenue Fund Financial Performance Discussion**

Although Wastewater billings through the third quarter of FY11 increased by 4.3% over FY10, this increase is likely attributable to the base rate increase for the Wastewater System implemented as of October 1, 2010. Additionally, Wastewater billings generally correspond to Water sales, which are also up through this same period. However, these revenues are still projected to be 3.5% less than budgeted for FY11.

Similar to the Water System, Utility Surcharge revenues have increased through this quarter in FY11 compared to the same period in FY10. These revenues are 6.4% higher when compared to the same period last year. However, also similar to the Water System, they are projected to be less than budgeted for FY11. Other Revenues have decreased compared to FY10 despite the reclassification of the Build America Bonds subsidy into this revenue category from debt service. This is due to significantly lower connection fees. However, they are projected to be 3.6% higher than budgeted for FY11.

Interest income through third quarter FY11, as compared to FY10, decreased in the Wastewater Revenue Fund by 11.8%. This is due to an overall lower return on the investment portfolio due to current market conditions. Investment returns are lower for all systems given the current economic climate of low interest rates and are projected to be 12.3% lower for FY11 than originally budgeted within the Wastewater Revenue Fund.

Collection expenses are up 17.1% through third quarter FY11 over FY10, this increase is due to changes in how lift station expenses are classified. Lift Station costs were previously considered treatments costs since they were managed by treatment plants. Treatment expenses have increased through this quarter in FY11 compared to the same period due to timing of electric service postings to the system. However, collection and treatment expenses combined are projected to be lower for FY11 than originally budgeted.

Customer Accounts and Sales expense has increased in FY11 over FY10 by 54.3%, due to reallocating certain costs associated with Field Services to both the Water and Wastewater funds. However, these costs are projected to only be .3% higher than originally budgeted for FY11. Administrative and General expenses are generally on track through third quarter FY11, as compared to FY10. These expenses are projected to be 12.9% lower than originally budgeted due to department cost saving measures.

**Wastewater Revenue Fund**  
**Financial Performance Discussion cont.**

Debt service costs for the Wastewater System are projected to be higher than originally budgeted for FY11 by 10.7%, even though the System is utilizing capitalized interest to pay debt service costs associated with the 2010 Series B Bonds and 2010 Series B Bonds in FY11 and FY12. This is due to the reclassification of the associated subsidy for the 2009 Series B Bonds and 2010 Series B Bonds under the Build America Bond program. This subsidy was previously classified as a reduction to Debt Service, but has been reclassified to Other Revenue.

We are projected to end the year with a budgeted net deficit greater than that originally \$477k budgeted for FY11. There is a projected withdrawal from the Rate Stabilization Fund of nearly \$1.9m for the current year.

**GAINESVILLE REGIONAL UTILITIES  
WASTEWATER REVENUE FUND  
STATEMENT OF OPERATING INCOME  
FOR THIRD QUARTER ENDED JUNE 30, 2011**

This Year	Year Last Year	Change	Change (%)		Year to Date	FY 11 Budget	FY 11 Projected	Change (%)
22,468	21,537	931	4.3	<b>REVENUES:</b>	22,468	30,484	29,410	(3.5)
1,717	1,613	104	6.4	Wastewater Billings	1,717	2,408	2,223	(7.7)
779	815	(36)	(4.4)	Surcharge	779	2,233	2,314	3.6
-	-	-	-	Other Revenues	-	-	-	-
209	237	(28)	(11.8)	Rate Stabilization Fund Transfer	209	301	264	(12.3)
				Interest Income				
<b>25,173</b>	<b>24,202</b>	<b>971</b>	<b>4.0</b>	<b>Total Revenues</b>	<b>25,173</b>	<b>35,426</b>	<b>34,211</b>	<b>(3.4)</b>
				<b>OPERATION &amp; MAINTENANCE EXPENSES:</b>				
1,664	1,421	243	17.1	Wastewater Collection Expense	1,664	2,360	2,059	(12.8)
3,622	3,236	386	11.9	Wastewater Treatment Expense	3,622	5,063	5,234	3.4
983	637	346	54.3	Customer Accounts & Sales Expense	983	1,380	1,384	0.3
3,630	3,581	49	1.4	Administrative & General Expenses	3,630	6,082	5,298	(12.9)
<b>9,899</b>	<b>8,875</b>	<b>1,024</b>	<b>11.5</b>	<b>Total Operating &amp; Maintenance Expenses</b>	<b>9,899</b>	<b>14,885</b>	<b>13,975</b>	<b>(6.1)</b>
				<b>TOTAL NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION</b>	<b>15,274</b>	<b>20,541</b>	<b>20,236</b>	<b>(1.5)</b>
7,470	6,370	1,100	17.3	DEBT SERVICE	7,470	8,993	9,957	10.7
4,473	4,344	129	3.0	UPIF CONTRIBUTIONS	4,473	6,020	6,020	-
4,003	4,243	(240)	(5.7)	TRANSFER TO GENERAL FUND	4,003	6,005	6,169	2.7
<b>(672)</b>	<b>370</b>	<b>(1,042)</b>	<b>(281.6)</b>	<b>NET INCOME/(DEFICIT)</b>	<b>(672)</b>	<b>(477)</b>	<b>(1,910)</b>	<b>300.4</b>

(1) Other Revenue - Connection fees and miscellaneous.

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## **Gas Revenue Fund Financial Performance Discussion**

Residential gas sales were lower through third quarter FY11 compared to FY10 by 13.5%. This is the result of colder than average weather occurring in FY10 during this same period, as compared to FY11. However, Residential gas sales are projected to be close to budget for FY11. Commercial gas sales are less affected by weather, but are slightly higher through this same quarter last year, and are projected to be slightly higher for the current fiscal year.

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

As in the other systems, interest income for the Gas Revenue Fund for FY11 is projected to be less than originally budgeted. This is due to an overall lower return on the investment portfolio due to current market conditions. Investment returns are lower for all systems given the current economic climate of low interest rates and are projected to be 29.6% lower for FY11 than originally budgeted within the Gas Revenue Fund.

Other Revenue is higher compared to FY10 through this period and projections as compared to FY11 budget due to the inclusion of the Build America Bonds subsidy in this category.

Operation and Maintenance expenses are 16.3% less than FY10 due to labor expenditures charging against capital projects \$60k more versus O&M in this FY11. Fleet costs are also reduced due to a change in capitalization methodology sending \$73k more to capital projects this year versus FY10 during the same time frame. FY11 projections show an increase in Operations and Maintenance Expenses with a similar decrease in Customer Accounts & Sales Expenses. This is largely due to the reclassification of the Gas Marketing department from Customer Accounts & Sales to Operations and Maintenance in order to more appropriately categorize these costs. However, the overall costs remain near budget for FY11.

Customer Account expenses are up slightly over FY10 due to Field Services increasing cost allocations more in line with current use of Field Service personnel. Administrative and General costs are on track when compared to FY10 at this same time last year and are projected to come close to budget.

**Gas Revenue Fund**  
**Financial Performance Discussion cont**

Debt service costs for the Wastewater System are projected to be higher than originally budgeted for FY11 by 17%, even though the System is utilizing capitalized interest to pay debt service costs associated with the 2010 Series B Bonds and 2010 Series B Bonds in FY11 and FY12. This is due to the reclassification of the associated subsidy for the 2009 Series B Bonds and 2010 Series B Bonds under the Build America Bond program. This subsidy was previously classified as a reduction to Debt Service, but has been reclassified to Other Revenue.

We are projected to end the year with a budgeted net deficit. We had originally budgeted a \$1.1m contribution to the Rate Stabilization Fund, but are now projecting a withdrawal of \$1.1m.

**GAINESVILLE REGIONAL UTILITIES  
GAS REVENUE FUND  
STATEMENT OF OPERATING INCOME  
FOR THIRD QUARTER ENDED JUNE 30, 2011**

This Year	Last Year	Year Change	Change (%)
6,280	7,261	(981)	(13.5)
3,471	3,385	86	2.5
12,218	10,203	2,015	19.7
353	354	(1)	(0.3)
840	819	21	2.6
<b>23,162</b>	<b>22,022</b>	<b>1,140</b>	<b>5.2</b>
1,058	178	880	494
-	-	-	-
204	251	(47)	(18.7)
<b>24,424</b>	<b>22,451</b>	<b>1,973</b>	<b>8.8</b>
10,735	13,120	(2,385)	(18.2)
838	1,001	(163)	(16.3)
1,448	1,308	140	10.7
1,311	1,208	103	8.5
<b>14,332</b>	<b>16,637</b>	<b>(2,305)</b>	<b>(13.9)</b>
<b>10,092</b>	<b>5,814</b>	<b>4,278</b>	<b>73.6</b>
3,316	2,813	503	17.9
1,542	1,479	63	4.3
735	1,443	(708)	(49.1)
-	-	-	-
<b>4,499</b>	<b>79</b>	<b>4,420</b>	<b>5,594.9</b>

**REVENUES:**

Sales of Gas and Service:  
Residential  
Commercial & Interruptible  
Purchased Gas Adjustment  
Surcharge  
Other Gas Sales and MGP

**Total Sales**

Miscellaneous Revenue:

Other Revenue  
Rate Stabilization Fund Transfer  
Interest Income

**Total Revenues**

**OPERATION & MAINTENANCE EXPENSES:**

Fuel Expense - Purchased Gas  
Operation & Maintenance Expenses  
Customer Accounts & Sales Expense  
Administrative & General Expense

**Total Operation & Maintenance Expenses**

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

DEBT SERVICE  
UPIF CONTRIBUTIONS  
TRANSFER TO GENERAL FUND  
WORKING CAPITAL

**NET INCOME/(DEFICIT)**

Year to Date	FY 11 Budget	FY 11 Projected	Change (%)
6,280	7,607	7,699	1.2
3,471	3,782	4,386	16.0
12,218	11,424	14,063	23.1
353	392	426	8.7
840	904	970	7.3
<b>23,162</b>	<b>24,109</b>	<b>27,544</b>	<b>14.2</b>
1,058	337	1,745	417.8
-	-	-	-
204	368	259	(29.6)
-	-	-	-
<b>24,424</b>	<b>24,814</b>	<b>29,548</b>	<b>19.1</b>
10,735	11,424	14,063	23.1
838	1,293	1,604	24.1
1,448	2,152	1,862	(13.5)
1,311	1,975	2,049	3.7
<b>14,332</b>	<b>16,844</b>	<b>19,578</b>	<b>16.2</b>
<b>10,092</b>	<b>7,970</b>	<b>9,970</b>	<b>25.1</b>
3,316	3,713	4,344	17.0
1,542	1,985	1,985	-
735	1,102	2,805	154.5
-	-	2,000	-
<b>4,499</b>	<b>1,170</b>	<b>(1,164)</b>	<b>(99.5)</b>

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



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## **Telecommunications Revenue Fund Financial Performance Discussion**

Telecommunication revenues increased by 6.1% through the third quarter of FY11, as compared to the same period of FY10. Tower Lease Rental revenue increased in FY11 over FY10 by 8.5% while Trunking Radio revenue decreased by 4.8% for this same period. Internet access revenues increased 3.5% compared to this same period. This was the result of the addition of several new services, as well as larger accounts added. However, Total Sales for the Telecommunication System are projected to be close to budget for FY11.

Interest income through third quarter FY11, as compared to FY10, decreased in the Telecommunications Revenue Fund by 19.6%. This is due to an overall lower return on the investment portfolio due to current market conditions. Investment returns are lower for all systems given the current economic climate of low interest rates and are projected to be 18.7% lower for FY11 than originally budgeted within the Telecommunications Revenue Fund.

Operating and Maintenance expenses through third quarter FY11 increased 7.4% compared to this time last year due to operations requesting that certain projects initially set up as capital be closed out and properly expensed as O&M. Customer Accounts and Sales Expense is up over FY10 this time due to costs associated with increased competitive radio marketing program. However, total Customer Accounts and Sales Expense as well as Administrative and General are expected to come in below budget for FY11.

Debt Service costs for the Telecommunications System are projected to be lower than previously budgeted for FY11. During FY11, GRU issued the 2010 Series A Bonds and the 2010 Series C Bonds. The 2010 Series A Bonds were issued to fund capital expansion of the Telecommunications System. As part of the 2010 Series C Bonds issuance, GRU refunded certain 2003 Series A Bonds and certain 2008 Series A Bonds, both of which were partially allocated to the Telecommunications System. This lowered the projected Debt Service cost for FY11. Also, as part of the 2010 Series C Bonds issuance, GRU is utilizing capitalized interest to fund the Debt Service for the issuances in FY11 and FY12. This has also lowered the projected Debt Service cost for FY11. Debt issued within the Telecommunications System is not eligible for the Build America Bond program subsidy.

We are projected to end the year with a budgeted net deficit greater than that originally budgeted amount of \$598k. There is a projected withdrawal from the Rate Stabilization Fund of nearly \$1.1m for FY11.

**GAINESVILLE REGIONAL UTILITIES  
TELECOMMUNICATIONS REVENUE FUND  
STATEMENT OF OPERATING INCOME  
FOR THIRD QUARTER ENDED JUNE 30, 2011**

This Year	Year Last Year	Change	Change (%)		Year to Date	FY 11 Budget	FY 11 Projected	Change (%)
				<b>REVENUES:</b>				
				Sales:				
4,148	3,908	240	6.1	Telecommunication	4,148	5,750	5,788	0.7
1,543	1,620	(77)	(4.8)	Trunking Radio	1,543	2,293	2,041	(11.0)
1,517	1,398	119	8.5	Tower Lease Rental	1,517	1,586	1,991	25.5
1,355	1,309	46	3.5	Internet Access	1,355	1,876	1,831	(2.4)
<b>8,563</b>	<b>8,235</b>	<b>328</b>	<b>4.0</b>	Total Sales	<b>8,563</b>	<b>11,505</b>	<b>11,651</b>	<b>1.3</b>
-	-	-	-	Other Revenue	-	-	-	-
1	-	1	-	Rate Stabilization Fund Transfer	1	-	-	-
152	189	(37)	(19.6)	Interest Income	152	246	200	(18.7)
<b>8,716</b>	<b>8,424</b>	<b>292</b>	<b>3.5</b>	<b>Total Revenues</b>	<b>8,716</b>	<b>11,751</b>	<b>11,851</b>	<b>0.9</b>
				<b>OPERATION &amp; MAINTENANCE EXPENSES:</b>				
2,629	2,447	182	7.4	Operation & Maintenance Expenses	2,629	3,616	3,277	(9.4)
241	202	39	19.3	Customer Accounts & Sales Expense	241	421	373	(11.4)
1,187	1,159	28	2.4	Administrative & General Expenses	1,187	2,012	1,725	(14.3)
<b>4,057</b>	<b>3,808</b>	<b>249</b>	<b>6.5</b>	<b>Total Operating &amp; Maintenance Expenses</b>	<b>4,057</b>	<b>6,049</b>	<b>5,375</b>	<b>(11.1)</b>
<b>4,659</b>	<b>4,616</b>	<b>43</b>	<b>0.9</b>	<b>TOTAL NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION</b>	<b>4,659</b>	<b>5,702</b>	<b>6,476</b>	<b>13.6</b>
3,913	4,007	(94)	(2.3)	DEBT SERVICE	3,913	5,487	5,097	(7.1)
338	404	(66)	(16.3)	UPIF CONTRIBUTIONS	338	447	447	-
244	237	7	3.0	TRANSFER TO GENERAL FUND	244	366	565	54.4
-	-	-	-	WORKING CAPITAL	-	-	1,500	-
<b>164</b>	<b>(32)</b>	<b>196</b>	<b>(612.5)</b>	<b>NET INCOME/(DEFICIT)</b>	<b>164</b>	<b>(598)</b>	<b>(1,133)</b>	<b>189.5</b>

## **Balance Sheet – Combined Funds As of June 30, 2011**

Cash, Investments, and Accounts Receivable are lower in June as compared to year end due to the reversal of \$5.0 million in accounts receivable accrued at September 30 for wholesale sales and SEC billings. Also, cash is lower due to the reversal of a temporary transfer from rate stabilization at year end, as described below in current liabilities. This reversal also increased the Rate Stabilization fund restricted assets.

Also in the Restricted Asset section, debt service cash is lower as of June 2011 due to the net affect of our semi-annual payment of debt interest and annual pay down of debt principal, which was offset by deposits to the debt service fund to begin building towards our fiscal 2011 debt obligation. The construction fund balance is lower due to normal spend down of funds on capital projects. Utility Plant Improvement Fund (UPIF) is increased due to budgeted and scheduled contributions in accordance with the bond resolution. UPIF is also impacted by the timing of settlements to the Construction Fund for projects being constructed with UPIF funds.

Current Liabilities is reduced due to the reversal of year-end accruals which increased the payable accounts at September 30, 2010, accompanied by a reduction in outstanding payable due to normal fluctuations in payments to vendors. A temporary transfer of \$16.1 million at year end from Rate stabilization decreased the Rate Stabilization deferred credit and increased current liabilities. The transfer is reversed on October 1, 2010. Other payables from restricted assets is made up of construction fund payables, accrued interest and current principal payable. About \$8.0 million of this difference is due to the reversal of construction fund accounts payable. Another \$4.0 million is due to a reduction in bond principal payable as a result of a refunding of a portion of the Series 2008 A bonds as part of the issuance of the Series 2010 bonds. There is no principal due on the Series 2010 bonds in FY2011. The remaining difference of approximately \$9.2 million is a timing difference in the accrual of interest payable for the second half of the year. FY2010 accrual represents 6 months accrued interest, while only 3 months interest has accrued at June 30, 2011.

Under long term debt, the Utilities System Revenue Bonds Payable has increased due to the issuance of Series 2010 A, B and C bonds totaling \$162 million, offset by the partial refunding of Series 2008A bonds and the principal payment due on October 1, 2010.

**GAINESVILLE REGIONAL UTILITIES  
COMBINED FUNDS  
BALANCE SHEET  
JUNE 30, 2011**

(000's)	<u>ASSETS</u>	Jun 30, 2011	Sep 30, 2010	\$ Difference	% Difference
<b>CURRENT ASSETS:</b>					
	Cash, Investments & Accounts Receivable	48,687	60,241	(11,554)	-23.7%
	Other Current Assets	24,250	25,373	(1,123)	-4.6%
	<b>TOTAL CURRENT ASSETS</b>	<b>72,937</b>	<b>85,614</b>	<b>(12,677)</b>	<b>-17.4%</b>
<b>RESTRICTED ASSETS:</b>					
	Debt Service Fund	31,923	51,754	(19,831)	-62.1%
	Construction Fund	66,254	146,785	(80,531)	-121.5%
	Utility Plant Improvement Fund	36,443	25,543	10,900	29.9%
	Rate Stabilization Fund	66,133	51,349	14,784	22.4%
	Other Restricted Assets	20,476	19,773	703	3.4%
	<b>TOTAL RESTRICTED ASSETS</b>	<b>221,229</b>	<b>295,204</b>	<b>(73,975)</b>	<b>-33.4%</b>
	<b>NON-CURRENT ASSETS</b>	<b>87,308</b>	<b>84,529</b>	<b>2,779</b>	<b>3.2%</b>
	<b>NET CAPITAL ASSETS</b>	<b>1,136,281</b>	<b>1,088,641</b>	<b>47,640</b>	<b>4.2%</b>
	<b>TOTAL ASSETS</b>	<b>1,517,755</b>	<b>1,553,988</b>	<b>(36,233)</b>	<b>-2.4%</b>
 <b><u>LIABILITIES AND NET ASSETS</u></b>					
	<b>CURRENT LIABILITIES</b>	<b>15,256</b>	<b>41,017</b>	<b>(25,761)</b>	<b>-168.9%</b>
<b>PAYABLE FROM RESTRICTED ASSETS:</b>					
	Rate Stabilization Deferred Credit	65,934	49,834	16,100	24.4%
	Other Payables From Restricted Assets	48,164	69,589	(21,425)	-44.5%
	<b>TOTAL PAYABLE FROM RESTRICTED ASSETS</b>	<b>114,098</b>	<b>119,423</b>	<b>(5,325)</b>	<b>-4.7%</b>
<b>LONG TERM-DEBT:</b>					
	Utilities System Revenue Bonds				
	Payable-Senior Lien Debt	932,125	824,680	107,445	11.5%
	Utilities System Revenue Bonds Payable-Sub. Debt	0	0	0	0.0%
	Commercial Paper Notes Payable	62,000	62,000	0	0.0%
	Unamortized Bond Financing Costs	(17,559)	(18,222)	663	-3.8%
	<b>TOTAL LONG-TERM DEBT</b>	<b>976,566</b>	<b>868,458</b>	<b>108,108</b>	<b>11.1%</b>
	<b>OTHER NON-CURRENT LIABILITIES</b>	<b>84,459</b>	<b>84,189</b>	<b>270</b>	<b>0.3%</b>
	<b>TOTAL LIABILITIES</b>	<b>1,190,379</b>	<b>1,113,087</b>	<b>77,292</b>	<b>6.5%</b>
	<b>TOTAL NET ASSETS</b>	<b>327,376</b>	<b>440,901</b>	<b>(113,525)</b>	<b>-34.7%</b>
	<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>1,517,755</b>	<b>1,553,988</b>	<b>(36,233)</b>	<b>-2.4%</b>

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# **Supplemental Data**

**ELECTRIC RESALE**  
**FOR THIRD QUARTER ENDED JUNE 30, 2011**

Month June					Nine Months That Ended June 30			
This Year	Per KWh	Last Year	Per KWh	Change		This Year	Last Year	Change
813,913	0.0704	901,277	0.0713	(87,364)	Resale Revenue			
674,874	0.0809	578,086	0.0674	96,788	Alachua	668,993	757,843	(88,850)
					Seminole	501,091	543,436	(42,345)
<u>1,488,787</u>	0.0748	<u>1,479,363</u>	0.0697	<u>9,424</u>	<b>Total Resale Revenue</b>	<u>1,170,085</u>	<u>1,301,279</u>	<u>(131,194)</u>
					Resale KWh			
11,565,233		12,644,730		(1,079,497)	Alachua	9,622,266	10,297,858	(675,592)
8,337,556		8,582,644		(245,088)	Seminole	6,615,980	6,770,206	(154,225)
<u>19,902,789</u>		<u>21,227,374</u>		<u>(1,324,585)</u>	<b>Total Resale KWh</b>	<u>16,238,247</u>	<u>17,068,064</u>	<u>(829,817)</u>



**ELECTRIC STATISTICS**  
**FOR THIRD QUARTER ENDED JUNE 30, 2011**

<b>This Year</b>	<b>Month June</b>			<b>Nine Months That Ended June 30</b>		
	<b>Last Year</b>	<b>Change</b>		<b>This Year</b>	<b>Last Year</b>	<b>Change</b>
<u>96,592</u>	<u>97,326</u>	<u>(734)</u>	<b>Total Customers</b>	<u>96,317</u>	<u>96,482</u>	<u>(166)</u>
31,578	31,496	82	Street Lights in Service	31,578	31,496	82
575.78	577.12	(1.34)	Miles of Overhead Distribution Line	575.78	577.12	(1.34)
848.39	837.78	10.61	Miles of Underground Distribution Line	848.39	837.78	10.61
<u>1,424.17</u>	<u>1,414.90</u>	<u>9.27</u>	<b>Total Miles of Distribution Line</b>	<u>1,424.17</u>	<u>1,414.90</u>	<u>9.27</u>
449	491	(42)	Maximum Peak Load Generated/Gross (MW)	371	388	(17)
445	470	(25)	Maximum Peak Load Generated/Net (MW)	359	367	(8)
199269	208950	(9,681)	Net Energy for Load (MWh)	161,882	166,743	(4,861)
62.19	61.75	0.45	Load Factor - Percent	63.14	63.22	(0.08)
535	526	9	Cooling Degree DBFs - Actual Days	1,501	1,421	80
447	447	-	Cooling Degree DBFs - Normal Days	1,307	1,311	(4)
88	79	9	Difference from Normal	194	110	84
0.0520	0.0560	(0.0040)	<b>Fuel Adjustment</b>	0.0520	0.0560	(0.0040)

**WATER STATISTICS**  
FOR THIRD QUARTER ENDED JUNE 30, 2011

Month June		
This Year	Last Year	Change
69,067	69,091	(24)
30,722	28,408	2,315
22,634	20,931	1,703
27,684	24,581	3,103
830,516	737,426	93,090
30,135	29,177	959
22,402	21,337	1,065
26,947	24,678	2,269
808,410	740,345	68,065
36.89	28.44	8.45
32.71	24.76	7.95
17.06	11.07	5.99
20.04	13.20	6.83
1,112.7	1,104.4	8.3
13.1	12.1	1.0
5,556	5,530	26
5.78	8.99	(3.21)
6.73	6.73	-
(0.95)	2.26	(3.21)

Nine Months That Ended June 30			
This Year	Last Year	Change	
68,572	68,479	93	
<b>Total Customers</b>			
<b>Pumpage - Mega-gallons</b>			
Raw Water - Max	31,107	29,786	1,321
Raw Water - Min	16,960	17,381	(421)
Raw Water - Avg	24,363	22,956	1,407
Total	6,655,204	6,269,929	385,275
Distribution System - Max	30,282	29,177	1,105
Distribution System - Min	17,577	16,953	624
Distribution System - Avg	23,824	22,729	1,095
Total	6,507,984	6,207,562	300,422
Maximum Daily Pumpage	45.62	45.62	-
Average Max. Daily Pumpage	29.50	27.04	2.46
Minimum Daily Pumpage	15.59	11.07	4.52
Average Min. Daily Pumpage	18.66	16.94	1.72
Miles of Potable Water Main	1,112.7	1,104.4	8.3
Miles of Potable Water Fire Mains	13.1	12.1	1.0
Fire Hydrants	5,556	5,530	26
Precipitation - Actual Inches	2.35	3.68	(1.33)
Precipitation - Normal Inches	3.30	3.32	(0.02)
Difference from Normal	(0.95)	0.36	(1.31)

**WASTEWATER STATISTICS  
FOR THIRD QUARTER ENDED JUNE 30, 2011**

<b>Month June</b>			<b>Nine Months That Ended June 30</b>			
<b>This Year</b>	<b>Last Year</b>	<b>Change</b>		<b>This Year</b>	<b>Last Year</b>	<b>Change</b>
<u>62,271</u>	<u>62,209</u>	<u>62</u>	<b>Total Customers</b>	<u>61,789</u>	<u>61,667</u>	<u>121</u>
			<b>Pumpage - Mega-gallons</b>			
223.20	274.49	(51.29)	Kanapaha WRF Total	2,282.04	2,600.35	(318.31)
7.440	9.150	(1.710)	Kanapaha WRF Daily Avg	8.365	9.528	(1.163)
269.37	203.04	66.33	Main Street WRF Total	1,845.79	1,634.09	211.70
8.979	6.768	2.211	Main Street WRF Daily Avg	6.77	5.99	0.780
90.13	55.38	34.75	Total Reclaimed	642.94	561.53	81.41
3.63	2.78	0.85	Reclaimed Daily Max	2.92	2.54	0.38
3.00	1.85	1.15	Reclaimed Monthly Avg	2.36	1.99	0.37
<u>493</u>	<u>478</u>	<u>15</u>	Total Pumpage	<u>4,128</u>	<u>4,234</u>	<u>(107)</u>
<u>16.419</u>	<u>15.918</u>	<u>0.501</u>	Total Daily Avg	<u>15.139</u>	<u>15.522</u>	<u>(0.383)</u>
14,884	14,747	137.00	Manholes	14,884	14,747	137
27.1	24.9	2.2	Miles of Reclaimed Water Mains	27.1	24.9	2.2
138.5	136.8	1.7	Miles of Force Main	138.5	136.8	1.7
615.6	610.4	5.2	Miles of Gravity Main	615.6	610.4	5.2
<u>754.1</u>	<u>747.2</u>	<u>6.9</u>	Total Miles of Main	<u>754.1</u>	<u>747.2</u>	<u>6.9</u>

**GAS STATISTICS**  
FOR THIRD QUARTER ENDED JUNE 30, 2011

This Year	Month June			Nine Months That Ended June 30		
	Last Year	Change		This Year	Last Year	Change
33,287	33,281	6	<b>Total NG Customers</b>	33,133	33,160	(28)
188	185	3	<b>LP Gas Total Customers</b>	184	184	0
739.12	733.52	5.60	<b>Distribution Mains</b>			
7.17	7.05	0.12	NG System	739.12	733.52	5.60
			LP System	7.17	7.05	0.12
746.29	740.57	5.72	<b>Total Distribution Mains</b>	746.29	740.57	5.72
0	0	-	Heating Degree DBFs - Actual Days	1,275	1,552	(277)
0	0	-	Heating Degree DBFs - Normal Days	1,168	1,160	8
0	0	-	Difference from Normal	107	392	(285)
82.6	82.3	0.3	Average Temperature	65.4	64.2	1.2
			<b>FUEL ADJUSTMENTS</b>			
0.5900	0.5300	0.0600	Natural Gas Firm PGA	0.5900	0.5300	0.0600
0.5738	0.5138	0.0600	Natural Gas Int PGA	0.5738	0.5138	0.0600
1.7500	1.1100	0.6400	LP PGA	1.7089	1.3111	0.3978

**CLEAN AIR ALLOWANCES  
CALENDAR YEAR 2011**

**SO<sub>2</sub> Allowances (tons)**

	DH	JRK	GRU Total
Carryover	7,845.0	349.0	8,194.0
Ann. Alloc.	8,400.0	67.0	8,467.0
Tot. Avail.	16,245.0	416.0	16,661.0
Used	1,962.0	0.0	1,962.0
<b>Left Over</b>	<b>14,283.0</b>	<b>416.0</b>	<b>14,699.0</b>

**SO<sub>2</sub> Emissions (tons)**

Quarter	B1	B2	CT3	DH Total	CC1	JRK Total	GRU Total
1	12.7	967.5	0.0	980.2	0.0	0.0	980.2
2				0.0		0.0	0.0
3				0.0		0.0	0.0
4				0.0		0.0	0.0
<b>Year</b>	<b>12.7</b>	<b>967.5</b>	<b>0.0</b>	<b>980.2</b>	<b>0.0</b>	<b>0.0</b>	<b>980.2</b>

**NO<sub>x</sub> Allowances (tons)**

	DH		JRK		GRU Total	
	Ann.	OS	Ann.	OS	Ann.	OS
Purch/Trans					0.0	0.0
Ann. Alloc.	1,142.0	632.0	86.0	44.0	1,228.0	676.0
Tot. Avail.	1,142.0	632.0	86.0	44.0	1,228.0	676.0
Used	104.0	0.0	2.0	0.0	106.0	0.0
Sold	0.0	0.0	0.0	0.0	0.0	0.0
<b>Left Over</b>	<b>1,038.0</b>	<b>632.0</b>	<b>84.0</b>	<b>44.0</b>	<b>1,122.0</b>	<b>676.0</b>

**NO<sub>x</sub> Emissions (tons)**

Quarter	B1		B2		CT3		DH Total		CC1		JRK Total		GRU Total	
	Ann.	OS	Ann.	OS	Ann.	OS	Ann.	OS	Ann.	OS	Ann.	OS	Ann.	OS
1	16.0	0.0	86.7	0.0	1.1	0.0	103.8	0.0	1.8	0.0	1.8	0.0	105.6	0.0
2							0.0	0.0			0.0	0.0	0.0	0.0
3		0.0		0.0		0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0
4		0.0		0.0		0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0
<b>Year</b>	<b>16.0</b>	<b>0.0</b>	<b>86.7</b>	<b>0.0</b>	<b>1.1</b>	<b>0.0</b>	<b>103.8</b>	<b>0.0</b>	<b>1.8</b>	<b>0.0</b>	<b>1.8</b>	<b>0.0</b>	<b>105.6</b>	<b>0.0</b>

**DEERHAVEN FUELS REPORT**  
FOR THIRD QUARTER ENDED JUNE 30, 2011

Month June			
This Year		Last Year	
BBLS	Value	BBLS	Value
67,795.30	2,624,543.90	67,837.30	2,621,875.08
67,795.30	2,624,543.90	67,837.30	2,621,875.08
GALS	Value	GALS	Value
252,203.00	330,249.40	293,364.00	426,995.45
220,722.00	266,111.79	303,485.00	450,271.83
TONS	Value	TONS	Value
140,032.51	11,059,181.66	113,677.70	8,626,517.73
119,973.37	9,259,331.75	110,858.82	8,384,442.10
%	Days	%	Days
65.19	26.32	65.23	26.33
65.19	26.32	65.23	26.33
29.33	35.60	34.11	41.48
25.67	31.10	35.29	42.93
	70.02		56.15
	59.46		54.66

Month June			
This Year	Last Year	Change	Percentage
38.7128	38.6495	0.0633	0.1638
38.7128	38.6495	0.0633	0.1638
1.3095	1.4555	(0.1461)	(10.0346)
1.2056	1.4837	(0.2780)	(18.7392)

**#6 Oil (Bunker C) Inventory**

Beginning  
Ending

**#2 Oil (Diesel Fuel) Inventory**

Beginning  
Ending

**Coal Fuel Inventory**

Beginning  
Ending

**Oil Levels**

**#6 Oil**

Beginning  
Ending

**#2 Oil**

Beginning  
Ending

**Coal**

Beginning  
Ending

**Bunker C (\$/BBL)**

Beginning  
Ending

**Diesel Fuel (\$/Gal)**

Beginning  
Ending

Nine Months That Ended June 30			
This Year		Last Year	
BBLS	Value	BBLS	Value
69,138.70	2,717,718.63	67,837.30	2,621,875.08
67,795.30	2,624,543.90	67,837.30	2,621,875.08
GALS	Value	GALS	Value
274,546.00	382,765.05	293,364.00	426,995.45
220,722.00	266,111.79	303,485.00	450,271.83
TONS	Value	TONS	Value
99,571.03	7,428,687.48	52,276.41	3,296,317.91
119,973.37	9,259,331.75	110,858.82	8,384,442.10
%	Days	%	Days
66.48	26.86	65.23	26.33
65.19	26.32	65.23	26.33
31.92	38.79	34.11	41.48
25.67	31.10	35.29	42.93
	48.72		23.83
	59.46		54.66

Nine Months That Ended June 30			
This Year	Last Year	Change	Percentage
39.3082	38.6495	0.6588	1.7044
38.7128	38.6495	0.0633	0.1638
1.3942	1.4555	(0.0613)	(4.2143)
1.2056	1.4837	(0.2780)	(18.7392)

**JR KELLY FUELS REPORT**  
**FOR THIRD QUARTER ENDED JUNE 30, 2011**

Month June			
This Year		Last Year	
BBLs	Value	BBLs	Value
8,509.10	340,140.21	8,509.10	340,140.21
8,509.10	340,140.21	8,509.10	340,140.21
GALS		GALS	
Value	Value	Value	Value
481,107.30	848,174.63	495,276.60	881,578.90
480,598.30	846,974.66	495,276.60	881,578.90
%	Days	%	Days
8.18	2.60	8.18	2.60
8.18	2.60	8.18	2.60
55.94	68.30	57.59	70.33
55.88	68.23	57.59	70.33

Month June			
This Year	Last Year	Change	Percentage
39.9737	39.9737	-	-
39.9737	39.9737	-	-
1.7630	1.7800	(0.0170)	(0.9556)
1.7623	1.7800	(0.0176)	(0.9910)

**#6 Oil (Bunker C) Inventory**

Beginning  
Ending

**#2 Oil (Diesel Fuel) Inventory**

Beginning  
Ending

**Oil Levels**

**#6 Oil**

Beginning  
Ending

**#2 Oil**

Beginning  
Ending

**Bunker C (\$/BBL)**

Beginning  
Ending

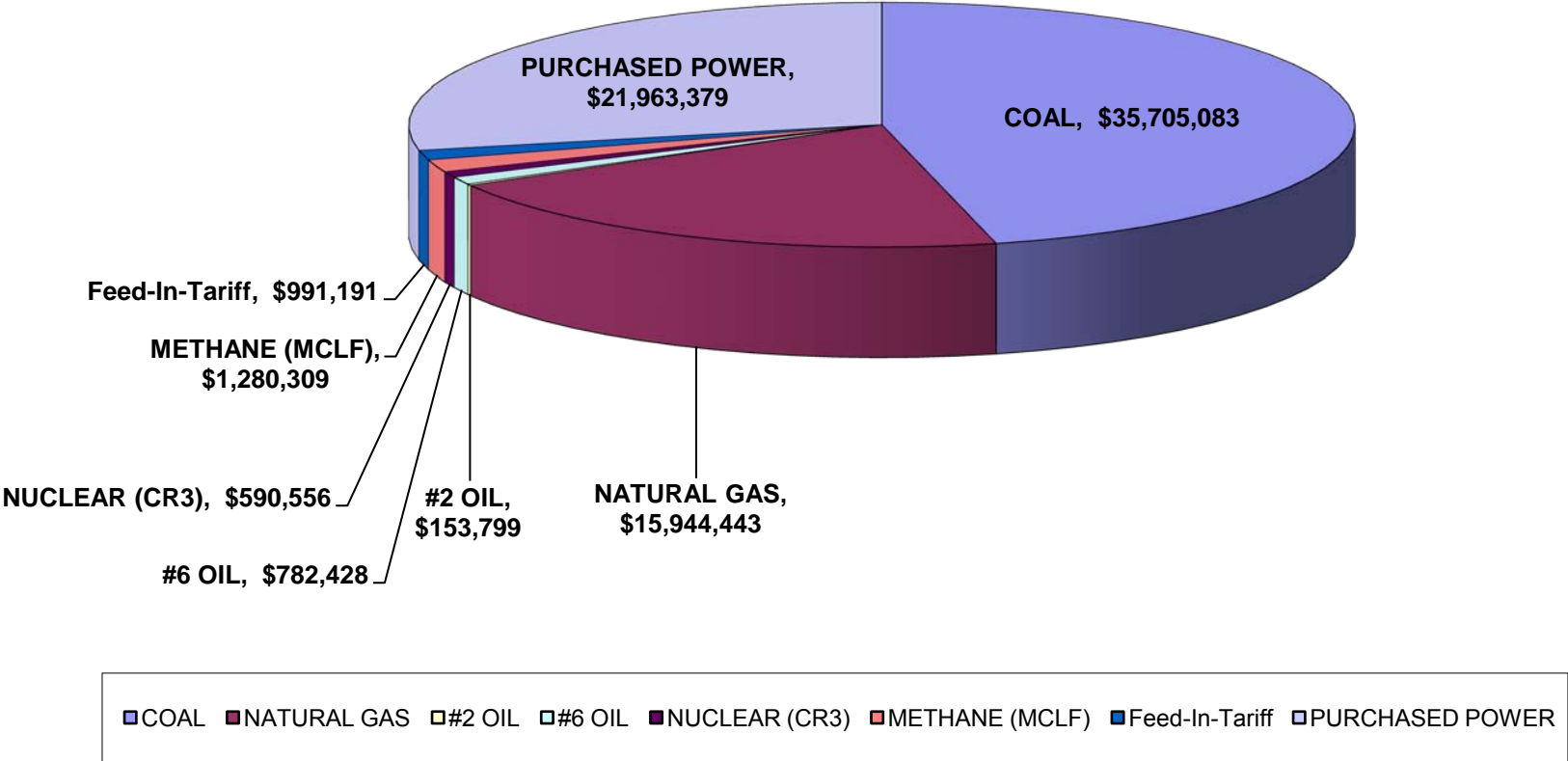
**Diesel Fuel (\$/Gal)**

Beginning  
Ending

Nine Months That Ended June 30			
This Year		Last Year	
BBLs	Value	BBLs	Value
8,509.10	340,140.21	8,509.10	340,140.21
8,509.10	340,140.21	8,509.10	340,140.21
GALS		GALS	
Value	Value	Value	Value
478,842.53	842,835.41	490,272.20	869,780.97
480,598.30	846,974.66	495,276.60	881,578.90
%	Days	%	Days
8.18	2.60	8.18	2.60
8.18	2.60	8.18	2.60
55.68	67.98	57.01	69.61
55.88	68.23	57.59	70.33

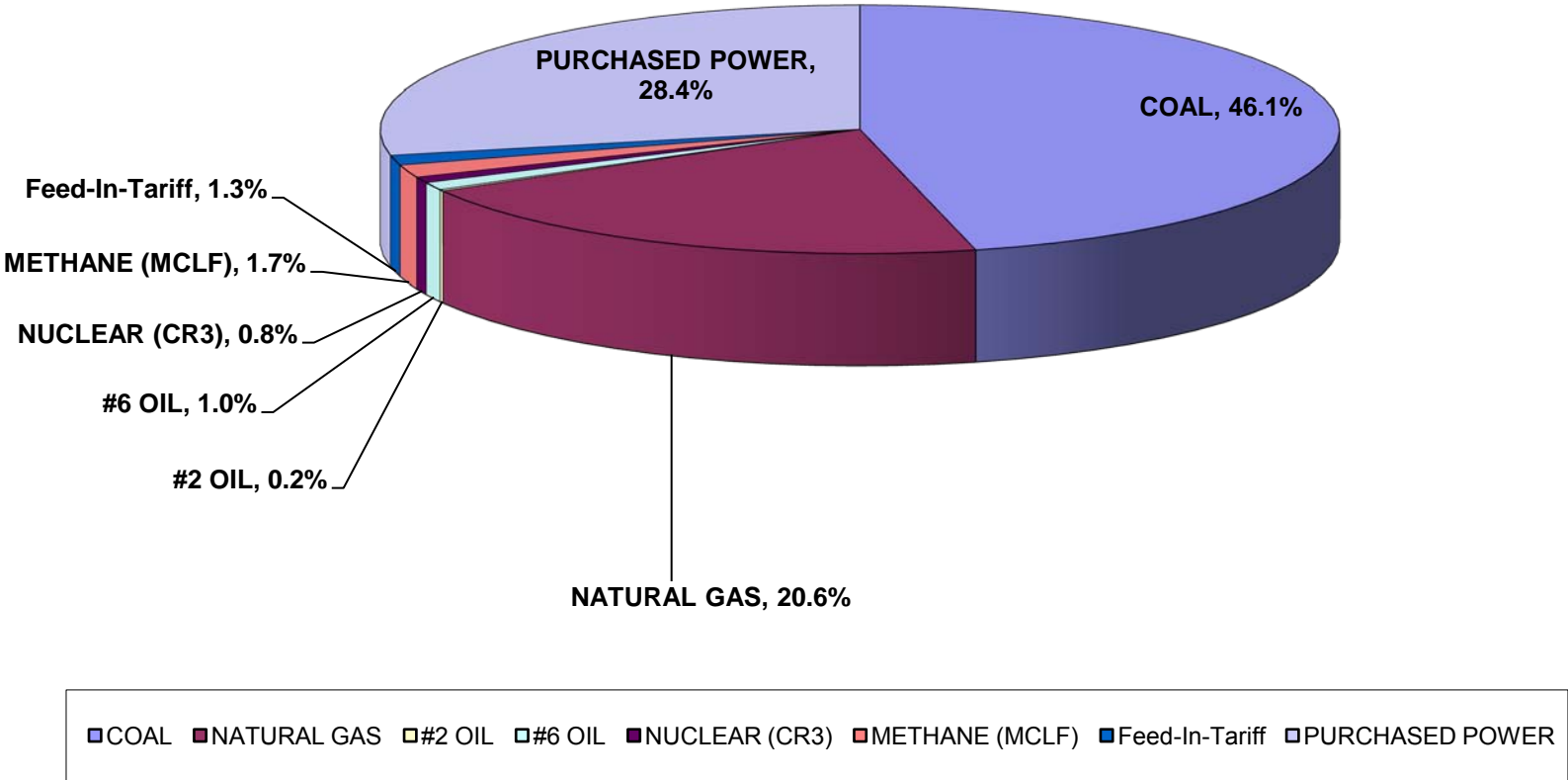
Nine Months That Ended June 30			
This Year	Last Year	Change	Percentage
39.9737	39.9737	-	-
39.9737	39.9737	-	-
1.7602	1.7741	(0.0139)	(0.7850)
1.7623	1.7800	(0.0176)	(0.9910)

**Total Cost by Fuel Type  
FY2011 - Through June 2011**

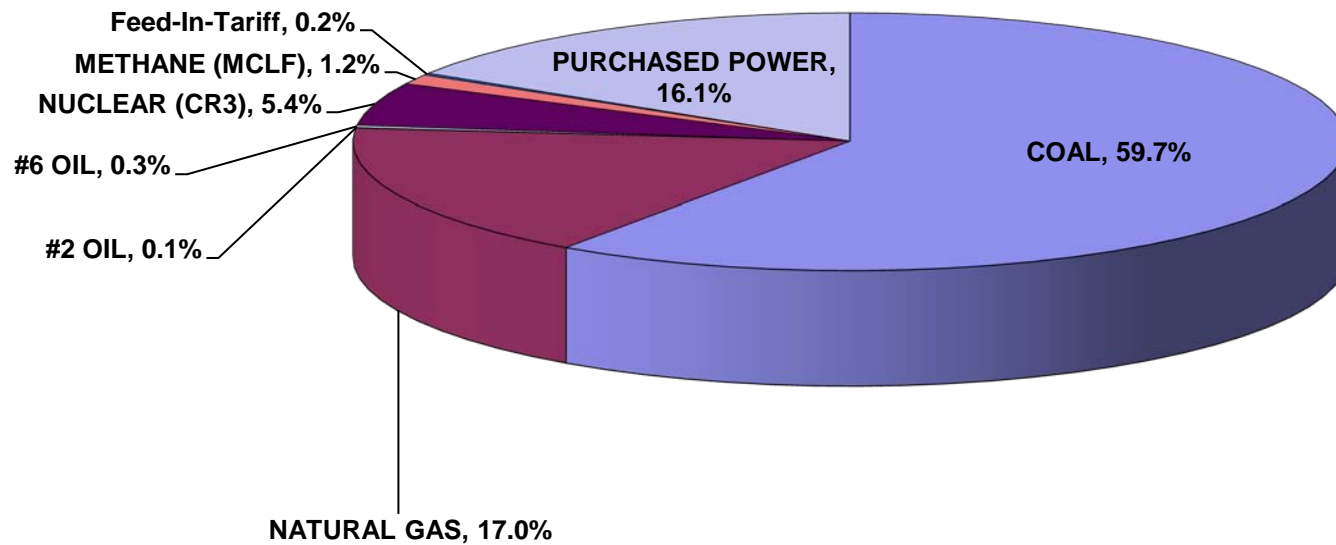




### Total Cost by Fuel Type FY2011 - Through June 2011

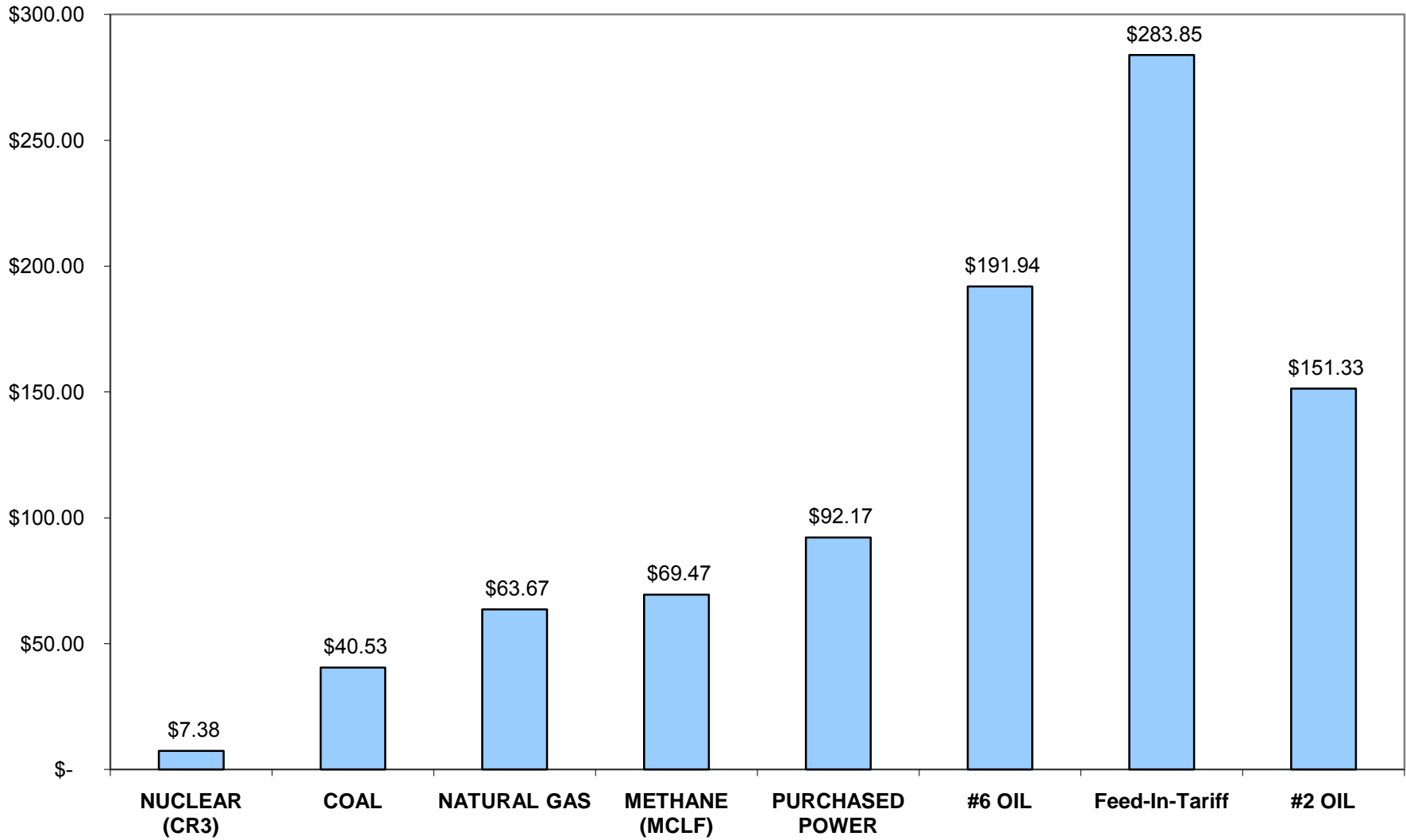


# MWh Generation by Fuel Type FY2011 - Through June 2011



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

### Total Fuel Cost per MWh by Fuel Type FY2011 - Through June 30, 2011



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# **Definitions and Supplemental Information**

## **Glossary of Terms Flow of Funds Statements**

### **All Systems**

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

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

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

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

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

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

## **Electric System**

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

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

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

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

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

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

## **Gas System**

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

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

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

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

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

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

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

**Water System**

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

**Wastewater System**

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



## **GRUCom System**

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

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

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

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

## **Glossary of Terms Balance Sheet**

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

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

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

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

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

**Current Liabilities** – Includes fuels, vendor and miscellaneous payables.

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

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

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

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

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

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

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