

Gainesville Regional Utilities

Quarterly Financial Statements

3rd Quarter Ended June 30th, 2012



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**Gainesville Regional Utilities
Quarterly Financial Statements
Quarter Ended June 30st, 2012**

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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 30th, 2012. 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 SECOND QUARTER ENDED JUNE 30, 2012**

This Year	Last Year	Year Change	Change (%)
90,951	95,411	(4,459)	(4.7)
(274)	502	(775)	(154.6)
74,461	78,778	(4,318)	(5.5)
9,616	9,480	136	1.4
-	-	-	-
921	1,073	(152)	(14.2)
175,675	185,244	(9,569)	(5.2)
22,791	21,571	1,220	5.7
1,636	1,393	243	17.5
-	-	-	-
106	118	(12)	(10.0)
24,533	23,082	1,451	6.3
25,806	24,185	1,621	6.7
1,146	779	367	47.1
-	-	-	-
189	209	(20)	(9.7)
27,140	25,173	1,968	7.8
9,321	10,945	(1,624)	(14.8)
8,945	12,218	(3,272)	(26.8)
986	1,058	(72)	(6.8)
-	-	-	-
191	204	(13)	(6.4)
19,443	24,425	(4,982)	(20.4)
8,223	8,562	(340)	(4.0)
-	-	-	-
-	-	-	-
130	152	(22)	(14.6)
8,352	8,714	(362)	(4.2)
255,144	266,637	(11,493)	(4.3)
67,972	77,001	(9,029)	(11.7)
199	684	(486)	(71.0)
68,170	77,686	(9,515)	(12.2)
29,149	29,084	66	0.2
16,430	15,781	649	4.1
113,749	122,550	(8,800)	(7.2)

REVENUES:

Total Native Load Sales of Electricity
Interchange Sales
Fuel Adjustment
Other Revenues
Rate Stabilization Fund Transfer
Interest Income - Electric

Total Electric Revenues

Sales of Water
Other Water Revenues
Rate Stabilization Fund Transfer
Interest Income - Water

Total Water Revenues

Wastewater Billings
Other Wastewater Revenues
Rate Stabilization Fund Transfer
Interest Income - Wastewater

Total Wastewater Revenues

Sales of Gas and Service
Purchased Gas Adjustment
Other Gas Revenues
Rate Stabilization Fund Transfer
Interest Income - Gas

Total Gas Revenues

Sales of GRUCom Services
Other GRUCom Revenues
Rate Stabilization Fund Transfer
Interest Income - GRUCom

Total GRUCom Revenues

TOTAL REVENUES

OPERATION & MAINTENANCE EXPENSES:

Electric Fund:

Fuel Expense:

Retail & Purchased Power
Interchange

Total Fuel Expenses

Operation & Maintenance Expense
Administrative & General Expense

Total Electric Fund Expenses

Year to Date	FY 12 Budget	FY 12 Projected	Change (%)
90,951	136,388	132,879	(2.6)
(274)	2,500	180	(92.8)
74,461	114,742	103,045	(10.2)
9,616	17,005	16,955	(0.3)
-	-	-	-
921	1,287	1,183	(8.1)
175,675	271,921	254,242	(6.5)
22,791	29,955	30,310	1.2
1,636	3,033	2,897	(4.5)
-	-	-	-
106	155	135	(13.1)
24,533	33,143	33,342	0.6
25,806	33,371	33,707	1.0
1,146	2,937	3,101	5.6
-	-	-	-
189	231	215	(6.7)
27,140	36,539	37,023	1.3
9,321	12,820	10,832	(15.5)
8,945	13,476	9,846	(26.9)
986	1,798	1,832	1.9
-	-	-	-
191	239	225	(5.9)
19,443	28,334	22,735	(19.8)
8,223	12,822	10,839	(15.5)
-	-	-	-
-	-	-	-
130	180	167	(7.2)
8,352	13,002	11,006	(15.4)
255,144	382,939	358,348	(6.4)
67,972	114,756	103,045	(10.2)
199	2,200	1,180	(46.4)
68,170	116,956	104,225	(10.9)
29,149	41,520	38,863	(6.4)
16,430	24,603	24,584	(0.1)
113,749	183,079	167,672	(8.4)

**GAINESVILLE REGIONAL UTILITIES
COMBINED UTILITIES FUNDS
STATEMENT OF OPERATING INCOME
FOR SECOND QUARTER ENDED JUNE 30, 2012**

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This Year	Year Last Year	Change	Change (%)
5,348	5,356	(8)	(0.1)
3,807	3,621	186	5.1
9,155	8,977	178	2.0
5,134	5,286	(152)	(2.9)
4,113	4,613	(500)	(10.8)
9,247	9,899	(651)	(6.6)
8,091	10,735	(2,644)	(24.6)
966	838	128	15.2
2,807	2,759	47	1.7
11,863	14,332	(2,469)	(7.7)
2,589	2,629	(40)	(1.5)
1,635	1,429	206	14.4
4,223	4,058	166	4.1
148,238	159,815	(2,776)	(1.7)
62,398	62,877	(479)	(0.8)
(472)	(183)	(290)	158.5
61,926	62,694	(769)	(1.2)
15,378	14,105	1,273	9.0
17,893	15,274	2,619	17.1
7,580	10,093	(2,513)	(24.9)
4,129	4,657	(528)	(11.3)
106,906	106,822	84	0.1
50,532	53,222	(2,690)	(5.1)
29,094	25,210	3,885	15.4
24,289	23,594	695	2.9
5	84	(79)	(93.9)
-	-	-	-
2,986	4,713	(1,727)	(36.6)

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

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

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

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

TOTAL OPERATION & MAINTENANCE EXPENSES

NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION:

Electric - Retail & Wholesale
Electric - Interchange

Total Electric Fund
Water Fund
Wastewater Fund
Gas Fund
GRUCom Fund

TOTAL NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION

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

NET INCOME/(DEFICIT)

Year to Date	FY 12 Budget	FY 12 Projected	Change (%)
5,348	7,527	7,354	(2.3)
3,807	6,249	6,050	(3.2)
9,155	13,776	13,404	(2.7)
5,134	7,887	7,293	(7.5)
4,113	6,834	6,609	(3.3)
9,247	14,720	13,901	(5.6)
8,091	13,476	9,846	(26.9)
966	1,591	1,431	(10.1)
2,807	4,369	4,402	0.8
11,863	19,436	15,679	(19.3)
2,589	3,772	3,413	(9.5)
1,635	2,897	2,804	(3.2)
4,223	6,669	6,217	(6.8)
148,238	237,680	216,873	(8.8)
62,398	88,542	87,570	(1.1)
(472)	300	(1,000)	(433.3)
61,926	88,842	86,570	(2.6)
15,378	19,367	19,938	2.9
17,893	21,819	23,122	6.0
7,580	8,898	7,056	(20.7)
4,129	6,333	4,789	(24.4)
106,906	145,259	141,475	(2.6)
50,532	71,412	70,923	(0.7)
29,094	37,275	39,095	4.9
24,289	36,433	36,224	(0.6)
5	413	358	(13.3)
-	10,000	4,478	(55.2)
2,986	(10,275)	(9,603)	(6.5)

(1) Projected Aggregate Debt Service
Coverage Ratio

(2) Projected Total Debt Service
Coverage Ratio

145,259	141,475
69,232	70,594
2.10	2.00
145,259	141,475
71,412	70,923
2.03	1.99

Electric Revenue Fund

Financial Performance Discussion

Total electric sales revenues for FY12 through the third quarter, exclusive of fuel adjustment, have decreased by 5.5% from FY11 during this same period. The decrease in revenue is largely attributable to milder than average weather for this period. These sales for FY12 are projected to be 4.2% lower than FY12 budget.

Fuel Adjustment Revenue through the third quarter of FY12 has decreased by 5.5% from FY11 during this same period.

Retail and Purchased Power Expense for the first three months is 11.7% lower than for the first three months of the prior fiscal year. This expense is projected to be 10.2% lower for FY12 as compared to budget.

Interchange sales are down significantly through third quarter FY12 as compared to FY11 for this same period. Interchange sales projections have also been reduced for FY12. Additionally interchange fuel expense has also decreased by 71.0% through third quarter FY12 as compared to the first quarter of FY11, and is projected to be 46.4% less than FY12 budget. Interchange sales are subject to multiple variables including the availability of excess marketable generation from our plants and economic pricing conditions within the interchange market.

Other Electric Sales and Other Revenues through the third quarter FY12 are both comparable to their values through the same period in FY11, and are projected to be close to budget for FY12.

Interest income through third quarter FY12, as compared to FY11, decreased in the Electric Revenue Fund by 14.2%. The FY12 projections for interest income are 8.1% lower than original FY12 budget. This is due largely to an overall lower return on the investment portfolio due to market conditions and despite a slightly larger than anticipated contribution to the Electric Rate Stabilization Fund for FY11.

Electric Revenue Fund

Financial Performance Discussion cont.

Steam Power Generation expenses are up (\$1.1 million) over last year due to a planned Unit 2 outage at Deerhaven and a minor Unit 1 outage following the Unit 2 work. Expenses are on track for FY12. Nuclear Power Generation expenses are down 32.1% from FY11 due to timing differences related to invoices processed from Progress Energy CR3 billings. Other Power Generation expenses are down considerably over the same quarter last year due to significant repairs to a fuel nozzle and cap and liner incurred last year. System Control & Load Dispatching expenses are up 29.5% YTD over last year due to changes in recording of CR3 transmission costs in FY12. Due to CR3 plant being down, transmission capacity charges are coded to System Control versus Retail Power as in FY11.

Transmission costs are up 13.7% compared to last year same quarter due to increased O&M labor costs related to the FRCC compliance audit on Substation and Relay systems. Distribution costs are down slightly 2.8% due to a \$178k warehouse correction posted last year causing a timing issue. Costs for FY12 are on track with budget.

GRU completed a study last year to evaluate administrative departmental allocations to each System. Changes were implemented starting in FY2012 which impacted each System in varying degrees. Electric System Customer Accounts and Sales expenses are down 31.0% due to a change in coding by Energy and Business and Marketing departments moving \$850k into Administrative and General Accounts mostly through labor and conservation program promotion expenses and a reduction of \$871k of conservation programs compared to this time last year. Administrative and General Expenses are up by 24.2%. In addition to the \$850k from Customer Accounts, property insurance associated with boiler plant assets are up \$520k from last year same quarter as well as General Liability Claims (\$462k), Group Health Insurance (\$325k) and Employer Pension (\$158k).

Debt Service expenses through the third quarter in FY12 are down 6.0% compared to the same period in FY11, but are expected to be close to budget for FY12.

The original budget resulted in a \$7.3m net deficit for the year. However, based on the most recent sales forecast we are projected to end the year with a net deficit of nearly \$3.4m for the current year, assuming that sales come in as projected, and expenses remain on budget.

**GAINESVILLE REGIONAL UTILITIES
ELECTRIC REVENUE FUND
STATEMENT OF OPERATING INCOME
FOR SECOND QUARTER ENDED JUNE 30, 2012**

This Year	Last Year	Year Change	Change (%)
34,956	39,016	(4,060)	(10.4)
46,646	46,980	(333)	(0.7)
(274)	502	(775)	(154.6)
2,361	2,538	(177)	(7.0)
6,988	6,877	111	1.6
90,677	95,912	(5,235)	(5.5)
74,461	78,778	(4,318)	(5.5)
165,138	174,690	(9,552)	(5.5)
9,616	9,480	136	1.4
-	-	-	-
921	1,073	(152)	(14.2)
175,675	185,244	(9,569)	(5.2)
67,972	77,001	(9,029)	(11.7)
199	684	(486)	(71.0)
68,170	77,686	(9,515)	(12.2)
18,122	17,044	1,078	6.3
1,249	1,839	(590)	(32.1)
901	1,426	(524)	(36.8)
862	666	196	29.5
21,135	20,975	160	0.8
937	824	113	13.7
7,078	7,285	(207)	(2.8)
8,015	8,109	(94)	(1.2)
3,969	5,750	(1,781)	(31.0)
12,460	10,030	2,430	24.2
16,430	15,781	649	4.1
113,749	122,550	(8,800)	(7.2)

REVENUES:

Residential Sales	34,956
General Service and Large Power Sales	46,646
Interchange Sales	(274)
Utility Surcharge	2,361
Other Electric Sales	6,988
Total Sales of Elec. Before Fuel Adj.	90,677

Fuel Adjustment	74,461
Total Sales of Electricity	165,138

Other Revenues	9,616
Rate Stabilization Fund Transfer	-
Interest Income	921

Total Revenues

OPERATION & MAINTENANCE EXPENSES:

Power Production Expenses:

Fuel Expenses:	
Retail & Purchased Power	67,972
Interchange	199
Total Fuel Expenses	68,170

Steam Power Generation Expense	18,122
Nuclear Power Generation Expense	1,249
Other Power Generation Expense	901
System Control & Load Dispatching	862
Total Power Production Expenses	21,135

Transmission & Distribution Expenses:

Transmission Expenses	937
Distribution Expenses	7,078
Total Transmission & Distribution Expenses:	8,015

Administrative & General Expenses:

Customer Accounts & Sales Expense	3,969
Administrative & General Expense	12,460
Total Administrative & General Expenses:	16,430

Total Operating & Maintenance Expenses

Year to Date	FY 12 Budget	FY 12 Projected	Change (%)
34,956	57,954	54,422	(6.1)
46,646	65,601	65,481	(0.2)
(274)	2,500	180	(92.8)
2,361	3,479	3,492	0.4
6,988	9,355	9,484	1.4
90,677	138,888	133,059	(4.2)
74,461	114,742	103,045	(10.2)
165,138	253,630	236,104	(6.9)
9,616	17,005	16,955	(0.3)
-	-	-	-
921	1,287	1,183	(8.1)
175,675	271,921	254,242	(6.5)
67,972	114,756	103,045	(10.2)
199	2,200	1,180	(46.4)
68,170	116,956	104,225	(10.9)
18,122	25,903	23,674	(8.6)
1,249	2,311	2,311	-
901	251	251	-
862	1,577	1,496	(5.1)
21,135	30,041	27,731	(7.7)
937	1,133	1,133	-
7,078	10,346	9,999	(3.4)
8,015	11,479	11,132	(3.0)
3,969	8,889	8,779	(1.2)
12,460	15,714	15,805	0.6
16,430	24,603	24,584	(0.1)
113,749	183,079	167,672	(8.4)

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

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

**GAINESVILLE REGIONAL UTILITIES
ELECTRIC REVENUE FUND
STATEMENT OF OPERATING INCOME
FOR SECOND QUARTER ENDED JUNE 30, 2012**

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This Year	Last Year	Year Change	Change (%)
(75)	(183)	107	(58.8)
61,926	62,694	(769)	(1.2)
30,410	32,340	(1,930)	(6.0)
17,906	15,173	2,734	18.0
13,700	15,368	(1,667)	(10.8)
5	84	(79)	(93.9)
-	-	-	-
(96)	(270)	174	(64.5)

RESOLUTION
Interchange

**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)

Year to Date	FY 12 Budget	FY 12 Projected	Change (%)
(75)	4,700	(1,000)	(121.3)
61,926	88,842	86,570	(2.6)
30,410	43,248	42,905	(0.8)
17,906	23,444	23,961	2.2
13,700	20,551	19,529	(5.0)
5	413	358	(13.3)
-	8,500	3,200	(62.4)
(96)	(7,313)	(3,383)	(53.7)

Water Revenue Fund

Financial Performance Discussion

The increase in FY12 General Customer revenue of 4.9% likely reflects the base rate increase in FY12 over FY11 for the Water System that were implemented as of October 1, 2011, as actual k-Gal sales for this category are down nearly 3% compared to the same period last year. However, these sales are projected to be close to budget for FY12.

Utility Surcharge is up slightly and Other Revenues, which include connection fees, are up 17.5% through third quarter FY12 compared to FY11. This revenue increase is the result of several large connection billings, including North Florida Regional Hospital Tower, as well as increased connection fees implemented October 1, 2011. However, both of these revenue categories are projected to be slightly under budget for FY12, as other activities in these categories are expected to be less than budgeted.

Interest income for FY12, as compared to FY11, decreased in the Water Revenue Fund by 10.0%. Additionally, interest income is projected to be 13.1% lower for FY12. This is due largely to an overall lower return on the investment portfolio due to market changes.

The 4.7% decrease in FY12 Water Treatment expense reflects the reduction in flow and amount of water needing treatment in FY12 over FY11. The reduced water volume being treated has decreased variable costs such softening agents, fluoride and stabilization chemical costs.

Water Transmission & Distribution expense is up 12%, as compared to FY11. This corresponds to increased non-labor and labor expenditures in response to necessary repairs and restoration and increase in sludge disposal expenses. The Water System is pursuing alternatives to beneficially reuse lime residuals to mitigate future cost increases.

GRU completed a study last year to evaluate administrative departmental allocations to each System. Changes were implemented starting in FY2012 which impacted each System in varying degrees. Customer Accounts & Sales Expense is up \$28k Administrative and General expense increase of 5.5% is due to costs associated with the Eastside Operations Center (EOC), such as maintenance and electric services.

Debt Service expenses through the third quarter in FY12 are down 4.8% compared to the same period in FY11, but are expected to be close to budget for FY12.

We had originally budgeted net income of \$1.6m for FY12. However, our latest sales projections indicate a net income of nearly \$437k for the current year, assuming revenue and expense levels stay on budget.

**GAINESVILLE REGIONAL UTILITIES
WATER REVENUE FUND
STATEMENT OF OPERATING INCOME
FOR SECOND QUARTER ENDED JUNE 30, 2012**

This Year	Last Year	Year Change	Change (%)
19,821	18,901	920	4.9
1,258	990	268	27.1
1,712	1,679	32	1.9
22,791	21,571	1,220	5.7
1,636	1,393	243	17.5
-	-	-	-
106	118	(12)	(10.0)
24,533	23,082	1,451	6.3
3,718	3,900	(182)	(4.7)
1,630	1,456	174	12.0
791	763	28	3.6
3,016	2,858	158	5.5
9,155	8,977	178	2.0
15,378	14,105	1,273	9.0
5,883	6,183	(300)	(4.8)
3,940	3,685	255	6.9
3,424	3,244	180	5.5
2,132	993	1,139	114.7

REVENUES:

General Customers
University of Florida
Utility Surcharge
Total Sales of Water

Other Revenues
Rate Stabilization Fund Transfer
Interest Income
Total Revenue

OPERATION & MAINTENANCE EXPENSES:

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

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

DEBT SERVICE
UPIF CONTRIBUTIONS
TRANSFER TO GENERAL FUND

NET INCOME/(DEFICIT)

Year to Date	FY 12 Budget	FY 12 Projected	Change (%)
19,821	26,171	26,324	0.6
1,258	1,518	1,776	17.0
1,712	2,266	2,210	(2.5)
22,791	29,955	30,310	
1,636	3,033	2,897	(4.5)
-	-	-	-
106	155	135	(13.1)
24,533	33,143	33,342	0.6
3,718	5,257	5,360	2.0
1,630	2,270	1,994	(12.2)
791	1,533	1,356	(11.5)
3,016	4,716	4,694	(0.5)
9,155	13,776	13,404	(2.7)
15,378	19,367	19,938	2.9
5,883	8,419	8,387	(0.4)
3,940	4,157	5,472	31.6
3,424	5,136	5,642	9.9
2,132	1,655	437	(73.6)

(1) Other Revenue - Connection fees and miscellaneous.

Wastewater Revenue Fund Financial Performance Discussion

Wastewater billings through the third quarter of FY12 increased by 6.7% over this same period in FY11, and is largely attributable to the base rate increase for the Wastewater System implemented as of October 1, 2011. These sales are projected to be only 1.3% over FY12 budget.

Surcharge Revenues have increased this quarter from the same quarter in FY11 by 6.3%, similar to the Water System. Additionally, like the Water System, Other Revenues have increased significantly over the previous year as the result of several large connection billings, including North Florida Regional Hospital Tower, as well as increased connection fees implemented October 1, 2011. However, both of these revenue categories are projected to end FY12 fairly close to budget, as other activities in these categories are expected to be less than budgeted.

Interest income for FY12, as compared to FY11, decreased in the Wastewater Revenue Fund by 9.7%. This is due largely to an overall lower return on the investment portfolio due to market changes. This decrease is somewhat less than that for other systems, as the Wastewater Revenue Fund made a significantly larger contribution based on operating results to the Wastewater Rate Stabilization Fund for FY11 than originally anticipated. Interest income is projected to be 6.7% less than originally budgeted for FY12.

Treatment expense through the third quarter in FY12 are down 4.5% compared to the same period in FY11 due to a reduced volume of wastewater needing treatment. Similar to the Water System variable costs such as electric are down. Labor expenditures have also decreased due to vacant positions.

GRU completed a study last year to evaluate administrative departmental allocations to each System. Changes were implemented starting in FY2012 which impacted each System in varying degrees. Consequently, Customer Accounts & Sales Expense FY12, as compared to FY11, is down \$245k. Meanwhile, Administrative and General expense is down 7% due to increased capitalization in FY12, as compared to FY11.

Debt Service expenses through the third quarter in FY12 are down 5.2% compared to the same period in FY11, but are expected to be close to budget for FY12.

We had originally budgeted a net deficit of \$116k for FY12. However, our latest sales projections indicate a net deficit of nearly \$638k for the current year, assuming revenues and expenses remain true to budget.

**GAINESVILLE REGIONAL UTILITIES
WASTEWATER REVENUE FUND
STATEMENT OF OPERATING INCOME
FOR SECOND QUARTER ENDED JUNE 30, 2012**

This Year	Last Year	Year Change	Change (%)
23,980	22,468	1,512	6.7
1,826	1,717	108	6.3
1,146	779	367	47.1
-	-	-	-
189	209	(20)	(9.7)
27,140	25,173	1,968	7.8
1,676	1,664	12	0.7
3,458	3,622	(164)	(4.5)
738	983	(245)	(24.9)
3,375	3,630	(255)	(7.0)
9,247	9,899	(651)	(6.6)
17,893	15,274	2,619	17.1
7,084	7,470	(386)	(5.2)
4,141	4,473	(332)	(7.4)
4,162	4,003	159	4.0
-	-	-	-
2,506	(672)	3,178	(472.6)

REVENUES:

Wastewater Billings	23,980
Surcharge	1,826
Other Revenues	1,146
Rate Stabilization Fund Transfer	-
Interest Income	189

Total Revenue

OPERATION & MAINTENANCE EXPENSES:

Wastewater Collection Expense	1,676
Wastewater Treatment Expense	3,458
Customer Accounts & Sales Expense	738
Administrative & General Expenses	3,375

Total Operation & Maintenance Expenses

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

DEBT SERVICE

UPIF CONTRIBUTIONS	4,141
TRANSFER TO GENERAL FUND	4,162
WORKING CAPITAL	-

NET INCOME/(DEFICIT)

Year to Date	FY 12 Budget	FY 12 Projected	Change (%)
23,980	30,973	31,379	1.3
1,826	2,399	2,328	(2.9)
1,146	2,937	3,101	5.6
-	-	-	-
189	231	215	(6.7)
27,140	36,539	37,023	1.3
1,676	2,757	2,212	(19.8)
3,458	5,129	5,080	(1.0)
738	1,211	1,154	(4.7)
3,375	5,623	5,455	(3.0)
9,247	14,720	13,901	(5.6)
17,893	21,819	23,122	6.0
7,084	10,163	10,099	(0.6)
4,141	5,528	5,520	(0.2)
4,162	6,243	6,541	4.8
-	-	1,600	-
2,506	(116)	(638)	451.2

(1) Other Revenue - Connection fees and miscellaneous.

Gas Revenue Fund

Financial Performance Discussion

Residential gas sales were lower through the third quarter FY12 compared to FY11 by 18.3%. This is the result of milder than average weather in this period. Commercial gas sales are somewhat less affected by weather, but are also down 9.9% compared to this same period last year. Other Gas Sales and MGP includes Liquid Propane Gas Sales, and the Manufactured Gas Plant (MGP) Cleanup Cost Recovery Factor. The decrease in this category is due to lower propane sales associated with the aforementioned milder than average weather, as well as lower MGP revenue which is driven by therm sales. These revenues are all now projected to be less than budgeted for FY12, as the majority of revenue for this system is received in the winter season.

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

Interest income for FY12, as compared to FY11, decreased in the Gas Revenue Fund by 6.4%. This is due largely to an overall lower return on the investment portfolio due to market changes. Interest income is expected to be 5.9% less than budgeted for FY12.

Operation and Maintenance expenses are 15.2% higher than FY11 due to Field Services increasing its allocation to the Gas System to be in line with staff resource activity. Most of cost this shifted from the Electric System.

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

Debt Service expenses through the third quarter in FY12 are down 6.2% compared to the same period in FY11, but are expected to be close to budget for FY12.

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

**GAINESVILLE REGIONAL UTILITIES
GAS REVENUE FUND
STATEMENT OF OPERATING INCOME
FOR SECOND QUARTER ENDED JUNE 30, 2012**

This Year	Last Year	Year Change	Change (%)
5,134	6,280	(1,147)	(18.3)
3,128	3,471	(343)	(9.9)
8,945	12,218	(3,272)	(26.8)
288	353	(64)	(18.3)
771	840	(70)	(8.3)
18,266	23,163	(4,896)	(21.1)
986	1,058	(72)	(6.8)
-	-	-	-
191	204	(13)	(6.4)
19,443	24,425	(4,982)	(20.4)
8,091	10,735	(2,644)	(24.6)
966	838	128	15.2
1,515	1,448	67	4.6
1,292	1,311	(19)	(1.5)
11,863	14,332	(2,469)	(17.2)
7,580	10,093	(2,513)	(24.9)
3,111	3,316	(205)	(6.2)
2,408	1,542	866	56.2
1,418	735	684	93.0
-	-	-	-
642	4,499	(3,857)	(85.7)

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

BOND RESOLUTION

DEBT SERVICE
UPIF CONTRIBUTIONS
TRANSFER TO GENERAL FUND
WORKING CAPITAL

NET INCOME/(DEFICIT)

Year to Date	FY 12 Budget	FY 12 Projected	Change (%)
5,134	7,171	6,371	(11.2)
3,128	4,243	3,188	(24.9)
8,945	13,476	9,846	(26.9)
288	369	360	(2.4)
771	1,037	913	(11.9)
18,266	26,296	20,678	(21.4)
986	1,798	1,832	1.9
-	-	-	-
191	239	225	(5.9)
19,443	28,334	22,735	(19.8)
8,091	13,476	9,846	(26.9)
966	1,591	1,431	(10.1)
1,515	2,296	2,256	(1.7)
1,292	2,073	2,146	3.5
11,863	19,436	15,679	(19.3)
7,580	8,898	7,056	(20.7)
3,111	4,427	4,410	(0.4)
2,408	3,216	3,209	(0.2)
1,418	2,128	2,135	0.3
-	1,500	-	(100.0)
642	(2,372)	(2,698)	13.7

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

Telecommunications Revenue Fund

Financial Performance Discussion

Telecommunication revenues increased by 2.6% through the third quarter of FY12, as compared to the same period in FY11. Trunking Radio revenues decreased by 4.7%. Tower Lease Rental revenue decreased in FY12 from FY11 by 17.2%. This is the result of a billing audit in FY11 that produced additional revenue for this period in FY11 compared to the current year. Internet Access revenues decreased 8.5% compared to this same period in FY11. This was primarily the result of the deactivation of several large circuits and the conversion of these customers to longer term contracts. However, this short-term decrease creates the potential for future additional revenues. In total, these revenues are expected to be 15.5% less than budgeted for FY12.

Interest income for FY12, as compared to FY11, decreased in the Telecommunications Revenue Fund by 14.6%. This is due largely to an overall lower return on the investment portfolio due to market changes. Investment returns are significantly less for all systems given the current economic climate of low interest rates. Additionally, the Telecommunications Revenue Fund made a significant withdrawal from the Telecommunications Rate Stabilization Fund in FY11, reducing the funds available for investment. Interest income for FY12 is projected to be 7.2% lower than budget.

GRU completed a study last year to evaluate administrative departmental allocations to each System. Changes were implemented starting in FY2012 which impacted each System in varying degrees. Year-to-date FY12 Customer Accounts and Sales Expenses decreased by 27.6% or \$67k compared to the prior year amount due to implementation of new allocation percentages in which departments charging to these accounts had a reduction of allocable costs to the Telecommunication System. Administrative and General Expenses are up 23.0% with Facilities Maintenance increasing Telecommunication's share of its allocation (\$252k) in conjunction with the Eastside Operations Center completion. As a result of the study, IT allocation increased from 5.0% to 5.92% in FY12. This accounts for the remainder of the increases over FY11.

Debt Service expenses through the third quarter in FY12 are up 3.3% compared to the same period in FY11, but are expected to be close to budget for FY12.

We had originally budgeted a net deficit of \$2.1m for FY12. However, our latest sales projections indicate a net deficit of nearly \$3.3m for the current year, assuming that expenses stay on budget.

**GAINESVILLE REGIONAL UTILITIES
TELECOMMUNICATIONS REVENUE FUND
STATEMENT OF OPERATING INCOME
FOR SECOND QUARTER ENDED JUNE 30, 2012**

This Year	Last Year	Year Change	Change (%)
4,257	4,148	109	2.6
1,470	1,543	(73)	(4.7)
1,256	1,517	(261)	(17.2)
1,240	1,355	(115)	(8.5)
8,223	8,562	(340)	(4.0)
-	-	-	-
-	-	-	-
130	152	(22)	(14.6)
8,352	8,714	(362)	(4.2)
2,589	2,629	(40)	(1.5)
175	241	(67)	(27.6)
1,460	1,187	273	23.0
4,223	4,058	166	4.1
4,129	4,657	(528)	(11.3)
4,043	3,913	131	3.3
700	338	362	107.2
1,584	244	1,341	550.1
-	-	-	-
(2,198)	163	(2,361)	(1,451.7)

REVENUES:

Sales:

Telecommunication
Trunking Radio
Tower Lease Rental
Internet Access

Total Sales

Miscellaneous Revenue:

Rate Stabilization Fund Transfer
Other Revenue
Interest Income

Total Revenues

OPERATION & MAINTENANCE EXPENSES:

Operation & Maintenance Expenses
Customer Accounts & Sales Expense
Administrative & General Expenses

Total Operating & Maintenance Expenses

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

DEBT SERVICE
UPIF CONTRIBUTIONS
TRANSFER TO GENERAL FUND
WORKING CAPITAL

NET INCOME/(DEFICIT)

Year to Date	FY 12 Budget	FY 12 Projected	Change (%)
4,257	7,199	6,120	(15.0)
1,470	2,078	1,745	(16.0)
1,256	1,788	1,481	(17.2)
1,240	1,757	1,493	(15.0)
8,223	12,822	10,839	(15.5)
-	-	-	-
-	-	-	-
130	180	167	(7.2)
8,352	13,002	11,006	(15.4)
2,589	3,772	3,413	(9.5)
175	441	441	-
1,460	2,456	2,363	(3.8)
4,223	6,669	6,217	(6.8)
4,129	6,333	4,789	(24.4)
4,043	5,155	5,122	(0.6)
700	930	933	0.3
1,584	2,377	2,377	-
-	-	(322)	-
(2,198)	(2,128)	(3,320)	56.0

**Balance Sheet – Combined Funds
As of June 30, 2012**

Operating cash and Accounts receivable have both declined as a result of lower revenues during the first half of the year, which have resulted in lower billings to customers and lower collections from customers, a combined decrease of approximately \$6 million. Another factor impacting the cash balance is the \$14 million increase in coal inventory, which also resulted in an increase in Other Current Assets.

In the Restricted Asset section, debt service cash is lower as of June 30, 2012 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 2012 debt obligation. The construction fund balance is lower due to normal spend down of funds on capital projects.

Current Liabilities is reduced due to the reversal of certain year-end accruals which increased the payable accounts at September 30, 2011, accompanied by a reduction in outstanding payable due to normal fluctuations in payments to vendors, including fuel related payments.

Other Payables from Restricted Assets was increased at September 30, 2011 due to the reclassification of \$90 million in long term debt because the standby bond purchase agreement (SBPA) for the Series 2008B bonds was due to expire within one year of the balance sheet date. The SBPA has since been renewed which reduced current liabilities and increased long term debt payable. The increase in long term debt payable was then reduced by principal payments made on October 1, 2011.

**GAINESVILLE REGIONAL UTILITIES
COMBINED FUNDS
BALANCE SHEET
JUNE 30, 2012**

(000's)		June 30, 2012	Sep 30, 2011	\$ Difference	% Difference
	<u>ASSETS</u>				
	CURRENT ASSETS:				
	Cash, Investments & Accounts Receivable	57,894	78,698	(20,804)	-35.9%
	Other Current Assets	42,683	24,533	18,150	42.5%
	TOTAL CURRENT ASSETS	100,577	103,231	(2,654)	-2.6%
	RESTRICTED ASSETS:				
	Debt Service Fund	32,598	52,756	(20,158)	-61.8%
	Rate Stabilization Fund	66,439	67,459	(1,020)	-1.5%
	Construction Fund	121,760	154,391	(32,630)	-26.8%
	Utility Plant Improvement Fund	33,547	42,432	(8,885)	-26.5%
	Other Restricted Assets	17,345	17,076	269	1.6%
	TOTAL RESTRICTED ASSETS	271,689	334,113	(62,424)	-23.0%
	NON-CURRENT ASSETS	23,047	30,206	(7,158)	-31.1%
	NET CAPITAL ASSETS	1,193,400	1,171,601	21,798	1.8%
	TOTAL ASSETS	1,588,713	1,639,151	(50,438)	-3.2%
	<u>LIABILITIES AND NET ASSETS</u>				
	CURRENT LIABILITIES	28,105	39,305	(11,199)	-39.8%
	PAYABLE FROM RESTRICTED ASSETS:				
	Rate Stabilization Deferred Credit	66,231	66,231	0	0.0%
	Other Payables From Restricted Assets	49,900	157,788	(107,887)	-216.2%
	TOTAL PAYABLE FROM RESTRICTED ASSETS	116,131	224,018	(107,887)	-92.9%
	LONG TERM-DEBT:				
	Utilities System Revenue Bonds				
	Payable-Senior Lien Debt	899,695	842,125	57,570	6.4%
	Commercial Paper Notes Payable	62,000	62,000	0	0.0%
	Unamortized Bond Financing Costs	(15,262)	(16,799)	1,537	-10.1%
	TOTAL LONG-TERM DEBT	946,433	887,326	59,107	6.2%
	OTHER NON-CURRENT LIABILITIES	18,875	18,606	269	1.4%
	TOTAL LIABILITIES	1,109,545	1,169,255	(59,711)	-5.4%
	TOTAL NET ASSETS	479,168	469,896	9,273	1.9%
	TOTAL LIABILITIES AND NET ASSETS	1,588,713	1,639,151	(50,438)	-3.2%

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Supplemental Data

ELECTRIC RESALE
FOR THIRD QUARTER ENDED JUNE 30, 2012

Month June					Nine Months That Ended June 30			
This Year	Per KWh	Last Year	Per KWh	Change		This Year	Last Year	Change
627,681	0.0602	813,913	0.0704	(186,232)	Resale Revenue			
527,353	0.0706	674,874	0.0809	(147,521)	Alachua	564,912	668,993	(104,081)
					Seminole	448,435	501,091	(52,656)
1,155,034	0.0645	1,488,787	0.0748	(333,753)	Total Resale Revenue	1,013,347	1,170,085	(156,738)
10,433,969		11,565,233		(1,131,264)	Resale KWh			
7,468,313		8,337,556		(869,243)	Alachua	9,017,470	9,622,266	(604,796)
					Seminole	6,107,692	6,615,980	(508,289)
17,902,282		19,902,789		(2,000,507)	Total Resale KWh	15,125,162	16,238,247	(1,113,085)

ELECTRIC STATISTICS
FOR THIRD QUARTER ENDED JUNE 30, 2012

Month June				Nine Months That Ended June 30		
This Year	Last Year	Change		This Year	Last Year	Change
<u>97,024</u>	<u>96,592</u>	<u>432</u>	Total Customers	<u>96,403</u>	<u>96,317</u>	<u>87</u>
31,744	31,578	166	Street Lights in Service	31,744	31,578	166
569.40	575.78	(6.38)	Miles of Overhead Distribution Line	569.40	575.78	(6.38)
845.51	848.39	(2.88)	Miles of Underground Distribution Line	845.51	848.39	(2.88)
<u>1,414.91</u>	<u>1,424.17</u>	<u>(9.26)</u>	Total Miles of Distribution Line	<u>1,414.91</u>	<u>1,424.17</u>	<u>(9.26)</u>
393	445	(52)	Maximum Peak Load Generated/Net (MW)	339	359	(20)
181,084	201,038	(19,954)	Net Energy for Load (MWh)	149,719	162,078	(12,359)
0.64	0.63	0.01	Load Factor - Percent	60.95	62.52	(1.57)
430	535	(105)	Cooling Degree DBFs - Actual Days	1,474	1,501	(27)
450	447	3	Cooling Degree DBFs - Normal Days	1,315	1,307	8
(20)	88	(108)	Difference from Normal	159	194	(35)
0.0510	0.0520	(0.0010)	Fuel Adjustment	0.0510	0.0520	(0.0010)

WATER STATISTICS
FOR THIRD QUARTER ENDED JUNE 30, 2012

Month June		
This Year	Last Year	Change
<u>69,438</u>	<u>69,067</u>	<u>371</u>
26,736	30,722	(3,986)
19,289	22,634	(3,345)
22,703	27,684	(4,981)
<u>681,085</u>	<u>830,516</u>	<u>(149,430)</u>
25,792	30,135	(4,344)
19,846	22,402	(2,556)
22,699	26,947	(4,248)
<u>680,979</u>	<u>808,410</u>	<u>(127,431)</u>
32.83	36.89	(4.06)
27.09	32.71	(5.62)
13.72	17.06	(3.34)
17.22	20.04	(2.82)
1,117.9	1,112.7	5.2
13.1	13.1	0.0
5,581	5,556	25
16.34	5.78	10.56
6.7	6.73	(0.03)
9.64	(0.95)	10.59

Total Customers

Pumpage - Mega-gallons

Raw Water - Max
Raw Water - Min
Raw Water - Avg
Total

Distribution System - Max
Distribution System - Min
Distribution System - Avg
Total

Maximum Daily Pumpage
Average Max. Daily Pumpage
Minimum Daily Pumpage
Average Min. Daily Pumpage

Miles of Potable Water Main
Miles of Potable Water Fire Mains
Fire Hydrants

Precipitation - Actual Inches
Precipitation - Normal Inches
Difference from Normal

Nine Months That Ended June 30		
This Year	Last Year	Change
<u>68,927</u>	<u>68,572</u>	<u>354</u>
31,074	31,107	(32)
17,668	16,960	708
23,207	24,378	(1,171)
<u>6,358,783</u>	<u>6,655,204</u>	<u>(296,422)</u>
29,792	30,282	(490)
18,323	17,577	746
22,417	23,839	(1,421)
<u>6,142,375</u>	<u>6,507,984</u>	<u>(365,609)</u>
36.10	37.97	(1.87)
27.44	28.87	(1.43)
11.26	15.30	(4.04)
20.49	28.87	(8.38)
1,117.9	1,112.7	5.2
13.1	13.1	0.0
5,581	5,556	25
34.26	21.14	13.12
29.59	29.68	(0.09)
4.67	(8.54)	13.21

WASTEWATER STATISTICS
FOR THIRD QUARTER ENDED JUNE 30, 2012

Month June		
This Year	Last Year	Change
<u>62,643</u>	<u>62,271</u>	<u>372</u>
14,960	14,884	76.00
27.1	27.1	0.0
139.2	138.5	0.7
618.8	615.6	3.2
<u>758.0</u>	<u>754.1</u>	<u>3.9</u>

Total Customers

Manholes
Miles of Reclaimed Water Mains

Miles of Main

Force Main
Gravity Main

Total Miles of Main

Nine Months That Ended June 30		
This Year	Last Year	Change
<u>62,148</u>	<u>61,789</u>	<u>359</u>
14,960	14,884	76
27.1	27.1	0.0
139.2	138.5	0.7
618.8	615.6	3.2
<u>758.0</u>	<u>754.1</u>	<u>3.9</u>

GAS STATISTICS
FOR THIRD QUARTER ENDED JUNE 30, 2012

Month June		
This Year	Last Year	Change
33,309	33,287	22
188	188	-
743.76	739.12	4.64
7.17	7.17	0.00
750.93	746.29	4.64

Total NG Customers

Total LP Gas Customers

Distribution Mains

NG System

LP System

Total Distribution Mains

Heating Degree DBFs - Actual Days

Heating Degree DBFs - Normal Days

Difference from Normal

Average Temperature

FUEL ADJUSTMENTS

Natural Gas Firm PGA

Natural Gas Int PGA

LP PGA

Calorific Value

Nine Months That Ended June 30		
This Year	Last Year	Change
33,202	33,133	69
186	184	2
743.76	739.12	4.64
7.17	7.17	0.00
750.93	746.29	4.64

1,275 (583)

1,168 (4)

107 (579)

65.4 2.2

0.5900 (0.0400)

0.5738 (0.0400)

1.6733 0.2250

1.0290 (0.0020)

GRUCOM STATISTICS
FOR THIRD QUARTER ENDED JUNE 30, 2012

Month June			Customers	Nine Months That Ended June 30		
This Year	Last Year	Change		This Year	Last Year	Change
26	38	(12)	GRU Equipment Lease	36	38	(2)
240	221	19	GRU EtherLink	239	221	18
80	75	5	GRU Internet Access	82	79	3
2	2	0	GRU Backup Conduit	2	2	0
45	49	(4)	GRU Broadband Internet Access	46	48	(2)
63	62	1	GRU Colocation Lease	63	60	3
88	82	6	GRU DS0 Transport	88	81	7
76	86	(10)	GRU DS1 Transport	80	94	(14)
375	686	(311)	GRU DS1Transport - Carrier	451	715	(264)
2	5	(3)	GRU DS3 Transport	2	5	(3)
79	79	0	GRU DS3 Transport - Carrier	78	77	1
34	7	27	GRU EtherLink Carrier	26	5	21
1	1	0	GRU Fiber Drivers	1	1	0
1	2	(1)	GRU OC3 Transport	2	2	0
4	5	(1)	GRU OC3 Transport Carrier	4	5	(1)
2	2	0	GRU OC48 Transport Carrier	2	2	0
2	1	1	GRU SAN Fiber Channel	2	1	1
10	12	(2)	GRU SCADA Transport	10	34	(24)
2	2	0	GRU Switched Transport	2	2	0
3	5	(2)	GRU Telephone Internet Access	3	5	(2)
10	19	(9)	GRU Telephone Line Leases	10	19	(9)
5	5	0	GRU Telephone Set Leases	5	5	0
164	190	(26)	GRU Tower Lease	167	198	(31)
5	5	0	GRU TRS Analog Consol	5	5	0
38	38	0	GRU TRS Analog Radio	38	38	0
3	3	0	GRU TRS Digital Console	3	3	0
19	19	0	GRU TRS Digital Radio	19	18	1
1	1	0	GRU Trunk Termination	1	1	0
478	697	(219)	Telecomm - GRUnet	529	750	(221)

DEERHAVEN FUELS INVENTORIES
FOR THIRD QUARTER ENDED JUNE 30, 2012

Month June			
This Year		Last Year	
BBLs	Value	BBLs	Value
67,795.30	2,624,543.90	67,795.30	2,624,543.90
67,795.30	2,624,543.90	67,795.30	2,624,543.90
GALS	Value	GALS	Value
226,558.00	295,546.49	252,203.00	330,249.40
222,153.00	281,164.12	220,722.00	266,111.79
TONS	Value	TONS	Value
256,358.53	21,740,670.60	140,032.51	11,059,181.66
253,563.38	21,476,111.71	119,973.37	9,259,331.75
%	Days	%	Days
65.19	26.32	65.19	26.32
65.19	26.32	65.19	26.32
26.34	31.94	29.33	35.60
25.83	31.31	25.67	31.10
	131.24		70.02
	129.77		59.46

Month June			
This Year	Last Year	Change	Percentage
38.7128	38.7128	-	-
38.7128	38.7128	-	-
1.3045	1.3095	(0.0050)	(0.38)
1.2656	1.2056	0.0600	4.98
84.8057	78.9758	5.8299	7.38
84.6972	77.1782	7.5190	9.74

Quarter That Ended March 31			
This Year		Last Year	
BBLs	Value	BBLs	Value
67,795.30	2,624,543.90	69,138.70	2,717,718.63
67,795.30	2,624,543.90	67,795.30	2,624,543.90
GALS	Value	GALS	Value
180,330.00	144,883.13	274,546.00	382,765.05
222,153.00	281,164.12	220,722.00	266,111.79
TONS	Value	TONS	Value
233,815.34	19,605,446.18	99,571.03	7,428,687.48
253,563.38	21,476,111.71	119,973.37	9,259,331.75
%	Days	%	Days
65.19	26.32	66.48	26.86
65.19	26.32	65.19	26.32
20.97	25.33	31.92	38.79
25.83	31.31	25.67	31.10
	119.38		48.72
	129.77		59.46

Quarter That Ended March 31			
This Year	Last Year	Change	Percentage
38.7128	39.3082	(0.5954)	(1.51)
38.7128	38.7128	-	-
0.8034	1.3942	(0.5907)	(42.37)
1.2656	1.2056	0.0600	4.98
83.8501	74.6069	9.2432	12.39
84.6972	77.1782	7.5190	9.74

JR KELLY FUELS INVENTORIES
FOR THIRD QUARTER ENDED JUNE 30, 2012

Month June			
This Year		Last Year	
BBLs	Value	BBLs	Value
8,493.00	339,466.27	8,509.10	340,140.21
8,493.00	339,466.27	8,509.10	340,140.21
GALS	Value	GALS	Value
474,307.39	832,143.77	481,107.30	848,174.63
474,307.39	832,143.77	480,598.30	846,974.66
%	Days	%	Days
8.17	2.60	8.18	2.60
8.17	2.60	8.18	2.60
55.15	67.33	55.94	68.30
55.15	67.33	55.88	68.23

Month June			
This Year	Last Year	Change	Percentage
39.9701	39.9737	(0.0036)	(0.01)
39.9701	39.9737	(0.0036)	(0.01)
1.7544	1.7630	(0.0085)	(0.48)
1.7544	1.7623	(0.0079)	(0.45)

#6 Oil (Bunker C) Inventory

Beginning
Ending

#2 Oil (Diesel) Inventory

Beginning
Ending

Oil Levels

#6 Oil
Beginning
Ending

#2 Oil
Beginning
Ending

Bunker C (\$/BBL)

Beginning
Ending

Diesel Fuel (\$/Gal)

Beginning
Ending

Quarter That Ended March 31			
This Year		Last Year	
BBLs	Value	BBLs	Value
8,493.00	339,466.27	8,509.10	340,140.21
8,493.00	339,466.27	8,509.10	340,140.21
GALS	Value	GALS	Value
474,307.39	832,143.77	478,842.53	842,835.41
474,307.39	832,143.77	480,598.30	846,974.66
%	Days	%	Days
8.17	2.60	8.18	2.60
8.17	2.60	8.18	2.60
55.15	67.33	55.68	67.98
55.15	67.33	55.88	68.23

Quarter That Ended March 31			
This Year	Last Year	Change	Percentage
39.9701	39.9737	(0.0036)	(0.01)
39.9701	39.9737	(0.0036)	(0.01)
1.7544	1.7602	(0.0057)	(0.32)
1.7544	1.7623	(0.0079)	(0.45)

GENERATION BY FUEL
FOR THIRD QUARTER ENDED JUNE 30, 2012

Month June			Nine Months That Ended June 30			
This Year	Last Year	Change		This Year	Last Year	Change
			Cost By Fuel (\$)			
2,626,701	5,646,519	(3,019,818)	Coal	7,914,307	10,183,982	(2,269,675)
3,915,739	3,085,291	830,448	Natural Gas	9,765,005	9,102,407	662,598
14,382	-	14,382	#2 Oil	35,090	60,554	(25,464)
-	-	-	#6 Oil	-	93,175	(93,175)
38,395	57,839	(19,444)	Nuclear (CR3)	125,080	205,857	(80,777)
157,133	193,973	(36,841)	Methane (MCLF)	442,994	462,360	(19,366)
492,290	275,000	217,290	Feed-In-Tariff	1,328,481	597,976	730,505
2,010,220	2,077,137	(66,917)	Purchased Power	6,078,602	9,151,201	(3,072,599)
9,254,861	11,335,759	(2,080,898)	Total	25,689,560	29,857,512	(4,167,952)
			Generation By Fuel (MWH)			
56,595	126,648	(70,053)	Coal	182,175	225,633	(43,459)
85,013	45,634	39,379	Natural Gas	214,767	153,721	61,047
51	-	51	#2 Oil	128	816	(687)
-	-	-	#6 Oil	-	109	(109)
9,125	9,000	125	Nuclear (CR3)	25,978	27,131	(1,153)
2,190	2,664	(474)	Methane (MCLF)	6,192	6,519	(327)
1,775	900	875	Feed-In-Tariff	4,739	1,911	2,829
27,299	19,320	7,979	Purchased Power	79,946	128,142	(48,196)
182,048	204,166	(22,118)	Total	513,925	543,981	(30,055)
			Average Fuel Cost per MWH (\$/MWH)			
46.41	44.58	43.11	Coal	43.44	45.14	52.23
46.06	67.61	21.09	Natural Gas	45.47	59.21	10.85
283.68	-	283.68	#2 Oil	273.71	74.25	37.05
-	-	-	#6 Oil	-	857.96	857.96
4.21	6.43	(155.55)	Nuclear (CR3)	4.81	7.59	70.06
71.75	72.81	77.72	Methane (MCLF)	71.54	70.93	59.22
277.30	305.56	248.25	Feed-In-Tariff	280.31	312.96	258.26
73.64	107.51	(8.39)	Purchased Power	76.03	71.41	63.75
50.84	55.52	94.08	Total	49.99	54.89	138.68

**CLEAN AIR ALLOWANCES
CALENDAR YEAR 2012**

SO₂ Allowances (tons)

	DH	JRK	GRU Total
Carryover	12,163.0	414.0	12,577.0
Annual Alloc.	8,400.0	67.0	8,467.0
Total Available	20,563.0	481.0	21,044.0
Used	980.0	0.0	980.0
Left Over	19,583.0	481.0	20,064.0

SO₂ Emissions (tons)

Quarter	B1	B2	CT3	DH Total	CC1	JRK Total	GRU Total
1	0.0	241.3	0.4	241.7	0.1	0.1	241.8
2	0.1	248.0	0.8	248.9	0.3	0.3	249.2
3				0.0		0.0	0.0
4				0.0		0.0	0.0
Year	0.1	489.3	1.2	490.6	0.4	0.4	491.0

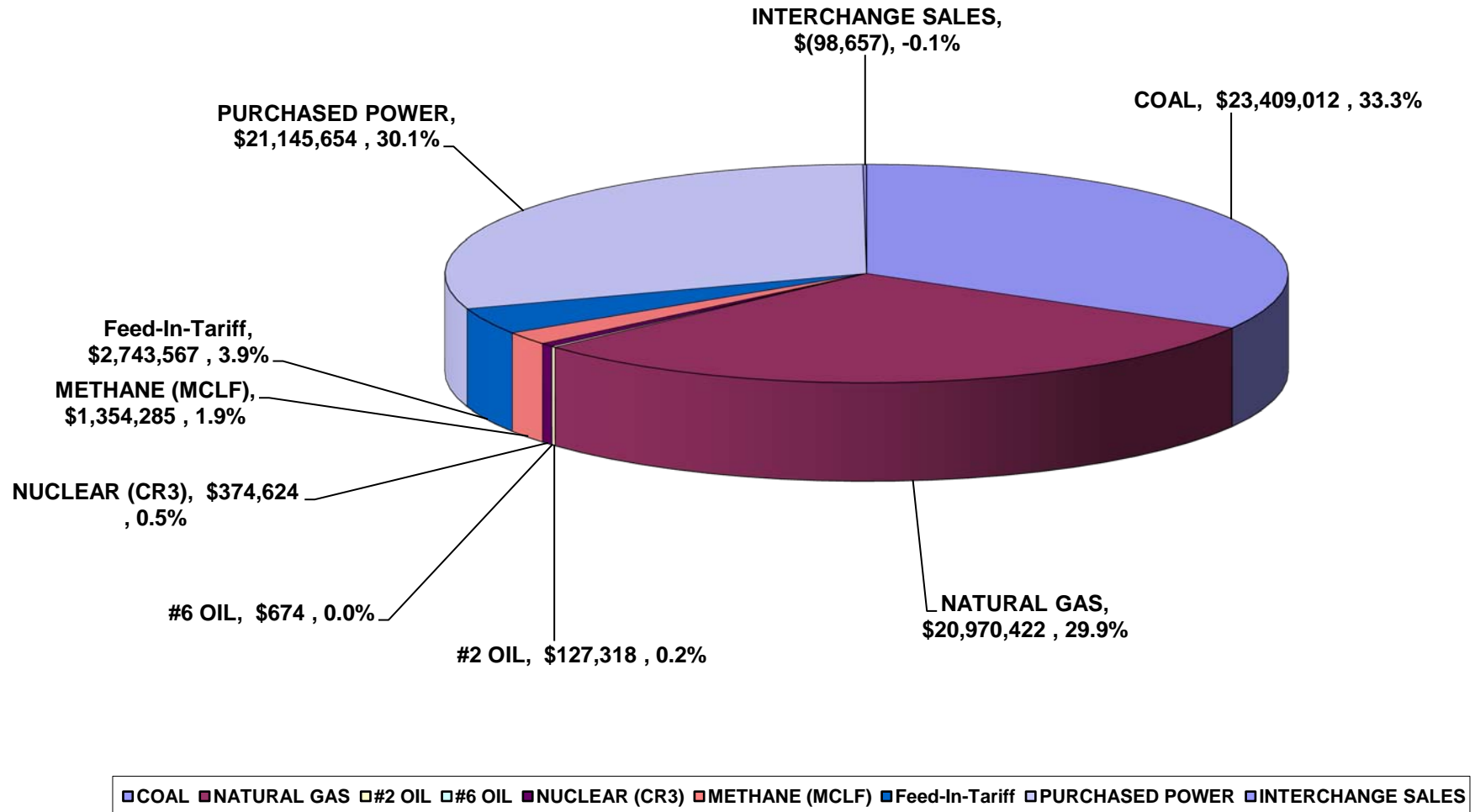
NO_x Allowances (tons)

	DH		JRK		GRU Total	
	Ann.	OS	Ann.	OS	Ann.	OS
Purch/Trans					0	0
Annual Alloc.	1,142	632	86	44	1,228	676
Total Available	1,142	632	86	44	1,228	676
Used	170	70	22	10	192	80
Sold	0	0	0	0	0	0
Left Over	972	562	64	34	1,036	596

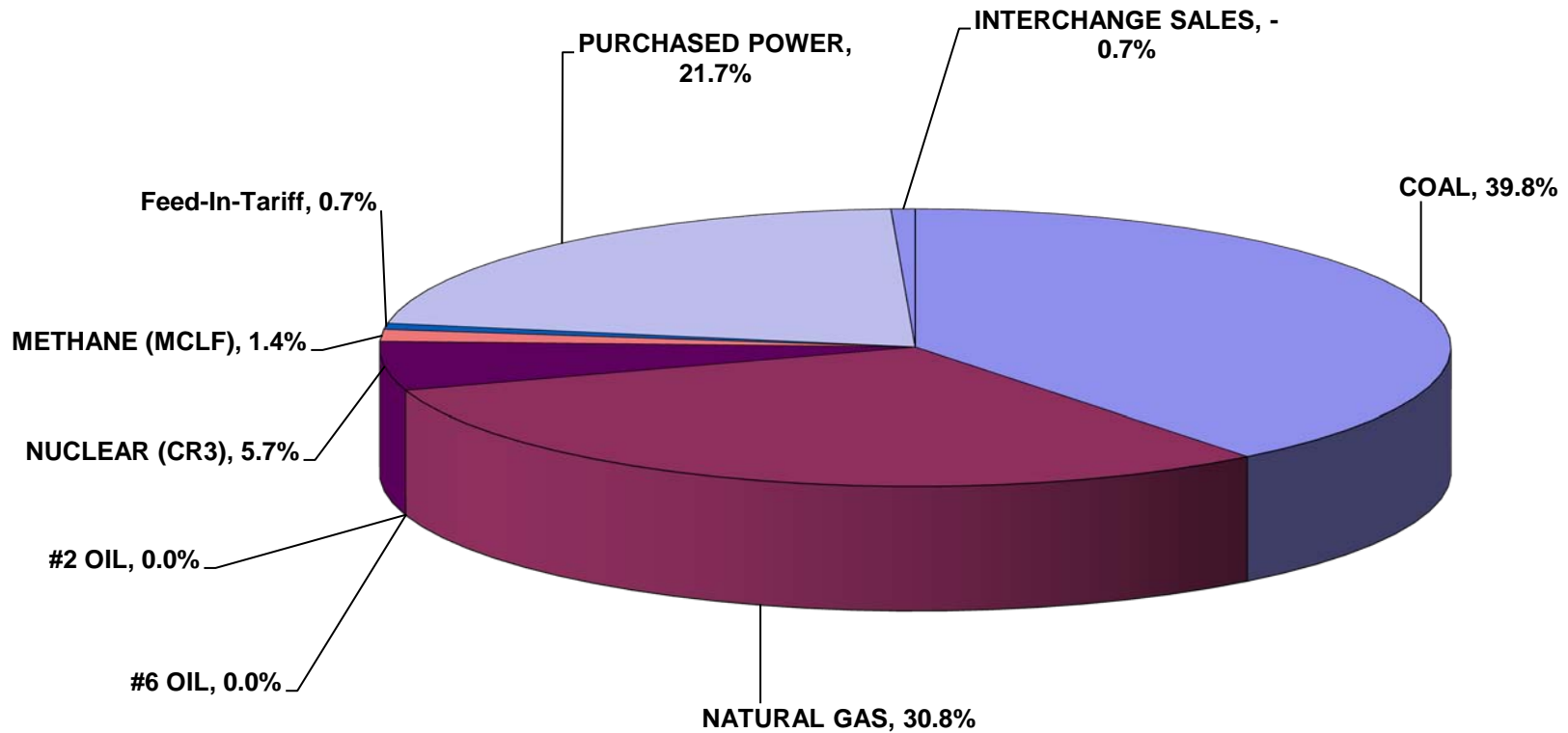
NO_x Emissions (tons)

Quarter	B1		B2		CT3		DH Total		CC1		JRK Total		GRU Total	
	Ann.	OS	Ann.	OS	Ann.	OS	Ann.	OS	Ann.	OS	Ann.	OS	Ann.	OS
1	10.7	0.0	70.9	0.0	0.5	0.0	82.1	0.0	7.0	0.0	7.0	0.0	89.1	0.0
2	22.9	22.9	63.6	46.3	1.5	1.0	88.0	70.2	15.4	9.7	15.4	9.7	103.4	79.9
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
Year	33.6	22.9	134.5	46.3	2.0	1.0	170.1	70.2	22.4	9.7	22.4	9.7	192.5	79.9

**Total Cost & Percentage by Fuel Type
9 months ended Through June 2012**

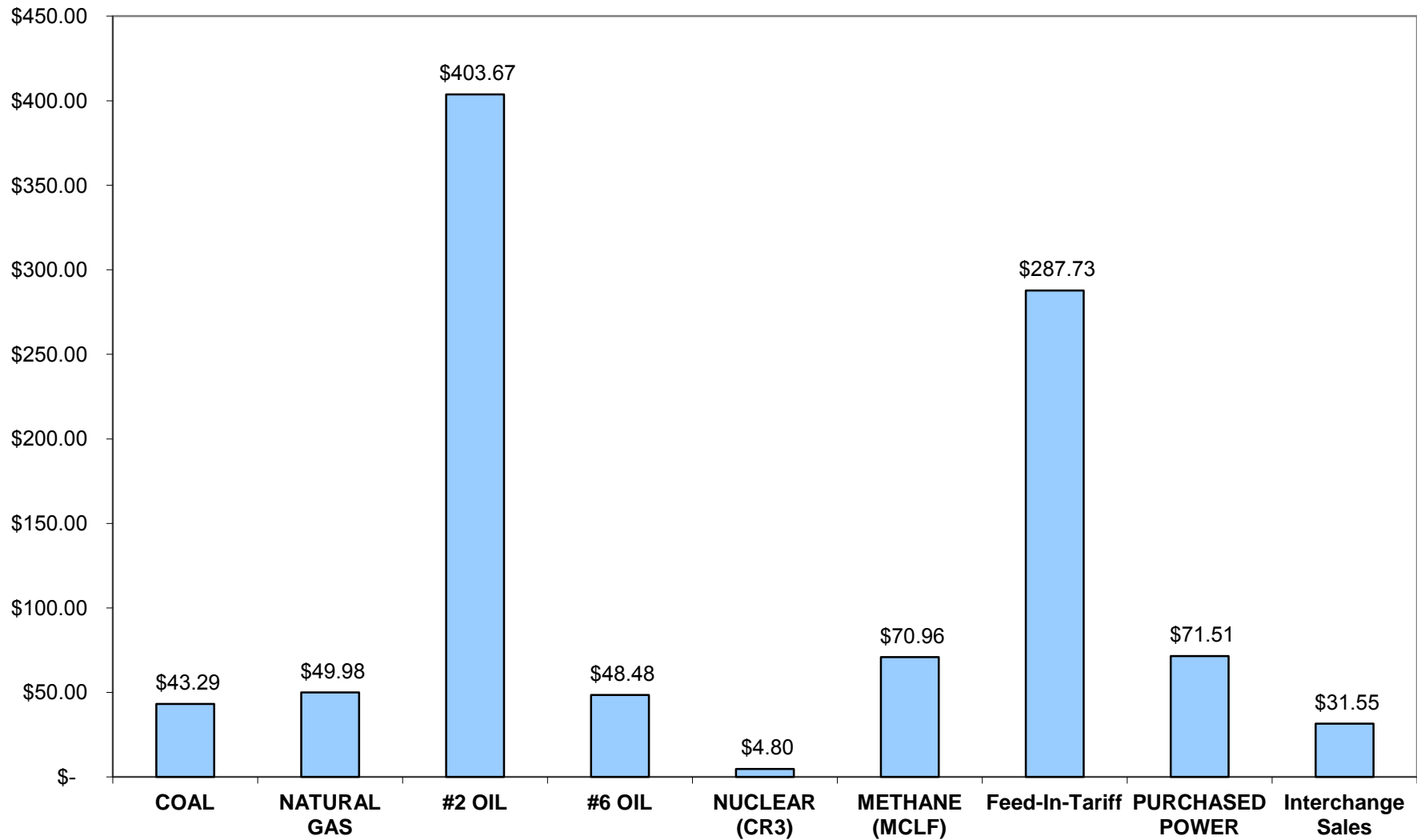


**Sources of Electric Energy for Load by Fuel Type (MWh)
FY2012 - Through June 12**



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

**Total Fuel Cost per MWh by Fuel Type
FY2012 - Through June 30, 2012**



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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