Gainesville Regional Utilities

2019 Series A, B, and C

Moody's Investors Service

January 28, 2019

More than Energy

Participants

Issuer: Gainesville Regional Utilities		
Participant	**Position**	**Contact Information**
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Thomas Brown	Chief Operating Officer	(352) 393-1032
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Financial Advisor: Public Financial Management, Inc.		
Participant	**Position**	**Contact Information**
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2019 Series A and B Co-Senior Manager and Bookrunner: Barclays		
Participant	**Position**	**Contact Information**
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2019 Series A and B Co-Senior Manager: Wells Fargo Securities		
Participant	**Position**	**Contact Information**
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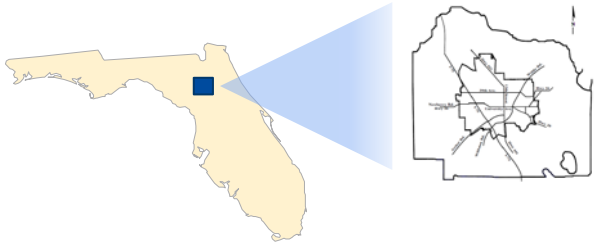
Gainesville Regional Utilities

Supporting the City and County

System Highlights

- A City-owned and operated utility that provides the City of Gainesville and certain unincorporated areas of Alachua County with electric, natural gas, water, wastewater and telecommunications services
- The State has no authority to set System rates, though it does have authority to regulate rate structure
- The City is home to the Univ. of Florida, with enrollment of ~56,000, and has a population of ~131,000 within city limits

Service Territory



Electric System

- 98,172 total customers with 86,952 residential
- Covers 124.5 square miles
- Serves 76% of the County's population (excl. Univ. of Florida campus)
- Generation, transmission, distribution facilities
- 634 MW max net summer generating capacity
- 29% renewable resources
- Fuel and power risk management via The Energy Authority
- FY18 sales totaling 2,032,343 MWh
- FY18 revenue[1] of $286 million or 71% of total

Water System

- 73,043 customers
- 1,170 miles of water transmission and distribution lines and 16 water supply wells
- One water treatment plant with capacity of 54 million gallons per day (Mgd)
- In FY18, average annual daily flow was 23.3 Mgd
- FY18 revenue[1] of $37 million or 9% of total

Wastewater System

- 66,483 customers
- 673 miles of gravity sewer collection system, 170 pump stations with 153 miles of associated force main
- Two major wastewater treatment plants totaling 22.4 Mgd annual average daily flow capacity
- In FY18, average annual daily flow was 19.6 Mgd
- FY18 revenue[1] of $46 million or 12% of total

Natural Gas System

- 35,389 customers
- Covers 115 square miles and serves 30% of the County population
- Underground gas distribution and service lines, six points of delivery or interconnections with Florida Gas Transmission Co.
- Acquired from the Gainesville Gas Co. in 1990
- FY18 revenue[1] of $21 million or 5.3% of total

GRUCom

- 6,737 customers
- 543 miles of fiber optic cable
- Offers telecom transport services, internet access, tower antenna space leasing, and public radio services
- FY18 revenue[1] of $11 million or 2.8% of total

1. *Management prepared breakout of each business unit revenues (unaudited)*

GRU More than Energy

Transaction Overview

	Utilities System Revenue Bonds 2019 Series A	Utilities System Revenue Bonds 2019 Series B	Utilities System Revenue Bonds 2019 Series C
Par*	$159.4 million	$27.1 million	$67.6 million
Lien	Senior	Senior	Senior
Tax Status	Tax-exempt	Taxable	Tax-exempt
Expected Amortization*	2041 - 2047	2041 – 2047	2041 - 2047
Interest	Fixed Rate		Variable Rate (portion swapped to fixed with existing swaps)
Purpose	▪ Finance capital improvements ▪ Reimburse UPIF for capital expenditures ▪ Refund Commercial Paper Notes, Series C	▪ Refund Commercial Paper Notes, Series D ▪ GRUCom capital expenditures ▪ Refund 2005 Series B	▪ Finance capital improvements ▪ Restructure currently outstanding variable rate debt (portion swapped to fixed with existing swaps)
Co-Senior Managers	Barclays (Bookrunner) and Wells Fargo Securities		BofA Merrill Lynch
Co-Managers	BofA Merrill Lynch / Citigroup / Goldman Sachs & Co LLC		N/A
Pricing*	Thursday, February 28, 2019		Tuesday, March 19, 2019
Closing*	Thursday, March 7, 2019		Thursday, March 28, 2019

*Preliminary subject to change

Presentation Outline

- Strategic Initiatives and Updates
- Management and Governance
- Operations
- Service Territory and Customers
- Forecasts and Rates
- Financial Metrics
- Summary

STRATEGIC INITIATIVES AND UPDATES

Execution of 2017 and 2018 Priorities and Initiatives

2017-2018 Action Plan	Results
Enhance Governance Communications	▪ Experienced executive team in place ▪ City Commission sets rates and charges ▪ Utility Advisory Board advises and makes recommendations to City Commission
Acquire Deerhaven Renewable (DHR)	▪ Realized significant permanent cost savings ▪ Integrated Deerhaven Renewable plant with GRU's existing operating fleet
Improve Technology Across System	▪ Installing integrated systems across all businesses ▪ Assessing Customer Care Billing System ▪ Improve enterprise asset management ▪ Installing smart meters
Provide Rate Relief	▪ Enacted 8% residential bill reduction and 10% commercial bill reduction in 2018
Maintain Consistent Fixed Charge Ratios Post-DHR Acquisition	▪ Achieved Fixed Cost Coverage (FCC) of 1.4x in FY18 and corporate model projects consistent FCC going forward

Nine Point Plan – Where We are Now

- ☑ Bottom up leadership
- ☑ Make information technology the backbone of organization
- ☑ Embrace change throughout the organization
- ☑ Get your love at home!
- ☑ Realize actions speak louder than words
- ☑ Rate Relief/Rate Relief/Rate Relief…
- ☑ Build on synergies
- ☑ Manage your knowledge base and retain it
- ☑ Invest smart

Strong State of the Utility

- ☑ Lowered electric bill 10% for commercial and 8% for residential customers
- ☑ Reduced typical electric bill from $130 to $121 per month
- ☑ Natural gas bill remains lowest in State at $32.64 for 25 therms
- ☑ Conducted over 200,000 water quality tests throughout the System
- ☑ Replacing street lights with more efficient LEDs
- ☑ GRU's employees logged over 1,300 community volunteer hours and donated over $75,000 for local schools and charities
- ☑ Remained under control of the City Commission validating the community's support for GRU's current governance
- ☑ Committed to funding a portion of capital expenditures through internally generated cash

Key Initiatives Going Forward

As a 21st Century Utility

Using best private industry business practices and state-of-the-art technology to:

- Offer customers value choices
- Offer “behind the meter” services
- Provide a communication canopy over city
- Create a “one input” information process
- Drive competitive rates and services
- Effectively utilize big data
- Become a “clever utility”

MANAGEMENT AND GOVERNANCE

Experienced Management and Involved Governance

City Commission

- Governs the System and sets rates and charges
- Comprised of seven members
  - Four single member districts
  - Three Citywide
- Rates not subject to State regulatory oversight

Utility Advisory Board

- Established in 2015
- Advises and makes recommendations to the City Commission
- Comprised of seven voting members and two non-voting members
- Meets monthly and as needed
- No rate setting authority

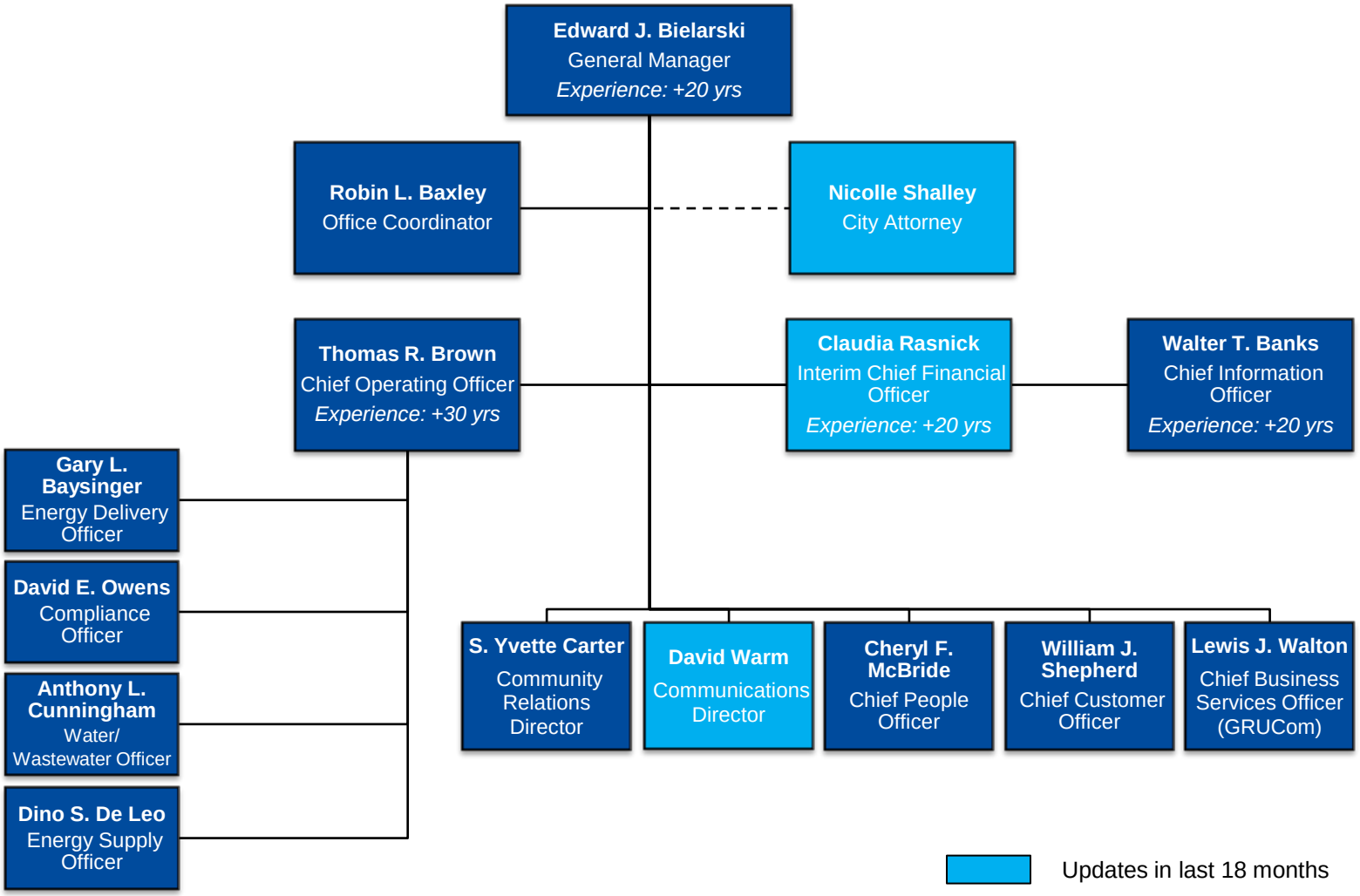
GRU Management

- Led by General Manager Ed Bielarski
  - Over 20 years of utility industry experience
- Key members of the executive committee team include the Chief Operating Officer, the Chief Financial Officer and the Chief Information Officer

Recent Developments

- In 2017, House Bill 759 was signed into law
  - House Bill 759 proposed a voter referendum to amend the City's Charter by creating a utility authority
  - The utility authority board would replace the City Commission as the governing body vested with final decision making authority to set rates, reduce the amount of the General Fund transfer (by up to 3% each year), and approve the General Fund transfer amounts
  - **The referendum was not approved during the November 2018 vote (defeated 60% to 40%) validating the role GRU plays in the community**

The Management Team has Extensive GRU and Utility Experience



GRU More than Energy

OPERATIONS

Electric System Generating Facilities

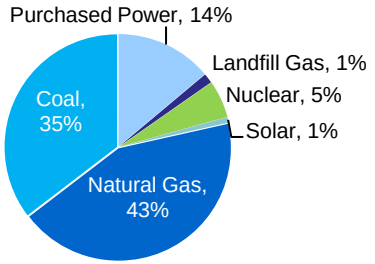
Promoting Fuel Diversification and Renewable Energy

Existing Generating Resources

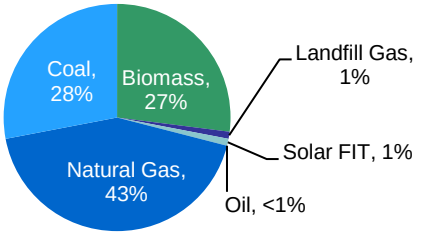
Plant	Primary Fuel	Alternative Fuel	In-Service Date	Expected Retirement	Net Summer Capability (MW)
Owned Resources					
J. R. Kelly					
Steam Unit 8	Waste Heat	-	1965 / 2001	2035	36.0
Combustion Turbine 4	Natural Gas	Distillate Fuel Oil	2001	2051	72.0
Total					108.0
Deerhaven Generating Station					
Steam Unit 2	Bituminous Coal	-	1981	2031	228.0
Steam Unit 1	Natural Gas	Residual Fuel Oil	1982	2022	75.0
Combustion Turbine 3	Natural Gas	Distillate Fuel Oil	1996	2046	71.0
Combustion Turbine 2	Natural Gas	Distillate Fuel Oil	1976	2026	17.5
Combustion Turbine 1	Natural Gas	Distillate Fuel Oil	1976	2026	17.5
Total					409.0
South Energy Center					
SEC-1	Natural Gas	-	2009	2039	3.5
SEC-2	Natural Gas	-	2017	2047	7.4
Total					10.9
Deerhaven Renewable (DHR Biomass Plant)					
	Biomass	-	2013	2043	102.5
Total Owned Resources					**630.4**
Power Purchase Agreements					
Baseline Landfill	Landfill Gas	-	-	-	3.7
Total Available Capacity[1]					**634.1**
Peak Load[2]					**408.0**

1. *Planned plant retirements expected to reduce available capacity to 559 MW over next five years*
2. *FY18 peak load. Max projected load over next five years is 448.0 MW*

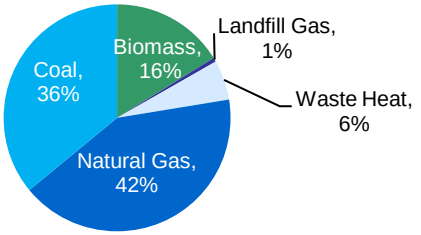
FY 2012 Dispatch by Fuel Source



FY 2018 Dispatch by Fuel Source



FY 2018 Capacity by Fuel Source



GRU More than Energy

Evolving Generation Portfolio

Deerhaven Generating Station

- Invested $6.9 million to rebuild and upgrade the Circulating Dry Scrubber
  - Repaired collapsed component
  - Improved the long-term reliability of the environmental control equipment
  - Insurance reimbursed $4.2 million in early FY 2019

Before

After

DHR Biomass Plant

- Considerable effort has been spent in optimizing the plant
- Can now operate with more flexibility, between 30 and 102.5 MWs
- Reduced O&M and manpower expense
- More efficient management of wood pile
- Operating and dispatching more than anticipated due to lower cost
- Short film: Deerhaven Renewable: Gainesville's Best Kept Secret*

** https://vimeo.com/297643875*

Integrating the DHR Biomass Plant

Strategic Advantages of Ownership

- GRU to manage the operations of DHR
  - Immediate reduction in operating costs, allowing for a reduction in customer bills; 8% for residential and 10% for commercial customers in February 2018
- Realization of future cash flow savings from converting PPA payments to debt service
- Flexibility to operate the DHR Biomass Plant as a strategic reliability hedge, based on the market cost of power, cost of fuel, and O&M requirements of the DHR Biomass Plant
- Reduce long-term contractual balance sheet obligations – $1 billion operating lease replaced with $680 million of long term debt
- The final resolution of all on-going arbitration between the City and GREC LLC

Operational Advantages of Ownership

- Additional cost savings through fuel procurement and management
  - Optimize mix of generating resources and market purchases to meet demand most cost-effectively
- Ability to dispatch the plant at levels lower than 70 MW as previously required under the PPA
  - Better optimize fleet to meet demand with multiple generation resources fueled by less expensive coal, natural gas, biomass and market purchases
- Ability to schedule shutdowns and reduce staffing accordingly increases operational flexibility
- HR synergies with Deerhaven 2
  - More thoughtful and integrated staffing, maintenance and operations of plants, economies of scale and scope
- Ability to manage fuel supply more opportunistically while eliminating the margin applied by GREC LLC
- Eliminates direct payment of property taxes

Renewable Energy

GRU Has a Very Strong Renewable Energy Portfolio

- GRU has a very strong renewable portfolio, which accounts for ~30% of delivered energy
  - The Southeast is well behind with the penetration of renewables at ~7%
- Since 2006, renewable energy and carbon management strategies became a major component of GRU's long-term power supply acquisition program
- These renewable resources include the purchase of energy generated by landfill gas, biomass and solar
- First utility in the nation to adopt a European-style solar feed in tariff ("FIT") in March 2009. Approximately 18.6 MW of solar PV capacity was installed and continues to supply energy to the System

Dispatch by Fuel Source Comparision[1]				
Fuel	**U.S.**	**Southeast**	**Florida**	**GRU**
Coal	30.1%	20.6%	15.8%	27.6%
Petroleum	0.5%	0.7%	0.6%	0.1%
Natural Gas	32.1%	45.5%	67.5%	43.1%
Nuclear	20.0%	26.6%	12.3%	0.0%
Renewable (incl. Hydro)	**17.3%**	**6.6%**	**3.8%**	**29.2%**
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

1. *U.S., Southeast, and Florida data from 2017; GRU data from 2018*

GRU Addressing Climate Change

Storm Preparedness and Resilience

Hurricane Irma

- On September 10, 2017 Hurricane IRMA hit Florida as a Category 3 storm
- At the storm's peak, roughly 46,000 of the City's customers lost power
  - Restored power to 84% of customers within 48 hours – double the rate of utilities in surrounding communities
  - No power generating assets were damaged
- Water system maintained system pressure and delivered safe water throughout the incident
  - No significant facility damage
- Wastewater system was most affected, but minimal customer impact and no significant facility damage
  - Flooding resulted in significant inflow of stormwater and floodwater into the collection system
  - 41 generators were utilized when power was lost in 92 of 170 wastewater lift stations
  - Short Form Consent Order without Corrective Action – GRU to execute an In-kind project to improve wastewater collection; and is conducting a Resiliency Study to reduce future inflow
- Coordinated with Alachua County throughout the response and recovery
- Costs associated with repairs and power outages estimated to be ~$5.5 million and ~$1.1 million in lost revenue
- FEMA reimbursements expected to be roughly 75% of expenditures
- GRU's Cash Balance Study will recommend reserving cash to address future storm damage

Confidential: GRU was awarded the Diamond RP3 Designation from APPA for providing reliable and safe electric service highlighting GRU is best-in-class

SERVICE TERRITORY AND CUSTOMERS

Top Customers

Diverse Customer Base with Limited Concentration

- The top 10 and top 20 customers across all systems account for 14.7% and 18.4% of revenues respectively
- With the exception of GRUCom, there is limited customer concentration risk

Electric System

#	Customer	% of Electric Revenue
1	GRU	2.9%
2	Alachua County Public Schools	2.2%
3	SHANDS	2.0%
4	North FL Regional Medical Center	1.7%
5	Publix Super Markets Inc	1.7%
6	VA Medical Center	1.7%
7	University of Florida	1.5%
8	Alachua County Board of Comm	0.9%
9	Santa Fe College	0.7%
10	City of Gainesville	0.7%
	Top 10 Electric Customers	**16.1%**
	FY18 Electric Revenue[1] (000)	**$285,720**

Gas System

#	Customer	% of Gas Revenue
1	University of Florida	4.4%
2	Ology Bioservices Inc	1.4%
3	Alachua County Board of Comm	1.3%
4	SHANDS	1.1%
5	Alachua County Public Schools	1.0%
6	North FL Regional Medical Ctr	0.8%
7	RTI Biologics Inc	0.7%
8	ST of FL Dept of CH & Fam SVC	0.6%
9	Santa Fe College	0.5%
10	Anderson Columbia Co Inc	0.4%
	Top 10 Gas Customers	**12.3%**
	FY18 Gas Revenue[1] (000)	**$21,279**

Water System

#	Customer	% of Water Revenue
1	University of Florida	5.2%
2	GRU	1.4%
3	North FL Regional Medical CTR	0.8%
4	Alachua County Public Schools	0.7%
5	VA Medical Center	0.6%
6	City of Gainesville	0.6%
7	SHANDS	0.6%
8	Celebration Pointe Holdings LLC	0.6%
9	Alachua County Board of Comm	0.5%
10	Sivance LLC	0.4%
	Top 10 Water Customers	**11.4%**
	FY18 Water Revenue[1] (000)	**$36,868**

Wastewater System

#	Customer	% of Wastewater Revenue
1	University of Florida	1.1%
2	ST of FL Dept of CH & Fam SVC	0.8%
3	Alachua County Public Schools	0.7%
4	North Fl Regional Medical Center	0.6%
5	Sivance LLC	0.6%
6	SHANDS	0.6%
7	City of Gainesville	0.6%
8	Cabot Carbon Oper Jump Start	0.5%
9	VA Medical Center	0.5%
10	Alachua County Board of Comm	0.5%
	Top 10 Wastewater Customers	**6.6%**
	FY18 Wastewater Revenue[1] (000)	**$46,155**

GRUCom

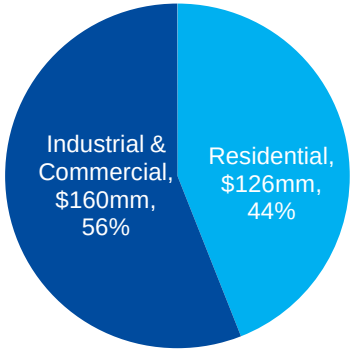
#	Customer	% of GRUCom Revenue
1	GRU	12.2%
2	Alachua County Board of Comm	9.0%
3	Verizon Wireless Personall Comm	7.3%
4	Alachua County Public Schools	6.0%
5	C of G	5.8%
6	AT&T Wireless	4.2%
7	Interstate Fibernet Inc	4.0%
8	T-Mobile USA Inc	3.7%
9	Florida Phone Systems	3.2%
10	SHANDS	2.3%
	Top 10 GRUCom Customers	**57.8%**
	FY18 GRUCom Revenue[1] (000)	**$11,210**

1. Management prepared breakout of each business unit revenues (unaudited)

Customer Mix

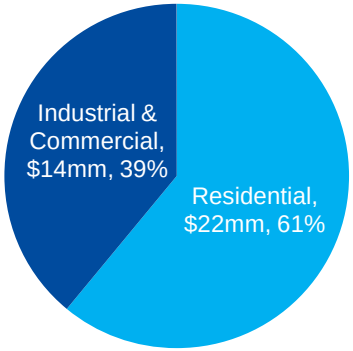
Electric System[1]

Total: $285.7mm



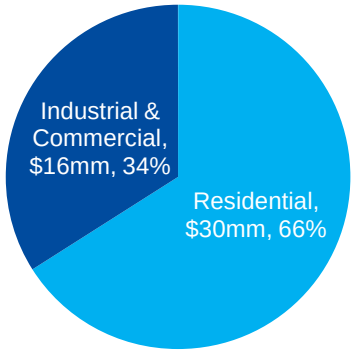
Water System[1]

Total: $36.9mm



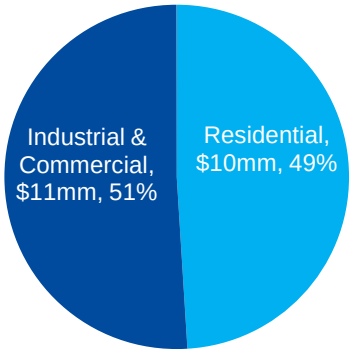
Wastewater System[1]

Total: $46.2mm



Natural Gas [1]

Total: $21.3mm



1. *Management prepared breakout of each business unit revenues (unaudited) for FY18*

GRU More than Energy

Gainesville Economy Shows Consistent Growth

- I-75 Adjacent and West Gainesville
  - Several prospective annexations west of I-75
- Butler Plaza and Town Center Redevelopment
  - Multi-year, multi-million dollar investment in retail, office, and hotel development will bring 3,500 permanent jobs to the community and at least 1,500 construction and support jobs, plus an expanded tax base
- Tangential Development and Annexation
  - Several additional hotel, retail and lifestyle developments adjacent to Butler Plaza and Town Center redevelopment.
- Celebration Point
  - Shopping center, anchor store (Bass Pro) already open
  - West side of town, completion anticipated over next two years
  - Additional phases coming on line including apartments and residential expansion
- Shands Hospital Expansion

	Gainesville	Florida	United States
Unemployment Rate[1]	2.8%	3.3%	3.9%
GDP Growth[2]	2.4%	2.4%	3.0%
Personal Income Growth[3]	2.0%	2.3%	2.0%
Education and Healthcare[4]	13.8%	9.6%	8.1%
Education Level[5]	43.1%	28.5%	30.9%

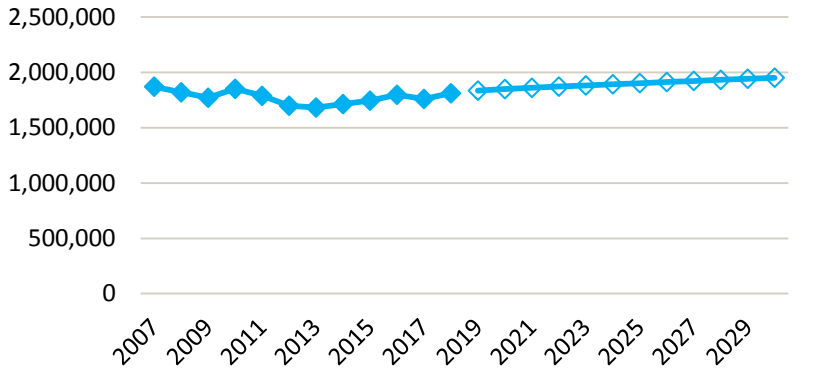
1. *Bureau of Labor Statistics; most recent month available (Nov. and Dec. 2018)*
2. *Bureau of Economic Analysis; CAGR in current dollar GDP 2007 - 2017*
3. *Bureau of Economic Analysis; CAGR in Personal Income (2012 dollars) 2008 - 2016*
4. *Bureau of Economic Analysis; Education and Healthcare as a % of 2017 GDP*
5. *U.S. Census Bureau; Percentage of population with bachelor's degree*

FORECASTS AND RATES

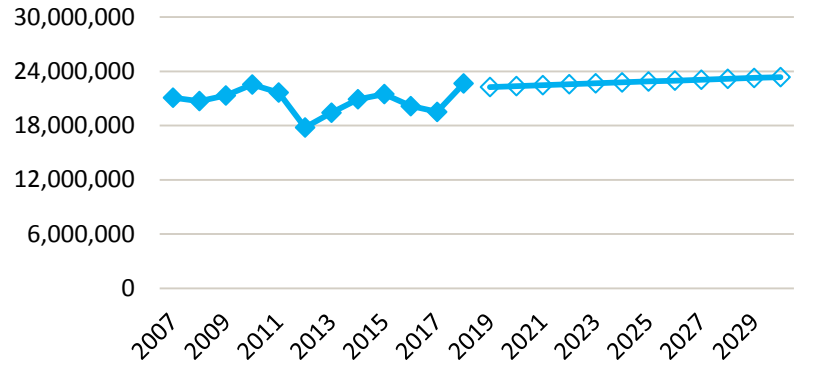
Sales History and 2019 Forecast

Promoting Conservative Budgeting

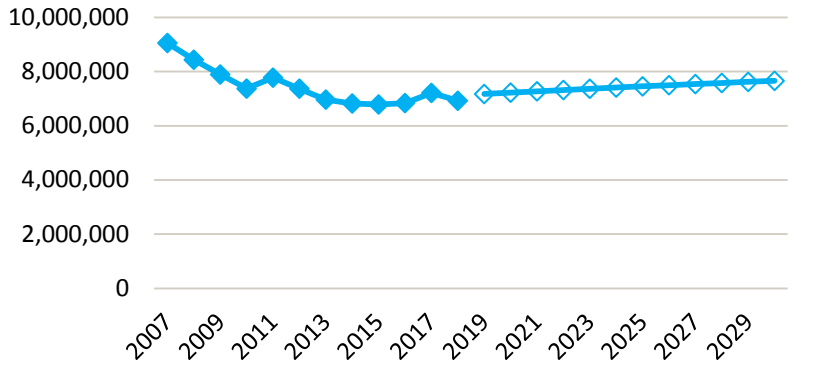
Electric Sales (MWh)



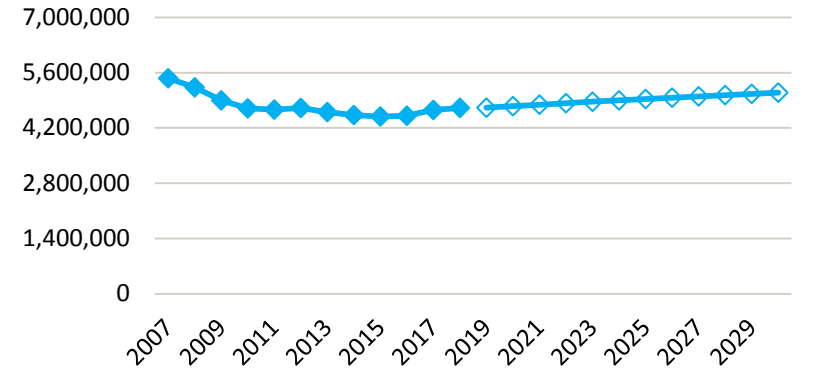
Natural Gas Sales (Therms)



Water Sales (kGal)



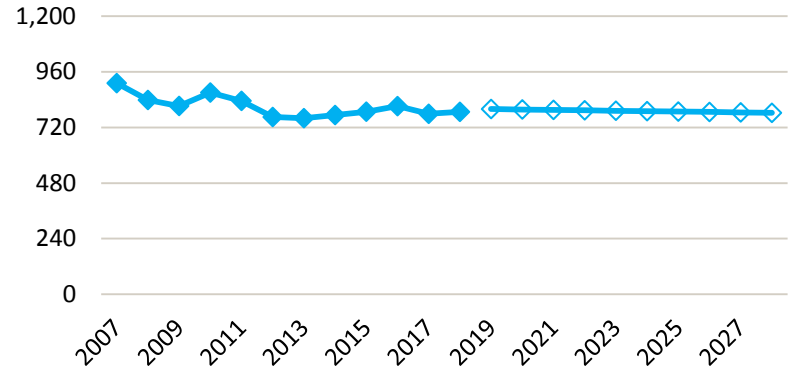
Wastewater Sales (kGal)



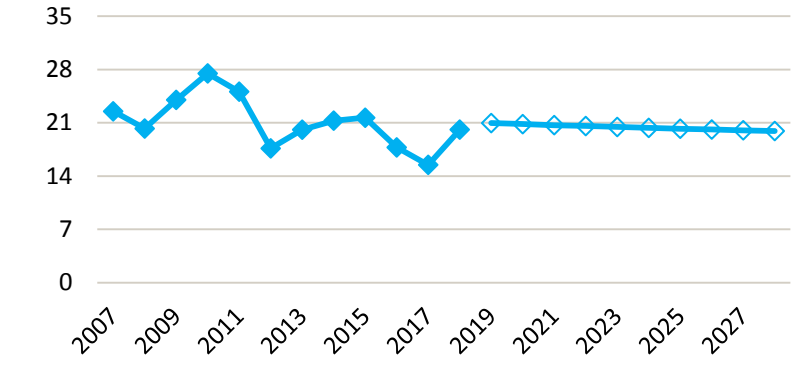
GRU More than Energy

Residential Average Use

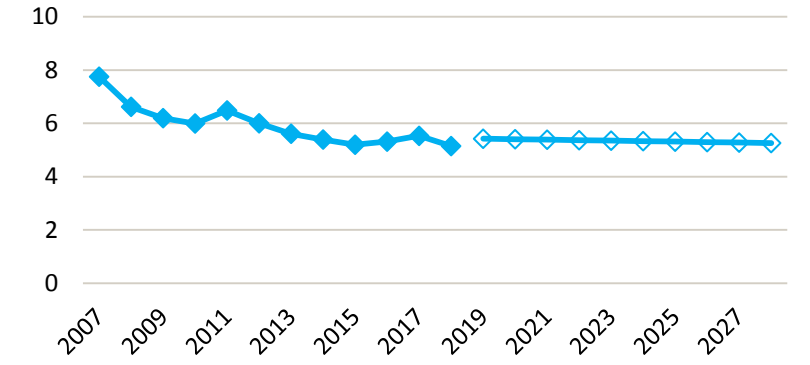
Residential Electric (kWh/Customer)



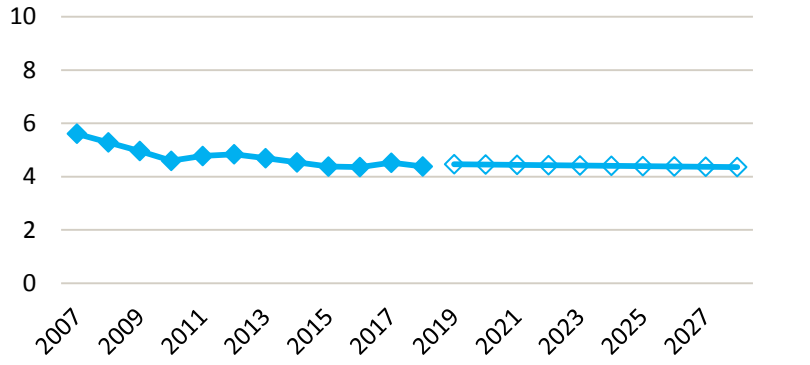
Residential Natural Gas (Therms/Customer)



Residential Water (kGal/Customer)



Residential Wastewater (kGal/Customer)



GRU More than Energy

Electric System

Historical and Projected Bill Increases (%)

	Total Residential Bill Percentage Increase/(Decrease)[1]
Historical (Fiscal Year Beginning):	
October, 1 2013	9.21%
October, 1 2014	2.71%
October, 1 2015	(5.24)%
October, 1 2016	(2.04)%
October, 1 2017	0.88%
February, 1 2018[2]	(8.02)%
October, 1 2018	1.55%
Projected (Fiscal Year Beginning):[3]	
October, 1 2019	3.70%
October, 1 2020	2.80%
October, 1 2021	2.60%
October, 1 2022	2.70%
October, 1 2023	2.40%

1. *Based on residential monthly bill at 1,000 kwh.*
2. *Changes resulting from the acquisition of the DHR Biomass Plant*
3. *All changes in the System's revenue requirements are subject to approval by the City Commission, which usually occurs in conjunction with its approval of the System's annual budget*

Florida Utility Rate Comparison

Addressing Rate Competitiveness

Total Monthly Cost of Electric, Gas, Water and Wastewater Services for Residential Customers in Selected Florida Locales[1]		
	Based Upon Typical Average Usage by Residential Customers of the System[2]	Based Upon Standard Industry Usage Benchmarks[3]
Tampa	$176.77	$227.01
Kissimmee	$180.02	$220.32
Orlando	$180.17	$221.22
Tallahassee	$182.92	$231.28
Lakeland	$184.39	$225.58
Gainesville Regional Utilities	**$185.37**	**$241.21**
Jacksonville	$186.68	$228.62
Ocala	$193.12	$231.70
Clay County	$193.60	$232.37
Vero Beach	$196.37	$241.70
Ft. Pierce	$200.21	$253.90
Pensacola	$212.66	$272.27

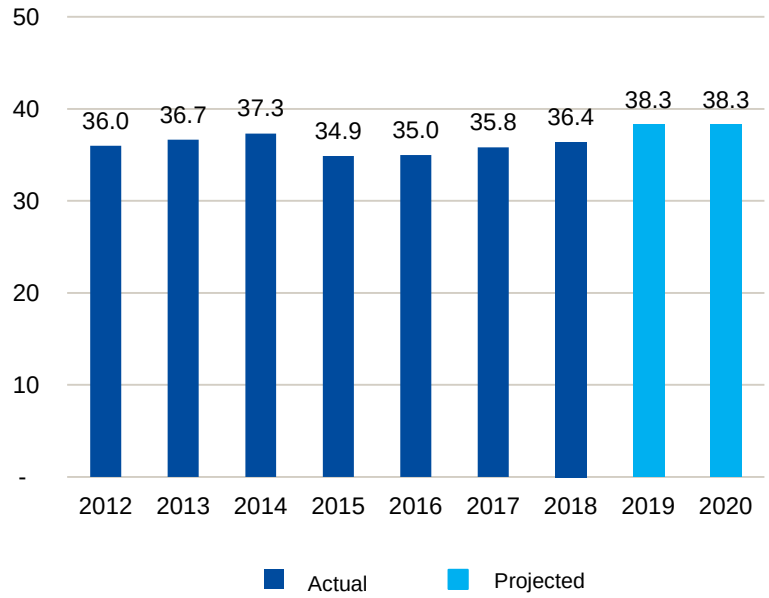
1. *Based upon rates in effect for October 2018 by the actual providers of the specified services in the indicated locales, applied to the noted billing units. Excludes public utility taxes, sales taxes, surcharges, and franchise fees.*
2. *Monthly costs of service have been calculated based upon typical average annual usage by residential customers of the System during the fiscal year ended September 30, 2018, as follows: for electric service: 800 kWh; for natural gas service: 20 therms; for water service: 5,000 gallons of metered water; and for wastewater service: 4,000 gallons of wastewater treated.*
3. *Monthly costs of service have been calculated based upon standard industry benchmarks for average annual usage by residential customers, as follows: for electric service: 1,000 kWh; for natural gas service: 25 therms; for water service: 7,000 gallons of metered water; and for wastewater service: 7,000 gallons of wastewater treated..*

General Fund Transfers

General Fund Transfer Formula

- The City Commission established a General Fund transfer formula for FY15 through FY19
- The formula established the base amount in FY15, less the amount of ad valorem revenue received annually by the City from the DHR Biomass Plant
- The FY15 base transfer amount increases each fiscal year by 1.5% through FY19
- The City Commission is in the process of negotiating a new formula for the transfer

General Fund Transfers ($mm)



FY17 General Fund Transfer as % of Operating Revenue

Chattanooga Electric Power Board	3.1
Springfield Mo. Public Utility	3.4
Colorado Springs Utilities	3.8
Jacksonville Beach Combined Utility	4.1
Fort Pierce	5.8
Winter Park	6.1
Vero Beach	6.2
Lincoln Neb. Electric System	6.3
Gainesville Regional Utilities	**7.8**
Kissimmee	8.9
Leesburg	8.9
Lakeland	9.8
Tallahassee	10.9
JEA	11.7
Orlando Utilities Commission	12.7

FINANCIAL METRICS

Actual and Projected Flow of Funds

- Incorporates projected future rate increases and projected capital and debt plans, including the issuance of 2019 Series A, B, and C

	2017	2018	2019	2020	2021	2022
Total Revenue	430,295	401,232	418,326	431,808	440,475	447,190
Total O&M Expenses	290,051	233,638	240,643	245,065	247,581	253,259
Net Revenues	**140,243**	**167,595**	**177,683**	**186,743**	**192,894**	**193,930**
Uses of Net Revenues						
Debt Service	62,572	90,095	90,111	98,583	96,412	98,946
Interest on future CP issuance	-	-	-	-	1,208	1,487
UPIF used to pay DS	(5,000)	(5,000)	-	-	-	-
UPIF	46,858	46,121	41,284	43,004	42,717	43,051
General Fund Transfer	35,814	36,379	38,285	38,285	38,285	38,859
Total Uses of Net Revenues	**140,243**	**167,595**	**169,680**	**179,872**	**178,622**	**182,343**
Revenues in Excess of Targets	**$ -**	**$ -**	**$8,003**	**$6,871**	**$14,272**	**$11,588**
Debt Service Coverage[1]	**2.24**	**1.86**	**1.97**	**1.89**	**1.98**	**1.93**
Fixed Charge Coverage[2]	**1.30**	**1.46**	**1.55**	**1.51**	**1.58**	**1.54**

1. *Bond ordinance debt service coverage calculation*
2. *FY17 calculation: (Net revenues minus general fund transfer plus $75mm PPA payment) divided by (debt service plus $75mm PPA payment); FY18-22 calculation: (Net revenues minus general fund transfer) divided by debt service*

Cash Balance Study
Executive Summary

- GRU is targeting a cash balance of $73.6mm in FY19 with fluctuations between $64mm and $83mm during the year. GRU expects to maintain a $9.6mm 15-day buffer

Methodology

- Study reviewed GRU's income statement and identified sources of risk
- Study determined 3 different levels of cash to address risk
- Discussions of these risks and environments with GRU staff led to a "preferred" level for that particular risk
- Study then determined the cash balance across GRU's different systems

Cash Balance Targets by System ($mm)

	2019	2020	2021	2022
Electric	$56.3	$58.0	$59.7	$61.5
Gas	$4.5	$4.6	$4.7	$4.9
Water	$4.9	$5.1	$5.2	$5.4
Wastewater	$6.0	$6.2	$6.4	$6.6
GRUCom	$1.9	$2.0	$2.1	$2.1
Total	**$73.6**	**$75.9**	**$78.1**	**$80.5**

($mm)	Less Conservative	Moderate	More Conservative	
Revenue Risk				
General Sales Decrease	$3.5	$10.4	$17.3	Reflects recession
Large Customer Exposure	$0.9	$1.7	$6.9	Generally stable economic base
Sales for Resale / UF Water	$0.0	$0.1	$0.2	Immaterial revenue
Other Revenue Exposure	$0.0	$0.1	$0.5	Immaterial revenue
Expense Risk				
Replacement Power Exposure	$2.6	$10.0	$22.1	Low probability but represents resiliency
Gas/Purchased Power Exposure	$0.3	$2.4	$6.1	Market risk for unhedged position
Renewable Performance Exposure		Not Applicable		Limited renewable exposure
Planned Outage/Replacement Power Exposure		Not Applicable		GRU long capacity and energy (internal gen)
Insurance	$0.1	$0.1	$0.2	
Resiliency and Climate Exposure	$2.0	$4.0	$8.0	FEMA lag versus response time
Cyber Exposure		Not Applicable		Further risk review
Construction/CIP Exposure		Not Applicable		GRU's experience with projects
Operational Risk/Working Capital				
Working Capital	$31.5	$42.0	$52.5	Use of RSF and general payment lag

Note: Totals may not add due to rounding

= Included in FY19 target cash balance of $73.6mm

Cash Balance Study (Continued)

Cash Reserves Policy Recommendations FY19-22

- Cash Balance Study establishes a +/-15 day band for target
- Target accounts for likely inflationary pressures on operating costs over time
- GRU plans for periodic reviews to ensure cash targets reflect changes in the operating and economic environment
- For 2019, days cash on hand is expected to be 125 days; days liquidity (cash and CP lines) on hand is expected to be 353 days

Current Cash and Liquidity Targets				
Cash and Liquidity Targets ($mm)	**2019**	**2020**	**2021**	**2022**
Proposed Cash Targets	**$73.6**	**$75.8**	**$78.1**	**$80.4**
Lower Bound	$64.0	$65.9	$67.9	$69.9
Upper Bound	$83.2	$85.7	$88.3	$90.9
Operating cash	$4.4	$4.4	$4.4	$4.4
Rate stabilization	$50	$37.0	$26.8	$19.9
UPIF for Reserves	$5.0	$28.0	$33.2	$36.3
UPIF Reimbursement from 2019 Transaction	$23	$0	$0	$0
Total Cash Reserves	$82.4	$69.4	$64.4	$60.6
In Cash Balance Study Bandwidth	**Yes**	**Yes**	**No**	**No**
Over (Under) Lower Target	**$18.4**	**$3.5**	**-$3.5**	**-$9.3**

= Available Cash

Note: Totals may not add due to rounding

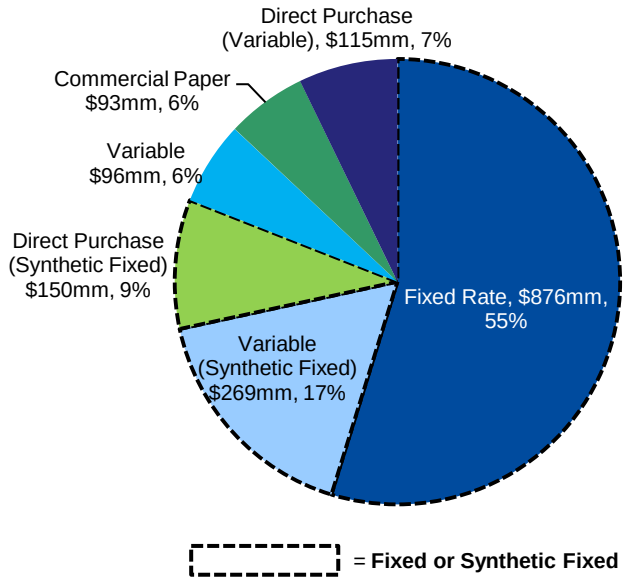
Debt Management

Moving Towards a More Fixed Rate Portfolio

- GRU's overall debt structure remains rooted in a majority of fixed rate bonds
- Fixed and synthetically fixed debt accounts for 87% of total pro-forma debt

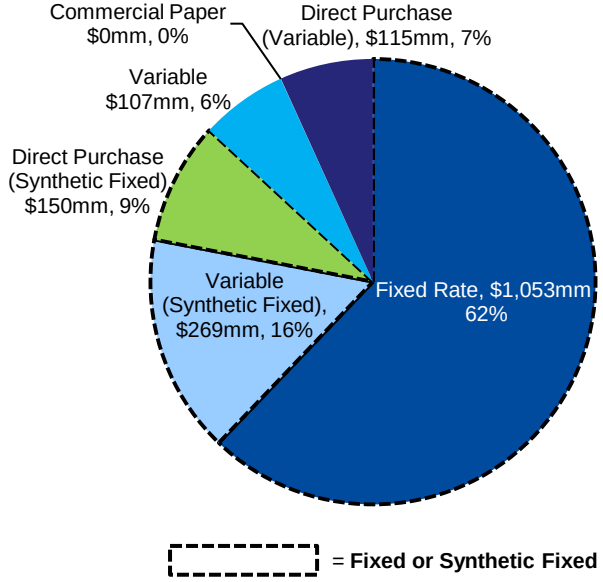
Pre-2019 Series ABC

Total: $1.599 billion



Post-2019 Series ABC

Total: $1.694 billion



GRU More than Energy

Future Capital Plans and Funding Sources

Summary of Capital Improvement Program – Sources and Uses						
	2019	2020	2021	2022	2023	Total
Use of Funds:						
Construction Projects:						
Electric	51,362,534	64,068,077	33,697,677	17,018,130	14,427,802	180,574,220
Gas	2,334,389	2,180,888	3,057,423	3,159,295	2,692,154	13,424,149
Water	9,014,600	9,104,000	9,970,000	9,760,000	8,240,000	46,088,600
Wastewater	19,108,000	23,483,000	23,699,000	15,834,000	16,774,000	98,898,000
GRUCom	2,180,477	1,164,035	1,575,900	2,228,575	2,866,044	10,015,031
Total Construction	**84,000,000**	**100,000,000**	**72,000,000**	**48,000,000**	**45,000,000**	**349,000,000**
Issuance Costs	280,000	280,000	280,000	280,000	280,000	1,400,000
Total Uses	**84,280,000**	**100,280,000**	**72,280,000**	**48,280,000**	**45,280,000**	**350,400,000**
Sources of Funds:						
Bond Financing	33,000,000	57,000,000	34,500,000	8,000,000	14,500,000	147,000,000
Revenues	51,000,000	43,000,000	37,500,000	40,000,000	30,500,000	202,000,000
Total Sources	**84,000,000**	**100,000,000**	**72,000,000**	**48,000,000**	**45,000,000**	**349,000,000**

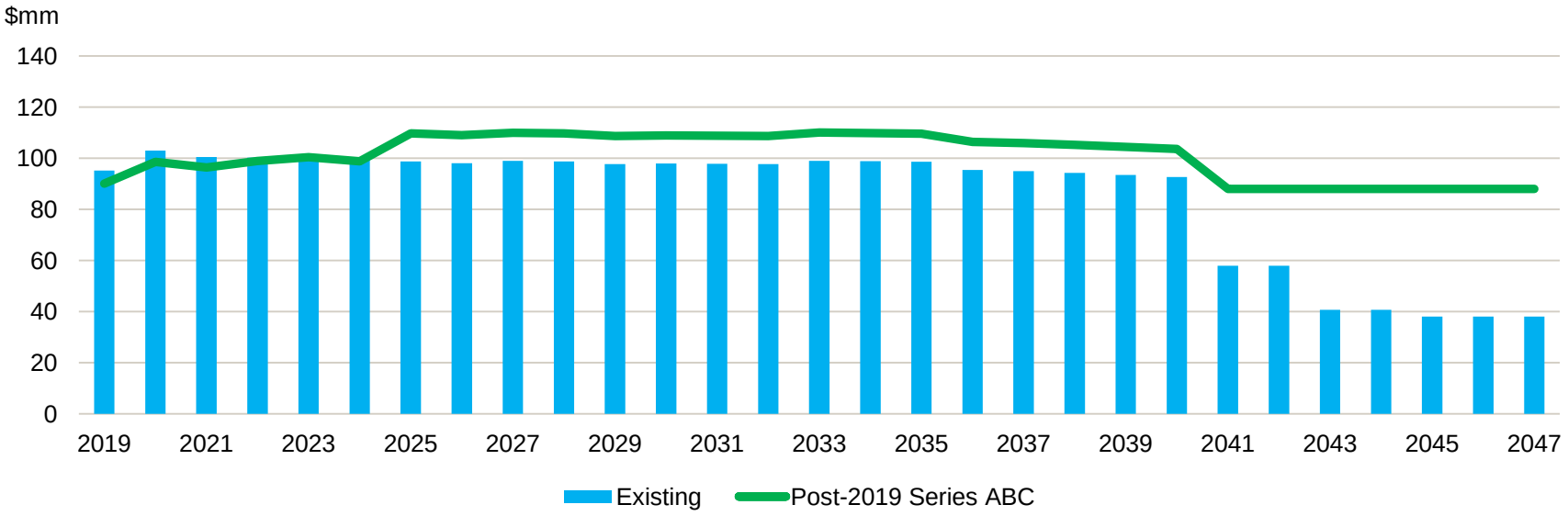
= Funded with 2019 Series A and B

Debt Management
Impact of 2019 Transaction

- GRU's 2019 Series A and B financing will provide funds for various 2019 and 2020 capital needs across its systems, as well as replenish the UPIF and fix out all taxable and tax-exempt commercial paper

- The 2019 Series C will restructure existing variable rate debt with both hedged and unhedged variable rate debt to match the useful life of the system's assets

Debt Service[1]



1. *Annual principal payments on October 1*

GRU More than Energy

SUMMARY

Summary

GRU Continues to Adapt

- Evolving as a 21st Century Utility
- Employing new management and philosophies
- Improving Rate Competitiveness
- Continue to successfully integrate Deerhaven Renewable plant

GRU Continues to Maintain its Historical Credit Strengths

- Approval of the FY19 budget with imbedded rate increases
- Continual support of the City Commission
- Strong debt service coverage and days cash (reflecting City Commission Cash Balance Study)
- Resourcing a significant portion of capital needs internally
- Continuing to exceed established liquidity targets
- Prudent mix of fixed and variable rate debt