

Gainesville Regional Utilities

March 2024

**GRU**SM
More than Energy

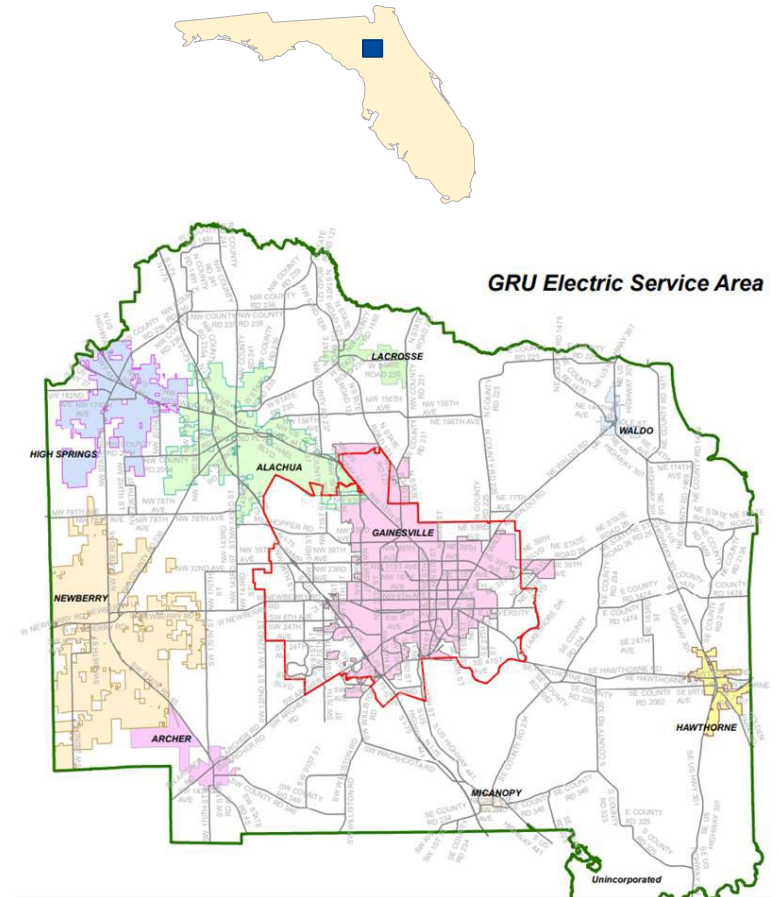
- **Governance and Management**
- **Resiliency and Reliability**
- **Strategic Focus on Renewables**
- **Service Territory and Customers**
- **2023 Financials**
- **Debt Management and 2024 Financing Activities**
- **Summary**

Overview

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 ~55,000, and has a population of ~145,000 within city limits

Electric Service Territory





Governance and Management

Governance

Name: Gainesville Regional Utilities Authority

- **A Board of local professionals (similar to DC Water, City Utilities, Lansing Board of Water & Light)**
- **Separation from the City Commission**
- **Include representation of all customer classes (city and unincorporated county)**

Governing Board consisting of 5 members (must be electric customers) appointed by the Governor comprising:

- **Residential Customer**
- **Private, non-governmental customer (10,000 KWh per month)**
- **Three members with experience (environmental matters, engineering, utility practice, law, economics, accounting, engineering, finance and/or energy)**
- **One member must live outside the City limits**

Board members

- **Remain a customer during term of appointment**
- **Initially staggered then 4 year terms**
- **Seated on October 1, 2023 with first meeting October 4, 2023**

Governor's office seeks nominations for GRU Authority

March 13, 2024



Notice from the Office of Governor Ron DeSantis

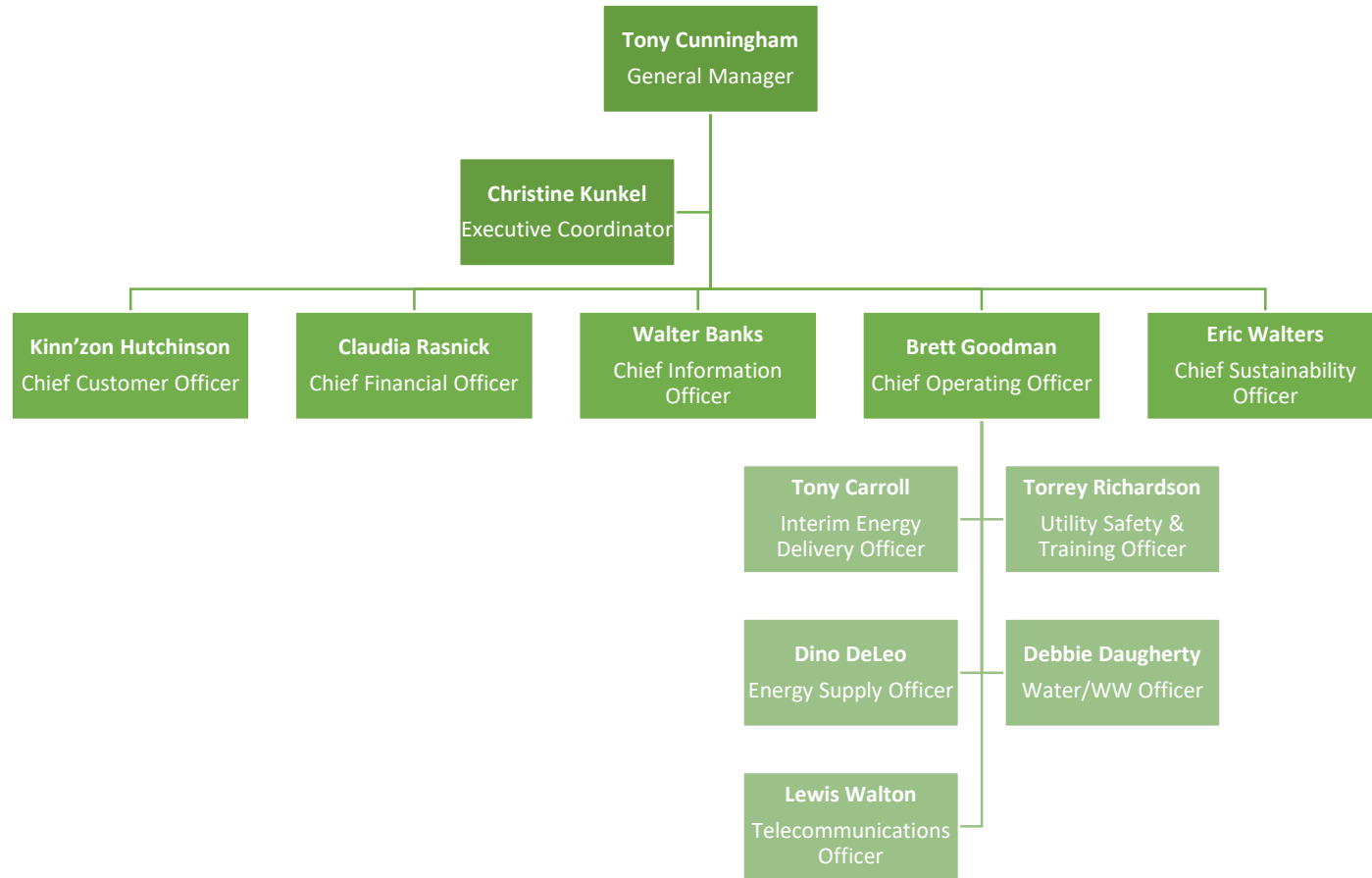
TALLAHASSEE, Fla. – Governor Ron DeSantis is soliciting citizen nominations for members of the GRU Authority. The deadline is April 16.

Source: Alachua Chronicle, March 14, 2024

- Initial Board was in place for ~ 6 months
- However, there were issues with the nomination and selection process
- The current Board resigned, with the majority re-applying, to assist the Governor's office with complying with the letter of the law for Board composition
- GRU will provide updates as the situation evolves and new Board is seated
- GRU continues to provide safe and reliable services to the community – as it has done for over 110 years

Structure

The Management Team has Extensive GRU and Utility Experience





Resiliency and Reliability

Risk Management: Hurricane Preparation

- Hurricane preparation is a year round effort
- Looking for 2024 to return to normal hurricane response protocols
- GRU participates in the Statewide hurricane table-top drills
- Physical storm inventories have been checked for adequacy
- Maintain a \$3 million tree trimming program to control vegetation outages
- Hurricane planning group meets regularly
- All employees assigned gray sky roles
- Managers participate in incident command workshops and training per FEMA guidelines

Risk Management: Cybersecurity

GRU continues to take a proactive approach

- Incident Response Playbooks & Tabletop Exercises
- Quarterly review and maintenance of Business Critical Systems
- Diversification and Resilience of Internet Connectivity via multiple external ISPs
- Continual iterative alignments of current policies, guidelines and standards to NIST Cybersecurity Framework 2.0
- Internal holistic cybersecurity threat monitor for corporate network
- Installation of new cybersecurity tools due to participation in Florida's state cybersecurity grant process
- External attack surface and security rating management via third party
- Quarterly internal vulnerability assessments performed by dedicated cybersecurity team
- Monthly Department of Homeland Security Cybersecurity & Infrastructure Agency External Vulnerability Assessments
- Implement Real-Time Reporting aligned to Policy Requirements
- Getting the word out! Through communications and training across GRU
 - Adherence to all State requirements for Annual Cybersecurity training
 - April's Cybersecurity Week: 4 breakout sessions with cybersecurity topics, 5 separate communications
 - October: National Cybersecurity Awareness Month: 8 or more breakout sessions with a guest speaker closing the event

Risk Management: Other Tools

- **Hedging Policy**
 - Amended the most recent policy (2016)
 - Based on lessons-learned from volatile commodity markets in 2021 and 2022
 - More actively hedging natural gas requirements
 - Stipulates minimum and maximum percentages to hedge:

- **Cash Balance Study**
 - Update from prior study (2019) which recommended a level of \$75 - \$80 million
 - The update:
 - Reviews the operation and financial risk of each system ¹
 - Identifies revenue and expense risks based on GRU's historical financials
 - Incorporates financial and commodity market data
 - Reflects the elevated commodity markets experienced in 2021 and 2022 as well as inflationary pressures experienced in 2023
 - Addresses “corporate risks” such as cyber and extreme weather
 - While not finalized, provides for a higher target than prior study

¹ GRUCom will have a target based on prior study with inflation adjustment



Strategic Focus on Renewables

Electric System

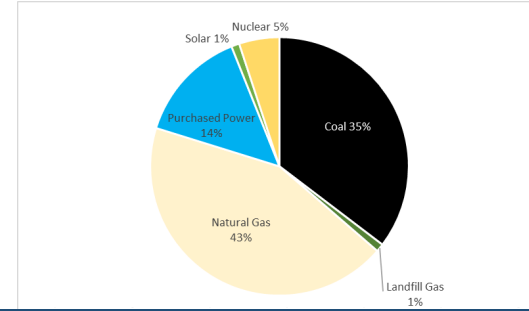
Electric System: Promoting Fuel Diversification and Renewables

Existing Generating Resources as of January 2024

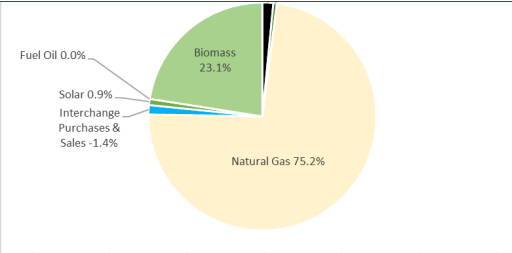
Plant	Primary Fuel	Alternative Fuel	In-Service Date	Expected Retirement	Net Summer Capacity (MW)
Owned Resources					
J. R. Kelly					
Combined Cycle Unit 8	Waste Heat	Distillate Fuel Oil	2021	2051	41.0
Combustion Turbine 4	Natural Gas	Distillate Fuel Oil	2001	2051	71.0
Total					112.0
Deerhaven Generating Station					
Steam Turbine 2	Natural Gas	Bituminous Coal	1981	2036	232.0
Steam Turbine 1	Natural Gas	Residual Fuel Oil	1972	2027	76.0
Gas Turbine 3	Natural Gas	Distillate Fuel Oil	1996	2046	71.0
Gas Turbine 2	Natural Gas	Distillate Fuel Oil	1976	2031	17.5
Gas Turbine 1	Natural Gas	Distillate Fuel Oil	1976	2031	17.5
Total					414.0
South Energy Center					
Gas Turbine 1	Natural Gas	-	2009	2039	-
Internal Combustion Engine 2	Natural Gas	-	2017	2047	-
Total					6
Deerhaven Renewable (DHR Biomass Plant)					
Steam Turbine	Biomass	-	2013	2043	103.0
Total Owned Resources					635.00
Power Purchase Agreements					
Baseline Landfill	Landfill Gas	-	-	-	0
Total Available Capacity¹					635.0
Peak Load²					409.0

1. Planned plant retirements expected to reduce available capacity to 559 MW over next five years
2. FY23 peak load. Max projected load over next five years is 414 MW
3. Net Energy Requirement by Fuel Source for the Period Ended September 30, 2023

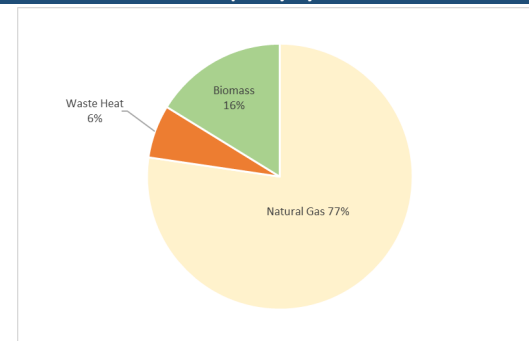
FY2012 Net Energy Requirements by Fuel Source



FY2023 Net Energy Requirements by Fuel Source³



FY2023 Capacity by Fuel Source



Continued Evolution

- Statewide leader producing over 26% of our generation from renewable sources
- Efforts continue to reduce carbon intensity:
 - DH-2 conversion to 100% gas capability completed in 2021 and projected to reduce CO2 production by 40%
 - Retrofit of Kelly Combined Cycle expected to reduce GRU's overall emissions and increase efficiency of the steam turbine and added an additional 4 to 6 MW's of output
- Future Plans:
 - Celebrate success and educate community of significantly reducing carbon footprint
 - Integrated Resource Plan expected in spring 2024

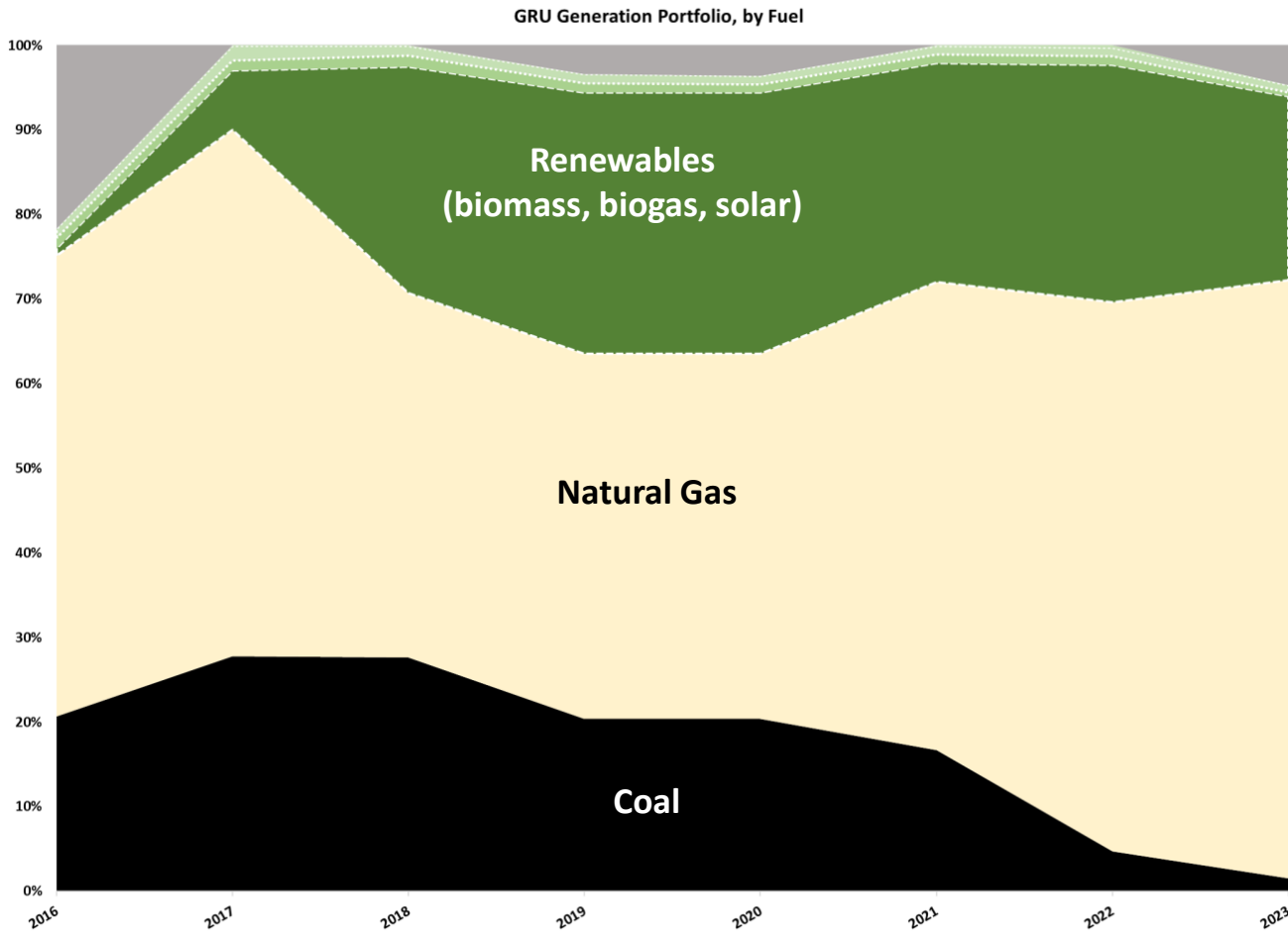
Significant Shift in Carbon

	2010	2020	2021	2022	2023
CO2 from Owned Generation (metric tons)	1,639,854	940,383	987,046	807,737	877,063
CO2 from Contracted Generation (metric tons)	127,486	37,926	53,903	32,636	32,636
Total CO2 Emissions (metric tons)	1,767,340	978,309	1,040,949	840,373	909,699
Change since 2010			-51%		
Energy from Coal Resources (MWh)	1,322,924 ¹	215,493	319,843	31,594	29,474
Change since 2010			-98%		

- GRU has significant reductions in CO2 emissions since 2010 (51%)
- Energy provided by coal is 98% lower in 2023 versus a decade+ ago
- Transition continues in earnest
 - Operation of Deerhaven Renewables (Biomass)
 - Gasification of Deerhaven 2
 - Retrofit of Kelly (Combined Cycle)

Observed Trends:

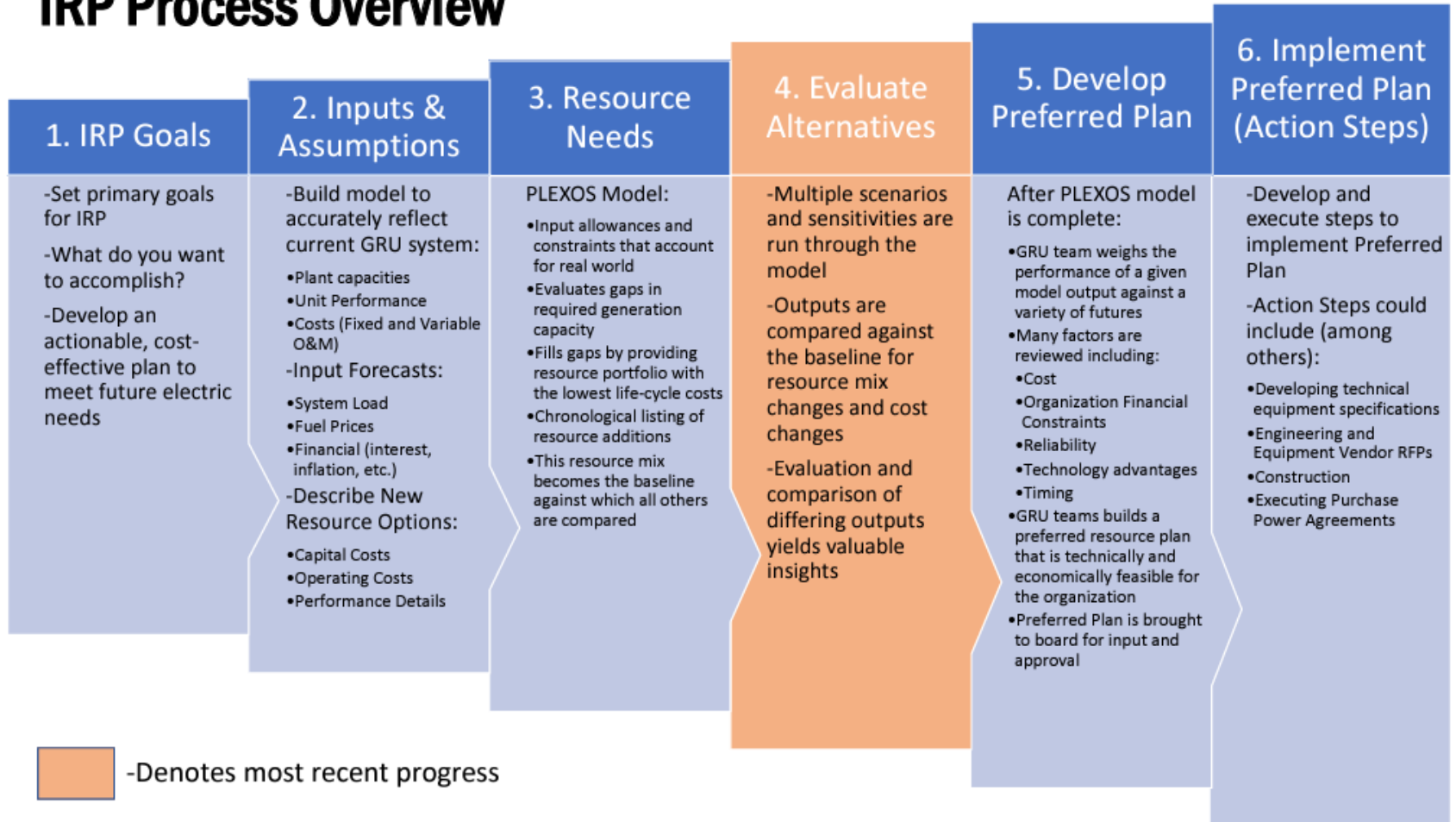
GRU's Generation Portfolio



- Increased reliance on natural gas as it accounts for ~65% -70% of generation
- Coal has averaged ~13% since 2019 with significant reduction in 2023 (~1.5% of MWh generated)
- Renewables average ~30% of generation
- GRU not reliant on market purchases, ~5% of MWhs in 2023 (darker grey section on chart)

Integrated Resource Plan (IRP)

IRP Process Overview





Service Territory and Customers

Top Customers

Diverse Customer Base with Limited Concentration

- Service territory anchored by education, healthcare, government activities

Electric System		
Rank	Customer	% of Revenue
1	GRU	3.2%
2	SHANDS TEACHING HOSPITAL AND CLINICS INC	2.4%
3	ALACHUA COUNTY PUBLIC SCHOOLS	2.0%
4	NORTH FL REGIONAL MEDICAL CTR	1.8%
5	VA MEDICAL CENTER	1.7%
6	UNIVERSITY OF FLORIDA	1.7%
7	PUBLIX SUPER MARKETS INC	1.6%
8	CITY OF GAINESVILLE	1.6%
9	ALACHUA COUNTY BOARD OF COUNTY COMMISSIONERS	0.9%
10	SANTA FE COLLEGE	0.8%
		17.7%
Fiscal Year 2023 Total Electric Revenue*(000)		\$331,649

Wastewater System		
Rank	Customer	% of Revenue
1	UNIVERSITY OF FLORIDA	1.0%
2	NORTH FL REGIONAL MEDICAL CTR	0.7%
3	SHANDS TEACHING HOSPITAL AND CLINICS INC	0.7%
4	SIVANCE LLC	0.6%
5	FLORIDA DEPARTMENT OF CHILDREN &	0.6%
6	ALACHUA COUNTY PUBLIC SCHOOLS	0.6%
7	CITY OF GAINESVILLE	0.5%
8	CELEBRATION POINTE HOLDINGS LLC	0.5%
9	THP CABANA BEACH GAINESVILLE LLC	0.4%
10	VA MEDICAL CENTER	0.4%
		6.1%
Fiscal Year 2023 Total Wastewater Revenue*(000)		\$52,525

Water System		
Rank	Customer	% of Revenue
1	UNIVERSITY OF FLORIDA	5.9%
2	GRU	1.1%
3	CELEBRATION POINTE HOLDINGS LLC	0.6%
4	CITY OF GAINESVILLE	0.6%
5	NORTH FL REGIONAL MEDICAL CTR	0.6%
6	ALACHUA COUNTY PUBLIC SCHOOLS	0.6%
7	SHANDS TEACHING HOSPITAL AND CLINICS INC	0.6%
8	ALACHUA COUNTY BOARD OF COUNTY	0.4%
9	VA MEDICAL CENTER	0.4%
10	PEP-UF LLC	0.4%
		11.1%
Fiscal Year 2023 Total Water Revenue*(000)		\$41,666

Gas System		
Rank	Customer	% of Revenue
1	UNIVERSITY OF FLORIDA	7.6%
2	VA MEDICAL CENTER	3.4%
3	NORTH FL REGIONAL MEDICAL CTR	3.3%
4	RESILIENCE GOVERNMENT SERVICES INC	3.2%
5	WCA OF FLORIDA LLC	2.8%
6	SHANDS TEACHING HOSPITAL AND CLINICS INC	1.6%
7	SIVANCE LLC	1.5%
8	ALACHUA COUNTY PUBLIC SCHOOLS	1.1%
9	FLORIDA POWER CORPORATION	1.1%
10	PREFERRED MATERIALS INC	0.9%
		26.4%
Fiscal Year 2023 Total Gas Revenue*(000)		\$30,390

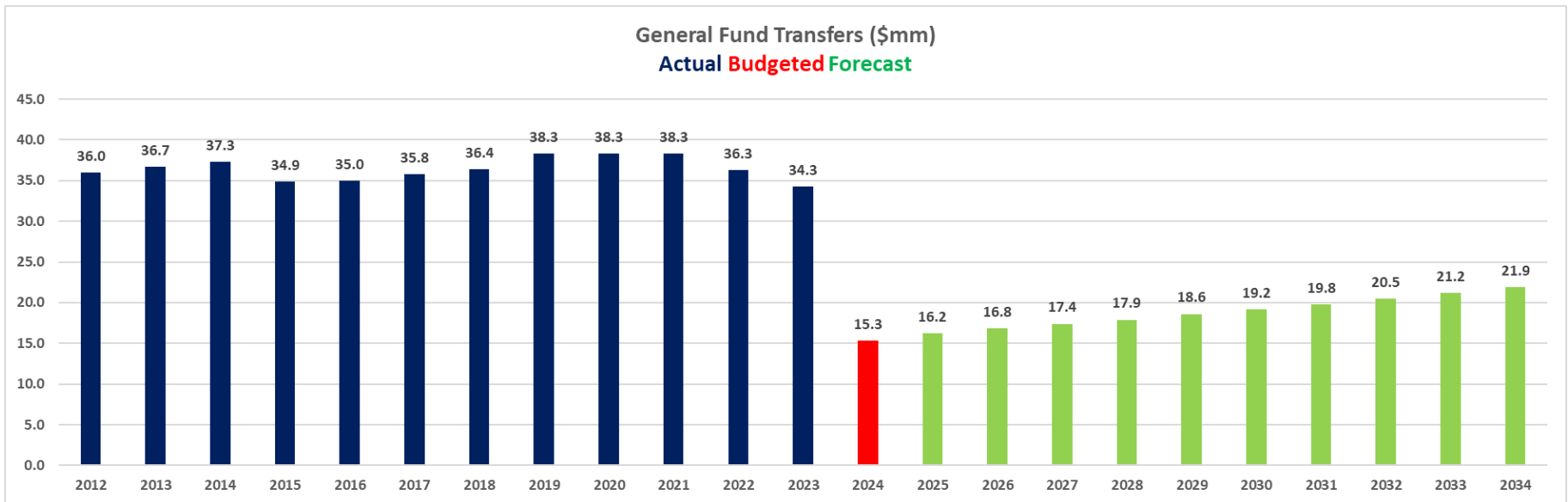


2023 Financials

Recent GFT/GSC History & Projections

GFT Formula

- There have been significant changes in the General Fund Transfer calculation and levels recently
- The City Commission adopted a resolution to reduce the transfer by \$2 million per year from FY22 through FY27
- In 2023, the City Commission approved a new formula, significantly reducing the transfer and approved a new name, the Government Services Contribution
- Unclear if GRUA will make further adjustments to the GSC



Financial Metrics

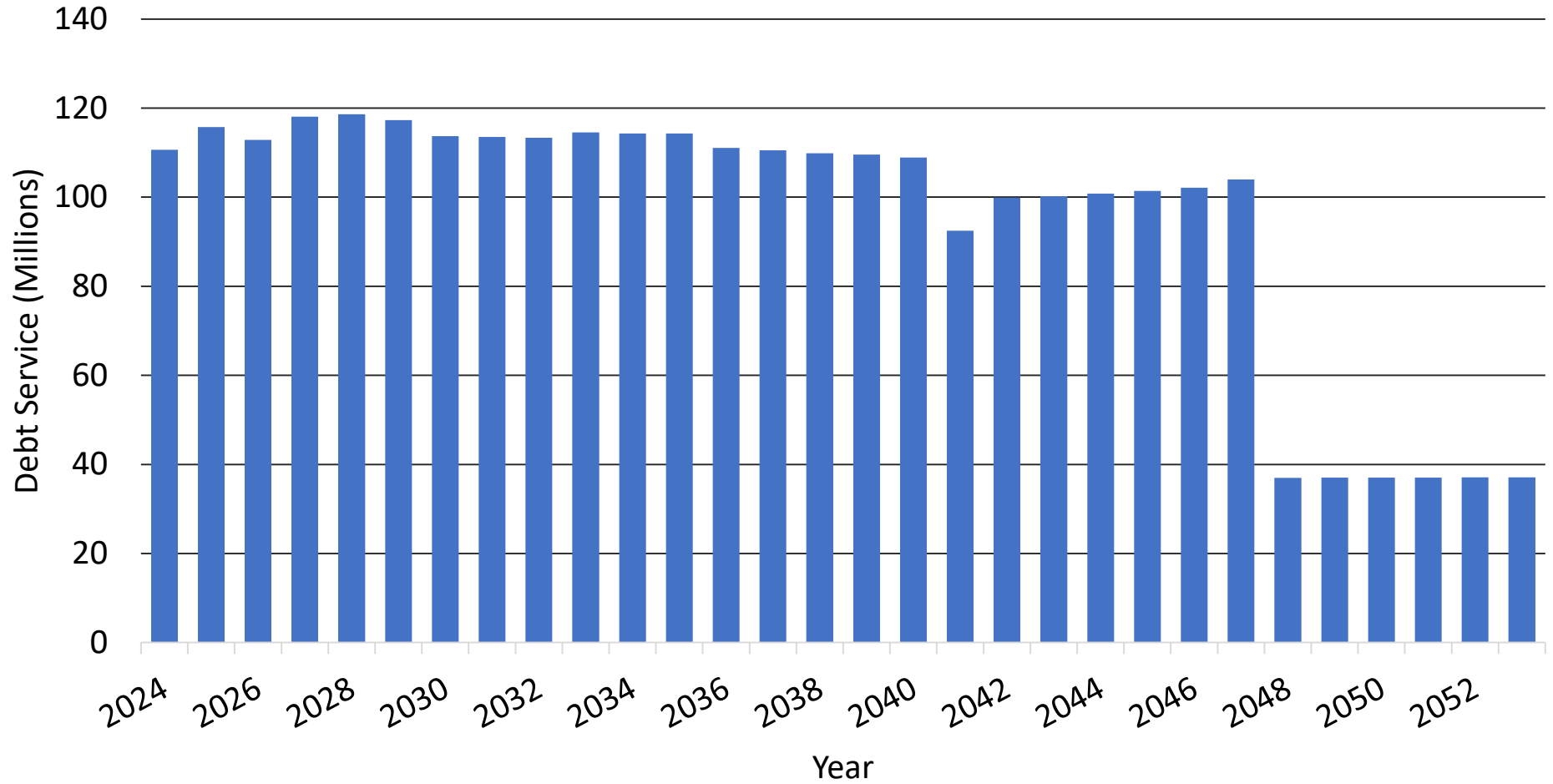
	ACTUAL		BUDGET	FORECAST				
	2022	2023	2024	2025	2026	2027	2028	2029
Total Revenue	527,346,592	468,722,693	460,445,984	471,730,921	474,990,555	491,904,010	502,370,688	512,080,093
Total O & M Expense	315,816,895	281,797,791	264,526,998	272,551,141	280,727,675	289,149,505	297,823,991	306,758,710
Net Revenues	211,529,697	186,924,902	195,918,986	199,179,780	194,262,880	202,754,505	204,546,697	205,321,383
Uses of Net Revenues								
Debt Service	99,932,764	109,677,918	102,918,849	108,806,633	106,747,031	118,192,242	118,795,147	119,114,898
Debt Defeasance	11,856,195	1,213,590	31,569,294	29,664,402	27,223,152	25,082,826	24,656,767	24,229,302
UPIF	45,762,559	46,206,211	46,125,619	45,359,758	44,554,861	43,401,997	44,692,712	45,235,123
General Fund Transfer	36,283,000	34,283,000	15,305,224	15,348,987	15,737,836	16,077,440	16,402,071	16,742,060
Retain in Revenue Funds	19,906,650	-	-	-	-	-	-	-
County Streetlights	-	(800,000)	-	-	-	-	-	-
Intercompany Loan	(2,211,471)	(3,655,817)	-	-	-	-	-	-
Total Uses of Net Revenues	211,529,697	186,924,902	195,918,986	199,179,780	194,262,880	202,754,505	204,546,697	205,321,383
Debt Service Coverage	2.12	1.70	1.90	1.83	1.82	1.72	1.72	1.72
Fixed Charge Coverage	1.75	1.39	1.75	1.69	1.67	1.58	1.58	1.58
Operating Cash	31,631,268	25,834,774	32,070,592	37,258,332	37,258,332	37,258,332	37,258,332	37,258,332
Rate Stabilization Fund Cash	54,600,333	64,844,503	56,872,208	71,156,066	85,383,098	96,740,119	103,689,011	107,479,554
UPIF Cash	50,057,490	55,980,916	37,189,321	39,093,287	37,648,148	37,050,143	38,742,856	37,977,978
Total Cash	136,289,091	146,660,193	126,132,121	147,507,685	160,289,578	171,048,594	179,690,199	182,715,864
Total Days Cash on Hand	158	190	174	198	208	216	220	217
Total Cash	136,289,091	146,660,193	126,132,121	147,507,685	160,289,578	171,048,594	179,690,199	182,715,864
Authorized but Undrawn Lines of Credit	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000
Total Liquidity	286,289,091	296,660,193	276,132,121	297,507,685	310,289,578	321,048,594	329,690,199	332,715,864
Total Liquidity Days on hand	331	384	381	398	403	405	404	396



Debt Management and 2024 Financing Activities

GRU's Current Debt Portfolio

GRU Debt Profile



Swaps, Credit and Direct Purchases

Series	Through	SWAP Agreements				Notional (000) O/S	Counterparty
		GRU Pays		GRU Receives			
2005 Series C*	10/1/2026	Fixed	3.20%	Floating	60.36% of 10Y LIB	4,560	JP Morgan
2006 Series A*	10/1/2026	Fixed	3.22%	Floating	68% of 10Y LIB. (0.365%)	4,400	Goldman
2023 Series A	10/1/2044	Fixed	1.868%	Floating	79% 1M SOFR	45,000	Citibank, N.A.
2023 Series A	10/1/2047	Fixed	1.41%	Floating	70% 10YR SOFR -.355%	115,000	Citibank, N.A.
2023 Series B	10/1/2044	Fixed	2.112%	Floating	80% 1M LIBOR	105,000	GS Bank USA
2014 Series A - Forward Starting	10/1/2044	Fixed	1.054%	Floating	70% 1M LIBOR	34,025	BofA
2019 Series A - Forward Starting	10/1/2047	Fixed	2.586%	Floating	70% USD SOFR	153,820	Barclays
2023 Series C	10/1/2053	Fixed	2.421%	Floating	81.5% USD SOFR	151,210	Wells Fargo

* To be redeemed April 2024 - associated swap to be assigned to 2019 C Bonds

Series	Series Type	Facility	Term Date	Fee	Remarketing Agent	Par (000) O/S or LOC	Comments
2005 C	Daily VRDO	Barclays	5/17/2024	54 bps	JPMorgan	3,090	SBPA
2006 A	Daily VRDO	Barclays	5/17/2024	54 bps	Goldman	2,985	SBPA
2012 B	Daily VRDO	Barclays*	5/17/2024	54 bps	JPMorgan	98,610	SBPA
2018 A (LOC)	Tax-Exempt LOC	SunTrust	11/30/2024	25 bps	NA	25,000	LOC
2019 C	Daily VRDN	BofA	4/25/2025	34 bps	BofA	67,355	LOC
2020 A (LOC)	Taxable LOC	Truist	11/20/2024	30 bps	NA	50,000	LOC
2022A/B Revolver Facility	A - TE B - Tax	USBank	4/29/2025	17 bps	NA	150,000	Revolver Facility LOC

* To be replaced by Truist - April 2024

Series	Series Type	Bank	Term Date	Fee	GRU pays	Par (000) O/S	Comments
2019 C	Monthly	BofA	4/25/2025	34 bps	daily VRDN	67,355	Remkt 7bps+\$250/ mth
2020A	Fixed	BofA	10/1/2034	-	2.06%	10,575	Ref. 2010C
2022B	Fixed	BofA	10/1/2038	-	2.847%	230,085	Re:07A/08B debt & swaps
2022A	Fixed	BofA	10/1/2028	-	1.51%	54,525	Ref. 2012A
2023A	Monthly	Truist	5/1/2026	57 bps	79% 1M SOFR	160,000	
2023B	Monthly	TD Bank	5/1/2026	53 bps	80% 1M SOFR	105,000	
2023C	Monthly	TD Bank	6/22/2026	57 bps	81.5% 1M SOFR	151,210	

The Barclay's facility supporting the 2005C, 2006A and 2012B Bonds will be replaced in the coming months by a Truist facility

Recent Proactive Financial Transactions

TRANSACTIONS SUMMARY		
2019 Series C Bonds	Refunded ~ \$57M of outstanding variable rate bonds: \$18.5M 2005 Series C \$13.9M 2006 Series A \$8.4M 2007 Series A \$14.2M 2008 Series B \$1.9M 2012 Series B	PV savings \$9.1M
Redemption of 2005 Series A	Redeemed \$405,000 of 2005 Series A Bonds	PV savings \$99K
2020 Series A Bonds	Forward delivery tax exempt direct placement refunding of \$10.5M of 2010 Series C Bonds	Gross savings \$4.1M PV savings \$3.5M
2017 B Goldman Sachs swap termination option extension	Extended termination option from 10 to 17 years in exchange for reduction in fixed payer rate	Gross savings \$8.5M PV savings \$7.99 M
2017 Series C swap	Swap to synthetically fix 2017 Series C Bonds	Gross savings \$23.9M PV savings \$18.7M
2014 Series A Forward Starting Swap	Forward starting swap on ~ \$34M of outstanding 2014 Series A Bonds	Gross savings \$12.9M PV savings \$10.2M
2019 Series A Forward Starting Swap	Forward starting swap on \$153.8M of outstanding 2019 Series A Bonds	Gross savings \$78.7M PV savings \$55.5M
2017 B Citi swap extension	7 year extension of termination option	Gross savings \$5.6M PV savings 4.7M
2022 Series A Bonds	Tax exempt forward delivery direct placement refunding of \$66.1M of 2012 Series A bonds	PV savings \$4.8M
2021 defeasance	Legal defeasance of \$7.2M of 2017 Series A Bonds Economic defeasance of \$1.1M of 2009 Series B Bonds	
2022 Series B bonds	Refunded \$203.5M in outstanding variable rate 2007 Series A and 2008 Series B Bonds Terminated the fixed to floating interest rate swap hedging these bonds	Gross savings \$1.3M /year
\$150M Revolving Line of Credit	Replacing Commercial Paper programs with Revolving Line of Credit	Gross savings \$457K/yr
2022 defeasance	Legal defeasance of ~ \$3.5M of 2017 Series A Bonds	

- Recent financial transactions have produced significant savings
- Opportunistically executing swaps and rate-lock transactions to reduce borrowing costs
- Swaps executed during the pandemic provided a significant rate reduction (compared to fixed rate bonds) as well as optionality as mark-to-market valuations have shifted significantly in GRU's favor

2024 Scheduled Financing Activities

- Liquidity facilities supporting the following VRDBs expire in May of 2024:
 - 2005 Series C \$3,090,000 outstanding, final maturity of October 1, 2026
 - 2006 Series A \$2,985,000 outstanding, final maturity of October 1, 2026
 - 2012 Series B \$98,610,000 outstanding, final maturity date of October 1, 2042
- Plan to redeem the 2005 Series C and 2006 Series A
- Truist will provide the new facility
- GRU has a forward starting swap associated with the 2014 Series A Bond
 - Closed transaction in April, 2020
 - Effective date of October 1, 2024
 - GRU is reviewing on how to address this refunding opportunity

Recent Updates and System Improvements

- **Customer Information System**
 - Commission approved \$30.7 million
 - 10-year contract with VertexOne (cloud service)
 - Project kicked off March 2021
 - Live on April 3, 2023

- **Advanced Metering Infrastructure (AMI)**
 - Commission approved \$46.8 million for AMI implementation
 - 100% cash funded
 - 20-year contract with Itron
 - Project kicked off August 2021
 - Deployed 113,133 AMI meters and devices. This equates to 51% deployment
 - Meter and Modules Installed:
 - Electric 70,792
 - Water 27,477
 - Gas 14,864
 - Over 100K AMI meters have been cut over for remote billing
 - Deployment will continue until completion; Anticipate Q1 of 2025
 - Currently within budget and projected to complete under budget

Future Capital Plans & Funding Sources

Summary of Capital Improvement Program - Sources and Uses

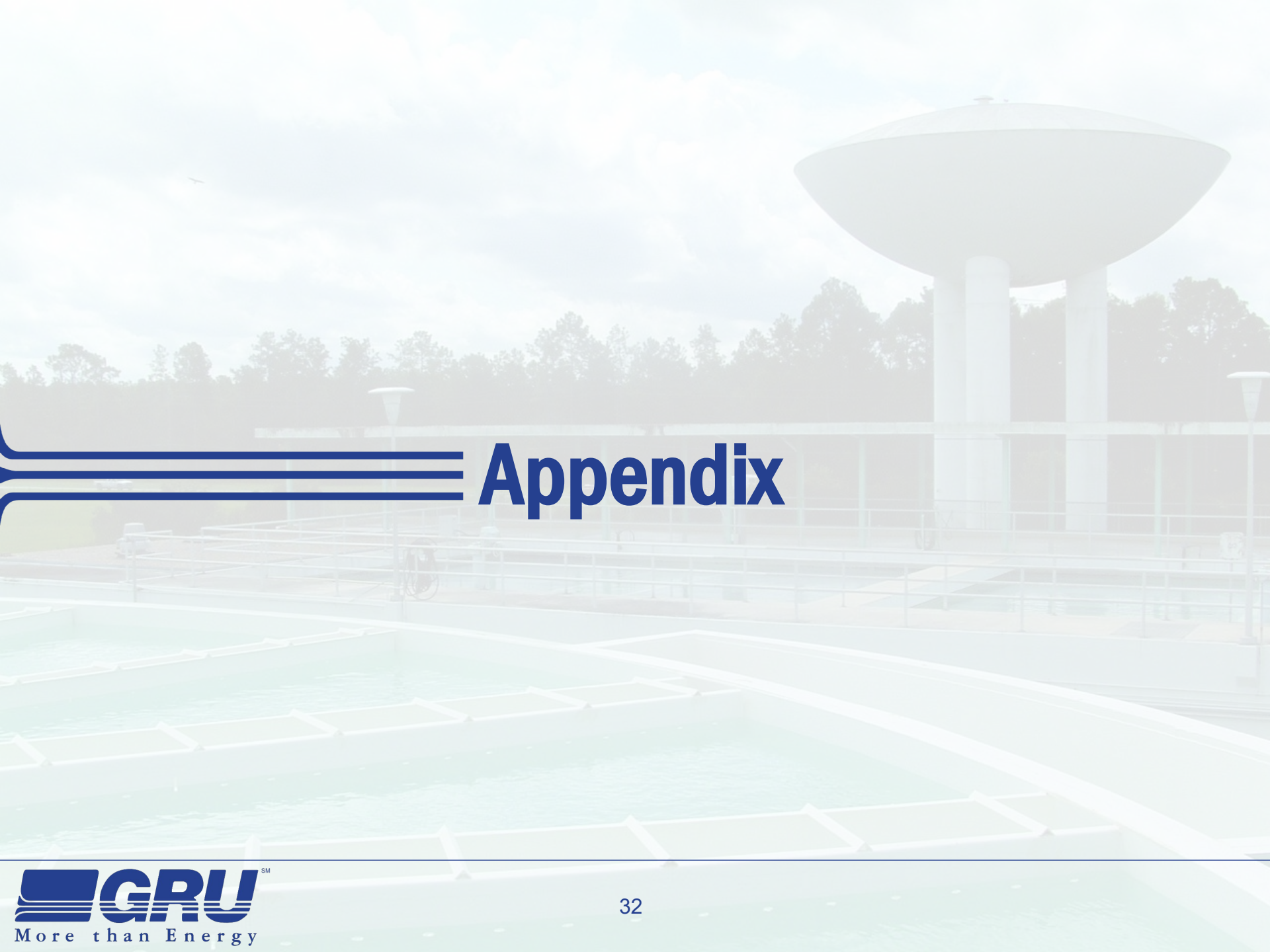
	2024	2025	2026	2027	2028	Total
Uses of Funds:						
Construction Projects:						
Electric	58,572,382	51,108,092	46,029,057	40,207,942	39,052,736	234,970,209
Gas	6,360,567	8,194,385	6,917,939	4,901,191	5,297,568	31,671,650
Water	19,375,496	22,141,334	19,159,744	16,822,065	18,262,076	95,760,715
Wastewater	36,643,853	61,976,289	41,596,052	41,628,669	58,389,237	240,234,100
GRUCom	468,121	296,364	88,896	213,272	210,423	1,277,076
Total Construction	121,420,419	143,716,464	113,791,688	103,773,139	121,212,040	603,913,750
Sources of Funds:						
Bond Financing	50,253,752	84,149,797	56,625,021	60,773,139	78,212,040	330,013,749
Revenues	60,000,000	48,400,000	46,000,000	43,000,000	43,000,000	240,400,000
Grants	11,166,667	11,166,667	11,166,667	-	-	33,500,001
Total Sources	121,420,419	143,716,464	113,791,688	103,773,139	121,212,040	603,913,750



Summary

Powering Forward

- State leader in renewable energy, continuing to reduce carbon intensity
- Deliberate IRP process to guide GRU's future generation portfolio
- Considering economic solar deployment with battery storage
- Cost-cutting measures in GRU expected to generate \$10 million in savings (internally held to offset rate increases)
- Aggressive and thoughtful debt management processes and policies
- Managing commodity risks through hedging program and updated cash balance studies
- Individual utility systems implement continuous process improvement to promote efficient, reliable operations (and potential cost savings)
- Productive relationships with state and federal organizations
- Robust NERC compliance program
- Continue to navigate new governance structure



Appendix

Realities

7.05 Member nominations and terms.—

(1) The Governor shall issue a public notice soliciting citizen nominations for Authority members within 120 days after the effective date of this article. The nomination solicitation period shall remain open for at least 30 days after the date of the public notice.

(2) The Governor shall appoint initial members to the Authority from among the nominees within 60 days after the close of the nomination solicitation period. The initial terms of office for the five members shall commence at 12 a.m. on October 1, 2023. The terms of the initial appointments shall be as follows: one member shall be designated to serve until 12 a.m. on October 1, 2024; one member shall be designated to serve until 12 a.m. on October 1, 2025; one member shall be designated to serve until 12 a.m. on October 1, 2026; and two members shall be designated to serve until 12 a.m. on October 1, 2027.

(3) The Governor shall have a citizen nomination solicitation period for at least 30 days and appoint members for subsequent terms from among the nominees. Members appointed for subsequent terms shall be appointed for 4-year terms commencing at 12 a.m. on October 1 of the year in which they are appointed. If a member is appointed to complete an unexpired term, the member's term shall commence at the time of appointment and shall continue through the remainder of the unexpired term.

(4) The Governor shall fill any vacancy for the unexpired portion of a term within 60 days after the vacancy occurs if the remainder of the term exceeds 90 days.

Hedging Policy

LDC*		
Months	Min Hedge Level	Max Hedge Level [^]
1-3	60%	85%
4-6	50%	85%
7-9	40%	75%
10-12	30%	75%
13-15	20%	60%
16-18	10%	50%
19-21	0%	40%
22-24	0%	30%
25-36	0%	20%

Power Generation*		
Months	Min Hedge Level	Max Hedge Level [^]
1-3	60%	75%
4-6	50%	75%
7-9	40%	75%
10-12	30%	75%
13-15	20%	60%
16-18	10%	50%
19-21	0%	40%
22-24	0%	30%
25-36	0%	20%

*-These tables will act as a guide unless they are determined to be financially or operationally viable

[^]-If total projected hedge percentage is expected to be above 75% in a given month, it will require approval of the General Manager.

GRU Has a Very Strong Renewable Energy Portfolio

- GRU has a very strong renewable portfolio, which accounts for over 24.5% of delivered energy
 - The Southeast is well behind with the penetration of renewables at 9.7%
- 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

Capacity by Fuel Source Dispatch by Fuel Source Comparison ¹				
Fuel	U.S.	Southeast	Florida	GRU
Coal	16.2%	13.1%	4.5%	1.6%
Petroleum	0.4%	0.3%	0.5%	0.0%
Natural Gas	43.3%	51.0%	75.8%	75.2%
Nuclear	18.5%	26.0%	11.5%	0.0%
Renewable (incl. Hydro)	21.5%	9.7%	7.7%	24.5%

1. U.S., Southeast, and Florida data from 2023 Energy Information Administration; GRU data from 2023

Recent GFT History & Projections

- On April 13, 2023 the City Commission approved a proposal that included two highly interdependent components:
 1. A ten year timeline to reach the 70% target for GRU's capitalization rate as included in Debt Management Policy
 - This target figure requires a \$315M reduction in GRU's Net Debt
 2. A formula for developing the GFT (to be known going forward as the Government Services Contribution (GSC)).
 - Property Tax Component: Equals (70% of GRU's Total Insured Value as listed in the City's most recent Property Insurance Policy) times the City's ad valorem millage rate for the fiscal year for which the contribution is being determined.
 - Franchise Fee Component: Equals 90% of (Electric System Revenues net of fuel and transfers to and from the Rate Stabilization Fund * 5%)
- Implementation of this formula will reduce the GSC by almost ~\$17M compared to the budgeted figure for FY24 and all GRU savings from this change will be dedicated to accelerating debt retirement and/or PAYGO for infrastructure
- 10-year plan is currently under discussion with the GRU Authority Board

IRP Process

- **Assessment of future energy needs**
- **Evaluation of energy supply portfolios for meeting those needs**
 - Reliable and compliant with all applicable regulations
 - Cost-effective
 - Mitigate risks
- **Plan satisfies energy needs over 25+ horizon**
- **Roadmap for decision making**
 - Drives actionable decisions over next ~5 years
- **Industry Best Practices**
 - Typically conducted every 3-5 years
 - Reflect changes in technology, costs, industry trends, etc.
- **Assumed GRU will be the power provider**
 - Generated
 - Purchased
- **Baseline is best estimate of future conditions**
 - Minimal constraints
 - Not based on net-zero resolution
- **Only 1 sensitivity has net-zero resolution**
- **All sensitivities and scenarios look at the lowest cost**
- **6 Stakeholder Meetings & 4 Community Meetings**

Historical and Projected Bill Increases (%)

Total Revenue Requirement Percentage ¹	
Historical (Fiscal Year Beginning):	
October, 1 2018	2.0%
October, 1 2019	6.4%
October, 1 2020	0.0%
October, 1 2021	7.0%
October, 1 2022	3.0%
October, 1 2023	3.0%
Projected (Fiscal Year Beginning):	
October, 1 2024	3.0%
October, 1 2025	3.0%
October, 1 2026	3.0%

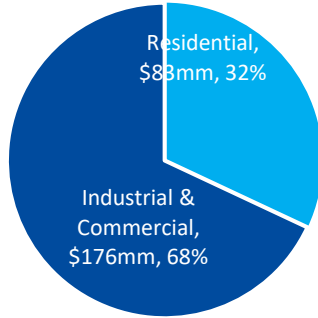
2023 Completed Financing Activities

- **In April of 2023:**
 - Replaced \$45M in 2017 Series B direct placement bonds with Wells Fargo with a \$45M direct placement with Truist Bank: 2023 Series A
 - Renewed \$105M in 2020 Series B direct placement bonds with TD Bank: 2023 Series B
 - Replaced \$115M in 2017 Series C direct placement bonds with Bank of America with a \$115M direct placement with Truist Bank: 2023 Series A
- **In June of 2023:**
 - Issued \$151.2M in new money bonds through a direct placement with TD Bank

Customer Mix

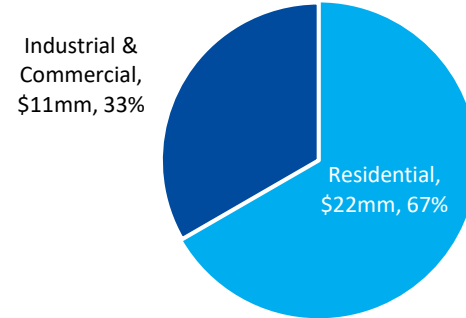
Electric System¹

Total: \$331.6mm



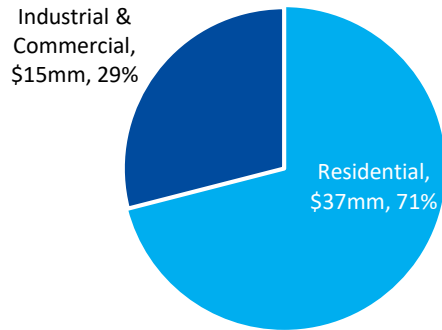
Water System¹

Total: \$41.7mm



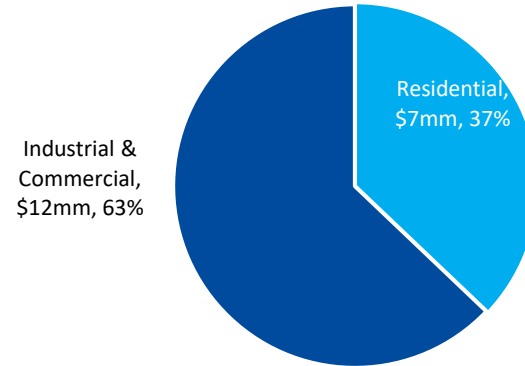
Wastewater System¹

Total: \$52.5mm



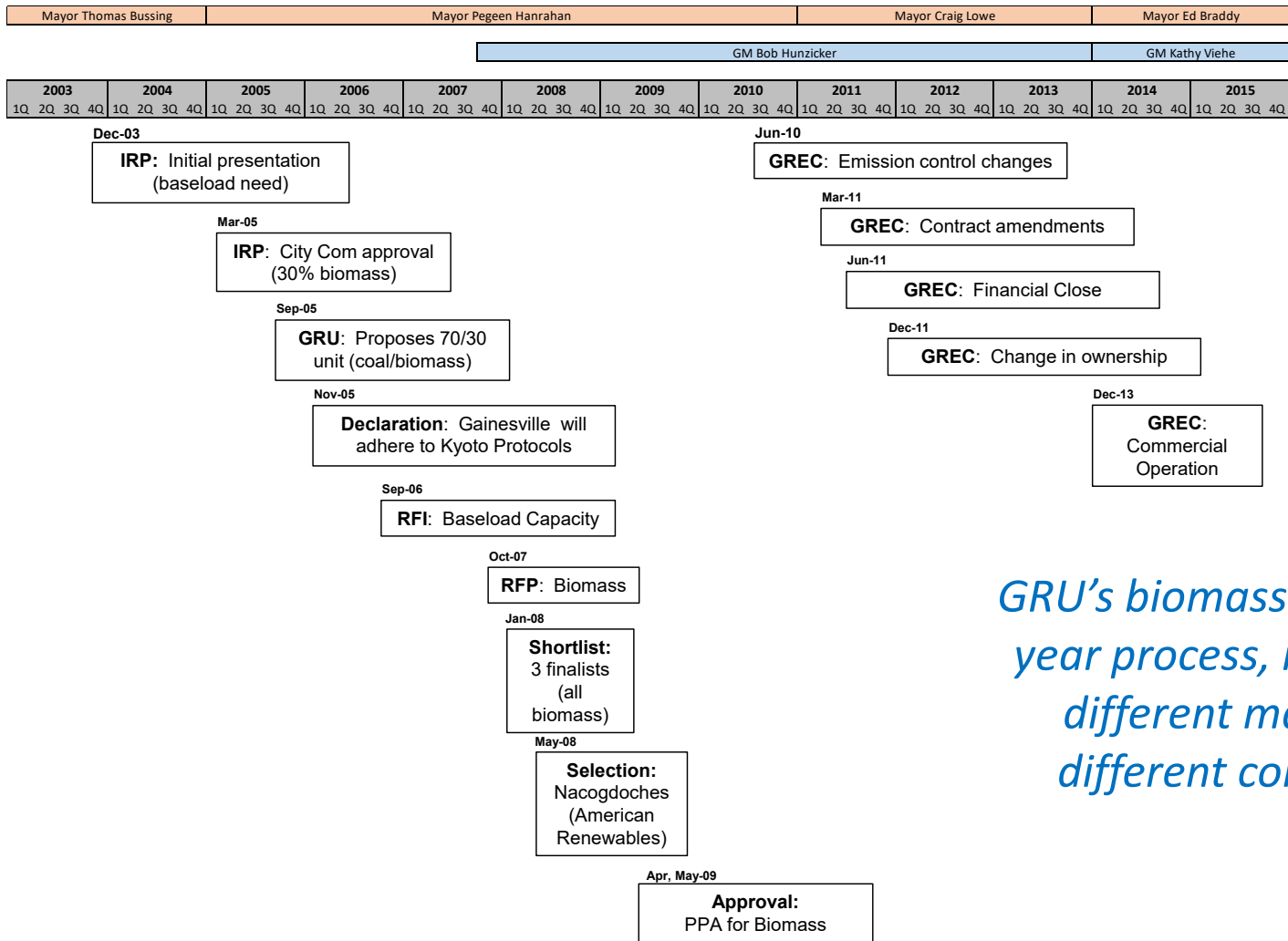
Natural Gas¹

Total: \$30.4mm



1. Management prepared breakout of each business unit revenues using audited FY23 financials
2. Numbers may not add due to rounding

2017 Biomass Transaction



GRU's biomass plant was a 20-year process, incorporating 4 different mayors and 20 different commissioners.

2017 Biomass Transaction

- Prior GRU Staff negotiated the Power Purchase Agreement
 - Upsized facility from 50MWs to 100MWs, with expectation of federal/state REC requirement
 - Minimum dispatch 70MWs
 - If unit was available, it was “must run”
 - \$130 per MWh (2.6% of this cost was variable, remainder fixed in the contract)
- Management explored buy-out scenarios before the facility came on-line
- Developer received (unforecasted) \$117 million from the 1603 grant process
 - Needed to maintain ownership structure for 5 years to retain full grant
- Finance staff conducted several transactions to mitigate rate impacts
 - 2012 restructure (savings focused in 2013-2020)
 - 2019 restructure

2017 Biomass Transaction

- Efforts continue to reduce carbon intensity:
 - DH-2 conversion to 100% gas capability completed in 2021 and projected to reduce CO2 production by 40%
 - Retrofit of Kelly Combined Cycle expected to reduce GRU's overall emissions and increase efficiency of the steam turbine and added an additional 4 to 6 MW's of output
 - Contract approved with FL Solar 6 LLC (Sand Bluff Solar and Storage), 74.9MW solar with 1 hour battery
- Future Plans:
 - Celebrate success and educate community of significantly reducing carbon footprint
 - Integrated Resource Plan expected in early 2024

Overall Savings				
Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 11/07/2017 @ 3.50%
10/1/2018	74,038,000	26,017,275	48,020,725	46,556,722
10/1/2019	73,973,000	30,999,750	42,973,250	40,254,231
10/1/2020	74,093,000	38,904,750	35,188,250	31,847,156
10/1/2021	73,844,000	39,158,250	34,685,750	30,330,790
10/1/2022	73,781,000	39,094,500	34,686,500	29,305,745
10/1/2023	73,718,000	39,031,000	34,687,000	28,315,138
10/1/2024	73,841,000	39,151,250	34,689,750	27,359,790
10/1/2025	73,595,000	38,904,500	34,690,500	26,435,151
10/1/2026	73,534,000	38,847,000	34,687,000	25,538,632
10/1/2027	73,474,000	38,788,000	34,686,000	24,674,295
10/1/2028	73,599,000	38,910,750	34,688,250	23,841,445
10/1/2029	73,355,000	38,669,250	34,685,750	23,033,553
10/1/2030	73,297,000	38,609,250	34,687,750	22,255,923
10/1/2031	73,239,000	38,550,000	34,689,000	21,504,083
10/1/2032	73,367,000	38,679,250	34,687,750	20,776,143
10/1/2033	73,125,000	38,435,250	34,689,750	20,074,725
10/1/2034	73,069,000	38,378,750	34,690,250	19,396,149
10/1/2035	73,014,000	38,323,250	34,690,750	18,740,511
10/1/2036	73,144,000	38,456,000	34,688,000	18,105,339
10/1/2037	72,904,000	38,214,750	34,689,250	17,493,711
10/1/2038	72,850,000	38,164,750	34,685,250	16,900,187
10/1/2039	72,797,000	38,110,950	34,686,050	16,329,060
10/1/2040	72,929,000	38,243,350	34,685,650	15,776,688
10/1/2041	72,692,000	38,022,785	34,669,215	15,235,954
10/1/2042	72,640,000	37,998,995	34,641,005	14,708,750
10/1/2043	72,589,000	37,976,461	34,612,539	14,199,675
10/1/2044		38,004,690	-38,004,690	-15,064,051
10/1/2045		38,027,338	-38,027,338	-14,563,312
10/1/2046		38,028,325	-38,028,325	-14,071,198
10/1/2047		38,027,775	-38,027,775	-13,595,164
Total	1,906,501,000	1,134,728,194	771,772,806	551,695,819



Thank You!



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