

Gainesville Regional Utilities

Quarterly Financial Statements

2nd Quarter Ended March 31st, 2014



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**Gainesville Regional Utilities
Quarterly Financial Statements
Quarter Ended March 31st, 2014**

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Management Overview

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. The systems are reported as a combined utility system for external financial reporting purposes.

We offer readers these abbreviated utility system unaudited financial statements for the quarter ended March 31st, 2014.

Due to the early scheduling of the Audit, Finance and Legislative Committee meeting, 2nd quarter projections will not be available for presentation in the financial statements for GRU. 2nd quarter projections are an integral part of the budget process in which GRU departments have until May 5th to submit. Modifications, modeling and rate designs are processed through early June after which projections could be made available.

Basis of Accounting

The unaudited statement of financial position and the unaudited statement of revenues, expenses, and changes in net position are presented on the accrual basis of accounting, utilizing Generally Accepted Accounting Principles (GAAP). Under this basis, revenues are recognized in the period earned and expenses are recognized in the period incurred. In accordance with the Utilities System Revenue Bond Resolution as Supplemented and Amended (Bond Resolution), rates are designed to cover operating and maintenance expense, debt service and other uses, which exclude depreciation expense and other non-cash expense items. This method of reporting is presented in the unaudited schedules of net revenues in accordance with the bond resolution. The schedules of net revenues in accordance with the bond resolution also include the rate impact for the period presented.

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 with Discussion

**GAINESVILLE REGIONAL UTILITIES
COMBINED UTILITIES FUNDS
SCHEDULES OF COMBINED NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION-UNAUDITED
FOR SECOND QUARTER ENDED MARCH 31, 2014**

This Year	Last Year	Change	Change (%)		Year to Date	FY 14 Budget	FY 14 Projected	Change (%)
58,507	59,361	(854)	(1.4)	REVENUES:	58,507	143,326	143,326	-
1,764	(97)	1,861	1,925.2	Total Native Load Sales of Electricity	1,764	200	200	-
61,026	46,769	14,257	30.5	Interchange Sales	61,026	153,351	153,351	-
6,653	6,548	105	1.6	Fuel Adjustment	6,653	6,172	6,172	-
(3,690)	-	(3,690)	-	Other Revenues	(3,690)	(7,380)	(7,380)	-
354	261	93	35.4	Rate Stabilization Fund Transfer From/(To)	354	868	868	-
124,614	112,842	11,772	10.4	Interest Income - Electric	124,614	296,537	296,537	-
				Total Electric Revenues				
14,508	14,293	215	1.5	Sales of Water	14,508	31,112	31,112	-
1,648	1,083	565	52.2	Other Water Revenues	1,648	3,315	3,315	-
(302)	-	(302)	-	Rate Stabilization Fund Transfer From/(To)	(302)	(605)	(605)	-
45	31	14	46.9	Interest Income - Water	45	93	93	-
15,899	15,406	493	3.2	Total Water Revenues	15,899	33,915	33,915	-
17,863	17,763	100	0.6	Wastewater Billings	17,863	35,485	35,485	-
1,453	830	623	75.0	Other Wastewater Revenues	1,453	4,404	4,404	-
(756)	-	(756)	-	Rate Stabilization Fund Transfer From/(To)	(756)	(1,512)	(1,512)	-
67	56	11	19.5	Interest Income - Wastewater	67	144	144	-
18,627	18,649	(22)	(0.1)	Total Wastewater Revenues	18,627	38,521	38,521	-
7,627	7,032	595	8.5	Sales of Gas and Service	7,627	12,638	12,638	-
7,729	5,454	2,275	41.7	Purchased Gas Adjustment	7,729	10,382	10,382	-
761	734	27	3.7	Other Gas Revenues	761	1,868	1,868	-
(183)	-	(183)	-	Rate Stabilization Fund Transfer From/(To)	(183)	(365)	(365)	-
56	56	(0)	(0.8)	Interest Income - Gas	56	155	155	-
15,990	13,276	2,714	20.4	Total Gas Revenues	15,990	24,678	24,678	-
5,815	5,346	469	8.8	Sales of GRUCom Services	5,815	11,381	11,381	-
-	-	-	-	Other GRUCom Revenues	-	-	-	-
476	-	476	-	Rate Stabilization Fund Transfer From/(To)	476	952	952	-
39	35	4	11.4	Interest Income - GRUCom	39	94	94	-
6,330	5,381	949	17.6	Total GRUCom Revenues	6,330	12,427	12,427	-
181,460	165,554	15,906	9.6	TOTAL REVENUES	181,460	406,078	406,078	-
				OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
				Electric Fund:				
				Fuel Expense:				
61,026	43,186	17,840	41.3	Retail and Purchased Power	61,026	153,351	153,351	-
1,151	15	1,136	7,575.9	Interchange	1,151	1,200	1,200	-
62,177	43,201	18,976	43.9	Total Fuel Expenses	62,177	154,551	154,551	-
17,599	20,751	(3,152)	(15.2)	Operation & Maintenance Expense	17,599	41,636	41,636	-
10,713	12,171	(1,458)	(12.0)	Administrative & General Expense	10,713	23,173	23,173	-
90,489	76,122	14,367	18.9	Total Electric Fund Expenses	90,489	219,360	219,360	-

(Dollar Amounts in Thousands)

**GAINESVILLE REGIONAL UTILITIES
COMBINED UTILITIES FUNDS
SCHEDULES OF COMBINED NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION-UNAUDITED
FOR SECOND QUARTER ENDED MARCH 31, 2014**

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This Year	Last Year	Change	Change (%)		Year to Date	FY 14 Budget	FY 14 Projected	Change (%)
3,823	3,694	129	3.5	Water Fund:	3,823	8,869	8,869	-
2,504	2,716	(212)	(7.8)	Operation & Maintenance Expense	2,504	6,075	6,075	-
6,327	6,410	(83)	(1.3)	Administrative & General Expense	6,327	14,944	14,944	-
				Total Water Fund Expenses				
4,097	3,591	506	14.1	Wastewater Fund:	4,097	8,745	8,745	-
2,621	2,712	(91)	(3.4)	Operation & Maintenance Expense	2,621	6,684	6,684	-
6,718	6,304	414	6.6	Administrative & General Expense	6,718	15,429	15,429	-
				Total Wastewater Fund Expenses				
7,729	5,775	1,954	33.8	Gas Fund:	7,729	10,382	10,382	-
589	690	(101)	(14.7)	Fuel Expense - Purchased Gas	589	1,494	1,494	-
2,026	2,084	(58)	(2.8)	Operation & Maintenance Expense	2,026	3,791	3,791	-
10,344	8,549	1,795	21.0	Administrative & General Expense	10,344	15,667	15,667	-
				Total Gas Fund Expenses				
1,810	1,605	205	12.8	GRUCom Fund:	1,810	4,635	4,635	-
1,176	1,013	163	16.1	Operation & Maintenance Expense	1,176	2,760	2,760	-
2,986	2,618	368	14.1	Administrative & General Expense	2,986	7,395	7,395	-
				Total GRUCom Fund Expenses				
116,864	100,003	2,494	2.5	TOTAL EXPENSES	116,864	272,795	272,795	-
				NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION:				
33,512	36,831	(3,319)	(9.0)	Electric - Retail & Wholesale	33,512	78,177	78,177	-
613	(112)	725	649.1	Electric - Interchange	613	(1,000)	(1,000)	-
34,125	36,719	(2,594)	(7.1)	Total Electric Fund	34,125	77,177	77,177	-
9,572	8,996	576	6.4	Total Water Fund	9,572	18,971	18,971	-
11,909	12,345	(436)	(3.5)	Total Wastewater Fund	11,909	23,092	23,092	-
5,646	4,727	919	19.4	Total Gas Fund	5,646	9,011	9,011	-
3,344	2,763	581	21.0	Total GRUCom Fund	3,344	5,032	5,032	-
64,596	65,551	(955)	(1.5)	TOTAL NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION	64,596	133,283	133,283	-
32,449	34,336	(1,887)	(5.5)	LESS:	32,449	51,943	51,943	-
21,441	18,460	2,981	16.1	DEBT SERVICE	21,441	42,880	42,880	-
19,050	15,278	3,772	24.7	UPIF CONTRIBUTIONS	19,050	38,101	38,101	-
-	7	(7)	(100.0)	TRANSFER TO GENERAL FUND	-	359	359	-
(8,344)	(2,530)	(5,814)	(229.8)	NUCLEAR DECOMMISSIONING/FUEL DISPOSAL	(8,344)	-	-	-
				NET IMPACT TO RATE STABILIZATION				

Budgeted Debt Service is net of UPIF debt service contributions of \$9.4 million

(Dollar Amounts in Thousands)

Electric Revenue Fund Financial Performance Discussion

Total electric sales revenues for the second quarter of FY14, exclusive of fuel adjustment, have increased slightly by 1.7% from the second quarter of FY13. This slight increase in sales of electricity is being driven by interchange sales which is up \$1.8 million over this time last year. Residential and commercial sales are tracking comparable to this time last year as a fairly cold winter brought sales more in line after the mild fall experienced in first quarter FY14.

Fuel adjustment revenue and retail and purchased power fuel expense have increased by 30.5% and 42.6% respectively from the prior year results. GRU began payment of the fixed as well as the variable portion of the Gainesville Renewable Energy Center (GREC) purchase power agreement in January 2014.

Interchange fuel expense has increased significantly due to improved sales. 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 in the second quarter of FY14 are 5.8% lower than the same period of FY13. This difference is related to the discontinuation of wholesale sales revenues from Seminole Electric.

Interest income saw increases second quarter FY14 due to semi-annual payments received as well as callable bonds that were redeemed.

Electric Revenue Fund
Financial Performance Discussion (continued)

Steam power generation expenses are down 11.1% compared to this time last year due to extensive auxiliary repairs performed at Deerhaven last year. Nuclear power generation expenses have decreased considerably as the Crystal River 3 (CR3) plant is now offline and GRU is no longer incurring monthly expenses associated with the plant. The plant was decommissioned as of 9/30/2013. Other power generation expenses decreased in FY14 considerably as last year a reclaimed water line to the City of Alachua was installed as required by the biomass plant. System control and load dispatching cost increased due to additional staffing. Transmission costs are down 6.9% due to increased capital labor over O&M for Gas & Electric Management and Substation & Relay cost centers. Distribution expenses are down 1.7% due to the reduction of overtime labor charges and the reduction of tree trimming costs.

Customer accounts and sales expense is down 25.8% due to the elimination of all conservation rebate programs except for the low income whole house rebate.

Debt service expenses for the second quarter in FY14 are lower than compared to second quarter FY13. This is due to final payment of the 1992B, 2003B and 2003C bond series in FY 13.

The Electric System reflects a \$8.0 million impact to rate stabilization thus far as the bulk of the electric season is in the coming six months. This impact should swing the other way as electric use picks up with the warm summer months ahead with an increase in cooling degree days.

**GAINESVILLE REGIONAL UTILITIES
ELECTRIC REVENUE FUND
SCHEDULES OF NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION-UNAUDITED
FOR SECOND QUARTER ENDED MARCH 31, 2014**

This Year	Last Year	Change	Change (%)		Year to Date	FY 14 Budget	FY 14 Projected	Change (%)
22,831	22,338	493	2.2	REVENUES:	22,831	54,906	54,906	-
30,451	31,548	(1,097)	(3.5)	Residential Sales	30,451	70,394	70,394	-
1,764	(97)	1,861	1,925.2	General Service and Large Power Sales	1,764	200	200	-
1,499	1,518	(19)	(1.2)	Interchange Sales	1,499	3,736	3,736	-
3,726	3,957	(231)	(5.8)	Utility Surcharge	3,726	14,290	14,290	-
60,271	59,264	1,007	1.7	Other Electric Sales	60,271	143,526	143,526	-
				Total Sales of Electricity prior to Fuel Adjustment				
61,026	46,769	14,257	30.5	Fuel Adjustment	61,026	153,351	153,351	-
121,297	106,033	15,264	14.4	Total Sales of Electricity	121,297	296,877	296,877	-
				Other Revenues	6,653	6,172	6,172	-
6,653	6,548	105	1.6	Rate Stabilization Fund Transfer From/(To)	(3,690)	(7,380)	(7,380)	-
(3,690)	-	(3,690)	-	Interest Income	354	868	868	-
354	261	93	35.4					
124,614	112,842	11,772	10.4	Total Revenues	124,614	296,537	296,537	-
				OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
				Power Production Expenses:				
				Fuel Expenses:				
61,026	43,186	17,840	41.3	Retail and Purchased Power	61,026	153,351	153,351	-
1,151	15	1,136	7,575.9	Interchange	1,151	1,200	1,200	-
62,177	43,201	18,976	43.9	Total Fuel Expenses	62,177	154,551	154,551	-
11,303	12,710	(1,407)	(11.1)	Steam Power Generation Expense	11,303	27,152	27,152	-
22	734	(712)	(97.0)	Nuclear Power Generation Expense	22	1,369	1,369	-
310	1,293	(983)	(76.0)	Other Power Generation Expense	310	256	256	-
657	570	87	15.3	System Control & Load Dispatching	657	1,116	1,116	-
12,292	15,307	(3,015)	(19.7)	Total Power Production Expenses	12,292	29,893	29,893	-
784	842	(58)	(6.9)	Transmission & Distribution Expenses:				
4,523	4,601	(78)	(1.7)	Transmission Expenses	784	2,126	2,126	-
5,307	5,444	(137)	(2.5)	Distribution Expenses	4,523	9,617	9,617	-
				Total Transmission & Distribution Expenses	5,307	11,743	11,743	-
1,576	2,124	(548)	(25.8)	Administrative & General Expenses:				
9,137	10,047	(910)	(9.1)	Customer Accounts & Sales Expense	1,576	3,977	3,977	-
10,713	12,171	(1,458)	(12.0)	Administrative & General Expense	9,137	19,196	19,196	-
				Total Administrative & General Expenses	10,713	23,173	23,173	-
90,489	76,122	14,367	18.9	Total Operation, Maintenance and Administrative Expenses	90,489	219,360	219,360	-

(Dollar Amounts in Thousands)

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

(2) Other Revenues - Shands SEC, Innovation Square, BABS Rebate

**GAINESVILLE REGIONAL UTILITIES
ELECTRIC REVENUE FUND
SCHEDULES OF NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION-UNAUDITED
FOR SECOND QUARTER ENDED MARCH 31, 2014**

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This Year	Last Year	Change	Change (%)		Year to Date	FY 14 Budget	FY 14 Projected	Change (%)
34,125	36,719	(2,594)	(7.1)	TOTAL NET REVENUE IN ACCORDANCE WITH BOND RESOLUTION	34,125	77,177	77,177	-
				LESS:				
19,124	20,040	(916)	(4.6)	DEBT SERVICE	19,124	30,740	30,740	-
12,392	11,038	1,354	12.3	UPIF CONTRIBUTIONS	12,392	24,785	24,785	-
10,647	8,393	4,029	48.0	TRANSFER TO GENERAL FUND	10,647	21,293	21,293	-
-	7	(7)	(100.0)	NUCLEAR DECOMMISSIONING/FUEL DISPOSAL	-	359	359	-
(8,038)	(2,759)	(5,279)	(191.4)	NET IMPACT TO RATE STABILIZATION	(8,038)	-	-	-

Debt Service is reflected on an annualized basis
Debt Service Budgeted is net of \$8.5 million UPIF utilized to pay Debt Service

(Dollar Amounts in Thousands)

Water Revenue Fund Financial Performance Discussion

Overall expenses have decreased by 1.3% compared to the prior year and revenues increased by 3.2%.

The water system implemented a 4.1% increase in rates for FY14 to offset declining sales which is reflective in the overall increase in revenues.

Utility surcharge is up as well mirroring the increase in overall revenues. Other revenues, which include connection fees and contributions of plant from developers, is up considerably over FY13. GRU system received contributed plant from developments in Longleaf subdivision, Solaria apartments, Walmart and others.

Interest income saw increases second quarter FY14 due to semi-annual payments received as well callable bonds that were redeemed.

Water treatment expense is up slightly by 1.6%. Water transmission & distribution cost increased by 7.9% primarily due to a reclassification of labor from capital projects to O&M.

Customer accounts and sales expense for FY14, as compared to FY13, increased by \$27k. The 11.3% decrease in FY14 administrative and general expense is due to reduced self-insured worker's compensation claims as compared to FY13.

Debt service expenses for the second quarter in FY14 are lower than compared to second quarter FY13. This is due to final payment of the 1992B, 2003B and 2003C bond series in FY 13.

**GAINESVILLE REGIONAL UTILITIES
WATER REVENUE FUND
SCHEDULES OF NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION-UNAUDITED
FOR SECOND QUARTER ENDED MARCH 31, 2014**

This Year	Last Year	Change	Change (%)		Year to Date	FY 14 Budget	FY 14 Projected	Change (%)
12,620	12,466	154	1.2	REVENUES:	12,620	27,026	27,026	-
825	793	32	4.0	General Customers	825	1,860	1,860	-
1,063	1,034	29	2.8	University of Florida	1,063	2,226	2,226	-
14,508	14,293	215	1.5	Utility Surcharge	14,508	31,112	31,112	-
				Total Sales				
1,648	1,083	565	52.2	Other Revenues	1,648	3,315	3,315	-
(302)	-	(302)	-	Rate Stabilization Fund Transfer From/(To)	(302)	(605)	(605)	-
45	31	14	46.9	Interest Income	45	93	93	-
15,899	15,406	493	3.2	Total Revenues	15,899	33,915	33,915	-
				OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
2,628	2,587	41	1.6	Water Treatment Expense	2,628	6,359	6,359	-
1,195	1,107	88	7.9	Water Transmission & Distribution Expense	1,195	2,510	2,510	-
632	605	27	4.5	Customer Accounts & Sales Expense	632	1,474	1,474	-
1,872	2,111	(239)	(11.3)	Administrative & General Expenses	1,872	4,601	4,601	-
6,327	6,410	(83)	(1.3)	Total Operation, Maintenance and Administrative Expenses	6,327	14,944	14,944	-
				TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	9,572	18,971	18,971	
9,572	8,996	576	6.4					
				LESS:				
3,691	4,205	(514)	(12.2)	DEBT SERVICE	3,691	6,121	6,121	-
3,218	2,537	681	26.9	UPIF CONTRIBUTIONS	3,218	6,435	6,435	-
3,207	2,427	780	32.1	TRANSFER TO GENERAL FUND	3,207	6,415	6,415	-
(544)	(172)	(372)	(216.1)	NET IMPACT TO RATE STABILIZATION	(544)	-	-	-

Debt Service is reflected on an annualized basis

(Dollar Amounts in Thousands)

(1) Other Revenue - Connection fees and miscellaneous.

Wastewater Revenue Fund Financial Performance Discussion

Overall expenses have increased by 6.6% compared to the prior year and the revenues have remained relatively flat despite reduced billed kGal treatment.

Wastewater rates were increased 1.7% for FY14 and is reflected in the flat revenue on fewer billed kGals in revenues for the second quarter of FY14.

Utility surcharge is up slightly. Other revenues, which include connection fees and contributions of plant from developers, is up considerably over FY13. GRU Wastewater system received contributed plant from developments in Longleaf subdivision, Solaria apartments, Walmart and others.

Interest income saw increases second quarter FY14 due to semi-annual payments received as well as callable bonds that were redeemed.

Wastewater collection expense is up 30.5%. This increase was due to the fulfillment of several critical labor vacancies that existed in FY13. Wastewater treatment expense is up by 5.3%. The increase is due to timing differences of variable chemical costs and increase in electric service.

Customer accounts and sales expense and administrative and general expense are on track with last year at this time.

Debt service expenses for the second quarter in FY14 are lower than compared to second quarter FY13. This is due to final payment of the 1992B, 2003B and 2003C bond series in FY 13.

**GAINESVILLE REGIONAL UTILITIES
WASTEWATER REVENUE FUND
SCHEDULES OF NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION-UNAUDITED
FOR SECOND QUARTER ENDED MARCH 31, 2014**

This Year	Last Year	Change	Change (%)		Year to Date	FY 14 Budget	FY 14 Projected	Change (%)
16,575	16,512	63	0.4	REVENUES:	16,575	33,068	33,068	-
1,288	1,251	37	3.0	Wastewater Billings	1,288	2,417	2,417	-
1,453	830	623	75.0	Utility Surcharge	1,453	4,404	4,404	-
(756)	-	(756)	-	Other Revenues	(756)	(1,512)	(1,512)	-
67	56	11	19.5	Rate Stabilization Fund Transfer From/(To)	67	144	144	-
18,627	18,649	(22)	(0.1)	Interest Income	18,627	38,521	38,521	-
				Total Revenue				
1,637	1,255	382	30.5	OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				-
2,460	2,337	123	5.3	Wastewater Collection Expense	1,637	3,164	3,164	-
453	469	(16)	(3.4)	Wastewater Treatment Expense	2,460	5,581	5,581	-
2,168	2,243	(75)	(3.3)	Customer Accounts & Sales Expense	453	1,150	1,150	-
6,718	6,304	414	6.6	Administrative & General Expenses	2,168	5,534	5,534	-
				Total Operation, Maintenance and Administrative Expenses	6,718	15,429	15,429	-
				TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	11,909	23,092	23,092	-
4,819	5,130	(311)	(6.1)	LESS:				
4,017	3,097	920	29.7	DEBT SERVICE	4,819	7,505	7,505	-
3,777	3,238	539	16.7	UPIF CONTRIBUTIONS	4,017	8,033	8,033	-
				TRANSFER TO GENERAL FUND	3,777	7,554	7,554	-
(704)	881	(1,585)	(179.9)	NET IMPACT TO RATE STABILIZATION	(704)	-	-	-

Debt Service is reflected on an annualized basis

(Dollar Amounts in Thousands)

(1) Other Revenue - Connection fees and miscellaneous.

Gas Revenue Fund Financial Performance Discussion

Overall expenses have increased by 21.0% compared to the prior year and the revenues have increased by 23.0%.

Residential gas sales were 9.8% higher for second quarter FY14 compared to the same period of FY13. This is the result of colder than normal weather experienced in the second quarter in FY14 than FY13. Commercial gas sales are 5.4% higher than the same quarter this time last year. Other gas sales and MGP include liquid propane gas sales, and the Manufactured Gas Plant (MGP) cleanup cost recovery factor.

Purchased gas adjustment revenue and fuel expenses increase or decrease proportionately based on customers sales. Increases for FY14 reflect the much colder weather experienced compared to last year.

Operation and maintenance expenses are down 14.7% due primarily to timing of gas association dues and memberships between this year and last.

Customer accounts and sales expenses are down slightly by 8.3% due to reduced radio advertising and customer service cost allocation reductions. Administrative and general expenses is comparable to FY13 this time last year.

Debt service expenses for the second quarter in FY14 are lower than compared to second quarter FY13. This is due to final payment of the 1992B, 2003B and 2003C bond series in FY 13.

**GAINESVILLE REGIONAL UTILITIES
GAS REVENUE FUND
SCHEDULES OF NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION
FOR SECOND QUARTER ENDED MARCH 31, 2014**

This Year	Last Year	Change	Change (%)		Year to Date	FY 14 Budget	FY 14 Projected	Change (%)
				REVENUES:				
				Sales of Gas and Service:				
4,301	3,916	385	9.8	Residential	4,301	7,581	7,581	-
2,400	2,276	124	5.4	Commercial & Interruptible	2,400	3,477	3,477	-
7,729	5,454	2,275	41.7	Purchased Gas Adjustment	7,729	10,382	10,382	-
247	226	21	9.2	Surcharge	247	422	422	-
679	614	65	10.6	Other Gas Sales and MGP	679	1,158	1,158	-
15,356	12,486	2,870	23.0	Total Sales	15,356	23,020	23,020	-
				Miscellaneous Revenue:				
761	734	27	3.7	Other Revenue	761	1,868	1,868	-
(183)	-	(183)	-	Rate Stabilization Fund Transfer From/(To)	(183)	(365)	(365)	-
56	56	(0)	(0.8)	Interest Income	56	155	155	-
15,990	13,276	2,714	20.4	Total Revenues	15,990	24,678	24,678	-
				OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
7,729	5,775	1,954	33.8	Fuel Expense - Purchased Gas	7,729	10,382	10,382	-
589	690	(101)	(14.7)	Operation & Maintenance Expenses	589	1,494	1,494	-
1,073	1,170	(97)	(8.3)	Customer Accounts & Sales Expense	1,073	1,839	1,839	-
953	914	39	4.3	Administrative & General Expense	953	1,952	1,952	-
10,344	8,549	1,795	21.0	Total Operation, Maintenance and Administrative Expenses	10,344	15,667	15,667	-
5,646	4,727	919	19.4	TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	5,646	9,011	9,011	-
				LESS:				
2,168	2,284	(116)	(5.1)	DEBT SERVICE	2,168	3,778	3,778	-
1,397	1,224	173	14.1	UPIF CONTRIBUTIONS	1,397	2,793	2,793	-
1,220	1,058	162	15.3	TRANSFER TO GENERAL FUND	1,220	2,440	2,440	-
861	160	701	437.6	NET IMPACT TO RATE STABILIZATION	861	-	-	-

Debt Service is reflected on an annualized basis

(Dollar Amounts in Thousands)

(1) Other Revenue - Connection fees and miscellaneous.

Telecommunications Revenue Fund Financial Performance Discussion

Overall expenses have increased by 14.1% compared to the prior year and the revenues have increased by 8.8%.

Revenues increased primarily in the tower lease rental revenues.

Interest income saw increases second quarter FY14 due to semi-annual payments received as well as callable bonds that were redeemed.

Operation and maintenance expenses have increased 12.8% primarily due to increased spending in voice mail system maintenance over this time last year. Also contributing to the increase are capital to O&M adjustments made in second quarter FY14.

Customer accounts and sales expense has increased 57.4% or \$54k over last year this time. Customer service support allocations were revised to better align GRUCom's utilization for these resources. Administrative and general expenses for the system are higher than in FY13 due to a change in the GRUCom allocation in IT and customer service cost centers. The FY14 allocation was revised to better align utilization of IT and customer service resources.

Debt service expenses for the second quarter in FY14 are lower than compared to second quarter FY13. This is due to final payment of the 1992B, 2003B and 2003C bond series in FY 13.

**GAINESVILLE REGIONAL UTILITIES
TELECOMMUNICATIONS REVENUE FUND
SCHEDULES OF NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION
FOR SECOND QUARTER ENDED MARCH 31, 2014**

This Year	Last Year	Change	Change (%)		Year to Date	FY 14 Budget	FY 14 Projected	Change (%)
2,658	2,766	(108)	(3.9)	REVENUES:				
932	916	16	1.7	Sales:				
1,270	843	427	50.7	Telecommunication	2,658	6,078	6,078	-
955	821	134	16.3	Trunking Radio	932	1,841	1,841	-
5,815	5,346	469	8.8	Tower Lease Rental	1,270	1,505	1,505	-
				Internet Access	955	1,957	1,957	-
				Total Sales	5,815	11,381	11,381	-
				Miscellaneous Revenue:				
476	-	476	-	Rate Stabilization Fund Transfer From/(To)	476	952	952	-
-	-	-	-	Other Revenue	-	-	-	-
39	35	4	11.4	Interest Income	39	94	94	-
6,330	5,381	949	17.6	Total Revenues	6,330	12,427	12,427	-
				OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
1,810	1,605	205	12.8	Operation & Maintenance Expenses	1,810	4,635	4,635	-
148	94	54	57.4	Customer Accounts & Sales Expense	148	390	390	-
1,028	919	109	11.9	Administrative & General Expenses	1,028	2,370	2,370	-
2,986	2,618	368	14.1	Total Operation, Maintenance and Administrative Expenses	2,986	7,395	7,395	-
				TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	3,344	5,032	5,032	-
3,344	2,763	581	21.0	LESS:				
				DEBT SERVICE	2,647	3,799	3,799	-
2,647	2,677	(30)	(1.1)	UPIF CONTRIBUTIONS	417	834	834	-
417	565	(148)	(26.2)	TRANSFER TO GENERAL FUND	199	399	399	-
199	162	37	22.8	NET IMPACT TO RATE STABILIZATION	81	-	-	-
81	(641)	722	112.6					

Debt Service is reflected on an annualized basis
Debt Service Budgeted is net of \$900,000 UPIF utilized to pay Debt Service

(Dollar Amounts in Thousands)
(1) Other Revenue - Connection fees and miscellaneous.

**Statement of Financial Position – Combined Funds
As of March 31st, 2014**

Overall, the reduction in total assets is driven by a decrease in the debt service fund, the construction fund, and the utility plant improvement fund. The debt service fund decreased due to the normal scheduled semi-annual principal and interest payments made as due in October 2013 even as scheduled transfers to the fund have increased the balance from the prior quarter. The construction fund and the utility plant improvement fund have decreased due to normal capital outlay.

Current liabilities decreased due to normal fluctuations in payments to vendors, including fuel related payments.

Other payables decreased primarily due to the effect of making our semi-annual debt interest payment on October 1 in addition to the reclassification of short term debt to long term due to the reacquisition of liquidity facilities. In conjunction with the decrease in short term debt, long term utilities system revenue bonds increased accordingly.

Operating revenue was impacted by a budgeted transfer to the rate stabilization fund of \$4.4 million for the period ending March 31, 2014 which contributed to a net loss of \$3.1 million.

**GAINESVILLE REGIONAL UTILITIES
COMBINED FUNDS
STATEMENT OF FINANCIAL POSITION - UNAUDITED
MARCH 31, 2014**

<u>ASSETS</u>	<u>Mar 31, 2014</u>	<u>Sep 30, 2013</u>	<u>\$ Difference</u>	<u>% Difference</u>
CURRENT ASSETS:				
Cash, Investments & Accounts Receivable	100,729	94,129	6,600	6.6%
Other Current Assets	18,835	26,646	(7,811)	-41.5%
TOTAL CURRENT ASSETS	119,564	120,775	(1,211)	-1.0%
RESTRICTED ASSETS:				
Debt Service Fund	28,911	45,852	(16,941)	-58.6%
Rate Stabilization Fund	52,112	56,155	(4,043)	-7.8%
Construction Fund	41,813	53,605	(11,792)	-28.2%
Utility Plant Improvement Fund	43,399	49,244	(5,845)	-13.5%
Other Restricted Assets	20,763	20,580	183	0.9%
TOTAL RESTRICTED ASSETS	186,998	225,436	(38,438)	-20.6%
NON-CURRENT ASSETS	30,412	30,298	113	0.4%
NET CAPITAL ASSETS	1,211,194	1,207,643	3,552	0.3%
DEFERRED OUTFLOWS OF RESOURCES	39,943	39,943	0	0.0%
TOTAL ASSETS	1,588,111	1,624,095	(35,984)	-2.3%
 LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES	36,356	41,596	(5,241)	-14.4%
PAYABLE FROM RESTRICTED ASSETS:				
Rate Stabilization Deferred Credit	60,856	56,400	4,456	7.3%
Other Payables From Restricted Assets	46,247	153,422	(107,175)	-231.7%
TOTAL PAYABLE FROM RESTRICTED ASSETS	107,103	209,822	(102,719)	-95.9%
LONG TERM-DEBT:				
Utilities System Revenue Bonds				
Payable-Senior Lien Debt	869,570	795,950	73,620	8.5%
Commercial Paper Notes Payable	62,000	62,000	0	0.0%
Unamortized Bond Financing Costs	(21,169)	(22,470)	1,301	-6.1%
Fair Value of Derivative Instruments	43,750	43,750	(0)	0.0%
TOTAL LONG-TERM DEBT	954,151	879,230	74,921	7.9%
OTHER NON-CURRENT LIABILITIES	15,782	15,603	179	1.1%
TOTAL LIABILITIES	1,113,392	1,146,251	(32,859)	-3.0%
DEFERRED INFLOWS OF RESOURCES	29	29	0	0.0%
NET POSITION	474,690	477,815	(3,125)	-0.7%
TOTAL LIABILITIES AND NET ASSETS	1,588,111	1,624,095	(35,984)	-2.3%

(Dollar Amount in Thousands)

**GAINESVILLE REGIONAL UTILITIES
COMBINED FUNDS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - UNAUDITED
FOR THE PERIODS ENDED MARCH 31, 2014 AND SEPTEMBER 30, 2013**

	Quarter Ending Mar 31, 2014	Fiscal Year Ending Sep 30, 2013
OPERATING REVENUE:		
Sales and service charges	\$ 175,475,871	\$ 325,905,629
Transfers from (to) rate stabilization	(4,455,550)	5,366,661
Other operating revenue	6,965,115	17,503,963
TOTAL OPERATING REVENUE	177,985,436	348,776,253
OPERATING EXPENSES:		
Operation and maintenance	98,542,504	168,406,263
Administrative and general	19,056,539	46,059,743
Depreciation and amortization	29,522,467	59,135,363
TOTAL OPERATING EXPENSES	147,121,510	273,601,369
OPERATING INCOME	30,863,926	75,174,884
NON-OPERATING INCOME (EXPENSE):		
Interest income	566,337	2,117,935
Interest expense, net of AFUDC	(19,145,819)	(41,028,880)
Other interest related income, BABs	2,675,464	5,515,262
TOTAL NON-OPERATING EXPENSE	(15,904,018)	(33,395,683)
INCOME BEFORE CONTRIBUTIONS, TRANSFERS AND SPECIAL ITEMS	14,959,907	41,779,201
CAPITAL CONTRIBUTIONS:		
Contributions from developers	965,280	639,381
NET CAPITAL CONTRIBUTIONS	965,280	639,381
OPERATING TRANSFER TO CITY OF GAINESVILLE GENERAL FUND	(19,050,713)	(36,656,458)
CHANGE IN NET POSITION BEFORE EXTRAORDINARY ITEM	(3,125,526)	5,762,124
EXTRAORDINARY ITEM: LOSS ON DISPOSAL OF PLANT ASSETS	-	(17,891,152)
CHANGE IN NET POSITION	(3,125,526)	(12,129,028)
NET POSITION - BEGINNING OF YEAR	477,815,181	489,944,209
NET POSITION - END OF YEAR	\$ 474,689,655	\$ 477,815,181

Supplemental Data

Gainesville Regional Utilities
ELECTRIC RESALE
FOR SECOND QUARTER ENDED MARCH 31, 2014

This Year	Per KWh	Month March		Change		Six Months That Ended March 31		
		Last Year	Per KWh			This Year	Last Year	Change
720,614	0.0832	589,409	0.0693	131,205	Resale Revenue			
-	-	27,497	-	(27,497)	Alachua	1,253,508	3,418,979	(2,165,471)
720,614	0.0832	616,906	0.0725	103,708	Seminole	160,017	1,512,782	(1,352,765)
					Total Resale Revenue	1,413,525	4,931,761	(3,518,236)
8,663,407		8,505,606		157,801	Resale KWh			
-		-		-	Alachua	55,751,463	50,267,673	5,483,790
8,663,407		8,505,606		157,801	Seminole	-	18,180,608	(18,180,608)
					Total Resale KWh	55,751,463	68,448,281	(12,696,818)

Gainesville Regional Utilities
ELECTRIC STATISTICS
FOR SECOND QUARTER ENDED MARCH 31, 2014

Month March			Six Months That Ended March 31			
This Year	Last Year	Change		This Year	Last Year	Change
<u>92,829</u>	<u>92,063</u>	<u>766</u>	Total Customers	<u>92,867</u>	<u>91,980</u>	<u>887</u>
4,463	4,556	(93)	Outdoor Lights Customers*	4,550	4,532	18
31,841	31,713	128	Outdoor Lights in Service	31,841	31,713	128
564.94	567.15	(2.21)	Miles of Overhead Distribution Line	564.94	567.15	(2.21)
<u>851.88</u>	<u>846.60</u>	<u>5.28</u>	Miles of Underground Distribution Line	<u>851.88</u>	<u>846.60</u>	<u>5.28</u>
<u>1,416.82</u>	<u>1,413.75</u>	<u>3.07</u>	Total Miles of Distribution Line	<u>1,416.82</u>	<u>1,413.75</u>	<u>3.07</u>
249	328	(79)	Maximum Peak Load Net (MW)	348	348	-
133,685	137,510	(3,825)	Net Energy for Load (MWh)	849,973	844,827	5,146
74.57%	58.23%	16.34%	Load Factor - Percent	55.92%	55.58%	0.34%
25	18	7	Cooling Degree - Actual Days	441	402	39
63	63	-	Cooling Degree - Normal Days	421	418	3
(38)	(45)	7	Difference from Normal	20	(16)	36
0.0690	0.0510	0	Fuel Adjustment	0.0647	0.0510	0.0137

* City Streetlights, County Streetlights, Rental Lights and Traffic Signals

Gainesville Regional Utilities
WATER STATISTICS
FOR SECOND QUARTER ENDED MARCH 31, 2014

Month March			Six Months That Ended March 31			
This Year	Last Year	Change		This Year	Last Year	Change
<u>69,743</u>	<u>69,353</u>	<u>390</u>	Total Customers	<u>69,698</u>	<u>69,342</u>	<u>356</u>
			Pumpage - Mega-gallons			
23,605	25,535	(1,930)	Raw Water - Max	25,890	25,835	55
17,125	18,947	(1,822)	Raw Water - Min	16,020	16,264	(244)
<u>20,195</u>	<u>21,362</u>	<u>(1,167)</u>	Raw Water - Avg	<u>21,053</u>	<u>21,454</u>	<u>(401)</u>
<u>626,047</u>	<u>662,229</u>	<u>(36,182)</u>	Total	<u>3,852,703</u>	<u>3,904,607</u>	<u>(51,904)</u>
22,148	24,233	(2,085)	Distribution System - Max	25,485	25,175	310
16,553	19,363	(2,810)	Distribution System - Min	16,420	16,760	(340)
<u>19,857</u>	<u>21,156</u>	<u>(1,300)</u>	Distribution System - Avg	<u>20,688</u>	<u>21,195</u>	<u>(507)</u>
<u>615,565</u>	<u>655,850</u>	<u>(40,285)</u>	Total	<u>3,785,826</u>	<u>3,857,416</u>	<u>(71,590)</u>
27.20	29.54	(2.34)	Maximum Daily Pumpage	32.00	31.87	0.13
24.56	26.16	(1.60)	Average Max. Daily Pumpage	25.39	26.43	(1.04)
8.23	13.34	(5.11)	Minimum Daily Pumpage	5.99	11.85	(5.86)
12.49	15.38	(2.90)	Average Min. Daily Pumpage	14.55	26.43	(11.88)
1,131.1	1,128.6	2.5	Miles of Potable Water Main	1,131.1	1,128.6	2.5
16.2	13.3	2.9	Miles of Potable Water Fire Mains	16.2	13.3	2.9
5,662	5,638	24	Fire Hydrants	5,662	5,638	24
5.5	0.98	4.52	Precipitation - Actual Inches	22.25	10.82	11.43
3.98	3.98	-	Precipitation - Normal Inches	17.49	17.50	(0.01)
1.52	(3.00)	4.52	Difference from Normal	4.76	(6.68)	11.44

Gainesville Regional Utilities
WASTEWATER STATISTICS
FOR SECOND QUARTER ENDED MARCH 31, 2014

Month March		
This Year	Last Year	Change
62,966	62,607	359
27.7	27.3	0.4
14,930	14,971	(41)
165	165	0
139.1	139.3	(0.2)
630.0	628.7	1.3
769.1	768.0	1.1

Total Customers

Miles of Reclaimed Water Mains
 Manholes
 Active Lift Stations

Miles of Main

Force Main
 Gravity Main

Total Miles of Main

Six Months That Ended March 31		
This Year	Last Year	Change
62,874	62,465	409
27.7	27.3	0.4
14,930	14,971	(41)
165	165	0
139.1	139.3	(0.2)
630.0	628.7	1.3
769.1	768.0	1.1

Gainesville Regional Utilities
GAS STATISTICS
FOR SECOND QUARTER ENDED MARCH 31, 2014

Month March			Six Months That Ended March 31			
This Year	Last Year	Change		This Year	Last Year	Change
34,055	33,408	647	Total NG Customers	33,682	33,300	382
192	192	-	Total LP Gas Customers	191	189	2
754.01	748.30	5.71	Distribution Mains			
7.17	7.17	0.00	NG System	754.01	748.30	5.71
761.18	755.47	5.71	LP System	7.17	7.17	0.00
			Total Distribution Mains	761.18	755.47	5.71
163	280	(117)	Heating Degree DBFs - Actual Days	1,073	1,012	61
130	130	0	Heating Degree DBFs - Normal Days	1,096	1,102	(6)
33	150	(117)	Difference from Normal	(23)	(90)	67
60.3	56.3	4.0	Average Temperature	61.3	61.4	(0.1)
			FUEL ADJUSTMENTS			
0.4000	0.4000	-	Natural Gas Firm PGA	0.4000	0.4000	-
2.5000	0.9300	1.5700	LP PGA	1.7383	1.1483	0.5900
1.0170	1.0150	0.0020	Calorific Value	1.0155	1.0217	(0.0062)

Gainesville Regional Utilities
GRUCOM STATISTICS
FOR SECOND QUARTER ENDED MARCH 31, 2014

Month March				Six Months That Ended March 31		
This Year	Last Year	Change		This Year	Last Year	Change
Customers						
21	21	0	GRU Equipment Lease	21	22	(1)
249	241	8	GRU EtherLink	254	243	11
95	87	8	GRU Internet Access	98	88	10
2	2	0	GRU Backup Conduit	2	2	0
93	74	19	GRU Broadband Internet Access	84	61	23
53	66	(13)	GRU Colocation Lease	56	60	(4)
90	88	2	GRU DS0 Transport	90	89	1
55	74	(19)	GRU DS1 Transport	62	68	(6)
291	416	(125)	GRU DS1 Transport - Carrier	310	362	(52)
2	0	2	GRU DS3 Transport	3	2	1
58	52	6	GRU DS3 Transport - Carrier	60	76	(16)
16	38	(22)	GRU EtherLink Carrier	40	40	0
0	1	(1)	GRU Fiber Drivers	1	1	0
1	0	1	GRU OC3 Transport	2	1	1
5	4	1	GRU OC3 Transport Carrier	5	5	0
2	1	1	GRU OC48 Transport Carrier	2	2	0
2	2	0	GRU SAN Fiber Channel	2	2	0
8	8	0	GRU SCADA Transport	8	8	0
2	2	0	GRU Switched Transport	2	2	0
0	0	0	GRU Telephone Internet Access	0	3	(3)
7	7	0	GRU Telephone Line Leases	7	9	(2)
3	3	0	GRU Telephone Set Leases	3	4	(1)
110	163	(53)	GRU Tower Lease	134	170	(36)
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
18	17	1	GRU TRS Digital Radio	18	18	0
1	1	0	GRU Trunk Termination	1	1	0
335	407	(72)	Telecomm - GRUnet	358	433	(75)

Gainesville Regional Utilities
DEERHAVEN FUELS INVENTORIES
FOR SECOND QUARTER ENDED MARCH 31, 2014

Month March			
This Year		Last Year	
BBLs	Value	BBLs	Value
18,900.00	377,658.47	67,787.00	2,623,968.23
18,900.00	377,658.47	67,787.00	2,623,968.23
GALS		GALS	
136,980.00	74,572.37	189,580.00	174,812.95
131,695.00	71,312.11	184,736.00	158,997.24
TONS		TONS	
117,639.24	9,095,222.51	336,661.26	29,278,958.37
100,746.49	7,577,160.68	315,294.91	27,265,230.96
%	Days	%	Days
18.17	6.76	65.18	26.31
18.17	6.76	65.18	26.31
15.93	19.14	22.04	26.65
15.31	18.39	21.48	25.96
	58.23		173.51
	49.34		162.26

Month March			
This Year	Last Year	Change	Percentage
19.9819	38.7090	(18.7271)	(48.38)
19.9819	38.7090	(18.7271)	(48.38)
0.5444	0.9221	(0.3777)	(40.96)
0.5415	0.8607	(0.3192)	(37.08)
77.3145	86.9686	(9.6541)	(11.10)
75.2102	86.4753	(11.2652)	(13.03)

	Quarter That Ended March 31			
	This Year		Last Year	
	BBLs	Value	BBLs	Value
#6 Oil (Bunker C) Inventory				
Beginning	19,288.07	395,708.04	67,787.00	2,623,968.23
Ending	18,900.00	377,658.47	67,787.00	2,623,968.23
#2 Oil (Diesel) Inventory				
Beginning	167,134.00	100,941.50	193,094.00	186,286.19
Ending	131,695.00	71,312.11	184,736.00	158,997.24
Coal Fuel Inventory				
Beginning	127,628.86	9,989,948.11	287,765.38	24,681,949.13
Ending	100,746.49	7,577,160.68	315,294.91	27,265,230.96
	%	Days	%	Days
Oil Levels				
#6 Oil				
Beginning	18.55	6.92	65.18	26.31
Ending	18.17	6.76	65.18	26.31
#2 Oil				
Beginning	19.43	23.45	22.45	27.16
Ending	15.31	18.39	21.48	25.96
Coal				
Beginning		63.49		147.77
Ending		49.34		162.26

	Quarter That Ended March 31			
	This Year	Last Year	Change	Percentage
Bunker C (\$/BBL)				
Beginning	20.5157	38.7090	(18.1933)	(47.00)
Ending	19.9819	38.7090	(18.7271)	(48.38)
Diesel Fuel (\$/Gal)				
Beginning	0.6040	0.9647	(0.3608)	(37.40)
Ending	0.5415	0.8607	(0.3192)	(37.08)
Coal (\$/Ton)				
Beginning	78.2734	85.7711	(7.4977)	(8.74)
Ending	75.2102	86.4753	(11.2652)	(13.03)

Gainesville Regional Utilities
JR KELLY FUELS INVENTORIES
FOR SECOND QUARTER ENDED MARCH 31, 2014

Month March			
This Year		Last Year	
BBLs	Value	BBLs	Value
-	-	8,493.00	339,466.27
-	-	8,493.00	339,466.27
GALS	Value	GALS	Value
443,698.90	759,983.95	469,075.36	819,809.21
443,698.90	759,983.95	469,075.36	819,809.21
%	Days	%	Days
0.00	(0.80)	8.17	2.60
0.00	(0.80)	8.17	2.60
51.59	62.96	54.54	66.58
51.59	62.96	54.54	66.58

#6 Oil (Bunker C) Inventory

Beginning
Ending

Quarter That Ended March 31			
This Year		Last Year	
BBLs	Value	BBLs	Value
-	-	8,493.00	339,466.27
-	-	8,493.00	339,466.27
GALS	Value	GALS	Value
453,820.00	783,844.55	469,246.37	820,212.37
443,698.90	759,983.95	469,075.36	819,809.21
%	Days	%	Days
0.00	(0.80)	8.17	2.60
0.00	(0.80)	8.17	2.60
52.77	64.40	54.56	66.61
51.59	62.96	54.54	66.58

#2 Oil (Diesel) Inventory

Beginning
Ending

Oil Levels

#6 Oil

Beginning
Ending

#2 Oil

Beginning
Ending

Month March			
This Year	Last Year	Change	Percentage
-	39.9701	(39.9701)	(100.00)
-	39.9701	(39.9701)	(100.00)
1.7128	1.7477	(0.0349)	(2.00)
1.7128	1.7477	(0.0349)	(2.00)

Bunker C (\$/BBL)

Beginning
Ending

Diesel Fuel (\$/Gal)

Beginning
Ending

Quarter That Ended March 31			
This Year	Last Year	Change	Percentage
-	39.9701	(39.9701)	(100.00)
-	39.9701	(39.9701)	(100.00)
1.7272	1.7479	(0.0207)	(1.19)
1.7128	1.7477	(0.0349)	(2.00)

Gainesville Regional Utilities
GENERATION BY FUEL
FOR SECOND QUARTER ENDED MARCH 31, 2014

Month March			Six Months That Ended March 31			
This Year	Last Year	Change		This Year	Last Year	Change
			Fuel Cost for native Load (\$)			
3,351,704	3,426,840	(75,136)	Coal	6,791,054	9,455,059	(2,664,004)
569,476	1,046,467	(476,991)	Natural Gas	12,914,794	16,700,259	(3,785,464)
163	15,816	(15,652)	Oil	91,926	106,088	(14,162)
252,675	-	252,675	Coal By-Products	473,782	-	473,782
-	44,083	(44,083)	Nuclear (CR3)	37,073	214,787	(177,714)
169,831	160,391	9,440	Methane (MCLF)	1,073,717	984,740	88,977
349,019	380,602	(31,584)	Feed-In-Tariff	2,023,843	2,237,015	(213,171)
13,589,492	2,314,965	11,274,527	Purchased Power	37,620,280	13,297,238	24,323,042
694,187	-	694,187	Interchange Sales	1,150,900	(14,595)	1,165,495
<u>18,976,547</u>	<u>7,389,164</u>	<u>11,587,383</u>	Total	<u>62,177,371</u>	<u>42,980,590</u>	<u>19,196,781</u>
			Energy Sources (MWh) for Native Load			
88,902	76,320	12,582	Coal	157,288	188,163	(30,875)
6,199	18,729	(12,530)	Natural Gas	288,784	416,832	(128,048)
27	43	(16)	Oil	868	338	530
-	-	-	Coal By-Products	-	-	-
-	8,574	(8,574)	Nuclear (CR3)	16,569	53,607	(37,038)
2,535	2,181	354	Methane (MCLF)	14,497	13,562	935
1,611	1,436	175	Feed-In-Tariff	8,541	8,119	422
54,028	30,227	23,801	Purchased Power	402,401	165,415	236,986
(19,617)	-	(19,617)	Interchange Sales*	(38,974)	(1,355)	(37,619)
<u>133,685</u>	<u>137,510</u>	<u>(3,825)</u>	Total	<u>849,973</u>	<u>844,681</u>	<u>5,292</u>
			Average Fuel and Purchased Power Cost per MWh (\$/MWh)			
38	45	(7)	Coal	43	50	(7)
92	56	36	Natural Gas	45	40	5
6.08	369.53	(363)	Oil	105.92	313.78	(208)
-	-	-	Coal By-Products	-	-	-
-	5.14	(5)	Nuclear (CR3)	2.24	4.01	(2)
66.99	73.54	(7)	Methane (MCLF)	74.06	72.61	1
216.58	264.95	(48)	Feed-In-Tariff	236.95	275.53	(39)
251.53	76.59	175	Purchased Power	93.49	80.39	13
35	-	35	Interchange Sales	30	11	19
<u>142</u>	<u>54</u>	<u>88</u>	Total	<u>73</u>	<u>51</u>	<u>22</u>

*Interchange sales are reduced from generation and purchased power to yield native load fuel cost and native load

Gainesville Regional Utilities

CLEAN AIR ALLOWANCES

CALENDAR YEAR 2014

SO₂ Allowances (tons)

	DH	JRK	GRU Total
Carryover	28,496	124	28,620
Annual Alloc.	8,400		8,400
Total Available	36,896	124	37,020
Used	248	2	250
Left Over	36,400	122	36,522

SO₂ Emissions (tons)

Quarter	B1	B2	CT3	DH Total	CC1	JRK Total	GRU Total
1	4.1	243.8	0.5	248.4	0.8	0.8	249.2
2							
3							
4							
Year	4.1	243.8	0.5	248.4	0.8	0.8	249.2

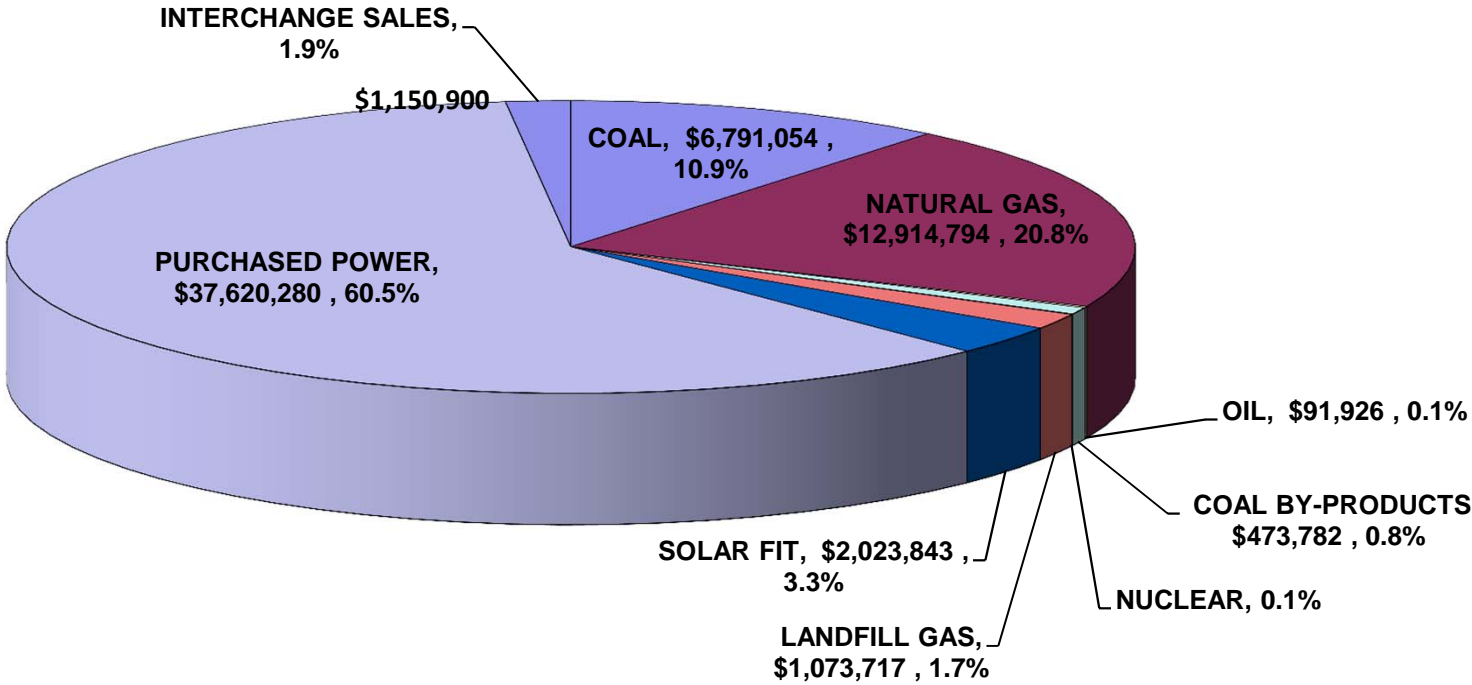
NO_x Allowances (tons)

	DH		JRK		GRU Total	
	Ann.	OS	Ann.	OS	Ann.	OS
Carryover	0	0	0	0	0	0
Annual Alloc.	1,194				1,194	0
Total Available	4,001	833	110	81	4,111	914
Used	191	0	11	0	202	0
Sold	0	0	0	0	0	0
Left Over	3,810	833	99	81	3,909	914

NO_x Emissions (tons)

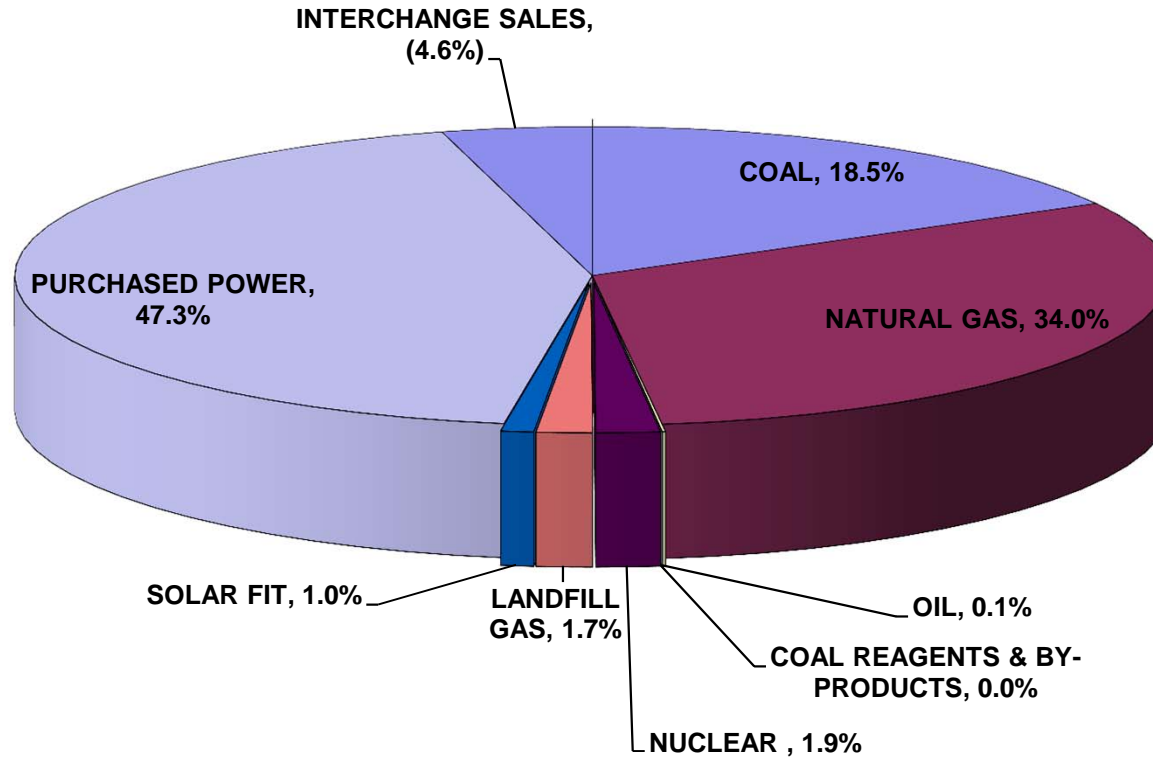
Quarter	B1		B2		CT3		DH Total		CC1		JRK Total		GRU Total	
	Ann.	OS	Ann.	OS	Ann.	OS	Ann.	OS	Ann.	OS	Ann.	OS	Ann.	OS
1	12.1	0.0	177.7	0.0	1.0	0.0	190.8	0.0	11.1	0.0	11.1	0.0	201.9	0.0
2							0.0	0.0			0.0	0.0	0.0	0.0
3		0.0		0.0		0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0
4		0.0		0.0		0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0
Year	12.1	0.0	177.7	0.0	1.0	0.0	191.0	0.0	11.1	0.0	11.0	0.0	202.0	0.0

**Total Cost & Percentage by Fuel Type
6 months ended Through March 2014**



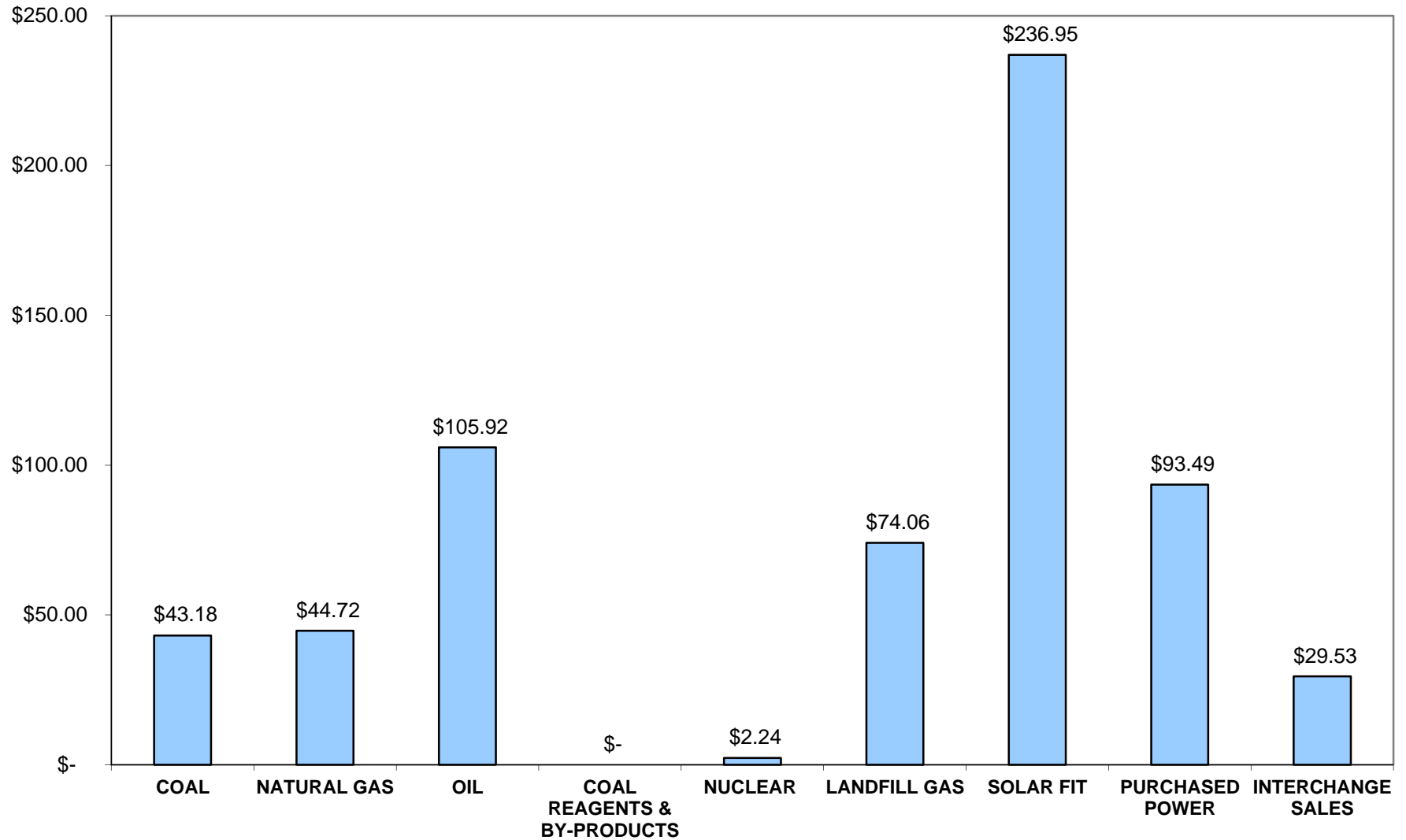
COAL
 NATURAL GAS
 OIL
 COAL REAGENTS & BY-PRODUCTS
 NUCLEAR
 LANDFILL GAS
 SOLAR FIT
 PURCHASED POWER
 INTERCHANGE SALES

Sources of Electric Energy for Load by Fuel Type (MWh) FY2014- Through March 2014



■ COAL	■ NATURAL GAS	■ OIL	■ COAL REAGENTS & BY-PRODUCTS
■ NUCLEAR	■ LANDFILL GAS	■ SOLAR FIT	■ PURCHASED POWER

Total Fuel Cost per MWh by Fuel Type FY2014 - Through March 2014



Glossary of Terms

Glossary of Terms

All Systems

Construction fund – provides for funds to be utilized for the cost of acquisition and construction of the utility system.

Debt service fund – provides for funds accumulated to provide payment of principal and interest on, or to redeem, outstanding debt.

Rate stabilization fund transfer – reserves for unplanned events, revenue changes or unexpected losses and to stabilize rates over future periods through the transfer of funds to and from operations as necessary.

Utility Plant Improvement Fund (UPIF) - provides 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.

Interest income – represents interest earnings on utility investments.

Operation & maintenance expense – non-fuel – 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.

Surcharge – additional charge to customers in the unincorporated service area, i.e. Electric – 10% and Gas – 10%, both equivalent to the 10% utility tax; Water – 25% and Wastewater – 25% both per F.S Chapter 180.

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 was 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 –represents the cost of the fuel supply needed to generate electric power, i.e. coal, oil and natural gas, as well as purchased power costs and the fuel distributed directly to service accounts, i.e. natural gas.

Other electric sales – includes wholesales sales (sales for resale) to City of Alachua, traffic signal and streetlight sales to the City and County.

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

Native load – amount of energy required to serve retail and wholesale sales (sales for resale).

Gas System

Cleanup cost recovery factor (MGP) – revenue collected, at a rate of \$.0505/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 – 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. Also included 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 - 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 – includes connection fee charges for water service to new service locations plus miscellaneous revenue receipts not specified in other categories.

Wastewater System

Other revenues – 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.

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