



# Annual Report 1983

Galbesville Regional Utilities

# City Commission



**W.E. "MAC" McEACHERN**  
Mayor - Commissioner



**JEAN CHALMERS**  
Mayor - Commissioner ProTem



**COURTLAND A. COLLIER**  
Commissioner



**MARK KANE GOLDSTEIN**  
Commissioner



**GARY GORDON**  
Commissioner

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**Gainesville Regional Utilities**

Post Office Box 490 • Gainesville, Florida 32602

Nineteen eighty-three has been a good year—one of challenge, opportunity, and reward.

One of the City's most significant opportunities occurred in August when the City Commission issued \$186 million in Utilities System Revenue Bonds. Proceeds from the sale of this issue were used to refund the Utility's entire outstanding long-term debt of \$265 million. This refunding provides the immediate reward of a \$14.3 million reduction in debt service payments over the next five years, and a "present value" savings of about \$4.8 million over the life of the bonds.

By mid-year it was apparent that the unpredictably low price of oil in the world market would reduce revenues from our energy sales to other Florida utilities. We responded with a program of belt-tightening and a commitment to aggressively market our excess capacity to firm buyers. Our diverse fuel mix for generation—led by low-priced coal—allowed us to increase our interchange sales to lead all other utilities in sales on the Florida Electric Power Coordinating Group's Energy Broker system. Spot-market coal purchases brought savings of \$7 million over long-term contract prices. Due largely to these sales and savings, we were able to provide electricity to our own local customers at rates consistently among the lowest in the state while achieving the highest net revenues in the history of the combined system. During the year \$5.6 million of Utility profits were contributed to support of other City programs, and \$11 million in employee payroll was returned to the local economy.

The national economy's upturn during the year had immediate impact upon all three of our systems. Residential construction in Gainesville and Alachua County was more than double that of the previous year, and the demand for new services in our distribution and collection systems became concrete evidence of the growth predicted for the Sunshine State. All systems experienced a growth in number of customers, and new system peaks were set for use of both electricity and water.

Response to system growth was also evident in construction projects, including initial work on the three million gallon per day expansion of the Kanapaha Advanced Wastewater Treatment Plant and the 138 kilovolt transmission line from Ft. Clarke Substation to Deerhaven Station. Considerable pre-construction progress also was made on the transmission project which will interconnect Gainesville with Florida Power and Light Company.

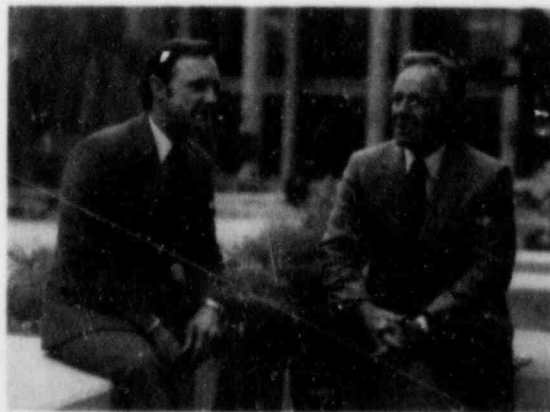
Throughout the year, our staff continued to respond creatively to the challenge to discover increased operating efficiencies. Conservation programs and improved maintenance procedures in treatment plants provided additional savings, and the Murphree Water Treatment Plant was honored by the American Water Works Association as the best operated plant in Florida. Additional awards were received from professional organizations for plant operation, water conservation, and financial information programs.

Some of the rewards of the year are not totaled in the ledgers. Foremost among these is the satisfaction of participating with hundreds of co-workers in the unified pursuit of a common goal: the most efficient and economical service for our customers. As in years past, it is especially rewarding to know that we enter a new year with the appreciation and support of those we serve.

**RICHARD L. HESTER, P.E.**  
Deputy City Manager for Utilities

**GEORGE E. MORGAN**  
City Manager

## To Our Customers and Owners





# Foreword



The City of Gainesville is located in north central Florida midway between the Gulf of Mexico and the Atlantic Ocean. With an area of 31 square miles, it is the largest city in Alachua County. The estimated population of the Gainesville urban area is 121,500.

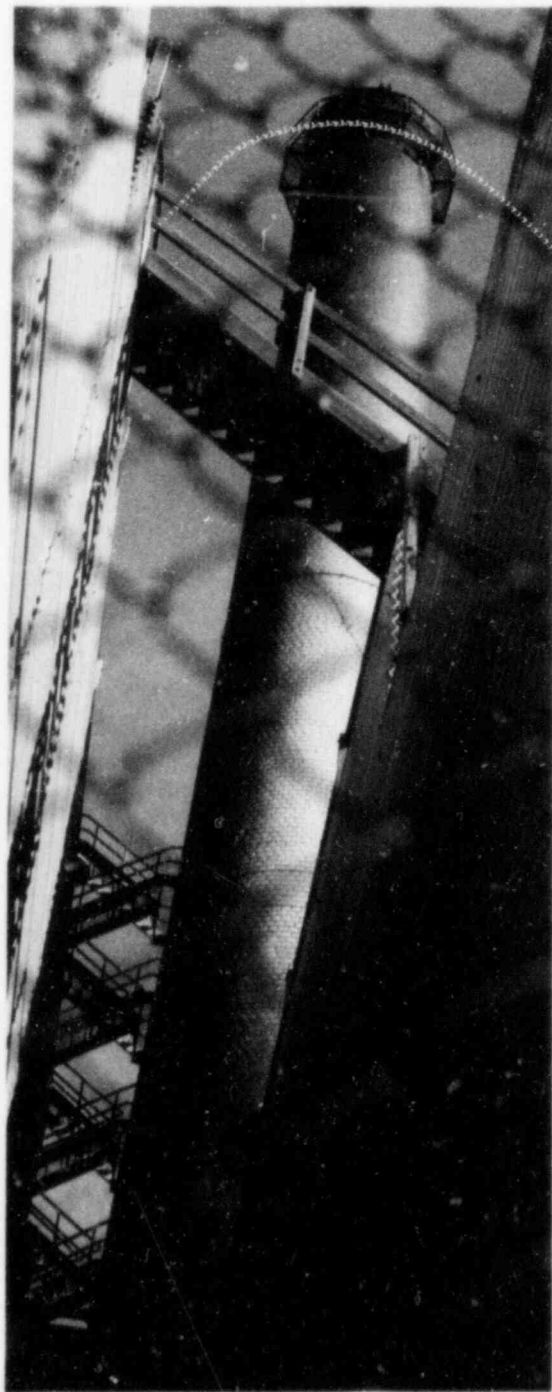
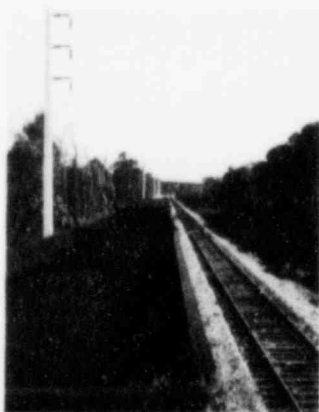
The University of Florida, with more than 30,000 students and employing over 15,000 faculty and staff at an annual payroll in excess of \$250 million, is the most significant factor in Gainesville's economy. Shands Teaching Hospital and Clinics, with an annual payroll of more than \$35 million for its 2,400 employees, is a leading example of the economic impact by the area's medical institutions. The Gainesville area is one of the largest educational and medical complexes in the South. Recent light industry establishment is providing increasing diversity and stability for the local economy.

Gainesville Regional Utilities (GRU), a combined utilities system owned by the City, provides Gainesville and certain unincorporated areas of Alachua County with electric, water, and wastewater services.

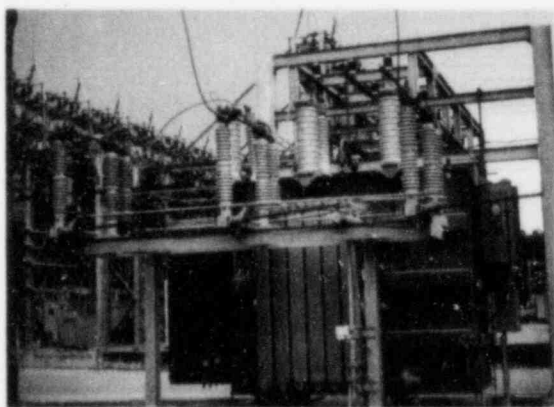
# Highlights

	1983	1982	Percent Increase or (decrease)
<b>Financial</b>			
Net Revenue	\$ 39,718,703	\$ 35,597,256	11.6
Coverage Ratio	2.09	2.25	(7.1)
Aggregate Debt Service	\$ 18,974,943	\$ 15,787,520	20.2
Long-Term Debt	\$227,766,007	\$304,066,144	(25.1)
Net Utility Plant	\$346,798,854	\$346,286,699	0.1
<b>Customers (12 months' average)</b>			
Electric			
Residential	41,632	40,637	2.4
Non-Residential	4,882	4,403	10.9
Total	46,514	45,040	3.3
Water	31,976	30,787	3.9
Wastewater	28,948	27,659	4.7
<b>Sales (gigawatt hours)</b>			
Residential	410.3	381.2	7.6
General Service/Large Power	408.8	384.0	6.5
Lighting	15.9	15.9	0.0
Sales for Resale	25.0	23.9	4.6
Subtotal	860.0	805.0	6.8
Interchange	1,214.4	1,026.9	18.2
Total	2,074.4	1,831.9	13.2
<b>Average Annual Consumption per Residential Customer (kilowatt hours)</b>			
	9,856	9,379	5.1





# Electric System



The electric facilities of Gainesville Regional Utilities encompass approximately 150 square miles — one sixth of Alachua County — and serve 70 percent of the county's population.

We own and operate two fossil-fueled generating stations, John R. Kelly Station and Deerhaven Station, with a combined capability of 486,200 kilowatts (kW). The Kelly station, with three oil/gas-fueled steam units and three combustion turbine units, has a station capability of 128,300 kW. Deerhaven Station operates one coal-fueled steam unit, one oil/gas-fueled steam unit, and two oil/gas-fueled combustion turbine units, with a station capability of 357,900 kW. In addition, we own an 11,620 kW share of the Crystal River 3 nuclear power unit operated by Florida Power Corporation. All of our power requirements are provided by these three stations via a 138 kilovolt (kV) transmission network with connections to the Florida transmission grid through direct interconnections with Florida Power Corporation at 138 kV and 230 kV. The present transmission network consists of 80.9 circuit miles of 138 kV and 2.6 circuit miles of 230 kV. Five major substations connected to this network serve our 12 kV distribution system, which includes approximately 1,292 circuit miles of overhead lines and 304 cable miles of underground system.

The number of electric customers served locally by this system increased by 3.3 percent this year to an annual average total of 46,514. Consumption by residential customers, who comprise nearly 90 percent of the total, increased 7.6 percent for a total residential energy usage of 410.3 gigawatt hours (gWh). Consumption by general service and large power customers increased 6.5 percent during the year for a combined consumption of 408.8 gWh.

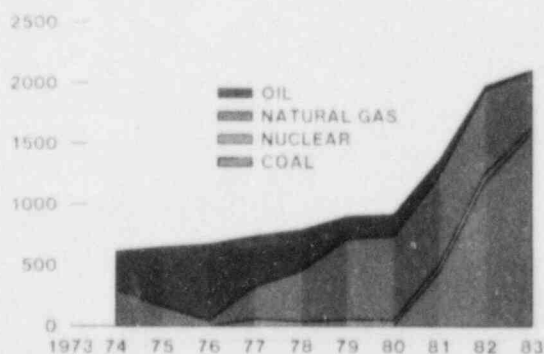
At the close of 1983 our newest generating unit, Deerhaven 2, completed its first full fiscal year of commercial operation. The 235 megawatt (MW) coal-fired unit significantly influenced our fuel mix for generation. We are now one of the few municipal utilities in the Southeast with the ability to burn five fuel types: coal, nuclear, natural gas, distillate oil, and residual oil. This diversity allows us to adapt to a wide variety of economic or emergency conditions. With the addition of Deerhaven 2, our system is no longer dependent on higher priced oil and natural gas and can shift its fuel source to more economical coal. In fiscal year 1983, the system's fuel mix was approximately 75.5 percent coal, 22.0 percent natural gas, 2.2 percent nuclear, and 0.3 percent fuel oil. The graph on this page displays the system's fuel mix for net generation historically from 1974 through 1983.

We have been able not only to provide our local customers with the benefits of lower cost fuel, but also to profitably market our excess capacity to other Florida utilities. During the fiscal year, we entered into interchange contracts with Tampa Electric Company and Seminole Electric Cooperative. With these two additions, we now have contracts with all but one of Florida's major utilities. These contracts provide the mechanism by which Florida utilities purchase and sell various classes of interchange service.

Energy sales to other utilities through the "Energy Broker" brought Gainesville Regional Utilities net revenues totaling \$12,856,126 for fiscal year 1983. The 1,214,360 megawatt hours (MWh) sold is a new record for our system's annual sales to other utilities and exceeds the energy generated this year to serve our own local customers. Our broker sales resulted in fuel savings of about \$26 million for utilities customers in peninsular Florida, which is approximately 40 percent of this year's statewide Energy Broker savings of \$64 million. A major factor contributing to these benefits was the reliable performance of

## FUEL HISTORY: 1974 - 1983

(NET GENERATION IN  
GIGAWATT HOURS PER YEAR)



Deerhaven 2, which was available for operation 95.6 percent of the year, greatly exceeding industry averages for similar units.

With lower worldwide oil prices and anticipated commercial operation of new coal-fired and nuclear power plants in Florida, our interchange sales are expected to drop significantly in future years. In view of expected declines, we have determined to market excess power to firm customers. During the year we submitted a proposal to the University of Florida to provide electrical service to the campus, estimating that the proposal would have saved the University 10 percent in its power bill over the last year. The University has decided to continue to be served by its existing supplier. Continuing our effort to market excess power to firm customers, we have entered into discussions with other potential purchasers.

Although our net generation increased during 1983, we were able to reduce our net fuel cost per kilowatt hour. Influencing this reduction was an overall 15 percent decrease in the cost of coal delivered to Deerhaven Station, due primarily to the City's cancellation of a contract with its previous long-term supplier. The cancellation occurred at a time when an abundant supply of low sulfur coal was available at prices well below the long-term contract price, resulting in purchase savings of \$7,000,000 during the year. Subsequently, both parties have entered into litigation addressing issues regarding Gainesville's contract cancellation and supplier actions under the contract.

The addition of Deerhaven 2 to our system caused a change of operating mode for other generating units. Deerhaven Unit 1 (82MW) and John R. Kelly Unit 8 (48MW), formerly base load units, are now operating cyclically as intermediate load units. To evaluate stresses placed on the units by this change, we have commissioned field studies and evaluations of the boilers of both units by their manufacturer.

Construction activities in 1983 featured two transmission projects, beginning with the 17 mile, 138 kV transmission interconnection between our Ft. Clarke Distribution Substation and Deerhaven. At the close of the year pole emplacement was 30 percent complete. Project completion, scheduled for January 1984, will result in increased service reliability by closing the transmission loop around our system. Considerable design, property acquisition, and permitting progress was made also on the new interconnection between our system and Florida Power and Light Company (FPL). The 30 mile, 138 kV transmission line between Deerhaven and FPL's Bradford Transmission Station is scheduled for completion in September 1984.

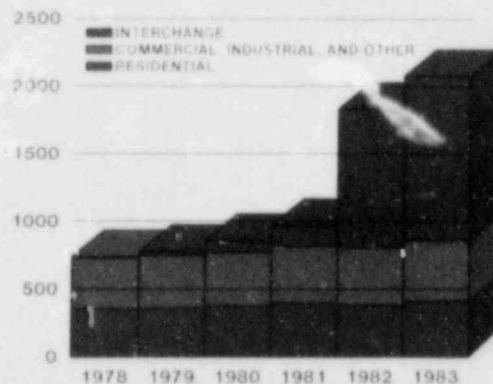
With an improvement in the economy came an increase in new residential development and construction, and our distribution system experienced an accompanying demand for new services. The result was the engineering and installation of over eighty miles of underground cable and 2,600 new electric meters.

Progress continued on our reconductoring of selected high loss feeder circuits to larger size conductor. Approximately six miles of reconductoring was completed, resulting in greater load support capability and an annual loss reduction of 1,085 MWh. Additionally, we completed conversion of 2.2 miles of construction to 12 kV construction. Projected completion of this project next year will completely retire the 4 kV system, substantially reducing system losses, parts inventory, and storage space.

With the continued growth of our overhead transmission and distribution systems, the efforts of right-of-way tree trimming crews have been increased by 33 percent. This was accomplished by the addition of contract crews to supplement our own staff, with the aim of reducing the number of circuit breaker operations and associated outages.

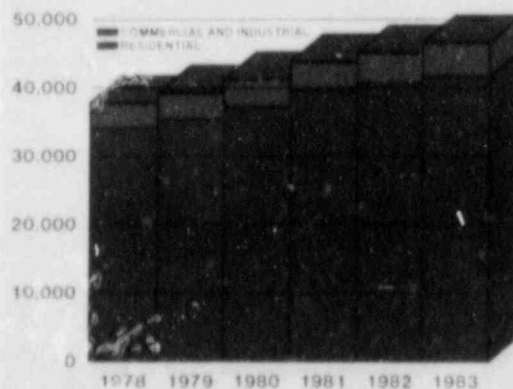
## ELECTRIC SYSTEM ENERGY SALES

(GIGAWATT HOURS)

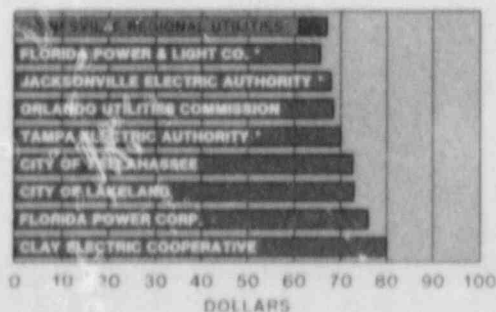


## ELECTRIC SYSTEM NUMBER OF RETAIL CUSTOMERS

(ANNUAL AVERAGE)



## ELECTRIC RATE COMPARISONS



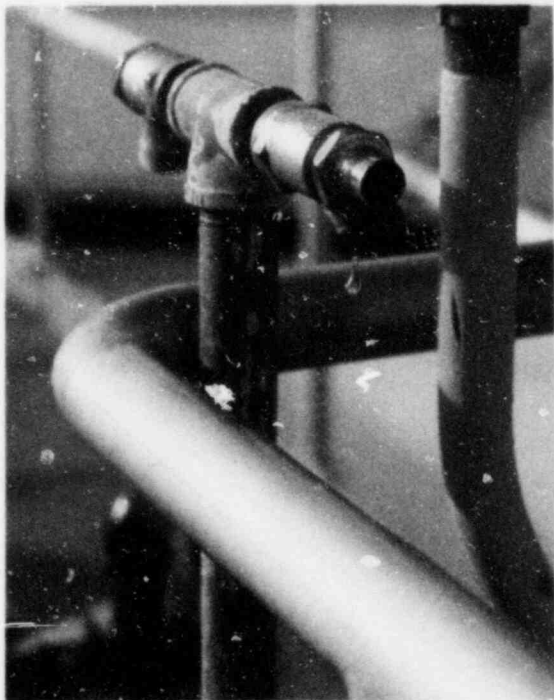
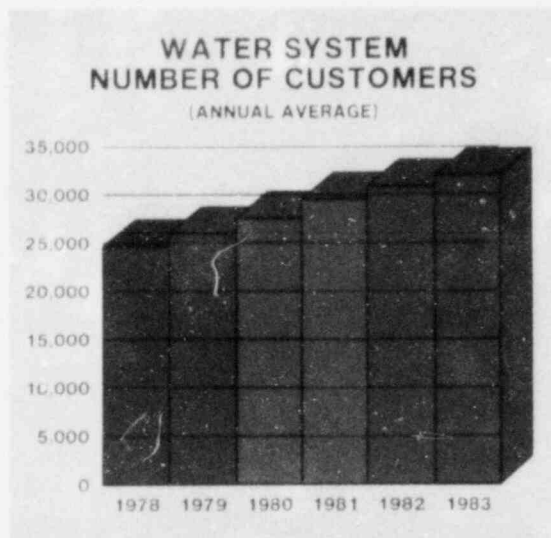
\* REPRESENTS THE RATE INCREASE WHICH BECAME EFFECTIVE OCTOBER 1, 1983.

\* EFFECT OF RATE INCREASE SINCE OCTOBER 1, 1983 NOT SHOWN

COMPARISON OF MONTHLY RESIDENTIAL ELECTRIC RATES FOR 1000 KWH BASED ON RATES IN EFFECT SEPTEMBER, 1983 AND BASED ON 12 MONTH AVERAGE FOR 12 MONTHS FROM OCTOBER, 1982 - SEPTEMBER, 1983.



# Water System



Our water system is supplied by the Murphree Treatment Plant, which is served by eight deepwells capable of providing 40 million gallons per day (mgd) of raw water to the plant's filters. Treatment capacity is rated at a nominal 30 mgd, and ten million gallons of storage are available on the plant grounds. The distribution system includes two elevated storage tanks with a combined capacity of 1.5 million gallons and approximately 430 miles of transmission and distribution mains.

During 1983 we experienced a 3.9 percent increase in total customers, for an annual average of 31,976. Consumption for the year was 5,077 million gallons. In the last quarter of the year, we experienced the highest 24-hour demand ever recorded on the system. The 28.6 mgd peak was due largely to very hot, dry weather. During the fourth quarter our treatment total of 1.64 billion gallons exceeded the rate for the same period in 1982 by about 15 percent. New housing construction created a dramatic impact on our distribution system with over 2,000 new water service installations completed during the year.

The Murphree Treatment Plant was recognized this year by the Florida Section of the American Water Works Association as the best operated water plant in Florida. The facility also received the Florida Department of Environmental Regulation's award of excellence for Florida's Northeast District. Installation of the plant's computerized monitor and control system has been completed, and the unit is performing data acquisition and report generation. Process control functions are expected to begin by the end of the calendar year.

A Division of Cross-Connection Control was established to enforce the City's new ordinance requiring installation of backflow-prevention devices on all facilities posing a potential health hazard to our potable water system. Fifty-three devices were installed on our distribution system this year.

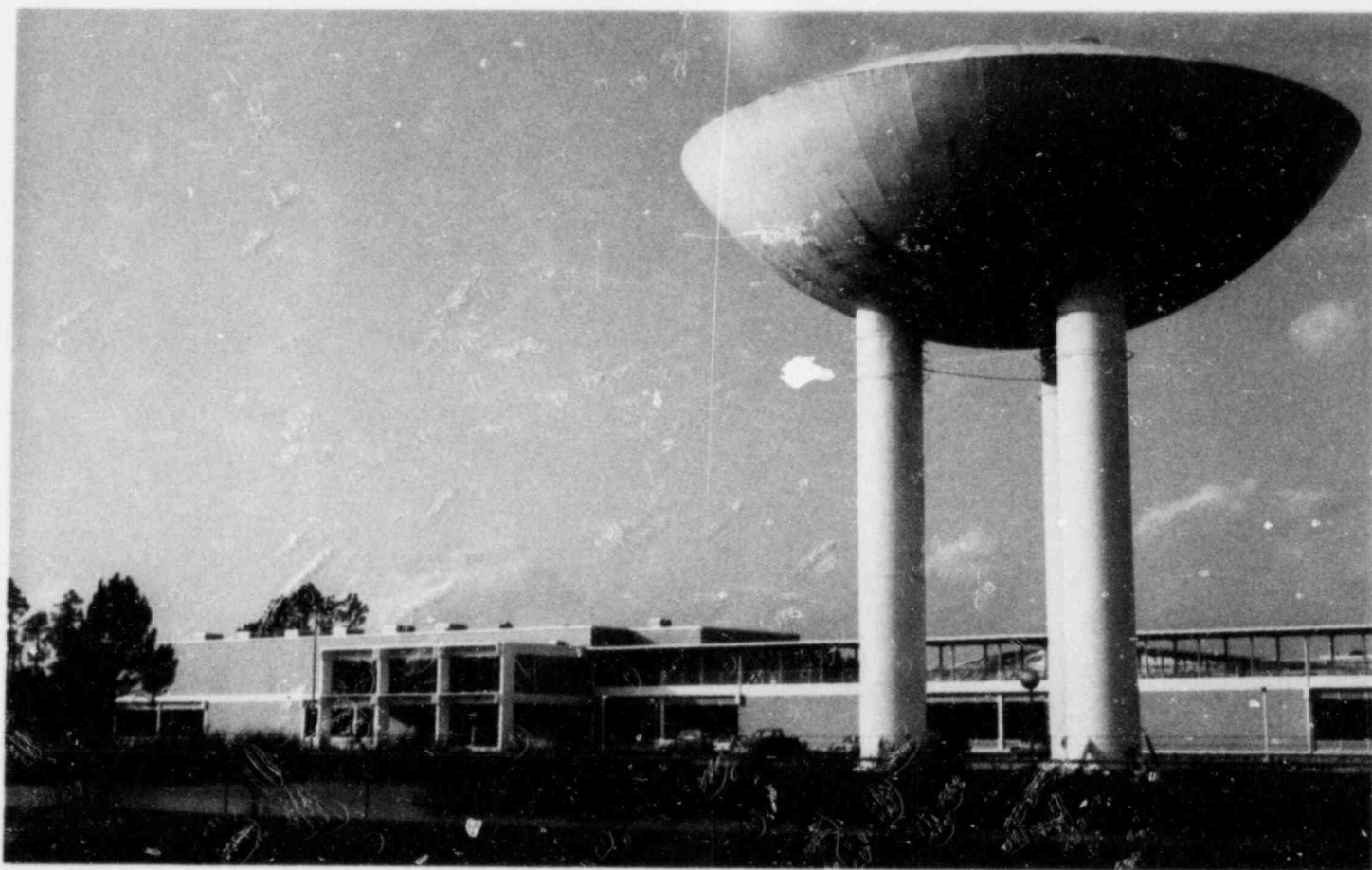
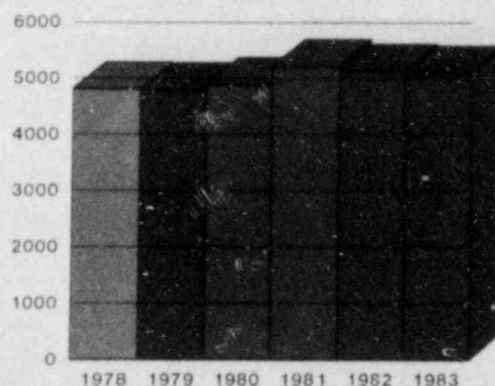
A survey of trunk mains in the distribution system was undertaken to measure pressures and flow patterns in critical locations. Results of the study are being used to calibrate a computer model of the system for future planning.

Completion of a project to rebuild our system in Golfview Subdivision marked a major accomplishment by distribution personnel. The largest project of its kind in recent years, the effort included rebuilding of mains, hydrants, laterals, and services, and the resurfacing of streets within the subdivision following excavations for line replacement.

A special program to test and repair large diameter water meters serving some of our largest commercial and residential customers resulted in recalibration of those meters to 99.6 percent accuracy. This increased accuracy will impact favorably on monthly billings for major revenue sources.

## WATER SYSTEM SALES

(MILLION GALLONS)



## Wastewater System



Our wastewater system includes 380 miles of gravity collection lines, 80 miles of force mains, 104 pumping stations, and two major wastewater treatment plants with a combined capacity of 14.5 mgd.

In 1983 the number of wastewater customers averaged 28,948, an increase of 4.7 percent over the previous year. Total wastewater flow for the twelve month period was 3,143 million gallons.

During 1983 design was completed and construction begun on a 3.0 mgd expansion of our Kanapaha advanced wastewater treatment plant. The existing 7.0 mgd plant, originally placed in service in 1977, will add a training facility and expanded laboratory facilities as part of the \$3.9 million project. Completion is scheduled for June 1984.

Comprehensive energy and chemical use audits for both the Kanapaha and Main Street treatment plants, as well as our lift stations, have resulted in new procedures which saved \$60,000 in energy and chemical use during the first year of implementation. In addition, a new preventive maintenance system designed for the treatment plants and lift stations has provided a significant reduction of overtime expenditures for emergency repairs. The punch-card system provides more complete equipment maintenance information.

The Kanapaha laboratory, which performs some 12,000 chemical analyses annually for our treatment plants and electric generating plants, has greatly increased its analytical capacity with the addition of a mini-computer to the laboratory facilities. The computer has also increased monitoring trend analysis and data storage and handling.

Commendation was received from the Environmental Protection Agency for being the first utility in Florida to receive EPA approval for an industrial wastewater pretreatment program. Implementation of the program, begun this year, is providing the City with an effective means of regulating industrial discharges to the wastewater system, protecting the treatment process from upsets, and protecting effluent-receiving water bodies from environmental degradation.

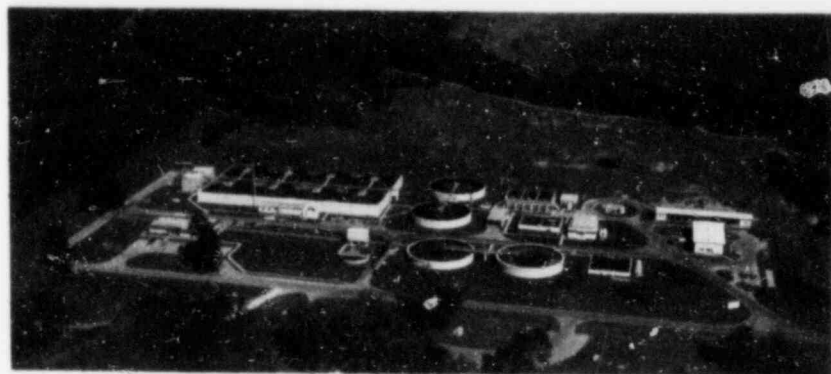
On the basis of pilot programs completed during the year, hydrogen peroxide was chosen as the chemical to be used in our hydrogen sulfide odor control program. Installation of chemical feed systems in target areas is scheduled for completion by June 1984.

As in our electric and water systems, our wastewater collection system experienced a marked increase in involvement in capital projects due to the upsurge in residential construction. During the year, more than eight miles of new line was accepted into the system.

Phase IV of our Northeast Sewer Rehabilitation Project continued in 1983 with the installation of 4,500 feet of mainline pipe, twenty-four manholes, and fifty-seven new house services. The project, which replaces and relocates facilities in one of our oldest service sections, will lower future maintenance costs by making facilities accessible for repair equipment.

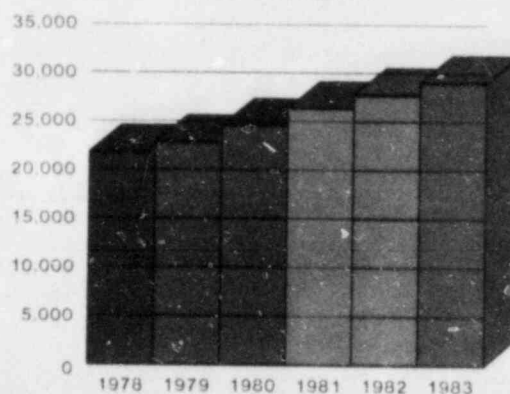


Crews monitoring and repairing our collection system continued to make good use of remote television viewing and sealing equipment. Over twenty miles of existing mains were inspected, and more than 18,000 feet of gravity collection lines were sealed to curtail infiltration of water into the system. In addition to the benefit of reduced operating costs associated with treatment of the infiltration, substantial savings have been realized in repair time and resurfacing costs. In addition to an estimated half-million dollar reduction in road resurfacing costs this year, our remote sealing apparatus earned us considerable good will by not disturbing other landscaped and surfaced areas lying above our lines. In keeping with this non-invasive approach, we successfully completed a pilot project to reline 1,100 feet of badly deteriorated collector using an innovative sliplining process which installs a heat-cured inner sleeve.



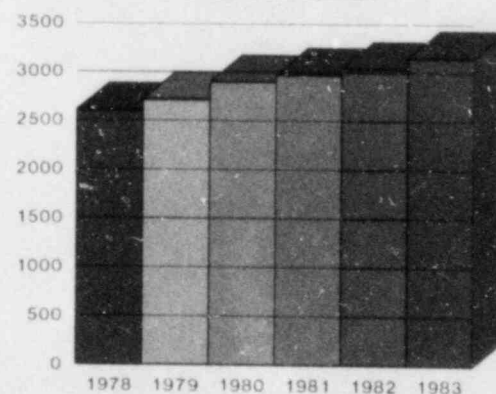
### WASTEWATER SYSTEM NUMBER OF CUSTOMERS

(ANNUAL AVERAGE)



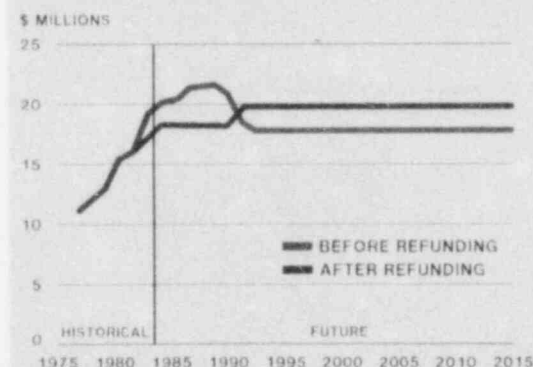
### WASTEWATER SYSTEM BILLINGS

(MILLION GALLONS)

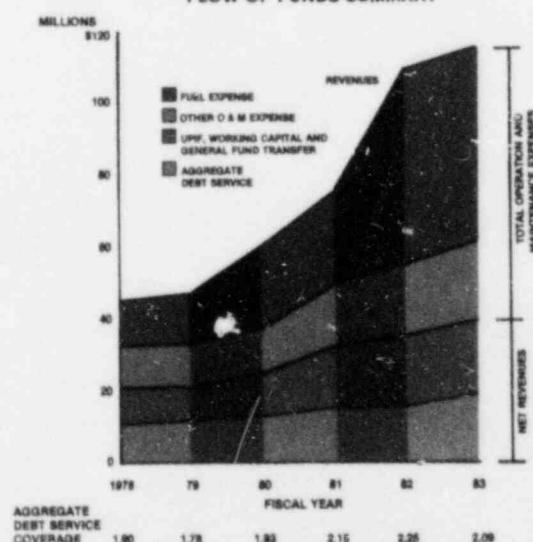


# Financial Summary

**GAINESVILLE REGIONAL UTILITIES  
COMPARISON OF DEBT SERVICE  
BEFORE AND AFTER REFUNDING**



**GAINESVILLE REGIONAL UTILITIES  
COMBINED FUNDS  
FLOW OF FUNDS SUMMARY**



During the early part of fiscal 1983, our financial position was deteriorating primarily due to the decreases in the cost of oil and corresponding decreases in net revenues associated with interchange sales to other utilities. Several alternatives began to be explored to remedy this situation. One of these was an advanced refunding of our debt in order to reduce the ramp in debt service requirements occurring between 1985 and 1990. As a result of further evaluation of this alternative, the decision was made to proceed with the advanced refunding.

On August 8, 1983, the City Commission awarded \$186 million of Utilities System Revenue Bonds, Series 1983 ("the Bonds") to a group of investment banking firms led by Goldman Sachs and Company. The Bonds were issued on September 1, 1983, and proceeds were used to refund all of the then outstanding long-term debt of \$265 million. The primary benefits derived from the advanced refunding were: (a) the restructure of our debt to soften the steep increase in debt service and the elimination of the hump, as shown in the accompanying graph, (b) a more modern bond resolution which provides more flexibility in future financings, and (c) a reduction of \$14.3 million on our debt service over the next five years. Over the entire life of the bonds the refunding will cost approximately \$4 million more in total debt service. However, when the time value of money is taken into consideration, the refunding will provide "present value" savings of about \$4.8 million.

Contemporaneous with the issuance of the Bonds, we began a tax-exempt commercial paper program (TECP) for the purpose of financing the costs of acquisition and construction and payment for the then outstanding Bond Anticipation Notes. TECP provides us with a low cost source of funding and debt service savings of approximately \$2.8 million annually. A total of \$49.5 million of TECP was issued at an average interest rate of 5.35 percent with an average maturity period of thirty-three days at the end of the year.

The combined system attained net revenues of \$39.7 million, an 11.6 percent increase over fiscal 1982, recording a coverage ratio of 2.09 (i.e., Net Revenue divided by Aggregate Debt Service). Net revenue from interchange sales was \$12.9 million, up 8.2 percent over fiscal year 1982. This was still slightly under budget, but substantially better than our mid-year projections. The water system experienced a 6.9 percent increase in net revenue, while the wastewater system achieved an increase of 29.5 percent over fiscal 1982. Some of these increases were attributable to rate increases in the electric, water and wastewater systems of 8.5 percent, 5.6 percent and 12.4 percent, respectively.

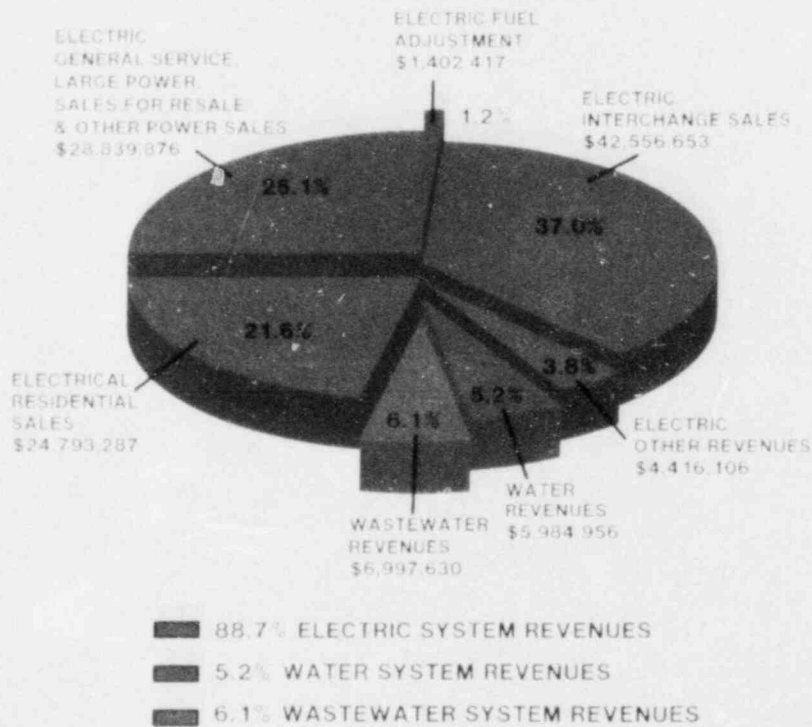
Capital improvement funding of \$8.3 million was provided from net revenues and \$4.0 million was provided from bond construction funds. Net utility plant increased to \$346.8 million.

Fuel inventory increased \$1.7 million, which was attributed to a planned build-up in coal inventory in order to meet recommended supply levels. The materials and stores inventory remained relatively constant despite increased demands and material prices.

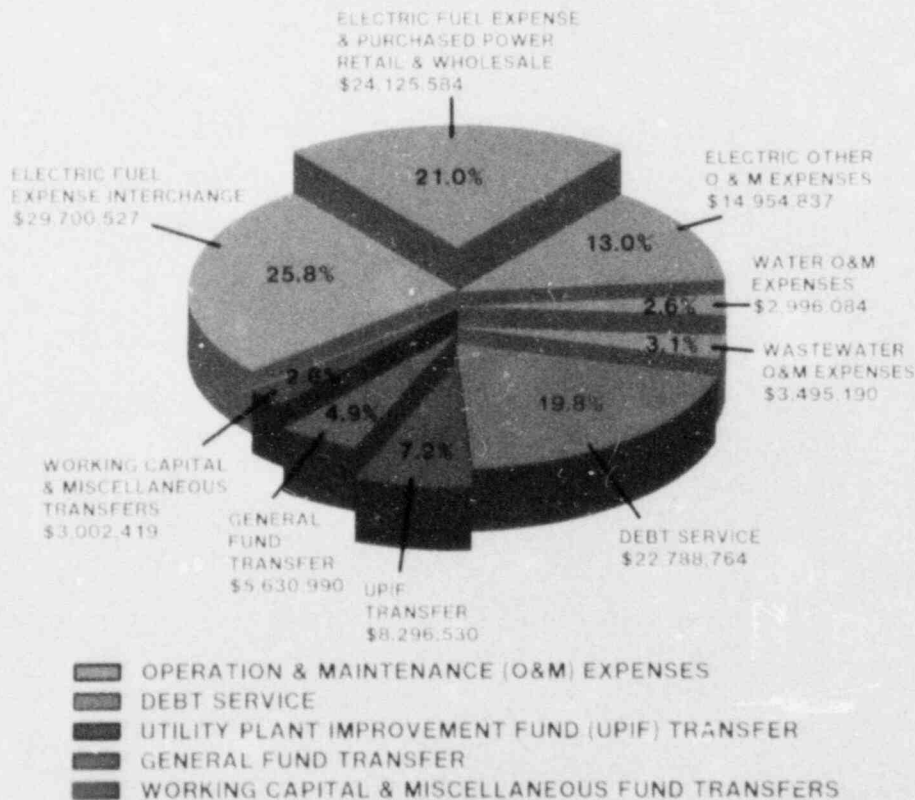
Uncollectable accounts dropped to .35 percent of gross billings from .53 percent in fiscal 1982. This is the direct result of revised deposit and delinquent account policies and procedures.

Fiscal 1983 was a very busy and productive year, led by the advanced refunding, start-up of the TECP program, and interchange sales developments. Our operating results remained strong with our debt-equity ratio substantially improved as a result of the advanced refunding and corresponding extraordinary gain of \$70 million.

## REVENUE EARNED FISCAL 1983



## REVENUE ALLOCATED FISCAL 1983





**davis,  
monk,  
farnsworth  
&  
company**

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& Lybrand**

Certified Public Accountants

1300 Atlantic Bank Building  
Jacksonville, Florida 32202

Telephone (904) 354-0671

In principal areas of the world

AUDITORS' REPORT

The Honorable City Commissioners  
City of Gainesville  
Gainesville, Florida 32601

We have examined the balance sheets of Gainesville Regional Utilities (the Combined Utility Funds of the City of Gainesville, Florida), at September 30, 1983 and 1982, and the related statements of revenue and expense and retained earnings, and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Gainesville Regional Utilities, at September 30, 1983 and 1982, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

*Coopers & Lybrand*  
Coopers & Lybrand

*Davis, Monk, Farnsworth & Company*  
Davis, Monk, Farnsworth & Company

December 1, 1983

**GAINESVILLE REGIONAL UTILITIES**  
**BALANCE SHEETS**  
**SEPTEMBER 30, 1983 AND 1982**

	<u>1983</u>	<u>1982</u>
<b>ASSETS</b>		
<b>UTILITY PLANT</b>		
Utility Plant in Service	\$421,269,541	\$407,844,8
Construction in Progress	5,122,956	7,375,911
	426,392,497	415,220,796
Less: Accumulated Depreciation and Amortization	(79,593,643)	(68,934,097)
NET UTILITY PLANT	346,798,854	346,286,699
<b>RESTRICTED ASSETS</b>		
Capital Facilities - Cash and Investments	1,192,832	946,204
Utility Deposits - Cash and Investments	2,184,730	1,759,980
Debt Service Fund - Cash and Investments	23,292,610	59,243,424
Rate Stabilization Fund - Cash and Investments	9,231,110	0
Construction Funds - Cash and Investments	24,925,097	18,104,177
Contracts-in-Progress	6,875,132	2,649,367
Utility Plant Improvement Fund - Cash, Investments, and Receivables	1,083,786	472,658
Materials Inventories	2,890,444	2,773,924
TOTAL RESTRICTED ASSETS	71,675,741	85,949,734
<b>CURRENT ASSETS</b>		
Cash and Short-Term Investments	7,706,787	8,700,835
Accounts Receivable (Net of Allowance for Uncollectible Accounts; \$266,000 in 1983 and \$368,000 in 1982)	13,663,034	12,037,220
Due from Other Funds	6,924,986	4,846,922
Prepaid Expenses	8,771	215,361
Inventories		
Fuel	11,017,119	9,283,800
Materials and Supplies	217,158	161,129
TOTAL CURRENT ASSETS	39,537,855	35,245,267
<b>DEFERRED CHARGES</b>	8,065,760	3,892,616
<b>TOTAL ASSETS</b>	<u>\$466,078,210</u>	<u>\$471,374,316</u>

See accompanying notes.

# **LIABILITIES AND FUND EQUITY**

	<u>1983</u>	<u>1982</u>
<b>LONG-TERM DEBT AND FUND EQUITY</b>		
Long-Term Debt -		
Utilities System Revenue Bonds Payable	\$186,000,000	\$265,000,000
Bond Anticipation Notes Payable	0	41,000,000
Commercial Paper Notes Payable	49,501,000	0
	<u>235,501,000</u>	<u>306,000,000</u>
Less: Unamortized Bond Discount	(7,734,993)	(1,933,856)
Total Long-Term Debt	<u>227,766,007</u>	<u>304,066,144</u>
Fund Equity -		
Contributions in Aid of Construction	46,278,928	44,432,185
Retained Earnings	159,059,955	86,793,295
Total Fund Equity	<u>205,338,883</u>	<u>131,225,480</u>
TOTAL LONG-TERM DEBT AND FUND EQUITY	<u>433,104,890</u>	<u>435,291,624</u>
 <b>PAYABLE FROM RESTRICTED ASSETS</b>		
Utility Deposits	2,196,479	1,786,344
Accrued Interest Payable	2,989,965	12,294,844
Construction Funds -		
Accounts, Contracts and Retainages Payable	6,857,949	2,649,367
Due to Other Funds	383,272	636,020
Utility Plant Improvement Fund -		
Accounts Payable and Accrued Liabilities	453,779	321,577
Due to Other Funds	7,121,823	5,031,015
TOTAL PAYABLE FROM RESTRICTED ASSETS	<u>20,003,267</u>	<u>22,719,167</u>
 <b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	<u>9,371,982</u>	<u>9,199,626</u>
 <b>DEFERRED CREDITS</b>	<u>3,598,071</u>	<u>4,163,899</u>
 <b>COMMITMENTS AND CONTINGENCIES</b>	—	—
(Note 10)		
TOTAL LIABILITIES AND FUND EQUITY	<u>\$466,078,210</u>	<u>\$471,374,316</u>



**GAINESVILLE REGIONAL UTILITIES**  
**STATEMENTS OF REVENUE AND EXPENSE**  
**AND RETAINED EARNINGS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 1983 AND 1982**

	<u>1983</u>	<u>1982</u>
<b>OPERATING REVENUES</b>		
Sales and Service Charges	\$108,762,334	\$102,017,109
Other Operating Revenue	617,172	1,520,807
TOTAL OPERATING REVENUES	<u>109,379,506</u>	<u>103,537,916</u>
<b>OPERATING EXPENSES</b>		
Operations and Maintenance	65,110,525	64,153,454
Administrative and General	10,195,434	9,236,725
Depreciation and Amortization	12,151,256	10,639,016
TOTAL OPERATING EXPENSES	<u>87,457,215</u>	<u>84,029,195</u>
OPERATING INCOME	21,922,291	19,508,721
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest Revenue	7,783,546	10,054,240
Interest Expense	(23,265,474)	(22,848,644)
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>(15,481,928)</u>	<u>(12,794,404)</u>
INCOME BEFORE EXTRAORDINARY ITEM AND OPERATING TRANSFERS	6,440,363	6,714,317
EXTRAORDINARY ITEM - ADVANCED REFUNDING	70,168,126	0
INCOME BEFORE OPERATING TRANSFERS	76,608,489	6,714,317
OPERATING TRANSFER TO GENERAL FUND	(5,630,990)	(5,710,962)
NET INCOME RETAINED	<u>70,977,499</u>	<u>1,003,355</u>
RETAINED EARNINGS, Beginning	86,793,295	78,174,997
RECLASSIFICATION OF PRIOR YEARS' AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION	0	6,415,456
RETAINED EARNINGS, BEGINNING AS RECLASSIFIED	86,793,295	84,590,453
AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION	1,289,161	1,199,487
RETAINED EARNINGS, Ending	<u>\$159,059,955</u>	<u>\$ 86,793,295</u>

See accompanying notes.

**GAINESVILLE REGIONAL UTILITIES**  
**STATEMENTS OF CHANGES IN FINANCIAL POSITION**  
**FOR THE YEARS ENDED SEPTEMBER 30, 1983 AND 1982**

	<u>1983</u>	<u>1982</u>
<b>SOURCE OF WORKING CAPITAL</b>		
Income Before Extraordinary Item	\$ 809,373	\$ 1,003,355
Items Not Requiring Outlay of Working Capital:		
Depreciation and Amortization	12,151,256	10,639,016
Working Capital Provided from Operations Before Extraordinary Item	12,960,629	11,642,371
Extraordinary Item	70,168,126	0
Working Capital Provided from Operations	83,128,755	11,642,371
Utility Plant Sales and Retirements	878,968	2,826,828
Contributions in Aid of Construction	3,135,904	2,974,807
Increase in Long-Term Debt	235,501,000	41,000,000
Decrease (Increase) in Restricted Assets	14,273,993	(1,000,528)
<b>TOTAL SOURCE OF WORKING CAPITAL</b>	<u>336,918,620</u>	<u>57,443,478</u>
<b>USE OF WORKING CAPITAL</b>		
Utility Plant Additions	13,324,641	16,290,426
Increase in Deferred Charges	4,390,882	557,368
Refinancing of Long-Term Debt	306,000,000	0
Increase in Unamortized Bond Discount	5,801,137	416,491
Increase (Decrease) in Payable from Restricted Assets	2,715,900	(8,867,460)
Increase in Deferred Credits	565,828	166,195
<b>TOTAL USE OF WORKING CAPITAL</b>	<u>332,798,388</u>	<u>8,563,020</u>
<b>INCREASE IN WORKING CAPITAL</b>	<u>\$ 4,120,232</u>	<u>\$48,880,458</u>
<b>CHANGES IN WORKING CAPITAL BY COMPONENT</b>		
Current Assets - Increase (Decrease):		
Cash and Short-Term Investments	\$ (994,048)	\$ 4,869,742
Accounts Receivable	1,625,814	2,437,296
Due from Other Funds	2,078,064	3,120,547
Prepaid Expenses	(206,590)	30,154
Fuel, Materials and Supplies Inventories	1,789,348	426,853
Settlements with Fuel Suppliers	0	(667,441)
Current Liabilities - Decrease (Increase):		
Accounts Payable and Accrued Liabilities	(172,356)	(3,582,527)
Due to Other Funds	0	2,245,834
Bond Anticipation Notes	0	40,000,000
<b>INCREASE IN WORKING CAPITAL</b>	<u>\$ 4,120,232</u>	<u>\$48,880,458</u>

See accompanying notes.

**GAINESVILLE REGIONAL UTILITIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 1983 AND 1982**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

Gainesville Regional Utilities ("GRU") consists of the Combined Utility Funds of the City of Gainesville, Florida ("the City"). GRU uses the accrual basis of accounting and has adopted the uniform system of accounts prescribed by the Federal Energy Regulatory Commission. The electric, water, and wastewater funds are combined along with all restricted asset accounts.

**Investments**

Investments are stated at amortized cost. Premium or discount is amortized over the investment's maturity.

**Inventories**

Inventories are stated at cost. Cost for materials is determined using weighted average unit cost. Cost of fuel is determined using the last-in, first-out (LIFO) method. Obsolete and unusable items are reduced to estimated salvage values.

**Utility Plant**

Property and equipment are recorded at cost or estimated original cost where applicable. Maintenance and repairs are charged to operating expense as incurred. The average cost of depreciable plant retired is eliminated from the plant accounts and such cost, plus removal expense less salvage, is charged to accumulated depreciation.

**Depreciation and Nuclear Generating Plant Decommissioning**

Depreciation of Utility Plant is computed using the straight-line method over the estimated service life of the property. Depreciation was equivalent to 3.25% and 2.87% of average depreciable property for 1983 and 1982, respectively. Depreciation expense includes a provision for decommissioning costs related to the jointly-owned nuclear power plant (see Note 5) at an annual rate of 3.6% of GRU's share of the estimated costs.

**Amortization of Nuclear Fuel**

The cost of nuclear fuel, including estimated disposal cost, is charged to operating expenses. These costs are charged to customers through increased rates or through the fuel adjustment clause.

**Utility Revenue Recognition**

Utility revenues are recorded as earned. Fuel adjustment revenues are recognized based on the actual fuel costs. Amounts charged based on estimated costs are adjusted monthly for any differences between the actual and estimated costs once actual costs are known. Such differences are recorded as deferred debits or credits until used as adjustments to billings.

**Interfund Transactions**

Interfund transactions and contributions are generally made in accordance with budget ordinances. Interfund transactions and balances, except direct billings for utility services (see Note 4), are eliminated for the Combined Utility Funds. Interfund loans do not bear interest.

**Allowance for Funds Used During Construction**

An allowance for interest on borrowed funds used during construction of \$280,000 in 1983 and \$566,000 in 1982 is included in construction in progress and as a reduction of interest expense. These amounts are computed by applying the effective interest rate on the funds borrowed to finance the projects to the monthly balance of projects under construction. The effective interest rates ranged from approximately 6.4% to 10.3% in 1983 and 6.4% to 9.8% in 1982.

### Amortization

Bond issuance costs are amortized over the life of the bonds. Other miscellaneous deferred charges are being amortized over periods from five to ten years. Deferred charge amortization expense was \$217,738 and \$290,199 for 1983 and 1982, respectively.

### Contributions in Aid of Construction

Utility plant in service for the water and wastewater funds includes assets received from contributions in aid of construction. The amount of amortization expense included in the statement of revenue and expense relating to the contributed assets is credited to retained earnings to reflect the transfer of this amount to the related contributions account.

### Reclassification

The accumulated amortization of \$6,415,456 on Contributions in Aid of Construction for all years prior to 1982 has been reclassified to beginning 1982 retained earnings to conform with the presentation adopted for the years ended September 30, 1983 and 1982. Additionally, certain other amounts for 1982 have been reclassified to conform with the presentation adopted for 1983.

## NOTE 2 - LONG-TERM DEBT AND EXTRAORDINARY ITEM

In September, 1983, GRU issued \$186,000 Utilities System Revenue Bonds, Series 1983 (the "Bonds") to provide for the payment of principal and interest on GRU's then outstanding Revenue Bonds (the "Refunded Bonds") in the amount of \$265,000,000. Contemporaneous with the issuance of the 1983 Bonds, GRU provided for the payment of \$41,000,000 of Utilities System Revenue Bond Anticipation Notes, Series 1982 (the "BANS"), through the issuance of its Utilities System Commercial Paper Notes, Series A (the "Notes"). The refunding transactions constituted a legal defeasance which discharged GRU from the terms of the indenture relating to the Refunded Bonds and BANS and resulted in a gain of \$70,168,126, which has been recorded as an extraordinary item in the accompanying statement of revenue and expense and retained earnings.

Long-term debt outstanding at September 30 consisted of the following:

	<u>1983</u>	<u>1982</u>
Utilities System Revenue Bonds Principal Previously Payable Semiannually to October 1, 2014; Interest at Various Rates Between 6.4% to 9.2% (See Paragraph Above)	\$ —	\$265,000,000
Bond Anticipation Notes Payable Principal Previously Payable on April 1, 1984; Interest at 9.75%	—	41,000,000
Utilities System Revenue Bonds, Series 1983 Principal Payable Semiannually to October 1, 2014; Interest at Various Rates Between 6% to 10.25%	186,000,000	—
Utilities System Commercial Paper Notes, Series A Principal Payable August 25, 1988; Interest at Various Rates Between 70% and 75% of the Manufacturers Hanover Trust Company Prime Rate	49,501,000 <u>235,501,000</u>	— <u>306,000,000</u>
Less Unamortized Discount	<u>(7,734,993)</u>	<u>(1,933,856)</u>
Total Long-Term Debt	<u>\$227,766,007</u>	<u>\$304,066,144</u>



NOTES TO FINANCIAL STATEMENTS, CONTINUED

**NOTE 2 - LONG-TERM DEBT AND EXTRAORDINARY ITEM** (continued)

The table below lists the Debt Service Requirements for the 1983 Bonds.

<u>Period Ending October 1</u>	<u>Principal and Sinking Fund Installments</u>	<u>Interest</u>	<u>Total Debt Service Requirements</u>
1983	\$	\$ 2,989,965	\$ 2,989,965
1984	—	17,939,790	17,939,790
1985	—	17,939,790	17,939,790
1986	—	17,939,790	17,939,790
1987	—	17,939,790	17,939,790
1988	—	17,939,790	17,939,790
1989	—	17,939,790	17,939,790
1990	1,725,000	17,939,790	19,664,790
1991	2,190,000	17,801,790	19,991,790
1992	2,370,000	17,621,115	19,991,115
1993	2,570,000	17,419,665	19,989,665
1994	2,795,000	17,194,790	19,989,790
1995	3,045,000	16,943,240	19,988,240
1996	3,325,000	16,663,100	19,988,100
1997	3,640,000	16,350,550	19,990,550
1998	3,985,000	16,004,750	19,989,750
1999	4,390,000	15,601,268	19,991,268
2000	4,830,000	15,156,781	19,986,781
2001	5,320,000	14,667,743	19,987,743
2002	5,860,000	14,129,093	19,989,093
2003	6,455,000	13,535,768	19,990,768
2004	7,105,000	12,882,200	19,987,200
2005	7,835,000	12,153,937	19,988,937
2006	8,640,000	11,350,850	19,990,850
2007	9,525,000	10,465,250	19,990,250
2008	10,500,000	9,488,937	19,988,937
2009	11,580,000	8,412,687	19,992,687
2010	12,765,000	7,225,737	19,990,737
2011	14,070,000	5,917,325	19,987,325
2012	15,515,000	4,475,150	19,990,150
2013	17,105,000	2,884,862	19,989,862
2014	18,860,000	1,131,600	19,991,600
	<u>\$186,000,000</u>	<u>\$424,046,683</u>	<u>\$610,046,683</u>

# NOTES TO FINANCIAL STATEMENTS, CONTINUED

## NOTE 2 - LONG-TERM DEBT AND EXTRAORDINARY ITEM (concluded)

The 1983 Bonds maturing on or after October 1, 1994 (except those maturing on October 1, 2014), are subject to redemption at the option of the City on and after October 1, 1993, at a redemption price of 102½ % in 1993, and 102% to 100% thereafter. The 1983 Bonds maturing on October 1, 2014, are subject to redemption at the option of the City on or after October 1, 1983, at a redemption price of 100%.

Under the terms of the Bond Resolution relating to the sale of the Bonds, payment of the principal and interest is secured by an irrevocable lien on GRU's net revenues (exclusive of any funds which may be established pursuant to the Bond Resolution for decommissioning and certain other specified purposes), including the investments and income, if any, thereof.

The Bond Resolution contains certain restrictions and commitments, including GRU's covenant to establish and maintain rates and other charges to produce revenues sufficient to pay operation and maintenance expenses, amounts budgeted for deposit into the Rate Stabilization Fund, amounts required for deposit in the debt service funds, and amounts required for deposit into the Utility Plant Improvement Fund.

The Notes are issued for the purpose of financing and refinancing costs of acquisition and construction of GRU, to pay the principal of and interest on maturing Notes, and borrowing under a Revolving Credit and Term Loan Agreement, dated September 1, 1983, (the "Agreement"). The initial borrowing under the Agreement was undertaken to provide for the payment of \$41,000,000 principal amount of BANS, due April 1, 1984.

Under the terms of the Agreement, GRU, provided it has satisfied certain conditions, may borrow up to \$50,000,000 on a revolving basis until August 25, 1988, at which time GRU, provided it has satisfied certain conditions, may convert existing borrowings to a term loan which may include amounts utilized to pay maturing Notes on that date. The Agreement provides for same-day availability of funds up to a maximum of \$50,000,000. The Notes are due August 25, 1988.

## NOTE 3 - CASH AND INVESTMENTS

The funds of GRU are administered in accordance with the Bond Resolution and are invested in certificates of deposit, other temporary investments, and government securities.

## NOTE 4 - INTERFUND DIRECT UTILITY BILLINGS

Included in revenues are the following interfund direct billings for utility services:

	<u>1983</u>	<u>1982</u>
Revenues		
Sales of Electricity	\$1,379,805	\$1,392,703
Sales of Water	102,585	107,722
Wastewater Service Charges	3,888	2,849
TOTAL REVENUES	<u>\$1,486,278</u>	<u>\$1,503,274</u>

Included in expenses are the following interfund direct billings for utility services:

	<u>1983</u>	<u>1982</u>
Expenses		
Electric Fund	\$ 221,180	\$ 223,051
Water Fund	615,554	640,176
Wastewater Fund	649,544	640,047
TOTAL EXPENSES	<u>\$1,486,278</u>	<u>\$1,503,274</u>

#### NOTE 5 - JOINTLY-OWNED ELECTRIC PLANT

GRU-owned resources for supplying electric power and energy requirements include its 1.4079% undivided ownership interest in the Crystal River Unit 3 (CR3) nuclear power plant operated by Florida Power Corporation. CR3 revenue and operating and maintenance costs, which represent GRU's part of all revenue and expenses attributable to operation of CR3, are properly recorded in accordance with the instructions as set forth in the Uniform System of Accounts. Payments are made to Florida Power Corporation in accordance with the CR3 participation agreement.

#### NOTE 6 - CONTRIBUTIONS IN AID OF CONSTRUCTION

Contributions in aid of construction are as follows:

	<u>1983</u>	<u>1982</u>
Contributions in Aid of Construction:		
Utility Plant and Property, Plant and Equipment Contributed		
by Municipality	\$ 3,982,276	\$ 3,977,801
Federal and State Grants in Aid of Construction	12,181,631	12,181,631
Contributions From Customers and Developers:		
Plant Contributed by Developers	19,674,741	18,622,351
Front Footage, Meter Installation and Other Connection Charges	12,412,360	11,673,029
Capital Facilities Charges	<u>6,932,024</u>	<u>5,592,316</u>
	55,183,032	52,047,128
Accumulated Amortization	<u>(8,904,104)</u>	<u>(7,614,943)</u>
CONTRIBUTIONS IN AID OF CONSTRUCTION	<u>\$46,278,928</u>	<u>\$44,432,185</u>

#### NOTE 7 - RETAINED EARNINGS

Retained earnings reserved for Debt Service and unappropriated are as follows:

	<u>1983</u>	<u>1982</u>
Reserved for Debt Service (Note 2)	\$ 20,302,645	\$46,948,580
Unappropriated	<u>138,757,310</u>	<u>39,844,715</u>
TOTAL RETAINED EARNINGS	<u>\$159,059,955</u>	<u>\$86,793,295</u>

#### NOTE 8 - RETIREMENT PLANS

The City sponsors and administers two retirement plans that include GRU employees together with other City employees.

The Employees Pension Plan ("Employees Plan"), a defined benefit, primary noncontributory pension plan, covers all employees of the GRU, except managerial personnel who participate only in the Deferred Compensation Plan.

The City accounts for, and funds the costs of, the Employees Plan as they accrue. Such costs are based on contribution rates determined by the most recent actuarial valuation. The total contributions by the City, including amortization of prior service costs, for the years ended September 30, 1983 and 1982, were \$859,078 and \$957,875, respectively. Of these totals, approximately \$501,500 and \$570,000 was contributed by GRU in 1983 and 1982, respectively.

# NOTES TO FINANCIAL STATEMENTS, CONTINUED

## NOTE 8 - RETIREMENT PLANS (concluded)

The following information for the Employees Plan is as of September 30, 1982, the date of the latest actuarial valuation:

Actuarial Present Value of Accumulated Plan Benefits - Vested	\$11,326,413
Actuarial Present Value of Accumulated Plan Benefits - Nonvested	460,897
	<u>\$11,787,310</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$15,357,766</u>

Weighted Average Assumed Rate of Return Used to Determine the Actuarial Present Value of Plan Benefits	<u>10%</u>
--	------------

Beginning in 1979, employees in certain management positions are eligible to participate in a defined contribution deferred compensation plan managed by the International City Management Association Retirement Corporation as fiscal agent for the City. Under this plan, the City contributed 6% of an employee's annual salary and employees may contribute either a specified percentage or dollar amount. Total deferred compensation cost for GRU for the fiscal years ended September 30, 1983 and 1982, for the utility funds was approximately \$39,500 and \$25,100, respectively.

## NOTE 9 - DEBT SERVICE FUND BALANCES

Retained earnings balances at September 30, included in the debt service fund accounts, are as follows:

	<u>1983</u>	<u>1982</u>
Interest Account	\$ 0	\$ 9,632,027
Sinking Fund Account	0	24,325,494
Reserve Account	20,156,069	21,753,317
Subordinated Bond Fund Account	0	2,665,467
Reserve and Contingency Account	0	867,119
Debt Service Account	2,998,843	0
Subordinated Indebtedness Fund Account	115,000	0
Commercial Paper Note Payment Account	22,698	0
	<u>23,292,610</u>	<u>59,243,424</u>
Less: Amounts Appropriated For Current Interest Payable	<u>(2,989,965)</u>	<u>(12,294,844)</u>
	<u>\$20,302,645</u>	<u>\$46,948,580</u>

## NOTE 10 - LITIGATION

GRU is currently involved in litigation with Island Creek Coal Sales Company over GRU's cancellation of its coal supply contract. If it were to be determined that GRU's cancellation of the contract was improper, GRU may be liable for damages in connection with the minimum required tonnage of coal for the seven and one-half years remaining on the initial ten-year contract term. Legal counsel is unable to determine what, if any, damages could be assessed if the lawsuit was decided adversely to GRU. In the opinion of management, any liability that might ensue would not be material in relation to GRU's financial condition.



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in principal areas of the world

AUDITORS' REPORT ON SUPPLEMENTAL DATA

The Honorable City Commissioners  
City of Gainesville  
Gainesville, Florida 32601

Our examination was made for the purpose of forming an opinion on the basic financial statements, taken as a whole. The accompanying schedules of combined net revenues in accordance with bond resolution, for the years ended September 30, 1983 and 1982, combining balance sheet at September 30, 1983, and schedules of utility plant properties and accumulated depreciation and amortization for the year ended September 30, 1983, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements, taken as a whole.

The accompanying schedules of combined net revenues in accordance with bond resolution for the year ended September 30, 1981, and the years ended September 30, 1980 and 1979, were examined by other auditors, whose reports dated December 11, 1981, and December 30, 1980, respectively, expressed an unqualified opinion on the basic financial statements.

*Coopers + Lybrand*  
Coopers & Lybrand

*Davis, Monk, Farnsworth & Company*  
Davis, Monk, Farnsworth & Company

December 1, 1983

**GAINESVILLE REGIONAL UTILITIES**  
**SCHEDULES OF COMBINED NET REVENUES**  
**IN ACCORDANCE WITH BOND RESOLUTION**  
**FOR THE YEARS ENDED SEPTEMBER 30, 1983, 1982, 1981, 1980, AND 1979**

	1983	1982	1981	1980	1979
<b>REVENUES:</b>					
Electric Fund:					
Sales of Electricity	\$ 97,592,233	\$ 92,037,314	\$ 54,219,805	\$ 46,557,849	\$ 34,318,322
Other Electric Revenues	611,473	1,405,509	1,395,168	1,214,010	1,104,021
Interest Income	3,804,633	3,775,215	2,830,183	1,426,346	1,377,676
Settlement of Litigation	0	0	5,000,000	0	0
Total Electric Revenues	102,008,339	97,218,038	63,445,156	49,198,205	36,800,019
Water Fund:					
Sales of Water	5,047,278	4,671,391	4,698,829	4,290,546	4,151,344
Other Water Revenues	787,078	817,287	1,034,773	1,048,674	933,316
Interest Income	150,600	139,718	288,538	356,400	234,025
Total Water Revenues	5,984,956	5,628,396	6,022,140	5,695,620	5,318,685
Wastewater Fund:					
Wastewater Billings	6,122,823	5,308,404	4,691,033	4,576,134	4,233,476
Other Wastewater Revenues	657,823	539,459	863,346	607,863	629,771
Interest Income	221,984	293,138	355,636	212,401	177,730
Total Wastewater Revenues	6,997,630	6,141,001	5,910,015	5,396,398	5,040,977
<b>TOTAL REVENUES</b>	<b>114,990,925</b>	<b>108,987,435</b>	<b>75,377,311</b>	<b>60,290,223</b>	<b>47,159,681</b>
<b>OPERATION AND MAINTENANCE EXPENSES:</b>					
Electric Fund:					
Fuel Expense	53,826,111	54,224,930	26,073,656	22,553,810	13,766,590
Operation and Maintenance	7,368,447	6,380,117	4,302,397	3,455,356	3,367,538
Administrative and General	7,586,390	6,517,020	5,015,152	3,747,490	3,599,122
Settlement of Litigation	0	0	1,549,400	0	0
Total Electric Fund Expenses	68,780,948	67,122,067	36,940,605	29,756,656	20,733,250
Water Fund:					
Operation and Maintenance	1,785,644	1,689,260	1,644,641	1,453,048	1,416,268
Administrative and General	1,210,440	1,142,688	1,141,486	1,241,266	1,229,997
Total Water Fund Expenses	2,996,084	2,831,948	2,786,127	2,694,314	2,646,265
Wastewater Fund:					
Operation and Maintenance	2,130,323	1,859,147	1,731,029	1,532,969	1,423,068
Administrative and General	1,364,867	1,577,017	1,382,192	1,224,965	1,040,079
Total Wastewater Fund Expenses	3,495,190	3,436,164	3,113,221	2,757,934	2,463,147
<b>TOTAL OPERATION AND MAINTENANCE EXPENSES</b>	<b>(75,272,222)</b>	<b>(73,390,179)</b>	<b>(42,839,953)</b>	<b>(35,208,904)</b>	<b>(25,842,662)</b>
<b>NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION</b>					
Electric	33,227,391	30,095,971	26,504,551	19,441,549	16,066,769
Water	2,988,872	2,796,448	3,236,013	3,001,306	2,672,420
Wastewater	3,502,440	2,704,837	2,796,794	2,638,464	2,577,830
<b>COMBINED NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION</b>	<b>\$ 39,718,703</b>	<b>\$ 35,597,256</b>	<b>\$ 32,537,358</b>	<b>\$ 25,081,319</b>	<b>\$ 21,317,019</b>
<b>AGGREGATE DEBT SERVICE</b>	<b>\$ 18,974,943</b>	<b>\$ 15,787,520</b>	<b>\$ 15,111,590</b>	<b>\$ 13,014,202</b>	<b>\$ 11,995,160</b>
<b>COVERAGE RATIO</b>	<b>2.09</b>	<b>2.25</b>	<b>2.15</b>	<b>1.93</b>	<b>1.78</b>

**GAINESVILLE REGIONAL UTILITIES**  
**SCHEDULES OF NET REVENUES IN ACCORDANCE WITH**  
**BOND RESOLUTION**  
**ELECTRIC UTILITY FUND**  
**FOR THE YEARS ENDED SEPTEMBER 30, 1983 AND 1982**

	<u>1983</u>	<u>1982</u>
<b>REVENUES:</b>		
Sales of Electricity:		
Residential Sales	\$ 24,793,287	\$16,323,231
General Service and Large Power	25,516,834	17,170,307
Fuel Adjustment	1,402,417	16,110,650
Street and Traffic Lighting	1,178,236	807,877
Utility Surcharges	984,534	770,127
Sales for Resale	1,160,272	587,094
Interchange Sales	42,556,653	41,038,155
Total Sales of Electricity	<u>97,592,233</u>	<u>92,807,441</u>
Other Revenues:		
Service Charges	485,787	468,467
Pole Rentals	107,488	143,526
Miscellaneous Revenues	18,198	23,389
Total Other Revenues	<u>611,473</u>	<u>635,382</u>
Interest Income	<u>3,804,633</u>	<u>3,775,215</u>
<b>TOTAL REVENUES</b>	<u>102,008,339</u>	<u>97,218,038</u>
<b>OPERATION AND MAINTENANCE EXPENSES:</b>		
Operation and Maintenance:		
Fuel Expense:		
Retail and Purchased Power	23,736,463	24,560,176
Interchange	29,700,527	29,155,419
Other	389,121	509,335
Total Fuel Expense	<u>53,826,111</u>	<u>54,224,930</u>
Power Production	5,546,301	4,555,882
Transmission	303,371	298,767
Distribution	1,518,775	1,525,468
Total Operation and Maintenance	<u>61,194,558</u>	<u>60,605,047</u>
Administrative and General:		
Customer Accounts	1,079,524	941,162
Administrative and General	6,506,866	5,575,858
Total Administrative and General	<u>7,586,390</u>	<u>6,517,020</u>
<b>TOTAL OPERATION AND MAINTENANCE EXPENSES</b>	<u>68,780,948</u>	<u>67,122,067</u>
<b>NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION:</b>		
Retail	20,371,265	18,213,235
Interchange	<u>12,856,126</u>	<u>11,882,736</u>
<b>TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION</b>	<u>\$ 33,227,391</u>	<u>\$30,095,971</u>

**GAINESVILLE REGIONAL UTILITIES**  
**SCHEDULES OF NET REVENUES IN ACCORDANCE WITH**  
**BOND RESOLUTION**  
**WATER UTILITY FUND**  
**FOR THE YEARS ENDED SEPTEMBER 30, 1983 AND 1982**

	<u>1983</u>	<u>1982</u>
<b>REVENUES:</b>		
Sales of Water:		
General Customers	\$3,828,277	\$3,571,531
University of Florida	451,757	446,763
Fire Protection	581,379	570,473
Generating Stations	74,780	82,624
Utility Surcharges	111,085	96,829
Total Sales of Water	<u>5,047,278</u>	<u>4,768,220</u>
Other Revenues:		
Rate Stabilization	(400,000)	0
Capital Facilities Charges	583,740	350,400
Front Footage, Meter Installation and		
Other Connection Charges	601,303	363,545
Miscellaneous Revenues	2,035	6,513
Total Other Revenues	<u>787,078</u>	<u>720,458</u>
Interest Income	<u>150,600</u>	<u>139,718</u>
<b>TOTAL REVENUES</b>	<u>5,984,956</u>	<u>5,628,396</u>
<b>OPERATION AND MAINTENANCE EXPENSES:</b>		
Operation and Maintenance:		
Source of Supply Expense	7,585	7,213
Pumping Expense	640,335	628,695
Water Treatment Expense	777,224	782,202
Transmission and Distribution Expense	360,500	271,150
Total Operation and Maintenance	<u>1,785,644</u>	<u>1,689,260</u>
Administrative and General:		
Customer Accounts	213,982	273,588
Administrative and General	996,458	869,100
Total Administrative and General	<u>1,210,440</u>	<u>1,142,688</u>
<b>TOTAL OPERATION AND MAINTENANCE EXPENSES</b>	<u>2,996,084</u>	<u>2,831,948</u>
<b>NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION</b>	<u>\$2,988,872</u>	<u>\$2,796,448</u>



**GAINESVILLE REGIONAL UTILITIES**  
**SCHEDULES OF NET REVENUES IN ACCORDANCE WITH**  
**BOND RESOLUTION**  
**WASTEWATER UTILITY FUND**  
**FOR THE YEARS ENDED SEPTEMBER 30, 1983 AND 1982**

	<u>1983</u>	<u>1982</u>
<b>REVENUES:</b>		
Wastewater Billings	\$6,122,823	\$5,308,404
Other Revenues:		
Rate Stabilization	(400,000)	0
Capital Facilities Charges	782,710	458,950
Front Footage and Other Connection Charges	266,449	68,553
Miscellaneous Revenues	3,664	11,956
Total Other Revenues	<u>652,823</u>	<u>539,459</u>
Interest Income	<u>221,984</u>	<u>293,138</u>
<b>TOTAL REVENUES</b>	<u>6,997,630</u>	<u>6,141,001</u>
 <b>OPERATION AND MAINTENANCE EXPENSES:</b>		
Operation and Maintenance:		
Collection Expense	367,097	298,428
Pumping Expense	633,175	452,736
Treatment and Disposal Expense	1,130,051	1,107,983
Total Operation and Maintenance	<u>2,130,323</u>	<u>1,859,147</u>
 Administrative and General:		
Customer Accounts	164,782	276,321
Administrative and General	1,200,085	1,300,696
Total Administrative and General	<u>1,364,867</u>	<u>1,577,017</u>
 <b>TOTAL OPERATION AND MAINTENANCE EXPENSES</b>	<u>3,495,190</u>	<u>3,436,164</u>
 <b>NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION</b>	<u>\$3,502,440</u>	<u>\$2,704,837</u>

NOTE: "Net Revenues in Accordance with Bond Resolution" differs from "Net Income Retained," determined in accordance with generally accepted accounting principles. Following are the more significant differences:

- Interest income does not include interest earned on construction funds and on certain debt service accounts which can only be used for certain restricted purposes.
- Operation and maintenance expenses do not include depreciation, amortization, or interest expense.
- Other water and wastewater revenues include fees for connection, installation, front footage, and capital facilities charges.
- Transfers to the General Fund are not included.
- Other revenues include transfers from (to) the Rate Stabilization Fund.
- Extraordinary items are not included.

**GAINESVILLE REGIONAL UTILITIES**  
**SCHEDULE OF COMBINING BALANCE SHEET**  
**SEPTEMBER 30, 1983**

	<b>ASSETS</b>			
	<u>ELECTRIC</u>	<u>WATER</u>	<u>WASTE- WATER</u>	<u>COMBINED</u>
UTILITY PLANT				
Utility Plant in Service	\$312,090,835	\$ 48,036,495	\$ 61,142,211	\$421,269,541
Construction in Progress	3,763,516	255,494	1,103,946	5,122,956
	<u>315,854,351</u>	<u>48,291,989</u>	<u>62,246,157</u>	<u>426,392,497</u>
Less: Accumulated Depreciation and Amortization	<u>(51,356,800)</u>	<u>(13,928,932)</u>	<u>(14,307,911)</u>	<u>(79,593,643)</u>
NET UTILITY PLANT	<u>264,497,551</u>	<u>34,363,057</u>	<u>47,938,246</u>	<u>346,798,854</u>
RESTRICTED ASSETS				
Capital Facilities -				
Cash and Investments	0	32,005	1,160,827	1,192,832
Utility Deposits -				
Cash and Investments	2,184,730	0	0	2,184,730
Debt Service Fund -				
Cash and Investments	20,433,517	1,426,108	1,432,985	23,292,610
Rate Stabilization Fund -				
Cash and Investments	7,441,952	872,464	916,694	9,231,110
Construction Funds -				
Cash and Investments	17,083,393	3,213,458	4,628,246	24,925,097
Contracts-in-Progress	2,989,855	0	3,885,277	6,875,132
Utility Plant Improvement Fund -				
Cash, Investments, and Receivables	705,978	194,973	182,835	1,083,786
Materials Inventories	1,882,835	519,991	487,618	2,890,444
TOTAL RESTRICTED ASSETS	<u>52,722,260</u>	<u>6,258,999</u>	<u>12,694,482</u>	<u>71,675,741</u>
CURRENT ASSETS				
Cash and Short-Term Investments	7,247,140	230,491	229,156	7,706,787
Accounts Receivable, Net	12,030,041	964,250	668,743	13,663,034
Due from Other Funds	5,163,268	1,371,350	390,368	6,924,986
Prepaid Expenses	7,266	799	706	8,771
Inventories:				
Fuel	11,017,119	0	0	11,017,119
Materials and Supplies	217,158	0	0	217,158
TOTAL CURRENT ASSETS	<u>35,681,992</u>	<u>2,566,890</u>	<u>1,288,973</u>	<u>39,537,855</u>
DEFERRED CHARGES	<u>6,965,898</u>	<u>273,496</u>	<u>826,366</u>	<u>8,065,760</u>
TOTAL ASSETS	<u>\$359,867,701</u>	<u>\$ 43,462,442</u>	<u>\$ 62,748,067</u>	<u>\$466,078,210</u>

# LIABILITIES AND FUND EQUITY

	<u>ELECTRIC</u>	<u>WATER</u>	<u>WASTE- WATER</u>	<u>COMBINED</u>
LONG-TERM DEBT AND FUND EQUITY				
Long-Term Debt -				
Utilities System Revenue				
Bonds Payable	\$163,261,500	\$ 11,437,140	\$11,301,360	\$186,000,000
Commercial Paper Notes Payable	39,289,934	831,122	9,379,944	49,501,000
Less: Unamortized Bond Discount	(6,789,389)	(475,625)	(469,979)	(7,734,993)
Total Long-Term Debt	<u>195,762,045</u>	<u>11,792,637</u>	<u>20,211,325</u>	<u>227,766,007</u>
Fund Equity -				
Contributions in Aid of Construction	0	13,395,515	32,883,413	46,278,928
Retained Earnings	136,684,428	17,453,809	4,921,718	159,059,955
Total Fund Equity	<u>136,684,428</u>	<u>30,849,324</u>	<u>37,805,131</u>	<u>205,338,883</u>
TOTAL LONG-TERM DEBT AND FUND EQUITY	<u>332,446,473</u>	<u>42,641,961</u>	<u>58,016,456</u>	<u>433,104,890</u>
PAYABLE FROM RESTRICTED ASSETS				
Utility Deposits	2,196,479	0	0	2,196,479
Accrued Interest Payable	2,624,441	183,853	181,671	2,989,965
Construction Funds -				
Accounts, Contracts and Retainages Payable	2,974,737	0	3,883,212	6,857,949
Due to Other Funds	358,048	19,150	6,074	383,272
Utility Plant Improvement Fund -				
Accounts Payable and Accrued Liabilities	303,190	80,940	69,649	453,779
Due to Other Funds	6,391,114	365,401	365,308	7,121,823
TOTAL PAYABLE FROM RESTRICTED ASSETS	<u>14,848,009</u>	<u>649,344</u>	<u>4,505,914</u>	<u>20,003,267</u>
CURRENT LIABILITIES				
Accounts Payable and Accrued Liabilities	8,975,148	171,137	225,697	9,371,982
TOTAL CURRENT LIABILITIES	<u>8,975,148</u>	<u>171,137</u>	<u>225,697</u>	<u>9,371,982</u>
DEFERRED CREDITS				
	<u>3,598,071</u>	<u>0</u>	<u>0</u>	<u>3,598,071</u>
COMMITMENTS AND CONTINGENCIES				
	—	—	—	—
TOTAL LIABILITIES AND FUND EQUITY	<u>\$359,867,701</u>	<u>\$43,462,442</u>	<u>\$62,748,067</u>	<u>\$466,078,210</u>

**GAINESVILLE REGIONAL UTILITIES**  
**SCHEDULE OF UTILITY PLANT PROPERTIES**  
**COMBINED UTILITY FUND**  
**SEPTEMBER 30, 1983**

	UTILITY PLANT PROPERTIES			
	<u>BALANCE</u> <u>9-30-82</u>	<u>ADDITIONS</u>	<u>SALES AND</u> <u>RETIREMENTS</u>	<u>BALANCE</u> <u>9-30-83</u>
<b>PLANT IN SERVICE</b>				
ELECTRIC UTILITY FUND				
Production Plant	\$230,526,852	\$ 3,525,787	\$ 124,098	\$233,928,541
Nuclear Fuel	1,311,082	629,215	0	1,940,297
Transmission and Distribution Plant	64,071,326	5,325,673	862,620	68,534,379
General and Common Plant	7,083,126	1,057,862	468,583	7,672,405
Plant Acquisition Adjustment	15,213	0	0	15,213
TOTAL ELECTRIC UTILITY FUND	<u>303,007,599</u>	<u>10,538,537</u>	<u>1,455,301</u>	<u>312,090,835</u>
WATER UTILITY FUND				
Supply, Pumping and Treatment Plant	11,869,712	9,752	4,490	11,874,974
Transmission and Distribution Plant	32,417,689	2,500,337	137,682	34,780,344
General Plant	1,269,885	213,786	102,494	1,381,177
TOTAL WATER UTILITY FUND	<u>45,557,286</u>	<u>2,723,875</u>	<u>244,666</u>	<u>48,036,495</u>
WASTEWATER UTILITY FUND				
Pumping and Treatment Plant	21,698,319	152,755	140,618	21,710,456
Collection Plant	35,706,826	1,739,119	196,928	37,249,017
General Plant	1,874,795	423,370	115,427	2,182,738
TOTAL WASTEWATER UTILITY FUND	<u>59,279,940</u>	<u>2,315,244</u>	<u>452,973</u>	<u>61,142,211</u>
TOTAL PLANT IN SERVICE	<u>\$407,844,825</u>	<u>\$15,577,656</u>	<u>\$ 2,152,940</u>	<u>\$421,269,541</u>
<b>CONSTRUCTION IN PROGRESS</b>				
CONSTRUCTION FUND				
Electric Utility Fund	\$ 1,969,060	\$ 3,506,255	\$ 3,163,963	\$ 2,311,352
Water Utility Fund	2,987	278,486	281,473	0
Wastewater Utility Fund	43,307	268,385	0	311,692
TOTAL CONSTRUCTION FUND	<u>2,015,354</u>	<u>4,053,126</u>	<u>3,445,436</u>	<u>2,623,044</u>
UTILITY PLANT IMPROVEMENT FUND				
Electric Utility Fund	3,673,684	4,454,858	6,676,378	1,452,164
Water Utility Fund	925,570	1,789,689	2,459,765	255,494
Wastewater Utility Fund	761,363	3,349,697	3,318,806	792,254
TOTAL UTILITY PLANT IMPROVEMENT FUND	<u>5,360,617</u>	<u>9,594,244</u>	<u>12,454,949</u>	<u>2,499,912</u>
TOTAL CONSTRUCTION IN PROGRESS	<u>\$ 7,375,971</u>	<u>\$13,647,370</u>	<u>\$15,900,385</u>	<u>\$ 5,122,956</u>



**GAINESVILLE REGIONAL UTILITIES**  
**SCHEDULE OF ACCUMULATED DEPRECIATION AND**  
**AMORTIZATION COMBINED UTILITY FUND**  
**SEPTEMBER 30, 1983**

	ACCUMULATED DEPRECIATION AND AMORTIZATION			
	<u>BALANCE</u> <u>9-30-82</u>	<u>DEPRECIATION</u> <u>AMORTIZATION</u>	<u>SALES AND</u> <u>RETIREMENTS</u>	<u>BALANCE</u> <u>9-30-83</u>
<b>ELECTRIC UTILITY FUND</b>				
Production Plant	\$25,525,607	\$ 6,719,901	\$ 31,929	\$32,213,579
Nuclear Fuel	912,341	181,068	69,998	1,023,411
Transmission and Distribution Plant	14,311,196	1,761,357	883,214	15,189,339
General and Common Plant	2,497,783	443,467	11,793	2,929,457
Plant Acquisition Adjustment	507	507	0	1,014
<b>TOTAL ELECTRIC UTILITY FUND</b>	<u>43,247,434</u>	<u>9,106,300</u>	<u>996,934</u>	<u>51,356,800</u>
 <b>WATER UTILITY FUND</b>				
Supply, Pumping, and Treatment Plant	3,499,180	332,965	(3,845)	3,835,990
Transmission and Distribution Plant	8,406,607	776,862	111,964	9,071,505
General Plant	910,817	103,732	(6,888)	1,021,437
<b>TOTAL WATER UTILITY FUND</b>	<u>12,816,604</u>	<u>1,213,559</u>	<u>101,231</u>	<u>13,928,932</u>
 <b>WASTEWATER UTILITY FUND</b>				
Pumping and Treatment Plant	4,104,832	698,314	122,869	4,680,277
Collection Plant	7,622,863	712,796	153,426	8,182,233
General Plant	1,142,364	202,549	(100,488)	1,445,401
<b>TOTAL WASTEWATER UTILITY PLANT</b>	<u>12,870,059</u>	<u>1,613,659</u>	<u>175,807</u>	<u>14,307,911</u>
 <b>TOTALS</b>	<u>\$68,934,097</u>	<u>\$11,933,518</u>	<u>\$1,273,972</u>	<u>\$79,593,643</u>

## Commitment

Our demonstrated commitment to quality of service is a pledge which extends to our responsible participation in the affairs of our community and state.

In 1980, Florida's electric utilities, organized as the Florida Electric Power Coordinating Group (FCG), initiated a five-year, \$3.5 million study of acid deposition in Florida. Conducted by an independent environmental engineering firm, the study seeks to determine the extent of "acid rain" in Florida, to assess the state's susceptibility, to attribute sources, and to evaluate potential costs and benefits of control programs. At a time when acid rain legislation appears imminent, Florida utilities have already mounted the state's most comprehensive deposition study to provide the scientific data necessary for responsible decisions.

During 1983, our community faced the sensitive issue of disposal of transformer oils containing polychlorinated biphenyls (PCB's). In response to citizen concern, the City Commission elected to dispose of 16,000 gallons of PCB-contaminated oils at an out-of-state thermal destruction facility.

Environmental concern was also evident in the Deerhaven staff's design, pilot testing, and installation of turning vanes in the Unit 1 exhaust gas duct. The retrofitting, to stabilize gas flow, will ensure more accurate environmental monitoring. At both Deerhaven and Kelly generating stations, considerable time was spent this year in development of spill prevention and control programs for potentially hazardous substances.

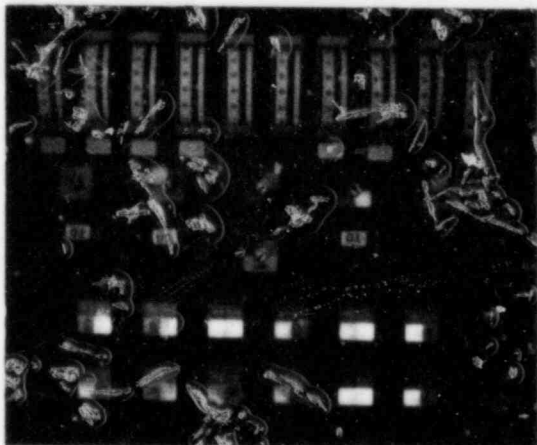
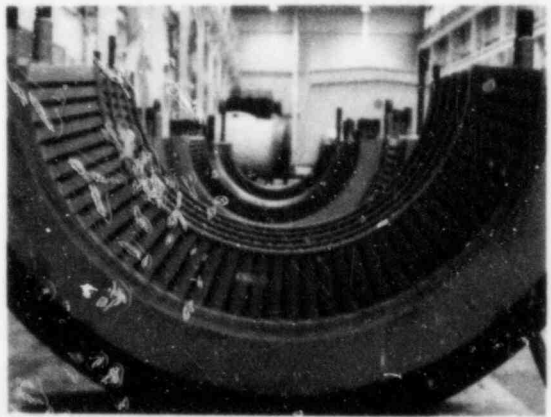
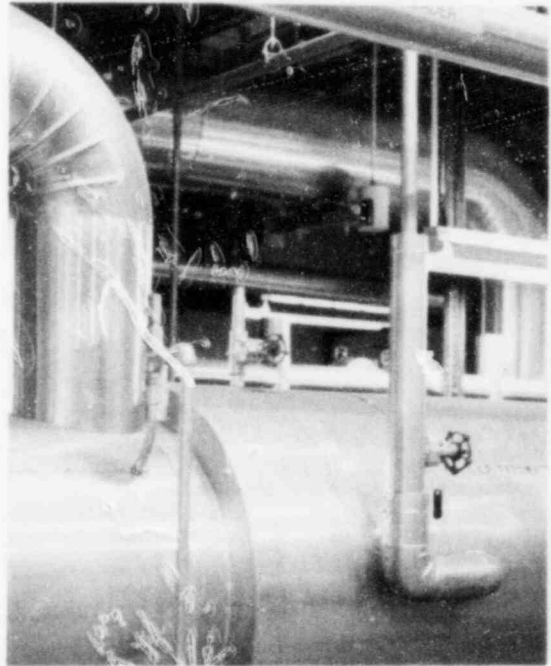
Throughout all operational areas, 1983 was a year of marked emphasis on employee safety and development programs. The electric system completed development of its apprenticeship training program for skilled craft employees in the transmission and distribution systems, and design of a craft training program for all power production employees was initiated.

Results of safety training activities throughout the water and wastewater systems included a 43 percent reduction in lost-time accidents in wastewater treatment plants. Safety manuals were revised for all operational areas of both systems, and additional personnel were certified in both CPR and First Aid programs. Specialized hydrogen sulfide safety training is being conducted as part of our Sulfide Improvement Program.

Direct customer service improvements were visible in numerous programs. Development of a system-wide Emergency Preparedness Plan and expansion to 24-hour trouble response strengthened our service capability. Conversion of more than three hundred streetlights to high pressure sodium resulted in associated first-year energy savings of \$16,000. Our free residential energy audit service saw the addition of on-site delivery of computer analyses using our own staff-developed software. Audit capacity was increased by the addition of contract auditors — graduates of our own paraprofessional training program. Our new Energy Efficient Appliance program was developed in cooperation with local appliance dealers to provide conservation tips at the point of purchase. Other conservation information was disseminated through school visits and video segments on our own bi-weekly cable television series.

Water conservation efforts were expanded, highlighted by a program for low-income neighborhoods. The federally funded jobs-and-conservation project provides employment for residents of target neighborhoods to provide free installation of water heater jackets, toilet dams, and shower and faucet flow restrictors. Four thousand homes are slated to receive these services. Our "Better Water For People Week" program, conducted jointly with a local engineering firm, was rewarded with the Golden Image award of the Florida Public Relations Association. An in-house video production for bond rating agencies, created as part of our refunding activities, also was a Golden Image winner.

As these new programs were activated, planning continued to provide for future customer needs. Negotiations were concluded with a local service organization to provide an energy emergency fund to aid the elderly and handicapped. Preparation was begun on master plans for the electric and water distribution systems and the wastewater collection system, which will provide a comprehensive five-year capital improvement program for those systems.



Charges for services in effect at the close of the fiscal year September 30, 1983, for major customer classes.

## Rates

### Electric

The following monthly electric rate schedules are "base rates" and include a fuels charge of 25 mills per kilowatt hour. The additional variable monthly fuel adjustment charge is not included. The minimum bill is the Customer Charge plus any applicable demand charge.

#### Residential

Customer Charge .....	\$3.96
Energy charge per kilowatt hour (kWh)	
First 750 kWh .....	\$0.0546/kWh
Over 750 kWh .....	\$0.0578/kWh

**General Service Non-Demand** (A demand of 50 kilowatts (kW) or greater has not been established)

Customer Charge .....	\$8.14
Energy Charge .....	\$0.0681/kWh

**General Service Demand** (Established demand of 50 kW, but less than 1,000 kW)

Customer Charge .....	\$14.11
Energy Charge .....	\$0.0481/kWh
Demand Charge .....	\$4.34/kW

**Large Power** (Established demand of 1,000 kW or greater)

Customer Charge .....	\$54.25
Energy Charge .....	\$0.0422/kWh
Demand Charge .....	\$3.80/kW

### Water

The minimum bill is the Customer Charge.

Customer Charge .....	\$2.45
Water Rate .....	\$0.69 per thousand gallons

### Wastewater

The minimum bill is the Customer Charge.

Customer Charge .....	\$1.75
Wastewater Charge .....	\$1.75 per thousand gallons

Additional rate schedules, available upon request, include: Time-Of-Use rate for electric customers, wastewater rates for residential customers not connected to the system but subject to rates and charges, and wastewater rates for residential customers obtaining water from the unmetered private wells and discharging into the system.



# Gainesville Regional Utilities

## Major Facilities of Combined Systems

