From: Shepherd, William J
To: Bielarski, Edward J
Subject: FW: This purchase potentially could result in a $2.8M hit to our GF tax revenue
Date: Monday, February 06, 2017 2:19:43 PM
Attachments: image004.png

FYI…the county manager is inquiring on their annual spend with us in relation to the "potential GREC purchase" article. I'll let you know if anything comes of it.

Bill Shepherd
Chief Customer Officer
Gainesville Regional Utilities
(352) 393-1412

From: Rollins, Atawa W
Sent: Monday, February 06, 2017 2:02 PM
To: Shepherd, William J; Thomas, Tara R
Subject: RE: This purchase potentially could result in a $2.8M hit to our GF tax revenue

I agree. Just a heads up for you both that the inquiries are starting to roll in.

Atawa Washington Rollins
Gainesville Regional Utilities
Senior Account Executive
(352)393-1474 (o)
(352)213-5923 (c)
(352)334-2731 (f)
Outages and Emergencies - (352) 334-2871
www.gru.com

More than Energy

From: Shepherd, William J
Sent: Monday, February 06, 2017 1:54 PM
To: Rollins, Atawa W; Thomas, Tara R
Subject: RE: This purchase potentially could result in a $2.8M hit to our GF tax revenue

Thanks, the city and county both would lose on property tax revenue, but the flipside would be rate relief. Albeit, not dollar for dollar.

Bill Shepherd
Chief Customer Officer
Gainesville Regional Utilities
(352) 393-1412

From: Rollins, Atawa W
Sent: Monday, February 06, 2017 12:29 PM

To: Thomas, Tara R
Cc: Shepherd, William J
Subject: FW: This purchase potentially could result in a $2.8M hit to our GF tax revenue

FYI

Atawa Washington Rollins
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www.gru.com

From: Charlie R. Jackson [mailto:crjackson@alachuacounty.us]
Sent: Monday, February 06, 2017 12:26 PM
To: Donna Dyson
Cc: Rollins, Atawa W
Subject: FW: This purchase potentially could result in a $2.8M hit to our GF tax revenue

Hi Donna:

Please get with Atawa so I can respond to the CM asap.

Charlie j

From: Lee Niblock
Sent: Friday, February 03, 2017 8:04 AM
To: Charlie R. Jackson; James Harriott; Tommy Crosby
Subject: Fwd: This purchase potentially could result in a $2.8M hit to our GF tax revenue

Charlie;
Approximately what do we pay GRU for electricity only yearly?

Lee

Dr. Lee A. Niblock, CM
County Manager

Sent from my iPhone

Begin forwarded message:

> **From:** Lee Niblock <lniblock@alachuacounty.us>

Date: February 3, 2017 at 6:50:19 AM EST
To: "BOCC (Only Commissioners)" <BOCC@alachuacounty.us>
Cc: Tommy Crosby <tcrosby@alachuacounty.us>, Todd Hutchison <nth@alachuaclerk.org>, Mark Sexton <msexton@alachuacounty.us>
Subject: This purchase potentially could result in a $2.8M hit to our GF tax revenue

GRU chief eager to discuss GREC buy

Andrew Caplan|9 hours ago

Edward Bielarski Jr., the general manager of Gainesville Regional Utilities, is shown in this June 30, 2015 photo. (File photo)

Gainesville Regional Utilities General Manager Ed Bielarski said Thursday he's "extremely motivated" by potential savings to utility customers he says might be realized if GRU bought the controversial biomass plant.

Gainesville residents have paid the price - via hefty power bills - in recent years for the city and municipal-owned utility agreeing to terms with the owners of the Gainesville Renewable Energy Center biomass plant.

Bielarski responded to questions Thursday about a potential purchase of the plant, often called GREC, as a way to "make up" for city and GRU officials agreeing several years ago to what they consider an unfavorable deal - perhaps saving hundreds of millions of dollars in the process.

"It makes me extremely motivated," Bielarski said.

The idea behind a GREC purchase, Bielarski said, would be to allow GRU out of a 30-year, $2.1 billion contractual burden for a plant it largely keeps on the back burner.

When city officials decided to go with the biomass power plant deal, they believed they were investing in a more environment-friendly method that would lead to lower rates in the future. But the deal, negotiated in secret, was widely seen as heavily benefiting the biomass plant's out-of-town owners at GRU customers' expense.

The city and GRU are just three years into that deal, which calls to pay GREC almost $70 million annually, whether the biomass plant is used or not. GRU has since often opted to buy less expensive power from other sources.

Bielarski said buying the plant would allow for modifications to fit its utility needs and would result in significant rate reductions for residential and commercial customers, which are among the state's highest. High rates are a direct reflection of the current GREC deal, he added.

"We are shooting for the average or somewhere around the average (in Florida)," he said. "It's what the community deserves, it's what our customers deserve."

For residential rates, Florida ranks ninth in the U.S., according to electricitylocal.com . In Gainesville, residential electric bills averaged to be the fourth highest in the state during December, according to publicpower.com . Gainesville also is tied for the highest additional tax added onto bills (10 percent).

"In terms of electric rates, we are one of the highest," Bielarski said. "I think our commercial rates are the highest."

Bielarski said it's hard to say how long it could take to reach a deal, but said the time to act is now, due to low interest rates and the tax-exempt marketplace.

Neither GREC nor GRU have disclosed figures for how much they believe the biomass plant might be worth.

A December 2016 Goldman Sachs report, completed for GRU, priced the acquisition at $616.6 million. However, GRU officials have said that figure is fluid and not a gauge for what the utility might offer.

Bielarski said the number is being revised and only sets a base price.

The current deal between the utilities calls for GRU to pay GREC a value of $1.1 billion, the report found. But Bielarski said that figure - much like the way interest forces most homeowners to pay far more than the sales price over time - will increase to about $2.1 billion by the end of the contract cycle, assuming GREC is kept on standby and never dispatched. GRU and the city could save around $200 to $600 million by purchasing the plant, the report found.

"I can't change the contract," he said. "I can't make it go away unilaterally. So one of the best options is to purchase it."

City commissioners Thursday evening briefly discussed the possibility of such a sale, suggesting any deal would be thoroughly checked out. And the Utility Advisory Board that now has some oversight of GRU is expected to decide in the next few weeks whether GRU should hire an attorney to represent the utility in case of a sale.

Bielarski, who came to GRU well after the deal was struck during former Gainesville Mayor Pegeen Hanrahan's administration and with Bielarski's predecessor, Bob Hunzinger, at the helm, said he can't speak for those who came before him, but said if GRU does attempt to buy the biomass plant, the public will know about it.

"If and when the deal is done, there will be a full vetting in the sunshine with the city commission and the public," he said. "They'll know what the deal is and what it's about."

Contact reporter Andrew Caplan at andrew.caplan @gvillesun.com or on Twitter @AACaplan.

Lee

Dr. Lee A. Niblock, CM
County Manager

Sent from my iPhone

GO GREEN!
GREEN = 4x GOOD
Good for the Present
Good for the Future
Good for the Planet
Good for the Bottom line