From: Communications
To: Everyonegru; Citycomm; Dl_utility Advisory Board
Subject: GRU Now 2.24.17
Date: Friday, February 24, 2017 4:40:50 PM

Feb.24, 2017

GRU Now

GRU Submits MOU to GREC

GRU submitted a memorandum of understanding, or MOU, to Gainesville Renewable Energy Center (GREC) on Friday, Feb. 17. A nonbinding agreement, the document lays out GRU's terms for purchasing GREC, and if executed, sets the stage for final contract. The memorandum has not been signed by GREC.

In the MOU, GRU proposes purchasing the biomass plant for $750 million, financed through 30-year utility system bonds issued by the City of Gainesville at no more than 3.75 percent interest.

If GRU purchases the facility, we have the opportunity to refinance at these historically low rates and potentially save more than $600 million over the life of the contract. These savings will help move our electric rates to the middle of the pack for all Florida utilities.

Purchasing the facility also gives GRU the opportunity to retire Deerhaven Unit 1 in 2022 and avoid paying up to $200 million to replace it.

As it stands, GRU expects to pay GREC approximately $2.1 billion over the next 27 years, including $75 million a year whether it operates or not. Since joining GRU in 2015, I have been committed to enforcing our rights under the current contract and will continue along this path in an open and transparent manner.

Thanks,

Ed