



Gainesville Regional Utilities Authority
AGENDA

Wednesday, May 29, 2024, 5:30 p.m.

GRU Administration Building

301 SE 4th Avenue

Gainesville, FL 32601

Authority Members

Ed Bielarski - Chair

Craig Carter

David Haslam - Vice Chair

Eric Lawson

Robert Skinner

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A. CALL TO ORDER

Agenda Statement: The Gainesville Regional Utilities Authority encourages civil public speech. The Gainesville Regional Utilities Authority expects each person entering this chamber to treat others with respect and courtesy. Speakers are expected to focus on agenda items under discussion. Signs, props, posters, food, and drinks should be left outside the auditorium.

B. ROLL CALL

C. INVOCATION

D. PLEDGE OF ALLEGIANCE

E. ADOPTION OF THE AGENDA

F. APPROVAL OF MINUTES

1. Approval of Minutes from the April 17 2024 Meeting

G. CHAIR COMMENTS

H. GENERAL PUBLIC COMMENT

(for items not on the agenda, not to exceed 30 minutes total)

I. CONSENT AGENDA

J. CEO/GM COMMENTS

K. ATTORNEY COMMENTS

L. RESOLUTIONS (Roll Call Required)

1. **2024-440 Resolution Authorizing the Issuance of Not To Exceed \$45,000,000 of Utilities System Revenue Bonds, 2024 Series A for the Purpose of Refunding the Outstanding Utilities System Revenue Bonds, 2014 Series A (B)**

Department: Gainesville Regional Utilities Budget, Budget, Finance & Accounting

Description: This item is related to the options available for refunding the outstanding Utilities System Revenue Bonds, 2014 Series A through the issuance and the judicial validation of the Utilities System Revenue Bonds, 2024 Series A

On December 11, 2014 GRU issued \$37,980,000 in fixed rate debt. These were the Utilities System Revenue Bonds, 2014 Series A Bonds (the “Refunded Bonds”). The Refunded Bonds were a new money issue which provided funds for the construction, acquisition and maintenance of GRU’s capital infrastructure. The Refunded Bonds have a term of 30 years, with a ten year initial call date of October 1, 2024. The call date provides GRU the ability to refinance the debt to generate savings.

In 2020 interest rates were nearing historic lows due to the uncertainty of the COVID-19 Pandemic, and GRU’s financing team determined the market environment was favorable to lock in rates to generate savings associated with a refunding of the Refunded Bonds. However, Treasury regulations precluded the ability to execute an advance refunding – defined as a refunding with the tax-exempt bonds issued more than 90 days before the initial redemption date of a bond. GRU therefore executed a forward starting swap as a method to lock in existing 2020 rates on a transaction that would become effective within 90 days of the October 1, 2024 initial call date on the Bonds. A forward starting swap would effectively lock in future refunding debt service savings, adding certainty to GRU’s budgeting process.

On April 8, 2020 GRU, through a competitive process, entered into the forward starting swap with Bank of America as counterparty for \$34,025,000 of the Bonds (the “Swap”). Under the provisions of the Swap, GRU agreed to exchange with Bank of America a fixed payment of 1.054% and, in return, GRU would receive a variable payment from Bank of America of 70% of 1 month SOFR (Secured Overnight Funding Rate) effective on the initial call date of the Bonds. As part of the economic analysis, GRU assumed that, at the effective date of the Swap in 2024, GRU would issue variable rate debt to refund the Refunded Bonds. Taking into account an estimated 50 basis points for liquidity facility fees and 10 basis points for remarketing costs required for the new variable rate debt, GRU would then have a synthetically fixed rate for the refunding of 1.654%. At this synthetically fixed rate, a 2024 refunding transaction of the Bonds was estimated to provide gross savings of just under \$13 million over the life of the refunding bonds, with present value savings of approximately \$10.2 million.

The forward starting swap transaction, which GRU has utilized in the past, also offers GRU options. As the effective date of the Swap approaches, as GRU has 2

alternatives:

1. GRU can elect to enter into the Swap as envisioned in 2020 and have the cash flow exchanges under the Swap begin on October 1, 2024. With this option, on or around the call date, GRU will issue new variable rate debt to refund the outstanding Refunded Bonds. Given the exchange of cashflows with Bank of America through the Swap, GRU will essentially be paying a fixed rate for the newly issued variable rate refunding bonds. The Swap will mitigate the interest rate risk on the refunding variable rate debt.
2. GRU could terminate the Swap before the cash flow exchanges begin and elect to issue fixed rate debt to refund the Bonds. When terminating a forward starting swap, a termination payment is exchanged between the counterparties to reflect changes in interest rates since the execution of the forward starting swap. The exchange of the termination payment essentially hedges GRU's refunding savings:
 - a. If interest rates are lower than 1.054%, GRU would make a termination payment to Bank of America. This termination payment could be funded with proceeds for the 2024 fixed rate refunding bond issue. GRU would be indifferent because we would be issuing more debt, but at a lower overall interest rate.
 - b. If interest rates are higher than 1.054%, GRU would receive a termination payment from Bank of America. This termination payment would be included in the 2024 fixed rate refunding and applied to the redemption of the Refunded Bonds. GRU would be indifferent because we would be issuing less debt, albeit at a higher overall interest rate.

With this strategy, the exchange of the termination payment, based on interest rate movements between the counterparties, effectively hedges the savings associated with the refunding of the 2014A Bonds. As of the latest calculation, GRU has a positive mark to market position on the swap and would receive a termination payment from the counterparty of just under \$4.4 million.

GRU, prior to determining which option to pursue for the refunding of the Bonds, would review the amount of the swap termination payment, the interest rate environment as well as the expected liquidity support fees for the refunding bonds to make a determination of which option to select for the refunding.

Uncertainty created by House Bill 1645 has introduced other potential scenarios into the process for refunding the Bonds. As detailed above both alternatives 1) and 2) require issuance of Utilities System Revenue Bonds, 2024 Series A (the "2024 Bonds"), in either a fixed or variable rate form. However, at this juncture obtaining the requisite legal opinions to issue debt is dependent upon a successful bond validation process.

Authorization for undertaking a judicial bond validation of the 2024 Bonds is included in the proposed bond resolution. If the bond validation process is unsuccessful, or is

not completed by the call date of the Bonds, GRU has three other options to consider:

1. If the bond validation process is unsuccessful, terminate the swap and make or receive a termination payment. Future savings of the refunding of the 2014A Bonds would be uncertain and subject to market conditions at the time the bond validation process is completed and GRU is able to execute the refunding transaction.
2. If the bond validation process is not complete by the initial call date of the Bonds, negotiate an extension of the effective date of the swap, make or receive a termination payment covering the time period between the original effective date and the extended date, and defer the decision on refunding the Bonds. GRU would still have a degree of certainty of the amount of savings of the future refunding transaction.
3. Proceed with the Swap but have it hedge existing outstanding variable rate debt until the bond validation has been resolved.

This resolution (Resolution No. 2024-187) was brought before the GRU Board and adopted at their March 27, 2024 meeting. However given the uncertainty created by the subsequent resignation of the Authority members, and the re-nomination and re-appointment process, in order to provide clarity and comfort to rating agencies, potential investors, and potential counterparties, we are bringing the resolution back for approval by the newly constituted Authority. In addition to authorizing validation and issuance of the 2024 Series A Revenue Bonds to refund the outstanding 2014 Series A Bonds and the termination, amendment, or implementation of the Swap, the attached resolution authorizes the repeal of the prior Resolution No. 2024-187.

Fiscal Note: As noted above, the forward starting swap priced at 1.054%. Assuming 50 basis points for liquidity and 10 basis points for remarketing, the synthetically fixed all-in rate of 1.654% generates estimated gross savings of \$12,955,563 over the period 2025-2044, with present value savings of \$10,205,751. The coupon rates on the 2014As being refunded range from 3.25% to 5%.

Recommendation: The GRU Authority adopt the Resolution authorizing 1) Validation and issuance of the 2024 Series A Revenue Bonds to refund the outstanding 2014 Series A Bonds; 2) the termination, amendment, or implementation of the Swap; and 3) Repeal of prior Resolution No. 2024-187.

M. BUSINESS DISCUSSION ITEMS

1. **2024-439 Budget Presentation: FY25 Proposed Budget (B)**

Department: Gainesville Regional Utilities Budget, Finance & Accounting

Description: This item is related to a presentation on the Gainesville Regional Utilities FY25 Proposed Budget. In preparation for the Gainesville Regional Utilities Authority meetings on June 12 and June 26, when motions will be made on the GRU FY25 budget resolution, staff is presenting an overview of the GRU FY25 Proposed Budget.

Fiscal Note: None at this time.

Recommendation: The GRU Authority receive the presentation and take any action deemed appropriate.

N. **MEMBER COMMENT**

O. **ADJOURNMENT**



Gainesville Regional Utilities Authority

MINUTES

**April 17, 2024, 5:30 p.m.
GRU Administration Building
301 SE 4th Avenue
Gainesville, FL 32601**

Members Present: Chair Craig Carter, Robert Karow, Eric
Lawson

Members Absent: Vice-Chair James Coats, IV

A. CALL TO ORDER

Chair Carter called the meeting to order at 5:30pm.

B. ROLL CALL

C. INVOCATION

Chair Carter led the invocation.

D. PLEDGE OF ALLEGIANCE

E. ADOPTION OF THE AGENDA

Public Comment: Jim Konish, Nick Taverti (comment withdrawn)

Moved by Robert Karow

Seconded by Eric Lawson

Aye (3): Chair Carter, Robert Karow, and Eric Lawson

Absent (1): Vice-Chair Coats

Approved (3 to 0)

F. APPROVAL OF MINUTES

Public Comment: None

Moved by Robert Karow

Seconded by Eric Lawson

Aye (3): Chair Carter, Robert Karow, and Eric Lawson

Absent (1): Vice-Chair Coats

Approved (3 to 0)

1. Approval of Minutes from the March 27, 2024 Meeting

G. CHAIR COMMENTS

Chair Carter spoke to the net metering item on the agenda.

H. GENERAL PUBLIC COMMENT

Public Comment: Jim Konish, Nick Taverti (comment withdrawn), Angela Casteel

I. CONSENT AGENDA

J. CEO/GM COMMENTS

The CEO/GM of GRU, Tony Cunningham, updated the board on several matters as well as thanked the board for their service this year.

K. ATTORNEY COMMENTS

Attorneys Scott Walker and Kiersten Ballou updated the board on several matters.

Moved by Robert Karow

Seconded by Eric Lawson

Motion: Request Folds Walker submit an inquiry to the Attorney General, stating whether the GRU Authority Board, under the law, has the right to deny any transfer to General Government (City of Gainesville).

Aye (2): Robert Karow, and Eric Lawson

Nay (1): Chair Carter

Absent (1): Vice-Chair Coats

Failed (2 to 1)

L. RESOLUTIONS (Roll Call Required)

1. 2024-178 Resolution Authorizing Changes to Customer-Owned Renewable Generation Policy (B)

The GRU Authority Clerk, Christine Kunkel, read the title of the resolution into the record.

The CEO/GM of GRU, Tony Cunningham, introduced the item.

Director of Utilities Planning, Jamie Verschage, shared a presentation with the board.

Member Lawson inquired about the item.

Public Comment: Nate Taverti, Heaven Campbell, Eric Getsen, Barry Jacobsen, David Hastings, Daniel Blumberg, Elaine Jacobsen, Mike Collins, Maryvonne Devensky, Mason Musk, Kevin Endres, Sarah Younger, Jason Gonos, Alex Khokhlov, Erin Merten, Eric Smith, Catherine Tucker, Kathleen Walson Kahn, David Fitzgerald, Alex Black, Nancy Deren, Johti Palmer, Bobby Mermer, Mark Robinson, Janice Gary, Jeffrey Shapiro, Ellen Siegel, Kristen Bryant (Kathleen Pagan - question to City Clerk), Ken McGurren, Curtis Kristy

The board further discussed the item.

Moved by Robert Karow

Seconded by Eric Lawson

Recommendation: The GRU Authority adopt the Resolution authorizing:

1) Gainesville Regional Utilities shall no longer be subject to Chapter 27, Article II, Section 27-37-Net-Metering of the City of Gainesville Code of Ordinances.

2) Customers that submit a Letter of Intent to GRU to construct a photovoltaic solar system by April 17, 2024, and meet all requirements set forth in Gainesville Regional Utilities' Interconnection Agreement and Energy Delivery Service Guide, shall be compensated for excess energy delivered to GRU's distribution system as outlined in their Interconnection Agreement.

3) Customers that submit a Letter of Intent to GRU to construct a photovoltaic solar system on or after April 18, 2024, and produce excess energy that is delivered to GRU's distribution system, shall in each billing period receive GRU's then-current fuel adjustment rate for each kilowatt-hour that is provided to GRU's distribution system within that billing period.

4) GRU shall notify the City Commission of the need to amend conflicting ordinances in accordance with this Resolution.

5) This Resolution shall take effect immediately upon adoption.

Aye (3): Chair Carter, Robert Karow, and Eric Lawson

Absent (1): Vice-Chair Coats

Approved (3 to 0)

M. BUSINESS DISCUSSION ITEMS

1. 2024-327 AMI Meter Program - Opt-Out Policy (B)

The CEO/GM of GRU, Tony Cunningham, introduced the item.

Chief Operating Office, Brett Goodman and the Director of Energy Measurement and Field Operations, Chad Parker, shared a presentation with the board.

Public Comment: None

Moved by Eric Lawson

Seconded by Robert Karow

Recommendation: The GRU Authority approve the AMI meter opt-out policy and incorporate new fees in the resolution adopting GRU's rates and fees.

Aye (3): Chair Carter, Robert Karow, and Eric Lawson

Absent (1): Vice-Chair Coats

Approved (3 to 0)

2. 2024-328 GRUA Clerk Position (NB)

The CEO/GM of GRU, Tony Cunningham, introduced the item.

Attorneys Scott Walker and Kiersten Ballou of Folds Walker spoke to the item.

1st Motion Public Comment: Kristen Bryant

The GRU Authority Board inquired as to what the perspective is from Folds Walker regarding some of the questions that were raised during public comment.

Chair Carter allowed time for the City Clerk, Kristen Bryant, to speak to the item.

The board allowed the CFO, Claudia Rasnick, and the City Clerk, Kristen Bryant, to speak again to the item at hand.

2nd Motion Public Comment: Kristen Bryant

Postponed until the 5/29 GRU Authority Meeting

Moved by Robert Karow

Seconded by Eric Lawson

1st Motion: The GRU Authority officially appoint Christine Kunkel as official interim clerk for the GRU Authority Board.

Aye (3): Chair Carter, Robert Karow, and Eric Lawson

Absent (1): Vice-Chair Coats

Withdrawn (3 to 0)

Amendment:

Moved by Robert Karow

Seconded by Eric Lawson

2nd Motion: Wait until the 5/29 GRUA meeting for Folds Walker to present a delineated list of which responsibilities are assigned to the authority clerk and which are assigned to the city clerk. Folds Walker will also provide a presentation.

Aye (3): Chair Carter, Robert Karow, and Eric Lawson

Absent (1): Vice-Chair Coats

Approved (3 to 0)

N. MEMBER COMMENT

The GRU Authority Board provided appreciation to GRU, staff and Folds Walker for their assistance with onboarding and their acclimation to the new board.

O. ADJOURNMENT

Chair Carter adjourned the meeting at 7:40pm.

Christine Kunkel, GRUA Clerk

File Number: 2024-440

Agenda Date: May 29, 2024

Department: Gainesville Regional Utilities

Title: 2024-440 Resolution Authorizing the Issuance of Not To Exceed \$45,000,000 of Utilities System Revenue Bonds, 2024 Series A for the Purpose of Refunding the Outstanding Utilities System Revenue Bonds, 2014 Series A (B)

Department: Gainesville Regional Utilities Budget, Budget, Finance & Accounting

Description: This item is related to the options available for refunding the outstanding Utilities System Revenue Bonds, 2014 Series A through the issuance and the judicial validation of the Utilities System Revenue Bonds, 2024 Series A

On December 11, 2014 GRU issued \$37,980,000 in fixed rate debt. These were the Utilities System Revenue Bonds, 2014 Series A Bonds (the “Refunded Bonds”). The Refunded Bonds were a new money issue which provided funds for the construction, acquisition and maintenance of GRU’s capital infrastructure. The Refunded Bonds have a term of 30 years, with a ten year initial call date of October 1, 2024. The call date provides GRU the ability to refinance the debt to generate savings.

In 2020 interest rates were nearing historic lows due to the uncertainty of the COVID-19 Pandemic, and GRU’s financing team determined the market environment was favorable to lock in rates to generate savings associated with a refunding of the Refunded Bonds. However, Treasury regulations precluded the ability to execute an advance refunding – defined as a refunding with the tax-exempt bonds issued more than 90 days before the initial redemption date of a bond. GRU therefore executed a forward starting swap as a method to lock in existing 2020 rates on a transaction that would become effective within 90 days of the October 1, 2024 initial call date on the Bonds. A forward starting swap would effectively lock in future refunding debt service savings, adding certainty to GRU’s budgeting process.

On April 8, 2020 GRU, through a competitive process, entered into the forward starting swap with Bank of America as counterparty for \$34,025,000 of the Bonds (the “Swap”). Under the provisions of the Swap, GRU agreed to exchange with Bank of America a fixed payment of 1.054% and, in return, GRU would receive a variable payment from Bank of America of 70% of 1 month SOFR (Secured Overnight Funding Rate) effective on the initial call date of the Bonds. As part of the economic analysis, GRU assumed that, at the effective date of the Swap in 2024, GRU would issue variable rate debt to refund the Refunded Bonds. Taking into account an estimated 50 basis points for liquidity facility fees and 10 basis points for remarketing costs required for the new

variable rate debt, GRU would then have a synthetically fixed rate for the refunding of 1.654%. At this synthetically fixed rate, a 2024 refunding transaction of the Bonds was estimated to provide gross savings of just under \$13 million over the life of the refunding bonds, with present value savings of approximately \$10.2 million.

The forward starting swap transaction, which GRU has utilized in the past, also offers GRU options. As the effective date of the Swap approaches, as GRU has 2 alternatives:

- 1) GRU can elect to enter into the Swap as envisioned in 2020 and have the cash flow exchanges under the Swap begin on October 1, 2024. With this option, on or around the call date, GRU will issue new variable rate debt to refund the outstanding Refunded Bonds. Given the exchange of cashflows with Bank of America through the Swap, GRU will essentially be paying a fixed rate for the newly issued variable rate refunding bonds. The Swap will mitigate the interest rate risk on the refunding variable rate debt.
- 2) GRU could terminate the Swap before the cash flow exchanges begin and elect to issue fixed rate debt to refund the Bonds. When terminating a forward starting swap, a termination payment is exchanged between the counterparties to reflect changes in interest rates since the execution of the forward starting swap. The exchange of the termination payment essentially hedges GRU's refunding savings:
 - a. If interest rates are lower than 1.054%, GRU would make a termination payment to Bank of America. This termination payment could be funded with proceeds for the 2024 fixed rate refunding bond issue. GRU would be indifferent because we would be issuing more debt, but at a lower overall interest rate.
 - b. If interest rates are higher than 1.054%, GRU would receive a termination payment from Bank of America. This termination payment would be included in the 2024 fixed rate refunding and applied to the redemption of the Refunded Bonds. GRU would be indifferent because we would be issuing less debt, albeit at a higher overall interest rate.

With this strategy, the exchange of the termination payment, based on interest rate movements between the counterparties, effectively hedges the savings associated with the refunding of the 2014A Bonds. As of the latest calculation, GRU has a positive mark to market position on the swap and would receive a termination payment from the counterparty of just under \$4.4 million.

GRU, prior to determining which option to pursue for the refunding of the Bonds, would review the amount of the swap termination payment, the interest rate environment as well as the expected liquidity support fees for the refunding bonds to make a determination of which option to select for the refunding.

Uncertainty created by House Bill 1645 has introduced other potential scenarios into the process for refunding the Bonds. As detailed above both alternatives 1) and 2) require

issuance of Utilities System Revenue Bonds, 2024 Series A (the “2024 Bonds”), in either a fixed or variable rate form. However, at this juncture obtaining the requisite legal opinions to issue debt is dependent upon a successful bond validation process.

Authorization for undertaking a judicial bond validation of the 2024 Bonds is included in the proposed bond resolution. If the bond validation process is unsuccessful, or is not completed by the call date of the Bonds, GRU has three other options to consider:

- 1) If the bond validation process is unsuccessful, terminate the swap and make or receive a termination payment. Future savings of the refunding of the 2014A Bonds would be uncertain and subject to market conditions at the time the bond validation process is completed and GRU is able to execute the refunding transaction.
- 2) If the bond validation process is not complete by the initial call date of the Bonds, negotiate an extension of the effective date of the swap, make or receive a termination payment covering the time period between the original effective date and the extended date, and defer the decision on refunding the Bonds. GRU would still have a degree of certainty of the amount of savings of the future refunding transaction.
- 3) Proceed with the Swap but have it hedge existing outstanding variable rate debt until the bond validation has been resolved.

This resolution (Resolution No. 2024-187) was brought before the GRU Board and adopted at their March 27, 2024 meeting. However given the uncertainty created by the subsequent resignation of the Authority members, and the re-nomination and re-appointment process, in order to provide clarity and comfort to rating agencies, potential investors, and potential counterparties, we are bringing the resolution back for approval by the newly constituted Authority. In addition to authorizing validation and issuance of the 2024 Series A Revenue Bonds to refund the outstanding 2014 Series A Bonds and the termination, amendment, or implementation of the Swap, the attached resolution authorizes the repeal of the prior Resolution No. 2024-187.

Fiscal Note: As noted above, the forward starting swap priced at 1.054%. Assuming 50 basis points for liquidity and 10 basis points for remarketing, the synthetically fixed all-in rate of 1.654% generates estimated gross savings of \$12,955,563 over the period 2025-2044, with present value savings of \$10,205,751. The coupon rates on the 2014As being refunded range from 3.25% to 5%.

Recommendation: The GRU Authority adopt the Resolution authorizing 1) Validation and issuance of the 2024 Series A Revenue Bonds to refund the outstanding 2014 Series A Bonds; 2) the termination, amendment, or implementation of the Swap; and 3) Repeal of prior Resolution No. 2024-187.

Refunding 2014 Series A Bonds

May 29, 2024

On Dec. 11, 2014, GRU issued \$37,980,000 of fixed-rate debt. These were the Utility System Revenue Bonds, 2014 Series A (the “Refunded Bonds”):

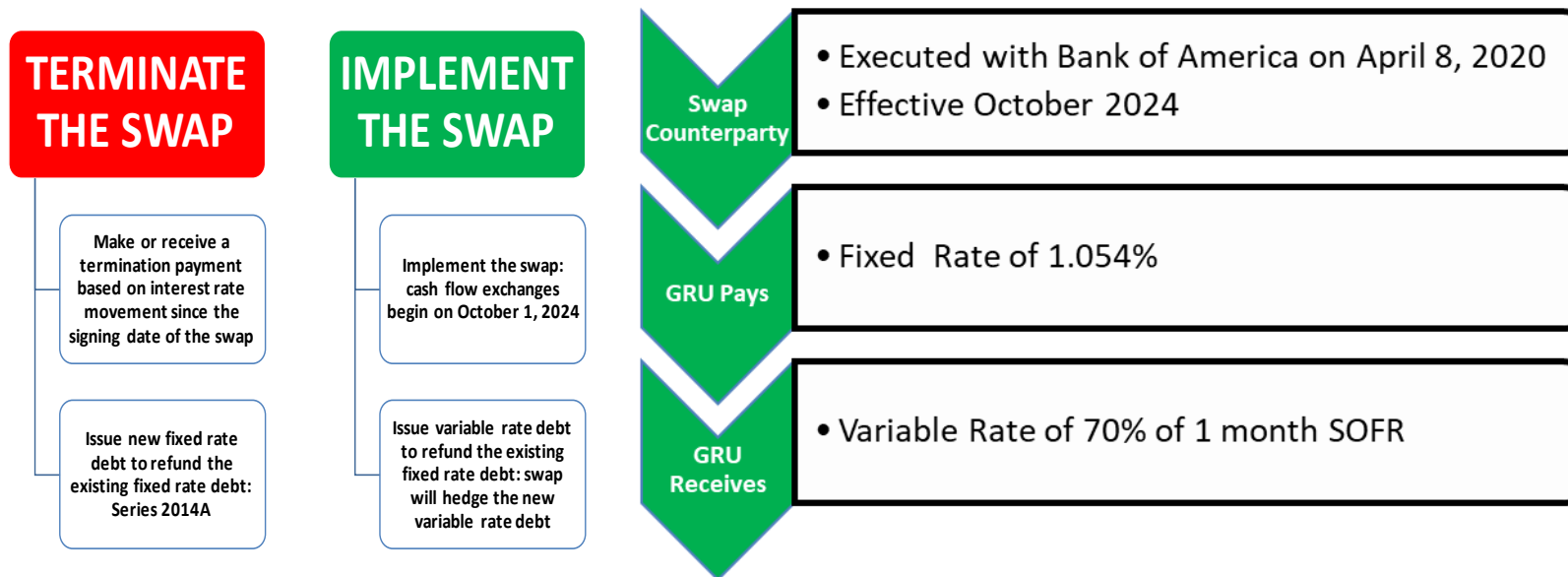
- New money issued to provide for construction, acquisition and maintenance of capital infrastructure
- Coupon rates on the various bond maturities ranged between 2% and 5%
- The Refunded Bonds had a call date of Oct.1, 2024, which represents an opportunity to refinance the Refunded Bonds for savings

Refunding 2014 Series A Bonds

- In 2020 interest rates were nearing historic lows due to the onset of the COVID-19 Pandemic:
 - Financing team determined environment was favorable to attempt to lock in rates to generate savings associated with refunding the Refunded Bonds to provide future certainty
- Treasury regulations preclude tax-exempt **advance refundings** – transactions that close more than 90 days from the call date of the Refunded Bonds
- A **current refunding** is defined as a transaction with an issue date no more than 90 days prior to the initial call date of the series being refunded:
 - Initial call date on Refunded Bonds is Oct. 1, 2024
 - GRU would have interest rate risk between 2020 and the 2024 call date of the Refunded Bonds
- A forward-starting swap is a method to lock in existing interest rates (in 2020) until the refunding transaction qualifies as a current refunding (in 2024)

Forward Starting Swap

AS CALL DATE APPROACHES, GRU MAKES THE DECISION



Fiscal Year	Gross Savings
2025	1,061,289
2026	1,025,821
2027	988,514
2028	949,365
2029	908,210
2030	865,046
2031	819,708
2032	772,027
2033	748,167
2034	721,578
2035	694,128
2036	638,919
2037	581,033
2038	520,136
2039	456,227
2040	389,140
2041	318,707
2042	244,760
2043	167,133
2044	85,658
Total	12,955,566

- The proposed resolution authorizes:
 - Validation and issuance of 2024 Series A Bonds to refund outstanding Refunded Bonds
 - Termination, amendment or implementation of 2014 Series A Forward Starting Swap
 - Repeal of prior Resolution No. 2024-187 adopted by the GRU Authority on March 27, 2024

RECOMMENDATION

The GRU Authority adopt the proposed resolution.

CITY OF GAINESVILLE, FLORIDA

**Not to Exceed
\$45,000,000
Utilities System Revenue Bonds,
2024 Series A**

RESOLUTION NO. [_____]

**FORTIETH SUPPLEMENTAL UTILITIES SYSTEM
REVENUE BOND RESOLUTION**

Adopted _____, 2024

TABLE OF CONTENTS

	Page
ARTICLE I STATUTORY AUTHORITY, DEFINITIONS AND FINDINGS	4
SECTION 1.01 AUTHORITY FOR THIS RESOLUTION; RESOLUTION CONSTITUTES CONTRACT	4
SECTION 1.02 DEFINITIONS.....	4
SECTION 1.03 FINDINGS AND DETERMINATIONS	5
ARTICLE II AUTHORIZATION OF 2024 SERIES A BONDS	9
SECTION 2.01 PURPOSE AND NOTICE OF REDEMPTION.....	9
SECTION 2.02 PRINCIPAL AMOUNT, DESIGNATION OF SERIES AND DESCRIPTION OF 2024 SERIES A BONDS.....	9
SECTION 2.03 GENERAL TERMS OF 2024 SERIES A BONDS	10
SECTION 2.04 REDEMPTION PROVISIONS FOR 2024 SERIES A BONDS.....	11
SECTION 2.05 AUTHORIZATION TO TERMINATE OR AMEND SWAP	11
ARTICLE III APPLICATION OF PROCEEDS	12
SECTION 3.01 APPLICATION OF PROCEEDS OF 2024 SERIES A BONDS	12
ARTICLE IV APPROVAL OF DOCUMENTS.....	13
SECTION 4.01 EXECUTION AND DELIVERY OF APPLICABLE DOCUMENTS.....	13
SECTION 4.02 FURTHER ACTIONS	13
ARTICLE V AMENDMENTS	13
SECTION 5.01 AMENDMENTS TO MASTER BOND RESOLUTION	13
SECTION 5.02 AMENDMENT TO SUBORDINATED BOND RESOLUTION	16
ARTICLE VI MISCELLANEOUS.....	17
SECTION 6.01 FURTHER ASSURANCES	17
SECTION 6.02 VALIDATION AUTHORIZED	17
SECTION 6.03 REPEAL OF PRIOR RESOLUTION	17
SECTION 6.04 SEVERABILITY OF INVALID PROVISIONS	17

**FORTIETH SUPPLEMENTAL UTILITIES SYSTEM
REVENUE BOND RESOLUTION**

A RESOLUTION OF THE GAINESVILLE REGIONAL UTILITIES AUTHORITY, A UNIT OF CITY GOVERNMENT OF THE CITY OF GAINESVILLE, FLORIDA, AUTHORIZING, ON BEHALF OF THE CITY OF GAINESVILLE, FLORIDA, PURSUANT TO THE POWER AND AUTHORITY OF THE AUTHORITY SET FORTH IN THE CITY CHARTER, THE ISSUANCE, SALE, EXECUTION AND DELIVERY OF THE CITY OF GAINESVILLE, FLORIDA UTILITIES SYSTEM REVENUE BONDS, 2024 SERIES A IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$45,000,000, IN ORDER TO CURRENTLY REFUND THE CITY'S OUTSTANDING UTILITIES SYSTEM REVENUE BONDS, 2014 SERIES A AND PAY COSTS OF ISSUANCE; PROVIDING FOR CERTAIN TERMS OF THE 2024 SERIES A BONDS; APPROVING THE NEGOTIATED SALE OF THE 2024 SERIES A BONDS AND DELEGATING THE AUTHORITY TO DETERMINE CERTAIN MATTERS IN CONNECTION THEREWITH ON BEHALF OF THE CITY PURSUANT TO THE POWER AND AUTHORITY OF THE AUTHORITY SET FORTH IN THE CITY CHARTER; AUTHORIZING THE AUTHENTICATION AND DELIVERY OF THE 2024 SERIES A BONDS; AUTHORIZING THE TERMINATION OR AMENDMENT OF A CERTAIN INTEREST RATE SWAP AND DELEGATING THE AUTHORITY TO DETERMINE CERTAIN MATTERS IN CONNECTION THEREWITH; AUTHORIZING OFFICIALS AND EMPLOYEES OF THE CITY AND THE AUTHORITY TO TAKE ALL OTHER ACTIONS DEEMED NECESSARY OR ADVISABLE IN CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF THE 2024 SERIES A BONDS; AUTHORIZING THE JUDICIAL VALIDATION OF THE 2024 SERIES A BONDS; PROVIDING FOR CERTAIN MATTERS RELATED TO THE RATES, FEES, ASSESSMENTS AND CHARGES FOR THE SALE AND USE OF SERVICES PROVIDED THROUGH THE UTILITY SYSTEM OF THE CITY OPERATED AS GAINESVILLE REGIONAL UTILITIES; AMENDING THE MASTER BOND RESOLUTION TO REFLECT CERTAIN AMENDMENTS TO THE CITY CHARTER; PROVIDING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, on September 21, 2017, the City of Gainesville, Florida ("City") adopted its Resolution No. 170395 incorporating by reference the Second Amended and Restated Utilities System Revenue Bond Resolution adopted by the City on September 21, 2017 (such resolution, as amended from time to time, being referred to as the "Master Bond Resolution"), and authorized the issuance of Bonds; and

WHEREAS, on May 17, 2018, the City adopted its Resolution No. 171090 incorporating by reference the Second Amended and Restated Subordinated Utilities System Revenue Bond Resolution, supplementing the Master Bond Resolution (such resolution, as amended from time to time, being referred to as the "Subordinated Bond Resolution"), authorizing the issuance of Subordinated Indebtedness junior and subordinated in all respects to the security interest in and pledge and assignment of the Trust Estate created by the Master Bond Resolution as security for the Bonds; and

BE IT RESOLVED by the Gainesville Regional Utilities Authority, a unit of city government of the City, on behalf of the City, as follows:

ARTICLE I

STATUTORY AUTHORITY, DEFINITIONS AND FINDINGS

SECTION 1.01 AUTHORITY FOR THIS RESOLUTION; RESOLUTION CONSTITUTES CONTRACT. This Resolution (this "Resolution") is enacted pursuant to the Act. The Act includes, without limitation, Article VIII, Section 2 of the Constitution of the State of Florida, Section 159.11, Florida Statutes Chapter 166, Florida Statutes and Chapter 180, Florida Statutes and the Charter. This Resolution is supplemental to the Master Bond Resolution and is a Supplemental Resolution within the meaning of the Master Bond Resolution. The Master Bond Resolution, as amended and supplemented, including, without limitation, as supplemented by this Resolution, is sometimes hereinafter referred to as the "Bond Resolution." This Resolution constitutes a contract between the City and the holders from time to time of the Outstanding 2024 Series A Bonds (hereinafter defined).

SECTION 1.02 DEFINITIONS. Except as provided by this Resolution, all terms which are defined in Section 101 of the Master Bond Resolution shall have the same meanings, respectively, in this Resolution as such terms are given in said Section 101 of the Master Bond Resolution and in this Resolution.

"Authority" shall mean the Gainesville Regional Utility Authority established by Article VII of the Charter as a unit of city government of the City and having the powers, authority and duties as set forth in the Charter.

"Authorized Officer" or "Authorized Officers" shall mean the General Manager, the Chief Financial Officer or any other officer, employee or agent of the City or the Authority pursuant to the Charter authorized to perform specific acts or duties by resolution duly adopted by the Authority.

"Charter" shall mean the City Charter of the City, being Chapter 90-394, Laws of Florida (1990), amending Chapter 12760, Laws of Florida (1927), as further amended by Chapter No. 2023-348, Laws of Florida (2023), as such Charter may hereafter be amended.

"Chief Financial Officer" shall mean the Chief Financial Officer of the System.

"City" shall mean the City of Gainesville, Florida.

"City Attorney" shall mean the City Attorney to the City or such other assistant City Attorney.

"Clerk" shall mean the City Clerk or any Deputy City Clerk.

"Code" means the Internal Revenue Code of 1986, as amended, or any successor provisions thereto and the applicable regulations promulgated thereunder.

"General Manager" shall mean the chief executive officer/general manager of the Authority as set forth under the Charter. Until such time as a chief executive officer/general manager shall be appointed by the Authority, the sitting General Manager as appointed by the Commission shall serve as the chief executive officer/general manager.

"Mayor" means the Mayor of the City or Mayor-Commissioner Pro Tempore of the City.

"Refunded Bonds" means the City's Outstanding Utilities System Revenue Bonds, 2014 Series A.

"Trustee" means U.S. Bank Trust Company, National Association.

"2024 Series A Bonds" shall mean the City's Utilities System Revenue Bonds, 2024 Series A.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

SECTION 1.03 FINDINGS AND DETERMINATIONS. The Authority hereby finds, ascertains, determines and declares that:

(1) As a result of the amendment to the Charter effective as July 1, 2023 accomplished pursuant to Chapter No. 2023-348, Laws of Florida (2023), a new Article VII was added to the Charter establishing the Authority as a unit of city government of the City, for the "express purpose of managing, operating, controlling, and otherwise having broad authority with respect to the utilities owned by the City..." and Section 3.06 of the previous Charter establishing the position, and setting forth the duties, of the "General Manager for Utilities," was repealed.

(2) Article VII of the Charter, generally: (i) provides that the Authority shall be free from the direction and control of the Commission; (ii) establishes the power and duties of the Authority, which include establishing and amending the rates, fees, assessments, charges, rules, regulations and policies governing the sale and use of services provided through the System, operated under the fictitious name "Gainesville Regional Utilities ("GRU")"; (iii) provides for the continued service of GRU personnel under the General Manager of the System; (iv) requires the performance of all acts necessary to ensure an orderly transition of GRU governance to the Authority; and (v) provides that notwithstanding the reorganization of the governance structure, GRU shall continue to be operated as a single enterprise and that there shall be no change to the ownership of GRU.

(3) Specifically, Section 7.03(1)(e) of the Charter provides that the Authority has the following power, in addition to the powers and duties otherwise conferred by Article VII of the Charter (emphasis added):

"To authorize the issuance of revenue bonds and other evidences of indebtedness of the City, secured by the revenues and other pledged funds and accounts of the utility system, pursuant to Florida law. Upon resolution of the Authority establishing the authorized form, terms, and purpose of such bonds, for the purpose of financing or refinancing utility system projects, and to exercise all powers in connection with the authorization of the issuance, and sale of such bonds by the City as conferred upon municipalities by part II of chapter 166, Florida Statutes, other applicable state laws, and section 103 of the Internal Revenue Code of 1986. Such bonds may be validated in accordance with chapter 75, Florida Statutes. The Authority may not authorize the issuance of general

obligation bonds. Such bonds and other forms of indebtedness of the City shall be executed and attested by the officers, employees, or agents of the City, including the chief executive officer/general manager (CEO/GM) or chief financial officer of the utility system, the Authority has so designated as agents of the City. The Authority may enter into hedging agreements or options for the purpose of moderating interest rates on existing and proposed indebtedness or price fluctuations of fuel or other commodities, including agreements for the future delivery thereof, or any combinations thereof."

(4) On December 6, 2023, the Authority adopted Resolution No. 2023-1148 (the "Authority Transition Resolution") pursuant to which, in pertinent part, the Authority (i) requested the Commission to adopt a resolution to effectuate an orderly transition of the governance, operation, management, and control of all utility systems, properties and assets related to the System and (ii) determined that such resolution of the Commission is "necessary...to effectuate an orderly transition of the governance, operation, management and control of all utility systems, properties and assets related to the Authority [and] is not in any way the Commission directing or controlling the Authority."

(5) On December 22, 2023, the Commission adopted Resolution No. 2023-1186 (the "City Transition Resolution") pursuant to which, in pertinent part, (i) the City recognized that the Authority had requested the Commission to adopt the City Transition Resolution to "effectuate an orderly transition of the governance, operation, management, and control of all utility systems, properties and assets related to the System;" (ii) the City acknowledged that the Commission adopted the City Transition Resolution "in reliance [on] the Authority finding and determining that [the City Transition Resolution] is necessary in order to effectuate an orderly transition of the governance, operation, management and control of all utility systems, properties and assets related to the Authority and is not in any way the Commission directing or controlling the Authority," and (iii) delegated authority to the Authority to "take all actions on behalf of the City under the [Master Bond Resolution and the Subordinated Bond Resolution]" and to "supplement and amend the [Master Bond Resolution and the Subordinated Bond Resolution] and any supplements thereto and other related agreements...in order to effectuate the provisions of Section 716 of the Master Bond Resolution" (as such Section 716 is more fully described below).

(6) Section 716 of the Master Bond Resolution allows for the lawful reorganization of the governmental structure of the City and the transfer of a public function of the City to another public body, so long as the reorganization provides that the System shall be continued as a single enterprise and further permits amendments to the Master Bond Resolution necessary to implement such reorganization.

(7) In furtherance of the Charter and Section 716 of the Master Bond Resolution, the Authority hereby assumes all obligations and duties of the City under the Master Bond Resolution and the Subordinated Bond Resolution, as each has been or may hereafter be amended and supplemented, and all obligations and duties of the City in connection with all agreements of the City with any Credit Enhancers in connection with Credit Enhancement, agreements of the City with Qualified Hedging Contract Providers in connection with Qualified Hedge Contracts and all other ancillary agreements of the City entered into in connection with any Bonds and Subordinated Indebtedness.

(8) Sections 706 and 710 of the Master Bond Resolution set forth certain requirements of the City relating to the establishment and collection of rates, fees and charges for the use or the sale of the output, capacity or service of the System. In furtherance of the assumption by the Authority of all obligations and duties of the City under the Master Bond Resolution and the Subordinated Bond Resolution, and in furtherance of the rights, powers and duties of the Authority under the Charter and the provisions of Section 1.04(7) of the Charter relating to such rates, fees and charges, and subject in all instances to the requirements of the Master Bond Resolution, as supplemented, and the Subordinated Bond Resolution, as supplemented, the Authority hereby determines that it will, from time to time, and without further action by the City, establish those rates, fees and charges for the use or the sale of the output, capacity or service of the System as the Authority determines necessary and appropriate, including as necessary to comply with the applicable covenants of the City under the Master Bond Resolution, as supplemented, and the Subordinated Bond Resolution, as supplemented.

(9) The Authority, on behalf of the City, may authorize the issuance by the City of Bonds of the City from time to time under the Master Bond Resolution, as supplemented, for the purpose, among others, of financing and refinancing Bonds, including refunding any Outstanding Bonds, and may enter into related agreements, including, without limitation, limitation agreements with any Credit Enhancers in connection with Credit Enhancement, agreements with Qualified Hedging Contract Providers in connection with Qualified Hedge Contracts and all other ancillary agreements entered into in connection with any Bonds and Subordinated Indebtedness.

(10) Pursuant to the Charter and the Master Bond Resolution, including the hereinafter defined Amendments, the Bonds and other forms of indebtedness of the City authorized by the Authority must be executed and attested by the officers, employees, or agents of the City, including the General Manager or Chief Financial Officer of the System, as the Authority has so designated as agents of the City.

(11) The City heretofore has issued certain Bonds, including the Refunded Bonds, for the purpose of financing and refinancing a portion of the Cost of Acquisition and Construction of the System.

(12) As noted above, Section 716 of the Master Bond Resolution permits amendments thereto, without consent of the Holders of the Bonds or the Trustee, as necessary to implement the reorganization of the governance of System required by the Charter, provided that such amendment will not adversely affect the rights of the Holder of the Bonds. The Authority hereby determines, on behalf of the City, that certain amendments to the Master Bond Resolution, as set forth in Section 5.01 of this Resolution (collectively, the "Amendments"), are required to be made in order to implement the provisions of the Charter establishing the Authority, creating the position of chief executive officer/ general manager, and repealing the Charter provisions relating to the position of the General Manager for Utilities and such person's duties under the Charter. The Amendments shall be effective upon adoption of this Resolution and any consents required by the holders of Bonds or pursuant to other agreements made in connection with the issuance of any such Bonds. Notwithstanding the effectiveness of the Amendments, such Amendments shall operate prospectively only, and all prior actions taken by the Commission for approval of the Bonds previously issued under the Master Bond Resolution, as supplemented, and for the execution thereof, shall not be impaired by the Amendments. The

Amendments are hereby determined by the Authority, on behalf of the City, to not adversely affect the rights of the Holders of the Bonds heretofore issued under the Master Bond Resolution, as supplemented.

(13) It is in the best interest of the System to issue and sell the 2024 Series A Bonds as Bonds and Refunding Bonds within the meaning of the Master Bond Resolution for the purpose of refunding the Refunded Bonds in order to achieve debt service savings and paying costs of issuance related thereto, including the premiums on Credit Enhancement, if any.

(14) The complexity of the structuring of the 2024 Series A Bonds, the current conditions in the market for obligations such as the 2024 Series A Bonds and the advantages of a more flexible financial plan make it necessary and in the best interests of the System that the 2024 Series A Bonds be sold on a negotiated basis to underwriter(s) to be selected by the Authority in a subsequent Supplemental Resolution.

(15) The Authority desires to delegate the award and sale of the 2024 Series A Bonds and certain other matters hereunder to the General Manager, the Chief Financial Officer or such other Authorized Officer within the parameters set forth in this Resolution and a subsequent Supplemental Resolution.

(16) In connection with the Refunded Bonds to be refunded, the City previously entered into a Master Agreement and related documents with Bank of America, N.A. (the "Counterparty"), dated as of April 7, 2020, as amended and supplemented, and thereafter entered into a trade confirmation dated April 8, 2020 in an original notional amount of \$34,025,000 (the transaction is referred to herein as the "Swap") pursuant to which the Counterparty will pay on the effective date (currently October 1, 2024) a variable rate of interest and the Counterparty will receive payments secured under the Master Bond Resolution of a fixed rate of interest.

(17) The Authority has determined that it may be advantageous to either issue the 2024 Series A Bonds as (i) Variable Rate Bonds the interest on which will be hedged by the Swap, or (ii) fixed rate Bonds and on or about the issuance thereof to terminate the Swap and apply the cash settlement amount received from Counterparty to the refunding of the Refunded Bonds and thereby reduce the principal amount of the 2024 Series A Bonds that will be issued, subject to parameters to be set forth in a subsequent Supplemental Resolution.

(18) Additionally, the Authority hereby determines, on behalf of the City, that certain amendments to the Subordinated Bond Resolution, as set forth in Section 5.02 of this Resolution (collectively, the "Subordinated Bond Amendments"), are required to be made in order to implement the provisions of the Charter establishing the Authority, creating the position of chief executive officer/ general manager, and repealing the Charter provisions relating to the position of the General Manager for Utilities and such person's duties under the Charter. The Subordinated Bond Amendments shall be effective upon adoption of this Resolution and any consents required by the holders of Subordinated Bonds or pursuant to other agreements made in connection with the issuance of any such Subordinated Bonds. Notwithstanding the effectiveness of the Subordinated Bond Amendments, such Subordinated Bond Amendments shall operate prospectively only, and all prior actions taken by the Commission for approval of the Subordinated Bonds previously issued under the Subordinated Bond Resolution, as

supplemented, and for the execution thereof, shall not be impaired by the Subordinated Bond Amendments. The Subordinated Bond Amendments are hereby determined by the Authority, on behalf of the City, to not adversely affect the rights of the Holders of the Subordinated Bonds heretofore issued under the Subordinated Bond Resolution, as supplemented.

ARTICLE II AUTHORIZATION OF 2024 SERIES A BONDS

SECTION 2.01 PURPOSE AND NOTICE OF REDEMPTION. The 2024 Series A Bonds are being issued for the purposes of (1) refunding the Refunded Bonds, and (2) paying costs of issuance related to the 2024 Series A Bonds, including the premiums on Credit Enhancement, if any.

The providing of a notice of redemption relating to the redemption of the Refunded Bonds, which redemption shall occur as soon as reasonably practicable on or after October 1, 2024, is hereby authorized in accordance with the terms of the Master Bond Resolution, as previously supplemented in connection with the Refunded Bonds, such notice to be given at such time as will comply with the terms of the Refunded Bonds and the Master Bond Resolution as so supplemented. Each Authorized Officer is hereby authorized to take the necessary actions and to execute the necessary documents to provide for the giving of such notice in accordance with the terms of the Master Bond Resolution, as previously supplemented in connection with the Refunded Bonds.

SECTION 2.02 PRINCIPAL AMOUNT, DESIGNATION OF SERIES AND DESCRIPTION OF 2024 SERIES A BONDS. Pursuant to the provisions of this Resolution, a Series of Bonds is hereby authorized in a principal amount, not to exceed \$45,000,000. Such Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, "Utilities System Revenue Bonds, 2024 Series A". The General Manager or the Chief Financial Officer or such other Authorized Officer may authorize the modification of the name or series designation of the 2024 Series A Bonds, as deemed appropriate. The series designation of the 2024 Series A Bonds may be changed by the addition of a letter or letters or a numeral or numerals to reflect the issuance of the 2024 Series A Bonds in more than one series, if applicable, or to reflect the year of issuance or to reflect their issuance as Variable Rate Bonds. The 2024 Series A Bonds shall be and constitute "Bonds" and "Refunding Bonds," as such terms are defined in Section 101 of the Master Bond Resolution.

The 2024 Series A Bonds may either be issued as fixed rate Bonds or as Variable Rate Bonds (or such other interest rate mode as shall be permitted under the City's multimodal bond program) as shall be determined by the General Manager or Chief Financial Officer or such other Authorized Officer based on the advice of the financial advisor to the System and subject to any conditions as may be set forth in a subsequent Supplemental Resolution. If the 2024 Series A Bonds are issued as fixed rate Bonds the Swap shall be terminated and the cash settlement amount received from the Counterparty (net of fees and expenses related thereto) shall be applied to redeem a portion of the Refunded Bonds. If the 2024 Series A Bonds are issued as Variable Rate Bonds, the interest on which shall reset on a periodic basis in accordance with the terms of a subsequent Supplemental Resolution the swap shall be applied to the 2024 Series A Bonds in order to moderate the interest rate fluctuations on such 2024 Series A Bonds and a Supplemental Resolution shall be adopted by the Authority which shall include the variable

interest rate programs for the 2024 Series A Bonds, including the multimodal programs. The 2024 Series A Bonds to optional and mandatory tender and purchase in lieu of redemption, in accordance with the terms of a subsequent Supplemental Resolution and secured by Credit Enhancement and enter into agreements with a Credit Enhancer in connection therewith.

The General Manager or the Chief Financial Officer, or such other Authorized Officer, in reliance upon advice of the financial advisor to the System, is hereby directed and authorized to award the sale of the 2024 Series A Bonds to an underwriter or underwriters to be determined in a subsequent Supplemental Resolution.

The 2024 Series A Bonds shall be and have all the qualities and incidents of negotiable instruments under the laws of the State of Florida, and each successive Bondholder, in accepting any of the 2024 Series A Bonds, shall be conclusively deemed to have agreed that such 2024 Series A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the laws of the State of Florida.

SECTION 2.03 GENERAL TERMS OF 2024 SERIES A BONDS. The 2024 Series A Bonds shall mature on such dates and in such respective principal amounts, and shall bear interest at such respective rate or rates per annum, payable if fixed rate bonds, semi-annually on each April 1 and October 1 and if variable rate, as set forth in a subsequent Supplemental Resolution, commencing as provided for by the Authority. The 2024 Series A Bonds shall be issued as Tax-Exempt Bonds.

The 2024 Series A Bonds shall be dated as of their date of issuance, shall be issued in the form of fully registered Bonds, shall be numbered consecutively from one upward in order of maturity within a Series and preceded by the letter "R," with such additional identifying information as the General Manager or such other Authorized Officer may determine, including as provided in Section 2.01 hereof.

The General Manager or the Chief Financial Officer, or such other Authorized Officer, in reliance upon advice of the financial advisor to the System, is hereby directed and authorized to award the sale of the 2024 Series A Bonds to underwriter(s) to be authorized in a subsequent Supplemental Resolution and to approve the terms of the 2024 Series A Bonds, including, without limitation, the date thereof, the aggregate principal amount thereof, the interest rate or rates with respect thereto or the interest rate mode, whether such 2024 Series A Bonds shall be subject to redemption prior to maturity as provided in Article IV of the Master Bond Resolution by operation of the Debt Service Fund from mandatory Sinking Fund Installments and/or serial bonds, the purchase price thereof, the final maturity dates thereof and the redemption terms (including, without limitation, optional and mandatory) with respect thereto; provided, however, the 2024 Series A Bonds shall not be issued unless the following conditions have been satisfied:

- (a) The aggregate principal amount of the 2024 Series A Bonds (without regard to net original issue premium or discount) shall not exceed \$45,000,000;
- (b) The final maturity of the 2024 Series A Bonds shall not be later than October 1, 2044;

(c) The interest rate per annum on the 2024 Series A Bonds shall not exceed the maximum rate permitted by law and may be a fixed interest rate or a variable interest rate determined in accordance with the provisions of a subsequent Supplemental Resolution.

The execution by the City or Authority of the 2024 Series A Bonds shall constitute conclusive evidence of approval of such terms.

The 2024 Series A Bonds shall not be or constitute general obligations or indebtedness of the City within the meaning of any constitutional or statutory provision, but shall be special obligations of the Issuer, secured solely by a lien upon and pledge of, and payable from, the Trust Estate in accordance with the terms of the Bond Resolution.

SECTION 2.04 REDEMPTION PROVISIONS FOR 2024 SERIES A BONDS.

(1) The 2024 Series A Bonds may be subject to optional redemption prior to maturity at the option of the City, either as a whole or in part on the dates and at the Redemption Prices, if any, set forth in such 2024 Series A Bonds and in accordance with the terms of a subsequent Supplemental Resolution.

(2) Except as otherwise provided by the 2024 Series A Bonds, if fewer than all of the 2024 Series A Bonds subject to optional redemption are called for optional redemption, such 2024 Series A Bonds or Sinking Fund Installment to be redeemed shall be selected in such order of maturity and manner as the City, in its discretion, shall determine, and, if less than all of the 2024 Series A Bonds of a maturity or a Sinking Fund Installment shall be called for redemption, such 2024 Series A Bonds or Sinking Fund Installment to be redeemed shall be selected by lot within such maturity. If the 2024 Series Bonds shall be issued as fixed rate Bonds, the portion of 2024 Series A Bonds to be redeemed in part shall be in principal amounts of \$5,000 or any integral multiple thereof.

(3) The 2024 Series A Bonds may also be subject to redemption prior to maturity as provided in Article IV of the Master Resolution by operation of the Debt Service Fund from mandatory Sinking Fund Installments in accordance with the terms of a subsequent Supplemental Resolution.

(4) Notwithstanding Section 405 of the Master Resolution, notice of redemption of the 2024 Series A Bonds, may be given not more than sixty (60) days or less than twenty (20) days prior to the redemption date of the 2024 Series A Bonds, and such notice may be given electronically.

(5) Notwithstanding any other provision hereof, notice of optional redemption may be conditioned upon the occurrence or non-occurrence of such event or events as shall be specified in such notice of optional redemption and may also be subject to rescission by the City if expressly set forth in such notice.

SECTION 2.05 AUTHORIZATION TO TERMINATE OR AMEND SWAP. The General Manager, the Chief Financial Officer or any other Authorized Officer, upon the advice of the financial advisor to the System (or an affiliate company of the financial advisor to the System), are each hereby authorized to enter into documents to terminate the Swap entered into with the Counterparty in connection with the Refunded Bonds and in accordance with Section

2.02 hereof the cash settlement amount received from the Counterparty upon the termination shall be applied to redeem a portion of the Refunded Bonds. The Swap may also be amended, in accordance with the terms of a subsequent Supplemental Resolution as may be necessary or convenient to better moderate the interest fluctuations on the 2024 Series A Bond, including without limitation for the purpose of integrating the Swap for federal income tax purposes, as shall be determined by the General Manager or Chief Financial Authorized, or other Authorized Officer, based upon the advice of the financial advisor to the System and subject to any conditions as may be set forth in a subsequent Supplemental Resolution. Each Authorized Officer and the City Attorney (and counsel to the Authority) is hereby authorized and empowered to execute and deliver or cause to be executed and delivered such other documents and opinions and to do all such acts and things as may be necessary or desirable in connection with the termination or amendment of the Swap, as applicable, for the full punctual and complete performance of all the terms, covenants and agreements contained herein and in the applicable Swap documents. The Clerk is hereby authorized to attest such signatures to the extent required by such applicable Swap documents, subject to the approval of the City Attorney as to form and legality. The termination and amendment referred to herein shall relate only to the Swap and shall not affect any other transactions of the City under any other agreements. The Swap may be terminated in connection with the refunding of the Refunding Bonds, if, based on the advice of financial advisor to the System, such actions are beneficial to the System and subject to any conditions as may be set forth in a subsequent Supplemental Resolution.

ARTICLE III APPLICATION OF PROCEEDS

SECTION 3.01 APPLICATION OF PROCEEDS OF 2024 SERIES A BONDS. In accordance with subsection (7) of paragraph 1 of Section 202 and paragraph 2 of Section 203 of the Master Bond Resolution, the proceeds of the 2024 Series A Bonds, to the extent permitted under the Code and not otherwise provided by the City by certificate of the General Manager or Chief Financial Officer or such other Authorized Officer, delivered at or prior to the issuance of the 2024 Series A Bonds, together with certain legally available funds of the City, if any, shall be applied in the following manner:

(A) An amount of proceeds of the 2024 Series A Bonds, together with other legally available funds of the City (including Swap termination amounts, net of fees of expenses related thereto), if any, shall be applied to pay the principal of and accrued interest on the Refunded Bonds upon their redemption.

(B) The remaining proceeds shall be applied by the City to pay costs of issuance of the 2024 Series A Bonds, including, without limitation, costs of any Credit Enhancement and costs associated with termination or amendment of the Swap.

No proceeds of the 2024 Series A Bonds shall be deposited into the Rate Stabilization Fund or any subaccount in the Debt Service Reserve Account. The 2024 Series A Bonds will not be secured by the Debt Service Reserve Account or any subaccount created therein.

ARTICLE IV APPROVAL OF DOCUMENTS

SECTION 4.01 EXECUTION AND DELIVERY OF APPLICABLE DOCUMENTS. The Clerk is hereby authorized to cause the seal of the City to be affixed to each foregoing document and to attest the same, to the extent required therein. Such officers are each hereby authorized to deliver such agreements on behalf of the City. The Authorized Officers, individually and collectively, and the officers, attorneys and other agents or employees of the City and the Authority, as applicable, are each hereby authorized to do all acts and things required of them by the Bond Resolution or desirable or consistent with the requirements of the Bond Resolution for the full punctual and complete performance of all the terms, covenants and agreements contained in the Bond Resolution and the Bonds, including the 2024 Series A Bonds, and each Authorized Officer, employee, attorney and officer of the City and the Authority, as applicable, is hereby authorized and directed to execute and deliver any and all papers and instruments, and to be and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Bond Resolution or the Bonds, including the 2024 Series A Bonds.

SECTION 4.02 FURTHER ACTIONS. Each Authorized Officer is hereby authorized and empowered to execute and deliver or cause to be executed and delivered such other documents and opinions and to do all such acts and things as may be necessary or desirable in connection with the adoption of this Resolution and the carrying out of their terms and the terms of the Bond Resolution, the issuance, sale, execution and delivery of the 2024 Series A Bonds, the redemption of the Refunded Bonds and the termination or amendment of the Swap and entering into any agreements for Credit Enhancement on the 2024 Series A Bonds.

ARTICLE V AMENDMENTS

SECTION 5.01 AMENDMENTS TO MASTER BOND RESOLUTION. The following amendments are made pursuant to Section 716 of the Master Bond Resolution, to revise the definitions of the City and the Commission to reflect such governmental reorganization by the establishment of the Authority together with such other amendments related thereto that are hereby determined will not adversely affect the rights of the Holders of the Bonds in order to effectuate such reorganization. The amendments, pursuant to Section 716 of the Master Resolution shall not require the consent of the Holders of the Bonds and shall become effective upon the filing with the Trustee of a copy of this Resolution and a certificate of an Authorized Officer confirming the effectiveness of the amendments set forth below. For purposes of this Section 5.01, underlining reflecting inserts and ~~strikethroughs~~ representing deletions from the original text.

A. The following definition is hereby deleted from Section 101 of the Master Bond Resolution:

Mayor shall mean the Mayor of the City or the Mayor Pro-Tem or such other member of the Commission delegated to act on behalf of the Mayor by the Commission.

B. The following definitions are hereby added in alphabetical order to Section 101 of the Bond Resolution:

Authority shall mean the Gainesville Regional Utilities Authority.

Chairman shall mean the Chairman or Vice Chairman of the Authority or such other member of the Authority delegated to act on behalf of the Chairman by the Authority.

Chief Financial Officer shall mean the Chief Financial Officer of the System or such other similar position.

General Manager shall mean the chief executive officer/general manager of the System as set forth under the Charter. Until such time as a chief executive officer/general manager shall be appointed by the Authority the sitting General Manager for Utilities as appointed by the Commission shall serve as the chief executive officer/general manager.

C. The following definition in Section 101 of the Master Bond Resolution is hereby amended and replaced in its entirety with the following:

Authorized Officer of the City shall mean the ~~Mayor~~ Chairman, the General Manager ~~for Utilities~~, the ~~Utility~~ Chief Financial Officer or any other officer, employee or agent of the City authorized to perform specific acts or duties by resolution of the City duly adopted by the ~~City~~ Authority.

D. Section 210, paragraph 1, subparagraph (a) of the Master Bond Resolution is hereby amended and replaced in its entirety with the following:

(a) If so required by the Supplemental Resolution, the Trustee shall have received a credit facility or a liquidity facility with respect to such Commercial Paper Notes containing such terms and conditions, including with respect to reimbursement, as shall be approved by the Authority ~~Commission~~;

E. Section 211, paragraph 1, subparagraph (a) of the Master Bond Resolution is hereby amended and replaced in its entirety with the following:

(a) If so required by the Supplemental Resolution, the Trustee shall have received a credit facility or a liquidity facility with respect to such Medium-Term Notes containing such terms and conditions, including with respect to reimbursement, as shall be approved by the Authority ~~Commission~~;

F. Section 303, paragraphs 1 and 2 of the Master Bond Resolution are hereby amended and replaced in their entireties with the following:

1. The Bonds shall be executed in the name of the City by the manual or facsimile signature of ~~its Mayor~~ the Chairman, the General Manager or the Chief Financial Officer and the seal of the City (or a facsimile thereof), shall be impressed, imprinted, engraved or otherwise reproduced thereon and attested by the manual or

facsimile signature of the Clerk. The Bonds shall be approved as to form and legality by the City Attorney. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed shall have been authenticated and delivered by the Trustee, such Bonds may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed or sealed such Bonds had not ceased to hold such offices. Any Bond of a Series may be signed and sealed on behalf of the City by such persons as at the time of the execution of such Bonds shall be duly authorized or hold the proper office in the City or the Authority, although at the date borne by the Bonds of such Series such persons may not have been so authorized or have held such office.

2. The validation certificate appearing on the Bonds, if any, shall be signed by the facsimile signature of the ~~Mayer~~ Chairman and attested with the facsimile signature of the Clerk of the Commission of the City, or in such other manner as may be required or permitted by law, and the City may adopt and use for that purpose the facsimile signature of any person or persons who shall have been ~~Mayer~~ Chairman or Clerk of the Commission of the City at any time on or after the date borne by the Bonds of such Series, notwithstanding that such person may not have been such ~~Mayer~~ Chairman or Clerk of the Commission of the City at the date of any such Bond or may have ceased to be such ~~Mayer~~ Chairman or Clerk of the Commission of the City at the time when any such Bond shall be authenticated and delivered.

G. Section 503, paragraph 5 of the Master Bond Resolution is hereby amended and replaced in its entirety with the following:

5. Nothing in this Section 503 shall be construed to prevent the City from permanently discontinuing the acquisition or construction of any portion of the System the Cost of Acquisition and Construction of which is at the time being paid out of the Construction Fund, if the ~~Commission~~ Authority determines by resolution that such discontinuance is necessary or desirable in the conduct of the business of the City and not disadvantageous to the Holders of the Bonds.

H. Section 707, paragraph 2, subparagraphs (2) and (3) of the Master Bond Resolution are hereby amended and replaced in their entirety with the following:

(2) In addition to any agreement currently in effect to which the City is a party relating to the ownership or operation of any part of the System or the use of the output thereof, the City may lease or make contracts or grant licenses for the operation of, or make arrangements for the use of, or grant easements or other rights with respect to, any part of the System, provided that any such lease, contract, license, arrangement, easement or right (i) does not impede the operation by the City or its agents of the System and (ii) does not in any manner materially impair or adversely affect the rights or security of the Bondholders under the Resolution; and provided, further, that if the book value of the property to be covered by any such lease, contract, license, arrangement, easement or other right is in excess of 1% of the book value of the total assets of the System at such time, the City shall first file with the Trustee a certificate of an Authorized Officer of the City setting forth a determination of the ~~Commission~~ Authority that the action of the City with respect thereto does not result in a breach of the conditions under this clause (2).

Any payments received by the City under or in connection with any such lease, contract, license, arrangement, easement or right in respect of the System or any part thereof shall constitute Revenues;

(3) The limitations imposed upon the City by clauses (1) and (2) of this paragraph 2 shall not apply to any disposition of property by the City where: (i) such property is leased back to the City under a lease having a term of years (including renewal options) of not less than 75% of the remaining estimated useful life of the property computed from the date of disposition and lease, (ii) fair value to the City (as determined by the City) is received by the City for the property subject to such transaction, (iii) proceeds of such transaction, after payment of expenses, are set aside as a deposit in the Utilities Plant Improvement Fund, and (iv) the Trustee receives a certified copy of resolutions of the ~~Commission~~ Authority to the effect that, based upon such certificates and opinions as the ~~Commission~~ Authority shall deem necessary or appropriate, the ~~Commission~~ Authority has determined that the disposition and lease are not materially adverse to the Holders of the Bonds; and

I. The first paragraph of Section 717 of the Master Bond Resolution is hereby amended and replaced in its entirety with the following:

The City may expand the utility functions of the System as they exist on the date hereof as permitted by the proviso contained in the definition of "System" in Section 101, only if the City files with the Trustee a certified copy of resolutions of the ~~Commission~~ Authority to the effect that, based upon such certificates and opinions of its Consulting Engineers, independent certified public accountants, bond counsel, financial advisors or other appropriate advisors as the ~~Commission~~ Authority shall deem necessary or appropriate, the addition of such utility functions (a) will not impair the ability of the City to comply during the current or any future Fiscal Year with the provisions of the Resolution, including specifically Section 710, and (b) will not materially adversely affect the rights of the Holders of the Bonds.

SECTION 5.02 AMENDMENT TO SUBORDINATED BOND RESOLUTION.

The following amendment is made pursuant to Section 10.02 of the Subordinated Bond Resolution to reflect such governmental reorganization by the establishment of the Authority and it is hereby determined that such amendments will not have a material adverse effect on the interests of the Holders of Outstanding Subordinated Bonds. The amendments, pursuant to Section 10.02 of the Subordinated Bond Resolution, shall not require the consent of the Holders of Subordinated Bonds, except to the extent required under the applicable agreements with such Holders and shall become effective upon the filing with the Trustee of the Opinion of Counsel described in Section 10.02 of the Subordinated Bond Resolution.

Section 3.03, paragraph 1 of the Subordinated Bond Resolution is hereby amended and replaced in its entirety with the following (with underlining reflecting inserts and ~~striketroughs~~ representing deletions from the original text):

1. The Subordinated Bonds shall be executed in the name of the City by the manual or facsimile signature of ~~its Mayor~~ the Chairman, the General Manager or the Chief Financial Officer and the seal of the City (or a facsimile thereof), shall be impressed,

imprinted, engraved or otherwise reproduced thereon and attested by the manual or facsimile signature of the Clerk of the Commission of the City. The Subordinated Bonds shall be approved as to form and legality by the City Attorney. In case any one or more of the officers who shall have signed or sealed any of the Subordinated Bonds shall cease to be such officer before the Subordinated Bonds so signed and sealed shall have been authenticated and delivered by the Subordinated Bond Registrar or its agent, such Subordinated Bonds may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed or sealed such Subordinated Bonds had not ceased to hold such offices. Any Subordinated Bond of a Series may be signed and sealed on behalf of the City by such persons as at the time of the execution of such Subordinated Bonds shall be duly authorized or hold the proper office in the City, although at the date borne by the Subordinated Bonds of such Series such persons may not have been so authorized or have held such office.

ARTICLE VI MISCELLANEOUS

SECTION 6.01 FURTHER ASSURANCES. The Authority agrees that it shall on behalf of itself and the City, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such documents and instruments and take such further actions as may be required to continue the perfection and priority of the lien and security interest of the Owners of Obligations in the Trust Estate to the extent provided herein.

SECTION 6.02 VALIDATION AUTHORIZED. The City Attorney and Holland & Knight LLP, Bond Counsel, are hereby authorized to pursue validation of any Series of Bonds to be issued pursuant to the Master Bond Resolution, as supplemented, including the 2024 Series A Bonds, pursuant to the provisions of Chapter 75, Florida Statutes.

SECTION 6.03 REPEAL OF PRIOR RESOLUTION. Resolution No. 2024-187, adopted on March 27, 2024 is hereby repealed in its entirety.

SECTION 6.04 SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions of this Resolution should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions, and shall in no way affect the validity of any other provisions of the Bond Resolution, including this Resolution, or of the Outstanding Bonds or the Outstanding Subordinated Bonds.

This Resolution approved and adopted _____, 2024.

**GAINESVILLE REGIONAL UTILITIES
AUTHORITY**

Chairman

ATTESTED:

City Clerk

Approved as to Form and Legality:

City Attorney



Gainesville Regional Utilities Authority Agenda Item Report

File Number: 2024-439

Agenda Date: May 29, 2024

Department: Gainesville Regional Utilities

Title: 2024-439 Budget Presentation: FY25 Proposed Budget (B)

Department: Gainesville Regional Utilities Budget, Finance & Accounting

Description: This item is related to a presentation on the Gainesville Regional Utilities FY25 Proposed Budget. In preparation for the Gainesville Regional Utilities Authority meetings on June 12 and June 26, when motions will be made on the GRU FY25 budget resolution, staff is presenting an overview of the GRU FY25 Proposed Budget.

Fiscal Note: None at this time.

Recommendation: The GRU Authority receive the presentation and take any action deemed appropriate.

GRU Fiscal Year 2025 Budget

May 29, 2024

Budget Overview

GRU Budget Focus

Customers & Service

- Safe, Reliable Utility Services
- Stabilizing Electric Rates and Overall Bills

Infrastructure

- Addressing Aging Infrastructure and Capacity

Utility financials

- Long-range Plan to Reduce Debt

Recommendations and Outcomes

Approve budget plan for FY 2025

- Establish all rates and fees
- Establish GSC/GFT
- Meet the requirement of the law to submit budget by July 1

Budget Process

Rates & Forecasting

Customer Forecast

Energy Sales Forecast

Revenue Forecast @ current rates

Other Revenue: SEC; Comm. chg. BABS rebate

Operating Departments/Budgets

O&M

Capital

Labor

Non Labor

Debt Service

Revenue Requirement

GFT

UPIF

Change in Revenue Requirement

Bill Impact

Energy Supply/Fuels

Fuel

Revenue

Expense

Change in Fuel Cost

GRU Fiscal Year 2025 Budget

FLOW OF FUNDS

	2024	2025	Difference	
			\$	%
REVENUES,NET OF TRANSFERS (TO)FROM RATE STABILIZATION FUND	463,245,129	467,891,328	4,646,199	1.00%
LESS EXPENSES:				
FUEL	107,202,801	96,622,493	(10,580,308)	-9.87%
OPERATIONS & MAINTENANCE LABOR & NON-LABOR	157,324,197	155,565,061	(1,759,136)	-1.12%
EQUALS NET REVENUES [OPERATING INCOME]	198,718,131	215,703,774	16,985,643	8.55%
LESS USE OF NET REVENUES:				
DEBT SERVICE	102,918,849	108,346,828	5,427,979	5.27%
DEBT DEFEASANCE (REDUCTION)	31,569,294	29,708,166	(1,861,128)	-5.90%
UTILITY PLANT IMPROVEMENT FUND (UPIF)	46,125,619	45,359,758	(765,861)	-1.66%
GOVERNMENT SERVICES CONTRIBUTION	15,305,224	15,305,224	-	0.00%
EQUALS DEPOSIT TO/(WITHDRAWAL FROM) RATE STABILIZATION FUND*	2,799,145	16,983,798	14,184,653	506.75%

* These funds will be used for debt reduction or to cash fund capital projects

Rate Proposals

	FY24 PROPOSED RATES OVER FORECAST PERIOD										Reserves Over (Under) Target at End of Forecast Period
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Electric	3.00%	3.00%	3.00%	3.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	40,565,904
Water	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	(45,972,667)
Wastewater	5.00%	5.00%	5.00%	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	12,285,540
Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	11,541,065
GRUCom											(8,403,475) *
Total											10,016,366

	FY25 PROPOSED RATES OVER FORECAST PERIOD										Reserves Over (Under) Target at End of Forecast Period
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
Electric	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	50,300,467
Water	2.00%	3.00%	3.00%	3.00%	4.00%	4.00%	4.00%	3.00%	3.00%	3.00%	64,473
Wastewater	2.00%	2.00%	2.00%	2.00%	3.00%	3.00%	3.00%	3.00%	2.00%	2.00%	363,459
Gas	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	37,803,797
GRUCom											1,195
Total											88,533,991

* GRUCom reserve deficits are being absorbed by the other systems.

*These funds will be used for debt reduction or to cash fund capital projects.

Rate Proposals

- CPI-consistent rate increase proposals which acknowledge increasing costs of doing business as well as pending regulatory issues
- Significant driver is increased cost to support and maintain infrastructure
- Compared to prior rate proposals
 - Long-range planning
 - Exchanges lower increases in early years for increases continuing through forecast period
 - Includes increases for water & gas not included in previous budgets
 - Projected to meet target reserves by end of forecast period
- Any excess reserves utilized to accelerate debt reduction or cash fund capital projects per policy

Fees and Charges

GRU charges fees for additional programs and services

Existing	Proposed
Connection Charges and New Development Fees	
GRU has an established practice of charging one-time fees to new developments to recover costs for making capacity available and connecting new customers	FY25 Proposal: Increase fees by 2.29% based on industry inflationary index for construction costs
Public and Rental Lighting and Poles Rates	
GRU offers optional public and rental lighting programs to customers. The program is revised for material availability and rates are modified to align with our cost of services	Lighting: continue to increase rates to cover our cost of service Poles: continue the final step of adjusting rates to cover our cost of service
Advanced Metering Infrastructure Opt-Out Program	
New program for customers that do not want new meter technology	FY25 proposal - \$38/month charge and \$85 set-up fee

Bill Impact

**MONTHLY RESIDENTIAL BILL IMPACT OF PROPOSED OCTOBER 2024 RATE INCREASES
STANDARD CONSUMPTION
(Assumes No Change in Current Fuel Adjustment Rate)**

	Current	Proposed	Difference	% Difference
Electric	\$ 140.73	\$ 141.72	\$ 0.99	0.70%
Standard Consumption 1,000 kWh				
Proposed FY25 rate increase 1%				
Water	30.94	31.58	0.64	2.07%
Standard Consumption 7 kGal				
Proposed FY25 rate increase 2%				
Wastewater	61.95	63.20	1.25	2.02%
Standard Consumption 7 kGal				
Proposed FY25 rate increase 2%				
Natural Gas	35.74	36.26	0.52	1.45%
Standard Consumption 25 therms				
Proposed FY25 rate increase 2%				
Total	<u>\$ 269.36</u>	<u>\$ 272.76</u>	<u>\$ 3.40</u>	1.26%

Prior Year Bill Compare

MONTHLY CHANGE: OCTOBER 2023 VS PROPOSED OCTOBER 2024 BILL
STANDARD CONSUMPTION
(Assumes October 2024 Fuel Adjustment Rate Equal to Current Rate)

	October 2023	Proposed October 2024	Difference	% Difference
Electric	\$ 155.73	\$ 141.72	\$ (14.01)	-9.00%
Water	30.94	31.58	0.64	2.07%
Wastewater	61.95	63.20	1.25	2.02%
Natural Gas	39.49	36.26	(3.23)	-8.18%
Total	<u>\$ 288.11</u>	<u>\$ 272.76</u>	<u>\$ (15.35)</u>	-5.33%

	October 2023	Current & Projected October 2024
Electric Fuel Adjustment	0.050	0.035
Purchased Gas Adjustment	0.500	0.350

Budget Comparisons

BUDGET COMPARISONS: FY24 VS FY25

	FY24 Approved Budget		FY25 Plan in FY24		FY25 Proposed Budget		FY24 Budget vs FY25 Budget		FY25 Plan vs FY25 Budget			
							\$ Difference	% Difference	\$ Difference	% Difference		
Total Payroll	\$	96,228,662	\$	99,496,975	\$	100,656,891	\$	4,428,229	4.60%	\$	1,159,916	1.17%
Less Capital Labor		29,222,779		29,654,559		31,349,412		2,126,633	7.28%		1,694,853	5.72%
Total O&M Labor		67,005,883		69,842,416		69,307,479		2,301,596	3.43%		(534,937)	-0.77%
O&M Labor		67,005,883		69,842,416		69,307,479		2,301,596	3.43%		(534,937)	-0.77%
O&M Non-labor		90,318,315		94,219,197		86,257,582		(4,060,733)	-4.50%		(7,961,615)	-8.45%
O&M Labor & Non-Labor		157,324,198		164,061,613		155,565,061		(1,759,137)	-1.12%		(8,496,552)	-5.18%
Fuels		107,202,801		108,456,528		96,622,493		(10,580,308)	-9.87%		(11,834,035)	-10.91%
Total O&M Expenses	\$	264,526,999	\$	272,518,141	\$	252,187,554	\$	(12,339,445)	-4.66%	\$	(20,330,587)	-7.46%

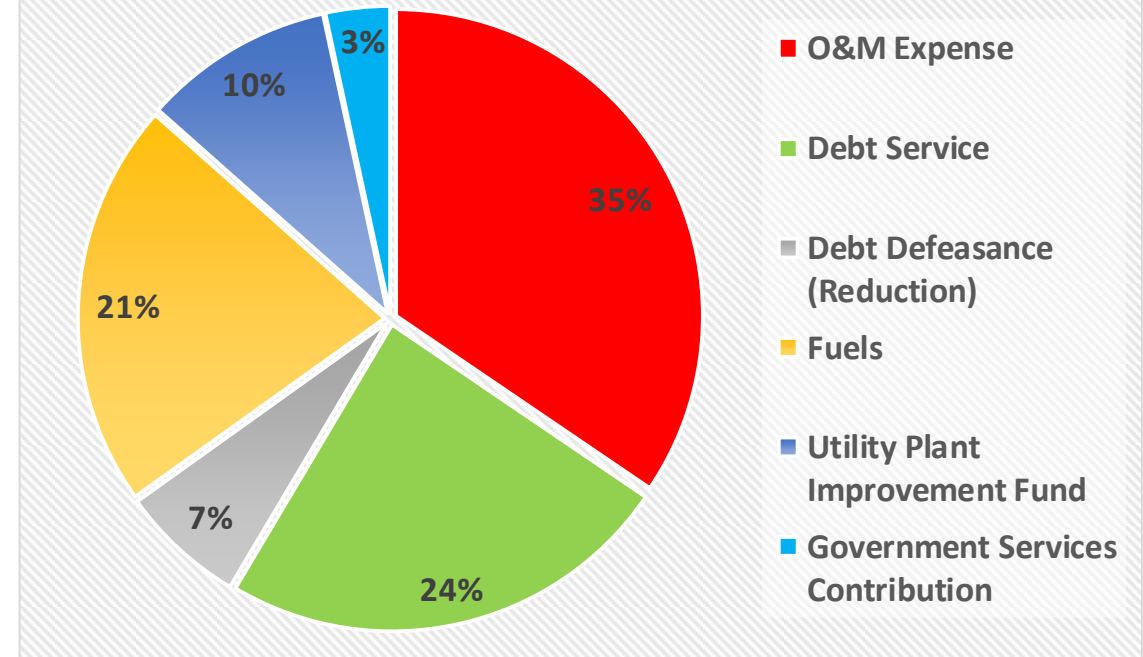
Combined System Flow of Funds

COMBINED SYSTEMS

	2024	2025	Difference	
			\$	%
Revenues:				
Sales	\$ 299,298,713	\$ 307,215,198	\$ 7,916,485	2.65%
Fuel adjustment	95,440,704	84,651,667	(10,789,037)	-11.30%
Purchased gas adjustment	11,762,097	11,970,826	208,729	1.77%
Utility surcharge	12,233,346	12,690,873	457,527	3.74%
Connection charges	3,259,000	3,072,000	(187,000)	-5.74%
Rate stabilization (to)/from	(2,799,145)	(16,983,798)	(14,184,653)	506.75%
Other electric sales	20,201,269	22,328,540	2,127,271	10.53%
Other revenue	17,044,194	21,695,450	4,651,256	27.29%
Interest income	4,005,804	4,266,774	260,970	6.51%
Total Revenues	460,445,982	450,907,530	(9,538,452)	-2.07%
Operation and Maintenance Expenses:				
Fuel expenses	95,440,704	84,651,667	(10,789,037)	-11.30%
Purchased gas	11,762,097	11,970,826	208,729	1.77%
Operation and maintenance expenses	157,324,197	155,565,061	(1,759,136)	-1.12%
Total Operation and Maintenance Expenses	264,526,998	252,187,554	(12,339,444)	-4.66%
Net Revenues:				
Total Net Revenues	195,918,984	198,719,976	2,800,992	1.43%
Uses of Net Revenues:				
Debt Service	102,918,849	108,346,828	5,427,979	5.27%
Utility Plant Improvement Fund	46,125,618	45,359,758	(765,860)	-1.66%
Government Service Contribution	15,305,224	15,305,224	-	0.00%
Loss absorbed from GRUCom	-	-	-	-
Debt Defeasance from Excess Revenues	6,500,000	6,467,000	(33,000)	-0.51%
Debt Defeasance from Budget Reductions	3,410,011	2,800,000	(610,011)	-17.89%
Debt Defeasance from GSC reduction *	16,977,775	14,977,777	(1,999,998)	-11.78%
Debt Defeasance from Treasury	4,681,507	5,463,389	781,882	16.70%
Total Uses of Net Revenues	195,918,984	198,719,976	2,800,992	1.43%
Net Impact to Rate Stabilization	\$ -	\$ -	\$ -	

* Funds debt reduction

FY25 Budget Composition



O&M Expense	155,565,061	35%
Debt Service	108,346,828	24%
Debt Defeasance (Reduction)	29,708,166	7%
Fuels	96,622,493	21%
Utility Plant Improvement Fund	45,359,758	10%
Government Services Contribution	15,305,224	3%
Total FY25 Budget	450,907,530	100%

Electric System Flow of Funds

ELECTRIC SYSTEM

	2024	2025	Difference	
			\$	%
Revenues:				
Residential sales	\$ 87,095,739	\$ 91,796,808	\$ 4,701,069	5.40%
Residential rate change	2,612,872	917,968	(1,694,904)	-64.87%
Non-residential sales	101,851,681	106,552,420	4,700,739	4.62%
Non-residential rate change	2,965,107	1,027,458	(1,937,649)	-65.35%
Fuel adjustment	95,440,704	84,651,667	(10,789,037)	-11.30%
Sales for resale	456,133	484,716	28,583	6.27%
Utility surcharge	5,109,345	5,169,856	60,511	1.18%
South Energy Center	16,758,442	17,347,776	589,334	3.52%
Innovation Square	286,000	240,000	(46,000)	-16.08%
Other electric sales	3,065,063	4,649,000	1,583,937	51.68%
Rate stabilization (to)/from	(2,028,377)	(12,566,360)	(10,537,983)	519.53%
Other revenue	9,712,180	11,814,229	2,102,049	21.64%
Interest income	2,074,972	2,440,675	365,703	17.62%
Total Revenues	325,399,861	314,526,213	(10,873,648)	-3.34%
Operation and Maintenance Expenses:				
Fuel expenses	95,440,704	84,651,667	(10,789,037)	-11.30%
Operation and maintenance expenses	95,094,701	95,431,570	336,869	0.35%
Total Operation and Maintenance Expenses	190,535,405	180,083,237	(10,452,168)	-5.49%
Net Revenues:				
Total Net Revenues	134,864,456	134,442,976	(421,480)	-0.31%
Uses of Net Revenues:				
Debt service	71,930,998	72,977,800	1,046,802	1.46%
Utility Plant Improvement Fund	28,736,177	28,599,426	(136,751)	-0.48%
Government Service Contribution	9,523,278	9,892,654	369,376	3.88%
Loss absorbed from GRUCom	3,910,080	3,433,484	(476,596)	-12.19%
Debt Defeasance from Excess Revenues	4,356,143	4,323,143	(33,000)	-0.76%
Debt Defeasance from Budget Reductions	2,121,791	1,809,802	(311,989)	-14.70%
Debt Defeasance from GSC reduction	10,563,980	8,950,156	(1,613,824)	-15.28%
Debt Defeasance from Treasury	3,722,009	4,456,511	734,502	19.73%
Total Uses of Net Revenues	134,864,456	134,442,976	(421,480)	-0.31%
Net Impact to Rate Stabilization	\$ -	\$ -	\$ -	

Water System Flow of Funds

WATER SYSTEM

	2024	2025	Difference	
			\$	%
Revenues:				
Sales of water	\$ 31,759,934	\$ 31,718,523	\$ (41,411)	-0.13%
Rate change revenue	-	634,370	634,370	
University of Florida	1,996,110	1,995,884	(226)	-0.01%
Utility surcharge	2,715,474	2,782,349	66,875	2.46%
Rate stabilization (to)/from	711,205	523,304	(187,901)	-26.42%
Connection charges	1,188,000	1,117,000	(71,000)	-5.98%
Surcharge on connections	30,000	112,000	82,000	273.33%
Other revenue	2,908,663	3,762,782	854,119	29.36%
Interest income	957,917	675,617	(282,300)	-29.47%
Total Revenues	42,267,303	43,321,829	1,054,526	2.49%
 Total Operation and Maintenance Expenses	 20,929,819	 21,157,219	 227,400	 1.09%
 Total Net Revenues	 21,337,484	 22,164,610	 827,126	 3.88%
 Uses of Net Revenues:				
Debt service	9,479,903	11,223,439	1,743,536	18.39%
Utility Plant Improvement Fund	6,154,840	5,714,522	(440,318)	-7.15%
Government Service Contribution	1,991,424	1,737,327	(254,097)	-12.76%
Loss absorbed from GRUCom	738,374	648,374	(90,000)	-12.19%
Debt Defeasance from Budget Reductions	443,690	317,834	(125,856)	-28.37%
Debt Defeasance from GSC reduction	2,209,046	2,202,916	(6,130)	-0.28%
Debt Defeasance from Treasury	320,207	320,198	(9)	0.00%
Total Uses of Net Revenues	21,337,484	22,164,610	827,126	3.88%
 Net Impact to Rate Stabilization	 \$ -	 \$ -	 -	

Wastewater System Flow of Funds

WASTEWATER SYSTEM

	2024	2025	Difference	
			\$	%
Revenues:				
Wastewater charges	\$ 44,514,012	\$ 46,687,209	\$ 2,173,197	4.88%
Rate change revenue	2,191,729	919,709	(1,272,020)	-58.04%
Utility surcharge	3,734,503	3,828,725	94,222	2.52%
South Energy Center	91,764	91,764	-	0.00%
Biosolids	300,000	300,000	-	0.00%
Rate stabilization (to)/from	(399,453)	(2,052,372)	(1,652,919)	413.80%
Connection charges	2,071,000	1,955,000	(116,000)	-5.60%
Surcharge on connections	52,000	195,000	143,000	275.00%
Other revenue	2,836,296	4,081,093	1,244,797	43.89%
Interest income	701,494	792,944	91,450	13.04%
Total Revenues	56,093,345	56,799,072	705,727	1.26%
 Total Operation and Maintenance Expenses	 25,715,106	 24,553,635	 (1,161,471)	 -4.52%
 Total Net Revenues	 30,378,239	 32,245,437	 1,867,198	 6.15%
 Uses of Net Revenues:				
Debt service	13,933,320	16,139,330	2,206,010	15.83%
Utility Plant Improvement Fund	7,263,974	7,449,353	185,379	2.55%
Government Service Contribution	2,456,917	2,510,041	53,124	2.16%
Loss absorbed from GRUCom	944,788	829,629	(115,159)	-12.19%
Debt Defeasance from Excess Revenues	2,143,857	2,143,857	-	0.00%
Debt Defeasance from Budget Reductions	547,402	459,197	(88,205)	-16.11%
Debt Defeasance from GSC reduction	2,725,408	2,351,228	(374,180)	-13.73%
Debt Defeasance from Treasury	362,573	362,802	229	0.06%
Total Uses of Net Revenues	30,378,239	32,245,437	1,867,198	6.15%
 Net Impact to Rate Stabilization	 \$ -	 \$ -	 -	

Gas System Flow of Funds

GAS SYSTEM

	2024	2025	Difference	
			\$	%
Revenues:				
Residential	\$ 8,579,649	\$ 8,399,472	\$ (180,177)	-2.10%
Residential rate change revenue	-	167,989	167,989	
Non-residential	5,316,311	5,333,029	16,718	0.31%
Non-residential rate change revenue	-	106,661	106,661	
Purchased gas adjustment	11,762,097	11,970,826	208,729	1.77%
Utility surcharge	592,024	602,943	10,919	1.84%
Manufactured gas plant	1,219,363	1,198,672	(20,691)	-1.70%
Rate stabilization (to)/from	(1,082,520)	(2,888,370)	(1,805,850)	166.82%
Other revenue	1,287,055	1,512,061	225,006	17.48%
Interest income	271,421	357,538	86,117	31.73%
Total Revenues	27,945,400	26,760,821	(1,184,579)	-4.24%
Operation and Maintenance Expenses:				
Purchased gas	11,762,097	11,970,826	208,729	1.77%
Operation and maintenance expenses	6,034,819	4,869,174	(1,165,645)	-19.32%
Total Operation and Maintenance Expenses	17,796,916	16,840,000	(956,916)	-5.38%
Total Net Revenues	10,148,484	9,920,821	(227,663)	-2.24%
Uses of Net Revenues:				
Debt service	4,929,474	5,213,382	283,908	5.76%
Utility Plant Improvement Fund	2,970,627	2,596,457	(374,170)	-12.60%
Government Service Contribution	763,532	669,588	(93,944)	-12.30%
Loss absorbed from GRUCom	304,314	267,221	(37,093)	-12.19%
Debt Defeasance from Budget Reductions	170,115	122,497	(47,618)	-27.99%
Debt Defeasance from GSC reduction	846,970	841,140	(5,830)	-0.69%
Debt Defeasance from Treasury	163,452	210,536	47,084	28.81%
Total Uses of Net Revenues	10,148,484	9,920,821	(227,663)	-2.24%
Net Impact to Rate Stabilization	\$ -	\$ -	-	-

GRUCom Flow of Funds

GRUCOM

	2024	2025	Difference	
			\$	%
Revenues:*				
Telecommunications	\$ 6,655,562	\$ 7,126,858	\$ 471,296	-7.08%
Trunking Radio Service	-	-	-	
Tower lease rental	2,084,513	2,147,452	62,939	3.02%
Rate Stabilization (to) from	-	-	-	
Other revenue	-	225,285	225,285	
Interest income	-	-	-	
Total Revenues	8,740,075	9,499,595	759,520	8.69%
Total Operation and Maintenance Expenses	9,549,752	9,553,463	3,711	0.04%
Total Net Revenues	(809,677)	(53,868)	755,809	-93.35%
Uses of Net Revenues:				
Debt service	2,645,155	2,792,877	147,722	5.58%
Utility Plant Improvement Fund	1,000,000	1,000,000	-	0.00%
Government Service Contribution	570,074	495,614	(74,460)	-13.06%
Loss from GRUCom allocated to other systems *	(5,897,556)	(5,178,708)	718,848	-12.19%
Debt Defeasance from Budget Reductions	127,013	90,670	(36,343)	-28.61%
Debt Defeasance from GSC reduction	632,371	632,337	(34)	-0.01%
Debt Defeasance from Treasury	113,266	113,342	76	0.07%
Total Uses of Net Revenues	(809,677)	(53,868)	755,809	-93.35%
Net Impact to Rate Stabilization	\$ -	\$ -	-	

* GRUCom revenue projections are increasing from prior budget projections throughout the forecast period.

Fuels

FUELS					
	2024	2025	Difference		
			\$		%
Natural Gas	\$ 50,385,489	\$ 67,044,630	16,659,141		33.06%
Biomass (1)	31,321,764	7,953,598	(23,368,166)		-74.61%
Local Distribution Customer Sales	11,762,097	11,970,826	208,729		1.77%
Purchased power	9,158,786	5,719,204	(3,439,582)		-37.55%
Solar FIT	4,271,696	3,836,631	(435,065)		-10.18%
Marion County Landfill Gas	207,861	-	(207,861)		-100.00%
Coal	55,107	57,604	2,497		4.53%
Renewable Energy Credits	40,000	40,000	-		0.00%
Total Fuels	\$ 107,202,800	\$ 96,622,493	(10,580,307)		-9.87%

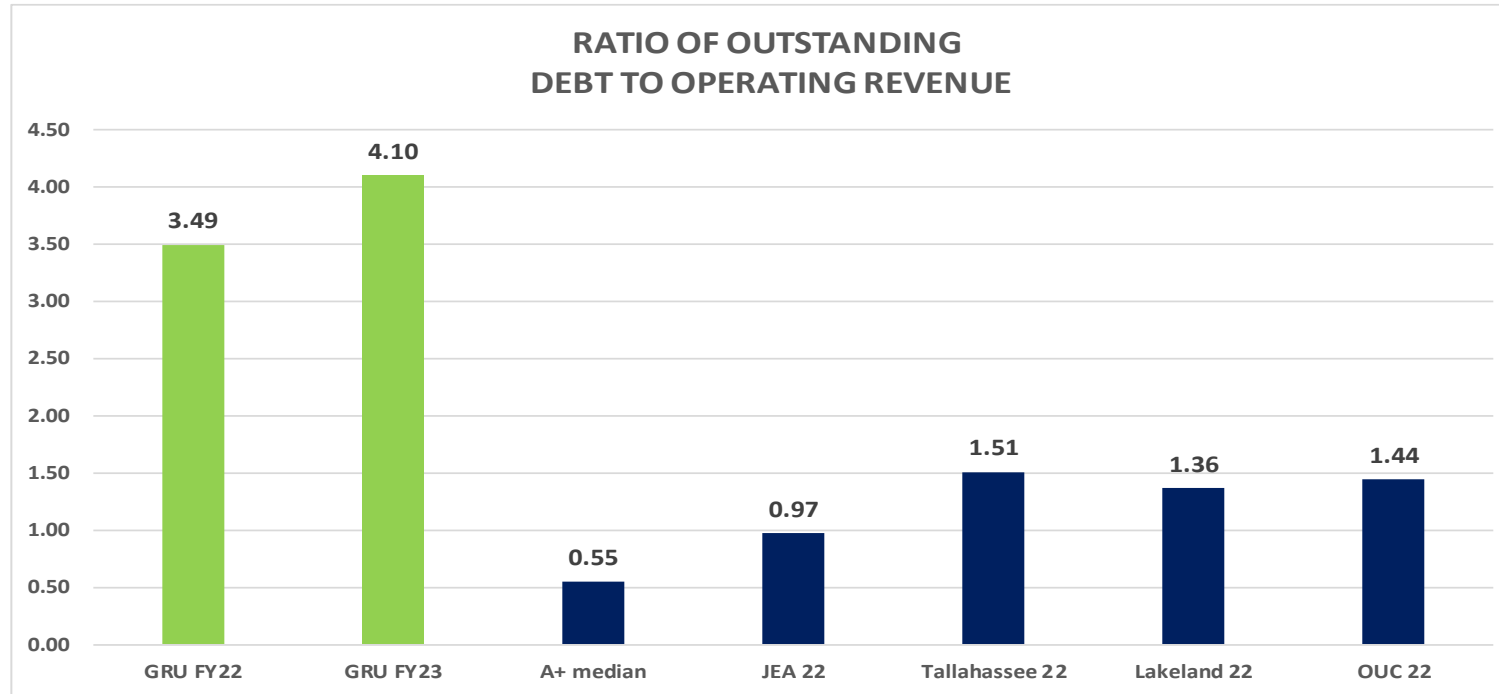
- (1) An economic outage is scheduled for DHR in fiscal 2025. This accounts for a significant portion of the projected large reduction in biomass fuel usage and the increase in natural gas usage in fiscal 2025.

Debt Service

DEBT SERVICE

	2024	2025	Difference	
			\$	%
Principal	\$ 35,340,000	\$ 43,435,000	\$ 8,095,000	22.91%
Interest & Net Swap Payments	67,578,849	64,911,828	(2,667,021)	-3.95%
Total Debt Service	102,918,849	108,346,828	5,427,979	5.27%
Debt Defeasance (Reduction)	31,569,293	29,708,166	(1,861,127)	-5.90%
Total Expense	\$ 134,488,142	\$ 138,054,994	\$ 3,566,852	2.65%

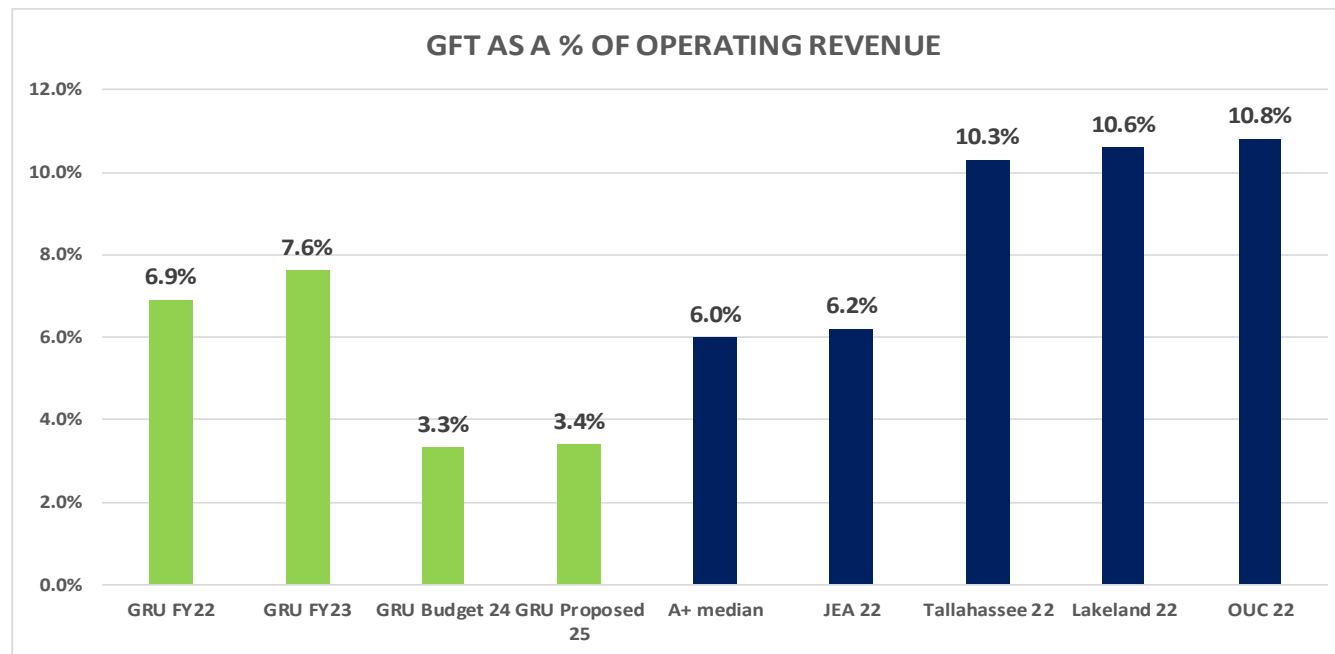
Debt-to-Operating Revenue



	Ratio	Outstanding Debt	Operating Revenue
GRU FY22	3.49	1,833,336,000	524,837,589
GRU FY23	4.10	1,849,115,000	450,956,410
A+ median	0.55	364,671,000	668,512,000
JEA 22	0.97	1,486,173,000	1,534,588,000
Tallahassee 22	1.51	533,795,000	353,292,000
Lakeland 22	1.36	527,877,000	387,162,000
OUC 22	1.44	1,635,000,000	1,134,512,000

Source: FitchRatings U.S. Public Power - Peer Review June 20, 2023

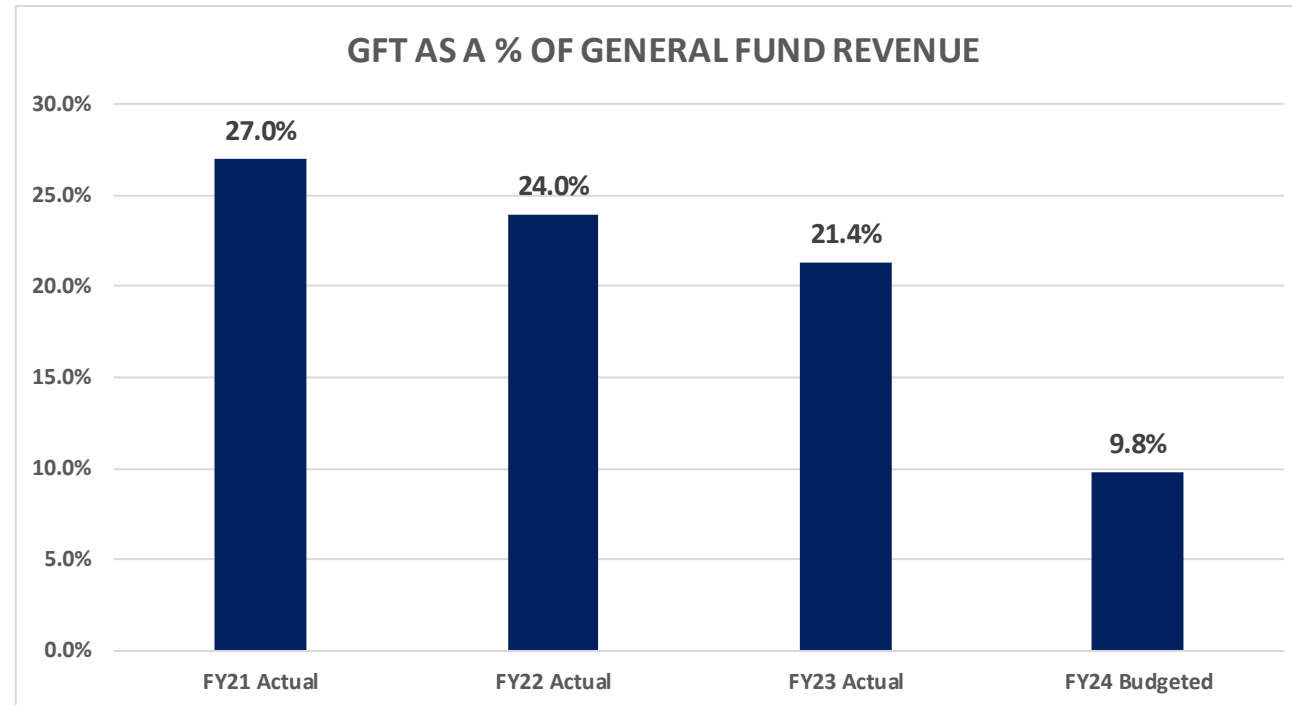
GFT as a % of Operating Revenue



	Ratio	Transfers	Operating Revenue
GRU FY22	6.9%	36,283,000	524,837,589
GRU FY23	7.6%	34,283,000	450,956,410
GRU Budget 24	3.3%	15,305,224	460,445,982
GRU Proposed 25	3.4%	15,305,224	450,907,530
A+ median	6.0%		
JEA 22	6.2%		
Tallahassee 22	10.3%		
Lakeland 22	10.6%		
OUC 22	10.8%		

Source: FitchRatings U.S. Public Power - Peer Review June 20, 2023

GFT as a % of General Fund Revenue



	GFT as a % of of General Fund Revenue	GFT	General Fund Revenue
FY21 Actual	27.0%	38,285,000	141,745,147
FY22 Actual	24.0%	36,283,000	151,240,835
FY23 Actual	21.4%	34,283,000	160,540,434
FY24 Budgeted	9.8%	15,305,224	156,419,483

Status: Overall expenses are increasing beyond revenues

Action Plan in FY25

- Continue to align revenues with expenses
 - Focus on core businesses – sold TRS to County in FY24
 - Work with General Government to recover unbilled network connectivity
- GRUCom operates as a corporate expense
 - GRU lines of business require utility-class network connectivity
 - GRU needs to recover full network connectivity costs like a shared services similar to IT, Accounting and Administration
- Expand Services and increase revenues
 - GRUCom has infrastructure to expand services to existing customer base
- Present recommended plan to GRUA later in 2024

Labor

TOTAL PAYROLL

	2024	2025	Difference	
			\$	%
Energy Supply	\$19,361,204	\$20,687,751	\$1,326,547	6.85%
Energy Delivery	23,691,302	24,877,403	1,186,101	5.01%
Water	7,358,565	7,182,280	(176,285)	-2.40%
Wastewater	8,971,478	9,922,217	950,739	10.60%
Gas	3,385,344	3,336,480	(48,865)	-1.44%
GRUCom	3,873,323	4,091,988	218,666	5.65%
Administration	3,081,828	3,186,984	105,156	3.41%
Customer Support Services	8,208,265	8,272,232	63,968	0.78%
BFA	5,208,054	5,459,340	251,286	4.82%
IT	9,052,577	9,630,690	578,114	6.39%
Sustainability	4,036,723	4,009,525	(27,197)	-0.67%
Total Payroll	\$ 96,228,662	\$ 100,656,891	\$ 4,428,229	4.60%

	2024	2025		
O&M Labor	\$ 67,005,883	\$ 69,307,479	\$ 2,301,596	3.43%
Capital Labor	29,222,779	31,349,412	2,126,633	7.28%
Total Labor	\$ 96,228,662	\$ 100,656,891	\$ 4,428,229	4.60%

Authorized FTEs	928.25	903.25	(25)
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O&M Expense

TOTAL O & M							
	2024		2025		Difference		
					\$	%	
O&M Labor	\$	67,005,883	\$	69,307,479	\$	2,301,596	3.43%
O&M Non-labor		90,318,315		86,257,582		(4,060,733)	-4.50%
O&M Expenses		157,324,198		155,565,061		(1,759,137)	-1.12%
Fuels		107,202,801		96,622,493		(10,580,308)	-9.87%
Total O&M Expenses	\$	264,526,999	\$	252,187,554	\$	(12,339,445)	-4.66%

Capital Expense

CAPITAL EXPENSE BY LINE OF BUSINESS

	2024	2025	Difference	
			\$	%
Energy Supply	\$ 14,926,437	\$ 12,169,706	\$ (2,756,731)	-18.47%
Energy Delivery	36,649,803	34,581,806	(2,067,997)	-5.64%
Water	14,898,064	16,541,688	1,643,624	11.03%
Wastewater (1)	36,277,688	61,214,522	24,936,834	68.74%
Gas	4,986,020	6,750,710	1,764,690	35.39%
GRUCom	359,460	60,180	(299,280)	-83.26%
Corporate Expense (2)	13,322,946	11,169,894	(2,153,052)	-16.16%
Total Capital	\$ 121,420,418	\$ 142,488,506	\$ 21,068,088	17.35%

- (1) WW increases driven by Main Street Facility expansion. This capital work will result in capacity expansion and assist in meeting enhanced regulatory requirements. The expenses noted above do not account for any grant funding which may be awarded.
- (2) Significant corporate expense projects are:

	AMI	Network Supplies Computer Hardware Software Purchases	FMIS SAP Cloud Licensing	Building Maintenance
FY25	5,217,310	2,091,638	2,858,100	-
FY24	8,570,072	1,805,566	-	1,249,396

Budgeted Reserves & Debt Defeasance

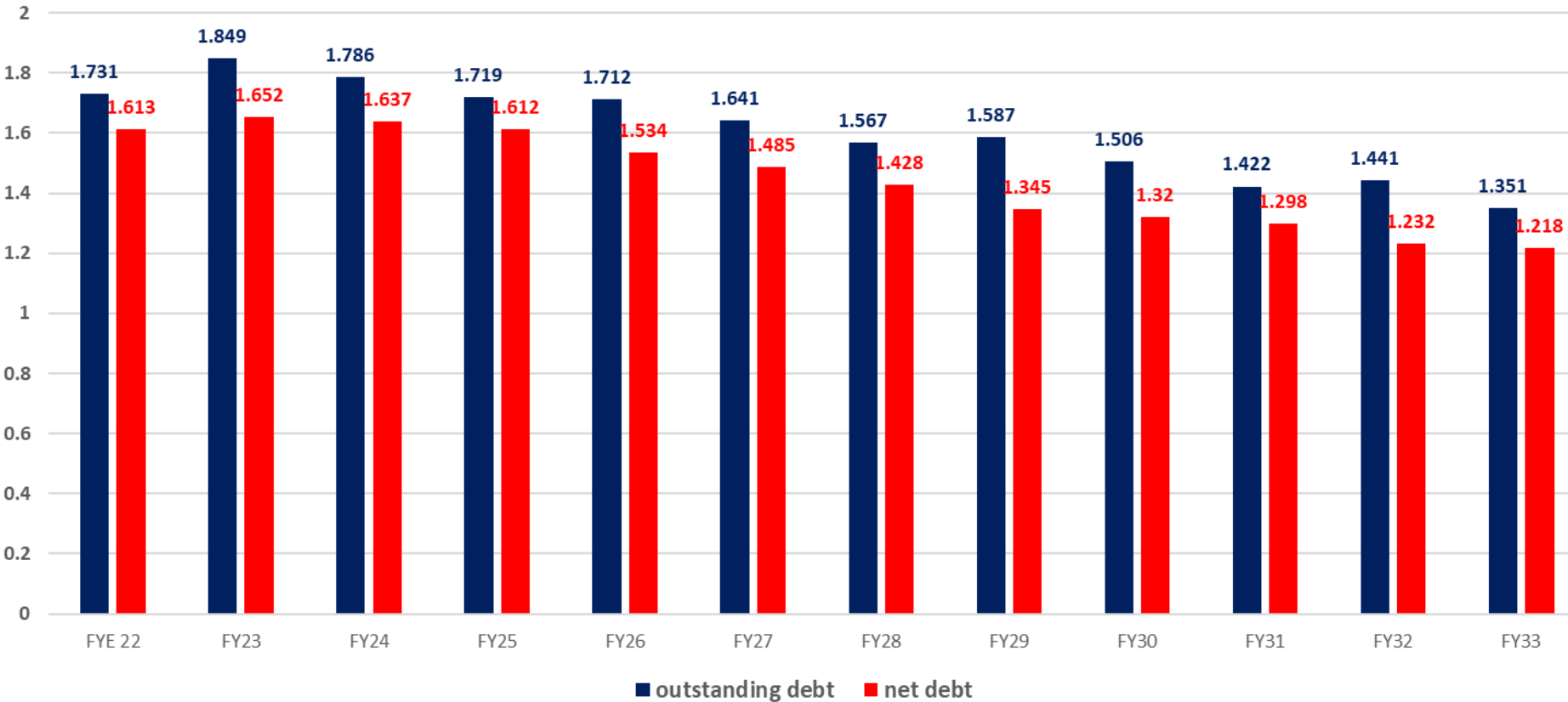
RESERVE REQUIREMENTS AND RESERVE FUNDED*

	2024	2025	End of Forecast Period 2034
Reserve Requirements:			
Electric	\$ 64,571,566	\$ 66,508,713	\$ 102,507,276
Water	5,564,516	5,731,451	13,250,814
Wastewater	6,839,717	7,044,909	14,138,538
Gas	5,100,806	5,253,830	13,284,707
GRUCom	2,202,621	2,268,699	3,439,943
Total Reserve Requirements	84,279,226	86,807,602	146,621,278
Reserve Funded:			
Electric	65,137,668	80,759,342	152,807,743
Water	17,082,430	15,770,898	13,315,287
Wastewater	20,443,189	21,813,441	14,501,997
Gas	9,774,874	7,217,354	51,088,504
GRUCom	3,441,137	4,261,821	3,441,138
Total Reserve Funded	115,879,298	129,822,856	235,154,669
Amount to be Utilized to Accelerate Debt Retirement or Cash Fund Capital Projects			
Electric	566,102	14,250,629	50,300,467
Water	11,517,914	10,039,447	64,473
Wastewater	13,603,472	14,768,532	363,459
Gas	4,674,068	1,963,524	37,803,797
GRUCom	1,238,516	1,993,122	1,195
Total	\$ 31,600,072	\$ 43,015,254	\$ 88,533,391

*Increased reserve requirements related to updated Cash Balance Policy begin in 2026.

Debt Reduction Plan

Debt Reduction Plan
Projected Reduction in Debt & Net Debt Through FY33 (Billions)



Projected Debt To Capitalization Rate	
FYE22	86.99%
FY23	89.63%
FY24	89.46%
FY25	88.98%
FY26	85.24%
FY27	82.75%
FY28	79.80%
FY29	75.36%
FY30	74.16%
FY31	73.15%
FY32	70.82%
FY33	70.59%

Net Debt Formula
Outstanding Debt
Plus Unamortized Bond Premium
Less Cash Available for Debt Svc.:
Operating Fund
Rate Stabilization Fund
Debt Service Fund*
Construction Fund

* debt defeasance cash is not included in the net debt reduction plan



Budget Calendar

Budget presentation to the GRU Authority.

Wednesday, May 29

Reading of resolution amending Chapter 27 relating to utilities; reading of resolution amending Appendix A Schedule of Fees, Rates and Charges; first reading of Budget Resolution.

Wednesday, June 12

Second reading of Budget Resolution.

Wednesday, June 26

Submission of FY25 GRU Budget to the City Commission.

By Monday, July 1

Support budget that continues safe, reliable utility services and long-range plan:

1. Hold GSC/GFT flat for FY 2025
 - Immediate work plan focus on GSC/GFT and IRP (plan for future power needs)
2. Modest rate and fee adjustments recognizing inflationary pressures and rising costs
 - Stabilizing Electric Rates and Overall Bills
 - Typical customer bill ~\$15 less than October 2023
3. Supports 10-year plan:
 - Continued investment in infrastructure and capacity
 - Stabilize electric rates and overall customer bill
 - Debt reduction plan to significantly reduce overall debt



Appendix 1

Prior presentations to GRUA Board:

January 3 Debt Portfolio Review
January 17 City Services Reduction
January 17 GSC Alternatives: Impact on Rates & Debt Reduction
February 7 Associations and Agreements

Appendix 2

FY25 Operations and Maintenance and Capital Budgets

AMI Meter Program – Opt-Out Policy

Annual Adjustment of Water and Wastewater New Development - Related Fees

Lighting and Pole Public & Rental Rates

FY25 Proposed Monthly Lighting Rates

Forecasts of Customers, Sales and Revenues

Fuels Budget presentation

Appendix 1

May 29, 2024



GRU Debt Portfolio Review

January 3, 2024



Debt Portfolio Review

Table of Contents

- Overview of the Portfolio Composition
- Detailed Review of Current Outstanding Debt Instruments
- Transactions Designed to Generate Savings
 - DHR Acquisition
 - 2019 Series ABC
 - 2020 Restructurings
 - 2020 POBs
 - 2022 Refundings
- Debt Defeasance Program
- Debt Policy Amendment: Financial Metrics & Deleveraging
- Rating Agency Methodology
- Net Debt Reduction Program



Overview of Portfolio Composition



Debt Portfolio Review

- As a five system municipal utility operation which includes power generation, GRU is a capital intensive operation

Combining Statement of Net Position - Unaudited Preliminary @ September 30, 2023	
Utility plant in service	3,125,576,762
Right-of-Use Asset	758,738
Less: accumulated depreciation & amortization	(1,412,606,580)
	1,713,728,920
Construction in progress	139,385,234
Net capital assets	1,853,114,154

- GRU needs to access capital markets regularly to obtain resources to acquire, construct and maintain this capital infrastructure

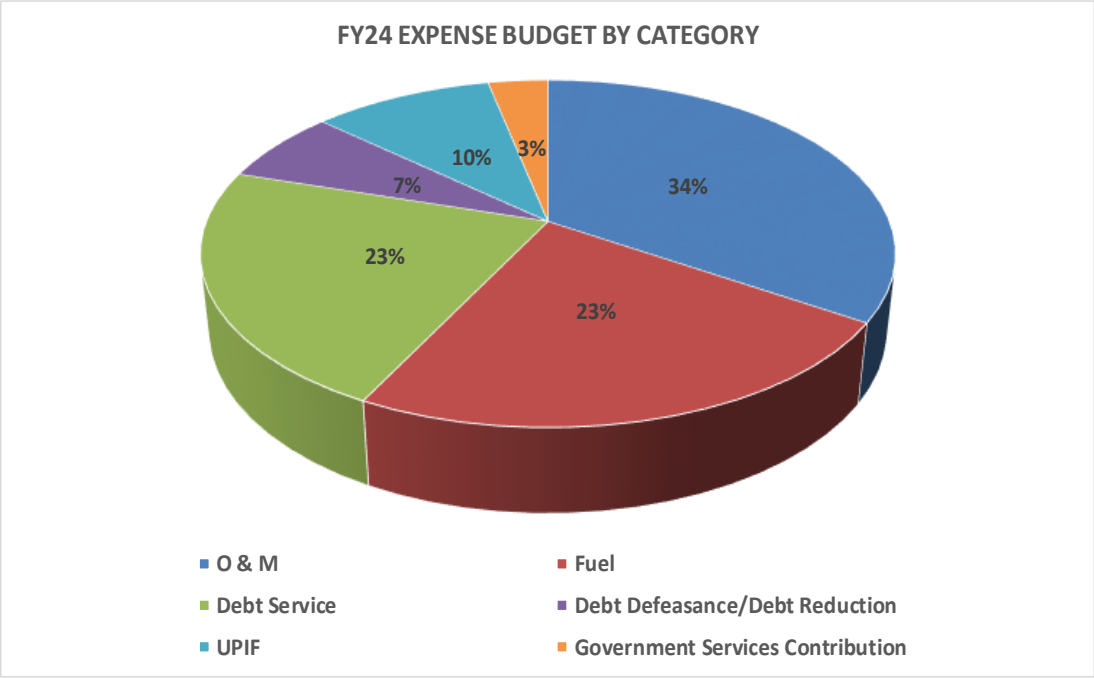


Why Utilize Debt Financing

- Utilizing debt for capital infrastructure may seem counterintuitive, however
 - If GRU funds with cash, current rate payers shoulder an inordinate amount of the burden for assets which will serve rate payers for 30+ years
 - Borrowing spreads the rate impact over the useful life of the assets and limits intergenerational inequity
- GRU executes new money issues every 2-3 years
- Capital infrastructure funding has been historically allocated as 50% debt and 50% internal equity
- GRU Finance proactively initiates refunding & restructuring transactions as opportunities to generate debt service savings are developed



Debt is a Significant Portion of GRU Total Budget

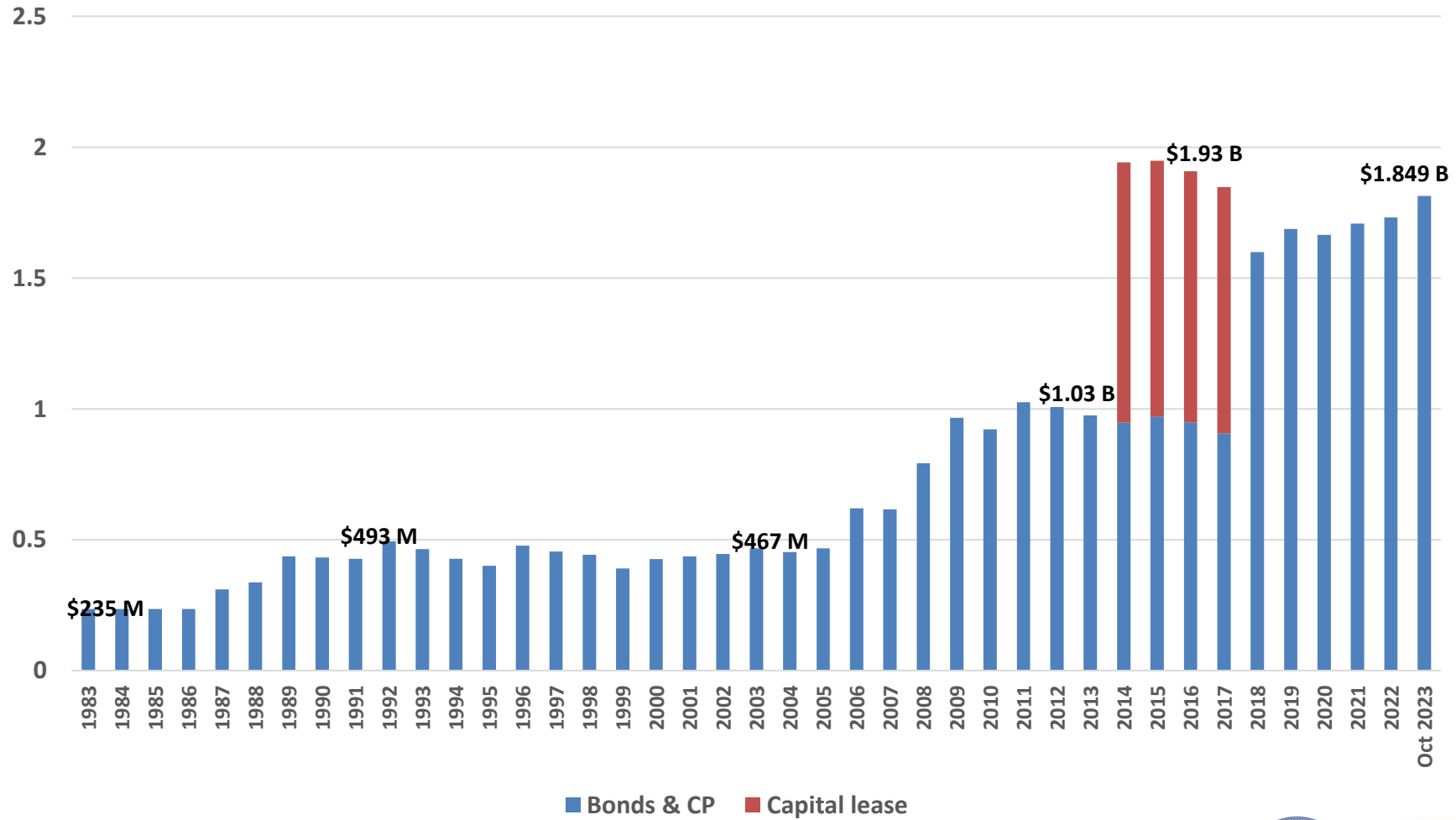


EXPENSE CATEGORY	FY24 BUDGET	
	%	\$
O & M	34.17%	157,324,197
Fuel	23.28%	107,202,801
Debt Service	22.35%	102,918,849
Debt Defeasance/Debt Reduction	6.86%	31,569,293
UPIF	10.02%	46,125,618
Government Services Contribution	3.32%	15,305,225



Debt Portfolio Review

Trend in GRU Principal Outstanding at FYE
(Billions)



Debt Composition

- At 9/30/23 \$1,849,115,000 in outstanding principal
- \$1,260,865,000 or 68.2% of the total is original issue fixed rate debt
- \$588,250,000 or 31.8% is original issue variable rate debt



Why Utilize Variable Rate Debt

PROS

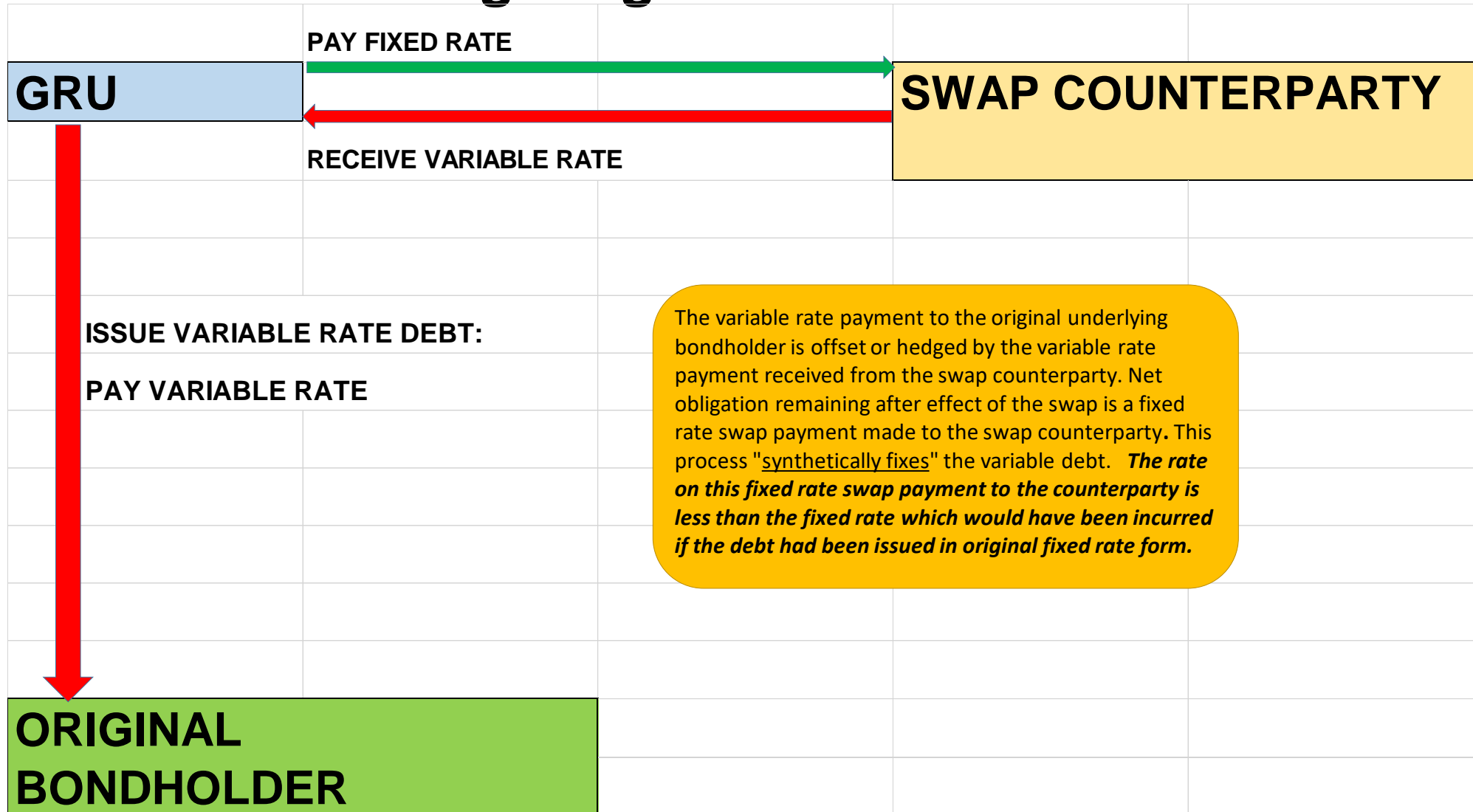
- Generally lower initial interest rates compared to fixed rate debt
- More flexibility regarding potential refundings
- Provides for asset/liability matching
- As size and complexity of portfolio grows facilitates managing the overall cost of borrowing

CONS

- Exposure to interest rate risk in rising interest rate environments



Mitigating Interest Rate Risk



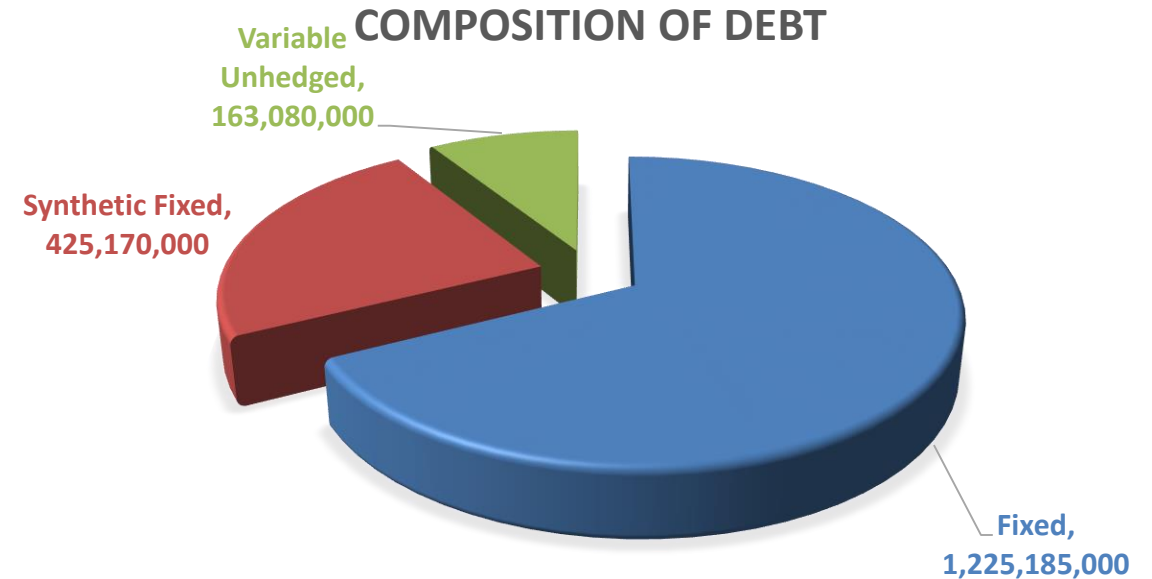
Mitigating Interest Rate Risk

- There is risk inherent in the use of swaps
 - Basis risk
 - Collateral Posting
 - Counterparty risk
- Contract only with strong highly rated counterparties
- Aggressively negotiate swap provisions

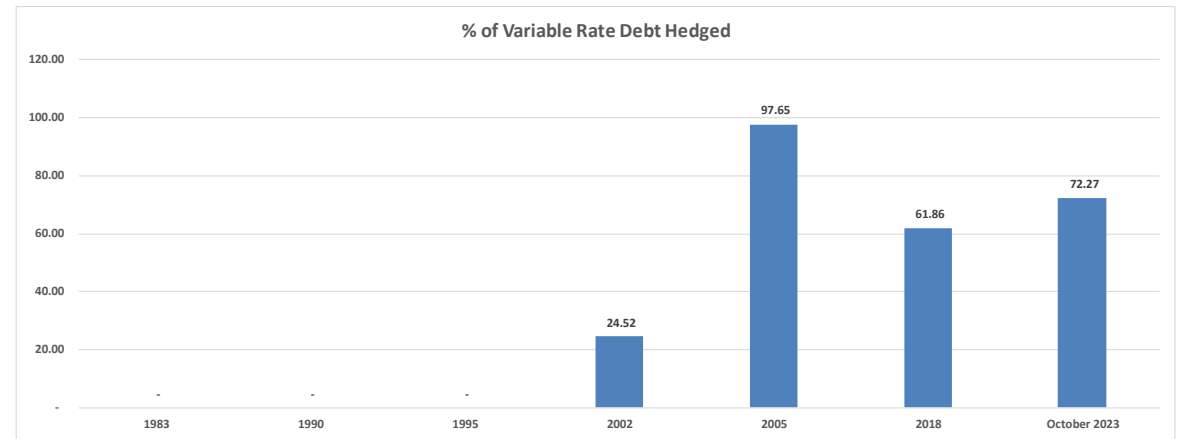
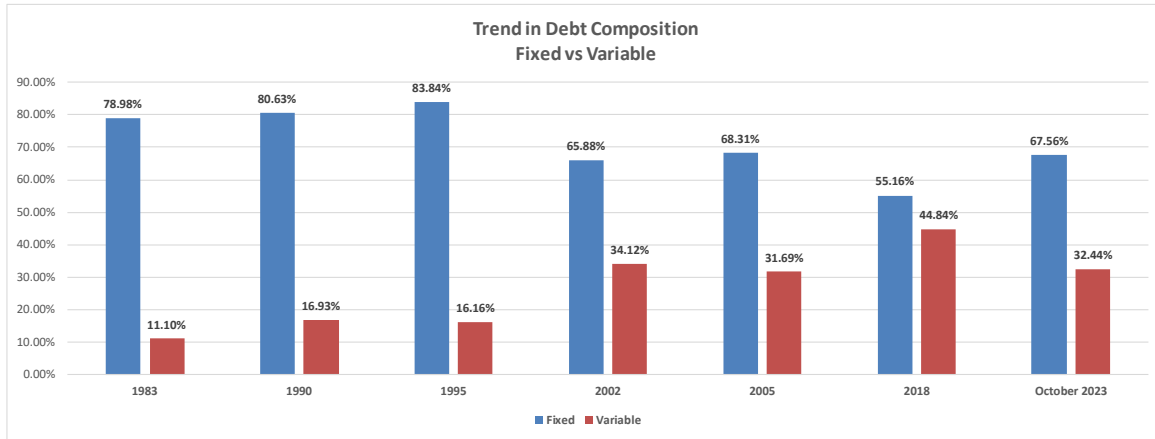


Utilization of Swaps

PORTFOLIO COMPOSITION						
Outstanding Principal @10/1/23					Outstanding Notional Swap \$	(Overhedged) Net Unhedged
	Fixed	Variable	Total			
2005C		3,090,000			4,560,000	(1,470,000)
2006A		2,985,000			4,400,000	(1,415,000)
2009B	117,905,000					
2010A	12,930,000					
2010B	132,445,000					
2012B		98,610,000				98,610,000
2014A	35,035,000			(1)		
2014B	12,085,000					
2017A	343,355,000					
2019A	153,820,000			(2)		
2019B	26,665,000					
2019C		67,355,000				67,355,000
2020A	10,575,000					
2021A	95,760,000					
2022A	54,525,000					
2022B	230,085,000					
2023A		160,000,000			45,000,000	115,000,000
					115,000,000	(115,000,000)
2023B		105,000,000			105,000,000	-
2023C		151,210,000			151,210,000	-
@ 9/30/23	1,225,185,000	588,250,000	1,813,435,000		425,170,000	163,080,000
Composition Summary						
% Original Issue Fixed	67.56%					
% Original Issue Variable	32.44%					
\$ Notional Swaps	425,170,000					
% Fixed/Synthetically Fixed	91.01%					
\$ Fixed/Synthetically Fixed	1,650,355,000					
\$ Variable Unhedged	163,080,000					
(1) 2014 A FSS effective October 1, 2024 with a notional amount of \$34,025,000						
(2) 2019A FSS effective October 1, 2029 with a notional amount of \$153,280,000						



Trend in Debt Composition



	1983	1990	1995	2002	2005	2018	October 2023
Fixed	78.98%	80.63%	83.84%	65.88%	68.31%	55.16%	67.56%
Variable	11.10%	16.93%	16.16%	34.12%	31.69%	44.84%	32.44%

	1983	1990	1995	2002	2005	2018	October 2023
Fixed	186,000,000	359,508,692	335,565,000	293,750,000	309,035,000	897,690,000	1,225,185,000
Variable	49,501,000	73,261,000	64,657,000	152,111,000	143,374,750	729,650,000	588,250,000
Total	235,501,000	432,769,692	400,222,000	445,861,000	452,409,750	1,627,340,000	1,813,435,000

	1983	1990	1995	2002	2005	2018	October 2023
% of Variable debt hedged	-	-	-	24.52	97.65	61.86	72.27
Notional swap \$ Outstanding	-	-	-	37,300,000	140,004,000	451,375,000	425,170,000



Variable Rate Debt Program

- Depending on the method of issuance, administering a variable rate debt program can require utilization of several financial tools
 - Liquidity facilities
 - Remarketing agreements

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

- These facilities provide funds to pay investors principal as variable rate instruments mature in the event of market disruptions that affect the ability to remarket these instruments.



Public Market Transaction vs Private Placement

- In addition to internally generated cash through the Utility Plant Improvement Fund (UPIF) there are primarily two transaction methodologies GRU can utilize to finance infrastructure needs
- Public Market Bond Transaction – Utilizing a banking syndicate GRU would issue bonds on the public capital markets
 - Requires an update of GRU's disclosure document, the Official Statement
 - Requires a rating agency review
 - Transaction process generally takes 3-4 months
- Private Placement (Bank) Transaction – Selecting a bank through a competitive process and then negotiating the loan with that bank



Public Market Transaction vs Private Placement

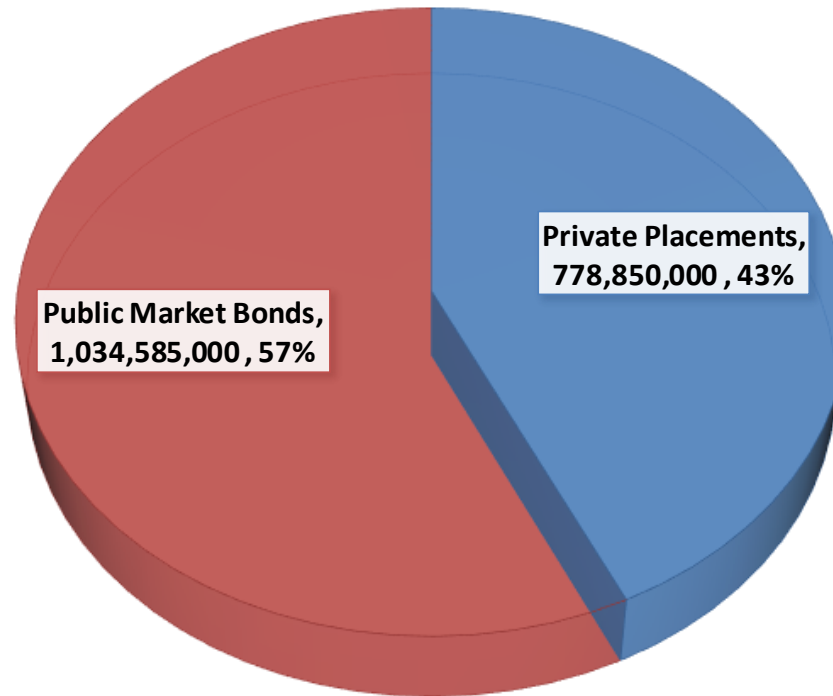
Pros & Cons

- Private placement
 - No need to update disclosure document
 - Banks that work with GRU generally maintain credit surveillance of the utility
 - Are considered “sophisticated” investors
 - No need for ratings review
 - Can normally be completed one month faster than a public transaction
 - Interest rate that GRU pays can be higher than through a public transaction
 - Higher cost offset by the elimination of the disclosure update and ratings process, which depending on the size of the issuance can total \$200,000 - \$300,000
- For both transaction types, a Request For Proposal process is utilized and GRU’s independent financial advisor reviews the results for accuracy, consistency with market conditions, fairness and overall risk to GRU.



Transaction Types

DISTRIBUTION OF TRANSACTION TYPES



PRIVATE PLACEMENTS	
Series	Outstanding Principal
2019 C	67,355,000
2020 A	10,575,000
2022 B	230,085,000
2022 A	54,625,000
2023 A	160,000,000
2023 B	105,000,000
2023 C	151,210,000

COUNTERPARTIES	
Bank of America	362,640,000
TD Bank	256,210,000
Truist	160,000,000

Portfolio Profile @ 10/1/23

TOTAL OUTSTANDING PRINCIPAL @ 10/1/23
\$1,813,435,000

FIXED RATE
\$1,225,185,000
67.56%

VARIABLE RATE
\$588,250,000
32.44%

PUBLIC MARKET
\$1,034,585,000
57.05%

VARIABLE HEDGED
\$425,170,000
23.45%

PRIVATE PLACEMENT
\$0
42.92%

VARIABLE UNHEDGED
\$163,080,000
8.99%



GRU Outstanding Debt Service Obligations \$2.9B

Pre Debt Reduction Plan

GRU DEBT SERVICE OUTSTANDING 10/1/23					
Fiscal Year End	Principal	Interest	Total P & I	Net Swap Payments	Total Debt Service
2024	35,340,000	75,314,302	110,654,302	(7,735,453)	102,918,849
2025	43,435,000	72,288,865	115,723,865	(7,689,939)	108,033,926
2026	42,915,000	69,957,949	112,872,949	(6,125,918)	106,747,031
2027	50,415,000	67,690,929	118,105,929	(4,617,335)	113,488,594
2028	52,820,000	65,822,999	118,642,999	(4,598,955)	114,044,044
2029	54,265,000	63,045,866	117,310,866	(2,947,071)	114,363,795
2030	57,260,000	56,427,677	113,687,677	(2,452,940)	111,234,737
2031	59,370,000	54,140,738	113,510,738	(2,436,396)	111,074,342
2032	61,520,000	51,835,579	113,355,579	(2,418,996)	110,936,583
2033	65,120,000	49,437,450	114,557,450	(2,400,742)	112,156,708
2034	67,340,000	46,936,026	114,276,026	(2,417,653)	111,858,373
2035	70,110,000	44,210,146	114,320,146	(2,398,178)	111,921,968
2036	69,780,000	41,261,939	111,041,939	(2,378,031)	108,663,908
2037	72,130,000	38,369,728	110,499,728	(2,356,908)	108,142,820
2038	75,070,000	34,803,016	109,873,016	(2,334,686)	107,538,330
2039	78,160,000	31,375,371	109,535,371	(2,311,365)	107,224,006
2040	81,235,000	27,637,903	108,872,903	(2,286,884)	106,586,019
2041	68,555,000	23,930,088	92,485,088	(2,116,753)	90,368,335
2042	77,800,000	22,112,648	99,912,648	(1,926,018)	97,986,630
2043	80,330,000	19,883,774	100,213,774	(1,730,517)	98,483,257
2044	83,250,000	17,533,408	100,783,408	(1,583,938)	99,199,470
2045	86,305,000	15,097,205	101,402,205	(1,402,808)	99,999,397
2046	89,570,000	12,570,082	102,140,082	(1,130,692)	101,009,390
2047	94,030,000	9,947,418	103,977,418	(853,113)	103,124,305
2048	29,825,000	7,172,072	36,997,072	(570,062)	36,427,010
2049	31,000,000	6,021,575	37,021,575	(497,942)	36,523,633
2050	32,220,000	4,823,728	37,043,728	(423,409)	36,620,319
2051	33,485,000	3,576,548	37,061,548	(346,406)	36,715,142
2052	34,810,000	2,278,231	37,088,231	(266,841)	36,821,390
2053	35,970,000	1,157,784	37,127,784	(135,607)	36,992,177
Total	1,813,435,000	1,036,661,044	2,850,096,044	(72,891,556)	2,777,204,488



GRU Debt History by Series

Series	Issue Date	Issue Amount	Principal Paid as of 10/1/23	Refunded	Defeased	Outstanding as of 10/1/23	Final Maturity
1983	August 1, 1983	186,000,000	13,530,000	172,470,000		-	
1987A	August 1, 1987	74,867,331	10,600,000	64,267,331		-	
1989A	January 15, 1989	100,366,362	-	100,366,362		-	
1992A	March 1, 1992	73,000,000	9,270,000	63,730,000		-	
1992B	March 1, 1992	61,920,000	25,275,000	36,645,000		-	
1993A & B	March 1, 1993	163,975,000	50,050,000	113,925,000		-	
1993C	August 1, 1993	20,935,000	20,935,000	-		-	
1993 Sub.	August 1, 1993	51,575,000	51,575,000	-		-	
1996A	February 1, 1996	143,215,000	32,115,000	111,100,000		-	
2002A & B	June 25, 2002	77,300,000	12,000,000	65,300,000		-	
2003A & B	January 30, 2003	40,625,000	7,625,000	33,000,000		-	
2003C	July 18, 2003	115,925,000	115,925,000	-		-	
2005A	November 3, 2005	196,950,000	-	196,545,000	405,000	-	
2005B	November 3, 2005	61,590,000	19,915,000	41,675,000		-	
2005C	November 9, 2005	55,135,000	15,960,000	36,085,000		3,090,000	2026
2006A	February 23, 2007	53,305,000	10,485,000	39,835,000		2,985,000	2026
2007A	February 6, 2008	139,505,000	3,325,000	136,180,000		-	
2008A	February 6, 2008	105,000,000	52,505,000	52,495,000		-	
2008B	September 16, 2009	90,000,000	-	90,000,000		-	
2009A	September 16, 2009	24,190,000	24,190,000	-		-	



GRU Debt History by Series (concluded)

Series	Issue Date	Issue Amount	Principal Paid as of 10/1/23	Refunded	Defeased	Outstanding as of 10/1/23	Final Maturity
2009B	November 10, 2010	156,900,000	37,865,000	-	1,130,000	117,905,000	2039
2010A	November 10, 2010	12,930,000	-	-	-	12,930,000	2030
2010B	November 10, 2010	132,445,000	-	-	-	132,445,000	2040
2010C	November 10, 2010	16,365,000	5,860,000	10,505,000	-	-	
2012A	July 13, 2012	81,860,000	15,785,000	66,075,000	-	-	
2012B	July 24, 2012	100,470,000	-	1,860,000	-	98,610,000	2042
2014A	December 11, 2014	37,980,000	2,945,000	-	-	35,035,000	2044
2014B	December 11, 2014	30,970,000	18,885,000	-	-	12,085,000	2036
2017A	November 7, 2017	415,920,000	61,920,000	-	10,645,000	343,355,000	2040
2017B/2023A & 2023B	November 7, 2017	105,000,000	-	-	-	105,000,000	2044
2017C/2023A	November 7, 2017	160,000,000	-	-	-	160,000,000	2047
2019A	April 3, 2019	153,820,000	-	-	-	153,820,000	2047
2019B	April 3, 2019	26,665,000	-	-	-	26,665,000	2047
2019C	April 26, 2019	67,355,000	-	-	-	67,355,000	2047
2020A	July 7, 2020	10,665,000	90,000	-	-	10,575,000	2034
2021A	August 11, 2021	95,760,000	-	-	-	95,760,000	2051
2022B	April 29, 2022	232,880,000	2,795,000	-	-	230,085,000	2038
2022A	July 14, 2022	66,600,000	12,075,000	-	-	54,525,000	2028
2023C	June 22, 2023	151,210,000	-	-	-	151,210,000	2053
Totals		3,891,173,693	633,500,000	1,432,058,693	12,180,000	1,813,435,000	

GRU DEBT IN "MODERN" ERA 1983 FORWARD

Principal Issued	3,891,173,693	
Principal Paid	633,500,000	16.28%
Principal Refunded	1,432,058,693	36.80%
Principal Defeased/Redeemed	12,180,000	0.31%
Principal Outstanding	1,813,435,000	46.60%



Review of Current Outstanding Debt Instruments



GRU Debt History by Series

Current Outstanding Series

Series	Issue Date	Issue Amount	Principal Paid as of 10/1/23	Refunded	Defeased	Outstanding as of 10/1/23	Final Maturity
2005C	November 9, 2005	55,135,000	15,960,000	36,085,000		3,090,000	2026
2006A	February 23, 2007	53,305,000	10,485,000	39,835,000		2,985,000	2026
2009B	November 10, 2010	156,900,000	37,865,000	-	1,130,000	117,905,000	2039
2010A	November 10, 2010	12,930,000	-	-	-	12,930,000	2030
2010B	November 10, 2010	132,445,000	-	-	-	132,445,000	2040
2012B	July 24, 2012	100,470,000	-	1,860,000	-	98,610,000	2042
2014A	December 11, 2014	37,980,000	2,945,000	-	-	35,035,000	2044
2014B	December 11, 2014	30,970,000	18,885,000	-	-	12,085,000	2036
2017A	November 7, 2017	415,920,000	61,920,000	-	10,645,000	343,355,000	2040
2017B/2023A & 2023B	November 7, 2017	105,000,000	-	-	-	105,000,000	2044
2017C/2023A	November 7, 2017	160,000,000	-	-	-	160,000,000	2047
2019A	April 3, 2019	153,820,000	-	-	-	153,820,000	2047
2019B	April 3, 2019	26,665,000	-	-	-	26,665,000	2047
2019C	April 26, 2019	67,355,000	-	-	-	67,355,000	2047
2020A	July 7, 2020	10,665,000	90,000	-	-	10,575,000	2034
2021A	August 11, 2021	95,760,000	-	-	-	95,760,000	2051
2022B	April 29, 2022	232,880,000	2,795,000	-	-	230,085,000	2038
2022A	July 14, 2022	66,600,000	12,075,000	-	-	54,525,000	2028
2023C	June 22, 2023	151,210,000	-	-	-	151,210,000	2053
Totals		2,066,010,000	163,020,000	77,780,000	11,775,000	1,813,435,000	

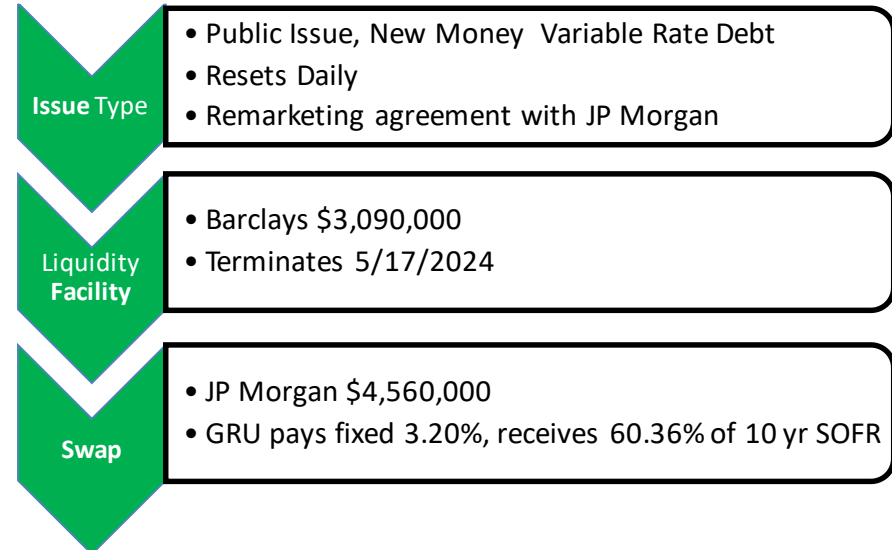


Current Outstanding Debt: Series 2005C

2005C DEBT SERVICE OUTSTANDING @ 10/1/23					
Fiscal Year	Principal	Interest	Total P & I	Net Swap Payment	Total Debt Service
2024	-	123,600	123,600	(59,280)	64,320
2025	1,520,000	108,150	1,628,150	(55,620)	1,572,530
2026	1,570,000	47,100	1,617,100	(24,335)	1,592,765
Total	3,090,000	278,850	3,368,850	(139,235)	3,229,615

\$17,570,000 in 2005C Bonds refunded through Series 2012B Bonds

\$18,515,000 in 2005C Bonds refunded through Series 2019C Bonds

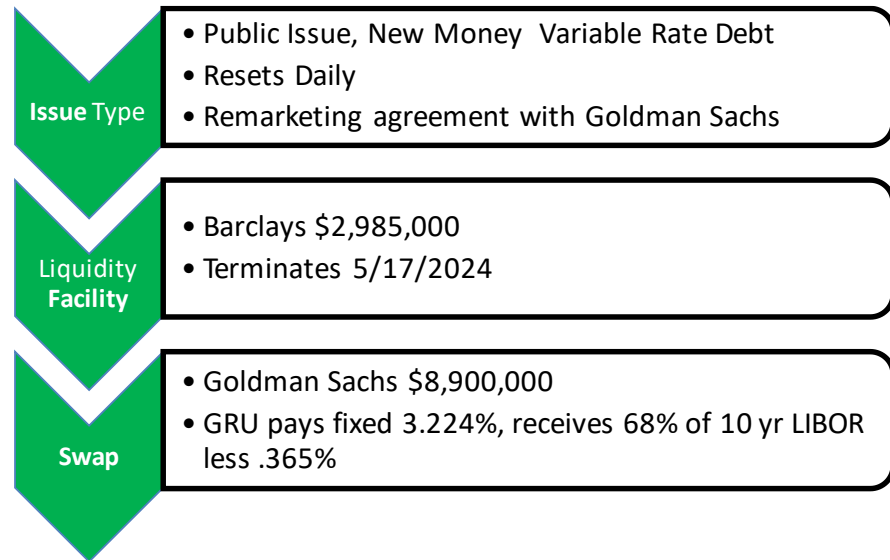


Current Outstanding Debt: Series 2006A

2006A DEBT SERVICE OUTSTANDING @ 10/1/23					
Fiscal Year	Principal	Interest	Total P & I	Net Swap Payment	Total Debt Service
2024	-	119,400	119,400	(56,144)	63,256
2025	1,470,000	104,476	1,574,476	(53,014)	1,521,462
2026	1,515,000	45,450	1,560,450	(23,119)	1,537,331
Total	2,985,000	269,326	3,254,326	(132,277)	3,122,049

\$25,930,000 in Series 2006A Bonds refunded through Series 2012B Bonds

\$13,905,000 in Series 2006A Bonds refunded through Series 2019C Bonds



Current Outstanding Debt: Series 2009B

2009B DEBT SERVICE OUTSTANDING @ 10/1/23			
Fiscal Year	Principal	Interest	Total P & I
2024	5,590,000	6,627,206	12,217,206
2025	4,330,000	6,339,488	10,669,488
2026	4,540,000	6,096,792	10,636,792
2027	4,760,000	5,842,324	10,602,324
2028	4,995,000	5,575,526	10,570,526
2029	5,225,000	5,295,558	10,520,558
2030	7,590,000	5,002,696	12,592,696
2031	7,840,000	4,573,482	12,413,482
2032	8,105,000	4,130,130	12,235,130
2033	8,375,000	3,671,792	12,046,792
2034	8,660,000	3,198,186	11,858,186
2035	8,950,000	2,708,462	11,658,462
2036	9,255,000	2,202,340	11,457,340
2037	9,565,000	1,678,970	11,243,970
2038	9,895,000	1,138,068	11,033,068
2039	10,230,000	578,506	10,808,506
Total	117,905,000	64,659,526	182,564,526

Issue Type

- Public Issue Fixed Rate Debt
- New money issue

Build America Bonds

- Build America Bonds (BABS)
- Treasury writes down a % of the interest rate

% Write down

- % is determined on an annual basis by the Treasury

\$1,130,000 of 2025 maturity Series 2009B Bonds economically defeased on October 28, 2021



Current Outstanding Debt: Series 2010A

2010A DEBT SERVICE OUTSTANDING @ 10/1/23			
Fiscal Year	Principal	Interest	Total P & I
2024	-	759,508	759,508
2025	-	759,508	759,508
2026	-	759,508	759,508
2027	3,595,000	759,508	4,354,508
2028	3,735,000	548,338	4,283,338
2029	3,905,000	328,944	4,233,944
2030	1,695,000	99,564	1,794,564
Total	12,930,000	4,014,878	16,944,878

Issue Type

- Public Issue Fixed Rate Debt
- New money issue

Taxable Debt

- Taxable debt

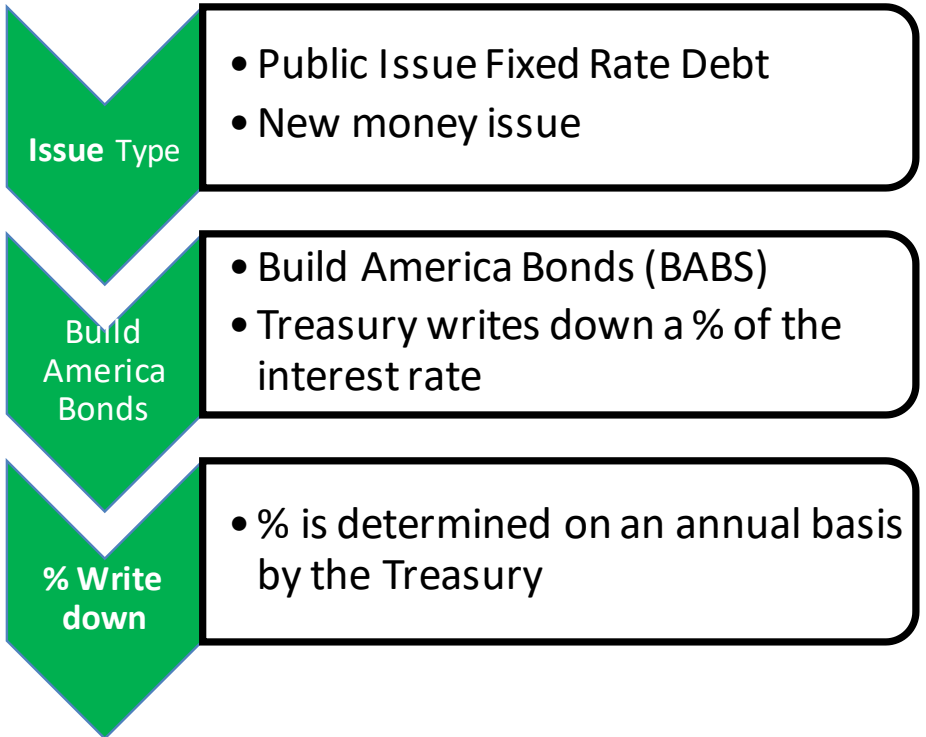
GRUCom

- GRUCom capital infrastructure needs



Current Outstanding Debt: Series 2010B

2010B DEBT SERVICE OUTSTANDING @ 10/1/23			
Fiscal Year	Principal	Interest	Total P & I
2024	-	7,978,486	7,978,486
2025	-	7,978,486	7,978,486
2026	-	7,978,486	7,978,486
2027	-	7,978,486	7,978,486
2028	-	7,978,486	7,978,486
2029	-	7,978,486	7,978,486
2030	-	7,978,486	7,978,486
2031	-	7,978,486	7,978,486
2032	-	7,978,486	7,978,486
2033	-	7,978,486	7,978,486
2034	3,965,000	7,978,486	11,943,486
2035	6,935,000	7,739,636	14,674,636
2036	4,260,000	7,321,870	11,581,870
2037	22,515,000	7,065,248	29,580,248
2038	23,425,000	5,708,944	29,133,944
2039	29,785,000	4,297,822	34,082,822
2040	41,560,000	2,503,574	44,063,574
Total	132,445,000	122,400,440	254,845,440



Current Outstanding Debt: Series 2012B

2012B DEBT SERVICE OUTSTANDING @ 10/1/23			
Fiscal Year	Principal	Interest	Total P & I
2024	-	3,944,400	3,944,400
2025	500,000	3,451,350	3,951,350
2026	-	2,943,300	2,943,300
2027	3,370,000	2,452,750	5,822,750
2028	3,200,000	2,368,500	5,568,500
2029	3,080,000	1,830,800	4,910,800
2030	2,910,000	1,769,200	4,679,200
2031	3,095,000	1,711,000	4,806,000
2032	3,175,000	1,649,100	4,824,100
2033	5,015,000	1,585,600	6,600,600
2034	5,235,000	1,485,300	6,720,300
2035	5,560,000	1,380,600	6,940,600
2036	5,740,000	1,269,400	7,009,400
2037	5,930,000	1,154,600	7,084,600
2038	6,125,000	1,036,000	7,161,000
2039	6,325,000	913,500	7,238,500
2040	6,430,000	787,000	7,217,000
2041	16,185,000	658,400	16,843,400
2042	16,735,000	334,700	17,069,700
Total	98,610,000	32,725,500	131,335,500

Issue Type

- Public Issue, New Money Variable Rate Debt
- Resets Daily
- Remarketing agreement with JP Morgan

Liquidity Facility

- JP Morgan \$98,610,000
- Terminates 5/17/2024

Variable but no Swap

- This variable rate debt is unhedged

\$1,860,000 in Series 2012B Bonds refunded through Series 2019C Bonds



Current Outstanding Debt: Series 2014A

2014A DEBT SERVICE OUTSTANDING @ 10/1/23			
Fiscal Year	Principal	Interest	Total P & I
2024	1,010,000	1,674,562	2,684,562
2025	1,060,000	801,404	1,861,404
2026	1,115,000	766,158	1,881,158
2027	1,170,000	732,988	1,902,988
2028	1,230,000	702,276	1,932,276
2029	1,290,000	669,988	1,959,988
2030	1,355,000	640,640	1,995,640
2031	1,425,000	609,814	2,034,814
2032	1,495,000	577,396	2,072,396
2033	1,545,000	543,384	2,088,384
2034	1,595,000	508,236	2,103,236
2035	1,650,000	471,948	2,121,948
2036	1,730,000	434,412	2,164,412
2037	1,820,000	395,054	2,215,054
2038	1,910,000	353,648	2,263,648
2039	2,005,000	310,196	2,315,196
2040	2,105,000	264,582	2,369,582
2041	2,210,000	212,694	2,422,694
2042	2,320,000	166,416	2,486,416
2043	2,435,000	113,636	2,548,636
2044	2,560,000	58,240	2,618,240
Total	35,035,000	11,007,672	46,042,672

Issue Type

- Public Issue Fixed Rate Debt
- New money issue

Forward Starting Swap

- 2020 restructuring included Forward Starting Swap for Series 2014A

Effective Date

- Executed April 8, 2020 with effective date of October 2024



2014A Forward Starting Swap

- On December 11, 2014 GRU issued \$37,980,000 in fixed rate issue Series 2014A Bonds
- Interest rates varied between 2% and 5%
- In 2020 interest rates were nearing historic lows
 - Financing team determined environment was favorable to attempt to lock in rates to generate savings associated with refunding Series 2014A Bonds



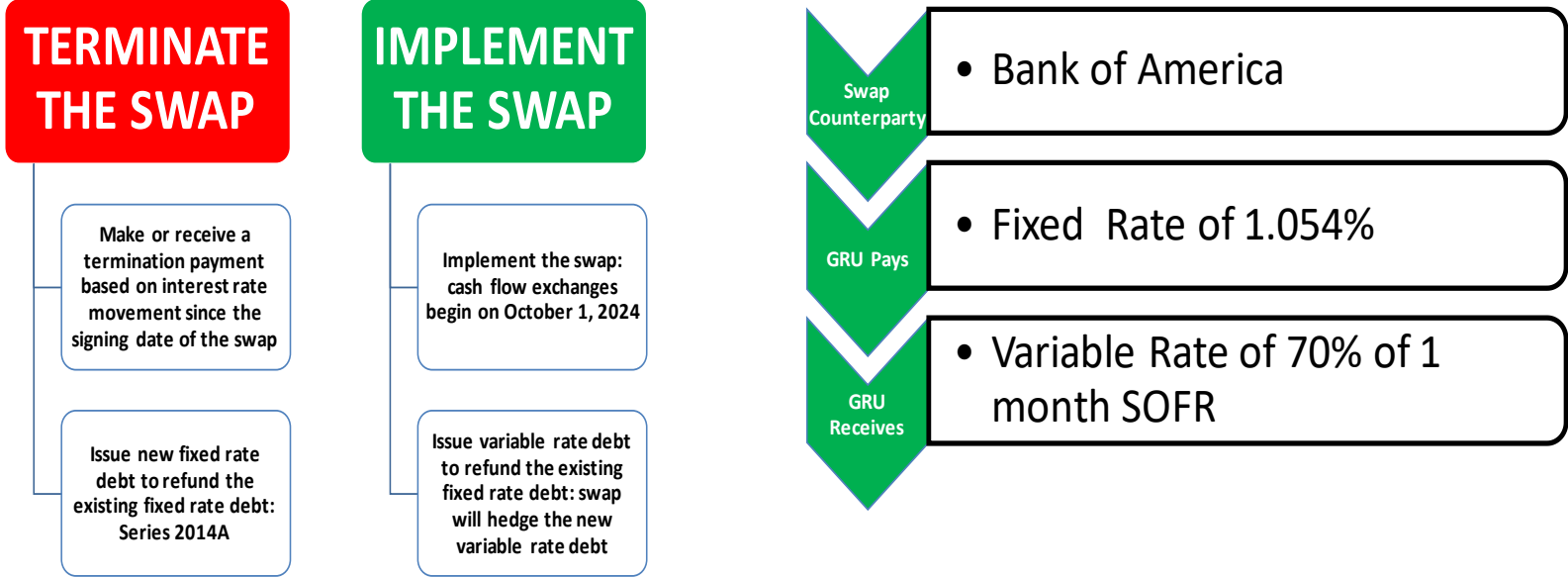
2014A Forward Starting Swap

- Treasury regulations preclude tax-exempt ***advance refundings*** – to qualify for tax exemption refundings must be considered current
- A ***current refunding*** is defined as a transaction with an execution date no more than 90 days prior to the initial call date of the series being refunded
 - Initial call date on Series 2014A Bonds is October 1, 2024
- Forward stating swap is a method to lock in existing interest rates until the refunding transaction qualifies as a current refunding



2014A Forward Starting Swap

AS CALL DATE APPROACHES, GRU MAKES THE DECISION



Fiscal Year	Gross Savings
2025	1,061,289
2026	1,025,821
2027	988,514
2028	949,365
2029	908,210
2030	865,046
2031	819,708
2032	772,027
2033	748,167
2034	721,578
2035	694,128
2036	638,919
2037	581,033
2038	520,136
2039	456,227
2040	389,140
2041	318,707
2042	244,760
2043	167,133
2044	85,658
Total	12,955,566



Series 2017ABC

Acquisition of DHR

- On November 7, 2017 GRU issued \$680,920,000 (principal) in debt to acquire the GREC facility
- The issuance consisted of
 - \$415,920,000 Series 2017A fixed rate debt
 - \$150,000,000 Series 2017B variable rate debt (hedged immediately)
 - \$115,000,000 Series 2017C variable rate debt (hedged later)



Current Outstanding Debt: Series 2014B

2014B DEBT SERVICE OUTSTANDING @ 10/1/23			
Fiscal Year	Principal	Interest	Total P & I
2024	-	593,356	593,356
2025	-	593,356	593,356
2026	-	593,356	593,356
2027	-	593,356	593,356
2028	-	593,356	593,356
2029	11,440,000	593,356	12,033,356
2030	325,000	21,356	346,356
2031	-	11,200	11,200
2032	-	11,200	11,200
2033	-	11,200	11,200
2034	-	11,200	11,200
2035	-	11,200	11,200
2036	320,000	11,200	331,200
Total	12,085,000	3,648,692	15,733,692

Issue Type

- Public Issue Fixed Rate Debt
- New money issue

Issue Date

- December 11, 2014

Final Maturity

- Final maturity 2036



Current Outstanding Debt: Series 2017A

2017A DEBT SERVICE OUTSTANDING @ 10/1/23			
Fiscal Year	Principal	Interest	Total P & I
2024	15,235,000	16,522,050	31,757,050
2025	11,530,000	15,760,300	27,290,300
2026	10,805,000	15,183,800	25,988,800
2027	16,495,000	14,643,550	31,138,550
2028	18,230,000	13,818,800	32,048,800
2029	18,900,000	12,907,300	31,807,300
2030	19,785,000	11,962,300	31,747,300
2031	20,715,000	10,973,050	31,688,050
2032	21,880,000	9,937,300	31,817,300
2033	22,730,000	8,843,300	31,573,300
2034	23,810,000	7,706,800	31,516,800
2035	24,945,000	6,516,300	31,461,300
2036	26,325,000	5,269,050	31,594,050
2037	27,400,000	3,952,800	31,352,800
2038	28,720,000	2,582,800	31,302,800
2039	29,815,000	1,434,000	31,249,000
2040	6,035,000	241,400	6,276,400
Total	343,355,000	158,254,900	501,609,900

Issue Type

- Public Issue Fixed Rate Debt

DHR acquisition
fixed rate

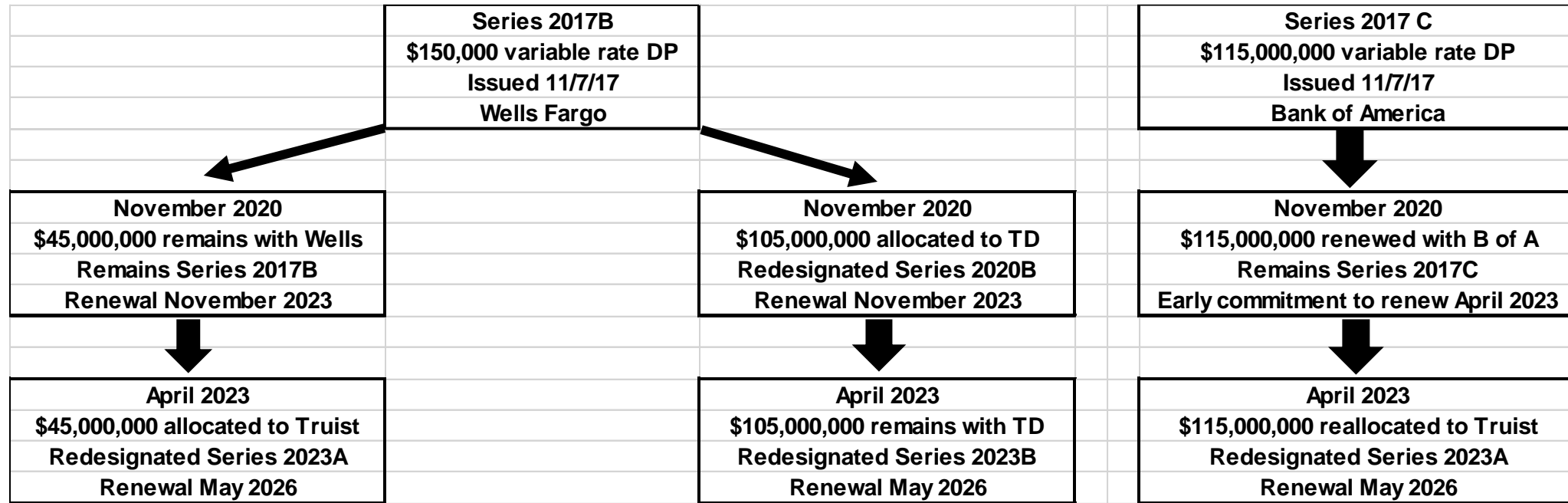
- Fixed rate portion of DHR acquisition funding

DHR variable
rate debt

- 2017B & 2017C variable rate portion of DHR funding



Current Outstanding Debt: Evolution of Series 2017B & 2017C To Series 2023A & 2023B



Current Outstanding Debt: Series 2023A

SERIES 2023A						
ORIGINAL 2017B & 2017C NOW 2023A DEBT SERVICE OUTSTANDING @ 10/1/23						
Fiscal Year	Principal	Interest	Total P & I	Net Swap Payment Citi Original 2017B	Net Swap Payment Citi Original 2017C	Total Debt Service
2024	-	5,020,000	5,020,000	(1,025,775)	(1,592,750)	2,401,475
2025	-	5,020,000	5,020,000	(848,025)	(1,995,250)	2,176,725
2026	-	5,020,000	5,020,000	(670,275)	(1,794,000)	2,555,725
2027	-	5,020,000	5,020,000	(492,525)	(1,592,750)	2,934,725
2028	-	5,020,000	5,020,000	(492,525)	(1,592,750)	2,934,725
2029	-	5,020,000	5,020,000	(314,775)	(1,190,250)	3,514,975
2030	-	5,020,000	5,020,000	(314,775)	(1,190,250)	3,514,975
2031	-	5,020,000	5,020,000	(314,775)	(1,190,250)	3,514,975
2032	-	5,020,000	5,020,000	(314,775)	(1,190,250)	3,514,975
2033	-	5,020,000	5,020,000	(314,775)	(1,190,250)	3,514,975
2034	-	5,020,000	5,020,000	(322,200)	(1,190,250)	3,507,550
2035	-	5,020,000	5,020,000	(322,200)	(1,190,250)	3,507,550
2036	-	5,020,000	5,020,000	(322,200)	(1,190,250)	3,507,550
2037	-	5,020,000	5,020,000	(322,200)	(1,190,250)	3,507,550
2038	-	5,020,000	5,020,000	(322,200)	(1,190,250)	3,507,550
2039	-	5,020,000	5,020,000	(322,200)	(1,190,250)	3,507,550
2040	7,531,500	5,020,000	12,551,500	(322,200)	(1,190,250)	11,039,050
2041	9,534,000	4,783,700	14,317,700	(268,274)	(1,190,250)	12,859,176
2042	9,762,000	4,484,570	14,246,570	(200,011)	(1,190,250)	12,856,309
2043	9,996,000	4,178,288	14,174,288	(130,115)	(1,190,250)	12,853,923
2044	15,091,500	3,864,662	18,956,162	(58,544)	(1,190,250)	17,707,368
2045	35,055,000	3,391,166	38,446,166	-	(1,118,680)	37,327,486
2046	36,020,000	2,291,316	38,311,316	-	(755,861)	37,555,455
2047	37,010,000	1,161,188	38,171,188	-	(383,054)	37,788,134
Total	160,000,000	109,494,890	269,494,890	(8,015,344)	(29,869,095)	231,610,451

2017 original
direct placement

- Originally 2017B (\$150,000,000) & 2017C (\$115,000,000) variable rate portion of financing to acquire DHR
- 3 year term direct placements: 2017B with Wells Fargo & 2017C with Bank of America

2020 Rollovers

- In 2020 2017B original issue of \$150,000,000 was split between Wells Fargo @ \$45,000,000 (retained 2017 B designation) and TD Bank @ \$105,000,000 (redesignated 2020B)
- 2017C @ \$115,000,000 renewed with Bank of America retained 2017C designation

2023 rollovers

- In 2023 Truist Bank was awarded the \$45,000,000 Series 2017B & the \$115,000,000 Series 2017C: new \$160,000,000 transaction redesignated Series 2023A
- The \$105,000,000 Series 2020B was retained with TD Bank & redesignated as Series 2023B

Hedging of Series
2023A variable rate
debt

- Current rate on the Series 2023A is 79% of 1 month SOFR plus 79 basis point
- \$160,000,000 in variable rate debt is hedged through two swaps

\$45,000,000 swap

- \$45,000,000 swap with Citi hedges share of Series 2020A that originated as Series 2020B
- GRU pays Citi fixed rate of 1.559% (after extension of termination option); GRU receives variable rate payment of 70% of 1 month LIBOR

\$115,000,000 swap

- \$115,000,000 swap with Citi hedges the share of Series 2020A that originated as Series 2017C
- GRU pays Citi fixed rate of 1.410%; GRU receives variable rate payment of 70% of 10 year SOFR less 35.5 basis points



Current Outstanding Debt: Series 2023B

SERIES 2023B					
ORIGINAL 2017B NOW 2023B DEBT SERVICE OUTSTANDING @ 10/1/23					
Fiscal Year	Principal	Interest	Total P & I	Net Swap Payment	Total Debt Service
2024	-	3,286,500	3,286,500	(2,192,400)	1,094,100
2025	-	3,286,500	3,286,500	(1,772,400)	1,514,100
2026	-	3,286,500	3,286,500	(1,352,400)	1,934,100
2027	-	3,286,500	3,286,500	(932,400)	2,354,100
2028	-	3,286,500	3,286,500	(932,400)	2,354,100
2029	-	3,286,500	3,286,500	(512,400)	2,774,100
2030	-	3,286,500	3,286,500	(512,400)	2,774,100
2031	-	3,286,500	3,286,500	(512,400)	2,774,100
2032	-	3,286,500	3,286,500	(512,400)	2,774,100
2033	-	3,286,500	3,286,500	(512,400)	2,774,100
2034	-	3,286,500	3,286,500	(540,750)	2,745,750
2035	-	3,286,500	3,286,500	(540,750)	2,745,750
2036	-	3,286,500	3,286,500	(540,750)	2,745,750
2037	-	3,286,500	3,286,500	(540,750)	2,745,750
2038	-	3,286,500	3,286,500	(540,750)	2,745,750
2039	-	3,286,500	3,286,500	(540,750)	2,745,750
2040	17,573,500	3,286,500	20,860,000	(540,750)	20,319,250
2041	22,246,000	2,736,450	24,982,450	(450,246)	24,532,204
2042	22,778,000	2,040,150	24,818,150	(335,680)	24,482,470
2043	23,324,000	1,327,196	24,651,196	(218,373)	24,432,823
2044	19,078,500	597,158	19,675,658	(98,254)	19,577,404
Total	105,000,000	62,571,454	167,571,454	(14,631,803)	152,939,651

Funding DHR acquisition

- Originally a portion of the \$150,000,000 variable rate piece of DHR acquisition funding
- Three year direct placement with Wells Fargo

Rollovers

- Awarded to TD Bank in 2020; redesignated as 2020B
- Renewed with TD Bank in 2023 redesignated as 2023B

Hedging variable rate debt

- Variable rate debt hedged through swap with Goldman Sachs
- GRU pays fixed rate of 2.112% until 2034, and 1.76% from 2035 forward
- GRU receives 80% of 1 month SOFR



Series 2017B Goldman Sachs Swap Termination Option Extension

- To hedge a portion of the Series 2017B variable rate debt, GRU entered into a \$105M swap with Goldman Sachs
- The swap included a right for GRU to terminate the swap at no cost on or after year 10.
- GRU negotiated with Goldman Sachs a seven year extension of the termination option (from 10 years to 17 years) in exchange for a reduction in the fixed payer rate on the swap from 2.119% to 1.76% effective February 26,2020
- This reduction in the fixed payer rate translates to gross savings of ~ \$8,532,699 over the life of the swap

Fiscal	Gross
Year	Savings
2020	225,123
2021	376,950
2022	376,950
2023	376,950
2024	376,950
2025	376,950
2026	376,950
2027	376,950
2028	376,950
2029	376,950
2030	376,950
2031	376,950
2032	376,950
2033	376,950
2034	376,950
2035	376,950
2036	376,950
2037	376,950
2038	376,950
2039	376,950
2040	376,950
2041	313,861
2042	233,998
2043	152,225
2044	68,492
Total	8,532,699



Series 2017B Citi Swap Termination Option Extension

- To hedge a portion of the Series 2017B variable rate debt, GRU entered into a \$45M swap with Citi
- The swap included a right for GRU to terminate the swap at no cost on or after year 10.
- GRU negotiated with Citi a seven year extension of the termination option (from 10 years to 17 years) in exchange for a reduction in the fixed payer rate on the swap from 2.11% to 1.559% effective April 26,2020
- This reduction in the fixed payer rate translates to gross savings of ~ \$5,577,708 over the life of the swap

Fiscal Year	Gross Savings
2020	112,955
2021	247,950
2022	247,950
2023	247,950
2024	247,950
2025	247,950
2026	247,950
2027	247,950
2028	247,950
2029	247,950
2030	247,950
2031	247,950
2032	247,950
2033	247,950
2034	247,950
2035	247,950
2036	247,950
2037	247,950
2038	247,950
2039	247,950
2040	247,950
2041	206,451
2042	153,919
2043	100,130
2044	45,053
Total	5,577,508



Series 2017C Citi Swap

- On December 18, 2019 GRU entered into a swap with Citi to hedge interest rate risk on the \$115M Series 2017C variable rate bonds.
- GRU agreed to pay a fixed payer swap rate of 1.41% in exchange for receiving a variable rate payment of 70% of one month LIBOR.
- This translated to a savings of \$23,941,220 over the life of the swap.

Fiscal Year	Gross Savings
2020	712,904
2021	894,924
2022	894,924
2023	894,924
2024	903,708
2025	894,924
2026	894,924
2027	894,924
2028	903,708
2029	894,924
2030	894,924
2031	894,924
2032	903,708
2033	894,924
2034	894,924
2035	894,924
2036	903,708
2037	894,924
2038	894,924
2039	894,924
2040	903,708
2041	894,924
2042	894,924
2043	894,924
2044	903,708
2045	841,111
2046	568,315
2047	288,010
Total	23,941,220



Amendment to the Series 2017C Citi Swap Constant Maturity Swap

- Original Series 2017C swap involved a fixed rate payment from GRU to Citi in exchange for a variable rate payment from Citi to GRU based on 70% of one month LIBOR
- With the elimination of LIBOR as a benchmark Citi proposed a change amending the variable rate payment from Citi to 10 year SOFR, moving the basis of payment from a short-term rate to a long-term rate.
- Under the traditional shape of the yield curve GRU should gain a benefit from receiving the variable rate swap payment on the basis of a longer term rate.



Evolution of Series 2017 Swaps

Series 2017B.1 \$105M swap with Goldman Sachs
GRU pays 2.119% fixed, receives 70% 1M LIBOR

replaced by:



Series 2023B swap with Goldman Sachs
GRU pays 2.112% 5/1/23 to 10/1/34
GRU pays 1.76% 10/1/34 forward
GRU receives 80% of 1M SOFR

Series 2017B.2 \$45M swap with Citi
GRU pays 2.119% fixed, receives 70% 1M LIBOR

replaced by:



Series 2023A swap with Citi
GRU pays fixed 1.868% 5/1/23 to 10/1/34
GRU pays fixed 1.559% 10/1/34 forward
GRU receives 79% 1M SOFR 5/1/23 - 10/1/34
GRU receives 70% 1M SOFR 10/1/34 forward

Series 2017C \$115M swap with Citi
GRU pays fixed 1.41%, receives 70% 1M LIBOR

replaced by:



Series 2017C swap converted to Constant Maturity Swap
GRU pays fixed, 1.41%, receives 70% of 10yr SOFR - 35.5 bps

replaced by:



Series 2023A swap with Citi
GRU pays fixed, 1.41%, receives 70% of 10yr SOFR - 35.5 bps



Current Outstanding Debt: Series 2019A

2019A DEBT SERVICE OUTSTANDING @ 10/1/23			
Fiscal Year	Principal	Interest	Total P & I
2024	-	7,691,000	7,691,000
2025	-	7,691,000	7,691,000
2026	-	7,691,000	7,691,000
2027	-	7,691,000	7,691,000
2028	-	7,691,000	7,691,000
2029	-	7,691,000	7,691,000
2030	-	3,499,406	3,499,406
2031	-	3,499,406	3,499,406
2032	-	3,499,406	3,499,406
2033	-	3,499,406	3,499,406
2034	-	3,499,406	3,499,406
2035	-	3,499,406	3,499,406
2036	-	3,499,406	3,499,406
2037	-	3,499,406	3,499,406
2038	-	3,499,406	3,499,406
2039	-	3,499,406	3,499,406
2040	-	3,499,406	3,499,406
2041	6,135,000	3,499,406	9,634,406
2042	6,440,000	3,359,834	9,799,834
2043	24,065,000	3,213,324	27,278,324
2044	25,240,000	2,665,846	27,905,846
2045	29,165,000	2,091,636	31,256,636
2046	30,620,000	1,428,132	32,048,132
2047	32,155,000	731,526	32,886,526
Total	153,820,000	101,629,170	255,449,170

Issue Type

- Public Issue Fixed Rate Debt
- Issued April 3, 2019 with final maturity 2047

Utilization of Funds

- Provided \$23 million to replenish UPIF reserves
- Provided \$85 million to convert tax-exempt short-term commercial paper to long-term fixed rate bonds

Utilization of Funds

- Provided \$74 million in new money to fund capital projects & infrastructure improvements



2019A Forward Starting Swap

- On April 3, 2019 GRU issued \$153,820,000 in fixed rate issue Series 2019A Bonds
- Interest rates varied between 2.275% and 5%
- In 2020 interest rates were nearing historic lows
 - Financing team determined environment was favorable to attempt to lock in rates to generate savings associated with refunding Series 2019A Bonds



2019A Forward Starting Swap

- Treasury regulations preclude tax-exempt ***advance refundings*** – to qualify for tax exemption refundings must be considered current
- A ***current refunding*** is defined as a transaction with an execution date no more than 90 days prior to the initial call date of the series being refunded
 - Initial call date on Series 2019A Bonds is October 1, 2029
- Forward stating swap is a method to lock in existing interest rates until the refunding transaction qualifies as a current refunding



2019A Forward Starting Swap

- Under the forward starting swap we enter into an agreement to pay a fixed rate to the counterparty and receive a variable rate from the counter party
- The effective date of the swap (the point at which cash flow exchanges begin) is the call date of the underlying bonds (Series 2019A)
- As the call date approaches, the forward starting swap structure allows GRU the optionality to terminate or execute the swap



2019A Forward Starting Swap

AS CALL DATE APPROACHES, GRU MAKES THE DECISION

TERMINATE THE SWAP

Make or receive a termination payment based on interest rate movement since the signing date of the swap

Issue new fixed rate debt to refund the existing fixed rate debt: Series 2019A

IMPLEMENT THE SWAP

Implement the swap: cash flow exchanges begin on October 1, 2029

Issue variable rate debt to refund the existing fixed rate debt: swap will hedge the new variable rate debt

Swap Counterparty

- Barclays

GRU Pays

- Fixed Rate of 2.586%

GRU Receives

- Variable Rate of 70% of 1 month SOFR

Fiscal Year	Gross Savings
2030	4,966,848
2031	4,966,848
2032	4,966,848
2033	4,966,848
2034	4,966,848
2035	4,966,848
2036	4,966,848
2037	4,966,848
2038	4,966,848
2039	4,966,848
2040	4,966,848
2041	4,966,848
2042	4,768,749
2043	4,560,801
2044	3,783,742
2045	2,968,743
2046	2,027,005
2047	1,038,285
Total	78,749,501



Current Outstanding Debt: Series 2019B

2019B DEBT SERVICE OUTSTANDING @ 10/1/23			
Fiscal Year	Principal	Interest	Total P & I
2024	-	1,033,268	1,033,268
2025	-	1,033,268	1,033,268
2026	-	1,033,268	1,033,268
2027	-	1,033,268	1,033,268
2028	-	1,033,268	1,033,268
2029	-	1,033,268	1,033,268
2030	-	1,033,268	1,033,268
2031	-	1,033,268	1,033,268
2032	-	1,033,268	1,033,268
2033	-	1,033,268	1,033,268
2034	-	1,033,268	1,033,268
2035	-	1,033,268	1,033,268
2036	-	1,033,268	1,033,268
2037	-	1,033,268	1,033,268
2038	-	1,033,268	1,033,268
2039	-	1,033,268	1,033,268
2040	-	1,033,268	1,033,268
2041	3,390,000	1,033,268	4,423,268
2042	3,520,000	901,906	4,421,906
2043	3,660,000	765,506	4,425,506
2044	3,800,000	623,682	4,423,682
2045	3,945,000	476,432	4,421,432
2046	4,095,000	323,562	4,418,562
2047	4,255,000	164,882	4,419,882
Total	26,665,000	21,854,794	48,519,794

Issue Type

- Public Issue Fixed Rate Taxable Debt
- Issue Date April 3, 2019 final maturity 2047

Utilization of Funds

- Provided \$8 million to fund GRUCom projects
- Provided \$8 million to convert taxable commercial paper previously used to finance GRUCom projects to long-term fixed rate bonds

Utilization of Funds

- Provided \$10.1 million to refund currently outstanding Series 2005B taxable bonds maturing in FY19-FY21



Current Outstanding Debt: Series 2019C

2019C DEBT SERVICE OUTSTANDING @ 10/10/23			
Fiscal Year	Principal	Interest	Total P & I
2024	-	2,694,200	2,694,200
2025	-	2,357,426	2,357,426
2026	-	2,020,650	2,020,650
2027	-	1,683,876	1,683,876
2028	-	1,683,876	1,683,876
2029	-	1,347,100	1,347,100
2030	-	1,347,100	1,347,100
2031	-	1,347,100	1,347,100
2032	-	1,347,100	1,347,100
2033	-	1,347,100	1,347,100
2034	-	1,347,100	1,347,100
2035	-	1,347,100	1,347,100
2036	-	1,347,100	1,347,100
2037	-	1,347,100	1,347,100
2038	-	1,347,100	1,347,100
2039	-	1,347,100	1,347,100
2040	-	1,347,100	1,347,100
2041	8,855,000	1,347,100	10,202,100
2042	9,100,000	1,170,000	10,270,000
2043	9,350,000	988,000	10,338,000
2044	9,605,000	801,000	10,406,000
2045	9,870,000	608,900	10,478,900
2046	10,150,000	411,500	10,561,500
2047	10,425,000	208,500	10,633,500
Total	67,355,000	32,140,228	99,495,228

Issue Type

- Private Placement with Bank of America, variable rate bonds
- Issued April 19, 2019 final maturity 2047

Liquidity Facility

- Daily reset variable rate demand notes
- \$67,355,000 liquidity facility with Bank of America
- Variable rate debt is unhedged

Utilization of Funds

- Provides \$10 million in new money to fund capital projects
- Refunds \$18,515,000 of Series 2005C bonds
- Refunds \$13,905,000 of Series 2006A bonds

Utilization of Funds

- Refunds \$8,430,000 of Series 2007A bonds
- Refunds \$14,200,000 of Series 2008B bonds
- Refunds \$1,860,000 of Series 2012B bonds

Utilization of Funds

- Refundings generate near-term (2019 through 2024) debt service savings of ~\$56 million
- Bolster reserves & provide funding for debt defeasance program

Utilization of Funds

- Present value savings over life of transaction of \$9.1 million



Current Outstanding Debt: Series 2020A

2020A DEBT SERVICE OUTSTANDING @ 10/1/23			
Fiscal Year	Principal	Interest	Total P & I
2024	45,000	217,846	262,846
2025	45,000	216,918	261,918
2026	45,000	215,992	260,992
2027	50,000	215,064	265,064
2028	50,000	214,034	264,034
2029	50,000	213,004	263,004
2030	275,000	211,974	486,974
2031	2,145,000	206,310	2,351,310
2032	2,105,000	162,122	2,267,122
2033	3,275,000	118,760	3,393,760
2034	2,490,000	51,294	2,541,294
Total	10,575,000	2,043,318	12,618,318

Issue Type

- Forward Delivery Tax Direct Placement Refunding of Series 2010C Bonds
- Direct Placement with Bank of America

Forward Agreement

- Forward Agreement locked in rates effective on February 12, 2020 for transaction which closed on July 7, 2020
- July 7 closing date within 90 days of original call date on Series 2010C Bonds which qualifies as current refunding therefore qualifying as a tax-exempt transaction

Savings

- Coupon on refunded bonds is 5.25%, true interest cost on refunding bonds is 2.07%,
- Gross savings of ~ \$4.1 million and PV savings of ~\$3.5 million



Current Outstanding Debt: Series 2021A

2021A DEBT SERVICE OUTSTANDING @ 10/1/23			
Fiscal Year	Principal	Interest	Total P & I
2024	-	4,788,000	4,788,000
2025	-	4,788,000	4,788,000
2026	-	4,788,000	4,788,000
2027	-	4,788,000	4,788,000
2028	-	4,788,000	4,788,000
2029	-	4,788,000	4,788,000
2030	-	4,788,000	4,788,000
2031	-	4,788,000	4,788,000
2032	-	4,788,000	4,788,000
2033	-	4,788,000	4,788,000
2034	-	4,788,000	4,788,000
2035	-	4,788,000	4,788,000
2036	-	4,788,000	4,788,000
2037	-	4,788,000	4,788,000
2038	-	4,788,000	4,788,000
2039	-	4,788,000	4,788,000
2040	-	4,788,000	4,788,000
2041	-	4,788,000	4,788,000
2042	7,145,000	4,788,000	11,933,000
2043	7,500,000	4,430,750	11,930,750
2044	7,875,000	4,055,750	11,930,750
2045	8,270,000	3,662,000	11,932,000
2046	8,685,000	3,248,500	11,933,500
2047	10,185,000	2,814,250	12,999,250
2048	10,695,000	2,305,000	13,000,000
2049	11,230,000	1,770,250	13,000,250
2050	11,795,000	1,208,750	13,003,750
2051	12,380,000	619,000	12,999,000
Total	95,760,000	115,086,250	210,846,250

Issue Type

- Public issue fixed-rate new money to fund capital infrastructure
- Issued August 11, 2021 final maturity 2051

Green Bonds

- Included \$39.475 million in "Green Bonds" which resourced water & wastewater system improvements that promote sustainability and resiliency
- Single investor purchased all of the Green Bond series

Interest Rate

- All-in true interest cost of the issue was 3.25%



Current Outstanding Debt: Series 2022A

2022A DEBT SERVICE OUTSTANDING @ 10/10/23			
Fiscal Year	Principal	Interest	Total P & I
2024	10,585,000	823,328	11,408,328
2025	10,740,000	663,494	11,403,494
2026	10,900,000	501,320	11,401,320
2027	11,065,000	336,730	11,401,730
2028	11,235,000	169,648	11,404,648
Total	54,525,000	2,494,520	57,019,520

Issue Type

- Tax-exempt Forward Delivery Direct Placement Refunding of Series 2012A Bonds
- Direct placement with Bank of America

Forwards Deal

- Priced deal & locked in rates effective July 2021
- Closed transaction July 14, 2022 which placed deal within 90 days of the original call date of the Series 2012A bonds qualifying the transaction as a current refunding eligible for tax-exempt status

Savings

- Generated ~5.2M of gross savings over life of the transaction



Current Outstanding Debt: Series 2022B

2022B DEBT SERVICE OUTSTANDING @ 10/1/23			
Fiscal Year	Principal	Interest	Total P & I
2024	2,875,000	6,550,520	9,425,520
2025	12,240,000	6,468,668	18,708,668
2026	12,425,000	6,120,196	18,545,196
2027	9,910,000	5,766,456	15,676,456
2028	10,145,000	5,484,318	15,629,318
2029	10,375,000	5,195,490	15,570,490
2030	23,325,000	4,900,114	28,225,114
2031	24,150,000	4,236,052	28,386,052
2032	24,760,000	3,548,500	28,308,500
2033	24,180,000	2,843,584	27,023,584
2034	21,585,000	2,155,180	23,740,180
2035	22,070,000	1,540,654	23,610,654
2036	22,150,000	912,322	23,062,322
2037	4,900,000	281,710	5,181,710
2038	4,995,000	142,208	5,137,208
Total	230,085,000	56,145,972	286,230,972

Issue Type

- \$234,500,000 Direct Placement fixed rate issue
- Bank of America

Utilization of Proceeds

- \$203,550,000 of proceeds refunded Series 2007A and Series 2008B variable rate bonds
- \$31,615,478 of proceeds terminated the fixed to floating swaps that hedged the Series 2007A and Series 2008B variable rate bonds

Savings

- Refunding of the variable rate debt with fixed rate debt allowed GRU to eliminate the liquidity facilities supporting the variable rate debt resulting in a savings of \$1.2 million per year

Savings

- Overall transaction savings of approximately \$5.92 million over the life of the issue

Risk Reduction

- Reduced portfolio risk by increasing the percentage of the portfolio composed of fixed rate debt from 62% to 75%

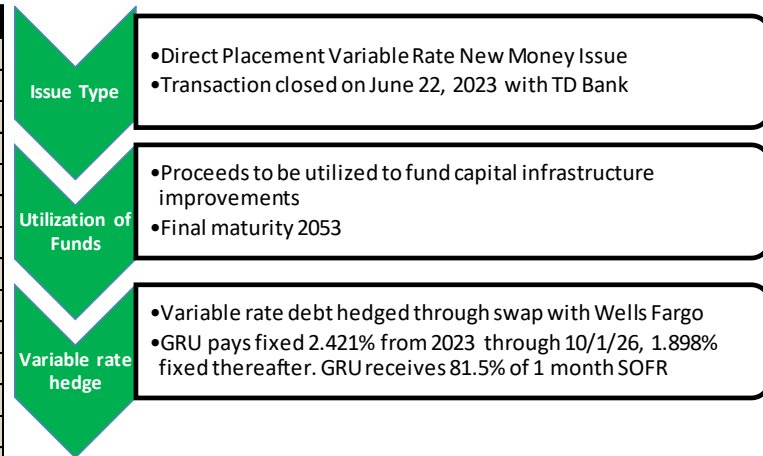
Risk Reduction

- Reduced the complexity of the portfolio by eliminating almost one-third of the notional amount of interest rate swaps on the books



Current Outstanding Debt: Series 2023C

2023C DEBT SERVICE OUTSTANDING @10/1/23					
Fiscal Year	Principal	Interest	Total P & I	Net Swap Payment	Total Debt Service
2024	-	4,867,072	4,867,072	(2,809,104)	2,057,968
2025	-	4,867,072	4,867,072	(2,192,923)	2,674,149
2026	-	4,867,072	4,867,072	(1,628,532)	3,238,540
2027	-	4,867,072	4,867,072	(1,099,297)	3,767,775
2028	-	4,867,072	4,867,072	(1,099,297)	3,767,775
2029	-	4,867,072	4,867,072	(570,062)	4,297,010
2030	-	4,867,072	4,867,072	(570,062)	4,297,010
2031	-	4,867,072	4,867,072	(570,062)	4,297,010
2032	-	4,867,072	4,867,072	(570,062)	4,297,010
2033	-	4,867,072	4,867,072	(570,062)	4,297,010
2034	-	4,867,072	4,867,072	(570,062)	4,297,010
2035	-	4,867,072	4,867,072	(570,062)	4,297,010
2036	-	4,867,072	4,867,072	(570,062)	4,297,010
2037	-	4,867,072	4,867,072	(570,062)	4,297,010
2038	-	4,867,072	4,867,072	(570,062)	4,297,010
2039	-	4,867,072	4,867,072	(570,062)	4,297,010
2040	-	4,867,072	4,867,072	(570,062)	4,297,010
2041	-	4,867,072	4,867,072	(570,062)	4,297,010
2042	-	4,867,072	4,867,072	(570,062)	4,297,010
2043	-	4,867,072	4,867,072	(570,062)	4,297,010
2044	-	4,867,072	4,867,072	(570,062)	4,297,010
2045	-	4,867,072	4,867,072	(570,062)	4,297,010
2046	-	4,867,072	4,867,072	(570,062)	4,297,010
2047	-	4,867,072	4,867,072	(570,062)	4,297,010
2048	19,130,000	4,867,072	23,997,072	(570,062)	23,427,010
2049	19,770,000	4,251,326	24,021,326	(497,942)	23,523,384
2050	20,425,000	3,614,978	24,039,978	(423,409)	23,616,569
2051	21,105,000	2,957,548	24,062,548	(346,406)	23,716,142
2052	34,810,000	2,278,232	37,088,232	(266,841)	36,821,391
2053	35,970,000	1,157,784	37,127,784	(135,607)	36,992,177
Total	151,210,000	135,936,668	287,146,668	(21,900,598)	265,246,070



Debt Portfolio Review

Liquidity Instruments

- GRU maintains several financial agreements designed to provide liquidity and operational flexibility in the event that there is an unexpected need for access to funding
- These become outstanding debt items only if they are activated through drawdowns
- GRU currently maintains three liquidity instruments
 - \$150 million line of credit with U.S. Bank – potential draws on this line can be either tax-exempt or taxable dependent on the manner in which the funds are used
 - \$50 million taxable letter of credit with Truist Bank
 - \$25 million tax-exempt letter of credit with Truist Bank
- To date none of these instruments have ever been drawn upon – so no outstanding debt exists



Transaction Related Savings Generated 2017 Forward



Deerhaven Renewable (DHR) Acquisition

- On November 7, 2017 GRU issued \$680,920,000 (principal) in debt to acquire the GREC facility
 - \$415,920,000 Series 2017A fixed rate debt
 - \$150,000,000 Series 2017B variable rate debt (hedged immediately)
 - \$115,000,000 Series 2017C variable rate debt (hedged later)
- Through acquisition of the facility, GRU eliminated the PPA payments required under the existing agreement with GREC
- Generated ~ \$771.8 million in gross savings (\$551.7 million in PV savings) comparing debt service requirements to PPA payments over the life of the debt
- Reduced debt outstanding on the balance sheet by ~ \$241 million (removed \$922,013,598 in capital lease obligations)



Deerhaven Renewable (DHR) Acquisition Savings

October 1	PPA Payments	DHR Related Debt			Savings
		Principal	Interest	Total	
2018	74,038,000	3,000,000	23,017,275	26,017,275	48,020,725
2019	73,973,000	5,000,000	25,999,750	30,999,750	42,973,250
2020	74,093,000	12,580,000	26,324,750	38,904,750	35,188,250
2021	73,844,000	13,175,000	25,983,250	39,158,250	34,685,750
2022	73,781,000	13,770,000	25,324,500	39,094,500	34,686,500
2023	73,718,000	14,395,000	24,636,000	39,031,000	34,687,000
2024	73,841,000	15,235,000	23,916,250	39,151,250	34,689,750
2025	73,595,000	15,750,000	23,154,500	38,904,500	34,690,500
2026	73,534,000	16,480,000	22,367,000	38,847,000	34,687,000
2027	73,474,000	17,245,000	21,543,000	38,788,000	34,686,000
2028	73,599,000	18,230,000	20,680,750	38,910,750	34,688,250
2029	73,355,000	18,900,000	19,769,250	38,669,250	34,685,750
2030	73,297,000	19,785,000	18,824,250	38,609,250	34,687,750
2031	73,239,000	20,715,000	17,835,000	38,550,000	34,689,000
2032	73,367,000	21,880,000	16,799,250	38,679,250	34,687,750
2033	73,125,000	22,730,000	15,705,250	38,435,250	34,689,750
2034	73,069,000	23,810,000	14,568,750	38,378,750	34,690,250
2035	73,014,000	24,945,000	13,378,250	38,323,250	34,690,750
2036	73,144,000	26,325,000	12,131,000	38,456,000	34,688,000
2037	72,904,000	27,400,000	10,814,750	38,214,750	34,689,250
2038	72,850,000	28,720,000	9,444,750	38,164,750	34,685,250
2039	72,797,000	29,815,000	8,295,950	38,110,950	34,686,050
2040	72,929,000	31,140,000	7,103,350	38,243,350	34,685,650
2041	72,692,000	31,780,000	6,242,785	38,022,785	34,669,215
2042	72,640,000	32,540,000	5,458,995	37,998,995	34,641,005
2043	72,589,000	33,320,000	4,656,461	37,976,461	34,612,539
2044	-	34,170,000	3,834,690	38,004,690	(38,004,690)
2045	-	35,055,000	2,972,338	38,027,338	(38,027,338)
2046	-	36,020,000	2,008,325	38,028,325	(38,028,325)
2047	-	37,010,000	1,017,775	38,027,775	(38,027,775)
Total	1,906,501,000	680,920,000	453,808,194	1,134,728,194	771,772,806



Series 2019ABC Bonds

- Series 2019A Bonds furnished \$23 million to replenish UPIF reserves, converted \$85 million of tax-exempt short-term commercial paper to long-term bonds, and generated \$74 million in new money for capital projects
- Series 2019B Bonds converted 48 million of taxable commercial paper to long-term fixed rate bonds and refunded \$10.1 million in Series 2005B taxable bonds; created near-term savings (2019-2024) of ~9.6M
- Series 2019C Bonds generated \$10 million in new money for capital projects, and created ~\$56.7 million in near-term savings through refunding:
 - \$18,515,000 of Series 2005C
 - \$13,905,000 of Series 2006A
 - \$8,430,000 of Series 2007A
 - \$14,200,000 of Series 2008B and
 - \$1,860,000 of Series 2012B



Series 2019ABC:Savings Refunding vs Refunded Bonds

NEAR-TERM (2019-2024) SAVINGS

	SERIES 2019B				SERIES 2019C		
	Refunded	Refunding	Near-Term		Refunded	Refunding	Near-Term
	Debt Service	Debt Service	Savings		Debt Service	Debt Service	Savings
2019	4,777,107	485,062	4,292,045		5,936,631	371,774	5,564,857
2020	4,820,459	1,033,269	3,787,190		10,134,203	1,007,387	9,126,816
2021	2,627,129	1,033,269	1,593,860		12,886,202	1,295,213	11,590,989
2022	885,000	1,033,269	(148,269)		12,269,586	1,511,081	10,758,505
2023	967,500	1,033,269	(65,769)		10,641,539	1,583,037	9,058,502
2024	1,147,500	1,033,269	114,231		12,242,858	1,583,038	10,659,820
Total	15,224,695	5,651,407	9,573,288		64,111,019	7,351,530	56,759,489

ADDITIONAL DEBT SERVICE COSTS 2025 - 2047

	SERIES 2019B				SERIES 2019C		
2025-2047			(21,252,318)				(90,224,825)

TOTAL TRANSACTION: PRESENT VALUE SAVINGS

	SERIES 2019B				SERIES 2019C		
2019-2047			(1,534,188)				9,074,043



2020 Restructuring Transaction Savings

Transaction	Date	Savings Over Life of Issue
Series 2017C swap	December 18, 2019	23,941,220
Forward Delivery Tax-Exempt Direct Placement Refunding of Series 2010C Bonds	February 12, 2020	4,108,262
Series 2017B Goldman Sachs swap termination option extension	February 26, 2020	8,532,699
Redemption of \$405,000 Series 2005A Bonds	February 27, 2020	190,273
Series 2014A Forward Starting Swap	April 8, 2020	12,955,566
Series 2019A Forward Starting Swap	April 9, 2020	78,749,501
Series 2017B Citi swap termination option extension	April 22, 2020	5,577,708
Total Savings		134,055,229



2020 Pension Obligation Bonds

- In September of 2020 General Government issued \$206,080,000 in taxable Series 2020 Pension Obligation Bonds (2020 POBs).
- These bonds were designed to fund 95% of the Unfunded Actuarial Accrued Liability (UAAL) in the City's defined benefit pension plans.
- General Government and GRU were paying the pension plan's assumed rate of return of 7.90% in interest on this UAAL to the City's Pension Trust Funds.
- The proceeds from the 2020 POBs were deposited into the Pension Trust Funds to discharge the UAAL. The true interest cost on the issue was 2.622%. The arbitrage between the rate on the 2020 POBs and the rate previously paid on the UAAL generates savings to both General Government and GRU.



2020 Pension Obligation Bonds Savings

	(A)	(B)	(C)	(A) - (B) - (C)	
		Portion of UAAL Payments			
	Current UAAL Payments	Not Funded Through 2020 POB	2020 Debt Debt Service	Annual Savings	GRU Share of Savings
2021	15,999,108	799,955	8,965,230	6,233,923	2,753,039
2022	17,184,205	859,210	10,096,185	6,228,810	2,750,781
2023	17,608,944	880,447	10,496,475	6,232,022	2,752,199
2024	18,044,217	902,211	10,913,681	6,228,325	2,750,567
2025	18,490,287	924,514	11,330,720	6,235,053	2,753,538
2026	18,947,422	947,371	11,769,820	6,230,231	2,751,408
2027	19,415,898	970,795	12,216,310	6,228,793	2,750,773
2028	19,895,998	994,800	12,668,223	6,232,975	2,752,620
2029	20,388,010	1,019,400	13,138,440	6,230,170	2,751,381
2030	20,892,230	1,044,612	13,613,129	6,234,489	2,753,289
2031	21,408,964	1,070,448	14,105,531	6,232,985	2,752,625
2032	21,938,522	1,096,926	14,608,491	6,233,105	2,752,678
2033	22,481,223	1,124,061	15,129,847	6,227,315	2,750,121
2034	23,037,395	1,151,870	15,657,099	6,228,426	2,750,611
2035	23,024,088	1,151,204	15,642,854	6,230,030	2,751,320
2036	22,328,827	1,116,441	14,983,431	6,228,955	2,750,845
2037	22,926,653	1,146,333	15,552,528	6,227,792	2,750,331
2038	22,738,108	1,136,905	15,372,527	6,228,676	2,750,722
2039	24,105,478	1,205,274	16,670,361	6,229,843	2,751,237
2040	21,554,752	1,077,738	14,245,795	6,231,219	2,751,845
2041	10,074,240	503,712	3,335,641	6,234,887	2,753,465
2042	10,368,108	518,405	3,618,705	6,230,998	2,751,747
2043	3,277,741	163,887	-	3,113,854	1,375,147
2044	1,002,612	50,131	-	952,481	420,637
2045	1,114,484	55,724	-	1,058,760	467,572
2046	1,347,537	67,377	-	1,280,160	565,347
2047	770,983	38,549	-	732,434	323,459
Total	440,366,034	22,018,300	274,131,023	144,216,711	63,689,301



Series 2022A Savings

- In July 2021 GRU priced a forward refunding of \$66,075,000 in Series 2012A Bonds.
- \$66,600,000 in Series 2022A Bonds were issued to refund the debt with the transaction closing July 14, 2022.
- The closing date was within 90 days of the original call date of the refunded bonds, qualifying as a current refunding eligible for tax-exempt status.

2022A Savings			
	Refunded	Refunding	
	Debt Service	Debt Service	Savings
2022	549,176	370,600	178,576
2023	13,907,576	13,080,660	826,916
2024	12,234,076	11,408,328	825,748
2025	12,231,576	11,403,494	828,082
2026	12,229,326	11,401,320	828,006
2027	12,231,076	11,401,730	829,346
2028	12,230,626	11,404,648	825,978
Total	75,613,432	70,470,780	5,142,652



Series 2022B Savings

- On April 29, 2022 GRU issued \$234,045,000 to
 - Refund \$203,550,000 in outstanding variable rate Series 2007A and Series 2008B bonds
 - Terminate the fixed to floating interest rate swaps hedging these variable rate bonds
- Refunding the variable rate bonds also allowed GRU to terminate the liquidity facilities supporting these bonds

	Refunded Debt Service	Refunding	
	2007A/2008B/Swap termination	Debt Service	Savings
2022	4,869,193	3,978,377	890,816
2023	9,738,387	9,425,094	313,293
2024	9,738,387	9,425,520	312,867
2025	19,023,387	18,708,669	314,718
2026	18,859,250	18,545,196	314,054
2027	15,991,351	15,676,456	314,895
2028	15,940,680	15,629,318	311,362
2029	15,885,774	15,570,490	315,284
2030	28,541,159	28,225,114	316,045
2031	28,699,838	28,386,051	313,787
2032	28,623,402	28,308,501	314,901
2033	27,335,641	27,023,584	312,057
2034	24,053,326	23,740,179	313,147
2035	23,925,429	23,610,654	314,775
2036	23,377,024	23,062,321	314,703
2037	5,496,638	5,181,711	314,927
2038	5,453,188	5,137,208	315,980
Total	305,552,054	299,634,443	5,917,611



Summary of Transaction Related Savings 2017 Forward

Savings Over the Life of the Issues

DHR Acquisition	771,772,806
Series 2019B: Refunding of Series 2005B (savings 2019 - 2024)	9,573,288
Series 2019C: Refunding of Series 2005C, 2006A, 2007A, 2008B, & 2012B (savings 2019 - 2024)	56,759,489
2020 Restructuring Transactions:	
Series 2017C Swap	23,941,220
Series 2020A: Forward Delivery Tax-Exempt Direct Placement Refunding of Series 2010C Bonds	4,108,262
Series 2017B Goldman Sachs Swap Termination Option Extension	8,532,699
Series 2005A Bonds Redemptions	190,273
Series 2014A Forward Starting Swap	12,955,566
Series 2019A Forward Starting Swap	78,749,501
Series 2017B Citi Swap Termination Option Extension	5,577,708
2020 Pension Obligation Bonds	63,689,301
Series 2022A : Series 2012A Refunding	5,142,652
Series 2022B: Refunding of Series 2007A & 20008B	5,917,611
Total Savings	1,046,910,376



Debt Defeasance Program



Debt Defeasance Program

- As part of GRU's efforts to manage debt levels, the City Commission approved the first of its kind debt defeasance program for the utility
- Fundamental to a defeasance program is generating or identifying available cash to provide a pool from which to fund defeasance efforts
- Several initiatives generated significant savings for GRU
 - 2019B and 2019C: a portion of the near-term savings were used to redeem the final \$405,000 in outstanding bonds from the Series 2005A issue on February 27, 2020
 - 2020 GRU debt restructurings - \$134M in savings over the next 26 years
 - 2020 Pension Obligation Bonds (POB) transaction executed by General Government - \$64M in savings to GRU over the next 22 years



Debt Defeasance Program

Committed Funds

	2017C Swap	2020A: 2010C Direct Placement Forward Refunding	2017B Goldman Sachs Swap Termination Extension	2005A Bond Redemptions	2014A Forward Starting Swap	2019A Forward Starting Swap	2017B Citi Swap Termination Extension	2020 Pension Obligation Bonds	Total
2020	712,904	67,183	225,123	11,428	-	-	112,955	-	1,129,593
2021	894,924	290,990	376,950	19,238	-	-	247,950	2,753,039	4,583,091
2022	894,924	286,813	376,950	19,238	-	-	247,950	2,750,781	4,576,656
2023	894,924	287,740	376,950	19,238	-	-	247,950	2,752,199	4,579,001
2024	903,708	288,667	376,950	19,238	-	-	247,950	2,750,567	4,587,080
2025	894,924	289,595	376,950	19,238	1,061,289	-	247,950	2,753,538	5,643,484
2026	894,924	290,521	376,950	19,238	1,025,821	-	247,950	2,751,408	5,606,812
2027	894,924	286,449	376,950	19,238	988,514	-	247,950	2,750,773	5,564,798
2028	903,708	287,478	376,950	19,238	949,365	-	247,950	2,752,620	5,537,309
2029	894,924	288,508	376,950	19,238	908,210	-	247,950	2,751,381	5,487,161
2030	894,924	289,539	376,950	1,425	865,046	4,966,848	247,950	2,753,289	10,395,971
2031	894,924	288,391	376,950	713	819,708	4,966,848	247,950	2,752,625	10,348,109
2032	903,708	287,328	376,950	713	772,027	4,966,848	247,950	2,752,678	10,308,202
2033	894,924	289,129	376,950	713	748,167	4,966,848	247,950	2,750,121	10,274,802
2034	894,924	289,931	376,950	713	721,578	4,966,848	247,950	2,750,611	10,249,505
2035	894,924	-	376,950	713	694,128	4,966,848	247,950	2,751,320	9,932,833
2036	903,708	-	376,950	713	638,919	4,966,848	247,950	2,750,845	9,885,933
2037	894,924	-	376,950	-	581,033	4,966,848	247,950	2,750,331	9,818,036
2038	894,924	-	376,950	-	520,136	4,966,848	247,950	2,750,722	9,757,530
2039	894,924	-	376,950	-	456,227	4,966,848	247,950	2,751,237	9,694,136
2040	903,708	-	376,950	-	389,140	4,966,848	247,950	2,751,845	9,636,441
2041	894,924	-	313,861	-	318,707	4,966,848	206,451	2,753,465	9,454,256
2042	894,924	-	233,998	-	244,760	4,768,749	153,919	2,751,747	9,048,097
2043	894,924	-	152,225	-	167,133	4,560,801	100,130	1,375,147	7,250,360
2044	903,708	-	68,492	-	85,658	3,783,742	45,053	420,637	5,307,290
2045	841,111	-	-	-	-	2,968,743	-	467,572	4,277,426
2046	568,315	-	-	-	-	2,027,005	-	565,347	3,160,667
2047	288,010	-	-	-	-	1,038,285	-	323,459	1,649,754
Total	23,941,220	4,108,262	8,532,699	190,273	12,955,566	78,749,501	5,577,508	63,689,301	197,744,330

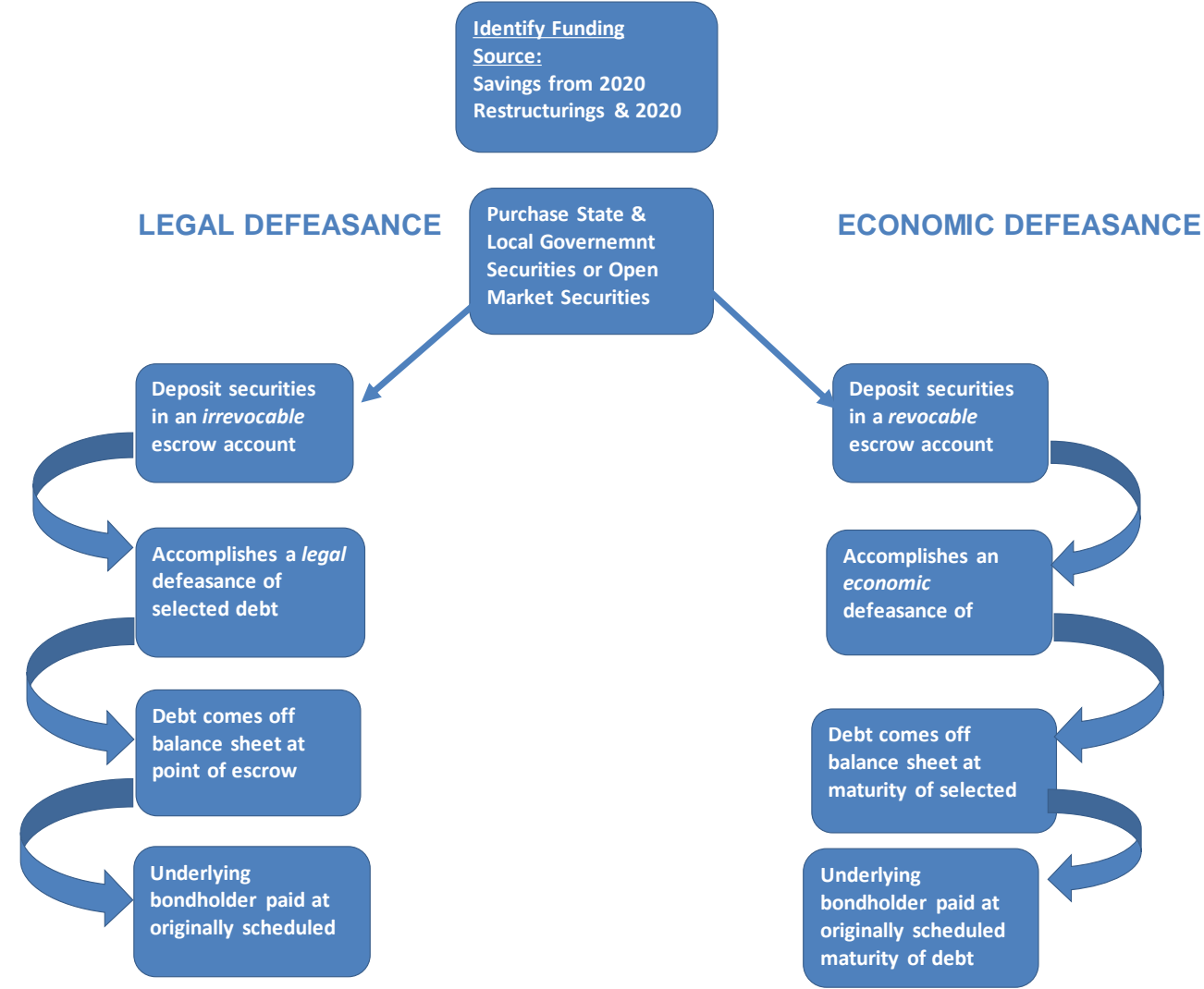


Debt Defeasance Program

- As part of their approval of these transactions the City Commission directed that the resulting savings be used to defease existing GRU debt
- At their meeting of June 17, 2021 the Commission authorized GRU to execute the first tranche of the defeasance program through September of 2026
- Approximately \$31M in savings will have been accumulated through this point, so in a series of annual transactions through FYE26 GRU anticipates defeasing approximately this volume of outstanding debt



Debt Defeasance Program – Defeasance Mechanics



Debt Defeasance Program

- First efforts focused on bonds maturing in 2025 and 2026 to address spikes in debt service occurring in these years
 - The initial bonds targeted for this defeasance are maturities of Series 2009B and 2017A bonds
- On October 28, 2021 GRU executed
 - A legal defeasance of certain 2025 and 2026 maturities of Series 2017A bonds totaling \$7,185,000
 - An economic defeasance of certain 2025 maturities of Series 2009B bonds totaling \$1,130,000
- On October 28, 2022 GRU executed a legal defeasance of certain 2025 maturities of Series 2017A bonds totaling \$3,460,000



Debt Management Policy Amendments: Financial Metrics & Deleveraging



Debt Management Policy Amendments: Financial Metrics & Deleveraging

- On October 20, 2022 the City Commission approved an amendment to the GRU Debt Management Policy including sections on target financial metrics and deleveraging
- Development of such a policy
 - Facilitates development of financial goals
 - Assists with budget formulation
 - Enables GRU to identify financial trends over a multiple-year period as well as tracking performance over the course of a fiscal year



Financial Metrics

- Rating agencies publish municipal-utility based criteria that establish metrics for particular rating categories that can inform the target levels established for GRU's financial metrics
- Metrics chosen for inclusion in the GRU policy are:

Days Cash on Hand	Coverage of Fixed Obligations	Capex vs Depreciation
Days Liquidity	Debt to Capitalization	Accumulated vs Annual Depreciation
Debt Service Coverage	Leverage	Book Value vs Annual Depreciation



Financial Metrics: Days Cash on Hand

- Formula is $(\text{Available Cash} / \text{Net Operating Expense}) * 365$
 - Available cash is unrestricted cash, cash equivalents and investments unencumbered by legal agreements or policy or earmarked for specific purposes
 - Net operating expense equals operating expense less depreciation/amortization and other noncash items
- This metric estimates the number of days GRU can pay its daily O&M expenses before running out of this cash. It measures GRU's financial security and ability to weather uncertainty.



Financial Metrics: Days Liquidity

- Formula is $((\text{Available Cash} + \text{Liquidity}) / \text{Net Operating Expense}) * 365$
 - Liquidity is available lines of credit and authorized but unissued commercial paper
 - Net operating expense equals operating expense less depreciation/amortization and other noncash items.
- This metric estimates how many days GRU can pay its daily O&M expenses before exhausting this liquidity. It measures GRU's financial security and ability to weather uncertainty.



Financial Metrics: Debt Service Coverage

- Formula is Net Revenues/Debt Service
 - Net revenues = operating revenues – operating expense + interest income
 - Debt service = annual debt service expense
- This metric measures GRU's financial security and ability to meet debt obligations.



Financial Metrics: Coverage of Fixed Obligations

- Formula is $(\text{Net Revenues} - \text{transfers out} + \text{debt-like service} - \text{debt service}) / (\text{Debt Service} + \text{debt-like service})$
 - Net revenues = operating revenues – operating expense + interest income
 - Debt service = annual debt service expense
 - Debt-like service includes purchased power & purchase power agreements
- This metric measures GRU's available cash flow to meet current obligations, including debt-like obligations such as purchased power and purchase power agreements. It measures GRU's financial security and ability to meet debt obligations and other long-lived contractual agreements.



Financial Metrics: Debt to Capitalization

- Formula is Total Debt/Capitalization
 - Total debt = total debt outstanding at the end of the fiscal year
 - Capitalization = total debt + net position
- This metric measures system leverage. Given the high level of debt on GRU's balance sheet the utility is considered highly leveraged by all three of the rating agencies. This will be a difficult metric to change in the short-term and should be seen as a longer term goal.



Financial Metrics: Leverage

- Formula is Net Adjusted Debt/Adjusted Funds Available for Debt Service
 - Net adjusted debt = debt + unamortized bond premium + pension liability + purchased power adjustment less available cash (operating, RSF,UPIF, debt service)
 - Adjusted funds available for debt service = adjusted operating income less GFT + pension expense
- This metric measures system leverage. Given the high level of debt on GRU's balance sheet the utility is considered highly leveraged by all three of the rating agencies. This will be a difficult metric to change in the short-term and should be seen as a longer term goal.



Financial Metrics: Capex vs Depreciation

- Formula is Annual Capital Spending/Annual Depreciation Expense
 - Annual capital spending = capital expense at the end of the measurement period
 - Annual depreciation expense = depreciation expense for the measurement period
- This metric measures whether capital investments are keeping pace with the aging of GRU's infrastructure.



Financial Metrics: Accumulated vs Annual Depreciation

- Formula is Accumulated Depreciation/Annual Depreciation Expense
 - Accumulated depreciation expense = inception to date depreciation expense
 - Annual depreciation expense = depreciation expense for the measurement period
- This metric measures whether capital investments are keeping pace with the aging of GRU's infrastructure.



Financial Metrics: Book Value vs Annual Depreciation

- Formula is Net Property, Plant and Equipment/Annual Depreciation Expense
 - Net property, plant and equipment = total capital assets less accumulated depreciation
 - Annual depreciation expense = depreciation expense for the measurement period
- This metric measures whether capital investments are keeping pace with the aging of GRU's infrastructure.



Financial Metrics Policy

Targets vs Actual @ 9/30/22

PER DEBT MANAGEMENT POLICY			ACTUAL PER FY22 FINANCIAL STATEMENTS			
Metric	Type of Metric	Target	Fitch	S & P	Moody's	Internal
Days Cash on Hand	Liquidity	250 days	165	-	108	
Days Liquidity	Liquidity	300 days	347	438	279	
Debt Service Coverage	Coverage	1.7X debt service	2.06	2.16	2.04	
Coverage of Fixed Obligations	Coverage	1.3X debt service	1.60	1.69	1.71	
Debt to Capitalization	Capital Structure	70%	86.96%	80.85%	77.70%	
Leverage	Capital Structure	8X debt service	10.52	-	-	
Capex vs Depreciation	O & M	1X depreciation expense	0.8792	-	-	
Accumulated vs Annual Depreciation	O & M	15 years				12.64
Book Value vs Annual Depreciation	O & M	15 years				17.87



Deleveraging

- GRU is considered highly leveraged by all three rating agencies
- The deleveraging policy incorporates four elements
 - Continuing as directed by the City Commission to apply savings from the 2020 debt restructuring transactions and the 2020 POB issuance towards defeasing outstanding debt
 - Funding at least 50% of Capital Improvement Plans through internal equity (Utility Plant Improvement Fund – UPIF)
 - When cash balance levels exceed the targets established in the Commission approved Cash Balance Policy, applying these excess balances towards cash defeasance
 - Grant reimbursements for capital expenses
- As noted in the Financial Metrics policy discussion, the ultimate target for the deleveraging policy is to reduce GRU's
 - Debt to capitalization ratio from its current level of 86.96% to 70%
 - Leverage ratio from 10.52 to 8.00



Rating Agency Methodology



Rating Agency Methodology

- GRU is rated by the 3 major agencies: Standard & Poors, Moodys & Fitch
- Investors use these rating reports as a means to judge and compare GRU to other bonds available in the municipal market
- GRU's credit ratings directly relate to the cost of GRU's debt:
 - Fixed rate bonds: rates determined once, at pricing
 - Variable Rate bonds: cost of the credit facility supporting the variable rate debt increases as GRU's ratings are lowered
- Some reputational risk associated with a rating downgrade
- Ratings analysts do their work throughout the year



Rating Agency Methodology

- Three major rating agencies
 - FitchRatings
 - Standard & Poor's
 - Moody's
- Rating agencies assess publicly held companies (Pepsico) **across the globe** to include the United States government, counties, cities, utilities...
- These agencies work **on behalf of investors and bondholders – not the debt issuing entities**
- They assess financial & operational status of debt issuers in order to communicate to prospective investors the relative level of risk associated with a potential investment



Rating Agency Methodology

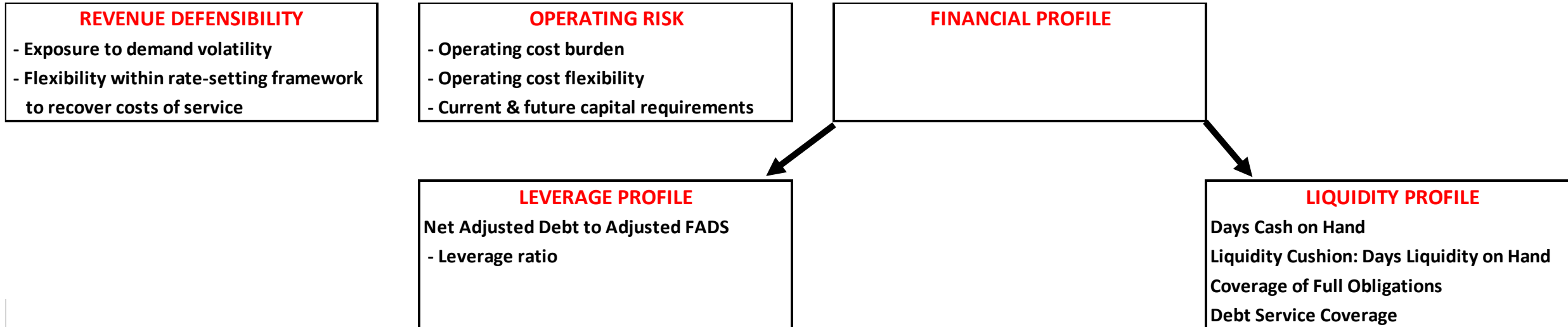
- They accomplish this financial review by analyzing the metrics of a company
 - Metrics are financial ratios that serve as measures of quantitative assessment used for assessing, comparing and tracking performance
- In determining ratings, each rating agency uses
 - slightly different metrics
 - slightly different formulas to calculate these metrics
 - applies slightly different weights to these metrics
- Agencies conduct a full review of frequent issuers annually
 - Can provide a formal report or just a generic update



Rating Agency Methodology

FitchRatings: Key Ratings Drivers

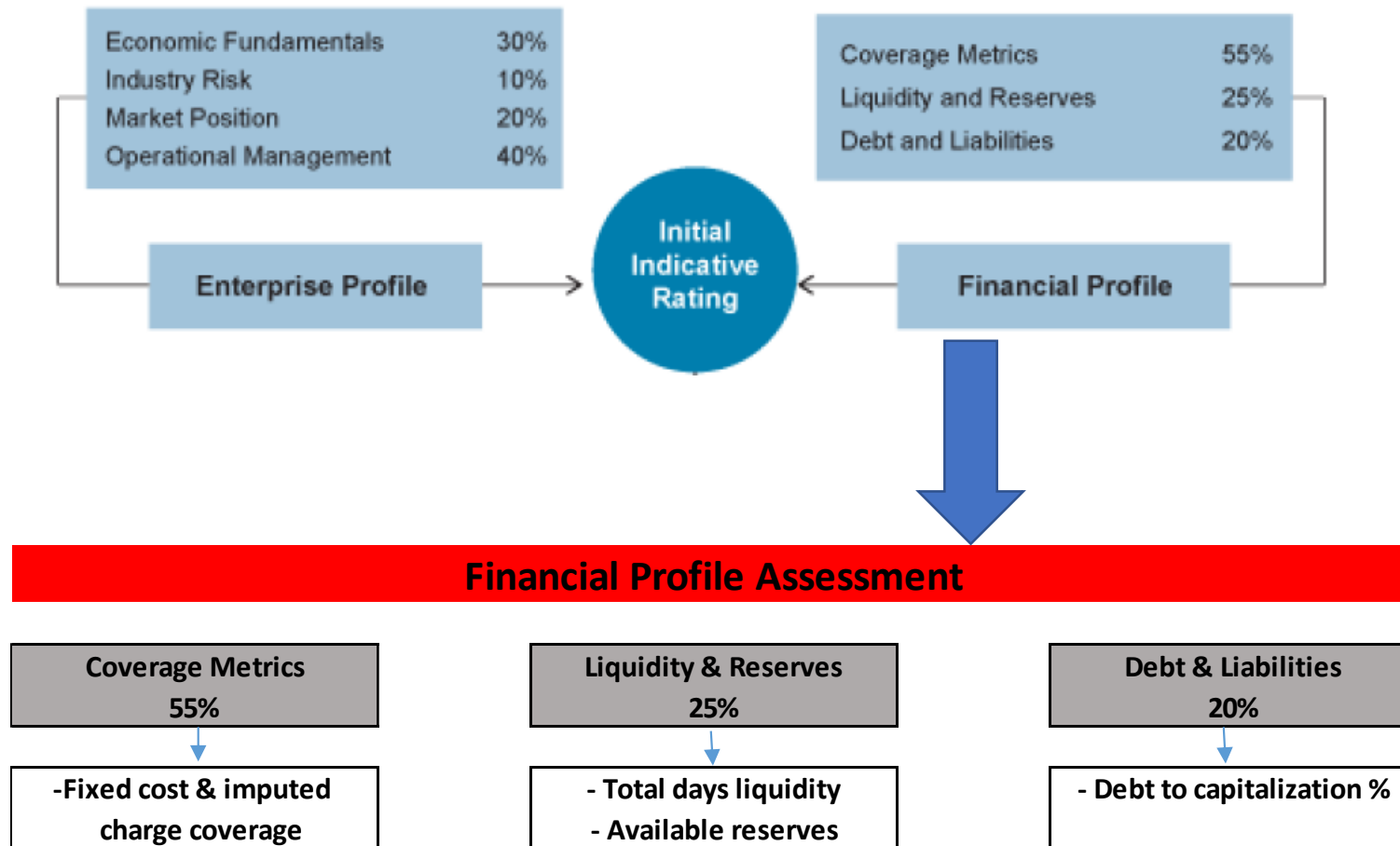
Criteria as of April 2019



Rating Agency Methodology

S & P: Key Ratings Drivers

Criteria as of September 2018



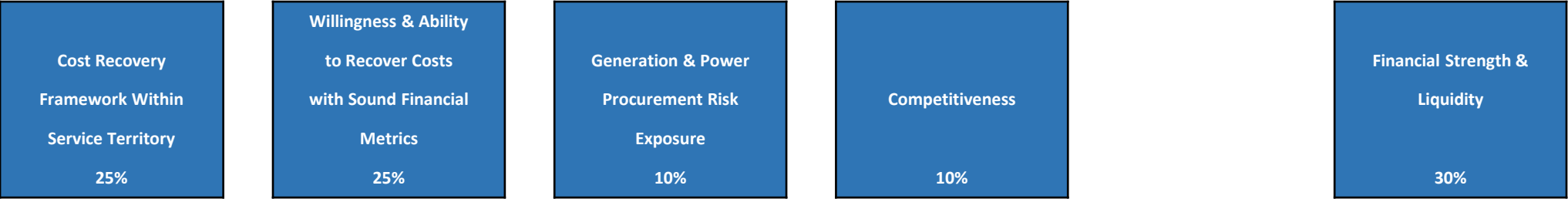
Rating Agency Methodology

Moody's: Key Ratings Drivers

Criteria as of November 2017

RATING METHODOLOGY

Primary Rating Factors



Adjusted Days Liquidity on hand 10%	Debt Ratio 10%	Adjusted Debt Service Coverage Ratio 10%
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Rating Agency Methodology

- Specific analyst (and backup) is assigned to an issuer
- This analyst team conducts reviews, meets virtually and/or on site with GRU management team
- The same analyst team typically rates GRU each time
- The analyst team prepares a rating note which is presented by the lead analyst to the agency's Credit or Rating Committee
 - Credit Committee is a group constituted by the rating agency charged with assigning ratings to securities
 - Can be “cross sector” – meaning the analyst that works with the City of Gainesville could be in the committee working on GRU's ratings



Rating Agency Methodology

- Credit Committee issues rating and rating report
- GRU has an opportunity to comment on the report, comments that the rating agency can take into account or not at their discretion
- Rating report is disseminated to the investment community and GRU at the same time

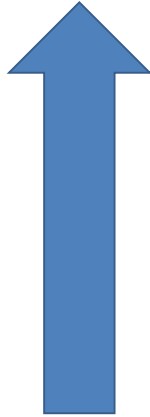



Rating Agency Methodology

- The system is designed to provide independence and critical review
- It is imperative that rating agencies maintain the trust and credibility of their customers in the investment community
- Again, **GRU is not their customer**

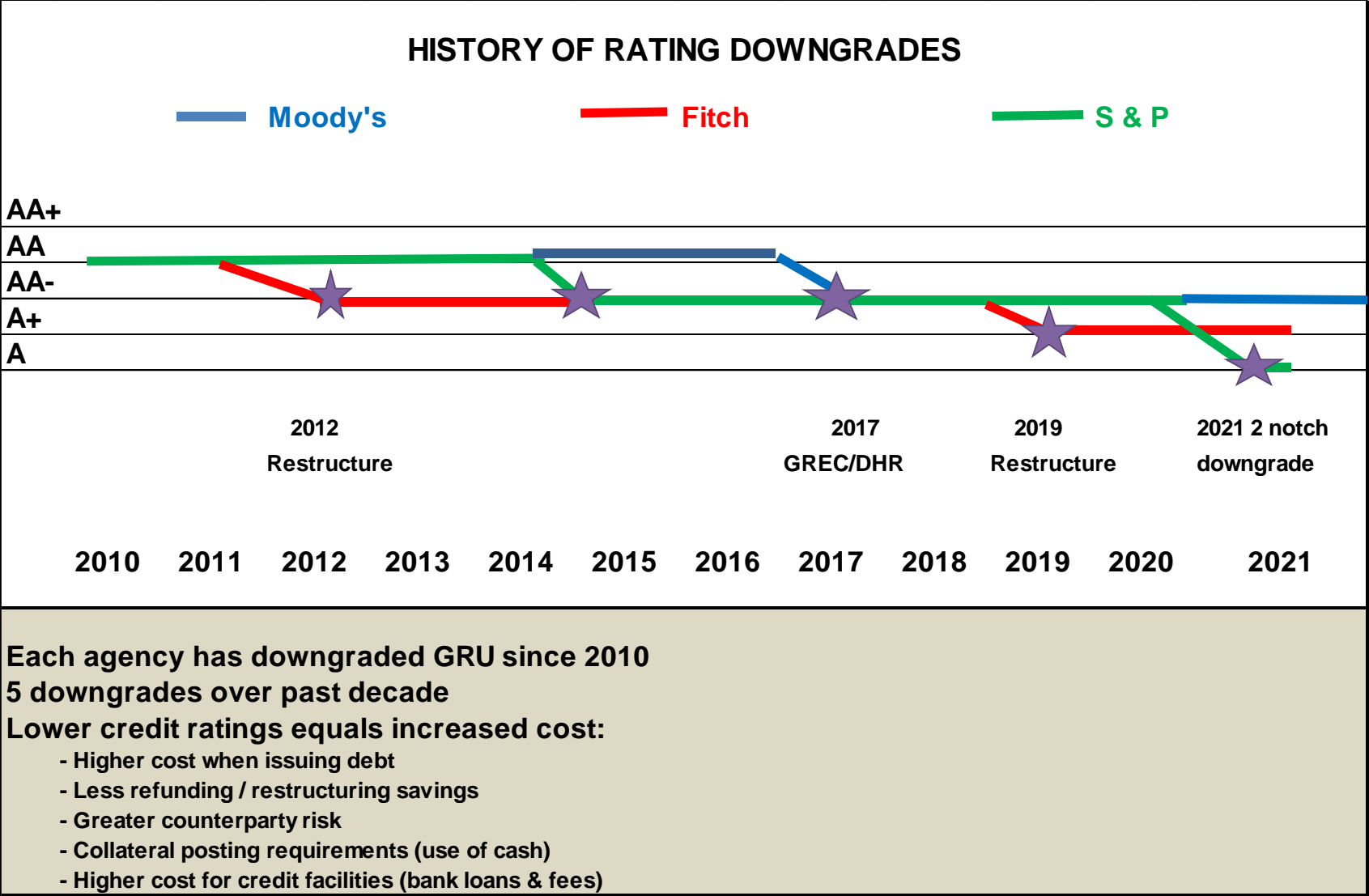


Rating Agency Methodology

	Moody's	S & P	Fitch
	Aaa	AAA	AAA
	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
	A1	A+	A+
	A2	A	A
	A3	A-	A-
	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
Investment Grade	Baa3	BBB-	BBB-
Junk Bonds	Ba1	BB+	BB+
	Ba2	BB	BB
	Ba3	BB-	BB-
	B1	B+	B+
	B2	B	B
	B3	B-	B-
	Caa1	CCC+	CCC
	Caa2	CCC+	
	Caa3	CCC-	
	Ca		
	C	D	D
Default			
Current GRU rating			
Prior ratings before downgrades			



Rating Agency Methodology



Rating Agency Methodology

- 5 downgrades over the past decade
 - Primary factors high leverage and high general fund transfer
- 2012 – restructure to offset bill impacts of PPA for the biomass plant
- 2019 – restructure to offset dis-savings from 2012 restructure, bolster reserves and pay cash for CIS/AMI and DH2 gas conversion



Rating Agency Methodology

- Important to maintain ongoing relationships with the rating agencies
- Doctrine of “No Surprises”
 - Proactively report significant issues, financial or operational
 - Before they become public knowledge if possible
 - Builds credibility with analyst and Credit Committee
- Perform quarterly ratio analysis internally to monitor our financial metrics in accordance with the metrics, formulas, and calculations of each agency



Net Debt Reduction Program



Net Debt Reduction Program

- In their January 2022 report the State Auditor General cited two significant findings related to GRU
 - GRU debt levels are significantly higher than comparable municipal utilities
 - There was no reasonable methodology for determining the General Fund Transfer consistent with GRU's long-term ability to pay
- At the April 13, 2023 General Policy Committee meeting staff presented proposals to address these two concerns
 - Proposals were approved by the Committee



Net Debt Reduction Program

- A 70% debt to capitalization ratio was chosen as the target level for debt reduction, consistent with the October 2022 GRU Debt Management Policy amendment for target financial metrics approved by the City Commission
- 10 years was established as the target timeframe for reaching this ratio
- It was estimated that to reach this ratio in this timeframe would require a \$315 million reduction in net debt
 - This would require identification or generation of resources to apply to GRU's outstanding debt levels



Net Debt Reduction Program

- A formula was proposed for determining the GFT (now known as the Government Services Contribution or GSC) which was composed of proxies for what GRU would pay the City if it were an IOU for
 - Property tax
 - Franchise fee
- The property tax component formula is set at 70% of GRU's Total Insured Value as of the latest Property Insurance Policy
- The franchise fee component formula is 90% of [5% of Audited Electric System Revenues net of transfers to and from the Rate Stabilization Fund and Fuel]



Net Debt Reduction Program

- Compared to existing forecasts the estimated reductions to the GSC payments from General Government to GRU over the next ten years resulting from this proposed formula totaled \$111,336,118
- During the FY22 budget hearings, the City Commission approved a plan for recurring base rate increases of 3% in the Electric System and 5% in the Wastewater System each year through FY27
 - The excess reserves generated by these incremental revenues from base rate increases through FY27 totaled \$63,149,484, after adjusting for county streetlight expense charged to GRU
- As part of the proposal to the General Policy Committee, GRU committed to \$28,170,000 in budget cuts over the next decade
- As part of the Net Debt Reduction Plan all of these resources are committed to go towards debt payments or to cash fund future capital projects, thereby reducing the amount of future debt to be issued



Net Debt Reduction Program

- When combined with organic debt reduction over the next decade (excess of estimated principal repayments compared to estimated principal issuances) the total dollars committed to debt reduction – after adjusting for the City Commission to pay County streetlights from GRU - will bring the estimated debt to capitalization ratio to just over 70% in ten years

		Organic Debt Changes			Debt Plan Reduction Resources			Less Cash Available for					
	Beginning Balance	Projected	Projected Paydowns	Projected Paydowns				FYE	Plus Unamortized	Debt Svc: Operating,		Divided by Net	= Debt to
	Outstanding Debt	Issuances	Current Debt	Projected Debt	GSC Reductions	Excess Reserves	Budget Cuts	Outstanding Debt	Bond Premium	RSF, Debt Service & Construction Funds	= Net Debt	Capital Assets	Capitalization Rate
FYE 22								1,731,945,000	101,033,480	(220,027,342)	1,612,951,138	1,854,172,294	86.99%
2023	1,731,945,000	150,000,000	(35,680,000)					1,846,265,000	101,033,480	(298,074,000)	1,649,224,480	1,843,298,490	89.47%
2024	1,846,265,000		(35,340,000)		(16,977,776)	(6,500,000)	(3,410,011)	1,784,037,213	101,033,480	(250,872,000)	1,634,198,693	1,830,000,000	89.30%
2025	1,784,037,213		(43,435,000)		(14,934,013)	(6,467,000)	(2,817,000)	1,716,384,200	101,033,480	(205,211,000)	1,612,206,680	1,815,000,000	88.83%
2026	1,716,384,200	60,000,000	(42,915,000)	(1,200,000)	(12,545,164)	(6,433,010)	(2,817,000)	1,710,474,026	101,033,480	(279,568,000)	1,531,939,506	1,800,000,000	85.11%
2027	1,710,474,026		(50,415,000)	(1,350,000)	(10,205,560)	(6,398,000)	(2,817,000)	1,639,288,466	101,033,480	(256,594,000)	1,483,727,946	1,795,000,000	82.66%
2028	1,639,288,466		(52,820,000)	(1,350,000)	(9,880,929)	(6,324,799)	(2,817,000)	1,566,095,738	101,033,480	(239,170,000)	1,427,959,218	1,790,000,000	79.77%
2029	1,566,095,738	98,000,000	(54,265,000)	(3,310,000)	(9,541,000)	(6,286,542)	(2,817,000)	1,587,876,196	101,033,480	(342,880,000)	1,346,029,676	1,785,000,000	75.41%
2030	1,587,876,196		(57,260,000)	(3,705,000)	(9,452,781)	(6,247,139)	(2,817,000)	1,508,394,276	101,033,480	(286,953,000)	1,322,474,756	1,780,000,000	74.30%
2031	1,508,394,276		(59,370,000)	(3,705,000)	(9,361,800)	(6,206,553)	(2,817,000)	1,426,933,923	101,033,480	(225,518,000)	1,302,449,403	1,775,000,000	73.38%
2032	1,426,933,923	106,000,000	(61,250,000)	(5,825,000)	(9,265,719)	(6,164,749)	(2,817,000)	1,447,611,455	101,033,480	(310,521,000)	1,238,123,935	1,740,000,000	71.16%
2033	1,447,611,455		(65,120,000)	(6,485,000)	(9,171,376)	(6,121,692)	(2,223,989)	1,358,489,398	101,033,480	(234,332,000)	1,225,190,878	1,725,000,000	71.03%
Totals		414,000,000	(557,870,000)	(26,930,000)	(111,336,118)	(63,149,484)	(28,170,000)						



City Services Reductions

City services provided to GRU - reduced or eliminated with new Authority



GRU AND GENERAL GOVERNMENT FINANCIAL ASSOCIATIONS

GSC	Government Services Contribution (formerly, general fund transfer): payment to General Government
Direct Payments	IT, city attorney, Workday licenses, surplus sales, fleet (numerous), warehouse, insurance (claims, office budget), pension obligation bonds/liabilities, storm water and refuse fees, county streetlights, broadband, desk phones
Cost Allocation Plan	City Commission, HR, city attorney, risk management, city clerk, city auditor, payroll, broadcast, equity and inclusion, Workday implementation
Shared Contracts/Agreements	Security, document storage, recording fees, CDL training, dark fiber, lobbyists, Sweetwater Wetlands, diesel tax refund, construction manager at risk, engineering and general services, CADET program, temporary personnel services, CWA labor agreement, software, connect free
Pass Through	GRU collects taxes and fees allowed by law on behalf of other governmental entities, including the City of Gainesville, Alachua County, Newberry, High Springs and City of Alachua

Overview

- New Authority installed in October 2023
- Authority approved GRU work plan to address services provided to/from City General Government and GRU in February
- Numerous services provided by City to GRU are continuing
- Some services have been greatly reduced or stopped
- Significantly modified services identified & recommend stopping payment immediately

COST OF SERVICES NOT PROVIDED

The city does not provide the following services to GRU. These services should be immediately discontinued and deducted from monthly Full Cost Allocation Plan (FCAP) payments.

Description	Total Expense	% Utilized	Amount Utilized	Reduction to FCAP
City Commission	\$212,750	0%	-	\$212,750
City Clerk's Office	\$652,353	25%	\$163,008	\$489,265
City Auditor	\$352,001	25%	\$88,000	\$264,001
Broadcast Services	\$95,268	5%	\$4,763	\$90,505
Equal Opportunity	\$488,414	20%	\$97,683	\$390,731
Total	\$2,050,786		\$405,723	\$1,447,252

City Commission: GRU's CEO/GM reports to the GRU Authority.

Clerk's Office: GRU staff has assumed all clerking responsibilities at Authority meetings; clerk's office continues to provide software and limited support.

City Auditor: The Authority voted to discontinue use of the city auditor's services.

Broadcast Services: GRU staff streams and archives Authority meetings through its YouTube channel.

Equal Opportunity: GRU has discontinued many of these services and most EO services will be internal.

Recommendation

- Reduce the FCAP starting February 2024
 - Reduce FCAP by \$180,906 per month for remainder of FY24
 - This will reduce costs on services no longer provided
 - GRU will provide essential services internally at a reduced cost
- Continue to evaluate all services and make recommendations for FY25 budget
 - In February/March, staff will present recommendations

GSC Alternatives: Rate & Debt Reduction Impact

January 17, 2024



GSC Alternatives

Impact on Base Rates and Debt Reduction

- The Authority requested an analysis as to how savings from potential reductions to the Government Services Contribution might impact GRU's base rate structure
- Currently the following base rate increases are incorporated in GRU financial forecasts

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Electric	3.00%	3.00%	3.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Water	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Wastewater	5.00%	5.00%	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%



GSC Alternatives

Impact on Base Rates and Debt Reduction

- Under the current rate structure, projected reserves compared to target reserve levels at FYE 34 are as follows:

	Projected Reserves	Target Reserves	Difference
Electric	123,084,229	84,251,248	38,832,981
Water	(61,442,639)	7,260,431	(68,703,070)
Wastewater	(13,031,057)	8,924,279	(21,955,336)
Gas	24,168,920	6,655,395	17,513,525
GRUCom	441,017	2,873,920	(2,432,903)
Totals	73,220,470	109,965,273	(36,744,803)

- An update of the Cash Balance Policy is in progress. This update will likely result in increased reserve targets.



GSC Alternatives

Impact on Base Rates and Debt Reduction

- Staff examined two alternative structures:
 - Eliminating the GSC completely and using half of the savings to reduce debt and half to reduce rates and
 - Reducing the GSC by \$7.8 million per year and using half the savings to reduce debt and half to reduce rates
- The following assumptions were utilized in the analysis:
 - Rate structures had to produce projected reserves equal to targets by system as of FYE34
 - Rate changes were applied uniformly among classes – residential, non-residential etc.
 - Actual rate changes implemented by class will be impacted by the results of the external cost of service study due to be completed in February 2024



GSC Alternatives

Impact on Base Rates and Debt Reduction

Combined Bill Impact: Eliminate GSC

ELIMINATE GSC

	Combined Standard Residential Bill									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Current										
Electric	148.90	152.17	155.53	155.53	155.53	155.53	155.53	155.53	155.53	155.53
Water	30.94	30.94	30.94	30.94	30.94	30.94	30.94	30.94	30.94	30.94
Wastewater	65.05	68.30	71.71	71.71	71.71	71.71	71.71	71.71	71.71	71.71
Gas	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24
Total	283.13	289.65	296.42	296.42	296.42	296.42	296.42	296.42	296.42	296.42
Eliminate GSC										
Electric	145.73	145.73	146.74	148.87	151.01	151.1	152.14	152.14	152.14	152.14
Water	31.57	32.20	32.83	33.48	34.12	35.14	36.17	37.28	38.40	39.53
Wastewater	61.95	63.81	65.74	67.68	69.03	71.13	73.24	75.43	77.7	80.05
Gas	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24
Total	277.49	279.98	283.55	288.27	292.40	295.61	299.79	303.09	306.48	309.96
Difference										
Electric	(3.17)	(6.44)	(8.79)	(6.66)	(4.52)	(4.43)	(3.39)	(3.39)	(3.39)	(3.39)
Water	0.63	1.26	1.89	2.54	3.18	4.20	5.23	6.34	7.46	8.59
Wastewater	(3.10)	(4.49)	(5.97)	(4.03)	(2.68)	(0.58)	1.53	3.72	5.99	8.34
Gas	-	-	-	-	-	-	-	-	-	-
Bill (reduction) increase	(5.64)	(9.67)	(12.87)	(8.15)	(4.02)	(0.81)	3.37	6.67	10.06	13.54



GSC Alternatives

Impact on Base Rates and Debt Reduction

Combined Bill Impact: \$7.8M Reduction/Year

REDUCE GSC BY 7.8M/YR

	Combined Standard Residential Bill									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Current										
Electric	148.90	152.17	155.53	155.53	155.53	155.53	155.53	155.53	155.53	155.53
Water	30.94	30.94	30.94	30.94	30.94	30.94	30.94	30.94	30.94	30.94
Wastewater	65.05	68.30	71.71	71.71	71.71	71.71	71.71	71.71	71.71	71.71
Gas	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24
Total	283.13	289.65	296.42	296.42	296.42	296.42	296.42	296.42	296.42	296.42
Reduce GSC by 7.8M/yr										
Electric	145.73	147.84	148.94	150.07	152.29	153.42	153.42	153.42	154.54	154.54
Water	31.57	32.20	33.17	34.15	35.52	36.60	37.72	38.85	40.02	41.24
Wastewater	61.95	63.81	65.74	68.36	71.06	73.92	76.87	79.15	81.51	83.95
Gas	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24
Total	277.49	282.09	286.09	290.82	297.11	302.18	306.25	309.66	314.31	317.97
Difference										
Electric	(3.17)	(4.33)	(6.59)	(5.46)	(3.24)	(2.11)	(2.11)	(2.11)	(0.99)	(0.99)
Water	0.63	1.26	2.23	3.21	4.58	5.66	6.78	7.91	9.08	10.30
Wastewater	(3.10)	(4.49)	(5.97)	(3.35)	(0.65)	2.21	5.16	7.44	9.80	12.24
Gas	-	-	-	-	-	-	-	-	-	-
Bill (reduction) increase	(5.64)	(7.56)	(10.33)	(5.60)	0.69	5.76	9.83	13.24	17.89	21.55



GSC Alternatives

Impact on Base Rates and Debt Reduction

Debt to Capitalization Impact

	Debt to Capitalization Ratio @ FYE33	Projected Net Debt Reduction FYE22 - FYE33
Current	71.03%	387,760,000
Eliminate GSC	66.73%	461,854,619
Reduce GSC by \$7.8M/yr	68.99%	422,860,260



GSC Alternatives

Impact on Debt Service from Rating Upgrade

- Before enacting a ratings upgrade, rating agencies will need to observe from GRU:
 - Continuous, recurring improvement in financial metrics
 - Demonstrated stability in governance structure
- The impact on GRU's debt service cost as estimated by our financial advisor PFM LLC
 - On variable rate debt, 10 basis points or ~\$590,000 per year in savings
 - On fixed rate debt, for every \$100M in new money ~ \$150,000 in annual savings



GSC Alternatives

RECOMMENDATION

- Option 1: To maximize the financial benefit to GRU, reduce the GSC to zero, and use half of the resulting savings to reduce debt and half to reduce rates
- Option 2: Reduce the GSC by \$7.8 million per year, and use half the resulting savings to reduce debt and half to reduce rates



APPENDIX



GSC Alternatives

Impact on Base Rates and Debt Reduction

Eliminate GSC Completely

- Under these constraints, eliminating the GSC completely resulted in the following base rate structure

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Electric	0.00%	0.00%	1.00%	2.00%	2.00%	0.00%	1.00%	0.00%	0.00%	0.00%
Water	2.00%	2.00%	2.00%	2.00%	2.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Wastewater	0.00%	3.00%	3.00%	3.00%	2.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

- Below is the difference in rates by year and by system compared to the current structure

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Electric	-3.00%	-3.00%	-2.00%	2.00%	2.00%	0.00%	1.00%	0.00%	0.00%	0.00%
Water	2.00%	2.00%	2.00%	2.00%	2.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Wastewater	-5.00%	-2.00%	-2.00%	3.00%	2.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

NOTE: (1) Under the current rate structure, the Water and Wastewater Systems are forecast to have negative reserve balances at FYE34 and (2) Reserve and rate projections include allocation of projected GRUCom losses

GSC Alternatives

Impact on Base Rates and Debt Reduction

\$7.8 Million Reduction /Year in GSC

- Reducing the GSC by \$7.8 million per year resulted in the following base rate structure

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Electric	0.00%	2.00%	1.00%	1.00%	2.00%	1.00%	0.00%	0.00%	1.00%	0.00%
Water	2.00%	2.00%	3.00%	3.00%	4.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Wastewater	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	4.00%	4.00%	3.00%	3.00%
Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

- Below is the difference in rates by year and by system compared to the current structure

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Electric	-3.00%	-1.00%	-2.00%	1.00%	2.00%	1.00%	0.00%	0.00%	1.00%	0.00%
Water	2.00%	2.00%	3.00%	3.00%	4.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Wastewater	-5.00%	-2.00%	-2.00%	3.00%	3.00%	3.00%	4.00%	4.00%	3.00%	3.00%
Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

GSC Alternatives

Impact on Base Rates and Debt Reduction

Bill Impact: Eliminate GSC

ELIMINATE GSC

Standard Consumption (1,000 kWh per Month) Residential Electric Bill

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Current	148.90	152.17	155.53	155.53	155.53	155.53	155.53	155.53	155.53	155.53
Eliminate GSC	145.73	145.73	146.74	148.87	151.01	151.1	152.14	152.14	152.14	152.14
Bill (reduction) increase	(3.17)	(6.44)	(8.79)	(6.66)	(4.52)	(4.43)	(3.39)	(3.39)	(3.39)	(3.39)

Standard Consumption (7 kgal per Month) Residential Water Bill

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Current	30.94	30.94	30.94	30.94	30.94	30.94	30.94	30.94	30.94	30.94
Eliminate GSC	31.57	32.20	32.83	33.48	34.12	35.14	36.17	37.28	38.40	39.53
Bill (reduction) increase	0.63	1.26	1.89	2.54	3.18	4.20	5.23	6.34	7.46	8.59

Standard Billing (7 kgal per Month) Residential Wastewater Bill

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Current	65.05	68.30	71.71	71.71	71.71	71.71	71.71	71.71	71.71	71.71
Eliminate GSC	61.95	63.81	65.74	67.68	69.03	71.13	73.24	75.43	77.7	80.05
Bill (reduction) increase	(3.10)	(4.49)	(5.97)	(4.03)	(2.68)	(0.58)	1.53	3.72	5.99	8.34



GSC Alternatives

Impact on Base Rates and Debt Reduction

Bill Impact: \$7.8M Reduction/Year

REDUCE GSC BY 7.8M/YR

Standard Consumption (1,000 kWh per Month) Residential Electric Bill										
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Current	148.90	152.17	155.53	155.53	155.53	155.53	155.53	155.53	155.53	155.53
\$7.8M reduction/yr	145.73	147.84	148.94	150.07	152.29	153.42	153.42	153.42	154.54	154.54
Bill (reduction) increase	(3.17)	(4.33)	(6.59)	(5.46)	(3.24)	(2.11)	(2.11)	(2.11)	(0.99)	(0.99)

Standard Consumption (7 kgals per Month) Residential Water Bill										
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Current	30.94	30.94	30.94	30.94	30.94	30.94	30.94	30.94	30.94	30.94
\$7.8M reduction/yr	31.57	32.20	33.17	34.15	35.52	36.60	37.72	38.85	40.02	41.24
Bill (reduction) increase	0.63	1.26	2.23	3.21	4.58	5.66	6.78	7.91	9.08	10.30

Standard Billing (7 kgals per Month) Residential Wastewater Bill										
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Current	65.05	68.30	71.71	71.71	71.71	71.71	71.71	71.71	71.71	71.71
\$7.8M reduction/yr	61.95	63.81	65.74	68.36	71.06	73.92	76.87	79.15	81.51	83.95
Bill (reduction) increase	(3.10)	(4.49)	(5.97)	(3.35)	(0.65)	2.21	5.16	7.44	9.80	12.24

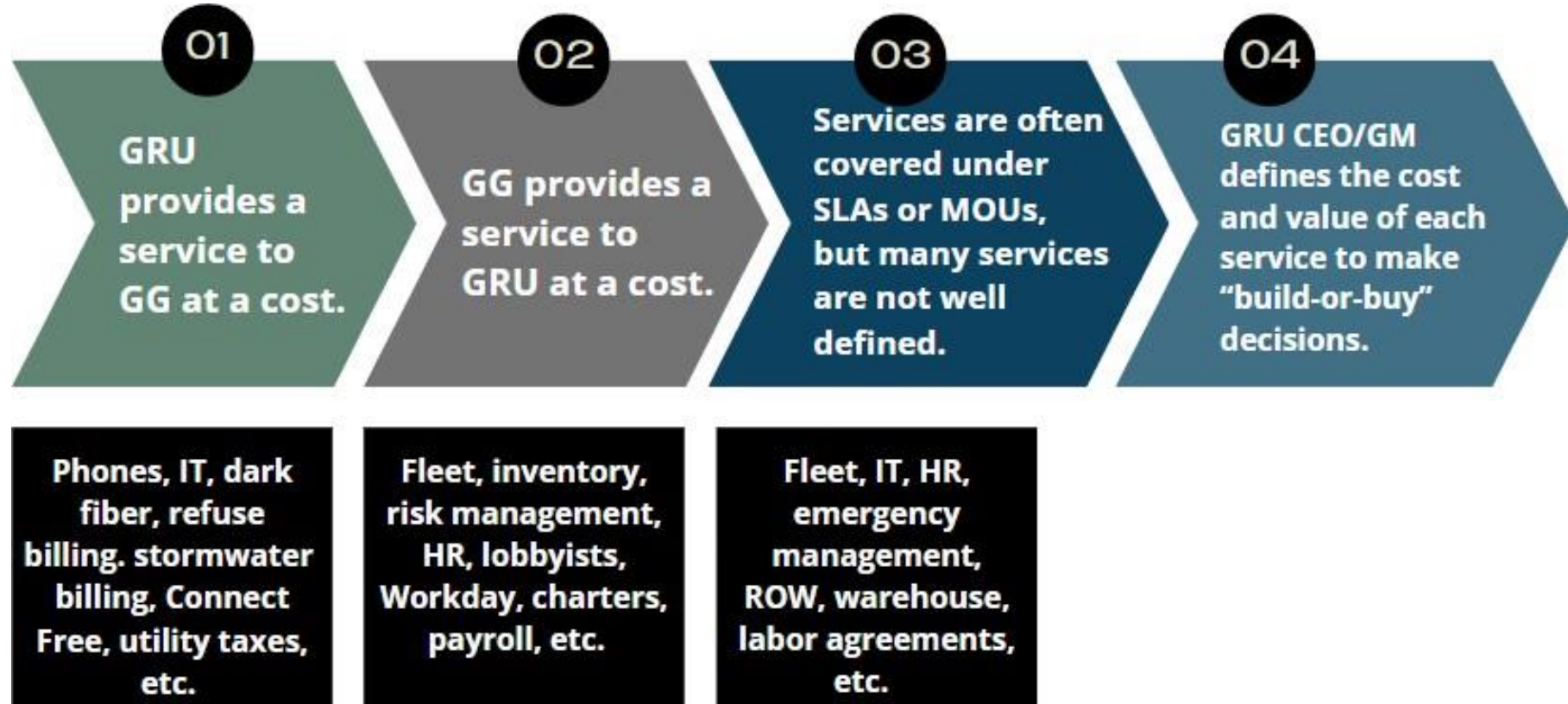


Associations and Agreements

Feb. 7, 2024



Financial Associations



Relationship Overview

GRU/GG TOUCH POINTS (Based on FY24 Budget and Estimations)

Relationship	FY24 Cost	Detail
GSC	\$15.3 million	Formula: proxy for property tax + electric franchise fee
Utility Taxes	\$16.4 million	Utility taxes collected by the City of Gainesville, as per state law.
Services Provided/Received	\$9.3 million	Voted to reduce by \$1.4 million for services no longer rendered; exploring additional reductions for FY25 and beyond.
Other Services/Unpaid Partnerships		De minimis charges; direct charges for services (warehouse, storm debris cleanup, etc.)



Beginning February 2024



Phase 2: Actively Reviewing

Relationship	Potential Impacts
IT	Offering two options: full service at \$5.8 million; reduced service at \$2.9 million; risk of losing revenue.
Network Connectivity	Collect full amount for fiber services provided to GG up to \$218,000.
Connect Free	Recommend stop collecting surcharges on connection charges; no impact to GRU.
Streetlights	FY25 and beyond will reduce GSC by cost of streetlights; FY25 cost estimated higher than \$1.1 million.
ROW (Right-of-Way)	Ordinance being revised; estimated increased cost to GRU between \$100,000 and \$250,000.
FY24 Service Reductions	FY25 services and costs currently being evaluated.



Recommendation

- Implement Phase 2 plan to modify relationships: IT, network connectivity, Connect Free, streetlights and FY24 service reductions.
- Evaluate Phase 3, which includes obtaining the most cost-effective services with the highest value and determining whether the best source is internal, external or GG.

Phase 3: Future Relationships

“Appropriate pecuniary factors and utility industry best practices are those which solely further the fiscal and financial benefit of the utility system and customers.” – HB-1645

- GRU should obtain the most cost-effective services with highest value and determine whether the best source is internal, external or GG.
- Building new services will require start-up investments and maintenance costs.
- Incremental revenue losses will need to be offset by additional revenue or expense reductions (likely reduce service levels).

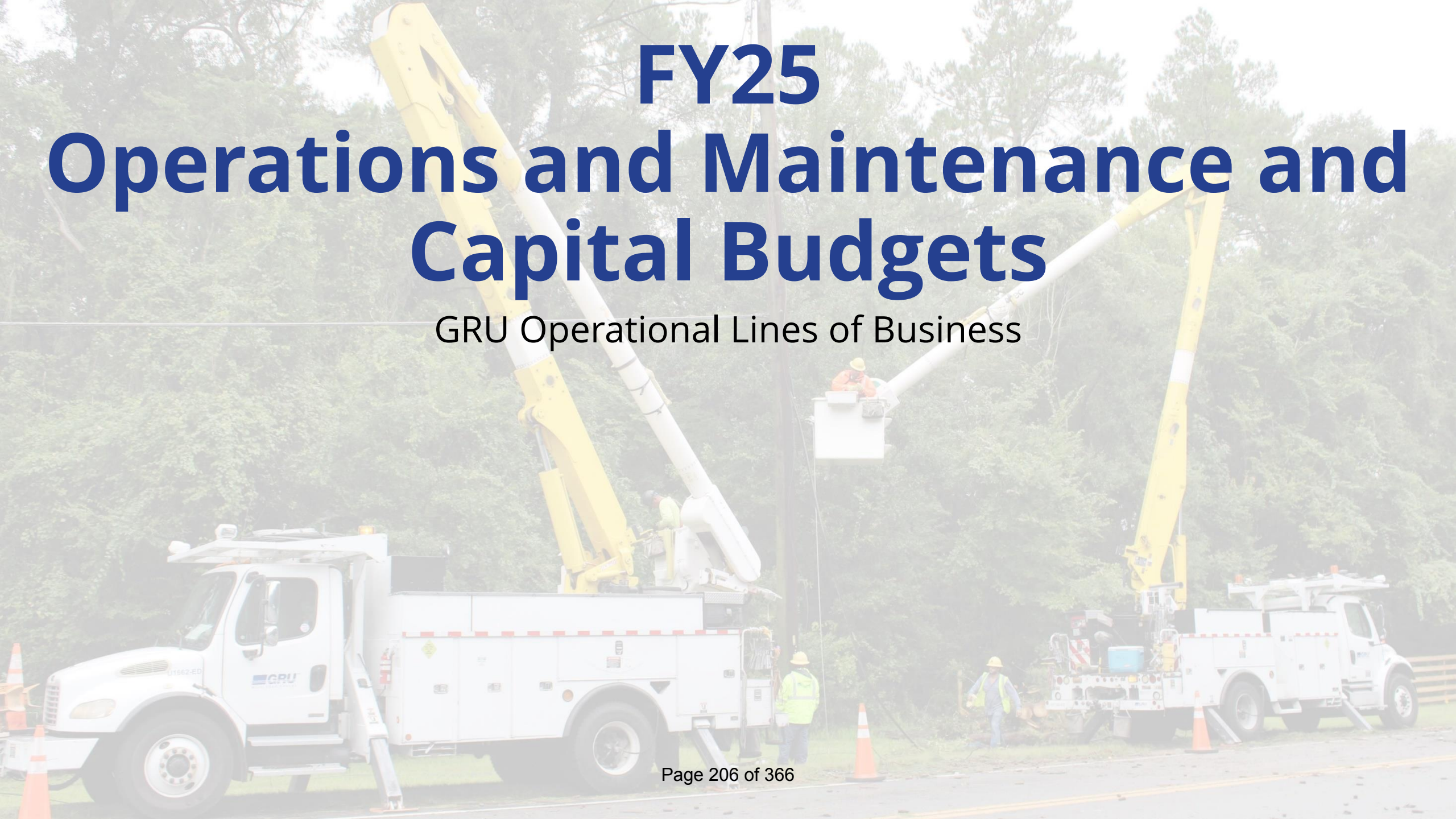
Appendix 2

May 29, 2024



FY25 Operations and Maintenance and Capital Budgets

GRU Operational Lines of Business



Areas of Responsibility

- Energy Supply
- Energy Delivery
- Water
- Wastewater
- Gas
- Telecommunications
- Safety and Training

Operational Areas Focus on Controllable Costs

Operations and Maintenance

- Zero-based approach starting in December
- Driven by near-term demands, labor, and non-labor costs to maintain and operate facilities to meet operational goals

Capital

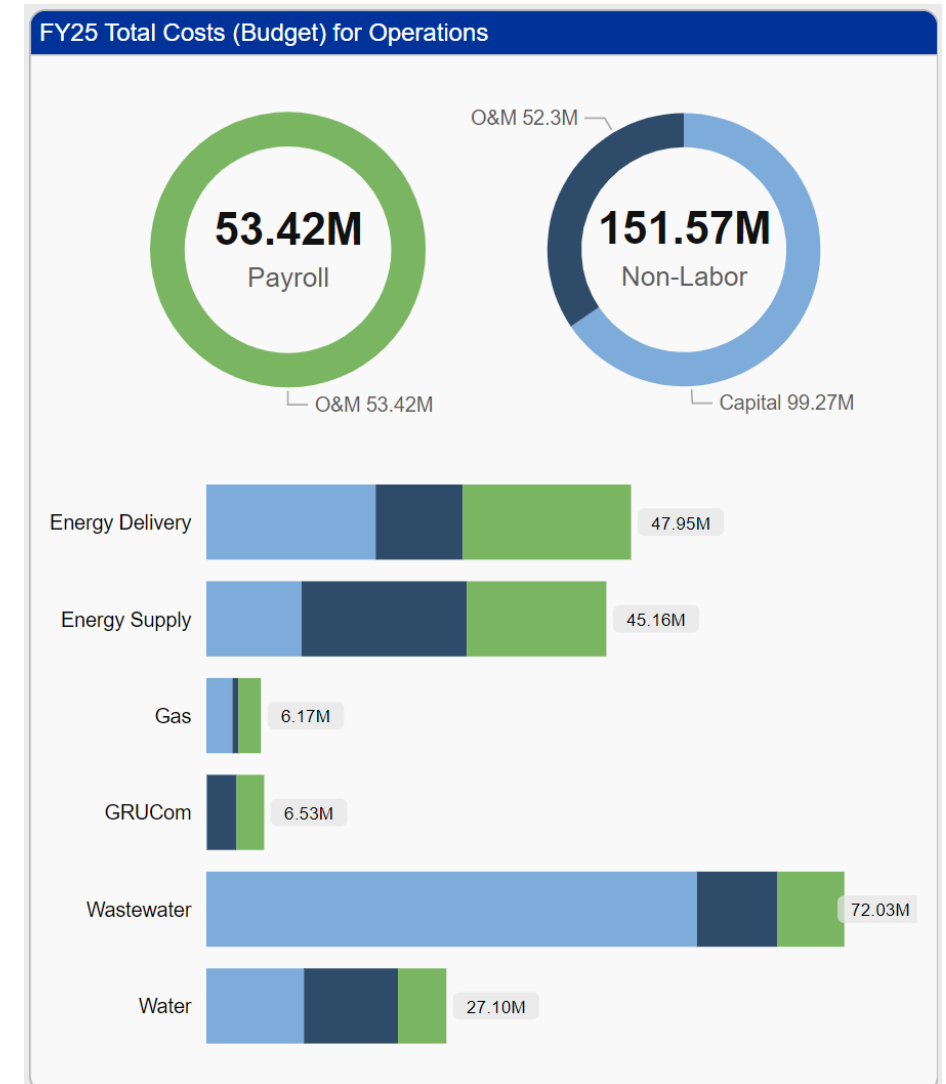
- Based on long-term planning (can span multiple budget years)
- Driven by need to extend life of existing infrastructure and increase capacity, as needed
- Adaptive to short-term realities

Major factors influencing our businesses

- **Supply Chains Issues**
 - Example: 3-phase transformer at 146 weeks lead, previously 4-6 weeks
 - Must reserve production slots across years
- **Inflationary Pressures**
 - CapEx: Materials and Supplies
 - O&M: Chemicals
 - Challenges with projecting in budgets
- **Aging Infrastructure**
 - \$3 Billion assets needs continual reinvestment
- **Regulatory Pressures**
 - Forever Chemicals
 - Critical Infrastructure Protection
- **Skill labor scarcity**
 - 8% to 27% Vacancy rates
 - ~30% Increase in employees with less than 5 yrs experience (utility wide)

Operations manages direct costs

- Payroll
 - Labor directly associated with delivery of utility service
- Non-labor O&M
 - Expenses needed to operate and maintain utility systems
 - Replacement parts, Chemicals, Electricity, Materials, Software
- Non-labor Capital
 - Re-investment and renewal of GRU's \$3 Billion assets
 - Programmatic capacity increases – IRP, Main Street WRF

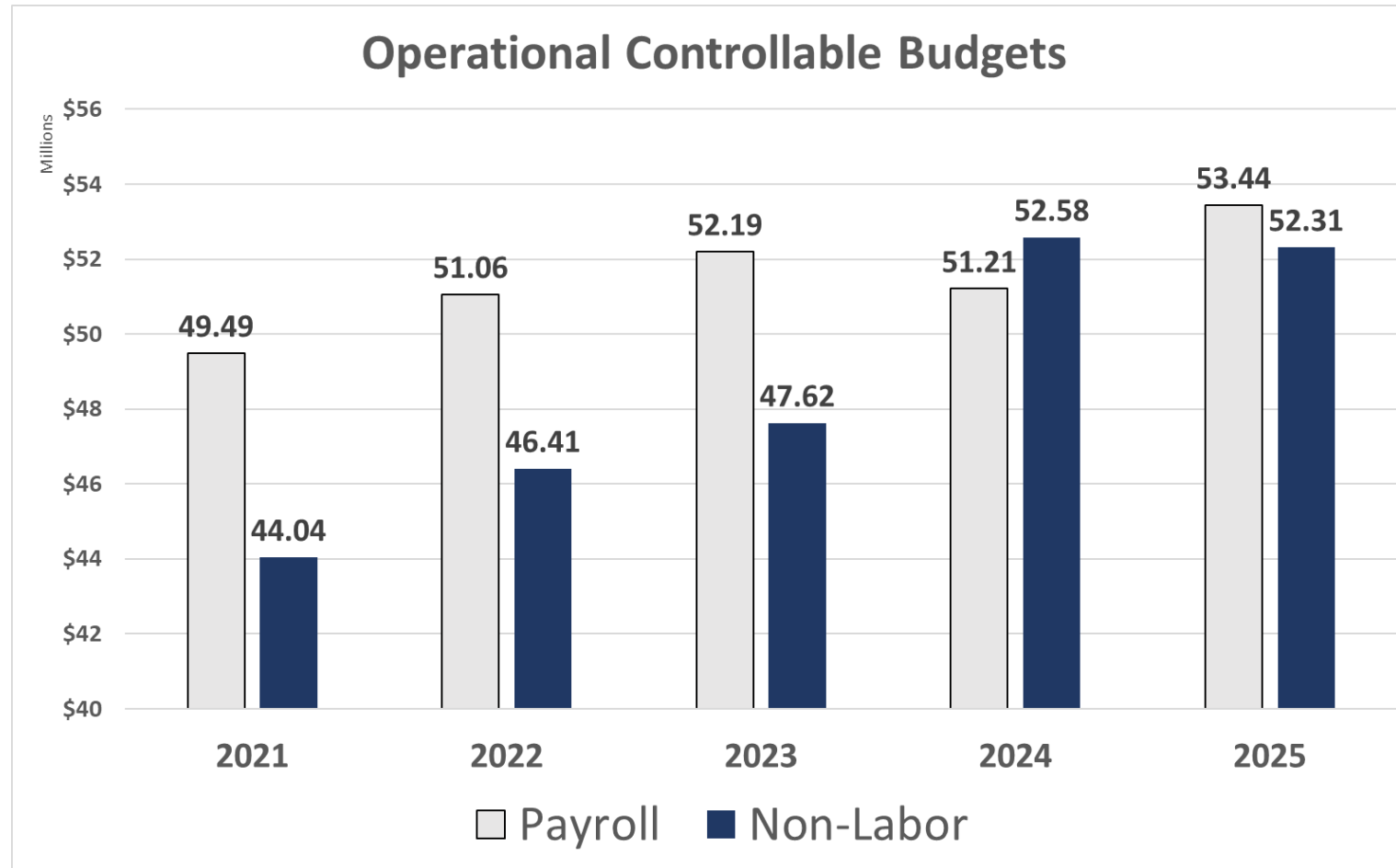


O&M Approach

- Each year is a different year
- Each line of business prepares budgets needed to maintain level of services in FY25
- Based on typical conditions
- Budget must foresee price changes as far as 22 months in advance



Non-Labor costs have increased significantly



FY25 Goal - find efficiencies to flattened non-labor increases

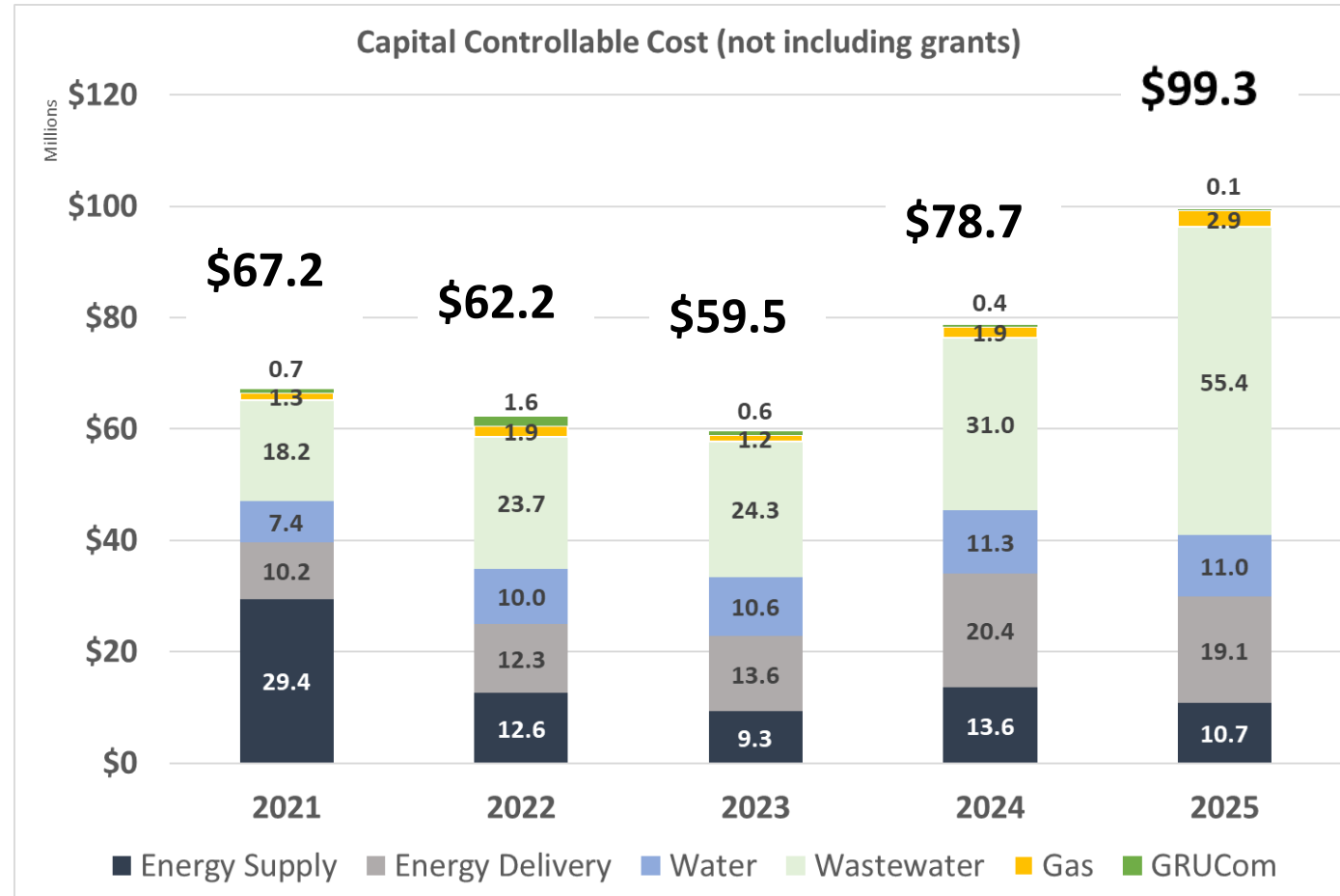
Capital Approach

- Focused on controllable costs
- Based on long-term planning (can span multiple budget years)
- Driven by need to extend life of existing infrastructure and increase capacity, as needed
- Adaptive to short-term realities



Capital Trends

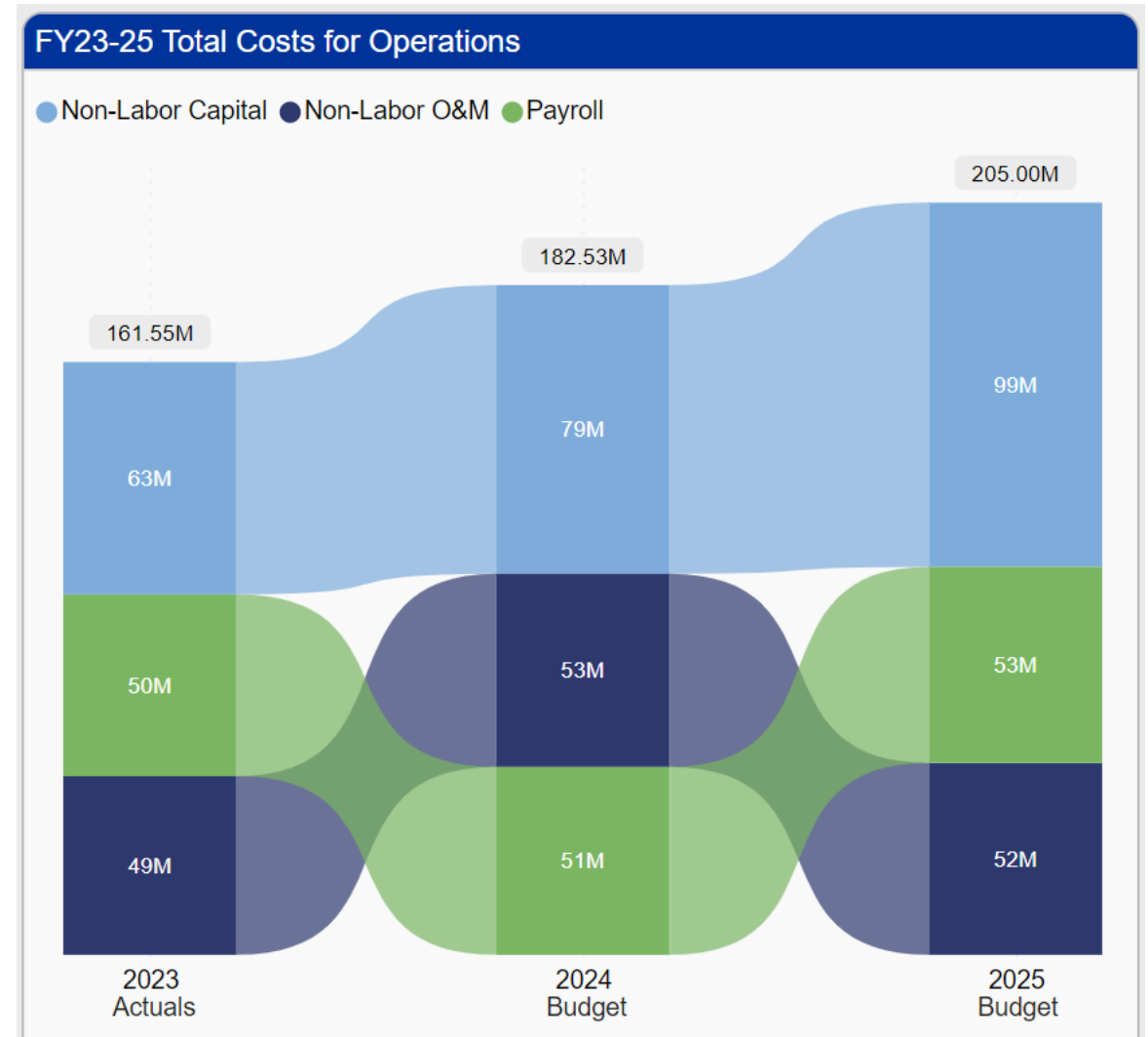
Capital delivery costs are increasing – Wastewater is a big driver



FY25 Budget

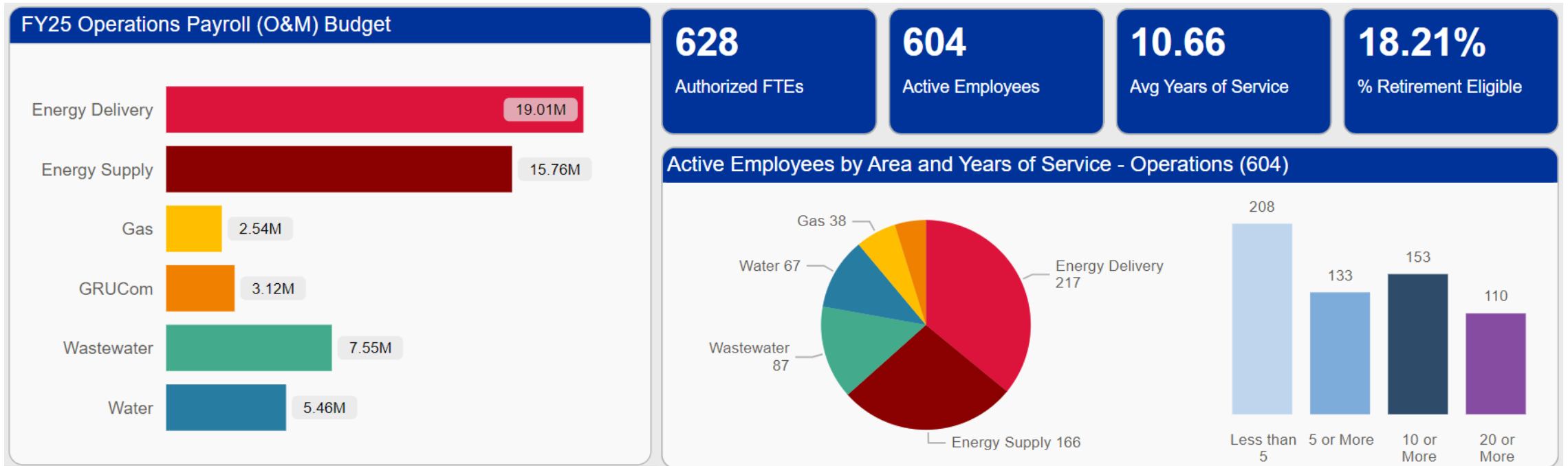
Highlights

- Minimal payroll increases. Increases are union, progression through training, and performance based.
- O&M non-labor is flat. Emphasis on increasing efficiency to offset inflation on goods and services necessary to maintain utility services.
- Significant non-labor capital increases. Increases due to inflation and large capacity and replacement projects.



Payroll

Total Operational Payroll = \$53.42 M



O&M Non-Labor

Total Non-Labor O&M = \$52.3 M

- FY25 lower than FY24 (\$52.60M)
- Inflationary increase examples:
 - Water Softening Agents \$1M,
 - Wastewater Sludge Disposal Fees \$313k,
 - Energy Delivery Tree Trimming \$294k,
 - Wastewater Sodium Hypochlorite \$283k,
 - GRUCom Communication/ Network Supplies \$239k
- Reduced in other areas to limit impact to rates
 - Contract services (\$1.3M)

Top Line Item Expenses FY25

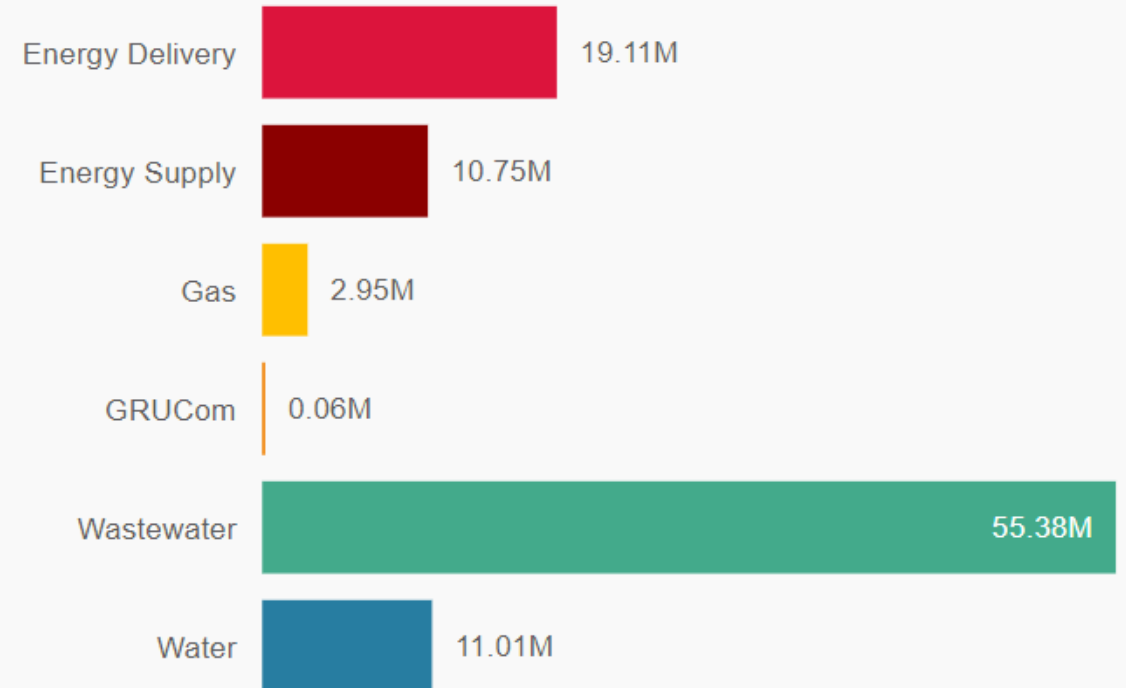
630300 - Electric Service	9,245,953.00
650400 - Contract/Outside Services	9,173,353.00
650240 - Tree Trimming	4,209,500.00
510420 - Softening Agents	3,303,000.00
650165 - Replacement Parts	2,504,700.00
650510 - Software Maintenance Fees	2,404,956.91
660400 - Sludge Disposal Fees	2,036,000.00
650100 - Materials and Supplies Purchased Direct	2,012,157.61
650170 - Repair/Maint of Equipment	1,416,576.12
510425 - Sterilizing Agents	1,246,000.00
650255 - Transport\Telecommunication Fee	742,352.19
510410 - Chemicals	738,870.00
650415 - Professional Services	730,000.00
510465 - Sodium Hypochlorite	698,500.00
630325 - Comm Srvc-Network Communication & Control	631,895.00
610515 - Dues & Memberships	616,468.80
650500 - Security Guard Services	598,000.00
630305 - Water Service	576,600.00
650480 - Environmental Analysis	560,000.00
650490 - Grounds Maint/Landscaping	413,789.06

Capital Non-Labor

Total Capital Non-Labor = \$99.3 M

- Main Street Water Reclamation Project, \$31 M
- Wastewater Collection Improvements, \$11.4 M
- Substation projects, \$8.1 M
- Projections do not show grant funding for wastewater projects, \$ 33 M

FY25 All Non-Labor (Capital) Budget by Line of Business



Energy Supply

FY25 Budget

Responsibilities

- Safe and reliable operation of 10 generation assets on four different plant sites:
 - Deerhaven Generating Station (5 generating units)
 - Kelly Generating Station (2 generating units)
 - Deerhaven Renewable (1 generating unit)
 - South Energy Center (2 generating units)
- Preventative/corrective maintenance, as well as engineering support, for all the generation assets, as well as all the associated plant infrastructure for these generating units.
 - In FY2025 this includes planned outages for Deerhaven Renewable (DHR), Kelly Combined Cycle Unit #1 (JCC1) and Deerhaven Unit #1(DH1).
- Procurement of all fuel commodities for power generation, as well as the customer LDC natural gas. Additionally, all other operational support services provided by the fuels staff. This includes byproduct disposal and other fuel related support services.

Budget Drivers

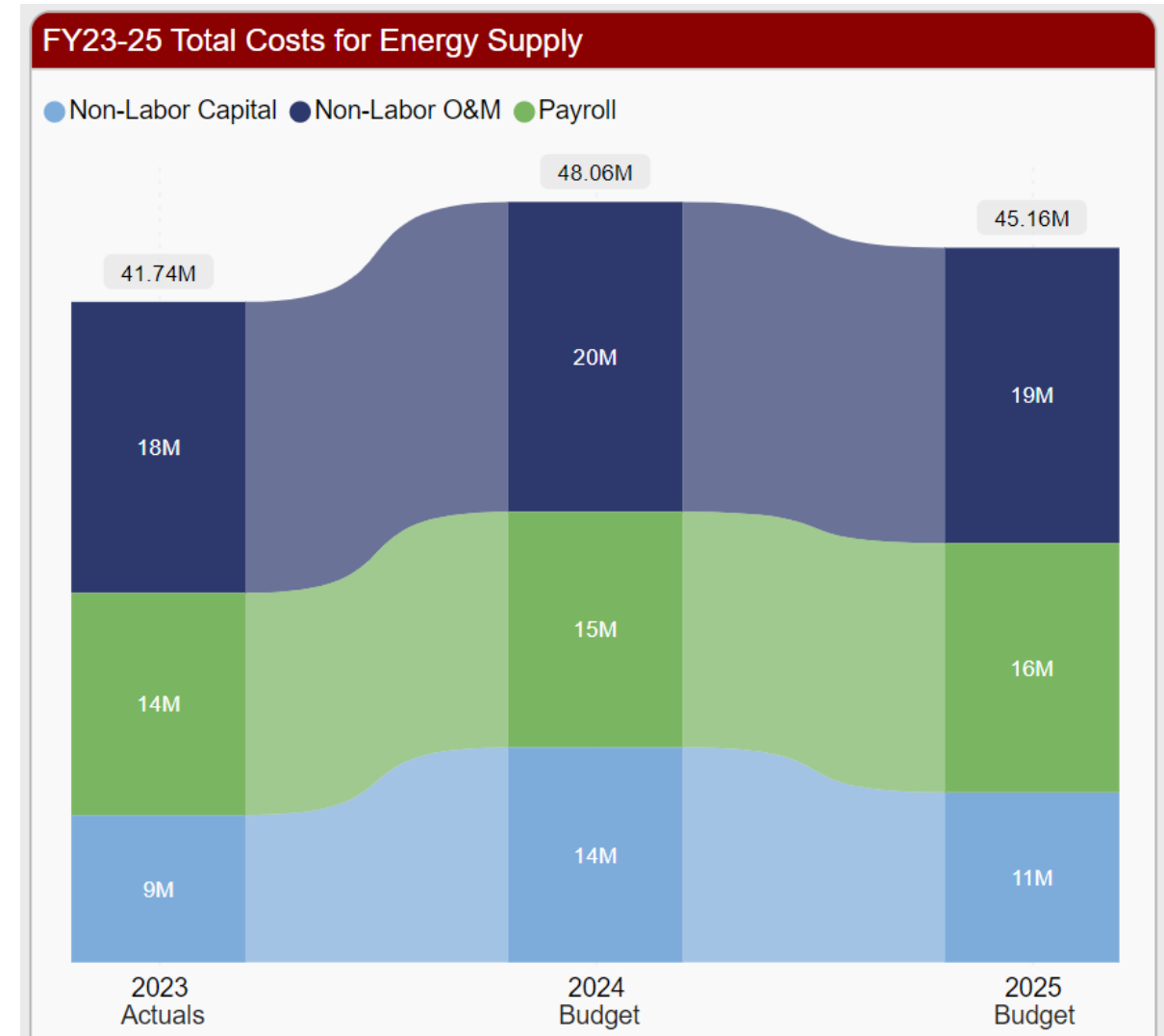
This O&M budget was established to support the day-to-day operations of all the plant sites, including all the planned, preventative and corrective maintenance required to ensure reliability of the essential service we provide.

These budgets incorporate the work scope of the planned outages for Deerhaven Renewable (DHR), Kelly Combined Cycle Unit #1 (JCC1) and Deerhaven Unit #1 (DH1).

FY25 Budget

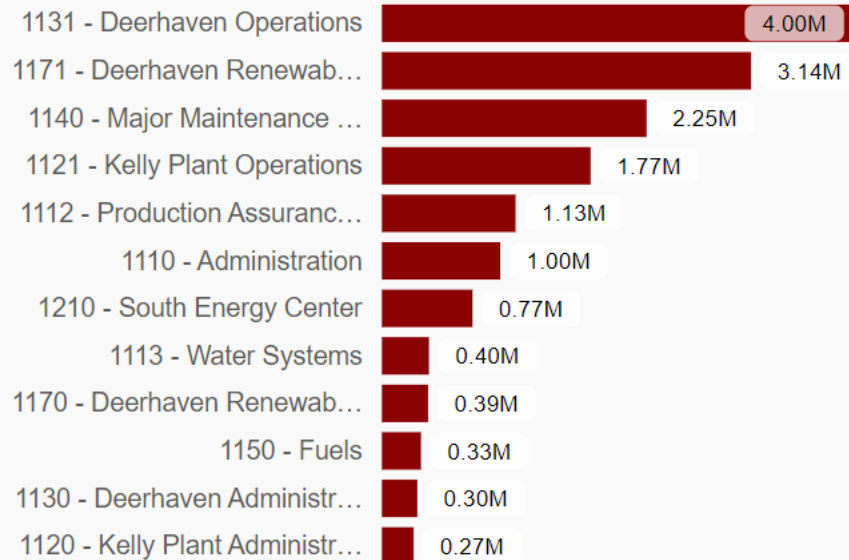
Highlights

- Deerhaven
 - Repairs to Combustion Turbine #1 and #2 to extend retirement to 2031.
- Deerhaven Renewable
 - 1st major turbine outage since plant came on-line in 2013
- Kelly
 - Combined Cycle Unit #1 will be conducting Heat Recovery Steam Generator (HRSG) inspection
- South Energy Center (SEC)
 - Converting steam system to hot water.



Energy Supply Total Payroll = \$15.76 M

FY25 Energy Supply Payroll (O&M) Budget



178

Authorized FTEs

166

Active Employees

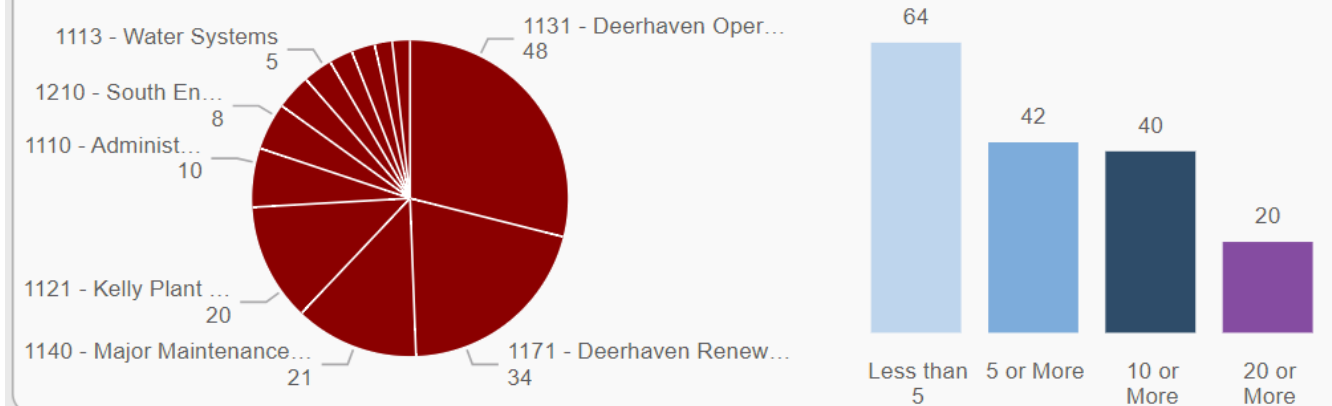
8.81

Avg Years of Service

12.05%

% Retirement Eligible

Active Employees by Area and Years of Service - Energy Supply (166)



O&M Non-Labor

Total O&M Non-Labor = \$18.66 M

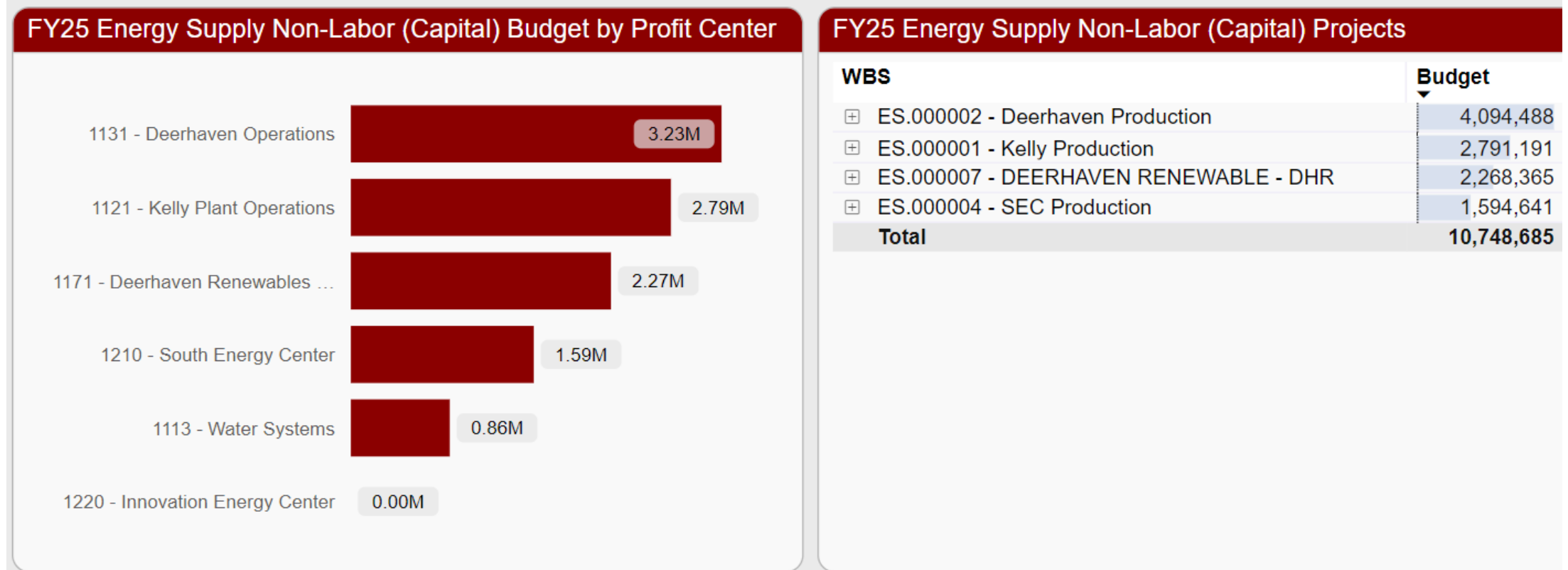
- FY25 less than FY24 (\$19.6M)
- Three major outages planned in FY25 vs. four major outages in FY24
- Reductions in contract services (\$1M) offsetting inflationary increases in materials and supplies

Top Line Item Expenses FY25

650400 - Contract/Outside Services	7,322,290.00
650165 - Replacement Parts	2,216,000.00
630300 - Electric Service	2,151,343.00
650100 - Materials and Supplies Purchased Direct	982,940.00
650170 - Repair/Maint of Equipment	968,250.00
510410 - Chemicals	711,210.00
650480 - Environmental Analysis	535,000.00
630305 - Water Service	494,100.00
630310 - Make Up Water	294,752.00
510505 - Waste Material Disposal	280,000.00
650190 - Rental of Equipment	268,050.00
660101 - All Other Sundry Charges	225,000.00
650105 - Safety Supplies & Equipment	183,055.00
650500 - Security Guard Services	177,000.00
650510 - Software Maintenance Fees	146,417.00
610505 - Training	126,000.00
650415 - Professional Services	115,000.00
610150 - Outside Temporary Employment	90,500.00
510450 - Sodium Hydroxide	88,500.00
510415 - Hydrogen and CO2	77,000.00

Capital Non-Labor

Energy Supply Capital Non-Labor = \$10.75 M



Notable Projects

- **Deerhaven Renewable (DHR):**
 - Turbine Major Inspection
 - Boiler
 - Baghouse bag replacement
- **Kelly Combined Cycle Unit #1(JCC1):**
 - Heat Recovery Steam Generator (HRSG) Inspection
 - Borescope CT4
 - Electrical switchgear assessments and bus duct upgrades
- **Deerhaven:**
 - Deerhaven Unit #1-Lifetime Assessment (LTA) findings:
 - Emission Stack repairs \$250,000
- **SEC:**
 - Heating Hot Water Project for Phase 1



Kelly Combine Cycle Unit #1 HRSG

Energy Delivery

FY25 Budget



Areas of Responsibility

- Substations & Relay – Engineering, Construction & Maintenance
- Electric T&D – Engineering, Construction & Maintenance
- Energy Delivery Systems Control – Operations & Maintenance
- Energy Measurement & Field Operations

Electric Transmission & Distribution Statistics

- High Voltage Transmission Lines = 120 Miles
- Transmission Poles = 775
- Substations = 15
 - Substation Power Transformers (138 kV:12.47 kV) = 20
 - Circuit Breakers (230 kV, 138 kV, & 12.47 kV) = 209
 - Distribution Feeder Circuits = 72

Medium Voltage (12 kV) Distribution Lines = 1,463 Miles

- Overhead Primary = 556 Miles (38%)
- Underground Primary = 907 Miles (62%)
- Primary Distribution Poles = 19,903

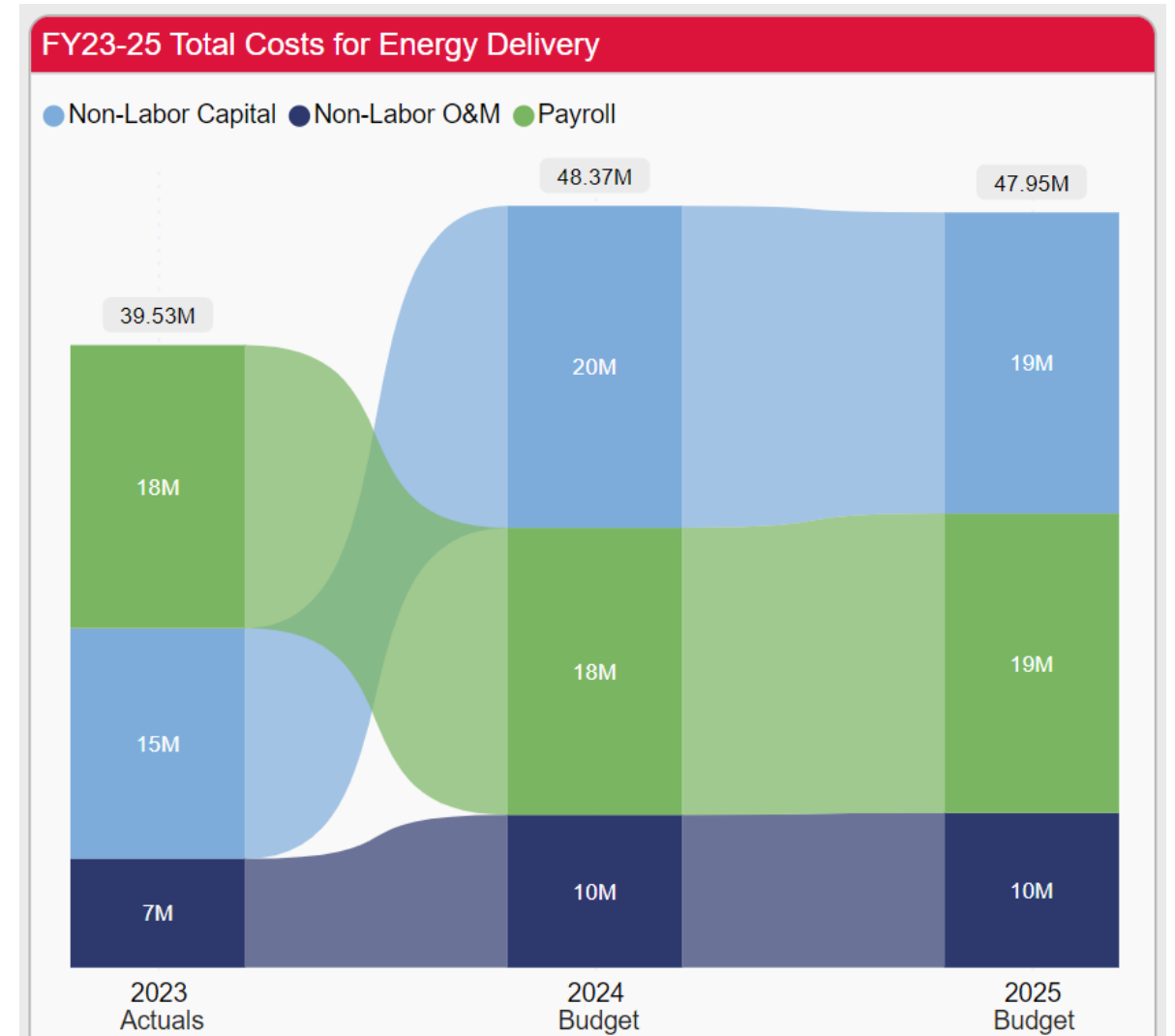
Low Voltage Secondary (120/240 Volts) Lines = 1,551 Miles

- Overhead Secondary = 704 Miles (45%)
- Underground Secondary = 847 Miles (55%)
- Streetlights = 19,653
- Rental Lights = 14,167

FY25 Budget

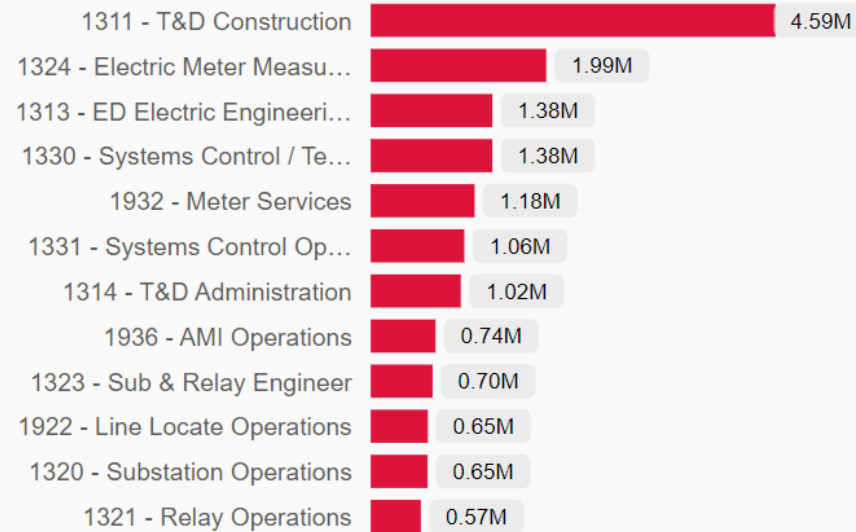
Highlights

- Payroll trending down due to influx of new employees and reduction in number of FTEs/positions
- Materials, such as transformers and conductors, continuing to increase at rates faster than general inflation



Energy Delivery Total Payroll = \$19.01 M

FY25 Energy Delivery Payroll (O&M) Budget



214

Authorized FTEs

216

Active Employees

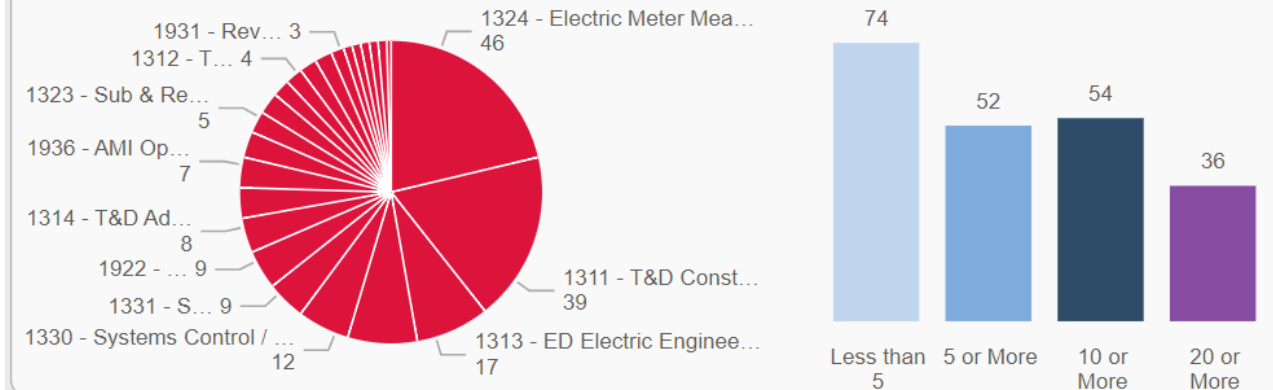
10.51

Avg Years of Service

16.67%

% Retirement Eligible

Active Employees by Area and Years of Service - Energy Delivery (216)



ED O&M Non-Labor = \$9.82 M

- **Substation & Relay Division**
 - Electric/water service and maintenance of grounds for the substations ~**\$260K**.
 - Rental equipment costs ~\$60K
- **Energy Measurement & Field Operations Division**
 - Software Maintenance Fees ~ \$980K
 - AMI Firmware Hardware Maintenance ~ \$100K
- **Systems Control**
 - Communication Services (GRUCom and Verizon) - **\$530k**
 - BUCC upgrade/ patch - **\$125K**
 - Cyber Security Contract Services - **\$260k**
 - Door badging system (PAC) - **\$30k**
 - UPS preventative maintenance - **\$16k**
- **Electric T&D Division**
 - Vegetation Management Budget - **\$4.1 Million**

Top Line Item Expenses FY25

650240 - Tree Trimming	4,173,500
650510 - Software Maintenance Fees	1,659,618
650400 - Contract/Outside Services	687,063
630325 - Comm Svc-Network Communication & Control	611,895
610515 - Dues & Memberships	549,994
650100 - Materials and Supplies Purchased Direct	359,740
630300 - Electric Service	214,240
630320 - Comm Svc-Cell Phones	157,572
650220 - Hardware Maintenance	135,997
610505 - Training	129,106
650250 - Radio Access Fee-Trunking	126,281
610530 - Uniforms	124,083
650155 - Tools	107,775
630315 - Communication Service	99,709
650170 - Repair/Maint of Equipment	73,126
650105 - Safety Supplies & Equipment	70,834
610500 - Travel	64,200
650490 - Grounds Maint/Landscaping	62,559
650190 - Rental of Equipment	61,255
650225 - Computer Hardware	43,253

Capital Non-Labor

ED Total Capital Non-Labor = \$19.1 M

FY25 Energy Delivery Non-Labor (Capital) Budget by Profit Center

1320 - Substation Operations	8.66M
1313 - ED Electric Engineering	5.49M
1330 - Systems Control / Techni...	1.60M
1311 - T&D Construction	1.60M
1310 - T&D Operations	0.72M
1324 - Electric Meter Measurem...	0.35M
1323 - Sub & Relay Engineer	0.33M
1921 - ED GIS Operations & St...	0.10M
1932 - Meter Services	0.10M
1321 - Relay Operations	0.08M
1920 - ED Electric and Gas Sup...	0.05M
1922 - Line Locate Operations	0.04M

FY25 Energy Delivery Non-Labor (Capital) Projects

WBS	Budget
⊕ ED.000001 - Substation & Relay Projects	8,193,219
⊕ ED.000003 - Electric Trans & Dist Systems Projects	3,924,750
⊕ ED.000005 - Reliability Programs	1,865,250
⊕ ED.000009 - General Plant _ Electric Segment	1,627,000
⊕ ED.000007 - System Control Center Projects	1,604,000
⊕ ED.000004 - Lighting	961,690
⊕ ED.000006 - Trouble Calls	351,450
⊕ ED.000002 - Metering	302,573
⊕ CP.000017 - MIMS Mobile Project	150,000
⊕ CP.000015 - FIELD SERVICES_GENERAL PLANT	95,722
⊕ CP.000012 - ED Work & Resource Mgmt - Common Plant	39,216
Total	19,114,871

Notable FY25 Capital Projects (Electric System)

Subs and Relay Top 2 Projects for FY25 (Total = \$5.05 Million)

- **Parker Road Substation Transformer Replacement. (\$3 Million plus install costs)** - We are upgrading one of two 230KV:138KV Auto Banks from 125 MVA to 200 MVA.
- **McMichen Substation Transformer Replacement. (\$2.05 Million)** - This is one of our 44 MVA LTC transformer projects for FY25.



Notable FY25 Capital Projects (Electric System)

▪ Electric Engineering Division - FY25 Capital Projects

– Residential Developments, Commercial Developments, and System Improvement: **Total ~ \$4.3 M**

- Residential Developments:

- Oaks Preserve (multiphase project) – Larger phase to be completed on FY24 and FY25. **~\$500,000**
- The Hammock Subdivision - **~\$250,000** – Between FY25 and FY26

- Commercial Developments:

- Completion of HCA Main Hospital at Archer - **~\$500,000** for permanent installation
- The Collegiate Apartments - **~\$300,000**
- Auden Apartments - **~\$80,000 to \$100,000**
- Tesla at Wawa Celebration Pointe - **~\$75,000**
- Tesla at Oaks Mall - **~\$100,000**

- System Improvement:

- Upgrades to existing and new feeders for addition of new load (between FY25 & FY26) – Amazon EV Charging Stations: **~\$1 M** (Amazon will pay for this cost.)
- Adding a new feeder to pick up recently added commercial and residential loads – Tower Rd/SW 24th Ave: **~\$1.5 M**

Notable FY25 Capital Projects (Electric System)

▪ Electric T&D Division - FY25 Capital Projects

- General Plant (Fleet) to replace 3 construction aerial units that are 17 years in age and 1 trouble aerial unit (10+ years in age) that lost due to engine fire - **\$1.1 M**
- City, County, Rental LED Luminaire Replacements to replace existing LED and HPS (Rental) as they fail due to age, damage, etc. - **\$715K**

▪ Energy Measurement & Field Operations Division - FY25 Capital Projects

- Metering (Electric & Gas) for Residential and Commercial expansion ~ **\$263K/\$310K**
- ArcGIS Upgrades ~ **\$100K**

▪ Systems Control Division - FY25 Capital Projects

- Software purchase Nutanix, SigmaFlow, Splunk. - **\$530K**
- Contract Services for OMS upgrade and EMS upgrade - **\$1 M**

Gas System

FY25 Budget

Areas of Responsibility

- Gas T&D Operations
- Gas T&D Maintenance
- Gas T&D Construction
- Energy Delivery Gas Engineering

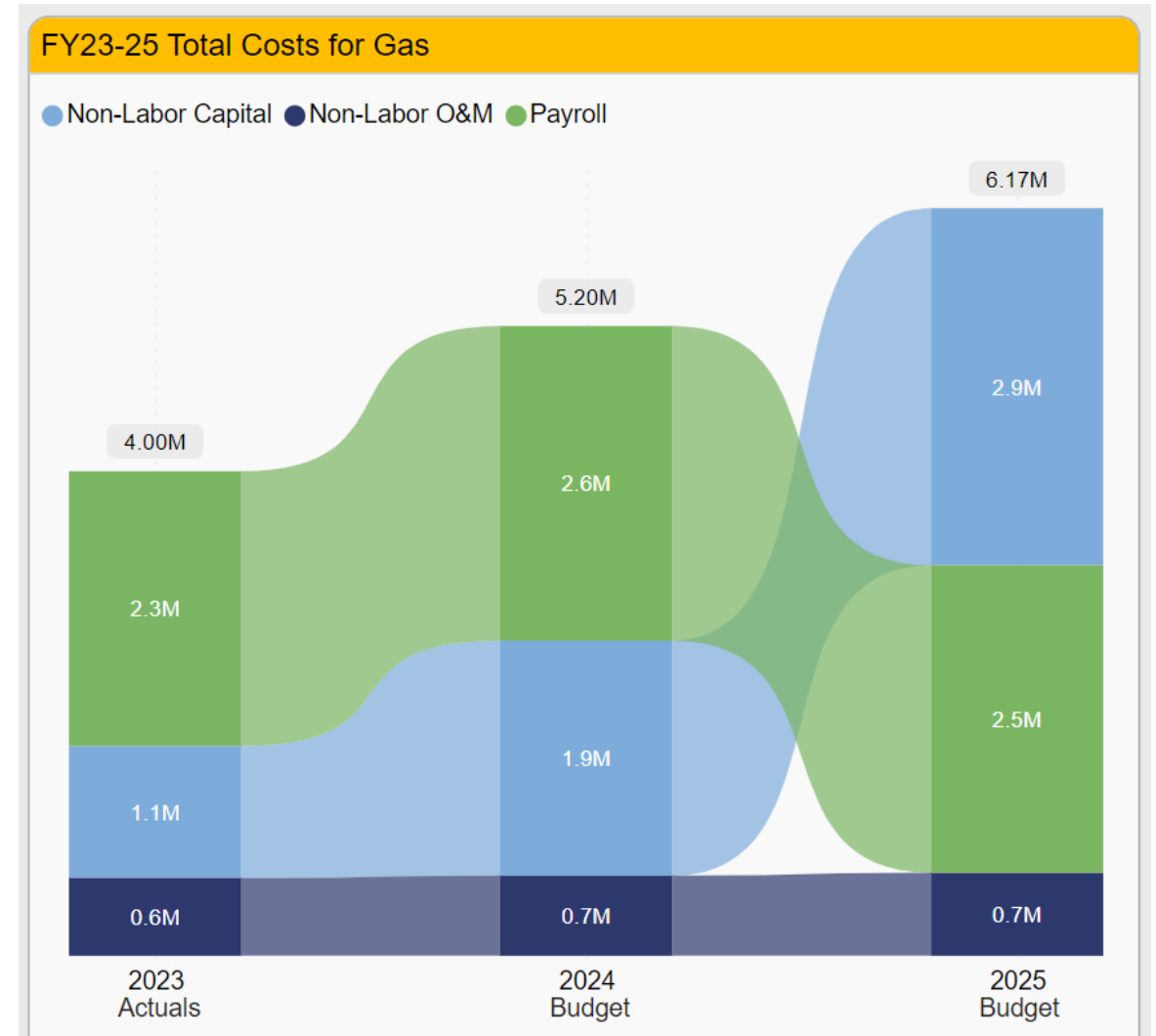
Gas Transmission and Distribution Stats

- Gas Distribution Main Lines = 837 Miles
- Customers / Meters = 36,584
- Active Gate Stations = 5

FY25 Budget

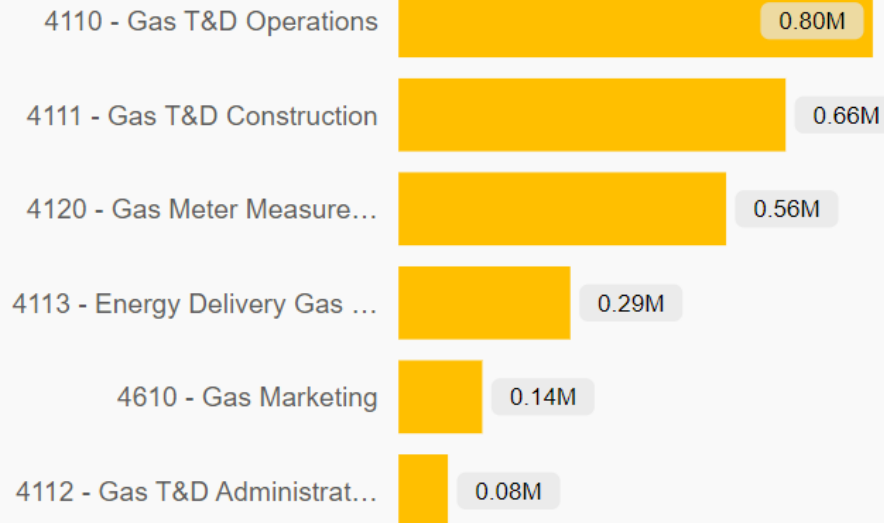
Highlights

- Payroll trending down due to influx of new employees and reduction in FTEs/positions
- Construction and metering materials continuing to increase at rates faster than general inflation



Gas System Total Payroll = \$2.54 M

FY25 Gas Payroll (O&M) Budget



38

Authorized FTEs

38

Active Employees

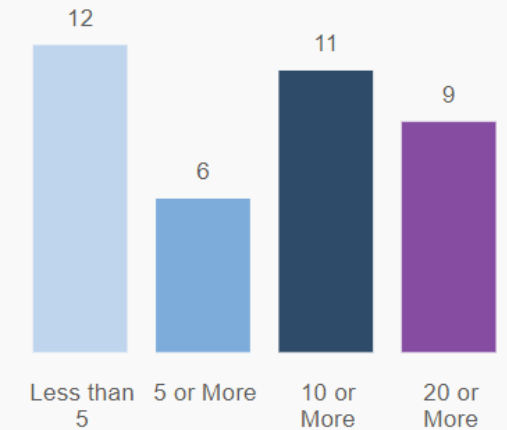
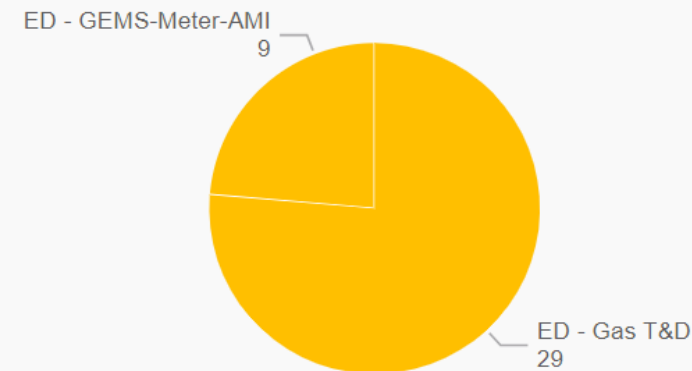
12.76

Avg Years of Service

23.68%

% Retirement Eligible

Active Employees by Area and Years of Service - Gas (38)



O&M Non-Labor

Total O&M Non-Labor = \$685,240

- System Capacity Upgrades & Integrity Improvements ~ **\$75K**
 - System Integrity Projects - This includes the transmission line test for the UF Co-Gen plant.
- Contract/Outside Services for asphalt repair ~ **\$10K**
- Software Maintenance ~ **\$6K**
- Fleet Replacements ~ **\$90K**

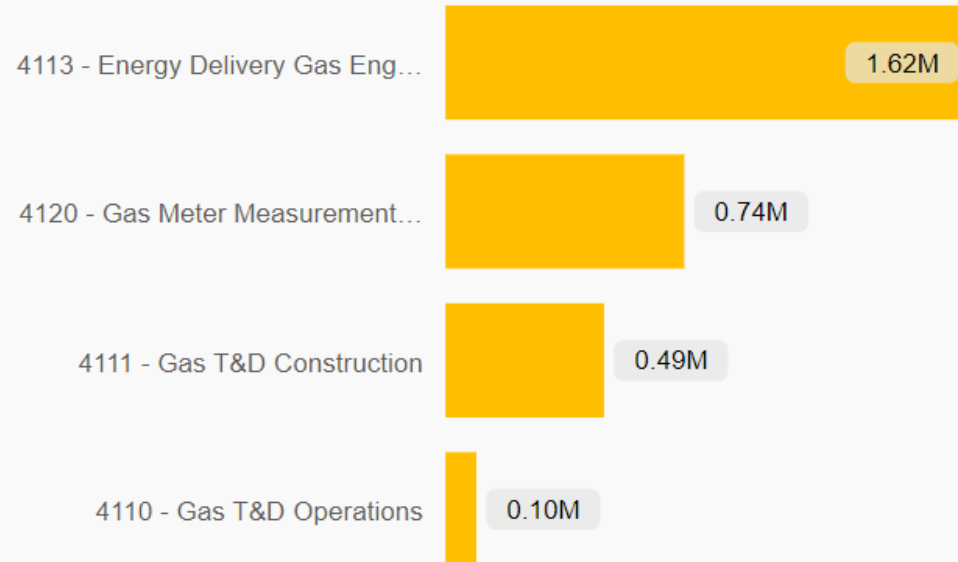
Top Line Item Expenses FY25

650315 - Gas Rebates	250,000.00
650100 - Materials and Supplies Purchased Direct	63,500.00
650155 - Tools	35,500.00
610515 - Dues & Memberships	33,523.00
650400 - Contract/Outside Services	30,200.00
650170 - Repair/Maint of Equipment	24,800.00
630325 - Comm Svc-Network Communication & Control	22,000.00
650510 - Software Maintenance Fees	19,000.00
650150 - Equipment	17,500.00
610530 - Uniforms	17,340.00
650105 - Safety Supplies & Equipment	16,450.00
630320 - Comm Svc-Cell Phones	14,708.00
610500 - Travel	13,300.00
650125 - Office Supplies & Printing	12,600.00
610505 - Training	12,530.00
650230 - Promotional Supplies	10,000.00
650250 - Radio Access Fee-Trunking	10,000.00
650460 - Advertising - Print	10,000.00
660320 - GRU Sponsored Events	6,400.00
630315 - Communication Service	4,998.00

Capital Non-Labor

Gas System Total Capital Non-Labor = \$2.95 M

FY25 Gas Non-Labor (Capital) Budget by Profit Center



FY25 Gas Non-Labor (Capital) Projects

WBS	Budget
GA.000003 - Gas Transmission & Distribution Projects	2,112,000
GA.000001 - Metering & Regulators	612,597
GA.000007 - Gas _ General Plant	153,388
GA.000002 - Measuring & Regulating Projects	68,905
Total	2,946,890

Notable FY25 Capital Projects (Gas System)

- Service Expansion ~ **\$500K**
~ City of High Springs – Bridlewood Subdivision



Replacing Bare Steel/Black Plastic



Natural Gas Expansion Projects



GRUCom

FY25 Budget

Areas of Responsibility

Area's only all-fiber-optic network; more than 600 miles of fiber in Alachua County

- Business-to-business provider for small businesses, up to multi-location corporations, designed and built to move data with door-to-door peering arrangements with major content services (Netflix, Google, YouTube, Apple, Amazon)
- Own and operate 13 cell towers
- Local Network Operations center assures customer connections are always supported and protected
- Licensed CLEC in State of Florida, with route diverse Internet connectivity to Atlanta and Miami with multiple Internet providers
- Network is trusted by some of the most respected organizations in the area and is the backbone of all public safety communications in the county

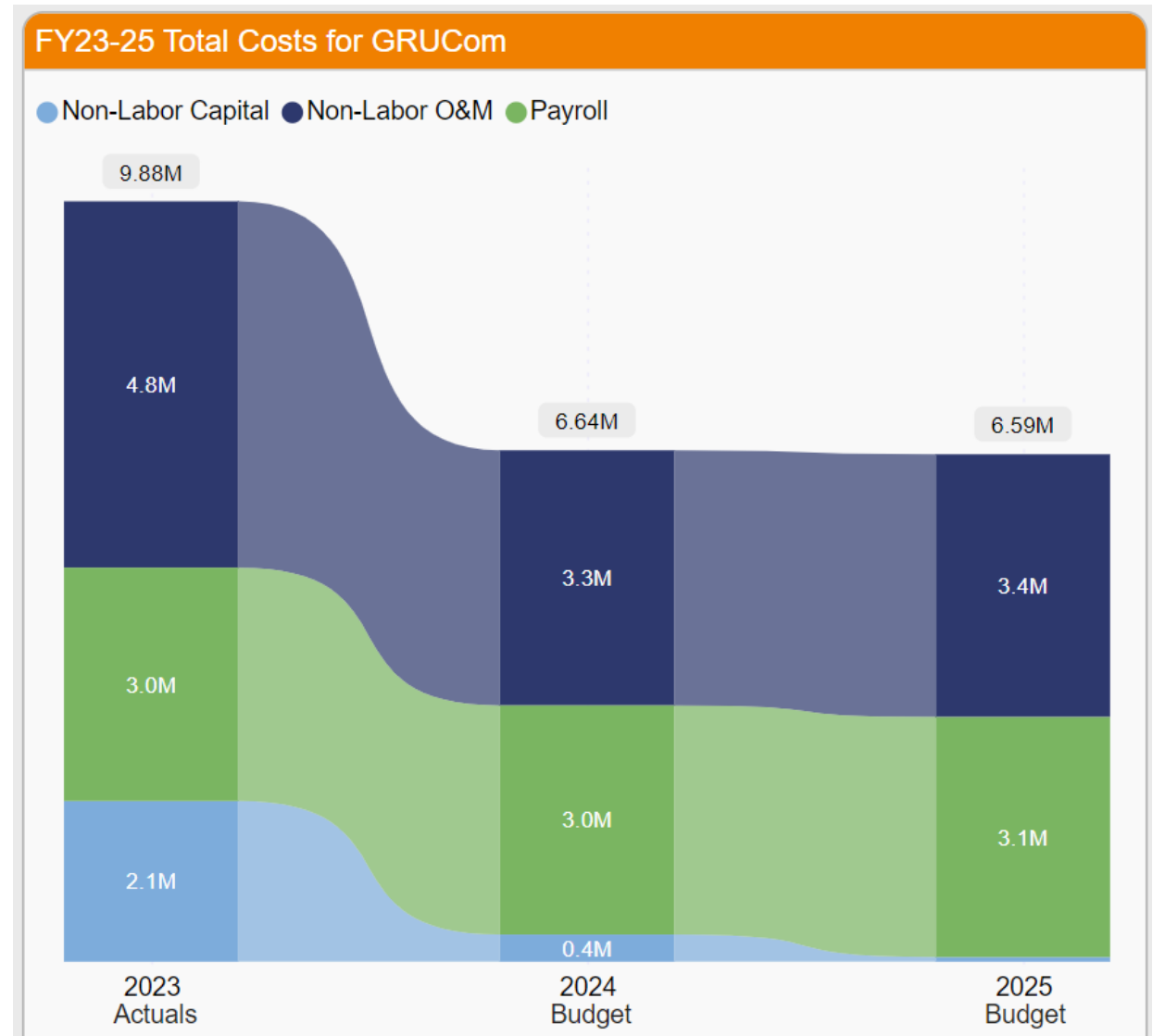
Standard Service Portfolio

- Data & Telecommunications Services
 - Carrier Access Services (Interexchange, Local Access & Cell Site Backhaul)
 - Commercial Data Transport Services (Private Line & Special Access Service)
 - Commercial Internet Access Services (Enterprise and Business Class)
 - Residential Internet Access Services (GatorNet)
 - Central Office Data Center Co-Location Services
- Communications Tower Leasing
- Trunked Radio Services (Public Safety Radio System) - **SOLD**

FY25 Budget

Highlights

- Sold Trunked Radio System FY24
 - reduced operating expenses ~\$1.4M
 - Reduced payroll ~\$140K
- Cut FY25 Direct O&M Non-Labor expenses by ~\$193K

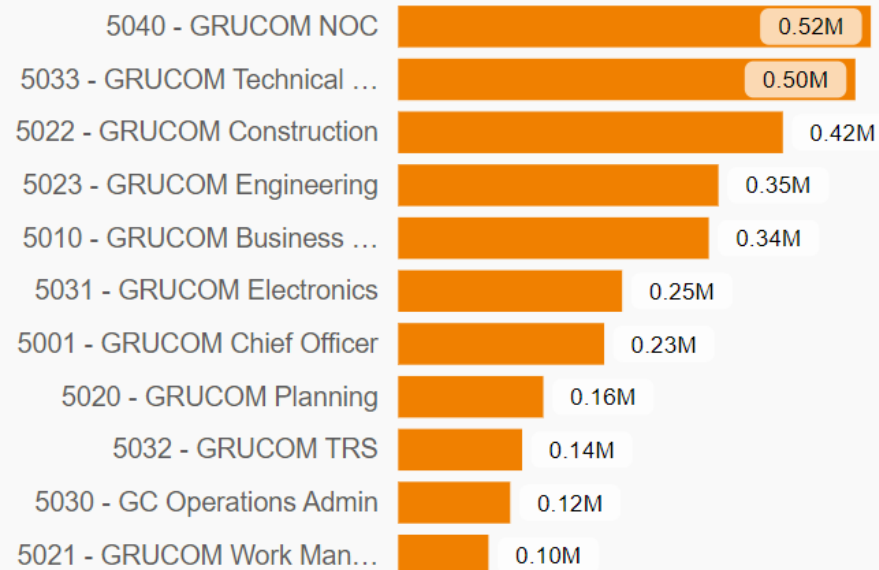


Payroll

GRUCom Total Payroll = \$3.12 M

Restructured and eliminated Positions ~\$214K

FY25 GRUCom Payroll (O&M) Budget



37

Authorized FTEs

29

Active Employees

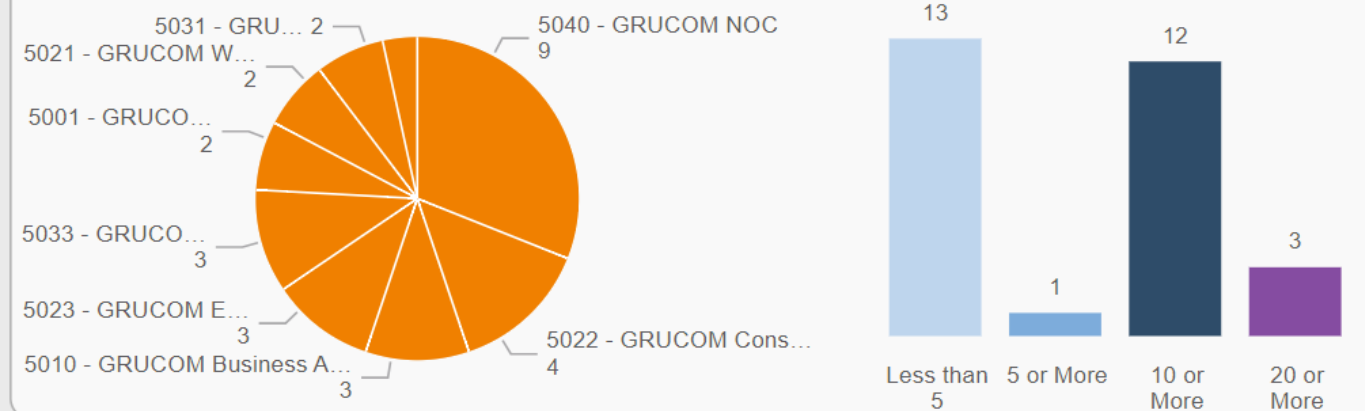
10.14

Avg Years of Service

10.34%

% Retirement Eligible

Active Employees by Area and Years of Service - GRUCom (29)



O&M Non-Labor

Total O&M Non-Labor = \$3.41M

- Transport/Telecommunication Fees (capacity)
 - Wide Area Network (WAN) ~\$280K primary diverse connectivity to/from Atlanta and Miami for data transport to main distribution hubs
 - Internet ~\$285K primary diverse connectivity to/from Atlanta and Miami for commodity Internet
 - Purchased Circuits for resale ~\$165K to provide service to customers' remote networked locations
- Software and Hardware Support
 - Business and Office Support Systems hosted software for customer billing, records mgt and dispatching ~\$200K
 - Work Management, GIS and Engineering systems licensing ~\$66K
 - System Electronics Management ~\$75K
- Contract/Outside Services
 - Underground Construction and Electrical work ~\$190K
 - Bill Print, Voice & Ring Services ~\$110K

Top Line Item Expenses FY25

650255 - Transport\Telecommunication Fee	742,352
650205 - Communications/Network Supplies	385,167
650510 - Software Maintenance Fees	342,626
650400 - Contract/Outside Services	306,000
630300 - Electric Service	283,800
650100 - Materials and Supplies Purchased Direct	204,927
650215 - Communications/Network Maintenance	190,665
630210 - Rent-Pole Attachments	186,500
650220 - Hardware Maintenance	100,393
650415 - Professional Services	85,000
630200 - Rent	75,000
660401 - Regulatory Assessment Fee	75,000
630215 - Tower Site Lease	65,000
610505 - Training	64,744
650170 - Repair/Maint of Equipment	47,300
660450 - Misc Permit Fees (City County & Other)	35,500
630320 - Comm Srvcs-Cell Phones	30,000
630315 - Communication Service	28,017
610500 - Travel	18,000
650180 - Repair/Maint of HVAC Equipment	16,000

Capital Non-Labor

GRUCom Total Capital Non-Labor = \$60,000

FY25 GRUCom Non-Labor (Capital) Budget by Profit Center		FY25 GRUCom Non-Labor (Capital) Projects	
		WBS	Budget
5051 - GatorNet	60.00K	GC.000008 - NETWORK SERVICES	60,000
5077 - T3 GPD	0.09K	GC.000009 - TOWER LEASING	180
5080 - T6 Sugarfoot	0.09K	Total	60,180
5010 - GRUCOM Business Ad...	0.00K		
5050 - CO Operations	0.00K		
5052 - Network Operations	0.00K		
5054 - Voice Operations	0.00K		
5055 - Customer Operations	0.00K		
5075 - T1 Millhopper	0.00K		
5100 - Trunked Radio System	0.00K		

Water System

FY25 Budget

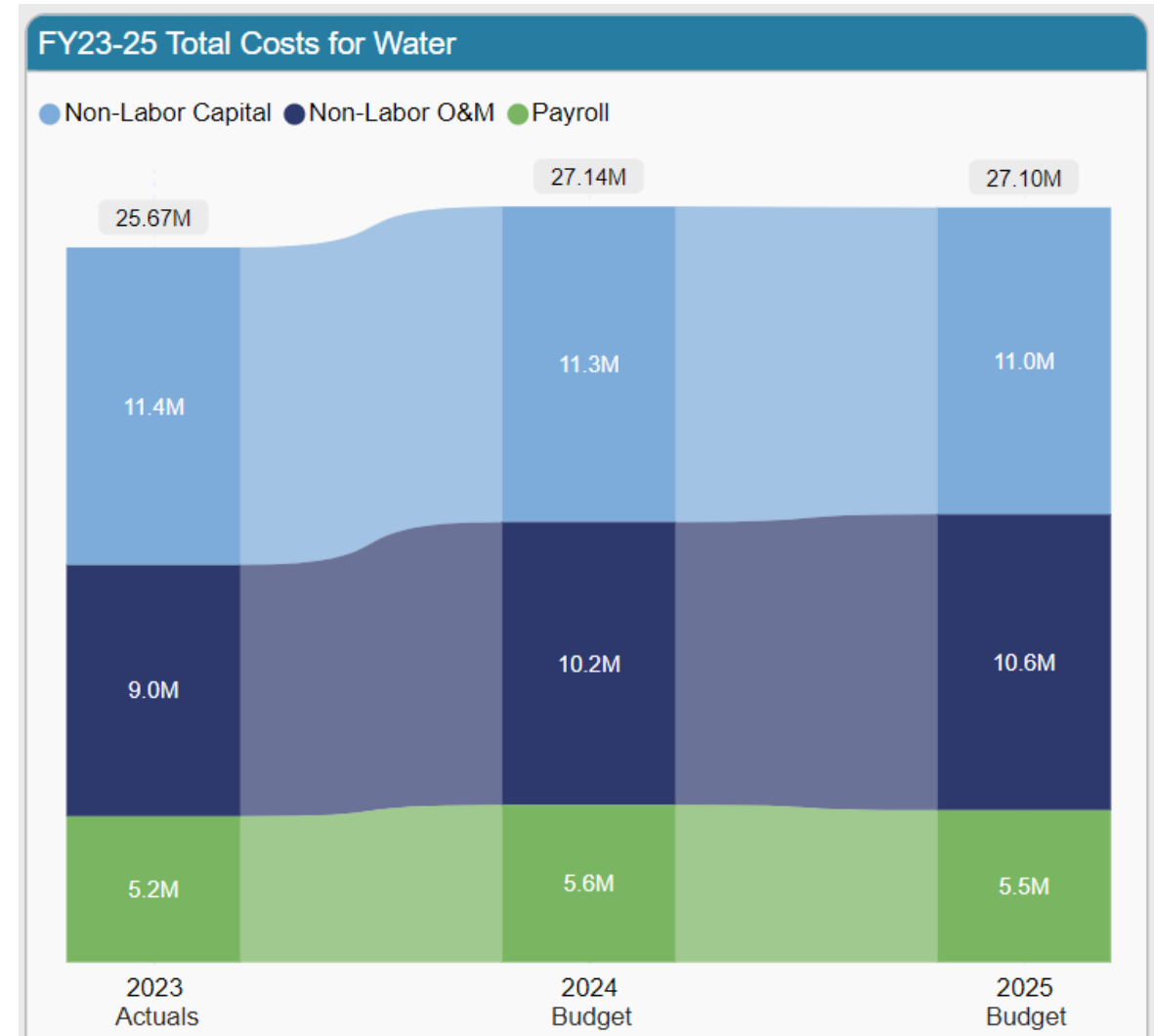
Areas of Responsibility

- *Water & Wastewater Systems Mission:* We exist to serve our customers by providing clean drinking water, protecting public health and safety and the environment, and giving clean water back to the environment 24/7/365.
- Engineering, Planning and Administration
 - Asset management, capital delivery, technical services and compliance
- Murphree Water Treatment Plant
 - 30 million gallons per day (MGD) permitted groundwater use
 - 15 deep Floridan wells protected in conservation easement; 2 storage tanks, 1 remote pumping station
 - Certified lab
- Distribution System
 - 1180 miles of piping with over 55,000 services
 - 72,400 meters being changed out with AMI project

FY25 Budget

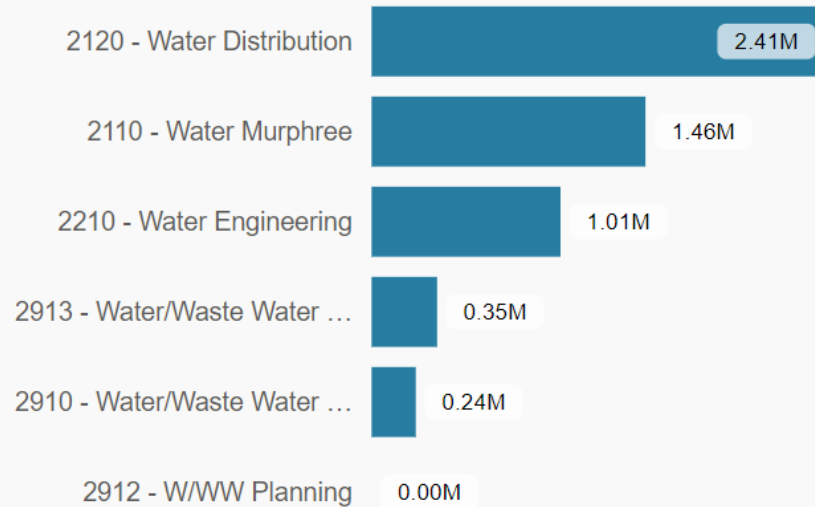
Highlights

- Capital investment in water system is consistent with recent years
- Payroll budget changes based on progression through training programs, performance-based merit increases, and influx of new employees
- Chemical price increases and electricity drive the Non-Labor O&M budget for the water system
- Chemicals and materials continuing to increase at rates faster than general inflation



Water System Total Payroll = \$5.46 M

FY25 Water Payroll (O&M) Budget



69

Authorized FTEs

67

Active Employees

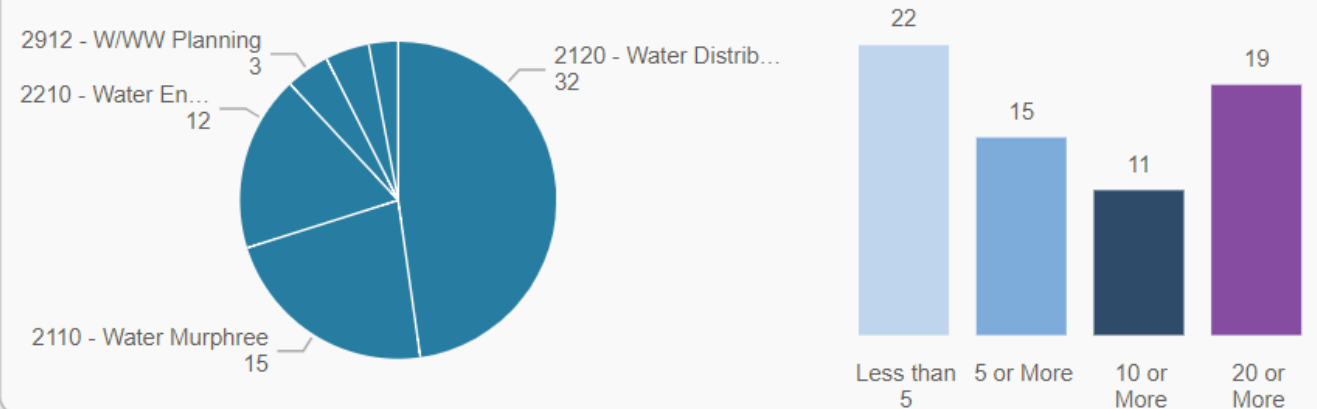
12.19

Avg Years of Service

28.36%

% Retirement Eligible

Active Employees by Area and Years of Service - Water (67)



O&M Non-Labor

Total O&M Non-Labor = \$10.6 M

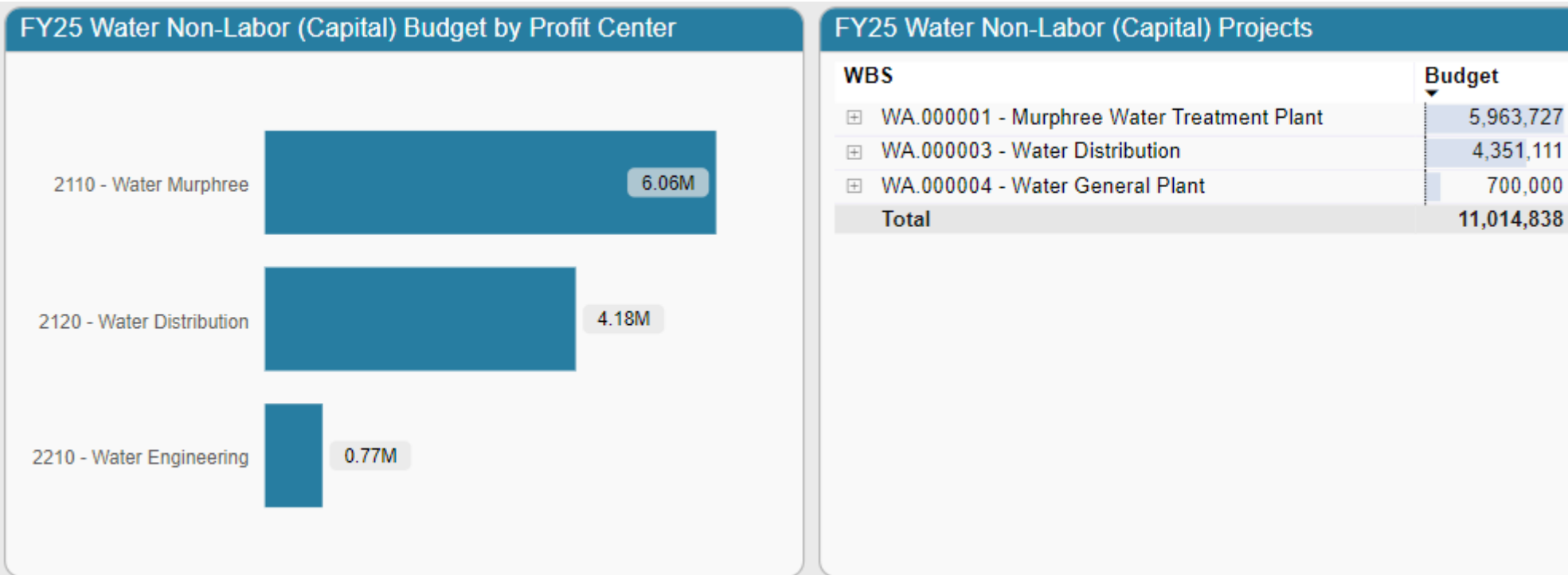
- \$8.9M (84%) of O&M Non-Labor budget for operation of Murphree Water Treatment Plant
- Projected Increases in FY25
 - Softening Agents (\$1.1M)
 - Stabilization (\$65k)
- Projected Decreases in FY25
 - Contract Services (\$280k)
 - Sterilizing Agents (\$260k)

Top Line Item Expenses FY25

510420 - Softening Agents	3,303,000
630300 - Electric Service	2,840,000
510425 - Sterilizing Agents	1,246,000
660400 - Sludge Disposal Fees	518,000
650415 - Professional Services	470,000
510440 - Stabilization	374,000
650400 - Contract/Outside Services	365,000
650500 - Security Guard Services	285,000
650510 - Software Maintenance Fees	176,750
650100 - Materials and Supplies Purchased Direct	152,500
650165 - Replacement Parts	105,000
650110 - Laboratory Supplies	85,000
650170 - Repair/Maint of Equipment	83,000
650490 - Grounds Maint/Landscaping	65,750
650105 - Safety Supplies & Equipment	50,000
630320 - Comm Srvcs-Cell Phones	47,550
650145 - Diesel Fuel Mat & Supply	47,300
630315 - Communication Service	32,000
650155 - Tools	31,750
610530 - Uniforms	27,180

Capital Non-Labor

Water System Total Capital Non-Labor = \$11.0 M



Notable FY25 Water Capital Projects

- Murphree Water Treatment Plant Lime System Improvements - \$2.2M
 - Replacing obsolete equipment with more efficient equipment.
- Murphree Water Treatment Plant Well 9 and 11 Electrical Upgrades - \$1.2M
 - Existing electrical buildings and electrical equipment need improvement for wellfield reliability.
- Water service replacements and upgrades in the Water Distribution System - \$2M
 - Replacing aging water services in neighborhoods to proactively address low-pressure issues.
- Galvanized water main replacements in Water Distribution System - \$1.4M
 - Replacing old galvanized and cast-iron water mains to reduce water leaks and low-pressure issues.

Wastewater System

FY25 Budget

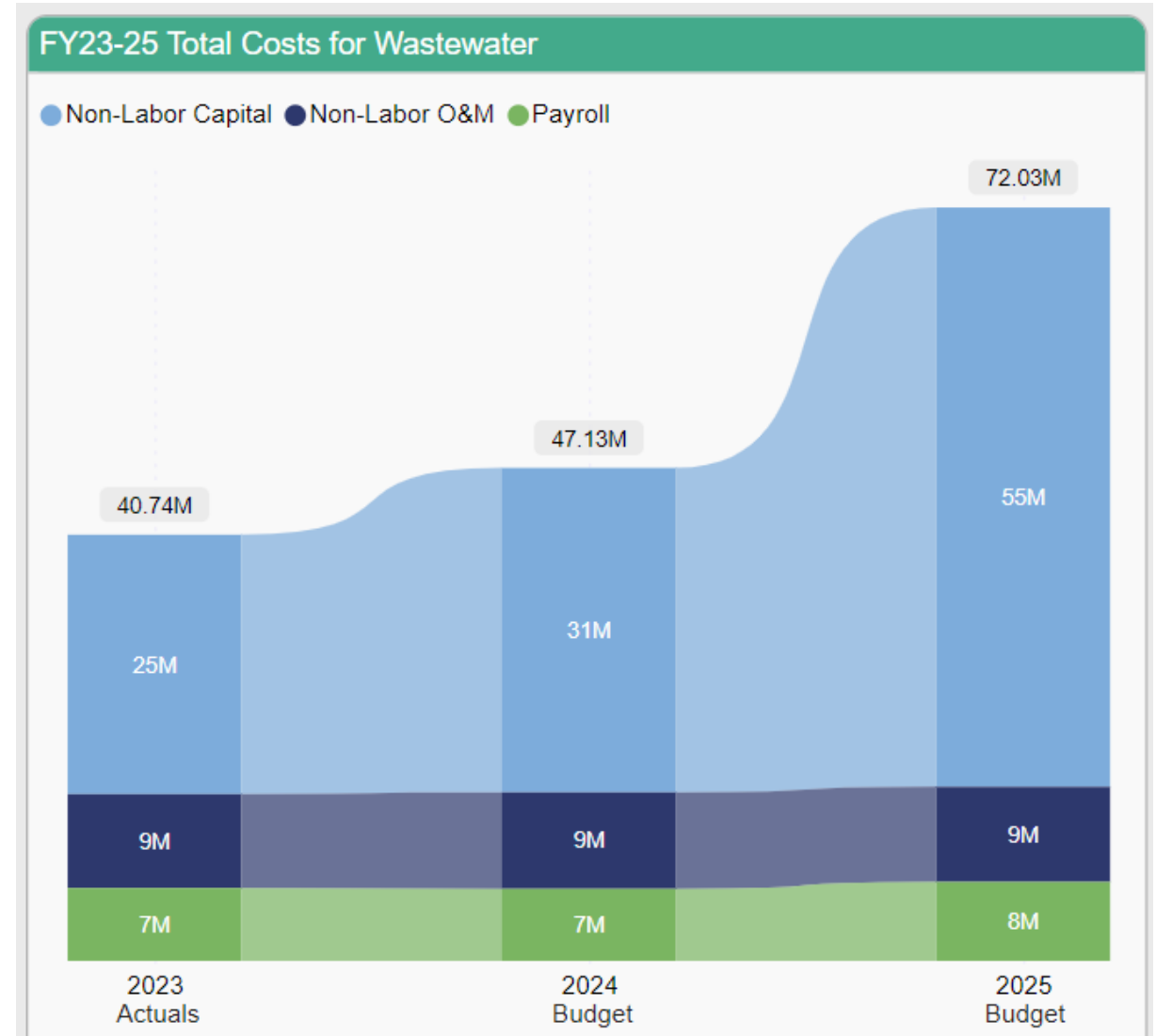
Areas of Responsibility

- *Water & Wastewater Systems Mission:* We exist to serve our customers by providing clean drinking water, protecting public health and safety and the environment, and giving clean water back to the environment 24/7/365.
- Engineering, Planning and Administration
 - Asset management, capital delivery, technical services and compliance
- Water Reclamation Facilities
 - Kanapaha – Permitted at 14.9 million gallons per day (MGD)
 - Main Street – Permitted at 7.5 MGD
 - Lift Stations – 177 pumping facilities across service area
 - Certified lab
- Collections
 - Gravity system – 675 miles of piping; over 16,500 manholes
 - Wastewater forcemain system – 153 miles of pressure pipe
- Reclaimed Water
 - 100% beneficial reuse to irrigation, recharge, water features and wetlands
 - 2.3 MGD for provided for public access irrigation

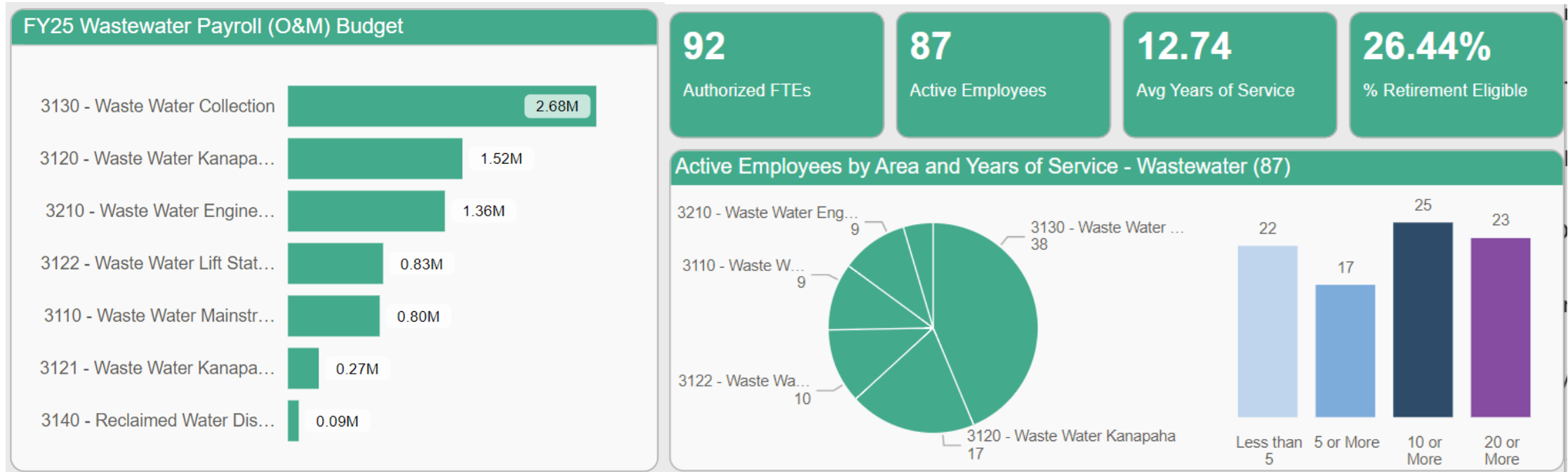
FY25 Budget

Highlights

- Significant non-labor capital increases to support Main Street Water Reclamation Capacity Renewal and Upgrade
- Budget does not include grants funding for capital projects (\$19 M in FY25)
- Payroll and non-labor O&M increase due to reorganization, general pay increases and inflation



Wastewater System Total Payroll = \$7.55 M



O&M Non-Labor

Total O&M Non-Labor = \$9.10 M

- \$7.4M (81%) of O&M Non-Labor budget for operation of Water Reclamation Facilities
- Projected Increases in FY25
 - Sludge Disposal Fees (\$340k)
 - Sodium Hypochlorite (\$290k)
- Projected Decreases in FY25
 - Repair/Maint of Equipment (\$102k)
 - Contract Services (\$145k)

Top Line Item Expenses FY25

630300 - Electric Service	3,755,000.00
660400 - Sludge Disposal Fees	1,518,000.00
510465 - Sodium Hypochlorite	655,000.00
650400 - Contract/Outside Services	429,500.00
510435 - Polymer	397,000.00
650100 - Materials and Supplies Purchased Direct	258,000.00
650490 - Grounds Maint/Landscaping	244,500.00
650170 - Repair/Maint of Equipment	220,000.00
510485 - Chemicals-Ammonia	155,000.00
650165 - Replacement Parts	151,750.00
650500 - Security Guard Services	136,000.00
510480 - Chemicals-Alum	126,000.00
510470 - Sodium Bisulfate	122,000.00
650110 - Laboratory Supplies	97,000.00
650105 - Safety Supplies & Equipment	89,000.00
630305 - Water Service	82,500.00
610530 - Uniforms	65,860.00
650415 - Professional Services	60,000.00
650510 - Software Maintenance Fees	55,000.00
650145 - Diesel Fuel Mat & Supply	47,300.00

Capital Non-Labor

Wastewater System Total Capital Non-Labor = \$55.3 M

FY25 Wastewater Non-Labor (Capital) Budget by Profit Center		FY25 Wastewater Non-Labor (Capital) Projects	
		WBS	Budget
3210 - Waste Water Engineering	50.50M	⊕ WW.000001 - Main Street Water Reclamation Facility	31,732,631
3130 - Waste Water Collection	2.80M	⊕ WW.000005 - Wastewater Collections	11,445,016
3122 - Waste Water Lift Stations	1.38M	⊕ WW.000004 - Lift Stations	5,770,830
3120 - Waste Water Kanapaha	0.37M	⊕ WW.000006 - Reclaimed Water Distribution	3,280,927
3110 - Waste Water Mainstreet	0.25M	⊕ WW.000008 - Wastewater General Plant	1,625,000
3140 - Reclaimed Water Distrib...	0.09M	⊕ WW.000002 - Kanapaha Water Reclamation Facility	1,528,763
3121 - Waste Water Kanapaha ...	0.00M	Total	55,383,167

Notable FY25 Wastewater Capital Projects

- Large capital projects are managed by Wastewater Engineering Department
- Main Street WRF Capacity Renewal and Upgrade Project Phase 1 - \$32 M
 - Phase 1 will replace old headworks and prepare plant for increasing capacity from 7.5 to 10 MGD
 - Grant funded project – 50% funding from FDEP Wastewater Grant Program
- Lift Station No. 1 Replacement Project - \$4.5 M
 - Most critical lift station needs repairs and additional pumping capacity
 - Grant funded project – 40% funding from FDEP Resilient Florida Grant Program
- Gravity Main Replacement near Lift Station 21 - \$3.5 M
 - Constructing 2,400 ft of new 16-inch diameter PVC gravity main on Ft. Clarke Blvd
 - Grant funded project – 40% funding from FDEP Resilient Florida Grant Program
- Infrastructure Lining and Renewal Efforts in Wastewater Collection System - \$4.2 M
 - Lining of gravity sewer pipes, manholes, and sewer laterals to reduce I/I and SSOs

AMI Meter Program –Opt-Out Policy

April 17, 2024



Key Takeaways

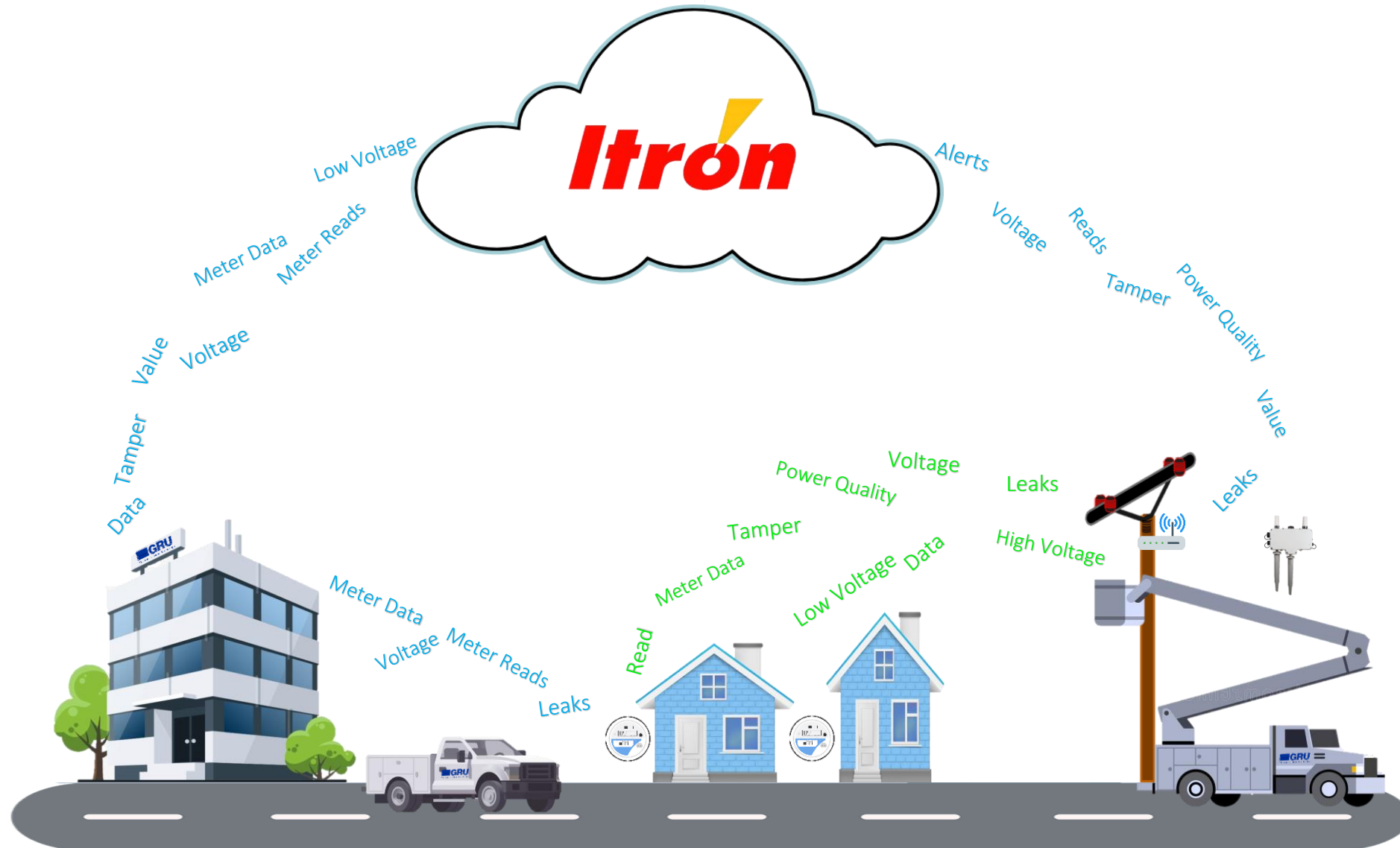
- AMI is next generation meter reading technology and industry best practice
- GRU's AMI project is over 50% complete
- GRU is proposing policy and charges for customer that do not want AMI

Advanced Metering Infrastructure

Advanced Metering Infrastructure (AMI) revolutionizes the traditional utility landscape

- Definition:
 - Enables two-way communication between GRU and customers' meters.
 - Collects real-time energy usage data, enhancing operational efficiency.
- Components:
 - Smart Meters: Measure and transmit energy consumption data.
 - Communication Network: Facilitates data exchange between meters and GRU.
 - Data Management Systems: Stores, analyzes, and utilizes AMI data.
- Benefits:
 - Improved Accuracy: Accurate measurement and billing.
 - Enhanced Efficiency: Quick response and reduced truck rolls.
 - Customer Empowerment: Enables monitoring and management of energy usage.

How it works



GRU is implementing AMI at a great time

- The first AMI meters were installed in the U.S. in the early 2000s.
- On average, it was estimated that around 70% of U.S. electric customers have AMI meters installed.
- Early adopters of AMI are now planning to replace those meters and systems with newer, more advanced technology.
- In 2021, GRU began installing the next generation of electric, natural gas, and water metering across our entire customer base.

Deployment Stats

Current Statistics:

- Total Meters: 220,000
 - Electric: 73% complete
 - Water: 37% complete
 - Gas: 44% complete
- AMI Devices Deployed: 120,000
 - Remote Reading: 116,000
 - Significantly reduces truck rolls for meter reading.
- Completion Timelines:
 - Electric: Summer 2024
 - Gas: Early 2025
 - Water: Late 2025



Opt-Out Background

AMI is the new standard in metering for GRU

- AMI meters will be our standard meters after 2025.
- There are customers who oppose having AMI meters installed at their homes.
- **GRU is proposing to allow customers to opt-out of the AMI meters**
- Itron AMI meters/modules are stringently evaluated for RF safety and meet all Federal Communication Commission (FCC), and Institute of Electrical and Electronic Engineers (IEEE) standards.
 - Limited time on the air
 - Low power
 - Limited proximity to humans



Opt-out options for advanced metering programs vary among utilities

- Utilities offer opt-out programs to accommodate customers who prefer not to participate in advanced metering initiatives, it's not universal across all utilities.
 - For example, some may offer opt-out options as part of their commitment to customer choice and privacy.
 - While others may prioritize the deployment of advanced metering infrastructure without providing opt-out alternatives.
- The specific terms and conditions of opt-out programs, including associated fees and eligibility criteria, can vary significantly between utilities.
- Many utilities choose to offer opt-out options in response to customer demand and preferences.
- Opt-out programs will expire when “traditional” analog meters are no longer readily available

Industry Compares

Utility	Utility Type	Opt-Out Fee (Monthly)	Set-Up Fee (One-time)
Clay Electric	Cooperative	\$30.00	\$80.00
Duke	Independent	\$15.60	\$96.34
FPL	Independent	\$13.00	\$89.00
Lakeland Electric	Municipal	\$40.00	\$70.00
SECO (Ocala)	Cooperative	\$40.00	NA
TECO	Independent	\$20.64	\$96.27
GRU Proposed*	Municipal	\$38.00	\$85.00

* GRU rate based on maintaining a monthly meter reader route for approximately 100 customers. Set-Up Fee is for time required to modify billing system to accommodate opt-out billing.

AMI Meter Opt-Out

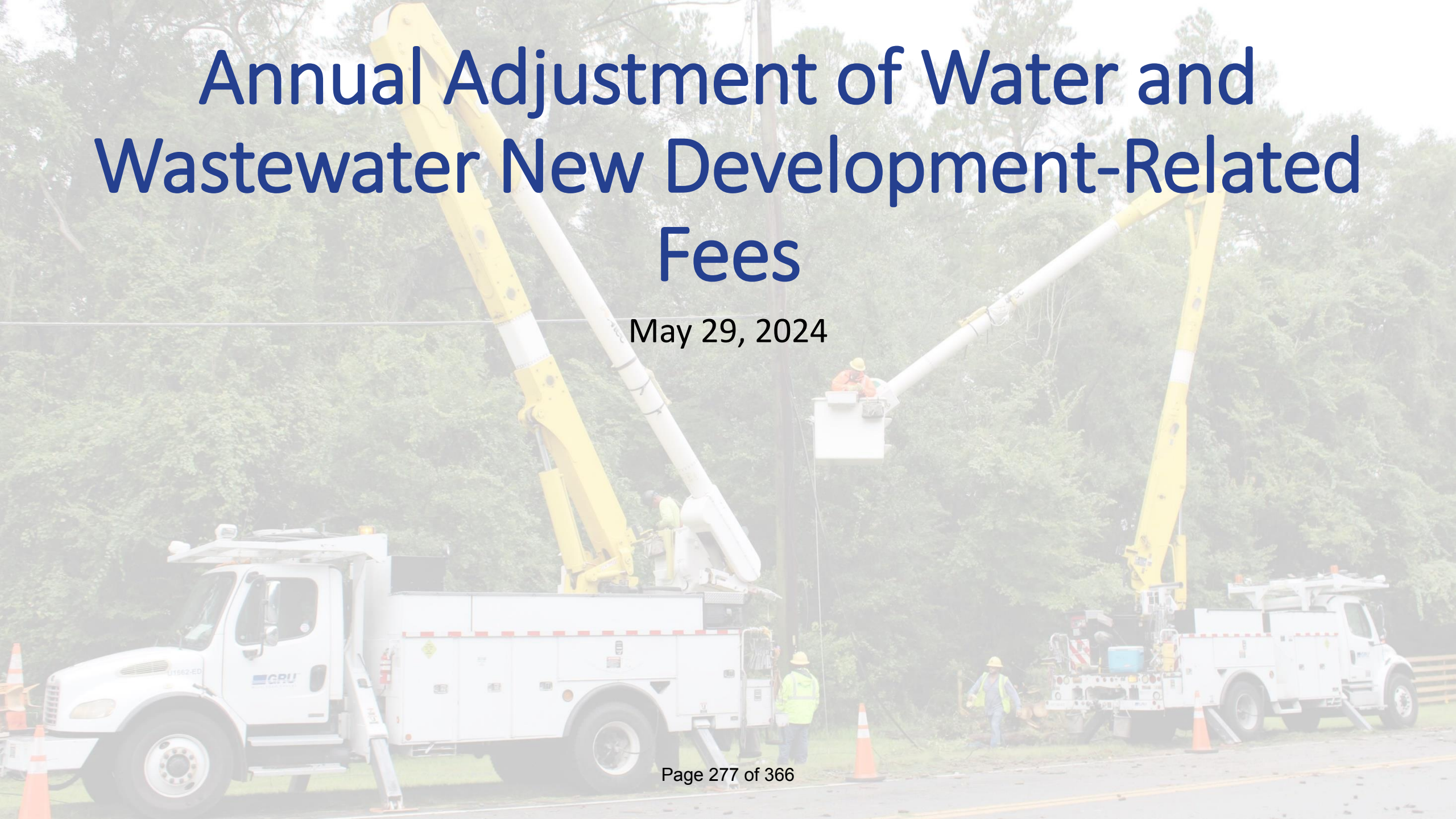
- Account holder must acknowledge the terms and conditions of the program to enroll
- One-time set-up fee of \$85
- Monthly fee of \$38 by premise
- Fees to be increased annually based on Consumer Price Index or cost of service analysis
- Only available to single-family premises in good standing (no non-payments in last 12-months and no record of theft or tampering)
- Must provide access for installation and meter reading
- Program will end when non-standard meters are no longer available from existing stores

Board Action

- GRUA approve the AMI meter opt-out policy and incorporate new fees in resolution adopting GRU's rates and fees.

Annual Adjustment of Water and Wastewater New Development-Related Fees

May 29, 2024



- GRU charges new development fees on a one-time basis to new connections to the water and wastewater systems to recover GRU's capital costs for making capacity available and connecting new customers
- These fees are adjusted annually to keep up with inflation
- A 2.29% inflationary increase in these fees is proposed for 2025

- Explanation of New Development Fees
 - 1) Water and Wastewater Connection Charges
 - 2) Water Service and Meter Set
 - 3) Water and Wastewater Plan Review and Inspection
 - 4) Water Main Tapping fees
 - 5) Temporary (Hydrant) Water Service
 - 6) Additional construction costs
 - 7) Innovation District Infrastructure Improvement Area (IIA) fees
- Annual Adjustment of Fees
- Explanation of Construction Cost Index (CCI)
- Proposed 2025 Connection Charges
- Proposed 2025 Other Development Related Fees

1) Water and Wastewater Connection Charges

- One-time fees paid at the time new development connects to the GRU water and wastewater systems
- Recovers costs for capital improvements GRU makes continually to ensure we have available capacity for new growth
 - Water and wastewater plants
 - Water distribution and wastewater collection
 - Reclaimed water/effluent reuse
- Ensures existing customers not subsidizing new development
- Standard practice in water and wastewater industry
 - Also referred to as “System Development Charges” or “Capacity Fees”

2) Water Service and Meter Set

- GRU runs a new water service line to the property and installs a water meter

3) Water and Wastewater Plan Review and Inspection

- GRU technical staff review developer plans to ensure water and wastewater infrastructure is designed according to standards
- GRU inspects infrastructure installed by developers to ensure it meets standards

4) Water Main Tapping Fees:

- Cost for GRU crews to tap into an existing GRU water main to allow extension of water to new development

5) Temporary (Hydrant) Water Service

- Temporary water meter connected to a fire hydrant to allow temporary water service during construction

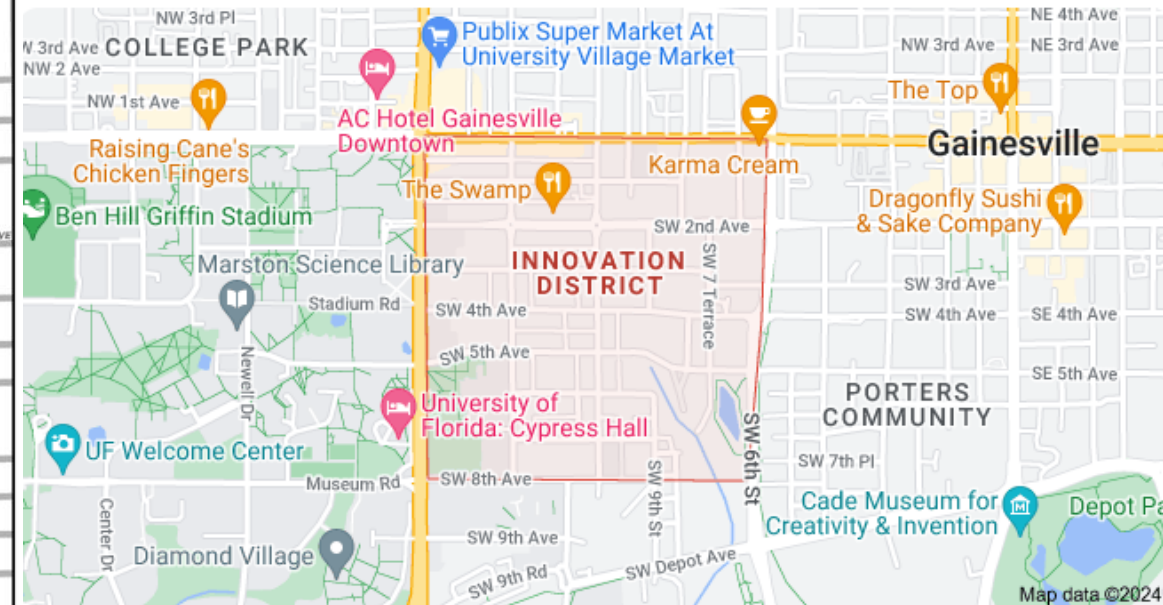
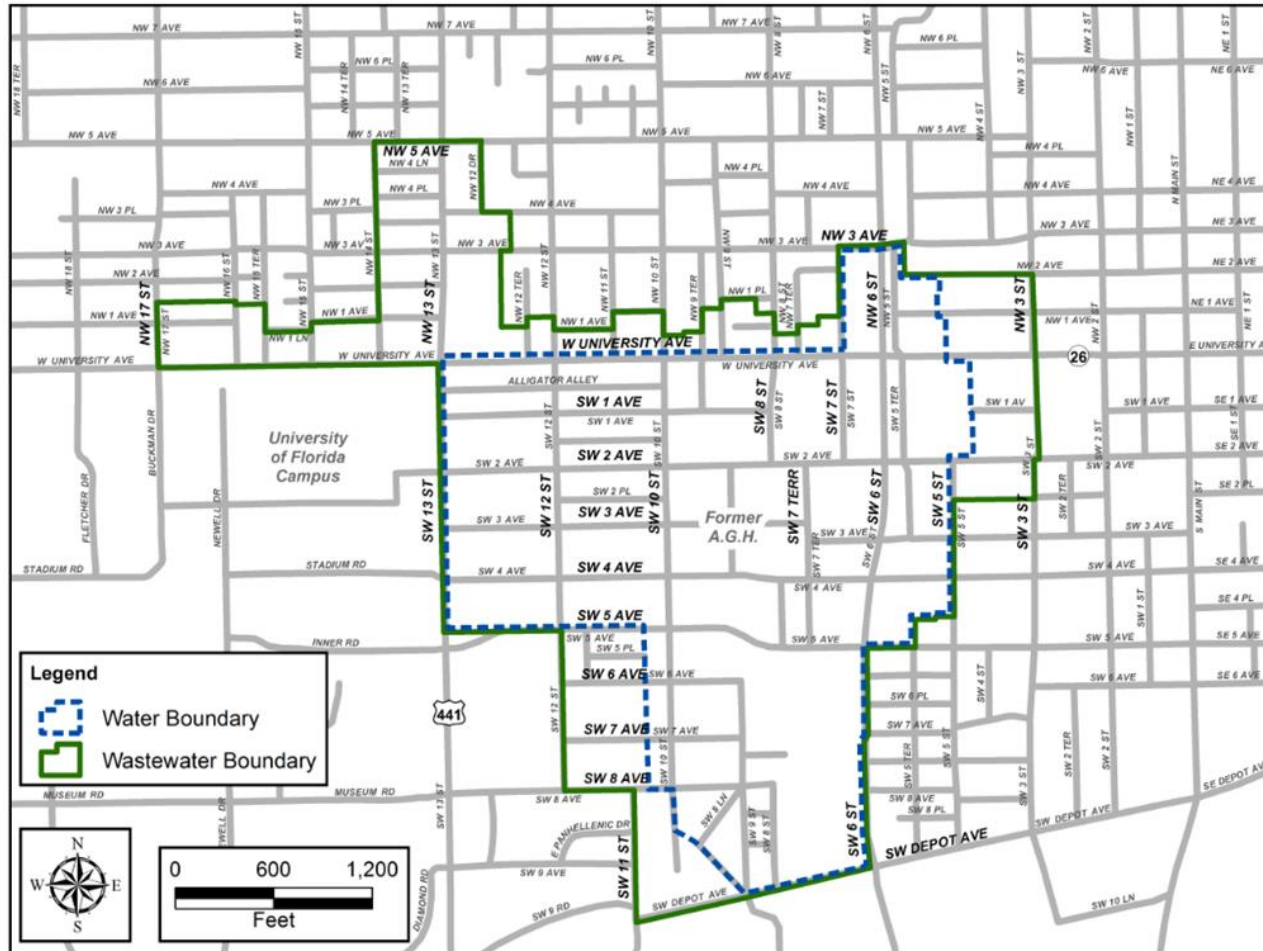
6) Additional Construction Costs

- In addition to these fees, GRU charges for any other construction work that needs to be completed by GRU to connect a new development
- These costs are based on estimated labor and equipment hours and materials costs calculated specifically for each project
- Any right-of-way permit fees GRU pays for construction related to the project will also be passed on to the development

7) Innovation District Infrastructure Improvement Area Fees

- Additional one-time fees charged to new commercial & multifamily development within boundaries of designated Innovation District Infrastructure Improvement Area (IIA)
- Established by ordinance in 2016
- Funds used to recover GRU's costs for master-planned water and sewer infrastructure needed to support area experiencing significant redevelopment
- Construction of improvements timed and coordinated with development and roadway projects and other GRU projects to maximize efficiency, reduce disruptions, and minimize overall costs

Innovation District IIA Boundaries



GRU adjusts fees annually to keep up with inflation

- Periodic detailed review of labor, equipment, and materials costs used to calculate fees
- Most years inflationary increase using Construction Cost Index (CCI) published by the Engineering News Record
- Detailed review of meter costs and tapping fees performed in 2023
- Other fees adjusted annually for inflation using CCI for past seven years
- Proposed 2025 fee increase of 2.29% based on change in CCI

What is the Engineering News Record Construction Cost Index (CCI) and why is it used?

- Construction Cost Index (CCI) is published on a monthly basis since 1908 by the Engineering News Record, a well-established construction industry news publication
- Widely used in construction industry for cost estimation
- Accounts for variation in costs over time for construction labor and materials
- Allows GRU to make inflationary adjustments to development-related fees without having to revisit all of the factors used in calculating these fees every year

Year	Index	% Increase
2019	11230.0	2.0%
2020	11436.2	1.8%
2021	12112.1	5.9%
2022	13110.5	8.2%
2023	13229.6	0.9%
2024	13532.0	2.3%

Proposed 2025 Connection Charges

Comparison of 2024 vs. proposed 2025 connection charges for single-family home

	Standard Home Greater than 1,400 ft ²		Small Home Between 850 & 1400 ft ²		Small Home/ADU Less than 850 ft ²	
	2024	2025	2024	2025	2024	2025
Water	\$1,390	\$1,421	\$903	\$924	\$496.26	\$508
Water Meter	\$836	\$856	\$836	\$856	\$836	\$856
Wastewater	\$4,081	\$4,174	\$2,652	\$2,713	\$1,457	\$1,491
TOTAL in City	\$6,307	\$6,451	\$4,392	\$4,492	\$2,790	\$2,854
TOTAL Outside City	\$7,883	\$6,451	\$5,490	\$4,492	\$3,488	\$2,854

- 25 percent surcharge on connection charges for new connections outside the city limits applied from 2000 to 2024
- GRUA action on Feb. 7, 2024, eliminated surcharge of connection charges outside the city limits starting in FY2025
- These costs do not include additional right-of-way permitting fees

Proposed 2025 Other Development Related Fees

Water Meter & Lateral		
Meter Size	2024	2025
5/8"	\$836	\$856
3/4"	\$836	\$856
1"	\$1,094	\$1,119
1 1/2"	\$2,766	\$2,829
2"	\$2,955	\$3,022
3"	\$16,891	\$17,277
4"	\$18,775	\$19,204
4" Fire Line Meter	\$23,217	\$23,748
6"	\$24,745	\$25,311
6" Fire Line Meter	\$28,809	\$29,468
8"	\$29,164	\$29,831
8" Fire Line Meter	\$34,751	\$35,546

Water Main Tapping Charges		
Tap Size	2024	2025
1"	\$1,290	\$1,320
2"	\$1,960	\$2,000
4"	\$4,650	\$4,760
6"	\$4,820	\$4,930
8"	\$5,990	\$6,130
12"	\$8,230	\$8,420

	Water		Wastewater	
	2024	2025	2024	2025
Comm & Multi-family Connection Charges (\$/gpd)	\$4.96	\$5.08	\$14.57	\$14.91
Plan Review Fee	\$940	\$960	\$1,690	\$1,730
Inspection Fee (\$/ft)	\$3.04	\$3.11	\$7.50	\$7.67

Innovation District IIA Fees				
	Water		Wastewater	
	2024	2025	2024	2025
Commercial & Institutional (\$/ft ²)	\$1.25	\$1.28	\$1.27	\$1.29
Hotel &/or Motel (\$/room)	\$497.59	\$508.97	\$505.87	\$517.44
Laboratory (wet) (\$/ft ²)	\$1.49	\$1.53	\$1.52	\$1.56
Multi-family residential (\$/bedroom)	\$348.32	\$356.28	\$354.11	\$362.21
Office & laboratory (dry) (\$/ft ²)	\$0.74	\$0.76	\$0.76	\$0.78
Parking Garage (\$/ft ²)	\$0.74	\$0.76	NA	NA

The GRU Authority:

- Approve the connection charges and new development fees in resolution adopting GRU's rates and fees.



Lighting and Pole Public & Rental Rates

May 29, 2024

Lighting convenience options

- GRU offers optional public and rental lighting programs.
- Program options allow more up front costs with lower monthly rates or little to no up front costs with a higher rate.
- Rates are reviewed annually and modified to align with cost of service.
- Lower fuel adjustment will be reflected on billings, but is not part of the light billing rate.

GRU offers an optional and competitive service for outdoor lights and poles. Customers have the following options:

- Private
 - Customer provides their own lighting in accordance with local requirements.
- GRU contributed program customer costs*
 - All the up front costs for the installation of GRU poles and lighting.
 - All the costs for replacements or removals as they occur.
 - Monthly lighting service includes energy and minor maintenance with no monthly rate for poles.
- GRU un-contributed program customer costs*
 - All-inclusive monthly service rate with little to no up front costs.
 - Monthly lighting service includes installation, maintenance, removal, and energy.
 - Monthly pole service includes installation, maintenance, and removal.

* Taxes and electric fuel adjustment are additional monthly expenses

- Offers a wide range of options
- Rental contracts are 5-year commitments with an exit clause.
- Direct access to GRU engineers to suit customer needs and compare service and price options.
- Quick repair response, within seven business days of notice of outage.
- City benefits include improved environmental footprint and beautification of community.

What is GRU proposing to change with public and rental programs?

- Continue programmatic increases for FY25 public and rental rates to align with our cost of service.
 - In FY22, GRU started three year step increases on some pole rates to better align rates with cost of services. FY25 is third and final step increase on poles in that program.
- Update all-inclusive lighting rates to align with electric energy rates.
- Assign light fixture wattages for electric fuel adjustment billings.
- Add/ remove lighting and pole fixture standards.

How will this annual cost of service increase impact the customer?

- This is a voluntary program and rate increases are priced to reach cost of service.
- New rates reflect both increases and reductions in material market prices
 - Standard 30 foot concrete pole has increased more than 50% in the last 5 years.
 - LED Acorn light has decreased approximately 5% in the last 5 years.
- Largest impacts to rental customers are those with large accounts.

Large Account Rentals

How will this annual cost of service increase impact large account customers?

	FY24 Current Monthly Bill	FY25 Proposed Monthly Bill	Monthly Bill Variance	Yearly Impact	Variance (%)
Lights	\$ 205,173	\$ 220,579	\$ 15,406	\$ 184,872	8%
Alachua County Board of County Commissio	\$ 5,898	\$ 6,105	\$ 207	\$ 2,483	4%
Alachua County Public Schools	\$ 10,752	\$ 11,482	\$ 730	\$ 8,759	7%
City of Gainesville	\$ 173,228	\$ 186,971	\$ 13,743	\$ 164,918	8%
Paradigm Properties, Inc.	\$ 15,295	\$ 16,021	\$ 726	\$ 8,711	5%
Poles	\$ 107,082	\$ 128,010	\$ 20,928	\$ 251,134	20%
Alachua County Board of County Commissio	\$ 4,004	\$ 5,152	\$ 1,148	\$ 13,779	29%
Alachua County Public Schools	\$ 7,446	\$ 9,698	\$ 2,252	\$ 27,029	30%
City of Gainesville	\$ 82,542	\$ 96,145	\$ 13,604	\$ 163,242	16%
Paradigm Properties, Inc.	\$ 13,091	\$ 17,015	\$ 3,924	\$ 47,084	30%
Grand Total	\$ 312,255	\$ 348,589	\$ 36,334	\$ 436,006	12%

How does GRU's program compare to other municipal utilities?

- Program varies with no consistent model.
- Our program stands out because we offer a complete rental program for both lights and poles with little to no up front cost.
- Program is an additional revenue source not relying on customer rate payers to offset expenses.
- Lighting projects extend beyond roadways with both public and rental options.

The GRU Authority:

- Approve the lighting program charges and fees in resolution adopting GRU's rates and fees.

FY25 Proposed Monthly Rental Rates



Billing Grouping	Ordinance Light Description	FY24 Rate	FY25 Proposed Rate	Proposed Change \$	Proposed Change %
Public Street Contributed	Light Type 16 - 250 watt HPS Cutoff, Gray	11.95	11.95	-	0%
Public Street Contributed	Light Type 24 - 400 watt HPS Cutoff, Black	17.85	17.85	-	0%
Public Street Contributed	Light Type 27 - 100 watt HPS, Large Domus	6.95	6.95	-	0%
Public Street Contributed	Light Type 31 - 250 watt HPS Cutoff, Black	11.95	11.95	-	0%
Public Street Contributed	Light Type 38 - LED Roadway Cutoff 1, Gray	2.89	3.13	0.23	8%
Public Street Contributed	Light Type 39 - LED Roadway Cutoff 2, Gray	4.88	5.17	0.29	6%
Public Street Contributed	Light Type 40 - LED Roadway Cutoff 3, Gray	6.36	6.69	0.33	5%
Public Street Contributed	Light Type 41 - LED Roadway Cutoff 4, Gray	10.38	10.83	0.45	4%
Public Street Contributed	Light Type 42 - LED Roadway Cutoff 2, Black	4.88	5.28	0.39	8%
Public Street Contributed	Light Type 43 - LED Roadway Cutoff 3, Black	6.36	6.65	0.28	4%
Public Street Contributed	Light Type 44 - LED Roadway Cutoff 4, Black	10.38	10.77	0.39	4%
Public Street Contributed	Light Type 45 - LED Roadway Cutoff 5, Gray	9.46	9.89	0.44	5%
Public Street Contributed	Light Type 46 - LED Roadway Cutoff 5, Black	9.46	9.98	0.53	6%
Public Street Contributed	Light Type 51 - LED Round Roadway, Black	14.18	14.38	0.20	1%
Public Street Contributed	Light Type 52 - LED Acorn Pedestrian	6.72	6.52	(0.20)	-3%
Public Street Contributed	Light Type 53 - LED Teardrop Roadway 2	9.96	10.03	0.07	1%
Public Street Contributed	Light Type 54 - LED Teardrop Roadway 4	9.96	10.03	0.07	1%
Public Street Contributed	Light Type 55 - LED Pendant Roadway	6.65	7.06	0.40	6%
Public Street Contributed	Light Type 56 - LED Small Pendant Pedestrian	5.69	5.53	(0.16)	-3%
Public Street Contributed	Light Type 58 - LED Flood Light 2	5.89	6.10	0.20	3%
Public Street Contributed	Light Type 59 - LED Flood Light 3	9.00	9.26	0.26	3%
Public Street Uncontributed	Light Type 2 - 175 watt MV, Conical	16.20	16.20	-	0%
Public Street Uncontributed	Light Type 14 - 150 watt HPS Cutoff, Gray	10.70	10.70	-	0%
Public Street Uncontributed	Light Type 16 - 250 watt HPS Cutoff, Gray	14.20	14.20	-	0%
Public Street Uncontributed	Light Type 17 - 400 watt MH, Round, Black	29.60	29.60	-	0%
Public Street Uncontributed	Light Type 18 - 40 watt (2) LED Capella Sm	31.83	31.68	(0.14)	0%
Public Street Uncontributed	Light Type 19 - 100 watt HPS, Conical	14.95	14.95	-	0%
Public Street Uncontributed	Light Type 22 - 400 watt MH Flood Light	20.10	20.10	-	0%
Public Street Uncontributed	Light Type 24 - 400 watt HPS Cutoff, Black	24.35	24.35	-	0%
Public Street Uncontributed	Light Type 27 - 100 watt HPS, Large Domus	35.20	35.20	-	0%
Public Street Uncontributed	Light Type 29 - 100 watt HPS, Traditional	29.95	29.95	-	0%
Public Street Uncontributed	Light Type 30 - 100 watt MH, Traditional	31.10	31.10	-	0%
Public Street Uncontributed	Light Type 31 - 250 watt HPS Cutoff, Black	20.70	20.70	-	0%
Public Street Uncontributed	Light Type 32 - 150 watt HPS Cutoff, Black	18.45	18.45	-	0%
Public Street Uncontributed	Light Type 33 - 200 watt HPS, Renaissance II (2 ft. arm)	39.20	39.20	-	0%
Public Street Uncontributed	Light Type 34 - 200 watt HPS, Renaissance IV (4 ft. arm)	39.95	39.95	-	0%
Public Street Uncontributed	Light Type 38 - LED Roadway Cutoff 1, Gray	13.27	13.71	0.44	3%
Public Street Uncontributed	Light Type 39 - LED Roadway Cutoff 2, Gray	17.10	17.76	0.67	4%
Public Street Uncontributed	Light Type 40 - LED Roadway Cutoff 3, Gray	18.95	19.65	0.69	4%
Public Street Uncontributed	Light Type 41 - LED Roadway Cutoff 4, Gray	25.09	25.98	0.89	4%
Public Street Uncontributed	Light Type 42 - LED Roadway Cutoff 2, Black	18.10	19.27	1.17	6%
Public Street Uncontributed	Light Type 43 - LED Roadway Cutoff 3, Black	19.95	20.29	0.34	2%
Public Street Uncontributed	Light Type 44 - LED Roadway Cutoff 4, Black	26.09	26.54	0.46	2%
Public Street Uncontributed	Light Type 45 - LED Roadway Cutoff 5, Gray	24.26	25.21	0.95	4%
Public Street Uncontributed	Light Type 46 - LED Roadway Cutoff 5, Black	25.26	26.61	1.36	5%
Public Street Uncontributed	Light Type 51 - LED Round Roadway, Black	43.48	42.50	(0.97)	-2%
Public Street Uncontributed	Light Type 52 - LED Acorn Pedestrian	31.82	29.53	(2.29)	-7%
Public Street Uncontributed	Light Type 53 - LED Teardrop Roadway 2	44.19	42.69	(1.43)	-3%
Public Street Uncontributed	Light Type 54 - LED Teardrop Roadway 4	45.33	42.62	(2.71)	-6%
Public Street Uncontributed	Light Type 55 - LED Pendant Roadway	37.67	41.14	3.47	9%
Public Street Uncontributed	Light Type 56 - LED Small Pendant Pedestrian	24.19	23.73	(0.46)	-2%

Billing Grouping	Ordinance Light Description	FY24 Rate	FY25 Proposed Rate	Proposed Change \$	Proposed Change %
Public Street Uncontributed	Light Type 69 - LED Acorn Pedestrian	25.95	24.33	(1.63)	-6%
Public Street Uncontributed	Light Type 70 - LED Teardrop Roadway 2	29.79	31.24	1.45	5%
Public Street Uncontributed	Light Type 71 - LED Teardrop Roadway 4	29.79	31.24	1.45	5%
Public Street Uncontributed	Light Type 72 - LED Pendant Roadway	25.55	27.34	1.79	7%
Public Street Uncontributed	Light Type 73 - LED Small Pendant Pedestrian	21.90	20.54	(1.37)	-6%
Public Street Uncontributed	Light Type 76 - 90 watt (2) LED Capella Med	38.90	50.41	11.52	30%
Public Street Uncontributed	Light Type 77 - 90 watt (3) LED Capella Med	38.90	50.60	11.71	30%
Public Street Uncontributed	Light Type 78 - 40 watt (2) LED Capella Sm	31.83	42.84	11.01	35%
Public Street Uncontributed	Light Type 79 - 40 watt / 90 watt Double LED Capella Med (2-2)	64.11	91.56	27.45	43%
Public Street Uncontributed	Light Type 80 - 65 watt (3) LED Capella Med	33.95	48.78	14.83	44%
Public Street Uncontributed	Light Type 81 - 40 watt / 90 watt Double LED Capella Med (2-4)	61.79	91.56	29.77	48%
Public Street Uncontributed	Light Type 82 - 60 watt / 90 watt Double LED Capella Sm (2-3)	65.38	85.10	19.72	30%
Public Street Uncontributed	Light Type 83 - 40 watt LED Capella Sm (5)	30.18	42.84	12.66	42%
Public Street Uncontributed	Light Type 84 - 60 watt LED Capella Sm (2)	33.38	43.62	10.24	31%
Public Street Uncontributed	Light Type 85 - 40 watt LED Capella Sm (4)	30.18	42.84	12.66	42%
Public Street Uncontributed	Light Type 86 - watt Double LED Capella Sm (4-4)	51.93	77.09	25.16	48%
Public Street Uncontributed	Light Type 87 - 40 watt LED Capella Med (4)	33.95	48.79	14.85	44%
Public Street Uncontributed	Light Type 88 - 40 watt/40 watt Double LED BL Capella Sm (2-2)	51.82	77.13	25.31	49%
Public Street Uncontributed	Light Type 89 - 90 watt/90 watt Double LED BL Capella Med (2-2)	61.24	87.19	25.95	42%
Public Street Uncontributed	Light Type 90 - 55 watt LED Capella Sm (2)	30.94	43.63	12.69	41%
Public Street Uncontributed	Light Type 91 - 55 watt Sm/90 watt Med Double LED Capella (2-3)	68.99	91.85	22.85	33%
Public Street Uncontributed	Light Type 92 - 55 watt Sm/90 watt Med Double LED Capella (3-2)	70.19	91.66	21.47	31%
Public Street Uncontributed	Light Type 93 - 55 watt Sm/90 watt Med Double LED Capella (3-4)	70.19	91.85	21.65	31%
Public Street Uncontributed	Light Type 94 - 72 watt LED BL Domus (3)	38.09	46.54	8.45	22%
Public Street Uncontributed	Light Type 95 - 60 watt LED Capella Sm (3)	33.38	43.62	10.24	31%
Public Street Uncontributed	Light Type 96 - 90 watt LED Capella Med (4 Tx)	36.27	50.60	14.33	40%
Public Street Uncontributed	Light Type 97 - 90 watt/90 watt Double LED Capella Med (2-2)	78.88	103.76	24.88	32%
Public Street Uncontributed	Light Type 98 - 90 watt LED Capella Med (4)	43.71	57.67	13.95	32%
Public Street Uncontributed	Light Type 99 - 90 watt LED Capella Med (3)	38.90	50.60	11.71	30%
Rental Contributed	Light Type 14 - 150 watt HPS Cutoff, Gray	7.95	7.95	-	0%
Rental Contributed	Light Type 19 - 100 watt HPS, Conical	5.45	5.45	-	0%
Rental Contributed	Light Type 26 - 100 watt HPS, Granville	8.45	8.45	-	0%
Rental Contributed	Light Type 27 - 100 watt HPS, Large Domus	6.95	6.95	-	0%
Rental Contributed	Light Type 38 - LED Roadway Cutoff 1, Gray	3.14	3.40	0.27	8%
Rental Contributed	Light Type 39 - LED Roadway Cutoff 2, Gray	5.16	5.48	0.32	6%
Rental Contributed	Light Type 40 - LED Roadway Cutoff 3, Gray	6.66	7.02	0.36	5%
Rental Contributed	Light Type 41 - LED Roadway Cutoff 4, Gray	10.76	11.24	0.49	5%
Rental Contributed	Light Type 42 - LED Roadway Cutoff 2, Black	5.16	5.61	0.45	9%
Rental Contributed	Light Type 43 - LED Roadway Cutoff 3, Black	6.66	6.96	0.31	5%
Rental Contributed	Light Type 44 - LED Roadway Cutoff 4, Black	10.76	11.17	0.42	4%
Rental Contributed	Light Type 45 - LED Roadway Cutoff 5, Gray	9.83	10.31	0.48	5%
Rental Contributed	Light Type 46 - LED Roadway Cutoff 5, Black	9.83	10.42	0.58	6%
Rental Contributed	Light Type 51 - LED Round Roadway, Black	15.18	15.37	0.18	1%
Rental Contributed	Light Type 52 - LED Acorn Pedestrian	7.56	7.31	(0.25)	-3%
Rental Contributed	Light Type 53 - LED Teardrop Roadway 2	10.90	10.96	0.06	1%
Rental Contributed	Light Type 54 - LED Teardrop Roadway 4	10.90	10.96	0.06	1%
Rental Contributed	Light Type 55 - LED Pendant Roadway	7.47	7.94	0.47	6%
Rental Contributed	Light Type 56 - LED Small Pendant Pedestrian	6.21	6.21	(0.20)	-3%
Rental Contributed	Light Type 57 - LED Flood Light 1	2.47	2.85	0.39	16%
Rental Contributed	Light Type 58 - LED Flood Light 2	6.28	6.50	0.22	4%
Rental Contributed	Light Type 59 - LED Flood Light 3	9.39	9.66	0.27	3%

Billing Grouping	Ordinance Light Description	FY24 Rate	FY25 Proposed Rate	Proposed Change \$	Proposed Change %
Rental Uncontributed	Light Type 22 - 400 watt MH Flood Light	20.10	20.10	-	0%
Rental Uncontributed	Light Type 23 - 400 watt HPS Cutoff, Gray	21.60	21.60	-	0%
Rental Uncontributed	Light Type 25 - 100 watt HPS, Lantern	18.20	18.20	-	0%
Rental Uncontributed	Light Type 26 - 100 watt HPS, Granville	26.60	26.60	-	0%
Rental Uncontributed	Light Type 27 - 100 watt HPS, Large Domus	40.70	40.70	-	0%
Rental Uncontributed	Light Type 29 - 100 watt HPS, Traditional	33.00	33.00	-	0%
Rental Uncontributed	Light Type 30 - 100 watt MH, Traditional	34.25	34.25	-	0%
Rental Uncontributed	Light Type 36 - 100 watt MH, Acorn	34.25	34.25	-	0%
Rental Uncontributed	Light Type 38 - LED Roadway Cutoff 1, Gray	18.31	19.24	0.93	5%
Rental Uncontributed	Light Type 39 - LED Roadway Cutoff 2, Gray	22.51	23.69	1.19	5%
Rental Uncontributed	Light Type 40 - LED Roadway Cutoff 3, Gray	24.44	25.66	1.22	5%
Rental Uncontributed	Light Type 41 - LED Roadway Cutoff 4, Gray	31.04	32.47	1.43	5%
Rental Uncontributed	Light Type 42 - LED Roadway Cutoff 2, Black	23.69	25.47	1.79	8%
Rental Uncontributed	Light Type 43 - LED Roadway Cutoff 3, Black	25.62	26.42	0.80	3%
Rental Uncontributed	Light Type 44 - LED Roadway Cutoff 4, Black	32.22	33.14	0.91	3%
Rental Uncontributed	Light Type 51 - LED Round Roadway, Black	52.68	51.90	(0.78)	-1%
Rental Uncontributed	Light Type 52 - LED Acorn Pedestrian	40.10	37.82	(2.29)	-6%
Rental Uncontributed	Light Type 55 - LED Pendant Roadway	47.01	51.52	4.50	10%
Rental Uncontributed	Light Type 56 - LED Small Pendant Pedestrian	39.32	42.82	3.51	9%
Rental Uncontributed	Light Type 57 - LED Flood Light 1	17.82	19.34	1.52	9%
Rental Uncontributed	Light Type 58 - LED Flood Light 2	25.41	25.57	0.16	1%
Rental Uncontributed	Light Type 59 - LED Flood Light 3	28.71	28.73	0.03	0%
Rental Uncontributed	Light Type 61 - LED Roadway Cutoff 1, Gray	10.65	12.12	1.47	14%
Rental Uncontributed	Light Type 62 - LED Roadway Cutoff 2, Gray	13.80	15.33	1.53	11%
Rental Uncontributed	Light Type 63 - LED Roadway Cutoff 3, Gray	15.74	17.29	1.56	10%
Rental Uncontributed	Light Type 64 - LED Roadway Cutoff 4, Gray	22.34	24.10	1.77	8%
Rental Uncontributed	Light Type 65 - LED Roadway Cutoff 2, Black	13.80	16.05	2.24	16%
Rental Uncontributed	Light Type 66 - LED Roadway Cutoff 3, Black	15.74	16.99	1.25	8%
Rental Uncontributed	Light Type 67 - LED Roadway Cutoff 4, Black	22.34	23.71	1.37	6%
Rental Uncontributed	Light Type 68 - LED Round Roadway, Black	45.76	45.76	0.00	0%
Rental Uncontributed	Light Type 69 - LED Acorn Pedestrian	33.18	31.67	(1.51)	-5%
Rental Uncontributed	Light Type 70 - LED Teardrop Roadway 2	37.27	39.38	2.11	6%
Rental Uncontributed	Light Type 71 - LED Teardrop Roadway 4	37.27	39.38	2.11	6%
Rental Uncontributed	Light Type 72 - LED Pendant Roadway	32.70	35.23	2.52	8%
Rental Uncontributed	Light Type 73 - LED Small Pendant Pedestrian	28.47	27.27	(1.20)	-4%

Billing Grouping	Ordinance Pole Description	FY24 Rate	FY25 Proposed Rate	Proposed Change \$	Proposed Change %
Public Street Uncontributed	P1 - 10 foot (direct buried) pole decorative concrete	17.92	20.51	2.59	14%
Public Street Uncontributed	P2 - 10 foot fiberglass pole black for use with Light Type 28	17.75	17.75	-	0%
Public Street Uncontributed	P3 - 12 Foot Aluminum Pole for use with Light Types 2 and 19	7.50	7.50	-	0%
Public Street Uncontributed	P4 - 18 Foot Aluminum Pole for use with Light Types 2 and 19	8.50	8.50	-	0%
Public Street Uncontributed	P5 - 18 foot Domus pole black for use with Light Type 27	23.22	29.02	5.80	25%
Public Street Uncontributed	P6 - 19 foot Fiberglass Pole Black for use with Light Type 25	3.75	3.75	-	0%
Public Street Uncontributed	P7 - 26 foot steel Renaissance pole black	37.80	39.03	1.23	3%
Public Street Uncontributed	P8 - 30 foot wood pole	9.91	12.61	2.70	27%
Public Street Uncontributed	P9 - 30 foot concrete pole	13.10	16.39	3.30	25%
Public Street Uncontributed	P10 - 30 foot fiberglass breakaway pole grey	23.26	27.38	4.13	18%
Public Street Uncontributed	P11 - 30 foot aluminum pole black for use with Light Type 17	25.92	30.29	4.37	17%
Public Street Uncontributed	P12 - 35 foot wood pole	10.24	12.98	2.74	27%
Public Street Uncontributed	P13 - 35 foot concrete pole	13.21	16.44	3.23	24%
Public Street Uncontributed	P14 - 35 foot (direct buried) decorative octagonal concrete pole black	25.28	29.92	4.64	18%
Public Street Uncontributed	P15 - 40 foot wood pole	11.68	15.01	3.34	29%
Public Street Uncontributed	P16 - 40 foot concrete pole	15.90	19.48	3.58	22%
Public Street Uncontributed	P17 - 40 foot direct buried decorative octagonal concrete pole black	31.79	35.68	3.89	12%
Public Street Uncontributed	P18 - 45 foot wood pole	18.08	19.18	1.10	6%
Public Street Uncontributed	P19 - 45 foot concrete pole	16.59	20.26	3.67	22%
Public Street Uncontributed	P21 - 12 foot black steel pole	18.95	16.83	(2.12)	-11%
Public Street Uncontributed	P22 - 18 foot steel tx pole	21.80	24.20	2.40	11%
Public Street Uncontributed	P23 - 12 foot round aluminum tx pole	18.04	24.43	6.39	35%
Public Street Uncontributed	P24 - 25 foot round aluminum tx pole	28.19	34.16	5.97	21%
Public Street Uncontributed	P26 - 20 foot aluminum tapered pole	29.35	39.02	9.67	33%
Public Street Uncontributed	P27 - 30 foot aluminum tapered tx pole	37.04	47.02	9.98	27%
Public Street Uncontributed	P28 - 14 foot black round aluminum tx pole	18.89	21.40	2.51	13%
Public Street Uncontributed	P29 - 16 foot black steel tx pole	21.80	23.72	1.92	9%
Public Street Uncontributed	P30 - 25 foot black steel tx pole	24.73	26.22	1.49	6%
Public Street Uncontributed	P31 - 15 foot round aluminum tx pole	19.88	24.43	4.55	23%
Public Street Uncontributed	P32 - 18 foot black aluminum bottleneck tx pole	36.59	40.17	3.58	10%
Rental Uncontributed	P1 - 10 foot (direct buried) pole decorative concrete	20.75	23.63	2.88	14%
Rental Uncontributed	P2 - 10 foot fiberglass pole black for use with Light Type 28	20.00	20.00	-	0%
Rental Uncontributed	P3 - 12 Foot Aluminum Pole for use with Light Types 2 and 19	8.75	8.75	-	0%
Rental Uncontributed	P4 - 18 Foot Aluminum Pole for use with Light Types 2 and 19	9.50	9.50	-	0%
Rental Uncontributed	P5 - 18 foot Domus pole black for use with Light Type 27	27.52	34.03	6.51	24%
Rental Uncontributed	P6 - 19 foot Fiberglass Pole Black for use with Light Type 25	3.75	3.75	-	0%
Rental Uncontributed	P7 - 26 foot steel Renaissance pole black	42.10	44.03	1.93	5%
Rental Uncontributed	P8 - 30 foot wood pole	13.10	17.40	4.30	33%
Rental Uncontributed	P9 - 30 foot concrete pole	16.26	21.13	4.88	30%
Rental Uncontributed	P10 - 30 foot fiberglass breakaway pole grey	26.15	31.73	5.58	21%
Rental Uncontributed	P11 - 30 foot aluminum pole black for use with Light Type 17	29.41	35.29	5.88	20%
Rental Uncontributed	P12 - 35 foot wood pole	13.57	17.98	4.41	32%
Rental Uncontributed	P13 - 35 foot concrete pole	16.37	21.18	4.81	29%
Rental Uncontributed	P14 - 35 foot (direct buried) decorative octagonal concrete pole black	29.73	35.47	5.74	19%
Rental Uncontributed	P15 - 40 foot wood pole	16.28	21.92	5.64	35%
Rental Uncontributed	P16 - 40 foot concrete pole	19.06	24.22	5.16	27%
Rental Uncontributed	P17 - 40 foot direct buried decorative octagonal concrete pole black	36.74	41.23	4.49	12%
Rental Uncontributed	P18 - 45 foot wood pole	21.83	25.25	3.42	16%
Rental Uncontributed	P19 - 45 foot concrete pole	19.75	25.00	5.25	27%
Rental Uncontributed	P21 - 12 foot black steel pole	21.24	19.96	(1.28)	-6%

Forecasts of Customers, Sales and Revenues

May 29, 2024

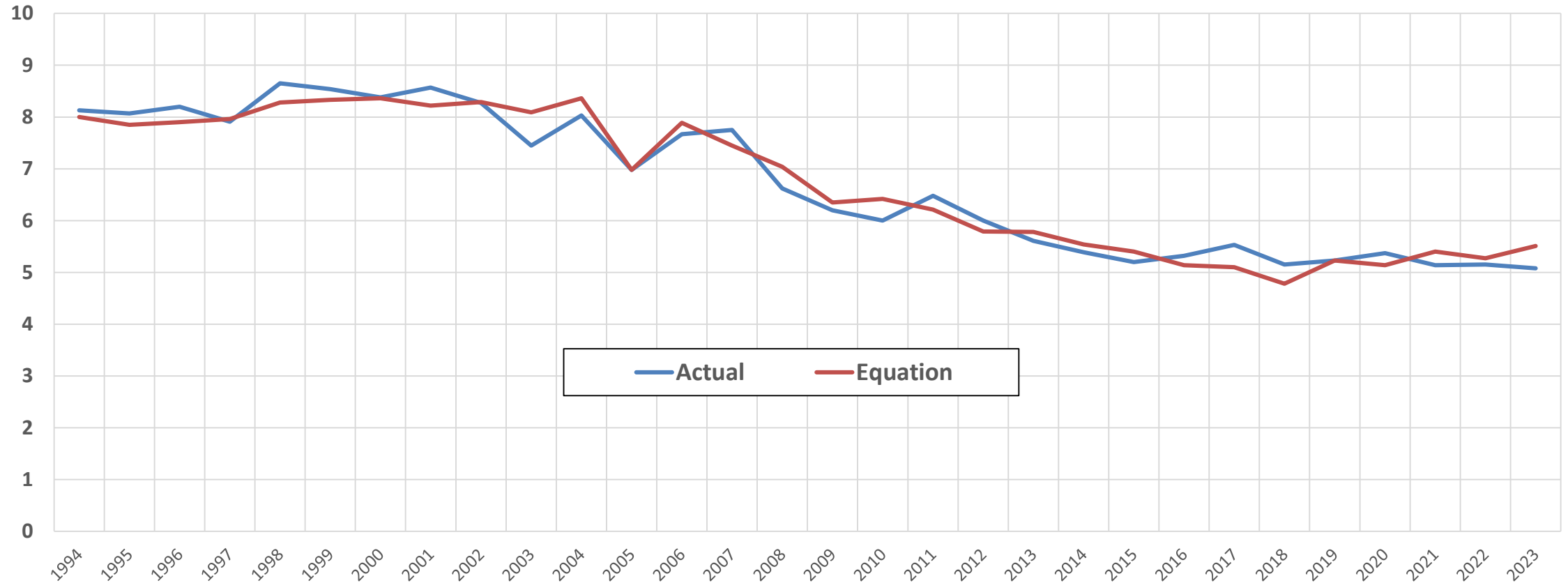
Forecast Methodology

- Econometric approach used to develop projections of number of customers and usage per customer, by customer class
- Bottom-up Approach
- GRU Billing Records and System Logs
- Demographics: Bureau of Economic and Business Research
- Economics: Woods & Poole Economics, Inc.
- Temperatures and Rainfall: National Weather Service – Gainesville Regional Airport

Econometric Equation

$\text{KGA/Customer/Month} = 10.5 - 0.033 (\text{Seasonal Rainfall}) - 1.00 (\text{Price per KGA}) - 1.08 (\text{2004 Hurricanes})$

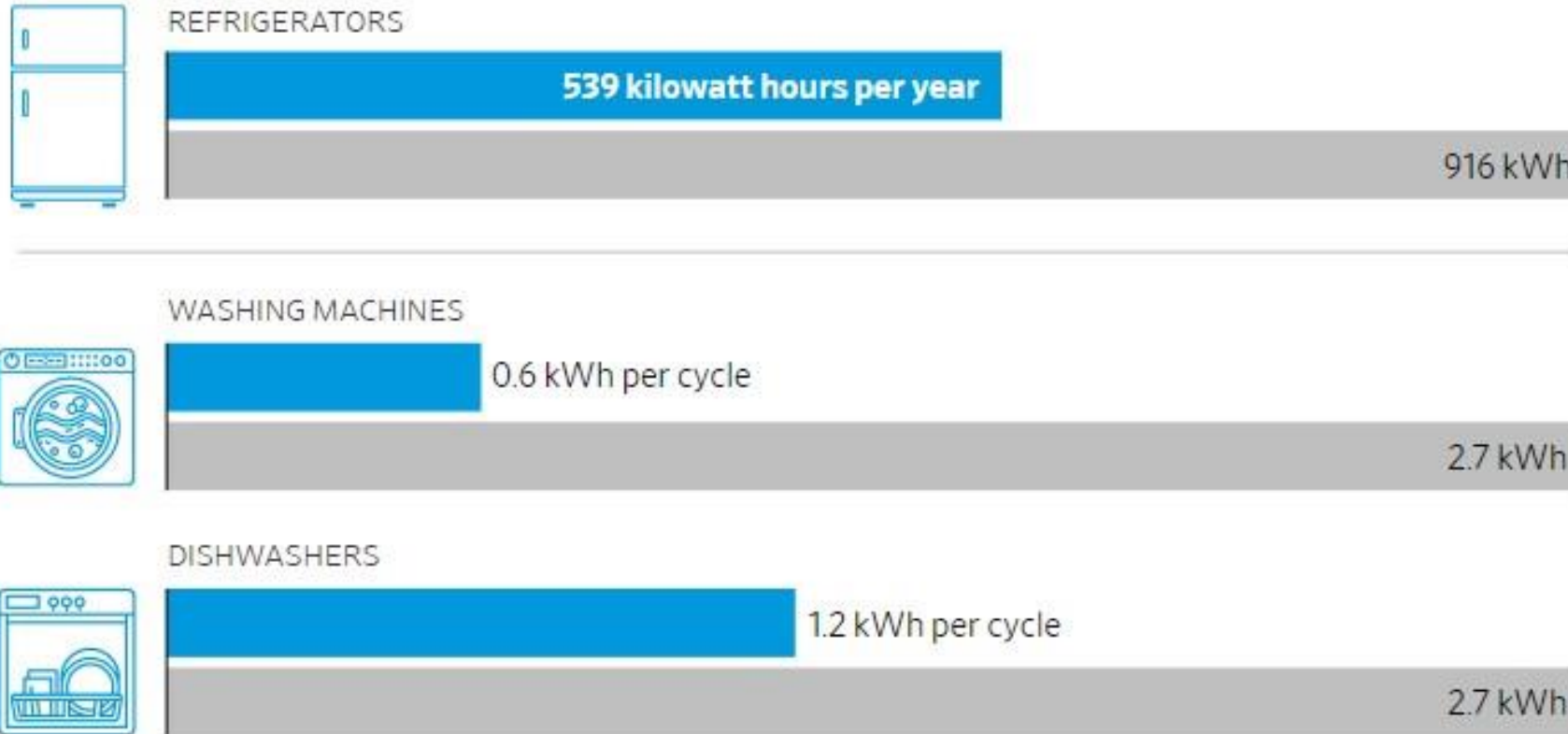
Residential KGA per Month



Codes & Standards

Typical energy use, by appliance

■ 2021 ■ 1990



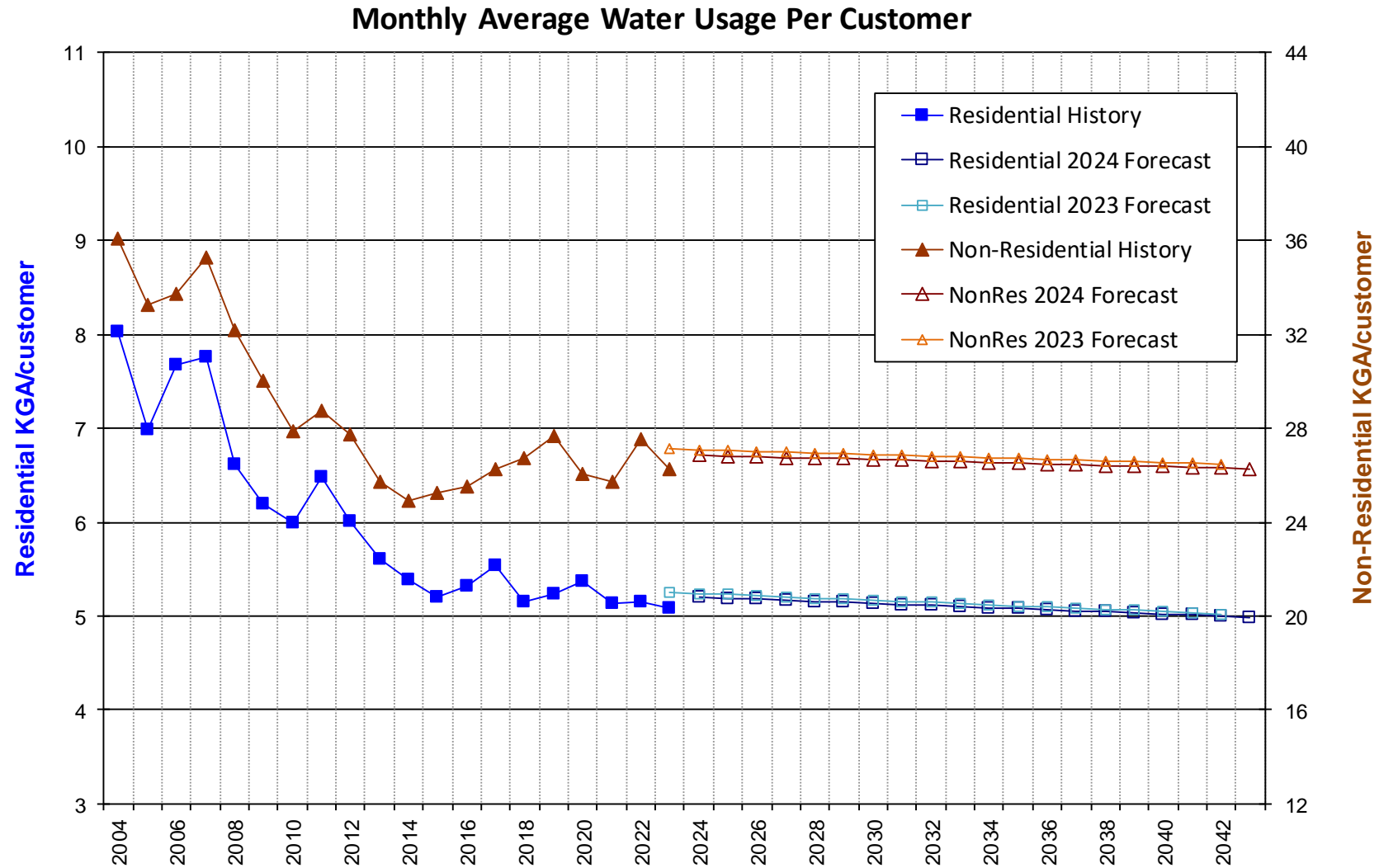
Source: Association of Home Appliance Manufacturers

Water System

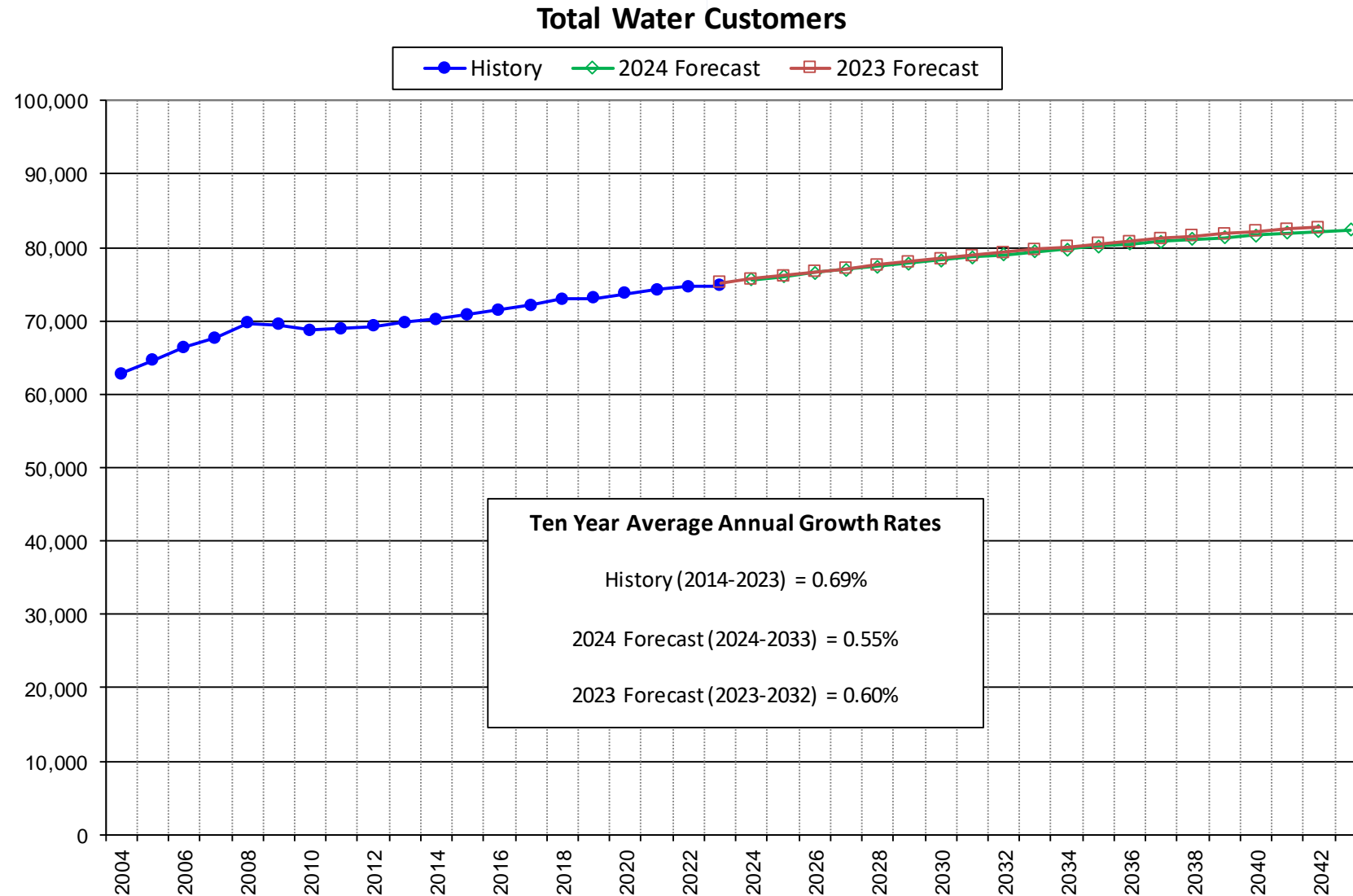
Rate Category	Customers	Volume (KGA)	Revenue
Residential – Domestic	87.1%	45.6%	54.8%
Residential – Irrigation	2.4%	1.9%	2.7%
Residential – Multi Family	1.8%	11.4%	9.7%
Commercial	6.7%	25.3%	22.6%
Commercial – Irrigation	1.9%	4.4%	4.8%
U of F	0.1%	11.4%	5.4%
Totals	74,712	7,154,906	\$36,290,588



Water Use per Customer

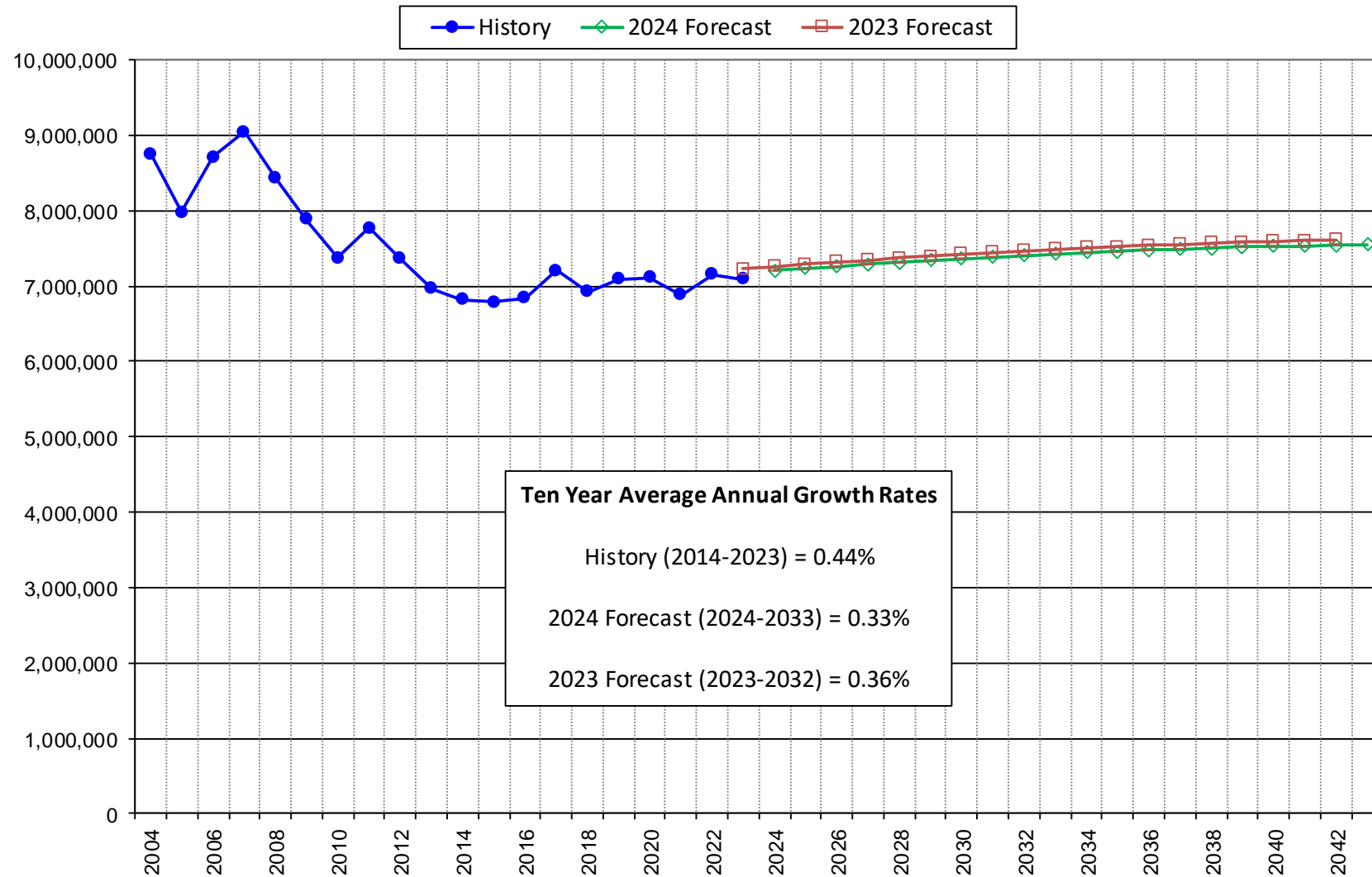


Number of Water Customers



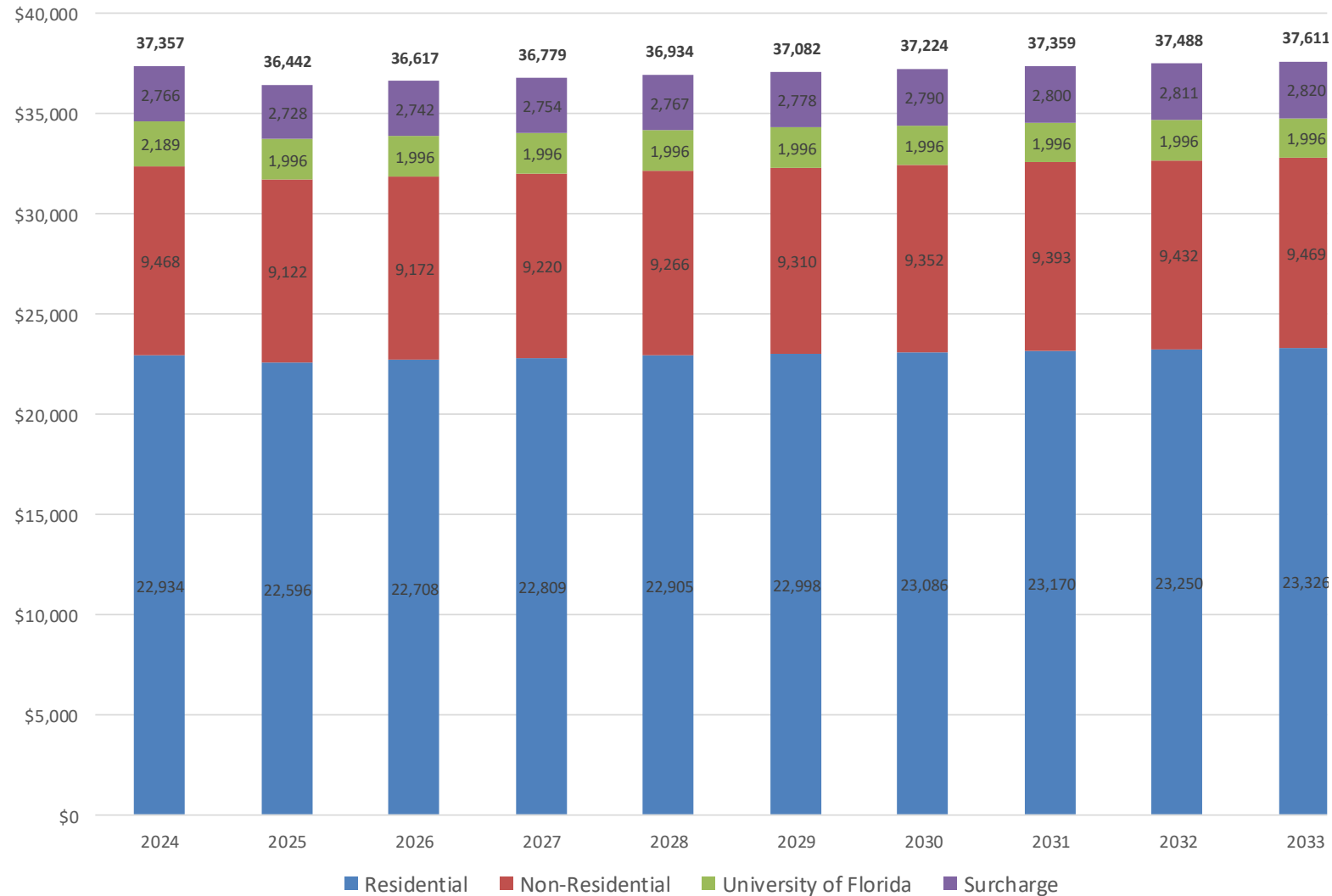
Water Sales

Total Water Sales (KGA)



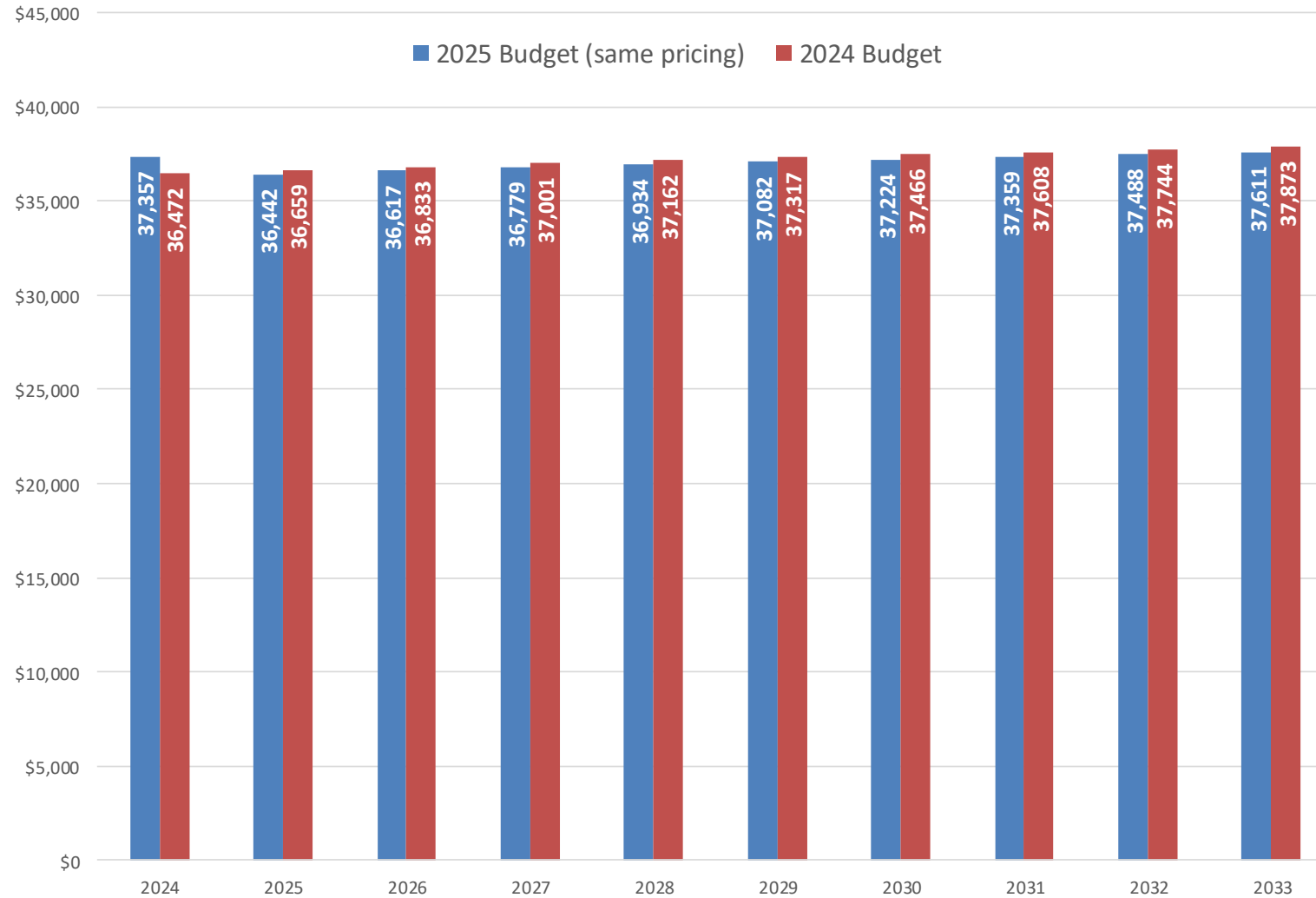
Water Revenue

Components of Water System Revenue (\$000)



Water Revenue

Water System Revenue (\$000)

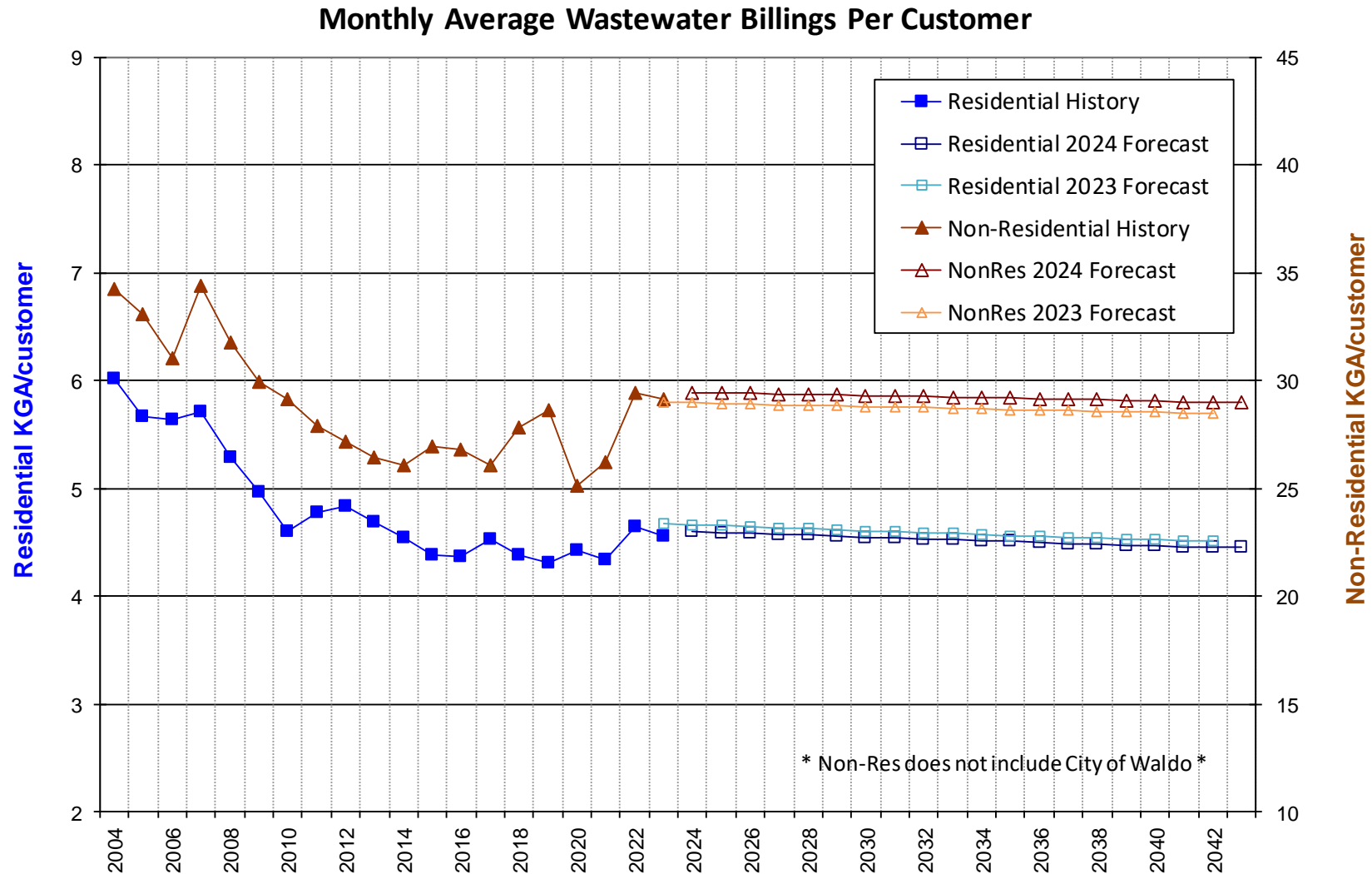


Wastewater System

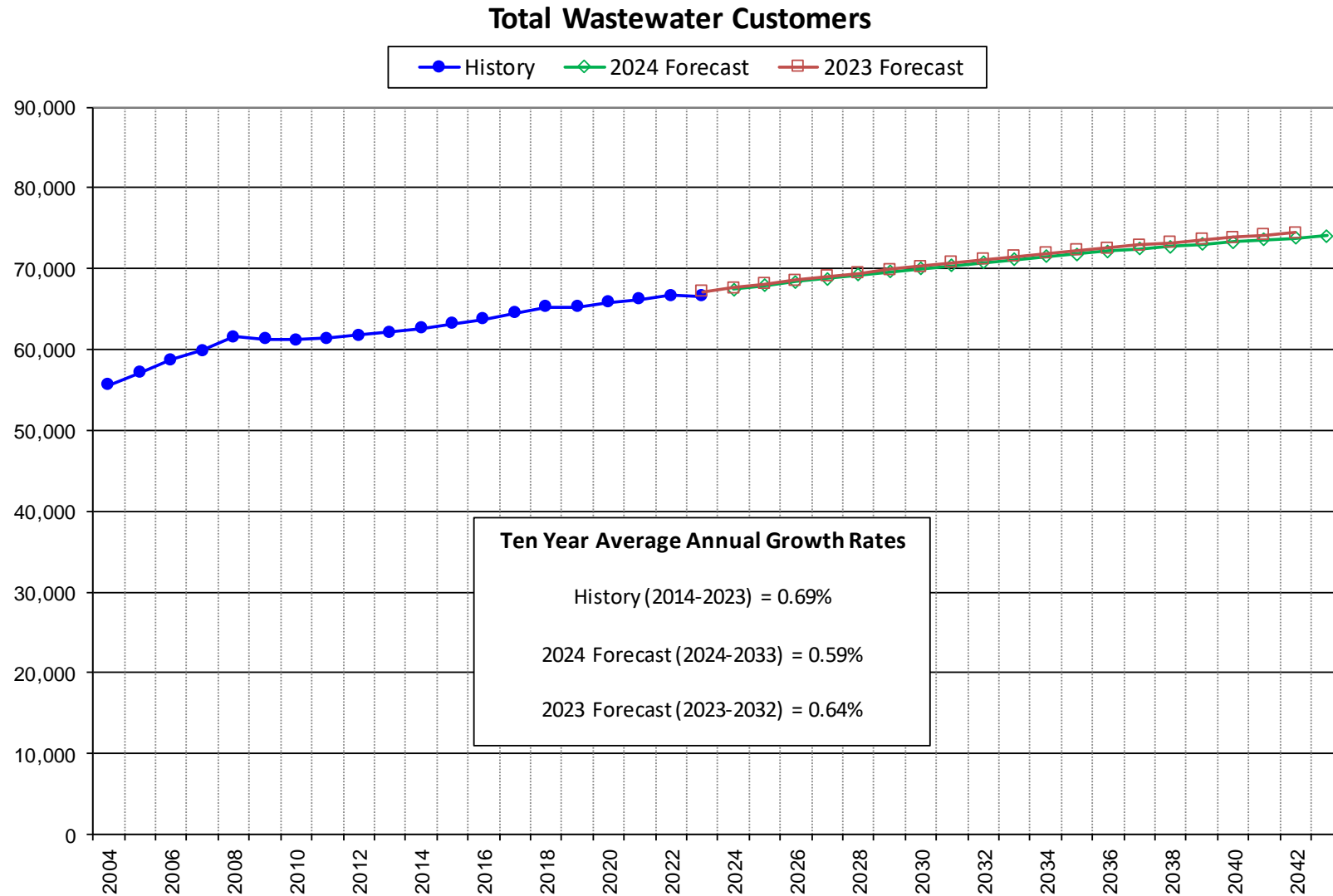
Rate Category	Customers	Volume (KGA)	Revenue
Residential – Domestic	86.5%	49.4%	57.1%
Residential – Irrigation	4.8%	3.4%	4.0%
Residential – Multi Family	2.0%	15.7%	12.8%
Commercial	6.7%	31.5%	26.1%
Totals	66,641	5,053,492	\$45,459,432
Reclaimed Water	1,599	331,311	\$612,350



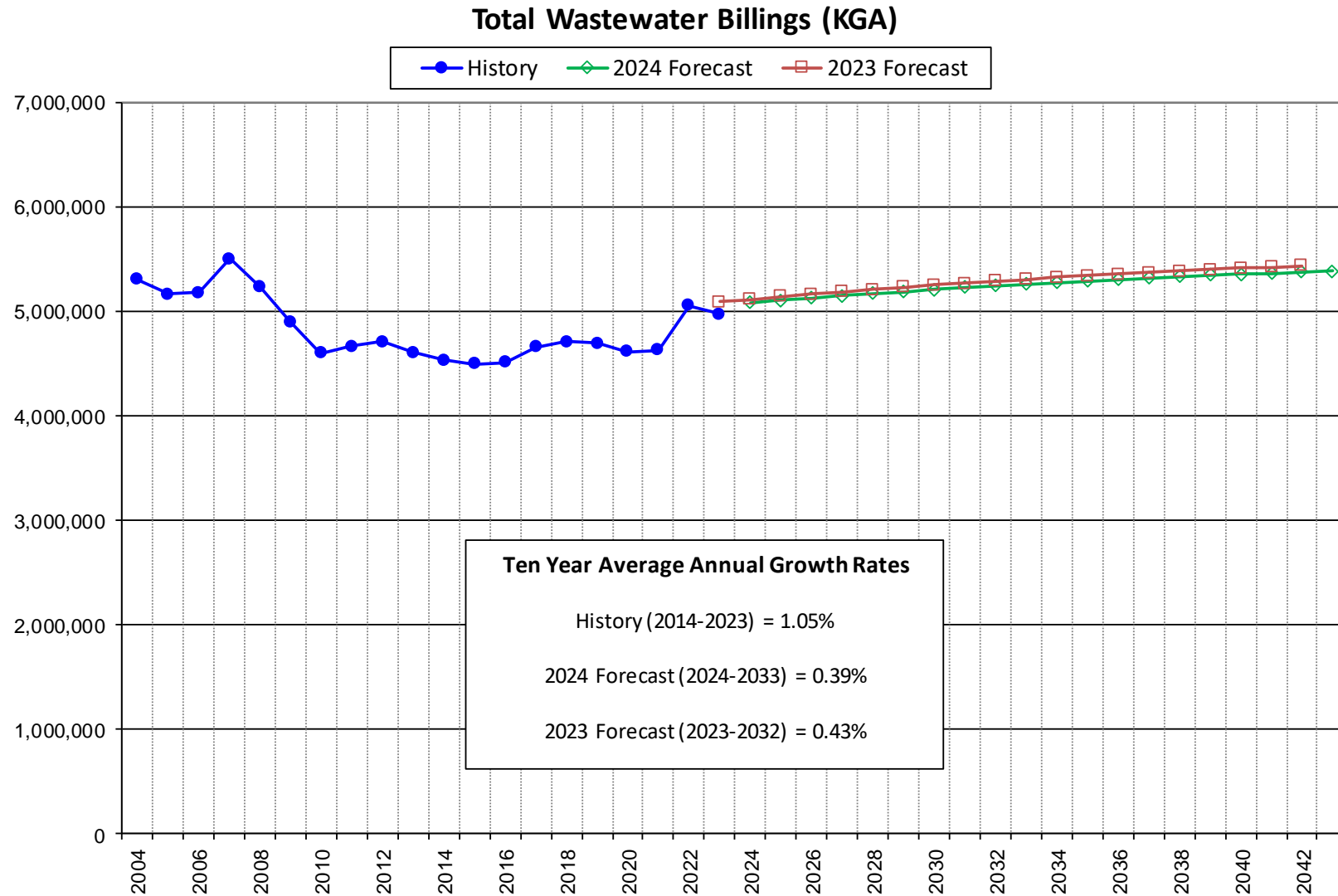
WW Billings per Customer



Number of WW Customers

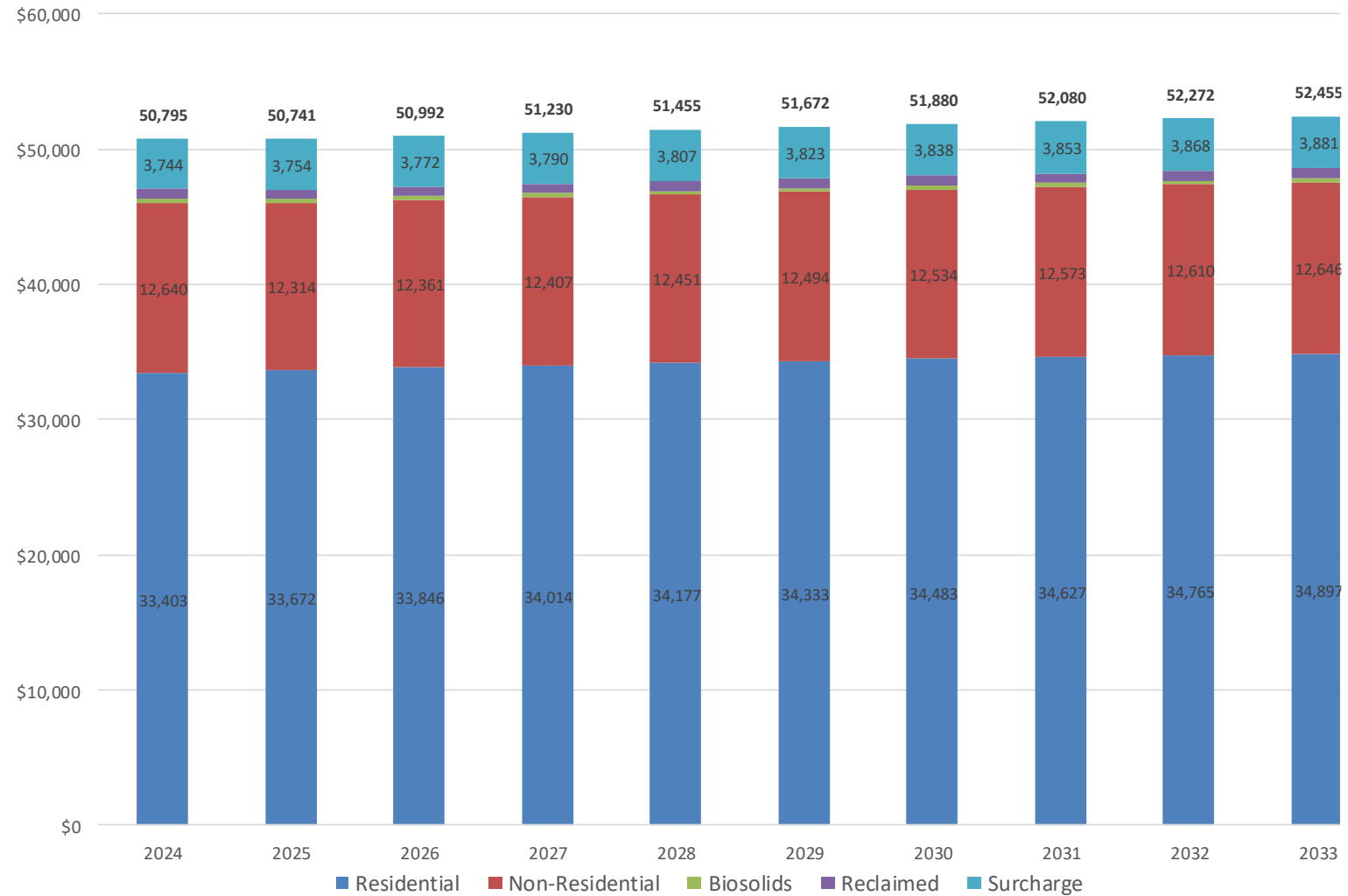


Wastewater Billings



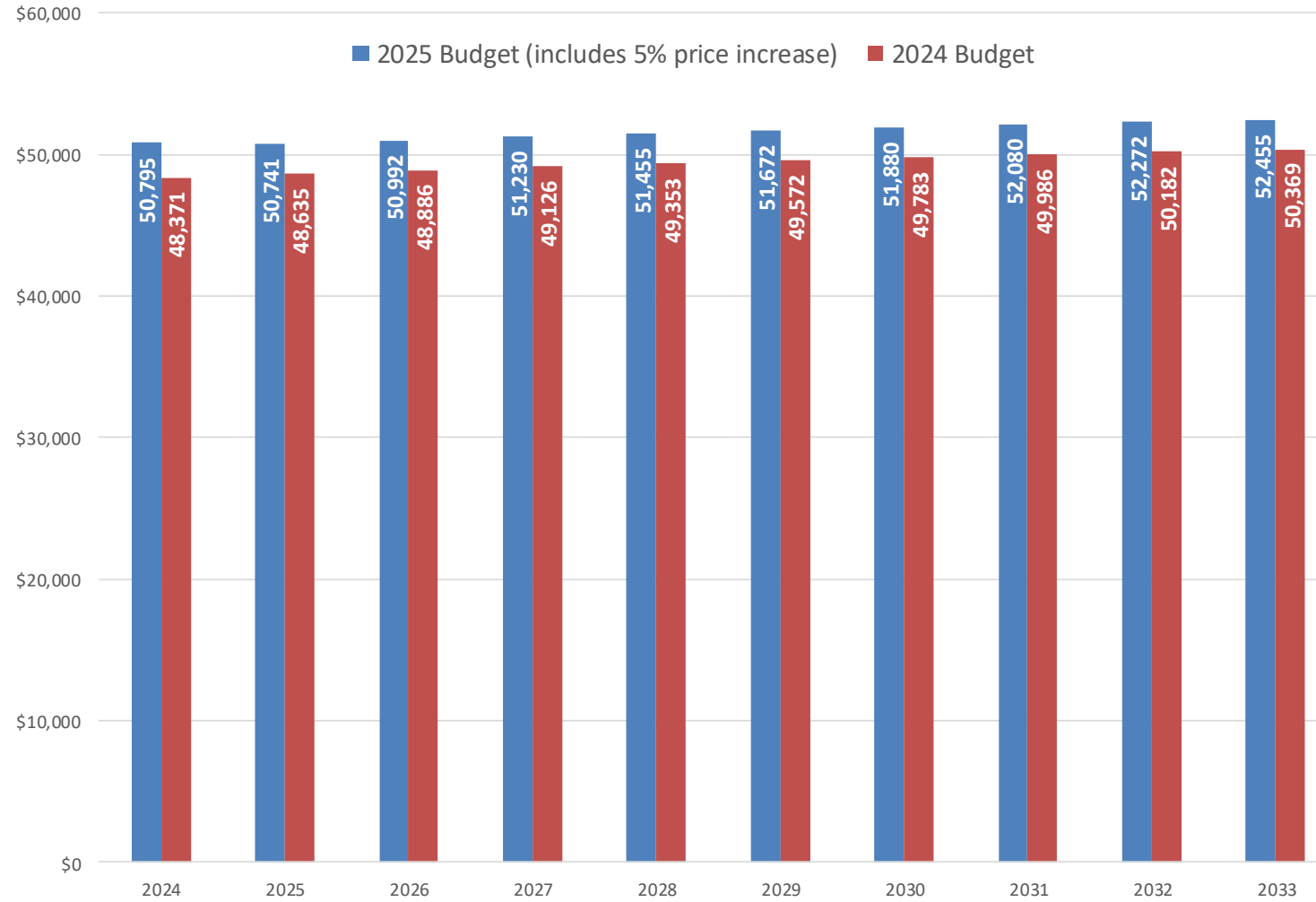
Wastewater Revenue

Components of Wastewater System Revenue (\$'000)



Wastewater Revenue

Wastewater System Revenue (\$000)

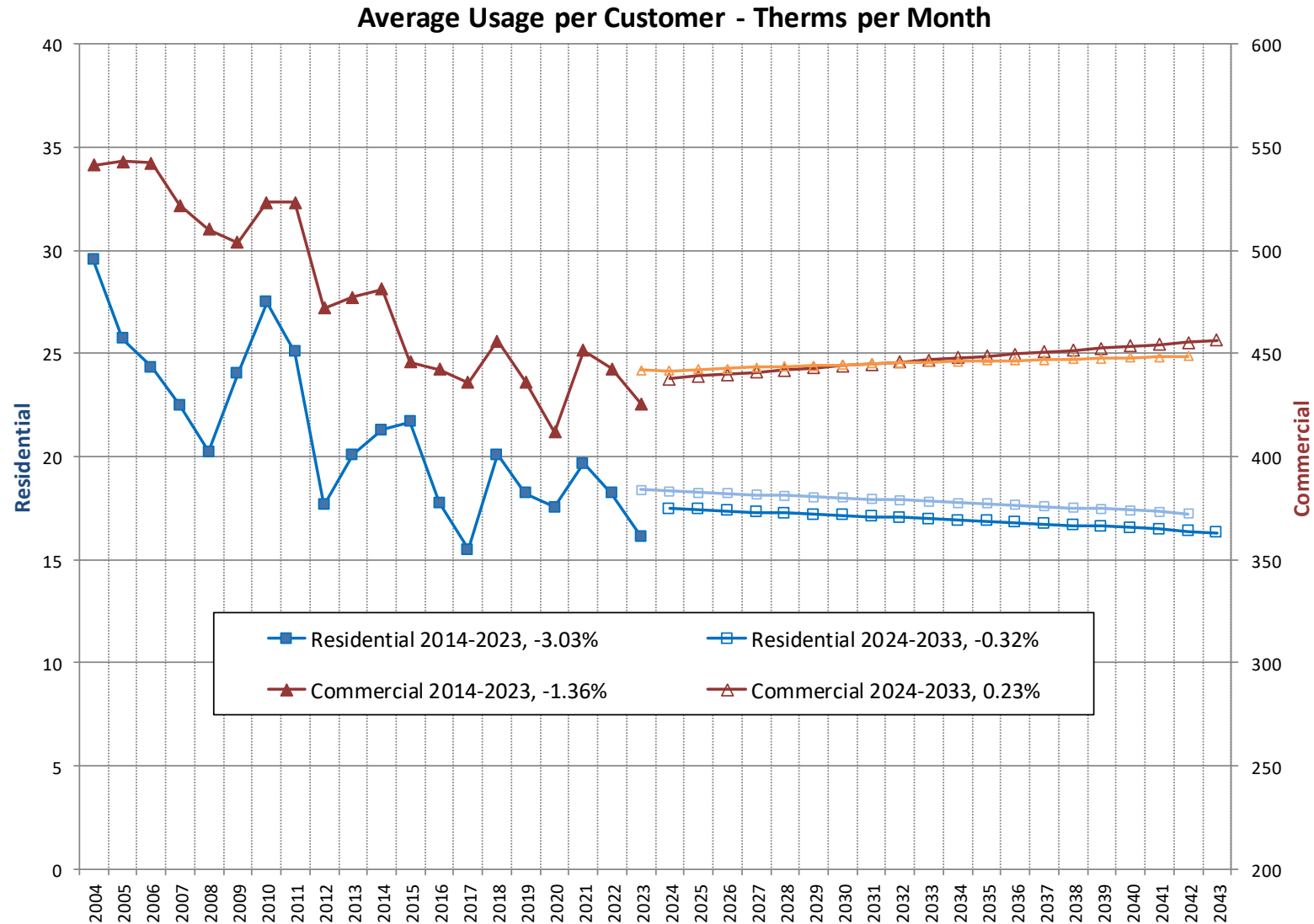


Natural Gas System

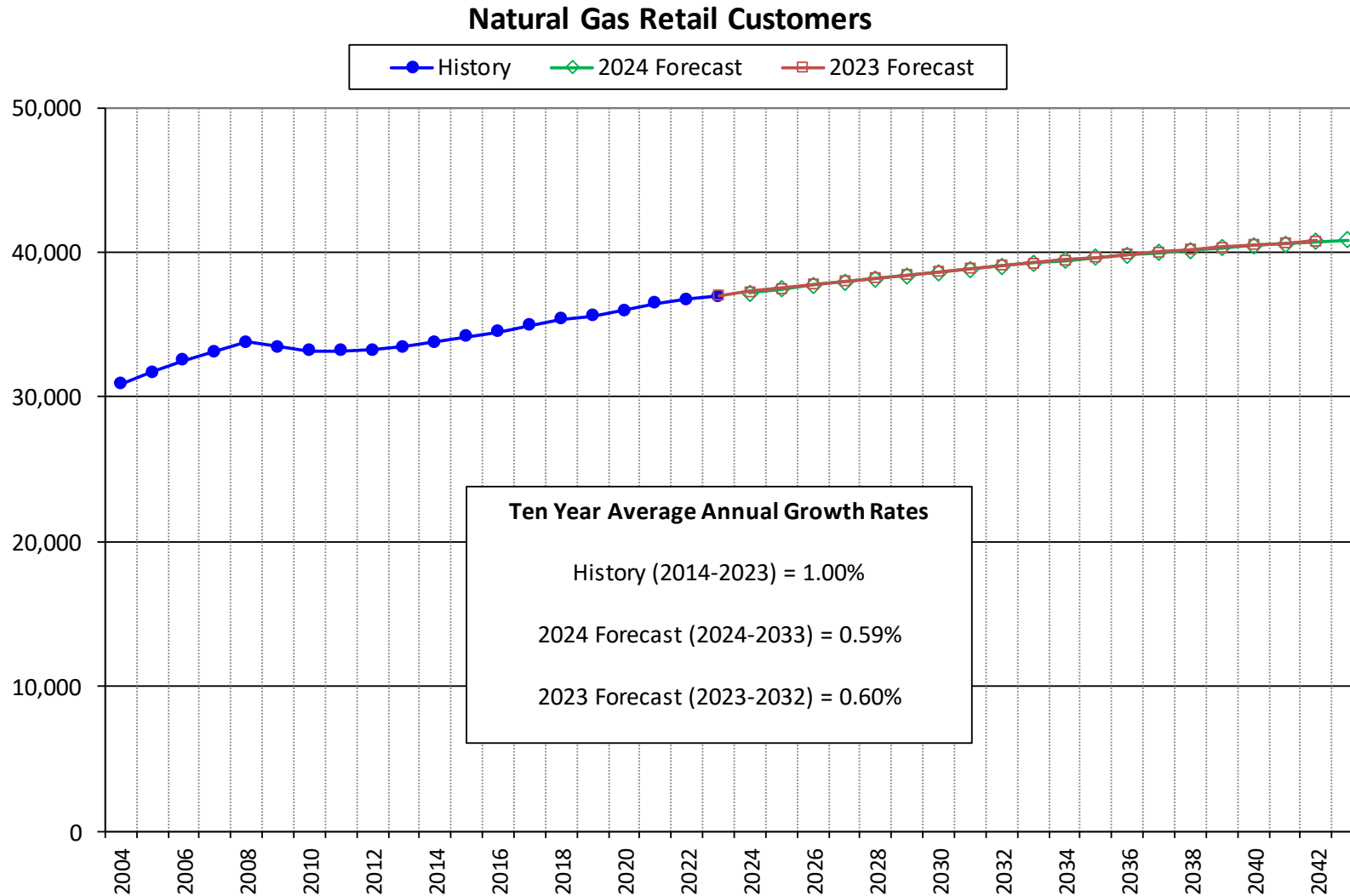
Rate Category	Customers	Volume (THM)	Revenue
Residential	95.4%	35.4%	59.9%
Small Commercial	1.0%	0.7%	1.2%
Commercial Firm	3.6%	40.8%	30.1%
Large Volume	0.02%	23.1%	8.8%
Total Retail	36,769	21,667,821	\$15,488,769
UF Cogen	1	38,207,197	\$385,670



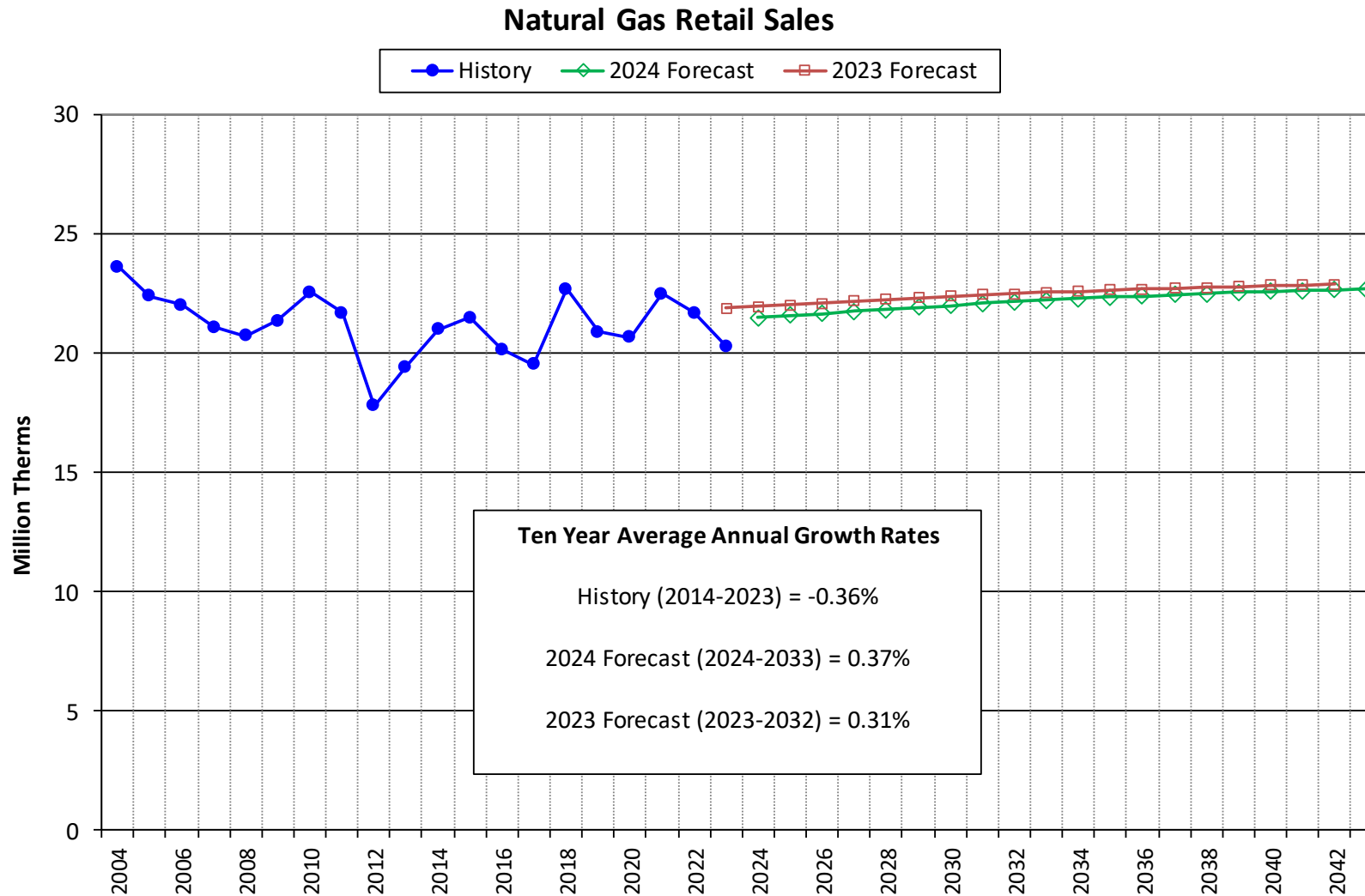
Gas Use per Customer



Number of Gas Customers

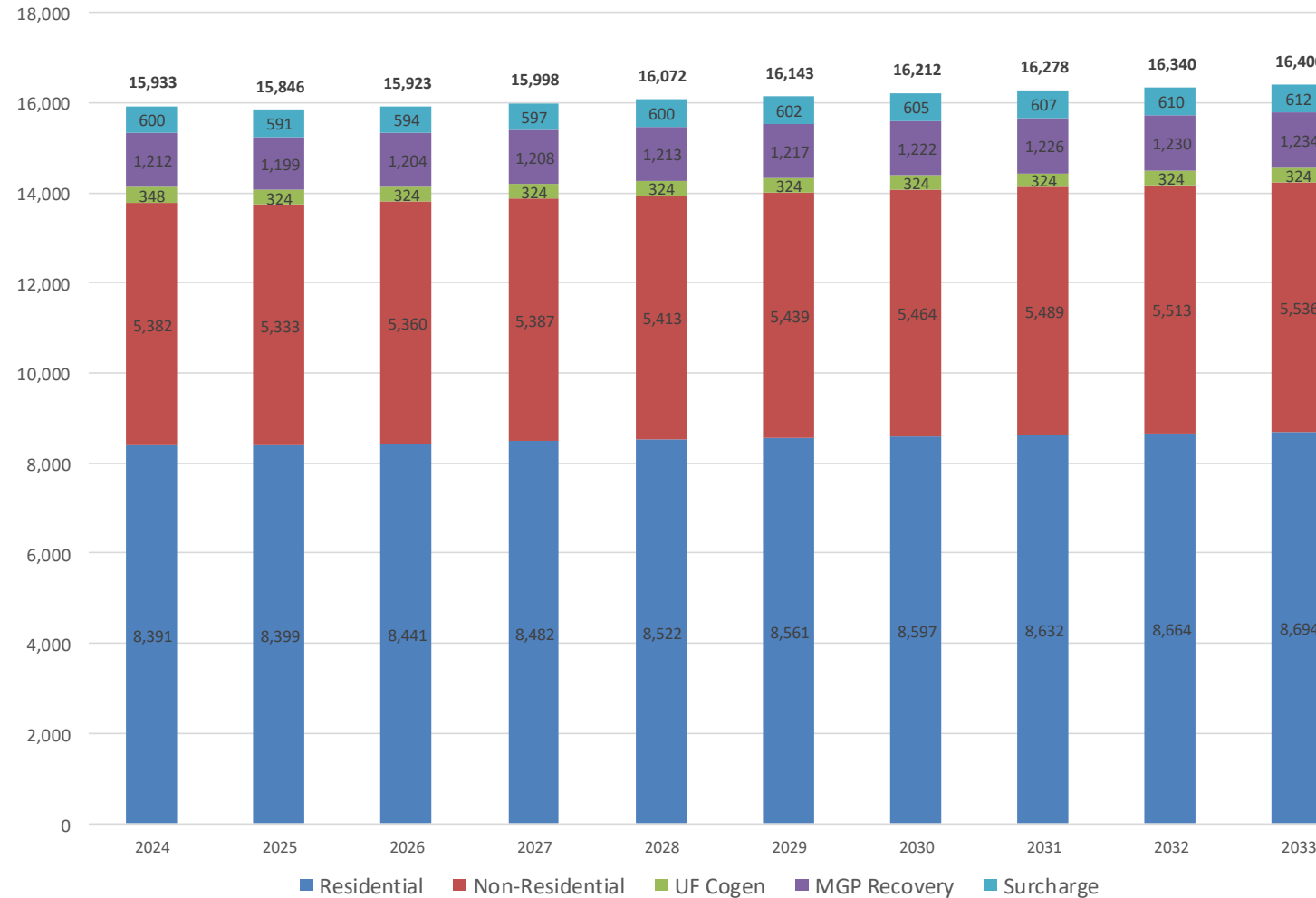


Gas Sales



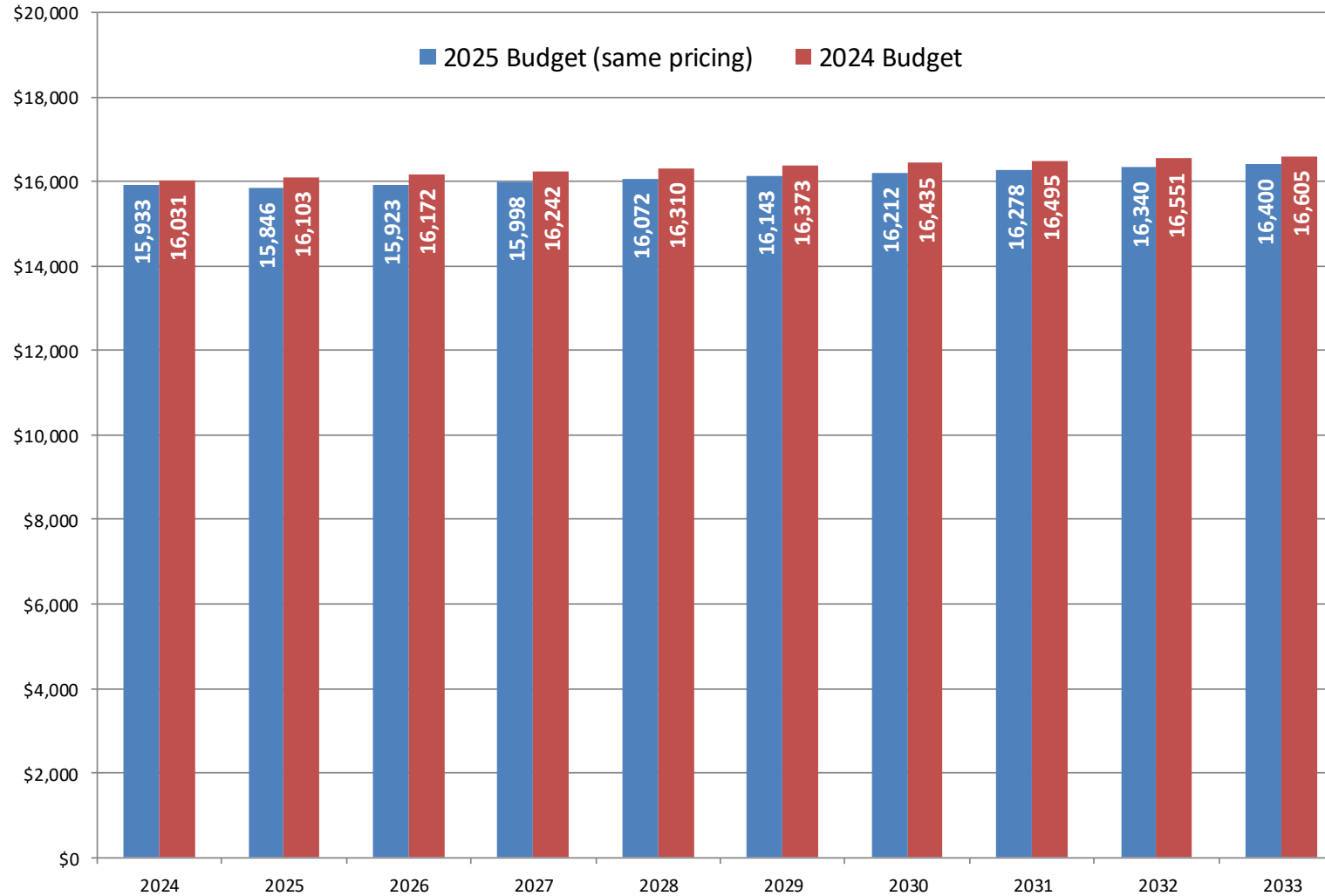
Gas Revenue

Components of Non-Fuel Gas System Revenue (\$000)



Gas Revenue

Natural Gas System Non-Fuel Revenues (\$000)



Electric System

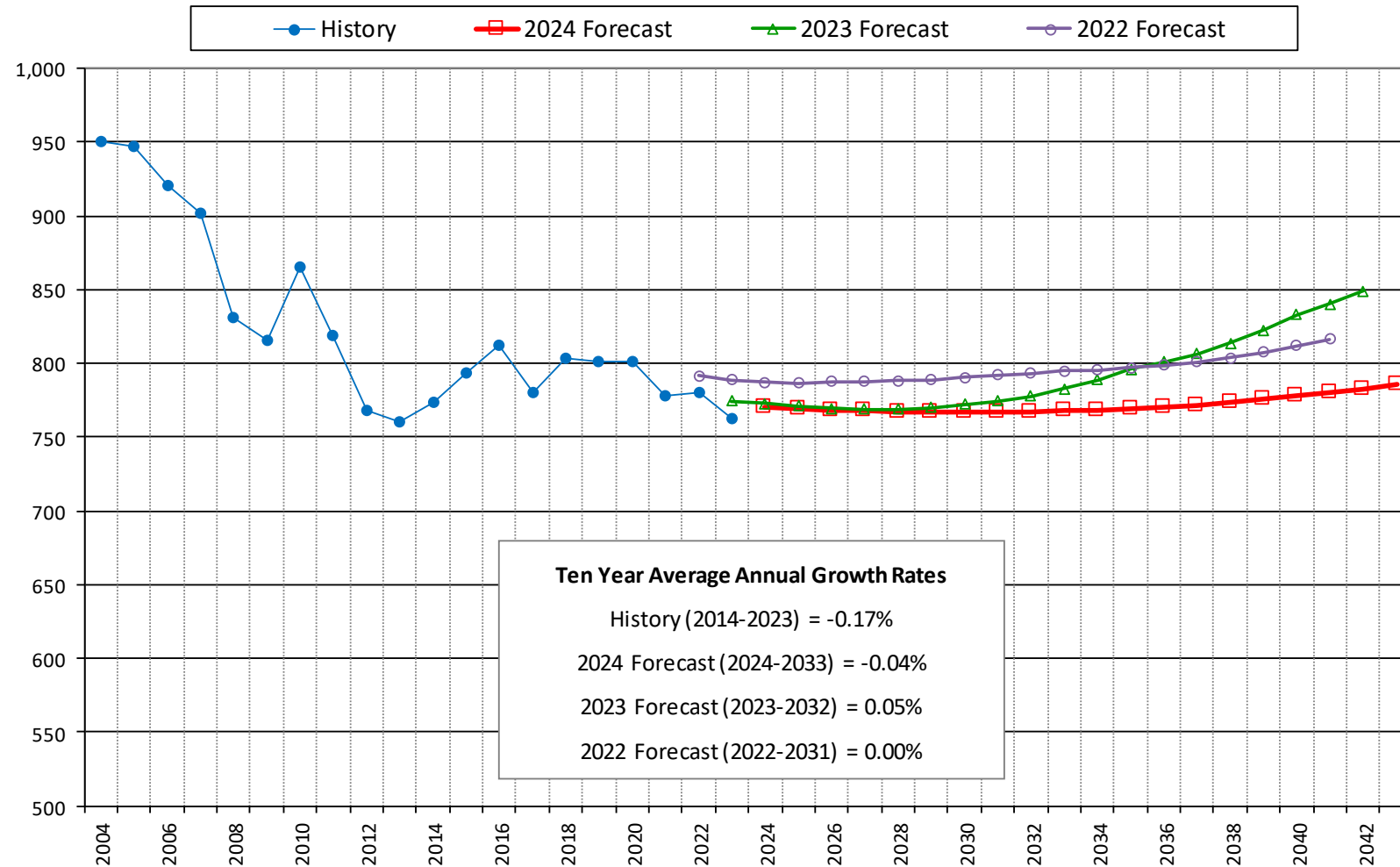
Rate Category	Customers	Volume (MWh)	Revenue
Residential	88.8%	46.8%	46.2%
GS Non-Demand	10.0%	10.2%	13.8%
GS Demand	1.2%	32.1%	29.6%
GS Large Demand	0.01%	10.0%	7.3%
Outdoor Lighting	n/a	0.9%	3.2%
Total Retail	101,708	1,821,420	\$189,972,297



Residential Use per Customer

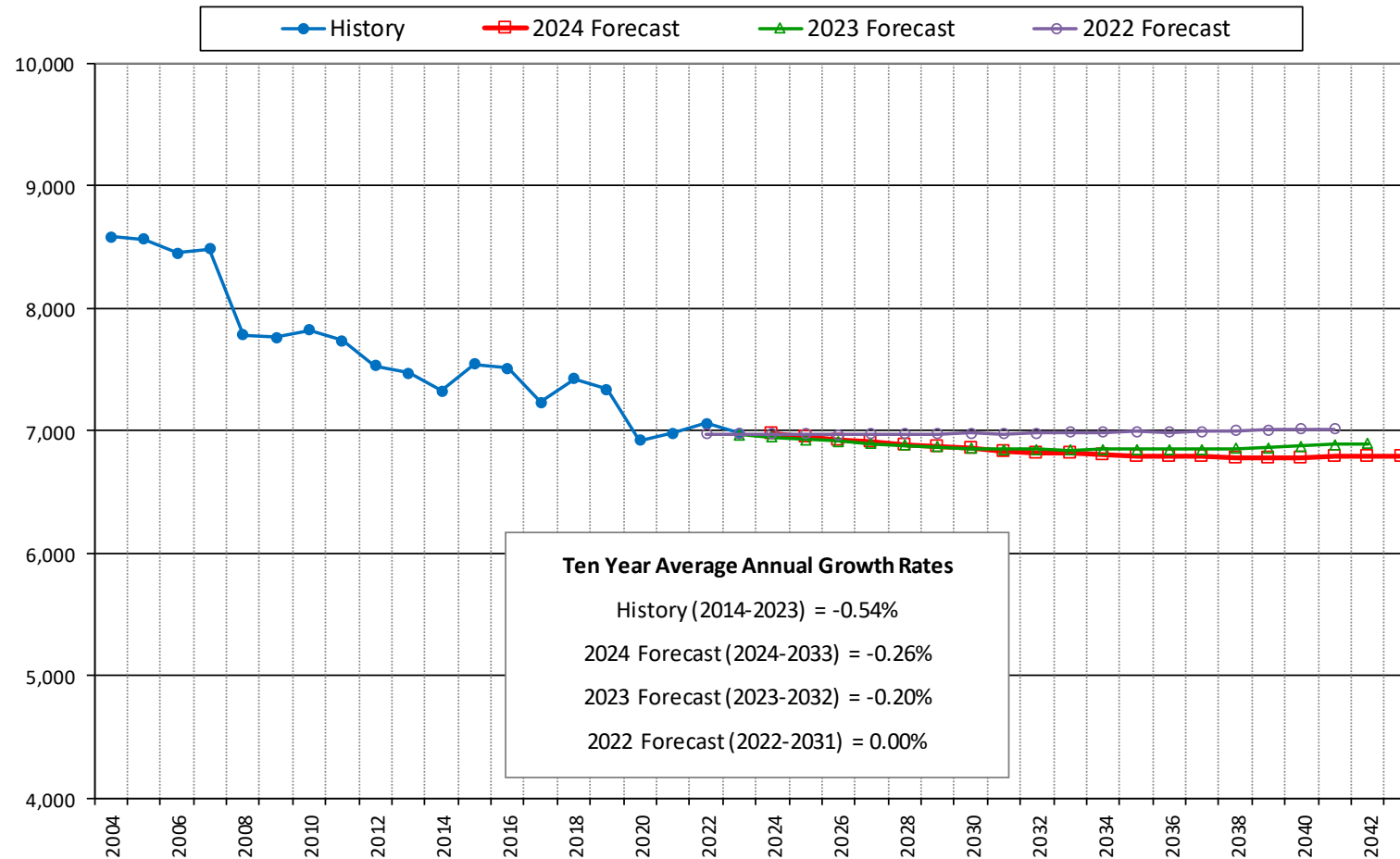
Residential Average Usage

kWh per Customer per Month

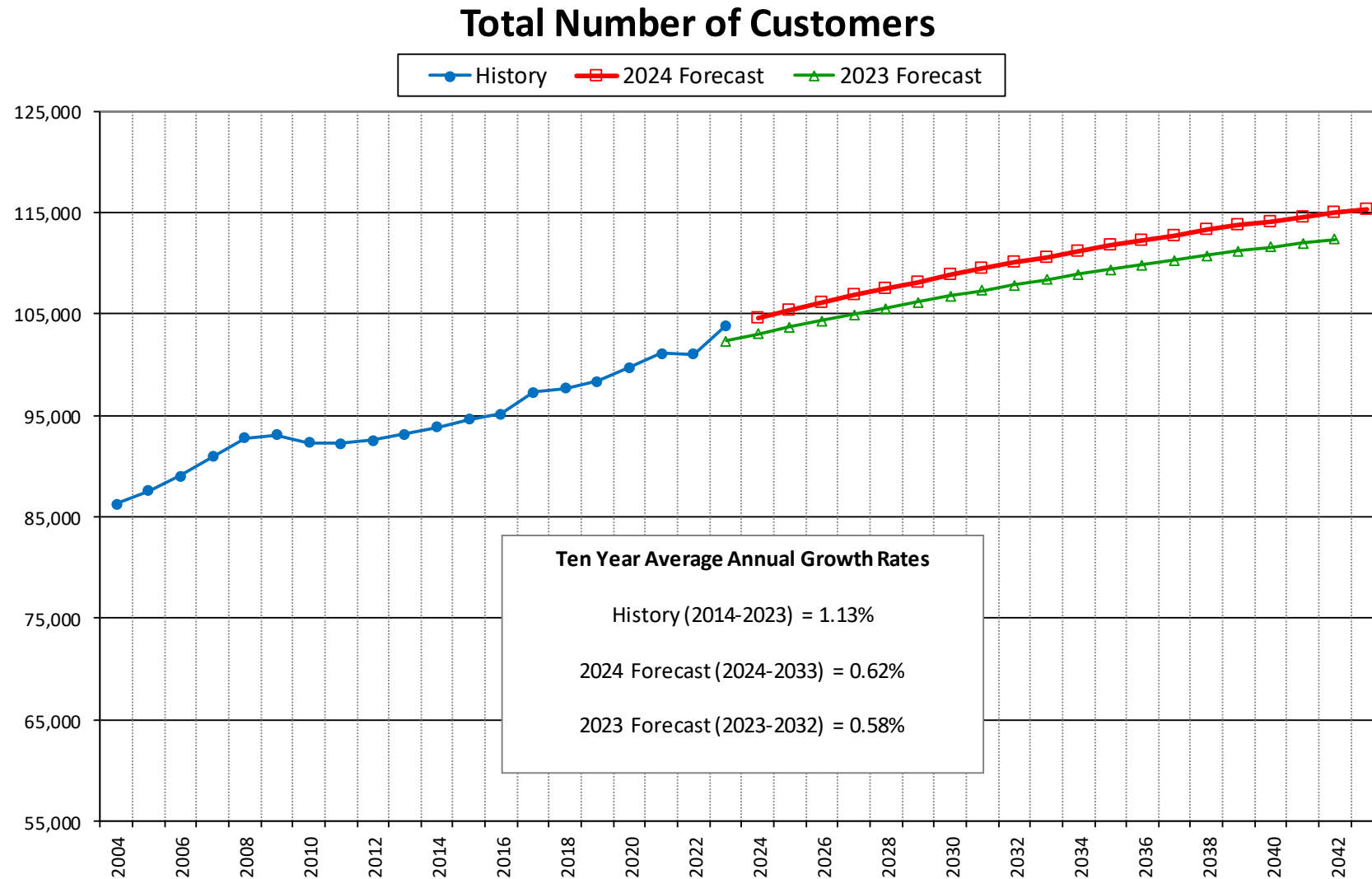


Non-Res Use per Customer

Non-Residential Average Usage kWh per Customer per Month

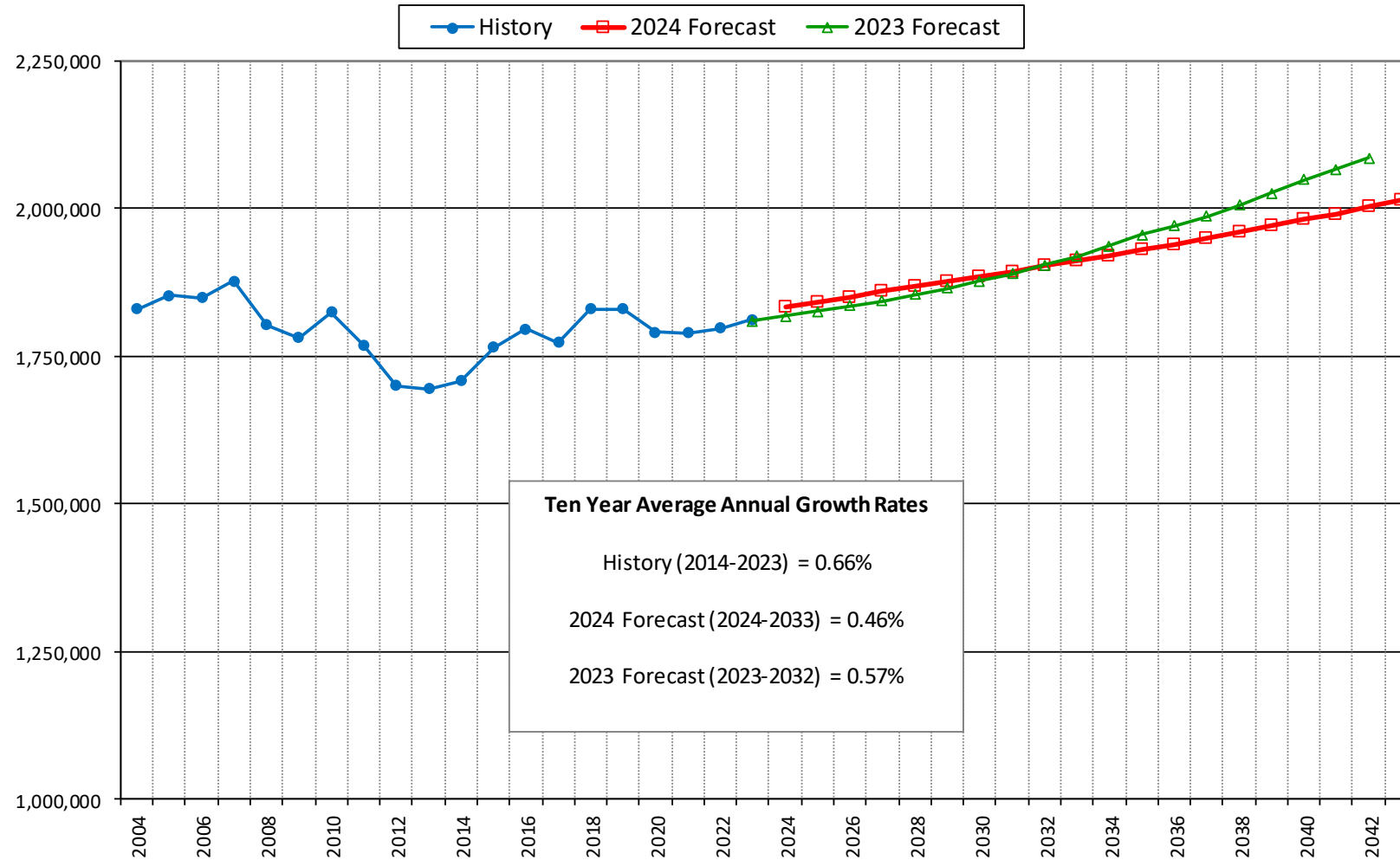


Number of Electric Customers

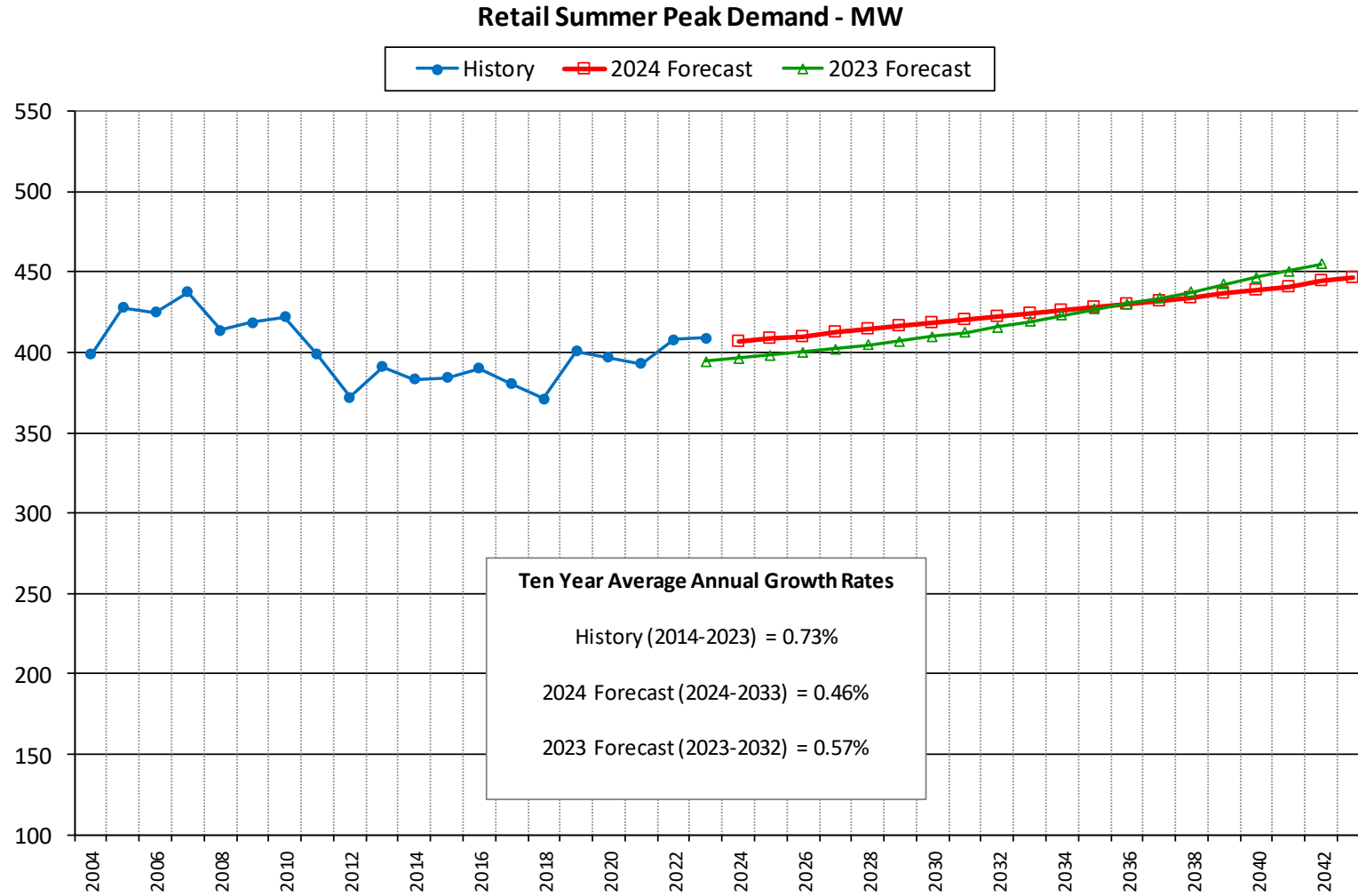


Electric Sales

Retail Energy Sales - MWh

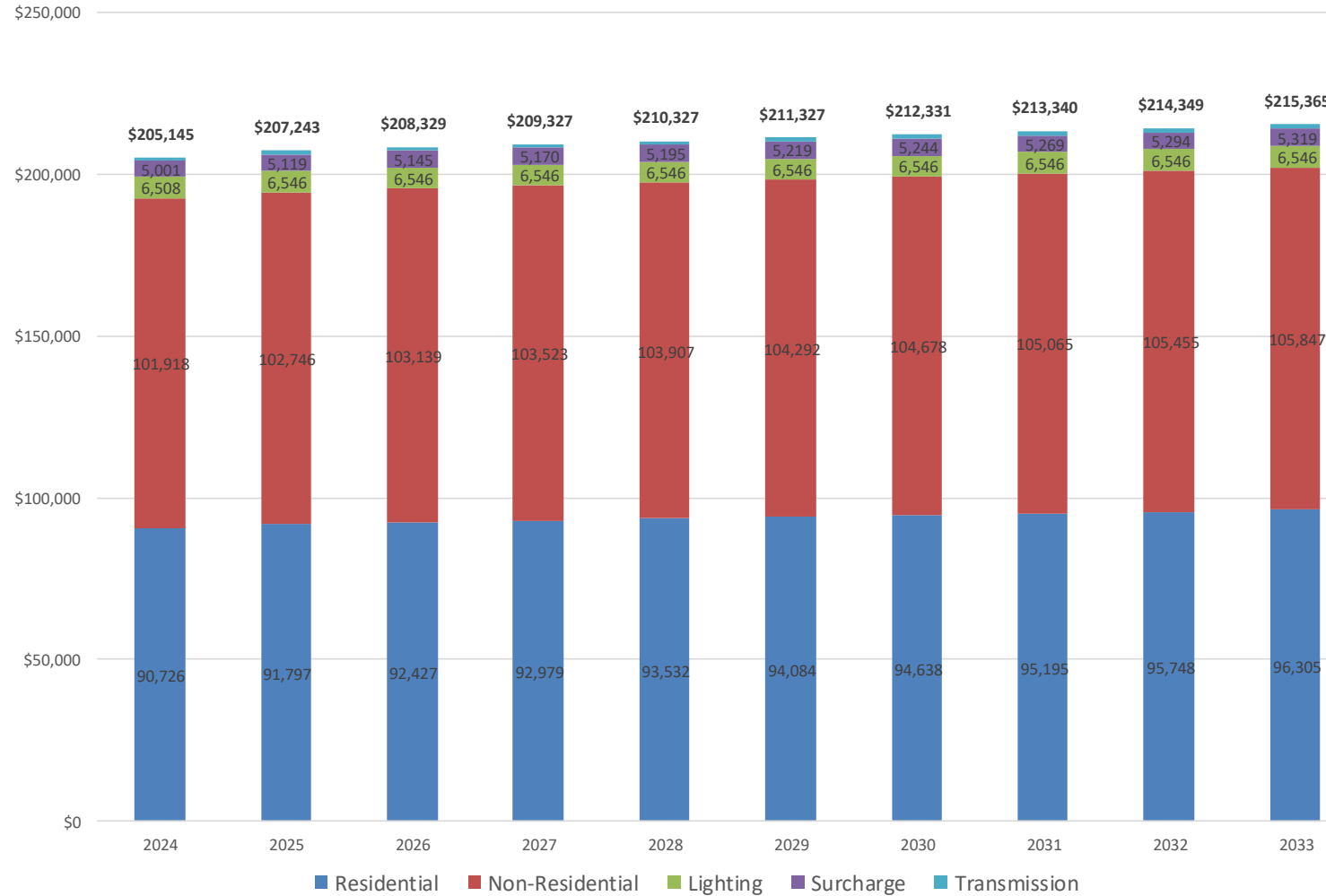


Peak Demand



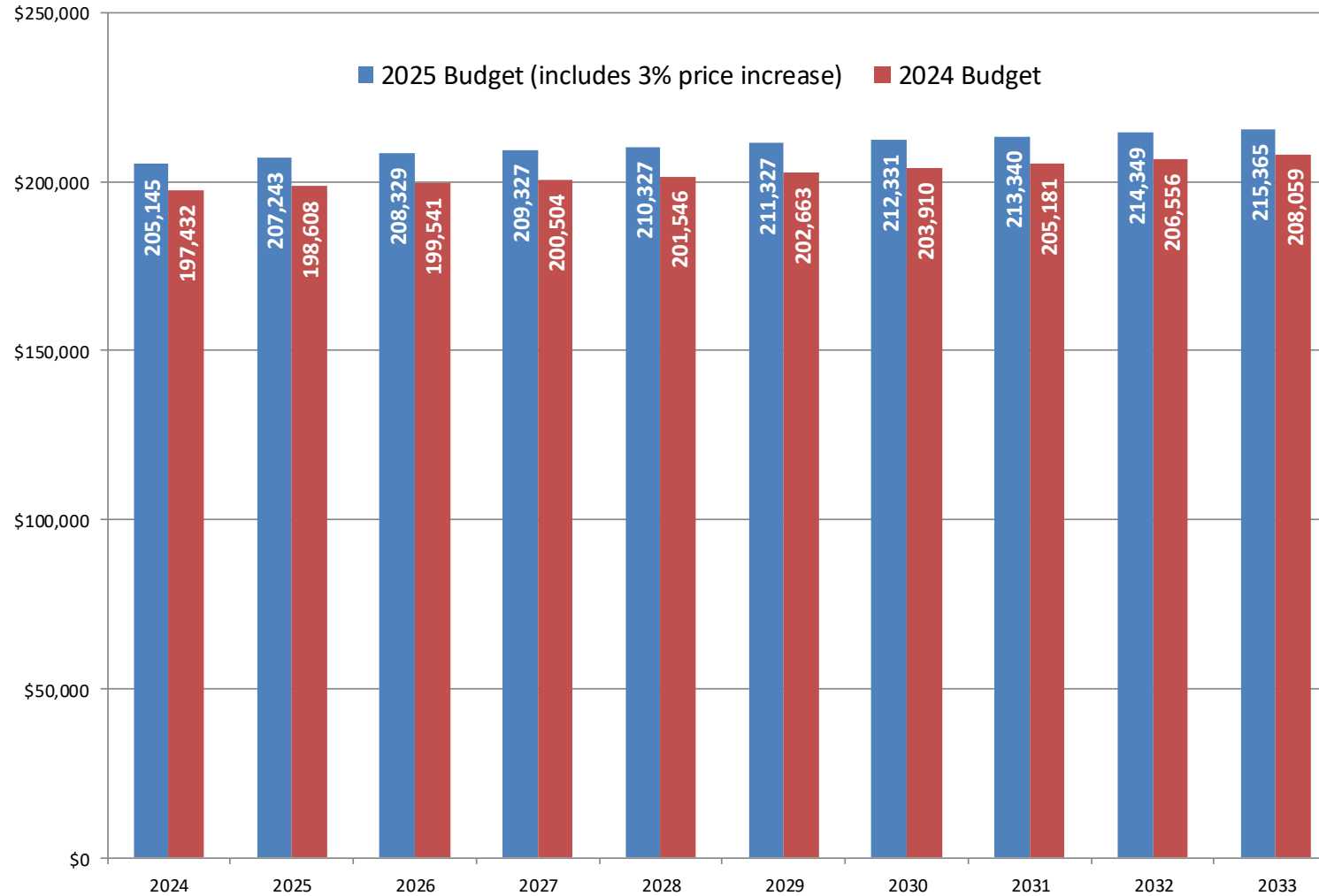
Electric Revenue

Electric System Non-Fuel Revenue (\$'000)



Electric Revenue

Electric System Non-Fuel Revenue (\$000)



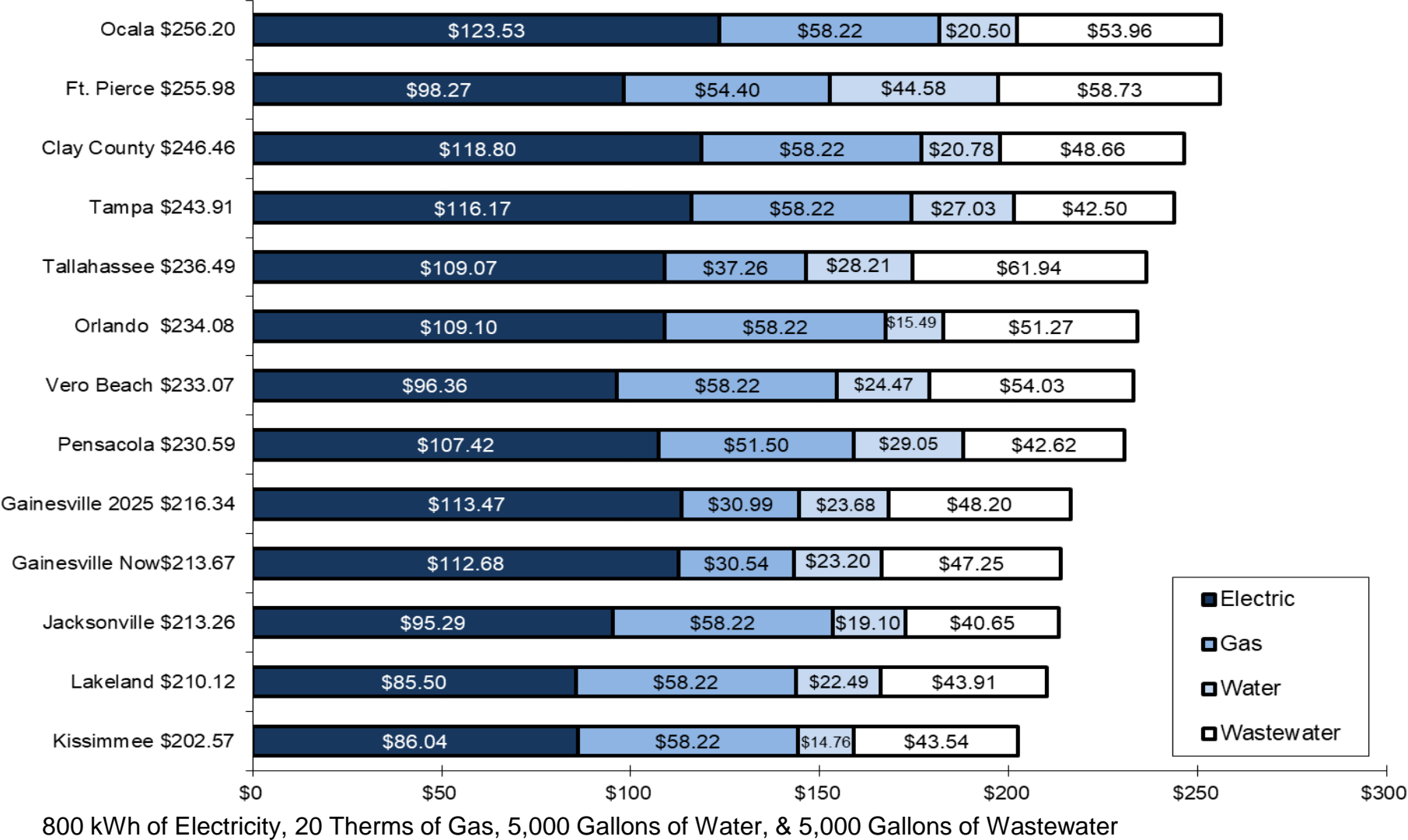
Combined Revenue

Combined Non-Fuel Revenue from Sales (\$million)

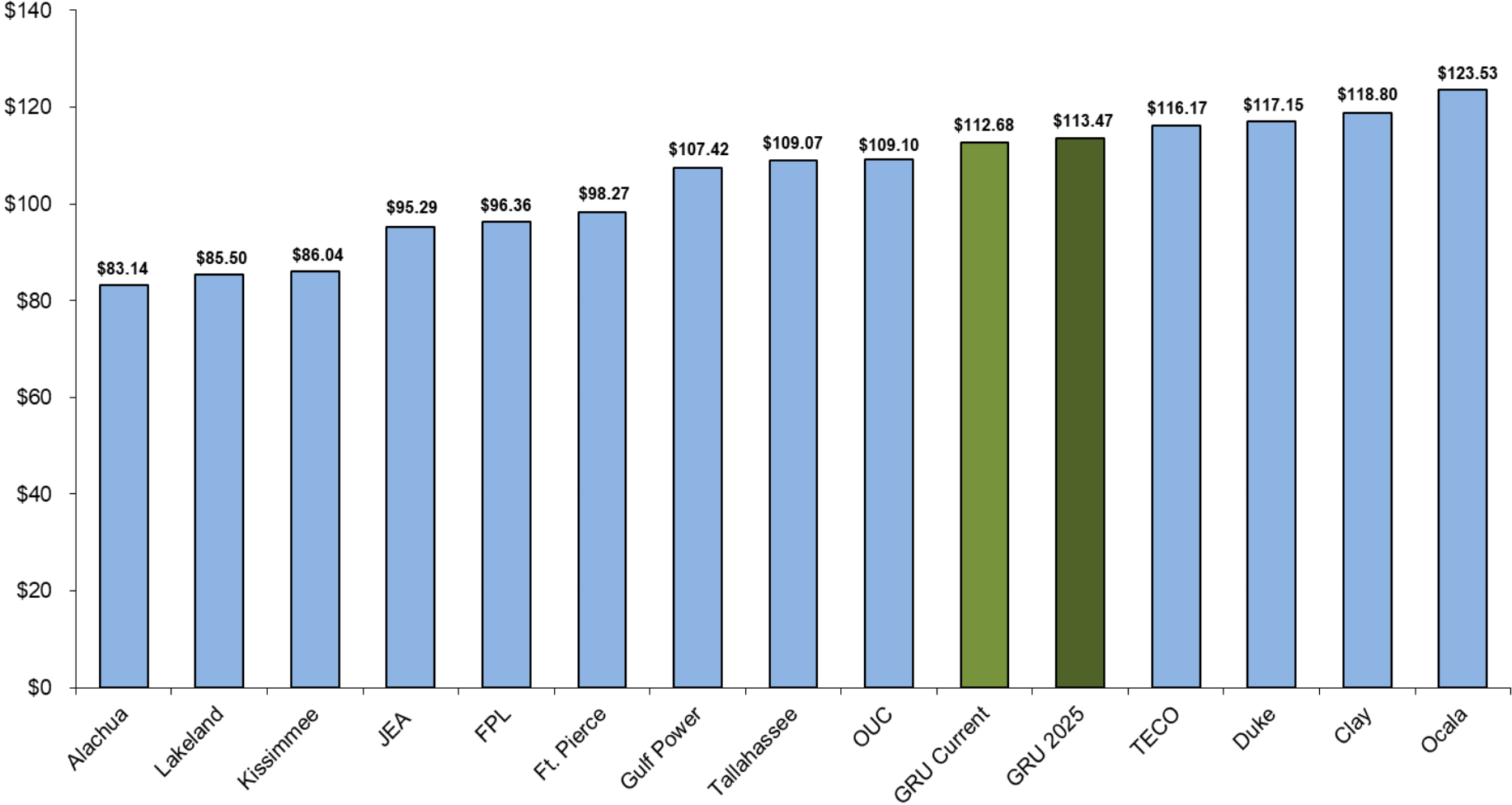


Residential Basket of Services

May 2024

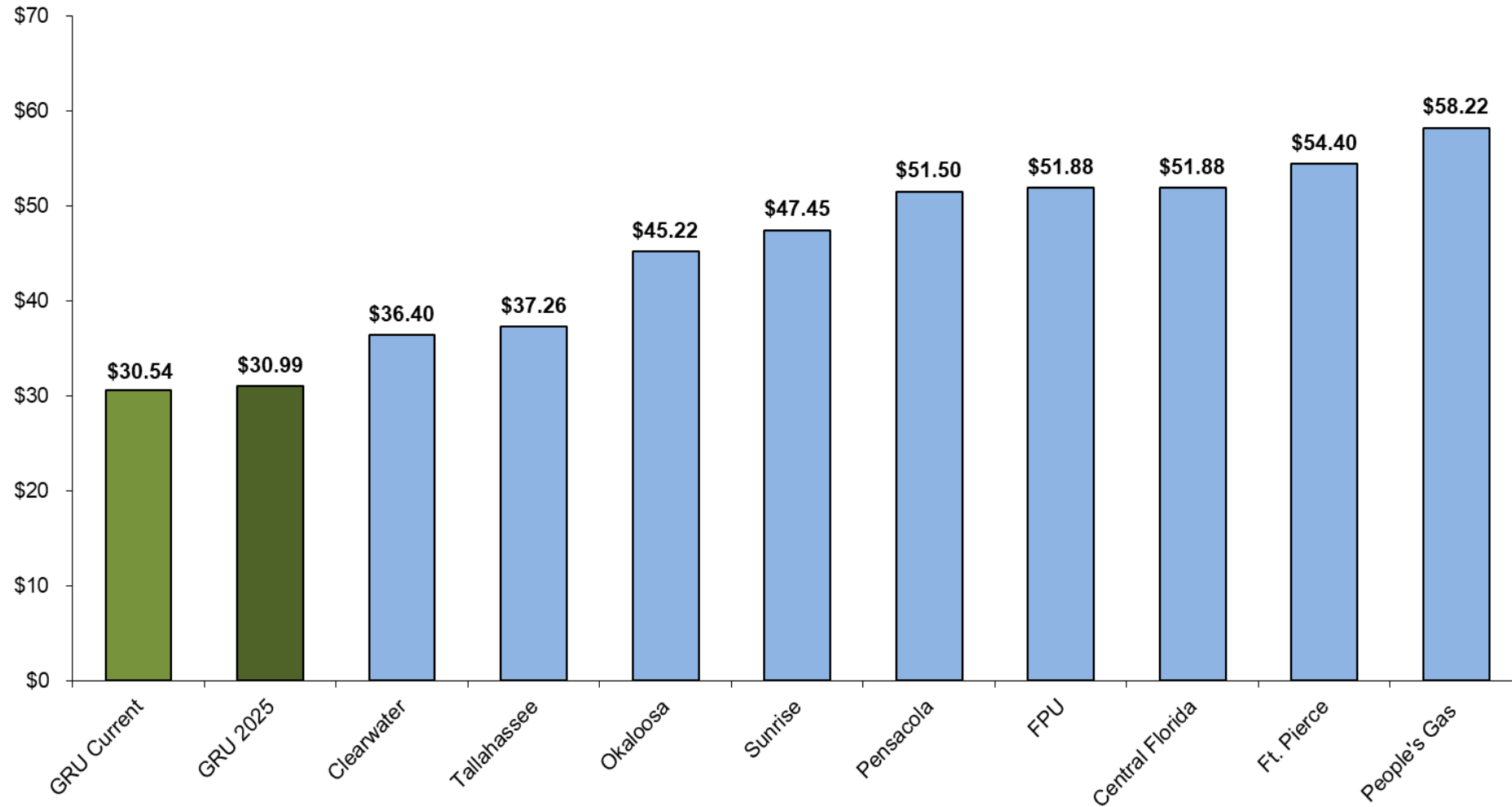


Residential Electric
800 kWh May 2024

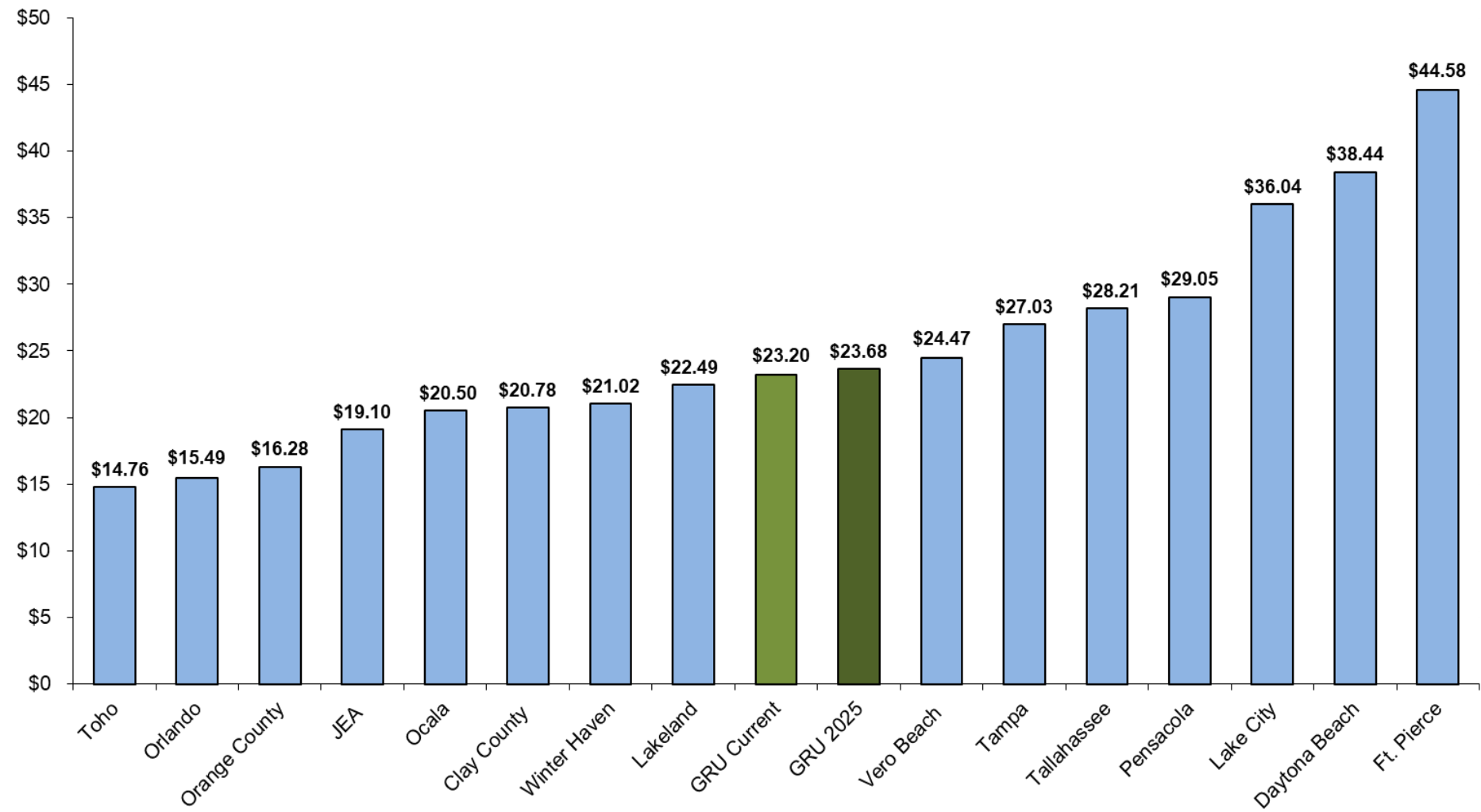


Residential Natural Gas

20 Therms May 2024

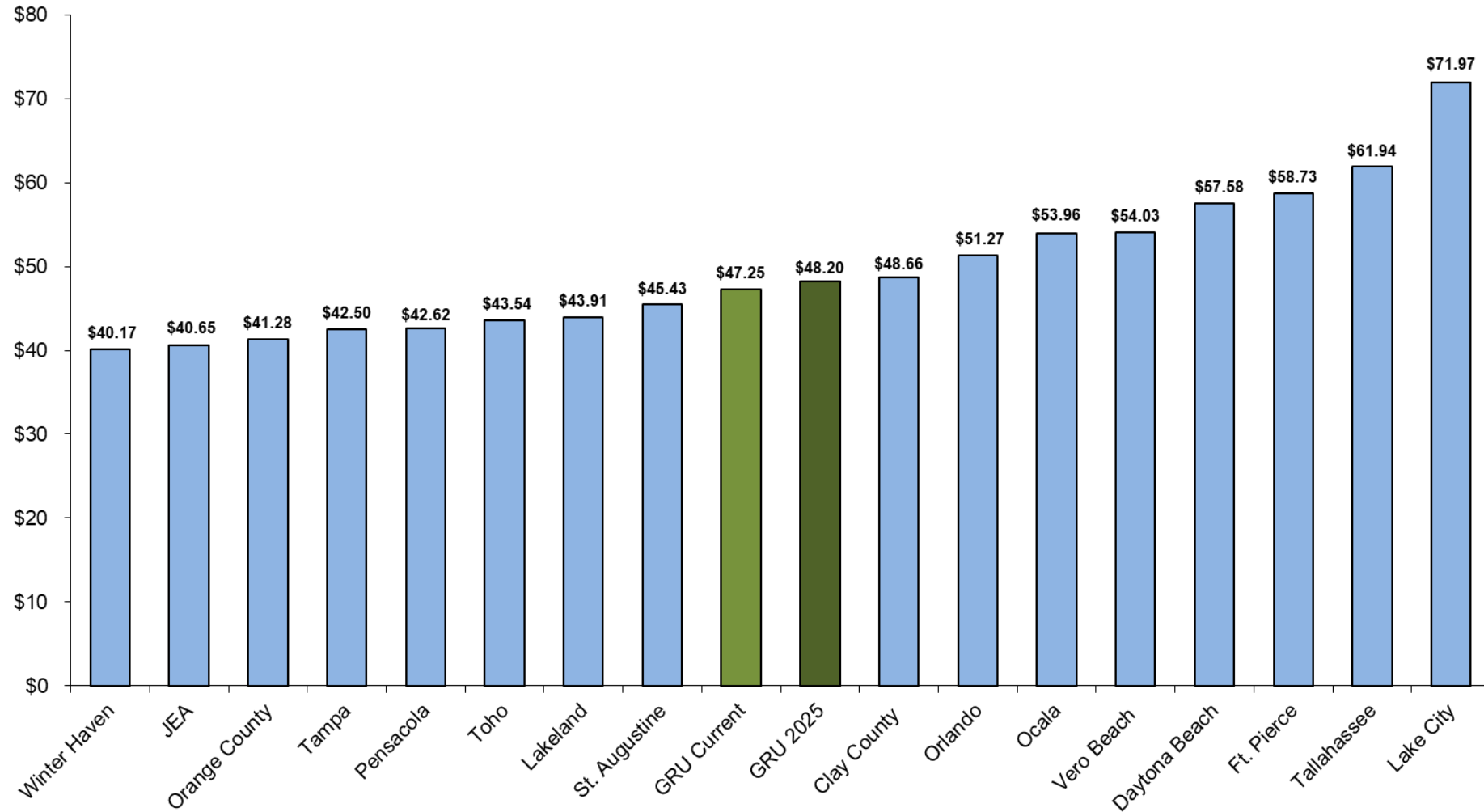


Residential Water
5,000 Gallons May 2024

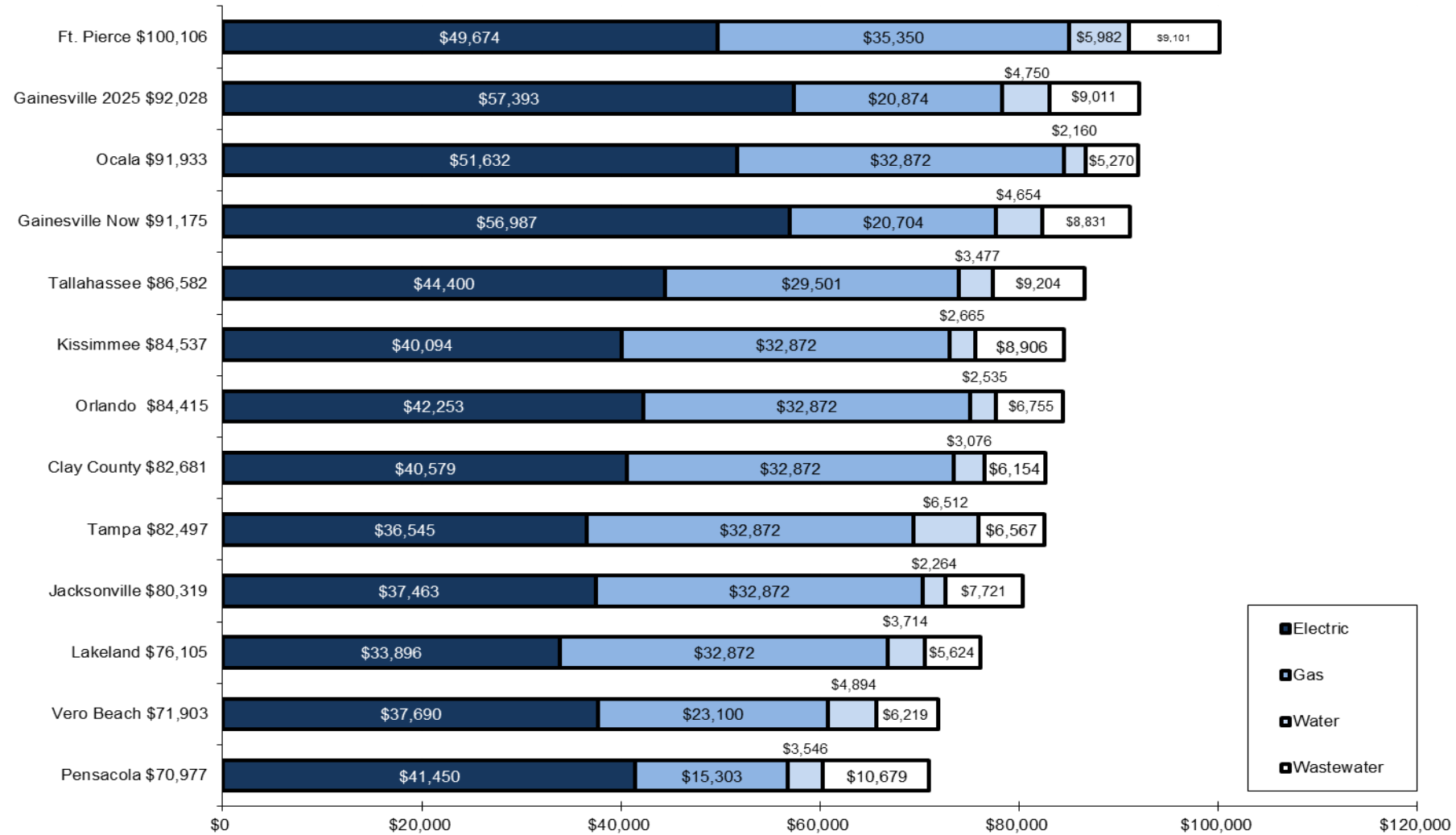


Residential Wastewater

5,000 Gallons May 2024

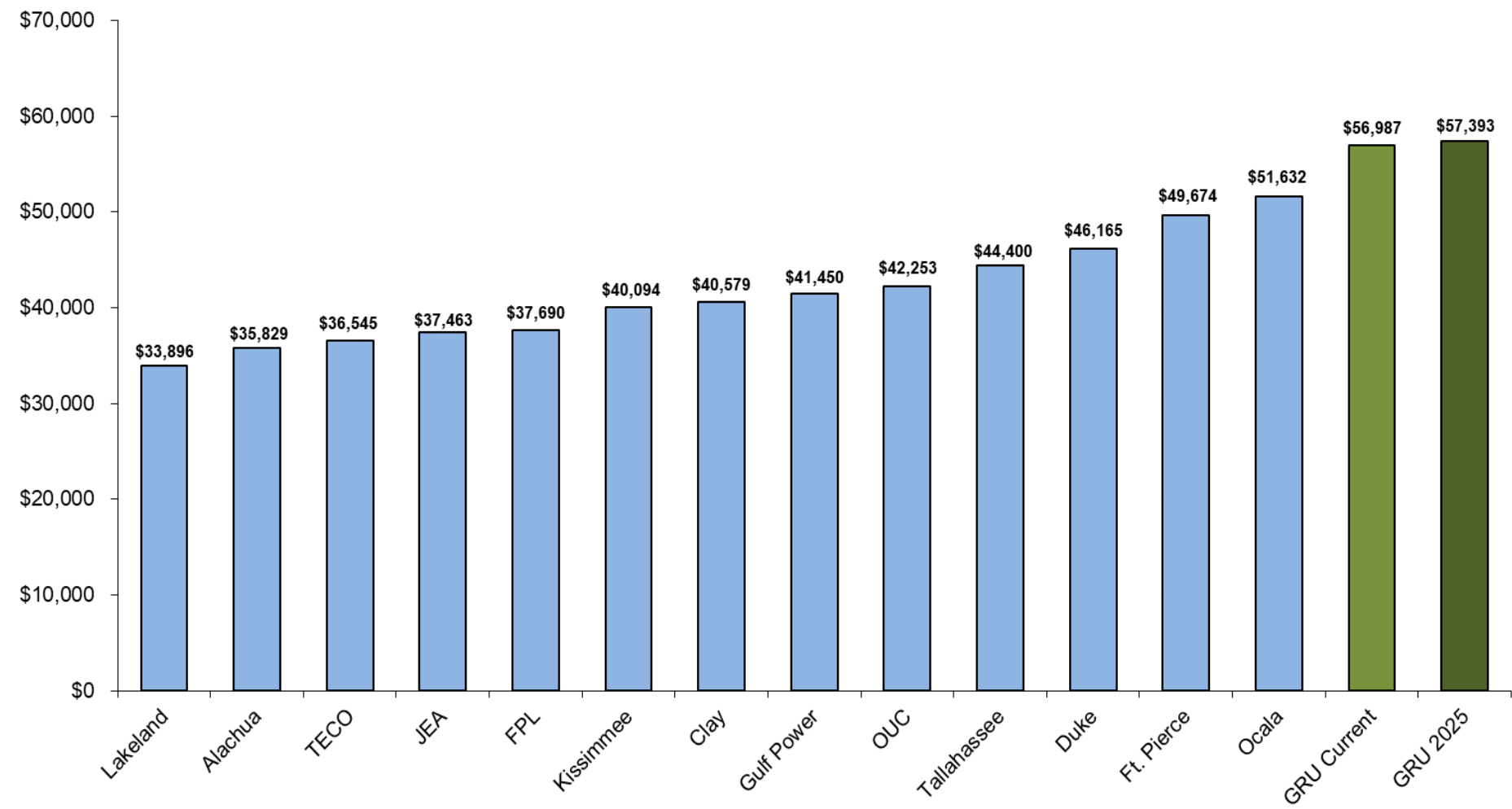


Large Power Basket of Services May 2024

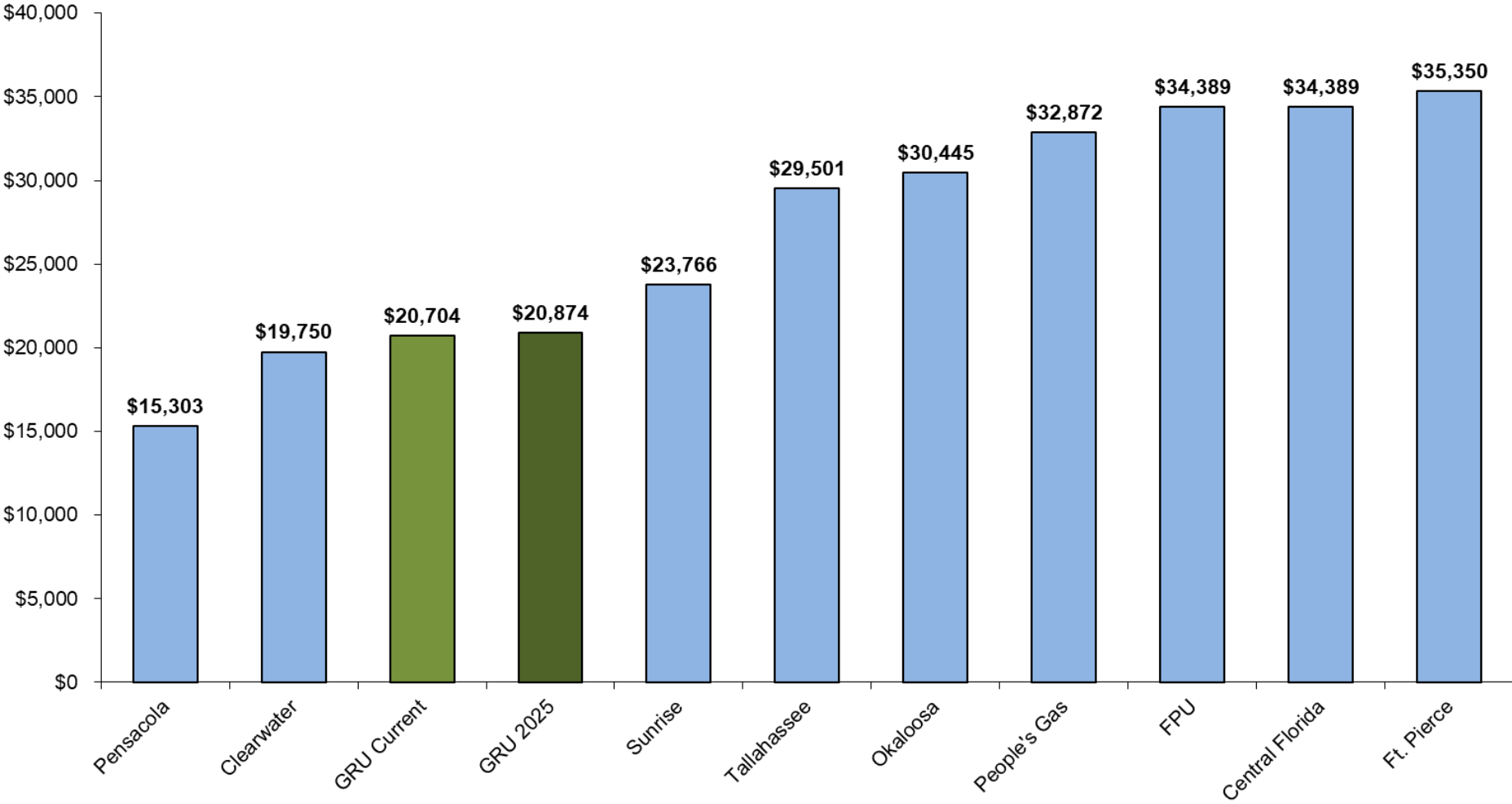


430,000 kWh / 1,000 KW of Electricity, 30,000 Therms of Gas, 1,200 Kgals of Water, & 1,200 Kgals of Wastewater

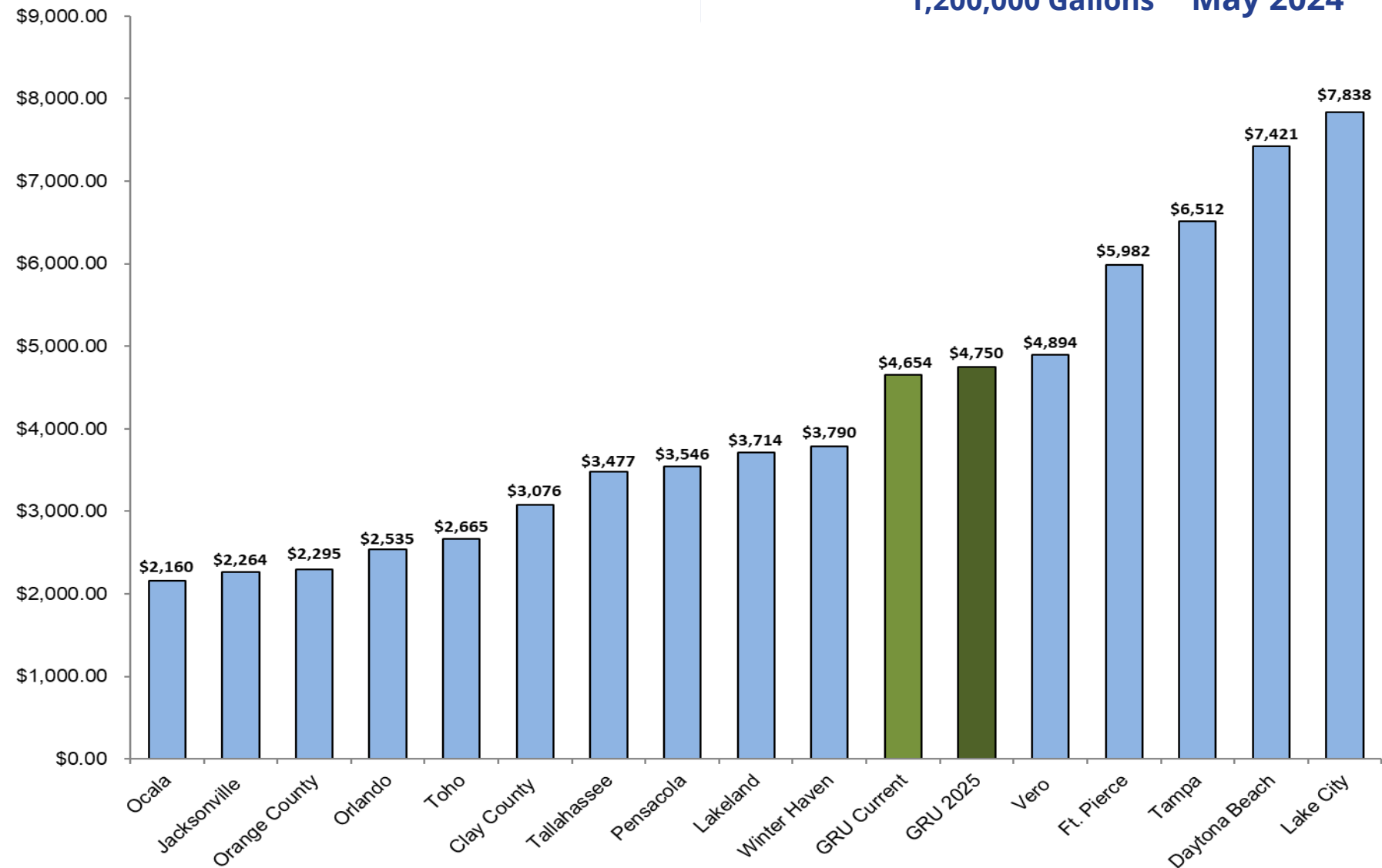
Large Power Electric
430,000 kWh / 1,000 kW May 2024



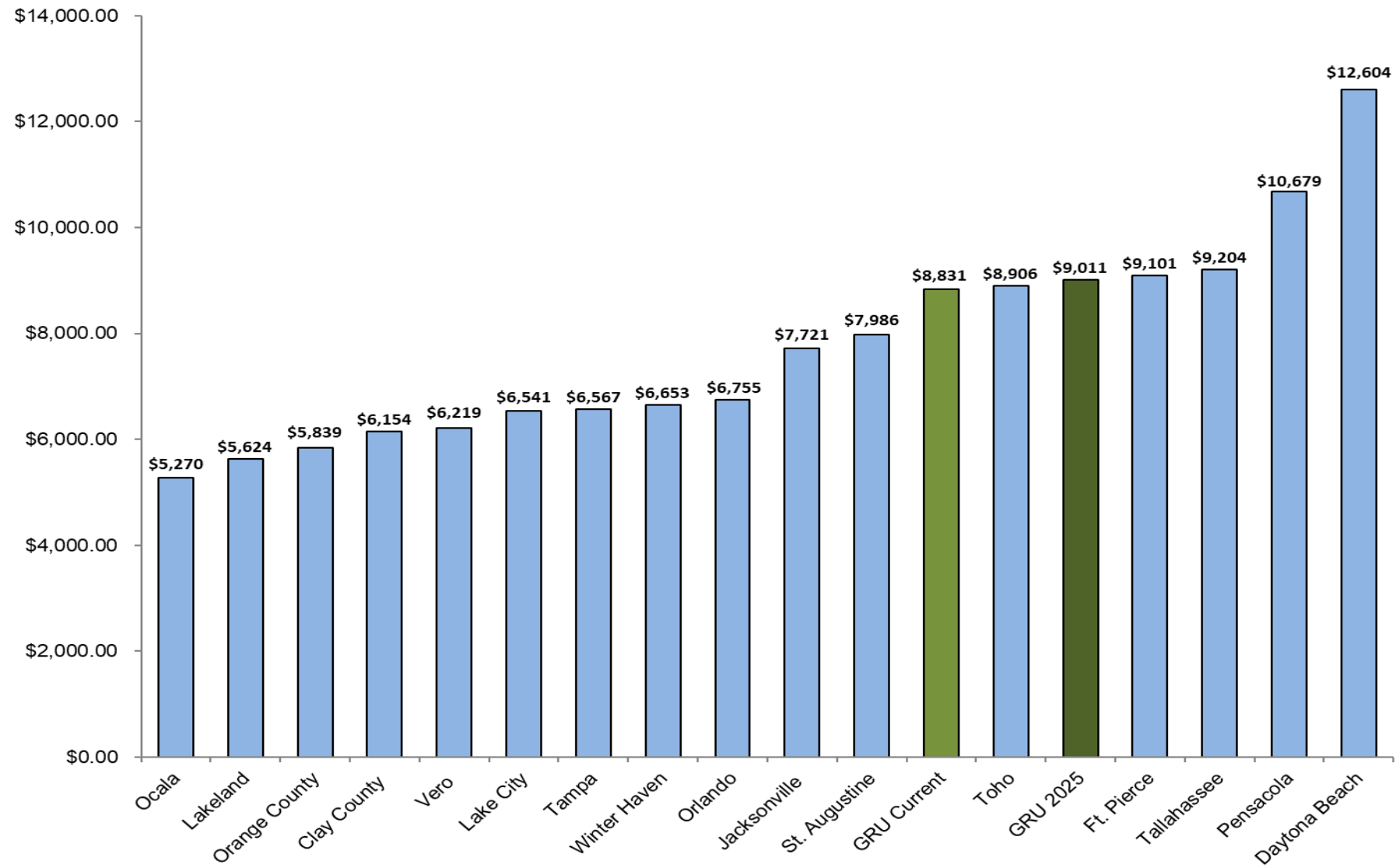
Commercial Natural Gas
30,000 Therms May 2024



Commercial Water
1,200,000 Gallons May 2024



Commercial Wastewater
1,200,000 Gallons May 2024



Fuels Baseline Budget Overview

May 2024

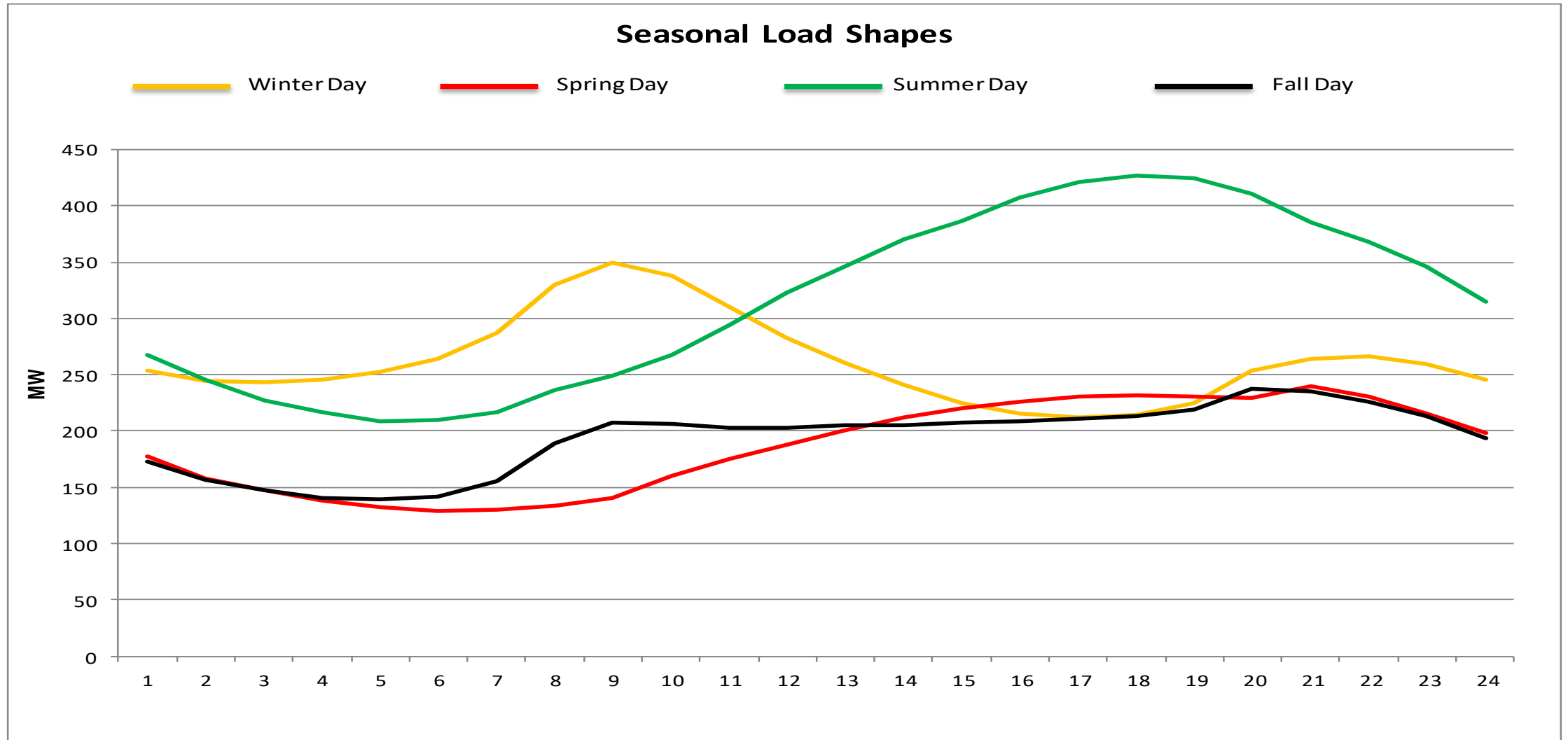
- Generation Model
 - Economic Dispatch
 - Modeling Process

- Developing the Budget
 - Methodology
 - Process
 - Components
 - FY25 Budget

Economic Dispatch

The operation of generation facilities to produce energy at the *lowest cost to reliably serve consumers*, recognizing any operational limits of generation and transmission facilities [and regulatory requirements].

Fuels Budget Overview



Key Terms

Unit Commitment (UC) - Schedule of the most cost effective generation units to meet load forecasts and regulation and reserve requirements.

Average Net Operating Heat Rate (ANOHR) - The common measure of system efficiency for a generating unit

Incremental Heat Rate (IHR) - The change in fuel/heat input for a one-unit change in output.

Start-up or Shut-down Cost - Costs of fuel, life-cycle maintenance, and other items related directly to the start-up or shutting down of a generating unit.

Modeling Process

1. Start with the load data for the defined period
 - *Hours, days, weeks, or years*
2. Select available generating units for the study period
 - *Input-defined outage dates for each unit*
3. Recognize each generating unit's operating limits
 - Ramp rates, maximum and minimum generation levels, etc.

Modeling Process Con't

4. Cost of generating, which depends on:

- Its efficiency (heat rate)
- its variable operating costs (fuel and non-fuel)
- Variable cost of environmental compliance
- Start-up costs

Note: Fixed costs (fixed O&M, debt service, etc.) are never used in economic dispatch

Road Trip

Traveling from Gainesville to the Grand Canyon?

- What costs do you consider?
 - Fuel Costs (MPG, distance)
 - Maintenance (oil change, tire change/rotation, etc.)
 - Lodging
 - Food
- Fixed Costs?
 - Car Note?
 - Mortgage?

Modeling Process

- Load forecast and ANOHR are used to create the Unit Commitment:
 - What generating units have the MW range to meet needs every hour of the modeling period?
 - Ramp rates and response time must be considered (Tesla Roadster vs. Prius)
- Once units are online, the Incremental Heat Rate determines where the units are loaded

Incremental Cost Decisions

- Incremental costs of units at minimum load*:
 - CC1 - \$14.80/MWh
 - DH2 - \$23.70/MWh
 - DHR - \$19.25/MWh
- Where do we get the next, most economical megawatt?
CC1

*Note – Costs are for illustrative purposes only. They are not representative of real costs.

What Crunches the Numbers?

GenTrader®

- Energy model that determines the most economical scenario
- Used for Unit Commitment and long-term planning
- Deterministic Model

Fuels Budget Overview

Unit Data:

- Heat Rate Curves
- Dispatch Limits
- O&M Costs
- Start-up Profiles
- Ramp Rates
- Scheduled Outages
- Forced Outage Rates
- On or Off Restrictions
- Min/Max Up or Down Times
- Reserve Requirements

Fuel Data:

- Coal Prices
- Gas Prices
- Oil Prices
- Other Fuel Prices
- Contract Limits

Power Purchases and Sales:

- Solar FIT
- Market Opportunities

Load Forecast Data:

- Native Load

GenTrader

Output by Unit (hourly, daily, weekly, monthly, seasonal, annual):

- Generation (MWh)
- Fuel Consumption (MMBtu)
- Fuel Expense (\$)
- Variable O&M (\$)
- Run Hours

Post-modeling processing and analysis:

- GenTrader Reports & Graphics
- Export to Access
- Excel Analysis and Reports



Developing the Budget

What do we consider?

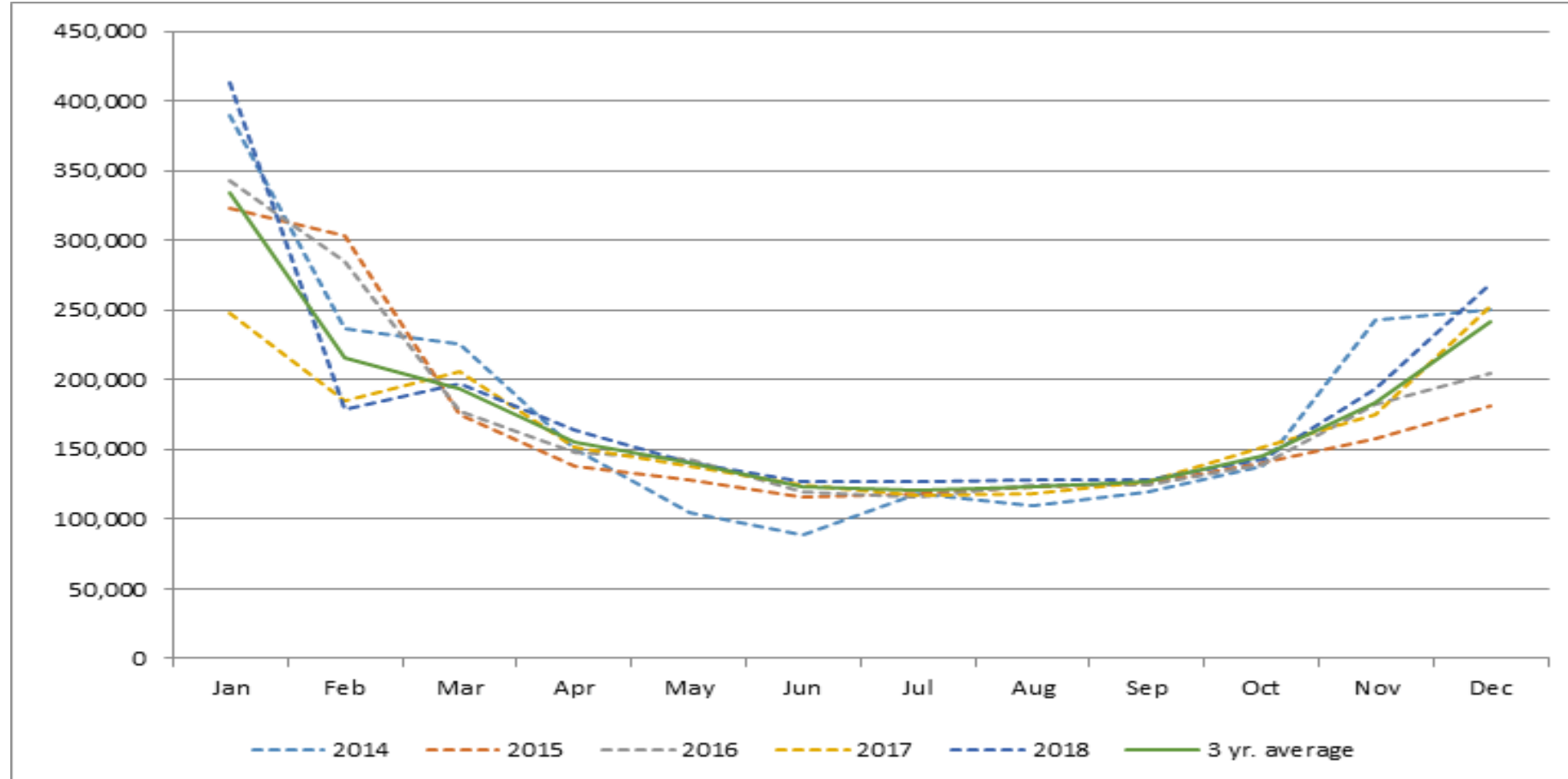
Prices

- Contracts
- Industry publications
- Federal agencies
- Indices

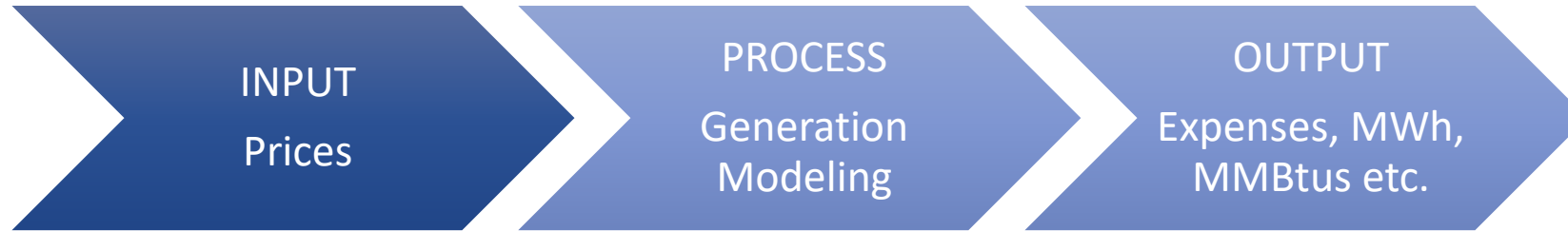
Volume

- Generation model
- Volume drivers
- History
- Averages

Ex.:Forecasting Local Distribution Company (LDC)



Process for major fuel types



- Biomass
- Coal
- Natural gas
- Purchased power

Biomass Cost Components

- Delivered commodity
- Fuel procurement service fee
- Environmental commodity
 - Ammonia
- § Combustion by-products
 - Bottom ash
 - Fly ash
- § Miscellaneous expenses (e.g. lab equipment maintenance, surveys, audits)
- § Diesel for pile maintenance

Coal Cost Components

- Commodity
- Transportation
- Environmental commodity
 - Lime
- Combustion by-Products
 - Scrubber by-Product
 - Fly ash
- § Railcar maintenance
- § Miscellaneous expenses (e.g. taxes, price analyses, quality analyses, audits)
- § Diesel for pile maintenance

Natural Gas Cost Components

- Gas Commodity
- Pipeline Transportation
 - Capacity charges: Firm/Non-firm
 - Usage charges
- Fuel
- Baseload contracts
- Price analyses
- Hedging expenses

Purchased power Cost Components

- Market purchases (hourly, day ahead, block purchases)
- Solar – FIT
- Solar PPA
- Costs associated with Renewable Energy Credits

Budget Comparison

	FY24	FY25
Generation	\$81,762,361	\$75,055,832
Purchased Power	\$13,678,343	\$9,595,835
Local Distribution Co.	\$11,762,097	\$11,970,826
Total	\$107,202,800	\$96,622,494

Fuels Budget Overview

Expenditures by Percentage of Budget

