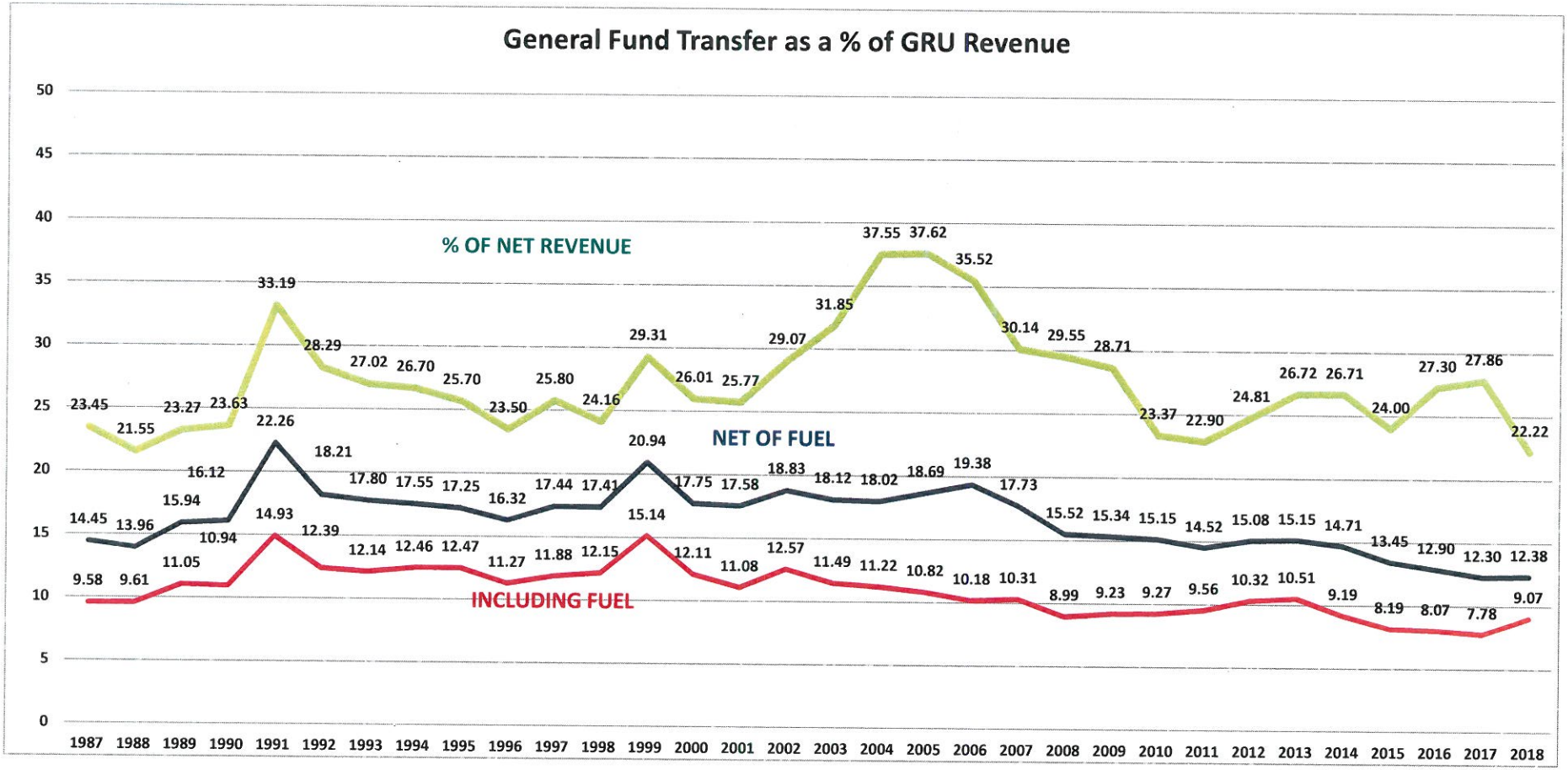
ADDENDUM 1


General Fund Transfer as a % of GRU Revenue
% OF NET REVENUE
NET OF FUEL
INCLUDING FUEL
50
45
40
35
30
25
20
15
10
5
0
1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018
23.45 21.55 23.27 23.63 33.19 28.29 27.02 26.70 25.70 23.50 25.80 24.16 29.31 26.01 25.77 29.07 31.85 37.55 37.62 35.52 30.14 29.55 28.71 23.37 22.90 24.81 26.72 26.71 24.00 27.30 27.86 22.22
14.45 13.96 15.94 16.12 22.26 18.21 17.80 17.55 17.25 16.32 17.44 17.41 20.94 17.75 17.58 18.83 18.12 18.02 18.69 19.38 17.73 15.52 15.34 15.15 14.52 15.08 15.15 14.71 13.45 12.90 12.30 12.38
9.58 9.61 11.05 10.94 14.93 12.39 12.14 12.46 12.47 11.27 11.88 12.15 15.14 12.11 11.08 12.57 11.49 11.22 10.82 10.18 10.31 8.99 9.23 9.27 9.56 10.32 10.51 9.19 8.19 8.07 7.78 9.07

ADDENDUM 2

GRU℠
More than Energy™

GAINESVILLE REGIONAL UTILITIES
GENERAL MANAGER

July 21, 2006

Honorable Mayor and Members of the City Commission,

April 12, 2006 began a new day for utility staff when the City Commission directed staff to include the Total Resource Cost (TRC) test and "...pursue all cost effective and feasible demand side management...". Staff has spent the last ninety days developing a short to intermediate term plan that moves from theory to practice, that is designed to bridge the gap from public discussion about a conservation strategy to the reality of implementing conservation measures in someone's home or business. This plan is a combination of high level analysis, lessons learned from other conservation leaders, and knowledge of local opportunities and challenges. Frankly, there is a certain element of "try it and see if it works" that has not historically been a significant part of GRU public proposals.

One example set by conservation leaders such as Burlington and Austin is that in the initial phases of their programs, they invested the time to build the proverbial "house upon the rock." The most significant characteristic of these cities is that resource conservation is not a program but rather part of the community consciousness and identity. A community (not just utility) infrastructure with many stakeholders has been established to support the conservation ethic. Local suppliers, service providers, and financial institutions are employed to become salespeople for the programs. Significant efforts are invested in promoting regulations that promote good stewardship of resources. Budgets are established and adhered to so that citizens know that they are receiving good value for the dollars invested. All members of the community, regardless of socioeconomic status, have opportunities to participate. There is the room to experiment and make mistakes, and at the same time the flexibility to quickly and nimbly change to meet objectives. Ultimately the community holds itself accountable for achieving long term meaningful results on a broad community level.

Is this a perfect plan? Of course not, if such a thing even exists. This plan does have the benefits of:

- Providing a framework for moving the plan from the "designers" within the utility to the "doers" in both the utility and the community, so that the "designers" can then begin to work with the City Commission and the community on a more comprehensive long-term energy conservation plan;

P.O. Box 147117, Station A134, Gainesville, Florida 32614-7117, Phone: (352) 334-2811 Fax: (352) 334-2277

- Engaging a large number of community stakeholders in implementation to begin to build a long term infrastructure;
- Proposing an amount of money that the staff believes is the top limit of what we can responsibly spend in the first fiscal year; and
- Providing for regular accountability reports to the City Commission on problems, progress, and successes, so that course corrections may be made as needed.

GRU staff is proud to be a significant catalyst in this important community effort, but we cannot do it alone. At the community viewing of **An Inconvenient Truth**, former Commissioner Bruce Delaney asked a simple but penetrating question of movie enthusiasts. "So what is each of us going to do to make the present trend of increasing carbon different?" In the final analysis, a successful energy conservation plan is made up of thousands of people asking this question of themselves, and then taking the tens of thousands of actions necessary to make it happen. We are eager to begin the implementation of these programs and move this community process forward.

Respectfully submitted,

Karen S. Johnson
Interim General Manager

INTRODUCTION

On April 12, 2006 The Gainesville City Commission directed staff to:

> *"1. Include the total Resource Cost test as a consideration to pursue all cost effective and feasible demand side measures including demand response, energy efficiency, load management and incentive rate design options. Ensure that the needs of low income customers are addressed in demand side management programs.*
>
> *2. Have GRU staff conduct a thorough examination of all DSM options and present a plan to the commission to develop and implement all cost effective DSM and demand response measures..."*

In response, staff has finished updating its models, has reviewed the studies performed by ICF Consulting Inc. and GDS Associates (References 1 and 2), and embarked on a number of research and benchmarking initiatives.

Although not nearly complete, it is clear that changing consumer's behaviors with respect to energy reduction is complicated and requires that four key elements be addressed:

1. Education and Information
2. Financial Incentives
3. Regulatory Reform
4. Innovative Rate Design

It is also very clear that achieving sustained energy efficiency requires a very careful consideration of a wide range of socioeconomic, appliance, building stock, regulatory, rate design, and customer preference factors. It will require an effort by the entire community to achieve maximum energy efficiency. It is also clear that study and analysis alone is not sufficient - experience and trials must play a larger role. With that in mind, staff is proposing a two phased approach toward achieving the maximum cost-effective energy efficiency in our community.

Phase 1. FY 07-08 budget - Immediately begin implementing enhancements of existing demand side management programs as well as additional programs based on technologies and programs that are widely employed throughout the industry and believed to be cost-effective based on the Total Resource Cost (TRC) test.

Phase 2. Invest in additional studies to measure, verify, and further refine the program designs implemented in Phase 1, and begin development of the long-range plan to include more sophisticated rate design, demand response programs, regulatory adjustments, and cost benefit data. This information, combined with lessons learned from 07-08 implementation,

and detailed policy discussions, will form the foundation for achieving maximum energy conservation. As we move forward toward the goal of maximum DSM, it is important to develop a solid foundation. Staff has developed, as part of this plan, a set of principles to guide us in plan development and program implementation. These principles, which have been largely developed as a result of the conservation benchmarking trips are outlined below.

1. Must become a community value not just a "utility program"
2. A combination of private and public cooperation works best
3. A holistic approach is best - treat a house or facility as a system
4. Regulation is critical in all aspects of this plan and will require the effort of a number of governmental bodies such as county, neighboring cities and the state
5. Must achieve true measurable energy reduction value for customer dollars invested
6. Energy reduction goal must be established and agreed upon
7. Staff needs flexibility to change programs to ensure success and find "tipping points"

PLAN OVERVIEW

Immediate Initiatives

Tables 1 and 2 provide an overview of the proposed conservation initiatives for FY07. Table 1 covers residential programs and table 2 covers commercial programs. The values presented in the tables are subject to final program design which may result in values being shared between home/business owners and contractors/manufacturers. Combined, these programs are expected to result in 2.7 MW and 13,652 MWh reductions in electrical use during (FY) 2007.

Phase 1 programs are not intended to be a "definitive" long-term plan designed to achieve the maximum amount of conservation. The residential and commercial programs were chosen at this time because they can be implemented relatively quickly and have a good potential for immediate energy reductions. Many of these programs have been successfully implemented at other utilities.

These programs will also provide much needed research opportunities in the development of the maximum DSM plan. Additionally, they will promote new technologies and give staff the opportunity to change its processes and systems for implementing large scale DSM programs. Staff anticipates creating relationships that will rely more heavily on local contractors than in the past. This process will take time to develop and may raise some policy issues.

Research Initiatives

In addition to the implementation of programs, staff will be starting a number of research initiatives that are needed to support the development and achievement of long term conservation goals. These initiatives help create the framework for the long-term plan which will be used to support DSM program development, evaluation and results monitoring. These research initiatives are not likely to yield immediate savings, but will support the continued development of a successful long term DSM program. Research initiatives are proposed for innovative rate design, load and customer research, advanced metering technology, and direct load control research. These initiatives interact with each other – for example the cost-effectiveness of demand response programs depends in part on the available metering technology. Table 3 provides an overview of these proposed research initiatives.

Overall DSM Budget

Table 4 provides an overview of the proposed budget to support DSM in (FY) 2007.

Table 1 – Program Values and Expected Demand and Energy Savings: Residential

RESIDENTIAL				
Program	**Current Value**	**'07 Value[1]**	**Total Peak kW**	**Total MWh**
Low Income Programs				
Whole House	-	$2,750	TBD	TBD
Energy Star Certification/Affordable Housing	-	$300	-	-
Appliance and Insulation Rebates				
Heat Pipe Enhanced Air Conditioning	$95	$225	.003	5
Duct Leak Repair	$200	$400	243	594
Reflective Roof Coating	$70	$70	11	32
High Efficiency Air Conditioning				
-High Efficiency Central AC SEER 15-16	$125	$200	94	142
-High Efficiency Central AC SEER 17	$210	$310	104	156
-Super Efficient Central AC	$325	$550	303	372
High Efficiency Room Air Conditioning	$150	$150	16	23
Central AC Maintenance	$55	$55	158	324
Heat Recovery Water Heater	$155	$155	1	1
Natural Gas Appliances	$50-$300	$50-$350	184	2,283
Solar Water Heating[2]	$300-$450	$300-$450	4	29
Attic Measures (Insulation)	-	$125	63	195
Photovoltaic Systems	-	$1.50	55	29
Refrigerator Buyback and Recycling	-	$150	62	389
Conservation Loan Program				
Low Interest Loan Program	-	Varies	TBD	TBD
Educational				
Self Service Energy Survey Kit[3]	-	$10	45	527
Compact Fluorescents (CFLs)	-	$5	-	1,725
TOTAL			**1,346**	**6,826**

[1] Pending final program design, value may be shared between home/business owner and contractor/manufacturer

[2] Maximum available rebate amount

[3] Provided for Online Surveys and Mail-in Surveys

Table 2 – Program Values and Expected Demand and Energy Savings: Commercial

COMMERCIAL				
Program	**Current Value**	**'07 Value**	**Total Peak kW**	**Total MWh**
Customized Commercial[1]	-	$40,000	1,108	5,353
Commercial Lighting Service	Varies	Varies	36	190
Chilled Water Services	-	$1,700,000	180	851
Photovoltaic at Gainesville Airport	-	$125,000	3	23
EDUCATIONAL	-	-	TBD	TBD
Green Buildings*	-	-	TBD	TBD
LED Exit Sign	-	$75	19	169
Vending Miser Give-Away	-	$200	-	240
TOTAL			**1,346**	**6,826**

[1] Maximum available rebate amount per customer
* FY 2008 Implementation

Table 3 – Research Initiatives

RESEARCH INITIATIVES	Proposed Budget
	FY '07
Innovative Rate Design	$25,000
Load and Customer Research	$575,000
Advanced Metering Technology	$70,000
DSM Modeling	$150,000
Regulatory and Policy Initiatives	-
Energy Efficiency Charge on Bill	N/A
Total	**$820,000**

Table 4 – Summary of Demand Side Management Budget

Category	FY 06	FY 07
Financial Incentives & Loans	$439,448	$2,920,351
Operations & Research	$1,160,118	$1,683,687
Marketing	$248,213	$348,996
Total O & M	**$1,847,779**	**$4,953,034**
Capital & General Plant[1]	-	$2,467,779

[1] General Plant, Chilled Water, Load and Customer Research & Advanced Metering

ADDENDUM 3

Energy and Demand Reductions through Energy Conservation and Solar PV						
Program Name		**Demand (kW)**		**Annual Energy (MWh)**		**Levelized $/MWh**
Energy Conservation Programs 2006-2013						
Central AC Super Efficient		3,856.70		7,755.60		$ 21.24
Duct Leak Repair		2,252.50		5,710.60		$ 35.34
Refrig Recycling & Buy Back		731.90		5,162.00		$ 13.31
Attic Insulation		1,630.80		4,467.00		$ 7.71
Natural Gas Appliances		699.40		5,600.90		$ 10.31
CFL		137.00		13,055.70		$ 8.59
Low Int Loans		127.50		375.50		$ 120.94
Two Speed Pool Pump		526.20		2,129.10		$ 27.12
Irrigation Tune Up		5.60		6.40		$ 4,280.47
Behavior Pilot (Home Energy Reports)		1,788.70		15,286.40		$ 32.19
Heat Pump Water Heater		10.00		51.20		$ 8.98
High Efficiency Windows		-		176.10		$ 10.01
GRU & GG Projects*		194.46		980.00		N/A
Central AC Maintenance		683.20		1,397.40		$ 63.97
Central AC SEER 15		400.70		602.70		$ 60.55
High Efficiency Room AC		147.60		215.80		$ 113.78
E-Star for Affordable Housing		45.40		106.50		$ 55.65
Reflective Roof Coating		1.80		5.10		$ 996.53
Customized Business Rebate		7,601.00		42,295.40		$ 10.36
LED Exit Signs		123.30		1,080.30		$ 33.41
Solar Water Heater		27.20		199.40		$ 40.94
Smart Vendor		-		1,675.40		$ 16.09
Sub Total EC Programs		*20,990.96*		*108,334.50*		
Solar PV Programs through Dec 2018* **						
Solar Feed In Tariff		18,400.00		21,359.24		$ 252.04
Solar Net Metering**		7,200.00		10,029.60		N/A
Sub Total Solar Programs		*25,600.00*		*31,388.84*		
Total Energy & Demand Reductions		**46,591**		**139,723.34**		**$ 14.64**

* GRU & GG projects paid for through ARRA Grant
** MWh is estimated based on 15.9% capacity factor
** Cost per MWh varies depending on size of system relative to load
*** Demand listed is Capacity installed not System Peak Reduction

ADDENDUM 4

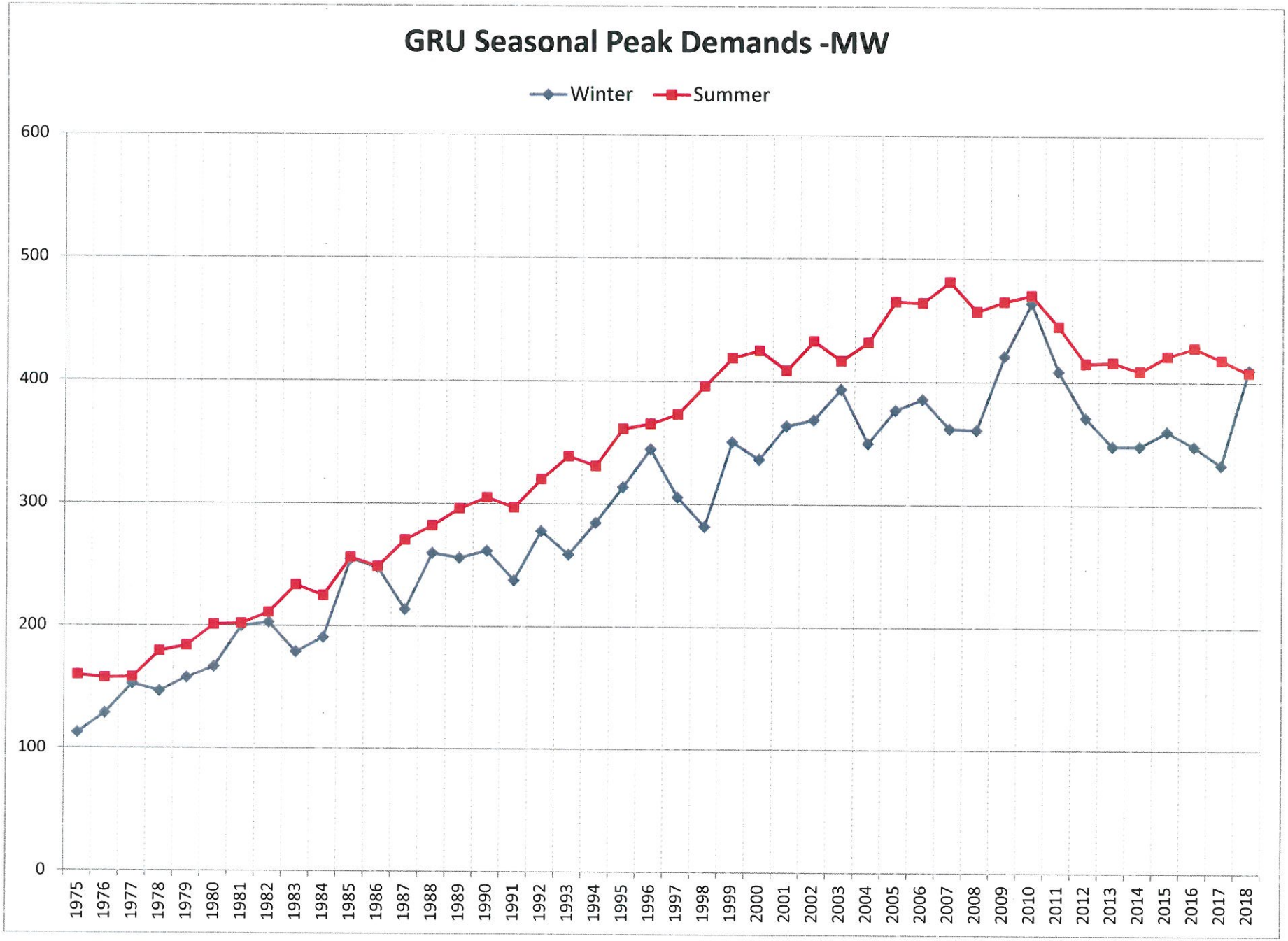
Solar FIT Detail

Calendar Year							Original Installed MW	Degraded Installed MW	Annual MWh	Annual Expense	$/MWh
2009	0.600	0.600					0.600	0.600	371	101,627	274
2010	3.300	0.600	2.700				3.300	3.297	1,286	411,606	320
2011	9.300	0.600	2.700	6.000			9.300	9.281	7,269	2,227,174	306
2012	14.100	0.600	2.700	6.000	4.800		14.100	14.034	15,839	4,580,459	289
2013	18.600	0.600	2.700	6.000	4.800	4.500	18.600	18.464	19,021	5,282,581	278
2014		0.600	2.700	6.000	4.800	4.500	18.600	18.372	23,329	5,749,806	246
2015		0.600	2.700	6.000	4.800	4.500	18.600	18.280	23,125	5,811,678	251
2016		0.600	2.700	6.000	4.800	4.500	18.600	18.188	24,725	6,178,358	250
2017		0.600	2.700	6.000	4.800	4.500	18.600	18.097	23,373	5,869,617	251
2018		0.600	2.700	6.000	4.800	4.500	18.600	18.007	21,359	5,394,071	253
2019		0.600	2.700	6.000	4.800	4.500	18.600	17.917	*23,543*	*5,885,750*	
2020		0.600	2.700	6.000	4.800	4.500	18.600	17.827	*23,425*	*5,856,250*	
2021		0.600	2.700	6.000	4.800	4.500	18.600	17.738	*23,308*	*5,827,000*	
2022		0.600	2.700	6.000	4.800	4.500	18.600	17.649	*23,191*	*5,797,750*	
2023		0.600	2.700	6.000	4.800	4.500	18.600	17.561	*23,075*	*5,768,750*	
2024		0.600	2.700	6.000	4.800	4.500	18.600	17.473	*22,960*	*5,740,000*	
2025		0.600	2.700	6.000	4.800	4.500	18.600	17.386	*22,845*	*5,711,250*	
2026		0.600	2.700	6.000	4.800	4.500	18.600	17.299	*22,731*	*5,682,750*	
2027		0.600	2.700	6.000	4.800	4.500	18.600	17.213	*22,617*	*5,654,250*	
2028		0.600	2.700	6.000	4.800	4.500	18.600	17.127	*22,504*	*5,626,000*	
2029		0.600	2.700	6.000	4.800	4.500	18.600	17.041	*22,392*	*5,598,000*	
2030			2.700	6.000	4.800	4.500	18.000	16.356	*21,491*	*5,372,750*	
2031				6.000	4.800	4.500	15.300	13.574	*17,836*	*4,459,000*	
2032					4.800	4.500	9.300	7.506	*9,863*	*2,465,750*	
2033						4.500	4.500	2.669	*3,506*	*876,500*	
2034											
2035											

notes & assumptions

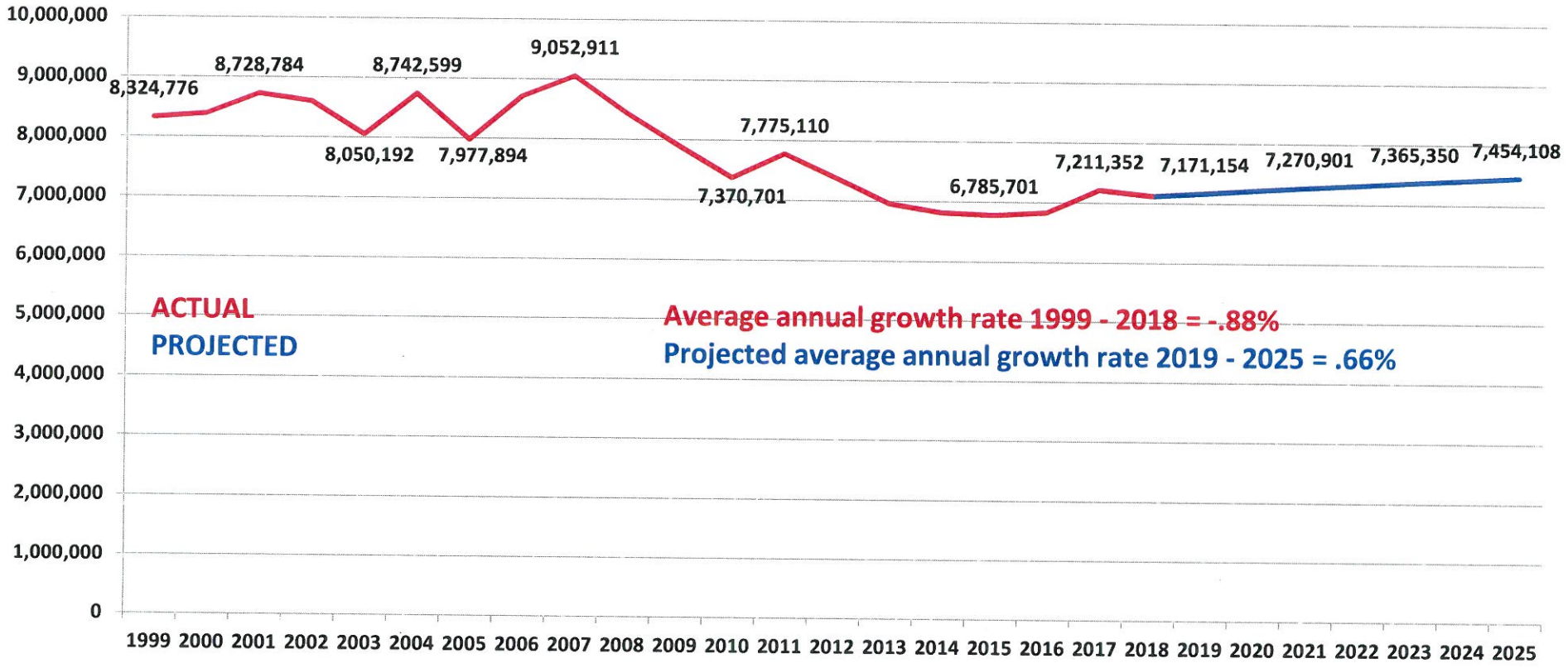
- Capacity available for installation year plus 20 years.
- Average Hour (Energy) Capacity equals 15%.
- Winter On-Peak Capacity equals 9.3%.
- Summer On-Peak Capacity equals 35%.
- System output planned to degrade 0.5%/yr.
- Future expense based on $250/MWh

ADDENDUM 5


GRU Seasonal Peak Demands -MW
Winter
Summer
600
500
400
300
200
100
0
1975
1976
1977
1978
1979
1980
1981
1982
1983
1984
1985
1986
1987
1988
1989
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018

ADDENDUM 6

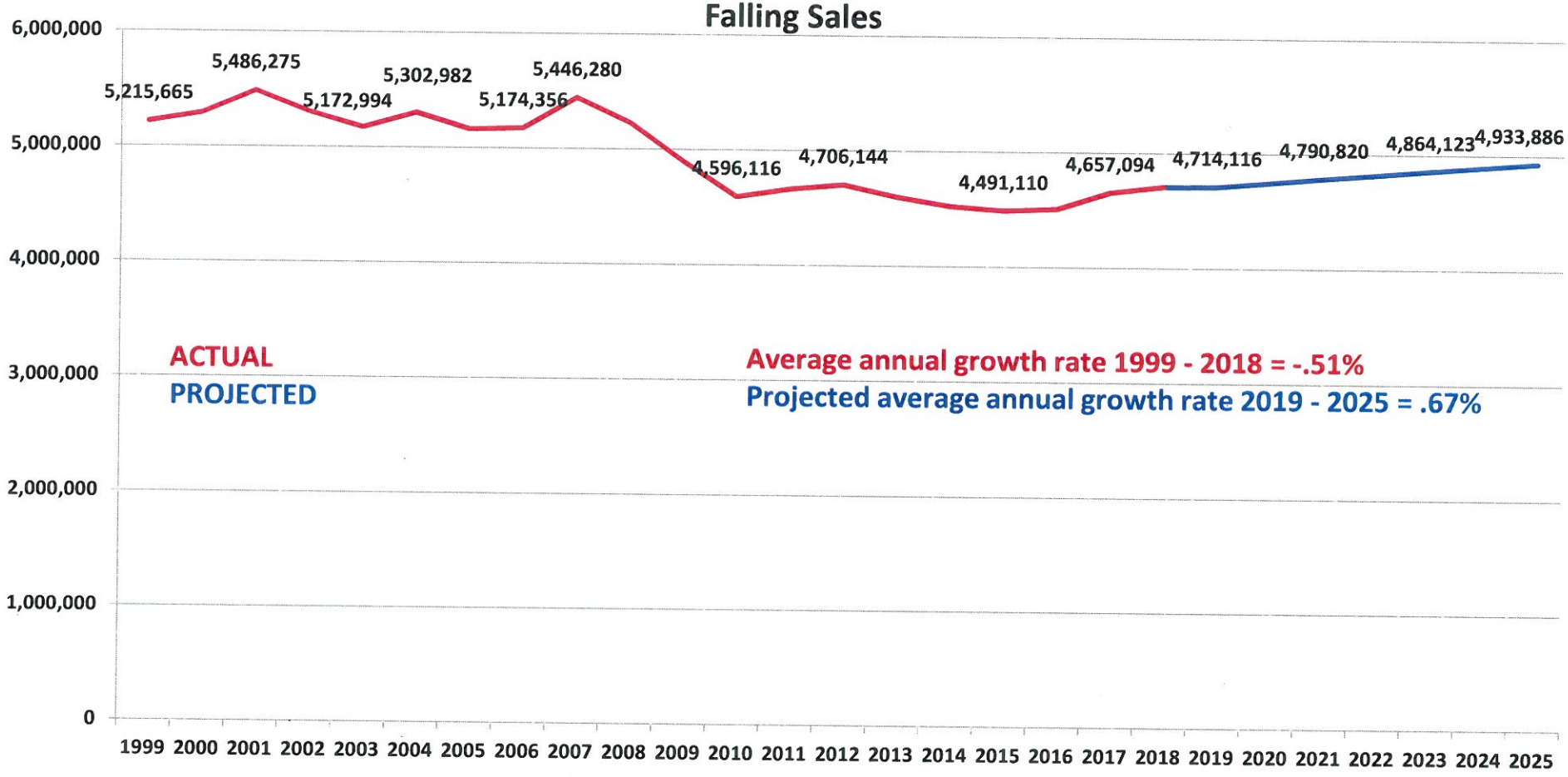
Water System
Trend in kGals Sold
Falling Sales



GRU℠
More than Energy

ADDENDUM 7

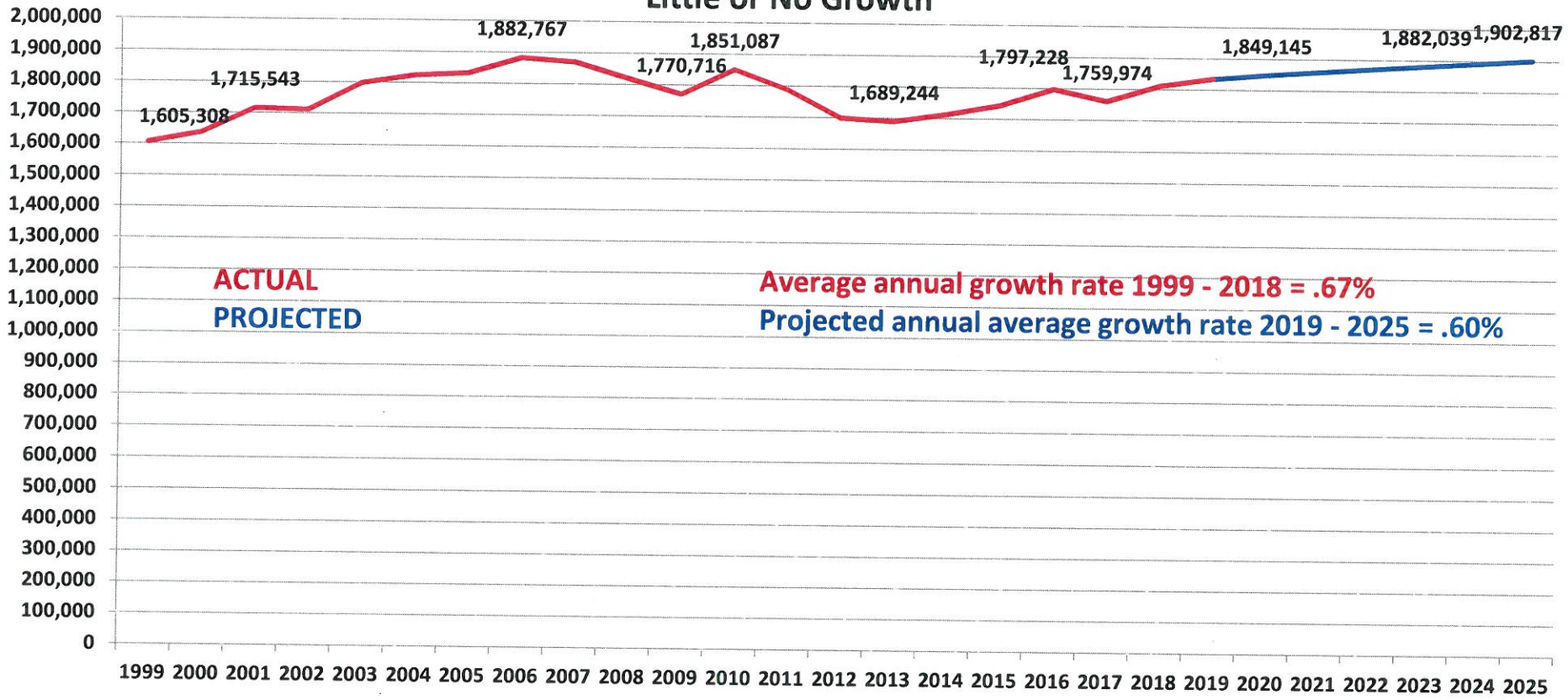
Wastewater System
Trend in kGals Sold
Falling Sales



GRU More than Energy

ADDENDUM 8

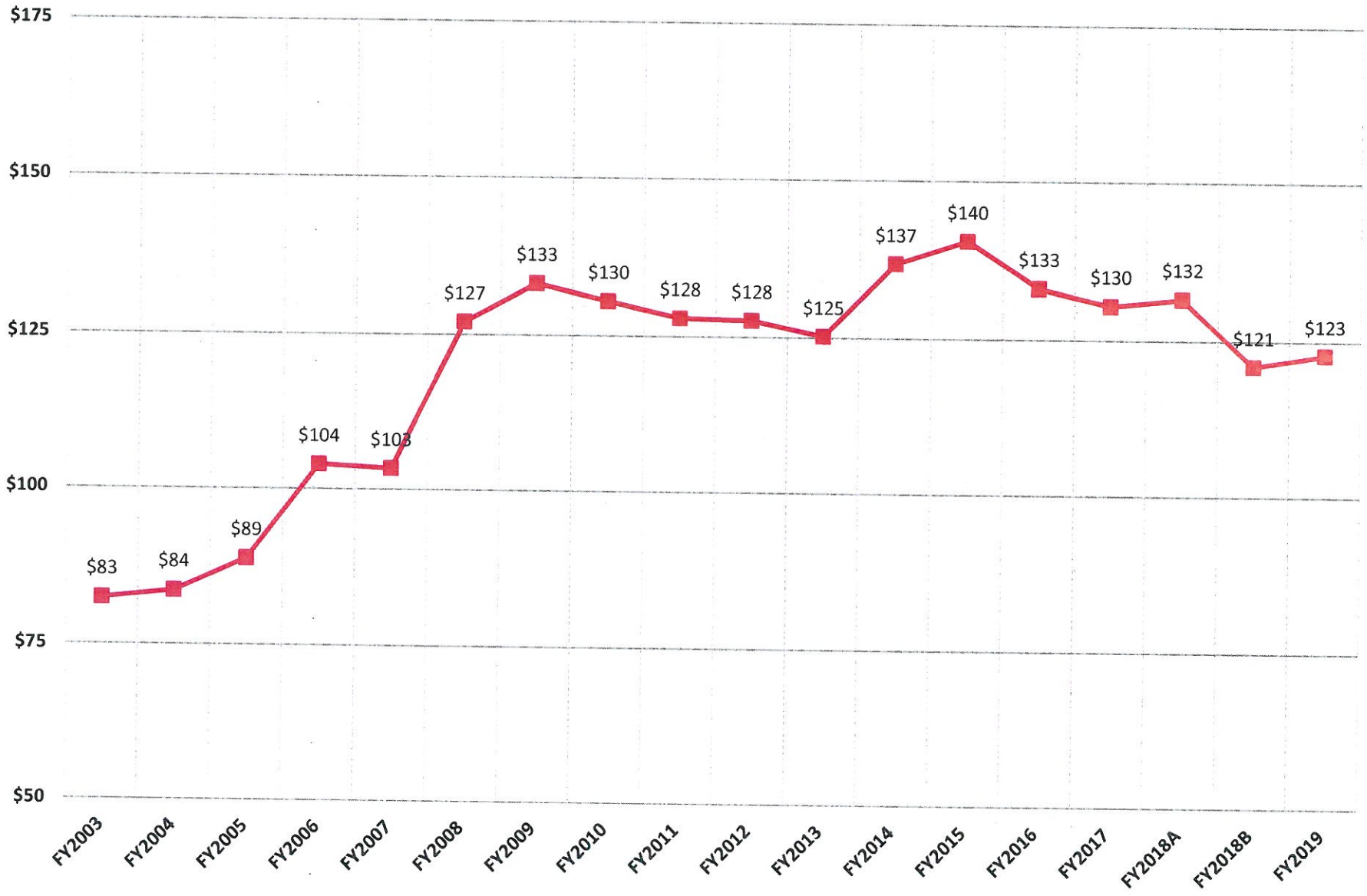
Electric System
Trend in MWh Sales
Little or No Growth



GRU℠
More than Energy

ADDENDUM 9

Residential Electric Bill
1000 kWh

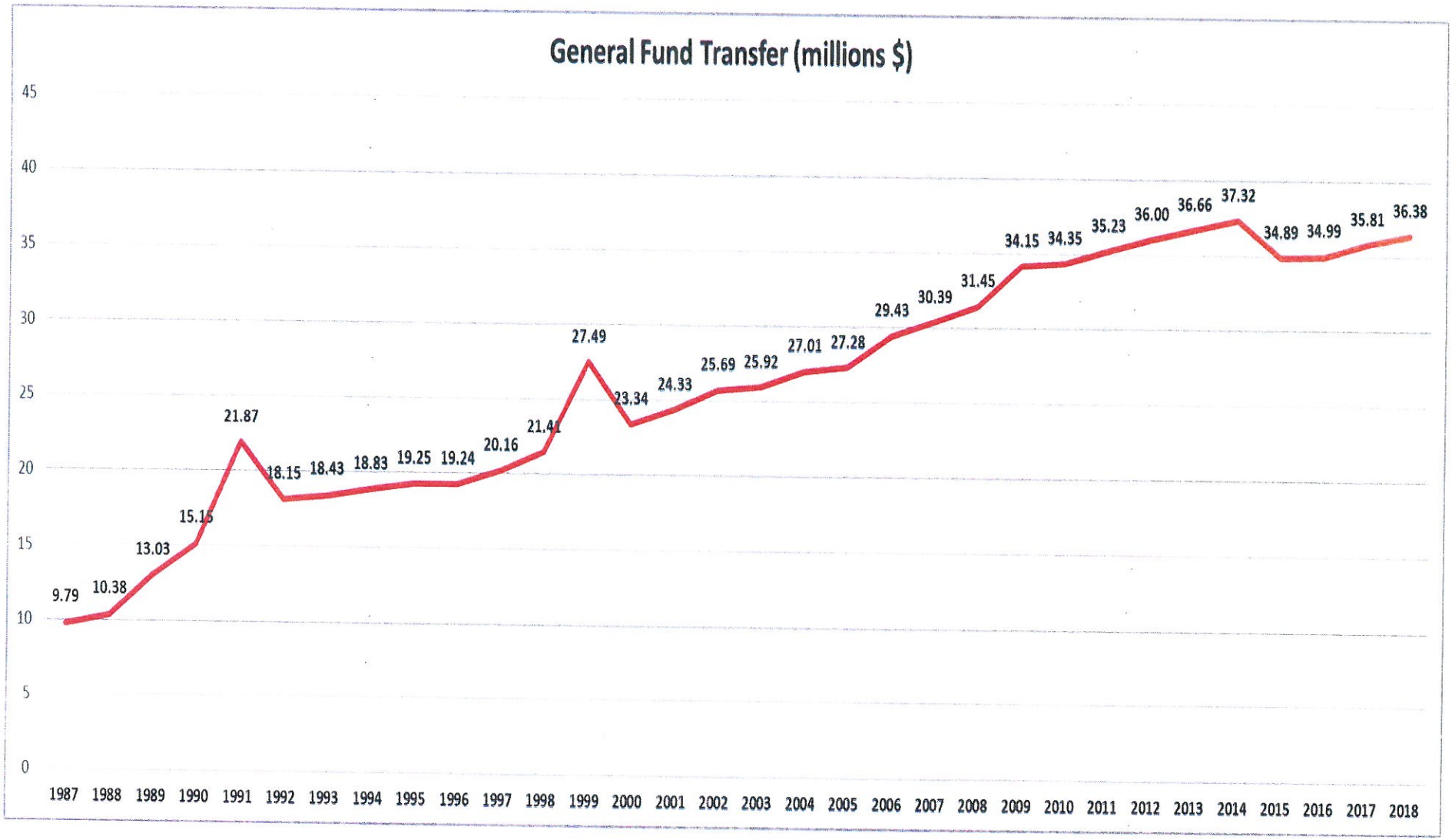


ADDENDUM 10

These cash flow statistics are summarized in the following table:

SERIES 2012 A & B: FINAL CASH FLOWS									
							Combined Series 2012 A & B		
Fiscal Year	Prior Debt Service	Series 2012 A Refunding Debt Service	Savings (Expense)	Prior Debt Service	Series 2012 B Refunding Debt Service	Savings (Expense)	Prior Debt Service	Refunding Debt Service	Savings (Expense)
12	643,334	-	643,334	1,930,493	532,598	1,397,895	2,573,827	532,598	2,041,229
13	3,860,006	3,906,971	(46,965)	10,773,661	3,249,748	7,523,913	14,633,667	7,156,719	7,476,948
14	3,860,006	3,356,825	503,181	17,046,207	3,252,234	13,793,973	20,906,213	6,609,059	14,297,154
15	3,860,006	3,356,825	503,181	17,177,391	3,254,305	13,923,086	21,037,397	6,611,130	14,426,267
16	3,860,006	3,356,825	503,181	17,082,826	3,257,312	13,825,514	20,942,832	6,614,137	14,328,695
17	3,860,006	3,356,825	503,181	17,061,875	3,260,362	13,801,513	20,921,881	6,617,187	14,304,694
18	3,860,006	3,356,825	503,181	8,811,234	3,263,464	5,547,770	12,671,240	6,620,289	6,050,951
19	3,860,006	3,356,825	503,181	8,709,963	3,264,231	5,445,732	12,569,969	6,621,056	5,948,913
20	3,860,006	3,356,825	503,181	6,745,474	3,264,995	3,480,479	10,605,480	6,621,820	3,983,660
21	10,070,006	9,866,825	203,181	2,227,306	4,885,275	(2,657,969)	12,297,312	14,752,100	(2,454,788)
22	12,505,031	12,306,325	198,706		3,352,625	(3,352,625)	12,505,031	15,658,950	(3,153,919)
23	14,110,381	13,907,575	202,806		3,308,075	(3,308,075)	14,110,381	17,215,650	(3,105,269)
24	12,432,900	12,234,075	198,825		3,204,825	(3,204,825)	12,432,900	15,438,900	(3,006,000)
25	12,431,150	12,231,575	199,575		3,704,825	(3,704,825)	12,431,150	15,936,400	(3,505,250)
26	12,430,712	12,229,325	201,387		3,188,575	(3,188,575)	12,430,712	15,417,900	(2,987,188)
27	12,432,000	12,231,075	200,925		6,558,575	(6,558,575)	12,432,000	18,789,650	(6,357,650)
28	12,433,825	12,230,625	203,200		6,279,050	(6,279,050)	12,433,825	18,509,675	(6,075,850)
29					6,055,050	(6,055,050)		6,055,050	(6,055,050)
30					5,784,950	(5,784,950)		5,784,950	(5,784,950)
31					5,875,375	(5,875,375)		5,875,375	(5,875,375)
32					5,854,787	(5,854,787)		5,854,787	(5,854,787)
33					7,591,600	(7,591,600)		7,591,600	(7,591,600)
34					7,648,613	(7,648,613)		7,648,613	(7,648,613)
35					7,803,475	(7,803,475)		7,803,475	(7,803,475)
36					7,802,775	(7,802,775)		7,802,775	(7,802,775)
37					7,806,225	(7,806,225)		7,806,225	(7,806,225)
38					7,808,500	(7,808,500)		7,808,500	(7,808,500)
39					7,809,438	(7,809,438)		7,809,438	(7,809,438)
40					7,708,875	(7,708,875)		7,708,875	(7,708,875)
41					17,254,900	(17,254,900)		17,254,900	(17,254,900)
42					17,278,888	(17,278,888)		17,278,888	(17,278,888)
	130,369,387	124,642,146	5,727,241	107,566,430	181,164,525	(73,598,095)	237,935,817	305,806,671	(67,870,854)
		PV savings	4,838,486		PV savings	2,628,008			

ADDENDUM 11



GRU More than Energy

ADDENDUM 12

Gainesville Regional Utilities
Initial Analysis of Questions Presented by City Commission

	Options	Costs	Benefits	Risks	Rating	Comments
1	Debt restructure: expand 2019 refinancing of previously used UPIF and commercial paper to re-shape future debt.	$ 40 million of lower DSP for a 5 to 6 year horizon: $ 5 to $ 10 million a year offset by additional $ 4 million more each year for 16 with a series of $ 23 to $ 40 million debt service payments over 7 years, followed by $ 7 million of savings for 3 years.	Increase cash flow by $ 40 million for next 6 years, diminishing upward rate pressure.	Increased DSP in years 7 and beyond.	1	Further work with PFM and rating agency required.
2	Wholesale mkt opportunities	Team's time and effort in developing and submitting bids.	Generation of positive cash flow from selling its excess capacity at above our marginal cost of production	Marginal risk due to GRU's strong fuel diversity and hedging. Low probability of success in bid process due to competition from strong industry players.	5	We will formalize the details however, this is a market based, case by case option with GRU holding little or no competitive advantage.
3	UPIF Flexibility	Potential cost of rating downgrade on part of rating agencies.	Limited when you consider GRU's move to use its extensive and well funded Commercial Paper (CP) program which has already saved significant dollars through its use as a construction type loan facility and liquidity source.	Rating pressure to downgrade	5	We will formalize response. No real upside currently.
4	UF campus power	Staff time and effort including legal department	UF's on campus load of 40 to 50 megawatts would spread GRU's fixed costs over a wider customer base and create huge downeard presssure on rates. A 40 MW load at a $ 25 spread would generate close to $ 10 million in additional net revenue.	Virtually none, other than normal operating risks, which the utility already assumes.	1	Will require much more discussion with UF at all levels. May not assist in current annual budget.
5	Customer service modifications, such as outsourcing, etc.	Potential disruption of ability to collect from customers. Loss of GRU ability to more amicably resolve customer issues. Overall loss of revenue and customer dissatisfaction.	Potential reduction in staff reductions, overhead and software upgrades.	GRU customer service is an award winning organization and has been recognized by multiple organizations as the best of breed. The lobby experience is rated at 4.9 out of 5 on our customer surveys. The lobby is a valuable resource for GRU's customers and fits into our desire to be a value-added utility.	4	Further work is necessary to determine efficiences along with the CIS project. Also there are serious questions as to whether savings would be realized.
6	Right size GRU space	Relocation costs, which have been estimated at upwards of $ 1 million to move non-customer service folks to EOC.	One campus and the freeing up of most of the Administration building for sale or lease.	There is no space for customer service at the EOC, therefore the benefits of a sale of the Admin Building may be absorbed in the lease or building of new space for customer service.	4	We will formallize response.
7	Hiring Freeze	A freeze would add to the impact of almost a 10% vacancy rate across utility. Core services extend across all services and being unable to fill vacancies would result in core services being deferred or eliminated.	Due to level of current vacancies it is fairly difficult to ascertain how a hiring freeze would help the utility's true economic cost. Taking away ability to jet wastewater lines, tv those lines, perform preventive maintenance on aging fleet result in paying higher costs latrer in fines, additional work and broken equipment.	Another hit to morale and fuels the idea that employees are the problem.	5	Not recommended
8	Travel ban (out of state)	Inability to keep up with trends within industry and a potential loss of awareness of opportunities.	Potential savings of $ 100,000 to $ 200,000 for a limited out of state travel ban.	Short term benefit in exchange for long term development.	5	Not recommended
9	Charge for paper bills	Internal cost of developing method to charge customer, as well as developing a database of customer e-mail addresses. Legal department will need to be involved.	Assuming $ 1 a month for every customer who decides they want a paper bill and we also assume 10% of our customers decide they want a paper bill that would create just over $ 100,000 a year in additional revenue.	Impact on older customers, otrhers without e-mails who are least able to afford the charge (remember last year's $ 1.87 a month increase was very unpopular.	5	We will formualize response.
10	Electric vehicle impact	Status quo: no charge to GRU. Expansion to building charging stations range from $ 15,000 to $ 50,000 for regular and fast charge stations respectively. The capital of building 3 to 4 charging stations around town could easily approach $ 250,000. The concept of offering customers credits place a value of $ 2,000 to $ 4,000 on the purchase of an EV.	There are currently 335 EV's in Alachua county. For argument's sake let's assume they all reside in Gainesville. For every new EV that uses GRU electric service it generates $ 300 in net revenue per year (based on 12,000 miles driven). See payback below based on 10% per year EV growth over 5 years: **Capital / Return/Yr / Payback** Charging stations $ 250,000 $ 12,160 20.56 Years Credit $ 4,000 $ 300 13.33 Years	GRU could build charging stations to incent the use of EV's but we would be competing with private market, with is problematic. Difficult to discern charging sattion's impact on ultimate purchase of EV. Same can be said for credit for EV purchase, including the ability to recoup credit once customer left GRU territory.	4	Not sure if business model works for GRU at this time. We will formalize response.
11	On-boarding DHR employees	The costs are complicated because it involves collective bargaining agreements and employees as well as internal equity and retention of employees.	There is almost a $ 1 million savings associated with the reduction in NAES costs by bringing their employees over to GRU.	If the process is not handled fairly and equitably GRU risks losing current NAES employees (with high skill sets), as well as alienating current electric supply employees (also with high skill sets).	1	It makes sense to on-board employees, but there are consequences.
12	Expand GRUCom into retail internet	The capital costs of having GRUCOM deliver internet service to its customers is substantial (arguably over $ 100 million in capital).	Potential revenue stream from serving GRU customers. Difficult to determine the "take rate" from customers but major competitors, Cox and AT&T exist.	Extremely high risk in technology, competition and in ability for GRUCOM's access to capital markets.	5	Not recommended.
13	Reconsider Kelly Capital	Kelly is operating with a 1960's vintage steam chest, which is well beyond its useful life and needs replacing. The replacement cost is $ 25 million.	Kelly will be able to serve the community in a combined cycle mode, as GRU's lowest cost of power for the forseable future.	Without that replacement, GRU would be forced to buy more power off the grid, decrease its reliability and be in a lesser ability to continue to operate as a balancing authority, which is the cornerstone of the 100% renewable by 2045 goal. GRU has 5 plants that are 38 yrs or older. This mitigates that risk.	5	Simply necessary.
14	Reduce service levels or defer maintenance	GRU's business model is based on life cycle management and as a result there is a cost assigned to every action or condition. In the case of addressing water leaks SSO's and preventive maintenance efforts there will always be a cost associated with performing the work now or in the future. However, reducing service levels or deferring maintenance levels now only increase the overall costs to GRU and are necessarily passed on to its customers.	The benefits to these actions are minimal because 90% of GRU's costs are fixed meaning they don't go away when the service level goes away or is reduced.	Short term benefit for long term cost.	5	Not recommended. We will formalize response.

ADDENDUM 13

	[1]	[2]	[3] [1] - [2]	[4]	[5]	[6] [5] - [4]	[7]	[8] [3] - [6] + [7] "Pure" Refunding Savings Less Difference in D/S Proposed 2019 Transaction vs Corporate Model plus Refunding Debt Service = Savings (Expense)	
	"PURE" REFUNDING								
FY	Prior Debt Service	Refunding Debt Service	Savings (Expense)	Debt Service: Planned FY21 Transaction in Rate Structure Per Corporate Model	Total Debt Service Per Proposed 2019 Transaction	Difference: Debt Service Proposed 2019 Transaction vs Corporate Model	Refunding Debt Service		Cumulative Debt Svc Savings FY19 - FY24
19	10,553,737	655,302	9,898,435		5,440,640	5,440,640	655,302	5,113,097	
20	14,754,661	1,479,404	13,275,257		10,317,073	10,317,073	1,479,404	4,437,588	
21	14,713,331	1,766,929	12,946,402	7,122,844	10,654,923	3,532,079	1,766,929	11,181,252	
22	12,269,587	1,982,573	10,287,014	7,122,844	10,908,310	3,785,466	1,982,573	8,484,121	
23	10,641,539	2,054,454	8,587,085	7,122,844	10,992,773	3,869,929	2,054,454	6,771,610	
24	12,242,858	2,054,454	10,188,404	7,122,844	10,992,773	3,869,929	2,054,454	8,372,929	44,360,597
25		2,054,454	(2,054,454)	7,122,844	10,992,773	3,869,929	2,054,454	(3,869,929)	
26		2,054,455	(2,054,455)	7,122,844	10,992,773	3,869,929	2,054,455	(3,869,929)	
27		2,054,454	(2,054,454)	7,122,844	10,992,773	3,869,929	2,054,454	(3,869,929)	
28		2,054,455	(2,054,455)	7,122,844	10,992,773	3,869,929	2,054,455	(3,869,929)	
29		2,054,454	(2,054,454)	7,122,844	10,992,773	3,869,929	2,054,454	(3,869,929)	
30		2,054,455	(2,054,455)	7,122,844	10,992,773	3,869,929	2,054,455	(3,869,929)	
31		2,054,454	(2,054,454)	7,122,844	10,992,773	3,869,929	2,054,454	(3,869,929)	
32		2,054,454	(2,054,454)	7,122,844	10,992,773	3,869,929	2,054,454	(3,869,929)	
33		2,054,455	(2,054,455)	7,122,844	10,992,773	3,869,929	2,054,455	(3,869,929)	
34		2,054,454	(2,054,454)	7,122,844	10,992,773	3,869,929	2,054,454	(3,869,929)	
35		2,054,455	(2,054,455)	7,122,844	10,992,773	3,869,929	2,054,455	(3,869,929)	
36		2,054,454	(2,054,454)	7,122,844	10,992,773	3,869,929	2,054,454	(3,869,929)	
37		2,054,455	(2,054,455)	7,122,844	10,992,773	3,869,929	2,054,455	(3,869,929)	
38		2,054,454	(2,054,454)	7,122,844	10,992,773	3,869,929	2,054,454	(3,869,929)	
39		2,054,454	(2,054,454)	7,122,844	10,992,773	3,869,929	2,054,454	(3,869,929)	
40		2,054,455	(2,054,455)	7,122,844	10,992,773	3,869,929	2,054,455	(3,869,929)	
41		10,939,454	(10,939,454)	7,122,844	30,102,773	22,979,929	10,939,454	(22,979,929)	
42		14,080,117	(14,080,117)	7,122,844	30,103,340	22,980,496	14,080,117	(22,980,496)	
43		10,805,498	(10,805,498)	7,122,844	47,403,284	40,280,440	10,805,498	(40,280,440)	
44		14,667,548	(14,667,548)	7,122,844	47,371,233	40,248,389	14,667,548	(40,248,389)	
45		14,666,661	(14,666,661)	7,122,844	50,039,096	42,916,252	14,666,661	(42,916,252)	
46		10,465,675	(10,465,675)	7,122,844	50,038,360	42,915,516	10,465,675	(42,915,516)	
47		405,862	(405,862)	7,122,844	50,041,811	42,918,967	405,862	(42,918,967)	
48				7,122,844		(7,122,844)		7,122,844	
49				7,122,844		(7,122,844)		7,122,844	
50				7,122,844		(7,122,844)		7,122,844	
	75,175,713	118,895,202	(43,719,489)	213,685,320	540,290,757	326,605,437	118,895,202	(251,429,724)	

	Savings 19-24	65,182,597	Savings 19-24	44,360,597.00
	Expense 25-47	(108,902,086)	Expense 25-50	(295,790,321.00)
		(43,719,489)		(251,429,724)

ADDENDUM 14

GRU FINANCIAL CONDITION

- Without scheduled rate increases or other mitigation, cash reserves will decline drastically:

Rate Stabilization Fund Projected From FY18 Actuals	
FYE 18	57.7
FY19	45.5
FY20	24.0
FY21	7.7
FY22	-4.3

GFT Shortfall	
FY19	12.2
FY20	21.5
FY21	16.3
FY22	12.0