Gainesville Regional Utilities Authority
AGENDA

Wednesday, September 10, 2025, 5:30 p.m.
GRU Administration Building
301 SE 4th Avenue
Gainesville, FL 32601

Directors
Chair Eric Lawson
Vice-Chair David Haslam
Director Jack Jacobs
Director Robert Skinner

If you have a disability and need accommodation in order to participate in this meeting, please call (352) 334-5051 at least two business days in advance. TTY (Text Telephone Telecommunication Device) users please call 711 (Florida Relay Service). For Speech to Speech (STS) relay, please call 1-877-955-5334. For STS Spanish relay, please call 1-877-955-8773. For STS French Creole relay, please call 1-877-955-8707.

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
Includes Consent and Regular Agenda Items.

F. APPROVAL OF MINUTES
Approval of the Minutes from the GRUA meeting held on August 13, 2025 (B)

G. CHAIR COMMENTS

H. GENERAL PUBLIC COMMENT
(for items not on the agenda, not to exceed 30 minutes total)

I. DIRECTOR COMMENTS

J. CONSENT AGENDA

1. 2025-713 State of the Utility, Monthly Update July 2025 (B)
**Department:** Gainesville Regional Utilities/Office of the Chief Operating Officer

**Description:** GRU will be providing a monthly update to Authority members to ensure they are aware of the important projects and relevant utility measurements and benchmarks. This report provides information from July 2025.

**Fiscal Note:** None

2. 2025-714 GRU Financial Communications (B)
**Department:** Gainesville Regional Utilities/Budget, Finance, and Accounting

**Description:** In light of the repeated public criticisms and pointed commentary directed at GRU's financial statements and overall financial credibility during recent Authority meetings, this consent agenda item has been prepared to provide a comprehensive overview of the extensive professional scrutiny that GRU's annual financial reports undergo on a consistent and recurring basis. These financial statements are subject to rigorous evaluation by independent, regulated entities, ensuring transparency, accuracy, and adherence to established accounting standards. The intent of this item is to reaffirm the integrity of GRU's financial reporting process and to clarify the safeguards in place that uphold its fiscal accountability.

**Fiscal Note:** None

**Recommendation:** Informational item only.

K. CEO COMMENTS

L. ATTORNEY COMMENTS

M. BUSINESS DISCUSSION ITEMS

1. 2025-715 GRU Review August, 2025 (B)
**Department:** Gainesville Regional Utilities/Office of the Chief Executive Officer

**Description:** An update to the Board on the significant and most meaningful events since the last board meeting. The GRU review isn't meant to replace all the granularity of the State of the Utility (which is included under Consent Agenda), it is intended to supplement it and can evolve over time depending on the requirements set forth by the Board.

**Fiscal Note:** None

**Recommendation:** The Authority hear a presentation from the CEO and ask questions, if desired.

2. 2025-716 Main St. Water Reclamation Facility Capacity and Renewal Upgrade –

**Contract Modification for Phase 2 Construction**
**Department:** Gainesville Regional Utilities/Water Wastewater

**Description:** The Main Street Water Reclamation Facility (MSWRF), operational since the 1920s, has undergone multiple upgrades over its century of service. The last major improvement occurred in the early 1990s. The facility now requires substantial modernization and capacity expansion. The Capacity and Renewal Project will upgrade aging infrastructure, enhance treatment quality, and expand capacity from 7.5 million gallons per day (MGD) to 10 MGD Annual Average Daily Flow (AADF). These improvements will also ensure regulatory compliance, reduce operational costs, and accommodate future wastewater flows.

In 2019, staff initiated a two-phase evaluation of design-build teams to design and construct the project. CH2MHill Engineers was selected, and the contract was executed on July 20, 2020. During planning, the team assessed alternatives and selected the best-value solution. Post-COVID inflation and supply chain disruptions made it necessary to divide the project into two phases to manage costs and scheduling.

- **Phase 1 -** Currently under construction, Phase 1 includes replacement of critical gravity sewer piping from the Innovation District and downtown, a new master lift station, headworks screening and grit removal, odor control, security upgrades, and electrical/stand-by power systems. Construction began in March 2024 and is expected to reach substantial completion by March 2026. Total cost: $50M, with $22.5M offset by state water quality grant funding.
- **Phase 2 -** Phase 2 will expand treatment capacity to 10 MGD AADF by replacing the 1967 East Treatment Train with advanced Membrane Bioreactor (MBR) technology. This will improve effluent quality and reduce nutrient discharge to Sweetwater Branch and Alachua Sink. Scope includes additional screening, MBR basins, blower and pump systems, upgrades to clarification and disinfection, and electrical/stand-by power facilities. Construction is scheduled to begin in March 2026 and span four years. Estimated cost: $120M. We will continue to submit grant applications to seek funding to offset project costs..

Summary of Project Updates and Contract Authorizations:

- **September 17, 2019, City Commission approved ranking and contract negotiations with ranked firms.**
- July 2020 – GRU and CH2MHill Engineers (Jacobs) entered into an agreement (#2019-075) for Design-Build Services, including Planning Phase services.
- May 2, 2022 – Preliminary Phase Task Assignment 1A – Design of Plant Expansion

- January 27, 2023 – Preliminary Phase Task Assignment 1B – Collection System Improvements
- **September 7, 2023 – Presented project update to City Commission and City Commission approved execution of $22.5M grant agreement with FDEP.**
- **March 6, 2024 – Presented project overview and update to GRUA as an informational item – File Number 2024-190 Main St. Water Reclamation Facility Capacity and Renewal Update**
- April 3, 2024 – Completion Phase Task Assignment 1 – Construction of Phase 1 Plant Expansion
- April – June 2024 – Issued Owner Director Purchase Equipment Purchase Orders
- June 9, 2025 – Preliminary Phase Task Assignment 2A – Design of Phase 2 Plant Expansion
- **September 10, 2025 – Request to GRUA for approval to proceed with contract modification for Phase 2 Construction**
- Future: Owner Direct Purchases of Membrane Equipment (October 2025)
- Future: Phase 2 Early Works Construction Package (January 2026)
- Future: Phase 2 Main Construction Package (March 2026)

**Fiscal Note:**

**Phase 1** - Approved Cost: Gross - $50M, Net - $27.5 M ($22.5M offset by grant funding)

**Phase 2** - Budgeted Funding: Gross - $120M, Net – TBD (Seeking grant funding)

**Total Requested Contract Funding:** Gross - $170M, Net $147.5M (pending possible grant funding)

Originally, Phases 1 and 2 were projected at $50M and $110M respectively, totaling $160M with no grant proceeds, versus todays' net of $147.5M.

The total project expenses for Phase 1 and Phase 2 have been included with the 10-year capital improvement plan for the wastewater system and in the GRU Debt Reduction Plan. These project expenses will continue to be included in annual budget submittals for the wastewater system. This once-in-a-generation upgrade is also the basis for increased wastewater charges now and in the future.

**Recommendation:** The GRU Authority authorize the CEO, or designee to execute required modifications to contract #2019-075, subject to approval of the Utility Attorney as to form and legality, for the total project cost not to exceed $170 million subject to and accordance with the annually approved budget and GRU procurement policy allowances.

3. **2025-717 Recommendation to Seek Waiver from FERC's Independent Functioning Rule (B)**
**Department:** Gainesville Regional Utilities/Energy Delivery

**Description:** Reviewing the applicability of the Federal Energy Regulatory Commission's (FERC) Independent Functioning Rule to GRU and seeking a waiver due to likely applicability and operational constraints.

**Fiscal Note:** Without a waiver, personnel compliance costs remain potentially burdensome (requiring multiple FTEs) and forbid common sense operational practices (e.g., cross training) to meet FERC's Independent Functioning Rule. GRU's current scale and structure make full compliance financially and operationally burdensome without a waiver. Legal costs to obtain a waiver are not expected to exceed $20,000.

**Recommendation:** The GRU Authority authorizes the CEO or their designee to work with the Utilities Attorney and outside legal counsel to prepare and submit a request to the Federal Energy Regulatory Commission for a waiver from the Independent Functioning Rule, subject to legal review and approval as to form and legality.

4. **2025-718 Sale of Cross Creek Water and Wastewater Systems (B)**
**Department:** Gainesville Regional Utilities/Water Wastewater

**Description:** Staff seeks direction from the GRU Authority to initiate a competitive process for the sale of the Cross Creek Water and Wastewater Systems, which are financially and operationally unsustainable for GRU to continue operating. The systems serve approximately 50 customer connections in the Cross Creek Mobile Home Park (CCMHP), a remote community located about 16 miles southeast of Gainesville. The systems are isolated from GRU's core infrastructure and require significant staff time and resources to maintain.

**Fiscal Note:** The CCHMP water and wastewater systems generate a combined annual revenue of approximately $24,000 but currently cost GRU over $294,000 annually to operate and maintain, resulting in a net annual loss of more than $270,000. These costs include routine operations, maintenance, and overhead. Additional capital improvements will be necessary to keep the systems functioning, particularly due to operational challenges with the wastewater drainfield. Continuing to operate the systems will result in ongoing financial losses. Sale of the systems would mitigate these losses and relieve GRU of a long-term fiscal and operational burden.

**Recommendation:** The GRU Authority authorize the CEO or designee, to initiate and conduct a competitive process for the potential sale of the CCMHP water and wastewater systems, subject to legal review and approval as to form and legality.

## N. RESOLUTIONS (Roll Call Required)

O. DIRECTOR COMMENTS

P. ADJOURNMENT

**Gainesville Regional Utilities Authority**

**MINUTES**

**August 13, 2025, 5:30 p.m.**
**GRU Administration Building**
**301 SE 4th Avenue**
**Gainesville, FL 32601**

Members Present: Vice-Chair Haslam, Jack Jacobs, Chair Lawson, Robert Skinner

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**A. CALL TO ORDER**

**B. ROLL CALL**

**C. INVOCATION**

**D. PLEDGE OF ALLEGIANCE**

**E. ADOPTION OF THE AGENDA**

Public Comment: Jim Konish, Chuck Ross, Donald Sheppard

Chair Lawson stated that all the board members meet individually with the CEO to go over the agenda and the public is more than welcome to contact the board members to ask questions.

**Moved by** Robert Skinner
**Seconded by** Jack Jacobs

Approved

**F. APPROVAL OF MINUTES**

**Moved by** Robert Skinner
**Seconded by** Vice-Chair Haslam

Approved

## G. CHAIR COMMENTS

Chair Lawson had no comments

## H. GENERAL PUBLIC COMMENT

Public Comment: Jim Konish, Chuck Ross.

Chair Lawson invited the CEO to comment on statements made during Public Comment. CEO Bielarski responded.

## I. DIRECTOR COMMENTS

Director Jack Jacobs commented on statements made during Public Comment.

Vice-Chair Haslam addressed comments made during the Public Comment period and inquired about the status of a public records request referenced by Mr. Konish, who expressed concerns about not receiving the requested materials. CEO Bielarski clarified that while GRU endeavors to fulfill public records requests when possible, it is not obligated to create new documents to satisfy such requests. Vice-Chair Haslam also commented on recent public statements made by a Gainesville City Commissioner.

Director Skinner discussed utility rates, noting that no one wants to receive a large bill. He emphasized the GRUA Board's ongoing commitment to reviewing rates moving forward. Director Skinner also inquired whether GRU maintains any Service Level Agreements (SLAs) with the Alachua County School Board, to which CEO Bielarski responded. Additionally, Director Skinner referenced a concern raised during Public Comment regarding voltage surges in energy delivery. CEO Bielarski responded that GRU would follow up with Mr. Sheppard to reassess the issue, noting that such problems are sometimes attributable to internal infrastructure rather than GRU's systems.

Chair Lawson asked CEO Bielarski to comment on whether organizations aren't taking care of their side of power. CEO Bielarski affirmed GRU's commitment to being a responsible corporate citizen and reiterated that the utility strives to inform customers when upgrades to their systems may be necessary.

## J. CONSENT AGENDA

**1. 2025-628 State of the Utility, Monthly Update June 2025 (B)**

**2. 2025-629 Budget to Actual Comparison June 30, 205 (B)**

**3. 2025-630 August 2025 Accelerated Debt Reduction Transaction (B)**

## K. CEO COMMENTS

CEO Bielarski said he had no more comments to make.

## L. ATTORNEY COMMENTS

Attorney Kiersten Ballou gave update on current legal processes.

Chair Lawson asked for a timeline on the next steps. Ms. Ballou responded, and Mr. Walker provided additional information.

Utilities Attorney Derek Perry expressed confidence in the forthcoming steps and conveyed his enthusiasm for collaborating with the GRUA Board and GRU staff.

## M. BUSINESS DISCUSSION ITEMS

### 1. 2025-631 Coverage Metrics (B)

GRU's Budgeting, Rates and Forecasting Manager, Karen Fiore, shared a presentation with the Board. GRU's Director of Accounting and Finance, Mark Benton contributed to the presentation.

Chair Lawson inquired whether the rating agencies had provided any feedback regarding GRU's recent actions. Karen Fiore and Mark Benton offered responses. Chair Lawson then requested comments from CEO Bielarski on the topic of rate stabilization, to which CEO Bielarski provided input. Director Jacobs noted that while GRU's debt remains elevated, efforts are underway to reduce it. Mr. Benton also offered additional remarks.

Director Skinner emphasized that since the GRU Authority Board assumed oversight, GRU has accelerated its debt reduction efforts. These measures are positioning GRU to maintain borrowing capacity should future needs arise.

Vice-Chair Haslam underscored the importance of GRU and the Authority Board remaining committed to the established strategic plan.

CEO Bielarski concluded with further commentary on the debt reduction strategy.

**Recommendation:** The Authority hear a presentation from staff.

Heard

**2. 2025-632 GRU Review July, 2025 (B)**

CEO Bielarski delivered a presentation to the Board.

Chair Lawson inquired about the timeline for reflecting the lawsuit settlement—mandated by legislative order—and the TEA equity adjustment in the budget. CEO Bielarski provided a response.

Director Skinner requested an update on the ongoing pipe replacement project in Haile Plantation. Andy Roberts, Director of Water and Wastewater Engineering, briefed the Board on the status and progress of the work.

**Recommendation:** The Authority hear a presentation from the CEO and ask questions if desired.

Heard

**3. 2025-633 GRU Emergency Management Update (B)**

GRU's Emergency Manager, Scott Holowasko, presented an overview of GRU's emergency management plan for the Atlantic hurricane season.

Chair Lawson inquired about GRU's approach to managing vegetation near power lines. Mr. Holowasko provided a response.

Director Jacobs noted that both he and Director Skinner hold NIMS (National Incident Management System) certification.

Director Skinner asked for the number of mutual aid agreements currently in place. Mr. Holowasko responded accordingly. Director Skinner also inquired about GRU's coordination with out-of-state mutual aid agencies, to which Mr. Holowasko responded.

**Recommendation:** The GRU Authority hear the presentation and present any relevant questions.

Heard

**4. 2025-634 Groundwater Recharge Wetland – Grant Agreement and Contract Amendment (B)**

Kristen Sealy, GRU's Supervising Engineer and Utility Designer, provided an overview of the grant agreement and explained the scope and purpose of the Groundwater Recharge Wetland Project.

Chair Lawson inquired about the anticipated completion date. Ms. Sealy responded that the project is expected to be completed in late 2028 or early 2029.

No additional comments were made by Board Directors.

**Moved by** Jack Jacobs
**Seconded by** Vice-Chair Haslam

**Recommendation:** The GRU Authority authorize the CEO, or designee, to enter into a Fifth Amendment to the Agreement (#19/20-147) to reduce the Agreement's grant funding to $1,500,000 and amend the Work Plan. to enter into a new, separate Memorandum of Agreement (#24/25-165) for FDEP matching grant funds of $6,805,000. to execute an amendment to the design-build contract to reflect a total project cost not to exceed $14,610,000, subject to approval by the Utility Attorney as to form and legality, and in accordance with the annually approved GRU budget.

Approved as Recommended

**5. 2025-635 Update on Shared Services with the City – SLAs (B)**

CEO Bielarski delivered a presentation to the Board on Service Level Agreements (SLAs).

Director Skinner expressed appreciation to CEO Bielarski and GRU staff for preparing the presentation, noting that it would help the public better understand the nature and function of SLAs.

Vice-Chair Haslam provided a summary, stating that GRU receives services from the City and likewise provides services to the City, emphasizing that GRU is not overpaying for these arrangements.

Director Jacobs thanked the CEO for the presentation and requested additional information regarding the City's streetlight agreement. CEO Bielarski provided clarification.

Chair Lawson extended his thanks to CEO Bielarski, GRU staff, and City staff for their collaborative efforts on the SLAs. He commented that as long as services continue to be delivered effectively, he hopes the arrangement remains stable. He also expressed a desire for Human Resources functions to be brought in-house and noted his hope that both parties are satisfied with the current structure. CEO Bielarski concluded with additional remarks on the ongoing development of the IT SLA.

**Recommendation:** The Authority hear a presentation from the CEO and ask any necessary questions.

Heard

**N. RESOLUTIONS (Roll Call Required)**

**O. DIRECTOR COMMENTS**

No comments from the Directors.

**P. ADJOURNMENT**

Adjourned at 7:25pm

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Kunti Nesbitt, GRUA Staff Liaison

**File Number: 2025-713**

**Agenda Date:** September 10, 2025

**Department:** Gainesville Regional Utilities

**Title: 2025-713 State of the Utility, Monthly Update July 2025 (B)**

**Department:** Gainesville Regional Utilities/Office of the Chief Operating Officer

**Description:** GRU will be providing a monthly update to Authority members to ensure they are aware of the important projects and relevant utility measurements and benchmarks. This report provides information from July 2025.

**Fiscal Note:** None

# State of the Utility

## FY25
## July

# Energy Supply

## Major Figures & Achievements



**YTD**



### Regulatory Compliance (NERC)

**Environmental Compliance**

We have no outstanding ongoing environmental or electric regulatory compliance issues at this time.

In environmental compliance area: After the most recent forced outage of Kelly Combined Cycle plant, we were able to tune unit in combined cycle to be compliant with our emission permit CO levels. To stay compliant the unit when in combined cycle must stay at a 100 MW net load, with all other generation or purchase power needs to work around this limitation. The full resolution of the Kelly Plant combined cycle unit current limitation for compliance and tuning issues will be fully resolved in our January 2026 planned outage, where major hardware changes to the gas turbine will be completed.

# Energy Supply

## Deerhaven (DH)

**Deerhaven Unit 1 (DH1) and 2 (DH2)**

- Both units are online.

**Deerhaven Combustion Turbines**

- All three units are online and fully available.

## Deerhaven Renewable (DHR)

- Unit is online.

## Kelly Generating Station (JRK)

- JCC1 (Combined Cycle) online and needs to be fixed at 100 MW net (this means 65 MW from CT4 and 35 MW from Unit #8) required to meet permit compliance.
- Details of JCC1 status are fully described in the Regulatory Compliance section of this narrative.

## South Energy Center (SEC)

- **Wartsila Engine –** Online.
- **Solar Engine –** On standby and fully available.

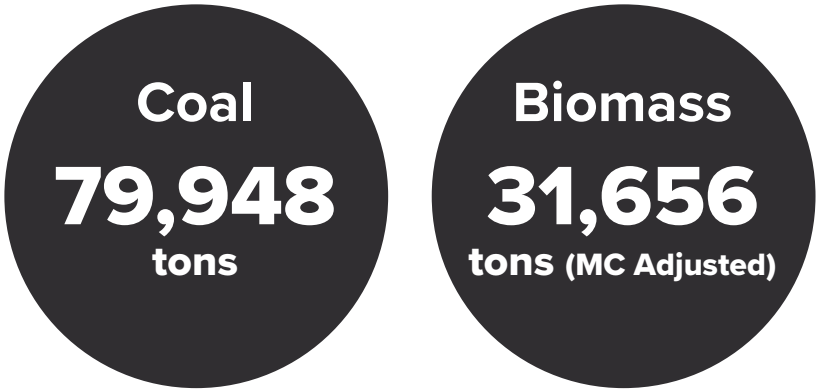
## Other Items

- At Innovation Energy Center (IEC), one of the two electric chillers is currently out of service due to electrical control damage from a lightning strike. A replacement part is on order.

# Energy Supply

## Fuels Management

### Inventory

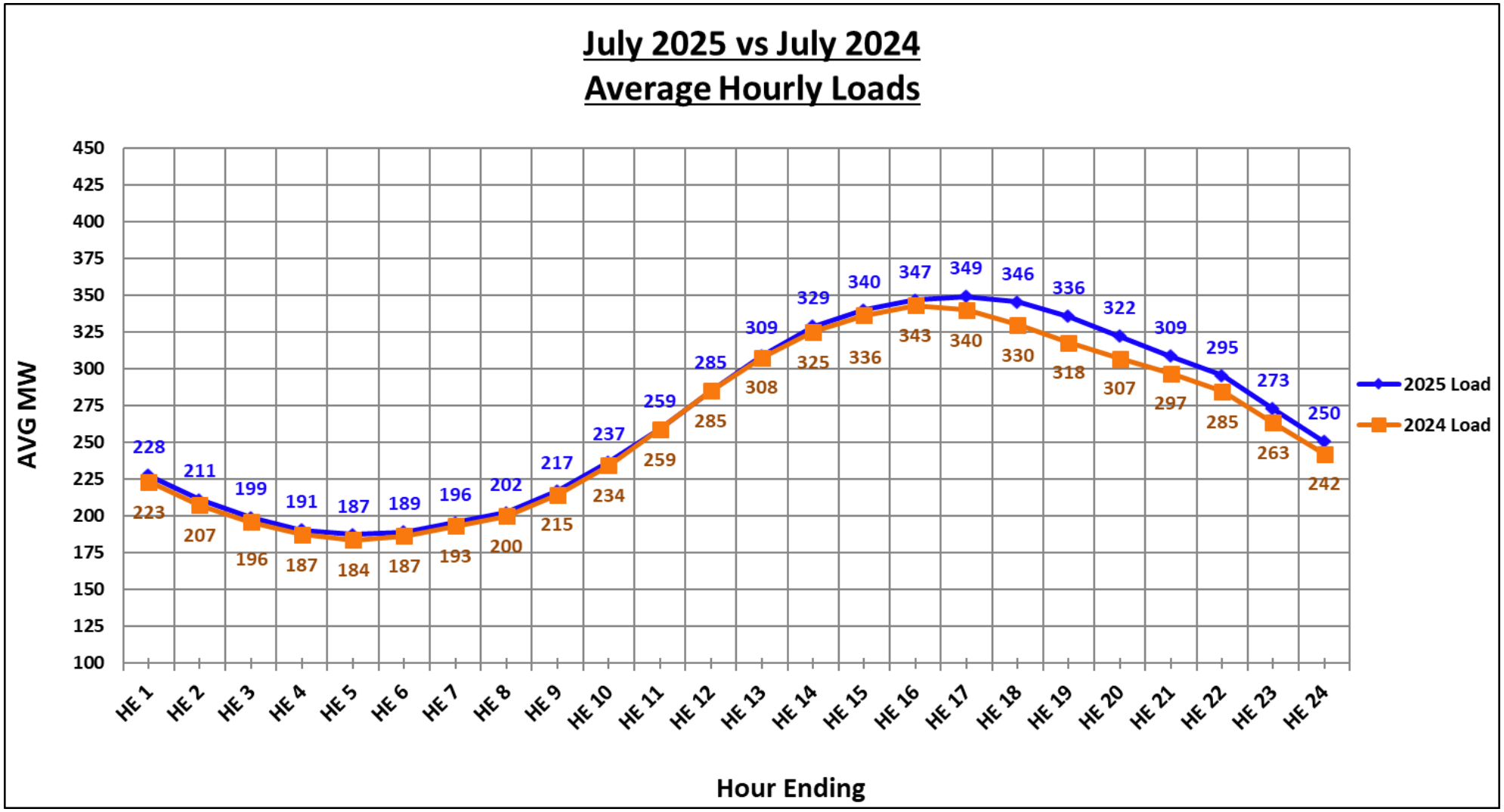



42 days at full load;
85 days at half load.

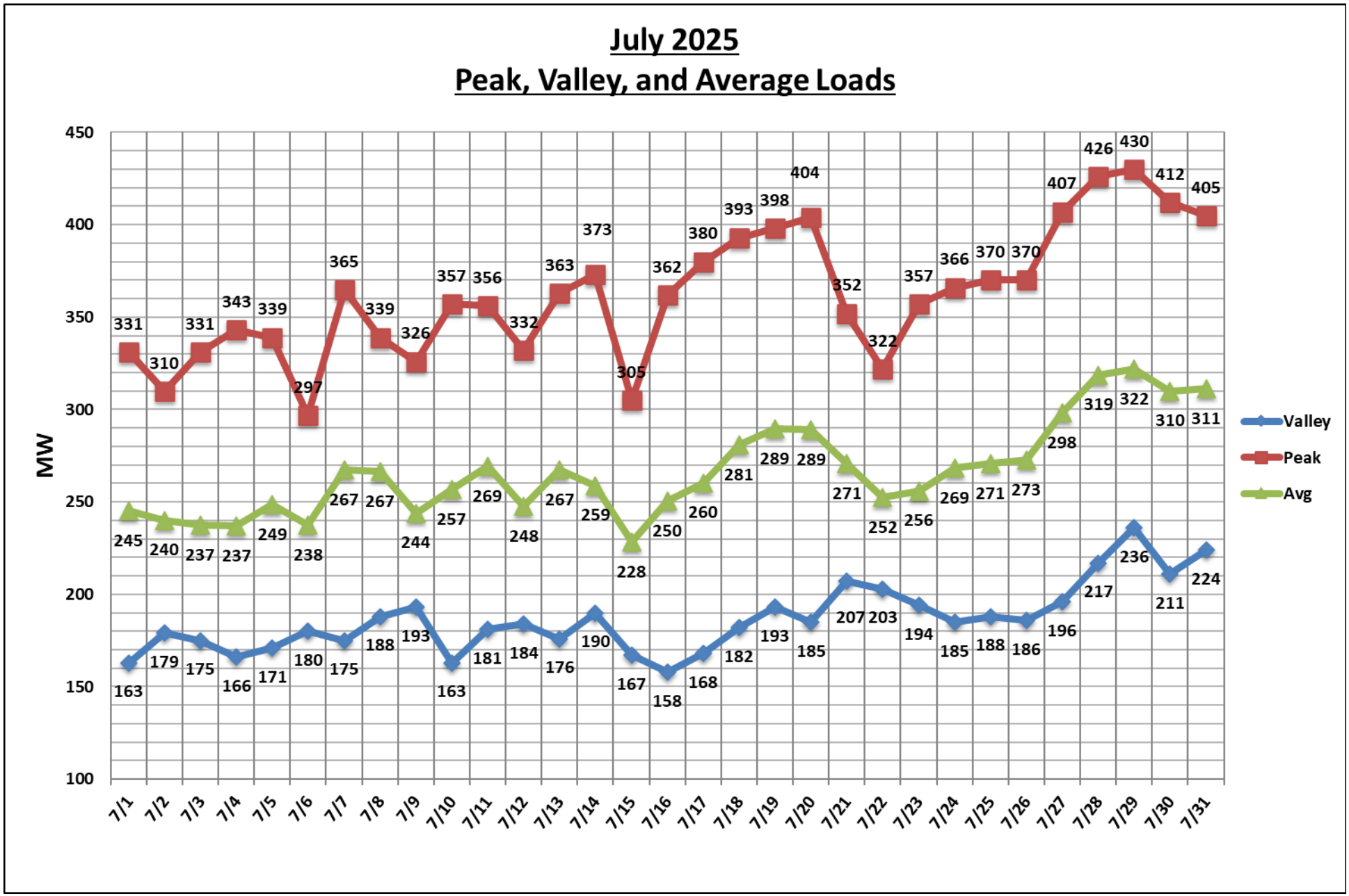



11.4 days at full load;
22.7 days at half load;
17.1 days at most recent burn rate.

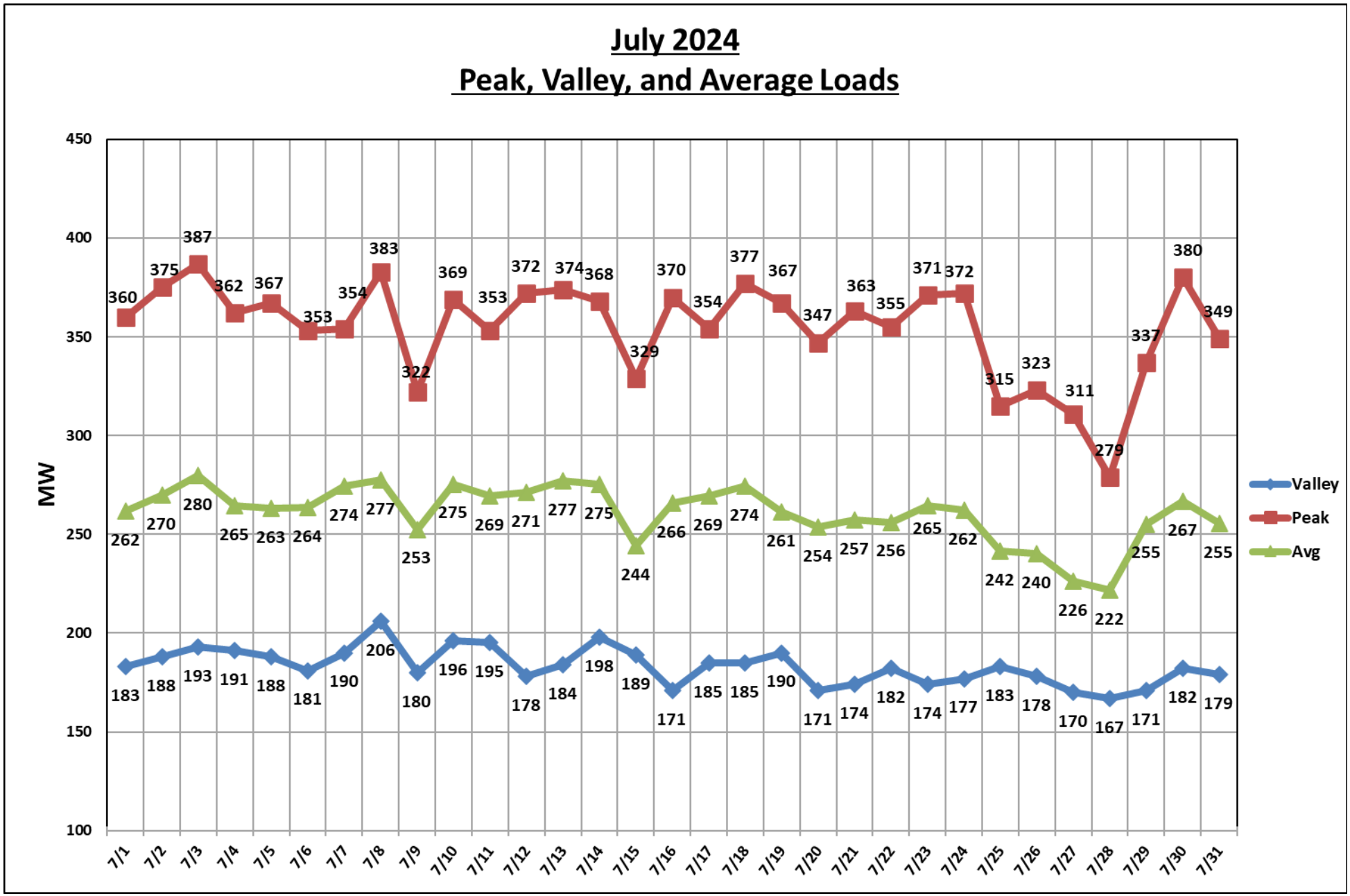
# Energy Supply



# Energy Supply



# Energy Supply



# Energy Supply

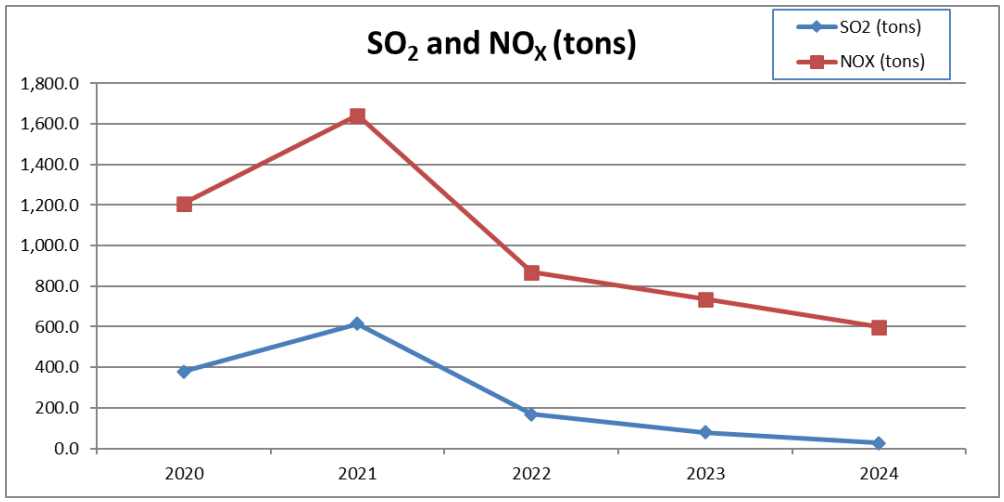
## Emissions Data

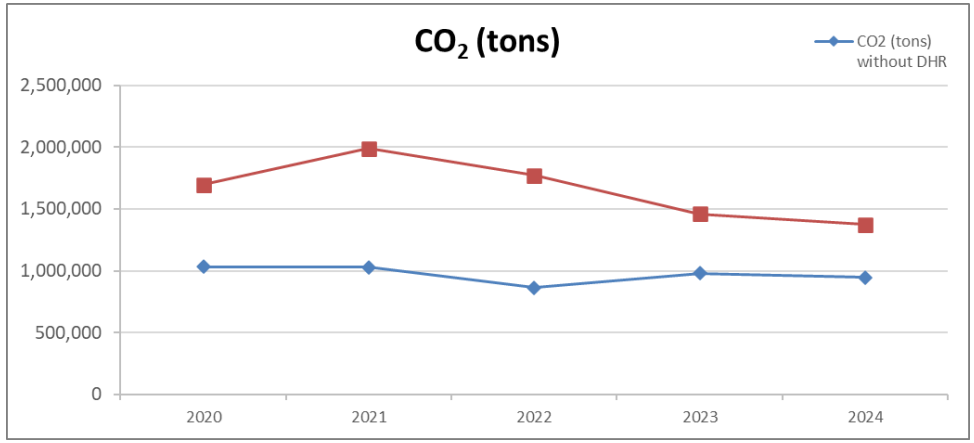
### Yearly Emissions

| | $SO_2$ (tons) | $NO_X$ (tons) | Mercury (lbs)* | PM (tons)* | $CO_2$ (tons) without DHR | $CO_2$ (tons) with DHR |
|---|---|---|---|---|---|---|
| 2020 | 379.3 | 1,208.3 | 3.1 | 56.5 | 1,033,389.5 | 1,697,218.5 |
| 2021 | 614.7 | 1,643.0 | 3.7 | 63.7 | 1,027,918.9 | 1,991,487.9 |
| 2022 | 167.4 | 867.8 | 2.1 | 11.2 | 861,824.7 | 1,771,204.7 |
| 2023 | 80.2 | 737.1 | 0.6 | 12.2 | 980,726.2 | 1,458,824.3 |
| 2024 | 26.5 | 598.4 | 0.8 | 5.3 | 946,129.6 | 1,373,862.0 |
| 2025 (thru July)** | 196.5 | 453.6 | 0.9 | 4.0 | 548,845.7 | 953,658.3 |

***Mercury and Particulate values are for Unit 2 only.**

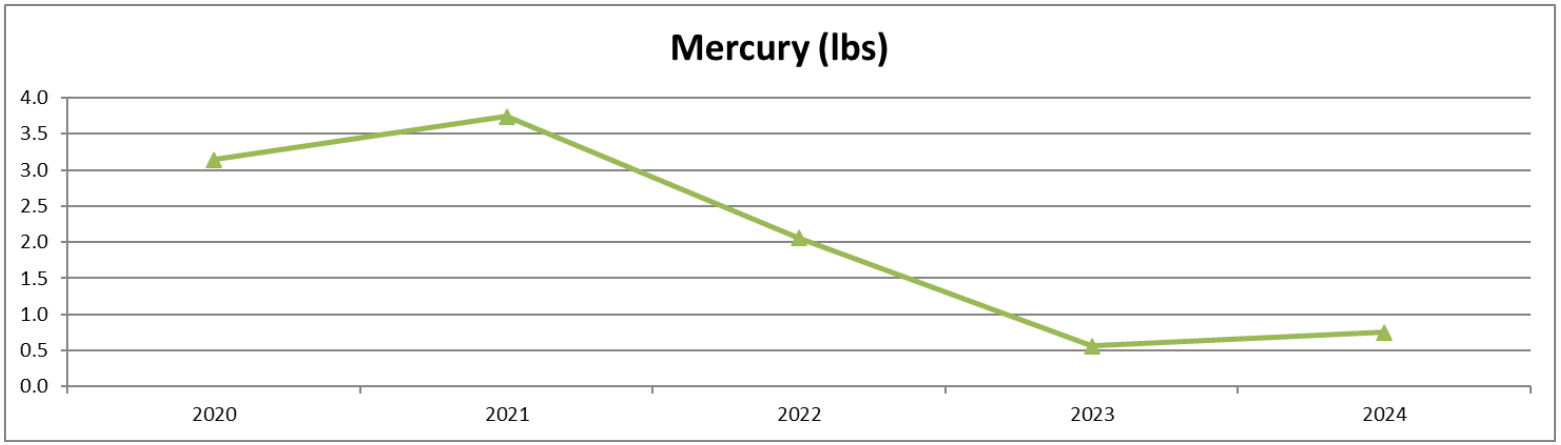
****Values Subject to Change - Final Values Dependent on Fuel Analyses**

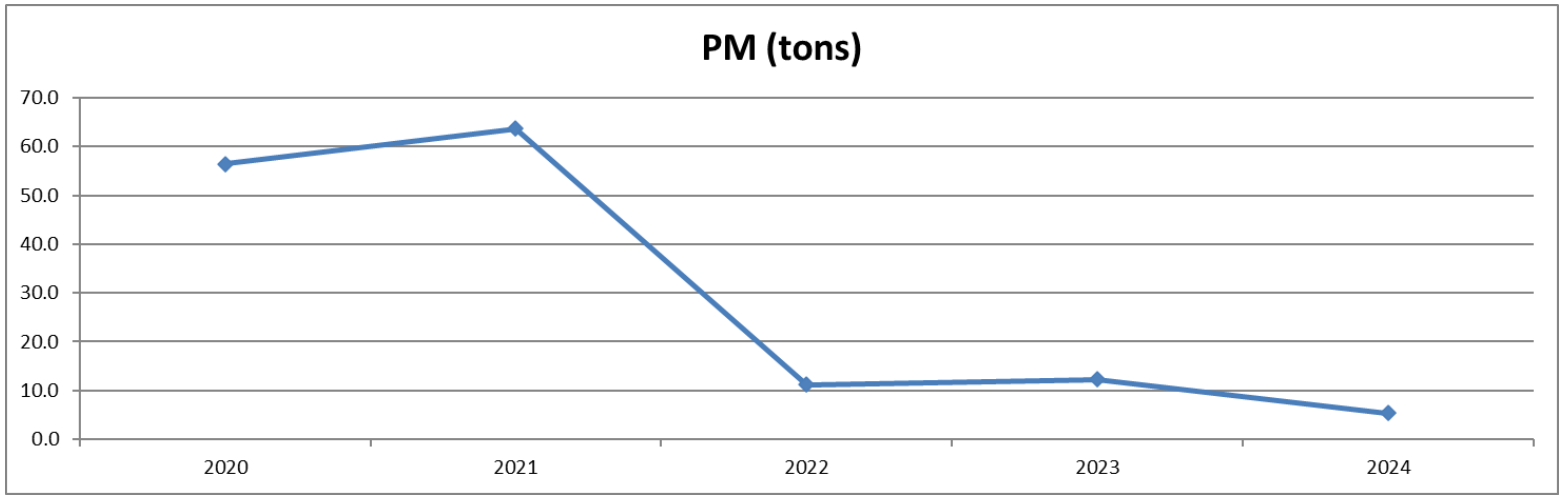


# Energy Supply

## Yearly Emissions



# Energy Supply

## Emissions Data

**2025 (thru July)**

| Unit | $SO_2$ (tons) | $NO_X$ (tons) | Mercury (lbs) | PM (tons) | $CO_2$ (tons) | $SO_2$ Rate (lb/MMBtu) | $NO_X$ Rate (lb/MMBtu) | HTIP (MMBtu) | GEN (MW-hours) |
|---|---|---|---|---|---|---|---|---|---|
| DH1 | 87.9 | 84.1 | | | 69,986.5 | | | 1,139,057.0 | 91,910.0 |
| DH2 | 100.2 | 217.4 | 0.85 | 4.0 | 290,341.5 | | | 4,778,876.0 | 434,110.0 |
| DHCT3 | 0.0 | 0.9 | | | 3,585.7 | | | 60,328.0 | 4,443.0 |
| JRKCC1 | 0.9 | 36.1 | | | 184,932.0 | | | 3,111,842.9 | 356,307.0 |
| DHR | 7.5 | 115.1 | | | 404,812.6 | | | 3,846,896.8 | 283,563.0 |
| **TOTAL** | **196.5** | **453.6** | **0.85** | **4.0** | **953,658.3** | | | **12,937,000.7** | **1,170,333.0** |

**TOTALS without DHR**

| Unit | $SO_2$ (tons) | $NO_X$ (tons) | Mercury (lbs) | PM (tons) | $CO_2$ (tons) | $SO_2$ Rate (lb/MMBtu) | $NO_X$ Rate (lb/MMBtu) | HTIP (MMBtu) | GEN (MW-hours) |
|---|---|---|---|---|---|---|---|---|---|
| DH1 | 87.9 | 84.1 | | | 69,986.5 | | | 1,139,057.0 | 91,910.0 |
| DH2 | 100.2 | 217.4 | 0.85 | 4.0 | 290,341.5 | | | 4,778,876.0 | 434,110.0 |
| DHCT3 | 0.0 | 0.9 | | | 3,585.7 | | | 60,328.0 | 4,443.0 |
| JRKCC1 | 0.9 | 36.1 | | | 184,932.0 | | | 3,111,842.9 | 356,307.0 |
| **Total Without DHR** | **189.0** | **338.5** | **0.85** | **4.0** | **548,845.7** | | | **9,090,103.9** | **886,770.0** |

# Energy Supply

## Emissions & Compliance Data

| Environmental | | | | |
|---|---|---|---|---|
| | | July | | Calendar Year to Date (July) |
| Notices of Violation | | 0 | | 0 |
| | | | | |
| Emissions | | | | |
| DH1, DH2, DHCT3, JRKCC1 | | | | |
| | $CO_2$ (tons) | 103,304.0 | | 548,845.7 |
| | $NO_x$ (tons) | 73.1 | | 338.5 |
| | $SO_2$ (tons) | 62.7 | | 189.0 |
| DH Unit 2 (only) | | | | |
| | $PM_{FILT}$ (tons) | 0.8 | | 4.0 |
| | Hg (lbs) | 0.2 | | 0.9 |
| DHR | | | | |
| | $CO_2$ (tons) | 76,314.9 | | 404,812.6 |
| | $NO_x$ (tons) | 21.9 | | 115.1 |
| | $SO_2$ (tons) | 1.4 | | 7.5 |

# Energy Supply

## Availability & Capacity

| | Month | FY25 YTD | FY24 YTD | Month | FY25 YTD | FY24 YTD |
|---|---|---|---|---|---|---|
| **DH-2** | 100.00% | 93.27% | 74.32% | 53.40% | 33.61% | 29.13% |
| **DH-1** | 96.88% | 99.65% | 90.96% | 33.72% | 22.29% | 20.76% |
| **Kelly CC** | 63.53% | 81.35% | 88.78% | 33.01% | 74.82% | 81.90% |
| **DH CT-1** | 77.69% | 97.75% | 95.09% | 0.22% | 0.03% | 0.06% |
| **DH CT-2** | 100.00% | 99.90% | 94.75% | 0.00% | 0.01% | 0.02% |
| **DH CT-3** | 99.85% | 96.12% | 99.09% | 4.26% | 0.76% | 0.29% |
| **DHR** | 100.00% | 59.24% | 84.30% | 60.10% | 34.30% | 33.83% |

## Fuel Consumed

| | Month | YTD | Budget YTD | Delta Budget |
|---|---|---|---|---|
| **Coal (Tons)** | 725 | 6,457 | - | 6,457 |
| **Gas (MCF)** | 1,625,568 | 13,283,874 | 13,007,403 | 276,471 |
| **Fuel Oil (Gal)** | 178,943 | 670,834 | - | 670,834 |
| **Biomass (Tons)** | 70,547 | 357,928 | 158,636 | 199,293 |

# Energy Supply

## Performance Parameters

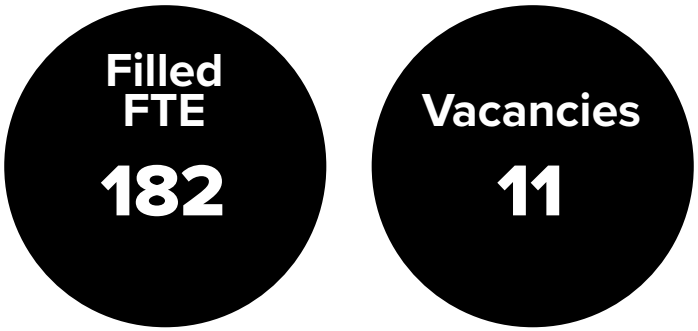
| 25-Feb | kWh/Month | kWh/YTD | Budget YTD | Delta Budget |
|---|---|---|---|---|
| DH-2 | 88,227 | 382,834 | $374,474 | $8,360 |
| DH-1 | 17,950 | 82,408 | $18,137 | $64,271 |
| Kelly CC1 | 26,920 | 353,371 | $467,432 | $(114,061) |
| CTs | 2,412 | 4,401 | $176 | $4,225 |
| Grid | 16,893 | 16,777 | $67,314 | $(50,537) |
| DHR | 44,969 | 248,536 | $115,794 | $132,742 |

# Energy Supply

## Vacancies and Retirements

| Status | Title | Filled? | Group | Vacant Date |
|---|---|---|---|---|
| Filled | Energy Supply Maintenance Planner | Y | GRU Deerhaven Plant | Mar. '25 |
| Filled | Energy Supply Maintenance Planner | Y | GRU Deerhaven Plant | Mar. '25 |
| Vacant | Engineer and Utility Designer IV | N | GRU Deerhaven Plant | Dec. '23 |
| Filled | Power Plant Heavy Equipment Operator | Y | GRU Deerhaven Plant | Apr. '25 |
| Filled | Power Plant ICE Technician | Y | GRU Deerhaven Plant | Jul. '24 |
| Vacant | Power Plant ICE Technician | N | GRU Deerhaven Plant | Mar. '25 |
| Filled | Power Plant Journeyman Operator | Y | GRU Deerhaven Plant | Mar. '25 |
| Vacant | Power Plant Journeyman Operator | N | Deerhaven Renewables | Feb. '25 |
| Vacant | Power Plant Mechanic Journeyman | N | GRU Deerhaven Plant | Apr. '23 |
| Vacant | Power Plant Mechanic Journeyman | N | GRU Deerhaven Plant | Jul. '23 |
| Vacant | Power Plant MMG ICE Supervisor | N | GRU Deerhaven Plant | May '23 |
| Vacant | Power Plant Shift Supervisor | N | GRU Deerhaven Plant | Jul. '25 |
| Filled | PP Analytical Chemistry Quality Manager | Y | GRU Deerhaven Plant | May '25 |

## Personnel



# Energy Delivery

## Reliability Statistics


### Outage Causes

| Cause | Overhead | Underground | Both |
|---|---|---|---|
| Undetermined | 11 | 2 | 0 |
| Weather | 13 | 1 | 1 |
| Vegetation | 38 | 2 | 3 |
| Animals | 5 | 0 | 1 |
| Foreign Interference | 0 | 0 | 0 |
| Human Cause | 4 | 1 | 0 |
| Equipment Failure | 31 | 8 | 0 |
| Other | 0 | 0 | 0 |
| **Total** | **102** | **14** | **5** |

# Energy Delivery

## Electric System Consumption

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | **CONSUMPTION (kWh)** | **CUSTOMERS** | **CONSTUMPION (kWh)** | **CUSTOMERS** |
| Feed-in-Tariff - Residential | 133 | 84 | 94 | 90 |
| Feed-in-Tariff - General Service | 2,345 | 140 | 2,162 | 148 |
| Electric - GS - Demand - Regular | 54,511,904 | 1,113 | 56,025,306 | 1,103 |
| Electric - General Service Demand PV | 1,809,980 | 33 | 1,659,258 | 32 |
| Electric - GS - Kanapaha w Curtail Cr | 1,087,200 | 1 | 1,089,600 | 1 |
| Electric - GS - Demand - Large Power | 11,358,200 | 10 | 8,481,600 | 7 |
| Electric - GS - Murphree Curtail Credit | 1,497,600 | 1 | 1,404,000 | 1 |
| Electric - GS - Large Demand PV | 4,946,400 | 2 | 3,376,800 | 2 |
| Electric - GS - Non Demand | 19,802,035 | 10,123 | 19,753,281 | 10,106 |
| Electric - General Service PV | 215,756 | 85 | 201,430 | 85 |
| Electric - Lighting - Rental * | 825,956 | 1,903 | 820,939 | 1,822 |
| Electric - Lighting - Street - City * | 844,543 | 14 | 470,161 | 15 |
| Electric - Lighting - Street - County * | 127,106 | 1 | 127,313 | 1 |
| Electric - Lighting - Traffic | 144 | 1 | 144 | 1 |
| Electric - Residential - Non TOU | 93,459,740 | 93,146 | 95,862,261 | 93,267 |
| Electric - Residential PV | 1,074,872 | 1,530 | 931,089 | 1,426 |
| **Total Retail Electric** | **191,562,123** | **106,268** | **191,733,242** | **106,341** |

** Number of customers is excluded from total customer count.*

# Energy Delivery

## Gas System Consumption

| | July 2025 | | July 2024 | |
|---|---|---|---|---|
| | **CONSUMPTION (THM)** | **CUSTOMERS** | **CONSUMPTION (THM)** | **CUSTOMERS** |
| Gas - GS - Regular Service (Firm) | 587,445 | 1,253 | 573,154 | 1,298 |
| Gas - GS - Regular Service (Small) | 24,255 | 500 | 22,259 | 452 |
| Gas - GS - Interruptible - Regular Serv | 25,896 | - | - | - |
| Gas - GS - Interruptible - Large Volume | 301,716 | 1 | 425,018 | 1 |
| Gas - Residential - Regular Service | 321,026 | 35,939 | 293,579 | 35,906 |
| **Total Retail Gas** | **1,260,338** | **37,699** | **1,314,010** | **37,664** |

## Major Projects

### Electric Engineering / T&D Construction

- **North Florida Regional Medical Center at Archer –** Transmission line marker balls and beacons installed for hospital helipad.
- **Oaks Preserve Phase 2 –** Residential subdivision. Electrical construction in progress.
- **Butler Plaza Center Cup –** Commercial development. Design complete; construction underway.
- **Archer Place Apartments –** Multistory apartments and retail. Ongoing OH-to-UG conversion; permanent power pending completion of road and building work.
- **Evergreen Apartments at Oaks Mall –** Five apartment buildings and one fitness center. Design complete; awaiting developer to begin electrical facility installation.
- **Hawthorne Heights –** Affordable housing. Final design in ProjectDox.
- **Natura –** Multifamily site with nine buildings, clubhouse, garages, and amenities. Design complete and released for construction.
- **Hammock Preserve –** Mixed-use development. Construction in progress.
- **Airport Parking Garage –** Construction in progress.
- **Gilbane-Collegiate Apartments –** Multistory apartments on NW 20th Ave. Construction in progress.
- **Main Street WWW Plant –** In design. New underground power source to be installed.
- **203–205 Feeders GRIP Project –** Reconductoring. Work order released; awaiting DOE approval.
- **Bradford Transmission Line 15 (GRIP) –** Pole and insulator replacement. 100 ductile iron poles replaced; construction 95% complete.
- **TACTICS 550 –** T&D construction underway.

# Energy Delivery

- **TACTICS 931 –** Hardening lines and adding a tie point to improve reliability; 98% complete.
- **TACTICS 209/287 –** System hardening and pole/crossarm replacements; Kelly West (TACTICS 287) circuit improvement project in progress.
- **Circuit #1038 –** Ongoing; utilizing two contractors to install conduit using directional drilling.
- **Santa Fe College 12kV System Enhancement –** Surveying completed; awaiting customer notice to proceed.
- **County Criminal Court Expansion –** New project initiated.
- **Circuits 932 & 936 Upgrades –** Completed.
- **Millhopper Substation Line Patrols –** 17 follow-up tickets issued for off-ROW dead trees and vegetation impacting lines; hazard trees removed. Work improves reliability and reduces outage risk.
- **FY26 Equipment Purchase Orders –** Orders placed with new vendor for digger derricks and bucket trucks; estimated $300K savings compared to previous vendor.
- **Worker Safety Communications –** Partnered with Corporate Communications to create videos for employees and the public covering downed powerline safety, PPE inspections, and transformer backfeed hazards.

**Substation & Relay**

- **Sugarfoot Feeder Replacements** – Six breakers replaced; construction on the last four began.
  - BKR 1029 – Completed June 27
  - BKR 1019 – Completed July 10
  - BKR 1028 – Completed July 24
  - BKR 1037 – Scheduled start July 28
- **Parker Auto Transformers (GRIP) –** 65% design package final, material ordered. Second transformer (T-76) expected October; first transformer (T-75) delivered May 5, dressed out by contractor end of June.
- **T-81 & T-82 Relay Upgrade –** T-82 successfully commissioned July 18; T-82 returned to service July 24.
- **Line 16 Upgrade –** Scope established. Documents signed by CAI, FMPA, and GRU. Scope includes replacement of two 138kV breakers, two sets of 138kV gang switches, and two line relays. IFC package expected early September; construction starts late October.
- **Line 8 Upgrade (GRIP) –** Scope established: replace one 138kV breaker, two sets of 138kV gang switches, and five line protection relays, plus one additional line relay. Start scheduled spring 2026. Contractor site meeting completed; planning underway for cable trench, conduits, and foundation changes.
- **New Feeder Install (BKR 439) –** Breaker 439 to support McMichen substation and Amazon. Scope includes foundation and conduit work, switches, and arresters. Install scheduled summer 2026.

# Energy Delivery

**Gas Engineering**

- **Bridlewood –** Subdivision and 6-inch main extension under construction. Redesign completed and permits received.
- **Parker Road Backfeed to Archer Road –** Construction completed for current permit; design ongoing to extend further south to Lugano Subdivision.
- **Convergence Research Park Phase 3 –** Design complete and under construction with joint trenching alongside electric contractor.
- **UF Backfeeds –** Pricing provided to UF for additional backfeeds to increase system reliability.
- **UF Cogen Test –** Test completed; documentation prepared for future use.
- **Flint Rock Phase 2 –** Design complete and construction underway. Joint trenching with electric contractor.

**Gas T&D Major Projects**

- **Museum Road Pit Relocation –** Approval received from UF to relocate the underground regulator station from Museum Road to an above-ground location on Center Drive. GRU Land Rights submitted all required documents to the State for the easement request. No further updates at this time.
- **Infrastructure Upgrade (Gainesville Housing Authority, 2626 E. Univ. Ave.) –** Installing approximately 3,520 ft. of poly (2" & 1 ¼") to replace old bare steel piping as a regulatory requirement. Work may be deferred due to FY25 budget priorities. No updates at this time.
- **Bridlewood Subdivision (External & Phase 1) Upgrade –** Extending 9,400 ft. of 6" gas main from US-441 in High Springs to the Bridlewood subdivision. Installing 5,367 ft. of 4", 3", 2", and ¾" gas mains for Phase 1 interior. Construction ongoing; external extension ~66% complete, Phase 1 interior ~85% complete.
- **Archer Place Apartments (3101 Old Archer Rd) –** Installed 1,550 ft. of 3" poly to serve the new apartment complex. Customer paid all CIAC costs. Project 100% complete; awaiting meter installation and testing.
- **Flint Rock Subdivision (Phase 2 & 3) –** Extending 2,980 ft. of 3", 2", and ¾" gas mains to complete service. Installation ~99% complete; tie-ins scheduled for week of June 9.
- **Convergence Research Park Subdivision (Phase 3) –** Extending 4,840 ft. of 3", 1 ¼", and ¾" gas mains. Construction ~66% complete; awaiting developer schedule. No updates at this time.
- **Williston Road Regulation Station (24 PSI Backfeed) –** Working with GRU Land Rights to secure property for new regulating station. Project will backfeed the 24-lb system on Williston Rd to improve redundancy and reduce customer outages. No updates at this time.
- **System Protection Project (Williston Rd & SW 23rd St) –** Installing 200 ft. of 4" gas main to connect a segment not currently tied into the distribution system. No updates at this time.
- **System Growth Project (Broward Hall, UF Campus) –** Installing 450 ft. of 1 ¼" gas main to backfeed Broward Hall following appliance upgrades. Project on hold until UF completes landscape redesign.

# Energy Delivery

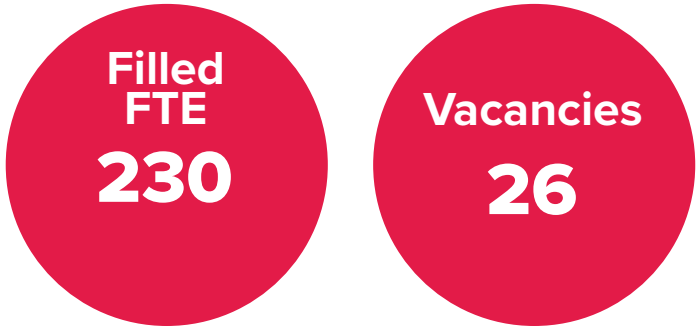
## Advanced Metering Infrastructure (AMI)

| Category | Electric | Water | Natural Gas | Total |
|---|---|---|---|---|
| Remote Reading | 103,843 | 68,731 | 32,559 | **205,133** |
| AMI Devices | 103,870 | 68,840 | 32,568 | **205,278** |
| Non-AMI Devices | 32 | 9,388 | 5,648 | **15,068** |
| Total Devices | 103,902 | 78,228 | 38,216 | **220,346** |
| Saturation % | 100.0% | 88.0% | 85.2% | **93.2%** |

## Standard Industry Comparisons

| Comparison | Actual | Goal | Description |
|---|---|---|---|
| SAIDI | 6.94 | 4.5 | System Average Interruption Duration Index |
| CAIDI | 48.06 | 55 | Customer Average Interruption Duration Index |
| SAIFI | 0.14 | 0.08 | System Average Interruption Frequency Index |
| ASAI | 99.98% | | Average Service Availability Index |

## Personnel



# Energy Delivery

## Vacancies and Retirements

| Status | Title | Filled? | Group | Vacant Date |
|---|---|---|---|---|
| Vacant | Electric Line Clearance Coordinator | N | T&D Vegetation Management | Nov. 2024 |
| Vacant | Principal Engineer and Utility Designer | N | Electric Engineering | March 2024 |
| Vacant | Energy Delivery Facilities Specialist II | N | Electric Engineering | March 2024 |
| Vacant | Engineer & Utility Designer III | N | Electric Engineering | Jan. 2024 |
| Vacant | Relay Technician | N | Relay Operations | March 2024 |
| Vacant | Energy Delivery Facilities Specialist II | N | ED Electric Engineering | Feb. 2025 |
| Vacant | Meter Reader | N | Electric Meter Measurement Operations | Feb. 2025 |
| Vacant | Electric Line Worker | N | T&D Construction | Feb. 2025 |
| Vacant | Electric Line Worker | N | T&D Construction | Feb. 2025 |
| Vacant | Line Worker Lead | N | T&D Construction | June 2024 |
| Vacant | Line Technician | N | Gas T&D Construction | April 2025 |
| Vacant | Field Service Technician | N | Gas T&D Administration | Feb. 2025 |
| Vacant | Operational Technology Network Analyst Senior | N | Systems Control/Technical Support | April 2026 |
| Vacant | SCADA Systems Database Analyst | N | Systems Control/Technical Support | July 2025 |
| Vacant | GIS and Operational Systems Technician | N | GIS Operations and Standards | May 2025 |
| Vacant | Electric Line Worker | N | T&D Construction | June 2025 |
| Vacant | Power Systems Application Engineer | N | Systems Control Operations | July 2025 |
| Vacant | Principal Engineer and Utility Designer | N | Electric Engineering | July 2025 |
| Vacant | Energy Delivery Facilities Specialist Supervisor | N | Electric Engineering | July 2025 |
| Vacant | Principal Engineer | N | Systems Control/Technical Support | July 2025 |

# Water/Wastewater

## Production

### Murphree Water Treatment Plant (Operations Normal)

| | | Month (mgd) | FY 25 YTD (mgd) | FY 24 (mgd) | Permitted Capacity (mgd) | FY 25 YTD % of Permitted Capacity |
|---|---|---|---|---|---|---|
| | Average Daily Flow | 23.5 | 23.7 | 23.2 | 30 | 79% |
| | Max Daily Peak Flow | 31.7 | 36.6 | 35.4 | 54 | 68% |

### Main Street Water Reclamation Facility (Operations Normal, Reclaimed Water On)

| | | Month (mgd) | FY 25 YTD (mgd) | FY 24 (mgd) | Permitted Capacity (mgd) | FY 25 YTD % of Permitted Capacity |
|---|---|---|---|---|---|---|
| | Average Daily Flow | 5.5 | 5.5 | 6.2 | 7.5 | 73% |
| | Max Daily Peak Flow | 10.5 | 13.1 | 16.1 | NA | NA |

### Kanapaha Water Reclamation Facility (Operations Normal, Reclaimed Water On)

| | | Month (mgd) | FY 25 YTD (mgd) | FY 24 (mgd) | Permitted Capacity (mgd) | FY 25 YTD % of Permitted Capacity |
|---|---|---|---|---|---|---|
| | Average Daily Flow | 10.6 | 10.5 | 11.1 | 14.9 | 70% |
| | Max Daily Peak Flow | 19.0 | 19.1 | 24.7 | NA | NA |

# Water/Wastewater

## Environmental Compliance

### Water Distribution System

| | Month | FY 25 YTD | FY 24 |
|---|---|---|---|
| Precautionary Boil Water Notices: | 2 | 20 | 25 |

### Wastewater Collection System

| | Month | FY 25 YTD | FY 24 |
|---|---|---|---|
| Sanitary Sewer Overflows (SSOs) | 2 | 15 | 22 |
| *SSOs By Type:* | | | |
| Residential Grease & Toiletries | 2 | 5 | 8 |
| Infrastructure | | 8 | 4 |
| Third-Party Damage | | 2 | 3 |
| Wet Weather | | | 0 |
| Named Storms | | | 7 |

# Water/Wastewater

## Maintenance

### Water Distribution System

| | Month | FY 25 YTD | FY 24 | Monthly Goal |
|---|---|---|---|---|
| Dispatched Water Work Orders | 457 | 4,418 | 3,866 | - |
| Water Leaks | 177 | 1,808 | 1,711 | - |
| Water Damages (by 3rd Parties) | 17 | 332 | N/A | - |
| Other Water Work Orders | 263 | 2,278 | 2,175 | - |
| AMI Large Meter Changeouts | 0 | 580 | 1,057 | - |
| Number of Water Services Replaced | 129 | 885 | 1,278 | 83 |
| Feet of Water Main Replaced | 2,350 | 20,720 | 22,543 | 2,200 |

### Wastewater Collection System

| | Month | FY 25 YTD | FY 24 | Monthly Goal |
|---|---|---|---|---|
| Dispatched Sewer Work Orders | 80 | 716 | 776 | - |
| Sewer Stoppages | 15 | 170 | 226 | - |
| Sewer Damages (by 3rd Parties) | 4 | 51 | N/A | - |
| Other Sewer Work Orders | 61 | 495 | 550 | - |
| SWAMP Program | | | | |
| Miles of Gravity Main Inspected | 5.5 | 142 | 214 | 12.5 |
| Number of Manholes Inspected | 160 | 3,578 | 5,121 | 200 |

### Reclaimed Distribution System

| | Month | FY 25 YTD | FY 24 | Monthly Goal |
|---|---|---|---|---|
| Dispatched Reclaim Work Orders | 6 | 101 | 86 | - |
| Reclaim Leaks | 0 | 19 | 12 | - |
| Reclaim Water Damages (by 3rd P | 2 | 4 | N/A | - |
| Other Reclaim Work Orders | 4 | 78 | 74 | - |

# Water/Wastewater

## Major Projects

**Water Distribution**

- **I-75/NW 39th Ave –** Design and planning for 16-inch water main improvements. Construction scheduled for August 2025.
- **Large Meter Changeouts for AMI –** All complete except one meter at North Florida. Work being coordinated with a planned outage.

**Wastewater Collection**

- **SW 24th Ave. Force Main Improvements (Grant Funded) –** Construction in progress. Bypass installation scheduled for August; expected completion end of August 2025.
- **NW 34th Street Force Main Replacement –** Infrastructure failure. Work complete; restoring fence and sidewalk along school site.
- **Fort Clarke Blvd. Gravity Main Replacement –** Construction began in July. Expected completion May 2026.

**Main Street Water Reclamation Facility**

- **Phase 1 Capacity & Renewal Upgrade –** Construction continues. Electrical building and ductwork installation in progress. Walls for odor control system being installed.

**Kanapaha Water Reclamation Facility**

- **Aerator Replacement –** Work completed by GRU crews.

**Lift Stations**

- **Lift Station No. 1 Project –** Construction of new electrical building continues. Equipment arriving for installation this fall.

**Murphree Water Treatment Plant**

- **Well 9 & 11 Electrical Upgrade Project –** Procurement beginning.
- **Wells 5 & 12 –** Returned to service.

# Water/Wastewater

## Vacancies and Retirements

| Status | Title | Filled? | Group | Vacant Date |
|---|---|---|---|---|
| Job Posted | Piping Engineer 1-4 | N | W/WW Engineering | June 2025 |
| Vacant - Posting Soon | Wastewater ICE Tech | N | Water Reclamations | Nov. 2024 |
| Vacant - Posting Soon | Wastewater ICE Tech | N | Water Reclamations | July 2025 |
| Vacant - Posting Soon | GIS/OS Specialist I | N | Wastewater Collection | July 2025 |
| Vacant - Posting Soon | GIS/OS Supervisor | N | WD & WWC | June 2025 |
| Hire start July 21 | New Development Operations Specialist | Y | W/WW Engineering | Aug. 2025 |
| Hire start Aug. 4 | Treatment Plant Supervisor | Y | Water Reclamations | Sept. 2025 |

## Personnel

# Safety & Training

## Safety Data

### Month Injury Statistics


| Department | First Aid Given | Recordable Injuries | DART* |
|---|---|---|---|
| Administration | 0 | 0 | 0 |
| W/WW | 0 | 3 | 2 |
| Energy Supply | 0 | 0 | 0 |
| Energy Delivery & Gas | 0 | 0 | 0 |
| GRUCom | 0 | 0 | 0 |
| **Total** | **0** | **3** | **0** |

***DART:** Days away, restricted or transferred.

### Fiscal YTD Injury Statistics


| Department | First Aid Given | Recordable Injuries | DART |
|---|---|---|---|
| Administration | 1 | 1 | 0 |
| W/WW | 0 | 4 | 2 |
| Energy Supply | 0 | 1 | 30 |
| Energy Delivery & Gas | 0 | 3 | 11 |
| GRUCom | 1 | 0 | 0 |
| **Total** | **2** | **9** | **43** |

# Safety & Training

**Month Vehicle Collisions & Miles Driven**


| Department | Miles Driven | Recordable Collisions | Preventable Collisions |
|---|---|---|---|
| Administration | 7,002 | 0 | 0 |
| W/WW | 70,590 | 0 | 0 |
| Energy Supply | 2,176 | 0 | 0 |
| Energy Delivery & Gas | 105,462 | 1 | 0 |
| GRUCom | 4,914 | 0 | 0 |
| **Total** | **190,144** | **1** | **0** |

**Fiscal YTD Vehicle Collisions & Miles Driven**


| Department | Miles Driven | Recordable Collisions | Preventable Collisions |
|---|---|---|---|
| Administration | 81,081 | 1 | 0 |
| W/WW | 703,875 | 6 | 0 |
| Energy Supply | 28,754 | 0 | 0 |
| Energy Delivery & Gas | 1,014,413 | 5 | 1 |
| GRUCom | 52,981 | 2 | 1 |
| **Total** | **1,881,104** | **14** | **2** |

# Safety & Training

**Injury Details**

- July 23 – Employee stepped on tapcon screw which went through boot and punctured foot.
- July 24 – Employee was bent over working when dirt from side wall of hole fell in and pushed him against pipe, leaving two cuts above eyebrow

**Collision Details**

- July 8 – Employee driving home from standby call, struck a deer that darted across the roadway erratically.

# Customer Operations

## Revenue Assurance

**Referred to Collections**
$267,351.60
YTD: $10,359,970.95

**Funds Collected**
$103,104.19
YTD: $863,994.00

**Bankruptcies**
$29,840.67
YTD: $238,916.41

**Prior Indebtedness Funds Collected**
$22,443.60
YTD: $314,045.10

**Disconnections**
3,421

**Reconnections**
1,820

## Billing & Customer Solutions

- Invoicing rating: **99.96%**
- Meter rereads: **164**
- Locked reads: **9,521**
- Solar invoicing rating: **100%**
- Processed emails: **1,821/1,820 (100%)**

## Customer Experience

Transactional Survey
**4.3**

Lobby Survey
**5.0**

# Customer Operations

**New Services**

| Active Projects | Amount |
|---|---|
| City | 177 |
| County | 38 |

| Building Permit Reviews | 111 |
|---|---|

| New Installations | Amount |
|---|---|
| Electric | 51 |
| Water | 33 |
| Wastewater | 14 |
| Gas | 14 |

| Solar Reviews | Amount |
|---|---|
| Plan Reviews for March | 10 |
| PVs Completed on Time | 10 |
| PV Installations | 3 |
| Avg. Handle Time (Weeks) | 5.7 |

# Customer Operations

## Customer Service

### Answer Speed

| Call Type | Actual | YTD | Goal |
|---|---|---|---|
| Residential | 8:53 | 8:08 | 5:00 |
| Non-residential | 2:34 | 2:11 | 3:00 |

### Handle Time

| Call Type | Actual | YTD | Goal |
|---|---|---|---|
| Residential | 8:27 | 8:10 | 6:00 |
| Non-residential | 8:50 | 8:41 | 6:00 |

**Total Calls**
**19,047**

## Other Statistics

**Payments Returned**
**703**
**$279,761.39**

**Lobby Visits**
**3,373**

**Project Share**
**$4,252.54**

**Social Service Vouchers**
**137**
**$137,656.25**

# Customer Operations

## Payment Type Details

| Payment Type | Transactions | Transactions YTD | $ Amount | $ Amount YTD |
|---|---|---|---|---|
| Drop Box | 63 | 3,112 | $23,025.21 | $1,493,645.39 |
| Mailed | 17,821 | 176,600 | $15,814,503.92 | $150,503,010.61 |
| Office Payment | 73 | 419 | $19,801.84 | $169,435.68 |
| Drive Thru | 4,204 | 42,594 | $2,769,775.59 | $25,043,082.87 |
| Kubra Cash | 189 | 1,928 | $38,189.06 | $361,687.64 |
| Check Free | 7,057 | 66,839 | $2,656,299.89 | $22,775,283.27 |
| Kubra ACH | 18,083 | 176,353 | $6,358,932.58 | $53,826,037.46 |
| Collection Agency | 108 | 612 | $30,938.76 | $203,591.07 |
| Kubra CC/EZPAY | 24,084 | 237,548 | $5,746,212.73 | $50,717,703.25 |
| Lobby Walk-Ins | 2,357 | 23,028 | $948,048.40 | $10,308,865.78 |
| Direct Debit | 32,934 | 254,872 | $10,745,786.11 | $89,711,022.35 |

# Customer Operations

**Energy & Business Services**

| | |
|---|---|
| Residential Surveys | 54 |
| Commercial Surveys | 6 |
| LEEP*plus* Applications Received | 0 |
| LEEP*plus* Pre-Inspections | 10 |
| LEEP*plus* Completed Homes | 2 |

# FY25
# July
# State of the Utility

**Gainesville Regional Utilities Authority**
**Agenda Item Report**

**File Number: 2025-714**

**Agenda Date:** September 10, 2025

**Department:** Gainesville Regional Utilities

**Title: 2025-714 GRU Financial Communications (B)**

**Department:** Gainesville Regional Utilities/Budget, Finance, and Accounting

**Description:** In light of the repeated public criticisms and pointed commentary directed at GRU's financial statements and overall financial credibility during recent Authority meetings, this consent agenda item has been prepared to provide a comprehensive overview of the extensive professional scrutiny that GRU's annual financial reports undergo on a consistent and recurring basis. These financial statements are subject to rigorous evaluation by independent, regulated entities, ensuring transparency, accuracy, and adherence to established accounting standards. The intent of this item is to reaffirm the integrity of GRU's financial reporting process and to clarify the safeguards in place that uphold its fiscal accountability.

**Fiscal Note:** None

**Recommendation:** Informational item only**.**

# GRU FINANCIAL COMMUNICATIONS

CUSTOMER FIRST

ONE UTILITY. ONE GOAL.

# GRU Financial Communications

Due to the repeated public attacks during the recent Authority meetings on GRU's financial statements and financial reputation, this is an abbreviated high-level overview of the professional scrutiny by regulated entities that GRU's annual audited financial statements receives on a recurring basis.

**Baker Tilly**

- Annual independent external audit
  - Baker Tilly is a nationally recognized auditing and accounting firm
  - Extensive experience in both public & private sectors, including utilities and regulated entities
  - They provide an opinion that GRU's annual audited financial statements are presented fairly
  - In order to provide that opinion, they are required to adhere to:
    - Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) Auditing Standards Board (ASB)
    - Accounting standards issued by the Financial Accounting Standards Board (FASB)
    - Accounting standards issued by the Governmental Accounting Standards Board (GASB)

# GRU Financial Communications

- GRU's audited financial statements are provided to and analyzed by
  - **GRU's bond counsel**, who is required to adhere to federal regulations
  - **GRU's disclosure counsel**, who is required to adhere to federal regulations
  - **GRU's financial counterparties**, including Bank of America, J.P. Morgan, Goldman Sachs, and Truist Bank
  - **GRU's bondholders and investors**, who collectively hold $1.8 billion in GRU debt. Examples of these bondholders include
    - Life insurance companies
    - Trust companies
    - Money market funds
    - Pension funds
  - **Credit rating agencies (S&P, Fitch, and Moody's**) who conduct rigorous reviews to support their credit opinions. This work is monitored by the Securities and Exchange Commission (SEC) (Dodd Frank Act)

# GRU Financial Communications

- GRU's audited financial statements are provided to and analyzed by (continued)
  - **The State of Florida Auditor General's Office**, as part of the City of Gainesville's Annual Comprehensive Financial Report (ACFR)
  - **Securities and Exchange Commission** for continuing disclosure requirements related to GRU's bond issuances

- Any suggestion that GRU's financial statements contain irregularities or fraud is blatantly false, misleading and damaging to:
  - The Authority
  - GRU's financial reputation
  - The credibility of GRU's staff
  - The multiple licensed CPAs responsible for the preparation of the statements

**File Number: 2025-715**

**Agenda Date:** September 10, 2025

**Department:** Gainesville Regional Utilities

**Title: 2025-715 GRU Review August, 2025 (B)**

**Department:** Gainesville Regional Utilities/Office of the Chief Executive Officer

**Description:** An update to the Board on the significant and most meaningful events since the last board meeting. The GRU review isn't meant to replace all the granularity of the State of the Utility (which is included under Consent Agenda), it is intended to supplement it and can evolve over time depending on the requirements set forth by the Board.

**Fiscal Note:** None

**Recommendation:** The Authority hear a presentation from the CEO and ask questions, if desired.

# GRU Review

August 2025

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# GRU People Resources

- Vacancy rate bumped up from **7.76%** in July to **8.21%** in August
- GRU's FTEs are at historic 15-year lows (see attached graph)
- Next collective bargaining meeting is being held on Sept. 11

# The GRU workforce

# Financial Performance

- July's revenue ahead of budget by $1.580 million
  - Electric ahead by $961,000
  - Gas slightly ahead by $1,000
  - Water ahead by $248,000
  - Wastewater over budget by $370,000

# Community

- Participated in FMPA Peer Review at Lakeland Electric (CSR Lakendra Kegler)
- Presented a Downed Power Line Program to Gainesville Country Day School kids – Aug. 1
- Presented at Utility Engineering and Surveying Institute (Water/Wastewater Supervisors Chris Krpan & Brandon Lawhern)
- Held a Senior Spotlight Resources Fair on Aug. 23
- GRU highlighted in FMEA's Relay Magazine: "GRU is turning the Corner"
- 25th annual benefit golf tourney for Williams Elementary raised ~ $30 k

# Accelerated Debt Reduction

| | Commission Plan | GRUA actual | Difference |
|---|---|---|---|
| FY24 | $26,887,787 | $39,575,000 | $12,687,213 |
| FY25 | 24,218,013 | 26,420,000 | 2,201,987 |
| Total | $51,105,800 | $65,995,000 | $14,889,200 |

# Legal Scorecard

- Appeal before 1st DCA:
  - Brief filed on Sept. 3

- Complaint for Declaratory Judgement and Injunctive Relief at 8th Judicial Court
  - Filed on Aug. 27

**File Number: 2025-716**

**Agenda Date:** September 10, 2025

**Department:** Gainesville Regional Utilities

**Title: 2025-716 Main St. Water Reclamation Facility Capacity and Renewal Upgrade – Contract Modification for Phase 2 Construction**

**Department:** Gainesville Regional Utilities/Water Wastewater

**Description:** The Main Street Water Reclamation Facility (MSWRF), operational since the 1920s, has undergone multiple upgrades over its century of service. The last major improvement occurred in the early 1990s. The facility now requires substantial modernization and capacity expansion. The Capacity and Renewal Project will upgrade aging infrastructure, enhance treatment quality, and expand capacity from 7.5 million gallons per day (MGD) to 10 MGD Annual Average Daily Flow (AADF). These improvements will also ensure regulatory compliance, reduce operational costs, and accommodate future wastewater flows.

In 2019, staff initiated a two-phase evaluation of design-build teams to design and construct the project. CH2MHill Engineers was selected, and the contract was executed on July 20, 2020. During planning, the team assessed alternatives and selected the best-value solution. Post-COVID inflation and supply chain disruptions made it necessary to divide the project into two phases to manage costs and scheduling.

- **Phase 1 -** Currently under construction, Phase 1 includes replacement of critical gravity sewer piping from the Innovation District and downtown, a new master lift station, headworks screening and grit removal, odor control, security upgrades, and electrical/stand-by power systems. Construction began in March 2024 and is expected to reach substantial completion by March 2026. Total cost: $50M, with $22.5M offset by state water quality grant funding.

- **Phase 2 -** Phase 2 will expand treatment capacity to 10 MGD AADF by replacing the 1967 East Treatment Train with advanced Membrane Bioreactor (MBR) technology. This will improve effluent quality and reduce nutrient discharge to Sweetwater Branch and Alachua Sink. Scope includes additional screening, MBR basins, blower and pump systems, upgrades to clarification and disinfection, and electrical/stand-by power facilities. Construction is scheduled to begin in March 2026 and span four years. Estimated cost: $120M. We will continue to submit grant applications to seek funding to offset project costs..

Summary of Project Updates and Contract Authorizations:

- **September 17, 2019, City Commission approved ranking and contract negotiations with ranked firms.**
- July 2020 – GRU and CH2MHill Engineers (Jacobs) entered into an agreement (#2019-075) for Design-Build Services, including Planning Phase services.
- May 2, 2022 – Preliminary Phase Task Assignment 1A – Design of Plant Expansion
- January 27, 2023 – Preliminary Phase Task Assignment 1B – Collection System Improvements
- **September 7, 2023 – Presented project update to City Commission and City Commission approved execution of $22.5M grant agreement with FDEP.**
- **March 6, 2024 – Presented project overview and update to GRUA as an informational item – File Number 2024-190 Main St. Water Reclamation Facility Capacity and Renewal Update**
- April 3, 2024 – Completion Phase Task Assignment 1 – Construction of Phase 1 Plant Expansion
- April – June 2024 – Issued Owner Director Purchase Equipment Purchase Orders
- June 9, 2025 – Preliminary Phase Task Assignment 2A – Design of Phase 2 Plant Expansion
- **September 10, 2025 – Request to GRUA for approval to proceed with contract modification for Phase 2 Construction**
- Future: Owner Direct Purchases of Membrane Equipment (October 2025)
- Future: Phase 2 Early Works Construction Package (January 2026)
- Future: Phase 2 Main Construction Package (March 2026)

**Fiscal Note:** Phase 1 Approved Cost: Gross - $50M, Net - $27.5 M ($22.5M offset by grant funding)
Phase 2 Budgeted Funding: Gross - $120M, Net – TBD (Seeking grant funding)
Total Requested Contract Funding: Gross - $170M, Net $147.5M (pending possible grant funding)

Originally, Phases 1 and 2 were projected at $50M and $110M respectively, totaling $160M with no grant proceeds, versus todays' net of $147.5M.

The total project expenses for Phase 1 and Phase 2 have been included with the 10-year capital improvement plan for the wastewater system and in the GRU Debt Reduction Plan. These project expenses will continue to be included in annual budget submittals for the wastewater system. This once-in-a-generation upgrade is also the basis for increased wastewater charges now and in the future.

**Recommendation:** The GRU Authority authorize the CEO, or designee to execute required modifications to contract #2019-075, subject to approval of the Utility Attorney as to form and legality, for the total project cost not to exceed $170 million subject to

and accordance with the annually approved budget and GRU procurement policy allowances.

**Gainesville Regional Utilities Authority**
**Agenda Item Report**

**File Number: 2024-190**

**Agenda Date:** March 27, 2024

**Department:** Gainesville Regional Utilities

**Title: 2024-190 Main St. Water Reclamation Facility Capacity and Renewal Upgrade – Phase 1 (B)**

**Department:** GRU/Water WasteWater

**Description:** This item is providing an update on with the construction of Phase 1 scope of work. The Main Street Water Reclamation Facility (MSWRF) started treating wastewater in the 1920's. This facility has seen upgrades and expansions over its 100 years of service. The last major plant upgrade was in the early 1990s and the plant is due for significant upgrades.

The Main Street WRF Capacity and Renewal Project will replace and upgrade assets at the facility to improve wastewater treatment quality and expand the facility's capacity to meet current and future wastewater flows. The improvements to the plant will bring the facility from a 7.5 MGD (Million Gallons per Day) capacity to 10 MGD. The daily flow rate to the Main Street facility for the past 5 years has averaged 6.5 MGD with peak flows exceeding 20 MGD. Regulatory and operational requirements will require capacity increases by 2032. The improvements at Main Street Water Reclamation Facility will increase treatment capacity, prepare GRU to meet upcoming regulatory conditions, proactively address aging infrastructure, and lower operation and maintenance costs.

The project will be constructed in two phases:

- Phase 1 of the project will replace critical gravity sewer piping from downtown Gainesville that surcharges during extreme weather conditions , install a new master lift station, headworks screening and grit removal facilities, odor control facilities, security improvements, and necessary electrical and stand-by power facilities. The original headworks structure was built in 1990 and the equipment installed is no longer best industry practice and has reached the end of its useful life. Construction of this phase will begin in April 2024.

- Phase 2 of the project will replace the 1967 East Treatment Train with the latest Membrane Bioreactor (MBR) technology which will improve water quality and reduce nitrogen and phosphorus being discharged to Sweetwater Branch and Alachua Sink, via Sweetwater Wetlands Park. This phase will include additional screening facilities, MBR treatment basin, associated blower and pumping equipment, improvements to the

existing clarification and disinfection systems, and necessary electrical and stand-by power facilities. Construction of this phase is planned in the 10-year capital improvement plan starting in 2026 to meet the capacity requirements by 2032. GRU Staff will request approval for this additional phase of the project in the future.

**Fiscal Note:** The funds for the Phase 1 portion of the project are included in the FY24-FY26 Water/Wastewater capital budget and is partially funded by $22.5M FDEP Wastewater Grant Program.

**Recommendation/Next Steps:** Continue work on Phase 1 construction of Main Street Water Reclamation Facility Capacity and Renewal Upgrade Project at a cost $50 million. Return to GRU Authority if contract previously approved increases by more than 10% per Procurement Policy. Return to GRU Authority for Phase 2.

# Main Street Water Reclamation Facility Capacity and Renewal Upgrade Contract Modification for Phase 2 Construction

September 10, 2025

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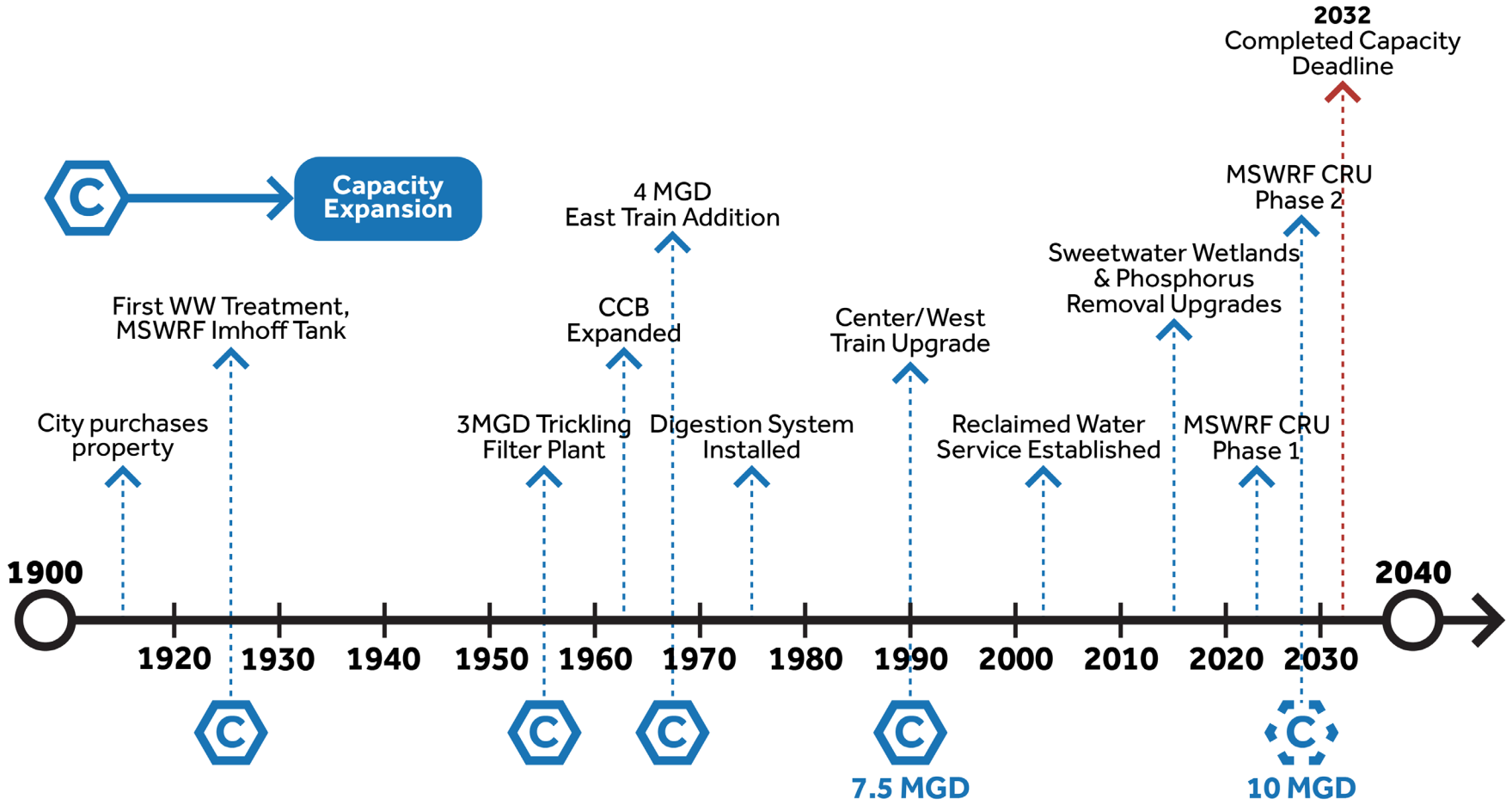
# Main Street WRF

The Main St. Water Reclamation Facility (MSWF), which has been operational since the 1920s, has undergone multiple upgrades over its century of service. The last major improvement occurred in the early 1990s. The facility now requires substantial modernization and capacity expansion. The Capacity and Renewal Project will upgrade aging infrastructure, enhance treatment quality, and expand capacity from 7.5 million gallons per day (MGD) to 10 MGD Annual Average Daily Flow (AADF). These improvements will also ensure regulatory compliance, reduce operational costs, and accommodate future wastewater flows.

# Main Street WRF Timeline



# Main Street WRF

- **Project costs are included in Wastewater 10 year Capital Improvement Plan**
- **Annual expenditure for project will be in annual budget submittals for Wastewater System**

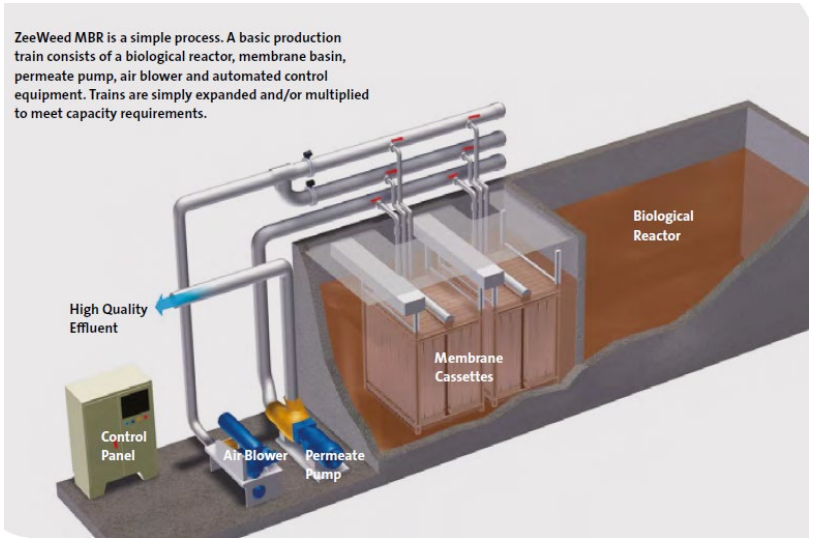
| | Construction Duration | Facilities | Gross Cost | Grant Proceeds | Net Cost |
|---|---|---|---|---|---|
| Phase 1 | 2 years<br>Complete in June 2026 | Influent Piping<br>Master Lift Station<br>Headworks<br>Odor Control | $50M | $22.5M | $27.5M |
| Phase 2 | 4 years<br>Start in 2026 | Fine Screening<br>Membrane Bioreactor<br>Clarifiers Upgrades<br>Disinfection Upgrades<br>Standby Power<br>Other Site Improvements | $120M | TBD | $120M |
| Total | | | $170M | $22.5M + TBD | $147M |

# Recommendation

## The GRU Authority authorize the CEO, or designee,

- to execute required modifications to contract #2019-075, subject to approval of the Utility Attorney as to form and legality, for the total project cost not to exceed $170 million subject to and accordance with the annually approved budget and GRU procurement policy allowances.

Current progress of Phase 1 construction




Phase 2 MBR technology for construction


# Thank you!

GRU SM
More than Energy



**CONTACT US**
Debbie Daugherty

https://www.gru.com

**File Number: 2025-717**

**Agenda Date:** September 10, 2025

**Department:** Gainesville Regional Utilities

**Title: 2025-717 Recommendation to Seek Waiver from FERC's Independent Functioning Rule (B)**

**Department:** Gainesville Regional Utilities/Energy Delivery

**Description:** Reviewing the applicability of the Federal Energy Regulatory Commission's (FERC) Independent Functioning Rule to GRU and seeking a waiver due to likely applicability and operational constraints.

**Fiscal Note:** Without a waiver, personnel compliance costs remain potentially burdensome (requiring multiple FTEs) and forbid common sense operational practices (e.g., cross training) to meet FERC's Independent Functioning Rule. GRU's current scale and structure make full compliance financially and operationally burdensome without a waiver. Legal costs to obtain a waiver are not expected to exceed $20,000.

**Explanation:** A legal review was conducted to assess whether FERC's Independent Functioning Rule under 18 C.F.R. § 358.5 applies to GRU. Although GRU is a municipal utility and not a "public utility" under the Federal Power Act, it is subject to the Rule when operating under FERC's reciprocity provisions when taking transmission service under a public utility's Open Access Transmission Tariff.
GRU owns and operates interstate transmission facilities and engages in marketing functions through internal staff and The Energy Authority (TEA). GRU needs internal flexibility in potential consolidation or cross-training of transmission and marketing personnel that would likely violate the Rule's separation requirements.
FERC allows waivers for small public utilities, and GRU likely qualifies based on its size and operational scope. Precedent supports waiver eligibility for similarly situated municipal utilities.

**Recommendation:** The GRU Authority authorizes the CEO or their designee to work with the Utilities Attorney and outside legal counsel to prepare and submit a request to the Federal Energy Regulatory Commission for a waiver from the Independent Functioning Rule, subject to legal review and approval as to form and legality.

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**Memorandum**

Date: August 27, 2025

**Privileged and Confidential: Attorney-Client Communication**

To: Derek D. Perry, Gainesville Regional Utilities

From: Brendan H. Connors

Re: Applicability of FERC's Independent Functioning Rule to GRU

---

This memo evaluates the applicability of the Federal Energy Regulatory Commission's ("FERC") Independent Functioning Rule under 18 C.F.R. § 358.5 to Gainesville Regional Utilities ("GRU"), a municipal utility owned by the City of Gainesville, Florida. As explained below, the memo concludes that (i) the Rule likely applies to GRU, and (ii) GRU's intended consolidation and/or cross-training of transmission and marketing personnel roles would likely violate the Rule. Ultimately, the memo recommends that GRU seek a waiver from FERC from the Rule, which would likely be granted because GRU is a "small public utility" under FERC's regulations and because GRU can persuasively demonstrate the burdens imposed by the Rule on it due to its relatively small scale and business operations.

**Key Provisions of the Independent Functioning Rule**

FERC's Independent Functioning Rule is part of FERC's Standards of Conduct for Transmission Providers ("Standards of Conduct"), designed to prevent undue discrimination and ensure transparency in transmission services. Under the Rule, a transmission provider's[1] transmission function employees[2] must operate independently of its marketing function employees.[3] 18 C.F.R. § 358.5(a). Specifically:

[1] "Transmission provider" means, among other things, any public utility that owns, operates, or controls facilities used for the transmission of electric energy in interstate commerce. 18 CFR § 358.3(k)(1).

[2] "Transmission function employee" means an employee, contractor, consultant or agent of a transmission provider who actively and personally engages on a day-to-day basis in transmission functions. 18 CFR § 358.3(i).

[3] "Marketing function employee" means an employee, contractor, consultant or agent of a transmission provider or of an affiliate of a transmission provider who actively and personally engages on a day-to-day basis in marketing functions. 18 CFR § 358.3(d).

- Marketing employees cannot (i) conduct transmission functions[4] or (ii) have access to the system control center or similar facilities used for transmission operations that differs in any way from the access available to other transmission customers; and

- Transmission function employees cannot conduct marketing functions.[5]

This separation is intended to prevent preferential treatment of affiliated marketing entities and ensure fair access to transmission services.

**Applicability to GRU**

As established by FERC's regulations, the Standards of Conduct apply to "any public utility that owns, operates, or controls facilities used for the transmission of electric energy in interstate commerce and conducts transmission transactions with an affiliate that engages in marketing functions." 18 CFR § 358.1(b).

As a preliminary matter, there is the issue of whether GRU is a "public utility" to which this provision applies. As a municipal utility, GRU is not a "public utility," as that term is defined in the Federal Power Act. *See* 16 U.S.C. § 824(f). As such, it is not directly subject to FERC's Standards of Conduct, but it would nonetheless be indirectly subject to such Standards under the reciprocity provisions of FERC's open access rules if it takes transmission service under a public utility's Open Access Transmission Tariff, as GRU seemingly does. *See City of Grand Island*, 192 FERC ¶ 61,143, at P 3 (2025). This point should be confirmed.

Assuming this point is answered affirmatively, then the key factors in determining the applicability of the Independent Functioning Rule to GRU are the following:

- Ownership, operation, or control of interstate transmission facilities; and
- Engagement in transmission transactions with affiliated marketing entities.

If both conditions are met, then GRU is subject to the Independent Functioning Rule, regardless of its size.

Based upon our conversation and the information you have provided me regarding GRU's operations, GRU satisfies these conditions. GRU currently owns and maintains approximately 2.5 miles of 230 kilovolt (kV) and 118 miles of 138 kV transmission facilities. Additionally, these lines interconnect with Duke Energy and Florida Power and Light. Given that these lines

[4] "Transmission functions" means the planning, directing, organizing, or carrying out of day-to-day transmission operations, including the granting and denying of transmission service requests. 18 CFR § 358.3(h).

[5] "Marketing functions" means, in the case of public utilities and their affiliates, the sale for resale in interstate commerce, or the submission of offers to sell in interstate commerce, of electric energy or capacity, demand response, virtual transactions, or financial or physical transmission rights, all as subject to an exclusion for bundled retail sales, including sales of electric energy made by providers of last resort (POLRs) acting in their POLR capacity. 18 CFR § 358.3(c)(1).

apparently transmit electricity wholesale across state lines, this sufficiently demonstrates that GRU owns or controls interstate transmission facilities, meeting the first condition above.

Concerning the second condition, as noted, the Standards of Conduct only apply if GRU "conducts transmission transactions with an affiliate that engages in marketing functions." Under FERC's regulations, an "affiliate" of a specified entity means another person that controls, is controlled by, or is under common control with, the specified entity. 18 CFR § 358.3(a)(1). Notably, an affiliate expressly "includes a division of the specified entity that operates as a functional unit." *Id*. Relying upon the information you have provided me, GRU outsources at least some of its marketing functions to a third party, The Energy Authority (TEA), but it either conducts some of its marketing functions in-house or intends to do so soon. Assuming that is the case, and assuming that such marketing functions are performed by "a division of the specified entity [i.e., GRU] that operates as a functional unit," then GRU meets the second condition above because it "conducts transmission transactions with an affiliate that engages in marketing functions."

Therefore, FERC's Standards of Conduct, including the Independent Functioning Rule, likely apply to GRU as a transmission provider.

**GRU's Planned Personnel Consolidation/Cross-Training Likely Violates the Rule**

Based on the information you have provided me, GRU plans to combine the responsibilities of the following two positions and/or allow the two positions to cross-train and serve as backup to one another: (1) Power Systems Application Engineer (Real Time Operations Planner); and (2) Transmission Planner (Long Term Planner).

Allowing one person to perform both roles, or allowing one role to perform the functions of the other, likely violates the Independent Functioning Rule. As noted above, the Rule prohibits transmission function employees from conducting marketing functions, and vice versa. The Transmission/Long Term Planner role, among other functions, apparently includes managing reliable operations across GRU's transmission system, including by performing contingency and system modeling and coordinating switching orders. This role qualifies as a "transmission function" under FERC's regulations, given that it involves "the planning, directing, organizing or carrying out of day-to-day transmission operations" of GRU. 18 CFR § 358.3(h).

Conversely, while less clear, the Power Systems Application Engineer/Real Time Operations Planner role appears to involve, at least in some part, contributing to decisions regarding GRU's purchases and/or sales of power into and out of its system. To the degree this is accurate, then this qualifies as a "marketing function" under FERC's regulations, given that it concerns "the sale for resale in interstate commerce, or the submission of offers to sell in interstate commerce" of energy and/or capacity.

Based on this understanding, combining these two positions, or allowing an individual in one role to provide back-up to an individual in the other role, would likely violate the Independent Functioning Rule.

**Waiver Eligibility**

Under FERC's regulations, a public utility may request a waiver from the Standards of Conduct, including the Independent Functioning Rule, if:

- It participates in a Commission-approved ISO or RTO;
- It does not operate or control its transmission system;
- It has no access to transmission function information; or
- It can demonstrate good cause.

*See* 18 CFR §§ 358.1(c)-(d). GRU does not meet the first three conditions above, as it has not relinquished control over the operation of its transmission system to an ISO/RTO, it operates and controls its transmission system, and it has access to transmission function information.

Nonetheless, in Order No. 889,[6] FERC stated that waiver would still be appropriate where a public utility:

- owns, operates, or controls only limited and discrete facilities; or
- qualifies as a small public utility.

The Commission has also clarified that non-public utilities, like GRU, qualify for waivers on the same grounds as public utilities. Order No. 889, at p. 31,594 ("[W]e have established a mechanism in the Open Access proceeding that allows small public utilities and small non-public utilities to seek waivers based on the same criteria."); *see also City Util. Comm'n of Owensboro, Ky.*, 140 FERC ¶ 61,163, at P 3 (2012) (citing *Kan. City Bd. of Pub. Utils.*, 140 FERC ¶ 61,113, at P 8 (2012)).

Specifically, FERC has granted small municipal utilities such as GRU a waiver of the requirement to comply with the Standards of Conduct if the utility demonstrates that:

- it is a small public utility, with energy sales below 4 million megawatts hours (MWh) per year; and
- no other circumstances are present to indicate that a waiver is not justified.

*See City of Rochester*, 157 FERC ¶ 61,103, at P 10 (2016) (granting waiver of need to comply with Standards of Conduct to municipal utility that qualified as a small utility).

**Conclusion and Recommendation**

Based on this precedent, this memo recommends that, out an abundance of caution, GRU should seek a waiver from FERC relieving it of any obligation to comply with the Standards of Conduct. Relying on the information you have provided, GRU sells far less energy per year than the 4 million MWh per year threshold, so there should be no issue qualifying itself as a small utility.

[6] *Open Access Same-Time Information System and Standards of Conduct*, Order No. 889, FERC Stats. & Regs. ¶ 31,035 (1996), order on reh'g, Order No. 889-A, FERC Stats. & Regs. ¶ 31,049 (1997), reh'g denied, Order No. 889-B, 81 FERC ¶ 61,253 (1997).

Moreover, GRU could persuasively argue to FERC that complying with the Standards, including the Independent Functioning Rule, poses disproportionate compliance burdens for a utility of its modest scale. Moreover, GRU could plausibly reference other recent precedent where FERC has granted similar waivers. This would assure a strong chance of securing FERC's approval.

**File Number: 2025-718**

**Agenda Date:** September 10, 2025

**Department:** Gainesville Regional Utilities

**Title: 2025-718 Sale of Cross Creek Water and Wastewater Systems (B)**

**Department:** Gainesville Regional Utilities/Water Wastewater

**Description:** Staff seeks direction from the GRU Authority to initiate a competitive process for the sale of the Cross Creek Water and Wastewater Systems, which are financially and operationally unsustainable for GRU to continue operating. The systems serve approximately 50 customer connections in the Cross Creek Mobile Home Park (CCMHP), a remote community located about 16 miles southeast of Gainesville. The systems are isolated from GRU's core infrastructure and require significant staff time and resources to maintain.

**Fiscal Note:** The CCHMP water and wastewater systems generate a combined annual revenue of approximately $24,000 but currently cost GRU over $294,000 annually to operate and maintain, resulting in a net annual loss of more than $270,000. These costs include routine operations, maintenance, and overhead. Additional capital improvements will be necessary to keep the systems functioning, particularly due to operational challenges with the wastewater drainfield. Continuing to operate the systems will result in ongoing financial losses. Sale of the systems would mitigate these losses and relieve GRU of a long-term fiscal and operational burden.

**Explanation:** GRU owns and operates small, stand-alone water and wastewater systems serving CCMHP. The water system includes three wells, chlorination, and a distribution network. The wastewater system includes a gravity collection system, pump station, septic tank, and a drainfield located on a small parcel with a surface use easement. Due to fluctuations in the water table, the drainfield is currently non-functional, requiring GRU to haul wastewater weekly using sludge trucks—typically three 4,000-gallon loads transported 15 miles each way.

The systems are located 15-22 miles from GRU's main treatment facilities, creating operational inefficiencies and requiring frequent staff travel. In 2018, staff documented that the systems were operating at a financial loss and recommended their sale. Since then, costs have escalated substantially. Customers at CCHMP are charged the same rates as GRU's core service area, but the small customer base and geographic isolation make this business line unsustainable. A recent cost of service study confirmed that

recovering even basic operation and maintenance costs would require a 7- to 17-fold rate increase, which is not feasible.

Staff believe a viable market exists for these types of packaged utilities. Companies that specialize in operating small, remote systems are better positioned to manage the infrastructure efficiently and cost-effectively. Transferring ownership to such an entity would improve service sustainability for the Cross Creek community. Approval of any future agreements for disposition of the CCMHP water and wastewater system will be presented to the GRU Authority for final approval.

**Recommendation:** The GRU Authority authorize the CEO or designee, to initiate and conduct a competitive process for the potential sale of the CCMHP water and wastewater systems, subject to legal review and approval as to form and legality.

GAINESVILLE REGIONAL UTILITIES
W/WW Engineering

Date: September 4, 2025

To: Debbie Daugherty, P.E.
W/WW Officer, Gainesville Regional Utilities

From: Rick Hutton, P.E.
Principal Engineer, Gainesville Regional Utilities

Subject: Cost of Service Study for Cross Creek Mobile Home Park Water and Wastewater Systems

This memo provides Cost of Service (COS) study for the Cross Creek Mobile Home Park (CCMHP) water and wastewater systems currently owned and operated by GRU.

**Background**

The CCMHP consists of approximately 40 mobile home lots located in the community of Cross Creek approximately 16 miles southeast of Gainesville (see Figures 1 and 2). GRU operates water and wastewater systems that serve approximately 50 customer connections in the CCMHP. The water system was privately owned and operated prior to GRU taking over ownership of the system in the 1970s upon request from local authorities. GRU has made several improvements to the water system. In 1989 GRU installed the wastewater collection and treatment system and made significant upgrades in 2008. CCMHP residents pay the same water and wastewater rates as GRU's other residential customers. Properties around CCMHP are primarily single-family homesteads on 5-10 ac lots with septic systems. Cross Creek is not experiencing growth, likely due to the remote location and predominance of wetlands and high water tables.

**CCMHP Water and Wastewater Operations**

The water system includes three wells, pumping, chlorination, and water distribution system. The water system is operated by GRU's water treatment plant operations staff who travel approximately 22 miles each way from Murphree WTP to CCMHP to perform routine maintenance, storm preparation and response, and regulatory monitoring. The wastewater system includes a gravity collection system, pump station, septic tank and drainfield (Figure 3). The drainfield is located on a 0.76 ac triangular-shaped parcel located north of CCMHP which was donated to GRU in 1989 by the neighboring homeowner (Figure 4). While GRU owns the property, the neighboring homeowner retains a surface use easement and includes the property in their yard. Due to high water table conditions, the drainfield does not function properly. GRU wastewater collections staff haul wastewater from CCMHP to GRU's system on a weekly basis using sludge trucks. Generally, three 4,000 gallon loads are hauled 15 miles each way from CCMHP to a manhole in southeast Gainesville.

**COS Study Results**

Table 1 summarizes annual O&M cost, both with and without overheads, based on current operations. More detailed costs are attached. Average annual capital expenditures for routine repair and replacement based on the 2017-2025 period are also shown. Costs for major capital

improvements, which occurred prior to 2017, are not included in this analysis and are considered as sunk costs. Projection of the costs for future improvements is beyond the scope of this analysis.

In general, the revenue from providing a service should recover previous capital investments and ongoing expenses associated with that service, including overhead. That goal is not realistic in this instance. At a bare minimum, to prevent on-going losses, revenue should at least cover annual O&M, excluding overhead. As shown in Table 1, annual O&M costs for water and wastewater (excluding overhead) are $60,000 and $93,000, respectively. With overheads, the total annual cost to operate the water and wastewater systems is $246,210. Revenues from the systems are $8,000 and $16,000, respectively. The resulting combined loss from the water and wastewater systems is approximately $222,000/yr (including overhead).

Increasing rates to recover annual O&M alone would require a 7 to 17-fold increase in rates, which would not be realistic. Since most of the properties around the CCMHP are large-lot single family residences and there is a lack of growth in the area, it is not likely that the customer base will grow and generate additional revenue in the foreseeable future.

Table 1 includes the listed asset values for the water and wastewater systems. These values are not highly relevant in determining the path forward as they are sunk costs for assets that cannot be liquidated.

**Path Forward**

The relatively high costs for GRU to maintain the CCMHP water and wastewater systems are exacerbated by the distance between CCMHP and any of GRU's other facilities. A significant amount of GRU water treatment staff time is required to maintain the water system and perform testing to meet regulatory requirements. The wastewater system costs are driven by the weekly wastewater hauling required due to failure of the drainfield. To eliminate hauling, correction of the drainfield issue would likely require construction of a mounded drainfield at a different location. Construction of a mounded system on the existing drainfield would not likely be feasible due to the limited parcel size and the surface use easement. GRU would need to purchase additional property and construct a mounded system due to the high water table across region.

The most cost-effective approach would be to sell the water and wastewater systems. Operation and maintenance of the systems could likely be done more efficiently by an owner adapted to maintaining multiple remote systems.

## Table 1
## Summary of GRU CCMHP Annual Operating Costs and Revenues

| | Water | Wastewater | Water + Wastewater |
|---|---|---|---|
| Annual O&M Cost | $132,630 | $110,627 | $243,257 |
| Avg Annual Capital Cost | $50,750 | | $50,750 |
| Total Annual Cost | $183,380 | $110,627 | $294,007 |
| | | | |
| Annual Revenue | $8,093 | $15,624 | $23,717 |
| Current rate ($/kgal) | $2.47 | $7.35 | |
| | | | |
| Annual Net Loss | $175,287 | $95,003 | $270,290 |
| Rate Increase Req'd to cover Annual O&M | 1639% | 708% | |
| Asset Value | $196,431 | $329,731 | $526,162 |
| Property Value (tax appraiser) | $110 | $9,850 | $9,960 |

**Notes**

1. Operating costs above include routine operation, maintenance, and compliance monitoring. Capital costs for past or anticipated future upgrades outside of FY2017-2025 are not included.
2. Overheads include direct labor, A&G, supervisory and management, and shared services. Includes GFT based on FY2025.
3. Annual O&M for Water - includes routine operation, maintenance, and compliance monitoring
   - Labor based on operational knowledge of MWTP staff work (time is not itemized separately in SAP)
   - Non-Labor based on total over FY2017- FY2025 YTD divided by 8.5 yrs (i.e. 8.5 yr average)
4. Annual O&M Wastewater
   - Based on CityWorks work orders over April 2024-April 2025 (i.e. last 12 months) for weekly hauling
5. Average Annual Capital for Water
   - Based on total over FY2017- FY2025 YTD divided by 8.5 yrs (i.e. 8.5 yr average)
6. Average Annual Capital for Wastewater
   - No capital expenditures recorded from 2017-2025

**Figure 1**
**CCMHP Location**

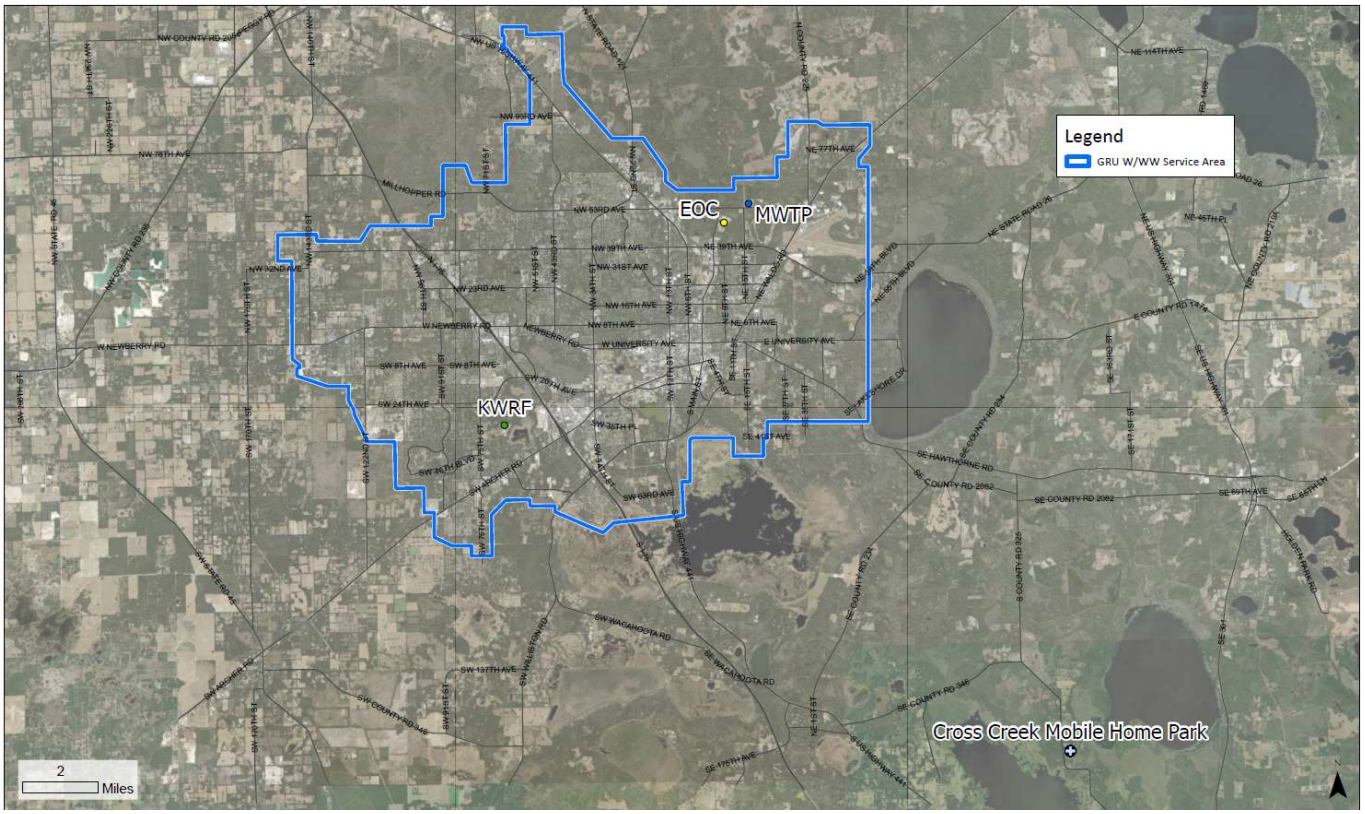



**Figure 2**
**CCMHP Service Area**

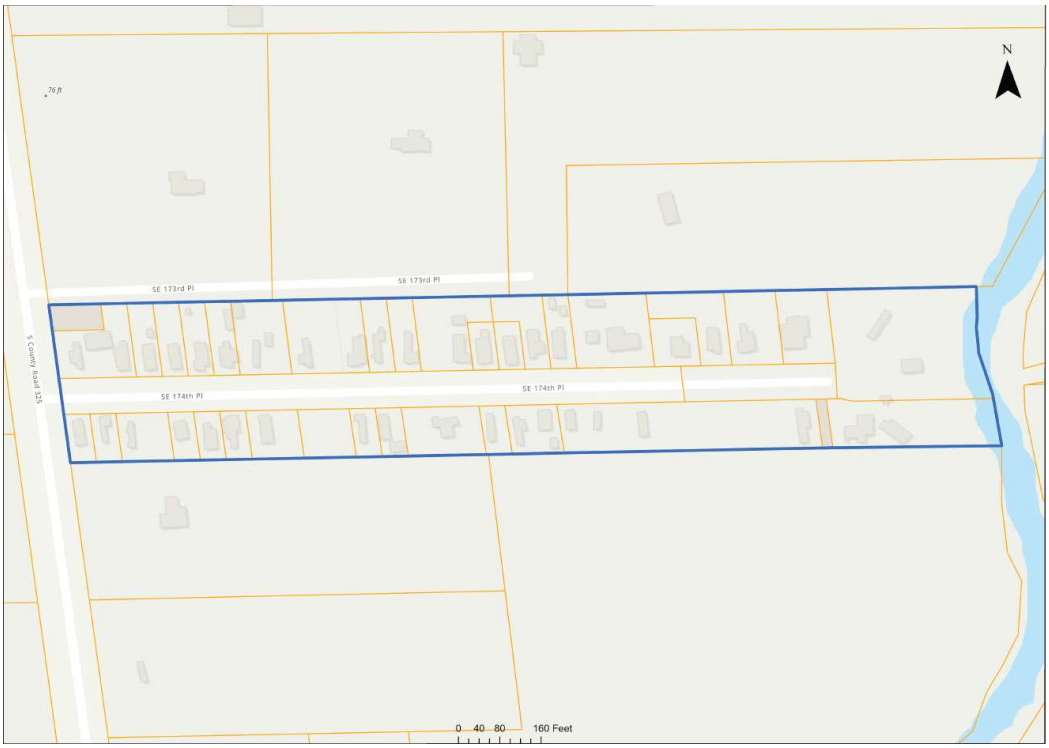


**Figure 3**
**CCMHP Wastewater Collection System**

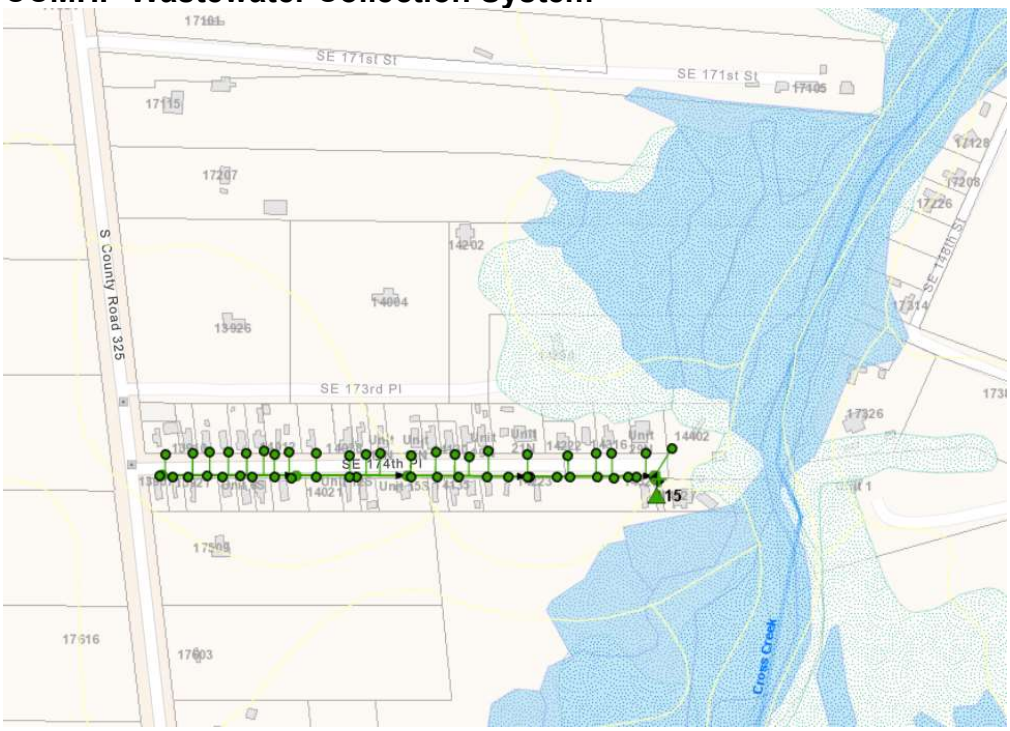
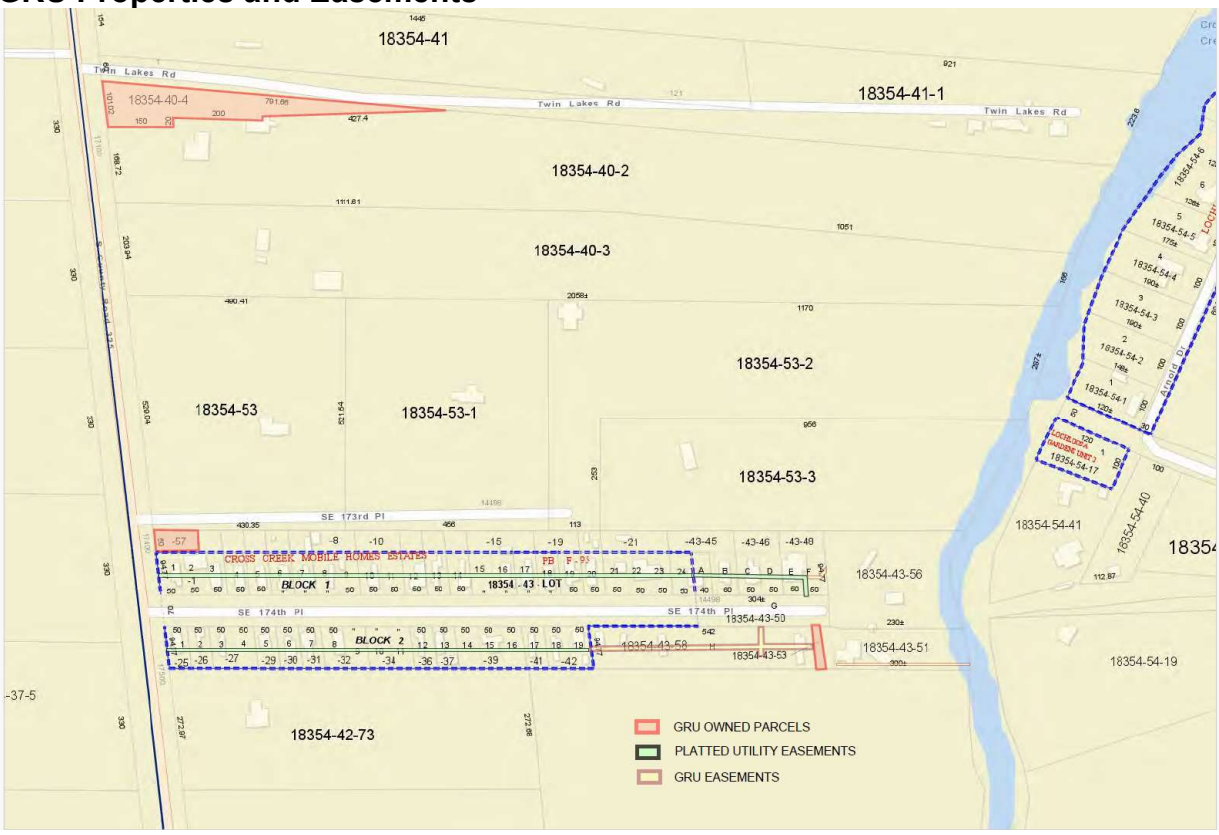



**Figure 4**
**GRU Properties and Easements**



GRU More than Energy℠

**INTER-OFFICE COMMUNICATION**

Water & Wastewater Systems

DATE: July 27th, 2018

TO: Ed Bielarski, GM and Tom Brown, COO

FROM: Tony Cunningham, Water/Wastewater Officer TC

SUBJECT: Sale of Cross Creek Water and Wastewater System

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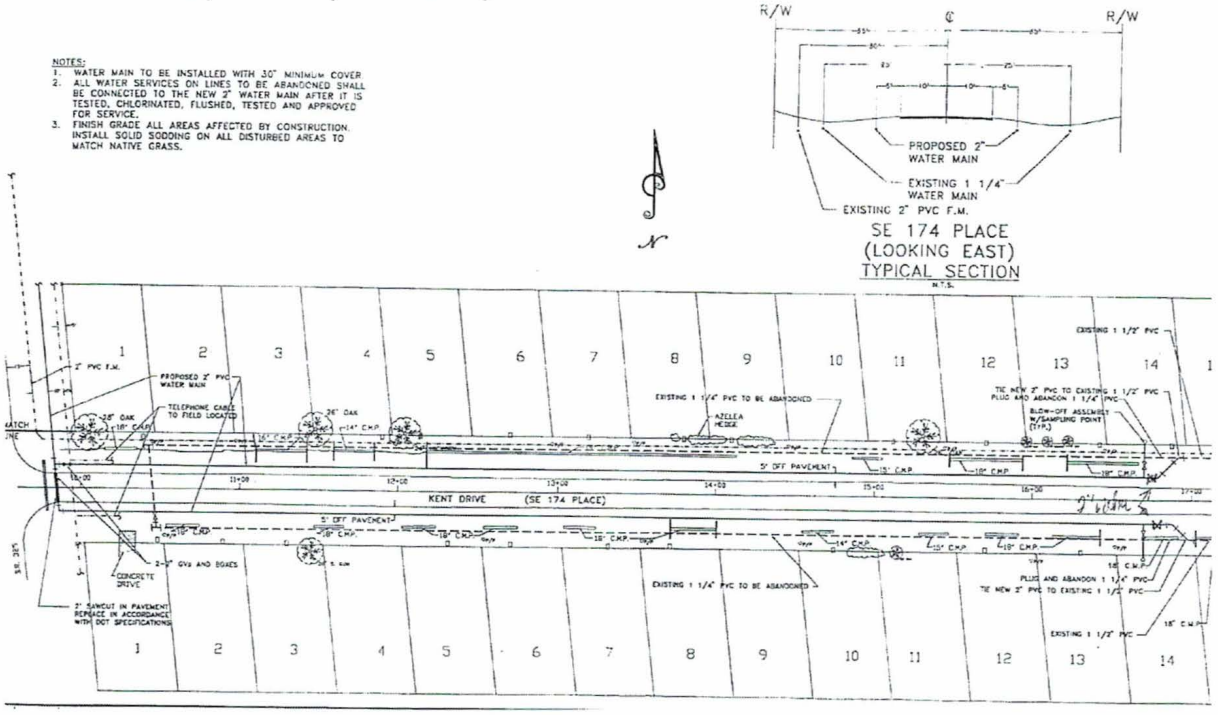
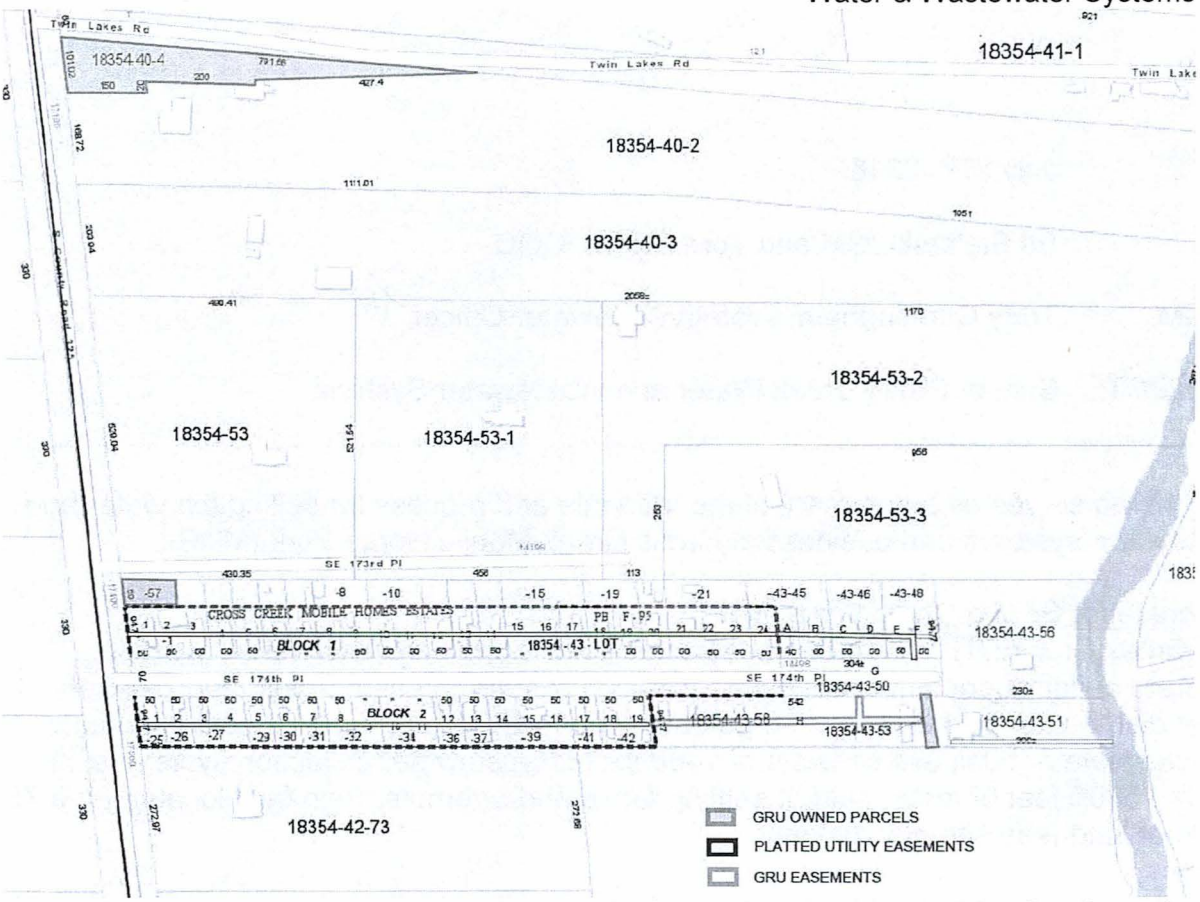
This memo serves as a summary of the rationale and process for selling the water and wastewater systems and business at Cross Creek Mobile Home Park (MHP).

Rationale for Selling Cross Creek MHP:

The Cross Creek MHP water business consists of 3 drinking water wells, precast concrete building, sodium hypochlorite injection system, pressure tank, 3000 feet of water distribution pipe and 32 – 50 potential connections (currently 32 connections). The wastewater business consists of 1400 feet of wastewater collection system, a lift station, 5800 feet of force main, 2 settling tanks and a remote drain field located on 0.75 acres of land (see site plan below).






These facilities and customers are located in Cross Creek which is 22 miles from the Murphree Water Treatment Plant (MWTP) and 26 miles from the Kanapaha Water Reclamation Facility (KWRF) which are the two facilities that operations and maintenance staff are dispatched from. The distance from the GRU core facilities translates to all operations and maintenance work requiring at least 1 hour of additional travel time and therefore inefficiencies. These customers are charged the same water and wastewater rates as the typical customers. These factors result in this business being a significant drain on our lean resources as well as an annual financial loss. For these reasons, we are pursuing selling these facilities and business to a qualified company.

Process for Transaction:

Evaluation of Business/Property Value:

The first step in the transaction is determining the value of the business. The assets associated with the business are only valuable to serving the customers of Cross Creek MHP and are therefore considered sunk costs. The value of the business lies solely in the capability of the business to generate revenue from sales of water and wastewater to the customers. There are currently 32 customers that use a total of approximately 85 kgal of water per month (based on FY2017 average consumption). This average usage generates between $12,000 and $14,000 of annual revenue including both water and wastewater usage rates

and customer charges. The expenses consists of chemical costs, electricity, operator visits (FDEP requirement), monitoring, maintenance, engineering, and emergency response which are estimated to be $30,000 to $32,000 per year. In conclusion, this water and wastewater business at Cross Creek MHP loses approximately $18,000 per year, therefore the value of the business for GRU is extremely low.

Invitation to Bid:

In discussing the best approach with purchasing and legal counsel to dispose of the business the conclusion was to issue an invitation to bid. This process allows for competition between prospective buyers to pursue and bid on the purchase of the business. It is recommended in this process that the business be sold, as is. This process will include minimum qualifications required by the bidder. The Administrative Guideline 2.1 establishes the need for an appraisal if the value is greater than $100,000. Assuming the assets are a sunk cost because the vast majority of the assets can only be used for this business, the value of the business rests solely on the revenue versus the expenses. The expenses to operate both the water and wastewater business are 2 to 3 times the revenue generated from the customers. The conclusion is that this business is valued at less than $100,000; therefore an appraisal is not required to issue an invitation to bid. The invitation to bid process will provide competition and an understanding of the market value of the business. In addition, there will be a requirement for the bidder to obtain approval from the Public Service Commission for the purchase and rate setting of the business.

UAB and City Commission Approval:

Prior to commencing the Invitation to Bid process, we will present the approach of the sale to the UAB and City Commission. These presentations will include a brief history, the rationale for the sale, the evaluation of the business/property, and the Invitation to Bid process.

After the invitation to bid process is completed the highest bid by a qualified firm will be selected and this will be taken to the Utility Advisory Board for a recommendation and ultimately the City Commission for final approval.

The signatures below are a recognition and approval of the above described process to dispose of the Cross Creek MHP water and wastewater systems.

Ed Bielarski, General Manager
Gainesville Regional Utilities

Tom Brown, COO
Gainesville Regional Utilities