

Fact vs. Fiction

The truth behind the stories about GRU



CUSTOMER FIRST

ONE UTILITY. ONE GOAL.

Open to Public

Fiction

The GRU Authority doesn't listen to citizens.

Fact

- GRUA meetings are advertised and open to public comment.
- GRUA meetings are modeled after City Commission meetings.
- GRUA directors have public emails listed on GRU's website.
- Listening doesn't mean agreeing.

Fiction

Future power generation may be jeopardized under the Authority.

Fact

- City Commission decisions that saddled GRU with almost \$2 billion of debt have limited GRU generation options.
- GRU's solar deal mutually dissolved due to repeated price/cost hikes.

The utility is actively reducing carbon emissions by investing in its owned resources thru modernization, gasification and retrofits of diesel and coal units

Right-Sizing GFT

Fiction

The Authority is robbing Gainesville by randomly cutting the general fund transfer.

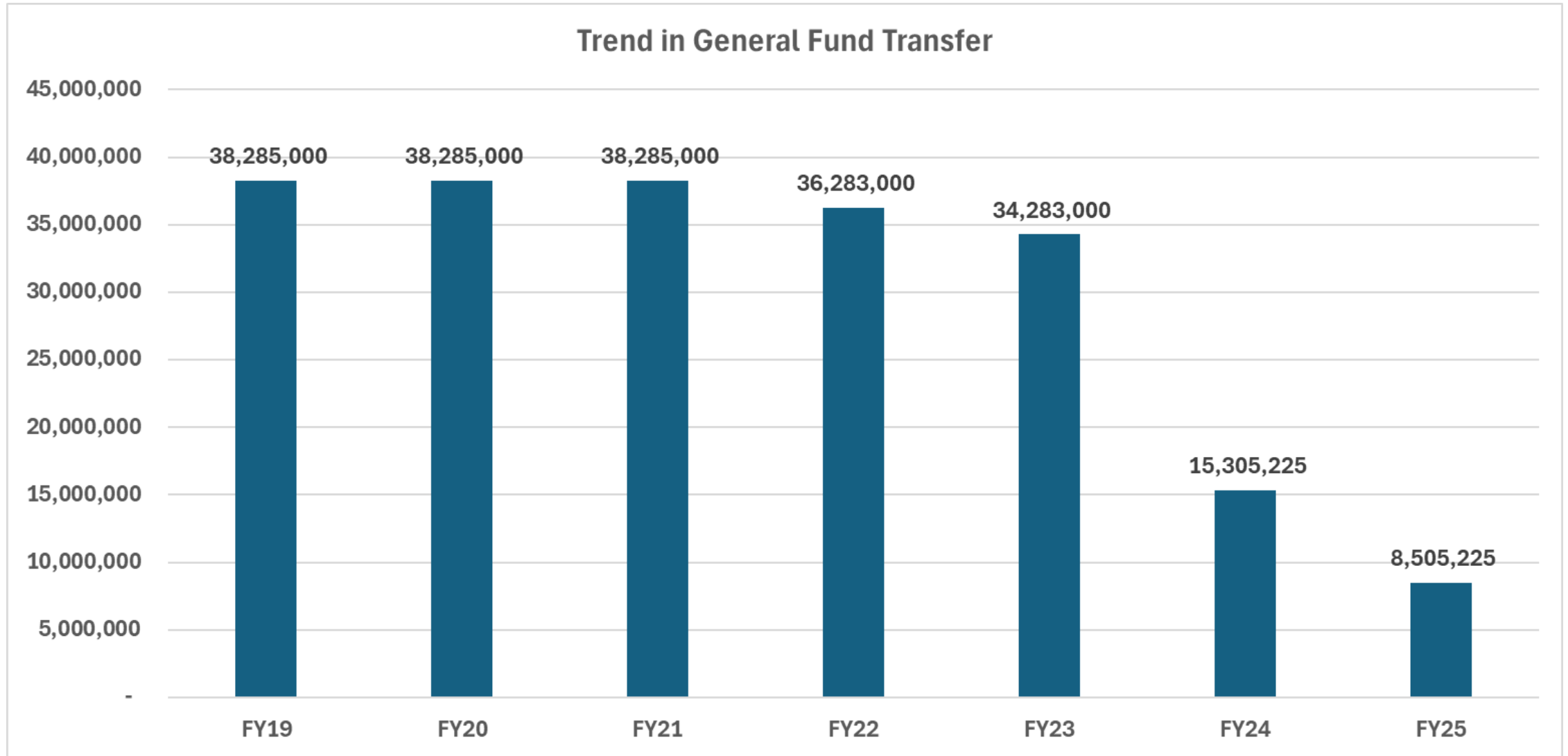
Fact

- City Commission decisions are reducing GRU profits which necessarily reduce what GRU can transfer to the city.
- Since 2000, 95% of GRU profits have gone to the city, limiting ability to forgo rate increases.
- Reduction of GFT from \$38 million peak to \$8.5 million needed to pay down commission-created debt and satisfy bond rating agencies.

Failure to implement or maintain planned reductions in the general fund transfer could lead to Negative Ratings

Reduced general fund transfer payment led to an increased FADS and accelerated amortization of debt – key strategic initiatives of the utility's financial plan

GFT History



Fiscal Mismanagement

Fiction

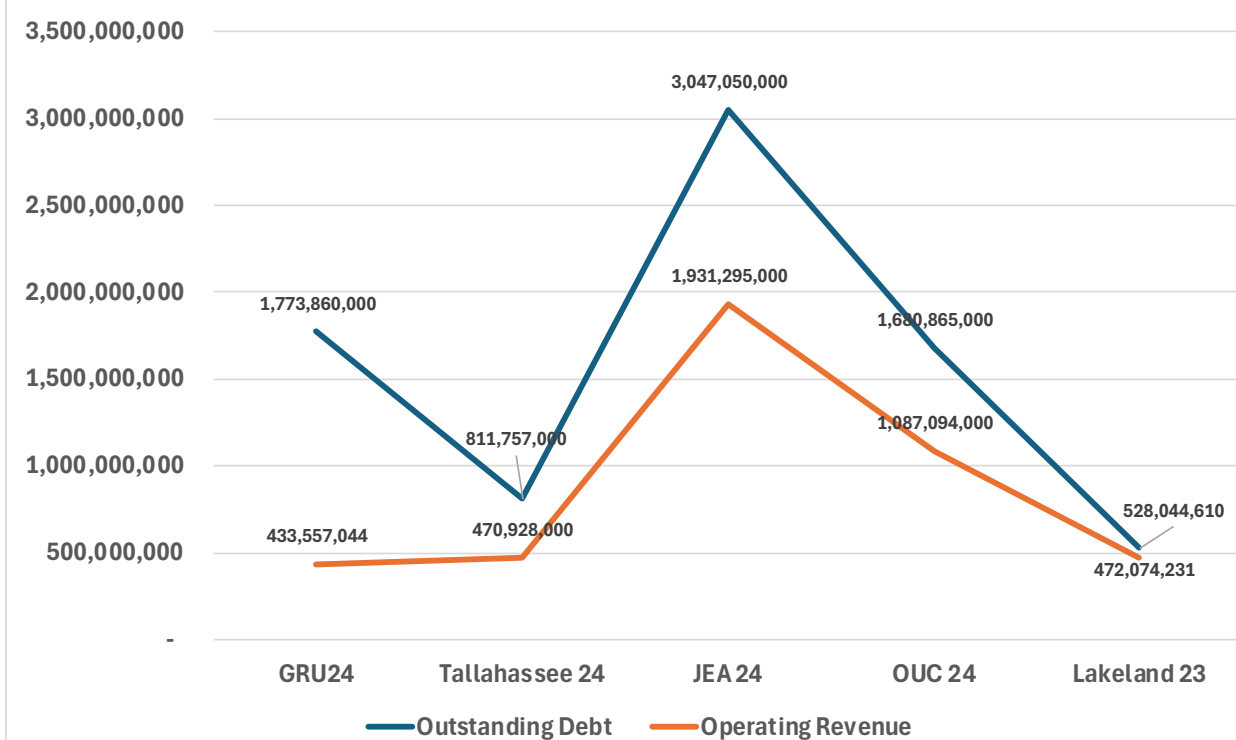
The state has put the city and GRU in a position unlike any utility in America.

Fact

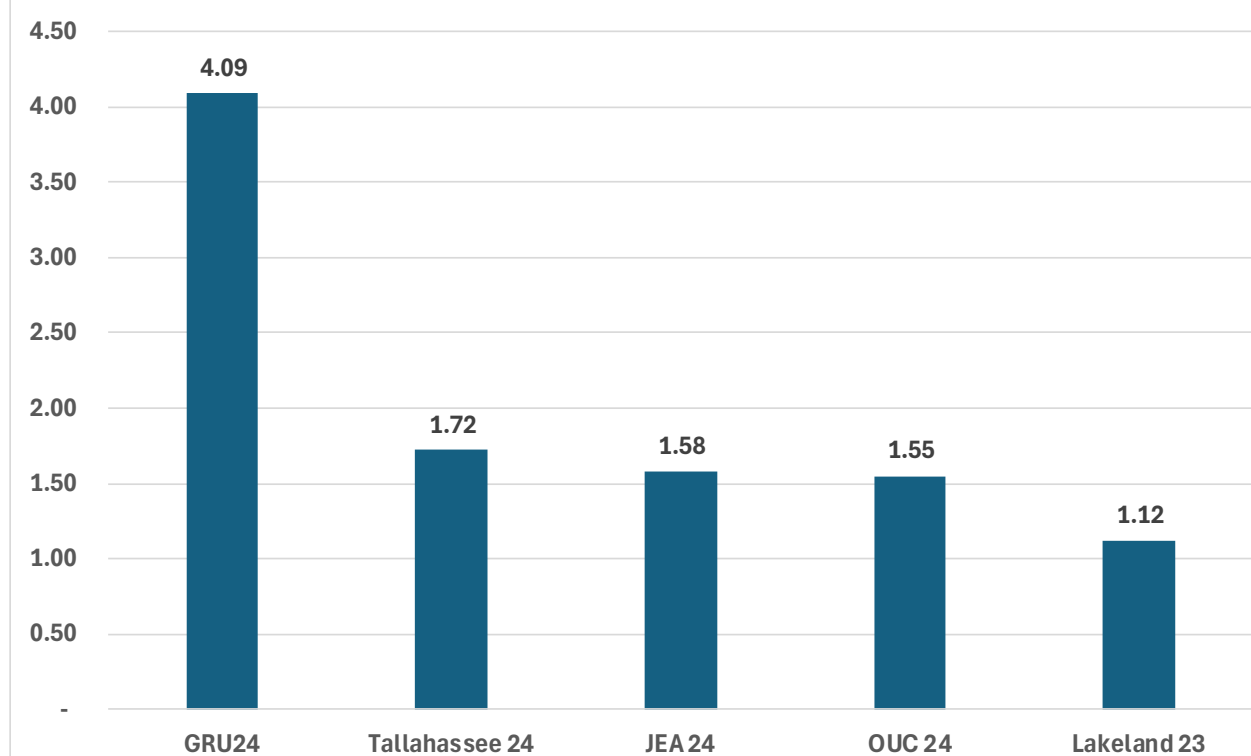
- City Commission operating decisions have saddled GRU customers with up to 4x the debt levels a utility its size should maintain.
- Transfers of \$69 million above profits to the city's general fund have led to higher rates.
- The situation was so extreme, the Florida Legislature passed HB 1645 in order to protect all of GRU customers.

Outstanding Debt vs Operating Revenue

Outstanding Debt vs Operating Revenue



Ratio of Outstanding Debt to Operating Revenue



Stabilizing GRU

Fiction

The City Commission is needed to bring stability to GRU.

Fact

- November 2024 ballot referendum fueled uncertainty, alerting bond rating agencies and rattling GRU workforce.
- Likely second referendum has investors concerned about the utility's ability to issue debt for operations.
- A new referendum takes the limitation on the GFT away, an action that will challenge GRU's ratings.

From Fitch

- GRU was issued STABLE outlook tied to expectations of:
 - Leverage below 10x.
 - GRU's ability to execute its current financial plan.
 - Maintenance of strong operating income levels.
 - Lower general fund transfers approved last year.

General Fund Transfer

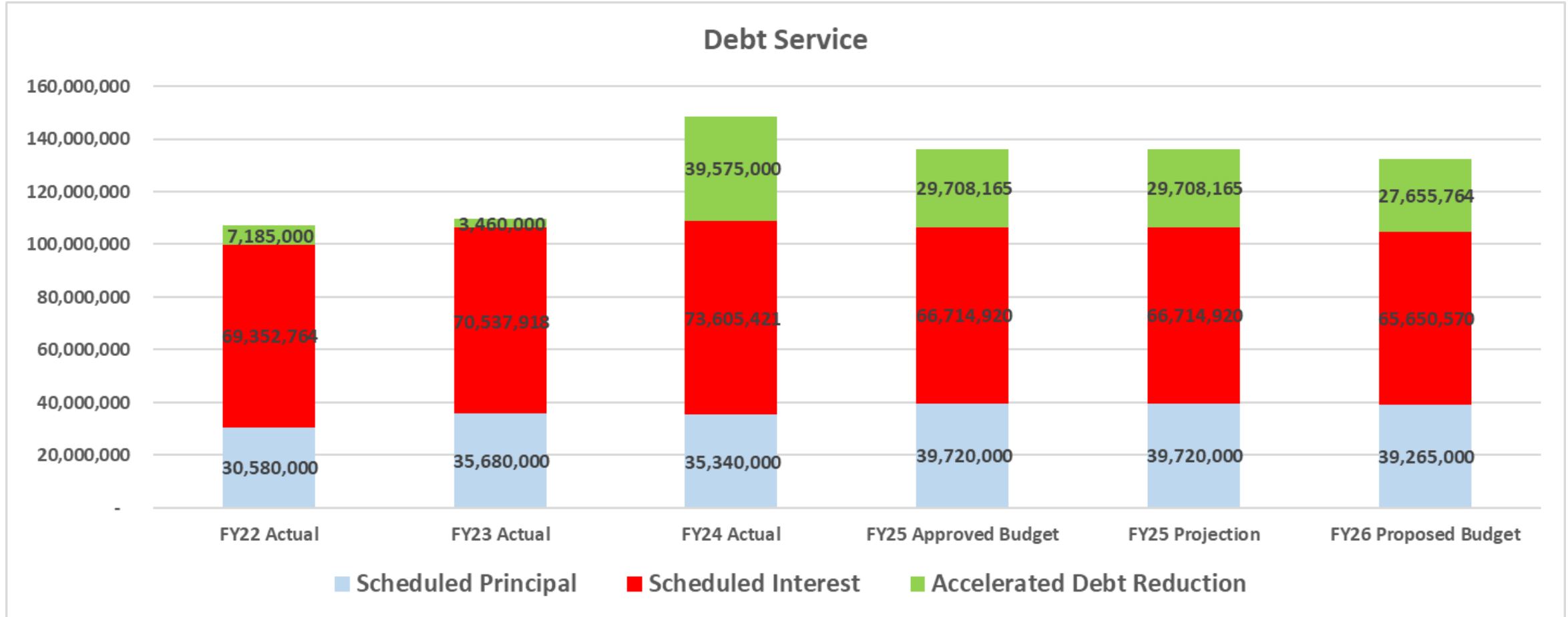
Mistruth

The Authority unilaterally takes money from the transfer.

Reality

- The GFT is most influenced by the size of GRU debt, which was created by commission actions.
- The amount of the GFT should be based on making the utility financially/fiscally sustainable.
- The Authority adjusts the GFT based on City Commission decisions that lower GRU's profits and potentially lead to higher rates.

Paying off Debt is all



Referendum Impact

Fiction

The people have spoken; thus, the issue is closed.

Fact

- A judge determined the referendum's language was misleading, so the vote lacks integrity.
- The legal process is ongoing, so there is no final verdict.
- One third of the people are being disenfranchised – those customers outside the city.

Facts – No Fiction

Fiction

Fact

- Average residential bill has fallen 25% in 2 years.
- No electric/gas base rate increase for 2 years.
- Lowest natural gas rates in the state.
- Among lowest utility bills for combined 4 services.

COMMENTS?