



THE DIFFERENCE IS YOU

BRYAN TEXAS UTILITIES  
2014  
Annual Report

# BOARD OF DIRECTORS



Carl L. Benner  
*Chairman*



Paul Turney  
*Vice Chairman*



David Bairrington  
*Secretary*



Art Hughes  
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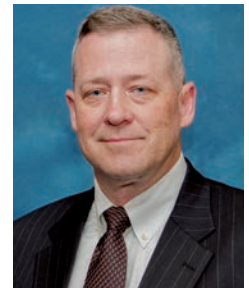
Flynn Adcock



Bill Ballard



Ben Hardeman



A. Bentley Nettles

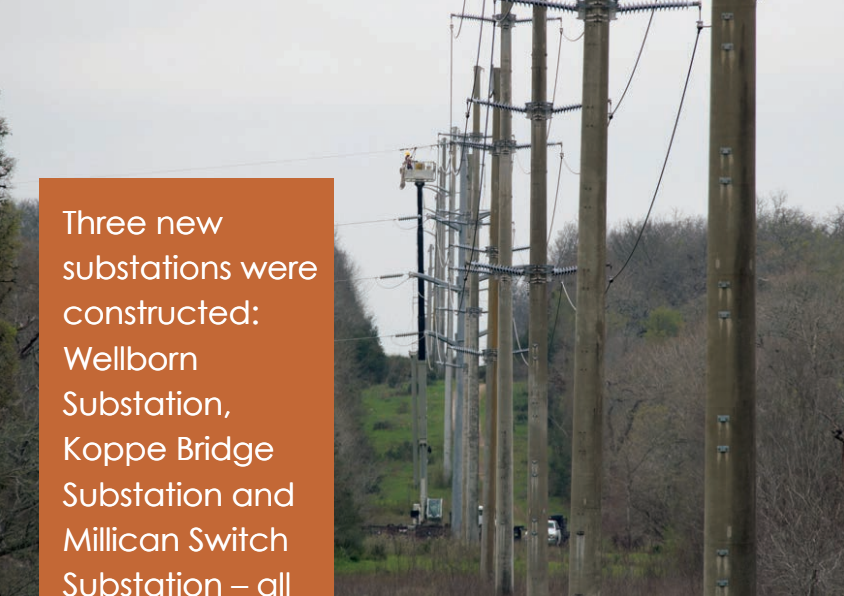
# SOUTH LOOP TRANSMISSION PROJECT

At BTU, we are proud to have recently completed the South Loop Project - a 40-mile, 138kV transmission project started in 2009 and completed in December 2014. Completion of these new transmission lines provided a significant upgrade and increased capacity to our existing 120 miles of transmission infrastructure. The South Loop Project was a natural complement to the North Loop Project that BTU completed in northern Brazos County in 2007.


Snook Substation and Greens Prairie Substation in southeastern College Station, already in service, needed major improvements so customers in these areas could also benefit from the new lines and the increased reliability they help bring.

Where possible, BTU used local businesses to help with surveying work, easement acquisition, rights-of-way clearing and culvert installation, engineering and design, and material procurement and delivery.

**Going forward, BTU is working with other transmission providers in our area to further leverage the area's transmission infrastructure by bringing in more ties to the ERCOT system. Additional ties will bring increased reliability to the area.**



Three new substations were constructed: Wellborn Substation, Koppe Bridge Substation and Millican Switch Substation – all in southern Brazos County.





# GENERAL MANAGER'S MESSAGE



"Wow! What a year that was. BTU completed our largest transmission project ever, welcomed the biggest customer ever, won some awards, made our lobby safer and friendlier, completed a new cost-of-service study, and kept the lights on and the rates low."

*Gary Miller  
General Manager*

Under the excellent direction of the BTU Board of Directors, BTU Staff was able to complete what we have referred to over the last few years as the "South Loop Project." During this ambitious 5 ½ year project, BTU built 3 new substations, performed major expansions to 4 additional substations, and built 40 miles of new transmission lines that connect the northwest quadrant of BTU's service territory, running along the western boundary, to the southwest side of the system. This activity significantly strengthened the entire western and southern portions of BTU's system, including service to the area in and around the City of Snook. Additionally, BTU completed a new connection to the remainder of the electric grid by building a line from the new Millican Substation down to a neighboring utility substation near Navasota. All of this activity positively positions BTU for expected load growth in these areas of the system for some time to come.

BTU also welcomed the addition of our first transmission level customer. Axis Pipe and Tube is poised to become the largest single customer on the BTU system. In order to accommodate this customer, BTU Staff was tasked with designing and building yet another brand new substation located at the new Texas Triangle Park industrial business area. Axis Pipe and Tube became BTU's first customer to take service at the transmission level, which required a new rate ordinance. To accommodate the fast-growing activity in the Brazos Valley, BTU Staff stepped up and commissioned and completed an intensive cost-of-service study and resultant rate ordinance modification. This change was approved by the BTU Board of Directors and the City Council and was placed in effect on October 1.

2014 was a banner year for BTU in the awards department.

First and foremost, the American Public Power Association (APPA)

awarded BTU with its prestigious Reliable Public Power Provider (RP3) Diamond award. BTU's revamped website was honored with a 3CMA Savvy Award. BTU was also honored by the Texas Public Power Association (TPPA) as the recipient of the 2014 System Achievement Award.

*These awards are explained in detail on page 9 of this report.*

Finally, in 2014 BTU completed a renovation of the Main Office lobby and drive-through facilities. These renovations will help us to insure a pleasant and secure environment for our employees and our customers. The underlying theme to all of the accolades, system improvement milestones and progress across the utility is the hard work and dedication demonstrated every day by the Staff at BTU. Throughout this stressful, eventful and ultimately satisfying year in the life of this electric company, BTU employees continue to take pride in the work that we do and the value that we bring to the community.

## In Memoriam

*Earle Robinson*



The City of Bryan and BTU are deeply saddened by the loss of a treasured member of our work family, Earle Robinson.

Earle served BTU customers devotedly for over 13 years and was well respected by his peers and in the community.

## A TRIBUTE TO EARLE ROBINSON FROM ERCOT - ELECTRIC RELIABILITY COUNCIL OF TEXAS



*When ERCOT staff visited Bryan Texas Utilities' Roland C. Dansby Power Plant in spring 2014, Earle Robinson, a BTU production support operator, proudly*

*shared a photo of the plant and Lake Bryan. He also graciously provided an extensive tour of the facility, from its original natural gas-fired plant to two newer combustion turbine units. Earle enthusiastically shared his story and an unbridled passion for power production. With deep sadness and respect, ERCOT salutes Earle Robinson.*

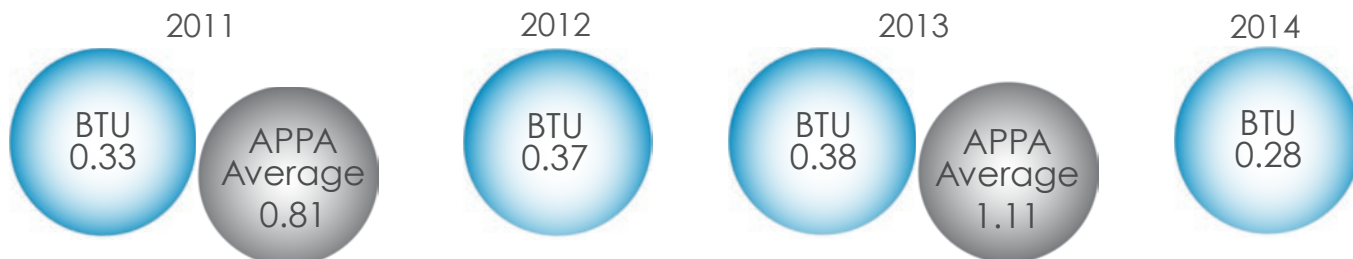
# SYSTEM RELIABILITY

## SAIFI - System Average Interruption Frequency Index

SAIFI is the average number of interruptions that a customer would experience over the course of a year. The lower the number, the fewer outages a customer would experience. According to the chart below, in 2014, a BTU customer would expect 0.28 outages per year while the APPA national average was 1.11 outages per year in 2013.

### 2011 to 2014 SAIFI Index

The values should be as low as possible.



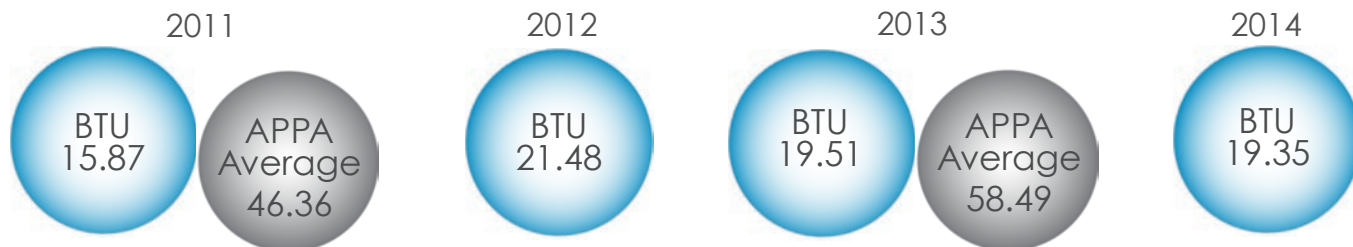
*APPA only reports SAIFI numbers every other year.*

## SAIDI - System Average Interruption Duration Index

SAIDI is the total duration (in minutes) of interruption for the average customer over the course of one year. Take the year 2014 from the chart below. BTU customers had an average duration of 19.35 minutes while the APPA national average was 58.49 minutes in 2013.

### 2011 to 2014 SAIDI Index

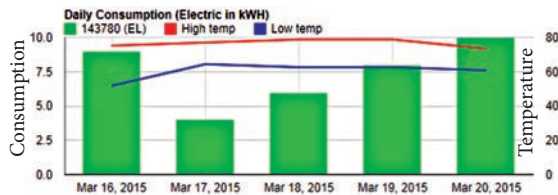
The values should be as low as possible.



*APPA only reports SAIDI numbers every other year.*



# KEEPING CUSTOMERS CONNECTED

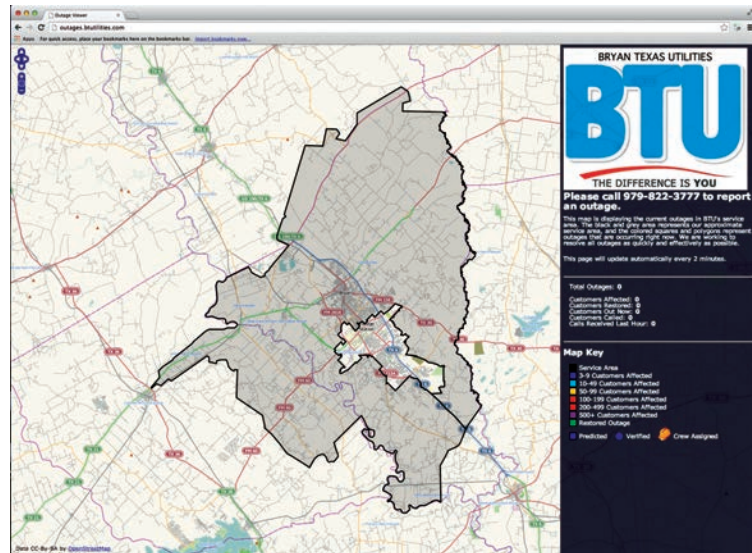


## Online Consumption Graph

While visiting the BTU website, customers may take advantage of the consumption bar graphs that show daily electric and water consumption. The ability to look at 12 months of daily usage and compare that to daily high and low temperatures allows customers to see how their consumption fluctuates day-to-day, month-to-month or over the last year.

**Tracking how consumption changes with warmer weather or very cold weather is always an eye-opening activity.**

btutilities.com



## Online Tracking Tool

BTU customers are now able to view a map of the BTU service territory and zoom in to individual outages to determine where the outage is located, streets affected, when the outage started, and number of customers affected. David Werley, BTU Group Manager said, "Coupled with BTU's automated meter reading capabilities, customers no longer have to call BTU to let us know that their power is out.

The map should give customers comfort that we already know and provide some feedback on status. This frees up BTU resources to restore power as quickly and safely as possible."

**"This is an excellent resource that gives customers the information that they need during an outage situation."**

- Randy Trimble  
Group Manager

# COST OF SERVICE

Last August, Bryan City Council approved a new electric rate ordinance that changed BTU electric rates. The new rates, which went into effect October 1, 2014, were a result of the first cost-of-service study performed since BTU's automated metering interface (AMI) system began collecting data down to a 15-minute level. Having more granular data for delivered energy identifies not only the amount of electricity being used, but when the electric power is being used, so costs are calculated with greater accuracy.

The new rates were designed using the cost-of-service study as a guide, so that all costs are fully recovered based on the cost to serve customers in each particular rate class. This methodology assures that cross-subsidization is not taking place between different customer classes.

“Performing regular cost-of-service studies assures that rates are set in an impartial manner to collect for electric service in a fair and equitable manner for all BTU customers.”

- David Werley, Group Manager





# AWARDS

**The American Public Power Association (APPA) awarded BTU with its prestigious Reliable Public Power Provider (RP3) Diamond award.**



For 2014, Bryan Texas Utilities was the only public power utility in Texas, and one of only 29 of the nation's more than 2,000 public power utilities, to earn the RP3 Diamond Award designation. This award recognizes community-owned utilities like BTU for providing consumers with the highest degree of reliable and safe electric service.

**Next, BTU's revamped website was honored with a 3CMA Savvy Award.**

The award recognizes outstanding local government achievements in communications, public-sector marketing and citizen-government relationships, and

also salutes skilled and effective city, county, agency or district professionals who have creatively planned and carried out successful innovations in communications and marketing. The City of Bryan Communications and Marketing department did an outstanding job of re-working BTU's website.

**BTU was also honored by the Texas Public Power Association (TPPA) as the recipient of the 2014 System Achievement Award.**



The award honors a utility system that is widely recognized in the public power field, has enhanced the prestige of public power and has improved service to customers. TPPA cited BTU's recognition by APPA as a Diamond Reliable Public Power Provider (RP3) and also BTU's new **SmartHOME** and **SmartBUSINESS** programs that help educate customers, encourage energy efficiency and help reduce the need for additional generation.

# COMMUNITY

## Power Town

Power Town is a high-voltage demonstration model geared toward educating elementary school students about electrical safety. Power Town demonstrates real-life scenarios involving electricity and it explains how to stay safe in these situations.

**Several vignettes actually arc and catch the attention of audiences, helping to enforce the message about how important being safe around electricity is for everyone.**

Many Power Town demonstrations were conducted in 2014 for elementary classes and community meetings.

“In 2014, we were able to communicate the message of electrical safety to more than 500 children in our community.”

Adam Snidow  
Energy Accounts Manager



# LIVE SMART



The BTU **SmartHOME** Program encourages residential customers to make energy efficient improvements that will help reduce energy costs and improve the comfort of their homes.

The **SmartHOME** Program offers incentives to customers adopting any or all of three approved energy efficiency measures. The measures include adding insulation, Energy Star-rated windows and solar screens. Improvements made to the envelope of the home benefit the customers year-round.

In 2014, 178 residential customers participated in the **SmartHOME** program. The savings totaled a reduction of 84kW and saved more than 60,000kWh. That is a huge impact.



The BTU **SmartBUSINESS** program encourages commercial customers to make energy efficient improvements at their facilities that help reduce energy costs.

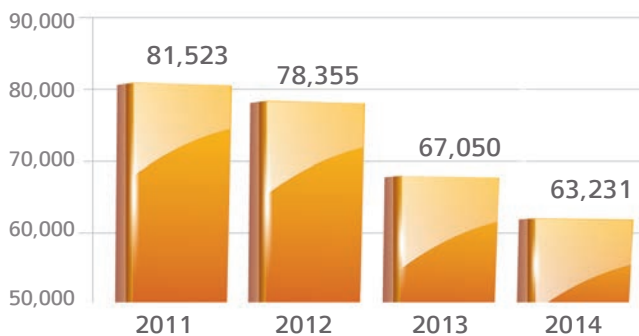
The program pays incentives for making changes to existing equipment, such as lighting, to new equipment that is at least 20% more energy efficient. Incentive payments are based on the demand reduction measured in kilowatts, KW.

In 2014, **SmartBUSINESS** was a success! BTU had 22 commercial customers reduce demand by a total of 476 kW and reduced energy consumption by more than 1.5 million kWh.



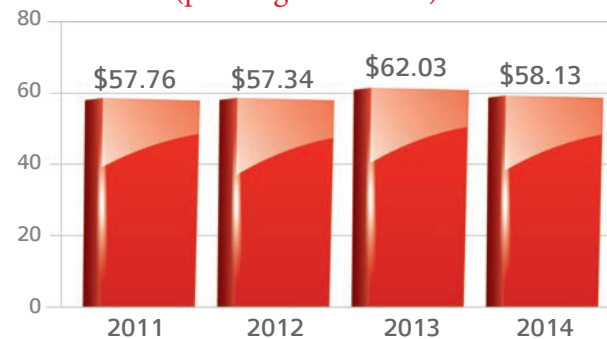
# PERFORMANCE INDICATORS

## CUSTOMER SERVICE REQUESTS



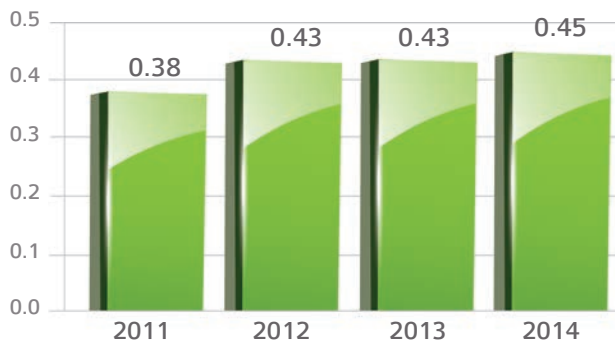
Total number of annual requests for customer service and distribution services

## OPERATING EXPENDITURES (per Megawatt Hour)



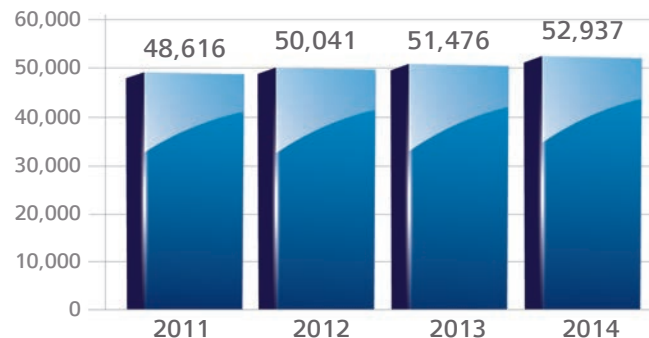
Total expenses (excluding depreciation & amortization) for utility operation, less wholesale & TCOS revenue, divided by the total kilowatt hours of sales x 1,000

## DEBT-TO-ASSET RATIO



Total Debt (current and long-term) to Total Assets

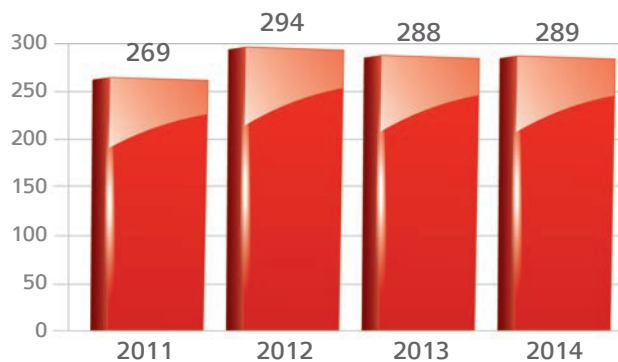
## ELECTRIC SYSTEM NUMBER OF RETAIL CUSTOMERS



Total customers at year-end

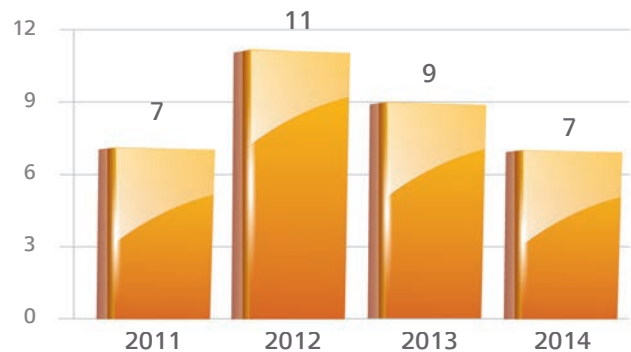
# PERFORMANCE INDICATORS

## RETAIL CUSTOMERS PER EMPLOYEE



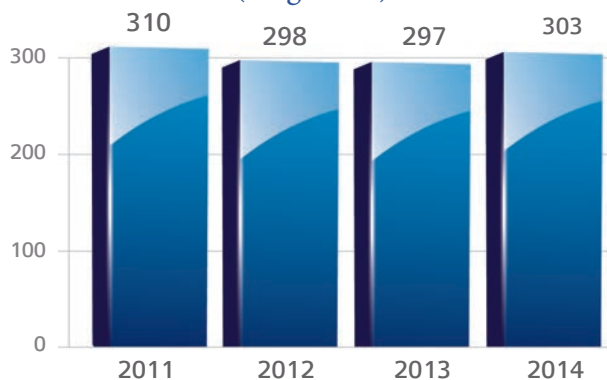
Number of retail customers divided by the number of electric utility employees

## SAFETY INCIDENT RATES



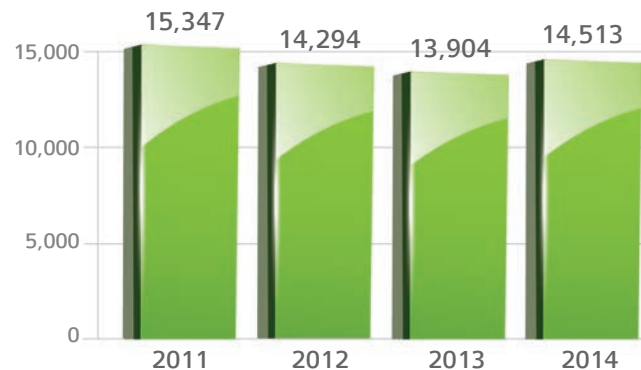
This is a standard indicator utilized by the industry to report the number of recordable injuries. It is produced by multiplying the number of recordable injuries by 200,000, then dividing that number by the total hours worked by the employees

## ELECTRIC SYSTEM PEAK (Megawatts)



Peak demand for the fiscal year

## ANNUAL kWh SALES (per Residential Customer)



Sales for electricity in kilowatt hours for the residential class customers divided by the total number of residential customers

# CITY ELECTRIC SYSTEM

## CONDENSED FINANCIAL STATEMENTS

### Condensed Statements of Net Position

	2014	2013
Current assets	\$ 79,578,063	\$ 67,319,161
Capital assets, net	276,316,593	256,407,366
Restricted assets	49,355,577	45,350,530
Other	29,078,866	37,470,778
Total assets	434,329,099	406,547,835
Deferred outflows_	16,717,295	21,104,372
Current liabilities	20,055,660	19,493,685
Current liabilities payable from restricted assets	24,542,078	26,188,232
Noncurrent liabilities	224,052,888	207,032,739
Total liabilities_	268,650,626	252,714,656
Deferred inflows	844,222	848,968
Net position:		
Net investment in capital assets	112,682,327	113,689,376
Restricted	17,922,763	19,556,975
Unrestricted	50,946,456	40,842,232
Total net position	\$ 181,551,546	\$ 174,088,583

### Condensed Statements of Revenues, Expenses and Changes in Net Position

Operating revenues	\$ 183,923,241	\$ 159,646,236
Operating expenses	161,614,102	148,139,336
Operating income	22,309,139	11,506,900
Investment income	414,342	407,920
Interest expense	(8,486,837)	(8,446,829)
Income before operating transfers & special items	14,236,644	3,467,991
Special items - gain on sale of land	—	871,080
Special items - gain on sale of fuel oil	2,493,174	—
Transfers, net	(9,266,855)	(7,852,016)
Changes in net position	7,462,963	(3,512,945)
Net position, beginning of period	174,088,583	177,601,528
Net position, end of period	\$ 181,551,546	\$ 174,088,583



# RURAL ELECTRIC SYSTEM

## CONDENSED FINANCIAL STATEMENTS

### Condensed Statements of Net Position

	2014	2013
Current assets	\$ 10,957,678	\$ 9,081,913
Capital assets, net	58,058,918	51,378,471
Restricted assets	4,987,739	9,759,115
Other	26,704	58,245
Total assets	74,031,039	70,277,744
Current liabilities	4,858,014	3,071,737
Current liabilities payable from restricted assets	2,843,370	5,072,254
Noncurrent liabilities	12,470,082	13,173,459
Total liabilities	20,171,466	21,317,450
Deferred inflows	4,612,158	2,201,729
Net position:		
Net investment in capital assets	42,673,309	40,240,215
Restricted	447,737	449,931
Unrestricted	6,126,369	6,068,419
Total net position	\$ 49,247,415	\$ 46,758,565

### Consolidated Statements of Revenues, Expenses and Changes in Net Position

Operating revenues	\$ 35,728,300	\$ 32,257,374
Operating expenses	32,787,741	29,218,722
Operating income	2,940,559	3,038,652
Investment income	73,213	47,422
Interest expense	(524,922)	(515,752)
Change in net position	2,488,850	2,570,322
Net position, beginning of period	46,758,565	44,188,243
Net position, end of period	\$ 49,247,415	\$ 46,758,565

Updates were made to the BTU lobby and the drive-through in 2014. The changes to both areas have improved efficiency and functionality of the office space and have given customers a nicer setting to conduct business. Improvements made to the drive-through resulted in better audio communication and a two-way monitoring system which allows customers an easier way to talk with the customer service representative throughout the payment transaction. The lobby area now reflects current trends with rock columns, new counter surfaces, new carpeting, glass additions and other updates which make it a very pleasant work environment. We are proud to be able to serve our customers in a new beautiful, truly functional space.

