



# THE DIFFERENCE IS YOU

BRYAN TEXAS UTILITIES  
ANNUAL REPORT

2015



# BOARD OF DIRECTORS



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*Chairman*



David Bairrington  
*Vice Chairman*



Bill Ballard  
*Secretary*



Buppy Simank  
*Ex-Officio*



Carl L. Benner



Flynn Adcock



A. Bentley Nettles



Art Hughes

# NEW ENERGY SOURCES



**In August of 2014 the BTU Board of Directors made the decision to begin purchasing electrical generation from the newly built Los Vientos V Windpower Project in Starr County, Texas. The output purchased is an important component of BTU's energy portfolio and allows us to continue offering affordable power to our customers.**



BTU secured a very competitive rate for a term of 25-years with Duke Energy Renewables, the owner and operator of the 110-megawatt facility. The Board determined that the project was a good fit for BTU after assessing the long-term generation resource needs. One of the most significant benefits is the competitive cost and the reduction of financial risk associated with the ever changing cost of fossil fuels. With wind as the generation source, the advantageous purchase price was able to be secured for the entire 25-year agreement term.



# GENERAL MANAGER'S LETTER



After a couple of years of major expansion to BTU's transmission network, 2015 turned out to be a time to step back, get back into the planning mode, and try our very best to keep up with the growth that is happening throughout the Brazos Valley.

During 2015, BTU provided service to about 1,150 new customers and constructed 11 miles of new overhead and underground distribution feeders. The load growth in the service territory had been running 2.0 – 2.5% year over year, but in 2015 growth jumped up to over 3.5%. While this substantial growth can create some difficulties in building out the necessary infrastructure, it is a great problem to have and one for which we are up to the challenge.

In order to ensure that we understand and plan the best ways to keep ahead of the growth, BTU Staff completed two major planning studies. First, an in-depth transmission study was performed to help ensure that BTU understands what is necessary to maintain the reliability of service that our customers have come to expect. Transmission adequacy is critical to system reliability and we are continuing to make the necessary investment in order to help ensure that the entire BTU service territory can be served effectively. The second study was for planning of power supply resources. Load growth also creates the need for additional power supply resources and BTU is committed to providing the energy needs of our customers efficiently and economically.

As a result of the study for power supply resources, BTU entered into a second agreement for the purchase of energy from a wind generation facility. As compared to all other available options, this wind farm agreement was the most economically advantageous form of power supply, and therefore, the best resource for the customers of BTU.

BTU also said goodbye to a familiar facility. The old Atkins power plant located on Atkins Street near Downtown Bryan was taken down. The Atkins Plant had served the City of Bryan since the 1940's but had become inefficient and obsolete as compared to newer generation resources. The generating units in the old building had not been in operation since 2006, and it was beginning to be an eyesore, so it was time to take it down and start thinking about repurposing the site.

BTU also continues to invest in technology that compliments the Automated Metering Infrastructure (AMI) that was put in place in 2011. A new suite of engineering tools will enhance BTU's ability to design upgrades and additions to the distribution system and will work in conjunction with a new geographic information system (GIS). These tools will help our engineering department in productivity, accuracy, and efficiency for electrical mapping and design.

In all of these endeavors, of utmost importance to BTU has been the safety and well-being of our most important asset - our employees. In 2015, BTU put into action a major initiative to change the safety culture of the company. Results of the first year of this initiative have been outstanding. I believe that all employees have embraced the new culture and are working to make a significant difference in how we approach and effect safety, not just in the workplace, but at home as well. BTU's new safety mantra is **"SAFETY – FOR WORK. FOR HOME. FOR LIFE."**

*Gary Miller,  
General Manager*

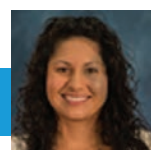


# A CULTURE OF SAFETY

*"Leading the way is BTU's Safety Steering Team, who has responsibility for overseeing this entire effort. Members of the Safety Steering Team that should be commended for their efforts are: James Bodine, April Bonifazi, Calvin Hendrickson, David McIntyre, James Yendrey, Lori Williams, Nathan Brown, and Scott Smith." - Gary Miller*

## SAFETY - FOR WORK. FOR HOME. FOR LIFE.

Under the direction of the Board of Directors, BTU has made safety a focal point within the organization. As a result, this year was big for BTU in terms of revitalizing how we look at safety throughout our departments. We asked our employees about their perception regarding the existing safety culture and the results were inconsistent and unfavorable. Both the Board of Directors and our employees were indicating that a change was needed. As a result, we brought in Caterpillar Safety Services, a leading safety consultant, to help us understand how to change the culture within BTU such that all of our employees are involved and leading the efforts in this area. What has resulted thus far has really been remarkable. Caterpillar Safety Services has helped us to create employee led teams that focus on individual areas, such as safety inspections (both in the office and out in the field), as well as focused safety meetings that benefit all employees. These teams take ownership of particular issues or concerns and create the necessary processes and procedures to improve or remove those concerns. These employee teams have done an unbelievable job in taking ownership of these issues and spreading the word throughout the organization that safety is everyone's responsibility.



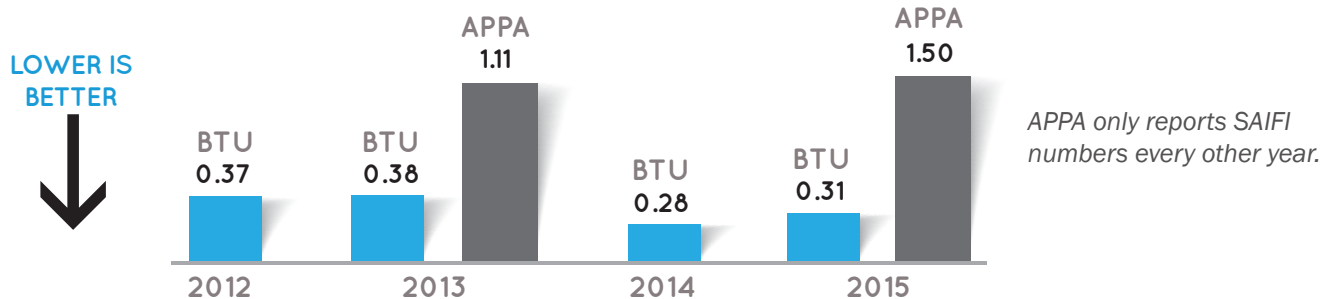
# SYSTEM RELIABILITY



## 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 2015, a BTU customer would expect 0.31 outages per year while the APPA national average was 1.50 outages per year.

### 2012 to 2015 SAIFI Index

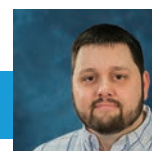
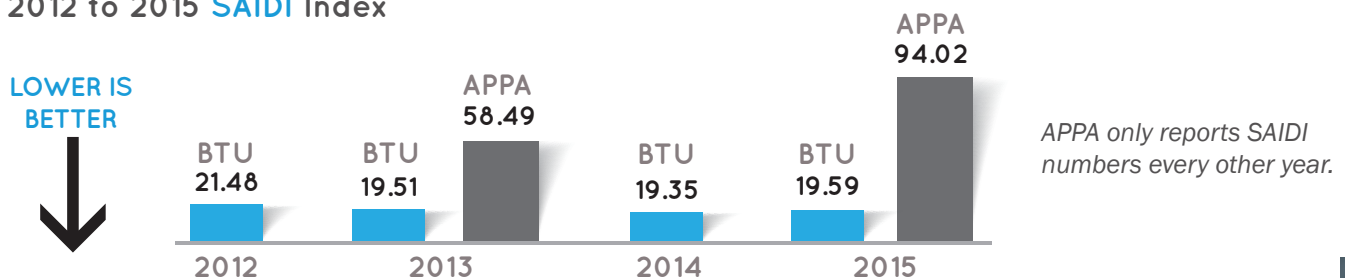


*“Distribution operations employees are an elite team of skilled personnel, serving our customers day or night in rain or shine.” - Distribution*

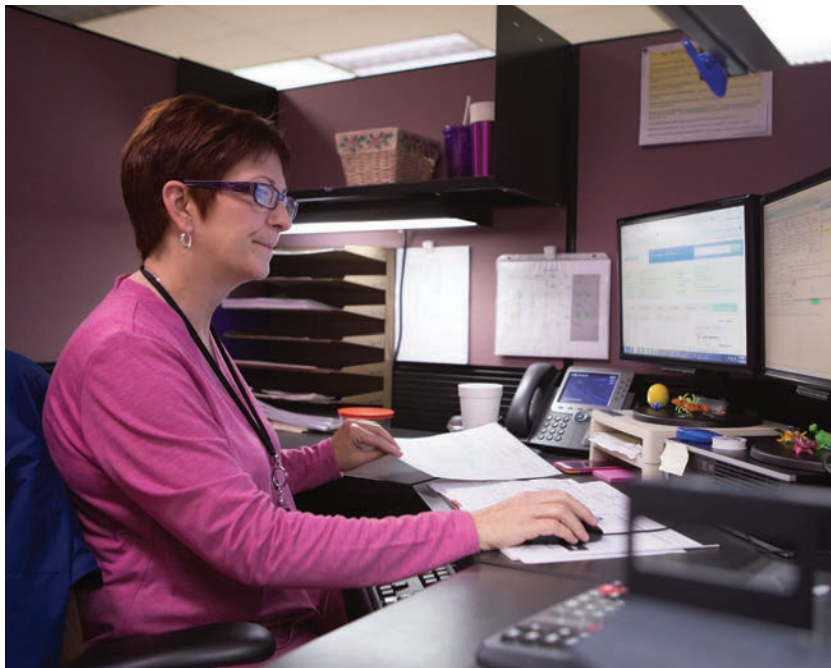
## SAIDI - System Average Interruption Duration Index

SAIDI is the total duration (in minutes) of interruption for the average customer over the course of one year. In 2015, BTU customers had an average duration of 19.59 minutes while the APPA national average was 94.02 minutes.

### 2012 to 2015 SAIDI Index



# ONLINE APPLICATIONS



*"Customer Operations had a very productive 2015...our customers are why we are here and we want to do all we can to be as knowledgeable and as easy to work with as possible."*

*- Customer Operations*

The BTU Customer Service department requested to have an online application process that would auto-fill the customer's information into the billing system. The goal was to make this process as simple and efficient as possible for our customers and our Customer Service Advocates (CSAs). The end result accomplished both of those things. Customers are now able to complete the online application and upload the required documents to start service. The pending application is then sent to a portal for our CSAs to verify that the information received is complete. Once the online application is approved, an email is automatically generated to the customer so they may verify that the information about their account is accurate. This process was made possible thanks to

the BTU Information Technology (IT) department. They were instrumental in the development and implementation of this online process.

Additionally, our website features a page specifically for property managers. They may now connect or disconnect services at properties they are currently managing through our website. The property managers complete the online form and hit the submit button, sending an email to BTU Customer Service. A CSA will then verify the information, enter the service order, and send an email letting the property manager know their request has been received and processed accordingly. By offering this service option, calls are decreased, saving both BTU and the customer time.





# GEO TECH

*"The implementation of new Staking and GIS systems within the Engineering division has been a major challenge this year, but everyone in the department has remained positive and worked together to make these projects successful." - Engineering*

This year, BTU's Engineering division purchased and implemented a new GIS (Graphic Information System) along with Field Engineering (design) software.

After going through the RFP and procurement process, BTU chose Milsoft's WindMil Map as its GIS solution and GeoDigital's WorkStudio as its staking solution.

The WindMil Map GIS uses a detailed electric circuit connectivity model to create a network map of interconnected electric facilities geospatially located within a geographical area. The GIS allows each unique component of the distribution system along with its associated data (i.e., size, type, phase, voltage, etc.) to be collected, aggregated, and maintained in one location where it is readily accessible to viewers via the geographic map. This GIS map and associated database allows BTU to plan, operate, and maintain distribution system elements more efficiently.

The WorkStudio staking system provides a platform for BTU's Line Designers to design the electrical supply system for new customers electronically in the field using a handheld device. Line Designers are now able to design projects more accurately and more



efficiently. Overall design time has been significantly reduced which allows information and estimates to be provided to customers sooner.

WorkStudio also provides a database where detailed information about projects (customer contacts, locates, easements, construction schedule) is aggregated. The system automatically tracks the status of all projects from initial assignment through final construction which makes it easier to provide updates to customers throughout the process.

The WorkStudio system is fully integrated with the WindMil Map GIS, so the most up to date map is always available for project design. Once construction is complete, projects are seamlessly transferred to the GIS map without having to redraw elements. The combination of WorkStudio and WindMil Map ensures maximum productivity, accuracy, and efficiency for electrical mapping and design.





# ATKINS PLANT TO BE REPURPOSED

ATKINS POWER PLANT PLAYED AN  
IMPORTANT ROLE IN THE SUCCESS  
OF BTU FOR OVER 60 YEARS.



ATKINS UNIT #3 - CIRCA 1962



1962 — L - R — Reagan Warren (Electrical Distribution Supt.), Chas. Ramsey (Water and Diesel Supt.), W. E. Carriker (Elec. Production Supt.), Paul Mantei (Foreman) Lindsay Baker, R. T. Willingham, Luel Lewis, Dr. S. J. Enloe (Commissioner), Nunzie Gullo, C. W. Beard (Supt. Electric Utilities) Jerome Zubik (Commissioner), Gordo Currin, John Hausman (Foreman), Fred Sandlin (City Manager) and Gerald Frenzel (Foreman). Rear: Gerald Selk and M. R. Osborn (Head Mechanic).

Originally constructed in the 1940s, Atkins started out with 2 steam turbines, each producing 5 megawatts of electricity. Located near Downtown Bryan on Atkins Street, the plant was added onto several times to accommodate the growing community - first with the addition of Atkins Unit #3 in 1954 and then with units 4-7 between the early 1960s to the mid-1970s. By the time the plant was decommissioned in 2006, there were a total of 7 units, including one gas powered turbine, amounting to more than 130 megawatts of generation capability.

The reliability of the Atkins plant helped to shape BTU's reputation with the Electric Reliability Council of Texas (ERCOT) and provided Bryan consistent generation for decades. New and more efficient technology took the place of Atkins starting with the construction of Dansby Power Plant in 1978. However, the equipment at Atkins remained reliable and in good working order up until the plant was closed. Atkins Unit #7, the gas turbine, will be the only remaining operational unit at the site once the deconstruction is complete, and will continue to serve as a source of generation for BTU when needed.

Before 2016 is over, the site of the Atkins plant will be mostly cleared, with only the one unit remaining. The land will eventually be repurposed by BTU to accommodate the growth of existing departments.



# YOUTH TOUR



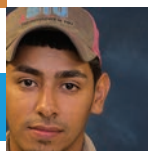
*"The Youth Tour is an excellent opportunity to help the kids in our community see how government works at the State and Federal levels. BTU is proud to be a part of this experience."*

*-Energy Management*

Each year, BTU holds an essay contest in the spring to select three winners to receive an all-expense-paid trip to Washington, D.C. for a tour of our nation's capital. BTU has been a long-time participant of this annual Government-in-Action Youth Tour and we love being able to provide this opportunity to high school students in the Brazos Valley. The annual trip is sponsored by BTU in conjunction with Texas Electric Cooperatives. The three contest winners from the BTU service area travel to our nation's capital with another 100 high school students from across Texas to experience all that Washington, D.C. has to offer.

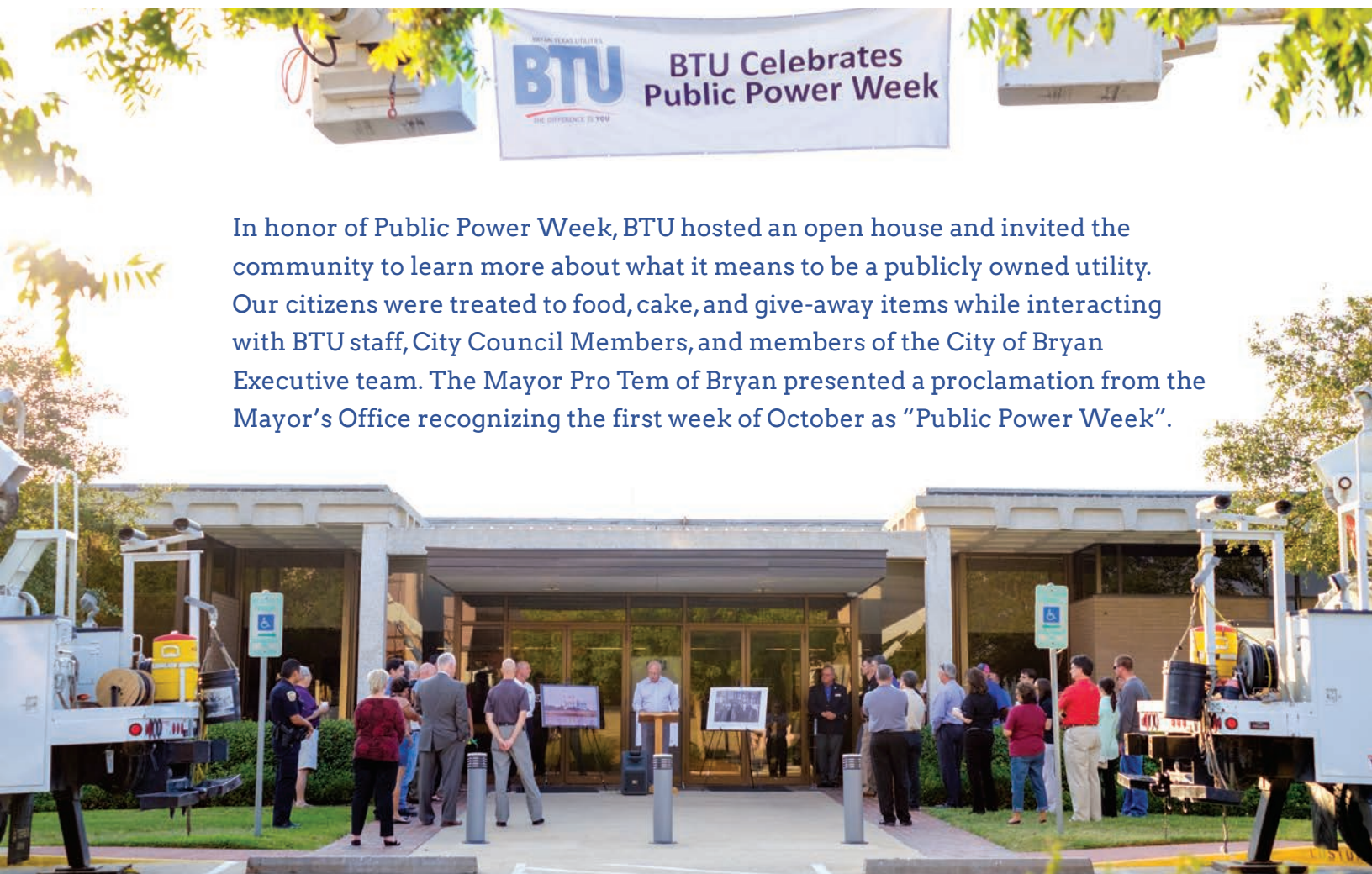
The 2015 Youth Tour winners were Alexis Cunningham, Hannah Deeter and Caleb Deeter. They were selected based on essays they wrote highlighting the pros and cons of renewable energy. Prior to their flight, the contest winners had the opportunity to meet with all of the Texas representatives in Austin. Each of these young men and women were very appreciative for this opportunity and expressed how much they learned about our government, the sites they visited, and the amazing leaders they met. While there, they met U.S. Representative Bill Flores from the 17th Congressional District in Texas, which encompasses the Brazos Valley. They were very impressed with the time that Mr. Flores took to visit with them and explain his role in Congress. In addition to the amazing experience of being in Washington, D.C., each of the students came away from the trip with a new level of understanding of our government and appreciation for the political processes that make our nation great.

The Youth Tour program is an excellent example of the dedication BTU has for engaging and educating youth. We look forward to next spring when we get to select the next generation of students who will carry on the legacy of being Youth Tour Alumni.





# PUBLIC POWER WEEK



In honor of Public Power Week, BTU hosted an open house and invited the community to learn more about what it means to be a publicly owned utility. Our citizens were treated to food, cake, and give-away items while interacting with BTU staff, City Council Members, and members of the City of Bryan Executive team. The Mayor Pro Tem of Bryan presented a proclamation from the Mayor's Office recognizing the first week of October as "Public Power Week".

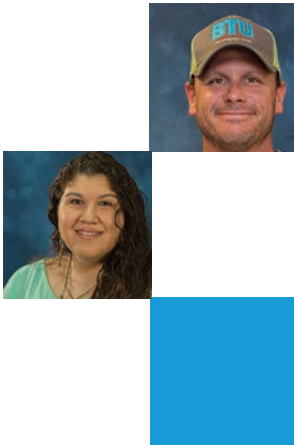
Public Power Week is an annual national event that is coordinated by the American Public Power Association (APPA) to celebrate the impact that publicly owned utilities have on the communities they serve.



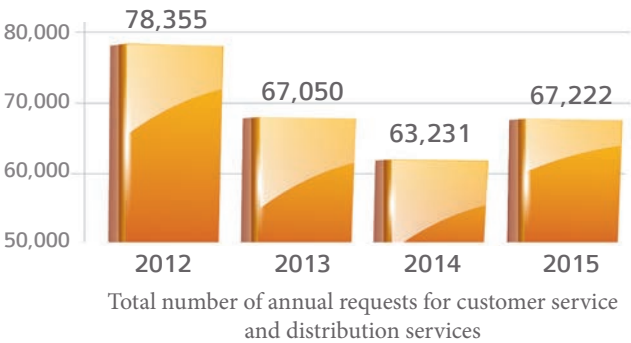
*"Great teamwork divides the task but multiplies the success." - Qualified Scheduling Entity Division*



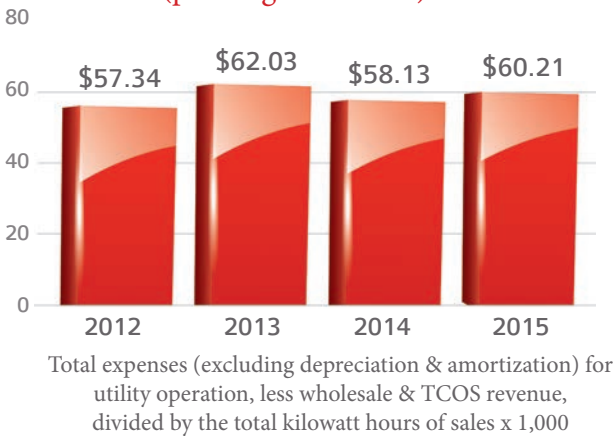
# PERFORMANCE INDICATORS



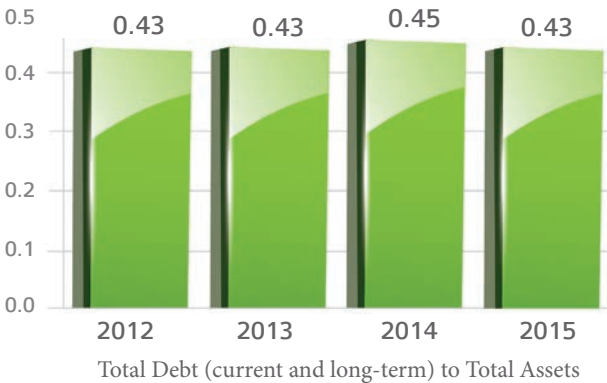
## CUSTOMER SERVICE REQUESTS



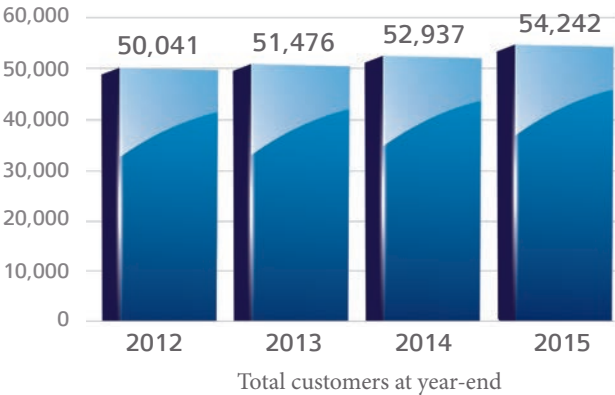
## OPERATING EXPENDITURES (per Megawatt Hour)



## DEBT-TO-ASSET RATIO



## ELECTRIC SYSTEM NUMBER OF RETAIL CUSTOMERS



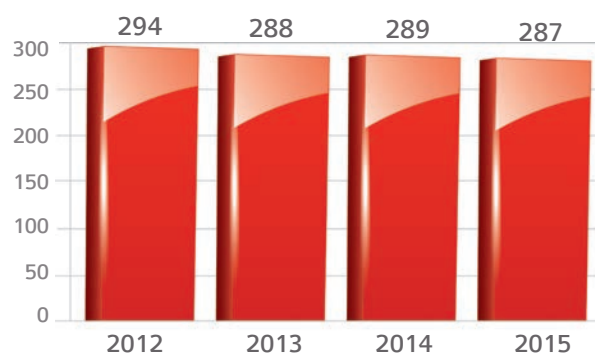




*"We count on each other and respect each other immensely - which helps create a positive work environment which in turn, creates a positive experience for our customers."*

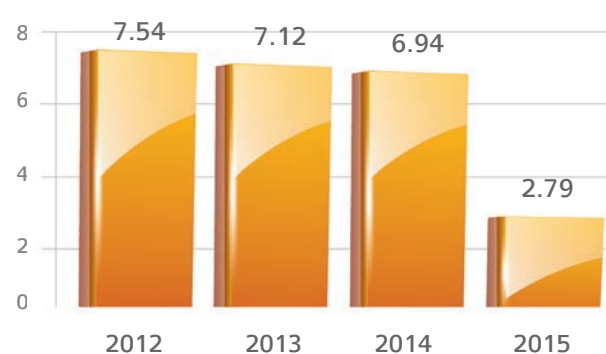
*- Transmission*

### RETAIL CUSTOMERS PER EMPLOYEE



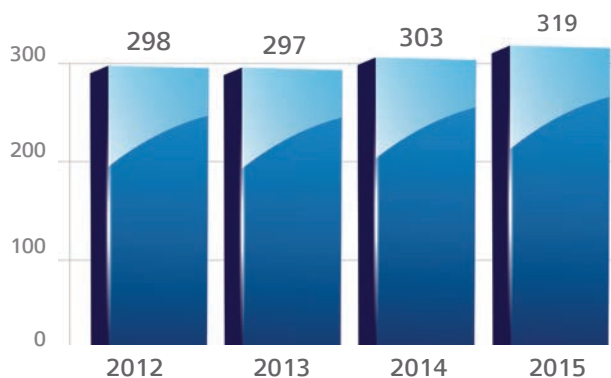
Number of retail customers divided by the number of electric utility employees

### SAFETY INCIDENT RATES



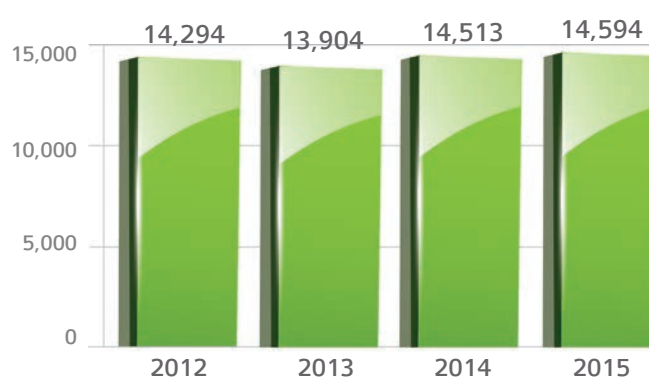
This is a standard indicator utilized by the industry to report the number of recordable injuries. It is produced by multiplying the number of recordable injuries by 200,000, then dividing that number by the total hours worked by the employees.

### ELECTRIC SYSTEM PEAK (Megawatts)

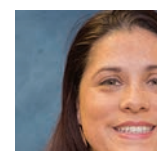


Peak demand for the fiscal year

### 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



# CONDENSED FINANCIAL STATEMENTS

## CITY ELECTRIC SYSTEM

### Condensed Statements of Net Position

	2015	2014 as restated*
Current assets	\$ 82,206,093	\$ 77,578,063
Capital assets, net	282,513,849	276,316,592
Restricted assets	36,642,710	49,355,577
Other	20,739,694	29,078,867
Total assets	422,102,346	434,329,100
Deferred outflows	19,834,806	16,717,295
Current liabilities	19,037,572	20,055,660
Current liabilities payable from restricted assets	21,606,636	24,542,078
Noncurrent liabilities	219,415,190	224,052,888
Total liabilities	260,059,398	268,650,626
Deferred inflows	1,303,862	844,222
Net position:		
Net investment in capital assets	111,918,177	112,682,327
Restricted	22,172,233	17,922,763
Unrestricted	46,483,482	50,946,456
Total net position	\$ 180,573,892	\$ 181,551,546

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

Operating revenues	\$ 186,223,521	\$ 183,923,241
Operating expenses	162,698,348	161,614,102
Operating income	23,525,173	22,309,139
Investment income	770,945	414,342
Interest expense	(8,761,732)	(8,486,837)
Income before operating transfers & special items	15,534,386	14,236,643
Special items - gain on sale of land	505,000	-
Special items - gain on sale of fuel oil	-	2,493,174
Transfers, net	(9,881,598)	(9,266,855)
Changes in net position	6,157,788	7,462,962
Net position, beginning of period	181,551,546	174,088,583
Prior period adjustment - changes in net pension liability	(7,135,442)	-
Net position, beginning of period - as restated	174,416,104	174,088,583
Net position, end of period	\$ 180,573,892	\$ 181,551,546





*"Fiscal Services staff exhibited exceptional teamwork and performance in fiscal year 2015 in receiving a clean financial audit and meeting all internal and external financial reporting requirements." - Fiscal Division*



## RURAL ELECTRIC SYSTEM

### Condensed Statements of Net Position

	2015	2014
Current assets	\$ 11,302,049	\$ 10,957,678
Capital assets, net	64,415,669	58,058,918
Restricted assets	2,312,495	4,987,739
Other	7,910	26,704
Total assets	78,038,123	74,031,039
Current liabilities	5,798,256	4,858,014
Current liabilities payable from restricted assets	1,833,884	2,843,370
Noncurrent liabilities	11,751,705	12,470,082
Total liabilities	19,383,845	20,171,466
Deferred inflows	6,258,505	4,612,158
Net position:		
Net investment in capital assets	46,433,208	42,673,309
Restricted	450,862	447,737
Unrestricted	5,511,703	6,126,369
Total net position	\$ 52,395,773	\$ 49,247,415

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

Operating revenues	\$ 39,287,075	\$ 35,728,300
Operating expenses	35,717,091	32,787,741
Operating income	3,569,984	2,940,559
Investment income	75,800	73,213
Interest expense	(497,426)	(524,922)
Changes in net position	3,148,358	2,488,850
Net position, beginning of period	49,247,415	46,758,565
Net position, end of period	\$ 52,395,773	\$ 49,247,415





Lake Bryan is a  
unique asset that  
BTU is proud to  
share with the  
citizens of our  
great community.

Lake Bryan has been a preferred recreation spot for the Bryan/College Station community for many years. Originally built in the 1970s as a cooling element for the Roland C. Dansby Power Plant, the lake is now home to both the Texas A&M University Sailing and Crew Clubs, as well as the Lakeside Icehouse.

The lake is a sought after venue for numerous events, including 5Ks, charitable events, reunions, and more. Patrons of the lake enjoy camping, boating, fishing, wakeboarding, and have access to grills and picnic areas as part of their admission. The Lakeside Icehouse is not only a popular restaurant, but is also a weekend concert venue for local musicians, and a multipurpose event venue during the week.

