



BRYAN TEXAS UTILITIES

BUILDING FOR **THE FUTURE**

2016 ANNUAL REPORT

BRYAN TEXAS UTILITIES
**BOARD OF
DIRECTORS**



PAUL TURNEY
CHAIRMAN



DAVID BAIRRINGTON
VICE CHAIRMAN



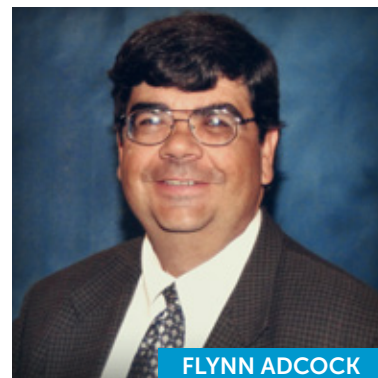
BILL BALLARD
SECRETARY



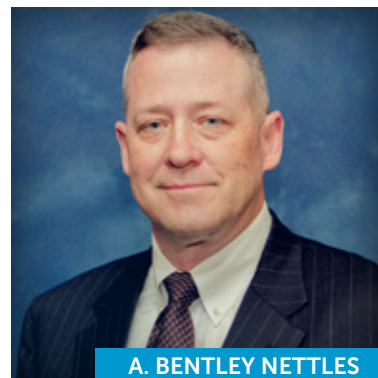
BUPPY SIMANK
EX-OFFICIO



CARL L. BENNER



FLYNN ADCOCK



A. BENTLEY NETTLES



ART HUGHES

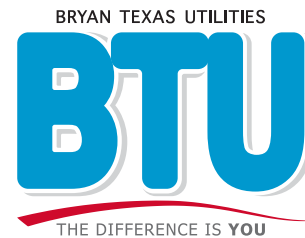
SYSTEM OPERATIONS CENTER

The new System Operations Center (SOC) was completed in September 2016 after 11 months of construction and now houses the 25 staff members of the Transmission Division including System Operations, Transmission Engineering, and Substation Maintenance groups.





GARY MILLER
GENERAL MANAGER



BUILDING FOR THE FUTURE

GENERAL MANAGER'S LETTER

Business is very good in Bryan and the Brazos Valley. We at BTU are excited about the unique challenges this unprecedented growth across our service territory has presented. We have a very talented group of employees that has the responsibility to design the electric service requirements for every new subdivision, apartment complex, residence or commercial facility built within the 650 square miles that BTU serves. In order to keep up with demand, these employees visit job sites, meet with customers both in the office and the field, digitally design service requirements, meet with various City of Bryan departments, always follow up with customers, and address myriad other details that are required to make a single project successful. And they do this every day for multiple customers with the ultimate goal that the customers receive the service they need in a timely manner. Throughout our organization, employees make it a point to provide exceptional service that is customer focused. To help measure how well BTU is providing the services our customers desire, we engaged a national consulting firm to conduct a comprehensive customer satisfaction survey. In all areas, BTU scored well above the national average for our peer group.

In addition to building for the end-use customer, BTU continues to build our bulk electric system to accommodate

the overall growth of the service area. Projects are in progress on the west side of the system to ensure that we can accommodate the expansion of the Texas A&M System RELLIS campus, along with anticipated commercial, retail and residential growth associated with the new campus. BTU has purchased land for additional substations that will be necessary in the not too distant future. Our Engineering Department completed a 10-year planning study to determine our best forecast of future community needs and how to best accommodate those needs.

A recent large project was the modification of one of BTU's buildings to house the System Operations Center. This is the first step in a major realignment of individual department locations. This realignment will help our employees focus on customer needs as opposed to spending unnecessary time traveling between office locations.

It is a very exciting time to be on the BTU team. There is never a lack of activity, and our employees have proven they are up to any challenge. It is my utmost goal that the customers of BTU experience service that is second to none. The citizens of Bryan and the Brazos Valley deserve nothing less.

SAFETY CULTURE

BTU now has three employee-led Continuous Improvement Teams (CIT) to strengthen safety efforts in different areas of the utility. These teams are supported by a group of fellow employees that comprise a Safety Steering Team (SST), and help to guide BTU's safety culture.

Employees of every level have an investment in BTU's safety culture, and participate in weekly inspections, safety meetings, and incident reviews, to ensure this employee-led culture is embraced throughout every department.

Not only are employees encouraged to foster a "safety first" mentality at work, but also at home. Employee presented safety meeting topics range from work place hazards, to mental and emotional health, to how to be safe when working around their homes. Translating this behavior beyond the workplace makes it second nature to everyone involved.

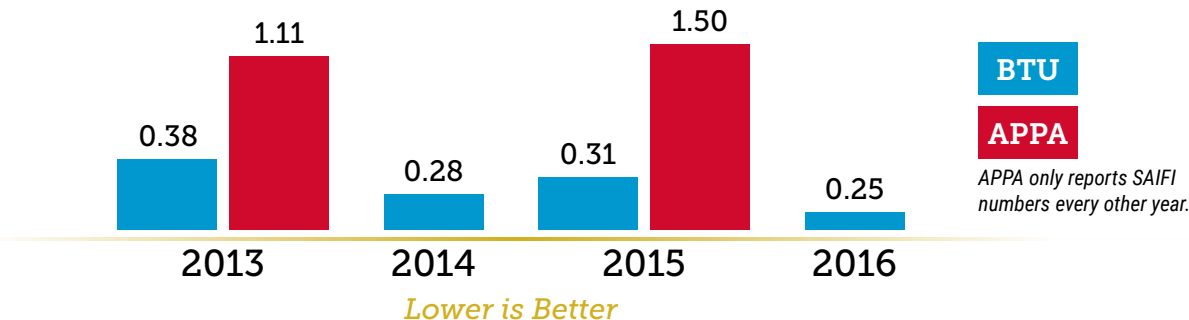


SYSTEM RELIABILITY

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. In 2016, a BTU customer would experience 0.25 outages per year while the most recent APPA national average was 1.50 outages per year.

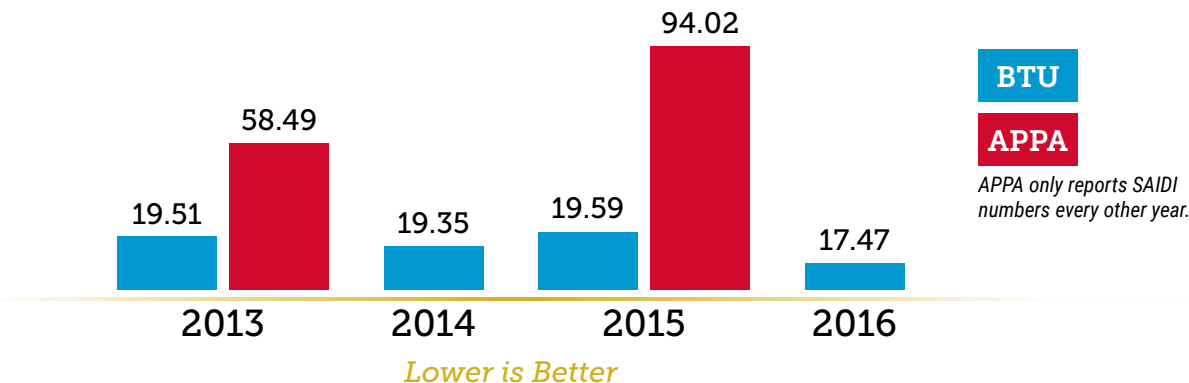
2013 to 2016 **SAIFI** Index



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 2016, BTU customers had an average duration of 17.47 minutes while the most recent APPA national average was 94.02 minutes.

2013 to 2016 **SAIDI** Index



BTU uses Technology to Improve Efficiency and BUILD FOR THE FUTURE.

Over the past 5 years, BTU has made significant technological advances which have helped to position the utility for the future.

The **Geographic Information System (GIS)** is BTU's newest technological implementation and it has been used to manage and map electric distribution facilities.

This GIS provides a geospatial graphical display of BTU electric facilities with an underlying database that provides access to detailed information about the facilities.

BTU's GIS provides the foundation for the electric connectivity model which is integrated with the field staking software and the Outage Management System (OMS).

The GIS is a tool that can be used to transform utility operations now and into the future. It could ultimately provide the platform for future mobile workforce management and asset management programs.

RESTORING POWER

MAY 26, 2016

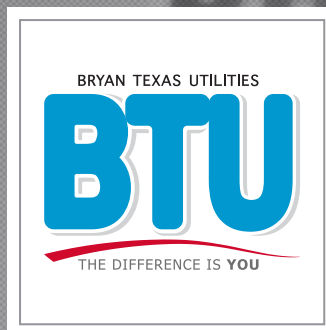
On May 26, 2016, severe weather struck the Brazos Valley, causing major flooding, and spawning an EF-1 tornado that touched down on the east side of Bryan.

As the power went out, BTU crews sprang into action to restore electricity to thousands of customers throughout Brazos and Burleson counties. Those on the frontline worked about 2,933 hours over the next five days, and other staff worked 754 hours during that time, providing support and public information.



EF-1 TORNADO

BTU employees helped to make sure those affected by the tornado were safe, informed, and assisted when they began the cleanup process.



 **BryanTexasUtilities**

 **BTU_BryanTX**

 **cityofbryan**

 **cityofbryan**

Social Media

January 2016

Official Facebook and Twitter pages for BTU launched to keep customers in-the-know with real-time updates about programs, events, and outages.

May 2016

In response to the May 2016 tornado and flooding, BTU was able to provide immediate updates to citizens, reducing call volume, and allowing personnel to focus on restoring power as safely and quickly as possible. In one year, BTU gained 2,200+ social followers!



BTU was presented with Excellence in Public Power Communications awards by the American Public Power Association (APPA) for both the social media and video categories at the 2016 Customer Connection Conference in Nashville, Tennessee.



CITIZEN SURVEY

In the spring of 2016, the BTU Board of Directors commissioned GreatBlue Research to conduct a comprehensive Customer Satisfaction Survey with the primary goals of: assessing the effectiveness of customer service; identifying areas for improvement; isolating areas that may increase customer engagement; and, ultimately, to create a strategic roadmap to increase customer satisfaction.

GreatBlue randomly selected residential and commercial BTU customers, completing over 800 telephone surveys. Feedback provided was related to face-to-face interactions with field and office representatives including: overall communication between BTU and the customer; ability to resolve concerns efficiently; reliability of service; rates; and renewable energy availability, among others.

The survey results were overwhelmingly positive, credited to every BTU employee's commitment to providing excellent customer service. Over 93% of residential and commercial customers responded BTU "exceeds", "somewhat exceeds", or "meets" their expectations. The national average for public power utilities is 79.9%, meaning BTU is considered well above average within our peer group.

While BTU takes pride in the results of this survey, staff will continue pursuing excellence in performance through improvements in technology and staff training. BTU wants to thank each customer that participated in the survey. We also want to thank every BTU customer for the opportunity to serve this community by providing reliable service, competitive rates, and excellent customer service.



The ERCOT power grid is a very dynamic system.



Wind generation in ERCOT set new records in 2016 by generating 16,022 MW on Christmas Day.

44%
NATURAL GAS

29%
COAL

15%
WIND

12%
NUCLEAR

Low natural gas prices and continued strong development of renewable generation shaped ERCOT in 2016.

ALL POWER CONSUMED IN ERCOT IN 2016

TRANSMISSION

The Transmission Division Completed:

- The new 138 kV ring bus at the Kurten substation allowing BTU to serve Kurten from either the Dansby substation or Jack Creek substation, greatly improving reliability for customers in the Kurten area.
- The 138 kV bus and protection system modifications needed to allow Texas A&M to connect a new 138/12.5 kV power transformer at the TAMU substation. The new transformer allows Texas A&M to better serve its existing loads and the many new buildings being constructed on West Campus.



BUSINESS IS BOOMING

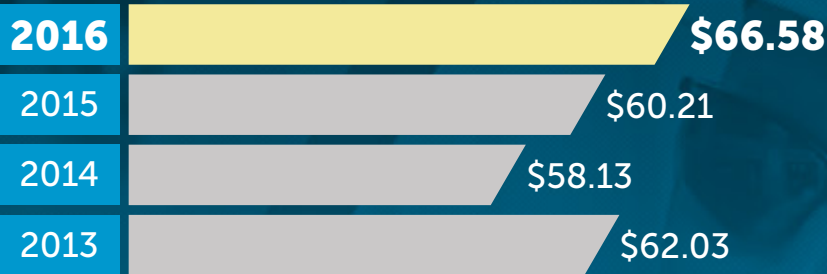
Construction is booming throughout the BTU service territory. New subdivisions, commercial buildings, and multifamily housing options are showing up all over the three counties that BTU serves—both in the city and rural systems.



With new development comes the need for constant planning to ensure that our customers continue to receive reliable service at affordable rates. Preparing for new substations as well as new transmission and distribution lines while forecasting the generation needs of our customers are imperative in ensuring the best service possible for our 55,000+ existing customers and those moving into our service territory every day.

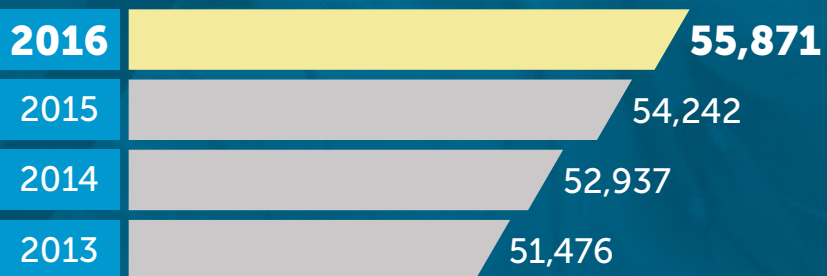
PERFORMANCE INDICATORS

Operating Expenditures (Per Megawatt Hour)



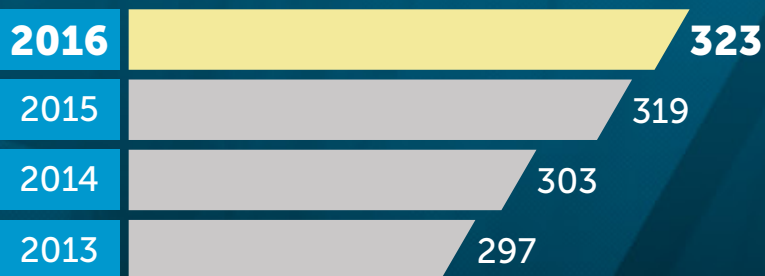
Total expenses (excluding depreciation & amortization) for utility operation, less wholesale & TCOS revenue, divided by the total kilowatt hours of sales x 1,000

Electric System Number of Retail Customers



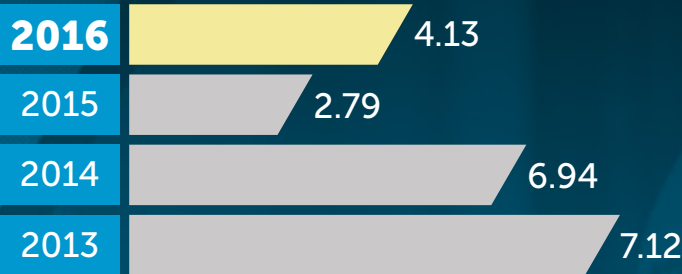
Total customers at year-end

Electric System Peak (Megawatts)



Peak demand for the fiscal year

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.

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

Miles of Transmission Line (Per Year)



Total Miles of Distribution Line (Overhead & Underground)



CONDENSED FINANCIAL STATEMENTS: CITY ELECTRIC SYSTEM

Condensed Statements of Net Position	FY2016	FY2015
Current assets	\$ 87,199,030	\$ 82,206,093
Capital assets, net	297,224,234	282,513,849
Restricted assets	89,501,234	36,642,710
Other	12,426,256	20,739,694
Total assets	486,350,754	422,102,346
Deferred outflows	18,028,336	19,834,806
Current liabilities	16,352,603	19,037,571
Current liabilities payable from restricted assets	23,353,173	21,606,636
Noncurrent liabilities	279,395,014	219,415,190
Total liabilities	319,100,790	260,059,398
Deferred inflows	2,110,548	1,303,862
Net investment in capital assets	116,349,514	111,918,177
Restricted	15,965,808	22,172,233
Unrestricted	50,852,430	46,483,482
Total net position	\$ 183,167,752	\$ 180,573,892

Condensed Statements of Revenues, Expenses and Changes in Net Position	FY2016	FY2015
Operating revenues	\$ 187,624,655	\$ 186,223,521
Operating expenses	165,938,721	162,698,348
Operating income	21,685,934	23,525,173
Investment income	652,368	770,945
Interest expense	(9,351,573)	(8,761,732)
Income before operating transfers & special items	12,986,729	15,534,386
Special items - gain on sale of power plant equipment	-	505,000
Transfers, net	(10,392,869)	(9,881,598)
Change in net position	2,593,860	6,157,788
Net position, beginning of period	180,573,892	181,551,546
Prior period adjustment - change in net pension liability	-	(7,135,442)
Net position, beginning of period, restated	180,573,892	174,416,104
Net position, end of period	\$ 183,167,752	\$ 180,573,892

CONDENSED FINANCIAL STATEMENTS: RURAL ELECTRIC SYSTEM

Condensed Statements of Net Position	FY2016	FY2015
Current assets	\$ 10,917,277	\$ 11,302,049
Capital assets, net	70,620,151	64,415,669
Restricted assets	10,901,132	2,312,495
Other	-	7,910
Total assets	92,438,560	78,038,123
Current liabilities	4,872,191	5,798,256
Current liabilities payable from restricted assets	2,600,918	1,833,884
Noncurrent liabilities	23,043,290	11,751,705
Total liabilities	30,516,399	19,383,845
Deferred inflows	7,717,972	6,258,505
Net investment in capital assets	47,592,141	46,433,208
Restricted	566,963	450,862
Unrestricted	6,045,085	5,511,703
Total net position	\$ 54,204,189	\$ 52,395,773

Condensed Statements of Revenues, Expenses and Changes in Net Position	FY2016	FY2015
Operating revenues	\$ 41,931,026	\$ 39,287,075
Operating expenses	39,189,303	35,717,091
Operating income	2,741,723	3,569,984
Investment income	41,114	75,800
Interest expense	(974,421)	(497,426)
Change in net position	1,808,416	3,148,358
Net position, beginning of period	52,395,773	49,247,415
Net position, end of period	\$ 54,204,189	\$ 52,395,773



BRYAN TEXAS UTILITIES

BTU

THE DIFFERENCE IS **YOU**

www.btutilities.com

5/17 | CITY OF BRYAN
COMMUNICATIONS & MARKETING DEPARTMENT