



BRYAN TEXAS UTILITIES

BTU

THE DIFFERENCE IS **YOU**

Two Systems: **ONE GOAL**

2017 ANNUAL REPORT

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**GENERAL
MANAGER'S
LETTER**



GARY MILLER
GENERAL MANAGER

**Two Systems:
ONE GOAL**

For Bryan Texas Utilities, 2017 was another year of growth and prosperity. Residential and commercial customers within the BTU service territory grew to record numbers, rates continued to be below the state average, aging BTU facilities were upgraded and re-purposed to accommodate current and future growth, and, for a second time, we were presented the American Public Power Association's (APPA) Diamond Award for being a Reliable Public Power Provider.

While our more than 58,000 customers certainly know who we are, it is likely that very few realize BTU operates two separate electrical distribution systems—a "City" system and a "Rural" system. This year's annual report focuses on identifying the unique benefits of serving our customers with these two different, yet equally important, systems.

Both are owned by the City of Bryan, Texas, and are operated on a not-for-profit basis. This means rates are designed to fairly recover only what it costs to serve our many customers. This rate design process is known as a cost-of-service structure.

Customers within the city limits of Bryan are served by the "City" system, which comprises all of the high-voltage transmission systems, power generating plants, customer service, and the distribution system within the city limits of Bryan. The "Rural" system serves our customers located outside of the Bryan city limits within Brazos County and parts of Burleson and Robertson Counties. The "Rural" system owns the distribution system in all of these areas.

While ensuring rates are set to fairly recover cost, it is important to remember that there are fewer customers per mile within the "Rural" system to cover the cost of building infrastructure to serve those areas. The distinction between these two systems is key to maintaining reliability and financial efficiency.

At the end of the day, all of our customers are part of one "BTU" and every customer's electrical needs, day or night, are of the same level of importance. We look forward to continuing to serve each and every customer, and will continue to provide safe and reliable power at affordable rates.



**KBTX
FOOD FOR FAMILIES
FOOD DRIVE**

For over twenty years, BTU staff has worked the first shift of the morning at the annual KBTX Food for Families Food Drive benefiting the Brazos Valley Food Bank. Whether it's raining, freezing, or snowing, our staff show up before the sun rises to help unload donations, sort food items, and box them up for transport to the Food Bank. In addition to time spent on the day of the drive, BTU employees also compete internally to see which department can collect the most food items to donate and a \$1,000 check is presented to the Food Bank on behalf of BTU.

We appreciate everything the Brazos Valley Food Bank does for our community and look forward to participating in many more drives to come.

**ILLUMINATION
STATION**

On August 5, 2017, the newest exhibit at the Children's Museum of the Brazos Valley (CMBV) opened. The Bryan Texas Utilities Illumination Station, a 4-foot tall LED light peg structure, was donated to the CMBV by BTU for the enjoyment of all children in the Brazos Valley. The exhibit, which is a large scale version of the Lite-Brite, allows children to exercise their creative side while also enhancing fine motor skills.

This exhibit is a unique addition to the Children's Museum, offering a fun and educational experience to youth in our community.



PowerTOWN

Teaching children and adults about electrical safety is an important part of what BTU offers to the community. PowerTOWN is a working

model demonstrating how electricity travels, and the risks associated with it, in the form of a miniaturized community. Using this energized model, staff can show the risks of contacting transformers, entering substations, flying a kite near overhead lines, and how vehicles can become energized, among other scenarios. PowerTOWN demonstrations are ideal for elementary school science classes, certain community events, and safety fairs.



**Government-In-Action
YOUTH TOUR**

BTU is proud to sponsor three high school students each year to attend "the trip of a lifetime" to Washington, D.C. to learn about state and federal government. The Government-In-Action Youth Tour, presented by Texas Electric Cooperatives, is a 10-day trip spent touring museums, monuments, and government facilities such as the White House, the Library of Congress, the Supreme Court, and more. Participants are also introduced to their state representatives to ask questions and tour their offices. More than 1,500 students from across America are sponsored by their utility provider to take part in this incredible opportunity.

Applications for Youth Tour open in December and close in February with the trip taking place mid-June.

**THE FIGHT
AGAINST
CANCER**

For the third consecutive year, BTU employees walked together at the American Cancer Society's annual Relay for Life held at the Brazos County Expo Complex. BTU's team, Answer to Cancer, raised over \$2,200 in 2017 to help fund cancer research thanks to the fundraising efforts of staff members and their families.

In addition to walking in the relay, employees also came together to purchase BTU logo hats with pink ribbons to wear in support of the fight against breast cancer. All proceeds from the sale were matched dollar for dollar by BTU and a check for \$1,000 was presented to Pink Alliance to help in their efforts to fight the disease locally.



ENERGY DELIVERY CAMPUS

BTU continues to implement its
Transmission, Engineering and Distribution Campus plan.



In October 2016, BTU's Transmission division moved into their new offices contained in a former BTU warehouse building that was renovated.

In October 2017, BTU's Engineering and System Planning division moved into their new offices in a renovated building that formerly housed BTU's QSE division. BTU prides itself on looking for ways to be fiscally prudent. Utilizing and repurposing existing buildings is one way we do this.

RESTORING POWER HURRICANE HARVEY

BTU CREWS WORKED DAY AND NIGHT

Hurricane Harvey made landfall in Rockport along the Texas coast late on Friday, August 25, 2017, bringing rain and destruction, the likes of which Texas hadn't seen before. In parts of the Brazos Valley, residents experienced a total of 21.02 inches of rain in the month of August, with a majority of that rainfall occurring over just five days.

BTU crews worked day and night to address outages that resulted from trees uprooting and high winds while other departments kept customers informed of restoration efforts by phone and social media. The weather conditions made work extremely challenging for the linemen and system operators and localized flooding prevented crews from being able to reach certain areas.

Though the storm was brutal, BTU staff were prepared and able to safely and efficiently restore customers within hours of an outage occurring. And, most importantly, there were no recordable injuries to staff during these efforts.



A COMBINED ELECTRIC SYSTEM

BTU is a municipally owned electric utility serving the citizens of Bryan, Texas, and customers in the surrounding community. However, BTU is comprised of two distinct, separate, and yet related, parts.

CITY SYSTEM



The City System is a vertically integrated utility that operates generation, transmission, and distribution facilities. Serving over 36,800 meters, the City System's customers reside within the geographic boundaries of the Bryan, Texas, city limits. While the majority of the City System customers are residences and small businesses, this system also serves the area's largest commercial and industrial operations. The City System owns and operates 226MW of natural gas fired power plants, and its transmission operation includes 27 substations and 160 miles of transmission-level voltage lines. The City System also operates a Power Marketing division that allows BTU to buy and sell power in the Electric Reliability Council of Texas (ERCOT) wholesale power market.



A COMBINED ELECTRIC SYSTEM

RURAL SYSTEM

The Rural System is a distribution-only utility. It provides electric service to the immediate rural area outside of the Bryan city limits; extending to most of Brazos County, adjacent to and including portions of the City of College Station, and parts of Burleson and Robertson counties in a radius of nearly 20 miles from the City of Bryan. The Rural System purchases all of its electric power and receives all administrative support from the City System. The Rural System comprises approximately 2,000 miles of distribution lines that serve over 21,000 meters. The majority of the Rural System's customers are residences.

With unique structural and operational characteristics, each system has its own revenues and expenses. As such, BTU maintains each system separately for internal and external accounting and reporting purposes. This allows true cost-based retail rates to be set for each system's distinct customers. This results in each system having its own budget, electric rates, bonds, financial statements, and credit ratings.

Separating the City System and Rural System allows for ultimate transparency to the systems' respective customers. When combined, the systems benefit one another by becoming one "BTU." A singular, municipally owned electric utility, with the goals of exceptional customer service, reliability, and reasonable rates.

CROSS TOWN SHOWDOWN

On October 6, BTU's apprentice linemen spent the day with our friends at College Station Utilities (CSU) for the second annual Cross Town Showdown. Also called the Apprentice Rodeo, this friendly competition tests the skill of the linemen in a series of events, which include fuse change outs, hurt man rescue, obstacle pole climb, and insulator change outs.

Participants are scored based on the time it takes them to complete the task, their proficiency, and whether they make any errors or violate any safety regulations. The linemen also sit for a written test.

BTU's apprentice linemen took home the trophies for a number of events. Cody Martin won the insulator change out, Justin Kirkland received the highest score on the written test, and Seth Toten won the overall.

Not only is this event a great way to enhance the skills of our linemen, but it also gives them the opportunity to interact with their counterparts at CSU.

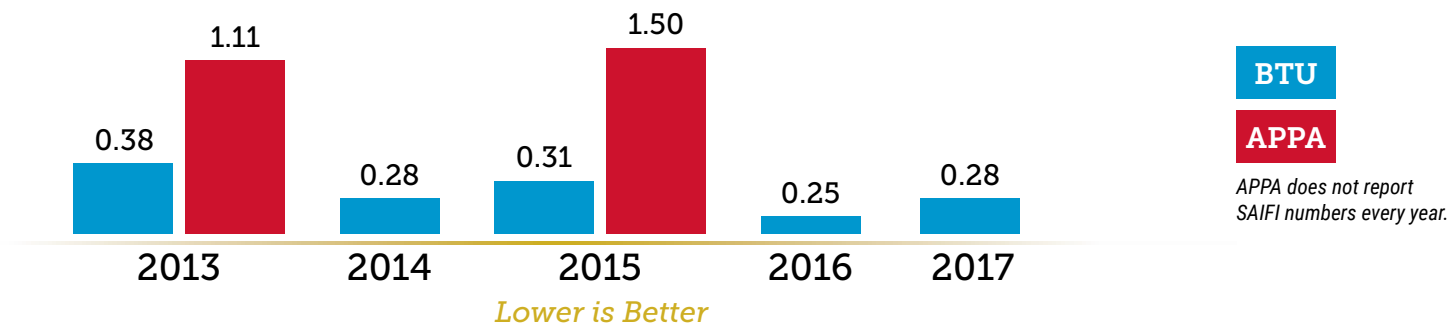


SYSTEM RELIABILITY

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 2017, a BTU customer would experience 0.28 outages per year while the most recent APPA national average was 1.50 outages per year.

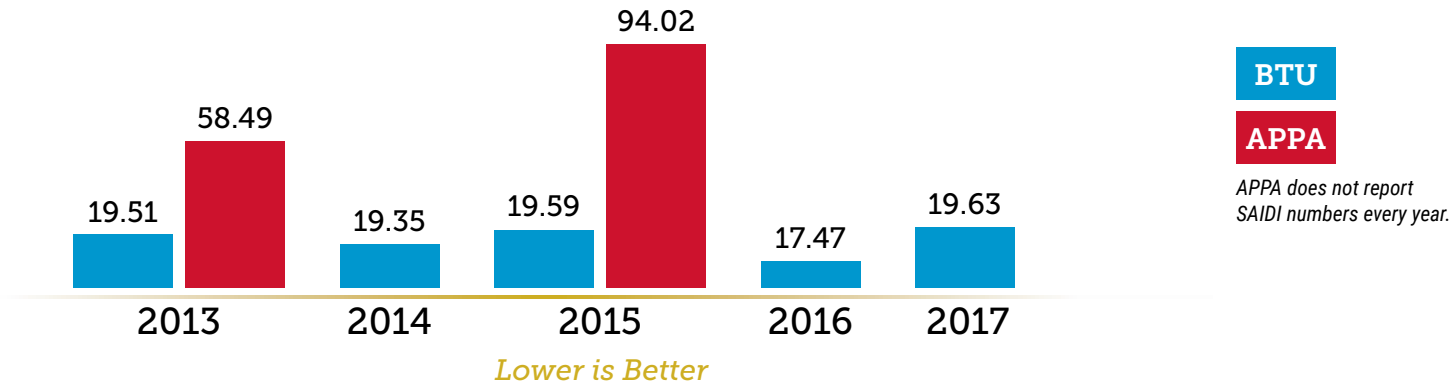
2013 to 2017 **SAIFI** Index



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 2017, BTU customers had an average duration of 19.63 minutes while the most recent APPA national average was 94.02 minutes.

2013 to 2017 **SAIDI** Index



PERFORMANCE

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



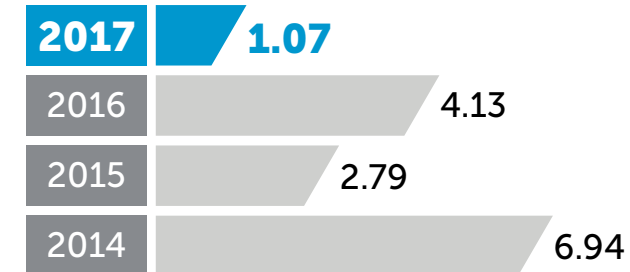
Total customers at year-end

Electric System Peak (Megawatts)



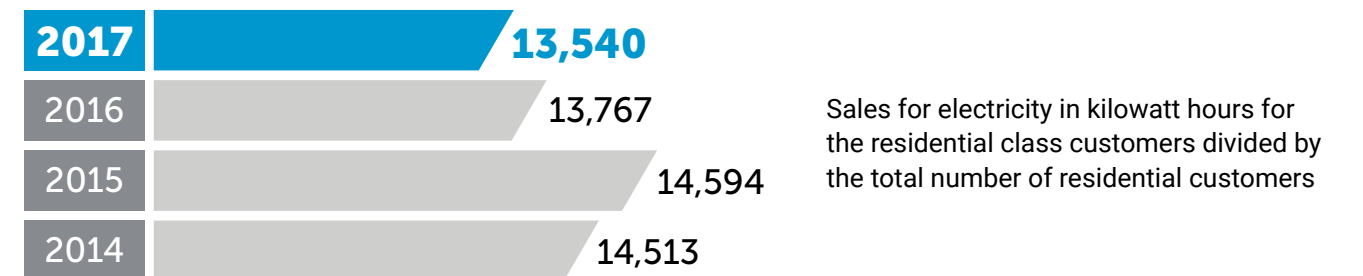
Peak demand for the fiscal year

Safety Incident Rates



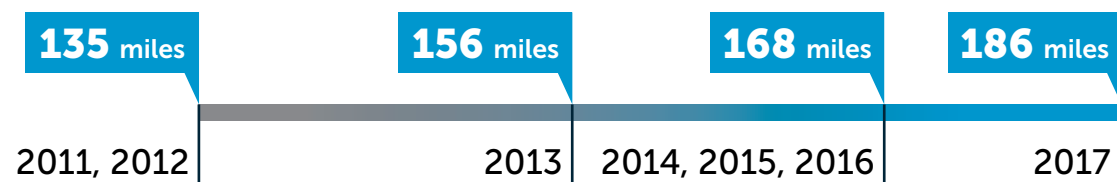
This is a standard indicator utilized by the industry to report the number of recordable injuries. It is produced by multiplying the number of recordable injuries by 200,000, then dividing that number by the total hours worked by the employees.

Annual kWh Sales (Per Residential Customer)

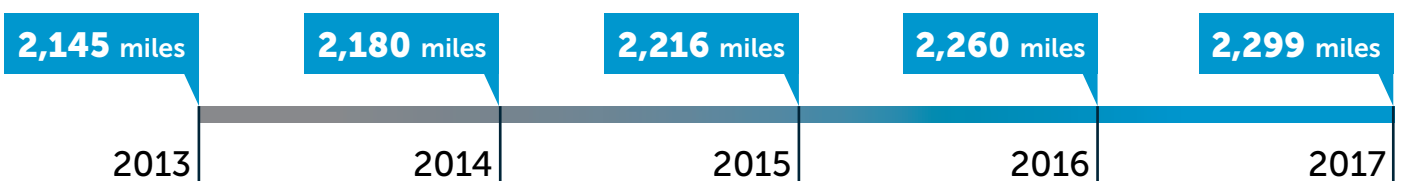


Sales for electricity in kilowatt hours for the residential class customers divided by the total number of residential customers

Miles of Transmission Line (Per Year)



Total Miles of Distribution Line (Overhead & Underground)



CONDENSED FINANCIAL STATEMENTS: **CITY** ELECTRIC SYSTEM

Condensed Statements of Net Position	FY2017	FY2016
Current assets	\$ 89,598,119	\$ 87,199,030
Capital assets, net	325,181,342	297,224,234
Restricted assets	53,624,401	89,501,234
Other	-	12,426,256
Total assets	468,403,862	486,350,754
Deferred outflows	20,821,462	18,028,336
Current liabilities	19,245,462	16,352,603
Current liabilities payable from restricted assets	18,198,088	23,353,173
Noncurrent liabilities	261,903,294	279,395,014
Total liabilities	299,346,844	319,100,790
Deferred inflows	2,470,739	2,110,548
Net investment in capital assets	125,683,387	116,349,514
Restricted	9,279,540	15,965,808
Unrestricted	52,444,814	50,852,430
Total net position	\$ 187,407,741	\$ 183,167,752

Condensed Statements of Revenues, Expenses and Changes in Net Position	FY2017	FY2016
Operating revenues	\$ 190,064,226	\$ 187,624,655
Operating expenses	166,211,379	165,938,721
Operating income	23,852,847	21,685,934
Investment income	784,398	652,368
Interest expense	(10,241,143)	(9,351,573)
Income before operating transfers & special items	14,396,102	12,986,729
Transfers, net	(10,156,113)	(10,392,869)
Change in net position	4,239,989	2,593,860
Net position, beginning of period	183,167,752	180,573,892
Net position, end of period	\$ 187,407,741	\$ 183,167,752

CONDENSED FINANCIAL STATEMENTS: **RURAL** ELECTRIC SYSTEM

Condensed Statements of Net Position	FY2017	FY2016
Current assets	\$ 11,277,991	\$ 10,917,277
Capital assets, net	75,591,453	70,620,151
Restricted assets	9,125,221	10,901,132
Other	-	-
Total assets	95,994,665	92,438,560
Current liabilities	3,753,116	4,872,191
Current liabilities payable from restricted assets	4,565,507	2,600,918
Noncurrent liabilities	21,943,108	23,043,290
Total liabilities	30,261,731	30,516,399
Deferred inflows	8,897,380	7,717,972
Net investment in capital assets	48,738,241	47,592,141
Restricted	572,436	566,963
Unrestricted	7,524,877	6,045,085
Total net position	\$ 56,835,554	\$ 54,204,189

Condensed Statements of Revenues, Expenses and Changes in Net Position	FY2017	FY2016
Operating revenues	\$ 44,224,725	\$ 41,931,026
Operating expenses	40,930,733	39,189,303
Operating income	3,293,992	2,741,723
Investment income	70,839	41,114
Interest expense	(733,466)	(974,421)
Change in net position	2,631,365	1,808,416
Net position, beginning of period	54,204,189	52,395,773
Net position, end of period	\$ 56,835,554	\$ 54,204,189

Lake Bryan

While Lake Bryan is a great place to relax, boat, and fish, it's much more than that.

It also helps BTU keep your lights on.



Since 1978, Dansby's Unit Number One has been providing electricity to Bryan and other BTU customers. Unit Number One is a natural gas powered steam turbine that uses water from Lake Bryan to cool the steam back down once it has done its job and gone through the turbine. Two additional units were added at Dansby, both of which are powered by jet engines similar to what you'd see on an airplane. These two units run on natural gas and are mainly operated at peak times of the day - 3pm to 7pm.

PLAY
EXPLORE
BRYAN, TEXAS
#LAKEBRYANTX

BRYAN TEXAS UTILITIES

BTU

THE DIFFERENCE IS YOU

www.btutilities.com