

THE LAST 100 YEARS 1919-2019

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2019 BOARD OF DIRECTORS



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I often get asked why BTU distinguishes between our "City" customers and our "Rural" customers. That history goes all the way back to 1938, when the City of Bryan obtained a loan from the Rural Electrification Administration to establish a Rural Electric Division. The funds were used to install approximately 800 miles of power lines as the service territory was expanded out from the Brvan city limits to cover the remainder of Brazos County as well as parts of Burleson and Robertson Counties. Today, just like in 1938, the characteristics of service to customers within the city limits are

different from those in the rural areas, so it makes sense that the cost to serve those different groups of customers might be different. As a municipally owned utility, BTU is cost-of-service based and as such, rates are structured to only recover the costs that are incurred to serve each customer class. Differentiating between "City" and "Rural" areas allows us to allocate costs appropriately and set rates to correctly recover those costs from the appropriate customer classes. Interestingly, the City of Bryan Rural Electric Division is a founding member of Texas Electric Cooperatives (TEC) and continues to enjoy membership in TEC today.

Another interesting tidbit is that the City of Bryan is one of only a handful of municipally owned utilities in the state that owns and operates power-generating plants to serve their own load. The history of electric generation in the city goes back to 1913 when Bryan Ice, Water & Light installed the first diesel generator to serve the new electric lights in downtown. When the City of Bryan purchased the Bryan Power Company in 1919, there were approximately 768 customers. Today, BTU serves over 60,000 customers with electricity generated from the Dansby power plant located on Lake Brvan, the Atkins power plant located just south of downtown, and wind and solar power plants located in south Texas along the coast and far west Texas, respectively. A major milestone was accomplished in 2019 with the retirement of the Gibbons Creek Steam Electric Station, a coal-fired generating facility located just east of Bryan. The Gibbons Creek facility had provided Bryan resident's economical energy since 1983.

BTU's Transmission and Distribution system has grown from a distribution-only system designed to light downtown Bryan in 1911, to over 2,300 miles of line that serves 31 substations and over 650 square miles of City and Rural territory. The latest addition to the Transmission and Distribution portfolio is a 138kV transmission line from BTU's Snook substation to the Steele Store substation on Highway 21 just east of the Brazos River. This addition is the first phase of a west loop designed to enhance capacity and increase reliability along the west end of BTU's service territory, including service to Texas A&M University System's RELLIS campus. Additionally, BTU provided service to over 14 new subdivisions and continues to add distribution infrastructure to serve the growing customer base both in the City and Rural areas.

In 2019, BTU received ratings upgrades from A+ to AA-, which underscores the confidence that the ratings agencies have in BTU's ability to maintain exceptional levels of service and financial security. A major contributor to BTU's financial security was paying the final debt payment on the Gibbons Creek generating plant. Two additional major accomplishments in 2019 included the complete conversion of street lights in the service territory to LED bulbs and beginning construction of the William J. Bryan overhead-to-underground conversion project.

Since 1919, Bryan Texas Utilities has been an integral partner in the history of Bryan and the Brazos Valley, and it is our commitment that as the Brazos Valley continues to grow, we will be there to provide reliable electricity at reasonable rates with excellent customer service.

A LETTER FROM THE GENERAL MANAGER **GARY MILLER**



A CENTURY OF SERVICE: BTU AT 100

1919: Our origin

The story actually began about 10 years earlier, in 1909, when a fire burned down the Bryan City Hall and Opera House. The failure of the privately owned Bryan Ice, Water & Light to put out the blaze spurred the city into action. The City of Bryan purchased the utility facilities and operated the system to prevent such issues in the future.

Over the next decade, distribution systems, generators and street lights were all purchased and installed. In 1919, the utility, known as Bryan Public Utilities, was officially owned by the citizens of Bryan and was producing electricity to serve approximately 768 customers.

The Roaring '20s: Lights, city, expansion

Between 1921 and 1925, streetlights were installed in certain residential areas of Bryan, including east and west 26th Street and the areas around Bryan Hospital and Fannin School. As Bryan continued to grow, it became clear to city commissioners that another generation unit was needed to produce enough electricity for citizens. In 1925, the city power plant ordered an additional unit to keep up with the surging demand for power.

Post-Depression: *Electrifying rural Texas*

As the Great Depression began to subside amid public works projects across the country, the City of Bryan joined in the relief efforts by obtaining a loan from the Rural Electric Administration (REA) to establish a Rural Electric division in 1938. The installation of about 800 miles of power lines made it possible for BTU to serve customers in rural Brazos, Burleson and Robertson counties. The rural division extends as far west as Tunis in Burleson County and as far north as Wheelock in Robertson County.

The Baby Boom: Growth demands more power

The years after World War II produced the baby-boom generation. Population growth and new technological advances brought the need for more electricity. To address the increasing demand, the Bryan Municipal Power Plant was built on Atkins Street and came on line in 1949. Beginning with one steam electric unit, the plant would eventually be home to seven generating units.

1962: Growth and Value

"Growing with Bryan & Brazos County since 1919." A 1962 ad in The Eagle newspaper pretty much said it all. BTU had been expanding to meet the demands for electricity generation in the Brazos Valley. In 1962, BTU had more than 12,000 City and Rural customers, but despite the costs of expansion, the ad read, BTU "residential rates are LOWER today than they were 43 years ago!"

The '70s: Adding a power plant... and a lake

Once the City of Bryan entered the '70s, it became clear a more modern generating facility was needed. The Roland C. Dansby Power Plant, named for the former Bryan mayor, was built five miles north of the City of Bryan in 1978 with one steam unit powered by natural gas and a fuel-oil backup system. The new plant needed a cooling source, so Lake Bryan was built as a result. Today, Lake Bryan still serves its original function as the cooling source for Dansby, but it's also become one of the region's premier attractions for fishing, boating, hiking, biking, and outdoor activities.

The '80s: Texas Municipal Power Agency

In the early '80s, BTU joined three other municipally owned utilities, Garland, Greenville and Denton, to form the Texas Municipal Power Agency (TMPA). Together, these utilities built the Gibbons Creek Power Plant in Carlos, Texas. BTU's portion of the 470 MW coal-fired steam unit increased generation capacity by over 100 MW.

The '90s: Power as necessity

Throughout the '80s and '90s, electricity became an indispensable part of life for nearly every citizen. Gone were the days of just using electricity for lights. This new era required power for an array of technological gadgets, computers, video games and cellular telephones, not to mention the continued rise of central airconditioning systems in homes. All of these factors contributed to



a demand for more power – at an annual rate of 7 percent for more than two decades. BTU met these demand challenges head-on with new advances in infrastructure and electrical distribution, making sure that electric rates stayed low while reliability stayed high.

The 21st Century: The future is now

The speed of advances and innovation affecting our daily lives in the last 20 years has been nothing short of astounding. Through modern Advanced Metering Infrastructure, BTU employees know when a customer's power is interrupted as soon as it happens. BTU's Qualified Scheduling Entity balances daily supply and demand power loads, saving customers millions of dollars each year by buying and selling electricity and services into the Electric Reliability Council of Texas (ERCOT) market. BTU is committed to a diverse power supply portfolio including solar and wind power as we move toward a sustainable energy future.

Over the past 100 years, BTU has grown as a publiclyowned, community-powered utility. BTU is committed to exceeding expectations for reliability, safety, and economical rates now and for the next 100 years.

The future of BTU is now, and the future looks bright.



are displacing gasoline engines in Bryan. We have a few engines that have been taken in trade for sale at LOW FIGURES

Bryan Power Company



CREDIT RATINGS OUTLOOK UPGRADED

Bryan Texas Utilities (BTU) announced credit outlook upgrades by Fitch Ratings, Inc., a national bond rating service, for both the City and Rural System Revenue Bonds.

Both systems' Revenue Bonds were affirmed AA- by Fitch Ratings, and their rating outlook was upgraded to "positive" from "stable". This outlook upgrade reflects BTU's solid financial condition and comes just 15 months after BTU's previous credit ratings upgrade for the two systems, from A+ to AA-.

A FAREWELL TO GIBBONS CREEK

In 2019, the four members of the Texas Municipal Power Agency (TMPA), comprised of Bryan Texas Utilities, Garland Power & Light, Greenville Electric Utility System and Denton Municipal Electric, bid farewell to the Gibbons Creek coal-fired power plant located in Carlos, Texas. TMPA notified the Electric Reliability Council of Texas (ERCOT) of its plans to permanently retire the facility, and the plant was officially retired in early November. The decision to retire the plant was based on economics, as prices for natural gas, solar, and wind generated electricity remain low. BTU officially paid off all generation debt associated with the plant in 2019 as well.

The 470-megawatt generating unit was initially envisioned in the early 1970s and led to the four member cities' petition to the Texas Legislature to create a Joint Powers Agency. Article 1435a was passed in 1975, and the TMPA was created to oversee the production of an economical power supply to the member cities. The Gibbons Creek Power Plant began operating at full capacity in 1984, originally burning lignite coal from a mine located on the same property as the power plant. Beginning in 1996, the plant began burning 100 percent Powder River Basin (PRB) coal from Wyoming, as it burned cleaner than lignite coal and emitted less ash and sulfur. TMPA was long recognized as a leader in emissions reduction in the industry. The Gibbons Creek Power Plant served an important role in the power supply portfolio for BTU for many years.

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In Fiscal Year 2019, BTU announced a 15-year agreement with a utility-scale solar power development entity to purchase 100 megawatts (MW) of generation from a solar plant to be constructed and in service in northeast Texas in mid-2022. 100 MW of generation can serve the daytime energy needs of approximately 20,000 homes on a Texas summer afternoon and more than twice that during more temperate times of the year. This additional generation complements the current 70 MW of wind and solar generation capacity that is already in BTU's generation portfolio. BTU develops, maintains and executes a forward-looking generation and power purchase plan to ensure that our customers will enjoy competitively priced power for the future electric demand of the growing Brazos Valley.



PROVIDING RELIABILITY

The Brazos Valley continued to see growth during 2019. As in prior years, BTU's Transmission and Distribution divisions focused on many projects to support this growth and provide continued electric reliability to our customers.

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LARGE PROJECTS

- BTU constructed a new 10-mile transmission line extending from the Snook Substation to the Steele Store Substation near the intersection of Highways 50 and 60.
- The Steele Store Substation was completely rebuilt to accommodate growth and improve reliability in west Brazos and east Burleson counties.
- Construction began on the Rodgers Substation, which will serve as the relocation site of the existing Nall Lane Substation, currently located on William J. Bryan Parkway. The new Rodgers Substation will not only increase capacity for the area, it will also improve the safety and reliability of power distribution to Bryan residents.
- Distribution personnel launched an underground cable-testing project that determines whether sections of underground cable need to be replaced to prevent failure.

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- Many distribution lines were upgraded, rebuilt, or newly constructed to improve reliability and serve new growth in both the City and Rural territory:
- Upgraded the conductor and installed an additional phase on the feeder serving the area around Yegua Street.
- Upgraded the conductor and rebuilt the feeder along 16th Street.
- Replaced the conductor on 2.75 miles of overhead lines for a feeder tie between Snook and Thompson Creek Substations.
- Upgraded the conductor on 4 miles of existing feeder to create a feeder tie between Steele Store and Business Park Substations.
- Rebuilt the existing feeder and constructed a new feeder around the Thompson Creek Substation.
- Upgraded 1.7 miles of existing feeder on Koppe Bridge Feeder 2841 and Greens Prairie Feeder 1521 along FM 2154 and Greens Prairie Road.
- Rebuilt and constructed lines along FM 2038 from Highway 21 to FM 1179.
- Upgraded 1.5 miles of three-phase line between Steep Hollow and East Substations.
- Constructed underground line for new phases in 14 separate subdivisions.





Every day at Bryan Texas Utilities and the City of Bryan, we try to find ways to communicate more effectively with the community we serve. We aim to provide timely, relevant, and interesting content for our customers through social media, local media outlets, bill inserts (Plug In), Texas Co-op Power magazine, and this annual report. We want to share our story of working alongside this community for more than 100 years.

Each year, the American Public Power Association (APPA) awards municipal utilities around the country

on the effectiveness of their communications. At the APPA Customer Connections Conference in October, BTU was recognized with two Excellence in Communication Awards. The first award was an Award of Merit in the Print and Digital Category for the 2018 Annual Report. The theme of this report was "Supporting a Growing Community," highlighting the exponential growth the Brazos Valley has experienced in the last few years and what BTU is doing to serve the ever-increasing customer base. The second award was an Award of Excellence in the Video category for an educational, commercial type video entitled "Summer Energy Tips" that ran on television and on our website to provide customers with some easy ways to reduce energy consumption during the heat of summer.

BTU also received three awards for its website redesign that launched in August 2018: An Award of Excellence from the City-County Communications & Marketing Association (3CMA), an Award of Excellence from the Texas Association of Municipal Information Officers (TAMIO), and a finalist award for best overall website in the nation from the National Association of Government Web Professionals (NAGW). The website has a much more user-friendly and intuitive feel, and the mobile version feels like an app, making it easy to navigate. The redesigned website has seen an increase in activity, especially in mobile traffic.

"The team of BTU's Energy Management Department and the City of Bryan's Communications and Marketing Department has done an excellent job in connecting with the community," BTU General Manager, Gary Miller said. "We are proud to be recognized as standouts in the Public Power industry."





Texas Avenue - AFTER

Phase II of BTU's territory-wide LED street light conversion was completed in December 2019. In total, 6,200 high-pressure sodium lights were changed to LED across Brazos County, as well as parts of Burleson and Robertson counties. LEDs have a longer lifespan than traditional lights, which results in lower overall street light maintenance costs. They also consume less energy as they are more efficient than traditional lights. These upgraded lights also provide more direct illumination to streets and sidewalks for the safety of drivers and pedestrians.

Kettle



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Texas Avenue - BEFORE

North Main Street, Bryan Texas Early 1900s







BTU continues to focus on safety to ensure that all employees go home safely at the end of each day.

BTU has been actively engaged in an employee-led safety culture since 2013. This proactive and engaging approach has been well-received by employees. Each employee is a key participant in the culture, including presenting at safety meetings, reminding their peers to be safety conscious and/ or serving on Continuous Improvement Teams. In 2019, at the direction of the Safety Steering Team and CI Teams. BTU experienced positive safety advancements, including:

- The engineering group, including Line Design, Distribution Engineering, and Meter Shop had no injury or vehicle incidents during the year. This is a remarkable achievement considering these groups drive many miles working with customers across the territory.
- In 2019, the BTU service area experienced several severe weather events, including an EF-2 tornado that damaged lines, homes, and businesses. Crews worked tirelessly to restore power during these severe weather events and experienced no injuries during the restoration efforts.
- Through routine maintenance and safety checks, the Production department identified key issues with the steam unit at the Roland C. Dansby Power Plant. Production employees were able to safely disassemble and reassemble major sections of the steam unit, operating in a potentially dangerous environment. Not only was this major task performed safely, but there were no reported injuries at the power plant throughout all of 2019.





BTU looks forward to the future of Lake Bryan, and what it offers to our community. For more information, please visit www.LakeBryan.com.

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Management of Lake Bryan Park, on the cooling reservoir for the steam unit at the Roland C. Dansby Power Plant, was transferred to BTU this year after more than a decade of third-party oversight. This change has resulted in numerous improvements to park amenities, visitor experiences, and safety.

BTU partnered with Paddle EZ to provide paddleboard and kayak rentals. Reservations can be made online at paddleez.com. A self-service kiosk houses oars, helmets, and lifejackets for the safety of each patron. Customers can choose to reserve in advance, or while at the park.

BTU also partnered with several local volunteer organizations to improve quest experiences. The Brazos Valley Mountain Bike Association (BVMBA) has been a long-time partner, maintaining approximately 14 miles of walking and biking trails around the property. It serves as the only public mountain bike trail system in Brazos County. Texas Parks and Wildlife Division (TPWD) keeps the lake stocked with fish, including red drum, catfish, and largemouth bass. TPWD also assisted with adding fertilizer to the lake to improve the ecosystem and, ultimately, support the growth of the fish and plant life.

Finally, increased safety measures, including added signage, regular police security, and a gate-entry system, were implemented to help keep Lake Bryan a family-friendly destination.

In 2019, more than 100,000 visitors enjoyed many outdoor activities including primitive camping, RV hookups, event rentals, fishing, boating, and picnicking. Events included live music, trail, mountain bike, and obstacle races, sailing regattas, and much more.

Most people are aware that Bryan and Brazos County are growing at a rapid pace. With this growth comes new challenges: The need for more services, new construction and development, and, of course, more electricity. Growth of any size must be managed carefully.

As a result, in 2019, the Bryan City Council municipally annexed approximately 1,500 acres of land around and including the Texas Triangle Park in northwestern Brazos County, as well as 5,500 acres of land around and including the Texas A&M University System RELLIS Campus in western Brazos County.

This decision was not taken lightly, and there were several rounds of public hearings and fact-finding sessions that occurred before the annexation took place. In the end, it was decided that this measure was needed to ensure orderly growth and guality development around these highly visible gateway locations. It also allows the city to better plan for the future as the land along these two key transportation corridors expands and the need for municipal services increases.

How does this affect BTU?

As these newly annexed areas grow, the need for power will be greater, and BTU is already ahead of the curve. A new transmission line from BTU's Snook Substation to the Steele Store Substation on Highway 21 just east of the Brazos River is already in service. This new line is the first phase of a west loop designed to enhance capacity and increase reliability along the west end of BTU's service territory, including service to the RELLIS campus

Customers in the newly-annexed areas may see a slight decrease in their electric rates as they will be a "City" customer now.

This slight difference in rates between City and Rural customers has existed since 1938 and stems primarily from the fact that there is more customer density in the city limits. Put simply, it costs a little more to provide service in rural areas where customers are fewer in number and are spread over a larger geographic area. As a municipally owned utility, BTU bases its rates on cost-of-service. This means rates are structured to only recover the costs that are incurred to serve each class of customer.

In other words, we're here to provide the best rates, reliability and service possible, no matter where you live.

ANNEXATION: ORDERLY GROWTH FOR THE CITY OF BRYAN



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 2019, a BTU customer would experience 0.24 outages per year while the most recent APPA national average was 1.37 outages per year.

2013 to 2019 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 2019, BTU customers had an average duration of 18.5 minutes while the most recent APPA national average was 402.19 minutes.



SYSTEM RELIABILITY

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

54,242	55,871	57,940	59,297	60,806
FY15	FY16	FY17	FY18	FY19

ELECTRIC SYSTEM NUMBER OF RETAIL CUSTOMERS

Total customers at year-end (per audited financial statements)

DEAL ALL IN IS



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

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CONDENSED FINANCIAL STATEMENTS: **CITY ELECTRIC** SYSTEM



Condensed Statements of Net Position	FY2019	FY2018
Current assets	\$ 110,254,925	\$ 103,868,643
Capital assets, net	351,541,781	328,697,287
Restricted assets	86,399,825	48,820,482
Other	26,856,688	5,175,538
Total assets	575,053,219	486,561,950
Deferred outflows	7,184,738	3,375,028
Current liabilities	20,429,264	12,574,453
Current liabilities payable from restricted assets	24,828,272	40,888,367
Noncurrent liabilities	293,188,538	228,717,749
Total liabilities	338,446,074	282,180,569
Deferred inflows	2,858,840	4,585,079
Net position:		
Net investment in capital assets	126,152,078	125,967,009
Restricted	12,492,834	15,017,045
Unrestricted	102,288,131	62,187,276
Total net position	\$ 240,933,043	\$ 203,171,330

Condensed Statements of Revenues, Expenses and Changes in Net Position		FY2019	FY2018
Operating revenues		204,747,110	\$ 199,082,844
Operating expenses		150,593,994	162,522,523
Operating income		54,153,116	36,560,321
Investment income		4,909,309	776,947
Interest expense		(9,724,116)	(8,200,308)
Income before operating transfers & special items		49,338,309	29,136,960
Transfers, net		(11,576,596)	(10,738,229)
Changes in net position		37,761,713	18,398,731
Net position, beginning of period		203,171,330	184,772,599
Net position, end of period		240,933,043	\$ 203,171,330

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Condensed Statements of Net Position	FY2UI9	FYZUIð
Current assets	\$ 22,673,044	\$ 18,472,305
Capital assets, net	91,843,761	81,448,658
Restricted assets	17,234,122	4,552,080
Total assets	131,750,927	104,473,043
Current liabilities	6,135,558	8,829,322
Current liabilities payable from restricted assets	6,470,853	5,011,311
Noncurrent liabilities	37,230,606	20,826,015
Total liabilities	49,837,017	34,666,648
Deferred inflows	12,782,730	10,098,799
Net position:		
Net investment in capital assets	51,233,746	49,478,844
Restricted	671,828	585,769
Unrestricted	17,225,606	9,642,983
Total net position	\$ 69,131,180	\$ 59,707,596

Condensed Statements of Revenues Expenses and Changes in Net Posit

Net position, end of period
Net position, beginning of period
Change in net position
Interest expense
Investment income
Operating income
Operating expenses
Operating revenues

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s, tion	FY2019		FY2018
	\$ 47,539,897	\$	48,935,501
	37,281,549		45,472,708
	10,258,348		3,462,793
	740,837		125,977
	(1,575,601)		(716,728)
	9,423,584		2,872,042
	59,707,596		56,835,554
	\$ 69,131,180	\$	59,707,596
		-	

GIBBONS CREEK POWER PLANT Carlos, Texas

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Water

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COLD,

TUB and

SHOWER

BATHS.

25 Cents

Bryan Morning Eagle. (Bryan Vol. 5, No. 79, Ed. 1 Tuesday,

At Th Bryan Water, Ice, Light an

POWER COMPANY.

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permetty Dunn & Daly Block, : : Bryan, Texas. · · · BRYAN. Water, Ice, Light and Power Co. orn colorge.

Will be ready to Supply Water from the New Well April 1st. UNSUEPASSED FOR WASHING AND DRINKING FUEPOSES,

Bath Tubs, Lavatories, Wash Sinks, Garden Hoso, Hoso Reels, Etc. 6 have in our empiry practical Workness, and can forwhat estimates when deduced. line of ELECTRIC LIGHT FIXTURES and Furnishings TELEPHONE 15.

The GLOBE SALOON The Bryan Daily Eagle. (Bryan, Tex.), Vol. 2, No. 155, Ed. 1 Sunday, May 30, 1897

www.btutilities.com

Bryan Power Company JORDAN T. LAWLER

BRYAN LIGHT & WRTER

THE LAST 100 YEARS 1919-2019



THE DIFFERENCE IS YOU