
BTU PRESENTATION TO THE CITY COUNCIL

JULY 9, 2019

BRYAN TEXAS UTILITIES

BTU

THE DIFFERENCE IS **YOU**

B TU BOARD OF DIRECTORS

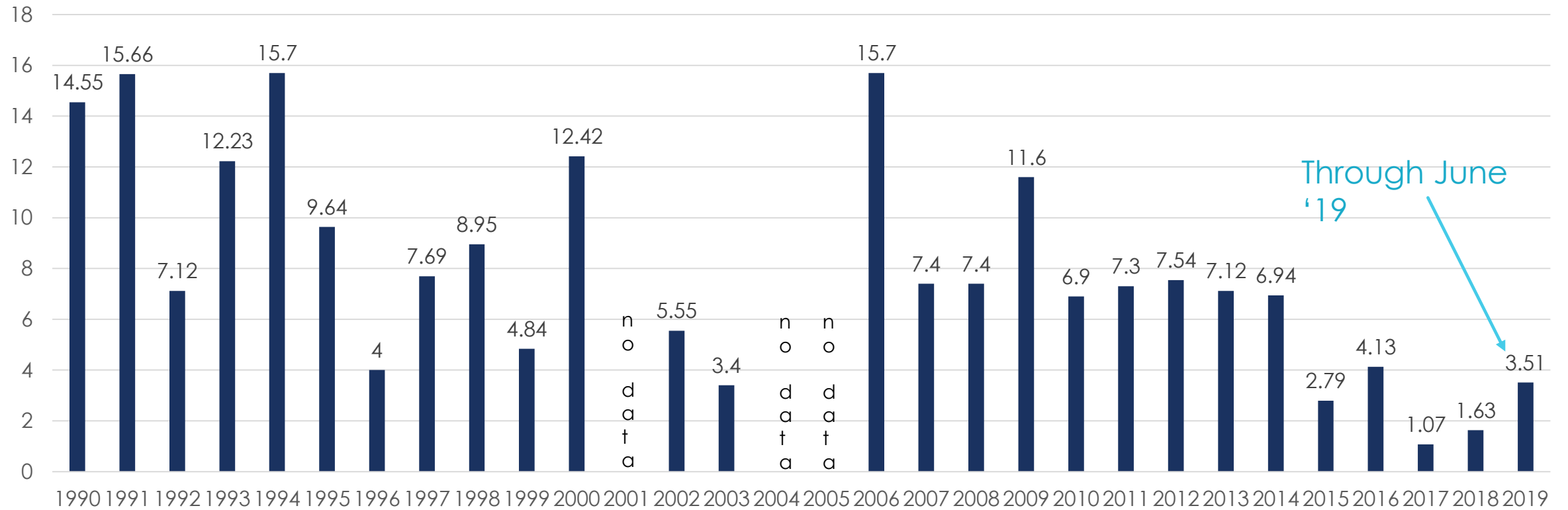
David Bairrington – Chairman
Flynn Adcock – Vice Chairman
A. Bentley Nettles – Secretary
Carl L. Benner
Pete Bienski Jr.
Rosemarie Selman
Paul Turney
Buppy Simank – ex-officio
Jason Bienski – ex-officio

AGENDA

- BTU Departments
 - FY19 Accomplishments
 - FY20 Projects
- Financial Metrics and FY20 Proposed Budget

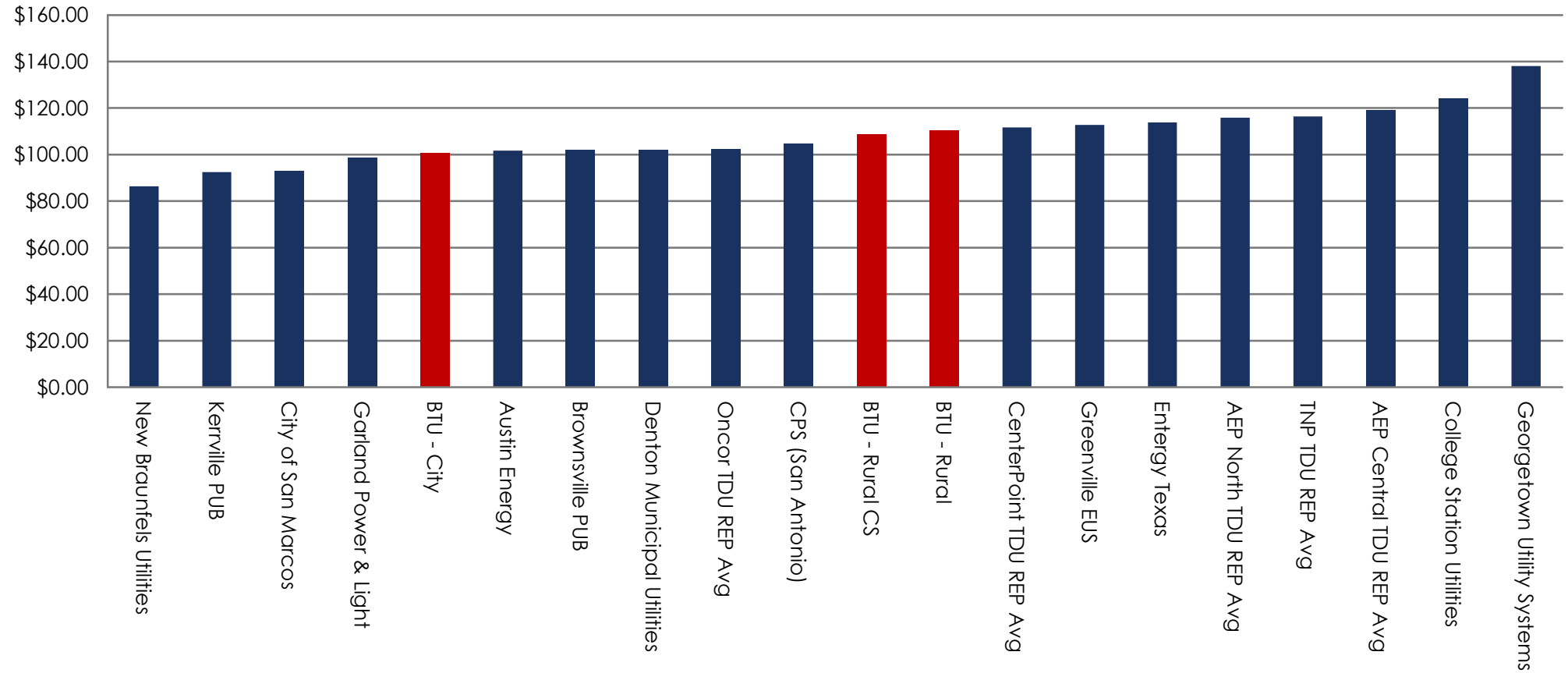
SAFETY

Incident Rate



RATE COMPARISON

BTU Residential Billing Comparison
March 2019
Monthly Billing at 1000 kWh





REGULATORY COMPLIANCE



REGULATORY COMPLIANCE

Interact regularly with these agencies:



- NERC Reliability Standards
- Texas RE Reliability Monitor
- ERCOT Protocols & Operating Guide
- TCEQ & EPA Air Permits
 - Federal Operating & Standard Permits
- TCEQ Wastewater Permit
- TCEQ Brazos Watermaster
- TCEQ Dam Safety
- Texas RRC Natural Gas Pipelines
- US DOT Natural Gas Pipelines

QUALIFIED SCHEDULING ENTITY (QSE)



QSE FY19 ACCOMPLISHMENTS

- Completed and executed strategic plan for power supply procurement through 2027
- Secured solar energy for BTU and TAMU from 2022 - 2037
 - BTU - 100 MW
 - TAMU - 50 MW



QSE FY19 ACCOMPLISHMENTS

- Re-signed wholesale QSE service contracts
 - TAMU
 - Maverick County
- Negotiated unique gas supply contract for BTU power plants



TAMU



MCWCID #1

QSE FY20 GOALS

- Pursue sale/decommissioning of Gibbons Creek Power Plant
- Add at least one trading counterparty
 - Goldman Sachs
 - Bank of America

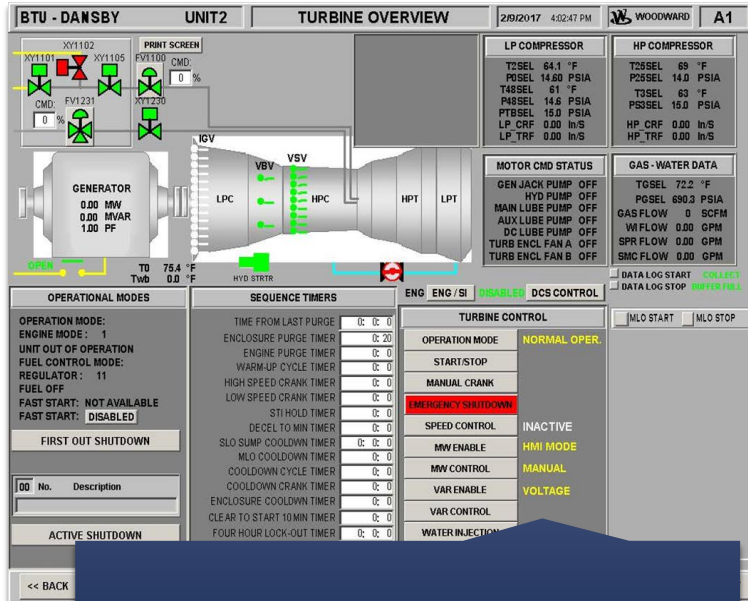


PRODUCTION



PRODUCTION FY19 ACCOMPLISHMENTS

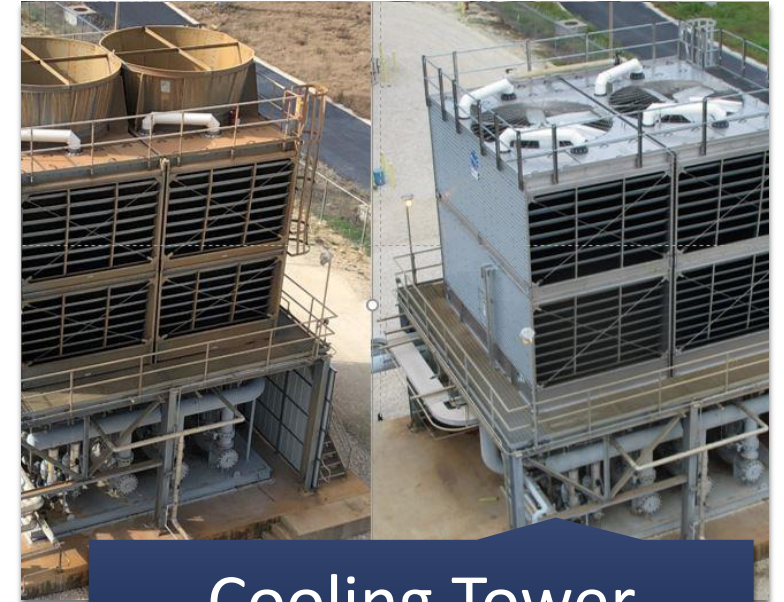
□ DANSBY Unit #2



Controls Upgrades



Shroud Repairs



Cooling Tower Replacement

PRODUCTION FY19 ACCOMPLISHMENTS



Lake Bryan South Dam Repairs

- 8/30/16 Slide
- 12/27/18 Slide

PRODUCTION FY20 GOALS

□ DANSBY Unit #1



Generator Inspection



480V Switchgear
Breaker Replacements

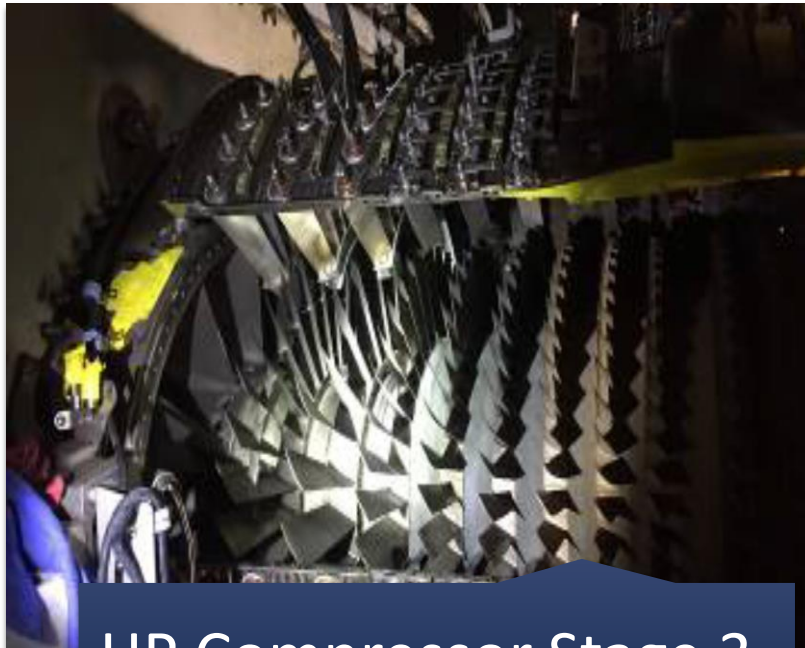
PRODUCTION FY20 GOALS

□ DANSBY Unit #2

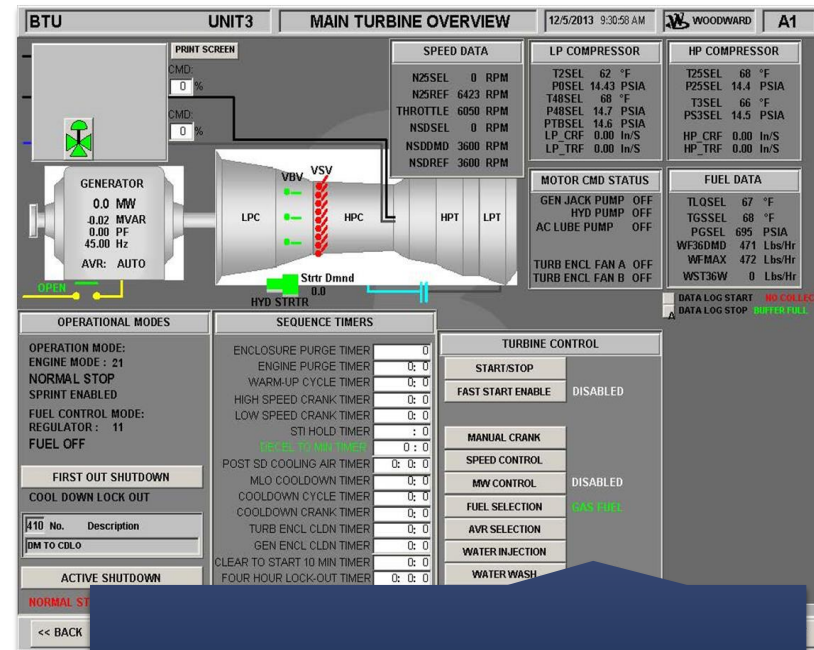


PRODUCTION FY20 GOALS

□ DANSBY Unit #3



HP Compressor Stage 3-5 Blade Replacement



Controls Upgrades



BUSINESS AND CUSTOMER OPERATIONS

CUSTOMERS ENROLLED IN SPECIAL PROGRAMS

Bank Draft

- Automatically drafts payment from bank account
- 9,157 participants; up 6%

E-Billing

- Paperless; electronic statements sent to customers
- 9,899 participants; up 15%

Pay Arrangements

- Schedules final payments on inactive accounts
- 34 participants; down 8%

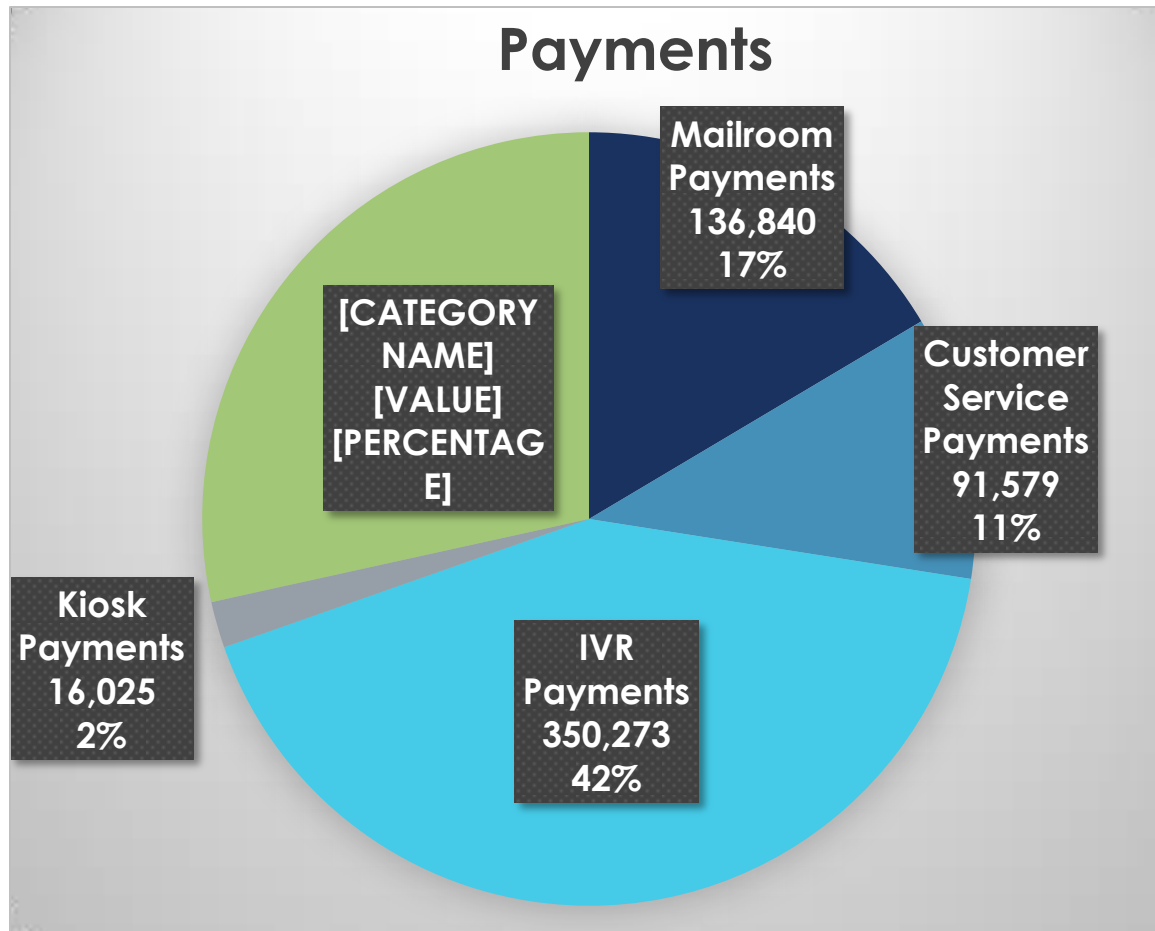
Medical Alert

- Identifies customer that have a medical necessity for electricity
- 78 participants; down 3%

Budget Billing

- Allows customers to be billed based on average historical usage
- 501 participants; up 3%

CUSTOMER SERVICE



Total Number of Calls
115,466
Avg. 55 calls/hour

Average Hold Time
29 seconds

Service Orders
60,690
Avg. 233 /day

PUBLIC COMMUNICATIONS

- Texas Co-op Power Magazine:
 - 8 pages of content per month
 - Created in house with the City of Bryan's Marketing/Communication staff
- Plug In (Bill Insert):
 - Single page front and back of content each month
 - Created in house with the City of Bryan's Marketing/Communication staff
- Social Media
 - Twitter | 1,109 followers | up 28%
@BTU_BryanTX
 - Facebook | 3,287 followers | up 20%
@BryanTexasUtilities

BTU BRYAN TEXAS UTILITIES

PRODUCTION

When we flip on the light switch, do we ever think about where the electricity powering that light comes from? Bryan Texas Utilities' Production Department generates the energy that powers lights, air conditioners, offices, industrial factories, and more. The department oversees the maintenance and operation of four generating units. Three are located at the Roland C. Dansby Power Plant on the north shore of Lake Bryan, one is a steam unit that uses lake water as a non-contact cooling source, while the other two are flightless jet engines, all fueled by natural gas. The fourth unit is located at the Atkins Power Plant in Central Bryan and is also powered by natural gas.

"Powering homes and businesses gives us in the Production department a sense of satisfaction," Production Division Manager, David McIntyre said. "We enjoy being able to say that we actually make electricity."

At any given time in the Electric Reliability Council of Texas (ERCOT) System, generators across the state must supply the electric demand on the system. Currently, electricity in Texas is an instantaneous commodity, unlike other products that can be easily stored for long periods of time such as gas or petroleum. This instantaneous nature means that there has to be enough power moment to moment to meet customer demand, without the backstop of stored energy. The Production Department works closely with ERCOT and the BTU Qualified Scheduling Entity (QSE) to supply power as needed. The Production Department is home to 24 employees who operate and maintain plant equipment and oversee the administration and compliance with state and federal regulations.

The Dansby Power Plant is manned 24 hours a day, seven days a week, staff is always on duty. The staff operates and monitors plant equipment for reliable operation to ensure the units are available when needed to meet system demand. Plant staff constantly monitors environmental parameters to ensure the units operate within permitted limits. Should maintenance issues arise that affect the performance of the generators, off-duty personnel are called in to resolve the problem. "The staff are always willing to

22 Texas Co-op Power BRYAN TEXAS UTILITIES May 2009

BRYAN TEXAS UTILITIES
BTU
THE DIFFERENCE IS YOU

FEBRUARY 2019
PLUG IN
BRYAN TEXAS UTILITIES NEWS

HOLIDAY CLOSURES:
Martin Luther King Jr. Day
Monday, January 21

BILL PAYMENT

KIOSK LOCATIONS:
HEB - 1609 N. Texas Ave
HEB - 725 E. Villa Maria
Texan Market
457 N. Harvey Mitchell Pkwy
24 Hour Location

You can pay at any of these locations with cash or check. Account number, BTU ID, keycard or reminder letter required. Payments can be made 24 hours a day via the "e-payment" option by calling (979) 821-5700. Account number and credit card required.

www.btutilities.com

979.821.5700
Primary Address:
205 E. 28th Street,
Bryan, TX 77803
Mailing Address:
PO Box 8000, Bryan, TX 77805

SOCIAL MEDIA

f BryanTexasUtilities
t BTU_BryanTX
c cityofbryan
p cityofbryan

ME XIV ISSUE 2

WINTER BILLS & ELECTRIC HEATING COSTS

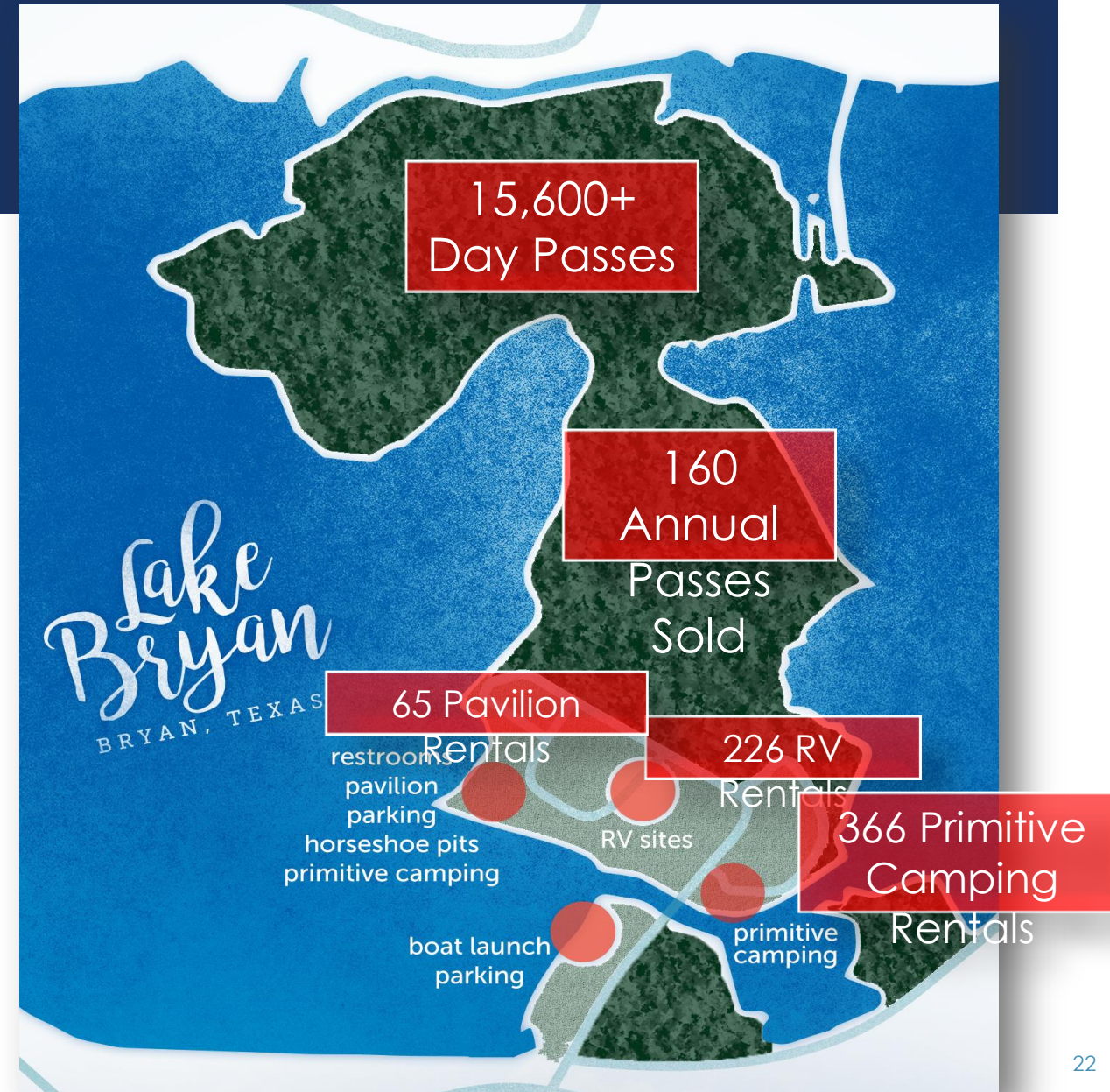
The aftermath of the holidays is upon us. Friends and family have come and gone, and your kitchen is begging you to hold off on making another pie until next year. It's time to take a look at your winter energy usage and implement improvements to your home in order to increase energy efficiency for the new year. Investing in energy efficiency can seem like a daunting task but it doesn't have to be, start small, even a minor change to your home can save money, energy, and time. Where should you start? **Here are a few energy saving tips that are easily implemented:**

- Keep your fireplace damper closed unless you are burning a fire. Keeping it open lets warm air escape. Another way to alleviate this problem is to consider installing glass doors to your fireplace. These doors will ensure warm air does not escape out of your house through your fireplace and that cold air does not enter your house through the chimney.
- Keep curtains and blinds closed at night to keep the cold air out and open them during the day to allow the sun to heat your home naturally, particularly on your south facing windows which have a greater exposure to the sun's radiant heat in the winter. This will prevent your heater from kicking on at unnecessary times and save you money on your energy bill.
- Check for air leaks around your windows and doors. These gaps allow warm air to escape your home, and cool winter air to enter in from outside. If you don't already have double pane high efficiency windows, consider upgrading! They improve the comfort of your home, help reduce energy consumption, and might qualify for a rebate through BTU's SmartHOME program.
- Invest in a programmable thermostat now to start saving! You could save money on your heating bill by programming your thermostat to a lower temperature at night or after you leave for work. It is recommended that you only reduce the temperature by 6 to 8 degrees or no more than two degrees if you have an electric heat pump. Altering a heat pump system by more than two degrees in any one adjustment will likely cause an auxiliary electric resistance heat strip to come on since heat pumps are designed to use these heat strips to warm your home rapidly. Similar to electric stove top burners, heat strips use a significant amount of electricity. Heat pumps are best when set at the desired temperature and allowed to maintain a steady state. Unless you will be out of the home for an extended period, like a vacation, it is better leave your heat pump setting at a comfortable level.

These tips can provide you an abundance of savings. BTU offers a rebate for making energy efficient upgrades to your home. By adding attic or wall insulation, upgrading old windows to Energy Star rated windows, or adding solar screens, you can earn between 10 and 25 percent of your project cost back. Visit btutilities.com for more information. Start the new year off right by being energy efficient; your wallet will thank you later!

LAKE BRYAN

- BTU assumed operations October 1, 2018
- Security Upgrades
 - Automatic gate with spike strips and HID card reader
 - Off-duty police every major holiday and during some summer weekends
 - Gate booth upgrade including additional video cameras



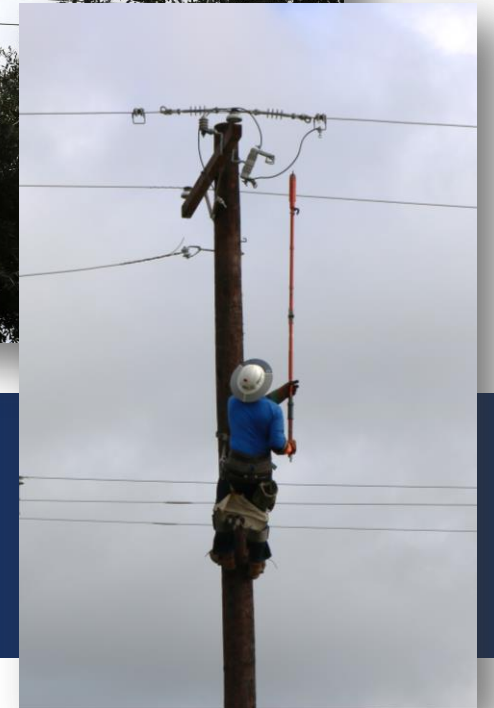
LAKE BRYAN



□ BTU working with vendors to improve customer experience

- Texas Parks and Wildlife stocking game fish and fertilizing water for healthy habitat
- Paddleboard and kayak rental vendor
 - Paddle EZ, self service online rental station
- New tenant for restaurant
 - The Hook at Lake Bryan opened May 21, 2019

DISTRIBUTION



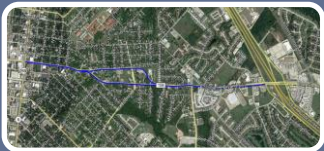
DISTRIBUTION ENGINEERING FY19 ACCOMPLISHMENTS



LED Streetlight Conversion - 4,300 of 6,300 streetlights converted to LED in Phase 1



Cable testing program – implemented testing to determine sections of underground cable that may need to be replaced, reducing failures, and improving reliability



William J Bryan - contracted with BBI to design 1.5 mi of overhead to underground conversion



Distribution Modernization – designing 26 FY20 Capital Improvement Projects which includes improvements to over 35 miles of lines



Pole Inventory Audit - contracted with Davey Resource Group to number all BTU poles and perform a system-wide inventory and joint use audit

DISTRIBUTION OPERATIONS FY19 ACCOMPLISHMENTS



Upgrade Feeder 0131 along Fountain St.;
\$326k

Increased capacity by rebuilding 1 mile of
overhead line



Re-conductor Feeders 0531 and 2631 along
Hwy 60; \$609k

Created a circuit tie between Snook and
Thompson Creek Substations by constructing
2.75 miles of new lines



Rebuild Feeders 2841 and 1521 along FM 2154
and Greens Prairie Rd.; \$295K

Improved reliability by creating additional
switching options between two substations



Rebuild Feeders 0831 and 1912 on OSR and
Sandy Point Rd. to Hwy 6; \$746k

Upgraded 4 miles of lines to improve capacity
and create switching options between two
substations



Rebuild and construct lines along FM 2038
from Hwy 21 to FM 1179; \$482k

Increased system reliability in the area

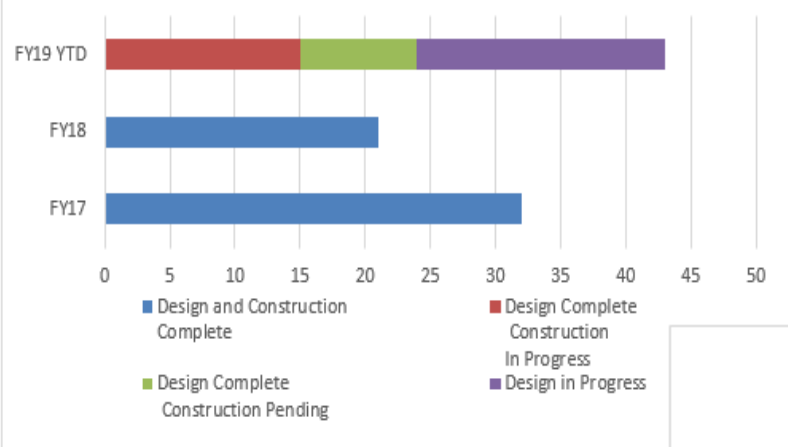


Construct new feeder to supply Texas Express
Pipeline; \$1.1 million

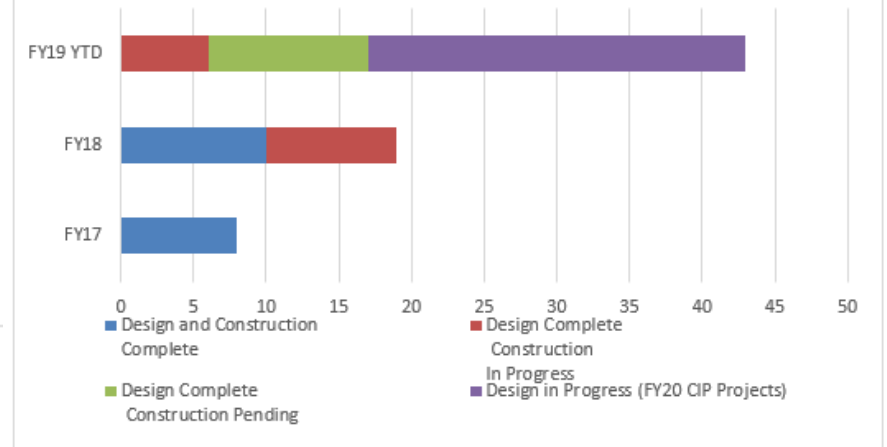
New 600A service; Constructed 1.5 miles of
overhead and 1 mile of underground

DISTRIBUTION PROJECT TRENDS

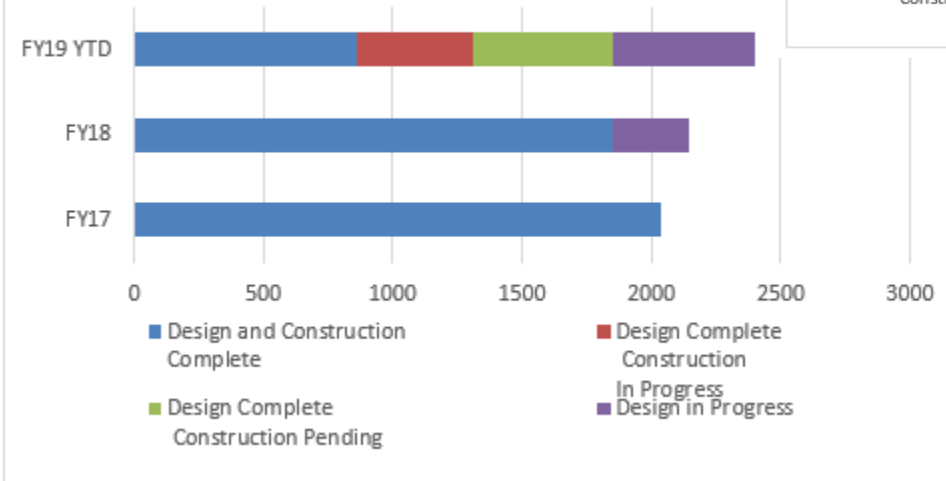
SUBDIVISION PHASES & APARTMENTS



BUDGET LINE ITEM CAPITAL IMPROVEMENT PROJECTS



TOTAL CAPITAL PROJECTS



DISTRIBUTION FY20 GOALS

- Completion of LED streetlight conversion project (approx. 2,000 lights)
- Construction of overhead to underground facilities on William J. Bryan
- Construction of over \$6 million in FY20 capital improvement projects
- Begin design for the Texas Avenue overhead to underground conversion project
- Begin design of over \$7 million in FY21 capital improvement projects

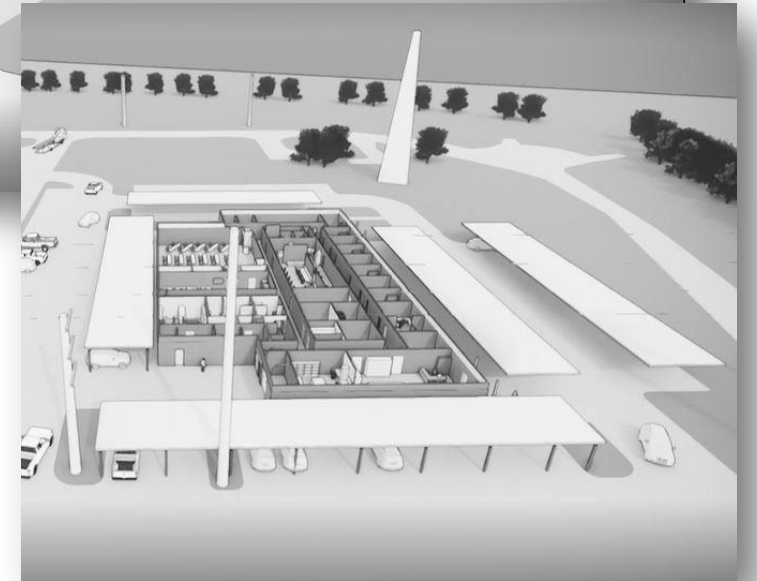
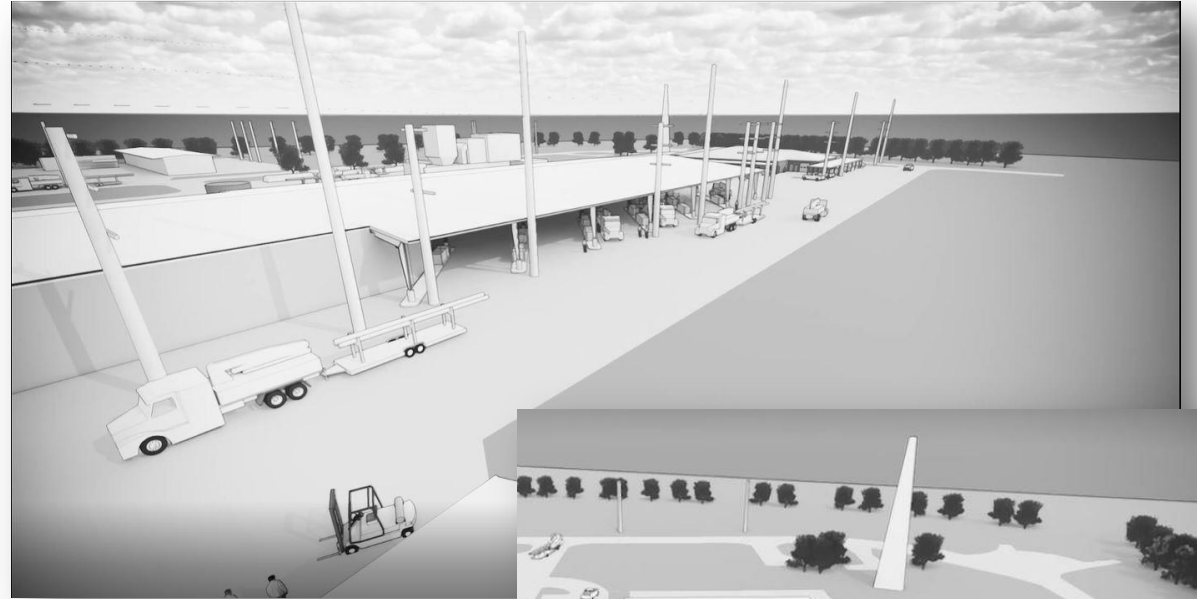


DISTRIBUTION FY20 GOALS

□ New Distribution and

Warehouse Operations Center

- Truck bays
- New and increased office space
- Accommodates departmental growth
- Improved Supply Management
- Increased Safety



TRANSMISSION

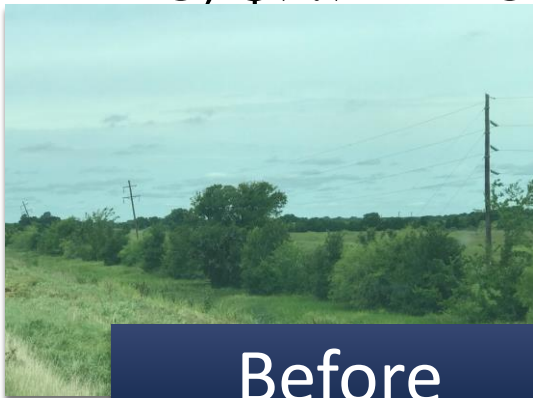


System Operations Center

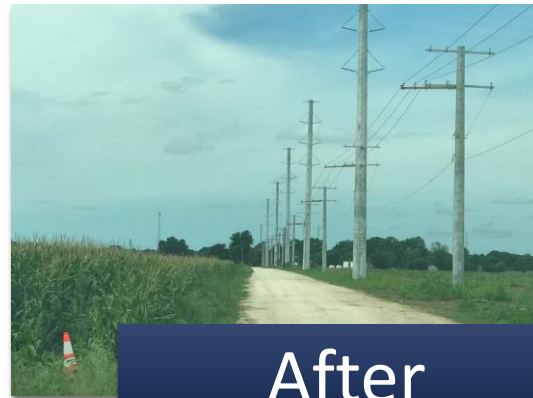


TRANSMISSION FY19 ACCOMPLISHMENTS

Snook to Steele Store 138kV Transmission Line - a new 138kV line to serve load and increase reliability in the western area and replace an aging 69kV line; \$9.9 million



Before



After



Before



After

Steele Store Substation - a new 138kV substation to serve load in western area and increase system reliability; \$4 million

TRANSMISSION FY20 GOALS

- Construction of a new Leonard Road substation that will help with growth in west Bryan.



- OPGW cable replacement for static wire on select existing transmission lines to provide better communication between substation and system operations; \$2.2 million

RODGERS SUBSTATION

- Rodgers Substation is a new 69kV substation to replace and relocate the existing Nall Lane Substation; \$6.5 million
- Green space and privacy wall to improve aesthetics



FISCAL



FISCAL FY19 ACCOMPLISHMENTS

- Facilitated new warehouse agreement with Texas Electric Cooperatives
 - Upgraded inventory system
 - Better communication with BTU staff
- Ratings upgrade
 - Upgrades from Standard and Poor's and Fitch bond rating agencies
 - City and Rural Systems



ADMINISTRATION

- To accommodate growth of City staff, plans to move BTU Main Office so that City can expand into current BTU building.



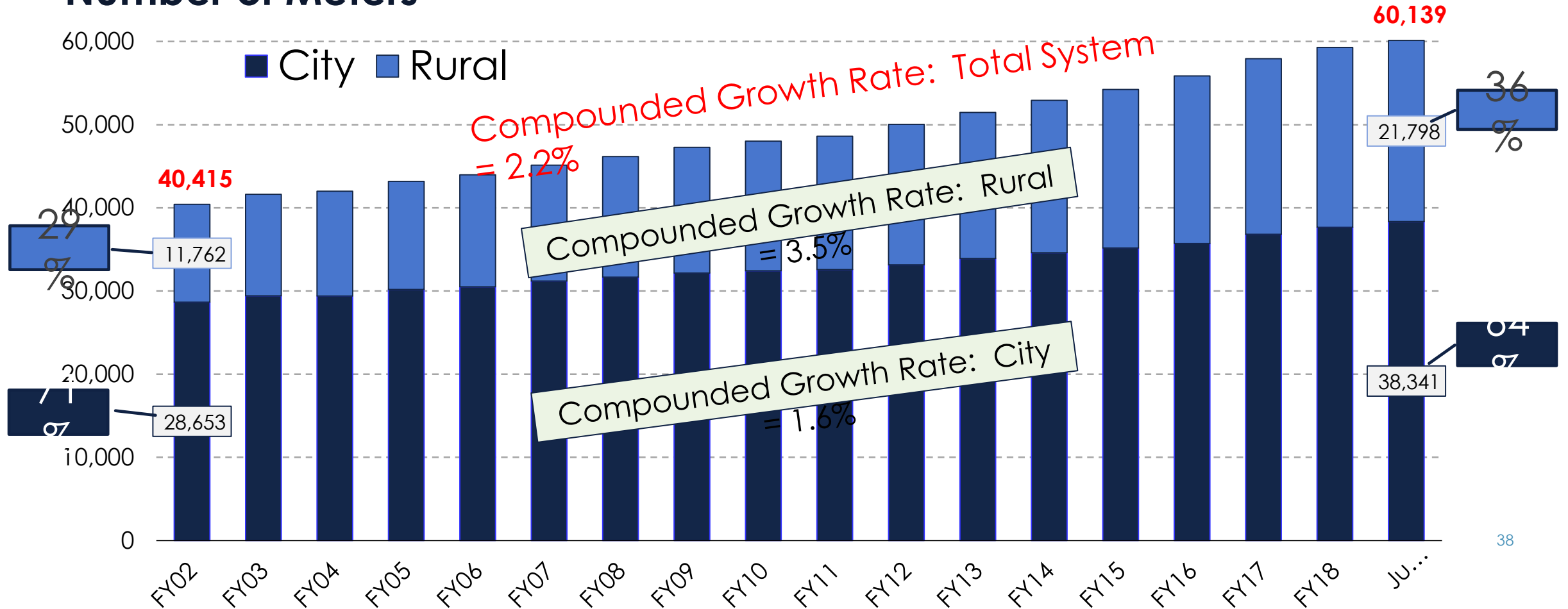


5-YEAR PRO-FORMA

KEY FINANCIAL RATIO FORECAST

CUSTOMER COUNTS CONTINUE STEADY GROWTH

Number of Meters



FORECAST INPUTS – CITY SYSTEM

- Annual system growth: 1.9% meters per year; 1.6% average load per year
- Establish \$19M TMPA reserve fund for decommissioning in FY19
- Purchase TMPA Transmission assets for \$40M in 2021
- No retail base rate changes to existing customer classes
- Reinvest funds into City system and improve financial health
- Capital Improvement Plan: \$230M over 5-years
- Borrowings: 95% of transmission CIP and cash fund all other projects

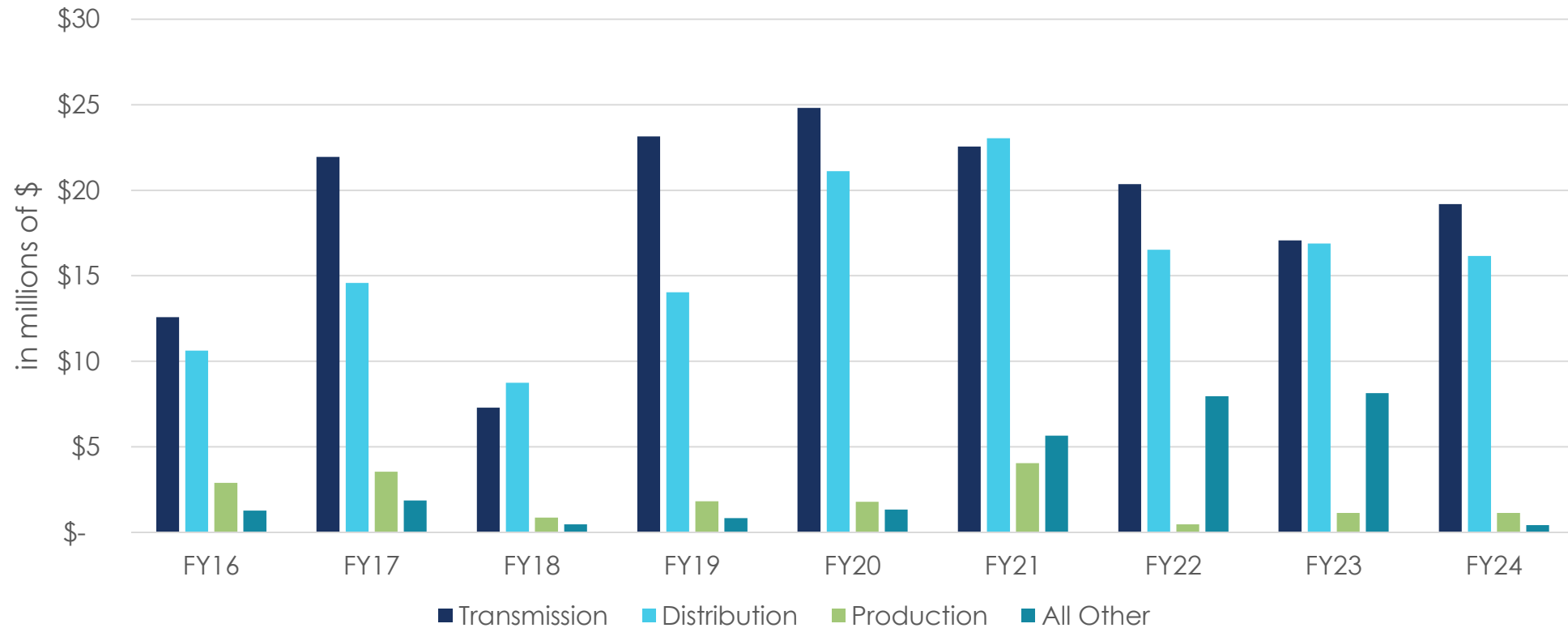
TMPA GENERATION DEBT SERVICE

- Last debt service related to TMPA Gibbons Creek generation was paid July 1, 2019
 - \$22 million



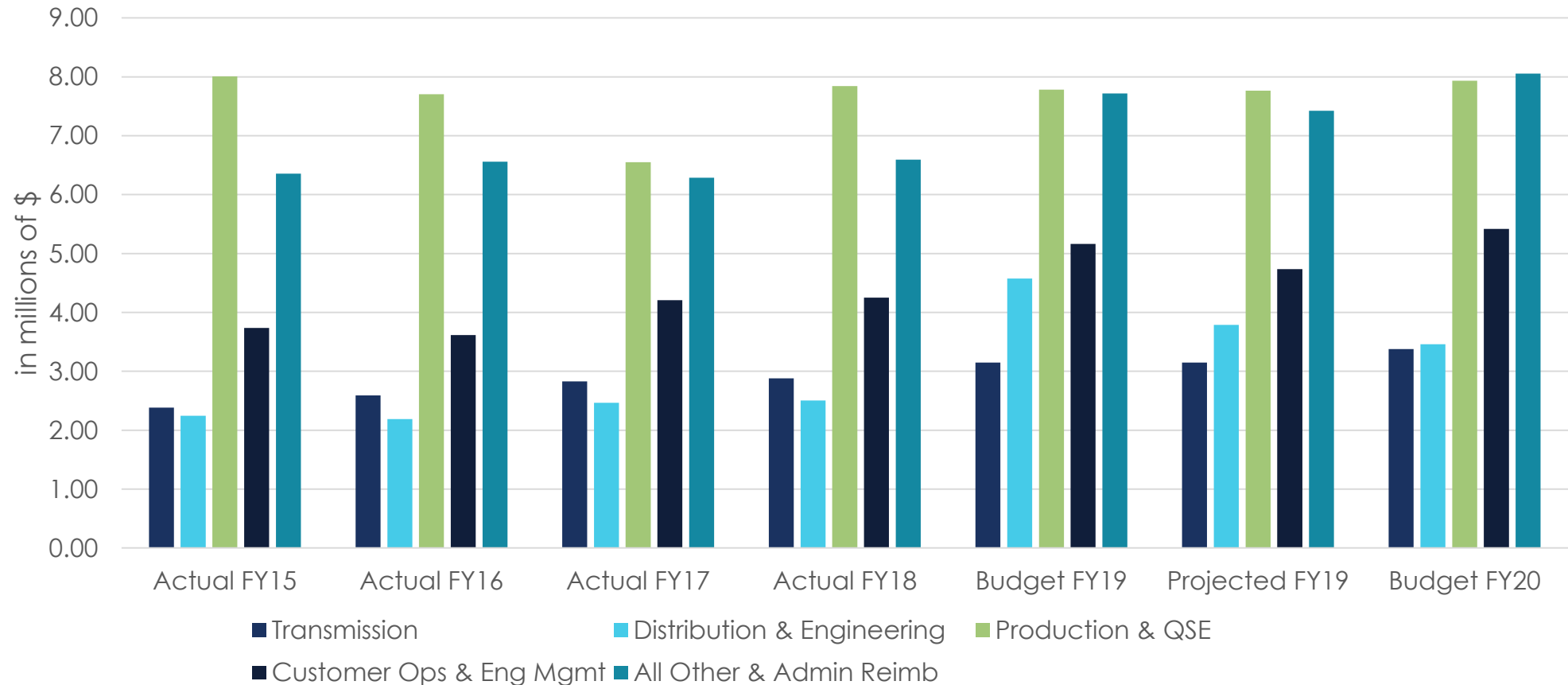
CITY SYSTEM CIP BUDGET

Bryan Texas Utilities
CIP Trends - City
(in millions of \$)



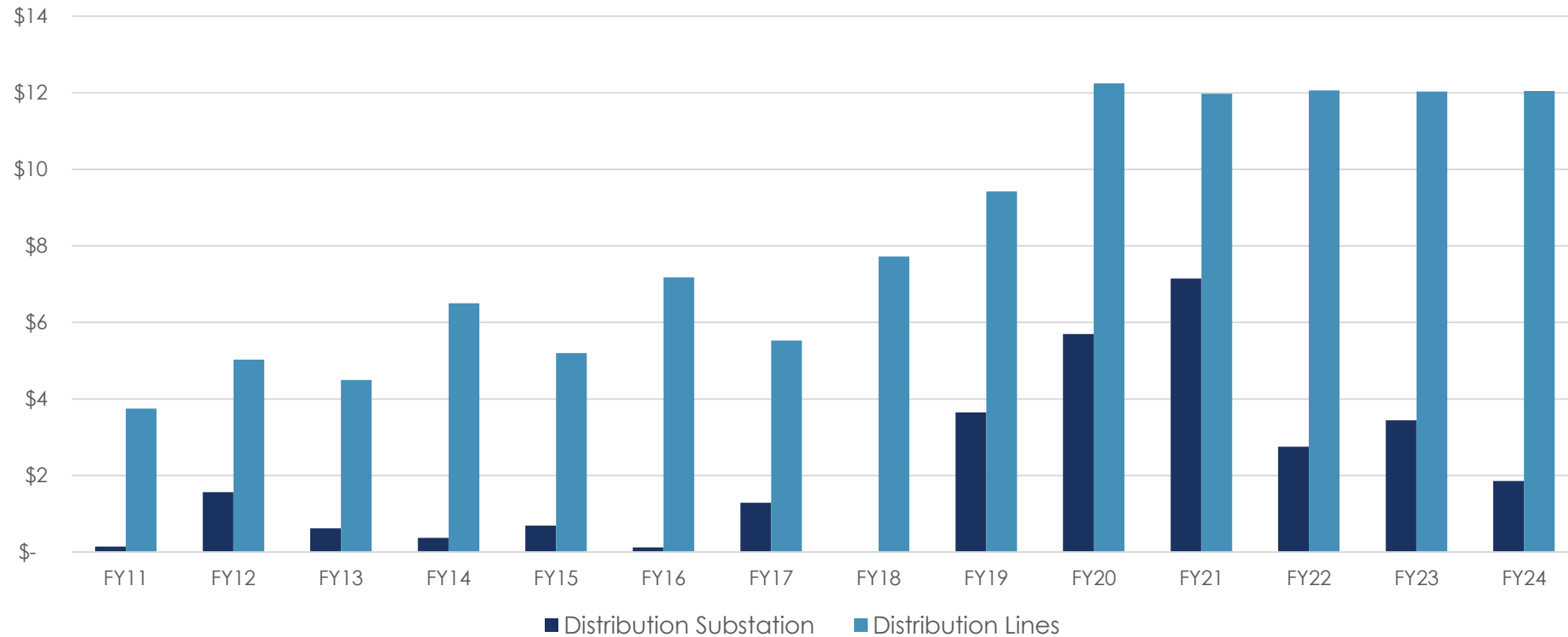
CITY SYSTEM O&M BUDGET

Bryan Texas Utilities O&M Trends - City (m\$)



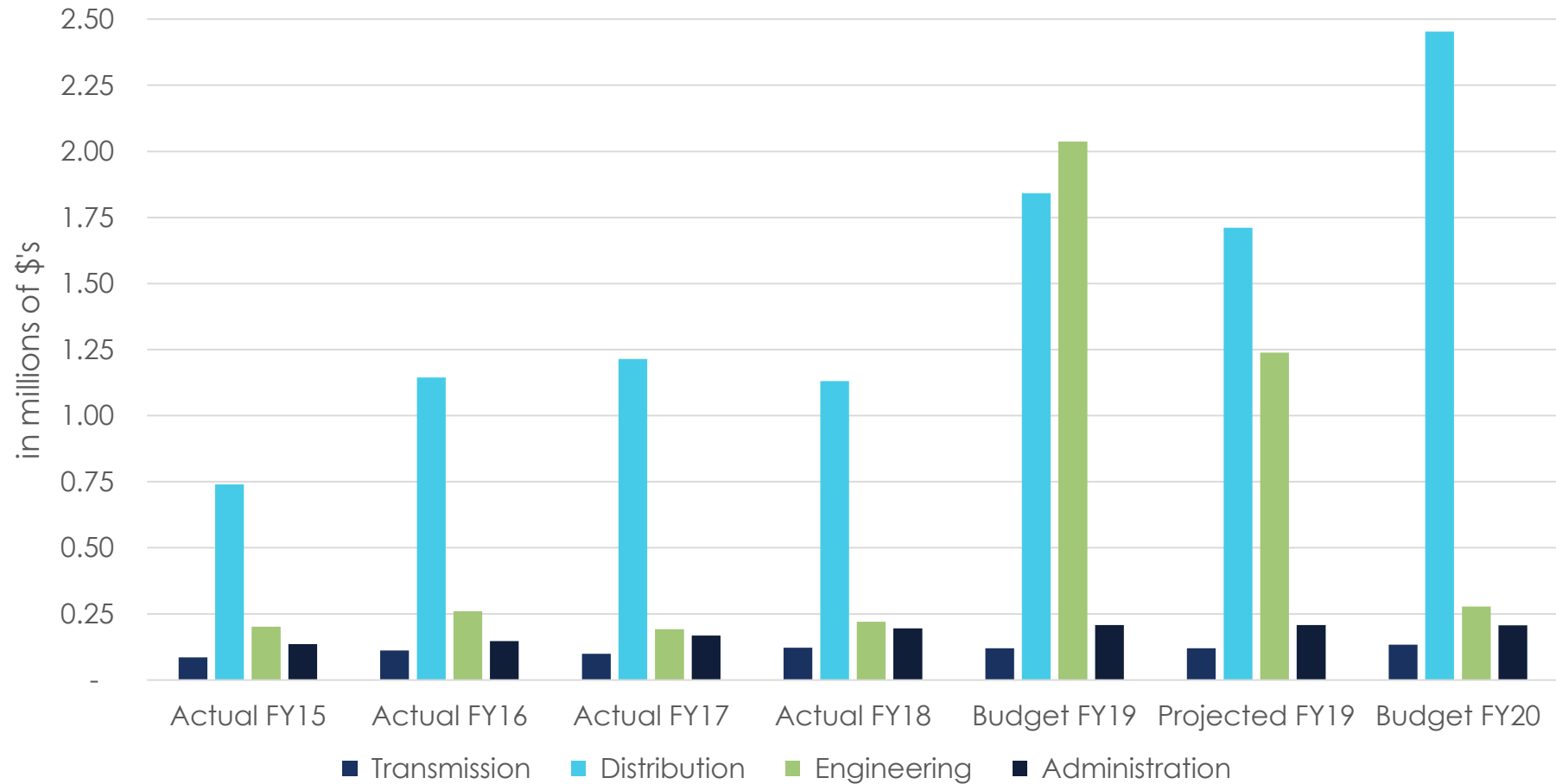
RURAL SYSTEM CIP BUDGET

Bryan Texas Utilities
Distribution CIP Trends - Rural
(in millions of \$)



RURAL SYSTEM O&M BUDGET

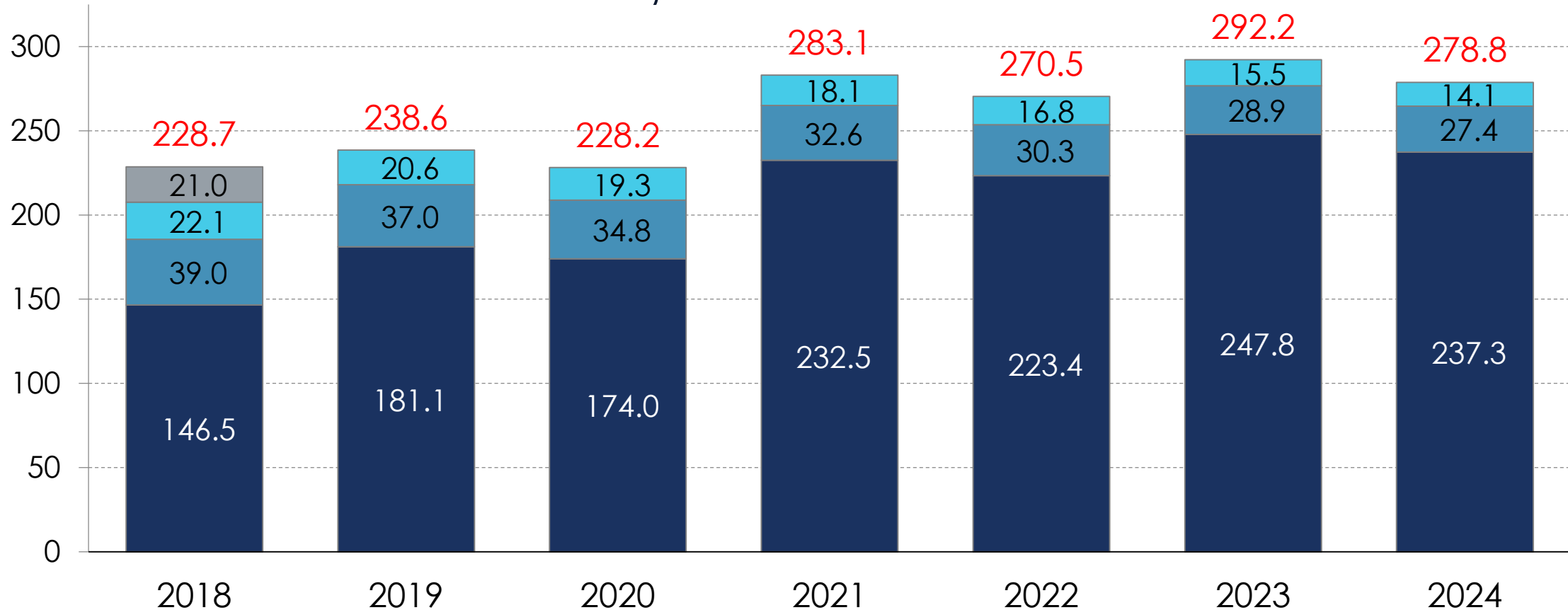
Bryan Texas Utilities O&M Trends - Rural (m\$'s)



FUTURE BORROWING FOR TRANSMISSION ONLY

Outstanding Debt at Fiscal Year-End – City System (\$ million)

■ Transmission ■ Distribution ■ Generation ■ TMPA

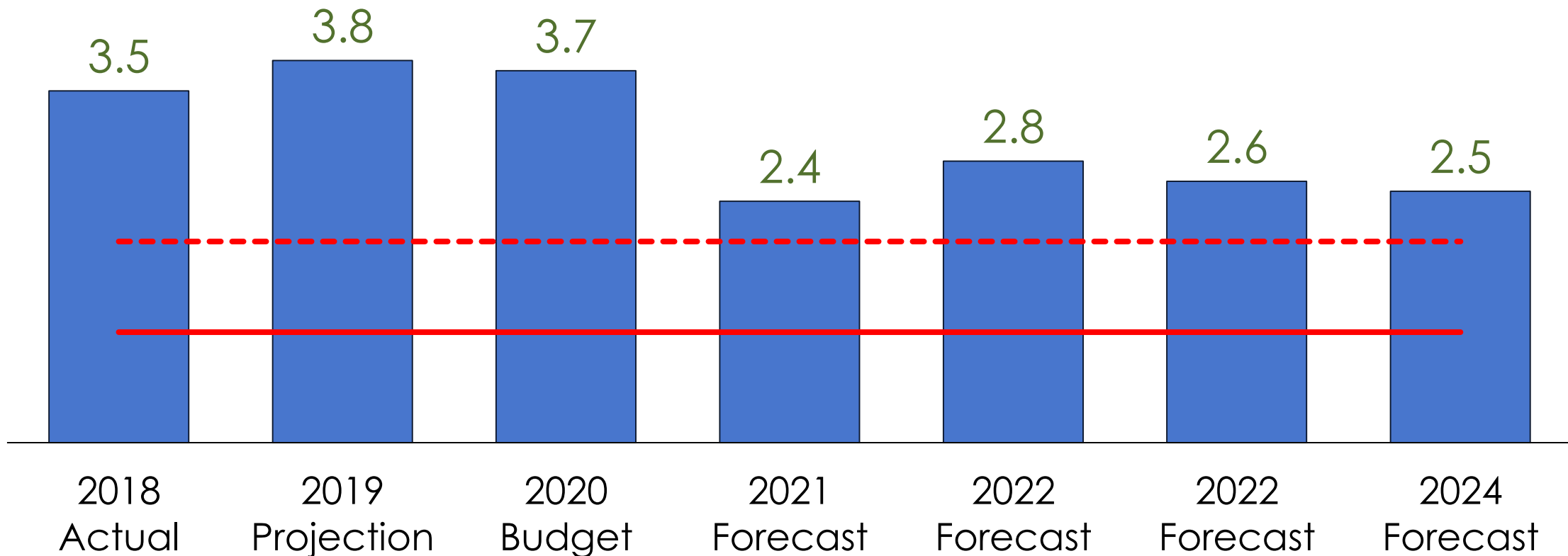


CITY HAS SUFFICIENT ABILITY TO SERVICE DEBT

Debt Service Coverage Ratio – City System

(Operating Income divided by Debt Service)

■ Pro-Forma — Bond Covenant (1.1x) - - - Policy Target (2.0x)



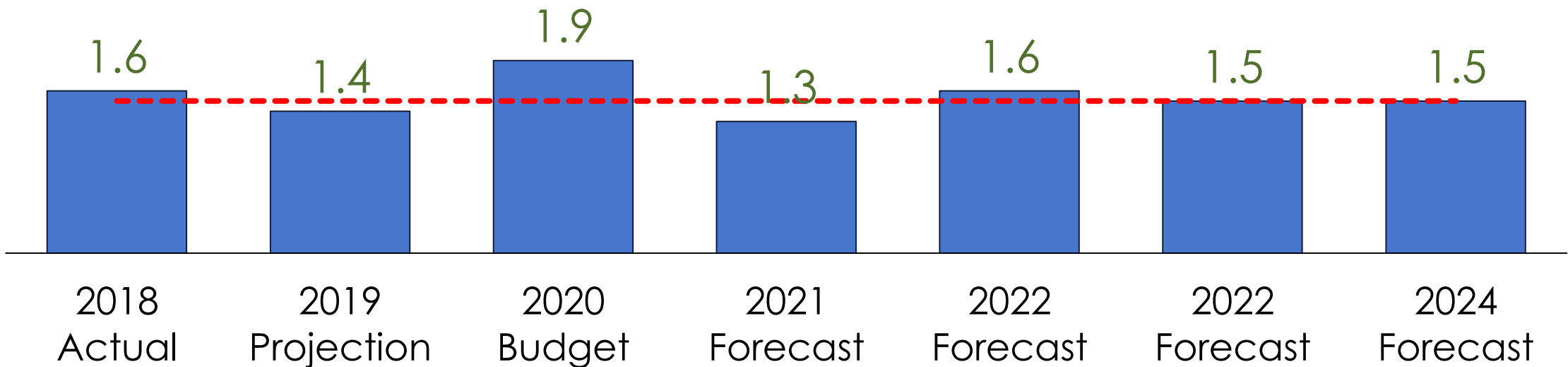
STABLE COVERAGE FOR ALL DEBT-LIKE OBLIGATIONS



Fixed Charge Coverage Ratio – City System

(Operating Income less General Fund Transfer plus Capacity Payments, divided by Total Debt Service and Capacity Payments)

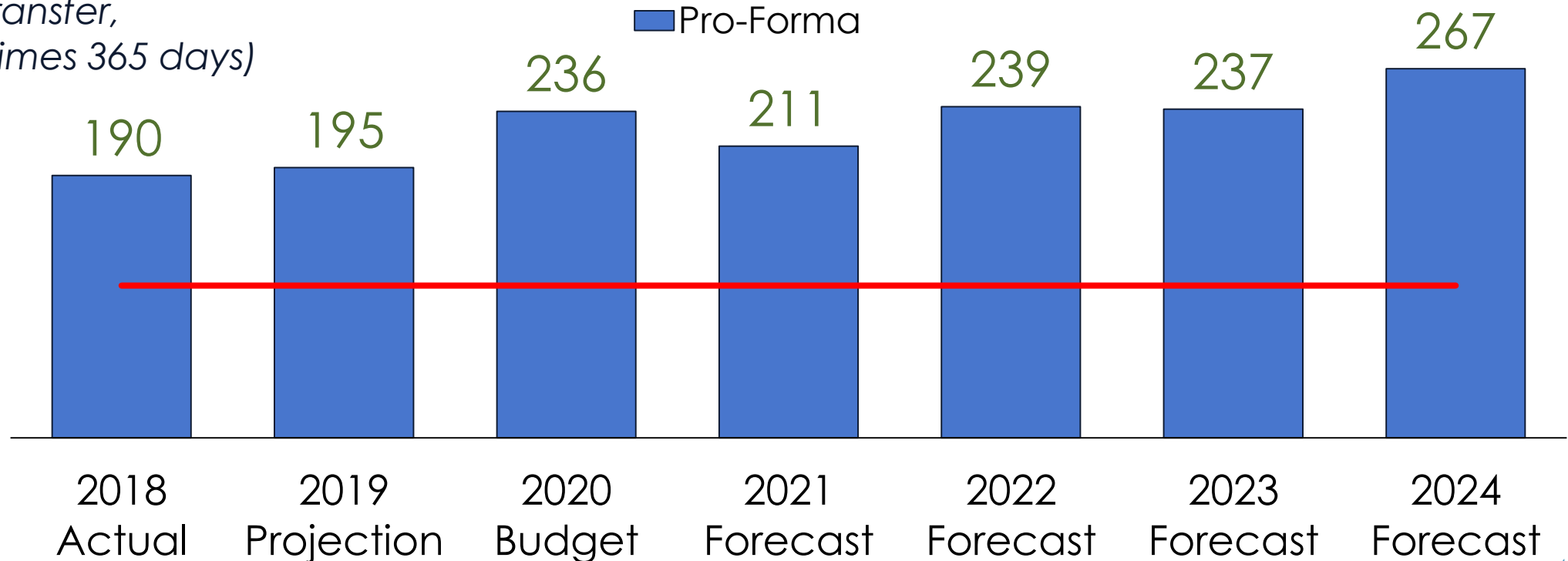
■ Pro-Forma - - - Target (1.5x)



LIQUIDITY STEADILY INCREASES

Days Cash on Hand – City System

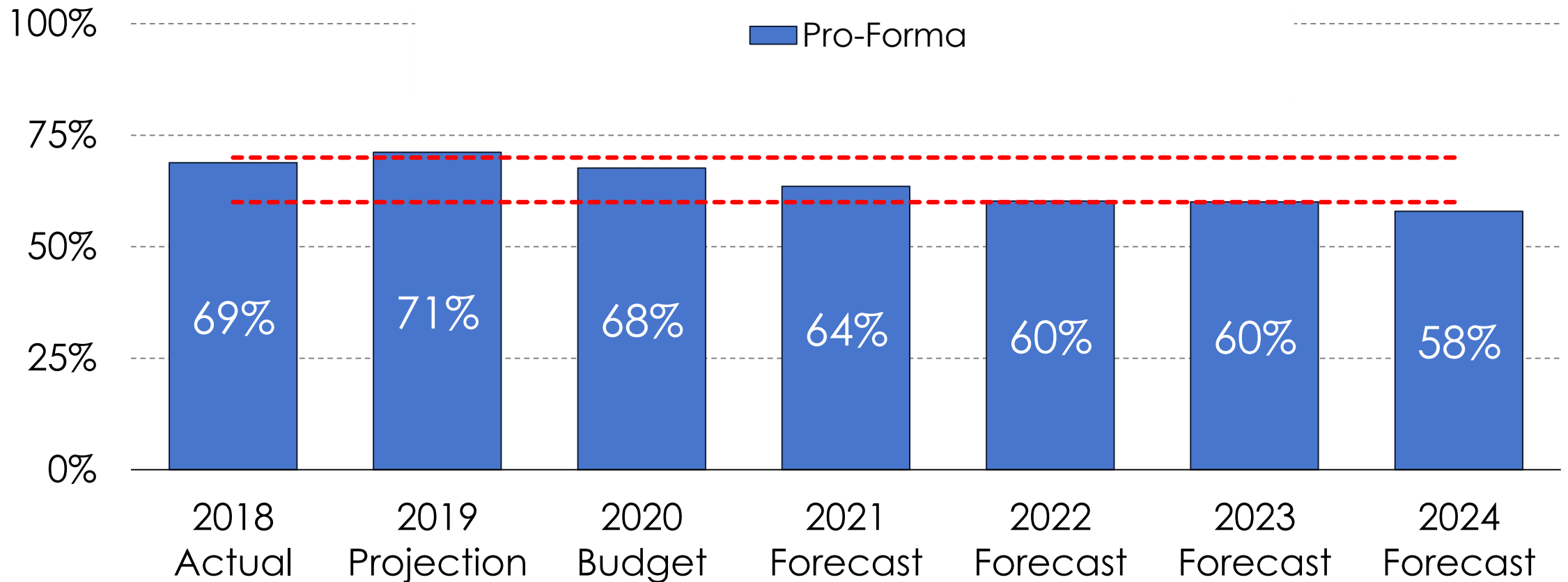
(Unrestricted Cash, divided by Operating Expenses and General Fund Transfer, times 365 days)



Unrestricted Cash (\$M)	\$76.3	\$70.3	\$86.8	\$82.9	\$86.2	\$88.8	\$101.9
-------------------------	--------	--------	--------	--------	--------	--------	---------

DECREASING LEVERAGE IN CAPITAL STRUCTURE

Debt to Capitalization – City System



FORECAST INPUTS – RURAL SYSTEM

- System growth:
 - Meters – 1.8% average per year
 - Load – 1.8% average per year
- No retail base rate changes to existing customer classes
- Reinvest funds into Rural system and maintain financial health
- Capital Improvement Plan: \$81M over 5-years (\$52M funded with cash)
- Borrowings: \$16.3M in 2022 (50% of Distribution-only CIP)

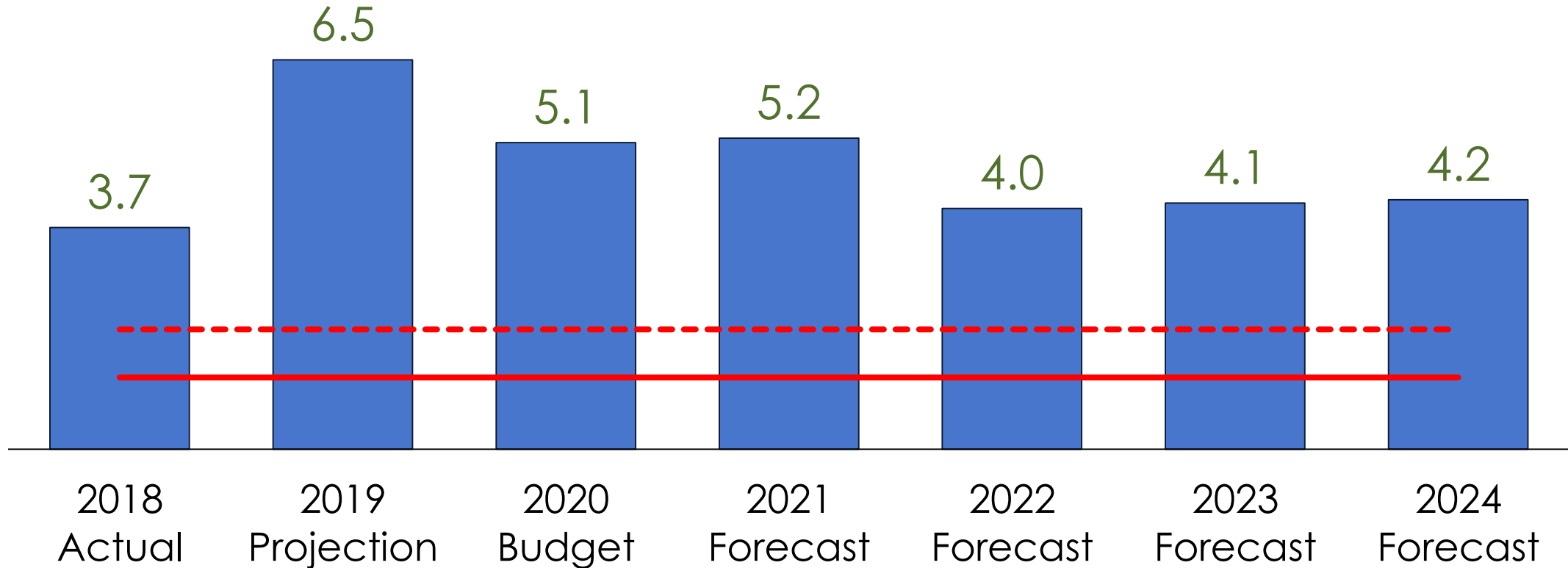
AMPLE ABILITY FOR RURAL TO PAY DEBT SERVICE



Debt Service Coverage Ratio – Rural System

(Operating Income divided by Debt Service)

■ Pro-Forma — Bond Covenant (1.2x) - - - Policy Target (2.0x)

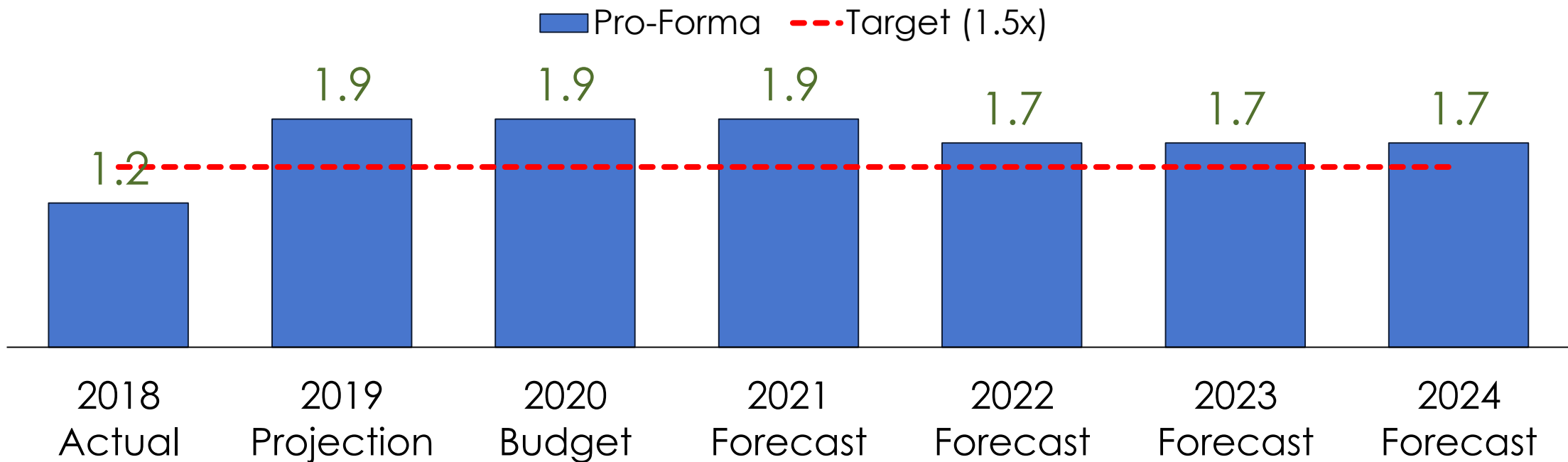


STABLE COVERAGE FOR ALL DEBT-LIKE OBLIGATIONS



Fixed Charge Coverage Ratio – Rural System

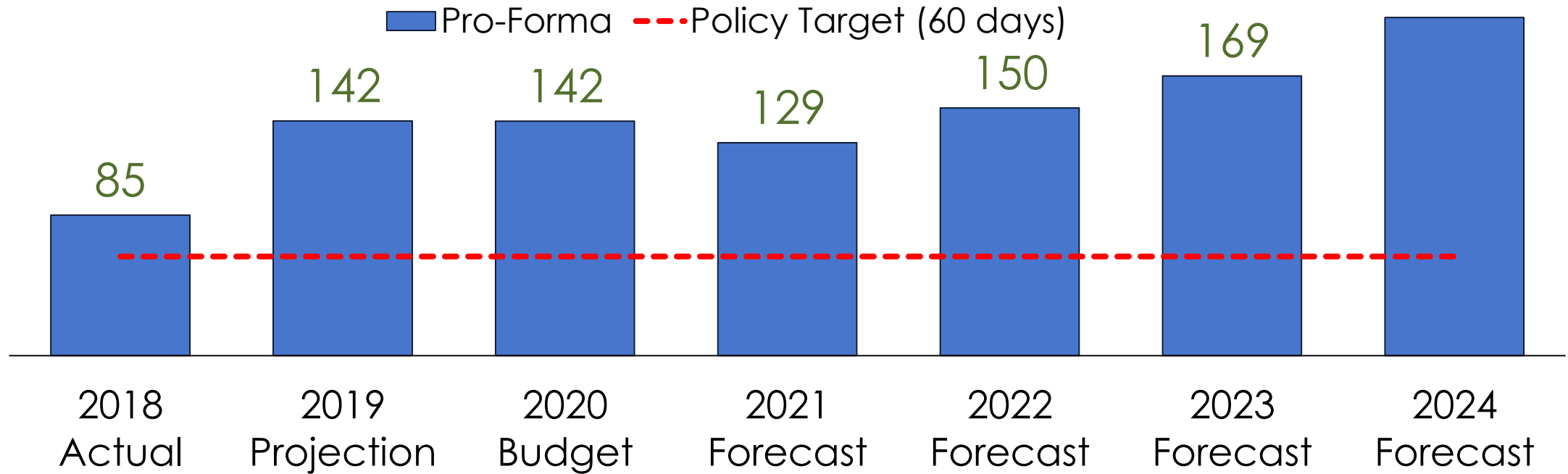
(Operating Income plus Base Purchased Power, divided by Debt Service and Base Purchased Power)



LIQUIDITY BUILDS IN LONG-TERM

Days Cash on Hand – Rural System

(Unrestricted Cash, divided by Operating Expenses, times 365 days)

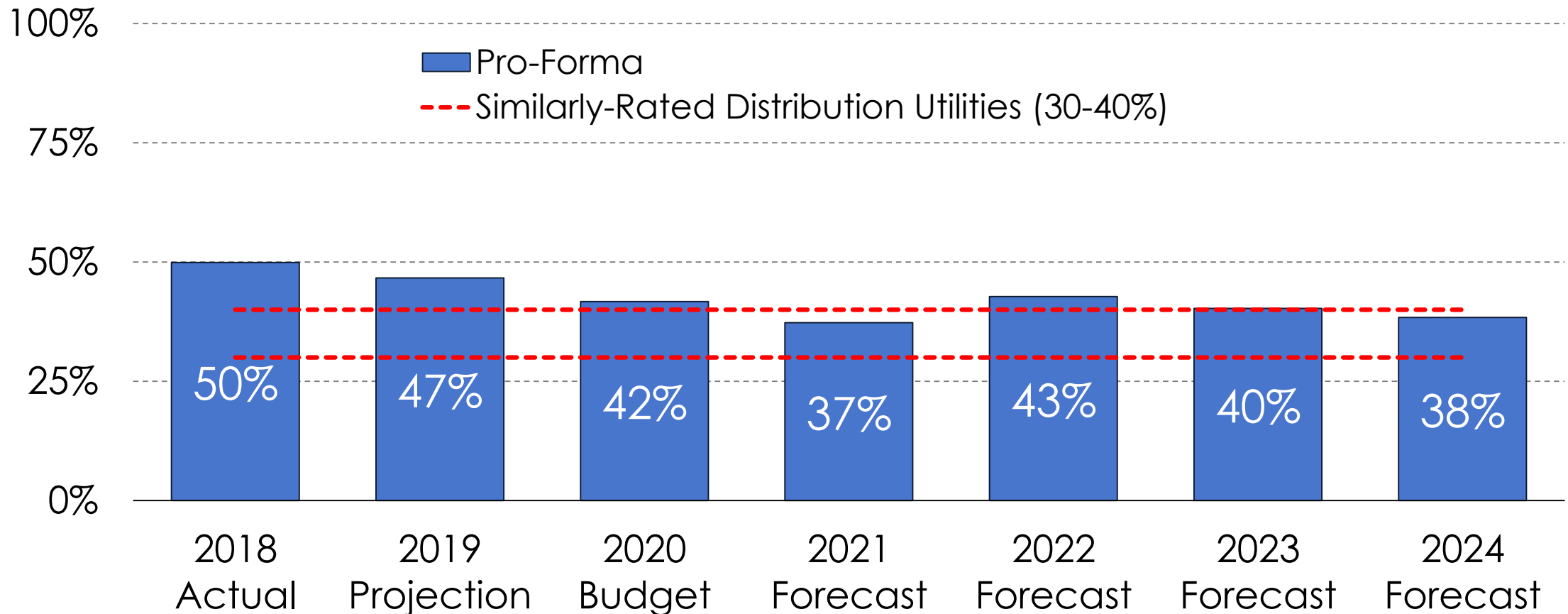


Unrestricted Cash (\$M)	\$9.9	\$13.5	\$13.5	\$12.8	\$15.4	\$17.6	\$21.7
-------------------------	-------	--------	--------	--------	--------	--------	--------

COMPARABLE CAPITAL STRUCTURE TO PEERS



Debt to Capitalization – Rural System



BTU CREDIT RATINGS



	S&P		Fitch	
	Rating	Outlook	Rating	Outlook
City System	A+	Positive	AA-	Stable
Rural System	AA-	Stable	AA-	Stable

Investment Grade	S&P/Fitch	Meaning
	AAA	Prime
	AA+	High Grade
	AA	
	AA-	
	A+	Upper Medium Grade
	A	
	A-	
	BBB+	Lower Medium Grade
	BBB	
BBB-		

'AA'—Very strong capacity to meet financial commitments.

'A'—Strong capacity to meet financial commitments, but somewhat susceptible to adverse economic conditions and changes.

CHANGES FROM LAST YEAR'S BUDGET



Overall Expenditures – City & Rural Combined	\$M
Cash capital spending	6.8
Energy costs	3.8
Debt service payments	(22.4)
O&M costs	(1.4)
Other	(0.2)
Total	(13.4)

FY20 BUDGET PROPOSAL: CITY SYSTEM



	<u>FY 2019 Budget</u>	<u>FY 2020 Proposal</u>
Revenues		
Operating Revenues		
Base - Retail	\$ 47,791,562	\$ 48,523,700
Base - Wholesale	15,487,072	15,662,400
Fuel Pass Through	74,555,466	78,386,800
Regulatory Charge Pass Through	16,637,311	16,623,300
Other Operating Revenue	32,434,610	34,574,400
Total Operating Revenue	186,906,022	193,770,600
Non-Operating Revenues		
Interest	1,575,109	2,945,200
Total Revenues	188,481,131	196,715,800
Expenditures		
Operating Expenses		
Energy Cost	74,555,466	78,386,800
Capacity Cost	290,728	-
TCOS Expense - BTU	16,637,311	16,623,300
TCOS Expense - Wholesale	2,139,375	2,466,000
Departmental Expenses	24,816,189	24,600,100
Admin Reimbursement to COB	2,894,915	3,640,700
Admin Reimbursement from COB	(1,630,490)	(1,968,200)
Total Operating Expenses	119,703,495	123,748,700
Non-Operating Expenses		
Annual Capital	20,423,938	25,335,000
General Fund Transfer	13,193,679	13,296,000
Debt Service	42,101,955	19,703,300
Total Non-Operating Expenditures	75,719,572	58,334,300
Total Expenditures	195,423,067	182,083,000
Net Increase (Decrease)	(6,941,936)	14,632,800
Beginning Unrestricted Cash	74,851,207	70,259,156
Transfer (to)/from other Funds	(9,678,284)	1,904,887
Ending Unrestricted Cash	\$ 58,230,986	\$ 86,796,843
Number of Days of Unrestricted Cash	165	236
Rate Stabilization Fund - Ending	\$ 1,743,040	\$ 1,772,858
Other Reserve Funds - Ending	\$ 9,678,284	\$ 17,070,443

	<u>FY 2019 Budget</u>	<u>FY 2020 Proposal</u>
CIP Summary		
Bonds Issued	\$ 41,520,000	\$ -
Capital Expenditures from Bonds	27,110,000	23,715,000
Net Increase (Decrease)	14,410,000	(23,715,000)
Beginning Bond Funds	5,016,065	38,585,570
Ending Bond Funds	\$ 19,426,065	\$ 14,870,570

BUDGET PROPOSAL: RURAL SYSTEM



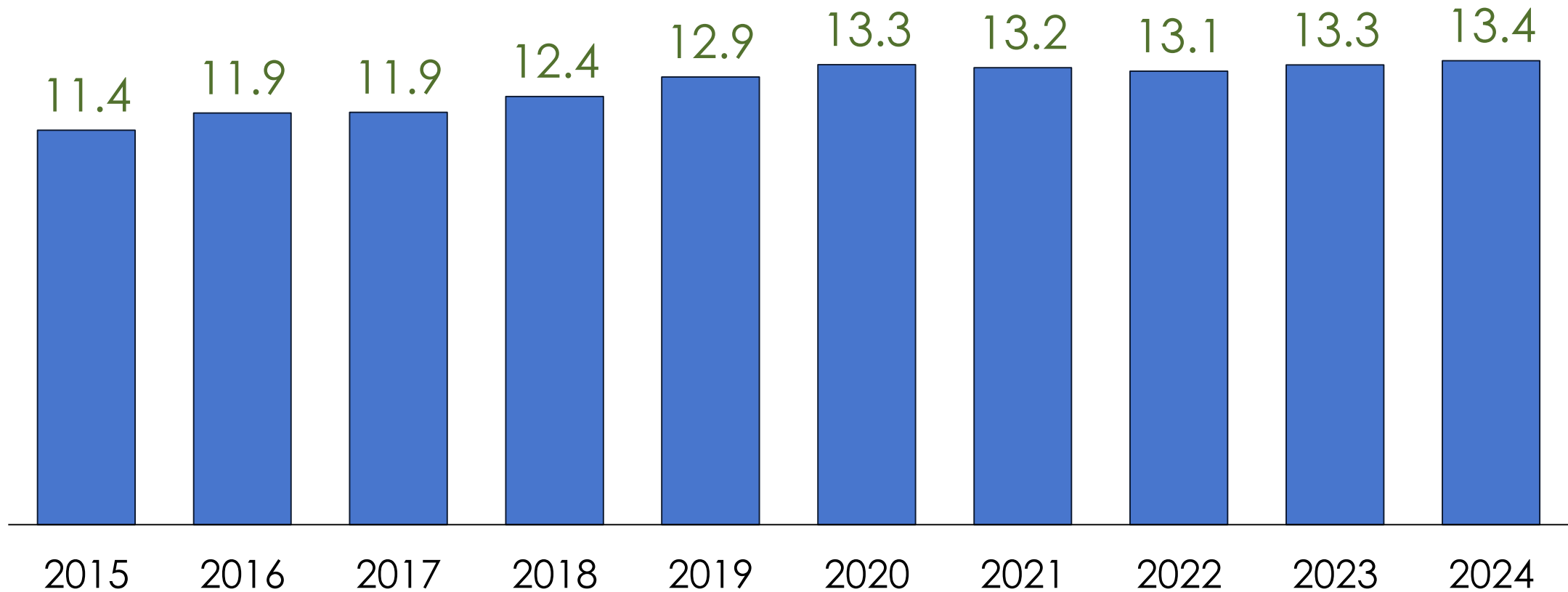
	<u>FY 2019 Budget</u>	<u>FY 2020 Proposal</u>
Revenues		
Operating Revenues		
Base Revenue	\$ 28,289,787	\$ 28,347,200
Fuel Pass Through	15,649,740	15,646,200
Regulatory Charge Pass Through	5,713,313	5,125,600
Miscellaneous	420,000	450,000
Total Operating Revenues	<u>50,072,840</u>	<u>49,569,000</u>
Non-Operating Revenues		
Interest Income	152,736	512,300
Total Revenues	<u>50,225,577</u>	<u>50,081,300</u>
Expenditures		
Operating Expenses		
Purchased Power - Base	11,162,824	10,969,100
Purchased Power - Fuel	15,649,740	15,646,200
Purchased Power - Regulatory Charge	5,713,313	5,125,600
Departmental Expenses and Other	4,241,216	3,106,600
Total Operating Expenses	<u>36,767,092</u>	<u>34,847,500</u>
Non-Operating Expenses		
Annual Capital	10,354,541	12,202,500
Debt Service	2,967,081	2,977,000
Total Non-Operating Expenditures	<u>13,321,622</u>	<u>15,179,500</u>
Total Expenditures	<u>50,088,714</u>	<u>50,027,000</u>
Net Increase (Decrease)	136,863	54,300
Beginning Unrestricted Cash	7,394,466	13,488,397
Ending Unrestricted Cash	<u>\$ 7,531,329</u>	<u>\$ 13,542,697</u>
# of Days of Reserve (60 day min)	75	142

CIP Summary

	<u>FY 2019 Budget</u>	<u>FY 2020 Proposal</u>
Bonds Issued	\$ 17,700,000	\$ -
Capital Expenditures from Bonds	5,236,401	5,744,500
Net Increase (Decrease)	<u>12,463,599</u>	<u>(5,744,500)</u>
Beginning Bond Funds	-	13,321,000
Ending Bond Funds	<u>\$ 12,463,599</u>	<u>7,576,500</u>

STEADY INCREASES IN GENERAL FUND TRANSFER

General Fund Transfer – Fiscal Year (\$M)



CONCLUSION

- BTU's goal of serving customers with reliable and reasonably priced electricity is exemplified in the departmental accomplishments and goals
 - Upgraded bond ratings
 - Fiscal responsibility
 - Load and customer growth
 - Investment in infrastructure
 - Valuable reputation and customer service

