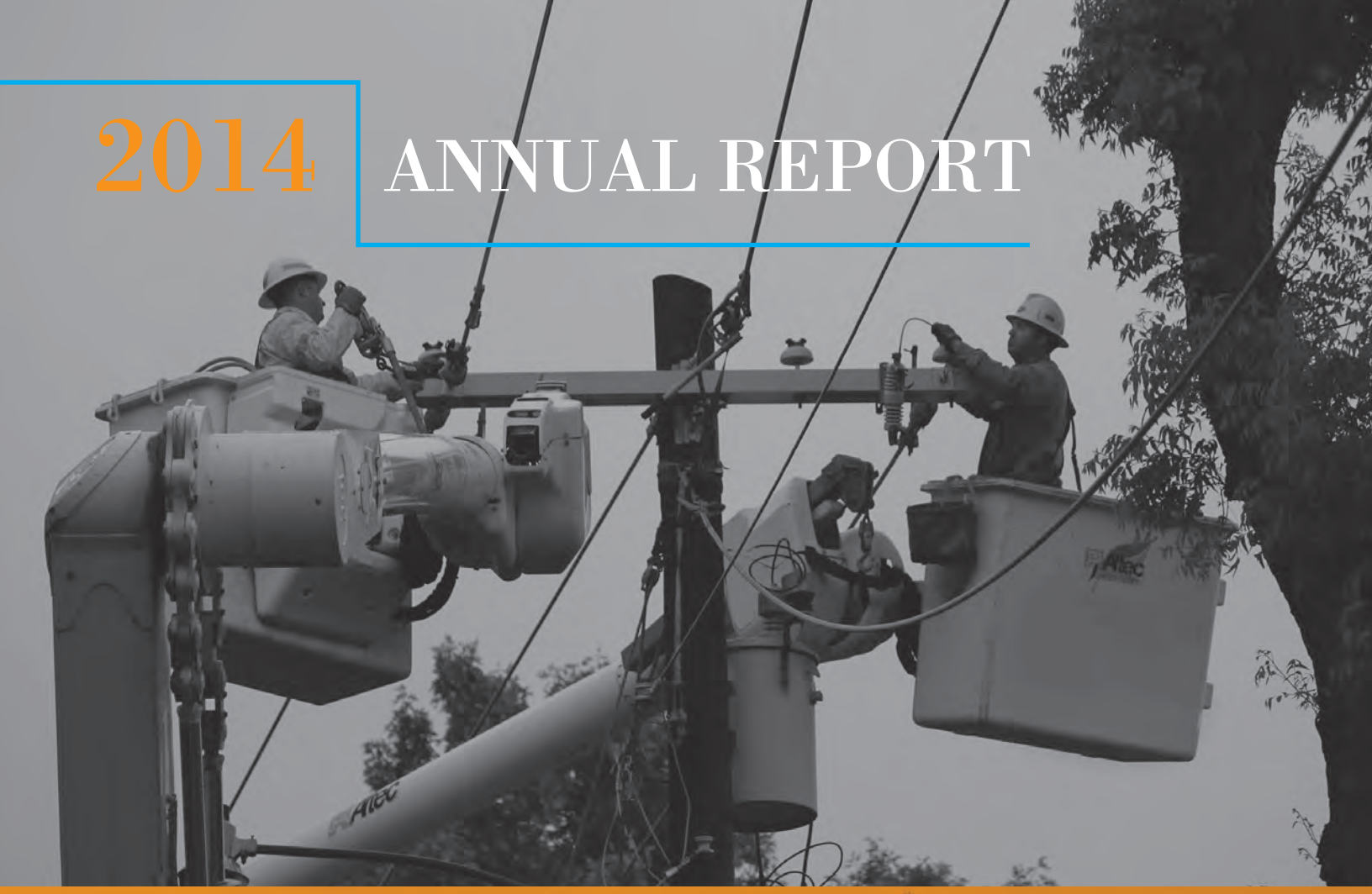
2014 ANNUAL REPORT



GARLAND POWER & LIGHT

2014 DIRECTOR'S MESSAGE

Garland Power & Light customers were again able to depend on outstanding service reliability at stable, competitive rates this year, even as utilities across the state implemented significant rate increases. A mild summer and increased operating costs created revenue challenges, but new and ongoing endeavors brought in additional income and helped us manage expenses. We saw success in 2014 with our participation in transmission projects outside of Garland, the continued growth of our energy services business, and the addition of wind power into our generation portfolio.

GP&L's transmission line segments in the Competitive Renewable Energy Zone (CREZ) began earning revenue for the utility this year. Once the two West Texas lines became operational, GP&L was able to take ownership and include them in the rate base on an interim basis until a complete Transmission Cost of Service (TCOS) could be filed and approved by the Public Utility Commission of Texas (PUCT).

In the spring, we acquired another transmission project outside of Garland when ERCOT recommended GP&L, Cross Texas Transmission and CenterPoint Energy as participants in the Houston Import Project, a $590 million transmission development that will deliver power to Southeast Texas. Although ERCOT's plan for the project was challenged, it was ultimately upheld by the PUCT, and GP&L moved forward on the project in participation with Cross Texas Transmission.

Our business and power marketing strategies drove the success of Qualified Scheduling Entity (QSE) and wholesale energy services. Both programs experienced growth with the addition of new customers and contract extensions.

We sustained our focus on the planning and operations of the Texas Municipal Power Agency (TMPA), and we met the substantial payment obligations on the City's TMPA generation debt without raising rates. In the 2015 Texas Legislative Session, GP&L and the other TMPA Member Cities will advocate for legislation allowing flexibility in deciding on the future of the Agency and its generation and transmission facilities.

Our highest priority continues to be serving Garland residents and businesses. I am proud of GP&L's response to a major winter storm that hit North Texas with freezing rain and sleet in early December. GP&L employees and contractors worked safely and efficiently around the clock for several days to ensure power was restored to all customers.

We were also pleased to serve the community through our ongoing support of events and programs, including the Healthy Living Expo, Tree Power Free Tree Giveaway, Garland Chamber of Commerce Partnership Golf Tournament, Garland Independent School District stadium signage, and the performing arts.

In the upcoming year, we will pursue new revenue-producing projects and evaluate other sources of renewable energy. We will monitor closely any developments related to the emissions rules proposed by the Environmental Protection Agency. Above all, GP&L will strive for excellence in serving our customers with a commitment to providing reliable electric service at stable and competitive rates.

Jeff Janke
General Manager & CEO

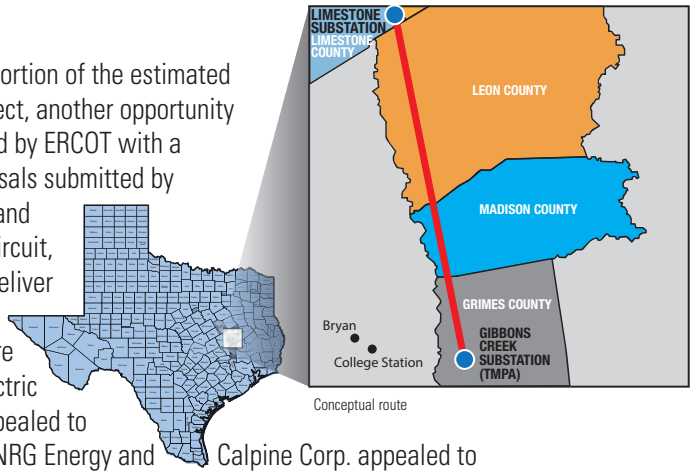
2014 GROWING REVENUE

In 2014, Garland Power & Light continued to maintain stable and competitive rates by pursuing revenues from beyond traditional, local utility service. This included participation in transmission projects and the ongoing expansion of the utility's Qualified Scheduling Entity (QSE) and wholesale power supply programs.

GP&L took ownership and began receiving income on 75 miles of high-voltage transmission lines in West Texas. As part of the Competitive Renewable Energy Zone (CREZ), these lines carry power from wind farms to more populous areas of the state. The transmission lines benefit GP&L customers because the utility's return on these investments offset charges that GP&L must pay to help cover the estimated $6.9 billion total CREZ construction cost. These payments are required of all distribution providers in the Electric Reliability Council of Texas (ERCOT) and have caused significant electric rate increases for other utility customers in the state.

Involvement in CREZ also brings industry recognition that GP&L can successfully contribute to major transmission developments. The utility has shown that it can deliver projects more economically than other utilities, with a lower cost of debt and low-cost construction. This benefits all ERCOT ratepayers. Notably, GP&L was the only municipally owned utility approved by the Public Utility Commission of Texas (PUCT) for participation in CREZ.

This year, GP&L was awarded a portion of the estimated $590 million Houston Import Project, another opportunity for incremental revenue. Endorsed by ERCOT with a construction plan based on proposals submitted by GP&L, Cross Texas Transmission and CenterPoint Energy, this double-circuit, 345kV transmission project will deliver more power to the Houston and Southeast Texas areas, and ensure greater reliability for the bulk electric system. Although CenterPoint appealed to construct the entire project, and NRG Energy and Calpine Corp. appealed to re-evaluate the need for the line, ERCOT's plan was upheld when the PUCT denied both complaints.



Conceptual route

GP&L will participate with Cross Texas Transmission to construct the northern portion of the project, which includes transmission facilities south of the Limestone Substation in Limestone County to TMPA's Gibbons Creek Substation east of College Station. The Gibbons Creek Substation will also be upgraded. CenterPoint will construct the southern portion of the project, connecting the Gibbons Creek Substation to the Zenith Substation northwest of Houston. The 130-mile project is scheduled to be energized by summer 2018.

Other endeavors continued to reward the utility with incremental revenue, including the QSE and wholesale power businesses. GP&L's strong reputation in the industry was confirmed by the continued expansion of these programs. QSE and power supply services to the cities of Farmersville and Weatherford began, and a power supply contract effective in 2015 was finalized with the city of College Station. GP&L was also successful in retaining clients; the utility's QSE services contract with Greenville Electric Utility System was extended for another year, as was the power supply contract with New Braunfels Utilities.

GP&L assisted long-time client Sharyland Utilities by providing a flexible power supply arrangement as they transitioned into the competitive retail market. This included developing and analyzing Sharyland's load profile to determine power purchase requirements, stepping purchases down as the utility was coming to the end of its contract with GP&L, and transitioning Sharyland's four substations one at a time into the market.

Improvements made to market interface applications have increased efficiency in GP&L's QSE processes. Operators can now view real-time load information for QSE customers, and new customers are more easily added into existing systems.

To further serve power supply clients, GP&L executed natural gas hedge transactions on their behalf, establishing fixed energy prices.

As a transmission service provider, GP&L earned revenue by providing transmission operator consulting services to other entities. In addition to representing TMPA and the city of Weatherford, the utility began representing the city of Granbury as their ERCOT Transmission Operator. GP&L serves as an around-the-clock point of contact to enhance safety for Granbury's field employees and is the city's liaison with ERCOT.

2014 ENERGY STRATEGIES

With local customers in mind, GP&L works diligently to keep electric rates stable. This is accomplished by careful cost management, as well as a power marketing strategy that balances the efficient use of generation with the purchase of power or the selling of excess power depending on market conditions.

During the year, GP&L successfully managed fuel requirements at Garland and TMPA generation facilities. For GP&L's Olinger and Spencer power plants, the utility negotiated a new gas transportation contract with Atmos Energy to allow for more flexibility in natural gas purchases. At the TMPA Gibbons Creek Plant, the utility actively managed a low coal inventory issue created by delayed railroad deliveries nationwide.

Considerable efforts were made at all of GP&L's generating facilities to stay competitive in the market while maintaining safe and reliable operations. Effective cost management was evident as Production employees reduced operation and maintenance expenditures by more than $1.4 million. This included a staffing strategy that minimized overtime and eliminated the need for temporary personnel by utilizing cross-trained employees. Aside from these measures, an operator qualification program was developed to train personnel at specific levels of competency for power plant operations.

GP&L brought favorably priced, renewable energy into its generation portfolio through agreements to purchase energy from two Texas wind farm developments. The utility will receive 50 megawatts of power from the Spinning Spur III wind farm in the Panhandle and another 50 megawatts from the Los Vientos V wind farm in South Texas. Both developments are scheduled to be in production by the end of 2015. These power purchases will diversify GP&L's energy portfolio and provide customers with renewable energy on a long-term basis.

The utility was also successful in reducing local load requirements through the EnergySaver Program, which offers bill credits to customers who make qualifying energy efficiency upgrades. The program saw increased participation this year, with 455 applications approved. GP&L gained insight into the value and effectiveness of efficiency upgrades by testing new web-based software that tracks the kW and kWh saved by participants.

The addition of a solar initiative to the EnergySaver Program gave customers the opportunity to earn bill credits for investing in solar photovoltaic systems. GP&L and City of Garland employees worked together to ensure the City's distributed generation requirements were met, including inspections and installation of a two-way metering system to account for solar power put onto the grid. Locations of the systems were also recorded in the utility's Geographic Information System to ensure the safety of linemen working nearby.

Always an active contributor in market rulemaking, GP&L facilitated Non-Opt-In Entity (NOIE) conference calls prior to ERCOT Technical Advisory Committee meetings to give participants the opportunity to discuss issues and come to a consensus before meetings. One of the most important topics discussed was pre-assigned congestion revenue rights in Nodal Protocol Revision Request (NPRR) 533.

Business model and system updates for the utility's Qualified Scheduling Entity (QSE) were adopted this year to meet ERCOT requirements for the newly instituted Operation Reserve Demand Curve market. This new market prices energy reserves on the grid and compensates utilities for the available reserves.

Several other activities this year will ensure best business practices, including enhancements to the Fuel and Energy Price Risk Management Policy and Dodd-Frank analysis. Additionally, basic contracts were completed with energy suppliers and other entities, establishing the groundwork necessary for future transactions.

2014 FINANCIAL MANAGEMENT

GP&L's business strategies prompted several notable financial undertakings in 2014, as well as developments in the utility's financing practices.

Among the year's significant achievements was the completion of a Transmission Cost of Service (TCOS) interim filing for an $8 million annual revenue increase, which was approved by the PUCT. This filing reflected changes in capital investments, including GP&L's CREZ expenditures of $89 million, which represent 88 percent of the increase. Also included were capital investments for the Nevada Switchyard and various substation and transmission line improvements.

Following the approval of the interim filing, a full TCOS filing, which is more extensive and has a longer approval process, was submitted to the PUCT. When approved in the second quarter of fiscal year 2015, GP&L's new transmission rate will result in a $6 million annual increase in transmission revenue above the $8 million annual increase approved in GP&L's interim filing. The full filing gives more return because it recognizes debt service coverage requirements not provided for in the interim filing. Also reflected in the full filing is the utility's increase in operations and maintenance costs since the last full filing.

To help attract and secure credit in the future, GP&L strengthened debt covenants and added flexible terms to satisfy debt coverage requirements. The new covenants are similar to those of others in the electric industry and require an increase in the margin between the utility's revenue and expenses. These changes reflect GP&L's current business practices and will allow for additional financial alternatives. The process for restructuring the debt covenants included working with the City's financial advisor and bond counsel to develop a master indenture, which also specifies financing options for future endeavors.

This year, GP&L established a revolving commercial paper program to finance capital initiatives. With this program, GP&L can access funds as needed rather than issuing long-term debt through bonds before a project is completed. This is a noteworthy financial benefit, since the utility can more closely match when costs are incurred to when the project begins earning revenue.

ENSURING RELIABILITY

GP&L continued to ensure service reliability for local customers by completing numerous maintenance projects, supporting new developments, and implementing organizational changes. The utility was also instrumental in keeping TMPA's transmission facilities reliable.

The year's distribution maintenance projects included replacing 90,000 feet of aged underground primary loop cable with conduit-protected cable; reconductoring the Miller Road 3 feeder and lateral lines and changing out old wood poles; replacing a 1500 KVA transformer at the City's Duck Creek Wastewater Treatment Plant; and performing service line and transformer maintenance.

Several line extensions and relocations were completed to support projects throughout the city. Underground distribution lines and above-ground switchgear and transformers were installed for Garland's Downtown Redevelopment. Feeder exits were constructed and several feeder poles were replaced in anticipation of the Wynn Joyce Substation rebuild. A duct line extension and new switchgear were built at the new Heron's Bay Estates subdivision. Crews relocated 10 wood feeder poles in preparation for the Dairy Road street widening project.

GP&L supported growth in Garland by installing electric facilities for numerous developments. The utility relocated poles, installed transformers and reconductored cable for a Walmart Marketplace and Bank of America in a revitalized shopping center lot on South Garland Avenue. A transformer was installed for a second new Walmart Marketplace on Buckingham Road. Transformers and cable were installed for a Discount Tire store near Interstate 635 and for the Harmony Science Academy on Firewheel Parkway. Conduit, thousands of feet of primary cable, transformers and switchgear were put in place for two large LED signs at Firewheel Town Center.

The utility's transmission investments bring value and enhance reliability. In addition to the completion of the CREZ transmission lines, the utility energized the Nevada Switchyard north of Garland. Improvements at the Olinger Switchyard included the addition of a backup power source for the control house and an upgrade to relaying equipment.

Communication technology is important throughout the electric system as it is used to provide critical and timely information to system operators and ERCOT. Following the extensive testing of hundreds of telemetry points, the new Nevada Switchyard and Wynn Joyce Substation bypass were incorporated on schedule into GP&L's Supervisory Control and Data Acquisition (SCADA) system.

GP&L's commitment to reliable electric service benefits not only the utility's local customers, but also TMPA, of which Garland is a Member City. Under a transmission services agreement, GP&L operates, maintains and manages the construction of TMPA's transmission facilities.

GP&L carried out numerous transmission projects for TMPA this year, including the replacement of 19 breakers at the Gibbons Creek Substation; the replacement of a breaker and two relay panels at the Bryan East Substation; the installation of communication fiber along 138kV transmission lines between substations in Bryan; the installation of a new transformer and upgraded relaying scheme at the Hog Creek Substation; and an upgrade of the 138kV transmission loop around Denton.

The Transmission & Distribution (T&D) Division saw a significant transformation in 2014, starting with the hiring of a full-time director. Additionally, the division expanded to include System Operations. These groups already worked together closely, and the change enhances system reliability and safety through improved coordination.

Structural changes within T&D were also made to support the goals and objectives of the division. Additional leadership roles and reporting realignment in the division better allocate employee resources for planning and project management.

The expansion of T&D, as well as of the Regulatory Affairs & Compliance Division necessitated the purchase of a new Transmission Engineering Building, which will accommodate 15 GP&L employees. The building, located on Avenue B in Downtown Garland, will undergo some renovations for occupation in early 2015.

Within the Energy Services Division, several projects were undertaken at the Olinger Power Plant with reliable power production in mind. Using a series of pipeline pigging tools, GP&L's high pressure natural gas pipeline was cleaned and inspected for operational safety, fulfilling a U.S. Department of Transportation requirement.

Also at the Olinger Plant, a Setpoint™ Monitoring System was installed on Unit #2, replacing outdated equipment. The system allows operators to monitor vibration in the turbine and generator and to detect any problems with the unit. For all of GP&L's generation resources, automatic voltage regulators were tested in accordance with ERCOT operating guidelines.

2014 ENHANCED OPERATIONS

An ongoing dedication to ensuring efficiency, regulatory compliance and system reliability led GP&L to make numerous improvements to the utility's technology, programs and processes in 2014.

The Technology Services Division devoted considerable time and effort to complete an infrastructure consolidation. This was accomplished without the use of outside support and brought cost savings while increasing the utility's overall efficiency. Numerous resources and processes were refined, including access to Wi-Fi and air cards, and management of software patches, printers and the Internet service provider.

A standardized server virtualization platform reduced the number of physical servers maintained by the utility, simplifying skill sets and reducing expenses, while also increasing server speed and flexibility in operations. Redundant email and file servers provide increased reliability and backup options for email service. Additionally, a new web help desk streamlined over 2,000 work order assignments. Also achieved during the consolidation was the transfer of all GP&L employees to a common email domain, gpltexas.org.

At the Olinger Power Plant, upgrades to the Continuous Emission Monitoring System (CEMS) allow for recording and tracking of the four units' emission statistics. This data is essential in maintaining compliance with environmental regulations and is the basis for emissions credits.

Also accomplished this year were complete hardware and software upgrades of the Emergency Management (EMS) and Supervisory Control and Data Acquisition (SCADA) systems. These complex tools rely on two dozen servers and six clients on an independent network and backup systems. The speed, dependability and features of this advanced technology provide for even better management of the electricity delivery systems which GP&L operates.

In support of electric service reliability, the utility upgraded the Responder Outage Management System, which is used to track outage calls and dispatch crews for power restoration. The updated software helps resolve outages more efficiently and will work well with future applications.

GP&L implemented other helpful tools that will enhance effectiveness within System Operations. An Earth Networks™ weather tracking system allows operators to monitor real-time climate conditions and alert field personnel to weather issues. A new operator check-off list ensures awareness of the current status of GP&L's distribution and transmission systems, TMPA transmission systems, and the ERCOT transmission grid. This list is especially useful in communicating

information at shift change. Expanded electronic messaging (including breaker switch reports, and inclement weather and emergency operations notifications) keeps employees, City personnel and external clients efficiently informed.

The utility strengthened emergency response capabilities by establishing the GP&L Emergency Operations Command Center (EOCC). Additionally, the utility's updated EOCC Procedure ensures better coordination between System Operations and other GP&L departments during urgent situations. This plan also facilitates interaction with City departments, such as Customer Service and the Office of Emergency Management.

The EOCC Procedure was utilized during the severe December ice storm that hit North Texas with freezing rain and sleet, which coated roads, trees and electric lines, leading to power outages. GP&L successfully prepared for and responded to the event, as employees and contractors worked around the clock for several days to restore power to customers.

Appreciative customers commended GP&L's power restoration efforts during the December 2013 ice storm

I want to extend my appreciation to the crews out working in these icy conditions. They got our power back up as quickly as they could. We will be thinking about them out there while we are warm in our homes thanks to them. Thank you from the bottom of our hearts and please stay safe!

GP&L Customer Shawn Sisserson

I would like to say how impressed my wife and I were with GP&L and the contractors helping them. Our power went off [and] GP&L showed up shortly after and assured us they would not leave until our power was back on. These men were up on the utility poles with the temperature down in the 20s and a 10-mile-an-hour wind blowing on them.

I never saw them take a break or stop once. My wife and I complained about how cold the house was getting, but to look outside and see a guy 40 feet in the air working to get my power back on made me realize how dedicated these guys were! Thank You, GP&L, for sticking with it and getting our power back up.

GP&L Customer Brent Jones

2014 REGULATORY EXPERTISE

GP&L responded to increasing regulatory and compliance requirements at both the state and national levels with the expansion of the Regulatory Affairs & Compliance Division. With a full roster of experienced and knowledgeable employees, the division analyzes state and federal regulations in depth, ensuring GP&L is fully compliant with all aspects of the rules. Also benefiting from the division's growth is the utility's transmission planning effort, which is especially important as the utility pursues transmission projects outside of Garland.

Across the country, several security breaches at utilities brought greater attention to the safety of the electric grid. Although public awareness has increased recently, GP&L has been proactive in safeguarding electric infrastructure for decades. Protection from natural threats, such as extreme weather conditions, serves as the foundation for strengthening the electric system against intentional attacks. By focusing on maintaining and improving resiliency, with power flowing through at least two routes, the system is better able to withstand outside forces and recover quickly should outages occur.

Several GP&L employees serve on ERCOT and North American Electric Reliability Corporation (NERC) committees, subcommittees and working groups. These representatives are actively involved in the rulemaking process. The NERC reliability standards approved this year will require increased physical security to reduce the vulnerability of critical assets.

An existing program to safeguard the physical security of GP&L and TMPA substations was expanded. The measures include installation of access card readers, security cameras, electronic padlocks and motion detectors.

To meet new NERC reliability standards, an enhanced physical security system was installed at the McIntire control center, the backup control center, and the QSE Operations Office. This will allow physical access to restricted areas to be monitored using dual authentication.

Some regulatory requirements are ongoing, as is the case with certifications and demonstration of remote operations. All of GP&L's transmission and QSE operators remain current on their certifications after completing requisite training. These operators also documented a successful relocation and system failover to the backup control center.

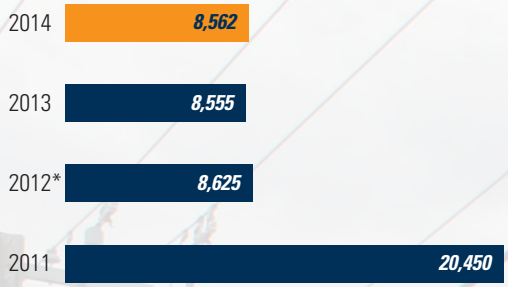
GP&L maintained an excellent compliance record following another round of successful audits. The utility earned perfect scores on both the Generator Operator and Purchasing-Selling Entity audits in 2014.

As industry developments prompt new regulations, GP&L plans to expand its physical and cyber security efforts. In the coming year, the utility will focus on meeting implementation dates for the significant increase in security requirements.

2014 PERFORMANCE INDICATORS

Fiscal Year Ended September 30th

Service Requests

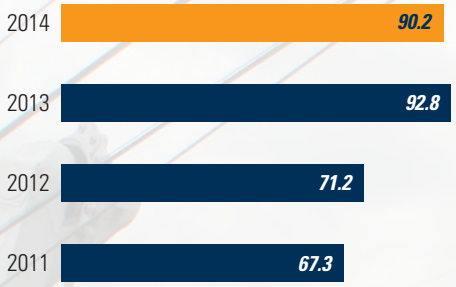


Description: Total number of annual requests for distribution and transmission services.

Interpretation: Service requests are the macro level indicator of the productivity in the Transmission & Distribution Division. Incidents such as major storms can impact the totals.

*The significant decrease reflects the outsourcing of line locates.

Operating Expenditures per Megawatt Hour



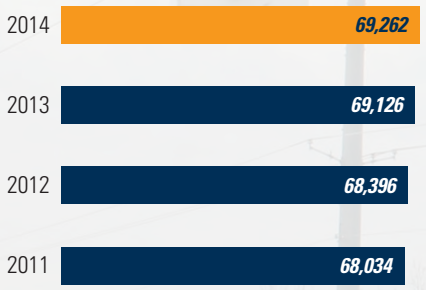
Description: Total GP&L expenses (including TMPA purchases) for utility operation divided by the total kilowatt hours of sales x 1,000.

Interpretation: As this statistic is highly influenced by fuel cost, TMPA costs and debt service requirements, comparisons between utilities must be made carefully.

Debt-to-Asset Ratio

Description: The debt-to-asset ratio is a comparison of an organization's current and accrued liabilities and long-term debt to total assets. This ratio reflects to what degree an organization finances its assets with long-term debt.

Electric System Number of Retail Customers

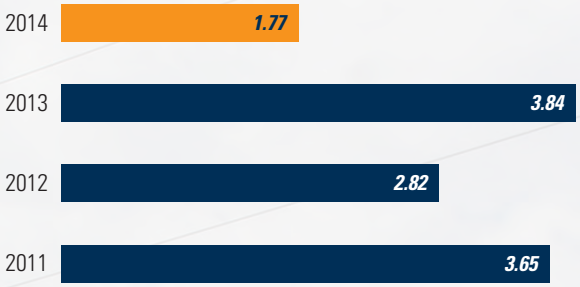


Description: Total annual customers.

Retail Customers per Employee

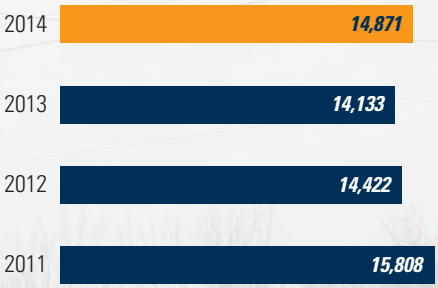
Description: Number of retail customers divided by the number of electric utility employees.

OSHA Incidence Rate



Description: This is the standard indicator utilized by the industry to report lost time accidents. It is produced by multiplying the number of lost time accidents by 200,000, then dividing that number by the total hours worked by the employees.

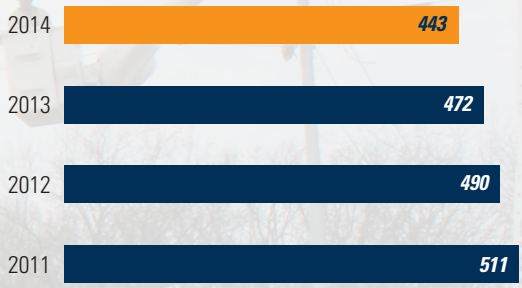
KWH Sales per Residential Customer



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

Interpretation: Changes in sales can be due to seasonal temperatures and customers' electricity utilization preferences.

Electric System Peak (Megawatts)



Description: Peak demand as reported to the U.S. Department of Energy.

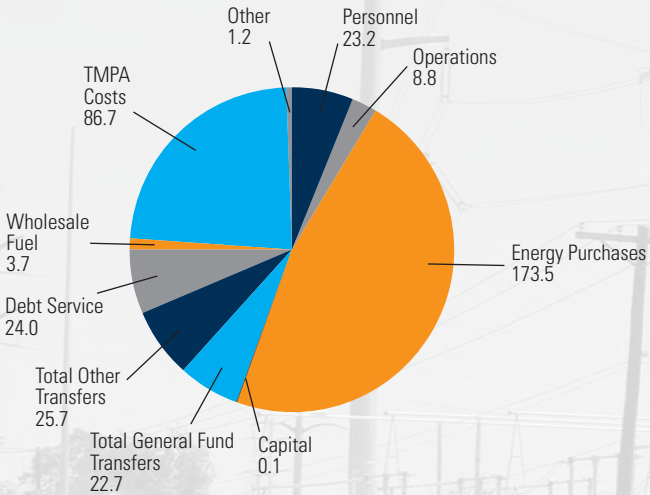
2014 BALANCE SHEET

Fiscal Year Ended September 30, 2014. With comparative totals for Fiscal Year Ended September 30, 2013. (Unaudited)

ASSETS	2014	2013
Current Assets:		
Cash and investments	$ 62,639,502	47,766,293
Inventories	4,401,280	6,150,086
Receivables and other	53,280,307	63,016,100
Total Current Assets	120,321,089	116,932,479
Restricted Assets:		
Cash and investments	191,054,273	199,820,376
Accrued interest receivable	224,642	235,683
Total Restricted Assets	191,278,915	200,056,059
Property, Plant and Equipment -		
Net of accumulated depreciation	368,135,043	344,508,315
Other Assets	112,291,975	121,417,431
Total Assets	$ 792,027,022	$ 782,914,284

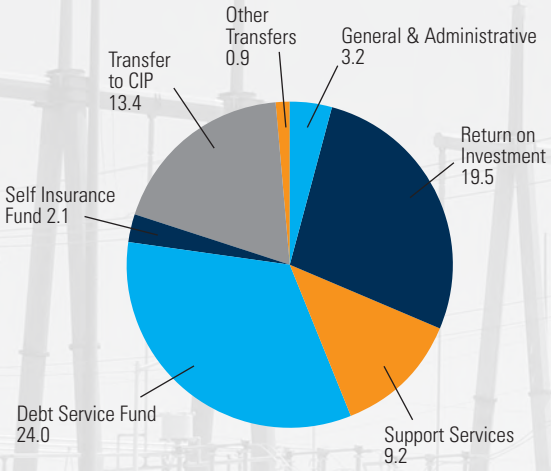
Fiscal Year 2014 Actual Expenditures

in millions of dollars



Fiscal Year 2014 Transfers to Other Funds

in millions of dollars



LIABILITIES

	2014	2013
Current Liabilities:		
From current assets payables	$ 36,227,360	31,890,618
Long-term Liabilities:		
From restricted assets		
Accounts payable	664,375	14,554,587
Retainage payable	4,489	-
Total payables from restricted assets	668,864	14,554,587
Bonds payable and other	361,183,248	342,461,681
Total Long-term Liabilities	361,852,112	357,016,268
Total Liabilities	398,079,472	388,906,886

EQUITY

Retained Earnings:		
Invested in capital assets, net of debt	136,554,246	209,648,278
Restricted	176,205,606	175,112,661
Unrestricted	81,187,698	9,246,459
Total Retained Earnings	393,947,550	394,007,398
Total Liabilities, Contributed Capital and Retained Earnings	$ 792,027,022	$ 782,914,284

Audited financial statements providing greater detail can be obtained from the City of Garland Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2014.
The CAFR report is located on the City of Garland website at www.garlandtx.gov/gov/eg/finance/compfinanreport.asp

2014 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

Fiscal Year Ended September 30, 2014. With comparative totals for Fiscal Year Ended September 30, 2013. (Unaudited)

	2014	2013
Operating revenues:		
Charges for service	$ 376,657,906	296,866,570
Other	725,327	891,631
Total Operating Revenues	377,383,233	297,758,201
Operating expenses before depreciation:		
Fuel purchases/Demand charges	263,965,584	192,990,574
Operating expenses	36,867,484	36,759,798
General and administrative	12,121,668	11,421,559
Total Operating Expenses Before Depreciation	312,954,736	241,171,931
Operating income before depreciation	64,428,497	56,586,270
Depreciation and amortization expense	19,964,652	18,931,074
Operating Income	44,463,845	37,655,196
Non-operating revenues (expenses):		
Return on investment	(19,451,298)	(19,451,298)
Earnings on investment	1,238,380	(30,072)
Interest expense	(10,496,543)	(10,249,362)
Other	(3,338,529)	(1,076,570)
Net transfers	(9,531,003)	(966,304)
Net Non-operating Revenue (expense)	(41,578,993)	(31,773,606)
Net Income	2,884,852	5,881,590
Retained Earnings at Beginning of Year	394,007,398	388,125,808
Cumulative Effect of Change in Accounting Principle	(2,944,700)	-
Retained Earnings at End of Year	$ 393,947,550	$ 394,007,398

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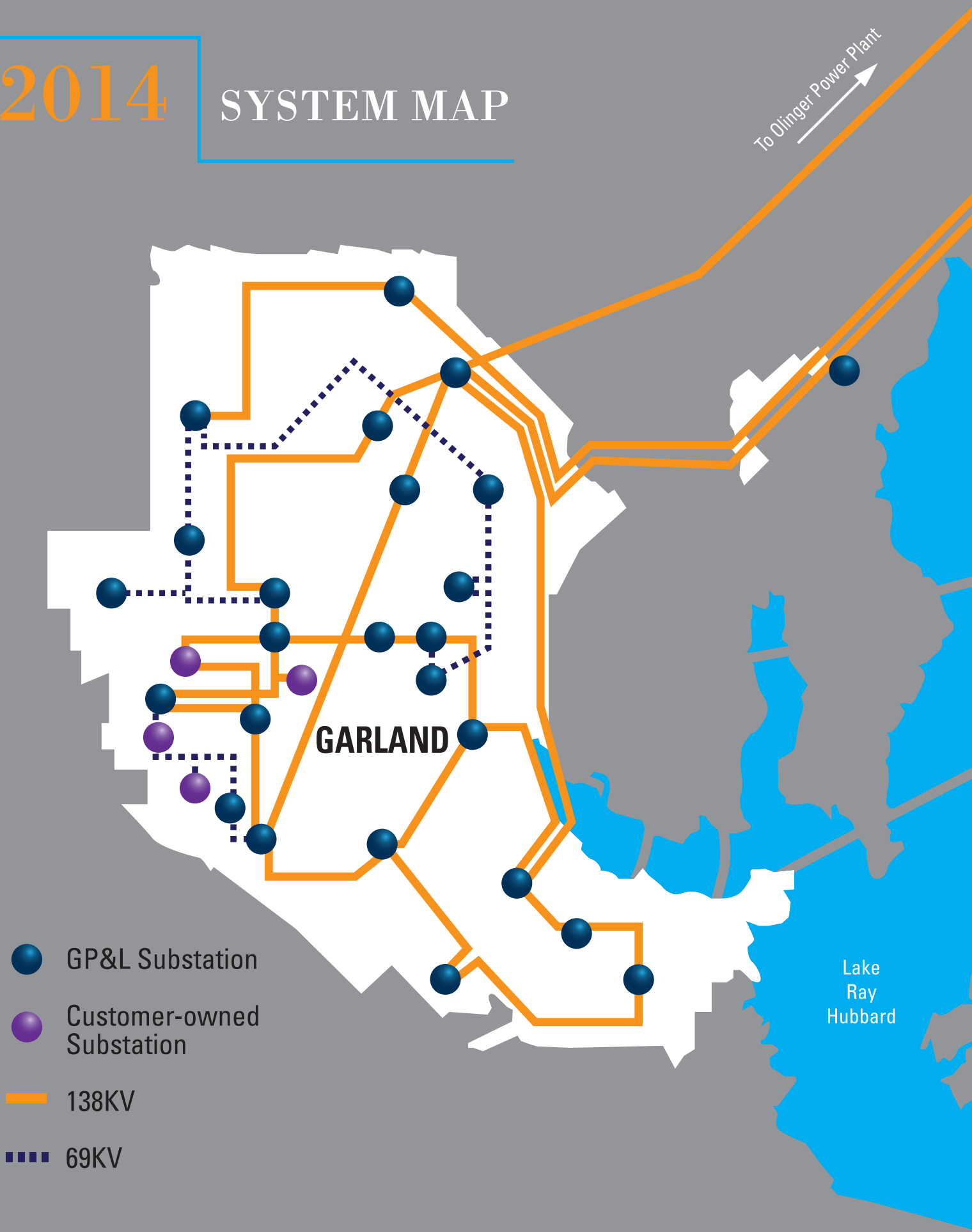
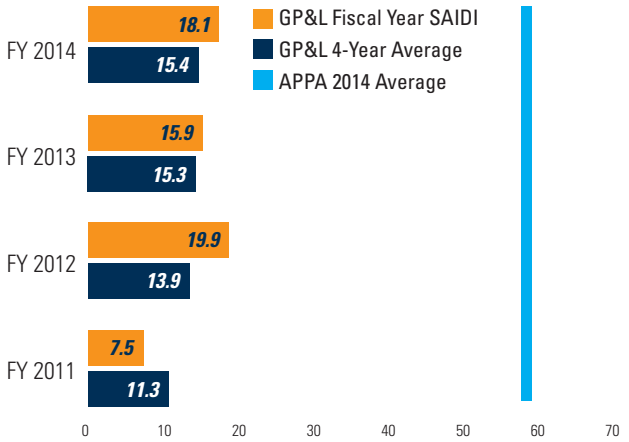
GP&L maintained the 1 cent reduction of the RAF (Recovery Adjustment Factor) component of the rate for electric service. On June 1, 2010, GP&L reduced the RAF by 1 cent. This reduction was initially scheduled to end October 31, 2010; however, because of sustained lower energy costs through continued substantive cost reducing measures implemented by GP&L, as well as an increase in its wholesale energy service activities, GP&L maintained the rate reduction through fiscal year 2014 and will maintain the reduction through at least September 30, 2015.

2014 SYSTEM MAP



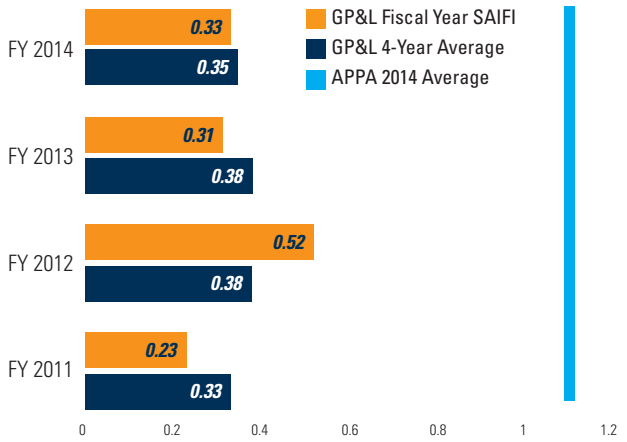
2014 KEY STATISTICS

System Average Interruption Duration Index (SAIDI) Fiscal Year Ended September 30th



System Average Interruption Duration Index (SAIDI) - Designed to give information about the average time that the customers are interrupted. This index is commonly referred to as Customer Minutes of Interruption or Customer Hours. It is a measure of the response time or restoration time when outages occur and is computed by dividing the sum of all customer interruption durations by the total number of customers served.

System Average Interruption Frequency Index (SAIFI) Fiscal Year Ended September 30th



System Average Interruption Frequency Index (SAIFI) - This is defined as the average number of times that a customer is interrupted during a specified time period. It is determined by dividing the total number of customers interrupted in a time period by the average number of customers served. The resulting unit is "interruptions per customer."

2014 Transmission & Distribution Statistics

Distribution lines	1.7 miles of overhead added or replaced
	17 miles of underground added or replaced
Distribution poles added or replaced	365
Overhead operations & repairs	149
Overhead construction projects	458
Underground operations & repairs	374
Underground construction projects	393
Street lights	1,322 operations & repairs
	248 construction projects
Residential meter sets & changeouts	468
Commercial meter sets & changeouts	145
Meter operations, repairs & testing	1,768
Trouble calls	2,538
Tree trimming requests	147

Garland City Council

Standing (left to right)

Lori Barnett Dodson – District 6

Billy Mack Williams – District 5

Stephen W. Stanley – District 3

Scott LeMay – District 7

B.J. Williams – District 4

Anita Goebel – District 2

Seated (left to right)

Jim Cahill – District 8
Mayor Pro Tem

Douglas Athas – Mayor

Tim Campbell – District 1
Deputy Mayor Pro Tem

City Manager

William E. Dollar

Editors: Elizabeth Kimbrough, Julie Bird
Design: Mark Gates

Garland Power & Light
P.O. Box 469002 • Garland, Texas 75046-9002
972-205-2650 • gpltexas.org