



TRAINING, SAFETY &  
ENVIRONMENTAL  
3142 Hwy 412B, PO Box 306  
Chouteau, OK 74337-0009  
918-256-6545

May 14, 2024

Ms. Amber Edwards  
Environmental Programs Manager  
Land Protection Division  
Oklahoma Department of Environmental Quality  
707 North Robinson  
P.O. Box 1677  
Oklahoma City, Oklahoma 73101-1677

**RE: Financial Strength Information and  
Closure Post Closure Cost Adjustment 2024  
Grand River Dam Authority (GRDA)  
Grand River Energy Center (GREC) Landfill  
Chouteau, Mayes County, Oklahoma  
Solid Waste Permit No. 3549012**

Dear Ms. Edwards:

GRDA is submitting Financial Strength Information to support utilization of the Corporate Financial Test as the mechanism for financial assurance of the above referenced landfill.

This information is being submitted in accordance with the financial assurance requirements as found in OAC 252:517-17-81 of the Oklahoma Disposal of Coal Combustion Residuals From Electric Utilities regulations.

Information being provided includes:

- A demonstration of financial assurance for closure and post-closure costs, signed by the GRDA Chief Financial Officer/Corporate Treasurer of GRDA
- Independent accountant's report on applying agreed upon procedures
- The independent auditor's report embedded in the financial statements of GRDA
- The 2024 worksheet for calculating closure and post-closure cost estimates

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reliable **ELECTRICITY**,  
with a focus on **EFFICIENCY**  
and a commitment to  
**ENVIRONMENTAL**  
**STEWARDSHIP**.

We are dedicated to  
**ECONOMIC DEVELOPMENT**,  
providing resources and  
supporting economic growth.

Our **EMPLOYEES**  
are our greatest asset in  
meeting our mission to be an  
Oklahoma Agency  
of Excellence.



As required, a copy of this information is being placed into the operating record of the facility.

If you have any questions on this matter, or if you require any additional information, please do not hesitate to contact me,

Sincerely,

A handwritten signature in blue ink that reads "Michael L. Bednar". The signature is fluid and cursive, with "Michael" and "L." stacked above "Bednar".

Michael L. Bednar  
Manager of Environmental Compliance

ADMINISTRATION  
PO Box 669  
Chouteau, OK 74337  
918-256-5545



May 1, 2024

Ms. Carol Bartlett  
Environmental Program Specialist  
Land Protection Division  
Oklahoma Department of Environmental Quality  
PO Box 1677  
Oklahoma City, Oklahoma 73101-1677

Ms. Bartlett,

I am the Chief Financial Officer of the Grand River Dam Authority, an agency of the State of Oklahoma, with its principal place of business located in Mayes County, Oklahoma. This letter is in support of this agency's use of the financial test to demonstrate financial assurance for closure and/or post-closure costs as specified in 27A O.S. Sections 2-10-701(C)(6) and OAC 252:517-17.

This agency is the owner or operator of the following facilities for which financial assurance for closure or post-closure care is demonstrated in accordance with the Oklahoma Administrative Code and the Oklahoma Solid Waste Management Act. We have updated our estimates, and the current closure and/or post-closure cost estimates covered by the test are shown for each facility:

GRDA Units No. 1 and No. 2 Fly Ash Disposal Chouteau, Oklahoma	Closure: \$1,817,384.88 Post-Closure: \$1,925,941.39
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The effective date of the response is for the fiscal year of this agency which ends on December 31, 2023. The figures for the following items marked with an asterisk are derived from this agency's independently audited, year-end financial statements for the latest completed fiscal year ended 2023:

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1. Sum of current closure and post-closure cost estimates: \$1,817,384.88 Closure and \$1,925,941.39 Post-Closure for a sum of \$3,743,326.27.
2. Current bond ratings of the most recent issuance of this firm and name of rating service: A1 Moody's Investors Service, Inc., AA- Standard & Poor's Rating Services, A+ Fitch Ratings, Ltd.
3. Date of issuance of bond: December 21, 2023

ADMINISTRATION  
PO Box 669  
Chouteau, OK 74337  
918-256-5545

4. Date of maturity of bond: 2030-2042
5. Tangible net worth: \$953,441,346
6. Total assets in the United States: \$2,244,590,229
7. Is line 5 at least \$10 Million? Yes
8. Is line 5 at least 6 times line 1? Yes
9. Are at least 90% of firm's assets located in the United States? Yes
10. Is line 6 at least 6 times line 1? Yes

I hereby certify that the representations made in this are, to the best of my knowledge, true and accurate.

Date: May 1, 2024

DocuSigned by:  
  
3169B995DA5A4D6  
Erik Feighner  
Chief Financial Officer

## Independent Accountants' Report

Grand River Dam Authority and  
Oklahoma Department of Environmental Quality

We have performed the procedures enumerated below on the accompanying letter dated May 1, 2024 from Grand River Dam Authority (the Authority) to the Oklahoma Department of Environmental Quality regarding the compliance with the financial test option as of December 31, 2023. Grand River Dam Authority is responsible for the compliance with the aforementioned financial test.

Grand River Dam Authority has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement to assist the Authority and the Oklahoma Department of Environmental Quality in evaluating the Authority's compliance with the financial test option as of December 31, 2023, included in the accompanying letter. Additionally, Oklahoma Department of Environmental Quality has agreed to and acknowledged that the procedures performed are appropriate to meet its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

- We compared the tangible net worth amount included in item 5 of the letter referred to above with the corresponding ending net position balance in the basic financial statements of the Authority as of and for the year ended December 31, 2023 and noted that such amounts are in agreement.
- We compared the total assets in United States amount included in item 6 of the letter referred to above with the corresponding total assets balance in the basic financial statements of the Authority as of and for the year ended December 31, 2023 and noted that such amounts were in agreement.
- We multiplied the sum of closure and post-closure cost estimates in item 1 of the letter by 6 and noted that the tangible net worth amount in item 5 of the letter is greater than the product of this multiplication.
- We multiplied the sum of closure and post-closure cost estimates in item 1 of the letter by 6 and noted that the amount of total assets in the United States of America included in item 6 of the letter is greater than the product of this multiplication.

We were engaged by Grand River Dam Authority to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance regarding the accompanying letter dated May 1, 2024 and the information contained therein. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Grand River Dam Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for and the use of Grand River Dam Authority and Oklahoma Department of Environmental Quality and is not intended to be, and should not be, used by anyone other than these specified parties.

*Baker Tilly US, LLP*

Madison, Wisconsin  
May 13, 2024



# Grand River Dam Authority

(A Component Unit of the State of Oklahoma)

Basic Financial Statements as of and for the  
Years Ended December 31, 2023, and 2022,  
Required Supplementary Information (Unaudited),  
and Independent Auditors' Report

**GRAND RIVER DAM AUTHORITY**  
**(A Component Unit of the State of Oklahoma)**

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## Independent Auditors' Report

To the Board of Directors of  
Grand River Dam Authority

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the Grand River Dam Authority (GRDA), as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the GRDA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the GRDA as of December 31, 2023 and 2022, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the GRDA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the GRDA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the GRDA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the GRDA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2024 on our consideration of the GRDA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the GRDA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the GRDA's internal control over financial reporting and compliance.

*Baker Tilly US, LLP*

Madison, Wisconsin  
April 30, 2024

# **Management's Discussion and Analysis – Unaudited**

The following discussion and analysis of the Grand River Dam Authority's (GRDA or the Authority) financial performance provides an overview of the Authority's financial activities for the year ended December 31, 2023, and provides a comparison with the prior years' financial results. Please read it in conjunction with the financial statements which follow this section.

## **USING THIS FINANCIAL REPORT**

This annual financial report consists of a series of financial statements and reflects the self-supporting, proprietary activities of the Authority, funded primarily by the sale of electrical power and energy.

The State of Oklahoma reports the business-type activities of the Authority as a discretely presented major component unit.

The basic financial statements presented in this report consist of the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; the Statements of Cash Flows; and the Notes to Financial Statements.

## **STATEMENTS OF NET POSITION; STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION; STATEMENTS OF CASH FLOWS; AND NOTES TO FINANCIAL STATEMENTS**

The Authority's Statements of Net Position and Statements of Revenues, Expenses, and Changes in Net Position provide an indication of the Authority's financial health.

The Statements of Net Position report all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, using the accrual basis of accounting, as well as an indication of which assets can be used for general purposes and which are restricted as a result of bond covenants, contracts, or for other purposes.

The Statements of Revenues, Expenses, and Changes in Net Position report all of the Authority's revenues and expenses recognized during the time periods indicated.

The Statements of Cash Flows report the cash provided and used by operating activities, as well as other cash sources, such as investment income or bond proceeds, and other cash uses, such as cash payments for repayment of bonds and capital additions.

The Notes to Financial Statements provide additional explanation and detail about the financial information, as well as required disclosures.

## **FINANCIAL HIGHLIGHTS**

The financial performance of the Authority in 2023 was exceptionally strong as it embraced "New Beginnings". The Authority completed several milestones in 2023 and began several projects that will shape the Authority over the coming years.

On August 9, 2023, the Authority's Board of Directors approved the purchase of a new Mitsubishi gas combustion turbine/generator and related services to build Grand River Energy Center ("GREC") unit number 4 which will have a nameplate capacity of 428 MW, ("GREC 4"). GREC 4 will replace the 520 MW coal-fired generating unit ("GREC 2"). The Authority is targeting the summer of 2026 for the completion of GREC 4, at which time, GREC 2 will begin the decommissioning process. In support of the construction of GREC 4, the Board authorized the issuance of up to \$475 million in funds through a series of bond offerings. The Authority issued \$205 million of par value bonds in December 2023 resulting in a total of \$230.8 million in proceeds after issuance costs of \$0.8 million. The Authority is planning to issue the remaining \$270 million in authorized bonds in the summer of 2024.

Additionally, in June of 2023, the Authority implemented a new Enterprise Resource Planning (ERP) system across the Authority that will continue to lead to efficiencies and better reporting capabilities.

And finally, in 2023, the Authority completed the construction on the Waters of Oklahoma and Arkansas (WOKA) waterpark and began operations in September of 2023. The waterpark is a project of GRDA and the City of Siloam Springs with support from the Walton Family Foundation for design and construction of the park. GRDA operates the waterpark as part of its natural stewardship footprint along the Illinois River that it took on when it absorbed the Oklahoma Scenic Rivers Commission in 2016

In 2023, the Authority continued to see a positive trend in the growth of base Power Sales as the result of decades of commitment from wholesale customers and continuing growth from the industrial sector customers. Base Power Sales grew \$8.1 million or 3% in 2023, including an increase of \$9.4 million, or 10 % from our industrial and commercial customers. See "Sales of Power" table and further discussion in Operating Results herein.

In 2022, the Authority experienced strong growth as well with base power sales increasing \$14.6 MM or 6%. and operating income increasing \$21.3 million or 19%.

Results for 2021 were affected by Winter Storm Uri which impacted the Authority and much of the Southwest Power Pool (SPP) footprint, during which temperatures reached double-digit negative values. The extreme cold temperatures, over multiple days, combined with the lack of both solar and wind generation was further complicated by a limited natural gas supply. During this event, the Authority incurred unprecedented natural gas and purchased power prices resulting in a financial impact to the Authority totaling \$102.4 million. The Authority was able to fund the event entirely through cash reserves and began recovering these costs in 2021 over the next 120 months through a modification to the Power Cost Adjustment (PCA) rate schedule. As of December 31, 2023, \$49.9 million of the Winter Storm Uri costs are outstanding, including \$6.5 million reflected in current assets. See Footnote 1 for further discussion of the PCA, and the three recovery options offered to customers.

As part of the December 2023 bond offering process, on November 22, 2023, S&P Global affirmed the GRDA rating AA-, with a stable outlook and Moody's affirmed its rating of A1 with a stable outlook on December 1, 2023, and again on April 5, 2024. Additionally, Fitch affirmed its A+ rating with a stable outlook on March 13, 2024. All three affirmations were largely due to the Authority's continuing financial health. S&P noted robust unrestricted cash balances and liquidity, as well as strong fixed charge coverage and good operating performance of the main generating units. Moody's noted GRDA's contractual nature of cash flow, unregulated rate setting abilities and its diverse and competitively priced resource mix as key reasons for its rating.

**FINANCIAL HIGHLIGHTS - DECEMBER 31, 2023, 2022, AND 2021**

	2023	2022	2021
<b>CONDENSED SCHEDULE OF NET POSITION</b>			
Assets:			
Current assets	<b>231,865,580</b>	311,285,630	228,442,359
Net utility plant	<b>1,239,058,362</b>	1,217,097,589	1,213,283,232
Noncurrent investments	<b>664,532,886</b>	293,318,721	345,227,973
Under recovered power costs	<b>43,413,333</b>	49,610,150	62,197,807
Nonutility plant	<b>40,112,548</b>	34,237,907	23,251,235
Pension benefit assets	-	-	30,042,207
Other noncurrent assets	<b>25,607,520</b>	10,766,703	5,543,071
Total assets	<b>2,244,590,229</b>	1,916,316,700	1,907,987,884
Deferred outflows related to pension plans	<b>15,997,469</b>	24,558,350	5,375,121
Deferred outflows related to other postemployment benefits	<b>1,680,415</b>	2,369,786	3,110,655
Deferred outflows related to loss on reacquired debt	<b>18,826,324</b>	21,654,847	24,650,250
Deferred outflows related to derivative hedges	<b>16,678,174</b>	4,026,920	-
Total deferred outflows	<b>53,182,382</b>	52,609,903	33,136,026
Liabilities:			
Current liabilities	<b>155,159,360</b>	102,751,855	88,822,985
Noncurrent liabilities	<b>1,061,769,707</b>	896,540,722	930,982,609
Total liabilities	<b>1,216,929,067</b>	999,292,577	1,019,805,594
Deferred inflows related to pension plans	<b>1,013,573</b>	2,111,281	36,383,164
Deferred inflows related to other postemployment benefits	<b>3,712,404</b>	2,305,327	494,229
Deferred inflows related to regulated operations	<b>122,676,221</b>	121,300,297	100,674,199
Deferred inflows related to derivative hedges	-	-	5,001,140
Total deferred inflows	<b>127,402,198</b>	125,716,905	142,552,732
Net Position:			
Net investment in capital assets	<b>393,345,440</b>	345,268,266	317,117,339
Restricted for:			
Capital reserve fund	<b>2,916,947</b>	7,806,994	9,921,898
Special reserve and contingency fund	<b>32,649,598</b>	50,383,000	50,383,000
Debt service	<b>28,714,583</b>	25,129,999	24,310,417
Pension benefits	-	-	30,042,207
Other special purposes	<b>2,146,836</b>	2,086,139	2,106,229
Unrestricted	<b>493,667,942</b>	413,242,723	344,884,494
Total net position	<b>953,441,346</b>	843,917,121	778,765,584

**FINANCIAL HIGHLIGHTS - DECEMBER 31, 2023, 2022, AND 2021 (continued)**

	2023	2022	2021
<b>CONDENSED SCHEDULE OF CHANGES IN NET POSITION</b>			
Operating revenues:			
Sales of power	<b>496,664,358</b>	589,878,953	534,202,694
Other operating revenues	<b>74,097,144</b>	75,348,353	43,686,459
Regulatory revenues	<b>4,195,812</b>	2,977,337	1,894,078
Total operating revenues	<b>574,957,314</b>	668,204,643	579,783,231
Non-operating revenues:			
Investment income-net	<b>26,119,473</b>	(29,107,670)	(5,071,429)
Award revenue (loss) - operating	<b>330,388</b>	59,951	14,197
Income (loss) - nonoperating	<b>(1,361,585)</b>	(5,207,691)	-
Income from nonutility operations	<b>(2,473,751)</b>	(1,852,356)	(5,782,860)
Costs (recovered) to be recovered	<b>(5,626,159)</b>	(23,657,987)	(13,987,866)
Total non-operating revenues	<b>16,988,366</b>	(59,765,753)	(24,827,958)
Total revenues	<b>591,945,680</b>	608,438,890	554,955,273
Operating expenses:			
Fuel	<b>(139,829,863)</b>	(186,042,989)	(176,955,635)
Purchased power – net	<b>(92,498,600)</b>	(149,404,112)	(115,552,213)
Operations	<b>(84,990,303)</b>	(84,078,173)	(71,525,025)
Depreciation	<b>(75,872,836)</b>	(62,844,949)	(61,722,410)
Maintenance	<b>(30,816,696)</b>	(26,966,147)	(24,000,269)
Administrative and general	<b>(30,265,296)</b>	(23,895,732)	(16,339,863)
Total operating expenses	<b>(454,273,594)</b>	(533,232,102)	(466,095,415)
Non-operating expenses:			
Interest expense	<b>(42,464,555)</b>	(43,853,908)	(45,821,069)
Amortization of debt discount	<b>(820,756)</b>	(106,750)	-
Amortization of bond premium	<b>9,176,086</b>	9,677,196	10,187,106
Total non-operating expenses	<b>(34,109,225)</b>	(34,283,462)	(35,633,963)
Total expenses	<b>(488,382,819)</b>	(567,515,564)	(501,729,378)
Award revenue – capital	<b>5,961,364</b>	24,228,211	15,529,534
Net increase in net position	<b>109,524,225</b>	65,151,537	68,755,429
Net position – beginning of year	<b>843,917,121</b>	778,765,584	710,010,155
Net position – end of year	<b>953,441,346</b>	843,917,121	778,765,584

The financial results are further discussed in the following paragraphs and reflect the financial impact of the highlights mentioned above.

## **NET POSITION**

The balance of Net position increased by \$109.5 million in 2023, which represents a 13% increase, following a \$65.2 million, or an 8% growth, in 2022. The 2023 increase was mainly attributable to an increase in Investment income - net of \$55.2 million, \$7.9 million increase in Sales of Power, net of Fuel and Purchased power-net, offset by \$24.2 million higher non Fuel and Purchased power-net operating expenses. The 2022 increase was mainly attributable to an increase in Sales of power of \$55.9 million and a \$31.7 million increase in Other operating revenues.

Total assets increased by \$328.3 million driven by the \$230.8 million of cash proceeds net of issuance costs from the December 2023 bond offering. In addition, GRDA collected all of the under recovered power costs and an additional \$44.6 million at December 31, 2023 was over collected. Additionally, Net utility Plant increased \$22.0 million, including \$37.4 million increase in Construction – Work in Progress primarily related to costs paid for GREC 4, offset by \$13 million of increased depreciation expense due in part to accelerated depreciation on GREC 2 balances from a reduced useful life due to a revised retirement date of 2026 versus 2030.

These changes in Total Assets in 2023 follow an \$8.3 million increase in 2022 equating to a 1% increase over 2021. The 2022 increase was due to the increase of \$11.0 million in Nonutility plant as GRDA continued the construction of WOKA whitewater park. Additionally, the pension asset of \$30.0 million was eliminated as market conditions drove the Authority's Net pension position back to a liability. This was offset by a \$31.4 million increase in cash and investments.

Current assets decreased by \$79.4 million, or 26%, following a 2022 \$82.8 million, or 36%, increase. Current cash and investments totaled \$97.1 million in 2023, compared to \$144.1 million in 2022 representing a decrease of \$47.0 million, or 33% year over year. The 2023 decrease is due to a shift from current cash and investments to noncurrent cash investments due to amounts reinvested at year end. This contrasts with a \$83.4 million increase from 2021 to 2022 that was due to the liquidation of investments and the use of cash to meet obligations resulting from Winter Storm Uri. Accounts receivable decreased by \$5.8 million, or 11% in 2023, following a decrease in 2022 of \$18.8 million, or 26%. The 2023 decrease was due to lower electricity sales in November 2023 due to the reduced PCA rate recovered compared to 2022. The 2022 decrease was driven by Winter Storm Uri. For more information on the PCA, see the Operating revenues section herein or Under/Over Recovered Fuel Costs in the Summary of Significant Accounting Policies in Note 1 to Financial Statements. Fuel stock has grown throughout 2023 to an overall increase of \$5.6 million, or 53%, as the Authority has taken efforts to increase coal on hand and the it experienced milder temperatures in November and December of 2023. Fuel stock also increased by \$3.6 million, or 51%, in 2022 as the Authority took efforts to increase coal on hand heading into the winter months. Materials and supplies increased slightly from \$50.2 million in 2022 to \$52.5 million in 2023, which equates to an increase of 4%.

Noncurrent investments increased by \$371.2 million, or 127%, in 2023, following a \$51.9 million decrease of 15%, in 2022. As mentioned above in Total Assets, the 2023 increase was due to the \$230.8 million in net cash proceeds received form the December 2023 bond offering and a shift in investment from current to noncurrent., The lower amounts for 2022 were due to the liquidation of investments and use of cash to meet obligations resulting from Winter Storm Uri. Additional information about the Restricted Investments, included in Noncurrent investments, is presented in Note 2 to Financial Statements, Deposits and Investments. Restricted Assets are discussed later in more detail in the Significant Assets and Debt Administration section.

Net utility plant fluctuated by less than 2% from 2022 to 2023, increasing by \$22.0 million. For 2022, Net utility plant increased by \$3.8 million, or 1%. While Net utility plant, which encompasses the Authority's electric system remains mostly level, the Nonutility Plant of GRDA continues to grow. As mentioned above, this is due to the construction of the WOKA whitewater park that went into service in September 2023. Specific projects are described in the Capital Assets section below, and more information is presented in Note 4 to Financial Statements, Utility Plant.

Other noncurrent assets increased by \$14.8 million, or 138%, in 2023, following an increase of \$5.2 million, or 94%, in 2022. Other noncurrent assets are made up mostly of long-term deposits, long-term accounts receivable, and long-term hedging derivatives. The Authority maintains deposits with the Southwest Power Pool and StoneX Financial Inc. The

increase in 2023 is due primarily to the \$14.8 million increase in amounts on deposit with StoneX Financial at December 31, 2023 due to the historically low natural gas prices and the resulting price difference from our executed commodity contracts.

Deferred outflows of resources remained flat with an increase of \$0.6 million, or 1%, in 2023, after they decreased by \$19.5 million, or 59%, in 2022. The variance explanation is described in detail within Deferred Outflows of Resources and Deferred Inflows of Resources below. For more information, see Note 7 to Financial Statements, Retirement Plans, Postretirement, and Other Employee Benefits.

Total liabilities increased by \$217.6 million, or 22%, in 2023, after a decrease of \$20.5 million, or 2%, in 2022. This increase is made up of a increase in Total noncurrent liabilities of \$165.2 million, or 18%, and an increase in Total current liabilities of \$52.4 million, or 51%. The overall increase in Total liabilities in 2023 is primarily due to the \$230.8 million of net proceeds from the December 2023 bond offering and the \$44.6 million of over recovered power costs. These increases were offset by \$43.1 million in bond principal payments.

Accounts payable and accrued liabilities increased by \$1.1 million, or 2%, in 2023, after experiencing a 2022 increase of \$12.7 million, or 29%. The 2022 increase was driven almost exclusively by the increase in payables related to increased prices for natural gas. The current portion of Bonds payable increased in 2023 as debt service requirements rose increasing by \$6.1 million after also increasing by \$1.4 million in 2022. The December 2023 bond issuance did not impact the current portion of bonds payable as the first principal payments related to this offering do not start until 2030.

The noncurrent portion of Bonds payable increased by \$173.2 million, or 20%, in 2023 due to the \$230.8 million in net proceeds from the December 2023 offering offset by \$43.1 million of principal payments made in 2023. In 2022, noncurrent portion of Bonds payable declined by \$52.8 million, or 6%. The 2022 decrease was due to bond principal retirements, netted with bond premium amortizations. More detail can be found in the Long-Term Debt section below. The Liabilities related to pension plans decreased by \$7.3 million in 2023 after a 2022 increase of \$21.1 million. The Authority's pension liability became a pension asset for the Oklahoma Public Employees Retirement System (OPERS) plan in 2021, then reverted to a liability again in 2022. More information is presented on these plans in Note 7 to Financial Statements, Retirement Plans, Postretirement, and Other Employee Benefits.

Deferred inflows of resources increased by \$1.7 million, or 1%, following a decrease of \$16.8 million or 12%, in 2022. The variance explanation is described in detail within Deferred outflows of resources and deferred inflows of resources below. For more information, see Note 7 to Financial Statements, Retirement Plans, Postretirement, and Other Employee Benefits.

Restricted amounts for net investment in capital assets increased by \$48.1 million, or 48%, in 2023, following an increase of \$28.2 million, or 9%, in 2022. The Restricted capital reserve funds decreased \$4.9 million or 63% and Special reserve and contingency fund decreased \$17.7 million or 35% in 2023. In 2022, the capital reserve fund decreased \$2.1 million or 21% and the Special reserve and contingency fund had no change in 2022. For more information on these funds, see Note 2 to Financial Statements, Deposits and Investments.

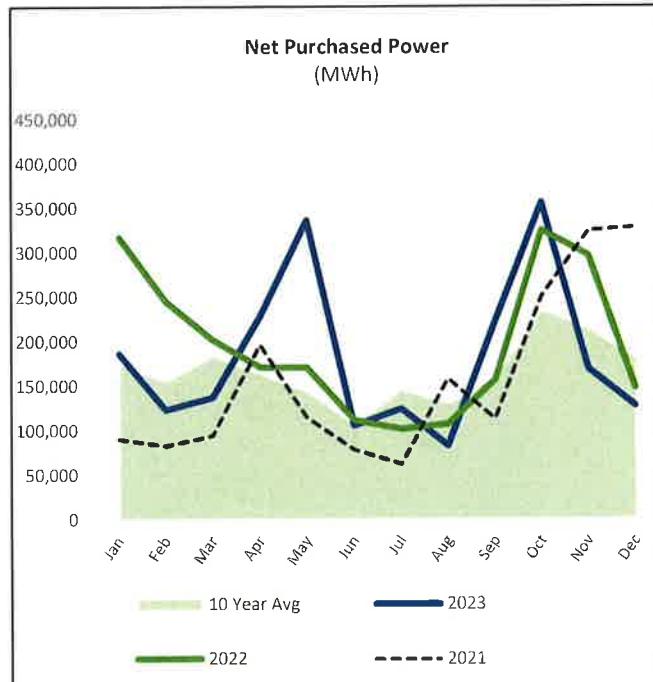
Unrestricted net position represents the part of Net position used to finance day-to-day operations, without constraints established by debt covenants, enabling legislation, including Board designation, or other legal agreements. This amount increased by \$80.4 million or 19% in 2023 and \$68.4 million, or 20%, in 2022.

## OPERATING RESULTS

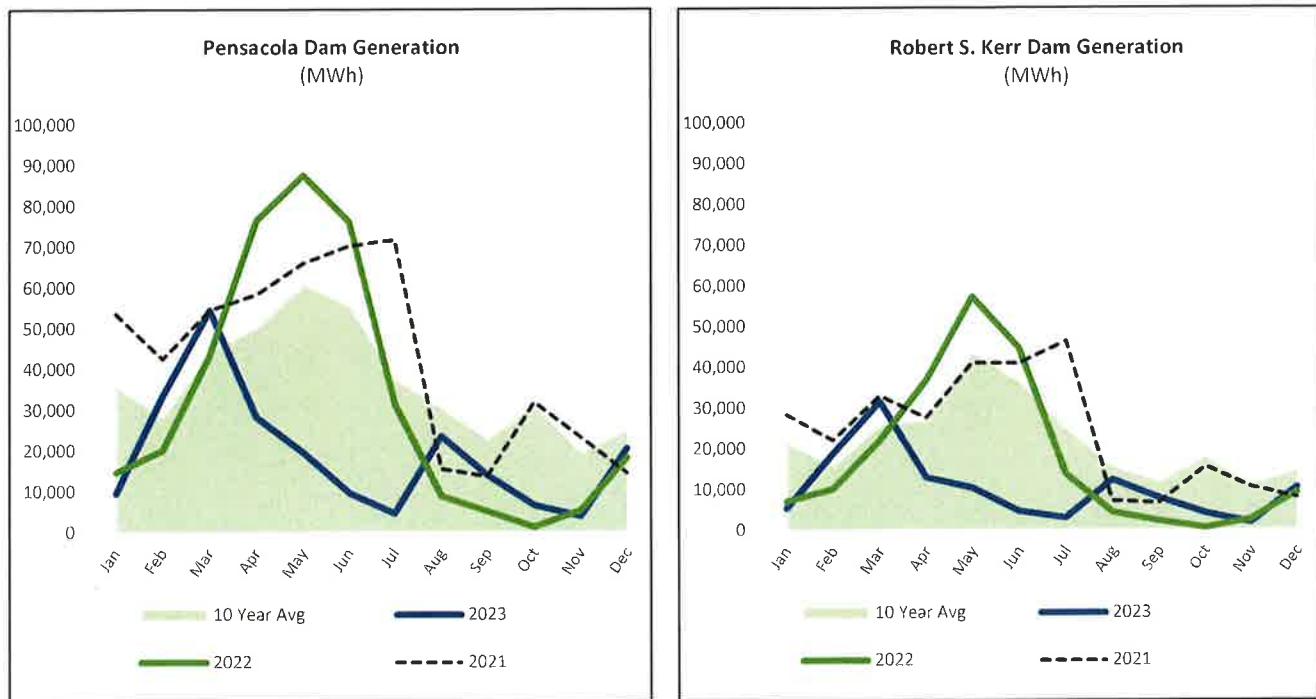
The Authority's 2023 and 2022 operating results were driven by the continued increases in Base Power Sales and Other operating revenues. Sales of Power include the contract and non-contract revenues, also referred to Base Power Sales, and the recovery of Fuel Costs recovered through the PCA. Due to the fluctuations in fuel costs, total Sales of Power can fluctuate materially from year to year. In 2023, Base Power Sales increased \$8.1 million or 3% and \$14.6 or 6% in 2022.

	2023	2022	2021
<b>Sales of Power</b>			
Contract Sales Revenue	\$ 263,400,888	\$ 255,579,535	\$ 241,169,591
Non-Contract Sales	935,007	700,316	525,256
Base Power Sales	264,335,895	256,279,852	241,694,847
PCA and Fuel	232,328,463	333,599,102	292,507,847
Total Sales of power	\$ 496,664,358	\$ 589,878,953	\$ 534,202,694

The graph titled "Net Purchased Power (MWh)" depicts the Authority's hourly net purchases of energy from the Integrated Marketplace. Due to the historically low prices for natural gas experienced in 2023 and the continued growth of renewable generation like wind and solar, net purchased power increased in 2023. The lower power costs made it more economically beneficial to purchase our customers' electricity needs from the integrated marketplace than to operate certain generation assets of the Authority. Additionally, market purchases spiked in April and October during seasonal maintenance periods for GREC 2 and GREC 3.

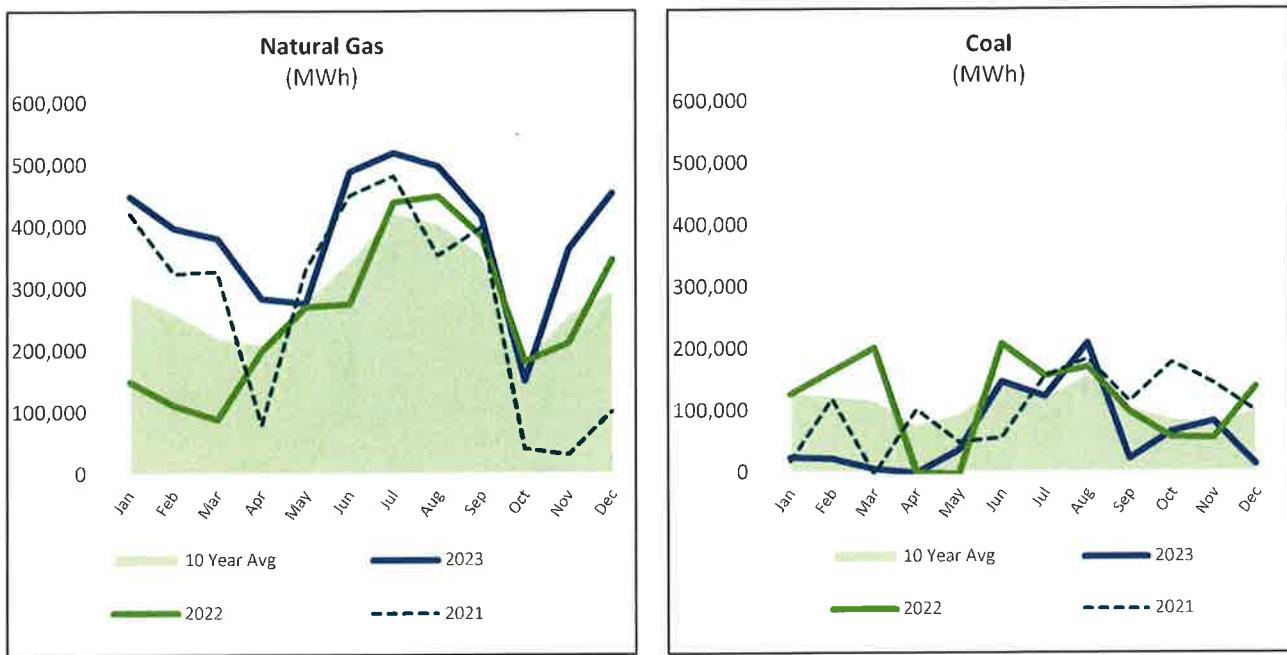


See the graphs titled “Pensacola Dam Generation (MWh)” and “Robert S. Kerr Dam Generation (MWh)” for hydro generation comparisons of 2021, 2022, and 2023, as compared to the ten-year historical average. The areas of Southeast Kansas and Northeast Oklahoma that make up the watershed to the Grand River and Neosho River which feed into Grand Lake (Pensacola Dam) and Hudson Lake (Roberts S. Kerr Dam), experienced another year of below average rainfall. With the reduced rainfall in 2023 and 2022, production from both facilities trended significantly below the ten-year average.



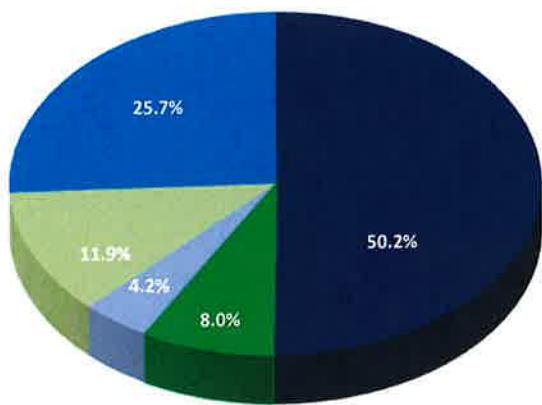
The Authority's energy resources have included wind, through purchased power agreements, since 2013. The energy produced from these projects is recorded as Purchased Power. The wind purchase agreements provide risk mitigation against increases in fuel costs and help expand the Authority's diversified energy portfolio as demand for carbon-free energy grows.

The graphs titled “Natural Gas (MWh)” and “Coal (MWh)” reflect the output of the Authority's thermal generation resources. As demonstrated by the graph titled “Coal (MWh),” the generation for coal decreased again in 2023 as low natural gas prices caused a increase in the usage of natural gas generation across the SPP footprint including GRDA's generation from GREC 3 and Redbud as shown in the graph titled “Natural Gas (MWh).” Coal generation continued to decrease in 2023 that is below the 10-year average as coal generation prices were previously uneconomical when compared to both natural gas generation and the overall available SPP Integrated Marketplace energy. The decrease versus the 10-year average also reflects the April 2017 discontinuation of GREC 1 as a coal-fired generating unit, which was formally retired from assets as of December 31, 2021. As natural gas prices rose over the course of 2022, coal became competitive in the SPP market and neared or exceeded the ten-year average for many months in 2022. The graph titled “Natural Gas (MWh)” indicates the competitiveness of both GREC 3 and Redbud, as they are routinely called upon to provide energy into the SPP Integrated Marketplace during the summer months when generation demands are generally the highest. Routine outages are scheduled for shoulder months in the spring and fall when demands for generation are lower across SPP.

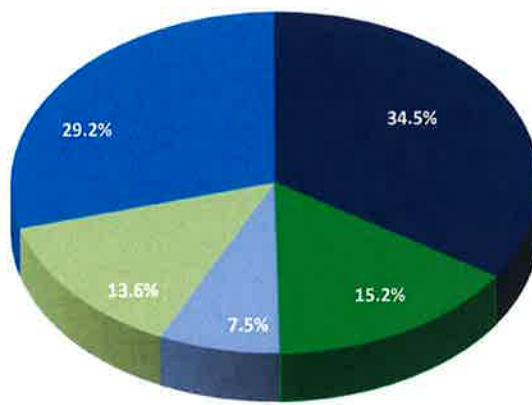


Though its impact has remained immaterial to the financial results, the Authority has continued to expand and strengthen its Energy Hedging Program, with the intent of managing market, counterparty, volume, budget, regulatory, model, and operations risks through Risk Management Policies. The Board of Directors of the Authority is responsible for an overall understanding of risks and the internal Risk Oversight Committee is responsible for primary operational risk oversight and the implementation of the Risk Management Policies. The Energy Hedging Program has three essential objectives: (1) to achieve a customer power cost to serve native load and off-system firm load at a cost that is materially close to the budgeted amount; (2) to reduce the Authority's exposure to volatile swings in energy and hedging costs and to limit the uncertainty related to market timing when purchasing fuel-related hedges by purchasing a portion of required hedges on a programmatic basis; and (3) to maintain a degree of flexibility allowing the Authority to benefit from a favorable energy market. As these transactions relate to natural gas, realized gains and losses, as a result of these hedges, are recognized as fuel expense. See Deferred Outflows of Resources and Deferred Inflows of Resources for further discussion.

2023 Energy Resources (MWh)



2022 Energy Resources (MWh)



■ Gas ■ Coal ■ Hydro ■ Wind Purchases ■ Other Purchases

■ Gas ■ Coal ■ Hydro ■ Wind Purchases ■ Other Purchases

The graphs titled “2023 Energy Resources (MWh)” and “2022 Energy Resources (MWh)” indicate the energy resource mix upon which GRDA relies to meet its customers’ load needs. The availability of adequate generation capacity, along with a reliable transmission system, firm customer contracts, and participation in the SPP Integrated Marketplace, ultimately drive the operating and financial results. In 2023, natural gas made up a majority of the generation due to historically low natural gas prices and lower hydro generation due to decreased rainfall. The hydro units continue to play a vital role in both reliability and available capacity. Likewise, wind purchases remained an equitable share of the Authority’s generation portfolio for the last two years. The Authority has a generation portfolio that provides diversity and employs a team experienced in power marketing that uses those resources, in conjunction with the hedging program, to minimize risks and volatility for the Authority.

## OPERATING INCOME

Operating Income			
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total operating revenues	\$ 574,957,314	\$ 668,204,643	\$ 579,783,231
Total operating expenses	(454,273,594)	(533,232,102)	(466,095,415)
Operating Income	<b>\$ 120,683,720</b>	<b>\$ 134,972,541</b>	<b>\$ 113,687,816</b>

Operating Income decreased \$14.3 million in 2023 or 11%. The decrease was driven primarily by \$13.0 million in higher depreciation costs related to accelerated depreciation associated with the estimated useful life of GREC 2 from 2030 to 2026 when the construction of GREC 4 is estimated to be completed. Additionally, the Authority experienced \$6.4 million higher administrative and general costs due to \$3.3 million in higher pension costs, \$0.9 million higher insurance costs and various

other costs associated with the new ERP. In 2022, operating income increased by \$21.3 million, or 19% due primarily to \$31.7 million in higher Other operating revenue. Operating Revenues decreased by \$93.2 million, or 14%, in 2023, after a 2022 increase of \$88.4 million, or 15%. The decrease in 2023 was driven by the lower cost of fuel and power that the Authority recovers in revenue.

Other Operating Revenues include recovery of revenue requirements for transmission plant recovered through the SPP's administration of the transmission tariffs, as well as revenues associated with an Integrated Transmission Agreement (ITA), and revenues from an agreement with The Energy Authority (TEA) related to the management of excess Auction Revenue Rights (ARR's) in the SPP Integrated Marketplace. It also includes revenues from the sales of Renewable Energy Certificates (RECs) and lake-related revenues and NOx allowances.

Non-operating Revenues primarily include investment income, changes in the fair value of investments, and the deferral of revenue associated with third party contributions to the construction of capital assets. Non-operating Revenues increased in 2023 after trending down in successive years, increasing \$76.7 million, or 128%, in 2023, after a \$34.9 million decrease of 141%, in 2022. Investment Income – Net, which includes changes in the fair value of investments, were \$55.3 million higher than those in 2022. 2022 amounts were \$24.0 million less than those in 2021. Non-Operating Revenues also increased from a decrease in deferral of costs to be recovered of \$18.0 million in 2023 than in 2022 and \$9.7 million more in 2022 than in 2021.

Operating Expenses decreased by \$79.0 million or 15% in 2023 made up primarily of the \$103.1 combined decrease in fuel and purchase power costs. This decrease was offset by increases of \$13.0 million in higher depreciation costs related to accelerated depreciation associated with the estimated useful life of GREC 2 from 2030 to 2026. Additionally, the Authority experienced \$6.4 higher administrative and general costs due to \$3.3 million in pension costs, \$0.9 million in higher insurance costs, and various costs associated with the new ERP. Operating expenses also increased in 2022 by \$67.1 million, or 14%. For 2022, all classes of expenses were greater than 2021. Purchased Power was \$33.9 million more than 2021, and Operation Expenses were \$12.6 million more. The other driver of the Operating Expenses increase was an increase in Administrative and General Expenses in the amount of \$7.6 million.

Award Revenue - Capital includes customer contributions, grant proceeds, and insurance revenues for capital asset additions. Portions of these revenues were deferred by the Authority in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62), which is discussed in further detail in Deferred Outflows of Resources and Deferred Inflows of Resources.

## **OPERATING REVENUES**

As stated previously, Operating Revenues decreased \$93.2 million in 2023 or 14% driven primarily by lower cost of fuel and power that the Authority recovers in revenue. Fuel and power costs recovered in Revenues for 2023 decreased \$103.1. Base Power Revenues were up \$8.1 or 3%. The increase was driven by continued growth of retail industrial customers increasing \$9.4 MM or 10% offset by small decreases in sales to wholesale customers of \$1.5 million of 1%. Sales in 2022 increased by \$88.4 million, or 15% driven by increases in Sales of Power, which increased by \$55.7 million, or 10% in 2022, due to increased growth of industrial load in the MidAmerica Industrial Park (MAIP), increasing 11% in MWh sales in 2022.

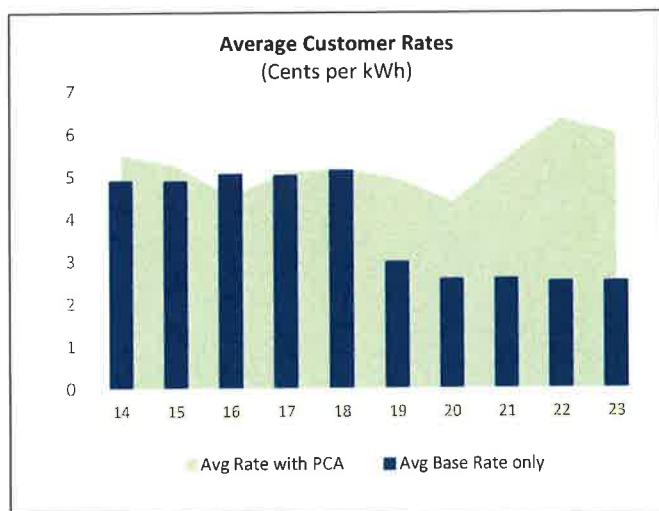
Other Operating Revenues, as mentioned previously, include recovery of revenue requirements for transmission plant recovered through the SPP's administration of the transmission tariffs, as well as revenues associated with an ITA, and revenues from an agreement with TEA related to the management of excess Auction Revenue Rights ARR's in the SPP Integrated Marketplace. Other Operating Revenues decreased \$1.3 million in 2023 after an increase of \$31.7 million, or 72% in 2022. Over 50% of Other Operating Revenue in 2023 and 2022 is attributable to the TEA agreement.

The Authority is empowered to set rates, as necessary, to provide for recovery of operating expenses and debt service payments. When deemed necessary and approved by the Board of Directors, rates can be raised by providing at least 60 days' notice to the Authority's customers. By statute, the Authority is a self-regulated entity and its rates do not come under the jurisdiction of the Oklahoma Corporation Commission. The rates charged by the Authority for the sale of electric power and energy are not currently regulated by the Federal Energy Regulatory Commission (FERC) or any other state or federal authority; however, GRDA's transmission tariff is filed and approved by FERC, as part of the

SPP open access tariff. In April 2024, the Board of Directors approved a series of rate increases over the next three years that become effective on October 1 of each year. The aggregate increase for 2024, 2025, and 2026 is 1.48% 2.74% and 3.39% respectively.

Oklahoma law requires the Authority to maintain rates which are sufficient to produce adequate revenues to fulfill the obligations of the Authority. These obligations include payment of all maintenance and operation expenses, interest, and principal of all bonds, sinking fund and/or reserve fund payments agreed to be made in respect of any such bonds, and any other obligations or agreements made with the holder of such bonds and/or with any person on behalf of such holder. The Authority agreed with its customers not to adopt or charge excess rates and to ensure rates will be applied in a reasonable, and not unduly discriminatory, manner to all customers served under the same rate schedules at the same service level.

The Authority's rates have three main components: demand, energy, and PCA. The amount of the rate is dependent upon the level of service for which the customer has contracted: generation bus, transmission, primary distribution, or distribution.



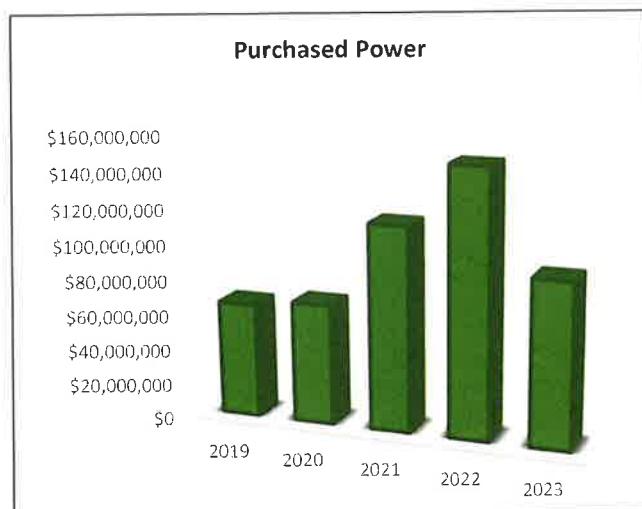
The PCA is an adjustment mechanism that allows the Authority to recover Fuel and Purchased Power costs, for contract sales to wholesale and retail customers, over a rolling twelve-month period. Prior to April 1, 2019, the Authority's base energy rates included an estimated power cost (fuel and purchased power) of 23 mills per kWh. Effective April 1, 2019, the 23 mills per kWh of estimated power cost was restructured out of the base rate and into the PCA recovery calculation.

In 2021, the Authority amended the schedule PCA to include a new component, referred to as PCAx, which is designed to recover Extraordinary Power Cost (EPC) events. EPC events are designated by the Board of Directors. The costs associated with an EPC event can be recovered from customers via three options: (1) PCAx-120 – EPC Customer pays its Customer Costs via not more than 120 monthly payments. This method does accrue additional EPC Carrying Costs for financing. (2)

PCAx-12 – EPC Customer pays its Customer Costs via not more than 12 monthly payments. This method does not accrue additional carrying costs for financing. (3) PCAx-Base – EPC Customer pays the original 12-month PCA calculation under the PCA in place during the EPC event. This amount varies monthly based upon EPC Customer's energy usage and is assessed on a \$/kWh basis. This method does not require EPC Customer to pay additional carrying costs for financing. The Board designated \$102.4 million as EPC in connection with the February 2021 Winter Storm Uri. Based on the options provided by the Schedule PCA, approximately one-third of GRDA's customers chose options to repay within the first twelve months, while the remaining two-thirds elected the PCAx-120 option.

The graph titled "Average Customer Rates (Cents per kWh)" reflects the removal of the aforementioned 23 mills per kWh of estimated power cost from the base rate in the dark blue bars. This graph also shows the impact of the PCAx-12 portion of the costs incurred in relation to Winter Storm Uri, as well as the impact of the dramatic decrease in natural gas prices in 2023 compared to 2022 driving down the PCA and related power prices for the year.

The PCA revenues also reflect an accrual of any over or under-collected fuel costs. In 2023, as natural gas prices continued to decline, the Authority's under collected balance swung from an



under collected balance of \$34.2 million to an over collected amount of \$ 44.6 million, a change of \$78.8 million. As mentioned above, the additional costs of Winter Storm Uri continued to be collected in the PCAx. Of the \$102.3 million in Uri costs, \$52.4 has been collected with the remaining \$49.9 to be collected through 2030. At the end of 2023 approximately \$5.3 million net was under-recovered between the \$44.6 million over collected in yearly PCA recovery and the \$49.9 million of remaining under recovered Uri costs at the end of 2023 compared \$43.4 million of which is long term.

## **OPERATING EXPENSES**

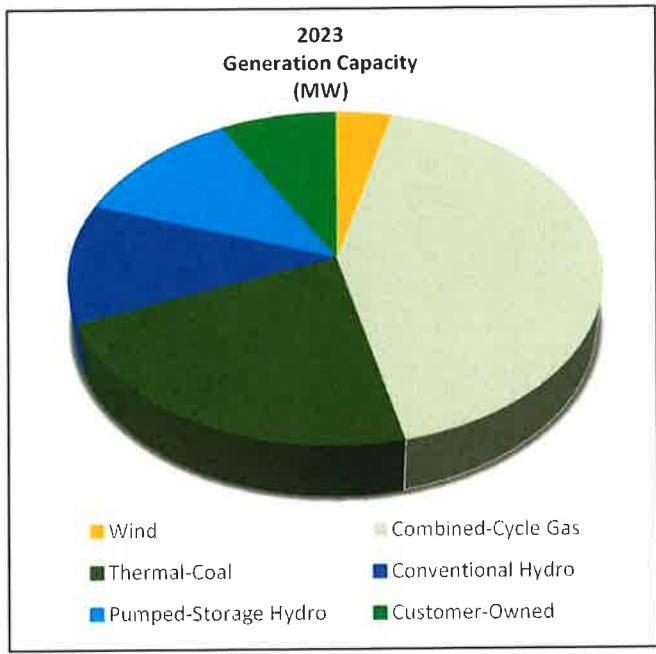
As mentioned above, Operating Expenses decreased by \$79.0 million or 15% in 2023 made up primarily of the \$103.1 combined decrease in fuel and purchased power costs. This decrease was offset by increases of \$13.0 million in higher depreciation costs related to accelerated depreciation associated with the estimated useful life of GREC 2 from 2030 to 2026. Operating expenses increased in 2022 \$67.1million, or 14%. See the graph titled "Purchased Power" for the trend in Purchased Power expenses over the last five years. Purchased Power decreased in 2023 driven by the significant fall in natural gas prices and related power costs decreasing a combined \$103.1. This change in natural gas prices reverses the increases seen in the previous years driven largely by the price of natural gas, which is a major driver of the SPP Integrated Marketplace prices. Purchased Power decreased by \$56.9 million, or 38%, in 2023, after increasing \$33.9, or 29%, in 2022. Fuel exceeded Purchased Power in both 2023 and 2022, decreasing in total by \$46.2 million or 25% in 2023 after increasing in 2022 \$9.1 million, or 5%, in 2022. Operating and Maintenance Expenses were relatively flat increasing by \$4.8 million, or 4%, in 2023. This followed an increase of \$15.5 million or 16% in 2022 due to \$9.7 million of commission expenses related to the aforementioned TEA agreement as well as \$5.7 million in major maintenance projects throughout the Authority. Additionally, the Authority experienced \$6.4 higher administrative and general costs due to \$2.3 million of higher pension costs, \$0.9 million of higher insurance costs, and various costs associated with the ERP implementation. Administrative and General Expenses increased by \$7.6 million, or 46%, in 2022 driven by pension expense recognition required by GASB 68, which is discussed further in Deferred Outflows of Resources and Deferred Inflows of Resources. Historically, Administrative and General Expenses included the settlement of claims, insurance deductibles, employee insurance premiums, and post-retirement benefits. With the implementation of GASB 68, GRDA has experienced some variability of expenses in this area. The Statement requires current year contributions to be recorded as a reduction in the long-term pension liability, rather than a current year expense, and introduced other variables to recognition of current year expense.

Depreciation expense increased \$13.0 million or 21% driven primarily by accelerated depreciation for GREC 2 which was originally estimated to operate through 2030 but has now been targeted to be replaced in 2026 when GREC 4 becomes operations. Depreciation expense in 2022 remained relatively consistent only increasing by \$1.1 million, or 2%.

## **SIGNIFICANT ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

The Authority added \$99.3 million to capital assets, offset by a small amount of retirements totaling \$1.4 million. Capital additions in 2022 totaling \$67.5 million were offset by \$0.9 million in retirements. For several years, the generation outlays have included a multi-year relicensing effort that will allow the Pensacola Dam to continue producing electricity for another fifty years. Capital projects in 2023 included preliminary spending for GREC 4, various projects with our hydro generation fleet, substation and transmission line upgrades, additional Redbud costs, and construction costs to complete the WOKA project. Projects in 2022 included an upgrade of a switching station at the municipal customer, Collinsville, the completion of construction on the Authority's new Administrative Center, various Transmission and Distribution infrastructure upgrades, and generation reliability investments. Other significant asset additions for 2022 contributed to the continued reliability of GREC 2 and strengthening Redbud infrastructures.



As shown in Note 4 to Financial Statements, Utility Plant, the majority of Net utility plant consists of a diverse mixture of hydroelectric, coal, and natural gas generation resources, supported by a transmission system for the delivery of power and energy. The pie chart labeled "2023 Generation Capacity (MW)" reflects GRDA's generation accredited capacity by fuel source. The Authority has contracts for firm wind purchases from four Oklahoma wind farms. In combination with existing hydroelectric generation, these diverse resources allow the Authority to provide reliable electricity for customers, while also striving to excel in environmental stewardship.

### Restricted Assets

The Authority's General Bond Resolution No. 5107 requires Debt Service Reserve Funds to be set aside and that the Debt Service Reserve account be equal to the "Maximum Aggregate Debt Service." Upon issuance of the Series 2023 Bonds, the Debt Service Reserve requirement was calculated to be \$96.2 million.

The Authority normally keeps an excess in restricted accounts to compensate for any unforeseen market value fluctuations of investments in the account. The Authority's balance in the Debt Service Reserve account as of December 31, 2023, was \$97.3 million, or \$1.1 million in excess of the required amount. As discussed in Note 2 to Financial Statements, Deposits and Investments, the balance in the Debt Service Reserve account, including any excess, is reflected as a restricted asset, because bond proceeds were used to initially fund the account and carry associated restrictions on how the funds can be used.

The restricted accounts for other special purposes relate to wildlife mitigation, pursuant to hydro licensing requirements, and riparian lease grant funds. Each of the restrictions is discussed in further detail in Note 2 to Financial Statements, Deposits and Investments.

Reserve funds, established in 2021 through enabling legislation, are set aside for specific purposes, which are included in the restricted assets. In 2021, the Authority created both a Capital Reserve Fund and a Special Reserve and Contingency Fund, amounting to \$9.9 million and \$50.4 million respectively. Throughout 2023, GRDA used \$4.9 million to fund capital projects, which brought the year-ending balance to \$2.9 million. GRDA continues to maintain a Rate Stabilization Fund, which contained a balance of \$31.7 million, as of December 31, 2023. The use of each of these funds is at the discretion of the Board of Directors.

The Authority, through its investment policy, seeks to provide the maximum security along with the best investment return, while meeting the daily cash flow demands, and conforming to all bond policies and state statutes. While these conservative investment requirements hedge against investment losses, the yields earned on the eligible investments reflect the reduced risk. The first priority of the investment policy is the safety of principal, rather than to earn speculative income.

### Deferred Outflows of Resources and Deferred Inflows of Resources

The Authority maintains balances of Deferred outflows related to pension plans, other post-employment benefits, losses on reacquired debt, and derivative hedges. The Deferred outflows related to pension plans totaled \$16.0 million, which represents a decrease of \$8.6 million over the 2022 balance of \$24.6 million. This variability is related to the performance of the pension plan's underlying financial assets, as well as adjustments to actuarial assumptions used in valuation calculations.

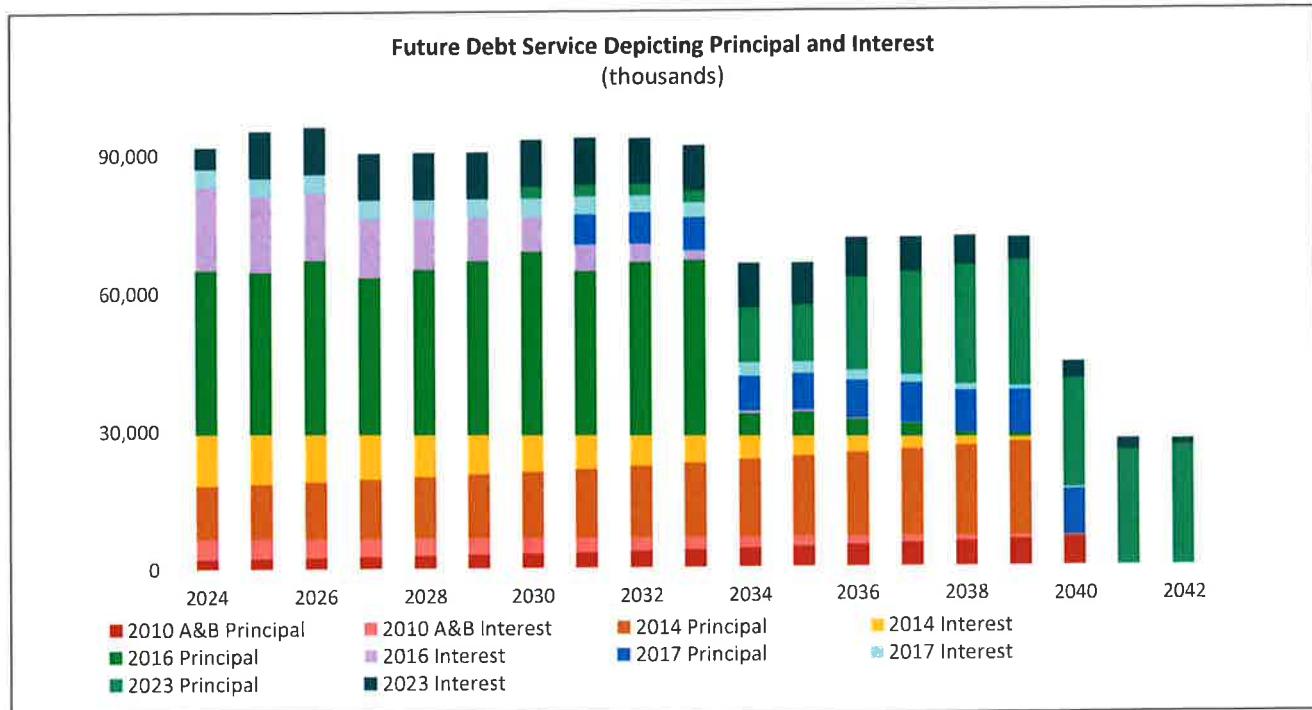
Deferred outflows related to other post-employment benefits was \$1.7 million in 2023 compared to \$2.4 million in 2022. See Note 7 to Financial Statements, Retirement Plans, Postretirement, and Other Employee Benefits for more information.

GRDA amortized \$2.8 million in losses on reacquired debt in 2023, to reduce the Deferred outflow balance from \$21.7 million in 2022, to \$18.8 million in 2023. The balance will be amortized over the life of the corresponding debt.

The Authority maintains balances of Deferred inflows related to pension plans, other post-employment benefits, regulated operations, and derivative hedges. The Deferred inflows related to pension plans decreased by \$1.1 million in 2023, following a decrease of \$34.3 million in 2022. Like the Deferred outflows discussed above, this variability is also related to the performance of the pension plan's underlying financial assets, as well as adjustments to actuarial assumptions used in valuation calculations.

Deferred inflows related to other post-employment benefits were \$3.7 million and \$2.3 million in 2023 and 2022 respectively. See Note 7 to Financial Statements, Retirement Plans, Postretirement, and Other Employee Benefits for more information.

The Authority follows accounting for regulated operations in accordance with GASB 62, which requires approval from the Board of Directors, as they represent the regulatory body for the Authority. Deferred inflows related to regulated operations totaled \$122.7 million in 2023 versus \$121.3 million in 2022. This increase of \$1.4 million is made up of \$5.6 million in additional deferred revenues, and recognized revenues of \$4.3 million. See Note 5 to Financial Statements, Costs Recovered or to be Recovered from Future Revenues for the detail of authorizations for regulatory treatment.



### Long-Term Debt

In December 2023, in conjunction with the Board's approval to construct GREC 4, GRDA issued \$205 million of bonds payable with an associated premium of \$25.6 million for total proceeds of \$231.6 million. GRDA's bonds payable, including premium, increased by \$179.3 million from 2022 to 2023 reflecting the additional bonds issued in December offset by \$43.1 in principal payments and \$9.2 million of premium amortization. The bonds payable current portion increased by \$6.1 million, and the noncurrent portion increased by \$173.2 million. The net increase was made up of \$205 million in new issuance, \$26.6 million in additional premium, \$43.1 million in retirements and \$9.2 million in premium amortizations. The Authority reported a premium balance at the end of 2023 for the 2014A bonds, the 2016A bonds, the 2017 bonds, and the 2023 bonds totaling \$84.4 million.

GRDA makes monthly sinking fund payments to the bond trustee, which are reflected as Current Investments Restricted for Bond Service. The current balance, as of December 31, 2023, is \$32.6 million. The bondholders are then paid annual principal payments on June 1 and semi-annual interest payments on June 1 and December 1 of each year. Please see Note 6 to Financial Statements, Bonds Payable for more detailed information. The graph "Future Debt Service Depicting Principal and Interest (thousands)" provides an indication of how much principal and interest are due each year, until all currently outstanding bonds mature in 2042. The graph distinguishes between the matured bonds and the currently outstanding issues.

Public Financial Management (PFM) represents the Authority as financial advisor to ensure it meets current and long-term operations and capital financing needs and to render assistance with respect to debt transactions. PFM is acting as the Authority's Independent Municipal Advisor, as defined by the U.S. Securities and Exchange Commission in connection with all general capital markets activity.

### CHANGE IN FINANCIAL POSITION

The Authority's financial position continues to improve, year over year. The Authority's cash reserve levels, in conjunction with a formalized Cash Reserve Policy that was amended by the Board of Directors in 2021, has positioned the Authority to continue with its capital improvement plan, while holding base rates steady, as well as be prepared for events such as Winter Storm Uri, previously discussed. With the Approval of the construction of GREC 4 and the subsequent retirement of GREC 2, in April 2024, the board approved a series of rate increases over the next 3 years to raise revenues in order to support the additional debt required to construct the \$480 million simple cycle gas combustion unit.

GRDA's Board of Directors approved the creation of a new Board-designated fund for system capital improvements in 2021, that will further strengthen the Authority's cash position. Debt service coverage has remained excellent, far exceeding the one-time's coverage required by debt covenants. The Authority's Board of Directors is comprised of persons with experienced, diverse backgrounds. Their oversight and perpetual insistence for excellence and efficiency ensures that GRDA's history of success continues.

Wholesale customers provide financial security with long-term contracts. The Authority has been humbled by, and is motivated by, the active support of its wholesale customers and is actively working with this customer group to continue to face and conquer the onslaught of changes perpetually facing the utility industry. Wholesale electric sales were relatively flat in 2023 with a 1% decrease after a small increase in 2022 of 4%. The Authority's long-term revenue projections are more stable due to these long-standing contracts. Many of the all-requirements contracts with the wholesale customers run two years longer than the majority of GRDA's outstanding debt.

Continued industrial expansion in the Mid America Industrial Park has led to increasing sales within the Industrial and Commercial customer classes rising 10% in both 2023 and 2022, offsetting the slight declines of the wholesale load, and providing for forecasted growth in sales.

The 2021 "#1GRDA" was the foundation of company culture that carried the Authority through the challenges presented by the events of the year and allowed for focus on "New Beginnings" in 2023. This teamwork and the continued support of our customers base allowed for the Board to unanimously approve the construction of GREC 4 in August 2023, the 2024 budget in December 2023, and the series of rate increases in April 2024 that will continue to build a stronger GRDA.

## ECONOMIC OUTLOOK

GRDA has a positive economic outlook, due to sound financial and operational fundamentals and solid, mutually beneficial, long-term customer relationships. The Authority remains agile in its ability to facilitate expanding customer relationships.

Capital improvement plans for the Authority include continued investment in the Authority's infrastructure to continue to serve our existing customers and potential new customers. The retail customers served by GRDA are diverse and service-oriented, with forecasted growth throughout the upcoming years, while GRDA continues to be instrumental in attracting new customers to the Authority's service territory.

GRDA's 2021 financial and cash positions were such that the Authority was able to finance the Winter Storm Uri event without issuing new debt and allowing customers the option to pay over 12 months or the option to repay over 120 months. Since 2021, the Authority has been able to rebuild much of its cash reserves and with the 2023 and future 2024 bond issuance, the Authority is in a good financial position to finance the construction of GREC 4. Additionally, the strategic leverage of the Rate Stabilization Fund has the potential to help offset increases in debt service requirements in the base rate.

The Authority and its customers continue to work together to educate end users regarding the connection between efficiency, demand, and affordability. This will aid in managing end users' expectations of their electricity providers, as the impact of the Integrated Marketplace and technology, such as distributed generation, introduce new and varying aspects to the utility industry. These efforts include research efforts to institute Automated Metering Infrastructure (AMI) in municipalities. In 2024, GRDA began a program to bring AMI to our municipal customers in an effort to continue to support our customers management of their load requirements. The Authority created a new rate schedule for the municipal customers that elect to participate in the AMI program that allows them to upgrade their equipment and reimburse GRDA for the costs over a five-year period.

The Authority protects the waters of the Grand River and the environments associated with it and utilizes Oklahoma's natural gas, water, and wind resources to generate electricity. The Authority meets customers' needs and environmental mandates with diversified resources and generation. The diversity in GRDA's generation portfolio provides a hedge to risks, such as fuel supply, Integrated Marketplace competition, and environmental legislation. The generation assets are supported by a robust and reliable transmission grid. The Authority has a favorable economic outlook because its electric system profile has low-debt costs, strong customer support, and coordinated resource planning.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This report is intended to provide our customers, bondholders, citizens of the state of Oklahoma, and other interested parties with a general overview of GRDA's financial position, results of operations, and to demonstrate accountability for the revenues GRDA receives.

Questions about this report, or requests for additional financial information, should be directed to the Authority at: Grand River Dam Authority, PO Box 669, Chouteau, OK 74337.

**GRAND RIVER DAM AUTHORITY**  
**(A Component Unit of the State of Oklahoma)**

**STATEMENTS OF NET POSITION**  
**AS OF DECEMBER 31, 2023, and 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents:		
General operating accounts	\$35,277,503	\$74,606,681
Restricted accounts	5,172,277	8,265,422
Investments:		
General operating accounts	24,008,580	31,039,483
Restricted accounts	32,640,611	30,206,686
Accounts receivable – net	48,577,068	54,346,327
Accrued interest receivable	4,625,878	2,172,296
Fuel stock	16,114,752	10,547,531
Materials and supplies – net	52,465,406	50,214,125
Under recovered power costs	6,496,771	41,093,472
Prepaid assets	6,486,734	5,807,257
Hedging derivative instruments	-	2,986,350
Total current assets	231,865,580	311,285,630
Noncurrent assets:		
Investments:		
General operating accounts	304,496,431	125,227,491
Restricted accounts	360,036,455	168,091,230
Net utility plant:		
Nondepreciable – at original cost	151,566,181	99,373,190
Depreciable – at original cost, less depreciation	1,087,492,181	1,117,724,399
Under recovered power costs	43,413,333	49,610,150
Nonutility plant – at original cost, less depreciation	40,112,548	34,237,907
Other noncurrent assets	25,607,520	10,766,703
Total noncurrent assets	2,012,724,649	1,605,031,070
Total assets	2,244,590,229	1,916,316,700
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Related to pension plans	15,997,469	24,558,350
Related to post employment benefits	1,680,415	2,369,786
Related to loss on advanced refunding	18,826,324	21,654,847
Related to derivative hedges	16,678,174	4,026,920
Total deferred outflows of resources	53,182,382	52,609,903

**GRAND RIVER DAM AUTHORITY**  
**(A Component Unit of the State of Oklahoma)**

**STATEMENTS OF NET POSITION**  
**AS OF DECEMBER 31, 2023, and 2022**

	<u>2023</u>	<u>2022</u>
<b>LIABILITIES:</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$57,400,918	\$56,330,790
Accrued interest payable	3,926,610	3,341,065
Bonds payable – current portion	49,225,000	43,080,000
Over recovered power costs	44,606,832	-
Total current liabilities	155,159,360	102,751,855
Noncurrent liabilities:		
Bonds payable – net	1,020,015,528	846,812,103
Liabilities related to pension plans	14,030,125	21,295,647
Liabilities related to post employment benefits	15,544,891	18,445,087
Other noncurrent liabilities	12,179,163	9,987,885
Total noncurrent liabilities	1,061,769,707	896,540,722
Total liabilities	1,216,929,067	999,292,577
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Related to pension plans	1,013,573	2,111,281
Related to post employment benefits	3,712,404	2,305,327
Related to costs recovered or to be recovered	122,676,221	121,300,297
Total deferred inflows of resources	127,402,198	125,716,905
<b>NET POSITION:</b>		
Net investment in capital assets	484,318,563	434,865,465
Restricted for:		
Capital reserve fund	2,916,947	7,806,994
Special reserve and contingency fund	32,649,598	50,383,000
Bond service	28,714,583	25,129,999
Special purposes: other	2,146,836	2,086,139
Unrestricted	402,694,819	323,645,524
<b>TOTAL NET POSITION</b>	<b>\$953,441,346</b>	<b>\$843,917,121</b>

**GRAND RIVER DAM AUTHORITY**  
**(A Component Unit of the State of Oklahoma)**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2023, and 2022**

	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES:</b>		
Sales of power	\$496,664,358	\$589,878,953
Other operating revenues	74,097,144	75,348,353
Regulatory revenues	4,195,812	2,977,337
Total operating revenues	<u>574,957,314</u>	<u>668,204,643</u>
<b>OPERATING EXPENSES:</b>		
Fuel	(139,829,863)	(186,042,989)
Purchased power – net	(92,498,600)	(149,404,112)
Operations	(84,990,303)	(84,078,173)
Depreciation	(75,872,836)	(62,844,949)
Maintenance	(30,816,696)	(26,966,147)
Administrative and general	(30,265,296)	(23,895,732)
Total operating expenses	<u>(454,273,594)</u>	<u>(533,232,102)</u>
<b>OPERATING INCOME</b>	<b>120,683,720</b>	<b>134,972,541</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment income (loss) – net	26,119,473	(29,107,670)
Award revenue – operating	330,388	59,951
Income (loss) – non-operating	(1,361,585)	(5,207,691)
Income (loss) – non-utility operations	(2,473,751)	(1,852,356)
Interest expense	(42,464,555)	(43,853,908)
Costs recovered or to be recovered	(5,626,159)	(23,657,987)
Cost of issuance	(820,756)	(106,750)
Amortization of bond premium	9,176,086	9,677,196
Total nonoperating expenses	<u>(17,120,859)</u>	<u>(94,049,215)</u>
<b>CAPITAL CONTRIBUTIONS:</b>		
Award revenue– capital	5,961,364	24,228,211
<b>NET INCREASE IN NET POSITION</b>	<b>109,524,225</b>	<b>65,151,537</b>
NET POSITION– Beginning of year	843,917,121	778,765,584
NET POSITION– End of year	<u>\$953,441,346</u>	<u>\$843,917,121</u>

See notes to financial statements.

**GRAND RIVER DAM AUTHORITY**  
**(A Component Unit of the State of Oklahoma)**

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023, and 2022**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Received from customers	\$616,817,070	\$634,739,021
Received from award revenues– operating	123,713	277,320
Payments to employees for services	(56,412,310)	(51,590,864)
Payments to suppliers for goods and services	(309,392,580)	(390,870,615)
Net cash provided by operating activities	<u>251,135,893</u>	<u>192,554,862</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Additions to utility plant	(103,916,023)	(77,034,982)
Payments for retirements of utility plant	(1,213,141)	(547,319)
Received from sales of retirements of utility plant	944,603	259,861
Received from award revenues– capital	4,282,900	24,812,412
Proceeds from bond issue	205,000,000	-
Bond premium	26,604,512	-
Bond issuance costs	(820,756)	-
Repayment of principal	(43,080,000)	(41,675,000)
Interest paid	(39,050,487)	(41,011,652)
Net cash used in capital and related financing activities	<u>48,751,608</u>	<u>(135,196,680)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received	14,950,195	7,050,027
Purchases of securities	(461,242,614)	(263,791,172)
Proceeds from sales and maturities of securities	103,982,595	264,740,576
Net cash provided by (used in) investing activities	<u>(342,309,824)</u>	<u>7,999,431</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b><u>(42,422,323)</u></b>	<b><u>65,357,613</u></b>
<b>CASH AND CASH EQUIVALENTS– Beginning of year</b>	<b><u>82,872,103</u></b>	<b><u>17,514,490</u></b>
<b>CASH AND CASH EQUIVALENTS– End of year</b>	<b><u>\$40,449,780</u></b>	<b><u>\$82,872,103</u></b>

**GRAND RIVER DAM AUTHORITY**  
**(A Component Unit of the State of Oklahoma)**

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023, and 2022**

	<u>2023</u>	<u>2022</u>
<b>NONCASH ITEMS FROM CAPITAL AND RELATED ACTIVITIES:</b>		
Noncash purchases of utility plant included in accounts payable	(\$473,052)	\$323,538
Noncash award revenues— capital	<u>\$1,678,464</u>	<u>(\$584,201)</u>
<b>NONCASH ITEMS FROM INVESTING ACTIVITIES:</b>		
Change in unrealized gain (loss) on investments	\$8,382,892	(\$17,892,443)
Amortization of premiums and discounts	<u>\$322,930</u>	<u>(\$1,188,356)</u>
<b>RECONCILITATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income	\$120,683,720	\$134,972,541
Noncash items included in net operating income:		
Income from nonutility operations	(7,788,724)	(31,591,329)
Depreciation	75,872,836	62,844,949
Changes in assets and liabilities:		
Receivables:		
Customers	7,550,453	17,228,018
Other	(16,631,363)	23,013,664
Fuel stock	(5,567,221)	(3,555,439)
Materials and supplies	(2,251,281)	(1,880,146)
Other	2,113,815	(123,010)
Deferred outflows related to pension plans	8,560,881	(19,183,229)
Deferred outflows related to post employment benefits	689,371	740,869
Deferred outflows related to derivative hedges	(12,651,255)	(4,026,920)
Accounts payable and accrued liabilities	1,241,047	12,353,479
Over (under) recovered fuel costs	85,400,349	140,261
Other noncurrent liabilities	(7,772,028)	18,456,981
Deferred inflows related to pension plans and post employment benefits	309,369	(32,460,785)
Deferred inflows related to deferred revenues	1,375,924	20,626,098
Deferred inflows related to derivative hedges	-	(5,001,140)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$251,135,893</b>	<b>\$192,554,862</b>

See notes to financial statements.

**GRAND RIVER DAM AUTHORITY**  
**(A Component Unit of the State of Oklahoma)**

**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2023, AND 2022**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Business**—The Grand River Dam Authority (the “Authority” or “GRDA”), a non-appropriated state agency, was created by the State of Oklahoma in 1935 as a conservation and reclamation district. The Authority has the power to control, store, preserve, and distribute the waters of the Grand River and its tributaries for any useful purpose and to develop and generate water power, electric power, and electric energy within the boundaries of the Authority and to buy, sell, resell, interchange, and distribute electric power and energy. The Grand River lies entirely within Oklahoma, but its drainage basin also extends over the states of Arkansas, Kansas, and Missouri. As part of the Authority’s licensing agreements, the Authority also has lake area responsibilities. The costs of those activities are funded primarily through electricity sales. The Authority’s financial statements are included in the State of Oklahoma Annual Comprehensive Financial Report as a discretely presented component unit.

**Basis of Accounting**—The Authority is licensed to operate under the Federal Power Act, which requires the use of the uniform system of accounts, prescribed for public utilities and licensees. The Authority is a cost-of-service organization and establishes its rates to provide revenues sufficient to pay all expenses necessary for the operation and maintenance of the system, all payments, transfers, and deposits related to outstanding debt, and all other charges or obligations imposed by law or contract.

**Basis of Presentation**—The Authority’s basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The Authority’s basic financial statements conform to the provisions of standards issued by the Governmental Accounting Standards Board (GASB). GASB establishes standards for external financial reporting for all state and local governmental entities, which include Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows. It requires the classification of net position into three components—net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

**Net Investment in Capital Assets**—This component of net position consists of capital assets, net of accumulated depreciation and costs recovered or to be recovered from future revenues reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

**Restricted**—This component of net position consists of funds subject to constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use for the same purpose, it is the Authority’s practice to use unrestricted resources first, then restricted resources as they are needed, unless directed by the Board of Directors, as enabled by legislation.

**Unrestricted Net Position**—This component of net position consists of any remaining net position that does not meet the definition of “restricted” or “net investment in capital assets.”

**Estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**—Cash and cash equivalents include unrestricted cash in banks, unrestricted money market funds, and unrestricted certificates of deposit with original maturities of three months or less. Balances are presented on a net basis to the extent such balances are subject to the right of offset. Unrestricted cash and cash equivalents are shown as General Operating Accounts and restricted cash and cash equivalent are shown as Restricted Accounts on the Statements of Net Position.

**Investments**—Investments principally comprise U.S. government securities, U.S. government agencies, U.S. government-sponsored enterprises, state government obligations, money market funds, certificates of deposit and Certificates of Deposit Account Registry Service. The Authority reports investments at fair value, which is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Unrestricted investments are shown as General Operating Accounts and restricted investments are shown as Restricted Accounts on the Statements of Net Position.

**Fuel Stock**—Fuel stock is valued using the lower of the average cost method or fair market value. The delivered commodity is expensed monthly based on fuel burned, and undistributed costs, which includes costs of coal handling and railcar and railroad track maintenance, are expensed monthly independent of fuel burned.

**Materials and Supplies**—Materials and supplies inventory is valued using the average cost and specific identification methods and is subject to write-off when deemed obsolete. A reserve was established in 2022 for obsolete inventory that is intended to adjust the net realizable value of inventory that may not be usable. The balance in this reserve as of December 31, 2023 and December 31, 2022, was \$3,300,000.

**Under/Over Recovered Fuel Costs**—The Authority's rate structure, as approved by the Board of Directors, allows the Authority to increase or decrease monthly charges from wholesale and retail customers to recover actual fuel costs incurred by the Authority. This monthly charge, referred to as the Ordinary Power Cost Adjustment (PCAO), is calculated monthly based on an estimated 12-month average of future fuel costs. The cumulative difference between the actual fuel costs and the revenue collected by the PCAo is reflected as either an asset ("under recovery") or liability ("over recovery") in the Authority's accompanying Statements of Net Position, as these amounts will be included in the PCA Factor and either collected from or refunded to customers of the Authority in subsequent periods.

Effective for reporting period ending December 31, 2021, the Authority amended the schedule PCA to include a new component, referred to as PCAx, which is designed to recover Extraordinary Power Cost (EPC) events. EPC events are designated by the Board of Directors. The costs associated with an EPC event can be recovered from customers via three options:

PCAx-120 – EPC Customer pays its Customer Costs via not more than 120 monthly payments. This method does accrue additional EPC Carrying Costs for financing.

PCAx-12 – EPC Customer pays its Customer Costs via not more than 12 monthly payments. This method does not accrue additional carrying costs for financing.

PCAx-Base – EPC Customer pays the original 12-month PCA calculation under the PCA in place during the EPC event. This amount varies monthly based upon EPC Customer's energy usage and is assessed on a \$/kWh basis. This method does not require EPC Customer to pay additional carrying costs for financing.

**Joint Ownership**—On October 1, 2008, the Authority purchased certain assets and assumed certain liabilities in the Redbud combined-cycle gas plant near Luther, Oklahoma. The Authority's undivided interest in the assets and

liabilities of the facility is 36%, while Oklahoma Gas & Electric's (OG&E) interest is 51%, and Oklahoma Municipal Power Authority's (OMPA) interest is 13%.

OG&E operates the Redbud facility under an operating agreement with the Authority and OMPA and allocates certain costs and expenses attributable to Redbud to the Authority and to OMPA, in accordance with their undivided ownership interests (36% and 13%, respectively). The Redbud facility has long-term service agreements with a large industrial manufacturer for the maintenance of the gas and steam turbines. These amounts have been included in the contractual commitments in Note 9 to Financial Statements, Commitments and Contingencies.

**Utility Plant and Depreciation**—The cost of utility plant includes direct costs, such as material, labor, and payments to contractors, as well as indirect costs, such as engineering, supervision, and administrative and general expenses. Generally, assets which have a cost of \$500 or more at the date of acquisition and have an expected useful life of more than one year, and are not consumable, are capitalized. The cost of maintenance and repairs to property is expensed. Certain costs of the long-term service agreement payments for both the GREC 3 and Redbud plants are capitalized. Gain or loss is recognized on retirements and dispositions.

Depreciation is computed on the straight-line basis at rates based upon the estimated useful lives of assets. Depreciation expense, calculated as a percentage of depreciable plant, averaged approximately 7.0% and 5.6% for each of the years ended December 31, 2023, and 2022.

The utility depreciable property classes range from 3 to 87 years. The depreciable lives for the Redbud plant generally align with the majority owner.

**Nonutility Plant and Depreciation**—The cost of nonutility plant includes direct costs, such as material, labor, and payments to contractors, as well as indirect costs, such as engineering, supervision, and administrative and general expenses. Generally, assets which have a cost of \$500 or more at the date of acquisition and have an expected useful life of more than one year, and are not consumable, are capitalized. The cost of maintenance and repairs to property is expensed to Income (loss) – non-utility operations. Gain or loss is recognized on retirements and dispositions. Most of the nonutility assets fall into the 30-year depreciable class.

	2023	2022
Nonutility assets - depreciable	\$40,976,027	\$34,582,052
Less accumulated depreciation	<u>(863,479)</u>	<u>(344,145)</u>
Net nonutility plant	<u>\$40,112,548</u>	<u>\$34,237,907</u>

**Other Noncurrent Assets**—Other noncurrent assets are made up mostly of long-term deposits, long-term accounts receivable, and long-term hedging derivatives. The Authority maintains deposits with the Southwest Power Pool and StoneX Financial Inc. The receivable is attributed to a customer's portion of the closure and post-closure costs, as well as receivables from a FEMA claim. The deposit with StoneX Financial Inc. is approximately \$21.8 million of the \$25.6 million balance in Other noncurrent assets.

**Other Noncurrent Liabilities**—Other noncurrent liabilities include the accumulated provision for the closure and post-closure costs for the solid waste landfill, the accrued liability for annual leave of more than one year, and long-term deferred credits. For more information on the closure and post-closure costs, see Note 10 to Financial Statements, Landfill Closure and Post-closure Costs.

**Costs Recovered or to be Recovered**—Certain items included in operating costs are recovered by the Authority through rates set by the Board of Directors. The Authority, as a self-regulated utility, is subject to the requirements of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*. GASB Statement No. 62 provides that certain costs that would otherwise be charged to revenue and expense can be deferred as regulatory liabilities and assets, based on the

expected recovery from customers in future rates. Recognition of these costs is deferred to the extent that such costs are later included in rates charged by the Authority in future years.

Management continuously monitors the future recoverability of regulatory items, and when, in management's judgment, any future recovery becomes impaired, the amount of the deferred inflow is written off, as appropriate. For additional information about the costs recovered or to be recovered, see Note 5 to Financial Statements, Costs Recovered or to be Recovered.

**Bonds Payable**—The Authority is operating under its Board's General Bond Resolution No. 5107 ("Resolution No. 5107"), which provides for the issuance of revenue bonds and defines eligible investment securities.

**Unamortized Debt Discount or Premium**—Debt discount or premium are amortized using the bonds outstanding method over the periods of the applicable issues.

**Unamortized Gains and Losses on Advance Refunding of Long-Term Debt**—Gains and losses realized on advance refunding of long-term debt are deferred and amortized over the shorter of the life of the new bonds or the related refunding issues using the bonds outstanding method.

**Deferred Outflows**—In addition to assets, the Statements of Net Position reports a separate section for the deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The deferred outflows of resources relate to deferrals required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) related to pension obligations, deferrals required by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (GASB 75), related to other postemployment benefits (OPEB), deferrals related to derivative hedges as required by GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and deferred losses on reacquired debt. For additional information about the pension plans and OPEB, see Note 7 to Financial Statements, Retirement Plans, Postretirement, and Other Employee Benefits. For additional information about the loss on reacquired debt, see Note 6 to Financial Statements, Bonds Payable. Refer to Note 11 to Financial Statements, Risk Management, for additional information related to derivative hedges.

**Deferred Inflows**—In addition to liabilities, the Statements of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources relate to deferrals required by GASB 68, deferrals required by GASB 75, regulated operations, which includes deferred revenues from third-party contributions to capital projects, and contributions to a rate stabilization account. For additional information about the pension plans and OPEB, see Note 7 to Financial Statements, Retirement Plans, Postretirement, and Other Employee Benefits. For additional information about regulated operations, see Note 5 to Financial Statements, Costs Recovered or to be Recovered.

**Operating and Nonoperating Revenues and Expenses**—Operating revenues include the sales of power, other operating revenues, and regulatory revenues. Other operating revenues consist of the sale of SPP Auction Revenue Rights and Transmission Congestion Rights, transmission revenues, sales of water, lake permitting fees, NOx allowances, and renewable energy certificates. Regulatory revenues are the recognition of deferred revenues. Operating expenses include costs to operate and maintain the Authority's generation and transmission assets, and include fuel, purchased power, depreciation, and administrative and general expenses. Nonoperating revenues include investment income, net increase in the fair value of investments, amortization of bond premiums, and income from nonutility operations, which includes revenues from Scenic Rivers and the WOKA Waterpark. Nonoperating expenses include interest expense, costs recovered or to be recovered from future revenues, bond-related expenses, and expenses from nonutility operations, which include Scenic Rivers and WOKA operating expenses.

**Purchased Power**—Purchased power includes the cost of energy and power purchased for resale to customers. Included are the settlements for the hourly net exchange of electricity in the SPP Integrated Marketplace and bilateral purchases, primarily from long-term wind and customer generation purchase agreements.

**Energy Hedging**—The Authority has a formalized Risk Management Policy and Energy Hedging Program. Accordingly, the Authority evaluates transactions under GASB Statement No. 53. For additional information about the hedging program, see Note 11 to Financial Statements, Risk Management.

**Capital Contributions**—Cash and capital assets are contributed to the Authority from customers, municipalities, or external parties. The value of property contributed to the Authority is reported as award revenues on the accompanying Statements of Revenues, Expenses, and Changes in Net Position.

**Income Taxes**—The Authority is a governmental agency organized under the laws of the State of Oklahoma and is not subject to federal or Oklahoma state income taxes.

**Comparative Data**—Certain amounts presented in the prior year data may have been reclassified to be consistent with the current year's presentation.

**Adoption of New Accounting Standards**—During the year, the Authority adopted the following accounting standards:

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. This statement did not have an impact on the Authority's financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. This statement did not have an impact on the Authority's financial statements.

GASB Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2)

accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows: (1) Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument; (2) Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives; (3) Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset; (4) Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability; (5) Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt; (6) Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP); (7) Disclosures related to nonmonetary transactions; (8) Pledges of future revenues when resources are not received by the pledging government; (9) Clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements; (10) Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; (11) Terminology used in Statement 53 to refer to resource flows statements. The requirements of this Statement are effective as follows: (1) The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance; (2) The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter; (3) The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. This statement did not have an impact on the Authority's financial statements.

**Recently Issued Accounting Standards**— The following accounting standards will be adopted as applicable in future periods: GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, GASB Statement No. 101, *Compensated Absences*, and GASB Statement No. 102, *Certain Risk Disclosures*. When they become effective, application of these standards may restate portions of these financial statements.

## 2. DEPOSITS AND INVESTMENTS

The Authority's Resolution No. 5107 provides for the issuance of revenue bonds and defines eligible investment securities as investments allowed pursuant to the Authority's investment policy. The Authority's Board Policy 5-2 defines the following categories of investments (1) bonds or other obligations, which are direct obligations of the United States of America, (2) bonds or other specifically named obligations, which are indirectly guaranteed by the United States of America, (3) direct and general obligations of any state which are rated in the two highest major categories of Moody's, Standard & Poor's (S&P), or Fitch, (4) certificates of deposit issued by a savings and loan association or a bank and trust company which are collateralized by the securities described in (1) and (2) or which are fully insured by the Federal Deposit Insurance Corporation (FDIC), (5) repurchase agreements with banks or government bond dealers which are secured by securities described in (1) and (2), (6) investment agreements with companies or banks whose senior debt obligations are rated no lower than the second highest category of Moody's, S&P, or Fitch, (7) short-term obligations of any state or political subdivision which are rated in the highest short-term category by Moody's or S&P, and (8) any cash swap or similar arrangement of the Bond Fund Trustee, the investments of which are limited to securities described in (1) and (2).

The Authority carries its investments at fair value. Fair value of a financial instrument is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The Authority and trustees monitor collateral pledged to secure deposits in financial institutions for compliance with rules and regulations promulgated by the Oklahoma State Treasurer.

**Interest-Rate Risk**—Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Resolution No. 5107 requires that investments not mature later than such times as the funds shall be necessary to provide monies when needed for payments to be made from the Debt Service Account, and in the case of the Debt Service Reserve Account, unless otherwise provided in a Supplemental Resolution, not later than ten (10) years from the date of investment. The Authority's Board Policy 5-2 provides that general fund investments shall also not mature later than ten (10) years from the date of investment and requires specific diversification percentages by security type to reduce overall portfolio risk. The Authority attempts to hold the investments to maturity, which minimizes the exposure to rising interest rates and the investments are classified using a weighted average maturity.

As of December 31, 2023, and 2022, the Authority had the following investments (classified as either General Operating investments or Restricted investments on the Statements of Net Position) and corresponding maturities:

Investment Type	2023			
	Fair Value	Less than 1	1-5	6-10
U.S. government securities				
U.S. Treasury Bills	\$33,697,138	\$33,697,138	\$ -	\$ -
U.S. Treasury Notes	268,670,862	19,701,137	183,960,673	65,009,052
U.S. government sponsored enterprises				
FFCB	16,142,615	-	10,661,006	5,481,609
FHLB	54,838,802	2,899,390	31,247,237	20,692,175
FHLMC	68,921,282	1,515,358	42,368,512	25,037,412
FNMA	25,834,781	-	15,831,541	10,003,240
GNMA	36,271,846	330,895	2,393,476	33,547,475
State government obligations	470,965	-	470,965	-
Total	\$504,848,291	\$58,143,918	\$286,933,410	\$159,770,963

Investment Type	2022			
	Fair Value	Less than 1	1-5	6-10
U.S. government securities				
U.S. Treasury Bills	\$30,437,164	\$30,437,164	\$ -	\$ -
U.S. Treasury Notes	153,268,182	25,220,682	120,536,022	7,511,478
U.S. government sponsored enterprises				
FFCB	15,656,041	-	9,438,403	6,217,638
FHLB	52,833,994	-	25,955,504	26,878,490
FHLMC	58,124,831	204,485	39,951,345	17,969,001
FNMA	18,684,854	532,292	15,360,607	2,791,955
GNMA	10,308,427	-	2,904,166	7,404,261
State government obligations	926,225	-	926,225	-
Total	\$340,239,718	\$56,394,623	\$215,072,272	\$68,772,823

The above investment types exclude certificates of deposits.

**Credit Risk**—Credit risk is the risk that the insurer or other counterparty to an investment will not fulfill his obligation. Mortgage-backed securities (MBS) are not rated, because the agencies that issue such securities did not apply to any of the nationally recognized statistical rating organizations (NRSRO), such as Moody's Investors

Service and S&P for ratings on their MBS. However, the agencies and the Government Sponsored Enterprises (GSE) carry “Aaa/AA+” ratings from Moody’s and S&P for their debentures, and the MBS which carry their label (e.g., Federal National Mortgage Association—“FNR”; Federal Home Loan Mortgage Corporation—“FHR”) are direct obligations of the agencies. The Federal National Mortgage Association (“Fannie Mae”) and the Federal Home Loan Mortgage Corporation (“Freddie Mac”) are government-sponsored quasi-governmental agencies. These agencies are considered to have the implicit backing of the U.S. Government; therefore, the “Aaa/AA+/AA+” rating by Moody’s, Standard & Poor’s, and Fitch is implied. MBS issued by the Government National Mortgage Association, with the label GNR, carry the explicit full faith and credit of the U.S. Government. Securities issued by the Federal Farm Credit Bank (FFCB) and the Federal Home Loan Bank (FHLB) are rated “Aaa/AA+/AA+” by Moody’s, S&P, and Fitch credit rating agencies. Fannie Mae and Freddie Mac are rated “Aaa/AA+/AA+” by Moody’s, S&P, and Fitch credit rating agencies. The MBS are senior in the credit structure to the debentures for the FNMA and FHLMC. The certificates of deposit are held by various banks and are subject to the FDIC guarantees up to \$250,000. The Authority addresses credit risk of investments through the Authority’s Board Policy 5-2 which states that investments must be backed by the U.S. government, collateralized, fully insured by the FDIC or be rated no lower than the second highest category of Moody’s “Aa”, S&P “AA”, or Fitch “AA”. The Authority addresses concentration of credit risk of investments through the Authority’s Board Policy 5-2 which outlines the diversification desired in order to reduce overall portfolio risk from an over-concentration of assets.

As of December 31, 2023, and 2022, the Authority’s investments had the following ratings:

<b>Investment Ratings</b>	<b>Moody's/S&amp;P/Fitch</b>	<b>2023</b>	<b>2022</b>
U.S government securities	“Aaa/AA+/AA+”	\$302,368,000	\$183,705,347
U.S. government sponsored enterprises	“Aaa/AA+/AA+”	202,009,326	155,608,146
State government obligations	“Aa1/AA/AA” or higher	470,965	926,225

As of December 31, 2023, and 2022, the Authority had the following portfolio of investments with credit exposure by investment type as a percentage of total investments:

#### Concentration of Credit Risk

	<b>2023</b>	<b>2022</b>
U.S. government securities		
U.S. Treasury Bills	6.7%	8.9%
U.S. Treasury Notes	53.2	45.7
U.S. government sponsored enterprises		
FFCB	3.2	4.6
FHLB	10.9	15.5
FHLMC	13.6	17.1
FNMA	5.1	5.5
GNMA	7.2	2.4
State government obligations	0.1	0.3

**Custodial Credit Risk**—Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment for collateral securities that are in the possession of an outside party. All money to be held by the Authority under Resolution No. 5107 is required to be deposited in one or more depositories in the name of the Authority. All money deposited under the provisions of Resolution No. 5107 with the Bond Fund Trustee and the Construction Fund Trustee is required to be held in trust and applied only in accordance with the provisions of Resolution No. 5107; money held by the Authority and deposited in any depository is required to be held and secured in the manner provided by Oklahoma law.

Restricted noncurrent investment funds in the bond service reserve account, and certain funds in the construction account are included in Investments in Noncurrent assets on the Statements of Net Position. Restricted current investment funds in the bond service account and certain deposits in the construction account are included in Investments in Current assets on the Statements of Net Position. Restricted investments (noncurrent and current) are not available for general operations.

Unrestricted cash deposits, certificates of deposits, and money market funds are fully collateralized or covered by FDIC.

**Fair Value Measurements**—According to GASB Statement No. 72, *Fair Value Measurement and Application*, the Authority is required to disclose the valuation technique and level of inputs for all investments. The Authority's investments fall into input Level 1 and Level 2.

Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets or liabilities that the government can access at the measurement date. Observable markets include exchange markets, dealer markets, brokered markets and principal-to-principal markets.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation or by other means, e.g., “market-corroborated” inputs. Level 2 inputs include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Market-corroborated inputs

Level 3 inputs are unobservable inputs for the asset or liability; they should be used only when relevant Level 1 and Level 2 inputs are unavailable. Governments may use their own data to develop unobservable inputs if there is no information available without undue cost and effort. The Authority has no investments that fall into Level 3.

Money Market Funds and Certificates of Deposit are not subject to classification.

The valuation methods for each investment listed in the following fair value of investments table include interactive data from Government/Agency Sector (GV/AGENCY) and Collateralized Mortgage Obligation Sector) pricing sources.

2023				
Fair Value				
	Level 1	Level 2	Level 3	Total
U.S. government securities	\$302,368,000	\$-	\$-	\$302,368,000
U.S. government sponsored enterprises	112,315,922	89,693,404	-	202,009,326
State government obligations	-	470,965	-	470,965
Derivative instruments	-	(16,678,174)	-	(16,678,174)

2022					
Fair Value					
	Level 1	Level 2		Level 3	Total
U.S. government securities	\$183,705,347		\$-	\$-	\$183,705,347
U.S. government sponsored enterprises	104,074,911		51,533,235	-	155,608,146
State government obligations	-		926,225	-	926,225
Derivative instruments	-		(4,026,920)	-	(4,026,920)

**Carrying Values**—Cash and cash equivalents and current and noncurrent investments on December 31, 2023, and 2022, follows:

	2023							
	General Operations	Capital Reserve & Contingency (Restricted)	Rate Stabilization (Restricted)	Bond Service (Restricted)	Construction (Restricted)	Bond Service Reserve (Restricted)	Special Purposes (Restricted)	Total
<b>Current:</b>								
Cash deposits—net	\$106,193	\$-	\$-	\$-	\$-	\$-	\$-	\$106,193
Money market funds—cash and investments	35,171,310	2,916,946	-	2,112,267	-	-	143,064	40,343,587
U.S. government securities, agencies, sponsored enterprises & state government	11,458,345	-	-	30,528,927	-	-	2,111,684	44,098,956
Certificates of Deposit Account Registry Service	11,099,584	-	-	-	-	-	-	11,099,584
Certificates of deposits—maturity <12 months	1,450,651	-	-	-	-	-	-	1,450,651
<b>Total current</b>	<b>59,286,083</b>	<b>2,916,946</b>	<b>-</b>	<b>32,641,194</b>	<b>-</b>	<b>-</b>	<b>2,254,748</b>	<b>97,098,971</b>
<b>Noncurrent:</b>								
U.S. government securities, agencies, sponsored enterprises & state government	304,496,431	32,649,599	31,703,098	-	-	91,900,206	-	460,749,334
Money market funds	-	-	-	-	198,375,164	5,408,388	-	203,783,552
<b>Total noncurrent</b>	<b>304,496,431</b>	<b>32,649,599</b>	<b>31,703,098</b>	<b>-</b>	<b>198,375,164</b>	<b>97,308,594</b>	<b>-</b>	<b>664,532,886</b>
<b>Total cash and investments</b>	<b>\$363,782,514</b>	<b>\$35,566,545</b>	<b>\$31,703,098</b>	<b>\$32,641,194</b>	<b>\$198,375,164</b>	<b>\$97,308,594</b>	<b>\$2,254,748</b>	<b>\$761,631,857</b>

	2022						
	General Operations	Capital Reserve & Contingency (Restricted)	Rate Stabilization (Restricted)	Bond Service (Restricted)	Bond Service Reserve (Restricted)	Special Purposes (Restricted)	Total
<b>Current:</b>							
Cash deposits—net	\$918,202	\$-	\$-	\$-	\$-	\$-	\$918,202
Money market funds—cash and investments	73,688,479	7,806,994	-	319,036	-	139,393	81,953,902
U.S. government securities, agencies, sponsored enterprises & state government obligations	18,913,780	-	-	28,152,027	-	2,054,658	49,120,465
Certificates of Deposit Account Registry Service	10,689,782	-	-	-	-	-	10,689,782
Certificates of deposits—maturity <12 months	1,435,921	-	-	-	-	-	1,435,921
<b>Total current</b>	<b>105,646,164</b>	<b>7,806,994</b>	<b>-</b>	<b>28,471,063</b>	<b>-</b>	<b>2,194,051</b>	<b>144,118,272</b>
<b>Noncurrent:</b>							
U.S. government securities, agencies, sponsored enterprises & state government obligations	125,227,491	50,383,000	31,703,098	-	83,805,664	-	291,119,253
Money market funds	-	-	-	-	2,199,468	-	2,199,468
<b>Total noncurrent</b>	<b>125,227,491</b>	<b>50,383,000</b>	<b>31,703,098</b>	<b>-</b>	<b>86,005,132</b>	<b>-</b>	<b>293,318,721</b>
<b>Total cash and investments</b>	<b>\$230,873,655</b>	<b>\$58,189,994</b>	<b>\$31,703,098</b>	<b>\$28,471,063</b>	<b>\$86,005,132</b>	<b>\$2,194,051</b>	<b>\$437,436,993</b>

Additional information relating to cash and investment restrictions follows:

**Rate Stabilization**—Customer contracts contain requirements for the establishment and funding of a Rate Stabilization Account. Board Resolution No. 5107 and No. 5358 contain further guidelines for the establishment, maintenance, and allocation of the fund. For the year ended December 31, 2016, the Authority established and deposited \$21.0 million into the Rate Stabilization Account (RSA I). In 2020, \$1.3 million was used to credit wholesale full requirements customers, at a rate of \$0.00055 per kWh. In October 2020, Board Resolution No. 5381 was approved to give the CEO the discretion to defer certain revenues and authorized the creation of Rate Stabilization Account II (RSA II). For the year ended December 31, 2020, \$19.7 million in deferred revenues from RSA I was recognized, while \$31.7 million of operating revenues was deferred and deposited into RSA II.

**Bond Service**—On December 31, the bond service fund in the accompanying Statements of Net Position reflects the amount sufficient to pay seven months of principal and one month of interest due the following June 1.

**Capital Reserve Fund**—These reserve funds are restricted through enabling legislation and were established in December 2021 for system capital improvements. This account is funded annually, up to a maximum of \$100 million, by the unspent portion of the annual base rate recovery for capital improvements. Contributions to this account in excess of \$100 million shall be at the discretion and direction of the Board. These funds may be used for any Board-approved capital projects.

**Bond Service Reserve**—The restricted amount in the accompanying Statements of Net Position reflects, at a minimum, the maximum aggregate debt service requirement for one year for all bonds outstanding per General Bond Resolution No. 5107.

**Restricted for Special Purposes: FERC**—Due to agreements with FERC, the Authority has restricted money for two purposes. The first restriction is for the Fish and Wildlife Mitigation Fund, established in June 2003 as required by FERC. The Authority funded an initial deposit of \$260,000 in 2003 and was required to make \$100,000 annual contributions (adjusted for inflation) each year the Pensacola Dam license is in effect. In December 2015, the Authority funded the balance of \$1.45 million, which represented the estimated annual contributions through the year 2023. Generally, the purpose of this fund is to support projects to protect and enhance fish and wildlife resources at the direction of various groups external to the Authority. Expenditures of approximately \$39,575 and \$37,123 were made from the fund in 2023 and 2022, respectively. The second restriction is for the Nature Conservancy Fund, established in May 2008 as required by FERC. The Authority funded an initial deposit of \$27,000 in 2008. The Authority is required to replenish the fund to \$27,000 on the first working day in January of each year. Generally, the purpose of this fund is to maintain bat cave protection on Grand Lake. No expenditures were made from the fund in 2023 or 2022.

**Restricted for Special Purposes: Other**—The Authority also has restricted money for riparian easements under the Oklahoma Conservation Commission and Grand River Dam Authority Cooperative Agreement, the Authority either acquired or secured and paid for deeds of conservation easements. Enrollees that wish to terminate and/or are removed due to breech of agreement from the Riparian Protection Easement Program are required to pay back a pro-rated amount of the remaining years of the lump-sum payment received to the Authority as outlined in the agreement, the balance of which was \$107,912 and \$107,912 as of December 31, 2023 and 2022, respectively, with the obligation to use the funds to secure additional easements within the Illinois River Watershed.

**Construction**—A 2023 construction fund was established in December 2023 with the proceeds of the Revenue Bonds, Series 2023. The proceeds from the 2023 Bonds are to be used to fund a portion of the costs of construction of a nominal 428 MW natural gas-fired plant (GREC 4) on the site of the Authority's existing Grand River Energy Center in Chouteau, Oklahoma.

**The Special Reserve and Contingency Fund**—These reserve funds are restricted through enabling legislation and were established in December 2021 for future use. These funds will be used at the discretion of the Board for extraordinary maintenance, operations, environmental expenses, or expenses related to unforeseen risks, including, but not limited to, unscheduled unit outages, unexpected purchase power expenses, and other extraordinary expenses not covered by insurance proceeds. In December 2021, the Board approved the transfer of \$383,000 from the Supplemental Reserve and Contingency Fund II to this fund and to contribute an additional \$50 million to this fund.

**Realized Gains and Realized Losses**—For purposes of computing gross realized gains and gross realized losses, cost is determined by specific identification. The calculation of realized gains is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on any investments that had been held for more than the current year may have been recognized as an increase or decrease in the fair value of investments reported in prior years.

Gross realized gains and gross realized losses on sales of investment securities for the years ended December 31, 2023, and 2022, were as follows:

	<u>2023</u>	<u>2022</u>
Gross realized gains	\$384,305	\$261,239
Gross realized losses	(422,350)	(15,923,031)

Gross realized gains and losses are included in Investment income-net in the accompanying Statements of Revenues, Expenses, and Changes in Net Position.

### 3. RECEIVABLES

Accounts receivable is comprised on December 31, 2023, and 2022 of the following amounts:

	<u>2023</u>	<u>2022</u>
Customers	\$43,636,626	\$50,882,505
Less allowance for doubtful accounts	(140,000)	(140,000)
Other	5,080,442	3,603,822
Total Current Accounts Receivable	<u>48,577,068</u>	<u>54,346,327</u>
Other Noncurrent Accounts Receivable	797,312	793,043
Total Accounts Receivable	<u>\$49,374,380</u>	<u>\$55,139,370</u>

On December 31, 2023, and 2022, the Authority's Other current accounts receivable, from the table above, includes accrued revenues from grants, mutual aid events, and other reimbursables. Other noncurrent accounts receivable includes a customer's portion of closure and post closure costs, as well as receivables from a FEMA claim.

#### 4. UTILITY PLANT

A summary of changes in utility plant for the years ended December 31, 2023, and 2022, follows:

	2023			
	Balance December 31, 2022	Additions/ Transfers	Retirements	Balance December 31, 2023
Capital assets—nondepreciable:				
Land	\$39,593,273	\$2,623,723	\$-	\$42,216,996
Electric Plant Held for Future Use	-	96,427	-	96,427
Temporary Facilities	-	17,222	-	17,222
Preliminary Survey	-	11,049,152	-	11,049,152
Construction work in progress	59,779,917	37,421,340	-	97,201,257
Retirement work in progress	-	258,282	726,845	985,127
Total capital assets—nondepreciable	99,373,190	51,466,146	726,845	151,566,181
Capital assets—depreciable:				
GREC 2 coal-fired plant	638,735,988	3,338,932	(36,699)	642,038,221
GREC 3 combined-cycle gas plant	458,262,283	11,111,503	-	469,373,786
Redbud combined-cycle gas plant	388,916,562	4,166,197	(3,482,596)	389,600,163
Hydraulic production plants	190,474,270	18,017,105	(1,945,532)	206,545,843
Transmission and distribution system	491,809,007	15,701,464	(2,230,438)	505,280,033
Other properties and production plant	178,358,629	(4,530,068)	(3,139,759)	170,688,802
	2,346,556,739	47,805,133	(10,835,024)	2,383,526,848
Less accumulated depreciation:				
GREC 2 coal-fired plant	(541,560,659)	(10,832,830)	28,247	(552,365,242)
GREC 3 combined-cycle plant	(75,148,274)	(13,267,582)	-	(88,415,856)
Redbud combined-cycle gas plant	(247,301,220)	(15,904,163)	1,730,811	(261,474,572)
Hydraulic production plants	(51,099,799)	(16,169,995)	2,056,153	(65,213,641)
Transmission and distribution system	(211,134,142)	(24,467,153)	1,887,676	(233,713,619)
Other properties and production plant	(102,588,246)	4,775,884	2,960,625	(94,851,737)
	(1,228,832,340)	(75,865,839)	8,663,512	(1,296,034,667)
Total capital assets—depreciable	1,117,724,399	(28,060,706)	(2,171,512)	1,087,492,181
Net utility plant	<u>\$1,217,097,589</u>	<u>\$23,405,440</u>	<u>(\$1,444,667)</u>	<u>\$1,239,058,362</u>

	2022			
	Balance December 31, 2021	Additions/ Transfers	Retirements	Balance December 31, 2022
Capital assets— nondepreciable:				
Land	\$39,593,273	\$-	\$-	\$39,593,273
Construction work in progress	49,436,228	10,343,689	-	59,779,917
Total capital assets— nondepreciable	89,029,501	10,343,689	-	99,373,190
Capital assets— depreciable:				
GREC 2 coal-fired plant	634,517,657	4,291,615	(73,284)	638,735,988
GREC 3 combined-cycle gas plant	455,841,694	2,420,589	-	458,262,283
Redbud combined-cycle gas plant	387,504,244	2,935,692	(1,523,374)	388,916,562
Hydraulic production plants	188,720,670	1,791,390	(37,790)	190,474,270
Transmission and distribution system	485,806,194	6,836,865	(834,052)	491,809,007
Other properties and production plant	140,676,426	38,918,381	(1,236,178)	178,358,629
	2,293,066,885	57,194,532	(3,704,678)	2,346,556,739
Less accumulated depreciation:				
GREC 2 coal-fired plant	(530,123,818)	(11,551,676)	114,835	(541,560,659)
GREC 3 combined-cycle plant	(62,254,243)	(12,894,031)	-	(75,148,274)
Redbud combined-cycle gas plant	(231,263,797)	(16,919,965)	882,542	(247,301,220)
Hydraulic production plants	(48,154,043)	(3,035,536)	89,780	(51,099,799)
Transmission and distribution system	(200,676,155)	(11,244,889)	786,902	(211,134,142)
Other properties and production plant	(96,341,098)	(7,198,852)	951,704	(102,588,246)
	(1,168,813,154)	(62,844,949)	2,825,763	(1,228,832,340)
Total capital assets— depreciable	1,124,253,731	(5,650,417)	(878,915)	1,117,724,399
Net utility plant	\$1,213,283,232	\$4,693,272	(\$878,915)	\$1,217,097,589

The change in construction work in progress during 2023 and 2022 is presented on a net basis to avoid a duplication of additions and retirements in the preceding tables. The Authority had depreciation and amortization expense of \$75,872,836 and \$62,844,949 for 2023 and 2022, respectively.

On October 26, 2021, a failure of a flange gasket caused a fire that damaged mechanical, electrical, civil/structural, and various control systems of GREC 3, which resulted in the unit being taken offline for repair. The total cost of damage was approximately \$7.6 million. The Authority was insured, limiting the cash outlay to approximately \$1.5 million insurance deductible. The unit returned to service on March 25, 2022 and final repairs were completed in November 2023.

In 2017, the Authority entered a Riparian Conservation Easement program with the Oklahoma Conservation Commission (OCC). The Authority secures 30-year minimum easement agreements with landowners. A lump sum is paid upfront for each easement. The costs are included in Other properties and production plant and are amortized on a straight-line basis. The residual values are the difference between the total amortization and the amortization to date. For each easement, a corresponding liability is recorded, and relieved for the same life. Riparian Conservation Easements were not included in the scope of GASB Statement No. 87 as the agreements do not convey control of the right to use the underlying asset to the Authority.

Riparian Conservation Easements			
	Initial Cost	Depreciation	Carrying Cost
2022	1,730,802	(155,027)	1,575,775
2023	1,730,802	(230,789)	1,500,013

## 5. COSTS RECOVERED OR TO BE RECOVERED

In 2017, the Authority determined that it should defer the capital asset portion of the revenue proceeds from insurance recoveries resulting from a July 2016 GREC fire restoration per GASB Statement No. 62. Deferral of revenue in accordance with this Statement requires Board Resolution. Board Resolution No. 5307 pertaining to this matter was passed and adopted by the Board of Directors on March 8, 2017.

Board Resolution 5325 was then passed and adopted by the Board of Directors on December 13, 2017. This Board Resolution further grants the Chief Financial Officer the discretion to record certain revenues as regulatory items regarding revenues related to certain third-party reimbursement for capital assets procured or constructed and recognize those revenues proportionately as said assets are depreciated.

The deferred inflow of resources consists of recognized revenues associated with certain third-party reimbursement on capital assets, as approved by one of the two resolutions described above. This amount is a portion of deferred inflows related to regulated operations on the Statements of Net Position. A roll forward of costs recovered or to be recovered from future revenues follows:

	<b>Balance 12/31/2022</b>	<b>Increase</b>	<b>Decrease</b>	<b>Balance 12/31/2023</b>
Third Party Reimbursement (Capital Assets)	\$89,597,199	\$5,626,159	\$4,250,235	\$90,973,123
Rate Stabilization Fund	31,703,098	-	-	31,703,098
<b>Total</b>	<b>\$121,300,297</b>	<b>\$5,626,159</b>	<b>\$4,250,235</b>	<b>\$122,676,221</b>

	<b>Balance 12/31/2021</b>	<b>Increase</b>	<b>Decrease</b>	<b>Balance 12/31/2022</b>
Third Party Reimbursement (Capital Assets)	\$68,971,101	\$23,657,987	\$3,031,889	\$89,597,199
Rate Stabilization Fund	31,703,098	-	-	31,703,098
<b>Total</b>	<b>\$100,674,199</b>	<b>\$23,657,987</b>	<b>\$3,031,889</b>	<b>\$121,300,297</b>

In 2020, the Authority passed Board Resolution 5388, which granted the Chief Financial Officer the discretion to adopt regulatory accounting for the deferral of certain expenses, in accordance with GASB 62. Additionally in 2020, the Authority expanded the policy for regulatory items. This created a threshold for the treatment and recognition of revenues, with a minimum of \$1.0 million for individual projects, or \$100,000 in annual amortization amounts.

## 6. BONDS PAYABLE

A summary of changes in bonds payable for the years ended December 31, 2023, and 2022, follows:

	2023			
	December 31, 2022	Bonds Issued	Retirements	December 31, 2023
Revenue Bonds, 2010 Series B: 3.71% to 7.155% Series 2010B (fully taxable)—maturing 2015 through 2040	\$65,165,000	\$-	(\$1,915,000)	\$63,250,000
Revenue Bonds, 2014 Series A & B: 3% to 5% Series 2014A—maturing in 2018 through 2039	188,330,000	-	(8,150,000)	180,180,000
1.804% to 3.961% Series 2014B (fully taxable)—maturing 2018 through 2039	71,630,000	-	(2,960,000)	68,670,000
Total Series 2014 A & B	259,960,000	-	(11,110,000)	248,850,000
Revenue Bonds, 2016 Series A & B: 3% to 5% Series 2016A—maturing in 2019 through 2039	398,095,000	-	(28,385,000)	369,710,000
1.828% to 3.503% Series 2016B (fully taxable)—maturing 2020 through 2033	18,270,000	-	(1,670,000)	16,600,000
Total Series 2016 A & B	416,365,000	-	(30,055,000)	386,310,000
Revenue Bonds, 2017 Series: 3% to 5% Series 2017—maturing in 2021 through 2040	81,455,000	-	-	81,455,000
Revenue Bonds, 2023 Series: 2.75% to 3.75% Series 2023—maturing in 2030 through 2042	-	205,000,000	-	205,000,000
Total bonds payable	\$822,945,000	\$205,000,000	(\$43,080,000)	\$984,865,000
Less current portion	(\$43,080,000)			(\$49,225,000)
Long-term portion	779,865,000			935,640,000
Add (deduct): Unamortized debt premium	66,947,103	26,604,512	(9,176,087)	84,375,528
Long-term bonds payable	\$846,812,103			\$1,020,015,528

	2022			
	December 31, 2021	Bonds Issued	Retirements	December 31, 2022
Revenue Bonds, 2010 Series B: 3.71% to 7.155% Series 2010B (fully taxable)—maturing 2015 through 2040	\$66,955,000	\$-	(\$1,790,000)	\$65,165,000
Revenue Bonds, 2014 Series A & B: 3% to 5% Series 2014A—maturing in 2018 through 2039	196,260,000	-	(7,930,000)	188,330,000
1.804% to 3.961% Series 2014B (fully taxable)—maturing 2018 through 2039	74,475,000	-	(2,845,000)	71,630,000
Total Series 2014 A & B	<u>270,735,000</u>	<u>-</u>	<u>(10,775,000)</u>	<u>259,960,000</u>
Revenue Bonds, 2016 Series A & B: 3% to 5% Series 2016A—maturing in 2019 through 2039	420,975,000	-	(22,880,000)	398,095,000
1.828% to 3.503% Series 2016B (fully taxable)—maturing 2020 through 2033	19,900,000	-	(1,630,000)	18,270,000
Total Series 2016 A & B	<u>440,875,000</u>	<u>-</u>	<u>(24,510,000)</u>	<u>416,365,000</u>
Revenue Bonds, 2017 Series: 3% to 5% Series 2017—maturing in 2021 through 2040	86,055,000	-	(4,600,000)	81,455,000
Total bonds payable	<u>\$864,620,000</u>	<u>\$-</u>	<u>(\$41,675,000)</u>	<u>\$822,945,000</u>
Less current portion	<u>(\$41,675,000)</u>			<u>(\$43,080,000)</u>
Long-term portion	<u>822,945,000</u>			<u>779,865,000</u>
Add (deduct): Unamortized debt premium	<u>76,624,299</u>	<u>-</u>	<u>(9,677,196)</u>	<u>66,947,103</u>
Long-term bonds payable	<u><u>\$899,569,299</u></u>			<u><u>\$846,812,103</u></u>

Oklahoma state statutes have authorized the Authority to issue revenue bonds from time to time with the aggregate outstanding indebtedness not to exceed \$2,000,000,000 effective April 2023. Previously, the aggregate outstanding indebtedness not to exceed was \$1,410,000,000.

The scheduled maturities of bonds payable on December 31, 2023, are as follows and reflect the scheduled payments to be remitted by the trustee to the bondholders:

Due to Bond Holders			
Year Ended December 31	Annual Principal	Semiannual Interest	Calendar Year Bond Payments
2024	\$49,225,000	\$23,559,660 22,976,468	\$95,761,128
2025	49,425,000	22,976,468 21,782,622	94,184,090
2026	52,650,000	21,782,622 20,490,776	94,923,398
2027	49,535,000	20,490,776 19,277,885	89,303,661
2028	52,025,000	19,277,885 18,016,676	89,319,561
2029-2033	311,515,000	143,779,314	455,294,314
2034-2038	266,050,000	74,659,240	340,709,240
2039-2042	154,440,000	12,438,983	166,878,983
	\$984,865,000	\$441,509,375	\$1,426,374,375

To secure the bonds, the Authority has pledged all revenues of the Authority. General Bond Resolution No. 5107 and supplemental bond resolutions specify multiple covenants made by the Authority to the Bond Fund Trustee and bondholders. Among the more significant requirements, the Authority has covenanted to charge adequate rates, operate and maintain the facilities, and make any necessary repairs, renewals, replacements, and improvements. System properties are not to be encumbered, sold, or disposed of, and additional parity bonds are not to be issued unless certain conditions are met. As of December 31, 2023, the Authority complied with bond covenants.

In general, federal tax laws require the Authority to rebate to the US Treasury any profit from investments that yield a higher rate than the tax-exempt revenue bond proceeds. The Authority has no liability for arbitrage rebate on December 31, 2023, and 2022, respectively.

All of the Authority's outstanding bonds fall under General Bond Resolution No. 5107, which contains a provision that if one or more Events of Default shall happen, then either the Bond Trustee or the Holders may declare the principal of all Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately.

## 7. RETIREMENT PLANS, POSTRETIREMENT, AND OTHER EMPLOYEE BENEFITS

The Authority participated in five retirement plans during 2023 and 2022. The plans currently available to the Authority personnel include three defined benefit plans and two defined contribution plans. The defined benefit plans include the Oklahoma Public Employees Retirement System (OPERS) plan, the Oklahoma Law Enforcement Retirement System (OLERS) plan, and the Authority's postemployment Healthcare Plan. The defined contribution plans include the Oklahoma State Employees Deferred Compensation Plan (the "State Plan") and the OPERS Pathfinder plan. A summary of significant data for each of the retirement plans and discussion of postemployment and other employee benefits follows:

The Authority is a participant in two multiple employer defined benefit pension plans, the Oklahoma Public Employees Retirement Plan (the "OPERS Plan") and the Oklahoma Law Enforcement Retirement Plan (the "OLERS Plan"). The table below shows both pensions as reported in the basic financial statements.

For the year ended December 31, 2023:

	<b>OPERS</b>	<b>OLERS</b>	<b>Total</b>
Deferred outflows of resources	\$13,876,026	\$2,121,443	\$15,997,469
Deferred inflows of resources	450,197	563,376	1,013,573
Pension liability (asset)	10,396,718	3,633,407	14,030,125
Pension expense recognized	5,499,013	757,533	6,256,546

For the year ended December 31, 2022:

	<b>OPERS</b>	<b>OLERS</b>	<b>Total</b>
Deferred outflows of resources	\$22,988,455	\$1,569,895	\$24,558,350
Deferred inflows of resources	1,802,246	309,035	2,111,281
Pension liability (asset)	18,277,656	3,017,991	21,295,647
Pension expense recognized	3,372,008	591,214	3,963,222

The Authority's proportionate share of plan assets for OPERS as of December 31, 2023, is \$243,507,844, while proportionate share of plan liabilities is \$253,904,562. The Authority's proportionate share of plan assets for OPERS as of December 31, 2022, were \$227,068,183, while proportionate share of plan liabilities is \$246,178,651.

The Authority's proportionate share of plan assets for OLERS as of December 31, 2023, is \$12,103,980, while proportionate share of plan liabilities is \$15,737,387. The Authority's proportionate share of plan assets for OLERS as of December 31, 2022, were \$16,484,597, while proportionate share of plan liabilities is \$19,502,588.

### **Oklahoma Public Employees Defined Benefit Retirement Plan**

#### ***General Information about the Pension Plan***

***Plan Description.*** The Authority contributes to the OPERS Plan, a cost-sharing multiple-employer public employee defined benefit retirement plan administered by the OPERS, a component unit of the State of Oklahoma (the "State"). The OPERS Plan provides retirement, disability and death benefits to its members and beneficiaries, primarily state, county, and local agency employees. The benefits provided are established by and may be amended by the legislature of the State. Title 74 of the Oklahoma Statutes, Sections 901 through 943, assigns the authority for management and operation of the OPERS Plan to the OPERS Board of Trustees.

In 2014, the Oklahoma Legislature enacted legislation effective November 1, 2015, requiring a defined contribution system be established by the OPERS for most state employees first employed by a participating State employer on or after November 1, 2015, and ceasing the acceptance of any new participants to the defined benefit retirement plan.

OPERS issues a publicly available financial report that includes financial statements and required supplementary information for OPERS. That annual report may be obtained online at [www.opers.ok.gov](http://www.opers.ok.gov), by writing to OPERS, PO Box 53007, Oklahoma City, OK 73152-3007, or by calling 1-800-733-9008.

***Vesting.*** OPERS requires eight years of credited service (including six full years of full-time equivalent employment) to be eligible to vest.

***Benefits Provided.*** Employees who became a member of OPERS before November 1, 2011, can begin receiving full, unreduced retirement benefits at the age of 62 with six full years of full-time equivalent employment; or when the sum of the member's age and years of service equals 80 when membership began before July 1, 1992; or when the sum of the member's age and years of service equals 90 when membership began on or after July 1, 1992.

Employees who became a member of OPERS on or after November 1, 2011, can begin receiving full, unreduced retirement benefits at the age of 65 with six full years of full-time equivalent employment; or when the member is at least 60 years of age and the sum of the member's age and years of service equals 90.

Employees may retire at age 60 (55 when membership began before November 1, 2011) and receive reduced benefits with at least 10 years of participating service. Members who choose early retirement will receive a permanent actuarial reduction in benefit based on the age at retirement.

The benefit on or after normal retirement, payable monthly for life, is 2% of final average compensation, multiplied by years of credited service. For members who have elected the Step-Up Option, a 2.5% multiplier is applied to the “stepped-up” full years.

*Contributions.* OPERS members and the Authority are required to contribute to the OPERS Plan at a rate set by statute. Contribution rates are established and may be amended by the State. Each member participates based on gross salary earned (excluding overtime). As state employees, the Authority employees contribute 3.5% on salary. The Authority contributed 16.5%, on all salary for the Plan’s fiscal years-ended June 30, 2023, and 2022.

OPERS members have the option to elect to increase the benefit computation factor for all future service from 2.0% to 2.5%. The election is irrevocable, binding for all future employment under OPERS, and applies only to full years of service. Those who make the election pay the standard contribution rate plus an additional contribution rate of 2.91% which is actuarially determined. The election is available for all state, county, and local government employees, except for elected officials and hazardous duty members.

During the reporting period for 2023 and 2022, the OPERS recognized \$5,684,180 and \$5,725,382, respectively, in contributions from the Authority.

Contribution rates as of December 31, 2023 and 2022, are as follows:

Employee Category	Employee	Employer
General	3.50%	16.50%
Elected Officials	3.50%	16.50%

*OPERS Hazardous Duty Employees.* On July 1, 2016, SB 1388 became effective, which required the Authority’s public safety officers to participate in OPERS as Hazardous Duty Employees. This group of employees contributes 8% of allowable compensation as defined in 74 O.S. § 902(9) for a maximum of 20 years of hazardous duty participating service, while the Authority contributes 16.5%, on allowable compensation. After the employee has contributed at the higher rate for 20 years, the employee will contribute at the nonhazardous duty rate. Employees vest when they have eight years of credited service (including six full years of full-time-equivalent employment). Because all Authority employees will have become members of the plan after November 1, 2011, the employee can begin receiving full, unreduced retirement benefits when he or she is at least age 65 with six full years of full-time-equivalent employment or is at least 60 years of age and the sum of age and years of service equals 90.

#### ***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms, investments are reported at fair value.

On December 31, 2023, the Authority reported a liability of \$10,396,718 for its cumulative proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of July 1, 2023. The Authority's proportion of the net pension liability (asset) was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating employers. On June 30, 2023, the Authority's proportion was 2.2724% which is a 0.05% decrease from the prior year. For the year ended December 31, 2023, the Authority recognized pension expense of \$5,499,013.

On December 31, 2022, the Authority reported a liability of \$18,277,656 for its cumulative proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of July 1, 2022. The Authority's proportion of the net pension liability (asset) was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating employers. On June 30, 2022, the Authority's proportion was 2.2735% which is a 1.57% increase from the prior year. For the year ended December 31, 2022, the Authority recognized pension expense of \$3,372,008.

As of December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>OPERS Plan 2023</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$285,307	\$157,569
Changes in assumptions	2,196,341	-
Net differences between projected and actual earnings on pension plan investments	8,642,460	-
Employer contributions subsequent to the measurement date	2,751,918	
Change in proportion		292,628
Total	<b>\$13,876,026</b>	<b>\$450,197</b>

As of December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>OPERS Plan 2022</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$-	\$876,190
Changes in assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	20,120,351	-
Employer contributions subsequent to the measurement date	2,868,104	-
Change in proportion	-	926,056
Total	<b>\$22,988,455</b>	<b>\$1,802,246</b>

The amounts reported as deferred outflows related to employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<b>Year Ended December 31</b>		<b>OPERS Plan</b>
		<b>Net Pension Expense</b>
2024		\$2,784,004
2025		422,459
2026		9,437,517
2027		(1,970,069)
		<b>\$10,673,911</b>

*Actuarial Assumptions.* The total pension liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<b>2023</b>	<b>2022</b>
Actuarial valuation date:	July 1, 2023	July 1, 2022
Measurement date of net pension liability:	June 30, 2023	June 30, 2022
Actuarial cost method:	Entry age	Entry age
Asset valuation method for contributions:	Five-year moving average	Five-year moving average
Asset valuation method for assets under GASB 68:	Fair value of assets	Fair value of assets
Long-term expected rate of return:	6.5%	6.5%
Discount rate:	6.5%	6.5%
Inflation	2.5%	2.5%
Salary increases, including inflation:	3.25% to 9.25%	3.5% to 9.25%
Mortality:	Pub-2010 Below Median, General membership Active/ Retiree Mortality table	Pub-2010 Below Median, General membership Active/ Retiree Healthy Mortality table

Actuarial assumptions are based upon the most recent experience study, which covered the three-year period ending June 30, 2022. The experience study report is dated April 12, 2023.

*Long-Term Expected Return on Plan Assets.* The long-term expected rate of return on pension plan investments was determined using a lognormal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class used in the June 30, 2019, experience study, are summarized in the following table:

<b>Asset Class</b>	<b>Real Rate of Return</b>	<b>Target Allocation</b>
U.S. Large Cap Equity	5.1%	34.0%
U.S. Small Cap Equity	5.0	6.0
Global Equity ex-US	8.2	28.0
Core Fixed Income	1.9	25.0
Long Term Treasuries	2.1	3.5
US TIPS	1.8	3.5
Total		100.0%

*Single Discount Rate.* The discount rate used to measure the total pension liability is 6.5% for 2023 and 6.5% for 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan

members and the employees will be made at the current contribution rate as set out in state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determined does not use a municipal bond rate.

*Sensitivity of the Authority's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the Authority's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.5%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current rate:

	2023		
	1% Decrease to discount Rate (5.5%)	Current Discount Rate (6.5%)	1% Increase to Discount Rate (7.5%)
Proportionate share of the net pension liability (asset)	\$40,158,512	\$10,396,718	(\$14,627,729)
<hr/>			
	2022		
	1% Decrease to Discount Rate (5.5%)	Current Discount Rate (6.5%)	1% Increase to discount Rate (7.5%)
Proportionate share of the net pension liability (asset)	\$44,798,622	\$18,277,656	(\$4,151,396)

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at [www.opers.ok.gov](http://www.opers.ok.gov).

#### ***Payables to the Pension Plan***

On December 31, 2023, and 2022, the Authority has outstanding payables to OPERS of \$539,350 and \$555,186, respectively, related to December 2023 and 2022 employer, employee, and voluntary contributions, which are payable in the following month. These amounts are included in accounts payable on the Statements of Net Position.

#### **Oklahoma Law Enforcement Retirement Plan**

##### ***General Information about the Pension Plan***

*Plan Description.* Legislation passed during 2003 mandated that any lake patrolmen and dispatchers hired on or after July 1, 2003, shall participate as members of the OLERS Plan, a cost-sharing multiple-employer public employee-defined benefit retirement plan administered by the Oklahoma Law Enforcement Retirement System (OLERS), a component unit of the State. The OLERS Plan provides retirement, disability, and death benefits to its members and beneficiaries, primarily state employees providing law enforcement. The benefits provided are established and may be amended by the legislature of the State. Three of the Authority's patrolmen elected to transfer from the OPERS Plan to the OLERS Plan under Oklahoma Statutes, Title 47, Section 2-315, which provided for Authority lake patrolmen and dispatchers as of June 30, 2003, to make an irrevocable written election by January 1, 2004, to either pay the difference between the amount transferred between the plans or receive eligible prorated service credit as defined in statute. Oklahoma Statutes, Title 47, Sections 2-300, *et seq.*, established the Oklahoma Law Enforcement Retirement Board to administer this retirement system.

SB 1388, as codified in Oklahoma Statutes, Title 47, Sections 902, *et seq.*, placed all of the Authority's public safety officers hired after July 1, 2016, under the OPERS plan as hazardous duty employees.

The System issues a publicly available annual financial report that includes financial and required supplementary information for OLERS. That annual report may be obtained online at [www.plers.state.ok.us](http://www.plers.state.ok.us), by writing to OLERS, 421 NW 13th St, Suite 100, Oklahoma City, OK 73103 or by calling 1-877-213-0856.

*Vesting.* OLERS requires ten years of credited service to be eligible to vest.

*Benefits Provided.* Employees can begin receiving full, unreduced retirement benefits after twenty years of service or at the age of 62 with ten full years of full-time equivalent employment.

The benefit on or after normal retirement is 2.5% of the greater of final average salary or the salary paid to active employees as described under “salary considered” multiplied by the years and completed months of credited service. There is no maximum service.

*Contributions.* System members and the Authority are required to contribute to the OLERS Plan at a rate set by statute. These contributions are established and may be amended by the legislature of the State. Each member participates based on gross salary earned (excluding overtime). The Authority’s patrolmen and dispatchers participating in the OLERS Plan contributed 8.0%, and the Authority contributed 10% of total base salary through October 2012. Beginning November 2012, the Authority contribution rates increased to 11% of total base salary. Additional funds are also provided by the State of Oklahoma as summarized in the table below. Non-employer contributions are recorded as non-operating revenue in the Statements of Revenues, Expenses, and Changes in Net Position.

During the reporting period for 2023 and 2022, the OLERS recognized \$131,609 and \$146,781 in contributions from the Authority, respectively.

Contribution rates as of December 31, 2023, and 2022, are as follows:

Category	Contribution Rate
State	License Agency Fees equals to 1.2% of Driver's License taxes, plus 5% of Insurance Premium Tax
Agency	10% of actual base salary until October 31, 2012, and 11% of actual base salary as of November 1, 2012
Member	8% of paid salary. Accumulated contributions after tax up to December 31, 1989, and before-tax after December 31, 1989

#### ***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms, investments are reported at fair value.

On December 31, 2023, the Authority reported a liability of \$3,633,407 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating employers. On June 30, 2023, the Authority's proportion was 1.1013% which is a 28% decrease from the prior year. For the year ended December 31, 2023, the Authority recognized pension expense of \$757,533.

On June 30, 2022, the Authority's proportion was 1.534%, which is a 2.22% increase over prior year. For the year ended December 31, 2022, the Authority reported a liability of \$3,017,991 and recognized pension expense of \$591,214.

On December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>OLERS Plan 2023</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$1,214,562	\$50,444
Changes in assumption	-	67,882
Net differences between projected and actual earnings on pension plan investments	799,371	-
Employer contributions subsequent to the measure date	78,406	-
Change in proportion	29,103	445,050
<b>Total</b>	<b>\$2,121,442</b>	<b>\$563,376</b>

On December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>OLERS Plan 2022</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$124,127	\$103,018
Changes in assumption	-	125,554
Net differences between projected and actual earnings on pension plan investments	1,318,503	-
Employer contributions subsequent to the measure date	69,197	-
Change in proportion	58,068	80,463
<b>Total</b>	<b>\$1,569,895</b>	<b>\$309,035</b>

The amounts reported as deferred outflows related to employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<b>OLERS Plan</b>	
<b>Year Ended December 31</b>	<b>Net Pension Expenses</b>
2024	\$378,112
2025	246,860
2026	593,285
2027	243,411
2028	17,992
	<b>\$1,479,660</b>

*Actuarial Assumptions.* The total pension liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>2023</u>	<u>2022</u>
Actuarial valuation date:	July 1, 2023	July 1, 2022
Measurement date of net pension liability:	June 30, 2023	June 30, 2022
Actuarial cost method:	Entry age	Entry age
Asset valuation method for contributions:	Five-year moving average of expected and actual market values	Five-year moving average of expected and actual market values
Asset valuation method for assets under GASB 68:	Fair value of assets	Fair value of assets
Long-term expected rate of return:	7.5%	7.5%
Discount rate:	7.5%	7.5%
Salary increases:	2.75%	2.75%
Inflation:		
Seniority/Merit:	3.5% - 10.0%, including inflation	3.5% - 10.0%, including inflation
Mortality:	Pub-2010 Public Safety Retirees Amount-Weighted Mortality Table with rates set forward two years, projected generationally using Scale MP-2021	Pub-2010 Public Safety Retirees Amount-Weighted Mortality Table with rates set forward two years, projected generationally using Scale MP-2021

Actuarial assumptions used in the July 1, 2023, valuation are based upon an experience study conducted using experience from the five-year period ending June 30, 2021.

*Long-Term Expected Return on Plan Assets.* The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) were developed for each major class. These ranges were combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentages and adding expected inflation.

The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by the System's investment consultant, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
Core Bonds	5.33%	5%
Core Plus	5.64	10
Multi-Sector	6.29	5
U.S. Large Capacity	9.92	20
U.S. Small Capacity	11.36	10
International Developed Equity	10.81	15
Emerging Market Equity	12.08	5
Long/Short Equity	-	5
Private Equity	13.30	10
Core Real Estate	9.29	10
Value Added Real Estate	10.79	5
Total		100 %

*Single Discount Rate.* A single discount rate of 7.5% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.5% for both the June 30, 2023, and June 30, 2022, measurement dates. A municipal bond rate was not used in determining the discount rate.

The projection of cash flows used to determine the discount rate assumed that plan contributions from members, state agencies, insurance premium taxes, and other state sources would be made at the current contribution rates set out in state statute.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Authority's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the Authority's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5%, as well as what the Authority's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	2023		
	1% Decrease to discount Rate (6.5%)	Current Discount Rate (7.5%)	1% Increase to Discount Rate (8.5%)
Proportionate share of the net pension liability (asset)	\$5,599,192	\$3,633,407	\$2,010,965
<b>2022</b>			
	1% Decrease to Discount Rate (6.5%)	Current Discount Rate (7.5%)	1% Increase to discount Rate (8.5%)
Proportionate share of the net pension liability (asset)	\$5,222,408	\$3,017,991	\$1,119,250

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at [www.plers.state.ok.us](http://www.plers.state.ok.us).

#### **Payables to the Pension Plan**

On December 31, 2023, and 2022, the Authority has outstanding payables to OLERS of \$17,521 and \$19,283, respectively, related to December 2023 and 2022, employer, employee, and voluntary contributions, which are payable in the following month. These amounts are included in accounts payable on the Statements of Net Position.

#### **Oklahoma Public Employees Retirement Defined Contribution Plan**

In 2014, the Oklahoma Legislature enacted legislation in HB 2630 requiring a Defined Contribution System be established by the OPERS for most state employees first employed by a participating State employer on or after November 1, 2015. This bill is codified in Oklahoma Statutes as Title 74, Section 935.1, *et seq.* Employees of the Authority who first became employees on or after November 1, 2015, and have no prior participation in OPERS must participate in the mandatory Defined Contribution Plan created in accordance with Internal Revenue Code Section 401(a) and 457(b) and Title 590, Chapter 40 of the Oklahoma Administrative Code. The Defined Contribution Plan is known as Pathfinder. Pathfinder and its related Trust(s) are intended to meet the requirements of the Internal Revenue Code. Pathfinder is administered by the OPERS.

Contribution rates are established by Oklahoma Statute and may be amended by the Oklahoma Legislature. For 2015, the initial period of implementation, employees must make mandatory employee contributions of 4.5% of pretax salary to the 401(a) plan and may make additional voluntary contributions to the 457(b) plan, subject to the maximum deferral limit allowed under the Internal Revenue Code. Employees are vested 100% for all employee contributions. The Authority must make mandatory contributions of 6% of the employee's pretax salary and 7% if the employee elects to participate in the 457(b) plan. Employees become vested for the employer contributions based on an established vesting schedule. The amount of the Authority's contributions for Pathfinder for the year ended December 31, 2023, and 2022, was approximately \$1,099,445 and \$869,433, respectively.

Additionally, in order to reduce the liabilities of the defined contribution plan, the Authority is required to contribute the difference between the established 16.5% defined benefit employer contribution rate and the amount required to match the participating employees' contribution in the defined contribution plan. The amount contributed by the Authority for the year ended December 31, 2023, and 2022, to meet this requirement is \$1,561,673 and \$1,232,573, respectively. The Authority had outstanding payables to OPERS for the defined benefit plan for the year ended December 31, 2023, and 2022, of \$173,765 and \$143,479, respectively, which were payable in the following month.

#### **Oklahoma State Employees Deferred Compensation Plan**

**Plan Description.** Employees of the Authority may also participate in the Oklahoma State Employees Deferred Compensation Plan (the "State Plan"), a voluntary deferred compensation plan administered by OPERS. The State Plan is a defined contribution plan available to all Authority employees, which permits participants to defer receipt of a portion of their salary until future years as authorized by Section 457 of the Internal Revenue Code and in accordance with the provisions of Oklahoma Statutes, Title 74, Sections 1701, *et seq.* The State Plan is established by and may be amended by the Legislature of the State. Oklahoma Statutes assign the authority for management and operation of the State Plan to the Board of Trustees of the OPERS. The minimum amount allowable to be deferred under the State Plan is \$25 per month. Under state law, each employee is eligible to receive a \$25 monthly matching contribution from the Authority to be deposited in a 401(a) retirement account. Employee contributions to the Plan totaled \$918,784 and \$965,056 for the years ended December 31, 2023, and 2022, respectively. The Authority paid matching contributions and administrative fees of \$106,875 and \$114,045 for the years ended December 31, 2023, and 2022, respectively.

## **GRDA Postemployment Healthcare Plan**

**Plan Description.** GRDA Postemployment Healthcare Plan is a single-employer defined benefit healthcare plan administered by the Authority. GRDA Postemployment Healthcare Plan provides medical and dental insurance benefits to eligible retirees. In November 2007, the Authority's Board of Directors authorized the Authority to subsidize \$200 per month for eligible retirees, effective January 1, 2008. This stipend is provided for life to employees hired prior to November 1, 2015. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75. The Plan does not issue a stand-alone financial report.

**Benefits Provided.** The OPEB plan provides for employee and dependent healthcare coverage from the date of retirement to age 65, provided the participant was covered by the plan before retiring. The participant can elect to enroll in spousal coverage. Surviving spouses may continue in the plan until age 65. Spouses do not receive the \$200 per month subsidy.

**Employees Covered by the Plan:** The following table details the Authority's number of employees covered by the benefit terms as of January 1, 2022:

<b>Participant Data</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Active participants:		
Employees hired prior to 11/01/2015 and eligible for \$200 subsidy	322	322
Employees hired 11/01/2015 or later and not eligible for \$200 subsidy	165	165
Total active participants	487	487
Inactive participants entitled to but not yet receiving benefits	-	-
Inactive participants receiving benefits:		
Retirees	297	297
Covered spouses (below age 65)	27	27
Total inactive participants receiving benefits	324	324
Total Participants	811	811

**Funding Policy.** The contributions of plan members and the Authority are established and may be amended by the Board of Directors within the limits of Oklahoma statutes. The contribution is based on estimated pay-as-you-go financing requirements. For the years ended December 31, 2023, and 2022, the Authority contributed \$706,913 and \$697,705, respectively, to the plan, which consisted entirely of current premiums and included no additional contribution to prefund benefits.

**Actuarial Methods and Assumption.** Projections of benefits for financial reporting purposes are based on the benefits provided under the terms of the substantive plan (the plan as understood by the employer and the plan members) at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The total OPEB liability in the January 1, 2023, actuarial valuation was determined using the following assumptions:

	<u>2023</u>	<u>2022</u>
Actuarial valuation date	January 1, 2023	January 1, 2022
Inflation	2.3%	2.3%
Discount rate (from the Bond Buyer GO-20 Index)	3.72%	2.06%
Salary Increases	Variable from 9.75% to 2.50% based on age and service group	
Healthcare cost trend rates	2022-2023 at 5.90% decreasing 0.2% to 2024, then decreasing by 0.3% to 2025, then decreasing by 0.2% to 2026, then decreasing by 0.3% to 2027 to an ultimate rate of 4.8% for 2027 and beyond	
Actuarial cost method	Entry Age Normal	Entry Age Normal
Mortality	Pub-2010 Public Retirement Plans General Mortality Table weighted by Headcount projected by MP-2021 as of January 1, 2023	

**Changes in the Total OPEB Liability.** Changes of assumptions and other inputs reflect a change in discount rate from 2.06% in 2022 to 3.72% in 2023. Changes in the Total OPEB Liability for the year ended December 31, 2023:

<b>Changes in the Total OPEB Liability</b>	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
Balance at December 31, 2022	\$18,445,087	\$ -	\$18,445,087
Changes for the year			
Service Cost	545,247		545,247
Interest on Total OPEB Liability	378,624		378,624
Difference between expected and actual experience	(16,202)		(16,202)
Changes in assumptions	(2,580,554)		(2,580,554)
Employer contributions	-	1,227,311	(1,227,311)
Benefit payments, including employee refunds	(1,227,311)	(1,227,311)	-
Net changes	(2,900,196)		(2,900,196)
Balance at December 31, 2023	<u>\$15,544,891</u>	<u>\$ -</u>	<u>\$15,544,891</u>

For the year ended December 31, 2022:

<b>Changes in the Total OPEB Liability</b>	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
Balance at December 31, 2021	\$20,714,763	\$ -	\$20,714,763
Changes for the year			
Service Cost	870,855	-	870,855
Interest on Total OPEB Liability	446,029	-	446,029
Difference between expected and actual experience	(1,414,472)	-	(1,414,472)
Changes in assumptions	(1,073,317)	-	(1,073,317)
Employer contributions	-	1,098,771	(1,098,771)
Benefit payments, including employee refunds	(1,098,771)	(1,098,771)	-
Net changes	(2,269,676)	-	(2,269,676)
Balance at December 31, 2022	\$18,445,087	\$ -	\$18,445,087

**Sensitivity of the Total OPEB liability to changes in the discount rate.** The following presents the Authority's total OPEB liability calculated using the 2023 discount rate of 2.06%, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.06%) or 1-percentage-point higher (3.06%) than the current rate:

	<b>2023</b>		
	<b>1% Decrease to Discount Rate (2.72%)</b>	<b>Current Discount Rate (3.72%)</b>	<b>1% Increase to Discount Rate (4.72%)</b>
Total OPEB liability	\$17,024,115	\$15,544,891	\$14,260,231

The following presents the Authority's total OPEB liability calculated using the 2022 discount rate of 2.12%, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.12%) or 1-percentage-point higher (3.12%) than the current rate:

	<b>2022</b>		
	<b>1% Decrease to Discount Rate (1.06%)</b>	<b>Current Discount Rate (2.06%)</b>	<b>1% Increase to Discount Rate (3.06%)</b>
Total OPEB liability	\$22,372,685	\$18,445,087	\$16,788,900

**Sensitivity of the Total OPEB liability to changes in the healthcare cost trend rate.** The following presents the Authority's total OPEB liability calculated using the 2023 healthcare cost trend rate of 5.9%, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.9% decreasing to 4.7%) or 1-percentage-point higher (6.9% decreasing to 6.7%) than the current rate:

	<b>2023</b>		
	1% Decrease to Healthcare Cost Trend Rate (4.9% decreasing to 4.7%)	Current Healthcare Cost Trend Rate (5.9% decreasing to 5.7%)	1% Increase to Healthcare Cost Trend Rate (6.9% decreasing to 6.7%)
Total OPEB liability	\$15,203,828	\$15,544,891	\$15,941,017

The following presents the Authority's total OPEB liability calculated using the 2022 healthcare cost trend rate of 5.90%, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.9% decreasing to 4.7%) or 1-percentage-point higher (6.9% decreasing to 6.7%) than the current rate:

	<b>2022</b>		
	1% Decrease to Healthcare Cost Trend Rate (4.9% decreasing to 4.7%)	Current Healthcare Cost Trend Rate (5.9% decreasing to 5.7%)	1% Increase to Healthcare Cost Trend Rate (6.9% decreasing to 6.7%)
Total OPEB liability	\$18,073,427	\$18,445,087	\$18,878,606

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB.** For the year ended December 31, 2023, the Authority recognized OPEB expense of \$432,771. For the year ended December 31, 2022, the Authority recognized OPEB expense of \$1,399,273. The following table indicates the components of the recognized OPEB expense:

<b>Components of OPEB Expense</b>	<b>2023</b>	<b>2022</b>
Service Cost	\$545,247	\$870,855
Interest on Total OPEB Liability -over measurement	378,624	446,029
Recognition of Experience Changes	(185,220)	(182,019)
Recognition of Assumption Changes	(305,880)	264,408
Total OPEB Expenses recognized	\$432,771	\$1,399,273

As of December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<b>OPEB Plan — 2023</b>		
<b>Summary of deferred outflows and inflows</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between projected and actual experiences	\$101,459	\$926,151
Changes of actuarial assumptions	872,044	2,786,253
Employer contributions – subsequent to measurement date	706,912	-
<b>Total</b>	<b>\$1,680,415</b>	<b>\$3,712,404</b>

As of December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<b>OPEB Plan — 2022</b>		
<b>Summary of deferred outflows and inflows</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between projected and actual experiences	\$198,385	\$1,192,096
Changes of actuarial assumptions	1,473,696	1,113,231
Employer contributions – subsequent to measurement date	697,705	-
<b>Total</b>	<b>\$2,369,786</b>	<b>\$2,305,327</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>OPEB Plan — 2023</b>	
<b>Year ended December 31</b>	<b>Net OPEB Expense</b>
2024	(\$390,034)
2025	(705,178)
2026	(945,677)
2027	(667,221)
2028	(30,791)
	<b>(\$2,738,901)</b>

## **8. OTHER RELATED-PARTY TRANSACTIONS**

The primary organizations considered related parties are those municipal, industrial, electric cooperative, tribal, and other governmental organizations or lake area organizations that have representatives serving on the Authority's Board of Directors. The primary transactions in the ordinary course of business with these related parties include sales of electrical power and transmission and memberships in related trade associations or organizations, or tourism and economic development activities associated with the management of the lakes, including commercial and private dock permit fees.

OG&E operates the Redbud facility under an operating agreement with the Authority and OMPA and allocates certain costs and expenses attributable to Redbud to the Authority and OMPA, in accordance with their undivided ownership interests—see further discussion of Redbud facility in “Joint Ownership” in Note 1 to Financial Statements, Summary of Significant Accounting Policies.

## **9. COMMITMENTS AND CONTINGENCIES**

In the normal course of business, the Authority makes and receives commitments for purchases of coal, natural gas, wind power, and long-term service agreements. In addition, in the normal course of business, the Authority enters into agreements, which commit the Authority to provide varying amounts of electric power to its customers. Management of the Authority does not believe the honoring of these commitments will have any material adverse effect on the Authority.

The Authority had construction contractual commitments on December 31, 2023, of approximately \$203,520,000 for equipment and construction contracts. Major projects include the construction of GREC 4 for approximately \$180,552,000; hydro projects for approximately \$12,552,000 and transmission lines and substations for approximately \$10,416,000.

The Authority had contractual commitments as of December 31, 2023, for long-term service agreements at the Redbud facility for the maintenance of the gas and steam turbines of approximately \$51.2 million through the year 2028. The Authority had contractual commitments as of December 31, 2023, for natural gas at the Redbud facility of approximately \$3.2 million through January 2023, as well as for transportation of natural gas to the Redbud facility of approximately \$3.9 million through March 31, 2024.

The Authority had contractual commitments as of December 31, 2023, for long-term service agreements at the GREC 3 facility for the maintenance of the gas and steam turbines of approximately \$38.1 million through the year 2030. The Authority had contractual commitments as of December 31, 2023, for natural gas at the GREC 3 facility of approximately \$3.6 million through March 2023, as well as for transportation of natural gas to the GREC 3 facility of approximately \$121.5 million through March 31, 2047.

The Authority had contractual commitments as of December 31, 2023, for long-term wind power purchase agreements of approximately \$402.0 million through the year 2037 and for customer generation capacity agreements of approximately \$216.9 million through the year 2042.

In 2015, the Authority established an unsecured letter of credit with Bank of Oklahoma to meet the requirements for participating in the SPP Integrated Marketplace. On December 31, 2023, the line of credit was \$8.0 million. The letter of credit expires May 31, 2025, but has an auto-renewal clause. The Authority did not utilize any portion of the letter of credit in 2022 or 2023.

In 2022, The Authority entered into a revolving credit agreement as an unsecured line of credit not to exceed \$100,000,000 with Wells Fargo Bank. This line of credit was established as part of a mitigation plan developed following the 2021 Winter Storm Uri to have more flexibility to quickly access cash in such an event. This line of credit is available to be used to support the normal operations and short-term capital requirements for the Authority. Per General Bond Resolution No. 5107, this line of credit is a subordinate lien to the revenue bonds. The Authority did not utilize this line of credit in 2022 or 2023, and elected to terminate it in November 2023.

For many years, landowners upstream of Pensacola Dam have initiated litigation against GRDA in response to flooding events based on theories of inverse condemnation, trespass, nuisance, etc. The Authority is currently involved in active litigation with the city of Miami, Oklahoma and over 400 individual plaintiffs in the area related to flooding from 2007 to 2011. The Authority has insurance coverage that it believes would cover any adverse judgement in the flooding litigation claims and continues to carry a liability in the amount of its insurance deductible in the financial statements as of December 31, 2023.

## **10. LANDFILL CLOSURE AND POSTCLOSURE COSTS**

The Authority maintains a coal combustion residuals (CCR) landfill in Chouteau, Oklahoma. The Authority accounts for this CCR landfill in accordance with GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Post closure Care Costs*. State and federal regulations will require the Authority to place a final cover on the CCR site when it discontinues depositing of CCR and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure costs will only be paid near or after the date of discontinuance of use of the landfill, GASB Statement No. 18 requires proprietary funds to report a portion of these costs as an operating expense in each period based on landfill capacity and utilization.

This CCR landfill has a total capacity of 5,131,024 cubic yards, of which an estimated 4,450,998 cubic yards have been used through December 31, 2023. The remaining useful life at December 31, 2023, was approximately 19 years.

The amount recorded as a liability for the closure and post closure costs, included in Other Noncurrent Liabilities at December 31, 2023, and 2022, was \$6,973,772 and \$7,062,218, respectively. These amounts are based on 91% and 91% landfill utilization as of December 31, 2023, and 2022, respectively. The Authority will recognize the remaining estimated cost of closure and post closure care, of approximately \$776,038, as the remaining estimated capacity is filled. Amounts are estimated using what it would cost to perform all closure and post closure care in 2023. Actual costs are subject to change resulting from inflation or deflation, changes in technology, or changes in applicable laws or regulations.

The Oklahoma Department of Environmental Quality (ODEQ) has certain closure and post closure care financial assurance requirements. Each year, an auditor performs procedures to ensure that the Authority meets these requirements.

## 11. RISK MANAGEMENT

General Bond Resolution No. 5107 requires the Authority to, in each case where it is obtainable at a reasonable rate and on reasonable terms, insure its facilities, maintain liability insurance, and bond certain officers and employees. In general, all insurance coverage, including property (all risk coverage, including earthquake and flood), equipment, aircraft, employment practices liability, directors and officers liability, excess liability (including an endorsement for certified "acts of terrorism" as defined in the Federal Terrorism Risk Insurance Act), is purchased from private insurance carriers through the State of Oklahoma Risk Management Department (State Risk Management) of the Office of Management and Enterprise Services. State Risk Management contracts with a third-party insurance broker for brokerage services and advice. The Authority also participates in the State of Oklahoma's Consolidated Workers' Compensation Program, a self-insured program operated by States Risk Management. A private insurance carrier provides excess insurance coverage for the Consolidated Workers' Compensation Program and a private company provides claims administration services. Settled claims have not exceeded commercial insurance coverage in any of the past three years.

Concentration of revenues from a single external customer increases credit and market concentration risks. The Authority had one customer that accounted for 32% of total operating revenues in 2023 and 31% in 2022.

In addition, the Authority is subject to generation supply and market price risks, which are continually evaluated as to level of risk and how to best mitigate exposure to loss. The Authority continued its hedging program throughout 2023, to hedge price and volatility risk relative to future natural gas commodity prices.

As of December 31, 2023, and 2022, the Authority had the following fair value balances and notional amounts of derivative instruments and the changes in fair value of such derivative instruments:

Fair Value at December 31, 2023				
Business-Type Activities	Changes in Fair Value	Classification	Amount	Notional Amount (MMBTUs)
Cash flow hedges: Commodity forward (swap)	\$12,651,255	Derivative instruments	(\$16,678,175)	21,290,000

Fair Value at December 31, 2022				
Business-Type Activities	Changes in Fair Value	Classification	Amount	Notional Amount (MMBTUs)
Cash flow hedges: Commodity forward (swap)	\$9,028,060	Derivative instruments	(\$4,026,920)	7,642,500

The following table displays the objective and terms of the Authority's hedging derivative instruments outstanding on December 31, 2023, along with the credit rating of the associated counterparty.

Item	Type	Objective	Notional Amount (MMBTU's)	Effective Date	Maturity Date	Terms	Counterparty/Credit Rating
A	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	3,350,000	12/27/23	11/26/24	Pay \$3.950/MMBTU; scheduled monthly settlements based on 10,000 MMBTUs/day and Henry Hub pricing point at settlement date	BOKF "A-"
J	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	300,000	02/1/23	2/27/24	Pay \$3.935/MMBTU; scheduled monthly settlements based on 5,000 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
K	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	1,675,000	03/8/23	11/26/24	Pay \$3.780/MMBTU; scheduled monthly settlements based on 5,000 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
L	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	1,675,000	03/10/23	11/26/24	Pay \$3.735/MMBTU; scheduled monthly settlements based on 5,000 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
M	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	1,675,000	03/15/23	11/26/24	Pay \$3.650/MMBTU; scheduled monthly settlements based on 5,000 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
N	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	1,675,000	03/31/23	11/26/24	Pay \$3.500/MMBTU; scheduled monthly settlements based on 5,000 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
O	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	837,500	04/6/23	11/26/24	Pay \$3.432/MMBTU; scheduled monthly settlements based on 2,500 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
P	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	837,500	04/6/23	11/26/24	Pay \$3.442/MMBTU; scheduled monthly settlements based on 2,500 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"

Item	Type	Objective	Notional Amount (MMBTU's)	Effective Date	Maturity Date	Terms	Counterparty/Credit Rating
Q	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	155,000	5/26/23	06/26/24	Pay \$3.300/MMBTU; scheduled monthly settlements based on 5,000 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
R	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	155,000	05/22/23	07/29/24	Pay \$3.350/MMBTU; scheduled monthly settlements based on 5,000 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
S	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	1,825,000	06/1/23	11/27/25	Pay \$3.850/MMBTU; scheduled monthly settlements based on 5,000 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
T	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	155,000	06/1/23	06/6/24	Pay \$3.195/MMBTU; scheduled monthly settlements based on 5,000 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
U	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	155,000	06/1/23	06/6/24	Pay \$3.240/MMBTU; scheduled monthly settlements based on 5,000 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
V	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	72,500	08/18/23	01/27/24	Pay \$3.798/MMBTU; scheduled monthly settlements based on 2,500 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
W	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	72,500	08/26/23	01/27/24	Pay \$3.650/MMBTU; scheduled monthly settlements based on 2,500 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
X	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	72,500	09/21/23	01/27/24	Pay \$3.450/MMBTU; scheduled monthly settlements based on 2,500 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
Y	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	77,500	09/21/23	04/26/24	Pay \$2.970/MMBTU; scheduled monthly settlements based on 2,500 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"

Z	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	75,000	09/21/23	05/29/24	Pay \$3.093/MMBTU; scheduled monthly settlements based on 2,500 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
AA	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	72,500	09/5/23	01/27/24	Pay \$3.599/MMBTU; scheduled monthly settlements based on 2,500 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
AA	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	77,500	09/5/23	02/27/24	Pay \$3.296/MMBTU; scheduled monthly settlements based on 2,500 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
AA	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	77,500	09/26/24	06/26/24	Pay \$3.215/MMBTU; scheduled monthly settlements based on 2,500 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
AA	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	77,500	09/26/24	07/29/24	Pay \$3.252/MMBTU; scheduled monthly settlements based on 2,500 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
AA	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	145,000	10/19/23	1/27/24	Pay \$3.555/MMBTU; scheduled monthly settlements based on 5,000 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
AA	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	77,500	10/19/23	2/27/24	Pay \$3.280/MMBTU; scheduled monthly settlements based on 2,500 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
AA	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	155,000	10/19/23	06/26/24	Pay \$3.320/MMBTU; scheduled monthly settlements based on 5,000 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
AA	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	155,000	10/19/23	07/29/24	Pay \$3.350/MMBTU; scheduled monthly settlements based on 5,000 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
AA	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	912,500	10/19/23	11/26/24	Pay \$3.998/MMBTU; scheduled monthly settlements based on 2,500 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"

AA	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	912,500	11/7/23	11/26/24	Pay \$4.110/MMBTU; scheduled monthly settlements based on 2,500 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
AA	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	912,500	11/17/23	11/26/24	Pay \$4.030/MMBTU; scheduled monthly settlements based on 2,500 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
AA	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	912,500	11/20/23	11/26/24	Pay \$3.972/MMBTU; scheduled monthly settlements based on 2,500 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
AA	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	145,000	11/20/23	01/27/24	Pay \$3.043/MMBTU; scheduled monthly settlements based on 5,000 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
AA	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	77,500	11/20/23	02/24/24	Pay \$2.877/MMBTU; scheduled monthly settlements based on 2,500 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
AA	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	72,500	11/29/23	01/27/24	Pay \$2.760/MMBTU; scheduled monthly settlements based on 2,500 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
AA	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	72,500	12/1/23	01/27/24	Pay \$2.720/MMBTU; scheduled monthly settlements based on 2,500 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
AA	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	77,500	12/4/23	2/27/24	Pay \$2.580/MMBTU; scheduled monthly settlements based on 2,500 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
AA	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	77,500	12/4/23	6/26/24	Pay \$2.894/MMBTU; scheduled monthly settlements based on 2,500 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
AA	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	77,500	12/4/23	7/29/24	Pay \$2.948/MMBTU; scheduled monthly settlements based on 2,500 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"

AA	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	77,500	12/4/23	8/28/24	Pay \$2.950/MMBTU; scheduled monthly settlements based on 2,500 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
AA	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	140,000	12/6/23	1/27/25	Pay \$3.855/MMBTU; scheduled monthly settlements based on 5,000 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
AA	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	155,000	12/11/23	11/26/24	Pay \$3.443/MMBTU; scheduled monthly settlements based on 5,000 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
AA	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	155,000	12/11/23	12/28/24	Pay \$3.685/MMBTU; scheduled monthly settlements based on 5,000 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"
AA	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	837,500	12/12/23	11/26/24	Pay \$2.486/MMBTU; scheduled monthly settlements based on 2,500 MMBTUs/ day and Henry Hub pricing point at settlement date	StoneX Financial Inc "BB-"

Contracts are accounted for in accordance with GASB Statement No. 53, which addresses recognition, measurement, and disclosure related to derivative instruments with reporting required in the Statements of Net Position or recognized on the Statements of Revenues, Expenses, and Changes in Net Position, depending on effectiveness. Contracts are evaluated to determine whether they meet the definition of derivative instruments and, if so, whether they effectively hedge the expected change in cash flow associated with natural gas prices. The current liability for the fair value of the hedges currently resides in Accounts payable and accrued liabilities, and total \$16.7 million.

Effectiveness testing is performed at the end of each month using the consistent critical terms method and, as of December 31, 2023, the tests concluded that all of the Authority's derivative instruments are effective. If the derivative instrument(s) passes effectiveness testing, the change in fair value of the instrument(s) is deferred in the Statements of Net Position and then recorded as fuel expense in the Statements of Revenues, Expenses, and Changes in Net Position during the production cycle. If deemed to be ineffective, the change in fair value of the instrument(s) is immediately recognized in the Statements of Revenues, Expenses, and Changes in Net Position.

**Credit Risk:** The Authority is exposed to credit risk on hedging derivative instruments that are in asset positions. The aggregate fair value of hedging derivative instruments in asset positions, as of December 31, 2023, is \$0. This represents the maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted. This maximum exposure is reduced by \$16,678,175 of liabilities included in netting arrangements with the Authority's counterparty. All of the Authority's hedging derivative instruments are held with two counterparties, which have S&P Long Term Issuer Credit Ratings of "A-" and "BB-". Credit risk is mitigated using credit thresholds based on each party's credit rating. If either party exceeds their threshold, collateral can be demanded, net of the effect of applicable netting arrangements. Collateral can be posted in the form of cash or letters of credit. A monthly credit report is prepared by the Authority's Middle Office and is provided to the Authority's Risk Oversight Committee for monitoring of credit risk related to hedging derivatives.

**Basis Risk:** The Authority is exposed to basis risk on its commodity forward contracts because the expected commodity purchase will price based on a pricing point (Enable Gas or OneOK) that is different than the pricing

point at which the forward contract is expected to settle (Henry Hub). The Authority is hedging the Henry Hub portion of the gas price only, not the basis for the individual pipeline(s).

**Termination Risk:** The Authority or its counterparty may terminate a derivate instrument if the other party fails to perform under the terms of the contract. Termination may also occur in the event of the following, as defined in the contract: illegality, force majeure event, tax event, tax event upon merger, or additional termination event. Additional termination event is defined in the contract as the Authority engaging in any transaction that does not have as its sole purpose to hedge against price risk for its use in its business of natural gas or is in any way intended to speculate on any commodity price. Termination risk is associated with all of the Authority's derivatives up to the fair value amounts.

## 12. SUBSEQUENT EVENT

In the first quarter of 2023, The Authority sought bids for a cost-of-service study. Guernsey was hired, and the study was completed in the fourth quarter. In the first quarter of 2024, the Authority hosted several customer meetings, and had several comment periods, before arriving at its final rate design. The final proposal was recommended to the board of directors on April 10, 2024, and the resolution was approved unanimously. The three-year implementation plan for incorporating the approved rate changes includes an aggregate increase of 1.48% in 2024, effective October 1, 2024, an aggregate increase of 2.74% in 2025, effective October 1, 2025, and an aggregate increase of 3.39% in 2026, effective October 1, 2026.

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**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

# GRAND RIVER DAM AUTHORITY

(A Component Unit of the State of Oklahoma)

## SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED) OKLAHOMA PUBLIC EMPLOYEES RETIREMENT PLAN

Fiscal Year Ending	Proportionate of the Net Pension Liability/ (Asset)	Proportionate Share of the Net Pension Liability/ (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability/ (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/ (Asset)
December 31, 2023	2.2724%	\$10,396,718	\$32,991,556	31.51%	95.91%
December 31, 2022	2.2735	18,277,656	33,611,964	54.38	92.24
December 31, 2021	2.2383	(30,042,207)	33,666,081	(89.24)	112.51
December 31, 2020	2.2776	19,874,205	34,801,153	57.11	91.59
December 31, 2019	2.3778	3,166,970	35,942,188	8.81	98.63
December 31, 2018	2.4118	5,138,160	37,965,024	13.53	97.96
December 31, 2017	2.3117	12,498,665	38,404,273	32.54	94.28
December 31, 2016	2.2462	21,890,211	38,995,445	56.14	89.48
December 31, 2015	2.1715	7,810,649	37,304,843	20.94	96.00
Fiscal Year Ending	Contractually Required Contributions	Contributions in relation to the Contractually required contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
December 31, 2023	\$6,717,336	\$5,684,180	\$1,033,156	\$32,929,985	17.26%
December 31, 2022	6,424,350	5,725,382	698,968	33,204,556	17.24
December 31, 2021	6,150,504	5,696,252	454,252	33,598,122	16.95
December 31, 2020	6,109,333	5,838,606	270,727	34,266,124	17.04
December 31, 2019	6,258,254	6,243,328	14,926	35,239,125	17.72
December 31, 2018	6,309,340	6,485,378	(176,038)	37,001,348	17.53
December 31, 2017	6,218,254	6,516,168	(297,914)	38,300,232	17.01
December 31, 2016	6,641,675	6,615,357	26,318	38,811,001	17.05
December 31, 2015	6,333,952	6,343,582	(9,630)	38,557,227	16.45

The amounts determined for each fiscal year were determined as of June 30 in the calendar year.

The Authority is required to present the last ten fiscal years of data; however, until a full ten-year trend of data is compiled, GASB 68 allows the presentation for those years for which information is available.

### Changes in Benefit Terms

House Bill 3350 provided a one-time benefit increase as of July 1, 2020. Members who retired on or prior to July 1, 2015, received a 4.0% benefit increase. Members who retired between July 1, 2015, and July 1, 2018, received a 2.0% benefit increase. Members who retired after July 1, 2018, did not receive a benefit increase.

Changes in Assumptions are as follows:

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Long-term expected rate of return	6.50%	6.50%	6.50%	6.50%	7.00%	7.00%	7.00%	7.25%	7.50%
Discount rate	6.50	6.50	6.50	6.50	7.00	7.00	7.00	7.25	7.50
Price inflation	2.50	2.50	2.50	2.50	2.75	2.75	2.75	3.00	3.00
Real wage growth	0.75	0.75	0.75	0.75	0.75	0.75	0.75	1.00	1.00

There were no other changes in assumptions.

## GRAND RIVER DAM AUTHORITY

(A Component Unit of the State of Oklahoma)

### SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED) OKLAHOMA LAW ENFORCEMENT RETIREMENT PLAN

Fiscal Year Ending	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
December 31, 2023	1.1013%	\$3,633,407	\$1,213,525	299.41%	76.91%
December 31, 2022	1.5340	3,017,991	1,351,371	223.33	84.53
December 31, 2021	1.5688	210,956	1,331,109	15.85	98.93
December 31, 2020	1.5344	3,314,998	1,342,159	246.99	82.29
December 31, 2019	1.5814	2,296,870	1,298,190	176.93	87.50
December 31, 2018	1.4701	1,574,732	1,222,118	128.85	90.31
December 31, 2017	1.4556	1,891,434	1,225,700	154.31	87.85
December 31, 2016	1.3370	1,631,598	1,234,942	132.12	81.88
December 31, 2015	0.8627	894,807	736,838	121.44	89.62
Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
December 31, 2023	\$131,609	\$133,488	(\$1,879)	\$1,171,378	11.40%
December 31, 2022	146,781	148,651	(1,870)	1,303,594	11.40
December 31, 2021	154,966	156,832	(1,866)	1,348,232	11.63
December 31, 2020	145,820	147,637	(1,817)	1,351,889	10.92
December 31, 2019	141,092	142,911	(1,819)	1,308,269	10.92
December 31, 2018	133,523	134,432	(909)	1,268,728	10.60
December 31, 2017	134,827	134,826	1.00	1,209,093	11.15
December 31, 2016	136,630	136,630	-	1,241,483	11.01
December 31, 2015	81,430	81,430	-	1,098,422	7.41

The amounts determined for each fiscal year were determined as of June 30 in the calendar year.

The Authority is required to present the last ten fiscal years of data; however, until a full ten-year trend of data is compiled, GASB 68 allows the presentation for those years for which information is available.

### **Changes in Benefit Terms.**

House Bill 3350 provided a one-time benefit increase as of July 1, 2020. Member show retired on or prior to July 1, 2015, received a 4.0% benefit increase. Members who retired between July 1, 2015, and July 1, 2018, received a 2.0% benefit increase. Members who retired after July 1, 2018, did not receive a benefit increase.

**Changes in Assumptions:** There were six Changes in Assumption made for the valuation as of July 1, 2023. There was a change in mortality assumption to the new Pub-2010 tables, and the percent of members electing retroactive DOP was increased to 80% for a period of four years, and the percent of members electing an immediate annuity was set to 20%. Retirement rates, withdrawal rates, and disability rates were also revised.

Other Changes in Assumptions are as follows:

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Price	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	3.00%	3.00%
Salary Increases	3.5% - 10.0%, including inflation	3.5% - 10.0%, including inflation	3.5% - 9.75%, including inflation						

## **GRAND RIVER DAM AUTHORITY** (A Component Unit of the State of Oklahoma)

### **SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED) OTHER POSTEMPLOYMENT BENEFITS PLAN**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Beginning Balance	18,445,087	\$20,714,763	\$19,461,886	\$16,980,723	\$17,668,568
Service Cost	545,247	870,855	733,886	564,096	548,426
Interest on Total OPEB Liability	378,624	446,029	538,912	685,406	611,515
Difference between expected and	(16,202)	(1,414,472)	(70,134)	435,412	66,460
Changes in assumptions	(2,580,554)	(1,073,317)	1,112,285	1,790,433	(1,025,961)
Benefits payments, including	(1,227,311)	(1,098,771)	(1,062,072)	(994,184)	(888,285)
Net Changes	(2,900,196)	(2,269,676)	1,252,877	2,481,163	(687,845)
Ending Balance	<b>\$15,544,891</b>	<b>\$18,445,087</b>	<b>\$20,714,763</b>	<b>\$19,461,886</b>	<b>\$16,980,723</b>

### **Schedule of Changes in the Total OPEB Liability and Related Ratios**

Covered-employee payroll	\$32,929,985	\$33,204,556	\$33,598,122	\$34,266,124	\$35,239,125
Total OPEB Liability as a percentage of covered-employee payroll	47.21%	55.55%	61.65%	56.80%	48.19%

The Authority is required to present the last ten fiscal years of data; however, until a full ten-year trend of data is compiled, GASB 75 allows the presentation for those years for which information is available. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits for the pension/OPEB Plan.

**Changes in Benefit Terms.** There were no changes of benefit terms in the Plan.

**Changes in Assumptions:** Two assumption changes were made for this valuation. The discount rate on the Bond Buyer GO 20-Bond Municipal Bond Index as of the newest Measurement date of January 1, 2023, is 3.72%. The

January 1, 2021, discount rate was 2.12%. The January 1, 2020, discount rate was 2.74%. The January 1, 2019, discount rate was 4.10%. The mortality table was also updated to a new public sector mortality table (Pub 2010) using the MP-2020 projection scale as of January 1, 2023. The January 1, 2021, mortality table used the MP-2020 projection scale. The January 1, 2020, mortality table used the MP-2019 projection scale. The January 1, 2019, mortality table used the MP-2018 projection scale.

**Report on Internal Control  
Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance  
With *Government Auditing Standards***

**Independent Auditors' Report**

To the Board of Directors of  
Grand River Dam Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Grand River Dam Authority (GRDA), which comprise GRDA's statement of net position as of December 31, 2023, and the related statement of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 30, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered GRDA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of GRDA's internal control. Accordingly, we do not express an opinion on the effectiveness of GRDA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether GRDA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Baker Tilly US, LLP*

Madison, Wisconsin

April 30, 2024

## 2024 Worksheet for Calculating Closure and Post-closure Cost Estimates

All site data necessary to calculate estimates of closure and post-closure costs can be gathered by completing Table E.1. Data from Table E.1 should be inserted into Tables E.2 and F.1 to complete calculations.

**Table E.1 Site Data**

**Facility Name:** Grand River Dam Authority

**Permit Number:** 3549012

Description	Quantity	Units
Total Permitted Area	67	acres
Active Portion		
Composite Lined	-	acres
Soil Lined	47	acres
Area of Largest Cell/Phase Requiring Final Cap		
Composite Lined	-	acres
Soil Lined	47	acres
Perimeter Fencing	-	linear feet
Groundwater Monitoring Wells	382.5	VLF
Methane Gas Probes	NA	VLF
Terraces	NA	linear feet
Letdown channels	NA	linear feet
Perimeter drainage ditches	NA	linear feet
Average Daily Flow	48.22	tons/day
Landfill Disposal Cost	-	\$/ton

VLF = Vertical linear feet. The sum of the depths of all monitoring wells.

**Table E.2 Closure Cost Estimate**

**Facility Name:** Grand River Dam Authority

**Permit Number:** 3549012

Task/Service	Quantity	Units	Multiplier <sup>a</sup>	Unit Cost <sup>b</sup>	Subtotal
1 Preliminary Site Work					
1.1 Conduct Site Evaluation	1	Lump sum	1	\$4,376.08	\$4,376.08
1.2 Dispose Final Wastes					
Average Daily Flow	48.22	tons/day			
Disposal Cost	0.74	tons/day	5 (5 days waste)	NA	NA
1.3 Remove Temporary Building(s)	1	lump sum	1	\$4,012.89	NA
1.4 Remove	1	lump	1	\$3,275.69	\$3,275.69

	<b>Equipment</b>		sum			
1.5	Repair/Replace Perimeter Fencing		linear feet	0.25	\$4.29	NA
1.6	Clean Leachate Line(s)	1	lump sum	1	\$1,982.05	NA
2	<b>Monitoring Equipment</b>					
2.1	Rework/Replace Monitoring Well(s)	382.5	VLF	0.25	\$92.01	\$8,798.46
2.2	Plug Abandoned Monitoring Well(s)	382.5	VLF	0.25	\$36.83	\$3,521.87
2.3	Rework/Replace Methane Probe(s)		VLF	0.25	\$79.47	NA
2.4	Plug Abandoned Methane Probe(s)		VLF	0.25	\$29.04	NA
2.5	Rework/Replace Remediation and/or Gas Control Equipment	1	lump sum	0.05	NA	NA
3	<b>Construction</b>					
3.1	Complete Site Grading to include on- and off-site borrow areas	67	acres	1	\$1,735.01	\$116,245.67
3.2	Construct Final Cap					
	Compacted On-site Clay Cap or	151,653	cubic yards	1	\$6.23	\$944,800.27
	Compacted Off-site Clay Cap or	-	cubic yards	1	\$9.77	NA
	Install Geosynthetic Clay Liner Cap	-	square feet	1	\$0.63	NA
3.3	Construct Landfill Gas Venting Layer					

	Place Sand or		acres	1	\$46,395.25	NA
	Install Net and Geotextile		square feet	1	\$0.46	NA
3.4	Install Passive Landfill Gas Vents		acres	1	\$1,111.39	NA
3.5	Install Flexible Membrane		square feet	1	\$0.51	NA
3.6	Drainage Layer					
	Place Sand or		acres	1	\$46,392.25	NA
	Install Net and Geonet		square feet	1	\$0.46	NA
3.7	Place On-site Topsoil	75,827	cubic yards	1	\$2.68	\$196,391.07
	Place Off-site Topsoil	-	cubic yards	1	\$21.44	NA
3.8	Establish vegetative cover, including on- and off-site borrow areas	67	acres	1	\$1,236.49	\$82,844.83
4	<b>Drainage/erosion control</b>					
4.1	Construct Terraces		linear feet	1	\$11.23	NA
4.2	Construct Letdown Channels		linear feet	1	\$122.82	NA
4.3	Clean Perimeter Drainage Ditches		linear feet	0.50	\$8.56	NA
5	<b>Tasks Not Identified</b>					-
5.1	Close Temporary Piezometers	335	VLF	1	\$29.04	\$9,728.40
6	<b>Subtotal</b>					\$1,376,806.73
7	<b>Administrative Services</b>	1	lump sum	0.10		\$137,680.67
8	<b>Technical and Professional Services</b>	1	lump sum	0.12		\$165,216.81
9	<b>Closure Contingency</b>	1	lump sum	0.10		\$137,680.67
10	<b>Total Final Closure</b>					<b>\$1,817,384.88</b>

- a. Multipliers are determined from the *Solid Waste Financial Assurance Program Report*, December 22, 2000.
- b. Unit costs include a 3.64% inflationary adjustment for 2024.
- c. New facilities: Insert the value for “W” in OAC 252:517-17-8(2). Existing facilities: Insert reported annual tonnage for the previous year, divided by 312 operating days per year (52 weeks per year x 6 operating days per week).
- d. Insert number of tons/day from above.
- e. Insert landfill disposal cost per ton of waste (\$/ton).
- f. Input capital cost for gas control/remediation equipment, if installed at the site.
- g. Input subtotal from line 6.
- h. Add rows 6 through 9.

**Table F.1 Post-closure Cost Estimate****Facility Name: Grand River Dam Authority****Permit Number: 3549012**

Task/Service		Quantity	Units	Multiplier <sup>a</sup>	Unit Cost <sup>b</sup>	Subtotal
1	<b>Site maintenance</b>					
1.1	Site Inspections	4	per year	30	\$796.06	95,527.20
1.2	General Maintenance	1	per year	30	\$2,386.63	\$71,598.90
1.3	Remediation and/or Gas Control Equipment	1	lump sum	0.3 <sup>c</sup>	NA	NA
2	<b>Monitoring equipment</b>					
2.1	Rework/Replace Monitoring Well(s)	382.5	VLF	0.25	\$92.01	\$8,798.46
2.2	Plug Abandoned Monitoring Well(s)	382.5	VLF	0.25	\$36.83	\$3,521.87
2.3	Final Plugging of Monitoring Wells	382.5	VLF	1	\$36.83	\$14,087.48
2.4	Rework/Replace Methane Probe(s)		VLF	0.25	\$79.47	NA
2.5	Plug Abandoned Probe(s)		VLF	0.25	\$29.04	NA
2.6	Final Plugging of Methane Probes		VLF	1	\$29.04	NA
2.7	Final Plugging of Piezometer(s)		VLF	1	\$29.04	NA
3	<b>Sampling and analysis</b>					
3.1	Groundwater Monitoring Wells	19	wells	60	\$858.38	\$978,553.20
3.2	Methane Gas Probes		probes	60	\$55.71	NA
3.3	Surface Water Monitoring Points		points	60	\$103.44	NA

3.4	Leachate		sample	60	\$166.69	NA
4	<b>Final cover maintenance</b>					
4.1	Mow and Fertilize Vegetative Cover	47	acres	30 yrs	\$263.35	\$371,323.50
4.2	Repair Erosion, Settlement, and Subsidence for On-site Soils	47	acres	60 yrs	\$3.82	\$10,772.40
	Repair Erosion, Settlement, and Subsidence for Off-site Soils		acres	30 yrs	\$22.84	NA
4.3	Reseed Vegetative Cover	47	acres	0.20	\$1,236.49	\$11,623.01
5	<b>Leachate management</b>					
5.1	Clean Leachate Line(s)	1	per year	30 (30 yrs)	\$2,041.31	NA
5.2	Maintain Leachate Collection System and Equipment	1	per year	30 (30 yrs)	\$3,171.26	NA
5.3	Collect, Treat, Transport, and Dispose of Leachate		gal/yr	30	\$0.40	NA
6	<b>Tasks not identified</b>					-
7	<b>Subtotal</b>					\$1,565,806.01
8	<b>Administrative Services</b>	1	lump sum	0.06		\$93,948.36
9	<b>Technical and Professional Services</b>	1	lump sum	0.07		\$109,606.42
10	<b>Post-closure Contingency</b>	1	lump sum	0.10		\$156,580.60
11	<b>Total Post-closure</b>					<b>\$1,925,941.39</b>

- a. Multipliers are determined from the *Solid Waste Financial Assurance Program Report*, Dec. 22, 2000.
- b. Unit costs include a 3.64% inflationary adjustment for 2024.
- c. 5% of equipment capital cost, maintenance performed once per 5 yrs for 30 years ( $6 \times 0.05 = 0.30$ )
- d. Input capital cost for gas control/remediation equipment, if installed at the site.
- e. If the approved groundwater monitoring plan requires monitoring for alternative constituents, unit costs shall be calculated in accordance with OAC 252:517-17-52(b) or (c).
- f. Input subtotal from line 7.
- g. Add lines 7 through 10.