



GRAND RIVER DAM AUTHORITY

A component unit of the state of Oklahoma

Comprehensive Annual Financial Report for the Year Ended December 31, 2008

GRAND RIVER DAM AUTHORITY

A component unit of the state of Oklahoma

**Comprehensive Annual Financial Report
for the Year Ended December 31, 2008**

Prepared by GRDA's Finance and Corporate Communications Departments.



OKLAHOMA'S GRADE "A" UTILITY...

*What kind of
effort does it take
to make the grade?*

Ask the Grand River Dam
Authority; its employees will tell
you it takes a team effort. After all,
"A" credit ratings do not just happen.

The effort is found in the board room, in the
conference room and in the control room. It is found in
the offices, at work behind the computer and behind the wheel. It is in the
powerhouse, along the transmission rights-of-way and in the workshop. It
is effort that succeeds because it is put forth by team members who have
done their homework, know their roles and complete their assignments.

Within the pages of this 2008 GRDA Annual Report, we are excited to
introduce you to some of our teammates as we detail the Grade "A"
effort that led to a Grade "A" rating for GRDA.

INTRODUCTORY SECTION - UNAUDITED

Transmittal Letter.....	1
2008 Accomplishments: Oklahoma's Grade "A" Utility.....	2
Board of Directors, Management and Organizational Chart.....	19
Certificate of Achievement for Excellence in Financial Reporting.....	20

FINANCIAL SECTION

Independent Auditors' Report.....	21
Management's Discussion and Analysis (MD&A) - Unaudited.....	22
Basic Financial Statements as of and for the Years Ended December 31, 2008 and 2007:	
Statements of Net Assets.....	30
Statements of Revenues, Expenses, and Changes in Net Assets.....	31
Statements of Cash Flows.....	32
Notes to Financial Statements:	
Note 1. Summary of Significant Accounting Policies.....	33
Note 2. Deposits and Investments.....	36
Note 3. Receivables.....	42
Note 4. Utility Plant.....	42
Note 5. Cost to Be Recovered from Future Revenues.....	43
Note 6. Bonds Payable.....	44
Note 7. Retirement Plans, Postretirement, and Other Employee Benefits.....	46
Note 8. Other Related-Party Transactions.....	49
Note 9. Commitments and Contingencies.....	49
Note 10. Flyash Landfill Closure and Postclosure Costs.....	50
Note 11. Risk Management.....	50
Note 12. Fair Value Information.....	51
Note 13. FEMA Grant Revenue.....	51

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED

Other Post-Employment Benefits Plan.....	52
--	----

STATISTICAL SECTION - UNAUDITED

Revenue Capacity	
Largest 20 Customers by Net Revenues: Current Year and Nine Years Ago.....	53
Rate History (10 years).....	54
Debt Capacity	
Debt Service Coverage (10 years).....	56
Revenue Bonds Outstanding and Limits (10 years).....	56
Financial Trends	
Net Assets (10 years).....	58
Change in Net Assets (10 years).....	58
Cash and Investment Balances (10 years).....	60
Operating Information	
Historical Energy Resources (10 years).....	60
Historical Sales by Customer Group (10 years).....	60
Major Employers in Communities Served by GRDA.....	61
Number of Full-time Employees.....	61
Miscellaneous Operating Information	
Nature of Capital Assets.....	62
Transmission Interconnections.....	62
Regional Transmission Organization.....	62
Map of Customers and GRDA Facilities.....	62
Demographic and Economic Indicators	
State of Oklahoma Demographics.....	64
Population Change: 1990-2008.....	64

Introductory Section

GRDA 2008 Comprehensive Annual Financial Report



April 28, 2009

To GRDA Customers, Bondholders, and the Citizens of Oklahoma:

On behalf of the Grand River Dam Authority (GRDA), we respectfully submit this Comprehensive Annual Financial Report for the year ended December 31, 2008. The GRDA Finance and Corporate Communications Departments prepared this comprehensive report in conformity with accounting principles generally accepted in the United States of America. We believe the information presented is accurate in all material respects and that all disclosures have been included, which are necessary to enable the reader to gain an adequate understanding of the Authority's financial position and results of operations. Responsibility for the accuracy, completeness, and fairness of the financial statement presentation and disclosures rests with the management of the Authority.

The Grand River Dam Authority is a non-appropriated agency of the state of Oklahoma, utilizing revenues earned as a public power agency to finance our activities as a conservation and reclamation district. Our financial statements are included by the State as a discretely presented component unit.

GRDA was pleased to receive the Award for Excellence in Financial Reporting for 2007 from the Government Finance Officers Association of the United States and Canada. The goal of this report is to give readers a better understanding of GRDA. The following pages illustrate how the Authority, together with our customers and other partners, succeeded in building a sound financial foundation resulting in rating agency upgrades. Across the board from each of the three rating agencies, GRDA earned "A" ratings.

Sincerely,

Carolyn Vowell Dougherty
Chief Financial Officer/Treasurer



In front of newly acquired Redbud Power Plant: Kevin Easley, Chief Executive Officer; and Directors David Chernicky, industrial representative; Steve Spears, municipal representative; and Gerald "Buck" Gay, cooperative representative.



“
The basic building block of good team building is for a leader to promote the feeling that every human being is unique and adds value.

” — UNKNOWN

2008 ACCOMPLISHMENTS

“... the Authority has made sure it is well positioned to move Oklahoma and its customers in the right direction to weather the challenging, and ever-changing conditions.”

GRDA—Oklahoma's Grade "A" Utility

The quote above, from the 2006 Annual Report, summarized the Authority's priorities and initiatives. Since then, hard work, coupled with some difficult (and sometimes unpopular) decisions and honest dialogue, culminated with major accomplishments. The goal remained the same but was backed by a steady, consistent progress—GRDA doing what it said it would do. In 2008, after delivering on those initial commitments, GRDA and its customers are better prepared now to weather future challenges together. GRDA achieved its primary financial and operating goals, and as a result, GRDA is now recognized as a Grade "A" Utility!

Delivering on commitments

In evaluating risks and strategically planning, the Authority's financial operations have been assessed in the context of where GRDA was, where GRDA is, and where GRDA is going. That analysis continues to effectively demonstrate progress as GRDA has reached milestones to financial health. GRDA's focus on building a solid business foundation is reflected in the rating agency upgrades. The growing momentum was reflected in rating agency assessments, or scorecards. A slight improvement was recognized as the outlook assigned in conjunction with GRDA's BBB+ rating improved from negative to stable. In 2006 and 2007, GRDA moved to A- with positive outlooks, and by the time GRDA issued bonds in September 2008, all three rating agencies assigned "A" ratings with stable outlooks. GRDA is better positioned, and the upgrades reflect the solid utility that GRDA is today.

GRDA CREDIT RATING IMPROVEMENTS: 2005-2008

Rating Agency	Rating/Outlook Prior to 2005	2005-2006	2007	2008
Standard's & Poor's	BBB+ Negative	BBB+ Stable	A- Positive	A Stable
Moody's	A2 Negative	No Action	A2 Stable	A2 Stable
Fitch	A- Stable	A- Positive	No Action	A Stable

Initiatives over the last few years focused on positioning the organization to make the right decisions to change the future for the better and to help customer communities grow and prosper. GRDA and its customers worked together to negotiate and execute long-term power supply contracts. Many customer contracts have terms extending to 2042. Simultaneous with efforts to secure future revenues were efforts to mitigate risks and manage significant costs. Management focused on mitigating future contingencies by settling several flooding claims and also worked diligently to maintain adequate coal inventories by negotiating with the railroads on delivery costs. After tackling the more immediate challenges, in 2008, GRDA was able to focus on expanding its generation and transmission system.

In September 2008, GRDA successfully issued more than \$575 million in revenue bonds with a total all-in interest cost of 4.86 percent. The credit rating upgrades were certainly a factor in the success of the bond issue. Timing was also important. GRDA and its financial team were prepared and able to access the financial markets just prior to the height of the national turmoil. The bonds, most of which were insured by Berkshire Hathaway, were heavily oversubscribed. Oklahoma retail orders established new record requests for Oklahoma tax-exempt bonds. Importantly, the new bonds carry 25-year terms and will mature before most of the long-term contracts expire. In addition, all GRDA's bonds financed prior to 2008 mature on or before June 1, 2014.

GRDA knew from the beginning that additional generation and transmission were key components to achieving the Authority's overall goals. GRDA's CEO Kevin Easley, and the Board of Directors made the right choices and provided the utility's employees with the tools and support along the way against continual pressures to give in and adopt band-aid, short-term solutions. Load studies completed as part of the long-term planning identified the need for an intermediate generating resource. Approximately \$310 million of the 2008 bond proceeds were issued to purchase a 36 percent interest in the Redbud combined-cycle plant. As discussed in greater detail in Note 1 to the financial statements, Oklahoma Gas and Electric and the Oklahoma Municipal Power Authority are partners in the 1,230 MW plant located near Luther, Oklahoma. The addition of the plant almost eliminates GRDA's reliance on costly market purchases to meet customer load requirements and significantly improves generation reliability. The addition of the gas-fired facility also provides diversity to GRDA's low-cost hydroelectric and coal portfolio.

These initiatives culminated with achievements that had significant financial implications discussed in greater detail in the Management's Discussion and Analysis (MD&A) in the financial section of this report. Additionally, the achievement of initial goals clearly resulted in an "A" rated, Oklahoma utility.

Lake Management Accomplishments

The financial milestones mentioned above were not GRDA's only significant achievements over the past few years. Simultaneously, GRDA worked to improve its reputation as a good steward of the natural resources under its control. The Authority is a conservation and reclamation district for the waters of the Grand River. Electric and other revenues provide the primary revenue stream to finance the care of GRDA's lakes—what many throughout Oklahoma consider to be the public "face" of GRDA.

“

Without continual growth and progress, such words as improvement, achievement, and success have no meaning.

”

– BENJAMIN FRANKLIN



Danny Ragsdale, Salina Pumped Storage Project



“

The achievements of an organization are the results of the combined effort of each individual.

”

– VINCE LOMBARDI

Major lake/ecosystems management accomplishments in 2008 included:

- GRDA began construction of the new Ecosystems & Education Center in September. Once completed, the 16,000-square-foot structure will be home to a state-of-the-art water quality laboratory, visitor center, and GRDA's water-related permitting offices. Most importantly, the building enhances the Authority's lake management presence, while reinforcing its efforts to protect resources under its control.
- The innovative GRDA "Rush for Brush" workshops continued in the Spring. These events brought together hundreds of lake area volunteers, all with an interest in improving the fisheries habitats in GRDA's Grand and Hudson Lakes. With help from the GRDA Ecosystems Department, the volunteers built artificial "spider block" fish habitats before placing them at various locations across the lakes. Rush for Brush workshops are helping turn GRDA lakes into "Grade A" Oklahoma fisheries.
- The GRDA Lake Patrol continued to promote water safety throughout the year, highlighted by the "I Got Caught" campaign during the boating season. As in previous summers, the Patrol searched the waters for young boaters doing the right thing: wearing their life jackets. Those boaters were rewarded with special t-shirts letting the world know they were caught with their life jackets on. The program has become very popular on GRDA waters.
- To establish new wildlife mitigation areas for the lake region, while eliminating future risks associated with flooding, GRDA continued to purchase low-lying properties along the Neosho River throughout 2008. Once all purchases are complete, the resulting wildlife management area will be one of the largest in the Midwest. While it illustrates GRDA's continued efforts to be a good steward of natural resources, it also eliminates uncertainty surrounding exposure to future flood-related lawsuits. That means more stability for the "Grade A" utility's customers in the years to come.
- A cooperative partnership between GRDA and the Northeast Oklahoma Correctional Center (NOCC, Vinita, Oklahoma) began to make the Grand Lake shoreline a bit "grander" in 2008. Late in the year, GRDA and NOCC entered an agreement that allows GRDA to use inmate labor from NOCC one Friday each month. With assistance from the GRDA Lake Patrol, the inmates pick up trash and debris from the hard-to-reach areas of the lake. At a cost of approximately \$500/month to GRDA, the program is beautifying the lake, assisting NOCC work programs and strengthening the relationship between the two state agencies. Removing debris and trash through this program, on a regular basis, eliminates the need for more costly and time consuming efforts in the future.
- GRDA approved a comprehensive shoreline management plan in Summer 2008. After substantial public input, the blueprint for future development around the Grand Lake O' the Cherokees was submitted to the Federal Energy Regulatory Commission. Grand Lake is one of the most popular water recreation destinations in the region and a vital part of the economy of Northeast Oklahoma.

LOCAL ECONOMY

No local economy can be better identified with the recreational playground of GRDA than the area served by GRDA's largest customer, Northeast Oklahoma Electric Cooperative (NEO). Through NEO, GRDA provides electricity indirectly to the Grand Lake region. The Grand Lake "community" grows to be the third-largest concentration of people in the state during busy holiday and summer weekends and has some of the most economically developed lakeshores in Oklahoma. Like GRDA, NEO is headquartered in Vinita and is experiencing significant and sustained growth as the lake area continues to grow. Since 1946, GRDA has provided for the needs of NEO's customers, primarily residential and commercial loads. The cooperative's customer base is also diverse and includes highly developed waterfront properties and marinas as well as a more rural agricultural landscape. Recently, NEO has gained additional incremental growth by serving numerous casinos operated by local Native American tribes. As mentioned in the Notes to the Financial Statements, sales to NEO continue to account for more than ten percent of GRDA's annual power sales.

Providing Public Power

It takes looking no further than the main streets in Oklahoma's public power communities to see proof of the success that comes from working hard and working together to accomplish great things. Several of the municipal customers have been partners for almost 70 years. Most of GRDA's municipal customers have executed standardized, long-term contracts with terms through 2042. Together, GRDA and the communities have powered the region, transforming the landscape from a rural area to a thriving recreation and economic engine in the process. GRDA customer communities own and operate their own distribution systems. Because of the competitive electricity rates charged by GRDA, the local utilities can also keep their own rates low while collecting revenues to fund other city services and promote economic growth. Local streets, parks, police and fire protection all benefit from the economic engine provided by public power. The Authority serves 16 Oklahoma municipal customers and two others just across the state border.

Coffeyville is GRDA's largest municipal customer and is located just across the state line. Coffeyville has a population of over 10,000 with a strong industrial base, accounting for two-thirds of GRDA's power sales to the city. Many Oklahomans work in Coffeyville's industrial park which includes a nitrogen fertilizer facility and other large employers such as divisions of John Deere, Amazon.com, CVR Energy, and Acme Foundry. Other large employers in the city include the Coffeyville Community College, city government and the Coffeyville Regional Medical Center.

The city of Stillwater is GRDA's second-largest municipal customer. Major employers for the city include Oklahoma State University, Mercury MerCruiser (a boat engine manufacturer) and the Stillwater Medical Center. With a population of approximately 45,000, the city has a large industrial park as well as a large and diversified residential and commercial base.

Claremore, another large municipal customer, is located just north of Tulsa and boasts a population of over 17,000. A 125-acre business park, owned and operated by the Claremore Industrial



“

Teamwork is the ability to work together toward a common vision. The ability to direct individual accomplishment toward organizational objectives. It is the fuel that allows common people to attain uncommon results.

”

– ANDREW CARNEGIE



“

Individual commitment to a group effort—
that is what makes a team work, a company
work, a society work, a civilization work.

”

— VINCE LOMBARDI

and Economic Development Authority, is home to many of the city's largest manufacturers, including Centrilift, AXH Air Coolers, and Terra Nitrogen. Other large employers include Claremore Regional Hospital, Rogers State University, and Wal-Mart.

Benefiting All Oklahomans

The economic benefits of GRDA's low-cost reliable power and energy are not limited to northeastern Oklahoma. Since 1985, GRDA has served at least 35 other Oklahoma cities indirectly through the Oklahoma Municipal Power Authority (OMPA). OMPA is a joint action agency which is also a component unit of the state of Oklahoma, created to provide adequate, economical and reliable electric power for member cities. Historically, all deliveries to OMPA were pursuant to a 25-MW, unit-contingent, output contract based on the production from Unit No. 2 at the Coal-Fired Complex. GRDA and OMPA have a second contract for another 25 MWs of firm power and electricity. As GRDA meets a portion of the growing needs in OMPA's member cities, the Authority's relationship reaffirms GRDA's role as a resource for all of Oklahoma. Four communities—Edmond, Ponca City, Altus and Duncan—account for over two-thirds of OMPA's total member kWh sales.

Attracting Jobs

The majority of GRDA's industrial and commercial customers are located in the MidAmerica Industrial Park near Pryor. The park is owned and operated by the Oklahoma Ordnance Works Authority (OOWA), a public trust of the state of Oklahoma and the nation's largest rural industrial park (by acreage). The 9,000-acre park is home to nearly 80 companies that employ over 4,500 people. The park provides a large industrial and commercial base for GRDA, and GRDA provides low-cost electricity essential for the development of the park. Currently, the Authority's largest industrial customers include Solae, Air Products, Orchid Paper Products, and American Castings. GRDA's Transmission and Engineering Headquarters and the Coal-Fired Complex are located on the park's perimeters, allowing technical personnel to move quickly to respond to any customer needs.

Though the economic turmoil of late 2008 did have some negative effects, the availability of low-cost electricity and water helped buffer the blows of a troubled economy for many industries in the MidAmerica Industrial Park. Still, as some industries faced workforce reductions or even production halts, the GRDA workforce—most working within the industrial park at the Coal-Fired Complex or close by at Transmission and Engineering Headquarters—understood the need for the Authority to strive toward even greater future efficiencies.

Moving into the new year, management set efficiency as a goal, and through retirements and the consolidation of duties in some areas, combined with a workforce which understands the value of GRDA and their own roles, the Authority is expected to cost-effectively accomplish even more in the future.

Such efficiency will continue to translate into low rates and stable operations, thus benefitting all customers. Though economic storms may come and go, the GRDA workforce, through efficient operations and a commitment to being as "lean and mean" as possible, can provide an anchor for electric customers during such storms.

Mitigating Exposure, Capturing Diversity

GRDA also has long-term relationships with other off-system firm customers in public power communities in adjoining states. GRDA has served as a regional public power supplier to Kansas Municipal Energy Agency (KMEA); Paragould, Arkansas; Poplar Bluff, Missouri; and Springfield, Missouri, which helped provide needed loads when the Authority needed the revenues. Together, the Authority and these public power suppliers have captured the economic and load diversity of a broader geographical region, providing more stability to all.

Securing Reliability

The customers' ability to secure firm transmission service is as critical to the electric delivery process as having adequate generation. That is a key reason why GRDA actively participates in committees of the Southwest Power Pool (SPP) where rules for new transmission markets are formed. Remaining involved with technological and regulatory fronts is important to make sure GRDA is in the best position it can be to prepare for the future. CEO Kevin Easley continues to keep GRDA well informed on market changes by serving on the SPP Corporate Governance, Board of Directors/Members Committee and Strategic Planning Committees. Easley also promotes public power utility issues by serving on the board of directors of the American Public Power Association, where he discusses best practices with public utility peers.

While its seat at the SPP rulemaking table translates into greater influence in helping to shape the future of electric transmission in Oklahoma, GRDA also kept the focus inward in 2008. Developing and planning transmission projects, tied to future customer demands, was a priority. The Authority understands that maintaining reliability and shaping rules across the region is vital, but so is keeping the lights on in the homes, along the main streets, and in the factories of GRDA's customers.

INTERNAL CONTROL FRAMEWORK AND BUDGETARY CONTROLS

Communicating High Expectations

GRDA's management is responsible for the establishment and maintenance of internal controls and takes that responsibility very seriously. Even though public power utilities are not subject to the requirements of the Sarbanes-Oxley Act of 2002, GRDA's Board of Directors has created an environment reflecting clear expectations that GRDA conduct business in a professional and responsible manner.

Key to successful controls is the tone reflected from the top. For GRDA, the assurance that the state agency properly focuses on priorities comes from a seven-member board of directors established by state statute. The Board's understanding of its fiduciary responsibilities, the importance it places on compliance, and its attention to policy helped ensure the Authority's recent initiatives and direction were taken within the context of due diligence. GRDA directors review Authority policies at least annually to provide reasonable assurance an effective system is in place to assure the internal control

“

Teamwork divides the task and multiplies the success.

”

– AUTHOR UNKNOWN



Steve Stough, Excavation



“

Regardless of differences, we strive shoulder to shoulder...Teamwork can be summed up in five short words: “We believe in each other.”

”

– AUTHOR UNKNOWN

objectives will be achieved and the Authority’s resources will be protected. GRDA directors also reinforced the importance of sound business practices by personally participating in ethics training.

Two Board committees, the Policies and Procedures Committee and the Audit Committee, adopt or revise administrative rules and procedures. The Assets Committee has prioritized making sure GRDA properties are adequately safeguarded and the lake is properly managed, while the Coal Committee and other committees direct utility business.

Of significance in maintaining accountability to the public, GRDA’s business is conducted in a transparent environment. The Board of Directors provides direction and authority for management to conduct day-to-day business in monthly meetings open to the public. The Board has consistently made the tough decisions necessary for GRDA’s continued success.

Supporting Professionalism

Importantly, management and employees, under the leadership of GRDA Chief Executive Officer Kevin Easley, convert the Board’s decisions into actions. Key to a successful internal control system is the continual professional development of employees: having employees that are knowledgeable about various requirements, remain current with changes, develop cost-effective and efficient solutions and have management’s support as they consistently implement compliance procedures. Refinement of internal procedures and professional training for employees continue. Cumulatively, from the Board to management to employees, the policies and controls reflect conservative financial planning.

Maintaining Accountability

GRDA’s control structure also has several layers of oversight. The first level comes from Title 82, section 866, of Oklahoma statutes. A copy of the independent financial audit is to be completed within 90 days after the close of the calendar year. The audit report must be placed and kept on file with the Governor, State Treasurer, Oklahoma Department of Libraries, State Auditor and Inspector, and the Director of State Finance. Additional oversight is exercised through requirements placed on the Bond Fund Trustee by the bond resolutions. One of those requirements includes GRDA filing the audited financial reports with the trustee within 120 days after the close of the calendar year.

Both the state statutes and the general bond resolution require additional protections for the citizens and bondholders. For example, GRDA has agreed to adopt a preliminary budget in December each year and to finalize and adopt a budget by, or before, April each year. GRDA has covenanted to review the budget quarterly and, if necessary, revise the rates and charges. General Bond Resolution No. 4800 also requires triennial engineering reports to ensure GRDA has charged adequate rates, maintained facilities and made any necessary repairs, renewals, replacements and improvements. In 2008, the engineering firm C.H. Guernsey and Co. completed a triennial review covering the calendar years 2005 through 2007. Significant bond covenants are discussed in the long-term debt note to the financial statements found in the financial section of this report.

DEBT MANAGEMENT

The Authority issues revenue bonds to finance the capital projects of the electric utility. In September 2008, GRDA issued \$575,375,000 in bonds to finance GRDA's 36 percent interest in the Redbud Power Plant; to fund capital additions, repairs and improvements to generation and transmission system; to make deposits into the Bond Service Reserve and the Reserve and Contingency Accounts; and to pay issuance costs. The Series 2008A bonds totaled \$556,420,000, are tax-exempt and insured by Berkshire Hathaway Assurance Corporation, and will mature from 2014 through 2033. The Series 2008B bonds totaled \$18,955,000, are federally taxable and will be refunded on June 1, 2010. GRDA has requested a ruling from the Internal Revenue Service about whether the taxable bonds will qualify for tax-exempt status.

GRDA took steps toward maintaining the low-cost advantages provided by tax-exempt financing. In April 2006, the Authority's Board of Directors passed a resolution relating to reimbursement of pre-bond issuance costs for capital projects. In February 2007, GRDA authorized a bond issue up to the amount of GRDA's statutory limit, although any specific project would have to be presented to the Board for additional approval. In March 2008, GRDA authorized the usage of surplus bond proceeds for the payment of bond sinking fund requirements from March 2008 through July 2008. Utilizing the surplus bond funds increased the amount of 2008 revenues which might be available to offset the amount of 2008 debt that will be issued. As a result, GRDA was able to utilize \$40 million of cash and investments to reduce the amount of taxable debt that would have otherwise had to be issued.

Additionally, the Authority's debt structure provided viable alternatives to staggering the additional 2008 debt service. As reflected in the notes to financial statements found in the financial section of this report, outstanding debt issued prior to 2008 will be retired by June 1, 2014. Other than the taxable portion which is expected to be refunded in June 2010, the maturities on the 2008 bonds were wrapped around the previously existing debt in order to mitigate the impact to customer rates. GRDA's debt requirements will increase by approximately \$26.6 million each bond year for the additional interest on the 2008 bonds until the older debt matures and redemptions begin on the 2008 bonds. The challenge to GRDA and its customers is whether or not there will be adequate growth to maintain sufficient debt coverages until the older debt matures in 2013 and 2014. Thereafter, GRDA's debt structure will allow for extremely competitive rates. In the municipal contracts, GRDA and its customers committed to annually updating load and financial forecasts in order to closely monitor the anticipated tight coverages over the next four years.

As previously mentioned, GRDA's bond issue was heavily oversubscribed and issued at very favorable rates. The Authority's 2008 bond issue, debt management policies and bond covenants are discussed in the MD&A and in the notes to the financial statements found in the financial section of this report. At the time of the 2008 bonds were issued, the underwriters and insurer also consented to an amended bond resolution that is anticipated to go into effect after the June 1, 2009 principal payments. That change is also discussed in more detail in the MD&A and notes.

“
Great discoveries and improvements
invariably involve the cooperation of
many minds.

” – ALEXANDER GRAHAM BELL



John Spurgeon, Transmission

CASH AND RISK MANAGEMENT

The Authority's cash and risk management policies are discussed in the MD&A and, more specifically, in the notes to the financial statements found in the financial section of this report.

INDEPENDENT AUDIT

The financial statements are the responsibility of management. As required by state statutes and bond covenants, independent public accountants are required to express an opinion on the Authority's financial statements based on an audit. The annual audit of the financial statements of the Authority has been completed by Deloitte & Touche LLP for the calendar year ended December 31, 2008, and their opinion is included in the financial section of the report along with the accompanying financial statements and notes.

CERTIFICATE OF ACHIEVEMENT AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its comprehensive annual financial report for the calendar year ended December 31, 2007. This was the eighth consecutive year the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental agency must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

GRDA believes the current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and the Authority is submitting it to the GFOA to determine eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of this report could not have been accomplished without the GRDA's Finance and Corporate Communications Departments. GRDA would like to thank our independent auditors, Deloitte & Touche LLP, for the highest standards of professional service. Our appreciation also goes to the GRDA Board of Directors for their commitment to GRDA and our stakeholders. The Authority's board members and our CEO, Kevin Easley, consistently make the tough decisions necessary for GRDA's continued success and provide us with the support and tools to do our jobs well. We also express gratitude to our partners in public power—our customers. Together we worked to arrive at solutions which will make life better for Oklahomans. Finally, thanks to our financing team and James Joseph, Oklahoma State Bond Advisor, for guiding us through a very successful 2008 bond issue, which is fundamental to continued GRDA successes.

Board of Directors, Management and Organizational Chart



Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Grand River Dam Authority
Oklahoma

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emery".

Executive Director

Financial Section

GRDA 2008 Comprehensive Annual Financial Report

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Grand River Dam Authority:

We have audited the accompanying basic financial statements of the Grand River Dam Authority (the "Authority"), a component unit of the State of Oklahoma, listed in the table of contents as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Authority at December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 22 through 29 and the Required Supplementary Information on page 52 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. This supplementary information is the responsibility of the Authority's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Authority's basic financial statements. The other information listed in the table of contents as Introductory Section and Statistical Section is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Authority. This additional information is the responsibility of the Authority's management. Such additional information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on this other information.

Deloitte & Touche LLP

March 31, 2009

GRAND RIVER DAM AUTHORITY

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, 2008, in comparison with the prior year 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 Assets, the Statements of Revenues, Expenses, and Changes in Net Assets, the Statements of Cash Flows, and Notes to Financial Statements.

Statements of Net Assets; Statements of Revenues, Expenses, and Changes in Net Assets; Statements of Cash Flows; and Notes to Financial Statements

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

The Statements of Net Assets include all of the Authority's assets and liabilities, using the accrual basis of accounting as well as an indication of which assets can be utilized for general purposes and which are restricted as a result of bond covenants or for other purposes.

The Statements of Revenues, Expenses, and Changes in Net Assets report all of the revenues and expenses 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 details about the financial information.

Financial Highlights

In 2004, the GRDA Board of Directors and management diligently and earnestly embarked on a mission to improve and stabilize GRDA's financial position. Over the past five years, the Authority has increased revenues by implementing rate increases to recover the costs of providing service. GRDA also secured the revenue stream by signing long-term purchase and sale agreements with municipal customers. At the same time, key costs were controlled by negotiating with the railroads over coal-freight delivery charges and settling flooding lawsuits. The Authority increased participation in regional transmission planning and operations and instituted a department to emphasize ecosystem management. Most significantly, GRDA and customers worked together to evaluate how GRDA could best meet their future needs, and in 2008, achieved financial benefits as a result of the combined efforts. In September 2008, GRDA successfully completed a bond issue and used the proceeds to expand the generation portfolio and transmission network. In only five years, GRDA has made significant strides toward the goal of remaining a low-cost, reliable electric power supplier, while also serving as a good steward of the Oklahoma resources under its control and as an economic engine for Oklahoma development.

The 2007 and 2008 financial and operational achievements highlighted in the following discussion are a direct result of the deliberate actions taken by GRDA to prepare for the future. GRDA must continually meet upcoming challenges such as those presented by deteriorating economic conditions attributable to the current recession.

NET ASSETS

Net Assets increased by \$82.9 million or by 33.2% in 2008, following a similar \$91.1 million or 57% increase in 2007, and a \$54.4 million or 52% increase in 2006. The recent changes in Net Assets are primarily attributed to the GRDA Board's 2004 and 2006 rate actions. Total Assets increased by \$624.0 million or 80.1% following an increase of \$27 million in 2007. Total Assets and Net Utility Plant have continued to increase since 2006, following several years of declines. The substantial 2008 increases are directly related to utilization of GRDA's bond proceeds to purchase a 36% interest in the Redbud Power Plant, a natural gas-fired combined-cycle power plant located near Luther, Oklahoma. Oklahoma Gas and Electric purchased a 51% interest in the plant and operates the facility. Oklahoma Municipal Power Authority purchased a 13% interest. Additional bond proceeds were deposited for future construction projects planned for 2008 through 2010.

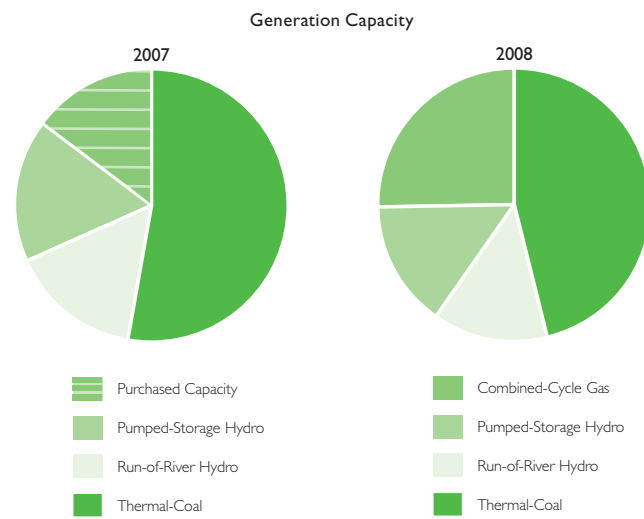
Current Assets increased \$205.3 million or 86.2% after increasing \$13.9 million or 6% during 2007. During 2007, current cash and investments increased by a total of \$30.3 million while the combined total of current accounts receivable and under recovered fuel costs decreased by a total of \$22.5 million. The 2007 increases reflected the collection of power cost adjustment revenue surcharge for fuel and purchased power expenses paid in previous years. However, in 2008,

Financial Highlights

December 31, 2008, 2007 and 2006

	2008	2007	2006
CONDENSED SCHEDULE OF NET ASSETS			
Assets:			
Current assets	\$ 443,547,555	\$ 238,279,411	\$ 224,355,142
Net utility plant	730,162,939	413,627,666	399,876,856
Restricted investments	206,646,566	120,151,735	120,151,735
Other noncurrent assets	22,723,419	7,027,004	7,693,303
Total assets	1,403,080,479	779,085,816	752,077,036
Liabilities:			
Current liabilities	117,860,150	98,373,459	98,694,983
Noncurrent liabilities	952,157,405	430,618,300	494,392,661
Total liabilities	1,070,017,555	528,991,759	593,087,644
Net Assets:			
Invested in capital assets - net	178,061,740	72,505,255	666,401
Restricted for:			
Debt service	51,568,437	42,339,465	40,479,164
Other special purposes	407,705	336,863	329,290
Unrestricted	103,025,042	134,912,474	117,514,537
Total net assets	\$ 333,062,924	\$ 250,094,057	\$ 158,989,392
CONDENSED SCHEDULE OF CHANGE IN NET ASSETS			
Operating Revenues:			
Sales of power	\$ 316,628,436	\$ 278,464,783	\$ 276,823,553
Other operating revenues	7,118,751	10,004,225	11,099,095
Total operating revenues	323,747,187	288,469,008	287,922,648
Non-Operating Revenues:			
Interest Income	14,825,144	13,690,330	12,631,718
Net increase (decrease) in fair value of investments	3,287,302	2,840,957	(171,278)
FEMA grant revenues	1,680,009	8,115,724	-
Income from non-utility operations	1,572,381	103,960	504,424
Deferral of costs to be recovered from future revenues	1,262,100	1,066,691	920,067
Total non-operating revenues	22,626,936	25,817,662	13,884,931
Total revenues	346,374,123	314,286,670	301,807,579
Operating Expenses:			
Fuel	(98,340,950)	(75,652,926)	(65,511,589)
Depreciation	(32,644,506)	(26,270,163)	(25,905,702)
Purchased power - net	(30,339,495)	(28,974,960)	(57,142,790)
Maintenance	(22,597,687)	(21,840,687)	(24,090,585)
Operation	(21,574,439)	(19,529,286)	(18,408,195)
Administrative and general	(20,185,919)	(15,700,875)	(16,544,857)
Total operating expenses	(225,682,996)	(187,968,897)	(207,603,718)
Non-Operating Expenses:			
Interest expense	(36,859,464)	(34,169,063)	(38,620,769)
Amortization of cost to be recovered from future revenues	-	-	-
Amortization of debt discount and expense	(1,896,048)	(1,828,796)	(2,008,215)
Amortization of bond premium	1,033,252	784,751	784,751
Total non-operating expenses	(37,722,262)	(35,213,108)	(39,844,233)
Total expenses	(263,405,256)	(223,182,005)	(247,447,951)
Net increase in net assets	\$ 82,968,867	\$ 91,104,665	\$ 54,359,628

current cash and investments increased by a substantial \$193.8 million while the combined total of current accounts receivable and under recovered fuel stock remained relatively the same as the previous year. Unspent proceeds deposited from the 2008 bond issue contributed to a \$182.6 million increase in the current portion of investments restricted for construction. Short-term, liquid deposits were paying yields comparable to long-term securities when the accounts were funded so a significant portion of the construction deposits were short-term at year end. The other significant shift in Current Assets came from inventories. Fuel and materials and supplies increased by a combined total of \$9.9 million and \$6.2 million during 2008 and 2007, respectively. GRDA has rebuilt coal inventory supplies to levels sufficient to maintain the reliability of generation at the Coal-Fired Complex, following negotiations in previous years with the railroads over dwindling coal deliveries.



As part of the commitment to customers to maintain reliability of service, GRDA also made a priority of rebuilding and maintaining generation and transmission assets. After several years of decreases to Net Utility Plant because annual depreciation expense exceeded capital additions, the trend began reversing in 2006. In 2007, Net Utility Plant increased as capital additions in excess of \$33.7 million exceeded 2007 depreciation of \$26.3 million. The purchase of the Redbud Power Plant had a significant impact on Net Utility Plant in 2008. The pie charts above reflect GRDA's generating capacity before and after the Redbud acquisition. Prior to the purchase of the combined-cycle plant, GRDA was purchasing capacity and energy from the plant. Additions to Net Utility Plant of \$346.0 million substantially exceeded depreciation of \$32.7 million in 2008. Redbud accounted for a net increase of over \$300 million. Details about other capital additions are discussed in the Capital Assets section. More detailed information about changes in Net Utility Plant is also presented in the Notes to Financial Statements, Utility Plant.

Restricted Investments and other NonCurrent Assets in 2007 remained consistent with the prior year balances. However, in 2008, Restricted Investments increased by \$86.5 million. Additional information about the Restricted Investments is presented in the Notes to Financial Statements, Deposits and Investments. The 2008 increases to the bond service reserve and the reserve and contingency accounts are attributable to higher debt covenant requirements to correspond

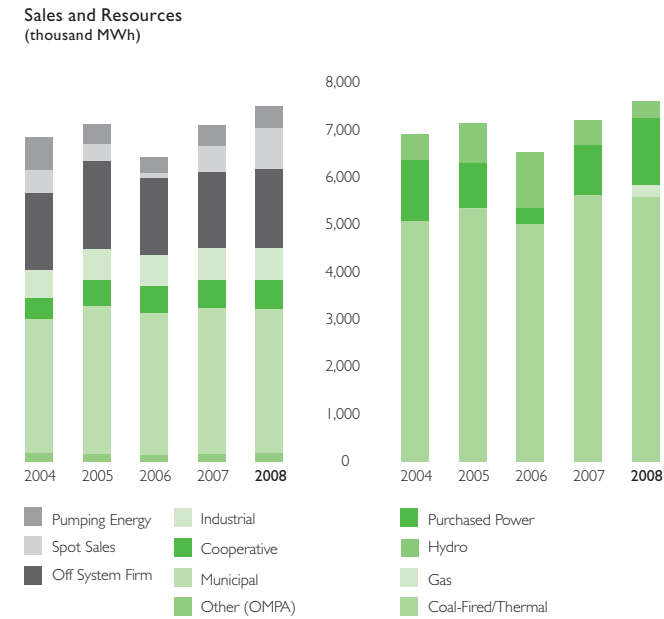
to increased maximum aggregate debt service after the 2008 Bond Issue. The 2008 increase in the construction account is attributable to debt proceeds invested in longer term investments. Restricted Assets are discussed in more detail in the Significant Assets and Debt Administration section. Other NonCurrent Assets include non-current receivables and remained consistent with 2007 balances.

In 2007, the most significant change in Net Assets continued to be attributable to the repayment of long-term debt. Total Liabilities decreased by \$64.1 million or 11% during 2007, primarily due to scheduled bond principal payments of \$65.0 million. Actions during September 2008 brought changes to many components of the Statements of Net Assets. \$575.6 million in revenue bonds were issued to finance the purchase of the Redbud Power Plant and purchase investments to finance construction projects. Adding the debt from the 2008 bond issue almost doubled Total Liabilities to a total of \$1.1 billion. Still, the contributing factor to the increase in Total Net Assets was again the repayment of long-term debt. In 2008, GRDA repaid debt of \$72.6 million while Net Assets increased a total of \$83.0 million. More specifics about bonds outstanding and amortization of bond related expenses are presented in the Notes to Financial Statements, Bonds Payable. Accounts Payable balances in 2007 did not change significantly from prior year balances. In contrast, Current Liabilities in 2008 increased by \$19.5 million or 19.8%. Accounts payable and accrued liabilities accounted for \$10.5 million of the increase and related primarily to increased construction activities. Accrued interest payable also increased primarily because of the revenue bonds issued in September 2008.

Unrestricted Net Assets—the part of net assets used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal agreements—increased by \$17.4 million during 2007 after remaining relatively constant in the previous two years. The increase is directly related to the Board establishing rates sufficient to reflect GRDA's cost of service, including reasonable debt service coverage. The Authority used \$40 million of cash to reduce the amount of taxable debt required for the 2008 Bond Issue in September. As a result, Unrestricted Net Assets decreased in 2008 by a net of \$31.9 million. Had GRDA not utilized the available cash and investments, Unrestricted Net Assets would have increased by \$8.1 million. Net Assets Restricted for Debt Service increased in proportion to the increasing principal portion of sinking fund payments for repayment of long-term debt in both 2007 and 2008. From 2008 until 2014, the Authority will be making interest payments on the 2008 tax-exempt debt, with the taxable debt maturing in 2010. As a result, the annual debt requirements have increased, particularly in 2010. The Debt Service Reserve and the Reserve and Contingency balances increased to reflect the higher debt covenants based on the maximum aggregate debt service. Net Assets Invested in Capital Assets Net of Related Debt increased by \$105.6 million in 2008 as compared with the increase of \$153.0 million in 2007. See the Long-Term Debt section for further discussion.

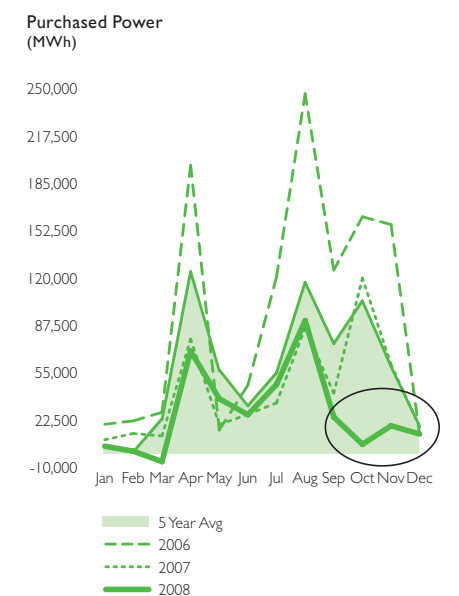
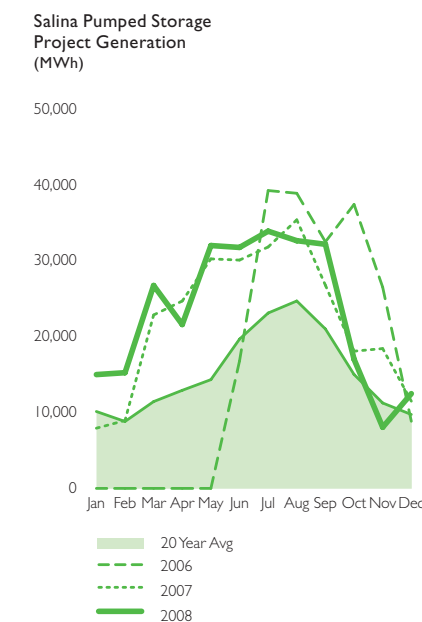
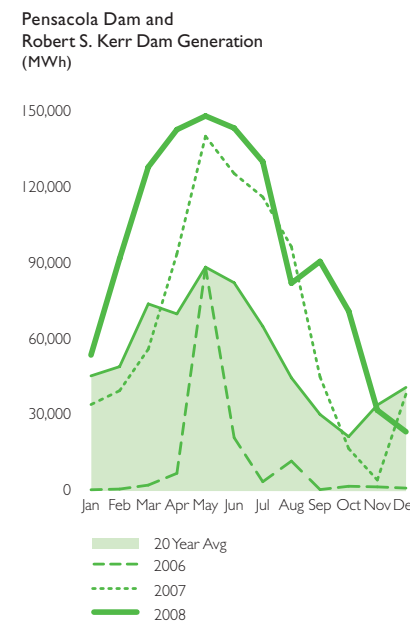
OPERATING RESULTS

Extremes in weather conditions contribute directly to the fluctuations shown in the "Sales and Resources" graph during the past three years and ultimately, the financial results. One of the worst droughts in Oklahoma history happened during the beginning of 2006. As the graph labeled "Pensacola Dam and Robert S. Kerr Dam Generation" reflects, without any significant inflows into the Grand River watershed,



hydroelectric generators at both the Pensacola and Kerr Dams sat idle beginning in September 2005 and continued throughout most of 2006, reducing excess sales made to the spot market. As a result of the drought, Pensacola and Kerr Dams had record low generation during 2006. In contrast, the inflows during 2007 and 2008 were significant and provided an opportunity for an increase in spot sales over the previous two years. Although the run-of-river generation did not set new records, the 2008 generation approached previous high generation levels.

The generators remained idle at the Salina Pumped Storage Project from October 2005 until June 2006 when Lake Hudson elevation levels returned to an adequate level so that water could be pumped to refill the W. R. Holway Reservoir. In contrast during 2007, an adequate water supply afforded GRDA the ability to utilize the Salina Pumped Storage Project for peaking generation. Although 2008 generation from the facility continued to exceed historic averages,



with the purchase of Redbud, the role of the pumped-storage shifted more towards reliability and less for economic dispatching. The graph labeled "Salina Pumped Storage Project Generation" reflects the decrease in the 4th quarter of 2008 as the Authority relied more on the Redbud Power Plant for peaking and intermediate needs.

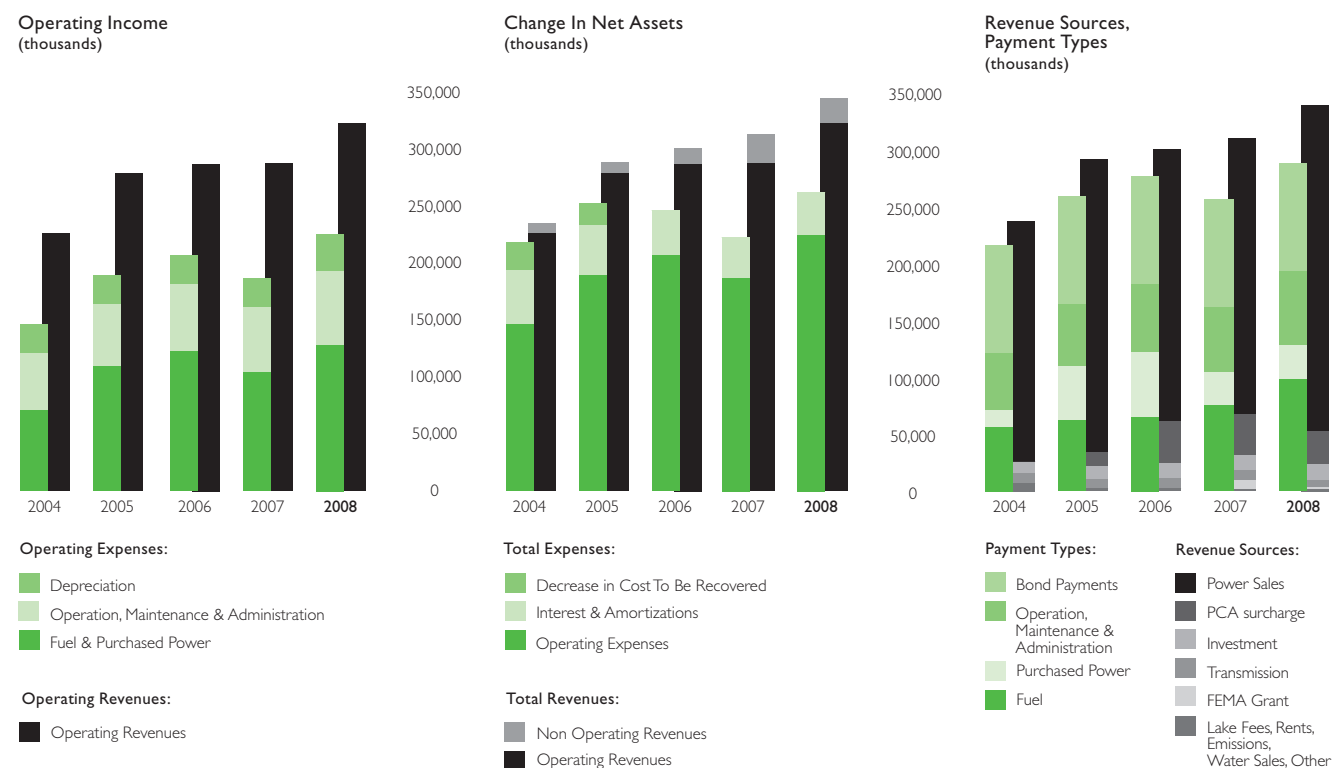
As the historic drought wore on, GRDA's purchased power costs continued to climb to record levels in 2006. As inflows provided more generation in 2007 and 2008, purchased power costs returned to the lower averages. The "Purchased Power" graph also reflects a decrease in purchases beginning with the 4th quarter of 2008 as GRDA began to generate with Redbud.

In addition, the Coal-Fired Complex had no extended, major maintenance outages during 2007 and 2008, and as a result, Unit #2 set record generation in consecutive years. The "Purchased Power" graph reflects how the availability of hydro and thermal generation benefits GRDA customers. As the graph reflects, purchases for the most part were to supplement generation during the routine Spring and Fall outages at the Coal-Fired Complex and across the peak summer load period.

OPERATING INCOME

Operating Income decreased by \$2.4 million, or 2.4%, in 2008 following an increase of \$20.2 million, or 25%, in 2007. Operating Revenues increased by \$35.2 million in 2008 as compared to the prior year increase of \$0.6 million but Operating Expenses increased by \$37.7 million in 2008 as compared to the prior year decrease of \$19.6 million.

Fuel costs account for \$22.7 million of the current year increase in Operating Expenses and depreciation expense accounts for another \$6.4 million. The 2007 decrease in Operating Expenses was directly attributable to an \$18.0 million net reduction in fuel and purchased power. The effect of the additional hydro and thermal generation in 2007 previously discussed, resulted in a \$28.1 million reduction for purchased power, offset by a \$10.1 million increase in fuel expense.



The graph above labeled “Operating Income” indicates both operating revenues and operating expenses, and the difference in the column height reflects operating income. Operating Revenues are combined with other Non-operating Revenues, primarily interest and investment income to pay the Authority’s expenses. As can be seen in the “Change in Net Assets” graph to the right of the “Operating Income” graph, revenues have consistently exceeded expenses since the implementation of the rate increases. The third graph, labeled “Revenue Sources and Payment Types”, shows the extent to which Sales of Power provide the majority of money to repay GRDA’s debt and cover operating costs.

While the first two graphs reflect the income statement amounts, the third graph includes the debt payments, principal and interest, recovered through the Authority’s rates. GRDA’s rate structure is based on a cost-of-service approach of which debt service, fuel and purchased power, and other operating expenses are the principal components. The difference in the column height of the third graph reflects the source of funds, other than bond proceeds reinvested in the system. This amount is further shown in a table calculating Debt Service coverage included in the statistical section of the Authority’s Comprehensive Annual Financial Report each year.

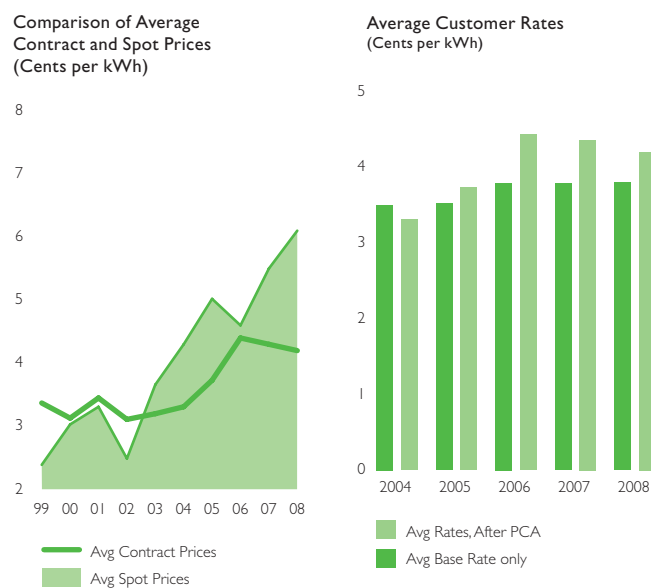
OPERATING REVENUES

Total Operating Revenues continue to set new record highs each year, with Sales of Power driving the increases. The increases resulted largely from a combination of increasing MWh sales and rate increases implemented in 2004 and 2006. As can be seen in the graph titled “Sales and Resources” on the previous page comparing GRDA’s customer sales mix and generation resources, GRDA frequently supplemented generation with purchased power in order to meet contractual requirements. GRDA’s rate structure provides for the recovery of any corresponding increases in fuel or purchased power through the Power Cost Adjustment (PCA).

GRDA’s power cost adjustment mechanism with customers is calculated on a rolling 12-month basis and is normally revised twice a year. Sales of Power include any PCA surcharge as the “true up” adjustment passes through the cost of the generating fuel and purchased power.

The revenues also reflect an accrual of any over or under collected fuel cost. GRDA collected surcharges for the PCA of \$28.9 million and \$35.5 million during 2008 and 2007, respectively. Sales of Power included an accrual of \$2.7 million of Under Recovered Fuel Costs during 2008 and a \$18.4 million revenue reduction for Over Recovered Fuel Costs during 2007.

Even with the collection of fuel surcharges, GRDA contract rates remain among the lowest in the region. The graph comparing GRDA’s



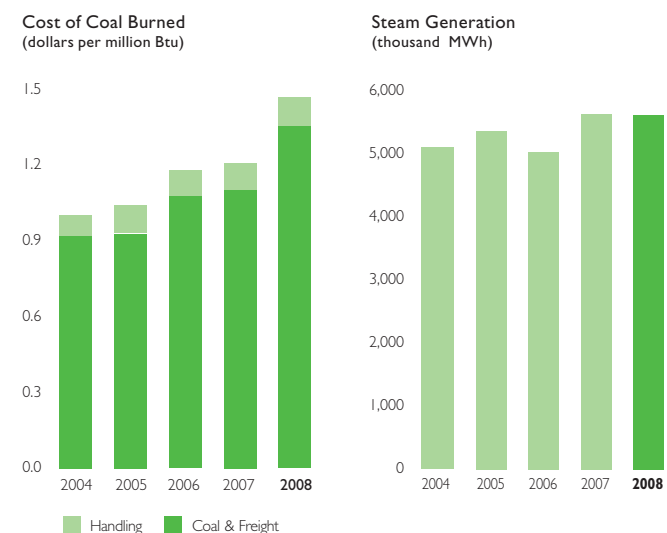
historic average contract prices to GRDA’s average spot prices for any excess energy sold at market prices provides an indication of the competitiveness of the Authority’s rates and the advantage that abundant hydro generation provides. The graph of average customer rates reflects that GRDA’s average rates remain below 4.5 cents per kWh. The average rates collected in 2008 were slightly lower than the average rates collected during 2007, primarily due to a reduction in the PCA surcharge collected.

OPERATING EXPENSES

Operating Expenses increased by \$37.7 million in 2008 after decreasing by \$19.6 million during 2007. During 2007, purchased power decreased as both hydro and thermal MWhs generated were above average. In addition, prior to the purchase of the plant, GRDA made a firm purchase of power and energy from the Redbud combined cycle gas plant at a favorable price. This purchase reduced the volatility of energy prices from the spot market and also allowed GRDA to obtain a firm transmission path for the purchased energy, improving reliability.

The purchased power savings were offset to an extent by continually rising coal costs. Coal and freight are the largest operating expenses at the Coal-Fired Complex. To help address difficulty in obtaining coal deliveries, GRDA entered into leases for additional rail cars and has continued to pursue improved coal deliveries and price protection. As the graph below indicates, the rising cost of coal and freight has increased the average cost of fuel burned. Fuel costs increased \$22.7 million and \$10.1 million during 2008 and 2007, respectively. The 2008 and 2007 fuel increases were attributable to both rising coal and transportation costs as well as the increase in thermal MWhs generated. In addition, fuel expenses included \$7.6 million of gas burned at the Redbud Power Plant during 2008.

Maintenance costs during 2008 remained relatively consistent with the prior year while operating costs increased by \$2.1 million. The addition of Redbud in the 4th quarter of 2008 increased maintenance, operations and administrative and general costs approximately \$500 thousand each. Other increases to administrative and general costs related to the settlement of flooding claims, insurance deductibles, employee insurance premiums and post-retirement benefit increases.



Significant Assets and Debt Administration

CAPITAL ASSETS

Net Utility Plant increased by \$316.5 million from \$413.6 million to \$730.2 million in 2008 compared to an increase of \$13.7 million in the prior year. Of significance, is that after several years of decreasing net plant balances, the trend reversed in 2006. The net plant increases reflect the investments in capital assets to provide future benefits to GRDA customers offset by current year depreciation of \$32.6 million and \$26.3 million in 2008 and 2007, respectively. As shown in the Utility Plant Note to Financial Statements, the majority of Net Utility Plant consists of an economical mixture of hydroelectric and thermal generation resources which now also includes natural gas generation resources and a transmission system for the delivery of power and energy.

The major capital asset additions in 2008 included most notably the purchase of a 36% interest in the Redbud Power Plant, a combined-cycle gas plant located near Luther, Oklahoma. Other major additions in 2007 and 2008 related to the transmission system. Lines and substations were planned in order to handle the loads of new and growing customers.

FERC, in 2006, issued a new 30-year license to GRDA to operate the Markham Ferry Project, which includes the Robert S. Kerr Dam and Lake Hudson. In 2007, GRDA began a multi-year upgrade of Kerr Dam’s four turbine-generators. The total project is anticipated to cost over \$70 million and work on the units will be staggered through 2012.

RESTRICTED ASSETS

The Authority’s bond resolutions require reserve funds be set aside. The General Bond Resolution requires the Bond Service Reserve account be equal to the “Maximum Aggregate Bonds Service” and the Reserve and Contingency Fund be equal to 25% of that same amount. During 2007, the restricted amount of \$120,151,735 included \$96,121,388 of bond service reserve and \$24,030,347 reserve and contingency funds, which were the required amounts to be set aside to comply with the bond covenant. After the September 2008 bond issue, the maximum aggregate debt service increased to include the debt service on the 2008 bonds. As a result, the bond service reserve increased by \$45.4 million to \$141,560,060, and the Reserve and Contingency Fund increased by \$11.4 million to \$35,390,015.

Additional amounts are restricted for the bond service sinking fund payments made to the trustee for annual principal and semiannual interest payments.

In 2007, the amounts reflected as restricted for construction related to two different construction accounts. At the end of 2007, \$2.1 million remained in the account 2002B Construction Funds. The 2002B Construction Funds were utilized for capital additions until the balance was depleted in early 2008. The other construction account balance remained at \$27.5 million. As discussed further in the Notes to Financial Statements, the account was originally held by the trustee in escrow for a project that was terminated in late 2005. In March 2008, the Authority passed a resolution authorizing that the account balances be utilized for approved capital projects or to redeem outstanding bond principal. As a result, GRDA instructed the trustee to utilize the construction account balance to make bond principal sinking fund

payments for March through July 2008. The \$27.5 million balance remained restricted under General Bond Resolution 4800 until it was fully depleted making the bond principal sinking fund payments.

The remaining construction account balances at the end of 2008 are attributable to unexpended proceeds from the 2008 bond issue. In September, \$518.2 million was deposited with the trustee in the construction project accounts. Of the bond proceeds, \$310 million was designated for the purchase and other costs associated with the acquisition of the Redbud Power Plant. The remaining \$208.2 million is to be utilized for generation, transmission and other projects. With the exception of the Redbud purchase, which also closed in September 2008, disbursements for the construction projects are initially paid from revenue funds. Reimbursements are then submitted to the trustee and monies are transferred from the construction project accounts to operating and revenue accounts.

The final restricted accounts for special purposes relate to wildlife mitigation pursuant to hydro licensing requirements. Each of the restrictions is discussed in further detail in the Notes to Financial Statements, Deposits and Investments.

REGULATORY ASSETS

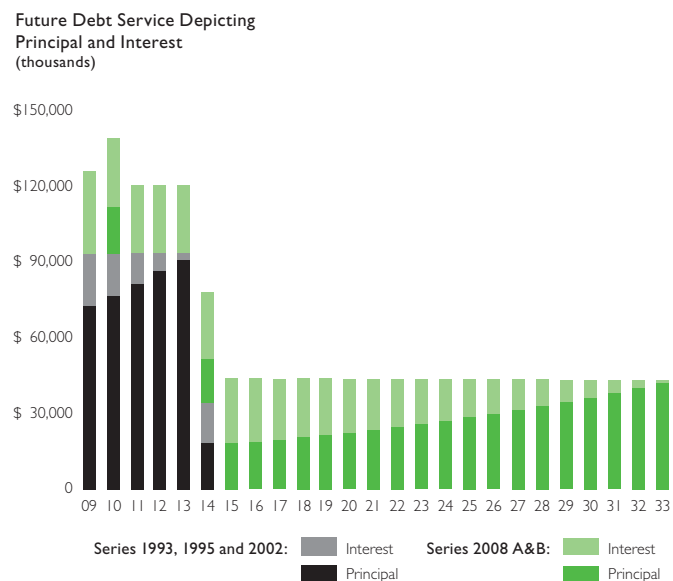
The Authority follows Statement of Financial Accounting Standards (SFAS) No. 71 in regulatory reporting which requires utilities to match costs in the same period the revenues are collected. In 2007 and 2008, the only remaining regulatory asset is the deferred interest costs related to the 2002B capital appreciation bond issue. The balance in Costs to Be Recovered from Future Revenues includes the cumulative deferral of interest expense net of any interest income earned on the 2002B Construction Fund Investments. In 2007 the deferral totaled \$3.9 million and in 2008, it totaled \$5.2 million. The deferred asset will continue to increase annually until revenues are collected to pay the 2002B principal and cumulative interest at maturity on June 1, 2014. The 2002B Accrued Interest Payable is reflected in the financial statements as a Non-current Liability. For more detail, see the Notes to Financial Statements, Costs to be Recovered from Future Revenues.

LONG-TERM DEBT

The repayment of GRDA's outstanding bonds continued to impact the change in net assets in a positive manner by increasing the ratio of utility plant to debt. The Authority's trustee paid bondholders principal payments of \$72.5 million and \$68.8 million on June 1, 2008 and 2007, respectively.

As indicated in the Notes to Financial Statements, Bonds Payable, GRDA makes monthly sinking fund payments to the bond trustee which are reflected as Current Investments "restricted for bond service." The bondholders are then paid annual principal payments on June 1 and semiannual interest payments on December 1 and June 1 of each year. Until the September 2008 bond issue, GRDA's debt service payments were structured to remain fairly constant at approximately \$96 million per year through 2013. The principal and interest totaling approximately \$34 million on the 2002B capital appreciation bonds will be repaid on June 1, 2014. The 2008 debt service was wrapped around the previously existing debt in order to minimize the impact of the additional debt service. Only interest will be paid on the 2008 tax exempt bonds until 2014. Principal

redemptions will phase in as the older debt matures. In addition, the 2008 taxable debt which matures in 2010 was issued short-term until a private letter ruling is received from the Internal Revenue Service. Depending on the ruling, the taxable debt may be refinanced as either taxable or tax-exempt bonds in June 2010. The graph labeled "Future Debt Service Depicting Principal and Interest" provides an indication of how much principal and interest are due each year until the bonds mature in 2033. The graph distinguishes between the older debt and the 2008 issue.



The 1993, 1995, and 2002 bonds outstanding are not subject to redemption prior to the maturity of the bonds. In conjunction with the bonds, the Authority has made certain covenants and must file continuing disclosures with bond repositories. Moody's Investors Service, Inc., Standard & Poor's Ratings Services and Fitch Ratings, Ltd., gave the 1995, 2002, and a portion of the 1993 issues ratings of Aaa, AAA and AAA, respectively, since municipal bond insurance policies were purchased as the bonds were issued.

AMBAC Indemnity Corporation insures the Authority's \$173.4 million outstanding 1995 bonds with maturities in June 2011 and 2013. During 2007, Fitch Ratings, Ltd downgraded AMBAC to a rating of AA. Fitch has since withdrawn its ratings for AMBAC insurance. AMBAC currently is rated Baa1 with Moody's Investor Service and A with a negative outlook from Standard & Poor's. In late 2008, Moody's also downgraded FSA which insures GRDA's \$86.2 million 2002 Series A maturing in June 2012 and \$18.6 million Series B bonds maturing in June 2014 to Aa3. Standard & Poor's and Fitch Ratings still have FSA with AAA ratings as of the date of the financial statements, but both are listed as CreditWatch Negative.

Berkshire Hathaway Assurance Corporation has insured the 2008 tax-exempt bonds and retains AAA ratings as of the date of the financial statements.

The financial community recognized the willingness of the Board to collect sufficient rates and the willingness of GRDA's customers to pay the cost-of-service pricing through improved ratings and outlooks. Fitch Ratings, Ltd was the first to recognize the changes

initiated by the board and management. In 2005, the rating agency assigned a positive outlook to their A- ratings. Fitch recognized the financial improvements by upgrading GRDA's outstanding debt to A with a stable outlook in September 2008.

In January 2007, Moody's Investor Service, Inc had affirmed their A2 rating and revised their outlook on GRDA from negative to stable. Moody's again reviewed GRDA's debt in conjunction with the 2008 bond issue and re-affirmed the A2 rating with stable outlook in September 2008.

Standard and Poor's Rating Services reviewed GRDA's improving financial results and recognized the stability added by most of the municipal customers signing 35-year, all-requirements purchase and sales agreements. Following that review in October 2007, the rating agency upgraded the rating on GRDA's outstanding debt from BBB+ to A- with a positive outlook. Less than a year later in August 2008, Standard & Poor's upgraded and assigned a long-term outlook to GRDA bonds of A with a stable outlook.

The rating upgrades and outlook improvements reaffirmed the benefits of the hard financial decisions GRDA has made in the last five years to improve its financial stability and to continue its role as a low-cost, competitive power supplier. The rating agencies continue to monitor GRDA's underlying credit and update their current outlook applicable to any ratings.

Change in Financial Position

GRDA is in a stronger financial position than it was four years ago. Three of the Authority's priorities were to increase debt service coverage ratios, to obtain long-term contracts to replace the relatively short customer contracts containing numerous termination clauses, and to secure resources to cover the lack of sufficient generation to meet customers' load growth.

While a fundamental strength of GRDA has always been the ability to provide low-cost, reliable electricity, the real foundation is its relationship with customers, many of which have been public power partners with GRDA for over half a century. Whether on the main street of a municipal customer community that GRDA employees call home, or in the warehouse of an industrial customer, located just down the road from the Coal-Fired Complex and Transmission Headquarters, the Authority's relationships with customers are about being a good neighbor. With that as a background, GRDA's future economic outlook is always linked to customer growth.

While the dollar impacts are significant, just as important are the actions that have been taken to prepare for the future of GRDA and its customers. With a stronger financial condition, GRDA focused on its public power mission and on renewing long-term relationships with customers. As a result, long-term revenue projections also became more stable as most municipal customers signed 35-year, all-requirements contracts. A stronger financial position enables the Authority to follow through with the public power commitment to provide customers with low prices and reliable service.

As a result of the mutual commitment to public power and the joint actions, Total Net Assets have increased from \$68.1 million to \$333.1 million over the past four years. The Authority has paid down

debt of \$72.5 million, \$68.8 million and \$65.0 million during 2008, 2007 and 2006, respectively.

The improvement in GRDA's financial position provided a sound foundation for a successful \$575 million bond issue in September 2008 to finance the acquisition of additional generation and other capital additions through 2010.

Economic Outlook

Oklahoma has not been immune to the financial challenges confronting the rest of the United States. The Authority has very conservative investment requirements and as a result, has not incurred investment losses, although the yields that can be earned on eligible investments have declined significantly. In addition, a few industrial customers served by the Authority announced plant closures during 2008 and Google announced its intent to delay ramping to projected loads in their recently completed facility. While the plant closures significantly impact the number of local jobs, GRDA did not experience a significant drop in industrial sales in 2008. However, the customer actions do have a large impact on projected future sales. Municipal and cooperative customer loads did not show a significant decrease in 2008, but the growth curve has flattened from projections made in early 2008. Recently completed load forecast reviews indicate that MWh sales and associated base revenues will be about 10% less than previously forecast. In addition, markets and prices for spot sales are low as a result of unseasonably mild weather in early 2009 and lower natural gas prices combined with reduced spot demand. With the purchase of the Redbud Power Plant, additional debt service and operating costs will have to be recovered from the collection of sufficient base rates. Prior to the acquisition, capacity and energy was purchased and the costs were recovered through the PCA surcharge. Unless GRDA's sales exceed current growth projections and provide adequate base revenues to offset the additional costs, GRDA's base rates may need to be adjusted. As a result of the uncertainty of future sales, the Authority is in the process of revising the financial forecasts, and will identify and address additional revenue requirements.

The GRDA Board has a strong commitment to maintain a financially healthy electric utility that can deliver on public power commitments it has made to customers, bondholders and citizens. The renewed relationships with customers and the new relationships with other Oklahoma utilities will enable GRDA to remain financially stable while it continues to offer competitive rates to customers. GRDA anticipates working with customers to identify load requirements and maintain the reliable service they expect.

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 409
226 West Dwain Willis Avenue
Vinita, Oklahoma 74301-0409

Statements of Net Assets

As of December 31, 2008 and 2007

	2008	2007
ASSETS:		
Current assets:		
Cash and cash equivalents — general operating account	\$ 16,243,846	\$ 20,506,821
Investments	331,541,026	133,476,577
Accounts receivable — net	34,916,975	36,293,291
Accrued interest receivable	1,835,144	1,370,744
Fuel stock	26,642,041	20,212,456
Materials and supplies	28,839,460	25,386,608
Under recovered fuel costs	821,637	-
Prepaid assets	2,707,426	1,032,914
Total current assets	443,547,555	238,279,411
Noncurrent assets:		
Restricted investments	206,646,566	120,151,735
Other receivables	712,541	770,582
Net utility plant — at original cost less depreciation	730,162,939	413,627,666
Other noncurrent assets:		
Costs to be recovered from future revenues	5,171,597	3,909,498
Unamortized debt issuance costs	16,806,267	2,313,910
Non-utility property — at original cost	33,014	33,014
Total other noncurrent assets	22,010,878	6,256,422
Total noncurrent assets	959,532,924	540,806,405
Total assets	1,403,080,479	779,085,816
LIABILITIES:		
Current liabilities:		
Accounts payable and accrued liabilities	36,045,880	25,510,139
Accrued interest payable	9,224,270	2,217,798
Bonds payable — current portion	72,590,000	68,780,000
Over recovered fuel costs	-	1,865,522
Total current liabilities	117,860,150	98,373,459
Noncurrent liabilities:		
Bonds payable — net	937,454,436	415,773,193
Unamortized proceeds on debt service forward purchase agreements	5,292,910	6,494,651
Other noncurrent liabilities	2,072,048	2,288,155
Accrued interest payable	7,338,011	6,062,301
Total noncurrent liabilities	952,157,405	430,618,300
Total liabilities	1,070,017,555	528,991,759
NET ASSETS:		
Invested in capital assets — net of related debt	178,061,740	72,505,255
Restricted for:		
Debt service	51,568,437	42,339,465
Other special purposes	407,705	336,863
Unrestricted	103,025,042	134,912,474
TOTAL NET ASSETS	\$ 333,062,924	\$ 250,094,057

See notes to financial statements.

Statements of Revenues, Expenses and Changes in Net Assets

For The Years Ended December 31, 2008 and 2007

	2008	2007
OPERATING REVENUES:		
Sales of power	\$ 316,628,436	\$ 278,464,783
Other operating revenues	7,118,751	10,004,225
Total operating revenues	323,747,187	288,469,008
OPERATING EXPENSES:		
Fuel	(98,340,950)	(75,652,926)
Depreciation	(32,644,506)	(26,270,163)
Purchased power — net	(30,339,495)	(28,974,960)
Maintenance	(22,597,687)	(21,840,687)
Operation	(21,574,439)	(19,529,286)
Administrative and general	(20,185,919)	(15,700,875)
Total operating expenses	(225,682,996)	(187,968,897)
OPERATING INCOME	98,064,191	100,500,111
NONOPERATING REVENUES AND (EXPENSES):		
Interest income	14,825,144	13,690,330
Net increase in the fair value of investments	3,287,302	2,840,957
FEMA Grant Revenue - Operating	1,373,083	3,188,704
Income from nonutility operations	1,572,381	103,960
Interest expense	(36,859,464)	(34,169,063)
Deferral of costs to be recovered from future revenues	1,262,100	1,066,691
Amortization of debt discount and financing costs	(1,896,048)	(1,828,796)
Amortization of bond premium	1,033,252	784,751
Total nonoperating expenses	(15,402,250)	(14,322,466)
CAPITAL CONTRIBUTIONS:		
FEMA Grant Revenue - Capital	306,926	4,927,020
NET INCREASE IN NET ASSETS	82,968,867	91,104,665
NET ASSETS — Beginning of year	250,094,057	158,989,392
NET ASSETS — End of year	\$ 333,062,924	\$ 250,094,057

See notes to financial statements.

Statements of Cash Flows

For The Years Ended December 31, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Received from user charges	\$ 350,261,101	\$ 336,467,590
Received from FEMA — operating revenues	2,793,282	1,488,131
Payments to employees for services	(29,257,024)	(29,056,946)
Payments to suppliers for goods and services	(196,643,974)	(169,578,453)
Net cash provided by operating activities	127,153,385	139,320,322
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Additions to utility plant	(345,956,464)	(33,696,085)
Payments for retirements of utility plant	(220,708)	(1,171,992)
Received from FEMA — capital revenues	1,314,978	3,584,152
Proceeds from bond issue	575,375,000	-
Bond premium	14,988,378	-
Bond issuance costs	(15,343,608)	-
Repayment of principal	(68,780,000)	(65,045,000)
Interest paid	(24,680,963)	(28,524,978)
Net cash provided by (used in) capital and related financing activities	136,696,613	(124,853,903)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	14,175,168	12,965,889
Purchases of securities	(342,704,791)	(42,544,242)
Proceeds from sales and maturities of securities	60,416,650	28,188,371
Net cash used in investing activities	(268,112,973)	(1,389,982)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,262,975)	13,076,437
CASH AND CASH EQUIVALENTS — Beginning of year	20,506,821	7,430,384
CASH AND CASH EQUIVALENTS — End of year	\$ 16,243,846	\$ 20,506,821
NONCASH ITEMS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Noncash purchases of utility plant included in accounts payable	\$ 3,002,608	\$ 5,152,896
Noncash FEMA grant revenues - capital	\$ -	\$ 1,342,868
NONCASH ITEMS FROM INVESTING ACTIVITIES:		
Unrealized gain on investments	\$ 3,287,302	\$ 2,840,957
Amortization of premiums and discounts	\$ 1,016,164	\$ 1,855
Amortization of debt service forward purchase agreements	\$ 1,201,740	\$ 1,198,457
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 98,064,191	\$ 100,500,111
Noncash items included in net operating income:		
Income from nonutility operations	1,937,413	4,635,532
Depreciation	32,644,506	26,270,163
Changes in assets and liabilities:		
Receivables:		
Customers	(4,082,828)	4,061,932
Other	5,517,185	2,994,736
Fuel stock	(6,429,586)	(4,272,151)
Materials and supplies	(3,452,852)	(1,901,309)
Other	(1,924,892)	(742,703)
Accounts payable and accrued liabilities	7,533,134	(10,756,494)
Over (under) recovered fuel costs	(2,687,159)	18,434,306
Other noncurrent liabilities	34,273	96,199
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 127,153,385	\$ 139,320,322

See notes to financial statements.

Notes to Financial Statements

As of and For The Years Ended December 31, 2008 and 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business — The Grand River Dam Authority (the “Authority”) was created as a nonappropriated agency 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 to rural cooperative, municipal, industrial and off-system customers located in Oklahoma, Kansas, Missouri, and Arkansas. The Authority’s financial statements are included in the State of Oklahoma Comprehensive Annual Financial Report as a discrete proprietary 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 conform to the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 (“Statement 34”), *Basic Financial Statements — and Management’s Discussion and Analysis — for State and Local Governments*, and related pronouncements. Statement 34 establishes standards for external financial reporting for all state and local governmental entities, which includes a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows. It requires the classification of net assets into three components — invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in Capital Asset — Net of Related Debt — This component of net assets consists of capital assets, net of accumulated depreciation, costs to be recovered from future revenues, and unamortized debt expense 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 invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted — This component of net assets consists of constraints placed on net assets 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.

Unrestricted Net Assets — This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets — net of related debt.”

The financial statements of the Authority are prepared under the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The Authority has elected to apply all applicable GASB pronouncements as well as all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions, unless those pronouncements conflict with GASB pronouncements.

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.

Investments — Investments principally comprise U.S. government securities, U.S. government agencies, Guaranteed Investment Agreements, State of Oklahoma agency bonds, bank TARP bonds unconditionally guaranteed by the United States of America, money market funds, and certificates of deposit. The Authority reports investments, except for certain money market investments and nonparticipating investment contracts, at fair value. Fair value is determined using quoted market prices.

Fuel Stock — Coal fuel stock is carried at average cost and includes the costs of coal, freight, and labor. These amounts are charged to expense as the fuel is consumed. Gas fuel stock, if any, is carried at average cost and includes the costs of gas, transportation, and gas management fees.

Materials and Supplies — Materials and supplies are valued using the average cost and specific identification methods.

Under/Over Recovered Fuel Costs — The Authority’s rate structure as approved by the Board of Directors provides for the Authority to make adjustments in revenue collections from municipal, industrial, cooperative and off-system firm customers to recover variations between estimated and actual fuel costs incurred by the Authority. This adjustment, referred to as the Power Cost Adjustment (PCA), is generally calculated twice each year. The Authority’s base rate is calculated using 13 mills as an estimated PCA. The cumulative difference between the actual fuel costs and the 13 mill base PCA rate is reflected as either an asset (“under recovery”) or liability (“over recovery”) in the Authority’s accompanying Statements of Net Assets, because such amounts will either be collected from or refunded to customers of the Authority in subsequent periods.

Joint Participant — Among the Authority’s assets is Coal-Fired Complex Unit 2 (which is 62% owned by the Authority and 38% owned by KAMO Power (“KAMO”). The Authority and KAMO also jointly own an integrated transmission system. Additionally, GRDA jointly owns the Redbud combined-cycle gas plant with Oklahoma Gas and Electric (“OG&E”) and Oklahoma Municipal Power Authority (“OMPA”). The Redbud Power Plant is operated by OG&E, with OG&E, GRDA, and OMPA owning 51%, 36%, and 13% respectively. These financial statements and notes to financial statements include the transactions for the Authority’s ownership of these assets.

Acquisition of Net Assets in the Redbud Facility — On October 1, 2008, the Authority purchased certain assets and assumed certain liabilities in the Redbud combined-cycle natural gas fired plant near Luther, Oklahoma. GRDA’s undivided interest in the assets and liabilities of the facility is 36%, while OG&E’s interest is 51% and OMPA’s interest is 13%. Total cash paid by GRDA for its 36% interest was \$309,183,470, which includes \$2,415,542 in investment banking advisory, legal, and other professional fees. The total purchase price was recorded as follows in accordance with FERC and GASB 14 guidance for undivided interests: GRDA’s allocated pro-rata portion of the original historical cost of \$241,824,107 was recorded in the electric plant in service accounts, the associated historical accumulated depreciation of \$41,602,146 was recorded in the accumulated provision for depreciation accounts, and the difference of \$108,961,510 between the purchase price paid by the Authority and the original partially depreciated cost was recorded in an electric plant acquisition adjustment account, all of which are included in Net utility plant — at original cost less depreciation on the accompanying statement of net assets for 2008. The original cost and the acquisition adjustment are being depreciated or amortized over the remaining estimated useful life of the related classes of assets, ranging from 3 to 32 years.

GRDA can schedule up to its ownership share, 36%, of the available power output of the plant. The output from Redbud is combined with the output from GRDA’s other resources, such as coal and hydroelectric generation. Revenues from the sale of total system generation resources are included in sales of power as shown on the statements of revenues, expenses, and changes in net assets.

GRDA has entered into short-term natural gas supply contracts to purchase and provide its share of fuel supply for the Redbud plant and the statements of revenues, expenses, and changes in net assets include \$7,630,938 related to natural gas fuel expenses included in fuel operating expenses.

OG&E operates the Redbud facility under an operating agreement with GRDA and OMPA and allocates certain costs and expenses attributable to Redbud to GRDA and OMPA in accordance with their undivided ownership interests (36% and 13%, respectively). GRDA’s 2008 statements of revenues, expenses, and changes in net assets include the following related to those allocations: \$429,153 in Maintenance, \$524,732 in Operation, and \$511,889 in Administrative and general line items of the Operating expenses section.

The Redbud facility has long-term service agreements with a large industrial manufacturer for the maintenance of the gas and steam turbines and the related long-term purchase commitments totaling \$78.2 million have been included in the contractual commitments in Note 9.

Utility Plant and Depreciation — The cost of utility plant includes direct material, direct labor and indirect costs such as engineering, supervision, transportation, insurance, and interest expense (net of applicable interest income) capitalized during construction. The Authority follows the Federal Energy Regulatory Commission (FERC) electric plant instruction guidelines in defining capital assets. Generally, assets which have a cost of \$500 or more at the date of acquisition and have an expected useful life of one year or more, and are not consumable, are capitalized. The cost of maintenance and repairs to property is expensed. Consistent with the Redbud plant operator’s treatment, certain costs of the long-term service agreements payments are capitalized. The original cost of property together with removal cost, less salvage, is charged to accumulated depreciation at such time as property is retired and removed from service. Gain or loss is recognized on retirements and dispositions that management believes to be unusual in nature.

Depreciation is computed on the cost of utility plant by the composite method over the following estimated useful lives and annual depreciation percentages:

Coal-fired plants	34 years	2.90 %
Redbud combined-cycle plant	3–32 years	33.33–3.13
Hydraulic production plants	87 years	1.15
Transmission system	30 years	3.33
Other properties and production plant	5–30 years	20.00–3.33

Long-Lived Assets — The Authority reviews long-lived assets and certain identifiable intangibles to be held and used for impairment whenever events or changes in circumstances have indicated that the carrying amount of its assets might not be recoverable. Management of the Authority has determined that no impairment adjustments needed to be recognized in 2008 or 2007.

Costs to Be Recovered From Future Revenues — 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 SFAS No. 71, *Accounting for the Effects of Certain Types of Regulation*. SFAS No. 71 provides that certain costs that would otherwise be charged to expense can be deferred as regulatory assets, based on the expected recovery from customers in future rates. Historically, recognition of these costs was deferred to the extent that such costs were later included in rates charged by the Authority in future years.

In 2004, the Authority determined that it should defer interest costs related to the 2002B capital appreciation bond issue and expense these costs in 2014, when the related bonds mature. The Authority believes it will fully recover the deferred interest expense, net of any interest income earned on unexpended related construction funds, during 2013 and 2014 as revenues are collected to pay the accrued interest and principal on June 1, 2014. At December 31, 2008 and 2007, the Authority had approximately \$5.2 million and \$3.9 million, respectively, of costs to be recovered from future revenues.

Management continuously monitors the future recoverability of regulatory assets, and when, in management’s judgment, any future recovery becomes impaired, the amount of the regulatory asset will be reduced or written off, as appropriate.

Unamortized Debt Discount or Premium and Expense — Debt discount or premium and expense 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 — Recognition of gains and losses realized on advance refunding of long-term debt is deferred and amortized over the life of the related refunding issues using the bonds outstanding method.

Operating and Nonoperating Revenues and Expenses — Operating revenues include the sales of power and other operating revenues such as rents from electric property, consisting primarily of revenues from transmission and ancillary services. Other operating revenues also include sales of water and any sulfur dioxide emissions credits conversions. Operating expenses include costs to operate and maintain the Authority’s generation and transmission assets including fuel, purchased power, depreciation and related administrative and general expenses. Nonoperating revenues include interest income, FEMA grant revenue-operating (non-capital), net increase in the fair value of investments, deferral of costs to be recovered from future revenues, and income from nonutility operations. Nonoperating expenses include interest expense, amortization of costs to be recovered from future revenues and amortization of bond-related expenses.

Purchased Power — Purchased power includes the cost of electricity purchased for resale and settlements for exchange of electricity and imbalance market transactions.

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

Reclassifications — Certain reclassifications in the operating activities section of the 2007 statement of cash flows have been made to comply with the classifications used in 2008.

Recently Issued Accounting Standards — The following accounting standards have been recently issued and have been or will be adopted as applicable by the Authority in future years:

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes standards of accounting and financial reporting for postemployment health care and other benefits if provided separately from a pension plan. The Authority adopted this statement on January 1, 2007. See Note 7 for applicable disclosures of the effect of the adoption on the financial statements.

GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. This statement establishes criteria that governments will use to ascertain whether the proceeds received from collecting specific receivables or specific future revenues should be reported as revenue or as a liability. This statement was effective for the Authority in 2007 and did not have a material impact on the Authority’s financial statements

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. This statement was effective for the Authority in 2008 and did not have a material impact on the Authority’s financial statements.

GASB Statement No. 50, *Pension Disclosures — an amendment of GASB Statements No. 25 and No. 27*. This statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by this statements amend applicable note disclosure and RSI requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 27, *Accounting for Pensions by State and Local Governmental Employers*, to conform with requirements of Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement was effective for the Authority in 2008 and did not have a material impact on the Authority’s financial statements.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. This statement also provides authoritative guidance that specifically addresses the nature of these intangible assets. Such guidance should be applied in addition to the existing authoritative guidance for capital assets. This statement will be effective for the Authority in 2010 and management is currently evaluating the impact of this pronouncement on the Authority's financial statements.

GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. This statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value. This statement will be effective for the Authority in 2009 and management is currently evaluating the impact of this pronouncement on the Authority's financial statements.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The statement requires that the fair value of financial arrangements called "derivatives" or "derivative instruments" be reported in the financial statements of state and local governments. Additional information about derivatives is disclosed in the notes to the financial statements, including identification of the risks to which hedging derivative instruments themselves expose a government. This statement will be effective for the Authority in 2010 and management is currently evaluating the impact of this pronouncement on the Authority's financial statements.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. This statement will be effective for the Authority in 2011 and management is currently evaluating the impact of this pronouncement on the Authority's financial statements.

GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. It is intended to make it easier for preparers of state and local government financial statements to identify and apply the "GAAP hierarchy," which consists of sources of accounting principles used in the preparation of financial statements so that they are presented in conformity with GAAP and the framework for selecting those principles. This statement will be effective for the Authority in 2009 and management is currently evaluating the impact of this pronouncement on the Authority's financial statements.

GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. This Statement incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants (AICPA) auditing literature into the GASB's accounting and financial reporting literature for state and local governments. The guidance in this statement addresses three issues from the AICPA's literature — related party transactions, going concern considerations, and subsequent events. It brings existing guidance (to the extent appropriate in a governmental environment) without substantive changes into the GASB's body of standards. This statement will be effective for the Authority in 2009 and management is currently evaluating the impact of this pronouncement on the Authority's financial statements.

2. DEPOSITS AND INVESTMENTS

The Authority's General Bond Resolution No. 4800 ("Resolution No. 4800"), which provides for the issuance of revenue bonds, generally defines eligible investment securities as (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 or Standard & Poor's ("S&P"), (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 or S&P, (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 except for certain nonparticipating investment contracts, such as its Guaranteed Investment Agreements, which are carried at amortized cost. The Guaranteed Investment Agreements are not classified as collateral risk because they are not evidenced by securities that exist in physical or book entry form. 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. The Authority has no formal policy to address exposure to fair value losses resulting from changes in interest rates. However, Resolution No. 4800 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 Bond Service Account, and in the case of the Bond Service Reserve Account, unless otherwise provided in a Supplemental Resolution, not later than fifteen (15) years from the date of investment. Resolution No. 4800 provides that general fund investments shall not mature later than five (5) years from the date of investment. Resolution No. 4800 further provides that Reserve and Contingency investments shall not mature later than ten (10) years from the date of investment. The Authority attempts to hold the investments to maturity which minimizes the exposure to rising interest rates.

As of December 31, 2008 and 2007, the Authority had the following investments (classified as either cash equivalents, investments or restricted investments on the statements of net assets) and corresponding maturities:

Investment Type	Fair Value	2008 Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. gov't/agency securities	\$ 136,377,468	\$ 25,578,667	\$ 96,381,644	\$ 13,937,583	\$ 479,574
Certificates of deposits	6,561,738	6,561,738	-	-	-
Money market funds	277,211,871	277,211,871	-	-	-
State of Oklahoma agency bonds	32,420,000	32,420,000	-	-	-
Bank TARP bonds	29,696,491	-	29,696,491	-	-
Guaranteed investment contracts	68,400,000	-	68,400,000	-	-
Cash deposits - net	3,763,870	3,763,870	-	-	-
Total investments	\$ 554,431,438	\$ 345,536,146	\$ 194,478,135	\$ 13,937,583	\$ 479,574

Investment Type	Fair Value	2007 Investment Maturities (in Years)		
		Less Than 1	1-5	6-10
U.S. gov't/agency securities	\$ 181,048,905	\$ 84,937,643	\$ 72,935,824	\$ 23,175,438
Certificates of deposits	504,697	404,608	100,089	-
Money market funds	22,524,685	22,524,685	-	-
Guaranteed investment contracts	68,400,000	-	68,400,000	-
Cash deposits - net	1,656,846	1,656,846	-	-
Total investments	\$ 274,135,133	\$ 109,523,782	\$ 141,435,913	\$ 23,175,438

As of December 31, 2008 and 2007, the Authority had the following U.S. government/agency investments and maturities:

Investment Type	Fair Value	2008 Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
General operations	\$ 39,702,320	\$ 7,942,460	\$ 31,759,860	\$ -	\$ -
Board designated	27,500,000	-	27,500,000	-	-
Bond service	17,636,207	17,636,207	-	-	-
Bond service reserve	27,508,594	-	27,508,594	-	-
Reserve and contingency	24,030,347	-	9,613,191	13,937,582	479,574
Total U.S. gov't/agency securities	\$ 136,377,468	\$ 25,578,667	\$ 96,381,645	\$ 13,937,582	\$ 479,574

Investment Type	Fair Value	2007 Investment Maturities (in Years)		
		Less Than 1	1-5	6-10
General operations	\$ 36,019,825	\$ 16,438,910	\$ 18,743,628	\$ 837,287
Board designated	25,000,000	-	25,000,000	-
Bond service	40,998,733	40,998,733	-	-
Construction	27,500,000	27,500,000	-	-
Bond service reserve	27,500,000	-	27,500,000	-
Reserve and contingency	24,030,347	-	1,692,196	22,338,151
Total U.S. gov't/agency securities	\$ 181,048,905	\$ 84,937,643	\$ 72,935,824	\$ 23,175,438

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 ("Moody's") and Standard & Poor's (S&P) for ratings on their MBS. However, the agencies carry AAA ratings from both 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 Bank — “FHR”) are direct obligations of the agencies. With the exception of Federal National Mortgage Association (“Fannie Mae”) and the Federal Home Loan Mortgage Corporation (“Freddie Mac”), which are government-sponsored quasi-governmental agencies (which also received U.S. government backing during 2008), the agencies have the backing of the U.S. Government; therefore, the AAA rating 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. Fannie Mae and Freddie Mac are rated Aaa/AAA/AAA by Moody’s, Standard & Poor’s, and Fitch credit rating agencies. The MBS are senior in the credit structure to the debentures for the FNMA and FHLMC. The bank TARP bonds are bonds issued under the U.S. Treasury Department Loan Guarantee Program (TLGP) and they do not have a rating. Bonds issued under the TLGP carry the backing of the FDIC which itself carries the full faith and credit of the U.S. Government, therefore, the AAA rating is implied. The State of Oklahoma bonds are Oklahoma Water Resource Board bonds and have a AA rating. The certificates of deposit are held by various banks and are subject to the FDIC guarantees (\$250,000 as of December 31, 2008). The Guaranteed Investment Contract and the Money Market Funds are held by a bank and are collateralized at over 100% of the cash market value with U.S. Treasury and U.S. Agency securities.

As of December 31, 2008 and 2007, the Authority’s investments had the following ratings:

Investment Rating Moody’s/S&P/Fitch	2008				Total
	Investment Rating - Moody’s/S&P/Fitch				
	Aaa/AAA/AAA	Aa/AA/AA	Not rated	Credit Risk Not Applicable	
Money Markets	\$ -	\$ -	\$ -	\$ 277,211,871	\$ 277,211,871
Certificates of Deposits	-	-	-	6,561,738	6,561,738
US Gov’t Securities	65,528,872	-	-	-	65,528,872
US Gov’t Agencies	70,848,596	-	-	-	70,848,596
State of Oklahoma Agency Bonds	-	32,420,000	-	-	32,420,000
Bank TARP bonds	-	-	29,696,491	-	29,696,491
Guaranteed Investment Contracts	-	-	68,400,000	-	68,400,000
Cash deposits - net	-	-	-	3,763,870	3,763,870
	\$ 136,377,468	\$ 32,420,000	\$ 98,096,491	\$ 287,537,479	\$ 554,431,438

Investment Rating Moody’s/S&P/Fitch	2007				Total
	Investment Rating - Moody’s/S&P/Fitch				
	Aaa/AAA/AAA	Not Rated	Credit risk Not Applicable		
Money Markets	\$ -	\$ -	\$ 22,524,685		\$ 22,524,685
Certificates of Deposits	-	-	504,697		504,697
US Gov’t Securities	61,574,802	-	-		61,574,802
US Gov’t Agencies	119,474,103	-	-		119,474,103
Guaranteed Investment Contracts	-	68,400,000	-		68,400,000
Cash deposits - net	-	-	1,656,846		1,656,846
	\$ 181,048,905	\$ 68,400,000	\$ 24,686,228		\$ 274,135,133

As of December 31, 2008 and 2007, the Authority had the following portfolio of investments with credit exposure by investment type as a percentage of total investments:

	2008	2007
U.S. government securities	12.0 %	23.0 %
U.S. government agencies:		
FFCB	-	0.5
FHLB	0.5	14.0
GNMA	0.5	0.5
FHLMC	3.0	8.0
FNMA	9.5	21.0
Money market funds	50.0	8.0
Certificate of Deposits	1.0	-
State of Oklahoma agency bonds	6.0	-
Bank TARP bonds	5.0	-
Guaranteed investment contracts	12.5	25.0

Custodial Credit Risk — For an investment, 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. 4800 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. 4800 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. 4800; money held by the Authority and deposited in any depository is required to be held and secured in the manner provided by Oklahoma law.

Carrying Values — Cash and cash equivalents and current and noncurrent investments at December 31, 2008 and 2007, follows:

	2008		
	Current	Noncurrent	Total
Cash and cash equivalents:			
Cash deposits — net	\$ 16,243,846	\$ -	\$ 16,243,846
Certificates of deposits — original maturity less than 3 months	-	-	-
Total cash and cash equivalents	16,243,846	-	16,243,846

Investments:			
General operating account	67,210,913	-	67,210,913
Certificates of deposits — original maturity greater than 3 months	100,735	-	100,735
Restricted for bond service	51,568,437	-	51,568,437
Restricted for construction	212,253,236	29,696,491	241,949,727
Restricted for bond service reserve	-	141,560,060	141,560,060
Restricted for reserve and contingency	-	35,390,015	35,390,015
Restricted for other special purposes	407,705	-	407,705
Total investments	331,541,026	206,646,566	538,187,592

Total cash and investments	\$ 347,784,872	\$ 206,646,566	\$ 554,431,438
----------------------------	-----------------------	-----------------------	-----------------------

	2007		
	Current	Noncurrent	Total
Cash and cash equivalents:			
Cash deposits — net	\$ 20,406,821	\$ -	\$ 20,406,821
Certificates of deposits — original maturity less than 3 months	100,000	-	100,000
Total cash and cash equivalents	20,506,821	-	20,506,821

Investments:			
General operating account	61,019,825	-	61,019,825
Certificates of deposits — original maturity greater than 3 months	197,630	-	197,630
Restricted for bond service	42,339,465	-	42,339,465
Restricted for construction	29,612,591	-	29,612,591
Restricted for bond service reserve	-	96,121,388	96,121,388
Restricted for reserve and contingency	-	24,030,347	24,030,347
Restricted for other special purposes	307,066	-	307,066
Total investments	133,476,577	120,151,735	253,628,312

Total cash and investments	\$ 153,983,398	\$ 120,151,735	\$ 274,135,133
----------------------------	-----------------------	-----------------------	-----------------------

Restricted non-current investment funds in the bond service reserve account, the reserve and contingency account, and certain funds in the construction account are included in Restricted investments in noncurrent assets on the Statement of Net Assets. Restricted current investment funds in the bond service account and certain deposits in the construction account are included in Investments — unrestricted and restricted in current assets on the Statement of Net Assets. Restricted investments (non-current and current) are not available for general operations.

Cash and investments at December 31, 2008, include the following:

	General Operations	Board Designated	Bond Service (Restricted)	Construction (Restricted)	Bond Service Reserve (Restricted)	Reserve and Contingency (Restricted)	Other Special Purposes (Restricted)	Total
Cash deposits — net	\$ 3,763,870	\$ -	\$ -	\$ -	\$ -	\$ -	\$380,705	\$ 4,144,575
Money market funds	12,479,976	-	33,932,230	212,253,236	13,240,060	5,279,369	27,000	277,211,871
U.S. government securities	39,710,913	27,500,000	17,636,207	-	27,500,000	24,030,347	-	136,377,467
State of Oklahoma agency bonds	-	-	-	-	32,420,000	-	-	32,420,000
Bank TARP Bonds	-	-	-	29,696,491	-	-	-	29,696,491
Certificates of deposits — maturity > 3 months	100,735	-	-	-	-	6,080,299	-	6,181,034
Guaranteed investment agreements	-	-	-	-	68,400,000	-	-	68,400,000
Total cash and investments	\$56,055,494	\$27,500,000	\$51,568,437	\$241,949,727	\$141,560,060	\$35,390,015	\$407,705	\$554,431,438

Cash and investments at December 31, 2007, include the following:

	General Operations	Board Designated	Bond Service (Restricted)	Construction (Restricted)	Bond Service Reserve (Restricted)	Reserve and Contingency (Restricted)	Other Special Purposes (Restricted)	Total
Cash deposits — net	\$ 1,556,846	\$ -	\$ -	\$ -	\$ -	\$ -	\$307,067	\$ 1,863,913
Certificates of deposits — maturity < 3 months	100,000	-	-	-	-	-	-	100,000
Money market funds	18,849,974	-	1,340,732	2,112,591	221,388	-	-	22,524,685
U.S. government securities	36,019,825	25,000,000	40,998,733	27,500,000	27,500,000	24,030,347	-	181,048,905
Certificates of deposits — maturity > 3 months	197,630	-	-	-	-	-	-	197,630
Guaranteed investment agreements	-	-	-	-	68,400,000	-	-	68,400,000
Total cash and investments	\$56,724,275	\$25,000,000	\$42,339,465	\$29,612,591	\$96,121,388	\$24,030,347	\$307,067	\$274,135,133

The balances in the investment accounts include Guaranteed Investment Agreements (GIA) entered into by the Authority to receive interest payments at a fixed rate for a designated time period based upon receipt of an agreed-upon investment amount deposited by the Authority. The restricted balances are the minimum amounts required to be maintained.

Unrealized holding gains and losses on U.S. government securities included in the reserve and contingency account are included in the general operating account as the balance in the reserve and contingency account is established at a stated amount through an allocation of general operating account investment balances.

Additional information concerning these GIAs and additional information relating to cash and investment restrictions follows:

Bond Service — On April 19, 1994, the Authority entered into a debt service forward purchase agreement with Lehman Brothers Special Financing, Inc. (“Lehman”). Under this agreement, the Authority received an advance payment of \$22,925,000 in an exchange that granted Lehman the right to receive interest income earned on a GIA earning 7% until it matured on December 1, 2003, and the right to invest remaining sinking fund payments required by the applicable bond indenture through June 1, 2013. Lehman has not exercised its right to invest the sinking fund payments since August 2008. Under the agreement, GRDA has the right to invest the sinking fund deposits overnight and retain any earnings until Lehman presents an investment security. Beginning in September 2008, GRDA’s trustee has placed the sinking fund payments in a money market fund and will retain the funds until the principal and interest payments are due to the bond holders according to the agreement. The Authority recorded the \$22,925,000 advance payment received in 1994 as a deferred credit and is amortizing the amount to income over the life of the agreement. The Authority makes deposits with the bond fund trustee pursuant to the bond repayment schedules in effect at the time of the 1994 Lehman agreement to avoid various prepayment penalties. The annual minimum amounts the Authority needs to deposit with the bond fund trustee bank pursuant to the Lehman agreement are:

Payment Date	Total
2009	\$ 93,634,032
2010	93,458,640
2011	93,685,926
2012	93,968,376
2013	93,297,192
Total	\$ 468,044,166

On December 31, the bond service fund in the accompanying balance sheet reflects the minimum restricted amount sufficient to pay seven months of principal and one month of interest due the following June 1 for bonds outstanding prior to 2008. For the 2008 issues, the minimum amount includes three months of interest due June 1, 2009.

Construction — In 2007, designated construction accounts included restricted money market funds and investments for two different purposes. (i) The 2002B construction accounts were for the acquisition, construction and equipment of Authority projects specified, primarily generation or metering and Supervisory Control and Data Acquisition (SCADA) projects at the existing Coal-Fired Complex and the three hydro facilities. The projects were intended to restore or improve design capabilities, improve operational reliability, reduce power costs, prevent loss of revenues, or for safety or environmental purposes. Remittances during 2007 were utilized primarily for air preheater baskets at the Coal Fired Complex and generator upgrades at the Kerr Dam facility. The construction account included a GIA providing for an interest rate of 3.92% with an expiration date of February 1, 2006. Upon the maturity of the GIA, the balance in the construction account was put into a money market fund. This construction account provided remittances to the Authority for permitted purposes through March 2008 when the balance was depleted. (ii) The other construction account included \$27.5 million, which had been legally restricted for capital projects at Fort Gibson Dam from 1989 until 2005. In November 1989, the Authority, the U.S. Army Corps of Engineers and the Southwestern Power Administration entered into a construction agreement for construction of additional generation units at Fort Gibson Dam. At that time, the Authority was required to put into an escrow account approximately \$28 million for use in such construction. (These funds came from 1982 Construction Funds that were not required for the completion of Unit 2 at the Coal-Fired Complex and related system improvements.) No construction occurred on the Fort Gibson project and in November 2004, the Authority advised the U.S. Army Corps of Engineers of its desire to terminate the Authority’s sponsorship. Formal termination of the project was complete during 2005, and pursuant to the Authority’s General Bond Resolution No. 4800, the construction trustee was notified to remove the Fort Gibson designation from the construction funds. In March 2008 the Authority adopted a resolution relating to surplus bond proceeds which made the balance of this construction account available for the purpose of completing any authorized capital projects or to pay the principal of any outstanding bonds. Pursuant to the resolution, the Authority has instructed the trustee to apply the account balance until depleted to the bond sinking fund principal requirements from March 2008 through July 2008.

A 2008 construction fund was established in September 2008 with the proceeds from the Revenue Bonds, Series 2008A and 2008B. Initial disbursements were for the purchase of a thirty-six percent interest in the 1230 MW gas-fired, combined-cycle power generation facility located in Luther, Oklahoma (see Note 1). Additional costs to be funded from the remaining balance include capital additions, repairs and improvements to the Authority’s coal-fired generation complex, transmission system, hydroelectric generating facilities and ecosystems.

Bond Service Reserve — The balance in the bond service reserve account includes a GIA, which essentially pays an interest rate of 5.78% through June 1, 2010, on \$68,400,000 debt service reserve requirements relating to the 1993 bonds. The restricted amount in the accompanying balance sheet reflects the maximum aggregate debt service for all bonds outstanding and consists of the GIA together with other investments.

Reserve and Contingency — The restricted amount in the accompanying balance sheet reflects 25% of the maximum aggregate debt service for all bonds outstanding which is the minimum amount restricted as working capital reserves.

Restricted for Other Special Purposes — Because of 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 is required to make \$100,000 annual contributions (adjusted for inflation) each year the Pensacola Dam license is in effect. 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 \$31,000 and \$152,000 were made from the fund in 2008 and 2007, 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 caves protection on Grand Lake. There were no expenditures from this fund in 2008.

In addition to these restricted funds are two special funds (designated by the Authority’s Board of Directors in December 2004) which are unrestricted:

The Special Reserve and Contingency Fund I — This designated though unrestricted fund was established in December 2004 to reserve \$2.5 million annually for future use, if needed, for extraordinary maintenance, operational, and environmental expense. Total funding of \$12.5 million from available unrestricted funds was board designated as of December 31, 2008.

The Special Reserve and Contingency Fund II — This designated though unrestricted fund was established in December 2004 to reserve \$2 million annually for future use, if needed, related to unforeseen risk, including, but not limited to, unscheduled outages, unexpected purchased power expense, and other extraordinary expense not covered by insurance proceeds. An initial amount of \$11 million was formally designated in 2004, which combined with the \$2 million designated in 2005 and the \$2 million designated 2006 from available funds totaled \$15 million as of December 31, 2008.

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.

Proceeds, gross realized gains and gross realized losses on sales of investment securities for the years ended December 31, 2008 and 2007, were as follows:

	2008	2007
Proceeds	\$ 24,961,842	\$ 15,790,990
Gross realized gains	832,953	28,938
Gross realized losses	(4,590)	(292,694)

Gross realized gains and losses are included in income from nonutility operations in the accompanying Statements of Revenues, Expenses, and Changes in Net Assets.

3. RECEIVABLES

Accounts receivable is comprised at December 31, 2008 and 2007, of the following amounts:

	2008	2007
Customers (less allowance for doubtful accounts of \$50,000)	\$ 30,680,494	\$ 26,597,666
Other	4,236,481	9,695,625
Total	\$ 34,916,975	\$ 36,293,291

In general, other accounts receivable include KAMO Power's participation as a co-owner of Authority Unit No. 2, reimbursable work for other entities, the current portion of receivables for aid of construction, and dock billings.

At December 31, 2008 and 2007, the Authority had other noncurrent receivables for aid in construction, scheduled for collection through 2014, of \$298,297 and \$373,584, respectively, and noncurrent receivables for closure and post-closure costs related to the ash landfill at the Coal Fired Complex of \$414,244 and \$396,996, respectively.

4. UTILITY PLANT

A summary of changes in utility plant for the years ended December 31, 2008 and 2007, follows:

	2008			
	Balance December 31, 2007	Additions	Retirements	Balance December 31, 2008
Capital assets — non-depreciable:				
Land	\$ 27,276,837	\$ 4,115,458	\$ -	\$ 31,392,295
Construction work in progress	44,531,271	3,093,987	-	47,625,258
Total capital assets — nondepreciable	71,808,108	7,209,445	-	79,017,553
Capital assets — depreciable:				
Coal-fired plant Unit No. 1 (reduced by cost of common facilities applicable to joint ownership of Unit No. 2 (Note 7))	310,249,296	16,015	(194,230)	310,071,081
Coal-fired plant Unit No. 2 (Note 7)	317,489,007	1,828,122	(882,302)	318,434,827
Redbud combined-cycle plant	-	350,554,769	-	350,554,769
Hydraulic production plants	82,576,902	3,417,221	(19,601)	85,974,522
Transmission system	178,112,626	24,376,422	(363,819)	202,125,229
Other properties and production plant	46,596,140	3,159,223	(539,447)	49,215,916
	935,023,971	383,351,772	(1,999,399)	1,316,376,344
Less accumulated depreciation:				
Coal-fired plant Unit No. 1	(225,243,201)	(9,023,954)	195,147	(234,072,008)
Coal-fired plant Unit No. 2	(192,170,906)	(9,228,031)	883,822	(200,515,115)
Redbud combined-cycle plant	-	(46,602,993)	-	(46,602,993)
Hydraulic production plants	(31,647,266)	(1,058,797)	25,421	(32,680,642)
Transmission system	(107,745,598)	(6,211,347)	600,164	(113,356,781)
Other properties and production plant	(36,397,442)	(2,121,530)	515,553	(38,003,419)
	(593,204,413)	(74,246,652)	2,220,107	(665,230,958)
Total capital assets — depreciable	341,819,558	309,105,120	220,708	651,145,386
Net utility plant	\$ 413,627,666	\$ 316,314,565	\$ 220,708	\$ 730,162,939

	2007			Balance December 31, 2007
	Balance December 31, 2006	Additions	Retirements	
Capital assets — non-depreciable:				
Land	\$ 26,880,906	\$ 415,161	\$ (19,230)	\$ 27,276,837
Construction work in progress	20,526,281	24,004,990	-	44,531,271
Total capital assets — nondepreciable	47,407,187	24,420,151	(19,230)	71,808,108
Capital assets — depreciable:				
Coal-fired plant Unit No. 1 (reduced by cost of common facilities applicable to joint ownership of Unit No. 2 (Note 7))	310,590,257	225,650	(566,611)	310,249,296
Coal-fired plant Unit No. 2 (Note 7)	322,116,192	(52,768)	(4,574,417)	317,489,007
Hydraulic production plants	82,353,551	486,916	(263,565)	82,576,902
Transmission system	168,107,942	11,800,525	(1,795,841)	178,112,626
Other properties and production plant	50,535,662	1,987,738	(5,927,260)	46,596,140
	933,703,604	14,448,061	(13,127,694)	935,023,971
Less accumulated depreciation:				
Coal-fired plant Unit No. 1	(216,941,324)	(8,970,078)	668,201	(225,243,201)
Coal-fired plant Unit No. 2	(188,051,711)	(9,104,012)	4,984,817	(192,170,906)
Hydraulic production plants	(30,910,414)	(1,007,420)	270,568	(31,647,266)
Transmission system	(105,005,487)	(5,244,375)	2,504,264	(107,745,598)
Other properties and production plant	(40,324,999)	(1,944,279)	5,871,836	(36,397,442)
	(581,233,935)	(26,270,164)	14,299,686	(593,204,413)
Total capital assets — depreciable	352,469,669	(11,822,103)	1,171,992	341,819,558
Net utility plant	\$ 399,876,856	\$ 12,598,048	\$ 1,152,762	\$ 413,627,666

The change in construction work in progress during 2008 and 2007, is presented on a net basis to avoid a duplication of additions and retirements in the above tables. The increase in accumulated depreciation exceeds the decrease in capital assets for certain classes due to removal costs.

The Authority had contractual commitments at December 31, 2008, of approximately \$86,923,000 for equipment and construction contracts. Major projects include the Markham Ferry Hydroelectric Plant Upgrade for approximately \$61,666,000, the Coal Yard Dumper Refurbishment for approximately \$4,747,000, the GRDA Ecosystems Building & Education Center for approximately \$4,486,000, the purchase of Microwave Radios and Supporting Equipment for approximately \$3,047,000, the installation of Access Control and Surveillance System at all plant and office locations for approximately \$1,916,000, the Remote Raw Water Meters and Monitoring for approximately \$786,000, the CFC Security Fencing for approximately \$532,000, the Upgrade of Voice System Equipment at all plant and office locations for approximately \$514,000, the purchase of Vehicles and Heavy Equipment for approximately \$968,000 and the construction of Transmission Lines and Substations for approximately \$7,741,000.

5. COST TO BE RECOVERED FROM FUTURE REVENUES

At December 31, 2008, the deferred regulatory asset consists of interest deferrals on the 2002B capital appreciation bonds maturing in 2014. A rollforward of costs to be recovered from future revenues follows:

	2008	2007
Beginning balance	\$ 3,909,498	\$ 2,842,807
Deferral of 2002B interest	1,262,099	1,066,691
Ending balance	\$ 5,171,597	\$ 3,909,498

6. BONDS PAYABLE

A summary of changes in bonds payable for the years ended December 31, 2008 and 2007, follows:

	2008			December 31, 2008
	December 31, 2007	Bonds Issued	Retirements	
Revenue Bonds, Refunding Series 1993 — 5-1/2% maturing through 2010	\$ 217,885,000	\$ -	\$ (68,780,000)	\$ 149,105,000
Revenue Bonds, Refunding Series 1995:				
6.25% maturing in 2011	81,690,000	-	-	81,690,000
5.5% maturing in 2013	91,715,000	-	-	91,715,000
Total Series 1995	173,405,000	-	-	173,405,000
Revenue Bonds, 2002 Series A & B:				
5% Refunding Series 2002A — maturing in 2012	86,160,000	-	-	86,160,000
5.1% Capital Appreciation Bonds Series 2002B — maturing in 2014	18,636,340	-	-	18,636,340
Total Series 2002 A & B	104,796,340	-	-	104,796,340
Revenue Bonds, 2008 Series A & B:				
3.2% to 5% Series 2008A — maturing in 2014 through 2028	-	364,490,000	-	364,490,000
4.8% to 5% Series 2008A — maturing 2033	-	191,930,000	-	191,930,000
4% Series 2008B (fully taxable) — maturing 2010	-	18,955,000	-	18,955,000
Total Series 2008 A & B	-	575,375,000	-	575,375,000
Total bonds payable	496,086,340	\$ 575,375,000	\$ (68,780,000)	1,002,681,340
Less current portion	(68,780,000)			(72,590,000)
Long-term portion	427,306,340			930,091,340
Add (deduct):				
Unamortized debt premium	3,482,868	\$ 14,988,378	\$ (1,033,252)	17,437,994
Unamortized debt discount	(3,703,228)	-	1,044,797	(2,658,431)
Unamortized loss on advance refunding	(11,312,787)	-	3,896,320	(7,416,467)
Long-term bonds payable	\$ 415,773,193			\$ 937,454,436

	2007			December 31, 2007
	December 31, 2006	Retirements	December 31, 2007	
Revenue Bonds, Refunding Series 1993 — 5-1/2% to 5-7/8% maturing through 2010	\$ 282,930,000	\$ (65,045,000)	\$ 217,885,000	
Revenue Bonds, Refunding Series 1995:				
6.25% maturing in 2011	81,690,000	-	81,690,000	
5.5% maturing in 2013	91,715,000	-	91,715,000	
Total Series 1995	173,405,000	-	173,405,000	
Revenue Bonds, 2002 Series A & B:				
5% Refunding Series 2002A — maturing in 2012	86,160,000	-	86,160,000	
5.1% Capital Appreciation Bonds — maturing in 2014	18,636,340	-	18,636,340	
Total Series 2002 A & B	104,796,340	-	104,796,340	
Total bonds payable	561,131,340	\$ (65,045,000)	496,086,340	
Less current portion	(65,045,000)		(68,780,000)	
Long-term portion	496,086,340		427,306,340	
Add (deduct):				
Unamortized debt premium	4,267,619	\$ (784,751)	3,482,868	
Unamortized debt discount	(4,883,875)	1,180,647	(3,703,228)	
Unamortized loss on advance refunding	(16,062,267)	4,749,480	(11,312,787)	
Long-term bonds payable	\$ 479,407,817		\$ 415,773,193	

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

In September 2008, the Authority issued \$575,375,000 2008 Series A and Series B Revenue Bonds for the purchase of a thirty-six percent interest in the 1230MW gas-fired, combined-cycle Redbud Power Plant (see Note 1), to fund capital additions, repairs and improvements to the System, to make deposits into the Bonds Service Reserve Account and the Reserve and Contingency Accounts and to pay certain costs of issuance for the 2008 Bonds.

In 2002, the Authority issued \$104,966,340 Revenue Bonds for the acquisition, construction and equipment purchases related to approved Authority Projects and to refund the remaining outstanding 1987 revenue bonds. This consisted of \$86,330,000 Revenue Bonds, Refunding Series 2002A (the “2002A Bonds”) to refund \$86,160,000 remaining of the 1987 Bonds. The 2002A refunding bonds were issued at a \$4.5 million premium. The Authority recorded an initial accounting loss of approximately \$371,000 in connection with this advance refunding, which was recorded as a deferred contra-liability and is being amortized to expense over the life of the new bonds. The difference between the present values of the old and new debt service payments was \$2.0 million. The Authority realized all of the aggregate bond savings by decreasing the June 1, 2002, debt service payment. Additionally, the Authority also issued \$18,636,340 Capital Appreciation Bonds, Revenue Bonds 2002B (the “2002B Bonds”) for the acquisition, construction and equipment of Authority projects. As previously noted in Note 5, the Authority will defer interest on the 2002B capital appreciation bonds until the bonds mature on June 1, 2014, at which time the deferred regulatory asset will be expensed.

In 1995, the Authority issued \$173,405,000 Revenue Bonds, Refunding Series 1995 (the “1995 Bonds”) to advance refund \$171,755,000 of the outstanding 1987 Bonds. The Authority recorded an initial accounting loss of approximately \$17.0 million in connection with this advance refunding, which was recorded as a deferred contra-liability and is being amortized to expense over the life of the new bonds which matches the maturity of the old bonds. The difference between the present values of the old and new debt service payments was \$3.8 million. The Authority will realize \$5.7 million in decreased aggregate debt service payments.

In 1993, the Authority issued \$764,585,000 Revenue Bonds, Refunding Series 1993 (the “1993 Bonds”) to advance refund \$681,190,000 of the outstanding 1987 Bonds. The Authority recorded an initial accounting loss of approximately \$113.7 million in connection with this advance refunding, which was recorded as a deferred contra-liability and is being amortized to expense over the life of the new bonds which matches the maturity of the old bonds. The difference between the present values of the old and new debt service payments is \$18.2 million, including \$6.1 million from an investment contract premium on the bond reserve funds, and the Authority will realize \$20.1 million in decreased aggregate debt service payments.

Monies from the 2002A, 1995 and 1993 refunding bonds were placed in escrow for the payment of principal and interest on all the defeased bonds and were invested in obligations of the United States of America, which were deposited in irrevocable trusts with recourse against the trustee if funds are not available to pay principal, interest and any redemption premium on a timely basis. Since the revenue bonds that are defeased are no longer direct liabilities of the Authority, they are not reflected on the accompanying Statements of Net Assets.

Defeased bonds of \$28,970,000 and \$35,740,000 were outstanding at December 31, 2008 and 2007, respectively. At December 31, 2007, the defeased term bonds were a portion of the 1983B and 1982 Series, and the 1976 and 1969 Series.

The scheduled maturities of bonds payable at December 31, 2008, are as follows and reflect the scheduled payments to be remitted by the trustee to the bondholders:

Years Ending December 31	Annual Principal	Semiannual Interest	Calendar Year Total
2009	\$ 72,590,000	\$ 30,127,972	\$ -
2010	95,495,000	23,032,530	125,750,502
2011	81,665,000	20,548,486	139,076,016
2012	86,765,000	17,996,450	120,209,936
2013	91,110,000	15,825,817	120,587,267
2014–2018	113,981,340	13,320,292	120,256,109
2019–2023	118,600,000	139,684,056	253,665,396
2024–2028	150,545,000	100,131,159	218,731,159
2029–2033	191,930,000	67,236,656	217,781,656
	\$ 1,002,681,340	\$ 530,125,156	\$ 1,532,806,496

Under Resolution No. 4800, the Authority makes equal monthly sinking fund installments to the trustee from June through May of each year to meet the June 1 annual principal payment and June 1 and December 1 semiannual interest payments. Pursuant to General Bond Resolution No. 4800 and the Seventh Supplemental Resolution No. 5107 Berkshire Hathaway Assurance Corporation as the insurer along with the Underwriters of the 2008 Bonds consented to the amended and restated General Bond Resolution No. 5107 authorized by the Eighth Supplemental Resolution adopted by the Board of Directors on August 8, 2008. The criteria for the amended General Bond Resolution to become effective will be met after the June 1, 2009 bond principal payments are made and will be applicable to all outstanding bonds. Sinking Fund payments will no longer be required under the amended resolution. The minimum debt service sinking fund requirement from January 1 through May 31, 2009 is \$51,149,536. Thereafter, the annual debt coverage requirement will be equal to the calendar year totals stated above.

To secure the bonds, the Authority has pledged all revenues of the Authority. Resolution No. 4800 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 or sold or disposed of and additional parity bonds are not to be issued unless certain conditions are met. As of December 31, 2008, the Authority is in compliance with bond covenants.

In general, federal tax laws require the Authority to rebate to the U.S. Treasury any profit from investments that yield a higher rate than the tax-exempt revenue bond proceeds. The Authority has an accrued a liability balance for arbitrage rebate of approximately \$86,000 and \$127,000 at December 31, 2008 and 2007, respectively, which is included in accounts payable in the accompanying Statements of Net Assets. Increases in this obligation are recorded against interest income.

7. RETIREMENT PLANS, POSTRETIREMENT, AND OTHER EMPLOYEE BENEFITS

The Authority participated in five retirement plans during 2008 and 2007. The plans currently available to Authority personnel include three defined benefit plans and two defined contribution plans. A summary of significant data for each of the retirement plans and discussion of postemployment and other employee benefits follows:

Oklahoma Public Employees Retirement Plan:

Plan Description — The Authority contributes to the Oklahoma Public Employees Retirement Plan (the “OPERS Plan”), a cost-sharing multiple-employer public employee defined benefit retirement plan administered by the Oklahoma Public Employees Retirement System (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 and may be amended by the legislature of the State. Title 74 of the Oklahoma Statutes, Sections 901 through 943, as amended, assigns the authority for management and operation of the OPERS Plan to the Board of Trustees of the OPERS.

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

Funding Policy — 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 legislature of the State. Each member participates based on gross salary earned (excluding overtime). As state employees, GRDA employees contribute 3.0% of the first \$25,000 of base salary and 3.5% of base salary above \$25,000. The Authority contributed 10% of total base salary through June 30, 2005, 11.5 % through June 30, 2006, 12.5% through June 30, 2007, and 13.5% through June 30, 2008. Effective July 1, 2008, the Authority’s contribution rate increased by 1% to 14.5% and will increase by 1% each subsequent July 1 until it reaches 16.5% for the year ended June 30, 2011 and will remain at that level thereafter.

Effective January 1, 2004, members participating in OPERS can make an irrevocable election to increase their retirement factor by 25%, from 2.0 to 2.5 for each year of participating service earned after the effective date by contributing an additional 2.91% of the first \$25,000 of base salary and 3.41% on base salary above \$25,000. This is referred to as the “step-up” program. The election can be made at enrollment or at any time while an active participating member, but once an irrevocable, “step-up” election is made it is binding on all future OPERS participation even if the member changes jobs or has a break in service. The Authority makes no additional contributions if an election to “step-up” is made, and the Authority’s rate remains at 12.5%.

The Authority made the required contributions of approximately \$4,107,000, \$3,823,000, and \$3,322,000 for the years ended December 31 2008, 2007, and 2006, respectively.

Oklahoma Law Enforcement Retirement Plan:

Plan Description — Legislation passed during 2003 mandates that any lake patrolmen and dispatchers hired after August 29, 2003, shall participate as members of the Oklahoma Law Enforcement Retirement Plan (the “OLERS Plan”), a single-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 GRDA patrolmen elected to transfer from the OPERS Plan to the OLERS plan under Title 47 Section 2-315 which provided that Authority lake patrolmen and dispatchers as of June 30, 2003, could 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. Title 47 of the Oklahoma Statutes, Sections 2-300 through 2-303, as amended, assigns the authority for management and operation of the OLERS Plan to the OLERS Board.

The System issues a publicly available annual financial report that includes financial statements and required supplementary information for OLERS. That annual report may be obtained by writing to OLERS, 421 NW 13th St, Suite 100, Oklahoma City, OK 73103 or by calling 1-877-213-0856.

Funding Policy — System members and the Authority are required to contribute to the OLERS Plan at a rate set by statute. These are established and may be amended by the legislature of the State. Each member participates based on gross salary earned (excluding overtime). GRDA patrolmen and dispatchers participating in the OLERS Plan contribute 8.0%, and the Authority contributes 10% of total base salary.

Participation in the OLERS plan was effective January 1, 2004. The Authority made the required contribution of \$20,470, \$21,210, and \$22,241 for the years ended December 31, 2008, 2007, and 2006, respectively.

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 under Section 457 of the Internal Revenue Code. 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 approximately \$490,000, \$455,000, and \$419,000 for the years ended December 31, 2008, 2007, and 2006, respectively. The Authority paid matching contributions and administrative fees of approximately \$137,000, \$137,000, and \$134,000 for the years ended December 31, 2008, 2007, and 2006, respectively.

GRDA Employees Retirement Plan:

Plan Description — Employees of the Authority are also eligible to participate in the GRDA Employees Retirement Plan (the “GRDA Plan”), a voluntary deferred compensation plan administered by Nationwide Retirement Solutions and provided for under Section 457 of the Internal Revenue Code. The GRDA 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. The Authority does not make any matching contributions to this plan. Employee contributions to the GRDA Plan totaled approximately \$533,000, \$615,000, and \$570,000 for the years ended December 31, 2008, 2007, and 2006, respectively.

Contributions by individual employees to either or both the State Plan and GRDA Plan in aggregate may not exceed 25% of adjusted gross salary or \$15,500 for the year 2008, whichever is less, except under a “catch-up” provision that allows certain eligible employees to contribute up to a certain amount annually, which was \$31,000 for the year 2008, during the three years preceding normal retirement age. An additional provision allows for employees over the age of 50 to defer an additional \$5,000 during the plan year. Employees are not allowed to participate in both the “over 50” provision and the “catch-up” provision during the same plan year. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

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. Beginning in 2003, revisions to Title 82, Section 864.1 of the Oklahoma Statutes authorized the Authority to pay up to \$60 per month of eligible employee-only health insurance premiums for each Authority retiree. Legislation passed in 2005 removed the \$60 limitation. At the December 2005 board meeting, the Authority’s directors authorized the Authority to increase the amount to a defined benefit allowance of \$105 per month for eligible retiree premiums, effective January 1, 2006. At the November 2007 board meeting, the Authority’s directors authorized the Authority to increase the amount to \$200 per month for eligible retiree premiums, effective January 1, 2008.

Funding Policy — The contribution requirements of plan members and the Authority are established and may be amended by the Board of Directors. The required contribution is based on estimated pay-as-you-go financing requirements. For the year ended December 31, 2008 and 2007 the Authority contributed \$284,584 and \$179,313 respectively to the plan which consisted entirely of current premiums and included no additional contribution to prefund benefits.

Annual OPEB Cost and Net OPEB Obligation — The Authority's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Authority net OPEB obligation to GRDA Postemployment Healthcare Plan (included in Accounts payable and accrued liabilities on the Statement of Net Assets):

	2008	2007
Annual required contribution	\$ 659,696	\$ 329,850
Interest on net OPEB obligation		
Adjustment to annual required contribution	-	-
Annual OPEB cost (expense)	659,696	329,850
Contributions made	(284,584)	(179,313)
Increase in net OPEB obligation	375,112	150,537
Net OPEB obligation — beginning of year	150,537	-
Net OPEB obligation — end of year	\$ 525,649	\$ 150,537

The authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for December 31, 2008 and the two preceding years were as follows:

Year-End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2007	\$ 329,850	54.36 %	\$ 150,537
December 31, 2008	659,696	43.14	525,649

Note: GASB 45 was initially implemented for the year ended December 31, 2007.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumption — Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided 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.

In the January 1, 2007 and January 1, 2008 actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions included a 5.0% discount rate, which is approximately based on the employer's own rate of return on investments. The unfunded actuarial accrued liability is being amortized over the maximum permissible amortization period of thirty years as a level percentage of payroll on a closed basis. The remaining amortization period at December 31, 2008, was twenty-eight years.

Funded Status and Funding Progress — As of January 1, 2008, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$8,234,641, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,234,641. The covered payroll (annual payroll of active employees covered by the plan) was \$33,000,000, and the ratio of the UAAL to the covered payroll was 24.95%.

Other Employee Benefits

The Authority has accrued a liability for annual and compensated leave, and related payroll taxes, of approximately \$3,696,000 and \$3,666,000 at December 31, 2008 and 2007, respectively, which is included in accounts payable and accrued liabilities in the accompanying financial statements.

8. OTHER RELATED-PARTY TRANSACTIONS

The primary organizations considered related parties are those municipal, industrial, electric cooperative 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, except for various transactions with KAMO (see Note 1) which are described elsewhere in the notes to financial statements, 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.

9. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Authority makes and receives commitments for purchases of coal and other materials and supplies inventory. 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 contractual commitments at December 31, 2008, for long-term coal purchases through 2012 and freight purchases through 2016 under contracts with estimated minimum obligations. The minimum obligations below are based on the Authority's contract rates and represents management's best estimate of future expenditures under long-term arrangements.

Years Ending December 31	Amount
2009	\$ 103,160,000
2010	112,680,000
2011	120,160,000
2012	89,760,000
2013	91,280,000
2014	92,840,000
2015	94,440,000
2016	96,040,000
Total	\$ 800,360,000

The Authority had contractual commitments as of December 31, 2008, for railcar operating leases with minimum obligations of approximately \$6,750,000 through the year 2012.

The Authority had contractual commitments as of December 31, 2008 for the Redbud facility of approximately \$78,200,000. These long-term service agreements are with a large industrial manufacturer for the maintenance of the gas turbines for approximately \$73,900,000 and the maintenance of the steam turbines for approximately \$4,300,000.

In the mid-1990s, GRDA was sued as a result of flooding which was allegedly caused by the operation of the Authority's Pensacola Dam or for which the operation of the Pensacola Dam contributed to the extent and/or duration of the flooding. In January 2006, the Authority paid approximately \$680,000 in settlement of the majority of these claims. In January 2008, the Authority paid approximately \$707,500 to resolve the remaining claims. With regard to these claims, it was expected that the Authority's primary liability insurer would cover all damages incurred by the Authority. In March 2005, however, the insurance company filed an action seeking to limit its obligations under the insurance policies issued to the Authority. This action was filed by the insurance company in response to the Authority demand for coverage and indemnity with regard to the claims discussed in this paragraph. The Authority's position is that the insurance company remains responsible for the flooding claims.

The Authority is also the defendant in another case which involved approximately 50 landowners from flooding which occurred in the 1990s. The individuals are claiming a constitutional taking due to flooding. Until further discovery is completed, the potential exposure related to this case, if any, cannot be predicted by management of the Authority.

In November, 2008, the Authority was sued by over 300 claimants for flooding damages which allegedly occurred in 2007 and were allegedly caused by the operation of the Authority's Pensacola Dam or for which the operation of the Pensacola Dam contributed to the extent and/or duration of the flooding. The claimants are seeking in excess of \$40 million in damages. Preliminary expert studies indicate that there was little, if any "backwater effect" thereby minimizing the damages for which the Authority may be found responsible. These claims have been presented to GRDA's insurers for coverage.

The Authority is also engaged in various other litigation matters incidental to the conduct of its business, the ultimate outcome of which cannot be predicted by management of the Authority and the Authority's legal counsel.

10. FLYASH LANDFILL CLOSURE AND POSTCLOSURE COSTS

The Authority maintains a flyash landfill in Chouteau, Oklahoma. The Authority accounts for this flyash landfill in accordance with GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*.

State Regulations will require the Authority to place a final cover on the flyash site when it discontinues its depositing of flyash and to perform certain maintenance and monitoring functions at the site for eight years after closure. Although closure costs occur as the landfill is used, and in a manner consistent with the closure plan, postclosure costs will be paid near or after the date of discontinuance of use of the landfill. Statement No. 18 requires proprietary funds to report a portion of these costs as an operating expense in each period based on capacity and utilization. The amount recorded as a liability for the closure and postclosure costs at December 31, 2008 and 2007, was \$1,150,400 and \$1,116,127, respectively, which represents 78% and 77% of the total estimated closure and postclosure costs. There was an increase in the liability from 2007 to 2008 of \$34,273. The Authority will recognize the remaining estimated cost of closure and postclosure care of approximately \$330,000 as the remaining estimated capacity is filled. These estimated closure amounts are based on what it would cost to perform all closure and post closure care in 2008. Actual costs may be higher due to inflation, changes in technology, or changes in regulation.

This flyash landfill has a total capacity of 7,449,987 cubic yards in which 3,760,765 cubic yards have been used through December 31, 2008. The remaining useful life at December 31, 2008, was approximately 45 years.

11. RISK MANAGEMENT

The Authority is exposed to a variety of losses and has purchased commercial insurance to cover these risks, subject to various coverage limits and exclusions. Resolution No. 4800 requires that, in each case where it is obtainable and at a reasonable rate and terms, facilities be insured, liability insurance be maintained, and officers and employees be bonded.

In general, property coverage, such as aircraft, auto, equipment, watercraft, boiler and machinery, flooding, earthquake, hazardous material cleanup, expediting, etc. is purchased through the State of Oklahoma. Workers' compensation insurance is also purchased from CompSource Oklahoma, the State's insurance fund. The Authority has also insured for director and officer liability through the State of Oklahoma. Additional coverage is purchased from private carriers for general, excess public, and umbrella liability, bonding, and contractors' equipment. The Authority added endorsements for certified "acts of terrorism" as defined in the Federal Terrorism Risk Insurance Act of 2002 to the general liability and excess public liability policies. Settled claims resulting from the identified risks, except for the flooding litigation discussed in Note 9, have not exceeded commercial insurance coverage in any of the past three years.

The Authority enters into contracts to buy, sell and exchange electric power with other energy companies. At December 31, 2008 and 2007, the Authority's asset or liability related to these contracts approximated (\$3,292) and \$2,104,128, respectively, and is included in accounts receivable or accounts payable and accrued expenses in the accompanying Statements of Net Assets. These contracts are derivative instruments, which are accounted for as a normal purchase.

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. Concentration of revenues from a single external customer also increases credit and market concentration risks. The Authority had one customer in 2008 and two customers in 2007 that accounted for 10% or more of the Authority's operating revenues for the year. Sales to the City of Coffeyville totaled \$30.9 million for 2007. Sales to Northeast Electric Cooperative totaled \$30.1 million and \$29.8 million for 2008 and 2007, respectively.

12. FAIR VALUE INFORMATION

The following disclosure of the estimated fair value of financial instruments is made in accordance with the requirements of SFAS No. 107, *Disclosures about Fair Value of Financial Instruments*. The estimated fair value amounts have been determined by the Authority, using available market information and appropriate valuation methodologies. However, considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Authority could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Cash and Cash Equivalents, Accounts Receivable and Accounts Payable and Accrued Liabilities — The carrying amounts of these items are a reasonable estimate of their fair value.

Investments — Investments are carried at fair value in the accompanying Statements of Net Assets based on quoted market prices for the investments, except for guaranteed investment agreements which are carried at cost as they are non-participating.

Long-Term Debt — The fair value of long-term debt is approximately \$1,021 million and \$533 million at December 31, 2008 and 2007, respectively, based on interest rates that are currently available to the Authority for issuance of debt with similar terms and remaining maturities. All bonds issued prior to 2008 and the federally taxable 2008B bonds are not redeemable prior to their stated maturities. The 2008A series bonds maturing on and after June 1, 2019 are subject to redemption prior to the maturity at the option of the Authority on or after June 1, 2018.

The fair value estimates presented herein are based on pertinent information available to management as of December 31, 2008 and 2007. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since that date, and current estimates of fair value may differ significantly from the amounts presented herein.

13. FEMA GRANT REVENUE

The Authority received financial assistance from the Federal Government in the form of grants from the U.S. Department of Homeland Security for ice storm damage incurred in January and December 2007, and a tornado in May 2008. Those grants were passed through to the Authority from the Oklahoma Department of Emergency Management (OEM) and are generally conditioned upon compliance with terms and conditions of the applicable federal regulations, including the expenditure of the resources for eligible purposes. In addition, the Authority received assistance from the State of Oklahoma in the form of grants from the OEM for part of these damages. Substantially all grants are subject to financial and compliance audits by federal agencies. Any disallowance as a result of these audits could become a liability of the Authority.

Required Supplementary Information Section

GRDA 2008 Comprehensive Annual Financial Report

UNAUDITED

ACTUARIAL INFORMATION - Other Post-Employment Benefits Plan - Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
January 1, 2007	\$ -	\$ 4,280,606	\$ 4,280,606	0.00%	\$ 33,000,000	12.97%
January 1, 2008	\$ -	\$ 8,234,641	\$ 8,234,641	0.00%	\$ 33,000,000	24.95%

Funded Status and Funding Progress — As of January 1, 2008, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$8,234,641, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,234,641. The covered payroll (annual payroll of active employees covered by the plan) was \$33,000,000, and the ratio of the UAAL to the covered payroll was 24.95%. See Note 7 to Financial Statements, Retirement Plans, Postretirement, and Other Employee Benefits, for additional information about GRDA's Postemployment Healthcare Plan.

Statistical Section

GRDA 2008 Comprehensive Annual Financial Report

This statistical section of GRDA's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

Statistical information is provided for five primary categories:

Revenue Capacity - these schedules contain information to help the reader assess the Authority's most significant revenue source, electric revenues.

Debt Capacity - these schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and its ability to issue additional debt in the future.

Financial Trends - these schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.

Operating Information - these schedules contain generation and transmission data to help the reader understand how the information in the Authority's financial report relates to the services GRDA provides and the activities it performs.

Demographic and Economic Information - these schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

REVENUE CAPACITY - Largest 20 Customers by Net Revenues

2008

Customer Name	Customer Since	Customer Classification	Net Revenue Percentage
Northeast Oklahoma Electric Cooperative, Inc.	1946	Cooperative	10 %
City of Coffeyville, Kansas	1999	Municipal	9
Stillwater Utilities Authority	1987	Municipal	7
Kansas Municipal Energy Agency	2000	Off-System Firm	6
Paragould, Arkansas, Light and Water Commission	1992	Off-System Firm	6
Western Farmers Electric Cooperative	Periodic	Off-System Spot	5
Associated Electric Cooperative	Periodic	Off-System Spot	5
Oklahoma Municipal Power Authority	1986	Other Contractual Agreement/Off-System Firm	5
Claremore Public Works Authority	1946	Municipal	4
City of Poplar Bluff, Missouri	1992	Off-System Firm	4
City of Siloam Springs, Arkansas	1989	Municipal	4
Miami Public Utilities Board	1947	Municipal	3
Tahlequah Public Works Authority	1947	Municipal	3
Southwest Power Pool	Periodic	Regional Transmission Organization	3
Air Products Manufacturing Corporation	1976	Industrial	2
Sallisaw Municipal Authority	1952	Municipal	2
Solae, LLC	1987	Industrial	2
City of Pryor Creek Municipal Utility Board	1951	Municipal	2
Cushing Municipal Authority	1953	Municipal	1
Wagoner Public Works Authority	1947	Municipal	1
Net Revenues as a Percentage of Sales of Power			84 %

Nine Years Ago - 1999

Customer Name	Customer Since	Customer Classification	Net Revenue Percentage
KAMO Power	1948 to 2003	Cooperative	18 %
Northeast Oklahoma Electric Cooperative, Inc.	1946	Cooperative	8
Stillwater Utilities Authority	1987	Municipal	8
City Utilities, Springfield, Missouri	1992	Off-System Firm	5
Claremore Public Works Authority	1946	Municipal	5
Paragould, Arkansas, Light and Water Commission	1992	Off-System Firm	5
City of Siloam Springs, Arkansas	1989	Municipal	4
City of Poplar Bluff, Missouri	1992	Off-System Firm	4
City of Miami	1947	Municipal	3
WilGro Fertilizer, plant owned by Pryor Plant Chemical Co.	1987 to 2000	Industrial	3
Tahlequah Public Works Authority	1947	Municipal	3
Oklahoma Municipal Power Authority	1986	Other Contractual Agreement	3
Sallisaw Municipal Authority	1952	Municipal	2
Air Products of Oklahoma, Inc.	1976	Industrial	2
Protein Technologies, Inc., currently Solae, LLC	1987	Industrial	2
Grede Foundries, plant owned by American Castings, LLC	1994 to 2002	Industrial	2
City of Pryor Creek Municipal Utility Board	1951	Municipal	2
Wagoner Public Works Authority	1947	Municipal	2
Associated Electric Cooperative	Periodic	Off-System Spot	2
City of Stilwell	1950	Municipal	2
Net Revenues as a Percentage of Sales of Power			85 %

Source: Grand River Dam Authority

REVENUE CAPACITY - Rate History

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
ELECTRIC SERVICE RATES:										
Capacity Charges per kW:										
Wholesale - Distribution Primary	\$ 10.09	\$ 10.09	\$ 10.09	\$ 10.09	\$ 10.09	\$ 9.66	\$ 9.66	\$ 9.66	\$ 9.66	\$ 9.66
Wholesale - Transmission	9.32	9.32	9.32	9.32	9.32	8.92	8.92	8.92	8.92	8.92
Wholesale - Generation Bus	8.76	8.76	8.76	8.76	8.76	8.38	8.38	8.38	8.38	8.38
Industrial - Distribution, Schedule LGS	10.40	10.40	10.40	10.40	10.40	(LGS became effective in 2004) 9.56	9.56	9.56	9.56	9.56
Industrial - Distribution, Schedule GS	10.40	9.99	9.99	9.99	9.99	(LGS became effective in 2004) 8.83	8.83	8.83	8.83	8.83
Industrial - Distribution Primary, Schedule LGS	10.19	10.19	10.19	10.19	10.19	(Rate became effective in 2004) 0.01792	0.01792	0.01792	0.01792	0.01792
Industrial - Distribution Primary, Schedule GS	9.64	9.23	9.23	9.23	9.23	0.01792	0.01792	0.01792	0.01792	0.01792
Industrial - Transmission	9.42	9.42	9.42	9.42	9.42	0.01789	0.01789	0.01789	0.01789	0.01789
Energy Charges per kWh:										
Wholesale - Distribution Primary	0.0210	0.0210	0.0210	0.01873	0.01873	(LGS became effective in 2004) 0.01792	0.01792	0.01792	0.01792	0.01792
Wholesale - Transmission	0.0210	0.0210	0.0210	0.01873	0.01873	0.01792	0.01792	0.01792	0.01792	0.01792
Wholesale - Generation Bus	0.0210	0.0210	0.0210	0.01870	0.01870	0.01789	0.01789	0.01789	0.01789	0.01789
Industrial - Distribution, Schedule LGS	0.0210	0.0214	0.0214	0.0214	0.0214	(LGS became effective in 2004) 0.01792	0.01792	0.01792	0.01792	0.01792
Industrial - Distribution, Schedule GS	0.0214	0.0210	0.0210	0.01873	0.01873	(LGS became effective in 2004) 0.01792	0.01792	0.01792	0.01792	0.01792
Industrial - Distribution Primary, Schedule LGS	0.0210	0.0210	0.0210	0.0210	0.0210	(Rate became effective in 2004) 0.06165	0.06165	0.06165	0.06165	0.06165
Industrial - Distribution Primary, Schedule GS	0.0214	0.0210	0.0210	0.01873	0.01873	0.06165	0.06165	0.06165	0.06165	0.06165
Industrial - Transmission, Schedule LGS	0.0210	0.0210	0.0210	0.0210	0.0210					
Commercial	0.06442	0.06442	0.06442	0.06442	0.06442					
Power Cost Adjustment per kWh:										
PCA - 1st half of Year	0.00775	0.00788	0.00288	0.00271	-0.003310	-0.002540	-0.003150	0.001360	-0.004370	-0.000370
PCA - 2nd half of Year	0.00595	0.00446	0.00966	0.00176	-0.000370	-0.000210	-0.002940	0.001100	-0.002010	-0.003055
PCA - 4th Quarter (2001 only)								-0.002000		
WATER RATES: per thousand gallons										
Grand Lake	\$ 0.003	\$ 0.0150	\$ 0.0150	\$ 0.0150	\$ 0.0150	\$ 0.0150	\$ 0.0150	\$ 0.0150	\$ 0.0150	\$ 0.0150
Lake Hudson	0.003	0.0100	0.0100	0.0100	0.0100	0.0100	0.0100	0.0100	0.0100	0.0100
Fort Gibson Lake	0.003	0.0040	0.0040	0.0040	0.0040	0.0040	0.0040	0.0040	0.0040	0.0040
WR Holway Reservoir	0.003	0.0216	0.0216	0.0216	0.0216	0.0216	0.0216	0.0216	0.0216	0.0216
River Pump Station	0.003	0.0850	0.0850	0.0850	0.0800	0.0800	0.0630	0.0630	0.0630	0.0500
DOCK PERMIT RATES:										
Private Docks:										
Docks less than 1100 sq. feet:										
Base charge, including first slip	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
Per each additional slip	25.00	25.00	25.00	25.00	12.00	12.00	12.00	12.00	12.00	12.00
Docks greater than 1100 sq. feet:										
Base charge	100.00	100.00	100.00	100.00	-	-	-	-	-	-
Per square foot over 1100 sq. feet	0.06	0.06	0.06	0.06	0.045	0.045	0.045	0.045	0.045	0.045
Commercial Docks:										
Minimum charge	200.00	200.00	200.00	200.00	200.00	40.00	40.00	40.00	40.00	40.00
Per slip	25.00	25.00	25.00	25.00	25.00	-	-	-	-	-
Per square foot	0.06	0.06	0.06	0.06	0.06	0.045	0.045	0.045	0.045	0.045

Per Oklahoma Statute as well as General Bond Resolution 4800, the Authority's board of directors has the sole responsibility and authority for establishing sufficient rates.

Source: Grand River Dam Authority

DEBT CAPACITY - Debt Service Coverage

	2008	2007	2006	2005	2004
Operating Revenues	\$ 323,747,187	\$ 288,469,008	\$ 287,922,648	\$ 279,602,389	\$ 227,002,783
Over/(Under) Recovered Fuel Cost	(2,687,159)	18,434,306	(5,816,468)	(11,753,913)	(1,759,365)
Revenues Available for Debt Service	321,060,028	306,903,314	282,106,180	267,848,476	225,243,418
Operating Expenses, excluding depreciation	(193,038,490)	(161,698,734)	(181,698,016)	(164,443,402)	(121,399,149)
Other Income, excluding noncash amortizations, market adjustments, and other excluded interest	14,929,690	19,691,690	11,464,742	10,816,182	8,665,975
Other Available Funds	28,104,674	-	-	-	-
Net Revenue Available for Debt Service	\$ 171,055,902	\$ 164,896,270	\$ 111,872,906	\$ 114,221,256	\$ 112,510,244
Sinking Fund Requirements:					
Principal	71,002,500	67,223,750	63,572,082	60,137,082	57,110,833
Interest	31,642,622	28,205,822	31,908,647	35,354,402	38,216,133
Debt Service Requirements	\$ 102,645,122	\$ 95,429,572	\$ 95,480,729	\$ 95,491,484	\$ 95,326,966
Net Revenues Available for Capital Improvements and Other Purposes	\$ 68,411,780	\$ 69,466,698	\$ 16,392,177	\$ 18,729,772	\$ 17,183,278
Debt Service Coverage	1.67	1.73	1.17	1.20	1.18
Debt Service/MWh Generated	\$ 14.02	\$ 14.23	\$ 17.78	\$ 15.10	\$ 14.92

Source: Grand River Dam Authority

DEBT CAPACITY - Revenue Bonds Outstanding and Limits

	2008	2007	2006	2005	2004
Long Term Portion	\$ 930,091,340	\$ 427,306,340	\$ 496,086,340	\$ 561,131,340	\$ 622,641,340
Current Portion	72,590,000	68,780,000	65,045,000	61,510,000	58,215,000
Total Outstanding Bonds	\$ 1,002,681,340	\$ 496,086,340	\$ 561,131,340	\$ 622,641,340	\$ 680,856,340
Bond Indebtedness Limit	1,410,000,000	1,410,000,000	1,410,000,000	1,410,000,000	1,410,000,000
Bond Indebtedness Margin	407,318,660	913,913,660	848,868,660	787,358,660	729,143,660
Margin as a percentage of Limit	28.9 %	64.8 %	60.2 %	55.8 %	51.7 %
Outstanding Debt Per Capita in District	\$ 659	\$ 328	\$ 375	\$ 421	\$ 465

Source: Grand River Dam Authority

	2003	2002	2001	2000	1999
	\$ 204,221,411	\$ 187,548,040	\$ 189,751,591	\$ 200,128,108	\$ 177,553,322
	3,026,638	(6,098,153)	12,467,820	(13,469,162)	6,833,819
	207,248,049	181,449,887	202,219,411	186,658,946	184,387,141
	(109,850,235)	(104,944,294)	(101,017,937)	(114,725,060)	(90,114,624)
	9,888,845	10,159,145	11,923,741	11,952,780	13,236,801
	-	2,154,000	-	-	-
	\$ 107,286,659	\$ 88,818,738	\$ 113,125,215	\$ 83,886,666	\$ 107,509,318
	54,558,750	52,057,500	48,970,000	46,424,583	44,219,167
	40,730,791	43,830,548	46,768,872	49,128,549	51,391,301
	\$ 95,289,541	\$ 95,888,048	\$ 95,738,872	\$ 95,553,132	\$ 95,610,468
	\$ 11,997,118	\$ (7,069,310)	\$ 17,386,343	\$ (11,666,464)	\$ 11,898,850
	1.13	.93	1.18	.88	1.12
	\$ 14.72	\$ 16.32	\$ 16.14	\$ 16.01	\$ 15.54

Per Bond Resolution 4800, the Authority shall establish and collect rates, which together with other available funds, will be sufficient to make all payments pertaining to bond payments, maintenance and operations costs, and any other charges against the Authority.

The Authority's bond issuance limit of \$1,410,000,000 is established per Oklahoma statute. While long interpreted as such, 2007 legislation clarified that the limitation relates to the amount of bonds outstanding at any time.

FINANCIAL TRENDS - Net Assets and Change in Net Assets

	2008	2007	2006	2005	2004
NET ASSETS					
Assets:					
Current Assets	\$ 443,547,555	\$ 238,279,411	\$ 224,355,142	\$ 219,637,633	\$ 154,144,877
Net Utility Plant	730,162,939	413,627,666	399,876,856	399,405,266	419,973,721
Restricted Investments	206,646,566	120,151,735	120,151,735	120,151,735	150,478,282
Other Noncurrent Assets	22,723,419	7,027,004	7,693,303	8,471,461	29,026,800
Total Assets	1,403,080,479	779,085,816	752,077,036	747,666,095	753,623,680
Liabilities:					
Current Liabilities	117,860,150	98,373,459	98,694,983	89,386,090	77,221,653
Noncurrent Liabilities	952,157,405	430,618,300	494,392,661	553,650,241	608,348,181
Total Liabilities	1,070,017,555	528,991,759	593,087,644	643,036,331	685,569,834
Net Assets:					
Invested in Capital Assets - net	178,061,740	72,505,255	666,401	(80,525,056)	(90,856,753)
Restricted for:					
Debt Service	51,568,437	42,339,465	40,479,164	38,711,816	37,066,254
Construction	-	-	-	27,500,000	27,500,000
Other Special Purposes	407,705	336,863	329,290	349,132	278,130
Unrestricted	103,025,042	134,912,474	117,514,537	118,593,872	94,066,215
Total Net Assets	\$ 333,062,924	\$ 250,094,057	\$ 158,989,392	\$ 104,629,764	\$ 68,053,846

	2003	2002	2001	2000	1999
Current Assets	\$ 142,764,595	\$ 134,796,867	\$ 141,849,200	\$ 136,396,962	\$ 148,575,128
Net Utility Plant	437,415,532	456,718,653	469,665,964	474,517,150	490,328,312
Restricted Investments	152,710,431	160,575,016	(Detail for preceding years is not available. Total Noncurrent Assets below:)		
Other Noncurrent Assets	53,248,454	74,227,433	239,091,007	262,918,330	274,785,201
Total Assets	786,139,012	826,317,969	850,606,171	873,832,442	913,688,641
Current Liabilities	76,074,491	73,171,800	73,984,306	63,133,777	69,206,078
Noncurrent Liabilities	658,279,467	705,801,659	728,133,701	768,107,465	804,146,290
Total Liabilities	734,353,958	778,973,459	802,118,007	831,241,242	873,352,368
Invested in Capital Assets - net	(88,505,272)	(87,318,481)	(Detail for preceding years is not available.)		
Restricted for:					
Debt Service	35,705,638	34,540,492			
Construction	27,500,000	27,500,000			
Other Special Purposes	260,000	-			
Unrestricted	76,824,688	72,622,499			
Total Net Assets	\$ 51,785,054	\$ 47,344,510	\$ 48,488,164	\$ 42,591,200	\$ 40,336,273

	2008	2007	2006	2005	2004
CHANGE IN NET ASSETS					
Operating Revenues:					
Sales of power	\$ 316,628,436	\$ 278,464,783	\$ 276,823,553	\$ 270,165,092	\$ 211,421,154
Other operating revenues	7,118,751	10,004,225	11,099,095	9,437,297	15,581,629
Total Operating Revenues	323,747,187	288,469,008	287,922,648	279,602,389	227,002,783
Operating Expenses:					
Fuel	(98,340,950)	(75,652,926)	(65,511,589)	(61,999,460)	(56,396,019)
Depreciation	(32,644,506)	(26,270,163)	(25,905,702)	(25,542,010)	(25,575,452)
Purchased power - net	(30,339,495)	(28,974,960)	(57,142,790)	(47,980,861)	(14,646,299)
Maintenance	(22,597,687)	(21,840,687)	(24,090,585)	(15,668,193)	(21,254,173)
Operation	(21,574,439)	(19,529,286)	(18,408,195)	(18,405,394)	(15,249,434)
Administrative and general	(20,185,919)	(15,700,875)	(16,544,857)	(20,389,494)	(13,853,224)
Total Operating Expense	(225,682,996)	(187,968,897)	(207,603,718)	(189,985,412)	(146,974,601)
Operating Income	98,064,191	100,500,111	80,318,930	89,616,977	80,028,182
Other Non-Operating Revenues	21,057,910	19,823,951	12,964,864	10,265,325	8,638,542
Capital Contributions	306,926	4,927,020	-	-	-
Interest and Bond-Related Amortizations	(37,722,260)	(35,213,108)	(39,844,233)	(44,164,242)	(47,857,967)
Increase (Decrease) in Costs to Be Recovered	1,262,100	1,066,691	920,067	(19,142,142)	(24,539,965)
Net Increase (Decrease) in Net Assets	\$ 82,968,867	\$ 91,104,665	\$ 54,359,628	\$ 36,575,918	\$ 16,268,792

Source: Grand River Dam Authority

	2003	2002	2001	2000	1999
Sales of power	\$ 196,011,036	\$ 179,108,803	\$ 182,387,439	\$ 194,006,521	\$ 175,168,149
Other operating revenues	8,210,373	8,439,237	7,364,152	6,121,587	2,385,173
Total Operating Revenues	204,221,409	187,548,040	189,751,591	200,128,108	177,553,322
Fuel	(60,691,493)	(54,969,577)	53,900,186	(53,535,921)	(49,979,431)
Depreciation	(25,248,587)	(25,830,207)	(24,189,979)	(26,927,654)	(26,762,702)
Purchased power - net	(7,773,383)	(7,114,511)	(5,834,193)	(18,045,724)	(2,485,880)
Maintenance	(15,095,451)	(17,131,920)	(16,990,522)	(18,499,671)	(12,867,576)
Operation	(13,783,260)	(13,487,497)	(13,686,337)	(14,114,473)	(13,358,537)
Administrative and general	(12,506,648)	(12,240,789)	(10,606,699)	(10,529,271)	(11,423,200)
Total Operating Expense	(135,098,822)	(130,774,501)	(125,207,916)	(141,652,714)	(116,877,326)
Operating Income	69,122,587	56,773,539	64,543,675	58,475,394	60,675,996
Other Non-Operating Revenues	8,902,326	15,472,034	14,109,280	15,917,755	11,351,102
Capital Contributions	-	-	-	-	-
Interest and Bond-Related Amortizations	(51,167,623)	(54,711,526)	(57,939,496)	(61,019,385)	(63,968,138)
Increase (Decrease) in Costs to Be Recovered	(22,416,746)	(18,677,701)	(14,816,495)	(11,118,837)	(8,098,234)
Net Increase (Decrease) in Net Assets	\$ 4,440,544	\$ (1,143,654)	\$ 5,896,964	\$ 2,254,927	\$ (39,274)

FINANCIAL TRENDS - Cash and Investment Balances

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General Operating	\$ 56,055,494	\$ 56,724,276	\$ 29,516,930	\$ 58,832,974	\$ 43,420,331	\$ 47,760,394	\$ 45,882,188	\$ 61,811,533	\$ 48,692,897	\$ 70,609,917
Board Designated	27,500,000	25,000,000	22,500,000	18,000,000	13,500,000	-	-	-	-	-
Restricted for:										
Bond Service	51,568,437	42,339,465	40,479,164	38,711,816	37,066,254	35,705,638	34,540,492	33,051,850	31,639,183	30,525,098
Construction	241,949,727	29,612,591	30,882,894	34,145,383	34,693,962	42,014,530	44,868,281	27,500,000	27,500,000	27,500,000
Bond Service Reserve	141,560,060	96,121,388	96,121,388	96,121,388	96,121,388	96,121,388	96,121,388	96,121,388	96,121,388	96,121,388
Reserve and Contingency	35,390,015	24,030,347	24,030,347	24,030,347	24,030,347	24,030,347	24,030,347	24,030,347	24,030,347	24,030,347
Other Special Purposes	407,705	307,066	329,290	349,132	278,130	260,000	-	-	-	-
Total Cash and Investments	\$ 554,431,438	\$ 274,135,133	\$ 243,860,013	\$ 270,191,040	\$ 249,110,412	\$ 245,892,297	\$ 245,442,696	\$ 242,515,118	\$ 227,983,815	\$ 248,786,750

See Note to Financial Statements, Deposits and Investments for additional information about restrictions.

Source: Grand River Dam Authority

OPERATING INFORMATION

Historical Energy Resources (MWh)

Year	Run-of-River Hydro Generations	Pumped-Storage Hydro Generation	Steam Generation	Combined Cycle Gas Generation	Purchased Power	GRDA Total	Municipal SPA Allocations	Total Resources
1999	805,702	169,971	5,178,051	-	(60,580)	6,092,983	34,232	6,127,215
2000	404,508	239,824	5,323,619	-	342,445	6,310,396	27,287	6,337,683
2001	494,221	227,263	5,209,614	-	142,570	6,073,668	23,324	6,096,992
2002	417,758	279,642	5,178,284	-	229,391	6,105,075	29,361	6,134,436
2003	362,757	376,792	5,734,196	-	203,072	6,676,817	24,048	6,700,865
2004	844,100	443,913	5,099,124	-	547,293	6,934,430	37,622	6,972,052
2005	687,192	276,189	5,361,969	-	828,723	7,154,073	33,900	7,187,973
2006	140,975	199,626	5,029,856	-	1,163,942	6,534,399	17,313	6,551,712
2007	808,193	267,255	5,630,573	-	527,821	7,233,842	35,362	7,269,204
2008	1,140,029	279,154	5,612,618	239,073	343,244	7,666,513	52,395	7,666,513

Source: Grand River Dam Authority

Historical Sales by Customer Group (MWh)

Year	Municipal	Cooperative	Industrial	Other	Off-System Firm	Total Contract Sales	Off-System Spot	Total Sales
1999	1,870,840	1,230,679	808,129	190,731	759,963	4,860,342	741,169	5,601,511
2000	2,218,679	954,320	675,897	161,490	1,275,929	5,286,314	403,614	5,689,928
2001	2,434,449	657,999	600,223	168,304	1,426,534	5,287,510	327,908	5,615,418
2002	2,522,446	510,416	520,369	169,838	1,440,934	5,164,003	412,178	5,576,181
2003	2,747,333	484,946	531,136	171,755	1,593,488	5,528,658	476,615	6,005,273
2004	2,850,359	443,742	593,349	170,278	1,622,823	5,680,551	484,467	6,165,018
2005	3,140,142	555,078	638,268	155,001	1,866,390	6,354,879	346,451	6,701,330
2006	2,990,548	583,181	650,148	141,144	1,642,752	6,007,773	90,254	6,098,027
2007	3,068,267	587,543	668,840	176,206	1,625,919	6,126,775	547,964	6,674,739
2008	3,047,991	605,556	686,806	181,709	1,660,683	6,182,745	864,608	7,047,353

Source: Grand River Dam Authority

OPERATING INFORMATION - Energy Resources, Sales, and Availability History

Major Employers in Communities Served by GRDA

Employer	Location	Type	Statewide Employment
State of Oklahoma	Statewide	Government	37,000
Wal-Mart	Statewide	Retail/Distribution Center	33,000
Oklahoma State University	Stillwater	Education	12,000
Cherokee Nation of Oklahoma	Tahlequah, Stilwell, Others	Services	5,900
Lowe's Home Centers	Statewide	Retail	3,500
Dollar General Stores	Statewide	Retail	2,600
Walgreen Company	Statewide	Retail	2,600
McDonald's Restaurants of Oklahoma	Statewide	Food	2,500
Mazzio's Corporation	Statewide	Food	2,300
Reasor's Discount Foods	Statewide	Food	2,000

Source: Compiled from www.okcommerce.gov - Oklahoma Department of Commerce Information for previous nine years is not available. Additionally, total community employment is unavailable so percentage of employer to total employment cannot be calculated.

Number of Full-time Employees

GRDA Facility	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Thermal Generation	211	210	217	210	215	207	203	205	210	215
Hydroelectric Generation	41	43	43	44	43	43	44	42	38	37
Transmission and Engineering	105	102	101	91	88	97	95	92	90	90
Energy Control and Operations	28	30	25	22	23	17	16	17	16	17
Information Technology	34	29	32	31	30	12	10	11	9	10
Ecosystems and Lake Patrol	17	16	16	17	11	12	13	13	13	13
Other Administrative	60	56	54	51	51	59	59	58	57	55
Total Employees by Function	496	486	488	466	461	447	440	438	433	437

Source: Grand River Dam Authority

MISCELLANEOUS OPERATING INFORMATION

Nature of Capital Assets

Generating Facilities	Location	Rated Capability	Generating Fuel	Date of Commercial Operations
Pensacola Project,				
Grand Lake O' the Cherokees:				
Pensacola Dam Units 1, 2, 3, 4, 5 and 6	Langley, OK	126 MW	Hydro	1941
Markham Ferry Project,				
Lake Hudson:				
Robert S. Kerr Dam Units 1, 2, 3 and 4	Locust Grove, OK	114 MW	Hydro	1964
Salina Pumped Storage Project,				
W. R. Holway Reservoir:				
Salina Units 1, 2 and 3	Salina, OK	130 MW	Hydro	1968
Salina Units 4, 5 and 6	Salina, OK	130 MW	Hydro	1971
Coal-Fired Complex:				
GRDA Unit 1	Chouteau, OK	490 MW	Thermal	1982
GRDA Unit 2 (GRDA's 62%)	Chouteau, OK	322 MW	Thermal	1985
Combined Cycle Gas:				
Redbud Power Plant (GRDA's 36%)	Luther, OK	443 MW	Gas	Purchased 2008

Other Facilities	Location
Administration Headquarters	Vinita, OK
Energy Control Center	Locust Grove, OK
Lake Patrol Headquarters	Langley, OK
Cushing Field Office	Cushing, OK
Transmission Distribution and Engineering Headquarters	Pryor, OK
Satellite Office	Oklahoma City, OK

Transmission Interconnections

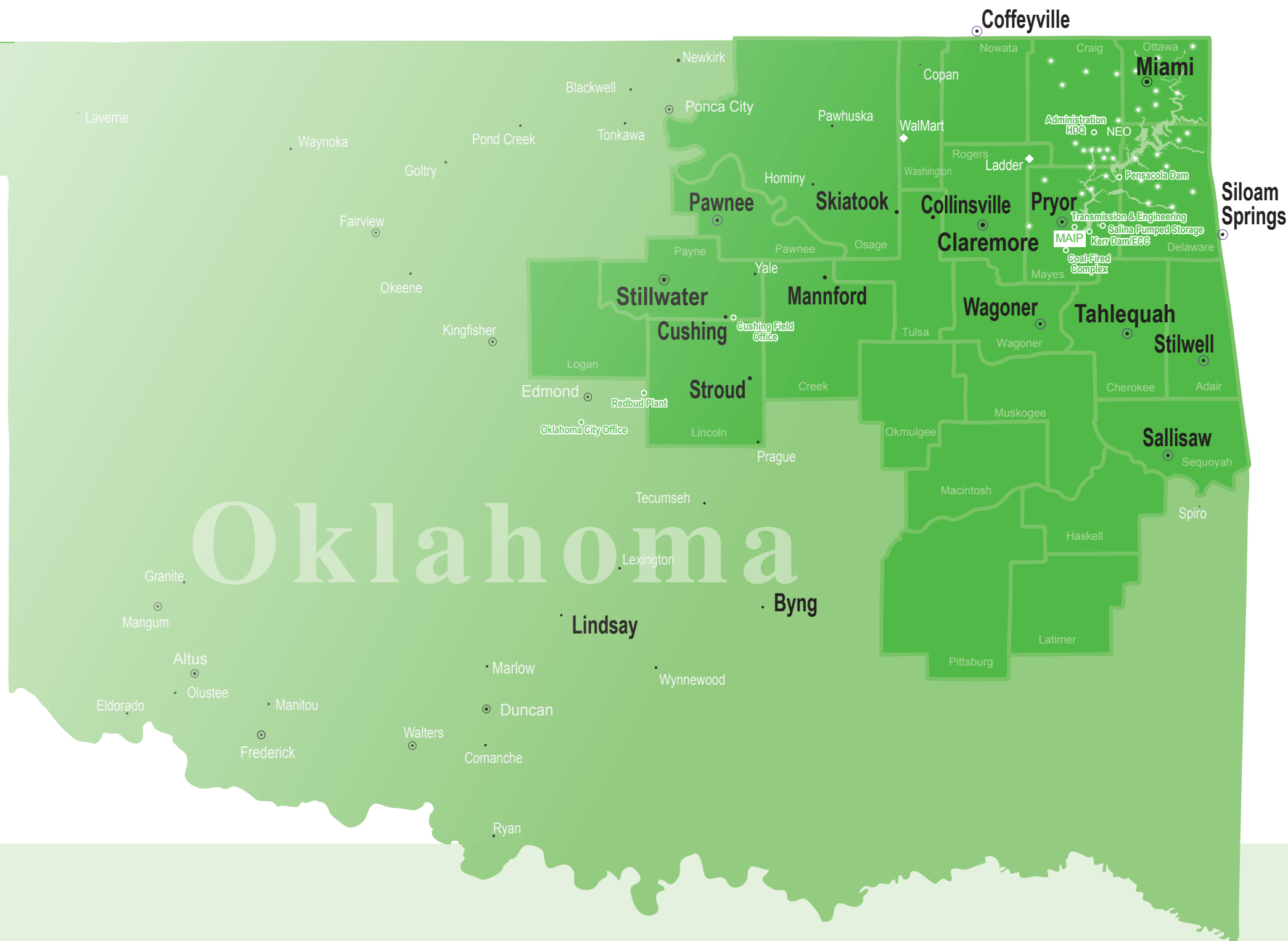
- American Electric Power (AEP)
- Associated Electric Cooperative Company (AECl)
- Empire District Electric Company (Empire)
- KAMO Power (KAMO)
- OG&E Electric Services (OG&E)
- Southwestern Power Administration (SWPA)
- Western Farmers Electric Cooperative (WFEC)

Regional Transmission Organization

- Southwest Power Pool (SPP)

Map of Customers and GRDA Facilities

Municipal Customers - Served by GRDA in BLACK lettering; many served since 1940s.
 Northeast Electric Cooperative - Represented by WHITE STAR BURST, served since 1946.
 Industrial Customers - Majority located in MidAmerica Industrial Park (MAIP)
 Oklahoma Municipal Power Authority customers in WHITE lettering; served since 1985.
 Other Public Power Partners - (Not shown) KMEA; Paragould, AR; Poplar Bluff, MO; Springfield, MO.
 GRDA Facilities - Shown in GREEN lettering with WHITE outline.



See Note to Financial Statements, Utility Plant for additional information capital assets.

DEMOGRAPHIC AND ECONOMIC INDICATORS

State of Oklahoma Demographics

Year	Population	Unemployment Rate	Per Capita Income	Total** Personal Income
1999	3,358,000	3.4 %	\$ 22,953	*
2000	3,450,654	3.0 %	\$ 24,407	\$ 84,310,444
2001	3,460,100	3.8 %	\$ 26,015	\$ 90,160,848
2002	3,493,700	4.3 %	\$ 25,861	\$ 90,177,804
2003	3,511,500	6.0 %	\$ 26,417	\$ 92,599,241
2004	3,523,500	4.2 %	\$ 28,370	\$100,026,970
2005	3,543,442	4.4 %	\$ 29,908	\$106,118,631
2006	3,579,212	4.0 %	\$ 32,210	\$115,959,812
2007	3,617,000	4.3 %	\$ 34,153	\$123,541,111
2008	3,642,361	3.8 %	\$ 36,899	\$134,399,865

Source: Oklahoma Department of Commerce. *Data unavailable. ** In Thousands

Population Change: 1990 - 2008

	Ranking 2000-2008	Growth % 1990 to 2000	Growth % 2000 to 2008	Growth % 1990 to 2008	Population 2008	Population 2000	Population 1990
Wagoner County	2	20.1 %	19.9 %	44.0 %	68,960	57,491	47,883
Rogers County	3	28.0 %	19.3 %	52.8 %	84,300	70,638	55,170
Payne County	6	10.9 %	14.8 %	27.3 %	78,280	68,190	61,507
Logan County	8	16.9 %	12.3 %	31.3 %	38,102	33,924	29,011
Delaware County	11	32.1 %	9.0 %	44.0 %	40,425	37,077	28,070
Cherokee County	12	24.9 %	7.6 %	34.3 %	45,733	42,521	34,049
Sequoyah County	19	15.2 %	5.3 %	21.3 %	41,034	38,972	33,828
Tulsa County	22	11.9 %	5.1 %	17.6 %	591,982	563,301	503,341
Mayes County	23	15.0 %	4.0 %	19.6 %	39,912	38,369	33,366
Adair County	24	14.2 %	3.7 %	18.4 %	21,811	21,038	18,421
Creek County	26	10.6 %	3.6 %	14.6 %	69,822	67,369	60,915
Haskell County	28	7.8 %	3.1 %	11.1 %	12,152	11,792	10,940
Washington County	29	1.9 %	3.0 %	5.0 %	50,452	48,996	48,066
Muskogee County	31	2.0 %	2.6 %	4.7 %	71,278	69,451	68,078
Pittsburg County	32	8.3 %	2.6 %	11.2 %	45,115	43,953	40,581
Osage County	33	6.7 %	2.4 %	9.2 %	45,489	44,434	41,645
Nowata County	35	5.8 %	1.5 %	7.4 %	10,729	10,569	9,992
Craig County	36	6.0 %	1.3 %	7.3 %	15,132	14,950	14,104
McIntosh County	38	16.0 %	1.2 %	17.4 %	19,698	19,456	16,779
Lincoln County	44	9.8 %	0.2 %	10.1 %	32,153	32,080	29,216
Latimer County	47	3.5 %	-1.2 %	2.2 %	10,561	10,692	10,333
Okmulgee County	48	8.8 %	-1.2 %	7.5 %	39,219	39,685	36,490
Pawnee County	49	6.7 %	-1.8 %	4.7 %	16,307	16,612	15,575
Ottawa County	59	8.6 %	-4.0 %	4.2 %	31,849	33,194	30,561
Total for GRDA 24 County District		12.3 %	4.8 %	19.0 %	1,520,495	1,434,754	1,277,921
Total for all of Oklahoma's 77 Counties		9.7 %	5.6 %	15.8 %	3,617,316	3,450,654	3,145,585

Sources: Public Law 94-171 - U.S. Bureau of the Census, Oklahoma State Data Center, www.okcommerce.gov - Oklahoma Department of Commerce

We're a Grade "A" Utility...



Robert S. Kerr Dam and Energy Control Center, Locust Grove, OK



Salina Pumped Storage Project, Salina, OK



Transmission & Engineering Headquarters, Pryor, OK



Redbud Plant, Luther, OK



Coal-Fired Complex, Chouteau, OK



Pensacola Dam, Langley, OK



226 W Dwain Willis Avenue
PO Box 409 Vinita OK
74301-0409
www.grda.com
918-256-5545