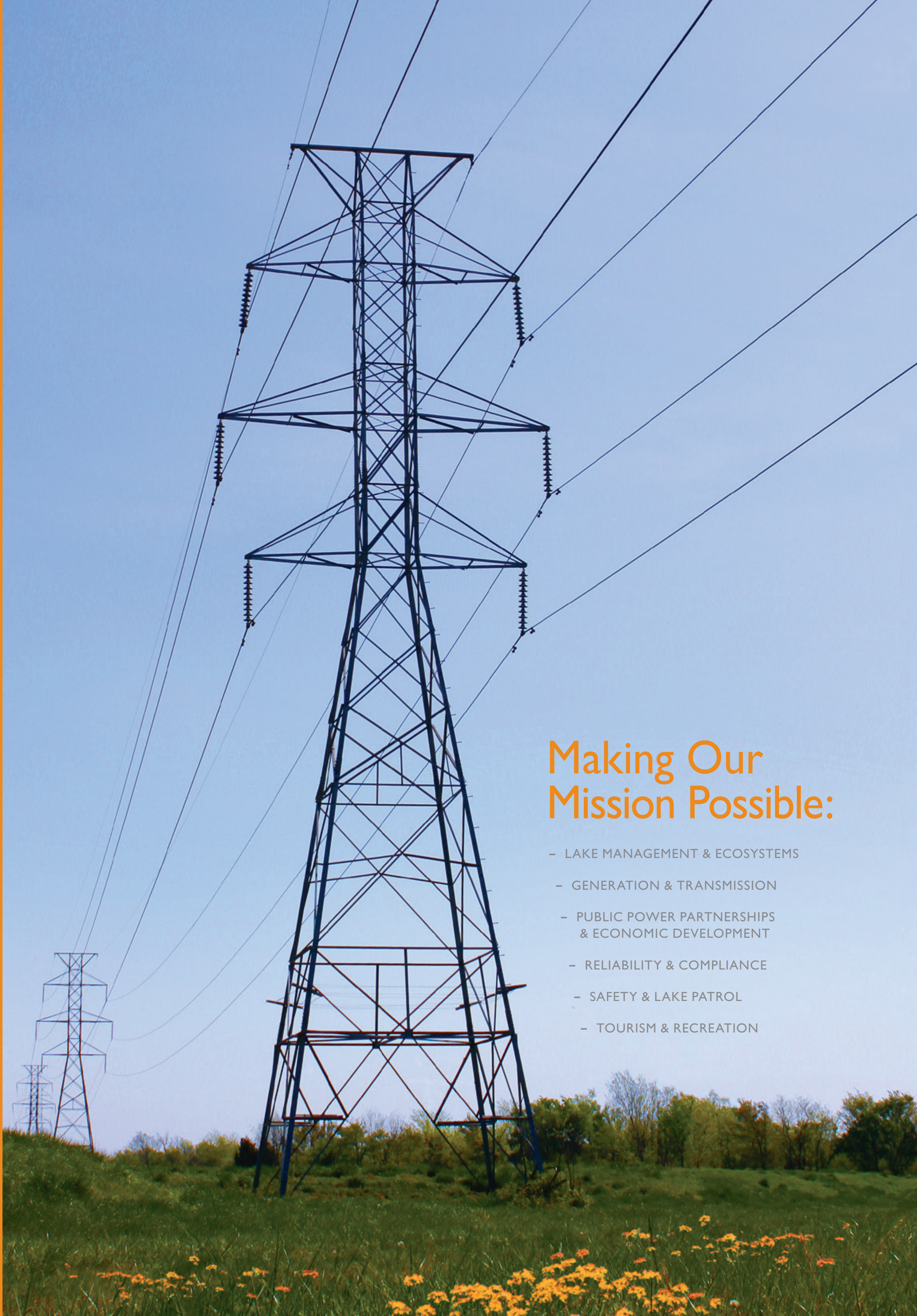
GRAND RIVER DAM AUTHORITY, A component unit of the state of Oklahoma, COMPREHENSIVE ANNUAL FINANCIAL REPORT for the Year Ended December 31, 2009



Making Our Mission Possible:

- LAKE MANAGEMENT & ECOSYSTEMS
- GENERATION & TRANSMISSION
- PUBLIC POWER PARTNERSHIPS & ECONOMIC DEVELOPMENT
- RELIABILITY & COMPLIANCE
- SAFETY & LAKE PATROL
- TOURISM & RECREATION

GRDA Mission Statement

Our mission is to **provide low-cost, reliable electric power** and related **services to our customers** and to be responsive to the **interests** and **concerns of public power users**, the communities we affect, and the people of the state of Oklahoma.

We pledge to assist in area **economic development** and **help our customers adapt to changes** in their business environments, as well as making certain that on and around our lakes we will support **recreational development**, **environmental awareness**, and **good safety practices** to ensure the continued improvement of the quality of life for all of those who utilize our resources.

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GRAND RIVER DAM AUTHORITY

A COMPONENT UNIT OF THE

STATE OF OKLAHOMA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2009

Prepared by GRDA's Finance and

Corporate Communications Departments.

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INTRODUCTORY SECTION

GRDA 2009 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Grand River Dam Authority

April 9, 2010

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, 2009. 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.

The following pages illustrate how the Authority, together with our customers and other partners, has succeeded in making GRDA's mission possible.

Of course, at this mission's core are low-cost electricity rates and financial stability. The pages of this report will demonstrate how the Authority has met that mission through cost-savings measures that have impacted our overall financial picture. Recent efforts to purchase refurbished equipment, reduce legal fees and reorganize departments while meeting increasing federal mandates are a few examples of sustainable cost-reduction efforts that help the Authority meet its mission.

These initiatives, combined with strong leadership, solid customer relationships and a firm history rooted in 75 years of service to Oklahoma, are what allows GRDA employees to meet its mission every day. They are also the reasons we are ready to meet the mission for decades to come.

Sincerely,

Kevin A. Easley
Chief Executive Officer/Director of Investments

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LAKE MANAGEMENT & ECOSYSTEMS

From its inception in 1935, stewardship responsibilities have been part of the greater GRDA mission. Today, that responsibility includes management of nearly 70,000 surface acres of water and hundreds of miles of shoreline that is home not only to thousands of residents, but also to waterfowl and wildlife. In 2009, GRDA took a historic step in its efforts to fulfill its mission when it completed construction of the new GRDA Ecosystems and Education Center. Located on the shores of Grand Lake, the new facility is the central location for all the Authority's lake management responsibilities and programs. In 2009, that included efforts like the Rush For Brush habitat enhancement program, water quality research, dock compliance and shoreline management planning.

IS it possible to provide low-cost, reliable power, be responsive to customer needs and help improve quality of life across your service area?

The Grand River Dam Authority thinks so. And everyday, the GRDA workforce, with support from customers and the people of Oklahoma, works to complete this mission.

During 2009, GRDA proved this multi-faceted mission was possible as it provided electricity, supported economic development and maintained proper stewardship of the natural resources under its control. At the same time, GRDA also planned ways to complete the mission in the years ahead.

Of course, while electricity generation, economic development and ecosystems management are the pillars of our mission, beneficial partnerships with customers and neighbors comprise the foundation for the whole organization. Through the pages of this 2009 GRDA Annual Report, we will take a closer look at all these areas and how it was "Mission: Possible" for the Authority in 2009.

2009 ACCOMPLISHMENTS

Making The Mission Possible

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.

To maintain compliance with its hydroelectric project licenses, while completing its mission as a good steward of the resources under its control, GRDA is responsible for the management of Grand Lake, Lake Hudson, and W.R. Holway Reservoir's combined 70,000 surface acres of lake waters in Oklahoma.

In recent years, and throughout 2009, GRDA continued to increase its focus on all efforts that serve to improve the ecosystems and wildlife habitat, promote stewardship, provide for safe public access and protect against unauthorized use of public lands.

GRDA's initiatives to complete this mission include:

- GIS identification and inventory of lake assets
- Ecosystems habitat evaluation and enhancement
- Encroachment enforcement
- Water quality monitoring and testing for metals, nutrients, dissolved oxygen and invasive species
- Revision of all lake-related permitting procedures
- Dilapidated dock removal and shoreline cleanup
- Meeting FERC licensing requirements
- Numerous plans for vegetation and shoreline management and fisheries

All of these initiatives help GRDA to protect a valuable water asset that thousands of Oklahomans depend on for both quality of life and sources of income.

GRDA carries out all these responsibilities to meet its original charge to be a "conservation and reclamation district" for the Grand River. While many of these activities are behind the scenes, GRDA also combines good stewardship measures with public outreach programs:

- GRDA began construction of the new Ecosystems & Education Center, located on the shores of Grand Lake by Pensacola Dam, in September 2008. Now completed, the 16,000-square-foot structure is home to a state-of-the-art water quality laboratory, visitor center, and GRDA's lake-related permitting offices. Most importantly, the building enhances the Authority's lake management presence, while reinforcing its efforts to protect resources under its control.

  Key features of the water quality laboratory include a raw lake water inlet that will support on-site flow through studies, sample processing area, cold storage facilities and conference space for lectures and public educational programs on Grand Lake's watershed. A long-term cooperative partnership exists between GRDA and the University of Oklahoma and Oklahoma State University, and the relationships will expand through utilization of the facility. The lab will support research activities within the Grand Lake watershed and will increase the synergism among GRDA, resource agencies, university staff, faculty and students. The proximity to Grand Lake will facilitate field trips for students enrolled in various natural resource classes. Enhancing public awareness and promoting sound conservation and restoration practices throughout the watershed is vital to the protection of GRDA's water--a resource that will be even more valuable in the future.

- The innovative GRDA "Rush for Brush" workshops continue annually. These events bring together hundreds of lake area volunteers, all with an interest in improving the fisheries habitats in GRDA's Grand and Hudson Lakes. With assistance and materials supplied by the GRDA Ecosystems Department, the volunteers build artificial "spider block" fish habitats before placing them at various locations in the lakes. Participation in the program has grown steadily each year since its inception, making "Rush for Brush" one of GRDA's most successful public outreach programs.

- 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. Like "Rush for Brush" this program has also grown in popularity each year. It allows for positive interaction between the GRDA Lake Patrol and boaters, while also promoting safe boating.

- 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 in 2008 and 2009. 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, the property acquisitions also eliminate uncertainty surrounding exposure to future flood-related lawsuits.

Stabilizing Revenue Streams

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.

For almost 75 years, GRDA has served Oklahoma proudly. Initiatives over the last few years focused on better positioning the organization to make the right decisions to improve the future 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. As further mitigation, GRDA instituted a program to acquire flood prone land in Ottawa County. Approximately 3,000 acres were purchased during 2009.

In 2008, after tackling the more immediate challenges, 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. GRDA knew from the beginning that additional generation and transmission were key components to achieving its overall goals.

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 gas plant. As discussed in greater detail in Note 1 to the financial state-

GENERATION & TRANSMISSION

The mission of providing low-cost reliable electricity begins in the powerhouse, extends across the transmission system and ends with a flip of the switch. And throughout GRDA's history, that mission has not changed. So in 2009, it still meant 24/7 generation and 24/7 transmission. It was a year of abundant hydroelectric production, meaning GRDA was able to utilize all its renewable generation resources. It was also a year of solid production at the GRDA Coal Fired Complex. And across the system, upgraded substations and the construction of new power lines reinforced GRDA's ability to achieve its primary mission: providing the electricity that powers Oklahoma.

PUBLIC POWER PARTNERSHIPS & ECONOMIC DEVELOPMENT

GRDA has been connected to the Oklahoma public power mission since its first customers received their first megawatts of electricity from Pensacola Dam in the 1940s. In the decades since, the benefits of that mission have been embraced and enhanced on both ends of the power line. Partnership and communication continue to define that mission for GRDA. In 2009, at events like the annual GRDA Customer Conference and board of directors meetings, the Authority was able to deliver information to customers as reliably as it delivers electricity. Open communication, beneficial partnerships and long-standing relationships remain as important to public power as megawatts and substations. And where all these things exist, economic development is never far behind. Planning, communication, reliability and partnership continue to lead towards development and growth in the GRDA service area.

ments, 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. It also provides diversity to GRDA's low-cost hydroelectric and coal portfolio.

In 2009, GRDA enjoyed the benefits of hard work—hard work that had positioned the Authority so it could successfully complete its mission even during an economically troubled time. These recent 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.

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 boasts 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

Look 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 a standard, long-term contract with a term 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, Kansas 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. As mentioned in the Notes to the Financial Statements, sales to Coffeyville accounted for more than ten percent of GRDA's annual power sales in 2009.

The city of Stillwater is GRDA's second-largest municipal customer. Major employers for the city include Oklahoma State University, the Stillwater Medical Center, Wal-Mart, Stillwater Public Schools, and Stillwater National Bank. With a population of approximately 47,000, 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 and Economic Development Authority, is home to many of the city's largest manufacturers, including Baker Hughes/Centrilift, AXH Air Coolers. Other large employers include Claremore Regional Hospital, Claremore Indian Hospital, Rogers State University, Claremore Public Schools 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.

Since the mid 1990s, deliveries to OMPA were pursuant to a 25-MW, unit-contingent, out-put contract based on the production from Unit 2 at the Coal-Fired Complex. GRDA and OMPA signed a second contract for another 25 MW of firm power and electricity in 2008, and amended it in 2009 to phase in an additional 25 MW. 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.

Additionally, for decades, GRDA and Western Farmers Electric Cooperative and its 19 member distribution cooperatives and Altus Airforce base have counted on each other for reliability. Through a long-standing interconnection agreement, SPP grandfathered bi-lateral transmission rights, and a banking arrangement, GRDA and Western Farmers have mutually relied on each other, especially during times of plant outages. In today's energy markets, banking transactions have been replaced to a great extent with short-term energy purchases and sales. In the past two years, spot sales from GRDA to Western Farmers have accounted for almost 5% of power sales revenues. GRDA and Western Farmers signed an amendment during late 2009 which will improve generation and supply planning for both systems. Beginning in January 2010, the deliveries to Western Farmers and its member cooperative communities will be on a firm scheduled basis.

The expanded relationships with OMPA and Western Farmers reinforce the GRDA mission that benefits Oklahomans across the state.

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. Pryor Plant Chemicals purchased and reopened a large liquid fertilizer plant prior to year end. Orchid Paper Products began construction during 2009 of additional space, which will double their warehouse size. The expansion will consolidate their entire Oklahoma operations within the industrial park.

GRDA's Transmission and Engineering Headquarters and the Coal-Fired Complex are located on the park's perimeter, 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 plentiful water from GRDA reservoirs 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.

Mitigating Exposure, Capturing Diversity

Since 1992, GRDA has maintained 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

RELIABILITY & COMPLIANCE

They are two words that were part of all GRDA planning and preparations in 2009: Reliability and Compliance. After all, when an organization's chief mission is to keep electric power flowing to customers 24/7, reliability must be achieved. At the same time, when that organization operates within an industry that is so vital to the daily function of all other industries, compliance must also be achieved. There is no room for compromise with the mission. During 2009, GRDA, like other electric utilities across the country, began to implement new compliance measures handed down by federal oversight organizations like the North American Electric Reliability Corporation (NERC) and the Federal Energy Regulatory Commission (FERC). During 2009, to insure that power is always delivered reliably, GRDA upgraded substation equipment, rebuilt power lines, and continued training for all employees involved in these efforts. Meanwhile, the Authority took its place at the table when organizations like the Southwest Power Pool and American Public Power Association met to discuss reliability and compliance issues.

TOURISM & RECREATION

Pensacola Dam's concrete was barely dry in October of 1940 when the signs of GRDA's positive impact on tourism and recreation began to show. With the dam's construction complete, and the new Grand Lake O' The Cherokees nearly full, a steady stream of visitors began to arrive. Today, seven decades later, they still come experience the benefits of the Authority's successful mission to put natural resources to work for Oklahoma. Recreational opportunities abound in and around the 70,000 surface acres of lakes managed by GRDA and that is good news for area businesses. At the same time, free tours of Pensacola Dam, originating from the new GRDA Ecosystems and Education Center (completed in 2009), allow tourists to get an up-close look at how GRDA fulfills its mission every day.

Municipal Energy Agency (KMEA); Paragould, Arkansas; Poplar Bluff, Missouri; Carthage, Missouri; and Springfield, Missouri, which provided 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. With the expansion of the wholesale energy markets, GRDA's generation is frequently dispatched because of its low heat rate and competitively priced output. As a result, Southwest Power Pool (SPP) has also become a significant energy customer. Those are key reasons why GRDA actively participates in committees of the SPP where rules for new transmission and energy markets are formed. SPP is a Regional Transmission Organization (RTO), one of eight regional entities of North American Electric Reliability Cooperation (NERC) mandated by the Federal Energy Regulatory Commission (FERC) to ensure reliable supplies of power, adequate transmission infrastructure, and competitive wholesale prices of electricity.

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 and executive committee of the American Public Power Association, where he discusses best practices with public utility peers.

GRDA's seat at the SPP rulemaking table translates into greater influence in helping to shape the future of electric transmission in Oklahoma. 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.

That understanding has translated into the creation of a new, high-profile Compliance Department which reports directly to the CEO and has direct access to the Board of Directors through the chairman of the Policy Committee. The department's sole focus is to comply with ever-changing and technologically complex NERC and FERC requirements.

INTERNAL CONTROL FRAMEWORK AND BUDGETARY CONTROLS

Communicating High Expectations

GRDA management is responsible for the establishment and maintenance of internal controls and takes that responsibility seriously. Even though public power utilities are not subject to the requirements of the Sarbanes-Oxley Act of 2002, the GRDA 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 insure 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 objectives will be achieved and the resources will be protected. GRDA directors also reinforced the importance of sound business practices by personally participating in ethics training. Two board committees, Policies and Procedures Committee and 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 business is conducted in a transparent environment. The GRDA 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 continued GRDA successes.

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.

While the focus in 2008 was on becoming more efficient, during 2009 the goals expanded to safety and compliance. While always a priority, management has recently reaffirmed the need to work safely. Workplace injuries are costly both for the employees and the employers. Another goal of the emphasis on safety is to reverse the trend of rising workers compensation insurance. The Coal-Fired Complex Safety Coordinator's role has been expanded to cover all employees and locations. A renewed emphasis on training and prevention is underway.

Meanwhile, the well-being of the Authority workforce is also a priority. In 2009, GRDA initiated a walking program among employees at all facilities, that was embraced by many and inspired healthy competition. The Authority is also an active participant in the state's wellness program for all state employees. Together, these efforts help to address the issues related to an aging workforce and promote overall healthy lifestyles for all employees.

Maintaining Accountability

GRDA's control structure also has several layers of oversight. The first level comes from Title 82, Section 866, of Oklahoma statutes. An 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 Oklahoma Governor, State Treasurer, Oklahoma Department of Libraries, Oklahoma 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. 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 mature on June 1, 2010.

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

SAFETY & LAKE PATROL

On the waters of its lakes, around its generating facilities and stretching all across its transmission and delivery assets in Oklahoma; in other words, at every place within the GRDA system. GRDA's daily mission is not complete unless safety is maintained and therefore, in all these areas, safety is promoted, planned for and expected. In 2009, GRDA consolidated its safety awareness campaigns for all facilities to remind employees that, no matter where your daily mission takes you within GRDA, safety must go along. At the same time, the Authority continued to reach out to the public with a safety message. This is always most prominent on the lakes and is always the foundation of the GRDA Lake Patrol's mission. In 2009, GRDA offered free boater safety education classes, performed free safe boat inspections and continued to patrol the waters of Oklahoma's premier recreational playground to insure safe outings.

bonds were wrapped around the previously existing debt in order to mitigate the impact on 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.

During 2009, GRDA utilized additional construction fund proceeds from the 2008 bond issue for several capital projects. An upgrade to Kerr Dam provided an additional three megawatts of capacity during 2009. Upgrades on the remaining three generator units will also increase capacity. In addition, several lines and substations are under construction as GRDA reinforces the transmission system to meet customer needs. GRDA is in the process of requesting proposals for a financing team to look at the best way to fund capital asset requirements through the year 2012. It is currently anticipated that a late 2010/early 2011 bond issue would not exceed $200 million in size. Approval is required from the Oklahoma State Bond Advisor's office before GRDA can issue any bonds.

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, 2009, 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, 2008. This was the ninth 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.

To the family of Director Gerald "Buck" Gay, we also extend sincere respect. As a member of the audit committee, Director Gay played an instrumental role in the improvement of GRDA's financial situation over the past few years. He pushed us to be better, expected nothing short of dedication and professionalism, while supporting and encouraging us throughout the process. Mr. Gay passed away recently after a battle with cancer, but the values he demonstrated by leading through example remain. His belief in improving our communities by personal service is a core fundamental of public power.

We also say goodbye to our co-workers who are retiring. You made the mission possible—a mission that serves Oklahoma 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.

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, 2008

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FINANCIAL SECTION

GRDA 2009 COMPREHENSIVE ANNUAL FINANCIAL REPORT

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Grand River Dam Authority:

We have audited the accompanying basic financial statements listed in the table of contents of the Grand River Dam Authority (the "Authority"), a component unit of the State of Oklahoma, as of and for the years ended December 31, 2009 and 2008. 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, 2009 and 2008, 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 18 through 25 and the Required Supplementary Information on page 47 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, 2010

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, 2009, 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 next five years, the Authority 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 and off-system firm 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. GRDA utilized $309 million of the 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. The financial impacts of bond issue and generation plant purchase in 2008 were noticeably reflected in the Statement of Net Assets.

In 2009, the financial impacts of those transactions appear more readily in the Statements of Changes in Net Assets. Although Purchased Power decreased by 75% in 2009 after the purchase of the Redbud Power Plant, expenses for Fuel, Depreciation, Operations, Maintenance, and Interest increased. Financial and load forecasts had indicated customer growth and increased demand for electricity would provide the additional revenues to cover the incremental expenses of the new generation and transmission assets. However, the recent recession and corresponding economic conditions prevented that growth from materializing. Revenues from sales of power decreased 2.2% during 2009. After meeting with customers in April and again in October, and in order to maintain the financial health which has been achieved over the past few years, the GRDA Board announced a base rate increase averaging 11.95% effective January 1, 2010.

Net Assets

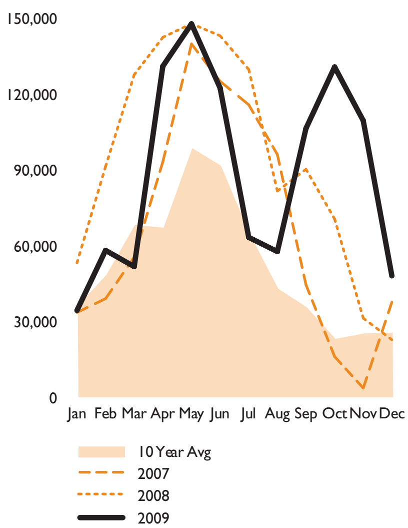
Net Assets increased by $20.5 million or by 6.2% in 2009. The 2009 increase was the lowest since 2004. As mentioned, the GRDA Board implemented rate actions in 2004 and 2006, and as a result, the Net Assets increased substantially in the following four years. In 2008, Net Assets increased by $82.9 million or by 33.2%, following a similar $91.1 million or 57% increase in 2007. Total Assets decreased by $37.5 million or by 2.7% in 2009, following an increase of $624.0 million or 80.1% in 2008. Net Utility Plant has 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 the Redbud Power Plant. The 2009 increase in Net Utility Plant reflects the utilization of additional 2008 bond proceeds on construction projects. More detailed information about changes in Net Utility Plant is also presented in the Notes to Financial Statements, Utility Plant.

Current Assets decreased $123.2 million or 27.8% after increasing $205.3 million or 86.2% during 2008. During 2008, 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. At the end of 2008, short-term, liquid deposits were paying yields comparable to long-term securities when the accounts were funded so a

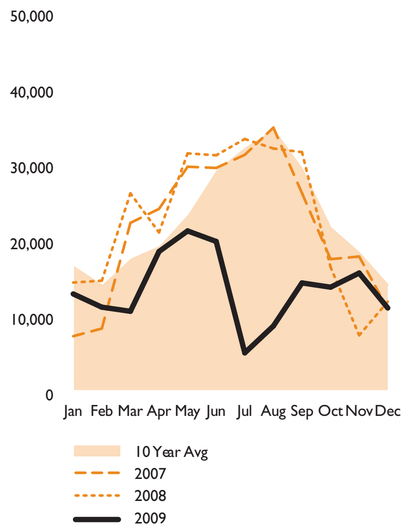
Financial Highlights - December 31, 2009, 2008 and 2007

	2009	2008	2007
CONDENSED SCHEDULE OF NET ASSETS			
Assets:			
Current assets	**$ 320,324,339**	$ 443,547,555	$ 238,279,411
Net utility plant	**778,489,258**	730,162,939	413,627,666
Restricted investments	**244,179,432**	206,646,566	120,151,735
Other noncurrent assets	**22,589,056**	22,723,419	7,027,004
Total assets	**1,365,582,085**	1,403,080,479	779,085,816
Liabilities:			
Current liabilities	**152,199,370**	117,860,150	98,373,459
Noncurrent liabilities	**859,841,618**	952,157,405	430,618,300
Total liabilities	**1,012,040,988**	1,070,017,555	528,991,759
Net Assets:			
Invested in capital assets - net	**154,704,963**	178,061,740	72,505,255
Restricted for:			
Debt service	**59,544,174**	51,568,437	42,339,465
Other special purposes	**394,469**	407,705	336,863
Unrestricted	**138,897,491**	103,025,042	134,912,474
Total net assets	**$ 353,541,097**	$ 333,062,924	$ 250,094,057
CONDENSED SCHEDULE OF CHANGE IN NET ASSETS			
Operating Revenues:			
Sales of power	**$ 309,678,303**	$ 316,628,436	$ 278,464,783
Other operating revenues	**7,990,674**	7,118,751	10,004,225
Total operating revenues	**317,668,977**	323,747,187	288,469,008
Non-Operating Revenues:			
Interest Income	**14,819,878**	14,825,144	13,690,330
Net increase (decrease) in fair value of investments	**(2,012,928)**	3,287,302	2,840,957
FEMA grant revenues	**-**	1,680,009	8,115,724
Income from non-utility operations	**4,793,766**	1,572,381	103,960
Deferral of costs to be recovered from future revenues	**1,341,601**	1,262,100	1,066,691
Total non-operating revenues	**18,942,317**	22,626,936	25,817,662
Total revenues	**336,611,294**	346,374,123	314,286,670
Operating Expenses:			
Fuel	**(130,956,467)**	(98,340,950)	(75,652,926)
Depreciation	**(48,595,784)**	(32,644,506)	(26,270,163)
Operation	**(28,885,899)**	(21,574,439)	(19,529,286)
Maintenance	**(27,581,156)**	(22,597,687)	(21,840,687)
Administrative and general	**(19,745,003)**	(20,185,919)	(15,700,875)
Purchased power - net	**(7,589,678)**	(30,339,495)	(28,974,960)
Total operating expenses	**(263,353,987)**	(225,682,996)	(187,968,897)
Non-Operating Expenses:			
Interest expense	**(52,111,791)**	(36,859,464)	(34,169,063)
Amortization of cost to be recovered from future revenues	**-**	-	-
Amortization of debt discount and expense	**(2,383,970)**	(1,896,048)	(1,828,796)
Amortization of bond premium	**1,716,627**	1,033,252	784,751
Total non-operating expenses	**(52,779,134)**	(37,722,260)	(35,213,108)
Total expenses	**(316,133,121)**	(263,405,256)	(223,182,005)
Net increase in net assets	**$ 20,478,173**	$ 82,968,867	$ 91,104,665

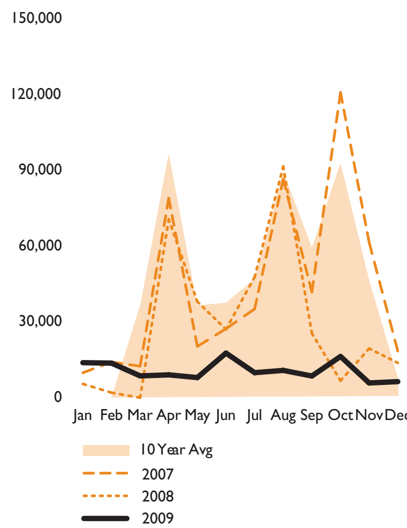
Pensacola Dam and Robert S. Kerr Dam Generation
(MWh)



Salina Pumped Storage Project Generation
(MWh)



Purchased Power
(MWh)



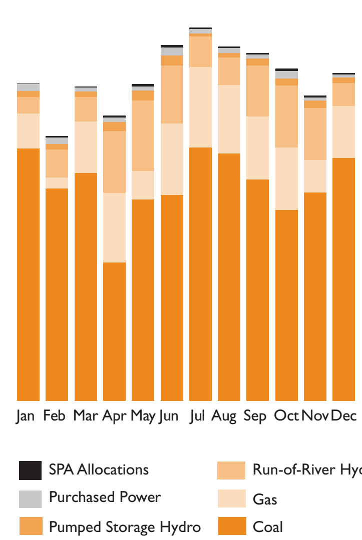
significant portion of the construction deposits were short-term at year end. During 2009, GRDA spent over $90 million on construction projects, and had invested a portion of the construction fund deposits. Other significant shifts in Current Assets came from inventories. Fuel and materials and supplies increased by a combined total of $9.9 million in 2008. In 2009, materials and supplies alone increased by $9.5 million, primarily as transformers and other line and substation equipment with long order times were received and waited installation on the construction projects. Details about capital additions are discussed in the Capital Assets section.

Restricted Investments increased by $86.5 million in 2008. 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 was attributable to debt proceeds invested in longer term investments. As more funds were moved from short-term liquid deposits to investments during 2009, the Restricted Investments also increased. Restricted Investments increased by $37.5 million or 18.2% in 2009. Additional information about the Restricted Investments is presented in the Notes to Financial Statements, Deposits and 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 the prior year.

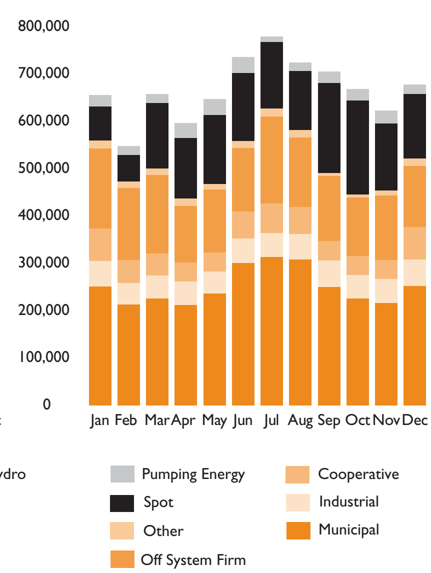
As previously mentioned, actions during September 2008 brought changes to many components of the Statements of Net Assets as $575.6 million in revenue bonds were issued to finance the purchase of the Redbud Power Plant and purchase investments to finance construction projects. Adding the debt from the 2008 bond issue almost doubled Total Liabilities to a total of $1.1 billion. Still in 2008, the contributing factor to the increase in Total Net Assets was again the repayment of long-term debt. In 2008, GRDA repaid debt of $68.8 million while Net Assets increased a total of $83.0 million. In 2009, GRDA repaid debt of $72.6 million, although Net Assets increased only $20.5 million. More specifics about bonds outstanding and amortization of bond related expenses are presented in the Notes to Financial Statements, Bonds Payable. Current Liabilities in 2008 increased by $19.5 million or 19.8%, and increased $34.3 million or 29.1% in 2009. In 2008, 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. The increases in 2009 were related to the current classification of the $18.9 million of taxable bonds maturing June 1, 2010 and to over-recovered fuel costs of $14.5 million.

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 has fluctuated, but increased by only $4.0 million over the past two years. In contrast, Net Assets Invested in Capital Assets Net of

2009 Energy Resources
(MWh)



2009 Energy Usage
(MWh)



Related Debt increased by $82.2 million over the same two year period. The primary drivers for the change were the sizable debt principal payments that were made, offset by annual depreciation provisions. 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 2008 and 2009. 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.

Operating Results

Three of the Authority's recent 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. The renewed relationships with customers and the new relationships with other Oklahoma utilities enabled GRDA to meet those objectives and to start 2009 with a renewed generation mixture. GRDA continued to work with customers to identify load requirements and maintain the reliable service they expect. GRDA's new generation mixture brought a change in how the generation is dispatched.

Although the run-of-river generation did not set new records, the 2008 and 2009 generation approached previous high generation levels, providing virtually free energy, as reflected in the graph title, "Pensacola Dam and Robert S Kerr Dam Generation."

Generation from Salina continued to exceed historic averages in 2008. However, 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 fourth quarter of 2008 and throughout 2009, as the Authority relied more on the Redbud Power Plant for peaking and intermediate needs.

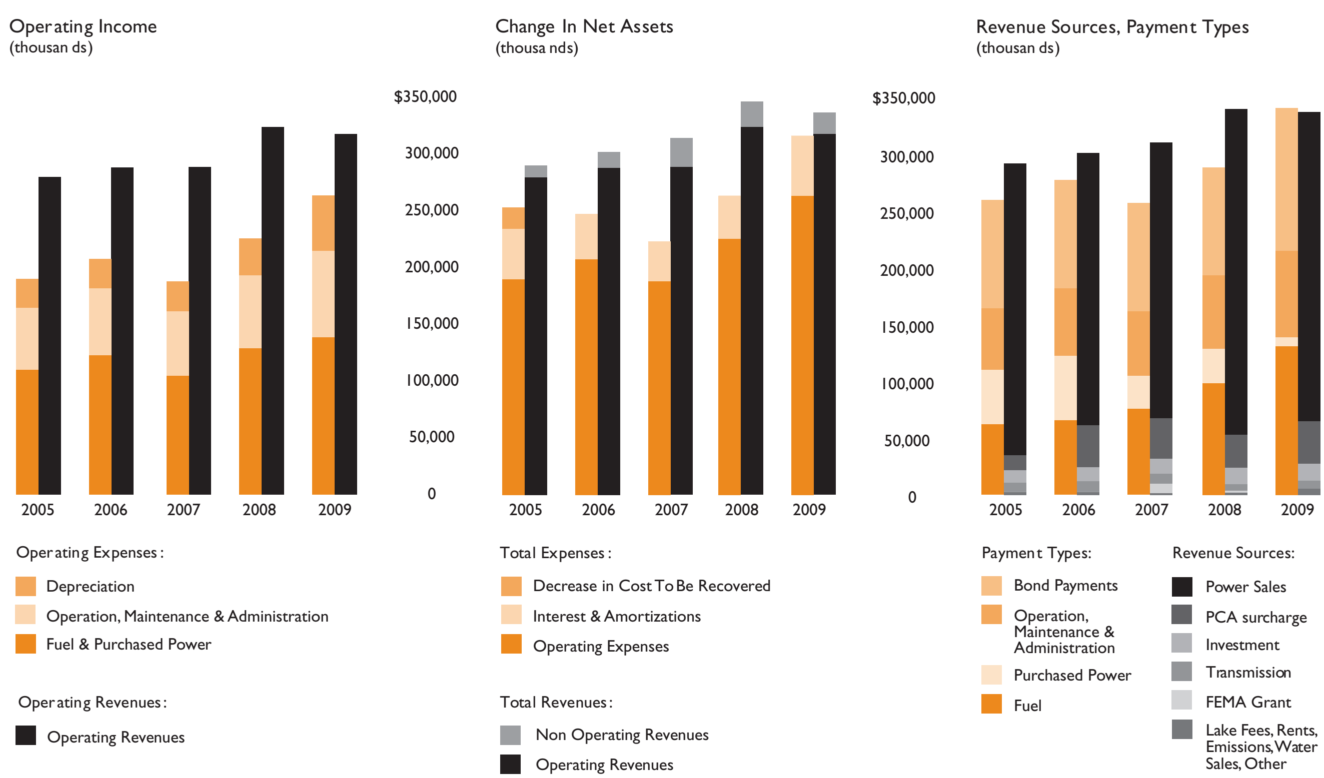
The "Purchased Power" graph also reflects a decrease in purchases beginning with the fourth quarter of 2008 and throughout 2009 as GRDA began to generate with Redbud.

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. While no records were set during 2009, the thermal generation was still high. The graphs titled, "2009 Energy Resources and Usage" indicate the extent that GRDA relies on thermal generation and gas generation to meet the customer's load needs no matter what season of the year. The "Purchased Power" graph reflects how the availability of hydro, thermal, and gas generation benefits GRDA customers. As the graph reflects, historical 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. In 2009 however, purchased power deceased significantly throughout the year since GRDA had both adequate inflows for hydro generation as well as a reliable gas energy supply through Redbud operations. Importantly, the Redbud Power Plant can provide the reliable generation it was anticipated to supply. The availability of adequate generation along with a reliable transmission system and firm customer contracts drive the operating and financial results.

Operating Income

Operating Income decreased by $43.8 million, or by 44.7% in 2009, following a decrease of $2.4 million, or 2.4%, in 2008. Operating Revenues decreased by $6.1 million in 2009 in contrast to an increase of $35.2 million in 2008, and Operating Expenses increased by $37.7 million in both 2009 and 2008.

Fuel costs and depreciation remained the big expense drivers. Fuel costs accounted for $32.6 million of the current year increase in Operating Expenses and for $22.7 million of the increase in 2008. Depreciation expense accounted for another $16.0 million in 2009 and another $6.4 million in 2008. Although operating and



maintenance expenses increased with the addition of costs relating to the Redbud Power Plant, purchased power continued to show sizeable decreases. The $22.8 million decrease in 2009 represented a 75% decrease in purchased power costs.

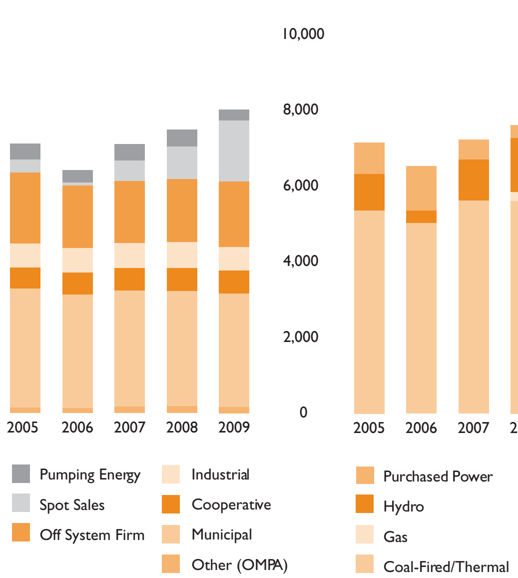
The graph labeled "Operating Income" indicates both operating revenues and operating expenses, and the difference in the column height reflects operating income. Operating Revenues are combined with other Non-operating Revenues, primarily interest and investment income to pay the Authority's expenses. 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, although the difference was not as large in 2009. 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. During 2009, GRDA had intended to supplement the revenues collected with $35.4 million in "other available funds", by utilizing excess Reserve and Contingency Funds to make debt principal payments. However, GRDA only used $22 million during 2009. The sources and uses of funds 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.

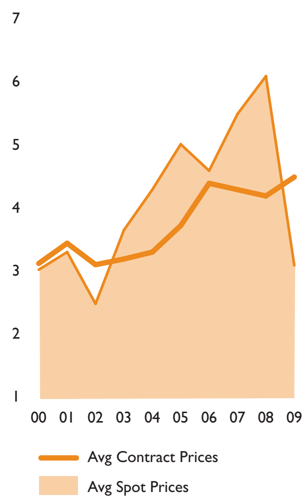
Operating Revenues

After setting new record highs in each of the past few years, Total Operating Revenues and Sales of Power both decreased by approximately 2% in 2009. The previous increases resulted largely from a combination of increasing MWh sales and rate increases implemented in 2004 and 2006. In 2009, contract sales leveled although spot sales increased. However, the spot sales prices, and corresponding margins, were relatively low during 2009. As a result,

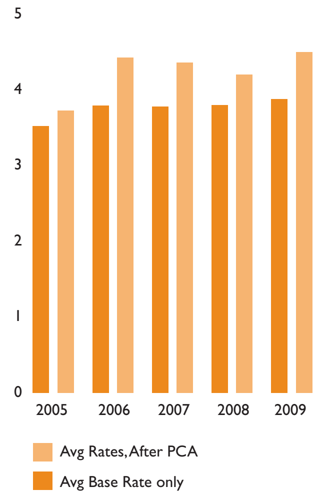
Sales and Resources
(thousan d MWh)



Comparison of Average Contract and Spot Prices
(Cents per kWh)



Average Customer Rates
(Cents per kWh)



both Sales of Power and Total Operating Revenues decreased by $7.0 million and $6.1 million during 2009 respectively. The trend in customer sales by category can be seen in the graph titled "Sales and Resources." The graph also compares GRDA's customer sales mix and generation resources over the past five years.

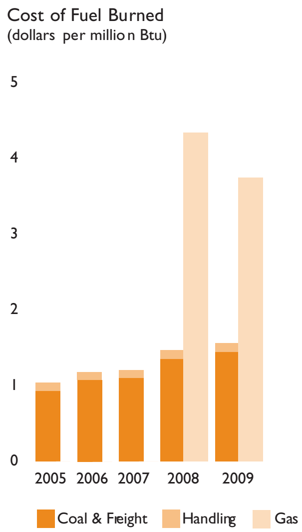
GRDA's electricity rate structure has three main components: a demand charge, an energy charge, and a Power Cost Adjustment (PCA). The PCA recovers any corresponding increases in fuel or purchased power. GRDA's power cost adjustment mechanism with customers is calculated on a rolling 12-month basis and 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.

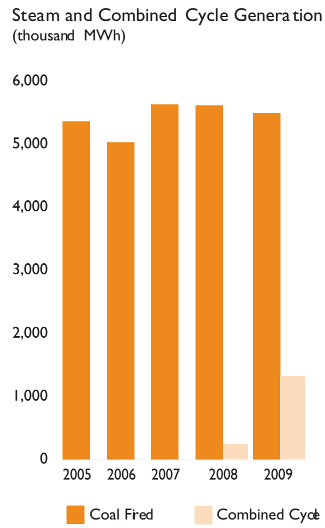
The revenues also reflect an accrual of any over or under collected fuel cost. GRDA collected surcharges for the PCA of $37.5 million and $28.9 million during 2009 and 2008, respectively. Sales of Power included an accrual of $2.7 million of Under Recovered Fuel Costs during 2008 and a reduction of $15.3 million from Over Recovered Fuel Costs during 2009.

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 approximately 4.5 cents per kWh. The average rates collected in 2009 were slightly higher than the average rates collected during 2008, primarily due to a increase in the PCA surcharge collected for higher anticipated fuel costs.

Operating Expenses

Operating Expenses increased by $37.7 million in both 2009 and 2008. As mentioned earlier, fuel and depreciation were the primary increases in operating expenses over the past two years. 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. In 2009, GRDA purchased aluminum rail cars which will reduce the lease expenses in future years. 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 during 2008 and were attributable to both rising coal and transportation costs as well as the increase in thermal MWhs generated. Fuel costs also increased by $32.6 million in 2009 as a result of both an increase in the delivered price of coal as well as a full year of gas consumption for the Redbud Power Plant. In addition, fuel expenses included $36.3 million and $7.6 million of gas burned at the Redbud Power Plant during 2009 and 2008 respectively. The graph reflects the cost per Btu of coal and gas as well as a comparison of the annual generation at the coal and gas plants.





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 fourth 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. In 2009, GRDA operated the Redbud Plant for a full year. The acquisition of Redbud in late 2008 was the primary reason for the $16.0 million increase in depreciation, $7.3 million increase in operations, and the $5.0 million increase in maintenance during 2009.

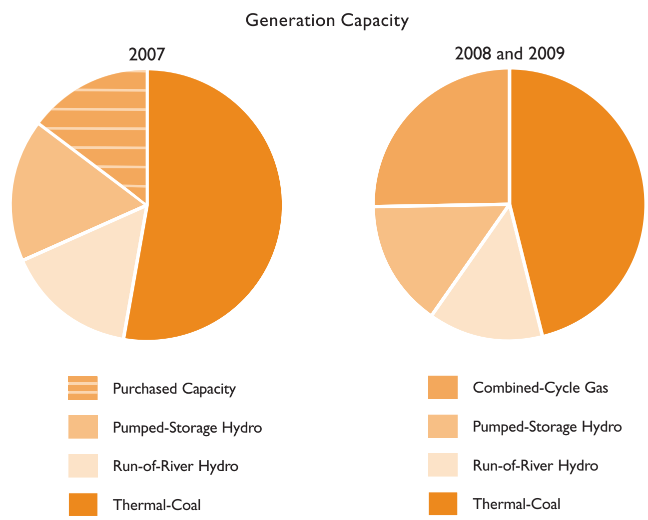
Significant Assets and Debt Administration

Capital Assets

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. 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.

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. In 2009, the upgrades to the Kerr Dam were the most significant capital additions. 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. Other major additions over the past few years related to the purchase of aluminum rail cars and upgrades to the transmission system. Lines and substations are being added in order to handle the loads of new and growing customers.



Restricted Assets

The Authority's bond resolutions require reserve funds be set aside. The previous General Bond Resolution No. 4800 required the Bond Service Reserve account be equal to the "Maximum Aggregate Bond 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. A new General Bond Resolution 5107 became effective in July 2009. Under the new bond resolution, the Bond Service Reserve account still has a minimum balance equal to the "Maximum Aggregate Bond Service." The amount is calculated on the payments made annually to the bondholders rather than the sinking fund requirements. Additionally, the Reserve and Contingency Fund is no longer required by the new General Bond Resolution. As a result, GRDA utilized $22 million of the $35.4 million for principal payments during 2009. The expectation is to use the remaining $13.4 million for future principal payments. Excess debt service reserve funds will also be used to make future principal payments. As discussed further in the Notes to Financial Statements, any excess Debt Service Reserve and Reserve and

Contingency balances are reflected as restricted assets because bond proceeds were used to initially fund the accounts, and carry associated restrictions on how the funds can be used.

Additional amounts are restricted for the bond service sinking fund payments made to the trustee for annual principal and semiannual interest payments. Sinking fund payments were a requirement of the previous General Bond Resolution No. 4800. The Authority has continued to make sinking fund payments to the trustee to better manage cash flows although the new General Bond Resolution 5107 does not require the amounts be set aside monthly.

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 2008, $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 was to be utilized for generation, transmission and other projects. With the exception of the Redbud purchase, which 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. At the end of 2009, the $151.8 million remained in 2008 Construction account.

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, as codified in Accounting Standards Codification 980, in regulatory reporting which requires utilities to match costs in the same period the revenues are collected. The regulatory asset consists of 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. The amount deferred in both 2008 and 2009 was $1.3 million. The deferred asset totaled $6.5 million at the end of 2009. 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.

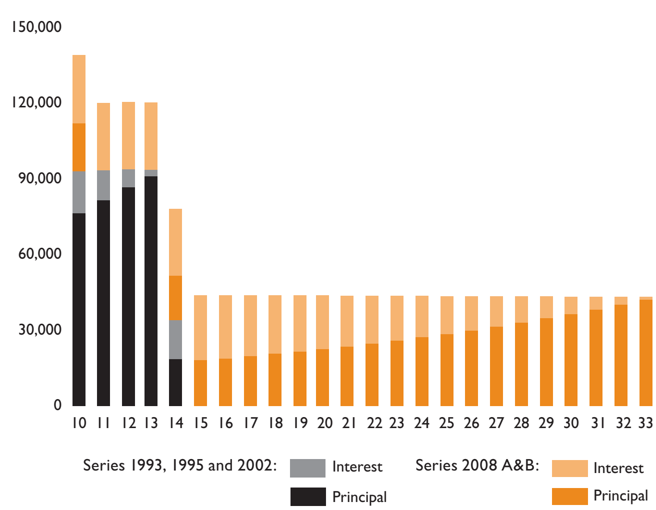
Long-Term Debt

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 trustee paid bondholders, on behalf of the Authority, principal payments of $72.5 million and $68.8 million on June 1, 2009 and 2008, 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. GRDA requested a private letter ruling from the Internal Revenue Service and had issued 2008 taxable debt short-term with a June 1, 2010 maturity. The taxable debt was intended to be refinanced as either taxable or tax-exempt bonds. However, GRDA has been able to make sufficient sinking fund payments from revenues, and currently intends to redeem the $19 million when they mature on June 1, 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. The 2008A Bonds maturing on and after June 1, 2019 are subject to early redemption on or after June 1, 2018. 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, 2008, 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. None of the municipal bond insurers currently carry AAA ratings. As of the

Future Debt Service Depicting Principal and Interest
(thousands)



date of these financial statements, Moody's Investors Service rates Ambac Caa2 with a developing outlook, Berskhire Hathaway Aa1 with a stable outlook, and Assured Guaranty Municipal Aa3 with a negative outlook. Standard and Poor's (S&P) rates Ambac an R which means it is under regulatory supervision due to its financial situation. S&P rates Berkshire Hathaway AA+ with a stable outlook and Assured Guaranty Municipal AAA with a negative outlook. Fitch Ratings no longer rates any of the insurers of GRDA bonds. AMBAC Indemnity Corporation insures the Authority's $173.4 million outstanding 1995 bonds with maturities in June 2011 and 2013. FSA, now Assured Guaranty Municipal,insures GRDA's $86.2 million 2002 Series A maturing in June 2012 and $18.6 million Series B bonds maturing in June 2014. Finally, Berkshire Hathaway Assurance Corporation insures the 2008 tax-exempt bonds maturing June 2014 through June 2033.

Prior to 2007, GRDA had mixed ratings from the agencies, and was rated as low as BBB+ by Standard and Poor's. Since 2008, GRDA has had ratings of A from Fitch Ratings and Standard and Poor's, and has had a rating of A2 from Moody's. Each agency assigned a stable outlook. No changes were made to ratings in 2009.

GRDA CREDIT RATING IMPROVEMENTS: 2005-2009

Rating Agency	Rating/Outlook Prior to 2005	2005-2006	2007	2008-2009
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

As the table reflects, the rating upgrades and outlook improvements reaffirmed the benefits of the hard financial decisions GRDA has made in the last six 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.

Change in Financial Position

Although the Authority ended 2009 in much the same position as it started, GRDA is still in a stronger financial position than it was five years ago.

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 enabled the Authority to follow through with the public power commitment to provide customers with low prices and reliable service. Because of that solid background, and the revenue security those contracts provide, GRDA was able to make it through a very tough year and delay the effective date of the latest rate increase until January 1, 2010. Together, GRDA and the customers updated load forecasts in order to keep the amount of the increase as low as possible.

As a result of the mutual commitment to public power and the joint actions, Total Net Assets have increased from $68.1 million to $353.5 million over the past five years. 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. In 2009, GRDA was able to successfully dispatch the generation so as to serve the customers loads in the optimal manner.

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 up to projected loads in their recently completed facility. While the plant closures significantly impacted the number of local jobs, GRDA did not experience a significant drop in industrial sales in 2008, although industrial sales were down slightly in 2009. Municipal and cooperative customer loads did not show a significant decrease in 2008, but as revised projections anticipated, the growth curve flattened from projections made in early 2008. Municipal loads decreased slightly during 2009 while cooperative loads continued to grow. In addition, markets and prices for spot sales were low as a result of unseasonably mild weather in early 2009. With the purchase of the Redbud Power Plant, additional debt service and operating costs had to be recovered from the collection of sufficient base rates. Prior to the acquisition, capacity and energy were purchased and the costs were recovered through the PCA surcharge. Because the loads were starting to show signs of the downturn in the economy in late 2008 and because of the uncertainty of future sales, the authority together with the customers, revised the load and financial forecasts. That financial work resulted in GRDA's Board of Directors passing a rate increase effective January 1, 2010 with an anticipated average increase of 11.95%. Additionally, GRDA expanded its relationships with Oklahoma Municipal Power Authority and Western Farmers Electric Cooperative by contracting to provide increased firm sales. GRDA anticipates the additional revenues will provide the incremental revenues to maintain stable financial ratios.

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, 2009 and 2008

	2009	2008
ASSETS:		
Current assets:		
Cash and cash equivalents — general operating account	$ 17,205,719	$ 16,243,846
Investments	197,530,279	331,541,026
Accounts receivable — net	39,230,907	34,916,975
Accrued interest receivable	1,428,311	1,835,144
Fuel stock	20,876,895	26,642,041
Materials and supplies	38,274,668	28,839,460
Under recovered fuel costs	-	821,637
Prepaid assets	5,777,560	2,707,426
Total current assets	320,324,339	443,547,555
Noncurrent assets:		
Restricted investments	244,179,432	206,646,566
Other receivables	719,237	712,541
Net utility plant — at original cost less depreciation	778,489,258	730,162,939
Other noncurrent assets:		
Costs to be recovered from future revenues	6,513,199	5,171,597
Unamortized debt issuance costs	15,323,606	16,806,267
Non-utility property — at original cost	33,014	33,014
Total other noncurrent assets	21,869,819	22,010,878
Total noncurrent assets	1,045,257,746	959,532,924
Total assets	1,365,582,085	1,403,080,479
LIABILITIES:		
Current liabilities:		
Accounts payable and accrued liabilities	38,409,519	36,045,880
Accrued interest payable	3,838,755	9,224,270
Bonds payable — current portion	95,470,000	72,590,000
Over recovered fuel costs	14,481,096	-
Total current liabilities	152,199,370	117,860,150
Noncurrent liabilities:		
Bonds payable — net	844,164,321	937,454,436
Unamortized proceeds on debt service forward purchase agreements	4,094,454	5,292,910
Other noncurrent liabilities	2,903,230	2,072,048
Accrued interest payable	8,679,613	7,338,011
Total noncurrent liabilities	859,841,618	952,157,405
Total liabilities	1,012,040,988	1,070,017,555
NET ASSETS:		
Invested in capital assets — net of related debt	154,704,963	178,061,740
Restricted for:		
Debt service	59,544,174	51,568,437
Other special purposes	394,469	407,705
Unrestricted	138,897,491	103,025,042
TOTAL NET ASSETS	$ 353,541,097	$ 333,062,924

See notes to financial statements.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

As of December 31, 2009 and 2008

	2009	2008
OPERATING REVENUES:		
Sales of power	**$ 309,678,303**	$ 316,628,436
Other operating revenues	**7,990,674**	7,118,751
Total operating revenues	**317,668,977**	323,747,187
OPERATING EXPENSES:		
Fuel	**(130,956,467)**	(98,340,950)
Depreciation	**(48,595,784)**	(32,644,506)
Operation	**(28,885,899)**	(21,574,439)
Maintenance	**(27,581,156)**	(22,597,687)
Administrative and general	**(19,745,003)**	(20,185,919)
Purchased power — net	**(7,589,678)**	(30,339,495)
Total operating expenses	**(263,353,987)**	(225,682,996)
OPERATING INCOME	**54,314,990**	98,064,191
NONOPERATING REVENUES AND (EXPENSES):		
Interest income	**14,819,878**	14,825,144
Net increase (decrease) in the fair value of investments	**(2,012,928)**	3,287,302
FEMA grant revenue — operating	-	1,373,083
Income from nonutility operations	**4,793,766**	1,572,381
Interest expense	**(52,111,791)**	(36,859,464)
Deferral of costs to be recovered from future revenues	**1,341,601**	1,262,100
Amortization of debt discount and financing costs	**(2,383,970)**	(1,896,048)
Amortization of bond premium	**1,716,627**	1,033,252
Total nonoperating expenses	**(33,836,817)**	(15,402,250)
CAPITAL CONTRIBUTIONS — FEMA grant revenue — capital	-	306,926
NET INCREASE IN NET ASSETS	**20,478,173**	82,968,867
NET ASSETS — Beginning of year	**333,062,924**	250,094,057
NET ASSETS — End of year	**$ 353,541,097**	$ 333,062,924

See notes to financial statements.

STATEMENTS OF CASH FLOWS

For The Years Ended December 31, 2009 and 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Received from user charges	$ 371,653,236	$ 350,261,101
Received from FEMA — operating revenues	251,317	2,793,282
Payments to employees for services	(28,853,998)	(29,257,024)
Payments to suppliers for goods and services	(236,827,397)	(196,643,974)
Net cash provided by operating activities	106,223,158	127,153,385
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Additions to utility plant	(84,434,517)	(345,956,464)
Payments for retirements of utility plant	(3,926,937)	(220,708)
Received from FEMA — capital revenues	357,461	1,314,978
Proceeds from bond issue	-	575,375,000
Bond premium	-	14,988,378
Bond issuance costs	-	(15,343,608)
Repayment of principal	(72,590,000)	(68,780,000)
Interest paid	(53,160,500)	(24,680,963)
Net cash provided by (used in) capital and related financing activities	(213,754,493)	136,696,613
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	14,513,954	14,175,168
Purchases of securities	(30,956,186)	(342,704,791)
Proceeds from sales and maturities of securities	124,935,440	60,416,650
Net cash provided by (used in) investing activities	108,493,208	(268,112,973)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	961,873	(4,262,975)
CASH AND CASH EQUIVALENTS — Beginning of year	16,243,846	20,506,821
CASH AND CASH EQUIVALENTS — End of year	$ 17,205,719	$ 16,243,846
NONCASH ITEMS FROM CAPITAL AND RELATED FINANCING ACTIVITIES — Noncash purchases of utility plant included in accounts payable	$5,322,729	$3,002,608
NONCASH ITEMS FROM INVESTING ACTIVITIES:		
Unrealized gain (loss) on investments	$ (2,012,928)	$ 3,287,302
Amortization of premiums and discounts	$485,701	$1,016,164
Amortization of debt service forward purchase agreements	$1,198,457	$1,201,740
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$ 54,314,990	$ 98,064,191
Noncash items included in net operating income:		
Income from nonutility operations	4,436,305	1,937,413
Depreciation	48,595,784	32,644,506
Changes in assets and liabilities:		
Receivables:		
Customers	(1,175,637)	(4,082,828)
Other	(3,144,992)	5,517,185
Fuel stock	5,765,146	(6,429,586)
Materials and supplies	(9,435,208)	(3,452,852)
Other	(3,323,905)	(1,924,892)
Accounts payable and accrued liabilities	(5,571,361)	7,533,134
Over (under) recovered fuel costs	15,302,733	(2,687,159)
Other noncurrent liabilities	459,303	34,273
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 106,223,158	$ 127,153,385

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

As of and For The Years Ended December 31, 2009 and 2008

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, as codified in Accounting Standards Codification (ASC) 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 gas 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 $36,371,265 and $7,630,938 related to natural gas fuel expenses included in fuel operating expenses for 2009 and 2008, respectively.

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 statements of revenues, expenses, and changes in net assets include the following related to those allocations: $3,262,403 and $429,153 in Maintenance, $2,918,732 and $524,732 in Operation, and $1,774,918 and $511,889 in Administrative and general line items of the Operating expenses section for 2009 and 2008, respectively.

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 $83.9 and $78.2 million for 2009 and 2008, respectively, 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 required recognition in 2009 or 2008.

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, as codified in ASC 980 Regulated Operations*. ASC 980 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, 2009 and 2008, the Authority had approximately $6.5 million and $5.2 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.

Bonds Payable — Effective June 1, 2009, the Authority is operating under General Bond Resolution No. 5107 ("Resolution No. 5107"), which provides for the issuance of revenue bonds and defines eligible investment securities. Resolution No. 5107 replaces General Bond Resolution No. 4800.

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.

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. 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 was effective for the Authority in 2009 and did not have a material impact 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 was effective for the Authority in 2009 and did not have a material impact 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 was effective for the Authority in 2009 and did not have a material impact on the Authority's financial statements.

GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This Statement amends Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* to permit an agent employer that has an individual employer OPEB plan with fewer than 100 total plan members to use the alternative measurement method, at its option, regardless of the number of total plan members in the agent multiple-employer OPEB plan in which it participates. Consistent with this change to the employer-reporting requirements, this Statement also amends a Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, requirement that a defined benefit OPEB plan obtain an actuarial valuation. The amendment permits the requirement to be satisfied for an agent multiple-employer OPEB plan by reporting an aggregation of results of actuarial valuations of the individual-employer OPEB plans or measurements resulting from use of the alternative measurement method for individual-employer OPEB plans that are eligible. This statement will be effective for the Authority in 2012, and management is currently evaluating the impact of this pronouncement on the Authority's financial statements.

2. DEPOSITS AND INVESTMENTS

The Authority's Resolution No. 4800, provides for the issuance of revenue bonds and defines eligible investment securities as investments allowed pursuant to the Authority's investment policy. The Authority's Board Policy 5-2 defines the following categories of investments: (1) bonds or other obligations which are direct obligations of the United States of America, (2) bonds or other specifically named obligations which are indirectly guaranteed by the United States of America, (3) direct and general obligations of any state which are rated in the two highest major categories of Moody's 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. 5107 requires that investments not mature later than such times as the funds shall be necessary to provide monies when needed for payments to be made from the Debt Service Account, and in the case of the Debt Service Reserve Account, unless otherwise provided in a Supplemental Resolution, not later than ten (10) years from the date of investment. Board Policy 5-2 provides that general fund investments shall not mature later than five (5) 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, 2009 and 2008, the Authority had the following investments (classified as either cash equivalents, investments or restricted investments on the statements of net assets) and corresponding maturities:

	2009				
		Investment Maturities (in Years)			
Investment Type	Fair Value	Less Than 1	1–5	6–10	More Than 10
U.S. gov't/agency securities	**$ 169,205,079**	**$ 59,571,969**	**$ 85,722,380**	**$ 22,910,730**	**$ 1,000,000**
Certificates of deposits	**7,036,183**	**7,036,183**	**-**	**-**	**-**
Money market funds	**162,422,826**	**162,422,826**	**-**	**-**	**-**
State of Oklahoma agency bonds	**19,495,000**	**19,495,000**	**-**	**-**	**-**
Bank TARP bonds	**29,734,357**	**29,734,357**	**-**	**-**	**-**
Guaranteed investment contracts	**68,400,000**	**68,400,000**	**-**	**-**	**-**
Cash deposits — net	**2,621,985**	**2,621,985**	**-**	**-**	**-**
Total investments	**$ 458,915,430**	**$ 349,282,320**	**$ 85,722,380**	**$ 22,910,730**	**$ 1,000,000**

	2008				
		Investment Maturities (in Years)			
Investment Type	Fair Value	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

As of December 31, 2009 and 2008, the Authority had the following U.S. government/agency investments and maturities:

		2009			
		Investment Maturities (in Years)			
Investment Type	Fair Value	Less Than 1	1–5	6–10	More Than 10
General operations	**$ 38,467,839**	**$ 19,571,969**	**$ 8,375,155**	**$ 10,520,715**	**$ -**
Board designated	**30,000,000**	**-**	**30,000,000**	**-**	**-**
Construction	**40,000,000**	**40,000,000**	**-**	**-**	**-**
Bond service reserve	**47,347,225**	**-**	**47,347,225**	**-**	**-**
Reserve and contingency	**13,390,015**	**-**	**-**	**12,390,015**	**1,000,000**
Total U.S. gov't/agency securities	**$ 169,205,079**	**$ 59,571,969**	**$ 85,722,380**	**$ 22,910,730**	**$ 1,000,000**

		2008			
		Investment Maturities (in Years)			
Investment Type	Fair Value	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

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, 2009). 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, 2009 and 2008, the Authority's investments had the following ratings:

	2009				
	Investment Rating - Moody's/S&P/Fitch				
Investment Rating Moody's/S&P/Fitch	Aaa/AAA/AAA	Aa/AA/AA	Not rated	Credit Risk Not Applicable	Total
Money markets	**$ -**	**$ -**	**$ -**	**$ 162,422,826**	**$ 162,422,826**
Certificates of deposits				**7,036,183**	**7,036,183**
US gov't securities	**45,075,595**	**-**	**-**	**-**	**45,075,595**
US gov't agencies	**124,129,484**	**-**	**-**	**-**	**124,129,484**
State of Oklahoma Agency bonds	**-**	**19,495,000**	**-**	**-**	**19,495,000**
Bank TARP bonds	**-**	**-**	**29,734,357**	**-**	**29,734,357**
Guarenteed investment contracts	**-**	**-**	**68,400,000**	**-**	**68,400,000**
Cash deposits — net	**-**	**-**	**-**	**2,621,985**	**2,621,985**
	$ 169,205,079	**$ 19,495,000**	**$ 98,134,357**	**$ 172,080,994**	**$ 458,915,430**

	2008				
	Investment Rating - Moody's/S&P/Fitch				
Investment Rating Moody's/S&P/Fitch	Aaa/AAA/AAA	Aa/AA/AA	Not rated	Credit Risk Not Applicable	Total
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

As of December 31, 2009 and 2008, the Authority had the following portfolio of investments with credit exposure by investment type as a percentage of total investments:

	2009	**2008**
U.S. government securities	**10.0 %**	12.0 %
U.S. government agencies:		
FHLB	**0.5**	0.5
GNMA	**0.3**	0.5
FHLMC	**3.0**	3.0
FNMA	**23.5**	9.5
Other	**0.2**	-
Money market funds	**35.5**	50.0
Certificate of deposits	**1.5**	1.0
State of Oklahoma agency bonds	**4.0**	6.0
Bank TARP bonds	**6.5**	5.0
Guaranteed investment contracts	**15.0**	12.5

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. 5107 is required to be deposited in one or more depositories in the name of the Authority. All money deposited under the provisions of Resolution No. 5107 with the Bond Fund Trustee and the Construction Fund Trustee is required to be held in trust and applied only in accordance with the provisions of Resolution No. 5107; money held by the Authority and deposited in any depository is required to be held and secured in the manner provided by Oklahoma law.

Carrying Values — Cash and cash equivalents and current and noncurrent investments at December 31, 2009 and 2008, follows:

	2009		
	Current	Noncurrent	Total
Cash and cash equivalents — cash deposits — net	**$ 17,205,719**	**$ -**	**$ 17,205,719**
Total cash and cash equivalents	**17,205,719**	**-**	**17,205,719**
Investments:			
General operating account	**68,315,064**	**-**	**68,315,064**
Certificates of deposits — original maturity greater than 3 months	**6,668,714**	**-**	**6,668,714**
Restricted for bond service	**59,544,174**	**-**	**59,544,174**
Restricted for construction	**62,607,858**	**89,229,357**	**151,837,215**
Restricted for bond service reserve	**-**	**141,560,060**	**141,560,060**
Restricted for reserve and contingency	**-**	**13,390,015**	**13,390,015**
Restricted for other special purposes	**394,469**	**-**	**394,469**
Total investments	**197,530,279**	**244,179,432**	**441,709,711**
Total cash and investments	**$ 214,735,998**	**$ 244,179,432**	**$ 458,915,430**

	2008		
	Current	Noncurrent	Total
Cash and cash equivalents — cash deposits — net	$ 16,243,846	$ -	$ 16,243,846
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

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. The balance in the restricted for bond service reserve account includes $139,076,016 restricted for bond service reserve per Bond Resolution No. 5107, the $2,484,044 excess is restricted because it was originally part of tax exempt bonds and will be used for future debt principal payments which is an acceptable use of tax exempt proceeds per the tax codes. The reserve and contingency account is not required by Bond Resolution No. 5107 but is still restricted because it was originally part of tax exempt bonds and will be used for future debt principal payments which is an acceptable use of tax exempt proceeds per the tax codes. Bond Resolution No. 5107 was effective June 1, 2009.

Cash and investments at December 31, 2009, 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	**$ 2,621,985**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$367,469**	**$ 2,989,454**
Money market funds	**14,583,734**	**-**	**59,544,174**	**62,607,858**	**25,660,060**	**-**	**27,000**	**162,422,826**
U.S. government securities	**38,315,064**	**30,000,000**	**-**	**40,000,000**	**47,500,000**	**13,390,015**	**-**	**169,205,079**
State of Oklahoma agency bonds	**-**	**-**	**-**	**19,495,000**	**-**	**-**	**-**	**19,495,000**
Bank TARP bonds			**-**	**29,734,357**	**-**	**-**	**-**	**29,734,357**
Certificates of deposits — maturity > 3 months	**- 6,668,714**	**-**	**-**	**- -**	**-**	**-**	**-**	**6,668,714**
Guaranteed investment agreements	**-**	**-**	**-**	**-**	**68,400,000**	**-**	**-**	**68,400,000**
Total cash and investments	**$62,189,497**	**$30,000,000**	**$59,544,174**	**$151,837,215**	**$141,560,060**	**$13,390,015**	**$394,469**	**$458,915,430**

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

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 per bond year with the bond fund trustee bank pursuant to the Lehman agreement are:

Payment Date	Total
2010	$ 93,458,640
2011	93,685,926
2012	93,968,376
2013	93,297,192
Total	$374,410,134

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.

Construction — In the beginning of 2008, the 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 had the trustee 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 36% 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. The balance in the restricted for bond service reserve account includes $139,076,016 restricted for bond service reserve per Bond Resolution No. 5107, the $2,484,044 excess is restricted because it was originally part of tax exempt bonds and will be used for future debt principal payments which is an acceptable use of tax exempt proceeds per the tax codes.

Reserve and Contingency — Through June 2009, the restricted amount in the accompanying balance sheet reflected 25% of the maximum aggregate debt service for all bonds outstanding which is the minimum amount restricted as working capital reserves. Bond Resolution No. 5107, effective July 2009, does not require the reserve and contingency fund. The reserve and contingency account is not required by Bond Resolution No. 5107 but is still restricted because it was originally part of tax exempt bonds and will be used for future debt principal payments which is an acceptable use of tax exempt proceeds per the tax codes.

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 $133,300 and $31,000 were made from the fund in 2009 and 2008, 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 2009 or 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 $15 million from available unrestricted funds was board designated as of December 31, 2009.

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, 2009.

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, 2009 and 2008, were as follows:

	2009	2008
Proceeds	**$28,195,165**	$24,961,842
Gross realized gains	**650,562**	832,953
Gross realized losses	**(13,792)**	(4,590)

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, 2009 and 2008, of the following amounts:

	2009	2008
Customers (less allowance for doubtful accounts of $50,000)	**$31,856,131**	$30,680,494
Other	**7,374,776**	4,236,481
Total	**$39,230,907**	$34,916,975

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

At December 31, 2009 and 2008, the Authority had other noncurrent receivables for aid in construction, scheduled for collection through 2014, of $219,663 and $298,294, respectively, and noncurrent receivables for closure and post closure costs related to the ash landfill at the Coal Fired Complex of $499,575 and $414,247, respectively.

4. UTILITY PLANT

A summary of changes in utility plant for the years ended December 31, 2009 and 2008, follows:

	2009			
	Balance December 31, 2008	Additions	Retirements	Balance December 31, 2009
Capital assets — non-depreciable:				
Land	**$ 31,392,295**	**$ 1,886,431**	**$ -**	**$ 33,278,726**
Construction work in progress	**47,625,258**	**38,713,567**	**-**	**86,338,825**
Total capital assets — nondepreciable	**79,017,553**	**40,599,998**	**-**	**119,617,551**
Capital assets — depreciable:				
Coal-fired plant Unit No. 1 (reduced by cost of common facilities applicable to joint ownership of Unit No. 2 (Note 1))	**310,071,081**	**28,432,690**	**(15,935,578)**	**322,568,193**
Coal-fired plant Unit No. 2 (Note 1)	**318,434,827**	**(232)**	**(1,027,965)**	**317,406,630**
Redbud combined-cycle plant	**350,554,769**	**8,333,300**	**(2,312,063)**	**356,576,006**
Hydraulic production plants	**85,974,522**	**6,721,524**	**-**	**92,696,046**
Transmission system	**202,125,229**	**14,505,339**	**(98,795)**	**216,531,773**
Other properties and production plant	**49,215,916**	**4,969,201**	**(622,707)**	**53,562,410**
	1,316,376,344	**62,961,822**	**(19,997,108)**	**1,359,341,058**
Less accumulated depreciation:				
Coal-fired plant Unit No. 1	**(234,072,008)**	**(9,254,664)**	**12,898,949**	**(230,427,723)**
Coal-fired plant Unit No. 2	**(200,515,115)**	**(9,203,017)**	**1,203,671**	**(208,514,461)**
Redbud combined-cycle plant	**(46,602,993)**	**(20,045,746)**	**2,312,064**	**(64,336,675)**
Hydraulic production plants	**(32,680,642)**	**(1,201,888)**	**(20,713)**	**(33,903,243)**
Transmission system	**(113,356,781)**	**(6,567,038)**	**(3,641,825)**	**(123,565,644)**
Other properties and production plant	**(38,003,419)**	**(2,323,431)**	**605,245**	**(39,721,605)**
	(665,230,958)	**(48,595,784)**	**13,357,391**	**(700,469,351)**
Total capital assets — depreciable	**651,145,386**	**14,366,038**	**(6,639,717)**	**658,871,707**
Net utility plant	**$ 730,162,939**	**$ 54,966,036**	**$ (6,639,717)**	**$ 778,489,258**

	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 1))	310,249,296	16,015	(194,230)	310,071,081
Coal-fired plant Unit No. 2 (Note 1)	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

The change in construction work in progress during 2009 and 2008, is presented on a net basis to avoid a duplication of additions and retirements in the above tables. The Authority had depreciation and amortization expense of approximately $48,596,000 and $32,645,000 for 2009 and 2008, respectively. 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, 2009, of approximately $62,945,000 for equipment and construction contracts. Major projects include the Markham Ferry Hydroelectric Plant Upgrade for approximately $39,791,000, the Energy Control Center construction for approximately $7,271,000, the installation of Access Control and Surveillance System at all plant and office locations for approximately $1,305,000, the GRDA Ecosystems Building & Education Center for approximately $250,000, upgrades at the Coal Fired Complex for approximately $4,799,000, and the construction of Transmission Lines and Substations for approximately $8,192,000.

5. COST TO BE RECOVERED FROM FUTURE REVENUES

At December 31, 2009, 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:

	2009	2008
Beginning balance	**$ 5,171,597**	$ 3,909,498
Deferral of 2002B interest	**1,341,602**	1,262,099
Ending balance	**$ 6,513,199**	$ 5,171,597

6. BONDS PAYABLE

A summary of changes in bonds payable for the years ended December 31, 2009 and 2008, follows:

	2009			
	December 31, 2008	Bonds Issued	Retirements	December 31, 2009
Revenue Bonds, Refunding Series 1993 — 5-1/2% maturing through 2010	**$ 149,105,000**	**$ -**	**$ (72,590,000)**	**$ 76,515,000**
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	**1,002,681,340**	**$ -**	**$ (72,590,000)**	**930,091,340**
Less current portion	**(72,590,000)**			**(95,470,000)**
Long-term portion	**930,091,340**			**834,621,340**
Add (deduct):				
Unamortized debt premium	**17,437,994**	**$ -**	**$ (1,716,629)**	**15,721,365**
Unamortized debt discount	**(2,658,431)**	**-**	**901,311**	**(1,757,120)**
Unamortized loss on advance refunding	**(7,416,467)**	**-**	**2,995,203**	**(4,421,264)**
Long-term bonds payable	**$ 937,454,436**			**844,164,321**

	2008			
	December 31, 2007	Bonds Issued	Retirements	December 31, 2008
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

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 of 2008 Series A and Series B Revenue Bonds for the purchase of a 36% 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 were outstanding at December 31, 2009 and 2008.

The scheduled maturities of bonds payable at December 31, 2009, 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
2010	$ 95,495,000	$ 23,032,530	
		20,548,486	$ 139,076,016
2011	81,665,000	20,548,486	
		17,996,450	120,209,936
2012	86,765,000	17,996,450	
		15,825,817	120,587,267
2013	91,110,000	15,825,817	
		13,320,292	120,256,109
2014	36,306,340	28,793,952	
		13,023,525	78,123,817
2015–2019	99,320,000	120,066,985	219,386,985
2020–2024	124,200,000	94,311,854	218,511,854
2025–2029	158,050,000	59,545,786	217,595,786
2030–2033	157,180,000	16,128,230	173,308,230
	$ 930,091,340	$ 476,964,660	$ 1,407,056,000

Under Resolution No. 4800, the Authority made 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 was 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 and 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, No. 5107 and supplemental bond resolutions specify multiple covenants made by the Authority to the Bond Fund Trustee and bondholders. Among the more significant requirements, the Authority has covenanted to charge adequate rates, operate and maintain the facilities and make any necessary repairs, renewals, replacements and improvements. System properties are not to be encumbered or sold or disposed of and additional parity bonds are not to be issued unless certain conditions are met. As of December 31, 2009, the Authority was 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 liability balance for arbitrage rebate of approximately $12,100 and $86,000 at December 31, 2009 and 2008, 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 2009 and 2008. 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 3.5% on salary. The Authority contributed 14.5%, 13.5% and 12.5% on all salary for the fiscal years ended June 30, 2009, 2008 and 2007, respectively. The Authority’s contribution rate increased to 15.5% for the fiscal year ending June 30, 2010. Effective July 1, 2010 the contribution rate will increase to 16.5% and will remain at that level thereafter.

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

The Authority made the required contributions of approximately $4,537,000, $4,107,000, and $3,823,000, for the years ended December 31, 2009, 2008, and 2007, respectively. These contributions equal the Authority’s annual OPERS pension cost for the respective years.

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 cost-sharing multiple-employer public employee defined benefit retirement plan administered by the Oklahoma Law Enforcement Retirement System (OLERS), a component unit of the State. The OLERS Plan provides retirement, disability and death benefits to its members and beneficiaries, primarily state employees providing law enforcement. The benefits provided are established and may be amended by the legislature of the State. Three 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 $21,756, $20,470, and $21,210, for the years ended December 31, 2009, 2008, and 2007, respectively. These contributions equal the Authority’s annual OLERS pension cost for the respective years.

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 $514,000, $490,000, and $455,000, for the years ended December 31, 2009, 2008, and 2007, respectively. The Authority paid matching contributions and administrative fees of approximately $138,000, $137,000, and $137,000, for the years ended December 31, 2009, 2008, and 2007, 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 $424,000, $533,000, and $615,000, for the years ended December 31, 2009, 2008, and 2007, 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 $16,500 for the year 2009, whichever is less, except under a "catch up" provision that allows certain eligible employees to contribute up to a certain amount annually, which was $38,000 for the year 2009, during the three years preceding normal retirement age. An additional provision allows for employees over the age of 50 to defer an additional $5,500 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. This increase resulted in increases in the Annual Required Contribution and the Actuarial Accrued Liability after January 1, 2008 as reflected below and in the Required Supplementary Information section.

Funding Policy — The contributions of plan members and the Authority are established and may be amended by the Board of Directors within the limits of Oklahoma statutes. The contribution is based on estimated pay as you go financing requirements. For the year ended December 31, 2009, 2008 and 2007, the Authority contributed $337,991, $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 Other noncurrent liabilities on the Statement of Net Assets):

	2009	2008
Annual required contribution	**$ 659,696**	$ 659,696
Interest on net OPEB obligation	**7,527**	7,527
Adjustment to annual required contribution	**(5,973)**	(5,973)
Annual OPEB cost (expense)	**661,250**	661,250
Contributions made	**(337,991)**	(284,584)
Increase in net OPEB obligation	**323,259**	376,666
Net OPEB obligation — beginning of year	**527,203**	150,537
Net OPEB obligation — end of year	**$ 850,462**	$ 527,203

The authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for December 31, 2009, 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	661,250	43.14	527,203
December 31, 2009	**661,250**	**51.11**	**850,462**

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 immediately following the notes to the financial statements and 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 benefits provided under the terms of the substantive plan (the plan as understood by the employer and the plan members) at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations.

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 long-term rate of return on investments, a 4% projected annual payroll increase and no increase to the post-retirement benefit. Healthcare cost are assumed to increase by 10% in 2008, 9% in 2009, 8% in 2010, 7% in 2011, 6% in 2012 and 5% in 2013 and thereafter. 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, 2009, was 27 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 $3,742,000 and $3,696,000 at December 31, 2009 and 2008, 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, 2009, for long term coal 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
2010	$104,290,000
2011	110,800,000
2012	146,400,000
2013	150,120,000
2014	154,160,000
2015	158,360,000
2016	162,480,000
Total	$986,610,000

The Authority had contractual commitments as of December 31, 2009, for railcar operating leases with minimum obligations of approximately $3,330,000 through the year 2012.

The Authority had contractual commitments as of December 31, 2009, for the Redbud facility of approximately $83,900,000. These long term service agreements are with a large industrial manufacturer for the maintenance of the gas turbines for approximately $79,600,000 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 settled in 2009.

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, 2009 and 2008, was $1,384,891 and $1,150,400, respectively, which represents 79% and 78% of the total estimated closure and postclosure costs. There was an increase in the liability from 2008 to 2009 of $234,491. The Authority will recognize the remaining estimated cost of closure and postclosure care of approximately $378,000 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 2009. 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 3,804,593 cubic yards have been used through December 31, 2009. The remaining useful life at December 31, 2009, was approximately 57 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. 5107 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, aircraft, auto, equipment, watercraft, flooding, earthquake, hazardous material cleanup, expediting, director and officer liability, etc. is purchased through the State of Oklahoma. Workers' compensation insurance is also purchased from CompSource Oklahoma, the State's insurance fund. 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.

In October 2009, the Authority received payment of $550,000, which represented insurance recovery for a failed 161/115 kV transformer. In accordance with GASB 42 and FIN 30, the difference between the cost of the nonmonetary asset and the amount of monetary assets received was reported in income.

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 two customers in 2009 and one customer in 2008 that accounted for 10% or more of the Authority's operating revenues for the year. In 2009, sales to the City of Coffeyville totaled $31.1 million and sales to Northeast Electric Cooperative totaled $31.1 million. In 2008, sales to Northeast Electric Cooperative totaled $30.1 million.

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*, as codified in ASC 825, 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 $994 million and $1,021 million at December 31, 2009 and 2008, 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, 2009 and 2008. 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 2009 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 2009 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.

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REVENUE CAPACITY - LARGEST 20 CUSTOMERS BY NET REVENUES

2009

Customer Name	Customer Since	Customer Classification	Net Revenue Percentage
Northeast Oklahoma Electric Cooperative, Inc.	1946	Cooperative	10 %
City of Coffeyville, Kansas	1999	Municipal	10
Paragould, Arkansas, Light and Water Commission	1992	Off-System Firm	7
Stillwater Utilities Authority	1987	Municipal	7
Kansas Municipal Energy Agency	2000	Off-System Firm	7
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
Associated Electric Cooperative	Periodic	Off-System Spot	4
Southwest Power Pool	Periodic	Regional Transmission Organization	4
City of Siloam Springs, Arkansas	1989	Municipal	4
Western Farmers Electric Cooperative	Periodic	Off-System Spot	4
Miami Public Utilities Board	1947	Municipal	3
Tahlequah Public Works Authority	1947	Municipal	3
Sallisaw Municipal Authority	1952	Municipal	2
City Utilities, Springfield, Missouri	1992	Off-System Firm	2
Solae, LLC	1975	Industrial	2
Air Products Manufacturing Corporation	1976	Industrial	2
City of Pryor Creek Municipal Utility Board	1951	Municipal	2
Cushing Municipal Authority	1953	Municipal	2
Net Revenues as a Percentage of Sales of Power			88 %

Nine Years Ago - 2000

Customer Name	Customer Since	Customer Classification	Net Revenue Percentage
KAMO Power	1948 to 2003	Cooperative	10 %
Northeast Oklahoma Electric Cooperative, Inc.	1946	Cooperative	8
Stillwater Utilities Authority	1987	Municipal	8
City Utilities, Springfield, Missouri	1992	Off-System Firm	6
Paragould, Arkansas, Light and Water Commission	1992	Off-System Firm	5
Claremore Public Works Authority	1946	Municipal	5
City of Siloam Springs, Arkansas	1989	Municipal	4
City of Coffeyville, Kansas	1999	Municipal	4
City of Poplar Bluff, Missouri	1992	Off-System Firm	4
City of Miami	1947	Municipal	3
Tahlequah Public Works Authority	1947	Municipal	3
Kansas Municipal Energy Agency	2000	Off-System Firm	3
Oklahoma Municipal Power Authority	1986	Other Contractual Agreement	3
Grede Foundries, plant owned by American Castings, LLC	1994 to 2002	Industrial	2
Sallisaw Municipal Authority	1952	Municipal	2
Solae, LLC	1975	Industrial	2
Air Products Manufacturing Corporation	1976	Industrial	2
City of Pryor Creek Municipal Utility Board	1951	Municipal	2
Wagoner Public Works Authority	1947	Municipal	2
Stilwell Area Development Authority	1950	Municipal	2
Net Revenues as a Percentage of Sales of Power			80 %

Source: Grand River Dam Authority

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REVENUE CAPACITY - RATE HISTORY

	2009	2008	2007	2006	2005
ELECTRIC SERVICE RATES:					
Capacity Charges per kW:					
Wholesale - Distribution Primary	$ 10.09	$ 10.09	$ 10.09	$ 10.09	$ 10.09
Wholesale - Transmission	9.32	9.32	9.32	9.32	9.32
Wholesale - Generation Bus	8.76	8.76	8.76	8.76	8.76
Industrial - Distribution, Schedule LGS	10.40	10.40	10.40	10.40	10.40
Industrial - Distribution, Schedule GS	10.40	10.40	9.99	9.99	9.99
Industrial - Distribution Primary, Schedule LGS	10.19	10.19	10.19	10.19	10.19
Industrial - Distribution Primary, Schedule GS	9.64	9.64	9.23	9.23	9.23
Industrial - Transmission	9.42	9.42	9.42	9.42	9.42
Energy Charges per kWh:					
Wholesale - Distribution Primary	0.0210	0.0210	0.0210	0.0210	0.01873
Wholesale - Transmission	0.0210	0.0210	0.0210	0.0210	0.01873
Wholesale - Generation Bus	0.0210	0.0210	0.0210	0.0210	0.01870
Industrial - Distribution, Schedule LGS	0.0214	0.0214	0.0214	0.0214	0.0214
Industrial - Distribution, Schedule GS	0.0214	0.0214	0.0210	0.0210	0.01873
Industrial - Distribution Primary, Schedule LGS	0.0210	0.0210	0.0210	0.0210	0.0210
Industrial - Distribution Primary, Schedule GS	0.0214	0.0214	0.0210	0.0210	0.01873
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	0.00626	0.00775	0.00788	0.00288	0.00271
PCA - 2nd half of Year	0.00645	0.00595	0.00446	0.00966	0.00176
PCA - 4th Quarter (2001 only)					
WATER RATES: per thousand gallons					
Grand Lake	$ 0.060	$ 0.030	$ 0.0150	$ 0.0150	$ 0.0150
Lake Hudson	0.060	0.030	0.0100	0.0100	0.0100
Fort Gibson Lake	0.060	0.030	0.0040	0.0040	0.0040
WR Holway Reservoir	0.060	0.030	0.0216	0.0216	0.0216
River Pump Station	0.100	0.100	0.0850	0.0850	0.0850
DOCK PERMIT RATES:					
Private Docks:					
Docks less than 1100 sq. feet:					
Base charge, including first slip	$ 100.00	$ 100.00	$ 100.00	$ 100.00	$ 100.00
Per each additional slip	25.00	25.00	25.00	25.00	25.00
Docks greater than 1100 sq. feet:					
Base charge	100.00	100.00	100.00	100.00	100.00
Per square foot over 1100 sq. feet	0.06	0.06	0.06	0.06	0.06
Commercial Docks:					
Minimum charge	200.00	200.00	200.00	200.00	200.00
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

Source: Grand River Dam Authority

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2004	2003	2002	2001	2000
$ 10.09	$ 9.66	$ 9.66	$ 9.66	$ 9.66
9.32	8.92	8.92	8.92	8.92
8.76	8.38	8.38	8.38	8.38
10.40	(LGS became effective in 2004)			
9.99	9.56	9.56	9.56	9.56
10.19	(LGS became effective in 2004)			
9.23	8.83	8.83	8.83	8.83
9.42	(Rate became effective in 2004)			
0.01873	0.01792	0.01792	0.01792	0.01792
0.01873	0.01792	0.01792	0.01792	0.01792
0.01870	0.01789	0.01789	0.01789	0.01789
0.0214	(LGS became effective in 2004)			
0.01873	0.01792	0.01792	0.01792	0.01792
0.0210	(LGS became effective in 2004)			
0.01873	0.01792	0.01792	0.01792	0.01792
0.0210	(Rate became effective in 2004)			
0.06442	0.06165	0.06165	0.06165	0.06165
-0.003310	-0.002540	-0.003150	0.001360	-0.004370
-0.000370	-0.000210	-0.002940	0.001100	-0.002010
		-0.002000		
$ 0.0150	$ 0.0150	$ 0.0150	$ 0.0150	$ 0.0150
0.0100	0.0100	0.0100	0.0100	0.0100
0.0040	0.0040	0.0040	0.0040	0.0040
0.0216	0.0216	0.0216	0.0216	0.0216
0.0800	0.0800	0.0630	0.0630	0.0630
$ 25.00	$ 25.00	$ 25.00	$ 25.00	$ 25.00
12.00	12.00	12.00	12.00	12.00
-	-	-	-	-
0.045	0.045	0.045	0.045	0.045
200.00	40.00	40.00	40.00	40.00
25.00	-	-	-	-
0.06	0.045	0.045	0.045	0.045

Per Oklahoma Statute as well as General Bond Resolution 5107, the Authority's board of directors has the sole responsibility and authority for establishing sufficient rates.

UNAUDITED

DEBT CAPACITY - DEBT SERVICE COVERAGE

	2009 Per GBR 5107	2009 Per GBR 4800	2008	2007	2006
Operating Revenues	**$ 317,668,977**	$ 317,668,977	$ 323,747,187	$ 288,469,008	$ 287,922,648
Over/(Under) Recovered Fuel Cost	**-**	15,302,733	(2,687,159)	18,434,306	(5,816,468)
Revenues Available for Debt Service	**317,668,977**	332,971,710	321,060,028	306,903,314	282,106,180
Operating Expenses, excluding depreciation	**(214,758,203)**	(214,758,203)	(193,038,490)	(161,698,734)	(181,698,016)
Other Income, excluding noncash amortizations, market adjustments, and other excluded interest	**17,588,591**	16,390,134	14,929,690	19,691,690	11,464,742
Other Available Funds	**22,000,000**	22,000,000	28,104,674	-	-
Net Revenue Available for Debt Service	**$ 142,499,365**	$ 156,603,641	$ 171,055,902	$ 164,896,270	$ 111,872,906
Sinking Fund Requirements:					
Principal	**72,590,000**	95,392,385	71,002,500	67,223,750	63,572,082
Interest	**53,160,502**	38,333,851	31,642,622	28,205,822	31,908,647
Debt Service Requirements	**$ 125,750,502**	$ 133,726,236	$ 102,645,122	$ 95,429,572	$ 95,480,729
Net Revenues Available for Capital Improvements and Other Purposes	**$ 16,748,863**	$ 22,877,405	$ 68,410,780	$ 69,466,698	$ 16,392,177
Debt Service Coverage	**1.13**	1.17	1.67	1.73	1.17
Debt Service/MWh Generated	**$ 15.61**	$ 16.60	$ 14.12	$ 14.23	$ 17.78

Source: Grand River Dam Authority

DEBT CAPACITY - REVENUE BONDS OUTSTANDING AND LIMITS

	2009	2008	2007	2006	2005
Long Term Portion	$ 834,621,340	$ 930,091,340	$ 427,306,340	$ 496,086,340	$ 561,131,340
Current Portion	95,470,000	72,590,000	68,780,000	65,045,000	61,510,000
Total Outstanding Bonds	$ 930,091,340	$ 1,002,681,340	$ 496,086,340	$ 561,131,340	$ 622,641,340
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	479,908,660	407,318,660	913,913,660	848,868,660	787,358,660
Margin as a percentage of Limit	34.0 %	28.9 %	64.8 %	60.2 %	55.8 %
Outstanding Debt Per Capita in District	$ 605	$ 659	$ 328	$ 375	$ 421
Outstanding Debt to Total Personal Income	674 %	746 %	402 %	484 %	587 %

Source: Grand River Dam Authority

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2005	2004	2003	2002	2001	2000
$ 279,602,389	$ 227,002,783	$ 204,221,411	$ 187,548,040	$ 189,751,591	$ 200,128,108
(11,753,913)	(1,759,365)	3,026,638	(6,098,153)	12,467,820	(13,469,162)
267,848,476	225,243,418	207,248,049	181,449,887	202,219,411	186,658,946
(164,443,402)	(121,399,149)	(109,850,235)	(104,944,294)	(101,017,937)	(114,725,060)
10,816,182	8,665,975	9,888,845	10,159,145	11,923,741	11,952,780
-	-	-	2,154,000	-	-
$ 114,221,256	$ 112,510,244	$ 107,286,659	$ 88,818,738	$ 113,125,215	$ 83,886,666
60,137,082	57,110,833	54,558,750	52,057,500	48,970,000	46,424,583
35,354,402	38,216,133	40,730,791	43,830,548	46,768,872	49,128,549
$ 95,491,484	$ 95,326,966	$ 95,289,541	$ 95,888,048	$ 95,738,872	$ 95,553,132
$ 18,729,772	$ 17,183,278	$ 11,997,118	$ (7,069,310)	$ 17,386,343	$ (11,666,464)
1.20	1.18	1.13	.93	1.18	.88
$ 15.10	$ 14.92	$ 14.72	$ 16.32	$ 16.14	$ 16.01

Per General Bond Resolutions (GBR) 4800 and 5107, 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 Debt Service Coverage calculations for the years 2000 through 2008 were calculated under Resolution 4800. Calendar year 2009 is calculated under the new Bond Resolution 5107 which became effective July 2009, and is included in this transition year to provide a comparison. The column in gray reflects what the debt coverage for 2009 would have been had Resolution 4800 remained in effect. See Note to Financial Statements Summary of Significant Accounting Policies and Note for Bonds Payable for additional information about change in General Bond Resolutions.

2004	2003	2002	2001	2000
$ 622,641,340	$ 680,856,340	$ 736,421,340	$ 770,935,000	$ 821,055,000
58,215,000	55,565,000	53,150,000	50,120,000	47,360,000
$ 680,856,340	$ 736,421,340	$ 789,571,340	$ 821,055,000	$ 868,415,000
1,410,000,000	1,410,000,000	1,410,000,000	1,410,000,000	1,410,000,000
729,143,660	673,578,660	620,428,660	588,945,000	541,585,000
51.7 %	47.8 %	44.0 %	41.8 %	38.4 %
$ 465	$ 504	$ 542	$ 568	$ 605
681 %	795 %	876 %	911 %	1030 %

The Authority's bond issuance limit of $1,410,000,000 is established per Oklahoma statute and relates to the amount of bonds outstanding at any time. The state of Oklahoma has pledged not to limit or alter GRDA's ability to collect fees and charges or impair the rights of bondholders until such bonds are fully discharged.

UNAUDITED

FINANCIAL TRENDS - NET ASSETS AND CHANGE IN NET ASSETS

	2009	2008	2007	2006	2005
NET ASSETS					
Assets:					
Current Assets	**$ 320,324,339**	$ 443,547,555	$ 238,279,411	$ 224,355,142	$ 219,637,633
Net Utility Plant	**778,489,258**	730,162,939	413,627,666	399,876,856	399,405,266
Restricted Investments	**244,179,432**	206,646,566	120,151,735	120,151,735	120,151,735
Other Noncurrent Assets	**22,589,056**	22,723,419	7,027,004	7,693,303	8,471,461
Total Assets	**1,365,582,085**	1,403,080,479	779,085,816	752,077,036	747,666,095
Liabilities:					
Current Liabilities	**152,199,370**	117,860,150	98,373,459	98,694,983	89,386,090
Noncurrent Liabilities	**859,841,618**	952,157,405	430,618,300	494,392,661	553,650,241
Total Liabilities	**1,012,040,988**	1,070,017,555	528,991,759	593,087,644	643,036,331
Net Assets:					
Invested in Capital Assets - net	**154,704,963**	178,061,740	72,505,255	666,401	(80,525,056)
Restricted for:					
Debt Service	**59,544,174**	51,568,437	42,339,465	40,479,164	38,711,816
Construction	**-**	-	-	-	27,500,000
Other Special Purposes	**394,469**	407,705	336,863	329,290	349,132
Unrestricted	**138,897,491**	103,025,042	134,912,474	117,514,537	118,593,872
Total Net Assets	**$ 353,541,097**	$ 333,062,924	$ 250,094,057	$ 158,989,392	$ 104,629,764

	2009	2008	2007	2006	2005
CHANGE IN NET ASSETS					
Operating Revenues:					
Sales of power	**$ 309,678,303**	$ 316,628,436	$ 278,464,783	$ 276,823,553	$ 270,165,092
Other operating revenues	**7,990,674**	7,118,751	10,004,225	11,099,095	9,437,297
Total Operating Revenues	**317,668,977**	323,747,187	288,469,008	287,922,648	279,602,389
Operating Expenses:					
Fuel	**(130,956,467)**	(98,340,950)	(75,652,926)	(65,511,589)	(61,999,460)
Depreciation	**(48,595,784)**	(32,644,506)	(26,270,163)	(25,905,702)	(25,542,010)
Operation	**(28,885,899)**	(21,574,439)	(19,529,286)	(18,408,195)	(18,405,394)
Maintenance	**(27,581,156)**	(22,597,687)	(21,840,687)	(24,090,585)	(15,668,193)
Administrative and general	**(19,745,003)**	(20,185,919)	(15,700,875)	(16,544,857)	(20,389,494)
Purchased power - net	**(7,589,678)**	(30,339,495)	(28,974,960)	(57,142,790)	(47,980,861)
Total Operating Expense	**(263,353,987)**	(225,682,996)	(187,968,897)	(207,603,718)	(189,985,412)
Operating Income	**54,314,990**	98,064,191	100,500,111	80,318,930	89,616,977
Other Non-Operating Revenues	**17,600,716**	21,057,910	19,823,951	12,964,864	10,265,325
Capital Contributions	**-**	306,926	4,927,020	-	-
Interest and Bond-Related Amortizations	**(52,779,134)**	(37,722,260)	(35,213,108)	(39,844,233)	(44,164,242)
Increase (Decrease) in Costs to Be Recovered	**1,341,601**	1,262,100	1,066,691	920,067	(19,142,142)
Net Increase (Decrease) in Net Assets	**$ 20,478,173**	$ 82,968,867	$ 91,104,665	$ 54,359,628	$ 36,575,918

Source: Grand River Dam Authority

UNAUDITED

2004	2003	2002	2001	2000
$ 154,144,877	$ 142,764,595	$ 134,796,867	$ 141,849,200	$ 136,396,962
419,973,721	437,415,532	456,718,653	469,665,964	474,517,150
150,478,282	152,710,431	160,575,016	(Detail for preceding years is not available. Total Noncurrent Assets below:)	
29,026,800	53,248,454	74,227,433	239,091,007	262,918,330
753,623,680	786,139,012	826,317,969	850,606,171	873,832,442
77,221,653	76,074,491	73,171,800	73,984,306	63,133,777
608,348,181	658,279,467	705,801,659	728,133,701	768,107,465
685,569,834	734,353,958	778,973,459	802,118,007	831,241,242
(90,856,753)	(88,505,272)	(87,318,481)	(Detail for preceding years is not available.)	
37,066,254	35,705,638	34,540,492		
27,500,000	27,500,000	27,500,000		
278,130	260,000	-		
94,066,215	76,824,688	72,622,499		
$ 68,053,846	$ 51,785,054	$ 47,344,510	$ 48,488,164	$ 42,591,200

2004	2003	2002	2001	2000
$ 211,421,154	$ 196,011,036	$ 179,108,803	$ 182,387,439	$ 194,006,521
15,581,629	8,210,373	8,439,237	7,364,152	6,121,587
227,002,783	204,221,409	187,548,040	189,751,591	200,128,108
(56,396,019)	(60,691,493)	(54,969,577)	(53,900,186)	(53,535,921)
(25,575,452)	(25,248,587)	(25,830,207)	(24,189,979)	(26,927,654)
(15,249,434)	(13,783,260)	(13,487,497)	(13,686,337)	(14,114,473)
(21,254,173)	(15,095,451)	(17,131,920)	(16,990,522)	(18,499,671)
(13,853,224)	(12,506,648)	(12,240,789)	(10,606,699)	(10,529,271)
(14,646,299)	(7,773,383)	(7,114,511)	(5,834,193)	(18,045,724)
(146,974,601)	(135,098,822)	(130,774,501)	(125,207,916)	(141,652,714)
80,028,182	69,122,587	56,773,539	64,543,675	58,475,394
8,638,542	8,902,326	15,472,034	14,109,280	15,917,755
-	-	-	-	-
(47,857,967)	(51,167,623)	(54,711,526)	(57,939,496)	(61,019,385)
(24,539,965)	(22,416,746)	(18,677,701)	(14,816,495)	(11,118,837)
$ 16,268,792	$ 4,440,544	$ (1,143,654)	$ 5,896,964	$ 2,254,927

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FINANCIAL TRENDS - CASH AND INVESTMENT BALANCES

	2009	2008	2007	2006	2005
General Operating	**$ 62,189,497**	$ 56,055,494	$ 56,724,276	$ 29,516,930	$ 58,832,974
Board Designated	**30,000,000**	27,500,000	25,000,000	22,500,000	18,000,000
Restricted for:					
Bond Service	**59,544,174**	51,568,437	42,339,465	40,479,164	38,711,816
Construction	**151,837,215**	241,949,727	29,612,591	30,882,894	34,145,383
Bond Service Reserve	**141,560,060**	141,560,060	96,121,388	96,121,388	96,121,388
Reserve and Contingency	**13,390,015**	35,390,015	24,030,347	24,030,347	24,030,347
Other Special Purposes	**394,469**	407,705	307,066	329,290	349,132
Total Cash and Investments	**$ 458,915,430**	$ 554,431,438	$ 274,135,133	$ 243,860,013	$ 270,191,040

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
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	7,614,118	52,395	7,666,513
2009	**1,069,449**	**170,326**	**5,493,609**	**1,322,444**	**128,920**	**8,184,748**	**43,801**	**8,228,549**

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
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
2009	**3,000,980**	**607,723**	**616,543**	**160,818**	**1,730,040**	**6,116,104**	**1,612,029**	**7,728,133**

Source: Grand River Dam Authority

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2004	2003	2002	2001	2000
$ 43,420,331	$ 47,760,394	$ 45,882,188	$ 61,811,533	$ 48,692,897
13,500,000	-	-	-	-
37,066,254	35,705,638	34,540,492	33,051,850	31,639,183
34,693,962	42,014,530	44,868,281	27,500,000	27,500,000
96,121,388	96,121,388	96,121,388	96,121,388	96,121,388
24,030,347	24,030,347	24,030,347	24,030,347	24,030,347
278,130	260,000	-	-	-
$ 249,110,412	$ 245,892,297	$ 245,442,696	$ 242,515,118	$ 227,983,815

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

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
U. S. Postal Service	Statewide	Government	16,500
Oklahoma State University	Stillwater	Education	12,000
Cherokee Nation of Oklahoma	Tahlequah, Stilwell, Others	Services	5,900
AT&T	Statewide	Services	4,600
YUM! Brands	Statewide	Food	4,500
Lowe's Home Centers	Statewide	Retail	3,500
Dollar General Stores	Statewide	Retail	2,600
Walgreen Company	Statewide	Retail	2,600

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	**2009**	2008	2007	2006	2005	2004	2003	2002	2001	2000
Thermal Generation	**210**	212	210	217	210	215	207	203	205	210
Hydroelectric Generation	**40**	41	43	43	44	43	43	44	42	38
Transmission and Engineering	**105**	106	102	101	91	88	97	95	92	90
Energy Control and Operations	**28**	30	30	25	22	23	17	16	17	16
Information Technology	**32**	34	29	32	31	30	12	10	11	9
Ecosystems and Lake Patrol	**17**	17	16	16	17	11	12	13	13	13
Other Administrative	**57**	57	56	54	51	51	59	59	58	57
Total Employees by Function	**489**	497	486	488	466	461	447	440	438	433
Employees per MW of Generation	**0.28**	0.28	0.37	0.37	0.36	0.35	0.34	0.34	0.34	0.33

Source: Grand River Dam Authority

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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	117 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
Ecosystem & Education Center	Langley, 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	Miles of line
American Electric Power (AEP)	69 kV - 645
Associated Electric Cooperative Company (AECI)	138 kV - 92
Empire District Electric Company (Empire)	161 kV - 365
KAMO Power (KAMO)	345 kV - 111
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; Carthage, MO.
Western Farmers Electric Cooperative customers in GRAY lettering
GRDA Facilities - Shown in small WHITE lettering.

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

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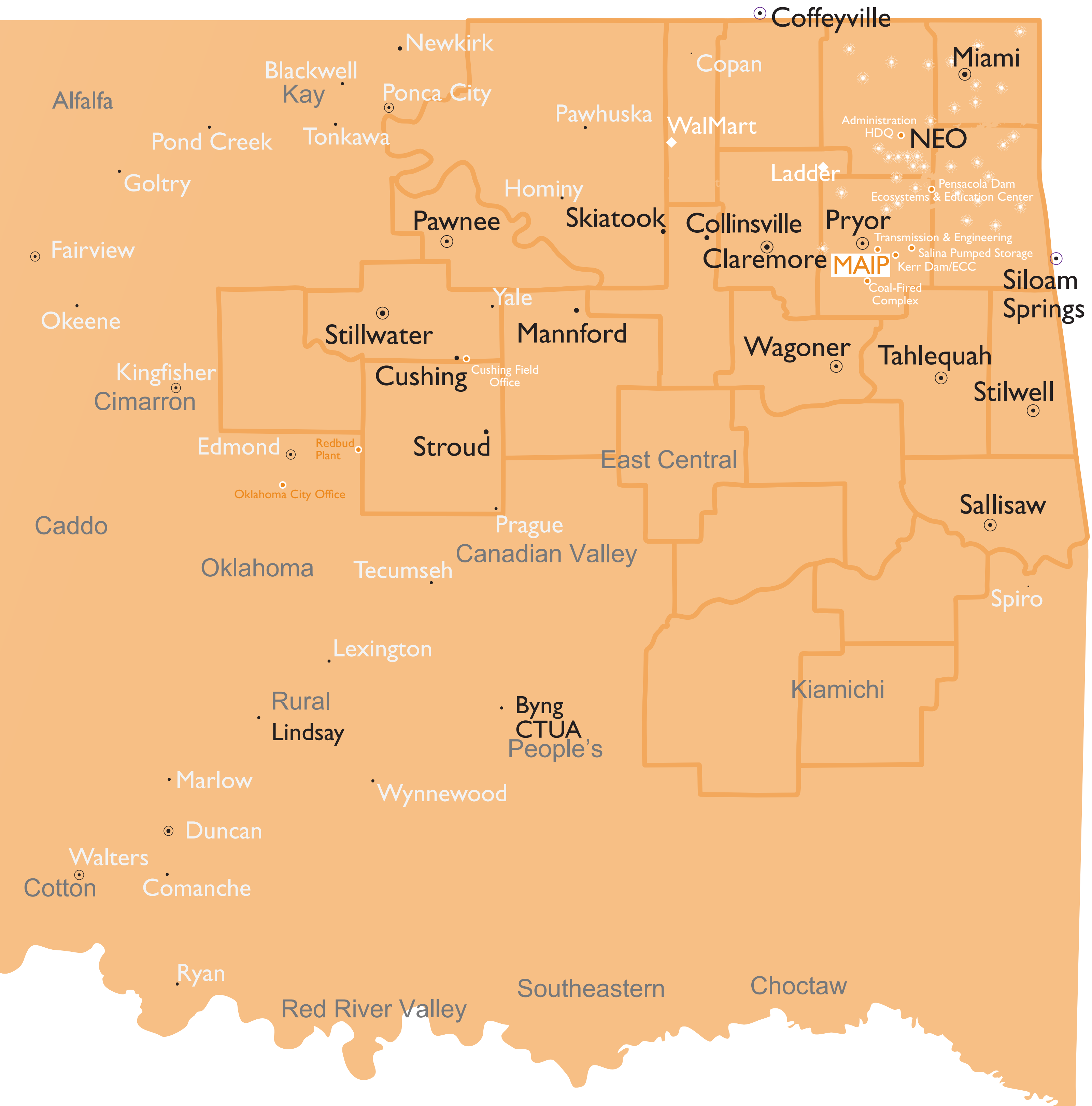
Coffeyville
Newkirk
Blackwell
Kay
Ponca City
Alfalfa
Copan
Miami
Pawhuska
WalMart
Pond Creek
Tonkawa
Administration HDQ
NEO
Goltry
Hominy
Ladder
Pensacola Dam
Ecosystems & Education Center
Pawnee
Skiatook
Collinsville
Pryor
Transmission & Engineering
Fairview
Claremore
MAIP
Salina Pumped Storage
Kerr Dam/ECC
Coal-Fired Complex
Siloam Springs
Okeene
Yale
Stillwater
Mannford
Wagoner
Tahlequah
Kingfisher
Cimarron
Cushing
Cushing Field Office
Stilwell
Edmond
Redbud Plant
Stroud
East Central
Oklahoma City Office
Sallisaw
Caddo
Prague
Canadian Valley
Oklahoma
Tecumseh
Spiro
Lexington
Kiamichi
Rural
Lindsay
Byng
CTUA
People's
Marlow
Wynnewood
Duncan
Walters
Cotton
Comanche
Ryan
Southeastern
Choctaw
Red River Valley

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DEMOGRAPHIC AND ECONOMIC INDICATORS

State of Oklahoma Demographics

Year	Population	Unemployment Rate	Per Capita Income	Total* Personal Income
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	$134,399,865
2009	**3,687,050**	**6.4%**	**$ 35,268**	**$138,037,000**

Source: Oklahoma Department of Commerce. *In Thousands

Population Change: 1990 - 2009

	Ranking 2000-2009	Growth % 1990 to 2000	Growth % 2000 to 2009	Growth % 1990 to 2009	Population 2009	Population 2000	Population 1990
Wagoner County	2	20.1 %	22.4 %	47.0 %	70,394	57,491	47,883
Rogers County	3	28.0 %	21.3 %	55.3 %	85,654	70,638	55,170
Payne County	6	10.9 %	16.9 %	29.6 %	79,727	68,190	61,507
Logan County	7	16.9 %	15.9 %	35.5 %	39,301	33,924	29,011
Delaware County	11	32.1 %	9.4 %	44.5 %	40,555	37,077	28,070
Cherokee County	13	24.9 %	8.3 %	35.2 %	46,029	42,521	34,049
Tulsa County	16	11.9 %	6.9 %	19.6 %	601,961	563,301	503,341
Sequoyah County	19	15.2 %	6.3 %	22.5 %	41,433	38,972	33,828
Haskell County	23	7.8 %	5.1 %	13.3 %	12,393	11,792	10,940
Mayes County	25	15.0 %	4.4 %	20.1 %	40,065	38,369	33,366
Creek County	26	10.6 %	4.3 %	15.3 %	70,244	67,369	60,915
Adair County	27	14.2 %	3.9 %	18.7 %	21,857	21,038	18,421
Washington County	29	1.9 %	3.5 %	5.5 %	50,706	48,996	48,066
Pittsburg County	32	8.3 %	2.9 %	11.4 %	45,211	43,953	40,581
Muskogee County	33	2.0 %	2.8 %	4.9 %	71,412	69,451	68,078
McIntosh County	38	16.0 %	1.8 %	18.0 %	19,801	19,456	16,779
Craig County	39	6.0 %	1.4 %	7.5 %	15,158	14,950	14,104
Osage County	40	6.7 %	1.4 %	8.2 %	45,051	44,434	41,645
Lincoln County	44	9.8 %	0.4 %	10.2 %	32,199	32,080	29,216
Nowata County	46	5.8 %	-0.4 %	5.4 %	10,528	10,569	9,992
Latimer County	48	3.5 %	-0.7 %	2.8 %	10,621	10,692	10,333
Okmulgee County	50	8.8 %	-1.0 %	7.7 %	39,292	39,685	36,490
Pawnee County	51	6.7 %	-1.2 %	5.4 %	16,419	16,612	15,575
Ottawa County	62	8.6 %	-4.7 %	3.5 %	31,629	33,194	30,561
Total for GRDA 24 County District		12.3 %	7.2 %	20.3 %	1,537,640	1,434,754	1,277,921
Total for all of Oklahoma's 77 Counties		9.7 %	6.8 %	17.2 %	3,687,050	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

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