NATURAL GAS

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COAL

GRAND & DIVERSIFIED

GRAND RIVER DAM AUTHORITY

A component unit of the state of Oklahoma

Comprehensive Annual Financial Report For
The Years Ended December 31, 2013 and 2012

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A component unit of the state of Oklahoma

Comprehensive Annual Financial Report For The Years Ended December 31, 2013 amd 2012

Prepared by GRDA's Finance and Corporate Communications Departments

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INTRODUCTORY SECTION

GRDA
Grand River Dam Authority

April 25, 2014

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, 2013. 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 necessary to enable the reader to gain an adequate understanding of the Authority's financial position and results of operations have been included. 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 calendar years 2012 and 2013 presented unique opportunities for a renewed focus on the value of GRDA and scrutiny of the future role the Authority should play for long-standing customers and the citizens of the state of Oklahoma.

The Grand River Dam Authority recently highlighted over 75 years of accomplishments and contributions to the state of Oklahoma. On June 1, 2014, the original construction costs for the majority of the assets accumulated over those 75 years will be paid for. As GRDA celebrates the debt maturities for the bonds that financed the assets of this historic agency for capital additions built or acquired prior to 2009, we are preparing to finance the assets needed to serve our customers for decades to come. In March, GRDA selected a financing team to issue revenue bonds in late 2014 or early 2015 to pay for a combined-cycle gas plant and other capital additions to further diversify the generation portfolio.

The following pages illustrate the 2013 highlights of a Grand and Diversified GRDA. GRDA has strengthened relationships with our public power partners, and they have been an integral part of the process to make strategic decisions for the resources necessary to secure a productive future. Importantly, GRDA has a solid financial base as we secure the resources to power Oklahoma's future.

Sincerely,

Daniel S. Sullivan
Chief Executive Officer/Director of Investments

Carolyn Vowell Dougherty
Chief Financial Officer/Treasurer

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GRAND & DIVERSIFIED

Nothing happens without cooperation; goals are not achieved, plans are not finalized, foundations are not laid, and success is not found. However, where partnerships exist, teamwork is displayed and vision is shared, all good things can be realized.

The year 2013 reaffirmed this principle for the Grand River Dam Authority, time and time again. On many different fronts such as electric generation, economic development and workforce management, teamwork and cooperation were the components GRDA depended on as it addressed its goals.

Some of those goals were achieved during the year; while others were established. However, none were approached without the input, expertise, and yes, even sometimes differing viewpoints, of GRDA customers, employees, and other stakeholders.

After seven-plus decades of service to Oklahoma, GRDA understands that real success cannot be achieved any other way.

SUMMARY OF THE 2013 HIGHLIGHTS AND ACCOMPLISHMENTS

Looking back on a year in which major milestones were achieved on the electric generation, lake management and even workforce management fronts, the Grand River Dam Authority can point to cooperation and collaboration as the formula for 2013 successes. From assisting with the Bassmaster Classic fishing tournament on Grand Lake in February to making pivotal decisions about future electric generation assets, GRDA's year was highlighted by a wide-range of issues that touched all parts of its mission and involved all of its stakeholders.

Electric Generation Planning

Molding the future structure of GRDA's electric generation portfolio was the key activity in 2013. With Environmental Protection Agency (EPA) regulations impacting the future of GRDA's Coal-Fired Complex operations and the 30-year old units in need of upgrades, GRDA spent much of 2013 in research and discussion to determine what the long term electric generation plan should look like.

GRDA is a public power agency of the state of Oklahoma. Public Power is known for local control and decision making. 2013, perhaps more than any year in GRDA's history, embodies those fundamental principles of public power. Customers and management came together and defined their future, and the long term electric generation plan, as a group. Extensive time and resources were spent researching and evaluating all viable generation options. GRDA issued and evaluated responses to requests for energy purchase proposals using coal, gas, wind, and hydro for new or expanded generation. The process was open and transparent, evidencing the strong ethic of accountability to rate payers, bond holders, and state officials. With input from those customers and other stakeholders, as well as much internal discussion and research, a plan was developed over the summer and approved by the GRDA Board of Directors in August.

Telling Our Story

Meanwhile, even as the plan was being developed, GRDA was working hard to tell its story to stakeholders across the state. A 75-year history of reliable service alone was not enough to justify why GRDA should continue to serve Oklahoma for decades to come. So, GRDA and its customers spent much of 2013 documenting the public power story—about a Grand and Diversified GRDA—to help highlight past successes as

COAL & NATURAL GAS

Future Natural Gas Plant to be constructed adjacent to the Coal-Fired Complex that has been renamed the Grand River Energy Center.

HYDROPOWER

well as future potential. Released in the spring of 2013, GRDA's *The Power of Power* book was the comprehensive source for all information about the organization's value, not only to customers but to all of Oklahoma and even the region beyond.

Public Power Relationships

To quote Tim Blodgett, President and CEO of Hometown Connections (a subsidiary of the American Public Power Association), "Good utilities learn from each other." Municipal utilities do not compete with each other so the utilities can and do freely share experiences and best practices. That is precisely what GRDA gained in 2013 when it joined the Large Public Power Council (LPPC). LPPC is an organization of the largest 26 public power generating and transmission utilities across the United States. In conjunction with other LPPC utilities peers, GRDA stays actively engaged in federal issues which impact the Authority and its customers. For public power, the ultimate decision is not based on how does this impact shareholders, but how will it impact utility customers and local citizens?

GRDA also gained from another public power relationship during 2013. The Energy Authority has helped prepare GRDA to enter the Southwest Power Pool (SPP) Integrated Marketplace by advising on the development of risk management policies and gas hedging strategies as GRDA's generation portfolio becomes more reliant on natural gas.

Workforce Management

Like utilities all across the country, GRDA is facing what some have called the "Silver Tsunami" which is the wave of looming retirements as baby boomer employees finish out their long, productive careers. To address this issue and plan for a reliable workforce for the future, GRDA contracted with The AOE Group, consultants who spent much of the year working in concert with GRDA employees to shape the organization's career progression plans and workforce management goals. That effort is ongoing today.

Compliance and Safety

Compliance and safety issues stayed on the forefront too, as GRDA continued to focus on the electric transmission regulatory environment. System operator training, physical and cyber security issues and the development and implementation of new safety standards and programs all received daily attention by various employees across the organization. Meeting the many rules and regulations set forth by the North American Electric Reliability Corporation

GRDA's The Power of Power is available on www.grda.com.

(NERC), Federal Energy Regulatory Commission (FERC) and the Southwest Power Pool (SPP) were also high priority in GRDA's ongoing efforts to maintain its reputation as Oklahoma's low-cost, reliable electricity supplier.

Shoreline Management Plan

Since GRDA's construction of Pensacola Dam in 1940 the waters of Grand Lake have been attracting people. Whether they live along the shoreline or just spend a few summer days visiting, they are part of the thriving recreation and tourism industry and economic engine that rests on the GRDA foundation. Years later, GRDA's creation of Lake Hudson (1964) further expanded that economic engine to create an entire lakes region in a corner of the state that was once rugged and rural.

However, GRDA's management of these lakes require FERC compliance on many issues. One of the most notable was the requirement to develop a shoreline management plan (SMP) for Grand Lake. With public input taken at 27 different meetings, GRDA drafted this SMP several years ago and submitted it to FERC for review in 2009. In October 2013, FERC approved GRDA's SMP draft. Under the terms of this plan, GRDA will address shoreline issues such as encroachments, habitable structures, shoreline classifications, dredging management, and wildlife resources. The ultimate goal when the plan was being developed was to create something that would meet the needs of all lake users, while protecting the waters and shoreline for years to come. That remains the goal today.

Bassmaster Classic

In a collaborative effort with several other organizations and state agencies, GRDA helped to bring the "Superbowl" of competitive fishing to Grand Lake. For several days in February 2013, the sport—with a worldwide following—turned its attention to the 2013 Bassmaster Classic and the 46,500 surface of Grand's waters. Competitors and spectators came from all over the United States and even other countries to visit the tournament launch site and attend the weigh-ins (in Tulsa). That launch site, the Wolf Creek Tournament Facility, is now one of the best in the nation thanks to the work done by GRDA and others who built boat ramps, docks, paved new roadways and parking lots and, ultimately, helped raise the profile of Grand Lake as a fishing destination. Of course, the positive economic impact of the Bassmaster Classic on the region stretched into the multi-millions but the lasting impact has been a renewed interest in Grand Lake. GRDA is responsible for issuing licenses for all tournaments taking place on Grand and Hudson and, following the Classic, there was an increase both in numbers of tournaments and numbers of participants through the remainder of 2013. Tournaments bring more and more dollars to the region and continue to fuel the economic engine first created by GRDA's Pensacola Dam.

Taking Care of Business

Not every day in 2013 involved a major fishing event or a milestone decision about future generation, but every day did involve producing and delivering electric power, caring for the resources of the Grand River system and maintaining the operation that has a significant, positive economic impact on Oklahoma. In 2014, GRDA is committed to doing all these things again.

LOCAL ECONOMY

The customer group that demonstrated the most unification and publicly exercised the public power spirit during 2013 was the municipal customers. Several of GRDA's municipal and industrial customers have been partners for almost 75 years. The local leaders recognize that assets of the Authority legally belong to GRDA and the state of Oklahoma, but they know the electricity revenues from members of their local communities paid the debt to build them.

GRDA's municipal customers and GRDA have committed to partner for future decades by executing standard, long-term contracts with a term through 2042. GRDA's customers were determined the generation plan management had developed in conjunction with input from customer meetings would be supported by state leadership. While maybe not as vocal state-wide, the industrial and off-system firm customers were also just as involved in reviewing presentations on generation alternatives, providing feedback, and aiding in the ultimate generation decision. After months of due diligence looking at the multiple alternatives, ultimately, the customers wanted their local dollars to go towards local generation to support their local loads. The transparency and oversight of the public process worked, and the customers and GRDA are working together to put the plan into action.

Providing Public Power

GRDA directly serves 16 Oklahoma municipal customers and two others just across the state border that own and operate their own distribution systems. Municipal customers provided 41% of the electricity revenues during 2013.

Coffeyville, Kansas, GRDA's largest municipal customer, 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 large customers of the city: Coffeyville Resources, a nitrogen fertilizer facility, Southwire, ACME Foundry, Magellan Pipeline, John Deere, and Bartlet Milling. Other large employers in the city include Amazon, the Coffeyville Community College, city government and the Coffeyville Regional Medical Center.

The city of Stillwater, with a population of approximately 47,000, is GRDA's second-largest municipal customer with primarily a residential and commercial revenue base. The city has a large industrial park which is home to its larg-

2013 Bassmater Classic held on Grand Lake.

Salina Pumped Storage Project

HYDROPOWER

Robert S Kerr Dam

HYDROPOWER

est customers, National Standard and Armstrong. Major employers in the city include Oklahoma State University, the Stillwater Medical Center, Wal-Mart, Stillwater Public Schools, the city of Stillwater and Mercury Mercruiser.

Claremore, another large municipal customer, is located just northeast of Tulsa and boasts a population of over 18,500. Two adjacent industrial parks with approximately 225 acres are home to many of the city's largest manufacturers, including Centrilift Baker-Hughes and AXH Air-Coolers. Other large employers include Rogers State University, Claremore Public Schools, Hillcrest Hospital Claremore, Wal-Mart Super Center, and Claremore Indian Hospital.

Benefiting All Oklahomans

While GRDA's lakes are physically located in Northeast Oklahoma, the economic benefits of GRDA's low-cost reliable power and energy are spread all across Oklahoma. Almost 20% of the electricity revenues came from off-system firm relationships with Western Farmers Electric Cooperative (WFEC) and the Oklahoma Municipal Power Authority (OMPA), with service territories primarily in the southern and western portions of the state.

WFEC, along with its 18-member Oklahoma distribution cooperatives and Altus Air Force Base, was GRDA's largest customer, with revenues accounting for 15% and 11% of GRDA's electricity sales in 2013 and 2012 respectively. The WFEC and GRDA relationship has been strong since the early 1980's when both utilities relied on each other for reliability as a backup source of energy when either utility tripped a coal-fired plant offline. That original relationship along with transmission arrangements transitioned into a mutually beneficial supply and purchase arrangement for both entities.

Since 1985, GRDA has served OMPA which is also a state agency and component unit of the state of Oklahoma. OMPA was created to provide adequate, economical and reliable wholesale electric power to cities through agreements with 39 participating trusts. Indirectly through OMPA's wholesale contracts, GRDA generation provides a portion of the requirements to 35 of their cities in Oklahoma. Revenues from OMPA accounted for four percent and five percent of electricity sales in 2013 and 2012 respectively.

The relationships with OMPA and WFEC reinforce GRDA's mission benefiting Oklahomans across the entire state. Indirectly through its wholesale contracts with WFEC for 200 MWs through 2025 and OMPA for 40 MWs through 2040, GRDA power serves some portion of 75 of Oklahoma's 77 counties. Both WFEC and OMPA are served under take or pay firm schedules. Additionally, OMPA has another contract for generation delivered pursuant to a 20 MW, unit-contingent output contract based on the production from Unit 2 at the Coal-Fired Complex.

The result of these long-term relationships is that GRDA has not only diversified its generation resource portfolio but has also diversified and secured its sources of revenue as well. GRDA's contracts with OMPA and WFEC diversify the power sales revenues geographically to include communities all across the state of Oklahoma. Additionally, the expanded relationship with WFEC provides further diversity among the customer groups.

WFEC has a diversified service territory as well. Almost half of their distribution cooperative's loads are residential, providing a stable revenue stream, while a few distribution cooperatives rely heavily on the oil and gas industry. Oklahoma's oil and gas economy has been doing well in recent years, and WFEC has shown load growth as pumping stations and other industry technologies have become operational.

The public power community of Edmond, Oklahoma is OMPA's largest customer. Edmond is located just north of Oklahoma City, and is consistently one of the fastest growing cities in the state. Ponca City, Altus and Duncan are other large communities served by OMPA. The remaining cities are more rural in nature.

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 serves as a regional public power supplier to Kansas Municipal Energy Agency (KMEA); Paragould, AR; and Poplar Bluff, MO. Together, GRDA and these public power suppliers have

Redbud Plant

NATURAL GAS

captured the economic and load diversity of a broader geographical region, providing more stability to all. While GRDA is historically a summer peaking utility, Paragould and Poplar Bluff sometimes set winter peaks. The off-system customers are served under take-or-pay contracts which are a secure revenue stream regardless of market-price fluctuations and provided over 35% of the electricity revenues in 2013. The contract maturities for off-system loads were staggered by design and mature from 2026 through 2039.

Attracting Jobs

Almost all of GRDA's industrial and commercial customers are located in the MidAmerica Industrial Park (MAIP) near Pryor. The park, owned and operated by the Oklahoma Ordnance Works Authority (OOWA), is 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 over 80 companies employing over 4,500 people. The park provides a large industrial and commercial base for GRDA, which in turn provides the low-cost electricity essential for the development of the park.

In 2013, Google grew to be the Authority's largest industrial customer and has contracted to utilize green energy from GRDA's contract with Canadian Hill's wind facility. Currently, GRDA's other largest industrial customers include Pryor Plant Chemicals, Solae, Air Products, Orchid Paper Products, American Castings, National Gypsum, Armin Plastics, and Chevron Phillips. GRDA is currently negotiating contracts with several existing industrial customers to provide electricity for plant expansions in the park. GRDA's Transmission Headquarters and CFC are located in the park, allowing technical personnel to move quickly to respond to any customer needs.

MAIP offers multi-modal transportation options: highway, rail, nearby waterway, and air. Additionally, three different educational institutions are located on-site as well as a soon-to-be opened career center. The park also has urgent care, emergency and life-flight services within the park boundaries. These support facilities, along with water and electricity provided by the Grand River and a hard-working Oklahoma workforce, are the reasons companies continue to locate in Northeastern Oklahoma. As a result, GRDA anticipates future industrial and commercial growth in the park although sales to Pryor Plant Chemicals decreased in 2013, causing a slight decrease in the sales for the customer category.

Approximately 13% of electricity revenues came from industrial and commercial customers in 2013. Oklahoma has a "no switching" statute, so industrial customers are locked to a supplier after the customer's initial choice is made unless the two utilities agree to allow a customer to change suppliers. As a matter of policy, deposits are collected from industrial customers connecting for new service.

Wind Projects

WIND POWER

A Long-term Cooperation

No local economy has identified better with the GRDA recreational playground than the area served by GRDA's third largest customer, Northeast Oklahoma Electric Cooperative (NEO). Through NEO, GRDA provides electricity indirectly to the Grand Lake region. Many in the area believe the Grand Lake "community" becomes the third-largest concentration of people in the state during summer holiday and weekends.

Since 1946, GRDA has provided the needs of NEO's customers, primarily residential and commercial loads. The cooperative's customer base is diverse and includes highly developed waterfront properties, marinas, and more rural agricultural landscape. Additionally, NEO serves numerous casinos operated by local Native American tribes.

Like GRDA, NEO is headquartered in Vinita. The member-owned cooperative's service territory includes Craig, Delaware, Mayes, Ottawa, and portions of Rogers counties. The cooperative is currently the second largest distribution cooperative in the state of Oklahoma by number of meters. Sales to NEO accounted for nine percent of GRDA's annual power sales in 2013.

NEO is the only wholesale customer of GRDA, which has not executed a long-term, all-requirements, take or pay contract. The existing contract allows for either party to provide a 12-month termination notice. GRDA and NEO have enjoyed a mutually beneficial partnership for many decades. The economic value of competitively priced elec-

Transmission Headquarters

TRANSMITTING THE POWER

tricity has helped shape the growth of the Grand Lake and Lake Hudson regions, and GRDA wants the relationship to continue for many more decades. However, if a new contract cannot be successfully negotiated, the Authority believes it will still have sufficient customer growth to prevent any significant negative impact to GRDA's financial metrics or customers' rates.

GRDA's rate methodology essentially provides for unlimited "step-up" provisions across all rate classes in the event any customer leaves or loses load.

INTERNAL CONTROL FRAMEWORK AND BUDGETARY CONTROLS

Maintaining Accountability

GRDA management is responsible for the establishment and maintenance of internal controls and takes that responsibility seriously. The GRDA Board of Directors has created an environment reflecting clear expectations that GRDA conduct business in a professional and responsible manner. 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 help ensure the Authority's decisions are taken within the context of due diligence and business prudence.

GRDA's control structure has several layers of oversight. The first level comes from Section 866 of the Title 82, of Oklahoma Statutes. An independent financial audit shall be completed within 90 days after the close of the calendar year. The audit report must be placed with and kept on file with the Oklahoma Governor, State Treasurer, Oklahoma Department of Libraries, Oklahoma State Auditor and Inspector, and the Director of the Office of Management and Enterprise Services. Additional oversight is exercised through requirements placed on the Bond Fund Trustee by the bond resolutions. Significant bond covenants are discussed in the long-term debt note to the financial statements found in the financial section of this report.

GRDA has become a policy driven organization. GRDA directors review Authority policies at least annually to provide reasonable assurance an effective system is in place to assure that internal control objectives will be achieved and resources will be protected. Directors also utilize an active committee structure to make the most effective decisions and set the appropriate tone from the top.

Public Transparency

In December, the Authority hired Jeff Brown, previously Director of Performance Auditing with the Office of the Oklahoma State Auditor and Inspector, to serve as GRDA's Director of Financial Compliance. The board has since approved a formal Audit Committee Charter and Financial Compliance Charter. The goal is to continue strengthening internal controls as well as have additional overview of expenditures as we embark on a growth phase. The Director of Financial Compliance meets regularly with GRDA's Audit, Finance, Budget and Policy Committee.

The GRDA Board of Directors provides direction and authority for management to conduct day-to-day business in monthly meetings open to the public. Of significance in maintaining accountability to the public, GRDA business is conducted in a transparent environment. Furthermore, periodically, electronic files of disbursements are provided to the state of Oklahoma, which makes the information publicly available as well.

Inherent Limitations

An internal control system, no matter how well designed and operated, can only provide reasonable, not absolute, assurance that internal control system objectives will be met. GRDA does not have unlimited resources; therefore, the cost of the internal control system must be balanced with the benefits of the internal controls. Inherent limitations to any internal control system include but are not limited to errors or misunderstanding of instructions, mistakes in judgment, collusion, management override, or even deterioration of controls over time. Still, it is possible to design the internal control process to safeguard assets and reduce risk of a material misstatement in the financial statements.

DEBT MANAGEMENT

The Authority's debt structure provides viable alternatives such as staggering any additional debt requirements. 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. Maturities for the 2008 and the 2010 bond issues were wrapped around the previously existing debt in order to mitigate the impact on customer rates. Specific details about GRDA's bonds and debt limitation are discussed in the Bonds Payable Note to the financial statements as well as in the statistical section of this report. At the March 2014 Board meeting, the directors selected a finance team to work on a proposed 2014-2015 bond issue to finance generation, transmission, and other capital projects. The team includes the Office of the Oklahoma State Bond Advisor; PFM, as financial advisors; Hawkins, Delafield, and Wood, as bond counsel; J. P. Morgan and Barclays, as senior-managers; and Citi, BOSC, and Bank of American Merrill Lynch, as co-managers. Any bond issues must first be approved by the Oklahoma Council of Bond Oversight.

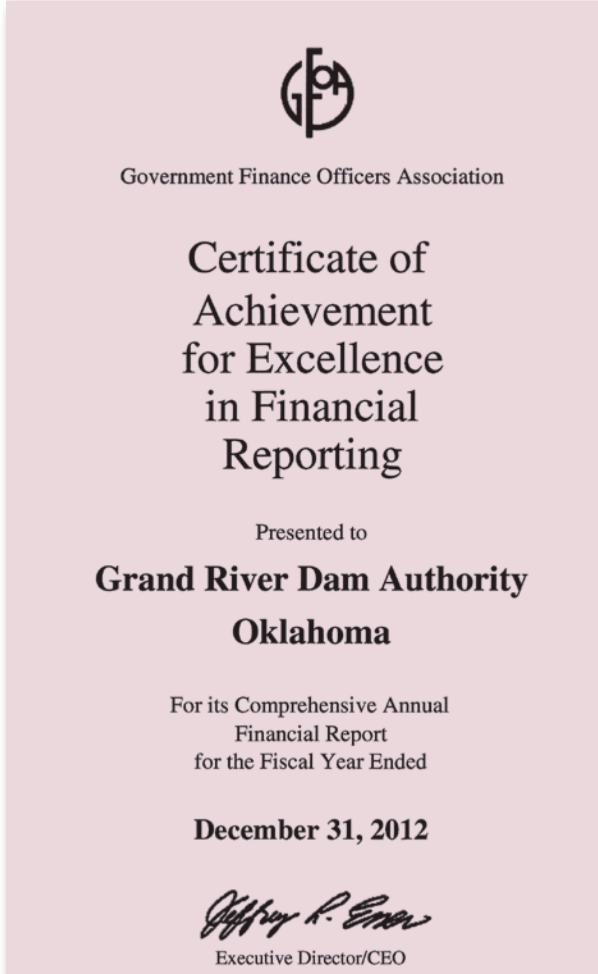
The most significant project for the 2014-2015 proposed financing of approximately $450 million includes Unit No. 3, a 495-MW combined-cycle gas plant at the Grand River Energy Center expected to be operational in 2017. Because of the significant decline in debt service payments between 2012 and 2014, the Authority expects to wrap any new debt service around the 2008 and 2010 debt service and still lower annual debt requirements from the levels in 2010 through 2012.

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, 2013, 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, 2012. This was the thirteenth 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.



Government Finance Officers Association

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, 2012

Executive Director/CEO

ACKNOWLEDGMENTS

Preparation of this report could not have been accomplished without GRDA's Finance and Corporate Communications Departments. GRDA would like to thank our independent auditors, Deloitte & Touche LLP, for their highest standards of professional service. GRDA's strength comes from our employees, our most valuable asset.

We also want our partners in the process—our customers—to know how much we appreciate them. You exemplified the public power process during 2013! Our appreciation also goes to the GRDA Board of Directors for their commitment to GRDA. They endured hours of technical jargon as we debated the pros and cons of various generation alternatives. Finally, thank you to Preston Doerflinger, interim Oklahoma Secretary of the Energy and Environment and Michael Teague, Oklahoma Secretary of the Energy and Environment, for listening, comprehending, relaying, and supporting GRDA's story. Oklahoma will be better for it; we will be Grand and Diversified.

Board of Directors

Chris Meyers
Chair
Edmond, OK

Ex Officio Director
Oklahoma Association
of Electric Cooperatives
General Manager

Tom Kimball
Chair-elect
Owasso, OK

Senate Pro-Tempore
Appointee,
At-large director
Term ends Aug 2017

Betty Kerns*
Stillwater, OK
Governor Appointee
Representing Economic
Development Interests,
Lake Enthusiasts and
Property Owners
* Resigned April 2014

Jim Richie
Tulsa, OK

House Speaker
Appointee,
At-large director
Term ends Aug 2016

Stephen R. Spears
Cushing, OK

Ex Officio Director
Municipal Electric
Systems of Oklahoma
Executive Director

Ed Townsend
Grove, OK

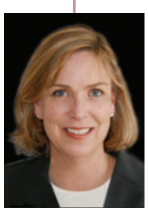
Governor Appointee
Representing
Industrial and
Commercial Customers
Term ends Aug 2018

Allen B. Wright
Edmond, OK

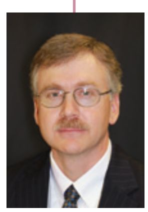
Governor Appointee
At-large director
Term ends Aug 2014

Management and Organizational Chart

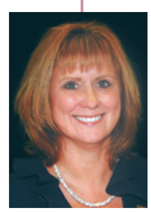
Daniel S. Sullivan
Chief Executive Officer
Director of Investments



Ellen Edwards
General Counsel



Tim Brown
Chief Operating
Officer



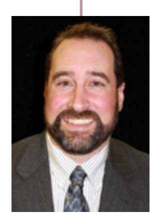
Carolyn Vowell Dougherty
Chief Financial Officer
Treasurer

Brian Edwards
Asst. General Manager
Chief of Law Enforcement
and Homeland Security

Charles J. Barney
Asst. General Manager
Thermal/Hydro Generation

William M. Herron
Asst. General Manager
Engineering, System
Operations & Reliability

Allison Goodpaster-Carter
Asst. General Manager
Human Resources



Darrell Townsend II, Phd.
Asst. General Manager
Ecological & Lake
Operations

Donna M. Jones
Corporate Secretary

Justin Alberty
Corporate
Communications

Grant Burget
Business Development
& Marketing

Jeff Brown
Director of Financial
Compliance

James M. Stafford
NERC & FERC
Compliance

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Grand River Dam Authority:

Report on the Financial Statements
We have audited the accompanying financial statements 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, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

Auditors' Responsibility
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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority at December 31, 2013 and 2012, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - New Accounting Pronouncements
As discussed in Note 1 to the basic financial statements, the Authority adopted GASB No. 65, *Items Previously Reported as Assets and Liabilities.* Our opinion is not modified with respect to these matters.

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

Other Information
Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The other information listed in the table of contents as Introductory section and the Statistical section is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Authority. The 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 do not express an opinion or provide any assurance on it.

Deloitte & Touche LLP

March 31, 2014

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, 2013, in comparison with the prior years' financial results. Please read it in conjunction with the financial statements, which follow this section.

USING THIS FINANCIAL REPORT

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

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

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

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

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

The Statements of Net Position 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 Position report all of the Authority's 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

GRDA is in a sound financial position, because we focus on working together with our customers to meet mutual needs. Although GRDA is a conservation and reclamation district for the state of Oklahoma, almost all of the operating revenues and expenses relate to the generation, transmission, and distribution of electricity. Public power business activities drive the financial results as discussed in the following paragraphs.

Net Position

The Net Position increased by $39.7 million or by 7.6% in 2013 after increasing $54.0 million or by 11.5% in 2012, which reflects a continued sales growth attributable to Oklahoma's solid economy. The increases in Net Position have been relatively stable in recent years. Net Utility Plant decreased for the first time in years during 2011. A combination of events put transmission project engineering, and ultimately physical construction, behind schedule. As a result, depreciation for 2011 exceeded the cost of capital additions as many projects remained in the engineering or procurement phase. During 2013, Total Assets decreased by $33.5 million or by 2.2%. In 2012, physical construction on multiple projects and the associated capital additions exceeded depreciation by $12.7 million or by 2% of Net Utility Plant. However, in 2013, capital construction and procurement ramped up, resulting in additions to capital exceeding depreciation by $29.7 million or 4% of Net Utility Plant. More detailed information about changes in Net Utility Plant is also presented in the Note 4 to Financial Statements, Utility Plant.

Current Assets decreased by $15.5 million or by 6.1% during 2013 after decreasing $66.6 million or by 20.7% during 2012. Accounts Receivable from KAMO Power, GRDA's joint owner of Coal-fired Unit 2, and another from Chouteau Fuels, GRDA's refined coal partner, amounted to more than $20.0 million of the $23.3 million increase in Other Receivables for 2012. Both balances were collected soon after year-end. Additionally, Current Investments decreased by $21.1 million in 2013 and $95.1 million in 2012. In both 2012 and 2011, most of the capital additions were ultimately paid from Construction Funds, so a significant portion of the excess of revenues collected over operating expenses was deposited and invested. Other significant increases in current assets came from a $1.8 million increase in 2013 and a $1.5 million increase in 2012 in materials and supplies inventories, primarily as Coal-Fired Complex replenished stock following the 2012 major outage of Unit 2 and transformers and other line and substation equipment awaited installation on construction projects. Under-recovered fuel costs also decreased $1.0 million in 2013 and $2.2 million in 2012 as the pricing of coal in the fuel stock inventory increased because freight costs rose. The higher delivered fuel costs contributed to the $11.4 million decrease in 2013 and the $5.8 million increase in 2012 to the fuel stock inventory. Finally, prepaid assets decreased by $4.3 million in 2013 after increasing by $4.5 million in 2012 due to long-term service agreement payments for upcoming work at the Redbud combined-cycle gas plant. Details about capital additions are discussed later in the Capital Assets section.

Restricted Investments decreased $36.1 million or by 8.3% in 2013 after increasing by $34.9 million or by 8.8% in 2012. Additional information about the Restricted Investments is presented in Note 2 to Financial Statements, Deposits and Investments. Restricted Assets are discussed later in more detail in the Significant Assets and Debt Administration section. Other Noncurrent Assets decreased by $11.6 million due to $11.0 million of Costs to be Recovered from Future Revenues being classified as Current Assets as of December 31, 2013. This is due to the 2002B debt maturing on June 1, 2014. Noncurrent prepaid assets decreased by $0.6 million in 2013 and 2012 due to the amortization of prepaid bond issuance insurance. Prepaid bond issuance insurance was previously reported as Unamortized Debt Issuance Costs, but has been reclassified as a prepaid asset in 2013, 2012 and 2011 in accordance with the implementation of GASB 65; see Note 1 to Financial Statements.

Financial Highlights - December 31, 2013, 2012 and 2011

	2013	2012	2011
CONDENSED SCHEDULE OF NET POSITION			
Assets:			
Current assets	**$ 239,521,952**	$ 255,025,040	$ 321,618,071
Net utility plant	**825,045,007**	795,320,230	782,641,048
Noncurrent investments	**397,792,015**	433,875,248	398,963,309
Other noncurrent assets	**7,462,896**	19,074,561	18,215,154
Total assets	**1,469,821,870**	1,503,295,079	1,521,437,582
Liabilities:			
Current liabilities	**117,596,459**	142,613,484	125,764,760
Noncurrent liabilities	**789,240,945**	837,445,824	926,444,492
Total liabilities	**906,837,404**	980,059,308	1,052,209,252
Net Position:			
Net investment in capital assets	**348,205,546**	263,939,054	192,361,193
Restricted for:			
Debt service	**33,526,719**	56,886,806	61,324,015
Other special purposes	**1,942,224**	749,975	637,178
Unrestricted	**179,309,977**	201,659,936	214,905,944
Total net position	**$ 562,984,466**	$ 523,235,771	$ 469,228,330
CONDENSED SCHEDULE OF CHANGES IN NET POSITION			
Operating Revenues:			
Sales of power	**$ 416,591,647**	$ 401,449,292	$ 388,834,078
Other operating revenues	**13,835,208**	9,573,441	5,652,493
Total operating revenues	**430,426,855**	411,022,733	394,486,571
Non-Operating Revenues:			
Investment income	**7,121,138**	12,120,926	12,337,646
Net increase (decrease) in fair value of investments	**(7,709,629)**	(3,948,188)	8,883,253
Income from non-utility operations	**1,319,806**	1,471,833	1,350,011
Deferral of costs to be recovered from future revenues	**1,640,965**	1,560,409	1,483,770
OEM grant revenues	**-**	1,385,482	8,786
Total non-operating revenues	**2,372,280**	12,590,462	24,063,466
Total revenues	**432,799,135**	423,613,195	418,550,037
Operating Expenses:			
Fuel	**(170,624,193)**	(151,413,641)	(160,222,167)
Depreciation	**(53,952,049)**	(48,204,063)	(50,869,539)
Operations	**(41,766,524)**	(30,099,571)	(27,823,333)
Maintenance	**(34,350,768)**	(33,722,761)	(26,809,111)
Purchased power - net	**(32,091,910)**	(29,831,445)	(14,585,117)
Administrative and general	**(16,361,145)**	(27,120,506)	(25,040,649)
Total operating expenses	**(349,146,589)**	(320,391,987)	(305,349,916)
Non-Operating Expenses:			
Interest expense	**(43,809,348)**	(49,034,263)	(54,957,804)
Amortization of debt discount and expense	**(1,060,061)**	(1,435,153)	(1,840,471)
Amortization of bond premium	**965,558**	1,255,649	1,584,468
Total non-operating expenses	**(43,903,851)**	(49,213,767)	(55,213,807)
Total expenses	**(393,050,440)**	(369,605,754)	(360,563,723)
Net increase in net position	**$ 39,748,695**	$ 54,007,441	$ 57,986,313

Current Liabilities decreased $25.0 million in 2013 after increasing $16.8 million in 2012. The primary difference resulted from a $54.8 million decrease in current portion of bonds payable, related to the bond principal payments due in June 2014. The decrease in current portion of bonds payable was offset by an increase of $14.4 million in the current portion of accrued interest payable and an increase of $15.4 million in accounts payable and accrued liabilities.

The Noncurrent Liabilities consist of the long-term obligations of bonds outstanding. GRDA paid $91.1 million in bond redemptions in 2013 and $86.8 million in 2012. Additional details about bonds outstanding are presented in the Note 6 to Financial Statements, Bonds Payable.

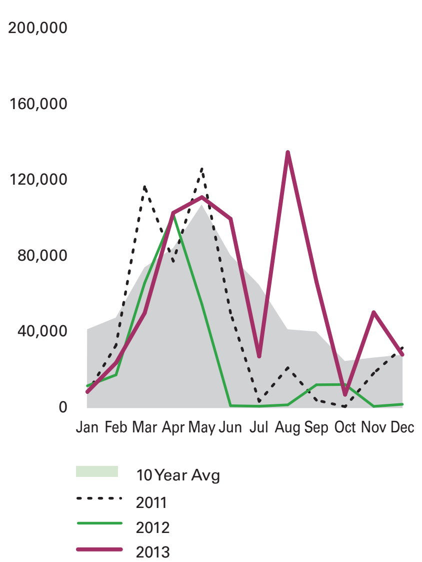
Unrestricted Net Position—the part of net position used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal agreements fluctuated but increased steadily from 2004 until 2011. The majority was held as unrestricted and board-designated cash and investments. In 2012, and much more significantly in 2013, current year revenues paid for capital additions, in addition to those financed by construction funds. Net Investment in Capital Assets increased by $84.3 million or by 31.9% in 2013 after an increase of $71.6 million or by 37.2% during 2012. Correspondingly, the Unrestricted Net Position only decreased $22.3 million in 2013 and $13.2 million in 2012, because current revenues and the associated cash and investments funded many of the capital improvements. The primary driver that provided the excess revenues was the sizable debt principal payment reduction. Net Position Restricted for Debt Service changed in proportion to the principal portion of sinking fund payments for repayment of long-term debt in both 2012 and 2013.

Operating Results

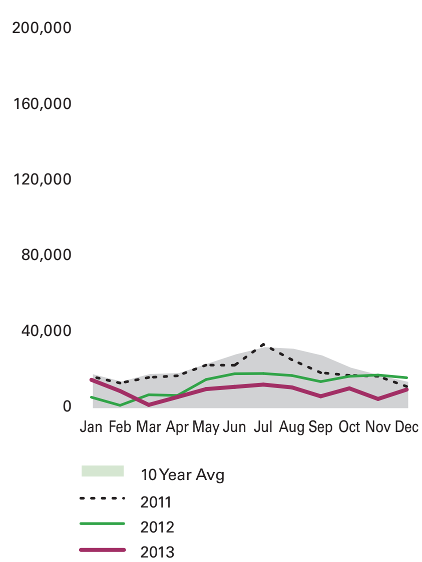
From inception, GRDA has generated with renewable energy as evidenced by the run-of-river generation reflected in the graph titled "Pensacola Dam and Robert S. Kerr Dam Generation." In 2011, drought conditions experienced across the summer and fall months clearly reflect why 2011 ended with below-average run hydro-electric generation. The hydro generation was restricted even further in 2012 as the drought continued, and temperatures set even higher records. In 2013, however, generation returned to more normal levels across the spring, with surplus inflows providing above average generation during the hot summer months of August and September.

The "Purchased Power" graph also reflects recent trends in purchased power. As the graph depicts, 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. With the below-normal run-of-river generation in the summer and latter part of 2012, energy was purchased to meet the summer peak and the planned maintenance outage on Unit 2 at the Coal-Fired Complex which occurs each fall. The graph also represents the normal spike in purchases in the spring when the planned maintenance outage on Unit 1 is scheduled. Since Unit 1 is wholly owned by GRDA, it takes more energy to cover the loss of generation during the spring outages. A new trend emerged in 2012 that lasted throughout most of the year. Since the Redbud plant purchase, GRDA relied on the plant for peaking and intermediate needs, but with gas prices so low in 2012, GRDA utilized Redbud for base-load generation. Furthermore, much of the market generation relied on gas generation resources, so market prices were lower than they have been in several years. A combination of events during 2012 led to higher than average purchased power: a planned major outage on the Coal Fired Plant's Unit 2; low gas and market pricing; droughts limiting hydro production; and record heat which spurred increased consumer consumption. In 2013, even another purchased power trend emerged. As the shaded portions of the graphs reflect, there has been an almost inverse relationship in the historical data between the amount of hydro generation available and the purchase of energy. What the lines representing purchased power for 2012 and 2013 reflect is customers' loads require energy purchases even when GRDA has adequate inflows for hydroelectric generation

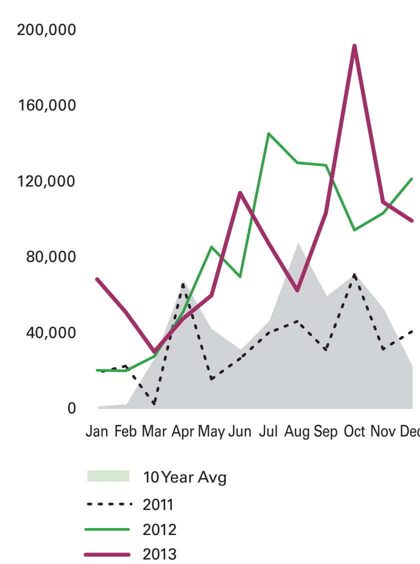
Pensacola Dam and Robert S. Kerr Dam Generation (MWh)

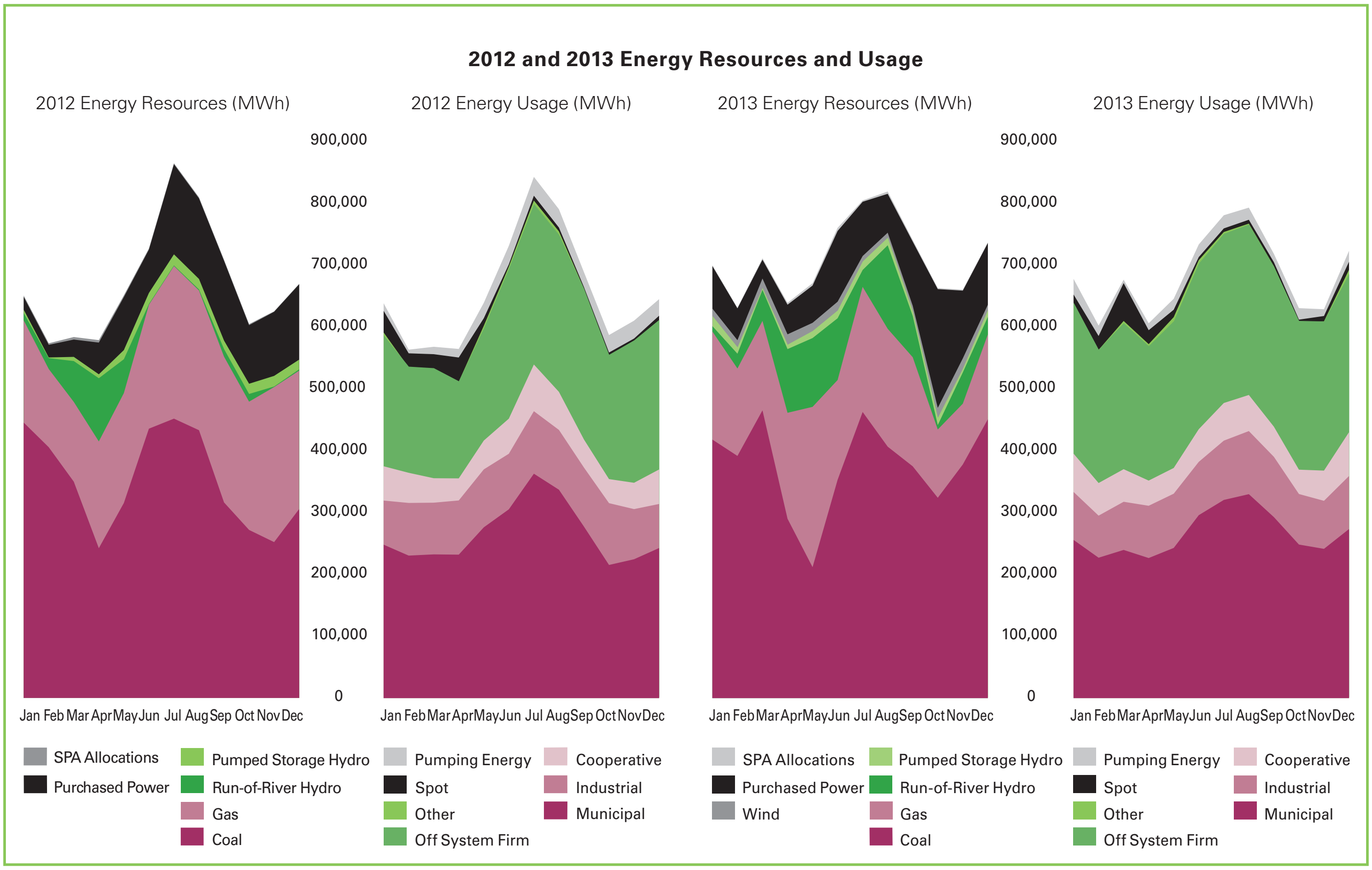


Salina Pumped Storage Project Generation (MWh)



Purchased Power (MWh)





at Pensacola and Kerr Dams. In 2012, the growth was attributed to record temperature extremes, but 2013 has indicated the growth remained more sustained. The amount of hydro available is no longer the main driver of purchased power, customer loads are.

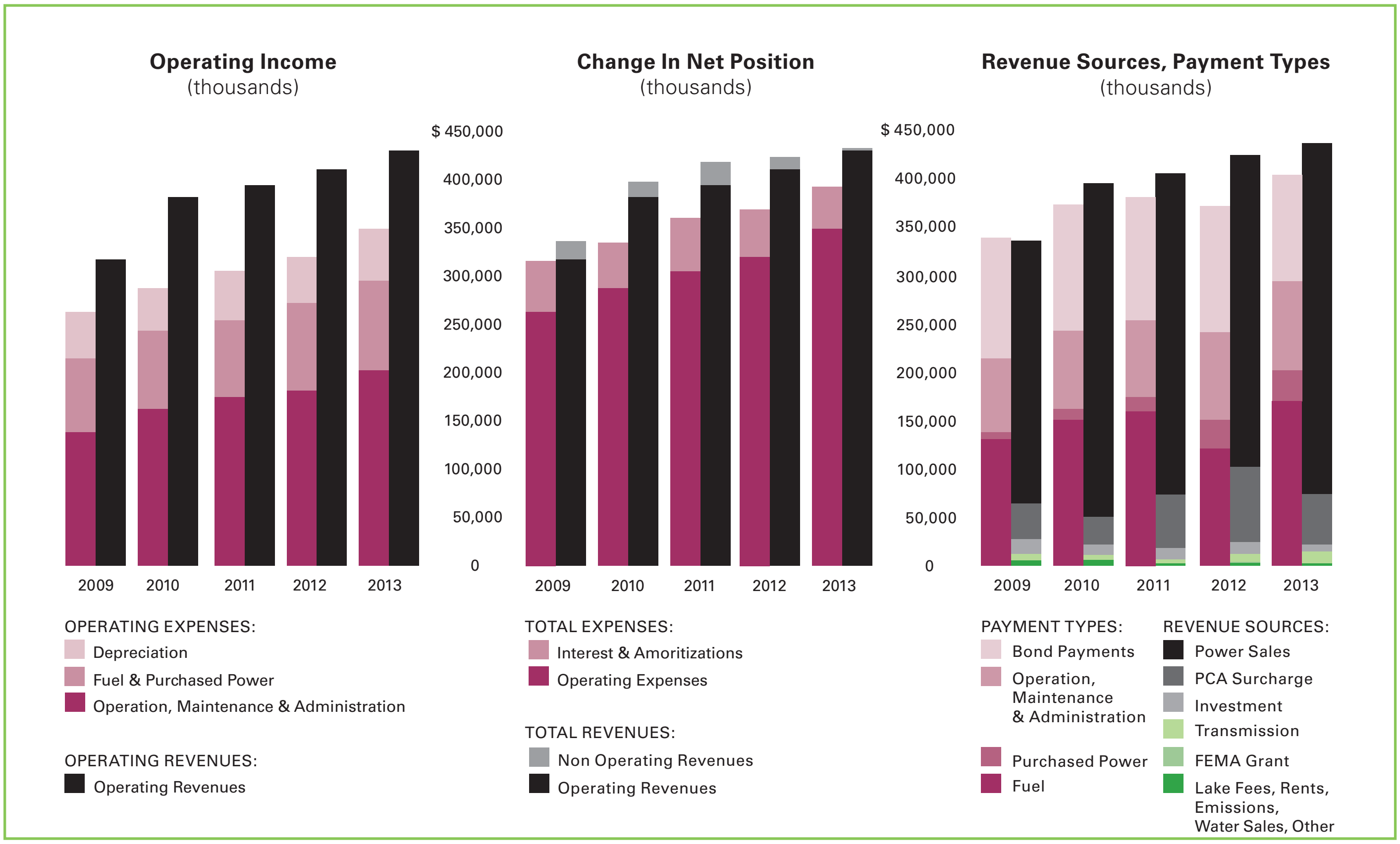
The role of the Salina Pumped Storage Project (SPSP) shifts back and forth over time. It always plays a significant role in reliability and regulation. What changes over time are the reversible pump/generators' roles in economic dispatch. The generators provide the most value when there is a price difference between on-peak and off-peak power. No such difference existed in 2012 when natural gas prices fell dramatically compared to recent years. Throughout 2012, it was often more economical for GRDA to purchase energy from the market than to pump at night and generate across the peak periods. The graph labeled "Salina Pumped Storage Project Generation" reflects the trends in pumped-storage hydro generation as the Authority has also relied more on the Redbud Power Plant purchased in 2008. Still, for three years in a row, Oklahoma set some historic weather records and GRDA relied on SPSP's strength of being capable of supplying reliable generation. The SPSP role of reliability was repeated in 2011, 2012, and 2013, because GRDA utilized both SPSP and Redbud, supplemented with purchases, to meet customers' load requirements.

The graphs titled "2012 and 2013 Energy Resources and Usage" indicate the extent that GRDA relies on thermal generation and gas generation to meet the customers' load needs no matter what season of the year. The availability of adequate generation, along with a reliable transmission system and firm customer contracts, drive the operating and financial results. The graphs of Energy Usage also illustrate another key shift in the source of revenues. In 2012, the extraordinary summer temperatures remained and virtually eliminated any spot sales and required purchased power to meet customer loads. In 2013, the graphs reflect GRDA's continued reliance on coal and gas generation to meet customers growing loads. Even with above average hydro, GRDA still purchased energy to meet customers' load requirements. The graphs depict a visual representation that the partnerships memorialized by long-term wholesale contracts not only provide GRDA with a revenue certainty, but also demonstrate that GRDA has committed the economical and diversified resources to benefit those same partners.

OPERATING INCOME

Operating Income decreased by $9.4 million or by 10.3% in 2013 after increasing by $1.5 million or by 1.7% in 2012. Operating Revenues increased by $19.4 million or 4.7% in 2013 after increasing $16.5 million or 4.2% in 2012. Both the 2012 and 2013 increases in Operating Revenues were driven primarily by higher industrial and off-system firm sales combined with an increase in the power cost adjustment surcharge. Additionally, in 2013, Other Operating revenues increased $4.3 million or by 44.5% mainly because base transmission plant costs were recovered through the administration of the transmission tariffs by the Southwest Power Pool.

However, Operating Expenses increased $9.4 million more than Operating Revenues increased in 2013. Operating Expenses increased by $28.8 million in 2013. Fuel costs remained the big expense driver. Fuel costs accounted for $19.2 million of the 2013 year increase in Operating Expenses. Depreciation expense was the other significant driver of the increase in Operating Expense and accounted for another $5.7 million in 2013. In 2012, the most significant change



in operating expenses related to purchased power. As previously mentioned, the record heat increased customers' load requirements and low natural gas prices made it cheaper to purchase gas generation from the market at times rather than generate energy at the Coal-Fired Complex. As a result, purchased power increased in 2012 by $15.2 million or by 104.5% and increased in 2013 by $2.3 million or by 7.6%. Offsetting the purchased power was a decrease in fuel costs as the gas utilized in the Redbud combined cycle plant cost less, and the coal generation was reduced for economic reasons as well as for the extended, planned fall maintenance outage. The lower gas prices impacted GRDA's generation dispatch mix throughout most of 2012. In 2013, gas prices increased and coal generation was again more economical than the combined cycle gas generation.

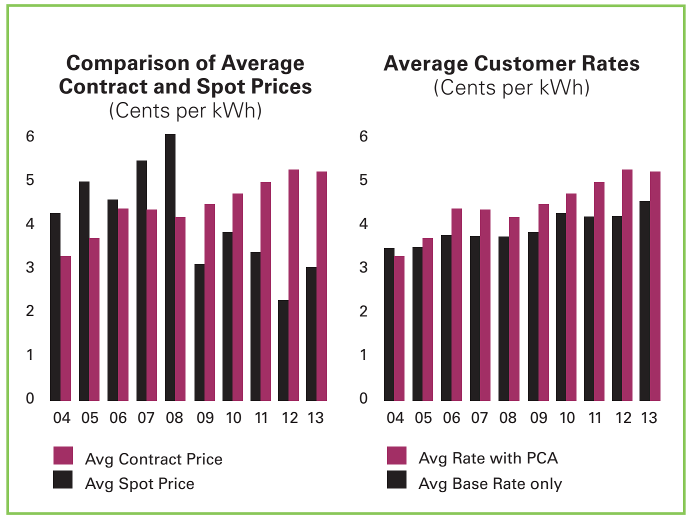
The graph labeled "Operating Income" indicates both operating revenues and operating expenses, and the difference in the column height reflects operating income. Operating Revenues are combined with other Non-Operating Revenues, primarily interest and investment income to pay the Authority's expenses. As can be seen in the "Change in Net Position" graph to the right of the "Operating Income" graph, revenues have consistently exceeded expenses. Although 2012 was anticipated to be a tough year financially because of the major, planned coal-fired plant outage combined with the last calendar year of higher debt payments, contracted sales continued to grow, and the financial results continued on the positive trend. Even though GRDA implemented a base rate decrease effective July 1, 2013, the growth in off-system firm sales provided the operating revenues which contributed to the change to net assets. The third graph, labeled "Revenue Sources, Payment Types," shows the extent to which Sales of Power, which includes the revenue sources labeled "Power Sales" and the "PCA Surcharge," 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 heights of the third graph reflects the source of funds, other than bond proceeds, reinvested in the system. The sources and uses of funds, which is not included in the basic financial statements, 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

In 2012 and 2013, Total Operating Revenues and Sales of Power increased 4.2% and 4.7% respectively. As mentioned previously, the revenue increases were the result of a combination of improving sales and economic conditions. Customer sales increases continue to be led by growth in the industrial and off-system firm customer categories in 2012 and by off-system firm customers in 2013. 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. The additional off-system sales of the last few years reflect expanded relationships with Western Farmers Electric Cooperative and Oklahoma Municipal Power Authority. As a result, GRDA supplies wholesale electricity to some portion of 75 of Oklahoma's 77 counties.

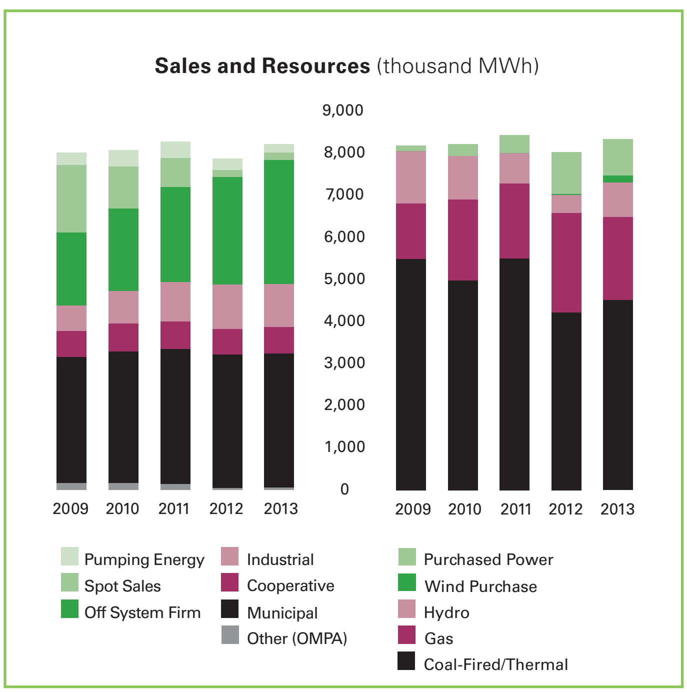
GRDA's electric rate structure has three main components: a demand charge, an energy charge, and a Power Cost Adjustment (PCA). The PCA recovers any corresponding increases in fuel or purchased power. GRDA's PCA mechanism with customers is calculated on a rolling



12-month basis. Historically the PCA has been revised twice a year, although effective July 1, 2013, the calculation is revised monthly to reduce the volatility to customers and to allow for a more timely recovery of fuel and purchased power costs. Sales of Power include any PCA surcharge as the "true-up" adjustment passes through the cost of the generating fuel and purchased power. All contract sales are subject to the PCA except for the Unit 2 output contract with OMPA, which is cost based, and any spot-market, short-term sales. The revenues also reflect an accrual of any over or under-collected fuel cost. GRDA collected surcharges for the PCA of $52.3 million and $78.0 million during 2013 and 2012, respectively.

Even with the collection of fuel surcharges, GRDA contract rates remain competitive within 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 illustrates the competitiveness of the Authority's rates and the advantage that abundant hydro generation provides. GRDA rates compare favorably to market pricing because the spot pricing only reflects the cost of energy purchased, while GRDA's contract price reflects the price of full service including capacity, energy and in some cases, transmission. The comparison does reflect the overall electricity pricing trends. GRDA did not have excess energy to sell during summer peaks when market prices were higher.

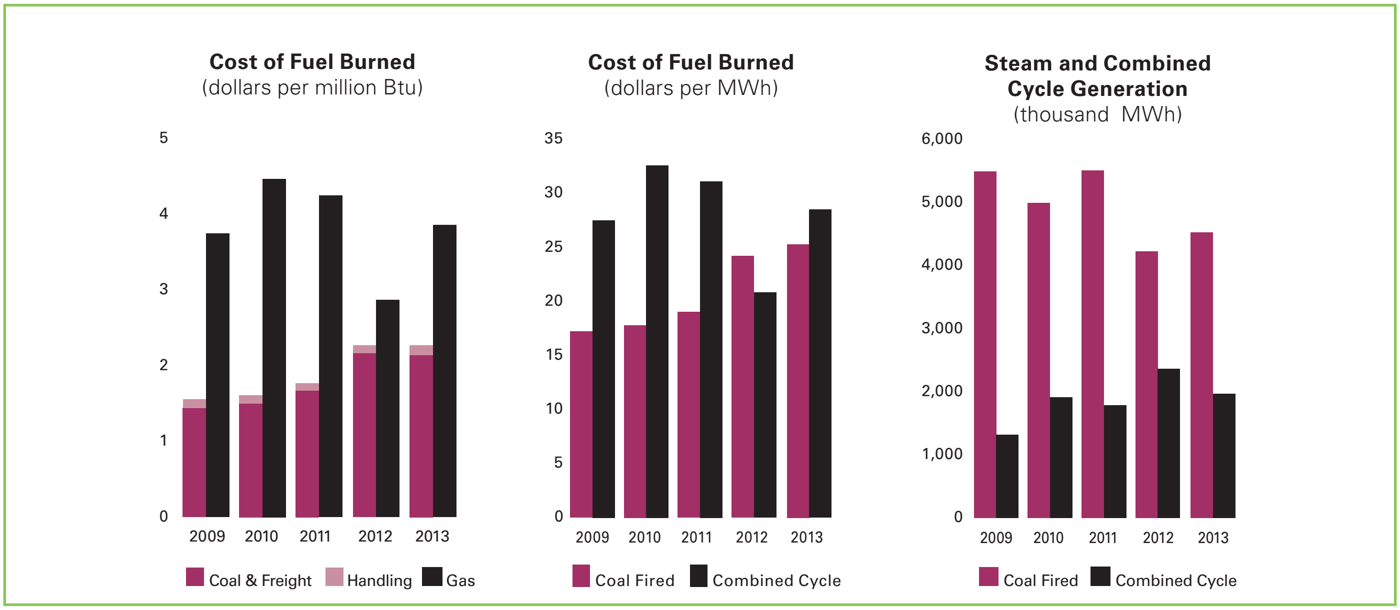
When a 2010 base rate increase was implemented, the Board intended for it to be temporary until the financial results improved. In 2011, the Board of Directors voted for a 2% reduction in capacity and energy billing components, but the decrease was offset by higher fuel costs being recovered through the PCA. The graph of average customer rates reflects that GRDA's average rates, including the PCA, were competitive at approximately 5 cents per kWh. In December 2012, the Board of Directors approved a preliminary budget that included reduced debt service requirements and an associated rate reduction to return base rates to pre-2010 levels effective July 1, 2013. The July 1, 2013, rate decrease also included a reallocation of 10 mills from the PCA to the energy base rate.



OPERATING EXPENSES

Operating Expenses increased by $28.8 million and by $15.0 million in 2013 and 2012, respectively. The primary increase in operating expenses over the recent past has been in fuel costs. As previously mentioned, the primary increase in 2012 related to purchased power. Still, coal and freight are the largest operating expenses at the Coal-Fired Complex. Fuel costs increased by $19.2 million in 2013, after decreasing by $8.8 million in 2012. As the graphs titled "Cost of Fuel Burned" indicate, the rising cost of coal and freight has increased the average cost of fuel burned. While it had little financial impact in 2011 on GRDA's rising coal cost, GRDA embarked on a "refined coal" project in December 2011. The process saves customers on the cost of coal burned at the Coal-Fired Complex. Equally as important, the refined coal process has reduced emissions and provided the potential to reduce future environmental costs as well. In 2012, rail transportation costs continued to drive up the cost of delivered coal at the same time that the cost of natural gas fell. As a result, the Redbud combined cycle plant and purchased power were utilized as the coal-fired generation was reduced. In 2013, the gas prices returned to more normal levels, and the coal generation was again utilized as the primary base load resource. The graph reflects the cost-per-million Btu of coal and gas as well as a comparison of the annual generation at the coal and gas plants. The middle graph depicting cost of fuel per MWh from each fuel source provides an indication of the extent that rising fuel costs impact the overall rate structure. Currently, fuel costs account for approximately half of GRDA's total average electricity price. Additionally, purchased power increased $2.3 million in 2013 and $15.2 million in 2012, primarily as a result of increasing customer loads.

Other than fuel and purchased power costs, another significant component of Operating Expenses is maintenance. Every six years, the Coal-Fired Complex has a planned, major maintenance outage. A major outage was scheduled at the Coal-Fired Complex during 2012, so maintenance expenses were at least $5.0 million higher than in other years. The Unit 2 major maintenance outage, which GRDA owns jointly with KAMO Power occurred in the fall of 2012. Generally, purchased power will also be slightly higher in years such as 2012 when GRDA has a coal-fired unit down for a major, more-extended outage. As previously mentioned, purchased power expenses have also increased to meet customer growth. Transmission of Electricity by Others also increased by $3.5 million in 2013 as GRDA purchased more energy. Finally, both transmission and administrative and general expenses rose as the North American Electric Reliability Corporation (NERC) and FERC compliance

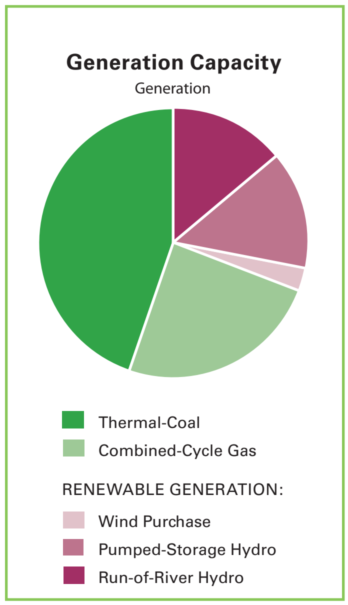


efforts have continued. Many of the compliance initiatives, such as network security and communications are considered "General Plant" improvements and fall under the administrative and general category. Historically, administrative and general costs included the settlement of claims, insurance deductibles, employee insurance premiums and post-retirement benefits and they have increased annually. In 2013, GRDA began allocating employee benefits and non-productive pay such as annual, holiday and sick leave along with direct pay to other operating expenses in order to better prepare for the Southwest Integrated Markets which went live March 1, 2014. The allocations allow GRDA to better identify the functional expenses for each generating and transmission facility. Other than the employee benefits and indirect labor allocations, no other areas of operation expenses changed significantly in 2013.

SIGNIFICANT ASSETS AND DEBT ADMINISTRATION

Capital Assets

As part of the commitment to customers to maintain reliability of service, GRDA has made a priority of rebuilding and maintaining generation and transmission assets. In addition, in August 2013, the Board of Directors approved a comprehensive Generation Plan to construct a new combined-cycle unit, add wind energy purchase agreements and to make extensive environmental upgrades to Coal-fired Complex Unit 2 to address environmental regulations. The diversity of the generation portfolio, which includes renewable hydro generation, is paramount to the operational flexibility to dispatch the generation in the most economical and reliable manner. As shown in the Utility Plant Note 4 to Financial Statements, the majority of Net Utility Plant consists of an economical mixture of renewable hydroelectric, thermal and natural gas generation resources and a transmission system for the delivery of power and energy. The pie chart reflects the fuel sources of GRDA's 2013 generation capacity. GRDA supplements the capital generation assets with capacity purchases from municipal customers Coffeyville, Cushing and Stillwater, which own generation. GRDA has enhanced generation and transmission reliability by having access to emergency generation should the need arise. Additionally, the Authority added 48 MWs of wind generation through a power purchase agreement which produced the first output in November 2012.



In January 2012, GRDA received approval from FERC to resume upgrading the generators at Kerr Dam. Additional lines and substations continue to be added or upgraded in order to handle the loads of new and growing customers, especially during 2011 and 2012. A substation connecting to the 345-kV line in eastern Oklahoma was the most significant capital addition in 2011. Other significant capital projects in 2012 included the installation of low NOx burners, replacement of turbine blades, super-heater tube panels and air preheater baskets during the Unit 2 outage. GRDA also acquired an aluminum train set and mobile substation. Numerous projects were a result of increasing requirements of NERC and FERC, particularly general plant projects utilized in the transmission of electricity. Significant general plant projects include such projects as microwave rebuilds, voice systems replacements, SCADA and network security upgrades and network infrastructure improvements, as well as the replacement of other equipment. Long-term service agreement payments continue to increase Redbud capital additions annually. During the last quarter of 2013, significant capital improvements began for Redbud including work related to advanced hot gas path upgrades. Since the gas plant has been utilized more, the milestone preventive maintenance service levels have been triggered.

Until 2013, the payment source for the majority of the capital additions has come from the construction accounts funded by the 2008 and 2010 bond issues. GRDA's debt service decreased significantly in 2012 and 2013 while revenues were increasing.

GRDA utilized the additional revenues to pay for many of the capital additions. In 2013, GRDA paid for approximately $45.7 million in capital additions from current revenues.

Restricted Assets

The Authority's bond resolutions require reserve funds be set aside. The General Bond Resolution No. 5107 requires the Bond Service Reserve account be equal to the "Maximum Aggregate Bond Service." Upon issuance of the 2010 bonds, the Debt Service Reserve requirement was calculated to be $136.0 million. At the end of 2011, the requirement was $133.8 million, and the account included an excess of $9.6 million. At the end of 2012, the requirement was $133.5 million, and the account included an excess of $8.3 million. At the end of 2013, the requirement was $110.1 million, and the account included an excess of $23.4 million. As discussed further in the Note 2 to Financial Statements, any excess balance in the Debt Service Reserve is reflected as a restricted asset because bond proceeds were used to initially fund the account and carry associated restrictions on how the funds can be used. Excess debt service reserve funds have been utilized to make future principal payments, as was the case when $4.0 million of the excess was applied to the February 2012 sinking fund principal payment and when $7.5 million of excess was applied to the May 2013 sinking fund principal payment.

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 are made to the trustee to better manage cash flows.

The Authority currently has two construction accounts. The 2008 construction account balance is attributable to unexpended proceeds from the 2008 bond issue. At the end of 2013 and 2012 respectively, $50.3 and $62.4 million remained in the 2008 construction account for generation, transmission and other projects. Additionally, in 2013 and 2012 respectively, $152.2 and $170.2 million of the $216.8 million deposit from 2010 bond proceeds remained in the 2010 construction account. Disbursements for the construction projects are initially paid from revenue funds. Requests for reimbursements are then submitted to the trustee, and monies are transferred from the construction project accounts to operating and revenue accounts.

The final restricted accounts for special purposes relate to wildlife mitigation pursuant to hydro licensing requirements. Each of the restrictions is discussed in further detail in the Note 2 to Financial Statements, Deposits and Investments. Additionally, the Authority has very conservative investment requirements which protect against investment losses, although the yields earned on eligible investments reflect the reduced risk. The priority of the investment policies is to protect the deposits rather than earn speculative income.

Regulatory Assets

The Authority follows accounting of regulated operations in accordance with GASB 62, 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 2013 and 2012 was $1.6 million. The deferred asset totaled $12.6 million at the end of 2013. The deferred asset Revenues will be collected to pay the 2002B principal and cumulative interest at maturity on June 1, 2014, and the deferred asset will be written off. The 2002B Accrued Interest Payable is reflected in the financial statements as a Non-Current Liability for 2012 and a Current Liability for 2013. For more detail, see the Note 5 to Financial Statements, Costs to be Recovered from Future Revenues.

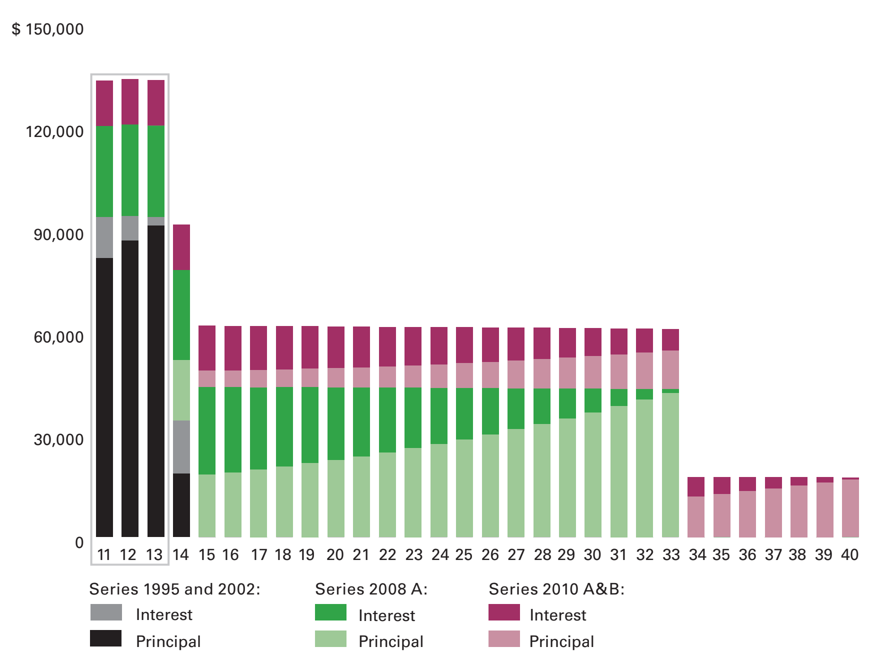
Long-Term Debt

The repayment of GRDA's outstanding bonds continued to positively impact the change in net position by increasing the ratio of utility plant to debt. The trustee paid bondholders, on behalf of the Authority, principal payments of $91.1 million, $86.8 million and $81.7 million on June 1, 2013, 2012 and 2011, respectively.

As indicated in the Note 6 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.

All of the debt issued prior to 2002 matured on June 1, 2013. The principal and interest totaling approximately $34.0 million on the

Future Debt Service Depicting Principal and Interest (thousands)



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 for the 2008 bonds will phase in as the older debt matures and will continue through 2033. Additionally, the 2010 bonds were wrapped around the outstanding debt. A portion of the interest costs was capitalized through December 2012 to reduce the impact of the debt service on customer rates. The 2010 bonds were issued to mature beginning in 2015 through 2040. The graph labeled "Future Debt Service Depicting Principal and Interest" provides an indication of how much principal and interest are due each year until all currently outstanding bonds mature in 2040. The graph distinguishes between the older debt, the 2008 issue and the 2010 issue. The most important aspect of the graph is it visually represents the magnitude of the declining future debt service requirements.

The 2002 bonds outstanding are not subject to redemption prior to the maturity of the bonds. The 2008A tax-exempt bonds maturing on and after June 1, 2019, are subject to early redemption on or after June 1, 2018. The 2010A tax-exempt bonds maturing on and after June 1, 2021, are subject to early redemption on or after June 1, 2020. The 2010B taxable bonds are subject to redemption at any time subject to a "Make-Whole Redemption" clause. 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 initially gave the 2002 and the 2008 issues ratings of Aaa, AAA and AAA, respectively, since municipal bond insurance policies were purchased as the bonds were issued.

FSA, now Assured Guaranty Municipal, insures GRDA's $18.6 million 2002 Series B bonds maturing in June 2014. Finally, Berkshire Hathaway Assurance Corporation insures the 2008 tax-exempt bonds maturing June 2014 through June 2033. None of the municipal bond insurers currently carry AAA ratings. As of the date of these financial statements, Moody's Investors Service (Moody's) rates Berkshire Hathaway Aa1 with a stable outlook, and Assured Guaranty Municipal A2 with a stable outlook. Standard and Poor's (S&P) rates Berkshire Hathaway AA+ with a negative outlook and Assured Guaranty Municipal AA- with a stable outlook.

In March 2013, Moody's added a positive outlook to GRDA's A2 rating. Fitch reaffirmed GRDA's A rating and stable outlook in November 2012. Standard and Poor's also assigns GRDA an A stable rating. Fundamental to the credit strength is the increasing diversification of power supply, an improving economy, strengthened power sales contracts with a stable customer base, a willingness to set appropriate rates, a declining debt profile, actively-engaged directors, institutionalized governance practices, and ongoing risk assessments that include various environmental alternatives which in combination enable GRDA to appropriately respond to any perceived risks or negative market developments.

CHANGE IN FINANCIAL POSITION

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 almost 70 years. Not to be overlooked are key actions taken to prepare for the future of GRDA and its customers. GRDA focused on its public power mission and renewed long-term relationships with customers. 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. GRDA is investing a great deal of capital rebuilding and upgrading the generation and transmission system to meet customers' needs well into the future. With that as a background, GRDA's future economic outlook is always linked to customer growth.

Long-term revenue projections also became more stable as a result of the all-requirements contracts with municipal customers, most of which run through June 2042. Additionally, expanded relationships with Western Farmers Electric Cooperative increased firm sales and added diversification. Consistent with other off-system firm sales, the contracts provide certain take-or-pay provisions. Together, GRDA and the customers continue to update load forecasts, and more importantly, sales continue to meet forecast levels. In 2010, a temporary rate increase was implemented to offset the downturn in the economy. As the improvement from sales and revenues became evident, the Board of Directors voted to return the benefits to customers in the form of rate decreases in 2011 and 2013 back to the rates in effect before the temporary increase. GRDA was able to implement these rate decreases and maintain healthy financial ratios because of a significant decline in upcoming debt service requirements and increased off-system sales. The improving economy, along with the actions the directors took on contracts, was the primary driver for the improved results and provided the incremental resources to improve financial ratios in 2013. As a result, Total Net Position has increased $93.8 million or by 20% over the past two years.

GRDA has also strengthened the foundation beneath the improved financial position. At the same time GRDA was improving the revenue stream and working to control risks, the Authority was also securing the internal infrastructure. While risks with large financial impacts were prioritized and tackled first, risks such as the revenue stream, flooding mitigation, fuel supply, optimizing adequacy of generation supply with contracted customer loads, and reliable transmission, compliance and safety were also at the forefront. Behind the improved financial position are numerous policies and procedures adopted over the past five years. Employee training is ongoing. The result is a more sustainable utility that is less reliant on day-to-day priorities and more goal and policy driven. Those procedural fundamentals, combined with the leadership provided by an engaged Board of Directors, contributed to GRDA's ability to respond and mitigate contingencies and make key decisions for the future.

ECONOMIC OUTLOOK

GRDA has reached some huge financial milestones. In June of this year, all the debt for assets financed prior to the 2008 bond issue will be repaid. That's significant because currently GRDA's generation assets are still supplying output to power the Authority's public power partners. In 2010, GRDA celebrated its 75 year anniversary, but more importantly the Directors, in 2013, approved a generation plan to further diversify and increase renewables to our portfolio. GRDA's transmission and substations, now supported by the entire SPP region's balancing authority, deliver the power and energy to our communities. A key fact that should not be overlooked is GRDA's debt profile. GRDA's forecasted debt service, the largest component of the capacity portion of the rates, is currently scheduled to be half the debt service level it was in 2011 and 2012. That known decrease provides future flexibility to provide the debt capacity margin to finance future electric system needs. Improved financial metrics, especially the debt service coverage of 1.36 times coverage reflect the flexibility provided by the maturity of the older bonds.

The implementation and financing of the generation plan is likely to dominate 2014 financial activity. The generation plan includes the following:

1. Construction of a 495 MW combined-cycle gas plant adjacent to the existing coal-fired plants.
2. Retrofit of GRDA Unit 2 to be fully environmentally compliant with current requirements.
3. Addition of wind purchase power agreements.
4. Demand management programs.
5. Finalize decision regarding Unit 1. Options are to not run after April 16, 2016, convert to gas as a fuel source, or retrofit to be fully environmental compliant and remain as a coal-fired plant.

At the March 2014 board meeting, the directors with the assistance of the Oklahoma State Bond Advisor selected a finance team to work with management on financing details for a proposed 2014/2015 transaction(s).

Negotiations with industrial customers were contributing to a favorable outlook in early 2013, but activity and discussions have accelerated in 2014. Even during the recession, Oklahoma's economy and unemployment never faired as badly as some of the rest of the nation. However, a combination of growth in the overall Oklahoma oil and gas economy and a new life-time appointed administrator in the MidAmerica Industrial Park has triggered renewed inquiries regarding development in the park. More than a few industries are currently working with GRDA to renew contracts to cover moderately-sized plant expansions. The municipal and cooperative all-requirement loads have returned to pre-recession levels, and the off-system wholesale contracts continue to provide a take-or-pay revenue stream. Furthermore, a long established relationship exists between GRDA and public power partners. GRDA remains well positioned to aid Oklahoma's economy in the future.

On March 1, 2014, GRDA and other members of the Southwest Power Pool began participation in the integrated marketplace. The most significant change is that as of March 11, 2014, GRDA is no longer a balancing authority (BA). The SPP now serves as the BA for its members and will economically dispatch the generation in the region to meet all utilities' loads in the region rather than GRDA economically dispatching its own generation to generation to meet GRDA customers' loads. GRDA's consulting engineer has run models dispatching the resources under GRDA's new generation plan against the expected generation in the Southwest Power Pool, and it appears GRDA's resources will continue to dispatch much as they have historically. The new combined-cycle plant is expected to be utilized significantly. While it is difficult to measure where market pricing will settle after only one month of history, in March 2014, SPP energy prices settled higher than GRDA's generation costs. The SPP market is an energy only market. All members are required to maintain sufficient capacity to cover their customer load requirements plus a reserve. GRDA is encouraged that its existing and planned generation resources appear they will be well utilized in the SPP markets. The flexibility provided by a diverse generation mix has never been as important to GRDA as it will be in the upcoming years.

The 10-year financial plan presented to customers in February 2014 anticipated shutting down GRDA Unit 1 on April 16, 2016, and converting the coal-fired plant to gas-fired generation after GRDA Unit 3, the combined-cycle plant, becomes operational in early 2017. GRDA will continue to monitor customer growth and the SPP Integrated Marketplace to determine whether one of the other options will better meet customers' requirements.

Importantly, GRDA's rates are competitive, and 10-year financial projections indicate they will remain that way after any combination of the above generation options. Internal projections have included base rate increases of up to 7% in 2016, which would move the base rates back up closer to where they were in 2012. Fuel and Purchased Power costs flow through the monthly PCA. The rates will allow capital additions to be paid for by a combination of revenues and debt-funded construction funds. As a result, financial metrics over the next 10 years are anticipated to be better than those over the past 10 years.

GRDA's goals are to respond to the upcoming demands and regulations and be a good steward of Oklahoma's resources with the most cost-effective, long-term solutions in order to continue to provide reliable service and electricity to Oklahoma customers for decades to come. The Board of Directors is actively engaged through a revised committee structure; directors review and revise policies and promote a top-down dedication to serve Oklahoma in a way that demonstrates the value added by employees in fulfilling GRDA's mission.

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, OK 74301-0409

STATEMENTS OF NET POSITION

AS OF DECEMBER 31, 2013 AND 2012

	2013	2012
ASSETS:		
Current assets:		
Cash and cash equivalents — general operating account	**$ 27,200,350**	$ 11,471,247
Investments	**68,777,262**	89,898,324
Accounts receivable — net	**52,695,812**	60,543,539
Accrued interest receivable	**2,011,636**	2,047,013
Fuel stock	**11,067,460**	22,478,846
Materials and supplies	**46,621,271**	44,843,063
Under recovered fuel costs	**14,664,389**	15,594,886
Prepaid assets	**3,874,533**	8,148,122
Costs to be recovered from future revenues	**12,609,239**	-
Total current assets	**239,521,952**	255,025,040
Noncurrent assets:		
Investments	**397,792,015**	433,875,248
Other receivables	**488,203**	470,659
Net utility plant:		
Non-depreciable — at original cost	**93,511,994**	65,695,544
Depreciable — at original cost less depreciation	**731,533,013**	729,624,686
Other noncurrent assets:		
Costs to be recovered from future revenues	**-**	10,968,274
Prepaid assets	**6,941,679**	7,602,614
Nonutility property — at original cost	**33,014**	33,014
Total other noncurrent assets	**6,974,693**	18,603,902
Total noncurrent assets	**1,230,299,918**	1,248,270,039
Total assets	**1,469,821,870**	1,503,295,079
LIABILITIES:		
Current liabilities:		
Accounts payable and accrued liabilities	**63,192,748**	47,764,178
Accrued interest payable	**18,097,371**	3,739,306
Bonds payable — current portion	**36,306,340**	91,110,000
Total current liabilities	**117,596,459**	142,613,484
Noncurrent liabilities:		
Bonds payable — net	**784,142,575**	820,851,660
Other noncurrent liabilities	**5,098,370**	3,459,477
Accrued interest payable	**-**	13,134,687
Total noncurrent liabilities	**789,240,945**	837,445,824
Total liabilities	**906,837,404**	980,059,308
NET POSITION:		
Net investment in capital assets	**348,205,546**	263,939,054
Restricted for:		
Debt service	**33,526,719**	56,886,806
Other special purposes	**1,942,224**	749,975
Unrestricted	**179,309,977**	201,659,936
TOTAL NET POSITION	**$ 562,984,466**	$ 523,235,771

See notes to financial statements.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2013	2012
OPERATING REVENUES:		
Sales of power	$ 416,591,647	$ 401,449,292
Other operating revenues	13,835,208	9,573,441
Total operating revenues	430,426,855	411,022,733
OPERATING EXPENSES:		
Fuel	(170,624,193)	(151,413,641)
Depreciation	(53,952,049)	(48,204,063)
Operations	(41,766,524)	(30,099,571)
Maintenance	(34,350,768)	(33,722,761)
Purchased power — net	(32,091,910)	(29,831,445)
Administrative and general	(16,361,145)	(27,120,506)
Total operating expenses	(349,146,589)	(320,391,987)
OPERATING INCOME	81,280,266	90,630,746
NONOPERATING REVENUES AND (EXPENSES):		
Investment income	7,121,138	12,120,926
Net increase (decrease) in the fair value of investments	(7,709,629)	(3,948,188)
OEM grant revenue — operating	-	522,081
Income from nonutility operations	1,319,806	1,471,833
Interest expense	(43,809,348)	(49,034,263)
Deferral of costs to be recovered from future revenues	1,640,965	1,560,409
Amortization of debt discount and financing costs	(1,060,061)	(1,435,153)
Amortization of bond premium	965,558	1,255,649
Total nonoperating expenses	(41,531,571)	(37,486,706)
CAPITAL CONTRIBUTIONS — OEM grant revenue — capital	-	863,401
NET INCREASE IN NET POSITION	39,748,695	54,007,441
NET POSITION — Beginning of year	523,235,771	474,348,622
ADOPTION OF NEW ACCOUNTING STANDARD (See Note 1)	-	(5,120,292)
NET POSITION — Beginning of year, as restated	523,235,771	469,228,330
NET POSITION — End of year	$ 562,984,466	$ 523,235,771

See notes to financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Received from user charges	**$ 470,049,549**	$ 437,510,245
Received from refined coal partner	**120,951,920**	144,618,070
Received from OEM — operating grant revenues	**-**	522,081
Payments to employees for services	**(33,088,562)**	(31,025,056)
Payments to suppliers for goods and services	**(248,971,134)**	(300,364,113)
Payments to refined coal partner	**(132,710,884)**	(131,963,826)
Net cash provided by operating activities	**176,230,889**	119,297,401
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Additions to utility plant	**(82,027,920)**	(64,756,265)
Payments for retirements of utility plant	**(1,648,906)**	-
Received from sales of retirements of utility plant	**-**	4,659,848
Received from OEM — capital grant revenue	**-**	863,401
Repayment of principal	**(91,110,000)**	(86,765,000)
Interest paid	**(42,366,140)**	(47,042,305)
Net cash used in capital and related financing activities	**(217,152,966)**	(193,040,321)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	**10,454,429**	12,272,411
Purchases of securities	**(48,850,720)**	(38,651,679)
Proceeds from sales and maturities of securities	**95,047,471**	92,193,680
Net cash provided by investing activities	**56,651,180**	65,814,412
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**15,729,103**	(7,928,508)
CASH AND CASH EQUIVALENTS — Beginning of year	**11,471,247**	19,399,755
CASH AND CASH EQUIVALENTS — End of year	**$27,200,350**	$11,471,247
NONCASH ITEMS FROM CAPITAL AND RELATED FINANCING ACTIVITIES —		
Noncash purchases of utility plant included in accounts payable	**$ -**	$ 786,827
NONCASH ITEMS FROM INVESTING ACTIVITIES:		
Change in unrealized gain (loss) on investments	**$ (7,709,629)**	$ (3,948,188)
Amortization of premiums and discounts	**$ 3,297,913**	$ 2,681,269
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	**$81,280,266**	$90,630,746
Noncash items included in net operating income:		
Income from nonutility operations	**1,319,806**	5,320,167
Depreciation	**53,952,049**	48,204,063
Changes in assets and liabilities:		
Receivables:		
Customers	**(3,448,170)**	(2,951,167)
Other	**11,278,353**	(20,354,653)
Fuel stock	**11,411,386**	(5,756,758)
Materials and supplies	**(1,778,208)**	(1,453,250)
Other	**4,216,087**	(4,631,108)
Accounts payable and accrued liabilities	**15,428,570**	12,078,669
Over (under) recovered fuel costs	**930,497**	(2,193,112)
Other noncurrent liabilities	**1,640,253**	403,804
NET CASH PROVIDED BY OPERATING ACTIVITIES	**$ 176,230,889**	$ 119,297,401

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business — The Grand River Dam Authority (the "Authority" or GRDA) 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 standards issued by the Governmental Accounting Standards Board (GASB). GASB establishes standards for external financial reporting for all state and local governmental entities, which includes statements of net position, statements of revenues, expenses, and changes in net position, and statements of cash flows. It requires the classification of net position into three components — net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

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

Restricted — This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position — This component of net position consists of net positions that do not meet the definition of "restricted" or "net investment in capital assets."

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.

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, U.S. government sponsored enterprises, State of Oklahoma agency bonds, money market funds, and certificates of deposit. The Authority reports investments 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 is carried at average cost and includes the costs of gas, transportation, and gas management fees.

In December 2011, the Authority began a fuel emissions protection project with Chouteau Fuels Company, LLC which is a subsidiary of DTE Energy Company, which requires the sale of coal fuel stock to the counterparty which chemically treats the coal fuel stock and then sells it back to the Authority at a reduced price for consumption and enhanced environmental protection.

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. Through June 30, 2013, this adjustment, referred to as the Power Cost Adjustment (PCA), was calculated twice each year. The Authority's base rate was calculated using 13 mills as an estimated PCA. Beginning July 1, 2013, the PCA is calculated monthly and the Authority's base rate is set at 23 mills as an estimated PCA. The cumulative difference between the actual fuel costs and the base PCA rate is reflected as either an asset ("under recovery") or liability ("over recovery") in the Authority's accompanying Statements of Net Position, 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, The Authority 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, the Authority, 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.

Joint Ownership — On October 1, 2008, the Authority purchased certain assets and assumed certain liabilities in the Redbud combined-cycle gas plant near Luther, Oklahoma. The Authority's undivided interest in the assets and liabilities of the facility is 36%, while OG&E's interest is 51% and OMPA's interest is 13%.

The Authority 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 the Authority'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 position.

The Authority 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 position include $56,131,007 and $49,208,937 related to natural gas fuel expenses included in fuel operating expenses for 2013 and 2012, respectively.

OG&E operates the Redbud facility under an operating agreement with the Authority and OMPA and allocates certain costs and expenses attributable to Redbud, to the Authority, and to OMPA in accordance with their undivided ownership interests (36% and 13%, respectively). The Authority's statements of revenues, expenses, and changes in net position include the following related to those allocations: $5,206,810 and $4,243,557 in Maintenance, $1,140,678 and $955,326 in Operation, and $2,750,378 and $2,789,122 in Administrative and general line items of the Operating expenses section for 2013 and 2012, 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 for GRDA's portion totaled approximately $98.2 million and $59.6 million for 2013 and 2012, respectively. These amounts 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, 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. 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 service utility of the capital assets has a significant unexpected decline. Management of the Authority has determined that no impairment adjustments required recognition in 2013 or 2012.

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 GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 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 2014 as revenues are collected to pay the accrued interest and principal on June 1, 2014. At December 31, 2013 and 2012, the Authority had approximately $12.6 million and $11 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 — 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.

Unamortized Debt Discount or Premium and Bond Insurance Expense — Debt discount or premium and bond insurance 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 — Gains and losses realized on advance refunding of long-term debt are deferred and amortized over the shorter of the life of the new bonds or the related refunding issues using the bonds outstanding method.

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, sulfur dioxide emissions credits conversions and renewable energy certificates. 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. Historically, administrative and general costs included the settlement of claims, insurance deductibles, employee insurance premiums and post-retirement benefits and they have increased annually. In 2013, GRDA began allocating employee benefits and non-productive pay such as annual, holiday and sick leave along with direct pay to other operating expenses in order to better prepare for the Southwest Integrated Markets which went live March 1, 2014. The allocations allow GRDA to better identify the functional expenses for each generating and transmission facility. Other than the employee benefits and indirect labor allocations, no other areas of operation expenses changed significantly in 2013. Nonoperating revenues include investment income, State of Oklahoma Department of Emergency Management (OEM) grant revenue-operating (noncapital), 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.

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

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. This statement did not have an impact on the Authority's financial statements.

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This statement did not have an impact on the Authority's financial statements.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee Accounting Procedure.

As a result of adopting this statement the Authority only applies GASB standards. In addition, certain disclosures related to fair value of financial instruments as required by FASB ASC 825 are no longer disclosed.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*. This Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. This statement did not have an impact on the Authority's financial statements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements,* introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. As a result of the adoption of this statement, the Authority's net assets are now classified as net position.

GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. This statement did not have an impact on the Authority's financial statements.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The objective of this Statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognize, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The implementation of this statement resulted in the retrospective restatement of opening net position of $5,120,292 to expense debt issuance costs, except any portion related to prepaid insurance costs, a slight decrease in nonoperating expenses and a corresponding decrease in total assets for 2012.

GASB Statement No. 66, *Technical Corrections-2012—an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement did not have an impact on the Authority's financial statements.

Recently Issued Accounting Standards — The following accounting standards will be adopted as applicable in future periods:

GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment to GASB Statement No. 25*. The objective of the Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement will be effective for the Authority in 2014, and management is currently evaluating the impact of this pronouncement on the Authority's financial statements.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement will be effective for the Authority in 2015, and management is currently evaluating the impact of this pronouncement on the Authority's financial statements.

GASB Statement No. 69, *Governmental Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The distinction between government merger and a government acquisition is based upon whether an exchange of significant consideration is present within the combination transaction. This statement requires the use of carrying values to measure the assets and liabilities in a government merger. Government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. This statement will be effective for the Authority in 2014, and management is currently evaluating the impact of this pronouncement on the Authority's financial statements.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This Statement specifies the information required to be disclosed by governments that extend nonexchange financial guarantees. In addition, this Statement requires new information to be disclosed by governments that receive nonexchange financial guarantees. This statement will be effective for the Authority in 2014 and management is currently evaluating the impact of this pronouncement on the Authority's financial statements.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement 68*. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. This benefit will be achieved without the imposition of significant additional costs. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68 which will be effective for the Authority in 2015, 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. 5107, provides for the issuance of revenue bonds and defines eligible investment securities as investments allowed pursuant to the Authority's investment policy. The Authority's Board Policy 5-2 defines the following categories of investments (1) bonds or other obligations which are direct obligations of the United States of America, (2) bonds or other specifically named obligations which are indirectly guaranteed by the United States of America, (3) direct and general obligations of any state which are rated in the two highest major categories of Moody's, Standard & Poor's (S&P), or Fitch, (4) certificates of deposit issued by a savings and loan association or a bank and trust company which are collateralized by the securities described in (1) and (2) or which are fully insured by the Federal Deposit Insurance Corporation (FDIC), (5) repurchase agreements with banks or government bond dealers which are secured by securities described in (1) and (2), (6) investment agreements with companies or banks whose senior debt obligations are rated no lower than the second highest category of Moody's, S&P, or Fitch, (7) short-term obligations of any state or political subdivision which are rated in the highest short-term category by Moody's or S&P, and (8) any cash swap or similar arrangement of the Bond Fund Trustee, the investments of which are limited to securities described in (1) and (2).

The Authority carries its investments at fair value. 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. The Authority's 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, 2013 and 2012, the Authority had the following cash and investments (classified as either cash equivalents, investments or restricted investments on the statements of net position) and corresponding maturities:

	2013			
		Investment Maturities (in Years)		
Investment Type	**Fair Value**	**Less than 1**	**1–5**	**6–10**
U.S. gov't agencies and U.S. gov't sponsored enterprises	**$ 388,720,257**	**$ 163,131,473**	**$ 168,038,708**	**$ 57,550,076**
Certificates of deposits	**6,409,407**	**6,409,407**	**-**	**-**
Money market funds	**84,995,706**	**84,995,706**	**-**	**-**
State of Oklahoma agency bonds	**11,240,000**	**11,240,000**	**-**	**-**
Cash deposits — net	**2,404,257**	**2,404,257**	**-**	**-**
Total	**$ 493,769,627**	**$ 268,180,843**	**$ 168,038,708**	**$ 57,550,076**

	2012			
		Investment Maturities (in Years)		
Investment Type	Fair Value	Less than 1	1–5	6–10
U.S. gov't agencies and U.S. gov't sponsored enterprises	$ 431,025,766	$ 236,618,463	$ 145,392,413	$ 49,014,890
Certificates of deposits	5,014,905	5,014,905	-	-
Money market funds	83,506,134	83,506,134	-	-
State of Oklahoma agency bonds	13,230,000	13,230,000	-	-
Cash deposits — net	2,468,014	2,468,014	-	-
Total	$ 535,244,819	$ 340,837,516	$ 145,392,413	$ 49,014,890

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) which 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 and the Government Sponsored Enterprises (GSE) carry Aaa/AAA ratings from Moody's and S&P for their debentures, and the MBS which carry their label (e.g., Federal National Mortgage Association — "FNR"; Federal Home Loan 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/AAA/AAA rating by Moody's, Standard & Poor's, and Fitch is implied. MBS issued by the Government National Mortgage Association, with the label GNR, carry the explicit full faith and credit of the U.S. Government. Securities issued by the Federal Farm Credit Bank (FFCB) are rated Aaa/AAA/AAA by Moody's, Standard & Poor's, and Fitch credit rating agencies. 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 State of Oklahoma bonds are Oklahoma Water Resource Board bonds which were upgraded by S&P in November 2013 to an AAA rating. The certificates of deposit are held by various banks and are subject to the FDIC guarantees up to $250,000. 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. The Authority addresses credit risk of investments through the Authority's Board Policy 5-2 which states that investments must be backed by the U.S. government, collateralized, fully insured by the FDIC, or be rated no lower than the second highest category of Moody's (Aa), S&P (AA), or Fitch (AA).

As of December 31, 2013 and 2012, the Authority's investments had the following ratings:

	2013 Investment Rating			
Investment Rating	**Moody's/ S&P/Fitch Aaa/AAA/AAA**	**S&P AAA**	**Credit Risk Not Applicable**	**Total**
Money markets	$ -	$ -	$ 84,995,706	$ 84,995,706
Certificates of deposits	-	-	6,409,407	6,409,407
US gov't securities	193,704,851	-	-	193,704,851
U.S. gov't agencies and U.S. gov't sponsored enterprises	195,015,406	-	-	195,015,406
State of Oklahoma agency bonds	-	11,240,000	-	11,240,000
Cash deposits — net	-	-	2,404,257	2,404,257
	$ 388,720,257	$ 11,240,000	$ 93,809,370	$ 493,769,627

	2012 Investment Rating			
Investment Rating	Moody's/ S&P/Fitch Aaa/AAA/AAA	Moody's/ S&P/Fitch Aa2/AA/AA	Credit Risk Not Applicable	Total
Money markets	$ -	$ -	$ 83,506,134	$ 83,506,134
Certificates of deposits	-	-	5,014,905	5,014,905
US gov't securities	217,727,547	-	-	217,727,547
U.S. gov't agencies and U.S. gov't sponsored enterprises	213,298,219	-	-	213,298,219
State of Oklahoma agency bonds	-	13,230,000	-	13,230,000
Cash deposits — net	-	-	2,468,014	2,468,014
	$ 431,025,766	$ 13,230,000	$ 90,989,053	$ 535,244,819

As of December 31, 2013 and 2012, the Authority had the following portfolio of investments with credit exposure by investment type as a percentage of total investments:

	2013	2012
U.S. government securities	**39.2 %**	40.7 %
U.S. government agencies and U.S. government sponsored enterprises:		
FFCB	**2.4**	-
FHLB	**14.3**	11.4
GNMA	**0.6**	14.6
FHLMC	**9.1**	13.2
FNMA	**13.1**	0.6
Money market funds	**17.2**	15.6
Certificate of deposits	**1.3**	0.9
State of Oklahoma agency bonds	**2.3**	2.5
Cash deposits — net	**0.5**	0.5

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.

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

Carrying Values — Cash and cash equivalents and current and noncurrent investments at December 31, 2013 and 2012, follows:

	2013						
	General Operations	Board Designated	Bond Service (Restricted)	Construction (Restricted)	Bond Service Reserve (Restricted)	Other Special Purposes (Restricted)	Total
Current:							
Cash deposits — net	$ 2,404,257	$ -	$ -	$ -	$ -	$ 915,224	$ 3,319,481
Money market funds — cash and investments	24,796,093	-	32,180	-	9,251,773	27,000	34,107,046
U.S. government securities, agencies and sponsored enterprises	10,930,641	-	33,494,539	-	8,631,722	-	53,056,902
Certificates of deposits — maturity > 3 months	4,494,183	-	-	-	-	1,000,000	5,494,183
Total current	42,625,174	-	33,526,719	-	17,883,495	1,942,224	95,977,612
Non-current:							
U.S. government securities, agencies and sponsored enterprises	43,168,671	36,500,000	-	140,402,037	115,592,647	-	335,663,355
State of Oklahoma agency bonds	-	-	-	11,240,000	-	-	11,240,000
Money market funds	-	-	-	50,888,660	-	-	50,888,660
Total non-current	43,168,671	36,500,000	-	202,530,697	115,592,647	-	397,792,015
Total cash and investments	$ 85,793,845	$ 36,500,000	$ 33,526,719	$ 202,530,697	$ 133,476,142	$ 1,942,224	$ 493,769,627

	2012						
	General Operations	Board Designated	Bond Service (Restricted)	Construction (Restricted)	Bond Service Reserve (Restricted)	Other Special Purposes (Restricted)	Total
Current:							
Cash deposits — net	$ 2,468,014	$ -	$ -	$ -	$ -	$ 735,886	$ 3,203,900
Money market funds — cash and investments	9,003,233	-	1,092,386	786,827	17,883,495	14,089	28,780,030
U.S. government securities, agencies and sponsored enterprises	9,312,202	-	55,794,420	-	-	-	65,106,622
Certificates of deposits — maturity > 3 months	4,279,019	-	-	-	-	-	4,279,019
Total current	25,062,468	-	56,886,806	786,827	17,883,495	749,975	101,369,571
Non-current:							
U.S. government securities, agencies and sponsored enterprises	40,618,366	37,500,000	-	200,853,894	86,946,885	-	365,919,145
State of Oklahoma agency bonds	-	-	-	13,230,000	-	-	13,230,000
Money market funds	-	-	-	17,746,346	36,979,757	-	54,726,103
Total non-current	40,618,366	37,500,000	-	231,830,240	123,926,642	-	433,875,248
Total cash and investments	$ 65,680,834	$ 37,500,000	$ 56,886,806	$ 232,617,067	$ 141,810,137	$ 749,975	$ 535,244,819

The restricted balances are the minimum amounts required to be maintained.

Additional information relating to cash and investment restrictions follows:

Bond Service — 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 — 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.

A 2010 construction fund was established in December 2010 with the proceeds from the Revenue Bonds, Series 2010A and 2010B. The proceeds from the 2010 Bonds will be used to fund certain System Costs consisting of capital additions, repairs and improvements to the Authority's coal-fired generation complex, transmission system, hydroelectric generating facilities, ecosystems and the gas-fired, combined-cycle generation facility.

Bond Service Reserve — The restricted amount in the accompanying Statements of Net Position reflects the maximum aggregate debt service for all bonds outstanding. The balance in the restricted for bond service reserve account includes $110,116,054 restricted for bond service reserve per General Bond Resolution No. 5107, the $23,360,088 excess was primarily funded by tax exempt bonds and the use is restricted per tax code. GRDA will use the excess to pay for future debt principal payments, capital additions, or other purposes authorized by General Bond Resolution No. 5107.

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. No expenditures were made from the fund in 2013 and 2012, 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. Expenditures of approximately $-0- and $12,911 were made from the fund in 2013 and 2012, respectively. In November 2013, the Authority established an escrow account backed by a certificate of deposit of $1 million to meet the credit policy requirements for participating in the Southwest Power Pool (SPP) Integrated Marketplace beginning in March 2014. These funds came from The Special Reserve and Contingency Fund II which relates to unforeseen risk.

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 $22.5 million from available unrestricted funds was board designated as of December 31, 2013.

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 in 2006 from available funds totaled $14 million as of December 31, 2013. In 2013, $1 million was used to establish an escrow account to meet the credit policy requirements for participating in the SPP Integrated Marketplace beginning in March 2014.

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

Gross realized gains and gross realized losses on sales of investment securities for the years ended December 31, 2013 and 2012, were as follows:

	2013	2012
Gross realized gains	**$ 638,346**	$ 3,358,849
Gross realized losses	**(76,866)**	(32,769)

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

3. RECEIVABLES

Accounts receivable is comprised at December 31, 2013 and 2012, of the following amounts:

	2013	2012
Customers	**$ 37,827,214**	$ 34,404,044
Less allowance for doubtful accounts	**(100,000)**	(125,000)
Other	**14,968,598**	26,264,495
Total	**$ 52,695,812**	$ 60,543,539

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

At December 31, 2013 and 2012, the Authority had noncurrent receivables for closure and post-closure costs related to the ash landfill at the Coal Fired Complex of $488,203 and $470,659, respectively.

4. UTILITY PLANT

A summary of changes in utility plant for the years ended December 31, 2013 and 2012, follows:

	2013			
	Balance December 31, 2012	Additions/ Transfers	Retirements	Balance December 31, 2013
Capital assets — nondepreciable:				
Land	**$ 35,923,398**	**$ -**	**$ -**	**$ 35,923,398**
Construction work in progress	**29,772,146**	**27,816,450**	**-**	**57,588,596**
Total capital assets — nondepreciable	**65,695,544**	**27,816,450**	**-**	**93,511,994**
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))	**340,281,157**	**9,065,393**	**(304,958)**	**349,041,592**
Coal-fired plant Unit No. 2 (Note 1)	**328,991,843**	**22,117**	**(78,431)**	**328,935,529**
Redbud combined-cycle plant	**354,908,550**	**585,988**	**(359,831)**	**355,134,707**
Hydraulic production plants	**124,296,911**	**18,724,071**	**(3,093,453)**	**139,927,529**
Transmission system	**271,126,759**	**18,900,047**	**(2,724,090)**	**287,302,716**
Other properties and production plant	**109,657,190**	**6,913,854**	**(7,355,901)**	**109,215,143**
	1,529,262,410	**54,211,470**	**(13,916,664)**	**1,569,557,216**
Less accumulated depreciation:				
Coal-fired plant Unit No. 1	**(252,594,004)**	**(10,196,977)**	**199,351**	**(262,591,630)**
Coal-fired plant Unit No. 2	**(233,949,019)**	**(9,364,660)**	**57,476**	**(243,256,203)**
Redbud combined-cycle plant	**(94,427,287)**	**(13,794,624)**	**(178,604)**	**(108,400,515)**
Hydraulic production plants	**(31,044,433)**	**(1,811,534)**	**1,771,946**	**(31,084,021)**
Transmission system	**(137,062,425)**	**(8,059,828)**	**2,693,430**	**(142,428,823)**
Other properties and production plant	**(50,560,556)**	**(6,734,188)**	**7,031,733**	**(50,263,011)**
	(799,637,724)	**(49,961,811)**	**11,575,332**	**(838,024,203)**
Total capital assets — depreciable	**729,624,686**	**4,249,659**	**(2,341,332)**	**731,533,013**
Net utility plant	**$ 795,320,230**	**$ 32,066,109**	**$ (2,341,332)**	**$ 825,045,007**

	2012			
	Balance December 31, 2011	Additions/ Transfers	Retirements	Balance December 31, 2012
Capital assets — nondepreciable:				
Land	$ 34,287,081	$ 1,636,317	$ -	$ 35,923,398
Construction work in progress	56,932,482	(27,160,336)	-	29,772,146
Total capital assets — nondepreciable	91,219,563	(25,524,019)	-	65,695,544
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))	331,493,639	11,834,066	(3,046,548)	340,281,157
Coal-fired plant Unit No. 2 (Note 1)	318,697,837	12,673,962	(2,379,956)	328,991,843
Redbud combined-cycle plant	356,588,724	2,291,579	(3,971,753)	354,908,550
Hydraulic production plants	130,726,718	(5,813,646)	(616,161)	124,296,911
Transmission system	222,627,165	49,929,543	(1,429,949)	271,126,759
Other properties and production plant	92,713,956	19,247,605	(2,304,371)	109,657,190
	1,452,848,039	90,163,109	(13,748,738)	1,529,262,410
Less accumulated depreciation:				
Coal-fired plant Unit No. 1	(244,113,904)	(9,997,466)	1,517,366	(252,594,004)
Coal-fired plant Unit No. 2	(226,162,635)	(9,230,767)	1,444,383	(233,949,019)
Redbud combined-cycle plant	(84,233,343)	(13,727,689)	3,533,745	(94,427,287)
Hydraulic production plants	(30,220,893)	(1,155,097)	331,557	(31,044,433)
Transmission system	(130,686,414)	(7,188,703)	812,692	(137,062,425)
Other properties and production plant	(46,009,365)	(6,383,496)	1,832,305	(50,560,556)
	(761,426,554)	(47,683,218)	9,472,048	(799,637,724)
Total capital assets — depreciable	691,421,485	42,479,891	(4,276,690)	729,624,686
Net utility plant	$ 782,641,048	$ 16,955,872	$ (4,276,690)	$ 795,320,230

The change in construction work in progress during 2013 and 2012 is presented on a net basis to avoid a duplication of additions and retirements in the preceding tables. The change in construction work in progress includes capitalized interest of approximately $1,602,000 and $2,198,000 for 2013 and 2012, respectively, which also increases investment income. The Authority had depreciation and amortization expense of $53,952,049 and $48,204,063 for 2013 and 2012, respectively.

The Authority had contractual commitments at December 31, 2013, of approximately $62,862,000 for equipment and construction contracts. Major projects include the Engineering to Construct the Combined Cycle Unit 3 for approximately $25,827,000, the construction of Transmission Lines and Substations for approximately $14,457,000, the Markham Ferry Hydroelectric Plant Upgrade for approximately $12,221,000, upgrades of the SCADA and computer equipment for approximately $4,624,000, the renovation of the Engineering & Technology Center Building for approximately $1,656,000 and the stabilization of the Pensacola West Abutment for approximately $1,449,000.

5. COST TO BE RECOVERED FROM FUTURE REVENUES

At December 31, 2013 and 2012, the deferred regulatory asset consists of interest deferrals on the 2002B capital appreciation bonds maturing in 2014. At the end of 2012 these deferrals were a non-current asset and at the end of 2013 these deferrals were a current asset in the accompanying Statements of Net Position. A rollforward of costs to be recovered from future revenues follows:

	2013	2012
Beginning balance	**$ 10,968,274**	$ 9,407,865
Deferral of 2002B interest	**1,640,965**	1,560,409
Ending balance	**$ 12,609,239**	$ 10,968,274

6. BONDS PAYABLE

A summary of changes in bonds payable for the years ended December 31, 2013 and 2012, follows:

	2013			
	December 31, 2012	**Bonds Issued**	**Retirements**	**December 31, 2013**
Revenue Bonds, Refunding Series 1995 — 5.5% maturing in 2013	**$ 91,110,000**	**$ -**	**$ (91,110,000)**	**$ -**
Revenue Bonds, 2002 Series B:				
5.1% Capital Appreciation Bonds Series 2002B — maturing in 2014	**18,636,340**	**-**	**-**	**18,636,340**
Total Series 2002 B	**18,636,340**	**-**	**-**	**18,636,340**
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**
Total Series 2008 A & B	**556,420,000**	**-**	**-**	**556,420,000**
Revenue Bonds, 2010 Series A & B:				
3% to 5.25% Series 2010A — maturing in 2015 through 2040	**162,185,000**	**-**	**-**	**162,185,000**
3.71% to 7.155% Series 2010B (fully taxable) — maturing 2015 through 2040	**77,130,000**	**-**	**-**	**77,130,000**
Total Series 2010 A & B	**239,315,000**	**-**	**-**	**239,315,000**
Total bonds payable	**905,481,340**	**$ -**	**$ (91,110,000)**	**814,371,340**
Less current portion	**(91,110,000)**			**(36,306,340)**
Long-term portion	**814,371,340**			**778,065,000**
Add (deduct):				
Unamortized debt premium	**11,187,678**	**$ -**	**$ (965,557)**	**10,222,121**
Unamortized debt discount	**(4,487,529)**	**-**	**342,983**	**(4,144,546)**
Unamortized loss on advance refunding	**(219,829)**	**-**	**219,829**	**-**
Long-term bonds payable	**$ 820,851,660**	**$ -**	**$ (402,745)**	**$ 784,142,575**

	2012			
	December 31, 2011	Bonds Issued	Retirements	December 31, 2012
Revenue Bonds, Refunding Series 1995 — 5.5% maturing in 2013	$ 91,715,000	$ -	$(605,000)	$ 91,110,000
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	-	(86,160,000)	18,636,340
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
Total Series 2008 A & B	556,420,000	-	-	556,420,000
Revenue Bonds, 2010 Series A & B:				
3% to 5.25% Series 2010A — maturing in 2015 through 2040	162,185,000	-	-	162,185,000
3.71% to 7.155% Series 2010B (fully taxable) — maturing 2015 through 2040	77,130,000	-	-	77,130,000
Total Series 2010 A & B	239,315,000	-	-	239,315,000
Total bonds payable	992,246,340	$ -	$(86,765,000)	905,481,340
Less current portion	(86,765,000)			(91,110,000)
Long-term portion	905,481,340			814,371,340
Add (deduct):				
Unamortized debt premium	12,443,326	$ -	$(1,255,648)	11,187,678
Unamortized debt discount	(5,070,500)	-	582,971	(4,487,529)
Unamortized loss on advance refunding	(1,013,152)	-	793,323	(219,829)
Long-term bonds payable	$ 911,841,014	$ -	$120,646	$ 820,851,660

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 December 2010, the Authority issued $239,315,000 of 2010 Series A and Series B Revenue Bonds to fund capital additions, repairs and improvements to the System, to fund a portion of the interest accruing on the 2010 Bonds to December 1, 2012, and to pay certain costs of issuance of the 2010 Bonds.

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 defers 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.

Monies from the 2002A and 1995 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 Position.

Defeased bonds of $0 and $28,970,000 were outstanding at December 31, 2013 and 2012, respectively.

The scheduled maturities of bonds payable at December 31, 2013, are as follows and reflect the scheduled payments to be remitted by the trustee to the bondholders:

	Due to Bond Holders			Due to Trustee
Years Ending December 31	Annual Principal	Semiannual Interest	Calendar Year Bond Payments	Debt Service Requirement
2014	**$ 36,306,340**	**$ 35,403,969**		**$ 74,485,639**
		19,633,540	**$ 91,343,849**	
2015	22,965,000	19,633,541		62,231,478
		19,218,024	61,816,565	
2016	23,795,000	19,218,024		62,235,595
		18,729,422	61,742,446	
2017	24,780,000	18,729,423		62,237,124
		18,147,947	61,657,370	
2018	25,940,000	18,147,947		62,233,500
		17,568,395	61,656,342	
2019–2023	148,440,000	159,179,971	307,619,971	311,150,156
2024–2028	189,135,000	117,193,037	306,328,037	311,155,394
2029–2033	242,680,000	62,230,190	304,910,190	285,307,868
2034–2038	67,445,000	20,179,817	87,624,817	89,614,526
2039–2040	32,885,000	1,979,631	34,864,631	25,386,218
	$ 814,371,340	$ 565,192,878	$ 1,379,564,218	$ 1,346,037,498

While GRDA makes monthly sinking fund payments for cash management purposes, per the General Bond Resolution No. 5107, the payments from the revenue fund to the debt service fund only need to be sufficient to pay the June 1st interest and principal payments and the December 1st interest payments.

To secure the bonds, the Authority has pledged all revenues of the Authority. Resolution No. 5107 and supplemental bond resolutions specify multiple covenants made by the Authority to the Bond Fund Trustee and bondholders. Among the more significant requirements, the Authority has covenanted to charge adequate rates, operate and maintain the facilities and make any necessary repairs, renewals, replacements and improvements. System properties are not to be encumbered or sold or disposed of and additional parity bonds are not to be issued unless certain conditions are met. As of December 31, 2013, 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 no accrued liability balance for arbitrage rebate at December 31, 2013 and 2012, respectively.

7. RETIREMENT PLANS, POSTRETIREMENT, AND OTHER EMPLOYEE BENEFITS

The Authority participated in four retirement plans during 2013 and five plans in 2012. The plans currently available to Authority personnel include three defined benefit plans and one defined contribution plan. 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, the Authority employees contribute 3.5% on salary. The Authority contributed 16.5%, on all salary for the fiscal years ended June 30, 2013, and 2012. The contribution rate for the fiscal year ended June 30, 2011 was 15.5%.

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 100% of the required contributions of $5,661,691, $5,301,390, and $5,071,801 for the years ended December 31, 2013, 2012, and 2011, 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 mandated 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 of the Authority's 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 2-315, 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 on line at www.olers.state.ok.us, 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). The Authority's patrolmen and dispatchers participating in the OLERS Plan contributed 8.0%, and the Authority contributed 10% of total base salary through October 2012. Beginning November 2012, the Authority contribution rate increased to 11% of total base salary.

Participation in the OLERS plan was effective January 1, 2004. The Authority made 100% of the required contributions of $46,366, $41,900, and $38,427 for the years ended December 31, 2013, 2012, and 2011, 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 as authorized by Section 457 of the Internal Revenue Code and in accordance with the provisions of Chapter 45 of Title 74, Oklahoma Statutes. The State Plan is 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 State Plan to the Board of Trustees of the OPERS. The minimum amount allowable to be deferred under the State Plan is $25 per month. Under state law, each employee is eligible to receive a $25 monthly matching contribution from the Authority to be deposited in a 401(a) retirement account. Employee contributions to the Plan totaled $976,160, $765,072, and $488,002 for the years ended December 31, 2013, 2012, and 2011, respectively. The Authority paid matching contributions and administrative fees of $146,064, $142,858, and $133,698 for the years ended December 31, 2013, 2012, and 2011, respectively.

GRDA Employees Retirement Plan

Plan Description — Employees of the Authority were 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 was a defined contribution plan available to all Authority employees, which allowed participants to defer receipt of a portion of their salary until future years. The Authority did not make any matching contributions to this plan. Employee contributions to the GRDA Plan totaled $119,107, and $362,899 for the years ended December 31, 2012, and 2011, respectively. At the March 21, 2012, board meeting, the Authority's board of directors voted to cease deferrals for the "GRDA Plan" as of April 30, 2012, and to terminate the plan as of May 31, 2012.

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 years ended December 31, 2013, 2012, and 2011, the Authority contributed $471,079, $442,741, and $421,915, 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 Position):

	2013	2012	2011
Annual required contribution	**$ 795,031**	$ 795,031	$ 767,180
Interest on net OPEB obligation	**56,093**	56,093	29,766
Adjustment to annual required contribution	**(49,773)**	(49,773)	(25,481)
Annual OPEB cost (expense)	**801,351**	801,351	771,465
Contributions made	**(471,079)**	(442,741)	(421,915)
Increase in net OPEB obligation	**330,272**	358,610	349,550
Net OPEB obligation — beginning of year	**1,961,273**	1,602,663	1,253,113
Net OPEB obligation — end of year	**$ 2,291,545**	$ 1,961,273	$ 1,602,663

The authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for December 31, 2013, and the two preceding years were as follows:

Year-End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2011	$ 771,465	54.69 %	$ 1,602,663
December 31, 2012	801,351	55.25	1,961,273
December 31, 2013	**801,351**	**58.79**	**2,291,545**

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 most recent actuarial valuation, as of January 1, 2012, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% inflation rate assumption, a 3.5% 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. The unfunded actuarial accrued liability is being amortized over the maximum permissible amortization period of thirty years as a level percentage of payroll on an open basis.

Funded Status and Funding Progress — As of January 1, 2012, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was $12,898,195, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $12,898,195. The covered payroll (annual payroll of active employees covered by the plan) was $31,769,303, and the ratio of the UAAL to the covered payroll was 40.6%.

Other Employee Benefits — The Authority has accrued a liability for annual and compensated leave, and related payroll taxes, of $4,253,050 and $3,988,716 at December 31, 2013 and 2012, respectively, which is included in accounts payable and accrued liabilities in the accompanying financial statements.

	Accrued Annual Leave		
	2013	2012	2011
Beginning balance	**$ 3,935,510**	$ 3,769,111	$ 3,684,148
Increases	**3,048,912**	2,761,418	2,708,001
Decreases	**(2,782,216)**	(2,595,019)	(2,623,038)
End of year balance	**$ 4,202,206**	$ 3,935,510	$ 3,769,111

	Compensated Leave		
	2013	2012	2011
Beginning balance	**$ 53,207**	$44,826	$ 57,528
Increases	**403,577**	546,055	645,576
Decreases	**(405,939)**	(537,674)	(658,278)
End of year balance	**$ 50,845**	$ 53,207	$ 44,826

As of December 31, 2013, $2,941,544 of the $4,202,206 total accrued annual and compensated leave liabilities is expected to be paid during 2014.

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. OG&E operates the Redbud facility under an operating agreement with the Authority and OMPA and allocates certain costs and expenses attributable to Redbud to the Authority and OMPA in accordance with their undivided ownership interests — see Acquisition of Net Assets in the Redbud Facility in Note 1 for further discussion.

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, 2013, for long-term coal and freight purchases through 2020 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	
2014	$ 129,195,000
2015	142,240,000
2016	145,881,000
2017	149,680,000
2018	153,640,000
2019	157,720,000
2020	161,960,000
Total	$ 1,040,316,000

The Authority had a contractual commitment as of December 31, 2013, for a railcar operating lease with minimum obligations of $972,000 for 2014.

The Authority had contractual commitments as of December 31, 2013, for the Redbud facility of approximately $98.2 million through the year 2028. These long-term service agreements are with a large industrial manufacturer for the maintenance of the gas and steam turbines

The Authority is a defendant in a lawsuit ("Allman") brought by approximately 50 landowners claiming a constitutional taking and damages to real and personal property due to flooding beginning in the 1990s. Three "test cases" were appealed to the Oklahoma Supreme Court, which referred the cases to the Oklahoma Court of Civil Appeals. The Oklahoma Court of Civil Appeals issued its opinion on December 31, 2013. GRDA has petitioned the Oklahoma Supreme Court for certiorari, and are currently awaiting the Supreme Court's decision on GRDA's petition. Potential exposure related to this case, if any, cannot be predicted by management of the Authority.

The Authority is a defendant in a class action arising from 2007 flood events. There are approximately 400 potential class members. Plaintiffs are not currently prosecuting this case aggressively pending the outcome of the appeals in the Allman matter described in the preceding paragraph. Potential exposure related to this case, if any, cannot be predicted by management of the Authority.

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 ("Statement No. 18").

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 in Other noncurrent liabilities at December 31, 2013 and 2012, was $1,357,000 and $1,307,681, respectively, which represents 85% and 83% of the total estimated closure and postclosure costs. There was an increase in the liability from 2012 to 2013 of $49,319. The Authority will recognize the remaining estimated cost of closure and postclosure care of approximately $235,000 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 2013. Actual costs are subject to change resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

This flyash landfill has a total capacity of 7,449,987 cubic yards in which 4,146,432 cubic yards have been used through December 31, 2013. The remaining useful life at December 31, 2013, was approximately 35 years.

11. RISK MANAGEMENT

The Authority is exposed to a variety of risks and has obtained insurance to cover those risks, subject to various coverage limits and exclusions. Resolution No. 5107 requires the Authority to, in each case where it is obtainable at a reasonable rate and on reasonable terms, insure its facilities, maintain liability insurance, and bond certain officers and employees. In general, insurance coverage for property (all risk coverage, including earthquake and flood), aircraft, employment practices liability, and directors and officers liability is purchased form private insurance carriers through the State of Oklahoma. Workers' compensation insurance coverage is provided by CompSource Oklahoma. The Authority also obtains excess liability coverage and equipment coverage from private insurance carriers. The Authority added to the excess liability policy an endorsement for certified "acts of terrorism" as defined in the Federal Terrorism Risk Insurance Act of 2002. Settled claims have not exceeded commercial insurance coverage in any of the past three years. 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 2013 and one customer in 2012 that accounted for 10% or more of the Authority's operating revenues for the year. In 2013, sales to Western Farmers Electric Cooperative totaled approximately $64.6 million and sales to City of Coffeyville, Kansas totaled approximately 40 million. In 2012, sales to Western Farmers Electric Cooperative totaled approximately $43.8 million.

REQUIRED SUPPLEMENTARY INFORMATION

ACTUARIAL INFORMATION — OTHER POSTEMPLOYMENT BENEFITS PLAN — SCHEDULE OF FUNDING PROGRESS (UNAUDITED)

Actuarial Valuation Date	Actuarial Values 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	- %	$ 33,000,000	12.97 %
January 1, 2008	$ -	$ 8,234,641	$ 8,234,641	- %	$ 33,000,000	24.95 %
January 1, 2010	$ -	$ 11,839,457	$ 11,839,457	- %	$ 31,092,799	38.08 %
January 1, 2012	$ -	$ 12,898,195	$ 12,898,195	- %	$ 31,769,303	40.60 %

Funded Status and Funding Progress — As of January 1, 2012, the most recent actuarial valuation date, the plan was 0% funded. The projected unit credit actuarial cost method was used for the schedule of funding progress. Covered payroll (annual payroll of active employees covered by the plan) was estimated prior to 2010. The discount rate was lowered to 3.5% for the actuarial valuation dated January 1, 2010 and January 1, 2012. See Note 7 to Financial Statements, Retirement Plans, Postretirement, and Other Employee Benefits, for additional information about GRDA's Postemployment Healthcare Plan.

STATISTICAL SECTION

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

Statistical information is provided for five primary categories:

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

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

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

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

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

Revenue Capacity

LARGEST 20 CUSTOMERS BY NET REVENUES

2013

Customer Name	Customer Since	Customer Classification	Net Revenue Percentage
Western Farmers Electric Cooperative	1983	Off-System Firm & Spot	16 %
City of Coffeyville, Kansas	1999	Municipal	10
Northeast Oklahoma Electric Cooperative, Inc.	1946	Cooperative	9
Kansas Municipal Energy Agency	2000	Off-System Firm	7
Paragould, Arkansas, Light and Water Commission	1992	Off-System Firm	6
Stillwater Utilities Authority	1987	Municipal	6
Oklahoma Municipal Power Authority	1986	Other Contractual Agreement/Off-System Firm	4
Claremore Public Works Authority	1946	Municipal	4
City of Poplar Bluff, Missouri	1992	Off-System Firm	3
City of Siloam Springs, Arkansas	1989	Municipal	3
Tahlequah Public Works Authority	1947	Municipal	3
Miami Public Utilities Board	1947	Municipal	2
Google	2007	Industrial	2
Byng Public Works Authority	1990	Municipal	2
Pryor Plant Chemical Company	2004	Industrial	2
Air Products Manufacturing Corporation	1976	Industrial	2
Solae, LLC	1975	Industrial	2
Sallisaw Municipal Authority	1952	Municipal	2
Cushing Municipal Authority	1953	Municipal	2
City of Pryor Creek Municipal Utility Board	1951	Municipal	1
Net Revenues as a Percentage of Sales of Power			88 %

NINE YEARS AGO - 2004

Customer Name	Customer Since	Customer Classification	Net Revenue Percentage
City of Coffeyville, Kansas	1999	Municipal	11 %
Northeast Oklahoma Electric Cooperative, Inc.	1946	Cooperative	8
Stillwater Utilities Authority	1987	Municipal	8
Paragould, Arkansas, Light and Water Commission	1992	Off-System Firm	6
City Utilities, Springfield, Missouri	1992	Off-System Firm	6
Claremore Public Works Authority	1946	Municipal	5
City of Siloam Springs, Arkansas	1989	Municipal	4
Rolla, Missouri Municipal Utilities	2000 to 2005	Off-System Firm	4
City of Poplar Bluff, Missouri	1992	Off-System Firm	4
Kansas Municipal Energy Agency	2000	Off-System Firm	4
City of Miami	1947	Municipal	3
Tahlequah Public Works Authority	1947	Municipal	3
Oklahoma Municipal Power Authority	1986	Other Contractual Agreement	2
Western Farmers Electric Cooperative	1983	Off-System Spot	2
Sallisaw Municipal Authority	1952	Municipal	2
Solae, LLC	1975	Industrial	2
Wagoner Public Works Authority	1947	Municipal	2
City of Pryor Creek Municipal Utility Board	1951	Municipal	2
Empire District Electric Company	1982	Off-System Spot	2
Air Products of Oklahoma, Inc.	1976	Industrial	2
Net Revenues as a Percentage of Sales of Power			82 %

Source: Grand River Dam Authority

Revenue Capacity

RATE HISTORY

	2013	2012	2011	2010	2009
ELECTRIC SERVICE RATES:					
Capacity Charges per kW:					
Wholesale - Distribution Primary	**$ 10.50**	$ 11.88	$ 11.88	$ 12.13	$ 10.09
Wholesale - Transmission	**9.69**	11.02	11.02	11.24	9.32
Wholesale - Generation Bus	**9.11**	10.39	10.39	10.60	8.76
Industrial - Distribution, Schedule LGS	**10.82**	12.26	12.26	12.51	10.40
Industrial - Distribution, Schedule GS	**11.09**	12.57	12.57	12.83	10.40
Industrial - Distribution Primary, Schedule LGS	**10.60**	12.00	12.00	12.25	10.19
Industrial - Distribution Primary, Schedule GS	**10.33**	11.81	11.81	12.07	9.64
Industrial - Transmission	**9.80**	11.14	11.14	11.36	9.42
Energy Charges per kWh:					
Wholesale - Distribution Primary	**0.031**	0.0216	0.0216	0.0220	0.0210
Wholesale - Transmission	**0.031**	0.0216	0.0216	0.0220	0.0210
Wholesale - Generation Bus	**0.031**	0.0216	0.0216	0.0220	0.0210
Industrial - Distribution, Schedule LGS	**0.0316**	0.02203	0.02203	0.02248	0.0214
Industrial - Distribution, Schedule GS	**0.03240**	0.02258	0.02258	0.02304	0.0214
Industrial - Distribution Primary, Schedule LGS	**0.031**	0.02156	0.02159	0.02203	0.0210
Industrial - Distribution Primary, Schedule GS	**0.03240**	0.02258	0.02258	0.02304	0.0214
Industrial - Transmission, Schedule LGS	**0.031**	0.2159	0.02159	0.02203	0.0210
Commercial - SGS-C	**0.07442**	0.072	0.072	0.0735	0.06442
Commercial - GS-C	**0.1013**	0.098	0.098	0.1000	0.06442
Power Cost Adjustment per kWh:					
PCA - 1st half of Year	0.01166	0.01332	0.00644	0.00249	0.00626
PCA - 2nd half of Year	0.00239	0.00825	0.00924	0.00611	0.00645

	2013	2012	2011	2010	2009
WATER RATES: per thousand gallons					
Grand Lake	**$ 0.100**	$ 0.100	$ 0.100	$ 0.100	$ 0.060
Lake Hudson	**0.100**	0.100	0.100	0.100	0.060
Fort Gibson Lake - Commercial	**0.100**	0.100	0.100	0.100	0.060
Fort Gibson Lake - Wholesale	**0.030**	0.030	0.100	0.100	0.060
WR Holway Reservoir	**0.100**	0.100	0.100	0.100	0.060
River Pump Station	**0.063**	0.063	0.068	0.068	0.100

	2013	2012	2011	2010	2009
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	**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

2008	2007	2006	2005	2004
$ 10.09	$ 10.09	$ 10.09	$ 10.09	$ 10.09
9.32	9.32	9.32	9.32	9.32
8.76	8.76	8.76	8.76	8.76
10.40	10.40	10.40	10.40	10.40
10.40	9.99	9.99	9.99	9.99
10.19	10.19	10.19	10.19	10.19
9.64	9.23	9.23	9.23	9.23
9.42	9.42	9.42	9.42	9.42
0.0210	0.0210	0.0210	0.01873	0.01873
0.0210	0.0210	0.0210	0.01873	0.01873
0.0210	0.0210	0.0210	0.01870	0.01870
0.0214	0.0214	0.0214	0.0214	0.0214
0.0214	0.0210	0.0210	0.01873	0.01873
0.0210	0.0210	0.0210	0.0210	0.0210
0.0214	0.0210	0.0210	0.01873	0.01873
0.0210	0.0210	0.0210	0.0210	0.0210
0.06442	0.06442	0.06442	0.06442	0.06442
0.06442	0.06442	0.06442	0.06442	0.06442
0.00775	0.00788	0.00288	0.00271	-0.003310
0.00595	0.00446	0.00966	0.00176	-0.000370

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.

Effective July 1, 2013 the Authority began updating the Power Cost Adjustment monthly.

2008	2007	2006	2005	2004
$ 0.030	$ 0.0150	$ 0.0150	$ 0.0150	$ 0.0150
0.030	0.0100	0.0100	0.0100	0.0100
0.030	0.0040	0.0040	0.0040	0.0040
0.030	0.0040	0.0040	0.0040	0.0040
0.030	0.0216	0.0216	0.0216	0.0216
0.100	0.0850	0.0850	0.0850	0.0800

200 8	2007	2006	2005	2004
$ 100.00	$ 100.00	$ 100.00	$ 100.00	$ 25.00
25.00	25.00	25.00	25.00	12.00
100.00	100.00	100.00	100.00	-
0.06	0.06	0.06	0.06	0.045
200.00	200.00	200.00	200.00	200.00
25.00	25.00	25.00	25.00	25.00
0.06	0.06	0.06	0.06	0.06

Debt Capacity

DEBT SERVICE COVERAGE

	2013	2012	2011	2010	2009
Operating Revenues	**$ 430,426,855**	$ 411,022,733	$ 394,486,571	$ 382,000,789	$ 317,668,977
Over/(Under) Recovered Fuel Cost	-	-	-	-	-
Revenues Available for Debt Service	430,426,855	411,022,733	394,486,571	382,000,789	317,668,977
Operating Expenses, excluding depreciation	**(295,194,540)**	(272,187,924)	(254,480,377)	(243,624,219)	(214,758,203)
Other Income, excluding noncash amortizations, market adjustments, and other excluded interest	**6,835,884**	12,778,212	11,907,475	11,834,590	17,588,591
Other Available Funds	**7,539,167**	4,000,000	-	15,874,058	22,000,000
Net Revenue Available for Debt Service	**$ 149,607,366**	$ 155,613,021	$ 151,913,669	$ 166,085,218	$ 142,499,365
Sinking Fund Requirements:					
Principal	**59,141,198**	89,299,585	84,623,379	87,427,504	95,392,385
Interest	**50,974,856**	41,447,602	42,873,407	43,497,512	38,333,851
Debt Service	**$ 110,116,054**	$ 130,747,187	$ 127,496,786	$ 130,925,016	$ 133,726,236
Net Revenues Available for Capital Improvements or Other Authorized Purposes	**$ 39,491,312**	$ 24,865,834	$ 24,416,883	$ 35,160,202	$ 8,773,129
Debt Service Coverage	**1.36**	1.19	1.19	1.27	1.07
Debt Service/MWh Generated	$ 15.06	$ 18.63	$ 15.91	$ 16.48	$ 16.60

Source: Grand River Dam Authority

REVENUE BONDS OUTSTANDING AND LIMITS

	2013	2012	2011	2010	2009
Long Term Portion	**$ 778,065,000**	$ 814,371,340	$ 905,481,340	$ 992,246,340	$ 834,621,340
Current Portion	**36,306,340**	91,110,000	86,765,000	81,665,000	95,470,000
Total Outstanding Bonds	**$ 814,371,340**	$ 905,481,340	$ 992,246,340	$ 1,073,911,340	$ 930,091,340
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	**595,628,660**	504,518,660	417,753,660	336,088,660	479,908,660
Margin as a percentage of Limit	**42.2 %**	35.8 %	29.6 %	23.8 %	34.0 %
Outstanding Debt Per Capita in District	**$ 515**	$ 576	$ 633	$ 691	$ 605
Outstanding Debt to Total Personal Income	**509 %**	609 %	702 %	786 %	704 %

Source: Grand River Dam Authority

2008	2007	2006	2005	2004
$ 323,747,187	$ 288,469,008	$ 287,922,648	$ 279,602,389	$ 227,002,783
(2,687,159)	18,434,306	(5,816,468)	(11,753,913)	(1,759,365)
321,060,028	306,903,314	282,106,180	267,848,476	225,243,418
(193,038,490)	(161,698,734)	(181,698,016)	(164,443,402)	(121,399,149)
14,929,690	19,691,690	11,464,742	10,816,182	8,665,975
28,104,674	-	-	-	-
$ 171,055,902	$ 164,896,270	$ 111,872,906	$ 114,221,256	$ 112,510,244
71,002,500	67,223,750	63,572,082	60,137,082	57,110,833
31,642,622	28,205,822	31,908,647	35,354,402	38,216,133
$ 102,645,122	$ 95,429,572	$ 95,480,729	$ 95,491,484	$ 95,326,966
$ 68,410,780	$ 69,466,698	$ 16,392,177	$ 18,729,772	$ 17,183,278
1.67	1.73	1.17	1.20	1.18
$ 14.12	$ 14.23	$ 15.10	$ 17.78	$ 14.92

Per General Bond Resolutions 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. Subsequent calendar years were calculated under the Bond Resolution 5107 which became effective July 2009. See Notes to Financial Statements Summary of Significant Accounting Policies and Bonds Payable for additional information about change in General Bond Resolutions.

2008	2007	2006	2005	2004
$ 930,091,340	$ 427,306,340	$ 496,086,340	$ 561,131,340	$ 622,641,340
72,590,000	68,780,000	65,045,000	61,510,000	58,215,000
$ 1,002,681,340	$ 496,086,340	$ 561,131,340	$ 622,641,340	$ 680,856,340
1,410,000,000	1,410,000,000	1,410,000,000	1,410,000,000	1,410,000,000
407,318,660	913,913,660	848,868,660	787,358,660	729,143,660
28.9 %	64.8 %	60.2 %	55.8 %	51.7 %
$ 659	$ 328	$ 375	$ 421	$ 465
746 %	402 %	484 %	587 %	681 %

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.

Financial Trends

NET POSITION AND CHANGE IN NET POSITION

	2013	2012	2011	2010	2009
NET POSITION					
Assets:					
Current Assets	**$ 239,521,952**	$ 255,025,040	$ 321,618,071	$ 278,502,458	$ 320,324,339
Net Utility Plant	**825,045,007**	795,320,230	782,641,048	801,422,915	778,489,258
Restricted Investments	**397,792,015**	433,875,248	398,963,309	444,945,573	244,179,432
Other Noncurrent Assets	**7,462,896**	19,074,561	18,215,154	24,228,271	22,589,056
Total Assets	**1,469,821,870**	1,503,295,079	1,521,437,582	1,549,099,217	1,365,582,085
Liabilities:					
Current Liabilities	**117,596,459**	142,613,484	125,764,760	118,474,852	152,199,370
Noncurrent Liabilities	**789,240,945**	837,445,824	926,444,492	1,013,865,944	859,841,618
Total Liabilities	**906,837,404**	980,059,308	1,052,209,252	1,132,340,796	1,012,040,988
Net Position:					
Net Investment in Capital Assets	**348,205,546**	263,939,054	192,361,193	188,760,234	154,704,963
Restricted for:					
Debt Service	**33,526,719**	56,886,806	61,324,015	66,485,014	59,544,174
Construction	**-**	**-**	-	-	-
Other Special Purposes	**1,942,224**	749,975	637,178	513,456	394,469
Unrestricted	**179,309,977**	201,659,936	214,905,944	160,999,717	138,897,491
Total Net Position	**$ 562,984,466**	$ 523,235,771	$ 469,228,330	$ 416,758,421	$ 353,541,097

	2013	2012	2011	2010	2009
CHANGE IN NET POSITION					
Operating Revenues:					
Sales of power	**$ 416,591,647**	$ 401,449,292	$ 388,834,078	$ 374,524,747	$ 309,678,303
Other operating revenues	**13,835,208**	9,573,441	5,652,493	7,476,042	7,990,674
Total Operating Revenues	**430,426,855**	411,022,733	394,486,571	382,000,789	317,668,977
Operating Expenses:					
Fuel	**(170,624,193)**	(151,413,641)	(160,222,167)	(151,322,794)	(130,956,467)
Depreciation	**(53,952,049)**	(48,204,063)	(50,869,539)	(44,101,788)	(48,595,784)
Operations	**(41,766,524)**	(30,099,571)	(27,823,333)	(23,480,280)	(28,885,899)
Maintenance	**(34,350,768)**	(33,722,761)	(26,809,111)	(33,720,522)	(27,581,156)
Purchased power - net	**(32,091,910)**	(29,831,445)	(14,585,117)	(11,154,488)	(7,589,678)
Administrative and general	**(16,361,145)**	(27,120,506)	(25,040,649)	(23,946,136)	(19,745,003)
Total Operating Expense	**(349,146,589)**	(320,391,987)	(305,349,916)	(287,726,008)	(263,353,987)
Operating Income	**81,280,266**	90,630,746	89,136,655	94,274,781	54,314,990
Other Non-Operating Revenues	**731,315**	10,166,652	22,579,696	14,962,273	17,600,716
Interest and Bond-Related Amortizations	**(43,903,851)**	(49,213,767)	(55,213,808)	(47,471,710)	(52,779,134)
Increase (Decrease) in Costs to be Recovered	**1,640,965**	1,560,409	1,483,770	1,410,896	1,341,601
Capital Contributions	**-**	863,401	-	41,084	-
Net Increase in Net Position	**$ 39,748,695**	$ 54,007,441	$ 57,986,313	$ 63,217,324	$ 20,478,173

Source: Grand River Dam Authority

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

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

Financial Trends

CASH AND INVESTMENT BALANCES

	2013	2012	2011	2010	2009
General Operating	**$ 85,793,845**	$ 65,680,834	$ 105,062,893	$ 69,267,384	$ 62,189,497
Board Designated	**36,500,000**	37,500,000	35,000,000	32,500,000	30,000,000
Restricted for:					
Bond Service	**33,526,719**	56,886,806	61,324,015	66,485,014	59,544,174
Construction	**202,530,697**	232,617,067	257,891,432	317,223,969	151,837,215
Bond Service Reserve	**133,476,142**	141,810,137	143,429,267	139,140,993	141,560,060
Reserve and Contingency	**-**	-	-	-	13,390,015
Other Special Purposes	**1,942,224**	749,975	637,178	513,456	394,469
Total Cash and Investments	**$ 493,769,627**	$ 535,244,819	$ 603,344,785	$ 625,130,816	$ 458,915,430

Source: Grand River Dam Authority

Operating Information

HISTORICAL ENERGY RESOURCES (MWH)

Year	Run-of-River Hydro Generations	Pumped-Storage Hydro Generation	Coal Fired Thermal Generation	Combined Cycle Gas Generation	Long-Term Wind Purchase	Other Purchased Power	Total GRDA	Municipal SPA Allocations	Total Resources
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
2010	804,231	233,436	4,991,403	1,915,495		280,878	8,225,443	38,952	8,264,395
2011	492,200	228,570	5,508,842	1,782,658		410,568	8,422,838	31,001	8,453,839
2012	284,048	150,566	4,222,926	2,362,192	18,329	982,857	8,020,918	25,707	8,046,625
2013	**711,789**	**104,040**	**4,526,724**	**1,968,570**	**169,710**	**858,973**	**8,339,806**	**29,991**	**8,369,797**

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
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
2010	3,132,069	661,648	770,321	159,263	1,965,468	6,688,769	993,433	7,682,202
2011	3,215,429	648,510	939,237	135,576	2,255,335	7,194,087	699,525	7,893,612
2012	3,184,093	602,781	1,056,978	36,401	2,552,525	7,432,778	170,759	7,603,537
2013	**3,193,662**	**630,015**	**1,022,471**	**49,597**	**2,943,886**	**7,839,631**	**180,004**	**8,019,635**

Source: Grand River Dam Authority

2008	2007	2006	2005	2004
$ 56,055,494	$ 56,724,276	$ 29,516,930	$ 58,832,974	$ 43,420,331
27,500,000	25,000,000	22,500,000	18,000,000	13,500,000
51,568,437	42,339,465	40,479,164	38,711,816	37,066,254
241,949,727	29,612,591	30,882,894	34,145,383	34,693,962
141,560,060	96,121,388	96,121,388	96,121,388	96,121,388
35,390,015	24,030,347	24,030,347	24,030,347	24,030,347
407,705	307,066	329,290	349,132	278,130
$554,431,438	$ 274,135,133	$ 243,860,013	$ 270,191,040	$ 249,110,412

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

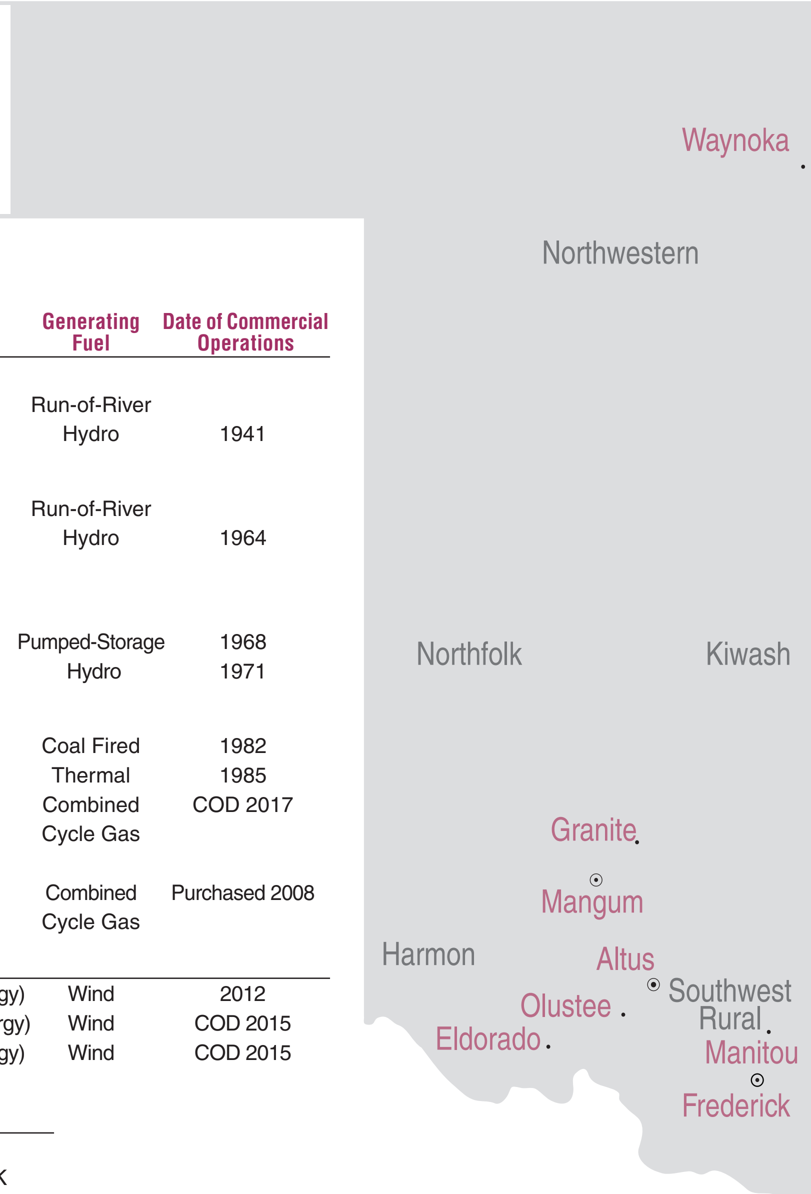
Operating Information

NUMBER OF FULL-TIME EMPLOYEES

GRDA Facility	**2013**	2012	2011	2010	2009	2008	2007	2006	2005	2004
Thermal Generation	**191**	191	191	196	210	212	210	217	210	215
Hydroelectric Generation	**46**	39	36	40	40	41	43	43	44	43
Transmission and Engineering	**149**	146	140	134	125	128	119	119	107	103
Energy Control and Operations	**36**	37	32	28	28	30	30	25	22	23
Information Technology	**8**	6	7	13	12	12	12	12	12	12
Ecosystems and Lake Patrol	**32**	30	32	19	17	17	16	16	17	11
Other Administrative	**60**	62	58	55	57	57	56	56	54	54
Total Employees by Function	**522**	511	496	485	489	497	486	488	466	461
Employees per MW of Generation	**0.30**	0.30	0.29	0.28	0.28	0.28	0.37	0.37	0.36	0.35

Source: Grand River Dam Authority

Miscellaneous Operating information



NATURE OF CAPITAL ASSETS

Generating Facilities	Location	Rated Capability	Generating Fuel	Date of Commercial Operations
Pensacola Project				
Grand Lake O' the Cherokees:			Run-of-River	
Pensacola Dam Units 1, 2, 3, 4, 5 and 6	Langley, OK	126 MW	Hydro	1941
Markham Ferry Project				
Lake Hudson:			Run-of-River	
Robert S. Kerr Dam Units 1, 2, 3 and 4	Locust Grove, OK	128 MW	Hydro	1964
Salina Pumped Storage Project				
W. R. Holway Reservoir:				
Salina Units 1, 2 and 3	Salina, OK	130 MW	Pumped-Storage	1968
Salina Units 4, 5 and 6	Salina, OK	130 MW	Hydro	1971
Grand River Energy Center *(formerly known as Coal-Fired Complex)*				
GRDA Unit 1	Chouteau, OK	490 MW	Coal Fired	1982
GRDA Unit 2 (GRDA's 62%)	Chouteau, OK	322 MW	Thermal	1985
GRDA Unit 3	Chouteau, OK	495 MW	Combined Cycle Gas	COD 2017
Redbud Plant				
Redbud Units 1, 2, 3 and 4 (GRDA's 36%)	Luther, OK	439 MW	Combined Cycle Gas	Purchased 2008

Renewable Purchase Power Agreement				
Canadian Hills Wind Project	El Reno, OK	48 MW (energy)	Wind	2012
Mustang Run Wind Project	Pawhuska, OK	136 MW (energy)	Wind	COD 2015
Breckinridge Wind Project	Breckinridge, OK	99 MW (energy)	Wind	COD 2015

Other Facilities	Location
Administration Headquarters	Vinita, OK
Ecosystem & Education Center	Langley, OK
Energy Control Center	Locust Grove, OK
Cushing Field Office	Cushing, OK
Transmission, Distribution Headquarters	Pryor, OK
Engineering and Technology Center	Tulsa, OK
Satellite Office	Oklahoma City, OK

Transmission Facilities

Voltage - Miles of line

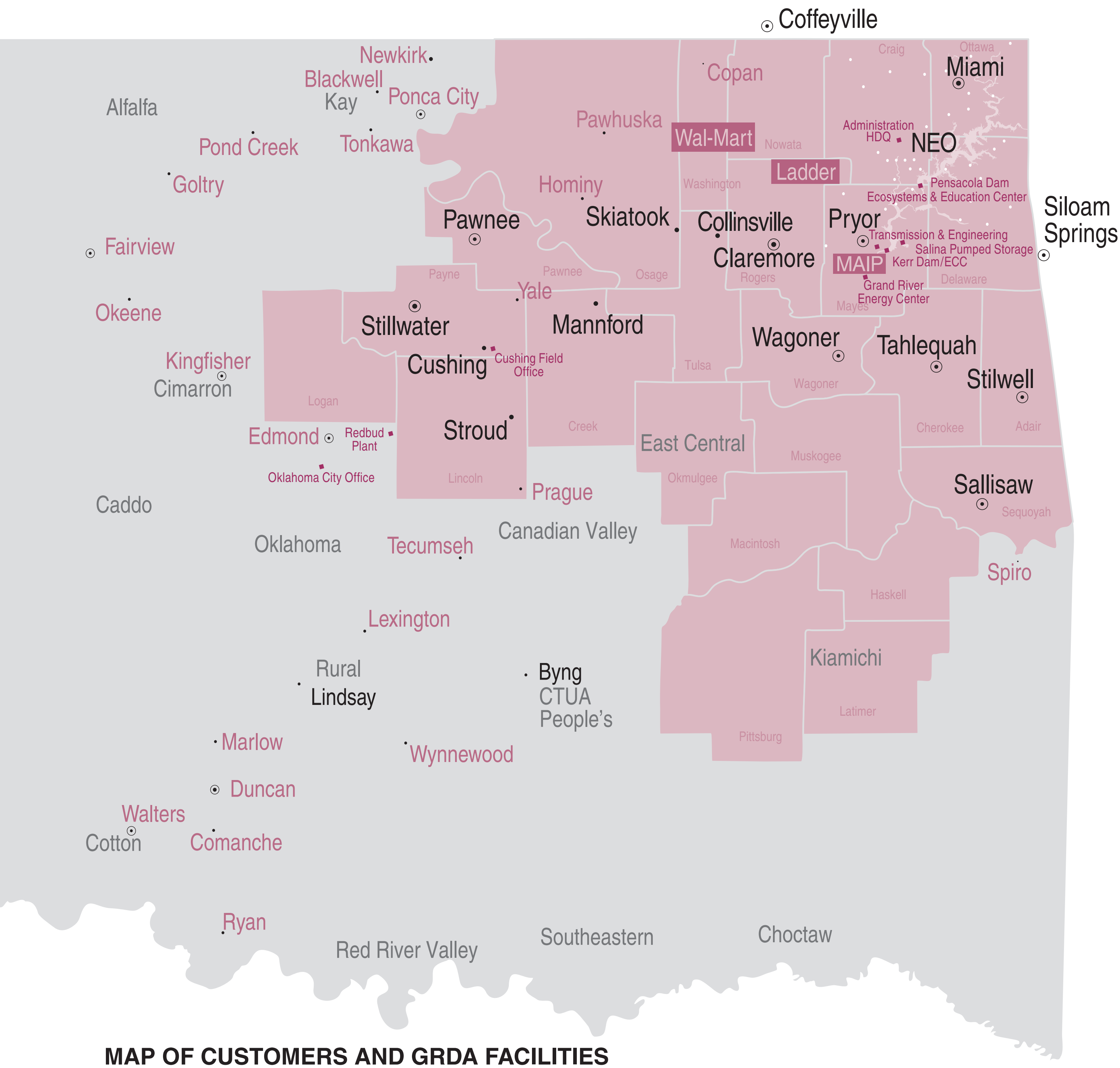
69 kV - 645	115 kV - 13	138 kV - 99	161 kV - 368	345 kV - 108

Interconnections

American Electric Power (AEP)
Associated Electric Cooperative Company (AECI)/ KAMO Power (KAMO)
Empire District Electric Company (Empire)
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

GRDA directly or indirectly provides electricity to some portion of all counties in Oklahoma except for two counties in the panhandle:

Municipal Customers - Served by GRDA in BLACK lettering; many served since 1940s.
Northeast Electric Cooperative - Represented by WHITE DOTS, served since 1946.
Industrial Customers - Represented by BURGUNDY BOX, Majority located in MidAmerica Industrial Park (MAIP)
Oklahoma Municipal Power Authority - served since 1985. OMPA's customers in LIGHT BURGUNDY lettering.
Western Farmers Electric Cooperative - served since 1983. WFEC's customers in Gray lettering.
GRDA Facilities - Shown in BURGUNDY lettering.

See Notes to Financial Statements, Utility Plant for additional information on capital assets.
Source: Grand River Dam Authority

Demographic and Economic Indicators

STATE OF OKLAHOMA DEMOGRAPHICS

Year	Population	Unemployment Rate	Per Capita Income	Total* Personal Income
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	$ 132,132,000
2010	3,751,351	6.8 %	$ 36,421	$ 136,627,222
2011	3,791,508	6.2 %	$ 37,277	$ 141,334,880
2012	3,814,820	5.1 %	$ 39,006	$ 148,798,993
2013	**3,850,568**	**5.4 %**	**$ 41,586**	**$ 160,128,477**

*Source: www.bea.gov - U.S. Bureau of Economic Analysis , * In Thousands*

MAJOR EMPLOYERS IN THE STATE OF OKLAHOMA—NON GOVERNMENT, NON TRIBAL

Non-Governmental Major Employers 2003	Non-Governmental Major Employers 2012	Employment 2012	Percentage of Total State Employment 2012
AMR Corp.	Wal-Mart Stores, Inc.	33,000	1.93 %
Hillcrest Healthcare System	Integris Health, Inc.	8,500	0.50 %
Integris Health	American Airlines, Inc.	6,500	0.38 %
Wal-Mart Stores, Inc.	Saint Francis Hospital, Inc.	6,000	0.35 %
Conoco Phillips	Saint John Medical Center, Inc.	6,000	0.35 %
General Motors Corporation	W. H. Braum, Inc.	5,000	0.29 %
HCA Healthcare	Chesapeake Energy Corporation	5,000	0.29 %
Hertz Corporation	Hobby Lobby Stores	5,000	0.29 %
Saint Francis Hospital	Express Employment Professionals	4,500	0.26 %
Saint John Medical Center, Inc.	AT&T/Southwestern Bell	4,000	0.23 %

Source: State of Oklahoma 2013 CAFR

POPULATION CHANGE: 2004-2013

	State Rank by Growth Rate 2004-2013	Growth % 2004 to 2013	Population 2013	Population 2004
Logan County	3	27.0 %	44,422	34,968
Wagoner County	5	22.1 %	75,700	61,981
Rogers County	13	13.3 %	89,044	78,565
Tulsa County	18	9.6 %	622,409	567,695
Haskell County	21	9.2 %	13,052	11,955
Cherokee County	24	8.8 %	48,017	44,129
Osage County	29	7.2 %	47,987	44,773
Lincoln County	30	7.1 %	34,351	32,062
Delaware County	32	6.6 %	41,377	38,797
Washington County	38	5.5 %	51,577	48,890
McIntosh County	39	5.4 %	20,493	19,440
Mayes County	41	5.0 %	40,804	38,843
Payne County	43	4.0 %	79,066	76,044
Adair County	45	3.9 %	22,194	21,371
Creek County	46	3.4 %	70,470	68,138
Sequoyah County	47	2.9 %	41,218	40,064
Latimer County	48	2.5 %	10,775	10,515
Pittsburg County	49	2.4 %	44,703	43,639
Muskogee County	55	0.6 %	70,303	69,903
Pawnee County	58	0.2 %	16,513	16,472
Nowata County	61	-0.4 %	10,555	10,595
Okmulgee County	60	0.3 %	39,438	39,548
Ottawa County	62	-0.4 %	32,245	32,388
Craig County	64	-1.0 %	14,672	14,815
Total for GRDA 24 County District		7.9 %	1,581,385	1,465,590
Total for all of Oklahoma's 77 Counties		9.3 %	3,850,568	3,523,500

Sources: census.gov

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.

GRDA
Grand River Dam Authority

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918-256-5545 ▪ WWW.GRDA.COM