

**TEXAS MUNICIPAL POWER AGENCY**  
**December 31, 2005**  
**FIRST QUARTER HIGHLIGHTS**

- ◆ For the Quarter Ending December 31, 2005:

	MWHs
Net generation:	951,293
Equivalent availability:	97.25%
Net capacity factor:	93.21%

- ◆ Net generation for the first quarter of FY2006 is 951,293 MWH, 10.17% above FY2005 first quarter net generation of 863,448 MWH. This is the best first quarter in TMPA history. The previous best first quarter was 901,962 MWH in FY1998.
- ◆ Gibbons Creek coal inventory figures have improved recently after a sharp drop in third and fourth quarter FY2005. The decrease was due to rail transportation problems associated with rail tracks in Wyoming's Powder River Basin (PRB) region. These rail tracks are jointly owned by Burlington Northern and Union Pacific Railroad. Over the next few months coal inventories are projected to return to near normal levels.
- ◆ TMPA received approval of its application for renewal of the Federal Operating Permit (Title V Permit) from the Texas Commission on Environmental Quality (TCEQ) on November 15, 2005. This key operating permit must be renewed every 5 years. The permit sets air quality standards for the Gibbons Creek Steam Electric Station.
- ◆ The TMPA Team reached a milestone goal of 2,250,000 safe work hours with the pay period ending January 1, 2006.

**First Quarter Report**  
**Period Ended December 31, 2005**

**Texas Municipal Power Agency**  
P. O. Box 7000 Bryan, Texas 77805  
(936) 873-2013 [www.texasmpa.org](http://www.texasmpa.org)



**Serving the Cities of**  
**Bryan, Denton, Garland & Greenville**

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## **Texas Municipal Power Agency**

### **BOARD OF DIRECTORS**

**Bryan** – Bill Atkinson, Ronnie Hale  
**Denton** – Perry McNeill, George Hopkins  
**Garland** – Michael Holden, James Ratliff  
**Greenville** – Byron Chitwood, Sue Ann Harting

### **OTHER PRINCIPAL OFFICIALS**

**General Manager**  
Gary T. Parsons

**Power Plant Manager**  
Craig York

**Transmission Manager**  
Rick Gurley

**Environmental Services Manager**  
Jan Horbaczewski

**Chief Financial Officer**  
Mark R. Murchison

TEXAS MUNICIPAL POWER AGENCY

Balance Sheet

Assets

	12/31/2005 (Unaudited)	9/30/2005 (Audited)
	(Dollars in Thousands)	
<b>Current Assets</b>		
<b>Current Unrestricted Assets</b>		
Cash and Investments	\$ 25,336	\$ 26,366
Inventories		
Fuel Stock	5,239	4,481
Materials and Supplies	4,941	4,883
Accounts Receivable and Other	22,264	19,991
Accrued Interest Receivable	564	818
Total Current Unrestricted Assets	<u>58,344</u>	<u>56,539</u>
<b>Current Restricted Assets</b>		
Cash and Cash equivalents	21,334	5,334
Accounts Receivable and Other	482	526
Total Restricted Assets	<u>21,816</u>	<u>5,860</u>
<b>Total Current Assets</b>	<u>80,160</u>	<u>62,399</u>
<b>Noncurrent Assets</b>		
<b>Electric Plant</b>		
In Service	865,232	863,664
Less Accumulated Depreciation	(523,614)	(519,239)
Total Net Plant	<u>341,618</u>	<u>344,425</u>
Construction Work in Progress	6,842	5,295
Total Electric Plant	<u>348,460</u>	<u>349,720</u>
<b>Other Assets</b>		
Restricted Cash and Investments	129,156	116,165
Unamortized Debt Issuance Cost	11,781	12,166
Unamortized Excess Cost on Refunding	317,674	317,674
Deferred Expense to be Recovered	414,842	426,229
Total Other Assets	<u>873,453</u>	<u>872,234</u>
<b>Total Noncurrent Assets</b>	<u>1,221,913</u>	<u>1,221,954</u>
<b>Total Assets</b>	<u>\$ 1,302,073</u>	<u>\$ 1,284,353</u>
	<b>Liabilities and Net Assets</b>	
<b>Current Liabilities</b>		
Taxable Commerical Paper	\$ 4,000	\$ 4,000
Current Maturities of Revenue Bonds	64,003	64,003
Zero Coupon Bonds Payable	24,332	22,130
Accrued Interest Payable	8,614	2,859
Accounts Payable	21,122	18,869
Accrued Distribution to Member Cities	7,294	7,177
Accrued Compensation and Pension	1,332	2,145
<b>Liabilities Payable from Current Restricted Assets</b>		
Accrued Mine Reclamation Cost	598	598
Total Current Liabilities	<u>131,295</u>	<u>121,781</u>
<b>Noncurrent Liabilities</b>		
<b>Long Term Debt</b>		
Revenue Bonds	656,875	656,875
Unamortized Discount/Premium	824	717
Zero Coupon Bond Payable	267,951	262,159
Tax Exempt Commercial Paper	191,780	191,780
Taxable Commercial Paper	8,700	8,700
Total Long Term Debt	<u>1,126,130</u>	<u>1,120,231</u>
<b>Noncurrent Liabilities Payable from Restricted Assets</b>		
Accounts Payable	1,590	1,273
Accrued Mine Reclamation Cost	6,218	6,624
Total Noncurrent - Restricted Assets	<u>7,808</u>	<u>7,897</u>
Total Liabilities	<u>1,265,233</u>	<u>1,249,909</u>
<b>Net Assets</b>		
Invested in Capital Assets Net of Debt	49,115	39,054
Restricted Assets Net of Liabilities	142,566	113,530
Unrestricted Assets Net of Liabilities	(154,841)	(118,140)
Total Net Assets	<u>36,840</u>	<u>34,444</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 1,302,073</u>	<u>\$ 1,284,353</u>

TEXAS MUNICIPAL POWER AGENCY  
Statement of Revenues, Expenses and Change in Net Assets  
(Unaudited)

	Year to Date First Quarter Ending 31-Dec-05	
	2006	2005
	(Dollars in Thousands)	
<b>Operating Revenues</b>		
Power Sales	\$ 55,287	\$ 52,416
Transmission Revenue	5,989	5,915
Other Operating Income	294	232
Total Operating Income	<u>61,570</u>	<u>58,563</u>
<b>Operating Expense</b>		
Fuel	15,309	13,750
Production - Operation and Maintenance	3,154	3,529
Transmission - Operation and Maintenance	524	462
Administration and General	1,994	2,018
Depreciation Expense	2,809	2,788
Renewals and Replacements	1,642	658
Total Operating Expenses	<u>25,432</u>	<u>23,205</u>
<b>Income from Operations</b>	36,138	35,358
<b>Other Income (Expenses)</b>		
Investment Income	1,441	594
Miscellaneous Other Income (Expenses)	111	(15)
Total Other Income	<u>1,552</u>	<u>579</u>
<b>Interest Charges</b>		
Interest expense on Debt	15,559	15,635
Amortization of Debt Issuance Cost and Excess Cost on Advance Refunding of Debt	3,267	3,073
Total Interest Charges	<u>18,826</u>	<u>18,708</u>
<b>Cost to be Recovered in Future Years</b>	8,074	6,587
<b>Net Revenues</b>	10,790	10,642
<b>Refunds to Cities</b>	8,394	8,193
<b>Change in Net Assets</b>	2,396	2,449
<b>Net Assets</b>		
Balance as of September 30	34,444	34,311
<b>Balance as of December 31</b>	<u>\$ 36,840</u>	<u>\$ 36,760</u>

These unaudited financial statements should be read in conjunction with the Notes to the financial statements appearing in the Agency's September 30, 2005 audited annual financial statements