

TEXAS MUNICIPAL POWER AGENCY
March 31, 2006
SECOND QUARTER HIGHLIGHTS

- ◆ For the Quarter Ending March 31, 2006:

	MWHs
Net generation:	728,566
Equivalent availability:	76.20%
Net capacity factor:	73.01%

- ◆ For the Fiscal Year to Date March 31, 2006:

	MWHs
Net generation:	1,679,859
Equivalent availability:	86.84%
Net capacity factor:	83.22%

- ◆ Gibbons Creek Unit 1 returned to service, as scheduled following a 21 day spring maintenance outage, on Saturday 03/25/06.
- ◆ Net generation for October 1, 2005 – March 31, 2006 was 1,679,859 MWHs. This is the best first 6 months in history and is 7.1% over the same period of 2005, which held the previous record.
- ◆ TMPA was commended in March, 2006 by the Texas Historical Commission for its public outreach efforts related to the traveling exhibit on the history and prehistory of the Gibbons Creek Mine. The Commission was especially excited about the prospect of reaching Texas school children.

Second Quarter Report
Period Ended March 31, 2006

Texas Municipal Power Agency
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Serving the Cities of
Bryan, Denton, Garland & Greenville

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

	3/31/2006 (Unaudited)	9/30/2005 (Audited)
	(Dollars in Thousands)	
Current Assets		
Current Unrestricted Assets		
Cash and Investments	\$ 18,600	\$ 26,366
Inventories		
Fuel Stock	8,641	4,481
Materials and Supplies	4,731	4,883
Accounts Receivable and Other	18,576	19,991
Accrued Interest Receivable	1,152	818
Total Current Unrestricted Assets	<u>51,700</u>	<u>56,539</u>
Current Restricted Assets		
Cash and Cash equivalents	37,335	5,334
Accounts Receivable and Other	161	526
Total Restricted Assets	<u>37,496</u>	<u>5,860</u>
Total Current Assets	<u>89,196</u>	<u>62,399</u>
Noncurrent Assets		
Electric Plant		
In Service	867,112	863,664
Less Accumulated Depreciation	(527,884)	(519,239)
Total Net Plant	<u>339,228</u>	<u>344,425</u>
Construction Work in Progress	10,591	5,295
Total Electric Plant	<u>349,819</u>	<u>349,720</u>
Other Assets		
Restricted Cash and Investments	130,063	116,165
Unamortized Debt Issuance Cost	11,397	12,166
Unamortized Excess Cost on Refunding	317,674	317,674
Deferred Expense to be Recovered	403,170	426,229
Total Other Assets	<u>862,304</u>	<u>872,234</u>
Total Noncurrent Assets	<u>1,212,123</u>	<u>1,221,954</u>
Total Assets	<u>\$ 1,301,319</u>	<u>\$ 1,284,353</u>
	Liabilities and Net Assets	
Current Liabilities		
Taxable Commercial 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	2,993	2,859
Accounts Payable	23,925	18,869
Accrued Distribution to Member Cities	2,798	7,177
Accrued Compensation and Pension	1,668	2,145
Liabilities Payable from Current Restricted Assets		
Accrued Mine Reclamation Cost	598	598
Total Current Liabilities	<u>124,317</u>	<u>121,781</u>
Noncurrent Liabilities		
Long Term Debt		
Revenue Bonds	656,607	656,875
Unamortized Discount/Premium	929	717
Zero Coupon Bond Payable	275,572	262,159
Tax Exempt Commercial Paper	193,280	191,780
Taxable Commercial Paper	8,700	8,700
Total Long Term Debt	<u>1,135,088</u>	<u>1,120,231</u>
Noncurrent Liabilities Payable from Restricted Assets		
Accounts Payable	1,976	1,273
Accrued Mine Reclamation Cost	5,788	6,624
Total Noncurrent - Restricted Assets	<u>7,764</u>	<u>7,897</u>
Total Liabilities	<u>1,267,169</u>	<u>1,249,909</u>
Net Assets		
Invested in Capital Assets Net of Debt	46,367	39,054
Restricted Assets Net of Liabilities	159,197	113,530
Unrestricted Assets Net of Liabilities	(171,414)	(118,140)
Total Net Assets	<u>34,150</u>	<u>34,444</u>
Total Liabilities and Net Assets	<u>\$ 1,301,319</u>	<u>\$ 1,284,353</u>

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

	Year to Date Second Quarter Ending 31-Mar-06	
	2006	2005
	(Dollars in Thousands)	
Operating Revenues		
Power Sales	\$ 107,019	\$ 102,001
Transmission Revenue	11,982	11,831
Other Operating Income	778	437
Total Operating Income	<u>119,779</u>	<u>114,269</u>
Operating Expense		
Fuel	28,205	24,519
Production - Operation and Maintenance	8,704	8,548
Transmission - Operation and Maintenance	1,177	774
Administration and General	4,349	4,057
Depreciation Expense	5,617	5,576
Renewals and Replacements	4,206	4,282
Total Operating Expenses	<u>52,258</u>	<u>47,756</u>
Income from Operations	67,521	66,513
Other Income (Expenses)		
Investment Income	3,306	1,345
Miscellaneous Other Income (Expenses)	49	(318)
Total Other Income	<u>3,355</u>	<u>1,027</u>
Interest Charges		
Interest expense on Debt	31,371	31,433
Amortization of Debt Issuance Cost and Excess Cost on Advance Refunding of Debt	6,535	6,146
Total Interest Charges	<u>37,906</u>	<u>37,579</u>
Cost to be Recovered in Future Years	16,476	14,751
Net Revenues	16,494	15,210
Refunds to Cities	16,788	16,235
Change in Net Assets	(294)	(1,025)
Net Assets		
Balance as of September 30	34,444	34,311
Balance as of March 31	<u>\$ 34,150</u>	<u>\$ 33,286</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