

TEXAS MUNICIPAL POWER AGENCY
June 30, 2006
Third QUARTER HIGHLIGHTS

- ◆ For the Quarter Ending June 30, 2006:

	MWHs
Net generation:	965,354
Equivalent availability:	98.42%
Net capacity factor:	95.72%

- ◆ For the Fiscal Year to Date June 30, 2006:

	MWHs
Net generation:	2,645,213
Equivalent availability:	90.70%
Net capacity factor:	87.39%

- ◆ 2006 is shaping up to be another record generation year. Year to date generation through the end of June 2006 was 2,645,213 Net MWHs. This generation level is 8.9% above budget year to date at June 30, 2006 and is second only to the first nine months of 1998, which had no spring outage.

- ◆ Unit performance is running at record levels with a net heat rate for June of 10,081 Btu/KW and 10,128 Btu/KW for the first nine months of 2006.

- ◆ TMPA would like to thank George Hopkins for his service on the Board of Directors, 1996-2006, representing the City of Denton.

- ◆ TMPA would like to thank Michael Holden for his service on the Board of Directors, 2001-2006, representing the City of Garland.

- ◆ TMPA would like to thank Tom Darte for serving on the Agency's Planning & Operating Committee, 1988-2006, representing the City of Greenville.

- ◆ TMPA would like to thank Jim Harder for serving on the Agency's Planning & Operating Committee, 1995-2006, representing the City of Garland.

- ◆ July 19, 2006, TMPA welcomed a new member to the Board of Directors representing the City of Garland, Tom Jefferies. Mr. Jefferies previously served on the TMPA Board of Directors 1987-1991.

Third Quarter Report
Period Ended June 30, 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 – James Ratliff, Tom Jefferies
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

	6/30/2006 (Unaudited)	9/30/2005 (Audited)
	(Dollars in Thousands)	
Current Assets		
Current Unrestricted Assets		
Cash and Investments	\$ 18,444	\$ 26,366
Inventories		
Fuel Stock	7,492	4,481
Materials and Supplies	4,709	4,883
Accounts Receivable and Other	21,869	19,991
Accrued Interest Receivable	744	818
Total Current Unrestricted Assets	<u>53,258</u>	<u>56,539</u>
Current Restricted Assets		
Cash and Cash equivalents	53,335	5,334
Accounts Receivable and Other	915	526
Total Restricted Assets	<u>54,250</u>	<u>5,860</u>
Total Current Assets	<u>107,508</u>	<u>62,399</u>
Noncurrent Assets		
Electric Plant		
In Service	867,637	863,664
Less Accumulated Depreciation	(531,584)	(519,239)
Total Net Plant	<u>336,053</u>	<u>344,425</u>
Construction Work in Progress	17,935	5,295
Total Electric Plant	<u>353,988</u>	<u>349,720</u>
Other Assets		
Restricted Cash and Investments	142,401	116,165
Unamortized Debt Issuance Cost	11,012	12,166
Unamortized Excess Cost on Refunding	317,674	317,674
Deferred Expense to be Recovered	392,529	426,229
Total Other Assets	<u>863,616</u>	<u>872,234</u>
Total Noncurrent Assets	<u>1,217,604</u>	<u>1,221,954</u>
Total Assets	<u>\$ 1,325,112</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	8,498	2,859
Accounts Payable	20,567	18,869
Accrued Distribution to Member Cities	2,798	7,177
Accrued Compensation and Pension	1,852	2,145
Liabilities Payable from Current Restricted Assets		
Accrued Mine Reclamation Cost	598	598
Total Current Liabilities	<u>126,648</u>	<u>121,781</u>
Noncurrent Liabilities		
Long Term Debt		
Revenue Bonds	656,607	656,875
Unamortized Discount/Premium	1,030	717
Zero Coupon Bond Payable	283,819	262,159
Tax Exempt Commercial Paper	201,980	191,780
Taxable Commercial Paper	8,700	8,700
Total Long Term Debt	<u>1,152,136</u>	<u>1,120,231</u>
Noncurrent Liabilities Payable from Restricted Assets		
Accounts Payable	2,508	1,273
Accrued Mine Reclamation Cost	5,422	6,624
Total Noncurrent - Restricted Assets	<u>7,930</u>	<u>7,897</u>
Total Liabilities	<u>1,286,714</u>	<u>1,249,909</u>
Net Assets		
Invested in Capital Assets Net of Debt	50,801	39,054
Restricted Assets Net of Liabilities	188,124	113,530
Unrestricted Assets Net of Liabilities	(200,527)	(118,140)
Total Net Assets	<u>38,398</u>	<u>34,444</u>
Total Liabilities and Net Assets	<u>\$ 1,325,112</u>	<u>\$ 1,284,353</u>

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

	Year to Date Third Quarter Ending 30-Jun-06	
	2006	2005
	(Dollars in Thousands)	
Operating Revenues		
Power Sales	\$ 162,551	\$ 155,309
Transmission Revenue	18,886	18,117
Other Operating Revenues	1,157	1,023
Total Operating Revenues	<u>182,594</u>	<u>174,449</u>
Operating Expenses		
Fuel	44,288	39,142
Production - Operation and Maintenance	11,467	11,393
Transmission - Operation and Maintenance	2,034	1,198
Administrative and General	6,433	6,408
Depreciation Expense	8,426	8,365
Renewals and Replacements	5,088	5,178
Total Operating Expenses	<u>77,736</u>	<u>71,684</u>
Income from Operations	<u>104,858</u>	<u>102,765</u>
Other Income (Expenses)		
Investment Revenue	5,519	2,945
Miscellaneous Other Expenses	39	(295)
Total Other Income	<u>5,558</u>	<u>2,650</u>
Interest Charges		
Interest Expense on Debt	47,523	47,673
Amortization of Debt Issuance Cost and Excess Cost on Advance Refunding of Debt	<u>9,805</u>	<u>9,218</u>
Total Interest Charges	<u>57,328</u>	<u>56,891</u>
Cost to be Recovered in Future Years	<u>23,951</u>	<u>20,697</u>
Net Revenues before Refunds	<u>29,137</u>	<u>27,827</u>
Refunds to Member Cities	<u>25,183</u>	<u>24,277</u>
Change in Net Assets	<u>3,954</u>	<u>3,550</u>
Net Assets		
Balance as of September 30	34,444	34,311
Balance as of June 30	<u>\$ 38,398</u>	<u>\$ 37,861</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