

**TEXAS MUNICIPAL POWER AGENCY  
December 31, 2006  
FIRST QUARTER HIGHLIGHTS**

- ◆ For the Quarter Ending December 31, 2006:

Net generation:	MWHs 972,343
Equivalent availability:	99.12%
Net capacity factor:	95.28%

- ◆ Tmpa experienced a record setting 1<sup>st</sup> quarter for FY2007. Net generation was 972,343 MWHs, a 2.2% increase from FY2006 first quarter net generation of 951,293 MWHs which was the previous best first quarter.
- ◆ Gibbons Creek increased coal inventory 167% from a 21 day level as of December 31, 2005 to a 56 day level by December 31, 2006 in an effort to rebuild stockpiles after the 2005 rail delivery problems from the Wyoming's Powder River Basin area. The additional fuel was procured at 2006 pricing levels and will aid our Member Cities in mitigating fuel cost escalation.
- ◆ On December 6, 2006, the U.S. Army Corps of Engineers issued Tmpa a Section 404 Permit for the construction of a rail spur to Navasota.
- ◆ During the first quarter of FY2007, Tmpa completed the aerial photography and mapping of its transmission system and successfully installed it on a Geographic Information System (GIS).
- ◆ The Tmpa Team achieved a milestone goal of 2,500,000 safe work hours on November 5, 2006.

**First Quarter Report  
Period Ended December 31, 2006**

**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, Ronald Hale  
**Denton** – Perry McNeill, Phil Gallivan, Jr.  
**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

	12/31/2006 (Unaudited)	9/30/2006 (Audited)
	(Dollars in Thousands)	
<b>Current Assets</b>		
<b>Current Unrestricted Assets</b>		
Cash and Investments	\$ 15,965	\$ 17,496
Inventories		
Fuel Stock	12,014	8,122
Materials and Supplies	4,895	4,765
Accounts Receivable and Other	25,333	24,295
Accrued Interest Receivable	781	1,100
Total Current Unrestricted Assets	58,988	55,778
<b>Current Restricted Assets</b>		
Cash and Cash equivalents	22,781	5,695
Accounts Receivable and Other	593	749
Total Restricted Assets	23,374	6,444
<b>Total Current Assets</b>	82,362	62,222
<b>Noncurrent Assets</b>		
<b>Electric Plant</b>		
In Service	868,812	868,166
Less Accumulated Depreciation	(537,864)	(534,736)
Total Net Plant	330,948	333,430
Construction Work in Progress	29,407	23,014
Total Electric Plant	360,355	356,444
<b>Other Assets</b>		
Restricted Cash and Investments	128,354	116,831
Unamortized Debt Issuance Cost	10,243	10,627
Unamortized Excess Cost on Refunding	317,674	317,674
Deferred Expense to be Recovered	369,623	381,705
Total Other Assets	825,894	826,837
<b>Total Noncurrent Assets</b>	1,186,249	1,183,281
<b>Total Assets</b>	\$ 1,268,611	\$ 1,245,503
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Taxable Commercial Paper	\$ 4,200	\$ 4,200
Current Maturities of Revenue Bonds	68,343	68,343
Zero Coupon Bonds Payable	23,272	21,545
Accrued Interest Payable	8,313	2,933
Accounts Payable	22,286	23,065
Accrued Distribution to Member Cities	9,110	9,095
Accrued Compensation and Pension	1,415	2,182
<b>Liabilities Payable from Current Restricted Assets</b>		
Accrued Mine Reclamation Cost	300	300
Total Current Liabilities	137,239	131,663
<b>Noncurrent Liabilities</b>		
<b>Long Term Debt</b>		
Revenue Bonds	588,264	588,264
Unamortized Discount/Premium	1,106	1,099
Zero Coupon Bond Payable	276,561	270,401
Tax Exempt Commercial Paper	214,005	207,905
Taxable Commercial Paper	4,500	4,500
Total Long Term Debt	1,084,436	1,072,169
<b>Noncurrent Liabilities Payable from Restricted Assets</b>		
Accounts Payable	468	602
Accrued Mine Reclamation Cost	5,357	5,510
Total Noncurrent - Restricted Assets	5,825	6,112
Total Noncurrent Liabilities	1,090,261	1,078,281
Total Liabilities	1,227,500	1,209,944
<b>Net Assets</b>		
Invested in Capital Assets Net of Debt	52,051	44,263
Restricted Assets Net of Liabilities	145,603	116,863
Unrestricted Assets Net of Liabilities	(156,543)	(125,567)
Total Net Assets	41,111	35,559
<b>Total Liabilities and Net Assets</b>	\$ 1,268,611	\$ 1,245,503

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

(Unaudited)

	Year to Date First Quarter Ending 31-Dec-06	
	2007	2006
	(Dollars in Thousands)	
<b>Operating Revenues</b>		
Power Sales	\$ 57,405	\$ 55,287
Transmission Revenue	6,376	5,989
Other Operating Revenues	304	294
Total Operating Revenues	64,085	61,570
<b>Operating Expenses</b>		
Fuel	15,790	15,309
Production - Operation and Maintenance	3,022	3,154
Transmission - Operation and Maintenance	336	524
Administrative and General	2,195	1,994
Depreciation Expense	2,808	2,809
Renewals and Replacements	460	1,642
Total Operating Expenses	24,611	25,432
<b>Income from Operations</b>	39,474	36,138
<b>Other Income (Expenses)</b>		
Investment Revenue	1,674	1,441
Miscellaneous Other Expenses	19	111
Total Other Income	1,693	1,552
<b>Interest Charges</b>		
Interest Expense on Debt	15,001	15,559
Amortization of Debt Issuance Cost and Excess Cost on Advance Refunding of Debt	3,285	3,267
Total Interest Charges	18,286	18,826
<b>Cost to be Recovered in Future Years</b>	8,887	8,074
<b>Net Revenues before Refunds</b>	13,994	10,790
<b>Refunds to Member Cities</b>	8,442	8,394
<b>Change in Net Assets</b>	5,552	2,396
<b>Net Assets</b>		
Balance as of September 30	35,559	34,444
<b>Balance as of December 31</b>	\$ 41,111	\$ 36,840

These unaudited financial statements should be read in conjunction with the Notes to the financial statements appearing in the Agency's September 30, 2006 audited annual financial statements.