

TEXAS MUNICIPAL POWER AGENCY
June 30, 2007
THIRD QUARTER HIGHLIGHTS

- ◆ For the Quarter Ending June 30, 2007:

	MWHs
Net generation:	812,592
Equivalent availability:	83.70%
Net capacity factor:	80.53%

- ◆ For the Fiscal Year to Date June 30, 2007:

	MWHs
Net generation:	2,446,446
Equivalent availability:	84.02%
Net capacity factor:	80.81%

- ◆ For the first three quarters of FY 2007, Power Production is ahead of budget by 2.1%. Year end generation is expected to rank 2007 as the third best year in history, behind 2006 and 2005, respectively.

- ◆ Severe weather during March through July seriously hampered Rio Tinto's mining operations in Wyoming and BNSF's rail operations in Nebraska, Kansas, Oklahoma, and Texas. Gibbons Creek will be accepting delivery of some substitute coal from Rio Tinto's Antelope mine, which will allow normal plant operations and allow coal inventory to remain near 40 days reserve on the ground.

- ◆ On June 29, 2007, Aubrey Harris, Operations Superintendent, retired after over 26 years of service with TMPA. TMPA staff wishes Aubrey well in his new position as Production Manager for Garland Power and Light.

Third Quarter Report
Period Ended June 30, 2007

Texas Municipal Power Agency
P. O. Box 7000 Bryan, Texas 77805
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Serving the Cities of
Bryan, Denton, Garland & Greenville

Texas Municipal Power Agency

BOARD OF DIRECTORS

Bryan – Bill Atkinson, L. Gene Kornegay
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
Eric Schroeder

Environmental Services Manager
Jan Horbaczewski

Chief Financial Officer
Mark R. Murchison

TEXAS MUNICIPAL POWER AGENCY

Balance Sheet

Assets

	6/30/2007 <u>(Unaudited)</u>	9/30/2006 <u>(Audited)</u>
	(Dollars in Thousands)	
Current Assets		
Current Unrestricted Assets		
Cash and Investments	\$ 11,004	\$ 17,496
Inventories		
Fuel Stock	10,289	8,122
Materials and Supplies	4,885	4,765
Accounts Receivable and Other	25,072	24,295
Accrued Interest Receivable	955	1,100
Total Current Unrestricted Assets	<u>52,205</u>	<u>55,778</u>
Current Restricted Assets		
Cash and Cash equivalents	56,953	5,695
Accounts Receivable and Other	1,098	749
Total Restricted Assets	<u>58,051</u>	<u>6,444</u>
Total Current Assets	<u>110,256</u>	<u>62,222</u>
Noncurrent Assets		
Electric Plant		
In Service	898,512	868,166
Less Accumulated Depreciation	<u>(548,985)</u>	<u>(534,736)</u>
Total Net Plant	349,527	333,430
Construction Work in Progress	23,582	23,014
Total Electric Plant	<u>373,109</u>	<u>356,444</u>
Other Assets		
Restricted Cash and Investments	140,995	116,831
Unamortized Debt Issuance Cost	9,474	10,627
Unamortized Excess Cost on Refunding	317,674	317,674
Deferred Expense to be Recovered	<u>345,996</u>	<u>381,705</u>
Total Other Assets	<u>814,139</u>	<u>826,837</u>
Total Noncurrent Assets	<u>1,187,248</u>	<u>1,183,281</u>
Total Assets	<u>\$ 1,297,504</u>	<u>\$ 1,245,503</u>
Liabilities and Net Assets		
Current Liabilities		
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	7,941	2,933
Accounts Payable	27,831	23,065
Accrued Distribution to Member Cities	4,244	9,095
Accrued Compensation and Pension	1,889	2,182
Liabilities Payable from Current Restricted Assets		
Accrued Mine Reclamation Cost	300	300
Total Current Liabilities	<u>138,020</u>	<u>131,663</u>
Noncurrent Liabilities		
Long Term Debt		
Revenue Bonds	588,264	588,264
Unamortized Discount/Premium	1,117	1,099
Zero Coupon Bond Payable	292,680	270,401
Tax Exempt Commercial Paper	229,605	207,905
Taxable Commercial Paper	<u>3,069</u>	<u>4,500</u>
Total Long Term Debt	<u>1,114,735</u>	<u>1,072,169</u>
Noncurrent Liabilities Payable from Restricted Assets		
Accounts Payable	1,574	602
Accrued Mine Reclamation Cost	<u>4,745</u>	<u>5,510</u>
Total Noncurrent - Restricted Assets	<u>6,319</u>	<u>6,112</u>
Total Noncurrent Liabilities	<u>1,121,054</u>	<u>1,078,281</u>
Total Liabilities	<u>1,259,074</u>	<u>1,209,944</u>
Net Assets		
Invested in Capital Assets Net of Debt	56,923	44,263
Restricted Assets Net of Liabilities	192,425	116,863
Unrestricted Assets Net of Liabilities	<u>(210,918)</u>	<u>(125,567)</u>
Total Net Assets	<u>38,430</u>	<u>35,559</u>
Total Liabilities and Net Assets	<u>\$ 1,297,504</u>	<u>\$ 1,245,503</u>

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

(Unaudited)

	Year to Date Third Quarter Ending 30-Jun-07	
	2007	2006
	(Dollars in Thousands)	
Operating Revenues		
Power Sales	\$ 163,610	\$ 162,551
Transmission Revenue	19,346	18,886
Other Operating Revenues	1,063	1,157
Total Operating Revenues	<u>184,019</u>	<u>182,594</u>
Operating Expenses		
Fuel	43,451	44,288
Production - Operation and Maintenance	13,277	11,467
Transmission - Operation and Maintenance	2,156	2,034
Administrative and General	7,024	6,433
Depreciation Expense	8,913	8,426
Renewals and Replacements	<u>5,709</u>	<u>5,088</u>
Total Operating Expenses	<u>80,530</u>	<u>77,736</u>
Income from Operations	103,489	104,858
Other Income (Expenses)		
Investment Revenue	6,165	5,519
Miscellaneous Other Expenses	164	39
Total Other Income	<u>6,329</u>	<u>5,558</u>
Interest Charges		
Interest Expense on Debt	45,725	47,523
Amortization of Debt Issuance Cost and Excess Cost on Advance Refunding of Debt	<u>9,857</u>	<u>9,805</u>
Total Interest Charges	<u>55,582</u>	<u>57,328</u>
Cost to be Recovered in Future Years	26,038	23,951
Net Revenues before Refunds	28,198	29,137
Refunds to Member Cities	<u>25,327</u>	<u>25,183</u>
Change in Net Assets	2,871	3,954
Net Assets		
Balance as of September 30	35,559	34,444
Balance as of June 30	<u>\$ 38,430</u>	<u>\$ 38,398</u>

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.