

**TEXAS MUNICIPAL POWER AGENCY
MARCH 31, 2008
SECOND QUARTER HIGHLIGHTS**

- ◆ For the Quarter Ending March 31, 2008:

	MWHs
Net generation:	804,806
Equivalent availability:	81.42%
Net capacity factor:	79.61%

- ◆ For the Fiscal Year to Date March 31, 2008:

	MWHs
Net generation:	1,772,539
Equivalent availability:	89.42%
Net capacity factor:	87.25%

- ◆ Gibbons Creek returned to service on 4/11/08 following a 28-day spring outage, where a new LP Turbine Rotor was installed which added 7.3 MW's of capacity for the same fuel consumption. This new Hitachi rotor achieves better efficiency due to computer aided blade shapes and state-of-the-art steam loss seals. Gibbons Creek is now rated at 463 MW per hour, up from the pre-outage rating of 455 MW.

- ◆ For the first six months of FY 2008, Gibbons Creek generated at a record pace, which should lead to FY08 beating the FY06 record by 2.2% or nearly 1 week of generation.

- ◆ For Nodal market readiness, TMPA is implementing additional monitoring and controls to the Gibbons Creek switchyard along with activating Automatic Generation Controls, which will enable our Member Cities to effectively manage the load point on the Gibbons Creek generation resource. ERCOT is scheduled to transition to the Nodal Market on 12/1/08, provided they achieve a satisfactory test of their Nodal Market Systems later this fall.

**Second Quarter Report
Period Ended March 31, 2008**

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, 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

TEXAS MUNICIPAL POWER AGENCY

Balance Sheet

Assets

	<u>3/31/2008</u>	<u>9/30/2007</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
	<u>(Dollars in Thousands)</u>	
Current Assets		
Current Unrestricted Assets		
Cash and Investments	\$ 7,745	\$ 7,614
Inventories		
Fuel Stock	8,759	6,986
Materials and Supplies	5,285	4,910
Accounts Receivable and Other	24,434	27,779
Accrued Interest Receivable	645	877
Total Current Unrestricted Assets	<u>46,868</u>	<u>48,166</u>
Current Restricted Assets		
Cash and Cash equivalents	43,051	6,150
Accounts Receivable and Other	188	770
Total Restricted Assets	<u>43,239</u>	<u>6,920</u>
Total Current Assets	<u>90,107</u>	<u>55,086</u>
Noncurrent Assets		
Electric Plant		
In Service	903,299	898,439
Less Accumulated Depreciation	<u>(563,298)</u>	<u>(552,356)</u>
Total Net Plant	340,001	346,083
Construction Work in Progress	46,693	24,691
Total Electric Plant	<u>386,694</u>	<u>370,774</u>
Other Assets		
Restricted Cash and Investments	131,740	117,486
Unamortized Debt Issuance Cost	8,402	9,089
Unamortized Excess Cost on Refunding	71,282	77,085
Deferred Expense to be Recovered	552,152	573,768
Total Other Assets	<u>763,576</u>	<u>777,428</u>
Total Noncurrent Assets	<u>1,150,270</u>	<u>1,148,202</u>
Total Assets	<u>\$ 1,240,377</u>	<u>\$ 1,203,288</u>
	Liabilities and Net Assets	
Current Liabilities		
Taxable Commercial Paper	\$ 3,069	\$ 3,069
Current Maturities of Revenue Bonds	73,801	73,801
Zero Coupon Bonds Payable	23,884	22,395
Accrued Interest Payable	2,118	2,566
Accounts Payable	28,439	24,809
Accrued Distribution to Member Cities	2,145	3,511
Accrued Compensation and Pension	2,190	2,410
Liabilities Payable from Current Restricted Assets		
Accrued Mine Reclamation Cost	850	850
Total Current Liabilities	<u>136,496</u>	<u>133,411</u>
Noncurrent Liabilities		
Long Term Debt		
Revenue Bonds	514,463	514,463
Unamortized Discount/Premium	1,062	1,111
Zero Coupon Bond Payable	292,564	278,323
Tax Exempt Commercial Paper	253,605	232,605
Taxable Commercial Paper	-	-
Total Long Term Debt	<u>1,061,694</u>	<u>1,026,502</u>
Noncurrent Liabilities Payable from Restricted Assets		
Accounts Payable	1,969	1,232
Accrued Mine Reclamation Cost	4,182	4,713
Total Noncurrent - Restricted Assets	<u>6,151</u>	<u>5,945</u>
Total Noncurrent Liabilities	<u>1,067,845</u>	<u>1,032,447</u>
Total Liabilities	<u>1,204,341</u>	<u>1,165,858</u>
Net Assets		
Invested in Capital Assets Net of Debt	54,757	50,980
Restricted Assets Net of Liabilities	167,978	117,611
Unrestricted Assets Net of Liabilities	<u>(186,699)</u>	<u>(131,161)</u>
Total Net Assets	<u>36,036</u>	<u>37,430</u>
Total Liabilities and Net Assets	<u>\$ 1,240,377</u>	<u>\$ 1,203,288</u>

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

(Unaudited)

	Year to Date Second Quarter Ending 31-Mar-08	
	<u>2008</u>	<u>2007</u>
	<u>(Dollars in Thousands)</u>	
Operating Revenues		
Power Sales	\$ 116,929	\$ 109,128
Transmission Revenue	12,817	12,725
Other Operating Revenues	643	609
Total Operating Revenues	<u>130,389</u>	<u>122,462</u>
Operating Expenses		
Fuel	37,429	27,418
Production - Operation and Maintenance	8,681	9,887
Transmission - Operation and Maintenance	948	1,138
Administrative and General	4,920	4,707
Depreciation Expense	6,130	5,734
Renewals and Replacements	4,965	603
Total Operating Expenses	<u>63,073</u>	<u>49,487</u>
Income from Operations	<u>67,316</u>	<u>72,975</u>
Other Income (Expenses)		
Investment Revenue	3,796	3,900
Miscellaneous Other Expenses	73	85
Total Other Income	<u>3,869</u>	<u>3,985</u>
Interest Charges		
Interest Expense on Debt	27,848	30,282
Amortization of Debt Issuance Cost and Excess Cost on Advance Refunding of Debt	<u>6,365</u>	<u>6,571</u>
Total Interest Charges	<u>34,213</u>	<u>36,853</u>
Cost to be Recovered in Future Years	<u>21,052</u>	<u>17,536</u>
Net Revenues before Refunds	<u>15,920</u>	<u>22,571</u>
Refunds to Member Cities	<u>17,314</u>	<u>16,884</u>
Change in Net Assets	<u>(1,394)</u>	<u>5,687</u>
Net Assets		
Balance as of September 30	<u>37,430</u>	<u>35,559</u>
Balance as of March 31	<u>\$ 36,036</u>	<u>\$ 41,246</u>

These unaudited financial statements should be read in conjunction with the Notes to the financial statements appearing in the Agency's September 30, 2007 audited annual financial statements.