

TEXAS MUNICIPAL POWER AGENCY
June 30, 2008
THIRD QUARTER HIGHLIGHTS

◆ **For the Quarter Ending June 30, 2008:**

	MWHs
Net generation:	879,795
Equivalent availability:	88.57%
Net capacity factor:	85.51%

◆ **For the Fiscal Year to Date June 30, 2008:**

	MWHs
Net generation:	2,652,334
Equivalent availability:	89.14%
Net capacity factor:	86.77%

◆ **New Substations**

Jack Creek Substation is complete – a 345/138kV substation with 600MVA autotransformer. This station provides a diverse energy source to the City of Bryan from the 345kV Gibbons Creek to Twin Oak circuit. This project was identified as a critical ERCOT system requirement. It was constructed on-schedule and under budget.

Shelby Substation and 138kV Line is being tested – a 138/69kV substation with 150MVA autotransformer. This new station provides the City of Greenville a second energy source from a new 138kV line built to reroute the existing Greenville interchange to Royse 138kV line. Numerous challenges, including land acquisition and weather during construction, have been overcome and the station and line are now complete. Final testing is underway and energization is scheduled for mid-August.

◆ **Environmental Update**

In April 2008, the Agency successfully concluded negotiations with the Brazos River Authority resulting in increased water rights of approximately 3,500 acre-feet for 26 ponds on TMPA's reclaimed mine site and provision to raise its cooling water reservoir by up to four feet, an increase of 12,000 acre-feet.

Third Quarter Report
Period Ended June 30, 2008

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

Texas Municipal Power Agency

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Denton – Perry McNeill, Phil Gallivan, Jr.
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OTHER PRINCIPAL OFFICIALS

General Manager
Gary T. Parsons

Power Plant Manager
Craig York

Transmission Manager
Eric Schroeder

Environmental Services Manager
Jan Horbaczewski

Interim Chief Financial Officer
Dennis M. Agnelly

TEXAS MUNICIPAL POWER AGENCY

Balance Sheet

Assets

	6/30/2008 (Unaudited)	9/30/2007 (Audited)
	(Dollars in Thousands)	
Current Assets		
Current Unrestricted Assets		
Cash and Investments	\$ 11,247	\$ 7,614
Inventories		
Fuel Stock	10,488	6,986
Materials and Supplies	5,286	4,910
Accounts Receivable and Other	27,099	27,779
Accrued Interest Receivable	1,053	877
Total Current Unrestricted Assets	<u>55,173</u>	<u>48,166</u>
Current Restricted Assets		
Cash and Cash equivalents	119,705	6,150
Accounts Receivable and Other	598	770
Total Restricted Assets	<u>120,303</u>	<u>6,920</u>
Total Current Assets	<u>175,476</u>	<u>55,086</u>
Noncurrent Assets		
Electric Plant		
In Service	909,542	898,439
Less Accumulated Depreciation	(567,375)	(552,356)
Total Net Plant	<u>342,167</u>	<u>346,083</u>
Construction Work in Progress	48,303	24,691
Total Electric Plant	<u>390,470</u>	<u>370,774</u>
Other Assets		
Restricted Cash and Investments	160,713	117,486
Unamortized Debt Issuance Cost	7,962	9,089
Unamortized Excess Cost on Refunding	68,381	77,085
Deferred Expense to be Recovered	542,598	573,768
Total Other Assets	<u>779,654</u>	<u>777,428</u>
Total Noncurrent Assets	<u>1,170,124</u>	<u>1,148,202</u>
Total Assets	<u>\$ 1,345,600</u>	<u>\$ 1,203,288</u>
	Liabilities and Net Assets	
Current Liabilities		
Taxable Commercial Paper	\$ 11,069	\$ 3,069
Current Maturities of Revenue Bonds	153,801	73,801
Zero Coupon Bonds Payable	23,884	22,395
Accrued Interest Payable	6,376	2,566
Accounts Payable	26,814	24,809
Accrued Distribution to Member Cities	2,886	3,511
Accrued Compensation and Pension	2,833	2,410
Liabilities Payable from Current Restricted Assets		
Accrued Mine Reclamation Cost	1,516	850
Total Current Liabilities	<u>229,179</u>	<u>133,411</u>
Noncurrent Liabilities		
Long Term Obligations		
Revenue Bonds	514,462	514,463
Unamortized Discount/Premium	1,036	1,111
Zero Coupon Bond Payable	300,641	278,323
Tax Exempt Commercial Paper	255,000	232,605
Total Long Term Debt	<u>1,071,139</u>	<u>1,026,502</u>
Other Employee Retirement Benefits	1,477	-
Total Long Term Obligations	<u>1,072,616</u>	<u>1,026,502</u>
Noncurrent Liabilities Payable from Restricted Assets		
Accounts Payable	2,791	1,232
Accrued Mine Reclamation Cost	4,172	4,713
Total Noncurrent - Restricted Assets	<u>6,963</u>	<u>5,945</u>
Total Noncurrent Liabilities	<u>1,079,579</u>	<u>1,032,447</u>
Total Liabilities	<u>1,308,758</u>	<u>1,165,858</u>
Net Assets		
Invested in Capital Assets Net of Debt	53,820	50,980
Restricted Assets Net of Liabilities	272,536	117,611
Unrestricted Assets Net of Liabilities	(289,514)	(131,161)
Total Net Assets	<u>36,842</u>	<u>37,430</u>
Total Liabilities and Net Assets	<u>\$ 1,345,600</u>	<u>\$ 1,203,288</u>

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

	Year to Date Third Quarter Ending 30-Jun-08	
	2008	2007
	(Dollars in Thousands)	
Operating Revenues		
Power Sales	\$ 175,502	\$ 163,610
Transmission Revenue	19,188	19,346
Other Operating Revenues	1,304	1,063
Total Operating Revenues	<u>195,994</u>	<u>184,019</u>
Operating Expenses		
Fuel	52,925	43,451
Production - Operation and Maintenance	13,494	13,277
Transmission - Operation and Maintenance	1,513	2,156
Administrative and General	9,547	7,024
Depreciation Expense	9,236	8,913
Renewals and Replacements	6,200	5,709
Total Operating Expenses	<u>92,915</u>	<u>80,530</u>
Income from Operations	103,079	103,489
Other Income (Expenses)		
Investment Revenue	4,823	6,165
Miscellaneous Other Expenses	347	164
Total Other Income	<u>5,170</u>	<u>6,329</u>
Interest Charges		
Interest Expense on Debt	41,294	45,725
Amortization of Debt Issuance Cost and Excess Cost on Advance Refunding of Debt	9,662	9,857
Total Interest Charges	<u>50,956</u>	<u>55,582</u>
Cost to be Recovered in Future Years	31,170	26,038
Net Revenues before Refunds	26,123	28,198
Refunds to Member Cities	26,711	25,327
Change in Net Assets	(588)	2,871
Net Assets		
Balance as of September 30	37,430	35,559
Balance as of June 30	<u>\$ 36,842</u>	<u>\$ 38,430</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.