

TEXAS MUNICIPAL POWER AGENCY
December 31, 2008
FIRST QUARTER HIGHLIGHTS

- ◆ For the Quarter Ending December 31, 2008:

	MWHs
Net generation:	962,561
Equivalent availability:	96.97%
Net capacity factor:	92.71%

- ◆ FY2008 was TMPA's all time record for generation. This will be a hard act to follow in FY2009, but the First Quarter was the 3rd best in TMPA's history. Given that there are seven fewer planned outage days this year, the goal of setting a new record is within sight.

- ◆ TMPA could not avoid the impact of First Quarter interest rate volatility on its commercial paper program. In September, the average tax exempt rate was 1.63%. Interest rates rose rapidly to the 4.5% level during October and November. TMPA fared well over these periods, averaging 2.39% and 3.28% respectively. By the end of December, the rate had settled back down to 1.38% range.

- ◆ Multiple transmission improvement projects are in progress, and many have recently been completed. To improve system reliability, 57 voltage transformers have been replaced throughout the system. The West Denton 138kV expansion project was completed, including energizing a second 600MVA autotransformer. This project improves reliability and provides capacity needed for growth in the Denton area. Vegetation management efforts for FY2009 will include two aerial inspections, ROW clearing for 48 miles of 345kV line, and ground inspections for large segments of the system.

First Quarter Report
Period Ended December 31, 2008

Texas Municipal Power Agency
P. O. Box 7000 Bryan, Texas 77805
(936) 873-2013 www.texasmpa.org



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
John Meisner

TEXAS MUNICIPAL POWER AGENCY

Balance Sheet
Assets

	<u>12/31/2008</u> <u>(Unaudited)</u>	<u>9/30/2008</u> <u>(Audited)</u>
	(Dollars in Thousands)	
Current Assets		
Current Unrestricted Assets		
Cash and Investments	\$ 10,140	\$ 14,469
Inventories		
Fuel Stock	11,617	10,326
Materials and Supplies	5,329	5,014
Accounts Receivable and Other	28,906	28,925
Accrued Interest Receivable	1,007	896
Total Current Unrestricted Assets	<u>56,999</u>	<u>59,630</u>
Current Restricted Assets		
Cash and Cash equivalents	27,837	6,959
Accounts Receivable and Other	576	620
Total Restricted Assets	<u>28,413</u>	<u>7,579</u>
Total Current Assets	<u>85,412</u>	<u>67,209</u>
Noncurrent Assets		
Electric Plant		
In Service	947,961	945,496
Less Accumulated Depreciation	(575,695)	(570,865)
Total Net Plant	<u>372,266</u>	<u>374,631</u>
Construction Work in Progress	16,464	15,186
Total Electric Plant	<u>388,730</u>	<u>389,817</u>
Other Assets		
Restricted Cash and Investments	131,214	131,123
Unamortized Debt Issuance Cost	7,835	8,225
Unamortized Excess Cost on Refunding	59,495	62,258
Deferred Expense to be Recovered	535,082	539,463
Total Other Assets	<u>733,626</u>	<u>741,069</u>
Total Noncurrent Assets	<u>1,122,356</u>	<u>1,130,886</u>
Total Assets	<u>\$ 1,207,768</u>	<u>\$ 1,198,095</u>

Liabilities and Net Assets

Current Liabilities		
Taxable Commercial Paper	\$ -	\$ -
Line Of Credit	3,069	-
Current Maturities of Revenue Bonds	123,988	123,988
Zero Coupon Bonds Payable	24,452	24,452
Accrued Interest Payable	6,471	2,631
Accounts Payable	27,200	27,584
Accrued Distribution to Member Cities	5,684	6,425
Accrued Compensation and Pension	2,167	2,687
Liabilities Payable from Current Restricted Assets		
Accrued Mine Reclamation Cost	1,516	1,516
Total Current Liabilities	<u>194,547</u>	<u>189,283</u>
Noncurrent Liabilities		
Long Term Debt		
Revenue Bonds	470,580	470,580
Unamortized Discount/Premium	2,397	2,490
Zero Coupon Bond Payable	291,906	284,156
Tax Exempt Commercial Paper	205,000	205,000
Taxable Commercial Paper	-	3,069
Total Long Term Debt	<u>969,883</u>	<u>965,295</u>
Other Employee Retirement Benefits	2,730	2,104
Total Long Term Obligations	<u>972,613</u>	<u>967,399</u>
Noncurrent Liabilities Payable from Restricted Assets		
Accounts Payable	2,055	1,683
Accrued Mine Reclamation Cost	3,845	3,921
Total Noncurrent - Restricted Assets	<u>5,900</u>	<u>5,604</u>
Total Noncurrent Liabilities	<u>978,513</u>	<u>973,003</u>
Total Liabilities	<u>1,173,060</u>	<u>1,162,286</u>
Net Assets		
Invested in Capital Assets Net of Debt	56,323	48,562
Restricted Assets Net of Liabilities	152,210	131,582
Unrestricted Assets Net of Liabilities	(173,826)	(144,335)
Total Net Assets	<u>34,708</u>	<u>35,809</u>
Total Liabilities and Net Assets	<u>\$ 1,207,768</u>	<u>\$ 1,198,095</u>

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

	Year to Date First Quarter Ending 31-Dec-08	
	<u>2009</u>	<u>2008</u>
	(Dollars in Thousands)	
Operating Revenues		
Power Sales	\$ 49,484	\$ 60,098
Transmission Revenue	5,462	6,415
Other Operating Revenues	513	346
Total Operating Revenues	<u>55,459</u>	<u>66,859</u>
Operating Expenses		
Fuel	18,692	19,947
Production - Operation and Maintenance	3,880	3,232
Transmission - Operation and Maintenance	826	611
Administrative and General	3,119	2,388
Depreciation Expense	3,507	3,065
Renewals and Replacements	1,432	1,886
Total Operating Expenses	<u>31,456</u>	<u>31,129</u>
Income from Operations	<u>24,003</u>	<u>35,730</u>
Other Income (Expenses)		
Investment Revenue	1,869	1,904
Miscellaneous Other Expenses	30	33
Total Other Income	<u>1,899</u>	<u>1,937</u>
Interest Charges		
Interest Expense on Debt	13,251	14,188
Amortization of Debt Issuance Cost and Excess Cost on Advance Refunding of Debt	3,006	3,183
Total Interest Charges	<u>16,257</u>	<u>17,371</u>
Cost to be Recovered in Future Years	<u>4,313</u>	<u>10,738</u>
Net Revenues before Refunds	<u>5,332</u>	<u>9,558</u>
Refunds to Member Cities	<u>6,433</u>	<u>8,657</u>
Change in Net Assets	<u>(1,101)</u>	<u>901</u>
Net Assets		
Balance as of September 30	35,809	37,430
Balance as of December 31	<u>\$ 34,708</u>	<u>\$ 38,331</u>

These unaudited financial statements should be read in conjunction with the Notes to the financial statements appearing in the Agency's September 30, 2008 audited annual financial statements.