

**TEXAS MUNICIPAL POWER AGENCY**  
**December 31, 2009**  
**FIRST QUARTER HIGHLIGHTS**

◆ For the Quarter Ending December 31, 2009:

	MWHs
Net generation:	921,029
Equivalent availability:	96.62%
Net capacity factor:	88.71%

- ◆ Through the first quarter of FY2010 Generation is behind budget by 4.8%. Net generation decreased 4.3% from 962,561 Net MWHs to 921,029 Net MWHs from first quarter FY2009 to first quarter FY2010, respectively. Member Cities have been able to take advantage of market opportunities to purchase generation for less than TMPA's costs due to low natural gas prices.
- ◆ TMPA and the Member Cities approved a Global Compromise Settlement Agreement which resolved long standing differences and lawsuits and will allow TMPA to move forward in a unified way. This is a milestone event for TMPA and the Member Cities. It will enable TMPA to remain an extremely important part of the Member Cities' electric utility systems.
- ◆ Remaining financing of the scrubber refurbishment project was approved. Funds will be received from the Member Cities to refund commercial paper, which capacity will then be used for the scrubber. Construction of the project began in earnest during the first quarter of FY2010. When this \$98.5 million project is completed in Spring 2011, it will ensure that Gibbons Creek is prepared to meet more stringent air emission standard expected in the next few years.

**First Quarter Report**  
**Period Ended December 31, 2009**

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

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**Texas Municipal Power Agency**

**BOARD OF DIRECTORS**

Bryan – Bill Atkinson, L. Gene Kornegay  
Denton – Chris Watts, 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

	12/31/2009 (Unaudited)	9/30/2009 (Audited)
	(Dollars in Thousands)	
<b>Current Assets</b>		
<b>Current Unrestricted Assets</b>		
Cash and Investments	\$ 11,646	\$ 12,566
Inventories		
Fuel Stock	12,685	15,277
Materials and Supplies	5,670	5,607
Accounts Receivable and Other	27,492	28,443
Accrued Interest Receivable	488	460
Total Current Unrestricted Assets	57,981	62,353
<b>Current Restricted Assets</b>		
Cash and Cash equivalents	45,107	12,508
Accounts Receivable and Other	684	704
Total Restricted Assets	45,791	13,212
<b>Total Current Assets</b>	103,772	75,565
<b>Noncurrent Assets</b>		
<b>Electric Plant</b>		
In Service	960,608	960,806
Less Accumulated Depreciation	(592,651)	(589,157)
Total Net Plant	367,957	371,649
Construction Work in Progress	32,219	23,486
Total Electric Plant	400,176	395,135
<b>Other Assets</b>		
Restricted Cash and Investments	124,501	124,419
Unamortized Debt Issuance Cost	6,535	6,886
Unamortized Excess Cost on Refunding	48,445	51,207
Deferred Expense to be Recovered	516,043	530,781
Total Other Assets	695,524	713,293
<b>Total Noncurrent Assets</b>	1,095,700	1,108,428
<b>Total Assets</b>	\$ 1,199,472	\$ 1,183,993
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Taxable Commercial Paper	\$ 2,017	\$ 2,017
Current Maturities of Revenue Bonds	89,481	89,481
Zero Coupon Bonds Payable	24,989	24,989
Accrued Interest Payable	6,448	2,302
Accounts Payable	25,943	28,174
Accrued Distribution to Member Cities	3,022	2,144
Accrued Compensation and Pension	1,413	2,518
<b>Liabilities Payable from Current Restricted Assets</b>		
Accrued Mine Reclamation Cost	2,714	2,714
Total Current Liabilities	156,027	154,339
<b>Noncurrent Liabilities</b>		
<b>Long Term Debt</b>		
Revenue Bonds	461,098	461,098
Unamortized Discount/Premium	1,992	2,110
Zero Coupon Bond Payable	298,305	290,638
Tax Exempt Commercial Paper	220,200	217,200
Taxable Commercial Paper	6,052	6,052
Total Long Term Debt	987,647	977,098
Other Employee Retirement Benefits	5,467	4,823
Total Long Term Obligations	993,114	981,921
<b>Noncurrent Liabilities Payable from Restricted Assets</b>		
Accounts Payable	1,057	763
Accrued Mine Reclamation Cost	6,456	6,643
Total Noncurrent - Restricted Assets	7,513	7,406
Total Noncurrent Liabilities	1,000,627	989,327
Total Liabilities	1,156,654	1,143,666
<b>Net Assets</b>		
Invested in Capital Assets Net of Debt	61,662	52,341
Restricted Assets Net of Liabilities	160,065	127,511
Unrestricted Assets Net of Liabilities	(178,909)	(139,525)
Total Net Assets	42,818	40,327
<b>Total Liabilities and Net Assets</b>	\$ 1,199,472	\$ 1,183,993

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

	Year to Date First Quarter Ending 31-Dec-09	
	2010	2009
	(Dollars in Thousands)	
<b>Operating Revenues</b>		
Power Sales	\$ 65,816	\$ 49,484
Transmission Revenue	9,781	5,462
Other Operating Revenues	307	513
Total Operating Revenues	75,904	55,459
<b>Operating Expenses</b>		
Fuel	20,219	18,692
Production - Operation and Maintenance	3,543	3,880
Transmission - Operation and Maintenance	673	826
Administrative and General	3,156	3,119
Postage Stamp Expense	2,908	-
Depreciation Expense	3,672	3,507
Renewals and Replacements	758	1,432
Total Operating Expenses	34,929	31,456
<b>Income from Operations</b>	40,975	24,003
<b>Other Income (Expenses)</b>		
Investment Revenue	150	1,869
Miscellaneous Other Expenses	85	66
Total Other Income	235	1,935
<b>Interest Charges</b>		
Interest Expense on Debt	12,063	13,287
Amortization of Debt Issuance Cost and Excess Cost on Advance Refunding of Debt	2,972	3,006
Total Interest Charges	15,035	16,293
<b>Cost to be Recovered in Future Years</b>	14,617	4,313
<b>Net Revenues before Refunds</b>	11,558	5,332
<b>Refunds to Member Cities</b>	9,067	6,433
<b>Change in Net Assets</b>	2,491	(1,101)
<b>Net Assets</b>		
Balance as of September 30	40,327	35,809
<b>Balance as of December 31</b>	\$ 42,818	\$ 34,708

These unaudited financial statements should be read in conjunction with the Notes to the financial statements appearing in the Agency's September 30, 2009 audited annual financial statements.