

TEXAS MUNICIPAL POWER AGENCY
December 31, 2014
FIRST QUARTER HIGHLIGHTS

Key Statistics	December 31, 2014	
	Quarter Ending	Fiscal Year To Date
Net generation MWHs	302,345	302,345
Equivalent availability	36.94%	36.94%
Net capacity factor	54.70%	54.70%

Power sales to the Member Cities decreased in the current year compared to last year primarily as a result of lower generation. This is primarily due to the Agency executing a scheduled maintenance outage, which began in late October and continued through mid-December. Since fuel consumption is correlated to generation, fuel expense decreased while fuel inventory increased.

Directly impacted by the scheduled maintenance outage was production operation and maintenance costs and renewals and replacements, which both increased in the current year compared to last year. Renewals and replacements are larger scale non-routine maintenance projects.

Administrative and general costs are higher in the current year mainly due to the recording of expected insurance claim costs to be incurred as a result of a transformer failure at the Bryan East Substation. The Agency has filed a claim with its property insurance carrier and expenditures, up to the deductible amount, will be funded from the Self-Insurance Program.

Transmission System Access Fee, commonly referred to as postage stamp expense, increased due to higher PUCT approved TCOS rates from the energizing of additional transmission assets within Texas.

The reduction in net assets is due to the timing of when the costs associated with the schedule maintenance outage were incurred and when the funds to pay those costs, collected through rates as power sales, are received. While the majority of the outage costs were incurred in the first quarter, the funds to pay those costs will be collected in rates throughout the fiscal year. Therefore, it's anticipated that the change in net assets will improve through the fiscal year as rates are collected.

First Quarter Report
Period Ended December 31, 2014

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



TEXAS MUNICIPAL POWER AGENCY

Serving the Cities of
Bryan, Denton, Garland & Greenville

BOARD OF DIRECTORS

Bryan – David Bairrington
Kean Register

Denton – Bill Cheek, Jr.
Chris Watts

Garland – James B. Ratliff
Tom Jefferies

Greenville – Dave Dreiling
Sue Ann Harting

OTHER PRINCIPAL OFFICIALS

General Manager
Bob Kahn

Power Plant Manager
Craig York

Regulatory and Compliance Manager
Jan Horbaczewski

Chief Financial Officer
Russell Huff

Human Resources Director
Connie Merhley

TEXAS MUNICIPAL POWER AGENCY

Balance Sheet

Assets

	12/31/2014 (Unaudited)	9/30/2014 (Audited)
	(Dollars in Thousands)	
Current Assets		
Current Unrestricted Assets		
Cash and Cash Equivalents	\$ 34,344	\$ 40,712
Inventories		
Fuel Stock	9,748	4,161
Materials and Supplies	6,728	6,696
Accounts Receivable and Other	6,875	11,922
Accrued Interest Receivable	120	167
Total Current Unrestricted Assets	<u>57,815</u>	<u>63,658</u>
Current Restricted Assets		
Cash and Cash Equivalents	40,179	10,045
Accounts Receivable and Other	758	739
Total Current Restricted Assets	<u>40,937</u>	<u>10,784</u>
Total Current Assets	<u>98,752</u>	<u>74,442</u>
Noncurrent Assets		
Electric Plant		
In Service	1,124,508	1,124,214
Less Accumulated Depreciation	<u>(697,161)</u>	<u>(691,682)</u>
Total Net Plant	427,347	432,532
Construction Work in Progress	16,122	12,215
Total Electric Plant	<u>443,469</u>	<u>444,747</u>
Other Assets		
Restricted Cash and Investments	128,642	129,538
Unamortized Debt Issuance Cost		
Unamortized Excess Cost on Advance Refunding	7,362	7,995
Deferred Expense to be Recovered	273,885	303,344
Total Other Assets	<u>409,889</u>	<u>440,877</u>
Total Noncurrent Assets	<u>853,358</u>	<u>885,624</u>
Total Assets	<u>\$ 952,110</u>	<u>\$ 960,066</u>
Liabilities and Net Assets		
Current Liabilities		
Current Maturities of Revenue Bonds	\$ 30,343	\$ 30,343
Zero Coupon Bonds Payable	74,521	72,773
Accrued Interest Payable	3,632	913
Accounts Payable	15,719	9,304
Deferred Revenue	11,586	15,930
Accrued Distribution to Member Cities	10,370	10,203
Accrued Compensation and Pension	1,044	1,649
Accrued Mine Reclamation Cost	1,921	1,921
Total Current Liabilities	<u>149,136</u>	<u>143,036</u>
Noncurrent Liabilities		
Long Term Debt		
Revenue Bonds	387,372	387,372
Unamortized Discount/Premium	3,235	3,378
Zero Coupon Bond Payable	154,294	151,101
Tax Exempt Commercial Paper	76,685	76,685
Total Long Term Debt	<u>621,586</u>	<u>618,536</u>
Other Employee Retirement Benefits	17,433	16,715
Accounts Payable	778	48
Deferred Revenue	128,147	136,884
Accrued Mine Reclamation Cost	2,812	3,729
Contribution in Aid of Construction	175	175
Total Long Term Obligations	<u>149,345</u>	<u>157,551</u>
Total Noncurrent Liabilities	<u>770,931</u>	<u>776,087</u>
Total Liabilities	<u>920,067</u>	<u>919,123</u>
Net Assets		
Invested in Capital Assets Net of Related Debt	(11,420)	(20,060)
Net Assets Restricted for Insurance Claims	7,827	7,635
Unrestricted Net Assets	35,636	53,368
Total Net Assets	<u>32,043</u>	<u>40,943</u>
Total Liabilities and Net Assets	<u>\$ 952,110</u>	<u>\$ 960,066</u>

TEXAS MUNICIPAL POWER AGENCY

Statement of Revenues, Expenses and Change in Net Assets

(Unaudited)

	Year to Date First Quarter Ended 31-Dec	
	2014	2013
	(Dollars in Thousands)	
Operating Revenues		
Power Sales	\$ 52,499	\$ 54,022
Transmission Revenues	10,742	10,871
Other Operating Revenues	366	498
Total Operating Revenues	<u>63,607</u>	<u>65,391</u>
Operating Expenses		
Fuel	7,311	16,915
Production - Operation and Maintenance	13,171	2,914
Transmission - Operation and Maintenance	480	638
Administrative and General	3,786	2,529
Transmission System Access Fee	5,363	4,528
Depreciation Expense	5,143	5,121
Renewals and Replacements	925	71
Total Operating Expenses	<u>36,179</u>	<u>32,716</u>
Income from Operations	<u>27,428</u>	<u>32,675</u>
Other Income (Expenses)		
Investment Revenue	95	187
Miscellaneous Other Income	27	18
Total Other Income	<u>122</u>	<u>205</u>
Interest Charges		
Interest Expense on Debt	7,672	9,021
Amortization of Debt Issuance Cost and Excess Cost on Advance Refunding of Debt	489	1,027
Total Interest Charges	<u>8,161</u>	<u>10,048</u>
Deferred Expense Recovered in the Current Year	(28,543)	(24,893)
Deferred Revenue Recognized in the Current Year	8,737	8,737
Net Revenues before Refunds	(417)	6,676
Refunds to Member Cities	8,483	7,983
Change in Net Assets	(8,900)	(1,307)
Net Assets		
Balance as of September 30	40,943	55,113
Balance as of December 31	<u>\$ 32,043</u>	<u>\$ 53,806</u>

These unaudited financial statements should be read in conjunction with the Notes to the financial statements appearing in the Agency's September 30, 2014 audited annual financial statements.