

TEXAS MUNICIPAL POWER AGENCY
March 31, 2015
SECOND QUARTER HIGHLIGHTS

Key Statistics	March 31, 2015	
	Quarter Ending	Fiscal Year To Date
Net generation MWHs	487,935	790,280
Equivalent availability	95.65%	65.96%
Net capacity factor	48.09%	50.42%

Fuel expense decreased in the current year compared to last year primarily as a result of lower generation. Lower generation is mainly due to the Agency executing a planned maintenance outage, which began in late October and continued through mid-December. Low ERCOT power prices in the spring also contributed to lower generation. Lower generation is also the reason for the increase in fuel inventory.

Directly impacted by the planned maintenance outage was production operation and maintenance costs and renewals and replacements, which both increased in the current year compared to last year since last year had no planned outage. Renewals and replacements are larger scale non-routine maintenance projects.

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.

Recovery of regulatory assets are aligned with current year debt service requirements and are reported net of deferred costs. Regulatory assets recovered in the current year are higher due to greater debt service requirements in FY15 and to a reduction in the level of costs being deferred in FY15 compared to FY14.

The reduction in net position is due to the timing of when the costs associated with the planned 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 position will improve through the fiscal year as rates are collected.



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

Second Quarter Report
Period Ended March 31, 2015



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 and Deferred Outflows of Resources

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

	<u>3/31/2015</u>	<u>9/30/2014</u>	
	<u>(Unaudited)</u>	<u>(Audited)</u>	
	<u>(Dollars in Thousands)</u>		
Assets			
Current Assets			
Current Unrestricted Assets			
Cash and Cash Equivalents	\$ 19,802	\$ 40,712	
Inventories			
Fuel Stock	14,449	4,161	
Materials and Supplies	6,434	6,696	
Accounts Receivable and Other	8,104	11,922	
Accrued Interest Receivable	200	167	
Total Current Unrestricted Assets	<u>48,989</u>	<u>63,658</u>	
Current Restricted Assets			
Cash and Cash Equivalents	64,874	10,045	
Accounts Receivable and Other	275	739	
Total Current Restricted Assets	<u>65,149</u>	<u>10,784</u>	
Total Current Assets	<u>114,138</u>	<u>74,442</u>	
Noncurrent Assets			
Electric Plant			
In Service	1,124,574	1,124,214	
Less Accumulated Depreciation	<u>(702,333)</u>	<u>(691,682)</u>	
Total Net Plant	422,241	432,532	
Construction Work in Progress	20,515	12,215	
Total Electric Plant	<u>442,756</u>	<u>444,747</u>	
Other Assets			
Restricted Cash and Investments	123,231	129,538	
Regulatory Assets	244,676	303,344	
Total Other Assets	<u>367,907</u>	<u>432,882</u>	
Total Noncurrent Assets	<u>810,663</u>	<u>877,629</u>	
Total Assets	<u>924,801</u>	<u>952,071</u>	
Deferred Outflows of Resources			
Unamortized Excess Cost on Advance Refunding	6,730	7,995	
Total Deferred Outflows of Resources	<u>6,730</u>	<u>7,995</u>	
Total Assets and Deferred Outflows of Resources	<u>\$ 931,531</u>	<u>\$ 960,066</u>	
Liabilities and Net Position			
Liabilities			
Current Liabilities			
Current Maturities of Revenue Bonds	\$ 30,343	\$ 30,343	
Zero Coupon Bond Interest Payable	76,286	72,773	
Accrued Interest Payable	915	913	
Accounts Payable	6,075	9,304	
Unearned Revenue	7,241	15,930	
Accrued Distribution to Member Cities	2,828	10,203	
Accrued Compensation and Pension	1,235	1,649	
Accrued Mine Reclamation Cost	1,921	1,921	
Total Current Liabilities	<u>126,844</u>	<u>143,036</u>	
Noncurrent Liabilities			
Long Term Debt			
Revenue Bonds	387,372	387,372	
Unamortized Discount/Premium	3,091	3,378	
Zero Coupon Bond Interest Payable	157,519	151,101	
Tax Exempt Commercial Paper	81,985	76,685	
Total Long Term Debt	<u>629,967</u>	<u>618,536</u>	
Other Employee Retirement Benefits	18,151	16,715	
Accounts Payable	158	48	
Unearned Revenue	119,409	136,884	
Accrued Mine Reclamation Cost	2,463	3,729	
Contribution in Aid of Construction	175	175	
Total Other Long-Term Obligations	<u>140,356</u>	<u>157,551</u>	
Total Noncurrent Liabilities	<u>770,323</u>	<u>776,087</u>	
Total Liabilities	<u>897,167</u>	<u>919,123</u>	
Net Position			
Net Investment in Capital Assets	(14,568)	(20,060)	
Restricted for Insurance Claims	4,753	7,635	
Unrestricted	44,179	53,368	
Total Net Position	<u>34,364</u>	<u>40,943</u>	
Total Liabilities and Net Position	<u>\$ 931,531</u>	<u>\$ 960,066</u>	

	Year to Date	
	Second Quarter Ended	
	31-Mar	
	<u>2015</u>	<u>2014</u>
	<u>(Dollars in Thousands)</u>	
Operating Revenues		
Power Sales	\$ 109,682	\$ 109,316
Transmission Revenues	21,484	21,742
Other Operating Revenues	768	938
Total Operating Revenues	<u>131,934</u>	<u>131,996</u>
Operating Expenses		
Fuel	19,704	35,139
Production - Operation and Maintenance	16,980	6,246
Transmission - Operation and Maintenance	886	962
Administrative and General	6,324	5,098
Transmission System Access Fee	10,787	9,322
Depreciation Expense	10,285	10,240
Renewals and Replacements	969	385
Total Operating Expenses	<u>65,935</u>	<u>67,392</u>
Income from Operations	<u>65,999</u>	<u>64,604</u>
Other Income (Expenses)		
Investment Revenue	587	309
Miscellaneous Other Income	105	209
Total Other Income	<u>692</u>	<u>518</u>
Interest Charges		
Interest Expense on Debt	15,398	18,109
Amortization of Debt Issuance Cost and Excess Cost on Advance Refunding of Debt	978	2,054
Total Interest Charges	<u>16,376</u>	<u>20,163</u>
Regulatory Assets Recovered in the Current Year	(57,402)	(49,793)
Unearned Revenue Recognized in the Current Year	17,475	17,475
Net Revenues before Refunds	10,388	12,641
Refunds to Member Cities	16,967	15,967
Change in Net Position	(6,579)	(3,326)
Net Position		
Balance as of September 30	40,943	55,113
Balance as of March 31	<u>\$ 34,364</u>	<u>\$ 51,787</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.