

TEXAS MUNICIPAL POWER AGENCY
June 30, 2015
THIRD QUARTER HIGHLIGHTS

Key Statistics	June 30, 2015	
	Quarter Ending	Fiscal Year To Date
Net generation MWHs	534,445	1,324,725
Equivalent availability	92.19%	74.70%
Net capacity factor	52.07%	51.07%

Fuel expense decreased in the current year compared to last year primarily as a result of lower generation. Lower generation is due to low ERCOT power prices in the current year, as well as, the Agency executing a planned maintenance outage, which began in late October and continued through mid-December. 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.

Administrative and general expenses are higher in the current year mainly due to the recording of actual and expected costs on two insurance claims. One claim, a transformer failure at the Bryan East Substation, was resolved in July and insurance proceeds were received, while the other, a flooding event at the Ben Davis Substation, is ongoing.

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.

Change in net position is negative primarily due to the funding of current year expenses with funds collected in previous fiscal years. While these funds are a source of funding, they were recognized as revenue in prior fiscal years so there is no revenue recognition on the income statement in the current year to offset the expenses they are intended to cover.

Third Quarter Report
Period Ended June 30, 2015

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
Statements of Net Position
Assets and Deferred Outflows of Resources

	6/30/2015 (Unaudited) (Dollars in Thousands)	9/30/2014 (Audited)
Assets		
Current Assets		
Current Unrestricted Assets		
Cash and Cash Equivalents	\$ 15,653	\$ 40,712
Inventories		
Fuel Stock	18,945	4,161
Materials and Supplies	6,879	6,696
Accounts Receivable and Other	10,239	11,922
Accrued Interest Receivable	161	167
Total Current Unrestricted Assets	<u>51,877</u>	<u>63,658</u>
Current Restricted Assets		
Cash and Cash Equivalents	95,008	10,045
Accounts Receivable and Other	1,072	739
Total Current Restricted Assets	<u>96,080</u>	<u>10,784</u>
Total Current Assets	<u>147,957</u>	<u>74,442</u>
Noncurrent Assets		
Electric Plant		
In Service	1,124,429	1,124,214
Less Accumulated Depreciation	(706,517)	(691,682)
Total Net Plant	<u>417,912</u>	<u>432,532</u>
Construction Work in Progress	22,064	12,215
Total Electric Plant	<u>439,976</u>	<u>444,747</u>
Other Assets		
Restricted Cash and Investments	120,666	129,538
Regulatory Assets	216,145	303,344
Total Other Assets	<u>336,811</u>	<u>432,882</u>
Total Noncurrent Assets	<u>776,787</u>	<u>877,629</u>
Total Assets	<u>924,744</u>	<u>952,071</u>
Deferred Outflows of Resources		
Unamortized Excess Cost on Advance Refunding	6,097	7,995
Total Deferred Outflows of Resources	<u>6,097</u>	<u>7,995</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 930,841</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	78,086	72,773
Accrued Interest Payable	3,653	913
Accounts Payable	9,263	9,304
Unearned Revenue	2,896	15,930
Accrued Distribution to Member Cities	2,828	10,203
Accrued Compensation and Pension	1,164	1,649
Accrued Mine Reclamation Cost	1,921	1,921
Total Current Liabilities	<u>130,154</u>	<u>143,036</u>
Noncurrent Liabilities		
Long Term Debt		
Revenue Bonds	387,372	387,372
Unamortized Discount/Premium	2,947	3,378
Zero Coupon Bond Interest Payable	160,809	151,101
Tax Exempt Commercial Paper	81,985	76,685
Total Long Term Debt	<u>633,113</u>	<u>618,536</u>
Other Employee Retirement Benefits	18,869	16,715
Accounts Payable	592	48
Unearned Revenue	110,672	136,884
Accrued Mine Reclamation Cost	2,153	3,729
Contribution in Aid of Construction	175	175
Total Other Long-Term Obligations	<u>132,461</u>	<u>157,551</u>
Total Noncurrent Liabilities	<u>765,574</u>	<u>776,087</u>
Total Liabilities	<u>895,728</u>	<u>919,123</u>
Net Position		
Net Investment in Capital Assets	(7,569)	(20,060)
Restricted for Insurance Claims	3,588	7,635
Unrestricted	39,094	53,368
Total Net Position	<u>35,113</u>	<u>40,943</u>
Total Liabilities and Net Position	<u>\$ 930,841</u>	<u>\$ 960,066</u>

TEXAS MUNICIPAL POWER AGENCY
Statements of Revenues, Expenses and Changes in Net Position
(Unaudited)

	Year to Date Third Quarter Ended 30-Jun	
	2015	2014
	(Dollars in Thousands)	
Operating Revenues		
Power Sales	\$ 167,997	\$ 166,747
Transmission Revenues	31,708	32,358
Other Operating Revenues	1,810	1,693
Total Operating Revenues	<u>201,515</u>	<u>200,798</u>
Operating Expenses		
Fuel	33,513	54,113
Production - Operation and Maintenance	20,989	9,967
Transmission - Operation and Maintenance	1,363	1,378
Administrative and General	9,800	7,908
Transmission System Access Fee	16,241	14,406
Depreciation Expense	15,404	15,353
Renewals and Replacements	1,171	772
Total Operating Expenses	<u>98,481</u>	<u>103,897</u>
Income from Operations	<u>103,034</u>	<u>96,901</u>
Other Income (Expenses)		
Investment Revenue	810	527
Miscellaneous Other Income (Expenses), Net	(111)	226
Total Other Income	<u>699</u>	<u>753</u>
Interest Charges		
Interest Expense on Debt	23,234	27,331
Amortization of Debt Issuance Cost and Excess Cost on Advance Refunding of Debt	1,467	3,080
Total Interest Charges	<u>24,701</u>	<u>30,411</u>
Regulatory Assets Recovered in the Current Year	(85,623)	(72,551)
Unearned Revenue Recognized in the Current Year	<u>26,211</u>	<u>26,212</u>
Net Revenues before Refunds	19,620	20,904
Refunds to Member Cities	<u>25,450</u>	<u>23,950</u>
Change in Net Position	(5,830)	(3,046)
Net Position		
Balance as of September 30	40,943	55,113
Balance as of June 30	<u>\$ 35,113</u>	<u>\$ 52,067</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.