

**TEXAS MUNICIPAL POWER AGENCY
December 31, 2015
FIRST QUARTER HIGHLIGHTS**

Key Statistics	December 31, 2015	
	Quarter Ending	Fiscal Year To Date
Net generation MWHs	478,061	478,061
Equivalent availability	94.76%	94.76%
Net capacity factor	46.05%	46.05%

Power sales increased in the current year compared to last year due to higher generation. Last year, the Agency executed a major turbine/generator overhaul outage, which began in late October and continued through mid-December which limited generation. Also, increased generation in the current year is the reason for the increase in fuel expense.

Production operation and maintenance costs and renewals and replacements decreased due to no scheduled maintenance outage in 2015 while, as mentioned, a scheduled maintenance outage was executed in the fall of 2014. Renewals and replacements are larger scale non-routine maintenance projects.

Administrative and general expenses are lower in the current year mainly due to the fact that in the prior year, administrative and general expenses included estimated claims costs as a result of a transformer failure at the Bryan East Substation. This claim was resolved in July 2015.

Interest expense on debt is lower in the current year compared to last year due to the Agency continuing to pay down debt, primarily the Series 1993 bonds. A large portion of TMPA's debt, mainly generation debt, will be paid off by 2018.

The increase in fuel stock is the result of exceptionally low power prices in ERCOT, driven mainly by low natural gas prices, resulting in an overall reduction in the utilization of the Gibbons Creek Plant. While utilization is less, the Agency continues to purchase coal, resulting in an increase to fuel stock and a reduction in cash.

**First Quarter Report
Period Ended December 31, 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

	12/31/2015 <u>(Unaudited)</u>	9/30/2015 <u>(Audited)</u>
	(Dollars in Thousands)	
Assets		
Current Assets		
Current Unrestricted Assets		
Cash and Cash Equivalents	\$ 14,259	\$ 24,184
Inventories		
Fuel Stock	26,588	19,200
Materials and Supplies	6,952	6,947
Accounts Receivable and Other	6,833	9,089
Accrued Interest Receivable	254	127
Total Current Unrestricted Assets	<u>54,886</u>	<u>59,547</u>
Current Restricted Assets		
Cash and Cash Equivalents	32,637	8,159
Prepaid Insurance	733	629
Total Current Restricted Assets	<u>33,370</u>	<u>8,788</u>
Total Current Assets	<u>88,256</u>	<u>68,335</u>
Noncurrent Assets		
Electric Plant		
In Service	1,129,940	1,129,719
Less Accumulated Depreciation	<u>(713,439)</u>	<u>(708,218)</u>
Total Net Plant	416,501	421,501
Construction Work in Progress	18,235	14,967
Total Electric Plant	<u>434,736</u>	<u>436,468</u>
Other Assets		
Restricted Cash and Investments	128,794	131,953
Regulatory Assets	159,314	189,472
Total Other Assets	<u>288,108</u>	<u>321,425</u>
Total Noncurrent Assets	<u>722,844</u>	<u>757,893</u>
Total Assets	<u>811,100</u>	<u>826,228</u>
Deferred Outflows of Resources		
Unamortized Excess Cost on Advance Refunding of Debt	8,337	9,471
Total Deferred Outflows of Resources	<u>8,337</u>	<u>9,471</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 819,437</u>	<u>\$ 835,699</u>
Liabilities and Net Position		
Liabilities		
Current Liabilities		
Current Maturities of Revenue Bonds	\$ 23,251	\$ 23,251
Zero Coupon Bond Interest Payable	60,516	59,291
Accrued Interest Payable	3,597	908
Accounts Payable	5,791	9,274
Unearned Revenue	33,502	46,065
Accrued Distribution to Member Cities	7,285	7,219
Accrued Compensation and Pension	1,149	1,850
Accrued Mine Reclamation Cost	1,914	1,914
Total Current Liabilities	<u>137,005</u>	<u>149,772</u>
Noncurrent Liabilities		
Long Term Debt		
Revenue Bonds	348,407	348,407
Unamortized Premium	2,682	2,809
Zero Coupon Bond Interest Payable	61,289	60,048
Tax Exempt Commercial Paper	86,385	86,385
Total Long Term Debt	<u>498,763</u>	<u>497,649</u>
Other Employee Retirement Benefits	19,730	19,126
Accounts Payable	277	339
Unearned Revenue	122,833	131,570
Accrued Mine Reclamation Cost	2,992	2,992
Contribution in Aid of Construction	175	175
Total Other Long-Term Obligations	<u>146,007</u>	<u>154,202</u>
Total Noncurrent Liabilities	<u>644,770</u>	<u>651,851</u>
Total Liabilities	<u>781,775</u>	<u>801,623</u>
Net Position		
Net Investment in Capital Assets	(4,950)	(10,836)
Restricted for Insurance Claims	4,620	4,426
Unrestricted	37,992	40,486
Total Net Position	<u>37,662</u>	<u>34,076</u>
Total Liabilities and Net Position	<u>\$ 819,437</u>	<u>\$ 835,699</u>

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

	Year to Date First Quarter Ended 31-Dec	
	2015	2014
	(Dollars in Thousands)	
Operating Revenues		
Power Sales	\$ 59,279	\$ 52,499
Transmission Revenues	10,483	10,742
Other Operating Revenues	488	366
Total Operating Revenues	<u>70,250</u>	<u>63,607</u>
Operating Expenses		
Fuel	11,700	7,311
Production - Operation and Maintenance	3,939	13,171
Transmission - Operation and Maintenance	737	480
Administrative and General	2,767	3,786
Transmission System Access Fee	5,729	5,363
Depreciation Expense	5,222	5,143
Renewals and Replacements	55	925
Total Operating Expenses	<u>30,149</u>	<u>36,179</u>
Income from Operations	<u>40,101</u>	<u>27,428</u>
Other Income (Expenses)		
Investment Revenue	(289)	95
Miscellaneous Other Income (Expenses), Net	55	27
Total Other Income	<u>(234)</u>	<u>122</u>
Interest Charges		
Interest Expense on Debt	5,170	7,672
Amortization of Excess Cost on Advance Refunding of Debt	1,007	489
Total Interest Charges	<u>6,177</u>	<u>8,161</u>
Regulatory Assets Recovered in the Current Year	(30,158)	(28,543)
Unearned Revenue Recognized in the Current Year	<u>8,737</u>	<u>8,737</u>
Net Revenues before Refunds	12,269	(417)
Refunds to Member Cities	<u>8,683</u>	<u>8,483</u>
Change in Net Position	3,586	(8,900)
Net Position		
Balance as of September 30	34,076	40,943
Balance as of December 31	<u>\$ 37,662</u>	<u>\$ 32,043</u>

These unaudited financial statements should be read in conjunction with the Notes to the financial statements appearing in the Agency's September 30, 2015 audited annual financial statements.