

TEXAS MUNICIPAL POWER AGENCY
March 31, 2016
SECOND QUARTER HIGHLIGHTS

Key Statistics	March 31, 2016	
	Quarter Ending	Fiscal Year To Date
Net generation MWHs	229,860	707,921
Equivalent availability	59.90%	77.44%
Net capacity factor	22.40%	34.29%

Power sales to the Member Cities are higher in the current year compared to last year primarily as a result of higher demand charges, which are intended to cover the Agency's fixed costs, due to increased debt service requirements in FY16.

Production operation and maintenance costs and renewals and replacements decreased due to the Agency executing a major turbine/generator overhaul outage in the prior year. A scheduled maintenance outage occurred in the current year and continued through the end of the second quarter but was smaller in scope compared to the prior year outage. 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. Also, lower utilization of the Gibbons Creek Plant is the primary reason for the reduction in fuel expense.

Second Quarter Report
Period Ended March 31, 2016

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 – Tom Jefferies
James B. Ratliff

Greenville – Dave Dreiling
Sue Ann Harting

OTHER PRINCIPAL OFFICIALS

General Manager
Bob Kahn

Power Plant Manager
Craig York

Regulatory and Compliance Manager
Jan Horbaczewski

Director of Finance & Support Services
Mark Gonzales

Human Resources Director
Connie Merhley

TEXAS MUNICIPAL POWER AGENCY
Statements of Net Position
Assets and Deferred Outflows of Resources

	3/31/2016 (Unaudited)	9/30/2015 (Audited)
	(Dollars in Thousands)	
Assets		
Current Assets		
Current Unrestricted Assets		
Cash and Cash Equivalents	\$ 18,516	\$ 24,184
Inventories		
Fuel Stock	25,399	19,200
Materials and Supplies	7,213	6,947
Accounts Receivable and Other	3,314	9,089
Accrued Interest Receivable	114	127
Total Current Unrestricted Assets	<u>54,556</u>	<u>59,547</u>
Current Restricted Assets		
Cash and Cash Equivalents	51,724	8,159
Prepaid Insurance	293	629
Total Current Restricted Assets	<u>52,017</u>	<u>8,788</u>
Total Current Assets	<u>106,573</u>	<u>68,335</u>
Noncurrent Assets		
Electric Plant		
In Service	1,129,955	1,129,719
Less Accumulated Depreciation	(718,669)	(708,218)
Total Net Plant	<u>411,286</u>	<u>421,501</u>
Construction Work in Progress	19,430	14,967
Total Electric Plant	<u>430,716</u>	<u>436,468</u>
Other Assets		
Restricted Cash and Investments	124,220	131,953
Regulatory Assets	128,207	189,472
Total Other Assets	<u>252,427</u>	<u>321,425</u>
Total Noncurrent Assets	<u>683,143</u>	<u>757,893</u>
Total Assets	<u>789,716</u>	<u>826,228</u>
Deferred Outflows of Resources		
Unamortized Excess Cost on Advance Refunding of Debt	7,204	9,471
Total Deferred Outflows of Resources	<u>7,204</u>	<u>9,471</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 796,920</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	61,754	59,291
Accrued Interest Payable	906	908
Accounts Payable	7,587	9,274
Unearned Revenue	20,939	46,065
Accrued Distribution to Member Cities	2,894	7,219
Accrued Compensation and Pension	1,539	1,850
Accrued Mine Reclamation Cost	1,914	1,914
Total Current Liabilities	<u>120,784</u>	<u>149,772</u>
Noncurrent Liabilities		
Long Term Debt		
Revenue Bonds	348,407	348,407
Unamortized Premium	2,555	2,809
Zero Coupon Bond Interest Payable	62,543	60,048
Tax Exempt Commercial Paper	89,115	86,385
Total Long Term Debt	<u>502,620</u>	<u>497,649</u>
Other Employee Retirement Benefits	20,335	19,126
Accounts Payable	270	339
Unearned Revenue	114,095	131,570
Accrued Mine Reclamation Cost	2,992	2,992
Contribution in Aid of Construction	-	175
Total Other Long-Term Obligations	<u>137,692</u>	<u>154,202</u>
Total Noncurrent Liabilities	<u>640,312</u>	<u>651,851</u>
Total Liabilities	<u>761,096</u>	<u>801,623</u>
Net Position		
Net Investment in Capital Assets	(11,862)	(10,836)
Restricted for Insurance Claims	4,816	4,426
Unrestricted	42,870	40,486
Total Net Position	<u>35,824</u>	<u>34,076</u>
Total Liabilities and Net Position	<u>\$ 796,920</u>	<u>\$ 835,699</u>

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

	Year to Date Second Quarter Ended 31-Mar	
	2016	2015
	(Dollars in Thousands)	
Operating Revenues		
Power Sales	\$ 112,446	\$ 109,682
Transmission Revenues	21,096	21,484
Other Operating Revenues	837	768
Total Operating Revenues	<u>134,379</u>	<u>131,934</u>
Operating Expenses		
Fuel	18,383	19,704
Production - Operation and Maintenance	12,594	16,980
Transmission - Operation and Maintenance	1,158	886
Administrative and General	5,450	6,324
Transmission System Access Fee	11,490	10,787
Depreciation Expense	10,444	10,285
Renewals and Replacements	91	969
Total Operating Expenses	<u>59,610</u>	<u>65,935</u>
Income from Operations	<u>74,769</u>	<u>65,999</u>
Other Income (Expenses)		
Investment Revenue	430	587
Miscellaneous Other Income (Expenses), Net	84	105
Total Other Income	<u>514</u>	<u>692</u>
Interest Charges		
Interest Expense on Debt	10,366	15,398
Amortization of Excess Cost on Advance Refunding of Debt	2,013	978
Total Interest Charges	<u>12,379</u>	<u>16,376</u>
Regulatory Assets Recovered in the Current Year	(61,265)	(57,402)
Unearned Revenue Recognized in the Current Year	<u>17,475</u>	<u>17,475</u>
Net Revenues before Refunds	19,114	10,388
Refunds to Member Cities	<u>17,366</u>	<u>16,967</u>
Change in Net Position	1,748	(6,579)
Net Position		
Balance as of September 30	34,076	40,943
Balance as of March 31	<u>\$ 35,824</u>	<u>\$ 34,364</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.