

TEXAS MUNICIPAL POWER AGENCY
June 30, 2016
THIRD QUARTER HIGHLIGHTS

Key Statistics	June 30, 2016	
	Quarter Ending	Fiscal Year To Date
Net generation MWHs	291,681	999,602
Equivalent availability	71.56%	75.48%
Net capacity factor	28.42%	32.34%

Other Operating Revenues are lower in the current year compared to last year mainly due to the Agency receiving a one-time lease bonus payment in the prior year related to oil and gas leases.

Fuel expense decreased in the current year due to lower generation. Lower generation 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.

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 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 due to the fact that in the prior year, administrative and general expenses included claim costs for two insurance claims. One claim, a transformer failure at the Bryan East Substation, was resolved in July 2015 while the other, a flooding event at the Ben Davis Substation, is in the process of being resolved. Additionally, in the current year, a downward adjustment was made to the Agency's Other Postemployment Benefits liability resulting from changes to retiree benefits, which reduced expenses.

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.

Third Quarter Report
Period Ended June 30, 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

	6/30/2016	9/30/2015
	(Unaudited)	(Audited)
	(Dollars in Thousands)	
Assets		
Current Assets		
Current Unrestricted Assets		
Cash and Cash Equivalents	\$ 12,864	\$ 24,184
Inventories		
Fuel Stock	23,762	19,200
Materials and Supplies	7,151	6,947
Accounts Receivable and Other	8,479	9,089
Accrued Interest Receivable	247	127
Total Current Unrestricted Assets	<u>52,503</u>	<u>59,547</u>
Current Restricted Assets		
Cash and Cash Equivalents	76,201	8,159
Prepaid Insurance	991	629
Total Current Restricted Assets	<u>77,192</u>	<u>8,788</u>
Total Current Assets	<u>129,695</u>	<u>68,335</u>
Noncurrent Assets		
Electric Plant		
In Service	1,130,020	1,129,719
Less Accumulated Depreciation	(723,948)	(708,218)
Total Net Plant	<u>406,072</u>	<u>421,501</u>
Construction Work in Progress	24,002	14,967
Total Electric Plant	<u>430,074</u>	<u>436,468</u>
Other Assets		
Restricted Cash and Investments	119,747	131,953
Regulatory Assets	93,092	189,472
Total Other Assets	<u>212,839</u>	<u>321,425</u>
Total Noncurrent Assets	<u>642,913</u>	<u>757,893</u>
Total Assets	<u>772,608</u>	<u>826,228</u>
Deferred Outflows of Resources		
Unamortized Excess Cost on Advance Refunding of Debt	6,070	9,471
Total Deferred Outflows of Resources	<u>6,070</u>	<u>9,471</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 778,678</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	63,017	59,291
Accrued Interest Payable	3,666	908
Accounts Payable	5,900	9,274
Unearned Revenue	8,376	46,065
Accrued Distribution to Member Cities	2,894	7,219
Accrued Compensation and Pension	1,566	1,850
Accrued Mine Reclamation Cost	1,914	1,914
Total Current Liabilities	<u>110,584</u>	<u>149,772</u>
Noncurrent Liabilities		
Long Term Debt		
Revenue Bonds	348,407	348,407
Unamortized Premium	2,427	2,809
Zero Coupon Bond Interest Payable	63,822	60,048
Tax Exempt Commercial Paper	89,115	86,385
Total Long Term Debt	<u>503,771</u>	<u>497,649</u>
Other Employee Retirement Benefits	16,976	19,126
Accounts Payable	164	339
Unearned Revenue	105,358	131,570
Accrued Mine Reclamation Cost	2,468	2,992
Contribution in Aid of Construction	-	175
Total Other Long-Term Obligations	<u>124,966</u>	<u>154,202</u>
Total Noncurrent Liabilities	<u>628,737</u>	<u>651,851</u>
Total Liabilities	<u>739,321</u>	<u>801,623</u>
Net Position		
Net Investment in Capital Assets	(4,852)	(10,836)
Restricted for Insurance Claims	3,120	4,426
Unrestricted	41,089	40,486
Total Net Position	<u>39,357</u>	<u>34,076</u>
Total Liabilities and Net Position	<u>\$ 778,678</u>	<u>\$ 835,699</u>

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

	Year to Date	
	Third Quarter Ended	
	30-Jun	
	2016	2015
	(Dollars in Thousands)	
Operating Revenues		
Power Sales	\$ 167,014	\$ 167,997
Transmission Revenues	32,229	31,708
Other Operating Revenues	968	1,810
Total Operating Revenues	<u>200,211</u>	<u>201,515</u>
Operating Expenses		
Fuel	25,344	33,513
Production - Operation and Maintenance	16,577	20,989
Transmission - Operation and Maintenance	2,159	1,363
Administrative and General	4,213	9,800
Transmission System Access Fee	17,274	16,241
Depreciation Expense	15,665	15,404
Renewals and Replacements	148	1,171
Total Operating Expenses	<u>81,380</u>	<u>98,481</u>
Income from Operations	<u>118,831</u>	<u>103,034</u>
Other Income (Expenses)		
Investment Revenue	744	810
Miscellaneous Other Income (Expenses), Net	108	(111)
Total Other Income	<u>852</u>	<u>699</u>
Interest Charges		
Interest Expense on Debt	15,691	23,234
Amortization of Excess Cost on Advance Refunding of Debt	3,019	1,467
Total Interest Charges	<u>18,710</u>	<u>24,701</u>
Regulatory Assets Recovered in the Current Year	(95,855)	(85,623)
Unearned Revenue Recognized in the Current Year	<u>26,211</u>	<u>26,211</u>
Net Revenues before Refunds	31,329	19,620
Refunds to Member Cities	<u>26,048</u>	<u>25,450</u>
Change in Net Position	5,281	(5,830)
Net Position		
Balance as of September 30	34,076	40,943
Balance as of June 30	<u>\$ 39,357</u>	<u>\$ 35,113</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.