

**TEXAS MUNICIPAL POWER AGENCY**  
**June 30, 2011**  
**THIRD QUARTER HIGHLIGHTS**

Key Statistics	June 30, 2011	
	Quarter Ending	Fiscal Year To Date
Net generation MWHs	888,357	2,450,478
Equivalent availability	88.57%	83.19%
Net capacity factor	85.81%	79.58%

Operating revenues are lower in the current year due to lower wholesale rates to our Member Cities. The lower rates are driven primarily by lower debt service requirements in 2011. Also, previously deferred costs expensed in the current year are lower since recovery of deferred costs is aligned with debt principal payments.

In March of last year, the Member Cities issued local debt to pay down Agency debt. Since this represented a prepayment of their contractual obligation under the Power Sales Contract, the Agency has recorded this prepayment as a liability and is amortizing to income over the remaining life of the Power Sales Contract. The liability is shown on the financial statement line called *Deferred Charges* and the income is shown on the financial statement line called *Revenues Recognized in Future Years*. Also, as a result of the pay down, interest charges decreased in the current year.

Total Net Plant increased mostly due to the Scrubber being placed into service in April. The Scrubber was refurbished and reactivated to control sulfur dioxide and mercury emissions. This proactive undertaking reflects the Agency's commitment to environmental stewardship and its willingness to stay ahead of environmental regulation. Also, this is the primary reason for the decrease in Construction Work in Progress.

Long term debt increased compared to last year primarily as a result of the issuance of tax-exempt commercial paper to fund the Scrubber refurbishment. Additionally, interest continues to accrue on the Agency's zero coupon bonds.

Lastly, refunds to Member Cities, which are based on debt service coverage, are lower in 2011 due to lower debt service requirements.

**Third Quarter Report**  
**Period Ended June 30, 2011**

**Texas Municipal Power Agency**  
P.O. Box 7000 Bryan, Texas 77805  
(936) 873-2013 [www.texasmpa.org](http://www.texasmpa.org)



**TEXAS MUNICIPAL POWER AGENCY**

**Serving the Cities of**  
**Bryan, Denton, Garland & Greenville**

**BOARD OF DIRECTORS**

- Bryan – Carl Benner  
Emanuel Glockzin, Jr.
- Denton – Bill Cheek, Jr.  
Chris Watts
- Garland – James B. Ratliff  
Tom Jefferies
- Greenville – Steve Alexander  
Sue Ann Harting

**OTHER PRINCIPAL OFFICIALS**

**General Manager**  
Gary T. Parsons

**Power Plant Manager**  
Craig York

**Transmission Manager**  
Eric Schroeder

**Environmental Services Manager**  
Jan Horbaczewski

TEXAS MUNICIPAL POWER AGENCY

Balance Sheet  
Assets

	6/30/2011 <u>(Unaudited)</u>	9/30/2010 <u>(Audited)</u>
	(Dollars in Thousands)	
<b>Current Assets</b>		
<b>Current Unrestricted Assets</b>		
Cash and Investments	\$ 12,460	\$ 20,147
Inventories		
Fuel Stock	9,481	6,038
Materials and Supplies	5,744	5,523
Accounts Receivable and Other	11,798	12,049
Accrued Interest Receivable	326	323
Total Current Unrestricted Assets	<u>39,809</u>	<u>44,080</u>
<b>Current Restricted Assets</b>		
Cash and Cash Equivalents	29,313	3,317
Accounts Receivable and Other	940	700
Total Restricted Assets	<u>30,253</u>	<u>4,017</u>
<b>Total Current Assets</b>	<u>70,062</u>	<u>48,097</u>
<b>Noncurrent Assets</b>		
<b>Electric Plant</b>		
In Service	1,067,665	963,402
Less Accumulated Depreciation	<u>(628,487)</u>	<u>(606,215)</u>
Total Net Plant	439,178	357,187
Construction Work in Progress	26,446	83,873
Total Electric Plant	<u>465,624</u>	<u>441,060</u>
<b>Intangible Assets</b>		
Easements	841	841
Computer Software Net of Accumulated Depreciation	64	77
Total Intangible Assets	<u>905</u>	<u>918</u>
<b>Other Assets</b>		
Restricted Cash and Investments	138,776	150,561
Unamortized Debt Issuance Cost	4,143	4,404
Unamortized Excess Cost on Refunding	25,817	31,428
Deferred Expense to be Recovered	504,644	513,536
Total Other Assets	<u>673,380</u>	<u>699,929</u>
<b>Total Noncurrent Assets</b>	<u>1,139,909</u>	<u>1,141,907</u>
<b>Total Assets</b>	<u>\$ 1,209,971</u>	<u>\$ 1,190,004</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Current Maturities of Revenue Bonds	\$ 6,620	\$ 6,620
Zero Coupon Bonds Payable	25,480	25,480
Accrued Interest Payable	2,645	708
Accounts Payable	8,068	16,560
Accrued Distribution to Member Cities	994	456
Accrued Compensation and Pension	2,409	2,679
Accrued Mine Reclamation Cost	2,051	2,051
Total Current Liabilities	<u>48,267</u>	<u>54,554</u>
<b>Noncurrent Liabilities</b>		
<b>Long Term Debt</b>		
Revenue Bonds	316,093	316,093
Unamortized Discount/Premium	5,578	6,119
Zero Coupon Bond Payable	319,323	296,283
Tax Exempt Commercial Paper	203,000	168,700
Total Long Term Debt	<u>843,994</u>	<u>787,195</u>
Other Employee Retirement Benefits	9,410	7,547
Accounts Payable	1,791	748
Deferred Charges	250,469	276,681
Accrued Mine Reclamation Cost	4,524	5,636
Total Long Term Obligations	<u>266,194</u>	<u>290,612</u>
Total Noncurrent Liabilities	<u>1,110,188</u>	<u>1,077,807</u>
Total Liabilities	<u>1,158,455</u>	<u>1,132,361</u>
<b>Net Assets</b>		
Invested in Capital Assets Net of Related Debt	28,847	31,871
Net Assets Restricted for Insurance Claims	8,691	8,798
Unrestricted Net Assets	13,978	16,974
Total Net Assets	<u>51,516</u>	<u>57,643</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 1,209,971</u>	<u>\$ 1,190,004</u>

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

	Year to Date Third Quarter Ending 30-Jun	
	2011	2010
	(Dollars in Thousands)	
<b>Operating Revenues</b>		
Power Sales	\$ 101,194	\$ 172,797
Transmission Revenue	30,225	29,833
Other Operating Revenues	1,148	1,657
Total Operating Revenues	<u>132,567</u>	<u>204,287</u>
<b>Operating Expenses</b>		
Fuel	54,318	55,989
Production - Operation and Maintenance	17,183	14,215
Transmission - Operation and Maintenance	1,442	1,750
Administrative and General	9,096	9,817
Postage Stamp Expense	9,264	8,523
Depreciation Expense	12,949	11,000
Renewals and Replacements	10,029	6,788
Total Operating Expenses	<u>114,281</u>	<u>108,082</u>
Income from Operations	<u>18,286</u>	<u>96,205</u>
<b>Other Income (Expenses)</b>		
Investment Revenue	484	805
Miscellaneous Other Expenses	245	(470)
Total Other Income	<u>729</u>	<u>335</u>
Interest Charges		
Interest Expense on Debt	28,677	34,966
Amortization of Debt Issuance Cost and Excess Cost on Advance Refunding of Debt	5,517	7,795
Total Interest Charges	<u>34,194</u>	<u>42,761</u>
Cost to be Recovered in Future Years	8,219	34,908
Revenue Recognized in Future Years	26,212	8,737
Net Revenues before Refunds	2,814	27,608
Refunds to Member Cities	8,941	22,069
Change in Net Assets	(6,127)	5,539
<b>Net Assets</b>		
Balance as of September 30	57,643	40,327
Balance as of June 30	<u>\$ 51,516</u>	<u>\$ 45,866</u>

These unaudited financial statements should be read in conjunction with the Notes to the financial statements appearing in the Agency's September 30, 2010 audited annual financial statements.