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TEXAS MUNICIPAL POWER AGENCY

(A Development Stage Enterprise)

STATISTICAL AND SIGNIFICANT HIGHLIGHTS

For the years ended September 30, 1982

Facilities	1982	1981
	Percentages	
Gibbons Creek Plant Completion	95.8%	78%
Comanche Peak Plant Completion Unit #1	91%	86%
Unit #2	54%	46%

The following Significant Highlights are for Gibbons Creek Steam Electric Station Unit #1.

MINE

Started erection of mine conveyor system 1/82
Completed haul road construction 7/82
First dragline was completed and commenced to dig coal 7/82
First ton of coal was delivered to plant 9/82

TRANSMISSION PROJECTS

Completed construction of the plant switchyard 6/82
Energized switchyard 7/82

PLANT

Commenced startup (Checkout) of plant 12/81
Hydroed boiler 12/81
Energized auxiliary electrical systems 1/82
Placed demineralizer in service 2/82
Placed auxiliary boiler in service 3/82
Started erection of plant office building 5/82
Chemical cleaned boiler 7/82
Completed plant maintenance building and commenced to operate 7/82
Completed steam blows (Cleaning) 8/82
Placed emergency diesel generator in service 9/82
Placed lignite and limestone handling systems in service 9/82
Test fired boiler ignitors and warm up guns 9/82
Rolled turbine and synchronized 9/82
Achieved 97% plateau for plant completion 9/82

OTHER

Graduated first class of plant operators 2/82
Commenced training second class of plant operators 7/82
Hired new general manager 9/82

The Texas Municipal Power Agency is a separate municipal corporation, a political subdivision of the state and a body politic and corporate. It was established in 1975 by the cities of Bryan, Denton, Garland and Greenville to jointly plan, finance, construct and operate electrical generation and transmission facilities to meet their energy needs.

Cover Photo:

An evening view of the Gibbons Creek plant. The plant was 95.8% complete in September 1982.

What an exciting time this is for Texas Municipal Power Agency. Our Gibbons Creek Plant is in the startup phase and generating electricity by the burning of lignite from our mine. The wisdom and foresight of the four Cities joining together to form this Agency is now very evident.

A new General Manager has been hired, Ed Wagoner. Mr. Wagoner brings to the Agency the excellent management skills we need. His background as a highly successful City Manager in Texas will enable us to better serve the specific needs of our Member Cities.

The Board of Directors and the Staff of TMPA will face a number of challenges this year. The first challenge and obligation will be to operate the Gibbons Creek Steam Electric Plant in a manner that will produce a highly reliable source of electricity for the Cities. In addition, we must manage the resources that we have at our disposal in the best possible manner and seek innovative ways to use the by-products from the Plant. At TMPA we must examine every possible

source of revenue to generate additional income for the Agency in order to reduce the cost of electricity provided to the Member Cities. We have an obligation to the four Member Cities to manage our personnel, our facilities and environment in a wise and prudent manner.

As an Agency we will strive to be good neighbors at our plant site while at the same time assisting our Member Cities to meet and manage the energy challenge of the 80's. The Board of Directors, with the assistance of the Agency Staff stands ready to carry out the responsibilities of the Texas Municipal Power Agency as we enter a new era as an operating utility.



Charles R. Matthews
President
Board of Directors
Texas Municipal Power Agency

1982 has been a year of transition for TMPA, with the Agency shifting emphasis from construction of facilities to the operation of an electric utility.

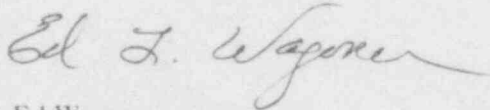
During my tenure as City Manager of Greenville in the early 1970's, I was involved in the early discussions that ultimately led to the formulation of this Agency. As General Manager of TMPA, I welcome the opportunity to resume my association with our four Member Cities. It is fulfilling to see the results of the decision to build a lignite-fired power plant in Grimes County come to fruition.

TMPA is on the verge of providing power to its Member Cities. The testing and startup of our facilities is progressing at a rapid pace. Organizational changes and staffing of key positions has consolidated operational areas, solidified support functions and stabilized Agency management to assure an efficient and economical operation.

The concept of joint action as a viable method of providing electric energy is being demon-

strated at TMPA. The support of our Cities, bondholders, Board of Directors and employees has been instrumental in our progress. Continued support will assure our success.

I look forward to my association with TMPA and the challenges we will face in the coming year. This will be an exciting and rewarding period for all associated with our project. I am confident that we will meet these challenges and achieve our goal of providing low-cost, reliable electric power to our Member Cities.

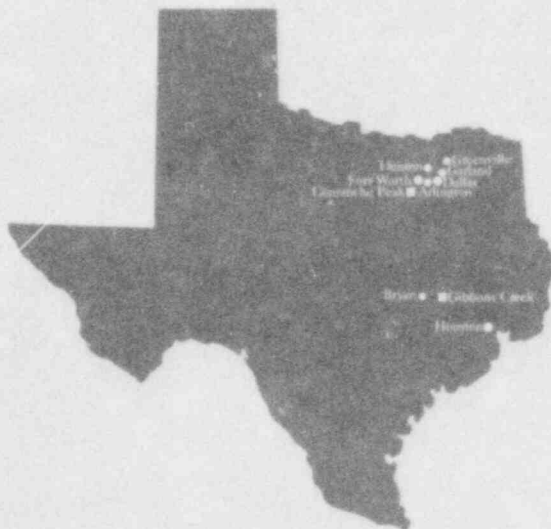


Ed Wagoner
General Manager

PROFILE OF CITIES 1982

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	Bryan	Denton	Garland	Greenville
Population-1981	53,582	51,150	144,000	24,400
Population-1970	33,719	38,874	81,437	22,043
Median Family Income (est.)	\$22,218	\$24,400	\$22,675	\$18,400
Employment (est.)	94.2%	94.5%	94.0%	93.7%
Building Permits (est.)	2,066	580	3,466	280
Major Industries and Businesses	<i>Energy-related production, building materials, plastic containers, food products, furniture, business forms</i>	<i>Diesel trucks, welding equipment, business forms, lingerie, flour, multi-wall paper bags, computer software, microwave antennas</i>	<i>Metal products, aircraft equipment, trucks, ammunition, drilling equipment, wearing apparel, recreational equipment, chemical products, food products</i>	<i>Agricultural chemicals, rubber goods, bakery items, aircraft modification, wearing apparel, wooden doors</i>
Other Resources	<i>Ranching, agriculture, water and hydrocarbon fuel deposits, university</i>	<i>Two universities, museums, historic sites, lakes and recreational facilities</i>	<i>Ranching, interstate highway transportation, lakes and recreational facilities</i>	<i>Lakes and recreational facilities, interstate highway transportation</i>
Electric customers				
Residential	18,965	17,244	37,546	8,381
Commercial	2,603	2,343	3,280	1,293
Total	21,568	19,587	40,826	9,674
Generating Capacity	250 MW	168 MW	424 MW	95 MW
Net Energy for Load (kWh, 000)	573,270	685,000	1,360,000	262,890



TEXAS MUNICIPAL POWER AGENCY
(A Development Stage Enterprise)
 BALANCE SHEETS
September 30, 1982 and 1981

6

ASSETS	Notes	1982	1981
<i>Electric Plant:</i>	3		
In service:			
Transportation equipment		\$ 130,000	\$ 160,000
Furniture and fixtures		346,000	346,000
Electric plant leased to others		403,000	403,000
Intangible plant		445,000	445,000
Total		1,324,000	1,354,000
Less accumulated depreciation		466,000	397,000
Total — net		858,000	957,000
Construction work in progress	2, 4	766,391,000	576,220,000
Nuclear fuel		7,845,000	5,972,000
Total electric plant		775,094,000	583,149,000
<i>Other Assets:</i>			
Unamortized borrowing costs		24,145,000	16,886,000
Deferred expenses to be recovered in future years		193,000	139,000
Total other assets		24,338,000	17,025,000
<i>Restricted Assets:</i>	5		
Cash		41,000	11,000
Time deposits			588,000
Securities purchased under an agreement to resell, at cost		35,923,000	30,942,000
United States Government and Government Agency obligations		344,077,000	246,959,000
Special deposits		1,277,000	4,288,000
Accrued interest		7,800,000	4,269,000
Accounts receivable and other		504,000	290,000
Advance payments to contractors		1,248,000	457,000
Due from unrestricted assets		346,000	
Total restricted assets		391,216,000	287,804,000
<i>Current Assets:</i>			
Cash		17,000	8,000
Time deposits		159,000	100,000
Securities purchased under agreements to resell, at cost		1,892,000	1,056,000
Accounts receivable and other		19,000	61,000
Due from restricted assets			128,000
Total current assets		2,087,000	1,353,000
TOTAL		\$1,192,735,000	\$889,331,000

See notes to financial statements.

LIABILITIES AND RETAINED EARNINGS (Deficit)	Notes	1982	1981
<i>Retained Earnings (Deficit) Accumulated During The Development Stage</i>		\$ (24,000)	\$ 428,000
<i>Long-Term Debt:</i>			
Revenue bonds, excluding current instalments:	6, 10		
Series 1976		49,310,000	50,000,000
Series 1978		250,000,000	250,000,000
Series 1979		309,000,000	300,000,000
Series 1980		250,000,000	250,000,000
Series 1982		300,000,000	
Unamortized discount and premium — net		(421,000)	(464,000)
Notes payable, excluding current instalments	7	2,345,000	2,665,000
Total long-term debt		1,151,234,000	852,201,000
<i>Current Liabilities:</i>			
Payable from restricted assets:			
Current instalments of long-term debt		1,125,000	360,000
Accounts payable		21,441,000	19,526,000
Retainage payable		6,682,000	6,135,000
Accrued and matured interest		10,106,000	9,542,000
Accrued compensation and pension benefits		450,000	446,000
Due to current assets			128,000
Total payable from restricted assets		39,804,000	36,137,000
Payable from current assets:			
Accounts payable		1,375,000	565,000
Due to restricted assets		346,000	
Total current liabilities		41,525,000	36,702,000
<i>Commitments and Contingencies</i>	4, 9		
TOTAL		\$1,192,735,000	\$889,331,000

TEXAS MUNICIPAL POWER AGENCY

(A Development Stage Enterprise)

STATEMENTS OF OPERATIONS AND RETAINED EARNINGS (Deficit)

Accumulated during the development stage for the years ended September 30, 1982
and 1981 and cumulative from inception (July 1975) to September 30, 1982

	1982	1981	Cumulative
<i>Operating Revenues:</i>			
Charges to participating Cities	\$ 503,000	\$ 497,000	\$ 3,219,000
Other operating income	60,000	46,000	162,000
Total operating revenues	563,000	543,000	3,381,000
<i>Operating Revenue Deductions:</i>			
Operating and general expenses	260,000	329,000	2,605,000
Depreciation and amortization	54,000	56,000	189,000
Total operating revenue deductions	314,000	385,000	2,794,000
Net operating revenues	249,000	158,000	587,000
<i>Other Income (Deductions):</i>			
Revenues of electric plant leased to others	101,000	95,000	333,000
Expenses of electric plant leased to others, including depreciation of \$19,000 per year	(68,000)	(49,000)	(318,000)
Interest income	53,818,000	47,695,000	171,691,000
Interest expense on long-term debt	(89,905,000)	(62,345,000)	(235,333,000)
Other interest expense		(618,000)	(618,000)
Amortization of debt discount, premium and borrowing costs, net	(1,128,000)	(961,000)	(3,595,000)
Gain on sales of securities	874,000	4,000	968,000
Allowance for funds used in projects	36,341,000	16,225,000	66,889,000
Other income --- net	33,000	46,000	17,000
Deferred Expenses to be Recovered in Future Years	54,000	97,000	193,000
Net Income	336,000	301,000	797,000
<i>Retained Earnings (Deficit) Accumulated during the Development Stage:</i>			
At beginning of period	428,000	127,000	
Distributions to participating Cities	(788,000)		(821,000)
At end of period	\$ (24,000)	\$ 428,000	\$ (24,000)

See notes to financial statements.

TEXAS MUNICIPAL POWER AGENCY

(A Development Stage Enterprise)

STATEMENTS OF CHANGES IN FINANCIAL POSITION

For the years ended September 30, 1982 and 1981

and cumulative from inception (July 1975) to September 30, 1982

	1982	1981	Cumulative
<i>Sources of Working Capital:</i>			
Net income	\$ 336,000	\$ 301,000	\$ 797,000
Depreciation and amortization	19,000	19,000	150,000
Working capital provided by operations	355,000	320,000	947,000
Proceeds of revenue bonds	300,000,000		1,160,064,000
Increase (decrease) in notes payable, excluding current instalments	(320,000)	298,000	2,345,000
Proceeds from sale of equipment	25,559,000		25,559,000
Total	<u>\$325,594,000</u>	<u>\$ 618,000</u>	<u>\$1,188,915,000</u>
<i>Uses of Working Capital:</i>			
Additions to electric plant in service		\$ 48,000	\$ 1,236,000
Additions to construction work in progress	\$215,764,000	181,523,000	790,170,000
Additions to nuclear fuel	1,873,000	661,000	7,845,000
Increase (decrease) in net restricted assets	99,745,000	(182,787,000)	351,412,000
Borrowing costs	7,216,000	825,000	25,750,000
Current instalments of revenue bonds	690,000		690,000
Distributions to participating Cities	788,000		821,000
Refunding of revenue bonds, Series 1975			10,625,000
Increase (decrease) in working capital	(422,000)	348,000	366,000
Total	<u>\$325,594,000</u>	<u>\$ 618,000</u>	<u>\$1,188,915,000</u>
<i>Changes in Components of Net Restricted Assets:</i>			
Increase (decrease) in restricted assets:			
Cash, investments and special deposits	\$ 98,530,000	\$(176,889,000)	\$ 381,318,000
Accrued interest	3,531,000	(1,981,000)	7,800,000
Accounts receivable and advance payments to contractors	1,005,000	(1,001,000)	1,752,000
Due from unrestricted funds	346,000		346,000
Total	<u>103,412,000</u>	<u>(179,871,000)</u>	<u>391,216,000</u>
Increase (decrease) in liabilities payable from restricted assets:			
Current instalments of long-term debt	765,000	53,000	1,125,000
Accounts and retainage payable	2,462,000	(2,000)	28,123,000
Accrued compensation and related benefits	4,000	446,000	450,000
Accrued and matured interest	564,000	2,487,000	10,106,000
Due to current assets	(128,000)	(68,000)	
Total	<u>3,667,000</u>	<u>2,916,000</u>	<u>39,804,000</u>
Increase (decrease) in net restricted assets	<u>\$ 99,745,000</u>	<u>\$(182,787,000)</u>	<u>\$ 351,412,000</u>
<i>Changes in Components of Working Capital:</i>			
Increase (decrease) in current assets:			
Cash and investments	\$ 904,000	\$ 166,000	\$ 2,068,000
Accounts receivable and other	(42,000)	35,000	19,000
Due from restricted assets	(128,000)	(68,000)	
Total	<u>734,000</u>	<u>133,000</u>	<u>2,087,000</u>
Increase (decrease) in liabilities payable from current assets:			
Accounts payable	810,000	(33,000)	1,375,000
Accrued compensation and related benefits		(182,000)	
Due to restricted funds	346,000		346,000
Total	<u>1,156,000</u>	<u>(215,000)</u>	<u>1,721,000</u>
Increase (decrease) in working capital	<u>\$ (422,000)</u>	<u>\$ 348,000</u>	<u>\$ 366,000</u>

See notes to financial statements.

TEXAS MUNICIPAL POWER AGENCY
(A Development Stage Enterprise)
NOTES TO FINANCIAL STATEMENTS

10

1. General

The Texas Municipal Power Agency (TMPA) was created in July 1975 by concurrent ordinances of the Texas cities of Bryan, Denton, Garland and Greenville (Cities) pursuant to Chapter 166, Acts of the 63rd Legislature of Texas, Regular Session, 1973 as amended by Chapter 143, Acts of the 64th Legislature, Regular Session, 1975 (Act). Under the provisions of the Act, TMPA is a separate municipal corporation, a political subdivision of the State, and body politic and corporate.

In September 1976, TMPA entered into identical power sales contracts with each of the Cities for the purpose of obtaining the economic advantages of jointly financing, constructing and operating large electric generating units and related facilities to supply the Cities' future energy needs. The Cities, under the power sales contracts with TMPA, are required to pay, for the benefits received or to be received by them from such activities, an amount sufficient to pay TMPA's operating and maintenance expenses and the Bond Fund, Reserve Fund and Contingency Fund requirements of the Revenue Bonds.

2. Nature of Development Stage Activities

TMPA is undertaking, as projects approved by the Cities on August 27, 1976 and June 13, 1978, respectively, construction of the Gibbons Creek Steam Electric Station, a lignite-fueled generating plant located in Grimes County, Texas with a net generating capability of 390MW, and acquisition of a 6.2% ownership interest in the construction of the Comanche Peak Plant, a nuclear-fueled generating plant being constructed by a subsidiary of Texas Utilities Company (see Note 4). In addition to these projects, TMPA is planning or undertaking a number of "Systems Development and Reliability Expenditures" which primarily relate to transmission and communication facilities.

The total financing requirements for the above-mentioned projects upon completion (after giving effect to the sales of equipment described in Note 9) are estimated by TMPA as of September 30, 1982 as follows:

Construction costs:

Gibbons Creek:	
Steam electric station	\$ 418,528,000
Lignite mine	82,945,000
Transmission facilities	48,658,000
	550,131,000
Comanche Peak	188,376,000
Systems development and reliability expenditures	84,992,000
Reserve and contingency funds required by Bond Resolutions	123,776,000
Net interest	239,233,000
Other	39,792,000
Total	<u>\$1,226,300,000</u>

Upon completion of the sale of \$76,300,000 of Revenue Bonds in November 1982, as described in Note 10, the above financing requirements have been met.

3. Summary of Significant Accounting Policies

Electric Plant — Electric plant is stated at historical cost. Such cost includes payroll related costs such as taxes and employee benefits, general and administrative costs, and an allowance for funds used in projects.

Certain facilities, primarily transmission facilities, have been or will be completed prior to the completion of any generating plant. These completed facilities will remain classified as construction work in progress until placed in service. At September 30, 1982, construction work in progress included \$40,383,000 of such completed facilities.

The cost of lignite rights are included in construction work in progress and amounted to \$26,759,000 at September 30, 1982. Lignite rights include the costs of all preliminary and

exploration studies, leasehold or fee acquisitions, delay rentals and advance royalties.

Federal Income Taxes — Any income of TMPA, a political subdivision of the State of Texas, is exempt from Federal income tax under Section 115 of the Internal Revenue Code.

Allowance for Funds Used in Projects — TMPA has capitalized to electric plant the net cost of borrowed funds used during the period of construction. The net cost of borrowed funds includes amortization of bond discounts, premiums and borrowing costs, security gains and losses, and interest expense net of interest income.

Depreciation — Depreciation of electric plant in service is calculated by the straight-line method using the following rates:

Transportation	33%
Furniture and fixtures	20%
Electric plant leased to others	5%
Intangible plant	3%

Revenue Bonds — Issuance costs, discounts, and premiums of Revenue Bonds are being amortized by the sinking fund method over the period of the related maturities.

Reclassifications — Certain amounts in the prior financial statements have been reclassified to conform with the 1982 financial statement presentation.

4. Acquisition of Interest in Comanche Peak

In January 1979, TMPA executed the Joint Ownership Agreement (Agreement) to acquire a 6.2% undivided ownership interest in the Comanche Peak Steam Electric Station. The project consists of two 1,150MW nuclear-fueled pressurized water-reactor steam electric units (scheduled for completion in 1984 for Unit 1 and 1985 for Unit 2) together with associated nuclear fuel, switchyard, sub-

station, railroad spur and reservoir. It also includes an interest in a certain associated transmission line.

Under the terms of the Agreement, TMPA is obligated to pay 6.2% of all future (i) construction costs, (ii) nuclear fuel costs, and (iii) operating costs (after the station is placed into commercial operation) plus a management fee of five percent of its pro rata share of operating costs and fuel costs (subject to certain cost escalation limitations). Subject to certain operational exceptions, TMPA is entitled to receive 6.2% of the net power output that the station is capable of producing at any given time.

The Atomic Energy Act of 1954 requires the issuance by the Nuclear Regulatory Commission (NRC) of operating licenses for the Comanche Peak Station. The application for the operating licenses for both units was docketed with the NRC on April 25, 1978. Operating licenses will not be issued for the Comanche Peak Station under present NRC regulations unless various proceedings have been successfully concluded before the Atomic Safety and Licensing Board and the NRC, including an independent review of the piping and pipe support systems by the NRC which is scheduled for completion in early 1983. TMPA can give no assurance that such operating licenses will be issued. If an operating license has not been issued by the time Unit 1 is ready for fuel loading, costs will increase and the commercial operation date will be delayed.

5. Restricted Assets

Restricted assets presented in the accompanying balance sheets include those assets comprising the Bond, Reserve, Contingency and Construction Funds which are established and maintained pursuant to the Bond Resolutions of TMPA. All assets in the Bond Fund and substantially all assets in the Reserve Fund

are available only to meet the principal and interest payments on the Revenue Bonds. Assets in the Construction Fund are available primarily for the payment of construction and acquisition costs of these projects described in Note 2. The aggregate amount of assets in each of these funds as of September 30, 1982 and 1981 is as follows:

	September 30,	
	1982	1981
Bond Fund	\$128,591,000	\$ 6,733,000
Reserve Fund	114,909,000	81,316,000
Contingency Fund	2,045,000	2,041,000
Construction Fund	145,671,000	197,714,000
Total	<u>\$391,216,000</u>	<u>\$287,804,000</u>

TMPA has purchased investment securities under repurchase agreements whereby TMPA will resell, at its cost plus accrued earnings, specified amounts of the securities on or before specified dates. The securities are primarily obligations of the United States Treasury, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, and the Federal Home Loan Bank. At September 30, 1982, TMPA had repurchase agreements bearing interest at rates ranging from 9.5% to 13.55% with resale dates in October and November 1982.

United States Government and Government Agency obligations include United States Treasury bills and notes and securities issued by the Federal Home Loan Bank, the Federal Land Banks, and the Federal National Mortgage Association. The securities bear interest at rates ranging from 7.3% to 16.5% and mature at various dates between October 1982 and April 1991. The securities are stated at amortized cost which, in the aggregate, is not materially different than market. TMPA intends to hold these securities to maturity.

6. Revenue Bonds

TMPA has five issues of Revenue Bonds out-

standing, summarized as follows:

Series	Maturing		Range of Interest Rates		Earliest Redemption Date
	From	To	From	To	
1976	1983	2011	5 %	6 3/4%	1986
1978	1984	2011	5.35	7	1988
1979	1985	2012	5 1/2	7	1989
1980	1985	2012	6	9 1/4	1990
1982	1986	2012	9 1/2	14%	1997

The Bonds are payable solely from, and are collateralized by an irrevocable first lien on, the net revenues of TMPA and the funds established by the Bond Resolutions, subject to the payment of operating and maintenance expenses from money on deposit in the Revenue Fund.

Annual debt service requirements as of September 30, 1982 are summarized as follows:

	Principal	Interest	Total
Year Ending September 30:			
1983	\$ 690,000	\$ 104,941,000	\$ 105,631,000
1984	4,215,000	104,906,000	109,121,000
1985	11,270,000	104,683,000	115,953,000
1986	13,455,000	104,054,000	117,509,000
1987	14,300,000	103,226,000	117,526,000
1988-			
2012	1,106,070,000	1,754,724,000	2,860,794,000
Total	<u>\$1,150,000,000</u>	<u>\$2,276,534,000</u>	<u>\$3,426,534,000</u>

7. Notes Payable

The Act permits TMPA to issue non-negotiable purchase money notes payable in installments (collateralized by the properties being acquired) in order to acquire land or fuel resources. The costs of the property and investments collateralizing the notes approximated \$7,269,000 as of September 30, 1982.

8. Retirement Plan

TMPA has a retirement plan covering substantially all its employees. The plan is structured so that TMPA contributes 10% of gross wages

to a fund for participants. Employees may contribute an additional amount up to 10% from their earnings on a voluntary basis. Interest is earned on each individual's account until retirement or termination. The employee becomes a vested participant after six months of service. Retirement plan costs for 1982 and 1981 were \$485,000 and \$251,000, respectively.

9. Commitments

In connection with the projects and activities described in Note 2, TMPA has outstanding contracts for goods and services which aggregate approximately \$687,000,000 as of September 30, 1982 of which approximately \$547,000,000 has been expended.

In order to obtain certain property and confirm certain rights necessary to complete the Gibbons Creek Steam Electric Station, TMPA has made certain payments to Grimes County and three school districts during the years 1978 through 1982. The Agency has agreed to make additional annual payments, subject to adjustment as specified in the agreement, at the rate of \$520,000 per year, as long as the Gibbons Creek Unit No. 1 is in operation. The estimated total payments remaining to be made by TMPA under this agreement are approximately \$15,100,000 as of September 30, 1982.

TMPA has entered into a mining services contract with Navasota Mining Company (Navasota) to operate the lignite mine at the Agency's Gibbons Creek Steam Electric Station. Under an option provided in the contract, TMPA elected to have Navasota provide the major mining equipment to be used in the operation of the mine and sold its interests in two partially completed draglines and a coal conveyor system at cost to Navasota for \$61,709,000 (\$25,559,000 sold in April 1982 and \$36,150,000 sold in October and December 1982). Concurrently with the sales,

Navasota sold the equipment to third parties and entered into lease agreements with such third parties. Under the mining contract, TMPA is obligated to make minimum payments equal to the costs incurred by Navasota under its lease agreements for the draglines and the conveyor system. The aggregate amount of required payments at September 30, 1982 (after giving effect to the sales of the equipment to Navasota in October and December 1982) is as follows:

Year ending September 30:	
1983	\$ 6,691,000
1984	6,686,000
1985	6,686,000
1986	6,686,000
1987	6,686,000
Later years	133,126,000
Total	<u>\$166,561,000</u>

The above amounts are subject to escalation under various circumstances as stipulated in the mining contract. In addition, TMPA is required to pay additional amounts depending upon the levels of mining activity. The mining contract can be terminated by TMPA at any time subsequent to the expiration of an initial six and one-fourth year period and by Navasota at the expiration of the initial period or at the end of any successive five year period thereafter.

10. Subsequent Events

In November 1982, TMPA sold \$76,300,000 of Revenue Bonds. The bonds range in maturity from 1986 to 2012 subject to redemption on or after September 1, 1992. Interest rates of the bonds range from 7½% to 10¼% depending on the maturity date.

The Board of Directors
Texas Municipal Power Agency:

We have examined the balance sheets of Texas Municipal Power Agency (A Development Stage Enterprise) as of September 30, 1982 and 1981 and the related statements of operations and retained earnings (deficit) accumulated during the development stage and of changes in financial position for the years then ended and cumulative from inception (July 1975) to September 30, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, such financial statements present fairly the financial position of Texas Municipal Power Agency at September 30, 1982 and 1981 and the results of its operations and the changes in its financial position for the years then ended and cumulative from inception (July 1975) to September 30, 1982, in conformity with generally accepted accounting principles applied on a consistent basis.

Deloitte Haskins + Sells

Dallas, Texas
December 15, 1982

Charles R. Matthews

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Garland, Texas

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Vice-President

High Technology Company Management

City Council, Greenville, Texas

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Secretary-Treasurer

University Professor

Denton, Texas

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Real Estate, Land Development

Mayor, Bryan, Texas

Wayne Gibson

Rancher, Cattle Broker

City Council, Bryan, Texas

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Commercial Airline Pilot

Mayor, Denton, Texas

Jerry J. Ransom

Computer Consultant-Scientist

City Council, Greenville, Texas

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Garland, Texas

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Director of Legal Services

William P. Freeman
Director of Finance

Robert B. McKnight
Manager of Construction, Engineering & Systems Design

Donald F. Cullum
Manager of Power Production

David O. Branham
Manager of Human Resources

Richard A. Johnson
Internal Auditor