



Financial Highlights

ELECTRIC PLANT IN SERVICE increased \$43.5 million to \$2.983 billion as of March 31, 2008 from \$2.939 billion as of March 31, 2007. This increase resulted from expenditures for construction projects to expand generation, transmission and telecommunications capabilities.

PREPAID LEASE EXPENSE increased \$54.9 million to \$102.1 million at March 31, 2008 due to the additional payments for the Springerville Generating Station Unit 3 lease that commenced on July 28, 2006.

SALES TO MEMBERS increased 232,260 megawatt-hours to 3,407,586 megawatt-hours for the three-month period ended March 31, 2008 compared to the same period in 2007. This 7.3 percent increase resulted from continued growth in the regions served by Tri-State and the member systems. Member electric sales revenue increased \$30.7 million, or 17.4 percent, to \$206.9 million for the three-month period ended March 31, 2008 compared to \$176.2 million for the same period in 2007 due to the increased sales and an 11.4 percent rate increase effective January 1, 2008.

SALES TO NON-MEMBERS increased 227,793 megawatt-hours, or 21.3 percent, to 1,295,014 megawatt-hours for the three-month period ended March 31, 2008. This resulted in non-member electric sales revenue increasing 16.9 percent to \$71.5 million for the three-month period ended March 31, 2008 compared to \$61.1 million for the same period in 2007.

PURCHASED POWER expense increased \$24.3 million, or 52.8 percent, to \$70.2 million for the three-month period ended March 31, 2008 compared to the same period in 2007. This was primarily due to an increase in purchases in 2008 resulting from the increase in scheduled and unscheduled major maintenance outages in 2008 compared to 2007.

FUEL expense increased \$8.0 million, or 15.8 percent, to \$58.5 million for the three-month period ended March 31, 2008 compared to the same period in 2007. This was primarily due to the outage at Springerville Unit 3 for the month of January 2007.

GENERATION MAINTENANCE expense increased \$5.7 million, or 40.7 percent, to \$19.7 million for the three-month period ended March 31, 2008 compared to the same period in 2007. This was primarily due to an increase in scheduled and unscheduled major maintenance outages during 2008 compared to 2007.



The interim financial statements for March 31, 2008 and 2007 are unaudited. In the opinion of Management, all adjustments (which are normal recurring accruals) necessary for a fair presentation of results for interim periods have been included. The interim financial statements should be read in conjunction with the Notes to the Financial Statements included in the 2007 Annual Report.

Tri-State Generation and Transmission Association

2008 First Quarter Report

Interim Consolidated Statements of Financial Position (unaudited)

(Thousands)

As of March 31,	2008	2007
Assets		
Electric plant		
In service	\$ 2,982,931	\$ 2,939,473
Construction work in progress	98,986	60,193
	3,081,917	2,999,666
Less allowances for depreciation and amortization	(1,372,683)	(1,288,447)
	1,709,234	1,711,219
Other assets and investments		
Investments in other associations	91,844	93,124
Investments in coal mines	21,634	22,523
Restricted cash and investments	–	43,410
Deferred equity note	9,317	9,223
Prepaid lease expense	102,135	47,255
Other noncurrent assets	15,943	17,521
	240,873	233,056
Current assets		
Cash and cash equivalents	96,812	87,106
Deposits and advances	12,514	14,116
Accounts receivable - members	65,890	56,290
Other accounts receivable	32,592	26,466
Coal inventory	17,298	11,104
Materials and supplies	46,241	38,063
	271,347	233,145
Deferred charges	212,606	157,632
Total assets	\$ 2,434,060	\$ 2,335,052
EQUITY AND LIABILITIES		
Capitalization		
Patronage capital equity	\$ 480,900	\$ 395,455
Long-term debt	1,601,338	1,604,822
	2,082,238	2,000,277
Current liabilities		
Member advances	7,571	5,751
Accounts payable	80,415	52,281
Accrued expenses	39,102	50,474
Current maturities of long-term debt	127,207	136,642
	254,295	245,148
Deferred credits and other liabilities	90,122	82,657
Accumulated postretirement benefit and postemployment obligations	7,405	6,970
Commitments and contingencies	–	–
Total equity and liabilities	\$ 2,434,060	\$ 2,335,052

Tri-State Generation and Transmission Association

2008 First Quarter Report

Interim Consolidated Statements of Cash Flows (unaudited)

(Thousands)

For the twelve months ended March 31,	2008	2007
Operating activities		
Net margins	\$ 105,646	\$ 62,498
Adjustments to reconcile net margins to net cash provided by operating activities:		
Depreciation and amortization	95,342	93,342
Capital credit allocations from cooperatives over (under) refund distributions and income from coal mines	3,385	(2,608)
Allowance for equity funds used during construction	(2,619)	(3,213)
Recognition of deferred revenue	(13,000)	-
Deferred revenue	20,000	-
Changes in operating assets and liabilities:		
Accounts receivable	(15,726)	(14,605)
Coal inventory	(6,194)	(1,073)
Prepaid lease expense	(54,880)	(47,332)
Accounts payable and accrued expenses	16,762	6,201
Other	3,893	(8,217)
Net cash provided by operating activities	152,609	84,993
Investing activities		
Purchases of plant, net of retirements	(86,203)	(105,873)
Changes in investing assets	(25,601)	(80,340)
Net cash used in investing activities	(111,804)	(186,213)
Financing activities		
Member advances	1,820	(2,785)
Payments of long-term debt	(137,912)	(91,170)
Advance payments to RUS and funds on deposit with trustees	(20,598)	23,406
Retirement of patronage capital	(20,000)	(5,000)
Proceeds from issuance of debt	145,591	172,393
Net cash provided by (used in) financing activities	(31,099)	96,844
Net increase (decrease) in cash and cash equivalents	9,706	(4,376)
Cash and cash equivalents – beginning	87,106	91,482
Cash and cash equivalents – ending	\$ 96,812	\$ 87,106
Supplemental information:		
Cash paid for interest	\$ 124,024	\$ 87,386
Cash paid for income taxes	\$ 1,903	-

Tri-State Generation and Transmission Association

2008 First Quarter Report

Interim Consolidated Statements of Operations (unaudited)

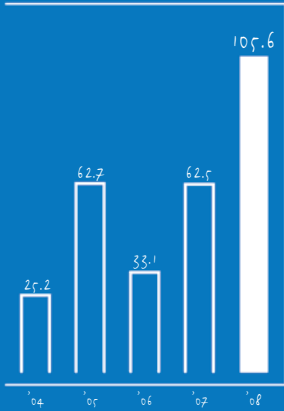
(Thousands)

	Three months ended March 31,		Twelve months ended March 31,	
	2008	2007	2008	2007
Operating revenue				
Member electric sales	\$ 206,924	\$ 176,245	\$ 781,517	\$ 677,595
Non-member electric sales	71,454	61,144	270,483	211,117
Other	1,922	1,710	7,846	7,069
	280,300	239,099	1,059,846	895,781
Operating expenses				
Purchased power	70,242	45,973	219,248	208,946
Fuel	58,524	50,521	242,492	188,707
Production	22,009	19,359	87,769	70,100
Lease expense	14,917	14,055	57,005	41,780
Transmission	20,958	21,480	79,022	78,219
General and administrative	1,466	2,540	8,152	10,265
Generation maintenance	19,687	13,991	65,203	59,677
Transmission maintenance	4,078	4,080	16,469	16,771
Depreciation and amortization	23,811	23,627	95,342	93,342
Income taxes	356	—	2,575	—
	236,048	195,626	873,277	767,807
Operating margins	44,252	43,473	186,569	127,974
Other income				
Interest income	2,387	2,930	11,530	12,809
Allowance for equity funds used during construction	778	432	2,619	3,213
Capital credits from cooperatives	1,896	942	6,341	7,282
Other income	612	715	4,188	8,782
	5,673	5,019	24,678	32,086
Interest and other deductions (credits)				
Interest expense, net of amounts capitalized	24,674	26,017	102,764	104,869
Other deductions (credits)	786	651	2,837	(7,307)
	25,460	26,668	105,601	97,562
Net margins	\$ 24,465	\$ 21,824	\$ 105,646	\$ 62,498
Megawatt-hours sold – members	3,407,586	3,175,326	13,689,051	13,232,200
Megawatt-hours sold – non-members	1,295,014	1,067,221	5,415,691	3,944,000
Wholesale member cost – mills/kWh	60.72	55.50	57.09	51.21
Total sales – mills/kWh	59.20	55.95	55.43	51.74

Net Margins

($\$$ millions)

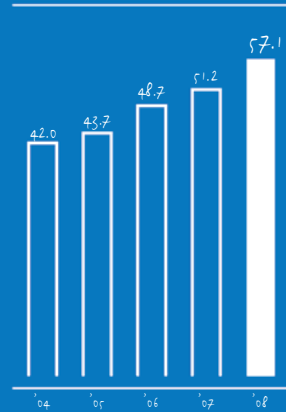
For the twelve months ended March 31



Average Member Cost

(mills/kWh)

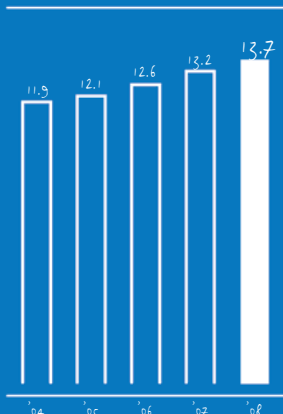
For the twelve months ended March 31



Megawatt-hour Sales to Member Systems

(millions)

For the twelve months ended March 31



TRI-STATE
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