



# 2002 Annual Report

## Electric System Balance Sheets

(Figures in Thousands)

	Unaudited 2002	Audited 2001	Audited 2000	Audited 1999
<b>ASSETS*</b>				
Utility Plant	\$ 197,105	\$ 193,902	\$ 196,979	\$ 200,966
Restricted Assets	130,324	84,923	85,149	88,125
Current Assets	20,880	20,161	18,115	16,789
Deferred Charges & Other	2,189	1,313	1,640	1,270
<b>TOTALASSETS</b>	<b>\$ 350,498</b>	<b>\$ 300,299</b>	<b>\$ 301,883</b>	<b>\$ 307,150</b>
<b>CAPITALIZATION &amp; LIABILITIES*</b>				
Retained Earnings	\$ 84,797	\$ 76,648	\$ 69,858	\$ 66,004
Contributions	1,773	1,773	1,773	1,773
Long Term Debt	220,087	183,324	193,288	202,570
<b>TOTAL CAPITALIZATION</b>	<b>\$ 306,657</b>	<b>\$ 261,745</b>	<b>\$ 264,919</b>	<b>\$ 270,347</b>
L-T Payable to KU	\$ 4,700	\$ 4,107	\$ 3,282	\$ 4,593
Current Liabilities-				
Restricted Assets	27,877	24,643	25,926	23,002
Current Liabilities	6,465	5,273	4,496	4,533
Deferred Revenue	4,799	4,531	3,260	4,675
<b>TOTAL CAPITAL AND LIABILITIES</b>	<b>\$ 350,498</b>	<b>\$ 300,299</b>	<b>\$ 301,883</b>	<b>\$ 307,150</b>

\* Prior period balance sheets have been restated for conformity.

## Electric System Income Statements

(Figures in thousands)

	Unaudited 2002	Audited 2001	Audited 2000	Audited 1999
Kilowatt Hours - OMU	825,109	859,155	849,019	820,189
Kilowatt Hours - KU (01)	1,721,408	1,765,754	1,858,992	1,803,138
<b>TOTAL KWH SOLD</b>	<b>2,546,517</b>	<b>2,624,909</b>	<b>2,708,011</b>	<b>2,623,327</b>
Operating Revenues	\$ 81,377	\$ 77,379	\$ 75,837	\$ 71,911
Operating Expenses	59,975	58,106	58,346	55,649
<b>OPERATING INCOME</b>	<b>\$ 21,402</b>	<b>\$ 19,273</b>	<b>\$ 17,491</b>	<b>\$ 16,262</b>
Other Income (Expense)	(8,766)	(8,249)	(9,754)	(8,579)
<b>NET EARNINGS</b>	<b>\$ 12,636</b>	<b>\$ 11,024</b>	<b>\$ 7,737</b>	<b>\$ 7,683</b>
Dividend/Payments to City in Lieu of Taxes	(4,488)	(4,234)	(3,883)	(3,970)
<b>NET EARNINGS AFTER DIVIDENDS</b>	<b>\$ 8,148</b>	<b>\$ 6,790</b>	<b>\$ 3,854</b>	<b>\$ 3,713</b>

(01) Includes kwh from SEPA power sales.

## Water System Balance Sheets

(Figures in thousands)

	Unaudited 2002	Audited 2001	Audited 2000	Audited 1999
<b>ASSETS*</b>				
Utility Plant	\$ 42,914	\$ 43,028	\$ 42,933	\$ 42,511
Restricted Assets	1,636	2,578	3,650	4,281
Current Assets	1,938	1,789	1,546	1,482
Deferred Charges & Other	394	417	378	408
<b>TOTALASSETS</b>	<b>\$ 46,882</b>	<b>\$ 47,812</b>	<b>\$ 48,507</b>	<b>\$ 48,682</b>
<b>CAPITALIZATION &amp; LIABILITIES*</b>				
Retained Earnings	\$ 18,407	\$ 18,357	\$ 18,431	\$ 17,838
Contributed Capital	1,778	1,778	1,778	1,778
Contributions in Aid of Construction	2,976	2,885	2,829	2,744
Long Term Debt	21,162	22,110	23,019	23,892
<b>TOTAL CAPITALIZATION</b>	<b>\$ 44,323</b>	<b>\$ 45,130</b>	<b>\$ 46,057</b>	<b>\$ 46,252</b>
Current Liabilities	\$ 1,689	\$ 1,763	\$ 1,666	\$ 1,831
Customers' Advances for Construction	870	919	784	599
<b>TOTAL CAPITAL AND LIABILITIES</b>	<b>\$ 46,882</b>	<b>\$ 47,812</b>	<b>\$ 48,507</b>	<b>\$ 48,682</b>

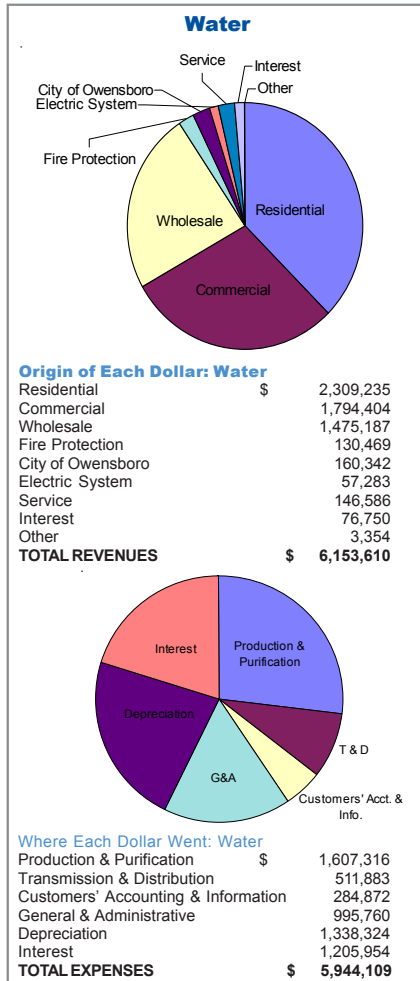
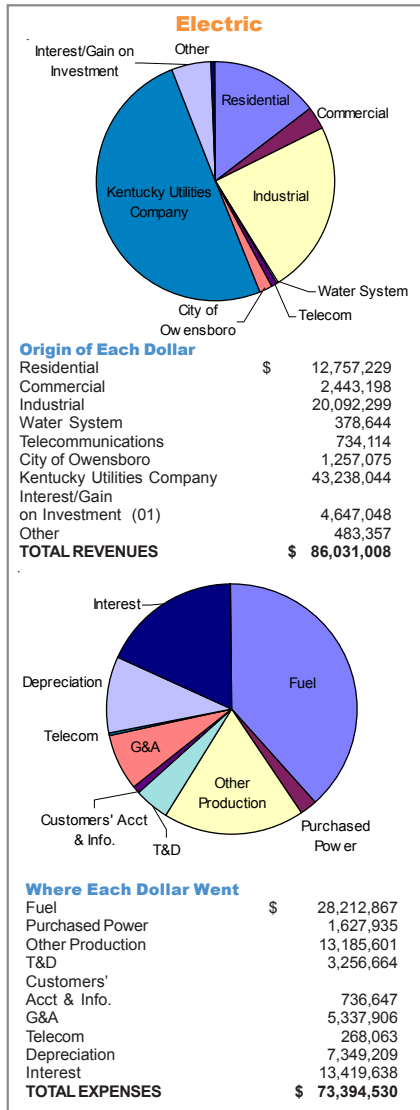
\* Prior period balance sheets have been restated for conformity.

## Water System Income Statements

(Figures in thousands)

	Unaudited 2002	Audited 2001	Audited 2000	Audited 1999
<b>CUBIC FEET SOLD</b>	<b>533,109</b>	<b>565,438</b>	<b>584,707</b>	<b>565,751</b>
Operating Revenues	\$ 6,077	\$ 6,072	\$ 6,300	\$ 6,004
Operating Expenses	4,738	4,935	4,464	4,283
<b>OPERATING INCOME</b>	<b>\$ 1,339</b>	<b>\$ 1,137</b>	<b>\$ 1,836</b>	<b>\$ 1,721</b>
Other Income (Expense)	(1,129)	(1,055)	(1,069)	(1,173)
<b>NET EARNINGS</b>	<b>\$ 210</b>	<b>\$ 82</b>	<b>\$ 767</b>	<b>\$ 548</b>
Payments to City in Lieu of Taxes	(160)	(156)	(175)	(177)
<b>NET EARNINGS AFTER DIVIDENDS</b>	<b>\$ 50</b>	<b>\$ (74)</b>	<b>\$ 592</b>	<b>\$ 371</b>

\* Prior period income statements have been restated for conformity.



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Visit us at  
[www.omu.org](http://www.omu.org)

## Public Power Week 2002

For the past 16 years in October, the more than 2,000 municipally-owned and operated electric utilities have celebrated Public Power Week. OMU is no exception, we join others this week in celebrating the concept of communities' control and ownership over their electric service.

In this annual report, you will get a glimpse of Owensboro Municipal Utilities, how we have served our community for the past 102 years and what we are doing to remain efficient, growing and working for you, our customer and our owner.

### OMU: Your Electric, Water and Telecommunications Utility

As you may know, OMU is a municipally-owned utility, which means that you, our customers, are our owners and have been for 102 years.

At its birth all those years ago, Owensboro Municipal Utilities served only a few hundred customers. As Owensboro grew, OMU expanded and now provides 25,546 with electricity and 23,672 with water, including both residential and commercial accounts.

#### Electric peak

OMU hit its historic electric peak on July 30, 1999 when Owensboro customers used 198 megawatts of electricity for the hour ended. This year's peak was set on August 5 at 4 p.m. with 185.8 megawatts.

#### Water peak

OMU set its all-time peak for water production on July 23, 1999 when OMU pumped a daily total of 19,122,000 gallons of water to its customers. OMU set its 2002 peak on August 7 when it pumped 17,264,000 gallons.

#### Payment options

OMU continually looks for ways to better serve our customers. We offer a variety of programs that make paying your combined services bill easier. For instance, approximately 2,103 customers have their monthly bill automatically deducted from their local checking account. Many others choose from two of our monthly budgeting plans: 1,056 pay on the levelized billing plan; and 1,362 use budget billing. In March 2001, OMU added credit cards to its list of payment options. Customers can use a VISA or Mastercard credit card to pay their combined services bill. Approximately 133 customers have their bill automatically assessed to their charge card.

#### Security lights

OMU's security light rental program provides peace of mind for many Owensboro families. Approximately 1,000 citizens are taking part in the program.

#### Surge protection

A number of Owensboroans are given additional comfort knowing their sensitive electronic equipment, televisions, computers and appliances are protected with our surge protection program and equipment. To date, 88 leased devices have been installed; 217 have been purchased. A total of 104 homes and 38 businesses have been surveyed.

#### Coal

The Elmer Smith Station burns locally-mined coal and uses a tire-derived fuel system (TDF) to produce the electricity Owensboro requires. The plant purchased 1,460,613.24 tons of fuel in FY 2002 and paid a total of \$28,474,538.67. This averages to \$19.49 per ton. The TDF system consumed a total of 7,429.44 tons of tires which removed almost 743,000 waste tires from our landscape, saving valuable landfill space.

#### City of Owensboro\*

OMU transferred \$4,647,984.49 in cash and free electric and water service to the City of Owensboro in Fiscal Year 2001-2002, lowering the tax requirements for the city. This saved each Owensboro resident approximately \$85.97 in extra taxes.

#### Electric costs\*\*

On average, OMU electric customers pay 4.5 cents per kilowatt hour, which is among the lowest rates in the region.

#### Water costs\*\*

OMU water customers pay \$1.22 per 100 cubic feet of water (750 gallons). This is one of the lowest rates among water utilities in the Commonwealth of Kentucky.

#### Telecommunications

OMU added a third utility to its list of services six years ago. OMU's telecommunication division provides dark fiber, internet and point-to-point services for a number of commercial and industrial customers.

The telecom utility has grown significantly since its birth in 1996. Gross revenues for the telecom division rose from \$575,065 to \$734,114 in Fiscal Year 2002. Internet customers jumped from 91 to 106. Point-to-point users increased from 37 to 55 customers, and fiber users went from 21 to 22 customers.

In addition, OMU launched a wireless residential Internet pilot program.

#### Load management

A load management program has been important to OMU in balancing its peak usage. Sixteen large industrial customers participate in a unique program that helps all OMU customers save money during peak usage periods as well as those participants. Our electric load management saved OMU customers \$666,677 in Fiscal Year 2001 - 2002.

#### Safety program

OMU believes in safety and prevention. Our employees are dedicated to a safe work environment and our records echo this commitment.

Engineering, Operations and Telecommunications achieved 100,000 hours with no lost time injuries or illnesses, achieved recognition for 250,000 hours with no lost time; had no lost time injuries in FY 2002 and applied for the American Water Works' Association's Award of Excellence.

The Customer Service Center achieved 250,000 exposure hours with no lost time injuries, earned the Governor's Safety and Health Award and received the Great American Insurance Safety Award.

Employees at the Elmer Smith Station achieved 250,000 exposure hours with no lost time injuries, received the Governor's Safety and Health Award and had no lost time injuries in FY 2002.

#### Community

Since its birth, OMU has maintained a strong commitment to its community. For instance, Owensboro Municipal Utilities' employees have remained one of the largest donors to United Way annually. Employees also participate in the March of Dimes WalkAmerica, Corporate Challenge, local blood drives, festivals, Neighborhood Alliance projects and numerous other fundraising events and drives for other organizations.

In addition, OMU is proud of its school safety program. Power Town and Louie the Lightning Bug® tell over 750 children annually about the importance of electricity and using it safely.

We care about Owensboro. After all, it's our community too.

\*Using a population total of 54,067 \*\*Rates reflect a blended average for commercial, industrial and residential customers.