

# 2012 ANNUAL REPORT



### Electric System Balance Sheets

(Figures in Thousands)

	Audited 2012	Audited 2011	Audited 2010	Audited 2009
<b>ASSETS</b>				
Utility Plant, Net	\$182,019	\$184,690	\$188,712	\$198,345
Restricted Assets	82,214	94,573	66,614	64,892
Current Assets	32,509	34,028	25,012	20,304
Noncurrent Assets	8,608	1,565	6,382	10,102
<b>TOTAL ASSETS</b>	<b>\$305,350</b>	<b>\$314,856</b>	<b>\$286,720</b>	<b>\$293,643</b>
<b>LIABILITIES &amp; NET ASSETS</b>				
Total Net Assets	\$112,939	\$112,110	\$112,854	\$110,418
Long-Term Debt	152,909	163,999	131,640	142,049
Current Liabilities	34,897	34,512	38,147	37,045
Deferred Revenue	4,605	4,235	4,079	4,131
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$305,350</b>	<b>\$314,856</b>	<b>\$286,720</b>	<b>\$293,643</b>

### Electric System Statements of Revenues, Expenses & Changes in Net Assets

(Figures in Thousands)

	Audited 2012	Audited 2011	Audited 2010	Audited 2009
<b>OPERATING REVENUES</b>				
Kilowatt Hours				
OMU	891,497	896,450	864,276	872,182
Wholesale (01)	1,693,531	1,803,996	1,652,909	1,547,422
<b>TOTAL KILOWATT HOURS SOLD</b>	<b>2,585,028</b>	<b>2,700,446</b>	<b>2,517,185</b>	<b>2,419,604</b>
Operating Revenues	\$141,474	\$138,348	\$137,859	\$127,909
Operating Expenses	126,034	121,222	118,045	114,389
<b>OPERATING INCOME</b>	<b>\$ 15,440</b>	<b>\$ 17,126</b>	<b>\$ 19,814</b>	<b>\$ 13,520</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Nonoperating Revenues (Expenses)	(9,925)	(10,058)	(9,670)	(10,494)
<b>INCOME BEFORE SPECIAL ITEMS &amp; TRANSFERS</b>	<b>\$ 5,515</b>	<b>\$ 7,068</b>	<b>\$ 10,144</b>	<b>\$ 3,026</b>
<b>SPECIAL ITEMS</b>				
Special Items - Gain (Loss) (02)	\$ 3,680	-	-	(1,180)
Dividend to City	(8,366)	(7,812)	(7,708)	(7,406)
<b>CHANGE IN NET ASSETS</b>	<b>\$ 829</b>	<b>(744)</b>	<b>2,436</b>	<b>\$ (5,560)</b>

(01) Includes kWh from SEPA power sales.  
 (02) Special Items include Gain on Settlement in Fiscal Year 2011-2012 and Loss on Sale of Business Unit in Fiscal Year 2008-2009.  
 Fiscal Years 2011-2012, 2010-2011, 2009-2010, and 2008-2009 revenues include unbilled revenue accounting adjustments of (\$424,000), \$55,000, (\$202,000), and \$365,000, respectively.

### Water System Balance Sheets

(Figures in Thousands)

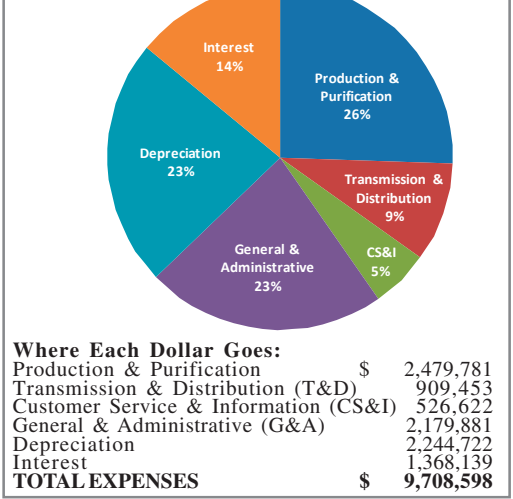
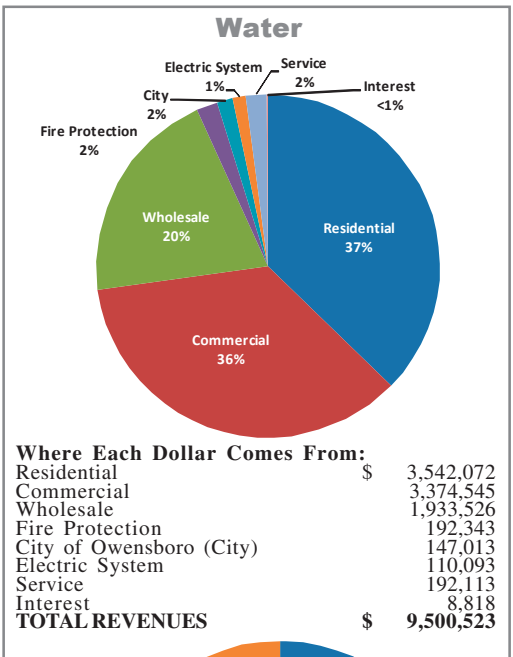
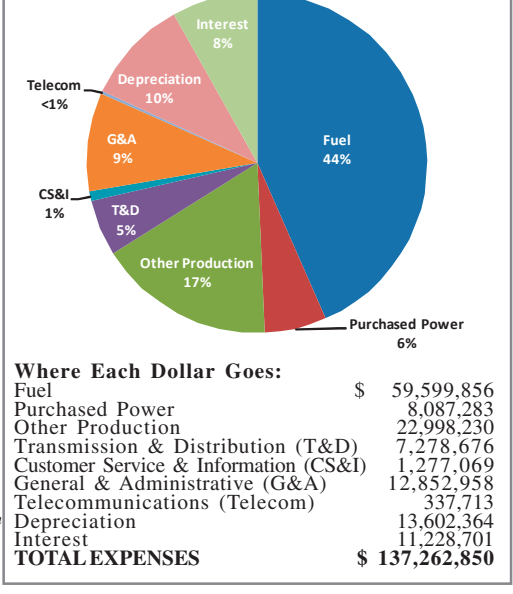
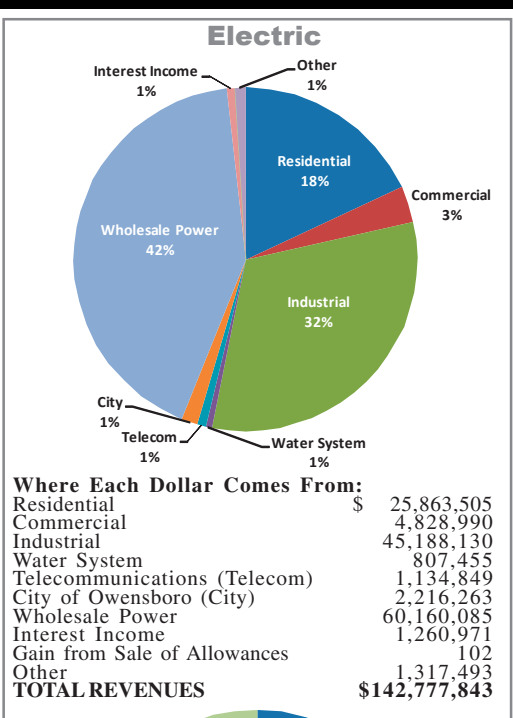
	Audited 2012	Audited 2011	Audited 2010	Audited 2009
<b>ASSETS</b>				
Utility Plant, Net	\$ 44,677	\$ 44,689	\$ 45,288	\$ 45,649
Restricted Assets	5,791	6,343	6,854	7,468
Current Assets	4,314	3,596	2,913	2,431
Noncurrent Assets	915	971	1,008	1,053
<b>TOTAL ASSETS</b>	<b>\$ 55,697</b>	<b>\$ 55,599</b>	<b>\$ 56,063</b>	<b>\$ 56,601</b>
<b>LIABILITIES &amp; NET ASSETS</b>				
Total Net Assets	\$ 29,164	\$ 29,071	\$ 29,091	\$ 29,411
Long-Term Debt	23,899	24,367	24,809	25,232
Current Liabilities	1,764	1,455	1,567	1,269
Other Noncurrent Liabilities	870	706	596	689
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ 55,697</b>	<b>\$ 55,599</b>	<b>\$ 56,063</b>	<b>\$ 56,601</b>

### Water System Statements of Revenues, Expenses & Changes in Net Assets

(Figures in Thousands)

	Audited 2012	Audited 2011	Audited 2010	Audited 2009
<b>CUBIC FEET SOLD</b>				
Operating Revenues	\$ 9,492	\$ 8,944	\$ 8,373	\$ 7,968
Operating Expenses	8,341	7,668	7,409	7,039
<b>OPERATING INCOME</b>	<b>\$ 1,151</b>	<b>\$ 1,276</b>	<b>\$ 964</b>	<b>\$ 929</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Nonoperating Revenues (Expenses)	(1,359)	(1,373)	(1,391)	(1,074)
<b>INCOME BEFORE CONTRIBUTIONS &amp; TRANSFERS</b>	<b>\$ (208)</b>	<b>\$ (97)</b>	<b>\$ (427)</b>	<b>\$ (145)</b>
<b>CONTRIBUTIONS &amp; TRANSFERS</b>				
Capital Contributions	448	222	240	529
Dividend to City	(147)	(144)	(133)	(136)
<b>CHANGE IN NET ASSETS</b>	<b>\$ 93</b>	<b>\$ (19)</b>	<b>\$ (320)</b>	<b>\$ 248</b>

Fiscal Years 2011-2012, 2010-2011, 2009-2010, and 2008-2009 revenues include unbilled revenue accounting adjustments of (\$57,000), \$1,000, (\$17,000), and \$18,000 respectively.



## Public Power Week 2012

For over 20 years in October, the more than 2,000 municipally-owned and operated electric utilities have celebrated Public Power Week. OMU joins others this week and throughout the month in celebrating local community control and ownership of their utility services. In this annual report, you will get a glimpse of Owensboro Municipal Utilities' performance from June 1, 2011 through May 31, 2012. We have proudly served our community for the past 112 years. We hope to continue to serve you, our customer and our owner, efficiently and effectively. As your local utility, our mission continues to be "to serve our community by providing quality utility services at the most economical cost."

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

As you may know, OMU is a municipally-owned utility, which means that you, our customers, are owners of a company with \$152.3 million in combined revenues last year. Nearly 112 years ago, Owensboro Municipal Utilities served only a few hundred customers. As Owensboro has grown, OMU has expanded and now provides service to 26,100 electric customers and 24,739 water users, including both residential and commercial accounts.

In an effort to maximize the use of the Elmer Smith Generating Station, OMU began to sell excess power into the wholesale market on May 17, 2010. May 2012 marked the two-year anniversary of this event which produced \$60.2 million in revenues during the past fiscal year, despite dipping wholesale prices and a recessionary economy.

### Customer Service

OMU employees take pride in their jobs and are dedicated to serving their customers in a conscientious and professional manner. To learn more about how we can better serve our customers, a formal customer survey was conducted this year. We were pleased to receive a 93% satisfaction rating from our customers. In addition, we are incorporating the findings into our policies, practices and procedures.

Our customers matter – that is what public power is all about. Over the past year, our employees have worked diligently to develop a new financial, customer information and work order system which will help OMU better serve our customers with more timely and up-to-date information at our fingertips.

### Human Resources

Over the past few years, OMU has strategically positioned itself to face the many challenges ahead by building a skilled and capable workforce. Our employees, over 250 men and women, are the hearts, hands and minds that have built and maintain an efficient and quality utility system.

### Electric usage

OMU set its 2012 electric usage peak on July 25 at 205 megawatts at the hour ending 4 p.m. In 2010, OMU set an all-time electric peak with 208 megawatts. OMU has plenty of capacity to serve this peak with over 400 megawatts of net generation capability. OMU's annual production from the Elmer Smith Station was 2.5 million megawatt hours with 63 percent of that being sold on the wholesale market.

### Water usage

OMU set its annual peak on June 29 when it pumped 18,778,000 gallons. OMU set an 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 maintains ample water treatment capacity of 30 million gallons per day. OMU sold 4,296 million gallons during the last fiscal year with 32 percent of its output going to neighboring water districts.

### City of Owensboro

OMU transferred \$8,512,875 in cash and free electric and water service to the City of Owensboro in fiscal year 2011-2012, lowering the tax requirements for the city. This saved each Owensboro resident approximately \$148 in taxes based on an estimated city population of 57,600.

### Electric costs\*

On average, OMU electric customers paid 9.1 cents per kilowatt hour in fiscal year 2011-2012, which is still among the lowest rates in the nation.

### Water costs\*\*

OMU water customers paid an average of \$2.45 per 1000 gallons, or approximately 2/10 of a cent per gallon. OMU's two water treatment plants provide water to not only Owensboro residents, but also supply wholesale water to three local districts (Southeast Daviess County, West Daviess County and East Daviess County), who distribute water throughout Daviess County.

### Using your utilities wisely

Now more than ever, customers want to save money and lower their personal environmental impact. For information about ways you can lower your water and electric usage, visit [www.omu.org](http://www.omu.org) and choose the "Using Your Utilities Wisely" tab.

### 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, 3,474 customers have their monthly bill automatically deducted from their checking account or applied to their credit card. Many others choose from two of our monthly budgeting plans: levelized or budget billing. Customers can also use a VISA, Discover or Mastercard debit or credit card to pay their combined services bill.

OMU also offers a telephone payment option. This system allows customers to pay with a credit or debit card or by electronic check by calling the Customer Service Center, any time of the day or night and following the touch-tone options. Customers can simply dial 926-3200 and listen for the prompts. Customers may also receive approval for a payment extension on a current bill through this system.

In addition, OMU offers online bill payment through its website at [www.omu.org](http://www.omu.org), allowing customers to use their credit card to pay via the Internet. The incorporation of a new Customer Information System early in 2013 will further enhance OMU's online payment system, by adding several customer-friendly features and expanding the information available.

### Telecommunications

OMU added a third utility to its list of services in 1996. OMU's telecommunication division provides dark fiber, point-to-point and internet services for commercial and industrial customers. Gross revenues for the telecom division were \$1,134,849 in fiscal year 2012.

### Safety program

Safety is our first concern at OMU, for our community and for our employees. OMU recently launched a new safety initiative to reinforce this commitment. Your local utility has in the past been recognized for its efforts in providing a safe work environment for our employees, earning the RP3 honor from the American Public Power Association and the Kentucky Governor's Health and Safety Award. Our commitment continues.

### Community

Since its start, OMU has maintained a strong commitment to its community. Owensboro Municipal Utilities' employees have remained one of the largest donors to the local United Way annually. Employees also participate in a number of community events and organizations including local blood drives, festivals, and Neighborhood Alliance projects. In addition, OMU is proud of its school safety program. Power Town and Louie the Lightning Bug® tell children each year about the importance of electricity and using it safely.

\*Average electric revenues from residential, industrial and commercial customers. \*\*Average water revenues from residential and commercial customers.