

Owensboro Municipal Utilities  
Annual Report  
FY 2016



**Electric System Statements of Net Position**  
(Figures in Thousands)

	Audited 2016	Audited 2015	Audited 2014	Audited 2013
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
Utility Plant, Net	\$187,515	\$187,031	\$191,110	\$174,639
Restricted Assets	101,282	100,276	110,333	73,319
Current Assets	52,893	58,201	44,665	37,467
Other Noncurrent Assets	12,977	4,374	7,321	10,716
Deferred Outflows of Resources	12,375	10,740	21,440	5,101
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$367,042</b>	<b>\$360,622</b>	<b>\$374,869</b>	<b>\$301,242</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>				
Net Position	\$95,948	\$ 93,332	\$114,997	\$113,934
Long-Term Debt	189,213	204,023	203,785	141,181
Current Liabilities	41,676	24,968	33,667	41,027
Other Noncurrent Liabilities	26,843	22,320	8,267	1,601
Deferred Revenue	-	-	-	-
Deferred Inflows of Resources	13,362	15,979	14,153	3,499
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$367,042</b>	<b>\$360,622</b>	<b>\$374,869</b>	<b>\$301,242</b>

**Electric System Statements of Revenues, Expenses & Changes in Net Position**  
(Figures in Thousands)

	Audited 2016	Audited 2015	Audited 2014	Audited 2013
<b>Kilowatt Hours Sold:</b>				
Retail	797,797	812,392	887,199	870,197
Wholesale	1,168,041	1,875,204	1,694,656	1,848,830
<b>TOTAL KILOWATT HOURS SOLD</b>	<b>1,965,838</b>	<b>2,687,596</b>	<b>2,581,855</b>	<b>2,719,027</b>
Operating Revenues	\$140,805	\$139,815	\$137,401	\$142,294
Operating Expenses	117,977	122,184	119,648	123,056
<b>OPERATING INCOME</b>	<b>\$ 22,828</b>	<b>\$ 17,631</b>	<b>\$ 17,753</b>	<b>\$ 19,238</b>
Nonoperating Revenues (Expenses)	(11,394)	(9,392)	(8,277)	(9,611)
<b>INCOME BEFORE SPECIAL ITEM AND TRANSFERS</b>	<b>\$ 11,434</b>	<b>\$ 8,239</b>	<b>\$ 9,476</b>	<b>\$ 9,627</b>
Special Item - Gain (Loss) (2)	\$ -	\$ -	\$ -	\$ -
Dividend to City	(8,818)	(8,527)	(8,414)	(8,631)
<b>CHANGE IN NET POSITION</b>	<b>\$ 2,616</b>	<b>\$ (288)</b>	<b>\$ 1,062</b>	<b>\$ 996</b>

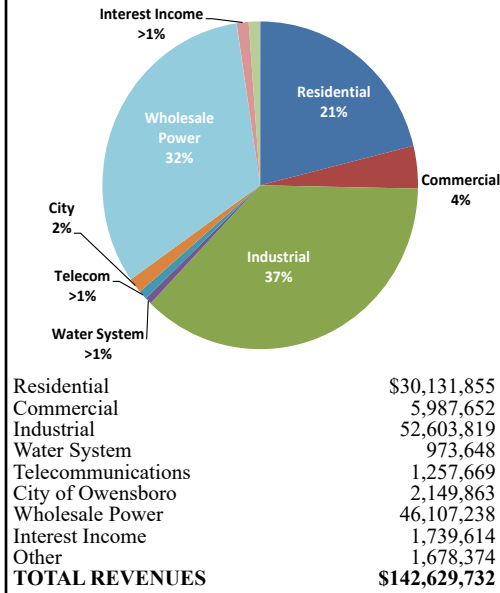
**Water System Statements of Net Position**  
(Figures in Thousands)

	Audited 2016	Audited 2015	Audited 2014	Audited 2013
<b>ASSETS AND DEFERRRED OUTFLOWS OF RESOURCES</b>				
Utility Plant, Net	\$45,940	\$45,845	\$ 44,824	\$ 44,722
Restricted Assets	11,616	7,958	3,759	4,413
Current Assets	6,083	4,696	4,280	4,542
Other Noncurrent Assets	1,188	1,004	822	876
Deferred Outflows of Resources	1,259	840	469	539
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 66,086</b>	<b>\$ 60,343</b>	<b>\$ 54,154</b>	<b>\$ 55,092</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>				
Net Position	\$24,800	\$ 24,573	\$ 28,659	\$ 28,958
Long-Term Debt	33,163	28,525	23,272	23,907
Current Liabilities	2,264	2,122	1,708	1,616
Other Noncurrent Liabilities	5,330	4,344	251	277
Deferred Revenue	-	-	-	-
Deferred Inflows of Resources	529	819	264	334
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 66,086</b>	<b>\$ 60,343</b>	<b>\$54,154</b>	<b>\$ 55,092</b>

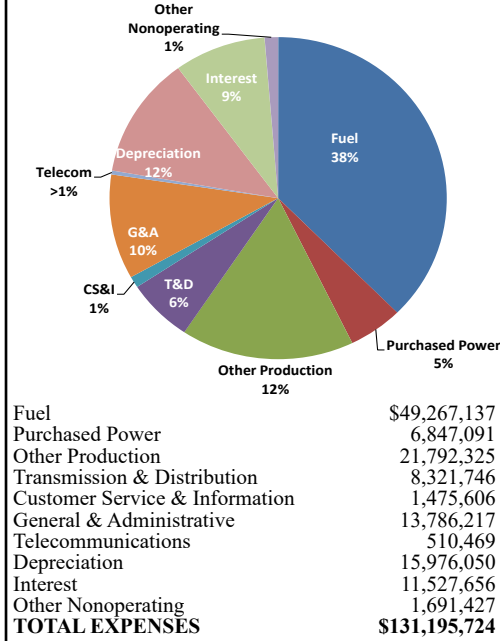
**Water System Statements of Revenues, Expenses & Changes in Net Position**  
(Figures in Thousands)

	Audited 2016	Audited 2015	Audited 2014	Audited 2013
<b>CUBIC FEET SOLD</b>	<b>550,085</b>	<b>562,651</b>	<b>563,944</b>	<b>572,364</b>
Operating Revenues	\$ 11,176	\$ 10,253	\$ 9,469	\$ 9,948
Operating Expenses	9,418	8,597	8,892	8,809
<b>OPERATING INCOME</b>	<b>\$ 1,758</b>	<b>\$ 1,656</b>	<b>\$ 577</b>	<b>\$ 1,139</b>
Nonoperating Revenues (Expenses)	(1,377)	(1,339)	(1,280)	(1,318)
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>\$ 381</b>	<b>\$ 317</b>	<b>\$ (703)</b>	<b>\$ (179)</b>
Capital Contributions	143	39	567	141
Dividend to City	(296)	(169)	(163)	(168)
<b>CHANGE IN NET POSITION</b>	<b>\$ 228</b>	<b>\$ 187</b>	<b>\$ (299)</b>	<b>\$ (206)</b>

**Electric**

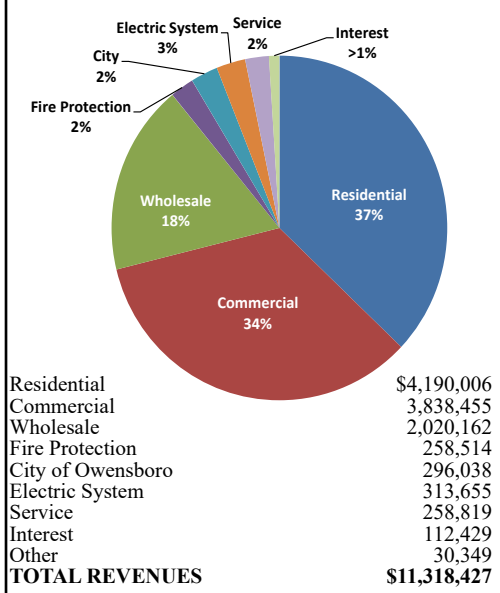


Residential	\$30,131,855
Commercial	5,987,652
Industrial	52,603,819
Water System	973,648
Telecommunications	1,257,669
City of Owensboro	2,149,863
Wholesale Power	46,107,238
Interest Income	1,739,614
Other	1,678,374
<b>TOTAL REVENUES</b>	<b>\$142,629,732</b>

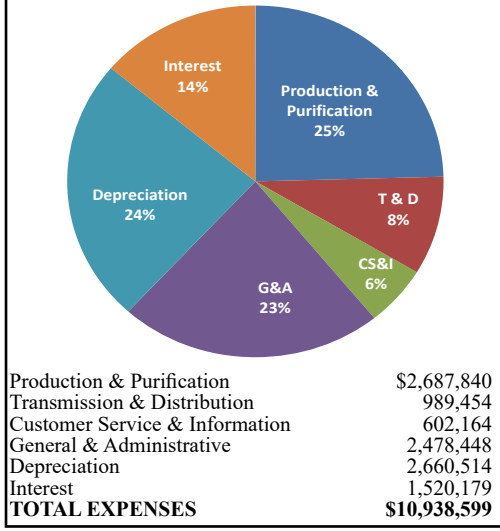


Fuel	\$49,267,137
Purchased Power	6,847,091
Other Production	21,792,325
Transmission & Distribution	8,321,746
Customer Service & Information	1,475,606
General & Administrative	13,786,217
Telecommunications	510,469
Depreciation	15,976,050
Interest	11,527,656
Other Nonoperating	1,691,427
<b>TOTAL EXPENSES</b>	<b>\$131,195,724</b>

**Water**



Residential	\$4,190,006
Commercial	3,838,455
Wholesale	2,020,162
Fire Protection	258,514
City of Owensboro	296,038
Electric System	313,655
Service	258,819
Interest	112,429
Other	30,349
<b>TOTAL REVENUES</b>	<b>\$11,318,427</b>



Production & Purification	\$2,687,840
Transmission & Distribution	989,454
Customer Service & Information	602,164
General & Administrative	2,478,448
Depreciation	2,660,514
Interest	1,520,179
<b>TOTAL EXPENSES</b>	<b>\$10,938,599</b>

## OMU Annual Report FY 2016

In this annual report, you will get a glimpse of Owensboro Municipal Utilities' performance from June 1, 2015 through May 31, 2016. We have proudly served our community for the past 116 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 \$151.8 million in combined revenues last year. Nearly 116 years ago, Owensboro Municipal Utilities served only a few hundred customers. As Owensboro has grown, OMU has expanded and now provides service to 26,353 electric customers and 25,007 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 2016 marked the six-year anniversary of this event which produced \$44.5 million in revenues during the past fiscal year, despite a continued decline in wholesale prices.

#### 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 last year. We were pleased to receive a 95% 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.

In the summer of 2015, OMU went live with a new website ([omu.org](http://omu.org)) and customer portal. The customer portal gives customers access to their bills and a variety of information concerning their services with OMU.

#### 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 240 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 2016 electric usage peak on June 29 at 179.9 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 nearly 400 megawatts of net generation capability. OMU's annual production from the Elmer Smith Station in Fiscal Year 2015 was 2.6 million megawatt hours with 69 percent of that being sold on the wholesale market.

#### Water Usage

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. OMU maintains ample water treatment capacity of 28 million gallons per day. OMU sold 4,115 million gallons during the last fiscal year with 33 percent of its production going to neighboring water districts. OMU set its annual peak on September 2 when it pumped 15,835,000 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.

#### City of Owensboro

OMU transferred \$9,103,024 in cash and free electric and water service to the City of Owensboro in fiscal year 2015-2016, lowering the tax requirements for the city. This saved each Owensboro resident approximately \$155 in taxes based on an estimated city population of 58,400.

#### Electric Costs

On average, OMU electric customers pay 9.3 cents per kilowatt hour.

#### Water Costs

OMU water customers paid an average of \$3.22 per 1000 gallons, or approximately 0.32 cents per gallon.

#### 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). Efficiency tips are also posted on our Facebook page at [facebook.com/omu.org](https://www.facebook.com/omu.org), Twitter and via text.

#### 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. OMU recently launched an enhanced website and customer portal for easy online access for payment and bill review. This portal provides detailed information about your water and electric usage, compares it to others in your area, allowing you to review and manage your usage and your bill.

Many 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 (270) 926-3200 and listen for the prompts. Customers may also receive approval for a payment extension on a current bill through this system.

#### Telecommunications: OMUfibernet

OMU added a third utility, telecommunications, to its list of services in 1996. OMUfibernet's advanced fiber optic network provides commercial internet, phone, and data services for area businesses and generated gross revenues of \$1,257,694 during Fiscal Year 2016.

OMU recently added the ability to provide commercial phone services including unlimited local and long distance calling for business lines, hosted Private Branch Exchanges (PBX), Session Initiation Protocol (SIP) trunks, and Integrated Services for Digital Network (ISDN) Primary Rate Interface (PRI) trunks. OMUfibernet is also conducting a Fiber To The Home (FTTH) pilot during Fiscal Year 2016, which will offer some of the highest residential internet speeds in the state over a direct fiber optic connection. Speeds will begin at 50Mbps and go as high as 1Gbps.

#### Safety Program

Safety is our first concern at OMU, for our community and for our employees. Your local utility has in the past been recognized for its efforts in providing a safe work environment for our employees. In February 2015, OMU earned the Platinum RP3 honor from the American Public Power Association, and in June the Kentucky Governor's Health and Safety Award. In June 2015, OMU's Elmer Smith Station employees celebrated 500,000 hours worked without a lost-time injury or illness.

Our commitment continues. In 2015, OMU continued to build upon a new training program, STEP: Safety Takes Every Person. OMU employees have conducted 2,034 safety observations from January 1, 2015 – August 31, 2015.

#### 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.

OMU received the Community Spirit, Louise P. Gipe Memorial and Pinnacle awards from the United Way of the Ohio Valley for our continued support of the agency through giving of our time and resources.

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

\*\*Average water revenues from residential and commercial customers.