



**Electric System Balance Sheets**  
(Figures in Thousands)

	2004	2003	2002	2001
<b>ASSETS</b>				
Utility Plant	\$234,266	\$223,730	\$197,105	\$193,902
Restricted Assets	81,568	98,955	130,324	84,923
Current Assets	19,460	19,195	20,880	20,161
Noncurrent Assets	2,328	2,966	2,189	1,313
<b>TOTAL ASSETS</b>	<b>\$337,622</b>	<b>\$344,846</b>	<b>\$350,498</b>	<b>\$300,299</b>
<b>LIABILITIES &amp; NET ASSETS*</b>				
Net Assets	\$ 100,049	\$ 93,600	\$ 86,570	\$ 78,421
Long Term Debt	198,501	209,401	220,087	183,324
L-T Payable to KU	\$2,375	\$4,757	\$4,700	\$4,107
Current Liabilities - Restricted Assets	26,715	27,498	27,877	24,643
Current Liabilities	6,563	5,386	6,465	5,273
Deferred Revenue	3,419	4,204	4,799	4,531
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$337,622</b>	<b>\$344,846</b>	<b>\$350,498</b>	<b>\$300,299</b>

\* Prior period liabilities have been restated for conformity.

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

	2004	2003	2002	2001
Kilowatt Hours-OMU	864,545	876,143	825,109	859,155
Kilowatt Hours-KU (01)	1,657,142	1,513,003	1,721,408	1,765,754
<b>TOTAL KILOWATT HOURS SOLD</b>	<b>2,521,687</b>	<b>2,389,146</b>	<b>2,546,517</b>	<b>2,624,909</b>
Operating Revenues	\$ 83,237	\$ 84,927	\$ 81,377	\$ 77,379
Operating Expenses	62,207	64,148	59,975	58,106
<b>OPERATING INCOME</b>	<b>\$ 21,030</b>	<b>\$ 20,779</b>	<b>\$ 21,402</b>	<b>\$ 19,273</b>
Nonoperating Revenues (Expenses)	(9,539)	(8,895)	(8,766)	(8,249)
<b>INCOME BEFORE CONTRIBUTIONS &amp; TRANSFERS</b>	<b>\$ 11,491</b>	<b>\$ 11,884</b>	<b>\$ 12,636</b>	<b>\$ 11,024</b>
Dividend to City	(5,042)	(4,854)	(4,487)	(4,234)
<b>CHANGE IN NETASSETS</b>	<b>\$ 6,449</b>	<b>\$ 7,030</b>	<b>\$ 8,149</b>	<b>\$ 6,790</b>

(01) Includes kwh from SEPA power sales.

**Water System Balance Sheets**  
(Figures in Thousands)

	2004	2003	2002	2001
<b>ASSETS</b>				
Utility Plant	\$ 44,316	\$ 43,097	\$ 42,914	\$ 43,028
Restricted Assets	4,347	5,699	1,636	2,578
Current Assets	2,669	2,241	1,938	1,789
Noncurrent Assets	427	446	394	417
<b>TOTAL ASSETS</b>	<b>\$ 51,759</b>	<b>\$ 1,483</b>	<b>\$ 46,882</b>	<b>\$ 47,812</b>
<b>LIABILITIES &amp; NET ASSETS*</b>				
Net Assets	\$ 25,235	\$ 23,989	\$ 23,161	\$ 23,020
Long Term Debt	23,546	24,664	21,162	22,110
Current Liabilities	\$1,912	\$1,745	\$1,689	\$1,763
Customers' Advances for Construction	1,066	1,085	870	919
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ 51,759</b>	<b>\$ 51,483</b>	<b>\$ 46,882</b>	<b>\$ 47,812</b>

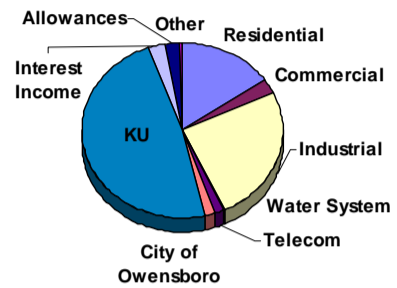
\* Prior period liabilities have been restated for conformity.

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

	2004	2003	2002	2001
<b>CUBIC FEET SOLD</b>	<b>542,067</b>	<b>560,086</b>	<b>533,109</b>	<b>565,438</b>
Operating Revenues	\$ 7,272	\$ 7,071	\$ 6,077	\$ 6,072
Operating Expenses	5,123	4,942	4,738	4,935
<b>OPERATING INCOME</b>	<b>\$ 2,149</b>	<b>\$ 2,129</b>	<b>\$ 1,339</b>	<b>\$ 1,137</b>
Nonoperating Revenues (Expenses)	(1,092)	(1,130)	(1,129)	(1,055)
<b>INCOME BEFORE CONTRIBUTIONS &amp; TRANSFERS</b>	<b>\$ 1,057</b>	<b>\$ 999</b>	<b>\$ 210</b>	<b>\$ 82</b>
Capital Contributions	390	11	91	55
Dividend to City	(201)	(182)	(160)	(156)
<b>CHANGE IN NETASSETS</b>	<b>\$ 1,246</b>	<b>\$ 828</b>	<b>\$ 141</b>	<b>\$ (19)</b>

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

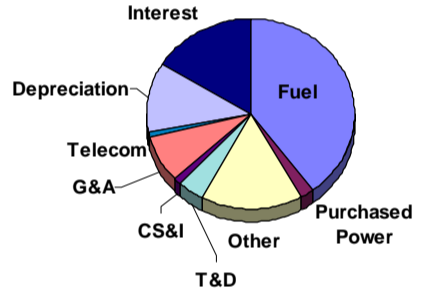
**Electric**



**Where Each Dollar Comes From**

Residential	\$13,143,843
Commercial	2,428,698
Industrial	21,180,025
Water System	385,743
Telecommunications (Telecom)	1,236,142
City of Owensboro	1,429,737
Kentucky Utilities Company	41,117,404
Interest Income	2,384,762
Gain from Sale of Allowances	1,866,357
Other	458,551
<b>TOTAL REVENUES</b>	<b>85,631,262</b>

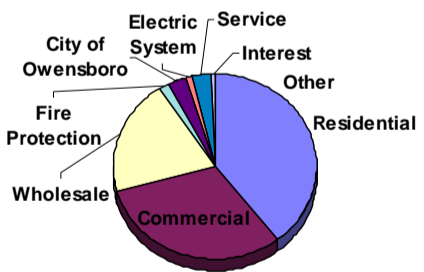
**Interest**



**Where Each Dollar Goes**

Fuel	\$29,550,369
Purchased Power	1,563,142
Other Production	11,808,186
Transmission & Distribution (T&D)	3,061,858
Customer Service & Information (CS&I)	769,737
General & Administrative (G&A)	6,064,660
Telecommunications (Telecom)	590,539
Depreciation	8,798,238
Interest	11,933,711
<b>TOTAL EXPENSES</b>	<b>\$ 74,140,440</b>

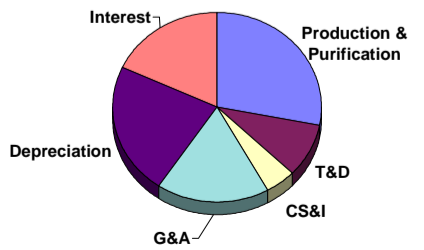
**Water**



**Where Each Dollar Comes From**

Residential	\$2,872,936
Commercial	2,267,809
Wholesale	1,480,511
Fire Protection	137,777
City of Owensboro	201,109
Electric System	71,068
Service	235,115
Interest	27,380
Other	5,848
<b>TOTAL REVENUES</b>	<b>\$7,299,553</b>

**Interest**



**Where Each Dollar Goes**

Production & Purification	\$1,747,925
Transmission & Distribution (T&D)	576,275
Customer Service & Information (CS&I)	295,673
General & Administrative (G&A)	1,096,502
Depreciation	1,406,575
Interest	1,119,804
<b>TOTAL EXPENSES</b>	<b>\$ 6,242,754</b>

## Public Power Week 2004

For the past 17 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 and throughout the month 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 104 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 104 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 25,806 with electricity and 23,818 with water, including both residential and commercial accounts.

### Electric peak

OMU hit its historic electric peak on July 30, 1999 in the hour ending 4 p.m. when Owensboro customers used 198 megawatts of electricity. This year's peak was set on July 13 at 3 p.m. with 184.8 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 2004 peak on July 15 when it pumped 15,721,000 gallons.

### City of Owensboro\*

OMU transferred \$5,242,547 in cash and free electric and water service to the City of Owensboro in Fiscal Year 2003-2004, lowering the tax requirements for the city. This saved each Owensboro resident approximately \$96.90 in extra taxes.

### Electric costs\*\*

On average, OMU electric customers pay 4.6 cents per kilowatt hour, which is among the lowest rates in the region.

### Water costs\*\*\*

OMU water customers pay an average of \$1.92 per 1000 gallons or less than 2/10 cents per gallon. OMU's two water treatment plants provide water to not only Owensboro residents, but supply wholesale water to three local districts (Southeast Daviess County, West Daviess County and East Daviess County).

### 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 2,185 customers have their monthly bill automatically deducted from their local checking account. Many others choose from two of our monthly budgeting plans: 932 pay on the levelized billing plan; and 1,716 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 277 customers have their bill automatically assessed to their charge card.

In addition, OMU launched online bill payment through its website at [www.omu.org](http://www.omu.org), allowing customers to use their checking account or credit card to pay through the Internet.

### 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, 101 leased devices have been installed; 231 have been purchased. A total of 145 homes and 46 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 1,172,117 tons of fuel in fiscal year 2004 and paid a total of \$23,401,696. This averages to \$19.97 per ton. The TDF system consumed a total of 10,094.08 tons of tires which removed over one million waste tires from our landscape, saving valuable landfill space.

### Telecommunications

OMU added a third utility to its list of services in 1996. 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. Gross revenues for the telecom division rose from \$847,041 in fiscal year 2003 to \$1,236,142 in fiscal year 2004. OMU launched its wireless Internet program in 2002, currently serving over 2,000 commercial and residential customers as the fiscal year ended May 31, 2004. Currently, OMU also provides nearly 200 commercial customers with a fiber connection.

### Load management

A load management program has been important to OMU in balancing its peak electric usage. Sixteen large industrial customers participate in a unique program that helps all OMU customers save money during peak periods as well as those participants. Our electric load management saved OMU customers \$690,900 in fiscal year 2003 - 2004.

### Safety program

OMU believes in the importance of safety in the work place and in our community. Over the last year, OMU employees celebrated several significant safe workplace milestones. Engineering, Operations and Telecommunications employees achieved 100,000 hours with no lost time injuries. Water department personnel were honored for 100,000 hours of working safely as well. The Customer Service Center employees celebrated two years with no lost time injuries or illnesses. Employees at the Elmer Smith Station achieved 100,000 exposure hours with no lost time injuries, celebrating no lost time injuries for two consecutive years.

### 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 children each year about the importance of electricity and using it safely.

\*Tax savings based on estimated population of 54,104. \*\*Average electric revenues from residential, industrial and commercial customers. \*\*\*Average water revenues from residential and commercial customers.