

(Figures in Thousands)

	Audited 2006	Audited 2005	Audited 2004	Audited 2003			
ASSETS							
Utility Plant, Net	\$222,109	\$229,797	\$234,266	\$223,730			
Restricted Assets	81,839	85,390	81,568	98,955			
Current Assets	25,991	20,375	19,460	19,195			
Noncurrent Assets	4,923	2,055	2,328	2,966			
TOTAL ASSETS	\$334,862	\$337,617	\$337,622	\$344,846			
LIABILITIES & NET ASSETS							
Total Net Assets	\$116,637	\$113,988	\$100,049	\$93,600			
Long-Term Debt	174,784	182,754	198,501	209,401			
L-T Payable to KU	2,521	2,608	2,375	4,757			
Current Liabilities	33,506	32,549	33,278	32,884			
Deferred Revenue	7,414	5,718	3,419	4,204			
TOTAL LIABILITIES							
& NET ASSETS	\$334,862	\$337,617	\$337,622	\$344,846			

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

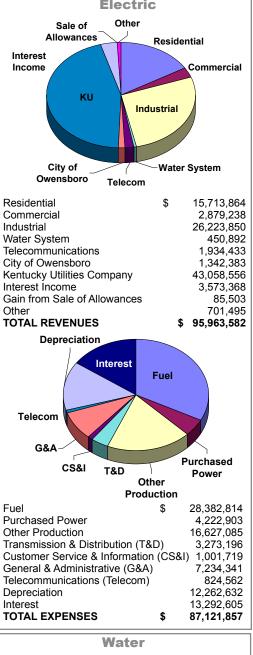
(Figures in Thousands)

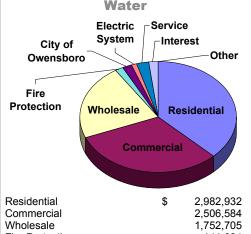
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	Audited 2006	Audited 2005	Audited 2004	Audited 2003
Kilowatt Hours				
OMU	892,615	870,060	864,545	876,143
KU (01)	1,327,755	1,515,179	1,657,142	1,513,003
TOTAL KILOWA	ГТ			
HOURS SOLD	2,220,370	2,385,239	2,521,687	2,389,146
Operating Revenues	\$92,372	\$96,820	\$83,237	\$84,927
Operating Expenses	73,829	66,382	62,207	64,148
OPERATING				
INCOME	\$18,543	\$30,438	\$21,030	\$20,779
Nonoperating Reven	ues			
(Expenses)	(9,701)	(11,248)	(9,539)	(8,895)
INCOME BEFORE	C			
CONTRIBUTIONS	5			
& TRANSFERS	\$8,842	\$19,190	\$ 11,491	\$ 11,884
Dividend to City	(6,193)	(5,251)	(5,042)	(4,854)
CHANGE IN				
NET ASSETS	\$2,649	\$13,939	\$6,449	\$7,030

(01) Includes kwh from SEPA power sales.

Water System Balance Sheets (Figures in Thousands)

Audited 2006 Audited 2003 Audited 2003 Audited 2003 Audited 2003 ASSETS Utility Plant, Net Settriced Assets 2.321 2.804 4.347 5.699 Current Assets 3.292 2.895 2.669 2.241 Noncurrent Assets 3.36 391 4.27 4.4464 Curg-Tem Debt 2.0954 22.278 23.546 24.664 Curstored Avances for Construction 1.141 1.115 1.066 1.085 TOTAL LIABILITIES & NET ASSETS S52.501 S52.552 S 51.759 S 51.483 Customers Advances for Construction 1.141 1.115 1.066 1.085 TOTAL LIABILITIES & NET ASSETS S52.201 S52.552 S 51.759 S 51.483 Customers Advances for Construction 1.41 1.115 1.066 1.085 TOTAL LIABILITIES & NET ASSETS S52.201 S52.552 S 1.759 S 1.483 CUBIC FEET SOLD 563.499 549.254 542.067 560.086 Operating Revenues (Expenses) (1.014) (1.125) (1.092)		(Figure	s in Thousand	s)		Water
Numerical Restricted Assets S42,221 2,804 4,347 5,697 Restricted Assets 2,321 2,804 4,347 5,697 Noncurrent Assets 3,292 2,895 2,669 2,241 Noncurrent Assets 3,292 2,895 2,669 2,241 Noncurrent Assets 3,292 2,895 2,669 2,241 IABILITIES & NET ASSETS S52,201 S52,552 S51,759 S51,483 LABILITIES & NET ASSETS 2,193 2,382 1,912 1,745 Current Liabilities 2,193 2,382 1,912 1,745 Customers' Advances S1,201 S52,552 S 51,759 S 51,483 Water System Statements of Revenues, Expenses & Changes in Net Assets S 7,982,932 Commercial 2,506,584 Wholesale 1,752,705 S 1,483 Fire Protection 141,624 CUBIC Figures in Thousands) Total Revenues S 7,838 S 7,405 S 7,272 S 7,071 Nonoperating Revenues S 7,838 S 7,405 S 7,272 S 7,071 G&A Cubier S 8,81 OPERATIN	ASSETS					Suctom
Restricted Assets $2,221$ $2,804$ $4,4347$ $5,699$ Current Assets $3,292$ $2,895$ $2,669$ $2,241$ Noncurrent Assets 386 391 427 4461 TOTAL ASSETS $552,201$ $552,552$ $551,483$ LIABILITIES & NET ASSETS $52,201$ $522,278$ $23,346$ $24,664$ Current Liabilities $2,193$ $2,382$ $1,912$ $1,745$ Gr Construction $1,141$ $1,115$ $1,066$ $1,085$ TOTAL LIABILITIES $852,552$ $$51,759$ $$51,483$ Water System Statements of Revenues, Expenses (Figures in Thousands) $Ket Assets$ $$2,982,932$ CuBIC Audited Audited 2006 2004 2003 CUBIC Sol,3499 $549,254$ $542,067$ $560,086$ $75,297$ $5rest$ 7838 $57,424$ $53,966$ $5,123$ $4,9421$ Operating Revenues $87,838$ $57,425$ $5,123$ $4,9421$ $75,297$ $5rest$ 7848 Operating Revenues $87,838$ $57,227$ <		\$46 202	\$16 162	\$11 216	\$12.007	
Current Assets 3,292 2,895 2,669 2,241 Noncurrent Assets 3,86 3,91 4,27 4,46 TOTAL ASSETS \$52,201 \$52,552 \$51,759 \$51,483 LIABILITIES & NET ASSETS Total Net Assets 27,913 2,352 1,912 1,745 for Construction 1,141 1,115 1,066 1,085 TOTAL LIABILITIES & NET ASSETS \$52,201 \$52,552 \$ 51,759 \$ 51,483 Water System Statements of Revenues, Expenses & Changes in Thousands) TOTAL LIABILITIES Water System Statements of Revenues, Expenses & Changes in Thousands) TOTAL REVENUES \$ 7,981,888 CUBIC FEET SOLD 563,499 549,254 542,067 560,086 Operating Revenues (Expenses) (1,014) (1,125) (1,092) (1,130) INCOME BEFORE (Expenses) (1,014) (1,125) (1,092) (1,130) INCOME BEFORE (Expenses) (1,014) (1,125) (1,092) (1,130) INCOME BEFORE (CONTRIBUTIONS & TRANSFERS \$1,100 \$884 \$1,057 \$999 Capital Contributions 199 \$59 390 111 Dividend to City (163) (201) (201) (182) CHANGE IN Net ASSETS \$1,136 \$1,542 \$1,246 \$828			* - , -		* -)	
Noncurrent Assets 386 391 427 446 TOTAL ASSETS \$52,201 \$52,552 \$51,759 \$51,483 LIABILITIES & NET ASSETS Total Net Assets \$22,913 \$25,252 \$51,759 \$51,483 LiABILITIES & NET ASSETS Total Net Assets \$27,913 \$26,777 \$22,235 \$23,989 Lustomers' Advances for Construction 1,141 1,115 1,066 1,085 TOTAL LIABILITIES & NET ASSETS \$52,201 \$52,552 \$51,759 \$51,483 Water System Statements of Revenues, Expenses (Figures in Thousands) \$2,982,932 Commercial 2,506,584 Water System Statements of Revenues, Expenses (Figures in Thousands) \$2,986,2932 Commercial 2,506,584 CUBIC FEET SOLD 563,499 549,254 542,067 560,086 Operating Revenues (Expenses) \$7,381,889 \$7,402 \$7,272 \$7,071 INCOME BEFORE (CONTRIBUTIONS & TRANSFERS \$1,100 \$884 \$1,057 \$999 \$11 Drivide ot city 163 (201) (201) (201) \$2,149 \$2,129						
TOTAL ASSETS S52,201 S52,552 S51,483 LABILITIES & NET ASSETS Comparison of the set of the se						Fire
$ \begin{array}{c c c c c c c c c c c c c c c c c c c $	Noncurrent Assets	580	391	427	440	
	TOTAL ASSETS	\$52,201	\$52,552	\$51,759	\$51,483	Wholesale Residential
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	LIABILITIES & NE	TASSETS				
$ \begin{array}{c cccreater}{Customers'Advances} & 2,193 & 2,382 & 1,912 & 1,745 \\ Customers'Advances & 2,193 & 2,382 & 1,912 & 1,745 \\ Customers'Advances & 1,141 & 1,115 & 1,066 & 1,085 \\ \hline TOTAL LIABILITIES & $52,521 & $51,759 & $51,483 \\ \hline Water System Statements of Revenues, Expenses & & Changes in Net Assets & Changes in Thousands) \\ \hline Water System Statements of Revenues, Expenses & & Changes in Net Assets & 75,297 & 51,483 \\ \hline Water System Statements of Revenues, Expenses & & Changes in Net Assets & 75,297 & 520,000 & 163,073 \\ \hline Water System Statements of Revenues, Expenses & & Changes in Net Assets & 75,297 & 520,000 & 163,073 \\ \hline CUBIC & & Audited & Audited & Audited & 2006 & 2005 & 2004 & 2003 \\ CUBIC & & 2006 & 2005 & 2004 & 2003 & 000 & 100 \\ \hline FEET SOLD & 563,499 & 549,254 & 542,067 & 560,086 \\ \hline Operating Revenues & $7,838 & $7,405 & $7,272 & $7,071 \\ Operating Revenues & $5,724 & 5,396 & 5,123 & 4,942 \\ \hline OPERATING & & & & & & & & & & & & & & & & & & &$	Total Net Assets	\$27,913	\$26,777	\$25,235	\$23,989	Commercial
$ \begin{array}{c ccccccccccccccccccccccccccccccccccc$	Long-Term Debt	20,954	22,278	23,546	24,664	
$ \begin{array}{c} Customers'Advances \\ for Construction & 1,141 & 1,115 & 1,066 & 1,085 \\ \hline rotal LIABILITIES \\ \& NET ASSETS & $52,201 & $52,552 & $51,759 & $51,483 \\ \hline Water System Statements of Revenues, Expenses \\ & & Changes in Net Assets \\ & Changes in Net Assets \\ \hline CUBIC \\ FEET SOLD & 563,499 & 549,254 & 542,067 & 560,086 \\ \hline Operating Revenues \\ (Expenses) & (1,014) & (1,125) & (1,092) & (1,130) \\ \hline NCOME BEFORE \\ CONTRIBUTIONS \\ \& TRANSFERS & $1,100 & $884 & $1,057 & $999 \\ Capital Contributions & 199 & 859 & 390 & 11 \\ \hline Dividend to City & (163) & (201) & (201) & (182) \\ \hline CHANGE IN \\ NET ASSETS & $1,136 & $1,542 & $1,246 & $8288 \\ \hline \end{array} $		2,193				
TOTAL LIABILITIES S2,201 S52,201 S52,252 S 51,759 S 51,483 Water System Statements of Revenues, Expenses & Changes in Net Assets 1,752,705 (Figures in Thousands) Iterest 141,624 CUBIC Audited Audited Audited 2006 2005 2004 2003 CUBIC FEET SOLD 563,499 549,254 542,067 560,086 Operating Revenues \$7,838 \$7,405 \$7,272 \$7,071 Operating Revenues \$7,838 \$7,405 \$7,272 \$7,071 Operating Revenues \$1,014 (1,125) (1,092) (1,130) INCOME BEFORE Contributions 199 859 390 11 Dividend to City (163) (201) (201) (182) CHANGE IN S1,136 \$1,542 \$1,246 \$828	Customers' Advances		<u> </u>	<u>y-</u>	· · ·	
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	for Construction	1,141	1,115	1,066	1,085	
$ \begin{array}{c c c c c c c c c c c c c c c c c c c $	TOTAL LIABILITI	ES				
Water System Statements of Revenues, Expenses & Changes in Net Assets (Figures in Thousands)If Protection141,624 City of OwensboroWater System Statements of Revenues, Expenses & Changes in Net Assets (Figures in Thousands)Audited Audited 2006Audited Audited Audited 2006Audited 2004Audited 2004Audited 2003CUBIC FEET SOLD563,499549,254542,067560,086 5,123Production & Production & PurificationOperating Revenues (Expenses)\$7,838\$7,405\$7,272\$7,071 5,123Audited 4,942Production & PurificationNonoperating Revenues (Expenses)(1,014)(1,125)(1,092)(1,130)INCOME BEFORE CONTRIBUTIONS & TRANSFERS\$1,100\$884\$1,057\$999 390Capital Contributions199859390111 Dividend to City(163)(201)(201)(182)CHANGE IN NET ASSETS\$1,136\$1,542\$1,246\$828\$828			\$52,552	\$ 51.759	\$ 51.483	
Audited System 75,297 Kernel Contributions Audited 2006 Audited 2003 Audited 2003 Audited 2003 Audited 2003 Cubic System 75,297 Service 209,463 Interest 144,363 Other 5,848 Service 164,363 Other 5,848 Service 164,363 Other 5,848 Service 164,363 Other 5,848 Operating Revenues \$7,838 \$7,405 \$7,272 \$7,071 Service Interest TOTAL REVENUES \$7,981,889 OPERATING S2,114 \$2,009 \$2,149 \$2,129 Service Interest Interest T&D Nonoperating Revenues S2,114 \$2,009 \$2,149 \$2,129 Service Servi	anernoorio	<i>402,201</i>	<i>401,001</i>	\$ 01,707	\$ 51,100	
Audited System 75,297 Kernel Contributions Audited 2006 Audited 2003 Audited 2003 Audited 2003 Audited 2003 Cubic System 75,297 Service 209,463 Interest 144,363 Other 5,848 Service 164,363 Other 5,848 Service 164,363 Other 5,848 Service 164,363 Other 5,848 Operating Revenues \$7,838 \$7,405 \$7,272 \$7,071 Service Interest TOTAL REVENUES \$7,981,889 OPERATING S2,114 \$2,009 \$2,149 \$2,129 Service Interest Interest T&D Nonoperating Revenues S2,114 \$2,009 \$2,149 \$2,129 Service Servi	Water Syst	em Statem	ents of Rev	venues. Exn	enses	City of Owensboro 163,073
Kit and the constraints of the system is a system of the system is a system of the	viater syst	& Chang	es in Net A	ssets	enses	
Audited 2006 Audited 2005 Audited 2004 Audited 2003 Interest 144,363 CUBIC FEET SOLD 563,499 549,254 542,067 560,086 Other 5,848 Operating Revenues (Expenses) \$7,838 \$7,405 \$7,272 \$7,071 Other \$7,981,889 OPERATING INCOME \$2,114 \$2,009 \$2,149 \$2,129 S2,129 Operating Revenues (Expenses) (1,014) (1,125) (1,092) (1,130) Interest G&A T&D INCOME BEFORE CONTRIBUTIONS & TRANSFERS \$1,100 \$884 \$1,057 \$999 S999 Capital Contributions 199 859 390 11 Dividend to City (163) (201) (201) (182) Production \$ 1,851,979 Transmission & Distribution (T&D) 717,825 Customer Service & Information (CS&I) 305,944 General & Administrative (G&A) 1,178,311 Depreciation 1,669,763 Interest 1,157,900		(Figure	s in Thousand	s)		,
Audited 2006Audited 2005Audited 2004Audited 2003Other5,848CUBIC FEET SOLD563,499549,254542,067560,086Other5,948Operating Revenues Operating Expenses\$7,838 \$,724\$7,272 \$,396\$7,071 \$,123\$7,071 \$,4942\$000OPERATING INCOME\$2,114\$2,009\$2,149 \$,396\$2,129\$2,129Nonoperating Revenues (Expenses)(1,014)(1,125)(1,092)(1,130)INCOME BEFORE CONTRIBUTIONS & TRANSFERS\$1,100\$884 \$1,057\$1,999Capital Contributions199 (163)859 (201)390 (201)11 (182)CHANGE IN NET ASSETS\$1,136\$1,542\$1,246\$828		(i iguit	s in Thousand	3)		
2006 2005 2004 2003 CUBIC FEET SOLD 563,499 549,254 542,067 560,086 Operating Revenues (Deprating Expenses \$7,838 \$7,405 \$7,272 \$7,071 Operating Revenues (Expenses) \$2,114 \$2,009 \$2,149 \$2,129 Nonoperating Revenues (Expenses) (1,014) (1,125) (1,092) (1,130) INCOME BEFORE CONTRIBUTIONS & TRANSFERS \$1,100 \$884 \$1,057 \$999 Capital Contributions 199 859 390 11 Dividend to City (163) (201) (201) (182) CHANGE IN NET ASSETS \$1,136 \$1,542 \$1,246 \$828		Audited	Audited	Audited	Audited	
CUBIC FEET SOLD 563,499 549,254 542,067 560,086 Operating Revenues \$7,838 \$7,405 \$7,272 \$7,071 Operating Expenses \$,724 \$,396 \$,123 4,942 OPERATING INCOME \$2,114 \$2,009 \$2,149 \$2,129 Nonoperating Revenues (Expenses) (1,014) (1,125) (1,092) (1,130) INCOME BEFORE CONTRIBUTIONS & TRANSFERS \$1,100 \$884 \$1,057 \$999 Capital Contributions 199 859 390 11 Dividend to City (163) (201) (201) (182) CHANGE IN NET ASSETS \$1,136 \$1,542 \$1,246 \$828						
PEET SOLD 303,499 349,234 342,007 300,080 Operating Revenues \$7,838 \$7,405 \$7,272 \$7,071 Operating Expenses \$7,724 \$5,396 \$5,123 \$4,942 OPERATING INCOME \$2,114 \$2,009 \$2,149 \$2,129 Nonoperating Revenues (Expenses) (1,014) (1,125) (1,092) (1,130) INCOME BEFORE CONTRIBUTIONS & TRANSFERS \$1,100 \$884 \$1,057 \$999 Capital Contributions 199 859 390 11 Dividend to City (163) (201) (201) (182) CHANGE IN NET ASSETS \$1,136 \$1,542 \$1,246 \$828	CUBIC	2000	2000	2001	2000	······
Operating Revenues \$7,838 \$7,405 \$7,272 \$7,071 Operating Expenses \$5,724 \$5,396 \$5,123 \$4,942 OPERATING INCOME \$2,114 \$2,009 \$2,149 \$2,129 Nonoperating Revenues (Expenses) (1,014) (1,125) (1,092) (1,130) INCOME BEFORE CONTRIBUTIONS & TRANSFERS \$1,100 \$884 \$1,057 \$999 Capital Contributions 199 859 390 11 Dividend to City (163) (201) (201) (182) CHANGE IN NET ASSETS \$1,136 \$1,542 \$1,246 \$828	FEET SOLD	563.499	549.254	542.067	560.086	
Operating Revenues \$7,838 \$7,405 \$7,272 \$7,071 Operating Expenses 5,724 5,396 5,123 4,942 OPERATING INCOME \$2,114 \$2,009 \$2,149 \$2,129 Nonoperating Revenues (Expenses) (1,014) (1,125) (1,092) (1,130) INCOME BEFORE CONTRIBUTIONS & TRANSFERS \$1,100 \$884 \$1,057 \$999 Capital Contributions 199 859 390 11 Dividend to City (163) (201) (201) (182) CHANGE IN NET ASSETS \$1,136 \$1,542 \$1,246 \$828				,	,	
Operating Expenses 5,724 5,396 5,123 4,942 OPERATING INCOME S2,114 S2,009 S2,149 S2,129 Nonoperating Revenues (Expenses) (1,014) (1,125) (1,092) (1,130) INCOME BEFORE CONTRIBUTIONS & TRANSFERS S1,100 S884 S1,057 S999 Capital Contributions 199 859 390 11 Dividend to City (163) (201) (201) (182) CHANGE IN NET ASSETS S1,136 S1,542 \$1,246 \$828	Operating Revenues	\$7.838	\$7.405	\$7.272	\$7.071	Interest
OPERATING INCOME \$2,114 \$2,009 \$2,149 \$2,129 Nonoperating Revenues (Expenses) (1,014) (1,125) (1,092) (1,130) INCOME BEFORE CONTRIBUTIONS & TRANSFERS \$1,100 \$884 \$1,057 \$999 Capital Contributions 199 859 390 11 Dividend to City (163) (201) (201) (182) CHANGE IN NET ASSETS \$1,136 \$1,542 \$1,246 \$828						
INCOME \$2,114 \$2,009 \$2,149 \$2,129 Nonoperating Revenues (Expenses) (1,014) (1,125) (1,092) (1,130) INCOME BEFORE CONTRIBUTIONS & TRANSFERS \$1,100 \$884 \$1,057 \$999 Capital Contributions 199 859 390 11 Dividend to City (163) (201) (201) (182) CHANGE IN NET ASSETS \$1,136 \$1,542 \$1,246 \$828	o perating Enpended	0,,,	0,000	0,120	.,, .=	
INCOME \$2,114 \$2,009 \$2,149 \$2,129 Nonoperating Revenues (Expenses) (1,014) (1,125) (1,092) (1,130) INCOME BEFORE CONTRIBUTIONS & TRANSFERS \$1,100 \$884 \$1,057 \$999 Capital Contributions 199 859 390 11 Dividend to City (163) (201) (201) (182) CHANGE IN NET ASSETS \$1,136 \$1,542 \$1,246 \$828	OPERATING					Depreciation
(Expenses) (1,014) (1,125) (1,092) (1,130) INCOME BEFORE CONTRIBUTIONS & TRANSFERS \$1,100 \$884 \$1,057 \$999 Capital Contributions Dividend to City 199 859 390 11 CHANGE IN NET ASSETS \$1,136 \$1,542 \$1,246 \$828	INCOME	\$2,114	\$2,009	\$2,149	\$2,129	
(Expenses) (1,014) (1,125) (1,092) (1,130) INCOME BEFORE CONTRIBUTIONS & TRANSFERS \$1,100 \$884 \$1,057 \$999 Capital Contributions 199 859 390 11 Dividend to City (163) (201) (201) (182) CHANGE IN NET ASSETS \$1,136 \$1,542 \$1,246 \$828						
INCOME BEFORE CONTRIBUTIONS & TRANSFERS \$\$1,100 \$884 \$1,057 \$999 Capital Contributions 199 859 390 11 Dividend to City (163) (201) (201) (182) CHANGE IN NET ASSETS \$1,136 \$1,542 \$1,246 \$828	Nonoperating Revenu	es				
INCOME BEFORE CONTRIBUTIONS & TRANSFERS \$\$1,100 \$\$884 \$1,057 \$\$999 Transmission Cs&i Capital Contributions Dividend to City 199 859 390 11 Transmission & Distribution (T&D) 717,825 CHANGE IN NET ASSETS \$1,136 \$1,542 \$1,246 \$828 Section 1,669,763	(Expenses)	(1,014)	(1, 125)	(1,092)	(1, 130)	
INCOME BEFORE CONTRIBUTIONS & TRANSFERS \$1,100 \$884 \$1,057 \$999 Cs&i Capital Contributions Dividend to City 199 859 390 11 Transmission & Distribution (T&D) 717,825 CHANGE IN NET ASSETS \$1,136 \$1,542 \$1,246 \$828 Second (Text) 1,157,900	· • ·					G&A
& TRANSFERS \$1,100 \$884 \$1,057 \$999 Production & Purification \$1,851,979 Capital Contributions 199 859 390 11 Transmission & Distribution (T&D) 717,825 Dividend to City (163) (201) (201) (182) Customer Service & Information (CS&I) 305,944 CHANGE IN NET ASSETS \$1,136 \$1,542 \$1,246 \$828 Interest 1,157,900						
Capital Contributions 199 859 390 11 Production & Purification \$ 1,851,979 Dividend to City (163) (201) (201) (182) Transmission & Distribution (T&D) 717,825 CHANGE IN NET ASSETS \$1,136 \$1,542 \$1,246 \$828 Second Secon		\$1 100	\$884	\$1.057	\$000	CS&I
Capital Contributions 199 859 390 11 Transmission & Distribution (T&D) 717,825 Dividend to City (163) (201) (201) (182) Transmission & Distribution (T&D) 717,825 CHANGE IN NET ASSETS \$1,136 \$1,542 \$1,246 \$828 Transmission & Distribution (T&D) 717,825 Interest 1,178,311 Depreciation 1,669,763 1,157,900	& IRANSFERS	\$1,100	J004	\$1,057	\$777	Draduction & Durification & 1.951.070
Dividend to City (163) (201) (201) (182) Customer Service & Information (CS&I) 305,944 CHANGE IN NET ASSETS \$1,136 \$1,542 \$1,246 \$828 Service & Information (CS&I) 1,178,311 Depreciation 1,669,763 1,157,900 1,157,900	Capital Contributions	100	850	300	11	
CHANGE IN NET ASSETS \$1,136 \$1,542 \$1,246 \$828 General & Administrative (G&A) 1,178,311 Depreciation 1,669,763 1,157,900 1,157,900						
CHANGE IN NET ASSETS \$1,136 \$1,542 \$1,246 \$828 Depreciation 1,669,763 Interest 1,157,900	Dividend to City	(103)	(201)	(201)	(182)	
NET ASSETS \$1,136 \$1,542 \$1,246 \$828 Interest 1,009,703	CHANCE IN					
		¢1 177	¢1 540	£1 346	0010	
TOTAL EXPENSES \$ 6.881,722	IVE I ASSE IS	\$1,130	31,342	\$1,240	3828	
						TOTAL EXPENSES\$6,881,722





Public Power Week 2006

For the past 19 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 the concept of local community control and ownership of their electric service.

In this annual report, you will get a glimpse of Owensboro Municipal Utilities. You will see that we have proudly served our community for the past 106 years. We hope to continue to serve you, our customer and our owner, efficiently and effectively.

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. Initially, Owensboro Municipal Utilities served only a few hundred customers. As Owensboro has grown, OMU has expanded and now provides service to 25,605 electric customers and 24,143 water users, including both residential and commercial accounts.

Electric peak

OMU set a new all-time electric peak on August 2, 2006 at the hour ending 2 p.m. with 198.2 megawatts.

Water peak

OMU set its all-time peak for

For over 100 years, Owensboro Municipal Utilities has served our community by providing quality services at the Owensboro is one of 2,000 cities across the nation to realize the benefits of being served by a public utility. Our customers know that their service provider is only a local phone call or a short drive away. Planning, hard work and employee dedication have enabled us to offer water, electricity and telecommunications to our customers at low rates.

We are proud to serve our community. We live and work

here and have a vested interest in its future success. OMU will continue to carry forward our philosophy of

customer satisfaction and quality service. We will strive to continually improve and meet your needs in the most efficient and effective way.

If you have any questions about this annual report or any of our services, please contact me. On behalf of all of our employees, we look forward to continuing to provide the quality services that you deserve.

Sincerely, Bob Hunzinger, General Manager

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 2006 peak on August 1 when it pumped 15,088,000 gallons.

City of Owensboro

OMU transferred \$6,355,563 in cash and free electric and water service to the City of Owensboro in Fiscal Year 2005-2006, lowering the tax requirements for the city. This saved each Owensboro resident approximately \$115.56 in taxes based on an estimated city population of 55,000.

Electric costs*

On average, OMU electric customers paid 5.1 cents per kilowatt hour in fiscal year 2005-2006, which is among the lowest rates in the region and the nation.

Water costs**

OMU water customers paid an average of \$1.90 per 1000 gallons, or less than 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.

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, 2,411 customers have their monthly bill automatically deducted from their local checking account. Many others choose from two of our monthly budgeting plans: levelized or budget billing. In March 2001, OMU added credit cards to its list of payment options. Customers can use a VISA, Discover or Mastercard credit card to pay their combined services bill.

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

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 1,228,720 tons of fuel in fiscal year 2006 at a cost of \$24,828,105, an average of \$20.21 per ton.

The TDF system consumed a total of 8,208 tons of chipped tires which removed approximately 820,000 waste tires from our landscape, saving valuable landfill space and providing environmental benefits.

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 commercial and industrial customers. The telecom utility has

grown significantly since its birth. Gross revenues for the telecom division rose from \$1,620,588 in fiscal year 2005 to \$1,934,433 in fiscal year 2006.

OMU launched its wireless Internet program in November 2002. We provided service to 2,964 commercial and residential customers as the fiscal year ended May 31, 2006.

Safety program

At OMU, safety comes first for the community and our employees. In the past year, our employees celebrated several safety milestones. We congratulate them on working safely and encourage them to continue this tradition.

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.

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