

Proudly serving our community for over 100 years.

Local People.  
Local Service.



## 2015 Annual Report

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

	Audited 2015	Audited 2014	Audited 2013	Audited 2012
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
Utility Plant, Net	\$187,031	\$191,110	\$174,639	\$182,019
Restricted Assets	100,276	110,333	73,319	82,214
Current Assets	58,201	44,665	37,467	32,508
Other Noncurrent Assets	4,374	7,321	10,716	8,237
Deferred Outflows of Resources	10,740	21,440	5,101	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$360,622</b>	<b>\$374,869</b>	<b>\$301,242</b>	<b>\$304,978</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>				
Net Position	\$ 93,332	\$114,997	\$113,934	\$112,939
Long-Term Debt	204,023	203,785	141,181	152,909
Current Liabilities	24,968	33,667	41,027	34,897
Other Noncurrent Liabilities	22,320	8,267	1,601	131
Deferred Revenue	-	-	-	3,112
Deferred Inflows of Resources	15,979	14,153	3,499	990
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$360,622</b>	<b>\$374,869</b>	<b>\$301,242</b>	<b>\$304,978</b>

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

	Audited 2015	Audited 2014	Audited 2013	Audited 2012
<b>Kilowatt Hours Sold:</b>				
Retail	812,392	887,199	870,197	891,497
Wholesale (1)	1,875,204	1,694,656	1,848,830	1,693,531
<b>TOTAL KILOWATT HOURS SOLD</b>	<b>2,687,596</b>	<b>2,581,855</b>	<b>2,719,027</b>	<b>2,585,028</b>
Operating Revenues	\$139,815	\$137,401	\$142,294	\$141,474
Operating Expenses	122,184	119,648	123,056	126,034
<b>OPERATING INCOME</b>	<b>\$ 17,631</b>	<b>\$ 17,753</b>	<b>\$ 19,238</b>	<b>\$ 15,440</b>
Nonoperating Revenues (Expenses)	(9,392)	(8,277)	(9,611)	(9,925)
<b>INCOME BEFORE SPECIAL ITEM AND TRANSFERS</b>	<b>\$ 8,239</b>	<b>\$ 9,476</b>	<b>\$ 9,627</b>	<b>\$ 5,515</b>
Special Item - Gain (Loss) (2)	\$ -	\$ -	\$ -	\$ 3,680
Dividend to City	(8,527)	(8,414)	(8,631)	(8,366)
<b>CHANGE IN NET POSITION</b>	<b>\$ (288)</b>	<b>\$ 1,062</b>	<b>\$ 996</b>	<b>\$ 829</b>

(1) Includes kWh from SEPA power sales.  
(2) Special Item In Fiscal Year 2011-2012 resulted from gain on litigation settlement.  
Fiscal Years 2014-2015, 2013-2014, 2012-2013, and 2011-2012 revenues include unbilled revenue accounting adjustments of (\$113,000), (\$830,000), \$1,022,000, and (\$424,000), respectively.

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

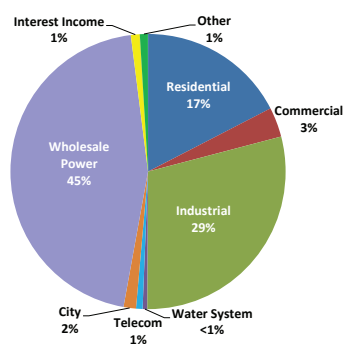
	Audited 2015	Audited 2014	Audited 2013	Audited 2012
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
Utility Plant, Net	\$45,845	\$ 44,824	\$ 44,722	\$ 44,677
Restricted Assets	7,958	3,759	4,413	5,791
Current Assets	4,696	4,280	4,542	4,314
Other Noncurrent Assets	1,004	822	876	915
Deferred Outflows of Resources	840	469	539	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 60,343</b>	<b>\$ 54,154</b>	<b>\$ 55,092</b>	<b>\$ 55,697</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>				
Net Position	\$ 24,573	\$ 28,659	\$ 28,958	\$ 29,164
Long-Term Debt	28,525	23,272	23,907	23,899
Current Liabilities	2,122	1,708	1,616	1,764
Other Noncurrent Liabilities	4,304	251	277	407
Deferred Revenue	-	-	-	463
Deferred Inflows of Resources	819	264	334	-
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 60,343</b>	<b>\$54,154</b>	<b>\$ 55,092</b>	<b>\$ 55,697</b>

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

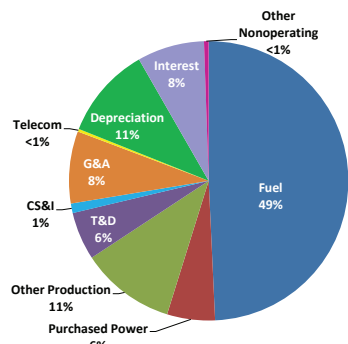
	Audited 2015	Audited 2014	Audited 2013	Audited 2012
<b>CUBIC FEET SOLD</b>	<b>562,651</b>	<b>563,944</b>	<b>572,364</b>	<b>572,832</b>
Operating Revenues	\$ 10,253	\$ 9,469	\$ 9,948	\$ 9,492
Operating Expenses	8,597	8,892	8,809	8,341
<b>OPERATING INCOME</b>	<b>\$ 1,656</b>	<b>\$ 577</b>	<b>\$ 1,139</b>	<b>\$ 1,151</b>
Nonoperating Revenues (Expenses)	(1,339)	(1,280)	(1,318)	(1,359)
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>\$ 317</b>	<b>\$ (703)</b>	<b>\$ (179)</b>	<b>\$ (208)</b>
Capital Contributions	39	567	141	448
Dividend to City	(169)	(163)	(168)	(147)
<b>CHANGE IN NET POSITION</b>	<b>\$ 187</b>	<b>\$ (299)</b>	<b>\$ (206)</b>	<b>\$ 93</b>

Fiscal Years 2014-2015, 2013-2014, 2012-2013, and 2011-2012 revenues include unbilled revenue accounting adjustments of (\$28,000), (\$102,000), \$194,000, and (\$57,000), respectively.

### Electric

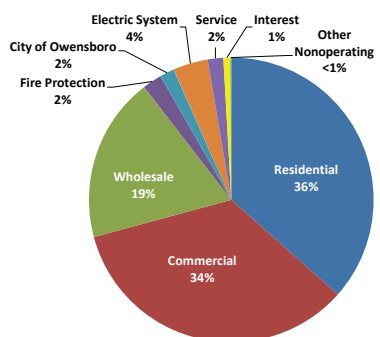


Residential	\$ 24,650,499
Commercial	4,915,918
Industrial	41,309,466
Water System	749,302
Telecommunications	1,085,694
City of Owensboro	2,066,106
Wholesale Power	63,846,960
Interest Income	1,516,861
Other	1,329,038
<b>TOTAL REVENUES</b>	<b>\$141,469,844</b>

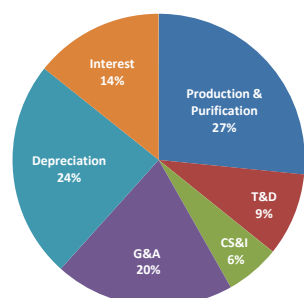


Fuel	\$ 65,620,480
Purchased Power	7,409,652
Other Production	14,554,570
Transmission & Distribution	7,397,846
Customer Service & Information	1,465,083
General & Administrative	11,115,142
Telecommunications	417,088
Depreciation	14,203,973
Interest	10,331,770
Other Nonoperating	714,922
<b>TOTAL EXPENSES</b>	<b>\$133,230,526</b>

### Water



Residential	\$ 3,782,632
Commercial	3,540,692
Wholesale	1,938,608
Fire Protection	229,530
City of Owensboro	169,469
Electric System	411,031
Service	181,236
Interest	83,538
Other Nonoperating	9,500
<b>TOTAL REVENUES</b>	<b>\$ 10,346,236</b>



Production & Purification	\$ 2,666,739
Transmission & Distribution	922,390
Customer Service & Information	602,550
General & Administrative	1,992,607
Depreciation	2,413,290
Interest	1,431,994
<b>TOTAL EXPENSES</b>	<b>\$ 10,029,570</b>

## Public Power Month 2015

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 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, 2014 through May 31, 2015. We have proudly served our community for the past 115 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 115 years ago, Owensboro Municipal Utilities served only a few hundred customers. As Owensboro has grown, OMU has expanded and now provides service to 26,266 electric customers and 24,967 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 2015 marked the five-year anniversary of this event which produced \$63.8 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 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 2015 electric usage peak on July 29 at 186.1 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 4,209 million gallons during the last fiscal year with 32 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 \$8,696,500 in cash and free electric and water service to the City of Owensboro in fiscal year 2014-2015, lowering the tax requirements for the city. This saved each Owensboro resident approximately \$149 in taxes based on an estimated city population of 58,400.

### Electric Costs\*

On average, OMU electric customers paid 9.3 cents per kilowatt hour in Fiscal Year 2014-2015.

### Water Costs\*\*

OMU water customers paid an average of \$2.83 per 1000 gallons, or approximately 0.28 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 \$1,085,694 during Fiscal Year 2015.

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 1,496 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.

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

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