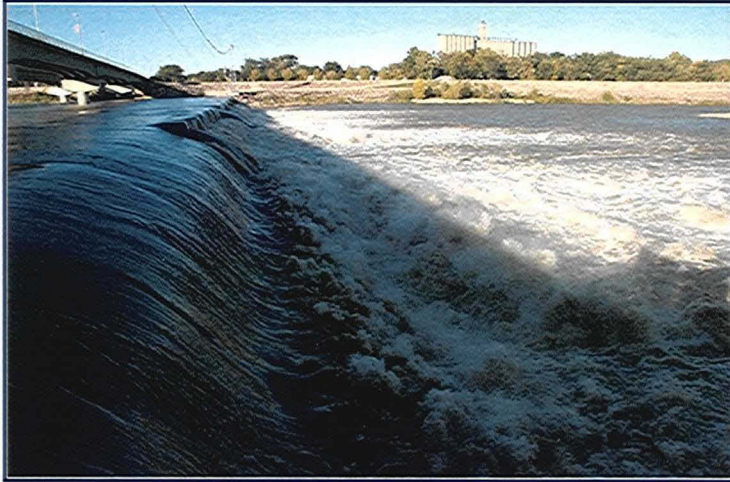




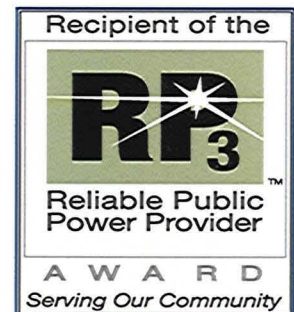
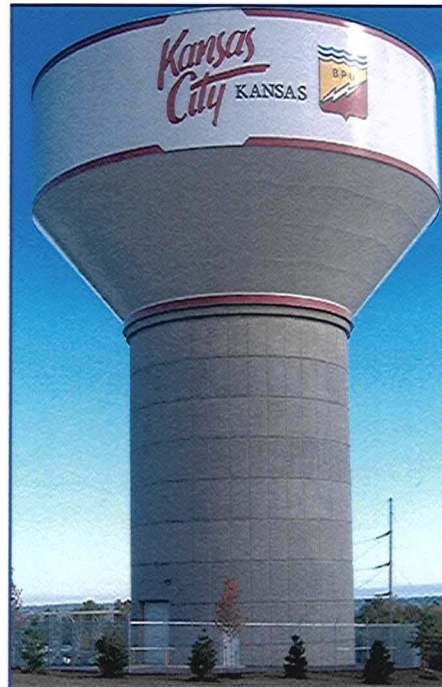
**2010 Kansas City Board of Public Utilities
Comprehensive Annual Report For Year Ended December 31, 2010**



**EFFICIENCY
KANSAS**
LOAN PROGRAM

UNIFIED GOVERNMENT
OF
WYANDOTTE COUNTY/KANSAS CITY

**Kansas City
Board of Public Utilities**
Energy Smart Homes



About the Cover

Row 1, Left to Right

**Bowersock Mills & Power Company / BPU Hydroelectric Power Contract Site
From: <http://www.kansassampler.org/8wonders/commerce>**

BPU Water Operations Crew – Water Main Replacement

Row 2, Left to Right

BPU Maywood Substation

**Efficiency Kansas Loan Program Partnership
State of Kansas, Board of Public Utilities and the Unified Government of Wyandotte County, Kansas City Kansas**

Row 3, Left to Right

Association of Metropolitan Water Agencies Gold Award for Competitiveness Achievement

**BPU Elevated Water Storage Tank
51st & Gibbs**

RP3 Reliable Public Power Provider Award – American Public Power Association

**Kansas City Board of Public Utilities
Kansas City, Kansas**

**Comprehensive Annual
Financial Report
For Year Ended
December 31, 2010**

2010 Board of Directors

**President – John M. Pettey
Vice President – Terry Eidson
Secretary – David Alvey**

**Loretta M. Colombel
Mary L. Gonzales
Robert L. Milan, Sr.**

**General Manager
Don L. Gray**



Kansas City Board of Public Utilities

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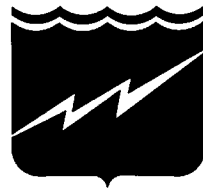
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INTRODUCTORY SECTION





May 4, 2011

Members of the Board of Directors
Kansas City Board of Public Utilities

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Kansas City Board of Public Utilities for the fiscal year ended December 31, 2010. The BPU's financial statements have been audited by KPMG, LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of the BPU are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amount and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. KPMG concluded, based upon the audit, the financial statements present fairly, in all material respects, the financial position of the BPU as of December 31, 2010 and 2009, and the results of BPU's operations and cash flows for the years then ended in conformity with U. S. generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

The report consists of management's representation concerning the finances of the Board of Public Utilities. As a result, responsibility for this report for the fiscal year ended with respect to both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the BPU. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the BPU. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. To enhance the reader's understanding of these financial statements, note disclosures have been included as an integral part of this document.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The BPU's MD&A can be found immediately following the report of the independent auditors.

Profile

The Utility System is comprised of the electric and water utilities and is, by statute and charter ordinance, under the operational control and administration of the Board of Directors for the BPU. The Unified Government of Wyandotte County/KCK, as authorized by state statutes, reserves the right to incur debt on behalf of the BPU. However, the statutes vest the BPU with exclusive day-to-day control of the Utility System. The Utility presently serves approximately 65,000 electric customers and 51,000 water customers.

The Electric Utility has two electric power generating stations and five power purchase agreements to provide the capacity and energy needed by its retail customers. The generating stations are the Nearman Creek Power Station ("Nearman Station") and the Quindaro Power Station ("Quindaro Station").

The Nearman Station has two units. The first is a coal-fired steam electric generating station. Commercial operation of Nearman coal-fired unit began in 1981. The second unit is a simple cycle combustion turbine which can be fired on either natural-gas or No. 2 fuel oil. The combustion turbine plant, known as the Nearman CT4, functions as a peaking plant and was placed in service during the February of 2006.

The Quindaro Station has five units. The coal-fired steam generating facility consists of two units, each having a single coal-fired steam generating boiler and a turbine generation unit. Commercial operation of such units began in 1966 and 1971. In addition, the Quindaro Station also has three combustion turbines, which function as peaking units. The units were placed in commercial operation in 1969, 1974 and 1977, respectively and are designed to burn No. 2 fuel oil. One of the units is also designed to burn natural gas.

The Utility generating stations are interconnected by a network of 161 kV and 69 kV transmission lines. The Utility's transmission and distribution network includes 61.20 miles of 161 kV line, 60.03 miles of 69 kV line, and 2,677.91 miles of overhead line and 313.70 miles of underground cable. The system has 28 electric distribution substations and four industrial substations. The Utility is interconnected with two other area utilities, Kansas City Power & Light and Westar Energy.

The Utility System is a member of the Southwest Power Pool. Membership in the Southwest Power Pool facilitates emergency transfers and use of the Pool's transmission tariff for transfers of power throughout the south central portion of the United States.

The Utility has contracts with the Southwestern Power Administration (SPA) entitling the Utility to annually purchase 38.6 mW of hydroelectric peaking capacity, and 5 mW of hydroelectric power from the Western Area Power Administration (WAPA). The Utility also has entered into two Renewable Energy Purchase Agreements. BPU's agreement with TradeWind Energy is to receive 25% of the energy output of Phase 1 of the Smoky Hills Wind Farm. The wind farm was built approximately 25 miles west of Salina, Kansas in Lincoln and Ellsworth Counties in Kansas. In 2009, BPU entered into an agreement with Oak Grove Power Producers to provide gas from a landfill in Arcadia, Kansas. Lastly, BPU has an agreement with Tenaska Power Services Company to both purchase and market excess wholesale energy for BPU.

The Water Utility serves approximately 51,000 water customers in the service area of approximately 152 square miles. This service area includes Kansas City, Kansas, Edwardsville, southern Leavenworth County, parts of Bonner Springs and a small section of northern Johnson County. BPU's current average day and maximum day are approximately 30 million gallons per day (MGD) and 40 MGD, respectively. The water utility utilizes the state-of-the-art Nearman Water Treatment Plant to draw water from an aquifer below the Missouri River via two horizontal collector wells. These wells are each capable of supplying over 40 million gallons of raw water per day. The Nearman Water Treatment Plant became fully operational in August 2000. The plant is a conventional water treatment facility with a firm capacity of 54 MGD. Through the process of riverbed filtration, the Nearman Water Treatment Plant horizontal collector wells supply water from the aquifer, which is hydraulically connected to the Missouri River. A 24 MGD sand-ballasted sedimentation basin was completed in 2007. A new Polymer feed system was completed in 2010 and helped to optimize the process. Additional projects that were recently completed include a 2 MG elevated tank; 6 MG reservoir and 48 inch transmission main; and improvements to the Argentine pump station control system.

The Water distribution system consists of a network of underground mains, reservoirs, and a series of booster district systems. The water transmission network consists of 72.5 miles of primary and trunk lines ranging in size from 24 to 48 inches. From these mains, water is delivered through a system of 900 miles of secondary water mains. The Utility has approximately 32.5 million gallons of water stored in reservoirs and elevated tanks at various locations. There are five booster-pumping stations, which increase water pressure to higher elevations.

Mission Statement

BPU's mission statement is to focus on the needs of our customers, to improve the quality of life in our community while promoting safe, reliable and sustainable utilities.

Economic Conditions and Outlook

The Unified Government is the government for both Wyandotte County and the City of Kansas City, KS. Wyandotte County accounts for a large number of manufacturing, transportation and distribution, including rail, and health care jobs in the metropolitan area. Many of these jobs are high paying and contribute to the positive statistics regarding gross payroll and gross sales. Development remains an important priority for the Unified Government.

The County of Wyandotte County covers 155.7 square miles. It is located on the eastern border of the State and, along with three other Kansas counties and eight Missouri counties, comprise the Kansas City Metropolitan Statistical Area with a population of approximately 1.8 million.

According to the U. S. Census Bureau, Wyandotte County's estimated population for 2010 was 157,505. Compared to population trends in the prior decades, the current estimates indicate a more stable population. The median age is 33 versus a national average of 34 years. Approximately, 34.5 percent of the population is greater than 45 years old.

In recent years, efforts have been directed toward the development of a 1,600-acre tract of land, located directly northwest of the intersection of Interstate Highways I-70 and I-435. The Unified Government successfully lobbied for special state legislation establishing the boundaries of the Tourism District, now named Village West. State authorized Sales Tax Revenue Bonds (STAR Bonds) were used to fund eligible costs within the district for land acquisition, site improvements, streets, utilities, and landscaping. The Unified Government attracted the Kansas Speedway as the economic catalyst for development of this tract using the STAR Bond financing incentive. The speedway project, totaling more than \$280 million, is a 1.5-mile tri-oval on approximately 1,100 acres of land, with 72 luxury hospitality suites and grandstand seating for 82,000. Joining Kansas Speedway at Village West are major destination retailers and entertainment businesses that attracted approximately 10 million visitors and shoppers in 2010. The initial anchor businesses and attractions include: Cabela's, World's Foremost Outfitter, Nebraska Furniture Mart, Great Wolf Lodge and Resort and Community America Ballpark, home of the Northern League's Kansas City T-Bones, an independent, minor league baseball team.

Major Initiatives

The Board of Public Utilities is currently working to complete the construction of the Wolcott substation and the Piper West 161kV transmission line to support new development. These new assets will help ensure reliable service to the Kansas Speedway /Village West Tourism District and the new residential housing surrounding the western portion of the county. Several major

developments have recently been announced near the Kansas Speedway Tourism District which include; a \$147 million, 18,000 seat capacity soccer stadium for the Kansas City MLS franchise, Sporting Kansas City Soccer Club, set to open in the summer of 2011. A Hollywood-themed casino overlooking Turn 2 at the Kansas Speedway located near the proposed soccer stadium. The casino proposal calls for 2,300 slot machines, 86 table games, restaurants and bars. The project is expected to open in the June 2012.

The electric utility is also working to upgrade the East Fairfax Substation to increase distribution capacity and improve service to the Fairfax Industrial customers. In 2007, in the Fairfax Industrial district, General Motors began building the newly designed Chevrolet Malibu. The Fairfax plant also began production of the popular Buick LaCrosse in 2009. In 2010, General Motors added a third shift creating an additional 900 jobs and announced they would spend a total of \$136 million to get the Fairfax plant ready for the next-generation Chevy Malibu and a hybrid version of the Buick LaCrosse. Recently, Kellogg's Snack Division, also located in the Fairfax Industrial Park, underwent a \$33 million expansion to manufacture three new product lines.

In October, 2010, The Board of Public Utilities Board approved a proposal to modify electric rates by approximately 7% annually through 2013, and the water rates by approximately 8% in 2010 and 2011 and 7.5% in 2012 and 2013. The increase would result in an overall increase in combined electric and water revenues over 2009 base rates by approximately 7.2% in 2010 and 2011 and 7.1% in 2012 and 2013. Also included was an approval to implement an Environmental Surcharge Rider (ESC) which would recover the BPU's capital investment in projects that are required to meet federal, state or local environmental regulations. The Board also approved changes to the Energy Rate Component (ERC) rider which included reducing the ERC periods from six months to three months. An additional tariff was created for an electric heating rate for the residential class. The rate increases would support a 4 year plan to restore cash reserves and debt service coverage and support a 5 year \$378.9 million dollar capital plan.

Long Term Financial Planning

BPU's goals for the future include meeting the needs of the community as development continues within the county. BPU utilizes a five-year capital improvement program to prioritize projects, which will be scheduled over a number of years as financial resources are available. The electric capital improvement plan identifies approximately \$320.0 million in generation, transmission, and distribution projects; of which \$40 million is for environmental upgrades to two coal fired plants. Approximately \$206.5 of the \$320.0 million is expected to be bond financed. The water capital improvement plan identifies approximately \$58.9 million in projects, of which \$45.2 million are projected to be bond financed.

On May 4, 2011, the Board of Public Utilities issued Utility Improvement and Refunding Revenue Bonds in the amount of \$90 million for improvements to the Electric and Water utility systems.

GFOA Certificate of Achievement Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Kansas City Board of Public Utilities for its comprehensive annual financial report for the year ended December 31, 2009. This was the twenty-ninth consecutive year that the BPU received this prestigious award.

In order to be awarded a Certificate of Achievement, BPU must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe this 2010 comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for a certificate for the thirtieth consecutive year.

Acknowledgements

In closing, I would like to thank the Accounting staff for their efforts in preparing and providing the financial information. Special thanks to David Mehlhaff, Public Affairs Officer, in coordinating the comments for the President's and General Manager's messages.

Respectfully submitted,

A handwritten signature in cursive script that reads "Lori C. Austin".

Lori C. Austin
Manager of Accounting & Finance/
Chief Financial Officer
May 4, 2011

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Kansas City Board of Public Utilities, Kansas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

PRESIDENT'S MESSAGE

The Kansas City Board of Public Utilities (BPU), a not-for-profit municipal utility, is committed to offering quality dependable electric and water services at the lowest possible price, as we have for the last 100 years.

Despite on-going economic uncertainty affecting the region and the country in 2010, BPU continued looking to the future, working to improve efficiencies, reducing costs, supporting community partners, meeting and preparing for future customer growth, and continuing outreach efforts with BPU customers to ensure open and transparent communications.

Like many other businesses, BPU experienced a number of obstacles over the last 12 months, including lower demand for energy, volatile fuel costs, fluctuating wholesale energy costs, and abnormally cooler and wetter weather. Despite these challenges, BPU achieved its 2010 goals.

Moreover, the utility's long-standing commitment to excellence continued this past year, when BPU and its staff were recognized for their industry leadership, skills, and professionalism. This included several notable recognitions and distinctions, including First Place in an industry Water Tasting Contest and several First Place awards in operator/technical skill competitions. Moreover, BPU General Manager Don Gray was the recipient of the 2010 Richard Porter Service Award, prestigious industry recognition, for his leadership and commitment to the public water profession and the community it serves.

In addition, BPU is still one of the few utilities nationwide to receive the Reliable Public Power Provider (RP3) designation, and is only one of seven in the country to have previously received the "Gold" award for its water system.

In 2010, the BPU Board adopted several proposed adjustments to electric and water base rates, as well as an environmental surcharge (ESC) to meet future revenue requirements for the utility. The process was deliberative and transparent, with the 2010 adjustments affecting residential customer's electric and water bills by little more than a dime a day.

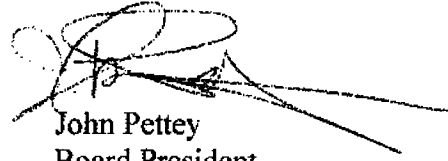
These adjustments were undertaken to allow for long-delayed electric and water system capital improvement projects, to meet industry standards for operating reserves and debt coverage, and to improve overall cash flow management.

BPU will undertake a number of key initiatives over the next 12 months, advancing the utility's focus on customer service, updating its aging infrastructure, and improving internal and external communications with customers, associates and its elected Board.

The utility continues working today to meet the electric and water needs of the community tomorrow. While challenges remain for the community and the utility, BPU associates have accomplished much and will continue to do so – and I am proud of their efforts.

BPU continually strives to remain one of the top-ranked public utilities in the country, and its associates and Board remains committed to improving the quality of life in the communities we serve – in 2011 and beyond.

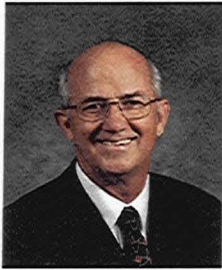
Sincerely,

A handwritten signature in black ink, appearing to read 'John Pettey', with a long horizontal flourish extending to the right.

John Pettey
Board President
May 4, 2011

Board of Directors – 2010

The Board of Directors is composed of six members, three of whom are elected at large and three of whom are elected by district. Every two years three members are elected for four-year terms. The Board chooses a president, vice president, and secretary from its own membership. The Board meets twice a month, on the first and third Wednesdays. Members receive a monthly salary of \$950. The treasurer of the Unified Government of Wyandotte County/Kansas City, Kansas is the ex-officio treasurer of the Board. The Board is charged with the duty to hire a General Manager, who serves as BPU's chief executive officer, and who administers the day-to-day operations of the utility.



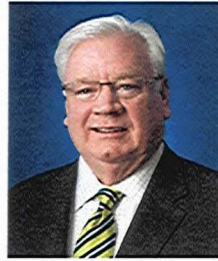
John M. Pettey
President
Member, Third District
Elected 1995-1999
Re-elected 1999-2003
Re-elected 2003-2007
Re-elected 2007-2011

Mr. Pettey currently serves as President of the Board and has served as President in 2001-2002 and Secretary from 2005-2007.

A life-long resident of the Turner area, Mr. Pettey is semi-retired from the real estate and insurance business. He is a substitute teacher in the Turner School District and manages several properties. In addition, he is active in the Turner Lions Club, on the board of United Way's Tri-County Smart Start program and President of the Argentine Activities Association.

He is Past President of the Independent Insurance Agents of Kansas City, Kansas. He was also an officer of the Wyandotte County Parks Board and Past President of the Argentine Breakfast Club.

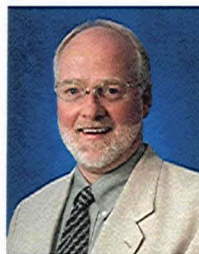
He attended Ottawa University and Washburn University.



Terry Eidson
Vice President
Member, at Large
Elected 2007-2011

Mr. Eidson is a life-long resident of Wyandotte County and local business leader. He and his wife Aileen have owned and operated Eidson's Florist and Travel for 39 years.

Mr. Eidson attended Washington High School, Kansas City Kansas Community College and the University of Kansas. He served four years in the Kansas Air National Guard, and worked as an elementary school teacher before taking over the family business in 1970. In 2009, he was appointed a member of the American Public Power Association's (APPA) Policy Maker's Council. He has served in leadership roles in various industry organizations, and has been on the board of directors of the Wyandotte County Fair, the KCK Chamber of Commerce, the KCK YMCA and Children and Family Services. He has served on the board of directors of two local banks, Wyandotte County Bank and First Community Bank for over 30 years..



David Alvey
Secretary
Member at Large
Elected 2009-2013

Mr. Alvey is the fifth generation of his family to live in Wyandotte County. He is the Dean of Students of Rockhurst High School. Mr. Alvey also served on the Planning and Zoning Commission of the Unified Government. He taught U.S. history at Rockhurst High School and served as Program Director of the Student Support Program in Marin County, California.

Mr. Alvey graduated from Savior of the World High School and attended Rockhurst College before graduating Summa Cum Laude in Philosophy and Letters from St. Louis University.

Board of Directors – 2010 – (continued)

David and his wife Ann Marie are the parents of five children: Juliana, Christiana, Joseph, Mariana and Analisa.



Loretta M. Colombel
Member, Second
District
Appointed 1998-1999
Elected 1999-2001
Re-elected 2001-2005
Re-elected 2005-2009
Re-elected 2009-2013

Ms. Colombel served as President of the Board in 2009-2010. In 2002, she was appointed to the Policy Makers' Council of the American Public Power Association's (APPA) and served as the organization's chair in 2007-2008.

In 2001 Ms. Colombel graduated from the FBI's Citizen's Academy. She is past President and co-founder of Wyandotte Countians Against Crime (WCAC), a former neighborhood organizer for the Regional Prevention Center, and was a member of Kansas City Kansas Chamber of Commerce Board of Directors. She owned a small business in downtown Kansas City, Kansas for several years, and also worked for Liveable Neighborhoods Task Force as a neighborhood organizer.

She attended Bishop Ward High School before moving to New Orleans, where she graduated from East Jefferson High School and attended Tulane University.

Her husband is William Epperheimer, past publisher of the Kansan newspaper and current President & CEO of the Wyandotte Health Foundation. She is the mother of two sons, Keith and Mark.



Mary L. Gonzales
Member at Large
Elected 2001-2005
Re-elected 2005-2009
Re-elected 2009-2013

Ms. Gonzales served as President from 2005 to 2007. She also served previously as Vice President and Secretary of the Board.

Ms. Gonzales retired from teaching school in 2006 after a 33-year career. For many of those years she was an eighth-grade language arts teacher at Piper Middle School.

Besides her BPU Board and other community activities, she serves on the Board of Directors of El Centro and City Vision Ministries. She also is active in the Ball Family Center Charter Advisory Council of the YMCA, and is a member of the American Public Power Association and the American Water Works Association.

A graduate of Leadership 2000, she was also District 5 Coordinator in the successful effort to consolidate the Wyandotte County/city governments, and served on the advisory board of the Wyandotte County Library. In addition, she is past President of Delta Kappa Gamma International Educational Society.

Ms. Gonzales has a Bachelor of Arts degree in Education from the University of Montevallo in Montevallo, Alabama, and a Master's degree in Curriculum and Instruction from Emporia State University.

Mary is married to John Mendez and has three sons and two step-daughters.

Board of Directors – 2010 – (continued)



**Robert L. Milan, Sr.
Member, First District
Elected 1991-1995
Re-elected 1995-1999
Re-elected 1999-2003
Re-elected 2003-2007
Re-elected 2007-2011**

Mr. Milan also served as President of the Board from 1995 to 1997, in 2002-2003, and in 2007-2008. In 2007, BPU recognized Mr. Milan's dedication to the utility by naming a new Water Division facility in his honor, the Robert L. Milan, Sr. Pump Station and Reservoir.

Mr. Milan worked at the U.S. Department of Labor for 32 years, retiring as a Federal Representative. He is active in the Northeast Optimist Club and NAACP. In 2001 he served as State President of AARP. He is past President of AFGE Local No. 1748, a government employees' union, and served as Secretary of the Kansas City, Kansas-Wyandotte County Port Authority. Mr. Milan is also a past Vice President of Turner House Inc.

Mr. Milan received the Annual Community Leadership Award from Saint Peter Christian Methodist Episcopal Church in 2007. The Kansas City Globe selected him as one of the 100 Most Influential People in 1998, and Grinter Heights Neighborhood Association voted him "Man of the Year" in 1993. He received the E.A. Freeman Humanitarian Award from the NAACP, KCK branch in 2003. Mr. Milan also received the Distinguished Service Award from the TWA Black Caucus in 1982.

A native of Kansas City, Kansas, he owned Milan's Roller Arena and Bowling establishment for many years. Mr. Milan is a Sumner High School graduate and attended Kansas City Kansas Community College, the University of Kansas extension, Donnelly College, the University of Colorado, Temple University and Pioneer College.

GENERAL MANAGER'S MESSAGE

The Kansas City Board of Public Utilities (BPU) has been providing quality utility service to the community and residents of Wyandotte County since 1909. Today, BPU services nearly 65,000 commercial, industrial, and residential customers over a 150 sq. mile area. While times have changed, BPU's primary mission remains the same as it has always been, offering quality, dependable services at the lowest possible price.

BPU is recognized as one of the top public utilities in the nation. One of only seven of the more than 2,000 public utilities nationally to receive a "Gold" award for its water system in 2007, and one of only 83 nationwide to receive the Reliable Public Power Provider (RP3) designation. In 2009 BPU became the first utility in Kansas and the Kansas City Metropolitan area to receive the EPA Partnership for Safe Drinking Water Directors Award.

In 2010, BPU undertook a number of key initiatives, while successfully accomplishing a number of important financial, capital, strategic, and communications goals and objectives. This included, among other things:

- One of the major accomplishments this year was the completion of our comprehensive Cost of Service and Rate Design Study completed by Black and Veatch, a global engineering and consulting company. Critical forecasting of the revenues needed to maintain BPU's electric and water operations through 2014 was the primary focus. Multiple presentations were made to civic, industrial/commercial, and neighborhood groups and the utility worked closely with intervening groups over many months before approving the financial plan.
- The adoption of proposed adjustments to electric and water base rates, as well as an environmental surcharge component (ESC) rider, to meet future revenue requirements for environmental impacts to the utility was approved by our Board of Directors. While increases will vary among customer groups based on cost of service and usage levels, an overall 7 percent increase in electric base rates was approved effective July 1, 2010, and an overall 7 percent increase will apply in 2011, 2012, and 2013. The utility estimated that the 2010 adjustment of 7 percent would increase the average residential electric customer's bill by \$4.42 a month in 2010, a little more than a dime a day.

The BPU Board also adopted an 8 percent increase in the water base rate effective July 1, 2010, 8 percent for 2011, and a 7.5 percent increase in 2012 and 2013. The utility estimated the average residential customer's water bill would increase \$3.42 a month in 2010, and approximately \$3.25 a month in the remaining years. This equals approximately a dime a day.

These adjustments, and the accompanying cost of service study, were undertaken for various reasons, including:

1. Improving BPU operating reserves to meet financial policies and industry standards by 2014.
2. Improving cash flow to remove negative outlook on current credit rating so BPU can issue debt for capital projects at a reasonable rate.
3. Supporting much-needed capital improvements and replacing an aging infrastructure. BPU's over 50 year old electric system needs \$250 million in improvements while the 100-year old water distribution system needs more than \$60 million in upgrades.

Additional key initiatives include:

- BPU signed a 25-year purchase power contract with Bowersock Mill and Power Company (BMPA) for hydroelectric power. With our existing hydro, landfill, and wind, our renewable energy contracts total more than 15% renewable energy which is above the State renewable energy requirement of 10%. Even though municipal utilities are exempt from this requirement, BPU is voluntarily compliant.
- BPU launched the Energy Smart Home program in partnership with Unified Government in 2010. To date, the utility has received 500 inquiries and approved 265 homeowners for this program which provides no interest loans for audit approved energy improvements.
- The electric utility added 1.5 MW of landfill gas to its renewable portfolio in 2010.
- Staff reviewed, engineered and completed a number of key community projects such as The Children's Campus, several businesses at Plaza Speedway, the Liberty Fruit Plant expansion, the PQ Corporation plant expansion, the Proctor & Gamble plant expansion, and 78th Street widening project.
- BPU provided engineering services for construction of a 12" main from 142nd and State to the city of Tonganoxie, Kansas for providing wholesale water.
- The utility initiated construction of the new Wolcott electric substation. This will support growth in the northwest section of our service territory and most importantly, provide redundancy for the Piper/Wolcott community.

- BPU utilized \$485,000 of State and Tribal Assistance Grant (STAG) funds to upgrade aging water infrastructure.
- BPU undertook a large water meter replacement program in 2010. The estimated results of this program indicated an increase of metered sales and decrease of water losses at approximately 400 million gallons.
- The utility undertook several new communication initiatives, including major improvements to its website, its BPU Connection newsletter, and other outreach efforts to customers.

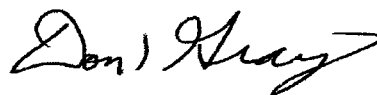
While BPU accomplished a number of goals and key objectives in 2010, one of the most important was controlling spending and building financial reserves. Over the last several years, the number of utility employees was reduced, capital projects were delayed, and efforts were put in place to cut costs and improve efficiencies. These efforts were successful, and as a consequence, the utility was able to improve its financial position.

As a result of stabilizing our liquidity, improvements are now beginning in upgrading aging infrastructure for the utility. In addition, a number of electric and water capital projects that have previously been delayed will now begin construction in 2011. While there are a number of challenges facing our organization, and our region, I believe we are better prepared than we've ever been in recent years to address these issues.

BPU remains committed to providing reliable and affordable utility services for our customers, while improving the quality of life in Wyandotte County. Working with the community and its customers, BPU looks forward to another 100 years of quality utility service to the region.

For more information about BPU, please visit our Web site at www.bpu.com.

Sincerely,



Don L. Gray
General Manager
May 4, 2011

Senior Management – 2010

Don L. Gray General Manager

Don Gray has worked at BPU for more than 40 years. Before being appointed General Manager of the utility in 2006, he was Manager of Water Operations.

In the late 1990s he led the research, design and construction of the Nearman Water Treatment Plant with its state-of-the-art horizontal collector well, the largest alluvial well of its kind in the U.S. The plant opened in 2000. He has also served on various task forces and committees at the utility, including the Leadership Team for the BPU Strategic Plan.

In 2005, Mr. Gray was awarded the prestigious George Warren Fuller Award from the American Water Works Association (AWWA). The award recognizes Mr. Gray's long career and management of the BPU Water Utility and his leadership role in AWWA. Recently Mr. Gray was the recipient of The Richard Porter Service Award from the Kansas Section of the American Water Works Association.

This prestigious industry award recognized him for his leadership and commitment to the public water profession and the community it serves.

He also serves on the board of the Kansas City Kansas Chamber of Commerce and is Co-Chair of the Chamber's Economic Infrastructure Committee. He is also a member of the American Public Power Association and Kansas Municipal Utilities.

Seventeen years ago Mr. Gray turned his favorite recreational activity into a way to aid local children when he helped establish the BPU Charity Golf Tournament. Since then the tournament has raised over \$300,000 for various children's charities in Wyandotte County.

Mr. Gray has bachelor's degrees in chemistry and microbiology. In 2003 he earned his M.B.A. from the University of St. Mary. Gray lives in Kansas City, Kansas. He is married to Cindy Gray and has two grown children.

**Lori C. Austin, Manager
Accounting and Finance/CFO**

**Darrell D. Dorsey, Manager
Electric Production & Supply**

**James A. Epp, Manager
Water Operations and Acting Chief
Administrative Officer**

**Johnetta M. Hinson, Acting Manager
Customer Services**

**William A. Johnson, Manager
Electric Operations**

**Nanette M. Wolf, Manager
Purchasing and Supply**

Executive Staff and Department Heads 2010

Robert D. Adam, Director
Electric System Control

Laurie D. Brough, Director
Administrative Services

Patrick J. Cassidy, Director
Environmental Services

Samuel W. Deleon, Director
Human Resources

Blake L. Elliott, Director
Electric Supply Planning

John D. Frick, Director
Electric Production Engineering

Stephen E. Green, Director
Water Distribution

Durward M. Johnson, Director
Water Processing

Michael D. Kline, Director
Electric Transmission & Distribution

David E. Mehlhaff
Public Affairs Officer

Patrick J. Morrill, Director
Electrical Engineering

Hoang H. Nguyen, Director
Electric Production Operations

Randal J. Otting, Director
Accounting

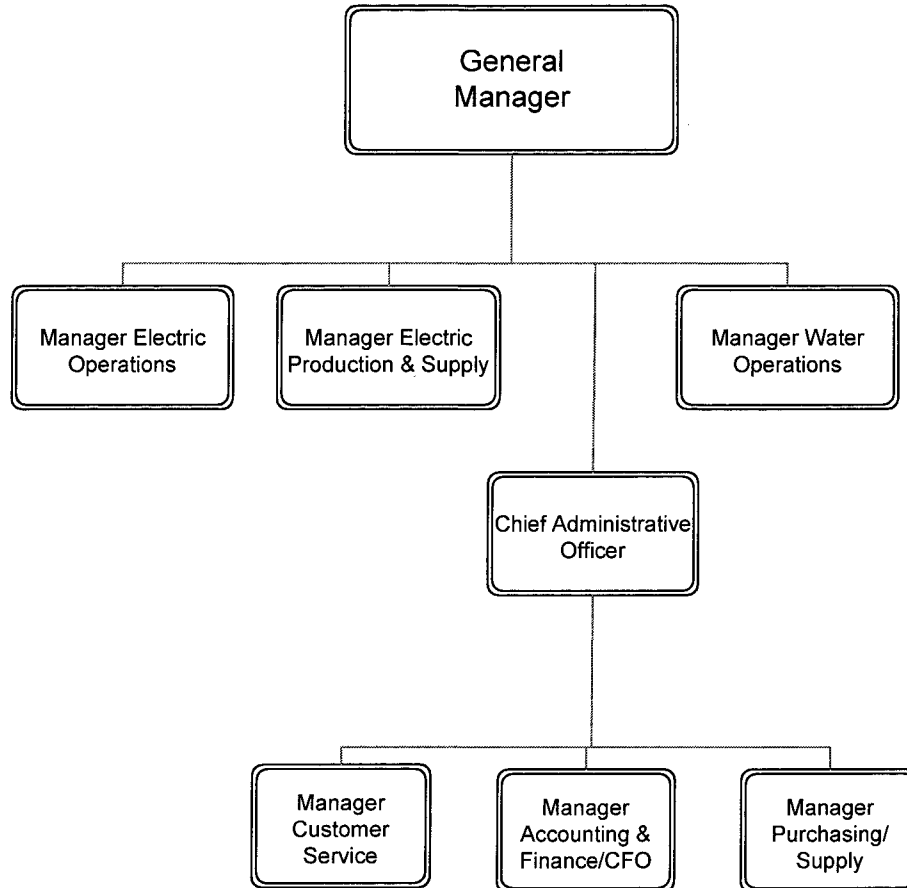
Paul M. Pauesick, Director
Information Technology

Dong T. Quach, Director
Electric Production Maintenance

Chris D. Stewart, Director
Civil Engineering



Kansas City Board of Public Utilities 2010 Organizational Chart

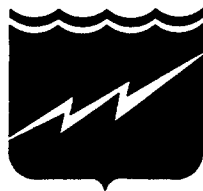


Accounting Civil Engineering Construction / O & M Customer Service Electric Metering & Services Electric Production Engineering Electric Production Maintenance Electric Production Operations Electric System Control Electric Transmission & Distribution	Electrical Engineering Employee Relations Employment Environmental Services Grounds Maintenance Information Technology Marketing Operations OH / UG Lines Planning Production Support Services	Purchasing Radio / Telecom & Cable Stores Street Lights Substations Traffic Signal Transportation Water Distribution Water Processing Water System Support
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FINANCIAL SECTION





KPMG LLP
Suite 1000
1000 Walnut Street
Kansas City, MO 64106-2162

Independent Auditors' Report

The Board of Directors
Board of Public Utilities:

We have audited the accompanying balance sheets of the Board of Public Utilities of Kansas City, Kansas (the BPU) as of December 31, 2010 and 2009, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the BPU's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the *Kansas Municipal Audit Guide* (the Guide); and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the BPU's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in note 1 to the financial statements, the financial statements present only the BPU enterprise fund and do not purport to, and do not, present fairly the financial position of the Unified Government of Wyandotte County, Kansas City, Kansas as of December 31, 2010 and 2009, and the changes in its financial position for the years then ended, in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board of Public Utilities of Kansas City, Kansas as of December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2011 on our consideration of the BPU's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report

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("KPMG International"), a Swiss entity.

is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The accompanying management's discussion and analysis on pages 3 through 9 and schedules of funding progress on pages 43 and 44 are not a required part of the financial statements, but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on the information.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The additional combining information on pages 45 to 47 is presented for the purpose of additional analysis and is not a required part of the financial statements. This additional combining information is the responsibility of the BPU's management. Such information has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

KPMG LLP

Kansas City, Missouri
May 4, 2011

BOARD OF PUBLIC UTILITIES
Management's Discussion and Analysis
December 31, 2010 and 2009

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Board of Public Utilities of Kansas City, Kansas (BPU's) financial statements. The BPU's financial statements are comprised of two components: 1) financial statements and 2) notes to the financial statements. The last report contains other supplementary information in addition to the financial statements.

Financial Statements

The financial statements are designed to provide readers with a broad overview of the BPU's finances in a manner similar to a private-sector business.

The balance sheet presents information on BPU's assets and liabilities, with the difference between the two reported as net assets. Over time, increases/decreases in net assets may serve as a useful indicator of whether the financial position of the BPU is improving/deteriorating.

The statement of revenues, expenses, and changes in net assets presents information showing how BPU's net assets changed during the most recent fiscal year. All changes in net assets are reported as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused vacation leave).

Notes to the Financial Statements

The notes provide additional information essential to a full understanding of the data provided in the financial statements.

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the BPU's progress in funding its obligation to provide pension and postretirement benefits to its employees.

The combining statements for the BPU's electric and water utilities are presented immediately following the required supplemental information.

The BPU is an administrative agency of the Unified Government of Wyandotte County/Kansas City, Kansas (Unified Government).

The electric and water departments are reflected as an enterprise fund on the Unified Government's financial statements consisting of the balance sheet; statement of revenues, expenses, and changes in net assets; and statement of cash flows. This management's discussion and analysis of the BPU's financial report presents the discussion and analysis of the BPU's financial performance for the years ended December 31, 2010, 2009, and 2008. This analysis should be read in conjunction with the financial statements and notes thereto.

BOARD OF PUBLIC UTILITIES
Management's Discussion and Analysis
December 31, 2010 and 2009

The following tables summarize the financial condition and operations of the BPU as of and for the three years ended December 31, 2010:

Balance Sheet Summary			
Assets	2010	2009	2008
Capital assets, net	\$ 678,544,095	689,463,474	694,016,598
Current assets	112,618,650	103,573,718	104,154,283
Other noncurrent assets	46,948,255	50,670,407	15,808,449
	<u>\$ 838,111,000</u>	<u>843,707,599</u>	<u>813,979,330</u>
Liabilities and Net Assets			
Noncurrent liabilities	\$ 378,632,840	397,341,546	347,896,788
Current liabilities	52,729,788	56,430,139	51,705,139
Net assets:			
Invested in capital assets, net of related debt	331,826,542	337,549,624	355,442,301
Restricted	50,980,822	55,170,663	15,508,357
Unrestricted	23,941,008	(2,784,373)	43,426,745
	<u>\$ 838,111,000</u>	<u>843,707,599</u>	<u>813,979,330</u>

BOARD OF PUBLIC UTILITIES
Management's Discussion and Analysis
December 31, 2010 and 2009

Statements of Revenues, Expenses, and Changes in Net Assets Summary

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Operating revenues:			
Residential	\$ 72,383,530	67,889,344	69,179,353
Commercial	74,233,899	76,989,419	77,719,820
Industrial	44,277,063	45,520,902	46,366,895
Other	33,932,880	32,001,538	45,392,688
Deferred energy rate component	12,332,254	(12,332,254)	—
Payment-in-lieu of taxes	27,831,160	21,540,269	17,562,272
Total operating revenues	<u>264,990,786</u>	<u>231,609,218</u>	<u>256,221,028</u>
Operating expenses:			
Fuel	46,978,748	55,908,459	47,541,866
Purchased power	17,546,696	16,578,449	34,093,683
Production	39,921,775	43,575,355	42,954,525
Transmission and distribution	37,287,338	34,548,626	34,655,585
General and administrative	29,900,838	34,518,980	30,965,312
Depreciation and amortization	31,705,944	31,986,166	31,291,634
Total operating expenses	<u>203,341,339</u>	<u>217,116,035</u>	<u>221,502,605</u>
Operating income	<u>61,649,447</u>	<u>14,493,183</u>	<u>34,718,423</u>
Nonoperating income (expense):			
Interest income	262,206	346,110	1,038,169
Interest expense	(18,223,785)	(19,057,478)	(15,168,395)
Payment-in-lieu of taxes	(27,831,160)	(21,540,269)	(17,562,272)
Other	654,862	1,107,000	(660,872)
Total nonoperating expense, net	<u>(45,137,877)</u>	<u>(39,144,637)</u>	<u>(32,353,370)</u>
Contributions and transfers:			
Contributions from developers and others	<u>300,888</u>	<u>209,965</u>	<u>1,466,171</u>
Change in net assets	<u>\$ 16,812,458</u>	<u>(24,441,489)</u>	<u>3,831,224</u>
Total revenue	\$ 265,907,854	233,062,328	257,259,197
Total expense	249,396,284	257,713,782	254,894,144

Financial Highlights

2010 Compared to 2009

- The board of directors for the BPU approved increases in electric and water rates charged to customers as well as an Environmental Surcharge and revised the Energy Rate Component. Electric rates were approved for implementation and to be increased 7% in 2011 and 7% in each of the next two years. Water rates were approved for implementation and to be increased 8% in 2011 and 7.5% in each of the next two years.

BOARD OF PUBLIC UTILITIES

Management's Discussion and Analysis

December 31, 2010 and 2009

- Net capital assets decreased by \$10.9 million in 2010.
- Debt service coverage ratio for 2010 increased to 2.78 times in comparison with 1.39 for the year ended 2009.
- Other noncurrent assets decreased by \$3.7 million in 2010; this decrease is primarily related to the outstanding construction funds related to the 2009 bond issuance.
- Noncurrent liabilities decreased by \$18.7 million during 2010; the decrease is primarily related to the payment of principal and interest during the current period.
- Net assets increased by \$16.8 million during 2010.

In 2010, the BPU issued \$32.2 million of Utility System Refunding Revenue bonds. The bond proceeds were used to refund all of the 1992 Current Interest Bonds (\$1,150,000), all of the 1999 System Revenue Bonds (\$15,975,000), and a portion of the 1998 System Revenue Bonds (\$15,565,000).

In 2010, the BPU's operations performed above budget in overall revenues. The BPU's revenues were approximately \$265 million, with the Electric Utility recognizing revenues of \$225.9 million and the Water Utility recognizing revenues of \$39.1 million. The average number of customer accounts remained stable from the prior year.

Electric and water rates were revised to be increased in July 2010 to accomplish the following:

- Improve BPU operating reserves and financial metrics needed to maintain BPU's credit rating
- Improve cash flow
- Support capital improvements

The BPU's total operating revenue increased by approximately \$33.4 million to \$265.0 million in 2010. The Electric Utility experienced increased electric sales of \$29.0 million compared to 2009. The increase can be attributed to the 7% rate increase that was implemented in July. In addition, approximately \$12.3 million in revenue was recognized due to the over collection of the Energy Rate Component in 2009. The Water Utility experienced increased water sales of \$4.4 million compared to 2009. The increase in water sales was principally due to seasonably warm summer period and an 8% rate increase that was also implemented in July. In addition, payment-in-lieu of taxes (PILOT) increased 12.8% from 9.9% in 2010. In comparison to the 2010 budgeted revenue, overall, the BPU collected 105% of the projected revenue.

Operating expenses for 2010 and 2009 were approximately \$203.3 million and \$217.1 million, respectively. The Electric Utility represented \$174.5 million and \$187.3 million for 2010 and 2009, respectively, while the Water Utility represented \$28.8 million and \$29.8 million for 2010 and 2009, respectively, in operating expenses. The largest component of operating expenses is production, fuel, and purchased power expense. Overall, in 2010, production, fuel, and purchased power costs decreased by \$11.6 million, which was \$1.2 million under the 2010 budget. In 2010, the BPU deferred \$5.5 million in expenses due to the under collection of the Energy Rate Component. In 2009, the BPU recognized \$6.7 million of deferred expenses from the 2008 under collection of the Energy Rate Component. The BPU's power supply mix for fiscal years 2010 and 2009 was 67% and 70% coal, 25% and 25% net power purchases, 5% and 3% gas, and 3% and 2% oil, respectively.

BOARD OF PUBLIC UTILITIES
Management's Discussion and Analysis
December 31, 2010 and 2009

2009 Compared to 2008

- Net capital assets decreased by \$4.6 million in 2009.
- Debt service coverage ratio for 2009 decreased to 1.39 times in comparison with 2.01 for the year ended 2008.
- Other noncurrent assets increased by \$34.9 million in 2009; this increase is primarily related to the outstanding construction funds related to the 2009 bond issuance.
- Noncurrent liabilities increased by \$49.4 million during 2009; the increase is primarily related to the issuance of \$57.5 million of Utility System Improvement Revenue Bonds.
- Net assets decreased by \$24.4 million during 2009.

In 2009, the BPU issued \$57.5 million of Utility System Improvement Revenue bonds. The bond proceeds were used to fund electric transmission, distribution, production projects, and certain water projects. At December 31, 2009, the related construction fund had approximately \$37.9 million remaining for future project expenses.

In 2009, the BPU's operations performed below budget in overall revenues. The BPU's revenues were approximately \$231.6 million, with the Electric Utility recognizing revenues of \$196.9 million and the Water Utility recognizing revenues of \$34.7 million. The average number of customer accounts remained stable from the prior year.

The BPU's total operating revenue decreased by approximately \$24.6 million to \$231.6 million in 2009. The decrease was due to lower electric sales, excluding deferred revenue, of \$11.4 million in 2009 over 2008. In addition, approximately \$12.3 million in revenue was deferred due to the over collection of the Energy Rate Component in 2009. The water department experienced decreased water sales of \$900,000 compared to 2008. The decrease in water sales was principally due to an unseasonably cool and wet summer period and a slowing economy resulting in lower water sales from the residential and commercial classes. In comparison to the 2009 budgeted revenue, overall, the BPU collected 84% of the projected revenue.

Operating expenses for 2009 and 2008 were approximately \$217.1 million and \$221.5 million, respectively. The Electric Utility represented \$187.3 million and \$192.8 million for 2009 and 2008, respectively, while the Water Utility represented \$29.8 million and \$28.7 million for 2009 and 2008, respectively, in operating expenses. The largest component of operating expenses is production, fuel, and purchased power expense. Overall, in 2009, production, fuel, and purchased power costs were \$8.5 million lower than 2008, and under the 2009 budget by \$17.4 million. Likewise, the largest decrease in expenses in 2009 was within purchased power of \$17.5 million. The unseasonably mild year resulted in less demand for energy resulting in lower than anticipated fuel and purchased power costs. In 2009, the BPU recognized \$6.7 million of deferred expenses from the 2008 under collection of the Energy Rate Component. The BPU's power supply mix for fiscal years 2009 and 2008 was 70% and 56% coal, 25% and 39% net power purchases, 3% and 3% gas, and 2% and 2% oil, respectively.

BOARD OF PUBLIC UTILITIES
Management's Discussion and Analysis
December 31, 2010 and 2009

Capital Assets and Debt Administration

Capital Assets

2010 Compared to 2009

Net capital assets decreased by \$10.9 million in 2010. Capital asset additions were offset by approximately \$31.7 million of depreciation and amortization expense.

Refer to note 4 to the financial statements for additional information.

2009 Compared to 2008

Net capital assets decreased slightly by \$4.6 million in 2009. Capital asset additions were offset by approximately \$32.0 million of depreciation and amortization expense.

Refer to note 4 to the financial statements for additional information.

Debt Administration

2010 Compared to 2009

Noncurrent liabilities outstanding as of December 31, 2010 and 2009 were \$378.6 million and \$397.3 million, respectively. In 2010, the BPU issued approximately \$32.2 million of Utility System Refunding Revenue Bonds. The bond proceeds were used to refund all of the 1992 Current Interest Bonds (\$1,150,000), all of the 1999 System Revenue Bonds (\$15,975,000), and a portion of the 1998 System Revenue Bonds (\$15,565,000).

The BPU maintains a debt ratio that is consistent with the current provisions in the bond indenture document. This debt service ratio is a measure of the adequacy of cash to pay debt service and is the minimum amount necessary to prevent bond default. The BPU must maintain debt coverage of 1.2. The coverage requirement imposed by the bond indenture is that operating revenues be at least 120% of the maximum annual debt service. The BPU also has a mandatory provision in its bond indentures for a debt service trigger when debt coverage is 1.3 times or below the annual debt service payment amounts.

As of December 31, 2010 and 2009, the BPU had debt coverage of 2.78 times and 1.39 times, respectively. The increase in debt coverage for 2010 was the recognition of \$12.3 million in revenues from the over collection of the 2009 Energy Rate Component, and the increase in the PILOT rate assessed by the Unified Government of Wyandotte County.

The BPU's utility system bonds for both electric and water debt are rated A+ from both Fitch and Standard and Poor's Rating Services and A2 from Moody's Investors Service. The interest rate on the BPU's outstanding debt ranges from 3.0% to 5.95%. Interest on debt expense, net of amounts capitalized, for 2010 and 2009 was \$18.2 million and \$19.1 million, respectively.

Refer to note 5 to the financial statements for additional information.

BOARD OF PUBLIC UTILITIES
Management's Discussion and Analysis
December 31, 2010 and 2009

2009 Compared to 2008

Noncurrent liabilities outstanding as of December 31, 2009 and 2008 were \$397.3 million and \$347.9 million, respectively. The increase of \$49.4 million is primarily due to the issuance of the \$57.6 million Utility System Improvement Revenue Bonds, which was partially offset by the payment of principal and accreted interest during the period.

In 2009, the BPU issued approximately \$57.6 million of Utility System Improvement Revenue bonds. The bonds are to fund approximately \$54.6 million of electric production, transmission, and distribution projects and \$2.9 million of water production projects.

The BPU maintains a debt ratio that is consistent with the current provisions in the bond indenture document. This debt service ratio is a measure of the adequacy of cash to pay debt service and is the minimum amount necessary to prevent bond default. The BPU must maintain debt coverage of 1.2. The coverage requirement imposed by the bond indenture is that operating revenues be at least 120% of the maximum annual debt service. The BPU also has a mandatory provision in its bond indentures for a debt service trigger when debt coverage is 1.3 times or below the annual debt service payment amounts.

As of December 31, 2009 and 2008, the BPU had debt coverage of 1.39 times and 2.01 times, respectively. The drop in debt coverage for 2009 was primarily the result of \$12.3 million in deferred revenues due to the over collection of the Energy Rate Component.

The BPU's utility system bonds for both electric and water debt are rated A+ from both Fitch and Standard and Poor's Rating Services and A2 from Moody's Investors Service. The interest rate on the BPU's outstanding debt ranges from 3.0% to 6.9%. Interest on debt expense, net of amounts capitalized, for 2009 and 2008 was \$19.1 million and \$15.2 million, respectively.

Refer to note 5 to the financial statements for additional information.

BOARD OF PUBLIC UTILITIES

Balance Sheets

December 31, 2010 and 2009

Assets	<u>2010</u>	<u>2009</u>
Noncurrent assets:		
Capital assets:		
Property, plant, and equipment	\$ 1,283,384,053	1,240,405,704
Less accumulated depreciation	<u>(630,354,194)</u>	<u>(601,501,181)</u>
Plant in service, net	653,029,859	638,904,523
Construction work in progress	<u>25,514,236</u>	<u>50,558,951</u>
Capital assets, net	<u>678,544,095</u>	<u>689,463,474</u>
Restricted assets:		
Cash and cash equivalents	3,801,703	4,973,718
Investments	<u>32,259,235</u>	<u>34,463,147</u>
Total restricted assets	36,060,938	39,436,865
Debt issue costs, net	6,725,255	6,693,224
System development costs, net	944,149	786,086
Regulatory assets	<u>3,217,913</u>	<u>3,754,232</u>
Total noncurrent assets	<u>725,492,350</u>	<u>740,133,881</u>
Current assets:		
Cash and cash equivalents	6,525,943	16,604,088
Investments	17,553,784	4,851,030
Cash and cash equivalents – restricted	6,291,042	14,380,638
Investments – restricted	11,974,564	4,623,571
Accounts receivable – customers and other	25,282,742	22,276,804
Accounts receivable – unbilled	8,840,950	8,542,181
Allowance for doubtful accounts	(2,852,695)	(2,060,653)
Inventories	32,335,848	33,908,592
Regulatory assets	5,475,074	—
Prepayments and other current assets	<u>1,191,398</u>	<u>447,467</u>
Total current assets	<u>112,618,650</u>	<u>103,573,718</u>
Total assets	<u>\$ 838,111,000</u>	<u>843,707,599</u>

BOARD OF PUBLIC UTILITIES

Balance Sheets

December 31, 2010 and 2009

Liabilities and Net Assets	2010	2009
	<u> </u>	<u> </u>
Net assets:		
Invested in capital assets, net of related debt	\$ 331,826,542	337,549,624
Restricted – debt service	50,980,822	55,170,663
Unrestricted	<u>23,941,008</u>	<u>(2,784,373)</u>
Total net assets	<u>406,748,372</u>	<u>389,935,914</u>
Liabilities:		
Noncurrent liabilities:		
Long-term debt – revenue bonds:		
Principal	346,258,417	359,538,258
Accreted interest	—	5,412,231
Government loans	19,645,748	20,657,540
Capital lease obligations	<u>74,989</u>	<u>367,952</u>
Total long-term debt and capital lease obligations	365,979,154	385,975,981
Postretirement benefit obligation	2,799,867	2,284,170
Reserve for compensated absences	3,972,000	4,510,000
Pension obligation	<u>5,881,819</u>	<u>4,571,395</u>
Total noncurrent liabilities	<u>378,632,840</u>	<u>397,341,546</u>
Current liabilities:		
Current maturities of revenue bonds	13,935,000	7,951,515
Current maturities of government loans	1,071,373	1,053,360
Current maturities of capital lease obligations	292,964	282,090
Accrued interest	5,936,848	6,153,077
Customer deposits	3,345,722	3,270,412
Accounts payable	14,109,588	12,448,591
Payroll and payroll taxes	2,915,485	2,897,933
Accrued claims payable	6,048,592	5,946,799
Other accrued liabilities	3,087,405	2,605,569
Regulatory liabilities	—	12,332,254
Payment-in-lieu of taxes	<u>1,986,811</u>	<u>1,488,539</u>
Total current liabilities	<u>52,729,788</u>	<u>56,430,139</u>
Total liabilities	<u>431,362,628</u>	<u>453,771,685</u>
Total liabilities and net assets	<u>\$ 838,111,000</u>	<u>843,707,599</u>

See accompanying notes to financial statements.

BOARD OF PUBLIC UTILITIES

Statements of Revenues, Expenses, and Changes in Net Assets

Years ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Residential	\$ 72,383,530	67,889,344
Commercial	74,233,899	76,989,419
Industrial	44,277,063	45,520,902
Other	33,932,880	32,001,538
Deferred energy rate component	12,332,254	(12,332,254)
Payment-in-lieu of taxes	27,831,160	21,540,269
Total operating revenues	<u>264,990,786</u>	<u>231,609,218</u>
Operating expenses:		
Fuel	46,978,748	55,908,459
Purchased power	17,546,696	16,578,449
Production	39,921,775	43,575,355
Transmission and distribution	37,287,338	34,548,626
General and administrative	29,900,838	34,518,980
Depreciation and amortization	31,705,944	31,986,166
Total operating expenses	<u>203,341,339</u>	<u>217,116,035</u>
Operating income	<u>61,649,447</u>	<u>14,493,183</u>
Nonoperating income (expense):		
Interest income	262,206	346,110
Interest expense	(18,223,785)	(19,057,478)
Payment-in-lieu of taxes	(27,831,160)	(21,540,269)
Other	654,862	1,107,000
Total nonoperating expense, net	<u>(45,137,877)</u>	<u>(39,144,637)</u>
Income (loss) before contributions and transfers	16,511,570	(24,651,454)
Contributions and transfers:		
Contributions from developers and others	300,888	209,965
Change in net assets	16,812,458	(24,441,489)
Net assets, beginning of year	<u>389,935,914</u>	<u>414,377,403</u>
Net assets, end of year	<u>\$ 406,748,372</u>	<u>389,935,914</u>

See accompanying notes to financial statements.

BOARD OF PUBLIC UTILITIES

Statements of Cash Flows

Years ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Receipts from customers	\$ 241,869,897	257,587,803
Payments to suppliers	(109,171,636)	(127,223,136)
Payments to employees	(53,929,096)	(55,774,032)
Net cash provided by operating activities	<u>78,769,165</u>	<u>74,590,635</u>
Cash flows used in noncapital financing activities – payment-in-lieu of taxes	(27,332,887)	(21,402,392)
Cash flows from capital and related financing activities:		
Purchases of property, plant, and equipment	(17,970,666)	(24,209,254)
Payments on capital leases	(282,090)	(368,879)
New capital lease obligation	—	—
Issuance of revenue bonds	33,460,668	59,076,239
System development costs	(834,158)	(386,135)
Accounts payable related to capital activities	(88,162)	(2,723,432)
Increase in debt issue cost	(306,993)	(1,956,335)
Payments on revenue bonds	(40,641,515)	(6,736,710)
Payments on government loans	(1,035,122)	(997,005)
Issuance of government loans	41,343	—
Interest paid on utility system debt	(25,531,709)	(24,131,232)
Net cash used in capital and related financing activities	<u>(53,188,404)</u>	<u>(2,432,743)</u>
Cash flows from investing activities:		
Purchases of investments	(96,210,526)	(63,558,532)
Proceeds from sales and maturities of investments	78,360,691	31,657,990
Interest received	262,205	346,108
Net cash used in investing activities	<u>(17,587,630)</u>	<u>(31,554,434)</u>
Net increase (decrease) in cash and cash equivalents	(19,339,756)	19,201,066
Cash and cash equivalents, beginning of year	<u>35,958,444</u>	<u>16,757,378</u>
Cash and cash equivalents, end of year	\$ <u>16,618,688</u>	\$ <u>35,958,444</u>
Components of cash and cash equivalents at end of fiscal year:		
Restricted	\$ 10,092,745	19,354,356
Unrestricted	6,525,943	16,604,088
	\$ <u>16,618,688</u>	\$ <u>35,958,444</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 61,649,447	14,493,183
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	31,705,945	31,986,166
Changes in noncash assets and noncash liabilities:		
Accounts receivable – customers and other, net	(2,512,665)	5,102,278
Inventories	1,572,746	3,897,588
Prepayments and other current assets	(743,933)	1,428,963
Customer deposits	75,311	(176,257)
Accounts payable	1,749,161	(6,891,013)
Payroll and payroll-related liabilities	(520,449)	341,269
Accrued claims payable	101,793	(525,985)
Other accrued liabilities	481,836	(492,778)
Deferred fuel costs and deferred purchased power	(17,807,328)	19,068,402
Pension obligation	1,310,424	4,235,816
Other noncurrent assets, net	1,706,877	2,123,003
Net cash provided by operating activities	\$ <u>78,769,165</u>	\$ <u>74,590,635</u>
Supplemental noncash disclosures:		
Contributions of capital assets from developers	\$ 300,888	209,965

See accompanying notes to financial statements.

BOARD OF PUBLIC UTILITIES

Notes to Financial Statements

December 31, 2010 and 2009

(1) Summary of Significant Accounting Policies

(a) *Description of Business*

The Board of Public Utilities of Kansas City, Kansas (the BPU) consists of the municipal electric and water utility, which provide services to approximately 65,000 electric and 51,000 water customers.

Under Charter Ordinance of the Unified Government of Wyandotte County, Kansas City, Kansas (the Unified Government), the BPU is an administrative agency of the Unified Government and, as such, is a part of the Unified Government's primary government. However, the BPU's operational and administrative control is under a six-member elected board of directors (the Board). The accompanying financial statements represent the combination of only those operations related to the Unified Government's electric and water utility.

(b) *Basis of Accounting*

The BPU accounts for the water and electric utility as an enterprise fund. Significant interdepartmental accounts, including interdepartmental sales, have been eliminated. BPU uses the accrual basis of accounting under which revenues are recognized when earned and expenses are recorded when liabilities are incurred. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 are followed to the extent that those standards do not conflict with, or contradict guidance of, the Governmental Accounting Standards Board (GASB). The BPU also has the option of following subsequent private-sector guidance, subject to this same limitation but does not follow the guidance. In accordance with U.S. generally accepted accounting principles for rate regulated enterprises, certain costs or credits may be recorded as deferred charges or credits when it is probable that future rates established by the Board permit recovery of specific costs or require these credits to be returned to ratepayers. The BPU has applied the provision of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 980, *Regulated Operations*.

Revenues and expenses are classified as either operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with ongoing operations. Operating revenue includes activities that have characteristics of exchange transactions, including charges for services. Nonoperating revenue includes activities that have the characteristics of nonexchange transactions, such as grants, subsidies, and investment income. Operating expenses include the cost of service, payroll, administrative expenses, contractual services, and depreciation. All expenses not meeting the above criteria are classified as nonoperating.

(c) *Estimates and Assumptions*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of fixed assets; allowances for doubtful accounts, fixed assets, inventory, investments, and notes receivable; and reserves for employee benefit

BOARD OF PUBLIC UTILITIES

Notes to Financial Statements

December 31, 2010 and 2009

obligations, environmental liabilities, and other contingencies. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

Investments held by the Employee's Retirement Pension Plan of the BPU are reported at estimated fair value. Securities traded on a national or international exchange, which comprise a substantial majority of total investments, are valued at the last reported sales price at current exchange rates. Investments in real estate investment funds are recorded at market values based upon annual appraisals.

(d) Revenue Recognition

Operating revenues are recognized when electric and water services are delivered to customers. Payment-in-lieu of taxes represent amounts billed and collected by the BPU on behalf of the Unified Government. The BPU remits all such amounts to the Unified Government.

Meters are read and bills are rendered on a cycle basis. Unbilled revenue represents services delivered to customers and not billed at the end of a period. Management accrues estimated delivered amounts each period.

As required by GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, operating revenues reported in the statements of revenues, expenses, and changes in net assets are shown net of discounts and estimated allowances for doubtful accounts.

(e) Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased. Current restricted assets are assets that are scheduled to be disbursed within the year.

(f) Capital Assets

Capital assets are stated at cost to acquire or cost to construct. These costs include payroll-related costs, including pensions and other fringe benefits. When capital assets are disposed, the net book value of assets retired plus the cost of removal, less salvage, is charged against accumulated depreciation with no gain or loss recognized. Repairs and maintenance are charged to maintenance expense. Contributions from developers and others are stated at fair market value at the date donated.

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Notes to Financial Statements

December 31, 2010 and 2009

(g) Depreciation

The BPU depreciates plant and equipment on a composite basis over their estimated useful lives on a straight-line basis. The following composite depreciation rates were used for 2010 and 2009:

	<u>Composite rates</u>	<u>Useful lives (in years)</u>
Production plant	1.67% – 4.00%	25 – 75
Transmission and distribution	1.67% – 6.67%	15 – 75
General plant	2.27% – 10.00%	10 – 44

(h) Interest Capitalization

Interest costs incurred to finance construction work in progress net of interest income from tax-exempt bonds are capitalized. The BPU capitalized \$1.7 million in 2010 and \$1.6 million in 2009.

(i) Accounts Receivable

An estimate is made for the provision for uncollectible accounts based on an analysis of the aged accounts receivable and historical write-offs, net of recoveries. Additional amounts may be included based upon management's evaluation of customer credit risks. Allowances for doubtful accounts totaled \$2.9 million and \$2.1 million in fiscal years 2010 and 2009, respectively.

(j) Inventories

Inventories are stated at the lower of average cost or market (net realizable value) and consist of the following:

	<u>2010</u>	<u>2009</u>
Fuel	\$ 10,305,063	11,859,184
Material and supplies	22,030,785	22,049,408
Total	<u>\$ 32,335,848</u>	<u>33,908,592</u>

(k) Investments

Investments consist of deposits, repurchase agreements, certificates of deposit, money market funds, and U.S. Treasury securities, which are recorded at estimated fair value as determined by market prices. BPU's investment policies are governed by the BPU's Charter Ordinance, management policies, and statutes established by the State of Kansas. Securities are held by BPU's safekeeping agent. Cash deposits are held with banks insured by Federal Depository Insurance Corporation (FDIC) and acceptable collateral is maintained for amounts above FDIC limits, equal to or greater than 102% of the funds deposited at all times.

BOARD OF PUBLIC UTILITIES

Notes to Financial Statements

December 31, 2010 and 2009

(l) *Brushy Creek Coal Company and Liberty Coal Company*

The BPU holds an indirect 50% interest in Brushy Creek Coal Company (BCCC) and a 50% indirect interest in Liberty Coal Company (Liberty). The other 50% interest is indirectly owned by the City of Sikeston, Missouri (Sikeston). BCCC was the owner and operator of a coal mine and related equipment located in Illinois. BCCC discontinued mining operations in 1997. BCCC did not have material operations during the years ended December 31, 2010 and 2009. Upon cessation of operations at BCCC, the BPU became contractually responsible for 50% of asset retirement obligations and for 50% of certain postretirement benefits to mine workers. At December 31, 2010 and 2009, the BPU has recorded an estimated liability of \$3.2 million and \$3.6 million, respectively, within accrued claims payable for its estimated remaining share of these obligations. Funding provided in 2010 for these obligations was \$400,000.

The amounts recorded for the BPU's portion of the asset retirement obligation and the miners' benefits require significant judgment and involve a number of estimates. The BPU has recorded its estimated obligations for each of these items using information currently available to management. These estimates could change significantly over time.

Liberty, a Colorado limited liability company, was formed in 2002 for the purpose of opening a new mine. Western Fuels Illinois, through its ownership of BCCC, owns the land and coal at the mine and has assigned these interests, along with related equipment through a lease agreement, to Liberty. On July 13, 2006, Liberty indefinitely suspended operations. Liberty filed for bankruptcy protection on November 29, 2006 under Chapter 7 of the bankruptcy code. The bankruptcy plan contemplates a liquidation of assets. The bankruptcy trustee is currently evaluating various strategic options, which include, but are not limited to, pursuing potential buyers for Liberty's assets. There can be no assurances that such a buyer will be identified or a sales transaction will be completed.

Based upon information currently available to the BPU, management estimates that claims from Liberty's creditors will exceed its assets. BPU, after consultation with outside legal counsel, believes that in the event the liquidation of Liberty's assets does not provide sufficient funds to satisfy Liberty's outstanding obligations, the unpaid creditors have no recourse to seek amounts from the BPU. In May 2008, the bankruptcy trustee filed a complaint against several defendants, including the BPU, seeking \$4 million to pay the remaining unsecured liabilities. The Bankruptcy Court granted a summary judgment in favor of the BPU and the other defendants. In December 2010, all parties entered into a Settlement Agreement.

On January 27, 2011, the United States Bankruptcy Court for the Southern District of Illinois issued an Order approving the settlement in Adv. No. 08-04045, *Frazier v. Sikeston Board of Municipal Utilities, et al.* The BPU will continue to monitor the bankruptcy proceedings, which are in progress. Management does not believe the ultimate outcome of this matter will materially impact the BPU's financial condition or results of operations.

As of December 31, 2006, the BPU has abandoned its interests in BCCC and Liberty as this term is defined for accounting purposes. In accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, BPU has written off its interests in BCCC and Liberty and recorded a liability for its portion of BCCC obligations that is expected to require funding by the BPU. Total costs based upon an engineering

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Notes to Financial Statements

December 31, 2010 and 2009

study are approximately \$2.47 million and BPU has recorded its 50% share of this estimate. If this estimate changes, BPU will attempt to recover additional amounts owed from its customers. If any amounts are not probable of recovery, they would be charged to operations in the period the estimated change becomes known. The BPU expects to fund this obligation as the work is performed. At this date, the timing of the work is not known and this effort could take several years to complete. The estimated remaining postretirement liability is approximately \$4.3 million, and the BPU has recorded its 50% share of this estimate.

(m) *Customer Deposits*

Customer deposits are moneys that have been collected from customers that are held by the BPU until customer either terminates their service or the customer is in good standing with the BPU for 12 months. The funds are held in an interest-bearing account; after 12 months, the deposit, plus interest, is credited back to the customer.

(n) *Deferred Charges and Amortization*

Costs incurred in the development of computer systems are deferred and amortized over the useful lives of the systems, which are estimated to be three to five years. Debt issuance costs are amortized using the effective interest method over the lives of the related debt.

As discussed in note 1(b), the BPU is subject to the provisions of ASC Topic 980, *Regulated Operations*. Regulatory assets and liabilities are amortized over a set period of time corresponding to the time period permitted and authorized by the Board.

As discussed in note 1(l), the BPU's 50% interest in the future unfunded obligations for retiree medical and mine reclamation costs related to the BCCC mine is included in accrued claims payable in the accompanying balance sheets. These costs have been built into a rate study and are being amortized over 10 years.

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Notes to Financial Statements

December 31, 2010 and 2009

(o) Vacation and Sick Leave

Under the terms of the BPU’s personnel policy, employees are granted vacation and sick leave. In the event of termination, an employee is paid for accumulated vacation days. Employees may carry over, from year to year, a maximum of 80 hours of vacation hours for bargaining unit employees and 120 hours for nonbargaining employees. The liability for accumulated vacation of \$1,123,000 and \$1,205,000 includes current vacation of \$372,400 and \$378,000 at December 31, 2010 and 2009, respectively, which are included in reserve for compensated absences and payroll and payroll tax liabilities in the accompanying balance sheets. Sick leave can be accrued up to 1,760 hours. Employees who resign with at least 15 years of service are paid for 75% of accumulated sick leave. All employees are paid for accumulated sick leave upon retirement or death. The liability for accrued sick leave of \$4,809,000 and \$5,405,000 includes current sick leave of \$1,587,600 and \$1,722,000 at December 31, 2010 and 2009, respectively, which is included in reserve for compensated absences and payroll and payroll taxes in the accompanying balance sheets.

		2010			
		<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>
Sick leave	\$	5,405,000	991,600	(1,587,600)	4,809,000
Vacation		1,205,000	290,400	(372,400)	1,123,000

		2009			
		<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>
Sick leave	\$	5,617,000	1,510,000	(1,722,000)	5,405,000
Vacation		1,142,000	441,000	(378,000)	1,205,000

(p) Net Assets

In the financial statements, equity is displayed in three components as follows:

- Invested in capital assets, net of related debt – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is generally the BPU’s policy to use restricted resources first, then unrestricted resources as they are needed.
- Unrestricted – This consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

BOARD OF PUBLIC UTILITIES

Notes to Financial Statements

December 31, 2010 and 2009

(g) New Accounting Pronouncements

In June 15, 2009, GASB issued GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* (GASB 51). This statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. The BPU has evaluated the standard and determined there was no significant impact on the financial statements.

In June 2008, GASB issued GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB No. 53). This statement is intended to improve how state and local governments report information about derivative instruments, financial arrangements used by governments to manage specific risks or make investments, in their financial statements. The statement specifically requires governments to measure most derivative instruments at fair value in their financial statements. The guidance in this statement also addresses hedge accounting requirements and is effective for the BPU for the year ended December 31, 2010. The BPU has evaluated the standard and determined there was no significant impact on the financial statements.

In June 2010, GASB issued GASB Statement No. 59, *Financial Instruments Omnibus* (GASB No. 59). GASB No. 59 addresses topics relating to the reporting and disclosure of certain financial instruments and external investment pools, and includes some clarifications to GASB No. 53. This statement becomes effective in 2011. The BPU does not believe this statement will have a material impact on its financial statements.

In December 2010, GASB issued GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in the Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB No. 62). GASB No. 62 incorporates into GASB's authoritative literature certain accounting and financial reporting guidance issued on or before November 30, 1989 included in: FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA Committee on Accounting Procedure that do not conflict with or contradict GASB pronouncements. The statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Fund Accounting*, which eliminates the election for business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with GASB pronouncements. This statement becomes effective 2012. The BPU does not believe this statement will have a material impact on its financial statements.

(2) Cash and Investments

Kansas state statutes authorize the BPU, with certain restrictions, to invest in open accounts, time deposits, certificates of deposit, U.S. Treasury notes, and U.S. Agency notes. All deposits with banks are collateralized at 102% of market value, as required by the BPU's Cash and Investment Policy and Kansas state statute, less insured amounts.

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Notes to Financial Statements

December 31, 2010 and 2009

The following represents the BPU's total cash and investments at December 31, 2010 and 2009:

	2010	2009
Cash and certificates of deposit (CDs)	\$ 250,737	432,944
U.S. Treasury	19,053,784	6,351,030
Repurchase agreements	11,051,690	20,871,514
U.S. agency	44,126,005	38,238,793
Money market funds	3,924,055	14,001,911
Total cash and investments	\$ 78,406,271	79,896,192

Cash and investments are included in the following balance sheet accounts at December 31, 2010 and 2009:

	2010	2009
Current assets:		
Cash and cash equivalents	\$ 6,525,943	16,604,088
Investments	17,553,784	4,851,030
Cash and cash equivalents – restricted	6,291,042	14,380,638
Investments – restricted	11,974,564	4,623,571
Noncurrent assets:		
Cash and cash equivalents	3,801,703	4,973,718
Investments	32,259,235	34,463,147
	\$ 54,326,544	58,441,074

(a) Deposits and Investments

The BPU maintains a cash and investment program to pay for operating and capital requirements as well as for debt service requirements. The investment program consists of deposits, repurchase agreements, certificates of deposit, and U.S. Treasury securities. Other investments using U.S. agency and money market fund securities for the debt service program are managed by the bond trustee. Nearly all maturities of securities were less than one year. At December 31, 2010 and 2009, the bank balance and certificates of deposit were \$250,737 and \$432,944, respectively, which were covered by federal depository insurance or collateral held in safekeeping in the BPU's name.

BOARD OF PUBLIC UTILITIES

Notes to Financial Statements

December 31, 2010 and 2009

The fair values, as determined by market prices, of the BPU's cash and investments at December 31, 2010 are as follows:

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities</u>		
		<u>Less than 6 months</u>	<u>6 – 12 months</u>	<u>Greater than 12 months</u>
Cash and CDs	\$ 250,737	250,737	—	—
Repurchase agreements	11,051,690	9,620,929	—	1,430,761
U.S. agency	44,126,005	38,657,868	5,468,137	—
U.S. Treasury Bills	19,053,784	19,053,784	—	—
Money market funds	3,924,055	3,924,055	—	—
Total	\$ <u>78,406,271</u>	<u>71,507,373</u>	<u>5,468,137</u>	<u>1,430,761</u>

The fair values, as determined by market prices, of the BPU's cash and investments at December 31, 2009 are as follows:

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities</u>		
		<u>Less than 6 months</u>	<u>6 – 12 months</u>	<u>Greater than 12 months</u>
Cash and CDs	\$ 432,944	432,944	—	—
Repurchase agreements	20,871,514	19,441,632	—	1,429,882
U.S. agency	38,238,793	24,248,728	13,990,065	—
U.S. Treasury Bills	6,351,030	6,351,030	—	—
Money market funds	14,001,911	14,001,911	—	—
Total	\$ <u>79,896,192</u>	<u>64,476,245</u>	<u>13,990,065</u>	<u>1,429,882</u>

Investment Policy

The BPU has an investment policy that regulates investments in securities that have objectives of safety of principal, liquidity with all investments in U.S. dollars, and investment returns optimized within the constraints of safety and liquidity. Eligible securities are specific to Kansas state statutes and the BPU's bond indenture agreements. All securities owned by the BPU are in conformance with the investment policy.

Credit Risk

Credit risk is the risk that an entity will not be able to honor its commitments in the event of liquidation. The BPU manages credit risk by requiring all investments, including the use of any external investment pools and money market mutual funds, be AAA rated or better by nationally recognized rating agencies. All securities held by the BPU meet the credit quality objective.

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Notes to Financial Statements

December 31, 2010 and 2009

Custody Risk

Custody risk is the risk that, in the event of the failure of the counterparty to a transaction, an entity will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The BPU believes it has no custodial risk. All securities are registered in the name of the BPU and held by a third-party safekeeping agent. Investments in money market mutual funds are not exposed to custodial risk because their existence is not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The BPU has a concentration of credit risk where it holds more than 5% of its investment portfolio in any one security issuer other than U.S. Treasury securities and in investment pools. The following U.S. agency securities held in safekeeping by the BPU's bond trustee are in excess of 5% of total investments as of December 31, 2010:

<u>Issuer</u>	<u>Rating</u>	<u>Amount</u>	<u>Percentage of total portfolio</u>
Federal National Mortgage Association	AAA	\$ 37,482,985	47.81%
Federal Home Loan Bank	AAA	6,643,021	8.47

The following U.S. agency securities held in safekeeping by the BPU's bond trustee are in excess of 5% of total investments as of December 31, 2009:

<u>Issuer</u>	<u>Rating</u>	<u>Amount</u>	<u>Percentage of total portfolio</u>
Federal National Mortgage Association	AAA	\$ 33,966,540	42.51%

Interest Rate Risk

Interest rate risk is the risk that the fair value of the BPU's investments will decrease as a result of the increase in interest rates. The BPU investment policy requires the minimization of the risk of market value change. This is accomplished by structuring the investment portfolio so that fixed income securities mature to meet cash requirements for debt service and other disbursement requirements for ongoing operations and by keeping maturities short.

Foreign Currency Risk

Foreign currency risk is the risk that fluctuations in exchange rates can lead to a loss in value of assets denominated in foreign currencies. The BPU investment policy does not allow for foreign currency denominated investments, and as a result, the BPU has no investments exposed to foreign currency risk. All investments are in U.S. dollars.

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Notes to Financial Statements

December 31, 2010 and 2009

(b) Nonrestricted Designated Assets

Certain cash and investment amounts have been designated by Board policy for specific purposes as follows:

	<u>2010</u>	<u>2009</u>
Economic development fund	\$ 384,000	457,600
Capital debt reduction	3,540,000	3,540,000
Reserve for liability insurance	2,100,000	2,100,000
Rate stabilization fund	11,906,273	11,906,273
System development reserve	4,258,613	3,201,928
Total	<u>\$ 22,188,886</u>	<u>21,205,801</u>

(3) Restricted Assets

Restricted assets were held in the following funds at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Debt service fund	\$ 14,919,883	15,733,797
Customer deposits	3,345,723	3,270,412
Construction funds	34,560,938	37,936,865
Improvement and emergency fund	1,500,000	1,500,000
Total restricted assets	<u>\$ 54,326,544</u>	<u>58,441,074</u>

The BPU is permitted to invest restricted funds in specified types of investments in accordance with its investment policy until the time such funds are required to be disbursed for their designated purposes.

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Notes to Financial Statements

December 31, 2010 and 2009

(4) Capital Assets

Capital asset activity for the year ended December 31, 2010 is as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers/ adjustments</u>	<u>Ending balance</u>
Electric:					
Production plant	\$ 543,735,484	12,804,027	(500,000)	—	556,039,511
Transmission and distribution	283,113,438	12,490,112	(593,893)	(304,685)	294,704,972
General plant	<u>115,410,944</u>	<u>1,825,083</u>	<u>—</u>	<u>1,462</u>	<u>117,237,489</u>
Total electric	<u>942,259,866</u>	<u>27,119,222</u>	<u>(1,093,893)</u>	<u>(303,223)</u>	<u>967,981,972</u>
Water:					
Production plant	121,671,136	8,445,384	—	—	130,116,520
Transmission and distribution	133,984,559	9,058,197	(507,609)	(66,156)	142,468,991
General plant	<u>42,490,143</u>	<u>325,739</u>	<u>—</u>	<u>688</u>	<u>42,816,570</u>
Total water	<u>298,145,838</u>	<u>17,829,320</u>	<u>(507,609)</u>	<u>(65,468)</u>	<u>315,402,081</u>
Property, plant, and equipment	1,240,405,704	44,948,542	(1,601,502)	(368,691)	1,283,384,053
Construction work in progress – not depreciable	<u>50,558,951</u>	<u>19,459,870</u>	<u>—</u>	<u>(44,504,585)</u>	<u>25,514,236</u>
Total capital assets	<u>1,290,964,655</u>	<u>64,408,412</u>	<u>(1,601,502)</u>	<u>(44,873,276)</u>	<u>1,308,898,289</u>
Less accumulated depreciation:					
Electric:					
Production plant	292,537,120	12,240,357	(500,000)	—	304,277,477
Transmission and distribution	166,531,776	8,245,749	(593,893)	—	174,183,632
General plant	<u>51,618,773</u>	<u>4,242,107</u>	<u>—</u>	<u>—</u>	<u>55,860,880</u>
Total electric	<u>510,687,669</u>	<u>24,728,213</u>	<u>(1,093,893)</u>	<u>—</u>	<u>534,321,989</u>
Water:					
Production plant	35,067,215	2,378,601	—	—	37,445,816
Transmission and distribution	30,937,273	2,269,642	(507,609)	—	32,699,306
General plant	<u>24,809,024</u>	<u>1,078,059</u>	<u>—</u>	<u>—</u>	<u>25,887,083</u>
Total water	<u>90,813,512</u>	<u>5,726,302</u>	<u>(507,609)</u>	<u>—</u>	<u>96,032,205</u>
Combined total	<u>601,501,181</u>	<u>30,454,515</u>	<u>(1,601,502)</u>	<u>—</u>	<u>630,354,194</u>
Capital assets, net	\$ <u>689,463,474</u>	<u>33,953,897</u>	<u>—</u>	<u>(44,873,276)</u>	<u>678,544,095</u>

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Capital asset activity for the year ended December 31, 2009 is as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers/ adjustments</u>	<u>Ending balance</u>
Electric:					
Production plant	\$ 541,272,063	5,285,875	(2,830,648)	8,194	543,735,484
Transmission and distribution	275,913,821	8,336,566	(503,258)	(633,691)	283,113,438
General plant	<u>114,485,699</u>	<u>1,211,038</u>	<u>(82,572)</u>	<u>(203,221)</u>	<u>115,410,944</u>
Total electric	<u>931,671,583</u>	<u>14,833,479</u>	<u>(3,416,478)</u>	<u>(828,718)</u>	<u>942,259,866</u>
Water:					
Production plant	114,701,737	7,019,399	(50,000)	—	121,671,136
Transmission and distribution	130,955,966	4,155,548	(1,129,651)	2,696	133,984,559
General plant	<u>42,309,568</u>	<u>277,810</u>	<u>(97,480)</u>	<u>245</u>	<u>42,490,143</u>
Total water	<u>287,967,271</u>	<u>11,452,757</u>	<u>(1,277,131)</u>	<u>2,941</u>	<u>298,145,838</u>
Property, plant, and equipment	1,219,638,854	26,286,236	(4,693,609)	(825,777)	1,240,405,704
Construction work in progress – not depreciable	<u>50,861,021</u>	<u>25,147,507</u>	—	<u>(25,449,577)</u>	<u>50,558,951</u>
Total capital assets	<u>1,270,499,875</u>	<u>51,433,743</u>	<u>(4,693,609)</u>	<u>(26,275,354)</u>	<u>1,290,964,655</u>
Less accumulated depreciation:					
Electric:					
Production plant	283,307,783	12,059,985	(2,830,648)	—	292,537,120
Transmission and distribution	159,139,705	7,895,329	(503,258)	—	166,531,776
General plant	<u>47,534,128</u>	<u>4,167,217</u>	<u>(82,572)</u>	—	<u>51,618,773</u>
Total electric	<u>489,981,616</u>	<u>24,122,531</u>	<u>(3,416,478)</u>	—	<u>510,687,669</u>
Water:					
Production plant	32,782,739	2,334,476	(50,000)	—	35,067,215
Transmission and distribution	29,942,784	2,124,140	(1,129,651)	—	30,937,273
General plant	<u>23,776,138</u>	<u>1,130,366</u>	<u>(97,480)</u>	—	<u>24,809,024</u>
Total water	<u>86,501,661</u>	<u>5,588,982</u>	<u>(1,277,131)</u>	—	<u>90,813,512</u>
Combined total	<u>576,483,277</u>	<u>29,711,513</u>	<u>(4,693,609)</u>	—	<u>601,501,181</u>
Capital assets, net	\$ <u><u>694,016,598</u></u>	<u><u>21,722,230</u></u>	—	<u><u>(26,275,354)</u></u>	<u><u>689,463,474</u></u>

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(5) Long-Term Debt

The BPU's indebtedness as of December 31, 2010 consists of the following obligations:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amount due in one year</u>
Revenue bonds:					
1992*	\$ 3,591,515	—	(3,591,515)	—	—
1998	38,720,000	—	(16,900,000)	21,820,000	—
1999	16,475,000	—	(16,475,000)	—	—
2001	12,675,000	—	(780,000)	11,895,000	820,000
2004 refunding	123,905,000	—	(515,000)	123,390,000	8,445,000
2004B	110,940,000	—	(1,150,000)	109,790,000	1,235,000
2009A	57,575,000	—	(1,230,000)	56,345,000	1,290,000
2010 refunding	—	32,190,000	—	32,190,000	2,145,000
	<u>363,881,515</u>	<u>32,190,000</u>	<u>(40,641,515)</u>	<u>355,430,000</u>	<u>13,935,000</u>
Less unamortized loss on refunding	(620,475)	—	439,334	(181,141)	
Unamortized premium	4,571,779	916,780	(404,448)	5,084,111	
Unamortized discount	<u>(343,046)</u>	—	<u>203,493</u>	<u>(139,553)</u>	
Total revenue bonds	367,489,773	33,106,780	(40,403,136)	360,193,417	
Capital leases	650,042	—	(282,090)	367,952	292,964
Government loans	<u>21,710,900</u>	<u>41,343</u>	<u>(1,035,122)</u>	<u>20,717,121</u>	<u>1,071,373</u>
	<u>\$ 389,850,715</u>	<u>33,148,123</u>	<u>(41,720,348)</u>	<u>381,278,490</u>	<u>15,299,337</u>

* Excludes accreted interest

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The BPU's indebtedness as of December 31, 2009 consists of the following obligations:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amount due in one year</u>
Revenue bonds:					
1992*	\$ 6,183,225	—	(2,591,710)	3,591,515	2,441,515
1998	39,995,000	—	(1,275,000)	38,720,000	1,335,000
1999	16,950,000	—	(475,000)	16,475,000	500,000
2001	13,415,000	—	(740,000)	12,675,000	780,000
2004 refunding	124,395,000	—	(490,000)	123,905,000	515,000
2004B	112,105,000	—	(1,165,000)	110,940,000	1,150,000
2009A	—	57,575,000	—	57,575,000	1,230,000
	<u>313,043,225</u>	<u>57,575,000</u>	<u>(6,736,710)</u>	<u>363,881,515</u>	<u>7,951,515</u>
Less unamortized loss on refunding	(1,096,899)	—	476,424	(620,475)	
Unamortized premium	3,267,246	1,501,239	(196,706)	4,571,779	
Unamortized discount	(366,103)	—	23,057	(343,046)	
Total revenue bonds	<u>314,847,469</u>	<u>59,076,239</u>	<u>(6,433,935)</u>	<u>367,489,773</u>	
Capital leases	1,018,921	—	(368,879)	650,042	282,090
Government loans	<u>22,707,905</u>	<u>—</u>	<u>(997,005)</u>	<u>21,710,900</u>	<u>1,053,360</u>
	<u>\$ 338,574,295</u>	<u>59,076,239</u>	<u>(7,799,819)</u>	<u>389,850,715</u>	<u>9,286,965</u>

* Excludes accreted interest

Details of utility system revenue bonds outstanding at December 31, 2010 and 2009 are as follows:

<u>Revenue bonds</u>	<u>rate</u>	<u>amount</u>	<u>Maturity</u>	<u>2010</u>	<u>2009</u>
1992 Series	4.70% – 6.90%	\$ 80,445,000	9-01-2016	\$ —	3,591,515
1998 Series	4.00 – 5.25	81,375,000	9-01-2028	21,820,000	38,720,000
1999 Series	5.00 – 5.95	25,325,000	9-01-2028	—	16,475,000
2001 Series	4.00 – 5.95	17,170,000	5-01-2021	11,895,000	12,675,000
2004 Refunding	5.60 – 5.65	126,005,000	9-01-2023	123,390,000	123,905,000
2004B	3.00 – 5.00	115,535,000	9-01-2032	109,790,000	110,940,000
2009A	4.73 – 5.30	57,575,000	9-01-2034	56,345,000	57,575,000
2010 Refunding	4.40 – 4.72	32,190,000	9-01-2028	<u>32,190,000</u>	<u>—</u>
Subtotal				355,430,000	363,881,515
Unamortized loss on refunding				(181,140)	(620,475)
Current maturities				(13,935,000)	(7,951,515)
Unamortized premium				5,084,110	4,571,779
Unamortized discount				<u>(139,553)</u>	<u>(343,046)</u>
Total utility system revenue bonds, excluding current maturities				<u>\$ 346,258,417</u>	<u>359,538,258</u>

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Interest on portions of the outstanding utility system revenue bonds is payable on a semiannual basis. As of December 31, 2010 and 2009, the BPU was in compliance with all required debt covenant ratios.

The debt service to maturity on the outstanding BPU revenue bonds as of December 31, 2010 is as follows:

	Principal	Interest (including accreted)
Bond year(s) ending December 31:		
2011	\$ 13,935,000	18,097,299
2012	14,655,000	17,384,632
2013	15,355,000	16,677,780
2014	16,185,000	15,858,903
2015	14,910,000	15,026,058
2016 – 2020	87,375,000	62,784,113
2021 – 2025	84,875,000	38,929,673
2026 – 2030	71,085,000	19,923,375
2031 – 2034	37,055,000	3,657,500
	<u>\$ 355,430,000</u>	<u>208,339,333</u>

The utility system revenue bond indebtedness requires special reserves and accounts as follows:

Account	Authorized expenditure
Debt service and reserve	Paying current principal and interest on bonds.
Construction	Acquiring, constructing, and installing capital improvements.
Improvement and emergency	Financing major renewals, repairs, and replacements, and extraordinary or unforeseen expenditures.

The utility system revenue bond debt service and reserve account is held in escrow in a bank acting as trustee for the BPU. The utility system revenue bond indentures also provide for a bond reserve account to be held by the trustee for the future payments of principal and interest in the event that the net revenues of the utility system are less than or equal to 130% of the maximum annual debt service on the bonds. All amounts are reported on the accompanying balance sheets as restricted assets.

The current indentures also require the BPU to establish rates and collect charges sufficient to pay the operating, maintenance, and debt service costs of the utilities; to maintain the accounts listed above; and to provide net operating income, before depreciation and payment-in-lieu of taxes, of at least 120% of the maximum annual debt service due on the outstanding bonds. All of the BPU's utility plant facilities are pledged under the terms of the indentures.

Total indebtedness also includes government loans, which represent the amounts borrowed from Kansas Department of Health and Environment for the purpose of capital improvements to be repaid in installments over 20 years ending 2027.

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The debt service to maturity on the outstanding BPU government loans as of December 31, 2010 is as follows:

Year(s) ending December 31:	<u>Principal</u>	<u>Interest (including accreted)</u>
2011	\$ 1,071,373	709,319
2012	1,112,511	671,967
2013	1,155,230	633,178
2014	1,199,592	592,898
2015	1,245,660	551,069
2016 – 2020	6,983,770	2,069,370
2021 – 2025	7,200,549	764,918
2026 – 2027	748,436	29,958
	<u>\$ 20,717,121</u>	<u>6,022,677</u>

BPU has pledged specific revenue streams to secure the repayment of certain outstanding debt issuances. The corresponding debt issuances are for utility system revenue bonds and the purpose of the debt is for utility improvements. The following table lists those revenues, the amount and term of pledge remaining, the current year principal and interest on the debt, the amount of pledged revenue recognized during the current fiscal year, and the approximate percentage of the revenue stream that has been committed:

<u>Type revenue pledged</u>	<u>Amount of pledge</u>	<u>Term of commitment</u>	<u>Percentage of revenue pledged</u>	<u>Principal and interest for the year ended 2010</u>	<u>Pledged revenue recognized for the year ended 2010</u>
Electric and Water operating revenue	\$ 563,769,333	Through 2034	11.8%	\$ 31,363,760	37,636,512

(6) Capital Lease Obligations

The BPU is obligated under capital leases for software, which expire at various dates during the next three years. At December 31, 2010 and 2009, the gross amount of plant and equipment and related accumulated amortization recorded under capital leases was as follows:

	<u>2010</u>	<u>2009</u>
Software	\$ 831,251	831,250
Less accumulated amortization	463,298	181,208
	<u>\$ 367,953</u>	<u>650,042</u>

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At December 31, 2010, the net present value of minimum lease payments on capital lease obligations was \$367,953, all of which, related to capital software leases. Future lease payments under these capital leases are as follows:

Year ending December 31:			
2011	\$	302,804	
2012		75,701	
Total minimum lease payments			378,505
Amounts representing interest at 3.8%			10,552
Present value of net minimum lease payments		\$	367,953

(7) Regulatory Assets and Liabilities

The BPU is subject to the provisions of FASB ASC 980, *Regulated Operations*, and has recorded assets and liabilities on its balance sheet resulting from the effects of the rate-making process, which would not be recorded under U.S. generally accepted accounting principles for nonregulated entities. Regulatory assets represent costs incurred that have been deferred because future recovery in customer rates is probable. Regulatory liabilities generally represent probable future reductions in revenue or refunds to customers. Management regularly assesses whether regulatory assets and liabilities are probable of future recovery or refund. If recovery or refund of regulatory assets or liabilities is not approved by the Board, which is authorized to approve rates charged to customers or is no longer deemed probable, these regulatory assets or liabilities are recognized in the current period results of operations. Additionally, these factors could result in an impairment of utility plant assets if the cost of the assets could not be expected to be recovered in customer rates. Regulatory assets and liabilities as of December 31, 2010 and 2009 are as follows:

	Amortization ending	2010	2009
Regulatory assets:			
Miner benefits and mine reclamation costs	2016	\$ 3,217,913	3,754,232
Fuel purchased power costs	2011	5,475,074	—
Total regulatory assets		\$ 8,692,987	3,754,232
Regulatory liabilities:			
Fuel purchased power costs	2010	\$ —	12,332,254
Total regulatory liabilities		\$ —	12,332,254

BPU has an energy adjustment rate (ERC). Estimated retail tariffs are set to recover estimated fuel costs such as coal, natural gas, and purchased power. The ERC allows differences between these estimates and actual fuel costs to either be deferred as a regulatory asset or liability depending on the nature of the

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variance between estimated and actual costs incurred. In July 2010, base rates for electric and water services were increased by about 7% and 8%, respectively. The board of directors also approved electric and water rate increases for 2011, 2012, and 2013. Electric rates were approved to be increased by 7% in each year and water rates were approved to be increased by 8% in 2011 and 7.5% in 2012 and 2013. In addition, the board of directors adopted an environmental surcharge and made revisions to the ERC.

Electric and water rates were revised to be increased in July 2010 to accomplish the following:

- Improve BPU operating reserves and financial metrics needed to maintain BPU's credit rating
- Improve cash flow
- Support capital improvements

(8) Payment-in-Lieu of Taxes (PILOT) and Community Contributions

The BPU is exempt from federal and state income taxes and local property taxes because it is an administrative agency of the Unified Government. However, the BPU is required by a Charter Ordinance to pay a percentage of gross operating revenues to the Unified Government. The Charter Ordinance established a range of 5.0% – 15.0%. The payment-in-lieu of tax was established at 12.8% in 2010 and 9.9% in 2009, which amounted to \$27,831,160 and \$21,540,269 during 2010 and 2009, respectively, of PILOT. The PILOT is billed and collected by the BPU by a supplemental rate rider. Effective January 1, 2011, the PILOT decreased to 11.9% of gross revenues.

In addition to these payments to the Unified Government, the BPU also contributes services to the Unified Government, such as street lighting, fire hydrant services, traffic signals, and collection of the Unified Government sewer and trash charges at no charge. These service contributions approximated \$13,676,122 and \$13,304,682, or 5.2% and 5.7% of total operating revenue, for 2010 and 2009, respectively.

(9) Commitments and Contingencies

(a) Power Sales Agreements

In 1982 and 1983, the BPU entered into power agreements with the Kansas Municipal Energy Agency (KMEA) and the City of Columbia, Missouri (Columbia). The agreements entitle KMEA and Columbia to purchase 15.86% and 8.51%, respectively, of the net available capacity of the BPU's Nearman power station. The power agreements obligate KMEA and Columbia to pay a demand charge for kilowatts purchased, a fuel charge, operation and maintenance charges, and the PILOT for their respective power purchases. The power sales agreement with KMEA expires in 2022 and the power sales agreement with Columbia terminates in 2023 or the deactivation of Unit No. 1 of the Nearman Station. Total revenue from the power sales agreements for the years ended December 31, 2010 and 2009 was approximately \$13,949,430 and \$13,730,961, respectively, and is included in other revenues in the statements of revenues, expenses, and changes in net assets.

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On November 1, 2006, BPU entered into an agreement with Tenaska Power Services Company (Tenaska) to both purchase and market excess wholesale energy for BPU. The BPU's wholesale purchases and sales through Tenaska for the years ended December 31, 2010 and 2009 are summarized as follows:

	<u>2010</u>	<u>2009</u>
Purchased power	\$ 5,870,032	8,114,781
Wholesale sales	421,026	489,579

On December 21, 2006, the BPU entered into a Renewable Energy Purchase Agreement with TradeWind Energy to receive 25% of the energy output of Phase 1 of the Smoky Hills Wind Farm. This contract is a 20-year fixed price contract for 25% of the output of 100.8 mW of turbines as well as the Renewable Energy Credits associated with the output. The wind farm, which was built approximately 25 miles west of Salina, Kansas in Lincoln and Ellsworth Counties in Kansas, began commercial operation in January 2008.

(b) Coal Contracts

The BPU purchases all coal for its electric generating stations through contracts with Western Fuels Association (WFA) and affiliates. WFA, in turn, contracts with coal producers and railroads to meet its coal supply and delivery commitments to the BPU. The BPU is required to pay all costs incurred by WFA in acquiring and delivering the coal as well as a per ton management cost.

The delivery of the coal to the Nearman Station and Quindaro Station is covered by contracts between WFA, the Union Pacific Railroad and the Burlington Northern Santa Fe Railroad. These contracts expire December 31, 2012. The cost to deliver the coal is established from a base price and is adjusted by indices set out in the contract. WFA has agreed that the Union Pacific Railroad may match, for all or part of the haul route, any competing bid for deliveries to the Nearman Station until December 31, 2017.

Three unit trains leased by WFA deliver the coal purchased by the Utility. The lease payments, insurance, and maintenance expenses on these trains are passed through to the Utility and become part of the delivered cost of coal to the BPU. One unit train consists of 115 cars and is leased until December 2017. The Utility purchased another unit train containing 125 cars to support coal deliveries to the Utility. This train is leased to WFA who maintains it and controls its movements. The third train is considered a "pool" train and is shared by 5 utilities. The BPU's share is two months of each year and the BPU is responsible for a maximum of one-third of its costs depending on the use of the train. The pool train agreement continues as long as a lease is in force or BPU is part of the pool group.

The coal for Nearman Station is purchased through a contract between WFA and the BPU, which continues through December 31, 2017. The purchase price of the coal is based on WFA's cost of acquiring and delivering coal. Coal has been procured for the Nearman Station for 2011 at 1,000,000 tons and for 2012 at 800,000 tons. Any additional coal required for 2011 or 2012 will be bought on the spot market.

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The coal requirements for the Quindaro Station are covered under an agreement with WFA. This contract continues as long as costs are incurred to WFA in meeting its obligations to the BPU. Coal has been procured for the Quindaro Station for 2011 at 650,000 tons and for 2012 at 500,000 tons. Any additional coal required for 2011 will be bought on the spot market.

During 2010, the Utility purchased approximately 1.61 million tons of coal. The Quindaro Station burned 686,046 tons and the Nearman Station burned 998,261 tons of coal during 2010. The BPU has determined these coal contracts to be excluded from the scope of GASB No. 53 as these are normal purchase contracts.

(c) *Employees' Retirement Pension Plan*

Plan Description

The Employees' Retirement Pension Plan (the Plan) of the BPU is a single-employer, contributory, defined benefit pension plan. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained from the Board of Pension Trustees of the Plan. The Plan is governed by state statutes, which, in essence, provide for the establishment of a Board of Pension Trustees and provides authorization for the Plan to take control and custody of all assets, property, and funds presently held, controlled, and in the possession of the Plan's Board of Pension Trustees. The BPU's payroll for the years ended December 31, 2010 and 2009 was approximately \$49,254,000 and \$50,111,000, respectively, of which approximately \$48,886,000 and \$49,281,000, respectively, was payroll of plan participants.

BPU employees who retire at or after age 55 are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.2% of their average compensation multiplied by the years of credited service through December 31, 2003 and 1.8% of their average compensation multiplied by the years of credited service after December 31, 2003. Average annual compensation is defined as actual compensation paid, including overtime, but excluding workers' compensation, severance pay, and bonuses, averaged over the three 12-month periods (not necessarily consecutive periods) out of the last 120 months that produce the highest average. On January 1 of each year after retirement, the monthly benefit is increased by 3.0%, prorated for the number of months in the first retirement year. The Plan also provides death benefits. It is a governmental plan and, therefore, not subject to the Employee Retirement Income Security Act of 1974. Because the Plan has established a Board of Pension Trustees in accordance with Kansas state statutes, neither the BPU nor the Unified Government act in a fiduciary or trustee capacity for the Plan, and as such, the Plan's financial activities are not reported in the BPU's financial statements.

Beginning January 1, 2010, all employees were eligible to participate in the plan. The contribution rate for the BPU and the employees increased from 5.5% to 8.5% of pensionable wages.

Effective January 1, 2010, for employees hired on or after January 1, 2010, normal retirement is defined as age 65 with completion of 5 years of creditable service, or age 60 with 30 years of creditable service. The pension is equal to 1.5% of the sum of the member's pensionable wages during each year. Before attaining age 65 with 5 years of creditable service or age 60 with 30 years of creditable service, a member can receive an early retirement benefit at age 55 with 10 years of creditable service.

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Funding Policy

Funding is provided by contributions from plan members and the BPU based on rates established by the Board of Pension Trustees.

Total contributions were \$8,309,526 for the year ended December 31, 2010. Of the total contributions in 2010, the BPU contributed \$4,154,763 (8.5% of current covered payroll in 2010) and the plan participants contributed \$4,154,763 (8.5% of current covered payroll for 2010). The annual pension cost is net of employee contributions.

There were 678 retirees and beneficiaries currently receiving benefits as of January 1, 2010. The Plan uses the accrual basis of accounting. Investments are reported at fair value. Securities traded on a national or international exchange, which comprise a substantial majority of total investments, are valued at the last reported sales price at current exchange rates.

	Three-year trend information		
	Annual pension cost	Percentage of annual pension cost contributed	Net pension obligation
Fiscal year ended:			
December 31, 2008	\$ 3,267,424	88.07%	\$ 335,579
December 31, 2009	7,530,892	43.75	4,571,395
December 31, 2010	5,465,187	76.02	5,881,819

The information presented in the required supplementary information was determined as part of the actuarial valuations as of the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2010
Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	30 years
Asset valuation method	Average adjusted asset method
Actuarial assumptions:	
Investment rate of return	8.00%
Inflation rate assumption	3.25

Projected salary increase based on age as follows:

Age	Salary scale
25	6.5%
70	4.5

BOARD OF PUBLIC UTILITIES

Notes to Financial Statements

December 31, 2010 and 2009

The annual pension cost and net pension obligation as of December 31, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Annual required contribution	\$ 5,351,899	7,522,575	3,268,765
Interest on net pension obligation	365,712	26,847	(4,329)
Adjustment to annual required contribution	<u>(252,424)</u>	<u>(18,530)</u>	<u>2,988</u>
Annual pension cost	5,465,187	7,530,892	3,267,424
Contributions made	<u>4,154,763</u>	<u>3,295,076</u>	<u>2,877,731</u>
Increase in net pension obligation	(1,310,424)	(4,235,816)	(389,693)
Net pension obligation, beginning of year	<u>(4,571,395)</u>	<u>(335,579)</u>	<u>54,114</u>
Net pension obligation, end of year	\$ <u><u>(5,881,819)</u></u>	<u><u>(4,571,395)</u></u>	<u><u>(335,579)</u></u>

Funding Status and Funding Progress

The funding progress schedule as of January 1, 2010 and 2009 is as follows (dollars in millions):

<u>Actuarial valuation date, January 1</u>	<u>Actuarial asset value</u>	<u>Actuarial accrued liability (AAL)</u>	<u>Funded ratio</u>	<u>Unfunded (overfunded) AAL (UAAL)</u>	<u>Covered payroll</u>	<u>UAAL as a percentage of covered payroll</u>
2008	\$ 444.0	405.1	109.6%	\$ (38.9)	47.4	(82.1)%
2009	410.9	432.8	94.9	21.9	50.1	43.7
2010	427.6	448.6	95.3	21.0	49.4	42.5

Actuarial Methods and Assumptions

An asset smoothing method is used in the actuarial valuation process. Gains/losses on the market value of assets are recognized equally over an eight-year period. Gains and losses are calculated based on the excess (shortfall) of the actual market value of assets compared to the expected value of assets had the actuarial assumed rate been met exactly.

The Plan is funded through equal BPU and member contributions for future service benefits.

The balance of the actuarial present value of service retirement pensions, plus death benefits and termination benefits to the level of employee contributions, plus an allowance for expenses is funded through future BPU and member contributions related to annual compensation. The actuarial contribution rate for these benefits is funded by the entry-age method.

In addition to depending upon the actuarial method used, actuarial cost estimates depend to an important degree on the assumptions made relative to various occurrences, such as rate of expected

BOARD OF PUBLIC UTILITIES

Notes to Financial Statements

December 31, 2010 and 2009

investment earnings by the fund, rates of mortality among active and retired employees, and rates of termination from employment.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

(d) Postretirement Healthcare Benefits

Effective January 1, 2007, the BPU adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement requires the accounting for the annual cost of other postemployment benefits and the related outstanding liability using an actuarial approach similar to pensions. The BPU implemented this standard prospectively (zero net obligation at transition).

Plan Description

The BPU provides certain postemployment healthcare and life insurance benefits to eligible retirees and their dependents in accordance with provisions established by the BPU's Board. The plan is a single-employer defined benefit healthcare plan administered by the BPU. The plan does not issue separate financial statements. Employees are given a 90-day window to retire with medical coverage at ages 55 and above with 7 consecutive years of service. The retiree plan is a comprehensive major medical plan with a \$100 deductible per individual or \$200 per family. For individuals, the plan pays 80% of the next \$12,500 of allowable charges and 100% thereafter for the remainder of that calendar year. For families, the plan pays 80% of the next \$25,000 of allowable charges and 100% thereafter for the remainder of that calendar year. The plan has a lifetime maximum of \$750,000. Benefits cease at the first of the month that the retired employee attains age 65 or death. Spouse benefits end at the first of the month that the retired employee attains age 65, the end of the month of the retiree's death, or on the date of the spouse's death. Retirees are not required to contribute toward the cost of the postretirement benefits. There were 470 participants eligible to receive benefits under this plan as of December 31, 2010.

Funding Policy

The contribution requirements of plan members and the BPU are established and can be amended by the BPU's Board. Contributions are made to the plan based on a pay-as-you-go basis. For the years ended December 31, 2010 and 2009, the BPU paid \$3,232,258 and \$2,939,578, respectively, for retirees.

BOARD OF PUBLIC UTILITIES

Notes to Financial Statements

December 31, 2010 and 2009

The BPU's annual Other Postemployment Benefits (OPEB) expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The BPU's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008-2010 are as follows:

	<u>Annual OPEB expense</u>		<u>Annual OPEB contributed</u>		<u>Net OPEB</u>
Fiscal year ended:					
December 31, 2008	\$ 3,184,481	86%	\$ 1,804,487		
December 31, 2009	3,419,261	86	2,284,170		
December 31, 2010	3,486,959	93	2,538,871		

The following table shows the components of BPU's annual OPEB expense for the year, the amount actually contributed to the plan, and changes in the BPU's net OPEB obligation:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Normal costs	\$ 1,678,567	1,647,543	1,444,195
Amortization payment	1,812,126	1,774,669	1,742,495
Annual required contribution (ARC)	3,490,693	3,422,212	3,186,690
Amortization of net OPEB obligation	(95,101)	(75,130)	(56,268)
Interest on net OPEB obligation	91,367	72,179	54,059
Total OPEB expense	3,486,959	3,419,261	3,184,481
Annual employer contribution	3,232,258	2,939,578	2,731,455
Increase in OPEB obligation	254,701	479,683	453,026
Net OPEB obligation – beginning of year	2,284,170	1,804,487	1,351,461
Net OPEB obligation – end of year	\$ <u>2,538,871</u>	<u>2,284,170</u>	<u>1,804,487</u>

BOARD OF PUBLIC UTILITIES

Notes to Financial Statements

December 31, 2010 and 2009

Funded Status and Funding Progress

The funded status of the plan as of December 31, 2010 and 2009 is as follows:

	<u>2010</u>	<u>2009</u>
Actuarial accrued liability (AAL)	\$ 42,092,535	43,524,278
Actuarial value of plan assets	—	—
Unfunded actuarial accrued liability (UAAL)	42,092,535	43,524,278
Funded ratio	—%	—%
Covered payroll	\$ 48,886,000	49,300,000
UAAL as a percentage of covered payroll	86.10%	88.28%

Actuarial Methods and Assumptions

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan member to that point. The actuarial methods used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets, consistent with the long-term perspective of the calculations. The valuation of the liabilities is based on a closed group. In the actuarial valuation as of December 31, 2010, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% discount rate and an annual healthcare cost trend of 8.0% initially, reduced by decrements to an ultimate rate of 5.0% after 7 years. The projected salary increase is 2.5%. The unfunded actuarial accrued liability is being amortized over 30 years as a level percentage of payrolls.

(e) Risk Management

The BPU is exposed to various risks of loss related to tort claims; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The BPU is self-insured for workers' compensation, healthcare, certain general liability claims, and a portion of the automobile and small vehicle fleet. The BPU is responsible for the first \$350,000 of a workers' compensation claim per employee/per occurrence, and workers' compensation claims greater than \$350,000 and up to \$35,000,000 per employee/per occurrence are fully insured. The BPU is essentially 100% self-insured for healthcare claims and is responsible for the first \$500,000

BOARD OF PUBLIC UTILITIES

Notes to Financial Statements

December 31, 2010 and 2009

of general liability and automobile insurance claims. In addition, any general liability or automobile claims greater than \$35,000,000 are the responsibility of BPU. Settlements did not exceed insurance coverage for the past three years. At December 31, 2010 and 2009, the BPU has established a liability of \$2,860,000 and \$2,394,000, respectively, which is based on estimates of the amounts needed to pay prior and current year claims. The liability is based on the requirement that a liability for claims incurred prior to the balance sheet date be recorded if information related to such claims is available prior to the issuance of the financial statements and the amount of loss can be reasonably estimated. The total amount of claims and judgments is expected to become due within one year. Changes in the claims liability for 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Beginning accruals	\$ 2,394,000	2,005,478
Additional accruals	9,954,275	11,602,768
Charges for claim payments	<u>(9,488,275)</u>	<u>(11,214,246)</u>
Ending accruals	<u>\$ 2,860,000</u>	<u>2,394,000</u>

(f) Environmental Compliance

The BPU is subject to substantial regulation of air emissions and control equipment under federal, state, and county environmental laws and regulations. Nationwide, utilities with coal-fired generating units have been under heavy scrutiny and enforcement by the U.S. Environmental Protection Agency (EPA) and Department of Justice for matters related to permitting of modifications to those coal-fired units. This is referred to as “new source review permitting.”

In 2007, the BPU received from the EPA a Clean Air Act section 114 information request seeking information about the types of projects that have been the subject of new source review permitting investigations. BPU responded to the information request. On November 25, 2008, the BPU received a Notice of Violation of certain Clean Air Act regulations with respect to new source review permitting matters. On December 19, 2008, the BPU received a supplemental Clean Air Act section 114 information request to the 2007 information request. BPU has responded to the supplemental information request. The BPU has evaluated the EPA findings and has had preliminary discussions with the EPA regarding the Notice of Violation. At this time, the EPA has not filed a lawsuit. Management does not know the impact that these alleged violations of the Clean Air Act regulations will have on the BPU; however, the BPU could be subject to fines and/or penalties and the amounts of any such fines and/or penalties could be material. The Notice of Violation states such fines and/or penalties could be as much as \$25,000 to \$32,500 per day (depending upon when the violation occurred) commencing from date of the violation. The EPA alleges that such Clean Air Act violations at the Nearman Station commenced in 1994 and at the Quindaro Station in 2001. The BPU could also be required to make material capital expenditures for air pollution control equipment as a result of resolution of the alleged violations, which could cost hundreds of millions of dollars. The EPA has issued notices to many utilities alleging violation of new source review permitting. To date, the settlements of those notices have included penalties much less than \$25,000 to \$32,500 per day but have included requirements for significant capital expenditures for air pollution control

BOARD OF PUBLIC UTILITIES

Notes to Financial Statements

December 31, 2010 and 2009

equipment. BPU is not presently able to evaluate what, if any, liability might be imposed and has not accrued anything for this possible obligation.

(g) Other Legal Matters

In the normal course of business, the BPU is subject to various lawsuits, actions, proceedings, claims, and other matters asserted under laws and regulations. Management believes the amounts provided in the financial statements, as prescribed by Generally Accepted Accounting Principles (GAAP), are adequate in light of the probable and estimable contingencies. However, there can be no assurances that the actual amounts required to satisfy alleged liabilities from various legal proceedings, claims, and other matters, and to comply with applicable laws and regulations, will not exceed the amounts reflected in the BPU's financial statements. As such, costs, if any, that may be incurred in excess of those amounts provided as of December 31, 2010 cannot be reasonably determined.

In March 2008, a grand jury commenced in Wyandotte County, Kansas as a result of a citizen initiative. The citizen initiative alleges that BPU and certain of its managers have misspent public funds among other matters. The grand jury's term expired on September 5, 2008. Management and the Board cooperated with the grand jury. Two indictments were returned on October 3, 2008.

Subsequent to the issuance of the indictments, motions seeking dismissal of the case were made by the defense and granted by the Court. One defendant, who was a BPU employee, has subsequently died and the District Attorney's appeal of the dismissal against the other defendant, who was an independent contractor, remains pending. No liability is expected to accrue to the Utility or the Unified Government based upon the outcome of the appeal.

BOARD OF PUBLIC UTILITIES

Notes to Financial Statements

December 31, 2010 and 2009

(10) Principal Customers

Electric and water charges to the BPU's five largest retail customers and three largest wholesale customers expressed as a percentage of total operating revenues for the years ended December 31, 2010 and 2009 were as follows:

	<u>2010</u>	<u>2009</u>
Principal retail customers:		
General Motors Corporation	3.9%	3.7%
Owens Corning	3.2	4.0
Certain Teed Corporation	2.0	2.4
Griffin Wheel	1.7	2.0
Procter & Gamble Co.	1.6	2.2
Total principal retail customers	<u>12.4</u>	<u>14.3</u>
Principal wholesale customers:		
Kansas Municipal Energy Authority	3.0%	3.3%
City of Columbia, Missouri	2.9	3.1
Tenaska	0.2	0.2
Total principal wholesale customers	<u>6.1</u>	<u>6.6</u>
Principal customers	<u><u>18.5%</u></u>	<u><u>20.9%</u></u>

(11) Subsequent Event

In May 2011, the BPU plans to issue approximately \$82 million of bonds to finance improvements primarily for environmental upgrades to existing power generation stations and installation of automated meter reading (AMR) and Advanced Metering Infrastructure (AMI) for both electric and water utilities. This debt is estimated to have an average coupon interest rate of 5.09% and is expected to be repayable through 2036. Also, BPU expects to issue approximately \$8 million of bonds to refund maturities of the outstanding 1998 Utility System Improvement revenue bonds.

BOARD OF PUBLIC UTILITIES
 Required Supplementary Information
 Schedule of Funding Progress – Pension
 December 31, 2010
 (Dollars in millions)

(Unaudited – See accompanying independent auditors' report)

Actuarial valuation date, January 1	Actuarial value of assets	Actuarial accrued liability (AAL)	Funded ratio	Unfunded (overfunded) AAL (UAAL)	Covered payroll	UAAL as a percentage of covered payroll
2008	\$ 444.0	405.1	109.6%	\$ (38.9)	47.4	(82.1)%
2009	410.9	432.8	94.9	21.9	50.1	43.7
2010	427.6	448.6	95.3	21.0	49.4	42.5

The information presented in the required supplementary information was determined as part of the actuarial valuations as of the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2010
Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	30 years
Asset valuation method	Average adjusted asset method

Actuarial assumptions:	
Investment rate of return	8.00%
Inflation rate assumption	3.25%

Projected salary increase based on age as follows:

Age (in years)	Salary scale
25	6.5%
70	4.5

BOARD OF PUBLIC UTILITIES
 Required Supplementary Information
 Schedule of Funding Progress – Postretirement
 December 31, 2010

(Dollars in millions)

(Unaudited – See accompanying independent auditors' report)

Actuarial valuation date, January 1	Actuarial value of assets	Actuarial accrued liability (AAL)	Funded ratio	Unfunded AAL	Covered payroll	UAAL as a percentage of covered payroll
2009	\$ —	42.6	—%	\$ 42.6	49.4	86.23%
2010	—	43.5	—	43.5	49.3	88.28
2011	—	42.1	—	42.1	48.9	86.10

The actuarial assumptions included a 4.0% discount rate and an annual healthcare cost trend of 8.50% initially, reduced by decrements to an ultimate rate of 5.0% after 7 years. The projected salary increase is 2.5%. The unfunded actuarial accrued liability is being amortized over 30 years as a level percent of payroll.

See accompanying independent auditors' report.



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BOARD OF PUBLIC UTILITIES

Combining Balance Sheets

December 31, 2010 and 2009

	Electric		Water		Total Utility	
	2010	2009	2010	2009	2010	2009
Noncurrent assets:						
Capital assets:						
Property, plant, and equipment	\$ 967,981,972	942,259,866	315,402,081	298,145,838	1,283,384,053	1,240,405,704
Less accumulated depreciation	(534,321,989)	(510,687,669)	(96,032,205)	(90,813,512)	(630,354,194)	(601,501,181)
Plant in service, net	433,659,983	431,572,197	219,369,876	207,332,326	653,029,859	638,904,523
Construction work in progress	17,305,855	30,775,765	8,208,381	19,783,186	25,514,236	50,558,951
Capital assets, net	450,965,838	462,347,962	227,578,257	227,115,512	678,544,095	689,463,474
Restricted assets:						
Cash and cash equivalents	3,801,703	4,973,718	—	—	3,801,703	4,973,718
Investments	32,109,235	34,313,147	150,000	150,000	32,259,235	34,463,147
Total restricted assets	35,910,938	39,286,865	150,000	150,000	36,060,938	39,436,865
Debt issue costs	5,347,777	5,456,760	1,377,478	1,236,464	6,725,255	6,693,224
System development costs	659,382	510,403	284,767	275,683	944,149	786,086
Regulatory assets	3,217,913	3,754,232	—	—	3,217,913	3,754,232
Total noncurrent assets	496,101,848	511,356,222	229,390,502	228,777,659	725,492,350	740,133,881
Current assets:						
Cash and cash equivalents	1,656,314	9,661,325	4,869,629	6,942,763	6,525,943	16,604,088
Investments	10,262,686	1,100,451	7,291,098	3,750,579	17,553,784	4,851,030
Cash and cash equivalents – restricted	5,035,024	11,291,418	1,256,018	3,089,220	6,291,042	14,380,638
Investments – restricted	9,120,490	3,594,497	2,854,074	1,029,074	11,974,564	4,623,571
Accounts receivable – customers and other	21,538,196	19,043,198	3,744,546	3,233,606	25,282,742	22,276,804
Accounts receivable – unbilled	7,237,871	7,134,869	1,603,079	1,407,312	8,840,950	8,542,181
Allowance for doubtful accounts	(2,338,374)	(1,787,369)	(514,321)	(273,284)	(2,852,695)	(2,060,653)
Inventories	30,867,332	32,393,470	1,468,516	1,515,122	32,335,848	33,908,592
Regulatory assets	5,475,074	—	—	—	5,475,074	—
Prepayments and other current assets	1,056,916	425,203	134,482	22,264	1,191,398	447,467
Total current assets	89,911,529	82,857,062	22,707,121	20,716,656	112,618,650	103,573,718
Total assets	\$ 586,013,377	594,213,284	252,097,623	249,494,315	838,111,000	843,707,599

BOARD OF PUBLIC UTILITIES

Combining Balance Sheets

December 31, 2010 and 2009

	Electric		Water		Total Utility	
	2010	2009	2010	2009	2010	2009
Net assets:						
Invested in capital assets, net of related debt	\$ 217,040,727	226,337,694	114,785,815	111,211,930	331,826,542	337,549,624
Restricted – debt service	47,241,397	51,349,071	3,739,425	3,821,592	50,980,822	55,170,663
Unrestricted	37,188,224	8,294,378	(13,247,216)	(11,078,751)	23,941,008	(2,784,373)
Total net assets	301,470,348	285,981,143	105,278,024	103,954,771	406,748,372	389,935,914
Liabilities:						
Noncurrent liabilities:						
Long-term debt – revenue bonds:						
Principal	257,972,700	268,006,932	88,285,717	91,531,326	346,258,417	359,538,258
Accreted interest	—	4,491,070	—	921,161	—	5,412,231
Government loans	—	—	19,645,748	20,657,540	19,645,748	20,657,540
Capital lease obligations	41,994	206,053	32,995	161,899	74,989	367,952
Total long-term debt and capital lease obligations	258,014,694	272,704,055	107,964,460	113,271,926	365,979,154	385,975,981
Postretirement benefit obligation	2,179,777	1,788,148	620,090	496,022	2,799,867	2,284,170
Reserve for compensated absences	3,455,640	3,923,700	516,360	586,300	3,972,000	4,510,000
Pension obligation	5,120,971	3,980,902	760,848	590,493	5,881,819	4,571,395
Noncurrent liabilities	268,771,082	282,396,805	109,861,758	114,944,741	378,632,840	397,341,546
Current liabilities:						
Current maturities of revenue bonds	10,307,294	5,576,178	3,627,706	2,375,337	13,935,000	7,951,515
Current maturities of government loans	—	—	1,071,373	1,053,360	1,071,373	1,053,360
Current maturities of capital lease obligations	164,060	157,970	128,904	124,120	292,964	282,090
Accrued interest	4,460,723	4,593,097	1,476,125	1,559,980	5,936,848	6,153,077
Customer deposits	2,825,055	2,823,709	520,667	446,703	3,345,722	3,270,412
Accounts payable	13,114,303	11,163,367	995,285	1,285,224	14,109,588	12,448,591
Payroll and payroll taxes	2,126,404	2,263,257	789,081	634,676	2,915,485	2,897,933
Accrued claims payable	5,750,778	5,648,802	297,814	297,997	6,048,592	5,946,799
Other accrued liabilities	3,023,826	2,551,041	63,579	54,528	3,087,405	2,605,569
Regulatory liabilities	—	12,332,254	—	—	—	12,332,254
Payment-in-lieu of taxes	1,664,986	1,257,648	321,825	230,891	1,986,811	1,488,539
Interdepartmental balances	(27,665,483)	(22,531,987)	27,665,483	22,531,987	—	—
Total current liabilities	15,771,946	25,835,336	36,957,842	30,594,803	52,729,788	56,430,139
Total liabilities	284,543,028	308,232,141	146,819,600	145,539,544	431,362,628	453,771,685
Total liabilities and net assets	\$ 586,013,376	594,213,284	252,097,624	249,494,315	838,111,000	843,707,599

See accompanying independent auditors' report.

BOARD OF PUBLIC UTILITIES

Combining Schedule of Revenues, Expenses, and Changes in Net Assets

Years ended December 31, 2010 and 2009

	Electric		Water		Total Utility	
	2010	2009	2010	2009	2010	2009
Operating revenues:						
Residential	\$ 53,468,956	49,968,396	18,914,574	17,920,948	72,383,530	67,889,344
Commercial	65,639,995	69,038,969	8,593,904	7,950,450	74,233,899	76,989,419
Industrial	40,758,341	42,666,801	3,518,722	2,854,101	44,277,063	45,520,902
Other	30,228,256	29,181,378	3,704,624	2,820,160	33,932,880	32,001,538
Deferred Energy Rate Component	12,332,254	(12,332,254)	—	—	12,332,254	(12,332,254)
Payment-in-lieu of taxes	23,489,376	18,431,162	4,341,784	3,109,107	27,831,160	21,540,269
Total operating revenues	225,917,178	196,954,452	39,073,608	34,654,766	264,990,786	231,609,218
Operating expenses:						
Fuel	46,978,748	55,908,459	—	—	46,978,748	55,908,459
Purchased power	17,546,696	16,578,449	—	—	17,546,696	16,578,449
Production	35,308,792	38,745,508	4,612,983	4,829,847	39,921,775	43,575,355
Transmission and distribution	26,149,444	23,844,001	11,137,894	10,704,625	37,287,338	34,548,626
General and administrative	23,115,222	26,669,515	6,785,616	7,849,465	29,900,838	34,518,980
Depreciation and amortization	25,404,744	25,536,128	6,301,200	6,450,038	31,705,944	31,986,166
Total operating expenses	174,503,646	187,282,060	28,837,693	29,833,975	203,341,339	217,116,035
Operating income	51,413,532	9,672,392	10,235,915	4,820,791	61,649,447	14,493,183
Nonoperating income (expense):						
Interest income	230,647	288,489	31,559	57,621	262,206	346,110
Interest expense	(13,378,497)	(13,797,615)	(4,845,288)	(5,259,863)	(18,223,785)	(19,057,478)
Payment-in-lieu of taxes	(23,489,376)	(18,431,162)	(4,341,784)	(3,109,107)	(27,831,160)	(21,540,269)
Other	712,899	1,258,398	(58,037)	(151,398)	654,862	1,107,000
Total nonoperating expense, net	(35,924,327)	(30,681,890)	(9,213,550)	(8,462,747)	(45,137,877)	(39,144,637)
Income (loss) before contributions and transfers	15,489,205	(21,009,498)	1,022,365	(3,641,956)	16,511,570	(24,651,454)
Contributions and transfers:						
Contributions from developers and others	—	—	300,888	209,965	300,888	209,965
Change in net assets	15,489,205	(21,009,498)	1,323,253	(3,431,991)	16,812,458	(24,441,489)
Net assets, beginning of year	285,981,143	306,990,641	103,954,771	107,386,762	389,935,914	414,377,403
Net assets, end of year	\$ 301,470,348	285,981,143	105,278,024	103,954,771	406,748,372	389,935,914

See accompanying independent auditors' report.



KPMG LLP
Suite 1000
1000 Walnut Street
Kansas City, MO 64106-2162

**Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial
Statements Performed in accordance with Government Auditing
Standards**

The Board of Directors
Board of Public Utilities:

We have audited the financial statements of the Board of Public Utilities of Kansas City, Kansas (the BPU) as of and for the year ended December 31, 2010, and have issued our report thereon dated May 4, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered BPU's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the BPU's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the BPU's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as described above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the BPU's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly,

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("KPMG International"), a Swiss entity.

we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

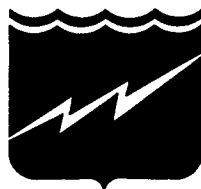
Kansas City, Missouri
May 4, 2011

STATISTICAL SECTION

(Unaudited)

Financial Trends
Revenue Capacity
Debt Capacity
Demographic and Economic Information
Operating Information

Statistical Section





**Statistical Section
(Unaudited)
December 31, 2010**

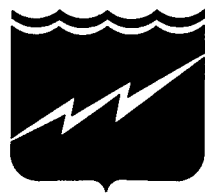
This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the utility's overall financial health.

<i>Contents</i>	<i>Page</i>
<u>Financial Trends</u> These schedules contain trend information to help the reader understand how the utility's financial performance and well-being have changed over time.	68
<u>Revenue Capacity</u> These schedules contain information to help the reader assess the utility's most significant local revenue source.	70
<u>Debt Capacity</u> These schedules present information to help the reader assess the affordability of the utility's current levels of outstanding debt and the utility's ability to issue additional debt in the future.	72
<u>Demographic and Economic Information</u> These schedules offer demographic and economic indicators to help the reader understand how the information in the utility's financial activities take place.	76
<u>Operating Information</u> These schedules contain service and infrastructure data to help the readers understand how the information in the utility's financial report relates to the services the utility provides and the activities it performs.	81



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Financial Trends





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Net Assets By Component
Last Nine Fiscal Years (Since First Year of Inception)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Net Assets Invested in Capital Assets, net of related Debt:									
Capital assets, net of depreciation	\$ 553,615,779	\$ 563,037,948	\$ 601,673,285	\$ 662,002,748	\$ 691,579,477	\$ 693,985,594	\$ 694,016,598	\$ 689,463,474	\$ 678,544,095
Bonds and notes payable:									
Principal, long term	(239,529,922)	(229,953,073)	(355,025,906)	(334,704,196)	(324,102,885)	(314,495,795)	(308,110,760)	(321,601,392)	(311,697,479)
Government Loans				(15,930,490)	(19,666,793)	(22,713,285)	(21,693,505)	(20,657,540)	(19,645,748)
Capital Leases	(2,642,765)	(3,682,429)	(7,057,539)	(4,869,869)	(1,637,046)	(1,877,671)	(650,043)	(367,952)	(74,989)
Principal, current	(9,917,086)	(10,049,266)	(12,955,205)	(10,825,592)	(10,952,986)	(9,958,765)	(6,736,709)	(7,951,515)	(13,935,000)
Government Loans, current				(1,145,592)	(804,415)	(976,882)	(1,014,400)	(1,053,360)	(1,071,373)
Capital Leases, current	(1,526,420)	(1,534,509)	(3,169,641)	(3,095,489)	(1,704,964)	(1,550,395)	(368,879)	(282,091)	(292,964)
Bond proceeds for construction (unspent) (B)	9,375,000	9,375,000	99,503,451	60,732,997	19,609,783	-	-	-	-
	\$ 309,374,586	\$ 327,193,671	\$ 322,968,445	\$ 352,164,517	\$ 352,320,171	\$ 344,102,801	\$ 355,442,301	\$ 337,549,623	\$ 331,826,542

Net Assets invested in Capital Assets, net of Debt:

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Restricted Net Assets (A)									
Bond covenant requirements	\$ 20,701,568	\$ 17,426,577	\$ 115,468,360	\$ 78,532,304	\$ 37,190,172	\$ 4,546,604	\$ 15,508,357	\$ 55,170,663	\$ 50,980,822
Bond proceeds designated for project construction (B)	-	-	-	(99,343,514)	(60,732,997)	(19,609,783)	-	37,936,865	34,560,938
Bond proceeds designated for project construction (B)	2,415,954	2,348,361	2,396,176	2,894,830	3,219,427	3,442,049	3,446,669	3,270,411	(34,560,938)
Funds segregated under City Ordinance due to	(2,415,954)	(2,348,361)	(2,396,176)	(2,894,830)	(3,219,427)	(3,442,049)	(3,446,669)	(3,270,411)	(3,345,722)
Liability for customer deposits									
	\$ 20,701,568	\$ 17,426,577	\$ 16,124,846	\$ 17,799,307	\$ 17,580,389	\$ 4,546,604	\$ 15,508,357	\$ 55,170,663	\$ 50,980,822

Total Restricted Net Assets

Unrestricted net assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other designated funds	-	-	-	-	-	-	-	-	-
Reserve funds	-	-	-	-	-	-	-	-	-
Funds held for future improvements	-	-	-	-	-	-	-	-	-
Project construction accounts	41,229,583	30,267,213	35,547,989	(335,638)	13,831,492	61,896,774	43,426,745	(2,784,373)	23,941,008
Unrestricted - Other	-	-	-	-	-	-	-	-	-
Unrestricted - Balancing entry	-	-	-	-	-	-	-	-	-
	\$ 41,229,583	\$ 30,267,213	\$ 35,547,989	\$ (335,638)	\$ 13,831,492	\$ 61,896,774	\$ 43,426,745	\$ (2,784,373)	\$ 23,941,008

Total Unrestricted Net Assets

	\$ 371,305,737	\$ 374,887,461	\$ 374,641,280	\$ 369,628,186	\$ 383,732,052	\$ 410,546,179	\$ 414,377,403	\$ 389,935,914	\$ 406,748,372
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Footnote A

Per Question 95 of "Guide to Implementation of GASB Statement 34 on Basic Financial Statements - and Management's discussion and Analysis - For State and Local Governments" (Implementation Guide), restricted net assets should be reported when constraints placed on net asset use are either:

- Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments.
- Imposed by law through constitutional provisions or enabling legislation.

The basic concept is that restrictions are not unilaterally established by the reporting government itself, and cannot be removed without the consent of those imposing the restrictions or through formal due process.

Footnote B

Per the Implementation Guide, if there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds should not be included in the "calculation of invested in capital assets, net of debt" . . . The unspent portion of the debt would be included in the calculation of net assets restricted for capital projects.

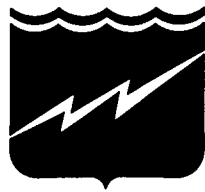
Combined Operating Statements
Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Operating Revenues										
Residential	\$ 48,614,033	\$ 55,658,407	\$ 57,348,480	\$ 56,004,311	\$ 61,506,345	\$ 71,900,832	\$ 69,103,742	\$ 69,179,353	\$ 67,889,344	\$ 72,383,530
Commercial	51,680,967	54,097,395	58,249,726	59,862,702	63,594,092	79,590,974	75,088,103	77,719,820	76,989,419	74,233,899
Industrial	34,115,507	35,230,555	35,871,154	39,962,991	44,366,530	55,822,224	44,340,186	46,366,895	45,520,902	44,277,063
Other	29,409,994	33,085,511	36,149,276	36,904,391	36,153,183	33,221,762	40,250,336	45,392,688	32,001,538	33,932,880
Deferred Energy Rate Component									(12,332,254)	12,332,254
Payment-in-lieu of taxes	8,914,184	13,279,641	13,916,680	14,673,298	16,325,334	18,374,439	17,230,192	17,562,272	21,540,269	27,831,160
Total Operating Revenues	172,734,685	191,351,509	201,535,316	207,407,693	221,945,484	258,910,231	246,012,559	256,221,028	231,609,218	264,990,786
Operating Expenses										
Production	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Transmission & Distribution	71,995,460	71,575,197	74,595,079	85,103,214	92,375,693	118,999,005	108,022,193	124,590,074	116,062,263	104,447,219
General and Administrative	26,421,663	23,691,279	28,687,267	28,456,949	29,926,086	31,680,256	36,188,822	34,655,585	34,548,626	37,287,338
Payment-in-lieu of taxes	28,952,585	29,209,649	33,467,227	34,398,271	40,942,490	31,056,425	36,197,159	30,965,312	34,518,980	29,900,838
Depreciation & Amortization	8,914,184	-	-	-	-	-	-	-	-	-
Purchased Power Amortization	24,441,114	24,622,061	24,472,383	23,369,264	28,545,254	30,550,474	31,703,397	31,291,634	31,986,166	31,705,944
Total Operating Expense	160,725,006	157,353,116	169,898,282	177,603,506	191,789,523	212,286,160	212,111,571	221,502,605	217,116,035	203,341,339
Operating Income	12,009,679	33,998,393	31,637,034	29,804,187	30,155,961	46,624,071	33,900,988	34,718,423	14,493,183	61,649,447
Interest Income/(Expense)	(13,811,981)	(13,791,730)	(15,304,953)	(15,812,321)	(19,965,452)	(15,549,762)	(15,663,027)	(14,791,096)	(17,604,368)	(17,306,717)
Payment-in-lieu of taxes	-	(13,279,641)	(13,916,680)	(14,673,298)	(16,325,334)	(18,374,439)	(17,230,192)	(17,562,272)	(21,540,269)	(27,831,160)
Nonoperating Income/(Expense)	(13,811,981)	(27,071,371)	(29,221,633)	(30,485,619)	(36,290,786)	(33,924,201)	(32,893,219)	(32,353,368)	(39,144,637)	(45,137,877)
Income/Loss	(1,802,302)	6,927,022	2,415,401	(681,432)	(6,134,825)	12,699,870	1,007,769	2,365,055	(24,651,454)	16,511,570
Contributions	-	379,843	1,166,323	275,314	1,281,668	1,403,996	880,873	1,466,171	209,965	300,888
Change In Net Assets	\$ (1,802,302)	\$ 7,306,865	\$ 3,581,724	\$ (406,118)	\$ (4,853,157)	\$ 14,103,866	\$ 1,888,642	\$ 3,831,226	\$ (24,441,489)	\$ 16,812,458

Footnotes:

- (1) Includes fuel, purchased power and production.
- (2) Includes general and administrative and provisions for doubtful accounts.
- (3) Payments-in-lieu of taxes (PILOT). PILOT removed from operating expenses and considered a nonoperating expense beginning 2002 due to GASB 34.
- (4) Purchased power costs amortization added beginning in 2002.
- (5) Includes other non operating income.
- (6) 2005 - Recognized Loss on Disposal of Assets.
- (7) Adoption of GASB 33 and GASB 34 beginning in 2002.

Revenue Capacity



ELECTRIC UTILITY SYSTEMS SALES

LAST TEN FISCAL YEARS

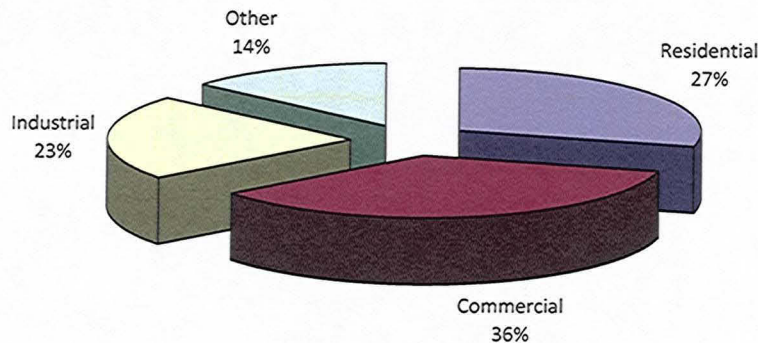
Residential					Commercial						
	Dollars/\$'s	(Kwh)	Customers	Average kWh	Average Sales /\$'s		Dollars/\$'s	(Kwh)	Customers	Average kWh	Average Sales /\$'s
2001	\$ 35,377,550	550,869,096	57,846	9,523	\$ 611.58	\$	44,657,134	802,679,313	6,943	115,610	\$ 6,431.97
2002	\$ 39,210,218	568,700,840	57,795	9,840	\$ 678.44	\$	46,848,425	806,031,040	7,147	112,779	\$ 6,554.98
2003	\$ 39,717,885	525,368,930	60,523	8,680	\$ 656.24	\$	50,243,742	814,699,133	7,870	103,520	\$ 6,384.21
2004	\$ 38,679,186	521,556,432	57,563	9,061	\$ 671.95	\$	52,158,752	834,722,758	6,651	125,503	\$ 7,842.24
2005	\$ 44,116,173	549,989,717	57,486	9,567	\$ 767.42	\$	56,254,173	846,528,035	6,672	126,878	\$ 8,431.38
2006	\$ 54,131,458	562,349,076	57,500	9,780	\$ 941.42	\$	71,126,503	910,094,493	6,733	135,169	\$ 10,563.86
2007	\$ 50,728,377	569,938,677	57,267	9,952	\$ 885.82	\$	66,484,533	896,367,753	6,799	131,838	\$ 9,778.58
2008	\$ 50,853,676	544,166,628	57,187	9,516	\$ 889.25	\$	69,292,240	856,957,838	6,905	124,107	\$ 10,035.08
2009	\$ 49,968,396	536,644,287	56,907	9,430	\$ 878.07	\$	69,038,969	864,936,202	6,952	124,415	\$ 9,930.81
2010	\$ 53,468,956	609,507,300	56,357	10,815	\$ 948.75	\$	65,639,995	880,896,928	6,905	127,574	\$ 9,506.15

Industrial					Other						
	Dollars/\$'s	(Kwh)	Customers	Average kWh	Average Sales /\$'s		Dollars/\$'s	(Kwh)	Customers	Average kWh	Average Sales /\$'s
2001	\$ 30,762,177	817,758,956	118	6,930,161	\$ 260,696.42	\$	22,615,413	519,123,634	252	2,060,014	\$ 89,743.70
2002	\$ 32,125,988	822,335,834	115	7,150,746	\$ 279,356.42	\$	17,997,722	425,479,947	246	1,729,593	\$ 73,161.47
2003	\$ 32,624,899	814,756,414	106	7,686,381	\$ 307,782.07	\$	18,797,472	520,060,228	250	2,080,241	\$ 75,189.89
2004	\$ 36,365,066	904,499,429	98	9,229,586	\$ 371,072.10	\$	19,858,369	585,014,156	223	2,623,382	\$ 89,050.98
2005	\$ 40,788,506	920,894,297	99	9,301,963	\$ 412,005.11	\$	20,708,393	572,925,408	224	2,557,703	\$ 92,448.18
2006	\$ 52,357,554	897,258,438	94	9,545,303	\$ 556,995.26	\$	19,978,877	457,359,735	242	1,889,916	\$ 82,557.34
2007	\$ 41,001,666	759,651,447	94	8,081,398	\$ 436,187.94	\$	31,468,641	502,448,866	225	2,233,106	\$ 139,860.63
2008	\$ 43,507,292	742,247,845	94	7,896,254	\$ 462,843.53	\$	36,760,714	482,736,551	222	2,174,489	\$ 165,588.80
2009	\$ 42,666,801	689,322,900	94	7,333,222	\$ 453,902.14	\$	26,074,666	419,910,237	232	1,809,958	\$ 112,390.80
2010	\$ 40,758,341	751,421,546	94	7,993,846	\$ 433,599.38	\$	25,318,233	417,673,813	233	1,792,591	\$ 108,661.94

*Other includes Schools, Wholesale Sales, Highway Lighting and Public Authorities

Total					
	Dollars/\$'s	(Kwh)	Customers	Average kWh	Average Sales /\$'s
2001	\$ 133,412,274	2,690,430,999	65,159	41,290	\$ 2,047.49
2002	\$ 136,182,353	2,622,547,661	65,303	40,160	\$ 2,085.39
2003	\$ 141,383,998	2,674,884,705	68,749	38,908	\$ 2,056.52
2004	\$ 147,061,373	2,845,792,775	64,535	44,097	\$ 2,278.78
2005	\$ 161,867,245	2,890,337,457	64,481	44,825	\$ 2,510.31
2006	\$ 197,594,392	2,827,061,742	64,569	43,784	\$ 3,060.21
2007	\$ 189,683,217	2,728,406,743	64,385	42,376	\$ 2,946.08
2008	\$ 200,413,922	2,626,108,862	64,408	40,773	\$ 3,111.63
2009	\$ 187,748,832	2,510,813,626	64,185	39,118	\$ 2,925.12
2010	\$ 185,185,525	2,659,499,587	63,589	41,823	\$ 2,912.23

Percentage of Electric Utility Sales

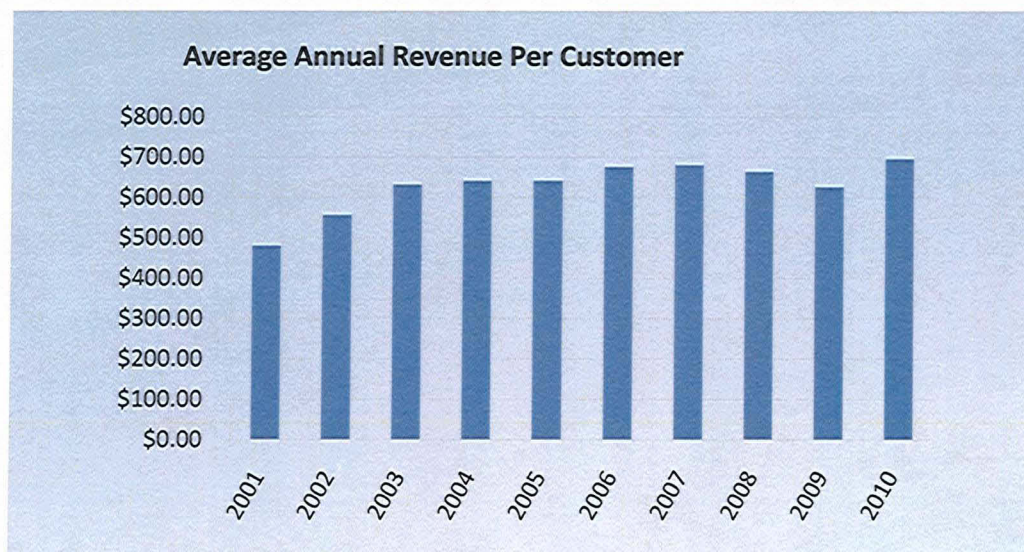


BPU Water Sales

Last Ten Fiscal Years

Fiscal Year	Gallons Pumped	Gallons Sold	Operating Revenue	Average Number of Customers	Average Revenue Per Customer
2001	10,292,669,000	7,135,029,880	\$ 24,837,663	51,891	\$478.65
2002	11,229,470,000	7,264,262,588	\$ 28,768,379	51,802	\$555.35
2003	11,755,190,000	7,156,918,604	\$ 32,081,858	50,900	\$630.29
2004	12,513,350,000	7,088,525,972	\$ 32,281,307	50,451	\$639.85
2005	13,179,970,000	7,314,650,112	\$ 32,672,356	50,988	\$640.79
2006	12,754,110,000	7,317,225,371	\$ 34,270,444	50,765	\$675.08
2007	11,387,530,000	7,000,978,000	\$ 34,445,314	50,691	\$679.52
2008	11,703,670,000	6,260,264,000	\$ 33,488,102	50,530	\$662.74
2009	10,867,240,000	6,015,566,000	\$ 31,545,660	50,483	\$624.88
2010	11,088,290,000	6,422,126,000	\$ 34,731,824	49,987	\$694.82

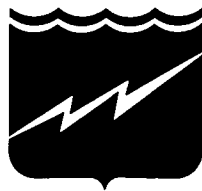
NOTE: Gallons sold excludes internal BPU department use and water services provided to the Unified Government of Wyandotte County/Kansas City, Kansas.





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Debt Capacity





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BPU
Utility System Revenue Bonded Indebtedness

Last Ten Fiscal Years

Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Current Year Net Revenue Available for Debt Service	Maximum Outstanding Annual Debt Service (3)	Debt Service			Coverage (4)
					Principal (3)	Interest (3)	Total (3)	
2001	\$ 175,399,140	\$ 127,369,706	\$ 48,029,434	\$ 26,142,132	245,565,239	228,956,357	474,521,596	1.84
2002	\$ 194,836,463	\$ 133,764,651	\$ 61,071,812	\$ 27,512,785	253,334,835	221,912,978	475,247,813	2.21
2003	\$ 202,691,757	\$ 145,425,897	\$ 57,265,860	\$ 27,127,411	243,417,749	204,317,279	447,735,028	2.11
2004	\$ 212,478,539	\$ 154,234,239	\$ 58,244,300	\$ 32,509,058	354,939,934	236,670,413	591,610,347	1.79
2005	\$ 229,794,624	\$ 163,244,271	\$ 66,550,353	\$ 34,463,496	360,731,614	284,858,425	645,590,039	1.93
2006	\$ 262,047,645	\$ 181,735,688	\$ 80,311,957	\$ 34,463,496	354,426,183	265,065,016	619,491,199	2.33
2007	\$ 249,572,589	\$ 180,408,175	\$ 69,164,414	\$ 33,557,926	346,692,157	242,696,750	589,388,907	2.06
2008	\$ 259,099,083	\$ 191,646,089	\$ 67,452,994	\$ 33,557,926	335,751,130	220,158,825	555,909,955	2.01
2009	\$ 233,026,694	\$ 185,129,869	\$ 47,896,825	\$ 34,270,503	385,592,415	243,196,901	628,789,316	1.39
2010	\$ 265,955,759	\$ 171,635,396	\$ 94,320,363	\$ 33,934,990	376,147,121	214,362,010	590,509,131	2.78

NOTE: The most restrictive bond ordinance provides for historical net revenue coverage at 120 percent of the Maximum Outstanding Annual Debt Service.

(1) Total operating revenues, interest on investments (excluding Construction Fund) and other.

(2) Total operating expenses exclusive of depreciation and amortization.

(3) Beginning in 2004 the maximum outstanding annual debt service and debt service includes the payments required for the government loans.

(4) Current Year Net Revenue Available for Debt Service divided by Maximum Outstanding Annual Debt Service

BPU
Debt Maturity Schedules - Unaudited
Combined

Year	Series 1992		1998 Issue - Refunding Debt Service Bonds		1999 Issue Improvement Bonds		1992 Issue - Water Bonds		2001 Issue Industrial Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	2,286,515	5,613,485	1,335,000	1,039,305	500,000	25,625	155,000	9,765	780,000	634,000
2011				981,900					820,000	594,000
2012				981,900					860,000	552,000
2013				981,900					905,000	507,875
2014				981,900					960,000	456,450
2015				981,900					1,015,000	397,200
2016				981,900					1,075,000	339,875
2017				981,900					1,130,000	284,750
2018				981,900					1,190,000	226,750
2019			2,430,000	981,900					1,250,000	165,750
2020			2,535,000	872,550					1,310,000	101,750
2021			2,655,000	758,475					1,380,000	34,500
2022			2,775,000	639,000						
2023			2,895,000	514,125						
2024			1,560,000	383,850						
2025			1,630,000	313,650						
2026			1,700,000	240,300						
2027			1,780,000	163,800						
2028			1,860,000	83,700						
2029										
2030										
2031										
2032										
2033										
2034										
Total	2,286,515	5,613,485	23,155,000	13,845,855	500,000	25,625	155,000	9,765	12,675,000	4,294,901

Year	2004 Issue - Refunding Debt Service Bonds		2004B Issue - Revenue Debt Service Bonds		2009A Issue - Revenue Debt Service Bonds		2010 Issue Refunding Bond		KDHE Loan #1		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Service Fee
2010	515,000	6,994,628	1,150,000	5,453,144	1,230,000	2,889,475		752,819	485,841	340,715	33,497
2011	8,445,000	6,965,530	1,235,000	5,418,644	1,290,000	2,827,975	2,145,000	1,309,250	505,023	323,250	31,780
2012	8,930,000	6,488,388	1,245,000	5,375,419	1,355,000	2,763,475	2,265,000	1,223,451	524,962	305,095	29,995
2013	9,435,000	5,983,843	1,310,000	5,330,288	1,420,000	2,695,725	2,285,000	1,178,150	545,689	286,224	28,140
2014	9,955,000	5,450,765	1,370,000	5,281,163	1,490,000	2,624,725	2,410,000	1,063,900	567,234	266,608	26,211
2015	7,245,000	4,888,308	1,785,000	5,231,500	1,535,000	2,583,750	3,330,000	943,400	589,629	246,217	24,207
2016	7,655,000	4,478,965	1,865,000	5,142,250	1,610,000	2,507,000	3,510,000	776,900	612,909	225,021	22,123
2017	8,635,000	4,046,458	2,195,000	5,049,000	1,690,000	2,426,500	2,875,000	671,600	637,108	202,988	19,957
2018	9,130,000	3,558,580	2,275,000	4,939,250	1,775,000	2,342,000	2,980,000	570,975	662,263	180,085	17,705
2019	9,840,000	3,042,735	2,400,000	4,825,500	1,865,000	2,253,250	825,000	451,775	688,410	156,278	15,364
2020	10,180,000	2,498,075	2,505,000	4,705,500	1,955,000	2,160,000	890,000	418,775	715,590	131,531	12,931
2021	10,765,000	1,922,905	2,610,000	4,580,250	2,055,000	2,062,250	925,000	383,175	743,843	105,807	10,402
2022	11,365,000	1,314,683	1,370,000	4,449,750	2,155,000	1,959,500	960,000	343,863	773,212	79,067	7,773
2023	12,010,000	672,560	1,425,000	4,381,250	2,265,000	1,851,750	995,000	303,063	803,740	51,272	5,041
2024			7,820,000	4,310,000	2,380,000	1,738,500	1,055,000	260,775	835,473	22,379	2,200
2025			8,210,000	3,919,000	2,500,000	1,619,500	1,115,000	213,300			
2026			8,620,000	3,508,500	2,625,000	1,494,500	1,170,000	163,125			
2027			9,050,000	3,077,500	2,755,000	1,363,250	1,200,000	110,475			
2028			9,500,000	2,625,000	2,890,000	1,225,500	1,255,000	56,475			
2029			9,980,000	2,150,000	3,035,000	1,081,000					
2030			10,475,000	1,651,000	3,190,000	929,250					
2031			11,000,000	1,127,250	3,355,000	761,775					
2032			11,545,000	577,250	3,530,000	585,638					
2033					3,715,000	400,313					
2034					3,910,000	205,275					
Total	123,905,000	58,306,420	110,940,000	93,108,406	57,575,000	45,351,875	32,190,000	11,195,245	9,690,924	2,922,536	287,328

Year	KDHE Loan #2			KDHE Loan #3			Total			
	Principal	Interest	Service Fee	Principal	Interest	Service Fee	Principal	Interest	Service Fee	Total
2010	203,828	141,922	14,032	345,453	261,526	28,164	8,986,637	24,156,408	75,693	33,218,738
2011	211,834	134,636	13,311	354,516	251,433	27,077	15,006,373	18,806,618	72,169	33,895,160
2012	220,155	127,064	12,563	367,394	239,807	25,825	15,767,511	18,056,599	68,384	33,892,493
2013	228,802	119,195	11,785	380,739	227,759	24,528	16,510,230	17,310,959	64,453	33,865,641
2014	237,789	111,017	10,976	394,589	215,274	23,183	17,384,592	16,451,801	60,371	33,896,764
2015	247,129	102,517	10,136	408,901	202,335	21,790	16,155,660	15,577,126	56,132	31,788,919
2016	256,836	93,684	9,263	423,754	188,926	20,346	17,008,499	14,734,521	51,731	31,794,751
2017	266,924	84,503	8,355	439,147	175,030	18,849	17,868,179	13,922,729	47,161	31,838,068
2018	277,408	74,962	7,412	455,098	160,630	17,299	18,744,769	13,035,132	42,415	31,822,316
2019	288,304	65,046	6,431	471,629	145,706	15,691	19,658,344	12,087,940	37,487	31,983,771
2020	299,629	54,741	5,412	488,761	130,240	14,026	20,678,979	11,073,162	32,370	31,984,511
2021	311,397	44,031	4,353	506,514	114,212	12,300	21,951,755	10,005,605	27,056	31,984,416
2022	323,629	32,900	3,253	524,913	97,602	10,511	20,246,753	8,916,365	21,537	29,184,656
2023	336,340	21,333	2,109	543,980	80,389	8,657	21,274,060	7,875,741	15,807	29,165,608
2024	349,551	9,310	921	563,740	62,551	6,736	14,563,764	6,787,365	9,857	21,360,986
2025				584,217	44,064	4,745	14,039,217	6,109,514	4,745	20,153,476
2026				605,438	24,906	2,682	14,720,438	5,431,331	2,682	20,154,451
2027				142,998	5,052	544	14,927,998	4,720,077	544	19,648,620
2028							15,505,000	3,990,675		19,495,675
2029							13,015,000	3,231,000		16,246,000
2030							13,665,000	2,580,250		16,245,250
2031							14,355,000	1,889,025		16,244,025
2032							15,075,000	1,162,888		16,237,888
2033							3,715,000	400,313		4,115,313
2034							3,910,000	205,275		4,115,275
Total	4,059,557	1,216,862	120,311	8,001,762	2,627,442	282,956	385,133,758	238,518,418	690,595	624,342,770

BPU
Debt Maturity Schedules - Unaudited
Electric System

Year	Series 1992		1999 Issue Improvement Bonds		2001 Issue Industrial Revenue Bonds		2004 Issue - Refunding Debt Service Bonds		2004B Issue - Revenue Debt Service Bonds		2009A Issue - Revenue Debt Service Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	1,897,350	4,658,070	469,700	24,088	678,600	551,580	386,250	5,245,971	977,500	4,635,172	1,166,778	2,740,956
2011					713,400	516,780	6,333,750	5,224,148	1,049,750	4,605,847	1,223,694	2,682,617
2012					748,200	480,240	6,697,500	4,866,291	1,058,250	4,569,106	1,285,353	2,621,432
2013					787,350	441,851	7,076,250	4,487,882	1,113,500	4,530,744	1,347,012	2,557,165
2014					835,200	397,112	7,466,250	4,088,074	1,164,500	4,488,988	1,413,414	2,489,814
2015					883,050	345,564	5,433,750	3,666,231	1,517,250	4,446,775	1,456,101	2,450,945
2016					935,250	295,692	5,741,250	3,359,224	1,585,250	4,370,913	1,527,246	2,378,140
2017					983,100	247,733	6,476,250	3,034,843	1,865,750	4,291,650	1,603,134	2,301,778
2018					1,035,300	197,273	6,847,500	2,668,935	1,933,750	4,198,363	1,683,765	2,221,621
2019					1,087,500	144,203	7,230,000	2,282,051	2,040,000	4,101,675	1,769,139	2,137,433
2020					1,139,700	88,523	7,635,000	1,873,556	2,129,250	3,999,675	1,854,513	2,048,976
2021					1,200,600	30,015	8,073,750	1,442,179	2,218,500	3,893,213	1,949,373	1,956,250
2022							8,523,750	986,012	1,164,500	3,782,288	2,044,233	1,858,782
2023							9,007,500	504,420	1,211,250	3,724,063	2,148,579	1,756,570
2024									6,647,000	3,683,500	2,257,668	1,649,141
2025									6,978,500	3,331,150	2,371,500	1,536,258
2026									7,327,000	2,982,225	2,490,075	1,417,683
2027									7,692,500	2,615,875	2,613,393	1,293,179
2028									8,075,000	2,231,250	2,741,454	1,162,509
2029									8,483,000	1,827,500	2,879,001	1,025,437
2030									8,903,750	1,403,350	3,026,034	881,487
2031									9,350,000	958,163	3,182,553	722,620
2032									9,813,250	490,663	3,348,558	555,536
2033											3,524,049	379,736
2034											3,709,026	194,724
Total	1,897,350	4,658,070	469,700	24,088	11,027,250	3,736,564	92,928,750	43,729,815	94,299,000	79,142,145	54,615,645	43,020,789

Year	2010 Issue Refunding Bond		Total		
	Principal	Interest	Principal	Interest	Total
2010		346,297	5,576,178	18,202,133	23,778,311
2011	986,700	602,255	10,307,294	13,631,647	23,938,941
2012	1,041,900	562,787	10,831,203	13,099,856	23,931,059
2013	1,051,100	541,949	11,375,212	12,559,591	23,934,803
2014	1,108,600	489,394	11,987,964	11,953,382	23,941,346
2015	1,531,800	433,964	10,821,951	11,343,479	22,165,430
2016	1,614,600	357,374	11,403,596	10,761,342	22,164,938
2017	1,322,500	308,936	12,250,734	10,184,940	22,435,674
2018	1,370,800	262,649	12,871,115	9,548,840	22,419,955
2019	379,500	207,817	12,506,139	8,873,178	21,379,317
2020	409,400	192,637	13,167,863	8,203,366	21,371,229
2021	425,500	176,261	13,867,723	7,497,917	21,365,640
2022	441,600	158,177	12,174,083	6,785,258	18,959,341
2023	457,700	139,409	12,825,029	6,124,461	18,949,490
2024	485,300	119,957	9,389,968	5,432,598	14,822,566
2025	512,900	98,118	9,862,900	4,965,526	14,828,426
2026	538,200	75,038	10,355,275	4,474,945	14,830,220
2027	552,000	50,819	10,857,893	3,959,872	14,817,765
2028	577,300	25,979	11,393,754	3,419,738	14,813,492
2029			11,362,001	2,852,937	14,214,938
2030			11,929,784	2,284,837	14,214,621
2031			12,532,553	1,680,782	14,213,335
2032			13,161,808	1,046,198	14,208,006
2033			3,524,049	379,736	3,903,785
2034			3,709,026	194,724	3,903,750
Total	14,807,400	5,149,813	270,045,095	179,461,284	449,506,379

**BPU
Debt Maturity Schedules - Unaudited**

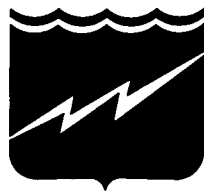
Water System

Year	Series 1992		1998 Issue - Refunding Debt Service Bonds		1999 Issue Improvement Bonds		1992 Issue - Water Bonds		2001 Issue Industrial Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	389,165	955,415	1,335,000	1,039,305	30,300	1,538	155,000	9,765	101,400	82,420
2011				981,900					106,600	77,220
2012				981,900					111,800	71,760
2013				981,900					117,650	66,024
2014				981,900					124,800	59,339
2015				981,900					131,950	51,636
2016				981,900					139,750	44,184
2017				981,900					146,900	37,018
2018				981,900					154,700	29,478
2019			2,430,000	981,900					162,500	21,548
2020			2,535,000	872,550					170,300	13,228
2021			2,655,000	758,475					179,400	4,485
2022			2,775,000	639,000						
2023			2,895,000	514,125						
2024			1,560,000	383,850						
2025			1,630,000	313,650						
2026			1,700,000	240,300						
2027			1,780,000	163,800						
2028			1,860,000	83,700						
2029										
2030										
2031										
2032										
2033										
2034										
Total	389,165	955,415	23,155,000	13,845,855	30,300	1,538	155,000	9,765	1,647,750	558,337

Year	2004 Issue - Refunding Debt Service Bonds		2004B Issue - Revenue Debt Service Bonds		2009A Issue - Revenue Debt Service Bonds		2010 Issue Refunding Bond		KDHE Loan #1		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Service Fee
2010	128,750	1,748,657	172,500	817,972	63,222	148,519		406,522	485,841	340,715	33,497
2011	2,111,250	1,741,383	185,250	812,797	66,306	145,358	1,158,300	706,995	505,023	323,250	31,780
2012	2,232,500	1,622,097	186,750	806,313	69,647	142,043	1,223,100	660,664	524,962	305,095	29,995
2013	2,358,750	1,495,961	196,500	799,543	72,988	138,560	1,233,900	636,201	545,689	286,224	28,140
2014	2,488,750	1,362,691	205,500	792,174	76,586	134,911	1,301,400	574,506	567,234	266,608	26,211
2015	1,811,250	1,222,077	267,750	784,725	78,899	132,805	1,798,200	509,436	589,629	246,217	24,207
2016	1,913,750	1,119,741	279,750	771,338	82,754	128,860	1,895,400	419,526	612,909	225,021	22,123
2017	2,158,750	1,011,614	329,250	757,350	86,866	124,722	1,552,500	362,664	637,108	202,988	19,957
2018	2,282,500	889,645	341,250	740,888	91,235	120,379	1,609,200	308,327	662,263	180,085	17,705
2019	2,410,000	760,684	360,000	723,825	95,861	115,817	445,500	243,959	688,410	156,278	15,364
2020	2,545,000	624,519	375,750	705,825	100,487	111,024	480,600	226,139	715,590	131,531	12,931
2021	2,691,250	480,726	391,500	687,038	105,627	106,000	499,500	206,915	743,843	105,807	10,402
2022	2,841,250	328,671	205,500	667,463	110,767	100,718	518,400	185,686	773,212	79,067	7,773
2023	3,002,500	168,140	213,750	657,188	116,421	95,180	537,300	163,654	803,740	51,272	5,041
2024			1,173,000	646,500	122,332	89,359	569,700	140,819	835,473	22,379	2,200
2025			1,231,500	587,850	128,500	83,242	602,100	115,182			
2026			1,293,000	526,275	134,925	76,817	631,800	88,088			
2027			1,357,500	461,625	141,607	70,071	648,000	59,657			
2028			1,425,000	393,750	148,546	62,991	677,700	30,497			
2029			1,497,000	322,500	155,999	55,563					
2030			1,571,250	247,650	163,966	47,763					
2031			1,650,000	169,088	172,447	39,155					
2032			1,731,750	86,588	181,442	30,102					
2033					190,951	20,576					
2034					200,974	10,551					
Total	30,976,250	14,576,605	16,641,000	13,966,261	2,959,355	2,331,086	17,382,600	6,045,432	9,690,924	2,922,536	287,328

Year	KDHE Loan #2			KDHE Loan #3			Total			
	Principal	Interest	Service Fee	Principal	Interest	Service Fee	Principal	Interest	Service Fee	Total
2010	203,828	141,922	14,032	345,453	261,526	28,164	3,410,459	5,954,275	75,693	9,440,427
2011	211,834	134,636	13,311	354,516	251,433	27,077	4,699,079	5,174,970	72,169	9,946,219
2012	220,155	127,064	12,563	367,394	239,807	25,825	4,936,308	4,956,742	68,384	9,961,434
2013	228,802	119,195	11,785	380,739	227,759	24,528	5,135,018	4,751,367	64,453	9,950,838
2014	237,789	111,017	10,976	394,569	215,274	23,183	5,396,628	4,498,419	60,371	9,955,418
2015	247,129	102,517	10,136	408,901	202,335	21,790	5,333,709	4,233,647	56,132	9,623,488
2016	256,836	93,684	9,263	423,754	188,926	20,346	5,604,903	3,973,179	51,731	9,629,813
2017	266,924	84,503	8,355	439,147	175,030	18,849	5,617,445	3,737,789	47,161	9,402,395
2018	277,408	74,962	7,412	455,098	160,630	17,299	5,673,654	3,486,292	42,415	9,402,361
2019	288,304	65,046	6,431	471,629	145,706	15,691	7,352,205	3,214,762	37,487	10,604,454
2020	299,629	54,741	5,412	488,761	130,240	14,026	7,711,116	2,869,796	32,370	10,613,282
2021	311,397	44,031	4,353	506,514	114,212	12,300	8,084,032	2,507,688	27,056	10,618,776
2022	323,629	32,900	3,253	524,913	97,602	10,511	8,072,670	2,131,107	21,537	10,225,315
2023	336,340	21,333	2,109	543,980	80,389	8,657	8,449,031	1,751,280	15,807	10,216,118
2024	349,551	9,310	921	563,740	62,551	6,736	5,173,796	1,354,767	9,857	6,538,420
2025				584,217	44,064	4,745	4,176,317	1,143,988	4,745	5,325,051
2026				605,438	24,906	2,682	4,365,163	956,386	2,682	5,324,231
2027				142,998	5,052	544	4,070,105	760,205	544	4,830,855
2028							4,111,246	570,937		4,682,183
2029							1,652,999	378,063		2,031,062
2030							1,735,216	295,413		2,030,629
2031							1,822,447	208,243		2,030,690
2032							1,913,192	116,689		2,029,881
2033							190,951	20,576		211,527
2034							200,974	10,551		211,525
Total	4,059,557	1,216,662	120,311	8,001,762	2,627,442	282,956	115,088,663	59,057,134	690,595	174,836,392

Demographic and Economic Information





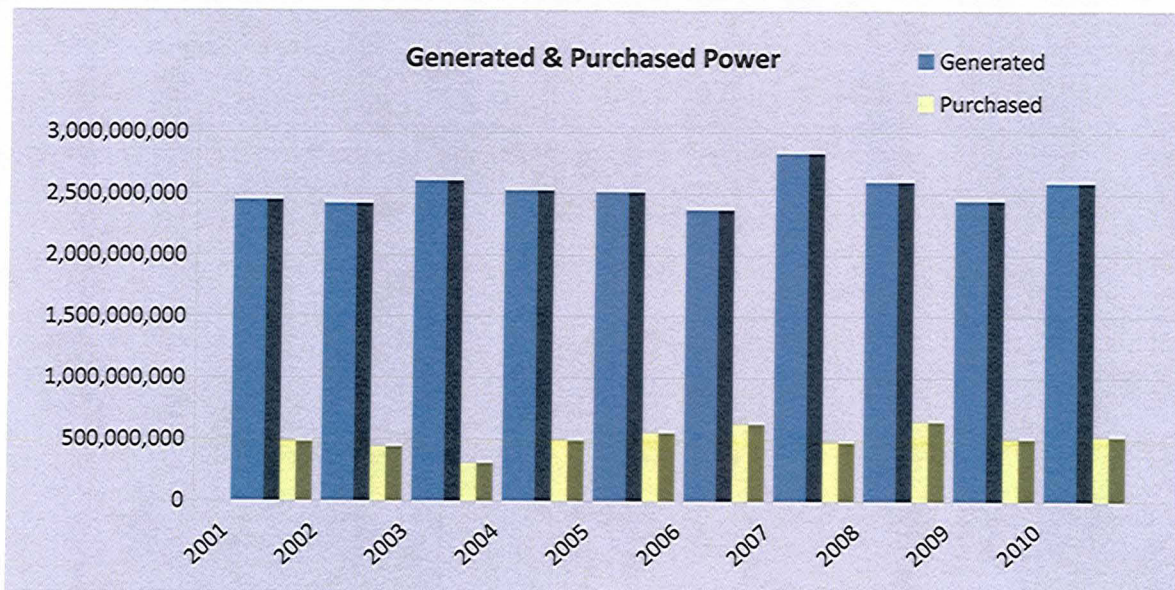
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Electric Load Statistics in Kilowatts

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Generated</u>	<u>Purchased</u>	<u>Interchanged</u>	<u>Total Kilowatts Available</u>	<u>Maximum System Gross Demand kW</u>	<u>Maximum Net Capability</u>
2001	2,448,006.000	481,883.800	-480,901.000	2,448,988.800	496.000	591.000
2002	2,419,119.000	440,956.700	-377,928.000	2,482,147.700	479.000	591.000
2003	2,604,283.000	307,766.300	-441,378.000	2,470,671.300	520.000	606.000
2004	2,524,179.000	493,322.600	-515,878.000	2,501,623.600	490.000	619.000
2005	2,511,552.000	555,384.500	-455,827.000	2,611,109.500	501.000	553.000
2006	2,368,434.000	627,907.900	-357,109.000	2,639,232.900	529.000	579.000
2007	2,830,038.000	476,192.000	-719,077.000	2,587,153.000	512.000	611.000
2008	2,599,420.000	646,850.000	-733,169.000	2,513,101.000	492.000	611.000
2009	2,444,808.000	505,584.800	-575,205.000	2,375,187.800	471.000	593.500
2010	2,590,447.000	525,043.000	-585,246.000	2,530,244.000	501.000	632.500

NOTES: Generated amounts are net of system usage.
Purchased amounts are net of borderline.
Interchanged amounts include sales for resale which reduces total kilowatts available.



PRINCIPAL CUSTOMERS (Ten year history)

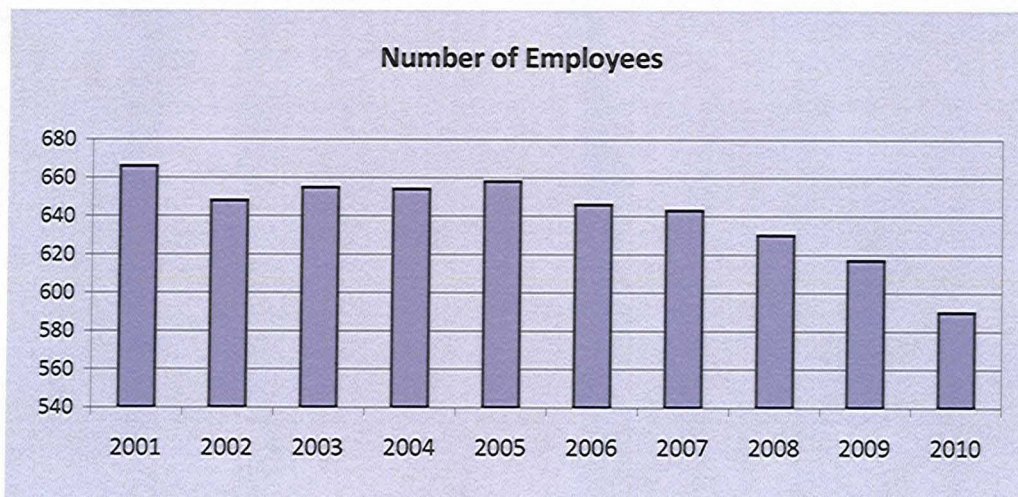
<u>2001</u>		<u>Revenue</u>	<u>2002</u>		<u>Revenue</u>
Owens Corning Fiberglass (Insulation)	\$	5,399,800	CertainTeed Corp. (Insulation)	\$	6,158,200
CertainTeed Corp. (Insulation)		5,399,200	Owens Corning Fiberglass (Insulation)		5,245,100
General Motor's Corp. (Auto Production)		4,782,600	General Motor's Corp. (Auto Production)		5,004,400
Univ. of Kansas Medical Ctr. (Hospital)		3,208,400	WaterOne of Johnson County (Water Utility)		3,772,400
WaterOne of Johnson County (Water Utility)		3,173,600	Procter & Gamble Co. (Cleaning Products)		3,694,900
Procter & Gamble Co. (Cleaning Products)		3,087,100	Univ. of Kansas Medical Ctr. (Hospital)		3,313,300
Griffin Wheel (Railroad Wheels)		2,260,400	USD#500 KCK (Public School Dist.)		3,149,500
Armour Swift-Eckrich Inc. (Food Manufacturer)		1,527,200	Griffin Wheel (Railroad Wheels)		2,422,300
Colgate Palmolive Co. (Soap Manufacturer)		1,313,600	Armour Swift-Eckrich Inc. (Food Manufacturer)		1,644,000
Burlington Northern/Sante Fe (Railroad)		1,287,400	Constar Plastics (Plastic Containers)		1,502,100
<hr/>					
<u>2003</u>		<u>Revenue</u>	<u>2004</u>		<u>Revenue</u>
CertainTeed Corp. (Insulation)	\$	6,486,700	Owens Corning Fiberglass (Insulation)	\$	7,199,000
General Motor's Corp. (Auto Production)		5,141,900	General Motor's Corp. (Auto Production)		6,494,700
Owens Corning Fiberglass (Insulation)		4,886,900	CertainTeed Corp. (Insulation)		6,342,700
WaterOne of Johnson County (Water Utility)		4,431,800	Procter & Gamble Co. (Cleaning Products)		4,126,000
Procter & Gamble Co. (Cleaning Products)		4,033,600	WaterOne of Johnson County (Water Utility)		4,074,200
Univ. of Kansas Medical Ctr. (Hospital)		3,840,500	Univ. of Kansas Medical Ctr. (Hospital)		3,986,900
USD#500 KCK (Public School Dist.)		3,776,100	USD#500 KCK (Public School Dist.)		3,731,400
Griffin Wheel (Railroad Wheels)		2,835,300	Griffin Wheel (Railroad Wheels)		2,945,400
ConAgra (Food Manufacturer)		1,642,400	Colgate Palmolive Co. (Soap Manufacturer)		1,575,200
Colgate Palmolive Co. (Soap Manufacturer)		1,619,500	ConAgra (Food Manufacturer)		1,541,000
<hr/>					
<u>2005</u>		<u>Revenue</u>	<u>2006</u>		<u>Revenue</u>
Owens Corning Fiberglass (Insulation)	\$	8,633,600	Owens Corning Fiberglass (Insulation)	\$	9,651,500
CertainTeed Corp. (Insulation)		7,670,300	General Motor's Corp. (Auto Production)		9,347,800
General Motor's Corp. (Auto Production)		6,995,100	CertainTeed Corp. (Insulation)		9,283,300
WaterOne of Johnson County (Water Utility)		4,916,900	WaterOne of Johnson County (Water Utility)		7,236,500
Procter & Gamble Co. (Cleaning Products)		4,486,100	Griffin Wheel (Railroad Wheels)		5,468,500
Univ. of Kansas Medical Ctr. (Hospital)		4,333,900	Univ. of Kansas Medical Ctr. (Hospital)		4,860,400
USD#500 KCK (Public School Dist.)		3,926,300	USD#500 KCK (Public School Dist.)		4,649,700
Griffin Wheel (Railroad Wheels)		3,745,100	Procter & Gamble Co. (Cleaning Products)		4,648,100
Colgate Palmolive Co. (Soap Manufacturer)		1,630,200	Magellan Pipeline Company (Petroleum Pipeline)		1,879,354
ConAgra (Food Manufacturer)		1,511,900	Constar Plastics (Plastic Containers)		1,862,998
<hr/>					
<u>2007</u>		<u>Revenue</u>	<u>2008</u>		<u>Revenue</u>
General Motor's (Auto Production)	\$	8,013,000	General Motor's (Auto Production)	\$	8,636,200
Owens Corning Fiberglass (Insulation)		6,713,100	Owens Corning Fiberglass (Insulation)		8,114,700
CertainTeed Corp. (Insulation)		6,227,200	Univ. of Kansas Medical Ctr. (Hospital)		6,577,700
WaterOne of Johnson County (Water Utility)		4,928,200	CertainTeed Corp. (Insulation)		5,120,500
Univ. of Kansas Medical Ctr. (Hospital)		4,493,400	Griffin Wheel (Railroad Wheels)		4,819,500
Griffin Wheel (Railroad Wheels)		4,344,100	WaterOne of Johnson County (Water Utility)		4,557,700
Procter & Gamble Co. (Cleaning Products)		4,246,200	Procter & Gamble Co. (Cleaning Products)		4,539,400
Constar Plastics (Plastic Containers)		1,694,200	Sunshine Biscuit (Food Manufacturer)		1,798,000
GNB Battery (Battery Manufacturer)		1,679,300	Burlington Northern/Sante Fe (Railroad)		1,785,000
Burlington Northern/Sante Fe (Railroad)		1,663,400	GNB Battery (Battery Manufacturer)		1,649,300
<hr/>					
<u>2009</u>		<u>Revenue</u>	<u>2010</u>		<u>Revenue</u>
Owens Corning Fiberglass (Insulation)	\$	8,411,448	General Motor's (Auto Production)	\$	9,175,537
General Motor's (Auto Production)		7,775,949	Owens Corning Fiberglass (Insulation)		7,616,293
CertainTeed Corp. (Insulation)		4,980,249	CertainTeed Corp. (Insulation)		4,839,908
Procter & Gamble Co. (Cleaning Products)		4,678,197	Griffin Wheel (Railroad Wheels)		3,987,251
Griffin Wheel (Railroad Wheels)		4,131,327	Procter & Gamble Co. (Cleaning Products)		3,720,138
Univ. of Kansas Medical Ctr. (Hospital)		3,849,712	WaterOne of Johnson County (Water Utility)		3,643,474
WaterOne of Johnson County (Water Utility)		3,394,275	Univ. of Kansas Hospital Authority (Hospital)		3,455,220
Univ. of Kansas Hospital Authority (Hospital)		3,224,570	Univ. of Kansas Medical Center (Hospital)		2,679,192
Magellan Pipeline Company (Petroleum Pipeline)		1,866,769	Constar Plastics (Plastic Containers)		1,666,777
Burlington Northern/Sante Fe (Railroad)		1,855,297	Magellan Pipeline Company (Petroleum Pipeline)		1,642,803

Employee Data

Last Ten Fiscal Year

Fiscal Year	Salaries	Employee Benefits and Payroll Taxes (1)	Total Salary And Benefits (2)	Number of Employees As of December 31, (3)
2001	\$ 38,158,783	\$ 19,585,515	\$ 51,847,158	666
2002	\$ 39,083,161	\$ 21,652,804	\$ 54,300,512	648
2003	\$ 40,973,315	\$ 22,986,055	\$ 57,383,705	655
2004	\$ 42,828,183	\$ 23,675,917	\$ 59,620,450	654
2005	\$ 44,713,512	\$ 25,027,720	\$ 62,554,049	658
2006	\$ 46,424,254	\$ 27,000,469	\$ 65,114,208	646
2007	\$ 48,138,161	\$ 27,744,880	\$ 67,634,617	643
2008	\$ 50,389,000	\$ 27,197,277	\$ 68,694,751	630
2009	\$ 50,111,000	\$ 29,879,099	\$ 70,923,124	617
2010	\$ 49,253,884	\$ 28,047,842	\$ 68,758,964	590

- (1) Includes compensated absences that are also included in salaries
- (2) Excludes paid time not worked.
- (3) Excludes temporary employees and employees on long-term disability.



UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Year	Population		Personal Income (<i>thousands of dollars</i>)	Per Capita Personal Income		Public School Enrollment	Unemployment Rate
2001	158,271	(1)	\$ 3,369,922	\$ 21,295	(3)	29,161	7.5%
2002	157,293	(1)	\$ 3,490,757	\$ 22,201	(3)	29,057	9.5%
2003	155,942	(1)	\$ 3,568,120	\$ 22,903	(3)	28,823	11.0%
2004	154,376	(1)	\$ 3,627,486	\$ 23,514	(3)	28,571	9.3%
2005	153,700	(1)	\$ 3,742,504	\$ 24,367	(3)	28,059	8.8%
2006	152,900	(1)	\$ 3,970,858	\$ 25,986	(3)	27,970	7.6%
2007	153,454	(1)	\$ 4,223,792	\$ 27,549	(3)	27,877	7.4%
2008	154,233	(1)	\$ 4,408,160	\$ 28,630	(3)	27,867	7.9%
2009	155,499	(1)	\$ 4,463,250	\$ 28,779	(3)	28,538	11.0%
2010	157,505	(2)	\$ 4,622,588	\$ 29,872	(4)	28,455	10.4%

Includes Kansas City Kansas #500, Turner #202, Piper #203, Bonner Springs #204 and the Parochial schools within Wyandotte County.

Notes:

¹ U.S. Dept of Commerce, Bureau of Census, Local Population Estimates, revisions post-2010 Census data release.

² 2010 U.S. Census Counts

³ Bureau of Economic Analysis

⁴ Estimates based on trends

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

	<u>Fiscal Year 2010</u>			<u>Fiscal Year 2001</u>	
	Employees in County (Employment Range)	Rank	Percentage of Total County Employment	Employees in County	Rank
Kansas University Hospital	4000-4500	1	5.42%	2500-5000	1
General Motors Corporation	3500-4000	2	4.66%	2500-5000	3
Kansas City, KS School District #500	3500-4000	3	4.40%	2500-5000	2
University of Kansas Medical Center	2500-3499	4	3.60%		
Burlington Northern/Santa Fe Railroad	2500-3499	5	3.01%	1000-2499	5
Unified Government of Wyandotte Co/KCK	1000-2499	6	2.75%	1000-2499	4
Providence Medical Center	1000-2499	7	1.35%	750-999	6
Nebraska Furniture Mart	1000-2499	8	1.34%		-
Associated Wholesale Grocers	1000-2499	9	1.27%		15
Kansas City, Kansas Community College	750-999	10	1.06%	750-999	8
United Parcel Service	-	-	-	750-999	7
Elite Logistics	-	-	-	750-999	9
Tele-Tech	-	-	-	750-999	10
	<u>23,953</u>		<u>28.86%</u>	<u>-</u>	

*Combined figure for Kansas University Medical Center and Hospital.



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Operating Information





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Utility System Plant Additions
Last Ten Fiscal Years

	2001	2002	2003	2004	2005
Electric	19,481,720	20,953,383	24,866,773	39,015,220	71,753,084
Water	5,091,476	5,238,346	6,216,693	20,732,148	19,017,017
Total	24,573,196	26,191,729	31,083,466	59,747,368	90,770,101

	2006	2007	2008	2009	2010
Electric	39,124,794	17,096,800	20,274,310	17,992,142	12,522,532
Water	24,702,299	14,597,383	8,119,818	6,217,112	5,448,134
Total	63,827,093	31,694,183	28,394,128	24,209,254	17,970,666

* Utility Plant Additions totals taken from Statement of Cash Flows



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**Kansas City
Board of Public Utilities**

**540 Minnesota Avenue
Kansas City, Kansas 66101
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