



HUNTSVILLE UTILITIES

ELECTRICITY • NATURAL GAS • WATER

1940-2020
Celebrating 80 Years of Reliability





80 Years of Reliability

Huntsville Utilities has provided foundational utility services to the greater Huntsville/Madison County community for eight decades. Since 1940, Huntsville Utilities has built and operated infrastructure that allowed this community to transform from a cotton mill town to a thriving community with a robust economy.

Huntsville Utilities has kept up with the exponential growth over these last 80 years, and we will continue planning for the future.

Huntsville's founding near Big Spring paved the path to prosperity – as the oldest water system in Alabama. Our state celebrated its bicentennial in 2019, and Huntsville Utilities highlighted the origin of the water system at Big Spring, which remains an integral part of our community 200 years later.

Committed to providing electricity, natural gas, and water to the greater Huntsville/Madison County area, various departments throughout Huntsville Utilities worked diligently to execute the operations and maintenance projects planned for this fiscal year. However, the global COVID-19 pandemic arrived and changed nearly everything. The growth of our resilient and diverse community did not slow during the pandemic. While the community adjusted to the challenges presented by COVID-19, Huntsville Utilities' employees worked untiringly to support our customers' growing needs. Thanks to a Community Care Fund established by Huntsville Utilities and the Tennessee Valley Authority, \$100,000 was matched by employees and local businesses to provide utility assistance to those impacted by COVID-19.

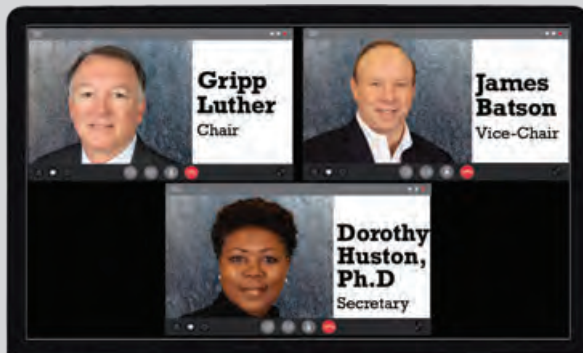
As new homes and businesses are added daily, Huntsville Utilities will continue to provide superior service. We will ensure the natural gas is moving, water is flowing, and electricity is delivered. Our mission remains to strengthen trust in Huntsville Utilities through our employees' dedication and ability to deliver unmatched customer experiences.

Wes Kelley
President / CEO

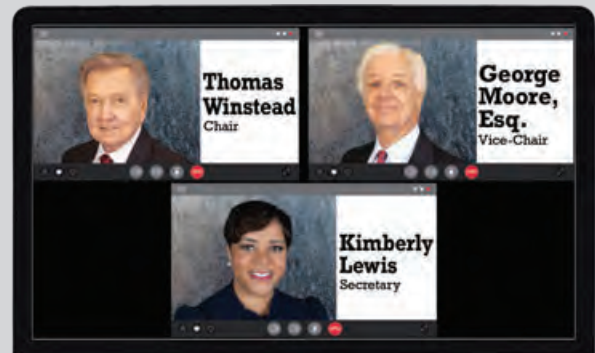


During the latter part of FY2020, HU teamed up with Seven States Power Association to install a new solar panel charging carport at the U.S. Space & Rocket Center. You can read the new, permanent display about the charging station while getting a charge!

Utility Board Members



Natural Gas & Water Boards



Electric Board

Management Team

Wes Kelley
President & Chief Executive Officer

Mike Counts
Vice President, Operations

Warne Heath, Esq.
General Counsel

Harry Hobbs, DBA, Ph.D, SHRM-SCP
Vice President, Employee Engagement

John Olshefski
Senior Vice President, Customer Care

Theodore Phillips, CIA, CPA
Chief Financial Officer

Stacy Cantrell
Vice President, Engineering

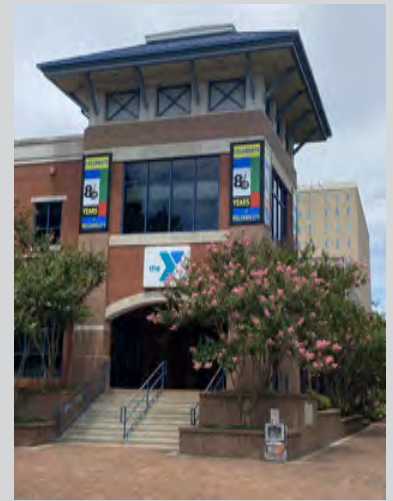
David Champigny
Chief Information Officer

Celebrating 80 Years

Huntsville Utilities' 2020 fiscal year would prove to be historic for many reasons. At the beginning of the fiscal year and into late winter, plans were made to participate in Alabama's Bicentennial Celebration, as well as to celebrate Huntsville Utilities' 80th Anniversary. Then history was made worldwide with the onset of the SARS-CoV-2 (severe acute respiratory syndrome coronavirus 2) pandemic. Whether the effects on how businesses and communities operate is temporary or long-term is still to be determined, but there is no doubt they will be with us for a while.

Huntsville Utilities celebrated 80 years of service to the City of Huntsville and Madison County on May 7, 2020. Since May 7, 1940, Huntsville Utilities has been a city-owned, not-for-profit, public utility providing electricity to all Madison County residents, and water and natural gas to Huntsville customers.

Huntsville Utilities was officially organized in its present form as a result of the May 7, 1940, acquisition of the electric assets in Madison County that belonged to Alabama Power. These assets were sold to the Tennessee Valley Authority (TVA), a result of the 1933 "New Deal" by President Franklin D. Roosevelt, which provided for the economic development of areas along the Tennessee River. Huntsville Utilities became a local power company that purchases electricity from TVA. The Huntsville City Council created the Huntsville Electric Utility Board and appointed the first members to govern the newly-created municipal system. Huntsville's City Council purchased the operating rights for the natural gas system, adding it to Huntsville Utilities in 1950. The City of Huntsville then relinquished control of Huntsville Waterworks to Huntsville Utilities in 1954, completing the formation of the three-utility service company.



Sharing Huntsville's History

The location of water was a vital factor in the settling of Huntsville, the first incorporated town in Alabama. Originally named Twickenham, the City's name was changed to Huntsville to honor John Hunt, who is recognized as the original settler.

To honor the history of the City, Huntsville Utilities developed an educational exhibit as a contribution to Alabama 200, a celebration of the State's bicentennial that included events, educational resources, a speakers' bureau, and other platforms using historic information.

An additional portion of the exhibit is on display inside the lobby of the Huntsville Utilities Administrative Building. Cedar logs that were used to distribute water in the system's early days are on display, along with educational signage, a museum-style exhibit, and water treatment equipment. The eight signs along the Water Trail in the park are permanent fixtures, as well as a light installation illuminating Big Spring Canal.

The Huntsville Water Trail features a walking trail through Big Spring Park, illumination of the canal, and a video and equipment exhibit in Huntsville Utilities' lobby.



Keeping Our Essential Workers And Customers Safe

2020 began just like any normal year. However, things quickly changed once COVID-19 showed up on Alabama's doorstep. Huntsville Utilities was proactive in setting up emergency plans to handle the arrival of COVID-19, so, when it came time for Huntsville and Madison County to respond, we were more than ready. Executive leadership put in place a tiered plan that reacted according to the number of cases in Madison County. As the numbers increased, our operation adapted to more employees working from home, when possible; more separation of our operations crews;

EMPLOYEES SERVING OUR CUSTOMERS

Electric	188
Gas	85
Water	104
Customer Service	102
Joint/Administrative	195

increased cleaning, separation, and mandatory masking in the office; and more.

Customer Care saw many changes in order to adapt to the threat of COVID-19. The downtown lobby on Spragins Street was closed to the public and the kiosk in the lobby was moved outside for 24/7 customer access. Due to the closure of the lobby, a major push was initiated to have customers sign up for e-billing and register for online accounts to pay their bills.

Huntsville Utilities voluntarily suspended disconnects and late fees for non-payment for bills after March 13. Ample notice was given to our customers before we resumed disconnects and late fees, and customers in arrears were put on automatic payment plans according to the amount they owed. Huntsville Utilities also partnered with TVA to establish the COVID-19 Community Care Fund to assist those behind on their utility bills.

While the Home Energy Survey (HESP) and Uplift programs were suspended to protect customers and employees, new home inspections continued and business was booming. Construction during COVID-19 never stopped, and neither did our HU employees. Not only did new home inspections increase but work to build new substations and installation of more natural gas lines continued.

Even though this has been a tough year, and everyone has had to adapt on the fly, Huntsville Utilities has remained strong and continued to provide reliable service to our customers.



COVID-19 certainly changed the way many people must do business, but HU employees know the community is counting on them. From operations crews to home inspectors, HU employees masked up and continued to help customers. Payment kiosks, which were added to the payment system over the last few years, became the primary way for lobby customers to pay their bills.

Reliable Services You Can Count On

Even in the face of a worldwide pandemic, you can count on Huntsville Utilities' employees to do their job. New home construction continued, and the Energy Services team certified 1,644 new homes using the State of Alabama Energy Code.

Using this time to their advantage to update their HVAC systems, 66 residents converted their heat source to efficient natural gas. Another 235 new homes took advantage of natural gas efficiency by installing either a dual fuel heat pump or gas furnace on the HU natural gas system.

Energy Services also conducted 83 HESP inspections and addressed 71 high bill complaints.

Despite the pandemic, the Natural Gas Department continued its growth in customers as the city grew and more citizens realized the benefits of natural gas. By the numbers, the Natural Gas Department grew by 1,343 new customers and 21.3 new miles of gas main.

Installation of gas service to the Mazda/Toyota Manufacturing facility was completed, including 9.5 miles of high-pressure gas main.

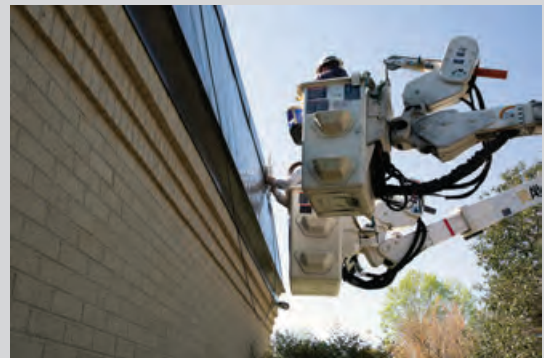


On top of all of this, the Department was again honored by the American Public Gas Association for its 2020 safety record. System upgrades included retirement of 3.5 miles of aging cast iron pipe.

Although other parts of the United States saw growth activity slow dramatically, Huntsville was a definite exception. Growth-related construction surged in the spring regardless of the effects of COVID-19 related shutdowns. Electric Operations put over 84 miles of new transmission and distribution lines into service (12.4 miles overhead and 71.8 miles underground), adding just shy of 4,000 new customers across Madison County.

Electric Operations also made significant progress on the Automated Metering Infrastructure (AMI) project, installing over 62,000 meters throughout the service area. With completion planned for 2021, this technology greatly enhances Huntsville Utilities' electric service capabilities by providing detailed usage data for customers and helping to identify problems and outages more quickly.

Huntsville Utilities also put the finishing touches on the major construction of its fiber-optic network. Building it represents a gargantuan task considering that this network serves over 107,000 customers in the City of Huntsville with roughly 1,100 miles of new fiber optic cable



installed in four short years. While serving as a key piece of Huntsville Utilities' AMI capabilities, this network also enhances service to customers by improving system communications and automating some switching functions that will reduce outage duration by isolating problems.



Huntsville Utilities is frequently asked to take trucks, equipment and employees to schools and public events. With the onset of COVID-19, the PR team created a YouTube video for classrooms so students could still learn about the utility industry without putting themselves or utility employees at risk.

Huntsville Utilities joined forces with ADTRAN to help Huntsville City Schools prepare for the COVID-19 quarantine by helping install Wi-Fi on the city school campuses. Students who did not have internet access could get a signal within 300 feet of the nearest school campus.

Mission

Strengthen trust in Huntsville Utilities.

Vision

Deliver excellent customer experiences.

Values

Do what's right, build community, get better everyday.

Organization

Huntsville Utilities is comprised of three separate systems which operate under three Boards appointed by the City Council of Huntsville. The gas, water and electric systems share top management, customer services, billing, meter reading, accounting and purchasing functions to save our customers money. Each system pays its share of these expenses and has its own financial reports.

Huntsville Utilities' Statements of Revenues and Expenses

For the years ended September 30, 2020 & 2019

Electric

	2020	2019
Revenues		
Residential Sales	\$ 252,901,003	\$ 262,073,009
Small Commercial Sales	39,767,463	42,286,445
Large Commercial & Industrial Sales	192,138,939	203,600,012
Lighting Sales	5,059,544	5,111,686
Other Operating Revenue	20,868,136	20,190,347
Non-Operating Revenue	585,299	1,971,080
	\$ 511,320,384	535,232,579
Expenses		
Purchased Power	\$ 392,788,003	\$ 429,473,972
Transmission & Distribution	24,955,112	22,742,076
Customer Accounting	6,002,458	5,864,180
Administrative & General	25,277,988	24,213,817
Depreciation	24,472,479	23,659,593
Non-Operating Expenses	3,612,452	3,449,813
Tax Equivalents	15,437,942	13,477,577
	\$ 492,546,434	\$ 522,881,028
Increase in Net Position	\$ 18,773,950	\$ 12,351,551

Natural Gas

Revenues		
Residential Sales	\$ 21,376,756	\$ 21,432,988
Commercial Sales	20,747,942	22,076,987
Industrial Sales	1,969,058	2,025,905
Other Operating Revenue	3,497,720	3,479,662
Non-Operating Revenue	481,346	861,718
Capital Contributions	755,934	853,182
	\$ 48,828,756	\$ 50,730,442
Expenses		
Purchased Gas	\$ 18,938,024	22,712,213
Distribution	6,039,034	6,398,892
Customer Accounting	1,621,215	1,195,802
Administrative & General	7,424,171	5,731,096
Depreciation	4,764,893	4,676,413
Non-Operating Expenses	445,915	4,333
Tax Equivalents	2,652,790	2,731,597
	41,886,042	43,450,346
Increase in Net Position	\$ 6,942,714	7,280,096

Water

Revenues		
Residential Sales	\$ 25,748,041	\$ 25,688,962
Commercial Sales	12,832,180	12,964,076
Industrial Sales	1,894,495	1,961,713
Government Sales	2,616,476	2,646,627
Fire Hydrants	1,618,465	1,570,843
Other Operating Revenue	1,798,943	1,984,039
Non-Operating Revenue	964,612	1,702,857
Capital Contributions	4,946,075	4,627,983
	\$ 52,419,287	\$ 53,147,100
Expenses		
Purchased Water	\$ 139,221	-
Purification	2,184,945	2,355,579
Pumping	5,320,554	5,418,041
Distribution	5,301,582	6,029,668
Customer Accounting	2,104,547	1,475,841
Administrative & General	10,075,064	9,266,276
Depreciation	10,569,771	10,117,169
Non-Operating Expenses	3,505,344	3,386,697
Tax Equivalents	2,708,003	2,635,769
	\$ 41,909,031	\$ 40,685,040
Increase in Net Position	\$ 10,510,256	\$ 12,462,060

This is an unaudited report of Huntsville Utilities' Statements of Revenues and Expenses as of November 1, 2020. A complete audited financial report may be viewed at www.hsvutil.org/hu-hub/publications/ upon completion. All numbers have been rounded to the nearest dollar.



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