



HUNTSVILLE UTILITIES
ELECTRICITY • NATURAL GAS • WATER

ANNUAL
REPORT
2023



Empowering the “It” City



Huntsville Utilities

Our Vision, Mission & Values



Our Mission

Huntsville Utilities is the publicly-owned provider of foundational services for one of the nation's smartest places, focused on dynamic innovation.



Our Vision

Huntsville Utilities is a trustworthy steward of an evolving portfolio of essential services and community enrichment activities that position our organization as an industry leader.



Company Values

Do What's Right

Huntsville Utilities is a steward of the community's resources and foundational to the success of our region. We owe it to our coworkers and the community to do our work ethically, accurately, and completely--making it easier for others to do their work and creating the best possible outcome.

Build Community

Huntsville Utilities, its employees, and our customers are in this community together. Treating our coworkers and customers with respect, embracing efficiency, and providing exceptional service and value is how we build our future.

Get Better Every Day

Huntsville Utilities' employees personally and collectively embrace continuous improvement and diverse perspectives. We collaborate and develop our thinking, systems, processes, and technology to strengthen our work and empower a dynamic community.



Photo Credit:, Huntsville Utilities Photographs p. 1-5

President/CEO Message

We Make It Happen - Supporting The “It” City

Providing foundational services – electricity, natural gas, and water – to Alabama’s largest city and fastest growing county is no small task. Huntsville is Alabama’s “It” city, the city that is rapidly attracting businesses and families to the state. Huntsville Utilities’ 800-plus men and women support Alabama’s “It” city by keeping the electricity going, natural gas flowing, and water moving around the clock. Each and every day, we make it happen.

Reliable, safe, affordable drinking water and energy is what public power, natural gas, and municipal water are about and what HU delivers year-round. We embrace our role as more than just a service provider; we are the backbone of a thriving community, diligently working behind the scenes to power the aspirations of the ‘IT City.’ We recognize that in today’s digital age, access to reliable electricity, gas, and water is not merely essential—it’s the cornerstone upon which innovation and progress thrive.

Our unwavering dedication to excellence drives us to adapt and evolve, ensuring that our infrastructure and services keep pace with the dynam-

ic needs of this growing hub of economic success. By embracing smart grid advancements, renewable energy initiatives, and infrastructure modernization, we’re not just keeping the lights on; we’re illuminating the path towards a more efficient and sustainable future.

As we navigate toward the future, we remain committed to our core responsibilities of reliability, sustainability, innovation, and community engagement. Moreover, we’ve remained dedicated to our community’s welfare beyond delivering utilities. Huntsville Utilities has actively participated in community outreach programs, supported local initiatives, and fostered partnerships that contribute to the growth and well-being of our growing community. We envision a future where Huntsville Utilities continues to be a pillar of strength and dependability, contributing to the region’s prosperity.

Huntsville Utilities is not merely a service provider; we are an integral part of the fabric that weaves together the aspirations and achievements of this vibrant Huntsville/Madison County community.

Wes Kelley

President / CEO



As Huntsville Utilities continues to embrace cutting-edge advancements in the utility industry, we continue to fortify our systems, enhancing reliability while fostering a sustainable future.

Wes Kelley

Never doubt that a small group of thoughtful, committed citizens can change the world; indeed, it's the only thing that ever has.

Margaret Mead
American Cultural Anthropologist

Community Service

Huntsville Utilities has always responded to the needs of the communities it serves, both as a reliable utility provider and as a helpful neighbor. In September of FY2023, Huntsville Utilities presented the first eight grants, ranging from \$10,000 to \$50,000, from the Huntsville Utilities Innovation Dividend Fund. The Huntsville Utilities Dividend Fund, in partnership with the Community Foundation of Greater Huntsville, uses money collected through ancillary revenues (not rate payer money) to provide grants to qualified, non-profit organizations that are working for the benefit of our community and its residents.

Huntsville Utilities, Calhoun Community College, and the Tennessee Valley Authority have partnered to create a \$100,000 scholarship fund dedicated to providing free training for those interested in pursuing a career as an Electric Lineworker. The scholarship covers tuition to Calhoun Community College's Pre-Apprentice Lineworker Training Program, as well as transportation from Huntsville Utilities to the training site in Decatur, Alabama.

The EEO, Diversity, Equity and Inclusion (EEO, DE&I) department sponsored the 2nd Annual Matchmaker Event at the VBC. National and local vendors participated, and workshops were offered in procurement techniques, small business loans, and ascertaining liability insurance. Huntsville Utilities' EEO, DE&I department continues to serve as the premiere DE&I organization that other utilities in our region use as a template when creating their own DE&I efforts. HU's DE&I department also created a Gas & Water Certification



Photo Credit: The University of Alabama in Huntsville

Quality collegiate sports programs, such as UAH's Women's Basketball Team, help draw the attention of large sporting events to the Huntsville-Madison County area.

program in partnership with Drake State Technical & Community College. This is a four (4) week program that will prepare students for career opportunities with Huntsville Utilities.

On April 22, Huntsville Utilities had its inaugural HU Impact Day at Lynn Fanning Elementary School. Several Huntsville Utilities employees and



Photo Credit: GTEC/Marty Sellers for The City of Huntsville

Spanning seven floors and 175,000 sq. ft., Huntsville's new City Hall will open in spring 2024. The adjoining 195,000-square-foot parking deck will contain 568 parking spots. The new City Hall will improve city government efficiency with more departments under one roof. All departments are scheduled to be in the building by late-summer 2024.

During FY2023, Huntsville Utilities teamed with Drake State Community & Technical College to create the Gas and Water Operation Certification Scholarship Program. Students can apply at the school for the four-week introduction to utility work.

family members met at the school at 8:30am to do landscaping work on the school grounds as part of the company's continued efforts to give back to the community.

Huntsville Utilities employees donate to the community through the HU Volunteer Council. During FY2023, the Volunteer Council donated \$22,450 to fifteen causes, including the Huntsville Hospital Foundation, Harris Home for Children, Christian Job Corp, and Alabama Institute for the Deaf and Blind, among others. The Volunteer Council also spearheaded a sock and underwear drive in the spring, as well as spreading Christmas cheer with a bicycle collection and an Angel Tree. Volunteer Council members organize community improvement activities and fundraisers for non-profits year-round.



Photo Credit: Drake State Community & Technical College



Founded in 2004, The Kids to Love Foundation has served hundreds of thousands of children living in foster care. Most recently the organization added The Whitaker Cottage Community and an equine therapy program at Davidson Farms. The cottages will serve young women who have aged-out of the foster system as they begin the next chapter in their lives. The new equine therapy program will help foster children healing from trauma, gaining trust and self-esteem.



Photo Credit: Kids to Love Foundation

Customer Service

Helping customers be more efficient with their energy consumption and making it easier to do business with Huntsville Utilities are two of the primary goals of the company. During FY2023, Huntsville Utilities reached several milestones in both areas.

Energy Services performed the 500th Home Uplift inspection, leading to energy efficiency upgrades for a qualified recipient. The upgrade recipient received a high efficiency 2-ton ductless heat pump system and R-38 insulation. These upgrades will reduce energy costs and improve comfort, indoor air quality, and overall quality of life in the long-term for the customer. Funding for the Home Uplift program comes from TVA grants, Project Share, and other grants and gifts.

Tennessee Valley Authority (TVA) recognized Huntsville Utilities for achievements in the TVA EnergyRight program. They were awarded two first place Top Performer Awards in Carbon Reduction and total kWh added in the New Homes Program,

and a second place in total kWh added as a percent of sales in the New Homes Program.

The easiest and most significant ways to make doing business with Huntsville Utilities easier are using the online features. During FY2023, Customer service had two of the most successful campaigns to date for the

Automatic Monthly Bank Draft and E-Billing services. At the end of the FY second quarter, 47,170 customers received their utility bill by email, the most E-bills since the program was initiated. During the fourth quarter of the year,

5,663 customers signed up for the bank-draft program, and 3,994 did the registration through their online customer account. During the year, 28,919 customers signed up for access to My Account (the online customer account portal), a 14.1% increase over the previous year.

Residential growth is testimony to the quality of life in Huntsville and surrounding areas. During FY2203, the City of Huntsville approved building permits for 1,139 single-family units, including townhomes. Another 4,465 permits were issued for multi-family units. During the year, 1,239 single-family units were issued Certificates of Occupancy, along with 3,591 multi-family units.

The Alabama School of Cyber Technology and Engineering (ASCTE) is the nation's only high school focused on the integration of cyber technology and engineering into all academic disciplines. ASCTE is a public, residential magnet high school serving students throughout the state of Alabama. Tuition is free.



Photo Credit: Alabama School of Cyber Technology and Engineering



A new greenhouse complex at HudsonAlpha Institute will facilitate research on plants. At the HudsonAlpha Center for Plant Science and Sustainable Agriculture, genomic research will help address the growing need for food as the world population increases. Research can range from improving plants' health and increasing their yield to helping plants survive in new environments.

Photo Credit: HudsonAlpha Institute for Biotechnology

The customer lobby remained a busy area with representatives assisting 3,292 commercial and 29,174 residential walk-in customers. The Customer Information Center also assisted 283,972 residential and 25,052 commercial customers over the phone. The residential call wait time averaged 63 seconds. The online chat service, a fairly new customer communication tool, had a 37% increase, assisting 5,123 customers.

The Residential Applications Department also assisted 29,174 walk-in customers, and another 11,775 through email with the application process. In all, 8,387 residential customers were added to the three utility services during FY2023. The number of commercial businesses with utility accounts increased by 702 customers, for a total of 41,556.

Electric

2023 has kept Electric Operations busy with lots of growth and major projects. At this time last year, there were a total of 209,543 customers. Electric Operations is closing out 2023 with a total of 216,247 customers: 192,051 Residential, 24,196 Commercial and Industrial, and 749 Street and Outdoor Lighting. In addition, the 212 employees of Electric Operations now maintain and operate 1,721 miles of underground distribution line and 2,947 miles of overhead distribution line.

Major progress has been made on several projects of note. For instance, more than 98% of electric AMI meters have been installed, with residential meters being installed by a contractor and com-

mercial meters being installed by Electric Operations employees. This year, Electric Operations also broke ground on the new Operations Center, which will be hardened to withstand an EF-5 tornado, allow for major technology upgrades for our Dispatch Center, additional room to house our employees, and more. To keep up with residential growth, Electric Operations built a new substation in the area of County Line Road, which also provides an additional backup source for Madison Hospital. Another project of note is the substation for the Toyota Solar Farm. Huntsville Utilities signed a Purchase Power Agreement with Toyota Alabama for energy generated at their 30-mega-

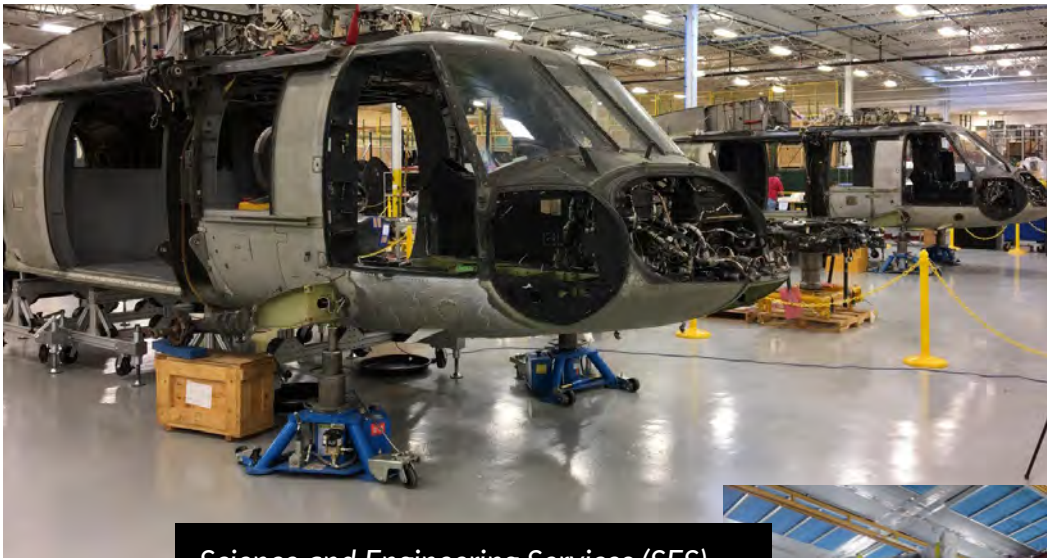


Photo Credit: Science and Engineering Services, LLC

Science and Engineering Services (SES) is an aviation Manufacturing Operation located in Huntsville. SES offers state-of-the-art electrical/ mechanical manufacturing and platform integration facilities, including local aircraft hanger operations.

The primary focus of SES is to support the U.S. Army Aviation and Missile Command and its tenant Program Executive Offices weapon system hardware.





Photo Credit: Josh Weichman for The Orion Amphitheater

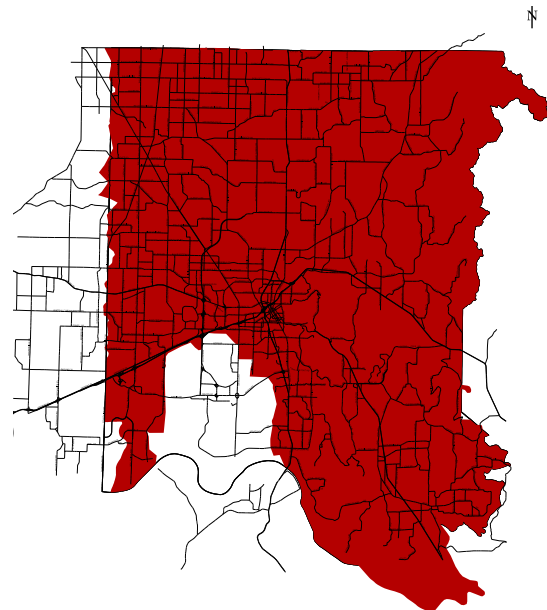
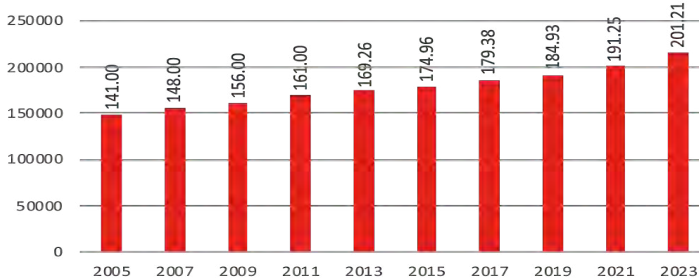


Photo Credit: Dave and Buster's, Inc.

Once the home of the Madison County Coliseum and Jaycee Fairgrounds, then the two-story, nearly 1 million sq. ft. Madison Square Mall, the property next to Research Park Boulevard off of Highway 72 is now home to Mid City. Mid City features the Orion Ampitheater, several apartment complexes, restaurants, and shopping and entertainment venues such as Dave & Busters, Top Golf, and The Camp.

watt solar farm, which is currently under construction. This was also an award-winning year for Electric Operations. At the 2023 International Lineman Rodeo, the team consisting of Cole Border, Adam Thomas, and Colby Lipham took home 1st Overall in the Municipal Division and 12th overall out of 292 teams. The International Lineman Rodeo consists of teams all across the U.S., as well as some from outside of the U.S. Electric Operations has also maintained its RP3 Diamond Status through the American Public Power Association.

Electric Customers In Thousands



Natural Gas



CO/OP Community Table continues the cooperative tradition of social responsibility and caring for others. The restaurant's menu incorporates seasonal and sustainable ingredients from local farms and purveyors.



Photo Credit: CO/OP Community Table + Bar

As Huntsville grows, so grows its demand for natural gas. While other states see the use of natural gas stifled by state regulations, residential and commercial customers in our area understand its benefits and look to Huntsville Utilities to supply them with affordable, reliable, clean burning fuel.

During FY2023, Huntsville Utilities added 1,467 natural gas customers. This brought the total customer count to 62,664, a 2.4% increase year-to-year. Much of that growth was residential customers in the northern section of Madison County, though there were also commercial and industrial additions in Limestone County. We also began serving natural gas customers on the west side of Interstate 65. Meeting this demand required the installation of more than 31 miles of new natural gas main.

While crews in the field worked tirelessly to meet current demand, the management of the natural gas department looked towards the future, start-

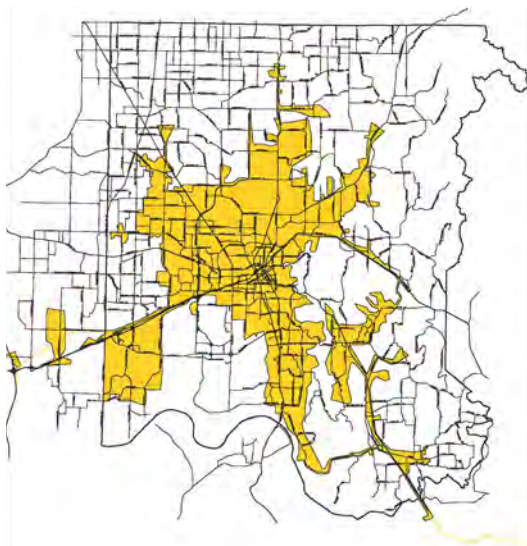
ing the process of laying out a 20-year natural gas master plan to ensure Huntsville Utilities can meet future demand. Part of that plan includes training the next generation of employees. To that end, Huntsville Utilities partnered with Drake State Community & Technical College to develop a Natural Gas and Water Operations Certification Program. This innovative, 4-week course equips students with the essential skills and knowledge required for successful careers in the natural gas and water operations sectors.

Huntsville Utilities continues to be a natural gas industry leader. The department was awarded the Gold Level SOAR (System Operational Achievement Recognition) status by the American Public Gas Association for displaying excellence in all facets of operations. In addition, Todd Gentle (Natural Gas Operations Director) was selected to serve as the Chairman of the APGA's Research Foundation Board and 1st Vice President of the Alabama Natural Gas Association Board.

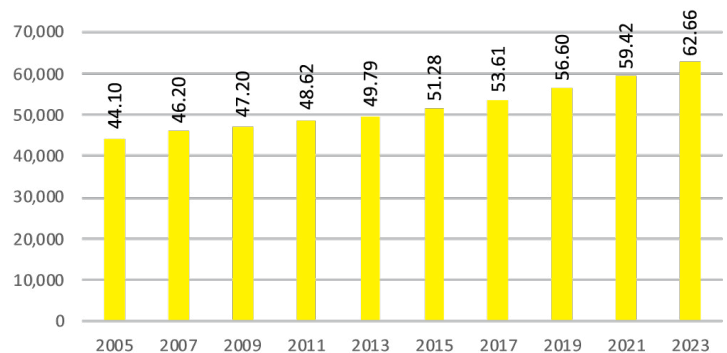


Photo Credit: Clearview Cancer Institute

Clearview Cancer Institute (CCI) offers comprehensive cancer care in an outpatient setting. With more than 60 healthcare providers and 13 locations across north Alabama, CCI is a leader in medical oncology and has been providing cancer care to patients in north-west Alabama for more than 30 years.



Natural Gas Customers In Thousands



Water

Fiscal Year 2023 brought more growth for Water Operations. This time last year there was a total of 105,203 water customers. At the end of 2023, there was a total of 109,434 water customers: 98,109 Residential, 11,330 Commercial, and 86 Industrial and Government. Water Operations now also manages a total of 1519 miles of pipe and has 115 employees.

Our Water Operations continues to be the top of its class having received the following awards in 2023:

- AWWPCA 2023 Best Operated Plant for the Southeast Water Treatment Plant 20.1-30.0 MGD Plant;
- AWWPCA 2023 Best Operated Groundwater Plant for the Lincoln-Dallas Plant serving >100,000 population; and
- AWWPCA 2023 Best Operated Distribution System serving >100,000 meters.

In addition to continuing to provide award win-

ning water, Water Operations oversaw major improvements for Limestone County and rehab on the South Parkway Water Treatment Plant. The South Parkway Plant was built in the late 1960's and early 1970's, and, as such, some of the equipment is nearing the end of its useful life. These improvements and rehab will reduce the potential for mechanical or structural malfunctions and provide a stable supply of drinking water for our customers. Work is also beginning on improvements for the Green Mountain service area. This project will establish a second feed, allowing for continued growth on the mountain and creating a redundant supply point. AMI installation for Water Operations has been included within the 20-year master plan and is being evaluated for next steps. For our commercial customers located in the Greenbrier area, a new water tank is in the works, which will stabilize the water pressure in the area and provide additional capacity during times of high demand.



Huntsville Hospital's laundry service, HealthGroup of Alabama (HGA), washes 15 million pounds of linen each year. HGA operates with an environmentally friendly plan to provide linens that meet the unique needs of their health care clients.

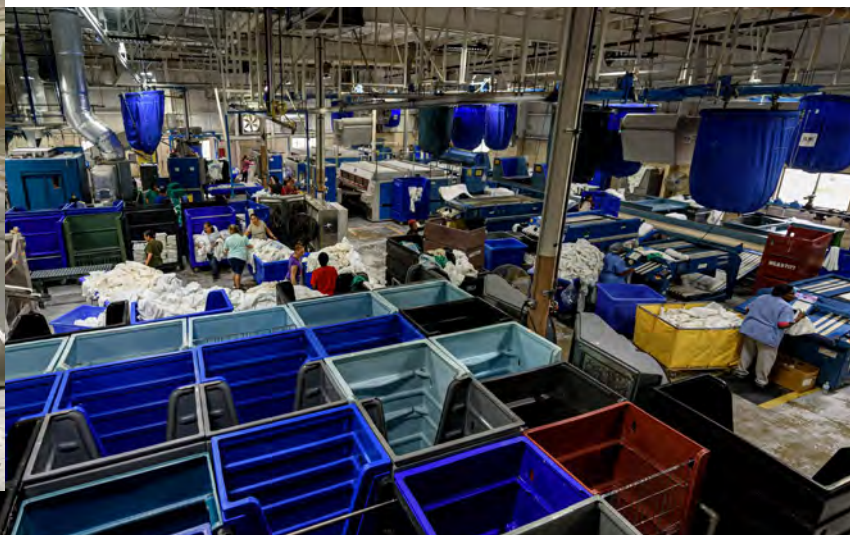


Photo Credit: Huntsville Hospital

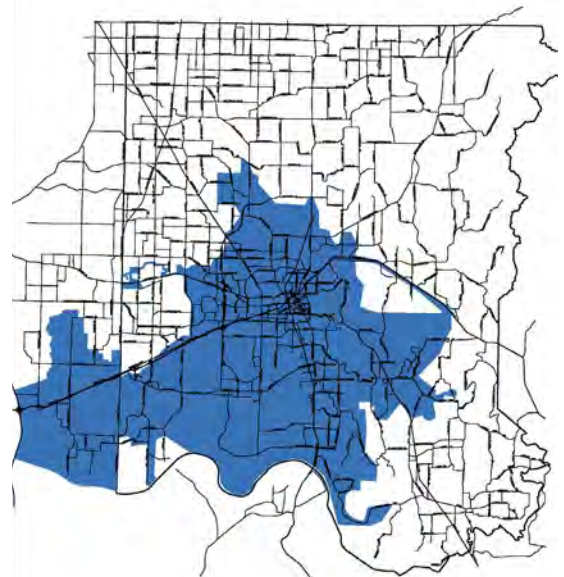
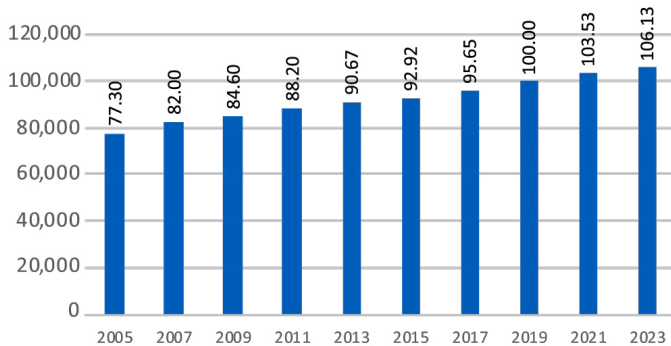
As the Huntsville Havoc gears up to celebrate their twentieth anniversary in the Rocket City, the team hosts community events. Over 1600 stuffed animals for Toys for Tots rained down upon the ice during a Teddy Bear Toss. Did you know it takes approximately 212,000 gallons of water to maintain a hockey arena?



Photo Credit: Huntsville Havoc



Water Customers In Thousands



Fiber

Huntsville Utilities Fiber Department completed over 202 utility and municipal connections during FY2023. They also installed over 290,000 feet of underground fiber and over 200,000 feet of aerial fiber.

The Fiber Department maintained over 583,000 feet of fiber in the Huntsville area in 2023. The department installed over 50 HPD and FBI Guardian System Cameras and 35 ENA School circuits in Huntsville City Schools.



From textiles to cotton to art, Lowe Mill has progressed since construction of the original mills in 1901. Now the South's largest artist collective, Lowe Mill hosts music, art, and thespian shows.



Photo Credit: Lowe Mill ARTS & Entertainment



Photo Credit: Alabama A&M University

The Winfred Thomas Agricultural Research Station (WTARS) is a working research farm dedicated to providing the facilities and outdoor laboratories needed to conduct agricultural and environmental research. The Station also provides hands-on educational opportunities for students of all ages and the public through its ongoing outreach events. Located on 972 acres in Hazel Green, research faculty and graduate students from Alabama A&M University and partner institutions use WTARS for a broad array of research to improve the fields of agriculture, agronomy, genomics, animal science, forestry, soil science, and the environmental sciences.



Huntsville Utilities Board Members

Board members are appointed by the Huntsville City Council for three-year terms.

Electric Board

Thomas Winstead, Chair
Kim Caudle Lewis, Secretary
George Moore, Vice-Chair



Gas & Water Boards

Gripp Luther, Secretary
Dr. Dorothy Huston, Vice-Chair
Jim Batson, Chair



Huntsville Utilities Management Team

Wes Kelley
President
Chief Executive Officer

Christopher Jones
Chief Operations Officer

David Champigny
Chief Information Officer

Melissa Marty, CPA
Chief Financial Officer

Mike Counts, PE
Vice President, Operations

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

Stacy Cantrell
Vice President, Engineering

Ron Rizzardi
Vice President, Operations

Warne Heath, Esq.
General Counsel

Huntsville Utilities Employees

129

WATER
EMPLOYEES

86

NATURAL GAS
EMPLOYEES

212

ELECTRIC
EMPLOYEES

223

ADMINISTRATIVE/
JOINT EMPLOYEES

121

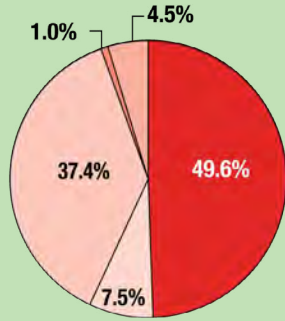
CUSTOMER CARE
EMPLOYEES

FINANCIAL STATEMENTS

	Unaudited 2023	Audited 2022
Electric Revenues		
Residential Sales	298,774,778	310,265,956
Large Commercial & Industrial Sales	44,966,266	46,792,377
Small Commercial Sales	225,588,220	225,508,275
Lighting Sales	5,960,921	5,861,314
Other Operating Revenue	27,114,777	27,907,974
Non-Operating Revenue	6,040,535	3,303,106
	608,445,497	619,639,002
Expenses		
Purchased Power	453,673,644	461,618,064
Transmission & Distribution	32,346,470	28,295,694
Customer Accounting	5,142,402	4,032,635
Administrative & General	32,007,318	24,267,914
Depreciation	22,773,189	22,942,539
Non-Operating Expenses	2,883,488	4,480,544
Tax Equivalents	17,733,622	17,701,209
	566,560,133	563,338,599
Increase in Net Position	41,885,364	56,300,403
Natural Gas Revenues		
Residential Sales	25,549,052	25,378,685
Commercial Sales	26,525,879	29,449,490
Industrial Sales	6,992,185	1,942,725
Other Operating Revenue	5,074,451	5,206,400
Non-Operating Revenue	1,374,813	469,129
Capital Contributions	1,011,712	6,237,735
	66,528,092	68,684,164
Expenses		
Purchased Gas	29,047,478	29,562,340
Distribution	8,259,799	6,337,161
Customer Accounting	2,230,952	1,856,703
Administrative & General	13,527,537	8,155,887
Depreciation	5,431,504	5,004,832
Non-Operating Expenses	175,149	2,193,037
Tax Equivalents	3,579,440	3,389,975
	62,251,859	56,499,935
Increase in Net Position	4,276,233	12,184,229
Water Revenues		
Residential Sales	27,240,931	26,701,325
Commercial Sales	15,393,279	14,821,791
Industrial Sales	2,111,191	2,104,056
Government Sales	3,374,962	2,869,056
Fire Hydrants	1,709,514	1,681,939
Other Operating Revenue	7,526,992	6,818,588
Non-Operating Revenue	2,558,514	730,808
Capital Contributions	6,464,789	5,966,271
	66,380,172	61,693,834
Expenses		
Purchased Water	53,605	64,267
Purification	4,444,773	3,376,917
Pumping	7,043,438	6,521,201
Distribution	9,499,542	6,120,246
Customer Accounting	3,034,295	3,547,730
Administrative & General	15,447,596	12,500,709
Depreciation	12,558,868	11,450,691
Non-Operating Expenses	2,366,625	6,034,702
Tax Equivalents	3,008,794	2,892,313
	57,457,536	52,508,776
Increase in Net Position	8,922,636	9,185,058

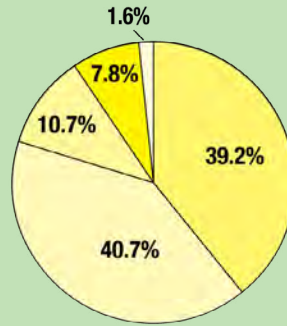
A complete audited financial report may be viewed at www.hsvutil.org/publications/ upon completion. All numbers have been rounded to the nearest dollar.

Electric Revenue



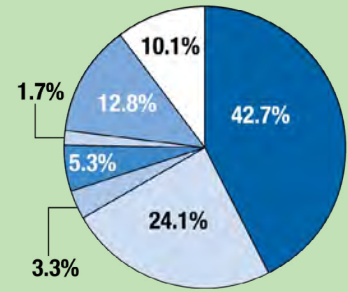
- Residential Sales
- Commercial Sales
- Industrial Sales
- Lighting Sales
- Other Operating Income

Natural Gas Revenue



- Residential Sales
- Commercial Sales
- Industrial Sales
- Other Operating Income
- Capital Contributions

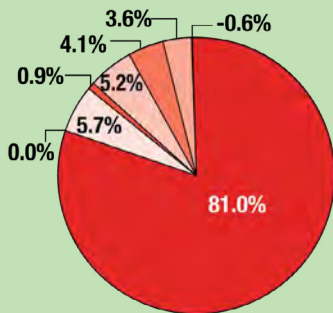
Water Revenue



- Residential Sales
- Commercial Sales
- Industrial Sales
- Governmental Sales
- Other Sales
- Capital Contributions
- Other Operating Revenues

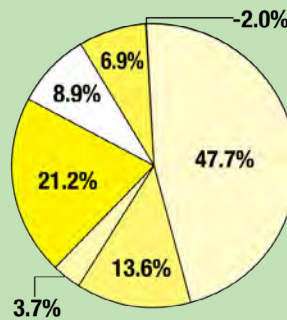
REVENUE & EXPENSES

Electric Expense



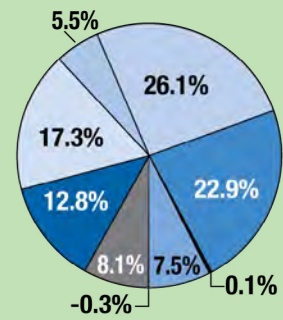
- Purchased Commodity
- Transmission
- Distribution
- Customer Accounting
- Administrative and General
- Depreciation
- Tax Equivalents
- Non Operating Expenses

Natural Gas Expense



- Purchased Commodity
- Distribution
- Customer Accounting
- Administrative and General
- Depreciation
- Tax Equivalents
- Non Operating Expenses

Water Expense



- Purchased Commodity
- Purification
- Pumping
- Distribution
- Customer Accounting
- Depreciation
- Administrative and General
- Non-Operating Expenses
- Tax Equivalent



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