



**City of Huntsville Utilities**  
**2008 Annual Report**

*Energy* for Your Future

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President and Chief Executive Officer

**Timothy D. McKee, Sr.**  
Vice President of Administration  
and Chief Financial Officer

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Chief Information Officer

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Electric Manager

**Jimmie Butler**  
Natural Gas Manager

**Anthony F. Owens**  
Water Manager

**Anna Parvin**  
Customer Services Manager

**Ron McLeroy**  
Technical Services Manager

**Kerry M. Williams**  
Controller

**Janice Capshaw**  
Human Resources Director

**April West**  
Director of Internal Audit

**Larry Denman**  
Community Relations Superintendent

**Bill Yell**  
Communications Director

**Mike Cornett**  
Safety & Security Director

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The following information outlines the efforts to produce this annual report in the most reasonable earth-friendly manner available. Some of the characteristics of the report include:



The paper in this report is FSC certified recycled, and printed on by a FSC certified printing company creating an unbroken chain.



The paper used in this annual report, Neenah ENVIRONMENT® is made with 100% renewable energy.



The papers are Green Seal Certified.

100% post consumer fiber content in the cover paper.

50% post consumer fiber and 50% alternative fiber (such as bagasse and bamboo) in the text paper.

The book was printed using environmentally-friendly, vegetable-based ink in a manufacturing process that utilizes renewable green energy.

By utilizing recycled paper and an FSC certified printing facility, Huntsville Utilities saved:

3,462 lbs wood	Equal to 12 trees that supply oxygen for 9 people annually
4,377 gal water	Enough water to take 254 eight-minute showers
8 mln BTUs energy	Enough energy to power an average American household for 33 days
1,055 lbs emissions	Carbon sequestered by 13 tree seedlings grown for 10 years
562 lbs solid waste	A total of 19 thirty-two gallon garbage cans of waste

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*William C. Pippin*  
President, Chief Executive Officer

**Friends and Neighbors,**

North Alabama, as well as the rest of the nation, has entered a new era of environmental concern. Awareness of the effect we are having on our planet and the need for environmentally friendly energy sources have increasingly become factors for which the public expects responsible action. This has always been the case at Huntsville Utilities.

Working closely with governmental agencies, such as the Environmental Protection Agency (EPA) and the Alabama Department of Environmental Management (ADEM), has long been a standard part of our business day. Huntsville Utilities Water Department has repeatedly been recognized for going beyond the requirements set forth by such agencies to provide clean, safe drinking water. The Electric Department has participated in measures to eliminate negative effects from equipment for many years and also received praise from the monitoring agencies. The Natural Gas Department is investigating alternative uses for cleaner-burning natural gas such as fueling vehicles.

Huntsville Utilities has always been energy consumption conscious. During the mid to late 1970s, the company increased the number of energy-saving programs available to our customers and has maintained such programs ever since. The Energy Department offers information on a variety of energy efficiency programs from inspections to alternative energy production such as solar panels. As public awareness continues to grow, Huntsville Utilities expects these programs to continue to provide understanding of our energy consumption and ways to conserve.

Another concern for many is the ability to keep up with the growth in our area. Not only will we see an increase in population as the BRAC Initiative continues to bring in jobs and people, but Huntsville also continues to receive accolades as one of the best cities of its size in the nation, making it attractive to the relocating populace. Huntsville is ranked 1st on Forbes.com's "Affordable Places To Weather the Downturn" list, and local hospitals and universities continue to be applauded in a variety of national publications. Huntsville and the surrounding area constitute a unique blend of small town atmosphere with big city amenities, and this combination attracts a large variety of people.

To keep up with the demands placed by growth, Huntsville Utilities is continually planning and building to keep the infrastructure strong and provide reliable service. New substations were completed during 2008, and a new delivery point from TVA is in the works. Land was purchased for a new water treatment plant, and the Natural Gas Department is building a loop around the city to insure reliable delivery of natural gas.

At Huntsville Utilities we are proud of the job we do for you, and we are proud of the employee commitment to you. Whether employees are working a storm at 3 a.m. or checking water pressure in a fire hydrant on their daily routine, you can be sure we are working to provide "Energy for Your Future."



*Tim McKee*  
Vice President of Administration,  
Chief Financial Officer



*Jay C. Stowe, PE*  
Vice President of Operations

# 2008 HUNTSVILLE UTILITIES BOARD MEMBERS & MANAGEMENT TEAM



**D. Thomas Winstead**  
Electric Utility Board  
Chairman

**Stanley Statum**  
Natural Gas & Water Utility Boards  
Chairman



**George A. Moore, Esq.**  
Electric Utility Board  
Vice Chairman

**William M. Johnson**  
Natural Gas & Water Utility Boards  
Vice Chairman



**Ronald W. Boles**  
Electric Utility Board  
Secretary

**Dr. James S. Wall, Jr.**  
Natural Gas & Water Utility Boards  
Secretary



**E. Cutter Hughes, Jr., Esq.**  
Electric Utility Board  
Attorney

**J. Robert Miller, Esq.**  
Natural Gas & Water Utility Boards  
Attorney



**Anna Parvin**  
Customer Services Manager



**Jimmie Butler**  
Natural Gas Department Manager



**Anthony F. Owens**  
Water Department Manager



**Steve Wright**  
Electric Department Manager



**Larry Denman**  
Community Relations  
Superintendent



**Ron McLeroy**  
Technical Services Manager



**Janice Capshaw**  
Human Resources Director



**Kerry Williams**  
Controller



**Gary W. Sparks**  
Chief Information Officer



**April West**  
Internal Audit Director



**Lucrecia Points**  
EEO/Organizational  
Development Specialist



**Glenda Waller**  
EEO/Organizational  
Development Specialist



**Mike Cornett**  
Safety & Security Director



**Bill Yell**  
Communications Director





Utility poles are being installed throughout the county to facilitate growth. The crew utilizes a crane to install the pole. A line crew then installs the hardware to make the pole ready for a line when needed.

<b>Underground Facility Locations Completed</b>	<b>30,040</b>
<b>Line Clearance Maintenance</b>	<b>906 miles</b>
<b>New substations Completed</b>	<b>3</b>
<b>Substations Upgraded</b>	<b>5</b>
<b>New Lines Installed</b>	<b>71 miles</b>
<b>Electric Customers</b>	<b>159,664</b>
<b>New Electric Customers</b>	<b>3,784</b>

# ELECTRIC

The key to providing economical, reliable utility services is preventative maintenance and planning for growth. Huntsville Utilities excels at both. During Fiscal Year 2008, Huntsville Utilities completed three new substations as well as a 161 Kv delivery point to strengthen the reliability of the electric grid for new and existing customers. The department also improved existing infrastructure, trimmed over 48,000 trees, and removed over 32,000 for line clearance to help prevent the need for repairs caused when limbs interrupt service.

In efforts to keep rates as low as possible, the Electric Department maintains 805 square miles of service with 189 employees, a ratio of more than 4:1. Working diligently to keep services in quality condition and installing new equipment as needed, electric rates have held to some of the lowest rates when compared to similar markets.

Work orders were initiated for new subdivisions totaling 3,158 residential lots. Payments for Aide-To-Construction equaled \$9,859,689 as builders broke ground on the new projects. Assisting in these preparations, underground facility location requests were completed on 30,040 locations for new construction as well as improvements and repairs on existing lots.

The three new substations completed during Fiscal Year 2008 will serve several portions of the system. The Thornton Substation is serving Thornton Industrial Park, the Bridge Street Development and several buildings in the Cummings Research Park West area as well as tying into the IBM and Sanderson substations. The Steger Road Substation has a triple circuit that ties to Liberty Hill, Hazel Green, and Meridian Street Substations. It serves the Meridianville area. Big Cove Primary is the new 161Kv delivery station built in conjunction with TVA. It delivers 46 Kv to five substations in east Huntsville and east Madison County, increasing load capabilities and reliability.



On March 28, Mayor Loretta Spencer cut the ribbon with Electric Board Members, TVA, and Huntsville Utilities management and pushed the power button at the new Thornton Substation and TVA Delivery Point. The substation added 94 megawatts of electricity to Thornton Industrial Park, Bridge Street Towne Centre, and the southern third of Cummings Research Park West.

Above, a lineworker competes in the Sidewalk Guy event. In 2008 crew members competed in their first Lineman's Rodeo, placing against utility crews with multiple years of rodeo competition experience.

**Energy  
Tip**

Adjust your thermostat. A common estimate states that 5% can be saved for every 2 degree adjustment. Set your thermostat to an acceptable comfort level and keep this estimate in mind for reducing your utility cost.

Other substations received upgrades. New breaker and circuit equipment were added to the Gurley Substation to serve the McMullen Cove development. Additional capacity was added to Old Railroad Bed, Madison, IBM, and Vestavia substations. Phase one of a new transmission tie between Big Cove and Chase Primary substations was completed, enhancing service from Hampton Cove to Highway 72 near the town of Gurley.

The voltage regulator replacement program continued. This program is designed to enhance substation reliability and remove PCB contaminated equipment. The department is also nearly 80% complete with the substation oil containment projects which are being conducted to comply with the Environmental Protection Agency's (EPA) improvement plan for substations.

Preparations for the future go farther than equipment and service plans at Huntsville Utilities. The company is busy training the next generation of lineworkers and electricians so reliable service will be complimented with experienced personnel. New curriculum standards were initiated for the current Electric Apprentice Program of 11 lineworkers and 1 electrician. Twenty employees completed the pole climbing school which consists of 32 hours of hands-on climbing and instruction. Additionally, the instructors themselves completed specialized training conducted by the Tennessee Valley Public Power Association (TVPPA). For the first time in company history, electric department employees participated in the TVPPA Lineman's Rodeo, a showcase for skill and on-the-job safety. The team garnered two second place awards and a third place award against more experienced competitors.

Reliability is a key factor for growth, and Huntsville Utilities feels a significant responsibility toward the community in this area. Keeping your power on and making it affordable are key to the quality of life in our service area. We are the source of "Energy for Your Future."





Gas Department members discuss work being done on the Brogan Branch Bridge project on Clinton Avenue with a contractor.

Natural Gas Sold	4,014,919 mcf
Natural Gas Transported	1,405,109 mcf
Directional Bores Completed	97,830 feet
New Gas Mains	171,595
New Service Lines	889
Natural Gas Customers	46,911
New Gas Customers	746

# NATURAL GAS

Huntsville Utilities Natural Gas Department prides itself for providing safe, reliable service of an efficient energy source to 46,911 customers in the approximately 290-mile service area. Through preventative maintenance and a close watch over market prices, the department has managed to provide natural gas to residential customers in our service area at an economical \$13.82 per 1,000 cubic feet versus the national average of \$17.04 (end of fiscal year 2008 prices).

The Natural Gas Department reached a new plateau during fiscal year 2008 and received recognition from the Office of Alabama Governor Bob Riley and the Alabama Department of Industrial Relations for their outstanding safety record. The department completed their fifteenth year of no lost time accidents on June 29, 2008. They were also recognized during 2008 by the American Public Gas Association for another outstanding safety year in 2007, by the National Safety Council for Occupational Excellence in 2007, and received the coveted Liberty Mutual Outstanding Safety Performance Award.

The 46,911 gas customers on record at the end of fiscal year 2008 represent a 1.6% increase over 2007. To aid in preparation for growth to the gas system, the department installed 171,595 feet of new gas main, well above the goal of 116,160 feet set for the year. They also installed 889 new service lines. Measures to improve system reliability included replacing 23,038 feet of gas mains as well as 14,251 feet of old cast iron mains. The department also replaced 393 service lines and relocated 14 service lines in conjunction with cast iron replacement and other construction activity around the community.

The system improvement projects on John's Road/Oakwood Road as well as the first phase of the Eastern Loop Project were completed. Service relocations and installations for the State of Alabama Department of Transportation's Highway 53/Jeff Road Intersection Improvement project were completed. This project called for replacement of approximately 1,380 feet of 8-inch and 1,850 feet of 4-inch mains. The department also completed the Harris Hills project for the City of Huntsville.



**A Gas Department crew prepares pipe for welding along the Eastern Loop Project. During 2008 the Gas Department completed the first phase of the project. The 17,500-foot project will increase dependability of natural gas delivery to Huntsville Utilities' customers.**

**Utility services require preventive maintenance on a regular schedule to provide dependable services.**

**Energy Tip** If you are purchasing a natural gas oven or range, look for a unit with an automatic, electric ignition system. This will save natural gas by not having a pilot light burning continuously.

Goals for fiscal year 2009 and beyond include installing 1,000 new service lines and 73,920 feet of new gas mains. System improvements include replacing 66,000 feet of cast iron gas mains as well as 350 service lines.

The Gas Department is eager to face the challenge of establishing a new lost time record in the industry. In August of 2008 the department experienced its first lost time accident in 15 years. Now department employees are facing the challenge of once again impressing the industry with the training, equipment, and presence of mind that garnered the department national recognition and keeps employees and customers safe.

During fiscal year 2009 the department is scheduled to complete two system improvement/expansion projects as they conclude year five of the five-year capital plan begun in 2005. These include Phase II of the Eastern Loop project and the Highway 53 road expansion project. When completed, the Eastern Loop project will form a perimeter around the service area for transporting natural gas and maintaining adequate pressure system wide. The end goal is to ensure reliability of natural gas service.

The department is relocating pipe as part of the Highway 53 road expansion that is widening the two-lane highway to four lanes to accommodate growth in Harvest and the northwest portion of Madison County. Other projects slated for completion in 2009 include three highway improvement projects, installation of a new regulator station in McMullen Cove, and installation of fiber optic cable and alarms at three of the city gate stations.

As public awareness of energy efficiency grows, Huntsville Utilities is aware that the demand for the clean, economical energy which natural gas provides will grow. For this reason the department is actively involved in improving and expanding the system so that we can continue to provide "Energy for Your Future."





Construction began on an 8-million-gallon-a-day addition to the South Parkway Water Treatment Plant during the spring of 2008.

<b>New Water Main Installed</b>	<b>132,146 feet</b>
<b>Water Pumped</b>	<b>15,123,489,000 gallons</b>
<b>Quality Tests Performed Annually</b>	<b>296,328</b>
<b>Fire Hydrants Inspected/Service</b>	<b>2,716</b>
<b>Total Water Customers</b>	<b>83,652</b>
<b>New Water Customers</b>	<b>1,617</b>

# WATER

As the southeast portion of our nation battled a historic drought, Huntsville Utilities Water Department delivered cool, clean, refreshing water to thousands of customers in North Alabama. Whether a direct customer of Huntsville Utilities, or a customer of one of the water systems that periodically purchases water from our system, you were undoubtedly touched in some way by the dependable union of Huntsville Utilities and the Tennessee River. The long streak of below normal precipitation in the area ended at 21 months in August of 2008.

Even with a drought to contend with, Huntsville Utilities Water Department continued to excel at their mission. The Water Department was honored with three Best Operated Plant Awards by the Alabama Water Pollution Control Association (AWPCA), during their annual conference in Huntsville in July of 2008. The South Parkway Water Treatment Plant, Southwest Treatment Plant, and Lincoln Dallas Plant were each honored for their excellence.

The Water Department has realized significant cost savings this year by completing many repairs and renovations with in-house staff. Installation and improvements to our SCADA system have improved our ability to monitor and control the tanks and distribution system in a more efficient manner with reduction in overtime while increasing reliability of the system. Rebuilding of several large water pumps and replacing filter media at the South Parkway Plant also resulted in significant savings to the company.

Several booster station upgrades were completed this year and a new station was constructed and placed in service. This new station added additional support to the North Base zone of our system and increased reliability to that area.

Currently, Water Department crews and engineers have installed approximately 44,000 feet of 24-inch main associated with the 72 East Loop Project. The project, budgeted at five million, was



Water crews work to tie together two portions of the water service grid along a 44,000-foot stretch along Highway 72 as part of the 72 East Loop Project.

Teaming with other city departments, Huntsville Utilities refurbished the historic Lincoln-Dallas water tank during the year. The structure greets travellers along Interstate 565 with a historic snapshot into Huntsville's past.

**Energy Tip** Don't let water run continuously while shaving or washing your face. Brush your teeth first while waiting for water to get hot, then wash or shave after filling the basin.

completed for four million dollars utilizing company water crews, and 4.5 million dollars under the contractor's 8.5 million estimate. The project required seven county roadway crossings and two crossings of the Flint River for completion. Water crews have also completed their portion of Phase One of the Governors Drive Relocation Project. Additional system improvements included installing approximately 36 vaults and fire flow meters, 132,146 feet of new water mains, 257 new service lines, 940 service line reruns, 1,224 extra stub installations, and 671 new meter sets in subdivisions. Several relocation and new development projects were also designed, processed, and inspected by the Water Engineering team including the Redstone Arsenal high water service tie.

In April of fiscal year 2008, construction began on an expansion at the South Parkway Water Treatment Plant. This addition will increase capacity by 8 million gallons a day (MGD) and is capable of up to 16 MGD. This expansion will increase the plant's potential capacity to 52 MGD. The project, scheduled for a 20-month construction period, is currently ahead of schedule and nearly 40% complete.

Plans for a new Water Treatment Plant on Guntersville Dam are well underway as Huntsville Utilities works on keeping ahead of the growth of the service area. The required permits from the Tennessee Valley Authority (TVA), Army Corps of Engineers, and Alabama Department of Environmental Management (ADEM) have all been received for the new water treatment plant site. Property for the new plant has been purchased along Highway 431 off TVA's Guntersville Dam Road.

Water is an essential element of life. Huntsville Utilities is proud of the quality of water we provide. Every day members of the Water Department strive to ensure the health and longevity of this community with outstanding water service because they know that great water will provide you with "Energy for Your Future."





Two drive-thru lanes were added to the Chase Customer Service Center to better assist customers.

Meters Read Monthly	332,984
TVA Security Deposits/Industrial Only	\$16,167,400
Families Receiving Assistance	8,130
Bank Draft Payments	271,654
Energy Efficient Homes Certified	607

## CUSTOMER SERVICE

Though Customer Service begins with the utility services Huntsville Utilities supplies, the broader picture includes programs to help customers become more energy efficient as well as making business conducted with the company more convenient.

Energy efficiency is a high priority in everyone's mind whether it is gasoline for transportation or electricity and natural gas used in the home. As environmental issues play a larger role in society, Huntsville Utilities' responsibility to provide reliable information to our customers becomes more important.

Both the Energy and Commercial & Industrial Departments have worked diligently with customers to increase their awareness of opportunities to save on their utility bills while making their homes and businesses more energy efficient. Working in conjunction with the TVA and the Department of Energy, Huntsville Utilities assisted local builders in certifying 607 new homes through the *energy right*® New Homes Program. Of the homes certified, 181 met the EPA/DOE ENERGY STAR certification level. Huntsville Utilities has worked with local builders to qualify more ENERGY STAR Homes than any other entity in the State of Alabama and is a leader among power distributors within the Tennessee Valley region and Southeastern United States.

The Commercial & Industrial Department helped 251 business customers reduce their energy costs by qualifying for security deposit coverage through the TVA Enhanced Security Deposit Program. A total of \$16,167,400 in deposit coverage was provided at no cost to the qualifying customers. Commercial and Industrial customers continue to utilize the free Comprehensive Services Program to improve energy cost savings with 61 customers participating this past year.

The Energy Department also works with customers on a daily basis to help improve energy efficiency in existing homes. The Efficiency Program provides residential customers with free inspections of heating and cooling systems that are installed by specially trained and certified heating and cooling contractors. The Quality Contractor Network grew to thirteen this year, and 73 residential customers took advantage of the free inspections to insure efficiency, comfort, and longevity when they replaced heating and cooling systems.



Huntsville Utilities fulfilled the requirements to become a StormReady company, a program designed to save lives and property during storm-related events.

Education Days is a fun-filled field trip for fourth and fifth graders to a Huntsville Utilities facility. Madison County School Superintendent Dr. Terry Davis participates in an electric current experiment, while at right a lineworker demonstrates electricity's arcing ability as the current searches for a path to the ground.

**Energy  
Tip**

Shade trees, window tinting, and/or solar screens are good ways to reduce solar heat that radiates into the home during the summer months. During the winter months, the sun sinks from directly overhead and offers a free source of heat through south-facing glass. To take advantage, plant deciduous trees on the south side of the home and leave the curtains opened during the daylight hours.

The Home Evaluation Survey program helps customers understand their energy consumption and how they can save on utility usage. Surveys were completed by 279 customers who received reports during fiscal year 2008. An increase in participation in the Generation Partners Program is also expected as the cost of solar generating equipment decreases.

The Customer Service Department also provides several programs to help customers save time and gasoline when requesting new service, changes to their existing services, or making payments. In fiscal year 2008 over 10,846 requests for service were processed via fax, 463 by mail service, and 770 via email service. The automated phone system (IVR) processed 136,324 customer transactions, a 13.43% increase over the previous year. The system allows customers to conduct business with the company at any hour of any day without requiring a Customer Service Representative.

Customer Service has also increased payment methods in an effort to assist customers. The newest payment option, Convenience Pay through Western Union, completed its first year with 8,555 customers utilizing the service. Bankdrafts increased from 240,765 last year to 271,654 in fiscal year 2008, a 13% increase. Credit Card payments increased by 32%, with 96,844 payments processed in this manner during fiscal year 2008.

During fiscal year 2008 additional drive-thru lanes were added to the Customer Service Center in Chase Industrial Park in northeast Huntsville. Huntsville Utilities is exploring an additional payment option of installing kiosks at some locations so that customers can pay their bills at any time, any day.

A growing concern for Americans is protection from identity theft. In order to safely serve our customers, Huntsville Utilities has implemented procedures to become compliant with the FACT Act (Fair and Accurate Credit Transaction). A variety of measures have been taken to protect customer information and combat identity theft in the utility industry.

Huntsville Utilities is a publicly-owned, not-for-profit utility aimed at providing the electric, natural gas, and water services needed for a quality lifestyle in a thriving area. By helping our customers save money on their utility bills through energy efficiency and making business transactions with our company easy and convenient, the company is working to provide the best possible service along with "Energy for Your Future."





The Data Processing Department prints an average of 7,650 bills a day as well as 338 reports for various departments.

Automotive Repairs	5,900
Facility Repairs	3,000
PCB Equipment Tests	2,056
Fiber Network Installed	7 miles
Payment Transaction Accuracy Rate	99.98%

## ADMINISTRATIVE

The Administrative staff at Huntsville Utilities provides a sound backbone upon which the various service departments can rely. An organization can only be as strong as its infrastructure, and the company works steadfastly to insure equipment is maintained and ready for use, buildings are clean and well-maintained, and parts are available for new installations as well as repairs when needed.

In keeping with the company's plan for growth, various departments were physically expanded as well as new offices added to several buildings. In the downtown building, over 6,000 sq. ft. of previously unused space was completed as office space and a state-of-the-art computer training facility. Another 1,700 square feet of office space was added at the Chase Service Center in addition to the two new drive-thru payment lanes. As mentioned in previous sections, the South Parkway Water Plant is currently undergoing an expansion, and several new substations were added to the system. The Facilities Department also worked closely with contractors to help with the renovation of space in the downtown building that was leased to the YMCA for a fitness center.

The Facilities Department and the Stores Department have worked closely with the Electric Department on the environmental concerns brought about by spills from transformers. EPA regulations now require clean-up of all oil spills, whether or not they contain PCB materials. In 2008 there were 96 leaking transformers that had to be repair or replaced, and 68 of them spilled oil onto the ground. The Stores Department relocated 105,000 pounds of debris from the spills and disposed of the materials in the appropriate ADEM approved landfill. The Stores Department also brought in \$666,623 in funds from the sale of scrap wire, meters, utility poles, and wire. Inventory accuracy was at 99%, better than the 98% goal set the previous year.

The Management Information Systems (MIS) Department has steered Huntsville Utilities into Phase I of the Huntsville Utilities Business Systems (HUBS) project and has moved forward with the software migration. Phase I, called Spectrum, includes bringing together employees throughout the company to form functional teams. The teams are evaluating how the system change will affect work in their department and what training will be necessary to complete the transition in a smooth manner. During



With the help of Electric crews, the Technical Services Department is assisting the City of Huntsville with fiber optics installation city wide. In Fiscal Year 2007, they installed 30 miles of the fiber network, and added another seven miles during Fiscal Year 2008. This is an ongoing project as the city continues to grow.

**Energy  
Tip**

Where is the energy being used in our homes? According to 2003 information from Southface Energy Institute, energy usage in typical homes located in our area includes 10% for lighting, 18% for water heating, 41% for heating & cooling, 10% for refrigerators & freezers, and 21% for all other uses.

fiscal year 2009, the Spectrum project will go online. This will happen after evaluating and implementing major changes in business processes to adapt to the new software applications and improve business procedures overall.

The Technical Services Department has worked closely with MIS on the Spectrum project. New systems are being installed for the operations and engineering departments which will assist with estimating, work orders, work management, and mapping applications as the HUBS project goes online. The HUBS team has also been assisted by the Accounting and Purchasing sections in making sure equipment and software purchases happen in a timely manner so the project stays on schedule.

The Communications team has replaced radios in vehicles for the Water, Gas and Field Services Departments. The crews were added to the City of Huntsville radio communications systems which will allow for better and more efficient interdepartmental communications. With the help of the Fleet section, Communications also worked with Field Services and the Locates Department on new GPS units for vehicles. The GPS functionality will allow for better scheduling and optimization of the routes and crews. The program will be expanded to all of the operating sections and should be quite effective during storm recovery work.

On the financial end, the General Accounting Department worked on improving bond ratings during fiscal year 2008. Refinance options utilizing low interest rates helped upgrade the Electric System bond rating from Aa3 to Aa2. While working to secure financing for the expansion of the Water System, the Water Department's bond ratings moved to AA+ on the Standard & Poors and Aa2 on their Moody's rating.

The administrative sections of Huntsville Utilities work hard to ensure that the Operations and Customer Service Departments are able to provide the necessary services to enable our customers to maintain a high quality lifestyle. Support personnel realize they must have the parts on hand, the bills paid, and the necessary paperwork completed on a daily basis to do their part providing "Energy for Your Future."





Employees participate in a variety of holiday activities from adopting angels to volunteering at Santa's Village.

Electric Department Employees	189
Natural Gas Department Employees	82
Water Department Employees	95
Customer Service Employees	120
Joint/Administrative Employees	113
Temporary Employees	37
Total Employees	636
Customers per Employee	484

# THE EMPLOYEES

The employees of Huntsville Utilities feel a unique sense of fulfillment knowing their jobs contribute to the quality of life and success of each and every business and resident they serve. For most employees, this sense of accomplishment doesn't stop with the job but continues on into their personal lives with community involvement both on the job and away. Huntsville Utilities strives to make available training and growth opportunities to the employees so that they will remain with the company for long, fulfilling careers that enhance the company's service to the community.

Training is a key component of the employee retention plan. An extensive internal Leadership Development Program was introduced during fiscal year 2008. The management team is required to attend and learn more in-depth knowledge of the company, their leadership roles, and how to motivate and retain satisfied employees. This training includes Group Leaders, Crew Leaders and Lead Lineworkers.

Frequently, employees are required to attend trainings on subjects such as New Employee Orientation and Equal Employment Opportunity. These classes emphasize Huntsville Utilities policies and procedures concerning conduct to avoid discrimination and harassment issues as well as accidents and conflict in the workplace and to assure fair treatment. Employees are also required to attend regular safety meetings which, during fiscal year 2008, included education on identity theft, personal safety, and fire prevention as well as job-related issues like proper lifting techniques, use of safety zones around work sites, and proper operation of heavy equipment. These trainings help keep safety on the forefront of Huntsville Utilities' employees' minds and have contributed greatly to the low accident rates.

For the fiscal year 2008 period of October 1, 2007 through September 30, 2008, Huntsville Utilities had a preventable vehicle accident rate of 3.34. The incidence rate for recordable injuries of any type was only 3.41. The severity rate with an actual lost workday count of 49 was only 6.69. Each Operations Department was recognized by the Alabama Department of Industrial Relations for their safety records in addition to receiving numerous awards from professional associations related to their work.

Human Resources developed tools to assist in the employment and employee tracking processes. A formal Family Medical Leave Act (FMLA) approval and tracking process was created. Criminal background



**A Volunteer Council member packs bags for a food drive. The Council chooses community activities for company employee participation. During this food drive, 45 bags of food were collected, valued at near \$1200.**



**The employee-volunteer wheelchair ramp team built three ramps for CASA participants during the fiscal year.**

**Energy  
Tip**

Some appliances and electronic equipment consume electricity even when they are not in use. This is referred to as “phantom usage” and can add up through recorders, televisions, computers, stereos, and kitchen appliances over a period of years. To stop phantom usage, power strips can be used to easily turn off several pieces of equipment with the flip of a single switch.

checks were also implemented to help improve upon the processes that will be utilized to protect customers, and training was given against fraud and identity theft as part of the Fair and Accurate Credit Transactions (FACT) Act compliance. The department also worked on streamlining processes and creating shared file systems to eliminate redundant work.

All Operations Departments had apprentice programs operating during the fiscal year. The Water and Natural Gas Departments each graduated ten employees from the program, and started new classes with 25 employees. The Electric Department has a current apprenticeship program running with 12 employees participating, and another class of 18 is scheduled to begin in January of 2009.

Employees also took part in a variety of charity fundraising opportunities and other community service endeavors. For the third year in a row, the Huntsville Utilities team was the Top Money-raiser in the large industry section at the American Cancer Society’s Relay for Life. They raised \$11,825 and received a “Team Excellence Award.” Employees also raised \$14,325 for the annual United Way campaign as well as a combined total of nearly \$4000 for United Cerebral Palsy, the March of Dimes, Muscular Dystrophy, and other charitable organizations. In all, Huntsville Utilities employees raised over \$34,185 in contributions, all of which was employee-generated with no money from Huntsville Utilities. The company’s CASA wheelchair teams also built three ramps during the fiscal year.

Two blood drives were held for the American Red Cross with a total of 85 pints donated from the 93 participating employees. Another 176 employees received CPR/First Aid and AED training from the company’s Red Cross certified training team. Another 140 employees received flu shots as well as 21 receiving pneumonia shots from the Madison County Health Department in an effort to keep employees healthy during the cold weather season.

There is no way to cover in this publication the depth of service and enthusiasm each Huntsville Utilities employee brings to his or her job and community. The company strives to provide training to help employees continually improve their skills as well as opportunities to grow as individuals and be active in the community. The company fervently believes satisfied employees who feel they are a part of the community they serve are better prepared to provide “Energy for Your Future.”



## MORE ENERGY SAVING TIPS

Looking for more ways to save energy? The energy tips enclosed in this report came from the Department of Energy (DOE) and Huntsville Utilities' Energy Management Department. Visit <http://apps1.eere.energy.gov/consumer/> and Huntsville Utilities website, [www.hsvutil.org](http://www.hsvutil.org), for more helpful advice. Additional tips are listed below and can be found throughout the Financial Statement section:

Look at the walls, ceiling, and floor of your home as a building envelope. This envelope should be sealed as tightly as possible to prevent air infiltration and insulated to reduce conductive heat transfer. Consider openings around doors, windows, wires, and plumbing.

Solar clothes dryers can be made with a strong string and two good knots. When you use an electric or gas clothes dryer, make sure you keep the filter clean to increase efficiency. Dryers with moisture sensors will shut off when your clothes are dry, eliminating unnecessary operation.

Building a new home? Look for builders who offer *energy right*® or ENERGY STAR certifications. A new homes program is offered by Huntsville Utilities in which information, computer modeling, testing, and certifications are offered.

Is your air conditioning/heating system properly maintained? Air duct systems are not always sealed and commonly contribute to unnecessary energy losses. Keep your return air filters clean and schedule maintenance on a regular basis to insure efficient operation of your heating and cooling equipment.

Insulate and weather-strip the attic access opening if located within conditioned space. This measure is one of the most cost effective things you can do to reduce summer time heat transfer from the attic into your home.

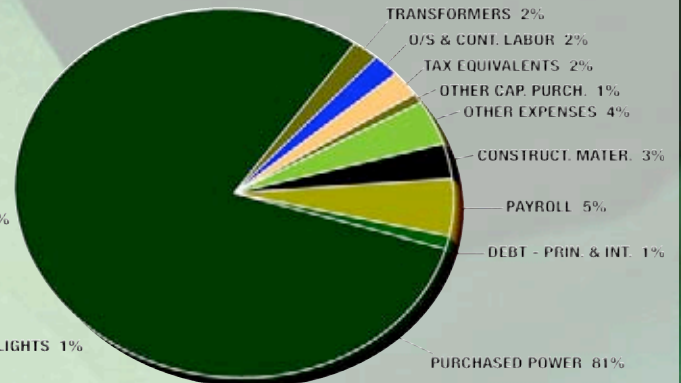
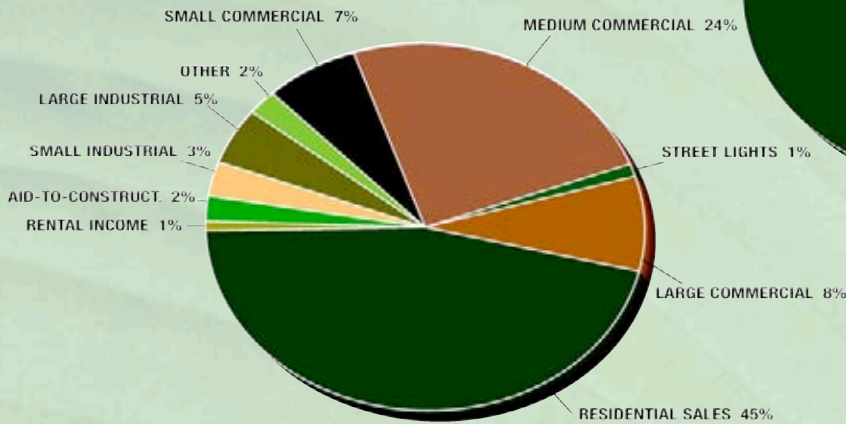
Water heater tank wrap is a good way to save energy, but special care should be used when gas tanks are being insulated. Many models are already insulated with foam and do not need additional wrap. Be careful to follow the manufacturer's recommendations in all cases.

# Funding Profiles

Fund charts may add up to more than 100% due to rounding.

## Electric

**Source of Funds**  
Total \$417,046,509

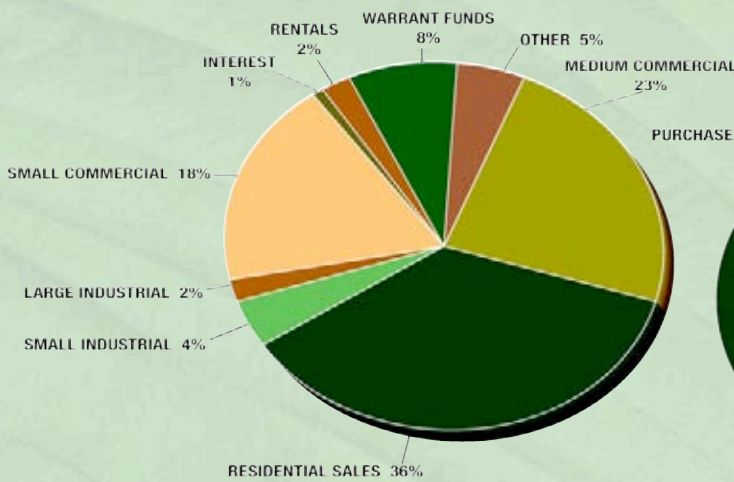


**Use of Funds**  
Total \$420,099,437\*

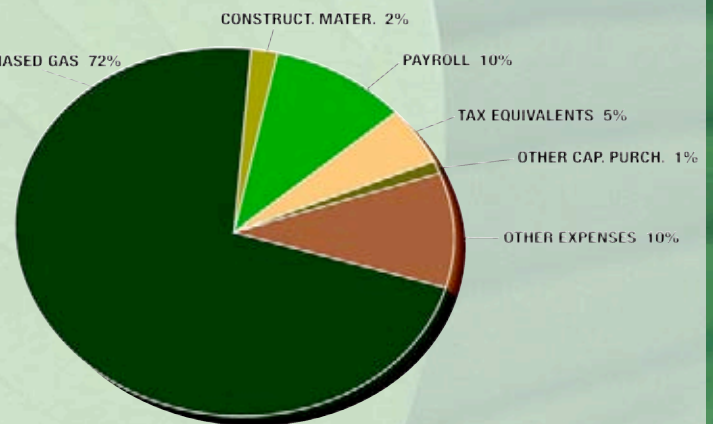
\* Expenditures during FY2008 include reserve funds utilized to finance upgrades to administrative computer systems.

## Natural Gas

**Source of Funds**  
Total \$64,012,911

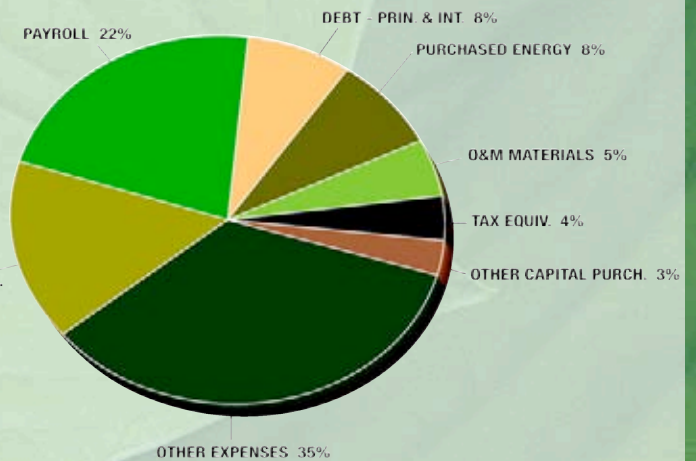
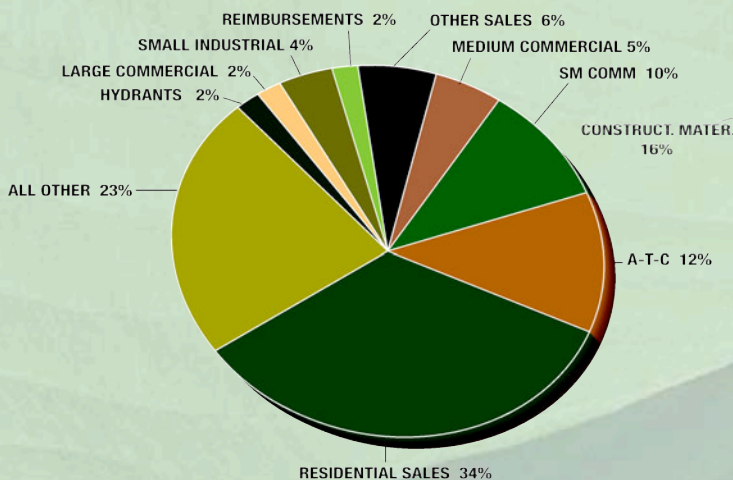


**Use of Funds**  
Total \$58,080,689



## Water

**Source of Funds**  
Total \$35,714,721



**Use of Funds**  
Total \$33,941,787