



**Delivered
Reliability**





As the fastest growing area in the State of Alabama, Huntsville/Madison County requires responsive and reliable electric, natural gas, and water services. While we are committed to delivering excellent service to local homes and businesses, we must also meet the needs of the many new homes and businesses planned. Since May 1940, Huntsville Utilities has delivered reliability, providing foundational services to Huntsville and Madison County.

Delivered Reliability

Keeping pace with an ever growing community has provided Huntsville Utilities the unique opportunity to enhance our utility infrastructure. While the installation of the fiber-optic system nears completion, the replacement of legacy meters with state-of-the-art technology has just begun. The natural gas system continues to add new customers while we work on replacing remaining sections of older cast iron main. Since the Southeast Water Treatment Plant is now fully operational, we have improved the resiliency of the water supply in South Huntsville. As new electric customers have been added throughout Madison County, the need for additional electric infrastructure has kept us busy ensuring reliability to those who count on us daily.

Often forgotten are the men and women that labor behind the scenes to keep the lights on, natural gas moving, and water flowing. These dedicated individuals work diligently to deliver reliable service to the communities we serve. We at Huntsville Utilities are committed to delivering excellent customer experiences through competitive rates, safety, and conservative fiscal management.

In my second year as President/CEO of Huntsville Utilities, I am proud of our accomplishments in 2018, and I am looking forward to continued success in the coming years. It is my honor and privilege to work alongside men and women who are committed to delivering reliable utility services to all our customers in Huntsville and Madison County.

Reliability Begins With Caring

Helping customers is a top priority at Huntsville Utilities. During FY 2018 Huntsville Utilities implemented a new energy-saving assistance plan, the Huntsville Home Uplift Program. This new program turned out to be a win-win for all involved.

Huntsville Utilities, TVA and Huntsville Housing Authority teamed up to launch this exciting program. The Uplift home weatherization program provided energy improvements to 146 residences in Huntsville within a \$1,000,000 budget. This allowed low income residents to make their homes more energy efficient so they can save money on utility bills. The Uplift team is scheduled to spend an additional \$1,000,000 in 2019 upgrading 100+ more homes.



Huntsville Utilities' President Wes Kelley discusses the importance of programs such as Project Share. The Project Share initiative was expanded to include home energy upgrades during 2018. A new spokesperson, Sam, was introduced.



A workshop on careers in energy-efficient HVAC installation was offered to the public.

Huntsville Utilities also teamed up with the City of Huntsville's Operation Green Team Foundation to upgrade homes. The Green Team Foundation was awarded a 2-year, \$300,000 grant from the Southeast Sustainability Directors Network. Working together, the program team was able to upgrade 42 homes in 2018. If qualified, the low income homeowner could receive a supplemental ductless mini split HVAC system, attic and floor insulation, and air sealing of the home.

Another exciting development in 2018 was the introduction of the Project Share Home Energy Improvement Program. This is the 30th year Project Share has been offering utility bill payment assistance to customers during the winter months. Now, 30% of the Project Share donations will fund home energy improvements. These energy upgrades will result in long-term savings for the homeowner. This is just another example of Huntsville Utilities' commitment to finding new and sustainable ways to help the communities served by the utility company.

Customer Care Adds Payment Kiosks

Huntsville Utilities' Customer Care team is constantly researching and implementing processes to simplify payment methods and service requests. One of the most significant improvements for ease of making payments is the new payment kiosks which have been installed in several locations.



Employees (and Safety Squirrel) volunteer hundreds of hours to build a float for Huntsville's annual Christmas parade.

The first kiosk was installed in the lobby of the downtown office during FY2017. During FY2018, from October 1st thru May 2018, this kiosk averaged 3,000 payments a month. In mid May a second unit was added as an external walk-up kiosk at the Chase Customer Service Center. In June two additional kiosks were added to the Chase and Pulaski Pike Drive Thru locations. The average number of monthly payments at the kiosks rose to 5,600.

The addition of the kiosks to existing payment method options, along with the ability to request new service and various other requests online or through the Customer Information Center, demonstrates Huntsville Utilities' Customer Care Department's ongoing and never-ending effort to make doing business with Huntsville Utilities simple, flexible, and positive.

AMI, Fiber Mean Exciting Service Upgrades

FY2018 was a growth year for Huntsville and the surrounding area. For Huntsville Utilities, the challenge is staying ahead of that growth with reliable, efficient service to both existing and future customers. Huntsville Utilities added 2,245 electric customers in 2018.

FY2018 saw the end of Huntsville Utilities' advanced metering pilot project and the beginning of the installation of advanced electric meters (AMI). When implemented, this technology will enhance reliability by providing more detailed and real-time data for system operations, including pinpoint outage accuracy which will reduce outage duration. Huntsville Utilities' AMI system will use a combination of wireless and fiber communication to deliver meter data to a meter data management (MDM) system. 50,000 new meters are planned for installation in 2019.



Members of the Commercial and Industrial Department joined TVA staff members to pack food boxes at the Food Bank of North Alabama.

Construction of Huntsville Utilities' fiber optic network made significant progress in 2018 with the completion of both the Big Cove fiber hut district (serving the east portion of Madison County) and the Farley fiber hut district (south Huntsville), pushing completion well past the halfway point. "Make ready" work in the 911 (west and portions of northwest Huntsville and Madison) and Triana hut districts (Huntsville city center) is wrapping up and

Public Relations staff joined other volunteers to prepare prescription discount cards for distribution at United Way.



network construction is getting underway, leaving only the Jetport district to begin in 2019. The Chase hut district, serving north Huntsville, was completed during FY2017. The completion of this fiber optic network will greatly enhance operations with automation capabilities that will, among other things, reduce outages and increase reliability.

Maintaining a high rate of reliability is a top priority at Huntsville Utilities, along with safety and affordability. That's why Huntsville Utilities is recognized by the American Public Power Association as a "Reliable Public Power Provider" (RP3). This designation is awarded to electric utilities that demonstrate operational excellence with system reliability, safety, workforce development, and system improvement. Huntsville Utilities achieved the highest rating available, the diamond level, in 2016.

Award-Winning Water You Can Count On

Huntsville Utilities' Water Department has 97,189 customers that count on Huntsville Utilities each day to provide award-winning, reliable water service to homes, schools, churches, businesses and industry. As the oldest public water system in the State of Alabama, Huntsville Utilities' water has been recognized by industry trade associations, Alabama Water Pollution Control Association for "Best Operated Plant" award and by Alabama/Mississippi Section of the American Water Works Association for "Water Treatment Plant of the Year" award.

Optimizing reliability to maintain a superior quality water system remains a top priority for the Water Department. While the Southeast Water Treatment Plant was brought online last year and is fully operational, the department is preparing for a rehabilitation of the system's oldest surface water plant located on South Memorial Parkway. With the addition of 2,219 new water and irrigation meters installed throughout the year, two new water storage tanks and three new water boosters were installed in the Hampton Cove area.



Each year Water Department staff volunteer to help at the Madison County Drinking Water Festival. The event educates 4th graders from throughout Madison County about surface and groundwater through fun, enlightening activities.

Crews enjoy visiting schools to teach students about safety and their utility services. Community events, such as Sci-Quest's Hands-On Trucks, provide the opportunity to meet utility workers and learn about the processes that keep water, natural gas and electricity available.



Providing reliable service that supports and sustains the economic growth of the community, the Water Department installed 55,265 feet of new water main. Coupled with the addition of 1,542 new water customers, Water Supply pumped nearly 16 billion gallons of water during the year. As the Huntsville community continues to grow, so will the Water Department.

Incentives to Switch to Natural Gas Offered

Huntsville Utilities' expansion of natural gas service continued to be strong in 2018, with new incentives offered for both new and existing homes.

For new homes, customers (in most cases the builders) who installed a natural gas furnace or dual fuel heat pump received a \$1,000 incentive payment. This incentive was also offered to owners of existing homes who converted their electric or propane heating systems to natural gas units. For the year, a total of 1,122 new service lines were installed, which is more than in the previous four years.

Upgrades and extensions to improve reliability were made to the overall system. A section of older, less reliable cast iron running along Oakwood Avenue from Memorial Parkway to Jordan Lane was replaced with new, more reliable PVC piping, and an additional 20 miles of new natural gas main lines were installed.

All this work was done while remaining 100% compliant with Federal and State regulations as well as adhering to Huntsville Utilities high standards for safety. In 2018, there were no lost time incidents for Gas Operations, an achievement the department has attained for the past three years.

Due to the Natural Gas Department's exceptional work in the areas of system integrity, system improvement, employee safety, and workforce development, Huntsville Utilities was awarded Silver status in the American Public Gas Association's SOAR program for the year.

Huntsville Utilities

Statements of Revenues and Expenses

For the years ended September 30, 2018 & 2017

Electric	2018	Restated 2017
Revenues		
Residential Sales	\$ 260,774,819	\$ 231,572,251
Small Commercial Sales	42,397,969	36,066,016
Large Commercial & Industrial Sales	200,216,020	200,194,454
Lighting Sales	4,777,392	4,863,964
Other Operating Revenue	17,256,557	13,376,089
Non-Operating Revenue	1,812,816	375,282
	\$ 527,235,573	\$ 486,448,056
Expenses		
Purchased Power	\$ 424,966,671	\$ 399,501,296
Transmission & Distribution	17,067,939	17,380,155
Customer Accounting	6,729,594	6,311,094
Administrative & General	24,892,368	20,117,625
Depreciation	18,774,994	17,038,628
Non-Operating Expenses	4,838,542	2,306,727
Tax Equivalents	11,097,956	11,296,708
	\$ 508,368,064	\$ 473,952,232
Increase in Net Position	\$ 18,867,509	\$ 12,495,823
Natural Gas		
Revenues		
Residential Sales	\$ 20,882,355	\$ 13,815,923
Commercial Sales	21,617,149	17,279,794
Industrial Sales	2,100,922	2,055,685
Other Operating Revenue	3,548,204	2,315,863
Non-Operating Revenue	(388,159)	(12,774)
Capital Contributions	682,452	510,901
	\$ 48,442,923	\$ 35,965,391
Expenses		
Purchased Gas	22,744,363	20,161,632
Distribution	5,544,964	5,154,929
Customer Accounting	1,126,621	1,065,857
Administrative & General	7,004,572	5,006,645
Depreciation	4,506,900	4,421,106
Non-Operating Expenses	(44,738)	(1,529,301)
Tax Equivalents	2,673,772	1,981,789
	\$ 43,556,453	\$ 36,262,657
Increase in Net Position	\$ 4,886,470	\$ (297,265)
Water		
Revenues		
Residential Sales	\$ 24,805,904	\$ 25,277,101
Commercial Sales	12,361,612	12,701,204
Industrial Sales	2,001,883	2,144,687
Government Sales	2,586,136	2,449,761
Fire Hydrants	1,550,673	1,485,508
Other Operating Revenue	1,842,162	1,699,692
Non-Operating Revenue	1,287,996	748,465
Capital Contributions	4,358,130	3,375,896
	\$ 50,794,495	\$ 49,882,315
Expenses		
Purification	\$ 2,061,891	\$ 1,668,058
Pumping	4,691,924	4,230,193
Distribution	5,259,009	3,848,919
Customer Accounting	1,448,263	1,375,582
Administrative & General	9,089,441	7,510,710
Depreciation	7,152,241	7,654,546
Non-Operating Expenses	1,022,692	1,202,329
Tax Equivalents	2,623,614	2,452,565
	\$ 40,377,032	\$ 31,708,207
Increase in Net Position	\$ 10,417,464	\$ 18,174,108

Mission

To strengthen trust in Huntsville Utilities.

Vision

To deliver excellent customer experiences.

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.

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

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.

Energy Sources

Electricity is purchased from the Tennessee Valley Authority (TVA) and distributed throughout Madison County.

Natural Gas is purchased from a number of suppliers, with supply produced onshore and offshore. Two major pipelines transport natural gas to Huntsville Utilities for distribution.

Water comes from wells (which tap underground aquifers) and from the Tennessee River. This water is purified in accordance with rules and regulations of the Alabama Department of Environmental Management (ADEM) and the Environmental Protection Agency (EPA).

Utility Board Members



Electric Board (1-r)

D. Thomas Winstead, Secretary
George A. Moore, Esq., Chairman
Ronnie W. Boles, Vice-Chairman

Natural Gas/Water Boards (1-r)

Jim Batson, Chairman
Dorothy W. Huston, Ph.D, Secretary
Dr. James S. Wall, Jr., Vice-Chairman



HUNTSVILLE UTILITIES
ELECTRICITY • NATURAL GAS • WATER



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