

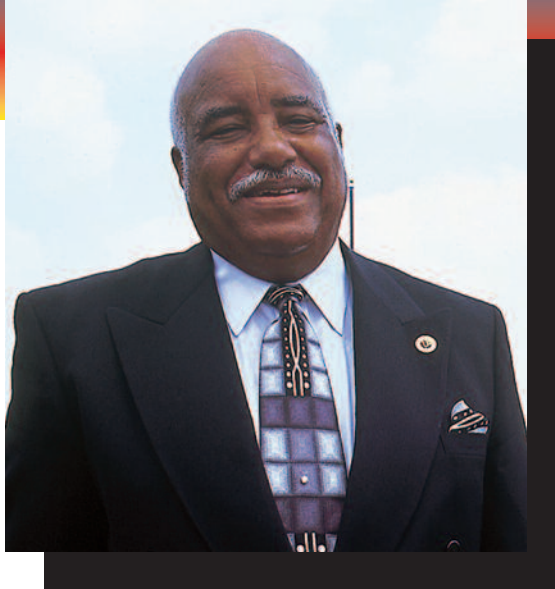
HUNTSVILLE UTILITIES

**ELECTRIC,
NATURAL GAS,
AND WATER SYSTEMS**

2013 Annual Report



***Making Changes
to Improve Service***



In Memorium.....

William Myers Johnson

April 23, 1928 - February 2, 2014

It is with heartfelt gratitude that Huntsville Utilities dedicates 2013 Annual Report to William Myers Johnson, a dedicated board member for 24 years.

Mr. Johnson was appointed to the Natural Gas and Water Boards in 1990. In 1995 Mr. Johnson became the second Chairman in the 41-year history of the boards, as well as being the first African-American board member and chairman.

During his tenure, the Gas and Water Departments made great strides. Water Supply has won “Best Operated Water Plant” awards over 20 times. The Water Department, as a whole, has twice been recognized by the Environmental Protection Agency (EPA) as the best water system in Region 4. Two water treatment plants were built and placed into operation during his tenure, as well as expansions to two other plants.

The Gas Department completed building the north loop transmission line, which allows better access to the gas system. The Harry Rhett Operations Center was built to house both the Natural Gas and Water Departments’ employees. During his time on the Natural Gas and Water Boards, the Natural Gas Department was recognized nationally, regionally and statewide for their safety record.

Mr. Johnson was retired from Alabama A & M University where he worked for 30 years. He was also active in many professional associations, as well as serving as the Chairman of the Housing Board of Adjustments and Appeals, Chairman of the Board of Community Development, and Chairman for the City of Huntsville Finance Committee – all volunteer appointments in support of the City of Huntsville. He was also actively involved in the Harris Home for Children and a lifetime member of Kappa Alpha Psi Fraternity.

Mr. Johnson was a dedicated advocate for Huntsville Utilities employees and customers. We are grateful for the leadership and values Mr. Johnson brought to Huntsville Utilities during his service to the communities we serve.



Our Mission

To add value to our community by providing efficient utility services.

Our Vision

To be the best utility in the country.

Our Values

Customers • Employees • Operations



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*Making Changes
to Improve Service*



From the President

Change ... there are many reasons for change in any business. The change may be needed to keep technology current. The change may be in updating the product line, or it could be as simple as a change in how you serve your customers. Every business has to adapt to the needs of their clients and initiate change for better service. Huntsville Utilities made 2013 the year of change to improve service.

For the first time ever, water, natural gas, and electric crews joined forces with local cable and telephone providers to install underground utilities as one project. This partnership allowed a major service upgrade to residents on Echols Street with a one-time interruption to the neighborhood's normal pace. The residents were very pleased with how the project proceeded. This cooperative endeavor saved time and money, while improving the historic district.

The Energy Department continues to work with customers to change their perspective on who controls their energy expenditures. Educating customers on the correlation between the weather and thermostat settings has lowered customer's bills while improving their control over the energy they use. The department also provides information on purchasing energy efficient appliances and home improvements that increase a structure's ability to minimize the effect of the weather outside.

Customer Service has also made some large changes to benefit customers. Changes to the automated phone system menus yielded a 40% increase in customer usage. The phone system menu allowed customers to pay by credit card with Western Union Speedpay or delay payment if necessary, without having to speak to a utility representative.

Huntsville continues to grow and during FY2013 the utility added 2,818 electric customers to the system. This growth means changing the load capacity at existing substations while constructing new substations to keep the electric supply ahead of growth. The Water Department added 1,385 customers while 788 natural gas customers were added.

What changes do Huntsville Utilities customers have to look forward to in 2014? Access to a current electric outage map on the company website is in development. This will allow customers to see how inclement weather is affecting their area. Research into improving and increasing the ways customers can pay their bill is another priority. Also of great concern is sharing information with the customers that can help them save money on their utilities. We are working to educate our customers on controlling their energy usage. Controlled usage helps keep prices down, a savings Huntsville Utilities wants to pass along to customers.

A large part of the population seems to be changing how they think about energy resources. Environmentally friendly energy production is increasing in popularity. From solar panels to hydropower, the need for clean efficient energy is growing. The utility urges customers to do their part in planning for the future of our community and join in the changes being made to improve service and customer knowledge.



William C. Pippin

President / Chief Executive Officer



Jay C. Stowe, PE

Chief Operating Officer



Theodore Phillips, CPA

Chief Financial Officer



Anthony F. Owens

Operations Vice President



John Olshefski

Customer Care Vice President

William C. Pippin
President



Introducing

Utility Boards Members

George A. Moore, Esq.
Electric Utility Board
Chairman



William M. Johnson
Natural Gas & Water Utility Boards
Chairman



Ronald W. Boles
Electric Utility Board
Vice-Chairman



Dr. James S. Wall, Jr.
Natural Gas & Water Utility Boards
Vice-Chairman



D. Thomas Winstead
Electric Utility Board
Secretary



Stanley Statum
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



Management Team



Jimmie Butler
Natural Gas and Water
Operations Manager



Steve Wright
Electric Manager



Janice Capshaw
Human Resources
Director



Anna Parvin
Customer Services
Manager



Tim Walker
Customer Relations
Manager



Ron McLeroy
Technical Services
Manager



David Champigny
MIS Director



Stacy Cantrell
Engineering Services
Manager



Keith Moran
Controller



Bill Yell
Communications
Director



Lucrecia Points
EEO/Organizational
Development Specialist



Glenda Waller
EEO/Organizational
Development Specialist



Customer Service team members discuss energy saving programs and options with customers at the annual "Building, Home & Remodeling Show" sponsored by the Huntsville Madison County Builders Association.



Customer Services

Huntsville Utilities has undertaken many changes to improve service and make it easier to do business with the utility. The utility is constantly working to help customers understand their utility usage, how to use the services more efficiently and methods to make doing business with the company more efficient.

With more people using bank cards and not writing checks, a marked increase in electronic payments is occurring. Electronic funds transfers increased by eight percent (8%) and bank draft requests jumped more than seventeen percent (17%). The utility also launched a payment option – in partnership with Western Union Speedpay – of recurring payments for customers who want to pay by credit or debit card each month automatically.

Customer Service personnel assisted over 35,337 walk-in customers with inquiries related to billing, payment agreements, collections, and other general utility questions. Customers requesting assistance by phone increased as the system was enhanced. A reduction in customer wait time helped increase the number of calls answered, 342,077 this past year, an increase of 8.5%. There was also a 10% increase of customers using the phone system to utilize the self-service option of delaying payments. The number of payments made through the automated phone option also increased by 40%.

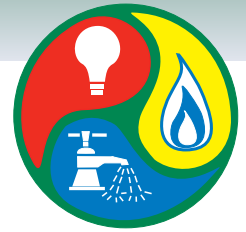
Avg. Number of Meters Read Monthly	365,000
TVA Security Deposits	194
Avg. Monthly Bank Draft Payments	44,878
Energy Efficient Homes Certified	707
Customer Information Center Calls	342,077
Collection of Unauthorized Usage	\$149,756

As the national economy continues to challenge many, some customers periodically rely upon assistance to make their utility payments. Last fiscal year more than 9,200 families received assistance for a total of \$2,077,665.41 from a network of more than 45 agencies and churches throughout the community.

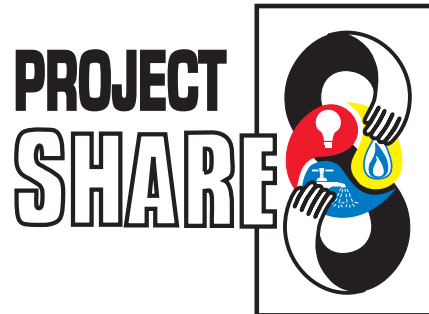
Through the Customer Relations Department, the utility also provided assistance to its biggest customers – commercial and industrial (C&I). Last year, the C&I section assisted more than 60 customers with energy efficiency projects that cut demand by some 624 kilowatts and usage by more than 4 million kilowatt hours. Incentives from the Tennessee Valley Authority to the participating companies totaled more than \$343,000.

The C&I team also worked with 90 customers on the "Comprehensive Services Program". The department spent over 2,000 man hours assisting these customers. Another 194 customers benefitted from the TVA Enhanced Security Deposit program. Commercial Representatives assisted 3,620 walk-in customers and took 25,054 business customer calls.

One of the strongest community outreach initiatives is the Energy Services Menu presented by the Energy Department. The menu consists of a group of programs which provide information to consumers on residential energy usage and conservation methods. One of the listed programs is the "New Homes Program". Newly-constructed homes are computer-rated, inspected and certified for energy efficiency. During FY2013, a total of 707 homes were certified. Huntsville Utilities certifies more new home homes annually than any other TVA distributor.



Huntsville Mayor Tommy Battle proclaims Sunday, November 18th Project Share Sunday. A drive to increase awareness and donations to assist the elderly and disabled with their utility bills is held annually.



Another program on the Energy Services Menu is the “Efficiency Program”. This program provided free information and inspections to residents who replaced their heating and cooling equipment. The utility worked with seven local heating and cooling contractors who received training and were certified to participate as members of the “Quality Contractor Network.”

Huntsville Utilities is making changes to improve services in TVA’s “Green Power Providers” program. Residents and businesses may generate electricity to be applied to the electrical grid and sold back to TVA. Huntsville Utilities is working with TVA to improve the program and has made simplification of program processes an ongoing priority.

Huntsville Utilities also provides educational presentations to students, including the “Education Days” field trip. Last year nearly 1,000 students from 16 schools learned about the utility’s water, electric and natural gas systems during the daylong learning experience.

Expos and similar community events provided a much-welcomed stage to present information. Utility employees made personal contact with 6,750 customers at the annual Home & Remodeling Show, the Senior Expo, and Panoply. Representatives answered questions about customer service programs and energy efficiency.

During FY2014, Huntsville Utilities plans to expand the use of credit cards by customers,

allowing them to pay various fees including security deposits. Another customer convenience in process is the ability to make payments at outdoor payment kiosks. This option will allow customers to pay by cash, check, or credit card any hour of the day, any day of the week.

Realizing that one of the biggest complaints from customers is the amount of the security deposit, Huntsville Utilities is working to implement a plan for new residential customers who apply online for service. During FY2014 customers will have the option to reduce their security deposit if they have an excellent credit score from a third-party credit reporting agency.

Providing reliable electricity, natural gas, and water services to customers at the best rates possible has long been the mission of Huntsville Utilities. If making changes improves service, customers can count on Huntsville Utilities to provide the new services and programs needed.

Electric Department

In every walk of life, there is room for improvement and Huntsville Utilities’ Electric Department realizes this, especially as the electric customer base continues to grow. The department is constantly making changes to improve service.

In 2013, employees worked on major road projects that will help foster community growth and serve to meet future demands. The South



Aid To Construction	\$3,896,386
Streetlight Repairs	4870
Underground Line Installed	119,000 feet
Electric Customers	174,959
Total Electric Customer Growth	2,818

Parkway and Holmes Avenue bridge widening projects were completed, while work continues on widening the Winchester Road bridge and the newly started County Line Road/Interstate 565 interchange project.

A major engineering project was completed to upgrade service to the expanding Cummings Research Park area. The department installed three new breakers and a second power transformer at the Discovery Drive Substation. They are all energized and providing power to customers in the nation's second largest research park.

On the ever-growing west side of Madison County, construction has been completed on the County Line 161/46kV station. The station will be energized in the Fall of FY2014. Meanwhile, crews are building six miles of 46kV and two miles of double circuit 12kV lines for the County Line Road area.



Utility relocation in the downtown Medical District required a crane to move electric conduit in preparation for the upcoming commercial construction along St. Clair Avenue.

Crews also completed the annual testing of SCADA systems for all transmission and distribution circuits, including necessary repairs and preventative maintenance.

Four new 161/46kV power transformers were received during FY2013. They will be

used in the Charity Lane Substation, the rebuild of Northwest Primary and adding a unit in Thornton Park. A recent major project in the Medical District was completed to convert the power lines to an underground system along St. Clair Avenue. The work is for a planned retail/residential project near Huntsville Hospital.

Huntsville Utilities' team finished in first place at the Tennessee Valley Public Power Association's Lineman Rodeo. Between Apprentice, Individual, Senior, and Team linemen competitions, ten awards were brought home by the team. The first place finish qualified the Huntsville Utilities team to compete in the American Public Power Association's national competition. They placed eighth out of a field of 51 teams. The competitive

Continued on page 8



During the year Huntsville Utilities hosted a Mutual Aid planning session. Mutual Aid is the practice of loaning crews out to assist other utilities after a catastrophic event, such as a tornado or ice storm. Staff from nine utilities within a 120-mile radius of Huntsville met to discuss the specifications of each partnering system and details of the aid agreements.

HUNTSVILLE UTILITIES ELECTRIC, GAS, AND WATER SYSTEMS



Have you ever.....

SEEN A KITE IN THE POWER LINES and wondered if you should try to get it down?

OR A CAR THAT HAS POWER LINES on it after an accident and wondered if it was safe?

These questions are among the dozens that Huntsville Utilities is answering for customers, lineworkers, and emergency responders with the use of the Electric Safety Demonstration Trailer.

The Electric Safety Demonstration Trailer has been hailed industrywide as a outstanding training tool. The Demo Trailer Team has traveled to national utility meetings, other utilities, emergency responder trainings, and even nearby colleges. In fact, the demonstration has become so popular and the information it conveys is so important that a DVD has been made to send so the team doesn't stay on the road year round.

Who would be interested in this? Everyone. Did you know that kite string can carry enough voltage to seriously hurt or even kill a person. A generator incorrectly connected to a house can carry 10 times the power necessary to kill a lineworker working nearby to restore power. A wet tree branch lying on a power line can also carry voltage.



A lineworker demonstrates the voltage hazard of an energized line on top of a vehicle.

Huntsville Utilities' Demo Team has given the educational presentation to hundreds of experienced firefighters as well as cadets at the fire academy. Utility workers from dozens of utility companies have also attended. They have given the presentation at several national and regional industry events since the trailer was built in 2011.

In fact, Huntsville Utilities Safety Demonstration Team is part of a group given a Deed grant to make safety/training videos for the American Public Power Association's (APPA) resource library. The video will be available to all APPA members nationwide. Currently, a video produced by Huntsville Utilities' Public Relations Department is available on YouTube® entitled Electrical Safety Demonstration.

Huntsville Utilities takes the safety of the employees and the public very seriously. Employees in all departments train to stay safe and be alert to hazards on their work sites. Information about electric, water, and natural gas safety is available to the public on Huntsville Utilities' website at www.hsvutil.org.



Emergency Responders receive hands-on training as part of the demonstrations.



Apprentices must attend classroom instruction and training on their own time in addition to the on-the-job training they receive. Thousands of hours go into obtaining their certification.



events are designed to allow linemen to share ideas and practice work procedures that promote safety and productivity.

A 10-month pole inspection program was completed in August with 9,541 poles out of 11,161 passing. An inspection of 810 poles shared with AT&T found 43 rejects. Crews also replaced 451 ground wires and installed 2,574 guy wire markers. The cost was \$497,455.99, which includes pole restoration and treatment.

Making changes to improve service applies literally to one of the most visible – but largely unrecognized by the public – duties of the Electric Department: changing and repairing streetlights. The department received 4,870 customer tickets and made repairs. Crews also repaired 2,564 thoroughfare streetlights; 1,122 Interstate lights; and 44 bad underground streetlight cables while installing 191 new streetlights.

The Electric Department connected thirteen solar power systems to the system with 352kW of capacity. The department inspected and completed countywide school system upgrades and power relocations to improve reliability to the school systems in Huntsville Utilities' service area. Other systemwide improvements included generator installations and system upgrades to several electric and water facilities throughout the county.

Eleven apprentice lineworkers and three apprentice substation electricians graduated from the four-year Lineworker/Electrician Apprentice program. Graduates completed over 8,000 hours of classroom and on the job training to receive certificates from the United States Department of Labor. Apprentices attend classes on their own time as well as working with line and substation crews during the regular course of their work day.

The Engineering Services team collected \$3,896,386 in Aid to Construction for electric

projects and initiating 391 electric work orders. They also completed pre-excitation line locates of electric facilities at 27,923 sites. These included residential locations as well as major road developments and commercial construction sites.

Huntsville Utilities recognizes the need to make improvements to strengthen the system and provide additional infrastructure for future growth. Project goals for FY2014 center around system improvement. Among plans are the conversion of the Byrd Spring Substation to 161kV. A new delivery station is scheduled for construction at the Charity Lane Substation to strengthen electricity flow to North Madison County. A rebuild of the Northwest Delivery Station will also begin, while security systems will be installed in several substations. To facilitate the widening of Zeirdt Road, the Electric Department will relocate a 46kV transmission line which serves the Edgewater residential district.

FY2013 was a successful year for the Electric Department, but supplying power as well as infrastructure for future growth never ends. The department will continue to make changes and insure that FY2014 and beyond are successful growth years for the service area.

Natural Gas Department

Gas is growing quickly as a reliable energy source and the Huntsville Utilities Gas Department is proactive in making changes to improve service in delivery and operations for natural gas customers.

The number of natural gas customers increased from 49,010 in FY2012 to 49,798 as of Sept. 30,

ELECTRIC, GAS, AND WATER SYSTEMS



Natural Gas Sold	5,699,485 mcf
Natural Gas Transported	1,524,046 mcf
Directional Bores Completed	67,810 feet
New Gas Mains	33,183 feet
New Service Lines	758
Natural Gas Customers	49,798
New Gas Customers	788

2013. The Gas Department also increased sales from 5,008,333 mcf in FY2012 to 5,699,485 mcf of natural gas in FY2013. The amount of natural gas transported increased from 1,480,002 mcf to 1,524,046 mcf. To accommodate the growth, Gas Department employees installed 33,183 feet of new gas main and 758 new gas service lines.

Huntsville Utilities was able to decrease gas rates by 10 - 12% December 2012 by prudent use of the Gas Hedge Policy, sound purchasing strategies, and constant monitoring of the gas market. Rate control activity becomes especially important as the number of appliances utilizing the economical, clean-burning fuel increase. Plans are in development to promote natural gas water heaters in the near future. The department is also assisting in a consultant study of the cost of natural gas service and the rate structure in an effort to provide the best service at the lowest possible rate.

Gas Department crews increased cast iron replacement efforts, and constantly made changes to improve service. Along with the installation of new gas mains, crews replaced 15,384 feet of cast iron main and relocated 2,703



Huntsville Utilities hosts local fire departments attending training focused on extinguishing gas fires. The class includes informational lectures and hands-on training as taught by the Alabama Public Service Commission at one of the gas training facilities.

feet of existing gas main. Gas Department crews also replaced 336 gas service lines and relocated 10 gas service lines, including gas lines in the latest phase of the South Memorial Parkway overpass project with the Alabama Department of Transportation.

All of this activity was accomplished without any lost time accidents. The Gas Department was presented with the American Public Gas Association's (APGA) Safety Management Excellence award in 2012. The award is presented to only one public gas system in the nation each year. Huntsville Utilities Natural Gas and Water Manager Jimmie L. Butler and Safety Director Mike Cornett were invited to present a safety management presentation at a national meeting of the APGA.

The Engineering Services Department collected \$1,099,782 in Aid to Construction (ATC) and tapping fees for the Gas Department. They initiated 857 new service line orders and 69 gas work orders. These orders included replacing 20,000 feet of 2¼-inch cast iron main in East

Huntsville Utilities Gas Department, employees and public awareness programs have been proclaimed exceptional on state and national levels.





Huntsville, a component of the cast iron main replacement program.

Engineering Services also updated the Operations and Maintenance Plan for Gas Operations, and helped present information for two Alabama Public Service Commission inspections for the Gas Department. The Locates section of Engineering Services completed 18,346 gas line locations.

The Gas Department completed its second year

of cross-training with the Water Department so workers would be able to handle each other's tasks and work side-by-side in certain situations and projects. One such project was on Echols Street (featured on page 10). Even so, management saw the correlation of an increase in work with the growth of gas services, and initiated a Gas and Water Operations Apprenticeship class. The first class has 10 new apprentices training to provide service

Team Effort Eases Disruptions Caused by System Improvements

Huntsville Utilities' operations departments joined forces to improve utility services in a historic neighborhood near downtown Huntsville during the year. The Electric, Gas, and Water Departments moved the utilities for residents on Echols Drive from overhead service to underground service in one project.

Not only did the project include simultaneous installation of the three services Huntsville Utilities provides, but Electric crews also installed conduit for telecommunications companies AT&T, Comcast, and WOW. The City of Huntsville also had a contractor on the project to perform work on the sewer system.

This joint effort allowed residents to receive the underground service upgrades all at one time, without



any construction-related inconvenience. The project team met with residents beforehand to inform them of the process and what they could expect. The residents were very complimentary of the project process.

The project ran from June 17th through September 5th. The project team consisted of a five-man electric conduit crew, a ten-man two-part gas crew, and a five-man water crew, in addition to the city's sewer contractor.

The team installed 3,062 feet of electric conduit, 2,554 feet each of WOW, Comcast, and AT&T conduit, 1,200 feet of gas pipe, 27 new gas service installations, and 1,140 feet of water pipe.

Residents shared the expense of the overhead-to-underground service relocation with the service providers. By combining the installation of all utilities into one project, roads and driveways were only dug up once minimizing the discomfort, expense, and traffic obstructions which can be caused by large projects.





New Water Main Installed	19,690 feet
Water Pumped (gallons)	13,429,441,000
Water Tests Performed In-House	303,165
New Water Service Line Installation	951
Total Water Customers	90,665
Total Water Customer Growth	1,385

and commitment to both water and natural gas customers.

Further changes to improve service include the department’s program of aggressively replacing cast iron gas main and services to improve the aging infrastructure. Based on the increased demand over the last couple of years, future plans include installing 800 new service lines and 50,000 feet of new gas mains, as well as replacing 30,000 feet of cast iron gas mains and 500 service lines.

Engineering Services joined the cross-training initiative. Employees are learning more about all three services – natural gas, water and electricity – in order to improve their awareness of the utilities’ various construction policies and procedures. This partnership is another example of Huntsville Utilities making changes to improve service.

Water Department

In these days of shrinking budgets and availability of funds, Huntsville Utilities Water Department is doing its part by saving thousands of dollars by making changes to improve service. Using their own employees to make repairs and improvements to facilities insures the work is performed correctly, efficiently, and within budget.

In addition to testing conducted by private laboratories, Water Supply

purchased additional testing equipment. This allows personnel to perform more tests with almost instant results realizing a savings in testing costs and improving operations as well. Huntsville Utilities’ Water Supply Department tested over 400 different contaminants during FY2013, as required by EPA, without any compliance issues.

Huntsville Utilities Water Supply purchased and installed a large generator to run the Southwest Treatment Plant in the event of power failure. The utility now has generators at both water treatment plants that can keep the plants operational during emergencies. Along with the installation of the generators, steps have been taken to make the water system more reliable and better able to handle emergency situations in the future.

The Engineering Services group initiated 65 work orders for the Water Department, developing installation plans and providing Aid to Construction (ATC) quotes. Nearly 5 million dollars in ATC and tapping fees were collected for the Water Department. Engineering Services also inspected 1,164 water projects and located 14,288 water lines.

Water Operations personnel installed 951 new service lines and 882 new irrigation

Water Operations crews worked on expanding service in Hampton Cove. In one area a 36-inch bore was made under Highway 431 to install 1,800 feet of 24-inch main for the new Meadows subdivision.





A generator is lifted by crane into one of the water treatment plant complexes. The additional backup energy for the water treatment plants insures a supply of clean water during catastrophic events that could effect power supply.



meters to meet the demand of customer growth. In that growth is slow, but steady, another 19,690 feet on new water main was installed and released for use during the fiscal year. Large projects for the operations section included lowering 50 feet of 36-inch water main, along with lowering two 8-inch water mains, on Eagle Drive for the City of Huntsville drainage project near Bridge Street.

Despite the number of major projects, the Water Supply section achieved a ninth year without a lost time accident, while Water Operations completed its third year without a lost time accident. A major effort to emphasize awareness and accountability resulted in zero preventable vehicle accidents and only two non-preventable vehicle accidents during the fiscal year. Safe work

practices will be a strong point in the curriculum of the Apprentice class started during the year in conjunction with the Gas Department.

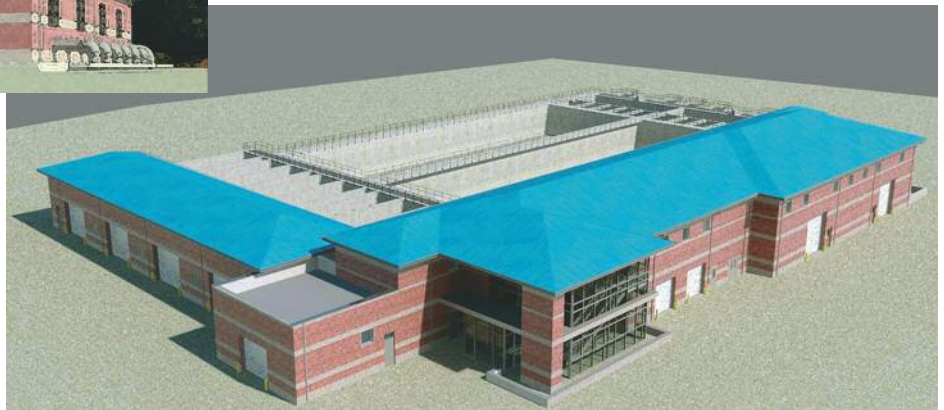
The Water Department has a tradition of being recognized as an industry leader. During FY2013 the “Six Year Optimization Award” was presented to the Southwest Treatment Plant. The South Parkway Plant received the “Two Year Optimization Award”.

The South Parkway Treatment Plant received the “Best Operated Plant” award in its category at the annual Alabama Water Pollution Control Association (AWPCA) conference. The Southwest Treatment Plant received an “Award of Excellence” in its category. Plants must score 90 and above during the inspection to receive an Award of Excellence.

With population changes come needed changes to the water system to continue improvement in service. Work continued on plans for a new surface water treatment plant. Water Supply is reviewing a design for the plant and accom-



Water Department personnel and management continue to work on plans for a new surface water treatment plant to serve Huntsville Utilities customers. Renderings of the buildings (from contractor Tetra Tech) that will comprise the complex include the finished water building (above) and the operations building (at right).





Electric Department Employees	159
Natural Gas Department Employees	76
Water Department Employees	87
Customer Services Employees	109
Joint/Administrative Employees	150
Temporary/Contract Employees	9
Total Employees (regular / with temps)	581/590
Customers per Employee (315,422 / 581)	543

panying buildings. Once completed the new water treatment plant will help meet the needs of Madison County for many years to come.

Water Operations is planning 1,000 new service line installations and 900 new irrigation stubs for FY2014. A goal of 30,000 feet of new water main installation is also planned. The East Governor’s Drive water tank is being rehabilitated and expanded to meet increased demand. There are also plans to build a new Gateway booster station in support of the EUL project at Gate 9 of Redstone Arsenal. Providing the infrastructure to support growth is just one way Huntsville Utilities continues to improve service.

The Employees

Like any organization, Huntsville Utilities is only as strong as its employees. Dedicated Huntsville Utilities employees are a primary reason for the utility’s success. The Human Resources Department is continually making changes and implementing training to improve service to the customers.

A significant change was the utility’s attention to the health and well-being of its employees. Huntsville Utilities has a duty to serve its customers and provide exceptional service. However, that is a hard thing to do if the employees are unable to serve because of illness

or poor health.

During FY2013 Human Resources established new employee medical premiums based on wellness criteria to be implemented during the 2014 calendar year.

Human Resources also met with other local government entities during FY2013 to establish the Local Government Employee Health Clinic. The goal is to have the clinic open during FY2014 offering quality medical care, a pharmacy, and other benefits. The company also sponsored a successful Wellness Program and Smoking Cessation Clinic.

Regarding personnel decisions, Human Resources filled 45 positions while transitioning all meter readers to apprenticeship programs or other positions within the company. The department also initiated apprenticeship programs for electric lineworkers, substation electricians, equipment operators, and gas/water pipefitters. The department worked with a compensation consultant to review 65 jobs.

Training opportunities were available to employees to improve service to customers. New supervisors received leadership training in the Ed-2-Go program, while existing managers and supervisors also received leadership training. For the first time, non-exempt employees took part in Performance Appraisal training. Computer

The company employs 581 fulltime, regular employees. At the end of FY2013 the fulltime employee base had a total of 8,114 years with the company!





Relay for Life team members raised over \$7,000 for the American Cancer Society. Some team members even braved the rain to attend the event.

training was provided for employees on the most popular word processing and spreadsheet programs.

Operations personnel received first aid and CPR training. Certified instructors conduct the classes on a monthly basis, and employees are on a scheduled rotation so their life-saving skills are current and come to mind easily in an emergency situation.

Other measures the utility undertook included implementing a new building security policy while putting security measures in place at all sites to improve the safety and welfare of employees. Huntsville Police Department helped train employees on actions they should take in the event of a robbery at a payment center.

The number of injury incidents to employees was down in 2013. The recordable incident rate decreased for the third straight year. The Emergency Action Procedure Manual was updated and a copy distributed to each employee.

Huntsville Utilities' employees have always been willing to give back to the community through charitable donations and volunteer services. Huntsville Utilities' employees are community leaders in funds raised for the American Cancer Society, making a \$7,438.50 donation last year. Fund-raising efforts provided a \$1,883.80 donation to the March of Dimes. Charitable donations collected by utility employees during the 2013 fiscal year totaled \$33,280.87. Huntsville Utilities employees also gave the gift of life by donating 33 units of blood to the Red Cross.

Employees represented Huntsville Utilities at job fairs at several local educational facilities and community opportunity events. The utility is also represented at the Chamber of Commerce, on the board of the Employers Coalition for Healthcare



Options (ECHO), as mentors in the Still Serving Veterans Mentor Program, and is active with the National Children's Advocacy Center and the Drake State Technical Administrative Technology Program, to just name a few affiliations.

Making changes to improve service is measurably easier with educated and motivated employees. Huntsville Utilities management constantly promotes individual and department improvements. From greeting customers at the front door to stuffing backpacks with school supplies, Huntsville Utilities' employees are consistently working to improve the community and the customer experience.

Administrative Services

Administrative personnel work behind the scenes to keep Huntsville Utilities' fiscal house in order while providing resources for employees, work sites and vehicles directly serving the customers. Changes are consistently made to update and improve workflow while keeping expenditures to a minimum.

Financial Services is responsible for ensuring the cash flow for Huntsville Utilities and last year processed more than 6,745 checks for a total of \$600,501,541. These expenses cover materials, such as utility poles and water plant materials, as well as parts and inventory for the fleet vehicles. Financial decisions by all departments in the company are processed through the Financial Services Department.

The Internal Auditing Department makes sure that Huntsville Utilities' operations are in compliance



Automotive Maintenance/Repairs	6,510
Facility Repairs/Improvements	8,260
PCB/Gas Chromatography Tests	1,002
Invoices Processed	14,159

with company policies, in addition to federal, state and local regulations. During FY2013, the department completed ten audits. Audit staff have also taken the lead on the strategic planning initiative aimed at adding value to the community by providing superior utility services. The strategic planning team is reviewing work processes companywide, and recommending changes that will facilitate Huntsville Utilities becoming the best utility in the country.

The Facilities Department maintains four major buildings and 32 field sites across Huntsville Utilities' 800-plus-mile service area. Projects and tasks ranged from constructing office cubicles and relocating work stations as departments were expanded or reorganized in the buildings, to building communications equipment closets, completing roof and HVAC repairs, and even installing security gates.

The Huntsville Utilities Fleet Department's duties are essential to Huntsville Utilities' image and ability to provide continued services to its customers. Fleet maintains vehicles and field machinery as well as making repairs when needed. The staff of eight, including six mechanics, performed 2,173 maintenance services, 3,702 repairs, 358 road calls, and 38 major projects. The major projects included rebuilding three engines and 35 transmissions. The department completed 6,510 work orders.

Among its tasks, Engineering Services helped maintain gas, water, and electric service to customers by assisting all three operations

sections during conservation efforts and power outages due to inclement weather. Department staff also continued learning methods to be more efficient when responding to emergencies. Engineering Services – comprised of Engineers from all three operations department, in addition to the Mapping and GIS sections – is highly involved in the planning of all major developments throughout Huntsville Utilities service area.

Management Information Systems completed 2,108 service requests supporting company business. A significant portion of the requests submitted to the MIS Department involved complex programming in order to meet process needs while satisfying TVA and state regulatory requirements. Amid the completed requests was the addition of billing for trash for the City of Madison, Owens Cross Roads Sewer billing for the City of Huntsville, and implementing the Huntsville Residential Water Structure change.

Many times improvements in customer service must be implemented by MIS. During FY2014 customers can expect to see a change in the identity and credit checking functions, and the ability to apply for service on the Huntsville

The objectives and goals of the Strategic Planning Committee are explained to members of management.





Facilities personnel maintain buildings and structures throughout Huntsville Utilities' 800+ miles service area.



Utilities' website. The online account setup process enables customers to apply for service without having to come to Huntsville Utilities.

Another major service improvement, being developed jointly between MIS and Technical Services, will be the launch of a new mobile app in FY2014. Staff are working on versions for iPhones, Android, and Windows smartphones. Customers will have the ability to view/pay bills, and check account summary and consumption data. The mobile app includes contact information and even the a new outage map feature. The Customer Account website will also display mobile pages with the same look and feel of the app for customers accessing their account with mobile devices.

The Technical Services section continues to upgrade servers related to customer account functions, telephone, and engineering/mapping applications. Changes to improve services included the rollout of new mobile phones with better range and reliability for the utility's

employees in the field.

Always of significance to Huntsville Utilities Technical Services Department is the threat of cyber attacks. With the increased number of cyber intrusions in the news, the department is constantly upgrading capabilities to access and address these threats and has dedicated significant resources to these functions.

The Stores Department maintains equipment and hardware inventory for all three service departments. Stores provides on-call services 24 hours a day, year round, delivering equipment to emergency work sites as well as regularly scheduled work. Department members also repair equipment including repairs to 633 temporary poles and the cleanup of 82 leaking transformers.

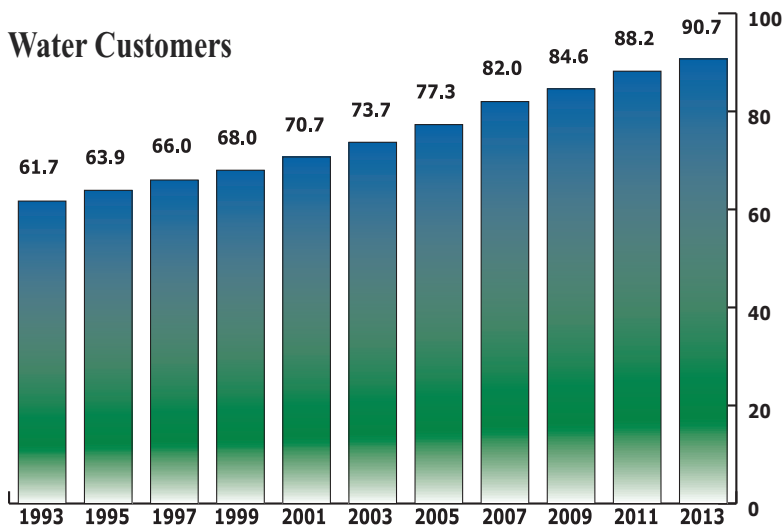
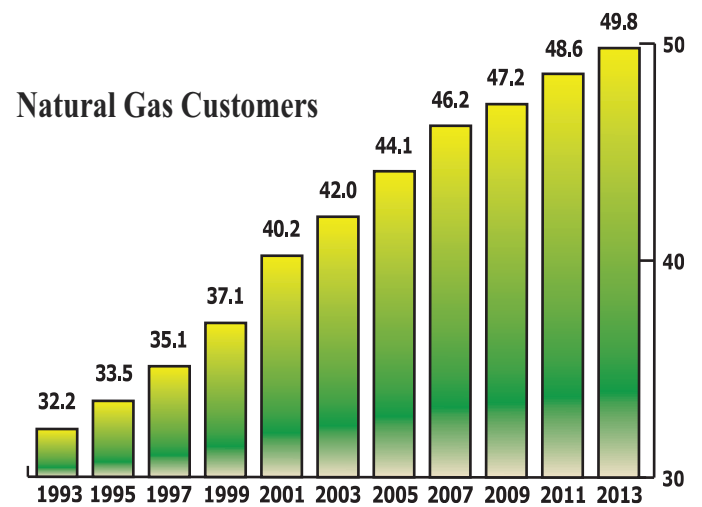
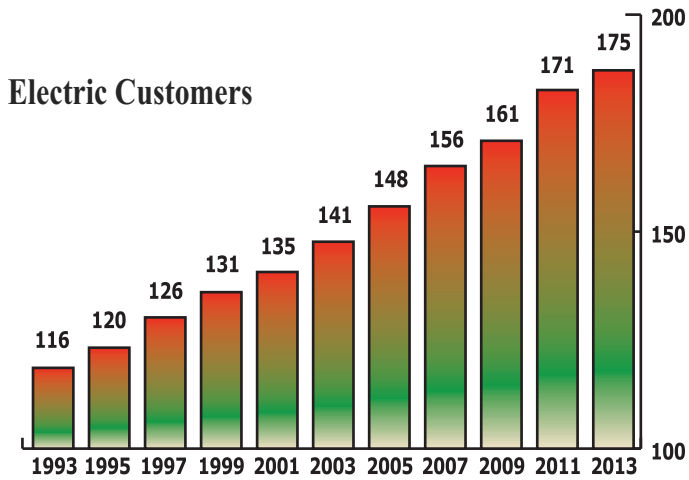
To say the utility cannot operate without strong support from the Administrative employees is an understatement. This core group understands the foundation of the service area's utility needs cannot be met unless they support the field

HUNTSVILLE UTILITIES ELECTRIC, GAS, AND WATER SYSTEMS



Customer Growth

In Thousands, Rounded





Funding Charts

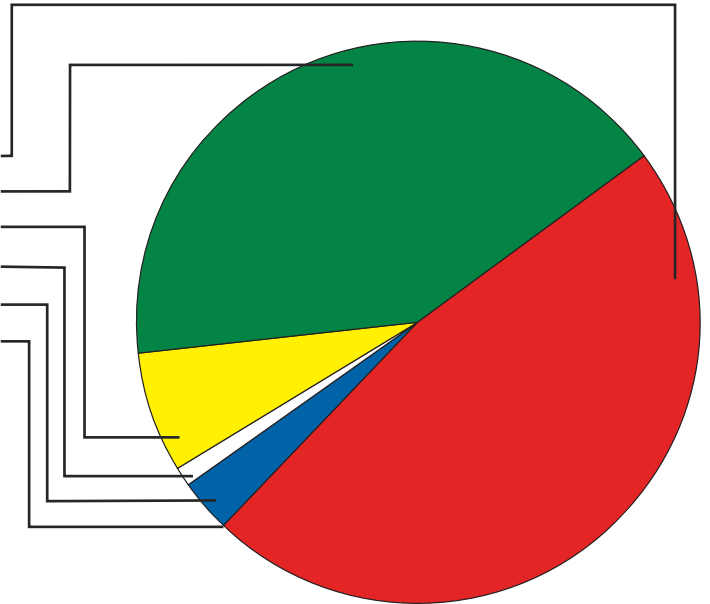
Note: Totals may not equal 100% due to rounding.

Electric

Revenues

Total \$475,909,337

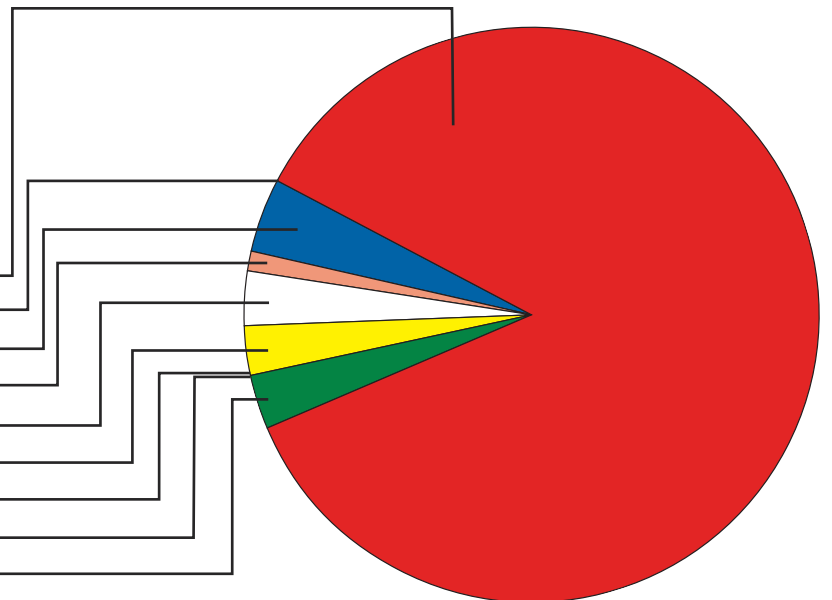
Residential Sales	47%
Large Commercial & Industrial Sales	41%
Small Commercial Sales	7%
Lighting Sales	1%
Other Operating Revenues	3%
Non-Operating Revenues	0%



Expenses

Total \$460,947,108

Purchased Power	85%
Transmission	0%
Distribution	4%
Customer Accounting	1%
Administrative and General	3%
Depreciation	3%
Payroll Taxes	0%
Non-Operating Expenses	0%
Tax Equivalent	3%





Funding Charts

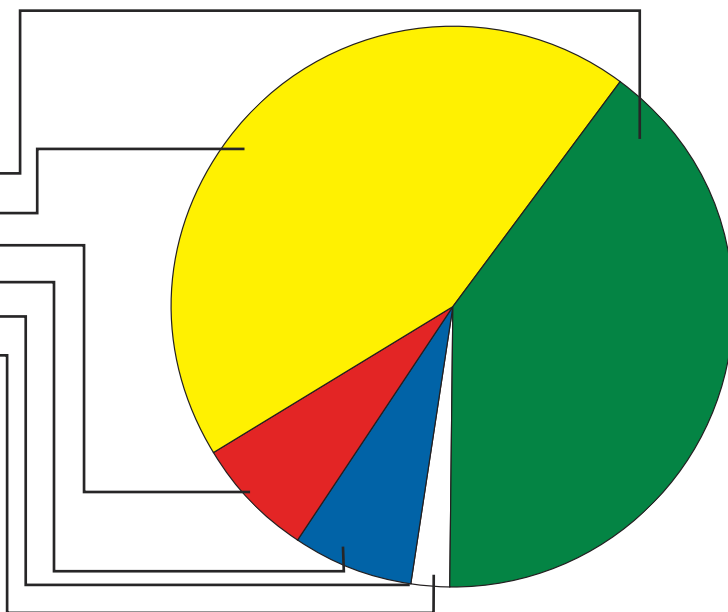
Note: Totals may not equal 100% due to rounding.

Natural Gas

Revenues

Total \$46,024,668

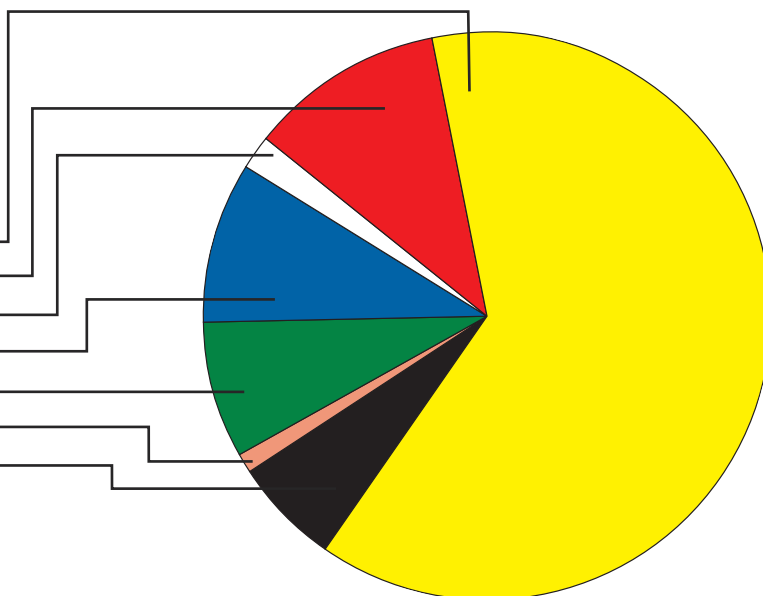
Residential Sales	40%
Commercial Sales	44%
Industrial Sales	7%
Other Operating Revenues	7%
Non-Operating Revenues	0%
Capital Contributions	2%



Expenses

Total \$42,146,088

Purchased Gas	63%
Distribution	11%
Customer Accounting	2%
Administrative and General	9%
Depreciation	8%
Non-Operating Expenses	1%
Tax Equivalents	6%





Funding Charts

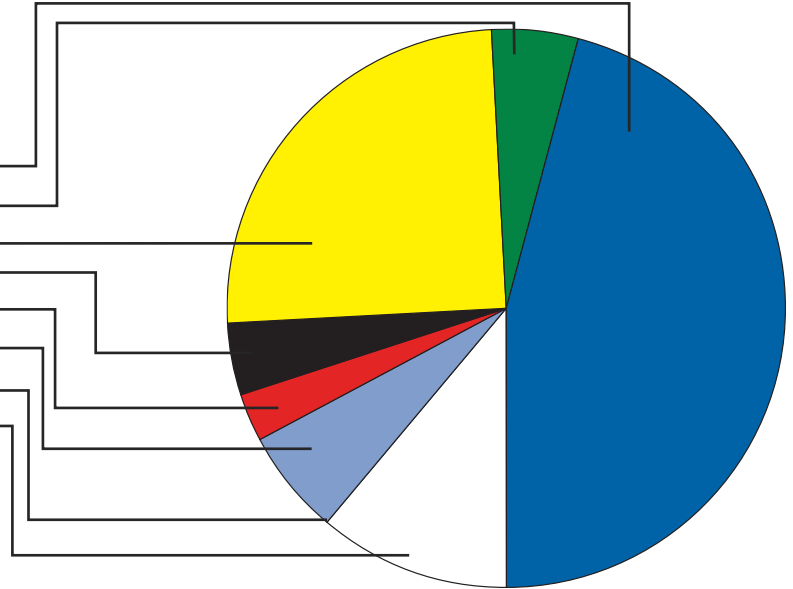
Note: Totals may not equal 100% due to rounding.

Water

Revenues

Total \$32,680,321

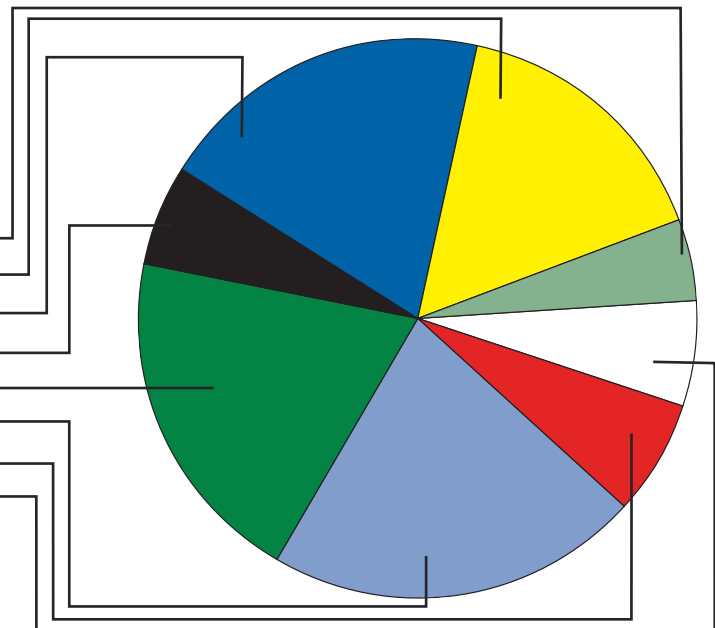
Residential Sales	46%
Industrial Sales	5%
Commercial Sales	25%
Government Sales	4%
Fire Hydrants	3%
Other Operating Revenues	6%
Non-Operating Revenues	0%
Capital Contributions	11%



Expenses

Total \$27,988,277

Purification	5%
Pumping	16%
Distribution	20%
Customer Accounting	6%
Administrative and General	20%
Depreciation	22%
Non-Operating Expenses	7%
Tax Equivalent	6%



William C. Pippin
President and Chief Executive Officer

Jay C. Stowe
Chief Operating Officer

Theodore Phillips
Chief Financial Officer

Anthony F. Owens
Vice President of Operations

John Olshefski
Vice President of Customer Care

Steve Wright
Electric Manager

Jimmie Butler
Natural Gas and Water Operations Manager

Stacy Cantrell
Engineering Services Manager

Tim Walker
Customer Relations Manager

Anna Parvin
Customer Services Manager

Ron McLeroy
Technical Services Manager

Janice Capshaw
Human Resources Director

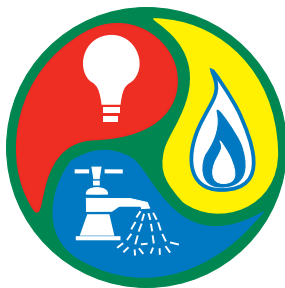
Ron Rizzardi
Internal Audit Director

Bill Yell
Communications Director

David Champigny
MIS Director

Mike Cornett
Safety & Security Director

Keith Moran
Controller



Huntsville Utilities
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