
HUNTSVILLE UTILITIES

ELECTRICITY • NATURAL GAS • WATER

# Fiscal Year 2022 Annual Budget and Capital Improvement Plan

Huntsville, Alabama

GOVERNMENT FINANCE OFFICERS ASSOCIATION

# *Distinguished Budget Presentation Award*

**PRESENTED TO**

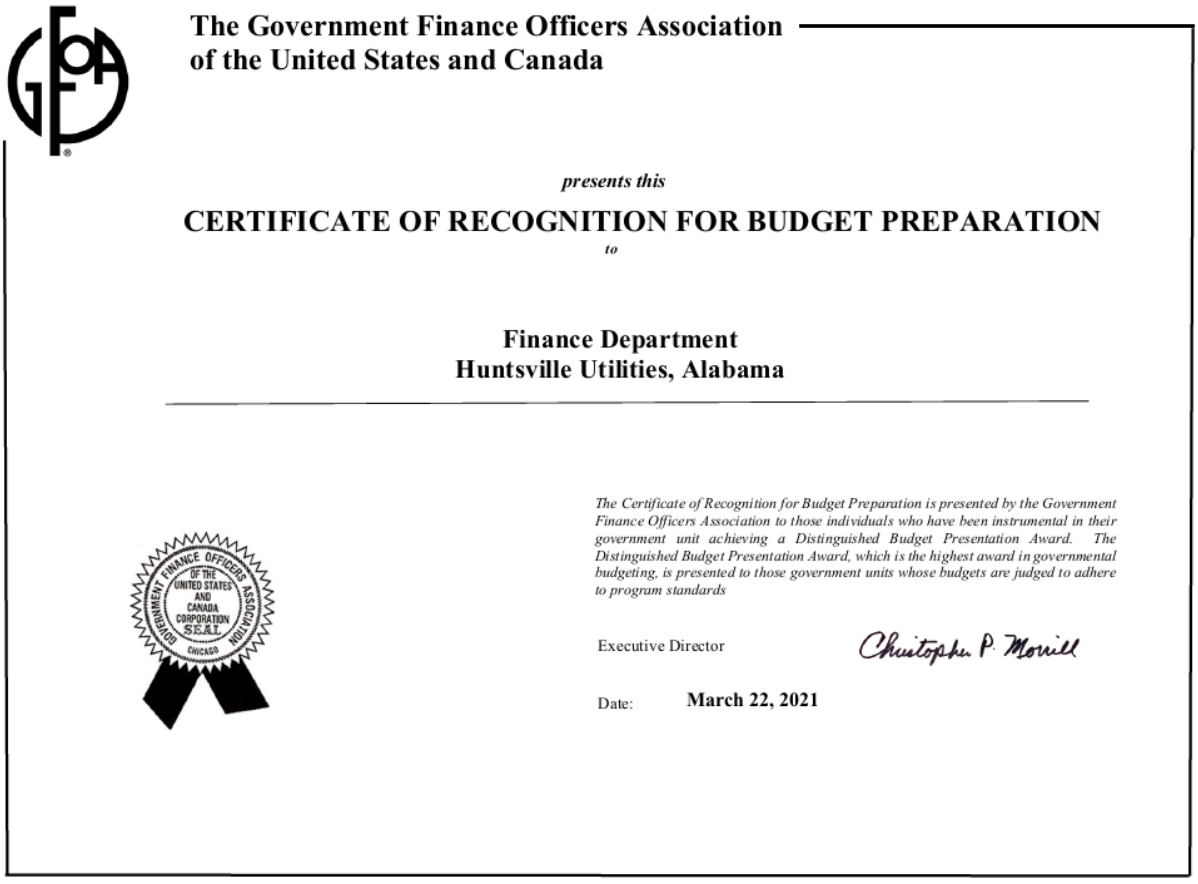
**Huntsville Utilities**
**Alabama**

For the Fiscal Year Beginning

**October 01, 2020**

Christopher P. Morrill

**Executive Director**




The Government Finance Officers Association of the United States and Canada (GFOA) presented the Distinguished Budget Presentation Award and Certificate for Budget Preparation to Huntsville Utilities, for fiscal year 2021 beginning October 1, 2020. To receive this award, a governmental unit must publish a comprehensive budget document that meets all the GFOA program criteria as a policy document, financial plan, operations guide, and as a communications device. This award is valid for one year. Huntsville Utilities is honored to receive this accolade and will attempt to improve the budget document each year in hopes of achieving this prestigious award.

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**Ted Phillips**
**Chief Financial Officer**

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# Huntsville Utilities

Huntsville Utilities provides water, natural gas, and electricity to approximately 200,000 customers in Madison County and a portion of Marshall and Limestone Counties in north Alabama. The organization as it is recognized today came into existence in 1940 when the City of Huntsville purchased the local electric system from Alabama Power, entered into a power supply contract with the Tennessee Valley Authority and appointed an Electric Board to run the municipal system. The water infrastructure had been owned by the city since 1858, but in 1950 the municipality also acquired the gas system and four years later the Gas and Water Boards were established. Each utility Board consists of three members who are appointed by the City Council to serve for three-year terms. The Boards are responsible for oversight and governance of the utilities and for making recommendations to the City Council for major capital outlays, rate revisions and debt issuance. The Boards hire a CEO/President to manage and operate all utilities. Budgets and financial statements are prepared and presented to each Board. Huntsville Utilities uses an October 1 through September 30 fiscal year for budgeting and financial reporting purposes.

The water system is the oldest public water system west of the Appalachian Mountains and has been in continuous operation approximately 200 years. Huntsville is located near the Tennessee River, which provides a dependable source of surface water. There are three water treatment plants with a current capacity of 120 million gallons per day. As the most recently constructed treatment plant continues to progress towards its full design capability, that amount can grow to 192 million gallons per day. Ground water in the area is taken from three wells and can yield around 13.5 million gallons per day during periods of maximum demand. The distribution system is composed of over 1,489 miles of water mains, ranging in size from 4 inches to 48 inches, and 39 gravity-operated storage reservoirs with a combined capacity of 59 million gallons. Average annual water sales revenue for the five-year period of 2016 through 2020 was $42,724,874.

Huntsville receives natural gas from various suppliers via the Southern Natural and Third Coast Midstream (“Ala-Tenn”) pipelines through two primary delivery points. Downstream of these two gate stations, a network of high-pressure steel pipelines distributes the gas to district regulators. These district regulators reduce the pipeline pressure so the gas can be delivered to customers’ homes. Overall, there are 1,478 miles of gas distribution mains. There are two smaller gate stations that feed polyethylene networks. The total system delivers about 4.5 billion cubic feet of natural gas annually. Huntsville Utilities also contracts for 1.1 billion cubic feet of gas storage at the Bear Creek and Pine Prairie storage fields in Louisiana. During winter months, gas storage is used to meet approximately 35% of the expected gas demand. Average gas sales revenue for the five-year period of 2016 through 2020 was $40,488,117.

Huntsville Utilities has no electric generation facilities and purchases all its power from TVA, which also serves as the regulatory body for the electric utility. The purchased power travels through nine TVA transmission circuits to fifteen delivery points in Huntsville. There are over 2,920 miles of overhead primary distribution line, approximately 1,522 miles of underground primary distribution line and 103 substation facilities within the service area. The electric system has a total of 2,726 megawatts of transformer capacity designed to accommodate a maximum system load of 1,451 megawatts, which

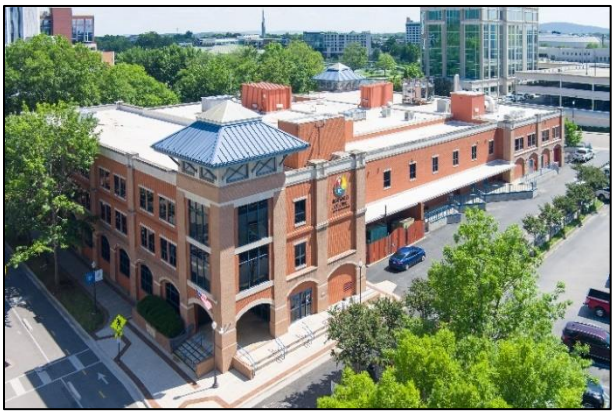
occurred in January 2018. Average electric sales revenue for the five-year period of 2016 through 2020 was $490,631,296.

In 2016, Huntsville Utilities began construction on a major expansion of its existing fiber optic cable network. Excess fiber not needed for utility purposes can be leased to other entities. With that construction now essentially complete, there are over 6,013 miles of fiber installed. Lease revenue is expected to be around $12.8 million annually. The fiber network is considered an electric asset and operating results are included on the electric financial statements.

All utility systems are operated administratively under the joint management and control of a CEO/President and executive staff. In addition, certain employees throughout the organization perform administrative or support functions for all utility services to provide greater economy of operation. Customers are billed collectively for all three utility services offered by Huntsville Utilities, in addition to certain other services offered by the city of Huntsville (sanitation and wastewater), Madison County (sanitation and water), the city of Madison (sanitation) and the town of New Hope (sanitation, water and wastewater).

Huntsville Utilities produces monthly a set of financial statements for each utility service. The city reports Huntsville Utilities' information as a discretely presented component unit of its own financial statements. All debt issuance for Huntsville Utilities and the power contract with TVA are in the name of the City of Huntsville. The power contract contains explicit provisions providing for payments in lieu of taxes, calculated by applying the prevailing municipal, county, and state property tax rates to the depreciated original cost of tangible property used for electric operations within the respective taxing jurisdictions at the beginning of each tax year. It also expressly prohibits Huntsville Utilities from making any other transfers to city funds from electric revenues or reserves. Water and gas payments in lieu of taxes to the city are not covered in the power contract but are required by city ordinance and are equivalent to 6% of sales revenue. Comingling of funds is not allowed for the electric, water and gas utility services. Board, City Council, and TVA approval is required for any local electric rate actions. Water rate actions must be approved by the Board and City Council, and natural gas rate actions only require Board approval.

*Shown below are the Downtown Administrative Building (left) and the Chase Electric Operations Center (right).*



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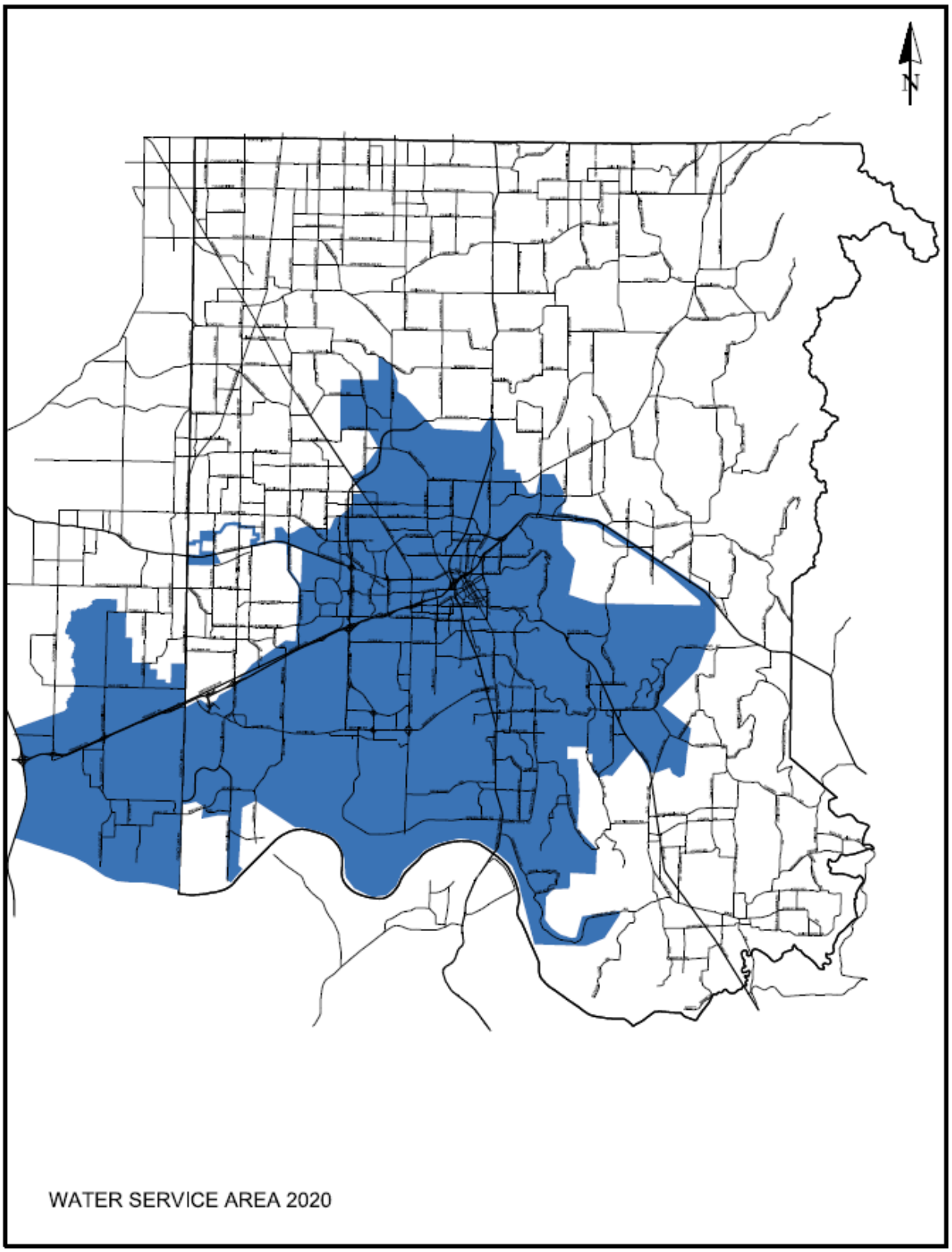

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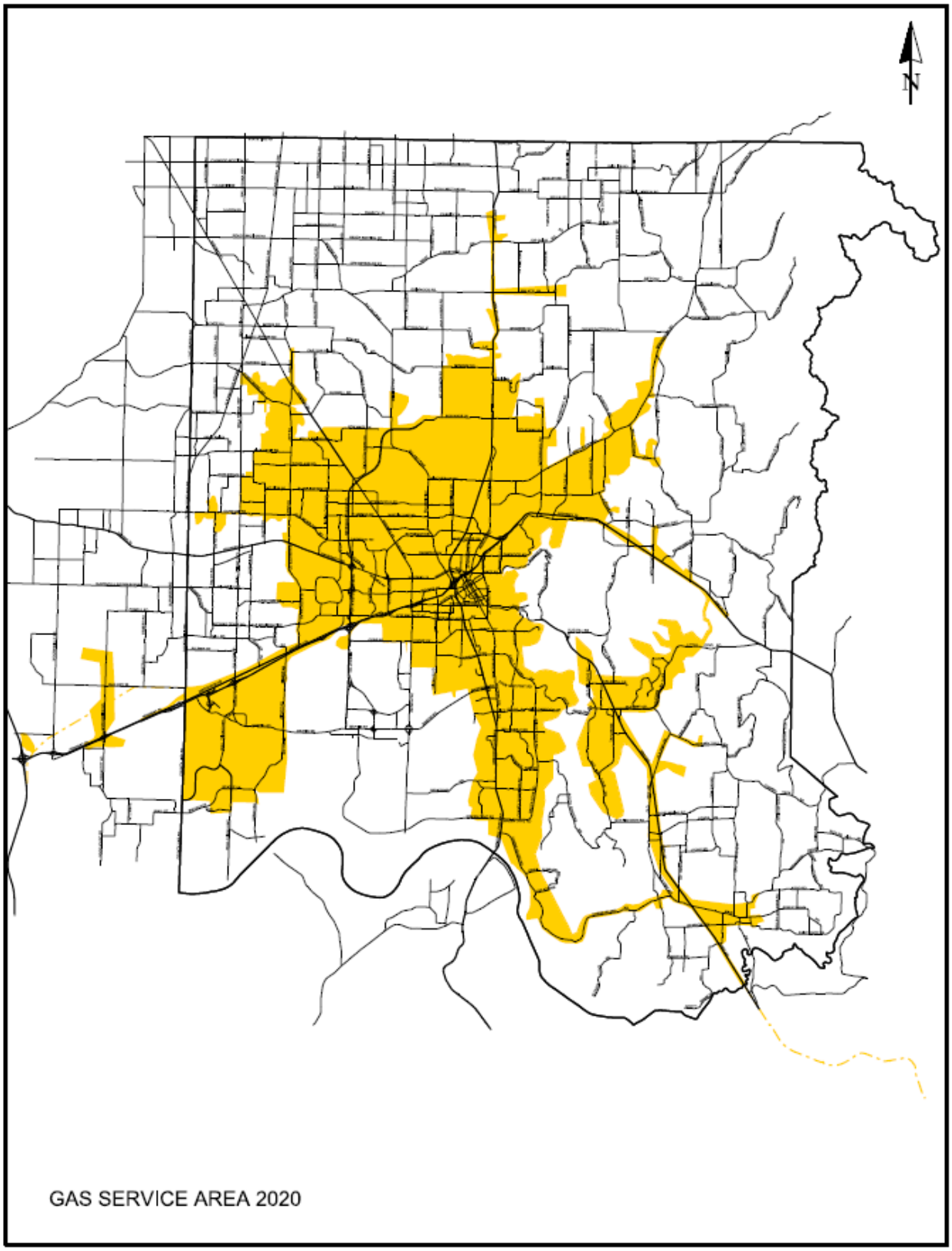

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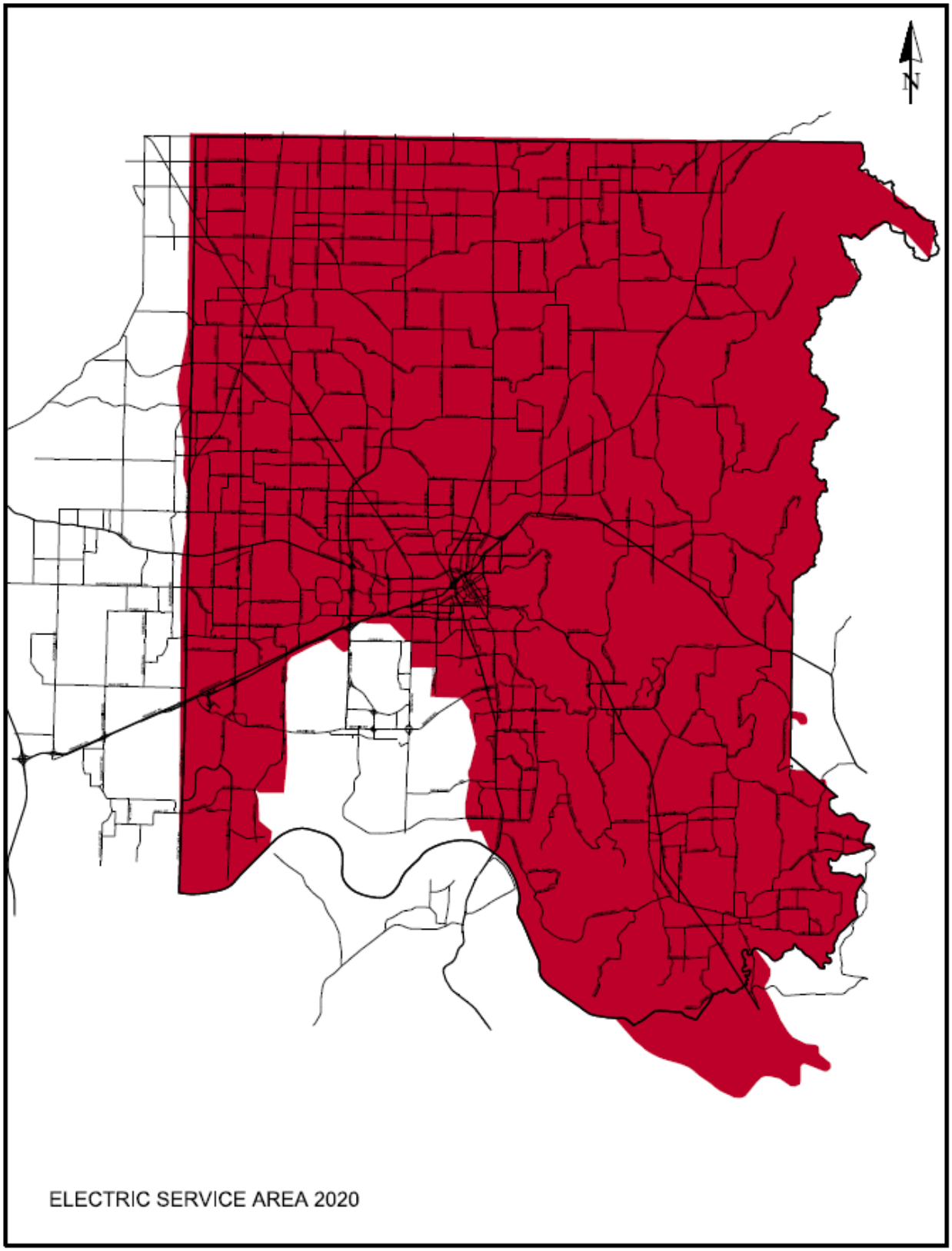

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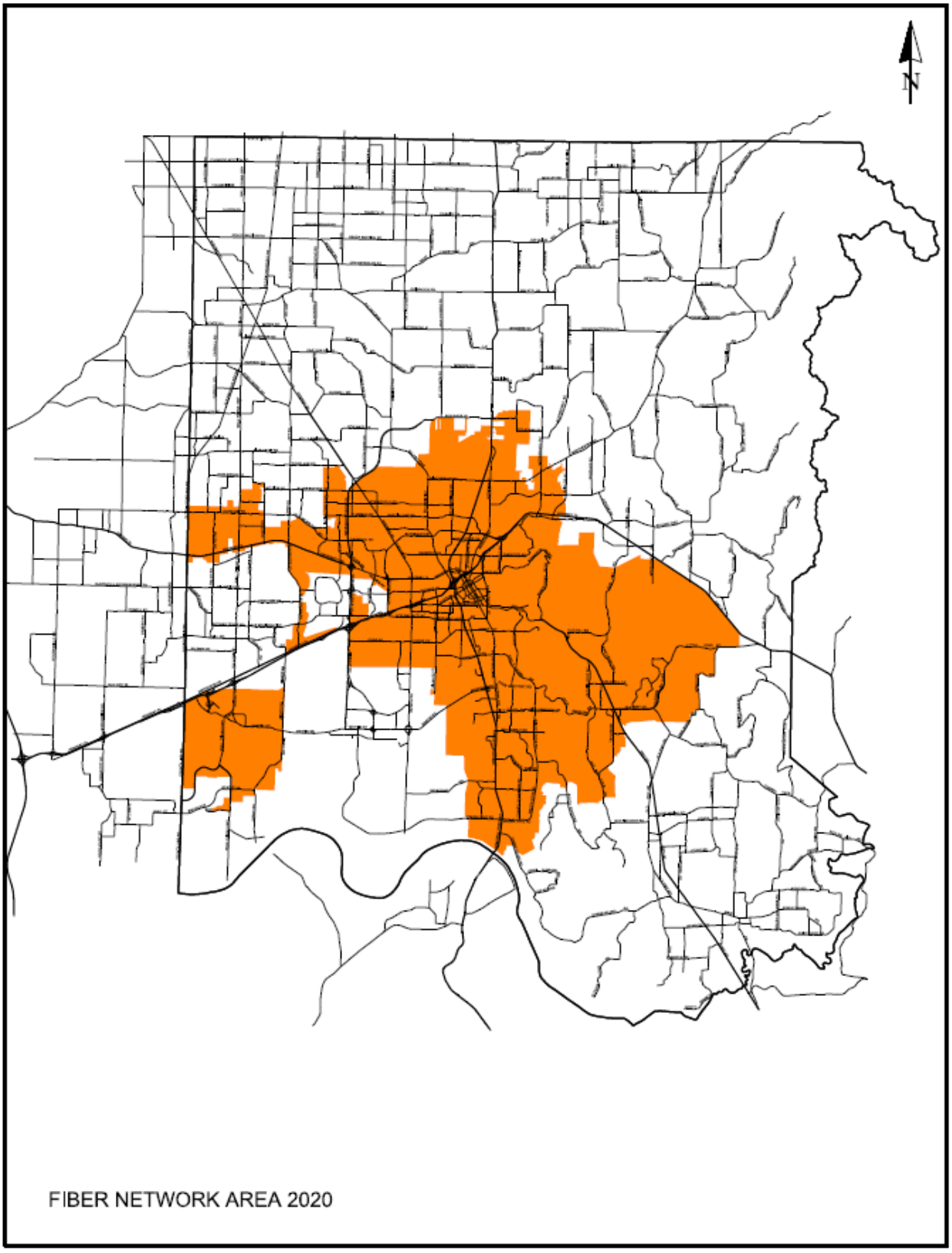

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# Top 10 Utility Customers by Volume and Revenue – Water

**2020**

| Top 10 by Revenue | | Top 10 by Consumption | |
|---|---|---|---|
| UNITED STATES ARMY | $1,346,769 | UNITED STATES ARMY | 791,348,500 GAL |
| MADISON CO COMM S2WD | $1,294,068 | MADISON CO COMM S2WD | 740,562,500 GAL |
| HUNTSVILLE CITY GSD | $ 733,341 | HUNTSVILLE CITY GSD | 197,014,549 GAL |
| HUNTSVILLE HOSPITAL | $ 456,240 | HUNTSVILLE HOSPITAL | 181,006,200 GAL |
| HOUSING AUTHORITY COH | $ 415,080 | NEW HOPE TOWN OF | 155,542,000 GAL |
| HUNTSVILLE SCHOOLS | $ 365,720 | ALABAMA A&M UNIV | 138,596,200 GAL |
| NEW HOPE TOWN OF | $ 317,651 | COVANTA HUNTSVILLE INC | 127,066,800 GAL |
| ALABAMA A&M UNIV | $ 299,513 | TRIANA TOWN OF | 114,263,000 GAL |
| TRIANA TOWN OF | $ 228,657 | HOUSING AUTHORITY COH | 110,069,700 GAL |
| COVANTA HUNTSVILLE INC | $ 221,090 | OAKWOOD UNIVERSITY | 82,331,300 GAL |

**2019**

| Top 10 by Revenue | | Top 10 by Consumption | |
|---|---|---|---|
| UNITED STATES ARMY | $1,343,806 | UNITED STATES ARMY | 784,508,400 GAL |
| MADISON CO COMM S2WD | $1,318,622 | MADISON CO COMM S2WD | 763,912,100 GAL |
| HUNTSVILLE CITY GSD | $ 739,705 | HUNTSVILLE CITY GSD | 203,557,341 GAL |
| HUNTSVILLE HOSPITAL | $ 431,840 | HUNTSVILLE HOSPITAL | 163,357,900 GAL |
| HOUSING AUTHORITY COH | $ 430,746 | NEW HOPE TOWN OF | 149,623,000 GAL |
| HUNTSVILLE SCHOOLS | $ 375,853 | ALABAMA A&M UNIV | 144,241,800 GAL |
| ALABAMA A&M UNIV | $ 309,550 | COVANTA HUNTSVILLE INC | 124,350,500 GAL |
| NEW HOPE TOWN OF | $ 306,171 | HOUSING AUTHORITY COH | 115,382,400 GAL |
| IMI HUNTSVILLE LLC | $ 241,830 | TRIANA TOWN OF | 114,323,000 GAL |
| TRIANA TOWN OF | $ 228,819 | OAKWOOD UNIVERSITY | 87,909,000 GAL |

**2018**

| Top 10 by Revenue | | Top 10 by Consumption | |
|---|---|---|---|
| UNITED STATES ARMY | $1,314,449 | UNITED STATES ARMY | 765,894,800 GAL |
| MADISON CO COMM S2WD | $1,286,604 | MADISON CO COMM S2WD | 738,073,900 GAL |
| HUNTSVILLE CITY GSD | $ 714,959 | HUNTSVILLE CITY GSD | 193,735,490 GAL |
| HUNTSVILLE HOSPITAL | $ 435,424 | HUNTSVILLE HOSPITAL | 170,403,000 GAL |
| HOUSING AUTHORITY COH | $ 425,213 | ALABAMA A&M UNIV | 155,090,900 GAL |
| HUNTSVILLE SCHOOLS | $ 394,681 | NEW HOPE TOWN OF | 150,617,000 GAL |
| ALABAMA A&M UNIV | $ 325,104 | COVANTA HUNTSVILLE INC | 115,846,700 GAL |
| NEW HOPE TOWN OF | $ 304,304 | HOUSING AUTHORITY COH | 112,391,900 GAL |
| IMI HUNTSVILLE LLC | $ 259,798 | TRIANA TOWN OF | 103,946,000 GAL |
| TRIANA TOWN OF | $ 208,480 | HUNTSVILLE SCHOOLS | 92,172,300 GAL |

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# Top 10 Utility Customers by Volume and Revenue – Gas

**2020**

| Top 10 by Revenue | | Top 10 by Consumption | |
|---|---|---|---|
| HUNTSVILLE SCHOOLS | $ 892,453 | UNITED STATES ARMY | 369,278,100 CUF |
| POLARIS INDUSTRIES INC | $ 764,731 | BASF CATALYSTS LLC | 304,824,000 CUF |
| HUNTSVILLE CITY GSD | $ 682,202 | HUNTSVILLE HOSPITAL | 277,358,200 CUF |
| HUNTSVILLE HOSPITAL | $ 646,327 | KOHLER CO | 194,857,400 CUF |
| UNITED STATES ARMY | $ 587,037 | NORRIS CYLINDER COMPANY INC | 177,984,000 CUF |
| REMINGTON ARMS COMPANY LLC | $ 576,675 | UNITED STATES ARMY | 116,815,000 CUF |
| BASF CATALYSTS LLC | $ 441,690 | REED CONTRACTING SVCS INC | 110,317,600 CUF |
| INTERNATIONAL PAPER CO | $ 422,837 | POLARIS INDUSTRIES INC | 102,861,600 CUF |
| ALABAMA A&M UNIV | $ 393,595 | HUNTSVILLE SCHOOLS | 102,178,300 CUF |
| KOHLER CO | $ 307,918 | HUNTSVILLE CITY GSD | 78,447,100 CUF |

**2019**

| Top 10 by Revenue | | Top 10 by Consumption | |
|---|---|---|---|
| HUNTSVILLE SCHOOLS | $ 958,008 | UNITED STATES ARMY | 351,971,600 CUF |
| POLARIS INDUSTRIES INC | $ 858,847 | HUNTSVILLE HOSPITAL | 231,936,000 CUF |
| HUNTSVILLE CITY GSD | $ 692,335 | NORRIS CYLINDER COMPANY INC | 215,733,000 CUF |
| REMINGTON ARMS COMPANY LLC | $ 544,831 | KOHLER CO | 174,770,600 CUF |
| ALABAMA A&M UNIV | $ 516,280 | HUNTSVILLE SCHOOLS | 110,575,100 CUF |
| UNITED STATES ARMY | $ 509,049 | UNITED STATES ARMY | 108,913,000 CUF |
| BASF CATALYSTS LLC | $ 485,696 | POLARIS INDUSTRIES INC | 104,965,500 CUF |
| HUNTSVILLE HOSPITAL | $ 472,275 | REED CONTRACTING SVCS INC | 90,221,500 CUF |
| INTERNATIONAL PAPER CO | $ 441,682 | HUNTSVILLE CITY GSD | 79,381,200 CUF |
| HEALTH GROUP OF AL | $ 307,672 | REMINGTON ARMS COMPANY LLC | 66,693,000 CUF |

**2018**

| Top 10 by Revenue | | Top 10 by Consumption | |
|---|---|---|---|
| HUNTSVILLE SCHOOLS | $ 960,147 | UNITED STATES ARMY | 346,378,000 CUF |
| POLARIS INDUSTRIES INC | $ 843,422 | BASF CATALYSTS LLC | 335,460,000 CUF |
| HUNTSVILLE CITY GSD | $ 705,637 | HUNTSVILLE HOSPITAL | 249,796,700 CUF |
| VINTAGE PHARMACEUTICALS LLC | $ 482,345 | NORRIS CYLINDER COMPANY INC | 220,226,000 CUF |
| HUNTSVILLE HOSPITAL | $ 465,173 | HUNTSVILLE SCHOOLS | 111,749,400 CUF |
| REMINGTON ARMS COMPANY LLC | $ 447,909 | POLARIS INDUSTRIES INC | 103,190,400 CUF |
| UNITED STATES ARMY | $ 429,502 | HUNTSVILLE CITY GSD | 81,951,900 CUF |
| ALABAMA A&M UNIV | $ 400,083 | REMINGTON ARMS COMPANY LLC | 59,454,000 CUF |
| INTERNATIONAL PAPER CO | $ 383,579 | VINTAGE PHARMACEUTICALS LLC | 58,823,300 CUF |
| BASF CATALYSTS LLC | $ 360,633 | INTERNATIONAL PAPER COMPANY | 54,487,000 CUF |

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# Top 10 Utility Customers by Volume and Revenue – Electric

**2020**

| Top 10 by Revenue | | | Top 10 by Consumption | |
|---|---|---|---|---|
| HUNTSVILLE HOSPITAL | $ | 8,835,377 | HUNTSVILLE HOSPITAL | 99,680,400 KWH |
| HUNTSVILLE SCHOOLS | $ | 5,496,573 | TMMAL | 59,711,827 KWH |
| HUNTSVILLE UTILITIES | $ | 4,186,911 | HUNTSVILLE SCHOOLS | 56,133,153 KWH |
| TMMAL | $ | 4,105,864 | SAINT GOBAIN CERAMIC | 49,691,296 KWH |
| WAL MART STORES EAST | $ | 3,753,859 | HUNTSVILLE UTILITIES | 44,451,216 KWH |
| KENNAMETAL INC | $ | 3,140,054 | WAL MART STORES EAST | 42,719,857 KWH |
| HUNTSVILLE CITY ENG | $ | 3,117,899 | KENNAMETAL INC | 38,940,326 KWH |
| SAINT GOBAIN CERAMIC | $ | 3,108,105 | TECHNICOLOR HOME ENT SVCS | 37,529,913 KWH |
| HUNTSVILLE CITY GSD | $ | 2,954,070 | BOEING COMPANY | 37,325,002 KWH |
| MAD CO BD OF ED | $ | 2,938,501 | BASF CATALYSTS LLC | 35,671,649 KWH |

**2019**

| Top 10 by Revenue | | | Top 10 by Consumption | |
|---|---|---|---|---|
| HUNTSVILLE HOSPITAL | $ | 8,933,267 | HUNTSVILLE HOSPITAL | 100,675,112 KWH |
| HUNTSVILLE SCHOOLS | $ | 6,003,648 | TMMAL | 63,966,990 KWH |
| TMMAL | $ | 4,447,729 | HUNTSVILLE SCHOOLS | 61,349,151 KWH |
| HUNTSVILLE UTILITIES | $ | 4,120,590 | TECHNICOLOR HOME ENT SVCS | 55,912,341 KWH |
| WAL MART STORES EAST | $ | 3,941,692 | SAINT GOBAIN CERAMIC | 55,829,982 KWH |
| KENNAMETAL INC | $ | 3,677,540 | KENNAMETAL INC | 46,093,661 KWH |
| TECHNICOLOR HOME ENT SVCS | $ | 3,545,495 | WAL MART STORES EAST | 44,915,991 KWH |
| ALABAMA A&M UNIV | $ | 3,424,163 | HUNTSVILLE UTILITIES | 43,926,073 KWH |
| MAD CO BD OF ED | $ | 3,346,487 | BOEING COMPANY | 39,463,391 KWH |
| HUNTSVILLE CITY ENG | $ | 3,184,185 | PPG INDUSTRIES INC WKS #22 | 39,176,199 KWH |

**2018**

| Top 10 by Revenue | | | Top 10 by Consumption | |
|---|---|---|---|---|
| HUNTSVILLE HOSPITAL | $ | 8,518,543 | HUNTSVILLE HOSPITAL | 98,374,602 KWH |
| HUNTSVILLE SCHOOLS | $ | 5,868,568 | TMMAL | 76,489,585 KWH |
| TMMAL | $ | 5,256,469 | SAINT GOBAIN CERAMIC | 66,825,744 KWH |
| SAINT GOBAIN CERAMIC | $ | 3,939,776 | HUNTSVILLE SCHOOLS | 62,359,274 KWH |
| WAL MART STORES EAST | $ | 3,884,225 | TECHNICOLOR HOME ENT SVCS | 59,712,538 KWH |
| HUNTSVILLE UTILITIES | $ | 3,829,350 | KENNAMETAL INC | 49,566,427 KWH |
| KENNAMETAL INC | $ | 3,795,747 | WAL MART STORES EAST | 45,921,829 KWH |
| TECHNICOLOR HOME ENT SVCS | $ | 3,750,124 | HUNTSVILLE UTILITIES | 41,824,392 KWH |
| MAD CO BD OF ED | $ | 3,247,406 | BASF CATALYSTS LLC | 38,690,111 KWH |
| ALABAMA A&M UNIV | $ | 3,141,686 | BOEING COMPANY | 36,547,597 KWH |

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# Strategic Plan

Huntsville Utilities management and the Boards developed the current strategic plan in 2018. HU worked with an outside facilitator, Transcend, to craft the Mission, Vision, and Values (MVV) and engaged Dr. David Ammons, the author of several municipal benchmarking and performance measurement books to train departmental staff on developing meaningful key performance indicators (KPIs). The outcome was an easy-to-communicate MVV and an important set of KPIs that help HU management and policymakers determine the organization's effectiveness in meeting its strategic objectives.

The plan was launched in FY19. Since that time, there have been minor revisions to the strategic objectives and KPIs. Each quarter, a strategic plan report card is presented to HU's Boards. This ensures the plan remains relevant and focuses the organization's activities. HU leadership plans for a comprehensive update to the strategic plan in FY22. While the MVV may not change, it's hoped the strategic objectives and KPIs can be further refined to provide even more focus and accountability.

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## 2020 Strategic Plan


## Mission

**Strengthen Trust in Huntsville Utilities** — Huntsville Utilities is committed to listening and operating with integrity and excellence, worthy of high trust from our community, stakeholders, and employees.

## Vision

**Deliver Excellent Customer Experiences** — Through our services and people, Huntsville Utilities' highest ambition is to consistently 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.

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

**Get Better 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.

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## 2020 Strategic Plan

| | | |
|---|---|---|
| **Organizational Goals** | **Demonstrate Prudent Stewardship** | Maintain reliable systems |
| | | Charge fair and reasonable rates |
| | | Enforce process efficiency and financial accountability |
| | **Develop Engaged and Effective Employees** | Protect our people and facilities |
| | | Promote cross-functional thinking |
| | | Encourage two-way communication |
| | **Respect our Customers** | Operate with integrity |
| | | Deliver the best customer outcome |
| | | Strengthen our community |

## Strategic Focus Areas

**CUSTOMER SATISFACTION**
Provide accurate, timely, and friendly service to our customers

**SYSTEM RELIABILITY**
Provide robust infrastructure and stable services

**FINANCIAL STABILITY**
Build a strong financial foundation, capable of meeting future needs.

**ORGANIZATIONAL EXCELLENCE**
Incorporate best practices and achieve superior performance

**WORKFORCE PERFORMANCE**
Empower our employees to deliver exceptional results

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# Budget Summary

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I am pleased to submit for your consideration the proposed Annual Budget and Capital Improvement Plan for fiscal year 2022.

The annual budget is an important document that guides our activities and spending plans. The budget is presented for initial review at the July board meetings, and the budgets should be ready for adoption in August. Budget work orders (comprising capital projects over $25,000) are then sent to City Council for consideration in September.

Last year, Huntsville Utilities management expanded and improved the information provided in the annual budget. While the budget was a series of spreadsheets and presentation slides in previous years, it now is a comprehensive document that gives meaningful context to HU's use of funds. As a matter of fact, for the first time, HU was awarded the Distinguished Budget Presentation Award by the Government Finance Officers Association for last year's budget material. We appreciate the award and the constructive feedback received. We plan to continue submitting subsequent budgets for award consideration moving forward.

Proposed revenues and expenditures for FY22 are provided in the following table:

| | Water | Gas | Electric | Combined * |
|---|---|---|---|---|
| Operating Revenue | $54,779,598 | $56,437,428 | $545,480,726 | $656,697,752 |
| Other Revenue | $3,420,825 | $784,230 | $19,990,245 | $24,195,300 |
| Reimbursements | $3,524,990 | $2,364,730 | $1,421,530 | $7,311,250 |
| Warrant Proceeds | $13,900,000 | $0 | $0 | $13,900,000 |
| Reserve Transfers | $16,285,524 | $8,769,665 | ($15,357,809) | $9,697,380 |
| **Total Revenue** | **$91,910,937** | **$68,356,053** | **$551,534,692** | **$711,801,682** |
| Commodity | $36,000 | $22,922,404 | $408,174,570 | $431,132,974 |
| O&M Expense | $41,611,035 | $24,817,600 | $77,875,456 | $144,304,091 |
| Debt Service | $9,922,766 | $1,563,881 | $6,590,850 | $18,077,497 |
| Taxes | $2,848,199 | $3,176,907 | $16,591,993 | $22,617,099 |
| Capital Expenditures | $37,492,937 | $15,875,261 | $42,301,823 | $95,670,021 |
| **Total Expense** | **$91,910,937** | **$68,356,053** | **$551,534,692** | **$711,801,682** |

** For reference purposes only*

Each utilities' budget is balanced for the upcoming year by applying expected revenues, debt funding, and available reserves.

Given the current economic uncertainty, the budget is conservative. Estimated sales revenues are higher than last year's budget for all three services: Water (+1.9%), Gas (+19.5%) and Electric (+3.1%).

Budgeted expenses have been carefully reviewed. Though Huntsville has grown rapidly in recent years, it is difficult to predict when growth will stop and how the disruptions of 2020 and 2021 will impact the local economy's health. Thus, HU finds itself in a difficult position to support ongoing construction while keeping a close eye on the horizon for trouble ahead.

To highlight a few major efforts underway:

- A considerable amount of time and money continues to be directed toward the Greenbrier area. Work is well underway constructing needed water and gas infrastructure to Mazda/Toyota and the developing areas in west Huntsville. A new gas pipeline station is budgeted for construction in FY22 along with several needed water infrastructure improvements.

- In FY21, we renovated the water intake for the South Parkway Water Treatment Plant. In FY22, we will begin multi-year renovation work on the main treatment facility.

- Natural Gas lines are going in at a record pace, and main expansion will continue north of Huntsville while the multi-year cast iron replacement program advances.

- HU is also moving forward with several crucial electric infrastructure projects, including new substations in the Walker Lane, Capshaw, Big Cove and Old Monrovia areas. However, the pace of construction is straining available resources, so additional HU employees and temporary contractors are needed to manage growth.

- On a related note, money is set aside in the FY22 budget for several facility enhancements, including the possible reactivation of an Electric Operations center in Madison and the relocation of the Fiber support crews to HU's former Natural Gas peak-shaving facility. Also, money is set aside for the design of a new Dispatch/System Operations Center.

- The Geographic Information System upgrade is underway. In FY22, the Electric, Gas, and Water distribution mapping data will be converted. Additionally, work will begin on an improved outage management system for all utility services.

- The innovative partnership between the City of Huntsville, HU and Google Fiber resulted in constructing a 6,013 mile fiber-optic network meeting municipal needs and providing a world-class technology service for Huntsville residents. Now that the network is constructed, HU is filling a few holes in the service area while addressing ongoing residential and commercial expansion.

- Almost all homes now have a smart electric meter installed. In FY22, we will focus on finishing the commercial installations. Gas AMI modules are also being deployed. Gas AMI installations will continue throughout FY22 and FY23. Unfortunately, given budget constraints, we will continue to defer the installation of water AMI modules. While water AMI remains desirable, there is insufficient funding in the five-year capital plan to support the cost. We hope to revisit water AMI later.

- The initiation of HU's intergovernmental service agreement with Redstone Arsenal is an exciting development for HU and the Redstone community. This largest-of-its-kind partnership helps HU share a portion of our existing fixed cost with the U.S. Army while providing the Army excellent service at a reasonable cost.

- The five-year forecast includes a possible water rate increase in FY23 through FY25. Based on current data, the recommendation is to increase water rates by 6% each year for three years. While this does not impact the FY22 budget, it may be a key factor in the following year's budget. This increase's timing is contingent on future construction costs and the beneficial impact of the Redstone arrangement and recently connected large industrial customers.

- While inflation has been near zero, COVID shortages are driving prices noticeably higher. This disturbing change not only impacts HU's ability to execute upcoming construction projects but also impacts HU's cost-of-living-adjustment (COLA). Therefore, I recommend providing HU employee's a 3% COLA to help weather the recent inflationary increases. Additionally, money is provided in the FY22 budget for needed market-driven wage adjustments.

This document convenes a considerable amount of information. I hope you have time to review all the material, but I would draw your attention to sections such as Factors Influencing the Budget, Funds and Net Position, and the Capital Improvement Plan. Also, useful and detailed information is provided in the Organizational Function and Capital Project Summary sections.

The Budget and Rates and Engineering Planning staff have been exceptionally diligent in the preparation of this budget. I appreciate the time and effort expended to create a purposeful tool that will help HU execute its priorities.

It is my privilege to lead an outstanding organization, comprised of men and women dedicated to providing foundational and essential services to a vibrant community. I look forward to a productive year ahead.

Sincerely,

Wes Kelley
President/CEO

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# Factors Influencing the Budget

Huntsville Utilities provides water, natural gas, and electric service to approximately 200,000 customers in the greater Huntsville area. With Huntsville currently ranked as Alabama's second largest city, and on pace to be the largest city in the state within the next five years, having a sound strategic plan will be key in adapting current operations to the needs of a growing service area and customer base. By focusing on workforce performance, customer satisfaction, system reliability, financial stability and organizational excellence, Huntsville Utilities is prepared to embrace the following challenges and opportunities.

**Weathering the Pandemic**

As the Huntsville community emerges from the COVID-19 pandemic, it is important to evaluate the impact on Huntsville Utilities both operationally and financially when the virus was at its peak and now as recovery continues.

To help customers cope with health and safety concerns and the economic uncertainty attributed to the pandemic, Huntsville Utilities made the following changes to operations:

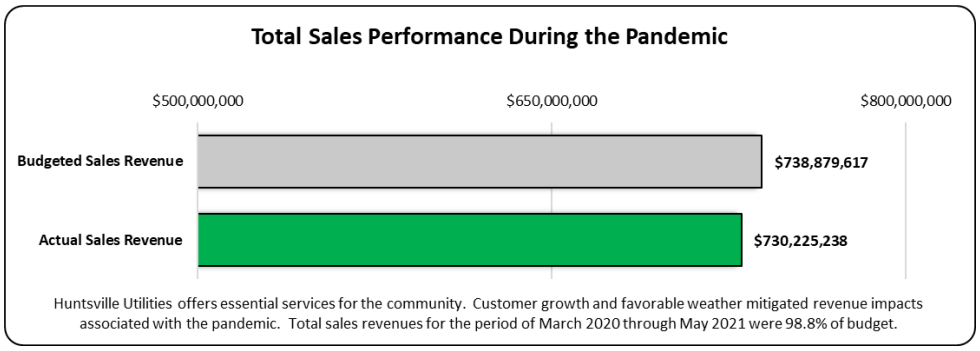
- Closed facilities to customers, but later reopened with social distancing and face covering requirements
- Enhanced marketing of e-billing and online account registration for electronic bill payment
- Reliance on customer kiosks for cash payments
- Electrostatic cleaning of work equipment and enhanced cleaning of facilities
- Suspension of customer disconnection of service and late fees for non-payment from March 2020 until August 2020
- Creation of automatic payment plans for customers with accounts in arrears
- Secured funding from external sources to match the TVA COVID-19 Community Care Fund for customers in need of financial assistance
- Provided utility assistance to local shelters through use of the TVA COVID-19 Community Care Fund
- Implemented work-from-home procedures for all non-essential employees with a phased-in approach for returning to the office
- Protocols were implemented for COVID testing, quarantine, and return-to-work to reduce exposure to the virus and prevent cross-contamination

The organization continues to keep a watchful eye on any COVID-related developments and will consider further operational adjustments as needed.

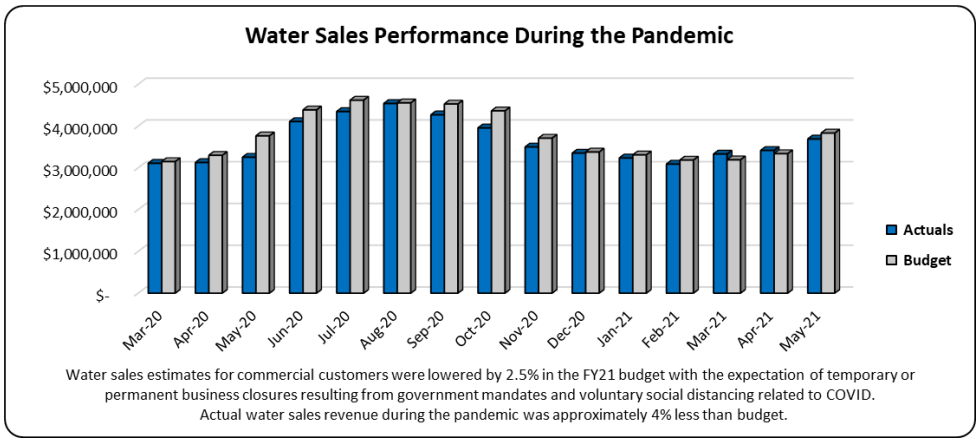
Financially, Huntsville Utilities lowered expectations to prepare for the hardships its customers would endure. This was accomplished by reducing electricity usage in the FY21 budget by 5% for business customers and reducing projected water usage for business classes by 2.5%. Sales revenues for March 2020 through May 2021 were slightly lower than those budget estimates but not unlike the volumetric

fluctuations normally associated with weather. Natural gas sales projections were not adjusted for COVID as early indicators did not show a significant pandemic-related impact. That proved to be an accurate assessment as sales outperformed budget projections by 15% during those 15 months, driven primarily by a strong heating season and pre-production gas usage from Mazda Toyota Manufacturing (MTM).

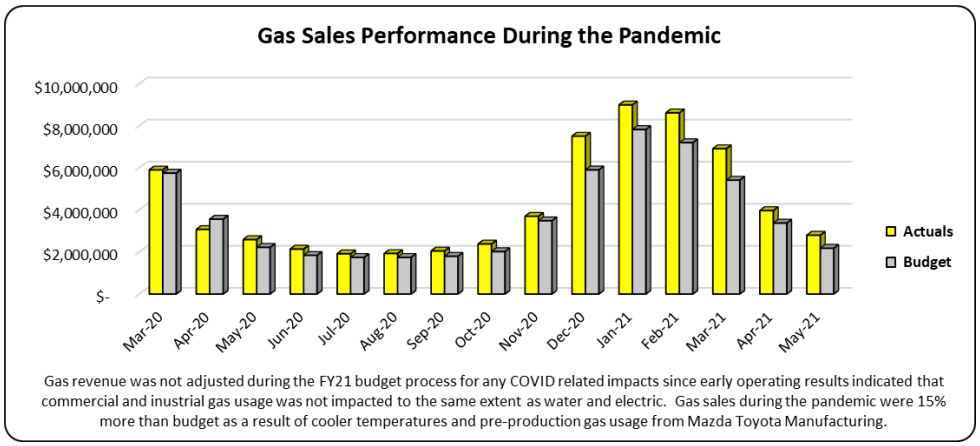
The combined sales of electricity, water and natural gas by Huntsville Utilities were within 2% of budget estimates over the course of the pandemic. Since revenue impacts have been minimal, no COVID-related adjustments are built into revenue projections for the FY22 budget or five-year cash models.




Huntsville Utilities offers essential services for the community. Customer growth and favorable weather mitigated revenue impacts associated with the pandemic. Total sales revenues for the period of March 2020 through May 2021 were 98.8% of budget.




Water sales estimates for commercial customers were lowered by 2.5% in the FY21 budget with the expectation of temporary or permanent business closures resulting from government mandates and voluntary social distancing related to COVID. Actual water sales revenue during the pandemic was approximately 4% less than budget.




Gas revenue was not adjusted during the FY21 budget process for any COVID related impacts since early operating results indicated that commercial and industrial gas usage was not impacted to the same extent as water and electric. Gas sales during the pandemic were 15% more than budget as a result of cooler temperatures and pre-production gas usage from Mazda Toyota Manufacturing.

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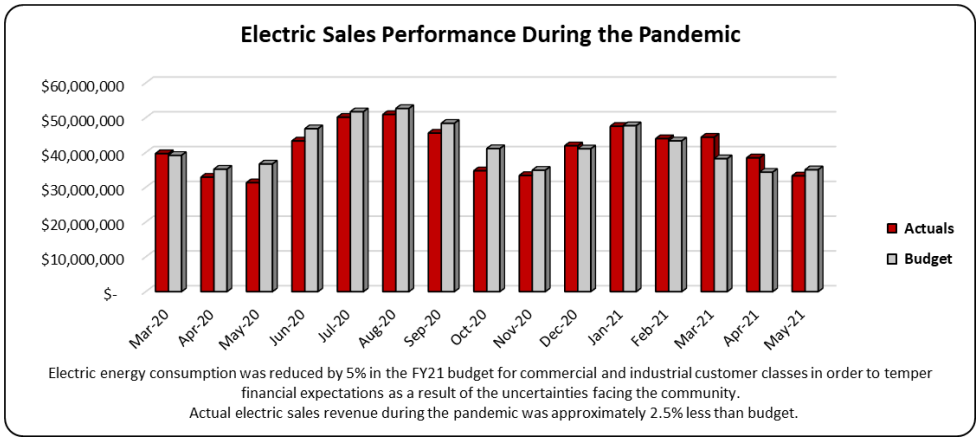
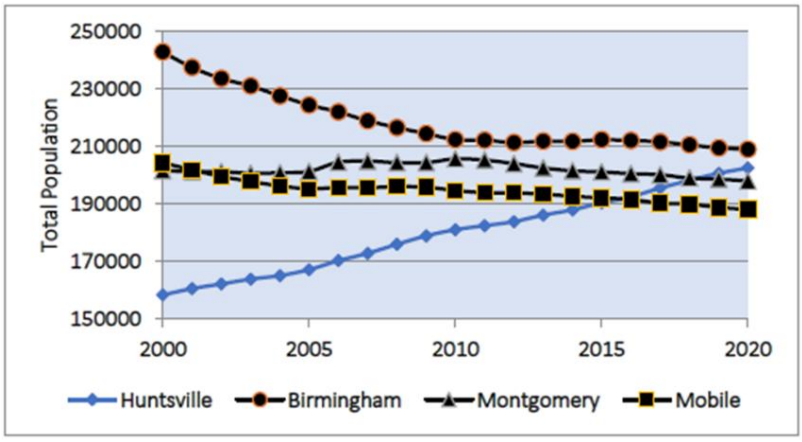



**Continued Growth Within the Service Area**

Despite the financial setbacks caused worldwide by the pandemic, Huntsville is still experiencing strong growth. The *Huntsville Development Review 2020* published by the City of Huntsville Long Range Planning Division indicates that Huntsville is the fastest growing major city in Alabama with an annual growth rate of 1.2% over the past decade and population growth of 12.4% since 2010.




*Population of Alabama Cities over 150,000 (2000-2020)*
*The Huntsville Development Review 2020*

Recent announcements that illustrate the type of growth that Huntsville is experiencing include:

- Rockets and intelligence: The FBI is building a $1 billion campus in Huntsville, Alabama (www.cnbc.com)
- Mazda Toyota Plant Adding 2,000 jobs in Alabama (www.thomasnet.com)
- Facebook's Expansion Tops $1B at Huntsville Data Center Campus (www.constructionequipmentguide.com)
- Huntsville's growth to keep housing real estate strong (www.rocketcitynow.com)
- Huntsville #3 in 150 Best Places to Live in the U.S. in 2021-2022 (www.realestate.usnews.com)

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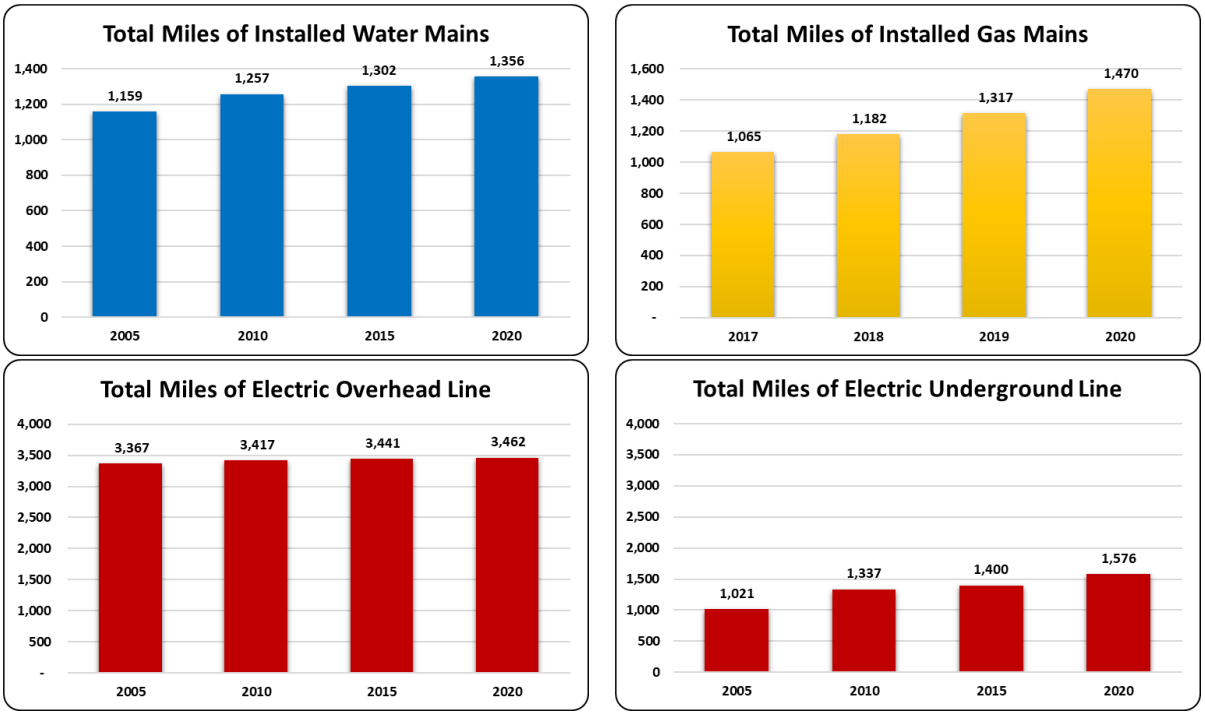
As businesses move into the city or expand facilities and the housing market continues to experience high demand, Huntsville Utilities must build infrastructure to accommodate the growth. The charts below illustrate how the systems have expanded over time to serve the community.




The latest Huntsville Utilities' statistical reporting shows customer growth percentages for 2021 to be 2.1% for water, 2.8% for gas and 3.0% for electric compared to last year. What this growth conceals is that customer usage volumes are levelling out. With new homes and other facilities being built with the latest advancements in utility efficiency, utility usage data is flat or falling when the impacts of weather are removed. As fortunate as Huntsville has been to experience prolonged growth, there is some concern that materials and workforce shortages brought on by COVID may eventually have some impact on construction and so some reduction is built into revenue forecasts.

As a result of these factors, the five-year models include the following assumptions regarding growth:

| | Customer Growth | | Usage Growth |
|---|---|---|---|
| | 2022 | 2023-2026 | All Years |
| **Water** | 1.5% | 1.0% | 0.5% |
| **Gas** | 2.5% | 2.5% | 0.0% - 1.5% by rate class |
| **Electric** | 2.0% | 1.5% | 0.05% |
| *Note: Gas growth is partially the result of marketing and expansions efforts by Huntsville Utilities and results continue to be consistently higher than expectations, so no reduction in customer growth has been factored in.* | | | |

**Redstone Arsenal Intergovernmental Service Agreement**

On June 1, 2021 Huntsville Utilities assumed the responsibility for the operation and maintenance of utility infrastructure on Redstone Arsenal under a 10-year inter-governmental service agreement with the US Army. Work performed will be either preventive routine maintenance or as-needed service requests. The revenue is similarly divided into a fixed monthly amount for standard O&M functions and a cost-plus structure for specific service requests. This agreement does not convey ownership of any government assets to Huntsville Utilities, nor does it require Redstone Arsenal to purchase any of its utility service from Huntsville Utilities. In advance of the start date, approximately 20 employees and 4 vehicles were added.

**Purchased Power Credits from TVA**

The City of Huntsville and the Tennessee Valley Authority (TVA) are parties to a power contract that requires all electricity distributed by Huntsville Utilities to be purchased from TVA. In February 2020, a long-term amendment to the contract was executed and now TVA provides Huntsville Utilities a 3.1% credit to be applied towards standard service purchased power. This credit reduces purchased power expense by approximately $10 million each year based on current usage.

In addition to the long-term partnership credit, TVA offered local power companies a pandemic relief credit for 2021. Current projections indicate the value of the credit to be nearly $8.4 million. In early August, TVA announced that it would extend the credit for 2022 so it has been included in the FY22 budget but is not included in any subsequent years of the five-year model.

**Rate Adjustments**

Huntsville Utilities continues to offer some of the most affordable rates in the Tennessee Valley. Each year, management evaluates the current financial position, planned operating and capital expenditures, historical revenue information and commodity prices to determine if any rate adjustments are necessary. Cost of service studies, designed to make sure rates are cost-based, are scheduled to be conducted by rate consultants for each service every three years.

Water rate adjustments must be approved by the Gas and Water Board and City Council. The last approved change to Huntsville Utilities' water rates took place in fiscal year 2017, although some minor adjustments have taken place since then because of a link to Madison County water rates. The current cash model does include three water rate adjustments of approximately 6% to be applied in fiscal years 2023, 2024 and 2025 but those actions will be deferred if a strong cash position is maintained. The most recent water cost of service study was completed in June 2021 by Jackson Thornton.

Due to the volatility of the commodity market, natural gas rate adjustments do not require City Council approval but must be approved by the Gas and Water Board. In 2017, the Board authorized a three-year rate adjustment increasing availability charges and usage rates each year

ending with fiscal year 2020. No additional rate increases are included in the five-year plan. Interruptible gas retail rates were discontinued for commercial and industrial customers in April 2020 and replaced by three new firm rate classes. The next gas cost of service study will be completed in 2023.

All electric rate adjustments must be approved by the Electric Board, TVA and City Council. Huntsville Utilities is implementing an approved five-step rate strategy beginning in fiscal year 2019 that will last through fiscal year 2023. The fiscal year 2022 budget includes the fourth step of that plan, which is estimated to produce approximately $2.5 million in additional revenue by adjusting availability charges on residential and commercial customers. The next cost of service study for electric rates is scheduled to take place in fiscal year 2022.

**Service Fee Adjustments**

Customer service fees have been evaluated and the following changes will go into effect October 1, 2021:

- Trip fees, or fees associated with service calls that require a truck to be dispatched, will be reduced from $40 to $30.
- The fee associated with reconnection of service through an AMI meter will be $60. For reconnections that require a truck to be dispatched, the fee will remain $95 for requests during business hours and $115 for after-hours service.

**Advanced Metering Infrastructure (AMI) Deployment**

Huntsville Utilities is replacing conventional mechanical meters with AMI meters that will provide timely usage data and facilitate cost reductions related to connecting or disconnecting utility service. This change will potentially lead to more options in rate offerings, such as prepaid usage plans or time of use pricing, and give customers information needed to manage usage patterns. Meters are being deployed in phases with electric meter replacement happening first. Huntsville Utilities is purchasing the meters, maintaining the inventory, and utilizing Aclara Smart Grid Solutions as the meter installation vendor.

As of July 2021, approximately 93% of electric AMI meters have been installed and all meters are expected to be installed before the end of the calendar year. Total budgeted costs for the electric meter deployment were $27.4 million spread from 2018 through 2021 and the project is expected to come in under budget.

The gas meter conversion to AMI requires a communication device to be connected to the existing meter. The gas AMI deployment began in May 2021 and approximately 2,200 out of the 60,000 devices have been installed to date. The total budget for this project is $6.4 million and it should be completed in 2023.

The changeout of water meters has been removed from the budget and five-year plan due to cost concerns and performance issues. Management is currently evaluating the next steps for water meter replacement.

**Shared Cost Allocation Changes**

Because Huntsville Utilities has functional areas within the organization that support all utility services, the costs related to those areas are allocated to the water, gas and electric financial statements using several defined percentages built on established criteria. Therefore, administrative and general or customer service cost centers have split costs.

The allocation percentages are internally evaluated and updated each year by the Financial Services section under the direction of the Controller. Additionally, Utility Financial Solutions was asked to conduct an external study for Huntsville Utilities in 2017 that evaluated the cost allocation process and suggested changes. The proposed changes had such a large impact on the water, natural gas, and electric financial statements that management chose to stagger implementation of the percentages over time.

The last of those changes takes place in the FY22 budget and reallocates Customer Service and Management Information Systems (MIS) related costs. The financial impacts of the allocation adjustment to each of the utility services is shown below.

| | 2022 | 2023 | 2024 | 2025 | 2026 | 5 Year Total |
|---|---|---|---|---|---|---|
| **Water** | $2,497,903 | $2,557,292 | $2,618,104 | $2,680,374 | $2,744,137 | $13,097,810 |
| **Gas** | $1,040,793 | $1,065,538 | $1,090,877 | $1,116,822 | $1,143,390 | $5,457,420 |
| **Electric** | ($3,538,696) | ($3,622,830) | ($3,708,981) | ($3,797,196) | ($3,887,527) | ($18,555,230) |
| **Total** | - | - | - | - | - | - |

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# Budget Process

No later than March of each year, the Budget and Rates Director will prepare a budget calendar to set tentative deadlines for the upcoming budget cycle. The goal is to have a draft of the budgets ready for Board review at the July meetings, with final budgets ready for Board approval in August. The fiscal year for Huntsville Utilities runs from October through September.

During the first quarter of the calendar year, the Budget and Rates Analysts set up two databases, one for operating and maintenance expenses and a second devoted to salary and benefits, that will be used to track and consolidate budget data for the upcoming fiscal year. Specific budgeting tools may change over time, but the analysts utilize this period to do any preparatory work required to make the budget process flow smoothly.

Internal group budget meetings are conducted by the Budget and Rates staff during the months of February and March to convey executive management expectations, review any changes to the budgeting process, communicate deadlines and respond to questions from departmental management regarding the submission of the capital and operating expense budgets. Individual meetings are scheduled upon request throughout the budget cycle to assist with specific issues.

During March and April, departmental management reviews and updates their existing capital budgets. Capital submissions for the upcoming fiscal year are normally due to the Budget and Rates group no later than April 20th. The Budget and Rates Analysts utilize the remainder of April to compile the departmental capital budgets by utility service and obtain additional data from the departments to support the capital budget requests. Preliminary capital budgets will be reviewed with the executive management team in early May.

During April and May, departmental management reviews and updates their existing operating expense budgets, except for salary and benefits costs. Operating expense submissions for the upcoming fiscal year are normally due to the Budget and Rates group no later than May 20th. The Budget and Rates Analysts utilize the remainder of May to compile the departmental operating expense budgets by utility service and obtain additional data from the departments to support the operating expense budget requests.

Salary and benefits expenses are budgeted at the employee level by the Budget and Rates group with information provided by Human Resources. Generally, the salary and benefits budgets are prepared during the month of June and shared with the executive management team as part of the operating expense budget before July 1.

Revenue projections are prepared for each utility by the Budget and Rates section. These calculations are usually pushed toward the end of the budgeting process to allow for as much current fiscal year data as possible to be included in the projections. Customer and usage growth or decline percentages are factored into revenue projections and are based on historical averages and customer and usage trends for the service areas. The budgets for purchased electricity and natural gas, which combined is the single largest operating expense, are also usually prepared at this time because they are dependent on usage projections. Revenue and commodity projections are shared with the executive management team prior to July 1st.

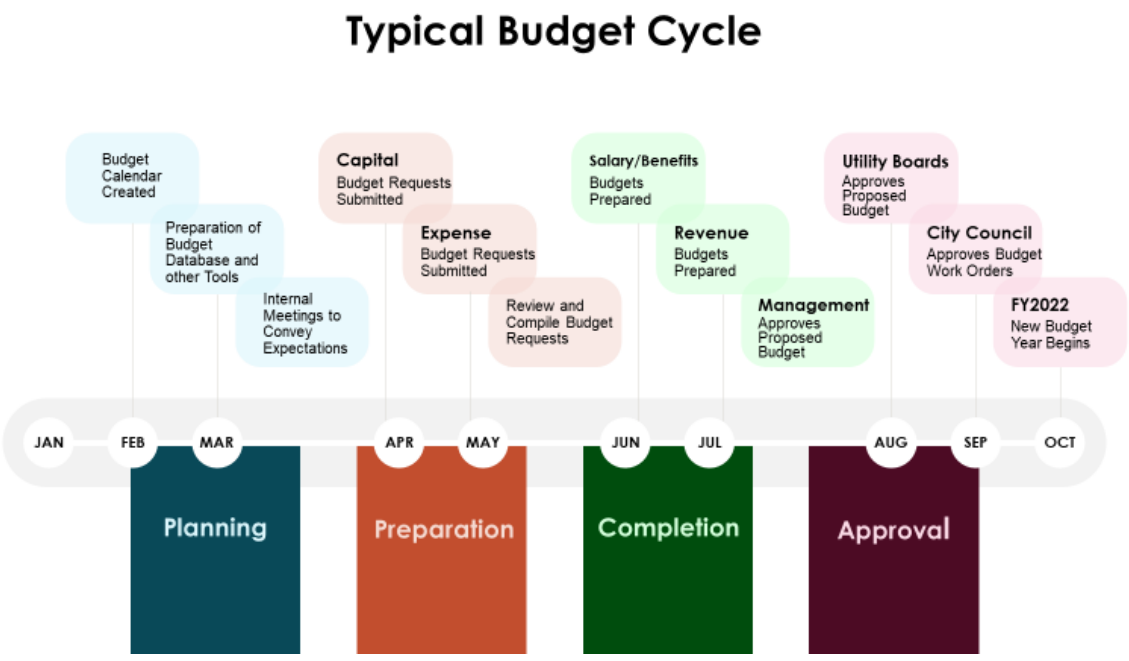
Final review of the budgets by the CEO/President and CFO should be completed by early July. The documents are then submitted to the Boards for their review. The Boards may elect to have the budgets presented as part of the agenda at specially convened budget sessions or during the normal July Board meetings. The budgets should be approved by the Boards no later than the August Board meetings.

Budget work orders are prepared by the Budget and Rates group for all capital items over $25,000 and submitted for review to the City Council. City Council should approve the budget work orders no later than the last Council Meeting in September.

Customers are encouraged to bring any specific requests regarding utility service to the attention of Huntsville Utilities management through any available means of communication. This includes in-person discussion, phone calls, written correspondence, email or posting on any of the social media platforms. Members of the community can discuss any utility-related issues, including approval of the budget, in a public forum at the Board meetings or Huntsville City Council meetings which are regularly held each month.

The Budget and Rates group will ensure that all approved budget data is ready for use by the organization on October 1st.

The budget adjustment and amendment process is described in the Budget Policy. Budget adjustments are administrative in nature because no additional appropriations are required. In this case, cost savings in other areas are used to offset unbudgeted needs. Budget amendments do require additional approvals and, as a result, must be presented to the appropriate Board. Unbudgeted capital improvements greater than $25,000 require a Budget Work Order Addendum that requires City Council approval.




*The image above illustrates the different stages of the budget process.*

# Financial Policies

The mission statement for Huntsville Utilities, shown below, serves as the guiding principle for the organization.

***Strengthen Trust in Huntsville Utilities***

> *Huntsville Utilities is committed to listening and operating with integrity and excellence, worthy of high trust from our community, stakeholders, and employees.*

The financial policies that have been adopted by the Boards are designed to foster trust in the utilities by establishing a transparent framework that enables proper stewardship of public funds. The policies provide the basis for maintaining stable and competitive rates, ensuring the on-going operations of the utilities, and enhancing long-term financial planning.

**Reserve Funds**

Huntsville Utilities has implemented financial reserve policies designed to define overall liquidity levels that are reasonable, prudent, and necessary to provide adequate availability of funds to ensure on-going operations for each of the utility services.

Utility services are subject to many types of risk that can be mitigated by having sufficient cash reserves to ensure adequate and reasonable liquidity. Weather events such as tornados, snow, or ice along with other harsh or mild weather conditions can impact both costs and revenues. Commodity prices can be impacted by weather, market conditions and international events. Budgeted revenues can be impacted by commercial or industrial customers ceasing or reducing operations in the service area. Prospective customers might also announce start-up operations requiring infrastructure investments that were not anticipated during budget preparation.

The financial reserve policies, which were approved in 2017 and 2019 by the respective Boards, are specific to the water, gas, and electric services. Each year during the budget process, minimum cash reserve targets are calculated for each service and used by management to evaluate the effectiveness of the current budget and long-term financial plan. The water and gas policies focus on an acceptable dollar amount whereas the electric policy requires a set number of days of cash. The financial reserve policies also provide a list of actions that may be pursued to counteract cash balances that fall below acceptable levels.

**Investments**

It is the policy of Huntsville Utilities to invest public funds in a manner which will enhance financial performance while protecting the principal of the investments. All activity is designed to obtain the highest yield while meeting safety and liquidity criteria established in the policy and complying with applicable state law and federal tax regulations. The Investment Policy is reviewed every two years by the Boards and all investments are made under the direct management of the CFO. The “prudent person”

standard is applied in managing the portfolio and any ethical dilemmas or conflicts of interest are required to be disclosed.

Cash from all operating funds is combined into a single pool and allocated among the investment options available to the CFO. Investment decisions are made by considering the following objectives in order of priority: Safety, Liquidity, Return on Investment and Maintaining Public Trust. The CFO primarily invests in money market accounts, US treasury obligations, certificate of deposits, and certain government sponsored entities including Federal Home Loan Banks (FHLB), Federal National Mortgage Association (FNMA), and Federal Home Loan Mortgage Corporation (FHLMC). Mutual fund investments are not allowed, and the portfolio is diversified so that no more than 50% of investments are a single type of security or held by a single financial institution. A minimum standard of investment return uses the 90-day treasury bill as a benchmark.

**Budgeting**

Huntsville Utilities is a discretely presented component unit of the City of Huntsville. As required by city ordinance, Huntsville Utilities must account separately for its electric, natural gas and water systems. Costs are allocated to the three systems in a manner that ensures results of operations and changes in financial position are presented fairly and consistently from year to year.

To this end, Huntsville Utilities prepares separate balanced budgets for the water, gas, and electric services on an annual basis. The budgets consist of revenue projections, operation and maintenance expense forecasts, and planned capital projects and expenditures. The budgets are considered balanced when the sum of estimated revenues and appropriated cash reserves, if necessary, are equal to planned expenditures. The budget proposals are approved by the appropriate Board and then capital items greater than $25,000 are submitted to the City Council for approval.

The Budget Policy identifies capital expenditures as those incurred for the long-term development of the utility services, either by direct purchase or as the result of construction projects. Capital items must have a useful life of 3 years or more and be valued at $5,000 or greater. For infrastructure additions or improvements to be considered capital improvements, there is a minimum value threshold of $35,000.

The budget is prepared using the modified cash basis of accounting. The financial statements are prepared using the accrual basis of accounting which follows generally accepted accounting principles (GAAP). Differences between the two types of reporting are noted below.

| Transaction Type | GAAP Reporting (financials) | Budget Reporting |
|---|---|---|
| Depreciation Expense | Included | Not Included |
| Capital Outlays | Included as an Asset | Included as an Expense |
| Debt Principal Payments | Reduction of Liability | Included as an Expense |
| Proceeds from Debt Issuance | Included as a Liability | Included as Revenue |
| Mark to Market Adjustments | Included as Revenue or Expense | Not included |

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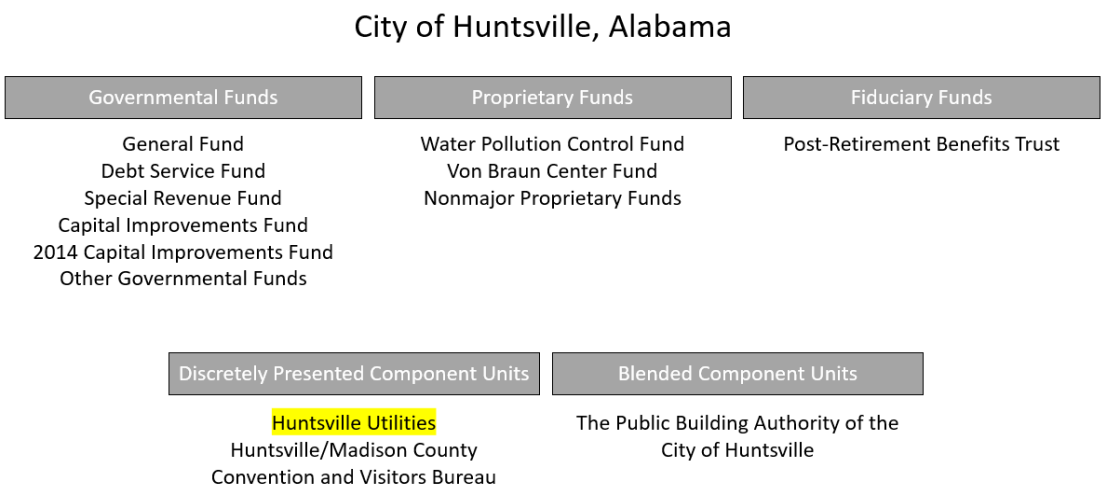
# Funds and Net Position

As mentioned previously, Huntsville Utilities is a discretely presented component unit of the City of Huntsville, Alabama. To be considered a discretely presented entity, where revenues and expense are reported separately, there must be some level of autonomy in management of the utilities but a controlling interest by the City. This is evidenced by the following factors:

- The City of Huntsville appoints the members of the Boards which are responsible for governing the utilities
- All Huntsville Utilities' debt is issued in the name of the City but will be repaid by Huntsville Utilities
- Huntsville Utilities makes payments in lieu of taxes (PILOT) to the City for each utility service based on sales revenue or asset values rather than providing transfers to the City general fund

Blended component units, such as the Public Building Authority, are also legally separate entities but provide services exclusively to the City government, which will also pay its debt. The City of Huntsville includes the following funds and component units in its Comprehensive Annual Financial Report.

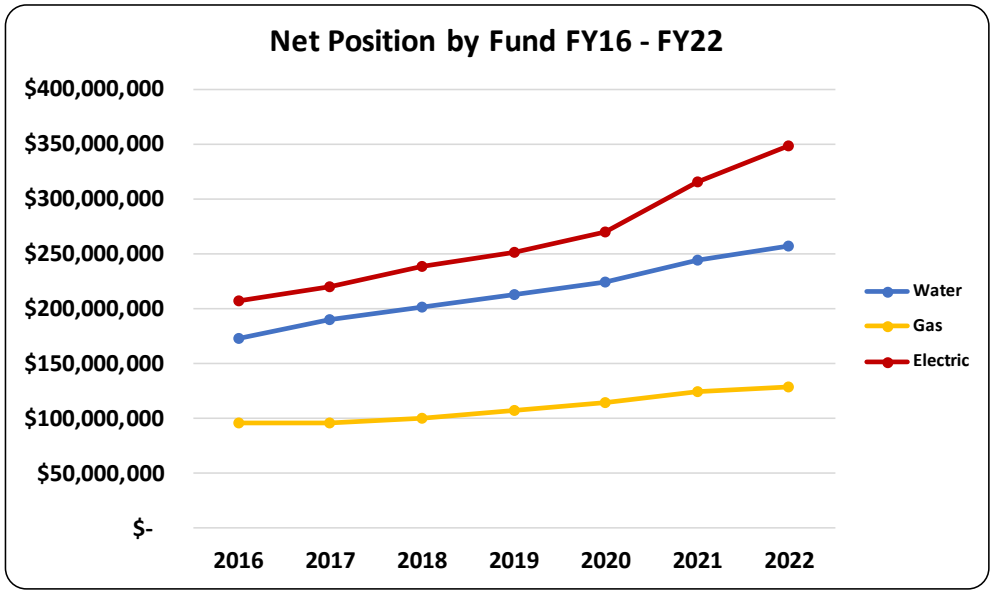



Since Huntsville Utilities offers essential services to the community, operating independently but with the City appointing its governing Boards, the water, natural gas, and electric services are viewed as separate proprietary enterprise funds that are not subject to appropriation. Enterprise funds function like privately held businesses where customers pay charges for a service which then pay for the expenses related to that service. The money for each fund is kept separate from the others meaning that one service will not support the others. This philosophy is consistent with language in the TVA power contract that requires that electric finances be kept separate from other utility activities.

Huntsville Utilities budgets based on a modified cash basis. What this means in terms of the enterprise funds is that a cash balance will be shown on the cash models which is comprised of prior cash reserves, plus all sources of incoming cash (revenue, reimbursements, and borrowing proceeds), less outgoing cash (operating and capital expenses, debt service and tax equivalents). Fund balances are different from cash

balances. Fund balances generally describe the difference between a fund's assets and liabilities. There are accrual-based accounting entries included in determining those amounts which are consistent with required financial statement reporting. Financial statements are produced for each utility service each month.

For governmental funds such as those used by the City, equity is reported as fund balance. Proprietary funds, such as the enterprise funds used by Huntsville Utilities, show equity as net position.




| | Net Position Ending Balances | | | | |
|---|---|---|---|---|---|
| | Water | Gas | Electric | Total | Change from Prior Year |
| **2016** | $ 172,471,589 | $ 95,495,985 | $ 207,562,238 | $ 475,529,812 | |
| **2017** | $ 190,645,698 | $ 95,198,719 | $ 220,058,061 | $ 505,902,478 | $ 30,372,666 6.4% |
| **2018** | $ 201,063,162 | $ 100,085,189 | $ 238,925,570 | $ 540,073,921 | $ 34,171,443 6.8% |
| **2019** | $ 213,525,223 | $ 107,365,286 | $ 251,277,121 | $ 572,167,630 | $ 32,093,709 5.9% |
| **2020** | $ 224,035,478 | $ 114,308,000 | $ 270,445,500 | $ 608,788,978 | $ 36,621,348 6.4% |
| ***2021 (Projected)*** | *$ 244,964,458* | *$ 124,472,532* | *$ 315,559,751* | *$ 684,996,741* | *$ 76,207,763 12.5%* |
| ***2022 (Projected)*** | *$ 256,645,933* | *$ 128,994,219* | *$ 356,559,318* | *$ 742,199,470* | *$ 57,202,729 8.4%* |

*The information above shows the ending net position for Huntsville Utilities for the last five years and projected totals for FY21 and FY22. The larger than normal increase anticipated for FY21 is the result of the following factors:*

- *The service agreement with Redstone Arsenal introduced a new revenue stream in 2021 for all three utility services.*
- *TVA provided more than $18 million in purchased power savings through the introduction of the long-term partnership credit and the pandemic relief credit. Both credits are included in projections for fiscal years 2021 and 2022.*
- *The gas and electric services benefited from cooler temperatures (higher sales) during the winter and the gas service also saw a revenue boost from pre-production heating load from the Mazda Toyota Manufacturing facility.*
- *Customer growth continues to be strong for all three services which leads to increased revenue.*
- *COVID safety protocols resulted in lower expenses in multiple categories.*

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**CITY OF HUNTSVILLE, ALABAMA**
**DISCRETELY PRESENTED COMPONENT UNITS**
**COMBINING STATEMENT OF ACTIVITIES**
**For the Year Ended September 30, 2020**

| | | Program Revenue | | | Net Revenue (Expense) & Changes in Net Position | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Business-Type Activities | | | Governmental Activities | |
| | | | | | Huntsville Utilities | | | | |
| **Functions/Programs** | **Expenses** | Charges for Services | Operating Grants & Contributions | Capital Grants & Contributions | Electric | Water | Gas | HMC CVB | Total |
| **Component Units** | | | | | | | | | |
| Huntsville Utilities Electric System | $ 492,152,005 | $ 510,735,085 | $ - | $ - | $ 18,583,080 | $ - | $ - | $ - | $ 18,583,080 |
| Huntsville Utilities Water System | 36,962,956 | 46,508,600 | - | - | - | 9,545,644 | - | - | 9,545,644 |
| Huntsville Utilities Gas System | 41,130,108 | 47,591,476 | - | - | - | - | 6,461,368 | - | 6,461,368 |
| HMC CVB | 3,417,746 | 29,502 | - | - | - | - | - | (3,388,244) | (3,388,244) |
| **Total component units** | $ 573,662,815 | $ 604,864,663 | $ - | $ - | 18,583,080 | 9,545,644 | 6,461,368 | (3,388,244) | 31,201,848 |
| | | General Revenues | | | | | | | |
| | | Other taxes | | | - | - | - | 608,429 | 608,429 |
| | | Interest on investments | | | 569,761 | 953,190 | 478,495 | 828 | 2,002,274 |
| | | Gain on the sale of capital assets | | | 15,538 | 11,421 | 2,851 | - | 29,810 |
| | | Other | | | - | - | - | 3,688,676 | 3,688,676 |
| | | **Total general revenues & transfers** | | | 585,299 | 964,611 | 481,346 | 4,297,933 | 6,329,189 |
| | | **Change in net position** | | | 19,168,379 | 10,510,255 | 6,942,714 | 909,689 | 37,531,037 |
| | | Net position, beginning | | | 251,277,121 | 213,525,223 | 107,365,286 | 851,553 | 573,019,183 |
| | | **Net position, ending** | | | $ 270,445,500 | $ 224,035,478 | $ 114,308,000 | $ 1,761,242 | $ 610,550,220 |

*Net position is presented on the water, natural gas and electric financial statements by Huntsville Utilities and is then shown by the City of Huntsville in the Discretely Presented Component Units section of its Comprehensive Annual Financial report. A portion of the 2020 Comprehensive Annual Financial Report is shown above. The City has one other discretely presented component unit – the Huntsville Madison County Convention and Visitor's Bureau (HMC CVB).*

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# Fiscal Year 2022 Budget

This Budget was approved as presented by the

Huntsville Utilities Gas & Water Board on August 24, 2021

Huntsville Utilities Electric Board on August 25, 2021

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# Revenues and Expenditures Summary – Consolidated

| REVENUE: | FY19 Actual | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget |
|---|---|---|---|---|---|
| Residential Sales | $ 309,207,850 | $ 300,042,843 | $ 314,033,876 | $ 317,494,306 | $ 323,179,372 |
| Small Commercial Sales | $ 63,708,607 | $ 61,184,508 | $ 60,992,578 | $ 62,878,391 | $ 64,813,177 |
| Medium Commercial Sales | $ 153,741,477 | $ 145,034,539 | $ 145,382,844 | $ 148,889,496 | $ 154,332,599 |
| Large Commercial Sales | $ 27,314,985 | $ 26,830,412 | $ 29,451,012 | $ 26,554,681 | $ 30,365,272 |
| Small Industrial Sales | $ 21,623,487 | $ 16,327,061 | $ 20,292,968 | $ 15,305,251 | $ 16,992,139 |
| Large Industrial Sales | $ 18,526,581 | $ 19,973,558 | $ 21,323,939 | $ 22,983,839 | $ 27,027,409 |
| Other Sales | $ 9,969,502 | $ 9,951,592 | $ 9,684,519 | $ 10,172,738 | $ 9,901,105 |
| Forefeited Discounts | $ 3,144,273 | $ 1,902,107 | $ 3,169,351 | $ 3,230,524 | $ 2,948,000 |
| Aid-To-Construction | $ 13,981,654 | $ 15,862,394 | $ 13,910,458 | $ 20,948,659 | $ 16,640,000 |
| Connection/Tap Fees | $ 3,389,699 | $ 3,363,746 | $ 3,546,291 | $ 3,652,726 | $ 3,264,000 |
| Collection/Reconnection Fees | $ 2,301,010 | $ 1,682,666 | $ 2,301,010 | $ 3,315,119 | $ 2,553,000 |
| Miscellaneous Revenue | $ 5,472,025 | $ 5,181,418 | $ 4,331,344 | $ 5,344,857 | $ 4,681,679 |
| Interest Income | $ 4,363,028 | $ 2,001,447 | $ 1,085,460 | $ 882,371 | $ 895,000 |
| Rental Income | $ 4,797,363 | $ 4,701,665 | $ 4,705,912 | $ 4,880,235 | $ 5,314,374 |
| Water Fiber Lease Income | $ 840,000 | $ 840,000 | $ 840,000 | $ 840,000 | $ 840,000 |
| Gas Fiber Lease Income | $ 360,000 | $ 360,000 | $ 360,000 | $ 360,000 | $ 360,000 |
| COH Fiber Lease Income | $ 2,164,000 | $ 2,496,000 | $ 2,496,000 | $ 2,496,000 | $ 2,496,000 |
| Google Fiber Lease Income | $ 4,603,651 | $ 6,533,843 | $ 7,211,616 | $ 7,185,047 | $ 7,407,500 |
| Reimbursements | $ 2,945,145 | $ 2,450,988 | $ 15,129,496 | $ 9,957,165 | $ 7,311,250 |
| IGSA Service Revenue | $ - | $ - | $ 2,249,157 | $ 2,249,157 | $ 6,882,426 |
| Warrant Proceeds | $ 36,913,925 | $ 5,054,000 | $ 17,915,000 | $ 15,100,000 | $ 13,900,000 |
| Transfer from Cash Reserves | $ (14,544,669) | $ (15,192,785) | $ 13,391,471 | $ (57,600,358) | $ 9,697,380 |
| | **$ 674,823,593** | **$ 616,582,002** | **$ 693,804,302** | **$ 627,120,204** | **$ 711,801,682** |
| **EXPENDITURES:** | | | | | |
| Employee Expenses | $ 68,979,998 | $ 74,361,252 | $ 84,485,737 | $ 75,954,066 | $ 92,475,926 |
| Supplies and Materials | $ 12,552,229 | $ 11,474,667 | $ 11,420,852 | $ 11,142,976 | $ 12,575,681 |
| Services | $ 17,677,245 | $ 19,568,522 | $ 22,681,326 | $ 18,021,735 | $ 22,826,701 |
| Travel and Training | $ 1,471,931 | $ 1,246,694 | $ 2,323,918 | $ 1,511,011 | $ 2,532,537 |
| Equipment Maintenance | $ 3,085,505 | $ 3,197,970 | $ 4,281,759 | $ 3,187,601 | $ 4,092,888 |
| Utilities | $ 4,883,682 | $ 4,867,613 | $ 4,853,501 | $ 4,843,662 | $ 5,023,543 |
| Commodity | $ 452,186,185 | $ 411,865,248 | $ 425,931,325 | $ 416,138,871 | $ 431,132,974 |
| Tax Equivalents | $ 18,844,943 | $ 20,798,735 | $ 22,545,440 | $ 23,540,713 | $ 22,617,099 |
| Debt Service | $ 12,644,099 | $ 11,636,585 | $ 18,050,123 | $ 17,908,706 | $ 18,077,497 |
| Other Operating Expenses | $ 4,379,444 | $ 5,780,158 | $ 4,138,392 | $ 3,983,845 | $ 4,776,815 |
| Capital Expenditures | $ 78,118,332 | $ 51,784,558 | $ 93,091,929 | $ 50,887,018 | $ 95,670,021 |
| | **$ 674,823,593** | **$ 616,582,002** | **$ 693,804,302** | **$ 627,120,204** | **$ 711,801,682** |

Huntsville Utilities prepares separate financial statements for the water, natural gas, and electric services. The consolidated information shown above is for informational purposes only.

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# Revenues and Expenditures Summary – Water

| REVENUE: | FY19 Actual | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget |
|---|---|---|---|---|---|
| Residential Sales | $ 25,690,099 | $ 25,749,815 | $ 26,453,930 | $ 26,404,863 | $ 26,750,149 |
| Small Commercial Sales | $ 9,400,935 | $ 9,544,560 | $ 9,828,933 | $ 10,046,518 | $ 10,255,685 |
| Medium Commercial Sales | $ 2,921,487 | $ 2,755,511 | $ 2,909,618 | $ 2,876,092 | $ 2,935,938 |
| Large Commercial Sales | $ 641,654 | $ 532,109 | $ 623,261 | $ 554,445 | $ 615,742 |
| Small Industrial Sales | $ 1,754,841 | $ 1,680,218 | $ 1,837,683 | $ 1,707,240 | $ 1,824,315 |
| Large Industrial Sales | $ 206,871 | $ 214,277 | $ 200,991 | $ 210,895 | $ 205,954 |
| Other Sales | $ 4,857,816 | $ 4,892,048 | $ 4,738,270 | $ 5,050,485 | $ 4,882,209 |
| Forefeited Discounts | $ 219,104 | $ 130,689 | $ 219,954 | $ 232,074 | $ 213,000 |
| Aid-To-Construction | $ 4,781,923 | $ 5,199,953 | $ 5,294,980 | $ 7,046,560 | $ 6,000,000 |
| Connection/Tap Fees | $ 602,641 | $ 605,192 | $ 632,773 | $ 636,334 | $ 577,000 |
| Collection/Reconnection Fees | $ 391,178 | $ 286,069 | $ 391,178 | $ 563,575 | $ 434,000 |
| Miscellaneous Revenue | $ 154,390 | $ 149,503 | $ 93,722 | $ 151,600 | $ 85,606 |
| Interest Income | $ 1,662,357 | $ 953,191 | $ 390,924 | $ 386,634 | $ 385,000 |
| Rental Income | $ - | $ - | $ - | $ - | $ - |
| Water Fiber Lease Income | $ - | $ - | $ - | $ - | $ - |
| Gas Fiber Lease Income | $ - | $ - | $ - | $ - | $ - |
| COH Fiber Lease Income | $ - | $ - | $ - | $ - | $ - |
| Google Fiber Lease Income | $ - | $ - | $ - | $ - | $ - |
| Reimbursements | $ 331,708 | $ 333,384 | $ 7,074,895 | $ 3,984,783 | $ 3,524,990 |
| IGSA Service Revenue | $ - | $ - | $ 992,101 | $ 992,101 | $ 3,035,825 |
| Warrant Proceeds | $ 11,000,000 | $ - | $ 10,815,000 | $ 10,600,000 | $ 13,900,000 |
| Cash Reserves Transfer | $ (8,322,699) | $ (1,348,886) | $ 9,702,347 | $ (13,530,296) | $ 16,285,524 |
| | **$ 56,294,305** | **$ 51,677,633** | **$ 82,200,560** | **$ 57,913,903** | **$ 91,910,937** |
| **EXPENDITURES:** | | | | | |
| Employee Expenses | $ 15,945,238 | $ 17,715,234 | $ 20,858,189 | $ 18,663,113 | $ 24,582,858 |
| Supplies and Materials | $ 4,351,946 | $ 3,933,857 | $ 4,796,225 | $ 4,339,742 | $ 5,079,471 |
| Services | $ 2,339,574 | $ 3,422,035 | $ 4,136,367 | $ 3,513,838 | $ 4,202,823 |
| Travel and Training | $ 268,522 | $ 163,087 | $ 423,558 | $ 216,846 | $ 526,694 |
| Equipment Maintenance | $ 672,939 | $ 695,483 | $ 1,084,587 | $ 989,639 | $ 1,331,267 |
| Utilities | $ 3,800,346 | $ 3,830,433 | $ 3,926,749 | $ 3,845,790 | $ 3,932,783 |
| Commodity | $ - | $ 139,221 | $ 40,000 | $ 29,037 | $ 36,000 |
| Tax Equivalents | $ 2,635,769 | $ 2,708,003 | $ 2,795,561 | $ 2,811,032 | $ 2,848,199 |
| Debt Service | $ 7,842,734 | $ 4,413,153 | $ 9,113,318 | $ 9,229,918 | $ 9,922,766 |
| Other Operating Expenses | $ 1,726,081 | $ 1,792,557 | $ 1,710,634 | $ 1,800,885 | $ 1,955,139 |
| Capital Expenditures | $ 16,711,156 | $ 12,864,570 | $ 33,315,372 | $ 12,474,063 | $ 37,492,937 |
| | **$ 56,294,305** | **$ 51,677,633** | **$ 82,200,560** | **$ 57,913,903** | **$ 91,910,937** |

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# Revenue Detail – Water

| Sales Revenues | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Residential Sales | $ 25,749,815 | $ 26,453,930 | $ 26,404,863 | $ 26,750,149 | 1.1% | 1.3% |
| Small Commercial Sales | $ 9,544,560 | $ 9,828,933 | $ 10,046,518 | $ 10,255,685 | 4.3% | 2.1% |
| Medium Commercial Sales | $ 2,755,511 | $ 2,909,618 | $ 2,876,092 | $ 2,935,938 | 0.9% | 2.1% |
| Large Commercial Sales | $ 532,109 | $ 623,261 | $ 554,445 | $ 615,742 | -1.2% | 11.1% |
| Small Industrial Sales | $ 1,680,218 | $ 1,837,683 | $ 1,707,240 | $ 1,824,315 | -0.7% | 6.9% |
| Large Industrial Sales | $ 214,277 | $ 200,991 | $ 210,895 | $ 205,954 | 2.5% | -2.3% |
| Fire Protection Sales | $ 4,234,940 | $ 4,155,225 | $ 4,417,246 | $ 4,269,040 | 2.7% | -3.4% |
| Other Sales | $ 657,108 | $ 583,045 | $ 633,239 | $ 613,169 | 5.2% | -3.2% |
| **Total** | **$ 45,368,538** | **$ 46,592,686** | **$ 46,850,538** | **$ 47,469,992** | **1.9%** | **1.3%** |

| Other Operating Revenue | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Forfeited Discounts | $ 130,689 | $ 219,954 | $ 232,074 | $ 213,000 | -3.2% | -8.2% |
| Aid-To-Construction | $ 5,199,953 | $ 5,294,980 | $ 7,046,560 | $ 6,000,000 | 13.3% | -14.9% |
| Connection/Tap Fees | $ 605,192 | $ 632,773 | $ 636,334 | $ 577,000 | -8.8% | -9.3% |
| Collection/Reconnect Fees | $ 286,069 | $ 391,178 | $ 563,575 | $ 434,000 | 10.9% | -23.0% |
| Miscellaneous | $ 149,503 | $ 93,722 | $ 151,600 | $ 85,606 | -8.7% | -43.5% |
| **Total** | **$ 6,371,406** | **$ 6,632,607** | **$ 8,630,143** | **$ 7,309,606** | **10.2%** | **-15.3%** |

| Non Operating Revenue | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Interest Income | $ 953,191 | $ 390,924 | $ 386,634 | $ 385,000 | -1.5% | -0.4% |
| Rental Income | $ - | $ - | $ - | $ - | 0.0% | 0.0% |
| Reimbursements | $ 333,384 | $ 7,074,895 | $ 3,984,783 | $ 3,524,990 | -50.2% | -11.5% |
| IGSA Service Revenue | $ - | $ 992,101 | $ 992,101 | $ 3,035,825 | 206.0% | 206.0% |
| **Total** | **$ 1,286,575** | **$ 8,457,920** | **$ 5,363,518** | **$ 6,945,815** | **-17.9%** | **29.5%** |

| Warrant and Loan Proceeds | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Warrant Procceds | $ - | $ 10,815,000 | $ 10,600,000 | $ 13,900,000 | 28.5% | 31.1% |
| **Total** | **$ -** | **$ 10,815,000** | **$ 10,600,000** | **$ 13,900,000** | **28.5%** | **31.1%** |

| **Total Revenues** | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| **Total** | **$ 53,026,519** | **$ 72,498,213** | **$ 71,444,199** | **$ 75,625,413** | **4.3%** | **5.9%** |

The last two columns on this table and others like it compare the FY22 Budget amount for each line item to the FY21 Budget amount (BvB) and to the FY21 Projected amount (BvP).

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# Expense Detail – Water

| Employee Expenses | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Payroll-Straight Time | $ 10,936,068 | $ 13,149,881 | $ 10,588,546 | $ 15,474,193 | 17.7% | 46.1% |
| Payroll-Overtime | $ 623,454 | $ 582,871 | $ 708,666 | $ 652,464 | 11.9% | -7.9% |
| Health Insurance | $ 2,021,468 | $ 3,277,286 | $ 3,221,529 | $ 3,788,466 | 15.6% | 17.6% |
| FICA Taxes - Employers | $ 885,232 | $ 1,034,166 | $ 1,063,318 | $ 1,213,349 | 17.3% | 14.1% |
| Unemployment | $ 372 | $ 3,179 | $ 3,425 | $ 3,770 | 18.6% | 10.1% |
| Workers Comp. | $ 79,955 | $ 74,131 | $ 66,978 | $ 104,633 | 41.1% | 56.2% |
| Employer Pension Expense | $ 2,276,016 | $ 1,670,166 | $ 1,860,481 | $ 2,062,961 | 23.5% | 10.9% |
| Other Employee Benefits | $ 892,669 | $ 1,066,509 | $ 1,150,170 | $ 1,283,022 | 20.3% | 11.6% |
| Total | **$ 17,715,234** | **$ 20,858,189** | **$ 18,663,113** | **$ 24,582,858** | **17.9%** | **31.7%** |

| Supplies and Materials | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Small Tools & Equipment | $ 347,880 | $ 561,552 | $ 484,584 | $ 422,737 | -24.7% | -12.8% |
| Postage | $ 163,302 | $ 188,951 | $ 290,583 | $ 310,885 | 64.5% | 7.0% |
| Materials: Non-Stock | $ 3,114,535 | $ 3,622,539 | $ 3,215,229 | $ 3,922,576 | 8.3% | 22.0% |
| Office Supplies & Expenses | $ 163,775 | $ 245,773 | $ 199,616 | $ 260,778 | 6.1% | 30.6% |
| Fuel | $ 143,766 | $ 174,440 | $ 148,631 | $ 161,379 | -7.5% | 8.6% |
| Board Expenses | $ 599 | $ 2,970 | $ 1,099 | $ 1,116 | -62.4% | 1.5% |
| Total | **$ 3,933,857** | **$ 4,796,225** | **$ 4,339,742** | **$ 5,079,471** | **5.9%** | **17.0%** |

| Services | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Outside Services | $ 3,256,994 | $ 3,987,583 | $ 3,355,645 | $ 3,913,570 | -1.9% | 16.6% |
| Legal Services | $ 66,377 | $ 82,952 | $ 78,033 | $ 130,672 | 57.5% | 67.5% |
| Public Information | $ 98,664 | $ 65,832 | $ 80,160 | $ 158,581 | 140.9% | 97.8% |
| Total | **$ 3,422,035** | **$ 4,136,367** | **$ 3,513,838** | **$ 4,202,823** | **1.6%** | **19.6%** |

| Travel and Training | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Education & Training | $ 93,203 | $ 290,086 | $ 114,894 | $ 323,832 | 11.6% | 181.9% |
| Trade Memberships/Dues | $ 47,970 | $ 51,964 | $ 61,461 | $ 86,804 | 67.0% | 41.2% |
| Employee Meals | $ 17,667 | $ 42,797 | $ 23,669 | $ 58,116 | 35.8% | 145.5% |
| Business Travel | $ 4,247 | $ 38,711 | $ 16,822 | $ 57,942 | 49.7% | 244.4% |
| Total | **$ 163,087** | **$ 423,558** | **$ 216,846** | **$ 526,694** | **24.3%** | **142.9%** |

| Equipment Maintenance | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Equipment Maintenance | $ 145,733 | $ 199,409 | $ 155,188 | $ 230,787 | 15.7% | 48.7% |
| Software/Hardware Maint. | $ 549,750 | $ 885,178 | $ 834,451 | $ 1,100,480 | 24.3% | 31.9% |
| Total | **$ 695,483** | **$ 1,084,587** | **$ 989,639** | **$ 1,331,267** | **22.7%** | **34.5%** |

| Utilities | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Utilities | $ 3,830,433 | $ 3,926,749 | $ 3,845,790 | $ 3,932,783 | 0.2% | 2.3% |
| Total | **$ 3,830,433** | **$ 3,926,749** | **$ 3,845,790** | **$ 3,932,783** | **0.2%** | **2.3%** |

| Commodity | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Purchased Water | $ 139,221 | $ 40,000 | $ 29,037 | $ 36,000 | -10.0% | 24.0% |
| Total | **$ 139,221** | **$ 40,000** | **$ 29,037** | **$ 36,000** | **-10.0%** | **24.0%** |

| Tax Equivalents | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Tax Equivalents | $ 2,708,003 | $ 2,795,561 | $ 2,811,032 | $ 2,848,199 | 1.9% | 1.3% |
| Total | **$ 2,708,003** | **$ 2,795,561** | **$ 2,811,032** | **$ 2,848,199** | **1.9%** | **1.3%** |

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# Expense Detail – Water (Continued)

| Debt Service | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Debt Service Expenses | $ 4,413,153 | $ 9,113,318 | $ 9,229,918 | $ 9,922,766 | 8.9% | 7.5% |
| Total | **$ 4,413,153** | **$ 9,113,318** | **$ 9,229,918** | **$ 9,922,766** | **8.9%** | **7.5%** |

| Other Expenses | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Fiber Lease | $ 750,000 | $ 840,000 | $ 840,000 | $ 840,000 | 0.0% | 0.0% |
| Rentals | $ 563,049 | $ 548,961 | $ 531,362 | $ 580,714 | 5.8% | 9.3% |
| Uncollectible Accounts | $ 76,671 | $ 22,706 | $ (16,373) | $ 46,977 | 106.9% | -386.9% |
| Injuries & Damages | $ 16,369 | $ 10,000 | $ 28,344 | $ 18,000 | 80.0% | -36.5% |
| Cash Overages & Shortage | $ (209) | $ 204 | $ (40) | $ 348 | 70.6% | -970.0% |
| Insurance | $ 267,962 | $ 256,967 | $ 331,502 | $ 392,100 | 52.6% | 18.3% |
| Propane | $ 1,524 | $ 2,000 | $ 806 | $ 2,000 | 0.0% | 148.1% |
| Interest on Customer Deposits | $ 117,191 | $ 29,796 | $ 85,284 | $ 75,000 | 151.7% | -12.1% |
| Total | **$ 1,792,557** | **$ 1,710,634** | **$ 1,800,885** | **$ 1,955,139** | **14.3%** | **8.6%** |

| Capital | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Mat. - Operation & Maint. | $ 336,552 | $ 400,000 | $ 311,819 | $ 400,000 | 0.0% | 28.3% |
| Mat. - New Construction | $ 7,252,731 | $ 12,605,000 | $ 6,120,324 | $ 15,571,782 | 23.5% | 154.4% |
| Limestone County System | $ 473,245 | $ 3,290,500 | $ 272,913 | $ - | -100.0% | -100.0% |
| AMI | $ - | $ - | $ - | $ - | 0.0% | 0.0% |
| Mat. - Renew & Replace | $ 665,279 | $ 10,773,000 | $ 1,458,143 | $ 7,455,000 | -30.8% | 411.3% |
| South Parkway Rehab | $ 1,767,816 | $ 3,650,000 | $ 2,103,419 | $ 12,000,000 | 228.8% | 470.5% |
| Land | $ - | $ 200,000 | $ - | $ 200,000 | 0.0% | 100.0% |
| Office Furniture/Equipment | $ - | $ - | $ - | $ - | 0.0% | 0.0% |
| Tools & Work Equipment | $ 138,091 | $ 5,500 | $ 5,468 | $ 6,900 | 25.5% | 26.2% |
| Transportation Equipment | $ 928,210 | $ 1,461,372 | $ 1,276,947 | $ 859,255 | -41.2% | -32.7% |
| Communication Equipment | $ - | $ - | $ - | $ - | 0.0% | 0.0% |
| Computer Equipment | $ 37,862 | $ - | $ - | $ - | 0.0% | 0.0% |
| Metering Equipment | $ 1,264,784 | $ 930,000 | $ 925,030 | $ 1,000,000 | 7.5% | 8.1% |
| Regulators | $ - | $ - | $ - | $ - | 0.0% | 0.0% |
| Total | **$ 12,864,570** | **$ 33,315,372** | **$ 12,474,063** | **$ 37,492,937** | **12.5%** | **200.6%** |

| | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| **Sales Revenue** | **$ 45,368,538** | **$ 46,592,686** | **$ 46,850,538** | **$ 47,469,992** | **1.9%** | **1.3%** |
| **Other Revenue** | **$ 7,657,981** | **$ 15,090,527** | **$ 13,993,661** | **$ 14,255,421** | **-5.5%** | **1.9%** |
| **Warrant Proceeds** | **$ -** | **$ 10,815,000** | **$ 10,600,000** | **$ 13,900,000** | **28.5%** | **31.1%** |
| | | | | | | |
| **Commodity** | **$ 139,221** | **$ 40,000** | **$ 29,037** | **$ 36,000** | **-10.0%** | **24.0%** |
| **O&M Expenses** | **$ 31,552,686** | **$ 36,936,309** | **$ 33,369,853** | **$ 41,611,035** | **12.7%** | **24.7%** |
| **Debt Service** | **$ 4,413,153** | **$ 9,113,318** | **$ 9,229,918** | **$ 9,922,766** | **8.9%** | **7.5%** |
| **Taxes** | **$ 2,708,003** | **$ 2,795,561** | **$ 2,811,032** | **$ 2,848,199** | **1.9%** | **1.3%** |
| | | | | | | |
| **Capital Expenses** | **$ 12,864,570** | **$ 33,315,372** | **$ 12,474,063** | **$ 37,492,937** | **12.5%** | **200.6%** |
| | | | | | | |
| **Net Cash Impact** | **$ 1,348,886** | **$ (9,702,347)** | **$ 13,530,296** | **$ (16,285,524)** | | |
| | | | | | | |

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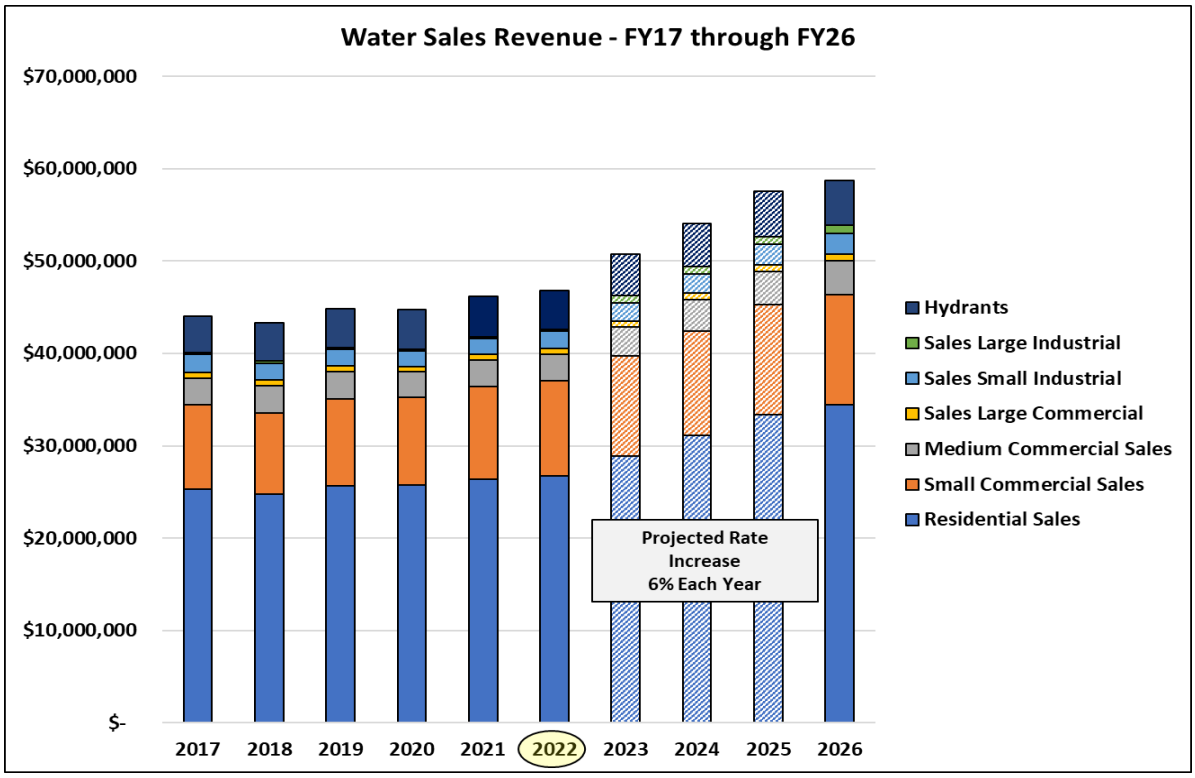
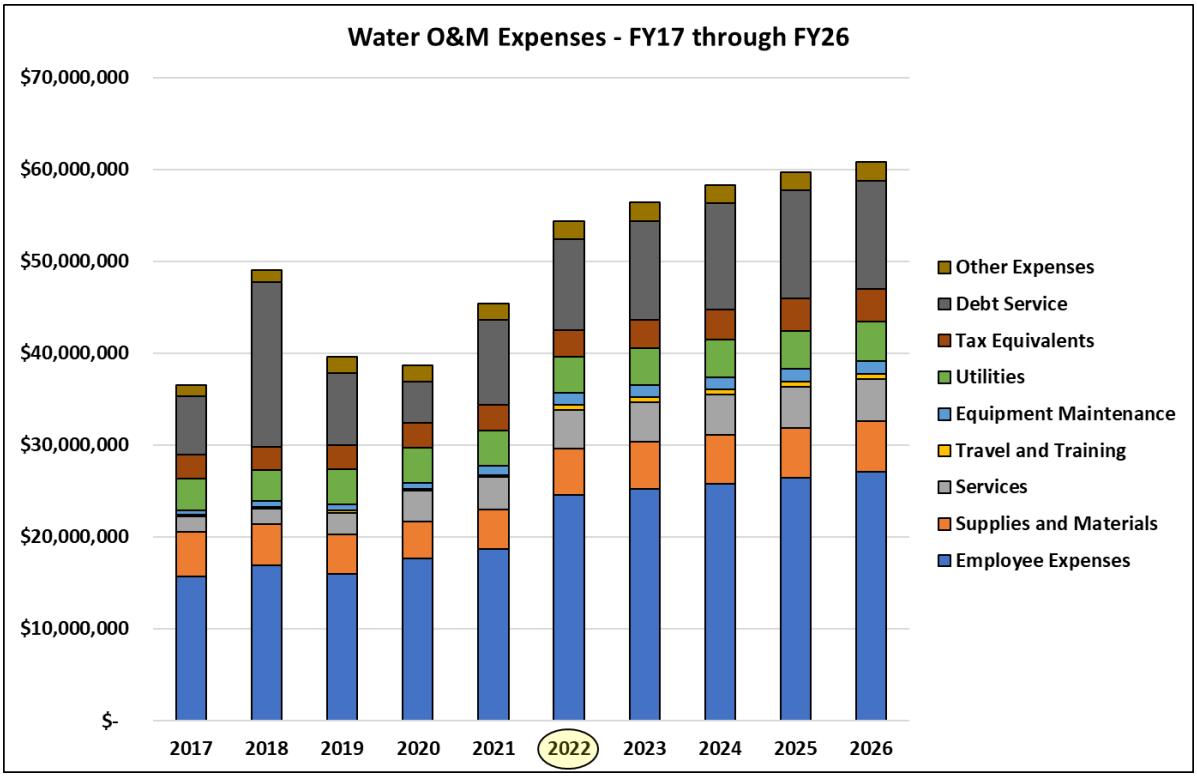



*Water rate increases are projected for 2023-2025 but may be deferred if a strong cash position can be maintained.*




*Water operating expenses trend upward due to inflation, debt service and employee related expenses.*

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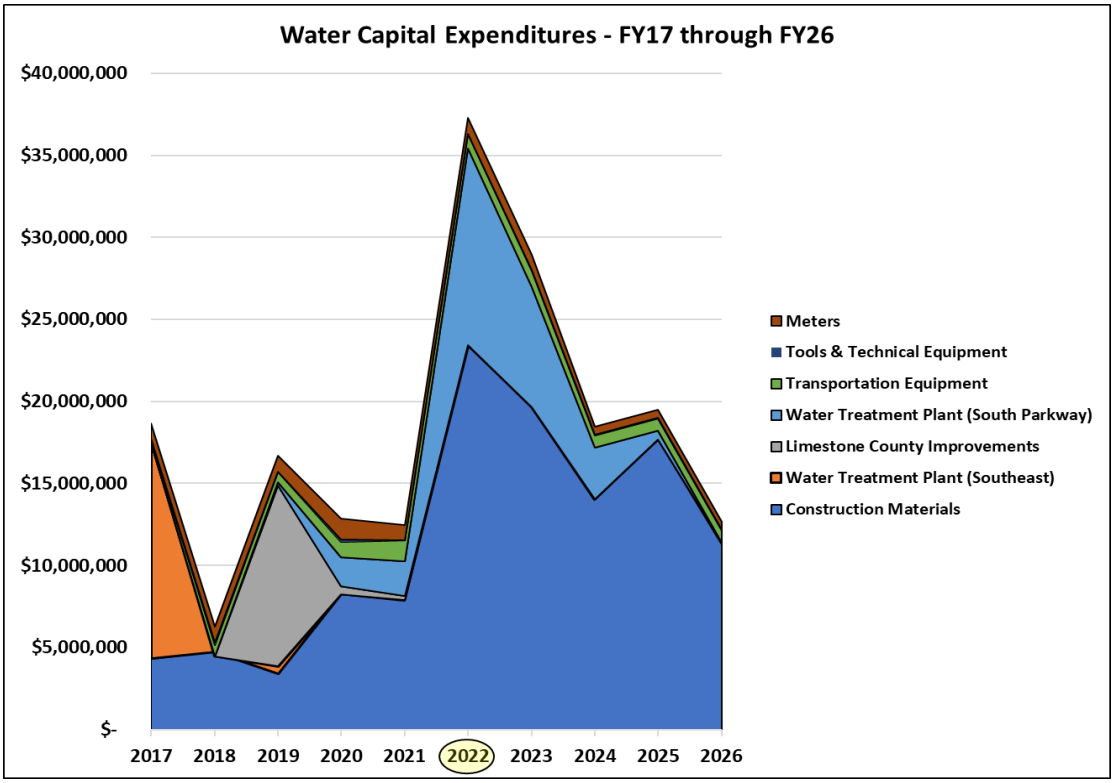
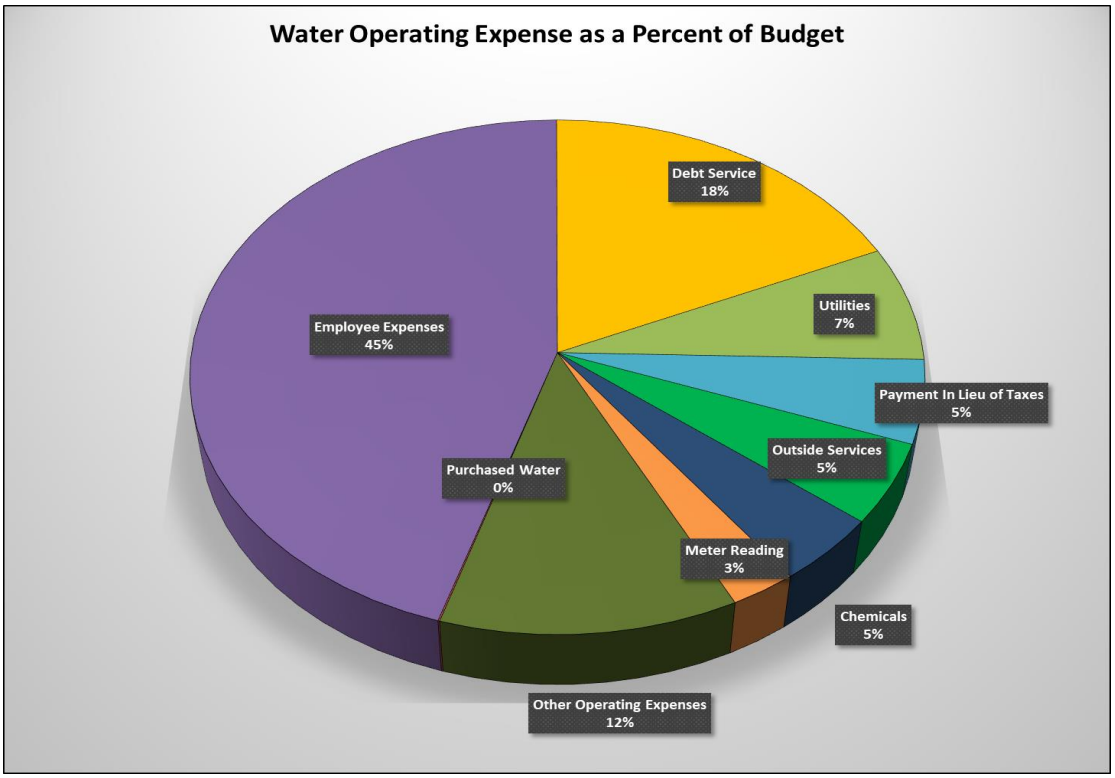



*The rehab of the South Parkway water treatment plant and system growth are key components of water capital costs.*




*Employee-related costs account for nearly half of the water expense budget, but debt service payments and fiber lease payments (included in other operating expenses) are other significant factors.*

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# Revenues and Expenditures Summary – Gas

| REVENUE: | FY19 Actual | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget |
|---|---|---|---|---|---|
| Residential Sales | $ 21,433,105 | $ 21,377,175 | $ 22,347,269 | $ 23,317,865 | $ 23,035,890 |
| Small Commercial Sales | $ 12,021,227 | $ 11,872,485 | $ 10,877,912 | $ 12,236,739 | $ 12,362,736 |
| Medium Commercial Sales | $ 10,055,759 | $ 8,234,259 | $ 7,691,028 | $ 10,934,594 | $ 9,636,097 |
| Large Commercial Sales | $ - | $ 641,198 | $ 1,858,556 | $ 1,704,435 | $ 1,559,296 |
| Small Industrial Sales | $ 1,329,786 | $ 812,281 | $ - | $ - | $ - |
| Large Industrial Sales | $ 696,119 | $ 1,156,778 | $ 1,533,007 | $ 1,637,377 | $ 6,354,436 |
| Other Sales | $ - | $ - | $ - | $ - | $ - |
| Forefeited Discounts | $ 209,673 | $ 143,935 | $ 231,213 | $ 225,460 | $ 194,000 |
| Aid-To-Construction | $ 79,563 | $ 66,885 | $ 40,000 | $ 117,877 | $ 40,000 |
| Connection/Tap Fees | $ 374,296 | $ 373,314 | $ 393,011 | $ 403,475 | $ 362,000 |
| Collection/Reconnection Fees | $ 253,116 | $ 185,104 | $ 253,116 | $ 364,666 | $ 281,000 |
| Miscellaneous Revenue | $ 2,427,082 | $ 2,646,558 | $ 2,570,516 | $ 2,851,755 | $ 2,611,973 |
| Interest Income | $ 856,616 | $ 478,495 | $ 266,820 | $ 228,642 | $ 210,000 |
| Rental Income | $ 176,635 | $ 176,635 | $ 176,635 | $ 176,635 | $ 176,635 |
| Water Fiber Lease Income | $ - | $ - | $ - | $ - | $ - |
| Gas Fiber Lease Income | $ - | $ - | $ - | $ - | $ - |
| COH Fiber Lease Income | $ - | $ - | $ - | $ - | $ - |
| Google Fiber Lease Income | $ - | $ - | $ - | $ - | $ - |
| Reimbursements | $ 673,643 | $ 371,580 | $ 6,648,543 | $ 4,244,558 | $ 2,364,730 |
| IGSA Service Revenue | $ - | $ - | $ 129,932 | $ 129,932 | $ 397,595 |
| Warrant Proceeds | $ - | $ - | $ 7,100,000 | $ 4,500,000 | $ - |
| Cash Reserves Transfer | $ (2,000,444) | $ 3,471,924 | $ 1,870,285 | $ (9,496,143) | $ 8,769,665 |
| | **$ 48,586,176** | **$ 52,008,606** | **$ 63,987,843** | **$ 53,577,867** | **$ 68,356,053** |
| **EXPENDITURES:** | | | | | |
| Employee Expenses | $ 12,354,678 | $ 14,301,763 | $ 16,203,451 | $ 15,244,980 | $ 17,351,363 |
| Supplies and Materials | $ 2,358,048 | $ 1,777,807 | $ 1,670,965 | $ 1,708,691 | $ 1,618,482 |
| Services | $ 2,078,583 | $ 2,540,877 | $ 2,799,840 | $ 2,618,447 | $ 3,335,625 |
| Travel and Training | $ 318,417 | $ 373,376 | $ 634,686 | $ 481,254 | $ 702,112 |
| Equipment Maintenance | $ 411,006 | $ 438,177 | $ 879,903 | $ 557,709 | $ 728,492 |
| Utilities | $ 207,913 | $ 203,022 | $ 247,054 | $ 248,532 | $ 269,970 |
| Commodity | $ 22,712,213 | $ 18,938,024 | $ 19,036,084 | $ 20,549,594 | $ 22,922,404 |
| Tax Equivalents | $ 2,731,597 | $ 2,652,790 | $ 2,657,886 | $ 2,989,861 | $ 3,176,907 |
| Debt Service | $ - | $ 1,760,578 | $ 2,345,205 | $ 1,824,316 | $ 1,563,881 |
| Other Operating Expenses | $ 624,909 | $ 1,046,499 | $ 754,313 | $ 724,359 | $ 811,556 |
| Capital Expenditures | $ 4,788,812 | $ 7,975,693 | $ 16,758,456 | $ 6,630,124 | $ 15,875,261 |
| | **$ 48,586,176** | **$ 52,008,606** | **$ 63,987,843** | **$ 53,577,867** | **$ 68,356,053** |

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# Revenue Detail – Gas

| Sales Revenues | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Residential Sales | $ 21,377,175 | $ 22,347,269 | $ 23,317,865 | $ 23,035,890 | 3.1% | -1.2% |
| Small Commercial Sales | $ 11,872,485 | $ 10,877,912 | $ 12,236,739 | $ 12,362,736 | 13.6% | 1.0% |
| Medium Commercial Sales | $ 8,234,259 | $ 7,691,028 | $ 10,934,594 | $ 9,636,097 | 25.3% | -11.9% |
| Large Commercial Sales | $ 641,198 | $ 1,858,556 | $ 1,704,435 | $ 1,559,296 | -16.1% | -8.5% |
| Small Industrial Sales | $ 812,281 | $ - | $ - | $ - | 0.0% | 0.0% |
| Large Industrial Sales | $ 1,156,778 | $ 1,533,007 | $ 1,637,377 | $ 6,354,436 | 314.5% | 288.1% |
| **Total** | **$ 44,094,176** | **$ 44,307,772** | **$ 49,831,010** | **$ 52,948,455** | **19.5%** | **6.3%** |

| Other Operating Revenue | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Forfeited Discounts | $ 143,935 | $ 231,213 | $ 225,460 | $ 194,000 | -16.1% | -14.0% |
| Aid-To-Construction | $ 66,885 | $ 40,000 | $ 117,877 | $ 40,000 | 0.0% | -66.1% |
| Connection/Tap Fees | $ 373,314 | $ 393,011 | $ 403,475 | $ 362,000 | -7.9% | -10.3% |
| Collection/Reconnect Fees | $ 185,104 | $ 253,116 | $ 364,666 | $ 281,000 | 11.0% | -22.9% |
| Miscellaneous | $ 2,646,558 | $ 2,570,516 | $ 2,851,755 | $ 2,611,973 | 1.6% | -8.4% |
| **Total** | **$ 3,415,796** | **$ 3,487,856** | **$ 3,963,233** | **$ 3,488,973** | **0.0%** | **-12.0%** |

| Non Operating Revenue | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Interest Income | $ 478,495 | $ 266,820 | $ 228,642 | $ 210,000 | -21.3% | -8.2% |
| Rental Income | $ 176,635 | $ 176,635 | $ 176,635 | $ 176,635 | 0.0% | 0.0% |
| Reimbursements | $ 371,580 | $ 6,648,543 | $ 4,244,558 | $ 2,364,730 | -64.4% | -44.3% |
| IGSA Service Revenue | $ - | $ 129,932 | $ 129,932 | $ 397,595 | 206.0% | 206.0% |
| **Total** | **$ 1,026,710** | **$ 7,221,930** | **$ 4,779,767** | **$ 3,148,960** | **-56.4%** | **-34.1%** |

| Warrant and Loan Proceeds | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Warrant Procceds | $ - | $ 7,100,000 | $ 4,500,000 | $ - | -100.0% | -100.0% |
| **Total** | **$ -** | **$ 7,100,000** | **$ 4,500,000** | **$ -** | **-100.0%** | **-100.0%** |

| **Total Revenues** | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| **Total** | **$ 48,536,682** | **$ 62,117,558** | **$ 63,074,010** | **$ 59,586,388** | **-4.1%** | **-5.5%** |

The last two columns on this table and others like it compare the FY22 Budget amount for each line item to the FY21 Budget amount (BvB) and to the FY21 Projected amount (BvP).

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# Expense Detail – Gas

| Employee Expenses | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Payroll-Straight Time | $ 8,157,308 | $ 9,765,549 | $ 9,091,565 | $ 10,485,660 | 7.4% | 15.3% |
| Payroll-Overtime | $ 892,103 | $ 847,921 | $ 790,182 | $ 911,192 | 7.5% | 15.3% |
| Health Insurance | $ 1,618,528 | $ 2,819,905 | $ 2,588,331 | $ 2,933,922 | 4.0% | 13.4% |
| FICA Taxes - Employers | $ 702,587 | $ 800,750 | $ 782,725 | $ 859,905 | 7.4% | 9.9% |
| Unemployment | $ 275 | $ 2,941 | $ 2,716 | $ 2,990 | 1.7% | 10.1% |
| Workers Comp. | $ 69,543 | $ 58,088 | $ 68,588 | $ 83,291 | 43.4% | 21.4% |
| Employer Pension Expense | $ 2,120,577 | $ 1,057,478 | $ 1,082,806 | $ 1,156,142 | 9.3% | 6.8% |
| Other Employee Benefits | $ 740,842 | $ 850,819 | $ 838,067 | $ 918,261 | 7.9% | 9.6% |
| Total | **$ 14,301,763** | **$ 16,203,451** | **$ 15,244,980** | **$ 17,351,363** | **7.1%** | **13.8%** |

| Supplies and Materials | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Small Tools & Equipment | $ 292,028 | $ 327,431 | $ 295,304 | $ 300,911 | -8.1% | 1.9% |
| Postage | $ 105,892 | $ 116,023 | $ 158,979 | $ 168,829 | 45.5% | 6.2% |
| Materials: Non-Stock | $ 1,086,807 | $ 843,485 | $ 947,531 | $ 803,765 | -4.7% | -15.2% |
| Office Supplies & Expenses | $ 115,410 | $ 204,492 | $ 137,771 | $ 165,432 | -19.1% | 20.1% |
| Fuel | $ 177,516 | $ 179,453 | $ 168,997 | $ 179,453 | 0.0% | 6.2% |
| Board Expenses | $ 154 | $ 81 | $ 109 | $ 92 | 13.6% | -15.6% |
| Total | **$ 1,777,807** | **$ 1,670,965** | **$ 1,708,691** | **$ 1,618,482** | **-3.1%** | **-5.3%** |

| Services | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Outside Services | $ 2,118,871 | $ 2,311,691 | $ 2,217,447 | $ 2,881,263 | 24.6% | 29.9% |
| Legal Services | $ 79,347 | $ 77,017 | $ 89,543 | $ 93,909 | 21.9% | 4.9% |
| Public Information | $ 342,659 | $ 411,132 | $ 311,457 | $ 360,453 | -12.3% | 15.7% |
| Total | **$ 2,540,877** | **$ 2,799,840** | **$ 2,618,447** | **$ 3,335,625** | **19.1%** | **27.4%** |

| Travel and Training | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Education & Training | $ 79,866 | $ 234,143 | $ 121,297 | $ 237,212 | 1.3% | 95.6% |
| Trade Memberships/Dues | $ 268,338 | $ 334,330 | $ 330,300 | $ 374,085 | 11.9% | 13.3% |
| Employee Meals | $ 22,181 | $ 47,772 | $ 18,011 | $ 52,072 | 9.0% | 189.1% |
| Business Travel | $ 2,991 | $ 18,441 | $ 11,646 | $ 38,743 | 110.1% | 232.7% |
| Total | **$ 373,376** | **$ 634,686** | **$ 481,254** | **$ 702,112** | **10.6%** | **45.9%** |

| Equipment Maintenance | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Equipment Maintenance | $ 9,392 | $ 23,277 | $ 16,317 | $ 19,833 | -14.8% | 21.5% |
| Software/Hardware Maint. | $ 428,785 | $ 856,626 | $ 541,392 | $ 708,659 | -17.3% | 30.9% |
| Total | **$ 438,177** | **$ 879,903** | **$ 557,709** | **$ 728,492** | **-17.2%** | **30.6%** |

| Utilities | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Utilities | $ 203,022 | $ 247,054 | $ 248,532 | $ 269,970 | 9.3% | 8.6% |
| Total | **$ 203,022** | **$ 247,054** | **$ 248,532** | **$ 269,970** | **9.3%** | **8.6%** |

| Commodity | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Purchased Gas | $ 18,938,024 | $ 19,036,084 | $ 20,549,594 | $ 22,922,404 | 20.4% | 11.5% |
| Total | **$ 18,938,024** | **$ 19,036,084** | **$ 20,549,594** | **$ 22,922,404** | **20.4%** | **11.5%** |

| Tax Equivalents | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Tax Equivalents | $ 2,652,790 | $ 2,657,886 | $ 2,989,861 | $ 3,176,907 | 19.5% | 6.3% |
| Total | **$ 2,652,790** | **$ 2,657,886** | **$ 2,989,861** | **$ 3,176,907** | **19.5%** | **6.3%** |

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# Expense Detail – Gas (Continued)

| Debt Service | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Debt Service Expenses | $ 1,760,578 | $ 2,345,205 | $ 1,824,316 | $ 1,563,881 | -33.3% | -14.3% |
| Total | **$ 1,760,578** | **$ 2,345,205** | **$ 1,824,316** | **$ 1,563,881** | **-33.3%** | **-14.3%** |

| Other Expenses | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Fiber Lease | $ 360,000 | $ 360,000 | $ 360,000 | $ 360,000 | 0.0% | 0.0% |
| Rentals | $ 210,378 | $ 247,208 | $ 217,936 | $ 222,082 | -10.2% | 1.9% |
| Uncollectible Accounts | $ 129,109 | $ 19,819 | $ (35,245) | $ 50,772 | 156.2% | -244.1% |
| Injuries & Damages | $ 82,587 | $ 6,800 | $ 8,332 | $ 2,200 | -67.6% | -73.6% |
| Cash Overages & Shortages | $ (135) | $ 132 | $ (22) | $ 192 | 45.5% | -972.7% |
| Insurance | $ 66,360 | $ 81,078 | $ 96,579 | $ 113,310 | 39.8% | 17.3% |
| Customer Deposit Interest | $ 198,200 | $ 39,276 | $ 76,779 | $ 63,000 | 60.4% | -17.9% |
| Propane | $ - | $ - | $ - | $ - | 0.0% | 0.0% |
| Total | **$ 1,046,499** | **$ 754,313** | **$ 724,359** | **$ 811,556** | **7.6%** | **12.0%** |

| Capital | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Mat. - Operation & Maint. | $ 232,679 | $ 235,000 | $ 155,946 | $ 215,000 | -8.5% | 37.9% |
| Mat. - New Construction | $ 976,747 | $ 915,000 | $ 906,163 | $ 4,250,436 | 364.5% | 369.1% |
| Greenbrier (MTM) | $ 3,949,957 | $ 2,300,000 | $ 790,156 | $ 1,850,000 | -19.6% | 134.1% |
| AMI | $ 336,320 | $ 3,000,000 | $ 800,000 | $ 3,950,000 | 31.7% | 393.8% |
| Mat. - Renew & Replace | $ 152,085 | $ 7,212,500 | $ 2,131,591 | $ 2,433,800 | -66.3% | 14.2% |
| Cast Iron Replacement | $ 607,711 | $ 1,800,000 | $ 866,551 | $ 1,800,000 | 0.0% | 107.7% |
| Land | $ - | $ - | $ - | $ - | 0.0% | 0.0% |
| Office Furniture/Equipment | $ - | $ - | $ - | $ - | 0.0% | 0.0% |
| Tools & Work Equipment | $ - | $ 21,000 | $ - | $ 20,000 | -4.8% | 100.0% |
| Transportation Equipment | $ 1,029,823 | $ 714,956 | $ 606,460 | $ 756,025 | 5.7% | 24.7% |
| Communication Equipment | $ - | $ - | $ - | $ - | 0.0% | 0.0% |
| Computer Equipment | $ 37,862 | $ - | $ - | $ - | 0.0% | 0.0% |
| Metering Equipment | $ 548,176 | $ 475,000 | $ 325,722 | $ 500,000 | 5.3% | 53.5% |
| Regulators | $ 104,333 | $ 85,000 | $ 47,535 | $ 100,000 | 17.6% | 110.4% |
| Total | **$ 7,975,693** | **$ 16,758,456** | **$ 6,630,124** | **$ 15,875,261** | **-5.3%** | **139.4%** |

| | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| **Sales Revenue** | **$ 44,094,176** | **$ 44,307,772** | **$ 49,831,010** | **$ 52,948,455** | **19.5%** | **6.3%** |
| **Other Revenue** | **$ 4,442,506** | **$ 10,709,786** | **$ 8,743,000** | **$ 6,637,933** | **-38.0%** | **-24.1%** |
| **Warrant Proceeds** | **$ -** | **$ 7,100,000** | **$ 4,500,000** | **$ -** | **-100.0%** | **-100.0%** |
| | | | | | | |
| **Commodity** | **$ 18,938,024** | **$ 19,036,084** | **$ 20,549,594** | **$ 22,922,404** | **20.4%** | **11.5%** |
| **O&M Expenses** | **$ 20,681,521** | **$ 23,190,212** | **$ 21,583,972** | **$ 24,817,600** | **7.0%** | **15.0%** |
| **Debt Service** | **$ 1,760,578** | **$ 2,345,205** | **$ 1,824,316** | **$ 1,563,881** | **-33.3%** | **-14.3%** |
| **Taxes** | **$ 2,652,790** | **$ 2,657,886** | **$ 2,989,861** | **$ 3,176,907** | **19.5%** | **6.3%** |
| | | | | | | |
| **Capital Expenses** | **$ 7,975,693** | **$ 16,758,456** | **$ 6,630,124** | **$ 15,875,261** | **-5.3%** | **139.4%** |
| | | | | | | |
| **Net Cash Impact** | **$ (3,471,924)** | **$ (1,870,285)** | **$ 9,496,143** | **$ (8,769,665)** | | |
| | | | | | | |

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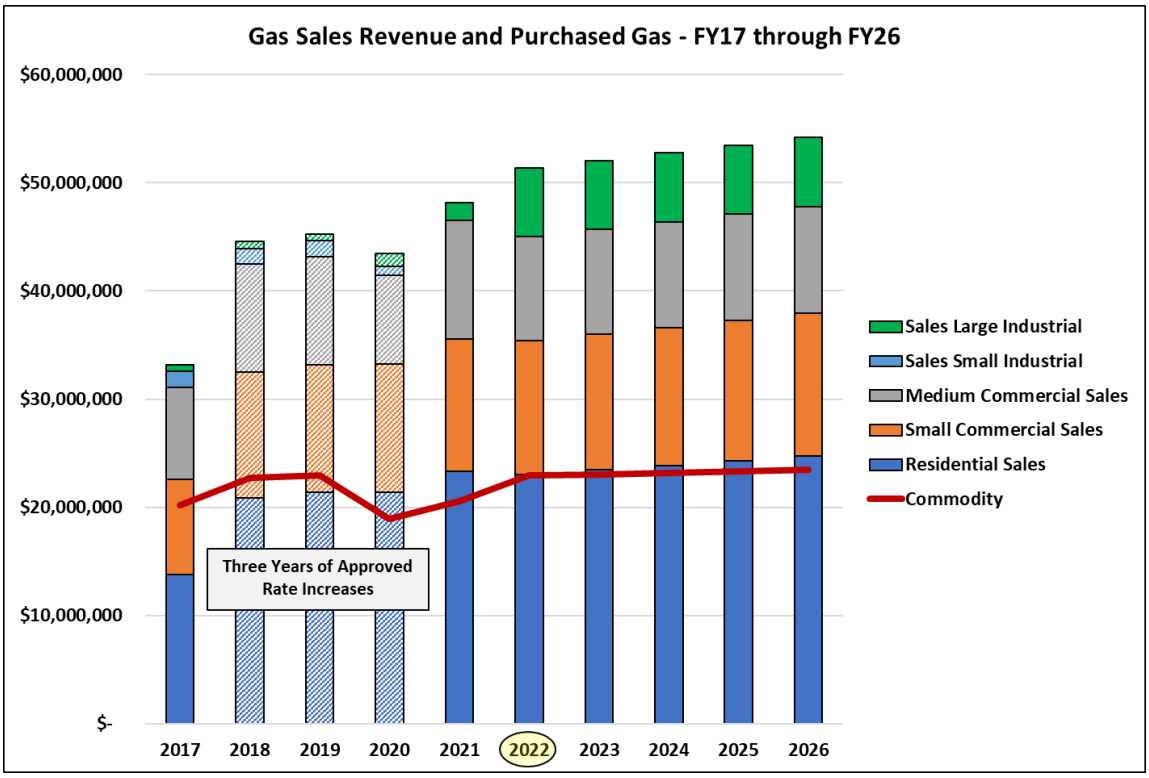
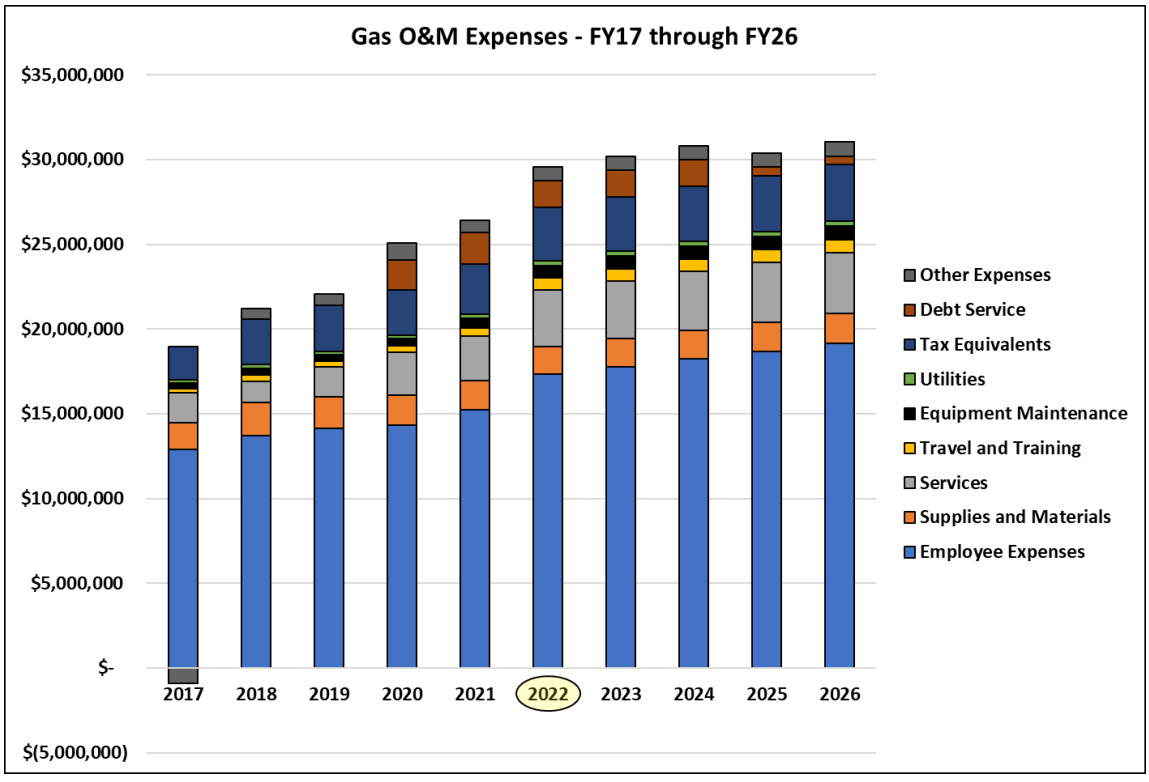



*As Mazda Toyota moves into full production status, usage and revenue are expected to increase.*




*Gas operating expenses trend upward due to inflation and employee-related costs.*

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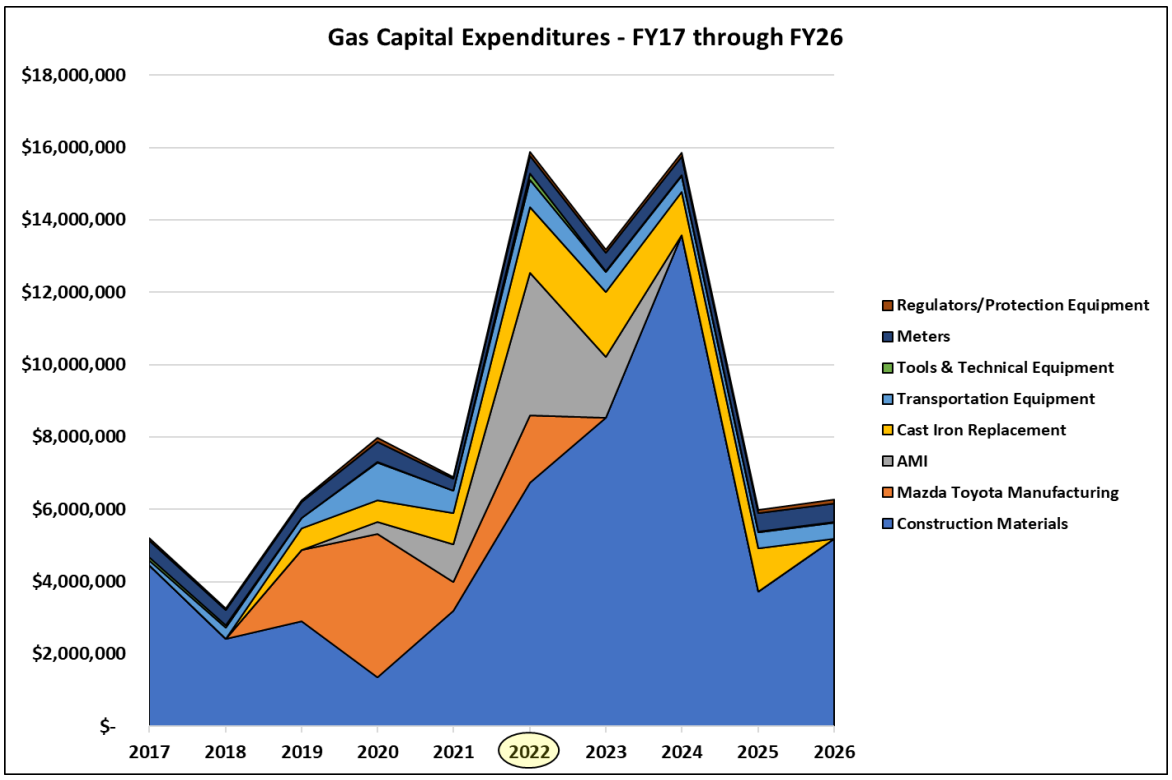
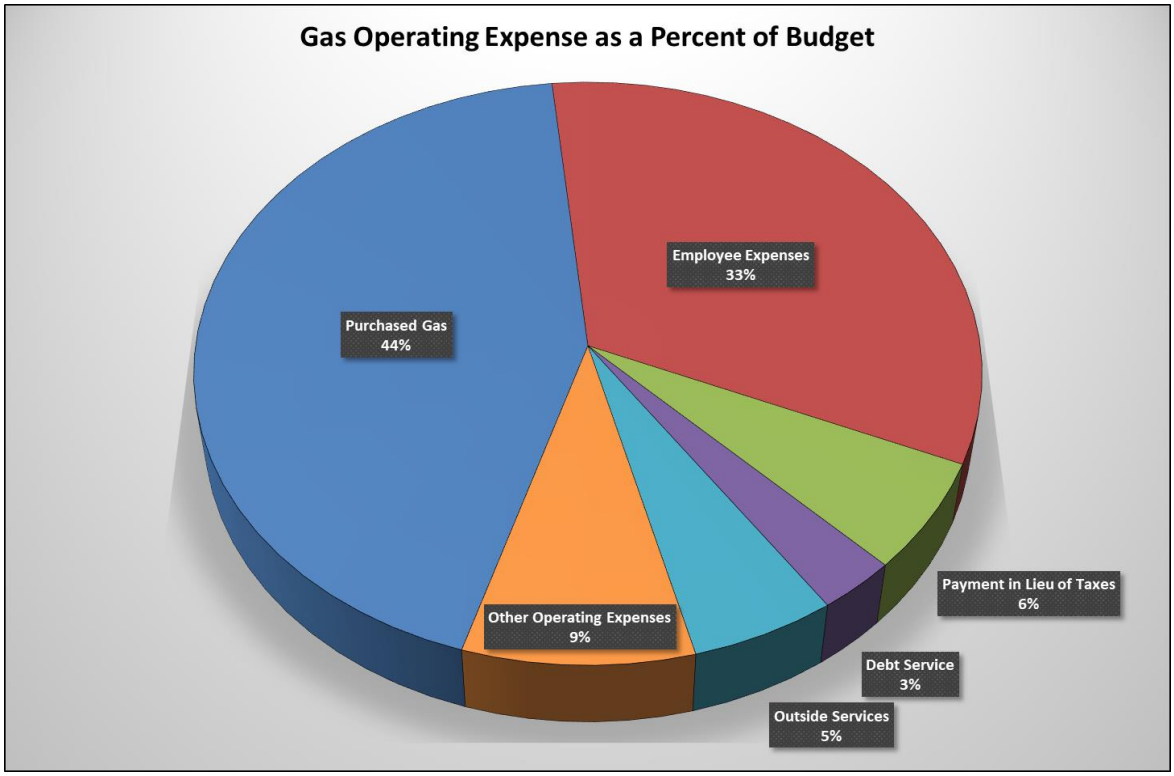



*The AMI deployment, cast iron pipe replacement and system growth are the factors driving the gas capital budget.*




*Purchased gas or commodity costs, which includes pipeline expenses, are the most significant factor in the gas expense budget.*

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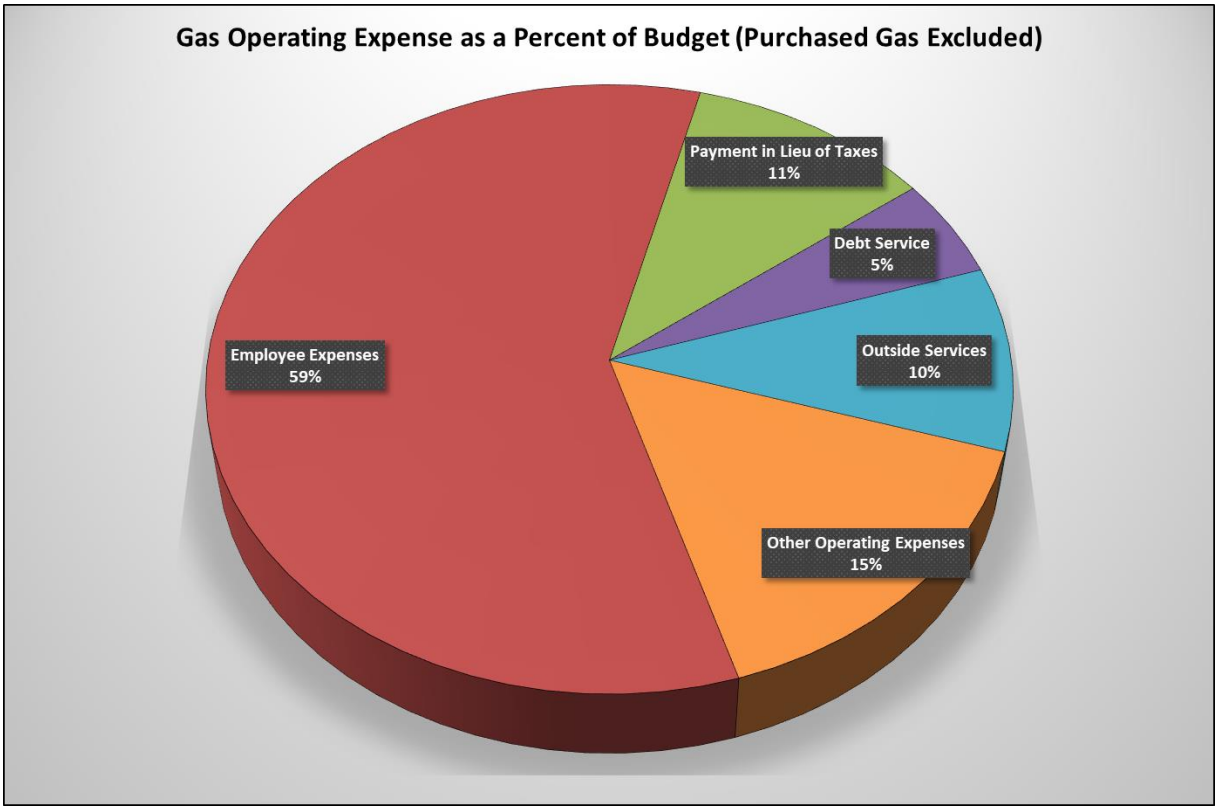


*Employee expenses make up more than half of the remaining costs.*


*Natural gas customers continue to increase by around 3% annually. Shown above is an HU crew installing residential gas lines.*

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# Revenues and Expenditures Summary – Electric

| REVENUE: | FY19 Actual | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget |
|---|---|---|---|---|---|
| Residential Sales | $ 262,084,646 | $ 252,915,853 | $ 265,232,677 | $ 267,771,578 | $ 273,393,333 |
| Small Commercial Sales | $ 42,286,445 | $ 39,767,463 | $ 40,285,733 | $ 40,595,134 | $ 42,194,756 |
| Medium Commercial Sales | $ 140,764,231 | $ 134,044,769 | $ 134,782,198 | $ 135,078,810 | $ 141,760,564 |
| Large Commercial Sales | $ 26,673,331 | $ 25,657,105 | $ 26,969,195 | $ 24,295,801 | $ 28,190,234 |
| Small Industrial Sales | $ 18,538,860 | $ 13,834,562 | $ 18,455,285 | $ 13,598,011 | $ 15,167,824 |
| Large Industrial Sales | $ 17,623,591 | $ 18,602,503 | $ 19,589,941 | $ 21,135,567 | $ 20,467,019 |
| Other Sales | $ 5,111,686 | $ 5,059,544 | $ 4,946,249 | $ 5,122,253 | $ 5,018,896 |
| Forefeited Discounts | $ 2,715,496 | $ 1,627,483 | $ 2,718,184 | $ 2,772,990 | $ 2,541,000 |
| Aid-To-Construction | $ 9,120,168 | $ 10,595,556 | $ 8,575,478 | $ 13,784,222 | $ 10,600,000 |
| Connection/Tap Fees | $ 2,412,762 | $ 2,385,240 | $ 2,520,507 | $ 2,612,917 | $ 2,325,000 |
| Collection/Reconnection Fees | $ 1,656,716 | $ 1,211,493 | $ 1,656,716 | $ 2,386,878 | $ 1,838,000 |
| Miscellaneous Revenue | $ 2,890,553 | $ 2,385,357 | $ 1,667,106 | $ 2,341,502 | $ 1,984,100 |
| Interest Income | $ 1,844,055 | $ 569,761 | $ 427,716 | $ 267,095 | $ 300,000 |
| Rental Income | $ 4,620,728 | $ 4,525,030 | $ 4,529,277 | $ 4,703,600 | $ 5,137,739 |
| Water Fiber Lease Income | $ 840,000 | $ 840,000 | $ 840,000 | $ 840,000 | $ 840,000 |
| Gas Fiber Lease Income | $ 360,000 | $ 360,000 | $ 360,000 | $ 360,000 | $ 360,000 |
| COH Fiber Lease Income | $ 2,164,000 | $ 2,496,000 | $ 2,496,000 | $ 2,496,000 | $ 2,496,000 |
| Google Fiber Lease Income | $ 4,603,651 | $ 6,533,843 | $ 7,211,616 | $ 7,185,047 | $ 7,407,500 |
| Reimbursements | $ 1,939,794 | $ 1,746,024 | $ 1,406,058 | $ 1,727,824 | $ 1,421,530 |
| IGSA Service Revenue | $ - | $ - | $ 1,127,124 | $ 1,127,124 | $ 3,449,006 |
| Warrant Proceeds | $ 25,913,925 | $ 5,054,000 | $ - | $ - | $ - |
| Cash Reserves Transfer | $ (4,221,526) | $ (17,315,823) | $ 1,818,839 | $ (34,573,919) | $ (15,357,809) |
| | **$ 569,943,112** | **$ 512,895,763** | **$ 547,615,899** | **$ 515,628,434** | **$ 551,534,692** |
| **EXPENDITURES:** | | | | | |
| Employee Expenses | $ 40,680,082 | $ 42,344,255 | $ 47,424,097 | $ 42,045,973 | $ 50,541,705 |
| Supplies and Materials | $ 5,842,235 | $ 5,763,003 | $ 4,953,662 | $ 5,094,543 | $ 5,877,728 |
| Services | $ 13,259,088 | $ 13,605,610 | $ 15,745,119 | $ 11,889,450 | $ 15,288,253 |
| Travel and Training | $ 884,992 | $ 710,231 | $ 1,265,674 | $ 812,911 | $ 1,303,731 |
| Equipment Maintenance | $ 2,001,560 | $ 2,064,310 | $ 2,317,269 | $ 1,640,253 | $ 2,033,129 |
| Utilities | $ 875,423 | $ 834,158 | $ 679,698 | $ 749,340 | $ 820,790 |
| Commodity | $ 429,473,972 | $ 392,788,003 | $ 406,855,241 | $ 395,560,240 | $ 408,174,570 |
| Tax Equivalents | $ 13,477,577 | $ 15,437,942 | $ 17,091,993 | $ 17,739,820 | $ 16,591,993 |
| Debt Service | $ 4,801,365 | $ 5,462,854 | $ 6,591,600 | $ 6,854,472 | $ 6,590,850 |
| Other Operating Expenses | $ 2,028,454 | $ 2,941,102 | $ 1,673,445 | $ 1,458,601 | $ 2,010,120 |
| Capital Expenditures | $ 56,618,364 | $ 30,944,295 | $ 43,018,101 | $ 31,782,831 | $ 42,301,823 |
| | **$ 569,943,112** | **$ 512,895,763** | **$ 547,615,899** | **$ 515,628,434** | **$ 551,534,692** |

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# Revenue Detail – Electric

| Sales Revenues | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Residential Sales | $ 252,915,853 | $ 265,232,677 | $ 267,771,578 | $ 273,393,333 | 3.1% | 2.1% |
| Small Commercial Sales | $ 39,767,463 | $ 40,285,733 | $ 40,595,134 | $ 42,194,756 | 4.7% | 3.9% |
| Medium Commercial Sales | $ 134,044,769 | $ 134,782,198 | $ 135,078,810 | $ 141,760,564 | 5.2% | 4.9% |
| Large Commercial Sales | $ 25,657,105 | $ 26,969,195 | $ 24,295,801 | $ 28,190,234 | 4.5% | 16.0% |
| Small Industrial Sales | $ 13,834,562 | $ 18,455,285 | $ 13,598,011 | $ 15,167,824 | -17.8% | 11.5% |
| Large Industrial Sales | $ 18,602,503 | $ 19,589,941 | $ 21,135,567 | $ 20,467,019 | 4.5% | -3.2% |
| Lighting Sales | $ 5,059,544 | $ 4,946,249 | $ 5,122,253 | $ 5,018,896 | 1.5% | -2.0% |
| **Total** | **$ 489,881,799** | **$ 510,261,278** | **$ 507,597,154** | **$ 526,192,626** | **3.1%** | **3.7%** |

| Other Operating Revenue | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Forfeited Discounts | $ 1,627,483 | $ 2,718,184 | $ 2,772,990 | $ 2,541,000 | -6.5% | -8.4% |
| Aid-To-Construction | $ 10,595,556 | $ 8,575,478 | $ 13,784,222 | $ 10,600,000 | 23.6% | -23.1% |
| Connection/Tap Fees | $ 2,385,240 | $ 2,520,507 | $ 2,612,917 | $ 2,325,000 | -7.8% | -11.0% |
| Collection/Reconnect Fees | $ 1,211,493 | $ 1,656,716 | $ 2,386,878 | $ 1,838,000 | 10.9% | -23.0% |
| Miscellaneous | $ 2,385,357 | $ 1,667,106 | $ 2,341,502 | $ 1,984,100 | 19.0% | -15.3% |
| **Total** | **$ 18,205,129** | **$ 17,137,991** | **$ 23,898,509** | **$ 19,288,100** | **12.5%** | **-19.3%** |

| Non Operating Revenue | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Interest Income | $ 569,761 | $ 427,716 | $ 267,095 | $ 300,000 | -29.9% | 12.3% |
| Rental Income | $ 4,525,030 | $ 4,529,277 | $ 4,703,600 | $ 5,137,739 | 13.4% | 9.2% |
| Reimbursements | $ 1,746,024 | $ 1,406,058 | $ 1,727,824 | $ 1,421,530 | 1.1% | -17.7% |
| Water Fiber Lease | $ 840,000 | $ 840,000 | $ 840,000 | $ 840,000 | 0.0% | 0.0% |
| Gas Fiber Lease | $ 360,000 | $ 360,000 | $ 360,000 | $ 360,000 | 0.0% | 0.0% |
| City Fiber Lease | $ 2,496,000 | $ 2,496,000 | $ 2,496,000 | $ 2,496,000 | 0.0% | 0.0% |
| Google Fiber Lease | $ 6,533,843 | $ 7,211,616 | $ 7,185,047 | $ 7,407,500 | 2.7% | 3.1% |
| IGSA Service Revenue | $ - | $ 1,127,124 | $ 1,127,124 | $ 3,449,006 | 206.0% | 206.0% |
| Total | **$ 17,070,658** | **$ 18,397,791** | **$ 18,706,690** | **$ 21,411,775** | **16.4%** | **14.5%** |

| Warrant and Loan Proceeds | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Warrant Procceds | $ 5,054,000 | $ - | $ - | $ - | 0.0% | 0.0% |
| Total | **$ 5,054,000** | **$ -** | **$ -** | **$ -** | **0.0%** | **0.0%** |

| **Total Revenues** | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| **Total** | **$ 530,211,586** | **$ 545,797,060** | **$ 550,202,353** | **$ 566,892,501** | **3.9%** | **3.0%** |

The last two columns on this table and others like it compare the FY22 Budget amount for each line item to the FY21 Budget amount (BvB) and to the FY21 Projected amount (BvP).

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# Expense Detail – Electric

| Employee Expenses | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Payroll-Straight Time | $ 25,633,846 | $ 28,223,452 | $ 24,047,760 | $ 30,011,498 | 6.3% | 24.8% |
| Payroll-Overtime | $ 3,127,867 | $ 3,395,488 | $ 3,519,894 | $ 3,611,499 | 6.4% | 2.6% |
| Health Insurance | $ 3,993,041 | $ 6,941,275 | $ 6,053,118 | $ 7,269,615 | 4.7% | 20.1% |
| FICA Taxes - Employers | $ 2,237,653 | $ 2,390,060 | $ 2,182,841 | $ 2,542,871 | 6.4% | 16.5% |
| Unemployment | $ 972 | $ 5,880 | $ 5,669 | $ 6,240 | 6.1% | 10.1% |
| Workers Comp. | $ 100,845 | $ 132,032 | $ 181,766 | $ 187,776 | 42.2% | 3.3% |
| Employer Pension Expense | $ 5,113,020 | $ 3,901,895 | $ 3,876,519 | $ 4,299,741 | 10.2% | 10.9% |
| Other Employee Benefits | $ 2,137,011 | $ 2,434,015 | $ 2,178,406 | $ 2,612,465 | 7.3% | 19.9% |
| Total | **$ 42,344,255** | **$ 47,424,097** | **$ 42,045,973** | **$ 50,541,705** | **6.6%** | **20.2%** |

| Supplies and Materials | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Small Tools & Equipment | $ 1,326,617 | $ 1,538,281 | $ 1,342,640 | $ 1,348,165 | -12.4% | 0.4% |
| Postage | $ 723,272 | $ 764,511 | $ 576,239 | $ 603,167 | -21.1% | 4.7% |
| Materials: Non-Stock | $ 2,226,802 | $ 1,510,964 | $ 2,224,911 | $ 2,817,557 | 86.5% | 26.6% |
| Office Supplies & Expenses | $ 950,992 | $ 572,530 | $ 422,127 | $ 492,380 | -14.0% | 16.6% |
| Fuel | $ 530,444 | $ 559,334 | $ 525,772 | $ 615,267 | 10.0% | 17.0% |
| Board Expenses | $ 4,876 | $ 8,042 | $ 2,854 | $ 1,192 | -85.2% | -58.2% |
| Total | **$ 5,763,003** | **$ 4,953,662** | **$ 5,094,543** | **$ 5,877,728** | **18.7%** | **15.4%** |

| Services | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Outside Services | $ 12,952,340 | $ 14,981,332 | $ 11,217,728 | $ 14,421,692 | -3.7% | 28.6% |
| Legal Services | $ 85,078 | $ 161,351 | $ 134,418 | $ 184,799 | 14.5% | 37.5% |
| Public Information | $ 568,192 | $ 602,436 | $ 537,304 | $ 681,762 | 13.2% | 26.9% |
| Total | **$ 13,605,610** | **$ 15,745,119** | **$ 11,889,450** | **$ 15,288,253** | **-2.9%** | **28.6%** |

| Travel and Training | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Education & Training | $ 226,676 | $ 652,483 | $ 295,198 | $ 649,190 | -0.5% | 119.9% |
| Trade Memberships/Dues | $ 410,037 | $ 398,134 | $ 427,745 | $ 428,675 | 7.7% | 0.2% |
| Employee Meals | $ 52,451 | $ 135,179 | $ 62,390 | $ 142,271 | 5.2% | 128.0% |
| Business Travel | $ 21,067 | $ 79,878 | $ 27,578 | $ 83,595 | 4.7% | 203.1% |
| Total | **$ 710,231** | **$ 1,265,674** | **$ 812,911** | **$ 1,303,731** | **3.0%** | **60.4%** |

| Equipment Maintenance | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Equipment Maintenance | $ 52,655 | $ 52,524 | $ 46,420 | $ 49,209 | -6.3% | 6.0% |
| Software/Hardware Maint. | $ 2,011,655 | $ 2,264,745 | $ 1,593,833 | $ 1,983,920 | -12.4% | 24.5% |
| Total | **$ 2,064,310** | **$ 2,317,269** | **$ 1,640,253** | **$ 2,033,129** | **-12.3%** | **24.0%** |

| Utilities | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Utilities | $ 834,158 | $ 679,698 | $ 749,340 | $ 820,790 | 20.8% | 9.5% |
| Total | **$ 834,158** | **$ 679,698** | **$ 749,340** | **$ 820,790** | **20.8%** | **9.5%** |

| Commodity | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Purchased Power | $ 392,788,003 | $ 406,855,241 | $ 395,560,240 | $ 408,174,570 | 0.3% | 3.2% |
| Total | **$ 392,788,003** | **$ 406,855,241** | **$ 395,560,240** | **$ 408,174,570** | **0.3%** | **3.2%** |

| Tax Equivalents | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Tax Equivalents | $ 15,437,942 | $ 17,091,993 | $ 17,739,820 | $ 16,591,993 | -2.9% | -6.5% |
| Total | **$ 15,437,942** | **$ 17,091,993** | **$ 17,739,820** | **$ 16,591,993** | **-2.9%** | **-6.5%** |

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# Expense Detail – Electric (Continued)

| Debt Service | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Debt Service Expenses | $ 5,462,854 | $ 6,591,600 | $ 6,854,472 | $ 6,590,850 | 0.0% | -3.8% |
| Total | **$ 5,462,854** | **$ 6,591,600** | **$ 6,854,472** | **$ 6,590,850** | **0.0%** | **-3.8%** |

| Other Expenses | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Rentals | $ 591,382 | $ 693,392 | $ 606,446 | $ 682,909 | -1.5% | 12.6% |
| Uncollectible Accounts | $ 1,279,676 | $ 281,850 | $ (198,041) | $ 362,301 | 28.5% | -282.9% |
| Injuries & Damages | $ 46,644 | $ 8,280 | $ 25,844 | $ 36,000 | 334.8% | 39.3% |
| Cash Overages & Shortage | $ (418) | $ 864 | $ (282) | $ 660 | -23.6% | -334.0% |
| Insurance | $ 468,648 | $ 453,859 | $ 379,417 | $ 367,850 | -19.0% | -3.0% |
| Interest on Customer Deposits | $ 555,170 | $ 234,720 | $ 645,057 | $ 560,000 | 138.6% | -13.2% |
| Propane | $ - | $ 480 | $ 160 | $ 400 | -16.7% | 150.0% |
| Total | **$ 2,941,102** | **$ 1,673,445** | **$ 1,458,601** | **$ 2,010,120** | **20.1%** | **37.8%** |

| Capital | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| Mat. - Operation & Maint. | $ 1,827,435 | $ 1,280,000 | $ 1,180,156 | $ 2,850,000 | 122.7% | 141.5% |
| Mat. - New Construction | $ 9,421,516 | $ 9,798,303 | $ 7,346,088 | $ 20,453,194 | 108.7% | 178.4% |
| AMI | $ 7,934,851 | $ 10,200,000 | $ 8,669,042 | $ - | -100.0% | -100.0% |
| Fiber Build Out | $ 3,658,468 | $ 2,355,000 | $ 1,721,043 | $ 2,000,000 | -15.1% | 16.2% |
| Mat. - Renew & Replace | $ 907,939 | $ 5,494,420 | $ 1,572,037 | $ 4,218,600 | -23.2% | 168.4% |
| Land | $ - | $ 200,000 | $ 150,618 | $ 200,000 | 0.0% | 32.8% |
| Office Furniture/Equipment | $ 18,069 | $ - | $ - | $ - | 0.0% | 0.0% |
| Tools & Work Equipment | $ 84,444 | $ 269,000 | $ 126,396 | $ 168,000 | -37.5% | 32.9% |
| Transportation Equipment | $ 3,009,145 | $ 4,243,378 | $ 3,172,345 | $ 4,784,773 | 12.8% | 50.8% |
| Communication Equipment | $ 65,085 | $ 30,000 | $ 28,324 | $ 58,000 | 93.3% | 104.8% |
| Computer Equipment | $ 454,504 | $ 1,918,000 | $ 872,069 | $ 1,605,500 | -16.3% | 84.1% |
| Metering Equipment | $ 622,474 | $ 3,730,000 | $ 1,082,254 | $ 1,763,756 | -52.7% | 63.0% |
| Transformers | $ 2,940,365 | $ 3,500,000 | $ 5,862,459 | $ 4,200,000 | 20.0% | -28.4% |
| Total | **$ 30,944,295** | **$ 43,018,101** | **$ 31,782,831** | **$ 42,301,823** | **-1.7%** | **33.1%** |

| | FY20 Actual | FY21 Budget | FY21 Projected | FY22 Budget | BvB | BvP |
|---|---|---|---|---|---|---|
| **Sales Revenue** | **$ 489,881,799** | **$ 510,261,278** | **$ 507,597,154** | **$ 526,192,626** | **3.1%** | **3.7%** |
| **Other Revenue** | **$ 35,275,787** | **$ 35,535,782** | **$ 42,605,199** | **$ 40,699,875** | **14.5%** | **-4.5%** |
| **Warrant Proceeds** | **$ 5,054,000** | **$ -** | **$ -** | **$ -** | **0.0%** | **0.0%** |
| | | | | | | |
| **Commodity** | **$ 392,788,003** | **$ 406,855,241** | **$ 395,560,240** | **$ 408,174,570** | **0.3%** | **3.2%** |
| **O&M Expenses** | **$ 68,262,669** | **$ 74,058,964** | **$ 63,691,071** | **$ 77,875,456** | **5.2%** | **22.3%** |
| **Debt Service** | **$ 5,462,854** | **$ 6,591,600** | **$ 6,854,472** | **$ 6,590,850** | **0.0%** | **-3.8%** |
| **Taxes** | **$ 15,437,942** | **$ 17,091,993** | **$ 17,739,820** | **$ 16,591,993** | **-2.9%** | **-6.5%** |
| | | | | | | |
| **Capital Expenses** | **$ 30,944,295** | **$ 43,018,101** | **$ 31,782,831** | **$ 42,301,823** | **-1.7%** | **33.1%** |
| | | | | | | |
| **Net Cash Impact** | **$ 17,315,823** | **$ (1,818,839)** | **$ 34,573,919** | **$ 15,357,809** | | |
| | | | | | | |

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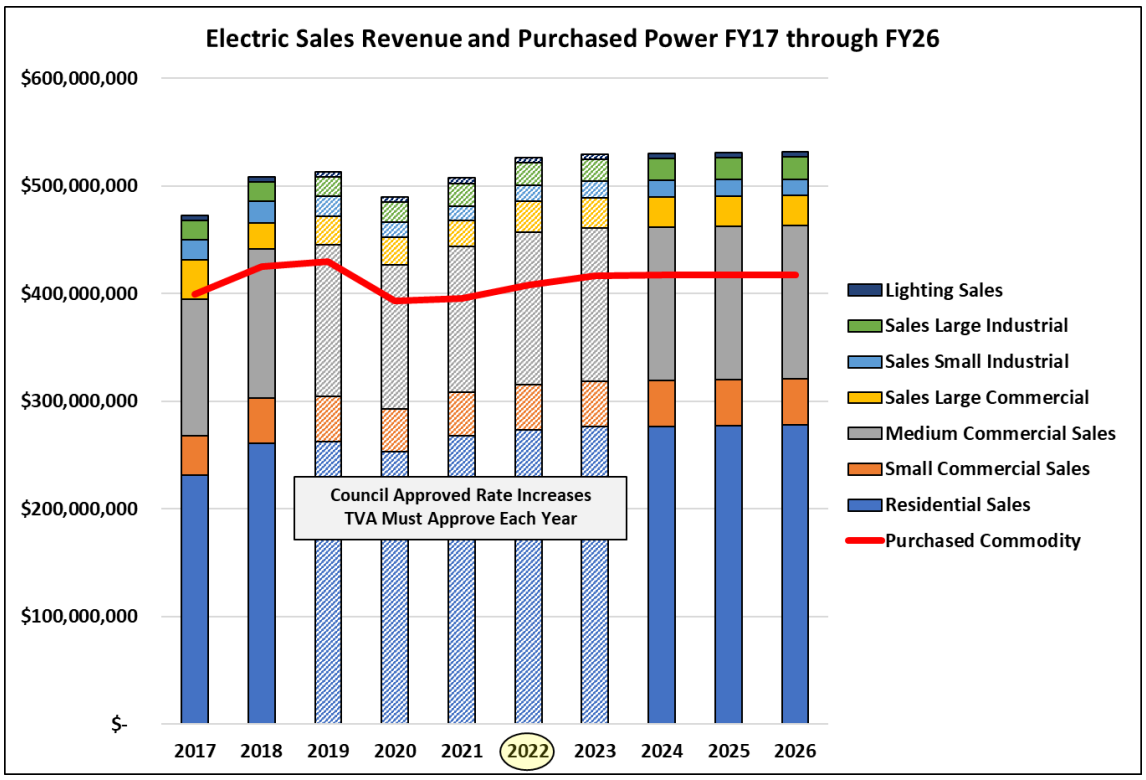
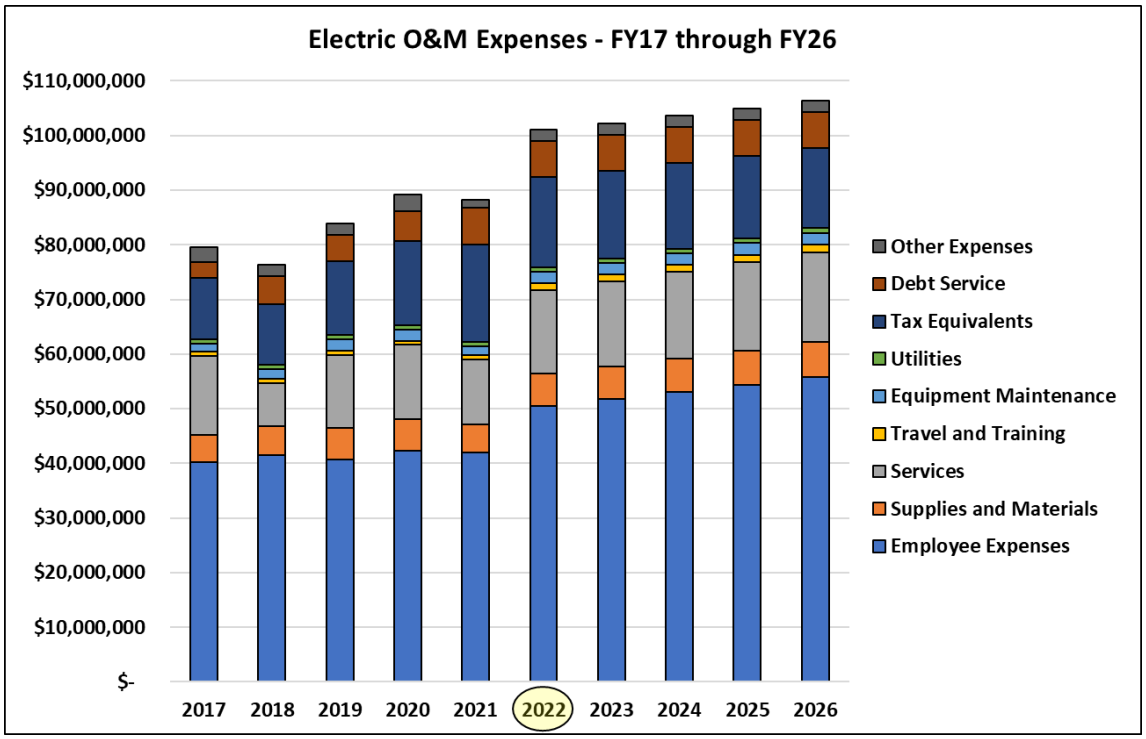



*FY22 includes the fourth step of a five-step rate strategy approved by all governing bodies.*




*Electric operating expenses trend upward due to inflation and employee related expenses.*

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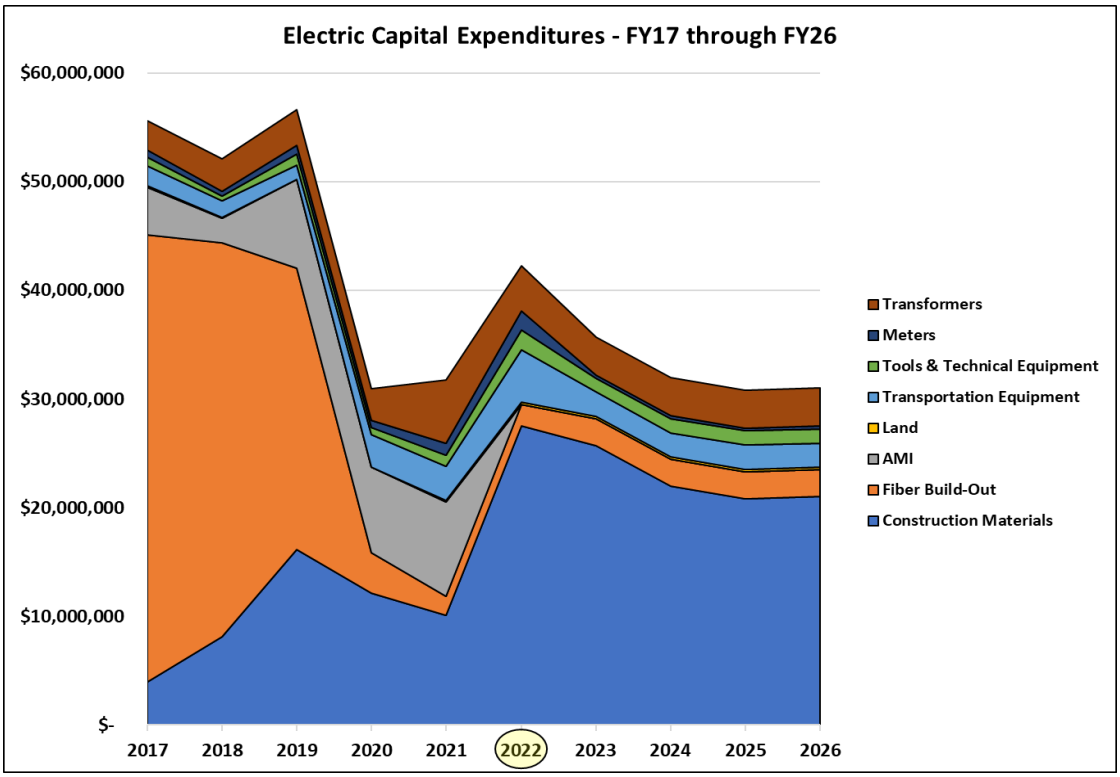
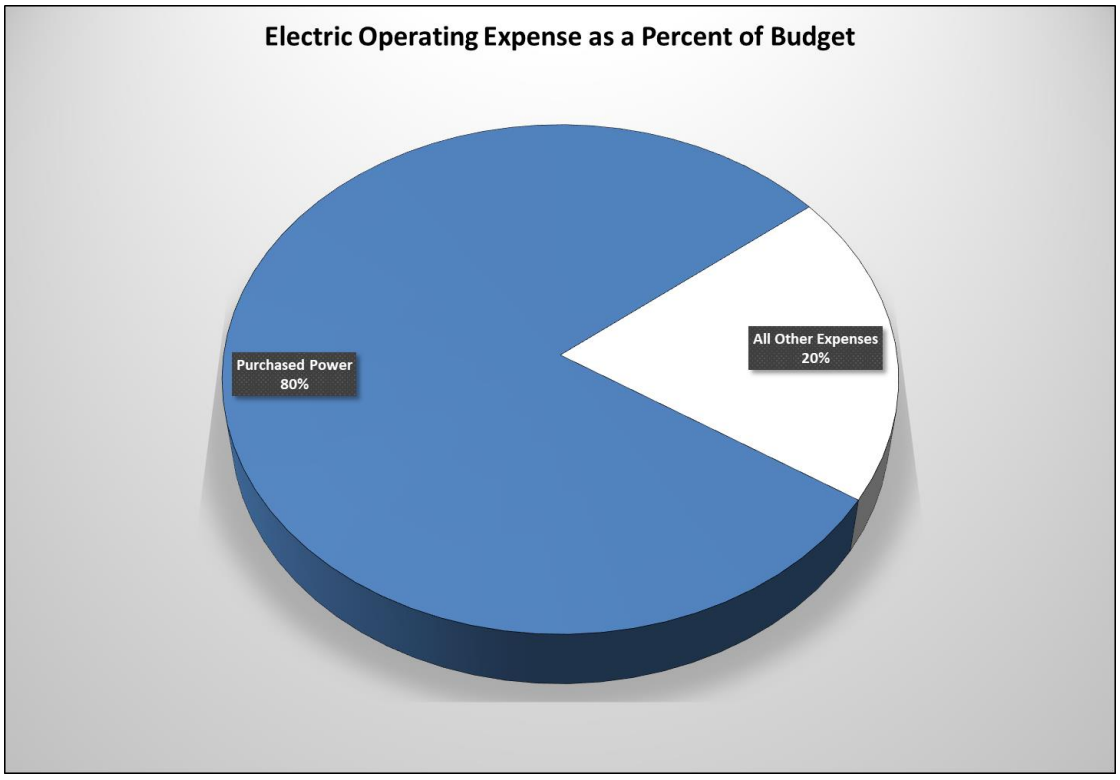



*Substation construction and growth of the system are the most significant factors influencing FY22 electric capital costs.*




*Huntsville Utilities purchases all power from TVA. TVA has provided power credits that reduce the expense for FY22.*

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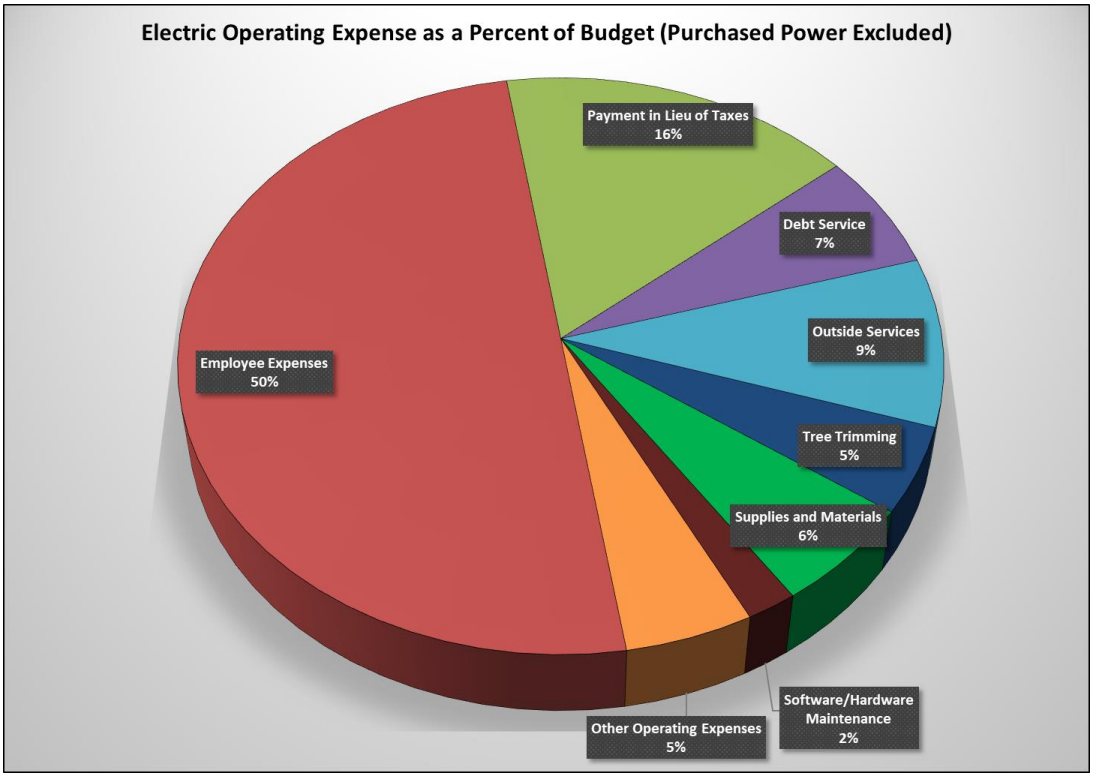


*Excluding Purchased Power, employee expenses are the largest operating expense.*

*A major expense each year for the Electric department is line clearance or keeping power lines free of obstructions.*

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# Departmental Budgets by Utility Service Compared to Prior Year

**FY22 Budget**

| Department | Water | Gas | Electric | Total |
|---|---|---|---|---|
| Administration | $ 811,009 | $ 644,332 | $ 1,357,047 | $ 2,812,388 |
| Customer Care | $ 6,614,875 | $ 3,383,875 | $ 9,891,780 | $ 19,890,530 |
| Engineering | $ 2,804,739 | $ 2,057,448 | $ 7,261,089 | $ 12,123,276 |
| Finance | $ 17,431,501 | $ 9,157,498 | $ 34,245,885 | $ 60,834,884 |
| Employee Engagement | $ 1,441,167 | $ 1,641,485 | $ 4,150,834 | $ 7,233,486 |
| Information Technology | $ 3,207,387 | $ 2,076,399 | $ 6,008,597 | $ 11,292,383 |
| Water Operations | $ 21,229,979 | $ - | $ - | $ 21,229,979 |
| Gas Operations | $ 204,132 | $ 10,202,395 | $ 51,033 | $ 10,457,560 |
| Electric Operations | $ 637,211 | $ 394,956 | $ 38,092,034 | $ 39,124,201 |
| Purchased Commodity | $ 36,000 | $ 22,922,404 | $ 408,174,570 | $ 431,132,974 |
| **Grand Total** | **$ 54,418,000** | **$ 52,480,792** | **$ 509,232,869** | **$ 616,131,661** |

**FY21 Budget**

| Department | Water | Gas | Electric | Total |
|---|---|---|---|---|
| Administration | $ 631,701 | $ 584,635 | $ 1,188,068 | $ 2,404,404 |
| Customer Care | $ 4,246,688 | $ 2,552,447 | $ 12,085,848 | $ 18,884,983 |
| Engineering | $ 2,710,111 | $ 1,492,863 | $ 6,197,554 | $ 10,400,528 |
| Finance | $ 16,172,357 | $ 9,256,501 | $ 33,163,180 | $ 58,592,038 |
| Employee Engagement | $ 1,262,384 | $ 1,271,702 | $ 3,641,023 | $ 6,175,109 |
| Information Technology | $ 2,270,308 | $ 2,206,211 | $ 6,166,063 | $ 10,642,582 |
| Water Operations | $ 20,477,960 | $ - | $ - | $ 20,477,960 |
| Gas Operations | $ 503,406 | $ 10,373,732 | $ 125,851 | $ 11,002,989 |
| Electric Operations | $ 570,273 | $ 455,212 | $ 35,174,970 | $ 36,200,455 |
| Purchased Commodity | $ 40,000 | $ 19,036,084 | $ 406,855,241 | $ 425,931,325 |
| **Grand Total** | **$ 48,885,188** | **$ 47,229,387** | **$ 504,597,798** | **$ 600,712,373** |

*These tables exclude revenue and any related credits and capital expenditures.*
*The FY21 Budget includes the FY21 Redstone IGSA budget that was approved later in the fiscal year.*

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# Multi-Year Summary of Expenditures by Functional Department

| Department | FY20 Actual | FY21 Budget | FY22 Budget | FY23 Plan |
|---|---|---|---|---|
| Administration | $ 2,030,418 | $ 2,404,404 | $ 2,812,388 | $ 2,878,158 |
| Customer Care | $ 18,196,442 | $ 18,884,983 | $ 19,890,530 | $ 20,354,785 |
| Engineering | $ 7,962,627 | $ 10,400,528 | $ 12,123,276 | $ 12,406,568 |
| Finance | $ 47,822,681 | $ 58,592,038 | $ 60,834,884 | $ 61,889,506 |
| Employee Engagement | $ 4,628,905 | $ 6,175,109 | $ 7,233,486 | $ 7,269,327 |
| Information Technology | $ 8,861,750 | $ 10,642,582 | $ 11,292,383 | $ 11,546,623 |
| Water Operations | $ 18,254,545 | $ 20,477,960 | $ 21,229,979 | $ 21,715,961 |
| Gas Operations | $ 10,185,855 | $ 11,002,989 | $ 10,457,560 | $ 10,712,000 |
| Electric Operations | $ 34,988,977 | $ 36,200,455 | $ 39,124,201 | $ 40,046,277 |
| Purchased Commodity | $ 411,865,248 | $ 425,931,325 | $ 431,132,974 | $ 439,976,108 |
| **Grand Total** | **$ 564,797,448** | **$ 600,712,373** | **$ 616,131,661** | **$ 628,795,314** |

*These tables exclude revenue and any related credits and capital expenditures.*
*The FY21 Budget includes the FY21 Redstone IGSA budget that was approved later in the fiscal year.*


*Huntsville Utilities, Seven States Power Corporation, and the U.S. Space & Rocket Center (USSRC) celebrated the opening of Project Liftoff, an educational exhibit at the USSRC that integrates solar power, battery storage and electric vehicle chargers.*

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# Long-Term Financial Plan – Water

| | Budget FY 2021 | Projected FY 2021 | Budget FY 2022 | Forecast FY 2023 | Forecast FY 2024 | Forecast FY 2025 | Forecast FY 2026 |
|---|---|---|---|---|---|---|---|
| **Beginning Cash Balances** | **$ 49,458,551** | **$ 53,224,439** | **$ 66,754,735** | **$ 50,469,210** | **$ 45,090,182** | **$ 40,696,262** | **$ 38,188,814** |
| Sales Revenue | $ 45,983,287 | $ 46,131,240 | $ 46,750,216 | $ 50,021,306 | $ 53,361,421 | $ 56,829,045 | $ 58,043,957 |
| Limestone County Sales Revenue | $ 609,399 | $ 719,298 | $ 719,776 | $ 1,360,715 | $ 1,407,443 | $ 1,455,828 | $ 1,472,830 |
| Service Revenue | $ 992,101 | $ 992,101 | $ 3,035,825 | $ 3,096,540 | $ 3,158,473 | $ 3,221,642 | $ 3,285,642 |
| Other Operating Revenue | $ 6,632,607 | $ 8,630,143 | $ 7,309,606 | $ 7,352,345 | $ 7,394,901 | $ 7,437,266 | $ 7,479,855 |
| Non Operating Revenue | $ 7,465,819 | $ 4,371,417 | $ 3,909,990 | $ 4,582,010 | $ 1,896,100 | $ 7,446,261 | $ 4,113,494 |
| Greenbrier Tank Reimbursement | $ - | $ - | $ - | $ 150,000 | $ 600,000 | $ 600,000 | $ 600,000 |
| **Operating Revenue** | **$ 61,683,213** | **$ 60,844,199** | **$ 61,725,413** | **$ 66,562,916** | **$ 67,818,338** | **$ 76,990,042** | **$ 74,995,778** |
| Purchased Water | $ 40,000 | $ 29,037 | $ 36,000 | $ 36,000 | $ 36,000 | $ 36,000 | $ 36,000 |
| Employee Expenses | $ 20,858,189 | $ 18,663,113 | $ 24,582,858 | $ 25,197,429 | $ 25,827,365 | $ 26,473,049 | $ 27,134,876 |
| Supplies and Materials | $ 4,796,225 | $ 4,339,742 | $ 5,079,471 | $ 5,181,060 | $ 5,284,682 | $ 5,390,375 | $ 5,498,183 |
| Services | $ 4,136,367 | $ 3,513,838 | $ 4,202,823 | $ 4,286,879 | $ 4,372,617 | $ 4,460,069 | $ 4,549,271 |
| Travel and Training | $ 423,558 | $ 216,846 | $ 526,694 | $ 537,228 | $ 547,972 | $ 558,932 | $ 570,111 |
| Equipment Maintenance | $ 1,084,587 | $ 989,639 | $ 1,331,267 | $ 1,357,892 | $ 1,385,050 | $ 1,412,751 | $ 1,441,006 |
| Utilities | $ 3,926,749 | $ 3,845,790 | $ 3,932,783 | $ 4,011,439 | $ 4,091,667 | $ 4,173,501 | $ 4,256,971 |
| Other Expenses | $ 870,634 | $ 960,885 | $ 1,115,139 | $ 1,137,442 | $ 1,160,191 | $ 1,183,394 | $ 1,207,062 |
| Payment to Fiber | $ 840,000 | $ 840,000 | $ 840,000 | $ 840,000 | $ 840,000 | $ 840,000 | $ 840,000 |
| **Operating Expenses (Excludes Depreciation)** | **$ 36,976,309** | **$ 33,398,890** | **$ 41,647,035** | **$ 42,585,369** | **$ 43,545,544** | **$ 44,528,071** | **$ 45,533,480** |
| **Net Operating Income** | **$ 24,706,904** | **$ 27,445,309** | **$ 20,078,378** | **$ 23,977,547** | **$ 24,272,794** | **$ 32,461,971** | **$ 29,462,298** |
| **Debt Service (Principal & Interest)** | **$ 9,113,318** | **$ 9,229,918** | **$ 9,922,766** | **$ 10,778,654** | **$ 11,530,583** | **$ 11,769,325** | **$ 11,767,477** |
| **Tax Equivalent** | **$ 2,795,561** | **$ 2,811,032** | **$ 2,848,199** | **$ 3,082,921** | **$ 3,286,132** | **$ 3,497,092** | **$ 3,571,007** |
| New Materials - O&M | $ 400,000 | $ 311,819 | $ 400,000 | $ 350,000 | $ 350,000 | $ 350,000 | $ 350,000 |
| New Materials - New Construction | $ 12,605,000 | $ 6,120,324 | $ 15,571,782 | $ 9,965,000 | $ 6,985,000 | $ 3,700,000 | $ 2,500,000 |
| Limestone County System | $ 3,290,500 | $ 272,913 | $ - | $ - | $ - | $ - | $ - |
| New Materials - R&R | $ 10,773,000 | $ 1,458,143 | $ 7,455,000 | $ 9,340,000 | $ 6,680,000 | $ 13,648,000 | $ 8,533,000 |
| South Parkway Plant | $ 3,650,000 | $ 2,103,419 | $ 12,000,000 | $ 7,300,000 | $ 3,150,000 | $ 525,000 | $ - |
| Land | $ 200,000 | $ - | $ 200,000 | $ 200,000 | $ 200,000 | $ 200,000 | $ 200,000 |
| Tools and Work Equipment | $ 5,500 | $ 5,468 | $ 6,900 | $ 30,000 | $ 30,000 | $ 30,000 | $ 30,000 |
| Transportation Budget | $ 1,461,372 | $ 1,276,947 | $ 859,255 | $ 1,015,000 | $ 780,000 | $ 750,000 | $ 750,000 |
| Metering Equipment | $ 930,000 | $ 925,030 | $ 1,000,000 | $ 930,000 | $ 500,000 | $ 500,000 | $ 500,000 |
| **Capital Expenses** | **$ 33,315,372** | **$ 12,474,063** | **$ 37,492,937** | **$ 29,130,000** | **$ 18,675,000** | **$ 19,703,000** | **$ 12,863,000** |
| **Borrowing Proceeds** | **$ 10,815,000** | **$ 10,600,000** | **$ 13,900,000** | **$ 13,635,000** | **$ 4,825,000** | **$ -** | **$ -** |
| **FY22 Cash Projection** | **$ 39,756,205** | **$ 66,754,735** | **$ 50,469,210** | **$ 45,090,182** | **$ 40,696,262** | **$ 38,188,814** | **$ 39,449,629** |

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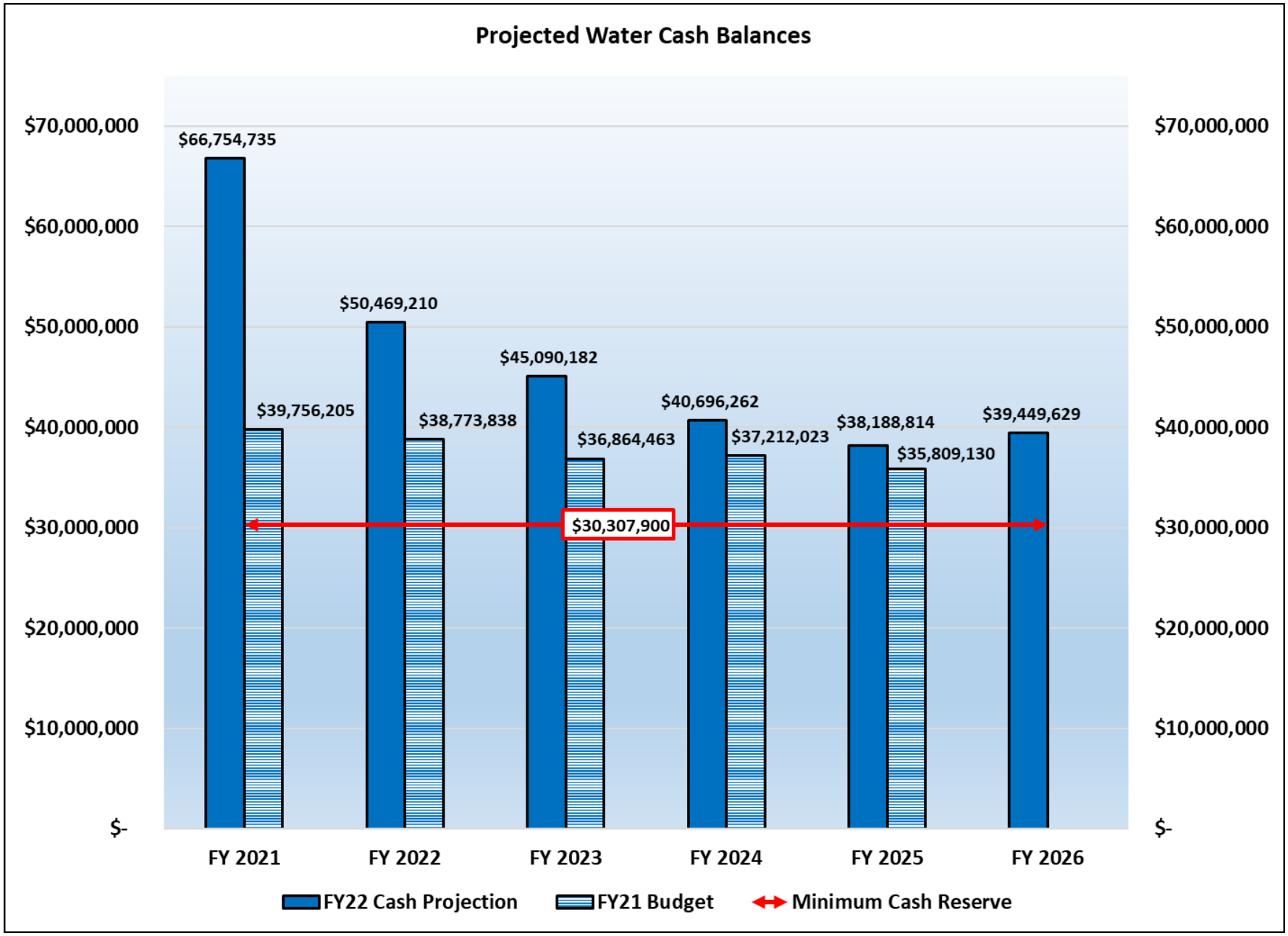

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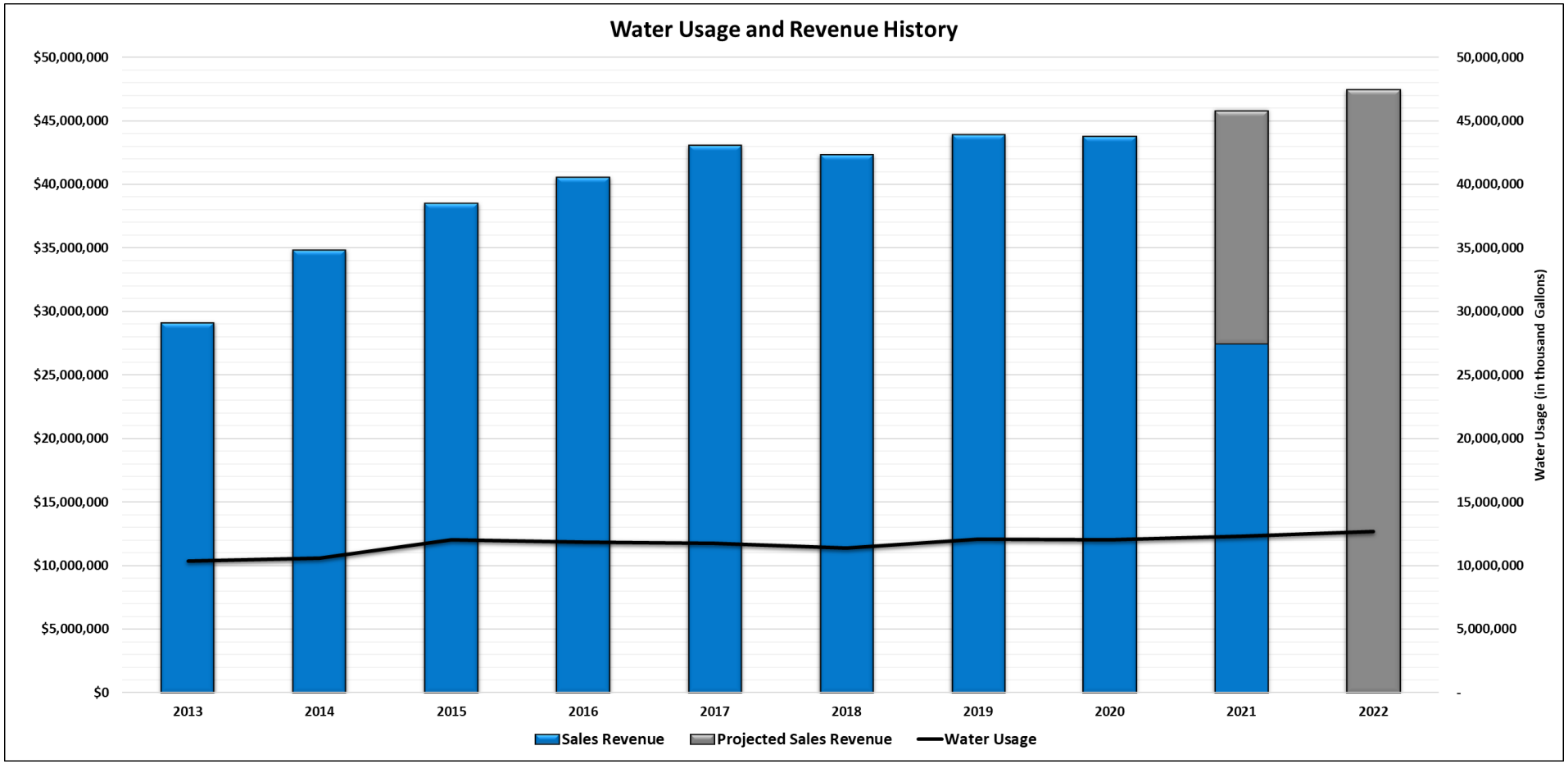
Each of the long-term financial plans attempts to balance the needs of a growing service area and rising operating costs with the objective of offering affordable, cost-based rates. One of the strategic organizational goals is to demonstrate prudent stewardship of ratepayer funds. To this end, the impact on existing cash balances from expected revenue and requested projects is evaluated throughout the budget process to ensure minimum cash reserve levels, which are required by company policy, are maintained. For the long-term water financial plan, the rehabilitation of the South Parkway water treatment plant, which is expected to last for four years, and other clean water related projects are being funded through low interest state revolving fund loans to mitigate the impact on revenue, but those loans do add to debt service costs. Service area growth pushes capital expansion and staffing costs upward for the foreseeable future. Consequently, rate increases are built into revenue projections for fiscal years 2023, 2024 and 2025 for planning purposes to provide adequate coverage. Should variables change that allow a strong cash position to be maintained, the rate increases may be deferred.



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# Long-Term Financial Plan – Gas

| | Budget FY 2021 | Projected FY 2021 | Budget FY 2022 | Forecast FY 2023 | Forecast FY 2024 | Forecast FY 2025 | Forecast FY 2026 |
|---|---|---|---|---|---|---|---|
| **Beginning Cash Balances** | **$ 24,815,985** | **$ 24,549,000** | **$ 34,045,143** | **$ 25,275,478** | **$ 22,047,283** | **$ 21,906,259** | **$ 22,928,632** |
| Sales Revenue | $ 44,307,772 | $ 48,416,649 | $ 48,336,986 | $ 49,023,604 | $ 49,722,176 | $ 50,432,830 | $ 51,155,802 |
| Mazda Toyota Manufacturing | $ - | $ 1,414,361 | $ 4,611,469 | $ 4,611,469 | $ 4,611,469 | $ 4,611,469 | $ 4,611,469 |
| Service Revenue | $ 129,932 | $ 129,932 | $ 397,595 | $ 405,545 | $ 413,656 | $ 421,929 | $ 430,229 |
| Other Operating Revenue | $ 3,487,856 | $ 3,963,233 | $ 3,488,973 | $ 3,510,815 | $ 3,532,799 | $ 3,554,927 | $ 3,577,340 |
| Non Operating Revenue | $ 7,091,998 | $ 4,649,835 | $ 2,751,365 | $ 5,822,379 | $ 11,448,452 | $ 1,749,587 | $ 2,725,783 |
| **Operating Revenue** | **$ 55,017,558** | **$ 58,574,010** | **$ 59,586,388** | **$ 63,373,812** | **$ 69,728,552** | **$ 60,770,742** | **$ 62,500,623** |
| Purchased Gas | $ 19,036,084 | $ 20,549,594 | $ 22,922,404 | $ 23,066,513 | $ 23,212,572 | $ 23,360,609 | $ 23,510,652 |
| Employee Expenses | $ 16,203,451 | $ 15,244,980 | $ 17,351,363 | $ 17,785,147 | $ 18,229,776 | $ 18,685,520 | $ 19,152,658 |
| Supplies and Materials | $ 1,670,965 | $ 1,708,691 | $ 1,618,482 | $ 1,650,852 | $ 1,683,869 | $ 1,717,546 | $ 1,751,897 |
| Services | $ 2,799,840 | $ 2,618,447 | $ 3,335,625 | $ 3,402,338 | $ 3,470,384 | $ 3,539,792 | $ 3,610,588 |
| Travel and Training | $ 634,686 | $ 481,254 | $ 702,112 | $ 716,154 | $ 730,477 | $ 745,087 | $ 759,989 |
| Equipment Maintenance | $ 879,903 | $ 557,709 | $ 728,492 | $ 743,062 | $ 757,923 | $ 773,082 | $ 788,543 |
| Utilities | $ 247,054 | $ 248,532 | $ 269,970 | $ 275,369 | $ 280,877 | $ 286,494 | $ 292,224 |
| Other Expenses | $ 394,313 | $ 364,359 | $ 451,556 | $ 460,587 | $ 469,799 | $ 479,195 | $ 488,779 |
| Payment to Fiber | $ 360,000 | $ 360,000 | $ 360,000 | $ 360,000 | $ 360,000 | $ 360,000 | $ 360,000 |
| **Operating Expenses (Excludes Depreciation)** | **$ 42,226,296** | **$ 42,133,566** | **$ 47,740,004** | **$ 48,460,022** | **$ 49,195,677** | **$ 49,947,325** | **$ 50,715,330** |
| **Net Operating Income** | **$ 12,791,262** | **$ 16,440,444** | **$ 11,846,384** | **$ 14,913,790** | **$ 20,532,875** | **$ 10,823,417** | **$ 11,785,293** |
| **Debt Service (Principal & Interest)** | **$ 2,345,205** | **$ 1,824,316** | **$ 1,563,881** | **$ 1,563,881** | **$ 1,563,881** | **$ 503,387** | **$ 503,387** |
| **Tax Equivalents** | **$ 2,657,886** | **$ 2,989,861** | **$ 3,176,907** | **$ 3,218,104** | **$ 3,260,019** | **$ 3,302,658** | **$ 3,346,036** |
| New Materials - O&M | $ 235,000 | $ 155,946 | $ 215,000 | $ 215,000 | $ 215,000 | $ 215,000 | $ 215,000 |
| New Materials - New Construction | $ 1,090,000 | $ 906,163 | $ 4,250,436 | $ 3,075,000 | $ 2,325,000 | $ 2,175,000 | $ 2,675,000 |
| Greenbrier (MTM) | $ 2,300,000 | $ 790,156 | $ 1,850,000 | $ - | $ - | $ - | $ - |
| Advance Metering Infrastructure (AMI) | $ 3,000,000 | $ 800,000 | $ 3,950,000 | $ 1,680,000 | $ - | $ - | $ - |
| Cast Iron Replacement | $ 1,800,000 | $ 866,551 | $ 1,800,000 | $ 1,800,000 | $ 1,200,000 | $ 1,200,000 | $ - |
| New Materials - R&R | $ 7,037,500 | $ 2,131,591 | $ 2,433,800 | $ 5,415,000 | $ 11,035,000 | $ 1,330,000 | $ 2,300,000 |
| Tools and Work Equipment | $ 21,000 | $ - | $ 20,000 | $ 25,000 | $ 25,000 | $ 25,000 | $ 25,000 |
| Transportation Budget | $ 714,956 | $ 606,460 | $ 756,025 | $ 550,000 | $ 450,000 | $ 450,000 | $ 450,000 |
| Metering Equipment | $ 475,000 | $ 325,722 | $ 500,000 | $ 500,000 | $ 500,000 | $ 500,000 | $ 500,000 |
| Regulators | $ 85,000 | $ 47,535 | $ 100,000 | $ 100,000 | $ 100,000 | $ 100,000 | $ 100,000 |
| **Capital Expenses** | **$ 16,758,456** | **$ 6,630,124** | **$ 15,875,261** | **$ 13,360,000** | **$ 15,850,000** | **$ 5,995,000** | **$ 6,265,000** |
| **Borrowing Proceeds** | **$ 7,100,000** | **$ 4,500,000** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** |
| **FY22 Cash Projection** | **$ 22,945,700** | **$ 34,045,143** | **$ 25,275,478** | **$ 22,047,283** | **$ 21,906,259** | **$ 22,928,632** | **$ 24,599,501** |

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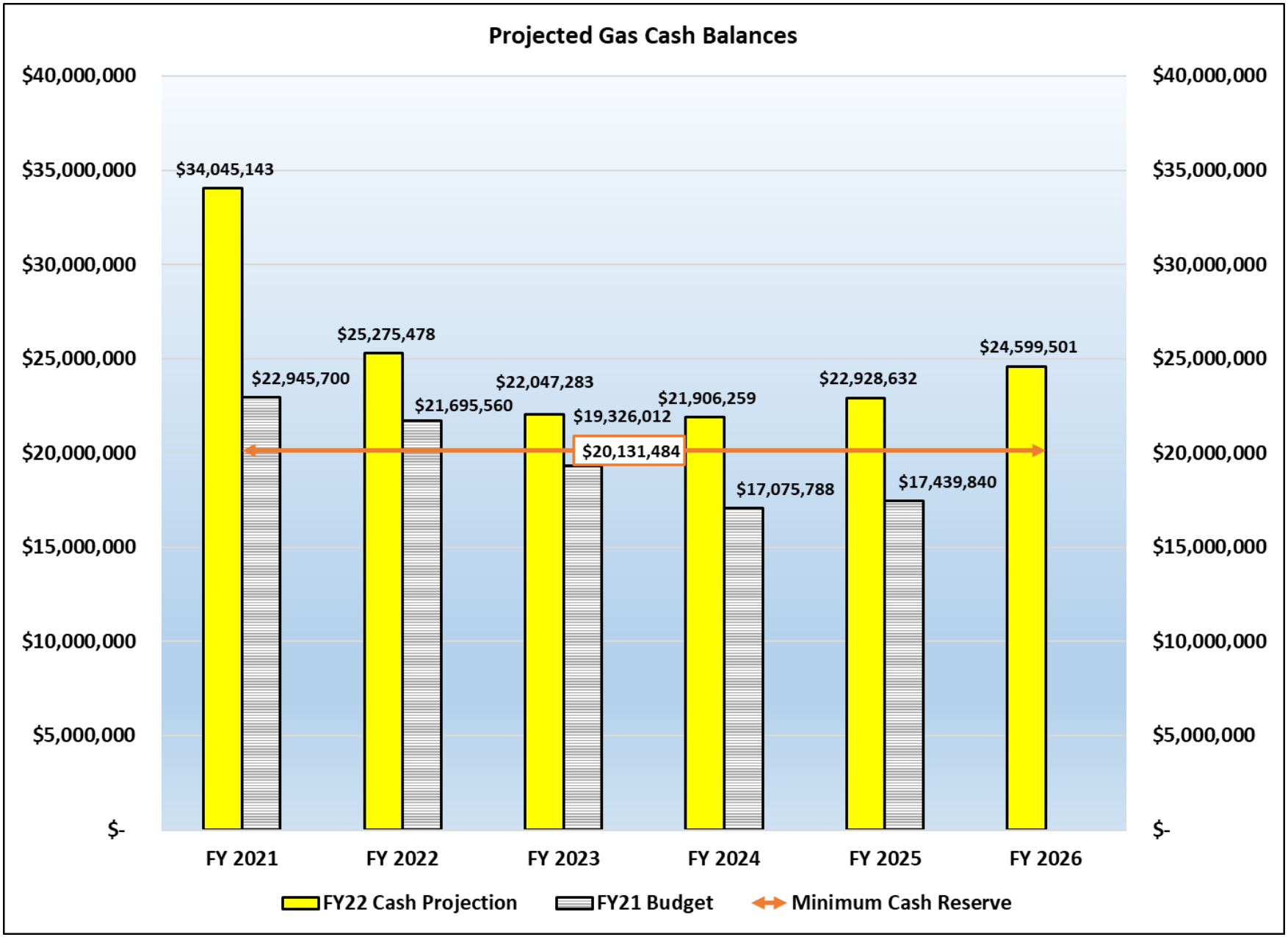

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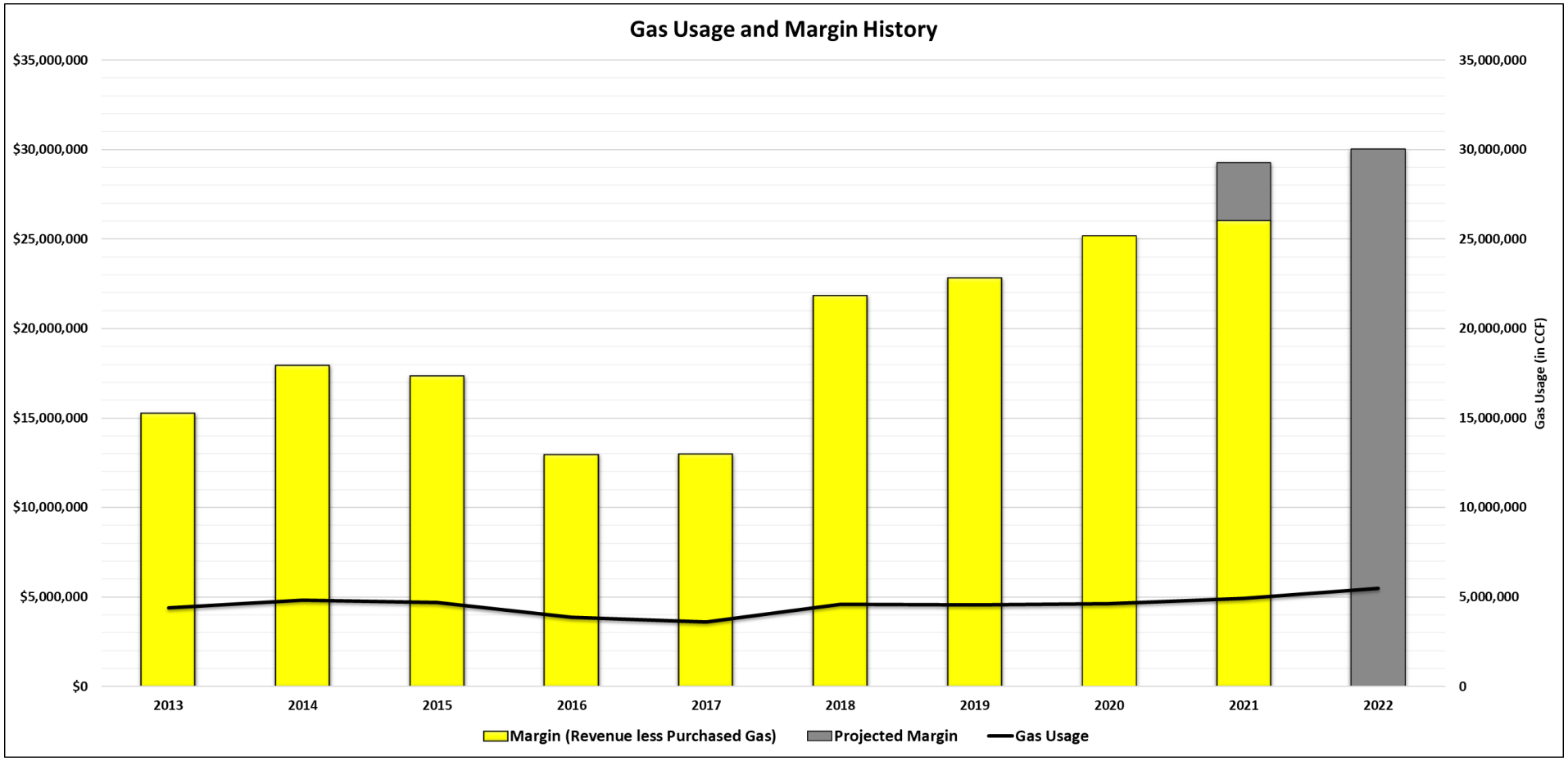
Each of the long-term financial plans attempts to balance the needs of a growing service area and rising operating costs with the objective of offering affordable, cost-based rates. One of the strategic organizational goals is to demonstrate prudent stewardship of ratepayer funds. To this end, the impact on existing cash balances from expected revenue and requested projects is evaluated throughout the budget process to ensure minimum cash reserve levels, which are required by company policy, are maintained. For the long-term gas financial plan, the significant cost drivers are the AMI meter deployment (FY22-FY23), the replacement of cast iron pipe (FY22-FY25), pipeline relocation projects (FY22-FY26) and rising staffing costs due to service area growth. The funding for these items will come from sales revenue, which is projected to increase substantially when the Mazda Toyota Manufacturing plant starts production, and reimbursements for shared projects. Sales revenue and commodity costs for the gas system are highly dependent on weather and market conditions. If projections prove incorrect, management will evaluate a variety of cost-cutting measures and consider rate increases, if needed, to maintain financial stability.



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# Long-Term Financial Plan – Electric

| | Budget FY 2021 | Projected FY 2021 | Budget FY 2022 | Forecast FY 2023 | Forecast FY 2024 | Forecast FY 2025 | Forecast FY 2026 |
|---|---|---|---|---|---|---|---|
| **Beginning Cash Balances** | **$ 71,853,662** | **$ 72,335,516** | **$ 106,909,435** | **$ 122,267,244** | **$ 138,242,991** | **$ 157,543,792** | **$ 177,544,999** |
| Electric Sales Revenue | $ 510,261,278 | $ 507,597,154 | $ 526,192,626 | $ 529,657,736 | $ 530,389,785 | $ 531,130,655 | $ 531,899,140 |
| Fiber Project Revenue | $ 12,518,616 | $ 12,681,047 | $ 12,903,500 | $ 13,032,535 | $ 13,162,860 | $ 13,294,489 | $ 13,427,434 |
| Additional Fiber Revenue | $ 189,000 | $ - | $ - | $ - | $ - | $ - | $ - |
| Service Revenue | $ 1,127,124 | $ 1,127,124 | $ 3,449,006 | $ 3,517,987 | $ 3,588,349 | $ 3,660,117 | $ 3,696,718 |
| Other Operating Revenue | $ 17,137,991 | $ 23,898,509 | $ 19,288,100 | $ 19,446,490 | $ 19,605,773 | $ 19,765,946 | $ 19,963,606 |
| Rent from 911 | $ 39,364 | $ 39,364 | $ 39,364 | $ 39,364 | $ 39,364 | $ 39,364 | $ 39,364 |
| Non Operating Revenue | $ 6,323,687 | $ 6,659,155 | $ 6,819,905 | $ 6,870,498 | $ 6,921,597 | $ 6,973,206 | $ 7,025,332 |
| **Operating Revenue** | **$ 547,597,060** | **$ 552,002,353** | **$ 568,692,501** | **$ 572,564,610** | **$ 573,707,728** | **$ 574,863,777** | **$ 576,051,594** |
| Purchased Power | $ 417,048,086 | $ 413,972,695 | $ 427,074,498 | $ 427,278,396 | $ 427,482,396 | $ 427,686,497 | $ 427,890,701 |
| TVA Long-Term Partnership Credit | $ (10,192,845) | $ (10,032,660) | $ (10,399,928) | $ (10,404,801) | $ (10,409,676) | $ (10,414,553) | $ (10,419,432) |
| TVA Pandemic Relief Credit | $ - | $ (8,379,795) | $ (8,500,000) | $ - | $ - | $ - | |
| Employee Expenses | $ 47,424,097 | $ 42,045,973 | $ 50,541,705 | $ 51,805,248 | $ 53,100,379 | $ 54,427,888 | $ 55,788,585 |
| Supplies and Materials | $ 4,953,662 | $ 5,094,543 | $ 5,877,728 | $ 5,995,283 | $ 6,115,189 | $ 6,237,493 | $ 6,362,243 |
| Services | $ 15,745,119 | $ 11,889,450 | $ 15,288,253 | $ 15,466,518 | $ 15,775,848 | $ 16,091,365 | $ 16,413,192 |
| Travel and Training | $ 1,265,674 | $ 812,911 | $ 1,303,731 | $ 1,329,806 | $ 1,356,402 | $ 1,383,530 | $ 1,411,201 |
| Equipment Maintenance | $ 2,317,269 | $ 1,640,253 | $ 2,033,129 | $ 2,073,792 | $ 2,115,268 | $ 2,157,573 | $ 2,200,724 |
| Utilities | $ 679,698 | $ 749,340 | $ 820,790 | $ 837,206 | $ 853,950 | $ 871,029 | $ 888,450 |
| Other Expenses | $ 1,673,445 | $ 1,458,601 | $ 2,010,120 | $ 2,050,322 | $ 2,091,328 | $ 2,133,155 | $ 2,175,818 |
| Payment to Fiber | $ 1,800,000 | $ 1,800,000 | $ 1,800,000 | $ 1,800,000 | $ 1,800,000 | $ 1,800,000 | $ 1,800,000 |
| **Operating Expenses (Excludes Depreciation)** | **$ 482,714,205** | **$ 461,051,311** | **$ 487,850,026** | **$ 498,231,770** | **$ 500,281,084** | **$ 502,373,977** | **$ 504,511,482** |
| **Net Operating Income** | **$ 64,882,855** | **$ 90,951,042** | **$ 80,842,475** | **$ 74,332,840** | **$ 73,426,644** | **$ 72,489,800** | **$ 71,540,112** |
| **Debt Service (Principal & Interest)** | **$ 6,591,600** | **$ 6,854,472** | **$ 6,590,850** | **$ 6,582,600** | **$ 6,586,350** | **$ 6,581,600** | **$ 6,589,800** |
| **Tax Equivalent** | **$ 17,091,993** | **$ 17,739,820** | **$ 16,591,993** | **$ 16,091,993** | **$ 15,591,993** | **$ 15,091,993** | **$ 14,593,010** |
| New Materials - O&M | $ 1,280,000 | $ 1,180,156 | $ 2,850,000 | $ 2,050,000 | $ 2,050,000 | $ 2,050,000 | $ 2,050,000 |
| New Materials - New Construction | $ 9,798,303 | $ 7,346,088 | $ 20,453,194 | $ 17,717,500 | $ 15,037,500 | $ 16,240,000 | $ 14,175,000 |
| Advance Metering Infrastructure (AMI) | $ 10,200,000 | $ 8,669,042 | $ - | $ - | $ - | $ - | $ - |
| Fiber Build Out | $ 2,355,000 | $ 1,721,043 | $ 2,000,000 | $ 2,500,000 | $ 2,500,000 | $ 2,500,000 | $ 2,500,000 |
| New Materials - R&R | $ 5,494,420 | $ 1,572,037 | $ 4,218,600 | $ 5,915,000 | $ 4,860,000 | $ 2,525,000 | $ 4,775,000 |
| Land | $ 200,000 | $ 150,618 | $ 200,000 | $ 200,000 | $ 200,000 | $ 200,000 | $ 200,000 |
| Tools and Work Equipment | $ 269,000 | $ 126,396 | $ 168,000 | $ 200,000 | $ 200,000 | $ 200,000 | $ 200,000 |
| Transportation Budget | $ 4,243,378 | $ 3,172,345 | $ 4,784,773 | $ 2,250,000 | $ 2,250,000 | $ 2,250,000 | $ 2,250,000 |
| Communication Equipment | $ 30,000 | $ 28,324 | $ 58,000 | $ 100,000 | $ 100,000 | $ 100,000 | $ 100,000 |
| Computer Equipment | $ 1,918,000 | $ 872,069 | $ 1,605,500 | $ 1,000,000 | $ 1,000,000 | $ 1,000,000 | $ 1,000,000 |
| Metering Equipment | $ 3,730,000 | $ 1,082,254 | $ 1,763,756 | $ 250,000 | $ 250,000 | $ 250,000 | $ 250,000 |
| Transformers | $ 3,500,000 | $ 5,862,459 | $ 4,200,000 | $ 3,500,000 | $ 3,500,000 | $ 3,500,000 | $ 3,500,000 |
| **Capital Expenses** | **$ 43,018,101** | **$ 31,782,831** | **$ 42,301,823** | **$ 35,682,500** | **$ 31,947,500** | **$ 30,815,000** | **$ 31,000,000** |
| **Borrowing Proceeds** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** |
| **FY22 Cash Projection** | **$ 70,034,823** | **$ 106,909,435** | **$ 122,267,244** | **$ 138,242,991** | **$ 157,543,792** | **$ 177,544,999** | **$ 196,902,301** |

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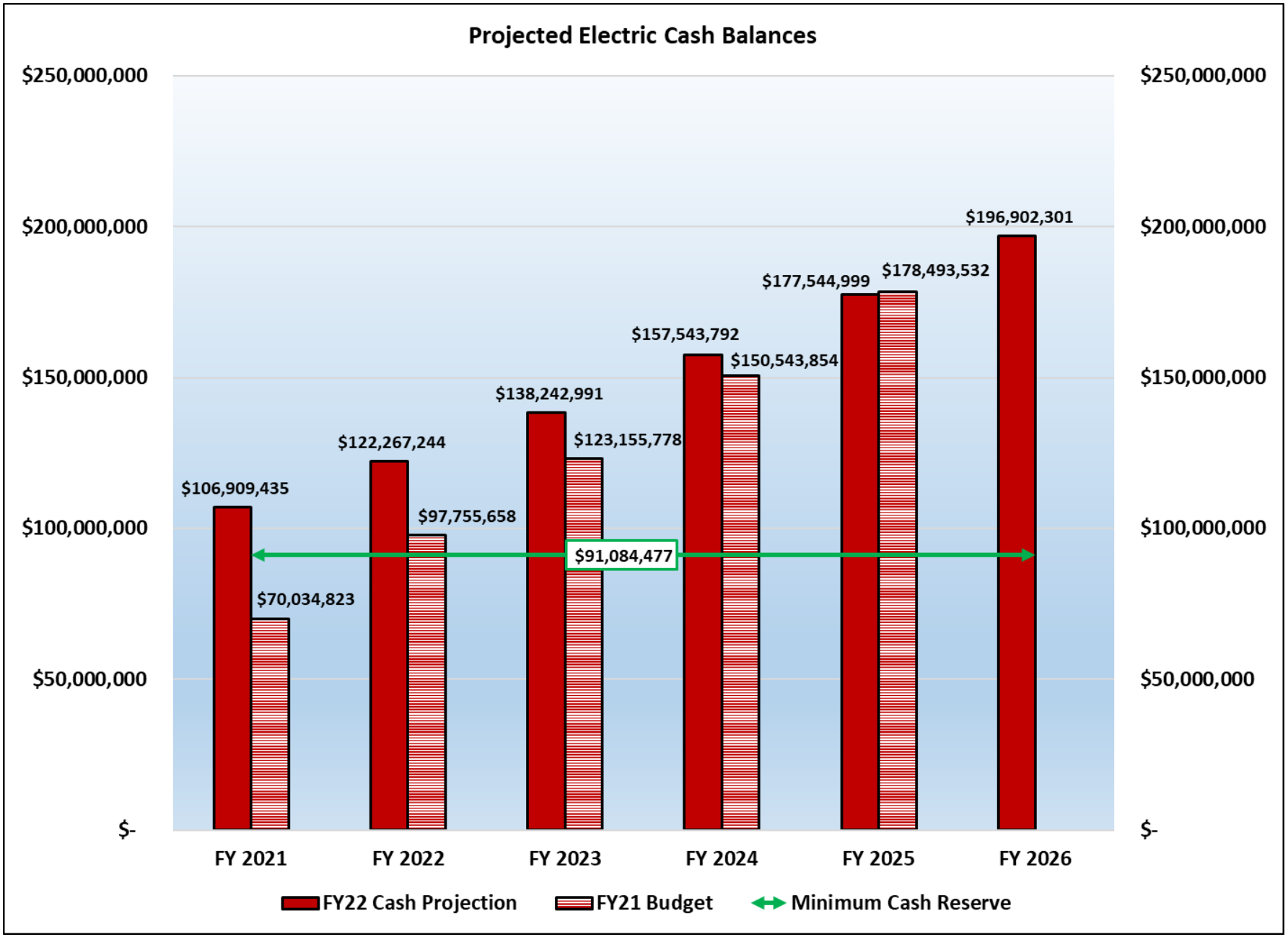

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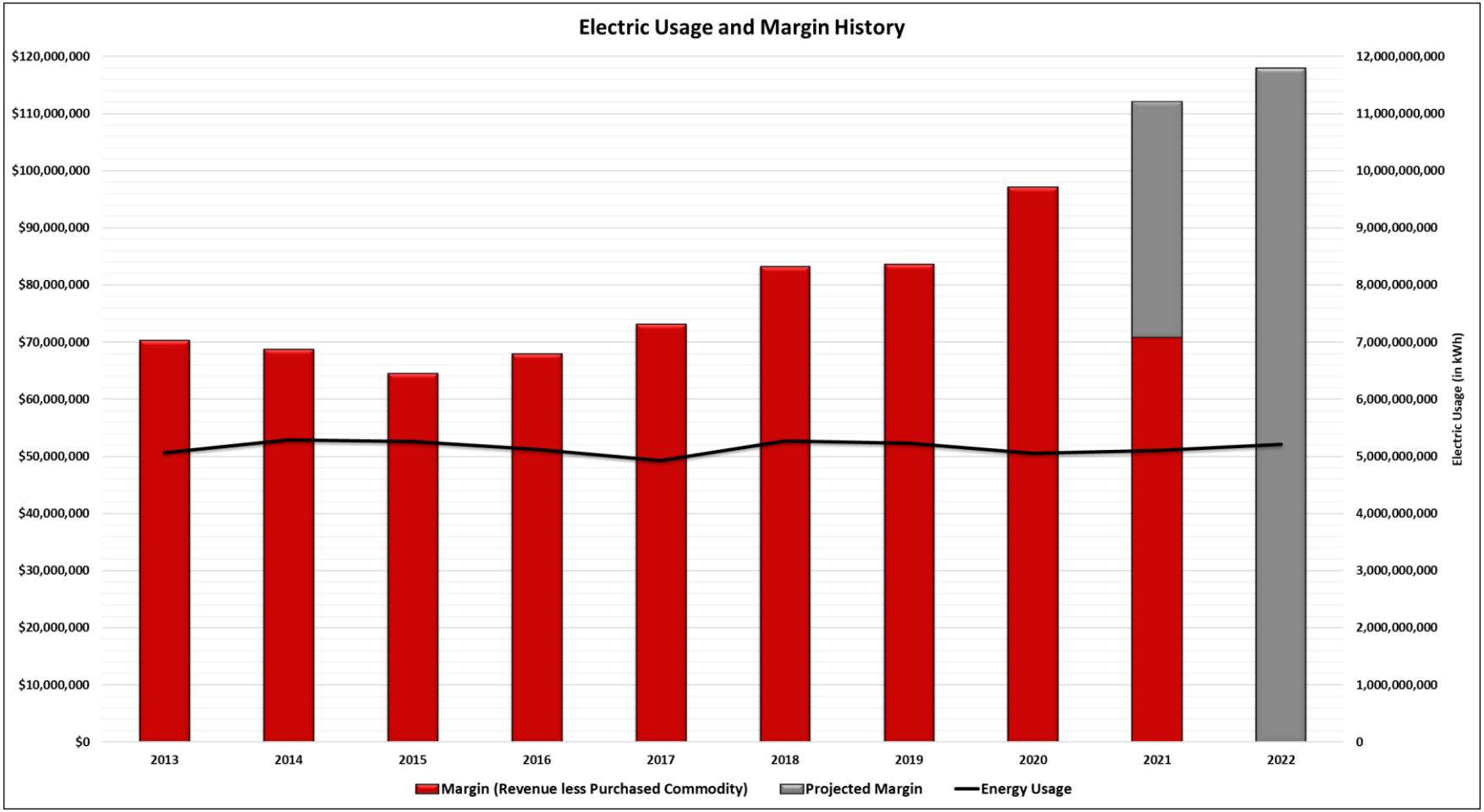
Each of the long-term financial plans attempts to balance the needs of a growing service area and rising operating costs with the objective of offering affordable, cost-based rates. One of the strategic organizational goals is to demonstrate prudent stewardship of ratepayer funds. To this end, the impact on existing cash balances from expected revenue and requested projects is evaluated throughout the budget process to ensure minimum cash reserve levels, which are required by company policy, are maintained. For the long-term electric financial plan, the single largest influence is purchased power which is closely tied to sales revenue, both of which are directly impacted by weather. All power is bought from TVA and significant credits are offered that reduce power cost by at least $10 million each year of the plan. The service area continues to grow which boosts revenue but also brings higher capital in the form of infrastructure construction and higher labor costs. All expenses are funded through existing cash reserves and operating revenue with no immediate plans for additional borrowings. Additional rate actions are not anticipated beyond the already approved rate strategy that will result in minimal customer increases in FY22 and FY23.



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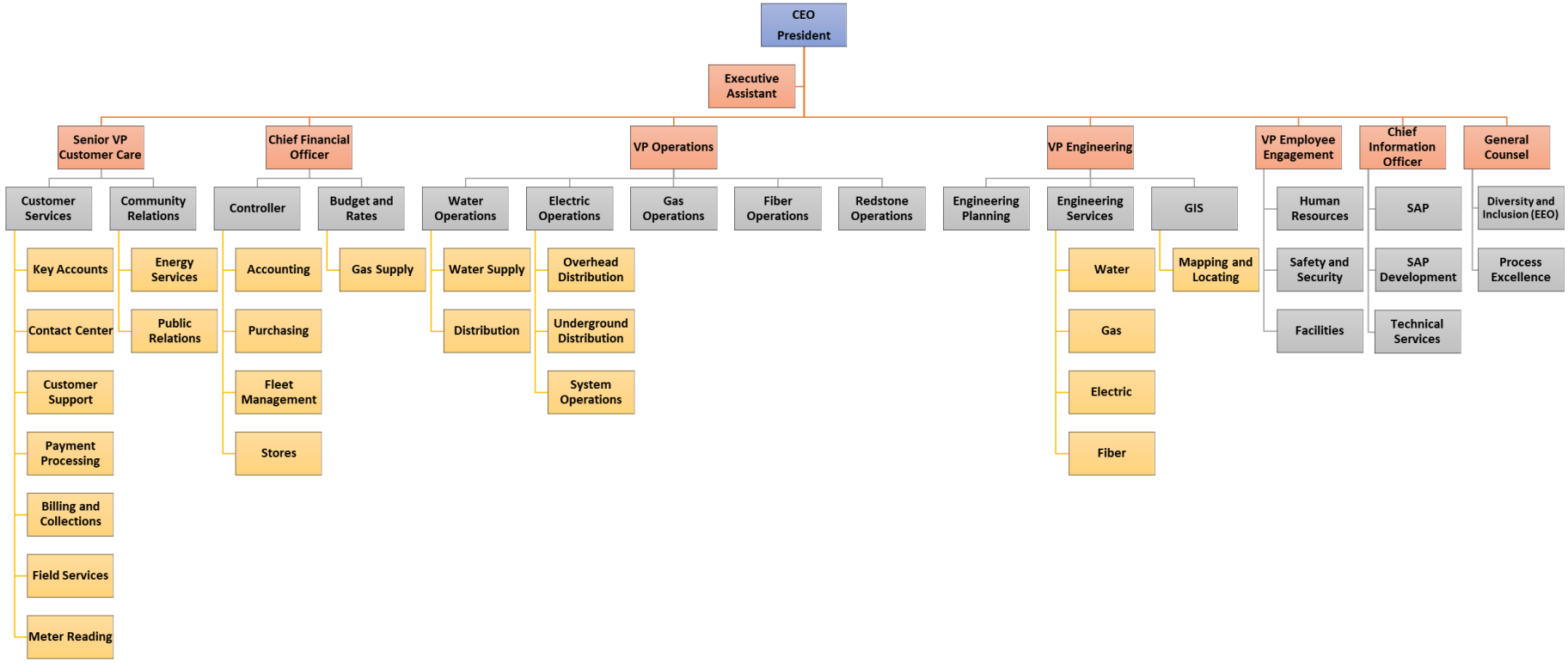
# Organizational Chart



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# Personnel Summary

Shown below is a five-year summary of Huntsville Utilities' staffing levels.

| | | 2018 | 2019 | 2020 | 2021 | Vacancies | Planned Additions | BUDGET 2022 |
|---|---|---|---|---|---|---|---|---|
| **ADMINISTRATION** | Full-time | 7 | 9 | 9 | 10 | 0 | 1 | 11 |
| | Part-time | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Temporary | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **CUSTOMER CARE** | Full-time | 134 | 132 | 132 | 120 | 26 | 1 | 147 |
| | Part-time | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Temporary | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| **ENGINEERING** | Full-time | 60 | 57 | 60 | 58 | 7 | 6 | 71 |
| | Part-time | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Temporary | 2 | 4 | 1 | 2 | 0 | 0 | 2 |
| **FINANCE** | Full-time | 43 | 46 | 46 | 45 | 3 | 1 | 49 |
| | Part-time | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Temporary | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **EMPLOYEE ENGAGEMENT** | Full-time | 19 | 22 | 22 | 24 | 1 | 1 | 26 |
| | Part-time | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Temporary | 12 | 12 | 11 | 12 | 0 | 0 | 12 |
| **INFORMATION TECHNOLOGY** | Full-time | 37 | 38 | 35 | 36 | 4 | 1 | 41 |
| | Part-time | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Temporary | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **WATER OPERATIONS** | Full-time | 97 | 105 | 107 | 100 | 19 | 2 | 121 |
| | Part-time | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Temporary | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **GAS OPERATIONS** | Full-time | 83 | 84 | 82 | 85 | 5 | 0 | 90 |
| | Part-time | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Temporary | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **ELECTRIC OPERATIONS** | Full-time | 188 | 183 | 184 | 194 | 17 | 16 | 227 |
| | Part-time | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Temporary | 0 | 0 | 1 | 1 | 0 | 0 | 1 |
| **ACTUAL POSITIONS** | | **682** | **693** | **690** | **687*** | **82*** | **29** | **798** |
| **BUDGETED POSITIONS** | | **696** | **707** | **729** | **763** | | | **798** |

***The staffing total of 687 was as of May 7, 2021. The number of actual positions as of July 16, 2021 is 700. The 82 vacancies factored into the budget include the 13 employees that have been hired since May 7.**

**20 temporary summer hires have also been budgeted for 2022.**

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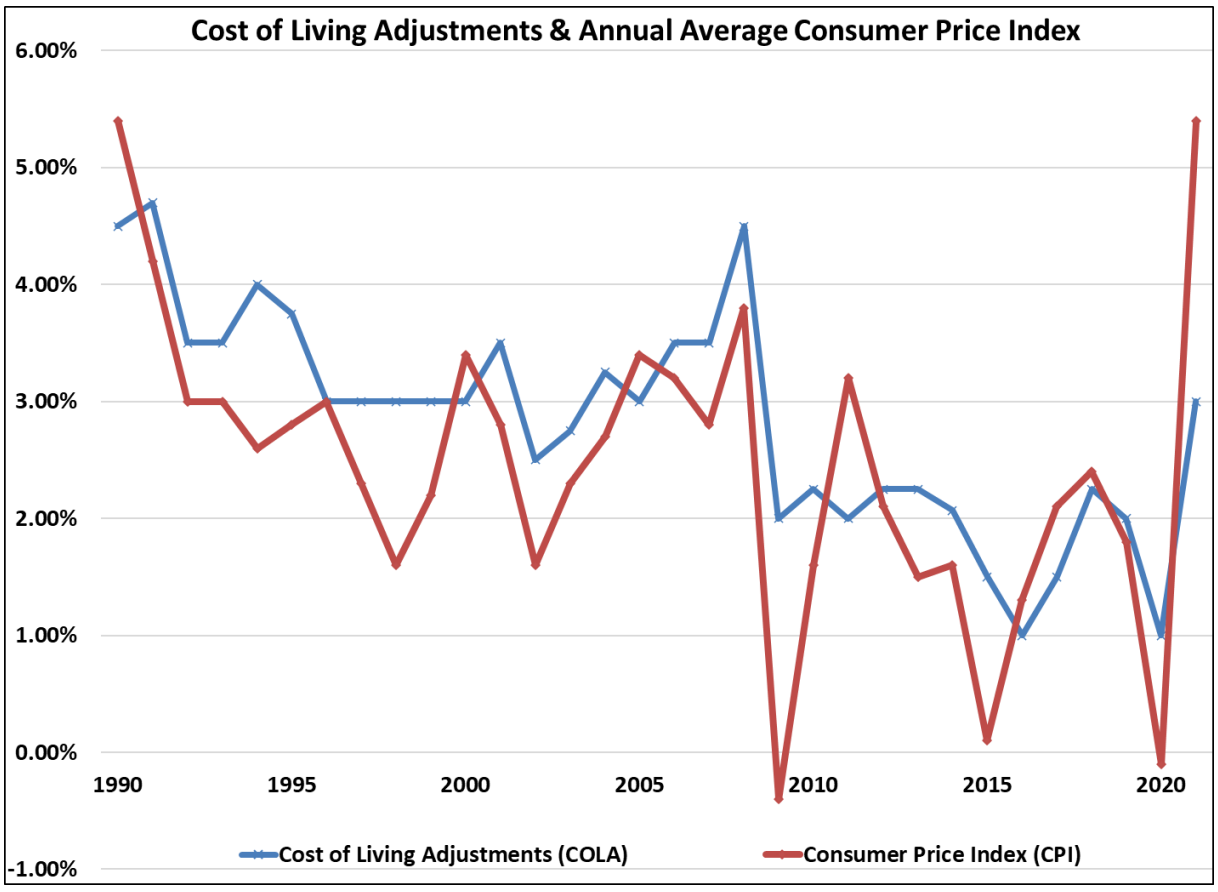
# Employee Expenses

Second only to purchased commodity in size of projected costs, employee expenses are 13.0% of the total Huntsville Utilities budget. With operational and support staff of 700 employees, maintaining existing salaries and benefits is a challenge that grows in complexity each year. Performance-based merit increases are factored into the budget for exempt employees and step increases based on years of service for non-exempt employees that have not reached the top of their paygrade. The Boards also evaluate economic metrics and the financial position of the organization to determine if a cost of living adjustment (COLA) can be awarded. For fiscal year 2022 budget purposes, an average merit increase of 2.5% was applied to existing salaries for eligible employees and 3.0% was applied as a cost of of living increase pending Board approval.

Huntsville Utilities seeks to retain its skilled workforce by offering competitive pay and a strong benefit package. To this end, wages are continually evaluated by a dedicated compensation analyst within the human resources function using salary surveys and peer comparisons in an attempt to achieve market alignment. Pay adjustments proposals are submitted for approval to the Vice Presidents and CEO/President. The current budget includes market-based adjustments for specific job functions in both the operations and administrative portions of the organization.



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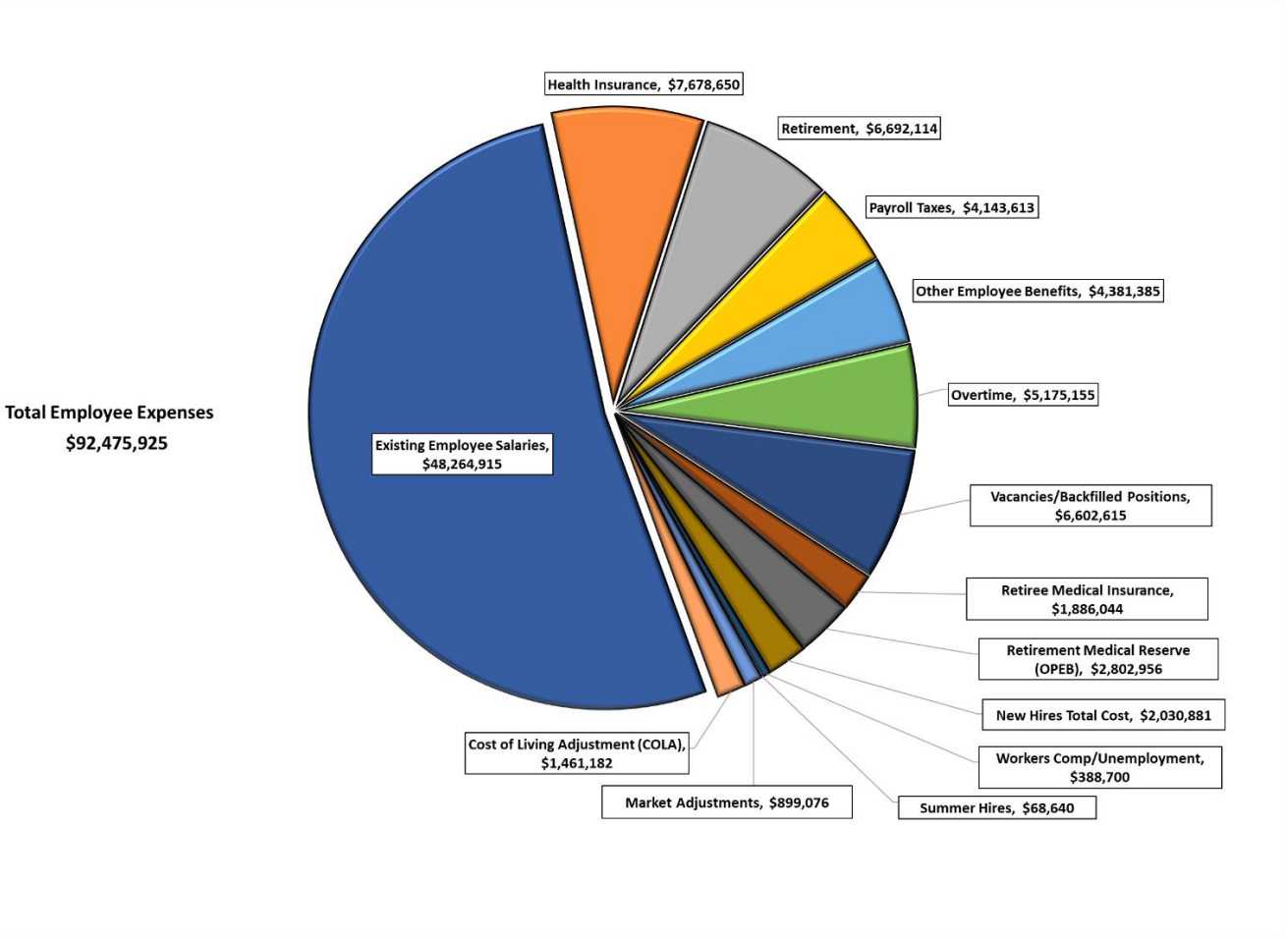


| | Water | Gas | Electric | Fiber | Total |
|---|---|---|---|---|---|
| **Existing Employee Salaries** | $ 13,090,969 | $ 9,280,408 | $ 25,047,320 | $ 846,217 | **$ 48,264,915** |
| **Health Insurance** | $ 2,139,271 | $ 1,597,170 | $ 3,795,812 | $ 146,397 | **$ 7,678,650** |
| **Retirement** | $ 1,806,487 | $ 1,061,960 | $ 3,686,795 | $ 136,873 | **$ 6,692,114** |
| **Payroll Taxes** | $ 1,063,091 | $ 789,687 | $ 2,208,861 | $ 81,974 | **$ 4,143,613** |
| **Other Employee Benefits** | $ 1,145,531 | $ 854,009 | $ 2,306,037 | $ 75,808 | **$ 4,381,385** |
| **Overtime** | $ 652,464 | $ 911,192 | $ 3,411,654 | $ 199,845 | **$ 5,175,155** |
| **Vacancies/Backfilled Positions** | $ 2,448,167 | $ 1,005,553 | $ 3,145,416 | $ 3,479 | **$ 6,602,615** |
| **Retiree Medical Insurance** | $ 452,752 | $ 408,716 | $ 1,024,576 | $ - | **$ 1,886,044** |
| **Retirement Medical Reserve (OPEB)** | $ 652,248 | $ 724,284 | $ 1,426,424 | $ - | **$ 2,802,956** |
| **New Hires Total Cost** | $ 411,402 | $ 166,309 | $ 1,138,858 | $ 314,312 | **$ 2,030,881** |
| **Workers Comp/Unemployment** | $ 108,403 | $ 86,281 | $ 194,016 | $ - | **$ 388,700** |
| **Summer Hires** | $ 24,024 | $ 6,212 | $ 38,404 | $ - | **$ 68,640** |
| **Market Adjustments** | $ 192,997 | $ 178,428 | $ 523,593 | $ 4,057 | **$ 899,076** |
| **Cost of Living Adjustment (COLA)** | $ 395,051 | $ 281,155 | $ 759,491 | $ 25,485 | **$ 1,461,182** |
| **Total Employee Expenses** | **$ 24,582,858** | **$ 17,351,363** | **$ 48,707,258** | **$ 1,834,447** | **$ 92,475,925** |

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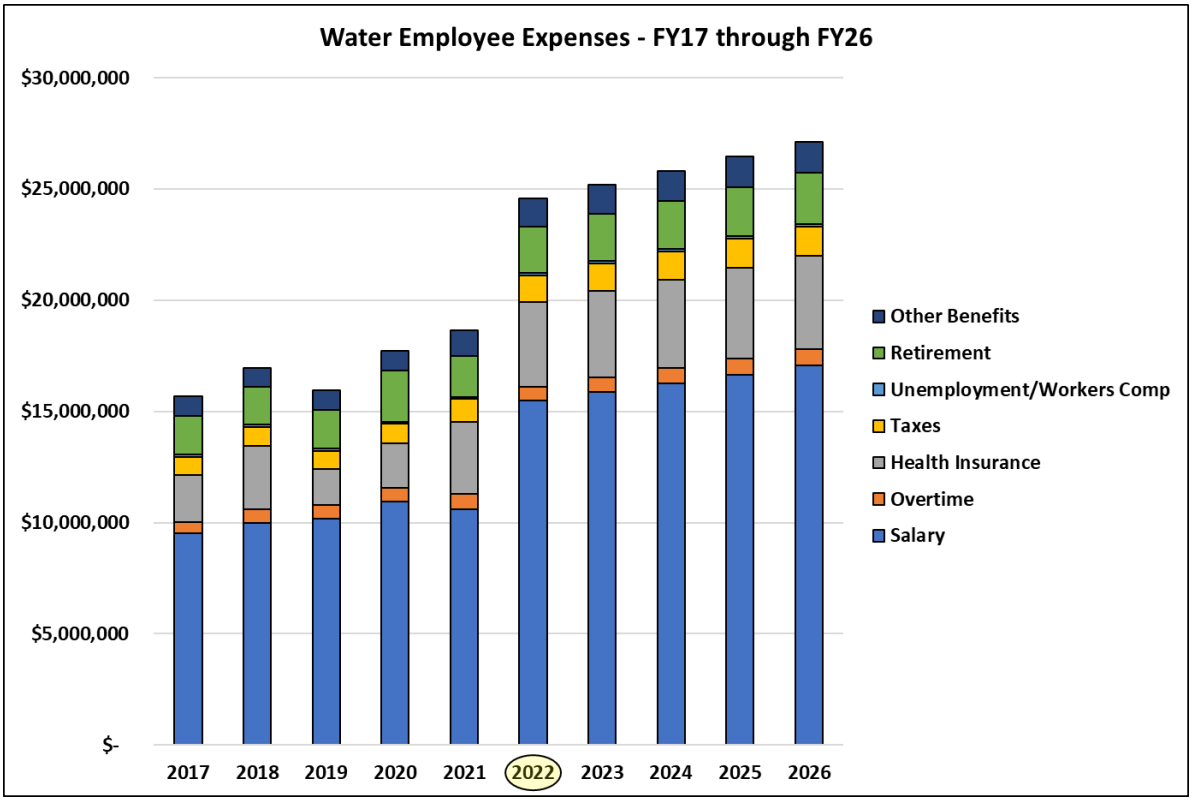
Huntsville Utilities is self-insured and uses Blue Cross Blue Shield of Alabama to manage the health insurance plan and claims. The organization jointly sponsors a local government employee health clinic with Madison County and Huntsville Emergency Medical Services, Inc. (HEMSI) that is free of charge for employees and their dependents. Huntsville Utilities promotes healthy lifestyles for employees by offering smoking cessation classes, incentivized wellness plans and biometric testing that can reduce employee insurance costs if certain parameters are met. Management recognizes the need for a balanced approach to health insurance that provides a strong benefit package for employees and that also keeps short and long-term expenses for the organization at a reasonable level. As a result, there is a 5% increase to employee premiums budgeted for fiscal year 2022, but there are no adjustments to employee copay and deductible amounts.

Huntsville Utilities is a participant in the Retirement System of Alabama. In 2021, the Board authorized changes to the retirement plans that give all participating employees equivalent benefits albeit at a slightly higher cost for newer employees. The company also provides health insurance for its retirees that have 20 or more years of service. This benefit is becoming less common within the industry and is something that management and the Boards evaluate regularly. The utility must also make annual required contributions to fund other post-employment benefits (OPEB) based on an actuarial review of the benefit plan's performance. Recent Board approval has given management more flexibility in investing to maximize yield while maintaining a conservative approach.

The following charts show five years of historical employee expenses for each utility service as well as the current budget year estimates and projections for the next four years.



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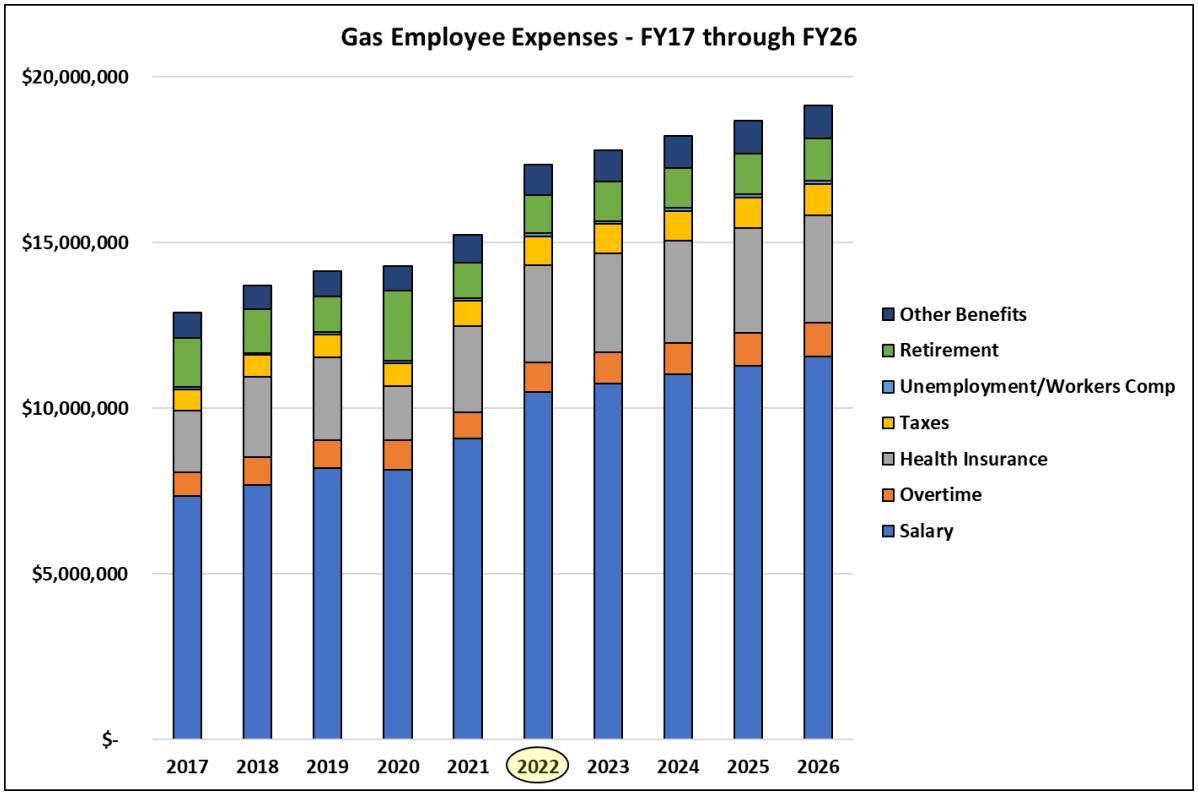


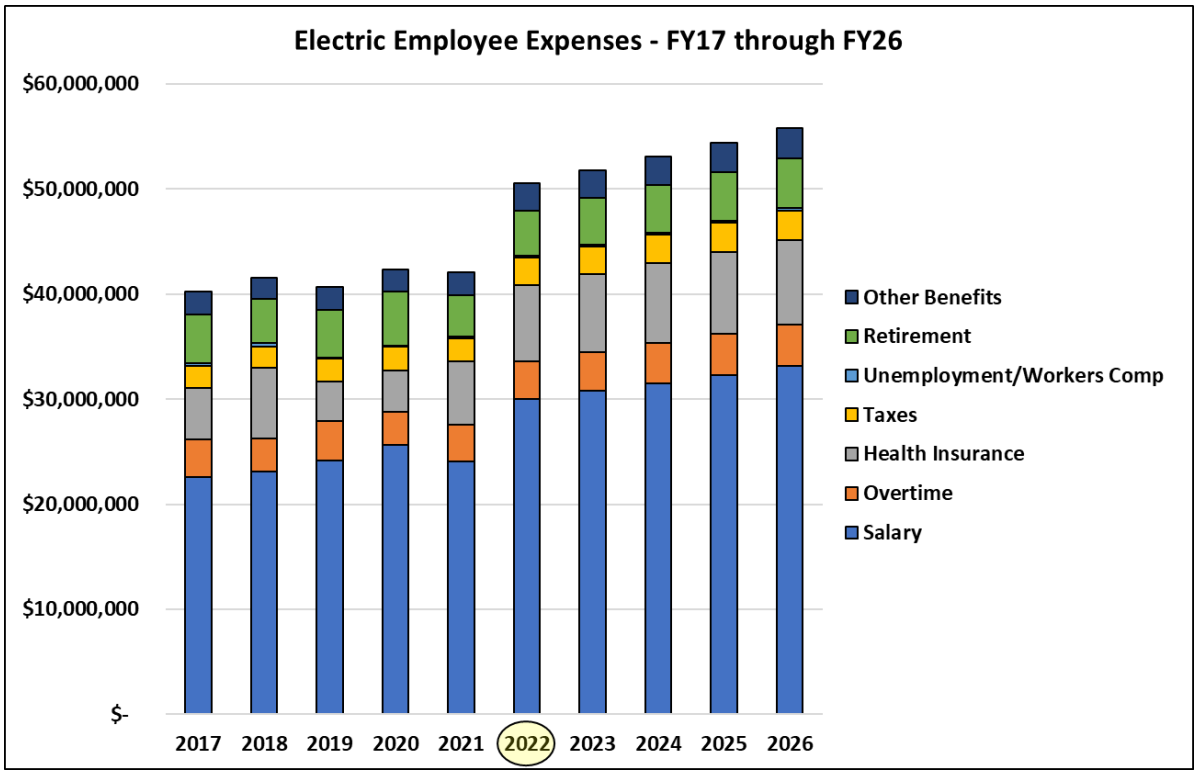

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# Proposed New Positions

The new positions shown below are being proposed for fiscal year 2022. Following the tables is a business justification for the additional staff.

| Position | Salary | Health Insurance | Retirement | FICA | Other Employee Benefits | Total |
|---|---|---|---|---|---|---|
| Customer Care Energy Technician | $ 34,348 | $ 14,902 | $ 3,253 | $ 2,628 | $ 2,404 | $ 57,535 |
| EEO Vendor Diversity Specialist | $ 37,409 | $ 11,177 | $ 3,543 | $ 2,862 | $ 2,618 | $ 57,609 |
| Electric Utility Worker (9) | $ 276,618 | $ 134,121 | $ 50,760 | $ 21,161 | $ 19,363 | $ 502,023 |
| Engineer I (3) | $ 192,099 | $ 40,981 | $ 29,041 | $ 14,695 | $ 13,447 | $ 290,263 |
| Engineering Aide I | $ 42,679 | $ 14,902 | $ 6,304 | $ 3,265 | $ 2,987 | $ 70,137 |
| Environmental Safety Officer | $ 53,348 | $ 14,902 | $ 5,052 | $ 4,081 | $ 3,735 | $ 81,118 |
| Fiber Operations Director | $ 81,306 | $ 11,177 | $ 14,920 | $ 6,220 | $ 5,692 | $ 119,315 |
| Fiber Utility Worker (4) | $ 107,397 | $ 52,158 | $ 19,708 | $ 8,216 | $ 7,518 | $ 194,997 |
| Fleet Technician I | $ 42,679 | $ 14,902 | $ 4,041 | $ 3,265 | $ 2,988 | $ 67,875 |
| Installations Inspector (2) | $ 93,459 | $ 29,805 | $ 15,477 | $ 7,149 | $ 6,542 | $ 152,432 |
| Line Clearance Planner | $ 40,215 | $ 14,902 | $ 7,379 | $ 3,077 | $ 2,815 | $ 68,388 |
| Mapping Database/Applications Programmer | $ 85,274 | $ 14,902 | $ 8,075 | $ 6,524 | $ 5,969 | $ 120,744 |
| System Administrator I | $ 56,877 | $ 14,903 | $ 5,386 | $ 4,351 | $ 3,982 | $ 85,499 |
| Water Meter Technician II | $ 52,806 | $ 14,902 | $ 7,799 | $ 4,040 | $ 3,696 | $ 83,243 |
| Water Supply Electrical Maintenance Tech I | $ 50,070 | $ 14,903 | $ 7,395 | $ 3,830 | $ 3,505 | $ 79,703 |
| **Total Costs** | **$ 1,246,584** | **$ 413,539** | **$ 188,133** | **$ 95,364** | **$ 87,261** | **$ 2,030,881** |

| Position | Water | Gas | Electric | Fiber | Total |
|---|---|---|---|---|---|
| Customer Care Energy Technician | $ 16,685 | $ 9,206 | $ 31,644 | $ - | $ 57,535 |
| EEO Vendor Diversity Specialist | $ 16,707 | $ 13,250 | $ 27,652 | $ - | $ 57,609 |
| Electric Utility Worker (9) | $ - | $ - | $ 502,023 | $ - | $ 502,023 |
| Engineer I (3) | $ 60,784 | $ 33,536 | $ 195,943 | $ - | $ 290,263 |
| Engineering Aide I | $ 20,340 | $ 11,222 | $ 38,575 | $ - | $ 70,137 |
| Environmental Safety Officer | $ 22,713 | $ 17,846 | $ 40,559 | $ - | $ 81,118 |
| Fiber Operations Director | $ - | $ - | $ - | $ 119,315 | $ 119,315 |
| Fiber Utility Worker (4) | $ - | $ - | $ - | $ 194,997 | $ 194,997 |
| Fleet Technician I | $ 12,896 | $ 15,611 | $ 39,368 | $ - | $ 67,875 |
| Installations Inspector (2) | $ 44,205 | $ 24,389 | $ 83,838 | $ - | $ 152,432 |
| Line Clearance Planner | $ - | $ - | $ 68,388 | $ - | $ 68,388 |
| Mapping Database/Applications Programmer | $ 30,186 | $ 24,149 | $ 66,409 | $ - | $ 120,744 |
| System Administrator I | $ 23,940 | $ 17,100 | $ 44,459 | $ - | $ 85,499 |
| Water Meter Technician II | $ 83,243 | $ - | $ - | $ - | $ 83,243 |
| Water Supply Electrical Maintenance Tech I | $ 79,703 | $ - | $ - | $ - | $ 79,703 |
| **Total Costs** | **$ 411,402** | **$ 166,309** | **$ 1,138,858** | **$ 314,312** | **$ 2,030,881** |

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# Business Justification for Additional Staff

**Customer Care Energy Technician –** Construction in the Huntsville Utilities' service area continues at a feverish pace and shows no signs of slowing down. With increased workload and internal opportunities emerging for HU employees, Energy Services seeks adequate staffing levels to accommodate growth and establish succession planning.

**EEO Vendor Diversity Specialist** – This position will assist with the key processes and activities involved in growing relationships with diversely owned businesses, expanding Huntsville Utilities' diversity efforts, and helping mitigate any disparities in the awarding of contracts. A focus will be on identifying diverse supplier networks through the analysis of statistical data. This role will support the EEO Diversity, Equity, and Inclusion team in the development of outreach events and activities that will aid in achieving a viable, diverse vendor program.

**Electric Utility Worker (9) –** This request adds personnel to the Underground Section to stay abreast of a rapidly growing workload and to reduce necessary overtime. Two of these positions would result from lead positions being added for a new residential underground crew and a new underground service crew.

**Engineer I (3) –** This includes one Engineer for the Electric Operations section and two for the Engineering Planning section. The Electric Operations engineer will assist with daily job assignments including, but not limited to, SCADA issues and installation, substation equipment purchases and testing, and OMS implementation and support. Presently the Engineering Planning section has only two Engineers focused on water and gas projects, but four Engineers focused on electric distribution, transmission, and substation projects. These entry level positions will help prepare for any reduction in personnel and provide for better management of all systems.

**Engineering Aide I –** This entry level position will assist the three employees in this section with managing the fiber network. This is a small and newly formed group that manages all work orders related to fiber construction and maintenance and has been challenged by an increasing workload.

**Environmental Safety Officer –** This position will be a dedicated environmental officer, supporting the safety needs of the Downtown facility and serving as a backup to the Security Officer. The underlying goal is for the organization to maintain complete environmental compliance in all areas of waste generation and chemical disposal. The Safety Officer will also provide specialized training for the technical groups that reside at the Downtown location.

**Fiber Operations Director –** This position was vacated in July of 2019 and was not backfilled at that time due to the ongoing fiber project but also to allow time to determine the correct path forward with the Fiber Operations Department. This position oversees the daily operation of the Fiber Operation crews and handles all personnel issues, budgeting, work prioritization and staffing. The Fiber Operations Director will report to the VP of Operations.

**Fiber Utility Worker (4) –** These positions are needed to perform maintenance on existing fiber assets and for the construction of future fiber infrastructure. Maintenance will be crucial in Huntsville Utilities complying with fiber service level agreements.

**Fleet Technician I –** This position is needed to bring the vehicle to technician ratio in line with the industry average of 37.6 vehicles as recently reported in a Utilimarc benchmark study. The current ratio for Huntsville Utilities vehicles is 52 per technician, and the ratio for all fleet equipment is 83 to 1. This addition would evenly distribute the staffing for all fleet repair crews at 5 employees which allows for more efficient scheduling and enhanced productivity.

**Installations Inspector (2) –** These hires will increase the number of electric installation inspectors from three to four and the number of water installation inspectors from two to three. Inspection load has grown with the acquisition of a portion of the Limestone County water service area and new developments in Madison. The existing inspectors routinely work overtime and are not consistently able to meet developer needs.

**Line Clearance Planner –** This is a position that has been vacant for several years but is needed now to address vegetation issues around Water, Gas, and Fiber facilities and to assist with line auditing on Redstone Arsenal.

**Mapping Database/Applications Programmer –** This position will provide support to Engineering and Operations in the design, development, deployment, and data integrity of web-based and client server applications for Huntsville Utilities' GIS initiatives including base maps, Gas, Water, Electric and Fiber GTech conversions, Work Management (WMS), Asset Management (AMS), Advanced Metering Infrastructure (AMI), and InService and Outage Management Systems (OMS).

**System Administrator I –** This position will be an entry level administrative role that provides Help Desk technicians the opportunity to gain exposure to more advanced tasks such as troubleshooting hardware and software configuration issues, participating in server upgrades to strengthen cybersecurity, or developing disaster planning and data recovery procedures. The position will create opportunities for cross training and succession planning, contribute to better documentation of processes and allow senior employees to focus on more complex issues.

**Water Meter Technician II –** The water service area and customer base has grown considerably over the past 10 years which has created a need for additional leadership in the water meter shop. This position will assist with succession planning and help prepare for the eventual water AMI deployment.

**Water Supply Electrical Maintenance Tech I –** This position will perform preventative maintenance and repairs on water supply instrumentation and controls and electronic equipment for the water treatment plants. The additional employee will allow for a quicker and more effective response to electrical issues and is part of succession planning for the water supply group.

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# Capital Improvement Plan

Planned spending for fiscal year 2022 includes recurring capital expenditures of approximately $37.8 million and non-recurring capital items of $57.9 million. Recurring capital expenses are costs that the organization expects to have each year that meet the capitalization criteria set forth in the Budget Policy. This may include routine capital projects, certain tools and work equipment, vehicles, computer and communications systems, transformers or metering equipment. Non-Recurring capital expenses are typically construction projects that can be classified as having a defined timeline, even if the construction is expected to be completed outside of the five-year window for the capital improvement plan. The plan includes reimbursable projects as well as self-funded items and expenditures that will be funded through borrowing. Expected reimbursements are included in the budget as revenue. Shown below is a breakdown of capital expenditures for fiscal year 2022.

| | Water | Gas | Electric | Total |
|---|---|---|---|---|
| Recurring Capital | $ 9,071,155 | $ 3,191,025 | $25,525,029 | **$37,787,209** |
| Non-Recurring Capital | $28,421,782 | $12,684,236 | $16,776,794 | **$57,882,812** |
| **Total** | **$37,492,937** | **$15,875,261** | **$42,301,823** | **$95,670,021** |

Items are included in the capital improvement plan based on need and available resources. The Engineering group evaluates the age of existing infrastructure and monitors growth within the service area to determine where system improvements are needed to maintain reliability. Costs are estimated to perform the work and the resulting capital projects are added to the budget. The Water, Gas and Electric Operations groups will assess the condition of vehicles and work equipment and coordinate with the Fleet Management and Purchasing groups before budget requests for recurring capital items are submitted. The Budget and Rates group updates cash projection models for each service based on the expected capital needs, projected operating and maintenance expenses, and sales forecasts. The CEO/President and CFO will then assess cash impacts of the planned activities and adjust the capital improvement plan.

Some of the more notable projects included in the 2022 capital improvement plan include:

- Rehabilitation of the South Parkway Water Treatment Plant $24,251,000
- Construction of 8 new Electric substations $17,505,000
- Cast iron pipe replacement for the Gas system $12,927,500
- Construction of a new System Operations Center $11,000,000
- Automated Meter Infrastructure (AMI) deployment for the Gas system $ 6,430,000
- Green Mountain Improvements for the Water system $ 4,965,000

The following pages show the five-year capital improvement planned expenditures and funding sources for each utility service.

*The two photos above show the South Parkway Water Treatment Plant, one of three Huntsville Utilities facilities that treat water taken directly from the Tennessee River. Over the next four years, nearly $23 million will be spent to rehab this facility which has been in service since 1964. The project is being funded through low interest Alabama State Revolving Fund (SRF) loans and is expected to be complete in 2025.*

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## Water Capital Improvement Plan

| NON-RECURRING PROJECTS | 2022 | 2023 | 2024 | 2025 | 2026 | 5-Year Spending | Total Project Cost | Strategic Focus |
|---|---|---|---|---|---|---|---|---|
| South Parkway Main Plant Rehab | $ 12,000,000 | $ 7,300,000 | $ 3,150,000 | $ 525,000 | $ - | $ 22,975,000 | $ 24,251,000 | System Reliability |
| AL Hwy 20 (Greenbrier to Mooresville Rd at Bibb Garrett) | $ 3,315,000 | $ - | $ - | $ - | $ - | $ 3,315,000 | $ 3,665,000 | System Reliability |
| Memorial Parkway Relocates (Mastin Lake to Winchester) | $ 3,250,000 | $ - | $ - | $ - | $ - | $ 3,250,000 | $ 3,400,000 | System Reliability |
| Greenbrier Tank (formerly MTM Tank) | $ 2,800,000 | $ 1,600,000 | $ - | $ - | $ - | $ 4,400,000 | $ 4,500,000 | System Reliability |
| Swancott Rd East (3a) | $ 2,200,000 | $ - | $ - | $ - | $ - | $ 2,200,000 | $ 3,015,000 | System Reliability |
| Swancott Road West (Construction) (4) | $ 1,200,000 | $ - | $ - | $ - | $ - | $ 1,200,000 | $ 1,335,000 | System Reliability |
| Green Mountain Improvements | $ 1,000,000 | $ 3,965,000 | $ - | $ - | $ - | $ 4,965,000 | $ 4,965,000 | System Reliability |
| Gunters Way | $ 750,000 | $ - | $ - | $ - | $ - | $ 750,000 | $ 895,000 | System Reliability |
| AL Hwy 20 (County Line to Indian Springs) (1+2) | $ 700,000 | $ - | $ - | $ - | $ - | $ 700,000 | $ 2,310,000 | System Reliability |
| Southwest Plant Plate Settlers and Sludge Vac Upgrades | $ 300,000 | $ 2,700,000 | $ - | $ - | $ - | $ 3,000,000 | $ 3,000,000 | System Reliability |
| Inservice Outage Management System (OMS) | $ 176,782 | $ - | $ - | $ - | $ - | $ 176,782 | $ 176,782 | Org. Excellence |
| Engineering Services Work Order Tracking Software - Water Portion | $ 145,000 | $ - | $ - | $ - | $ - | $ 145,000 | $ 145,000 | Org. Excellence |
| Mid City Area Improvements | $ 100,000 | $ - | $ - | $ - | $ - | $ 100,000 | $ 800,000 | System Reliability |
| Emergency Interconnect with MU | $ 100,000 | $ - | $ - | $ - | $ - | $ 100,000 | $ 100,000 | System Reliability |
| Northern Bypass Relocates (Pulaski Pk to Memorial Pkwy) | $ 95,000 | $ 655,000 | $ - | $ - | $ - | $ 750,000 | $ 750,000 | System Reliability |
| Martin Road Relocates Phase 2 (Old Jim Williams to Laracy) | $ 85,000 | $ 2,335,000 | $ - | $ - | $ - | $ 2,420,000 | $ 2,525,000 | System Reliability |
| Bailey Cove Phase 2 Construction (Hobbs to Green Mtn) | $ 75,000 | $ - | $ - | $ - | $ - | $ 75,000 | $ 2,300,000 | System Reliability |
| Project Management Software - Water Portion | $ 65,000 | $ - | $ - | $ - | $ - | $ 65,000 | $ 65,000 | Org. Excellence |
| GIS Software Implementation Project | $ 65,000 | $ - | $ - | $ - | $ - | $ 65,000 | $ 265,000 | Org. Excellence |
| Pulaski Pike/NHIP (replace tie to County) | $ - | $ 1,350,000 | $ - | $ - | $ - | $ 1,350,000 | $ 5,380,000 | System Reliability |
| Major COH/ALDOT Road Projects for Utility Relocations | $ - | $ 1,000,000 | $ 1,000,000 | $ 1,000,000 | $ 1,000,000 | $ 4,000,000 | $ 4,000,000 | System Reliability |
| Research Blvd New Main (Oakwood to Hwy 53) | $ - | $ 235,000 | $ 2,265,000 | $ - | $ - | $ 2,500,000 | $ 2,500,000 | System Reliability |
| Greenbrier Pkwy to Mooreville Rd Second Feed | $ - | $ 230,000 | $ 2,070,000 | $ - | $ - | $ 2,300,000 | $ 2,300,000 | System Reliability |
| I-565 Ramp SE at Greenbriar (8) | $ - | $ 100,000 | $ 750,000 | $ - | $ - | $ 850,000 | $ 850,000 | System Reliability |
| Kellner Rd to Lady Hawk Ln Tie | $ - | $ 85,000 | $ - | $ - | $ - | $ 85,000 | $ 85,000 | System Reliability |
| AL Hwy 20 (N I-565 & E of Greenbrier Parkway) (5) (Construction) | $ - | $ - | $ 1,950,000 | $ - | $ - | $ 1,950,000 | $ 2,165,000 | System Reliability |
| Old Hwy 20 (County Line to East of Greenbrier Road) | $ - | $ - | $ 250,000 | $ 3,675,000 | $ - | $ 3,925,000 | $ 3,925,000 | System Reliability |
| US 72 Relocates (County Line to Providence Main) | $ - | $ - | $ 180,000 | $ 5,383,000 | $ - | $ 5,563,000 | $ 5,563,000 | System Reliability |
| Bob Wade Booster | $ - | $ - | $ 150,000 | $ 1,200,000 | $ - | $ 1,350,000 | $ 1,350,000 | System Reliability |
| Slaughter Road Relocations (AL 20 to Old Madison Pike) | $ - | $ - | $ - | $ 340,000 | $ 2,383,000 | $ 2,723,000 | $ 2,723,000 | System Reliability |
| Southwest Water Treatment Plant VFD | $ - | $ - | $ - | $ - | $ 3,000,000 | $ 3,000,000 | $ 3,000,000 | System Reliability |
| **NON-RECURRING CAPITAL** | **$ 28,421,782** | **$ 21,555,000** | **$ 11,765,000** | **$ 12,123,000** | **$ 6,383,000** | **$ 80,247,782** | **$ 92,303,782** | |

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## Water Capital Improvement Plan (CONTINUED)

| RECURRING CAPITAL | 2022 | 2023 | 2024 | 2025 | 2026 | 5-Year Spending | Total Project Cost | Strategic Focus |
|---|---|---|---|---|---|---|---|---|
| General Development and Main Extensions | $ 3,200,000 | $ 2,200,000 | $ 2,200,000 | $ 2,200,000 | $ 2,200,000 | $ 12,000,000 | Not Applicable | Customer Satisfaction |
| Vehicles | $ 859,255 | $ 1,015,000 | $ 780,000 | $ 750,000 | $ 750,000 | $ 4,154,255 | Not Applicable | System Reliability |
| CI/PVC/AC Replacement | $ 900,000 | $ 900,000 | $ 900,000 | $ 900,000 | $ 900,000 | $ 4,500,000 | Not Applicable | System Reliability |
| Tank Maintenance and Repainting | $ 1,200,000 | $ 1,200,000 | $ 1,200,000 | $ 1,900,000 | $ 800,000 | $ 6,300,000 | Not Applicable | System Reliability |
| Metering Equipment | $ 1,000,000 | $ 930,000 | $ 500,000 | $ 500,000 | $ 500,000 | $ 3,430,000 | Not Applicable | System Reliability |
| Capitalized material for O&M construction | $ 400,000 | $ 350,000 | $ 350,000 | $ 350,000 | $ 350,000 | $ 1,800,000 | Not Applicable | System Reliability |
| New Service Lines | $ 880,000 | $ 300,000 | $ 300,000 | $ 300,000 | $ 300,000 | $ 2,080,000 | Not Applicable | Customer Satisfaction |
| Misc Road Relocations/Street Pavement | $ 200,000 | $ 200,000 | $ 200,000 | $ 200,000 | $ 200,000 | $ 1,000,000 | Not Applicable | System Reliability |
| Land Purchases | $ 200,000 | $ 200,000 | $ 200,000 | $ 200,000 | $ 200,000 | $ 1,000,000 | Not Applicable | System Reliability |
| Rerun Service Line Material | $ 225,000 | $ 250,000 | $ 250,000 | $ 250,000 | $ 250,000 | $ 1,225,000 | Not Applicable | Customer Satisfaction |
| Tools and Work Equipment | $ 6,900 | $ 30,000 | $ 30,000 | $ 30,000 | $ 30,000 | $ 126,900 | Not Applicable | System Reliability |
| **RECURRING CAPITAL** | **$ 9,071,155** | **$ 7,575,000** | **$ 6,910,000** | **$ 7,580,000** | **$ 6,480,000** | **$ 37,616,155** | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| **TOTAL CAPITAL** | **$ 37,492,937** | **$ 29,130,000** | **$ 18,675,000** | **$ 19,703,000** | **$ 12,863,000** | **$ 117,863,937** |

| FUNDING SOURCE | 2022 | 2023 | 2024 | 2025 | 2026 | 5-Year Total |
|---|---|---|---|---|---|---|
| Pay As You Go | $ 19,384,937 | $ 10,472,000 | $ 11,070,000 | $ 11,380,000 | $ 7,880,000 | $ 60,186,937 |
| Transfers | $ - | $ - | $ - | $ - | $ - | $ - |
| Reimbursements | $ 3,208,000 | $ 4,023,000 | $ 1,780,000 | $ 7,323,000 | $ 3,983,000 | $ 20,317,000 |
| System Development Fees | $ 1,000,000 | $ 1,000,000 | $ 1,000,000 | $ 1,000,000 | $ 1,000,000 | $ 5,000,000 |
| State Revolving Fund | $ 13,900,000 | $ 13,635,000 | $ 4,825,000 | $ - | $ - | $ 32,360,000 |
| Other Borrowing Proceeds | $ - | $ - | $ - | $ - | | $ - |
| **TOTAL FUNDING** | **$ 37,492,937** | **$ 29,130,000** | **$ 18,675,000** | **$ 19,703,000** | **$ 12,863,000** | **$ 117,863,937** |

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## Gas Capital Improvement Plan

| NON-RECURRING CAPITAL | 2022 | 2023 | 2024 | 2025 | 2026 | 5-Year Spending | Total Project Cost | Strategic Focus |
|---|---|---|---|---|---|---|---|---|
| AMI Modules - Purchase and Install by Contractor | $ 3,950,000 | $ 1,680,000 | $ - | $ - | $ - | $ 5,630,000 | $ 6,430,000 | Org. Excellence |
| Greenbrier Area Expansion (gate station) | $ 1,850,000 | $ - | $ - | $ - | $ - | $ 1,850,000 | $ 9,500,000 | Customer Satisfaction |
| Cast Iron Replacement | $ 1,800,000 | $ 1,800,000 | $ 1,200,000 | $ 1,200,000 | $ - | $ 6,000,000 | $ 12,927,500 | System Reliability |
| AL Hwy 20 (Greenbrier to Mooresville) (w/water) | $ 1,250,000 | $ - | $ - | $ - | $ - | $ 1,250,000 | $ 1,250,000 | Customer Satisfaction |
| Martin Road Phase 2 (Wall Triana to Old Jim Williams) | $ 1,100,000 | $ - | $ - | $ - | $ - | $ 1,100,000 | $ 1,100,000 | System Reliability |
| Winchester Road Relocates (Naugher Rd to Dominion) | $ 550,000 | $ - | $ - | $ - | $ - | $ 550,000 | $ 550,000 | System Reliability |
| South Pointe Connector (Endeavor to Hwy 20) | $ 525,000 | $ - | $ - | $ - | $ - | $ 525,000 | $ 525,000 | Customer Satisfaction |
| Second Floor Buildout of the Triana Operations Center | $ 400,000 | $ - | $ - | $ - | $ - | $ 400,000 | $ 500,000 | Workplace Performance |
| Northern Bypass Relocates (Pulaski Pk to Memorial Pkwy) | $ 325,000 | $ 2,900,000 | $ - | $ - | $ - | $ 3,225,000 | $ 3,250,000 | System Reliability |
| Oscar Patterson Road | $ 250,000 | $ 1,350,000 | $ - | $ - | $ - | $ 1,600,000 | $ 1,600,000 | Customer Satisfaction |
| Blake Bottom Road (Tindall to Anslee Way) | $ 175,000 | $ 1,550,000 | $ - | $ - | $ - | $ 1,725,000 | $ 1,725,000 | System Reliability |
| Inservice Outage Management System (OMS) | $ 173,436 | $ - | $ - | $ - | $ - | $ 173,436 | $ 173,436 | Customer Satisfaction |
| Green Mountain Improvements | $ 100,000 | $ 350,000 | $ - | $ - | $ - | $ 450,000 | $ 450,000 | Customer Satisfaction |
| HVAC Equipment | $ 83,800 | $ - | $ - | $ - | $ - | $ 83,800 | $ 87,500 | Workplace Performance |
| Engineering Services Work Order Tracking Software - Gas | $ 80,000 | $ - | $ - | $ - | $ - | $ 80,000 | $ 80,000 | Org. Excellence |
| GIS Implementation Project | $ 36,000 | $ - | $ - | $ - | $ - | $ 36,000 | $ 115,000 | Org. Excellence |
| Project Management Software - Gas Portion | $ 36,000 | $ - | $ - | $ - | $ - | $ 36,000 | $ 36,000 | Org. Excellence |
| Jeff Road Relocates (CR-28 to Douglas Road) | $ - | $ 515,000 | $ 7,085,000 | $ - | $ - | $ 7,600,000 | $ 7,600,000 | Customer Satisfaction |
| McMullen Regulator Station | $ - | $ 300,000 | $ - | $ - | $ - | $ 300,000 | $ 300,000 | System Reliability |
| Jeff Road Widening from Douglas to Hwy 53 | $ - | $ 250,000 | $ 3,350,000 | $ - | $ - | $ 3,600,000 | $ 3,600,000 | System Reliability |
| Kellner Rd to Lady Hawk Ln Tie | $ - | $ 175,000 | $ - | $ - | $ - | $ 175,000 | $ 175,000 | Customer Satisfaction |
| Walker Ln/Steger Rd Completion | $ - | $ - | $ 750,000 | $ - | $ - | $ 750,000 | $ 750,000 | Customer Satisfaction |
| Jeff Road (Will Raby to Pulaski/Toney) | $ - | $ - | $ 675,000 | $ - | $ - | $ 675,000 | $ 675,000 | System Reliability |
| US 72 Relocates (County Line to Providence Main) | $ - | $ - | $ 400,000 | $ - | $ - | $ 400,000 | $ 400,000 | System Reliability |
| Major Roadway Relocations | $ - | $ - | $ - | $ 1,000,000 | $ 1,000,000 | $ 2,000,000 | $ 2,000,000 | System Reliability |
| Moores Mill (Shed Road to Oscar Patterson) | $ - | $ - | $ - | $ 775,000 | $ - | $ 775,000 | $ 775,000 | Customer Satisfaction |
| Cherry Tree Area (Regency to Eslinger) | $ - | $ - | $ - | $ 500,000 | $ - | $ 500,000 | $ 500,000 | Customer Satisfaction |
| Slaughter Rd Widening form Old Madison Pk to SR-20 | $ - | $ - | $ - | $ 130,000 | $ 1,100,000 | $ 1,230,000 | $ 1,230,000 | System Reliability |
| Old Big Cove Road (River Ridge to Wilson Mann) | $ - | $ - | $ - | $ - | $ 1,000,000 | $ 1,000,000 | $ 1,000,000 | Customer Satisfaction |
| Pulaski Pike (Toney Road to Morris Road) | $ - | $ - | $ - | $ - | $ 775,000 | $ 775,000 | $ 775,000 | System Reliability |
| **NON-RECURRING CAPITAL** | **$ 12,684,236** | **$ 10,870,000** | **$ 13,460,000** | **$ 3,605,000** | **$ 3,875,000** | **$ 44,494,236** | **$ 60,079,436** | |

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## Gas Capital Improvement Plan (CONTINUED)

| RECURRING CAPITAL | 2022 | 2023 | 2024 | 2025 | 2026 | 5-Year Spending | Total Project Cost | Strategic Focus |
|---|---|---|---|---|---|---|---|---|
| Vehicles | $ 756,025 | $ 550,000 | $ 450,000 | $ 450,000 | $ 450,000 | $ 2,656,025 | Not Applicable | System Reliability |
| General Development and Extensions | $ 850,000 | $ 550,000 | $ 550,000 | $ 550,000 | $ 550,000 | $ 3,050,000 | Not Applicable | Customer Satisfaction |
| Metering Equipment | $ 500,000 | $ 500,000 | $ 500,000 | $ 500,000 | $ 500,000 | $ 2,500,000 | Not Applicable | System Reliability |
| New Service Lines | $ 550,000 | $ 350,000 | $ 350,000 | $ 350,000 | $ 350,000 | $ 1,950,000 | Not Applicable | Customer Satisfaction |
| Maintenance of Gas System | $ 215,000 | $ 215,000 | $ 215,000 | $ 215,000 | $ 215,000 | $ 1,075,000 | Not Applicable | System Reliability |
| Misc Road Relocations/Street Pavement | $ 200,000 | $ 200,000 | $ 200,000 | $ 200,000 | $ 200,000 | $ 1,000,000 | Not Applicable | System Reliability |
| Regulators | $ 100,000 | $ 100,000 | $ 100,000 | $ 100,000 | $ 100,000 | $ 500,000 | Not Applicable | System Reliability |
| Tools and Work Equipment | $ 20,000 | $ 25,000 | $ 25,000 | $ 25,000 | $ 25,000 | $ 120,000 | Not Applicable | System Reliability |
| **RECURRING CAPITAL** | **$ 3,191,025** | **$ 2,490,000** | **$ 2,390,000** | **$ 2,390,000** | **$ 2,390,000** | **$ 12,851,025** | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| **TOTAL CAPITAL** | **$ 15,875,261** | **$ 13,360,000** | **$ 15,850,000** | **$ 5,995,000** | **$ 6,265,000** | **$ 57,345,261** |

| FUNDING SOURCE | 2022 | 2023 | 2024 | 2025 | 2026 | 5-Year Total |
|---|---|---|---|---|---|---|
| Pay As You Go | $ 13,725,261 | $ 8,145,000 | $ 5,015,000 | $ 4,865,000 | $ 4,165,000 | $ 35,915,261 |
| Transfers | $ - | $ - | $ - | $ - | $ - | $ - |
| Reimbursements | $ 2,150,000 | $ 5,215,000 | $ 10,835,000 | $ 1,130,000 | $ 2,100,000 | $ 21,430,000 |
| Borrowing Proceeds | $ - | $ - | $ - | $ - | $ - | $ - |
| **TOTAL FUNDING** | **$ 15,875,261** | **$ 13,360,000** | **$ 15,850,000** | **$ 5,995,000** | **$ 6,265,000** | **$ 57,345,261** |

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## Electric Capital Improvement Plan

| NON-RECURRING CAPITAL | 2022 | 2023 | 2024 | 2025 | 2026 | 5-Year Spending | Total Project Cost | Strategic Focus |
|---|---|---|---|---|---|---|---|---|
| Moontown (46kV Line from Moontown to Chase) | $ 2,000,000 | $ - | $ - | $ - | $ - | $ 2,000,000 | $ 2,000,000 | System Reliability |
| Old Monrovia Substation | $ 1,567,399 | $ - | $ - | $ - | $ - | $ 1,567,399 | $ 1,950,000 | System Reliability |
| Capshaw Exit Circuits | $ 1,300,000 | $ - | $ - | $ - | $ - | $ 1,300,000 | $ 1,300,000 | System Reliability |
| Capshaw - Complete Substation & Transmission Tap | $ 1,250,669 | $ - | $ - | $ - | $ - | $ 1,250,669 | $ 2,165,000 | System Reliability |
| Walker Lane Substation | $ 1,100,000 | $ 2,325,000 | $ - | $ - | $ - | $ 3,425,000 | $ 3,425,000 | System Reliability |
| Burwell Transformer and 25kV Conversion | $ 1,075,000 | $ - | $ - | $ - | $ - | $ 1,075,000 | $ 1,075,000 | System Reliability |
| Systems Operations Center | $ 1,000,000 | $ 5,000,000 | $ 5,000,000 | $ - | $ - | $ 11,000,000 | $ 11,000,000 | Workplace Performance |
| Remodel of the Air Plant Facility for Fiber Use | $ 1,000,000 | $ - | $ - | $ - | $ - | $ 1,000,000 | $ 1,000,000 | Workplace Performance |
| Green Mountain Reconductor | $ 900,000 | $ - | $ - | $ - | $ - | $ 900,000 | $ 900,000 | System Reliability |
| Downtown Office Remodel - 2nd Floor | $ 800,000 | $ - | $ - | $ - | $ - | $ 800,000 | $ 800,000 | Workplace Performance |
| Toyota Solar Generation Substation | $ 800,000 | $ - | $ - | $ - | $ - | $ 800,000 | $ 1,600,000 | Customer Satisfaction |
| Big Cove 161kV/12kV Substation | $ 585,000 | $ 1,755,000 | $ - | $ - | $ - | $ 2,340,000 | $ 2,340,000 | System Reliability |
| Old Monrovia Exit Circuits | $ 500,000 | $ - | $ - | $ - | $ - | $ 500,000 | $ 500,000 | System Reliability |
| Martin Road Relocates (Wall Triana to Old Jim Williams) | $ 450,000 | $ - | $ - | $ - | $ - | $ 450,000 | $ 450,000 | System Reliability |
| Hazel Green - replace 46/12 transformer | $ 335,000 | $ - | $ - | $ - | $ - | $ 335,000 | $ 335,000 | System Reliability |
| Engineering Services Work Order Tracking Software - Electric | $ 275,000 | $ - | $ - | $ - | $ - | $ 275,000 | $ 275,000 | Org. Excellence |
| Downtown Electric Switch Replacement | $ 250,000 | $ 400,000 | $ 400,000 | $ 400,000 | $ 400,000 | $ 1,850,000 | $ 4,000,000 | System Reliability |
| Building renovations at Chase Operations Center (J building) | $ 225,000 | $ - | $ - | $ - | $ - | $ 225,000 | $ 225,000 | Workplace Performance |
| Shed to protect underground equipment | $ 220,000 | $ - | $ - | $ - | $ - | $ 220,000 | $ 220,000 | Workplace Performance |
| Memorial Parkway Relocates (Mastin Lake) | $ 200,000 | $ - | $ - | $ - | $ - | $ 200,000 | $ 200,000 | System Reliability |
| Inservice Outage Management System (OMS) | $ 165,126 | $ - | $ - | $ - | $ - | $ 165,126 | $ 165,126 | Org. Excellence |
| HVAC Units | $ 128,600 | $ - | $ - | $ - | $ - | $ 128,600 | $ 128,600 | Workplace Performance |
| GIS Software Implementation - Electric Portion | $ 115,000 | $ - | $ - |  | $ - | $ 115,000 | $ 750,000 | Org. Excellence |
| Project Management Software - Electric Portion | $ 115,000 | $ - | $ - | $ - | $ - | $ 115,000 | $ 115,000 | Org. Excellence |
| Corporate Drive Cable Replacement | $ 100,000 | $ - | $ - | $ - | $ - | $ 100,000 | $ 100,000 | System Reliability |
| Chase Gate Redesign and Renovation | $ 100,000 | $ - | $ - | $ - | $ - | $ 100,000 | $ 100,000 | Workplace Performance |
| Covered work area for Chase Garage | $ 90,000 | $ - | $ - | $ - | $ - | $ 90,000 | $ 90,000 | Workplace Performance |
| Roofing for Warehouse building at Chase | $ 70,000 | $ - | $ - | $ - | $ - | $ 70,000 | $ 70,000 | Workplace Performance |
| Replace substation battery banks | $ 60,000 | $ - | $ - | $ - | $ - | $ 60,000 | $ 60,000 | System Reliability |
| Northern Bypass Relocates | $ - | $ 1,800,000 | $ - | $ - | $ - | $ 1,800,000 | $ 1,800,000 | System Reliability |
| Pegasus Substation | $ - | $ 1,462,500 | $ 487,500 | $ - | $ - | $ 1,950,000 | $ 1,950,000 | System Reliability |
| Winchester Road (Dominion to Naugher) | $ - | $ 850,000 | $ - | $ - | $ - | $ 850,000 | $ 850,000 | System Reliability |
| Walker Lane 12kV to 25kV Conversion | $ - | $ 675,000 | $ - | $ - | $ - | $ 675,000 | $ 675,000 | System Reliability |
| Osmose Pole Inspections | $ - | $ 500,000 | $ 500,000 | $ 500,000 | $ 500,000 | $ 2,000,000 | $ 2,000,000 | System Reliability |
| Walker Lane Exit Circuits | $ - | $ 400,000 | $ - | $ - | $ - | $ 400,000 | $ 400,000 | System Reliability |
| Blake Bottom Road (Tindall to Anslee Way) | $ - | $ 400,000 | $ - | $ - | $ - | $ 400,000 | $ 400,000 | System Reliability |
| Jeff Road Relocates (CR-28 to Douglas Road) | $ - | $ 340,000 | $ - | $ - | $ - | $ 340,000 | $ 340,000 | System Reliability |
| Cherrytree Area Substation | $ - | $ - | $ 1,950,000 | $ - | $ - | $ 1,950,000 | $ 1,950,000 | System Reliability |
| US 72 Relocates (County Line to Providence Main) | $ - | $ - | $ 1,100,000 | $ - | $ - | $ 1,100,000 | $ 1,100,000 | System Reliability |

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## Electric Capital Improvement Plan (CONTINUED)

| NON-RECURRING CAPITAL | 2022 | 2023 | 2024 | 2025 | 2026 | 5-Year Spending | Total Project Cost | Strategic Focus |
|---|---|---|---|---|---|---|---|---|
| 46kV to Cherrytree Area Substation | $ - | $ - | $ 1,000,000 | $ - | $ - | $ 1,000,000 | $ 1,000,000 | System Reliability |
| Stegers Transformer and 25kV Conversion | $ - | $ - | $ 725,000 | $ - | $ - | $ 725,000 | $ 725,000 | System Reliability |
| Jeff Road Widening from Douglas to Hwy 53 | $ - | $ - | $ 510,000 | $ - | $ - | $ 510,000 | $ 510,000 | System Reliability |
| Flexible Generation Design | $ - | $ - | $ 500,000 | $ 5,000,000 | $ 5,000,000 | $ 10,500,000 | $ 10,500,000 | System Reliability |
| Hobbs Island Road Substation 161/12 | $ - | $ - | $ - | $ 2,340,000 | $ - | $ 2,340,000 | $ 2,340,000 | System Reliability |
| 46kV - Thornton to Pegasus | $ - | $ - | $ - | $ 2,300,000 | $ - | $ 2,300,000 | $ 2,300,000 | System Reliability |
| Hobbs Island Road Substation Exit Circuits | $ - | $ - | $ - | $ 500,000 | $ - | $ 500,000 | $ 500,000 | System Reliability |
| SE Delivery Substation | $ - | $ - | $ - | $ - | $ 1,950,000 | $ 1,950,000 | $ 1,950,000 | System Reliability |
| VBC duct bank | $ - | $ - | $ - | $ - | $ 1,500,000 | $ 1,500,000 | $ 1,500,000 | Customer Satisfaction |
| SE Delivery (46kV from SE Delivery to New Hope) | $ - | $ - | $ - | $ - | $ 1,125,000 | $ 1,125,000 | $ 1,125,000 | System Reliability |
| Major Roadway Relocations | $ - | $ - | $ - | $ - | $ 750,000 | $ 750,000 | $ 750,000 | System Reliability |
| **NON RECURRING CAPITAL** | **$16,776,794** | **$15,907,500** | **$12,172,500** | **$11,040,000** | **$11,225,000** | **$ 67,121,794** | **$ 72,003,726** | |

| RECURRING CAPITAL | 2022 | 2023 | 2024 | 2025 | 2026 | 5-Year Spending | Total Project Cost | Strategic Focus |
|---|---|---|---|---|---|---|---|---|
| Electric General Development and Extensions | $ 6,600,000 | $ 6,000,000 | $ 6,000,000 | $ 6,000,000 | $ 6,000,000 | $ 30,600,000 | Not Applicable | Customer Satisfaction |
| Metering Equipment | $ 1,763,756 | $ 250,000 | $ 250,000 | $ 250,000 | $ 250,000 | $ 2,763,756 | Not Applicable | System Reliability |
| Vehicles | $ 4,784,773 | $ 2,250,000 | $ 2,250,000 | $ 2,250,000 | $ 2,250,000 | $ 13,784,773 | Not Applicable | System Reliability |
| Distribution Transformers | $ 4,200,000 | $ 3,500,000 | $ 3,500,000 | $ 3,500,000 | $ 3,500,000 | $ 18,200,000 | Not Applicable | System Reliability |
| Maintenance of electric system/pole change outs | $ 2,650,000 | $ 2,000,000 | $ 2,000,000 | $ 2,000,000 | $ 2,000,000 | $ 10,650,000 | Not Applicable | System Reliability |
| Fiber General Development and Extensions | $ 2,000,000 | $ 2,500,000 | $ 2,500,000 | $ 2,500,000 | $ 2,500,000 | $ 12,000,000 | Not Applicable | Customer Satisfaction |
| Computer Equipment | $ 1,605,500 | $ 1,000,000 | $ 1,000,000 | $ 1,000,000 | $ 1,000,000 | $ 5,605,500 | Not Applicable | System Reliability |
| Replace Obsolete Breakers | $ 295,000 | $ 225,000 | $ 225,000 | $ 225,000 | $ 225,000 | $ 1,195,000 | Not Applicable | System Reliability |
| Misc Underground Cable Replacement | $ 200,000 | $ 1,000,000 | $ 1,000,000 | $ 1,000,000 | $ 1,000,000 | $ 4,200,000 | Not Applicable | System Reliability |
| Electric Misc Upgrades & COH/Roadway Relocations | $ 300,000 | $ 300,000 | $ 300,000 | $ 300,000 | $ 300,000 | $ 1,500,000 | Not Applicable | System Reliability |
| Materials for Maintenance of Fiber System | $ 200,000 | $ 50,000 | $ 50,000 | $ 50,000 | $ 50,000 | $ 400,000 | Not Applicable | System Reliability |
| Tools & Work Equipment | $ 168,000 | $ 200,000 | $ 200,000 | $ 200,000 | $ 200,000 | $ 968,000 | Not Applicable | System Reliability |
| Land Purchases for Substations | $ 200,000 | $ 200,000 | $ 200,000 | $ 200,000 | $ 200,000 | $ 1,000,000 | Not Applicable | System Reliability |
| Fiber Road Relocations | $ 100,000 | $ 100,000 | $ 100,000 | $ 100,000 | $ 100,000 | $ 500,000 | Not Applicable | System Reliability |
| Fiber New Tier 2 (COH, etc) | $ 400,000 | $ 100,000 | $ 100,000 | $ 100,000 | $ 100,000 | $ 800,000 | Not Applicable | Customer Satisfaction |
| Communication Equipment | $ 58,000 | $ 100,000 | $ 100,000 | $ 100,000 | $ 100,000 | $ 458,000 | Not Applicable | System Reliability |
| **RECURRING CAPITAL** | **$25,525,029** | **$19,775,000** | **$19,775,000** | **$19,775,000** | **$19,775,000** | **$ 104,625,029** | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| **TOTAL CAPITAL** | **$42,301,823** | **$35,682,500** | **$31,947,500** | **$30,815,000** | **$31,000,000** | **$ 171,746,823** |

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## Electric Capital Improvement Plan (CONTINUED)

| FUNDING SOURCE | 2022 | 2023 | 2024 | 2025 | 2026 | 5-Year Total |
|---|---|---|---|---|---|---|
| Pay As You Go | $42,301,823 | $35,682,500 | $31,947,500 | $30,815,000 | $31,000,000 | $ 171,746,823 |
| Transfers | $ - | $ - | $ - | $ - | $ - | $ - |
| Reimbursements | $ - | $ - | $ - | $ - | $ - | $ - |
| Borrowing Proceeds | $ - | $ - | $ - | $ - | $ - | $ - |
| **TOTAL FUNDING** | **$42,301,823** | **$35,682,500** | **$31,947,500** | **$30,815,000** | **$31,000,000** | **$ 171,746,823** |

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## Impacts of Capital Expenditures on Operating & Maintenance Expenses

Many times, capital and operating expenses are viewed exclusive of each other during the budget process. However, the two types of expenses are closely connected and devoting resources to one does not always mean that less resources are required of the other. To illustrate this, the notable projects identified in the current capital improvement plan are discussed below from a perspective of how they might impact operating and maintenance expenses.

**Rehabilitation of the South Parkway Water Treatment Plant**

- The treatment plant was constructed in 1964 and has been expanded 3 times which has driven up equipment maintenance, materials expense, and contracted repairs.
- Newer equipment throughout the facility will result in less maintenance expense allowing staff to be diverted to other activities and utilized more effectively.
- During the rehab of the plant, blowers will be added to bring impurities to the surface of the water, resulting in less downtime for cleaning and potentially less overtime expense.
- Reconfiguring workspaces will lead to increased efficiency in the labs but will require an initial increase in office supply and materials expense.
- Debt service expense will increase with borrowing required to finance the project.

**Construction of 8 new Electric substations**

- The substations are a product of customer growth in all areas of the electric system which also results in higher purchased power costs and additional sales revenue.
- Additional facilities across the service area will require long-term increases to material, equipment maintenance, and fuel costs.
- Converting circuits from 12kV to 25kV should reduce line loss, resulting in minor reductions to purchased power, and should allow for greater substation spacing which will reduce future capital costs.
- Payments in lieu of taxes (PILOT) to the City will increase since electric PILOT is based on asset values. Insurance premiums are also tied to asset values.

**Cast iron pipe replacement for the Gas system**

- The cast iron pipe was originally installed in the 1950s and 60s. Regulatory agencies are pushing for replacement to avoid corrosion and leaks.
- PE pipe should result in fewer gas leaks, leading to fewer maintenance calls.
- Preventative leak surveying, required by regulatory agencies, may be reduced due to the elimination of cast iron pipe.
- There will be a temporary increase in contracted labor for installation of the pipe.

**Construction of a new System Operations Center**

- The current operations center is too small and cannot accommodate additional personnel or equipment needed for expanding systems/infrastructure.
- The new Outage Management System (OMS) will allow more efficient response to system outages, reducing time spent analyzing prospective failures.

- Additional system operators will most likely be needed to staff the larger more advanced facility leading to additional onboarding and education and training costs.
- There will be additional facilities maintenance costs for cleaning, security, and utilities.

**Automated Meter Infrastructure (AMI) deployment for the Gas system**

- Implementing AMI eliminates the need for in-person contracted meter reading costs. Those savings would apply to initial meter reads and re-reads.
- The advanced meters also provide usage data for system modelling which will result in more accurate pipe sizing, which will influence inventory levels, and rate design which could ultimately have impacts to both revenue and purchased gas.
- There will be a temporary increase in contracted labor for installation of the new equipment.

**Green Mountain Improvements for the Water system**

- These improvements, which are required to serve customers at a higher elevation, are also a result of customer growth which ultimately drives up all water treatment expense.
- Long-term operating and maintenance costs will increase with the addition of a booster pump station and roughly a mile of additional water main. Materials and employee expenses will go up as a result.
- There will be a temporary increase in contracted labor for installation of the required infrastructure.

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# Engineering FY22 Capital Project Summaries - Water

**Note:** Every item in the capital improvement plan will not have a project summary sheet. Only projects with work scheduled for FY22 that require design and planning by the Engineering section are included.

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**Current&Future Huntsville Utilities Project- Water Capital** | Project Owner: HU | **March 2021**

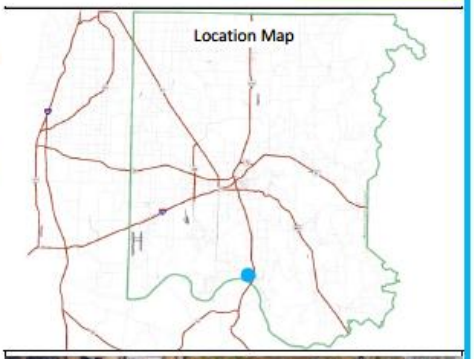
South Parkway Main Plant Rehab Engineering & Construction | CPP-21.W.607310.52.05 | Status: Engineering | **On Time**

Scope of Project:
Evaluate, design, and rehab SPWTP. Includes replacement of filter bottoms,high and medium voltage electrical equipment; new air scour; remodeling of the operator and laboratory area; installation of new sludge handling equipment; and general maintenance for the facility. This is part of a multi-year project partially funded through the State Revolving Loan (SRF) program.

Justification:
initial portion of South Parkway Water Treatment Plant constructed in the 1960 and early 1970s. Structures and equipment are at the end of their useful life and are starting to become more costly to maintain. This will reduce the potential for mechanical or structural malfunctions and provide a stable supply of potable water for our customers.

Project Update:
B. H. Craig was low bidder at $18,240,230. Received ADEM SRF approval to award on 10 June. Water board approved contract award at June board meeting. B.H. Craig providing bonds and insurance documents.

Project Notes:
Requested ADEM SRF approval to award on 24 May 2021.
Bid Opening conducted on 20 May 2021.
Conducted pre-bid meeting on 27 April 2021.
Received ADEM Drinking Water Construction Permit on March 23, 2021





| Fiscal Year | FY19-20 | FY2021 | FY2021 | FY2022 | TOTAL |
|---|---|---|---|---|---|
| Budget Line | 152-2020-5 | Carryover | 151-2021-1 | NA | |
| Funding | $1,700,000 | $0 | $1,000,000 | $0 | **$2,700,000** |
| Budget | $1,700,000 | $450,000 | $1,000,000 | $12,000,000 | **$22,375,000** |
| Actual/FYTD | $526,520 | $450,000 | $280,007 | $0 | **$1,256,527** |
| Budget Remaining | $1,173,480 | $0 | $719,993 | $12,000,000 | **$21,118,473** |
| % Budget Spent | 31% | 100% | 28% | 0% | **6%** |

| Engineering Start: | 16-Jan-20 | Bid Opening: | 20-May-21 | Intent to Award: | 06/29/2021 | N.T.P.: | | Projected Complete: | | Req'd Complete: | 31-Mar-23 |
|---|---|---|---|---|---|---|---|---|---|---|---|

**Future Huntsville Utilities Project- Water Capital** | Project Owner: HU | **March 2021**

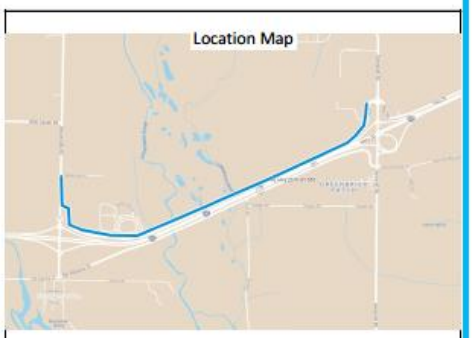
AL Hwy 20 (Greenbrier to Mooresville Rd) | CPP-22.W.607310.51.03 | Status: Planning

Scope of Project:
Installation of 13,300 lf of 12" DI connecting from Greenbrier Pkwy to Mooresville Rd. Project begins at existing 12" PVC main on AL Hwy 20 near Greenbrier Parkway. Project extends west along AL Hwy 20 and turn north on Mooresville Road. Project ends at intersection of Mooresville Road and Bibb Garrett.

Justification:
Increases available flow to Mooresville area toward I-65. Project will replace existing 6" and 8" PVC main along AL Hwy 20 from Greenbrier Road to Mooresville Road. When all area upgrades are complete, there will be at least 12" diameter pipes from the MTMUS tank to the Mooresville area.

Project Update:

Project Notes:
Funded FY21 for $350k by moving funds originally budgeted Old Highway 20 to Mooresville Road Engineering.





| Fiscal Year | FY2021 | FY2022 | FY2022 | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | BWO 151-2021-5* | Carryover | | | |
| Funding | $350,000 | $0 | $0 | $0 | **$350,000** |
| Budget | $350,000 | $0 | $3,315,000 | $0 | **$3,665,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $350,000 | $0 | $3,315,000 | $0 | **$3,665,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

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**Current&Future Huntsville Utilities Project- Water Capital** | Project Owner: ALDOT | **March 2021**

## Memorial Pkwy Relocates (Mastin Lake to Winchester)

CPP-21.W.607310.52.02

Status: Engineering

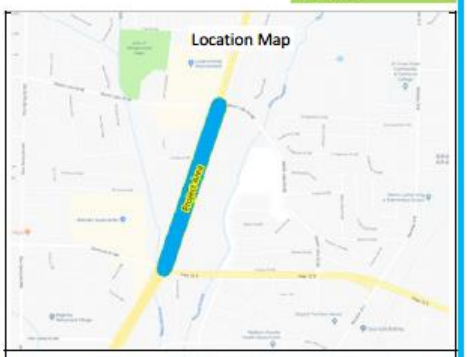
**On Time**

Scope of Project:
Reimbursable road project to relocate existing water mains to clear way for the construction of an interchange at Mastin Lake and Memorial Parkway by ALDOT. Relocation cost will be reimbursed by ALDOT with betterment in this project. Project includes installation of 5,400 ft or 16", 3,650 ft of 12' and 2,850 ft of 8" ductile iron water main.

Justification:
Existing water lines interfere with the new Mastin Lake Rd overpass//Memorial Parkway Improvements project. The betterment in the project will eliminate some cast iron main under Memorial Parkway.

Project Update:
Barge Design is designing project. Design complete. Received approved SAHD #2 agreement from ALDOT on December 14, 2020. Apparent low bidder rejected for being non-responsive. ALDOT reviewing bid tabulations and will provide guidance for award.

Project Notes:
Pre-bid meeting held on May 20. Bid Opening scheduled June 3.
Advertise for bids started April 28. 2021.
Received approved SAHD #2 agreement from ALDOT on December 14, 2020.
Reimbursement: $2,768,952.94 Betterment: $362,570 Total: $3,131,522.94





| Fiscal Year | FY2020 | FY2021 | FY2021 | FY2022 | TOTAL |
|---|---|---|---|---|---|
| Budget Line | 152-2020-6 | Carryover | Additional Req'd | Carryover | |
| Funding | $2,500,000 | $0 | $0 | $0 | **$2,500,000** |
| Budget | $2,500,000 | $2,350,000 | $650,000 | $3,250,000 | **$3,400,000** |
| Actual/FYTD | $55,276 | $155,949 | $0 | $0 | **$303,508** |
| Budget Remaining | $2,444,724 | $2,194,051 | $650,000 | $3,250,000 | **$3,096,492** |
| % Budget Spent | 2% | 7% | 0% | 0% | **9%** |

| Engineering Start: | 22-Jul-19 | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

**Current&Future Huntsville Utilities Project- Water Capital** | Project Owner: HU | **March 2021**

## Greenbrier (MTM) Tank

CPP-21.W.607310.51.07

Status: Engineering

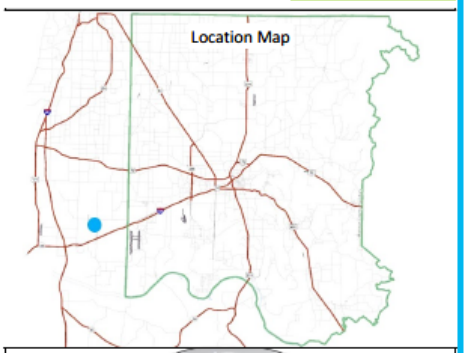
**On Time**

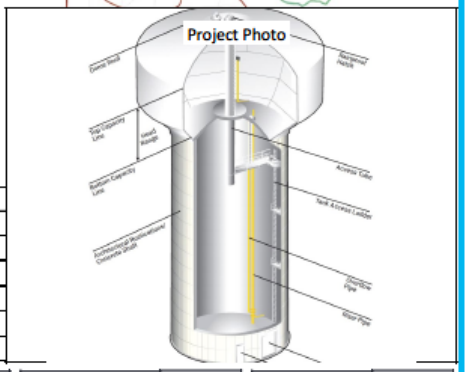
Scope of Project:
2 MG elevated tank on Greenbrier Rd. Tank will be located north of Norfolk Southern train tracks and south of Old Highway 20.

Justification:
Service area was acquired from LCWSA in July 2019. The acquisition did not include any system storage and the nearest tank base level tank to this portion of the service area is located off Holmes Avenue between Jordan Ln and Memorial Pkwy. Tank will stabilize water pressure flocculation's and provide additional capacity in the area during time of high demands from Mazda Toyota and surrounding rapidly growing Industrial & Commercial Area.

Project Update:
Proceeding to 60% Review 30% review held May 27
FAA Permit Submitted
Design Kickoff meeting held 30MAR21.

Project Notes:
Relocated to Greenbrier Rd, North of RR.




| Fiscal Year | FY2021 | FY2022 | FY2023 | FY2023 | TOTAL |
|---|---|---|---|---|---|
| Budget Line | 151-2021-1 | Carryover | Carryover | Add Req'd | |
| Funding | $4,200,000 | $0 | $0 | $0 | **$4,200,000** |
| Budget | $4,200,000 | $2,800,000 | $1,300,000 | $300,000 | **$4,500,000** |
| Actual/FYTD | $116,825 | $0 | $0 | $0 | **$116,825** |
| Budget Remaining | $4,083,175 | $2,800,000 | $1,300,000 | $300,000 | **$4,383,175** |
| % Budget Spent | 3% | 0% | 0% | 0% | **3%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

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**Current&Future Huntsville Utilities Project- Water Capital** | Project Owner: HU | **March 2021**

Swancott East (3a) | CPP-21.W.607310.51.08 | Status: Engineering | **On Time**

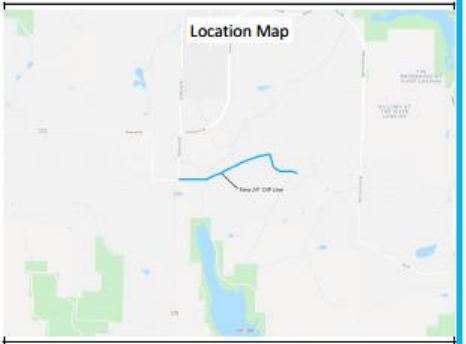
Scope of Project:
Engineering & Construction for approximately 7,200 lf of 30" DI along Swancott Rd from the existing 36" main (approx. 4,000' east of Wall Triana) to 1,500 feet west of County Line Rd.

Justification:
Hydraulic Modeling ranked this as priority #2. This project alone would increase the available flow to Mazda -Toyota by 20% in the stress case scenarios. Additionally, the 30" main would provide a redundant supply to County Line Road and the Limestone County Service Area which would not be available with the upgrade of the 12" on Boeing BLVD which is a bottle neck.

Project Update:
CDG is designing project. ADEM Drinking Water Permit received on March 23. Bids opened on 3 June. Rast Construction low bidder at $2,025,152.00. Contract awarded at June Board meeting. Rast obtaining bonds and insurance documents. DI pipe and fittings has at least 14 week lead time. Construction probably starting October 2021.

Project Notes:
Bid opening 3 June. ADEM SRF approval to award dated 11 June 2021.
ADEM Drinking Water Permit received on March 23. Purchasing finalized bid package.
Received ADEM SRF Approval of Plans and Specs on February 3, 2021
Reed has installed a section of 24" DI main along Swancott Road from County Line Road east

Location Map



Project Photo

| Fiscal Year | FY2020 | FY2021 | FY2022 | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | *151-2020-11 | *151-2021-2 | Carryover | | |
| Funding | $240,000 | $2,775,000 | $0 | $0 | **$3,015,000** |
| Budget | $240,000 | $2,775,000 | $2,200,000 | $0 | **$3,015,000** |
| Actual/FYTD | $108,924 | $120,506 | $0 | $0 | **$229,430** |
| Budget Remaining | $131,076 | $2,654,494 | $2,200,000 | $0 | **$2,785,570** |
| % Budget Spent | 45% | 4% | 0% | 0% | **8%** |

| Engineering Start: | 09-Apr-20 | Bid Opening: | 03-Jun-21 | Intent to Award: | 06/29/2021 | N.T.P.: | | Projected Complete: | | Req'd Complete: | 01-May-22 |
|---|---|---|---|---|---|---|---|---|---|---|---|

**Current&Future Huntsville Utilities Project- Water Capital** | Project Owner: HU | **March 2021**

Swancott West | CPP-21.W.607310.51.06 | Status: Engineering | **On Time**

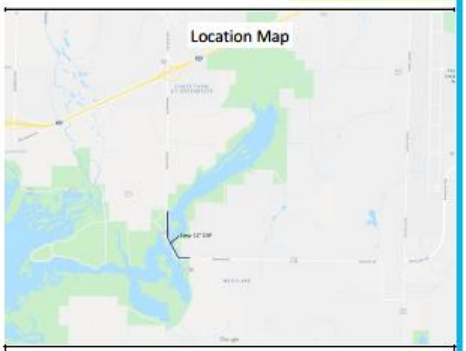
Scope of Project:
Engineering & Construction of approx. 4300 lf of replacement of existing 8"PVC main with 16" HDPE along Swancott Rd from Rock house Rd to Pryor Rd. This project crosses the Wheeler Wildlife Refuge. Construction planned in FY22.

Justification:
Existing single 8" PVC line is a restriction to flow to Mooresville Rd area. Project will improve flow to excising and new development south of I-565. The project will require significant environmental clearances. Therefore, it is important to begin engineering and obtain environmental clearances.

Project Update:
S&ME submitted Environmental assessments to outside agencies for approval week of October 26, 2020. Waiting for concurrence from Cultural Resources Assessment. Concurrence is needed for the USACE Permit. When USACE permit is approved, concurrences / permits will be submitted Wheeler Wildlife Refuge for final approval.

Project Notes:
S&ME completed 90% design on September 30, 2020.
Additional Hydraulic Modelling conformed 16 inch main is sufficient for future build-out of Limestone County area
Transferred $135,000 from CPP-20.W.607310.51.14, Limestone County Improvements

Location Map



Project Photo

| Fiscal Year | FY2020 | FY2021 | FY2022 | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | 151-2020-11 | Carryover | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $135,000 | $60,500 | $1,200,000 | $0 | **$1,335,000** |
| Actual/FYTD | $24,507 | $112,141 | $0 | $0 | **$136,648** |
| Budget Remaining | $110,493 | ($51,641) | $1,200,000 | $0 | **$1,198,352** |
| % Budget Spent | 18% | 185% | 0% | 0% | **10%** |

| Engineering Start: | 09-Apr-20 | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | 30-Sep-22 |
|---|---|---|---|---|---|---|---|---|---|---|---|

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**Future Huntsville Utilities Project- Water Capital** | Project Owner: HU | **March 2021**

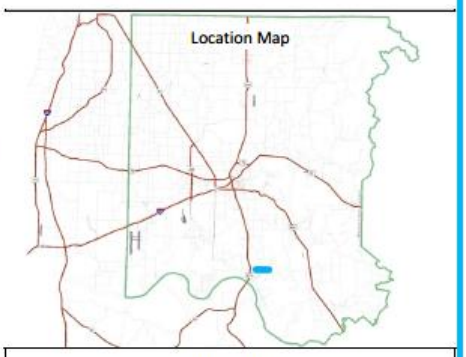
Green Mountain Improvements (2nd feed) | CPP-22.W.607310.51.12 | Status: Planning

Scope of Project:
1200 LF of 12" DIP, 2700 LF of Welded Steel Pipe and a High Pressure Booster Station running from Bailey Cove Road along the existing waterline/powerline easement to Monte Vedra Road.

Justification:
Existing single line feed and double booster station feed to Green Mountain has reached its maximum capacity and runs through a potential landslide zone. A second feed allows for continued growth on Green Mountain and allows a redundant supply point.

Project Update:

Project Notes:





| Fiscal Year | FY2022 | FY2023 | | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $1,000,000 | $3,965,000 | $0 | $0 | **$4,965,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $1,000,000 | $3,965,000 | $0 | $0 | **$4,965,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

**Current&Future Huntsville Utilities Project- Water Capital** | Project Owner: HU | **March 2021**

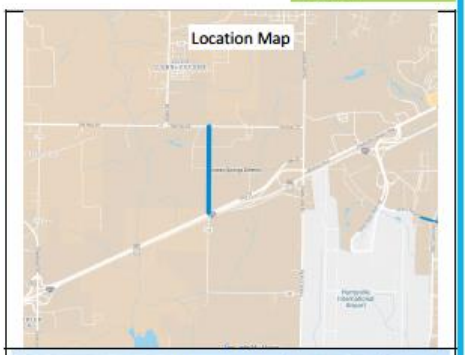
Gunter's Way Water Main | CPP-21.W.607310.51.15 | Status: Engineering | **On Time**

Scope of Project:
Engineering & Construction 5,300 lf of 16" watermain along new COH road project from Indian Springs north to Old Hwy 20. Project will connect to 24" main under I-565 installed under AL 20 County Line to Indians Springs project.

Justification:
New road/waterline will serve developing industrial/commercial area and reinforce reliable flows to the Greenbrier and surrounding areas.

Project Update:
Proceeding to 60% plans
30% review held May 18
Design Kickoff Meeting held 18MAR21
COH announced project early February 2021.

Project Notes:
$81,000 from Adventist Blvd/151-2020-9 Carryover
$64,000 from Limestone County Water Improvements/151-2020-11 Carryover
Estimated construction cost $500,0000





| Fiscal Year | FY2021 | FY2022 | | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | 151-2020-9 & 11 | | | | |
| Funding | $145,000 | $750,000 | $0 | $0 | **$895,000** |
| Budget | $145,000 | $750,000 | $0 | $0 | **$895,000** |
| Actual/FYTD | $103,500 | $0 | $0 | $0 | **$103,500** |
| Budget Remaining | $41,500 | $750,000 | $0 | $0 | **$791,500** |
| % Budget Spent | 71% | 0% | 0% | 0% | **12%** |

| Engineering Start: | 15-Mar-21 | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | 30-Sep-21 |
|---|---|---|---|---|---|---|---|---|---|---|---|

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**Current&Future Huntsville Utilities Project- Water Capital** | Project Owner: HU | **March 2021**

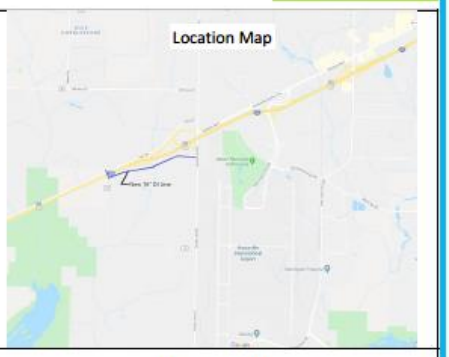
AL Hwy 20, County Line to Indian Springs | CPP-21.W.607310.51.10 | Status: Engineering | **On Time**

Scope of Project:
Engineering & Construction for approximately 7,000 lf of 24" DI from County Line Rd along AL Hwy 20 west to Indian Springs Rd and a 24" DI bored under I-565 to the existing 12" PVC north of Highway 20.

Justification:
Hydraulic Modeling Priority #1. Hydraulic modeling identified this project as most important to increase flow to Mazda Toyota and Greenbrier area. Subsequent hydraulic modeling determined 24 inch main would be required at full build-out of Limestone County.

Project Update:
Garver is designing project. Final design completed. ALDOT permit received January 12, 2021. Bid Opening held March 2, 2021. Contract Awarded by Board to Cleary Construction in amount of $1,289,800 at March meeting. Pre-Construction meeting held May 7, 2021. Probable start date is September, 2021 for construction. DI pipe has 14 week lead time.

Project Notes:
Pre-Construction meeting held May 7, 2021.
Intent to Award issued March 26, 2021.
Bid Opening held March 2, 2021.
November 2, 2020, transferred $550,000 from CPP-21.W.607310.52.12 "AL Hwy 20 (N of I565 – E of





| Fiscal Year | FY2020 | FY2021 | FY2022 | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | 151-2020-11 | 151-2021-04 | Carryover | | |
| Funding | $0 | $1,575,000 | $0 | $0 | **$1,575,000** |
| Budget | $185,000 | $2,125,000 | $700,000 | $0 | **$2,310,000** |
| Actual/FYTD | $131,664 | $1,337,446 | $0 | $0 | **$1,469,110** |
| Budget Remaining | $53,336 | $787,554 | $700,000 | $0 | **$840,890** |
| % Budget Spent | 71% | 63% | 0% | 0% | **64%** |

| Engineering Start: | 09-Apr-20 | Bid Opening: | 23-Feb-21 | Intent to Award: | 03/26/2021 | N.T.P.: | | Projected Complete: | | Req'd Complete: | 01-May-22 |
|---|---|---|---|---|---|---|---|---|---|---|---|

**Future Huntsville Utilities Project- Water Capital** | Project Owner: HU | **March 2021**

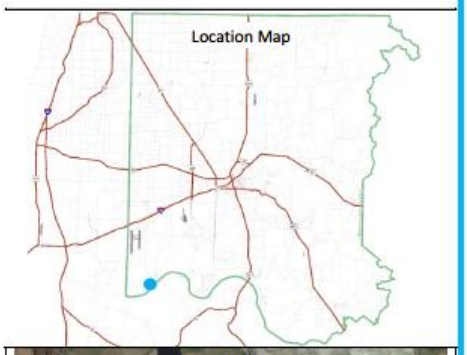
SW Plant Plate Settlers and Sludge Vac Upgrades | CPP-22.W.607310.52.09 | Status: Planning

Scope of Project:
Installation of new Plate Settlers and replacement of existing sludge collection equipment at the Southwest Water Treatment Plant.
Engineering in FY2022, Construction in FY2023

Justification:
The plate settlers will improve the efficiency of the sedimentation basins. The existing sludge collection equipment is experiencing mechanical and operational issues.

Project Update:

Project Notes:





| Fiscal Year | FY2022 | FY2023 | | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $300,000 | $2,700,000 | $0 | $0 | **$3,000,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $300,000 | $2,700,000 | $0 | $0 | **$3,000,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

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**Future Huntsville Utilities Project- Water Capital** | Project Owner: HU | **March 2021**

## Engineering Services WO Tracking Software

CPP-22.W.607200.75.01 | Status: Planning

Scope of Project:
Engineering Services is working with our consultant, Inflow Design, to analyze and determine a software solution for development driven projects, a portal for customers to check statuses, submit requirements, and more visibility throughout the company.

Justification:
Due to the number of projects currently underway and projected to begin, a better tracking system is needed both internally and externally

Project Update:
Numerous demos have been given and a short list is being determined along with a list of requirements. The bid package is under review as well.

Project Notes:

Location Map

Project Photo

| Fiscal Year | FY2022 | | | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $145,000 | $0 | $0 | $0 | **$145,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $145,000 | $0 | $0 | $0 | **$145,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

**Current Huntsville Utilities Project- Water Capital** | Project Owner: HU | **March 2021**

## Mid City Area Improvements

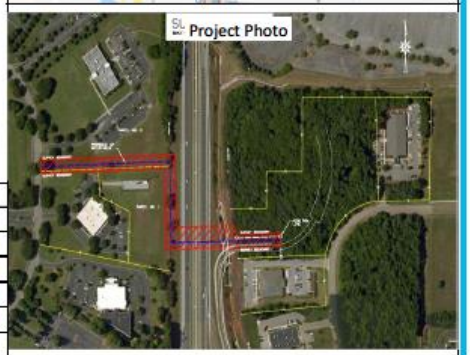
CPP-21.W.607210.51.03 | Status: Construction | **On Time**

Scope of Project:
New 12" main from Research Park to Mid City. Huntsville Utilities crews will install water main, and the bore under SR-255 will be done by blanket bid.

Justification:
This project will add additional high pressure feed to Mid City, which is currently being redeveloped and loop the system in the area.

Project Update:
Final Design completed. HU crews to install main with on-call contract being used for bore under SR-255. ALDOT permit received, ROW acquired by COH. Bore and main installation began the first week of May. The bore is being completed and the main is being installed.

Project Notes:
ALDOT Permit - March 12, 2020
Engineering Started - November 14, 2019
This project needs to be completed prior to the end of 2021 to meet the schedule of the Amphitheater, but summer or fall 2021 would be the preferred timeline. Meetings are ongoing to


| Fiscal Year | FY2019 | FY2020 | FY2021 | FY2022 | TOTAL |
|---|---|---|---|---|---|
| Budget Line | Carryover | Carryover | Carryover | Carryover | |
| Funding | $0 | $0 | $0 | $0 | **$800,000** |
| Budget | $800,000 | $800,000 | $800,000 | $100,000 | **$800,000** |
| Actual/FYTD | $0 | $35,700 | $15,490 | $0 | **$51,190** |
| Budget Remaining | $800,000 | $764,300 | $784,510 | $100,000 | **$748,810** |
| % Budget Spent | 0% | 4% | 2% | 0% | **6%** |

| Engineering Start: | 14-Nov-19 | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | 16-Jul-21 | Req'd Complete: | 16-Jul-21 |
|---|---|---|---|---|---|---|---|---|---|---|---|

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**Future Huntsville Utilities Project- Water Capital** | Project Owner: HU | **March 2021**

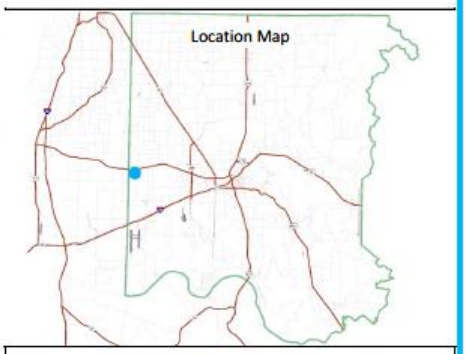
Emergency Interconnect with MU | CPP-22.W.607310.51.13 | Status:

Scope of Project:
Install 8" water meter and appurtenances connecting our system to Madison Utilities in the area of US Hwy 72 and Balch Rd. The water meter will serve as emergency supply if there is damage to HU main.

Justification:
HU has approximately 6.5 miles of single line water line in the area of US Hwy 72 from Wall Triana to County Line Rd with both commercial and residential customers including Wal-Mart and Huntsville Hospital's Madison location. Damage to a portion of this line would cause customers west of the damage to be without water service until a repair can be made. This Interconnect would allow service to these customers during an emergency.

Project Update:

Project Notes:





| Fiscal Year | FY2022 | | | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $100,000 | $0 | $0 | $0 | **$100,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $100,000 | $0 | $0 | $0 | **$100,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

**Current&Future Huntsville Utilities Project- Water Capital** | Project Owner: COH | **March 2021**

Northern Bypass Relocates (Pulaski Pike to Mem Pkwy) | CPP-21.W.607310.52.01 | Status: Planning | **On Time**

Scope of Project:
Reimbursable road project, from West of Northgate Drive to US 231/431. Project is being done by ALDOT. Includes relocate 1050 lf of 8" main at west end of project and meter/FH cluster feeding Madison County at east end of project.

Justification:
Existing line along Bob Wade Lane conflicts with the new Northern Bypass route.

Project Update:
Barge Design Solution is designing project. The City and ALDOT continue to coordinate with acquiring funding for this project. Last correspondence from City is that demolition of existing structures within the acquired right-of-way is about 90% complete. Holding engineering agreements until funding determined.

Project Notes:
Original Budget of $2,250,000 based upon extension of existing 24" along Research Park Blvd.
Modeling indicated this wasn't needed and budget was reduced to $750,000.
Project may be reimbursable depending on Funding Agreement



| Fiscal Year | FY2020 | FY2021 | FY2022 | FY2023 | TOTAL |
|---|---|---|---|---|---|
| Budget Line | 152-2020-7 | Carryover | Carryover | Carryover | |
| Funding | $750,000 | $0 | $0 | $0 | **$750,000** |
| Budget | $750,000 | $750,000 | $95,000 | $655,000 | **$750,000** |
| Actual/FYTD | $20,473 | $71,657 | $0 | $0 | **$92,130** |
| Budget Remaining | $729,527 | $678,343 | $95,000 | $655,000 | **$657,870** |
| % Budget Spent | 3% | 10% | 0% | 0% | **12%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

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**Current&Future Huntsville Utilities Project- Water Capital** | Project Owner: COH | **March 2021**

Martin Road Relocates Ph. 2 (Old Jim Williams to Laracy) | CPP-21.W.607310.52.11 | Status: Planning

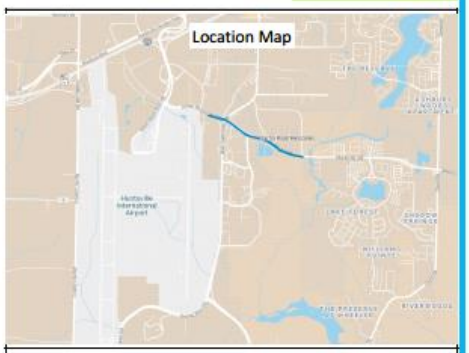
**On Time**

Scope of Project:
Reimbursable road project to relocate & replace approx. 700 lf of 12" C.I., 3000 lf of 16" D.I. & 2200 L.F. 18" D.I. to clear way for the widening of Martin Road by City of Huntsville. Relocation cost will be reimbursed by ALDOT & betterment is anticipated. Relocation work will be done as part of the roadway project. Engineering in FY2022, Construction in FY2023.

Justification:
Existing water main along Martin Road is in conflict with the Martin Road widening project.

Project Update:
Garver has prepared revised preliminary cost estimate, drawings, and utility consultant agreement. Received revised design and estimates from Garver on January 19, 2021. ALDOT audit completed and sent response May 24. Audit comments addressed by Garver and re-submitted to ALDOT for approval.

Project Notes:
Received comments from ALDOT about the plans, cost estimate, and the UC Agreement on 7/30/2020. These were forwarded to Garver on 7/30/2020.
Received email from Jacob Stephens (COH) on April 21, 2020 that the project is moving forward and we should select an engineer and begin water relocation plans.





| Fiscal Year | FY2021 | FY2022 | FY2023 | FY2023 | TOTAL |
|---|---|---|---|---|---|
| Budget Line | 152-2021-7 | Carryover | Carryover | Add Req'd | |
| Funding | $2,000,000 | $0 | $0 | $0 | **$2,000,000** |
| Budget | $2,000,000 | $85,000 | $1,915,000 | $525,000 | **$2,525,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $2,000,000 | $85,000 | $1,915,000 | $525,000 | **$2,525,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

**Current&Future Huntsville Utilities Project- Water Capital** | Project Owner: HU | **March 2021**

Bailey Cove Phase II (Hobbs to Green MT) | CPP-21.W.607310.51.09 | Status: Construction

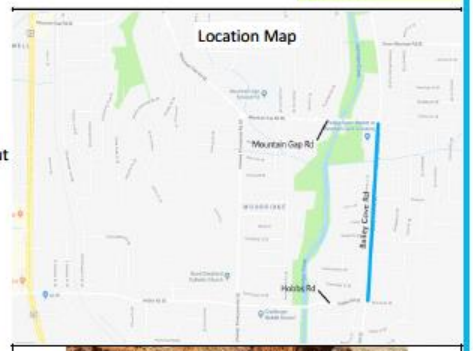
**On Time**

Scope of Project:
Construction of the Continuation of the Transmission line along Bailey Cove Rd from Hobbs Rd to Green Mountain Road. Consists of surveying, design, bidding and construction administration of approximately 6000 feet of 16" Transmission main. Phase 2 of 2. Project included in SRF Loan.

Justification:
This project will provide a larger feed into the Whitesburg area that currently experiences low pressure during high demands. Enables Water from the SE plant to feed into South Huntsville without passing through the restrictions at the South Plant.

Project Update:
Constantine is designing project. Garney Construction is contractor. Garney has provided material submittals which have been approved by Constantine. Garney began construction on March 22, 2021. Water main construction is complete. Sidewalk replacement is approximately 95% complete. Sod replacement not started.

Project Notes:
NTP March 22, 2021
Intent to Award was issued to Garney on January 29, 2021.
Board approved bid on January 27, 2021.
Bid Opening - December 18, 2020. Garney Bid $1,460,850.00 for construction.





| Fiscal Year | FY2019 | FY2020 | FY2021 | FY2022 | TOTAL |
|---|---|---|---|---|---|
| Budget Line | 151-2019-8 | | 151-2021-3 | Carryover | |
| Funding | $300,000 | $0 | $2,000,000 | $0 | **$2,300,000** |
| Budget | $300,000 | $0 | $2,000,000 | $75,000 | **$2,300,000** |
| Actual/FYTD | $84,528 | $95,772 | $1,576,940 | $0 | **$1,757,240** |
| Budget Remaining | $215,472 | ($95,772) | $423,060 | $75,000 | **$542,760** |
| % Budget Spent | 28% | 0% | 79% | 0% | **76%** |

| Engineering Start: | 01-Oct-18 | Bid Opening: | 18-Dec-20 | Intent to Award: | 01/29/2021 | N.T.P.: | 22-Mar-21 | Projected Complete: | | Req'd Complete: | 30-Sep-21 |
|---|---|---|---|---|---|---|---|---|---|---|---|

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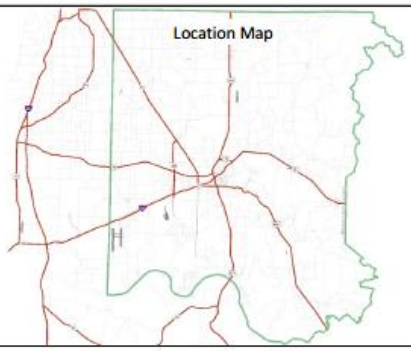
**Future Huntsville Utilities Project- Water Capital** | Project Owner: HU | **March 2021**

## Project Management Software

CPP-22.W.607300.75.02 | Status:

Scope of Project:
Acquire and install new Project Management Software for tracking status and budget.

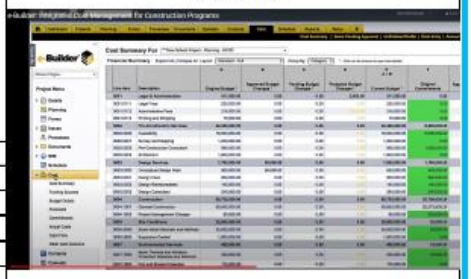
Location Map



Justification:
To enable better and more timely project reporting. Software will be able to pull financial information directly from SAP, a process that is currently done by hand. Reporting will include financial and status type reporting. Currently are utilizing a homegrown Access database that has issues with multiple users at one time and is unable to provide timely reporting due to manual inputs from SAP.

Project Update:

Project Photo



Project Notes:

| Fiscal Year | FY2022 | | | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $65,000 | $0 | $0 | $0 | **$65,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $65,000 | $0 | $0 | $0 | **$65,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

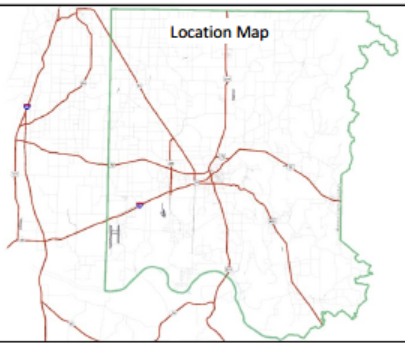
**Current&Future Huntsville Utilities Project- Water Capital** | Project Owner: HU | **March 2021**

## GIS Software (Water)

CPP-21.W.607110.51.13 | Status: Construction **On Time**

Scope of Project:
Implementation of new Geographical Information System (GIS) platform and conversion of all Gas, Water, Electric and Fiber facility maps and data.

Location Map



Justification:
New system brings all facilities onto a single software platform, with greater functional & operational capabilities & a shared database. This will result in more efficient & common workflows & much reduced back office configuration & administration. The new system also offers more capability in configuring mobile work & asset management that will help with inspections, maintenance & other infrastructure-wide work.

Project Update:
Design documents reviewed and approved.

Project Photo

Project Notes:
The total cost for the project is projected to be $1,200,000 and will be split between electric, fiber, gas, and water.

| Fiscal Year | FY2021 | FY2022 | | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | 151-2021-7 | | | | |
| Funding | $200,000 | $0 | $0 | $0 | **$200,000** |
| Budget | $200,000 | $65,000 | $0 | $0 | **$265,000** |
| Actual/FYTD | $255,597 | $0 | $0 | $0 | **$255,597** |
| Budget Remaining | ($55,597) | $65,000 | $0 | $0 | **$9,403** |
| % Budget Spent | 128% | 0% | 0% | 0% | **96%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | 30-Sep-21 |
|---|---|---|---|---|---|---|---|---|---|---|---|

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**Future Huntsville Utilities Project- Water Capital** | Project Owner: HU | **March 2021**

General Development and Main Extensions | CPP-22.W.607210.51.11 | Status: Planning

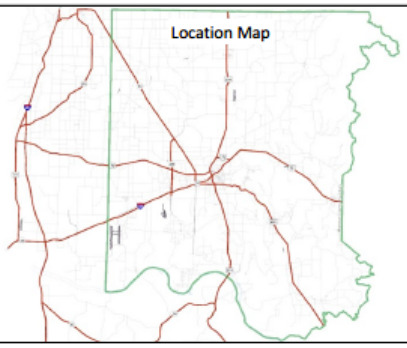
Scope of Project:
General Development and Extensions covers most of the new development/customer driven projects including commercial, industrial, residential, subdivisions, apartments, hotels, etc. The majority of this work is offset by ATC payments, minus any betterments by Huntsville Utilities.

Justification:
Infrastructure needed to support new development projects and economic development projects.

Project Update:
Developments are continuing to come quickly and we do not expect that to change anytime soon.

Project Notes:

Location Map



Project Photo

| Fiscal Year | FY2022 | FY2023 | FY2024 | FY2025 | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $3,200,000 | $2,200,000 | $2,200,000 | $2,200,000 | **$12,000,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $3,200,000 | $2,200,000 | $2,200,000 | $2,200,000 | **$12,000,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

**Future Huntsville Utilities Project- Water Capital** | Project Owner: HU | **March 2021**

CI/PVC/AC Replacement | CPP-22.W.607210.52.05 | Status: Planning

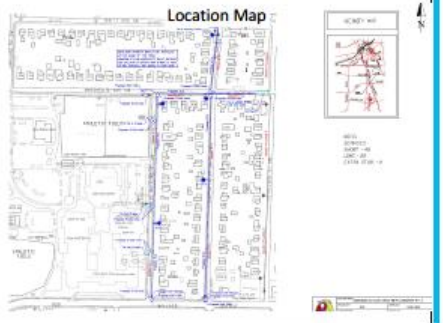
Scope of Project:
Various water cast iron replacement projects within the COH, primarily due to smaller unlined cast iron water lines causing water quality issues.

Justification:
These projects are prioritized based on information provided by Water Supply/Quality on problem areas and Water Operations on high leak areas.

Project Update:

Project Notes:

Location Map



Project Photo

| Fiscal Year | FY2022 | FY2023 | FY2024 | FY2025 | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $900,000 | $900,000 | $900,000 | $900,000 | **$4,500,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $900,000 | $900,000 | $900,000 | $900,000 | **$4,500,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

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**Future Huntsville Utilities Project- Water Capital** | Project Owner: HU | **March 2021**

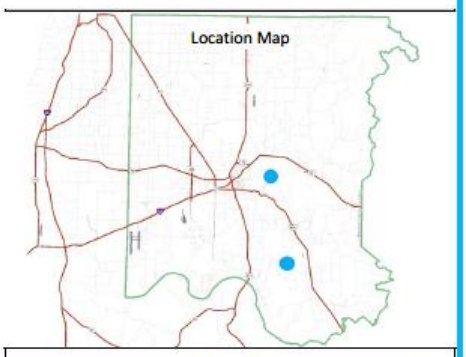
Tank Maintenance & Repainting | CPP-22.W.607310.52.08 | Status: Planning

Scope of Project:
FY2022 (Monte Sano-$423,000) (Green Mountain-$686,000)
FY2023 (Inspiration Point-$444,000) (College Hill-$649,000)
FY2024 (Hampton Cove-$1,140,000) FY2025 (Hwy 72 East-$1,870,000)
FY2026 (Huntsville Hills-$680,000) (Redstone Overcoat-$100,000)

Justification:
Continuing Maintenance of Water Storage Facilities

Project Update:

Project Notes:




Project Photo

| Fiscal Year | FY2022 | FY2023 | FY2024 | FY2025 | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $1,200,000 | $1,200,000 | $1,200,000 | $1,900,000 | **$6,300,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $1,200,000 | $1,200,000 | $1,200,000 | $1,900,000 | **$6,300,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

**Future Huntsville Utilities Project- Water Capital** | Project Owner: Other | **March 2021**

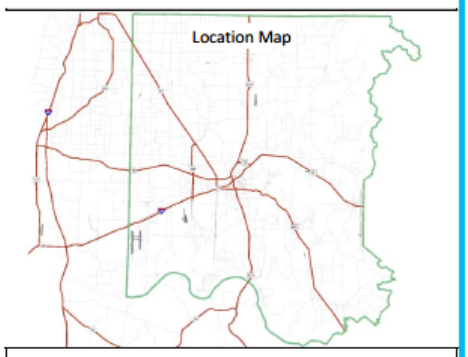
Misc. Road Relocation/Street Pavement | CPP-22.W.607310.52.10 | Status: Planning

Scope of Project:
City and County road and intersection improvement projects not identified sufficiently in advance for normal budgeting process.

Justification:
For unplanned small projects that are identified after the current FY budget is approved and will be started before the next FY budget approval.

Project Update:

Project Notes:




Project Photo

| Fiscal Year | FY2022 | FY2023 | FY2024 | FY2025 | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $200,000 | $200,000 | $200,000 | $200,000 | **$1,000,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $200,000 | $200,000 | $200,000 | $200,000 | **$1,000,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

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# Engineering FY22 Capital Project Summaries - Gas

**Note:** Every item in the capital improvement plan will not have a project summary sheet. Only projects with work scheduled for FY22 that require design and planning by the Engineering section are included.

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**Current&Future Huntsville Utilities Project-** **Gas Capital** Project Owner: HU **March 2021**

## AMI Modules - Purchase and Install by Contractor

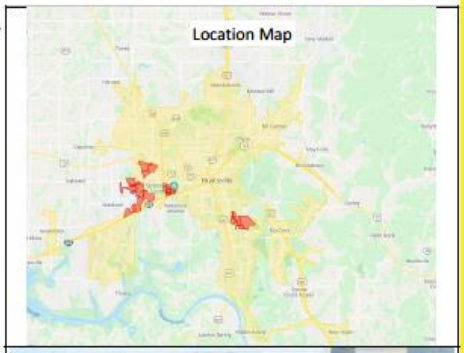
CPP-21.G.607120.51.03 Status: Engineering **On Time**

Scope of Project:
The scope of this project is to convert existing service meters in the field over to AMI meters. This involves the ordering of modules, warehousing, deploying AMI modules. Aclara-SGS is the contractor hired to install the majority of the gas AMI modules in the field.

Justification:
The gas AMI module deployment is necessary for adding gas meters to the AMI system. AMI will increase the amount of data available to analyze the system and remove the need for manual reads.

Project Update:
Pressure data for roughly 46,000 of the 57,000 meters have been collected and stored on their SAP accounts. Aclara began gas AMI deployment May 3, 2021. They are working a slow ramp up, balancing out gas installs with finishing up the electric. There are 2,446 AMI gas modules installed as of 6/30/21.

Project Notes:
This project schedule has shifted many times for technical and financial reasons. Aclara-SGS agreed to deploy all gas modules within a two year time frame. Startup delays so far in fiscal year 2021 will extend the project schedule beyond original scope and contract. Gas module deployment is projected to be completed mid 2023.





| Fiscal Year | FY2020 | FY2021 | FY2022 | FY2023 | TOTAL |
|---|---|---|---|---|---|
| Budget Line | 251-2020-3 | 251-2021-2 | | | |
| Funding | $1,534,439 | $3,000,000 | $0 | $0 | **$4,534,439** |
| Budget | $0 | $800,000 | $3,950,000 | $1,680,000 | **$6,430,000** |
| Actual/FYTD | $336,320 | $0 | $0 | $0 | **$336,320** |
| Budget Remaining | ($336,320) | $800,000 | $3,950,000 | $1,680,000 | **$6,093,680** |
| % Budget Spent | 0% | 0% | 0% | 0% | **5%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | 31-Mar-22 | Req'd Complete: | 30-Sep-21 |
|---|---|---|---|---|---|---|---|---|---|---|---|

**Current&Future Huntsville Utilities Project-** **Gas Capital** Project Owner: HU **March 2021**

## Greenbrier Parkway Gate Station Phase 3

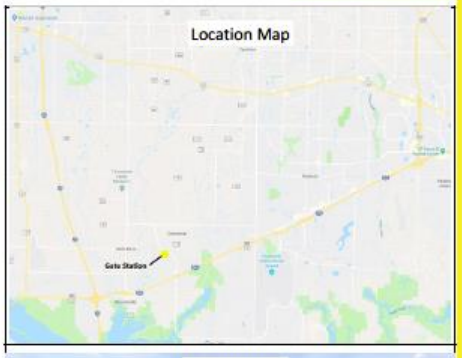
CPP-20.G.607320.51.04 Ph3 Status: Engineering **On Time**

Scope of Project:
New Gate Station connected to ALATENN Pipeline owned by Black Bear Transmission. Increase HU gas capacity by 40,000 MCFD.
This is phase 3 of 3 of a multi phase project. All project phases were funded in the amount of $9.5M by BWO 251-2019FebMTM.

Justification:
New gate station located on Greenbrier Parkway to provide a completely redundant feed to the Mazda-Toyota site, Polaris, and other industry in the area. Provides a supplemental feed to high pressure gas loop. Increase gas supplies for industrial and commercial growth in the Greenbrier and Mooresville Road areas of Limestone County.

Project Update:
Agreements with BBT AlaTenn were approved by board at June board meeting. Clark provided 90% plans on June 16. Final review will be conducted in July. Advertising for contractor prequalification begin on 17 May. Pre-qualification packages due 9 July.

Project Notes:
60% design review meeting conducted on 21 May.
Clark submitted 60% design on 18 May.
Clark submitted 30% plans on 21 April.
Re-allocated funds from Phase 1 ($500,000) and Phase 2A ($400,000) for a budget increase to





| Fiscal Year | FY2020 | FY2021 | FY2021 | FY2022 | TOTAL |
|---|---|---|---|---|---|
| Budget Line | Carryover | Carryover | Transfer | Carryover | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $171,000 | $1,950,000 | $900,000 | $1,850,000 | **$2,850,000** |
| Actual/FYTD | $8,405 | $442,995 | $0 | $0 | **$451,400** |
| Budget Remaining | $162,595 | $1,507,005 | $900,000 | $1,850,000 | **$2,398,600** |
| % Budget Spent | 5% | 23% | 0% | 0% | **16%** |

| Engineering Start: | 27-Aug-20 | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | 30-Sep-22 |
|---|---|---|---|---|---|---|---|---|---|---|---|

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**Current&Future Huntsville Utilities Project-** **Gas Capital** Project Owner: HU **March 2021**

## Cast Iron Replacement

CPP-21.G.607120.52.08 Status: Construction

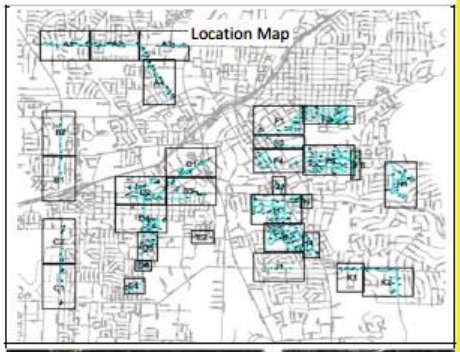
**On Time**

Scope of Project:
Program of multiple projects to replace approximately 27 miles of existing cast iron gas mains with PE ranging from 2" to 8". Individual projects are primarily located within the older portions of HU's gas system surrounding the downtown area.

Justification:
Reduced maintenance, fewer leaks, improved service, improved customer perception, significantly improved integrity management. Also, there has been a push by PHMSA and ALPSC to encourage natural gas systems to replace all cast iron within their systems.

Project Update:
M&W installed 4,793 feet of 2" gas main and 0 services in May and has installed a total of 41,025 feet of gas main since beginning work again. They will continue with main installation due to a current supply issue with service line material as well. - As of 5/30/2021 7.8 miles of 20 remaining miles of main in July 2020 at start of new contract has been completed. Approx. 172 services of remaining 1407 services have been installed (cold weather and material issue).

Project Notes:
This project may be at risk for not being completed by 2024 if the pace of installation is not increased. Operations has coordinated with M&W and is not concerned about the pace.





| Fiscal Year | FY2017-19 | FY2020 | FY2021 | FY2022 | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | 252-2020-1 | 252-2021-4 | | |
| Funding | $0 | $2,285,000 | $1,800,000 | $0 | **$4,085,000** |
| Budget | $1,642,500 | $2,285,000 | $1,800,000 | $1,800,000 | **$12,927,500** |
| Actual/FYTD | $1,336,513 | $608,074 | $561,279 | $0 | **$2,505,866** |
| Budget Remaining | $305,987 | $1,676,926 | $1,238,721 | $1,800,000 | **$10,421,634** |
| % Budget Spent | 81% | 27% | 31% | 0% | **19%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | 30-Jun-24 |
|---|---|---|---|---|---|---|---|---|---|---|---|

**Future Huntsville Utilities Project-** **Gas Capital** Project Owner: HU **March 2021**

## AL Hwy 20 (Greenbrier to Mooresville)

CPP-22.G.607320.51.08 Status: Planning

Scope of Project:
Approximately 2 miles of 8" PE gas line installed on AL Highway 20 on north side of I-565. Part of project would be installed in trench with water. Project would connect to existing 8" PE gas main west of Greenbrier Parkway. The project would extend along AL 20 north of I-565 to Mooresville Road and then along Mooresville Road to Will McComb.

Justification:
Project is phase 1 of connection between Greenbrier Area to Southpoint area. Currently, Southpoint area is feed by a single gate station. The Southpoint gate station is approaching capacity. The new gas main extension would provide additional capacity to support industrial and commercial growth for future customers on Mooresville and Bibb Garrett Roads.

Project Update:
Could be combined as one project with South Point Connector

Project Notes:



| Fiscal Year | FY2022 | | | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $1,250,000 | $0 | $0 | $0 | **$1,250,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $1,250,000 | $0 | $0 | $0 | **$1,250,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

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**Current&Future Huntsville Utilities Project-** **Gas Capital** Project Owner: COH **March 2021**

Martin Rd Ph. 2 Relocates (Old Jim Williams to Laracy) CPP-21.G.607320.52.02 Status: Planning

**On Time**

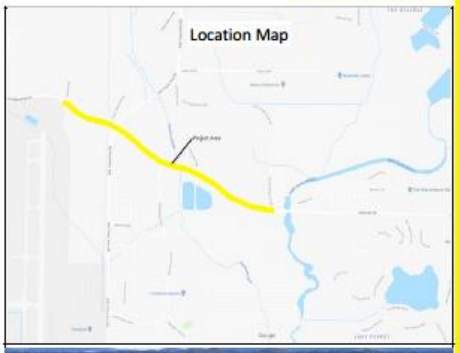
Scope of Project:
Reimbursable road project to relocate & replace approx. 6,000 lf of 6" & 8" Welded Steel with 8" PE to clear way for the widening of Martin Road by City of Huntsville. Relocation cost will be reimbursed by ALDOT & betterment is not anticipated.

Justification:
Existing gas main along Martin Road interferes with the Martin Road widening project

Project Update:
Garver has prepared revised preliminary cost estimate, drawings, and utility consultant agreement. Received revised design and estimates from Garver on January 19, 2021. ALDOT audit completed and sent response May 24. Audit comments addressed by Garver and re-submitted to ALDOT for approval.

Project Notes:
ALDOT Audit response received and forwarded to Garver on May 24, 2021.
Conducted review meeting with Garver and ALDOT on November 2, 2020 to discuss changes ALDOT wanted. Received revised documents on November 20, 2020.
Received comments from ALDOT about the plans, cost estimate, and the UC Agreement on

Location Map



Project Photo

| Fiscal Year | FY2019 | FY2022 | FY2022 | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | 252-2019-5 | Carryover | Additional Req'd | | |
| Funding | $299,500 | $0 | $0 | $0 | **$299,500** |
| Budget | $299,500 | $299,500 | $800,500 | $0 | **$1,100,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $299,500 | $299,500 | $800,500 | $0 | **$1,100,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

**Current&Future Huntsville Utilities Project-** **Gas Capital** Project Owner: Madison County **March 2021**

Winchester Rd Relocates (Naugher Rd to Dominion) CPP-21.G.607320.52.10 Status: Planning

**On Time**

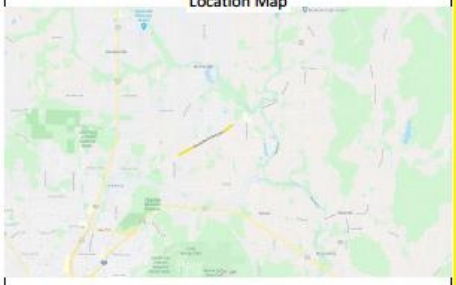
Scope of Project:
Relocate approx. 2.2 miles of 6" PE gas line, along with meters and side road connections. Road widening is COH managed ATRIP project. Project limits are Dominion Road (east of Moores Mill Road) to Naugher Road.

Justification:
Existing Line interferes with Road Widening Project. Winchester Road is being widened from 2 and 3 lanes to 5 lanes plus bike paths and sidewalks.

Project Update:
Coordinating with COH and Madison County on timing and funding of project. Met with Madison County on January 22, 2021. ROW is still being acquired by COH. Funding for gas relocations not resolved.

Project Notes:

Location Map



Project Photo

| Fiscal Year | FY2021 | FY2022 | | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | 252-2021-6 | Carryover | | | |
| Funding | $550,000 | $0 | $0 | $0 | **$550,000** |
| Budget | $550,000 | $550,000 | $0 | $0 | **$550,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $550,000 | $550,000 | $0 | $0 | **$550,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

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**Future Huntsville Utilities Project-** **Gas Capital** Project Owner: HU **March 2021**

South Pointe Connector (Endeavor to Hwy 20) CPP-22.G.607320.51.09 Status: Planning

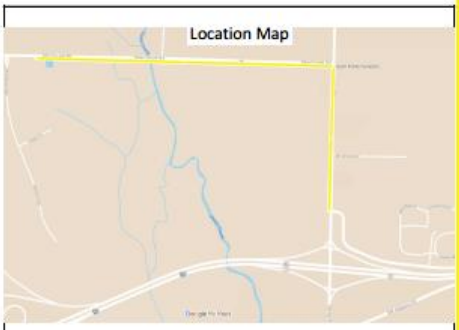
Scope of Project:
Install 1.6 miles of 6" PE along Bibb Garrett Rd., east from Endeavor Way to Mooresville Rd, then south to Will McComb. Project will connect to AL20 Greenbrier to Mooresville Road.

Justification:
Provides service to rapidly growing Industrial area of City of Huntsville and along with AL Highway 20 (Greenbrier to Mooresville) provides redundant feed to Industrial Customers along Endeavor Way, Bibb Garrett Road and Mooresville Road.

Project Update:
Could be combined with AL Hwy 20 (Greenbrier to Mooresville)

Project Notes:

Location Map



Project Photo


| Fiscal Year | FY2022 | | | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $525,000 | $0 | $0 | $0 | **$525,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $525,000 | $0 | $0 | $0 | **$525,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

**Current&Future Huntsville Utilities Project-** **Gas Capital** Project Owner: COH **March 2021**

Northern Bypass Relocates (Pulaski Pike to Mem Pkwy) CPP-21.G.607320.52.04 Status: Planning

**On Time**

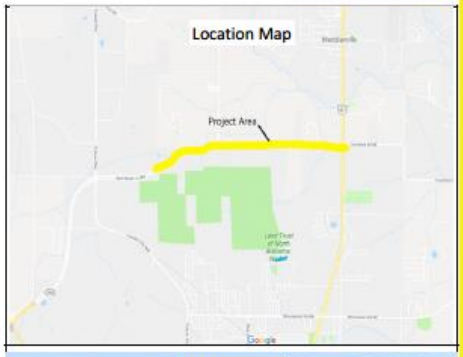
Scope of Project:
Reimbursable road project to relocate approximately 15,000 lf of 14" WS to clear way for the construction of the Northern Bypass by ALDOT. Relocation cost will be reimbursed by ALDOT and betterment is not anticipated with this project.

Justification:
Existing gas main along Bob Wade Lane interferes with the Northern Bypass project

Project Update:
Barge Design Solution is designing project. The City and ALDOT continue to coordinate with acquiring funding for this project. Last correspondence from City is that demolition of existing structures within the acquired right-of-way is about 90% complete. Holding engineering agreements until funding determined.

Project Notes:
Most recent cost estimate for gas relocation provided to Kathy Martin on November 2, 2020.

Location Map




Project Photo

| Fiscal Year | FY2020 | FY2021 | FY2022 | FY2023 | TOTAL |
|---|---|---|---|---|---|
| Budget Line | BWO 252-2020-3 | Carryover | Carryover | Add Req'd | |
| Funding | $1,500,000 | $0 | $0 | $0 | **$1,500,000** |
| Budget | $1,500,000 | $1,500,000 | $325,000 | $2,900,000 | **$3,225,000** |
| Actual/FYTD | $0 | $325,044 | | $0 | |
| Budget Remaining | $1,500,000 | $1,174,956 | | $2,900,000 | |
| % Budget Spent | 0% | 22% | | 0% | |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

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**Future Huntsville Utilities Project-** **Gas Capital** Project Owner: HU **March 2021**

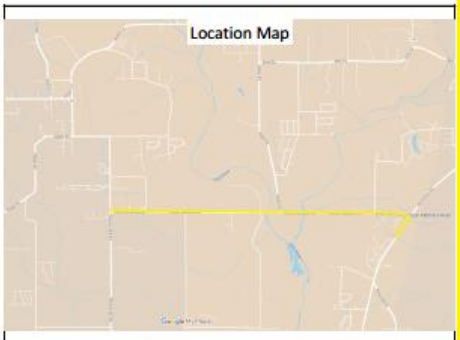
Oscar Patterson Road CPP-22.G.607320.51.10 Status: Planning

Scope of Project:
Approx. 4.4 miles of new 6" PE pipe along Oscar Patterson Rd from Moores Mill to Winchester Rd.
Engineering in FY22, Construction in FY23

Justification:
This project is a part of a multi part project to provide redundant feeds to approx. 660 customers in the Winchester Rd area east of Homer Nance Rd and 120 customers in the Hwy 431 area north of Walker Lane and to provide service to a rapidly developing area of Madison County.

Project Update:

Project Notes:





| Fiscal Year | FY2022 | FY2023 | | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $250,000 | $1,350,000 | $0 | $0 | **$1,600,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $250,000 | $1,350,000 | $0 | $0 | **$1,600,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

**Future Huntsville Utilities Project-** **Gas Capital** Project Owner: Madison County **March 2021**

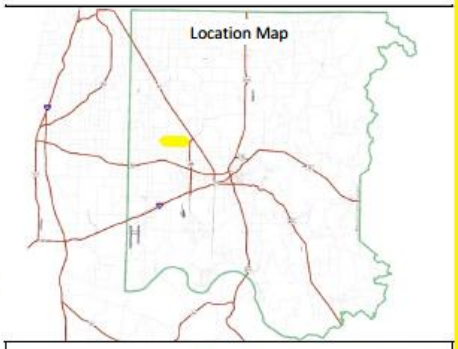
Blake Bottom Road (Tindall to Anslee Way) CPP-22.G.607320.52.10 Status:

Scope of Project:
Relocate approximately 2.5 miles of 6" welded steel and PE gas main as needed for road widening project
Engineering in FY2022, Construction in FY2023

Justification:
Existing Facilities interfere with road widening project

Project Update:
Reimbursable road project with Madison County. The county's consultant is Mullins Engineering and will be coordinating with HU to get the gas main relocated. ALDOT to provide guidance for engineering design reimbursements.

Project Notes:





| Fiscal Year | FY2022 | FY2023 | | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $175,000 | $1,550,000 | $0 | $0 | **$1,725,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $175,000 | $1,550,000 | $0 | $0 | **$1,725,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

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**Future Huntsville Utilities Project-** **Gas Capital** Project Owner: HU **March 2021**

Green Mountain Extension (Joint Trench with Water) CPP-20.G.607320.51.05 Status: Planning

**On Time**

Scope of Project:
New gas line to be installed with new water line project from Green Cove to the top of Green Mountain. Green Mountain is not presently served by gas. This is phase 1 of multiple phase and runs from Green Cove Rd to Greentree Trail (approx. 2200 ft.)

Justification:
Will allow gas service to the rapidly growing residential areas on Green Mnt. Constructed scheduled with water in order to reduce costs. Future phases will add customers on Green Mountain.

Project Update:
Water project deferred by the board, thus this project will be deferred also.

Project Notes:
Budget moved to fund Eastern Loop C.P.



| Fiscal Year | FY2020 | FY2022 | FY2023 | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | 251-2020-5 | | | | |
| Funding | $100,000 | $0 | $0 | $0 | **$100,000** |
| Budget | $100,000 | $100,000 | $350,000 | $0 | **$450,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $100,000 | $100,000 | $350,000 | $0 | **$450,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

**Future Huntsville Utilities Project-** **Gas Capital** Project Owner: HU **March 2021**

Engineering Services WO Tracking Software CPP-22.G.607220.75.01 Status: Planning

Scope of Project:
Engineering Services is working with our consultant, Inflow Design, to analyze and determine a software solution for development driven projects, a portal for customers to check statuses, submit requirements, and more visibility throughout the company.

Justification:
Due to the number of projects currently underway and projected to begin, a better tracking system is needed both internally and externally

Project Update:
Numerous demos have been given and a short list is being determined along with a list of requirements. The bid package is under review as well.

Project Notes:

Location Map

Project Photo

| Fiscal Year | FY2022 | | | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $80,000 | $0 | $0 | $0 | **$80,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $80,000 | $0 | $0 | $0 | **$80,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

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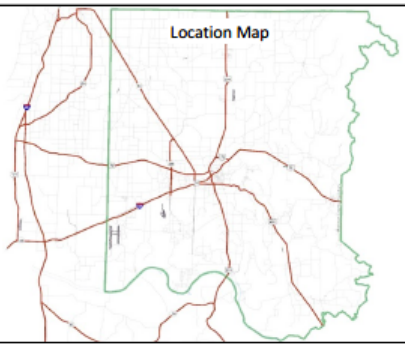
**Current&Future Huntsville Utilities Project-** **Gas Capital** Project Owner: HU **March 2021**

GIS Software (Gas) CPP-21.G.607120.51.05 Status: Construction

**On Time**

Scope of Project:
Implementation of new Geographical Information System (GIS) platform and conversion of all Gas, Water, Electric and Fiber facility maps and data.

Location Map



Justification:
New system brings all facilities onto a single software platform, with greater functional & operational capabilities & a shared database. This will result in more efficient & common workflows & much reduced back office configuration & administration. The new system also offers more capability in configuring mobile work & asset management that will help with inspections, maintenance & other infrastructure-wide work.

Project Update:
Design documents reviewed and approved.

Project Photo

Project Notes:
The total cost for the project (all Departments) is projected to be $1,200,000; approximately $250,000 in FY2020 and the remainder in FY2021.

| Fiscal Year | FY2021 | FY2022 | | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | 251-2021-4 | Carryover | | | |
| Funding | $115,000 | $0 | $0 | $0 | **$115,000** |
| Budget | $115,000 | $36,000 | $0 | $0 | **$115,000** |
| Actual/FYTD | $153,465 | $0 | $0 | $0 | **$153,465** |
| Budget Remaining | ($38,465) | $36,000 | $0 | $0 | **($38,465)** |
| % Budget Spent | 133% | 0% | 0% | 0% | **133%** |

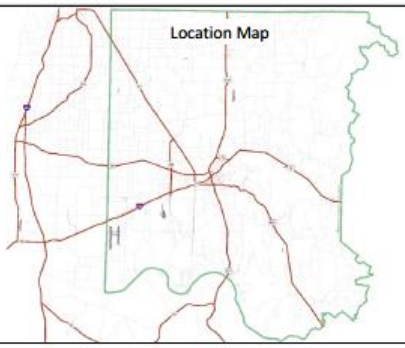
| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | 30-Sep-21 |
|---|---|---|---|---|---|---|---|---|---|---|---|

**Future Huntsville Utilities Project-** **Gas Capital** Project Owner: **March 2021**

Project Management Software CPP-22.G.607320.75.02 Status:

Scope of Project:
Acquire and install new Project Management Software for tracking status and budget.

Location Map



Justification:
To enable better and more timely project reporting. Software will be able to pull financial information directly from SAP, a process that is currently done by hand. Reporting will include financial and status type reporting. Currently are utilizing a homegrown Access database that has issues with multiple users at one time and is unable to provide timely reporting due to manual inputs from SAP.

Project Update:

Project Photo

Project Notes:

| Fiscal Year | FY2022 | | | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $36,000 | $0 | $0 | $0 | **$36,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $36,000 | $0 | $0 | $0 | **$36,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

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**Future Huntsville Utilities Project-** **Gas Capital** Project Owner: HU **March 2021**

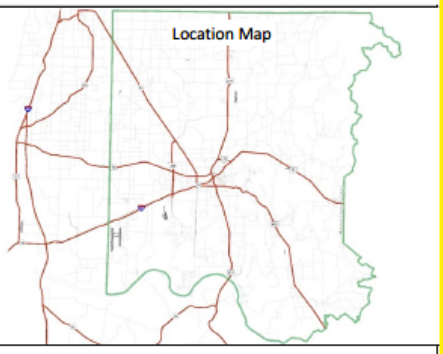
General Development and Main Extensions CPP-22.G.607220.51.07 Status: Planning

Scope of Project:
General Development and Extensions covers most of the new development/customer driven projects including commercial, industrial, residential, subdivisions, apartments, hotels, etc. Some of this work is offset by ATC payments, minus any credits or betterments by Huntsville Utilities. New subdivisions are currently installed at HU cost in order to expand the gas system.

Justification:
Infrastructure needed to support new development projects and economic development projects.

Project Update:
Developments are continuing to come quickly and we do not expect that to change anytime soon.

Project Notes:




Project Photo

| Fiscal Year | FY2022 | FY2023 | FY2024 | FY2025 | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $850,000 | $550,000 | $550,000 | $550,000 | **$3,050,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $850,000 | $550,000 | $550,000 | $550,000 | **$3,050,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

**Future Huntsville Utilities Project-** **Gas Capital** Project Owner: Other **March 2021**

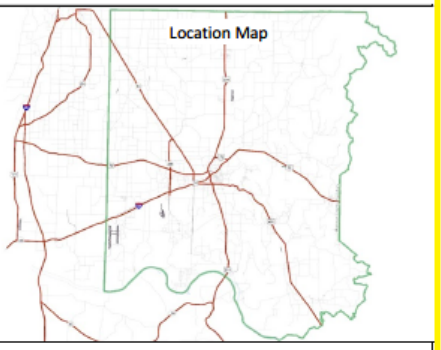
Misc. Road Relocation/Street Pavement CPP-22.G.607320.52.09 Status: Planning

Scope of Project:
Misc. system improvements as needed

Justification:
For unexpected small projects that are identified after the current FY budget is approved and will be started before the next FY budget approval.

Project Update:
No projects have been identified at this time.

Project Notes:




Project Photo

| Fiscal Year | FY2022 | FY2023 | FY2024 | FY2025 | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $200,000 | $200,000 | $200,000 | $200,000 | **$1,000,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $200,000 | $200,000 | $200,000 | $200,000 | **$1,000,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

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# Engineering FY22 Capital Project Summaries - Electric

**Note:** Every item in the capital improvement plan will not have a project summary sheet. Only projects with work scheduled for FY22 that require design and planning by the Engineering section are included.

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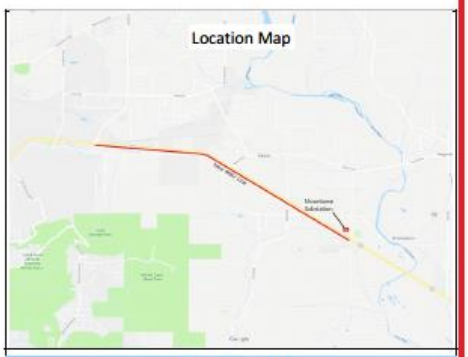
**Future Huntsville Utilities Project- Electric Capital** | Project Owner: HU | **March 2021**

Moontown (46kV Line from Moontown to Chase) | CPP-22.E.607330.51.11 | Status: Planning

Scope of Project:
Approximately 4.5 miles of 46kv lines from Moontown Substation to Shields Road

Location Map



Justification:
Hampton Cove & Moontown Substations are presently fed by a radial line from Big Cove Primary Substation. This line is comprised of 2 sections: Big Cove to Hampton Cove & Hampton Cove to Moontown. An outage on either of these line sections can impact both substations with no backup source. This project will provide a tie to the Chase Primary Substation, thus allowing the 2 substations to have a contingency source should Big Cove not be available.

Project Update:
This project was deferred from FY2020 due to budget constraints.

Project Photo

Project Notes:
This is set for FY22. The list of needed poles and other hardware has been developed and given to Purchasing for them to acquire the materials due to long lead times.

| Fiscal Year | FY2022 | | | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $2,000,000 | $0 | $0 | $0 | **$2,000,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $2,000,000 | $0 | $0 | $0 | **$2,000,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

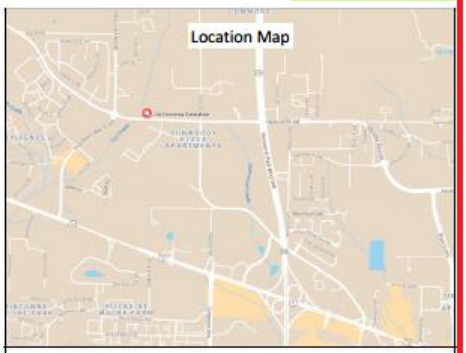
**Current&Future Huntsville Utilities Project- Electric Capital** | Project Owner: HU | **March 2021**

Old Monrovia Substation | CPP-21.E.607330.51.08 | Status: Planning

**On Time**

Scope of Project:
Construction of a 46/12 kV substation on Old Monrovia near Dry Creek.

Location Map



Justification:
Substation site is located in zip 35806, where the highest growth in customers & increased developments were observed. Customer meters increased by 2800 from 2015 to 2020. COH shows 2253 approved residential subdivision dev's & 1828 multi-family dev's in 2020. Perimeter Park Sub is currently over 80% loaded. Old Monrovia will relieve this substation, whilst supporting new growth at the northern part of the existing Perimeter Park substation. Feeder circuits are a separate project.

Project Update:
Expect to close on property the first week of May. Transformer was delivered 8 April, 2021. The property was finally purchased! Site plans have been developed and given to us. Requisition for the work is going forward for approvals.

Project Photo

Project Notes:
Geotech for the first site showed it not to be suitable for a substation. The second site tested good. See \\fileserver\engineering1\admin\budget\future projects\electric\justifications\Old Monrovia Substation 2021.docx for more detail.

| Fiscal Year | FY2021 | FY2022 | FY2022 | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | 351-2021-6 | Carryover | Add Req'd | | |
| Funding | $1,462,500 | $0 | $0 | $0 | **$1,462,500** |
| Budget | $1,462,500 | $1,079,899 | $487,500 | $0 | **$1,950,000** |
| Actual/FYTD | $379,682 | $0 | $0 | $0 | **$379,682** |
| Budget Remaining | $1,082,818 | $1,079,899 | $487,500 | $0 | **$1,570,318** |
| % Budget Spent | 26% | 0% | 0% | 0% | **19%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

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**Future Huntsville Utilities Project- Electric Capital** | Project Owner: HU | **March 2021**

## Capshaw - Exit Circuits

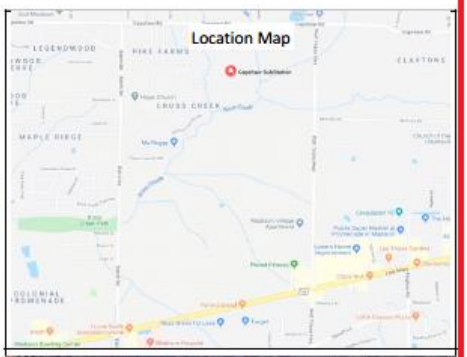
CPP-22.E.607330.51.13 | Status: Planning

Scope of Project:
On the east side of the substation entrance road 1300' of 46 kV and 3 circuits of 12 kV will be built. On the west side of the entrance road 1300' of double 12 kV circuits will be built. On Capshaw Rd going east 2800' of line will be built for 46 kV, and a triple circuit 12 kV line will be built. On Capshaw Rd going west, 2800' of 46 kV line will be built, and a double circuit 12 kV line will be built.

Justification:
Project is needed to support the continued growth in the area. The area is presently fed by Old Railroad Bed, Nick Davis and Walnut Substations. Growth in the area has pushed loads to the limits of these substations. Peak loads of Jan. 2018, Nick Davis Bank 2 was loaded 79% of 28 MVA capacity; Old Railroad Bed Bank 1 was loaded 100% of 28 MVA capacity; Walnut Bank 1 was loaded 50% of 28 MVA capacity. Also allows backup source for Madison Hospital.

Project Update:

Project Notes:





| Fiscal Year | FY2022 | | | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $1,300,000 | $0 | $0 | $0 | **$1,300,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $1,300,000 | $0 | $0 | $0 | **$1,300,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

**Current&Future Huntsville Utilities Project- Electric Capital** | Project Owner: HU | **March 2021**

## Capshaw - Complete Substation & Transmission Tap

CPP-21.E.607330.51.01 | Status: Engineering

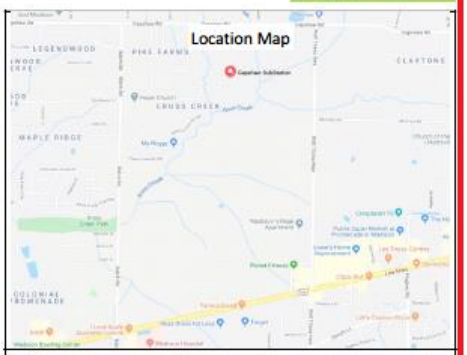
**On Time**

Scope of Project:
Project is to build a 46/12 kV substation on HU property off Capshaw Road, and construct a 46 kV line to the substation.

Justification:
Project is needed to support the continued growth in the area. The area is presently fed by Old Railroad Bed, Nick Davis and Walnut Substations. Growth in the area has pushed loads to the limits of these substations. Peak load readings of Feb 2021 for Nick Davis Bank 2 and Old Railroad Bed Bank 1 were 108% and 102% of their installed 28 MVA capacity respectively. The project also allows backup source for Madison Hospital.

Project Update:
Award for site work was made to Outdoor Solutions. Site work will begin once NPDES permit it transferred into the contractors name. Steel package has been ordered, and due to arrive in July. Power transformer has been delivered. Permit transferred, and site work is underway.

Project Notes:





| Fiscal Year | FY2019 | FY2020 | FY2021 | FY2022 | TOTAL |
|---|---|---|---|---|---|
| Budget Line | 351-2019-4* | 351-2020-5 | Carryover | Carryover | |
| Funding | $540,000 | $1,625,000 | $0 | $0 | **$2,165,000** |
| Budget | $540,000 | $1,625,000 | $1,000,000 | $1,250,669 | **$2,165,000** |
| Actual/FYTD | $317,346 | $36,706 | $1,207,944 | $0 | **$1,561,996** |
| Budget Remaining | $222,654 | $1,588,294 | ($207,944) | $1,250,669 | **$603,004** |
| % Budget Spent | 59% | 2% | 121% | 0% | **72%** |

| Engineering Start: | 01-Mar-19 | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | 30-Jun-21 | Req'd Complete: | 30-Jun-21 |
|---|---|---|---|---|---|---|---|---|---|---|---|

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**Future Huntsville Utilities Project- Electric Capital** | Project Owner: HU | **March 2021**

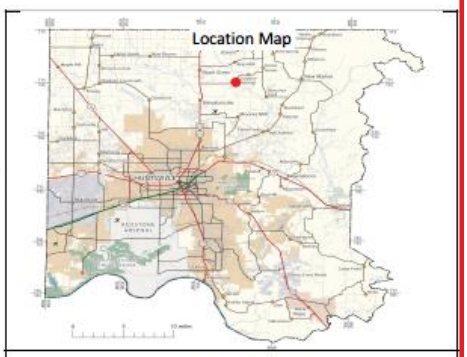
Walker Lane Substation | CPP-22.E.607330.51.12 | Status: Planning

Scope of Project:
Construction of a 161/25 kV substation. Engineering and Equipment in FY2022. Construction in FY2023. The property was acquired in 2016.

Justification:
The installed electrical capacity in the area needs to be increased to take up new load and help with existing circuits in the 35761 zip code area. 4,000 new homes were built in Madison County in 2020. More growth is expected this year. The project will significantly relieve loaded circuits at HU's Stegers, Deposit, Chase and New Market Substations. Among others, the transformer at Stegers saw a peak loading of 96% of its capacity this February.

Project Update:

Project Notes:




Project Photo

| Fiscal Year | FY2022 | FY2023 | | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $1,100,000 | $2,325,000 | $0 | $0 | **$3,425,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $1,100,000 | $2,325,000 | $0 | $0 | **$3,425,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

**Future Huntsville Utilities Project- Electric Capital** | Project Owner: HU | **March 2021**

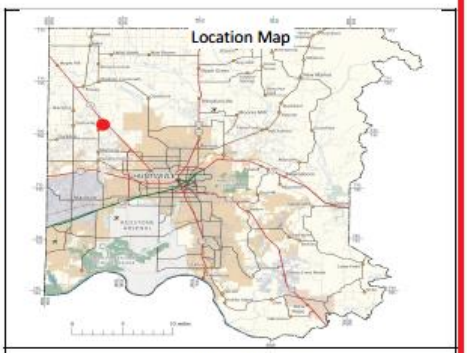
Burwell Transformer and 25 kV Conversion | CPP-22.E.607330.51.14 | Status: Planning

Scope of Project:
Installation of a 24/32/40/44.8 MVA unit at the Bank 2 position of the existing station. Includes the need for some wiring to and from the control building, and the conversion of Burwell feeders 234 and 244 to 25 kV.

Justification:
Project will relieve existing circuits, create a back up to Madison X-Roads 334 & pick up new load. Between 2015 to 2020 we recorded an increase of 1000+ new customers in zip 35749. Synergi show voltages as low as 108V on Burwell 244 using Feb 2021 peaks, these will improve significantly. Converting ends of circuits Old RR Bed 214, Nick Davis 234 & Liberty Hill 224 to 25 kV and picking up some of the load will go a long way to improve reliability, quality and efficiency of supply.

Project Update:
Plans for the affected feeders have been released, and contract crews are working the area to change out needed poles, and upgrade line configurations in preparation for this.

Project Notes:




Project Photo

| Fiscal Year | FY2022 | | | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $1,075,000 | $0 | $0 | $0 | **$1,075,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $1,075,000 | $0 | $0 | $0 | **$1,075,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

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**Future Huntsville Utilities Project- Electric Capital** | Project Owner: HU | **March 2021**

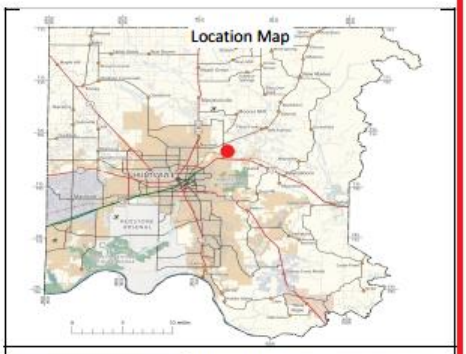
Systems Operations Center | CPP-22.E.531200.51.05 | Status: Planning

Scope of Project:
New Operations Center at Chase Facility. Engineering FY2022, Construction FY2023-2024

Justification:
Our current Ops Center is too small to accommodate electric, water & gas system operators. HU will also be adding fiber system operators to oversee the new fiber optic backbone that was completed in 2019. The fiber system is the communications backbone for all of HU's operations & provides SCADA information from 167+ HU facilities and the new Outage Management System. Additionally, the current facility is not capable of withstanding a significant tornado.

Project Update:

Project Notes:





| Fiscal Year | FY2022 | FY2023 | FY2024 | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $1,000,000 | $5,000,000 | $5,000,000 | $0 | **$11,000,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $1,000,000 | $5,000,000 | $5,000,000 | $0 | **$11,000,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

**Future Huntsville Utilities Project- Electric Capital** | Project Owner: HU | **March 2021**

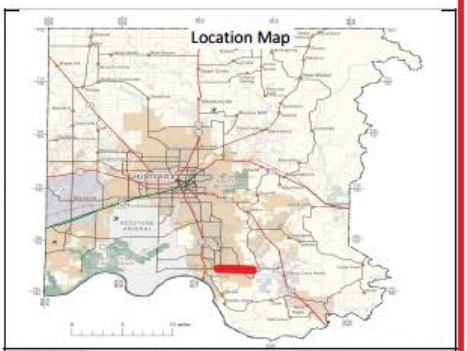
Green Mountain Re-conductor | CPP-22.E.607330.52.09 | Status: Planning

Scope of Project:
Reconductor sections of Farley 254 and OLD431 224, with 477 MCM AAC wire. Total length in scope of works is approximately 18,000 ft. Includes both the East and West sides of the mountain.

Justification:
This will result in system reliability, quality delivery and improved efficiency and utilization of the Farley 254 feeder. For reference purposes the 4/0 AAC will handle 381 A. The 477 MCM AAC will handle 646 A. This increases the 12 kV capacity from 8.2 MVA to 13.9 MVA. Without this project, the 4/0 AAC conductors will be the limitation in the network. There was a peak of 373A in February 2021.

Project Update:

Project Notes:





| Fiscal Year | FY2022 | | | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $900,000 | $0 | $0 | $0 | **$900,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $900,000 | $0 | $0 | $0 | **$900,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

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**Future Huntsville Utilities Project- Electric Capital** | Project Owner: HU | **March 2021**

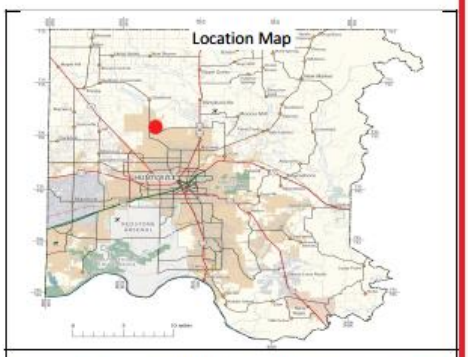
Toyota Solar Generation Sub | CPP-22.E.607330.51.03 | Status: Planning

Scope of Project:
Construction of a 46/12 kV substation to take delivery of Toyota's 30 MW solar power farm, in the vicinity of the Toyota Engine Plant. Includes transformers, breakers, steel, and relaying, including relaying upgrades at our Northwest and Charity Lane Delivery Points. It also includes the necessary 46 kV line work to fold the 46 kV lines into this new substation.

Justification:
This project will afford HU about $1,000,000 a year in revenue for the savings in purchased power (compared to our TVA rate).

Project Update:

Project Notes:





| Fiscal Year | FY2021 | FY2022 | | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | Carryover | | | |
| Funding | $1,600,000 | $0 | $0 | $0 | **$1,600,000** |
| Budget | $0 | $800,000 | $0 | $0 | **$0** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $0 | $800,000 | $0 | $0 | **$0** |
| % Budget Spent | 0% | 0% | 0% | 0% | **#Num!** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

**Future Huntsville Utilities Project- Electric Capital** | Project Owner: HU | **March 2021**

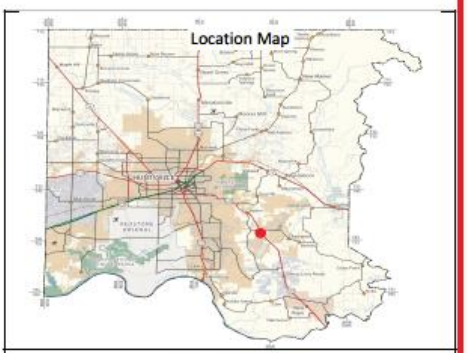
Big Cove 161 kV/12 kV Substation | CPP-22.E.607330.52.10 | Status: Planning

Scope of Project:
Replace the existing 46/12 kV substation with a 161/12 kV substation, and adding exit circuits (2). Engineering and Equipment in FY2022. Construction in FY2023

Justification:
Existing substation is located in zip 35763, a high growth area, & reflected in the Big Cove feeder loadings. In the past 5 years we have seen an 18% increase in the number of billed customers. Even though OLD 431 is meant to relieve Big Cove circuits, the relief is not enough to improve on the quality and reliability of supply. A 161/12 kV substation frees up capacity on the 46 kV and thus improve on reliability as well as the quality of supply.

Project Update:

Project Notes:





| Fiscal Year | FY2022 | FY2023 | | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $585,000 | $1,755,000 | $0 | $0 | **$2,340,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $585,000 | $1,755,000 | $0 | $0 | **$2,340,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

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**Future Huntsville Utilities Project- Electric Capital** | Project Owner: HU | **March 2021**

## Old Monrovia Substation Exit Circuits

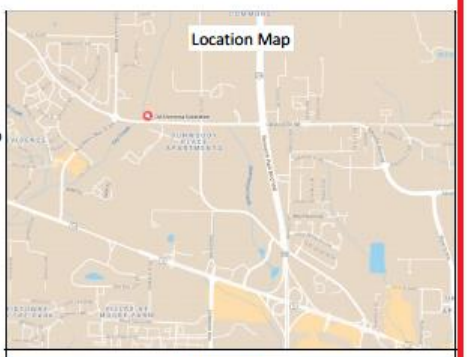
CPP-22.E.607330.51.16 | Status: Planning

Scope of Project:
Exit Circuits for new substation. 4 exit circuits will be built 550' each. Two will tie into existing 12 kV lines. For the third exit circuit, 835' of 12 kV line will be built going east, and the 4th exit circuit will have 1700' of 12 kV line built going west.

Justification:
Exit circuits will pick up new growth in the Old Monrovia area. There has been extensive growth in zip 35806. Customer meters increased by 2,800 from yr 2015 to 2020. COH shows 2253 approved residential subdivision dev's & 1828 multi-family dev's in 2020. Perimeter Park Sub is currently over 80% loaded. Old Monrovia will relieve this substation & support new growth at northern part of existing Perimeter Park sub.

Project Update:

Project Notes:





| Fiscal Year | FY2022 | | | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $500,000 | $0 | $0 | $0 | **$500,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $500,000 | $0 | $0 | $0 | **$500,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

**Current&Future Huntsville Utilities Project- Electric Capital** | Project Owner: COH | **March 2021**

## Martin Road (Wall Triana to Old Jim Williams)

CPP-21.E.607330.52.02 | Status: Delayed

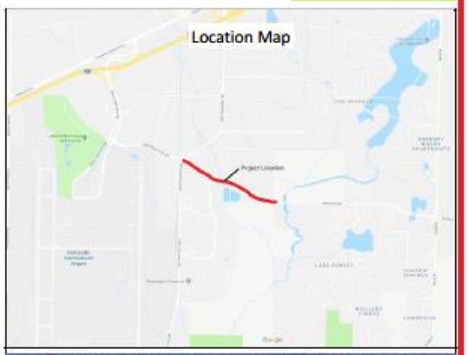
**On Time**

Scope of Project:
Relocate 5,400 feet of transmission and distribution system due to a road widening project. Limits of project are along Martin Road between and Old Jim Williams Road and Wall Triana Hwy.

Justification:
Existing lines interfere with the Martin Road Project.

Project Update:
Received correspondence from COH and ALDOT that the utility phase for this project has been funded. Anticipate relocations to begin later this year.

Project Notes:





| Fiscal Year | FY2019 | FY2020 | FY2021 | FY2022 | TOTAL |
|---|---|---|---|---|---|
| Budget Line | 352-2019-4 | Carryover | Carryover | Carryover | |
| Funding | $450,000 | $450,000 | $0 | $0 | **$450,000** |
| Budget | $450,000 | $450,000 | $450,000 | $450,000 | **$450,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $450,000 | $450,000 | $450,000 | $450,000 | **$450,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

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**Future Huntsville Utilities Project- Electric Capital** | Project Owner: HU | **March 2021**

## Hazel Green - Replace 46/12 Transformer

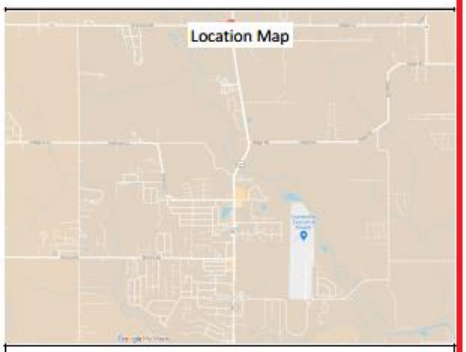
CPP-22.E.607330.52.10 | Status: Planning

Scope of Project:
Replace the existing 14 MVA transformer at Bank 2, with a 28 MVA unit.

Justification:
The 14 MVA transformer at Bank 2 is at its limit. The coincident demand showed 99.98% loading in February 2021. Since this is a winter peaking station, the loading was even higher at 113.5% during the single digit temperatures in 2018. Considering the growth in the area, increasing the capacity on Bank 2, will help avoid failures, the accompanying down time, loss of our reputation and income that are likely to arise due to overloading.

Project Update:

Project Notes:




Project Photo

| Fiscal Year | FY2022 | | | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $335,000 | $0 | $0 | $0 | **$335,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $335,000 | $0 | $0 | $0 | **$335,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

**Future Huntsville Utilities Project- Electric Capital** | Project Owner: HU | **March 2021**

## Engineering Services WO Tracking Software

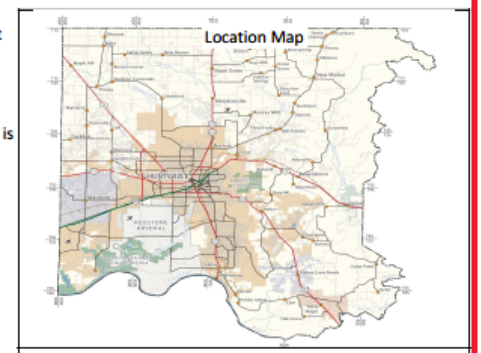
CPP-22.W.607200.75.12 | Status: Planning

Scope of Project:
Engineering Services is working with our consultant, Inflow Design, to analyze and determine a software solution for development driven projects, a portal for customers to check statuses, submit requirements, and more visibility throughout the company.

Justification:
Due to the number of projects currently underway and projected to begin, a better tracking system is needed both internally and externally

Project Update:
Numerous demos have been given and a short list is being determined along with a list of requirements. The bid package is under review as well.

Project Notes:




Project Photo

| Fiscal Year | FY2022 | | | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $275,000 | $0 | $0 | $0 | **$275,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $275,000 | $0 | $0 | $0 | **$275,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

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**Future Huntsville Utilities Project- Electric Capital** | Project Owner: HU | **March 2021**

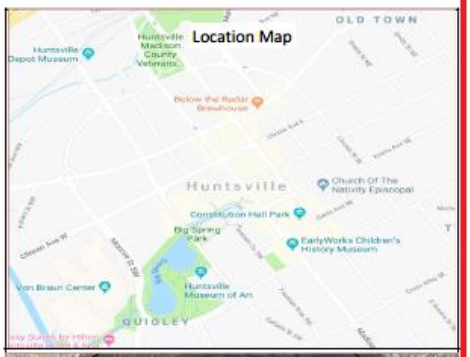
Downtown Electric Switch Replacement | CPP-22.E.607330.52.13 | Status: Planning

Scope of Project:
Replacement of obsolete underground switchgear in M-110 at the intersection of Lincoln and Randolf. Approximately 20 switches need to be replaced.
This is a multi-year project with a total estimated budget of $4.0M.

Justification:
The Underground switchgear we have in our downtown area is old. It is becoming less reliable and more dangerous. Several of them leak, and when they fail they often times fail catastrophically and blow apart.

Project Update:
FY22.

Project Notes:





| Fiscal Year | FY2022 | FY2023 | FY2024 | FY2025 | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $250,000 | $400,000 | $400,000 | $400,000 | **$1,850,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $250,000 | $400,000 | $400,000 | $400,000 | **$1,850,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | 30-Sep-21 |
|---|---|---|---|---|---|---|---|---|---|---|---|

**Current&Future Huntsville Utilities Project- Electric Capital** | Project Owner: ALDOT | **March 2021**

Memorial Parkway Relocates (Mastin Lake) | CPP-21.E.607330.52.01 | Status: Engineering

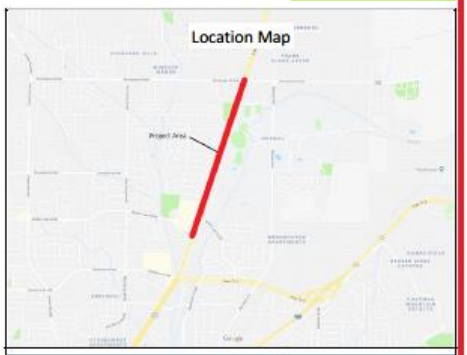
**On Time**

Scope of Project:
Replace and re-route approximately 2 miles of 46 kV and 12 kV lines along Memorial Parkway from south of Mastin Lake Road to Winchester Road including associated side streets.

Justification:
Existing lines interfere with road project.

Project Update:
Designed. Going through for approvals. The City is currently acquiring an easement from Rural King for a portion of the relocations. State has yet to release construction.

Project Notes:
Project has been redesigned which reduced cost from $1.2M to $200k.





| Fiscal Year | FY2019 | FY2020 | FY2021 | FY2022 | TOTAL |
|---|---|---|---|---|---|
| Budget Line | 352-2019-6 | 352-2020-2 | Carryover | Carryover | |
| Funding | $850,000 | $1,200,000 | $0 | $0 | **$200,000** |
| Budget | $850,000 | $1,200,000 | $200,000 | $200,000 | **$200,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $850,000 | $1,200,000 | $200,000 | $200,000 | **$200,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

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**Current&Future Huntsville Utilities Project- Electric Capital** | Project Owner: HU | **March 2021**

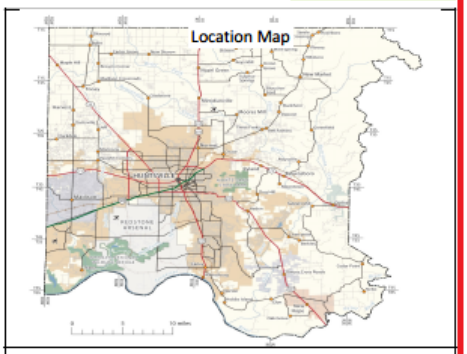
GIS Software (Electric) | CPP-21.E.607130.51.02 | Status: Construction

**On Time**

Scope of Project:
Implementation of new Geographical Information System (GIS) platform and conversion of all Gas, Water, Electric and Fiber facility maps and data.

Justification:
New system brings all facilities onto a single software platform, with greater functional & operational capabilities & a shared database. This will result in more efficient & common workflows & much reduced back office configuration & administration. The new system also offers more capability in configuring mobile work & asset management that will help with inspections, maintenance & other infrastructure-wide work.

Project Update:
Working on connectivity and ownership rules.




Project Photo

Project Notes:
The total cost for the project is projected to be $1,200,000 and will be split between electric, fiber, gas, and water.
9-15-2020 - Moved $300k from CPP-20.E.607330.51.06 (Underground 46kV to VBC duct bank) to CPP-20.E.604000.51.11 (GIS Software).

| Fiscal Year | FY2020 | FY2021 | FY2022 | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | 351-2020-3? | 351-2021JAN | Carryover | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $400,000 | $350,000 | $115,000 | $0 | **$750,000** |
| Actual/FYTD | $0 | $239,008 | $0 | $0 | **$239,008** |
| Budget Remaining | $400,000 | $110,992 | $115,000 | $0 | **$510,992** |
| % Budget Spent | 0% | 68% | 0% | 0% | **32%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | 30-Sep-21 |
|---|---|---|---|---|---|---|---|---|---|---|---|

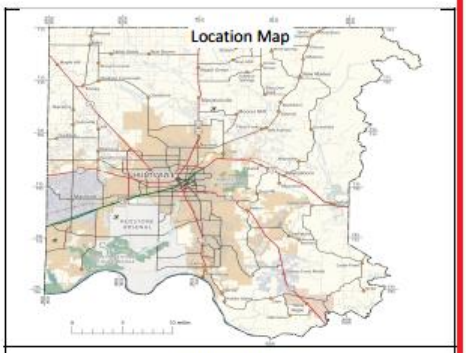
**Future Huntsville Utilities Project- Electric Capital** | Project Owner: HU | **March 2021**

Project Management/Budgeting Software | CPP-22.E.607330.75.13 | Status:

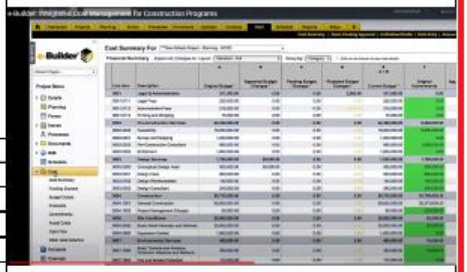
Scope of Project:
Acquire and install new Project Management Software for tracking status and budget.

Justification:
To enable better and more timely project reporting. Software will be able to pull financial information directly from SAP, a process that is currently done by hand. Reporting will include financial and status type reporting. Currently are utilizing a homegrown Access database that has issues with multiple users at one time and is unable to provide timely reporting due to manual inputs from SAP.

Project Update:




Project Photo



Project Notes:

| Fiscal Year | FY2022 | | | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $115,000 | $0 | $0 | $0 | **$115,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $115,000 | $0 | $0 | $0 | **$115,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

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**Future Huntsville Utilities Project- Electric Capital** | Project Owner: HU | **March 2021**

## Corporate Drive Cable Replacement

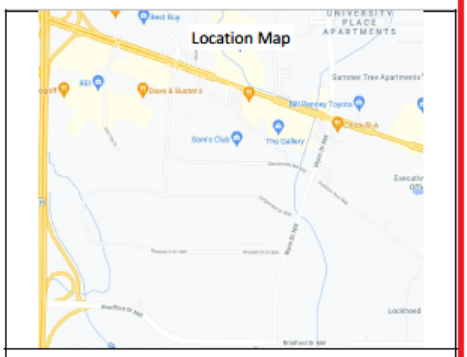
CPP-22.E.607330.52.15 | Status: Planning

Scope of Project:
Replacement of failing and aged underground cables, especially those that are direct buried along Corporate Drive.

Justification:
Improves reliability for customers on Corporate Drive. Underground cables were installed in and around 1976 and have exceeded their expected lifespan. Some of the cable along Corporate Drive has already been replaced due to failure. Cable that has already been replaced has been in conduit, and no cable is expected to be direct buried.

Project Update:

Project Notes:




Project Photo

| Fiscal Year | FY2022 | | | | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $100,000 | $0 | $0 | $0 | **$100,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $100,000 | $0 | $0 | $0 | **$100,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

**Future Huntsville Utilities Project- Electric Capital** | Project Owner: HU | **March 2021**

## Electric General Development and Extensions

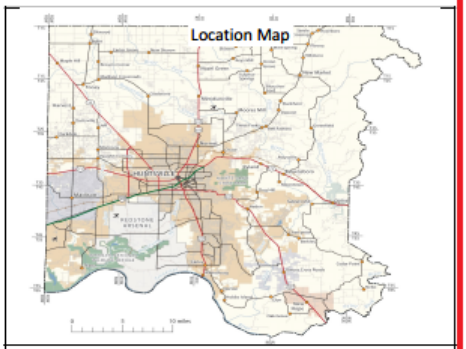
CPP-22.E.607230.51.08 | Status: Planning

Scope of Project:
General Development and Extensions covers most of the new development/customer driven projects including commercial, industrial, residential, subdivisions, apartments, hotels, etc. The majority of this work is offset by ATC payments, minus any credits or betterments by Huntsville Utilities.

Justification:
Infrastructure needed to support new development projects and economic development projects.

Project Update:

Project Notes:




Project Photo

| Fiscal Year | FY2022 | FY2023 | FY2024 | FY2025 | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $6,600,000 | $6,000,000 | $6,000,000 | $6,000,000 | **$30,600,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $6,600,000 | $6,000,000 | $6,000,000 | $6,000,000 | **$30,600,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

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**Future Huntsville Utilities Project- Electric Capital** | Project Owner: HU | **March 2021**

## Fiber General Development and Extensions

CPP-22.E.607230.51.09

Status: Construction

**On Time**

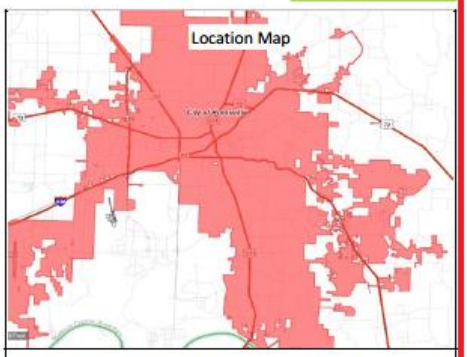
Scope of Project:
Installing conduit and fiber facilities along with new developments and construction, as well as extensions to remaining facilities outside of the existing fiber network.

Justification:
Leverage the existing fiber plant to reach more facilities.

Project Update:
Installing conduit and fiber facilities along with new developments and construction, as well as extensions to remaining facilities outside of the existing fiber network.

Project Notes:

Location Map



Project Photo

| Fiscal Year | FY2022 | FY2023 | FY2024 | FY2025 | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $2,000,000 | $2,500,000 | $2,500,000 | $2,500,000 | **$12,000,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $2,000,000 | $2,500,000 | $2,500,000 | $2,500,000 | **$12,000,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | 01-Oct-20 | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | 30-Sep-21 | Req'd Complete: | 30-Sep-21 |
|---|---|---|---|---|---|---|---|---|---|---|---|

**Future Huntsville Utilities Project- Electric Capital** | Project Owner: HU | **March 2021**

## Replace Obsolete Breakers

CPP-22.E.607330.52.12

Status: Planning

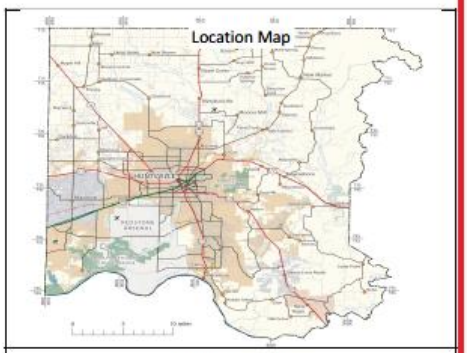
Scope of Project:
Ongoing replacement of obsolete breakers. This was originally for oil-filled breakers, but it will be expanded to include older SF6 breakers (15- and 38-kV units). For both types of breakers (oil and SF6) parts are no longer available, hence they're obsolete. Breakers ordered in March 2021.

Justification:
For continued and improved reliability of the electric supply system which cannot be accomplished with obsolete switchgear and unavailable parts.

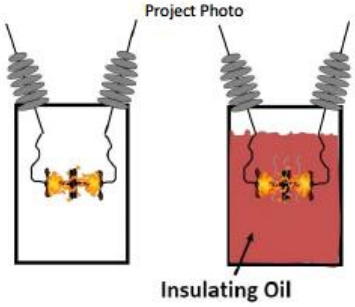
Project Update:
Breakers have been ordered, March 20, 2021.

Project Notes:

Location Map



Project Photo




| Fiscal Year | FY2022 | FY2023 | FY2024 | FY2025 | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $295,000 | $225,000 | $225,000 | $225,000 | **$1,195,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $295,000 | $225,000 | $225,000 | $225,000 | **$1,195,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | 30-Sep-21 |
|---|---|---|---|---|---|---|---|---|---|---|---|

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**Future Huntsville Utilities Project- Electric Capital** | Project Owner: HU | **March 2021**

## Misc. Underground Cable Replacement

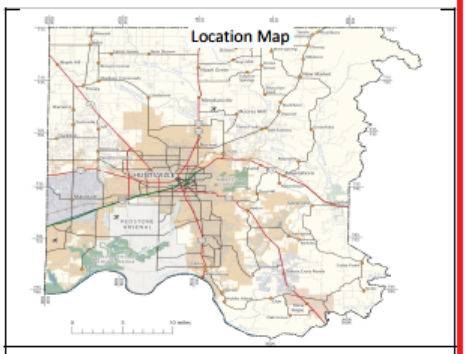
CPP-22.E.607330.52.14 | Status: Planning

Scope of Project:
This is an ongoing program to replace failed and/or aged underground cables, especially those that are direct buried.

Justification:
Improves system reliability. Underground cables have a definite life dependent on cable's material qualities & environment. Early underground cables were touted as direct buried for ease of installation & lower costs (no conduit req'd), however, the environment was harsher than designers realized. These cables routinely fail and the downtime for our customers when this happens is undesirable. We seek to avoid this lack of reliability.

Project Update:

Project Notes:
Cost is based on historical data.




Project Photo

| Fiscal Year | FY2022 | FY2023 | FY2024 | FY2025 | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $200,000 | $1,000,000 | $1,000,000 | $1,000,000 | **$4,200,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $200,000 | $1,000,000 | $1,000,000 | $1,000,000 | **$4,200,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

**Future Huntsville Utilities Project- Electric Capital** | Project Owner: Other | **March 2021**

## Electric Misc. Upgrades & COH/Roadway Relocations

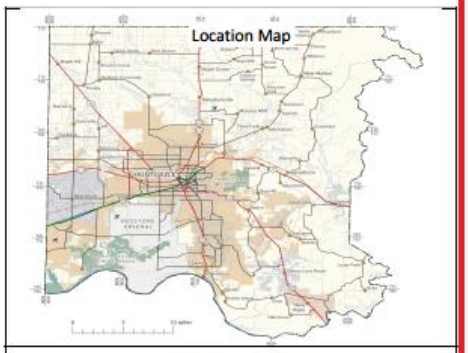
CPP-22.E.607330.52.11 | Status: Planning

Scope of Project:
Minor Misc. system changes as required for smaller Road Projects.

Justification:
Existing lines interfere with road project.

Project Update:

Project Notes:




Project Photo

| Fiscal Year | FY2022 | FY2023 | FY2024 | FY2025 | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $300,000 | $300,000 | $300,000 | $300,000 | **$1,500,000** |
| Actual/FYTD | | $0 | $0 | $0 | |
| Budget Remaining | | $300,000 | $300,000 | $300,000 | |
| % Budget Spent | | 0% | 0% | 0% | |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

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**Future Huntsville Utilities Project- Electric Capital** | Project Owner: Other | **March 2021**

## Fiber Road Relocations

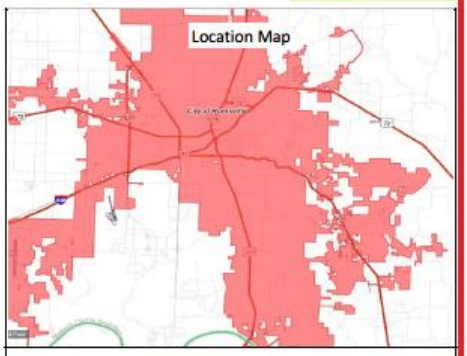
CPP-22.E.607230.52.08 | Status: Planning | **On Time**

Scope of Project:
Relocate fiber lines as required for Road Relocation projects

Justification:
Existing lines interfere with road project.

Project Update:
None identified at this time.

Project Notes:





| Fiscal Year | FY2022 | FY2023 | FY2024 | FY2025 | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $100,000 | $100,000 | $100,000 | $100,000 | **$500,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $100,000 | $100,000 | $100,000 | $100,000 | **$500,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | 01-Oct-20 | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | 30-Sep-21 | Req'd Complete: | 30-Sep-21 |
|---|---|---|---|---|---|---|---|---|---|---|---|

**Future Huntsville Utilities Project- Electric Capital** | Project Owner: HU | **March 2021**

## Fiber New Tier 2 and Tier 3 (COH, etc.)

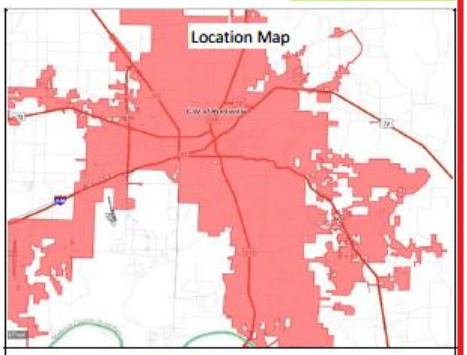
CPP-22.E.607230.51.10 | Status: Planning | **On Time**

Scope of Project:
Install fiber to new tier 2 and tier 3 locations. Tier 2 is defined as HU and COH point to point locations, HPD camera sites, COH traffic light sites, COH buildings, etc. Tier 3 is defined a point to point service for third party use such as Travellers, DC Blox, Simple Helix, ENA, etc.)

Justification:
Leverage the existing fiber plant to reach more facilities.

Project Update:
These requests continue to increase and be filled as the initial fiber build has been completed.

Project Notes:





| Fiscal Year | FY2022 | FY2023 | FY2024 | FY2025 | TOTAL |
|---|---|---|---|---|---|
| Budget Line | | | | | |
| Funding | $0 | $0 | $0 | $0 | **$0** |
| Budget | $400,000 | $100,000 | $100,000 | $100,000 | **$800,000** |
| Actual/FYTD | $0 | $0 | $0 | $0 | **$0** |
| Budget Remaining | $400,000 | $100,000 | $100,000 | $100,000 | **$800,000** |
| % Budget Spent | 0% | 0% | 0% | 0% | **0%** |

| Engineering Start: | | Bid Opening: | | Intent to Award: | | N.T.P.: | | Projected Complete: | | Req'd Complete: | |
|---|---|---|---|---|---|---|---|---|---|---|---|

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# Debt and Debt Service

Capital spending to maintain and expand major infrastructure is an integral part of the budget cycle each year. The Debt Policy establishes criteria that will protect the utilities' financial integrity while providing a funding mechanism to meet capital needs. Huntsville Utilities' approach towards debt is to borrow only for capital improvements that cannot be funded on a pay-as-you-go basis. No long-term debt will be issued to finance current operations. All debt issued for Huntsville Utilities will be issued in the name of the City of Huntsville and debt issuance for Huntsville Utilities must be approved by the appropriate Board and Huntsville City Council.

Debt financing is primarily provided by revenue bonds, local borrowings, or state revolving loans. Revenue bonds are not subject to voter or customer approval nor are they subject to the City of Huntsville's statutory debt limit but there are debt covenants in place.

| Bond Ratings | Moody's | Standard & Poor's |
|---|---|---|
| Water | Aa1 | AAA |
| Gas | No Rating | No Rating |
| Electric | Aa1 | AA- |

*To the left are the current bond ratings. Moody's and S&P both issued rating statements in July 2021 that left the ratings unchanged. Huntsville Utilities has no outstanding gas bonds so there is no rating.*

Debt limitations are also imposed by policy for each utility. Debt service payments can be no more than 30% of total operating revenue for Water or operating margin for Electric and Gas. For all three services, the ratio of operating revenue to operating expenses minus depreciation plus debt service must be at least 110%.

**Debt Limitations Compliance**

| | Water | Gas | Electric |
|---|---|---|---|
| Operating Revenue (FY20 Audited) | $ 46,507,000 | $ 47,592,000 | $ 510,735,000 |
| Operating Margin (FY20 Audited) | $ 46,507,000 | $ 28,654,000 | $ 117,947,000 |
| 30% of Margin | $ 13,952,100 | $ 8,596,200 | $ 35,384,100 |
| FY22 Debt Service | $ 9,922,766 | $ 1,563,881 | $ 6,590,850 |
| Is debt service Less than 30% of margin? | **Yes** | **Yes** | **Yes** |
| | | | |
| Operating Revenue (FY20 Audited) | $ 46,507,000 | $ 47,592,000 | $ 510,735,000 |
| Operating Expenses - Depreciation (FY20 Audited) | $ 25,125,000 | $ 34,024,000 | $ 449,025,000 |
| FY22 Debt Service | $ 9,922,766 | $ 1,563,881 | $ 6,590,850 |
| Operating Expense + Debt Service | $ 35,047,766 | $ 35,587,881 | $ 455,615,850 |
| Ratio of Sales to Operating Expense + Debt Service | 133% | 134% | 112% |
| Is the ratio greater than 110% | **Yes** | **Yes** | **Yes** |

Huntsville Utilities' projected debt as of September 30, 2021 is $178,324,734 consisting of $152,000,000 in revenue bonds, $10,720,000 in Alabama state revolving fund loans and $15,604,374 of other debt. The projected debt service for fiscal year 2021 is $17,385,399. A breakdown of debt by utility service is shown below:

| Transaction | Water | Gas | Electric |
|---|---|---|---|
| Revenue Bonds | $84,045,000 | - | $71,835,000 |
| Private Placements | $8,964,000 | $6,640,734 | - |
| AL State Revolving Fund Loans | $10,720,000 | - | - |
| Projected FY21 Debt Service | $9,229,918 | $1,563,881 | $6,591,600 |
| Projected FY22 Debt Service | $9,922,766 | $1,563,881 | $6,590,850 |

Financial ratios are used to measure and assist in recommending proper debt levels. Debt to equity ratios are calculated and compared to an acceptable range between 30%-40% of total equity. A capital spending ratio is also used to measure the amount of capital spending compared to the amount of depreciation. The goal is for capital spending to be in a range between 100% and 120% of depreciation. A third ratio, degree of asset depreciation, is also used to measure the useful lives of infrastructure assets that remain. The goal is to maintain a percentage of 50% of useful lives remaining.

The Water system currently has the highest debt levels due to construction of the Southeast water treatment plant, the purchase of additional service area from the Limestone County Water Authority, and rehabilitation of the South Parkway water treatment plant. The amount of outstanding debt for this utility is $103,729,000 with annual debt service of $9,922,766. Budgeted debt service is approximately 20.9% of budgeted sales revenue for FY22.

The Gas system has outstanding debt of $6,640,734 with annual debt service of $1,563,881 or 5.2% of FY22 gross profit margin. This debt, which includes both a taxable and non-taxable portion, is to fund infrastructure improvements in Limestone County that are needed to serve Mazda Toyota Manufacturing and the surrounding area.

The Electric system has outstanding debt of $71,835,000 with annual debt service of $6,590,850 representing 6.0% of FY22 gross profit margin. This debt is used primarily to fund distribution infrastructure such as AMI deployment and substation builds.

Amortization schedules for current debt are provided in the footnotes to the audited financial statements. Links to the financial statements for the last three years are provided on the last page of this document. Note 4 – Long Term Debt begins on page 32 of the 2020 Huntsville Utilities Audited Financial Statements.

The current and projected debt service is expected to peak in fiscal year 2024 at $19.7 million. The charts on the following pages show debt service payments for the past five years and projections for the next five years for each utility service.

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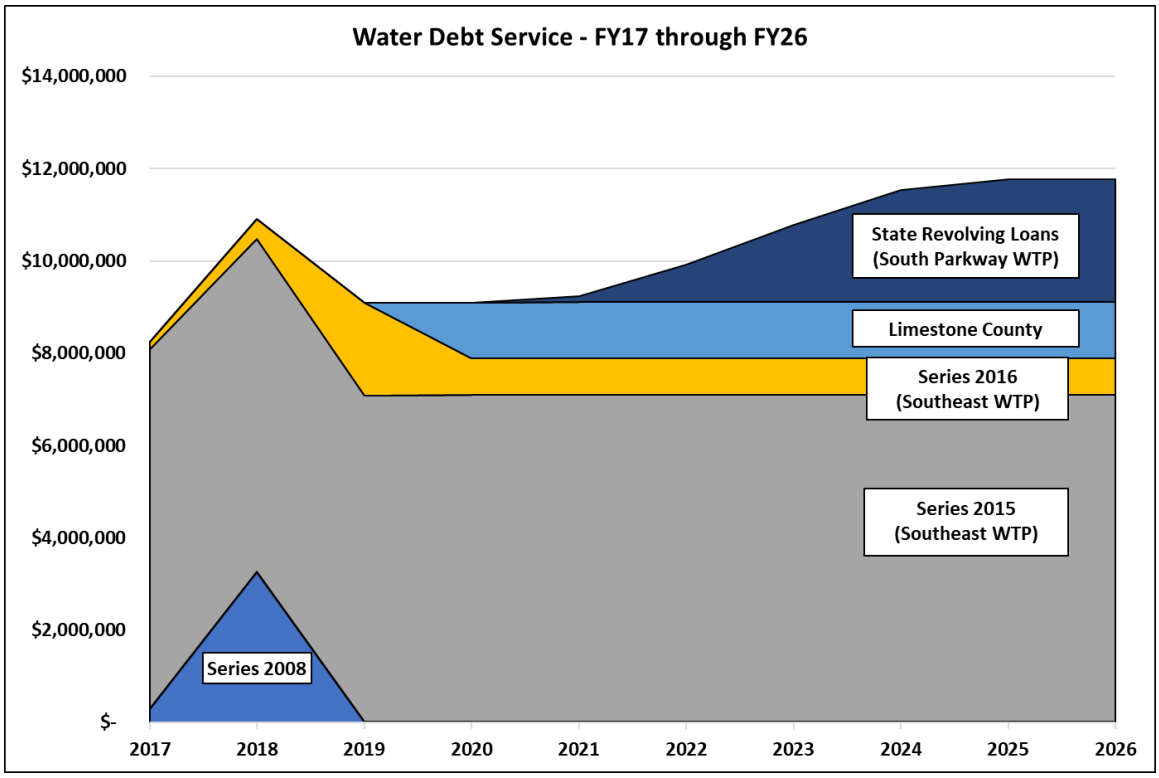


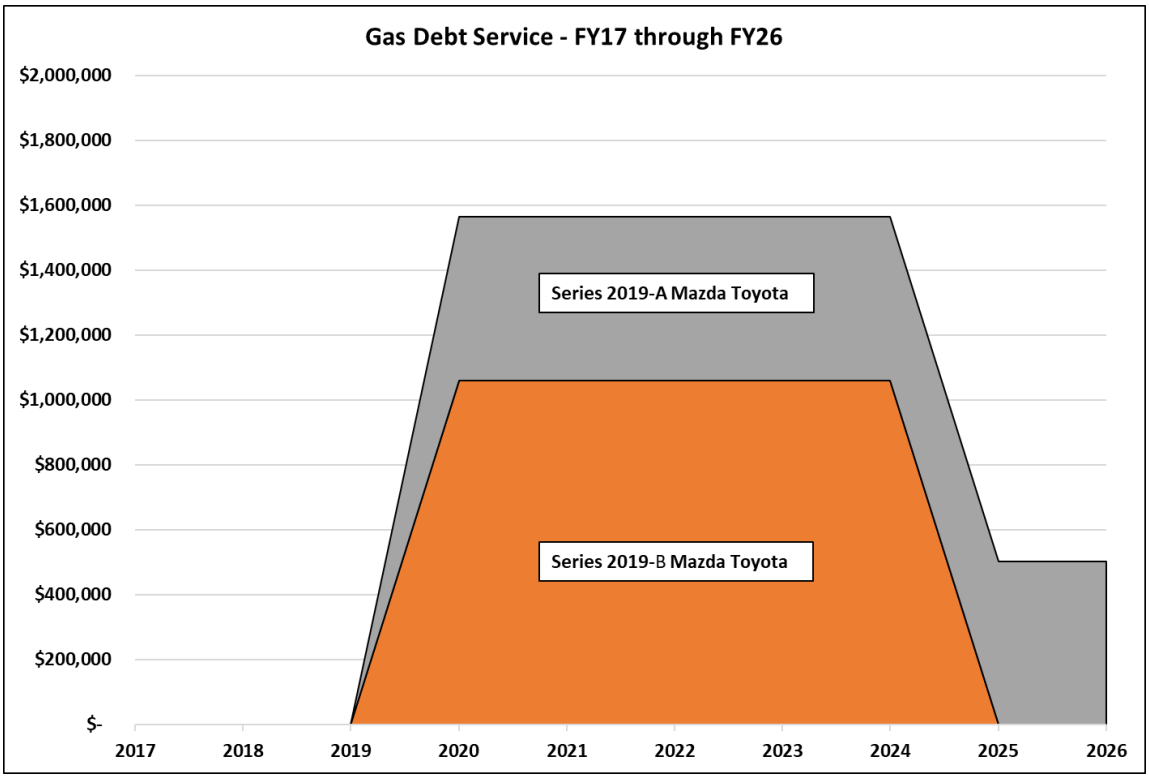

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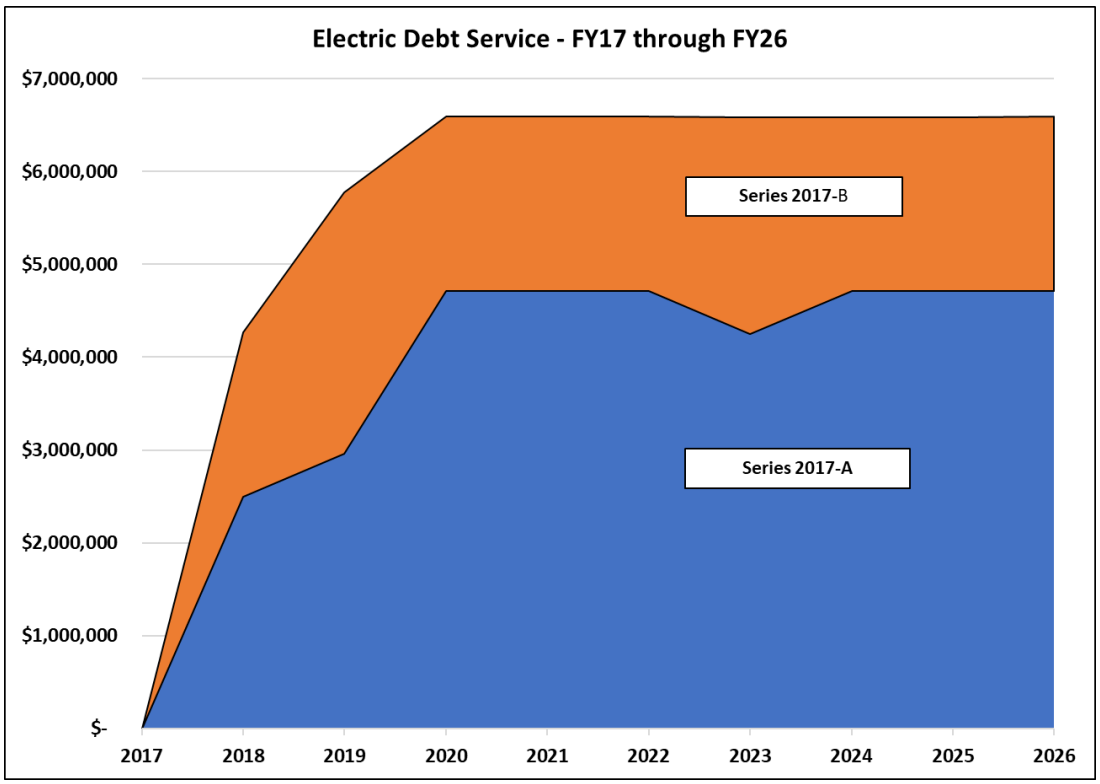
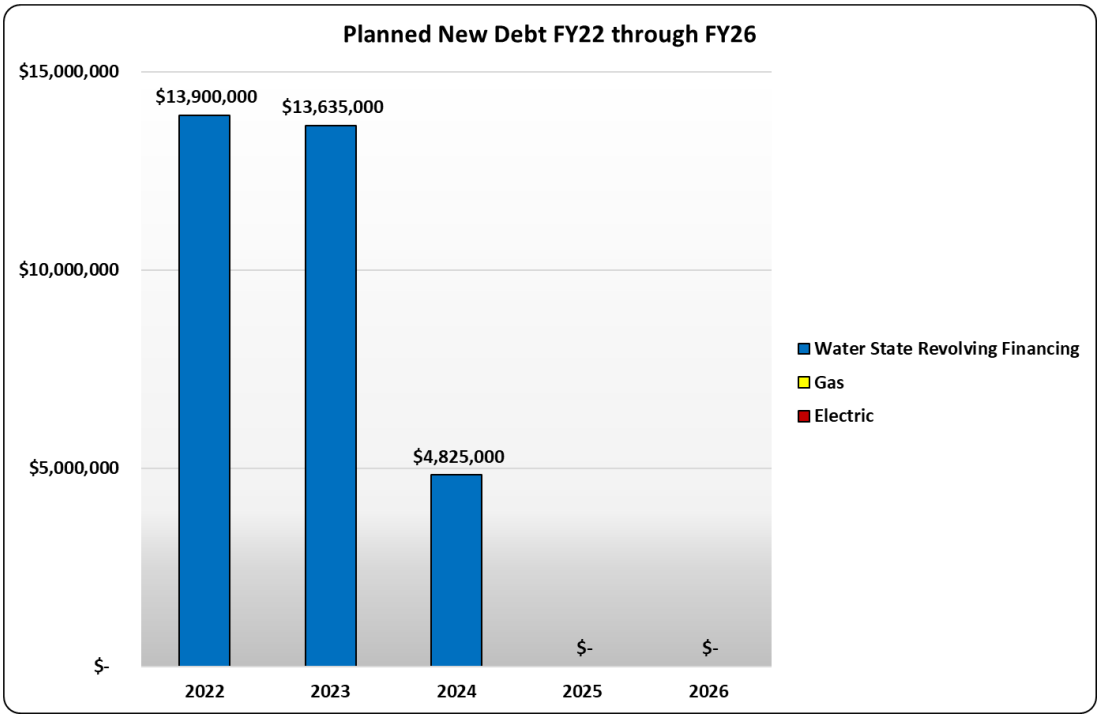



Huntsville Utilities expects to issue approximately $32.4 million in additional debt over the next five years to fund the capital improvement plan. As shown below, all the expected new debt will be for the water system and will be issued in the form of Alabama state revolving fund loans.



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# Functional Area Budgets

The following pages present summary budget information for Huntsville Utilities by business function. Each functional area contains multiple cost centers.

| Functional Areas | Cost Centers Included |
|---|---|
| **Administration** | CEO, Legal, EEO Diversity and Inclusion, Process Excellence |
| **Customer Care** | SVP Customer Care, Customer Care Director, Applications, Billing, Collections, Commercial and Industrial, Key Accounts, Community Relations/Public Relations, Contact Center, Energy Services, Field Services, Meter Reading, Payment Processing, Customer Support |
| **Engineering** | Engineering Management, Engineering Planning, Engineering Services, GIS and Mapping, Facility Mapping, Facility Locating |
| **Finance** | CFO, Budget and Rates, Financial Services, Stores and Warehouse, Purchasing, Fleet Management |
| **Employee Engagement** | VP Employee Engagement, Human Resources, Safety and Security, Facilities |
| **Information Technology** | CIO, Management Information Systems, Technical Services |
| **Water Operations** | Water Management, Meter Shop, New Services, Maintenance, Large Construction, Small Construction, Valve/Fire Hydrant, Pump Station Maintenance, Water Quality, Water Treatment Plants, IGSA |
| **Gas Operations** | Gas Management, Meter Shop, New Services, Maintenance, Corrosion, Heavy Construction, Boring, Landscaping, IGSA |
| **Electric Operations** | VP Operations, Meter Shop, Operations Center, Overhead Distribution, Underground Distribution, Substation, SCADA Operations, Fiber Operations, IGSA |

As mentioned previously, all cost centers, except for those specific to one utility service, will have costs that are allocated between water, gas and electric. Financial Services updates these percentages annually in October. The percentages used for allocating costs in preparation of this budget are shown below.

| Allocation Area | Water | Gas | Electric |
|---|---|---|---|
| Fleet | 19.00% | 23.00% | 58.00% |
| Stores and Purchasing | 12.00% | 7.00% | 81.00% |
| Facilities | 1.00% | 26.00% | 73.00% |
| Administrative and Finance | 29.00% | 23.00% | 48.00% |
| Safety | 28.00% | 22.00% | 50.00% |
| Customer Care | 29.00% | 16.00% | 55.00% |
| Engineering | 29.00% | 23.00% | 48.00% |
| Dispatch | 11.00% | 4.00% | 85.00% |
| Technical Services | 28.00% | 20.00% | 52.00% |
| Mapping | 25.00% | 20.00% | 55.00% |
| Meter Reading | 81.00% | 19.00% | 0.00% |
| Landscaping | 32.00% | 60.00% | 8.00% |
| Water Operations | 100.00% | 0.00% | 0.00% |
| Gas Operations | 0.00% | 100.00% | 0.00% |
| Electric and Fiber Operations | 0.00% | 0.00% | 100.00% |

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# Administration

**Wes Kelley, CEO/President**

**Warne Heath, General Counsel**

## Organizational Function

The **CEO/President** has the overall management responsibility for operation of the water, gas, and electric utility systems. This includes ensuring adequate reliable service, proper collection and disbursement of revenues, effective system maintenance and improvements and the appointment and direction of personnel, all subject to the general policies and budgets approved by the Boards. The Executive Assistant works closely with the CEO/President handling any administrative duties related to the management of the organization and support for the Boards.

The **Legal** group works to prevent and manage any legal issues that arise during operation of the utilities. General Counsel and the Legal Assistant serve a critical role in drafting or reviewing contracts, policies and other official documents. The group coordinates with outside legal representation for litigation or other specialized services. General Counsel works closely with Human Resources, HU management, and the CEO/President by offering guidance in legal matters to ensure compliance with any relevant laws or regulatory requirements.

The **Equal Employment Opportunity / Diversity and Inclusion** office ensures HU operates in a non-discriminatory manner and promotes diversity and inclusion throughout the organization. This section holds several training meetings for employees educating them on their rights and how to report problems or concerns. The EEO/DI group is active in employment investigations and all employment interviews.

**Process Excellence** recommends proper controls, governance, and risk management to protect our employees, processes, records, and assets. Beyond after-the-fact reviews, this group also promotes performance improvements that add value to utility operations and minimize risk in all aspects of business.

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## Departmental Overview

| Performance Indicators | Prior Year | Current | Goal | Strategic Focus |
|---|---|---|---|---|
| Employees reported as "promoters" in annual workplace survey | 71% | 80% | 60% | Workplace Performance |
| Recent customers "very satisfied" with the ease of doing business with HU | 93.7% | 94% | 90% | Customer Satisfaction |
| Community "very satisfied" with the ease of doing business with HU | 85% | N/A | 80% | Customer Satisfaction |
| Ensure strong Electric average system availability and average customer outage duration | 99.9% 60.7 min. | 99.9% 50 min. | 99.9% < 60 min. | System Reliability |
| Ensure strong Gas average system availability and average customer outage duration | 100% 10.0 min. | 100% 5.6 min. | 99.9% < 60 min. | System Reliability |
| Ensure strong Water average system availability and average customer outage duration | 100% 5.5 min. | 100% 7.3 min. | 99.9% < 60 min. | System Reliability |
| Provide competitive Electric, Gas, and Water rates | 15% 50% 13% | 15% 50% 13% | < 25% | Customer Satisfaction |
| Maintain reasonable utility bills compared to Madison County median household incomes | 4.9% | 4.9% | < 5% | Customer Satisfaction |
| Participate in industry award programs | APPA RP3-Diamond Level SOAR-Silver AWWA/AWPC | APPA RP3-Diamond APGA Soar-Silver TNCPE/ALPEx Commitment | APPA-RP3 APGA-SOAR AWWA/AWPC Best | Organizational Excellence |

| Goals for FY21 Budget Year | Status | Strategic Focus | Timeframe |
|---|---|---|---|
| Advance incorporation under PA 175 | Complete | Organizational Excellence | June 2021 |
| Implement a contract document system | In progress | Workplace Performance | Dec. 2021 |
| Implement investigative software | In progress | Workplace Performance | Sept. 2022 |
| Develop electronic signature solutions | Complete | Workplace Performance | Dec. 2021 |
| Develop effective handoffs between HR and EEO | In progress | Workplace Performance | Dec. 2021 |
| Improve pole administration processes | In progress | Organizational Excellence | Sept. 2022 |

| Goals for FY21 Budget Year | Status | Strategic Focus | Timeframe |
|---|---|---|---|
| Establish a data governance committee | Complete | Organizational Excellence | June 2021 |
| Implement consistent documentation retention and destruction processes | Complete | Organizational Excellence | Dec. 2021 |

| Goals for FY22 Budget Year | Strategic Focus | Timeframe |
|---|---|---|
| Update HU strategic plan and provide alignment with goals | Workforce Performance | Mar. 2022 |
| Develop distributed energy resource opportunities | System Reliability | Sept. 2022 |
| Review contracting and outsourcing solutions | Financial Stability | Sept. 2022 |
| Research community support funding opportunities | Customer Satisfaction | Mar. 2022 |
| Coordinate economic development engagements | System Reliability | Mar. 2022 |
| Investigate water territory options | System Reliability | Sept. 2022 |
| Implement improved contract management system | Financial Stability | Mar. 2022 |
| Update ordinances related to utility services | Customer Satisfaction | Sept. 2022 |
| Implement an improved process for handling easements and deeds | Workplace Performance | Sept. 2022 |
| Coordinate the potential transfer of street light assets for the City of Madison | Customer Satisfaction | Mar. 2022 |
| Implement vendor diversity tracking and outreach | Organizational Excellence | Sept. 2022 |
| Establish regular ethics and other legal training | Organizational Excellence | Sept. 2022 |

## Departmental Budget Summary

| | FY21 Budget | FY22 Budget |
|---|---|---|
| Water Operating Expenses | $631,701 | $811,009 |
| Gas Operating Expenses | $584,635 | $644,332 |
| Electric Operating Expenses | $1,188,068 | $1,357,047 |
| **Total Operating Expenses** | **$2,404,404** | **$2,812,388** |
| Electric Capital Expenses | $40,000 | $75,000 |
| **Grand Total** | **$2,444,404** | **$2,887,388** |

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# Customer Care

**John Olshefski, Senior Vice President Customer Care**

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## Organizational Function

The **Customer Care Department** is comprised of Customer Operations, Customer Services, Key Accounts, Community Relations, and Public Relations. The department's goal is to deliver an excellent customer experience and provide accurate information. Customer Care provides services with the focus on the customers' needs to transact business with Huntsville Utilities easily and conveniently.

**Customer Operations:**

**Field Services** representatives utilize Bobcat computers to handle service tickets issued by Applications, Collections, Billing, and Contact Center. They are available 8 hours daily for field service with one Field Services Representative on call 24 hours per day. Field Services Representatives worked on the Advanced Metering Infrastructure (AMI) Project by installing AMI meters at apartment complexes in addition to completing inspections on AMI meters. They assist with field audits to investigate theft of services.

**Meter Reading** oversees a third-party vendor that reads approximately 23,679 electric, 137,971 water (includes New Hope and Madison County meters) and 58,544 gas meters monthly. For billing purposes, our service area is divided into 20 portions with each portion containing 30 MRUs (routes). This allows our contract meter readers to complete the full read cycle monthly. The number of electric meters read decreased due to AMI deployment (approximately 175,528 AMI meters installed). Customers contact this office to obtain their meter reading date to allow meter readers accessibility to the meters.

**Billing** serves as the focal point from which all customer utility billing originates. Billing processes adjustments, investigates inquiries, and is responsible for quality control of a customer's bill. A third-party vendor handles the bill print and mailing process for Huntsville Utilities. Bills are rendered the day after meter readings are received. Additionally, Huntsville Utilities serves as the billing agent for the City of Huntsville, Madison County, and New Hope.

**Payment Processing** is responsible for processing all customer utility payments and returned items. Payment Processing Representatives (PPRs) rotate between the Downtown Office, Pulaski Pike, and the Mail Room. They answer general inquiries, assist customers with using the payment kiosks. They also promote Project Share, Roundup, and various payment options. In addition, they work with other departments to resolve customer payment issues. Eight self-service payment kiosks are available to customers, four are available 24/7. Self-service payment kiosks accept cash, check, debit cards, and most major credit cards.

**Collections** processes funds received from utility assistance agencies to assist customers. Unauthorized usage is handled in this area with the assistance of Field Services Representatives. This group contacts customers to collect past due balances, submit claims to the Court, and performs the necessary steps in bankruptcy cases to recover money owed to Huntsville Utilities, e.g., bad debt, unauthorized usage, and damage work orders. Huntsville Utilities collection activities are approved by a Federal Court Order and include the customer's right to an Account Review Process. Collections utilizes a third-party vendor to issue overdue final bill letters.

**Customer Services:**

**Residential Applications** processes applications for utility services and assists with walk-in customer account inquiries. On average, Applications handles 1,900 customer account inquiries and 1,500 service applications monthly. Customers can apply online to Start, Stop, or Transfer residential service. For new residential customers, the online application process utilizes a consumer reporting agency to perform ID verification and to quote security deposits based on the customer's credit score. On average, 1,460 online applications are processed monthly.

**Contact Center** handles the majority of calls to Huntsville Utilities. On average, 28,000 calls are handled monthly. All calls are recorded for quality assurance and training purposes. Additional channels of customer communications include CHAT (online portal) and email. Self-service channels are available 24/7 via Huntsville Utilities Interactive Voice Response system (IVR). Options available when using the IVR include debit, credit card payments, bank drafts, general bill inquiries (account balance and due dates), service status, office hours, and payment locations. Contact Center offers extended hours for customers to transact business at their convenience, Monday-Friday 7:00 a.m. – 6:00 p.m.

**Commercial and Industrial (C&I)** handles all inquiries from non-residential customers regarding security deposit requirements, application procedures for different business entities, contracts for utility services, and legal documents required to establish an account. Channels of communication include in-person, fax, mail, telephone, online, and email. A Senior C&I Specialist coordinates all new construction requests for both C&I customers and Apartments. Activities include, but are not limited to, new residential apartment construction, existing service, security deposits, services orders, billing, and general account inquiries.

**Customer Support** gathers information, analyzes data, solves problems related to all Customer Care Departments, and makes recommendations to management regarding improvements in the overall customer experience. A Customer Care Training Specialist is responsible to create and maintain job manuals, job aides, department procedures for various jobs within Customer Care, design training, and conduct training for new hires and existing employees. A Quality Assurance Specialist provides quality oversight, measures, and evaluates the performance of employees who come in direct contact with customers. This Specialist monitors all customer communication channels to assess employee's demeanor, technical accuracy, customer experience, and compliance to company policies and procedures.

**Key Accounts:**

**Key Accounts** cultivates and maintains vital relationships with Huntsville Utilities' most influential and impactful customers. Utilizing business connections with the Tennessee Valley Authority (TVA), Key Accounts has the capability to transform the customer's experience from a one-stop shop to a more customized experience. Regular communication and site visits enable customer education regarding TVA incentives and programs. Key Accounts is knowledgeable about TVA's Comprehensive Services Program (a complimentary program for Huntsville Utilities customers); and has enrolled many businesses to take advantage of this service. Key Accounts specializes in multi-level project management within all facets of Huntsville Utilities. This group focuses on and values being proactive to the needs of the customer. Key Account Representatives are active in dealings with the Chamber of Commerce and play an integral role in providing sample billing information to potential commercial & industrial customers. This group aims to provide an excellent customer service experience for all.

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**Community & Public Relations:**

**Community and Public Relations is** comprised of Communications, Public Relations, and Energy Services; this group helps with image branding for Huntsville Utilities through public communications and energy programs.

**Communications/Public Relations** representatives regularly attends an array of meetings on behalf of Huntsville Utilities, including Huntsville City Council, Madison County Commission, Huntsville Planning Commission, Energy Huntsville, Huntsville/Madison County Chamber of Commerce, North Alabama African American Chamber of Commerce, APPA, APGA, AWWA, TVPPA, Electric Cities of Alabama, AL/MS Section of AWWA, NAPRCA, etc. This area publishes the annual report and maintains Huntsville Utilities' presence in social media, the community, legislative, and governmental affairs. The group has developed and is deploying a new logo brand, and is working with MIS, Purchasing, and Customer Care to revamp Huntsville Utilities' website.

**Energy Services** administers the New Homes Program, which provides State of Alabama Energy Code certification for new construction. Other programs include the Home Efficiency Survey Program, High Bill Inspections, Customer Renewable Programs, and TVA EnergyRight Residential Services (formerly eScore). It also administers low-income programs such as Uplift and the Project Share Improvement Program. The team is also responsible for presenting Education Days, which is an energy education program. They host an average of 2,640 individuals comprised of students, chaperones, and educators. These individuals come from different school districts, private schools, and home-schooled students in the Huntsville and Madison County areas.

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## Departmental Overview

| Performance Indicators | Prior Year | Current | Goal | Strategic Focus |
|---|---|---|---|---|
| Recent customers satisfaction level = "very satisfied" | 95.0% | 97.0% | 90% | Customer Satisfaction |
| Calls answered by Contact Center within 60 seconds | 97.1% | 65.2% | ≥ 85% | Customer Satisfaction |
| Calls answered by C&I within 60 seconds | 89.1% | 37.9% | ≥ 80% | Customer Satisfaction |
| Completion of set orders on scheduled date | 100% | 100% | 100% | Customer Satisfaction |
| Completion of cut orders within 3 days of scheduled date | 79.4% | 93.2% | 70% | Customer Satisfaction |
| Bills requiring correction-misread meter | 0.9% | 1.4% | < 2% | Customer Satisfaction |
| Bills are mailed the business day following the meter reading | 81.0% | 91.9% | > 85% | Customer Satisfaction |
| Payments posted properly | 100% | 100% | ≥ 98% | Customer Satisfaction |
| Increase kiosk payments | 15.2% | 11.9% | > 10% | Organizational Excellence |
| Maintain electronic payments | 75.7% | 79.2% | > 50% | Organizational Excellence |
| Increase customer receiving e-bill | 9.3% | 20.2% | > 20% | Organizational Excellence |
| Contact Center call hold time < 3 min. | 0.6% | 15.43% | ≤ 10% | Organizational Excellence |
| C&I call hold time < 3 minutes | 5.4% | 47.2% | ≤ 10% | Organizational Excellence |

| Goals for FY21 Budget Year | Status | Strategic Focus | Timeframe |
|---|---|---|---|
| Review and update customer service policies | In Progress | Customer Satisfaction | Sept. 2021 |
| Redesign Website | In Progress | Customer Satisfaction | Oct. 2021 |
| Develop updated customer material | Completed | Customer Satisfaction | July 2021 |
| Review customer service fees | Completed | Financial Stability | June 2021 |
| Complete integration of AMI into the daily workflow | In progress | Workplace Performance | Ongoing |
| Produce regular Key Account & Legislative/Regulatory activities | Completed | Organizational Excellence | July 2021 |
| Define business and marketing plan for Energy Services | Completed | Financial Stability | Jan. 2021 |

| Goals for FY22 Budget Year | Strategic Focus | Timeframe |
|---|---|---|
| Define post-AMI (Electric & Gas) deployment work requirements | Workforce Performance | Sept. 2022 |
| Develop alternative-fuel vehicle strategy (EV, CNG, etc.) | System Reliability | Mar. 2022 |
| Coordinate C&I interactions and process flows | Customer Satisfaction | Mar. 2022 |
| Investigate customer combined heat and power (CHP) opportunities | Customer Satisfaction | Sept. 2022 |
| Expand chat and other digital customer communication tools | Customer Satisfaction | Mar. 2022 |
| Identify infrastructure grant opportunities | Financial Stability | Sept. 2022 |

## Departmental Budget Summary

| | FY21 Budget | FY22 Budget |
|---|---|---|
| Water Operating Expenses | $4,246,688 | $6,614,875 |
| Gas Operating Expenses | $2,552,447 | $3,383,875 |
| Electric Operating Expenses | $12,085,848 | $9,891,780 |
| **Total Operating Expenses** | **$18,884,983** | **$19,890,530** |
| Electric Capital Expenses | $155,077 | $35,000 |
| **Grand Total** | **$19,040,060** | **$19,925,530** |

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# Engineering

**Stacy Cantrell, Vice President Engineering**

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## Organizational Function

The **Engineering** department is responsible for handling the daily interaction with customers regarding new construction, planning, engineering, and service reliability projects. Additionally, incorporated into the Engineering department are the GIS, Mapping, and Locating sections. Engineering coordinates with Huntsville Utilities operations departments regarding work order schedules on short- and long-term projects.

It is the **Vice President of Engineering's** responsibility to represent, manage, and direct the operation of all engineering functions, and to prepare the annual budget for large capital projects and new construction projects related to customer growth. It is also the responsibility of the VP of Engineering to improve daily processes for efficiency, while documenting solid policies and procedures.

**Engineering Planning** is responsible for general system planning, engineering and design of large capital projects. Large capital projects include electrical substations, water plants, water booster stations, water tanks, natural gas gate stations, and associated transmission and distribution infrastructure. These projects are typically individual budget line items. This group runs modelling software to determine where system improvement projects are most needed and to determine the impact of projected growth. The Engineering Planning group works closely with Operations to stay connected to current issues and ensure efforts on both sides are coordinated. This group also handles field inspection of contractor work and project coordination.

**Engineering Services** is responsible for the engineering and design of electric distribution systems and fiber optics routing for new development, water distribution systems, and natural gas distribution systems, as well as maintenance, upgrade, and relocation projects. This group also handles field inspection or facilities installed by developers. Engineering Services must work closely with operations to ensure projects are completed to meet customer timelines. Engineering Services and Engineering Planning also work closely on system planning and on projects that overlap both sections.

**Geographic Information (GIS) and Mapping Services** consists of three sections: GIS, Facilities Mapping, and Facilities Locating. The GIS section is responsible for administering mapping software system(s), managing the database integrity, and handling any complex database queries. This group also maintains the base maps and addressing, plats, facilitates the aerial photography collection each year, and fits the imagery to our base maps.

**Facility Mapping and Locating** consists of a Facility Mapping section and a Facility Locating section. The Facility Mapping section is responsible for maintaining and updating all facility maps, posting completed work orders to the map, and ensuring accuracy and connectivity. This group also has the responsibility of handling all pole attachment preparations and pole attachment agreements. The Facility Locating section handles all requests for facility locating due to excavation projects and is a member of the Alabama One Call per the Public Service Commission mandate. This group also manages a contractor that works the locate tickets in a specified part of the service territory.

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## Departmental Overview

| Performance Indicators | Prior Year | Current | Goal | Strategic Focus |
|---|---|---|---|---|
| Maintain Compliance with state and federal utility regulations | 100% | 100% | 100% | Workplace Performance |
| Projects completed under or within +15% of budget estimate | Water: 96%<br>Gas: 92%<br>Electric: 92% | Projects on Target:<br>Water: 21 of 21<br>Gas: 12 of 12<br>Electric: 20 of 203<br>Through April 2021 | 80% | Customer Satisfaction |
| Projects completed within target fiscal year | Water: 87%<br>Gas: 83%<br>Electric: 69% | Projects on Target:<br>Water: 15 of 17<br>Gas: 8 of 8<br>Electric: 16 of 17<br>Through April 2021 | 80% | System Reliability |
| Report estimated to actual costs for work orders | Water 62/Gas 65/Electric 61 | Water 75/Gas 35/ Electric 33<br>Through May 2021 | Water 40/Gas 20/Electric 60 | Financial Stability |
| Electric AMI deployment | 61,937 meters deployed (goal = 60,000) | 177,031 completed as of 06/01/2021; expect substantial completion 07/31/2021. | Substantial completion of electric meters in FY21 | Organizational Excellence |

| Goals for FY21 Budget Year | Status | Strategic Focus | Timeframe |
|---|---|---|---|
| Update ATC fees | In progress | Financial Stability | Jan. 2022 |
| Review customer requirements and specifications | In progress and on going | Customer Satisfaction | July 2021 |
| Define transparent and trackable construction processes | In progress | Organizational Excellence | July 2021 |
| Improve pole administration processes | Complete | Organizational Excellence | Mar. 2021 |
| Develop a plan for incremental fiber network expansion | Complete | Organizational Excellence | Mar. 2021 |
| Support potential LED streetlight changes | Complete | Organizational Excellence | Mar. 2021 |
| Ensure GIS data integrity | In progress and on going | System Reliability | July 2021 |
| Identify single points of failure in work processes | In progress | Organizational Excellence | Sept. 2021 |

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| Goals for FY22 Budget Year | Strategic Focus | Timeframe |
|---|---|---|
| Launch developer project portal tracking system | Customer Satisfaction | Sept. 2022 |
| Develop long-term water and electric infrastructure studies | System Reliability | Sept. 2022 |
| Evaluate distributed energy resources and grid modernization training and resource needs | System Reliability | Sept. 2022 |
| Validated pole transfer and administration processes | Workforce Performance | Mar. 2022 |
| Evaluate Madison fiber expansion | System Reliability | Mar. 2022 |
| Develop processes for fiber construction prints and work orders | Workforce Performance | Mar. 2022 |

## Departmental Budget Summary

| | FY21 Budget | FY22 Budget |
|---|---|---|
| Water Operating Expenses | $2,710,111 | $2,804,739 |
| Gas Operating Expenses | $1,492,863 | $2,057,448 |
| Electric Operating Expenses | $6,197,554 | $7,261,089 |
| **Total Operating Expenses** | **$10,400,528** | **$12,123,276** |
| Water Capital Expenses | $30,045,265 | $34,058,000 |
| Gas Capital Expenses | $14,840,000 | $13,155,000 |
| Electric Capital Expenses | $31,119,959 | $28,403,068 |
| **Total Capital Expenses** | **$76,005,224** | **$75,616,068** |
| **Grand Total** | **$86,405,752** | **$87,739,344** |

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# Finance

**Ted Phillips, Chief Financial Officer**

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## Organizational Function

The **Finance** functional area plans, organizes and directs the overall financial management of the organization. The department provides strategic, innovative, and proactive financial direction to the CEO/President, Boards and management team regarding financial planning and analysis, natural gas supply, financial reporting, accounting, investments, debt management, fleet management, insurance and risk management, and supply chain.

It is the responsibility of the office of the **Chief Financial Officer** to administer and direct personnel for financial planning and analysis, financial reporting, accounting, treasury management, debt management, and ensuring access to financial markets.

**Budget and Rates** section is responsible for the long-term rate modeling and financial forecasting which include long-term financial plans, capital project funding plans, rates and cost of service studies, and budget preparation. This section monitors the organization's spending and assists the organization's leadership in meeting goals and objectives. The Budget and Rates section is also responsible for the natural gas purchasing and supply function.

**Financial Services** section prepares monthly and annual reports, which reflects each unit's financial position for our stakeholders. Financial Services conducts financial analysis of operations and provide appropriate guidance to management and our Boards. The group processes over 1,600 accounts payable invoices in a month and handles non-utility accounts receivable, plant accounting, and all the financial reporting as required by the state of Alabama or TVA.

**Stores and Warehouse** section is responsible for maintaining inventory and providing material handling support for all the operations departments. Stores provides on-call services for operations for after-hours emergency repair work. The group is also responsible for maintaining compliance with EPA regulations regarding PCB's (CFR 761). Stores continues to monitor ADEM's Universal Waste Standards for the proper storage and disposal of mercury lamps, batteries, lead in computer monitors and the disposal of electronic equipment.

**Purchasing** section is responsible for the bidding and procurement of labor, services, work, materials, equipment, supplies and construction in accordance with applicable State laws and Huntsville Utilities' Purchasing Policies and Procedures. The Purchasing section manages and administers all contracts and agreements for the company. The Purchasing section's objective is to reduce the cost of doing business and directly improve the quality and timeliness of services rendered. The procurement process is a service function, supporting programs and departments through the acquisition of goods and services, including the construction of public works.

The **Fleet Management** section make repairs to all of Huntsville Utilities' fleet vehicles, equipment, trailers, and other motorized devices. Fleet Management diagnoses complex vehicle and equipment malfunctions, ensures appropriate repairs are made at scheduled times and ensures safety devices are operational.

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## Departmental Overview

| Performance Indicators | Prior Year | Current | Goal | Strategic Focus |
|---|---|---|---|---|
| Provide Competitive Rates Among Regional Peers | Electric 15% Water 13% Gas 50% | Electric 15% Water 13% Gas 50% | ≤ 25% Electric ≤ 25% Water ≤50% Gas | Workplace Performance |
| Maintain reasonable utility bills compared to Madison County median household incomes | 4.9% | 4.9% | < 5% | Customer Satisfaction |
| Achieve Electric Target Margins | 16.3% | 23% | > 17% | System Reliability |
| Achieve Gas Target Margins | 50.1% | 53% | > 50% | Financial Stability |
| Achieve Water Target Margins | $43.9M | $31.8M | > $45.5M | Organizational Excellence |
| Maintain Electric Cash Reserve | $63.5M | $45.8M | > $40.3M | Financial Stability |
| Maintain Gas Cash Reserve | $21.9M | $29.4M | > $13.3M | Financial Stability |
| Maintain Water Cash Reserve | $49.9M | $46.7M | > $31.2M | Financial Stability |
| Grow Electric and Water Systems | Electric 2.2% Water 2.9% | Electric 2.7% Water 1.8% | Increase customers by > 1.5% | System Reliability |
| Grow Gas System | Gas 2.5% | Gas 2.4% | Increase customers by ≥ 3% | System Reliability |
| Weighted Avg Cost of Gas | $2.48 | $2.50 | <$3.50 | Financial Stability |
| Gas Pipeline Capacity | 50.8% | 13.0% | 5% over Peak Demand | System Reliability |
| Gas Storage | 1,224,028 | 1,357,577 | >700,000 Dth | System Reliability |
| Report Estimate to Actual Cost for Capital Infrastructure Projects | 100% of Projects | 100% of Projects | 100% of Projects | Financial Stability |

| Goals for FY21 Budget Year | Status | Strategic Focus | Timeframe |
|---|---|---|---|
| Improve ancillary billing process | Postponed | Workforce Performance | Sept. 2022 |
| Define fiber lease rates | Complete | Financial Stability | Mar. 2021 |
| Expedite vehicle purchases | Complete | Financial Stability | Nov. 2020 |
| Review fleet maintenance and replacement | Postponed | Workforce Performance | Sept. 2022 |
| Update inventory levels | Ongoing | Workforce Performance | Sept. 2021 |
| Develop budget and accounts for Redstone IGSA | Complete | Financial Stability | June 2021 |
| Identify single points of failure in work processes | Complete | Organizational Excellence | Jan. 2021 |

| Goals for FY22 Budget Year | Strategic Focus | Timeframe |
|---|---|---|
| Migrate legacy fiber agreements | Organizational Excellence | Mar. 2022 |
| Improve ad-hoc/ancillary billing and integrate into SAP | Financial Stability | Sept. 2022 |
| Review deposit amounts and policy language | Financial Stability | Sept. 2022 |
| Adjust processes known for single points of failure | Workforce Performance | Mar. 2022 |
| Evaluate centralized management of specialized equipment | Workforce Performance | Sept. 2022 |
| Define and document gas purchasing processes | Organizational Excellence | Mar. 2022 |

## Departmental Budget Summary

| | FY21 Budget | FY22 Budget |
|---|---|---|
| Water Operating Expenses | $16,172,357 | $17,431,501 |
| Gas Operating Expenses | $9,256,501 | $9,157,498 |
| Electric Operating Expenses | $33,163,180 | $34,245,885 |
| **Total Operating Expenses** | **$58,592,038** | **$60,834,884** |
| Electric Capital Expenses | $135,877 | $173,000 |
| **Grand Total** | **$58,727,915** | **$61,007,884** |

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# Employee Engagement

**Harry Hobbs, Vice President Employee Engagement**

## Organizational Function

It is the responsibility of the Vice President Employee Engagement (VPEE) to facilitate an effective human resources program, safety and security program, and facilities preventive maintenance program. The VPEE must establish and maintain a proactive working relationship with other departments, employees and the public. Huntsville Utilities is a public utility company and does not have an assigned union officer to represent employees to upper management. The VPEE is responsible to be a bridge and communication conduit to carry the message and concerns from the lowest level employee to the CEO/President's office. It is incumbent upon the VPEE to be an advocate for all employees.

The job of the Vice President of Employee Engagement is to display transformational leadership, positive characteristics and the ability to be present, focused, and energized at all times. The daily mission is to communicate to employees in a way that will keep them engaged, because engaged people go above and beyond expectations with a sense of purpose that is bigger than themselves. The purpose of engagement is to build a foundation that allows employees to feel an important part of the organization they work for and, in many cases, spend many years of their lives supporting. The result of positive engagement is employee buy-in during the good and bad times experienced as individuals, as a company and even now as a nation.

**Human Resources (HR)** is responsible for balancing the organization's people and processes to best achieve the goals and strategies of the organization, as well as those of employees. Essentially the HR group is responsible for five critical functions: payroll, recruitment, training and professional development, benefits and compensation, and employee relations. Some of the specific responsibilities of the group include administration of the performance appraisal program, fair compensation, benefits, training, succession planning, pre-employment and background check programs, coordination and execution of disciplinary action, providing consultation and assistance to all employees to ensure understanding of equal opportunity, FMLA, ADA and FLSA laws, as well as other applicable human resources management rules, regulations, and policies.

**Safety and Security** is responsible for developing, organizing, and enforcing safety programs. The safety team assesses, develops and implements safety policies and procedures to keep employees safe from any hazards they may be exposed to in their work environments. They develop strong safety procedures and manuals, conduct inspections, and accident investigations. The team manages all workers compensation injuries along with vehicle claims. They provide training to all employees on the many aspects of utility work functions and threats. They also secure all HU facilities, assets, and employees through badge accessed entry, video surveillance, and security monitors. Safety also administers all random drug and alcohol screening on a monthly basis. They conduct safety audits and engage employees in safety committees to provide opportunities for injury prevention. Huntsville Utilities has a wide range of prevention programs implemented to help our employees and our company work safe.

**Facilities** performs tasks associated with improvements, renovations, preventive maintenance, janitorial, and refuse services. They are responsible for repairs at multiple sites, including commercial buildings, fiber optic transmission buildings, natural gas gate station buildings, and electric substations buildings. Additionally, the Facilities group is primarily responsible for the cleaning and upkeep of all buildings to ensure the surrounding environment is always in a safe and sanitary condition. The goal is that work be performed in a manner that consistently ensures Facilities' services meet the needs of employees while ensuring operational readiness.

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## Departmental Overview

| Performance Indicators | Prior Year | Current | Goal | Strategic Focus |
|---|---|---|---|---|
| Company Retention Rate | 95% | 92.6% | 97% | Workplace Performance |
| Company Turnover | 3.16% | 8.11% | < 5% | Workplace Performance |
| Elevate employee engagement and satisfaction | 70% | 80% | Achieve > 60% employees reported as “promoters” in annual workplace survey | Workplace Performance |
| Provide a safe workplace | 1.69, 8 | 97%, 3 | Achieve injury incident rate ≤ 2.0 | Workplace Performance |
| Promote safe driving | 2.44 | 2.15 | Achieve preventable vehicle accident ratio of < 4.0 | Workplace Performance |
| Reduce Recordable Injuries and Vehicle Accidents | N/A | N/A | Provide 10% reduction | Workplace Performance |
| Promote safety awareness | 100% | 100% | Ensure employees attend 75% of assigned safety training | Workplace Performance |
| Improve organizational communication | 70% | 60% | Achieve > 55% participation in annual workplace survey | Workplace Performance |
| Improve organizational communication | 4 supervisory training | 4 supervisory & 2 town hall | Conduct ≥ 4 supervisory training | Workplace Performance |
| Encourage training and professional development | ~40-45% | ~40-45% | Define promotional matrix and define training requirements for 25% of job descriptions | Workplace Performance |
| Departmentally driven training with HR Trainer to track/measure | 2 | 2 | Ensure exempt employees participate in ≥ 1 professional development opportunity each year | Workplace Performance |
| Enhance succession planning and promotional opportunities | 9 | 9 | Achieve ≥ 2 qualified internal candidates for supervisory positions | Workplace Performance |
| Implement technology projects and facility preventative maintenance | 98.3% | 100% | Perform > 90% of needed facility preventative maintenance | Organizational Excellence |

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| Goals for FY21 Budget Year | Status | Strategic Focus | Timeframe |
|---|---|---|---|
| Complete HU and departmental culture surveys | Complete | Workforce Performance | May 2021 |
| Develop position job matrix | In progress | Workforce Performance | Sept. 2022 |
| Review clerical and support job positions | Complete | Workforce Performance | June 2021 |
| Stand/set up training coordinator position | Complete | Workforce Performance | April 2021 |
| Finalize implementation of Learning Management System | Complete | Workforce Performance | Feb. 2021 |
| Develop effective handoff between HR and EEO | Complete | Workforce Performance | Dec. 2021 |
| Expand safety training | In progress | Workforce Performance | Sept. 2021 |
| Address second-floor workspace reorganization | In progress | Workforce Performance | Sept. 2022 |
| Review charge and time codes | In progress | Workforce Performance | Sept. 2022 |

| Goals for FY22 Budget Year | Strategic Focus | Timeframe |
|---|---|---|
| Implement Employee Central migration and review time entry solutions | Organizational Excellence | Mar. 2022 |
| Develop organization-wide employee training tracking mechanism | Organizational Excellence | Sept. 2022 |
| Develop “buddy to boss” training resource across the organization | Organizational Excellence | Mar. 2022 |
| Develop general training for clerical/administrative positions | Organizational Excellence | Sept. 2022 |
| Finalize promotional matrix for non-exempt positions | Organizational Excellence | Sept. 2022 |
| Evaluate transfer of landscape maintenance to Facilities | Workforce Performance | Mar. 2022 |

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## Departmental Budget Summary

| | FY21 Budget | FY22 Budget |
|---|---|---|
| Water Operating Expenses | $1,262,384 | $1,441,167 |
| Gas Operating Expenses | $1,271,702 | $1,641,485 |
| Electric Operating Expenses | $3,641,023 | $4,150,834 |
| **Total Operating Expenses** | **$6,175,109** | **$7,233,486** |
| Water Capital Expenses | $28,000 | $0 |
| Gas Capital Expenses | $87,500 | $83,800 |
| Electric Capital Expenses | $458,700 | $488,600 |
| **Total Capital Expenses** | **$574,200** | **$572,400** |
| **Grand Total** | **$6,749,309** | **$7,805,886** |

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# Information Technology

**David Champigny, Chief Information Officer**

## Organizational Function

The Huntsville Utilities IT department strives for efficient, secure, and effective use of information technology in support of HU's goals and objectives. IT is responsible for developing, supporting, operating and delivering state of the art systems, applications and infrastructure to support the mission of Huntsville Utilities. The IT team consists of two groups; **Management Information Systems (MIS)** and **Technical Services (TS)** that report to the office of the Chief Information Officer. Huntsville Utilities IT uses the waterfall/agile Software Development Lifecycle Methodologies (SDLC) where applicable. Project planning, requirements, definition, system design, security, development, test, acceptance and deployment phases are followed while adhering to a change control management process. In October 2018, a five-year information technology roadmap was completed. The technology roadmap represents the most important outcome arising from the strategic technology planning process. The roadmap maintains HU's focus on the most important needs across the utility and will support planning and budgeting decisions as a dynamic management tool, integrated into an overall technology governance practice. The IT Steering Committee (ITSC) oversees the governance of information technology.

The ITSC's structure and risk management processes ensure:

- *Strategic Alignment* - Open communication between the IT departments and the other functional units to promote collaborative planning. IT sustains and facilitates the implementation of strategic objectives and follows the Huntsville Utilities five-year Information Technology Strategic Plan.
- *Value Delivery* - Balancing increasing cost to the value of information obtained to ensure an appropriate return from IT.
- *Resource Management* - IT resources are properly allocated, thereby resolving resource priority conflicts. IT assets are safeguarded.
- *Risk Management* - Risks are assessed, monitored and managed to maintain the confidentiality, integrity and availability of information and systems. Authority, roles, and responsibilities are clearly defined through documented policies.
- *Performance Measurement* – Projects are delivered on time and on budget while meeting quality standards. Projects improve the effectiveness and efficiency of operations.

The **MIS** team supports HU's SAP ERP back office systems such as Accounting/Payroll/Fixed Assets, Human Resources/Benefits, Purchasing/Inventory/Fleet, Water/Gas/Electric Meter Shops, Finance, Budget, Payroll, Materials Management, and Procurement as well as front office Customer Information Systems (CIS) systems such as Customer Resource Management (CRM), Device Management (DM) Billing and Invoicing, Cash Handling, Customer Call Center systems and Multichannel Customer Bill Payment Options including IVR, Mobile Phone Apps (IOS and Android platforms), Kiosks, Drop Box, and the Customer Payment Portal (MyAccount). In addition, MIS is responsible for nightly data processing that generates over 2 million customer bills each year.

The MIS team is split into Functional and Technical groups by business domain. The functional analysts are liaisons between the business units and IT. The functional team is responsible for the configuration, security, testing and training of various modules such as materials management, purchasing, pricing, billing, human resources, accounting, and device management.

The SAP Technical team is responsible for providing the tools, technology and framework for development/programming of the application portfolio, including middleware services and business intelligence reporting.

The **Technical Services** group is responsible for designs, installs, maintenance and management of network and communication infrastructure and equipment supporting all of HU's computing systems. This includes computing hardware, comprised of servers and data storage, workstations, laptops, tablets, cellphones, printers and other miscellaneous devices, as well as software systems that are not part of the SAP suite that the MIS group supports. Some of these systems include email, the help desk, file storage, web-based collaboration tools and engineering design, modelling and monitoring applications.

The Technical Services team is also divided into Functional and Technical groups, but more aligned to IT functions than business domains. The Network Infrastructure team provides all of the hardware, programming and configuration for our computer networks (including wireless networks), radio systems (both for trucks/crews) and radio communications that support our AMI (Automated Metering) and SCADA (system control) systems. We have a group of Field Technicians who work with the radios, towers, substation monitoring equipment and all the internal wiring for our computer and phone systems at all facilities.

System Administrations is responsible for all desktop and laptop computer systems and cell phone infrastructure. The Help Desk team is a part of this group and supports all employees and approximately 700 computers. Servers that support all applications are a shared responsibility between System Administration and Network Integration. The Network Integration team supports web applications and several GIS related field applications, including the InService product, which is used by Field Services and Meter Shops to install, disconnect, and remove Water, Gas and Electric services to our customers and is integrated into SAP with real-time data. This program will also support a planned Outage Management system which will replace our legacy applications in this area.

Technical Services installs and maintains servers and networking for technology/computer related systems (Phone and IVR systems, Safety and Security Systems, etc.) The group maintains the fiber optic hardware and software that supports all HU facilities. In many cases, this infrastructure is shared with or provides services to the City of Huntsville. There is redundant connectivity to the internet at the Chase Operations Center and Downtown Offices.

The Cyber Security group supports multiple redundant firewalls and monitors cyber security for both Technical Services and MIS. HU has adopted the Cyber Security NIST framework to protect our assets.

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## Departmental Overview

| Performance Indicators | Prior Year | Current | Goal | Strategic Focus |
|---|---|---|---|---|
| Complete > 80% IT Projects within target year | 40% | 41% | > 80% | Workplace Performance |
| Respond to > 90% of IT help desk requests in < 4 hours | 89% | 91% | > 90% | Workplace Performance |
| Provide resolution in < 2 business days for 80% of requests marked "under review" | 94% | 89% | 80% | Workplace Performance |

| Goals for FY21 Budget Year | Status | Strategic Focus | Timeframe |
|---|---|---|---|
| Develop a technology roadmap | In Progress | System Reliability | Sept. 2021 |
| Establish a data governance committee | Complete | Organizational Excellence | June 2021 |
| Establish a cybersecurity committee | Complete | Organizational Excellence | April 2021 |
| Enhance network services | In Progress | System Reliability | Sept. 2021 |
| Improve disaster recovery plans | In Progress | System Reliability | Sept. 2021 |
| Implement a new help desk system | In Progress | System Reliability | Sept. 2021 |
| Develop an electronic document signing solution | Complete | Workplace Performance | July 2021 |
| Improve material management solutions | Complete | Customer Satisfaction | April 2021 |

| Goals for FY22 Budget Year | Strategic Focus | Timeframe |
|---|---|---|
| Develop long-term ERP and CIS platform strategy | System Reliability | Sept. 2022 |
| Evaluate MDM upgrade options and long-term AMI work processes | System Reliability | Sept. 2022 |
| Develop a plan for scalable municipal fiber network solutions | System Reliability | Sept. 2022 |
| Ensure complete adoption of InService with Operations personnel | Workforce Performance | Mar. 2022 |
| Align access and cybersecurity requirements for in-house and cloud solutions | System Reliability | Mar. 2022 |
| Update HUZone to SharePoint | Organizational Excellence | Mar. 2022 |

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## Departmental Budget Summary

| | FY21 Budget | FY22 Budget |
|---|---|---|
| Water Operating Expenses | $2,270,308 | $3,207,387 |
| Gas Operating Expenses | $2,206,211 | $2,076,399 |
| Electric Operating Expenses | $6,166,063 | $6,008,597 |
| **Total Operating Expenses** | **$10,642,582** | **$11,292,383** |
| Electric Capital Expenses | $1,367,601 | $1,530,500 |
| **Grand Total** | **$12,010,183** | **$12,822,883** |

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# Water Operations

**Mike Counts, Vice President Operations**

**Fredrick Mucke, Water Operations Director**

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## Organizational Function

The **Water Department's** goal is to provide superior customer service to our customers through the safest, most reliable and economical treatment and distribution system possible.

The Water Department includes water treatment plants, deep wells, elevated tanks, booster pumping stations, distribution mains and services. The Water System consists of 1,489 miles of water mains, which provides water service to the customers of Huntsville Utilities. The Water Department consists of the Meter Shop, New Services, South Maintenance, North Maintenance, Small Construction, Large Construction, Valve/Fire Hydrant Maintenance, Water Quality, South Parkway Plant, Southwest Plant, Lincoln Dallas Plant, Wells/Tanks/Boosters, and Southeast Water Treatment Plant sections. The Water Department reports to the Vice President of Operations.

The **Water Management** group provides leadership of all water supply and operation sections, and engineering advice to the HU Engineering department. Assures the following: daily administrative operations for the water system personnel; processing applications for new and existing customers; maintaining records for maintenance services and input to mapping on completed work and engineering on needed capital projects. Responsible for compliance with all EPA, ADEM and ADPH regulations in the treatment and distribution of potable water.

The **Water Meter Shop** is responsible for working all service orders generated by field services, any calls meter related from Dispatch, as well as meter changes. The Meter Shop also has an industrial crew that is responsible for all meters 3" and larger as well as fire lines. This crew is responsible for performing the AWWA MR-6 manual recommendation of testing a minimal of 5% of all industrial meters annually. Meter Shop installs and maintains all regulators feeding the different pressure zones. Second shift reports to the Meter Shop as well handling all calls from end of normal business hours until 10:00 PM. The Service Coordinator oversees all meter changes as well as new sets and makes sure all record keeping is completed and filed.

**New Services** is responsible for installation of all new meters ranging from ¾" to 2". This section is responsible for dewaters in our system as well.

The **Maintenance** sections are responsible for replacing or repairing all leaking service lines. They take care of water main breaks and third-party damages and all 2" lines are repaired by a trouble truck that reports to the maintenance sections as well.

The **Large Construction** section is responsible for pipe installation above 12" as well as repairs on all transmission mains. This would include requests to lower or raise large pipelines for projects.

The **Small Construction** section is responsible for 12" and smaller pipe installation. They also set all vaults for 3" and larger meters. This section would assist in lowering or raising 12" and smaller pipelines for projects.

The **Valve/Fire Hydrant** section is responsible for maintaining all valves and fire hydrants in the system. The group replaces all inoperable or damaged hydrants. This section is also responsible for the leak detection program used to detect leaks within the system.

The **Pump Station Maintenance** section is responsible for maintaining all booster stations, tanks, and wells, to include preventative maintenance, repairs, and overall site upkeep.

The **Water Quality** section ensures overall drinking water system compliance with ADEM, ADPH, and EPA regulations and monitors distribution system water quality through compliance sampling, hydrant flushing, distribution system instrumentation maintenance, cross connection control program, and answering any customer water quality calls.

The **Water Treatment Plants** operate all treatment plants, monitor the distribution system SCADA to ensure adequate system capacity, perform any plant maintenance, and ensure overall facility upkeep.

Huntsville Utilities Water Department on June 1, 2021 began to handle the operation and maintenance of the potable and industrial water system on **Redstone Arsenal**. The agreement with Redstone is a 10-year agreement and can be modified yearly (IGSA). Water crews will handle all operations and maintenance issues with the water system and will respond to outages and requests for service. Huntsville Utilities will also run the two water treatment plants on Redstone. The system includes approximately 298 miles of pipe, 1,202 valves, 7 storage tanks and 3 treatment plants (1 is not operational). It is approximately 20% the size of Huntsville's current water infrastructure.

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## Departmental Overview

| Performance Indicators | Prior Year | Current | Goal | Strategic Focus |
|---|---|---|---|---|
| Ensure Water Availability | 100% | 100% | ≥ 99.9% | System Reliability |
| Ensure Customer Interruptions are Brief | 5.76 minutes | 7.29 minutes | < 30 minutes | Customer Satisfaction |
| Maintain Low Raw Water and High Service Pump Unscheduled Downtimes Each Month | Raw Water 5%/ High Service Pumps 1% | Raw Water 6% / High Service Pumps 13% | < 10% | Customer Satisfaction |
| Maintain Non-Revenue Water Losses | 23% | 23% | < 20% | System Reliability |
| Maintain System Capacity to Peak Water Demand | 43% | 39% | < 75% | System Reliability |

| Goals for FY21 Budget Year | Status | Strategic Focus | Timeframe |
|---|---|---|---|
| Implement IGSA | Complete | Organizational Excellence | June 2021 |
| Plan OMS implementation | In progress | System Reliability | Aug. 2021 |
| Investigate a digital time tracking system | In progress | Organizational Excellence | Aug. 2021 |
| Ensure GIS data integrity | Complete | Organizational Excellence | Jan. 2021 |
| Review customer requirements and specifications | In progress | Organizational Excellence | Jan. 2022 |
| Review fleet maintenance and replacement | In progress | Organizational Excellence | Aug. 2021 |
| Update inventory levels | Complete | Organizational Excellence | June 2021 |

| Goals for FY22 Budget Year | Strategic Focus | Timeframe |
|---|---|---|
| Launch new OMS system | Workforce Performance | Sept. 2022 |
| Validate Redstone IGSA approach and financial structure | Financial Stability | Mar. 2022 |
| Prepare design for new System Operations Center | Organizational Excellence | Sept. 2022 |
| Renovate Triana & Thornton and implement operational changes | Organizational Excellence | Sept. 2022 |
| Finalize cross-connection inspection process | System Reliability | Mar. 2022 |

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## Departmental Budget Summary

| | FY21 Budget | FY22 Budget |
|---|---|---|
| Water Operating Expenses | $20,477,960 | $21,229,979 |
| Water Capital Expenses | $3,242,107 | $3,434,937 |
| **Grand Total** | **$23,720,067** | **$24,664,916** |

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# Gas Operations

**Mike Counts, Vice President Operations**

**Todd Gentle, Gas Operations Director**

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## Organizational Function

The **Gas Department's** goal is to provide superior customer service to our customers through the safest, most reliable and economical distribution system possible.

The Gas Department operates and maintains a 1,478-mile natural gas distribution pipeline system throughout Madison, Marshall and Limestone County, which provides natural gas service to the customers of Huntsville Utilities. The Gas Department consists of the Meter Shop, New Services, Maintenance, Corrosion, Heavy Construction/Boring, and Landscaping sections. The Gas Department reports to the Vice President of Operations.

The **Gas Management** group provides support to the Meter Shop, New Services, Maintenance, Corrosion, Heavy Construction/Boring, and Landscaping sections. This support consists of the following: performing daily administrative operations for the gas system personnel; processing applications for new and existing customers; maintaining records for Maintenance services; managing customer relations; ensuring compliance with Federal requirements.

The **Gas Meter Shop** is responsible for repairing and testing natural gas meters as well as responding to various natural gas leak calls. Records are kept of each meter in service indicating location, installation date and maintenance work performed. Meters are changed periodically in accordance with rules and regulations of the Utility. The Gas Meter Shop is currently in the process of gathering all pertinent data to be able to install AMI modules on the gas meters. Meter Shop employees are responsible for the operation and maintenance of 89 district regulators, 5 gate stations and an interconnect station which supply natural gas to our customers.

**New Services** is responsible for installing natural gas service lines to residential, industrial and commercial customers throughout Madison, Marshall and Limestone County. In addition, due to the increased growth in Madison County, the Service Line Crews will install short main extensions to serve new customers. Service Line crews installed 1,343 service lines, which contributed to over 2% customer growth for fiscal year 2020.

The **Maintenance** section installs and maintains natural gas distribution pipelines and facilities. This installation and maintenance consists of the following: installing main and service pipeline extensions and meters to meet customer requests; performing maintenance to meet or exceed Department of Transportation (DOT) requirements; inspecting contractors' construction crews to ensure proper pipeline installation; repairing third party damages (e.g., cut gas lines); and installing and implementing the cathodic protection system. The Leak Detection crews are responsible for responding to any outside leak calls, pinpointing the underground leak and determining the risk level of the leak.

The **Corrosion** section is responsible for operating and maintaining the cathodic protection on approximately 836 miles of steel gas mains and 21,503 steel service lines. In order to comply with Federal and State regulations, the Corrosion section must make bi-monthly inspections of our rectifier systems to ensure proper levels of protection are being maintained and each pipeline segment is being tested annually. Due to the continued growth of our community, the corrosion section must be vigilant of new facilities being installed by outside agencies to ensure they do not interfere with our protection systems.

The **Heavy Construction** section is responsible for the installation and relocation of natural gas throughout our service area. This work consists of new residential subdivisions, system improvement extensions, and relocations due to City and State road widening projects. The Heavy Construction crews were responsible for installing 112,632 feet of various sizes of gas main for fiscal year 2020.

The **Boring** section is responsible for all horizontal directional boring of gas mains and services as well as supporting the installation of Fiber and Water facilities which require boring. The Boring section was responsible for 652 directional bores resulting in 76,064 feet of infrastructure installed last fiscal year for the various departments.

The **Landscaping** section is responsible for the restoration of landscape and hardscape disturbed during the installation and maintenance of all construction within Huntsville Utilities. HU landscaping crews completed 1,420 landscaping requests and our contractor crews completed 1,758 landscaping requests for fiscal year 2020.

Huntsville Utilities Gas Department on June 1, 2021 began to handle the operation and maintenance of the natural gas system on **Redstone Arsenal**. The agreement with Redstone is a 10-year agreement and can be modified yearly (IGSA). Gas crews will handle all operations and maintenance issues with the natural gas system and will respond to outages and requests for service. The gas system is still being owned by Redstone and Redstone is still responsible for buying their natural gas. The system includes approximately 67 miles of pipe, 542 regulators and 265 valves. It is approximately 5% the size of Huntsville's current gas infrastructure.

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## Departmental Overview

| Performance Indicators | Prior Year | Current | Goal | Strategic Focus |
|---|---|---|---|---|
| Ensure Gas Availability | 100% | 100% | >99.9% | System Reliability |
| Ensure Customer Interruptions are Brief | 32.7 minutes | 50.2 minutes | < 60 minutes | Customer Satisfaction |
| Unaccounted for Gas (12 month rolling average) | Not Tracked | 3.09% | < 5% | System Reliability |

| Goals for FY21 Budget Year | Status | Strategic Focus | Timeframe |
|---|---|---|---|
| Implement IGSA | Complete | Organizational Excellence | June 2021 |
| Plan OMS implementation | In progress | System Reliability | Aug. 2021 |
| Investigate a digital time tracking system | In progress | Organizational Excellence | Aug. 2021 |
| Ensure GIS data integrity | Complete | Organizational Excellence | Jan. 2021 |
| Review customer requirements and specifications | In progress | Organizational Excellence | Jan. 2022 |
| Review fleet maintenance and replacement | In progress | Organizational Excellence | Aug. 2021 |
| Update inventory levels | Complete | Organizational Excellence | June 2021 |

| Goals for FY22 Budget Year | Strategic Focus | Timeframe |
|---|---|---|
| Launch new OMS system | Workforce Performance | Sept. 2022 |
| Validate Redstone IGSA approach and financial structure | Financial Stability | Mar. 2022 |
| Prepare design for new System Operations Center | Organizational Excellence | Sept. 2022 |
| Renovate Triana & Thornton and implement operational changes | Organizational Excellence | Sept. 2022 |
| Evaluate means to improve gas service installations | System Reliability | Mar. 2022 |

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## Departmental Budget Summary

| | FY21 Budget | FY22 Budget |
|---|---|---|
| Water Operating Expenses | $503,406 | $204,132 |
| Gas Operating Expenses | $10,373,732 | $10,202,395 |
| Electric Operating Expenses | $125,851 | $51,033 |
| **Total Operating Expenses** | **$11,002,989** | **$10,457,560** |
| Gas Capital Expenses | $1,830,956 | $2,636,461 |
| **Grand Total** | **$12,833,945** | **$13,094,021** |

**Note:** The Landscaping section costs have been allocated 100% to gas in prior years but are now being allocated to all three services based on the nature of services performed.

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# Electric Operations

**Mike Counts, Vice President Operations**

**Wayne Jordan, Electric Operations Director**

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## Organizational Function

The **Electric Department's** goal is to provide superior customer service to our customers through the safest, most reliable and economical distribution system possible.

The Electric Department is responsible for the construction, operation, and maintenance of the entire electric and fiber optic systems. The Electric System consists of 2,920 miles of overhead primary and 1,522 miles of underground primary, which provide electric service to the customers of Huntsville Utilities. The Electric Department consists of the Meter Shop, Dispatch, Substations, Overhead, Underground, Tree Trimming, SCADA Communication, and Fiber sections. The Electric Department reports to the Vice President of Operations.

The **Electric Meter Shop** section is responsible for the procurement, documentation, integrity, maintenance, and accuracy of electric metering for Huntsville Utilities, including the recent AMI conversion. This section orders metering equipment and ensures new meters are received, checked, numbered, and placed in stock for installation. The Meter Shop verifies programming of the meters, repairs and tests all meters in the electric system, and documents meter location in the field, installation date, and maintenance work performed. Additionally, this section performs all instrument-rated installations and service verifications and verifies the accuracy of the monthly TVA Power Bill invoice.

The **Operations Center** operates 24 hours a day, seven days a week monitoring and dispatching electric, water, gas, fiber, and field service crews that provide utility services to the Huntsville and Madison County communities. Another responsibility of the Operations Center is to assist with the monitoring of the Huntsville Utilities' security systems. Specifically, the Operations Center assumes the responsibility of attending customers after regular business hours while simultaneously maintaining and monitoring a variety of complex systems that ensure all customers receive the highest quality service possible.

The **Overhead Distribution** section is responsible for the construction, operation, and maintenance of our overhead transmission and distribution systems. All combined, the overhead system consists of over 2,900 miles of overhead conductor operated at 12kV, 25kV, and 46kV. The Overhead Distribution section is also responsible for Right-of-Way line clearance operations and vegetation management control through the use of in-house and contract line clearance crews and herbicides.

The **Underground Distribution** section is responsible for the construction, operation, and maintenance of our residential and commercial underground transmission and distribution systems. The underground system consists of approximately 1,500 miles of underground cable operated at 12kV, 25kV, and 46kV. The Underground Distribution section also consists of the Trouble/Street Light section and the Services section responsible for addressing all electric system problems, the installation and maintenance of streetlights, and the installation of new electric services.

The **Substation** section is responsible for the operation and maintenance of 15 delivery points and 98 distribution substations. The section operates, troubleshoots, repairs, and maintains 67 circuit switchers, 206 power transformers, 380 circuit breakers, 749 voltage regulators, and 46 station battery banks. Additionally, the substation group installs new equipment for substation expansions and replacements and assists SCADA technicians with remote station monitoring and line crews with line switching.

The **SCADA Operations** section is responsible for real-time monitoring and control of the electric, water, and gas facilities utilizing our computerized supervisory control and data acquisition (SCADA) system. Our SCADA section currently maintains approximately 200 RTU's throughout Huntsville Utilities' electric, water and gas systems used to gather and analyze relevant system data. Our System Operators use a graphical-user-interface for supervisory management. The key attribute of our SCADA system is the ability to respond to customer outages, proactively.

The **Fiber** section is responsible for the construction, operation, and maintenance of our fiber network. The Fiber System consists of 6,013 miles of fiber plant, 66% overhead and 34% underground. The Fiber section is also responsible for a 75-mile aerial backbone and an approximate 100-mile legacy fiber plant. The Fiber section maintains a network capable of serving over 110,000 parcels in the city of Huntsville. The Fiber section will also be responsible for providing reliable service to over 1,000 tier two addresses that will consist of municipal, medical, educational and Huntsville Utilities operational circuits.

Huntsville Utilities Electric Department on June 1, 2021 began to handle the operation and maintenance of the transmission and distribution system on **Redstone Arsenal**. The agreement with Redstone is a 10-year agreement and can be modified yearly (IGSA). Electric crews will handle all operations and maintenance issues with the electric system and will respond to outages and requests for service. The electric system is still being owned by Redstone and Redstone is still responsible for buying their power (currently through TVA). The system includes approximately 248 miles of overhead lines, 145 miles of underground lines, 46 miles of transmission and 22 substations. It is approximately 10% the size of Huntsville's current electric infrastructure.

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## Departmental Overview

| Performance Indicators | Prior Year | Current | Goal | Strategic Focus |
|---|---|---|---|---|
| Ensure Electric Availability | 99.977% | 99.9% | ≥ 99.9% | System Reliability |
| Duration of Interruptions | 58.33 minutes | 51.69 minutes | < 60 minutes | Customer Satisfaction |
| Ensure Fiber Availability | 100% | 100% | ≥ 99.998% | System Reliability |
| Maximum Duration of Interruptions | 6.96 hours | 6.96 hours | < 8 hours | Customer Satisfaction |
| Tree Trimming of Overhead Distribution Annually | 191% | 47.6% | 584 miles cleared/Yr. | System Reliability |
| Maintain Average Load Capacity for Substations & Main Feeders | 99% | 99% | < 50% | System Reliability |
| Maintain Load Capacity for Substations & Main Feeders at Peak Demand | 99% | 99% | < 100% | System Reliability |

| Goals for FY21 Budget Year | Status | Strategic Focus | Timeframe |
|---|---|---|---|
| Implement IGSA | Complete | Organizational Excellence | June 2021 |
| Plan OMS implementation | In progress | System Reliability | Aug. 2021 |
| Investigate a digital time tracking system | In progress | Organizational Excellence | Aug. 2021 |
| Ensure GIS data integrity | Complete | Organizational Excellence | Jan. 2021 |
| Consider generation flexibility projects | In progress | System Reliability | Sept. 2022 |
| Review customer requirements and specifications | In progress | Organizational Excellence | Jan. 2022 |
| Review fleet maintenance and replacement | In progress | Organizational Excellence | Aug. 2021 |
| Update inventory levels | Complete | Organizational Excellence | June 2021 |

| Goals for FY22 Budget Year | Strategic Focus | Timeframe |
|---|---|---|
| Launch new OMS system | Workforce Performance | Sept. 2022 |
| Validate Redstone IGSA approach and financial structure | Financial Stability | Mar. 2022 |
| Prepare design for new System Operations Center | Organizational Excellence | Sept. 2022 |
| Renovate Triana & Thornton and implement operational changes | Organizational Excellence | Sept. 2022 |

## Departmental Budget Summary

| | FY21 Budget | FY22 Budget |
|---|---|---|
| Water Operating Expenses | $570,273 | $637,211 |
| Gas Operating Expenses | $455,212 | $394,956 |
| Electric Operating Expenses | $35,174,970 | $38,092,034 |
| **Total Operating Expenses** | **$36,200,455** | **$39,124,201** |
| Electric Capital Expenses | $9,740,887 | $11,596,655 |
| **Grand Total** | **$45,941,342** | **$50,720,856** |

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# Information about the City of Huntsville

Huntsville is a city in the Appalachian region of northern Alabama. It is the county seat of Madison County but extends west into neighboring Limestone County and south into Morgan County. Pioneer John Hunt, for whom the city is named, occupied a cabin alongside a spring here in 1805. A town soon flourished, and it was the largest in the Alabama Territory by 1819. That year the leaders of the Alabama Territory met in Huntsville to petition the U.S. Congress to grant Alabama statehood. In terms of land area, Huntsville is the biggest city in Alabama; and is set to be the biggest in terms of population by 2025.

Huntsville was the cotton trading center of the Tennessee Valley during the 1840s and 1850s when farmers and merchants originally from Virginia and the Carolinas established residence. Huntsville was still a cotton market town of less than 17,000 people in 1950 when U.S. Senator John Sparkman brought a band of German scientists to Redstone Arsenal to develop rockets for the U.S. Army. By the end of the decade, Wernher von Braun's team had developed the rocket that would launch America's first satellite. Other rockets eventually put the first American in space and transported the first astronauts to the Moon.

In 1960, the George C. Marshall Space Flight Center (MSFC) was established in Huntsville. MSFC is the U.S. government's civilian rocketry and spacecraft propulsion research center. It's the largest NASA center and it's first mission was developing the Saturn launch vehicles for the Apollo program. The additional jobs in the Valley created by these space program initiatives encouraged other companies to join Huntsville's leading-edge aerospace community.

During the 1970s, Huntsville's economy stalled due to the closing of the Apollo program. However, that setback came to an end with the emergence of the Space Station and other initiatives. Redstone Arsenal became a hub for missile defense programs and research, which brought even more jobs and industrial growth to the city and surrounding areas. The Cummings Research Park was developed just north of Redstone Arsenal to help accommodate this expansion and it is currently the second largest technology and research park in the nation.

Huntsville is considered one of the nation's high-tech hotspots due to the number of companies that focus on aerospace, defense and research and development but growth has not been limited to those areas. The FBI is currently expanding its presence in Huntsville that will bring over a billion dollars in improvements with new and upgraded facilities. Mazda Toyota Manufacturing (MTM) will soon complete construction of its plant that has created thousands of direct and indirect jobs and begin production. MTM will join companies in Huntsville like Toyota Motor Manufacturing, Alabama, that produces engines for Toyota trucks and SUVs, and Polaris, which produces a variety of outdoor and all-terrain vehicles. Facebook has established and continues to invest in a data center in Huntsville which only serves to expand the already diverse commercial portfolio. Huntsville consistently ranks among the top 25 most educated cities in the United States, driven largely by such a highly skilled workforce.

To access more information about Huntsville, including demographic data, links to the Huntsville/Madison County Chamber website are included on the last page of this document.

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# Glossary

**AAC:** All Aluminum Condutor is for stranded 1350 aluminum conductors and is primarily used for overhead transmission and distribution services.

**AC:** Asbestos cement pipe comprises a mixture of Portland cement and asbestos fibers. This is mainly used for potable water mains that are 24 inches and less in diameter.

**ADA:** The Americans with Disabilities Act is a civil rights law that prohibits discrimination based on disability.

**ADEM:** The Alabama Department of Environmental Management is a state government agency charged with the enforcement of environmental policy in the US state of Alabama.

**ADPH:** The Alabama Department of Public Health is the primary state health agency of the government of the US state of Alabama. It provides several public health services to Alabama residents.

**ALDOT:** The Alabama Department of Transportation, also referred to as the DOT. This is the government agency responsible for transportation infrastructure in the state of Alabama.

**ALPEx:** The Alabama Performance Excellence Program promotes economic development by facilitating increased productivity in organizations.

**ALA-TENN:** An interstate natural gas pipeline that travels west to east delivering natural gas to industrial customers in northwest Alabama.

**Allocate:** The process of splitting costs between financial components. Huntsville Utilities allocates shared operational costs to the water, gas, and electric financial statements.

**ALPSC:** The Alabama Public Service Commission was established by an act of the Alabama Legislature to primarily replace the State Railroad Commission.

**AMI:** Advanced metering infrastructure (AMI) that provides more timely usage information than traditional mechanical meters and allows remote connection and disconnection of utility service.

**Annual Budget:** A budget covering a single fiscal year.

**APGA:** The American Public Gas Association is a not-for-profit nationwide association for public and community owned natural gas utilities with over 700 million members in 37 states.

**APPA:** The American Public Power Association is the service organization for community owned electric utilities.

**Appropriation:** An authorization made by the legislative body of a government which permits a specific amount of money to be expended for the purchase of goods and services.

**Asset Management System (AMS):** A system that tracks important details about each asset in real time. This should help decrease administrative costs, improve service, and provide greater visibility into asset utilization, costs and maintenance.

**Assets:** Resources owned or held by Huntsville Utilities that provide positive economic value.

**ATC:** a non-refundable Aid-To-Construction payment that may be required before construction can begin on a customer's project. This is in addition to any service application fees or deposits due at the time the customer applies for an account with Huntsville Utilities.

**ATRIP:** The purpose of the Alabama Transportation Rehabilitation and Improvement Program is to rehabilitate and improve transportation infrastructure through the accelerated delivery of project funding.

**AWPC:** The Alabama Water Pollution Control Association promotes the advancement of fundamental and practical knowledge concerning water supply and treatment, and the nature, collection, treatment, reclamation, and disposal of domestic and industrial wastewaters.

**AWWA:** The American Water Works Association is an international, nonprofit, scientific and educational society dedicated to ensuring safe and clean water.

**Balanced Budget:** A budget in which the sum of estimated revenues and appropriated cash reserves, if necessary, are equal to planned expenditures.

**Betterment:** This occurs when utility assets are moved due to a request from the ALDOT, but instead of moving the assets in kind, the assets are instead upgraded or replaced with superior assets solely for the benefit of the utilities. This is not reimbursable by ALDOT.

**Board of Directors:** The two governing boards of Huntsville Utilities are the Electric Board and the Gas and Water Board. Each Board is made up of 3 Board members that are appointed by City Council.

**Bond:** A certificate of debt issued by a government or corporation guaranteeing periodic payments of interest and return of original investment on specified future dates.

**Bond Issue:** The sale of governmental bonds as a means of borrowing money.

**Bond Rating:** A grade given by bond rating agencies (Moody's, S&P, and Fitch) indicating a government's investment qualities. Ratings range from AAA (highest) to D (lowest) and the higher the rating the lower the interest rate on the bonds.

**Budget:** A financial plan for a specific fiscal year that contains both the estimated revenues to be received and the proposed expenditures to be incurred during the year.

**Budget Adjustment:** One of two methods of adjusting the budget after approval. No additional approval is required because funding will simply be shifted from one area to another.

**Budget Amendment:** One of two methods of adjusting the budget after approval. Amendments are for the request of additional funding and must include approval from the Boards and City Council.

**Budget Calendar:** The schedule of key dates in the preparation and adoption of the budget.

**Budget Document:** A formal document presented to the Board of Directors containing Huntsville Utilities' financial plan for the upcoming fiscal year.

**Budget Message:** An overview of the proposed budget from the CEO/President to the Boards of Directors which discusses the major budget items, changes from the current and previous fiscal years, and the views and recommendations for the upcoming fiscal year.

**BVB:** A comparison of budget vs budget looking at the current year budget in comparison to the proposed upcoming budget.

**BVP:** A comparison of budget vs projected looking at the projected current year actuals to the upcoming year budget.

**BWO:** A Budget Work Order is sent to the City for approval for all capital expenditures greater than $25,000.

**C&I:** The customer service group that specializes in commercial and industrial customer assistance.

**Capital Expenditure:** An item purchased or constructed with a useful life of 3 years or more that is valued at $5,000 or greater.

**Capital Improvement Plan (CIP):** A plan which identifies and estimates the nature, schedule, cost, priority, and financing of long-term assets with an expected life of at least 3 years and a total cost of $5,000 or more.

**Capital Project:** Projects established to account for the cost of capital improvements. Typically, a capital project would be the construction of or improvements to a facility or infrastructure.

**CFR:** The Code of Federal Regulations is the codification of the general and permanent rules and regulations published in the Federal Register by the executive departments and agencies of the federal government of the United States.

**CI:** This refers to cast iron pipe that is used for water and natural gas distribution.

**COH:** An acronym that is often used to refer to the City of Huntsville, a parent component to Huntsville Utilities.

**Consumer Price Index (CPI):** A measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

**Cost of Living Adjustment (COLA):** An increase to employee salary to counteract the cost of inflation.

**COVID-19:** A dangerous disease caused by a virus called SARS-CoV-2. It is very contagious and has quickly spread around the world.

**Cubic Foot (CUF):** A unit of measure for natural gas. This can also be expressed in hundred cubic feet (CCF) or thousand cubic feet (MCF). MCFD is another variation meaning a thousand cubic feet daily.

**Customer Information Systems (CIS):** A system used by an organization to assist employees in obtaining customer information efficiently.

**Customer Resource Management (CRM):** A technology for managing all company relationships and interactions with customers and potential customers.

**Debt Service:** The sum of money required to pay installments of principal and interest on borrowed funds according to a pre-determined payment schedule.

**Dekatherm (Dth):** A unit of energy used to measure natural gas and equivalent to one million British Thermal Units (BTU). This term is interchangeable with MMBTU.

**Device Management (DM):** The process of managing the implementation, operation, and maintenance of a physical and/or virtual device.

**DI:** Ductile Iron pipe (DIP) is made up of ductile cast iron used for potable water distribution.

**EEO/DI:** The group responsible for equal employment opportunity and diversity and inclusion. This group ensures all employees are treated equally in all aspects of their jobs and they help promote a diverse and inclusive workforce.

**EPA:** The Environmental Protection Agency is an independent executive agency of the US federal government tasked with environmental protection matters.

**ERP:** Enterprise Resource Planning Software refers to a type of software that organizations use to manage day-to-day business activities.

**Expenditures:** Actual payment for goods and services received.

**FAA Permit:** The Federal Aviation Administration (FAA) requires a permit on construction cranes any time that they will exceed a 100:1 sloped surface from the nearest point of the nearest runway out to 20,000 feet or 200 feet above ground level.

**Federal Home Loan Banks (FHLB):** This system is a group of 11 regional banks across the U.S. that was created by the federal government to keep a reliable stream of cash available to other banks for lending to individuals.

**Federal Home Loan Mortgage Corporation (FHLMC):** Typically known as Freddie Mac, this is a stockholder-owned, government-sponsored enterprise (GSE) chartered by Congress to keep money flowing to mortgage lenders in support of homeownership and rental housing for middle-income Americans.

**Federal National Mortgage Association (FNMA):** Typically known as Fannie Mae, this is a government-sponsored enterprise (GSE) founded by Congress during the Great Depression as part of a New Deal to stimulate the housing market by making more mortgages available to moderate- to low-income borrowers.

**FH:** A fire hydrant is a connection point by which firefighters can tap into a water supply.

**FICA Taxes:** FICA is an acronym for Federal Insurance Contributions Act. This is the money that is taken out of workers' paychecks to pay social security retirement and Medicare benefits.

**Financial Reserves Policy:** A policy to identify prudent reserve levels to mitigate risk while promoting long-term financial stability.

**Fiscal Year (FY):** A twelve-month period that organizations use for planning and reporting financial results. Huntsville Utilities' fiscal year is October 1 through September 30.

**Fixed Assets:** Assets of long-term nature that are intended to continue to be held or used, such as land, buildings, machinery, and other equipment.

**FLSA:** The Fair Labor Standards Act is a United States labor law that creates the right to a minimum wage and time and a half overtime pay when people work over forty hours a week.

**FMLA:** The Family and Medical Leave Act is a United States labor law requiring covered employers to provide employees with job protection and unpaid leave for qualified medical and family reasons.

**Fund:** A set of interrelated accounts to record revenues and expenditures associated with a specific purpose.

**Fund Balance:** The sum of cash and investments less the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts.

**FYTD:** The fiscal year to date refers to the actual dollars spent this fiscal year thru the point in time when it was reported. The fiscal year would always begin on October 1, but it can end on any date until September 30$^{th}$ based on when the actual information is reported.

**Generally Accepted Accounting Principles (GAAP):** The set of accounting standards, rules and procedures used by governmental agencies to account for the receipt and expenditure of funds.

**GFOA:** The Government Finance Officers Association represents public finance officials throughout the United States and Canada. They assist in the professional management of governments by developing and identifying financial policies and best practices through education, training, facilitation of member leadership and networking.

**GIS:** A geographic information system is a framework for gathering, managing, and analyzing data. It specializes in spatial location and organizes layers of information into visualizations using maps and 3D scenes.

**GTech:** Intergraph's G/Technology enables operators to maintain a definitive source of reliable, location-based information describing their facility network and its connectivity and share with users and systems across their organization.

**HDPE:** High Density Poly Ethylene (HDPE) is a thermoplastic polymer made from petroleum.

**HMC CVB:** The Huntsville/Madison County Convention and Visitors Bureau markets our local area to tourists.

**HR:** Human resources is the group that deals with the hiring, administration, and training of personnel.

**HU:** An acronym that if often used to refer to Huntsville Utilities.

**HVAC:** Heating, Ventilation, and Air Conditioning is the technology of indoor and vehicular environmental comfort. It provides thermal comfort and acceptable indoor air quality.

**ID:** A form of identification that could include a driver's license, a non-driver ID, a gun permit with photo, a military ID card, a FAA issued pilots license, a US passport, social security card, birth certificate, voters registration, Medicare or Medicaid card, W-2 forms, etc.

**In Kind:** Relocation work done for the ALDOT moving utility assets in a good state of repair without adding to its physical makeup or changing its physical capacity. This is the maximum amount that will be reimbursable by the ALDOT.

**Inter-Governmental Service Agreement (IGSA):** Huntsville Utilities and Redstone Arsenal are parties to a service agreement whereby Huntsville Utilities operates and maintains the utility infrastructure on the government facility.

**Interactive Voice Response system (IVR):** A technology that allows humans to interact with a computer-operated phone system through the use of voice and DTMF tones input via a keyboard.

**Interest:** The cost of using money.

**Investment Policy:** A policy to invest public funds that will provide the highest return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all state and local statutes governing the investment of public funds.

**IOS:** This is a mobile iPhone operating system created and developed by Apple Inc. exclusively for its hardware.

**IT:** A reference to the Information Technology group which includes the Chief Information Officer (CIO), Management Information Systems (MIS), and the Technical Services groups.

**IT Steering Committee (ITSC):** A group that is responsible for the oversight and governance of information technology at Huntsville Utilities.

**kW:** One kilowatt is equal to 1,000 watts consumed for just one second. It is also equal to 1.34 horsepower. A MW is equal to 1,000 kW.

**kWh:** A measure of electricity equal to one kilowatt (kW) of power sustained for one hour.

**KPI:** Key Performance Indicators are specific quantitative and qualitative measures of work performed as an objective of specific departments.

**kV:** A unit of electrical potential, equal to 1,000 Volts.

**LCWSA:** The Limestone County water service area that was purchased in an agreement between HU and Limestone in 2019.

**LED:** A light emitting diode is a semiconductor light source that emits light when current flows through it. Electrons in the semiconductor recombine with electron holes, releasing energy in the form of photons.

**LF:** A linear foot is a 12-inch measurement of length, where the material's width and height doesn't matter.

**Long-Term Debt:** Debt with a maturity of more than one year after the date of issuance.

**MCM:** A measurement of wire meaning thousands of circular mils. A mil is 1/1000 inch.

**MDM:** Master Data Management is a technology enabled discipline in which the business and IT work together to ensure the uniformity, accuracy, stewardship, semantic consistency and accountability of the shared master data assets.

**MGD:** A measure of water indicating a million gallons per day.

**Mid-Tenn:** A natural gas pipeline system that transports natural gas from Louisiana, the Gulf of Mexico and south Texas to the northeast section of the United States.

**MIS:** The Management Information Systems group that reports to the Chief Information Officer (CIO). They create and maintain information systems for data management and play a key role in information security, integration, and exchange.

**Modified Cash Basis of Accounting:** A basis of accounting that combines elements of both cash and accrual accounting. Revenues and expenses are recognized when they are received or paid which is like the cash basis. However, capitalization of assets and accrual of taxes are allowed which is in line with accrual accounting. The modified cash basis is not GAAP compliant and is used for internal reporting purposes, not financial statements.

**MMBTU:** One million British Thermal Units (BTU). A BTU is the measure of energy content in fuel. Natural gas can typically be priced in dollars per MMBTU. To convert from MMBTU to some other measure of natural gas, such as cubic feet, the average heat content of natural gas must be known. The heat content is generally around 1,030 BTU per cubic foot.

**MOU:** A memorandum of understanding, a type of agreement between two or more parties.

**MR-6:** The MR-6 AWWA Manual of Practice provides a complete manual of practice for water utilities on the selection, installation, operation, and maintenance of customer water meters.

**MRU:** Meter reading units (MRUs) are routes planned out for the utilities' service area for meter reading scheduling.

**MTM**: Mazda Toyota Manufacturing, a joint venture company formed by Mazda and Toyota. This is also referred to as MTMUS.

**MVA:** A unit of electrical potential, equal to 1,000 kilo-volt amperes.

**NAPRCA:** The North Alabama chapter of the Public Relations Council of Alabama is part of a statewide organization that supports public relations leaders.

**NPDES:** The National Pollutant Discharge Elimination System enforces the Clean Water Act which prohibits discharging pollutants through a point source into water without a permit. The permit will have provisions to ensure the discharge does not hurt water quality or people's health.

**NHIP:** North Huntsville Industrial Park is a 1,700-acre park located in northeast Huntsville that is home to more than 35 domestic and international companies.

**NIST:** The National Institute of Standards and Technology (NIST) is part of the US Department of Commerce. In February 2013, the president issued executive order 13636 directing NIST to work with stakeholders to develop a voluntary framework for reducing cyber risks to critical infrastructure.

**Non-Recurring Capital:** Items of significant value and having a useful life of several years. These capital items have a finite life cycle and are not expected to have expenditures every year.

**NTP:** A notice to proceed is a letter from the owner or director of a company or business to a contractor to inform the contractor of the date that he can start work, as outlined in a previous contract.

**O&M:** The operation and maintenance associated with normal repairs and replacement of parts and structural components, and other activities needed to preserve an asset so that it continues to provide acceptable services and achieves its expected life.

**OPEB:** Other Post-Employment Benefits liability this is described by GASB 43 and GASB 45.

**Operating Expenses:** The cost of personnel, materials and equipment required for a department to perform its responsibilities.

**Ordinance:** A piece of legislation enacted by a municipal authority.

**Outage Management System (OMS):** A computer system used by operators of utility distribution systems to assist in the restoration of power.

**Pay-as-you-go Basis:** A term used to describe a financial policy by which capital outlays are financed from current revenues rather than through borrowing.

**PBX:** A private branch exchange network used within a company or organization.

**PCB:** Polychlorinated Biphenyl is an organic chlorine compound that was once widely deployed as dielectric and coolant fluids in electrical apparatus, carbonless copy paper and in heat transfer fluids.

**PHMSA:** The Pipeline and Hazardous Materials Safety Administration is a United States Department of Transportation agency responsible for developing and enforcing regulations for the safe, reliable, and environmentally sound operation of the US's pipeline transportation.

**PILOT:** PILOT stands for payment in lieu of taxes. Instead of paying taxes to the City of Huntsville, Huntsville Utilities makes pilot payments based off a percentage of gas and water sales and based off of electric assets.

**Polyethylene (PE) Pipe:** Flexible plastic pipe used for fluid and gas. It is often used to replace aging concrete or steel main pipelines.

**PR:** Public relations is the practice of deliberately managing the release and spread of information between an organization, like Huntsville Utilities, and the public.

**PVC:** Polyvinyl Chloride is the world's third-most widely produced synthetic plastic polymer. This type of pipe is used to distribute water.

**Recurring Capital**: Items of significant value and having a useful life of several years. These capital items will have expenditures planned each year.

**R&R:** Any renewal or replacement to preserve, repair, reconstruct, or modify assets that is not considered routine operation and maintenance.

**Revenue Bonds:** Bonds usually sold for constructing a project that will produce revenue for the entity.

**Revenues:** Funds that are received as income.

**RFID:** Radio Frequency identification uses electromagnetic fields to automatically identify, and track tags attached to objects.

**ROW:** A right-of-way is the legal right, established by usage or grant, to pass along a specific route through grounds or property belonging to another.

**RP3:** The APPA's Reliable Public Power Provider designation recognizes public power utilities that demonstrate leading practices in reliability, safety, work force development and system improvement.

**RSA:** Redstone Arsenal (RSA) is a United States Army post adjacent to Huntsville.

**RTU:** A remote thermal unit is a remote monitoring and control unit device, responsible for on-site signaling, industrial equipment monitoring and control.

**SAHD:** A State of Alabama Highway Department standard agreement form used by ALDOT for utility roadway relocations. There are various standard SAHD forms available depending on the type of relocation work being done.

**SAP:** One of the world's leading producers of software for the management of business processes, developing solutions that facilitate effective data processing and information flow across organizations. It stands for System Analysis Program Development.

**SCADA:** Supervisory control and data acquisition is a control system that is crucial to help maintain efficiency, process data for smarter decisions, and communicate system issues to help mitigate downtime.

**SCCM:** A System Center Configuration Manager provides remote control, patch management, software distribution, operating system development, network access protection and hardware and software inventory.

**SOAR:** The APGA's System Operational Achievement Recognition program to honor those public natural gas systems that have achieved excellence in the operation of their natural gas utility.

**Software Development Lifecycle Methodologies (SDLC):** A methodology with clearly defined processes for creating high-quality software.

**Standard Service:** The aggregate name for the following electric rate classes: Residential, GSA1, GSA2, GSA3 and Outdoor Lighting. On the TVA power bill, wholesale power costs for these rate classes are shown grouped together.

**State Revolving Fund (SRF) Loan:** A fund administered by a U.S. state to provide low-interest loans for investments in water infrastructure.

**Strategic Plan:** A process for determining an organization's immediate and long-term goals.

**Technical Services (TS):** The technical services group reports to the Chief Information Officer (CIO). They are responsible for designs, installs, maintenance and management of network and communication infrastructure and equipment supporting computing systems.

**TECOd:** This is an acronym we use for technical close, which is a process to close work orders.

**Tennessee Valley Authority (TVA):** The sole provider of electricity to Huntsville Utilities. It is a corporate agency of the United States that provides electricity in parts of seven southeastern states. TVA receives no taxpayer funding, deriving virtually all of its revenue from the sale of electricity.

**TNCPE:** The Tennessee Center for Performance Excellence is an economic development organization. They offer an award program designed to help organizations advance in their performance excellence journey.

**TVPPA:** The Tennessee Valley Public Power Association is a nonprofit, regional service organization that represents the interests of consumer-owned electric utilities within the TVA service area.

**USACE:** The United States Army Corps of Engineers require permits for work planned in navigable waters of the US to streamline Department of the Army authorization of projects with minimal impact to the nation's aquatic environment.

**VFD:** Variable frequency drives are frequently used to regulate water flow at a water treatment plant, allowing more control over the flow of the pump.

**VPN:** A virtual private network extends a private network across a public network and enables users to send and receive data across shared or public networks as if their computing devices were directly connected to the private network.

**Washwater Tank:** This is a special tank that provides water pressure to clean filters.

**WO:** A work order is usually a task or a job for a customer that can be scheduled or assigned to someone.

**WFH:** Work from Home describes work being done remotely, instead of at an office.

**Work Management System (WMS):** A system that helps gain insight into workforce and improve productivity. It helps plan work, manage time, costs and improve efficiency.

**WS:** Welded steel pipe is steel pipe manufactured with a weld. It is a tubular product made out of flat plates, known as skelp that are formed, bent and prepared for welding. This type of pipe is used for natural gas distribution.

**WTP (Water Treatment Plant):** A facility that monitors and controls the quality of water, to include purity and turbidity as required by state and federal guidelines.

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# Links to Additional Resources

Huntsville Utilities Website (www.hsvutil.org)
City of Huntsville Website (www.huntsvilleal.gov)
Tennessee Valley Authority Website (www.tva.com)

**Published Financial Information for Huntsville Utilities and the City of Huntsville, Alabama**

2020 Huntsville Utilities Audited Financial Statements
2019 Huntsville Utilities Audited Financial Statements
2018 Huntsville Utilities Audited Financial Statements
Huntsville Utilities FY21 Annual Budget and Capital Improvement Plan
2020 City of Huntsville, AL Comprehensive Annual Financial Report

**Huntsville Utilities Rates and Fees**

Current Residential Rates
Current Commercial Rates
Customer Service Fees

**Huntsville Utilities Financial Policies**

Waterworks Financial Reserve Policy
Natural Gas Financial Reserve Policy
Electric Financial Reserve Policy
Investment Policy
Budget Policy
Debt Policy

**Information about the greater Huntsville Area**

Huntsville/Madison County Chamber (www.hsvchamber.org)

- Community Profile
- Employment and Workforce Data

**Other Links**

Alabama Department of Environmental Management State Revolving Fund (www.adem.alabama.gov)
Consumer Price Index (www.bls.gov)
GFOA Distinguished Budget Presentation Award (www.gfoa.org)