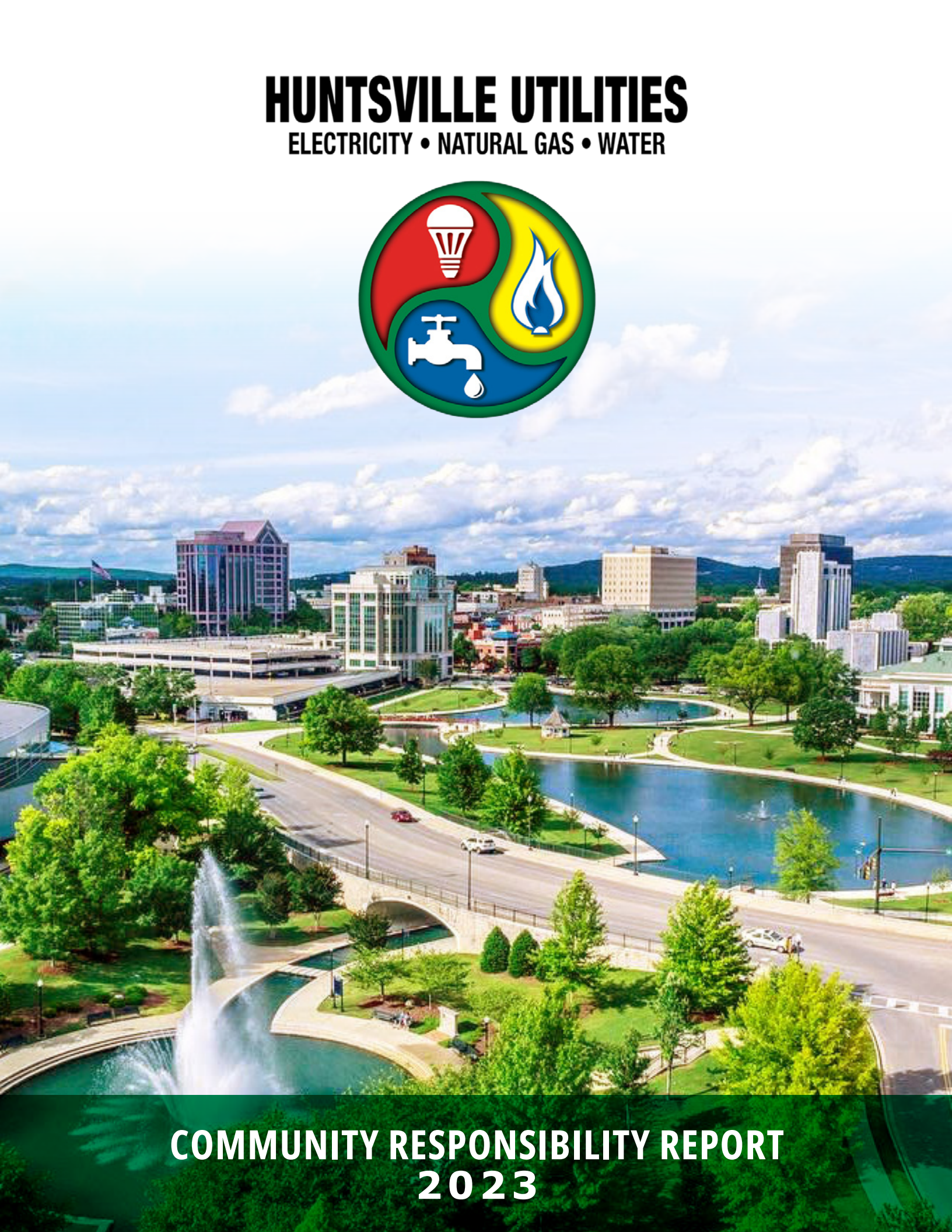


# HUNTSVILLE UTILITIES

ELECTRICITY • NATURAL GAS • WATER



## COMMUNITY RESPONSIBILITY REPORT 2023



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# INSIDE YOUR UTILITY

## REPORT APPROACH

The purpose of this report is to provide Huntsville Utilities' (HU) stakeholders with an overview of the organization's community responsibility efforts and sustainability ambitions. This report largely covers the fiscal years (FY) 2022 and 2023 timeframe and encompasses HU's electric, natural gas, and water divisions. Reporting is focused on material topics for the utility industry, issues HU believe are important to the community, and the most relevant considerations to HU's business.





## A MESSAGE FROM HU PRESIDENT & CEO

As a public utility, HU provides foundational services—electricity, natural gas, and water—to our local community. We recognize and value the critical importance of our work meeting our customers' vital needs. Customers are the reason our employees work each day to ensure the lights are on, natural gas is delivered, and water is flowing to serve Alabama's largest city and developing counties.

We proudly provide this service with the highest commitments to safety, reliability, and affordability as reflected in our 80-year legacy of community accountability. We have long recognized the importance of social responsibility and environmental stewardship as critical to our collective success and sustainability. As the value of these issues continues to gain prominence, we are excited to enhance our commitments to environmental, social, and governance (ESG) priorities.


To that end, I am proud to present our new approach to offering this information to all interested parties and stakeholders with our first Community Responsibility Report. I am continually impressed by our team's actions and commitments to building a sustainable enterprise and look forward to sharing the progress we continue to make for our community and customers.

### **Wes Kelley**

President  
Chief Executive Officer

# ABOUT HUNTSVILLE UTILITIES

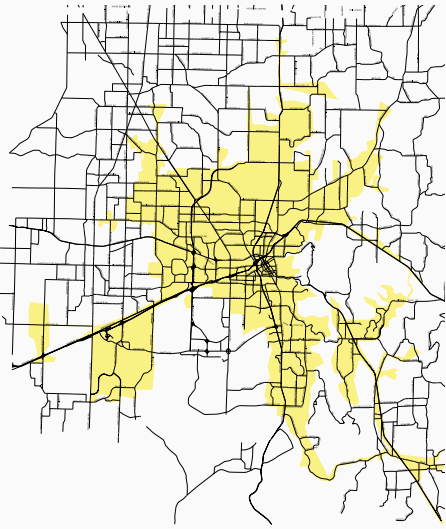
HU provides electricity, natural gas, and water to approximately 200,000 customers in Madison County and parts of Marshall and Limestone Counties in north Alabama. Established in 1940, HU has built and improved utility infrastructure for more than 80 years to provide essential services to customers at residential, commercial, and industrial facilities. HU is owned by the City of Huntsville.


  
**GAS**


The HU Gas System serves a total of 62,664 Gas Customers.

- 56,667 Residential
- 5,974 Commercial
- 23 Industrial

**AREAS SERVED**



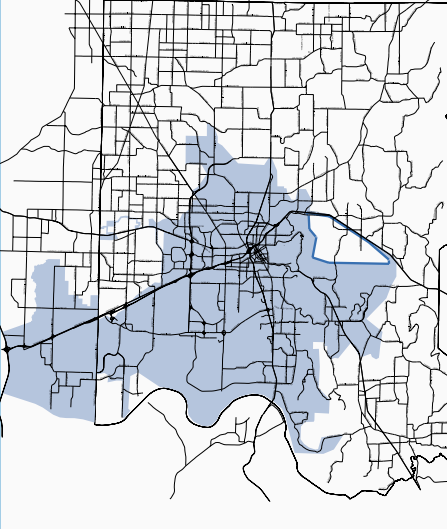
 **86**  
NATURAL GAS EMPLOYEES


  
**WATER**


The HU Water System serves a total of 106,125 Water Customers.

- 94,762 Residential
- 11,278 Commercial
- 85 Industrial

**AREAS SERVED**



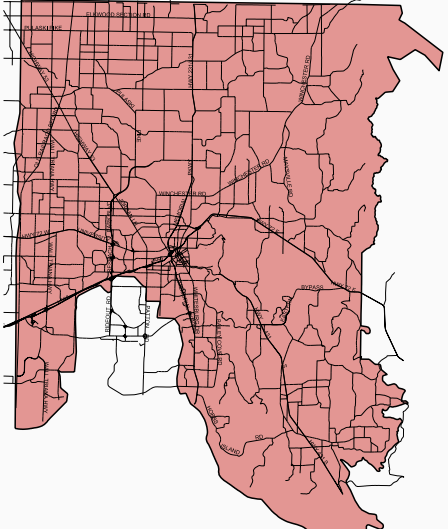
 **129**  
WATER EMPLOYEES


  
**ELECTRIC**

The HU Electric System serves a total of 216,247 Electric Customers.

- 192,051 Residential
- 24,173 Commercial
- 23 Industrial

**AREAS SERVED**



 **212**  
ELECTRIC EMPLOYEES

 **223**  
ADMINISTRATIVE/JOINT EMPLOYEES

 **121**  
CUSTOMER CARE EMPLOYEES

Numbers as of September 30, 2023

## MISSION, VISION, AND VALUES

HU undertook a strategic planning process in 2022 to redefine the organization's core purpose and focus. The mission, vision, and values (MVV) were updated to better reflect the organization's accountability to its evolving community and business. MVV principles are foundational to HU's ESG practices as highlighted throughout this report.

### MISSION

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

### VISION

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

### VALUES

#### **Do What's Right**

HU 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**

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

#### **Get Better Every Day**

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



# PRESERVING THE FUTURE

## ENVIRONMENTAL STEWARDSHIP

Aligned with the definition of sustainability, HU is dedicated to meeting the present needs of the community while ensuring secure access to water and energy for future generations. This commitment is critical to the success of the region, and stewardship of the community's resources is foundational to HU's **"Do What's Right" value**. As the region continues to grow, so will HU's efforts to remain a reliable utility that delivers the cleanest and safest services and livable environment for the community.

### Highlights

- Completed inaugural greenhouse gas emissions inventory for scope 1 and 2 sources
- Executed power purchase agreement for 30 megawatt (MW) solar system with Toyota
- Replaced six miles of cast iron pipeline to reduce gas leaks
- Weatherized 129 low-income homes in FY22 and FY23 as part of HomeUplift program
- Eliminated 56K tons of carbon emissions and designated TVA's EnergyRight Top Performer
- Earned four "Best Operated" water utility awards at the 2022 Alabama Water & Pollution Control Association (AWPCA) Plant Awards
- Delivered one of the cleanest generation profiles in the country and Southeast region
- Invested over \$5M since 2020 in lighting efficiency upgrades of HU facilities and City of Huntsville streetlights





## ENVIRONMENTAL MANAGEMENT

HU is steadfast in meeting and exceeding all environmental rules and regulations in the utility industry with a commitment to sound practices and responsible decisions.

### Safeguarding the Environment

HU maintains an Environmental Policy and Environmental, Safety and Security Department with the purpose of establishing, measuring, monitoring, assessing, and continually improving environmental performance through regulatory compliance, control of hazards, and encouragement of conservation efforts.

Going beyond the obligation to serve its customers with safe, reliable, and economical water and energy services, HU's Environmental, Safety and Security Department ensures continual improvement by:

- Establishing procedures for periodic review of environmental compliance with all laws and regulations, as well as writing clear standards for environmental events
- Continually striving to minimize, mitigate, and/or restore adverse environmental impacts caused by HU operations through reduction in waste, oil spills, and recycling efforts
- Providing all relevant employees with annual awareness training and resources required to meet necessary environmental regulatory requirements

HU is steadfast in the prevention of, preparedness for, and planned response to environmental contamination that could occur from HU operations. In compliance with the Alabama Department of Environmental Management and United States Environmental Protection Agency, HU electric substations have updated Spill Prevention, Control, and Countermeasure plans that provide protection from possible contamination due to a transformer spill or leak. HU practices evaluate all transformers as a result of damages in the field and include extensive restoration to any property damage due to a leak or spill.



### Protecting Trees While Protecting You

With extreme weather events becoming more frequent, power supply infrastructure needs to be constantly evaluated to ensure safety and reliability. Common risks include exposure to branches, limbs, or trees falling on power lines after a storm. HU's Line Clearance Program includes expert tree trimming and vegetation management services that enable the organization to protect both capital and environmental resources in compliance with industry best practices. The techniques employed prioritize the health of the trees and preservation of local habitats, such as emphasis on "natural trimming" to laterals, which is a branch trimming practice recommended by the International Society of Arboriculture.

Forest restoration is an equally significant component of HU's vegetation management approach. To mitigate tree thinning, HU provides tree replacement vouchers for trees removed on a customer's property (up to three trees). Maintaining the delicate balance between protecting power lines and minimizing disruption to wildlife is critical to a resilient utility and sustainable environment for the community.

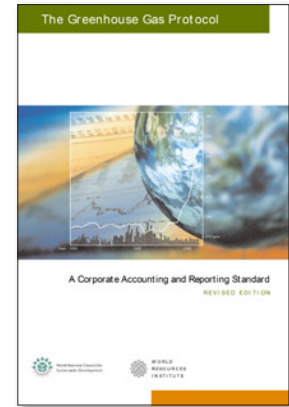
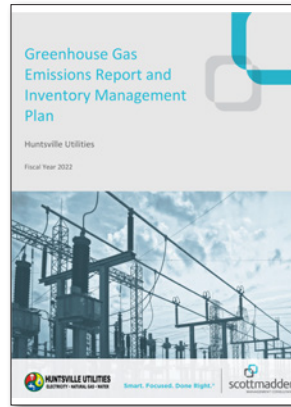
# GREENHOUSE GAS EMISSIONS

Collectively, the utility industry has made significant strides in the past two decades to decarbonize operations and reduce contributions to greenhouse gas (GHG) emissions. There is still work to do. HU is dedicated to playing its part in the energy transition and minimizing its climate impact.

## Raising the Standard for Municipal Utilities

Based on a recent benchmark of the top 30 American public power utilities, very few publish their emission data, including HU. However, last year, for FY22, HU progressed its position and completed its inaugural GHG inventory for Scope 1 and Scope 2 emissions. HU embarked on a companywide effort to assess and analyze its emissions footprint with support and leading practices from a third-party partner.

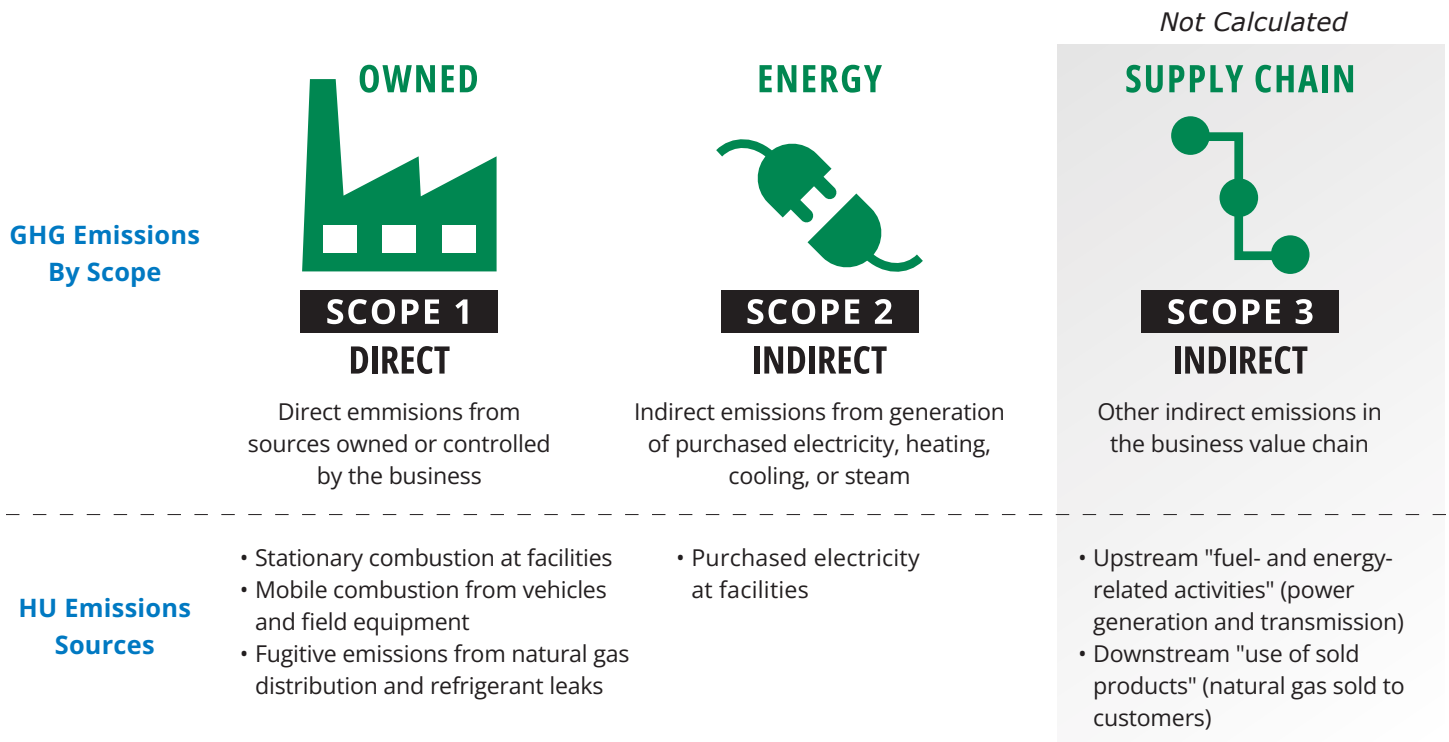
The inventory followed requirements defined by The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (GHG Protocol) and its annexes developed by the World Resources Institute and World Business Council for Sustainable Development. The GHG Protocol is a widely recognized and internationally accepted accounting framework for measuring and managing GHG emissions.



## Measuring to Mitigate

Following standard GHG accounting procedures, emissions are categorized into scopes as defined by an organization’s operational boundaries and sources. HU identified four material sources of emissions for scope 1 and 2 emissions and calculated GHG emissions for FY22. Scope 3 emissions sources were identified but not calculated as part of the inaugural inventory.

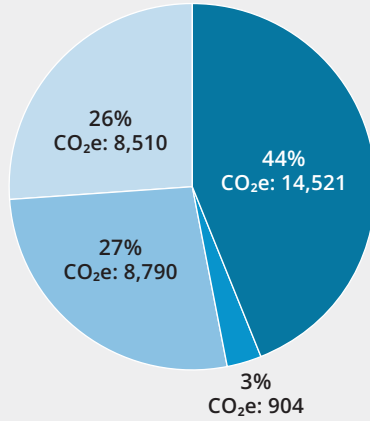
### HU GHG Emissions by Scope and Source



For FY22, scope 1 and 2 emissions from HU operations totaled 32,725 metric tons of CO<sub>2</sub>e. The relative breakdown by emissions source and HU division is depicted below.

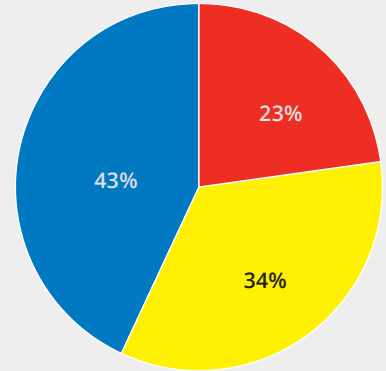
### HU GHG Emissions by Source

- Electricity Use
- Natural Gas Consumption
- Mobile Combustion
- Fugitive Emissions



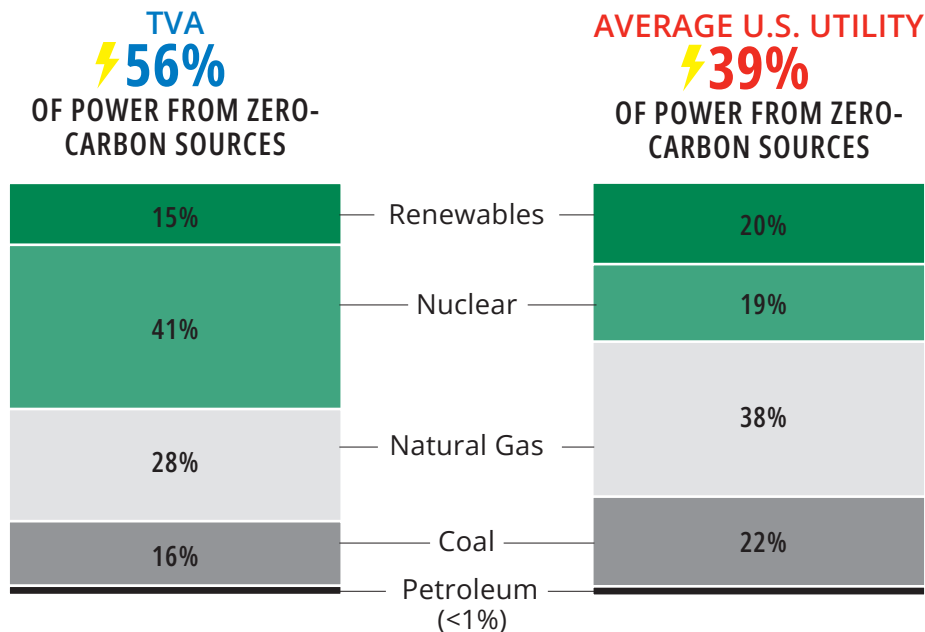
### HU GHG Emissions by Division

- Water
- Natural Gas
- Electric



## Building the Energy System of the Future

As a distribution-only utility and consumer of energy generated by the Tennessee Valley Authority (TVA), HU's company and customer emissions portfolios are largely influenced by TVA's power supply. HU is proud to report its service territory is one of the cleanest generation profiles in the country and Southeast region.



**TVA's portfolio generates ~44% more power from zero-carbon sources compared to the average U.S. utility**

Note: Based on 2021 electricity generation (MWh) data; zero-carbon energy sources include renewables (including hydro) and nuclear energy

Source: TVA 2021 Sustainability Report, U.S. Energy Information Administration, Electric Power Monthly, February 2022 (Note: Includes generation from power plants with at least 1MW of electric generation capacity (utility-scale))

## Reducing HU Emissions

HU is committed to cutting GHG emissions in every aspect of its business. The recently completed emissions inventory helps inform emission-intensive hotspots and guide improvement opportunities. Using FY22 emissions inventory as a baseline, HU will continue to track emissions annually to measure and validate investments while ensuring accountability to HU's climate commitments.

Below is a summary of recent highlights and near-term opportunities to reduce HU' emissions profile against the four primary sources of scope 1 and 2 emissions.



### SCOPE 1

#### Stationary combustion at facilities

**HIGHLIGHT:** Enhanced equipment replacement and preventative maintenance practices to improve the operational and fuel efficiency of facility generators, boilers, heaters, and gas furnaces

**OPPORTUNITY:** Evaluating options to electrify heating equipment and further minimize ambient heat loss at facilities

#### Mobile combustion from vehicles and equipment

**HIGHLIGHT:** Began purchasing hybrid and electric vehicles to reduce fleet emissions, including two hybrid pickup trucks and two hybrid bucket trucks

**OPPORTUNITY:** Installed a fleet management system, along with GPS trackers, on HU vehicles and equipment to enable monitoring and improvement practices

#### Fugitive emissions from natural gas and refrigerant leaks

**HIGHLIGHT:** Installed sensors on energy-intensive chillers to enable a shutoff capability to prevent prolonged fugitive leaks during malfunctions

**COMMITMENT:** Continue execution of a cast iron replacement program for HU's gas system which will reduce methane gas leaks (FY24 scheduled completion)



### SCOPE 2

#### Electricity use at facilities

**HIGHLIGHT:** Invested in LED lighting, which produces light up to 90% more efficiently than incandescent light bulbs, at HU facilities in FY22 and FY23 to replace approximately 1,500 lights

**COMMITMENT:** Evaluating options to partner with vendors and employees to improve energy saving practices

## ENERGY DELIVERY INNOVATION

As the utility industry evolves, HU is prepared to play a pivotal role in ensuring that cleaner, more efficient, and modern resources are available to its customers.

### Modernizing the System

One of HU's key grid modernization initiatives is the ongoing installation of electric and gas Advanced Metering Infrastructure (AMI) at customers' homes and businesses. AMI enables two-way communication of real-time data between HU and customers to improve system efficiency and resource management, while better enabling customer visibility and control of their energy consumption. AMI additionally facilitates the integration of renewables and adoption of demand response (i.e., incentives to commercial and industrial customers that are willing to reduce their loads to the benefit of the shared system).

### Managing Energy Demand

With analytics and utilization of voltage conservation, HU is able to shave peak demand and reduce wholesale power costs, exceeding a 2.5% cost savings key performance indicator and achieving a reduction of more than 3% each month. Cost reductions and associated savings are passed directly to HU customers.

### Making Solar Possible

HU partners closely with customers and TVA to enable clean energy. HU is motivated to reduce its carbon footprint and empower customers with energy alternatives. Customers can invest in solar power through a range of programs HU offers, as summarized below. Of note, more than 500 HU customers participated in Green Switch during FY22 and FY23.

PROGRAM	DESCRIPTION	TARGET AUDIENCE	COMMITMENT
Green Switch	Customers can purchase blocks of clean energy for their electricity consumption	Residential and small businesses	Monthly \$2 per 200 kWh
Green Flex	Allows companies to purchase renewable energy certificates to support renewables and balance their electricity consumption portfolios	Commercial	Yearly \$3 per MWh Minimum purchase of 2,000 MWh annually
Dispersed Power Production	Allows customers to produce renewable energy such as solar, or co-generate green energy such as biomass, and sell all or excess generation back to TVA at TVA's avoided cost	Residential, small businesses, and commercial	5-year agreement
Green Connect	Helps customers install solar panels with or without battery storage	Residential	N/A

# HUNTSVILLE- TOYOTA SOLAR PLANT

In partnership with HU, companies in the area are on the forefront of innovation. HU established a power purchase agreement with Toyota Alabama and Toyota Tsusho America, Inc., to support a 168-acre, \$49M solar project. More than 70% of Toyota's motor manufacturing will be generated by solar. The 30-MW installation located in the North Huntsville Industrial Park is expected to generate 62,000 megawatt hour (MWh) annually (the equivalent of powering more than 5,600 U.S. homes) and reduce approximately 22,000 metric tons of CO<sub>2</sub> emissions per year. The solar facility is scheduled to begin generating solar energy in the summer of 2024, as HU supports Toyota's objective of achieving carbon neutrality in its operations by 2035.



## Electrifying Transportation

Aligned with the Drive Electric Alabama statewide initiative, HU is helping Alabamians go the distance for customers who electrify their vehicles.

In partnership with the City of Huntsville and TVA, HU helped enable development of the Twickenham Garage electric vehicle fast charging station in downtown Huntsville. The site features industry-leading direct current fast charging technology and supports battery packs from 200V to 1000V, ensuring both legacy and future electric vehicle charging capability.

A solar EV charging station was built at The Space & Rocket Center as part of a project with the museum, Seven States, and HU. This offers visitors an opportunity to learn more about electric vehicles and charge their vehicles while touring the museum.

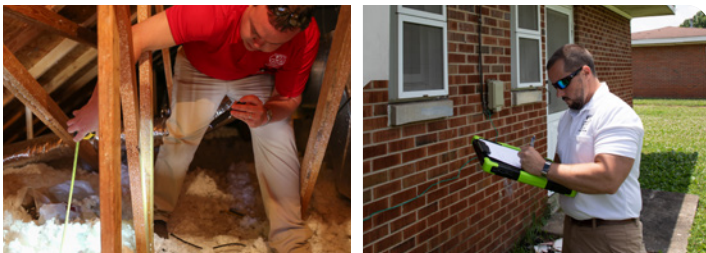


# ENERGY EFFICIENCY PROGRAMS

Energy efficiency is a key practice in HU's commitment to responsible operations, reducing not only customer costs but also the organization's environmental impact.

## Helping Lower Your Utility Bills

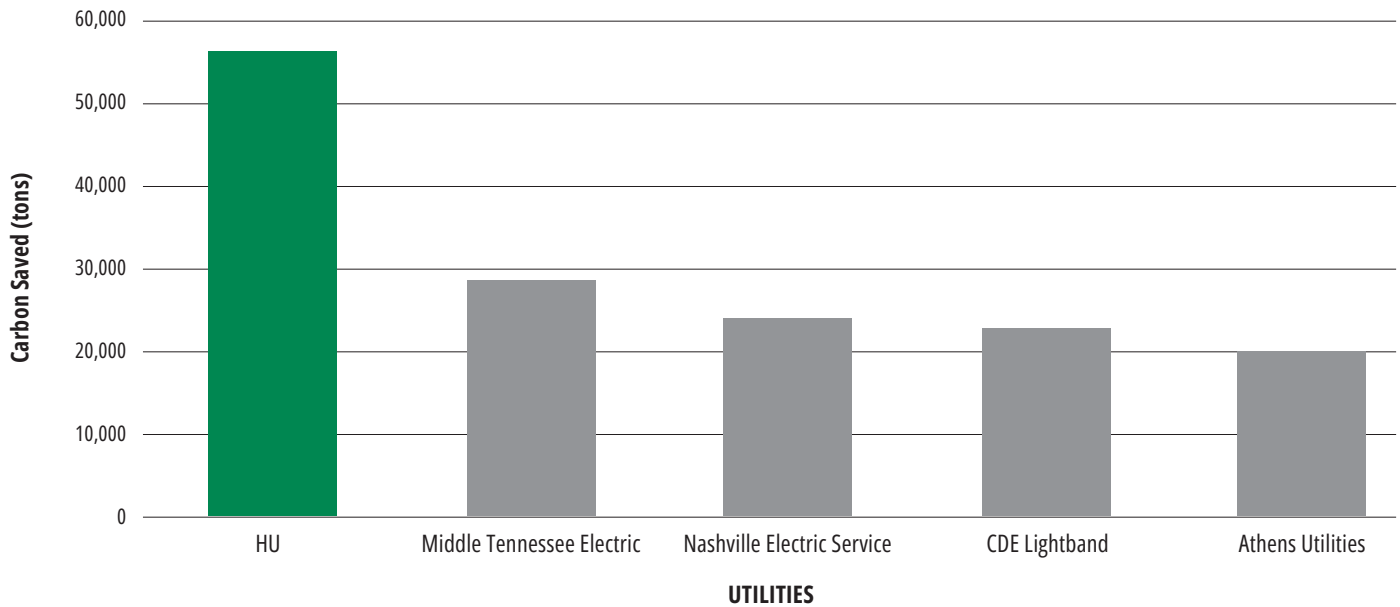
To better serve customers, HU offers assistance in finding energy savings opportunities through its Energy Services Department. Aside from having a favorable impact of reducing carbon emissions, this also lowers customer bills. HU has successfully completed audits for almost 200 customers over the last two fiscal years, providing feedback on how to make their homes more energy efficient.



HU also participates in TVA's Home Uplift program. This program enabled HU to weatherize 68 low-income homes in FY22 and 61 homes in FY23 at a cost of more than \$1M. Every home HU assists in this program effectively lowers customers' utility bills while enhancing their quality of life and simultaneously reducing demand on the grid, all at no cost to participating customers.

HU continues to reduce GHG emissions despite the rapid growth of the area. By doing so, HU has been named a TVA EnergyRight Top Performer out of 153 local power companies. HU was awarded the Top Performer across several categories, including the New Homes Program and Carbon Reduction, as reflected in the chart below.

**CARBON REDUCTION BY UTILITY**



## Bringing Light to Our Neighborhoods

HU and the City of Huntsville have begun to install new LED streetlights. Aside from the technical benefits of increased visibility and reduction in atmospheric glow, Huntsville will also enjoy the environmental and economic benefits of longer-lasting bulbs to reduce waste and reduced energy consumption to improve efficiencies and cost savings.



## RESOURCE MANAGEMENT

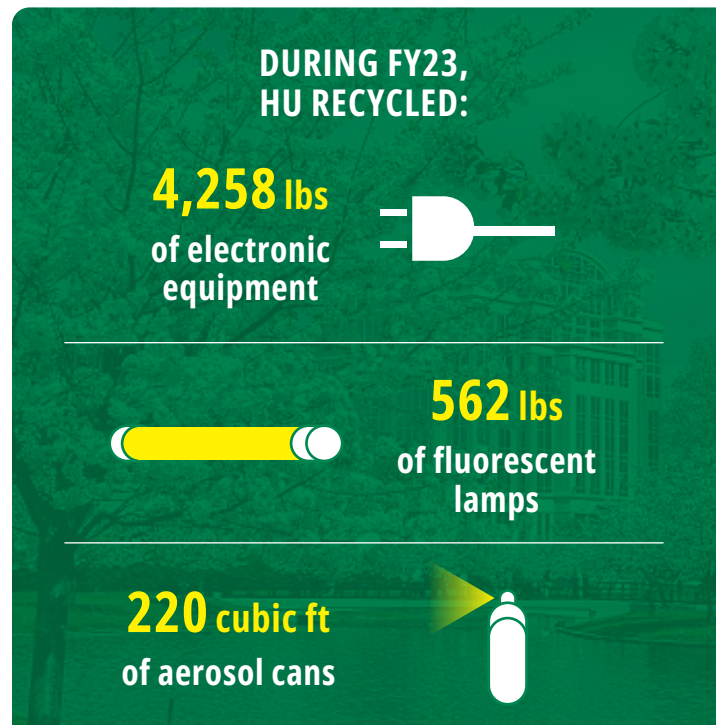
In efforts to contribute to a cleaner environment, HU prioritizes responsible waste management practices, such as reducing waste generation and improving recycling, along with operational practices to optimize the performance and efficiency.



### Supporting a Circular Economy

The infrastructure HU provides has a long life span, but the materials used eventually need to be replaced and upgraded. HU recognizes that efficient waste management is fundamental to a healthy environment. Therefore, instead of discarding these items at a landfill and increasing its waste amount, HU actively seeks opportunities for upcycling and recycling. Over FY22 and FY23, HU has collaborated with customers and upcycled more than 300 wood poles that were removed from service. These wood poles were then used for other purposes, such as fences, furniture, art, and more.

To ensure consistency, HU utilizes a Treated Wood Pole Disposal Standard, explaining handling and site-use precautions. HU embraces innovative practices to enhance its waste management efforts and support a circular economy.





## Delivering Award-Quality Water

HU participates in various programs in its commitment to improve treatment plant performance, ensure public health protection, maintain distribution system water quality, and certify an effective use of resources. Of note, Water Supply participates in the Area-Wide Optimization Program and Alabama Optimization Program. HU is a volunteer participant in the American Water Works Association’s “Partnership for Safe Water” program, a collaborative effort with six drinking-water organizations and more than 300 water utilities. The goal of the partnership is to provide a new measure of public health protection to millions by encouraging utilities to voluntarily improve performance beyond current regulatory requirements. The preventative measures are based around optimizing treatment plant performance and operations. The result is the production and delivery of superior quality water to all utility customers.

Water Supply takes pride in maintaining all facilities to ensure they are in award-winning condition. Each of four water treatment plants received numerous awards in recent years for the AWPCA Best Operated Plant and/or Optimized Plant.



**SOUTHWEST WATER TREATMENT PLANT**



**SOUTH PARKWAY WATER TREATMENT PLANT**



**SOUTHEAST WATER TREATMENT PLANT**



**LINCOLN-DALLAS WATER TREATMENT PLANT**

### AWPCA Best Operated Awards

**Best Operated Surface Water Plant 20.1-30 MGD\***

**Southeast Water Treatment Plant**

**Best Operated Surface Water Plant 40.1-50 MGD\***

**Southwest Water Treatment Plant**

**Best Operated Groundwater Plant > 100,000 Meters**

**Lincoln-Dallas Water Treatment Plant**

**Best Operated Distribution System  
50,001-100,000 Meters**

\*Millions of gallons per day

HU will perform a per- and poly-fluorinated substances (PFAS) evaluation in FY24 to analyze all available PFAS data for each treatment facility as well as the data collected under the 5th unregulated contaminant monitoring rule (UCMR5). The evaluation is also aimed at determining the most optimum approach for HU to comply with the rule.



# SERVING THE COMMUNITY

## SOCIAL RESPONSIBILITY

As a municipal utility, HU does not have shareholders to whom it pays dividends; rather, HU exclusively provides services on behalf of the public and makes decisions based on what is best for the community. Social responsibility is engrained in the organization's ethos through our "**Build Community**" value to provide exceptional value and respect for customers and employees. HU is committed to providing inclusive and secure access to water and energy as absolute necessities to improving health conditions, education, food security, and building infrastructure in the region. To achieve this, HU promotes internal practices and policies to ensure its workers' safety, development, and well-being.

### Highlights

- Awarded support for 667 families in FY23 to help low-income customers pay their utility bills through Project Share Program
- Constructed 1,200 route miles for a fiber-optic network to improve system and customer connectivity
- Completed first two-year term of Workforce Committee on Diversity, Equity, & Inclusion (WCDE&I)
- Hosted inaugural Match Maker Event to promote vendor diversity
- Raised \$90K for school donations in FY22 and FY23 through Sign Up to Round Up Program
- Provided \$385K in funding to worthwhile community organizations as part of the Innovation Dividend Program.
- Weatherized 129 low-income homes in FY22 and FY23 through Home Uplift Program

## SECURING BASIC NEEDS

HU exists to serve customers within its service area and ensure their basic human right to access water and energy. That includes making utility services inclusive and affordable, while additionally ensuring positive engagement among its customers and employees.

### Protecting The Elderly and Respecting The Disabled

Inclusive access includes providing services to those community members who may be disadvantaged, including the elderly, disabled, and handicapped. This is why Project Share—launched to help ensure customers retain services during winter months—has been part of HU since 1988. One hundred percent of funds contributed to Project Share go directly to those in need, whether it be to pay their bills or upgrade their homes to increase energy efficiency. To date, HU has contributed more than \$5M to directly assist more than 30,000 families.



2022		
<b>589</b> Families Assisted	<b>\$216</b> Average Family Support	<b>\$127,336</b> Total Program Funding
2023		
<b>667</b> Families Assisted	<b>\$222</b> Average Family Support	<b>\$147,969</b> Total Program Funding



### Enabling Efficiency and Affordability

HU values optimization of its services and sharing that value with customers. HU's Energy Services Department assists customers in finding energy saving opportunities to cut costs on their utility bills. Additionally, HU's Natural Gas Heating Ventilation and Air Conditioning Incentive program provides rebates to hundreds of customers each year.




To improve awareness of assistance programs and ease by which customers can make informed decisions about improving their utility experience, HU developed the “We Care” webpage and brochure.




By visiting [www.hsvutil.org/we\\_care](http://www.hsvutil.org/we_care), customers can find information on utility bill assistance, financing energy efficiency improvements, and tips for lowering bills.

### Promoting Customer Communication

HU interacts with the community through many channels, including field representatives, call center, mailings, website, and social media. The organization values regular and timely communication.

To increase visibility and engagement with customers, HU has launched YouTube videos and Facebook Live Fridays to share information about current events at the company as well as solicit feedback from customers. HU welcomes two-way and transparent communication with the community. HU's Customer Care Department recently took efforts to improve the user experience on customers' My Account online portal. By making the "Chat Now" feature more visible on the website, the use of the feature increased from an average 325 chats to 723 in the first month following this change. HU is here for its customers and values their feedback.

SOCIAL MEDIA FY22			
	 Facebook	 Instagram	 Twitter
Followers	29,771	2,273	18,513
Likes/Impressions	4,427,379	34,748	1,259,100

SOCIAL MEDIA FY23			
	 Facebook	 Instagram	 Twitter
Followers	30,698	2,546	19,533
Likes/Impressions	3,414,969	193,293	1,009,243

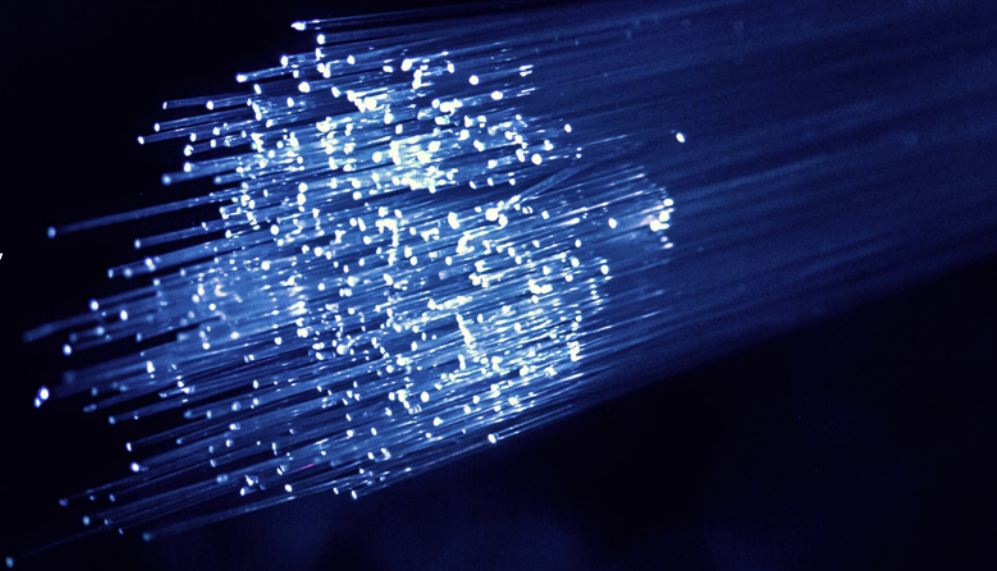


## STRENGTHENING CONNECTIVITY

When the City of Huntsville determined high-speed internet access was a community shortfall, HU seized the opportunity to bolster the municipal system and community connectivity. Through an innovative partnership with the City of Huntsville and Google Fiber Inc., HU constructed 1,200 route miles for a fiber-optic network to address municipal needs, enhance utility services, and provide world-class technology service for Huntsville residents.



Google Fiber



# ECONOMIC AND COMMUNITY DEVELOPMENT

Engagement with and development of industry and community organizations is a critical component of HU’s social responsibility. HU has a vast network of industry groups, business associations, and nonprofits that are supported through membership, financial, and/or staff service commitments at the local, state, regional, and national levels.

## Investing in the Region

HU strengthens the region, as well as its economic position, by actively seeking opportunities to improve the quality of life within the region and thereby retain, expand, and attract new utility customers. An expanding and healthy community allows HU to spread its fixed costs across a greater number of customers and assist with the costs associated with utility services at the benefit of all customers.

As part of the Innovation Dividend program, up to 2% of funds derived from ancillary revenue sources (funds not directly associated with utility billing such as leases, rental fees, contract services, etc.) is used to support local government agencies and nonprofits. A committee and formal policy govern the distribution of funds.

### Innovation Dividend Program

**HU COMMUNITY INITIATIVES INCLUDE:**

- **Community Enrichment** (arts, events, exhibits, parks, and recreation)
- **Disaster Relief** (preparation for or mitigation of disaster situations)
- **Diversity and Inclusion** (strengthening diverse local cultures)
- **Economic Development** (builds and sustains jobs and economic health)
- **Education** (STEM or other educational enhancements)
- **Housing, Health, and Wellness** (critical needs and physical and mental health)
- **Workforce Development** (regional skills development training)

**2023 GRANT RECIPIENT INCLUDE:**

Big Brothers Big Sisters (Growing Potential Program)	\$50,000
Boys & Girls Clubs (Career Pathways Program)	\$50,000
Huntsville City Schools (Career Tech Academy)	\$50,000
Land Trust of North Alabama (Nature Discovery Center)	\$50,000
Singing River Trail (New Hope Section)	\$50,000
Calhoun Community College (Pre-Apprentice Scholarships)	\$50,000
U.S. Space & Rocket Center (Cyber Command Center)	\$25,000
EarlyWorks (Tinkerfest Program)	\$25,000
ELM Foundation (Little Miracles at Work Program)	\$15,000
Triana Historical Society (Triana Veterans Park)	\$10,000
American Heart Association (Employee Volunteer Council)	\$5,000
ASCTE Foundation (Capital Campaign)	\$5,000

In the business and industry trade group area, HU is actively involved with the following:

NATIONAL	REGIONAL / STATE	LOCAL
<ul style="list-style-type: none"> <li>• American Public Power Association</li> <li>• American Public Gas Association</li> <li>• American Water Works Association</li> <li>• Association of Metropolitan Water Agencies</li> <li>• Utility Communicators International</li> <li>• National Energy &amp; Utility Affordability Coalition</li> </ul>	<ul style="list-style-type: none"> <li>• Southeast Energy Efficiency Alliance</li> <li>• Southeast Sustainability Directors Network</li> <li>• Tennessee Valley Public Power Association</li> <li>• AL/MS Section of the AWWA</li> <li>• Business Council of Alabama</li> <li>• Electric Cities of Alabama</li> <li>• Alabama Public Utilities Alliance</li> </ul>	<ul style="list-style-type: none"> <li>• Huntsville Madison County Chamber of Commerce</li> <li>• Madison Chamber of Commerce</li> <li>• South Huntsville Business Association</li> <li>• North Huntsville Business Association</li> <li>• Huntsville Madison County Builders Association</li> <li>• Huntsville Area Association of Realtors</li> <li>• North Alabama African American Chamber of Commerce</li> </ul>

## Educating Local Youth

Since 2003, HU has hosted students from local public, private, and homeschool organizations for a fun day of learning about where their utilities come from, how to use them safely, and how to make their homes more energy efficient. The two-week event happens in October and is called Education Days.

### EDUCATION DAYS CONSIST OF 5 PRIMARY COMPONENTS



#### 1. THE TRAINING YARD

An outdoor training facility where apprentice linemen learn how to work safely on electric circuits. A staged fuse explosion, pole-climbing exhibitions, and pole-top rescue make this an exciting presentation.

#### 2. THE BUCKET TRUCK

Students get an up-close look at a bucket truck, including all the specialized tools line workers use to install and restore electric service. Plus, a teacher or adult chaperone is chosen to climb in the bucket and enjoy the view from 65 feet above!

2.



#### 3. DISPATCH CENTER

When the power goes out, a water main breaks, or natural gas service is disrupted, dispatch is the nerve center that directs crews to where the problem is and helps get service restored.

3.

#### 4. NATURAL GAS

Students learn about this efficient energy form, where it comes from, and how it is used to power the community.

4.



#### 5. THE WATER SYSTEM

Students learn about the history, design, and quality of the community's water system. They learn what HU does to make water clean and safe and what they can do to help protect this valuable resource.

5.



The Water Department provides facility tours to classes, ranging from elementary to college students. HU additionally participates in other local education events such as the Madison County Drinking Water Festival in which HU's Water Supply team teaches students about the drinking water treatment process and everyday events that relate to the water cycle.



HU is proud to support the local educational needs of school children through its partnership with The Schools Foundation and the "Sign Up to Round Up" customer donation program. HU raises money through several unique internal and public fundraisers.

**FUNDS RAISED**  
**2022: ~\$45K**  
**2023: ~\$46K**

## SERVICE AND VOLUNTEERISM

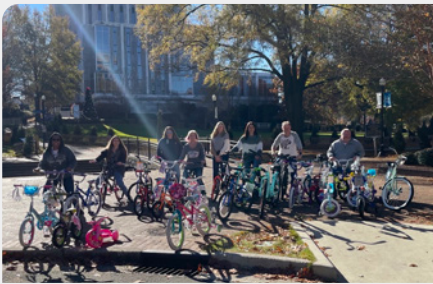
Community service is an integral part of HU's culture. HU engages with a long list of local nonprofits through volunteerism and financial support to enhance its impact within the community it serves.

### Broadening HU's Impact

HU's role in the region extends beyond core utility services. Through numerous channels, HU encourages and enables employees to contribute positive community citizenship. An example includes the Employee Volunteer Policy that affords employees paid time off to volunteer up to eight hours each year. Volunteer hours are set aside to allow each employee to give back and strengthen the community they work with and for each and every day.

HU organizes a Volunteer Council of employees to oversee community services to ensure the organization is fostering positive community relations and maximizing impact. Local nonprofits and employees submit charity requests to the Volunteer Council who determine where donated funds from employees' payroll donations are allocated within HU's service area. The Council further organizes and conducts community projects and giving campaigns with a range of local nonprofits.

### Some of HU's Efforts in the Community



Delivered 48 bikes donated by employees to the WZYP Bikes or Bust Drive



Donated \$500 to the Liz Hurley Ribbon Run, with numerous employees participating and volunteering at the run



Hosted a sock and underwear drive for the Catholic Center of Concern



Donated \$1,000 to Christian Job Corps of Madison County to support job training and life skills



Donated \$1,000 to Swim for Melissa to purchase lifesaving medical equipment for the Intensive Care Unit at Huntsville Hospital for Women & Children



Delivered a "No Tricks, All Treats" snack drive for patients receiving treatment at Clearview Cancer Institute



## Impact Day at Lynn Fanning Elementary School



On April 22, 2023, HU hosted the inaugural Impact Day at Lynn Fanning Elementary School. Several HU employees and their family members volunteered at the school with landscaping activities such as planting, weeding, and mulching. HU plans on holding future Impact Days every spring.



**United Way  
of Madison County**

Each year, HU conducts a United Way fundraising campaign to solicit employee donations in support of health and human service needs in our community.

**EMPLOYEE DONATIONS**  
**2022: \$10,503**  
**2023: \$11,185**

## Recognized by Local Heroes

A highlight of recognition from the community came from local Girl Scout Troop #21215, who selected HU linemen as their hometown hero of the year. The troop distributed 175 boxes of Girl Scout cookies to the linemen at HU's Chase facility, making them heroes!



## SOME OF THE NONPROFITS HU SUPPORTS

- YMCA
- Boys & Girls Clubs
- Big Brothers/Big Sisters
- Huntsville Hospital Foundation
- Aum Foundation
- First Stop
- The Schools Foundation
- The Salvation Army
- Manna House
- Food Bank of North Alabama
- Alabama Kidney Foundation
- Fantasy Playhouse
- Downtown Rescue Mission
- Better Business Bureau
- Huntsville Botanical Garden
- Burritt on the Mountain
- Community Foundation of Greater Huntsville
- Expect Little Miracles Foundation
- American Heart Association
- ASCTE Foundation
- ENABLE Madison County
- Rosetta James Foundation
- Harris Home for Children

## EMPLOYEE AND SUPPLIER RESPONSIBILITY

The number-one priority at HU is the safety and well-being of its employees and customers. As a utility engaged in a vital public service, HU has an obligation to provide this service efficiently, effectively, and with proper regard for the safety of the community.

### Putting Safety and Health First

As stated in its Safety Directive Policy, HU's Occupational Safety and Health Program is an integral part of effective operations and management. HU requires employees to attend mandatory safety meetings. The organization employs department-specific safety teams and offers an occupational safety and health program that emphasizes employee well-being. Consistent with that responsibility, managers and supervisors have the authority (and are held accountable) for taking actions necessary to recognize and control hazards and prevent accidents and injuries in the workplace or on a job site.

As a condition of employment, every HU employee must comply with all applicable policies, procedures, safety, and health requirements associated with their job. HU performed favorably relative to both industry standards and internal goals for its rate of injury and vehicle incidents.

### Nurturing HU's Workforce

HU supports its workforce by providing a comprehensive benefits package to all full-time employees; the package includes a pension plan provided through the State of Alabama; medical, dental, and vision plans on a tiered-cost platform; employee assistance program; insurance programs, etc. Favorable employee benefits and policies enable HU to strengthen its core competencies of fully engaged workforce members who are motivated to strengthen trust in the organization and deliver on its mission.

HU supports wellness programs to encourage employees to become proactive in improving their overall health. Eighty-two percent of employees completed biometric testing in 2023 to learn more about their health and receive a discount on insurance premiums. Components of the wellness program include exceptional health insurance packages, monthly reimbursement toward wellness-related expenses, no-cost wellness screenings, free employee clinic, 24/7 access to an employee assistance program, and other benefits.

To ensure employees are earning livable wages, HU is happy to provide employees with a cost-of-living adjustment that is evaluated annually.



HU and the Tennessee Valley Authority are partnering to create a \$100,000 scholarship at Calhoun Community College to train utility lineworkers. Both companies are committing \$50,000 each to the scholarship. The scholarship will be used by students enrolled in Calhoun's pre-apprentice lineworker program.



HU winning teams at the Tennessee Valley Public Power Association Lineman Rodeo.



## Empowering HU's Workforce

Human Resources, department leaders, and employees unite to create a continuous professional learning and development culture to increase job satisfaction and support workforce development. HU's Employee Development & Training Policy outlines a program to employ and advance the knowledge, skills, and abilities of employees, thereby enhancing the level of service to external customers.

HU hosts mandatory trainings, an apprenticeship program, and an educational assistance program that provides employees with financial assistance for the completion of classes under an approved career-related degree program through a regionally accredited college, university, or other institution. HU also encourages several employees each year to attend the Leadership Greater Huntsville training program. This program identifies, educates, connects, and inspires leaders on various ways to serve the community. HU has developed its own leadership program—Huntsville Utilities Leadership Academy (HULA)—for up-and-coming leaders as well as an official policy that encourages job shadowing amongst co-workers.

## Setting the Standard

HU holds itself accountable to leading industry benchmarks and ensuring employee adoption through robust policies, standards, and procedures (PSPs). PSPs create consistency in expectations and performance from HU employees and include policies on safety, ethics, and conduct among many others. HU is proud that its PSPs are highly regarded by its peers and have been shared with and adopted by numerous utilities to enhance their practices.

HU's policies extend to interactions throughout its supply chain. The Purchasing Policy establishes that all bidding and procurement of labor, services, work, materials, equipment, supplies, and construction comply with applicable laws. These include but are not limited to following the competitive bid requirements of Title 41 of the Code of Alabama and contracting goods and services in accordance with Title 39 of the Code of Alabama as well as providing an overview of the expected purchasing process for employees. The Policy outlines how vendor relationships will be upheld with fairness, integrity, service, and progressiveness, showcasing the value HU places on its suppliers.

## DIVERSITY, EQUITY, AND INCLUSION

Promoting a workplace that is diverse and inclusive and developing a workforce that represents and supports the local community is foundational at HU.



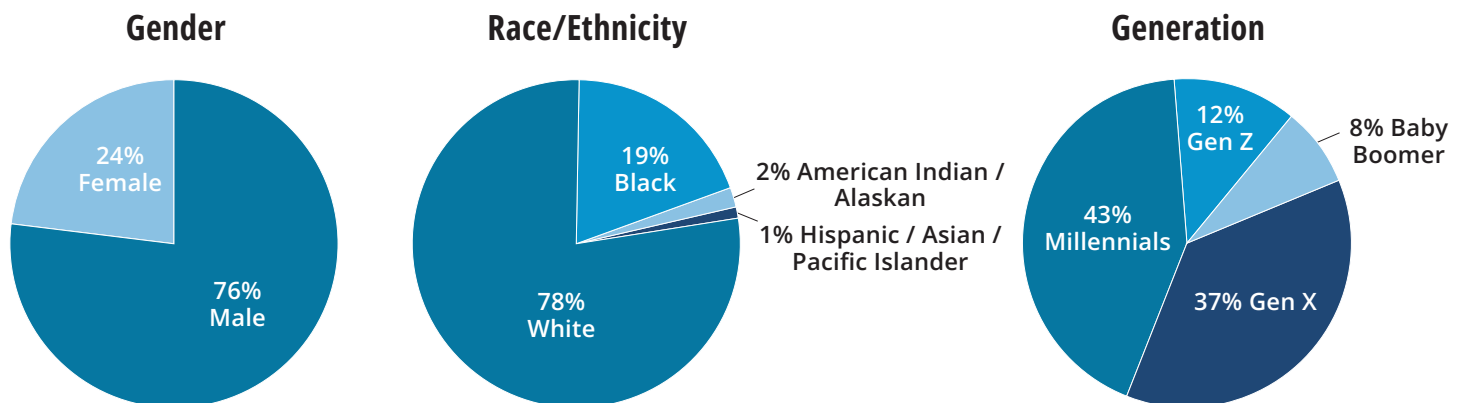
### Welcoming Everyone at HU

HU believes in enhancing the organization's collective strength through the experience afforded by different backgrounds and perspectives. HU strives to reassure the potential of all employees and encourages expression of a variety of perspectives to enable an inclusive and innovative place to work. A diverse workforce enhances HU's ability to serve the entire community. HU is committed to creating and sustaining an inclusive workforce with representation that continues to strengthen the organization.

HU's Diversity and Inclusion Policy reinforces a commitment to these values and describes HU's practices associated with service delivery, recruitment, employee education, disciplinary action, and equality of opportunity. HU provides equal employment opportunity and fair treatment to all employees throughout their career and candidates for employment in all phases of the hiring process. Discriminatory behavior is strictly prohibited in the workplace.

**100% of HU employees have been trained in diversity and inclusion in an effort to expand and nurture a culture that not only “acknowledges diversity” but will continuously “embrace diversity.”**

### Demographic breakdown of full-time employees at the end of FY23.



**Enabling Inclusion**

FY22 marked the completion of the tenure for the first team serving on HU's WCDE&I. The WCDE&I is an employee-based, volunteer group of 15-20 employees from across the organization who serve a two-year term, focusing on diversity, equity, and inclusion issues. Major projects developed by the group included the inaugural Match Maker Event, which identified potential new diverse vendors, along with the implementation of an employee empowerment group, HU Stronger Together (HUST).

**Creating Opportunities for Diverse Vendors and Suppliers**

As the City of Huntsville continues to grow, vendor diversity continues as a dynamic and essential component of HU operations. HU treats vendor diversity as not just a form of procurement, but as a holistic embrace of collaboration that promises to foster innovation, promote economic empowerment, and drive social change. Minority-owned and certified small businesses are encouraged to complete a vendor registration form to be added to HU's supplier bid list and receive future invitations for bid.



WCDE&I Committee



HUST Committee



HU hosted a Match Maker Event and was joined by Huntsville Hospital, the Federal Bureau of Investigation, and other local companies. Information was provided to small-, minority-, women-, and veteran-owned businesses on how to become a vendor.



# BUILT FOR YOU

## ACCOUNTABLE STEWARDSHIP

Foundational to a municipal utility's core principles lies a commitment to governance that ensures it serves the people within its area in a responsible, respectful, and accountable manner. Unlike investor-owned utilities, HU proudly refrains from paying dividends to shareholders, ensuring that the organization's primary focus remains on the welfare of the communities served. Delivering on its **third value, "Get Better Every Day,"** HU continually prioritizes providing reliable and affordable utility services to its customers 24/7/365.

### Highlights

- Continued to conduct monthly Board meetings open to the public
- Shared HU's leading practices and policies with industry peers and associations
- Updated and enhanced the organization's Ethics Policy in 2023
- Published an Annual Report, including performance and financials
- Completed FY22 external audit with no deficiencies
- Awarded the Distinguished Budget Presentation Award and Certificate for Budget Preparation by the Government Finance Officers Association of the United States and Canada (GFOA)

# COMPANY GOVERNANCE

Utility Boards govern and provide judicious oversight to HU management, offering direction and defining standards that ensure the organization effectively serves its customers and prudently sustains the community's utility infrastructure.

## Structuring HU Services

HU is organized under Alabama statutes as a City of Huntsville utility operation. Utility Boards are appointed by the City Council of the City of Huntsville and have control over the electric, gas, and water operations. Electric operations are regulated by the Tennessee Valley Authority. Natural gas operations and safety are regulated by the Alabama Public Service Commission. Water quality is regulated by the Alabama Department of Environmental Management.

Each utility Board ensures dependability and transparency, meeting once a month with meetings that are open to the public. The Boards are responsible for oversight and governance of the utilities and making recommendations to the City Council for major capital outlays, rate revisions, and debt issuance. Each utility Board consists of three members who serve three-year terms.

The Boards hire a CEO/President to manage and operate all utilities. All utility systems are operated administratively under the joint management and control of a CEO/President and executive staff. Budgets and financial statements are prepared and presented to each Board. HU uses an October 1 through September 30 fiscal year for budgeting and financial reporting purposes.



# CODE OF ETHICS AND CONDUCT

The standards HU upholds are instilled throughout the organization's value chain.

### EMPLOYEES



Employee policies are reviewed during new employee orientation and certified for understanding

### BOARD MEMBERS



HU Board members are compliant with Alabama Ethics Law established by the Alabama Ethics Committee

### VENDORS



Vendors sign a code of conduct form, including conflict of interest statements, to demonstrate they are doing business with HU in an ethical fashion

### CUSTOMERS



Customers must follow all City of Huntsville ordinances, HU policies, and any applicable regulation to maintain service

## Upholding HU's Principles

The HU Executive Leadership Team (ELT) promotes an environment committed to legal and ethical behavior reinforced through personal accountability, clear expectations, and availability of resources. Each year, the ELT reviews and upholds policies regarding behavior, privacy, and conduct and reinforces the intention and transparency of those standards with an open-door policy throughout all levels of management.

To ensure ethical standards, HU has established an Ethics Committee that works in concert with the General Counsel to review ethics issues and recommendations. Reported ethical incidents are sent to the Ethics Committee for review. If an employee prefers to remain anonymous, HU provides an anonymous, third-party-managed, 24-hour "hotline" service to address unethical behavior. HU also provides guidelines in the event the Ethics Committee, CEO/President, and/or Board of Directors are involved with an ethics charge, concern, conflict of interest, or perceived conflict of interest.

# SAFETY, SECURITY, AND PROTECTION

HU recognizes it must conserve, protect, and manage all its resources, most notably, its people. Safety, security, and protection are HU's highest priorities.



## Safeguarding HU's People

Personal accountability to safety and active involvement by all HU employees is engrained in the organization's culture and practices, as well as HU policy and industry safety manuals. HU maintains a rigorous occupational safety and health program that considers and emphasizes employee well-being. Additionally, by employing policies such as its' Safety Directive, Building Security, and more, HU ensures a vigilant and protected work environment, including guidelines on video surveillance, entering/exiting facilities, and general security.

Experience shows that a strong safety and health culture increases productivity, improves quality of work, and raises morale. Protecting employees' collective well-being is an essential part of the job because it makes a better organization and strengthens HU's ability to serve customers and the community in the best way possible.

## Guarding HU's Systems

In an era of rising security concerns, HU is prepared to protect its physical and digital systems, respond to threats, and prevent disruption of utility services by providing the required controls for incident handling, reporting, and monitoring.

HU employs rigorous and ongoing evaluation of the effectiveness and efficiency with which resources are employed and assets are protected. HU ensures strict accountability for confidentiality and safeguarding of all its physical or electronic records, physical properties, and personnel.

HU's Chief Information Officer is responsible for the organization's cybersecurity capabilities and Cyber Incident Response Team, which includes providing proper training on technology resources for data users as well as outlining disciplinary action for employees and third parties who violate HU cybersecurity policies.

## Shielding Customer Data

HU recognizes the need for appropriate protection and management of personally identifiable information shared with the organization by customers. HU's Customer Data Privacy Policy exists to help protect customers while notifying them what information is collected and how it is used and disclosed. HU does not sell customer data to third parties and employs industry-standard safeguards and protection practices to secure the integrity of its systems.

Complementing the Privacy Policy is an Identify Theft Prevention Policy that describes how HU remains compliant with the Fair and Accurate Credit Transactions Act of 2003 (FACT Act). A Privacy Committee has been established to conduct risk assessments, training, response practices, and other necessary procedures to protect HU's customers and employees.



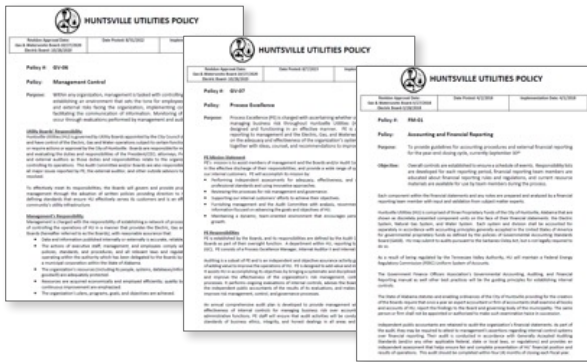


# RISK OVERSIGHT

Ongoing evaluations performed by management and audit activities improve HU's monitoring and controls.

## Mitigating Exposure

Established by a Management Control Policy, it is the responsibility of HU leaders to assess internal and external risks facing the organization, implement control activities, and facilitate the communication of information. Management is tasked with risk assessment and establishment of policies, plans, operating standards, procedures, systems, and other means to be used to minimize, mitigate, and/or limit the risks associated with the exposures identified.



Furthermore, HU policies establish the Process Excellence (PE) team and protocol, which is charged with ascertaining whether ongoing processes for managing business risk throughout HU are adequately designed and functioning in an effective manner. The PE team oversees record retention, policies, standards, and procedures. Additionally, they administer an annual comprehensive audit plan to provide management with evaluations of the effectiveness of internal controls for managing business risk over accounting, operational, and administrative functions. PE staff ensure that audit activities are conducted with the highest standards of business ethics, integrity, and honest dealings in all areas and functions within the organization and with all outside parties.

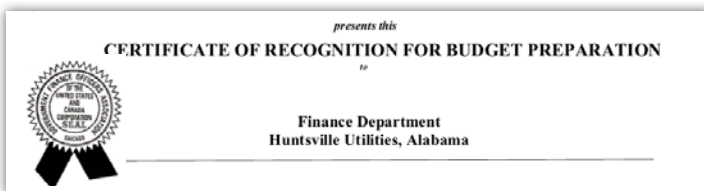
Annually, an expert accountant or firm of accountants examines all books and accounts of HU. The FY2022 external audit report resulted in no deficiencies.

# FISCAL ACCOUNTABILITY

HU produces a monthly set of financial statements for each utility service which are available to the public through Annual Reports.

## Ensuring Transparency

HU's Accounting and Financial Reporting Policy establishes overall controls to ensure a schedule of events. Responsibility lists are developed for each reporting period, financial reporting team members are educated about financial reporting rules and regulations, and current resource materials are available for use by team members during the process.



The Government Finance Officers Association of the United States and Canada (GFOA) presented the Distinguished Budget Presentation Award and Certificate for Budget Preparation to HU for fiscal year 2021.

Financial statements are prepared in accordance with accounting principles generally accepted in the United States of America for governmental proprietary funds as defined by the policies of Governmental Accounting Standards Board. Due to being regulated by TVA, HU maintains a Federal Energy Regulatory Commission Uniform System of Accounts. 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 require Board approval. Commingling of funds is not allowed for the electric, water, and gas utility services.



# SUSTAINABILITY REPORTING

## HU'S ONGOING COMMITMENT

HU is dedicated to community responsibility and enterprise sustainability. HU is focused on its environment, people, and practices to ensure the organization is effectively serving the community and protecting its interests for future generations.

HU's ambition to enrich this commitment strengthens with this report and additional transparency. HU continues to monitor and enhance its operations and policies to meet the advancing needs and expectations of customers and stakeholders. The organization takes pride as a top-performing municipal utility and embraces the journey to evolve and continue to best serve the community.

## METHODOLOGY

HU's first Community Responsibility Report was developed with input from its stakeholders and leading sustainability practices.

### Material Topics

HU partook in discussions with employees, customers, and community partners to identify material topics and priority content for inclusion in its Community Responsibility Report. Furthermore, HU utilized globally recognized sustainability standards and frameworks as guidance in preparing this report. Sustainability Accounting Standards Board, Global Reporting Initiative, Task Force on Climate Related Financial Disclosure, Carbon Disclosure Project, and United Nations Sustainable Development Goals were all referenced. Of note, Sustainability Accounting Standards Board and its industry-specific disclosure topics on electric utilities & power generators, water utilities & power services, and gas utilities & distributors were incorporated.

Electric Utilities & Power Generators	Water Utilities & Power Services	Gas Utilities & Distributors
<ul style="list-style-type: none"> <li>• Greenhouse gas emissions and energy resource planning</li> <li>• Air quality</li> <li>• Water and wastewater management</li> <li>• Waste and hazardous materials management</li> <li>• Access and affordability</li> <li>• Employee health and safety</li> <li>• Business model resilience</li> <li>• Critical incident risk management</li> <li>• System risk management</li> </ul>	<ul style="list-style-type: none"> <li>• Energy management</li> <li>• Water and wastewater management</li> <li>• Access and affordability</li> <li>• Product quality and safety</li> <li>• Business model resilience</li> <li>• Materials sourcing and efficiency</li> <li>• Physical impacts of climate change</li> </ul>	<ul style="list-style-type: none"> <li>• Access and affordability</li> <li>• Business model resilience</li> <li>• Critical incident risk management</li> </ul>

### Greenhouse Gas Reporting

GHG emissions data utilized for calculations was obtained from HU and publicly available sources. Data provided by HU was acquired through collaboration with key individuals and subject matter experts who served as primary data sources and offered insights into the operational activities associated with the emissions and methodologies employed for data collection. Important data sets were obtained from various sources, including HU's electric and gas meters, fuel purchase records, a fleet monitoring system, as well as tracking and reporting of fugitive emissions.

# HUNTSVILLE UTILITIES

ELECTRICITY • NATURAL GAS • WATER

