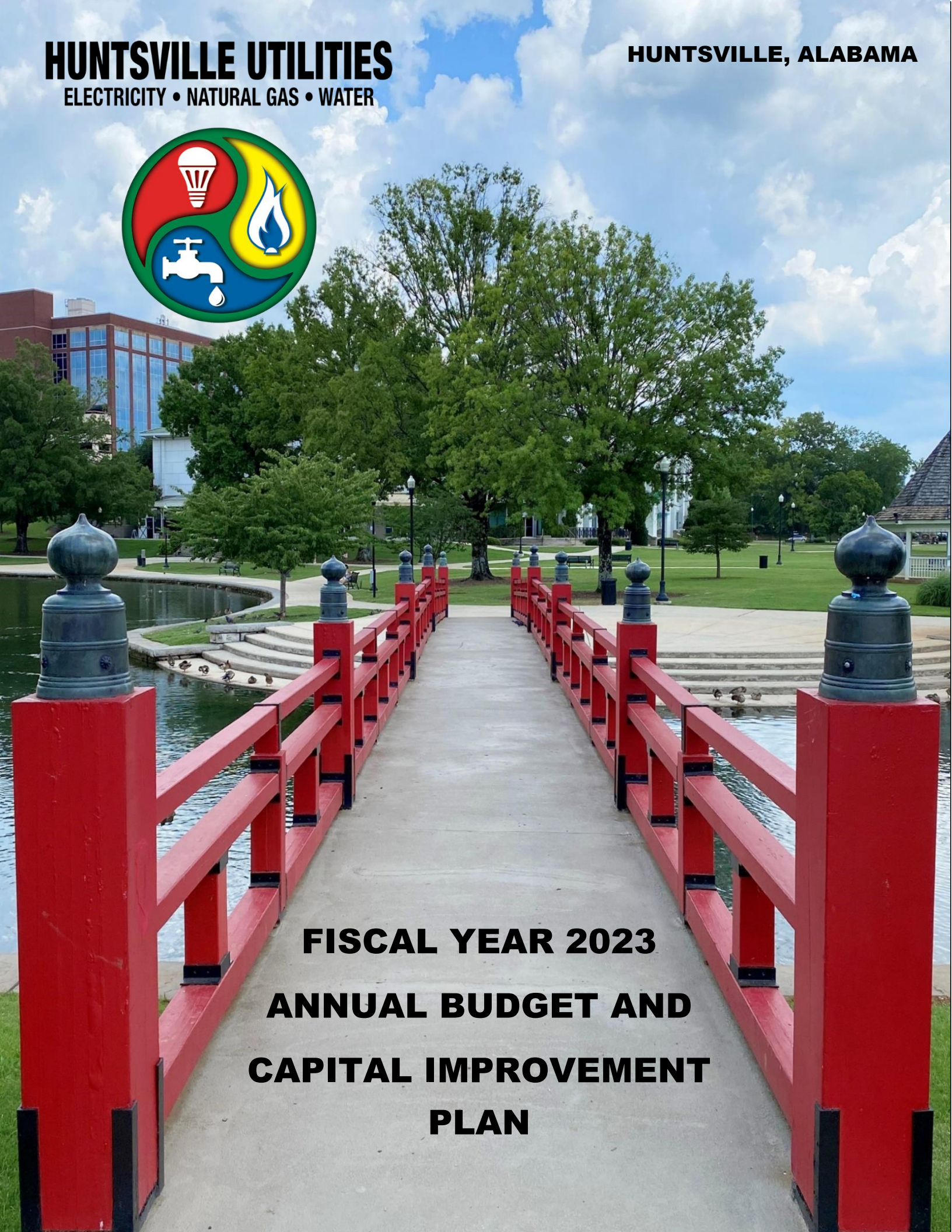


HUNTSVILLE UTILITIES

ELECTRICITY • NATURAL GAS • WATER

HUNTSVILLE, ALABAMA



**FISCAL YEAR 2023
ANNUAL BUDGET AND
CAPITAL IMPROVEMENT
PLAN**

On the cover:

Big Spring International Park, located in downtown Huntsville, is built around Big Spring, which is the site that John Hunt would select as the foundation of the community that has grown into the city we know today. The picture is taken at one of the entrances to the Japanese Friendship Bridge. The Park is also home to a bench from the United Kingdom and a sundial from Germany and sits adjacent to the Huntsville Museum of Art.

This document is a result of the combined efforts of the employees of Huntsville Utilities and is prepared each year by the Budget & Rates staff.

Budget and Rates Staff:

Ron Rizzardi, Director

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

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**Huntsville Utilities
Alabama**

For the Fiscal Year Beginning

October 01, 2020

Christopher P. Morill

Executive Director



**The Government Finance Officers Association
of the United States and Canada**

presents this

CERTIFICATE OF RECOGNITION FOR BUDGET PREPARATION

to

**Finance Department
Huntsville Utilities, Alabama**



The Certificate of Recognition for Budget Preparation is presented by the Government Finance Officers Association to those individuals who have been instrumental in their government unit achieving a Distinguished Budget Presentation Award. The Distinguished Budget Presentation Award, which is the highest award in governmental budgeting, is presented to those government units whose budgets are judged to adhere to program standards.

Executive Director

Christopher P. Morill

Date: **March 22, 2021**

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 2022 beginning October 1, 2021. 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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Melissa Marty
Chief Financial Officer



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Senior VP of Customer Care

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Huntsville Utilities

Huntsville Utilities provides water, natural gas, and electricity to more than 205,000 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 1,498 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 2017 through 2021 was \$44,204,172.

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 1,497 miles of gas distribution mains. There are two smaller gate stations that feed polyethylene networks. The total system delivers about 6.1 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 2017 through 2021 was \$45,749,737.

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 2,921 miles of overhead primary distribution line, approximately 1,538 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

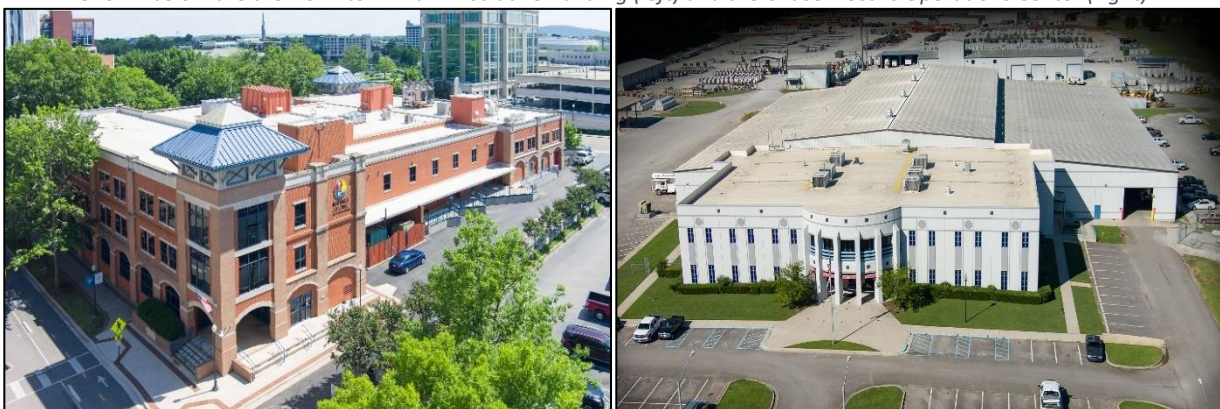
transformer capacity designed to accommodate a maximum system load of 1,451 megawatts, which occurred in January 2018. Average electric sales revenue for the five-year period of 2017 through 2021 was \$483,666,749.

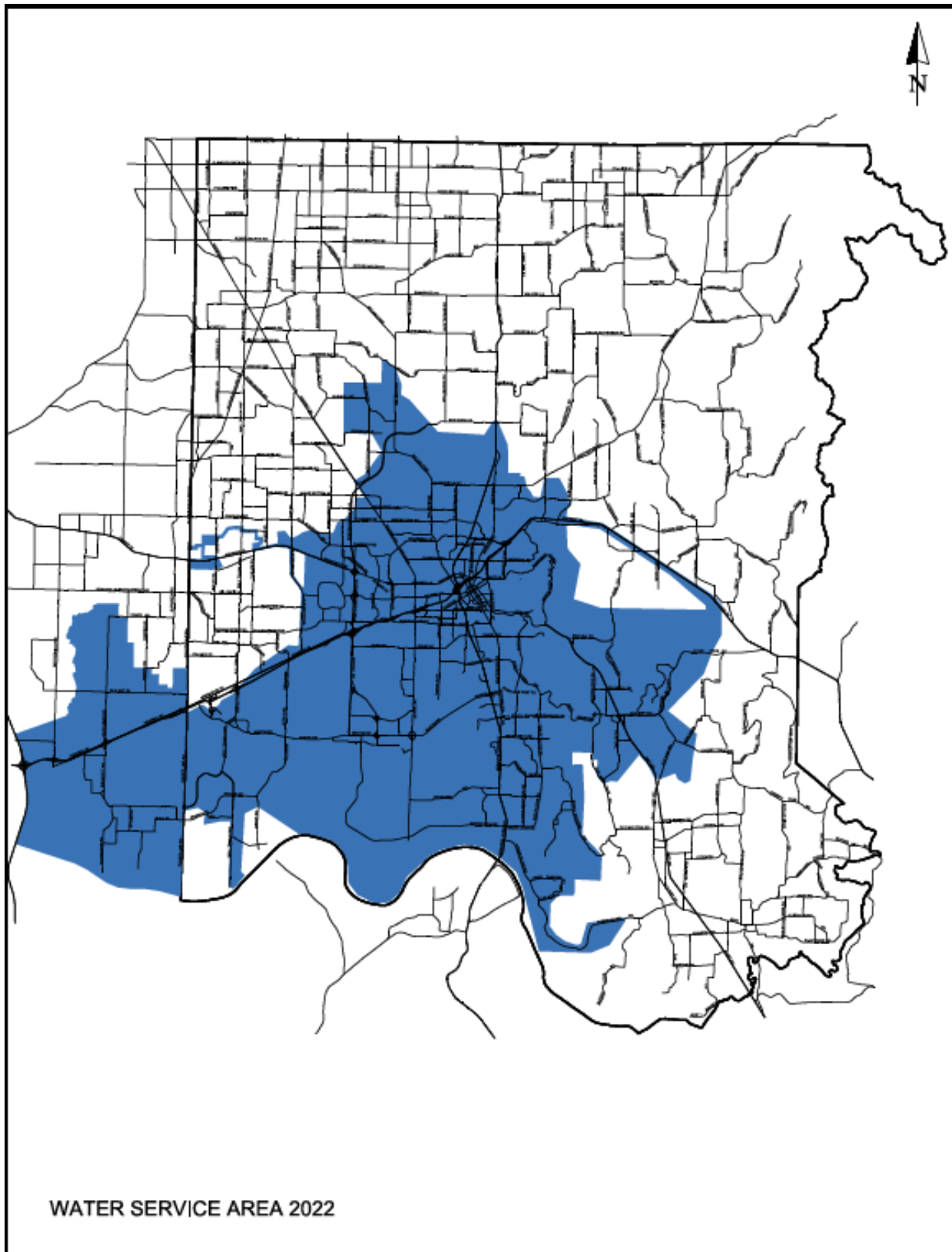
In 2016, Huntsville Utilities began construction on a major expansion of its existing fiber optic cable network. With that construction now essentially complete, there are over 6,063 miles of fiber installed. Excess fiber not needed for utility purposes can be leased to other entities. Lease revenue is expected to be around \$13.2 million annually. The fiber network is considered an electric asset and operating results are included on the electric financial statements.

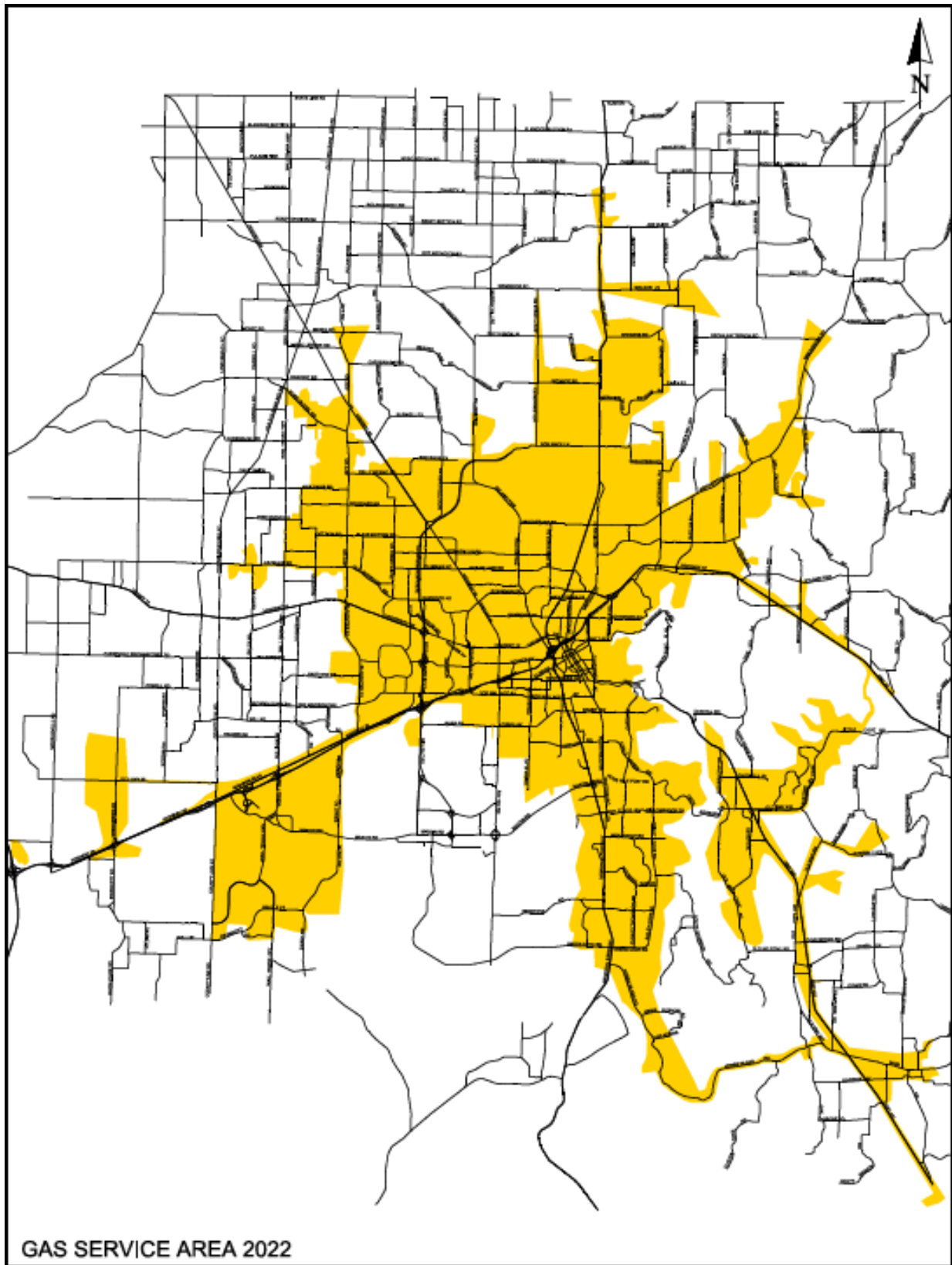
All utility systems are operated administratively under the joint management and control of a CEO/President and executive staff. In addition, certain employees throughout the organization perform administrative or support functions for all utility services to provide greater economy of operation. Customers 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).

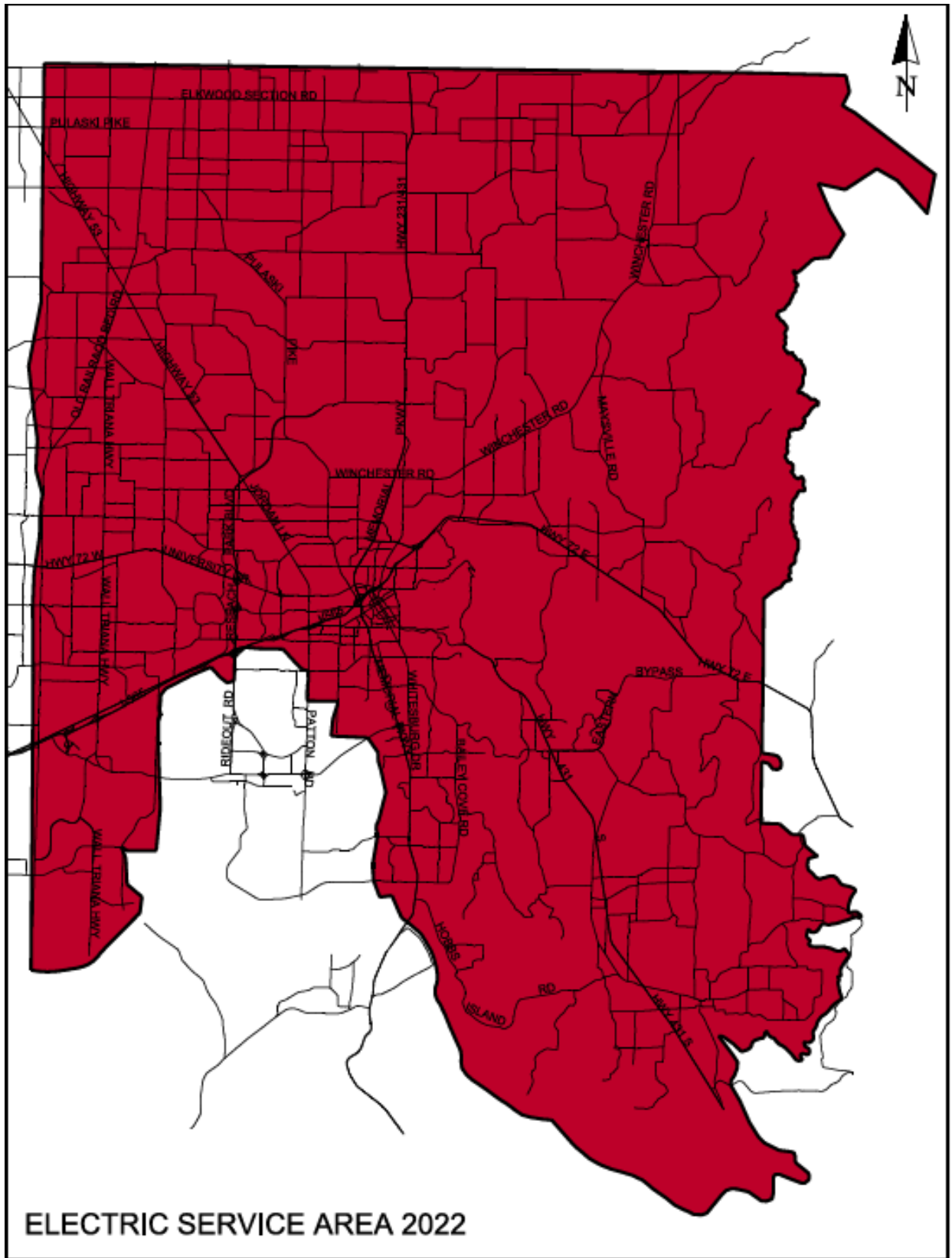
Huntsville Utilities produces monthly a set of financial statements for each utility service. The city reports Huntsville Utilities' information as a discretely presented component unit of its own financial statements. All debt issuance for Huntsville Utilities and the power contract with TVA are in 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.

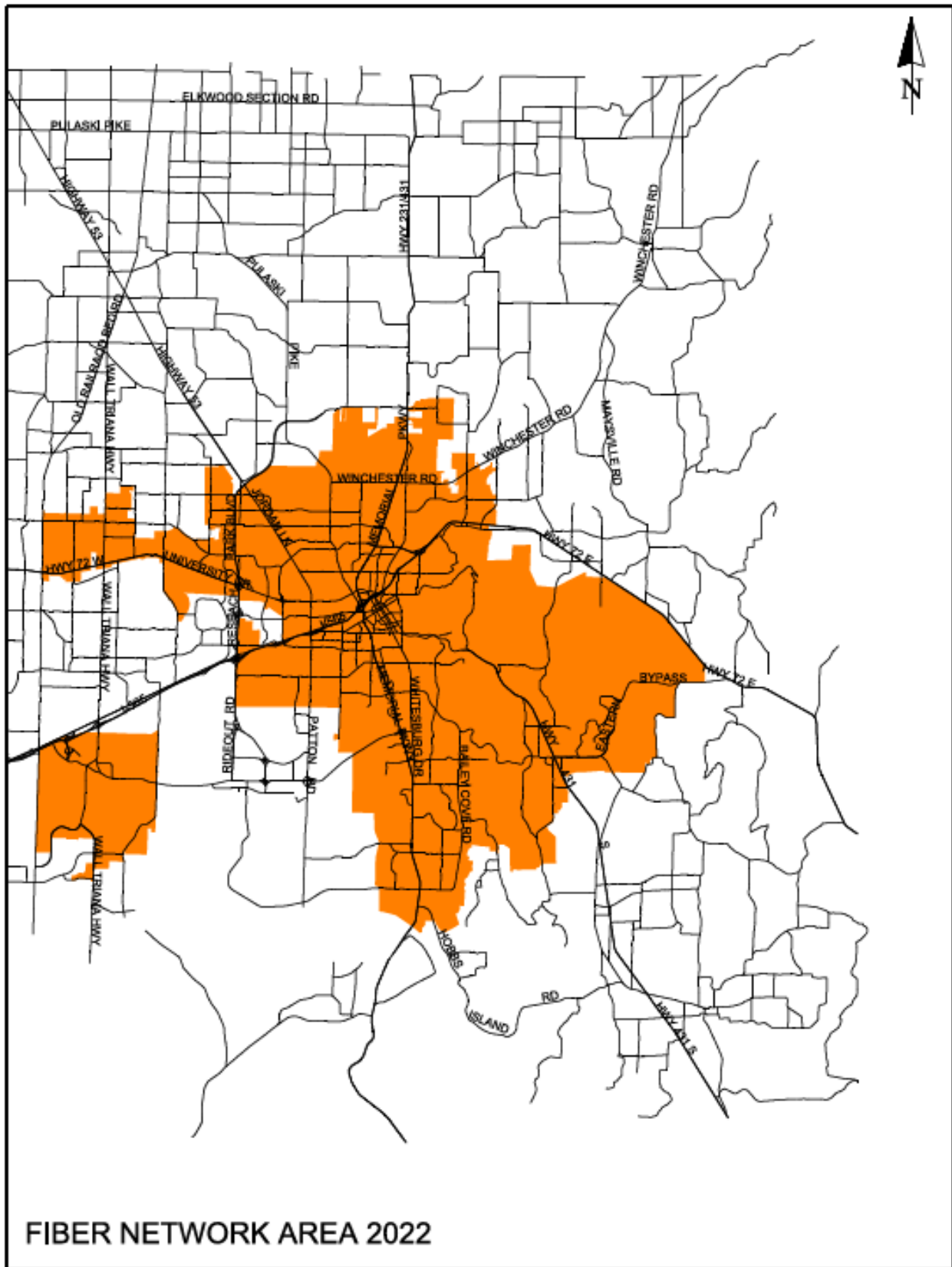
Shown below are the Downtown Administrative Building (left) and the Chase Electric Operations Center (right).











Top 10 Utility Customers by Volume and Revenue – Water

2021

Top 10 by Revenue		Top 10 by Consumption	
UNITED STATES ARMY	\$ 1,495,954.37	UNITED STATES ARMY	887,026,700 GAL
MADISON CO COMM S2WD	\$ 1,352,262.96	MADISON CO COMM S2WD	789,748,300 GAL
HUNTSVILLE CITY GSD	\$ 682,413.38	HUNTSVILLE HOSPITAL	191,589,800 GAL
HUNTSVILLE HOSPITAL	\$ 488,627.74	ALABAMA A&M UNIV	173,324,800 GAL
HUNTSVILLE SCHOOLS	\$ 392,223.81	HUNTSVILLE CITY GSD	168,355,061 GAL
HOUSING AUTHORITY	\$ 382,787.16	NEW HOPE TOWN OF	153,316,000 GAL
ALABAMA A&M UNIV	\$ 358,282.72	COVANTA HUNTSVILLE INC	131,248,100 GAL
NEW HOPE TOWN OF	\$ 313,409.20	TOWN OF TRIANA	122,763,000 GAL
TOWN OF TRIANA	\$ 247,240.00	HOUSING AUTHORITY	102,786,800 GAL
COVANTA HUNTSVILLE INC	\$ 227,455.42	OAKWOOD UNIVERSITY	96,801,600 GAL

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

Top 10 Utility Customers by Volume and Revenue – Gas

2021

Top 10 by Revenue		Top 10 by Consumption	
MAZDA TOYOTA MANUFACTURING	\$2,023,256	UNITED STATES ARMY	469,460,700 CUF
POLARIS INDUSTRIES INC	\$1,168,568	BASF CATALYSTS LLC	344,511,000 CUF
HUNTSVILLE SCHOOLS	\$967,424	HUNTSVILLE HOSPITAL	299,816,000 CUF
UNITED STATES ARMY	\$728,089	MAZDA TOYOTA MANUFACTURING	248,137,400 CUF
HUNTSVILLE CITY GSD	\$696,302	KOHLER CO	220,754,800 CUF
HUNTSVILLE HOSPITAL	\$682,393	POLARIS INDUSTRIES INC	171,718,300 CUF
BOCAR US INC	\$547,601	UNITED STATES ARMY	162,770,000 CUF
BASF CATALYSTS LLC	\$497,761	NORRIS CYLINDER COMPANY INC	110,721,300 CUF
REED CONTRACTING SERVICES INC	\$473,337	HUNTSVILLE SCHOOLS	103,126,200 CUF
ALABAMA A&M UNIV	\$447,353	REED CONTRACTING SERVICES INC	80,704,717 CUF

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

Top 10 Utility Customers by Volume and Revenue – Electric

2021

Top 10 by Revenue		Top 10 by Consumption	
HUNTSVILLE HOSPITAL	\$8,888,331	HUNTSVILLE HOSPITAL	102,369,238 KWH
HUNTSVILLE SCHOOLS	\$5,675,757	TMMAL	57,888,849 KWH
HUNTSVILLE UTILITIES	\$4,224,655	HUNTSVILLE SCHOOLS	56,429,808 KWH
WAL MART STORES EAST	\$3,621,422	SAINT GOBAIN CERAMIC	52,743,734 KWH
TMMAL	\$3,584,731	HUNTSVILLE UTILITIES	43,712,262 KWH
SAINT GOBAIN CERAMIC	\$3,505,267	WAL MART STORES EAST	40,358,649 KWH
HUNTSVILLE CITY ENG	\$3,257,519	KENNAMETAL INC	39,729,541 KWH
MAD CO BD OF ED	\$3,215,387	BASF CATALYSTS LLC	39,659,395 KWH
HUNTSVILLE CITY GSD	\$3,109,261	BOEING COMPANY	35,158,380 KWH
KENNAMETAL INC	\$3,103,350	ALABAMA A&M UNIV	32,938,311 KWH

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



HUNTSVILLE UTILITIES
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Strategic Plan

In 2019, Huntsville Utilities management and the Boards put in place a strategic plan. 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.

Over the last two years, minor revisions to the strategic objectives and KPIs were introduced. 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.

In June 2022, HU leadership updated the organization's strategic plan. A new mission statement was crafted, and four key objective categories were identified. Within each category are several goals that cross-departmental teams will advance. The HU workforce is well versed in the organization's mission, vision, and values. All are core to the organization, but the foundational values of Do What's Right, Build Community, and Get Better Every Day are embedded in the organization's fabric and represent HU at its best.

Along with the updated strategic plan, expanded departmental metrics are being developed to ensure the organization is tracking meaningful measures on the quality of work performed.

2022 Strategic Plan

Mission

Provide crucial infrastructure to our growing community and consistently demonstrate stability, dependability, and fairness — HU harnesses experience and embraces innovation to deliver essential services to meet evolving needs, advance economic development, and enrich quality of life.

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 Every Day — Huntsville Utilities' 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.

Key Objectives

Community Growth

Empower targeted community growth by upgrading infrastructure and capabilities while maintaining affordability

Workforce Culture

Elevate HU culture by embracing efficiency, accountability, inclusivity, fairness, and grit

Technology Transformation

Build secure digital tools and resources to optimize processes and the customer experience

Industry Disruption

Navigate emerging regulatory expectations and exploit industry technological advancements leveraging new revenue opportunities

Community Growth

Empower targeted community growth by upgrading infrastructure and capabilities while maintaining affordability

Scale staffing and resources to support 20% community expansion over the next five years

Develop annual construction and funding plans to support growth and maintain average utility costs below 5% of median household income

Promote Huntsville as an “it” city through investment in local partnerships and collaboration with community leaders to meet economic development opportunities

Confirm with wholesale energy providers to ensure adequate capacity to meet five-year forecasts

Workforce Culture

Elevate HU culture to embrace efficiency, accountability, inclusivity, fairness, and grit

Develop first-line supervisors and mid-management leaders through training programs and empower department-level decision making

Inspire accountability and measurable workforce performance by improving departmental collaboration and communication, reducing administrative bureaucracy, organizational silos, and promoting and positive work ethic

Assure stability by enhancing the executive structure and organizational succession planning to preempt crises and mitigate disruption

Address generational and societal diversity through proactive talent acquisition and career development

Technology Transformation

Build secure digital tools and resources to optimize processes and the customer experience

Evaluate and transition to an updated digital core providing improved data integration and supporting process improvement, starting in FY22 and implementing by FY25

Continue to enhance our cyber posture ahead of threats, supporting potential cloud and Software-as-a-Service solutions

Establish customer digital interactions and develop skills to enable distribution Smart Grid solutions

Industry Disruption

Navigate emerging regulatory expectations and exploit industry technological advancements leveraging new revenue opportunities

Prepare for emerging environmental, social, and governance dynamics and respond to shifting political and regulatory environments

Implement HU-driven customer-facing alternative energy solutions and technologies that advance environmental, financial, and resiliency opportunities

Budget Summary

This message is from the CEO to the boards presented to the
Huntsville Utilities Gas and Water Board on July 26, 2022
Huntsville Utilities Electric Board on July 27, 2022

I am pleased to submit the proposed Annual Budget and Capital Improvement Plan for the fiscal year 2023.

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.

This budget document is the sum of countless hours of planning undertaken by HU's management team. The Budget and Rates staff effectively coordinates a complex process that incorporates every department and accounts for every projected dollar. In recognition of the quality of this planning process, 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. HU intends to submit the FY23 budget for GFOA consideration; however, a new strategic planning process and improved departmental metrics are being developed in parallel with this budget formation. The updated strategic plan and metrics will be incorporated into the budget document where possible.

Proposed revenues and expenditures for FY23 are provided in the following table:

	Water	Gas	Electric	Combined *
Operating Revenue	\$55,098,814	\$66,019,508	\$581,029,361	\$702,147,683
Other Revenue	\$4,237,589	\$1,117,669	\$22,134,961	\$27,490,219
Reimbursements	\$5,250,364	\$8,066,368	\$1,284,818	\$14,601,550
Warrant Proceeds	\$14,737,102	\$0	\$0	\$14,737,102
Reserve Transfers	\$21,058,390	\$7,859,429	(\$3,810,688)	\$25,107,131
Total Revenue	\$100,382,259	\$83,062,974	\$600,638,452	\$784,083,685
Commodity	\$50,000	\$31,172,150	\$432,417,266	\$463,639,416
O&M Expense	\$47,916,756	\$27,842,926	\$88,393,705	\$164,153,387
Debt Service	\$10,347,577	\$1,563,881	\$6,582,600	\$18,494,058
Taxes	\$2,867,926	\$3,699,017	\$18,270,881	\$24,837,824
Capital Expenditures	\$39,200,000	\$18,785,000	\$54,974,000	\$112,959,000
Total Expense	\$100,382,259	\$83,062,974	\$600,638,452	\$784,083,685

** 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 (+0.9%), Gas (+16.4%) and Electric (+5.6%).

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 created by the global pandemic, material shortages, and war in Ukraine will impact the local economy's health. Thus, it is difficult to predict the impact of inflation, tight labor markets, and material constraints.

To highlight a few major efforts underway:

- Improvements are underway at the South Parkway Water Treatment Plant. Improvements to the raw water intake were completed in FY21, and work on the main plant commenced in FY22. The complete rehab will extend into FY24.
- Once again, HU is investing considerable sums in water and gas improvements in the Greenbrier area. While most of the natural gas improvements are complete, a new gate station will be built in FY23, providing a redundant gas supply to the area. As for water, a long list of improvements is underway. Larger water mains are being installed to support better pressure and resiliency, and a new water tank will be started in FY23.
- As usual, HU is rebuilding infrastructure to accommodate City and State road projects. While some of the water and gas relocations are reimbursed by the State, the relocation of Electric infrastructure is not.
- HU continues to invest in new electric substations to support community growth. Work is underway on the new Walker Lane and Old Monrovia substations, along with upgrades at the Big Cove and Deposit substations. Additionally, several critical circuit upgrades are underway and will continue through the five-year capital plan.
- Thanks to the Flexibility Agreement entered into with the Tennessee Valley Authority in 2020, HU has money budgeted for a substation to accommodate a large solar installation built in partnership with one of HU's large customers. We are excited to have local green generation available for our customer.
- Information Technology projects are a growing portion of HU's annual expenses. Aligned with the updated Strategic Plan's focus on Technology Transformation, several significant technology improvement efforts are underway, and more is forecast in the five-year plan—including the potential replacement of HU's core financial and customer systems.
- For several years, HU has been deploying an Advanced Metering Infrastructure (AMI) system. Nearly all residential electric meters have been installed, and commercial meter installations are underway. Gas AMI is nearing the halfway point, but supply constraints and technical problems complicate the project. The pace of the gas AMI deployment may be affected in FY23 if these complications are not resolved by the beginning of the fiscal year.
- A new Geographic Information System (GIS) has been installed, and final updates and adjustments are underway. With the new GIS foundation in place, work is beginning on a state-of-the-art Outage Management System (OMS), which will significantly improve HU's ability to manage and track outage data.
- The five-year capital plan includes estimated funding for an impressive System Operations Building. This stormproof structure will be located on HU's Chase campus and will house HU's dispatching, SCADA, and outage response functions. This facility is needed as HU's infrastructure grows and systems becomes increasingly complex.
- Due to a growing number of critical infrastructure projects in the pipeline, a water rate increase will be needed later FY23 or early FY24. Steps have been taken to minimize the impact of this rate action. Still, additional funding is required as we scale our water system to meet our community's reliability, resiliency, and growth needs. Also, natural gas rates may rise due to dramatic increases in commodity pricing. At the same time, a modest increase will likely be needed to fund ongoing Gas improvement projects.
- Along with a rate increase, additional Water debt is expected to support planned capital improvements. Also, Electric debt will be used to fund the upcoming Systems Operations Building.

- HU is not insulated from the impact of record-breaking inflation. The FY23 budget includes numerous cost increases, some of which are difficult to project. In addition to increases tied to materials and services, labor costs are increasing. The FY23 budget includes a five percent (5%) cost-of-living-adjustment for the HU workforce, and money is set aside for merit increases and some market-driven wage adjustments. There are no recommended changes to HU employee benefits.

This document conveys 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, Net Position, and the Capital Improvement Plan. Also, 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 preparing this budget. I appreciate the time and effort to create a purposeful tool to help HU execute its priorities.

I am privileged 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

Factors Influencing the Budget

Huntsville Utilities provides water, natural gas, and electric service to approximately 205,000 customers in the greater Huntsville area. With Huntsville recently crowned Alabama’s largest city, 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.

CONTINUED GROWTH WITHIN THE SERVICE AREA

The COVID pandemic and other global events have resulted in rising inflation and economic downturns for many communities, but Huntsville continues to experience strong growth. In fact, U.S. News and World Report identified Huntsville as the best place to live in America in its 2022-2023 rankings based on high scores for housing affordability and the attractiveness of its job market ([USNews.Com](#)).



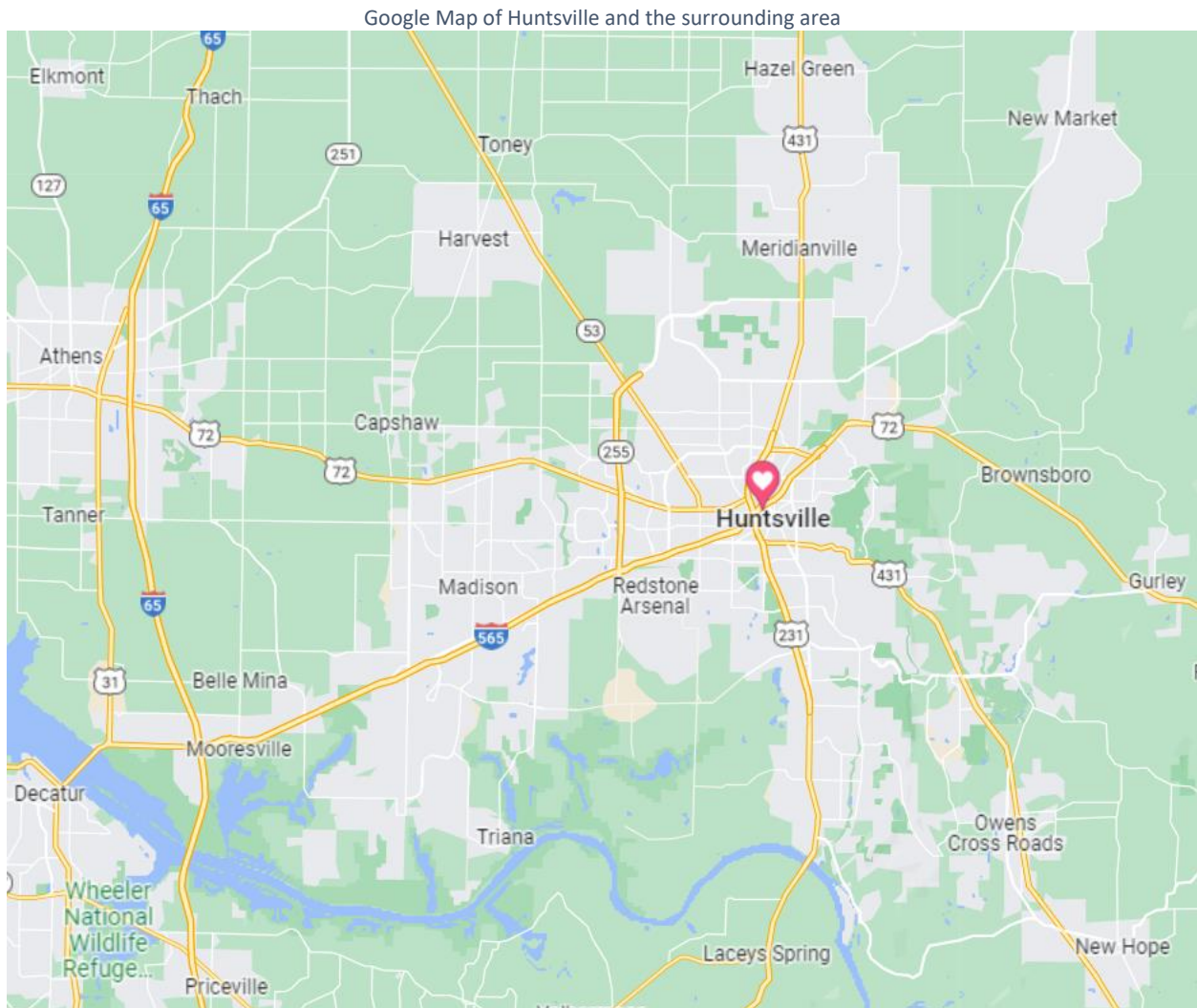
Business Partner	Planned Investment	Planned Jobs
Mazda Toyota Manufacturing	\$2.3 Billion	4,000
Federal Bureau of Investigation	\$2.4 Billion	3,000
Amazon	\$200 Million	1,600
Meta	\$3.8 Billion	200

The information shown above and to the left was taken from the Huntsville Madison County Chamber Economic Update for Huntsville, Alabama, May 2022.

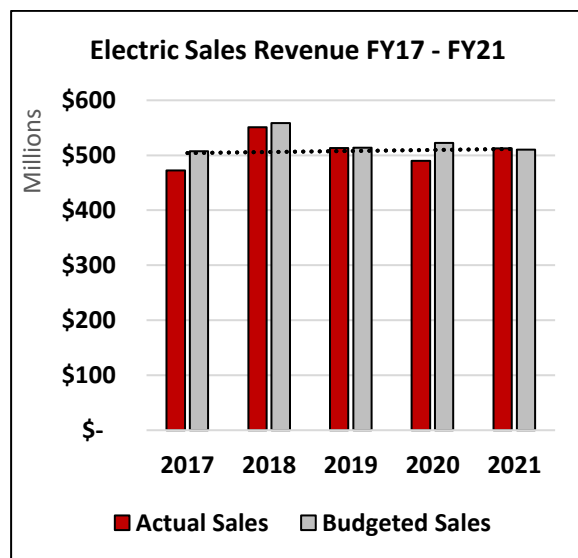
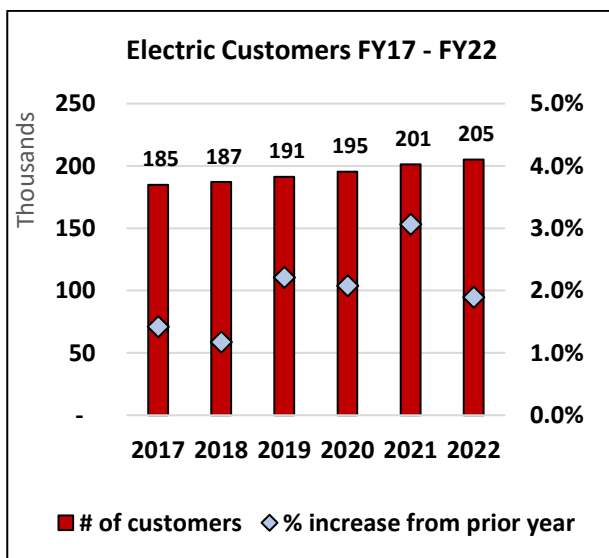
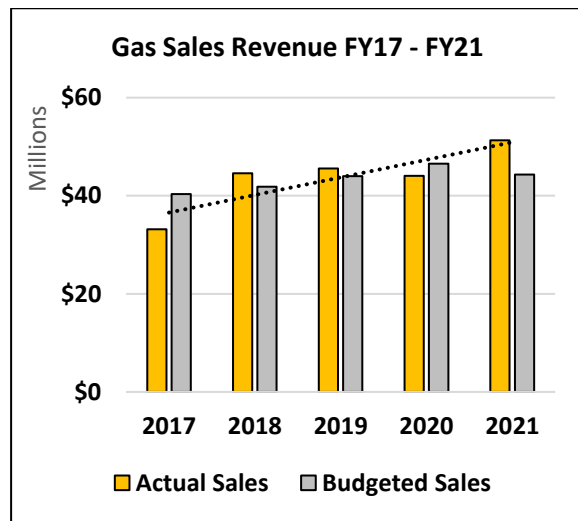
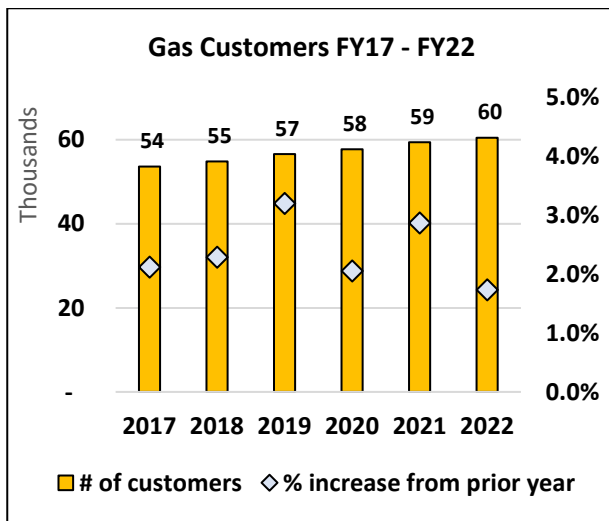
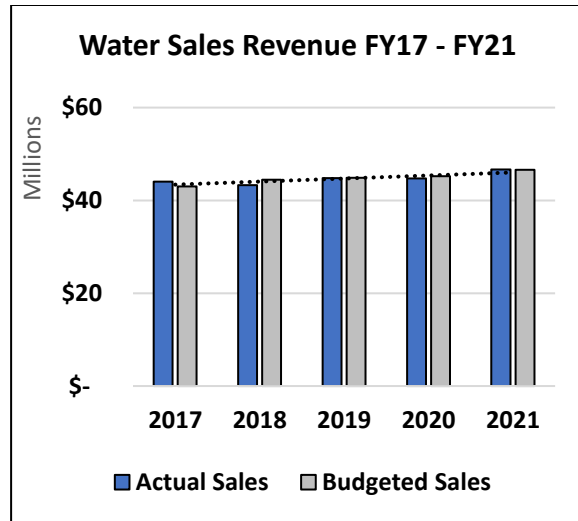
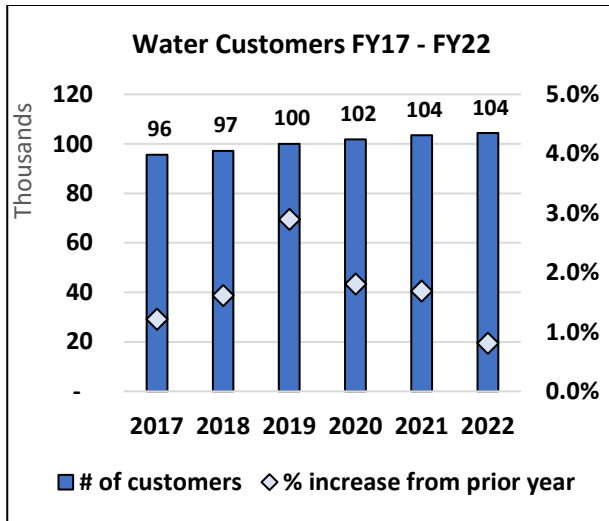
The Huntsville population grew 1.2% from April 2020 through July 2021 and has grown 19% since 2010 ([Census.gov](#)). The housing market is experiencing high demand and limited inventory that has spurred new home and rental property construction. Approximately 2,850 residential housing units were granted certificates of occupancy in 2021, which was an increase of 76.7% over the prior year (*The Huntsville Development Review 2021*, City of Huntsville Long-Range Planning Division). According to Valley MLS, the average days on the market for new house listings as of May 2022 was 63 days and dropping ([ValleyMLS.com](#)). The median household income in 2020 was \$66,450, which was over \$10,000 more than just a decade ago ([al.com](#)).

Growth is not limited to the Huntsville metropolitan area. The City of Madison, which borders Huntsville to the west, has seen its population nearly double since 2000 with annual increases over 2% since 2015

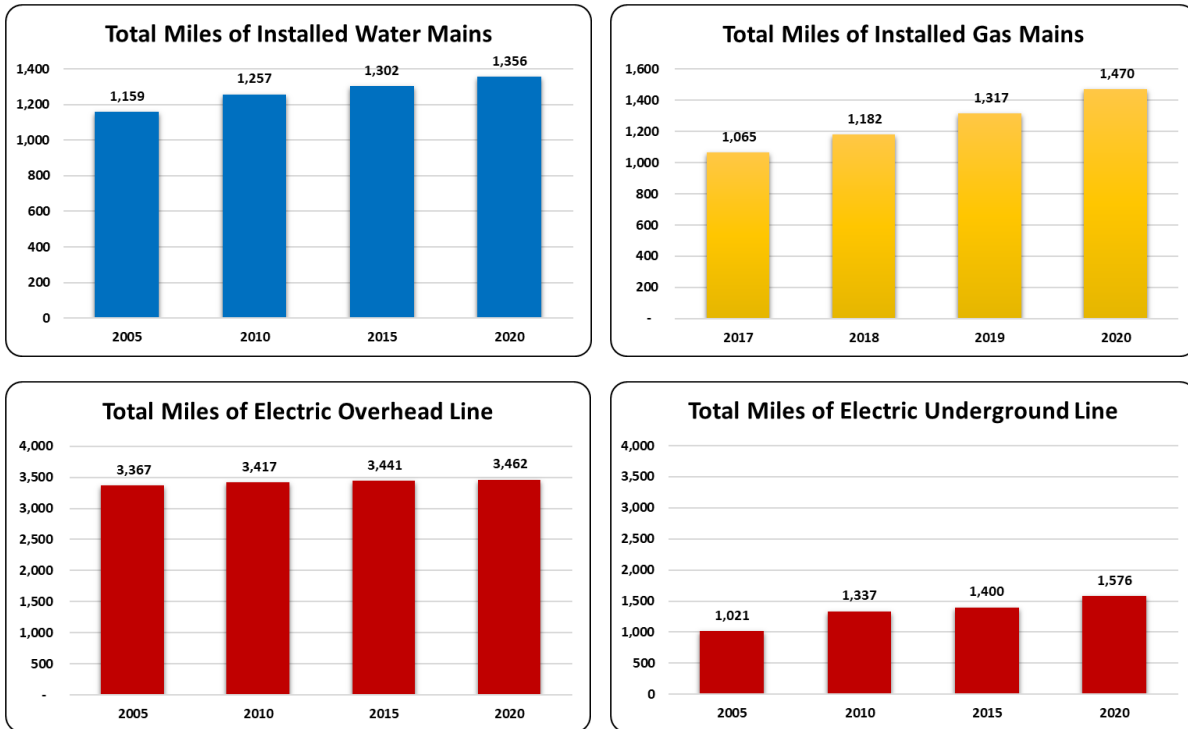
([WorldPopulationReview.com](#)). The I-565 corridor connecting Huntsville and Madison has experienced an economic awakening with mixed use developments that include retail establishments, hotels, housing, office parks and a minor league baseball stadium. In other areas of Madison County, the unincorporated areas of Meridianville and Hazel Green that lie to the north have experienced significant building permit increases and are evaluating annexation by Huntsville, among other options, to deal with unprecedented growth ([whnt.com](#)). The Federal Bureau of Investigation has invested \$2.4 billion in its expansion at Redstone Arsenal ([al.com](#)) and the military base is under consideration as the future home of the US Space Command. Limestone county, which is adjacent to Madison County, was the fastest growing county in Alabama from 2020-2021 and is home to several key employers in the area such as Amazon, Polaris, and Mazda Toyota Manufacturing ([whnt.com](#)).



Of all the areas mentioned above, only Limestone County is outside of Huntsville Utilities' electric service area. There are multiple water and gas districts in north Alabama, but HU provides this service to all customers within Huntsville and extends beyond the borders in some instances. The statistical data shown on the following page provides customer counts and sales revenue for Huntsville Utilities over the last five fiscal years and supports the growth data found in the external sources above.



Infrastructure improvements have also risen over that time to keep pace with customer demands. The charts below illustrate how the systems have expanded over time to serve the community.



Despite domestic and global financial uncertainty, Huntsville has proven to be resilient and customer growth continues. What this inflow of customers 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 mostly flat or falling when the impacts of weather are removed.

As a result of these factors, the five-year financial models included in this document incorporate the following assumptions regarding growth:

	Customer Growth	Usage Growth
	All Years	All Years
Water	2.0%	0.5%
Gas	3.0%	0.0% - 1.5% by rate class
Electric	3.5%	0.05%

The impact of weather greatly influences sales, so a three-year average of historical usage volumes is used in determining base revenue projections for all utility services.

Below is a summary of other factors by utility service that have resulted in sustained financial stability and growth.

Water

- Several large industrial customers have moved into the service area that maintain substantial water requirements for their business processes. Among those, Meta and other tech-based customers use water for cooling equipment.
- In 2019, Huntsville Utilities acquired a portion of the Limestone County Water Authority service territory resulting in approximately 1,000 additional customers.
- Wholesale sales are made to areas outside of the city limits of Huntsville, such as Madison County, to meet residential and commercial water demand in those communities.

Gas

- Huntsville Utilities took an aggressive approach in building its natural gas system by offering attractive revenue credits and marketing incentives to residential customers.
- Mazda Toyota Manufacturing chose Huntsville as the site of its joint automobile production facility. The automobile manufacturing process uses large volumes of natural gas in the painting and drying process. Many logistical support companies have moved to the surrounding area.

Electric

- The Tennessee Valley Authority offers customer incentives for the electrification of gas and carbon processes and has made provisions to partner with local power companies on distributed generation efforts.
- There are approximately 60 industrial customers that have capacity demand requirements of 1,000 kilowatts or greater.
- As of March 2022, there were 950 battery-powered electric vehicles and 626 plug-in hybrids registered in Huntsville. HU is working with the City of Huntsville to determine the best strategy for deploying infrastructure for electric vehicles within the service area.

SUPPLY CHAIN ISSUES AND VOLATILE ECONOMIC CONDITIONS

Significant consequences of the cyclical nature of the pandemic and the trade impacts stemming from hostilities in the Ukraine are a worsening supply chain situation and rising inflation. Worldwide anxiety and uncertainty have caused financial markets to fluctuate wildly. Prices have risen steeply with limited supply and increasing demand.

Budget estimates for FY23 projected expenditures reflect this as everything from meters to tree trimming services have experienced significant increases. Most expense categories show double digit increases from current year expense projections. Vehicles and other materials now carry significant delivery delays that have stretched beyond the upcoming budget year.

The amount and timing of actual costs is a best guess in many situations and because FY23 estimates are higher than normal, expense projections for FY24 reflect a 5% decrease to mitigate some of the contingencies built in for inflation. This is done under the assumption that inflation may be near its peak, and understandably, departments forecast high costs and long lead times for the year ahead.

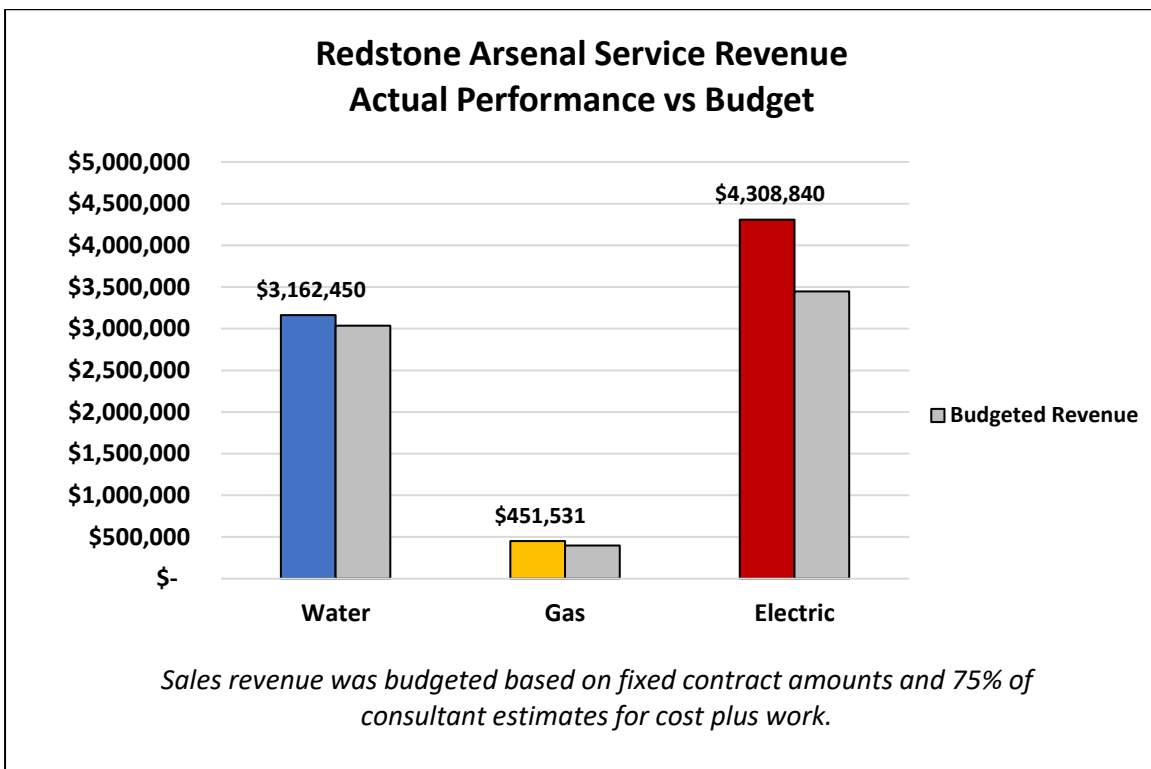
Expenses for years after FY24 are projected to rise at 2%. Because inflationary increases have already been built into wages, employee-related expenses are excluded from the FY24 decrease.

RESTONE ARSENAL INTERGOVERNMENTAL SERVICE AGREEMENT

In June 2021, Huntsville Utilities assumed responsibility for the operation and maintenance of utility infrastructure on the Redstone Arsenal under a 10-year inter-governmental service agreement with the US Army. Work performed is either preventive routine maintenance or as-needed service requests. The revenue is similarly divided into fixed monthly amounts 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.

Two employees are currently dedicated to managing the program and utility crews rotate between Redstone Arsenal and Huntsville Utilities’ service area as needed. Results from the first year of the contract have been overwhelmingly positive operationally and financially.

Service	Total Service Calls	Priority Service Calls	Other
Water Operations	510	82	38 hydrants and 11 valves replaced, 102 water leaks repaired
Gas Operations	48	13	2 gas leaks repaired
Electric Operations	1,271	160	92 pole changeouts, 3 new pole lines



POWER PURCHASED 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 2.5% pandemic relief credit for 2022. Current projections indicate the value of the credit for the current year to be nearly \$8.5 million. TVA has announced that it plans to extend the credit into 2023 at the same rate of 2.5%.

Huntsville Utilities also executed a “flexibility” agreement with TVA in 2020, which allows the utility to procure up to 5% of the system’s energy from local sources if the power generation aligns with TVA’s environmental requirements. Huntsville Utilities is currently in discussions with one of its large manufacturing customers on a solar installation that could provide as much as 30MW of renewable power to HU’s system.

BILLING 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 a potential water rate adjustment of 12% to be applied in FY24, a 9% adjustment in FY25 and a 4% adjustment in FY26, but those actions will be deferred if a stable 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. In November 2021, usage rates were adjusted again based on the cost of service findings and market supply and demand issues. A rate adjustment of 3% is built into the gas model in FY24 to compensate for the large swings in natural gas market prices sparked by global events. The next gas cost of service study will be completed in 2023 prior to any potential rate actions.

All electric rate adjustments must be approved by the Electric Board, TVA, and City Council. Huntsville Utilities implemented an approved five-step rate strategy beginning in fiscal year 2019 that lasts through fiscal year 2023. The fiscal year 2023 budget includes the final 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. A cost of service study is expected to be completed in FY22.

SERVICE LEVEL CHANGES FOR RATEPAYERS

Huntsville Utilities currently requires a deposit to establish service. During the time that the utility holds the deposit, it accrues simple interest in accordance with the Deposit Interest policy. The governing Boards of Huntsville Utilities have approved the disbursement of accumulated customer deposit interest to residential customers. Going forward, deposit interest will be refunded annually for any additional interest accruals on residential accounts.

HU also recognizes the importance of proactively supporting meaningful and effective economic and community development initiatives within our region. To encourage worthwhile projects and programs that meet this need, HU will designate up to 2% of non-rate-based funds to support local economic and community development efforts. Distribution of funds will be overseen by a joint committee of HU's Boards and city and regional representatives. The use of funds will be subject to financial and regulatory restrictions, and must serve a purpose of improving the quality of life or economic health of the Huntsville Utilities' service area.

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 and give customers information needed to manage usage patterns. Huntsville Utilities is purchasing the meters, maintaining the inventory, and utilizing a combination of HU crews and outsourcing for installation.

As of July 2022, approximately 97% of electric AMI meters have been installed. While a contractor installed the electric residential meters, HU crews are installing the remaining commercial meters. Total budgeted costs for the electric meter deployment were \$27.4 million spread over four years and the deployment is projected to finish 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 26,000 out of the 60,000 devices have been installed to date. The total budget for this project is \$6.4 million and is scheduled to be complete in 2023. However, technical complications and supply chain dynamics may delay installations.

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.

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.

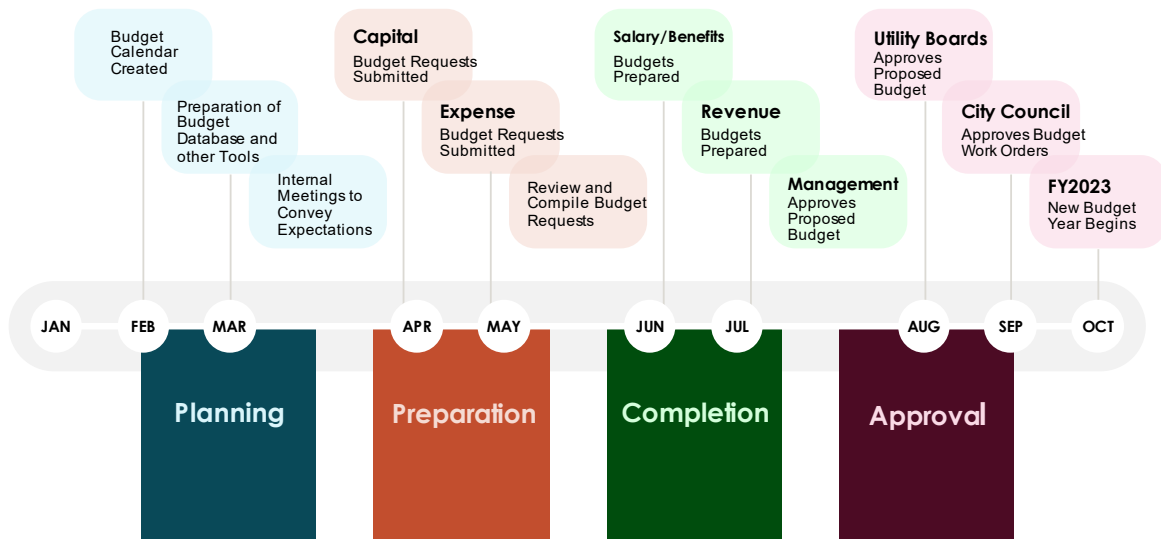
Budget work orders are prepared by the Budget and Rates group for all capital items over \$25,000 and submitted for review to the City Council. City Council should approve the budget work orders no later than the last Council Meeting in September.

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.

Typical Budget Cycle



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.

Provide crucial infrastructure to our growing community and consistently demonstrate stability, dependability, and fairness - HU harnesses experience and embraces innovation to deliver essential services to meet evolving needs, advance economic development and enrich quality of life.

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 while embracing the standard above. 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 2019 and 2022 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. All three policies focus on an acceptable dollar amount based on historical financial information, debt service schedules and capital plans. 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

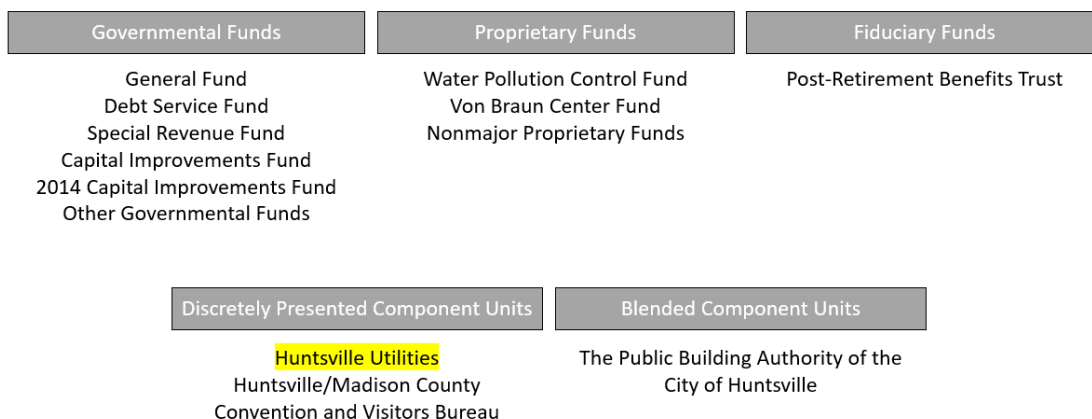
Funds and Net Position

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.

City of Huntsville, Alabama

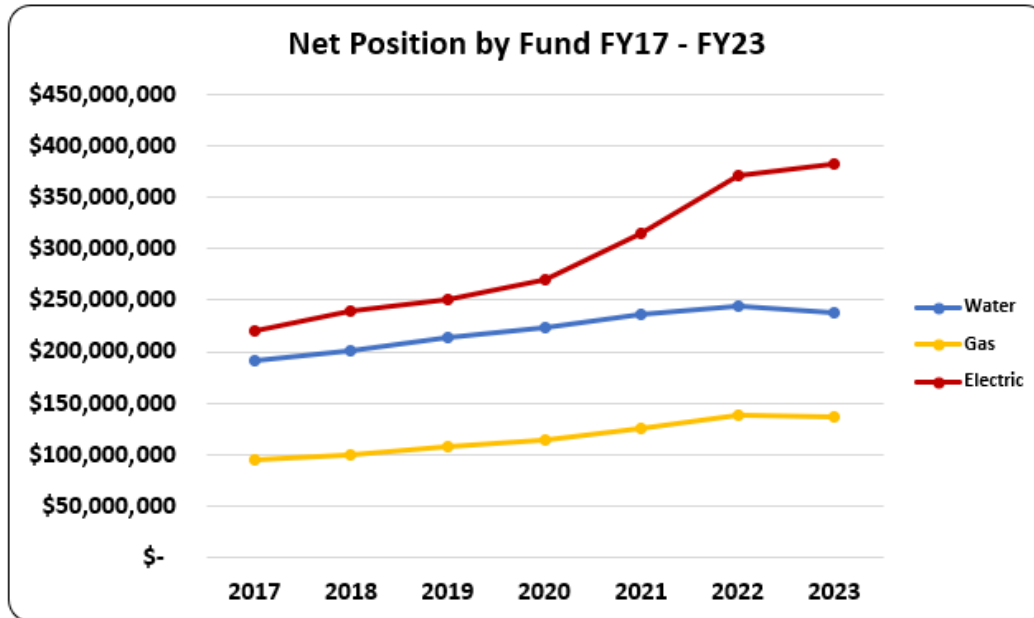


Since Huntsville Utilities offers essential services to the community, operating independently but with the City appointing its governing Boards, the water, natural gas, and electric services are viewed as separate proprietary enterprise funds that are not subject to appropriation. Enterprise funds function 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 prepares 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				Change from Prior Year	
	Water	Gas	Electric	Total		
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	\$ 235,853,026	\$ 125,433,445	\$ 315,352,891	\$ 676,639,362	\$ 67,850,384	11.1%
2022	\$ 245,038,083	\$ 137,617,674	\$ 370,494,841	\$ 753,150,598	\$ 76,511,236	11.3%
2023 (Projected)	\$ 238,500,134	\$ 136,248,978	\$ 381,854,567	\$ 756,603,679	\$ 3,453,081	0.5%

The information above shows the ending net position for Huntsville Utilities for the last five years and projected totals for FY22 and FY23.

The larger than normal increases in FY21 was the result of the following factors:

- 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 2022 and 2023.
- Customer growth and weather impacts resulted in increased revenue.
- COVID safety protocols resulted in lower expenses in multiple categories.

The decline in net position projected for FY23 is the result of the following:

- Inflation and supply chain issues have resulted in dramatic price increases. Budget estimates assume that goods and services can be delivered in a timely manner at the prices quoted.
- 37 new hires are projected in the coming year to accommodate service area growth.
- Several new information technology initiatives are planned that will result in higher-than-normal licensing and maintenance fees.

**COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

FUNCTIONS / PROGRAMS	Program Revenues			Changes in Net Position				
	Expenses	Charges for Services	Capital Grants and Contributions	Business-Type Activities			Governmental Activities	Total
				Huntsville Utilities			Huntsville / Madison County Convention & Visitors Bureau	
				Electric	Gas	Water		
Component Units								
Huntsville Utilities Electric System	\$ 494,734,364	\$ 539,256,739	\$ -	\$ 44,522,375	\$ -	\$ -	\$ -	\$ 44,522,375
Huntsville Utilities Gas System	45,929,451	55,522,753	1,182,219	-	10,775,521	-	-	10,775,521
Huntsville Utilities Water System	44,926,566	49,130,971	7,043,571	-	-	11,247,976	-	11,247,976
Huntsville / Madison County Convention & Visitors Bureau	3,740,813	12,738	-	-	-	-	(3,728,075)	(3,728,075)
Total Component Units	\$ 589,331,194	\$ 643,923,201	\$ 8,225,790	\$ 44,522,375	\$ 10,775,521	\$ 11,247,976	\$ (3,728,075)	\$ 62,817,797
General Revenues								
Taxes				\$ -	\$ -	\$ -	\$ 1,466,327	\$ 1,466,327
Gain on disposal of capital assets				142,766	69,500	129,442	-	341,708
Unrestricted investment earnings				242,249	282,205	441,608	230	966,292
Unrestricted intergovernmental revenues				-	-	-	2,635,964	2,635,964
Total General Revenues and Transfers				385,015	351,705	571,050	4,102,521	5,410,291
Change in Net Position				44,907,390	11,127,226	11,819,026	374,446	68,228,088
Net Position, Beginning of Year				270,445,501	114,306,219	224,034,000	1,761,242	610,546,962
Net Position, End of Year				\$ 315,352,891	\$ 125,433,445	\$ 235,853,026	\$ 2,135,688	\$ 678,775,050

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 2021 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).

Fiscal Year 2023 Budget

This Budget was approved as presented by the
Huntsville Utilities Gas & Water Board on August 23, 2022
Huntsville Utilities Electric Board on August 24, 2022
City of Huntsville City Council September 8, 2022

Revenues and Expenditures Summary – Consolidated

REVENUE:	FY20 Actual	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget
Residential Sales	\$ 300,042,843	\$ 319,335,031	\$ 323,179,372	\$ 337,390,685	\$ 343,945,629
Small Commercial Sales	\$ 61,184,508	\$ 64,311,118	\$ 64,813,177	\$ 67,470,439	\$ 67,686,456
Medium Commercial Sales	\$ 145,034,539	\$ 153,326,851	\$ 154,332,599	\$ 162,421,856	\$ 161,720,805
Large Commercial Sales	\$ 26,830,412	\$ 25,895,677	\$ 30,365,272	\$ 28,249,556	\$ 28,006,682
Small Industrial Sales	\$ 16,327,061	\$ 12,226,129	\$ 16,992,139	\$ 14,478,488	\$ 15,592,222
Large Industrial Sales	\$ 19,973,558	\$ 24,913,925	\$ 27,027,409	\$ 27,883,063	\$ 37,856,905
Other Sales	\$ 9,951,592	\$ 10,462,960	\$ 9,901,105	\$ 10,151,915	\$ 10,210,957
Forefeited Discounts	\$ 1,902,107	\$ 2,964,929	\$ 2,948,000	\$ 3,074,001	\$ 3,097,100
Aid-To-Construction	\$ 15,862,394	\$ 24,053,721	\$ 16,640,000	\$ 20,305,674	\$ 21,720,000
Connection/Tap Fees	\$ 3,363,746	\$ 3,712,840	\$ 3,264,000	\$ 3,560,091	\$ 3,610,208
Collection/Reconnection Fees	\$ 1,682,666	\$ 3,496,025	\$ 2,553,000	\$ 2,224,041	\$ 2,726,800
Miscellaneous Revenue	\$ 5,181,418	\$ 5,816,610	\$ 4,681,679	\$ 6,567,749	\$ 5,973,919
Interest Income	\$ 2,001,447	\$ (386,396)	\$ 895,000	\$ 1,070,785	\$ 1,429,000
Rental Income	\$ 4,701,665	\$ 5,877,055	\$ 5,314,374	\$ 5,598,065	\$ 5,801,000
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	\$ 2,496,000	\$ 2,496,000	\$ 2,496,000	\$ 2,496,000	\$ 2,496,000
Google Fiber Lease Income	\$ 6,533,843	\$ 7,323,540	\$ 7,407,500	\$ 7,450,018	\$ 7,784,000
Reimbursements	\$ 2,450,988	\$ 4,139,605	\$ 7,311,250	\$ 4,644,429	\$ 14,601,550
IGSA Service Revenue	\$ -	\$ 2,291,374	\$ 6,882,426	\$ 7,920,293	\$ 8,780,219
Warrant Proceeds	\$ 5,054,000	\$ 5,744,547	\$ 13,900,000	\$ 14,161,024	\$ 14,737,102
Transfer from Cash Reserves	\$ (15,192,785)	\$ (55,039,034)	\$ 9,752,905	\$ (46,159,682)	\$ 25,107,131
	\$ 616,582,002	\$ 624,162,507	\$ 711,857,207	\$ 682,158,490	\$ 784,083,685
EXPENDITURES:					
Employee Expenses	\$ 74,361,252	\$ 78,967,501	\$ 92,475,926	\$ 84,610,946	\$ 103,878,346
Supplies and Materials	\$ 11,474,667	\$ 13,185,352	\$ 12,575,681	\$ 13,243,359	\$ 14,972,165
Services	\$ 19,568,522	\$ 18,974,861	\$ 22,826,701	\$ 18,343,979	\$ 28,096,307
Travel and Training	\$ 1,246,694	\$ 1,258,034	\$ 2,532,537	\$ 1,727,695	\$ 2,392,973
Equipment Maintenance	\$ 3,197,970	\$ 3,345,474	\$ 4,092,888	\$ 2,897,469	\$ 4,952,744
Utilities	\$ 4,867,613	\$ 4,953,250	\$ 5,023,543	\$ 5,140,353	\$ 5,485,006
Commodity	\$ 411,865,248	\$ 414,097,297	\$ 431,132,974	\$ 449,493,733	\$ 463,639,416
Tax Equivalent	\$ 20,798,735	\$ 23,872,711	\$ 22,617,099	\$ 23,540,601	\$ 24,837,824
Debt Service	\$ 11,636,585	\$ 10,892,458	\$ 18,077,497	\$ 16,303,915	\$ 18,494,058
Other Operating Expenses	\$ 5,780,158	\$ 3,197,489	\$ 4,776,815	\$ 4,487,957	\$ 4,375,846
Capital Expenditures	\$ 51,784,558	\$ 51,418,080	\$ 95,725,546	\$ 62,368,483	\$ 112,959,000
	\$ 616,582,002	\$ 624,162,507	\$ 711,857,207	\$ 682,158,490	\$ 784,083,685

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

Revenues and Expenditures Summary – Water

REVENUE:	FY20 Actual	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget
Residential Sales	\$ 25,749,815	\$ 26,034,966	\$ 26,750,149	\$ 26,396,824	\$ 26,725,571
Small Commercial Sales	\$ 9,544,560	\$ 10,100,365	\$ 10,255,685	\$ 10,645,666	\$ 10,707,331
Medium Commercial Sales	\$ 2,755,511	\$ 2,900,807	\$ 2,935,938	\$ 2,906,629	\$ 2,902,943
Large Commercial Sales	\$ 532,109	\$ 540,332	\$ 615,742	\$ 602,122	\$ 602,693
Small Industrial Sales	\$ 1,680,218	\$ 1,663,599	\$ 1,824,315	\$ 1,848,289	\$ 1,766,300
Large Industrial Sales	\$ 214,277	\$ 223,280	\$ 205,954	\$ 232,527	\$ 214,054
Other Sales	\$ 4,892,048	\$ 5,166,043	\$ 4,882,209	\$ 5,010,780	\$ 4,999,922
Forefeited Discounts	\$ 130,689	\$ 218,252	\$ 213,000	\$ 211,193	\$ 217,700
Aid-To-Construction	\$ 5,199,953	\$ 7,485,221	\$ 6,000,000	\$ 6,255,077	\$ 5,600,000
Connection/Tap Fees	\$ 605,192	\$ 641,840	\$ 577,000	\$ 888,928	\$ 744,000
Collection/Reconnection Fees	\$ 286,069	\$ 594,331	\$ 434,000	\$ 529,119	\$ 520,000
Miscellaneous Revenue	\$ 149,503	\$ 172,796	\$ 85,606	\$ 129,211	\$ 98,300
Interest Income	\$ 953,191	\$ (135,900)	\$ 385,000	\$ 488,858	\$ 657,000
Rental Income	\$ -	\$ -	\$ -	\$ -	\$ -
Water Fiber Lease Income	\$ -	\$ -	\$ -	\$ -	\$ -
Gas Fiber Lease Income	\$ -	\$ -	\$ -	\$ -	\$ -
COH Fiber Lease Income	\$ -	\$ -	\$ -	\$ -	\$ -
Google Fiber Lease Income	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursements	\$ 333,384	\$ 515,583	\$ 3,524,990	\$ 1,819,609	\$ 5,250,364
IGSA Service Revenue	\$ -	\$ 980,633	\$ 3,035,825	\$ 3,193,462	\$ 3,580,589
Warrant Proceeds	\$ -	\$ 3,038,074	\$ 13,900,000	\$ 14,161,024	\$ 14,737,102
Cash Reserves Transfer	\$ (1,348,886)	\$ (6,520,336)	\$ 16,341,049	\$ 1,467,954	\$ 21,058,390
	\$ 51,677,633	\$ 53,619,886	\$ 91,966,462	\$ 76,787,272	\$ 100,382,259

EXPENDITURES:

Employee Expenses	\$ 17,715,234	\$ 21,056,102	\$ 24,582,858	\$ 23,120,023	\$ 28,371,807
Supplies and Materials	\$ 3,933,857	\$ 4,630,245	\$ 5,079,471	\$ 5,071,645	\$ 5,698,703
Services	\$ 3,422,035	\$ 3,513,636	\$ 4,202,823	\$ 3,395,633	\$ 5,783,169
Travel and Training	\$ 163,087	\$ 166,369	\$ 526,694	\$ 340,713	\$ 422,995
Equipment Maintenance	\$ 695,483	\$ 1,031,461	\$ 1,331,267	\$ 951,848	\$ 1,509,187
Utilities	\$ 3,830,433	\$ 3,889,875	\$ 3,932,783	\$ 4,083,308	\$ 4,374,556
Commodity	\$ 139,221	\$ 33,911	\$ 36,000	\$ 57,093	\$ 50,000
Tax Equivalents	\$ 2,708,003	\$ 2,743,235	\$ 2,848,199	\$ 2,818,373	\$ 2,867,926
Debt Service	\$ 4,413,153	\$ 3,461,033	\$ 9,922,766	\$ 7,809,000	\$ 10,347,577
Other Operating Expenses	\$ 1,792,557	\$ 1,624,525	\$ 1,955,139	\$ 1,784,794	\$ 1,756,339
Capital Expenditures	\$ 12,864,570	\$ 11,469,494	\$ 37,548,462	\$ 27,354,842	\$ 39,200,000
	\$ 51,677,633	\$ 53,619,886	\$ 91,966,462	\$ 76,787,272	\$ 100,382,259

Revenue Detail – Water

Sales Revenues	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Residential Sales	\$ 26,034,966	\$ 26,750,149	\$ 26,396,824	\$ 26,725,571	-0.1%	1.2%
Small Commercial Sales	\$ 10,100,365	\$ 10,255,685	\$ 10,645,666	\$ 10,707,331	4.4%	0.6%
Medium Commercial Sales	\$ 2,900,807	\$ 2,935,938	\$ 2,906,629	\$ 2,902,943	-1.1%	-0.1%
Large Commercial Sales	\$ 540,332	\$ 615,742	\$ 602,122	\$ 602,693	-2.1%	0.1%
Small Industrial Sales	\$ 1,663,599	\$ 1,824,315	\$ 1,848,289	\$ 1,766,300	-3.2%	-4.4%
Large Industrial Sales	\$ 223,280	\$ 205,954	\$ 232,527	\$ 214,054	3.9%	-7.9%
Fire Protection Sales	\$ 4,486,115	\$ 4,269,040	\$ 4,305,916	\$ 4,331,948	1.5%	0.6%
Other Sales	\$ 679,928	\$ 613,169	\$ 704,864	\$ 667,974	8.9%	-5.2%
Total	\$ 46,629,392	\$ 47,469,992	\$ 47,642,837	\$ 47,918,814	0.9%	0.6%

Other Operating Revenue	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Forfeited Discounts	\$ 218,252	\$ 213,000	\$ 211,193	\$ 217,700	2.2%	3.1%
Aid-To-Construction	\$ 7,485,221	\$ 6,000,000	\$ 6,255,077	\$ 5,600,000	-6.7%	-10.5%
Connection/Tap Fees	\$ 641,840	\$ 577,000	\$ 888,928	\$ 744,000	28.9%	-16.3%
Collection/Reconnect Fees	\$ 594,331	\$ 434,000	\$ 529,119	\$ 520,000	19.8%	-1.7%
Miscellaneous	\$ 172,796	\$ 85,606	\$ 129,211	\$ 98,300	14.8%	-23.9%
Total	\$ 9,112,440	\$ 7,309,606	\$ 8,013,528	\$ 7,180,000	-1.8%	-10.4%

Non Operating Revenue	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Interest Income	\$ (135,900)	\$ 385,000	\$ 488,858	\$ 657,000	70.6%	34.4%
Rental Income	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%
Reimbursements	\$ 515,583	\$ 3,524,990	\$ 1,819,609	\$ 5,250,364	48.9%	188.5%
IGSA Service Revenue	\$ 980,633	\$ 3,035,825	\$ 3,193,462	\$ 3,580,589	17.9%	12.1%
Total	\$ 1,360,316	\$ 6,945,815	\$ 5,501,929	\$ 9,487,953	36.6%	72.4%

Warrant and Loan Proceeds	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Warrant Proceeds	\$ 3,038,074	\$ 13,900,000	\$ 14,161,024	\$ 14,737,102	6.0%	4.1%
Total	\$ 3,038,074	\$ 13,900,000	\$ 14,161,024	\$ 14,737,102	6.0%	4.1%

Total Revenues	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Total	\$ 60,140,222	\$ 75,625,413	\$ 75,319,318	\$ 79,323,869	4.9%	5.3%

The last two columns on this table and others like it compare the FY23 Budget amount for each line item to the FY22 Budget amount (BvB) and to the FY22 Projected amount (BvP).

Expense Detail – Water

Employee Expenses	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Payroll-Straight Time	\$ 12,567,596	\$ 15,474,193	\$ 14,434,770	\$ 17,477,954	12.9%	21.1%
Payroll-Overtime	\$ 875,409	\$ 652,464	\$ 853,932	\$ 989,161	51.6%	15.8%
Health Insurance	\$ 2,753,395	\$ 3,788,466	\$ 3,399,194	\$ 4,010,556	5.9%	18.0%
FICA Taxes - Employers	\$ 1,042,107	\$ 1,213,349	\$ 1,162,425	\$ 1,387,769	14.4%	19.4%
Unemployment	\$ 2,265	\$ 3,770	\$ 1,160	\$ 3,770	0.0%	225.0%
Workers Comp.	\$ 56,792	\$ 104,633	\$ 54,212	\$ 75,131	-28.2%	38.6%
Employer Pension Expense	\$ 2,686,679	\$ 2,062,961	\$ 2,109,836	\$ 2,895,697	40.4%	37.2%
Other Employee Benefits	\$ 1,071,859	\$ 1,283,022	\$ 1,104,494	\$ 1,531,769	19.4%	38.7%
Total	\$ 21,056,102	\$ 24,582,858	\$ 23,120,023	\$ 28,371,807	15.4%	22.7%

Supplies and Materials	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Small Tools & Equipment	\$ 409,011	\$ 422,737	\$ 403,181	\$ 434,957	2.9%	7.9%
Postage	\$ 283,387	\$ 310,885	\$ 290,927	\$ 320,616	3.1%	10.2%
Materials: Non-Stock	\$ 3,535,047	\$ 3,922,576	\$ 3,901,383	\$ 4,435,502	13.1%	13.7%
Office Supplies & Expenses	\$ 214,873	\$ 260,778	\$ 257,782	\$ 260,060	-0.3%	0.9%
Fuel	\$ 187,821	\$ 161,379	\$ 217,812	\$ 247,452	53.3%	13.6%
Board Expenses	\$ 106	\$ 1,116	\$ 560	\$ 116	-89.6%	-79.3%
Total	\$ 4,630,245	\$ 5,079,471	\$ 5,071,645	\$ 5,698,703	12.2%	12.4%

Services	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Outside Services	\$ 3,237,058	\$ 3,913,570	\$ 3,185,077	\$ 5,370,759	37.2%	68.6%
Legal Services	\$ 198,130	\$ 130,672	\$ 93,617	\$ 115,204	-11.8%	23.1%
Public Information	\$ 78,448	\$ 158,581	\$ 116,939	\$ 297,206	87.4%	154.2%
Total	\$ 3,513,636	\$ 4,202,823	\$ 3,395,633	\$ 5,783,169	37.6%	70.3%

Travel and Training	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Education & Training	\$ 79,532	\$ 323,832	\$ 200,713	\$ 255,501	-21.1%	27.3%
Trade Memberships/Dues	\$ 55,195	\$ 86,804	\$ 76,918	\$ 92,541	6.6%	20.3%
Employee Meals	\$ 24,021	\$ 58,116	\$ 33,759	\$ 38,420	-33.9%	13.8%
Business Travel	\$ 7,621	\$ 57,942	\$ 29,323	\$ 36,533	-36.9%	24.6%
Total	\$ 166,369	\$ 526,694	\$ 340,713	\$ 422,995	-19.7%	24.1%

Equipment Maintenance	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Equipment Maintenance	\$ 134,955	\$ 230,787	\$ 159,160	\$ 179,899	-22.0%	13.0%
Software/Hardware Maint.	\$ 896,506	\$ 1,100,480	\$ 792,688	\$ 1,329,288	20.8%	67.7%
Total	\$ 1,031,461	\$ 1,331,267	\$ 951,848	\$ 1,509,187	13.4%	58.6%

Utilities	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Utilities	\$ 3,889,875	\$ 3,932,783	\$ 4,083,308	\$ 4,374,556	11.2%	7.1%
Total	\$ 3,889,875	\$ 3,932,783	\$ 4,083,308	\$ 4,374,556	11.2%	7.1%

Commodity	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Purchased Water	\$ 33,911	\$ 36,000	\$ 57,093	\$ 50,000	38.9%	-12.4%
Total	\$ 33,911	\$ 36,000	\$ 57,093	\$ 50,000	38.9%	-12.4%

Tax Equivalents	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Tax Equivalents	\$ 2,743,235	\$ 2,848,199	\$ 2,818,373	\$ 2,867,926	0.7%	1.8%
Total	\$ 2,743,235	\$ 2,848,199	\$ 2,818,373	\$ 2,867,926	0.7%	1.8%

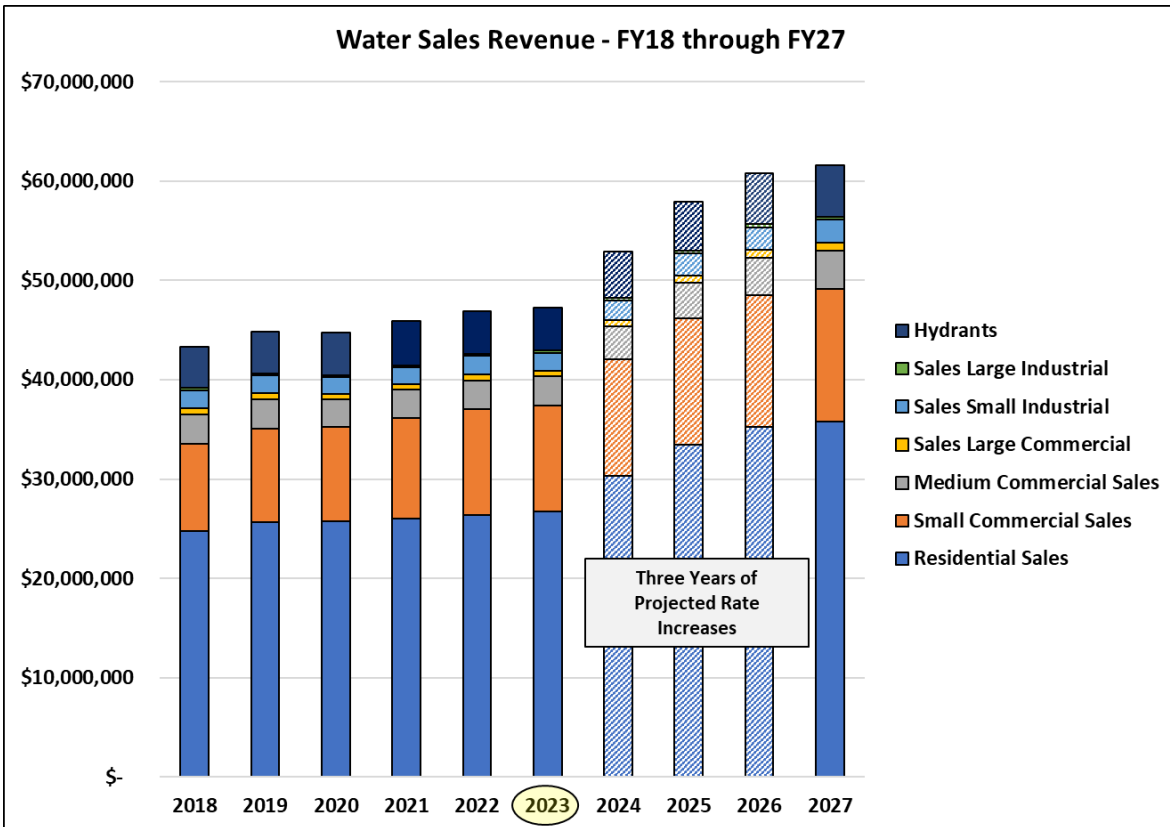
Expense Detail – Water (Continued)

Debt Service	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Debt Service Expenses	\$ 3,461,033	\$ 9,922,766	\$ 7,809,000	\$ 10,347,577	4.3%	32.5%
Total	\$ 3,461,033	\$ 9,922,766	\$ 7,809,000	\$ 10,347,577	4.3%	32.5%

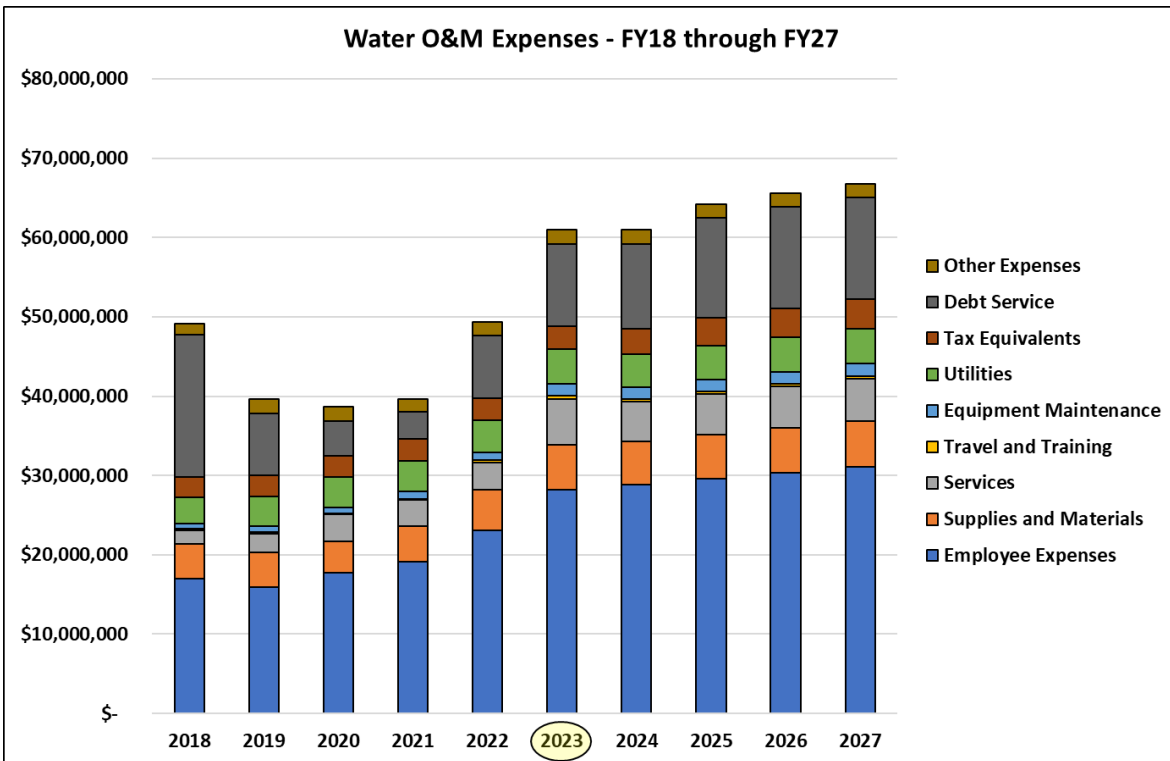
Other Expenses	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Fiber Lease	\$ 750,000	\$ 840,000	\$ 840,000	\$ 840,000	0.0%	0.0%
Rentals	\$ 586,731	\$ 580,714	\$ 486,288	\$ 482,878	-16.8%	-0.7%
Uncollectible Accounts	\$ (48,332)	\$ 46,977	\$ 46,032	\$ 10,700	-77.2%	-76.8%
Injuries & Damages	\$ 58,795	\$ 18,000	\$ 11,394	\$ 12,534	-30.4%	10.0%
Cash Overages & Shortage	\$ (446)	\$ 348	\$ 379	\$ 696	100.0%	83.6%
Insurance	\$ 399,764	\$ 392,100	\$ 315,404	\$ 405,595	3.4%	28.6%
Propane	\$ 806	\$ 2,000	\$ -	\$ -	-100.0%	0.0%
Interest on Customer Deposits	\$ (122,793)	\$ 75,000	\$ 85,297	\$ 3,936	-94.8%	-95.4%
Total	\$ 1,624,525	\$ 1,955,139	\$ 1,784,794	\$ 1,756,339	-10.2%	-1.6%

Capital	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Mat. - Operation & Maint.	\$ 439,221	\$ 400,000	\$ 286,430	\$ 438,000	9.5%	52.9%
Mat. - New Construction	\$ 5,707,135	\$ 15,571,782	\$ 5,564,626	\$ 14,453,000	-7.2%	159.7%
Limestone County System	\$ 253,364	\$ -	\$ 2,382,624	\$ -	0.0%	-100.0%
Mat. - Renew & Replace	\$ 1,256,297	\$ 7,455,000	\$ 5,439,595	\$ 12,981,000	74.1%	138.6%
South Parkway Rehab	\$ 2,119,562	\$ 12,000,000	\$ 12,000,000	\$ 8,300,000	-30.8%	-30.8%
Land	\$ -	\$ 200,000	\$ 21,884	\$ 200,000	0.0%	813.9%
Tools & Work Equipment	\$ 5,328	\$ 6,900	\$ 6,909	\$ 206,000	2885.5%	2881.6%
Transportation Equipment	\$ 748,945	\$ 914,780	\$ 658,729	\$ 1,372,000	50.0%	108.3%
Metering Equipment	\$ 939,642	\$ 1,000,000	\$ 994,045	\$ 1,250,000	25.0%	25.7%
Total	\$ 11,469,494	\$ 37,548,462	\$ 27,354,842	\$ 39,200,000	4.4%	43.3%

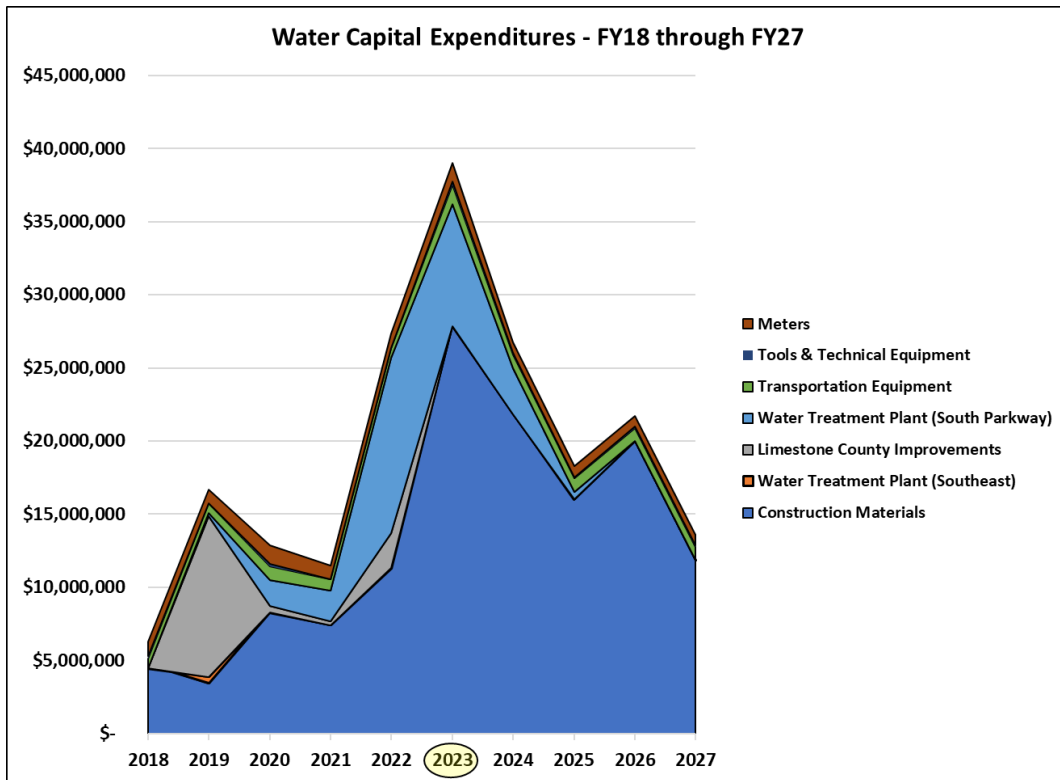
	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Sales Revenue	\$ 46,629,392	\$ 47,469,992	\$ 47,642,837	\$ 47,918,814	0.9%	0.6%
Other Revenue	\$ 10,472,756	\$ 14,255,421	\$ 13,515,457	\$ 16,667,953	16.9%	23.3%
Warrant Proceeds	\$ 3,038,074	\$ 13,900,000	\$ 14,161,024	\$ 14,737,102	6.0%	4.1%
Commodity	\$ 33,911	\$ 36,000	\$ 57,093	\$ 50,000	38.9%	-12.4%
O&M Expenses	\$ 35,912,213	\$ 41,611,035	\$ 38,747,964	\$ 47,916,756	15.2%	23.7%
Debt Service	\$ 3,461,033	\$ 9,922,766	\$ 7,809,000	\$ 10,347,577	4.3%	32.5%
Taxes	\$ 2,743,235	\$ 2,848,199	\$ 2,818,373	\$ 2,867,926	0.7%	1.8%
Capital Expenses	\$ 11,469,494	\$ 37,548,462	\$ 27,354,842	\$ 39,200,000	4.4%	43.3%
Net Cash Impact	\$ 6,520,336	\$ (16,341,049)	\$ (1,467,954)	\$ (21,058,390)		



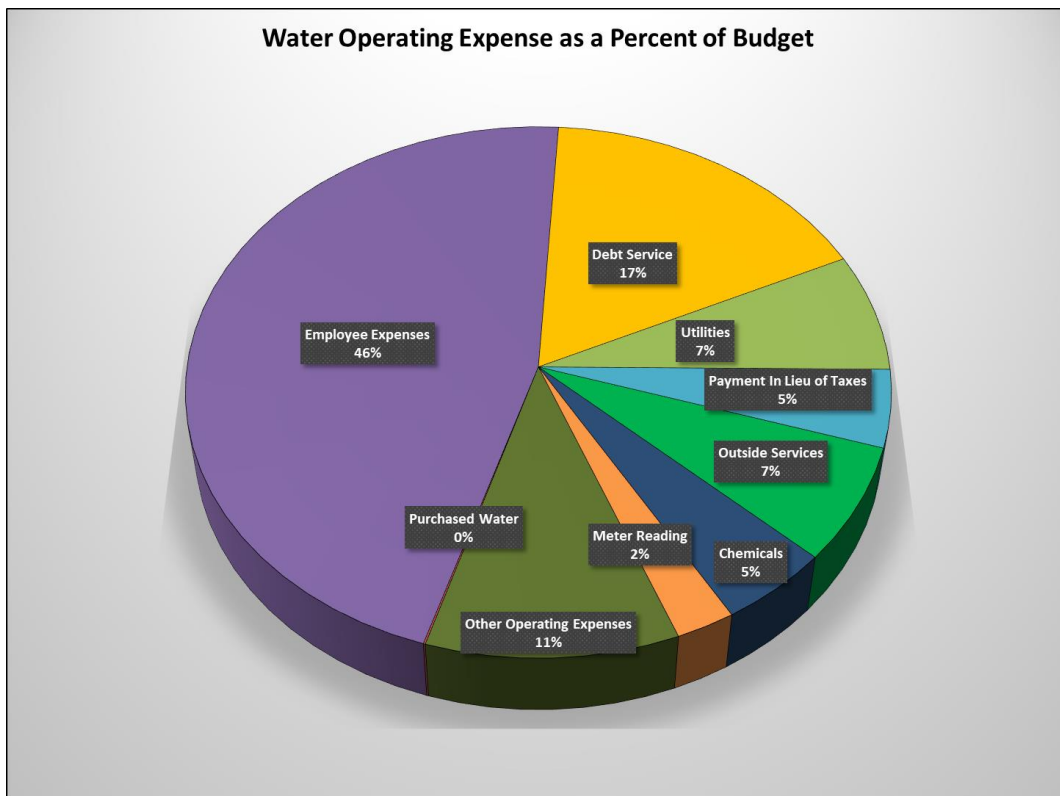
Water rate increases are projected for 2024-2026 but may be deferred if a strong cash position can be maintained.



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



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.

Revenues and Expenditures Summary – Gas

REVENUE:	FY20 Actual	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget
Residential Sales	\$ 21,377,175	\$ 23,625,499	\$ 23,035,890	\$ 25,236,026	\$ 25,725,869
Small Commercial Sales	\$ 11,872,485	\$ 12,428,650	\$ 12,362,736	\$ 13,411,166	\$ 13,662,512
Medium Commercial Sales	\$ 8,234,259	\$ 12,018,796	\$ 9,636,097	\$ 13,097,002	\$ 10,496,028
Large Commercial Sales	\$ 641,198	\$ 1,531,481	\$ 1,559,296	\$ 1,660,800	\$ 1,689,813
Small Industrial Sales	\$ 812,281	\$ -	\$ -	\$ -	\$ -
Large Industrial Sales	\$ 1,156,778	\$ 1,730,033	\$ 6,354,436	\$ 3,106,393	\$ 10,076,067
Other Sales	\$ -	\$ -	\$ -	\$ -	\$ -
Forefeited Discounts	\$ 143,935	\$ 220,061	\$ 194,000	\$ 261,099	\$ 234,900
Aid-To-Construction	\$ 66,885	\$ 191,353	\$ 40,000	\$ 50,371	\$ 45,000
Connection/Tap Fees	\$ 373,314	\$ 409,478	\$ 362,000	\$ 517,867	\$ 447,200
Collection/Reconnection Fees	\$ 185,104	\$ 384,567	\$ 281,000	\$ 313,356	\$ 321,000
Miscellaneous Revenue	\$ 2,646,558	\$ 2,954,248	\$ 2,611,973	\$ 3,404,571	\$ 3,321,119
Interest Income	\$ 478,495	\$ (141,632)	\$ 210,000	\$ 290,952	\$ 415,000
Rental Income	\$ 176,635	\$ 176,635	\$ 176,635	\$ 176,632	\$ 176,700
Water Fiber Lease Income	\$ -	\$ -	\$ -	\$ -	\$ -
Gas Fiber Lease Income	\$ -	\$ -	\$ -	\$ -	\$ -
COH Fiber Lease Income	\$ -	\$ -	\$ -	\$ -	\$ -
Google Fiber Lease Income	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursements	\$ 371,580	\$ 1,582,662	\$ 2,364,730	\$ 1,419,975	\$ 8,066,368
IGSA Service Revenue	\$ -	\$ 144,465	\$ 397,595	\$ 439,597	\$ 525,969
Warrant Proceeds	\$ -	\$ 2,706,473	\$ -	\$ -	\$ -
Cash Reserves Transfer	\$ 3,471,924	\$ (3,491,172)	\$ 8,769,665	\$ (236,018)	\$ 7,859,429
	\$ 52,008,606	\$ 56,471,597	\$ 68,356,053	\$ 63,149,789	\$ 83,062,974

EXPENDITURES:

Employee Expenses	\$ 14,301,763	\$ 16,028,939	\$ 17,351,363	\$ 15,764,929	\$ 19,526,298
Supplies and Materials	\$ 1,777,807	\$ 1,984,202	\$ 1,618,482	\$ 1,831,748	\$ 2,023,031
Services	\$ 2,540,877	\$ 2,826,067	\$ 3,335,625	\$ 3,145,524	\$ 3,611,612
Travel and Training	\$ 373,376	\$ 440,452	\$ 702,112	\$ 494,622	\$ 644,024
Equipment Maintenance	\$ 438,177	\$ 587,373	\$ 728,492	\$ 468,458	\$ 910,865
Utilities	\$ 203,022	\$ 262,129	\$ 269,970	\$ 262,191	\$ 278,868
Commodity	\$ 18,938,024	\$ 21,852,552	\$ 22,922,404	\$ 28,473,466	\$ 31,172,150
Tax Equivalents	\$ 2,652,790	\$ 3,065,742	\$ 3,176,907	\$ 3,390,757	\$ 3,699,017
Debt Service	\$ 1,760,578	\$ 1,561,032	\$ 1,563,881	\$ 1,563,875	\$ 1,563,881
Other Operating Expenses	\$ 1,046,499	\$ 674,266	\$ 811,556	\$ 848,594	\$ 848,228
Capital Expenditures	\$ 7,975,693	\$ 7,188,843	\$ 15,875,261	\$ 6,905,625	\$ 18,785,000
	\$ 52,008,606	\$ 56,471,597	\$ 68,356,053	\$ 63,149,789	\$ 83,062,974

Revenue Detail – Gas

Sales Revenues	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Residential Sales	\$ 23,625,499	\$ 23,035,890	\$ 25,236,026	\$ 25,725,869	11.7%	1.9%
Small Commercial Sales	\$ 12,428,650	\$ 12,362,736	\$ 13,411,166	\$ 13,662,512	10.5%	1.9%
Medium Commercial Sales	\$ 12,018,796	\$ 9,636,097	\$ 13,097,002	\$ 10,496,028	8.9%	-19.9%
Large Commercial Sales	\$ 1,531,481	\$ 1,559,296	\$ 1,660,800	\$ 1,689,813	8.4%	1.7%
Small Industrial Sales	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%
Large Industrial Sales	\$ 1,730,033	\$ 6,354,436	\$ 3,106,393	\$ 10,076,067	58.6%	224.4%
Total	\$ 51,334,459	\$ 52,948,455	\$ 56,511,387	\$ 61,650,289	16.4%	9.1%

Other Operating Revenue	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Forfeited Discounts	\$ 220,061	\$ 194,000	\$ 261,099	\$ 234,900	21.1%	-10.0%
Aid-To-Construction	\$ 191,353	\$ 40,000	\$ 50,371	\$ 45,000	12.5%	-10.7%
Connection/Tap Fees	\$ 409,478	\$ 362,000	\$ 517,867	\$ 447,200	23.5%	-13.6%
Collection/Reconnect Fees	\$ 384,567	\$ 281,000	\$ 313,356	\$ 321,000	14.2%	2.4%
Miscellaneous	\$ 2,954,248	\$ 2,611,973	\$ 3,404,571	\$ 3,321,119	27.1%	-2.5%
Total	\$ 4,159,707	\$ 3,488,973	\$ 4,547,264	\$ 4,369,219	25.2%	-3.9%

Non Operating Revenue	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Interest Income	\$ (141,632)	\$ 210,000	\$ 290,952	\$ 415,000	97.6%	42.6%
Rental Income	\$ 176,635	\$ 176,635	\$ 176,632	\$ 176,700	0.0%	0.0%
Reimbursements	\$ 1,582,662	\$ 2,364,730	\$ 1,419,975	\$ 8,066,368	241.1%	468.1%
IGSA Service Revenue	\$ 144,465	\$ 397,595	\$ 439,597	\$ 525,969	32.3%	19.6%
Total	\$ 1,762,130	\$ 3,148,960	\$ 2,327,156	\$ 9,184,037	191.7%	294.6%

Warrant and Loan Proceeds	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Warrant Proceeds	\$ 2,706,473	\$ -	\$ -	\$ -	0.0%	0.0%
Total	\$ 2,706,473	\$ -	\$ -	\$ -	0.0%	0.0%

Total Revenues	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Total	\$ 59,962,769	\$ 59,586,388	\$ 63,385,807	\$ 75,203,545	26.2%	18.6%

The last two columns on this table and others like it compare the FY23 Budget amount for each line item to the FY22 Budget amount (BvB) and to the FY22 Projected amount (BvP).

Expense Detail – Gas

Employee Expenses	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Payroll-Straight Time	\$ 8,731,274	\$ 10,485,660	\$ 9,589,378	\$ 11,382,248	8.6%	18.7%
Payroll-Overtime	\$ 772,542	\$ 911,192	\$ 829,716	\$ 975,254	7.0%	17.5%
Health Insurance	\$ 2,046,259	\$ 2,933,922	\$ 2,530,188	\$ 3,044,252	3.8%	20.3%
FICA Taxes - Employers	\$ 758,654	\$ 859,905	\$ 802,323	\$ 930,472	8.2%	16.0%
Unemployment	\$ 1,796	\$ 2,990	\$ 920	\$ 2,990	0.0%	225.0%
Workers Comp.	\$ 66,076	\$ 83,291	\$ 69,514	\$ 58,497	-29.8%	-15.8%
Employer Pension Expense	\$ 2,878,612	\$ 1,156,142	\$ 1,170,881	\$ 2,078,369	79.8%	77.5%
Other Employee Benefits	\$ 773,726	\$ 918,261	\$ 772,009	\$ 1,054,216	14.8%	36.6%
Total	\$ 16,028,939	\$ 17,351,363	\$ 15,764,929	\$ 19,526,298	12.5%	23.9%

Supplies and Materials	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Small Tools & Equipment	\$ 301,409	\$ 300,911	\$ 263,174	\$ 300,957	0.0%	14.4%
Postage	\$ 157,610	\$ 168,829	\$ 159,335	\$ 176,474	4.5%	10.8%
Materials: Non-Stock	\$ 1,145,712	\$ 803,765	\$ 932,292	\$ 1,010,023	25.7%	8.3%
Office Supplies & Expenses	\$ 141,432	\$ 165,432	\$ 170,516	\$ 171,141	3.5%	0.4%
Fuel	\$ 237,955	\$ 179,453	\$ 306,383	\$ 364,344	103.0%	18.9%
Board Expenses	\$ 84	\$ 92	\$ 48	\$ 92	0.0%	91.7%
Total	\$ 1,984,202	\$ 1,618,482	\$ 1,831,748	\$ 2,023,031	25.0%	10.4%

Services	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Outside Services	\$ 2,447,167	\$ 2,881,263	\$ 2,776,074	\$ 3,117,197	8.2%	12.3%
Legal Services	\$ 79,885	\$ 93,909	\$ 45,856	\$ 80,674	-14.1%	75.9%
Public Information	\$ 299,015	\$ 360,453	\$ 323,594	\$ 413,741	14.8%	27.9%
Total	\$ 2,826,067	\$ 3,335,625	\$ 3,145,524	\$ 3,611,612	8.3%	14.8%

Travel and Training	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Education & Training	\$ 80,974	\$ 237,212	\$ 129,521	\$ 224,385	-5.4%	73.2%
Trade Memberships/Dues	\$ 333,267	\$ 374,085	\$ 316,068	\$ 360,614	-3.6%	14.1%
Employee Meals	\$ 15,825	\$ 52,072	\$ 23,879	\$ 29,782	-42.8%	24.7%
Business Travel	\$ 10,386	\$ 38,743	\$ 25,154	\$ 29,243	-24.5%	16.3%
Total	\$ 440,452	\$ 702,112	\$ 494,622	\$ 644,024	-8.3%	30.2%

Equipment Maintenance	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Equipment Maintenance	\$ 11,609	\$ 19,833	\$ 10,341	\$ 16,349	-17.6%	58.1%
Software/Hardware Maint.	\$ 575,764	\$ 708,659	\$ 458,117	\$ 894,516	26.2%	95.3%
Total	\$ 587,373	\$ 728,492	\$ 468,458	\$ 910,865	25.0%	94.4%

Utilities	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Utilities	\$ 262,129	\$ 269,970	\$ 262,191	\$ 278,868	3.3%	6.4%
Total	\$ 262,129	\$ 269,970	\$ 262,191	\$ 278,868	3.3%	6.4%

Commodity	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Purchased Gas	\$ 21,852,552	\$ 22,922,404	\$ 28,473,466	\$ 31,172,150	36.0%	9.5%
Total	\$ 21,852,552	\$ 22,922,404	\$ 28,473,466	\$ 31,172,150	36.0%	9.5%

Tax Equivalentts	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Tax Equivalentts	\$ 3,065,742	\$ 3,176,907	\$ 3,390,757	\$ 3,699,017	16.4%	9.1%
Total	\$ 3,065,742	\$ 3,176,907	\$ 3,390,757	\$ 3,699,017	16.4%	9.1%

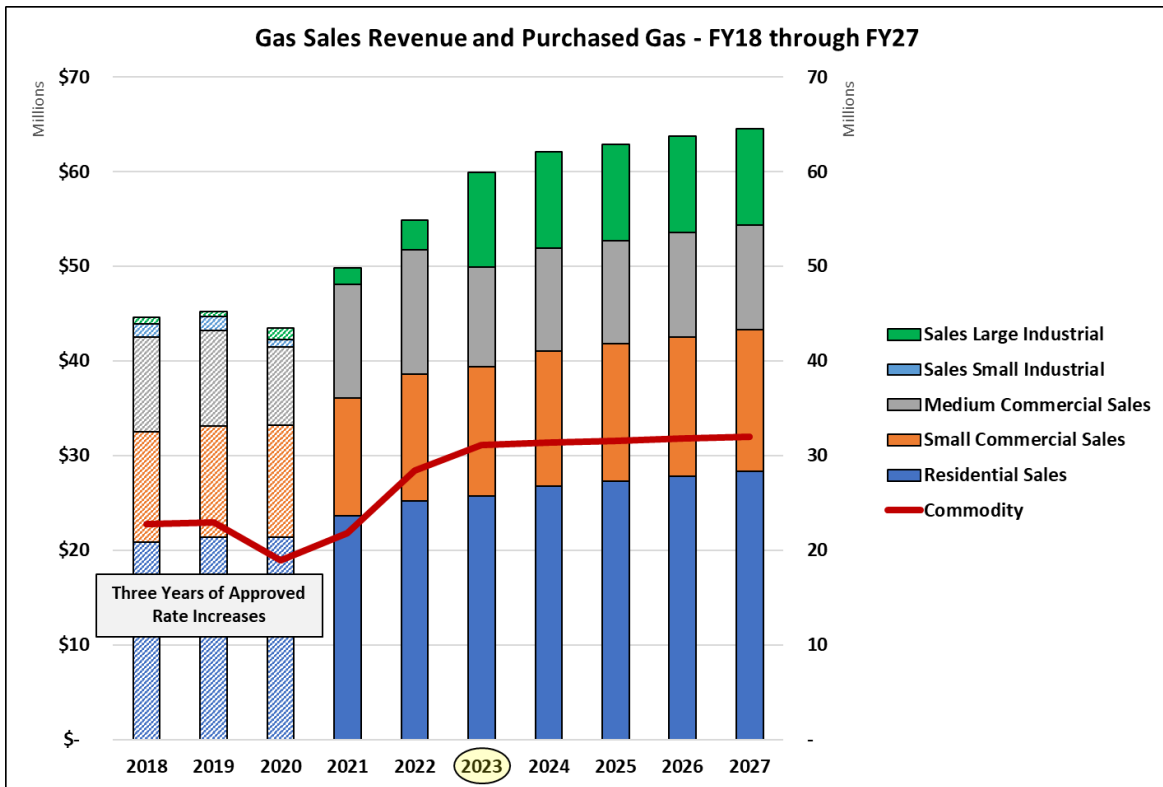
Expense Detail – Gas (Continued)

Debt Service	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Debt Service Expenses	\$ 1,561,032	\$ 1,563,881	\$ 1,563,875	\$ 1,563,881	0.0%	0.0%
Total	\$ 1,561,032	\$ 1,563,881	\$ 1,563,875	\$ 1,563,881	0.0%	0.0%

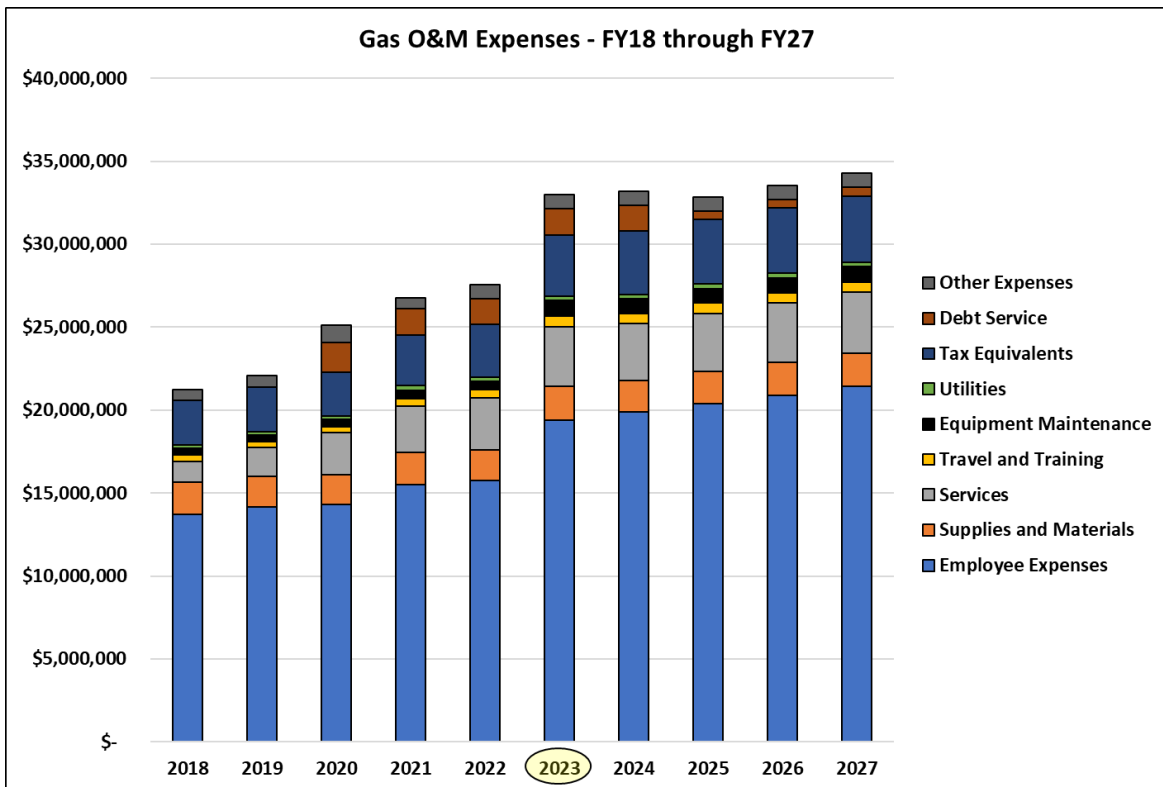
Other Expenses	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Fiber Lease	\$ 360,000	\$ 360,000	\$ 360,000	\$ 360,000	0.0%	0.0%
Rentals	\$ 219,706	\$ 222,082	\$ 220,370	\$ 220,779	-0.6%	0.2%
Uncollectible Accounts	\$ (55,651)	\$ 50,772	\$ 44,396	\$ (3,300)	-106.5%	-107.4%
Injuries & Damages	\$ 40,957	\$ 2,200	\$ 4,937	\$ 20,000	809.1%	305.1%
Cash Overages & Shortages	\$ (246)	\$ 192	\$ 209	\$ 384	100.0%	83.7%
Insurance	\$ 108,918	\$ 113,310	\$ 203,848	\$ 246,465	117.5%	20.9%
Customer Deposit Interest	\$ 582	\$ 63,000	\$ 14,834	\$ 3,900	-93.8%	-73.7%
Total	\$ 674,266	\$ 811,556	\$ 848,594	\$ 848,228	4.5%	0.0%

Capital	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Mat. - Operation & Maint.	\$ 230,062	\$ 215,000	\$ 34,585	\$ 215,000	0.0%	521.7%
Mat. - New Construction	\$ 1,156,461	\$ 4,250,436	\$ 1,610,496	\$ 4,865,000	14.5%	202.1%
Greenbrier (MTM)	\$ 889,697	\$ 1,850,000	\$ 2,141,982	\$ 100,000	-94.6%	-95.3%
AMI	\$ 1,100,210	\$ 3,950,000	\$ 1,139,206	\$ 2,075,000	-47.5%	82.1%
Mat. - Renew & Replace	\$ 1,699,480	\$ 2,433,800	\$ 588,180	\$ 7,871,000	223.4%	1238.2%
Cast Iron Replacement	\$ 1,224,407	\$ 1,800,000	\$ 714,724	\$ 1,400,000	-22.2%	95.9%
Land	\$ -	\$ -	\$ -	\$ 200,000	100.0%	100.0%
Tools & Work Equipment	\$ -	\$ 20,000	\$ 28,167	\$ -	-100.0%	-100.0%
Transportation Equipment	\$ 547,315	\$ 756,025	\$ 278,362	\$ 1,369,000	81.1%	391.8%
Metering Equipment	\$ 310,805	\$ 500,000	\$ 287,914	\$ 575,000	15.0%	99.7%
Regulators	\$ 30,406	\$ 100,000	\$ 82,009	\$ 115,000	15.0%	40.2%
Total	\$ 7,188,843	\$ 15,875,261	\$ 6,905,625	\$ 18,785,000	18.3%	172.0%

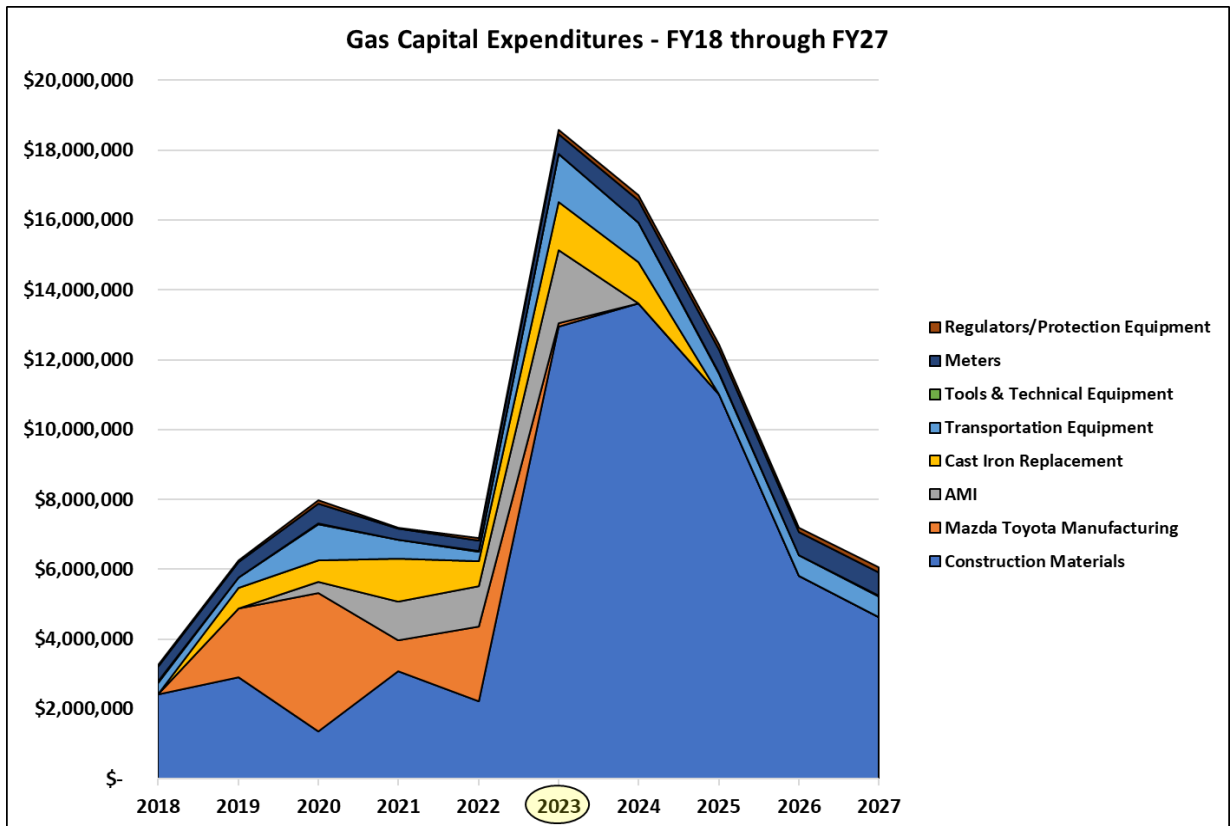
	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Sales Revenue	\$ 51,334,459	\$ 52,948,455	\$ 56,511,387	\$ 61,650,289	16.4%	9.1%
Other Revenue	\$ 5,921,837	\$ 6,637,933	\$ 6,874,420	\$ 13,553,256	104.2%	97.2%
Warrant Proceeds	\$ 2,706,473	\$ -	\$ -	\$ -	0.0%	0.0%
Commodity	\$ 21,852,552	\$ 22,922,404	\$ 28,473,466	\$ 31,172,150	36.0%	9.5%
O&M Expenses	\$ 22,803,428	\$ 24,817,600	\$ 22,816,066	\$ 27,842,926	12.2%	22.0%
Debt Service	\$ 1,561,032	\$ 1,563,881	\$ 1,563,875	\$ 1,563,881	0.0%	0.0%
Taxes	\$ 3,065,742	\$ 3,176,907	\$ 3,390,757	\$ 3,699,017	16.4%	9.1%
Capital Expenses	\$ 7,188,843	\$ 15,875,261	\$ 6,905,625	\$ 18,785,000	18.3%	172.0%
Net Cash Impact	\$ 3,491,172	\$ (8,769,665)	\$ 236,018	\$ (7,859,429)		



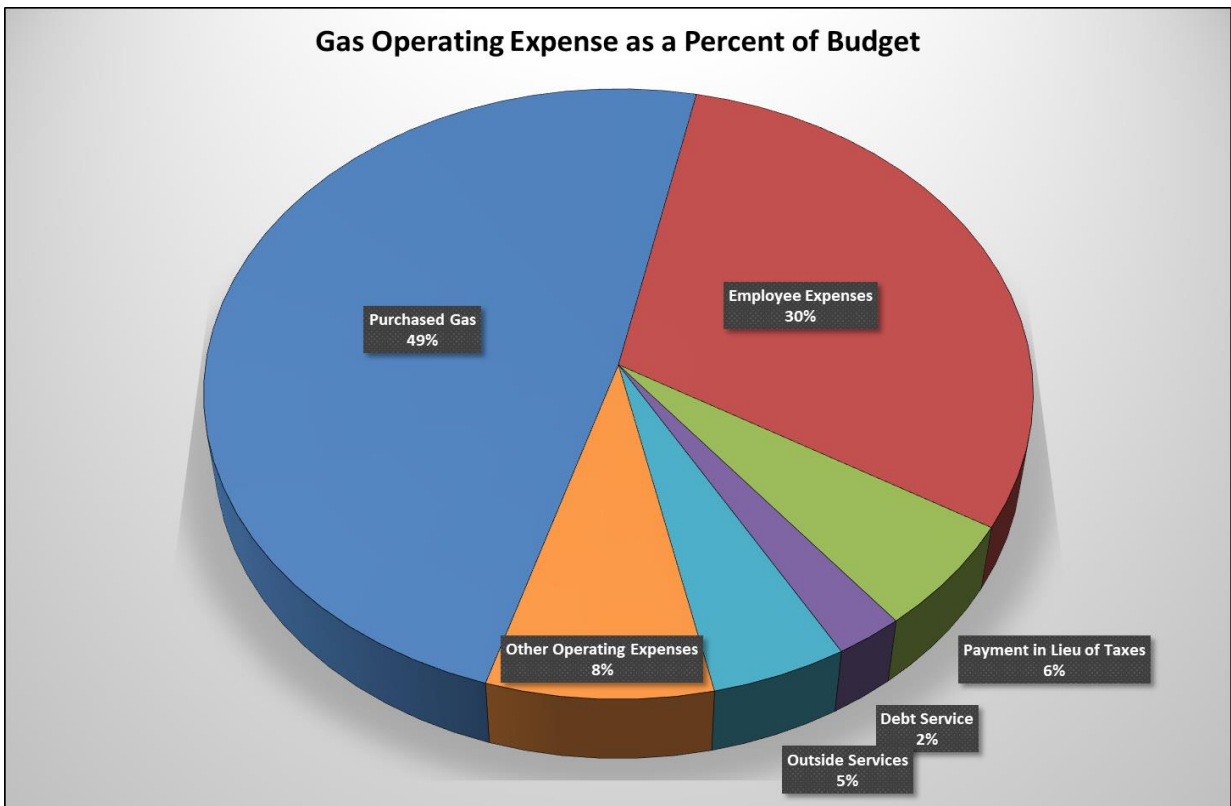
As Mazda Toyota moves into full production status, usage and revenue are expected to increase.



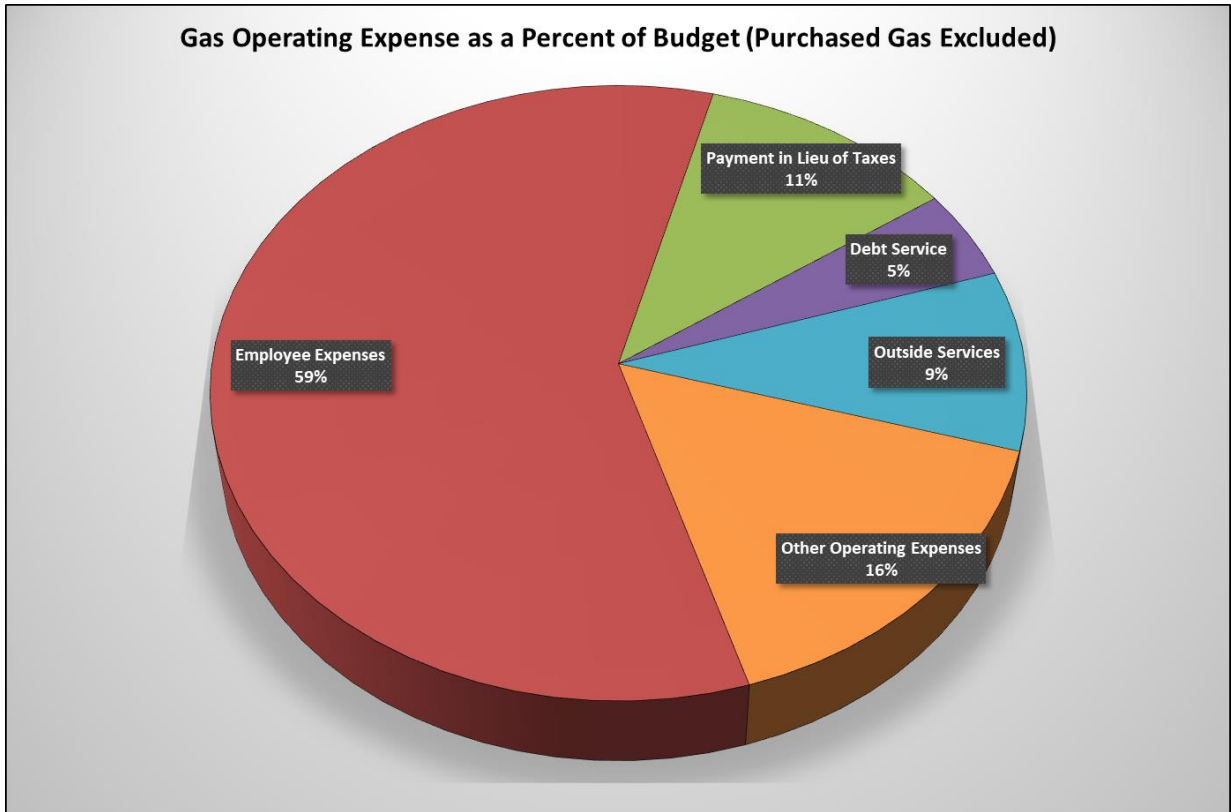
Gas operating expenses trend upward due to inflation and employee-related costs.



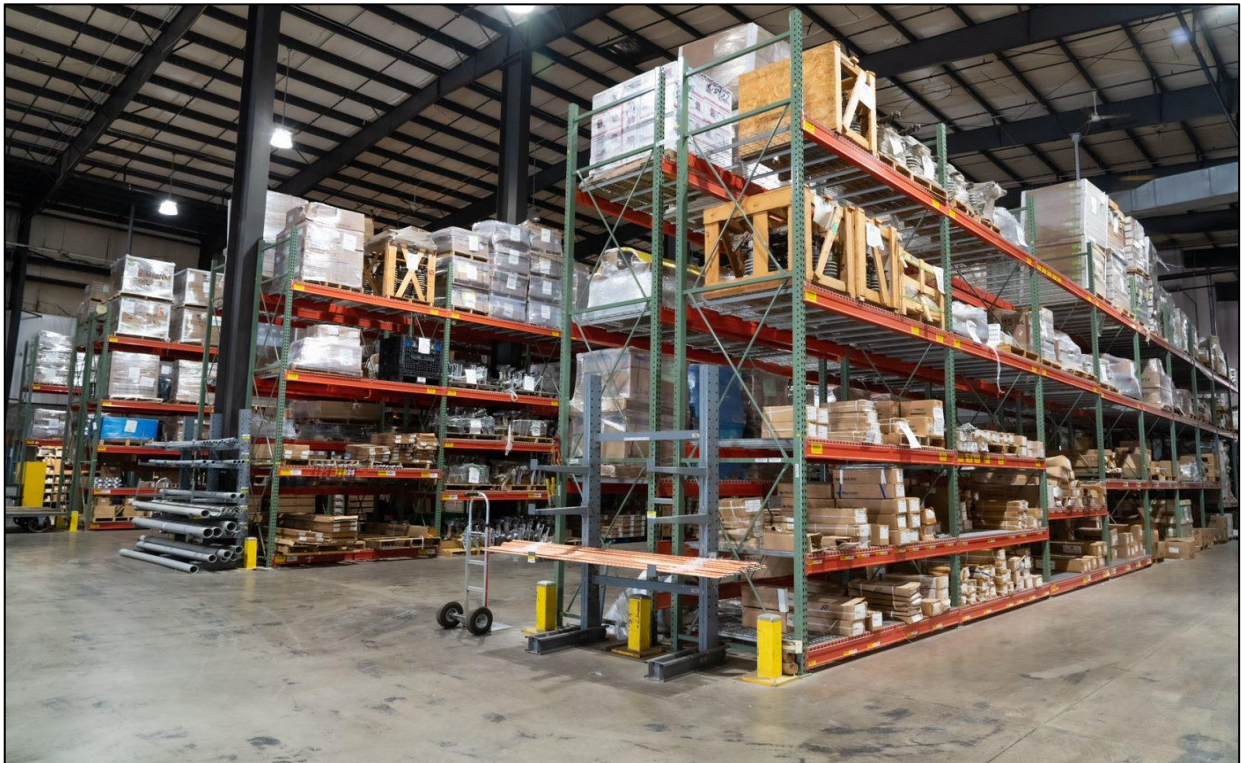
The AMI deployment, cast iron pipe replacement, and system growth are the factors driving the gas capital budget.



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



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



Supply chain issues are a major concern that will impact pricing and the delivery of materials. The picture above shows materials on hand in one of the HU warehouses.

Revenues and Expenditures Summary – Electric

REVENUE:	FY20 Actual	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget
Residential Sales	\$ 252,915,853	\$ 269,674,566	\$ 273,393,333	\$ 285,757,835	\$ 291,494,189
Small Commercial Sales	\$ 39,767,463	\$ 41,782,103	\$ 42,194,756	\$ 43,413,607	\$ 43,316,613
Medium Commercial Sales	\$ 134,044,769	\$ 138,407,248	\$ 141,760,564	\$ 146,418,225	\$ 148,321,834
Large Commercial Sales	\$ 25,657,105	\$ 23,823,864	\$ 28,190,234	\$ 25,986,634	\$ 25,714,176
Small Industrial Sales	\$ 13,834,562	\$ 10,562,530	\$ 15,167,824	\$ 12,630,199	\$ 13,825,922
Large Industrial Sales	\$ 18,602,503	\$ 22,960,612	\$ 20,467,019	\$ 24,544,143	\$ 27,566,784
Other Sales	\$ 5,059,544	\$ 5,296,917	\$ 5,018,896	\$ 5,141,135	\$ 5,211,035
Forefeited Discounts	\$ 1,627,483	\$ 2,526,616	\$ 2,541,000	\$ 2,601,709	\$ 2,644,500
Aid-To-Construction	\$ 10,595,556	\$ 16,377,147	\$ 10,600,000	\$ 14,000,226	\$ 16,075,000
Connection/Tap Fees	\$ 2,385,240	\$ 2,661,522	\$ 2,325,000	\$ 2,153,296	\$ 2,419,008
Collection/Reconnection Fees	\$ 1,211,493	\$ 2,517,127	\$ 1,838,000	\$ 1,381,566	\$ 1,885,800
Miscellaneous Revenue	\$ 2,385,357	\$ 2,689,566	\$ 1,984,100	\$ 3,033,967	\$ 2,554,500
Interest Income	\$ 569,761	\$ (108,864)	\$ 300,000	\$ 290,975	\$ 357,000
Rental Income	\$ 4,525,030	\$ 5,700,420	\$ 5,137,739	\$ 5,421,433	\$ 5,624,300
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	\$ 2,496,000	\$ 2,496,000	\$ 2,496,000	\$ 2,496,000	\$ 2,496,000
Google Fiber Lease Income	\$ 6,533,843	\$ 7,323,540	\$ 7,407,500	\$ 7,450,018	\$ 7,784,000
Reimbursements	\$ 1,746,024	\$ 2,041,360	\$ 1,421,530	\$ 1,404,845	\$ 1,284,818
IGSA Service Revenue	\$ -	\$ 1,166,276	\$ 3,449,006	\$ 4,287,234	\$ 4,673,661
Warrant Proceeds	\$ 5,054,000	\$ -	\$ -	\$ -	\$ -
Cash Reserves Transfer	\$ (17,315,823)	\$ (45,027,526)	\$ (15,357,809)	\$ (47,391,618)	\$ (3,810,688)
	\$ 512,895,763	\$ 514,071,024	\$ 551,534,692	\$ 542,221,429	\$ 600,638,452

EXPENDITURES:

Employee Expenses	\$ 42,344,255	\$ 41,882,460	\$ 50,541,705	\$ 45,725,994	\$ 55,980,241
Supplies and Materials	\$ 5,763,003	\$ 6,570,905	\$ 5,877,728	\$ 6,339,966	\$ 7,250,431
Services	\$ 13,605,610	\$ 12,635,158	\$ 15,288,253	\$ 11,802,822	\$ 18,701,526
Travel and Training	\$ 710,231	\$ 651,213	\$ 1,303,731	\$ 892,360	\$ 1,325,954
Equipment Maintenance	\$ 2,064,310	\$ 1,726,640	\$ 2,033,129	\$ 1,477,163	\$ 2,532,692
Utilities	\$ 834,158	\$ 801,246	\$ 820,790	\$ 794,854	\$ 831,582
Commodity	\$ 392,788,003	\$ 392,210,834	\$ 408,174,570	\$ 420,963,174	\$ 432,417,266
Tax Equivalents	\$ 15,437,942	\$ 18,063,734	\$ 16,591,993	\$ 17,331,471	\$ 18,270,881
Debt Service	\$ 5,462,854	\$ 5,870,393	\$ 6,590,850	\$ 6,931,040	\$ 6,582,600
Other Operating Expenses	\$ 2,941,102	\$ 898,698	\$ 2,010,120	\$ 1,854,569	\$ 1,771,279
Capital Expenditures	\$ 30,944,295	\$ 32,759,743	\$ 42,301,823	\$ 28,108,016	\$ 54,974,000
	\$ 512,895,763	\$ 514,071,024	\$ 551,534,692	\$ 542,221,429	\$ 600,638,452

Revenue Detail – Electric

Sales Revenues	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Residential Sales	\$ 269,674,566	\$ 273,393,333	\$ 285,757,835	\$ 291,494,189	6.6%	2.0%
Small Commercial Sales	\$ 41,782,103	\$ 42,194,756	\$ 43,413,607	\$ 43,316,613	2.7%	-0.2%
Medium Commercial Sales	\$ 138,407,248	\$ 141,760,564	\$ 146,418,225	\$ 148,321,834	4.6%	1.3%
Large Commercial Sales	\$ 23,823,864	\$ 28,190,234	\$ 25,986,634	\$ 25,714,176	-8.8%	-1.0%
Small Industrial Sales	\$ 10,562,530	\$ 15,167,824	\$ 12,630,199	\$ 13,825,922	-8.8%	9.5%
Large Industrial Sales	\$ 22,960,612	\$ 20,467,019	\$ 24,544,143	\$ 27,566,784	34.7%	12.3%
Lighting Sales	\$ 5,296,917	\$ 5,018,896	\$ 5,141,135	\$ 5,211,035	3.8%	1.4%
Total	\$ 512,507,840	\$ 526,192,626	\$ 543,891,778	\$ 555,450,553	5.6%	2.1%

Other Operating Revenue	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Forfeited Discounts	\$ 2,526,616	\$ 2,541,000	\$ 2,601,709	\$ 2,644,500	4.1%	1.6%
Aid-To-Construction	\$ 16,377,147	\$ 10,600,000	\$ 14,000,226	\$ 16,075,000	51.7%	14.8%
Connection/Tap Fees	\$ 2,661,522	\$ 2,325,000	\$ 2,153,296	\$ 2,419,008	4.0%	12.3%
Collection/Reconnect Fees	\$ 2,517,127	\$ 1,838,000	\$ 1,381,566	\$ 1,885,800	2.6%	36.5%
Miscellaneous	\$ 2,689,566	\$ 1,984,100	\$ 3,033,967	\$ 2,554,500	28.7%	-15.8%
Total	\$ 26,771,978	\$ 19,288,100	\$ 23,170,764	\$ 25,578,808	32.6%	10.4%

Non Operating Revenue	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Interest Income	\$ (108,864)	\$ 300,000	\$ 290,975	\$ 357,000	19.0%	22.7%
Rental Income	\$ 5,700,420	\$ 5,137,739	\$ 5,421,433	\$ 5,624,300	9.5%	3.7%
Reimbursements	\$ 2,041,360	\$ 1,421,530	\$ 1,404,845	\$ 1,284,818	-9.6%	-8.5%
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	\$ 7,323,540	\$ 7,407,500	\$ 7,450,018	\$ 7,784,000	5.1%	4.5%
IGSA Service Revenue	\$ 1,166,276	\$ 3,449,006	\$ 4,287,234	\$ 4,673,661	35.5%	9.0%
Total	\$ 19,818,732	\$ 21,411,775	\$ 22,550,505	\$ 23,419,779	9.4%	3.9%

Warrant and Loan Proceeds	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Warrant Proceeds	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%
Total	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%

Total Revenues	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Total	\$ 559,098,550	\$ 566,892,501	\$ 589,613,047	\$ 604,449,140	6.6%	2.5%

The last two columns on this table and others like it compare the FY23 Budget amount for each line item to the FY22 Budget amount (BvB) and to the FY22 Projected amount (BvP).

Expense Detail – Electric

Employee Expenses	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Payroll-Straight Time	\$ 23,481,714	\$ 30,011,498	\$ 26,298,577	\$ 32,908,771	9.7%	25.1%
Payroll-Overtime	\$ 3,754,375	\$ 3,611,499	\$ 3,862,835	\$ 3,746,241	3.7%	-3.0%
Health Insurance	\$ 5,041,690	\$ 7,269,615	\$ 6,400,150	\$ 7,628,526	4.9%	19.2%
FICA Taxes - Employers	\$ 2,191,858	\$ 2,542,871	\$ 2,438,469	\$ 2,767,470	8.8%	13.5%
Unemployment	\$ 3,749	\$ 6,240	\$ 1,920	\$ 6,240	0.0%	225.0%
Workers Comp.	\$ 149,132	\$ 187,776	\$ 76,961	\$ 149,372	-20.5%	94.1%
Employer Pension Expense	\$ 5,227,934	\$ 4,299,741	\$ 4,484,611	\$ 5,787,450	34.6%	29.1%
Other Employee Benefits	\$ 2,032,008	\$ 2,612,465	\$ 2,162,471	\$ 2,986,171	14.3%	38.1%
Total	\$ 41,882,460	\$ 50,541,705	\$ 45,725,994	\$ 55,980,241	10.8%	22.4%

Supplies and Materials	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Small Tools & Equipment	\$ 1,522,457	\$ 1,348,165	\$ 1,344,860	\$ 1,495,995	11.0%	11.2%
Postage	\$ 588,607	\$ 603,167	\$ 572,936	\$ 616,887	2.3%	7.7%
Materials: Non-Stock	\$ 3,300,074	\$ 2,817,557	\$ 2,936,657	\$ 3,345,666	18.7%	13.9%
Office Supplies & Expenses	\$ 440,322	\$ 492,380	\$ 501,198	\$ 634,887	28.9%	26.7%
Fuel	\$ 718,550	\$ 615,267	\$ 983,879	\$ 1,155,804	87.9%	17.5%
Board Expenses	\$ 895	\$ 1,192	\$ 436	\$ 1,192	0.0%	173.4%
Total	\$ 6,570,905	\$ 5,877,728	\$ 6,339,966	\$ 7,250,431	23.4%	14.4%

Services	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Outside Services	\$ 11,905,214	\$ 14,421,692	\$ 11,121,080	\$ 17,792,067	23.4%	60.0%
Legal Services	\$ 117,532	\$ 184,799	\$ 90,956	\$ 158,962	-14.0%	74.8%
Public Information	\$ 612,412	\$ 681,762	\$ 590,786	\$ 750,497	10.1%	27.0%
Total	\$ 12,635,158	\$ 15,288,253	\$ 11,802,822	\$ 18,701,526	22.3%	58.4%

Travel and Training	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Education & Training	\$ 195,234	\$ 649,190	\$ 405,072	\$ 707,189	8.9%	74.6%
Trade Memberships/Dues	\$ 376,799	\$ 428,675	\$ 338,207	\$ 452,325	5.5%	33.7%
Employee Meals	\$ 46,918	\$ 142,271	\$ 88,650	\$ 91,632	-35.6%	3.4%
Business Travel	\$ 32,262	\$ 83,595	\$ 60,431	\$ 74,808	-10.5%	23.8%
Total	\$ 651,213	\$ 1,303,731	\$ 892,360	\$ 1,325,954	1.7%	48.6%

Equipment Maintenance	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Equipment Maintenance	\$ 43,474	\$ 49,209	\$ 43,855	\$ 41,616	-15.4%	-5.1%
Software/Hardware Maint.	\$ 1,683,166	\$ 1,983,920	\$ 1,433,308	\$ 2,491,076	25.6%	73.8%
Total	\$ 1,726,640	\$ 2,033,129	\$ 1,477,163	\$ 2,532,692	24.6%	71.5%

Utilities	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Utilities	\$ 801,246	\$ 820,790	\$ 794,854	\$ 831,582	1.3%	4.6%
Total	\$ 801,246	\$ 820,790	\$ 794,854	\$ 831,582	1.3%	4.6%

Commodity	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Purchased Power	\$ 392,210,834	\$ 408,174,570	\$ 420,963,174	\$ 432,417,266	5.9%	2.7%
Total	\$ 392,210,834	\$ 408,174,570	\$ 420,963,174	\$ 432,417,266	5.9%	2.7%

Tax Equivalents	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Tax Equivalents	\$ 18,063,734	\$ 16,591,993	\$ 17,331,471	\$ 18,270,881	10.1%	5.4%
Total	\$ 18,063,734	\$ 16,591,993	\$ 17,331,471	\$ 18,270,881	10.1%	5.4%

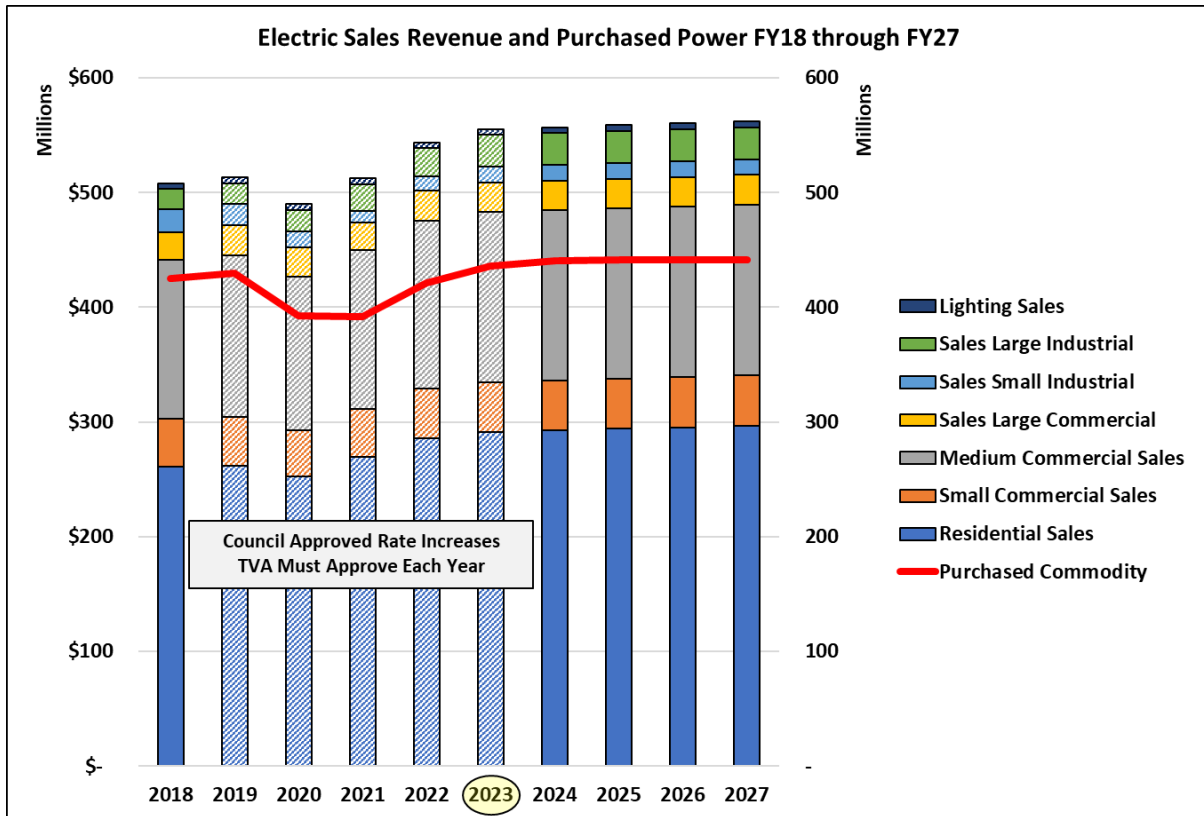
Expense Detail – Electric (Continued)

Debt Service	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Debt Service Expenses	\$ 5,870,393	\$ 6,590,850	\$ 6,931,040	\$ 6,582,600	-0.1%	-5.0%
Total	\$ 5,870,393	\$ 6,590,850	\$ 6,931,040	\$ 6,582,600	-0.1%	-5.0%

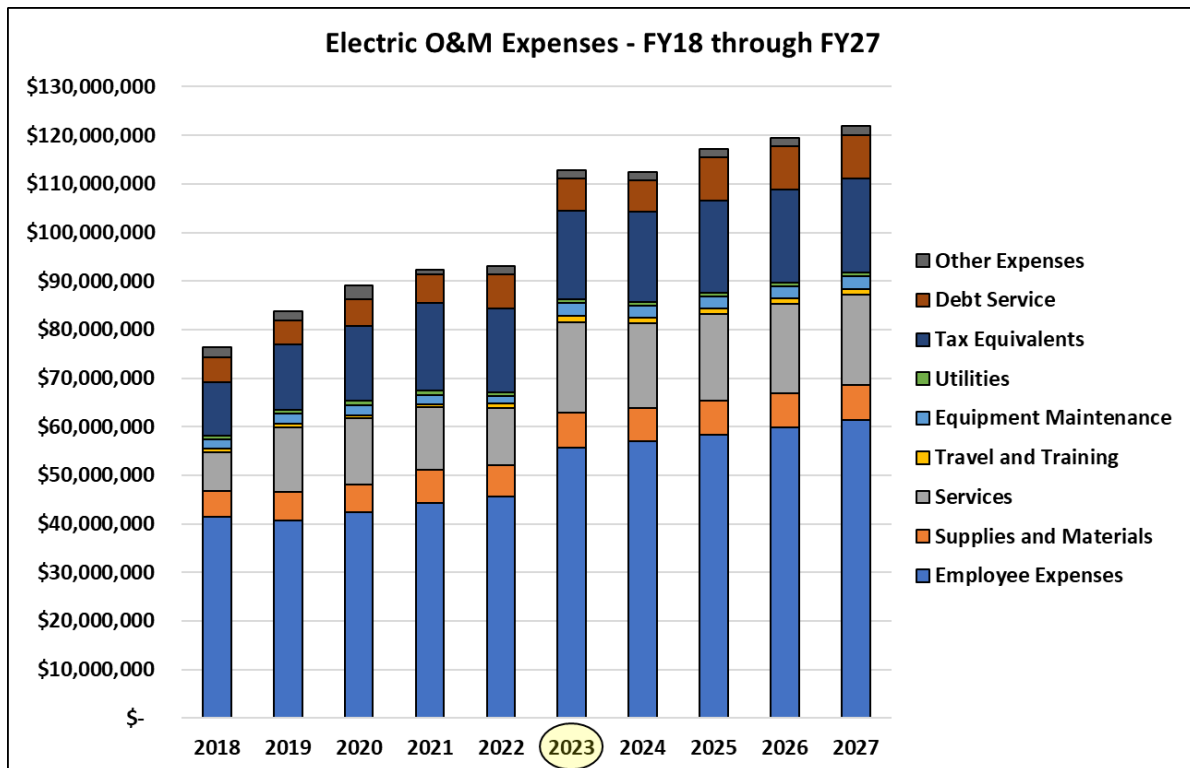
Other Expenses	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Rentals	\$ 656,120	\$ 682,909	\$ 685,457	\$ 666,572	-2.4%	-2.8%
Uncollectible Accounts	\$ (544,193)	\$ 362,301	\$ 321,551	\$ 369,000	1.8%	14.8%
Injuries & Damages	\$ 189,839	\$ 36,000	\$ 45,814	\$ 41,236	14.5%	-10.0%
Cash Overages & Shortage	\$ (1,145)	\$ 660	\$ 638	\$ 1,320	100.0%	106.9%
Insurance	\$ 356,289	\$ 367,850	\$ 544,358	\$ 658,440	79.0%	21.0%
Interest on Customer Deposits	\$ 241,788	\$ 560,000	\$ 256,591	\$ 34,536	-93.8%	-86.5%
Propane	\$ -	\$ 400	\$ 160	\$ 175	-56.3%	9.4%
Total	\$ 898,698	\$ 2,010,120	\$ 1,854,569	\$ 1,771,279	-11.9%	-4.5%

Capital	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Mat. - Operation & Maint.	\$ 1,957,016	\$ 2,850,000	\$ 1,979,057	\$ 2,100,000	-26.3%	6.1%
Mat. - New Construction	\$ 9,666,858	\$ 20,453,194	\$ 12,912,071	\$ 26,786,000	31.0%	107.4%
AMI	\$ 8,874,401	\$ -	\$ 48,401	\$ -	0.0%	-100.0%
Fiber Build Out	\$ 2,592,229	\$ 2,000,000	\$ 1,422,967	\$ 2,900,000	45.0%	103.8%
Mat. - Renew & Replace	\$ 1,487,870	\$ 4,218,600	\$ 2,547,577	\$ 5,416,000	28.4%	112.6%
Land	\$ 150,618	\$ 200,000	\$ -	\$ 200,000	0.0%	100.0%
Tools & Work Equipment	\$ 159,479	\$ 168,000	\$ 153,057	\$ 212,000	26.2%	38.5%
Transportation Equipment	\$ 1,636,181	\$ 4,784,773	\$ 772,243	\$ 6,020,000	25.8%	679.5%
Communication Equipment	\$ 28,324	\$ 58,000	\$ -	\$ 673,000	1060.3%	100.0%
Computer Equipment	\$ 276,332	\$ 1,605,500	\$ 506,350	\$ 1,417,000	-11.7%	179.8%
Metering Equipment	\$ 1,076,928	\$ 1,763,756	\$ 1,794,960	\$ 2,250,000	27.6%	25.4%
Transformers	\$ 4,853,507	\$ 4,200,000	\$ 5,971,333	\$ 7,000,000	66.7%	17.2%
Total	\$ 32,759,743	\$ 42,301,823	\$ 28,108,016	\$ 54,974,000	30.0%	95.6%

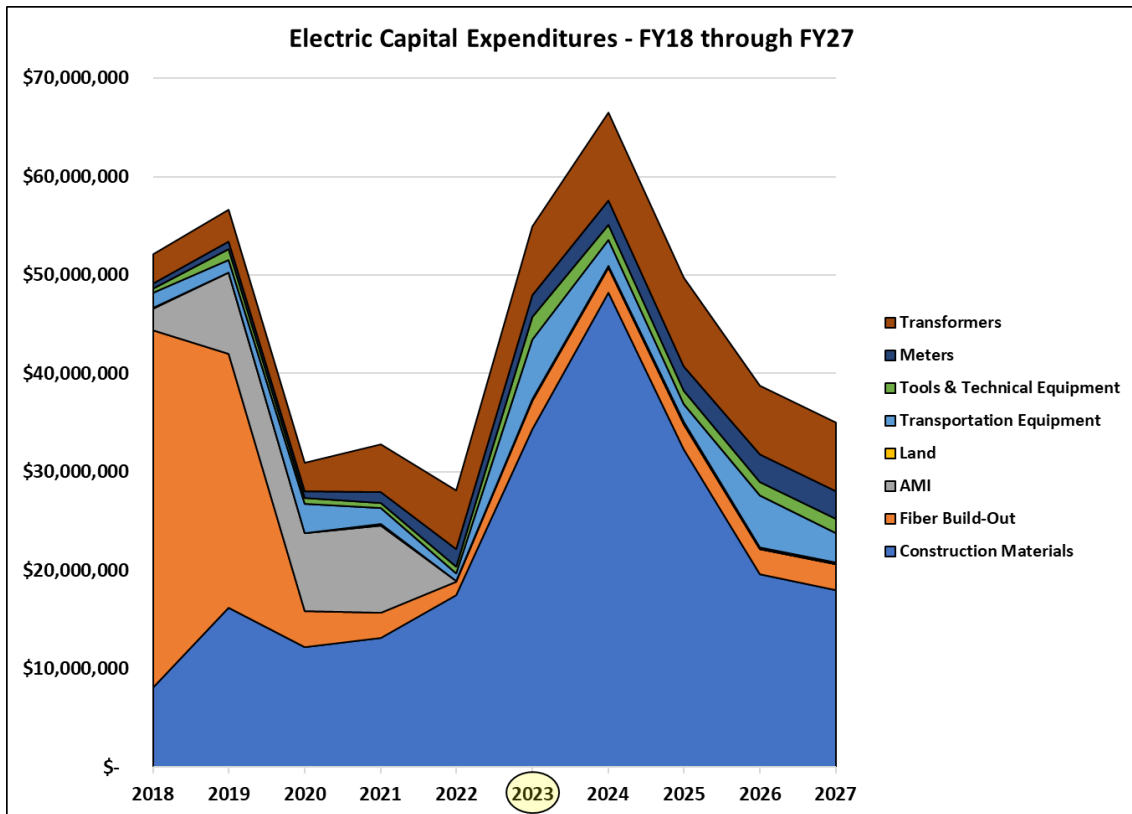
	FY21 Actual	FY22 Budget	FY22 Projected	FY23 Budget	BvB	BvP
Sales Revenue	\$ 512,507,840	\$ 526,192,626	\$ 543,891,778	\$ 555,450,553	5.6%	2.1%
Other Revenue	\$ 46,590,710	\$ 40,699,875	\$ 45,721,269	\$ 48,998,587	20.4%	7.2%
Warrant Proceeds	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%
Commodity	\$ 392,210,834	\$ 408,174,570	\$ 420,963,174	\$ 432,417,266	5.9%	2.7%
O&M Expenses	\$ 65,166,320	\$ 77,875,456	\$ 68,887,728	\$ 88,393,705	13.5%	28.3%
Debt Service	\$ 5,870,393	\$ 6,590,850	\$ 6,931,040	\$ 6,582,600	-0.1%	-5.0%
Taxes	\$ 18,063,734	\$ 16,591,993	\$ 17,331,471	\$ 18,270,881	10.1%	5.4%
Capital Expenses	\$ 32,759,743	\$ 42,301,823	\$ 28,108,016	\$ 54,974,000	30.0%	95.6%
Net Cash Impact	\$ 45,027,526	\$ 15,357,809	\$ 47,391,618	\$ 3,810,688		



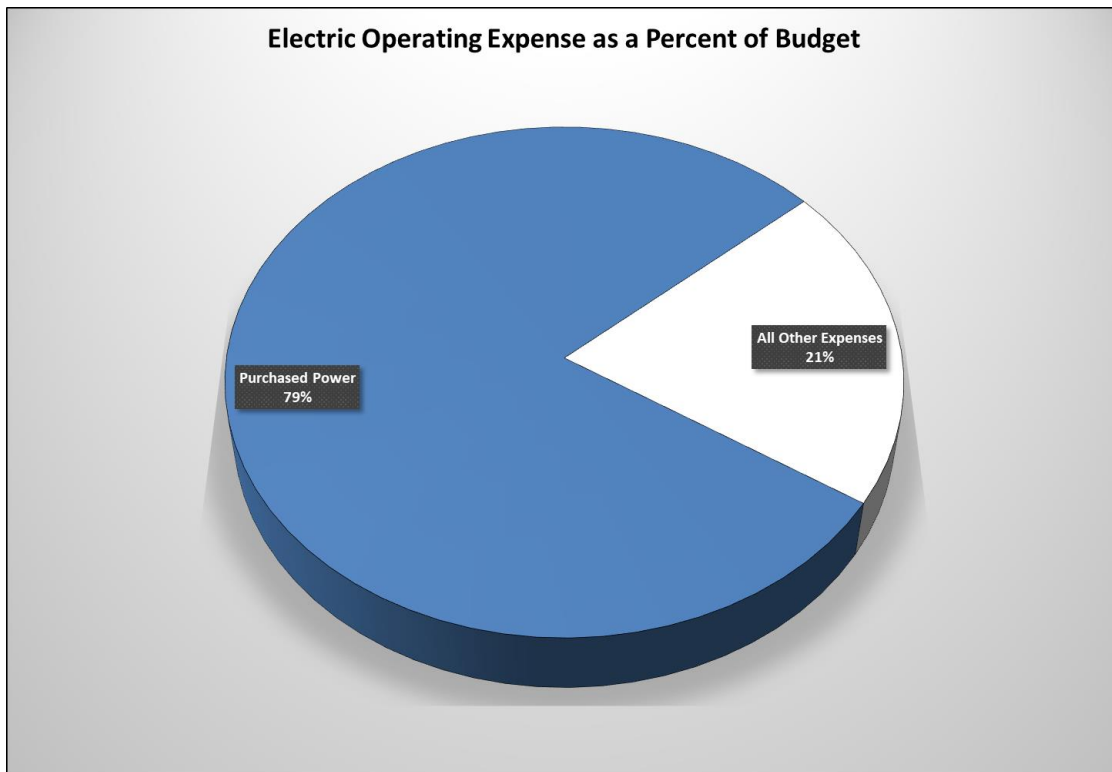
FY23 includes the fifth step of a five-step rate strategy approved by all governing bodies.



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

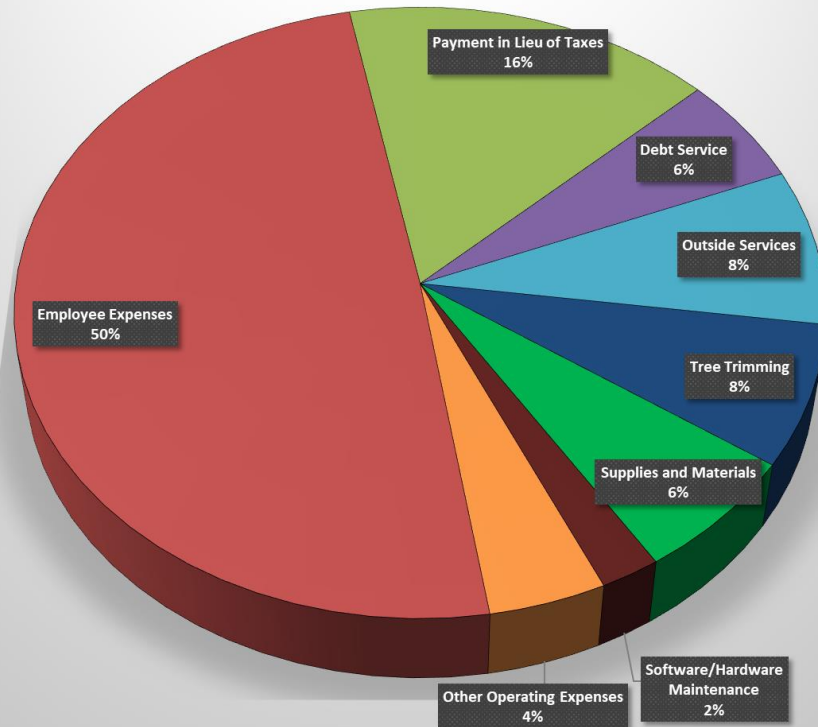


Construction of the System Operations Center is the most significant factor influencing FY23 electric capital costs.



Huntsville Utilities purchases all power from TVA. TVA has provided power credits that reduce the expense for FY23.

Electric Operating Expense as a Percent of Budget (Purchased Power Excluded)



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



As gasoline prices rise and automobile manufacturers shift production towards electric vehicles, HU is working with the City of Huntsville to determine the best way to deploy charging infrastructure.

Departmental Budgets by Utility Service Compared to Prior Year

FY23 Budget

Department	Water	Gas	Electric	Total
Administration	\$ 965,660	\$ 765,866	\$ 1,598,327	\$ 3,329,853
Customer Care	\$ 6,958,375	\$ 3,651,297	\$ 10,388,215	\$ 20,997,887
Engineering	\$ 3,733,878	\$ 1,801,277	\$ 6,502,095	\$ 12,037,250
Finance	\$ 18,429,359	\$ 10,792,227	\$ 36,927,139	\$ 66,148,725
Employee Engagement	\$ 1,409,528	\$ 1,797,007	\$ 4,537,603	\$ 7,744,138
Information Technology	\$ 3,690,753	\$ 2,435,565	\$ 6,902,904	\$ 13,029,222
Water Operations	\$ 24,929,438	\$ -	\$ -	\$ 24,929,438
Gas Operations	\$ 213,230	\$ 11,364,641	\$ 53,309	\$ 11,631,180
Electric Operations	\$ 802,038	\$ 497,944	\$ 46,337,594	\$ 47,637,576
Purchased Commodity	\$ 50,000	\$ 31,172,150	\$ 432,417,266	\$ 463,639,416
Grand Total	\$ 61,182,259	\$ 64,277,974	\$ 545,664,452	\$ 671,124,685

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

These tables exclude revenue and any related credits and capital expenditures.

Multi-Year Summary of Expenditures by Functional Department

Department	FY21 Actual	FY22 Budget	FY23 Budget	FY24 Plan
Administration	\$ 2,085,979	\$ 2,812,388	\$ 3,329,853	\$ 3,359,788
Customer Care	\$ 16,055,140	\$ 19,890,530	\$ 20,997,887	\$ 21,017,705
Engineering	\$ 8,683,352	\$ 12,123,276	\$ 12,037,250	\$ 11,364,963
Finance	\$ 53,044,978	\$ 60,834,884	\$ 66,148,725	\$ 65,939,694
Employee Engagement	\$ 5,352,569	\$ 7,233,486	\$ 7,744,138	\$ 7,701,434
Information Technology	\$ 9,464,774	\$ 11,292,383	\$ 13,029,222	\$ 12,839,401
Water Operations	\$ 18,915,814	\$ 21,229,979	\$ 24,929,438	\$ 24,770,713
Gas Operations	\$ 9,929,038	\$ 10,457,560	\$ 11,631,180	\$ 11,797,734
Electric Operations	\$ 35,115,487	\$ 39,124,201	\$ 47,637,576	\$ 47,300,785
Purchased Commodity	\$ 414,097,296	\$ 431,132,974	\$ 463,639,416	\$ 472,442,996
Grand Total	\$ 572,744,427	\$ 616,131,661	\$ 671,124,685	\$ 678,535,212

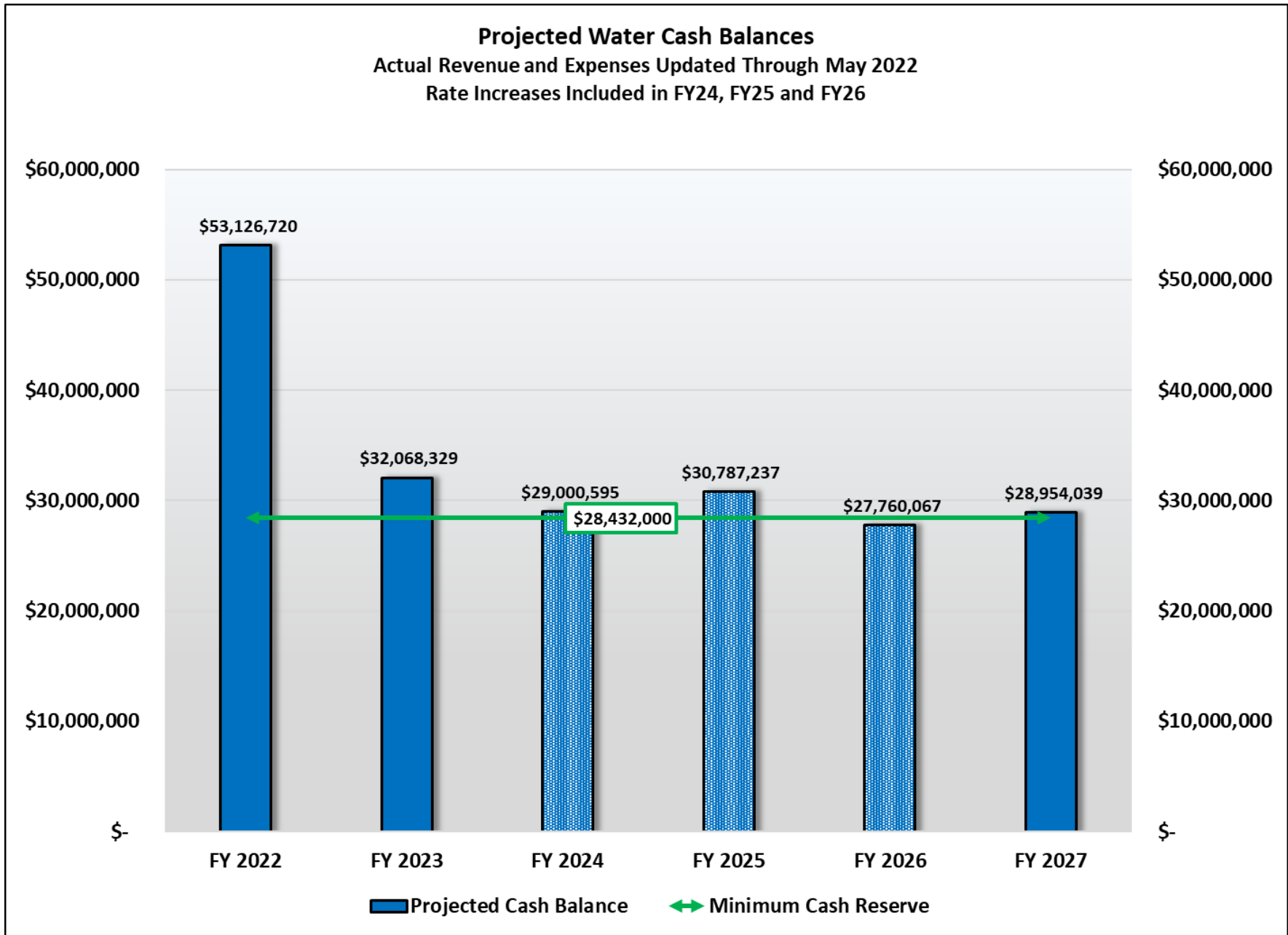
These tables exclude revenue and any related credits and capital expenditures.



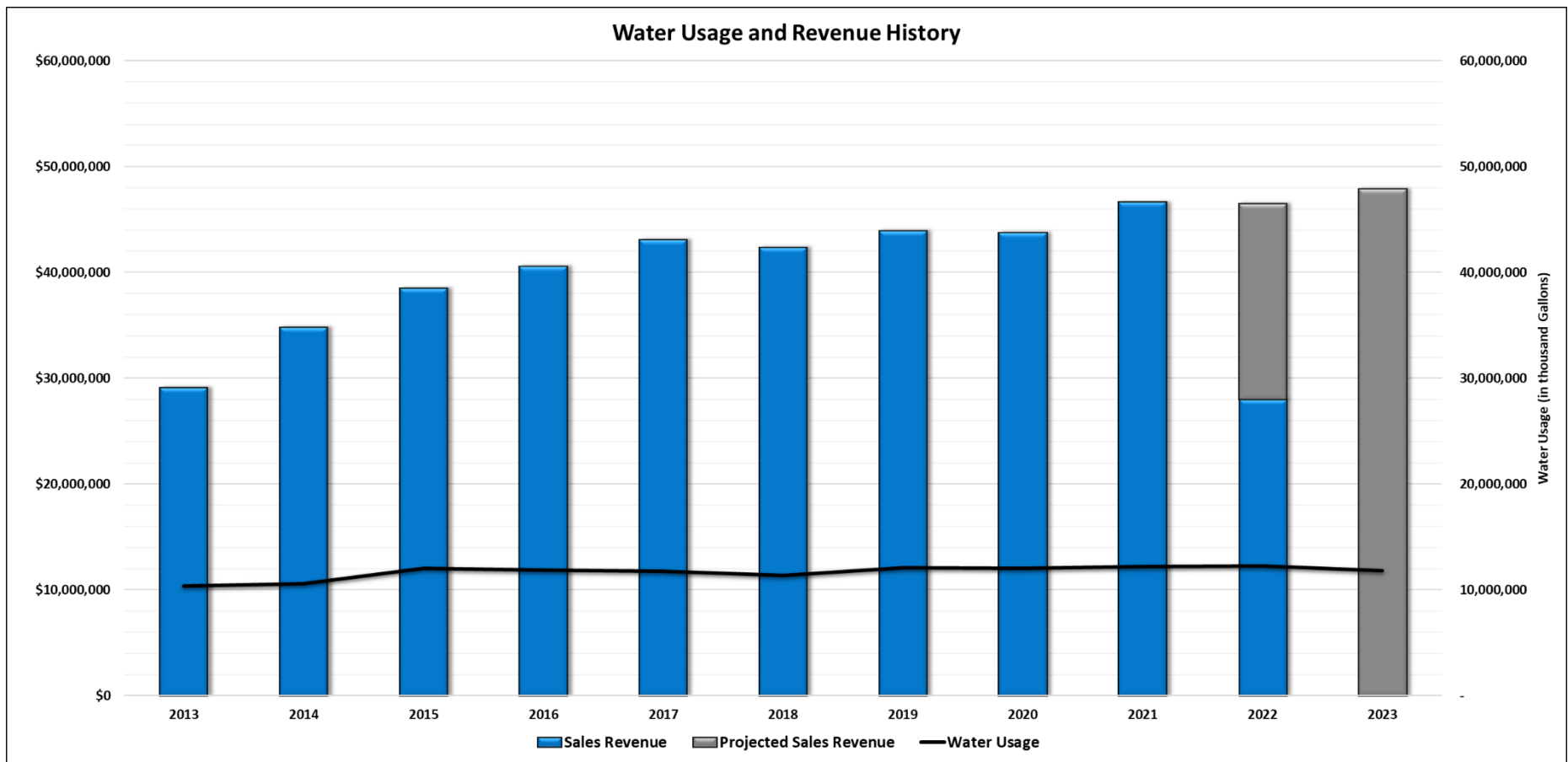
Huntsville Utilities partners with organizations in the greater Huntsville area to promote economic development and quality of life. Pictured above is HU's Communications & Public Relations Manager delivering a check to The Schools Foundations from TVA pandemic relief funds in March 2022.

Long-Term Financial Plan – Water

	Budget FY 2022	Projected FY 2022	Budget FY 2023	Forecast FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027
Beginning Cash Balances	\$ 66,754,735	\$ 54,624,674	\$ 53,126,720	\$ 32,068,329	\$ 29,000,595	\$ 30,787,237	\$ 27,760,067
Sales Revenue	\$ 46,750,216	\$ 46,774,359	\$ 47,061,813	\$ 52,642,128	\$ 57,656,061	\$ 60,504,488	\$ 61,270,559
Limestone County Sales Revenue	\$ 719,776	\$ 868,478	\$ 857,001	\$ 1,055,297	\$ 1,124,922	\$ 1,167,332	\$ 1,183,417
IGSA Service Revenue	\$ 3,035,825	\$ 3,193,462	\$ 3,580,589	\$ 3,652,201	\$ 3,725,245	\$ 3,799,750	\$ 3,875,745
Other Operating Revenue	\$ 7,309,606	\$ 8,013,528	\$ 7,180,000	\$ 7,323,600	\$ 7,470,072	\$ 7,619,473	\$ 7,771,863
Non Operating Revenue	\$ 3,909,990	\$ 2,308,467	\$ 5,757,364	\$ 3,856,310	\$ 6,016,723	\$ 6,070,240	\$ 2,312,863
Greenbrier Tank Reimbursement	\$ -	\$ -	\$ 150,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000
Operating Revenue	\$ 61,725,413	\$ 61,158,294	\$ 64,586,766	\$ 69,129,536	\$ 76,593,023	\$ 79,761,283	\$ 77,014,446
Purchased Water	\$ 36,000	\$ 57,093	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Employee Expenses	\$ 24,582,858	\$ 23,120,023	\$ 28,371,807	\$ 29,081,102	\$ 29,808,130	\$ 30,553,333	\$ 31,317,166
Supplies and Materials	\$ 5,079,471	\$ 5,071,645	\$ 5,698,703	\$ 5,395,309	\$ 5,503,216	\$ 5,613,280	\$ 5,725,545
Services	\$ 4,202,823	\$ 3,395,633	\$ 5,783,169	\$ 5,023,761	\$ 5,124,236	\$ 5,226,720	\$ 5,331,255
Travel and Training	\$ 526,694	\$ 340,713	\$ 422,995	\$ 377,971	\$ 385,530	\$ 393,241	\$ 401,106
Equipment Maintenance	\$ 1,331,267	\$ 951,848	\$ 1,509,187	\$ 1,433,728	\$ 1,462,402	\$ 1,491,650	\$ 1,521,483
Utilities	\$ 3,932,783	\$ 4,083,308	\$ 4,374,556	\$ 4,155,828	\$ 4,238,945	\$ 4,323,724	\$ 4,410,198
Other Expenses	\$ 1,115,139	\$ 944,794	\$ 916,339	\$ 870,522	\$ 887,932	\$ 905,691	\$ 923,805
Payment to Fiber	\$ 840,000	\$ 840,000	\$ 840,000	\$ 840,000	\$ 840,000	\$ 840,000	\$ 840,000
Operating Expenses (Excludes Depreciation)	\$ 41,647,035	\$ 38,805,057	\$ 47,966,756	\$ 47,228,221	\$ 48,300,391	\$ 49,397,639	\$ 50,520,559
Net Operating Income	\$ 20,078,378	\$ 22,353,237	\$ 16,620,010	\$ 21,901,315	\$ 28,292,632	\$ 30,363,644	\$ 26,493,888
Refund of Customer Deposit Interest	\$ -	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service (Principal & Interest)	\$ 9,922,766	\$ 7,809,000	\$ 10,347,577	\$ 10,734,061	\$ 12,597,130	\$ 12,756,505	\$ 12,757,677
Tax Equivalent	\$ 2,848,199	\$ 2,818,373	\$ 2,867,926	\$ 3,221,846	\$ 3,526,859	\$ 3,700,309	\$ 3,747,239
New Materials - O&M	\$ 400,000	\$ 286,430	\$ 438,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000
New Materials - New Construction	\$ 15,571,782	\$ 5,564,626	\$ 14,453,000	\$ 12,247,000	\$ 7,588,000	\$ 6,746,000	\$ 3,550,000
Limestone County System	\$ -	\$ 2,382,624	\$ -	\$ -	\$ -	\$ -	\$ -
New Materials - R&R	\$ 7,455,000	\$ 5,439,595	\$ 12,981,000	\$ 9,185,000	\$ 8,015,000	\$ 12,858,000	\$ 7,915,000
South Parkway Plant	\$ 12,000,000	\$ 12,000,000	\$ 8,300,000	\$ 3,150,000	\$ 525,000	\$ -	\$ -
Land	\$ 200,000	\$ 21,884	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Tools and Work Equipment	\$ 6,900	\$ 6,909	\$ 206,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000
Transportation Budget	\$ 914,780	\$ 658,729	\$ 1,372,000	\$ 941,000	\$ 900,000	\$ 900,000	\$ 900,000
Computer Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Metering Equipment	\$ 1,000,000	\$ 994,045	\$ 1,250,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000
Capital Expenses	\$ 37,548,462	\$ 27,354,842	\$ 39,200,000	\$ 26,953,000	\$ 18,458,000	\$ 21,934,000	\$ 13,795,000
Borrowing Proceeds	\$ 13,900,000	\$ 14,161,024	\$ 14,737,102	\$ 15,939,857	\$ 8,076,000	\$ 5,000,000	\$ 5,000,000
Projected Ending Cash Balance	\$ 50,413,686	\$ 53,126,720	\$ 32,068,329	\$ 29,000,595	\$ 30,787,237	\$ 27,760,067	\$ 28,954,039

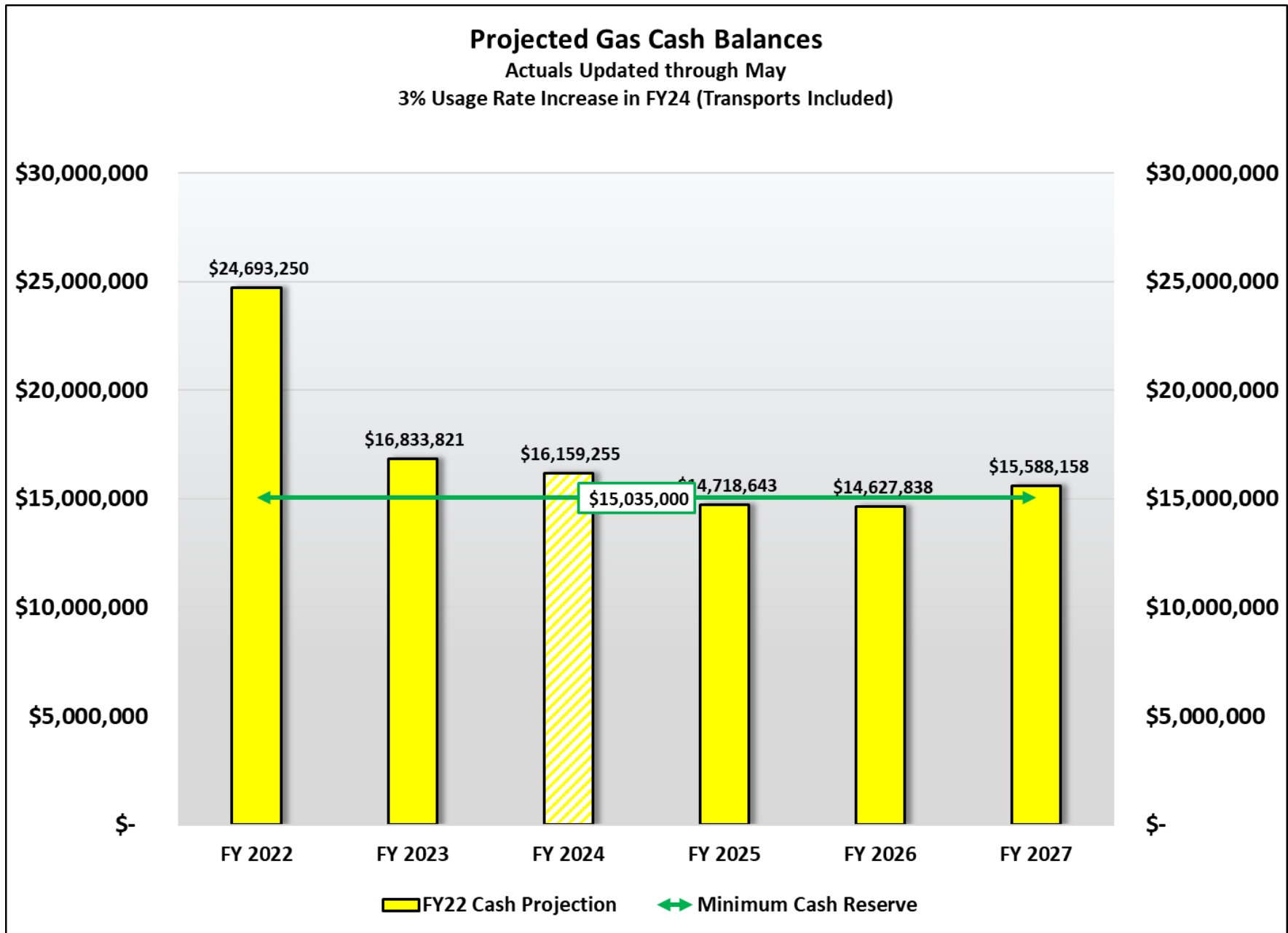


Each of the long-term financial plans attempts to balance the needs of a growing service area and rising operating costs with the objective of offering affordable, cost-based rates. One of the strategic organizational goals is to demonstrate prudent stewardship of ratepayer funds. To this end, the impact 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 2024, 2025 and 2026 for planning purposes to provide adequate coverage. Additional borrowing is expected in FY24 to cover future projects. Should variables change, such as the awarding of grants or lower than projected expenses, that result in a strong cash position, adjustments to the plan would be considered.

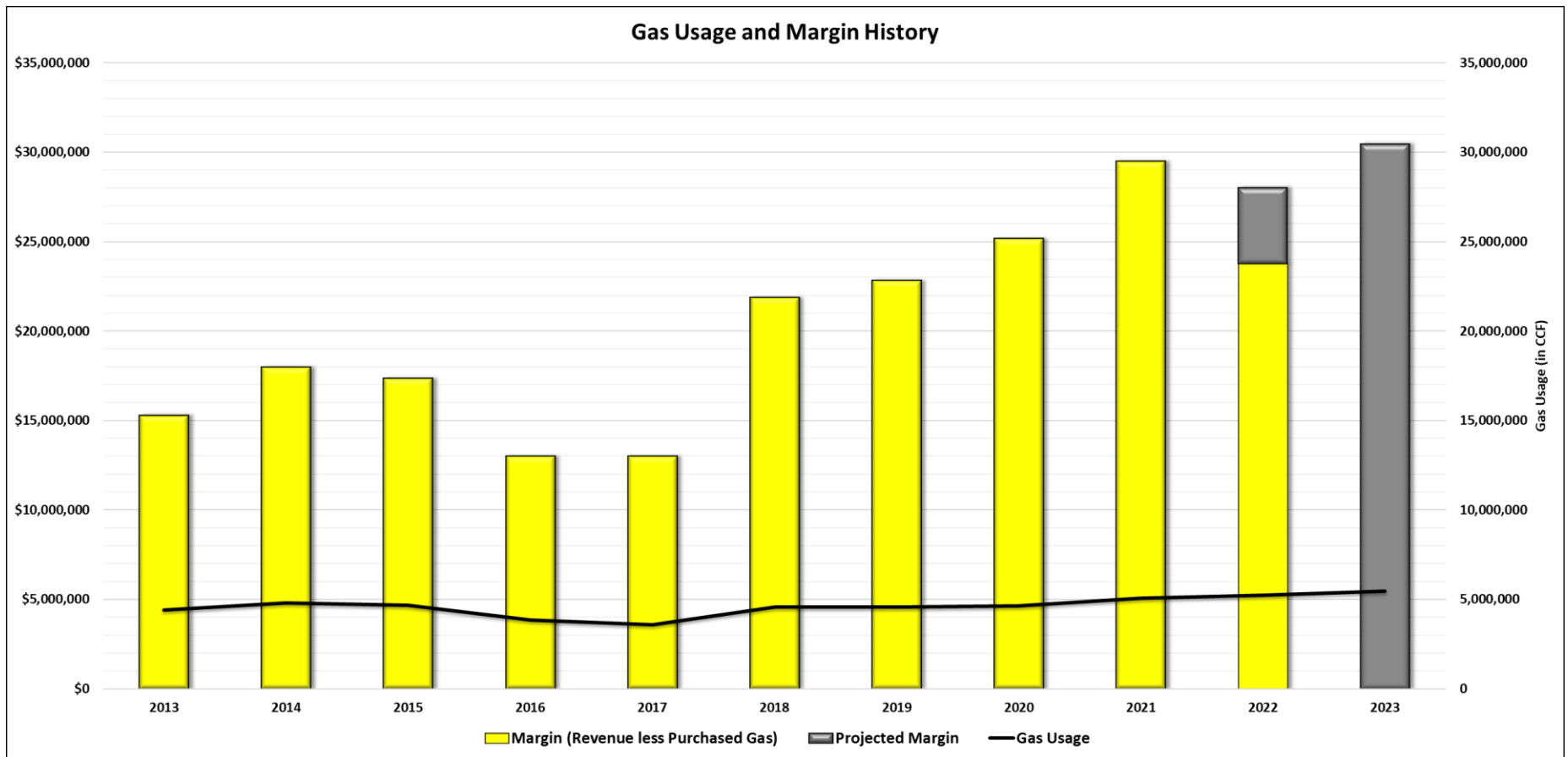


Long-Term Financial Plan – Gas

	Budget FY 2022	Projected FY 2023	Budget FY 2023	Forecast FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027
Beginning Cash Balances	\$ 34,045,143	\$ 24,458,231	\$ 24,693,250	\$ 16,833,821	\$ 16,159,255	\$ 14,718,643	\$ 14,627,838
Sales Revenue	\$ 48,336,986	\$ 52,232,192	\$ 53,475,282	\$ 55,635,637	\$ 56,466,921	\$ 57,314,151	\$ 58,177,687
Mazda Toyota Manufacturing	\$ 4,611,469	\$ 4,279,195	\$ 8,175,007	\$ 8,175,007	\$ 8,175,007	\$ 8,175,007	\$ 8,175,007
Service Revenue	\$ 397,595	\$ 439,597	\$ 525,969	\$ 536,488	\$ 547,218	\$ 558,163	\$ 569,326
Other Operating Revenue	\$ 3,488,973	\$ 4,547,264	\$ 4,369,219	\$ 4,515,662	\$ 4,574,349	\$ 4,634,416	\$ 4,695,901
Non Operating Revenue	\$ 2,751,365	\$ 1,887,559	\$ 8,658,068	\$ 12,047,639	\$ 5,946,305	\$ 2,086,068	\$ 1,995,929
Operating Revenue	\$ 59,586,388	\$ 63,385,807	\$ 75,203,545	\$ 80,910,433	\$ 75,709,801	\$ 72,767,804	\$ 73,613,849
Purchased Gas	\$ 22,922,404	\$ 28,473,466	\$ 31,172,150	\$ 31,376,277	\$ 31,583,171	\$ 31,792,872	\$ 32,005,422
Employee Expenses	\$ 17,351,363	\$ 15,764,929	\$ 19,526,298	\$ 20,014,455	\$ 20,514,817	\$ 21,027,687	\$ 21,553,379
Supplies and Materials	\$ 1,618,482	\$ 1,831,748	\$ 2,023,031	\$ 1,911,695	\$ 1,949,929	\$ 1,988,928	\$ 2,028,707
Services	\$ 3,335,625	\$ 3,145,524	\$ 3,611,612	\$ 3,431,031	\$ 3,499,652	\$ 3,569,645	\$ 3,641,038
Travel and Training	\$ 702,112	\$ 494,622	\$ 644,024	\$ 601,958	\$ 613,997	\$ 626,277	\$ 638,803
Equipment Maintenance	\$ 728,492	\$ 468,458	\$ 910,865	\$ 865,322	\$ 882,628	\$ 900,281	\$ 918,286
Utilities	\$ 269,970	\$ 262,191	\$ 278,868	\$ 264,925	\$ 270,223	\$ 275,628	\$ 281,140
Other Expenses	\$ 451,556	\$ 488,594	\$ 488,228	\$ 463,817	\$ 473,093	\$ 482,555	\$ 492,206
Payment to Fiber	\$ 360,000	\$ 360,000	\$ 360,000	\$ 360,000	\$ 360,000	\$ 360,000	\$ 360,000
Operating Expenses	\$ 47,740,004	\$ 51,289,532	\$ 59,015,076	\$ 59,289,480	\$ 60,147,510	\$ 61,023,873	\$ 61,918,981
Net Operating Income	\$ 11,846,384	\$ 12,096,275	\$ 16,188,469	\$ 21,620,953	\$ 15,562,291	\$ 11,743,931	\$ 11,694,868
Refund of Customer Deposit Interest	\$ -	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service (Principal & Interest)	\$ 1,563,881	\$ 1,563,875	\$ 1,563,881	\$ 1,563,881	\$ 503,387	\$ 503,387	\$ 503,387
Tax Equivalents	\$ 3,176,907	\$ 3,390,757	\$ 3,699,017	\$ 3,828,639	\$ 3,878,516	\$ 3,929,349	\$ 3,981,162
New Materials - O&M	\$ 215,000	\$ 34,585	\$ 215,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
New Materials - New Construction	\$ 4,250,436	\$ 1,610,496	\$ 4,865,000	\$ 1,974,000	\$ 3,636,000	\$ 3,112,000	\$ 3,235,000
Greenbrier (MTM)	\$ 1,850,000	\$ 2,141,982	\$ 100,000	\$ -	\$ -	\$ -	\$ -
Advance Metering Infrastructure (AMI)	\$ 3,950,000	\$ 1,139,206	\$ 2,075,000	\$ -	\$ -	\$ -	\$ -
Cast Iron Replacement	\$ 1,800,000	\$ 714,724	\$ 1,400,000	\$ 1,200,000	\$ -	\$ -	\$ -
New Materials - R&R	\$ 2,433,800	\$ 588,180	\$ 7,871,000	\$ 11,431,000	\$ 7,170,000	\$ 2,500,000	\$ 1,200,000
Land	\$ -	\$ -	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Tools and Work Equipment	\$ 20,000	\$ 28,167	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000
Transportation Budget	\$ 756,025	\$ 278,362	\$ 1,369,000	\$ 1,108,000	\$ 600,000	\$ 600,000	\$ 600,000
Computer Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Metering Equipment	\$ 500,000	\$ 287,914	\$ 575,000	\$ 650,000	\$ 650,000	\$ 650,000	\$ 650,000
Regulators	\$ 100,000	\$ 82,009	\$ 115,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000
Capital Expenses	\$ 15,875,261	\$ 6,905,625	\$ 18,785,000	\$ 16,903,000	\$ 12,621,000	\$ 7,402,000	\$ 6,250,000
Borrowing Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Projected Ending Cash Balance	\$ 25,275,478	\$ 24,693,250	\$ 16,833,821	\$ 16,159,255	\$ 14,718,643	\$ 14,627,838	\$ 15,588,158

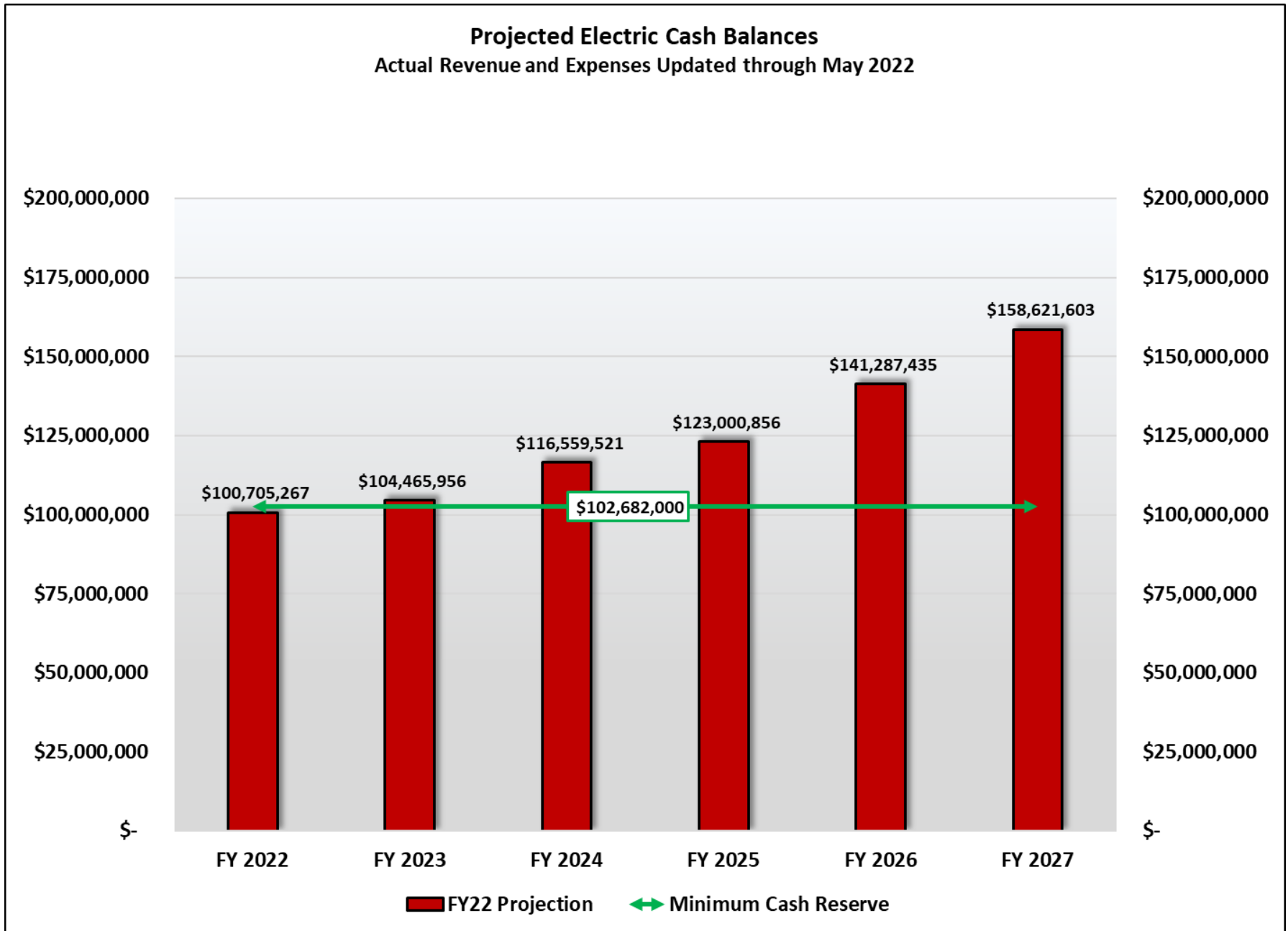


Each of the long-term financial plans attempts to balance the needs of a growing service area and rising operating costs with the objective of offering affordable, cost-based rates. One of the strategic organizational goals is to demonstrate prudent stewardship of ratepayer funds. To this end, the impact 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 inflation and supply chain issues, the AMI meter deployment (FY23), the replacement of cast iron pipe (FY23-FY24), pipeline relocation projects (all years) 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 full 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.

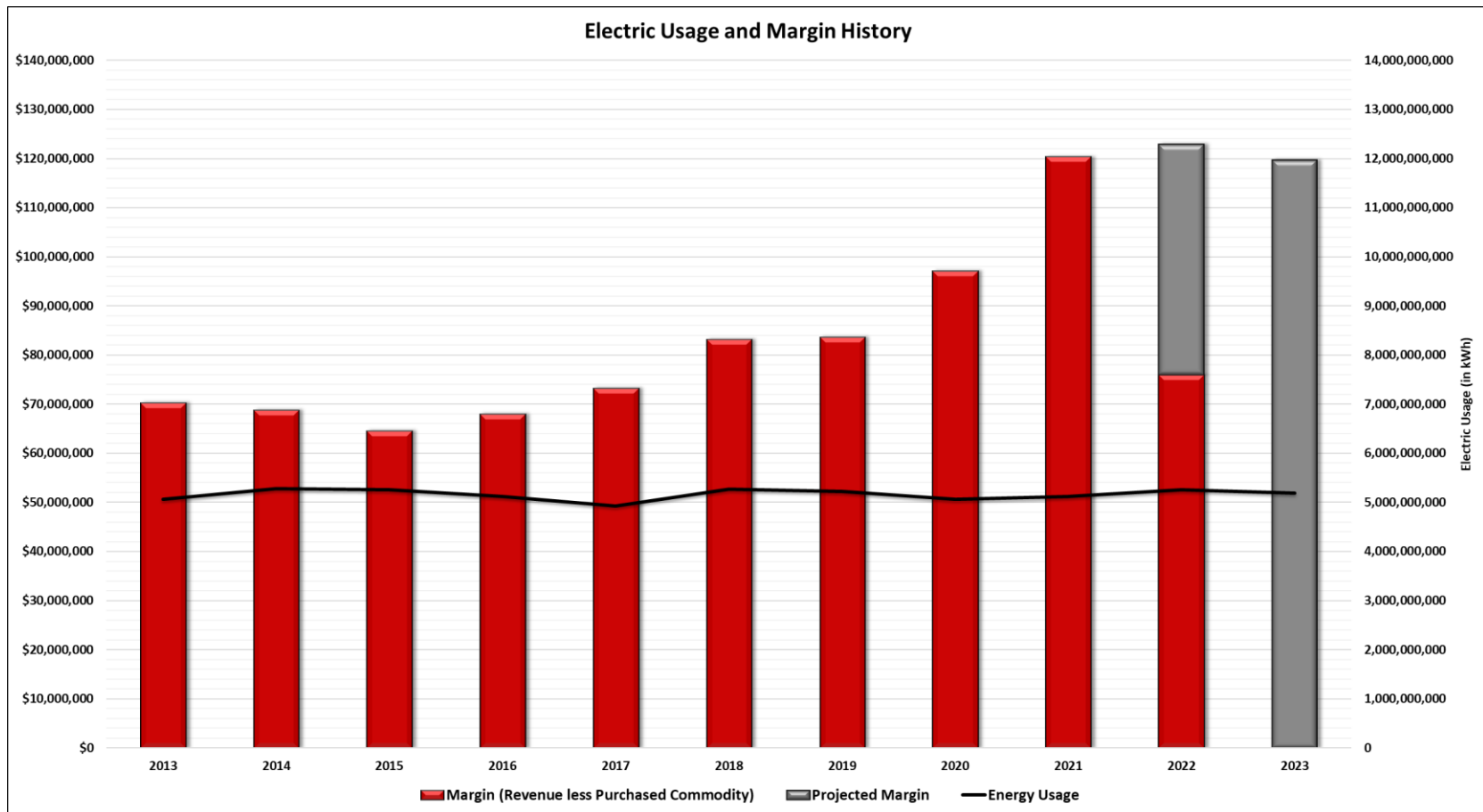


Long-Term Financial Plan – Electric

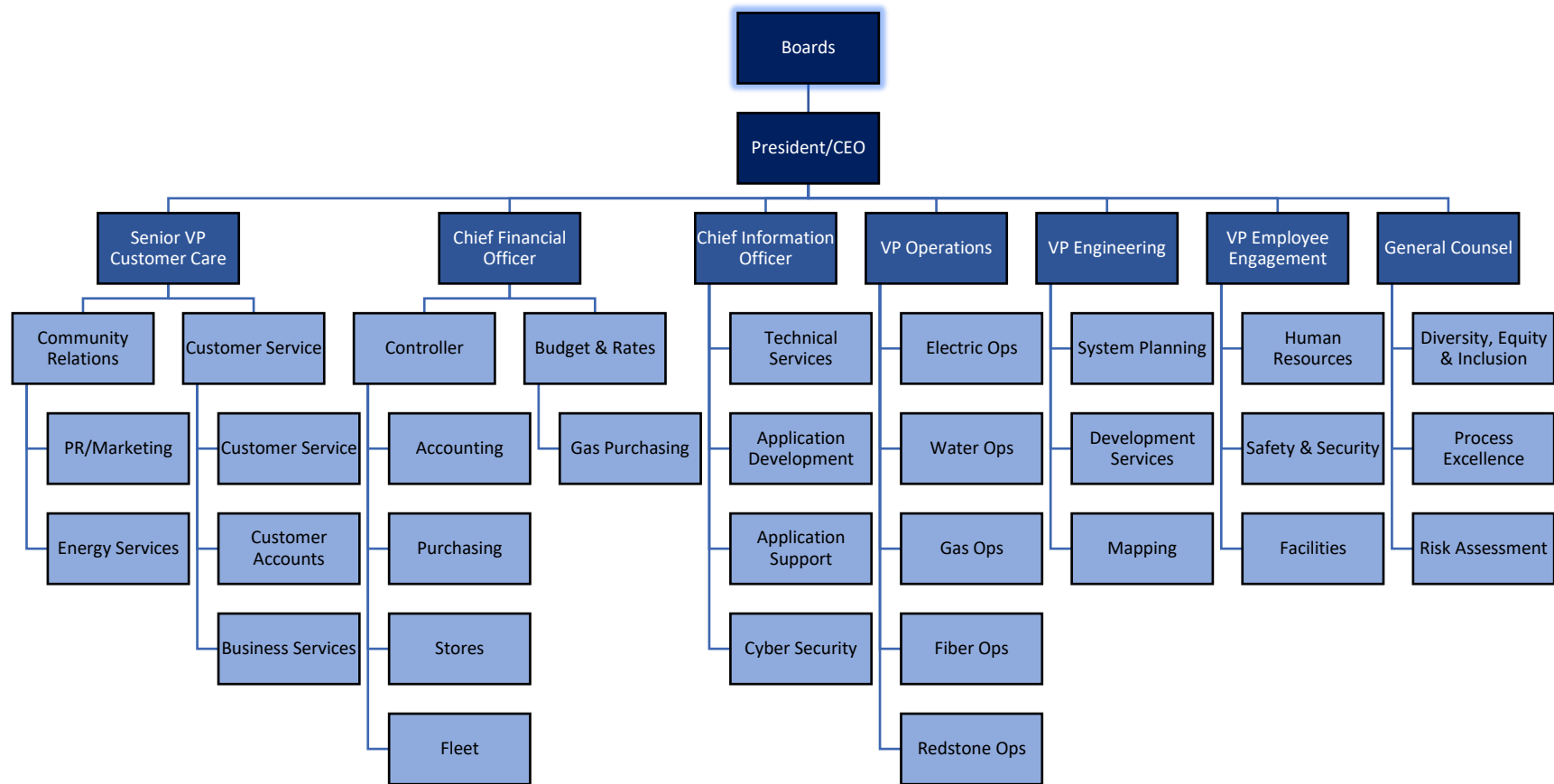
	Budget FY 2022	Projected FY 2022	Budget FY 2023	Forecast FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027
Beginning Cash Balances	\$ 57,024,063	\$ 60,152,649	\$ 100,705,267	\$ 104,465,956	\$ 116,559,521	\$ 123,000,856	\$ 141,287,435
Electric Sales Revenue	\$ 526,192,626	\$ 543,891,778	\$ 555,450,553	\$ 557,040,388	\$ 558,673,050	\$ 560,350,320	\$ 562,112,895
Fiber Project Revenue	\$ 12,903,500	\$ 12,946,018	\$ 13,280,000	\$ 13,545,957	\$ 13,816,876	\$ 14,093,214	\$ 14,375,078
Service Revenue	\$ 3,449,006	\$ 4,287,234	\$ 4,673,661	\$ 4,774,701	\$ 4,877,610	\$ 4,989,993	\$ 5,111,888
Other Operating Revenue	\$ 19,288,100	\$ 23,170,764	\$ 25,578,808	\$ 26,346,172	\$ 27,136,557	\$ 27,950,654	\$ 28,789,174
Non Operating Revenue	\$ 6,859,269	\$ 7,117,253	\$ 7,266,118	\$ 7,338,426	\$ 7,411,810	\$ 7,485,928	\$ 7,560,787
Operating Revenue	\$ 568,692,501	\$ 591,413,047	\$ 606,249,140	\$ 609,045,644	\$ 611,915,903	\$ 614,870,108	\$ 617,949,822
Purchased Power	\$ 427,074,498	\$ 439,635,059	\$ 450,691,701	\$ 451,142,320	\$ 451,150,248	\$ 451,220,455	\$ 451,546,508
TVA Long-Term Partnership Credit	\$ (10,399,928)	\$ (10,193,118)	\$ (10,113,693)	\$ (10,125,600)	\$ (10,123,783)	\$ (10,123,894)	\$ (10,131,936)
TVA Pandemic Relief Credit	\$ (8,500,000)	\$ (8,478,767)	\$ (8,160,742)	\$ -	\$ -	\$ -	\$ -
Employee Expenses	\$ 50,541,705	\$ 45,725,994	\$ 55,980,241	\$ 57,379,747	\$ 58,814,241	\$ 60,284,597	\$ 61,791,712
Supplies and Materials	\$ 5,877,728	\$ 6,339,966	\$ 7,250,431	\$ 6,794,192	\$ 6,930,076	\$ 7,068,677	\$ 7,210,051
Services	\$ 15,288,253	\$ 11,802,822	\$ 18,701,526	\$ 17,576,450	\$ 17,927,979	\$ 18,286,538	\$ 18,652,269
Travel and Training	\$ 1,303,731	\$ 892,360	\$ 1,325,954	\$ 1,091,901	\$ 1,113,739	\$ 1,136,013	\$ 1,158,734
Equipment Maintenance	\$ 2,033,129	\$ 1,477,163	\$ 2,532,692	\$ 2,406,057	\$ 2,454,179	\$ 2,503,262	\$ 2,553,327
Utilities	\$ 820,790	\$ 794,854	\$ 831,582	\$ 790,003	\$ 805,803	\$ 821,919	\$ 838,357
Other Expenses	\$ 2,010,120	\$ 1,854,569	\$ 1,771,279	\$ 1,682,715	\$ 1,716,369	\$ 1,750,697	\$ 1,785,711
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)	\$ 487,850,026	\$ 491,650,902	\$ 522,610,971	\$ 530,537,784	\$ 532,588,850	\$ 534,748,264	\$ 537,204,732
Net Operating Income	\$ 80,842,475	\$ 99,762,140	\$ 83,638,169	\$ 78,507,860	\$ 79,327,053	\$ 80,121,844	\$ 80,745,090
Refund of Customer Deposit Interest	\$ -	\$ 6,839,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Debt Service (Principal & Interest)	\$ 6,590,850	\$ 6,931,040	\$ 6,582,600	\$ 6,586,350	\$ 8,934,600	\$ 8,942,800	\$ 8,936,875
Tax Equivalent	\$ 16,591,993	\$ 17,331,471	\$ 18,270,881	\$ 18,544,944	\$ 18,823,118	\$ 19,105,465	\$ 19,392,047
New Materials - O&M	\$ 2,850,000	\$ 1,979,057	\$ 2,100,000	\$ 2,050,000	\$ 2,050,000	\$ 2,050,000	\$ 2,050,000
New Materials - New Construction	\$ 20,453,194	\$ 12,912,071	\$ 26,786,000	\$ 39,259,000	\$ 25,491,000	\$ 14,142,000	\$ 12,585,000
Advance Metering Infrastructure (AMI)	\$ -	\$ 48,401	\$ -	\$ -	\$ -	\$ -	\$ -
Fiber Build Out	\$ 2,000,000	\$ 1,422,967	\$ 2,900,000	\$ 2,600,000	\$ 2,600,000	\$ 2,600,000	\$ 2,600,000
New Materials - R&R	\$ 4,218,600	\$ 2,547,577	\$ 5,416,000	\$ 6,863,000	\$ 4,725,000	\$ 3,365,000	\$ 3,365,000
Land	\$ 200,000	\$ -	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Tools and Work Equipment	\$ 168,000	\$ 153,057	\$ 212,000	\$ 244,000	\$ 280,000	\$ 322,000	\$ 370,000
Transportation Budget	\$ 4,784,773	\$ 772,243	\$ 6,020,000	\$ 2,587,000	\$ 1,839,000	\$ 5,255,000	\$ 3,000,000
Communication Equipment	\$ 58,000	\$ -	\$ 673,000	\$ 60,000	\$ 65,000	\$ 70,000	\$ 75,000
Computer Equipment	\$ 1,605,500	\$ 506,350	\$ 1,417,000	\$ 1,200,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Metering Equipment	\$ 1,763,756	\$ 1,794,960	\$ 2,250,000	\$ 2,475,000	\$ 2,503,000	\$ 2,753,000	\$ 2,787,000
Transformers	\$ 4,200,000	\$ 5,971,333	\$ 7,000,000	\$ 9,000,000	\$ 9,000,000	\$ 7,000,000	\$ 7,000,000
Capital Expenses	\$ 42,301,823	\$ 28,108,016	\$ 54,974,000	\$ 66,538,000	\$ 49,753,000	\$ 38,757,000	\$ 35,032,000
Borrowing Proceeds	\$ -	\$ -	\$ -	\$ 25,305,000	\$ 4,675,000	\$ 5,020,000	\$ -
Projected Ending Cash Balance	\$ 72,381,872	\$ 100,705,267	\$ 104,465,956	\$ 116,559,521	\$ 123,000,856	\$ 141,287,435	\$ 158,621,603



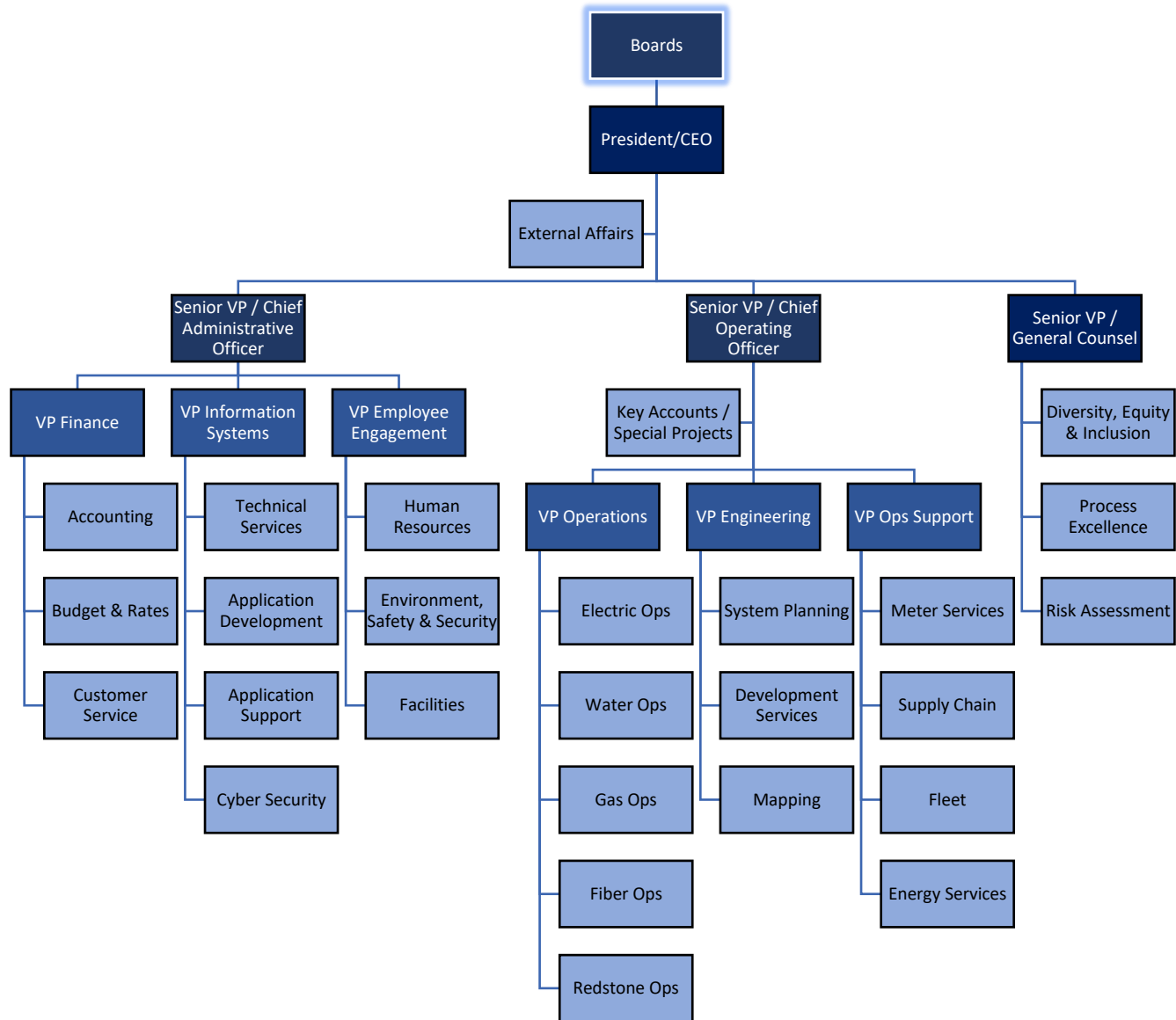
Each of the long-term financial plans attempts to balance the needs of a growing service area and rising operating costs with the objective of offering affordable, cost-based rates. One of the strategic organizational goals is to demonstrate prudent stewardship of ratepayer funds. To this end, the impact 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 results in additional capital in the form of infrastructure construction and higher labor costs. Operating expenses are funded through existing cash reserves and sales revenue, but the design and construction of a systems operation center and other improvements will be funded through debt. Additional rate actions are not anticipated beyond FY23 which is the final step in the previously approved rate strategy.



FY22 Huntsville Utilities Organizational Structure



Proposed Huntsville Utilities Organizational Structure (FY23-FY24)



Personnel Summary

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

		2019	2020	2021	2022	Vacancies	Planned Additions	BUDGET 2023
ADMINISTRATION	Full-time	9	9	9	8	3	2	13
	Part-time	0	0	0	0	0	0	0
	Temporary	0	0	0	0	0	0	0
CUSTOMER CARE	Full-time	132	132	132	135	9	11	155
	Part-time	0	0	0	0	0	0	0
	Temporary	1	0	0	0	0	0	0
					0			
ENGINEERING	Full-time	57	60	57	58	8	4	70
	Part-time	0	0	0	0	0	0	0
	Temporary	4	1	1	1	0	0	1
					0			
FINANCE	Full-time	46	46	46	44	2	2	48
	Part-time	0	0	0	0	0	0	0
	Temporary	0	0	0	0	0	0	0
					0			
EMPLOYEE ENGAGEMENT	Full-time	22	22	25	24	3	5	32
	Part-time	0	0	0	0	0	0	0
	Temporary	12	11	12	10	0	0	10
					0			
INFORMATION TECHNOLOGY	Full-time	38	35	38	36	2	4	42
	Part-time	0	0	0	0	0	0	0
	Temporary	0	0	0	0	0	0	0
					0			
WATER OPERATIONS	Full-time	105	107	115	123	6	3	132
	Part-time	0	0	0	0	0	0	0
	Temporary	0	0	0	0	0	0	0
					0			
GAS OPERATIONS	Full-time	84	82	88	86	7	0	93
	Part-time	0	0	0	0	0	0	0
	Temporary	0	0	0	0	0	0	0
					0			
ELECTRIC OPERATIONS	Full-time	183	184	204	215	8	6	229
	Part-time	0	0	0	0	0	0	0
	Temporary	0	1	1	1	0	0	1
TOTALS		693	690	728	741	48	37	826
BOARD MEMBERS		6	6	6	6	0	0	6
ACTUAL POSITIONS		699	696	734	747*	48	37	832
BUDGETED POSITIONS		707	729	763	798			832

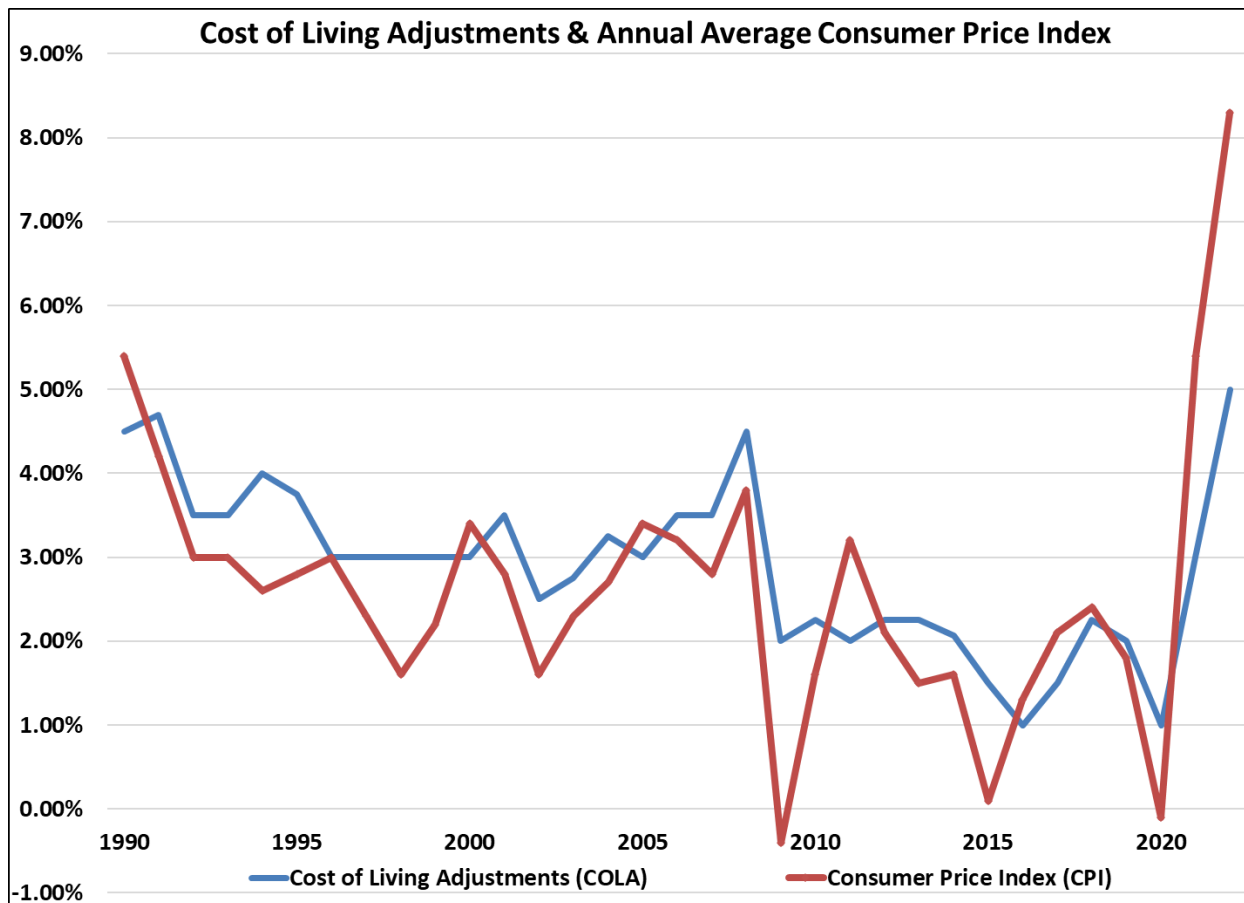
*The staffing total of 747 was as of May 11, 2022. The number of actual positions as of the end of June is 755. The 48 vacancies factored into the budget include the 8 employees that have been hired since May 11.

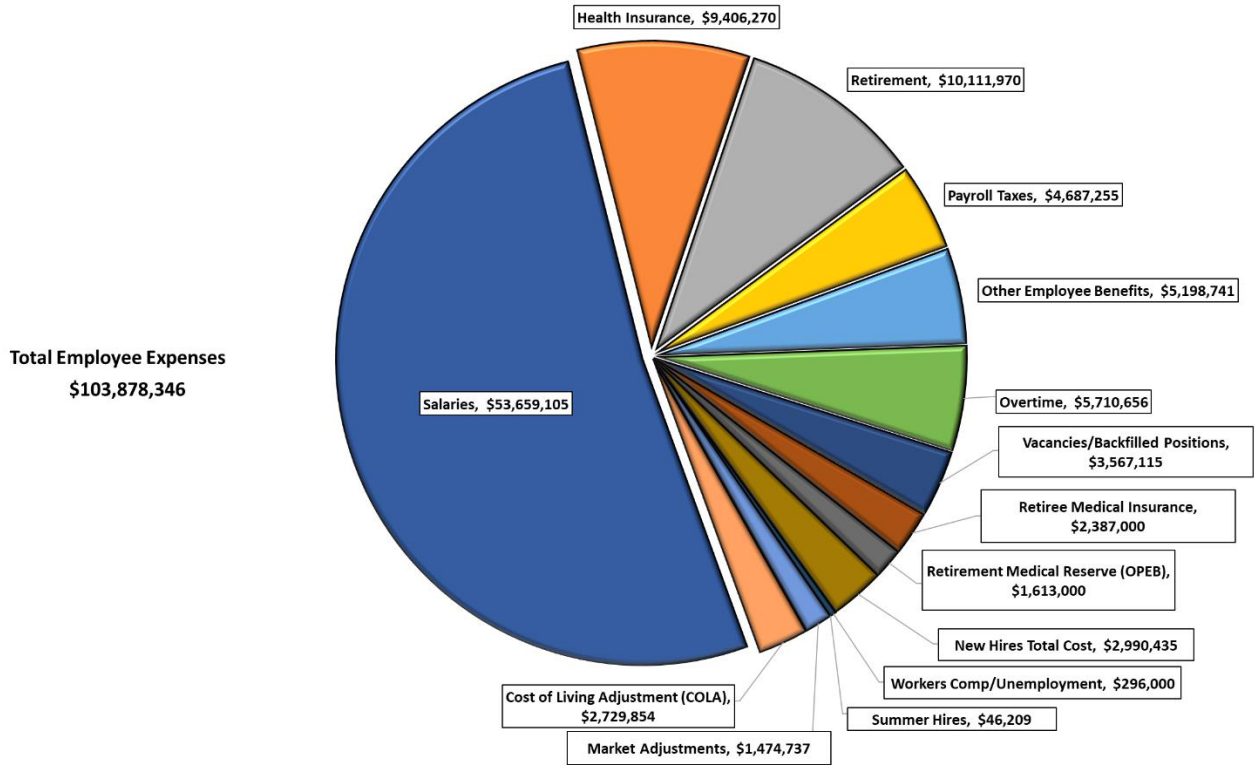
10 temporary summer hires have also been budgeted for 2023.

Employee Expenses

Second only to purchased commodity in size of projected costs, employee expenses are 13.2% of the total Huntsville Utilities budget. With operational and support staff of over 750 employees, maintaining existing salaries and benefits is a challenge that grows in complexity each year. Performance-based merit increases are factored into the budget along with select market-driven wage adjustments. 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 2023 budget purposes, an average merit increase of 2.5% was applied to existing salaries for eligible employees and 5.0% was included as a cost of living increase.

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.



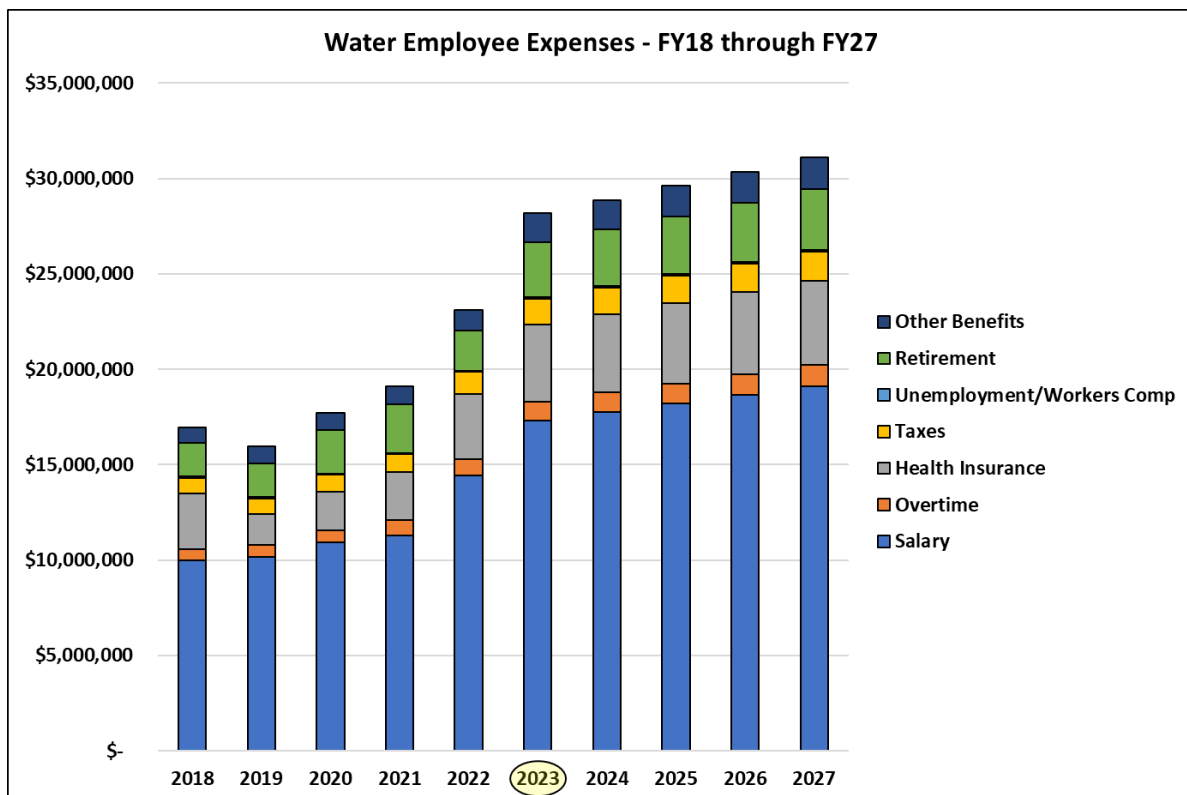


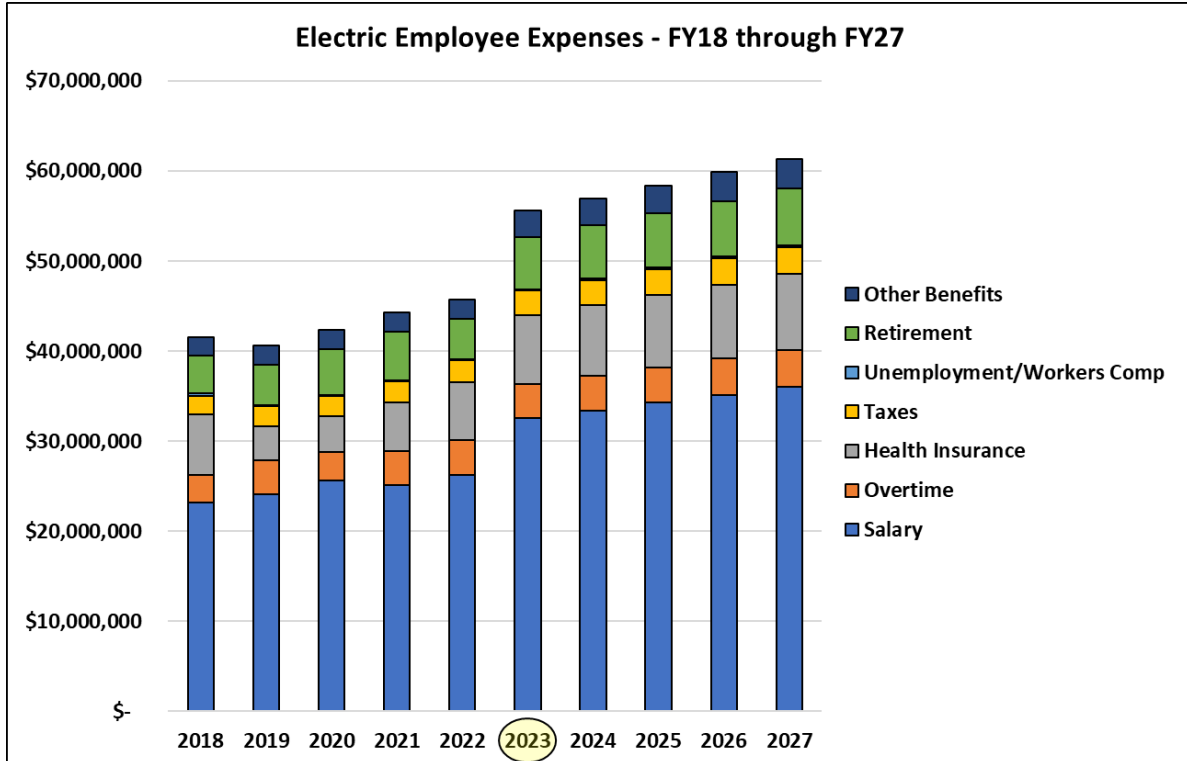
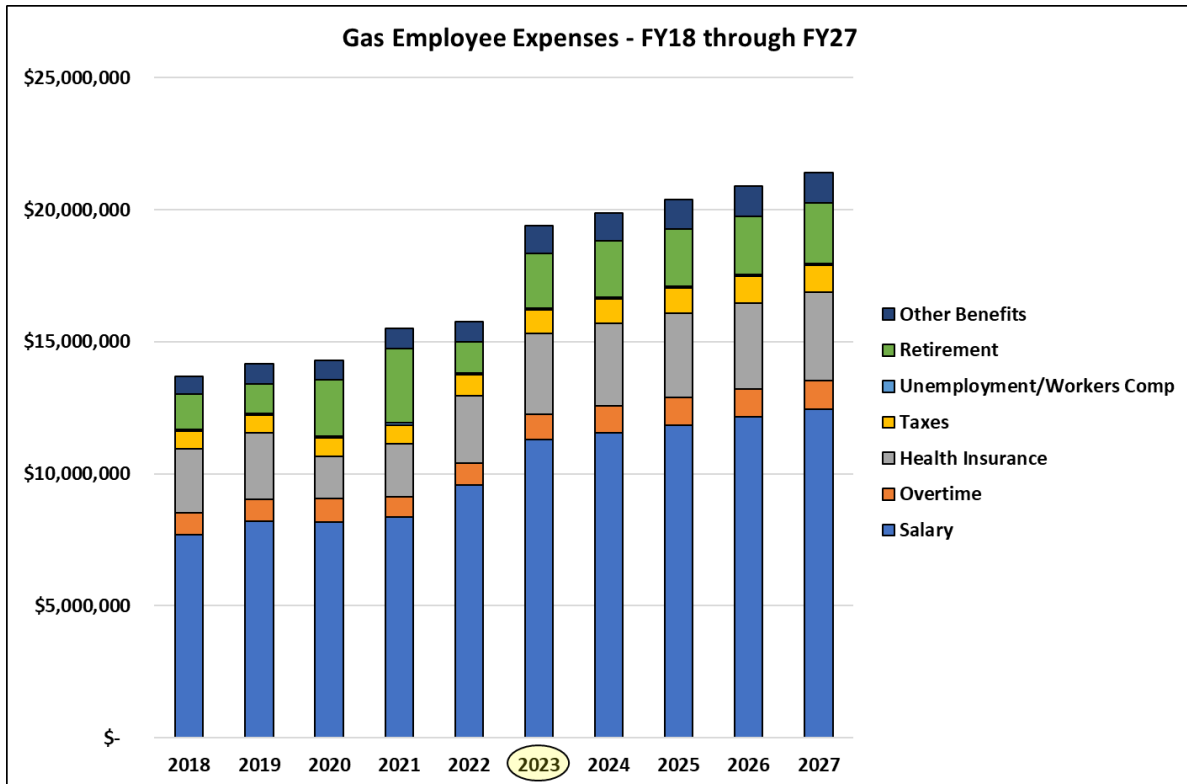
	<u>Water</u>	<u>Gas</u>	<u>Electric</u>	<u>Fiber</u>	<u>Total</u>
Salaries	\$ 15,184,279	\$ 9,807,709	\$ 27,540,348	\$ 1,126,770	\$ 53,659,105
Health Insurance	\$ 2,726,412	\$ 1,832,421	\$ 4,651,439	\$ 195,998	\$ 9,406,270
Retirement	\$ 2,711,564	\$ 1,969,216	\$ 5,223,689	\$ 207,501	\$ 10,111,970
Payroll Taxes	\$ 1,275,246	\$ 851,150	\$ 2,449,953	\$ 110,906	\$ 4,687,255
Other Employee Benefits	\$ 1,426,208	\$ 979,707	\$ 2,690,552	\$ 102,274	\$ 5,198,741
Overtime	\$ 989,161	\$ 975,254	\$ 3,480,261	\$ 265,980	\$ 5,710,656
Vacancies/Backfilled Positions	\$ 993,096	\$ 791,178	\$ 1,777,785	\$ 5,056	\$ 3,567,115
Retiree Medical Insurance	\$ 556,250	\$ 573,000	\$ 1,257,750	\$ -	\$ 2,387,000
Retirement Medical Reserve (OPEB)	\$ 375,750	\$ 387,000	\$ 850,250	\$ -	\$ 1,613,000
New Hires Total Cost	\$ 837,486	\$ 474,176	\$ 1,678,773	\$ -	\$ 2,990,435
Workers Comp/Unemployment	\$ 78,901	\$ 61,487	\$ 155,612	\$ -	\$ 296,000
Summer Hires	\$ 12,762	\$ 9,628	\$ 23,682	\$ 137	\$ 46,209
Market Adjustments	\$ 431,621	\$ 313,615	\$ 714,457	\$ 15,044	\$ 1,474,737
Cost of Living Adjustment (COLA)	\$ 773,071	\$ 500,758	\$ 1,399,118	\$ 56,907	\$ 2,729,854
Total Employee Expenses	\$ 28,371,807	\$ 19,526,298	\$ 53,893,668	\$ 2,086,573	\$ 103,878,346

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. There are no increases to employee premiums, employee copay, or deductible amounts budgeted for fiscal year 2023.

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. 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.





Proposed New Positions

The new positions shown below are being proposed for fiscal year 2023. Following the tables is a business justification for the additional staff.

Budgeted Salary and Other Employee Expenses

<u>Position</u>	<u>Salary</u>	<u>Health</u>		<u>FICA</u>	<u>Other</u>	<u>Total</u>
		<u>Insurance</u>	<u>Retirement</u>		<u>Employee Benefits</u>	
Assistant Eng Svcs Director	\$ 72,835	\$ 12,699	\$ 7,153	\$ 5,572	\$ 5,099	\$ 103,358
Billing Specialist	\$ 33,695	\$ 16,932	\$ 3,309	\$ 2,578	\$ 2,359	\$ 58,873
Billing Supervisor	\$ 71,739	\$ -	\$ 7,045	\$ 5,488	\$ 5,022	\$ 89,294
Commercial & Industrial Specialist I (2)	\$ 67,393	\$ -	\$ 6,618	\$ 5,155	\$ 4,717	\$ 83,883
Contact Center Supervisor	\$ 44,929	\$ 16,932	\$ 4,412	\$ 3,437	\$ 3,145	\$ 72,855
Custodian (4)	\$ 117,729	\$ 67,728	\$ 11,561	\$ 9,006	\$ 8,241	\$ 214,265
Custodian Crew Leader	\$ 35,235	\$ 16,932	\$ 3,460	\$ 2,696	\$ 2,466	\$ 60,789
Customer Care Lead	\$ 44,929	\$ 16,932	\$ 4,412	\$ 3,437	\$ 3,145	\$ 72,855
Customer Care Receptionist	\$ 33,135	\$ 16,932	\$ 3,254	\$ 2,535	\$ 2,319	\$ 58,175
Customer Service Representative I (4)	\$ 112,321	\$ 42,330	\$ 11,030	\$ 8,592	\$ 7,862	\$ 182,135
Electric Apprentice Equipment Operator	\$ 26,000	\$ 8,466	\$ 4,945	\$ 1,989	\$ 1,820	\$ 43,220
Electric Engineering Aide I	\$ 34,195	\$ 12,699	\$ 3,358	\$ 2,616	\$ 2,394	\$ 55,262
Electric Equipment Operator III	\$ 26,000	\$ 8,466	\$ 4,945	\$ 1,989	\$ 1,820	\$ 43,220
Electric Equipment Crew Leader	\$ 26,000	\$ 8,466	\$ 4,945	\$ 1,989	\$ 1,820	\$ 43,220
Electric Line Supervisor	\$ 79,331	\$ 16,932	\$ 15,089	\$ 6,069	\$ 5,553	\$ 122,974
Engineering Work Management Supervisor	\$ 59,497	\$ 12,699	\$ 5,843	\$ 4,552	\$ 4,165	\$ 86,756
Fiber Designer	\$ 71,738	\$ 16,932	\$ 7,045	\$ 5,488	\$ 5,022	\$ 106,225
Help Desk Technician I (2)	\$ 83,761	\$ 33,864	\$ 8,225	\$ 6,408	\$ 5,863	\$ 138,121
IT Data/Sharepoint Administrator	\$ 87,506	\$ 16,932	\$ 8,593	\$ 6,694	\$ 6,125	\$ 125,850
IT System Administrator I	\$ 58,365	\$ 16,932	\$ 5,731	\$ 4,465	\$ 4,086	\$ 89,579
Pump Station Maintenance Tech I	\$ 22,797	\$ 8,466	\$ 3,417	\$ 1,744	\$ 1,596	\$ 38,020
SCADA Systems Supervisor	\$ 79,331	\$ 16,932	\$ 15,089	\$ 6,069	\$ 5,553	\$ 122,974
SCADA Technician Assistant	\$ 43,784	\$ 16,932	\$ 8,328	\$ 3,349	\$ 3,065	\$ 75,458
Storekeeper I (2)	\$ 116,605	\$ 33,864	\$ 11,451	\$ 8,920	\$ 8,162	\$ 179,002
Vice President (2)	\$ 413,962	\$ 33,864	\$ 40,651	\$ 24,230	\$ 28,977	\$ 541,684
Water Crew Leader	\$ 35,235	\$ 16,932	\$ 5,282	\$ 2,696	\$ 2,466	\$ 62,611
Water Operations Supervisor	\$ 79,331	\$ 16,932	\$ 11,892	\$ 6,069	\$ 5,553	\$ 119,777
Total Costs	\$ 1,977,378	\$ 503,727	\$ 227,083	\$ 143,832	\$ 138,415	\$ 2,990,435

Allocation of New Hires Costs to Each Utility Service

<u>Position</u>	<u>Water</u>	<u>Gas</u>	<u>Electric</u>	<u>Fiber</u>	<u>Total</u>
Assistant Eng Svcs Director	\$ 29,974	\$ 16,537	\$ 56,847	\$ -	\$ 103,358
Billing Specialist	\$ 17,073	\$ 9,420	\$ 32,380	\$ -	\$ 58,873
Billing Supervisor	\$ 25,895	\$ 14,287	\$ 49,112	\$ -	\$ 89,294
Commercial & Industrial Specialist I (2)	\$ 24,326	\$ 13,421	\$ 46,136	\$ -	\$ 83,883
Contact Center Supervisor	\$ 21,128	\$ 11,657	\$ 40,070	\$ -	\$ 72,855
Custodian (4)	\$ 2,143	\$ 55,709	\$ 156,413	\$ -	\$ 214,265
Custodian Crew Leader	\$ 608	\$ 15,805	\$ 44,376	\$ -	\$ 60,789
Customer Care Lead	\$ 21,128	\$ 11,657	\$ 40,070	\$ -	\$ 72,855
Customer Care Receptionist	\$ 16,871	\$ 9,308	\$ 31,996	\$ -	\$ 58,175
Customer Service Representative I (4)	\$ 52,819	\$ 29,142	\$ 100,174	\$ -	\$ 182,135
Electric Apprentice Equipment Operator	\$ -	\$ -	\$ 43,220	\$ -	\$ 43,220
Electric Engineering Aide I	\$ 16,026	\$ 8,842	\$ 30,394	\$ -	\$ 55,262
Electric Equipment Operator III	\$ -	\$ -	\$ 43,220	\$ -	\$ 43,220
Electric Equipment Crew Leader	\$ -	\$ -	\$ 43,220	\$ -	\$ 43,220
Electric Line Supervisor	\$ -	\$ -	\$ 122,974	\$ -	\$ 122,974
Engineering Work Management Supervisor	\$ 25,159	\$ 13,881	\$ 47,716	\$ -	\$ 86,756
Fiber Designer	\$ 30,805	\$ 16,996	\$ 58,424	\$ -	\$ 106,225
Help Desk Technician I (2)	\$ 38,674	\$ 27,624	\$ 71,823	\$ -	\$ 138,121
IT Data/Sharepoint Administrator	\$ 35,238	\$ 25,170	\$ 65,442	\$ -	\$ 125,850
IT System Administrator I	\$ 25,082	\$ 17,916	\$ 46,581	\$ -	\$ 89,579
Pump Station Maintenance Tech I	\$ 38,020	\$ -	\$ -	\$ -	\$ 38,020
SCADA Systems Supervisor	\$ 34,433	\$ 24,595	\$ 63,946	\$ -	\$ 122,974
SCADA Technician Assistant	\$ 21,128	\$ 15,092	\$ 39,238	\$ -	\$ 75,458
Storekeeper I (2)	\$ 21,480	\$ 12,530	\$ 144,992	\$ -	\$ 179,002
Vice President (2)	\$ 157,088	\$ 124,587	\$ 260,009	\$ -	\$ 541,684
Water Crew Leader	\$ 62,611	\$ -	\$ -	\$ -	\$ 62,611
Water Operations Supervisor	\$ 119,777	\$ -	\$ -	\$ -	\$ 119,777
Total Costs	\$ 837,486	\$ 474,176	\$ 1,678,773	\$ -	\$ 2,990,435

Business Justification for Additional Staff

Assistant Engineering Services Director - Due to the critical nature and fast turnaround of the work performed in the Engineering Services section, this position is requested as a backup position to the Engineering Services Director and for succession planning. This position will assist with special requests, emergencies, and the coordination with the City of Huntsville, City of Madison, Madison County, the Chamber of Commerce, and other high-profile projects as well as cover for the Engineering Services Director during any absence. This position will report to the Engineering Services Director.

Billing Specialist – The demands of billing have increased due to the deployment of AMI technology, which often requires detailed research in resolving account issues. This additional resource will allow for the distribution of workload and improve accuracy in researching and correcting accounts. This position will be one of the four to make up the team and help with succession planning in the organization.

Billing Supervisor – This position will supervise the day-to-day billing functions of the organization and ensure that all responsibilities are completed in accordance with established policies and procedures. The purpose of this position is two-fold as it allows the Billing Supervisor an opportunity to focus on the work more closely and will allow for collaboration with other supervisors in the Customer Care department. This position will serve as an additional step in the career path for the Billing Lead, which helps with the succession planning of the organization.

Commercial & Industrial Specialist I (2) – These positions will be responsible for answering all commercial and apartment phone lines, responding to general customer requests and billing questions, providing requirements for new and existing service, and maintaining accurate customer records. These positions are needed to assist with the increased Commercial and Industrial call volume from the Residential Contact Center and the growth of our service area.

Contact Center Supervisor – This position creates a second supervisor in the call center which will aid in the distribution of responsibilities. This addition should allow consistent and increased attention to employee performance and development needs, and will allow the supervisors to manage department KPIs, goals and future customer and team initiatives more efficiently.

Custodian (4) - Four full-time custodian employees will staff an internal janitorial section. Doing so will increase employee morale, reduce turnover, and provide a better finished product. It will also decrease the level of outsourced janitorial services.

Custodian Crew Leader - This position will oversee the janitorial section. The crew leader will address daily concerns and will be responsible for ordering and maintaining all supplies and equipment. This position will require the crew leader to be knowledgeable and available to assist by being hands-on when necessary and will ensure that custodians better understand their job duties and responsibilities.

Customer Care Lead – This position leads the Customer Service Representatives (CSRs) with daily workload, customer inquiries and escalations, account research, coaching, etc. As the number of CSRs has increased the need for Leads to be available for assistance is critical, especially with half of the team being in their role for less than one year. The additional Lead will allow the Lead to CSR ratio to be 1:12.

Customer Care Receptionist – Hire one full time employee to cover the front lobby. In the past we had two part time employees fill this position, but the turnover rate is too high. Creating this full-time position will allow more workforce stability and customer focus in the front lobby.

Customer Service Representative I (4) – Due to service area growth the call volume has increased significantly. Additional staff will allow department supervisors to manage customer channels of communication and better prepare for disruptions in staffing levels due to absences and training.

Electric Apprentice Equipment Operator – This request adds personnel to the Equipment Operator section to keep up with the rapidly growing workload. The crew will support the Redstone Arsenal by performing pole change outs and will remove old poles for system safety, reducing potential damage claims. This position will supervise the operator and apprentice that make up the crew.

Electric Engineering Aide I - This position will be in the Engineering Planning section and is requested to assist with the design and estimation of work orders and coordinating and facilitating work with Operations. Currently, these duties have been assigned to an Engineering Aide III and a temporary Engineering Aide. The temporary position would be phased out after the new Engineering Aide I is trained.

Electric Equipment Operator III – This request adds personnel to the Equipment Operator section to keep up with the rapidly growing workload. The crew will support the Redstone Arsenal by performing pole change outs and will remove old poles for system safety, reducing potential damage claims. This is one of three positions needed to set up the crew.

Electric Equipment Crew Leader – This request adds personnel to the Equipment Operator section to keep up with the rapidly growing workload. The crew will support the Redstone Arsenal by performing pole change outs and will remove old poles for system safety, reducing potential damage claims. This is one of three positions needed to set up the crew.

Electric Line Supervisor – The demands at Redstone are considerable. For Redstone to be successful, crews at Chase sometimes go without the preferred level of supervision. When adjustments are made to give more attention to Huntsville operations, it creates challenges at Redstone. To resolve this problem, a supervisor will be assigned to Redstone on a regular basis, creating a new supervisor position at Chase. This position will ultimately result in the need to add an additional electric utility worker.

Engineering Work Management Supervisor - This position is requested to supervise work management in the Engineering Services section. This consists of coordinating with other departments to keep orders moving through the various processes, ensuring service orders are properly prepared and released, the closing of orders and various other tasks. This position will coordinate the deployment of the work

order management software. The Work Management Analyst and Engineering Services Representatives will report to this position.

Fiber Designer - This position will assist with the fiber system design and estimation of fiber conduit installation in joint trenches with electric conduit in new subdivisions. This position will also assist with designing ongoing utility and third-party dark fiber projects, work order processes, mapping, and will work closely with the Senior Fiber Designer. This will increase response times to inquiries about leasing fiber and will reduce dependency on outside consultants.

Help Desk Technician I (2) – The network infrastructure has grown significantly as the workforce has grown and mobile computing capabilities have been added to a large segment of the staff. Computer, printer, and cellphone inventory have increased, with training, troubleshooting, security, and patching requirements taking more time than ever. The current plan is to place one technician at the Chase Operations center and add technicians at other sites as technology continues to evolve and the level of services and responsibilities increase.

IT Data/SharePoint Administrator – This position will support, maintain, design, and implement secure Microsoft SharePoint solutions and databases across multiple Huntsville Utilities sections. The administrator will be responsible for ensuring SharePoint applications and data are in alignment with HU’s data governance policies that support data confidentiality, integrity, and availability across all devices.

IT 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.

Pump Station Maintenance Tech I – Consistent distribution system growth has resulted in additional booster stations. That expansion combined with the responsibilities of Redstone Arsenal, increased regulatory requirements for distribution storage tank maintenance and inspection and ADEM Division 10 updates have created a need for additional maintenance staff.

SCADA Systems Supervisor - Huntsville Utilities’ electric, water, and gas SCADA systems continues to expand across Madison County. This position will support and supervise the daily functions of the SCADA section for both Redstone Arsenal and Huntsville Utilities. The SCADA Administrator, SCADA Engineer, SCADA Technicians and SCADA Technician Assistant will report to this position.

SCADA Technician Assistant –The increased SCADA workload resulting from service area growth has begun to put a strain on both SCADA Technicians. This entry level position will assist our SCADA Technicians with daily functions and aid with maintenance and new system installs.

Storekeeper I (2) - These positions are to keep pace with our growing workload. The Electric, Water and Gas Operations staff has grown over the past 5 years and there has been a substantial increase in the

number of contractors that the warehouse services resulting in a significant increase in the number of daily inventory transactions. Redstone Arsenal responsibilities have also increased the workload.

Vice President (2) – To ensure effective executive execution and succession planning, HU is adding two executive-level positions in FY23. One is a Chief Operating Officer, and the other is a Vice President of Operations Support. Both will provide additional leadership and focus on HU’s operational responsibilities. The COO position will support the CEO and augment the existing leadership responsible for HU’s engineering and operations functions. The VP of Ops Support will be responsible for several departments currently spread across the organization, allowing them to be consolidated under the future COO’s area of responsibility.

Water Crew Leader – This position would be for the Valve/Fire Hydrant section, providing the needed quality assurance and control documentation for system changes and additions.

Water Operations Supervisor – Water Supply is currently providing 75% of the labor hours required to support the water portion of the Redstone service agreement. This position would be responsible for supervising both fixed cost and cost-plus work. Additional roles and responsibilities will be assigned to new supervisor to enhance the value to both Huntsville Utilities and Redstone Arsenal.

Capital Improvement Plan

Planned spending for fiscal year 2023 includes recurring capital expenditures of approximately \$45.9 million and non-recurring capital items of \$67.1 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. Below is a breakdown of capital expenditures for fiscal year 2023.

	Water	Gas	Electric	Total
Recurring Capital	\$ 10,754,000	\$ 4,274,000	\$ 30,837,000	\$ 45,865,000
Non-Recurring Capital	\$ 28,446,000	\$ 14,511,000	\$ 24,137,000	\$ 67,094,000
Total	\$ 39,200,000	\$ 18,785,000	\$ 54,974,000	\$ 112,959,000

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 2023 capital improvement plan include:

- Construction of a new System Operations Center \$29,980,000
- Construction of 8 new Electric substations \$24,258,000
- Rehabilitation of the South Parkway Water Treatment Plant & Sludge Facilities \$23,350,000
- Cast iron pipe replacement for the Gas system \$12,927,500
- Automated Meter Infrastructure (AMI) deployment for the Gas system \$ 6,430,000
- Green Mountain Improvements for the Water system \$ 5,700,000

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 \$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.

Water Capital Improvement Plan

NON-RECURRING PROJECTS	2023	2024	2025	2026	2027	5-Year Spending	Total Project Cost	Strategic Objective
South Parkway Main Plant Rehab	\$ 8,000,000	\$ -	\$ -	\$ -	\$ -	\$ 8,000,000	\$ 20,000,000	Community Growth
Green Mountain Improvements	\$ 4,275,000	\$ 1,425,000	\$ -	\$ -	\$ -	\$ 5,700,000	\$ 5,700,000	Community Growth
AL Hwy 20 (Greenbrier to Mooresville Rd at Bibb Garrett)	\$ 3,000,000	\$ -	\$ -	\$ -	\$ -	\$ 3,000,000	\$ 3,665,000	Community Growth
Southwest Sludge Vac and Flouride Tank Upgrades	\$ 2,700,000	\$ -	\$ -	\$ -	\$ -	\$ 2,700,000	\$ 3,000,000	Community Growth
Martin Road Relocates Phase 2 (Old Jim Williams to Laracy)	\$ 2,335,000	\$ -	\$ -	\$ -	\$ -	\$ 2,335,000	\$ 2,525,000	Community Growth
Greenbrier Tank (formerly MTM Tank)	\$ 2,200,000	\$ 2,200,000	\$ -	\$ -	\$ -	\$ 4,400,000	\$ 4,500,000	Community Growth
US 72 Relocates (Paramount to Providence)	\$ 1,160,000	\$ 1,345,000	\$ -	\$ -	\$ -	\$ 2,505,000	\$ 2,505,000	Community Growth
Swanott Road West (Construction) (4)	\$ 1,200,000	\$ -	\$ -	\$ -	\$ -	\$ 1,200,000	\$ 1,335,000	Community Growth
Northern Bypass Relocates (Pulaski Pk to Memorial Pkwy)	\$ 665,000	\$ -	\$ -	\$ -	\$ -	\$ 665,000	\$ 750,000	Community Growth
Wall Triana at McCrary Relocates	\$ 600,000	\$ -	\$ -	\$ -	\$ -	\$ 600,000	\$ 600,000	Community Growth
Memorial Parkway Relocates (Mastin Lake to Winchester)	\$ 400,000	\$ -	\$ -	\$ -	\$ -	\$ 400,000	\$ 3,400,000	Community Growth
Large Equipment Storage Building	\$ 329,000	\$ -	\$ -	\$ -	\$ -	\$ 329,000	\$ 329,000	Community Growth
South Parkway Plant Sludge Facilities Rehab	\$ 300,000	\$ 3,050,000	\$ -	\$ -	\$ -	\$ 3,350,000	\$ 3,350,000	Community Growth
AL Hwy 20 (Greenbrier Parkway to Wheeler)	\$ 250,000	\$ 2,150,000	\$ -	\$ -	\$ -	\$ 2,400,000	\$ 2,400,000	Community Growth
Research Blvd New Main (Plummer Rd to Hwy 53)	\$ 220,000	\$ 2,630,000	\$ -	\$ -	\$ -	\$ 2,850,000	\$ 2,850,000	Community Growth
Inservice Outage Management System (OMS)	\$ 185,000	\$ -	\$ -	\$ -	\$ -	\$ 185,000	\$ 185,000	Technology Transformation
Pulaski Pike/NHIP (replace tie to County)	\$ 150,000	\$ 1,200,000	\$ -	\$ -	\$ -	\$ 1,350,000	\$ 1,350,000	Community Growth
Hampton Cove Roof Replacement	\$ 108,000	\$ -	\$ -	\$ -	\$ -	\$ 108,000	\$ 108,000	Community Growth
I-565 Ramp SE at Greenbrier (8)	\$ 100,000	\$ 750,000	\$ -	\$ -	\$ -	\$ 850,000	\$ 850,000	Community Growth
Project Management Software - Water Portion	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000	Technology Transformation
Kellner Rd to Lady Hawk Ln Tie	\$ 85,000	\$ -	\$ -	\$ -	\$ -	\$ 85,000	\$ 85,000	Community Growth
CIS/ERP/MDM conversion - water portion	\$ 84,000	\$ 1,092,000	\$ 1,638,000	\$ 546,000	\$ -	\$ 3,360,000	\$ 3,360,000	Technology Transformation
Major COH/ALDOT Road Projects for Utility Relocations	\$ -	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000	\$ 2,000,000	\$ 4,000,000	Community Growth
US 72 Relocates (County Line to Paramount)	\$ -	\$ 470,000	\$ 4,625,000	\$ 2,625,000	\$ 240,000	\$ 7,960,000	\$ 7,960,000	Community Growth
AL Hwy 20 (Gunters Way Crossing)	\$ -	\$ 250,000	\$ 50,000	\$ 2,000,000	\$ -	\$ 2,300,000	\$ 2,300,000	Community Growth
North Street - Mooreville	\$ -	\$ 220,000	\$ 1,000,000	\$ 450,000	\$ -	\$ 1,670,000	\$ 1,670,000	Community Growth
Bob Wade Booster	\$ -	\$ 150,000	\$ 1,200,000	\$ -	\$ -	\$ 1,350,000	\$ 1,350,000	Community Growth
South Parkway Clearwell Rehab	\$ -	\$ 100,000	\$ 525,000	\$ -	\$ -	\$ 625,000	\$ 625,000	Community Growth
Slaughter Road Relocations (AL 20 to Old Madison Pike)	\$ -	\$ -	\$ 340,000	\$ 2,383,000	\$ -	\$ 2,723,000	\$ 2,723,000	Community Growth
Greenbrier Pkwy to Mooreville Rd Second Feed	\$ -	\$ -	\$ 200,000	\$ 2,200,000	\$ -	\$ 2,400,000	\$ 2,400,000	Community Growth
Southwest Water Treatment Plant VFD	\$ -	\$ -	\$ -	\$ 3,000,000	\$ -	\$ 3,000,000	\$ 3,000,000	Community Growth
Old Hwy 20 (County Line to East of Greenbrier Road)	\$ -	\$ -	\$ -	\$ 250,000	\$ 3,675,000	\$ 3,925,000	\$ 3,925,000	Community Growth
NON-RECURRING CAPITAL	\$ 28,446,000	\$ 18,032,000	\$ 9,578,000	\$ 13,454,000	\$ 4,915,000	\$ 74,425,000	\$ 92,900,000	

Water Capital Improvement Plan (CONTINUED)

RECURRING CAPITAL	2023	2024	2025	2026	2027	5-Year Spending	Total Project Cost	Strategic Objective
General Development and Main Extensions	\$ 3,200,000	\$ 3,200,000	\$ 3,200,000	\$ 3,200,000	\$ 3,200,000	\$ 16,000,000	Not Applicable	Community Growth
Vehicles	\$ 1,372,000	\$ 941,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 5,013,000	Not Applicable	Community Growth
Cl/PVC/AC Replacement	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000	\$ 7,000,000	Not Applicable	Community Growth
Tank Maintenance and Repainting	\$ 1,900,000	\$ 1,200,000	\$ 1,200,000	\$ 800,000	\$ 1,200,000	\$ 6,300,000	Not Applicable	Community Growth
Metering Equipment	\$ 1,250,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 4,250,000	Not Applicable	Community Growth
Capitalized material for O&M construction	\$ 438,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 2,038,000	Not Applicable	Community Growth
New Service Lines	\$ 375,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 1,775,000	Not Applicable	Community Growth
Misc Road Relocations/Street Pavement	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 500,000	Not Applicable	Community Growth
Land Purchases	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 1,000,000	Not Applicable	Community Growth
Rerun Service Line Material	\$ 313,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 1,513,000	Not Applicable	Community Growth
Tools and Work Equipment	\$ 206,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 526,000	Not Applicable	Community Growth
RECURRING CAPITAL	\$ 10,754,000	\$ 8,921,000	\$ 8,880,000	\$ 8,480,000	\$ 8,880,000	\$ 45,915,000		
TOTAL CAPITAL	\$ 39,200,000	\$ 26,953,000	\$ 18,458,000	\$ 21,934,000	\$ 13,795,000	\$ 120,340,000		

FUNDING SOURCE	2023	2024	2025	2026	2027	5-Year Total
Pay As You Go	\$ 18,899,898	\$ 6,598,143	\$ 3,817,000	\$ 10,326,000	\$ 5,955,000	\$ 45,596,041
Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursements	\$ 4,563,000	\$ 3,415,000	\$ 5,565,000	\$ 5,608,000	\$ 1,840,000	\$ 20,991,000
System Development Fees	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 5,000,000
State Revolving Fund	\$ 14,737,102	\$ 10,939,857	\$ 3,076,000	\$ -	\$ -	\$ 28,752,959
Other Borrowing Proceeds	\$ -	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 20,000,000
TOTAL FUNDING	\$ 39,200,000	\$ 26,953,000	\$ 18,458,000	\$ 21,934,000	\$ 13,795,000	\$ 120,340,000

Gas Capital Improvement Plan

NON-RECURRING CAPITAL	2023	2024	2025	2026	2027	5-Year Spending	Total Project Cost	Strategic Objective
Northern Bypass Relocates (Pulaski Pk to Memorial Pkwy)	\$ 2,835,000	\$ 1,416,000	\$ -	\$ -	\$ -	\$ 4,251,000	\$ 4,251,000	Community Growth
AMI Modules - Purchase and Install by Contractor	\$ 2,075,000	\$ -	\$ -	\$ -	\$ -	\$ 2,075,000	\$ 6,430,000	Technology Transformation
Blake Bottom Road (Tindall to Ansee Way)	\$ 1,550,000	\$ -	\$ -	\$ -	\$ -	\$ 1,550,000	\$ 1,725,000	Community Growth
Martin Road Phase 2 (Wall Triana to Old Jim Williams)	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -	\$ 1,500,000	\$ 1,500,000	Community Growth
Cast Iron Replacement	\$ 1,400,000	\$ 1,200,000	\$ -	\$ -	\$ -	\$ 2,600,000	\$ 9,815,000	Industry Disruption
AL Hwy 20 (Greenbrier to Mooresville) (w/water)	\$ 1,200,000	\$ -	\$ -	\$ -	\$ -	\$ 1,200,000	\$ 1,250,000	Community Growth
US 72 (Paramount to Providence)	\$ 1,110,000	\$ 720,000	\$ -	\$ -	\$ -	\$ 1,830,000	\$ 1,830,000	Community Growth
South Pointe Connector (Endeavor to Hwy 20)	\$ 625,000	\$ -	\$ -	\$ -	\$ -	\$ 625,000	\$ 625,000	Community Growth
Jeff Road Relocates (CR-28 to Douglas Road)	\$ 515,000	\$ 7,085,000	\$ -	\$ -	\$ -	\$ 7,600,000	\$ 7,600,000	Community Growth
McMullen Regulator Station	\$ 375,000	\$ -	\$ -	\$ -	\$ -	\$ 375,000	\$ 375,000	Community Growth
Oscar Patterson Road	\$ 250,000	\$ -	\$ 1,200,000	\$ -	\$ -	\$ 1,450,000	\$ 1,600,000	Community Growth
Cathodic Protection Rectifiers & Groundbeds	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ 250,000	\$ 250,000	Community Growth
US 72 (County Line to Paramount)	\$ 189,000	\$ 1,060,000	\$ 490,000	\$ -	\$ -	\$ 1,739,000	\$ 1,739,000	Community Growth
Inservice Outage Management System (OMS)	\$ 182,000	\$ -	\$ -	\$ -	\$ -	\$ 182,000	\$ 182,000	Technology Transformation
Kellner Rd to Lady Hawk Ln Tie	\$ 175,000	\$ -	\$ -	\$ -	\$ -	\$ 175,000	\$ 175,000	Community Growth
Greenbrier Area Expansion (Phase III)	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ 9,500,000	Community Growth
HVAC Replacements and Air Compressor	\$ 72,000	\$ -	\$ -	\$ -	\$ -	\$ 72,000	\$ 72,000	Community Growth
Project Management Software - gas allocation	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ 116,000	Technology Transformation
CIS/ERP/MDM conversion - gas allocation	\$ 48,000	\$ 624,000	\$ 936,000	\$ 312,000	\$ -	\$ 1,920,000	\$ 1,920,000	Technology Transformation
Winchester Road Relocates (Naugher Rd to Dominion)	\$ -	\$ 550,000	\$ -	\$ -	\$ -	\$ 550,000	\$ 550,000	Community Growth
Jeff Road (Widening from Douglas to Hwy 53)	\$ -	\$ 250,000	\$ 3,350,000	\$ -	\$ -	\$ 3,600,000	\$ 3,600,000	Community Growth
Jeff Road (Will Raby to Pulaski/Toney)	\$ -	\$ 150,000	\$ 800,000	\$ -	\$ -	\$ 950,000	\$ 950,000	Community Growth
Providence Main Relocation	\$ -	\$ -	\$ 1,200,000	\$ 1,200,000	\$ -	\$ 2,400,000	\$ 2,400,000	Community Growth
Major Roadway Relocations	\$ -	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 2,000,000	\$ 2,000,000	Community Growth
Walker Ln/Steger Rd Completion	\$ -	\$ -	\$ 150,000	\$ 950,000	\$ -	\$ 1,100,000	\$ 1,100,000	Community Growth
Slaughter Rd Relocates (AL20 to Old Madison Pike)	\$ -	\$ -	\$ 130,000	\$ 1,100,000	\$ -	\$ 1,230,000	\$ 1,230,000	Community Growth
Cherry Tree Area (Regency to Eslinger) Tie	\$ -	\$ -	\$ -	\$ 500,000	\$ -	\$ 500,000	\$ 500,000	Community Growth
Moores Mill (Shed Road to Oscar Patterson)	\$ -	\$ -	\$ -	\$ -	\$ 1,110,000	\$ 1,110,000	\$ 1,110,000	Community Growth
Pulaski Pike (Toney Road to Morris Road)	\$ -	\$ -	\$ -	\$ -	\$ 775,000	\$ 775,000	\$ 775,000	Community Growth
NON-RECURRING CAPITAL	\$ 14,511,000	\$ 13,055,000	\$ 9,256,000	\$ 4,062,000	\$ 2,885,000	\$ 43,769,000	\$ 65,170,000	

Gas Capital Improvement Plan (CONTINUED)

RECURRING CAPITAL	2023	2024	2025	2026	2027	5-Year Spending	Total Project Cost	Strategic Objective
Vehicles	\$ 1,369,000	\$ 1,108,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 4,277,000	Not Applicable	Community Growth
General Development and Extensions	\$ 850,000	\$ 850,000	\$ 850,000	\$ 850,000	\$ 850,000	\$ 4,250,000	Not Applicable	Community Growth
Metering Equipment	\$ 575,000	\$ 650,000	\$ 650,000	\$ 650,000	\$ 650,000	\$ 3,175,000	Not Applicable	Community Growth
New Service Lines	\$ 850,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 2,850,000	Not Applicable	Community Growth
Land Purchases	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 1,000,000	Not Applicable	Community Growth
Maintenance of Gas System	\$ 215,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 1,015,000	Not Applicable	Community Growth
Misc Road Relocations/Street Pavement	\$ 100,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 900,000	Not Applicable	Community Growth
Regulators	\$ 115,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 675,000	Not Applicable	Community Growth
Tools and Work Equipment	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000	\$ 50,000	Not Applicable	Community Growth
RECURRING CAPITAL	\$ 4,274,000	\$ 3,848,000	\$ 3,365,000	\$ 3,340,000	\$ 3,365,000	\$ 18,192,000		

TOTAL CAPITAL	\$ 18,785,000	\$ 16,903,000	\$ 12,621,000	\$ 7,402,000	\$ 6,250,000	\$ 61,961,000
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FUNDING SOURCE	2023	2024	2025	2026	2027	5-Year Total
Pay As You Go	\$ 11,086,000	\$ 5,822,000	\$ 7,781,000	\$ 7,402,000	\$ 5,250,000	\$ 37,341,000
Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursements	\$ 7,699,000	\$ 11,081,000	\$ 4,840,000	\$ -	\$ 1,000,000	\$ 24,620,000
Borrowing Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL FUNDING	\$ 18,785,000	\$ 16,903,000	\$ 12,621,000	\$ 7,402,000	\$ 6,250,000	\$ 61,961,000

Electric Capital Improvement Plan

NON-RECURRING CAPITAL	2023	2024	2025	2026	2027	5-Year Spending	Total Project Cost	Strategic Objective
Systems Operations Center and Chase Improvements	\$ 8,175,000	\$ 17,130,000	\$ 4,675,000	\$ -	\$ -	\$ 29,980,000	\$ 29,980,000	Technology Transformation
Walker Lane Substation	\$ 1,949,000	\$ 1,949,000	\$ -	\$ -	\$ -	\$ 3,898,000	\$ 4,193,000	Community Growth
Big Cove 161kV/12kV Substation	\$ 1,592,000	\$ 1,592,000	\$ -	\$ -	\$ -	\$ 3,184,000	\$ 3,184,000	Community Growth
Toyota Solar Generation Substation	\$ 1,510,000	\$ 1,100,000	\$ -	\$ -	\$ -	\$ 2,610,000	\$ 2,610,000	Industry Disruption
Deposit Substation - add second transformer	\$ 1,190,000	\$ -	\$ -	\$ -	\$ -	\$ 1,190,000	\$ 1,190,000	Community Growth
Construction of Fiber Ops facility	\$ 1,100,000	\$ -	\$ -	\$ -	\$ -	\$ 1,100,000	\$ 1,100,000	Community Growth
Spare 161-12 transformer	\$ 975,000	\$ -	\$ -	\$ -	\$ -	\$ 975,000	\$ 975,000	Community Growth
Moontown (46kV line from Moontown to Chase)	\$ 875,000	\$ -	\$ -	\$ -	\$ -	\$ 875,000	\$ 2,000,000	Community Growth
Northern Bypass Relocates	\$ 800,000	\$ -	\$ -	\$ -	\$ -	\$ 800,000	\$ 800,000	Community Growth
Blake Bottom Road (Tindall to Anslee Way)	\$ 700,000	\$ -	\$ -	\$ -	\$ -	\$ 700,000	\$ 700,000	Community Growth
Old Monrovia Substation	\$ 690,000	\$ -	\$ -	\$ -	\$ -	\$ 690,000	\$ 1,950,000	Community Growth
Spare 46-25/12 transformer	\$ 525,000	\$ -	\$ -	\$ -	\$ -	\$ 525,000	\$ 525,000	Community Growth
46/12 transformer for 10th St Substation	\$ 525,000	\$ -	\$ -	\$ -	\$ -	\$ 525,000	\$ 525,000	Community Growth
Governors Drive Underground	\$ 500,000	\$ 500,000	\$ 1,000,000	\$ -	\$ -	\$ 2,000,000	\$ 2,000,000	Community Growth
Equipment shed (Fiber Operations facility)	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000	Community Growth
LoadSeer	\$ 350,000	\$ -	\$ -	\$ -	\$ -	\$ 350,000	\$ 350,000	Technology Transformation
Walker Lane 12kV to 25kV Conversion	\$ 338,000	\$ 338,000	\$ -	\$ -	\$ -	\$ 676,000	\$ 676,000	Community Growth
Commercial and Industrial Remodel	\$ 320,000	\$ -	\$ -	\$ -	\$ -	\$ 320,000	\$ 320,000	Workforce Culture
Merrell Mountain 3-Phase	\$ 280,000	\$ -	\$ -	\$ -	\$ -	\$ 280,000	\$ 280,000	Community Growth
Chase Insulation Replacement	\$ 260,000	\$ 125,000	\$ -	\$ -	\$ -	\$ 385,000	\$ 385,000	Community Growth
Liberty Hill 25kV Conversion and Regulators	\$ 200,000	\$ 1,500,000	\$ 1,500,000	\$ -	\$ -	\$ 3,200,000	\$ 3,200,000	Community Growth
Inservice Outage Management System (OMS)	\$ 199,000	\$ -	\$ -	\$ -	\$ -	\$ 199,000	\$ 200,000	Technology Transformation
Project Management Software - electric allocation	\$ 195,000	\$ -	\$ -	\$ -	\$ -	\$ 195,000	\$ 390,000	Technology Transformation
CIS/ERP/MDM conversion - electric allocation	\$ 168,000	\$ 2,184,000	\$ 3,276,000	\$ 1,092,000	\$ -	\$ 6,720,000	\$ 6,720,000	Technology Transformation
Mapping Remodel	\$ 90,000	\$ -	\$ -	\$ -	\$ -	\$ 90,000	\$ 90,000	Workforce Culture
HVAC Replacements	\$ 87,000	\$ 550,000	\$ -	\$ -	\$ -	\$ 637,000	\$ 637,000	Community Growth
Help Desk Workspace Relocation	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000	Workforce Culture
Ice Machines	\$ 19,000	\$ 38,000	\$ -	\$ -	\$ -	\$ 57,000	\$ 57,000	Community Growth
Pegasus Substation	\$ -	\$ 1,883,000	\$ 1,245,000	\$ -	\$ -	\$ 3,128,000	\$ 3,128,000	Community Growth
Cherrytree Area Substation	\$ -	\$ 1,808,000	\$ 1,245,000	\$ -	\$ -	\$ 3,053,000	\$ 3,053,000	Community Growth
US 72 Relocates (County Line to Providence Main)	\$ -	\$ 1,100,000	\$ -	\$ -	\$ -	\$ 1,100,000	\$ 1,100,000	Community Growth
46kV to Cherrytree Area Substation	\$ -	\$ 1,075,000	\$ -	\$ -	\$ -	\$ 1,075,000	\$ 1,075,000	Community Growth
Stegers Transformer and 25kV Conversion	\$ -	\$ 725,000	\$ -	\$ -	\$ -	\$ 725,000	\$ 725,000	Community Growth
Winchester Road (Dominion to Naugher)	\$ -	\$ 700,000	\$ -	\$ -	\$ -	\$ 700,000	\$ 700,000	Community Growth
Flexible Generation Design	\$ -	\$ 500,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 3,500,000	\$ 3,500,000	Industry Disruption
Osmose Pole Inspections	\$ -	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 2,000,000	\$ 2,000,000	Community Growth
Jeff Road Relocates (CR-28 to Douglas Road)	\$ -	\$ 500,000	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000	Community Growth
Walker Lane Exit Circuits	\$ -	\$ 400,000	\$ -	\$ -	\$ -	\$ 400,000	\$ 400,000	Community Growth
Billing and Collections Remodel	\$ -	\$ 285,000	\$ -	\$ -	\$ -	\$ 285,000	\$ 285,000	Workforce Culture

Electric Capital Improvement Plan (CONTINUED)

NON-RECURRING CAPITAL	2023	2024	2025	2026	2027	5-Year Spending	Total Project Cost	Strategic Objective
Call Center Remodel	\$ -	\$ 225,000	\$ -	\$ -	\$ -	\$ 225,000	\$ 225,000	Workforce Culture
Downtown Electric Switch Replacement	\$ -	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 800,000	\$ 800,000	Community Growth
46kV - Thornton to Pegasus	\$ -	\$ -	\$ 2,300,000	\$ -	\$ -	\$ 2,300,000	\$ 2,300,000	Community Growth
Repurpose COH IT Office Space	\$ -	\$ -	\$ 1,600,000	\$ -	\$ -	\$ 1,600,000	\$ 1,600,000	Workforce Culture
Hobbs Island Road Substation 161/12	\$ -	\$ -	\$ 1,450,000	\$ 2,500,000	\$ -	\$ 3,950,000	\$ 3,950,000	Community Growth
Jeff Road Widening from Douglas to Hwy 53	\$ -	\$ -	\$ 510,000	\$ -	\$ -	\$ 510,000	\$ 510,000	Community Growth
Hobbs Island Road Substation Exit Circuits	\$ -	\$ -	\$ 500,000	\$ -	\$ -	\$ 500,000	\$ 500,000	Community Growth
VBC Duct Bank	\$ -	\$ -	\$ -	\$ 1,500,000	\$ 1,500,000	\$ 3,000,000	\$ 3,000,000	Community Growth
SE Delivery Substation	\$ -	\$ -	\$ -	\$ 750,000	\$ 1,660,000	\$ 2,410,000	\$ 2,485,000	Community Growth
Major Roadway Relocations	\$ -	\$ -	\$ -	\$ 750,000	\$ 750,000	\$ 1,500,000	\$ 1,500,000	Community Growth
SE Delivery (46kV from SE Delivery to New Hope)	\$ -	\$ -	\$ -	\$ -	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	Community Growth
NON RECURRING CAPITAL	\$ 24,137,000	\$ 36,907,000	\$ 21,001,000	\$ 8,292,000	\$ 6,735,000	\$ 97,072,000	\$ 100,023,000	

RECURRING CAPITAL	2023	2024	2025	2026	2027	5-Year Spending	Total Project Cost	Strategic Objective
Electric General Development and Extensions	\$ 7,300,000	\$ 7,300,000	\$ 7,300,000	\$ 7,300,000	\$ 7,300,000	\$ 36,500,000	Not Applicable	Community Growth
Metering Equipment	\$ 2,250,000	\$ 2,475,000	\$ 2,503,000	\$ 2,753,000	\$ 2,787,000	\$ 12,768,000	Not Applicable	Community Growth
Vehicles	\$ 6,020,000	\$ 2,587,000	\$ 1,839,000	\$ 5,255,000	\$ 3,000,000	\$ 18,701,000	Not Applicable	Community Growth
Distribution Transformers	\$ 7,000,000	\$ 9,000,000	\$ 9,000,000	\$ 7,000,000	\$ 7,000,000	\$ 39,000,000	Not Applicable	Community Growth
Maintenance of electric system/pole change outs	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 10,000,000	Not Applicable	Community Growth
Fiber General Development and Extensions	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 12,500,000	Not Applicable	Community Growth
Computer Equipment	\$ 1,067,000	\$ 1,200,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 5,267,000	Not Applicable	Technology Transformation
Replace Obsolete Breakers	\$ 315,000	\$ 315,000	\$ 315,000	\$ 315,000	\$ 315,000	\$ 1,575,000	Not Applicable	Community Growth
Misc Underground Cable Replacement	\$ 200,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 4,200,000	Not Applicable	Community Growth
Electric Misc Upgrades & COH/Roadway Relocations	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 1,500,000	Not Applicable	Community Growth
Materials for Maintenance of Fiber System	\$ 100,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 300,000	Not Applicable	Community Growth
Misc System Improvements	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 1,000,000	Not Applicable	Community Growth
Tools & Work Equipment	\$ 212,000	\$ 244,000	\$ 280,000	\$ 322,000	\$ 370,000	\$ 1,428,000	Not Applicable	Community Growth
Land Purchases for Substations	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 1,000,000	Not Applicable	Community Growth
Fiber Road Relocations	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 500,000	Not Applicable	Community Growth
Fiber New Tier 2 (COH, etc)	\$ 400,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 800,000	Not Applicable	Community Growth
Communication Equipment	\$ 673,000	\$ 60,000	\$ 65,000	\$ 70,000	\$ 75,000	\$ 943,000	Not Applicable	Technology Transformation
RECURRING CAPITAL	\$ 30,837,000	\$ 29,631,000	\$ 28,752,000	\$ 30,465,000	\$ 28,297,000	\$ 147,982,000		

TOTAL CAPITAL	\$ 54,974,000	\$ 66,538,000	\$ 49,753,000	\$ 38,757,000	\$ 35,032,000	\$ 245,054,000		
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Electric Capital Improvement Plan (CONTINUED)

FUNDING SOURCE	2023	2024	2025	2026	2027	5-Year Total
Pay As You Go	\$ 54,974,000	\$ 41,233,000	\$ 45,078,000	\$ 33,737,000	\$ 35,032,000	\$ 210,054,000
Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borrowing Proceeds	\$ -	\$ 25,305,000	\$ 4,675,000	\$ 5,020,000	\$ -	\$ 35,000,000
TOTAL FUNDING	\$ 54,974,000	\$ 66,538,000	\$ 49,753,000	\$ 38,757,000	\$ 35,032,000	\$ 245,054,000

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.
- Expected first year operating budget impact: \$1.6 million increase

Construction of new Electric substations and circuit upgrades

- 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.
- Expected first year operating budget impact: \$200,000 increase

Cast iron pipe replacement for the Gas system

- The cast iron pipe was originally installed in the 1950s and 1960s. Regulatory agencies are pushing for replacement to avoid corrosion and leaks.
- Polyethylene (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.
- Expected first year operating budget impact: \$100,000 decrease

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.
- Debt service expense will increase with borrowing required to finance the project.
- Expected first year operating budget impact: \$1 million increase

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.
- Meter reading expense should decrease with the move away from manual readings.
- Expected first year operating budget impact: \$150,000 decrease

Green Mountain Improvements for the Water system

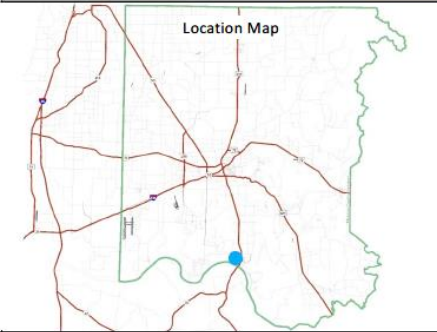

- These improvements, which are required to serve customers at a higher elevation, are also a result of customer growth which ultimately drives up all water treatment expense.
- Long-term operating and maintenance costs will increase with the addition of a booster pump station and roughly a mile of additional 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.
- Expected first year operating budget impact: \$25,000 increase

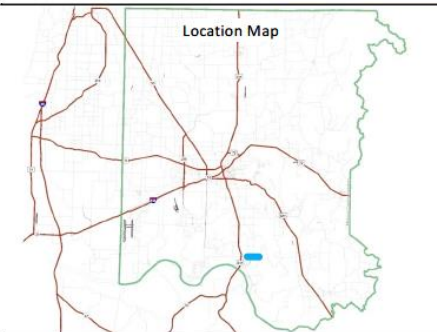

Jeff Road Relocates for the Gas system

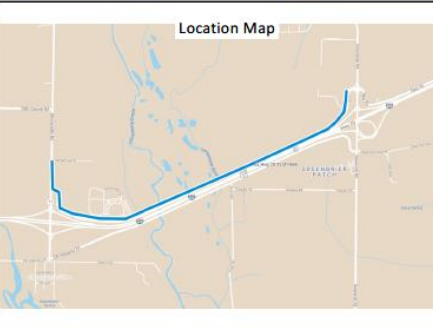

- This project is related to the relocation of high-pressure gas distribution mains required for roadway widening.
- The road must be widened to accommodate increasing traffic counts due to growth in the Huntsville area. New pipe will be installed as part of the relocation process.
- The capital costs will be fully funded through reimbursement from external agencies.
- The service life of the distribution mains will be reset with the new pipe resulting in deferred future capital costs. Due to industry regulatory requirements, operating expenses related to the maintenance of the pipe will remain consistent with current costs.
- Expected first year operating budget impact: \$0

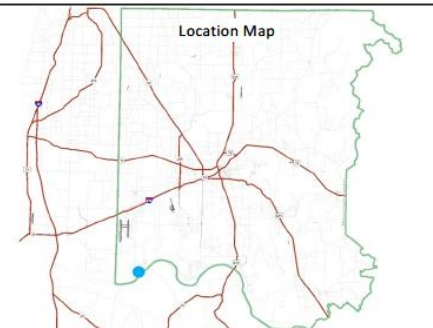

Engineering FY23 Capital Project Summaries – Water

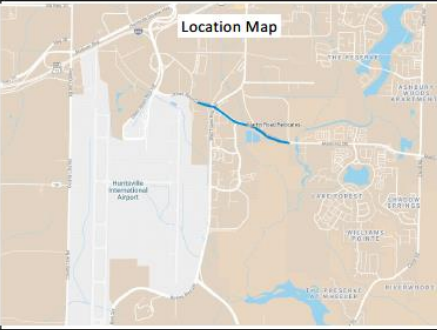

Note: Every item in the capital improvement plan will not have a project summary sheet. Only projects with work scheduled for FY23 that require design and planning by the Engineering section are included.

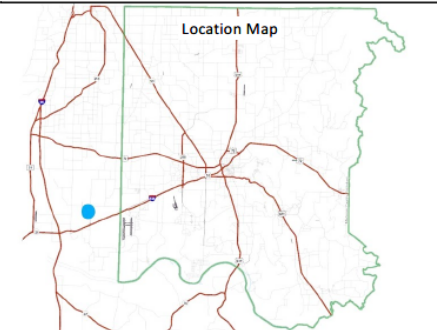
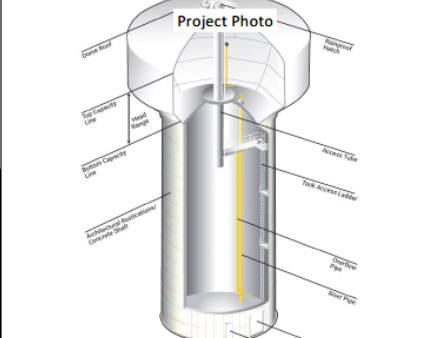
Current&Future Huntsville Utilities Project- Water Capital					Project Owner: HU	June 2022																																										
South Parkway Main Plant Rehab Construction			CPP-22.W.607310.52.01		Status: Construction																																											
On Time																																																
<p>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.</p> <p>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.</p> <p>Project Update: Contract with BH Craig is \$18,544,945 (CO 1-3 + \$95,715). BH Craig working on south portion of plant. Construction is 47% complete. BH Craig completed in basins 1-4 plate settlers, sludge vacuum piping and effluent troughs. Work continued on filter bottoms, air scour piping in filter basins. Started installation DI piping. Unit substation placed in-service on 30 June.</p> <p>Project Notes: Contractor mobilized on 6 Oct 2021. Notice to Proceed issued on 27 Sep 2021 with an effective dated of 4 Oct 2021. Conducted formal pre-construction meeting on 10 September 2021. TECO WO 10001820 for Engineering Design and Bidding (Constantine) on 30 Sep 2021</p>																																																
																																																
																																																
<table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>FY2022</th> <th>FY2023</th> <th></th> <th></th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td>Budget Line</td> <td>RES21-641</td> <td>RES21-641</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Funding</td> <td>\$12,000,000</td> <td>\$8,000,000</td> <td>\$0</td> <td>\$0</td> <td>\$20,000,000</td> </tr> <tr> <td>Budget</td> <td>\$12,000,000</td> <td>\$8,000,000</td> <td>\$0</td> <td>\$0</td> <td>\$20,000,000</td> </tr> <tr> <td>Actual/FYTD</td> <td>\$19,202,602</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$19,202,602</td> </tr> <tr> <td>Budget Remaining</td> <td>(\$7,202,602)</td> <td>\$8,000,000</td> <td>\$0</td> <td>\$0</td> <td>\$797,398</td> </tr> <tr> <td>% Budget Spent</td> <td>160%</td> <td>0%</td> <td>0%</td> <td>0%</td> <td>96%</td> </tr> </tbody> </table>							Fiscal Year	FY2022	FY2023			TOTAL	Budget Line	RES21-641	RES21-641				Funding	\$12,000,000	\$8,000,000	\$0	\$0	\$20,000,000	Budget	\$12,000,000	\$8,000,000	\$0	\$0	\$20,000,000	Actual/FYTD	\$19,202,602	\$0	\$0	\$0	\$19,202,602	Budget Remaining	(\$7,202,602)	\$8,000,000	\$0	\$0	\$797,398	% Budget Spent	160%	0%	0%	0%	96%
Fiscal Year	FY2022	FY2023			TOTAL																																											
Budget Line	RES21-641	RES21-641																																														
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Actual/FYTD	\$19,202,602	\$0	\$0	\$0	\$19,202,602																																											
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% Budget Spent	160%	0%	0%	0%	96%																																											
Engineering Start:	16-Jan-20	Bid Opening:	20-May-21	Intent to Award:	06/29/2021	N.T.P.:	04-Oct-21	Projected Complete:	23-Jun-23	Req'd Complete:	30-Sep-23																																					

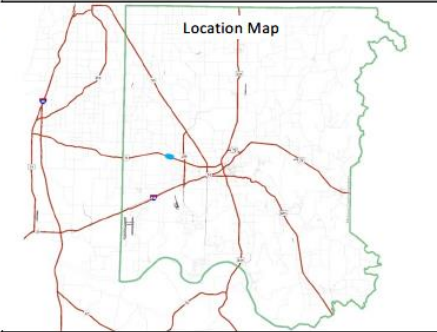

Current&Future Huntsville Utilities Project- Water Capital					Project Owner: HU	June 2022																																										
Green Mountain Improvements (2nd feed)			CPP-22.W.607310.51.11		Status: Engineering																																											
On Time																																																
<p>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.</p> <p>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.</p> <p>Project Update: Preliminary Design report completed. Property for water booster has been purchased. Contract signed with Ardurra for design and specifications and preliminary design has started.</p> <p>Project Notes:</p>																																																
																																																
																																																
<table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>FY2022</th> <th>FY2023</th> <th>FY2023</th> <th></th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td>Budget Line</td> <td>PWO #9</td> <td>PWO #9</td> <td>Additional Req'd</td> <td></td> <td></td> </tr> <tr> <td>Funding</td> <td>\$1,000,000</td> <td>\$3,965,000</td> <td>\$0</td> <td>\$0</td> <td>\$4,965,000</td> </tr> <tr> <td>Budget</td> <td>\$1,000,000</td> <td>\$3,965,000</td> <td>\$735,000</td> <td>\$0</td> <td>\$5,700,000</td> </tr> <tr> <td>Actual/FYTD</td> <td>\$427,800</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$427,800</td> </tr> <tr> <td>Budget Remaining</td> <td>\$572,200</td> <td>\$3,965,000</td> <td>\$735,000</td> <td>\$0</td> <td>\$5,272,200</td> </tr> <tr> <td>% Budget Spent</td> <td>43%</td> <td>0%</td> <td>0%</td> <td>0%</td> <td>8%</td> </tr> </tbody> </table>							Fiscal Year	FY2022	FY2023	FY2023		TOTAL	Budget Line	PWO #9	PWO #9	Additional Req'd			Funding	\$1,000,000	\$3,965,000	\$0	\$0	\$4,965,000	Budget	\$1,000,000	\$3,965,000	\$735,000	\$0	\$5,700,000	Actual/FYTD	\$427,800	\$0	\$0	\$0	\$427,800	Budget Remaining	\$572,200	\$3,965,000	\$735,000	\$0	\$5,272,200	% Budget Spent	43%	0%	0%	0%	8%
Fiscal Year	FY2022	FY2023	FY2023		TOTAL																																											
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Engineering Start:		Bid Opening:		Intent to Award:		N.T.P.:		Projected Complete:		Req'd Complete:	30-Sep-23																																					

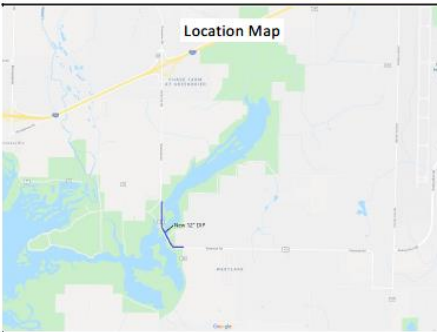

Current&Future Huntsville Utilities Project- Water Capital					Project Owner: HU	June 2022
AL Hwy 20 (Greenbrier to Mooresville Rd at Bibb Garrett)			CPP-22.W.607310.51.08		Status: Procurement On Time	
<p>Scope of Project: Installation of 13,300 lf of 12" DI connecting from Greenbrier Pkwy to Mooresville 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.</p> <p>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.</p> <p>Project Update: CDG selected to design project for both gas and water mains. Bids opened on 3 June. APEL Machine and Supply Company was low bid at \$3,623,650 (Water) and \$4,562,764 (Total Bid). Received ADEM Approval to Award Letter on 23 June. Gas and Water Board approved contract on 28 June. Purchasing issued Intent to Award letter on 1 July.</p> <p>Project Notes: Intent to Award Letter 1 July 2022 Board Award 28 June 2022 ADEM Approval to Award Letter on 23 June 2022 Bids opened on 3 June 2022</p>						
Fiscal Year	FY2021	FY2022	FY2023		TOTAL	
Budget Line	BWO 151-2021-5*	PWO #6	Carryover			
Funding	\$350,000	\$3,315,000	\$0	\$0	\$3,665,000	
Budget	\$350,000	\$3,315,000	\$3,000,000	\$0	\$3,665,000	
Actual/FYTD	\$95,207	\$121,398	\$0	\$0	\$216,605	
Budget Remaining	\$254,793	\$3,193,602	\$3,000,000	\$0	\$3,448,395	
% Budget Spent	27%	4%	0%	0%	6%	
Engineering Start:	15-Jul-21	Bid Opening:	03-Jun-22	Intent to Award:	07/01/2022	N.T.P.:
			Projected Complete:	31-Dec-22	Req'd Complete:	28-Apr-23

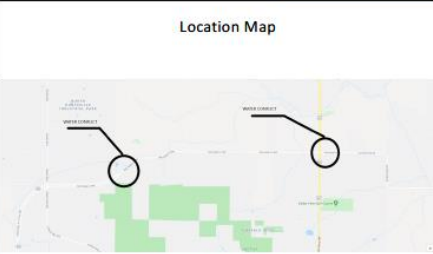

Current&Future Huntsville Utilities Project- Water Capital					Project Owner: HU	June 2022
SW Sludge Vac & Fluoride Tank Upgrades			CPP-22.W.607310.52.06		Status: Engineering On Time	
<p>Scope of Project: Installation of new Plate Settlers and replacement of existing sludge collection equipment at the Southwest Water Treatment Plant. Based on revised cost estimate, plate settlers have been removed from project scope. Replacement on aging fluoride tank added to scope Engineering in FY2022, Construction in FY2023</p> <p>Justification: The existing sludge collection equipment is experiencing mechanical and operational issues. The plate settlers will improve the efficiency of the sedimentation basins.</p> <p>Project Update: Constantine conducted design workshop on 16 February 2022. HU Water and Engineering personnel reviewed draft of Preliminary Design Report (PDR). Constantine working on 30% design and final revisions to PDR. Conducted project status meeting on 26 May 2022. Received revised SOW reflecting project changes on 30 June.</p> <p>Project Notes: Conducted options review meeting on 4 April 2022. Made decision to eliminate plate settlers due to cost. Added aging fluoride tank to project. Design options workshop conducted on 16 February 2022. Conducted design kick-off meeting on 16 December 2021.</p>						
Fiscal Year	FY2022	FY2023			TOTAL	
Budget Line	PWO #14	PWO #14				
Funding	\$300,000	\$2,700,000	\$0	\$0	\$3,000,000	
Budget	\$300,000	\$2,700,000	\$0	\$0	\$3,000,000	
Actual/FYTD	\$910,000	\$0	\$0	\$0	\$910,000	
Budget Remaining	(\$610,000)	\$2,700,000	\$0	\$0	\$2,090,000	
% Budget Spent	303%	0%	0%	0%	30%	
Engineering Start:	16-Dec-21	Bid Opening:		Intent to Award:		N.T.P.:
			Projected Complete:	30-Sep-24	Req'd Complete:	30-Sep-24

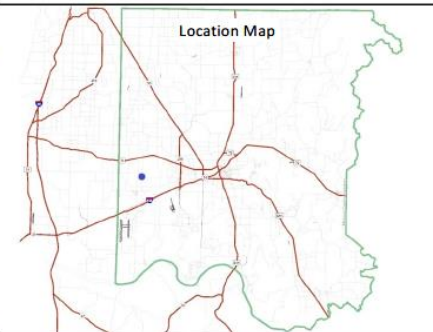

Current&Future Huntsville Utilities Project- Water Capital					Project Owner: COH	June 2022																																										
Martin Road Relocates Ph. 2 (Old Jim Williams to Laracy)			CPP-22.W.607310.52.05		Status: Engineering																																											
					On Time																																											
<p>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.</p> <p>Justification: Existing water main along Martin Road is in conflict with the Martin Road widening project.</p> <p>Project Update: Garver has prepared revised preliminary cost estimate, drawings, and utility consultant agreement. ALDOT has provided approved engineering agreements on July 7, 2021. 90% review scheduled on July 8, 2022.</p> <p>Project Notes: 60% Design Review 18 April 2022. 60% plans submitted on February 24, 2022 30% review - January 11, 2022 Design Kickoff Meeting - August 19, 2021</p>																																																
																																																
																																																
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Fiscal Year	FY2021	FY2022	FY2023		TOTAL																																											
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Engineering Start:	19-Aug-21	Bid Opening:		Intent to Award:		N.T.P.:																																										
					Projected Complete:	Req'd Complete:																																										

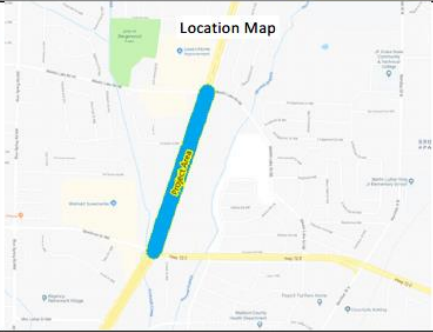

Current&Future Huntsville Utilities Project- Water Capital					Project Owner: HU	June 2022																																										
Greenbrier (MTM) Tank			CPP-22.W.607310.51.12		Status: Engineering																																											
					Behind Schedule																																											
<p>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.</p> <p>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.</p> <p>Project Update: Final design and specifications on track for Bidding by end of fiscal Year 2022. FAA approval for Greenbrier Rd site has been approved.</p> <p>Project Notes:</p>																																																
																																																
																																																
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th>Fiscal Year</th> <th>FY2021</th> <th>FY2022</th> <th>FY2023</th> <th>FY2024</th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td>Budget Line</td> <td>151-2021-1</td> <td>PWO #10</td> <td>PWO #10</td> <td>Carryover</td> <td></td> </tr> <tr> <td>Funding</td> <td>\$4,200,000</td> <td>\$2,800,000</td> <td>\$1,700,000</td> <td>\$0</td> <td>\$4,500,000</td> </tr> <tr> <td>Budget</td> <td>\$4,200,000</td> <td>\$2,800,000</td> <td>\$2,200,000</td> <td>\$2,200,000</td> <td>\$4,500,000</td> </tr> <tr> <td>Actual/FYTD</td> <td>\$58,892</td> <td>\$92,289</td> <td>\$0</td> <td>\$0</td> <td>\$151,181</td> </tr> <tr> <td>Budget Remaining</td> <td>\$4,141,108</td> <td>\$2,707,711</td> <td>\$2,200,000</td> <td>\$2,200,000</td> <td>\$4,348,819</td> </tr> <tr> <td>% Budget Spent</td> <td>1%</td> <td>3%</td> <td>0%</td> <td>0%</td> <td>3%</td> </tr> </tbody> </table>							Fiscal Year	FY2021	FY2022	FY2023	FY2024	TOTAL	Budget Line	151-2021-1	PWO #10	PWO #10	Carryover		Funding	\$4,200,000	\$2,800,000	\$1,700,000	\$0	\$4,500,000	Budget	\$4,200,000	\$2,800,000	\$2,200,000	\$2,200,000	\$4,500,000	Actual/FYTD	\$58,892	\$92,289	\$0	\$0	\$151,181	Budget Remaining	\$4,141,108	\$2,707,711	\$2,200,000	\$2,200,000	\$4,348,819	% Budget Spent	1%	3%	0%	0%	3%
Fiscal Year	FY2021	FY2022	FY2023	FY2024	TOTAL																																											
Budget Line	151-2021-1	PWO #10	PWO #10	Carryover																																												
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Budget	\$4,200,000	\$2,800,000	\$2,200,000	\$2,200,000	\$4,500,000																																											
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Engineering Start:		Bid Opening:		Intent to Award:		N.T.P.:																																										
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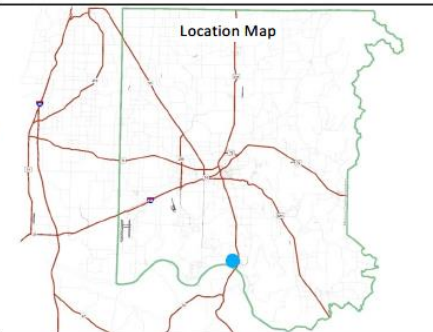

Future Huntsville Utilities Project- Water Capital					Project Owner: ALDOT	June 2022
US 72 Relocates (Paramount to Providence)					Status: Planning	
<p>Scope of Project: Reimbursable ALDOT funded road widening and bridge replacement project along US Highway 72 from Providence Main to cemetery west of Paramount Drive. Relocation of 4,600 lf of 12-inch, 1,900 lf of 8-inch and 500 lf of 6-inch ductile iron main. Project includes replacing 1,800 lf of 6-inch PVC main with 8-inch ductile iron main. Project includes betterment for 6-inch main</p> <p>Justification: Existing water mains interferes with road widening project. HU will upgrade 6-inch PVC and 6-inch ductile iron main to 8-inch ductile iron main. 6-inch PVC will be replaced with 8-inch DI to improve capacity and eliminate 6-inch PVC from distribution system.</p> <p>Project Update: HU was contacted by ALDOT in June of 2022. Road project scheduled for letting in November 2022. As of 9 June 2022, HU has not received 60% road relocation plans. Current project assumes relocation of all water mains in the project limits.</p> <p>Project Notes:</p>					 	
Fiscal Year	FY2023	FY2024			TOTAL	
Budget Line						
Funding	\$0	\$0	\$0	\$0	\$0	
Budget	\$1,160,000	\$1,345,000	\$0	\$0	\$2,505,000	
Actual/FYTD	\$0	\$0	\$0	\$0	\$0	
Budget Remaining	\$1,160,000	\$1,345,000	\$0	\$0	\$2,505,000	
% Budget Spent	0%	0%	0%	0%	0%	
Engineering Start:		Bid Opening:		Intent to Award:		N.T.P.:
					Projected Complete:	Req'd Complete:

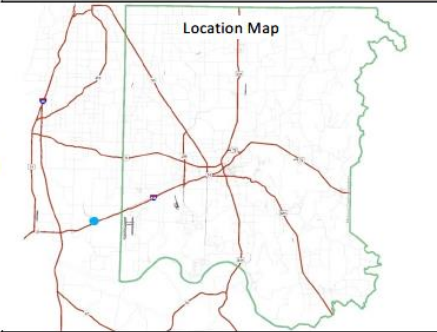

Current&Future Huntsville Utilities Project- Water Capital					Project Owner: HU	June 2022
Swancott Road West					CPP-22.W.607310.52.07	
					Status: Engineering	
					On Time	
<p>Scope of Project: Engineering & Construction of approx. 4300 lf of replacement of existing 8" PVC main with 16" HDPE along Swancott Rd from Rock house Rd to Pryor Rd. This project crosses the Wheeler Wildlife Refuge. Construction planned in FY22.</p> <p>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.</p> <p>Project Update: S&ME submitted Environmental assessments to outside agencies for approval week of October 26, 2020. All concurrences required to submit to Wheeler Wildlife Refuge have been obtained. ROW permit to submitted to Wheeler Wildlife Refuge. Wheeler Wildlife Refuge has forwarded a draft of the ROW permit to their realty department for review.</p> <p>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</p>					 	
Fiscal Year	FY2020	FY2021	FY2022	FY2023	TOTAL	
Budget Line	151-2020-11	Carryover	PWO #15	Carryover		
Funding	\$0	\$0	\$1,335,000	\$1,200,000	\$1,335,000	
Budget	\$135,000	\$60,500	\$1,200,000	\$0	\$1,335,000	
Actual/FYTD	\$24,507	\$51,754	\$60,386	\$0	\$136,647	
Budget Remaining	\$110,493	\$8,746	\$1,139,614	\$0	\$1,198,353	
% Budget Spent	18%	86%	5%	0%	10%	
Engineering Start:	09-Apr-20	Bid Opening:		Intent to Award:		N.T.P.:
					Projected Complete:	Req'd Complete: 30-Sep-22

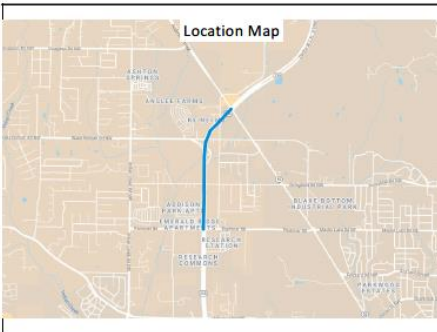

Current&Future Huntsville Utilities Project- Water Capital					Project Owner: COH	June 2022																																								
Northern Bypass Relocates (Pulaski Pike to Mem Pkwy)			CPP-22.W.607310.52.10		Status: Planning																																									
Scope of Project: Reimbursable road 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.					On Time																																									
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. Project has been started again. Kickoff meeting held on December 14, 2021. Received approved engineering agreement from ALDOT on March 14, 2022. 24" water main found to be in conflict during design. Additional work will be needed.																																														
Project Notes: Design began on May 3, 2022 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 is reimbursable by COH.																																														
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			Projected Complete:			Req'd Complete:																																								

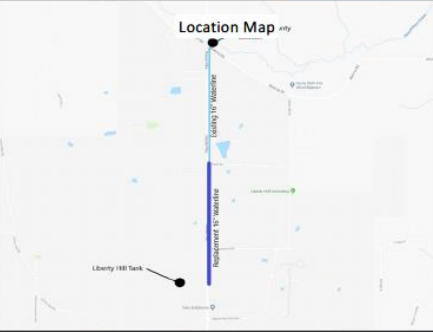

Future Huntsville Utilities Project- Water Capital					Project Owner: Madison County	June 2022																																								
Wall Triana at McCrary Relocates					Status: Planning																																									
Scope of Project: Relocate 500 feet of existing 18-inch water main on the west side of Wall Triana from intersection with McCrary Road to 200 feet north of Knox Creek. Project includes bore under Knox Creek on the west side of Wall Triana. Road widening project is funded by Madison County. No reimbursement for utility relocation.																																														
Justification: Existing water lines interfere with the new Madison County Wall Triana Widening project.																																														
Project Update: Coordination with Madison County began in June 2021. Funding for project was not included in FY21 or FY22 budgets. Madison County notified in June 2021 funding was not available in FY21 budget and project would not be included in FY22 Budget due to notification after budgeting process had started. Project identified for HU water crew relocation.																																														
Project Notes:																																														
<table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>FY2023</th> <th></th> <th></th> <th></th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td>Budget Line</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Funding</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> </tr> <tr> <td>Budget</td> <td>\$600,000</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$600,000</td> </tr> <tr> <td>Actual/FYTD</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> </tr> <tr> <td>Budget Remaining</td> <td>\$600,000</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$600,000</td> </tr> <tr> <td>% Budget Spent</td> <td>0%</td> <td>0%</td> <td>0%</td> <td>0%</td> <td>0%</td> </tr> </tbody> </table>			Fiscal Year	FY2023				TOTAL	Budget Line						Funding	\$0	\$0	\$0	\$0	\$0	Budget	\$600,000	\$0	\$0	\$0	\$600,000	Actual/FYTD	\$0	\$0	\$0	\$0	\$0	Budget Remaining	\$600,000	\$0	\$0	\$0	\$600,000	% Budget Spent	0%	0%	0%	0%	0%		
Fiscal Year	FY2023				TOTAL																																									
Budget Line																																														
Funding	\$0	\$0	\$0	\$0	\$0																																									
Budget	\$600,000	\$0	\$0	\$0	\$600,000																																									
Actual/FYTD	\$0	\$0	\$0	\$0	\$0																																									
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% Budget Spent	0%	0%	0%	0%	0%																																									
Engineering Start:		Bid Opening:		Intent to Award:		N.T.P.:																																								
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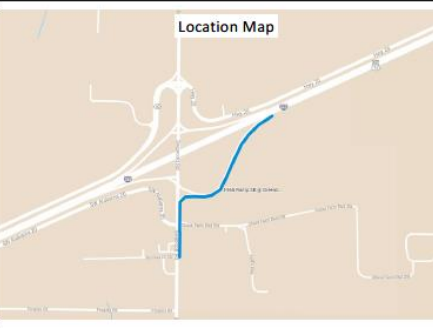

Current&Future Huntsville Utilities Project- Water Capital					Project Owner: ALDOT	June 2022	
Memorial Pkwy Relocates (Mastin Lake to Winchester)			CPP-22.W.607310.52.08		Status: Construction		
<p>Scope of Project: Reimbursable road project to relocate existing water mains to clear way for the construction 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.</p> <p>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.</p> <p>Project Update: Barge Design completed design. Initially bid in April-June 2021. After reviewing the bid tabulations, ALDOT requested HU re-bid the project. Bids opened October 27, 2021. Centerline Construction is apparent low bidder. Construction started on May 2, 2022, and is ongoing.</p> <p>Project Notes: Notice to Proceed - May 2, 2022 Pre-construction meeting scheduled March 2, 2022. Insurance Approved on February 21, 2022. Intent to Award - November 23, 2021</p>					<p>On Time</p>  <p>Location Map</p>  <p>Project Photo</p>		
Fiscal Year	FY2022	FY2023			TOTAL		
Budget Line	PWO #17	PWO #17					
Funding	\$3,250,000	\$150,000	\$0	\$0	\$3,400,000		
Budget	\$3,250,000	\$400,000	\$0	\$0	\$3,400,000		
Actual/FYTD	\$3,574,559	\$0	\$0	\$0	\$3,574,559		
Budget Remaining	(\$324,559)	\$400,000	\$0	\$0	(\$174,559)		
% Budget Spent	110%	0%	0%	0%	105%		
Engineering Start:	22-Jul-19	Bid Opening:	27-Oct-21	Intent to Award:	11/23/2021	N.T.P.:	02-May-22
				Projected Complete:		Req'd Complete:	

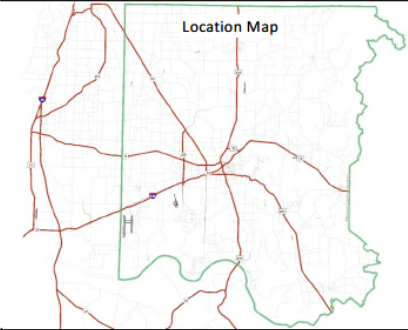
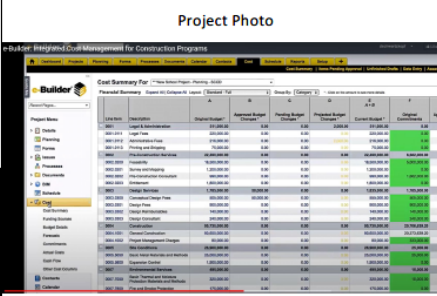
Future Huntsville Utilities Project- Water Capital					Project Owner: HU	June 2022	
South Parkway Plant Sludge Facilities Rehab					Status:		
<p>Scope of Project: Includes new Gravity Solids Thickener and rehabilitation of drying bed piping and sludge pumping facilities. Engineering FY2023, Construction FY2024</p> <p>Justification: The 2018 engineering study of the South Parkway Plant indicated that the existing sludge thickener is inadequate for expected future demands and the much of the sludge drying bed and pumping appurtenances have reached the end of their service life.</p> <p>Project Update:</p> <p>Project Notes:</p>					<p>Location Map</p>  <p>Project Photo</p> 		
Fiscal Year	FY2023	FY2024			TOTAL		
Budget Line							
Funding	\$0	\$0	\$0	\$0	\$0		
Budget	\$300,000	\$3,050,000	\$0	\$0	\$3,350,000		
Actual/FYTD	\$0	\$0	\$0	\$0	\$0		
Budget Remaining	\$300,000	\$3,050,000	\$0	\$0	\$3,350,000		
% Budget Spent	0%	0%	0%	0%	0%		
Engineering Start:		Bid Opening:		Intent to Award:		N.T.P.:	
				Projected Complete:		Req'd Complete:	

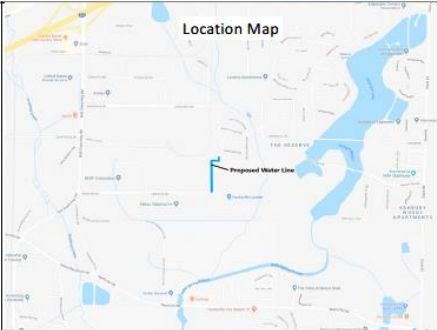

Current&Future Huntsville Utilities Project- Water Capital						Project Owner: HU	June 2022																																								
AL Hwy 20 (Greenbrier Parkway to Wheeler)			CPP-21.W.607310.52.12		Status: Planning On Time																																										
<p>Scope of Project: Installation of 1.55 mi of 16" D.I. connecting from Greenbrier Pkwy to Wheeler Refuge. Original scope from Bore under I-565 at Indian Springs to Greenbrier Parkway. Reduced scope from Greenbrier Parkway to the western boundary of Wheeler Wildlife Refuge.</p> <p>Justification: Project upgrades existing 12" PVC main with 16" ductile iron main. Provides some increase in flow to MTMUS and allows development along AL Hwy 20. Another major benefit of project is reliability with ductile iron water main. Based on additional hydraulic modeling, main size upgraded to 24-inch.</p> <p>Project Update: Reduced scope of project to eliminate portions in Wheeler Wildlife Refuge and between refuge and bore under I-565. Garver completed 100% Design on October 27, 2021. Design completed and construction delayed. Installation of 16" main on Gunter's Way has reduced project priority. Project with 24-inch main included in FY23 budget for FY24.</p> <p>Project Notes: 100% Design review October 27, 2021. 90% Design review August 24, 2021. Engineering NTP - November 25, 2020. Transferred \$550,000 to CPP-21.W.607310.51.10 – AL Hwy 20 (County Line to Indian Springs, Phase</p>						 <p>Location Map</p>																																									
 <p>Project Photo</p>																																															
<table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>FY2021</th> <th>FY2022</th> <th>FY2023</th> <th>FY2024</th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td>Budget Line</td> <td>152-2021-8</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Funding</td> <td>\$3,355,000</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$3,355,000</td> </tr> <tr> <td>Budget</td> <td>\$2,115,000</td> <td>\$0</td> <td>\$250,000</td> <td>\$2,150,000</td> <td>\$2,400,000</td> </tr> <tr> <td>Actual/FYTD</td> <td>\$147,296</td> <td>\$66,431</td> <td>\$0</td> <td>\$0</td> <td>\$213,727</td> </tr> <tr> <td>Budget Remaining</td> <td>\$1,967,704</td> <td>(\$66,431)</td> <td>\$250,000</td> <td>\$2,150,000</td> <td>\$2,186,273</td> </tr> <tr> <td>% Budget Spent</td> <td>7%</td> <td>0%</td> <td>0%</td> <td>0%</td> <td>9%</td> </tr> </tbody> </table>						Fiscal Year	FY2021	FY2022	FY2023	FY2024	TOTAL	Budget Line	152-2021-8					Funding	\$3,355,000	\$0	\$0	\$0	\$3,355,000	Budget	\$2,115,000	\$0	\$250,000	\$2,150,000	\$2,400,000	Actual/FYTD	\$147,296	\$66,431	\$0	\$0	\$213,727	Budget Remaining	\$1,967,704	(\$66,431)	\$250,000	\$2,150,000	\$2,186,273	% Budget Spent	7%	0%	0%	0%	9%
Fiscal Year	FY2021	FY2022	FY2023	FY2024	TOTAL																																										
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Budget Remaining	\$1,967,704	(\$66,431)	\$250,000	\$2,150,000	\$2,186,273																																										
% Budget Spent	7%	0%	0%	0%	9%																																										
Engineering Start:	25-Nov-20	Bid Opening:		Intent to Award:		N.T.P.:		Projected Complete:		Req'd Complete:																																					

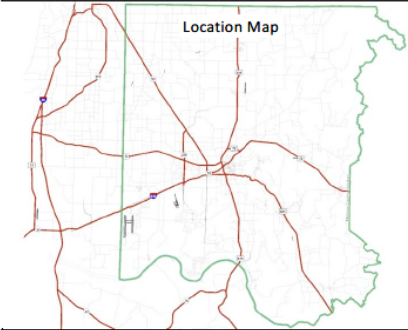
Future Huntsville Utilities Project- Water Capital						Project Owner: HU	June 2022																																								
Research Blvd New Main (Plummer Rd to Hwy 53)					Status: Planning																																										
<p>Scope of Project: Installation of 8,200 lf of 24" DI along Research Park Blvd from Plummer Rd to Hwy 53/Jordan Ln. Engineering FY2023, Construction FY2024</p> <p>Justification: New main needed to meet future increased demands for water at Starbelt Development & North Huntsville Industrial Park. Hydraulic modeling indicated combined potential demands from Facebook expansion, existing customers, and any future addition would exceed capability meet area demands.</p> <p>Project Update:</p> <p>Project Notes:</p>						 <p>Location Map</p>																																									
 <p>Project Photo</p>																																															
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Fiscal Year	FY2023	FY2024			TOTAL																																										
Budget Line																																															
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% 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	June 2022
Pulaski Pike/NHIP (replace tie to County)			CPP-21.W.607310.51.01		Status: Planning Delayed	
<p>Scope of Project: Replace dedicated 16" water main feeding Madison County Booster from Liberty Hill Tank. This will replace the section from the Liberty Hill Tank to Rountt Rd. used to feed the Starbelt Development. Work to be performed by HU crews.</p> <p>Justification: Madison County water paid for the materials to connect their booster station with Liberty Hill Tank. A portion of this dedicated line was used to feed the Starbelt Development due to time constraints.</p> <p>Project Update: HU design effort. Survey of west side of Pulaski Pike between Liberty Hill Tank and Rountt Road has been completed. Due to higher priority for HU Water Crews, project likely to be moved to contractor constructed. Additional engineering design likely needed. Submitted as potential FY23 project in FY22 Budget.</p> <p>Project Notes:</p>						
						
						
Fiscal Year	FY2023	FY2024				TOTAL
Budget Line						
Funding		\$0	\$0	\$0		
Budget	\$150,000	\$1,200,000	\$0	\$0		\$1,350,000
Actual/FYTD	\$0	\$0	\$0	\$0		\$0
Budget Remaining	\$150,000	\$1,200,000	\$0	\$0		\$1,350,000
% Budget Spent	0%	0%	0%	0%		0%
Engineering Start:	01-Jan-20	Bid Opening:		Intent to Award:		N.T.P.:
						Projected Complete:
						Req'd Complete: 30-Sep-22

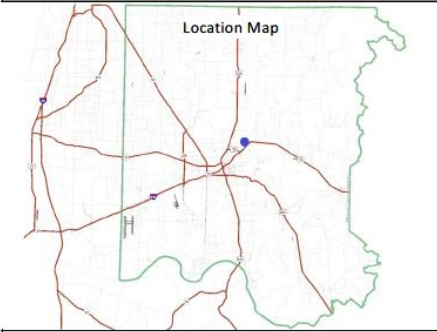

Future Huntsville Utilities Project- Water Capital					Project Owner: HU	June 2022
I-565 Ramp SE at Greenbriar (8)					Status: Planning	
<p>Scope of Project: Install 3,900 lf of 12" DI along Greenbriar to I-565 east bound ramp (Project 8). Engineering In FY2023, Construction in FY2024.</p> <p>Justification: Provides additional flow to GE Aviation area and allows water to flow to new Greenbriar Rd Tank. Replaces existing 8 and 12 inch PVC mains. The 8 inch PVC main is a flow restriction.</p> <p>Project Update:</p> <p>Project Notes:</p>						
						
						
Fiscal Year	FY2023	FY2024				TOTAL
Budget Line						
Funding		\$0	\$0	\$0		\$0
Budget	\$100,000	\$750,000	\$0	\$0		\$850,000
Actual/FYTD	\$0	\$0	\$0	\$0		\$0
Budget Remaining	\$100,000	\$750,000	\$0	\$0		\$850,000
% Budget Spent	0%	0%	0%	0%		0%
Engineering Start:		Bid Opening:		Intent to Award:		N.T.P.:
						Projected Complete:
						Req'd Complete:

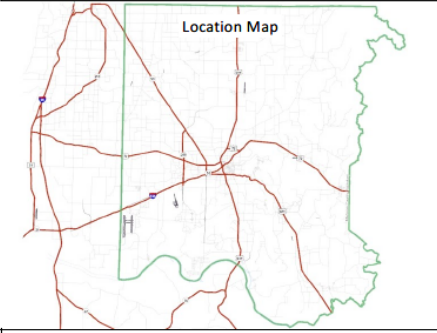
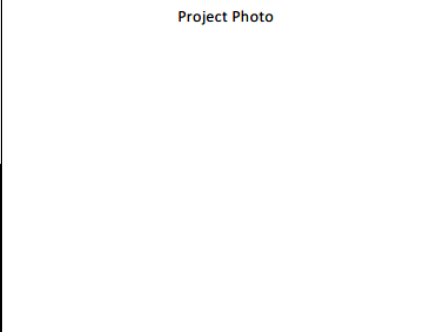
Current&Future Huntsville Utilities Project- Water Capital		Project Owner: HU	June 2022	
Project Management Software		CPP-22.W.607310.51.15	Status: Planning	
Scope of Project: Acquire and install new Project Management Software for tracking status and budget. Combining Engineering Services Workorder Tracking and Engineering Project Management into one Software Purchase		On Time		
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: Continued coordinating with E-Builder to develop scope and fee for software and implementation. Working through cybersecurity contract language.				
Project Notes:				
Fiscal Year	FY2022	FY2022	FY2023	TOTAL
Budget Line	PWO #13	PWO #8	Carryover	
Funding	\$65,000	\$145,000	\$0	\$0
Budget	\$65,000	\$145,000	\$100,000	\$0
Actual/FYTD	\$0	\$0	\$0	\$0
Budget Remaining	\$65,000	\$145,000	\$100,000	\$0
% Budget Spent	0%	0%	0%	0%
Engineering Start:	Bid Opening:	Intent to Award:	N.T.P.:	Projected Complete:
				Req'd Complete: 30-Sep-22

Future Huntsville Utilities Project- Water Capital		Project Owner: HU	June 2022	
Kellner Rd to Lady Hawk Ln Tie		CPP-21.W.607210.51.05	Status: Planning	
Scope of Project: Includes approx. 1350 lf of 8" DI water line connecting Kellner Rd and Lady Hawk Ln. to be installed by HU crews.		Delayed		
Justification: New water main will provide additional loop in area and allow 2nd feed to existing residential area that is currently served by a single feed. Provides 2nd feed to supply critical customer BASF at 9800 Kellner Road and provides secondary feed along Natures Way if 48" on Zierdt Rd is lost.				
Project Update: Design on hold due to workload on Operations crews. This will be carried over to FY22.				
Project Notes: Planned to be carryover to FY22 due to workload in Operations				
Fiscal Year	FY2020	FY2021	FY2023	TOTAL
Budget Line	151-2020-10	Carryover	Carryover	
Funding	\$150,000	\$0	\$0	\$0
Budget	\$150,000	\$85,000	\$85,000	\$0
Actual/FYTD	\$0	\$0	\$0	\$0
Budget Remaining	\$150,000	\$85,000	\$85,000	\$0
% Budget Spent	0%	0%	0%	0%
Engineering Start:	Bid Opening:	Intent to Award:	N.T.P.:	Projected Complete:
				30-Sep-22
				Req'd Complete: 30-Sep-21

Future Huntsville Utilities Project- Water Capital						Project Owner: HU	June 2022																																																						
General Development and Main Extensions			CPP-22.W.607210.51.05		Status: Engineering On Time																																																								
<p>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.</p> <p>Justification: Infrastructure needed to support new development projects and economic development projects.</p> <p>Project Update: Developments are continuing to come quickly and we do not expect that to change anytime soon.</p> <p>Project Notes:</p>																																																													
Location Map						Project Photo																																																							
																																																													
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Fiscal Year	FY2023	FY2024	FY2025	FY2026	TOTAL																																																								
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% Budget Spent	0%	0%	0%	0%	0%																																																								
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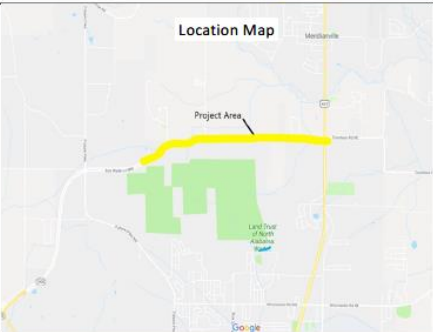

Future Huntsville Utilities Project- Water Capital						Project Owner: HU	June 2022																																																						
CI/PVC/AC Replacement			CPP-22.W.607210.52.02		Status: Construction On Time																																																								
<p>Scope of Project: Various water cast iron replacement projects within the COH, primarily due to smaller unlined cast iron water lines causing water quality issues.</p> <p>Justification: These projects are prioritized based on information provided by Water Supply/Quality on problem areas and Water Operations on high leak areas.</p> <p>Project Update: Awarded to Lambert Construction. First area planned is in the area of Poinciana Street, east of Huntsville High School. Contractor's traffic control plan was approved by the COH, anticipated to begin in June.</p> <p>Project Notes:</p>																																																													
Location Map						Project Photo																																																							
																																																													
<table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>FY2023</th> <th>FY2024</th> <th>FY2025</th> <th>FY2026</th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td>Budget Line</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Funding</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> </tr> <tr> <td>Budget</td> <td>\$1,400,000</td> <td>\$1,400,000</td> <td>\$1,400,000</td> <td>\$1,400,000</td> <td>\$7,000,000</td> </tr> <tr> <td>Actual/FYTD</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> </tr> <tr> <td>Budget Remaining</td> <td>\$1,400,000</td> <td>\$1,400,000</td> <td>\$1,400,000</td> <td>\$1,400,000</td> <td>\$7,000,000</td> </tr> <tr> <td>% Budget Spent</td> <td>0%</td> <td>0%</td> <td>0%</td> <td>0%</td> <td>0%</td> </tr> </tbody> </table>						Fiscal Year	FY2023	FY2024	FY2025	FY2026	TOTAL	Budget Line						Funding	\$0	\$0	\$0	\$0	\$0	Budget	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$7,000,000	Actual/FYTD	\$0	\$0	\$0	\$0	\$0	Budget Remaining	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$7,000,000	% Budget Spent	0%	0%	0%	0%	0%	<table border="1"> <tr> <td>Engineering Start:</td> <td></td> <td>Bid Opening:</td> <td>09-Nov-21</td> <td>Intent to Award:</td> <td></td> <td>N.T.P.:</td> <td></td> <td>Projected Complete:</td> <td></td> <td>Req'd Complete:</td> <td>30-Sep-22</td> </tr> </table>		Engineering Start:		Bid Opening:	09-Nov-21	Intent to Award:		N.T.P.:		Projected Complete:		Req'd Complete:	30-Sep-22
Fiscal Year	FY2023	FY2024	FY2025	FY2026	TOTAL																																																								
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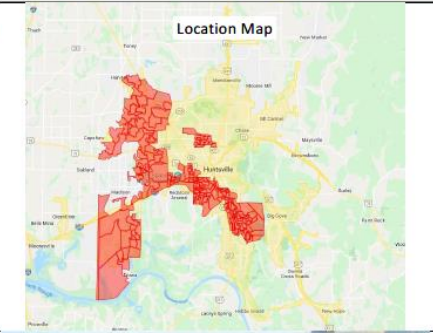

Future Huntsville Utilities Project- Water Capital					Project Owner: HU	June 2022
Tank Maintenance & Repainting			CPP-22.W.607310.52.04		Status: Planning	
					On Time	
Scope of Project: FY2023 (Hwy 72 East-\$1,900,000) FY2024 (Inspiration Point-\$444,000) (Pulaski Pike-\$649,000) FY2025 (Green Mnt-\$1,140,700) FY2026 (Huntsville Hills-\$680,000) (Redstone Overcoat-\$100,000) FY2027 (Hampton Cove-\$1,140,000)						
Justification: Continuing Maintenance of Water Storage Facilities						
Project Update:						
Project Notes:						
Fiscal Year	FY2023	FY2024	FY2025	FY2026	TOTAL	
Budget Line						
Funding	\$0	\$0	\$0	\$0	\$0	
Budget	\$1,900,000	\$1,200,000	\$1,200,000	\$800,000	\$6,300,000	
Actual/FYTD	\$0	\$0	\$0	\$0	\$0	
Budget Remaining	\$1,900,000	\$1,200,000	\$1,200,000	\$800,000	\$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: 30-Sep-22

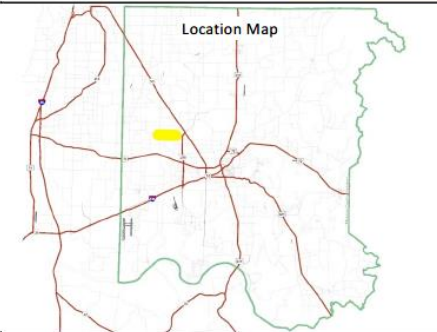

Future Huntsville Utilities Project- Water Capital					Project Owner: Other	June 2022
Misc. Road Relocation/Street Pavement			CPP-22.W.607310.52.09		Status: Planning	
Scope of Project: City and County road and intersection improvement projects not identified sufficiently in advance for normal budgeting 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:						
Fiscal Year	FY2023	FY2024	FY2025	FY2026	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:		Bid Opening:		Intent to Award:		N.T.P.:
					Projected Complete:	Req'd Complete:

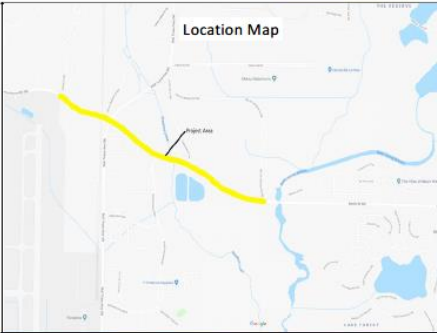

Engineering FY23 Capital Project Summaries – Gas

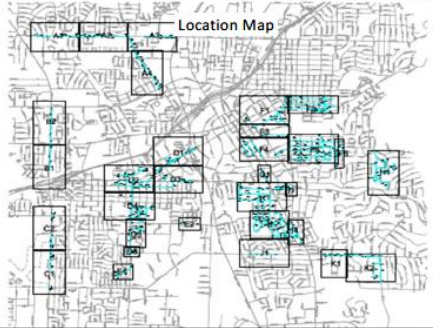

Note: Every item in the capital improvement plan will not have a project summary sheet. Only projects with work scheduled for FY23 that require design and planning by the Engineering section are included.

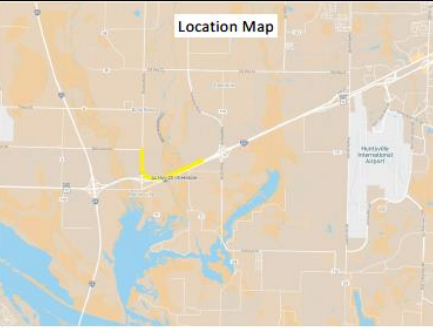

Current&Future Huntsville Utilities Project- Gas Capital		Project Owner: COH	June 2022																																										
Northern Bypass Relocates (Pulaski Pike to Mem Pkwy)		CPP-22.G.607320.52.09	Status: Planning																																										
			On Time																																										
<p>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.</p> <p>Justification: Existing gas main along Bob Wade Lane interferes with the Northern Bypass project</p> <p>Project Update: Barge Design Solution is designing project. Project has been started again. Kickoff meeting held on December 14, 2021. Engineering Agreement revised and resubmitted to ALDOT on May 2, 2022. SAHD #2 agreements sent to ALDOT on June 23, 2022. Have not received ALDOT approval for Barge to begin design.</p> <p>Project Notes: Engineering Agreement revised and resubmitted to ALDOT on May 2, 2022 Received ALDOT Audit comments on 12 April 2022. Submitted Consulting Agreement for ALDOT review on 11 February 2022. Kick-off meeting with ALDOT and COH on 14 Dec 2021.</p>		 <p style="text-align: center;">Location Map</p>  <p style="text-align: center;">Project Photo</p>																																											
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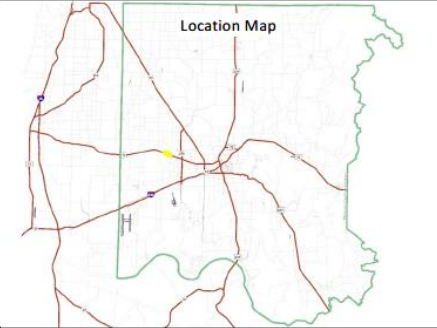

Current&Future Huntsville Utilities Project- Gas Capital		Project Owner: HU	June 2022																																										
AMI Modules - Purchase and Install by Contractor		CPP-22.G.607120.51.07	Status: Engineering																																										
			On Time																																										
<p>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.</p> <p>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.</p> <p>Project Update: There are 24,678 AMI gas modules installed as of 5/31/22. Aclara workmanship issues are being addressed daily. The billing department is working to reconcile many mismatch read alerts comparing the meter reader read to the AMI read.</p> <p>Project Notes: Aclara inventory management needs improvement. HU has conducted three inventory audits of the gas modules on Aclara vehicles. Gas module deployment is projected to be completed mid 2023. However, L+G is beginning to forecast shipment delays of our gas modules due to world wide supply chain issues. Some orders designed to arrive in March and May are delayed until July.</p>		 <p style="text-align: center;">Location Map</p>  <p style="text-align: center;">Project Photo</p>																																											
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Fiscal Year	FY2020	FY2021	FY2022	FY2023	TOTAL																																								
Budget Line	251-2020-3	251-2021-2	PWO #7	PWO #7																																									
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Engineering Start:	Bid Opening:	Intent to Award:	N.T.P.:	Projected Complete: 31-May-23	Req'd Complete: 30-Sep-23																																								

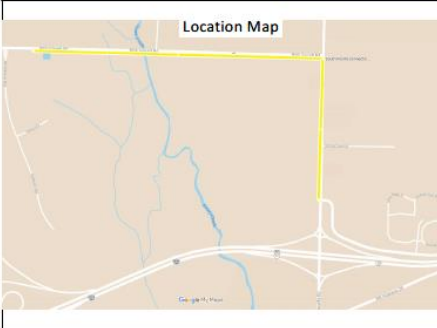

Current&Future Huntsville Utilities Project- Gas Capital		Project Owner: Madison County		June 2022	
Blake Bottom Road (Tindall to Anslee Way)		CPP-22.G.607320.52.05		Status: Engineering	
<p>Scope of Project: Relocate approximately 2.5 miles of 6" welded steel and PE gas main as needed for road widening project Engineering in FY2022, Construction in FY2023</p> <p>Justification: Existing Facilities interfere with road widening project</p> <p>Project Update: Reimbursable. Garver is designing project. Final PDR submitted on March 28, 2022. 30 % Design Review conducted June 7, 2022.</p> <p>Project Notes: 30% Design review June 7, 2022 PDR kickoff meeting conducted on March 1, 2022. Authorized Garver to proceed on PDR on 21 February 2022. RFQ results notification sent September 28, 2021.</p>		 <p>Location Map</p>		 <p>Project Photo</p>	
Fiscal Year	FY2022	FY2023			TOTAL
Budget Line	PWO #14	PWO #14			
Funding	\$175,000	\$1,550,000	\$0	\$0	\$1,725,000
Budget	\$175,000	\$1,550,000	\$0	\$0	\$1,725,000
Actual/FYTD	\$159,433	\$0	\$0	\$0	\$159,433
Budget Remaining	\$15,567	\$1,550,000	\$0	\$0	\$1,565,567
% Budget Spent	91%	0%	0%	0%	9%
Engineering Start:	21-Feb-22	Bid Opening:		Intent to Award:	
				N.T.P.:	
				Projected Complete:	
				Req'd Complete:	

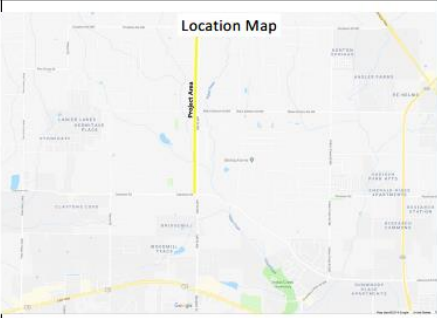

Current&Future Huntsville Utilities Project- Gas Capital		Project Owner: COH		June 2022	
Martin Rd Ph. 2 Relocates (Old Jim Williams to Laracy)		CPP-21.G.607320.52.02		Status: Engineering	
<p>Scope of Project: Reimbursable road project to relocate & replace approx. 6,000 lf of 6" & 8" Welded Steel with 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.</p> <p>Justification: Existing gas main along Martin Road interferes with the Martin Road widening project</p> <p>Project Update: Garver has prepared revised preliminary cost estimate, drawings, and utility consultant agreement. 60% design review completed on April 20, 2022. 90% design review scheduled on July 8, 2022.</p> <p>Project Notes: 60% review meeting conducted on 30 April 2022. 60% drawings, specifications, and cost estimate submitted on 25 Feb 2022. 30% Design Review - January 11, 2022 Design Kickoff Meeting - August 19, 2021</p>		 <p>Location Map</p>		 <p>Project Photo</p>	
Fiscal Year	FY2019	FY2022	FY2023	FY2023	TOTAL
Budget Line	252-2019-5	PWO #15	Carryover	Add Req'd	
Funding	\$299,500	\$1,100,000	\$0	\$0	\$1,100,000
Budget	\$299,500	\$1,100,000	\$1,100,000	\$400,000	\$1,500,000
Actual/FYTD	\$0	\$185,000	\$0	\$0	\$185,000
Budget Remaining	\$299,500	\$915,000	\$1,100,000	\$400,000	\$1,315,000
% Budget Spent	0%	17%	0%	0%	12%
Engineering Start:	19-Aug-21	Bid Opening:		Intent to Award:	
				N.T.P.:	
				Projected Complete:	
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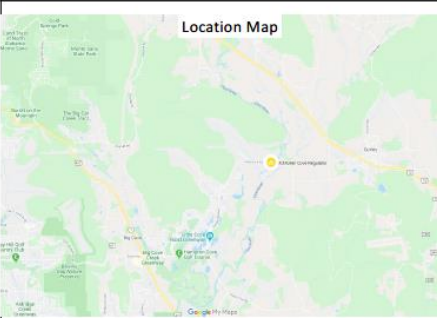

Current&Future Huntsville Utilities Project- Gas Capital		Project Owner: HU	June 2022																																										
Cast Iron Replacement		CPP-22.G.607220.52.06	Status: Construction																																										
			On Time																																										
<p>Scope of Project: Program of multiple projects to replace approximately 28.4 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.</p> <p>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.</p> <p>Project Update: M&W installed no gas main footage and no services in May and has installed a total of 17.5 miles of gas main. They started on services in August - As of 4/30/2022, approx. 10.9 miles remain out of 28.4 total at the beginning of the overall project. Approx. 609 services of remaining 1407 services have been installed (cold weather and material issue). The focus is currently on services. The contractor worked on the replacement of some welded steel main with approx. 2,520 feet of 6" PE main on Governors Drive, west of Memorial Parkway due to a short between the WS and CI gas</p> <p>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.</p>		 <p style="text-align: center;">Location Map</p>  <p style="text-align: center;">Project Photo</p>																																											
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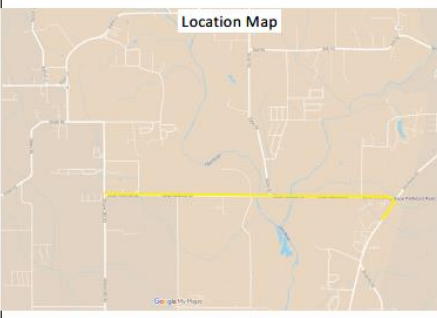

Current&Future Huntsville Utilities Project- Gas Capital		Project Owner: HU	June 2022																																										
AL Hwy 20 (Greenbrier to Mooresville)		CPP-22.G.607320.51.06	Status: Procurement																																										
			On Time																																										
<p>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 Bibb Garrett.</p> <p>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.</p> <p>Project Update: CDG selected to design project for both gas and water mains. Bids opened on 3 June. APEL Machine and Supply Company was low bid at \$939,114.51 (Gas) and \$4,562,764 (Total Bid). Received ADEM Approval to Award Letter on 23 June. Gas and Water Board approved contract on 28 June. Purchasing issued Intent to Award letter on 1 July.</p> <p>Project Notes: Intent to Award Letter 1 July 2022 Board Award 28 June 2022 ADEM Approval to Award Letter on 23 June 2022 Bids opened on 3 June 2022</p>		 <p style="text-align: center;">Location Map</p>  <p style="text-align: center;">Project Photo</p>																																											
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th>Fiscal Year</th> <th>FY2022</th> <th>FY2023</th> <th></th> <th></th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td>Budget Line</td> <td>PWO #6</td> <td>carryover</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Funding</td> <td>\$1,250,000</td> <td>\$1,200,000</td> <td>\$0</td> <td>\$0</td> <td>\$1,250,000</td> </tr> <tr> <td>Budget</td> <td>\$1,250,000</td> <td>\$1,200,000</td> <td>\$0</td> <td>\$0</td> <td>\$1,250,000</td> </tr> <tr> <td>Actual/FYTD</td> <td>\$20,580</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$20,580</td> </tr> <tr> <td>Budget Remaining</td> <td>\$1,229,420</td> <td>\$1,200,000</td> <td>\$0</td> <td>\$0</td> <td>\$1,229,420</td> </tr> <tr> <td>% Budget Spent</td> <td>2%</td> <td>0%</td> <td>0%</td> <td>0%</td> <td>2%</td> </tr> </tbody> </table>		Fiscal Year	FY2022	FY2023			TOTAL	Budget Line	PWO #6	carryover				Funding	\$1,250,000	\$1,200,000	\$0	\$0	\$1,250,000	Budget	\$1,250,000	\$1,200,000	\$0	\$0	\$1,250,000	Actual/FYTD	\$20,580	\$0	\$0	\$0	\$20,580	Budget Remaining	\$1,229,420	\$1,200,000	\$0	\$0	\$1,229,420	% Budget Spent	2%	0%	0%	0%	2%		
Fiscal Year	FY2022	FY2023			TOTAL																																								
Budget Line	PWO #6	carryover																																											
Funding	\$1,250,000	\$1,200,000	\$0	\$0	\$1,250,000																																								
Budget	\$1,250,000	\$1,200,000	\$0	\$0	\$1,250,000																																								
Actual/FYTD	\$20,580	\$0	\$0	\$0	\$20,580																																								
Budget Remaining	\$1,229,420	\$1,200,000	\$0	\$0	\$1,229,420																																								
% Budget Spent	2%	0%	0%	0%	2%																																								
Engineering Start:	27-Oct-21	Bid Opening:	03-Jun-22	Intent to Award:	07/01/2022	N.T.P.:		Projected Complete:	30-Dec-22	Req'd Complete:	28-Apr-23																																		

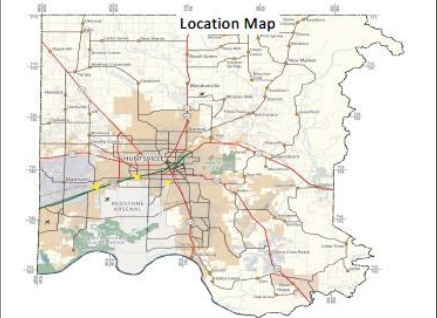

Future Huntsville Utilities Project- Gas Capital		Project Owner: ALDOT		June 2022	
<p>US 72 (Paramount to Providence)</p> <p>Scope of Project: Project involves relocation 300 lf of 4-inch & 3,700 lf of 6-inch welded steel and 200 lf of 2-inch PE main along US Highway 72 for road widening and bridge replacement. The existing 18-inch welded steel, high pressure gas main which crosses under US Highway 72 west of Indian Creek will require relocation.</p> <p>Justification: Existing gas mains along and crossing US Highway 72 conflict with road widening and bridge replacement. The existing bridge over Indian Creek is being replace and will span a longer distance. The existing 18-inch gas main crosses under US Highway 72 where the longer bridge will be installed.</p> <p>Project Update: HU was contacted by ALDOT in June of 2022. Road project scheduled for letting in November 2022. As of 5 July 2022, HU has not received 60% road relocation plans. Current project assumes relocation of all water mains in the project limits.</p> <p>Project Notes:</p>			<p style="text-align: center;">Status: Planning</p>  <p style="text-align: center;">Project Photo</p> 		
Fiscal Year	FY2023	FY2024			TOTAL
Budget Line					
Funding	\$0	\$0	\$0	\$0	\$0
Budget	\$1,110,000	\$720,000	\$0	\$0	\$1,830,000
Actual/FYTD	\$0	\$0	\$0	\$0	\$0
Budget Remaining	\$1,110,000	\$720,000	\$0	\$0	\$1,830,000
% Budget Spent	0%	0%	0%	0%	0%
Engineering Start:		Bid Opening:		Intent to Award:	
				N.T.P.:	
				Projected Complete:	
				Req'd Complete:	

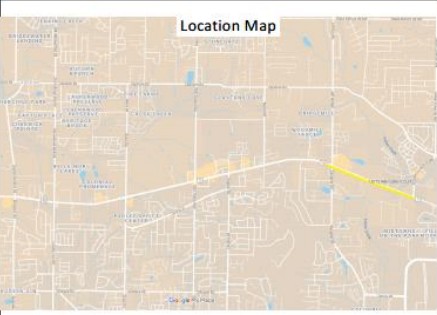

Current&Future Huntsville Utilities Project- Gas Capital		Project Owner: HU		June 2022	
<p>South Point Connector (Endeavor to Hwy 20)</p> <p>Scope of Project: Install 1.6 miles of 6" PE along Bibb Garrett Rd., east from Endeavor Way to Mooresville Rd, then south to Will McComb. Project will connect to AL20 Greenbrier to Mooresville Road. Project scope shorten to intersection of Mooresville and Bibb Garrett Roads. The portion of gas main along Mooresville Road included with AL Hwy 20 Greenbrier to Mooresville project.</p> <p>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.</p> <p>Project Update: Engineering services task order agreement executed on 10 December 2021. CDG completed field survey in January 2022 and 30% plans in February. 30% design review conducted on 4 March 2022. CDG proceeding with 90% plans and specifications. CDG provided construction and CE&I cost data. 90% design review scheduled in July.</p> <p>Project Notes: Conducted 30% design review on 4 March 2022. CDG submitted 30% plans on 24 February 2022. CDG task order executed on 10 December 2021</p>			<p style="text-align: center;">Status: Engineering On Time</p>  <p style="text-align: center;">Project Photo</p> 		
Fiscal Year	FY2022	FY2023	FY2023		TOTAL
Budget Line	PWO #13	carryover	Add Req'd		
Funding	\$525,000	\$0	\$0	\$0	\$525,000
Budget	\$525,000	\$425,000	\$100,000	\$0	\$625,000
Actual/FYTD	\$71,500	\$0	\$0	\$0	\$71,500
Budget Remaining	\$453,500	\$425,000	\$100,000	\$0	\$553,500
% Budget Spent	14%	0%	0%	0%	11%
Engineering Start:	10-Dec-21	Bid Opening:		Intent to Award:	
				N.T.P.:	
				Projected Complete:	
				Req'd Complete:	30-Sep-23

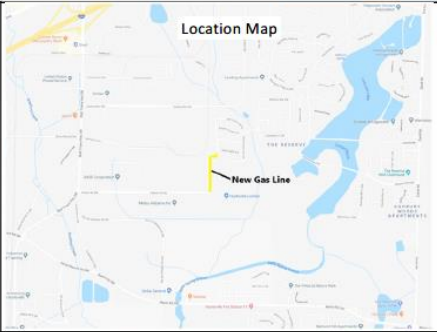

Future Huntsville Utilities Project- Gas Capital		Project Owner: Madison County		June 2022	
Jeff Road PH I (CR-28 to Douglas Road)				Status: Planning	
<p>Scope of Project: Reimbursable Road Project to relocate Gas Mains to clear way for road widening (approx. 2.0 miles). Includes 2 miles of 18" High Pressure Welded Steel & 1.4 miles of 4" PE Engineering in FY2023, Construction in FY2024.</p> <p>Justification: Existing gas mains interferes with road widening project</p> <p>Project Update:</p> <p>Project Notes: Still Reimbursable?</p>				 <p>Location Map</p>  <p>Project Photo</p>	
Fiscal Year	FY2023	FY2024			TOTAL
Budget Line					
Funding	\$0	\$0	\$0	\$0	\$0
Budget	\$515,000	\$7,085,000	\$0	\$0	\$7,600,000
Actual/FYTD	\$0	\$0	\$0	\$0	\$0
Budget Remaining	\$515,000	\$7,085,000	\$0	\$0	\$7,600,000
% Budget Spent	0%	0%	0%	0%	0%
Engineering Start:		Bid Opening:		Intent to Award:	
				N.T.P.:	
				Projected Complete:	
				Req'd Complete:	

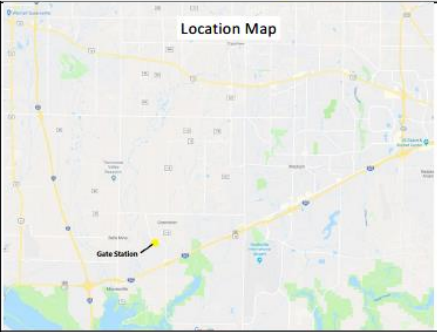

Future Huntsville Utilities Project- Gas Capital		Project Owner: HU		June 2022	
McMullen Regulator Station				Status: Planning	
<p>Scope of Project: Add new regulator station and piping in McMullen Cove. Tap existing high pressure main where it crosses Little Cove Road and install 1,700 feet of 4 inch steel gas main on south side of Little Cove Road. Install underground regulator station.</p> <p>Justification: Provide secondary feed into the McMullen Cove residential area. There are approximately 487 gas meters currently fed by a single main. This additional feed would provide better reliability in the event of a cut line.</p> <p>Project Update: Easement acquired for tap Project design complete</p> <p>Project Notes:</p>				 <p>Location Map</p>  <p>Project Photo</p>	
Fiscal Year	FY2023				TOTAL
Budget Line					
Funding	\$0	\$0	\$0	\$0	\$0
Budget	\$375,000	\$0	\$0	\$0	\$375,000
Actual/FYTD	\$0	\$0	\$0	\$0	\$0
Budget Remaining	\$375,000	\$0	\$0	\$0	\$375,000
% Budget Spent	0%	0%	0%	0%	0%
Engineering Start:		Bid Opening:		Intent to Award:	
				N.T.P.:	
				Projected Complete:	
				Req'd Complete:	

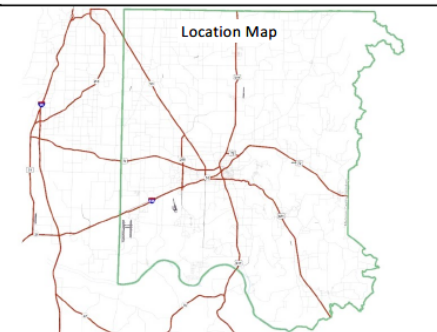
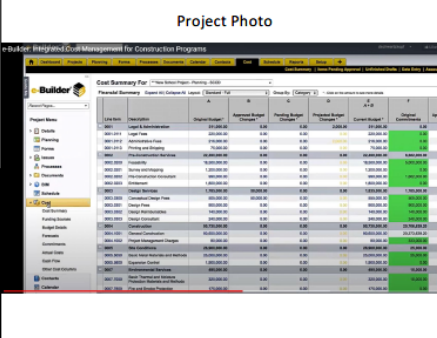
Current&Future Huntsville Utilities Project- Gas Capital		Project Owner: HU	June 2022																																								
Oscar Patterson Road		CPP-22.G.607320.51.11	Status: Planning																																								
Scope of Project: Approx. 4.4 miles of new 6" PE pipe along Oscar Patterson Rd from Moores Mill to Winchester Rd. Engineering in FY22, Construction in FY23		On Time																																									
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: Ardurra was selected base on Statement Of Qualifications submitted. Kickoff Meeting held on January 5, 2022. Received draft PDR on March 25, 2022. Received revised PDR on April 23, 2022. Design effort ongoing.																																											
Project Notes: Revised PDR submitted on April 22, 2022. Comments provided to Ardurra on March 31, 2022. PDR submitted on March 25, 2022. Kickoff Meeting - January 5, 2022																																											
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th>Fiscal Year</th> <th>FY2022</th> <th>FY2023</th> <th>FY2025</th> <th></th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td>Budget Line</td> <td>PWO #11</td> <td>PWO #11</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Funding</td> <td>\$375,000</td> <td>\$1,225,000</td> <td>\$0</td> <td>\$0</td> <td>\$1,600,000</td> </tr> <tr> <td>Budget</td> <td>\$250,000</td> <td>\$250,000</td> <td>\$1,200,000</td> <td>\$0</td> <td>\$1,600,000</td> </tr> <tr> <td>Actual/FYTD</td> <td>\$375,000</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$375,000</td> </tr> <tr> <td>Budget Remaining</td> <td>(\$125,000)</td> <td>\$250,000</td> <td>\$1,200,000</td> <td>\$0</td> <td>\$1,225,000</td> </tr> <tr> <td>% Budget Spent</td> <td>150%</td> <td>0%</td> <td>0%</td> <td>0%</td> <td>23%</td> </tr> </tbody> </table>				Fiscal Year	FY2022	FY2023	FY2025		TOTAL	Budget Line	PWO #11	PWO #11				Funding	\$375,000	\$1,225,000	\$0	\$0	\$1,600,000	Budget	\$250,000	\$250,000	\$1,200,000	\$0	\$1,600,000	Actual/FYTD	\$375,000	\$0	\$0	\$0	\$375,000	Budget Remaining	(\$125,000)	\$250,000	\$1,200,000	\$0	\$1,225,000	% Budget Spent	150%	0%	0%
Fiscal Year	FY2022	FY2023	FY2025		TOTAL																																						
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Actual/FYTD	\$375,000	\$0	\$0	\$0	\$375,000																																						
Budget Remaining	(\$125,000)	\$250,000	\$1,200,000	\$0	\$1,225,000																																						
% Budget Spent	150%	0%	0%	0%	23%																																						
Engineering Start:	Bid Opening:	Intent to Award:	N.T.P.:	Projected Complete:	Req'd Complete: 30-Sep-23																																						

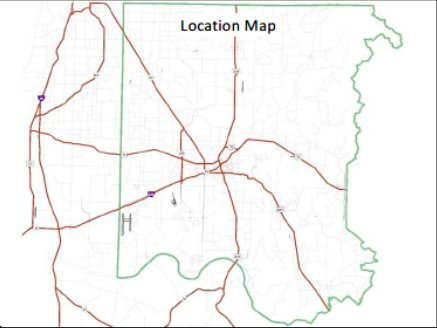
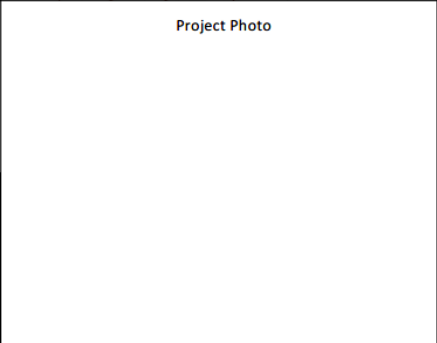
Future Huntsville Utilities Project- Gas Capital		Project Owner: HU	June 2022																																								
Cathodic Protection Rectifiers & Groundbed		Status:																																									
Scope of Project: Relocate 3 existing cathodic protection rectifiers and groundbeds to new locations. 1) Braham Springs Rectifier - move further from pond on COH property. 2) Indian Creek Rectifier - find new location. 3) UAH Rectifier - new location vicinity of I-565 and Sparkman.																																											
Justification: Location of current rectifiers and groundbeds is degrading the cathodic protection provided to the steel natural gas pipelines. New locations are required for optimal performance of cathodic protection.																																											
Project Update: Project Notes:																																											
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th>Fiscal Year</th> <th>FY2023</th> <th></th> <th></th> <th></th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td>Budget Line</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Funding</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> </tr> <tr> <td>Budget</td> <td>\$250,000</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$250,000</td> </tr> <tr> <td>Actual/FYTD</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> </tr> <tr> <td>Budget Remaining</td> <td>\$250,000</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$250,000</td> </tr> <tr> <td>% Budget Spent</td> <td>0%</td> <td>0%</td> <td>0%</td> <td>0%</td> <td>0%</td> </tr> </tbody> </table>				Fiscal Year	FY2023				TOTAL	Budget Line						Funding	\$0	\$0	\$0	\$0	\$0	Budget	\$250,000	\$0	\$0	\$0	\$250,000	Actual/FYTD	\$0	\$0	\$0	\$0	\$0	Budget Remaining	\$250,000	\$0	\$0	\$0	\$250,000	% Budget Spent	0%	0%	0%
Fiscal Year	FY2023				TOTAL																																						
Budget Line																																											
Funding	\$0	\$0	\$0	\$0	\$0																																						
Budget	\$250,000	\$0	\$0	\$0	\$250,000																																						
Actual/FYTD	\$0	\$0	\$0	\$0	\$0																																						
Budget Remaining	\$250,000	\$0	\$0	\$0	\$250,000																																						
% Budget Spent	0%	0%	0%	0%	0%																																						
Engineering Start:	Bid Opening:	Intent to Award:	N.T.P.:	Projected Complete:	Req'd Complete:																																						

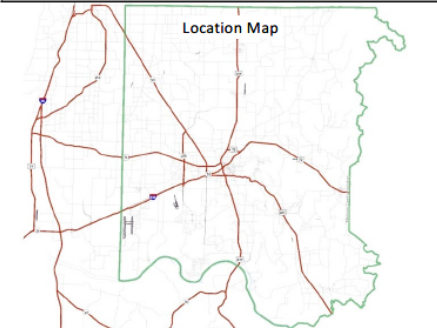

Future Huntsville Utilities Project- Gas Capital		Project Owner: ALDOT	June 2022		
US 72 Relocates (County Line to Paramount)		Status: Planning			
<p>Scope of Project: Reimbursable Road Project to relocate Gas Mains to clear way for road widening. Includes 1 miles of 6" Welded Steel. Also may include some betterment.</p> <p>Justification: Existing gas mains interferes with road widening project.</p> <p>Project Update: Per ALDOT list ROW FY2022</p> <p>Project Notes:</p>					
					
Fiscal Year	FY2022	FY2024	FY2025		TOTAL
Budget Line					
Funding	\$0	\$0	\$0	\$0	\$0
Budget	\$189,000	\$1,060,000	\$490,000	\$0	\$1,739,000
Actual/FYTD	\$0	\$0	\$0	\$0	\$0
Budget Remaining	\$189,000	\$1,060,000	\$490,000	\$0	\$1,739,000
% 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	June 2022		
Kellner Rd to Lady Hawk Ln Tie		CPP-21.G.607220.51.06	Status: Planning Delayed		
<p>Scope of Project: Includes approx. 1350 lf of 2" PE gas line connecting Kellner Rd and Lady Hawk Ln.</p> <p>Justification: New gas main will provide additional looping in area and allow second feed to an existing residential area with 432 meters and a future development with 103 potential meters that is currently served by a single feed. Provides secondary feed along Natures Way if gas line on Zierdt Road is lost.</p> <p>Project Update: Design on hold due to workload on Operations crews. This will be carried over to FY22.</p> <p>Project Notes: Plan for carryover to FY22</p>					
					
Fiscal Year	FY2020	FY2021	FY2023		TOTAL
Budget Line	251-2020-6	Carryover	Carryover		
Funding	\$175,000	\$0	\$0	\$0	\$175,000
Budget	\$175,000	\$175,000	\$175,000	\$0	\$175,000
Actual/FYTD	\$0	\$0	\$0	\$0	\$0
Budget Remaining	\$175,000	\$175,000	\$175,000	\$0	\$175,000
% Budget Spent	0%	0%	0%	0%	0%
Engineering Start:	Bid Opening:	Intent to Award:	N.T.P.:	Projected Complete:	Req'd Complete:
				30-Sep-22	30-Sep-21

Future Huntsville Utilities Project- Gas Capital	Project Owner: HU	June 2022																																										
Greenbrier Area Expansion (Phase III)	CPP-22.G.607320.51.02	Status: Construction																																										
<p>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.</p> <p>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.</p> <p>Project Update: Rast installed underground and above ground piping. Piping was x-ray inspected and pressure tested. Gate station piping connected to existing high pressure gas distribution main. Odorant equipment delivered to site. BBT mobilized to site and installed taps, and piping. BBT and HU connected at custody flange. Waiting on RTU building and shelters for equipment.</p> <p>Project Notes: Concrete poured for slabs on 11 and 15 February 2022. Site brought to grade on 31 Jan 2022. Notice to Proceed to Rast Construction on 23 November 2021 with an effective date of 1 December. Pre-construction meeting conducted on 26 Oct 21</p>		 																																										
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th>Fiscal Year</th> <th>FY2023</th> <th></th> <th></th> <th></th> <th>TOTAL</th> </tr> <tr> <th>Budget Line</th> <th>Carryover</th> <th></th> <th></th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td>Funding</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> </tr> <tr> <td>Budget</td> <td>\$100,000</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$9,500,000</td> </tr> <tr> <td>Actual/FYTD</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> </tr> <tr> <td>Budget Remaining</td> <td>\$100,000</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$9,500,000</td> </tr> <tr> <td>% Budget Spent</td> <td>0%</td> <td>0%</td> <td>0%</td> <td>0%</td> <td>0%</td> </tr> </tbody> </table>		Fiscal Year	FY2023				TOTAL	Budget Line	Carryover					Funding	\$0	\$0	\$0	\$0	\$0	Budget	\$100,000	\$0	\$0	\$0	\$9,500,000	Actual/FYTD	\$0	\$0	\$0	\$0	\$0	Budget Remaining	\$100,000	\$0	\$0	\$0	\$9,500,000	% Budget Spent	0%	0%	0%	0%	0%	
Fiscal Year	FY2023				TOTAL																																							
Budget Line	Carryover																																											
Funding	\$0	\$0	\$0	\$0	\$0																																							
Budget	\$100,000	\$0	\$0	\$0	\$9,500,000																																							
Actual/FYTD	\$0	\$0	\$0	\$0	\$0																																							
Budget Remaining	\$100,000	\$0	\$0	\$0	\$9,500,000																																							
% Budget Spent	0%	0%	0%	0%	0%																																							
Engineering Start:	27-Aug-20	Bid Opening:	15-Sep-21	Intent to Award:	10/05/2021	N.T.P.:	01-Dec-21	Projected Complete:	26-Sep-22	Req'd Complete:	30-Sep-22																																	

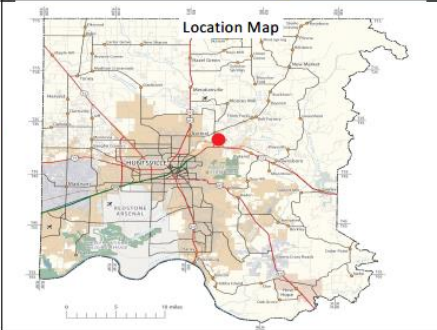

Current&Future Huntsville Utilities Project- Gas Capital	Project Owner: HU	June 2022																																										
Project Management Software	CPP-22.G.607320.51.12	Status: Planning																																										
<p>Scope of Project: Acquire and install new Project Management Software for tracking status and budget. Combining Engineering Services Workorder Tracking and Engineering Project Management into one Software Purchase</p> <p>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.</p> <p>Project Update: Continued coordinating with E-Builder to develop scope and fee for software and implementation. Working through cybersecurity contract language.</p> <p>Project Notes:</p>		 																																										
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th>Fiscal Year</th> <th>FY2022</th> <th>FY2022</th> <th>FY2023</th> <th></th> <th>TOTAL</th> </tr> <tr> <th>Budget Line</th> <th>PWO #12</th> <th>PWO #8</th> <th>Carryover</th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td>Funding</td> <td>\$36,000</td> <td>\$80,000</td> <td>\$0</td> <td>\$0</td> <td>\$116,000</td> </tr> <tr> <td>Budget</td> <td>\$36,000</td> <td>\$80,000</td> <td>\$60,000</td> <td>\$0</td> <td>\$60,000</td> </tr> <tr> <td>Actual/FYTD</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> </tr> <tr> <td>Budget Remaining</td> <td>\$36,000</td> <td>\$80,000</td> <td>\$60,000</td> <td>\$0</td> <td>\$60,000</td> </tr> <tr> <td>% Budget Spent</td> <td>0%</td> <td>0%</td> <td>0%</td> <td>0%</td> <td>0%</td> </tr> </tbody> </table>		Fiscal Year	FY2022	FY2022	FY2023		TOTAL	Budget Line	PWO #12	PWO #8	Carryover			Funding	\$36,000	\$80,000	\$0	\$0	\$116,000	Budget	\$36,000	\$80,000	\$60,000	\$0	\$60,000	Actual/FYTD	\$0	\$0	\$0	\$0	\$0	Budget Remaining	\$36,000	\$80,000	\$60,000	\$0	\$60,000	% Budget Spent	0%	0%	0%	0%	0%	
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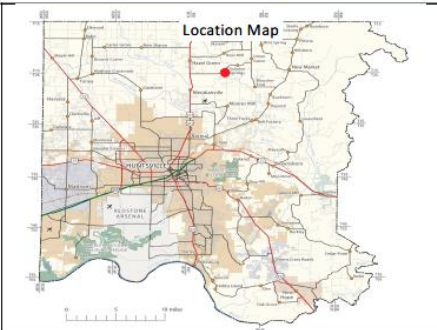

Future Huntsville Utilities Project- Gas Capital		Project Owner: HU		June 2022																																																							
General Development and Main Extensions		CPP-22.G.607220.51.03		Status: Engineering																																																							
<p>Scope of Project: General 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.</p> <p>Justification: Infrastructure needed to support new development projects and economic development projects.</p> <p>Project Update: Developments are continuing to come quickly and we do not expect that to change anytime soon.</p> <p>Project Notes:</p>		 <p>Location Map</p>		<p>On Time</p>																																																							
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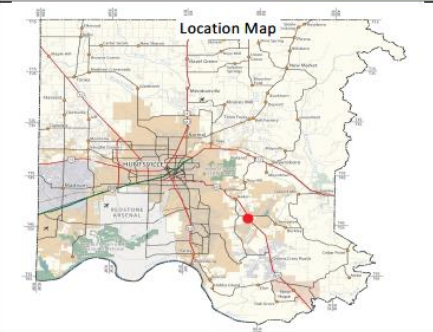

Future Huntsville Utilities Project- Gas Capital		Project Owner: Other		June 2022																																																							
Misc. Road Relocation/Street Pavement		CPP-22.G.607320.52.08		Status: Planning																																																							
<p>Scope of Project: Misc. system improvements as needed</p> <p>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.</p> <p>Project Update: No projects have been identified at this time.</p> <p>Project Notes:</p>		 <p>Location Map</p>																																																									
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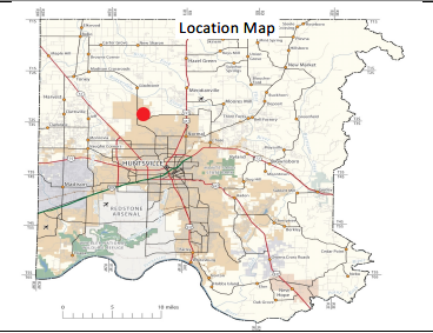
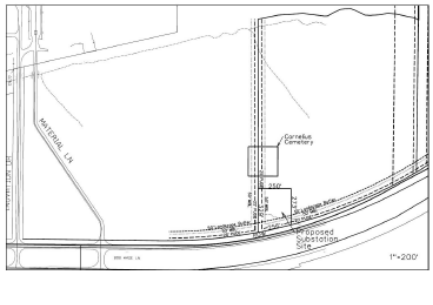
Engineering FY23 Capital Project Summaries – Electric

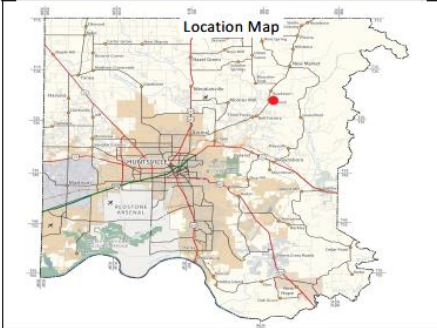

Note: Every item in the capital improvement plan will not have a project summary sheet. Only projects with work scheduled for FY23 that require design and planning by the Engineering section are included.

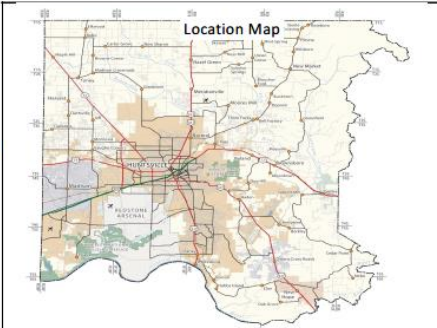
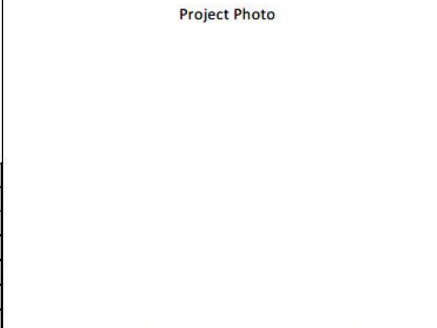
Current&Future Huntsville Utilities Project- Electric Capital		Project Owner: HU	June 2022																																								
Systems Operations Center and Chase Improvements		CPP-22.E.531200.51.20	Status: Planning																																								
Scope of Project: New Operations Center at Chase Facility. Engineering FY2022, Construction FY2023-2024		On Time																																									
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: This is an Electric Operations run project. Please see status update in Electric Operations report.																																											
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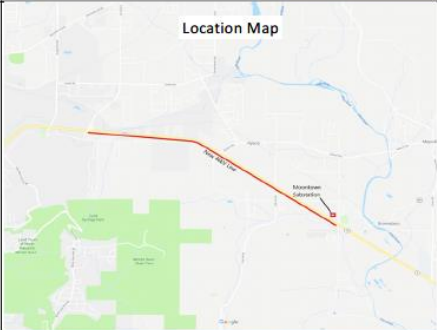

Current&Future Huntsville Utilities Project- Electric Capital		Project Owner: HU	June 2022																																								
Walker Lane Substation		CPP-22.E.607330.51.22	Status: Planning																																								
Scope of Project: Construction of a 161/25 kV substation. Engineering and Equipment in FY2022. Construction in FY2023. The property was acquired in 2016.		On Time																																									
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: Croy Engineering is currently surveying the site and developing a site plan. Transformer has been bid. Procurement of the other substation equipment is underway.																																											
Project Notes:																																											
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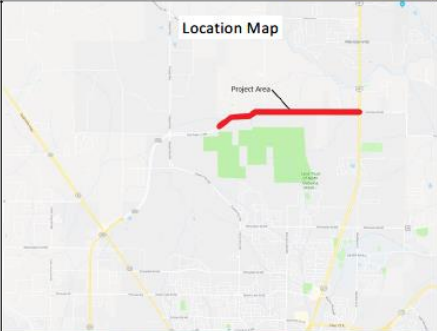

Current&Future Huntsville Utilities Project- Electric Capital				Project Owner: HU	June 2022																																										
Big Cove 161 kV/12 kV Substation		CPP-22.E.607330.51.10		Status: Planning																																											
				On Time																																											
<p>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</p> <p>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.</p> <p>Project Update: Survey completed and delivered to us. Transformer has been bid. Equipment has been requisitioned.</p> <p>Project Notes:</p>																																															
																																															
																																															
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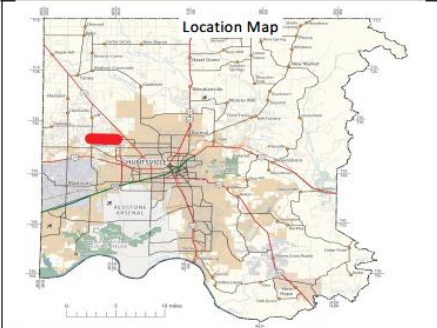

Current&Future Huntsville Utilities Project- Electric Capital				Project Owner: HU	June 2022																																										
Toyota Solar Generation Sub		CPP-22.E.607330.51.21		Status: Planning																																											
				On Time																																											
<p>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.</p> <p>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).</p> <p>Project Update: Reviewing site development and Geotech scopes. Equipment procurement is underway.</p> <p>Project Notes:</p>																																															
																																															
																																															
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th>Fiscal Year</th> <th>FY2022</th> <th>FY2023</th> <th>FY2023</th> <th>FY2024</th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td>Budget Line</td> <td>PWO #21</td> <td>Carryover</td> <td>Add Req'd</td> <td></td> <td></td> </tr> <tr> <td>Funding</td> <td>\$800,000</td> <td>\$800,000</td> <td>\$0</td> <td>\$0</td> <td>\$800,000</td> </tr> <tr> <td>Budget</td> <td>\$800,000</td> <td>\$800,000</td> <td>\$710,000</td> <td>\$1,100,000</td> <td>\$2,610,000</td> </tr> <tr> <td>Actual/FYTD</td> <td>\$18,000</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$18,000</td> </tr> <tr> <td>Budget Remaining</td> <td>\$782,000</td> <td>\$800,000</td> <td>\$710,000</td> <td>\$1,100,000</td> <td>\$2,592,000</td> </tr> <tr> <td>% Budget Spent</td> <td>2%</td> <td>0%</td> <td>0%</td> <td>0%</td> <td>1%</td> </tr> </tbody> </table>						Fiscal Year	FY2022	FY2023	FY2023	FY2024	TOTAL	Budget Line	PWO #21	Carryover	Add Req'd			Funding	\$800,000	\$800,000	\$0	\$0	\$800,000	Budget	\$800,000	\$800,000	\$710,000	\$1,100,000	\$2,610,000	Actual/FYTD	\$18,000	\$0	\$0	\$0	\$18,000	Budget Remaining	\$782,000	\$800,000	\$710,000	\$1,100,000	\$2,592,000	% Budget Spent	2%	0%	0%	0%	1%
Fiscal Year	FY2022	FY2023	FY2023	FY2024	TOTAL																																										
Budget Line	PWO #21	Carryover	Add Req'd																																												
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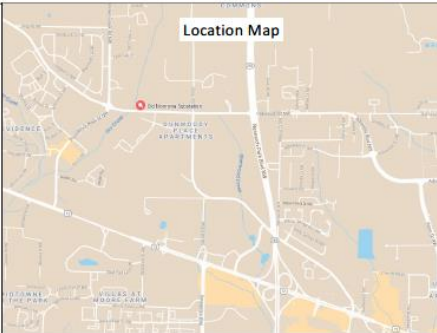

Future Huntsville Utilities Project- Electric Capital					Project Owner: HU	June 2022
Deposit Substation - add 2nd transformer					Status: Planning	
<p>Scope of Project: Addition of infrastructure and a second 46/12 kv 15 MVA power transformer.</p> <p>Justification: Study using paired t-test statistical technique to access growth on distribution circuits in HU, between 2019 & 2022 revealed, at a temperature of 24°F, 3 breakers at DEP recorded over 9 MVA increased demand. Jan 2022 transformer recorded a peak 86.3% of the rated transformer capacity. An increase of approx. 9MVA in the next 3 yrs. is anticipated. A second transformer will therefore be necessary to accommodate the increasing demand and anticipated growth.</p> <p>Project Update:</p> <p>Project Notes:</p>						
						
						
Fiscal Year	FY2023				TOTAL	
Budget Line						
Funding	\$0	\$0	\$0	\$0	\$0	
Budget	\$1,190,000	\$0	\$0	\$0	\$1,190,000	
Actual/FYTD	\$0	\$0	\$0	\$0	\$0	
Budget Remaining	\$1,190,000	\$0	\$0	\$0	\$1,190,000	
% Budget Spent	0%	0%	0%	0%	0%	
Engineering Start:	Bid Opening:	Intent to Award:	N.T.P.:	Projected Complete:	Req'd Complete:	

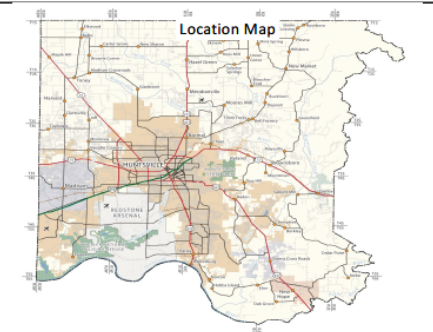
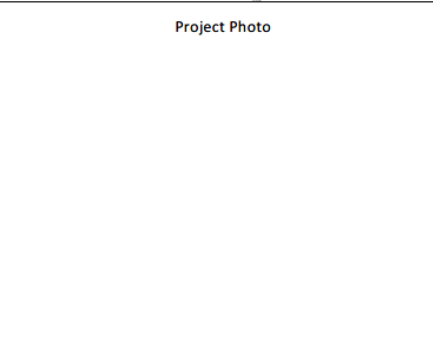
Future Huntsville Utilities Project- Electric Capital					Project Owner: HU	June 2022
Spare 161-12 transformer					Status: Planning	
<p>Scope of Project: Purchase of a spare 161-12x25 kv power transformer.</p> <p>Justification: HU does not have a spare power transformer in this fleet of transformer voltage and size. We have 13 units in service, and will be adding two (2) more (Big Cove and Walker Lane). Given today's market for procuring new transformers (lead times of 9 months or more), having a spare transformer in this category is vital to HU's responsiveness and reliability.</p> <p>Project Update:</p> <p>Project Notes:</p>						
						
						
Fiscal Year	FY2023				TOTAL	
Budget Line						
Funding	\$0	\$0	\$0	\$0	\$0	
Budget	\$975,000	\$0	\$0	\$0	\$975,000	
Actual/FYTD	\$0	\$0	\$0	\$0	\$0	
Budget Remaining	\$975,000	\$0	\$0	\$0	\$975,000	
% Budget Spent	0%	0%	0%	0%	0%	
Engineering Start:	Bid Opening:	Intent to Award:	N.T.P.:	Projected Complete:	Req'd Complete:	

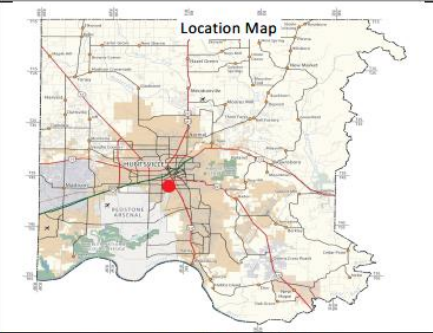

Current&Future Huntsville Utilities Project- Electric Capital		Project Owner: HU	June 2022																																																
Moontown (46kV Line from Moontown to Chase)		CPP-22.E.607330.51.15	Status: Construction																																																
Scope of Project: Approximately 4.5 miles of 46kv lines from Moontown Substation to Shields Road			On Time																																																
<p>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.</p> <p>Project Update: Project has been designed and materials have been ordered. Sparks will begin construction once materials have been received and order is given. Released for construction. Solving TVA line crossing issue.</p> <p>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. 98% of the design has been completed and will be sent to Operations in February. Final 2% of design crosses TVA 161kV lines and will be coordinated with TVA this month. This has been released to Operations.</p>		 																																																	
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Fiscal Year	FY2021	FY2022	FY2023		TOTAL																																														
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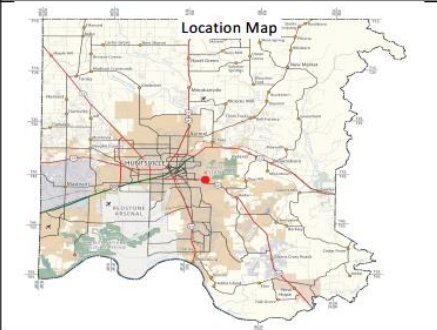

Future Huntsville Utilities Project- Electric Capital		Project Owner: COH	June 2022																																																
Northern Bypass Relocates (Pulaski Pike to Mem Pkwy)		CPP-21.E.607330.52.03	Status: Planning																																																
Scope of Project: Project to relocate approximately 16,000-ft of electrical circuit to clear way for the construction of the Northern Bypass.			On Time																																																
<p>Justification: Existing electrical circuit along Bob Wade Lane interferes with the Northern Bypass project.</p> <p>Project Update: 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 and that they hope to have the project ready to let in early summer 2021.</p> <p>Project Notes:</p>		 																																																	
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th>Fiscal Year</th> <th>FY2020</th> <th>FY2021</th> <th>FY2023</th> <th></th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td>Budget Line</td> <td>352-2020-3</td> <td>Carryover</td> <td>Carryover</td> <td></td> <td></td> </tr> <tr> <td>Funding</td> <td>\$1,800,000</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$1,800,000</td> </tr> <tr> <td>Budget</td> <td>\$1,800,000</td> <td>\$1,800,000</td> <td>\$800,000</td> <td>\$0</td> <td>\$800,000</td> </tr> <tr> <td>Actual/FYTD</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> </tr> <tr> <td>Budget Remaining</td> <td>\$1,800,000</td> <td>\$1,800,000</td> <td>\$800,000</td> <td>\$0</td> <td>\$800,000</td> </tr> <tr> <td>% Budget Spent</td> <td>0%</td> <td>0%</td> <td>0%</td> <td>0%</td> <td>0%</td> </tr> </tbody> </table>		Fiscal Year	FY2020	FY2021	FY2023		TOTAL	Budget Line	352-2020-3	Carryover	Carryover			Funding	\$1,800,000	\$0	\$0	\$0	\$1,800,000	Budget	\$1,800,000	\$1,800,000	\$800,000	\$0	\$800,000	Actual/FYTD	\$0	\$0	\$0	\$0	\$0	Budget Remaining	\$1,800,000	\$1,800,000	\$800,000	\$0	\$800,000	% Budget Spent	0%	0%	0%	0%	0%	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td>Engineering Start:</td> <td>Bid Opening:</td> <td>Intent to Award:</td> <td>N.T.P.:</td> <td>Projected Complete:</td> <td>Req'd Complete:</td> </tr> </table>		Engineering Start:	Bid Opening:	Intent to Award:	N.T.P.:	Projected Complete:	Req'd Complete:
Fiscal Year	FY2020	FY2021	FY2023		TOTAL																																														
Budget Line	352-2020-3	Carryover	Carryover																																																
Funding	\$1,800,000	\$0	\$0	\$0	\$1,800,000																																														
Budget	\$1,800,000	\$1,800,000	\$800,000	\$0	\$800,000																																														
Actual/FYTD	\$0	\$0	\$0	\$0	\$0																																														
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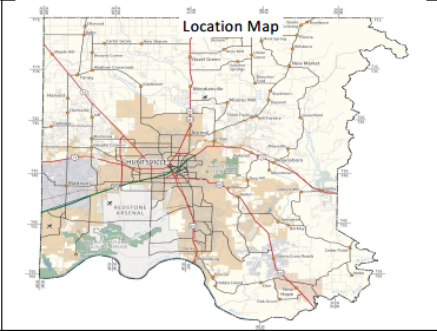
Future Huntsville Utilities Project- Electric Capital				Project Owner: Madison County	June 2022
Blake Bottom Road (Tindall to Anslee Way)				Status:	
Scope of Project: Relocate approximately 2.5 miles of overhead electric as needed for road widening project.				 <p style="text-align: center;">Location Map</p>  <p style="text-align: center;">Project Photo</p>	
Justification: Existing Facilities interfere with road widening project.					
Project Update:					
Project Notes:					
Fiscal Year	FY2023				TOTAL
Budget Line					
Funding	\$0	\$0	\$0	\$0	\$0
Budget	\$700,000	\$0	\$0	\$0	\$700,000
Actual/FYTD	\$0	\$0	\$0	\$0	\$0
Budget Remaining	\$700,000	\$0	\$0	\$0	\$700,000
% Budget Spent	0%	0%	0%	0%	0%
Engineering Start:		Bid Opening:		Intent to Award:	
				N.T.P.:	
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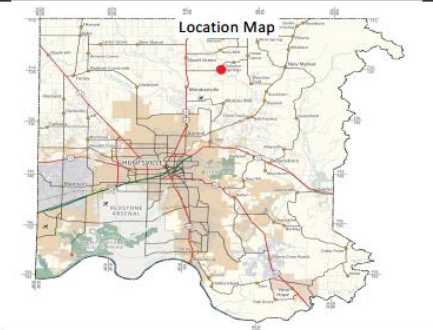

Current&Future Huntsville Utilities Project- Electric Capital				Project Owner: HU	June 2022
Old Monrovia Substation				CPP-22.E.607330.51.16	Status: Construction
Scope of Project: Construction of a 46/12 kV substation on Old Monrovia near Dry Creek.				On Time	
Justification: Substation site is located 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.				 <p style="text-align: center;">Location Map</p>  <p style="text-align: center;">Project Photo</p>	
Project Update: Site work is essentially completed. Substation steel package has been ordered. Breakers and voltage regulators are out to bid.					
Project Notes: Transformer was delivered 8 April, 2021. Geotech for the first site showed it not to be suitable for a substation. The second site tested good. See \\files\server\engineering1\admin\budget\future projects\electric\justifications\Old Monrovia Substation 2021.docx for more detail.					
Fiscal Year	FY2021	FY2022	FY2023		
Budget Line	351-2021-6	PWO #16	Carryover		
Funding	\$1,462,500	\$1,567,399	\$0	\$0	\$1,950,000
Budget	\$1,462,500	\$1,567,399	\$690,000	\$0	\$1,950,000
Actual/FYTD	\$384,710	\$1,732,140	\$0	\$0	\$2,116,850
Budget Remaining	\$1,077,790	(\$164,741)	\$690,000	\$0	(\$166,850)
% Budget Spent	26%	111%	0%	0%	109%
Engineering Start:		Bid Opening:		Intent to Award:	
				N.T.P.:	
				Projected Complete:	
				Req'd Complete:	30-Sep-22

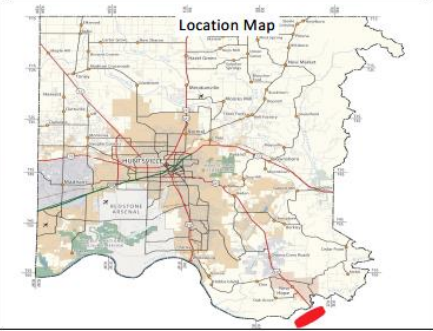

Future Huntsville Utilities Project- Electric Capital					Project Owner: HU	June 2022																																										
Spare 46-25/12 transformer					Status: Planning																																											
<p>Scope of Project:</p> <p>Justification: HU does not have a spare power transformer in this fleet of transformer voltage and size (28 MVA). We have over 116 in service, and will be adding at least 4 more (Capshaw and Old Monrovia). Given today's market for procuring new transformers (lead times of 9 months or more), having a spare transformer in this category is vital to HU's responsiveness and reliability.</p> <p>Project Update:</p> <p>Project Notes:</p>					 <p style="text-align: center;">Location Map</p>																																											
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Fiscal Year	FY2023				TOTAL																																											
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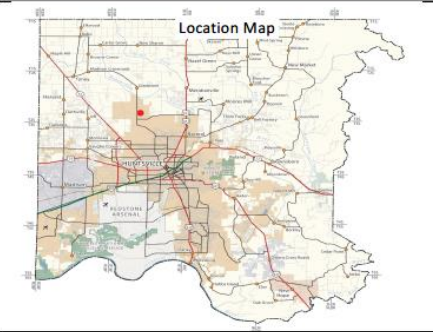

Future Huntsville Utilities Project- Electric Capital					Project Owner: HU	June 2022																																										
46/12 transformer for 10th St Substation					Status: Planning																																											
<p>Scope of Project: Replace one of the Tenth St. Substation 46/12 kV power transformers.</p> <p>Justification: The 2021 Substation Reliability Report identified a group of 13 power transformers that are gassing, which means they will ultimately fail. This transformer is one of those units, and the plans are to replace them before they do fail in service.</p> <p>Project Update:</p> <p>Project Notes:</p>					 <p style="text-align: center;">Location Map</p>																																											
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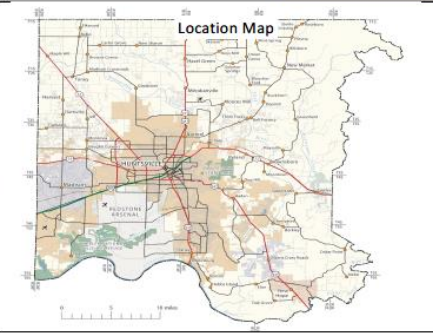
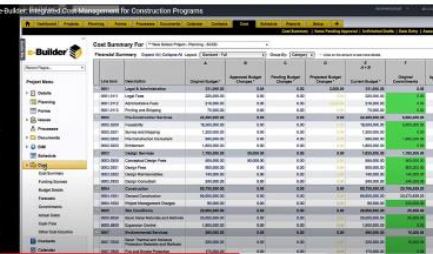
Future Huntsville Utilities Project- Electric Capital					Project Owner: June 2022
Governor's Drive Underground					Status:
<p>Scope of Project: Placing exposed overhead lines along Governor's Drive underground to reduce vehicle exposure. Part of a multi-year project to underground electric facilities along Governor's Drive.</p> <p>Justification: In the vicinity of Parkhill Drive and Governor's Drive, HU's overhead facilities have been damaged by various vehicle accidents, resulting in substantial traffic delays. Our facilities are being located underground to remove them from vehicle exposure.</p> <p>Project Update:</p> <p>Project Notes:</p>					 <p style="text-align: center;">Location Map</p>  <p style="text-align: center;">Project Photo</p>
Fiscal Year	FY2023	FY2024	FY2025		TOTAL
Budget Line					
Funding	\$0	\$0	\$0	\$0	\$0
Budget	\$500,000	\$500,000	\$1,000,000	\$0	\$2,000,000
Actual/FYTD	\$0	\$0	\$0	\$0	\$0
Budget Remaining	\$500,000	\$500,000	\$1,000,000	\$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:

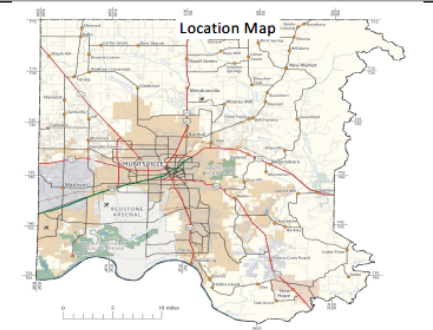
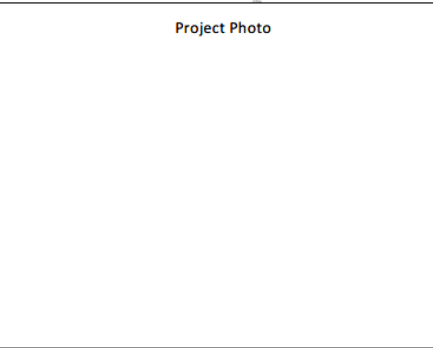
Future Huntsville Utilities Project- Electric Capital					Project Owner: HU	June 2022
LoadSEER software					Status:	
<p>Scope of Project: Procurement of the LoadSEER software to enhance our planning abilities.</p> <p>Justification: The objective of the LoadSEER software is to statistically represent the geographic, economic, and weather diversity across a Utility's service territory and use that information to forecast how circuit and bank-level hourly load profiles will change over the next 30 years. With the growth situation being witnessed in Huntsville, LoadSEER is needed to enhance the utility network planning efforts in Huntsville Utilities.</p> <p>Project Update:</p> <p>Project Notes:</p>					 <p style="text-align: center;">Location Map</p> <p style="text-align: center;">Project Photo</p>	
Fiscal Year	FY2023				TOTAL	
Budget Line						
Funding	\$0	\$0	\$0	\$0	\$0	
Budget	\$350,000	\$0	\$0	\$0	\$350,000	
Actual/FYTD	\$0	\$0	\$0	\$0	\$0	
Budget Remaining	\$350,000	\$0	\$0	\$0	\$350,000	
% Budget Spent	0%	0%	0%	0%	0%	
Engineering Start:		Bid Opening:		Intent to Award:	N.T.P.:	
				Projected Complete:	Req'd Complete:	

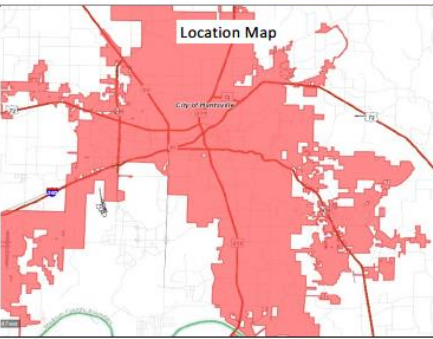

Future Huntsville Utilities Project- Electric Capital					Project Owner: HU	June 2022																																										
Walker Lane 12kV to 25kV Conversion					Status: Construction																																											
<p>Scope of Project: Includes conversion of some interconnecting 12 kV circuits to 25 kV. Some of these will be sections on Steg234, Cha 264, Steg 244, Dep 234 and some NEWM circuits.</p> <p>Justification: All of the existing circuits to be interconnected with the new Walker Lane Substation (Steg234, Cha 264, Steg 244, Dep 234 and some NEWM circuits) are at 12kV and hence the need for some conversion to 25 kV.</p> <p>Project Update: Conversion work has been ongoing in the planned area.</p> <p>Project Notes:</p>																																																
																																																
																																																
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Fiscal Year	FY2023	FY2024			TOTAL																																											
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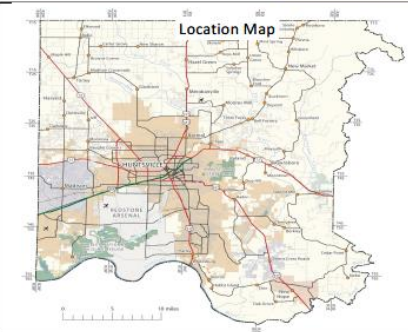
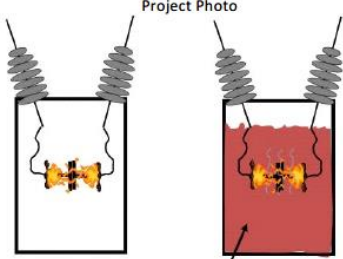
Future Huntsville Utilities Project- Electric Capital					Project Owner: HU	June 2022																																										
Merrell Mtn - convert from single phase to 3-phase					Status: Planning																																											
<p>Scope of Project: Convert the existing single phase line to a 3-phase line. Adding wire and crossarms, and replacing poles as needed to support a 3-phase line.</p> <p>Justification: The single-phase circuit on Merrill Mt Rd, up the mountain to the intersection of Bolton Rd is a #2 ACSR conductor spanning about 14,640 ft. This branch of circuit had a peak demand of approximately 140A in January 2022. Our standard is to keep single phase lines under 70A in order to avoid imbalance issues that could trip the circuit's neutral relay. A conversion to 3-phase circuit will also improve the reliability and quality of supply to customers and reduce the associated technical losses.</p> <p>Project Update:</p> <p>Project Notes:</p>																																																
																																																
																																																
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Fiscal Year	FY2023				TOTAL																																											
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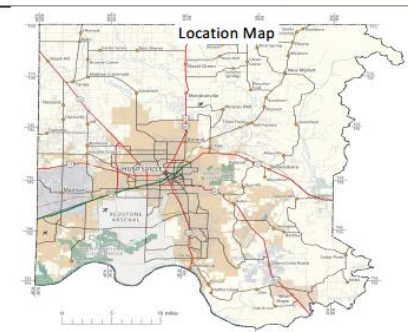

Future Huntsville Utilities Project- Electric Capital				Project Owner: HU	June 2022
Liberty Hill 25KV Conversion & Voltage Regulators				Status: Planning	
<p>Scope of Project: Adding and replacing voltage regulators as needed, and converting 12 kV lines and equipment to 25 kV facilities.</p> <p>Justification: Loadflow analysis for Liberty Hill circuits at recent demand peaks show min voltages of 116.4V, 111.5V & 115.8V on the 1, 2 & 3 breakers, below min acceptable standard of 114V. Analysis at 25kV improves min values to 123.1V, 122.2V & 123V. In addition to quality of supply that conversion to 25kV brings, HU could reduce technical losses by approx \$30M over 30yr period of running the station at 25kV instead of 12.47kV. A discount rate of 3% has been used for the loss capitalization</p> <p>Project Update:</p> <p>Project Notes:</p>					
					
					
Fiscal Year	FY2023	FY2024	FY2025	TOTAL	
Budget Line					
Funding	\$0	\$0	\$0	\$0	\$0
Budget	\$200,000	\$1,500,000	\$1,500,000	\$0	\$3,200,000
Actual/FYTD	\$0	\$0	\$0	\$0	\$0
Budget Remaining	\$200,000	\$1,500,000	\$1,500,000	\$0	\$3,200,000
% Budget Spent	0%	0%	0%	0%	0%
Engineering Start:		Bid Opening:		Intent to Award:	
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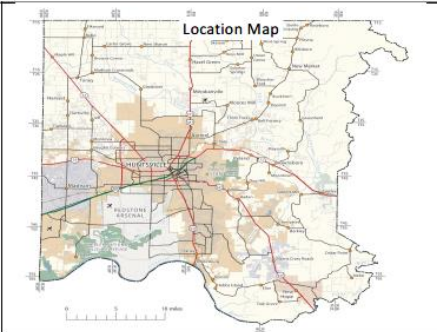
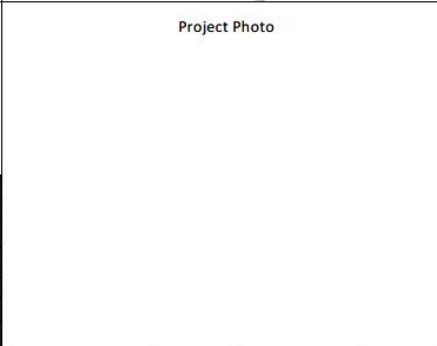
Current&Future Huntsville Utilities Project- Electric Capital				Project Owner: HU	June 2022
Project Management/Budgeting Software				CPP-22.E.607330.51.18	Status: Planning On Time
<p>Scope of Project: Combining Engineering Services Workorder Tracking and Engineering Planning Project Management into one Software Package</p> <p>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.</p> <p>Project Update: Continued coordinating with E-Builder to develop scope and fee for software and implementation. Working through cybersecurity contract language.</p> <p>Project Notes:</p>					
					
					
Fiscal Year	FY2022	FY2022	FY2023	TOTAL	
Budget Line	PWO #18	PWO #13	Carryover		
Funding	\$115,000	\$275,000	\$0	\$0	\$390,000
Budget	\$115,000	\$275,000	\$195,000	\$0	\$390,000
Actual/FYTD	\$0	\$0	\$0	\$0	\$0
Budget Remaining	\$115,000	\$275,000	\$195,000	\$0	\$390,000
% Budget Spent	0%	0%	0%	0%	0%
Engineering Start:		Bid Opening:		Intent to Award:	
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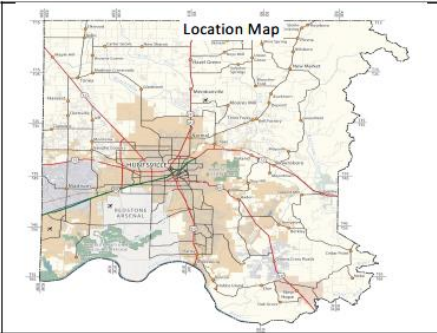
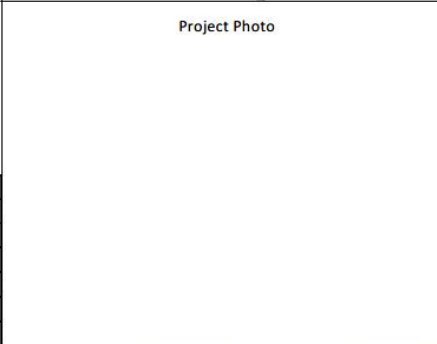
Future Huntsville Utilities Project- Electric Capital		Project Owner: HU	June 2022																																										
Electric General Development and Extensions		CPP-22.E.607230.51.05	Status: Engineering																																										
			On Time																																										
<p>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.</p> <p>Justification: Infrastructure needed to support new development projects and economic development projects.</p> <p>Project Update: Developments are continuing to come quickly and we do not expect that to change anytime soon.</p> <p>Project Notes:</p>		 <p style="text-align: center;">Location Map</p>																																											
		 <p style="text-align: center;">Project Photo</p>																																											
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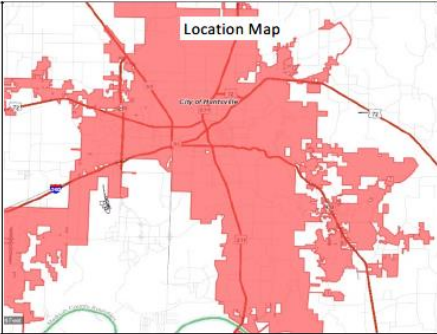

Future Huntsville Utilities Project- Electric Capital		Project Owner: HU	June 2022																																										
Fiber General Development and Extensions		CPP-22.F.607235.51.06	Status: Construction																																										
			On Time																																										
<p>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.</p> <p>Justification: Leverage the existing fiber plant to reach more facilities.</p> <p>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. More fiber designs are being completed for these extensions. Alabama Resources contract is up and they are not interested in renewing, so this will be rebid after we officially terminate the existing contract.</p> <p>Project Notes:</p>		 <p style="text-align: center;">Location Map</p>																																											
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% 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-22																																		

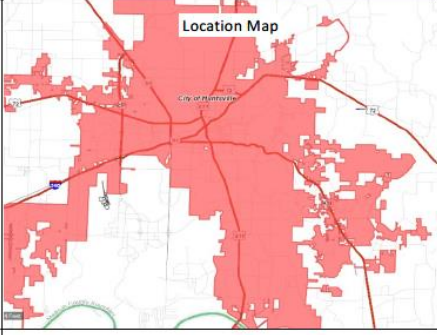

Future Huntsville Utilities Project- Electric Capital		Project Owner: HU	June 2022																																												
Replace Obsolete Breakers		CPP-22.E.607330.52.06	Status: Planning On Time																																												
<p>Scope of Project: Ongoing replacement of obsolete breakers. 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.</p> <p>Justification: For continued and improved reliability of the electric supply system which cannot be accomplished with obsolete switchgear and unavailable parts.</p> <p>Project Update: Coordinating with electric operations to verify breaker replacement priority. Substations have been identified. Now waiting on crews.</p> <p>Project Notes:</p>																																															
		 <p style="text-align: center;">Insulating Oil</p>																																													
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Budget Remaining	\$315,000	\$315,000	\$315,000	\$315,000	\$1,575,000																																										
% 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																																				

Future Huntsville Utilities Project- Electric Capital		Project Owner: HU	June 2022																																												
Misc. Underground Cable Replacement		CPP-22.E.607330.52.04	Status: Planning On Time																																												
<p>Scope of Project: This is an ongoing program to replace failed and/or aged underground cables, especially those that are direct buried.</p> <p>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.</p> <p>Project Update: Planning projects with electric operations.</p> <p>Project Notes: Cost is based on historical data.</p>																																															
																																															
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Future Huntsville Utilities Project- Electric Capital		Project Owner: Other	June 2022																																										
Electric Misc. Upgrades & COH/Roadway Relocations		CPP-22.E.607330.52.16	Status: Planning																																										
<p>Scope of Project: Minor Misc. system changes as required for smaller Road Projects.</p> <p>Justification: Existing lines interfere with road project.</p> <p>Project Update:</p> <p>Project Notes:</p>		 <p style="text-align: center;">Location Map</p>																																											
		 <p style="text-align: center;">Project Photo</p>																																											
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Future Huntsville Utilities Project- Electric Capital		Project Owner: HU	June 2022																																										
Misc. System Improvements		Status: Planning																																											
<p>Scope of Project: This is to have funds available to purchase and/or replace equipment on an emergency or critical basis that occur during a budget year.</p> <p>Justification: The 2021 Substation Reliability Report identified the need to have a funding source available to buy equipment, or replace equipment during a budget year where unforeseen needs and/or circumstances have occurred. This is to set up this funding.</p> <p>Project Update:</p> <p>Project Notes:</p>		 <p style="text-align: center;">Location Map</p>																																											
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Future Huntsville Utilities Project- Electric Capital					Project Owner: Other	June 2022																																																			
Fiber Road Relocations		CPP-22.F.607235.52.15			Status: Planning																																																				
Scope of Project: Relocate fiber lines as required for Road Relocation projects		On Time																																																							
Justification: Existing lines interfere with road project.		<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Project Update: None identified at this time.</p> <p>Project Notes:</p> </div> <div style="width: 50%;">  <p style="text-align: center;">Location Map</p>  <p style="text-align: center;">Project Photo</p> </div> </div>																																																							
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Future Huntsville Utilities Project- Electric Capital					Project Owner: HU	June 2022																																																			
Fiber New Tier 2 (COH, etc.)		CPP-22.F.607235.51.07			Status: Engineering																																																				
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.)		On Time																																																							
Justification: Leverage the existing fiber plant to reach more facilities.		<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Project Update: These requests continue to increase and be filled as the initial fiber build has been completed.</p> <p>Project Notes:</p> </div> <div style="width: 50%;">  <p style="text-align: center;">Location Map</p>  <p style="text-align: center;">Project Photo</p> </div> </div>																																																							
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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 bond ratings both remain unchanged from the prior year. 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

	<u>Water</u>	<u>Gas</u>	<u>Electric</u>
Operating Revenue (FY21 Audited)	49,130,971	55,522,753	539,256,739
Operating Margin (FY21 Audited)	49,097,060	33,670,201	147,045,905
30% of Margin	14,729,118	10,101,060	44,113,772
FY23 Debt Service	10,347,577	1,563,881	6,582,600
Is debt service less than 30% of margin?	Yes	Yes	Yes
Operating Revenue (FY21 Audited)	49,130,971	55,522,753	539,256,739
Operating Expenses - Depreciation (FY21 Audited)	28,297,033	37,496,428	448,042,325
FY23 Debt Service	10,347,577	1,563,881	6,582,600
Operating Expense + Debt Service	38,644,610	39,060,309	454,624,925
Ratio of Sales to Operating Expense + Debt Service	127%	142%	119%
Is the ratio greater than 110%?	Yes	Yes	Yes

Huntsville Utilities’ projected debt as of September 30, 2022, is \$196,492,000 consisting of \$165,785,000 in revenue bonds, \$25,265,000 in Alabama State Revolving Fund (SRF) loans and \$5,442,000 of other debt. The projected debt service for fiscal year 2023 is \$18,494,058. A breakdown of debt by utility service is shown below:

Transaction	Water	Gas	Electric
Revenue Bonds	\$97,040,000	-	\$68,745,000
Private Placements	\$110,000	\$5,332,000	-
AL State Revolving Fund Loans	\$25,265,000	-	-
Projected FY22 Debt Service	\$7,809,000	\$1,563,881	\$6,590,850
Projected FY23 Debt Service	\$10,347,577	\$1,563,881	\$6,582,600

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 \$122,415,000 with budgeted debt service of \$10,347,577 which is 21.6% of budgeted sales revenue for FY23.

The Gas system has outstanding debt of \$5,332,000 with budgeted debt service of \$1,563,881 or 5.1% of FY23 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 \$68,745,000 with budgeted debt service of \$6,582,600 representing 5.4% of FY23 gross profit margin. This debt is used primarily to fund distribution infrastructure such as AMI deployment and substation builds.

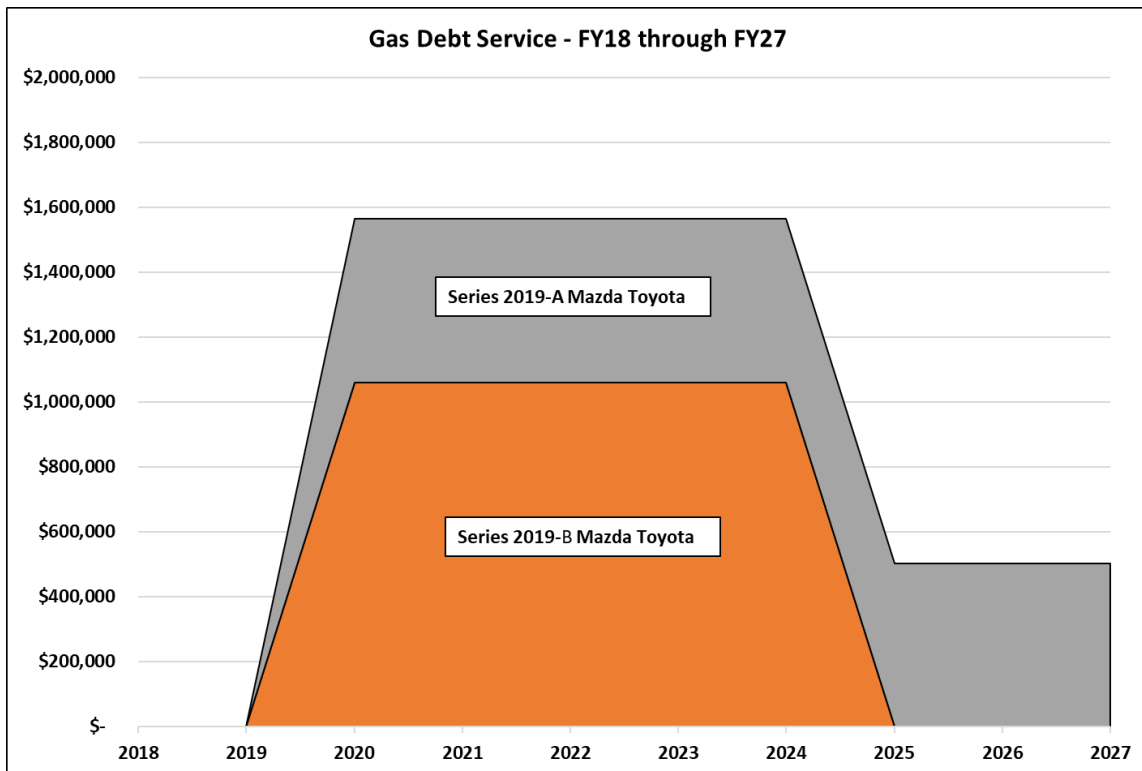
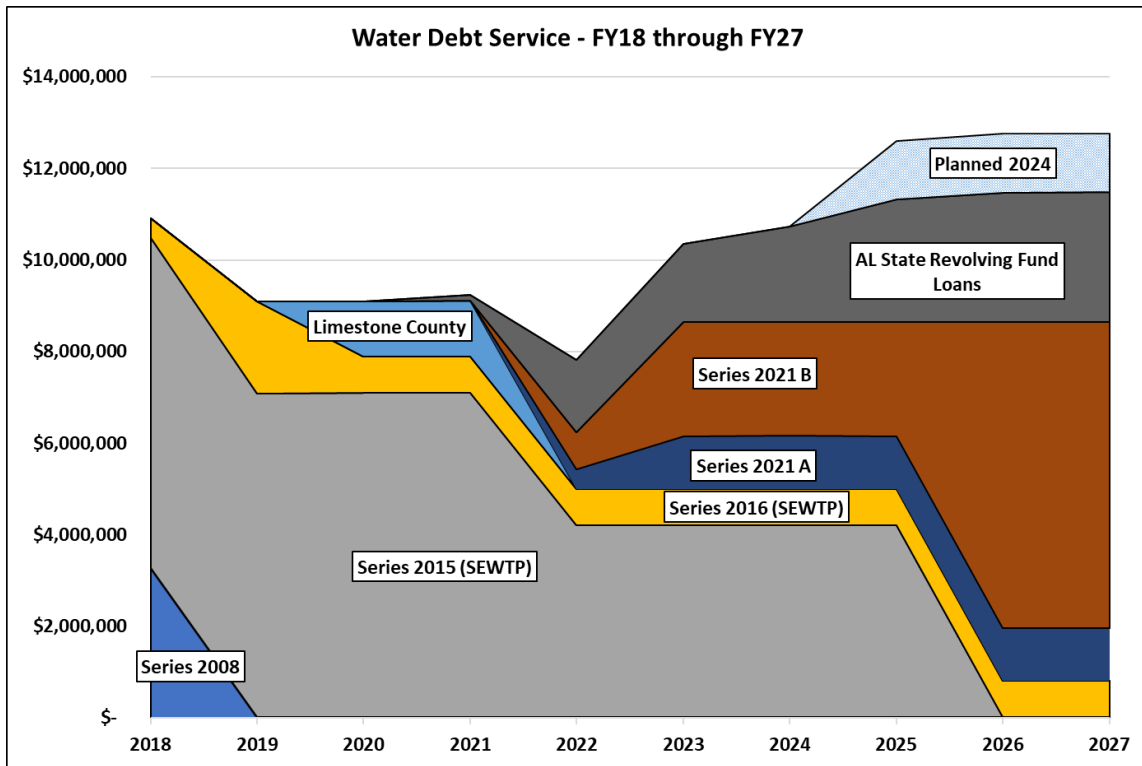
Amortization schedules for current debt are provided in the footnotes to the audited financial statements. Links to the financial statements for the last three years are provided on the last page of this document. Note 4 – Long Term Debt begins on page 37 of the [2021 Huntsville Utilities Audited Financial Statements](#). On the next page is a summary of principal and interest by fund including planned debt that is not included on our financial statements.

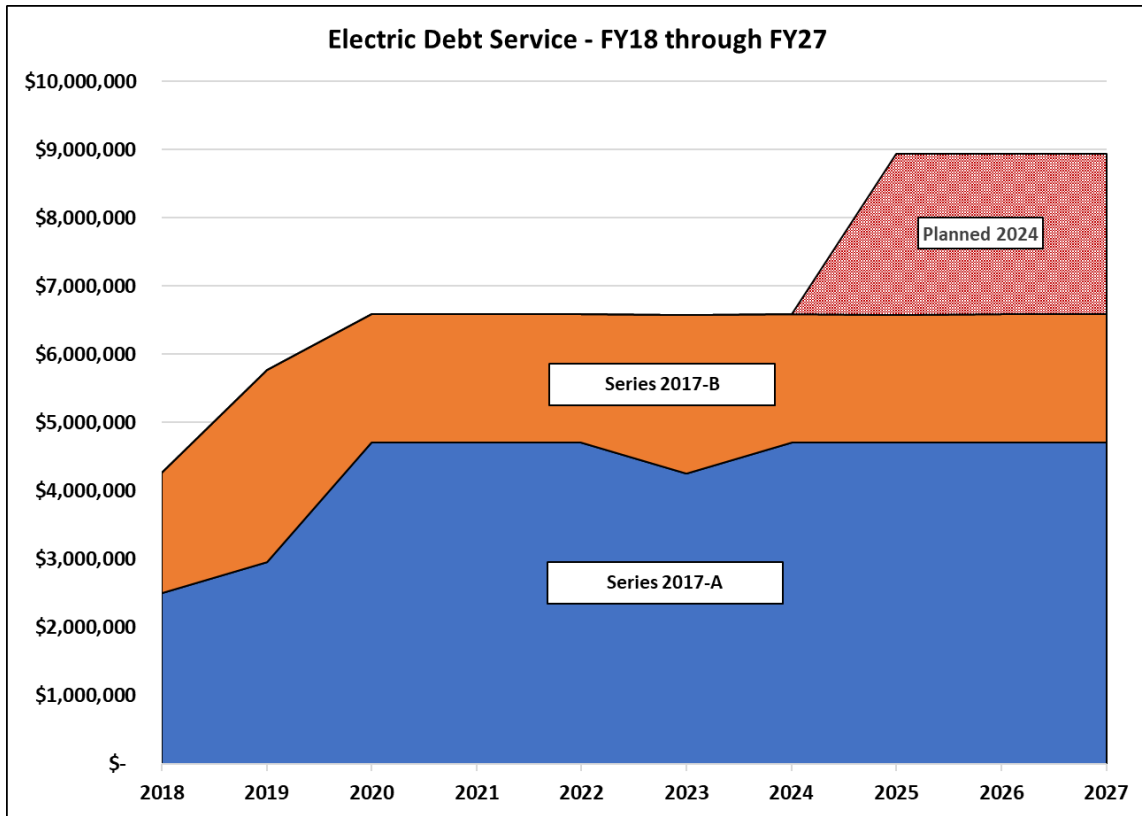
The current and projected debt service is expected to peak in fiscal year 2026 at \$22.2 million. The charts on the following pages show debt service payments for the past five years and projections for the next five years for each utility service. There is substantial borrowing activity for water within the ten-year window. The series 2016 bonds refunded the 2008 bonds. Series 2021 bonds refunded callable portions of the 2015 bonds and the 2019 borrowing. The Alabama State Revolving Fund (SRF) loans are in five annual installments that started in 2020 and the last should be requested in September 2024. For planning purposes, another debt issuance, which may be in the forms of bonds or private placements, to cover additional capital projects has been factored in for 2024. There are no plans for additional gas debt. A planned electric borrowing is shown to cover the cost of the systems operation center and other improvements.

Summary of Principal and Interest by Fund

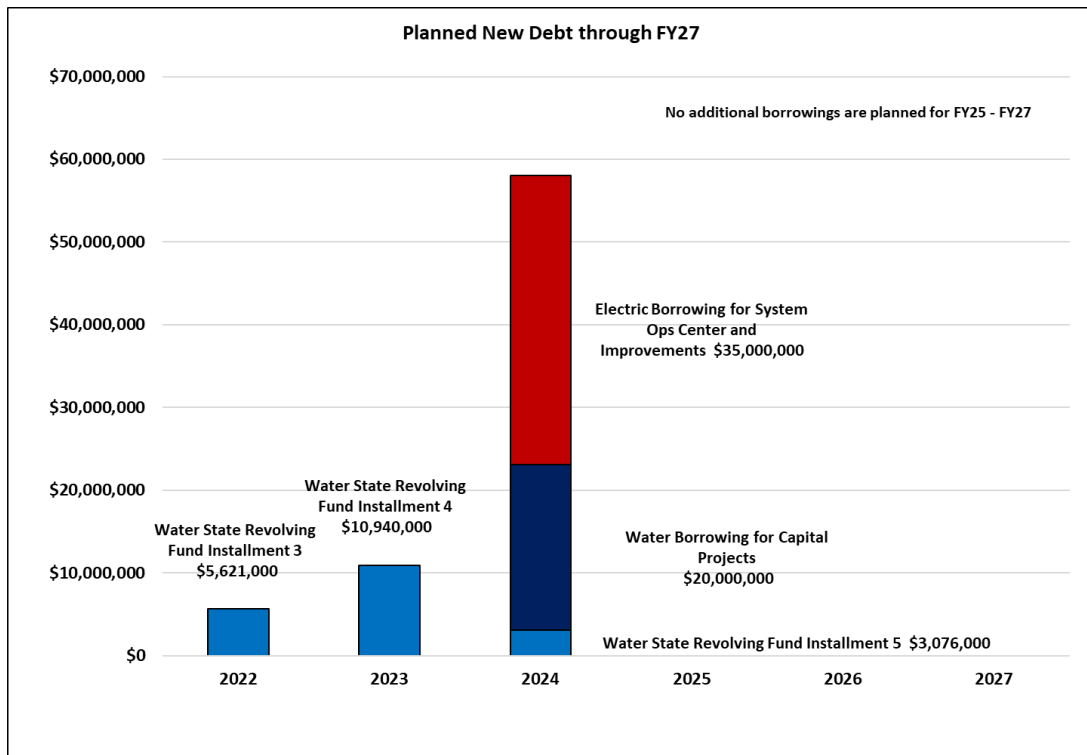
FY	Water		Gas		Electric	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$5,285,000	\$2,524,000	\$1,426,908	\$136,973	\$3,090,000	\$3,500,850
2023	\$7,545,000	\$2,802,577	\$1,459,362	\$104,519	\$3,240,000	\$3,342,600
2024	\$8,035,482	\$2,698,579	\$1,492,554	\$71,327	\$3,410,000	\$3,176,350
2025	\$9,554,574	\$3,042,556	\$454,953	\$48,434	\$4,883,000	\$4,051,600
2026	\$9,942,800	\$2,813,705	\$465,203	\$38,184	\$5,107,090	\$3,835,710
2027	\$10,135,469	\$2,622,208	\$475,684	\$27,703	\$5,327,353	\$3,609,522
2028	\$10,349,027	\$2,415,988	\$486,400	\$16,986	\$5,573,823	\$3,365,677
2029	\$10,573,495	\$2,192,951	\$497,358	\$6,028	\$5,826,538	\$3,110,212
2030	\$9,628,896	\$1,979,142	-	-	\$6,095,534	\$2,842,591
2031	\$9,830,249	\$1,779,961	-	-	\$6,375,850	\$2,562,150
2032	\$10,027,579	\$1,578,457	-	-	\$6,672,526	\$2,268,224
2033	\$10,230,907	\$1,372,681	-	-	\$5,055,601	\$2,008,274
2034	\$10,440,260	\$1,153,813	-	-	\$5,280,119	\$1,784,131
2035	\$9,860,659	\$936,856	-	-	\$5,511,123	\$1,549,627
2036	\$10,077,130	\$722,193	-	-	\$5,758,657	\$1,304,218
2037	\$3,544,699	\$571,758	-	-	\$6,012,766	\$1,047,359
2038	\$3,623,392	\$490,259	-	-	\$6,283,499	\$778,501
2039	\$3,703,235	\$406,889	-	-	\$6,565,904	\$496,971
2040	\$3,794,254	\$321,678	-	-	\$2,030,032	\$322,968
2041	\$3,881,481	\$234,374	-	-	\$2,090,932	\$262,068
2042	\$2,324,940	\$152,376	-	-	\$2,153,660	\$199,340
2043	\$2,379,663	\$97,379	-	-	\$2,218,270	\$134,730
2044	\$2,102,691	\$44,746	-	-	\$2,284,818	\$68,182

The table above shows current principal and interest by fund which is detailed in the notes of our financial statements, but it also includes proposed debt planned in future years for informational purposes.





Huntsville Utilities expects to issue approximately \$74.6 million in additional debt over the next five years to fund the capital improvement plan.



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 Include
Administration	CEO, Legal, EEO Diversity and Inclusion, Process Excellence
Customer Care	Customer Care Management, Applications, Billing, Collections, Commercial & Industrial, Key Accounts, Community/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 Ops, Fiber Ops, 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%

Administration

Wes Kelley, CEO/President

Warne Heath, General Counsel

Organizational Function

The **CEO/President** has the overall management responsibility for 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 the operation of the utilities. General Counsel and the Legal Analyst 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 and other HU management—especially 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 operations.

Personnel Summary

		2019	2020	2021	2022	Vacancies	Planned Additions	BUDGET 2023
ADMINISTRATION	Full-time	9	9	10	8	4	2	14
	Part-time	0	0	0	0	0	0	0
	Temporary	0	0	0	0	0	0	0

Departmental Overview

Performance Indicators	2020	2021	2022	Goal	Strategic Focus
Employees reported as “promoters” in annual workplace survey	71%	80%	70%	60%	Workplace Performance
Recent customers “very satisfied” with the ease of doing business with HU	93.7%	94%	95%	90%	Customer Satisfaction
Ensure strong Electric average system availability and average customer outage duration	99.9% 60.7 min.	99.9% 50 min.	99.9% 58 min.	99.9% < 60 min.	System Reliability
Ensure strong Gas average system availability and average customer outage duration	100% 10 min.	100% 5.6 min.	100% 2.5 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.	100% 5.9 min.	99.9% < 60 min.	System Reliability
Provide competitive Electric, Gas, Water rates	15% 50% 13%	15% 50% 13%	15% 50% 13%	< 25%	Customer Satisfaction
Maintain reasonable utility bills compared to Madison County median household incomes	4.9%	4.9%	4.9%	< 5%	Customer Satisfaction
Participate in industry award programs	APPA RP3- Diamond, APGA - SOAR Silver, AWWA / AWPC - Best Plants	APPA RP3- Diamond, APGA - SOAR- Silver AWPCA – Best Plants	APPA RP3- Diamond, APPA - Leadership Excellence, APGA SOAR- Silver, AWPCA - Best Plants, TNCPE / ALPEX - Commitment Award, TVPPA Lineworker Rodeo Team- Best Overall	APPA -RP3 APGA -SOAR AWWA / AWPC Best	Organizational Excellence

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

Goals for FY23 Budget Year	Strategic Focus	Timeframe
Inspire accountability and measurable workforce performance by improving departmental collaboration and communication, reducing administrative bureaucracy, organizational silos, and promoting a positive work ethic.	Workforce Culture	Sept. 2023
Prepare for emerging environmental, social, and governance dynamics and respond to shifting political and regulatory environments.	Industry Disruption	Sept. 2023
Assure stability by enhancing the execution structure and organizational succession planning to preempt crises and mitigate disruption.	Workforce Culture	Sept. 2023

Departmental Budget Summary

	FY22 Budget	FY23 Budget
Water Operating Expenses	\$811,009	\$961,086
Gas Operating Expenses	\$644,332	\$762,240
Electric Operating Expenses	\$1,357,047	\$1,590,762
Total Operating Expenses	\$2,812,388	\$3,314,088
Electric Capital Expenses	\$75,000	\$0
Grand Total	\$2,887,388	\$3,314,088

Customer Care

John Olshefski, Senior Vice President Customer Care

Organizational Function

The **Customer Care Department** is comprised of Customer Operations, Customer Services, Business Services, 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 8,278 electric, 143,471 water (includes New Hope and Madison County meters) and 59,351 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 194,481 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 incoming 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, call back return, 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 and credit card payments, bank drafts, general bill inquiries, service status, office hours, and payment locations. Contact Center offers extended hours for customers to transact business at their convenience, Monday through Friday from 7:00 a.m. to 6:00 p.m.

Customer Support gathers information, analyzes data and reports, completes quality assurance, and handles training for new and existing employees. Various roles are responsible for job aides, creating department procedures for various jobs within Customer Care, designing and conducting training for new hires and existing employees, and providing quality oversight. They establish measures to evaluate and coach employees who come in direct contact with customers to help improve employee performance. Customer Support monitors all customer communication channels to assess employee's demeanor, technical accuracy, customer experience and compliance to company policies and procedures. This group also develops and executes standard and custom reports, as well as credit files.

Business Services:

Key Accounts cultivates and maintains vital relationships with Huntsville Utilities' most influential and impactful customers. Utilizing business connections with the Tennessee Valley Authority, 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 and industrial customers. This group aims to provide an excellent customer service experience for all.

Commercial and Industrial (C&I) team works with all non-residential customers regarding application procedures for different business entities, including contracts for utility services, legal documents and deposit requirements. The C&I team provides complete life cycle management and care for their accounts. Senior C&I Specialists coordinates all new construction requests for both C&I customers and apartments, regularly meeting with apartment management groups, and is active in the Industrial Facilities Management Association (IFMA) and Apartment Association of North Alabama (AANA). The goal of C&I team is to provide exceptional customer service to our business community through a variety of communication channels.

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.

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, and Customer Renewable Programs all through TVA. It also administers low-income programs such as Uplift and the Project Share Improvement Program. This team is also responsible for presenting Education Days, which is an energy education program for 4th graders in three local school systems, including private schools, and home-schooled children. They host an average of 2,600 individuals comprised of students, chaperones, and educators.

Communications/Public Relations representatives regularly attend an array of meetings on behalf of Huntsville Utilities, including Huntsville City Council, Madison County Commission, Huntsville Planning Commission, BCA, 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 recently successfully deployed a logo “rebrand” and launched a revamped and improved website.

Personnel Summary

		2019	2020	2021	2022	Vacancies	Planned Additions	BUDGET 2023
CUSTOMER CARE	Full-time	132	132	120	135	9	11	155
	Part-time	0	0	0	0	0	0	0
	Temporary	1	0	0	0	0	0	0

Departmental Overview

Performance Indicators	2020	2021	2022	Goal	Strategic Focus
Recent customers satisfaction level = “very satisfied” Oct21 – May22	95.0%	95.0%	96.1%	90%	Customer Satisfaction
Calls answered by Contact Center within 60 seconds Oct21-May22	97.1%	97.1%	64.8%	≥ 85%	Customer Satisfaction
Calls answered by C&I within 60 seconds	89.1%	40.6%	40.0%	≥ 80%	Customer Satisfaction
Completion of set orders on scheduled date	100%	100%	100%	100%	Customer Satisfaction
Completion of cut orders within 3 days	79.4%	79.4%	93.2%	70%	Customer Satisfaction
Bills requiring correction-misread meter	0.9%	0.9%	1.4%	< 2%	Customer Satisfaction
Bills are mailed the business day following the meter reading	81.0%	81.0%	91.9%	> 85%	Customer Satisfaction
Payments posted properly	2:01	100%	100%	≥ 98%	Customer Satisfaction
Increase kiosk payments	100%	15.2%	11.9%	> 10%	Organizational Excellence
Maintain electronic payments	15.2%	75.7%	79.2%	> 50%	Organizational Excellence
Increase customer receiving e-bill	75.7%	9.3%	20.2%	> 20%	Organizational Excellence
Contact Center call hold time < 3 min. Oct21-May22	9.3%	0.6%	15.7%	≤ 10%	Organizational Excellence
C&I call hold time < 3 minutes	0.6%	46.2%	47.1%	≤ 10%	Organizational Excellence

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

Goals for FY23 Budget Year	Strategic Focus	Timeframe
Elevate HU culture by embracing efficiency, accountability, inclusivity, fairness, and grit.	Workforce Performance	Sept. 2023
Build secure digital tools and resources to optimize processes and the customer experience.	Customer Satisfaction	Sept. 2023

Departmental Budget Summary

	FY22 Budget	FY23 Budget
Water Operating Expenses	\$6,614,875	\$6,925,522
Gas Operating Expenses	\$3,383,875	\$3,634,010
Electric Operating Expenses	\$9,891,780	\$10,330,929
Total Operating Expenses	\$19,890,530	\$20,890,461
Electric Capital Expenses	\$35,000	\$67,000
Grand Total	\$19,925,530	\$20,957,461

Engineering

Stacy Cantrell, Vice President Engineering

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 of 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.

Personnel Summary

		2019	2020	2021	2022	Vacancies	Planned Additions	BUDGET 2023
ENGINEERING	Full-time	57	60	58	58	8	4	70
	Part-time	0	0	0	0	0	0	0
	Temporary	4	1	2	1	0	0	1

Departmental Overview

Performance Indicators	2020	2021	2022	Goal	Strategic Focus
Maintain Compliance with state and federal utility regulations	100%	100%	100%	100%	Workplace Performance
Projects completed under or within +15% of budget estimate	Water: 22 of 23 Gas: 11 of 12 Electric: 12 of 13	Water: 100% Gas: 100% Electric: 100%	Water: 20 of 20 Gas: 17 of 17 Electric: 23 of 23	80%	Customer Satisfaction
Projects completed within target fiscal year	Water: 20 of 23 Gas: 10 of 12 Electric: 9 of 13	Water: 97% Gas: 100% Electric: 86%	Water: 8 of 9 Gas: 8 of 9 Electric: 11 of 14	80%	System Reliability
Projects completed within target fiscal year	Water: 20 of 23 Gas: 10 of 12 Electric: 9 of 13	Water: 97% Gas: 100% Electric: 86%	Water: 8 of 9 Gas: 8 of 9 Electric: 11 of 14	80%	System Reliability
Report estimated to actual costs for work orders	Water 54 Gas 43 Electric 45	Water: 101 Gas: 43 Electric: 60	Water: 106 Gas: 17 Electric: 15	Water: 40 Gas: 20 Electric: 60	Financial Stability
AMI deployment	Electric 48,528	Gas: 7,010 Electric: 70,020	Gas: 17,181 ~24,191 Electric: ~189,965	Substantial completion of electric meters	Organizational Excellence

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

Goals for FY23 Budget Year	Strategic Focus	Timeframe
Develop annual construction and funding plans to support growth and maintain average utility costs below 5% of median household income.	Community Growth	Sept. 2023
Establish customer digital interactions and develop skills to enable distribution Smart Grid solutions.	Technology Transformation	Sept. 2023

Departmental Budget Summary

	FY22 Budget	FY23 Budget
Water Operating Expenses	\$2,804,739	\$3,715,665
Gas Operating Expenses	\$2,057,448	\$1,791,120
Electric Operating Expenses	\$7,261,089	\$6,467,424
Total Operating Expenses	\$12,123,276	\$11,974,209
Water Capital Expenses	\$34,058,000	\$34,635,000
Gas Capital Expenses	\$13,155,000	\$15,359,000
Electric Capital Expenses	\$28,403,068	\$40,267,000
Total Capital Expenses	\$75,616,068	\$90,261,000
Grand Total	\$87,739,344	\$102,235,209

Finance

Melissa Marty, Chief Financial Officer

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.

The **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.

The **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.

The **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.

The **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.

Personnel Summary

		2019	2020	2021	2022	Vacancies	Planned Additions	BUDGET 2023
		FINANCE	Full-time	46	46	45	44	1
	Part-time	0	0	0	0	0	0	0
	Temporary	0	0	0	0	0	0	0

Departmental Overview

Performance Indicators	2020	2021	2022	Goal	Strategic Focus
Provide Competitive Rates Among Regional Peers	Electric 15% Water 13% Gas 50%	Electric 15% Water 13% Gas 50%	Electric 25.95% Water 20.88% Gas 49.36%	≤ 25% Electric ≤ 25% Water ≤ 50% Gas	Workplace Performance
Maintain reasonable utility bills compared to Madison County median household incomes	4.9%	4.9%	3.6%	< 5%	Customer Satisfaction
Achieve Electric Target Margins	16.3%	23%	21.61%	> 17%	System Reliability
Achieve Gas Target Margins	50.1%	53%	40.72%	> 50%	Financial Stability
Achieve Water Target Margins	\$43.9M	\$31.8M	\$32.6M	> \$46M	Organizational Excellence
Maintain Electric Cash Reserve	\$63.5M	\$45.8M	\$74.9M	> \$41.3M	Financial Stability
Maintain Gas Cash Reserve	\$21.9M	\$29.4M	\$31.0M	> \$20.1M	Financial Stability
Maintain Water Cash Reserve	\$49.9M	\$46.7M	\$47.8M	> \$30.3M	Financial Stability
Grow Electric and Water Systems	Electric 2.2% Water 2.9%	Electric 2.7% Water 1.8%	Electric 3.41% Water 1.64%	Increase customers by > 1.5%	System Reliability
Grow Gas System	Gas 2.5%	Gas 2.4%	Gas 3.19%	Increase customers by ≥ 3%	System Reliability
Weighted Avg Cost of Gas	\$2.48	\$2.50	\$4.09	<\$3.74	Financial Stability
Gas Pipeline Capacity	50.8%	13.0%	36.3%	5% over Peak Demand	System Reliability
Gas Storage	1,224,028	1,357,577	1,357,577	>700,000 Dth	System Reliability

Performance Indicators	2020	2021	2022	Goal	Strategic Focus
Report Estimate to Actual Cost for Capital Infrastructure Projects	100% of Projects	100% of Projects	100% of Projects	100% of Projects	Financial Stability

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

Goals for FY23 Budget Year	Strategic Focus	Timeframe
Confirm with wholesale energy providers to ensure adequate capacity to meet five-year forecasts	Community Growth	Sept. 2023
Implement HU-driven customer-facing alternative energy solutions and technologies that advance environmental, financial, and resiliency opportunities	Industry Disruption	Sept. 2023

Departmental Budget Summary

	FY22 Budget	FY23 Budget
Water Operating Expenses	\$17,431,501	\$18,421,274
Gas Operating Expenses	\$9,157,498	\$10,785,416
Electric Operating Expenses	\$34,245,885	\$36,899,864
Total Operating Expenses	\$60,834,884	\$66,106,554
Electric Capital Expenses	\$173,000	\$45,000
Grand Total	\$61,007,884	\$66,151,554

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 HUTs, natural gas gate stations, and electric substations. 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.

Personnel Summary

		2019	2020	2021	2022	Vacancies	Planned Additions	BUDGET 2023
EMPLOYEE ENGAGEMENT	Full-time	22	22	24	24	3	5	32
	Part-time	0	0	0	0	0	0	0
	Temporary	12	11	12	10	0	0	10

Departmental Overview

Performance Indicators	2020	2021	2022	Goal	Strategic Focus
Company Retention Rate	95%	95%	91.3%	97%	Workplace Performance
Company Turnover	3.16%	3.16%	7%	< 5%	Workplace Performance
Elevate employee engagement and satisfaction	70%	70%	80%	Achieve > 60% employees reported as “promoters” in workplace survey	Workplace Performance
Provide a safe workplace	1.69	1.69, 8	1.75, 8	Achieve injury incident rate ≤ 2.0	Workplace Performance
Promote safe driving	2.44	2.44	3.80	Achieve preventable vehicle accident ratio of <4.0	Workplace Performance
Promote safety awareness	100%	100%	100%	Ensure employees attend 75% of safety training	Workplace Performance
Improve organizational communication	70%	70%	60%	Achieve > 55% participation in annual workplace survey	Workplace Performance
Encourage training and professional development	~40-45%	~40-45%	~60%	Define promotional matrix & training req. for 25% of job descriptions	Workplace Performance

Performance Indicators	2020	2021	2022	Goal	Strategic Focus
Enhance succession planning and promotional opportunities	9	9	35	Achieve ≥ 2 qualified internal candidates for supervisory positions	Workplace Performance
Implement technology projects and facility preventative maintenance	98.3%	98.3%	100%	Perform > 90% of needed facility preventative maintenance	Organizational Excellence

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

Goals for FY23 Budget Year	Strategic Focus	Timeframe
Complete 7 total VPPE visits to include all departments	Organizational Excellence	Sept. 2023
Conduct annual pulse surveys with a participation rate of >60%	Organizational Excellence	Sept. 2023
Complete 90% of all preventative maintenance before resolve date	Workforce Performance	Sept. 2023
Acknowledge helpdesk tickets within 90% of service level agreement	Workforce Performance	Sept. 2023
Injury Rate =/ < 2.0	Organizational Excellence	Sept. 2023
Vehicle Incident Rate =/ < 4.0	Organizational Excellence	Sept. 2023
Measure early turnover within the first year of employment	Organizational Excellence	Sept. 2023
Measure training completion rate for Compliance Training =/ < 90%	Organizational Excellence	Sept. 2023

Goals for FY23 Budget Year	Strategic Focus	Timeframe
Increase net promotor score of 7 or above (scale 0-10)	Organizational Excellence	Sept. 2023
Internal promotion rate of more than 2 qualified internal candidates	Organizational Excellence	Sept. 2023
Develop first-line supervisors and mid-management leaders through training programs and empower department-level decision making.	Workforce Culture	Sept. 2023
Implement HU-driven customer-facing alternative energy solutions and technologies that advance environmental, financial, and resiliency opportunities.	Industry Disruption	Sept. 2023
Address generational and societal diversity through proactive talent acquisition and career development.	Workforce Culture	Sept. 2023

Departmental Budget Summary

	FY22 Budget	FY23 Budget
Water Operating Expenses	\$1,441,167	\$1,404,422
Gas Operating Expenses	\$1,641,485	\$1,791,121
Electric Operating Expenses	\$4,150,834	\$4,523,659
Total Operating Expenses	\$7,233,486	\$7,719,202
Gas Capital Expenses	\$83,800	\$72,000
Electric Capital Expenses	\$488,600	\$900,000
Total Capital Expenses	\$572,400	\$972,000
Grand Total	\$7,805,886	\$8,691,202

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 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.

HU IT governance aims at ensuring that expectations for IT are met and IT risks are mitigated. IT governance is comprised of three committees. The Information Technology Steering Committee oversees the governance of information technology and evaluates activities to lessen risk exposure for HU. The Cybersecurity Committee provides a framework for identifying, tracking, and managing cyber threats as well as conducting security assessments for third party vendors. The Data Governance Committee strategizes and steers the enterprise-wide data governance program to enable data quality and regulatory compliance.

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 Enterprise Resource Planning (ERP) back office systems such as Accounting/Payroll/FixedAssets,HumanResources/Benefits/,Talent/Management, 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 , 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 and the Meter Data Management System in support of our Automated Metering (AMI) technology.

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, device management, and meter data management systems.

The MIS 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 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 ERP 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 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 Administration 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 750 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 ERP 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.

Personnel Summary

		2019	2020	2021	2022	Vacancies	Planned Additions	BUDGET 2023
INFORMATION TECHNOLOGY	Full-time	38	35	36	36	2	4	42
	Part-time	0	0	0	0	0	0	0
	Temporary	0	0	0	0	0	0	0

Departmental Overview

Performance Indicators	2020	2021	2022	Goal	Strategic Focus
Complete > 80% IT Projects within target year	40%	41%	88%	> 80%	Workplace Performance
Respond to > 90% of IT help desk requests in < 4 hours	89%	91%	99%	> 90%	Workplace Performance
Provide resolution in < 2 business days for 80% of requests marked “under review”	94%	89%	96%	80%	Workplace Performance

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

Goals for FY23 Budget Year	Strategic Focus	Timeframe
Evaluate and transition to an updated digital core providing improved data integration and supporting process improvement, starting in FY22 and implementing by FY25	Technology Transformation	Sept. 2023
Continue to enhance our cyber posture ahead of threats, supporting potential cloud and Software-as-a-Service solutions	Technology Transformation	Sept. 2023

Departmental Budget Summary

	FY22 Budget	FY23 Budget
Water Operating Expenses	\$3,207,387	\$3,677,371
Gas Operating Expenses	\$2,076,399	\$2,427,193
Electric Operating Expenses	\$6,008,597	\$6,877,768
Total Operating Expenses	\$11,292,383	\$12,982,332
Water Capital Expenses	\$0	\$84,000
Gas Capital Expenses	\$0	\$48,000
Electric Capital Expenses	\$1,530,500	\$1,852,000
Total Capital Expenses	\$1,530,500	\$1,984,000
Grand Total	\$12,822,883	\$14,966,332

Water Operations

Mike Counts, Vice President Operations

Fredrick Mucke, Water Operations Director

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 1,498 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 dewaterers 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.

Personnel Summary

		2019	2020	2021	2022	Vacancies	Planned Additions	BUDGET 2023
WATER OPERATIONS	Full-time	105	107	100	123	6	3	132
	Part-time	0	0	0	0	0	0	0
	Temporary	0	0	0	0	0	0	0

Departmental Overview

Performance Indicators	2020	2021	2022	Goal	Strategic Focus
Ensure Water Availability	100%	100%	100%	≥ 99.9%	System Reliability
Ensure Customer Interruptions are Brief	5.76 minutes	3.86 minutes	5.41 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 0% / High Service Pumps 0%	Raw Water 8.5% / High Service Pumps 12.9%	< 10%	Customer Satisfaction
Maintain Non-Revenue Water Losses	23%	23%	24%	< 20%	System Reliability
Maintain System Capacity to Peak Water Demand	43%	40%	39%	< 75%	System Reliability

Goals for FY22 Budget Year	Status	Strategic Focus	Timeframe
Launch new OMS system	Delayed by Vendor	Workforce Performance	Jan. 2023
Validate Redstone IGSA approach and financial structure	Complete	Financial Stability	Mar. 2022
Prepare design for new System Operations Center	Nearly Complete	Organizational Excellence	Sept. 2022
Renovate Triana & Thornton and implement operational changes	In Progress	Organizational Excellence	Sept. 2022
Finalize cross-connection inspection process	In Progress	System Reliability	Mar. 2022

Goals for FY23 Budget Year	Strategic Focus	Timeframe
Scale staffing and resources to support 20% community expansion over the next five years	Community Growth	Sept. 2023
Promote Huntsville as an “it” city through investment in local partnerships and collaboration with community leaders to meet economic development opportunities	Community Growth	Sept. 2023

Departmental Budget Summary

	FY22 Budget	FY23 Budget
Water Operating Expenses	\$21,229,979	\$24,819,943
Water Capital Expenses	\$3,490,462	\$4,481,000
Grand Total	\$24,720,441	\$29,300,943

Gas Operations

Mike Counts, Vice President Operations

Todd Gentle, Gas Operations Director

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 1,497-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 installing AMI modules on the gas meters and is roughly 30-35% complete. Meter Shop employees are responsible for the operation and maintenance of 93 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 1,534 service lines, which contributed to over 2% customer growth for fiscal year 2021.

The **Maintenance** section installs and maintains natural gas distribution pipelines and facilities. This installation and maintenance consist 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 837 miles of steel gas mains and 21,353 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 171,751 feet of various sizes of gas main for fiscal year 2021.

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 directional bores resulting in 113,842 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 1,697 landscaping requests and our contractor crews completed 1,056 landscaping requests for fiscal year 2021.

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.

Personnel Summary

		2019	2020	2021	2022	Vacancies	Planned Additions	BUDGET 2023
GAS OPERATIONS	Full-time	84	82	85	86	7	0	93
	Part-time	0	0	0	0	0	0	0
	Temporary	0	0	0	0	0	0	0

Departmental Overview

Performance Indicators	2020	2021	2022	Goal	Strategic Focus
Ensure Gas Availability	100%	100%	100%	>99.9%	System Reliability
Ensure Customer Interruptions are Brief	32.7 minutes	50.2 minutes	47.72 minutes	< 60 minutes	Customer Satisfaction
Unaccounted for Gas (12 month rolling average)	Not Tracked	3.09%	2.27%	< 5%	System Reliability

Goals for FY22 Budget Year	Status	Strategic Focus	Timeframe
Launch new OMS system	Delayed by Vendor	Workforce Performance	Jan. 2023
Validate Redstone IGSA approach and financial structure	Complete	Financial Stability	Mar. 2022
Prepare design for new System Operations Center	Nearly Complete	Organizational Excellence	Sept. 2022
Renovate Triana & Thornton and implement operational changes	In Progress	Organizational Excellence	Sept. 2022
Evaluate means to improve gas service installations	In Progress	System Reliability	Mar. 2022

Goals for FY23 Budget Year	Strategic Focus	Timeframe
Scale staffing and resources to support 20% community expansion over the next five years	Community Growth	Sept. 2023
Promote Huntsville as an “it” city through investment in local partnerships and collaboration with community leaders to meet economic development opportunities	Community Growth	Sept. 2023

Departmental Budget Summary

	FY22 Budget	FY23 Budget
Water Operating Expenses	\$204,132	\$212,408
Gas Operating Expenses	\$10,202,395	\$11,294,244
Electric Operating Expenses	\$51,033	\$53,103
Total Operating Expenses	\$10,457,560	\$11,559,755
Gas Capital Expenses	\$2,636,461	\$3,306,000
Grand Total	\$13,094,021	\$14,865,755

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.

Electric Operations

Mike Counts, Vice President Operations

Wayne Jordan, Electric Operations Director

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 2,921 miles of overhead primary and 1,538 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 103 Substations on the HU System. This is broken down to 83 distribution substations and 14 delivery points that are fed directly from TVA, and 6 of these also serve as distribution stations. This section operates, troubleshoots, repairs, and maintains 67 circuit switchers, 207 power transformers, 381 circuit breakers, 744 voltage regulators, and 50 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 6,000 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.

Personnel Summary

		2019	2020	2021	2022	Vacancies	Planned Additions	BUDGET 2023
ELECTRIC OPERATIONS	Full-time	183	184	194	215	8	6	229
	Part-time	0	0	0	0	0	0	0
	Temporary	0	1	1	1	0	0	1

Departmental Overview

Performance Indicators	2020	2021	2022	Goal	Strategic Focus
Ensure Electric Availability	99.977%	99.9%	99.9%	≥ 99.9%	System Reliability
Duration of Interruptions	58.33 minutes	51.69 minutes	51.69 minutes	< 60 minutes	Customer Satisfaction
Ensure Fiber Availability	100%	100%	100%	≥ 99.998%	System Reliability
Maximum Duration of Interruptions	6.96 hours	6.96 hours	6.96 hours	< 8 hours	Customer Satisfaction
Tree Trimming of Overhead Distribution Annually	191%	47.6%	47.6%	584 miles cleared/Yr.	System Reliability
Maintain Average Load Capacity for Substations & Main Feeders	99%	99%	99%	< 50%	System Reliability
Maintain Load Capacity for Substations & Main Feeders at Peak Demand	99%	99%	99%	< 100%	System Reliability

Goals for FY22 Budget Year	Status	Strategic Focus	Timeframe
Launch new OMS system	Delayed by Vendor	Workforce Performance	Jan. 2023
Validate Redstone IGSA approach and financial structure	Complete	Financial Stability	Mar. 2022
Prepare design for new System Operations Center	Nearly Complete	Organizational Excellence	Sept. 2022
Renovate Triana & Thornton and implement operational changes	In Progress	Organizational Excellence	Sept. 2022

Goals for FY23 Budget Year	Strategic Focus	Timeframe
Scale staffing and resources to support 20% community expansion over the next five years	Community Growth	Sept. 2023
Promote Huntsville as an “it” city through investment in local partnerships and collaboration with community leaders to meet economic development opportunities	Community Growth	Sept. 2023

Departmental Budget Summary

	FY22 Budget	FY23 Budget
Water Operating Expenses	\$637,211	\$796,649
Gas Operating Expenses	\$394,956	\$494,591
Electric Operating Expenses	\$38,092,034	\$46,127,165
Total Operating Expenses	\$39,124,201	\$47,418,405
Electric Capital Expenses	\$11,596,655	\$11,843,000
Grand Total	\$50,720,856	\$59,261,405

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.

Area Statistics

Total Area of Huntsville

Total Area (sq mi): 223.152

Total Area (acres): 142,818

Area of Huntsville in Madison County

Total Area (sq mi): 180.751

Total Area (acres): 115,681

Percentage of Total: 80.999%

Area of Huntsville in Madison County Excluding Redstone Arsenal

Total Area (sq mi): 175.130

Total Area (acres): 112,084

Percentage of Total: 78.48%

Area of Huntsville in Redstone Arsenal

Total Area (sq mi): 5.620

Total Area (acres): 3,597

Percentage of Total: 2.52%

Area of Huntsville in Limestone County

Total Area (sq mi): 41.388

Total Area (acres): 26,488

Percentage of Total: 18.55%

Area of Huntsville in Morgan County

Total Area (sq mi): 1.013

Total Area (acres): 648

Percentage of Total: 0.45%

Area of Huntsville Over Time

Total Area in 2020 (sq mi): 220.72

Total Area in 2019 (sq mi): 219.44

Total Area in 2015 (sq mi): 214.6

Total Area in 2010 (sq mi): 211.62

Total Area in 2000 (sq mi): 168.07

Total Area in 1990 (sq mi): 157.33

Total Area in 1980 (sq mi): 116.71

Population Statistics

Total Population *(as of 7/1 each year)*

Population in 2022 (Estimate): 227,529

Population in 2020 (Census): 215,008

Population in 2015 (Estimate): 190,147

Population in 2010 (Census): 180,105

Population in 2000 (Census): 158,216

Population in 1990 (Census): 159,789

Population in 1980 (Census): 142,513

Population Per Square Mile

2020: 974.11

2019: 909.75

2015: 886.05

2010: 851.07

2000: 941.37

1990: 1015.62

1980: 1221.08

Estimated Housing Units

Housing Units in 2020: 100,391

Housing Units in 2019: 97,856

Housing Units in 2015: 91,638

Housing Units in 2010: 85,152

City Council Districts

Council District 1

Total Estimated Population: 43,524
Percentage of Total Population: 20.24%
Population Per SQ MI: 968.39
Total Area (sq mi): 44.94
Total Area (acres): 28,765
Percentage of Total Land Area: 20.14%

Council District 5

Total Estimated Population: 42,185
Percentage of Total Population: 19.62%
Population Per SQ MI: 520.82
Total Area (sq mi): 81.00
Total Area (acres): 51,838
Percentage of Total Land Area: 36.30%

Council District 2

Total Estimated Population: 43,197
Percentage of Total Population: 20.09%
Population Per SQ MI: 970.24
Total Area (sq mi): 44.52
Total Area (acres): 28,494
Percentage of Total Land Area: 19.95%

Council District 3

Total Estimated Population: 42,498
Percentage of Total Population: 19.77%
Population Per SQ MI: 1,253.73
Total Area (sq mi): 33.90
Total Area (acres): 21,694
Percentage of Total Land Area: 15.19%

Council District 4

Total Estimated Population: 43,666
Percentage of Total Population: 20.31%
Population Per SQ MI: 2,323.79
Total Area (sq mi): 18.79
Total Area (acres): 12,026
Percentage of Total Land Area: 8.42%

<https://maps.huntsvilleal.gov/HuntsvilleStats/>

	Montgomery	Madison	Mobile	Birmingham	Decatur	Huntsville
Population Estimates, July 1 2021, (V2021)	198,665	58,357	184,952	197,575	57,804	216,963
Population						
Population Estimates, July 1 2021, (V2021)	198,665	58,357	184,952	197,575	57,804	216,963
Population estimates base, April 1, 2020, (V2021)	200,567	57,124	186,833	200,763	57,851	214,372
Population, percent change - April 1, 2020 (estimates base) to July 1, 2021, (V2021)	-0.90%	2.20%	-1.00%	-1.60%	-0.10%	1.20%
Population, Census, April 1, 2020	200,603	56,933	187,041	200,733	57,938	215,006
Population, Census, April 1, 2010	205,764	42,938	195,111	212,237	55,683	180,105
Age and Sex						
Persons under 5 years, percent	6.90%	5.20%	5.80%	5.70%	6.70%	6.00%
Persons under 18 years, percent	23.80%	26.20%	21.30%	19.30%	23.20%	19.90%
Persons 65 years and over, percent	14.60%	12.70%	16.60%	15.60%	18.50%	16.40%
Female persons, percent	53.10%	50.90%	53.00%	53.30%	51.10%	51.40%
Race and Hispanic Origin						
White alone, percent	31.50%	76.00%	43.60%	26.60%	66.50%	59.70%
Black or African American alone, percent(a)	60.80%	13.90%	51.10%	68.30%	22.30%	31.80%
American Indian and Alaska Native alone, percent(a)	0.20%	0.40%	0.30%	0.20%	0.20%	0.40%
Asian alone, percent(a)	3.20%	5.60%	1.80%	1.20%	0.30%	2.60%
Native Hawaiian and Other Pacific Islander alone, percent(a)	0.00%	0.00%	0.00%	0.00%	0.00%	0.10%
Two or More Races, percent	2.90%	3.30%	2.50%	2.00%	3.70%	3.00%
Hispanic or Latino, percent(b)	3.80%	5.70%	2.70%	4.10%	13.90%	6.30%
White alone, not Hispanic or Latino, percent	29.90%	71.60%	42.10%	24.50%	60.70%	56.50%
Population Characteristics						
Veterans, 2016-2020	13,964	5,058	11,937	12,322	2,669	17,695
Foreign born persons, percent, 2016-2020	5.10%	7.60%	3.40%	4.00%	6.70%	6.40%
Housing						
Owner-occupied housing unit rate, 2016-2020	54.10%	72.60%	51.80%	45.90%	64.40%	56.70%
Median value of owner-occupied housing units, 2016-2020	\$121,100	\$263,800	\$134,100	\$97,500	\$141,000	\$184,500
Median selected monthly owner costs -with a mortgage, 2016-2020	\$1,099	\$1,557	\$1,182	\$1,118	\$1,087	\$1,288
Median selected monthly owner costs -without a mortgage, 2016-2020	\$382	\$480	\$408	\$403	\$366	\$371
Median gross rent, 2016-2020	\$905	\$986	\$873	\$870	\$692	\$868
Families & Living Arrangements						
Households, 2016-2020	79,331	20,111	78,089	91,598	22,345	86,961
Persons per household, 2016-2020	2.43	2.51	2.36	2.2	2.39	2.2
Living in same house 1 year ago, percent of persons age 1 year+, 2016-2020	78.30%	85.40%	85.70%	79.10%	87.70%	79.20%
Language other than English spoken at home, percent of persons age 5 years+, 2016-2020	6.50%	11.00%	4.40%	5.80%	12.20%	8.10%
Computer and Internet Use						
Households with a computer, percent, 2016-2020	89.60%	98.10%	86.90%	85.60%	86.40%	92.90%
Households with a broadband Internet subscription, percent, 2016-2020	82.90%	94.50%	75.30%	76.70%	76.90%	87.00%

Education						
High school graduate or higher, percent of persons age 25 years+, 2016-2020	87.00%	97.40%	89.40%	87.20%	84.10%	90.70%
Bachelor's degree or higher, percent of persons age 25 years+, 2016-2020	33.40%	62.20%	31.00%	28.90%	23.00%	44.00%
Health						
With a disability, under age 65 years, percent, 2016-2020	12.40%	4.70%	9.00%	14.40%	10.50%	9.30%
Persons without health insurance, under age 65 years, percent	12.30%	3.80%	13.50%	14.70%	13.40%	11.90%
Economy						
In civilian labor force, total, percent of population age 16 years+, 2016-2020	59.30%	65.40%	57.40%	59.10%	58.00%	63.40%
In civilian labor force, female, percent of population age 16 years+, 2016-2020	57.00%	56.30%	54.30%	56.80%	49.30%	58.90%
Total accommodation and food services sales, 2017 (\$1,000)(c)	842,166	109,376	626,052	774,835	160,065	716,178
Total health care and social assistance receipts/revenue, 2017 (\$1,000)(c)	2,103,918	262,366	2,505,897	7,422,734	440,718	3,099,938
Total transportation and warehousing receipts/revenue, 2017 (\$1,000)(c)	368,363	108,710	667,214	1,166,791	135,453	597,667
Transportation						
Mean travel time to work (minutes), workers age 16 years+, 2016-2020	20	20.1	22.3	21.7	19.5	19.3
Income & Poverty						
Median household income (in 2020 dollars), 2016-2020	\$49,608	\$94,214	\$43,456	\$38,832	\$49,296	\$56,758
Per capita income in past 12 months (in 2020 dollars), 2016-2020	\$28,720	\$46,335	\$27,810	\$25,725	\$30,146	\$36,762
Persons in poverty, percent	20.10%	5.60%	20.10%	24.70%	15.50%	15.20%
Businesses						
All employer firms, Reference year 2017	3,906	921	4,501	5,076	1,550	4,683
Men-owned employer firms, Reference year 2017	2,207	477	2,615	2,839	903	2,624
Women-owned employer firms, Reference year 2017	622	200	635	625	251	856
Minority-owned employer firms, Reference year 2017	636	128	378	646	S	550
Nonminority-owned employer firms, Reference year 2017	2,512	640	3,304	3,239	1,126	3,348
Veteran-owned employer firms, Reference year 2017	332	47	369	266	88	470
Nonveteran-owned employer firms, Reference year 2017	2,702	683	3,191	3,524	1,121	3,420
Geography						
Population per square mile, 2020	1,254.90	1,875.10	1,341.00	1,365.30	1,065.90	985.7
Population per square mile, 2010	1,289.50	1,450.90	1,402.60	1,453.00	1,037.40	861.5
Land area in square miles, 2020	159.86	30.36	139.48	147.03	54.36	218.12
Land area in square miles, 2010	159.57	29.59	139.11	146.07	53.67	209.05
FIPS Code	151000	145784	150000	107000	120104	137000

<https://www.census.gov/quickfacts/fact/table/huntsvillecityalabama#>

Community Resources & Involvement

Huntsville Utilities is an integral part of our community. We offer various programs from assistance with making your home more energy efficient to collecting donations to assist members of our communities who are elderly or persons with disabilities, and on low or fixed incomes*, pay their utility bills during the harsh winter months. Another way Huntsville Utilities employees give back is through our internal [Volunteer Council](#). We help with marketing campaigns for Project Share, School's Sign Up to Round Up, Bikes or Bust drive, Liz Hurley Ribbon Run, No Tricks All Treats, and many other community programs throughout the year.



About Project Share

Members of our communities who are elderly or persons with disabilities, and on low or fixed incomes*, need your help to get through the harsh winter months. These neighbors already have so much to worry about, and your generosity would make all the difference in their daily lives. By making a contribution of \$1.00 or more when you pay your utility bill each month, you can help the most vulnerable among us stay warm this year.

All contributions are tax-deductible!

START CONTRIBUTING TODAY

*As determined by the Salvation Army.



29,435	\$5.2M	\$127,336	30%
Families helped in Madison County since 1988	Spent helping our neighbors since starting in 1988	Awarded to neighbors in need of assistance last year	Of donations go to long-term home improvements

<https://www.youtube.com/watch?v=OUW8ME2aZuY>

Huntsville Utilities employees participating in the annual Liz Hurley Ribbon Run for Breast Cancer Awareness.



Some of our employees volunteered at Manna House, sorting through donated food and preparing it for distribution. Manna House is the food distribution program of the Huntsville Dream Center, a 501© public charity that serves our community to meet the needs of those experiencing difficult situations.



Members of the Huntsville Utilities Volunteer Council went shopping for needed items at Harris Home for Children using funds donated by Huntsville Utilities employees. They were able to provide blankets, bedding sets, towels, sweatshirts/sweatpants, and thermals. The Volunteer Council organizes and executes charitable endeavors on behalf of the company's nearly 800 employees.



Since 2003, Huntsville Utilities 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 efficient. The two-week event happens in October and is called Education Days. It consists of five primary components: the training yard, the bucket truck, dispatch center, natural gas exploding bubbles, and information about our water system.



We have many other outreach marketing campaigns for safety such as Call Before You Dig day on August 11th each year.



Glossary

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.

Annual Budget: A budget covering a single fiscal year.

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.

Assets: Resources owned or held by Huntsville Utilities that provide positive economic value.

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.

Blended component units: Component units that are so intertwined with the primary government that they are, in substance, the same as the primary government and are presented as part of the primary government's financial statements.

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.

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 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.

Component Unit: A legally separate organization for which the elected officials of the primary government are financially accountable.

Debt Service: The sum of money required to pay installments of principal and interest on borrowed funds according to a pre-determined payment schedule.

Depreciation: An accounting method used to allocate the cost of a tangible or physical asset over its useful life. Instead of accounting for the cost of the asset at the time it is purchased, that cost is spread out over the life of the asset which reduces the immediate cost of ownership.

Discretely Presented Component Unit: A component unit that possesses some level of autonomy in management, yet the primary government still has a controlling interest and should be reported in a separate column in the primary government's financial statements.

Enterprise Fund: A self-supporting government fund that sells goods and services to the public for a fee. HU is comprised of three Enterprise funds: the Electric Fund, the Gas Fund and the Water Fund.

Expenditures: Actual payment for goods and services received.

Fiduciary Fund: Funds use to account for assets held by a government in a trustee capacity or as an agent for others. Fiduciary Funds include Pension, External Trust, Private-Purpose, and Custodial Funds.

Financial Reserves Policy: A policy to identify prudent reserve levels to mitigate risk while promoting long-term financial stability.

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.

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.

Governmental Fund: The funds thru which most governmental functions are accounted for. The acquisition, use, and balances of the government's expendable financial resources and liabilities are all accounted for thru governmental funds. Governmental Funds include General, Special Revenue, Debt Service, Capital Projects, and Permanent Funds.

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.

In Kind: Relocation work done for the ALDOT moving utility assets in a good state of repair without adding to its physical make-up or changing its physical capacity. This is the maximum amount that will be reimbursable by the ALDOT.

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.

Long-Term Debt: Debt with a maturity of more than one year after the date of issuance.

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.

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.

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.

Major Fund: Funds whose total assets, liabilities, revenues, or expenditures of the individual fund are at least 10% of the corresponding total of all funds in that category (i.e., governmental or enterprise) and at least 5% of the aggregate for all funds combined. HU uses three major enterprise funds, one each for water, gas and electric as we are a discreetly presented component unit of the City of Huntsville, AL.

Net Position: The difference between total assets plus deferred outflows of resources, and total liabilities plus deferred inflows of resources. This is similar to equity on the balance sheet of a business entity.

Non-Major Fund: Funds in which special purpose activities are accounted for including special revenue funds, capital project funds, smaller scale enterprise funds, and internal service funds. HU does not use any non-major funds.

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.

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.

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.

Proprietary Fund: Funds that are used to account for a government's ongoing activities that are similar to those often found in the private sector. All assets, liabilities, net assets, revenues, expenses and transfers relating to the government's business are accounted for thru proprietary funds. Proprietary funds include Enterprise funds and Internal Service Funds.

Recurring Capital: Items of significant value and having a useful life of several years. These capital items will have expenditures planned each year.

Revenue Bonds: Bonds usually sold for constructing a project that will produce revenue for the entity.

Revenues: Funds that are received as income.

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.

Strategic Plan: A process for determining an organization's immediate and long-term goals.

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.

Washwater Tank: This is a special tank that provides water pressure to clean filters.

Acronyms

AAC: All Aluminum Conductor	FY: Fiscal Year
AC: Asbestos Cement	FYTD: Fiscal Year to Date
ADA: Americans with Disabilities Act	GAAP: Generally Accepted Accounting Principles
ADEM: Alabama Department of Environmental Management	GFOA: Government Finance Officers Association
ADPH: Alabama Department of Public Health	GIS: Geographic Information System
ALDOT: Alabama Department of Transportation	HDPE: High Density Polyethylene
ALPEX: Alabama Performance Excellence	HEMSI: Huntsville Emergency Medical Services Inc.
ALPSC: Alabama Public Service Commission	HMC CVB: Huntsville/Madison County Convention and Visitors Bureau
AMI: Advanced Metering Infrastructure	HPD: Huntsville Police Department
AMS: Asset Management System	HR: Human Resources
APGA: American Public Gas Association	HU: Huntsville Utilities
APPA: American Public Power Association	HVAC: Heating, Ventilation, and Air Conditioning
ATC: Aid-To-Construction	ID: Identification
ATRIP: Alabama Transportation Rehabilitation and Improvement Program	IGSA: Inter-Governmental Service Agreement
AWPC: Alabama Water Pollution Control	IOS: iPhone Operating System
AWWA: American Water Works Association	IT: Information Technology
BTU: British Thermal Units	ITSC: IT Steering Committee
BVB: Budget vs Budget	IVR: Interactive Voice Response
BVP: Budget vs Projected	kW: Kilowatt
BWO: Budget Work Order	kWh: Kilowatt Hour
C&I: Commercial and Industrial	KPI: Key Performance Indicators
CCF: 100 Cubic Feet	kV: 1,000 Volts
CE&I: Construction Engineering and Inspection	LCWSA: Limestone County Water Service Area
CFR: Code of Federal Regulations	LED: Light Emitting Diode
CI: Cast Iron	LF: Linear Foot
CIAC: Contribution in Aid to Construction	MCF: 1,000 Cubic Feet
CIP: Capital Improvement Plan	MCFD: 1,000 Cubic Feet Daily
CIS: Customer Information Systems	MCM: 1,000 Circular Mills
COH: City of Huntsville	MDM: Master Data Management
COLA: Cost of Living Adjustment	MG: Million Gallons
CPI: Consumer Price Index	MGD: Million Gallons Per Day
CRM: Customer Resource Management	MIS: Management Information Systems
CUF: Cubic Foot	MMBTU: 1,000,000 British Thermal Units
DI: Ductile Iron pipe	MOU: Memorandum of Understanding
DIP: Ductile Iron pipe	MRU: Meter Reading Units
DM: Device Management	MTM: Mazda Toyota Manufacturing
DMO: Demand Maintenance Order	MTMUS: Mazda Toyota Manufacturing
DOT: Department of Transportation	MVA: 1,000 Kilo-Volt Amperes
Dth: Dekatherm	MVV: Mission Vision Values
EEO/DI: Equal Employment Opportunity/Diversity and Inclusion	MW: 1,000 Kilowatts
Eng: Engineering	NAPRCA: North Alabama Public Relations Council of Alabama
EPA: Environmental Protection Agency	NHIP: North Huntsville Industrial Park
ERP: Enterprise Resource Planning	NIST: National Institute of Standards and Technology
FAA: Federal Aviation Administration	NPDES: National Pollutant Discharge Elimination System
FH: Fire Hydrant	NTP: Notice to Proceed
FHLB: Federal Home Loan Banks	O&M: Operation and Maintenance
FHLMC: Federal Home Loan Mortgage Corporation	OMS: Outage Management System
FICA: Federal Insurance Contributions Act	OPEB: Other Post-Employment Benefits
FLSA: Fair Labor Standards Act	Ops: Operations
FMLA: Family and Medical Leave Act	OWO: Operation Work Order
FNMA: Federal National Mortgage Association	PBX: Private Branch Exchange

PCB: Polychlorinated Biphenyl
PDR: Preliminary Design Report
PE: Polyethylene
PHMSA: Pipeline and Hazardous Materials Safety Administration
PILOT: Payment in Lieu of Taxes
PMO: Preventative Maintenance Order
PR: Public Relations
PVC: Polyvinyl Chloride
PWO: Project Work Order
R&R: Renew and Replace
RFID: Radio Frequency Identification
RFQ: Request for Quote
ROW: Right-of-Way
RP3: Reliable Public Power Provider
RSA: Redstone Arsenal
RTU: Remote Thermal Unit
S&P: Standard & Poor's
SAHD: State of Alabama Highway Department
SAP: System Analysis Program
SCADA: Supervisory Control and Data Acquisition
SCCM: System Center Configuration Manager

SDLC: Software Development Lifecycle
SOAR: System Operational Achievement Recognition
SOW: Scope of Work
SPWTP: South Parkway Water Treatment Plant
SRF: State Revolving Fund
Svcs: Services
Tech: Technician
TECO: Technically Close
TNCPE: Tennessee Center for Performance Excellence
TS: Technical Services
TVA: Tennessee Valley Authority
TVPPA: Tennessee Valley Public Power Association
USACE: United States Army Corps of Engineers
VBC: Von Braun Center
VFD: Variable Frequency Drives
VPN: Virtual Private Network
WFH: Work from Home
WMS: Work Management System
WO: Work Order
WS: Welded Steel pipe
WTP: Water Treatment Plant

Links to Additional Resources

[Huntsville Utilities Website \(www.hsvutil.org\)](http://www.hsvutil.org)
[City of Huntsville Website \(www.huntsvilleal.gov\)](http://www.huntsvilleal.gov)
[Tennessee Valley Authority Website \(www.tva.com\)](http://www.tva.com)

Published Financial Information for Huntsville Utilities and the City of Huntsville, Alabama

[2021 Huntsville Utilities Audited Financial Statements](#)
[2020 Huntsville Utilities Audited Financial Statements](#)
[2019 Huntsville Utilities Audited Financial Statements](#)
[Huntsville Utilities FY22 Annual Budget and Capital Improvement Plan](#)
[Huntsville Utilities FY21 Annual Budget and Capital Improvement Plan](#)
[2021 City of Huntsville, AL Comprehensive Annual Financial Report](#)
[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 \(www.hsvchamber.org\)](http://www.hsvchamber.org)

- [Community Profile](#)
- [Employment and Workforce Data](#)

Other Links

[AL Dept of Environmental Mgt - State Revolving Fund \(www.adem.alabama.gov\)](http://www.adem.alabama.gov)
[Consumer Price Index \(www.bls.gov\)](http://www.bls.gov)
[GFOA Distinguished Budget Presentation Award \(www.gfoa.org\)](http://www.gfoa.org)

Social Media

