



Huntsville Utilities Annual Report

2012

William C. Pippin
President and Chief Executive Officer

Jay C. Stowe
Chief Operating Officer

Theodore Phillips
Chief Financial Officer

Steve Wright
Electric Manager

Jimmie Butler
Natural Gas and Water Operations Manager

Anthony F. Owens
Water Supply Manager

Stacy Cantrell
Engineering Services Manager

Tim Walker
Customer Relations Manager

Anna Parvin
Customer Services Manager

Ron McLeroy
Technical Services Manager

David Champigny
MIS Director

Keith Moran
Controller

Janice Capshaw
Human Resources Director

Ron Rizzardi
Internal Audit Director

Bill Yell
Communications Director

Mike Cornett
Safety & Security Director

Our Mission

To provide high quality, low cost, safe, reliable electric, natural gas, and water service delivered in a customer-friendly manner.

Our Vision

To be the best electric, gas and water utility in the Tennessee Valley in regard to rates, customer service, reliability, and community involvement.

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Huntsville Utilities Annual Report

City of Huntsville
Electric, Natural Gas,
and Water Systems

2012

From the President

Supporting the growing communities in North Alabama is a large task. Huntsville Utilities endeavors to not only support this growth but to provide quality, reliable service every day, all the time.

Every day Natural Gas crews are out replacing old cast iron pipes to improve reliability. Residential gas meters are being tested and replaced as the Gas Department continues its 12 Year Change-Out Program. The Gas Purchasing office made purchases during Fiscal Year 2012 that kept natural gas prices stable for Huntsville Utilities customers, unlike many areas of the nation.

The Water Department continued improvements in both the supply and operations areas. Going into the second year of realignment, operations staff in both the Gas and Water departments continued cross-training to improve efficiency. Water supply was recognized by the EPA for efficiency in the water plants, and plans continued being developed to support the growing need for water to strengthen the area's growth potential.

The Electric Department completed a temporary substation to support development of the Redstone gateway project. This was in addition to two new substations completed in the County Line Road and Gurley community areas. The department tested equipment as well as the SCADA systems, recreating the worst circumstances possible, to strengthen system reliability.

Engineering services for the three operations departments - water, gas and electric - have been combined under one manager. Many projects require all



William C. Pippin
President / Chief Executive Officer

three services, and by developing plans as a team, manpower and resources can be better utilized for cost and time savings.

To better facilitate meeting customers' needs, a new Customer Relations Department was created. This department facilitates the administration of both residential and business customer accounts from meter reading through the billing process. This allows the Customer Service Department to focus more directly on the specific needs of customers instead of data collection and billing.

Jay C. Stowe, PE
Chief Operating Officer



Theodore Phillips, PCA
Chief Financial Officer



In most areas of the country, growth is unheard of during the last few years. In the Huntsville Utilities service area, the Electric Department alone has added over 1,080 new customers in the last year. The Natural Gas and Water departments have also added nearly 1,600 new customers during Fiscal Year 2012. While the growth hasn't been as obvious as in some years, the strength of our region is still evident.

Yes, 2012 has been another year of growth and stability for Huntsville Utilities and the communities we serve. Times aren't easy anywhere, but at least in Madison County and the portions of North Alabama that Huntsville Utilities serves, customers can count on reliable, safe utility products at low prices.

We are Proud to Serve You,

A handwritten signature in black ink that reads "William C. Pippin". The signature is written in a cursive, flowing style.

William C. Pippin

Introducing.....

Utility Board Members and Management Team

D. Thomas Winstead
Electric Utility Board
Chairman



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



George A. Moore, Esq.
Electric Utility Board
Vice-Chairman



Stanley Statum
Natural Gas & Water Utility Boards
Vice-Chairman



Jimmie Butler
Natural Gas and Water
Operations Manager

Ronald W. Boles
Electric Utility Board
Secretary



William M. Johnson
Natural Gas & Water Utility Boards
Secretary



Steve Wright
Electric Manager



Anthony F. Owens
Water Supply Manager

E. Cutter Hughes, Jr., Esq.
Electric Utility Board
Attorney



J. Robert Miller, Esq.
Natural Gas & Water Utility Boards
Attorney



Janice Capshaw
Human Resources
Director



Anna Parvin
Customer Services
Manager



Tim Walker
Customer Relations
Manager



David Champigny
MIS Director



Ron McLeroy
Technical Services
Manager



Stacy Cantrell
Engineering Services
Manager



Keith Moran
Controller



Lucrecia Points
EEO/Organizational
Development Specialist



Glenda Waller
EEO/Organizational
Development Specialist



Bill Yell
Communications
Director

Electric Department

In this fast moving age it's hard to keep traditions alive, but Huntsville Utilities is striving to keep one tradition going: Its tradition of reliable service. A key to that is making sure the growing population receives reliable electrical service.

To meet this demand, Huntsville Utilities Electric Department has completed and begun construction on substations in Huntsville and around Madison County. It received two new 46/12kV power transformers in 2012 which will be used in substations planned for the Madison and Gurley areas. Site work has been completed and fence installed at the Charity Lane Substation, a new TVA power delivery point. The transformer should arrive in early 2013. Huntsville Utilities crews also brought the County Line 12kV station on line and have begun building the 46kV part of the substation. The material has arrived for the new Burwell Substation on Highway 53, and it should be carrying load by summer 2013. Site work has also been completed at Byrd Springs Substation to convert it to 161kV.

Huntsville Utilities is working, of course, to serve an ever-growing commercial customer base. One of the largest projects in the city is the Redstone Gateway, and a temporary substation for the development has been energized. Meanwhile, construction on the Redstone 161/46kV substation being relocated for the city of Huntsville has been completed. Construction has started on another substation on Redstone as part of the agreement with the city and the developer. Huntsville Utilities also

purchased land for another substation to serve the Research Park area. The Electric Department energized three new breakers at the Discovery Drive Substation, and they should be carrying load in early 2013.

To ensure future service needs are met in a cost-effective and efficient way, Engineering has been working closely with an integrator to build and supply software that will allow the utility to model its electric system. The software is complete; testing will begin in December, and the final product should be delivered in early 2013. This has been a huge undertaking and has involved individuals from Information Technology, Mapping, and Engineering.

The Electric Department collected \$4,386,890 in aid-to-construction payments. This helps pay for the infrastructure needed for new housing and other developments where utilities haven't been installed. The department also received \$1,539,290 in pole attachment revenue, which includes fees from cable television, telephone and other telecommunication providers to place equipment on electrical transmission poles.

We all know how much weather affects us, and the Electric Department strives to be pro-active to help lessen outages during adverse conditions. Substation crews tested SCADA command functions of 313 transmission and distribution circuits and have made necessary repairs. This assures all the remote commands function properly for daily switching and emergency conditions. Crews also performed an infrared scan on all substations, and delivery points were scanned again during summer and winter peak loads.

The department also built a trailer for safety training of our crews and the public. The trailer demonstrates the dangers of generators and downed power lines.

In short, through maintenance, construction, training and continual upgrades of equipment, the Electric Department strives to perform its tasks in the Huntsville Utilities tradition of providing reliable service.



Electric crews are currently working along County Line Road preparing delivery lines for the 46kV portion of the new substation built to feed from TVA's County Line Delivery Point. The 12 kV portion of the substation is already online.



From rich, red southern soil, the Redstone Gateway Substation Project was nurtured by engineers and substation personnel. The substation will support the growing Redstone Gateway Park with 93,000 kilowatts of capacity.

Underground Facility Locations Completed	65,914
Aid-To Construction	\$4,386,890
New Substations Completed	2
Utility Poles Set	591
New/Repaired Underground Cable	16 miles
Electric Customers	172,141
New Electric Customers	1,083

Natural Gas Department

When it comes to a tradition of reliable service, the Huntsville Utilities Natural Gas Department exceeds the standard. The utility's efforts and results are recognized locally by an increasing customer base and nationally by its peers in the public gas industry.

The department has been able to maintain and provide ample gas service and pressure for our customers. There are – as of Sept. 30, 2012 – 49,010 gas customers, an increase of 394 customers since FY2011. The growth is a source of pride for the department. During this period of economic downturn, many gas systems across the nation are experiencing negative growth.

While prices around the country on various products and services seem to be ever-climbing, the Natural Gas Department has been able to stem that tide. With foresight from management in establishing and adhering to a strict gas purchasing policy, and by supervision keeping a close eye on operation and maintenance expenditures, not only have gas rates been maintained through 2012, but Huntsville Utilities has been able to reduce gas rates for ALL customers by 10 percent.

For its efforts, the department received the 2012 American Public Gas Association's Safety Management Excellence Award, which is only awarded to one public gas system nationwide per year. Among those efforts is cross-training between two departments. In this practice, Gas and Water Department employees are cross-training to become more flexible, efficient and productive. This has paid off in providing help and service to Huntsville Utilities customers, and the utility has set a goal of continuing cross-training

through 2013. Plans are to begin a combined Gas and Water Operations Department apprenticeship program in early 2013, the first of its kind.

Another feather in the utility's cap is the 2012 APGA Safety Award, and Huntsville Utilities strives to continue a tradition of safety, setting one of its goals in 2013 to continue its streak of no lost-time accidents. In a salute from his peers nationwide, Natural Gas and Water Operations Manager Jimmie Butler served as chairman for the APGA Operations & Safety Committee.

It was a busy and constructive year for the Natural Gas Department which saw 674 new service lines installed, 315 service lines replaced, and 58,870 feet of new gas mains installed. To meet expected demand, the department's goals for 2013 are to install 650 new gas service lines, replace 300 service lines, and install another 50,000 feet of new gas mains.

The Natural Gas Department is changing one tradition, though, to ensure that reliable service is maintained. Cast iron gas mains have been a tradition for municipalities nationwide since the 1800s. Since age could lead to deterioration and other potential risks associated with cast iron pipe, the department is continuing to aggressively replace its cast iron gas mains. In 2012, crews replaced 9,448 feet (nearly two miles) of the mains on Linden Avenue, Thornton Circle, McCullough Avenue, and 8th Avenue and have a goal for 2013 to replace 21,120 feet of cast iron gas mains.

In 2012, the Natural Gas Department completed several projects including Phases I and II of the Redstone Gateway Project; relocations on Douglas

Road, Church Street and University Drive; and main extensions on Nature’s Way, Thunderbird, Oak Grove Phase 1 (Farley Farms), and Taylor Lane.

Crews also installed test stations for Corrosion Control as needed, completed the annual leak survey, changed out residential meters in the department’s 12-year Change Out Program, tested commercial and industrial meters, and identified and repaired natural gas leaks throughout the year.

Through management practices, safety policies, and continuing to upgrade and modernize the system, the Natural Gas Department is striving to maintain a tradition of reliable service.



In an effort to increase effectiveness and reach more customers, the Gas Safety Public Awareness Team designed a new display and updated literature.



Utility crews locate gas service lines manually, using shovels instead of backhoes, to avoid pipe damage when within 18 inches of the pipe. Not only does this action save money, but it may save lives.

Natural Gas Sold	5,008,333 mcf
Natural Gas Transported	1,480,002 mcf
Directional Bores Completed	70,920 feet
New Gas Mains	58,870 feet
New Service Lines	674
Natural Gas Customers	49,010
New Gas Customers	394

Water Department

Providing high-quality, clean drinking water is perhaps the most important service for any utility, and Huntsville Utilities has a nationally-recognized tradition of reliable water service.

U.S. Environmental Protection Agency (EPA) Region IV officials honored the Water Department's Water Supply section for exceeding water quality goals set by the EPA and Alabama Department of Environmental Management. The Southwest Treatment Plant received a Five-Year Optimization Award for exceptional efficiency for five consecutive years, and the South Parkway Treatment Plant received an Optimization Award for 2011.

The Water Department brought home several awards from the annual Alabama Water & Wastewater Pollution Control Association conference. The Lincoln Dallas plant received an award for being named the Best Operated Plant for three consecutive years. The South Parkway Plant was named "Best Operated Plant" in its category. The department as a whole received a Three-Year Award for "Best Operated System" for its tanks and boosters.

To provide high quality, clean drinking water, as well as helping to earn the accolades, employees in the water treatment facilities performed 303,073 hourly and daily tests of the filtration systems. The Water Lab performed 4,440 regulatory required water quality tests. The testing also was a revenue producer for the lab. Employees analyzed an average of 262 bacteriological samples per month for nine other municipal water systems which netted about \$20,000.

As of Sept. 30, 2012, there were 89,280 water customers, a more-than 1 percent increase over the previous year. The department pumped more than 15 billion gallons and supplied a daily average of more than 41.2

million gallons to the service area. In meeting current and future water demand, the operations division completed improvement on Rhett Avenue and the Zierdt Road and Old Madison Pike projects. The unit also installed approximately 29,102 feet of new water mains.

The North Alabama area is prone to severe weather, and the Water Department made several pro-active moves to ensure water service to its customers. The department received a 250 kilowatt generator from Huntsville Hospital and mounted it on a trailer. The generator will be used to power booster stations in the event of electrical failure.

Water Supply purchased a 600kW portable generator and a 750kW portable generator to supply power to water supply equipment in the event of power failure. An emergency generator and booster pump was installed at the Esslinger Booster Station to supply water and maintain pressure during a power failure. Water Supply is also installing a 2,000 kW generator for the Southwest Water Treatment Plant. With this addition, both surface water treatment plants will have standby power during emergency situations.

The Operations and Supply sections installed high and low pressure fire hydrants at booster stations. The move enabled the department to use portable boosters and Huntsville Fire & Rescue pumper trucks to pump water into reservoirs during emergencies. The Supply section also received a diesel-powered portable booster to help continue supplying water if a booster station is out of service.

Staff members continued with the design study for a proposed water treatment plant. All of the permits have been approved, the land has been procured, and about 40 percent of the design is complete. The new plant will increase the reliability of supplying water to a growing area and an increasing customer base.

Water Supply has implemented a full-time leak detection crew. Their responsibilities will include leak detection, controlling and accounting for non-revenue water, and assisting with flushing and water quality issues in the system. To help remain proactive in facing possible problems and to aid efficiency throughout all of Huntsville Utilities, the Water Department is also cross-training its employees with Gas Department employees.

In all, Huntsville Utilities Water Department employees are working behind the scenes and on the street to ensure their customers can depend on the utility's tradition of reliable service when they turn on the faucet.



Water Operations crew members repair a leak on an 18-inch water main on Ninth Avenue.



Emergency responders stand by while Water Department personnel prepare to repair a fire hydrant which was damaged in a vehicular accident.

New Water Main Installed	29,102 feet
Water Pumped	15 Billion Gallons
Quality Tests Performed Annually	4,440
Meters Installed (Domestic & Irrigation)	2,046
Total Water Customers	89,280
New Water Customers	1,085

Customer Services

Providing good, reliable customer service is the top priority with companies. It's usually the first and lasting impression with customers, and Huntsville Utilities aims to make its customers' experiences pleasant and convenient.

In FY2012, Customer Service staff assisted more than 37,360 walk-in customers. Fewer customers are waiting in line to pay bills or stop/start/transfer services because those options are now available online. This resulted in 24,442 walk-in customers for stop/start/transfer services in FY2012, a 10 percent decrease. The electronic payment option showed a 20 percent increase over the past fiscal year, resulting in a decrease in bill-paying at the main office. Chase Service Center, and both drive-thru facilities. The department also plans to install payment kiosks at those locations to allow customers to make cash, check, or credit card payments 24 hours a day.

To further emphasize quality customer service, staff in the Customer Information Center personally answered 80 percent of customer phone calls in less than 60 seconds. All calls are routed through the Interactive Voice Response system, and many requests are completed without the need for personal assistance.

In a continuing move to expand services and reach out to the customers, Wal-Mart is now an authorized payment agent. As the public becomes more aware, the number of customers using this option is continuing to grow. The program started in the spring of 2012 and by the end of the fiscal year in September had grown 45 percent.

Huntsville Utilities realizes that in this hard economic climate, the number of customers who are having difficulty making ends meet has grown. The

department's network of agencies is also growing to help make aid available. In the past fiscal year, more than 8,470 families received over \$3 million in assistance. During the 2012 heating season (January-March), Project Share aided 839 families with utility assistance in the amount of \$156,389.45. The program, overseen by the Salvation Army, is supported by customer donations and designed to help the elderly and disabled who need financial assistance paying their utility bills.

The Customer Relations Department is setting the pace in helping the local economy grow. Staff members continue to work closely with the Chamber of Commerce and the Alabama Department of Industrial Relations in recruiting businesses to the area. Teaming with TVA, the Commercial & Industrial section of the department actively promotes energy-efficiency programs to help commercial customers save energy and money.

This is the age of energy awareness, and the public is looking for ways to conserve energy and lower utility costs. Huntsville Utilities is a leader in this area through information and a menu of energy services including the New Homes Program, the Efficiency Program, and the Green Power Providers Program.

The New Homes Program includes inspections, testing, computer-modeling, and certification of energy-efficient new homes. Huntsville Utilities is a statewide leader in certifying energy-efficient new homes, and the Energy Departments work accounted for nearly one-third of all power-company certifications within the seven-state TVA region.

The Efficiency Program provides inspections for homeowners replacing heating and cooling equipment through a program that includes a network

of local quality contractors. A total of 115 inspections were provided by Huntsville Utilities’ technicians through this program during FY2012.

On-site visits are sometimes necessary for residents experiencing extreme energy issues. Energy Technicians worked with 86 residents during the year to solve energy usage problems.

The Green Power Providers Program, formerly known as Generation Partners, offers a means by which customers who wish to generate electricity through solar or wind, may connect their system to the grid and receive payments from TVA. The program added five participants in FY2012 and accepted 39 system applications for FY2013.

Moving into the future with the latest technology to ensure customers receive top-notch service and efficient energy is another way Huntsville Utilities continues its tradition of reliable service.



Huntsville Botanical Gardens became the site of a new solar-powered generation exhibit during FY2012. The solar panels have a 23-kilowatt capacity and can generate about 30,000 kilowatt-hours of electricity each year.

The Customer Information Center was redesigned to an open floor plan to enhance the communication of the Customer Service Representatives with supervision as needed.



Avg. Number of Meters Read Monthly	340,000
TVA Security Deposits/industrial only	198
Avg. Monthly Bank Draft Payments	38,284
Energy Efficient New Homes Certified	1,214
Customer Information Center Calls	318,975
Unauthorized Usage Collections	\$135,673.06

The Employees

Huntsville Utilities employees are the face, as well as the heart and soul, of the utility and are striving daily to continue the tradition of reliable service.

You've seen meter readers in the neighborhood, Huntsville Utilities trucks on the roads in all kinds of weather and, if you've ever visited the downtown office, the utility's customer service employees were eager to help you. Chances are you'll recognize someone because Huntsville Utilities employees are your neighbors, members of your church congregation and the PTA.

Huntsville Utilities employees continue the tradition of giving back to the community to improve the value of life for all. Huntsville Utilities employees have donated service time, units of blood, school supplies, and Christmas presents. They raised \$18,243 during FY2012 to benefit the March of Dimes, Cystic Fibrosis, Huntsville Hospital's Project Linus, veterans' causes, Operation Stand-down, the American Cancer Society, Salvation Army, Firefighters Association, Early Works kids camp, Huntsville Hospital's Swim for Melissa, the Liz Hurley Ribbon Run, and Lite It Up Pink for breast cancer research. During the 2012 United Way Campaign, Huntsville Utilities employees donated another \$16,218 to programs throughout the community.

The employees also support organizations such as Delta Sigma Theta Sorority while participating in mentor programs for veterans and Huntsville/Madison County Leadership. Huntsville Utilities employees take part in school career days, read to elementary school students, and are active on boards for the North Alabama African American Chamber of

Commerce and the Alabama A&M Community Development Corporation. They also participated in the Chamber of Commerce's monthly Human Resource Roundtable and various Huntsville/Madison County Leadership programs, including interviews with a Leadership class that resulted in a video used statewide encouraging young adults to choose blue-collar careers.

Through the Safety and Security group's training procedures and policies, Huntsville Utilities was able to drastically reduce injuries to employees. The utility is continuing its annual refresher training in first aid and CPR for employees. The number of recordable injuries dropped 45 percent in 2012. Total injuries, including recordable and those requiring first aid, dropped 27 percent from 2011. Although preventable vehicle accidents went up from 6 in 2011 to 9 in 2012, the total number of vehicle accidents was down to 24 from 29 in 2011.

Huntsville Utilities plans to install additional security for entrances across the company. Additional perimeter security equipment and security cameras for three substations are scheduled to be installed.

Training proved to be a major milestone for Human Resources in 2012. Every employee underwent Workplace Violence and EEO training. To help Huntsville Utilities operate efficiently, all departments began Microsoft Office training which will be ongoing in 2013. A group of managers and supervisors participated in a coaching/development program to improve their leadership skills.

The year also saw major organizational changes for Huntsville Utilities. Engineering functions in all operations departments was combined into one Engineering Services Department to support the Gas, Water, and Electric departments, and the Customer Services and Customer Relations departments were realigned for operation efficiency with an eye toward continuing the tradition of reliable service.



Employees use a variety of fundraising ideas to assist organizations like the March of Dimes and American Cancer Society. In FY2012 a 3-on-3 basketball tourney was hosted to raise money for the American Cancer Society's Relay for Life.

Electric Department Employees	152
Natural Gas Department Employees	75
Water Department Employees	82
Customer Services Employees	126
Joint/Administrative Employees	144
Temporary/Contract Employees	47
Total Employees	626
Customers per Employee	536

Employees are recognized for loyal service every five years. During FY2012 99 employees were honored for 1,290 years of service. Employees tend to stay with Huntsville Utilities for lifetime careers creating a strong, experienced workforce.



Administrative Services

Huntsville Utilities administration has dedicated employees who work behind the scenes to keep costs low, helping keep customers' bills low while still continuing the tradition of reliable service. Administrative duties include purchasing equipment; maintaining facilities and equipment; and upgrading various departments – including gas, water and electric – to ensure services are provided in the most efficient means.

Engineering Services is a new department combining electric, water, and gas engineering sections, as well as the GIS, mapping, and locates sections. The department was created to facilitate multi-service project coordination from a central location. The department completed engineering specs and plans for several large projects in FY2012, including Redstone Gateway, an additional building at the HudsonAlpha Institute for Biotechnology, and two projects at Bridge Street Town Centre. Engineering Services provided departmental safety updates, including cross-training efforts, so that every section is knowledgeable of each other's hazardous situations.

When most people think of Huntsville Utilities, the first thing to come to mind are trucks and crews working on the power lines. There are 746 vehicles and other equipment in the company inventory. One supervisor, six mechanics and one clerk completed 5,528 work orders for the fleet, including 3,316 unscheduled repairs. Among the repairs were two engines that had to be rebuilt along with 32 transmissions. To help ensure that the trucks are ready to roll on a moment's notice, the department has computerized the preventive maintenance schedule for each vehicle.

The Public Relations Department has increased staff size in order to better facilitate communications for customers and inside the company. The department has added monthly bill inserts and social media (Facebook

and Twitter) correspondence increasing communication frequency. Staff members are also becoming more involved in government affairs to help protect utility customers and community associations to help address customer concerns.

The Purchasing Department handles contracts for all of the utility's departments. Purchasing employees work to keep buying costs down, enabling the savings to be passed on to the customers. In all, the department issued 5,294 purchase orders for a total of \$42,470,334.64 in purchased products and services. The Accounting Department processed 16,854 invoices. The department issued 7,260 checks for payments of nearly \$600 million.

Cybersecurity is a primary concern today, and the Technical Services section is focused on ensuring the safety of the Huntsville Utilities system. Huntsville Utilities continues to expand its fiber network for reliability and provides data for engineering and operations departments. Technical Services is also continually upgrading the utility's technology, including mobile devices, to enable employees to become more productive and efficient.

The Stores Department posted a 99.2 percent inventory accuracy for the Triana Operations Center store room for FY2012, and the Chase Operations Center store room recorded 99 percent accuracy. The staff is also responsible for hazardous cleanup as well as disposing of non-PCB items, including transformers. Department staff cleaned up 110 non-PCB transformer leaks, 86 of which included ground spills. Approximately 389,100 pounds of debris were collected from these spills and taken to an ADEM (Alabama Department of Environmental Management) landfill.

The Facilities Department maintains four major buildings and 32 field sites within the utility companies' 800-plus mile service area. Among the department's 5,954 tasks completed in FY2012 were installing an emergency generator for the Pulaski Pike Payment Center; a heating, ventilating, and air-conditioning system in the communications room at the Triana facility; and building a communication/security equipment room at the Gillespie facility.

Internal auditors are responsible for ascertaining if operating controls are adequately designed and function in an effective manner. They report that information to management and the Boards. Nine internal audits and three follow-up reports were issued throughout the year that evaluated the performance of internal controls and monitored compliance with company policies and external regulations. Internal Audit is always looking for the most cost-effective solution for Huntsville Utilities. One way Internal Audit saves the company money is by assisting the external auditors with documentation and testing.

The Management Information Systems Department went from implementing the SAP system to stabilizing it and completed the rollout of its central process scheduling software. The completion of this project enabled the elimination of second-shift data processing operator duties and reduced management of the workload by 80 percent.

In all, the administration - by capitalizing on personnel skills and economical purchasing practices - is continuing Huntsville Utilities' tradition of reliable service by delivering dependable utilities at the lowest possible cost.

The IT Department periodically monitors and analyzes network traffic to capture problems. This includes the phone, internet, and intranet systems among others.

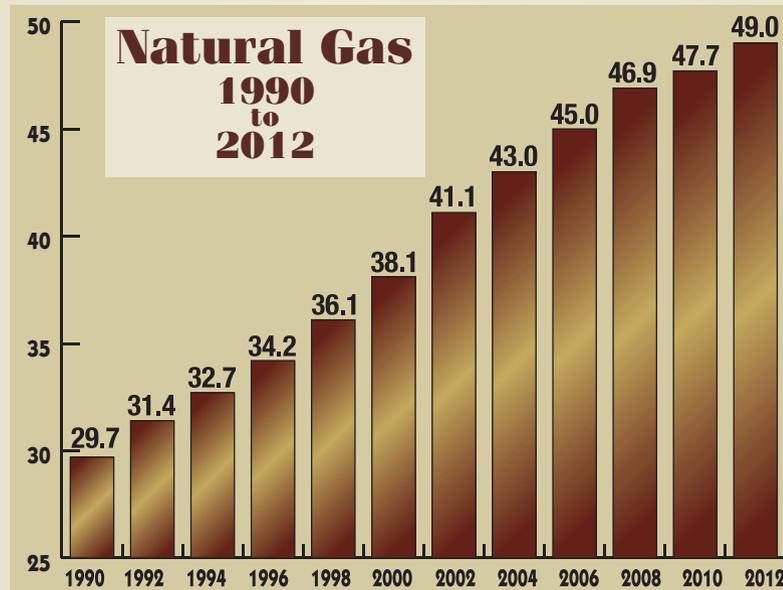
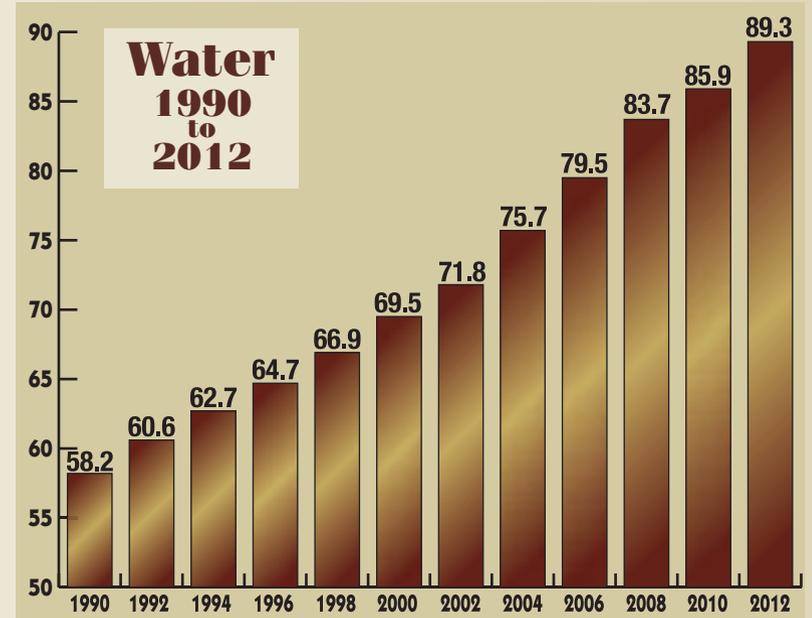
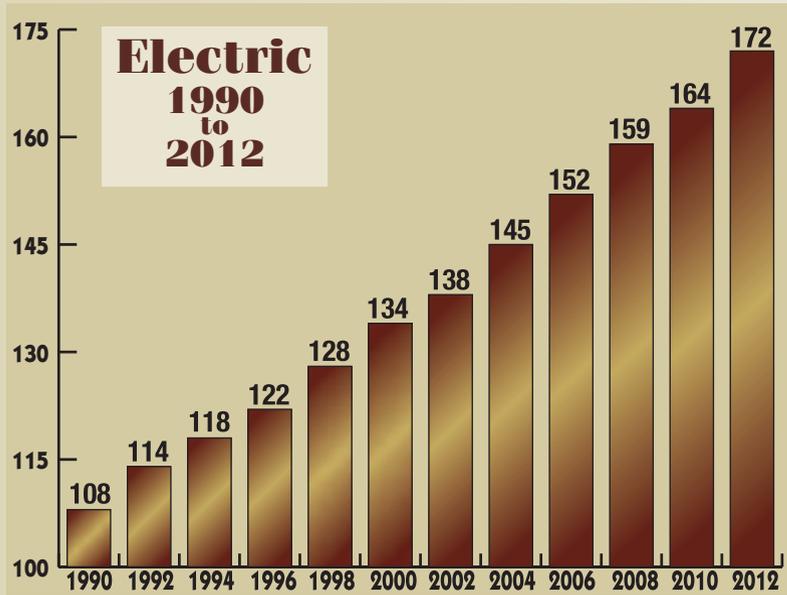


The Southern Public Relations Federation recently recognized Huntsville Utilities with an Award of Excellence for their bill insert program. Entries were judged on message significance and how well the item explained the information.

Automotive Maintenance/Repairs	5,177
Facility Repairs/Improvements	5,954
PCB/Gas Chromatography Tests	1,192
Invoices Processed	16,854

Customer Growth Charts

In Thousands, Rounded





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