

Our Job Is To Be Ready As The Growth Continues

RELIABLE

LOW-COST

LE

FOCUSED



HUNTSVILLE UTILITIES
ELECTRICITY • NATURAL GAS • WATER

EFFICIENT



President/CEO Wes Kelley was interviewed for a story in the international Multichannel News publication featuring Huntsville Utilities' fiber installation project.



infrastructure

Since May 1940, Huntsville Utilities has been delivering reliable electricity, water, and natural gas services to the citizens of Huntsville and Madison County. As a foundational service to the community, Huntsville Utilities has been growing since its inception, growth that continues at a rapid pace as our region prospers from big wins in economic development. As the growth continues, so too will the demand for reliable utility services that sustain the operations of a vast and thriving community.

Substantial new growth has occurred in our Water Department as new water customers were acquired from a neighboring utility in Limestone County. The multi-year installation of our fiber-optic network is near completion in the corporate city limits of Huntsville, serving as a key component for our Advanced Metering Infrastructure project. Our Electric Engineering and Operations Departments designed and installed new substations to meet the demand of new home construction and the arrival of new businesses. New subdivisions in the community have also led to substantial growth in our natural gas department.

Striving daily to keep pace with the growth of Huntsville and Madison County has its challenges. Thankfully, the men and women of Huntsville Utilities are committed to keeping the lights on, natural gas moving, and water flowing. They are champions of providing safe and reliable services, making it look easy to keep pace with the growth of this vibrant community. Each day, we work diligently to provide excellent customer experiences while maintaining competitive rates through stable fiscal management practices.

As the growth continues in Huntsville/Madison County, Huntsville Utilities will continue to get better every day, providing the foundational services needed to ensure our community's continued prosperity.

A handwritten signature in black ink, reading 'Wes Kelley'.

Wes Kelley
President / CEO





The Mazda Toyota USA manufacturing complex will significantly increase water and natural gas use in the area. The top picture was taken in December of 2019 showing the progress made since the smaller photo was taken in February.



FOUNDATIONAL

The economic growth of the Huntsville/Madison County area is making news nationwide. Providing the infrastructure to power this growth is imperative. Every day Huntsville Utilities strives to achieve this while supplying low-cost, reliable utilities to its customers.

As the community watches the building of the Facebook Data Center, Blue Origin and Mazda-Toyota plants (among other new businesses in the area), Huntsville Utilities focused on providing reliable services to the commercial, industrial and residential customers a thriving economy brings. New residential homes kept local builders busy. During FY2019, Huntsville Utilities added 4,143 electric meters, 1,757 natural gas meters, and 1,247 water meters.

Huntsville Utilities continued its three-decade commitment to the community, working with the Salvation Army to support Project Share. This program provides utility bill assistance to qualified customers during the winter months. During FY2019, 30,836 customers and employees donated \$194,021.07.

In an effort to keep pace with the increase in customer flow, Customer Care installed additional payment kiosks at Madison Utilities and the Richard Showers Center. At the end of FY2019, Huntsville Utilities had a total of six payment kiosks in operation, which handled 77,464 payments. The 24/7 kiosks located at the Chase Payment Center and Pulaski Pike Drive-Thru handled 61% of the kiosk payments. An additional 24/7 kiosk will be available at the administrative building on Spragins Street in early 2020. As a company, Huntsville Utilities is committed to serving the growing service area, and will continue to make doing business at Huntsville Utilities easy and convenient.

Greater Good

Huntsville Utilities is also growing and this is evident than in the advancements targeted to increase operational efficiency. The fiber-optic network put into motion as part of the agreement with Google Fiber was nearly complete at the end of this fiscal year, with fiber available to 89,569 households. The addition of this fiber-optic network supports the installation of Advanced Metering Infrastructure (AMI). At the close of FY2019, 57,606 AMI electric meters had been installed and were being read remotely.

The growing number of homes and businesses means a need for more electric availability. The Electric Department now has 191,248 customers, a 2.2% increase from FY2018. To facilitate system growth, Huntsville Utilities' Electric Engineering Department added a 46kV substation and distribution line for Blue Origin, worked on plans for a new substation in New Hope along Old Highway 431 and a new substation along Capshaw Road. New substations in Madison and for the Town Madison development were near completion, and site work began for 12kV substation at Redstone Gateway.

The acquisition of 963 water customers from Limestone County Water & Sewer Authority, which geographically includes the Mazda Toyota Manufacturing site, contributed to the growth of the Water Department. Water Operations installed 380' of 16" pipe in support of Mazda Toyota Manufacturing. Huntsville Utilities also installed 980' of 12" pipe around the system to include the new Facebook Data Center site.

With the addition of 2,815 water customers and 1,247 water meters, Huntsville Utilities now has 100,000 water meters in service, the first time in company history. New water pumps and boosters were added



Huntsville Utilities Line Clearance Department earned the Tree Line USA Utility designation. The Arbor Day Foundation recognizes utilities for "quality tree care, annual worker training, and tree planting and public education." The award was presented during an Arbor Day event at Challenger Elementary.

In May the Call811.com (Call Before you Dig) hot air balloon made a stop in Big Spring Park allowing Huntsville Utilities customers a chance for pictures and a close look at the balloon. Huntsville Utilities actively promotes the safe digging education programs providing information to residential users and contractors who dig as a normal process for their work.



at Liberty, Hayes and Cecil Ashburn during the fiscal year. The Water Department also installed 59,463' of new water main in FY2019.

A growing community deserves a quality water supply. During FY2019, the Southwest Water Treatment Plant received the Alabama Water Pollution Control Association's (AWPCA) Best Operated Plant of the Year Award. Huntsville Utilities' South Water Treatment Plant and Southeast Water Treatment Plant received Optimization Awards from AWPCA.

With 3.2% customer growth in the Natural Gas Department over the last fiscal year, gas employees continued to provide exceptional service and value to the Huntsville community. Gas crews installed 18,000' of pipe to supply the Mazda Toyota site. To meet the increasing demand for natural gas, Huntsville Utilities secured additional pipeline capacity from suppliers. Huntsville Utilities continues to retire cast iron gas main and replace it with new PVC pipe.

The Energy Services Department had a record year helping customers save energy. In the new TVA Home Uplift Program, 122 homes received energy-saving improvements for low-income families. The New Homes program certified 1,542 homes to the 2015 State of Alabama Energy Code. In keeping with the efficiency provided by natural gas as a primary heat source, 96 homes converted from electric to natural gas heat, while 176 new homes included dual fuel or natural gas HVAC systems. The HESP (Home Energy Survey Program) team inspected 139 homes, while the energy technicians also



Whoa, whoa, whoa, what are you guys doing?



Huntsville Utilities Community Relations team focuses on developing tools to educate the public on energy efficiency, utility procedures and safety. During the summer, college students working at the utility came up with the idea, scripted, and portrayed the characters in a safety video about pad-mounted transformers.

To watch this and other informational videos visit our You Tube channel.



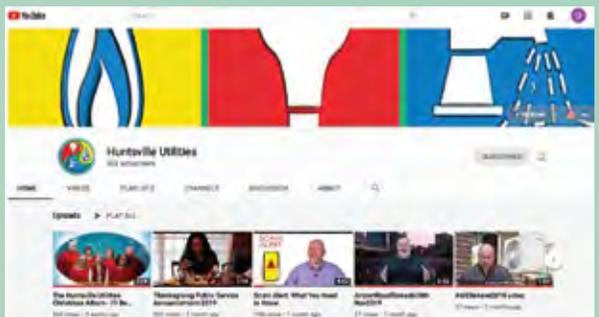
Never plant trees, shrubs or flowers or put fences within 10 feet of the pad base.



Coming into contact with a pad-mounted transformer that has been struck or moved off it's pad can lead to electrocution.



Underground cables, fuses and switches are kept in these boxes.



addressed 85 high bill complaints helping home owners determine the causes of their utility usage increase.

During FY2019, the community celebrated the addition of major businesses and the jobs they bring. As your utility company, Huntsville Utilities is focused on developing infrastructure; making it easier to do business with the company; and doing what is best for the customer.

Huntsville Utilities

Statements of Revenues and Expenses

For the years ended September 30, 2019 & 2018

Electric	2019	Restated 2018
Revenues		
Residential Sales	\$ 262,073,009	\$ 260,774,819
Small Commercial Sales	42,286,445	42,397,969
Large Commercial & Industrial Sales	203,600,012	200,216,020
Lighting Sales	5,111,686	4,777,392
Other Operating Revenue	20,190,347	17,256,557
Non-Operating Revenue	3,208,693	1,812,816
	\$ 536,470,192	\$ 527,235,573
Expenses		
Purchased Power	\$ 429,473,972	\$ 424,966,671
Transmission & Distribution	22,742,076	17,067,939
Customer Accounting	5,864,180	6,729,594
Administrative & General	24,213,817	24,892,368
Depreciation	23,659,593	18,774,994
Non-Operating Expenses	4,687,425	4,838,542
Tax Equivalents	13,477,577	11,097,956
	\$ 524,118,640	\$ 508,368,064
Increase in Net Position	\$ 12,351,552	\$ 18,867,509
Natural Gas		
Revenues		
Residential Sales	\$ 21,432,988	\$ 20,882,355
Commercial Sales	22,076,987	21,617,149
Industrial Sales	2,025,905	2,100,922
Other Operating Revenue	3,479,662	3,548,204
Non-Operating Revenue	861,718	(388,159)
Capital Contributions	853,182	682,452
	\$ 50,730,442	\$ 48,442,923
Expenses		
Purchased Gas	\$ 22,712,213	22,744,363
Distribution	6,398,892	5,544,964
Customer Accounting	1,195,802	1,126,621
Administrative & General	5,731,096	7,004,572
Depreciation	4,676,413	4,506,900
Non-Operating Expenses	4,333	(44,738)
Tax Equivalents	2,731,597	2,673,772
	\$ 43,450,346	\$ 43,556,453
Increase in Net Position	\$ 7,280,096	\$ 4,886,470
Water		
Revenues		
Residential Sales	\$ 25,688,962	\$ 24,805,904
Commercial Sales	12,964,076	12,361,612
Industrial Sales	1,961,713	2,001,883
Government Sales	2,646,627	2,586,136
Fire Hydrants	1,570,843	1,550,673
Other Operating Revenue	1,984,040	1,842,162
Non-Operating Revenue	2,728,489	1,287,996
Capital Contributions	4,627,983	4,358,130
	\$ 54,172,733	\$ 50,794,495
Expenses		
Purification	\$ 2,355,579	\$ 2,137,821
Pumping	5,418,041	4,388,263
Distribution	6,029,668	5,367,794
Customer Accounting	1,475,841	1,489,505
Administrative & General	9,266,276	9,844,821
Depreciation	10,117,169	9,695,594
Non-Operating Expenses	4,412,329	4,896,730
Tax Equivalents	2,635,769	2,556,503
	\$ 41,710,672	\$ 40,377,032
Increase in Net Position	\$ 12,462,061	\$ 10,417,464

To review a detailed financial report visit the Annual Reports section at www.hsvutil.org/hu-hub/publications/.

Mission

Strengthen trust in Huntsville Utilities.

Vision

Deliver excellent customer experiences.

Values

Do what's right, build community, get better everyday.

Organization

Huntsville Utilities is comprised of three separate systems which operate under three Boards appointed by the City Council of Huntsville. The gas, water and electric systems share top management, customer services, billing, meter reading, accounting and purchasing functions to save our customers money. Each system pays its share of these expenses and has its own financial reports.

Utility Board Members



Electric Board (1-r)

D. Thomas Winstead, Vice Chairman

George A. Moore, Esq., Secretary

Ronnie W. Boles, Chairman

Natural Gas/Water Boards (1-r)

Gripp Luther, Secretary

Dorothy W. Huston, Ph.D, Chairman

Jim Batson, Vice Chairman



Management Team

Wes Kelley

President & Chief Executive Officer

Stacy Cantrell

Vice President, Engineering

David Champigny

Chief Information Officer

Mike Counts

Vice President, Operations

Warne Heath, Esq.

General Counsel

Harry Hobbs, DBA, Ph.D, SHRM-SCP

Vice President, Employee Engagement

John Olshefski

Senior Vice President, Customer Care

Theodore Phillips, CIA, CPA

Chief Financial Officer



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