

November 2011

The Hartselle



Serving Hartselle's People, Building for Hartselle's Future

Natural Gas Prices Expected To Be Lower This Winter

Hartselle Utilities has locked in the majority of its expected natural gas purchases for this winter at a significantly lower cost than it paid last year, says Accounting and Finance Manager Bob Sittason.

“Our costs for natural gas – whether they are increases or decreases – are passed directly to our ratepayers,” Sittason explains. “We can’t control the costs of water and electricity,” he continues. “Natural gas is the one service we offer where we have some ability to control our costs, and we try to take advantage of cost savings every chance we can.”

Hartselle Utilities could buy natural gas as needed on the open market, Sittason explains, but the costs for that are generally higher and more volatile. Instead, he uses a hedging program to buy gas futures – which specify that Hartselle Utilities will buy a specified amount by a specific date – when prices are favorable.

Sittason looks at a five-year historical usage for the winter months and tries to lock in 80 to 85 percent of that amount if markets are favorable.

“Because of our ability to hedge,” he says, “we’ve been able to lock in 84 percent of our five-year average at a price that is 12.25 percent less than the same futures last year.”

Sittason explains that he uses the five-year historical average for projections for water, sewer and natural gas, because that tends to take out peaks and valleys caused by weather, the economy and other forces affecting usage.

The economy – primarily the lack of industrial demand – and

the abundance of natural gas have helped prices, he says. “This is the fourth year in a row that we’ve been able to lock in natural gas

continued on back

Considering A Switch?

Hartselle Utilities offers incentive programs for customers who replace electric or propane appliances with natural gas.

Residential customers who install a natural gas water heater receive a one-time payment of \$100. For a clothes dryer the payment is \$75, and a natural gas range is \$25.

Hartselle Utilities will waive the tap fee, normally \$700, for any customer that has gas plumbing in place and a qualifying natural gas appliance connected. The appliances that qualify for a complete tap fee waiver are water heaters, clothes dryers and furnaces. Fifty percent of the fee is waived for a natural gas range.

For commercial customers, Hartselle Utilities will waive the tap fee for a connected gas load of at least 40 cfh or a gas water heater.

For details, contact Customer Service Manager Terri Harris at 773-3340 or email tharris@hartselleutilities.org.



Centrifuge at Wastewater Treatment Plant Now In Place



The new centrifuge at the HU WWTP will process about 36,000 pounds of sludge per week. The year-long project – with team members from HU departments working together to find a solution to handle sludge at the plant – was completed on time and on budget.

Sludge produced by the Wastewater Treatment Plant will no longer be deposited into the sludge pond at the plant, now that the plant’s new centrifuge is operational.

The centrifuge will dewater approximately 36,000 pounds of sludge per week. The solid material output by the centrifuge will then be placed in a drying bed until it is transported to a landfill.

In July 2010, Hartselle Utilities staff began working diligently to find a solution to the ever-growing sludge problem. Since 1987 sludge from the plant has been held in a sludge pond, which is now at capacity. The total budget for the project was \$983,500.

“From start to finish this project has gone very well,” says Hartselle Utilities General Manager Ferrell Vest. “Our staff was able to do this in-house, without hiring a consultant, and finished the project on time and on budget.” He continued, “We took a mix of people from a cross-section of the company, and they worked together as one unit. Regardless of the challenges that arose, they were able to pull it off. I’m very pleased at the great team effort by everybody.”

Work Begun on Southwest Gas Loop

The last remaining goal for the Natural Gas system set in the 2008 Master Plan was to build a loop in the southwest portion of the system to create redundancy and improve reliability.

HU crews have started construction on that loop, says Gas System Operator Tony Vest. The loop is divided into two stages, and when complete will follow Isley Road at Hwy. 36 to Hopewell Road, around Sharpley Road and S. Johnson Chapel Road back to Danville High School. The first stage, which will be completed in 2012, will end at Randolph Poultry Farm on Sharpley Road.

“Once the loop is completed,” says Vest, “it will create a two-way feed; we’ll have access to natural gas from two outside sources instead of just one. This will help us balance our load capacity and allow us to add more customers.”

HU has connected seven poultry houses to the loop, says Vest, and natural gas will be available to at least seven more. “Switching to natural gas has the potential to save poultry farmers a good bit of money,” he explains. “One farmer who switched told me that he saved over \$10,000 per year in his energy costs.”

Vest gratefully acknowledged Randolph Poultry Farm for working with HU to construct part of the new main across their property.

“We were able to purchase an easement from Randolph to cut across 40 acres,” Vest said. “That saved us 17,000 feet and about four weeks of construction time – a considerable savings for the utility.”

HU’s natural gas department currently has 205 miles of gas main and serves 4,033 customers.



HU crews have started construction on the southwest loop of the natural gas system, which will improve system reliability and make natural gas available to more area residents and businesses, including several poultry farms.

Lower Electric Bills Expected in November

HU customers will see lower electric bills in November, says Accounting and Finance Manager Bob Sittason. HU’s average residential kilowatt hour usage in November is typically 993 kWh, down from October’s 1,064 kWh. Based on this average, an electric bill for this November will be \$6.80 lower than in October.

There are many low and no cost steps you can take to lower your energy usage and take even greater advantage of this decrease, says Customer Service Manager Terri Harris. Visit our website at www.hartselleutilities.org for more information.

Natural Gas Prices ... continued from front

cheaper than the prior year.”

In the summer of 2005 much of the country’s natural gas drilling was centered in the Gulf of Mexico. Hurricanes Katrina and Rita destroyed offshore oil and gas platforms and damaged pipelines, causing natural gas prices to skyrocket. Now, Sittason says, new drilling techniques have moved more natural gas production onshore because of a new technique called fracturing. These inland resources, explains Sittason, have minimized the impact of hurricanes on natural gas supplies and prices and have increased the nation’s natural gas supply.

“Some industry experts estimate that we have enough inland underground natural gas reserves to meet 100 years worth of demand,” Sittason explains.

Of course, Sittason cautions, that while natural gas prices are expected to be lower, if a customer uses more energy than last year they will not see a decrease in their utility bill.

Maze Appointed to HU Board

In late July the City Council appointed Daxton Maze to the HU Board, and reappointed Terry Phillips to another six-year term.

Maze is an Engineer with Redstone Arsenal who recently graduated from the University of Alabama.



Maze

Current HU Board members are:

Michael Gunter, *Chairman*

Ed Monroe, *Vice-Chairman*

Jimmy Moore, *Secretary-Treasurer*

Terry Phillips

Daxton Maze

Correspondence to individual board members concerning Hartselle Utilities may be mailed to P.O. Box 488, Hartselle, AL 35640.

Thompson Road Sewer Line / Morgan Center Update

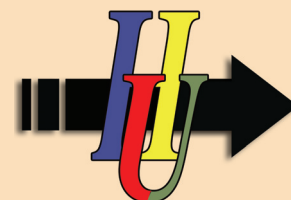
Work continues on new sewer lines and gravity main along Thompson Road to serve Phase 1 of the new Morgan Center Business Park, says Glen Partlow, HU Engineering Services Manager.

The project includes 4,600 feet of 12" gravity sewer, 5,200 feet of 10" force main and a 600 gallon-per-minute pump station at the 135 acre park.

Utility construction should be completed by the end of the year, and the remainder of the site preparation should be finished within nine months. Currently construction crews are realigning Byrd Road and creating a new entrance for the Business Center.

“Although the site has been shown to prospective industries, typically, reps are looking for ready sites,” explains HU General Manager Ferrell Vest. “Right now the site is similar to a prospective homeowner looking at a beautiful lot that doesn’t have electric, natural gas or water – most people want that infrastructure in place before they will start building,” he explains.

“In the near future, we’ll be able to show a ‘ready site’ to prospective industries,” Vest says.



Hartselle Utilities

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1010 Sparkman St NW
Hartselle, AL 35640

256-773-3340

www.HartselleUtilities.org