



Metro Nashville

DISTRICT ENERGY SYSTEM

Metro District Energy System Advisory Board
Regularly Scheduled Meeting of
February 17, 2011

Minutes of Meeting

The meeting was held at the Energy Generation Facility at 90 Peabody Street Nashville, TN 37210

Facilitator: Harry Ragsdale, DES Project Contract Administrator and Kevin Jacobs, Thermal Engineering Group

Board Members Present:

Karen Bennett
Yuri Cunza
Joy Harris
Nancy Whittemore
Brian Taylor

Board Members not Present:

Tom Turner
Richard Riebeling
Tom Thompson
Phil Ryan

Others Present:

Tim Hestle, CEPS General Manager
Bob Lackey, DES Liaison
Robin Lamborn, DES Advisory Board Secretary

The meeting was called to order by the Chair and began at 10:17 A.M.

At the request of the Chair, Mr. Ragsdale proceeded with the presentation to the Board.

Mr. Ragsdale discussed the customer sales comparison for the previous twelve (12) months. Due to the reduced cost of natural gas, the customers have had a reduction in their costs of heating. Chilled water costs were higher primarily due to an increase in electric rates.

Mr. Ragsdale discussed the review of the contractor performance for the second quarter of FY 2011 and indicated the contractor is in compliance with their contractual obligations.

Mr. Ragsdale and Mr. Jacobs both discussed the steam and chilled water thermal losses. Losses are relatively fixed and relate to the surface area of the pipe and the ground temperature. However, the outside temperature and occasional leaks in the pipes are contributing factors. The average daily loss of water is approximately 13,000 gallons, which is a small amount considering the large volume of water used.

Mr. Jacobs discussed the energy efficiency guarantees for electricity, steam and water with the Board. Mr. Jacobs also discussed the steam plant efficiency and water treatment. The contractor's performance is excellent in all of these areas. The data shows an increase in the amount of condensate returned to the plant, which also increases the plant efficiency and reduces the amount of fuel and water used. This increase is credited to the capital improvement projects.



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Mr. Ragsdale and Mr. Jacobs reviewed the results of the inspections of both the Energy Generation Facility (EGF) and the Energy Distribution System (EDS). Conditions have improved significantly over the last four years. Continuing areas of focus include: equipment maintenance, operations, electrical systems, housekeeping, structure, grounds, and safety items (including flood related issues).

Mr. Ragsdale and Mr. Jacobs presented information to the Board on natural gas purchasing and the cost of fuel. Actual total gas costs to date are much lower than what was budgeted. Information was presented to the Board regarding strategies for keeping fuel costs down by hedging and buying gas on market. The cost of natural gas continues to decrease, which lowers the total expenses. Total revenues were down as a result of lower gas prices as well.

Mr. Jacobs reviewed the FY 2011 costs to date report. Through the end of this period of operations, approximately 42% (\$8,581,545) of the FY 2011 budget (\$20,309,600) was expended. Mr. Jacobs and Mr. Ragsdale also reviewed the preliminary budget for FY 2012, which reflects higher revenues due to projected sales to the Music City Convention Center and a decrease in the Metro funding amount. The FY 2012 budget will potentially increase by 4.4%.

A summary of capital projects was then reviewed with the Board. Bond fund expenditures and balances were reported and summarized. The Board was provided updates on the active and proposed DES capital projects, as well as projects that closing-out. The Board received an update on the Music City Convention Center expansion project and was shown photographs of the progress in various areas. Mr. Ragsdale indicated the project is on schedule and moving along quickly.

Mr. Ragsdale discussed the online Customer Survey that will be sent out the DES customers along with an invitation to the DES Customer Meeting, which will be held on Thursday, March 17, 2011 at 8:30 am at the Downtown Partnership.

A motion to approve the minutes of the November 18, 2010 was made, seconded and approved by the Board.

Without further discussion, and upon a motion, the meeting was adjourned by the Chair.

The next Board Meeting will be held Thursday, May 19, 2011 at 10:00 A.M.

Prepared by: Robin Lamborn

Robin Lamborn, DES Advisory Board Secretary

Date: 5/19/11

Approved: Karen Bennett

Karen Bennett, Chair, DES Advisory Board

Date: 5/19/11

Approved: Bob Lackey

Bob Lackey, DES Liaison

Date: 5-19-11