



Metro Nashville

DISTRICT ENERGY SYSTEM

Metro District Energy System Advisory Board Regularly Scheduled Meeting of February 20, 2014

Minutes of Meeting

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

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

Board Members Present:

Karen Bennett
Richard Fletcher
Jim Harbison
Alan Robertson
Brian Taylor

Board Members not Present:

Yuri Cunza
Richard Riebeling
Tom Turner
Nancy Whittemore

Others Present:

Tim Hestle, CEPS General Manager
Bob Lackey, DES Liaison
Robin Lamborn, DES Advisory Board Secretary
Glenn Mohan, Metro General Services
Randall Pomeroy, Pomeroy Marketing

The meeting was called to order by the Chair and began at 10:11 A.M.

A motion to approve the minutes of the November 21, 2013 Board Meeting was made, seconded and approved by the Board.

Chairlady Bennett welcomed the new Board members and thanked them for coming.

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

Mr. Ragsdale reviewed the customer cost comparison table for the second quarter of FY14. On an aggregate basis for the previous twelve (12) months, the steam costs were up 15.82% and chilled water costs were also up 6.73%. Due to cooler temperatures, there has been a significant increase of steam use and a decrease in the amount of chilled water use.

Mr. Ragsdale and Mr. Jacobs reviewed and discussed graphs detailing the historic chilled water and steam consumptions for all customers relative to the heating and cooling degree days. Over the last few years, the State has made several changes to reduce their consumptions and make their buildings more energy efficient. For the second quarter of FY14, the MCC has consumed 15% of the chilled water sales and 32% of the steam sales.



Metro Nashville

DISTRICT ENERGY SYSTEM

Mr. Ragsdale and Mr. Jacobs discussed the contractor's performance for the previous fiscal year and reviewed conversion tables for electricity, water, and plant efficiency. The contractor's performance continues to remain excellent in all areas.

Mr. Jacobs discussed the contractor's performance for the water treatment. Mr. Jacobs stated that the customers consistently return 80% of the condensate back to the plant. The contractor's performance is excellent in all areas of water treatment.

Mr. Ragsdale and Mr. Jacobs reviewed the results of the inspections of both the Energy Generating Facility (EGF) and the Energy Distribution System (EDS). Mr. Jacobs stated that Constellation does an excellent job with maintaining and operating the facility. Many alterations have been made to help extend the life of the vaults and tunnels. Continuing areas of focus include water infiltration and corrosion of the structural metal components.

Mr. Ragsdale and Mr. Jacobs provided an update on the natural gas purchasing and discussed the FY14 gas spending and budget comparison. Mr. Jacobs stated that the budget includes contingencies for the weather and the price of natural gas. Mr. Jacobs stated that for the second quarter, more steam and fuel was used than what was budgeted and the total gas cost was more than what was budgeted. The plant efficiency increased slightly and the actual unit cost of fuel was 7% lower than what was budgeted. The comparison excluded consultant fees and FEA and budget contingencies. Mr. Ragsdale and Mr. Jacobs discussed the actual and projected gas cost comparison history, which includes transportation costs. Mr. Ragsdale stated that natural gas prices are beginning to increase. Budgeted Unit Costs are in line with Actual & Projected Unit Costs and Market Unit Prices.

Mr. Ragsdale and Mr. Jacobs reviewed the FY14 operating costs to date. Through the end of this period of operations, approximately 41.92% of the FY14 budget of \$21,648,600 has been expended.

Mr. Ragsdale and Mr. Jacobs provided the Board with an update on capital expenditures. Bond fund expenditures and available balances were reported and summarized. The total amount spent as of the end of the second quarter of FY14 was \$540,636. The total remaining balance as of 01/27/14 was \$2,841,524.

Mr. Ragsdale and Mr. Jacobs provided the Board with updates on the various active DES capital projects. Mr. Ragsdale stated that it is unlikely that the Thermal Storage project will move forward. The Board also received an update on the projects in close-out, which included connection to the Hyatt Place.

Mr. Ragsdale stated that DES was put on curtailment for the first time ever this year. Due to the natural gas restrictions, DES used propane as a back-up fuel source. Mr. Hestle made a presentation to the Board on the Nashville District Energy System Natural Gas Curtailment which details the events that took place in January 2014.

Mr. Ragsdale again welcomed the three newest Board members. Representing the private customers is Richard Fletcher, representing the State is Alan Robertson, and representing MDHA is Jim Harbison.

Mr. Ragsdale made an announcement regarding the upcoming annual Customer Meeting, which will also include the DES 10th Anniversary celebration. Once the details are finalized, invitations will be sent out.

Due to the recent changes of the Advisory Board members, the Vice-Chair position was vacant. Brian Taylor was nominated to be the new Vice-Chair. The motion was seconded and approved by the Board.

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



Metro Nashville
DISTRICT ENERGY SYSTEM

The next Board Meeting will be held Thursday, May 15, 2014 at 10:00 A.M.

Prepared by: Bob Lackey

Robin Lamborn, DES Advisory Board Secretary

Date: 5-15-14

Approved: Karen Bennett

Karen Bennett, Chair, DES Advisory Board

Date: 5/15/14

Approved: Robin Lamborn

Bob Lackey, DES Liaison

Date: 5-15-14