



**Metro District Energy System Advisory Board
Regularly Scheduled Meeting of
May 15, 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

Board Members Present:

Karen Bennett
Jim Harbison
Lannie Holland on behalf of Richard Riebeling
Alan Robertson
Brian Taylor

Board Members not Present:

Yuri Cunza
Richard Fletcher
Richard Riebeling
Tom Turner
Nancy Whittemore

Others Present:

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

The meeting was called to order by the Chair and began at 10:06 A.M.

A motion to approve the minutes of the February 20, 2014 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 24.23% and chilled water costs were also up 8.16%. 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 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 third quarter of FY14, the MCC has consumed 6.4% of the chilled water sales and 19.5% of the steam sales.



Mr. Ragsdale 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. Ragsdale discussed the contractor's performance for the water treatment. The contractor's performance is excellent in all areas of water treatment.

Mr. Ragsdale reviewed the results of the inspections of both the Energy Generating Facility (EGF) and the Energy Distribution System (EDS). Mr. Ragsdale 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 provided an update on the natural gas purchasing and discussed the FY14 gas spending and budget comparison. Mr. Ragsdale stated that for the third 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 discussed the actual and projected gas cost comparison history, which includes transportation costs. Mr. Ragsdale stated that natural gas prices are continuing to rise. Budgeted Unit Costs are in line with Actual & Projected Unit Costs and Market Unit Prices.

Mr. Ragsdale reviewed the FY14 operating costs to date. Through the end of this period of operations, approximately 62.78% of the FY14 budget of \$21,648,600 has been expended.

Mr. Ragsdale 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 third quarter of FY14 was \$795,891. The total remaining balance as of 04/18/2014 was \$2,653,468.

Mr. Ragsdale provided the Board with updates on the various active DES capital projects. The Board also received an update on the projects in close-out.

Mr. Ragsdale discussed the DES Internal Audit. Mr. Ragsdale discussed the Audit Objectives, Audit Observations, and the Audit Recommendations. DES concurs with the audit recommendations and is in the process of developing and implementing the recommendations.

Mr. Ragsdale encouraged Board members to attend the annual Customer Meeting & DES 10th Anniversary celebration on May 22, 2014.

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

The next Board Meeting will be held Thursday, August 21, 2014 at 10:00 A.M.

Approved: _____

Johanna Young

Johanna Young, DES Advisory Board Secretary
(Minutes prepared by Robin Lamborn)

Date: _____

8/21/14

Approved: _____

Karen Bennett

Karen Bennett, Chair, DES Advisory Board

Date: _____

8/21/14



Metro Nashville
DISTRICT ENERGY SYSTEM

Approved: Bob Lackey

Bob Lackey, DES Liaison

Date: 8-21-14