



Metro Nashville
DISTRICT ENERGY SYSTEM

Advisory Board Quarterly Meeting
Third Quarter FY10

Presented to
District Energy Advisory Board

May 20, 2010



Agenda

1. Call to Order
2. Review & Approval of Previous Meeting Minutes
3. Review of DES Contractor Performance
4. Natural Gas Purchasing Status
5. Financial Reports – 3rd Qtr FY10
6. FY11 Budget Status Report
7. Capital Projects Review & Status Report Update
8. Music City Convention Center Expansion Update
9. Damage Report from May 1-2, 2010 Flood
10. Adjourn



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1. Call to Order

*2. Review and Approval of Previous
Meeting Minutes*



3. Review of DES Contractor Performance

Contractor (CNDE) is in compliance with their contractual obligations for FY10.

-  Excellent Performance – No Improvement Necessary
-  Satisfactory Performance – Some Improvement Could Be Made
-  Poor Performance – Much Improvement Necessary



Summary Table 3: Customer Cost Comparison for the Previous 12 Months

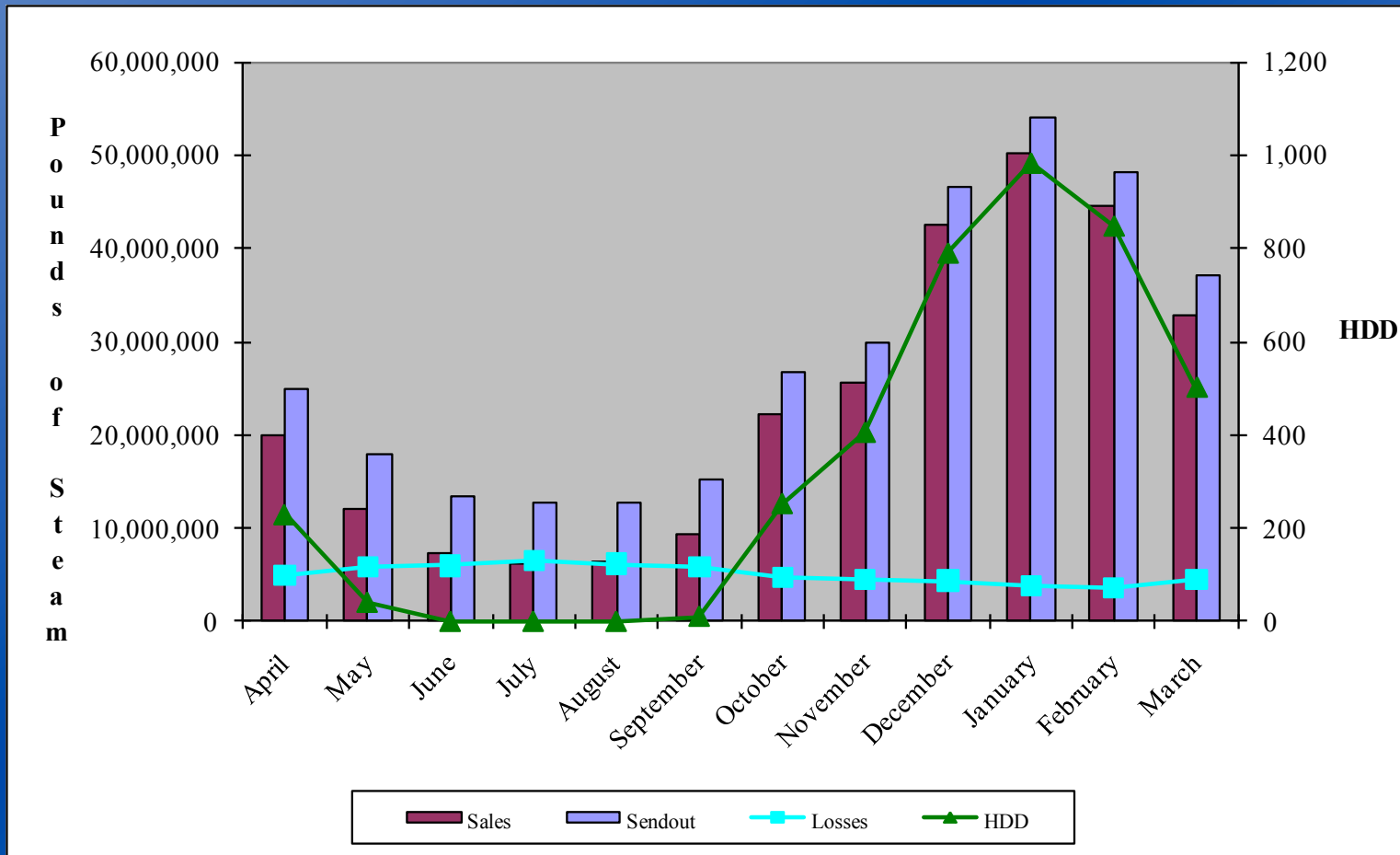
	Steam (\$ millions)			Chilled Water (\$ millions)		
	04/08 – 03/09	04/09-03 /10	% Diff.	04/08 – 03/09	04/09-03 /10	% Diff.
Private	\$2.378	\$1.783	-25.0%	\$3.775	\$3.467	-8.2%
State	\$3.062	\$2.349	-23.3%	\$3.271	\$3.212	-1.8%
Metro	\$2.869	\$2.013	-29.8%	\$3.089	\$2.915	-5.6%
Aggregate	\$8.308	\$6.144	-26.1%	\$10.135	\$9.593	-5.3%

*FY08 MFA = \$2,193,075; FY09 MFA = \$3,217,986 post-True-up; MFA not included in values shown



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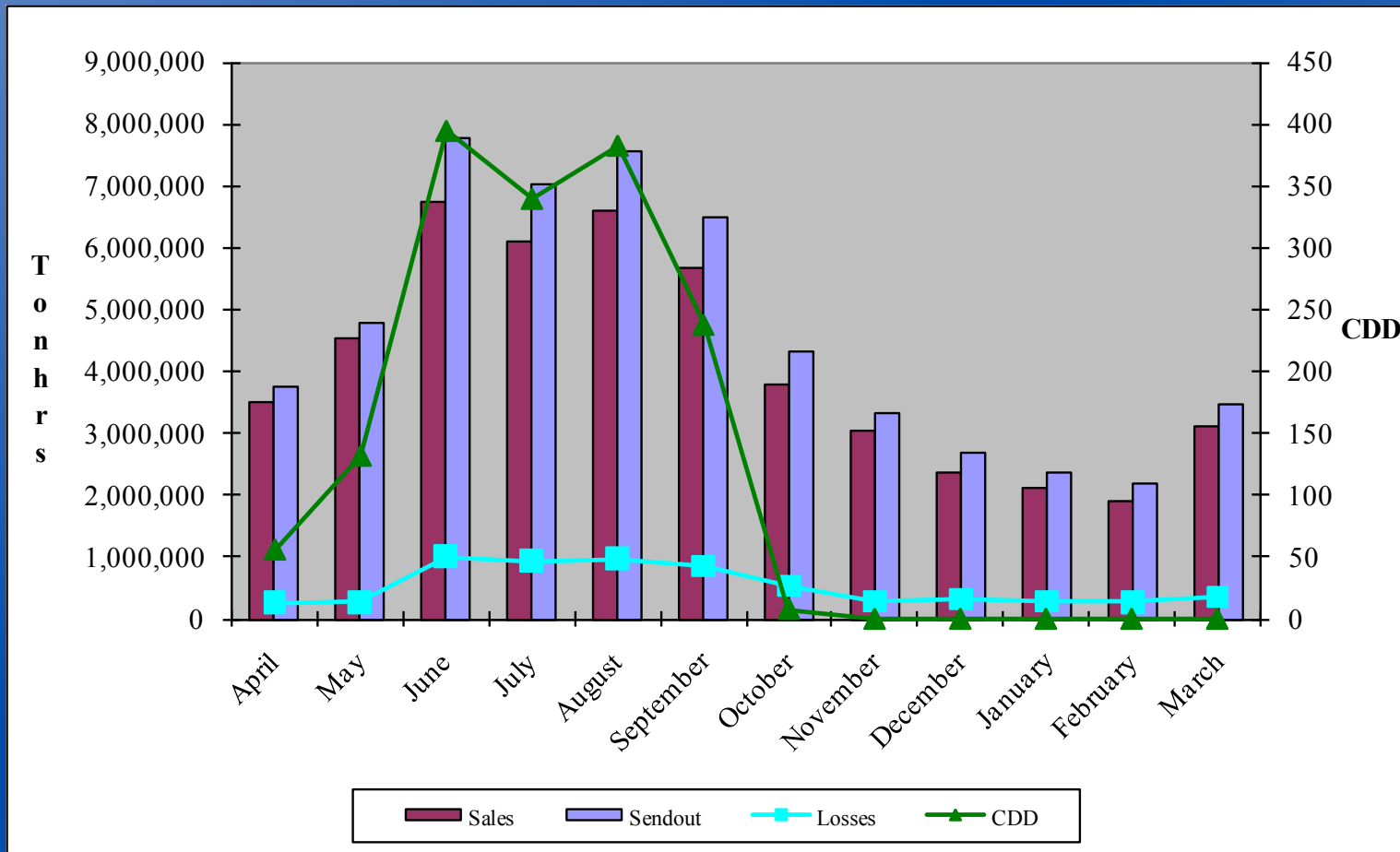
FY10 Operations: Steam





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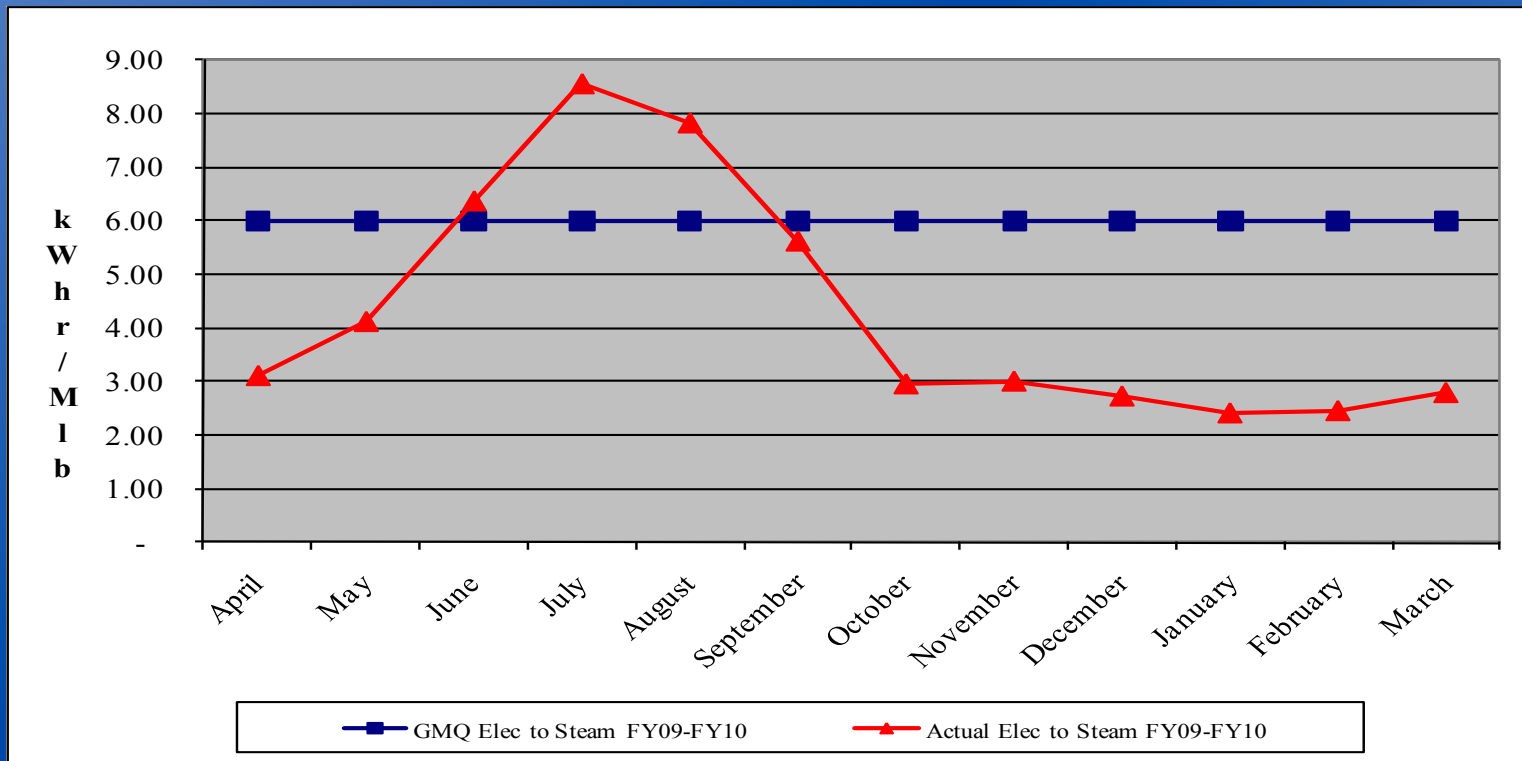
FY10 Operations: Chilled Water





Performance Measurement FY10: Steam

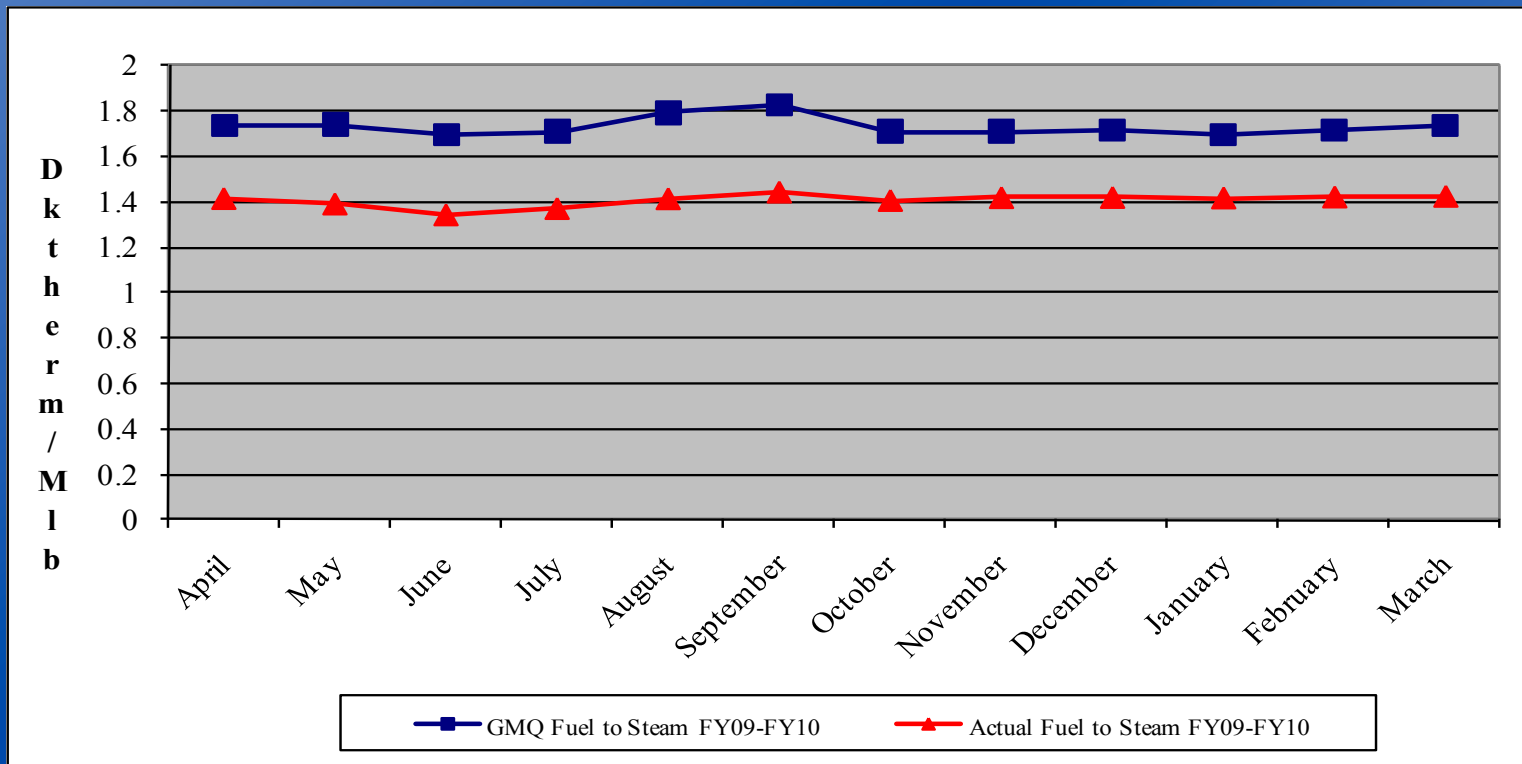
Electric Conversion ●





Performance Measurement FY10: Steam

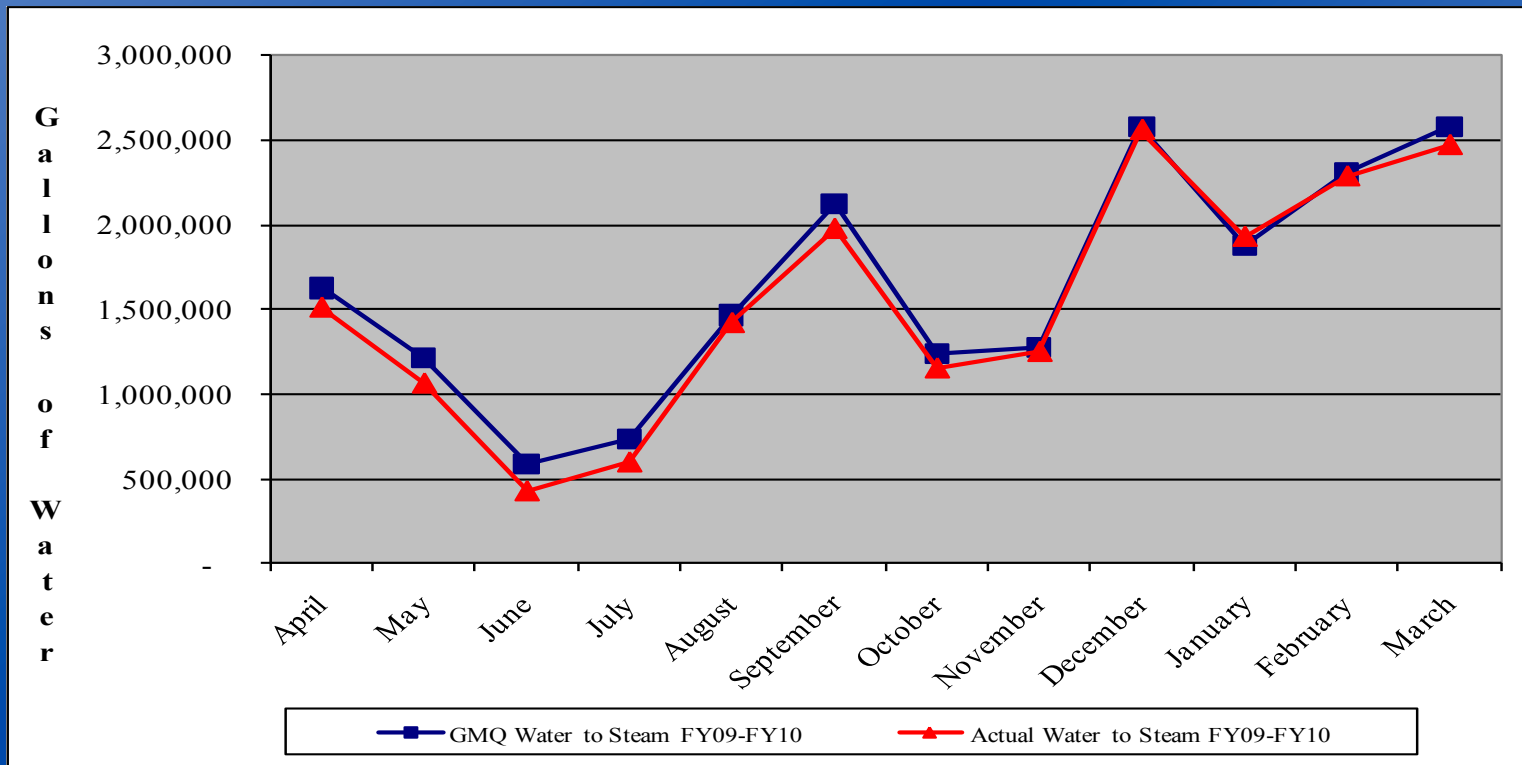
Plant Efficiency ●





Performance Measurement FY10: Steam

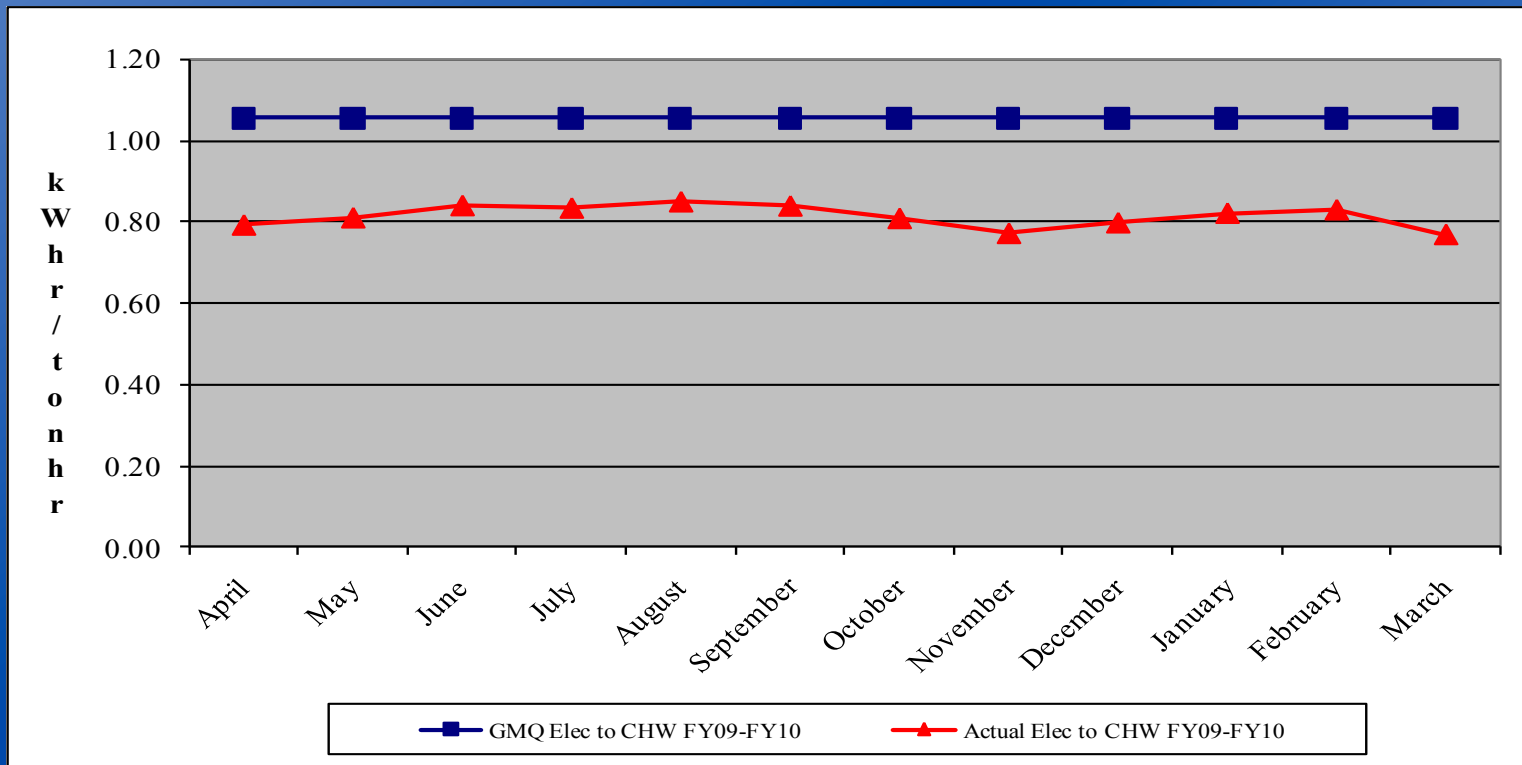
Water Conversion





Performance Measurement FY10: Chilled Water

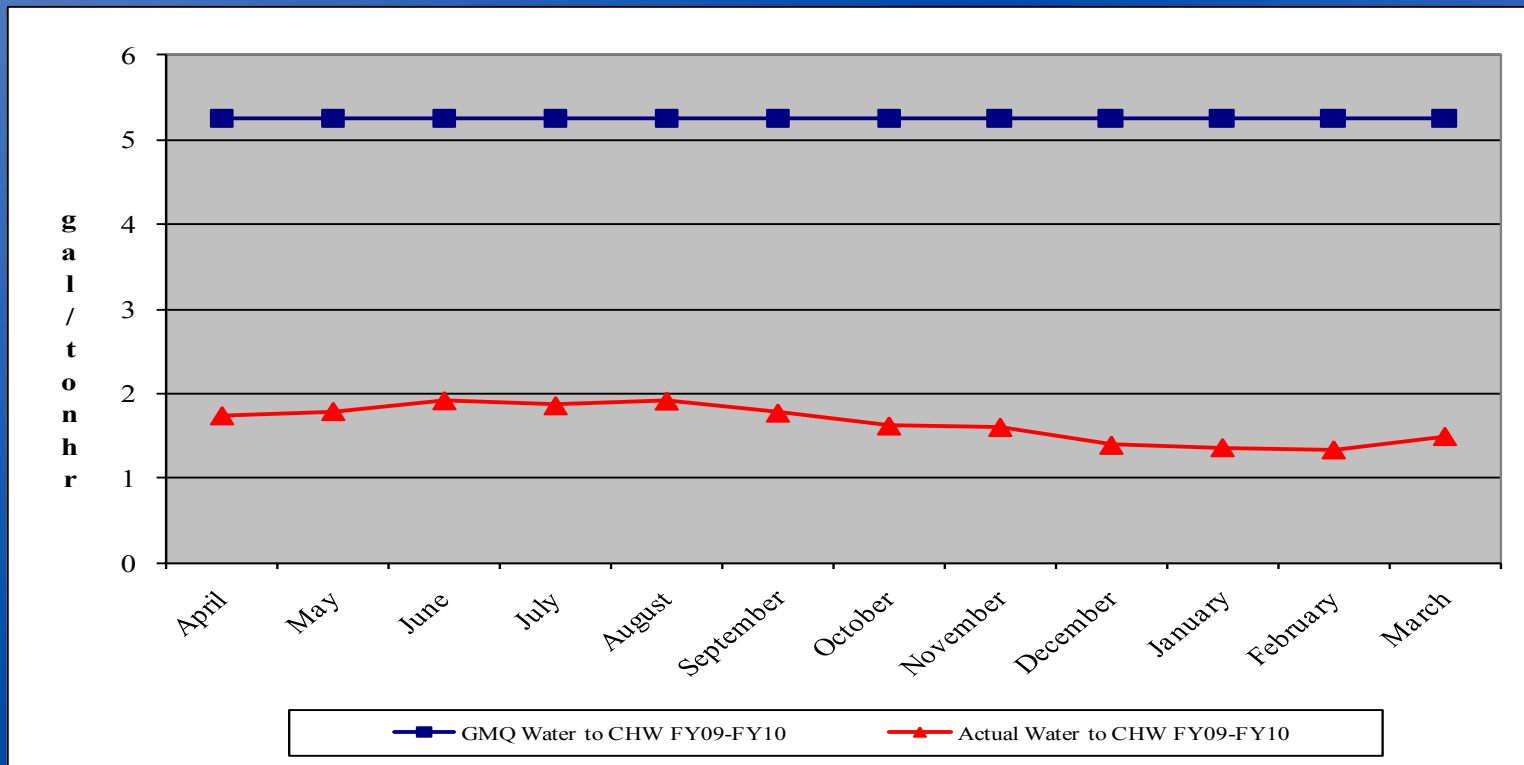
Electric Conversion





Performance Measurement FY10: Chilled Water

Water Conversion





Water Treatment

- Steam/Condensate
 - Corrosion ●
 - Iron ●
 - Hardness ●
 - Chlorine/Sulfite ●
- Condensing Water
 - Conductivity ●
 - Biologicals ●
- Chilled Water
 - Hardness ●
 - Corrosion ●
 - Biologicals ●



EGF Walkthrough

Quarterly Inspection Process

- Equipment Maintenance ●
- Operations ●
- Electrical ●
- Housekeeping ●
- Building Structure ●
- Building Exterior and Grounds ●



EDS Walkthrough

Quarterly Inspection Process

- Manhole/Tunnel Housekeeping ●
- Maintenance Items
 - Insulation Repair/Replacement ●
 - Water Infiltration ●
 - Corrosion of Structural Metal Components ●
- Safety Items ●



4. Natural Gas Purchasing

Natural Gas Purchasing Review

**Table 4: FY10 Gas Spending & Budget
Comparison**

**Figure 4: Actual and Projected Gas Cost
Comparison for FY10**



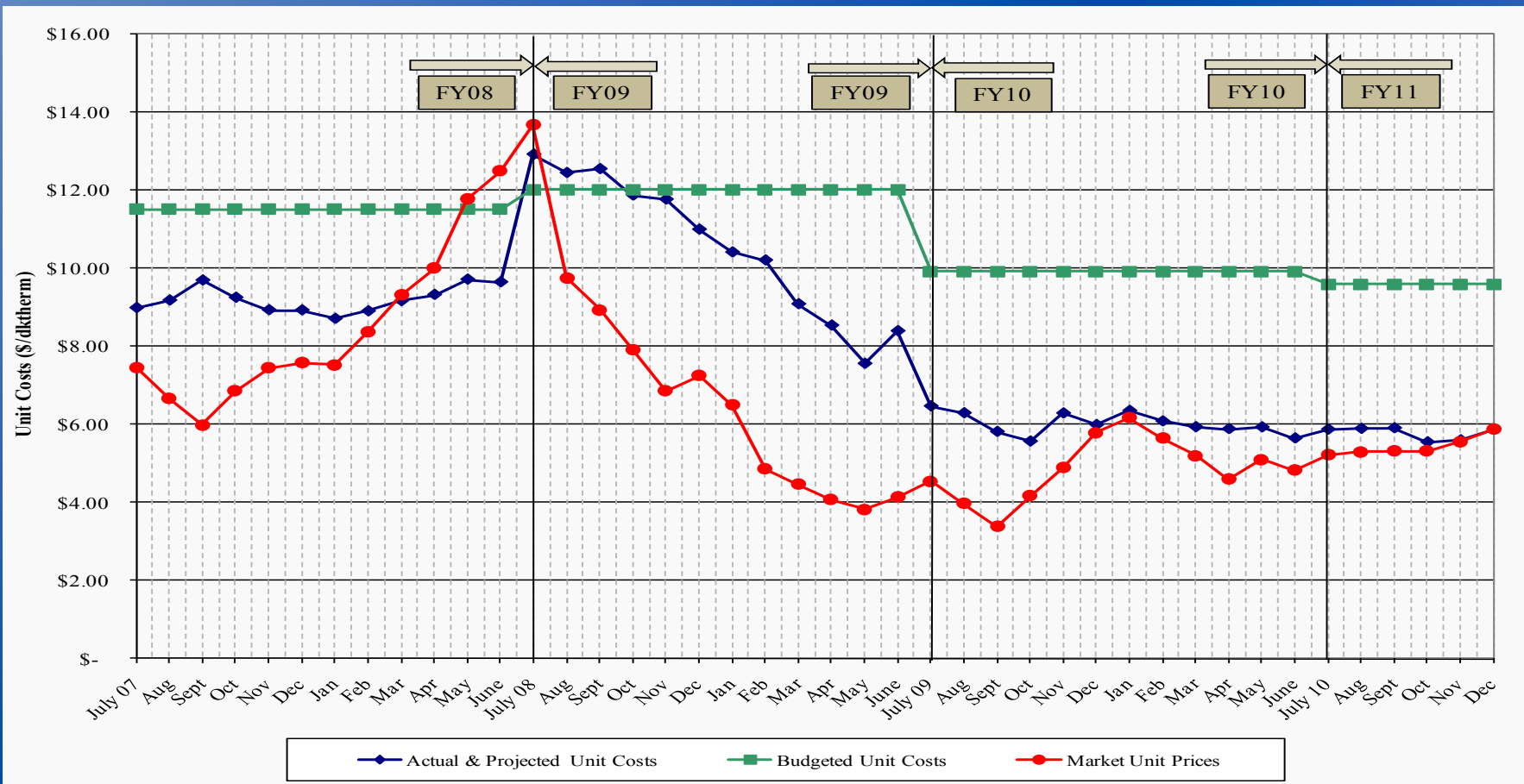
Table 4: FY10 Gas Spending & Budget Comparison

	Actual FY10 To date (Mar 31)	Budget FY10
Steam Sendout (Mlbs)	283,730	281,724
Fuel Use (Dth) (includes propane) ●	403,030	408,500
Plant Eff (Dth/Mlb) ●	1.420	1.450
Total Gas Cost (includes propane) ●	\$2,600,341	\$4,013,921
Unit Cost of Fuel (\$/Dth) ●	\$6.452	\$9.826



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Fig 4. Actual and Projected Gas Cost Comparison for FY10





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5. Financial Reports: 3rd Qtr FY10

Item	FY10 Budget	Total Expenses to Date (3rd Qtr)	Percent of FY10 Budget
FOC: Basic	\$ 3,976,200	\$ 2,889,128	72.66%
FOC: 9th Chiller	\$ 37,200	\$ 27,071	72.77%
FOC: Change Order 6A	\$ 73,400	\$ 53,447	72.82%
FOC: Change Order 6B	\$ 64,300	\$ 46,791	72.77%
Chemicals	\$ 161,200	\$ 111,886	69.41%
Engineering	\$ 26,200	\$ 7,434	28.37%
Insurance	\$ 43,700	\$ 27,723	63.44%
Marketing: CEPS Sales Activity	\$ 9,800	\$ -	0.00%
Metro Marketing	\$ 35,000	\$ 21,025	60.07%
Incentive Payments	\$ -	\$ -	n.a.
Project Administration	\$ 24,000	\$ -	0.00%
Metro Incremental Cost	\$ 526,400	\$ 292,995	55.66%
FEA: Steam	\$ -	\$ 111,102	n.a.
FEA: Chilled Water	\$ -	\$ 259,187	n.a.
ARFA	\$ -	\$ 41,960	n.a.
Metro Credit	\$ -	\$ (451,755)	n.a.
Water/Sewer	\$ 689,600	\$ 253,450	36.75%
Natural Gas/Propane	\$ 4,692,900	\$ 2,600,341	55.41%
Electricity	\$ 5,034,100	\$ 2,785,634	55.34%
EDS Repair & Improvement	\$ 176,500	\$ 140,085	79.37%
EDS Surcharge	\$ 70,600	\$ -	0.00%
Sub-total Operations	\$ 15,641,100	\$ 9,217,505	58.93%
2002 Bonds	\$ 4,362,900	\$ 3,272,129	75.00%
2005 Bonds	\$ 627,600	\$ 796,381	126.89%
FY07 Projects	\$ 227,800	\$ 448,300	196.80%
FY08 Projects	\$ 220,500	\$ 448,300	203.31%
Debt Service Interest Revenue	\$ (123,700)	\$ (32,000)	25.87%
Oper. Reserve Funding Deposit	\$ -	\$ -	n.a.
Sub-total Debt Service	\$ 5,315,100	\$ 4,933,110	92.81%
Total Expenses	\$ 20,956,200	\$ 14,150,615	67.52%
Customer Revenues	\$ 18,512,100	\$ 11,593,811	62.63%
Total Metro Funding Amount	\$ 2,444,100	\$ 2,556,804	104.61%



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6. FY11 Budget Status Review

Item	FY10 Budget	FY11 Budget	Percent Change from FY10
FOC: Basic + C/O 6C	\$ 3,976,200	\$ 3,976,200	0.00%
FOC: 9th Chiller	\$ 37,200	\$ 37,200	0.00%
FOC: Change Order 6A	\$ 73,400	\$ 73,400	0.00%
FOC: Change Order 6B	\$ 64,300	\$ 64,300	0.00%
Chemicals	\$ 161,200	\$ 150,000	-6.95%
Engineering	\$ 26,200	\$ 26,200	0.00%
Insurance	\$ 43,700	\$ 27,700	-36.61%
Marketing: CEPS Sales Activity	\$ 9,800	\$ -	-100.00%
Metro Marketing	\$ 35,000	\$ 15,000	-57.14%
Incentive Payments	\$ -	\$ -	n.a.
Project Administration	\$ 24,000	\$ 30,700	27.92%
Metro Incremental Cost	\$ 526,400	\$ 469,900	-10.73%
Water/Sewer	\$ 689,600	\$ 574,000	-16.76%
Natural Gas/Propane	\$ 4,692,900	\$ 4,445,500	-5.27%
Electricity	\$ 5,034,100	\$ 4,949,700	-1.68%
EDS Repair & Improvement	\$ 176,500	\$ 176,500	0.00%
EDS Surcharge	\$ 70,600	\$ 70,600	0.00%
Sub-total Operations	\$ 15,641,100	\$ 15,086,900	-3.54%
2002 Bonds	\$ 4,362,900	\$ 4,239,500	-2.83%
2005 Bonds	\$ 627,600	\$ 628,100	0.08%
2007 Bonds	\$ 227,800	\$ 227,800	0.00%
2008 Bonds	\$ 220,500	\$ 220,500	0.00%
2010 Bonds	\$ -	\$ -	n.a.
Interest Revenue	\$ (123,700)	\$ (100,000)	-19.16%
Oper. Reserve Funding Deposit	\$ -	\$ -	n.a.
Sub-total Debt Service	\$ 5,315,100	\$ 5,215,900	-1.87%
Total Expenses	\$ 20,956,200	\$ 20,302,800	-3.12%
Customer Revenues	\$ 18,488,100	\$ 17,828,000	-3.57%
Project Admin. Revenue	\$ 24,000	\$ 30,700	27.92%
	\$ -	\$ -	n.a.
Total Metro Funding Amount	\$ 2,444,100	\$ 2,444,100	0.00%



Capital Expenditure Update

	Spent to End of FY09	FY10 Spending	Balance to Date (04/22/10)
R&I Projects	\$764,130	\$140,465	\$503,796
2005B Bond	\$7,920,090	\$142,032	\$124,378
2007 Bond	\$2,620,771	\$0	\$237,729
2008 Bond	\$1,846,622	\$1,031,878	\$0
2010 Bond	\$0	\$99,994	\$2,310,006
Total	\$10,530,842	\$1,414,369	\$3,175,909



7. Capital Projects Review

Active Capital Projects

- DES 060: MH Insulation - in construction/ongoing
- DES 061: Manhole & Tunnel Steel Corrosion Repair & Prevention – in design
- DES 062: Replacement of Stm and Cond Service to 120 2nd Ave. North (Wildhorse Saloon) - in closeout
- DES 066: 1st Avenue Manhole & Steam Line Removal from Service - in closeout
- DES 067: Tunnel Rock Rehabilitation: Broadway, 7th & 4th Ave. – awaiting formal award
- DES 068: Manhole 10 Repair – in construction
- DES 069: Municipal Auditorium Tempering Station – in construction
- DES 073: MH-18 Condensate and Platform Modification – awaiting DES 067
- DES 076: MH-S4A State Manhole Rebuild - in design; constr. to begin in June
- DES 077: Expansion of Service to the Music City Convention Center - in design



FY 2010 Proposed Projects

- DES 048: Tunnel Lighting Replacement Phase III – awaiting DES 067
- DES 059: CJC Steam & Condensate Line Replacement – deferred
- DES 063: Sump Pump Installation in MH A, B & M – on standby
- DES 070: MH 6 to 23 Condensate Line Replacement – deferred to FY11
- DES 071: Hermitage Hotel Service Modifications – deferred to FY11
- DES 072: Sheraton Hotel Steam and Condensate Replacement

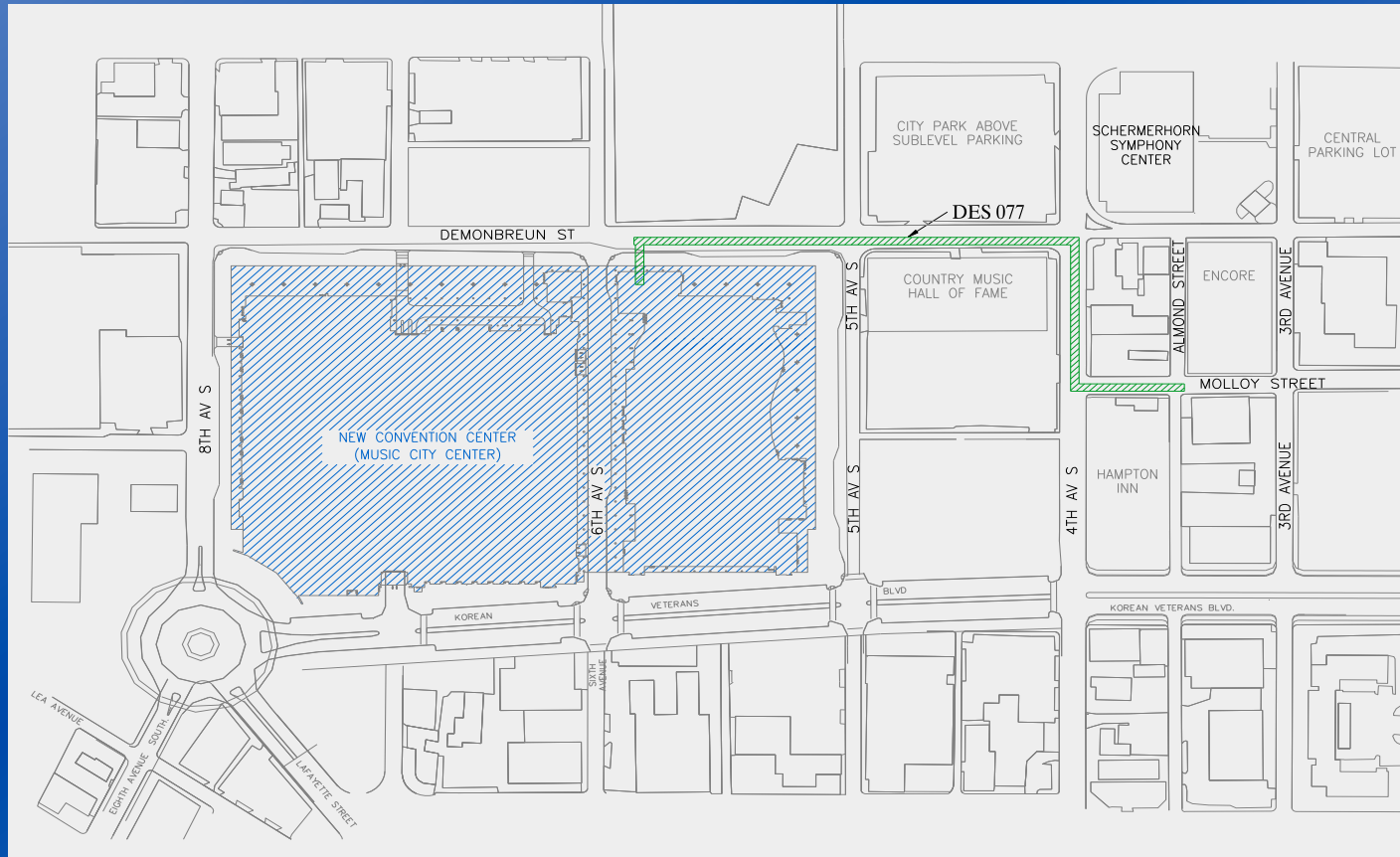


8. Music City Convention Center Expansion Update

- Music City Convention Center
 - 5,820 tons (contract)
 - 53,130 pph (contract)
- Estimated Capital Cost \$6,022,000
- Estimated \$700,000 (~27%) Reduction in MFA
- Design Progressing w/Bid Date by 06/11/2010
- “Service Ready” Anticipated 03/15/2011



Music City Convention Center Location & Routing Plan





9. Damage Report from May 1-2, 2010 Flood

- Actual Costs to Date (05/14/10) - \$32,000
- Anticipated Budget Cost
 - Electrical/Lighting - \$16,000 to \$20,000
 - Communications System - \$40,000 to \$60,000
 - Insulation - \$80,000 to \$120,000
 - Total Anticipated Cost - \$168,000 to \$232,000



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*First Avenue South-Looking North
from Shelby St Bridge*



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*First Avenue South-Looking South
from Shelby St Bridge*



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River Front Park



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10. Adjourn