



Metro Nashville
DISTRICT ENERGY SYSTEM

Advisory Board Quarterly Meeting
First Quarter FY11

Presented to
District Energy Advisory Board

November 18, 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 – 1st Qtr FY11
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. Other Board Member Items
11. 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 FY11.

-  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

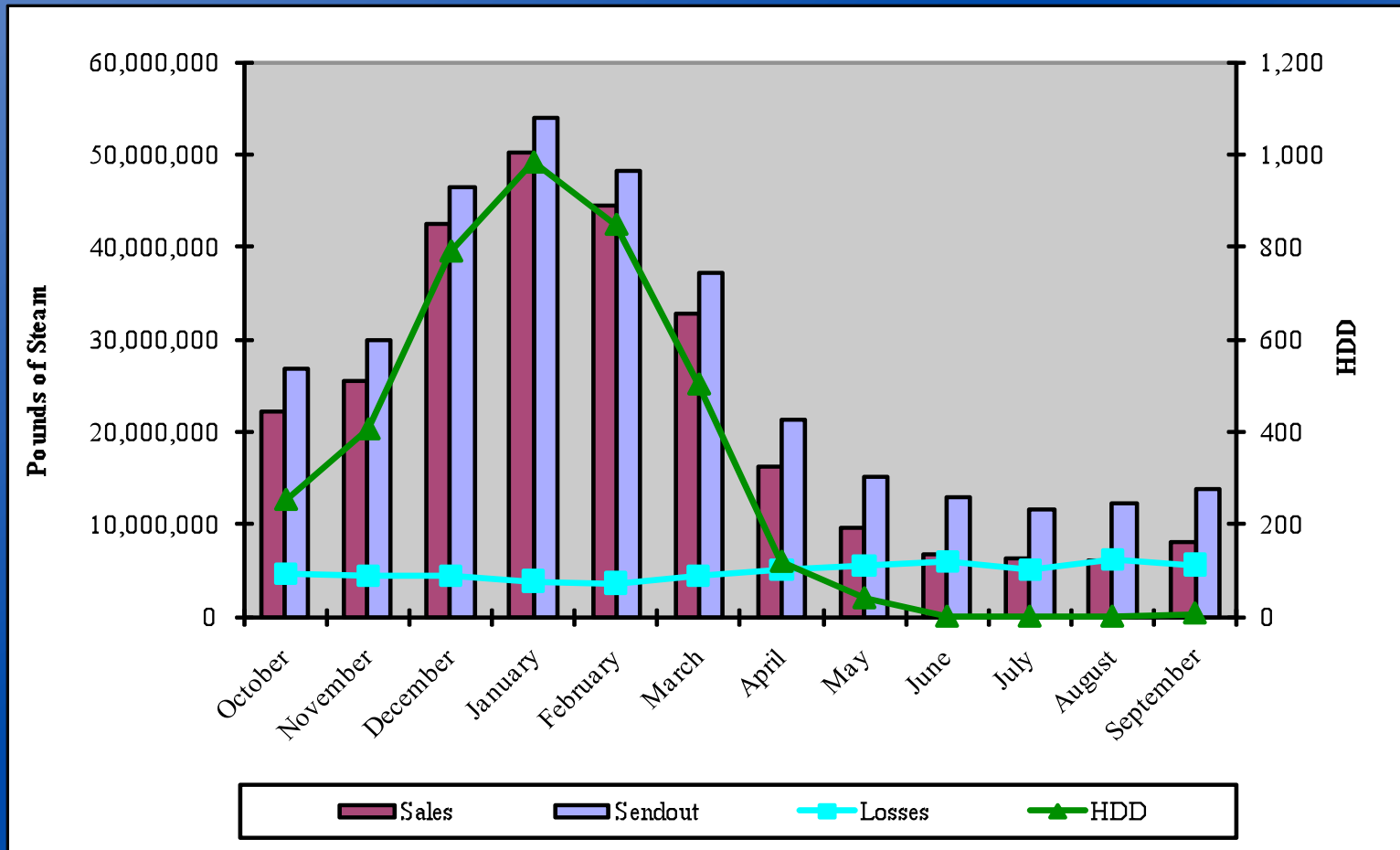
	Steam (\$ millions)			Chilled Water (\$ millions)		
	10/08 – 09/09	10/09-09 /10	% Diff.	10/08 – 09/09	10/09-09 /10	% Diff.
Private	\$2.197	\$1.661	-24.4%	\$3.564	\$3.717	4.3%
State	\$2.805	\$2.287	-18.5%	\$3.213	\$3.364	4.7%
Metro	\$2.636	\$1.937	-26.5%	\$3.053	\$3.103	1.7%
Aggregate	\$7.638	\$5.886	-22.9%	\$9.830	\$10.184	3.6%

*FY09 MFA = \$3,217,986; FY10 MFA = \$2,661,553 post-True-up; MFA not included in values shown



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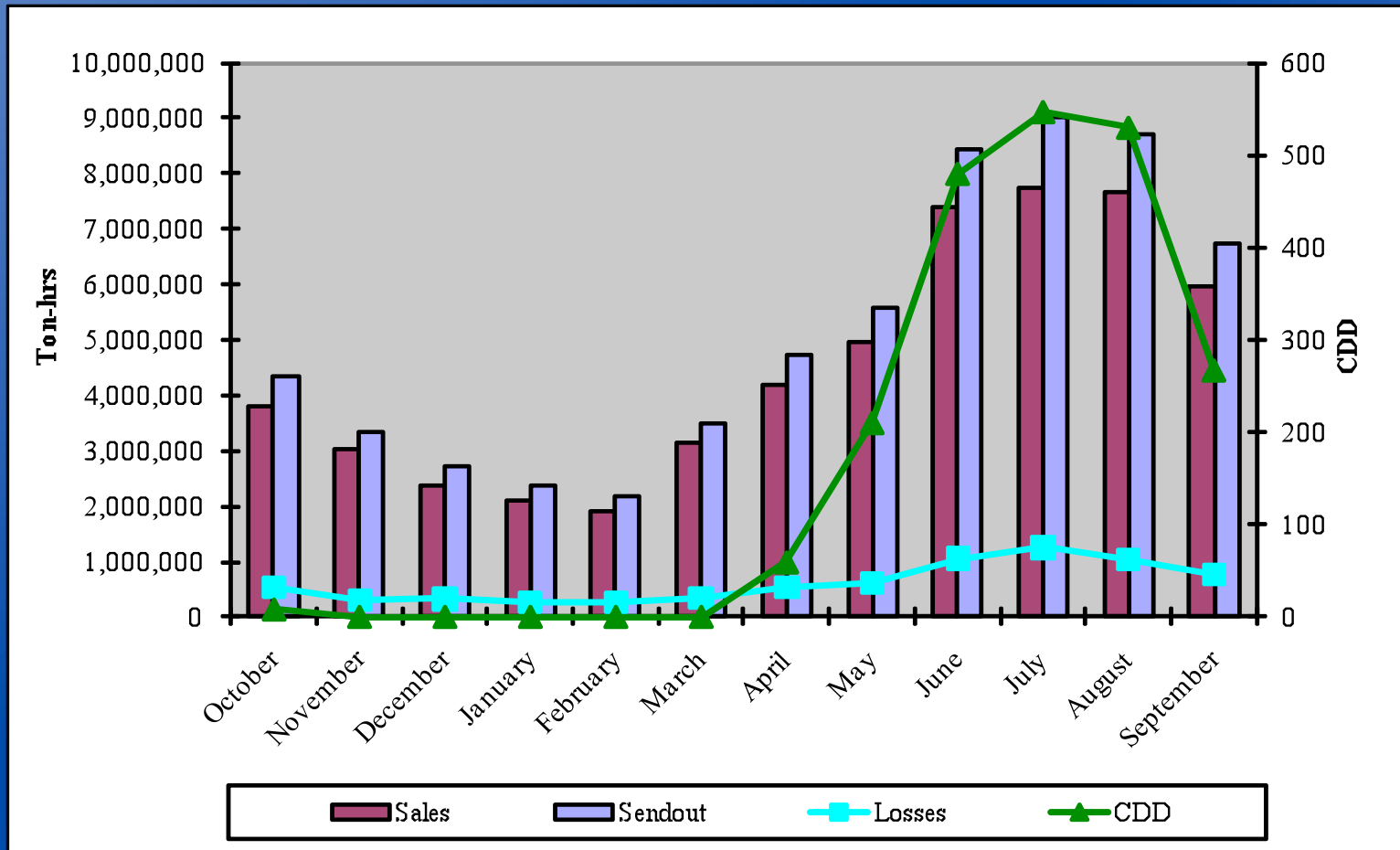
FY11 Operations: Steam





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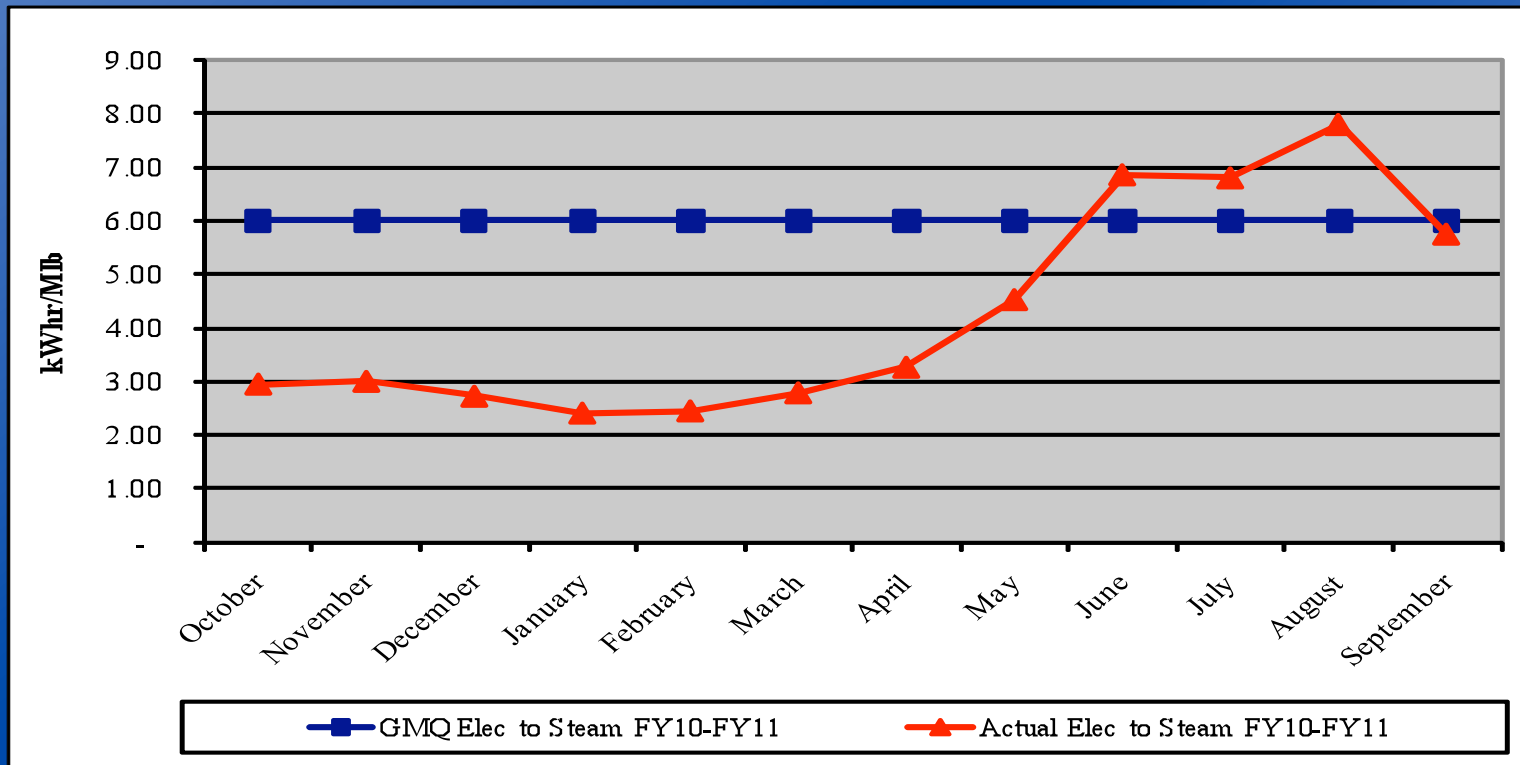
FY11 Operations: Chilled Water





Performance Measurement FY11: Steam

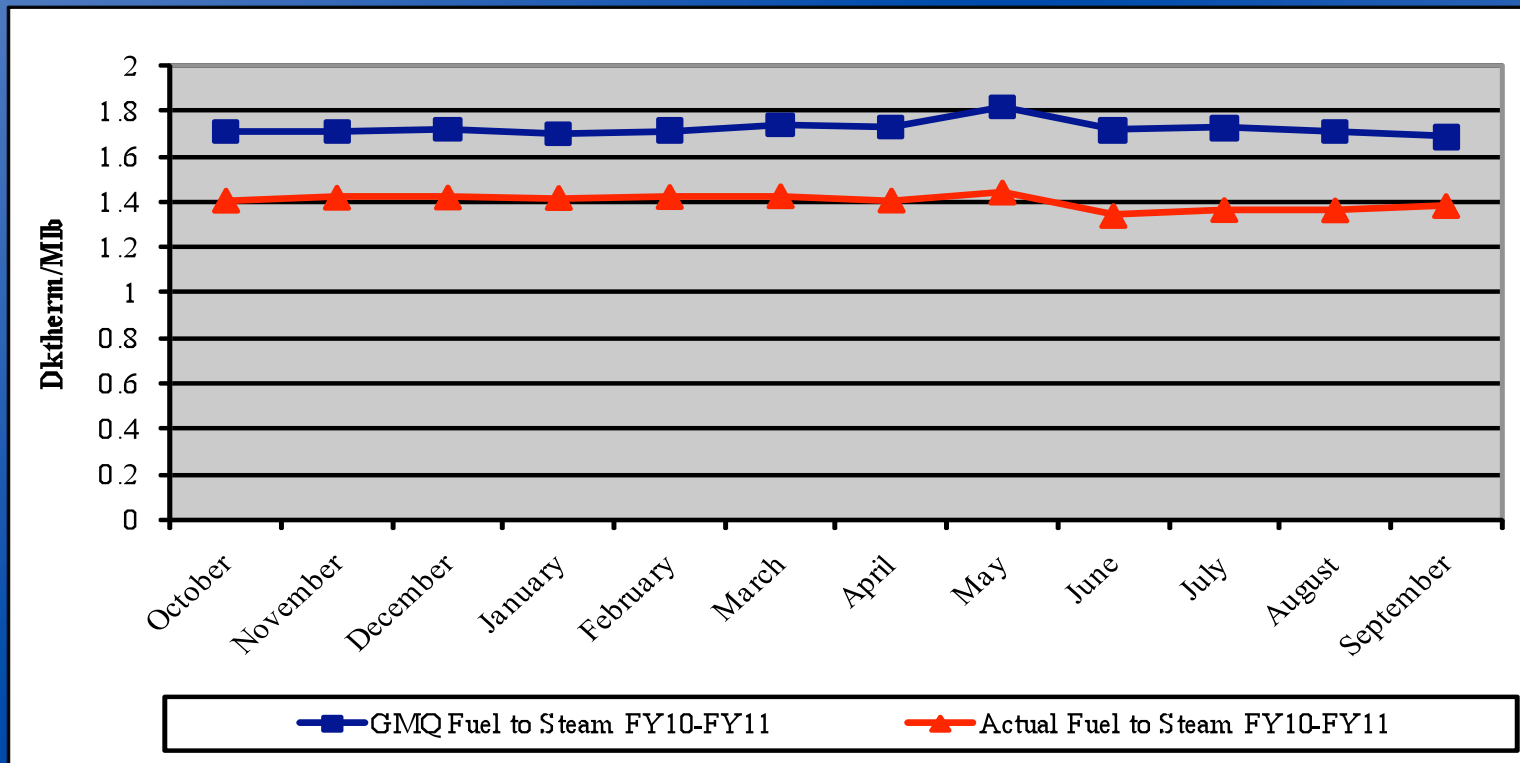
Electric Conversion ●





Performance Measurement FY11: Steam

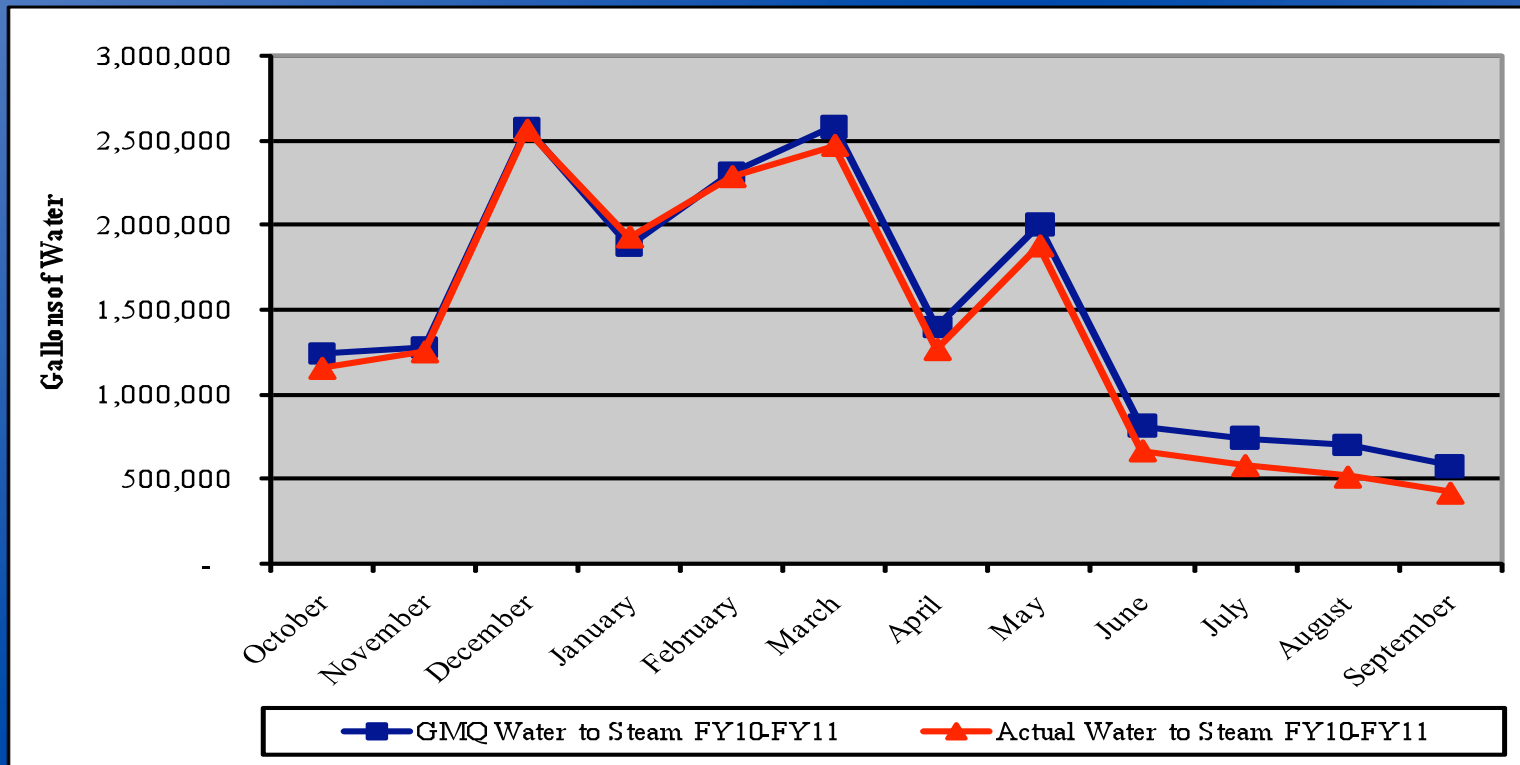
Plant Efficiency ●





Performance Measurement FY11: Steam

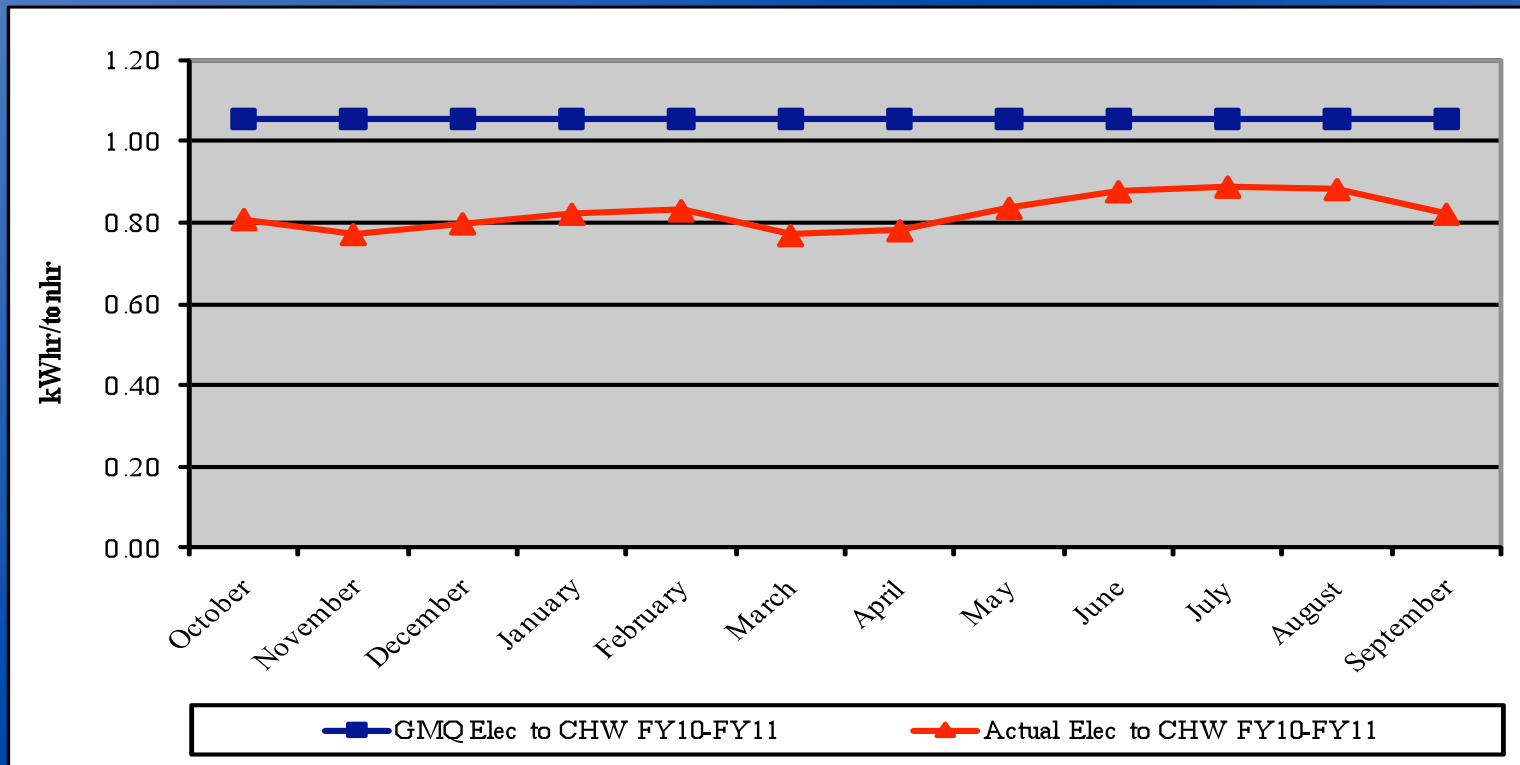
Water Conversion





Performance Measurement FY11: Chilled Water

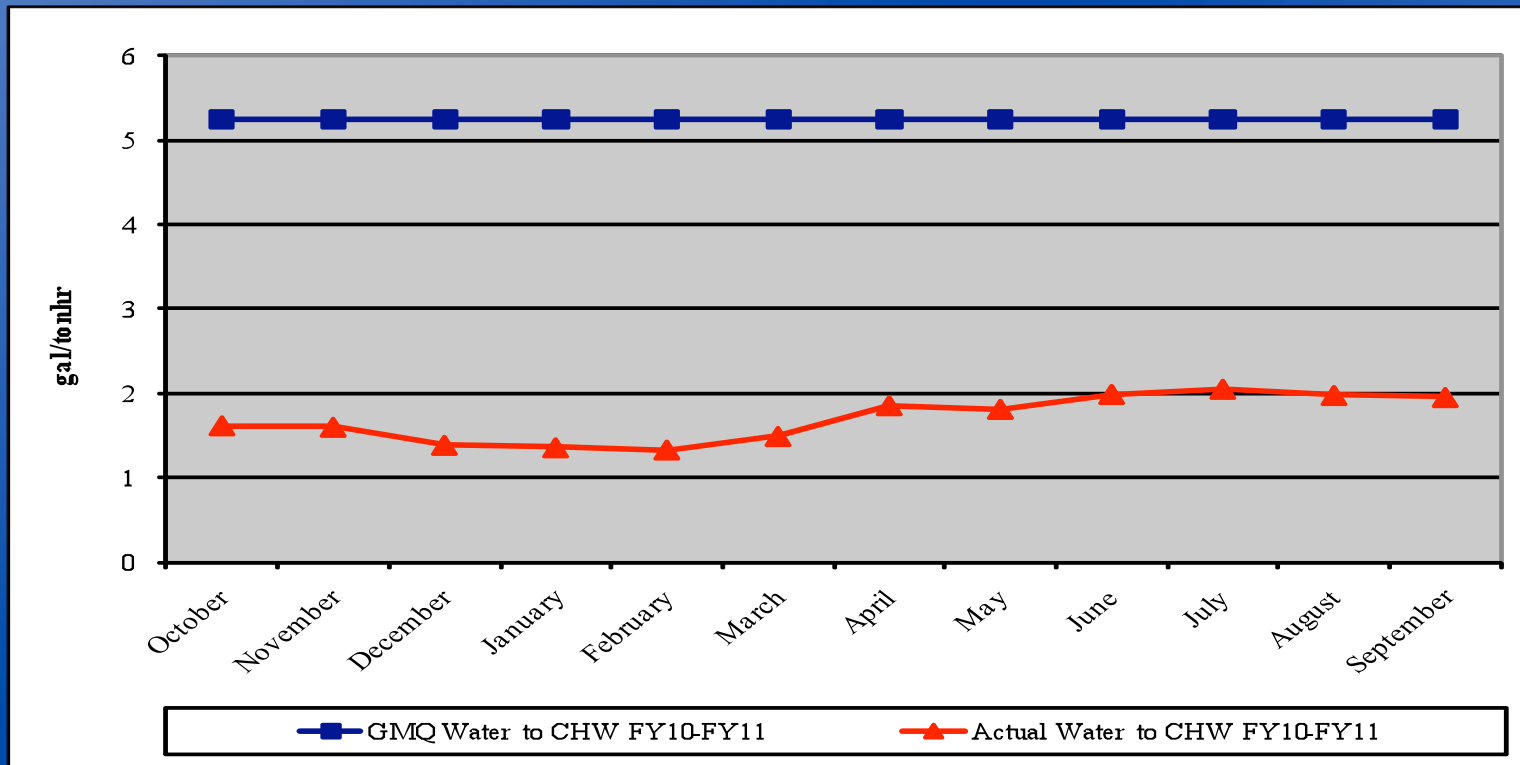
Electric Conversion ●





Performance Measurement FY11: 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: FY11 Gas Spending & Budget
Comparison**

**Figure 4: Actual and Projected Gas Cost
Comparison for FY11**



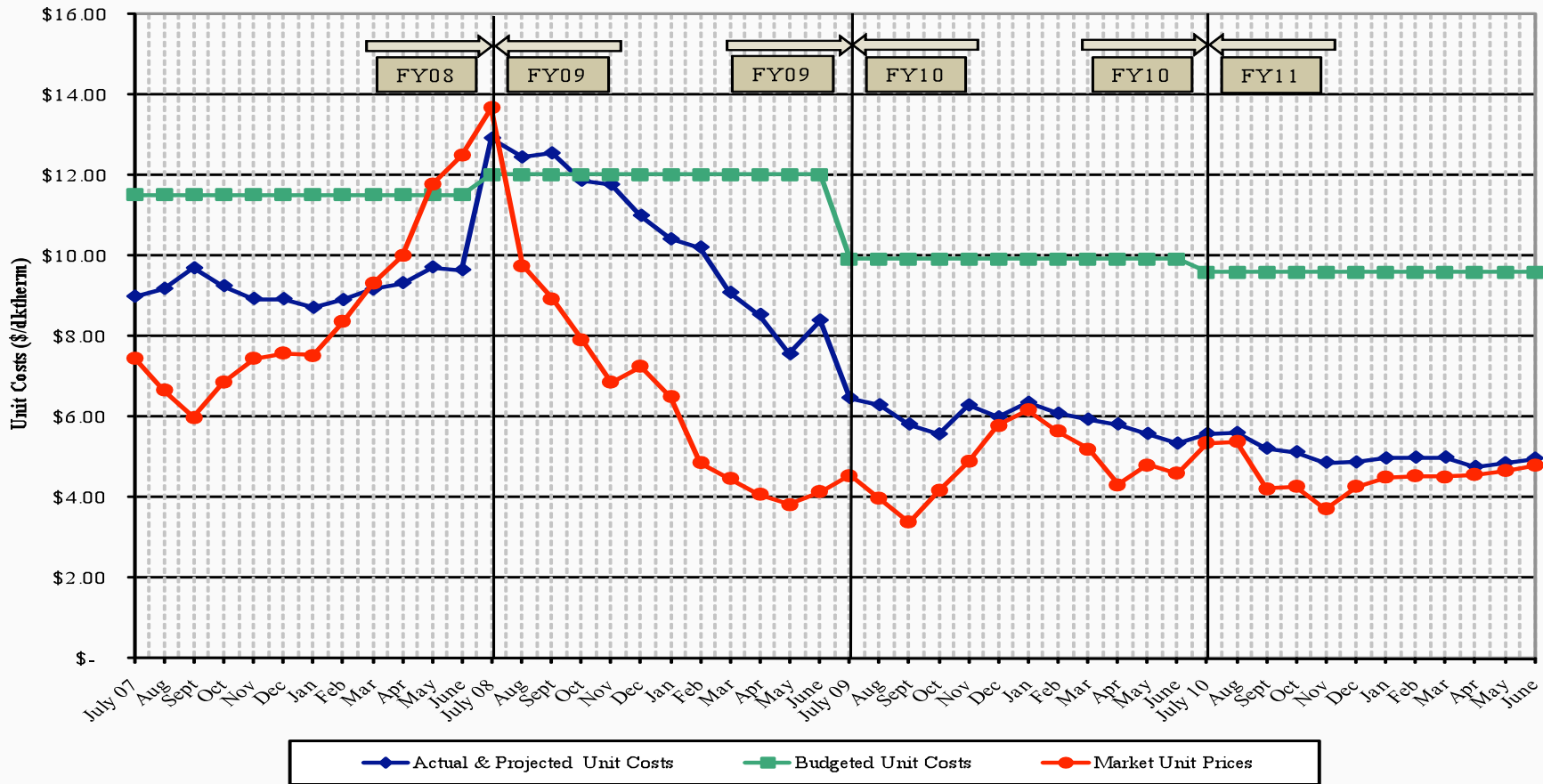
Table 4: FY11 Gas Spending & Budget Comparison

		Actual FY11 To date (Sept 30)	Budget FY11
Steam Sendout (Mlbs)		37,522	39,771
Fuel Use (Dth) (includes propane)	●	51,505	56,037
Plant Eff (Dth/Mlb)	●	1.373	1.409
Total Gas Cost (includes propane)	●	\$312,243	\$524,899
Unit Cost of Fuel (\$/Dth)	●	\$6.062	\$9.367



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Fig 4. Actual and Projected Gas Cost Comparison History





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5. Financial Reports: 1st Qtr FY11

Item	FY11 Budget	Total Spending to Date	% of Budget
FOC:			
Basic	\$ 3,976,200	\$ 988,755.75	24.87%
9th Chiller	\$ 37,200	\$ 9,264.75	24.91%
C/O 6A	\$ 73,400	\$ 18,291.51	24.92%
C/O 6B	\$ 64,300	\$ 16,013.43	24.90%
Pass-thru Charges:			
Water	\$ 574,000	\$ 156,947.84	27.34%
Chemical Treatment	\$ 150,000	\$ 33,954.63	22.64%
Engineering	\$ 26,200	\$ 3,604.53	13.76%
Insurance	\$ 27,700	\$ -	0.00%
EDS Electricity	\$ -	\$ 13,576.00	n.a.
EDS R&I	\$ 176,500	\$ 3,282.06	1.86%
EDS Surcharge	\$ 70,600	\$ -	0.00%
Marketing:			
CES Sales Activity	\$ -	\$ -	n.a.
Incentive Payments	\$ -	\$ -	n.a.
Metro Marketing	\$ 15,000	\$ -	0.00%
Project Administration	\$ 30,700	\$ 360.00	1.17%
FEA:			
Steam	\$ -	\$ 13,190.85	n.a.
Chilled Water	\$ -	\$ 125,430.95	n.a.
Misc:			
Metro Credit	\$ -	\$ (170,523.84)	n.a.
ARFA	\$ -	\$ 14,360.13	n.a.
Deferral	\$ -	\$ -	n.a.
Subtotal - Man Fee =	\$ 5,045,300	\$ 1,219,262.00	24.17%
Reimbursed Management Fee		\$ 405,211.45	
Metro Costs:			
Metro Incremental Cost	\$ 469,900	\$ 282,077.15	60.03%
EDS Water/Sewer	\$ -	\$ 25.10	n.a.
Natural Gas	\$ 4,445,500	\$ 312,242.55	7.02%
Propane	\$ -	\$ -	n.a.
Electricity	\$ 4,949,700	\$ 1,567,251.61	31.66%
Subtotal - Operations =	\$ 15,086,900	\$ 3,387,745.00	22.45%
Debt Service			
2002 Bonds	\$ 4,239,500	\$ 1,090,723.44	25.73%
2005 Bonds	\$ 628,100	\$ -	0.00%
2007 Bonds	\$ 227,800	\$ -	0.00%
2008 Bonds	\$ 220,500	\$ -	0.00%
2010 Bonds	\$ -	\$ -	n.a.
Interest Revenue	\$ (100,000)	\$ (17,379.17)	17.38%
Oper. Reserve Funding Deposit	\$ -	\$ -	n.a.
Subtotal - Capital =	\$ 5,215,900	\$ 1,073,344.27	20.58%
Total =	\$ 20,302,800	\$ 4,461,089.27	21.97%
Revenues =	\$ 17,858,700	\$ 4,242,612.37	23.76%
Metro Funding Amount =	\$ 2,444,100	\$ 218,476.90	8.94%



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6. FY11 Budget Status Report

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	\$ 485,900	-7.69%
Water/Sewer	\$ 689,600	\$ 574,000	-16.76%
Natural Gas/Propane	\$ 4,692,900	\$ 4,429,200	-5.62%
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	\$ 15,086,600	-3.55%
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)	\$ (92,900)	-24.90%
Oper. Reserve Funding Deposit	\$ -	\$ -	n.a.
Sub-total Debt Service	\$ 5,315,100	\$ 5,223,000	-1.73%
Total Expenses	\$ 20,956,200	\$ 20,309,600	-3.09%
Customer Revenues	\$ 18,488,100	\$ 17,820,100	-3.61%
Project Admin. Revenue	\$ 24,000	\$ 30,700	27.92%
	\$ -	\$ 14,700	n.a.
Total Metro Funding Amount	\$ 2,444,100	\$ 2,444,100	0.00%



Capital Expenditure Update

	Spent to End of FY10	FY11 Spending	Balance to Date (10/20/10)
R&I Projects	\$976,742	\$8,945	\$546,254
2005B Bond	\$8,054,218	\$9,164	\$123,118
2007 Bond	\$2,620,771	\$0	\$237,729
2010 Bond	\$412,384	\$38,242	\$1,957,125
2011 Bond	\$0	\$0	\$8,500,000
Total	\$12,064,115	\$56,351	\$11,364,226



7. Capital Projects Review

Active Capital Projects

- DES 059: CJC Condensate Service Line Repair – construction completed during 1st Qtr FY11; closeout to occur in 2nd Qtr FY11
- DES 060: MH Insulation - in construction/ongoing
- DES 061: Manhole & Tunnel Steel Corrosion Repair & Prevention – in construction/ongoing
- DES 062: Replacement of Stm and Cond Service to Wildhorse Saloon – closed
- DES 063: Manhole A, B & M Sump Pump Installation – in construction; CEPS donating labor
- DES 066: 1st Avenue Manhole & Steam Line Removal from Service - in closeout
- DES 067: Tunnel Rock Rehabilitation.: Broadway, 7th & 4th Ave. – in construction
- DES 069: Municipal Auditorium Tempering Station – closed
- DES 073: MH-18 Platform Modification – awarded; construction during 2nd Qtr FY11



7. Capital Projects Review (cont'd.)

Active Capital Projects

- DES 076: MH-S4A State Manhole Rebuild – on hold; awaiting completion of the State alternate fiber optic duct
- DES 077: Expansion of Service to the Music City Convention Center - in construction
- DES 080: Misc. Manhole & Tunnel Safety Repairs – in design
- DES 081: Flood Related Repairs – construction complete; in closeout



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FY 2010-2011 Proposed Projects

- DES 048: Tunnel Lighting Replacement Phase III – awaiting DES 067
- DES 070: MH 6 to 23 Condensate Line Replacement
- DES 071: Hermitage Hotel Service Modifications
- DES 072: Sheraton Hotel Steam and Condensate Replacement

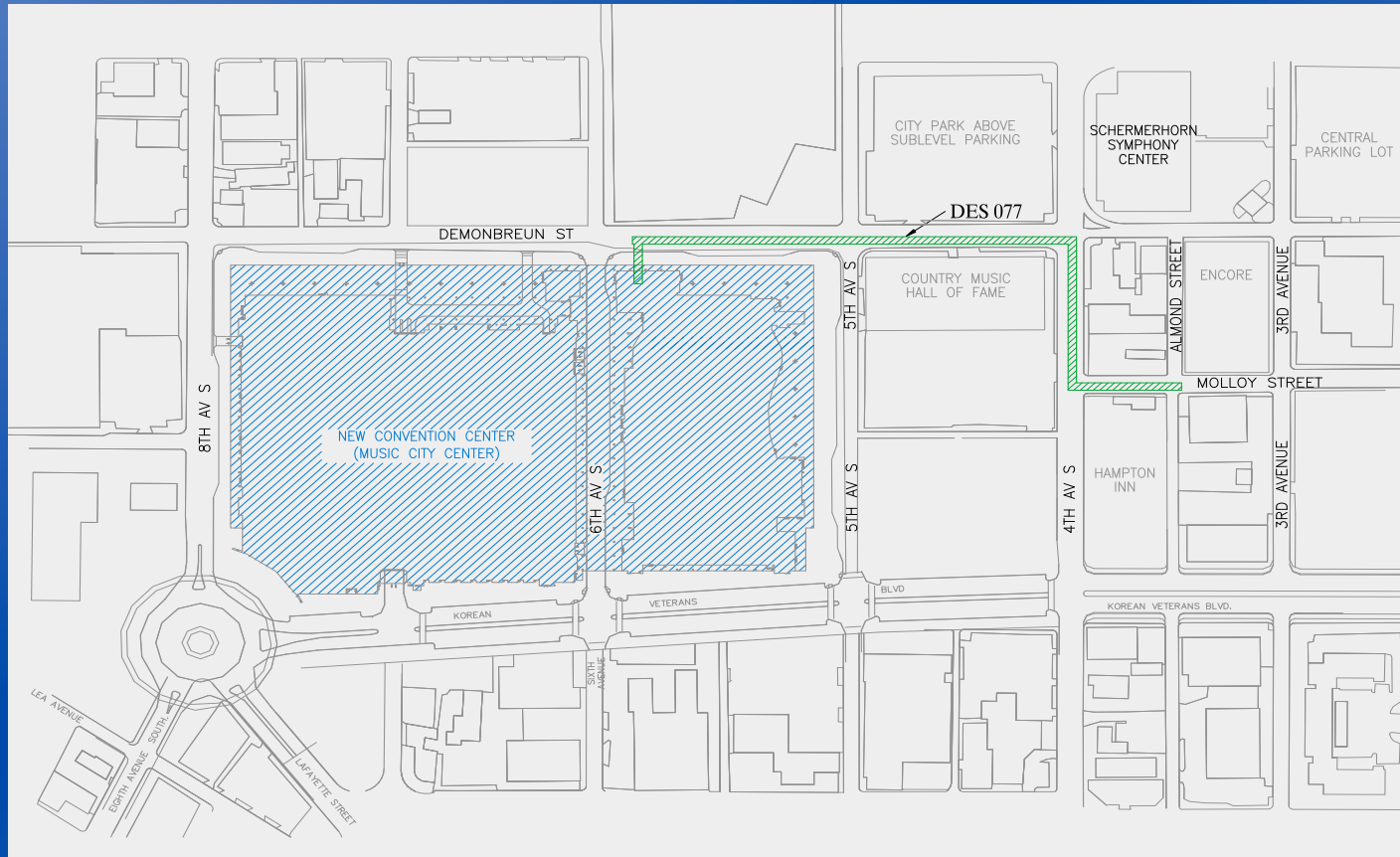


8. Music City Convention Center Expansion Update

- Music City Convention Center
 - 5,820 tons (contract)
 - 53,130 pph (contract)
- Estimated Capital Cost \$6,022,000
- Estimated \$500,000 (~25%) Reduction in MFA
- Construction Began October 2010
- “Service Ready” Anticipated 04/15/2011



Music City Convention Center Location & Routing Plan





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

- Paid to Date (10/29/10) - \$375,000
- Majority of costs may not be affect capital budget

Item	Estimated Total Cost	FEMA Reimbursement	Net Cost to Metro
Electrical & Communications	\$215,000	\$213,477	\$1,523
Mechanical & Temp Boiler	\$373,500	\$83,947	\$289,553
Other	\$25,000	\$20,329	\$4,671
Total	\$613,500	\$317,753	\$295,747



10. Other Board Member Items

11. Adjourn

Advisory Board Meeting Schedule

FY11 – 2nd Quarter Meeting – February 17, 2011

FY11 – 3rd Quarter Meeting – May 19, 2011

FY11 – 4th Quarter Meeting – August 17, 2011

FY12 – 1st Quarter Meeting – November 16, 2011