



**Metro District Energy System Advisory Board
Regularly Scheduled Meeting of
November 21, 2013**

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
Joe Cain (*on behalf of Jim Thiltgen*)
Lannie Holland (*on behalf of Richard Riebeling*)
Brian Taylor
Tom Thompson

Board Members not Present:

Yuri Cunza
Joy Harris
Richard Riebeling
Jim Thiltgen
Tom Turner
Nancy Whittemore

Others Present:

Tim Hestle, CEPS General Manager
Bob Lackey, DES Liaison
Robin Lamborn, DES Advisory Board Secretary
Gregg Nicholson, Metro General Services

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

A motion to approve the minutes of the May 16, 2013 and August 15, 2013 Board Meetings was made, seconded and approved by the Board.

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 first quarter of FY14. On an aggregate basis for the previous twelve (12) months, the steam costs were up 13.86% and chilled water costs were also up 5.24%. Most of the changes are due to the volumes consumed by the Music City Center, which is the largest DES customer. The warmer temperatures have helped increase the chilled water consumption and decreased the steam consumption to most customers. There has been an extraordinary amount of consumption of steam at the MCC and they are working to see if this is an operational issue or if the MCC will consume more energy than expected. The overall increase in consumption has lowered the unit costs.



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. For the first quarter of FY14, the MCC has consumed 15% of the chilled water sales and 32% of the steam sales.

Mr. Ragsdale and Mr. Jacobs discussed the review of the contractor's performance for the first quarter of FY14 and the previous year, along with the contractor's energy efficiency guarantees. Mr. Jacobs and Mr. Ragsdale provided steam and chilled water conversion tables for electricity, water, and plant efficiency for the previous year. 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 plant receives an 80-85% return of the condensate, which improves the efficiency of the boilers, reduces the amount of chemicals used, and reduces the amount of City water needed to supplement. 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, which results in a consistent performance. There are currently some ongoing capital projects to make repairs and 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 for the first 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 decreased slightly and the actual unit cost of fuel was 5.2% 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. Budgeted Unit Costs are in line with Actual & Projected Unit Costs and Market Unit Prices. Hedging has been significantly reduced as a result of the market continuing to remain stable.

Mr. Ragsdale and Mr. Jacobs reviewed the FY14 operating costs to date. Through the end of this period of operations, approximately 24.25% of the FY14 budget (\$21,648,600) has been expended. Most of the costs are around 25% of the budget, which is typical for the first quarter.

The FY14 budget of \$21,648,600 was reviewed with the Board, which represents an increase of 7.26% compared to the previous year. Total revenues are projected to increase 10.73% and the Metro Funding Amount is expected to be reduced by 16.96% as a result of the addition of the MCC and Hyatt Place coming online in FY14.

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 first quarter of FY14 was \$70,942. The total remaining balance as of 10/30/13 was \$3,266,418.

Mr. Ragsdale and Mr. Jacobs provided the Board with updates on the various active DES capital projects. Mr. Ragsdale discussed the Delta T Modifications that are scheduled to begin in November of 2013. The Board also received an update on the projects in close-out, including manhole and safety repairs, as well as connection to the Hyatt Place.

On behalf of everyone, Mr. Lackey thanked Mr. Thompson for his faithful service as Chairman of the DES Advisory Board and for his service to the City. Everyone congratulated Mr. Thompson on his upcoming retirement in January of 2013.



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

The next Board Meeting will be held Thursday, February 20, 2014 at 10:00 A.M.

Prepared by: _____

Robin Lamborn, DES Advisory Board Secretary

Date: _____

Approved: _____

Karen Bennett, Chair, DES Advisory Board

Date: _____

Approved: _____

Bob Lackey, DES Liaison

Date: _____