



Metro Nashville
DISTRICT ENERGY SYSTEM

Semi-Annual DES Customer Meeting
Spring 2010 (FY10)

Presented to
Metro DES Customers

March 18, 2010



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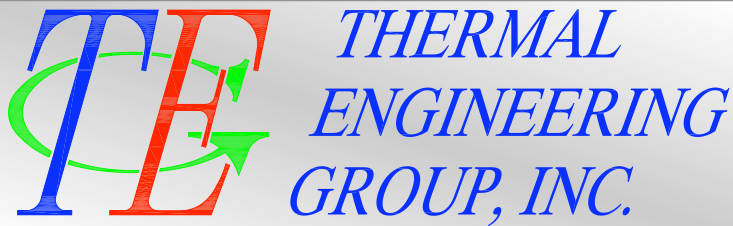
Agenda

1. Welcome!
2. Comparison of Customer Annual Costs
3. CEPS Scorecard
4. Natural Gas Trends
5. FY10 Budget Review
6. Proposed FY11 Budget
7. Capital Projects Review
8. Music City Convention Center
9. Liaison Transition of Duties
10. Questions and Answers
11. Adjourn



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1. Welcome!





2. Comparison of Annual Customer Costs

	Steam (\$ millions)			Chilled Water (\$ millions)		
	01/08 – 12/08	01/09-12 /09	% Diff.	01/08 – 12/08	01/09-12 /09	% Diff.
Private	\$2.439	\$1.943	-20.3%	\$3.827	\$3.497	-8.6%
State	\$3.100	\$2.513	-18.9%	\$3.257	\$3.191	-2.0%
Metro	\$2.856	\$2.225	-22.1%	\$3.055	\$2.967	-2.9%
Aggregate	\$8.395	\$6.681	-20.4%	\$10.139	\$9.656	-4.8%

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






Comparison of Annual Energy Consumptions

	Steam (Mlbs)			Chilled Water (1,000 tonhrs)		
	01/08 – 12/08	01/09-12 /09	% Diff.	01/08 – 12/08	01/09-12 /09	% Diff.
Private	90,049	79,705	-11.5%	19,913	17,107	-14.1%
State	108,445	99,498	-8.3%	16,772	16,385	-2.3%
Metro	100,942	87,881	-12.9%	17,641	17,107	-3.0%
Aggregate	299,436	267,084	-10.8%	54,325	50,599	-6.9%
HDD/CDD	3,581	3,631	1.4%	1,913	1,559	-18.5%



3. CEPS Score Card

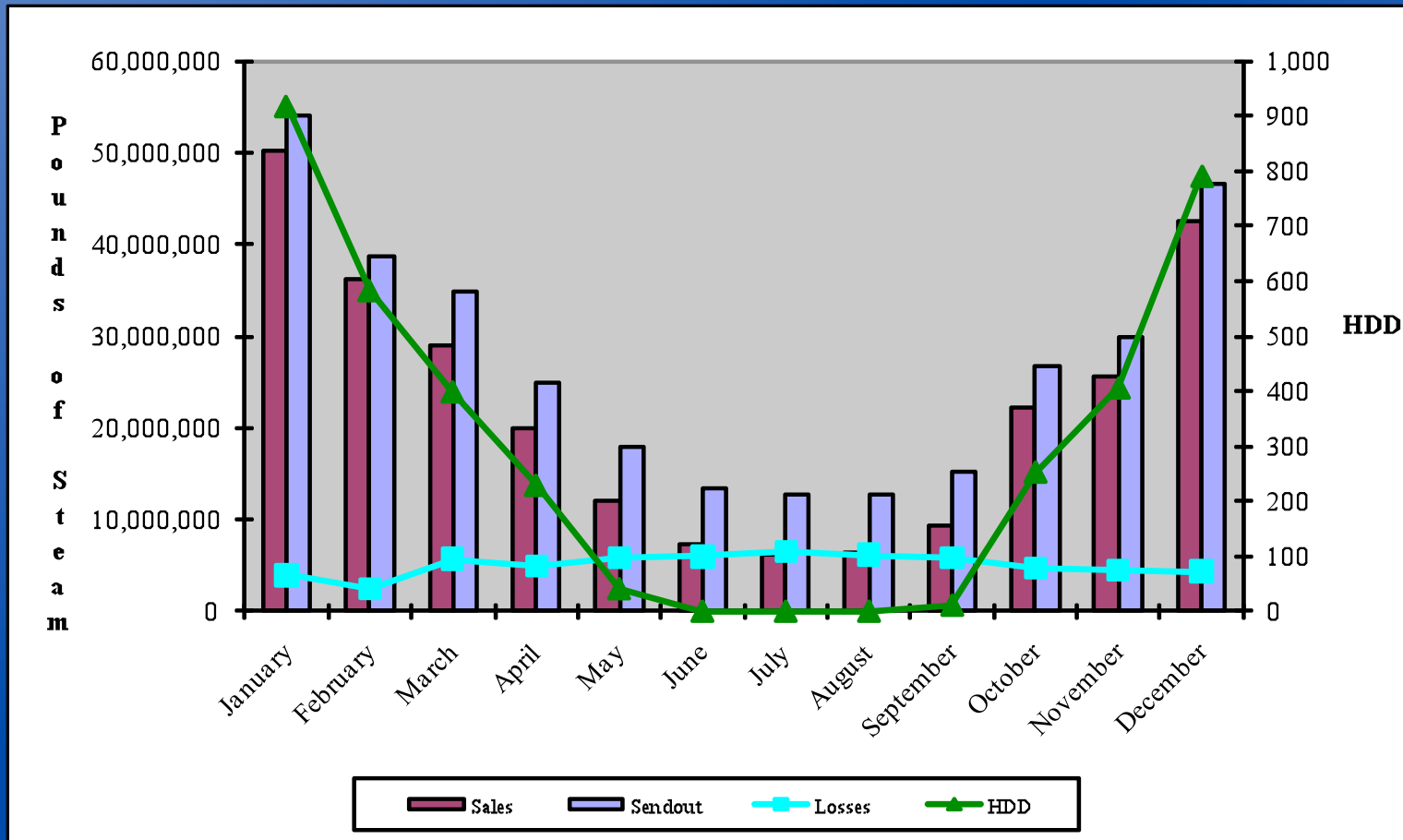
Contractor (CNDE) is in compliance with their contractual obligations for FY10.

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



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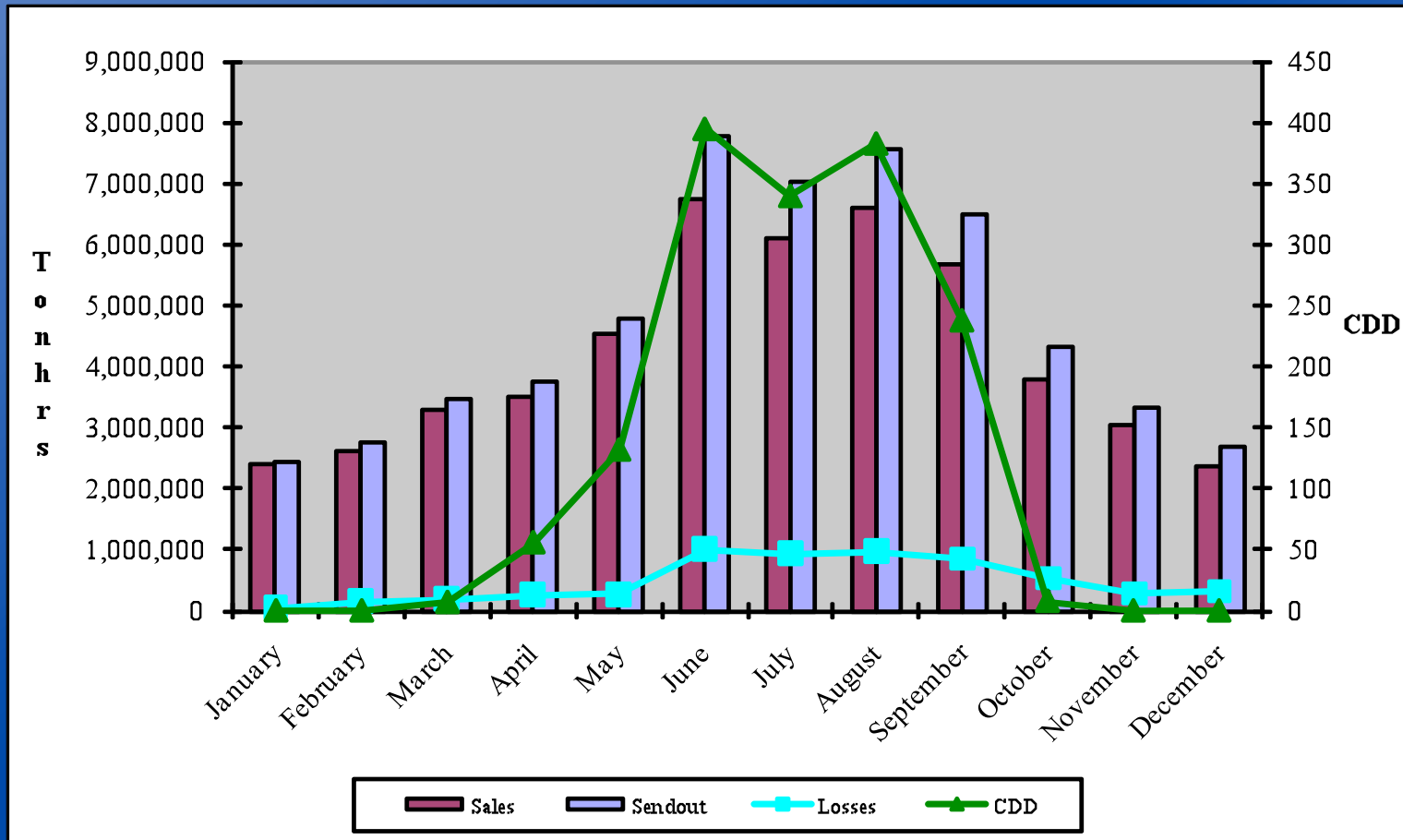
FY10 Operations: Steam





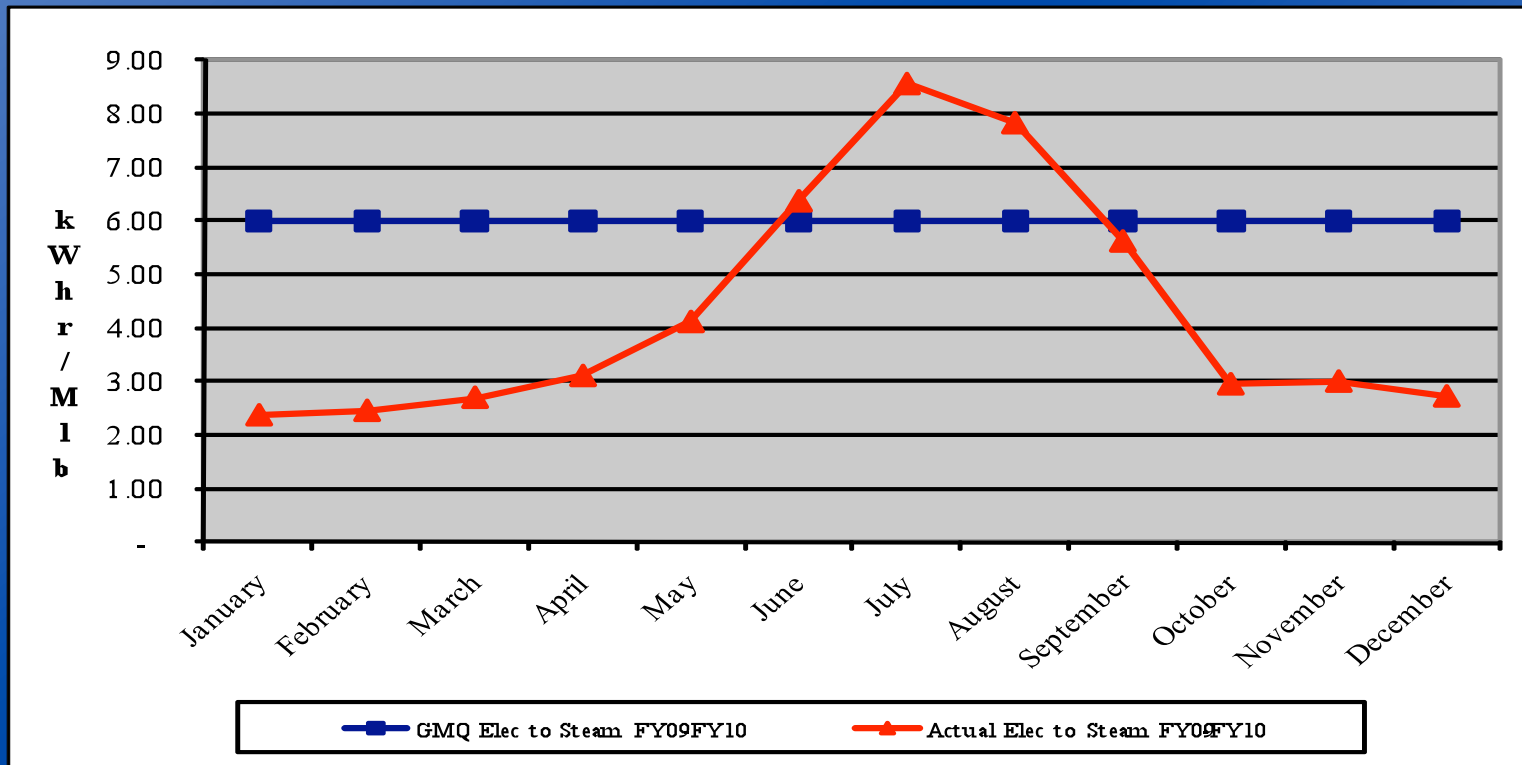
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FY10 Operations: Chilled Water





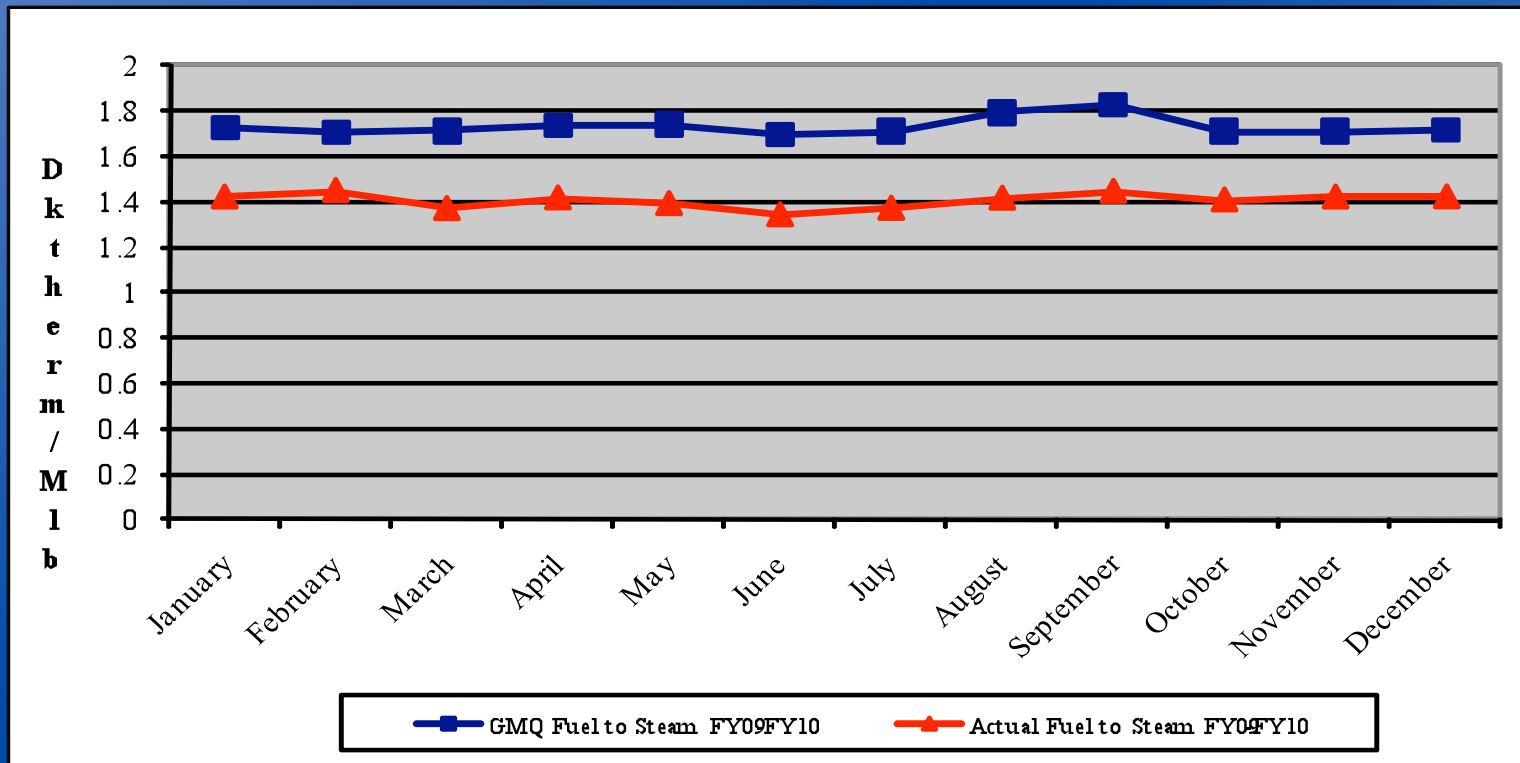
Performance Measurement FY10: Steam Electric Conversion ●





Performance Measurement FY10: Steam

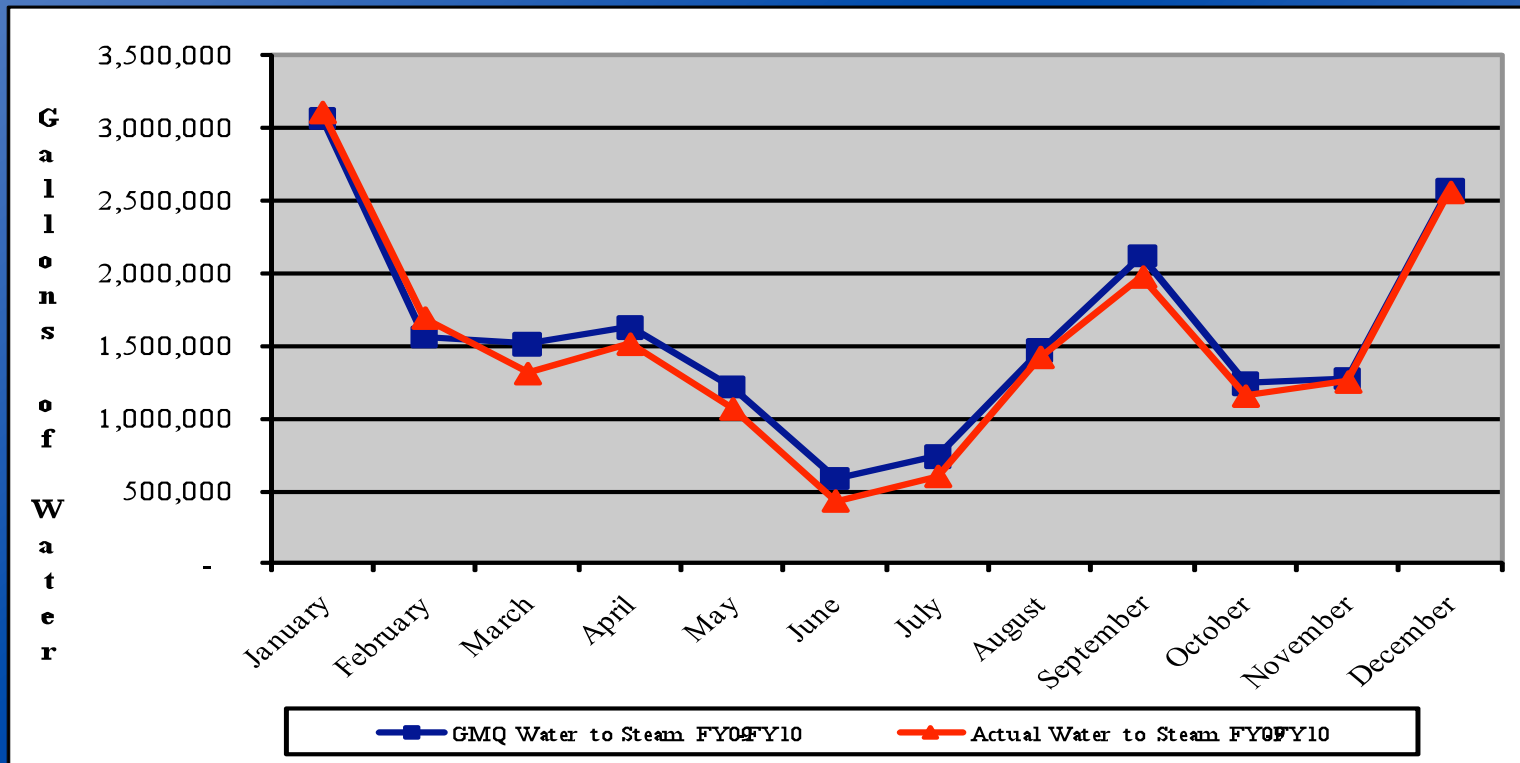
Plant Efficiency ●





Performance Measurement FY10: Steam

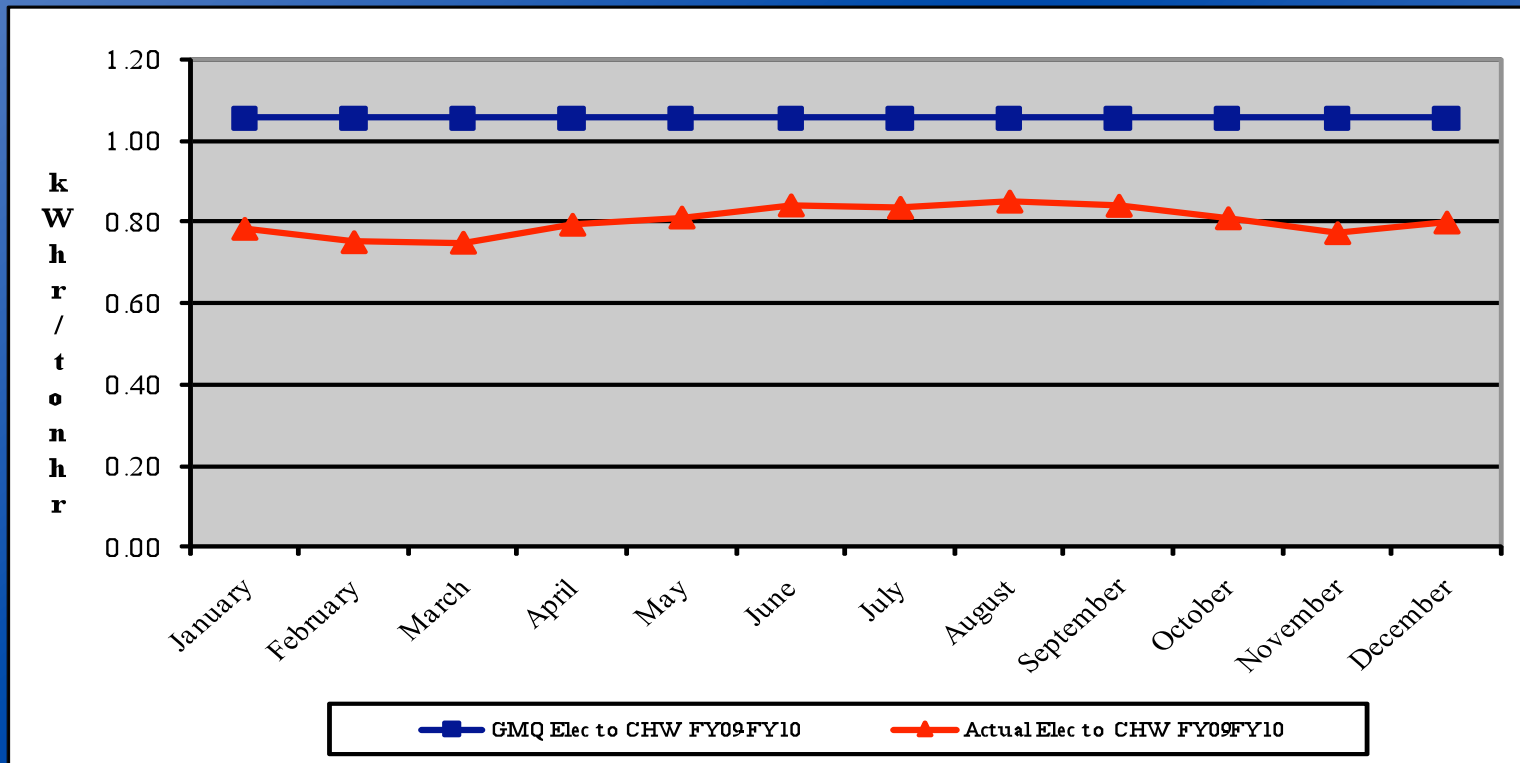
Water Conversion





Performance Measurement FY10: Chilled Water

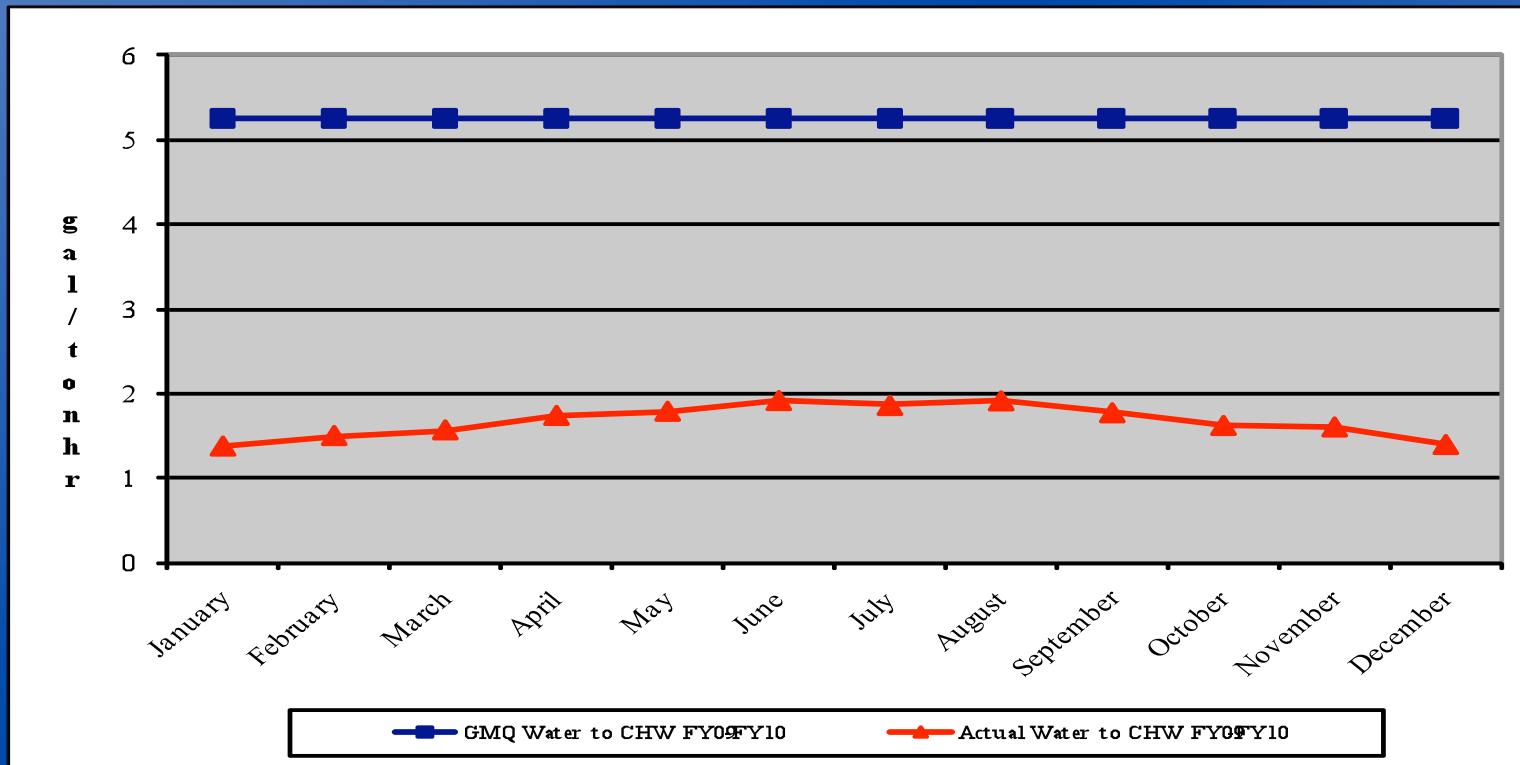
Electric Conversion





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 Trends

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

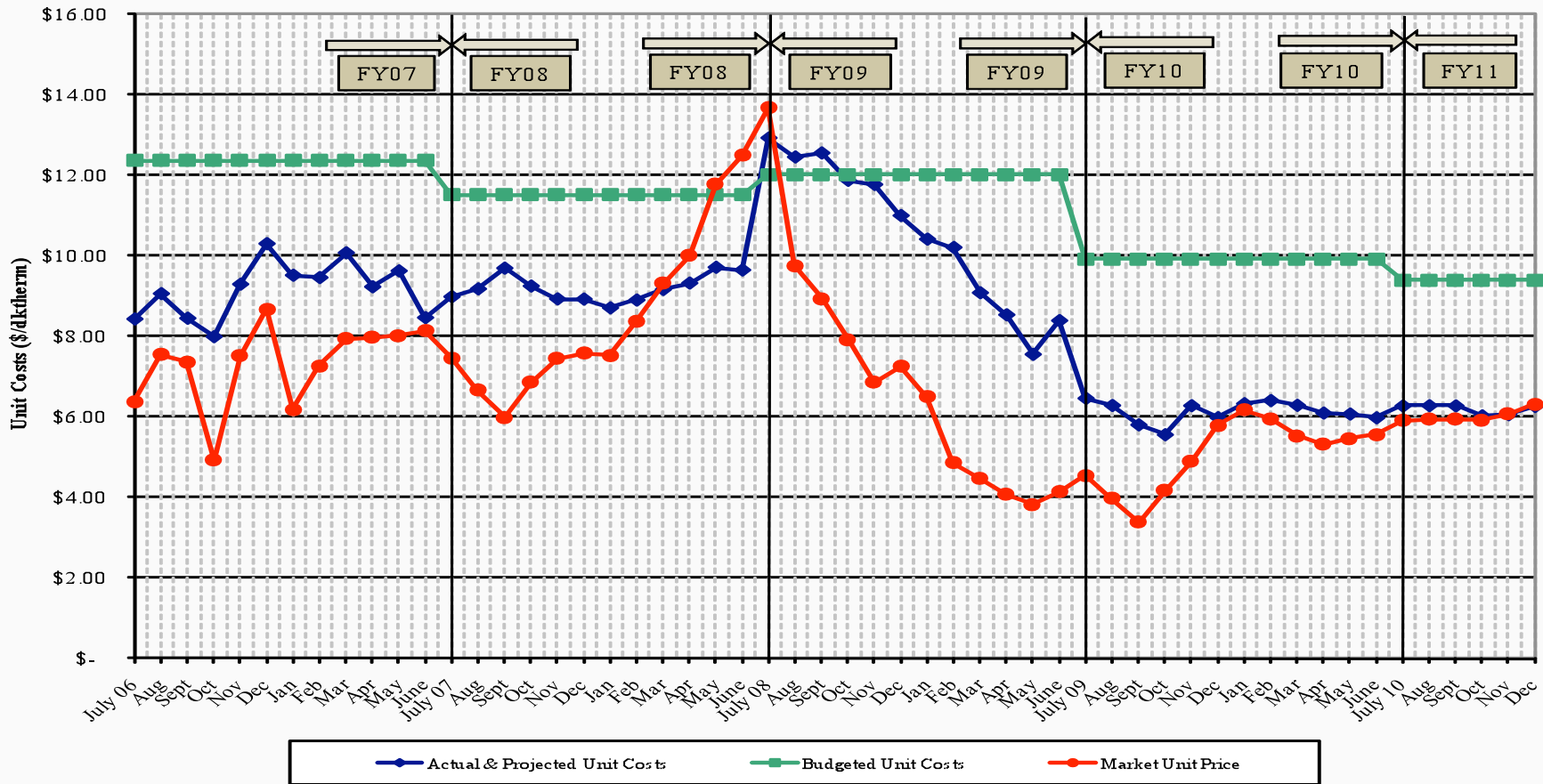
		Actual FY10 To date (Dec 31)	Budget FY10
Steam Sendout (Mlbs)		144,218	145,172
Fuel Use (Dth)	●	205,313	210,500
Plant Eff (Dth/Mlb)	●	1.424	1.450
Total Gas Cost	●	\$1,297,0338	\$2,068,373
Unit Cost of Fuel (\$/Dth)	●	\$6.317	\$9.826



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Actual and Projected Gas Cost Comparison for FY10





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5. FY10 Budget Review: 2nd Qtr

Item	FY10 Budget	Total Expenses to Date	Percent of FY10 Budget
FOC: Basic	\$ 3,976,200	\$ 1,926,085	48.44%
FOC: 9th Chiller	\$ 37,200	\$ 18,048	48.51%
FOC: Change Order 6A	\$ 73,400	\$ 35,631	48.54%
FOC: Change Order 6B	\$ 64,300	\$ 31,194	48.51%
Chemicals	\$ 161,200	\$ 74,891	46.46%
Engineering	\$ 26,200	\$ 16,578	63.28%
Insurance	\$ 43,700	\$ 27,723	63.44%
Marketing: CEPS Sales Activity	\$ 9,800	\$ -	0.00%
Metro Marketing	\$ 35,000	\$ 8,564	24.47%
Incentive Payments	\$ -	\$ -	n.a.
Project Administration	\$ 24,000	\$ -	0.00%
Metro Incremental Cost	\$ 526,400	\$ 186,757	35.48%
FEA: Steam	\$ -	\$ 53,980	n.a.
FEA: Chilled Water	\$ -	\$ 194,436	n.a.
ARFA	\$ -	\$ 27,973	n.a.
Metro Credit	\$ -	\$ (221,345)	n.a.
Water/Sewer	\$ 689,600	\$ 194,705	28.23%
Natural Gas/Propane	\$ 4,692,900	\$ 1,297,038	27.64%
Electricity	\$ 5,034,100	\$ 2,083,012	41.38%
EDS Repair & Improvement	\$ 176,500	\$ 63,339	35.89%
EDS Surcharge	\$ 70,600	\$ -	0.00%
Sub-total Operations	\$ 15,641,100	\$ 6,018,610	38.48%
2002 Bonds	\$ 4,362,900	\$ 2,181,405	50.00%
2005 Bonds	\$ 627,600	\$ 168,794	26.90%
FY07 Projects	\$ 227,800	\$ 112,075	49.20%
FY08 Projects	\$ 220,500	\$ 112,075	50.83%
Debt Service Interest Revenue	\$ (123,700)	\$ (7,835)	6.33%
Oper. Reserve Funding Deposit	\$ -	\$ -	n.a.
Sub-total Debt Service	\$ 5,315,100	\$ 2,566,514	48.29%
Total Expenses	\$ 20,956,200	\$ 8,585,124	40.97%
Customer Revenues	\$ 18,512,100	\$ 7,405,726	40.00%
Total Metro Funding Amount	\$ 2,444,100	\$ 1,179,398	48.25%



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6. Proposed FY11 Budget

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	\$ 478,900	-9.02%
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	\$ 15,095,900	-3.49%
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	\$ 20,318,900	-3.04%
Customer Revenues	\$ 18,488,100	\$ 17,832,700	-3.54%
Project Admin. Revenue	\$ 24,000	\$ 30,700	27.92%
	\$ -	\$ -	n.a.
Total Metro Funding Amount	\$ 2,444,100	\$ 2,455,500	0.47%



7. Capital Projects Review

	Spent to End of FY09	FY10 Spending	Balance to Date (02/18/10)
R&I Projects	\$764,130	\$77,402	\$525,676
2005B Bond	\$7,920,090	\$118,058	\$148,353
2007 Bond	\$2,620,771	\$0	\$237,729
2008 Bond	\$1,846,622	\$1,031,878	\$0
2010 Bond	\$0	\$47,389	\$2,362,611
Total	\$10,530,842	\$1,274,727	\$3,274,369



Active Capital Projects

- DES 059: CJC Service Line Replacement – in design
- DES 060: MH Insulation - in construction/ongoing
- DES 061: MH & Tunnel Structural Steel Corrosion Prevention – in design
- DES 062: Replacement of Steam and Condensate Service to Wildhorse Saloon - in construction
- DES 066: 1st Avenue Manhole & Steam Line Removal from Service - in construction
- DES 067: EDS Tunnel Structural Rehabilitation – construction pending
- DES 068: Manhole 10 Concrete Pad Installation – in construction
- DES 069: Municipal Auditorium Tempering Station – in design
- DES 073: MH-18 Condensate and Platform Modification - in design
- DES 076: MH-S4A State Manhole Rebuild - in design
- DES 077: Expansion of Service to the Music City Convention Center - in design



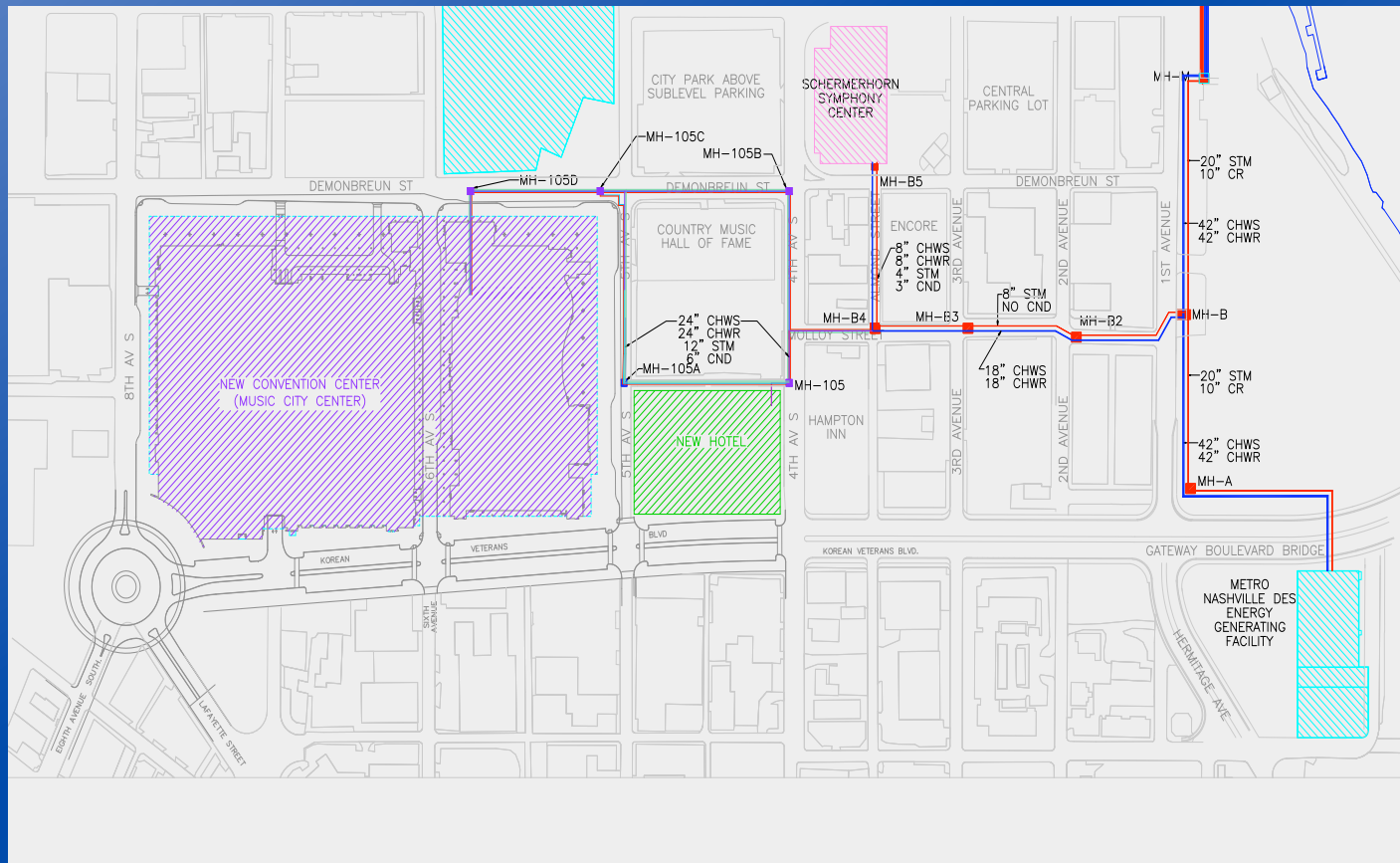
Proposed Capital Projects

- DES 048: Tunnel Lighting Replacement Phase III – to be completed after DES 067
- DES 063: Sump Pump Installation in MH A, B & M – on standby
- DES 070: MH 6 to 23 Condensate Line Replacement – deferred
- DES 071: Hermitage Hotel Service Modifications – deferred
- DES 072: Sheraton Hotel Steam and Condensate Replacement – design to begin in 4th Qtr FY10



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8. Music City Convention Center





Proposed Music City Convention Center & New Hotel

- Music City Convention Center
 - 4,000 tons
 - 35,000 pph
- New Hotel
 - 1,900 tons
 - 23,400 pph
- No Impact on Existing Customers
- New Load Approaches EGF Capacity Limit



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9. Liaison Transition of Duties

10. Questions and Answers

11. Adjourn