



Metro Nashville
DISTRICT ENERGY SYSTEM

Advisory Board Quarterly Meeting
Second Quarter FY09

Presented to
District Energy Advisory Board

February 19, 2009



Agenda

1. Call to Order
2. Review & Approval of Previous Meeting Minutes
3. Summary of Performance
4. Natural Gas Purchasing Up-Date
5. Financial Reports – 2nd Qtr FY09
6. FY2009-2010 Budget Preparation Requirements
7. Capital Projects Review
8. Other Board Member Items
9. Adjourn



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1. Call to Order

2. Review and Approval of Previous Meeting Minutes



3. Summary of Performance

Contractor (CNDE) is in compliance with their contractual obligations for FY09.

-  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)		
	1/07 – 12/07	1/08- 12/08	% Diff.	1/07- 12/07	1/08- 12/08	% Diff.
Private	\$2.377	\$2.439	2.6%	\$3.921	\$3.827	-2.4%
State	\$2.994	\$3.100	3.5%	\$3.169	\$3.257	2.8%
Metro	\$3.269	\$3.317	1.5%	\$4.609	\$4.590	-0.4%
New Customers	\$1.477	\$1.590	7.7%	\$3.118	\$3.111	-0.2%
Aggregate	\$8.639	\$8.856	2.5%	\$11.700	\$11.674	-0.2%

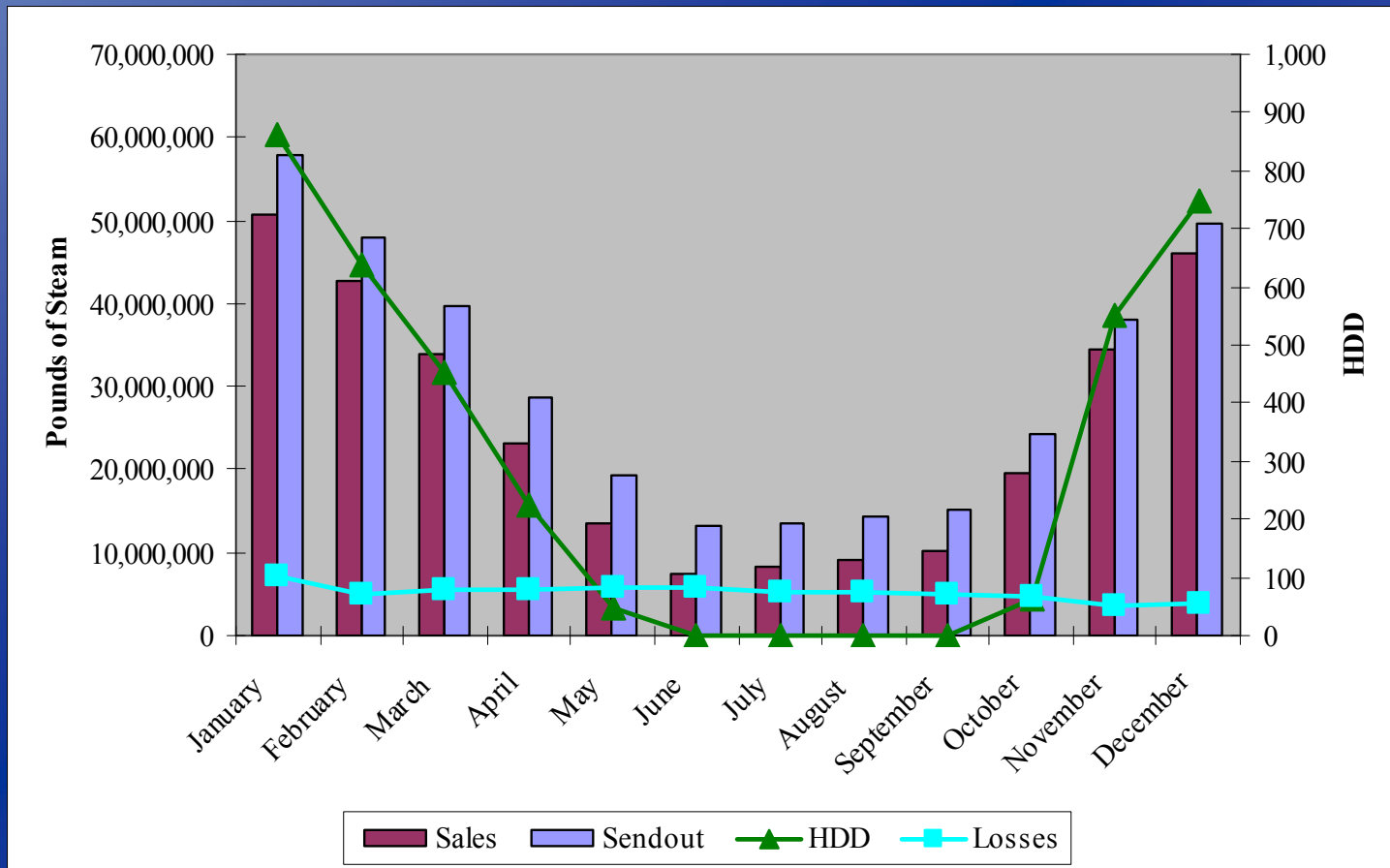
Includes MFA allocated to Metro Buildings (post-True-up)



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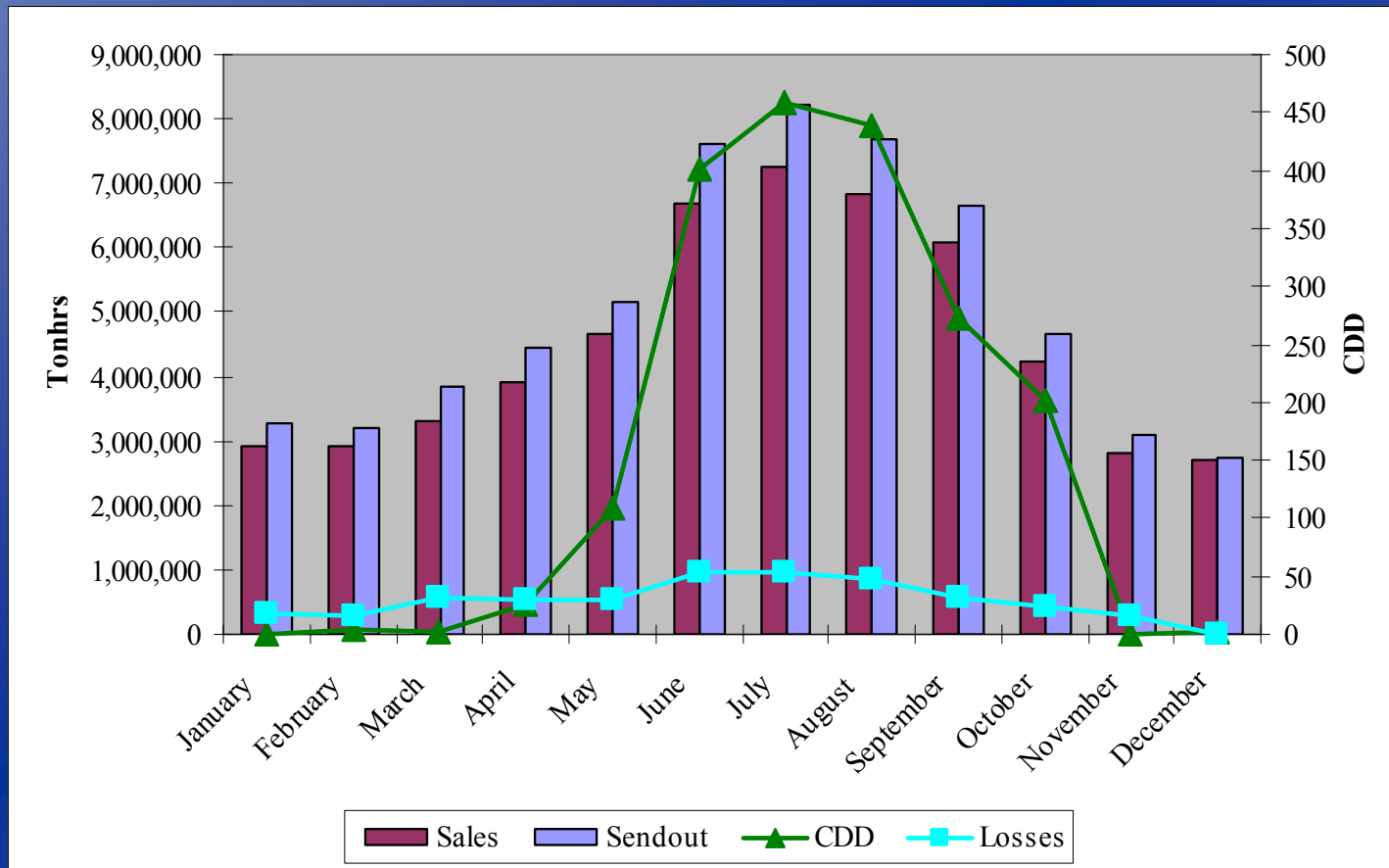
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FY09 Operations: Steam



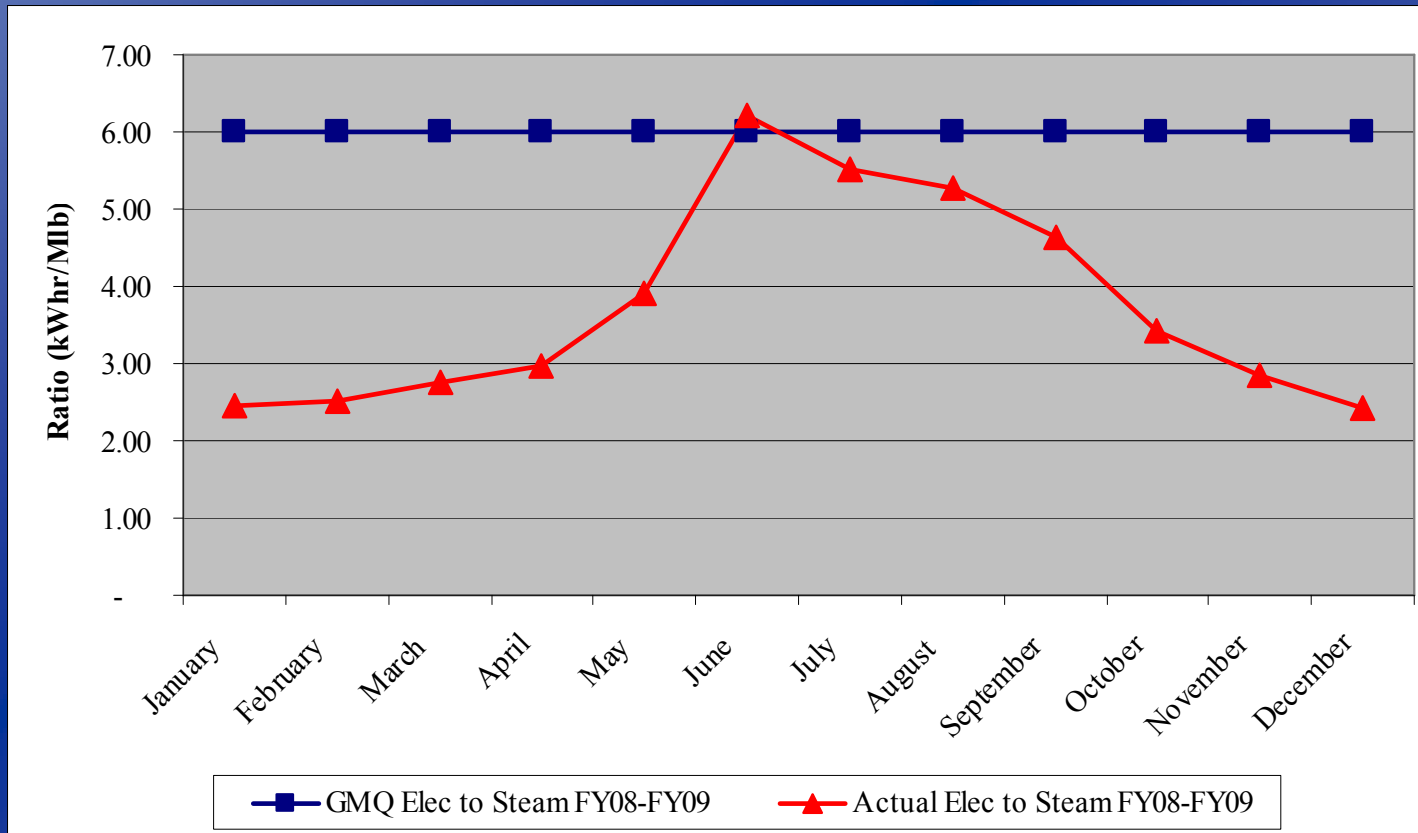


FY09 Operations: Chilled Water





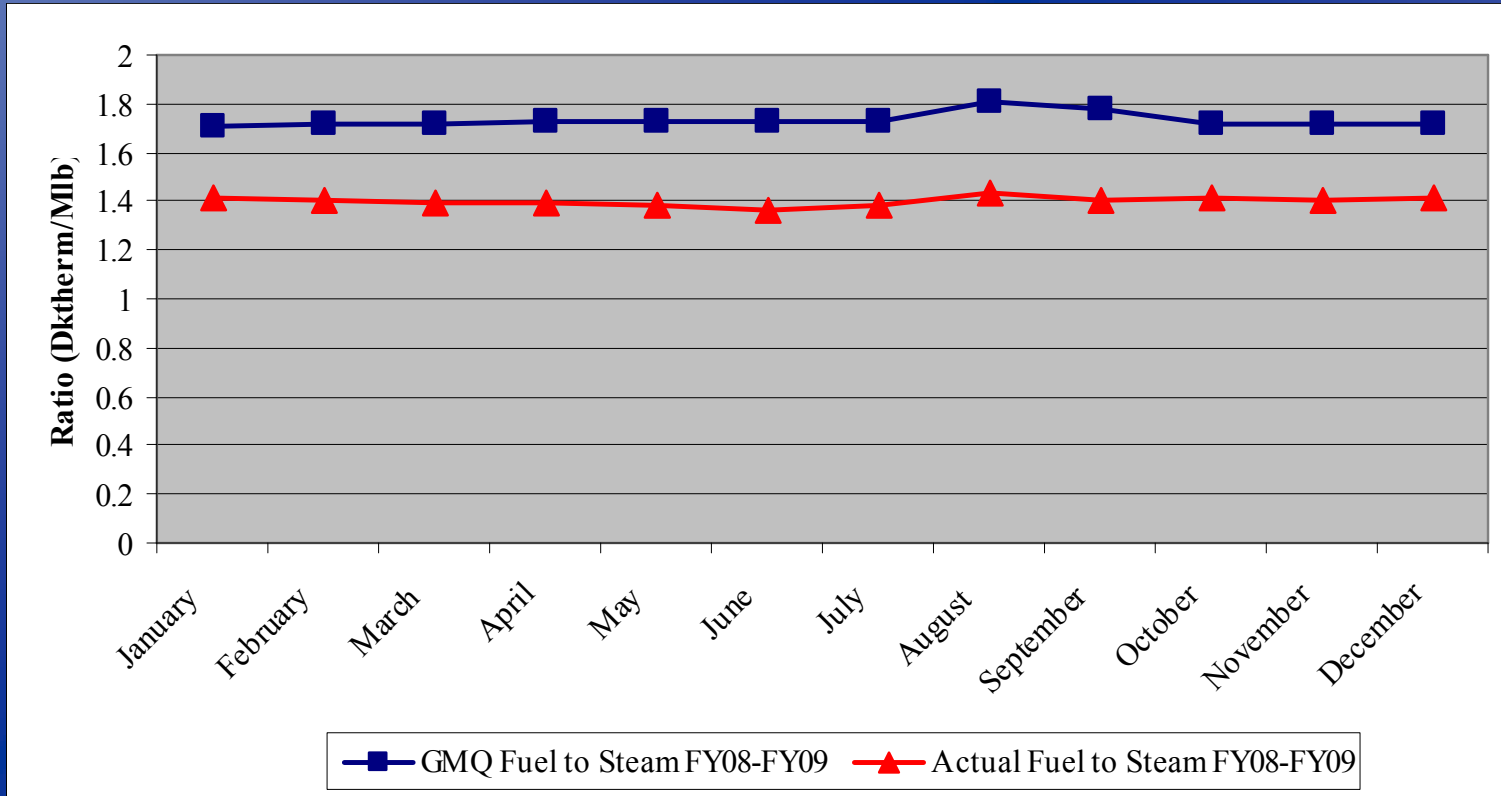
Performance Measurement FY09: Steam Electric Conversion ●





Performance Measurement FY09: Steam

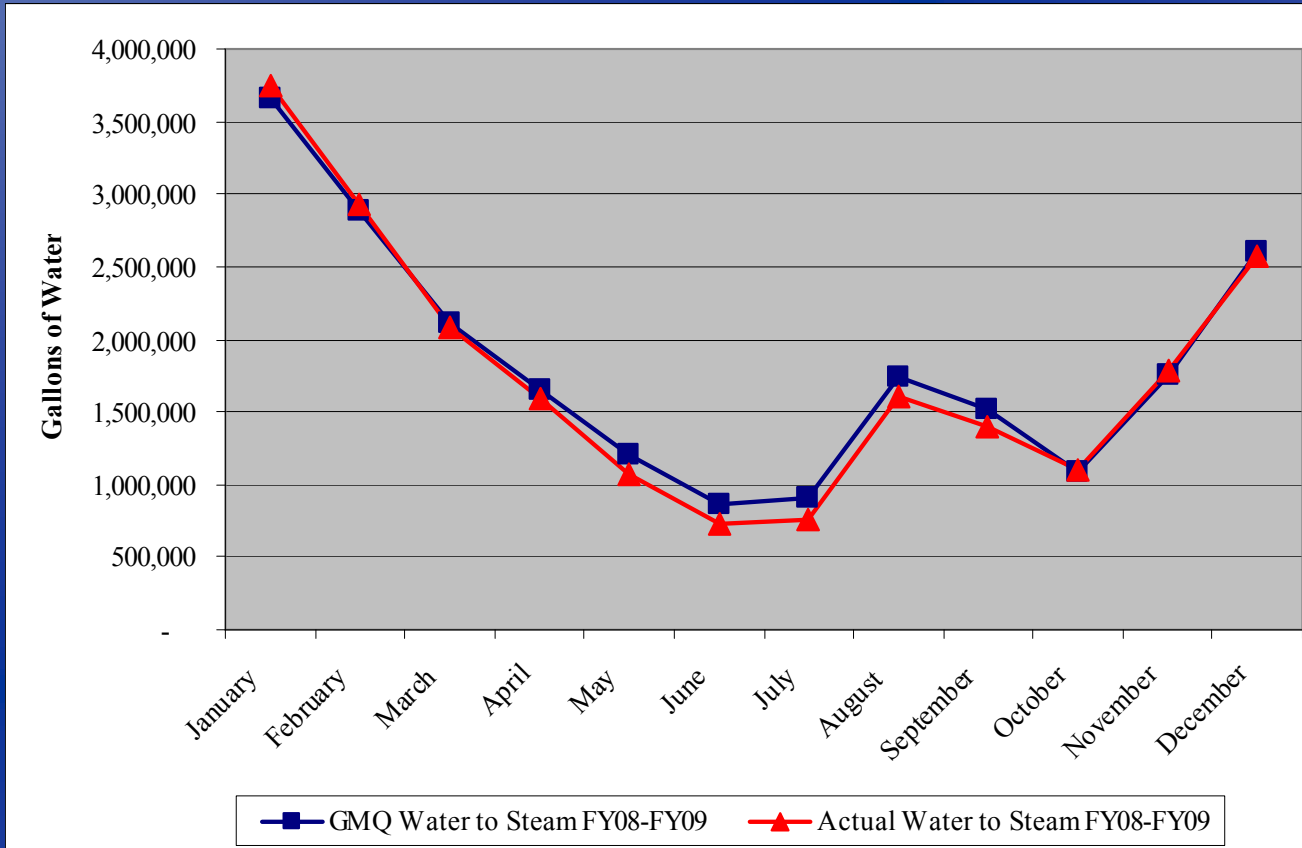
Plant Efficiency ●





Performance Measurement FY09: Steam

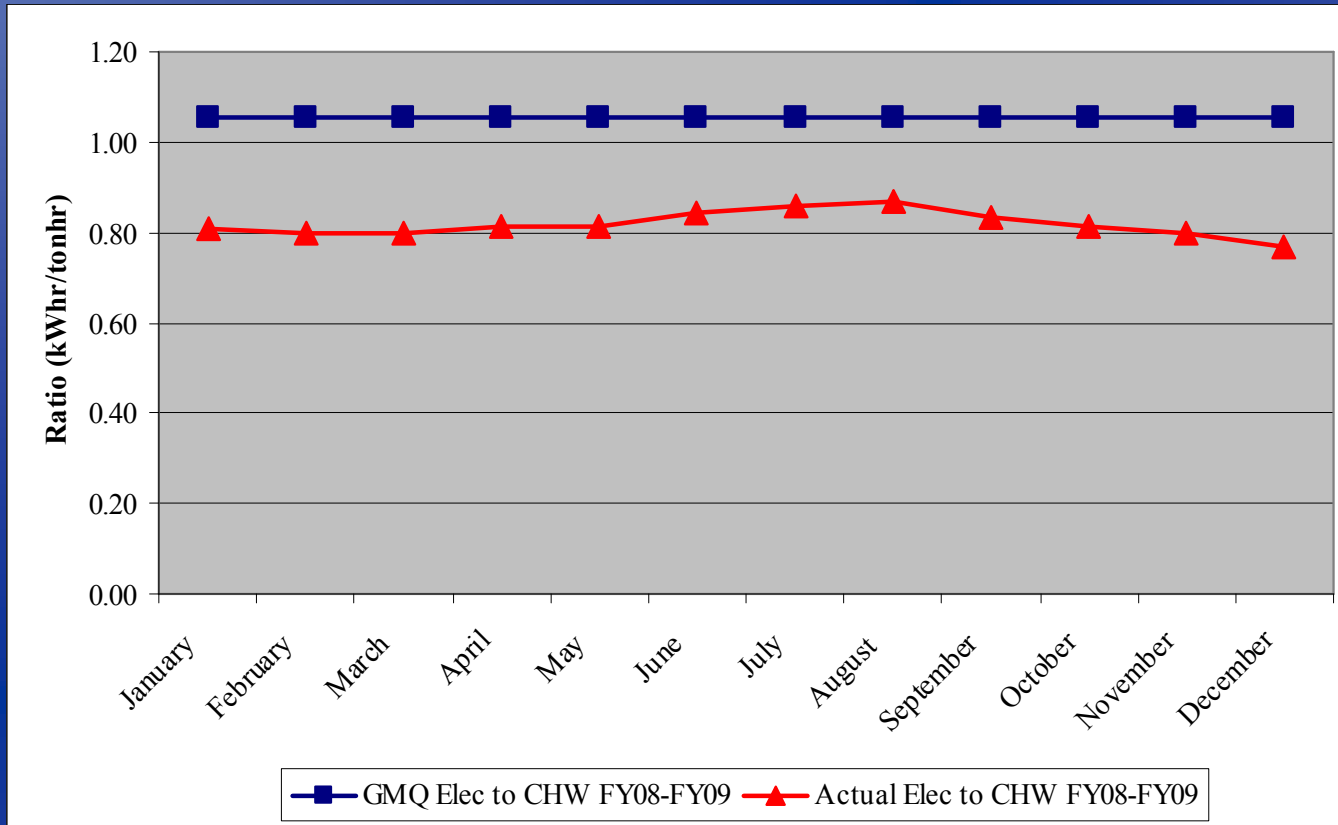
Water Conversion ●





Performance Measurement FY09: Chilled Water

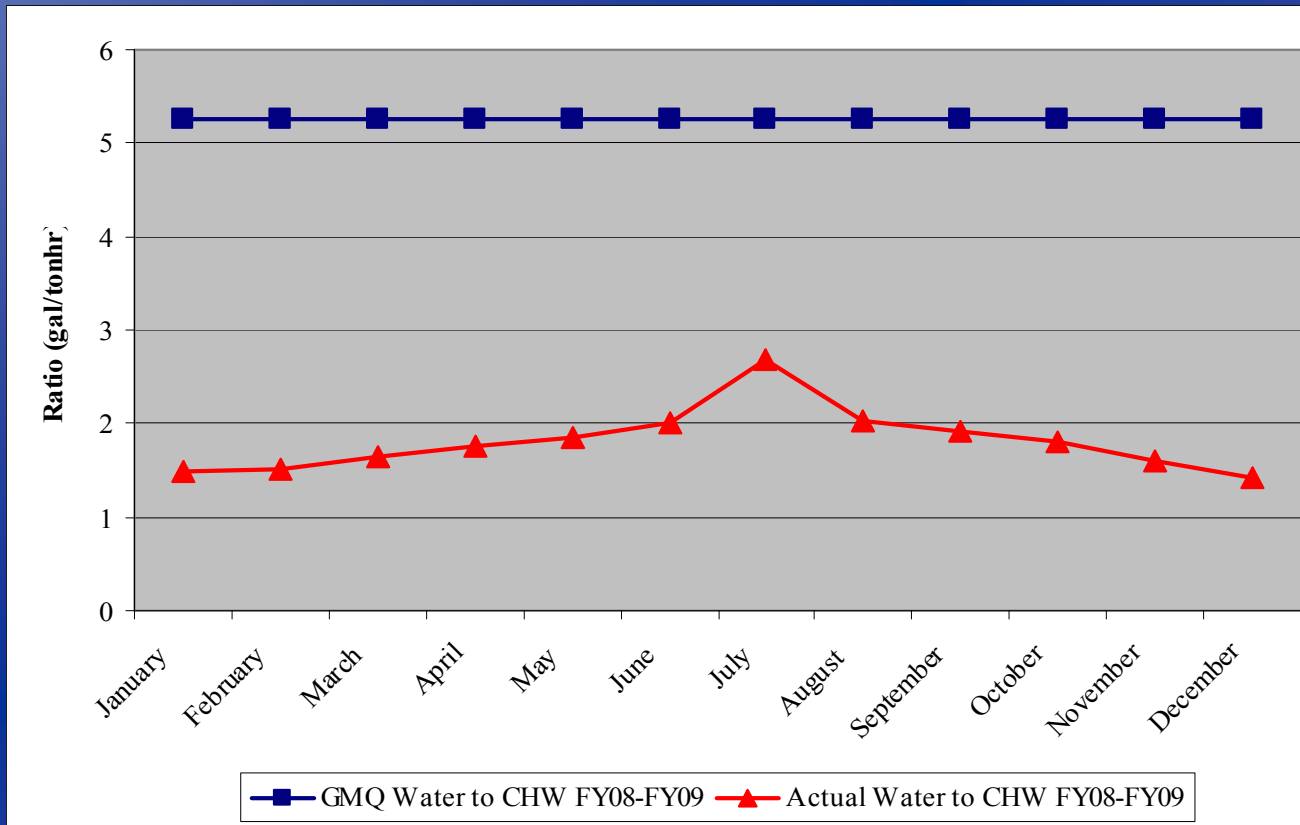
Electric Conversion ●





Performance Measurement FY09: 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 Update

Natural Gas Purchasing Review

Table 4: FY09 Gas Spending & Budget Comparison

Actual Gas Costs to Date

Projected Gas Costs for FY09+

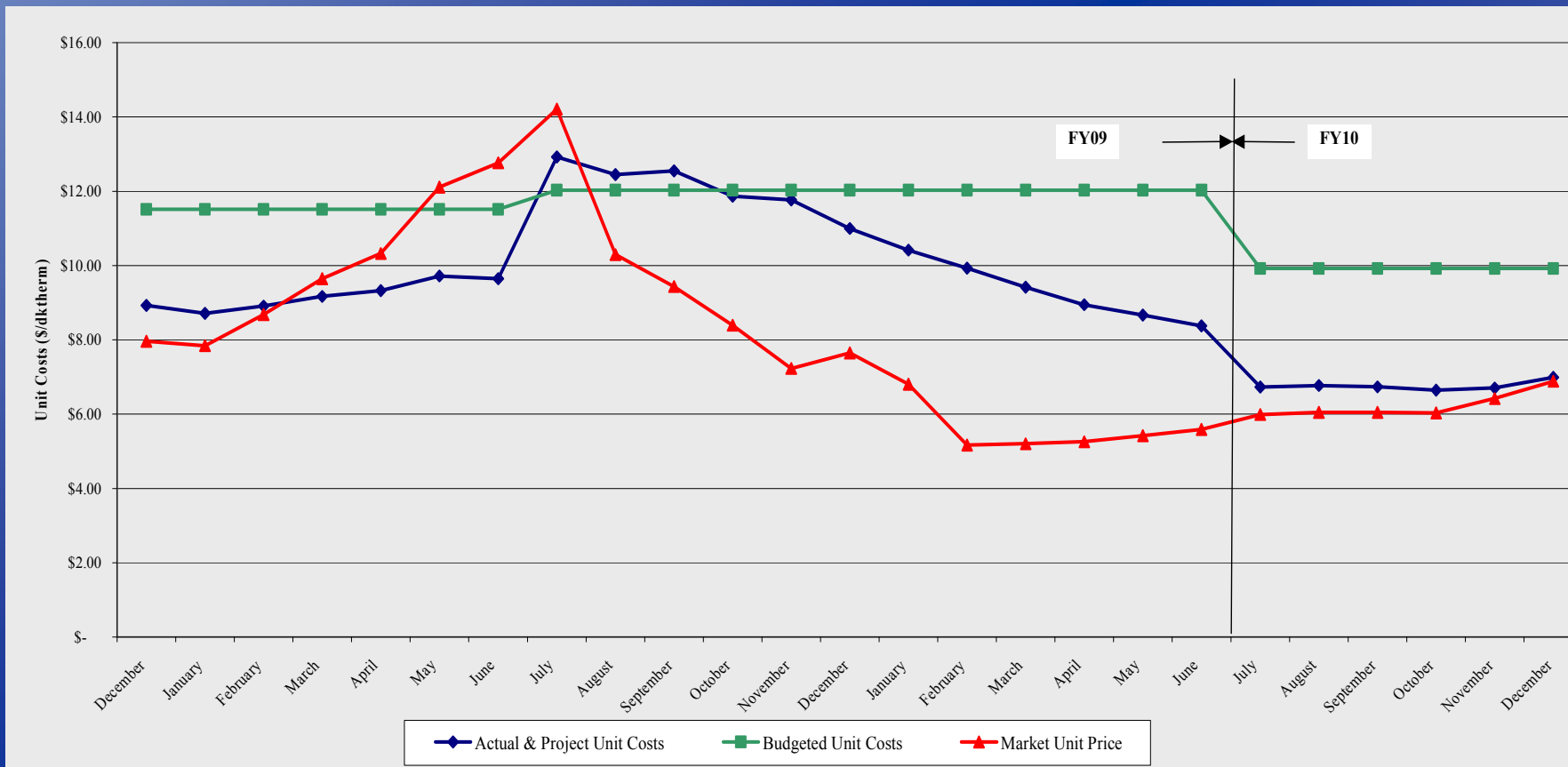


Table 4: FY09 Gas Spending & Budget Comparison

		Actual FY09 To date (Dec 31)	Budget FY09
Steam Sendout (Mlbs)		155,210	154,234
Fuel Use (Dth)	●	219,070	223,794
Plant Eff (Dth/Mlb)	●	1.404	1.451
Total Gas Cost	●	\$2,615,687	\$2,692,242
Unit Cost of Fuel (\$/Dth)	●	\$11.94	\$12.030



Projected Gas Cost Comparison for FY09





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5. Financial Reports: 2nd Qtr FY09

Item	FY09 Budget	Total Expenses to Date	Percent of FY09 Budget
FOC: Basic	\$ 3,852,170	\$ 1,926,085	50.00%
FOC: 9th Chiller	\$ 36,100	\$ 18,048	49.99%
FOC: Change Order 6A	\$ 71,260	\$ 35,631	50.00%
FOC: Change Order 6B	\$ 62,390	\$ 31,194	50.00%
Chemicals	\$ 156,510	\$ 84,758	54.15%
Engineering	\$ 40,000	\$ 8,763	21.91%
Insurance	\$ 42,440	\$ 29,722	70.03%
Marketing: CEPS Sales Activity	\$ 27,000	\$ 2,006	7.43%
Metro Marketing	\$ 52,890	\$ -	0.00%
Incentive Payments	\$ 30,150	\$ 7,409	24.57%
Project Administration	\$ 22,090	\$ -	0.00%
Metro Incremental Cost	\$ 585,420	\$ 171,177	29.24%
FEA: Steam	\$ -	\$ 110,303	n.a.
FEA: Chilled Water	\$ -	\$ 202,207	n.a.
ARFA	\$ -	\$ 27,973	n.a.
Metro Credit	\$ -	\$ (233,308)	n.a.
Water/Sewer	\$ 681,600	\$ 206,784	30.34%
Natural Gas/Propane	\$ 6,570,400	\$ 2,615,816	39.81%
Electricity	\$ 4,437,300	\$ 2,337,836	52.69%
EDS Repair & Improvement	\$ 171,430	\$ 23,940	13.96%
EDS Surcharge	\$ 68,460	\$ -	0.00%
Sub-total Operations	\$ 16,907,610	\$ 7,606,343	44.99%
2002 Bonds	\$ 4,361,770	\$ 2,180,964	50.00%
2005 Bonds	\$ 631,590	\$ 347,868	55.08%
FY07 Projects	\$ 227,800	\$ -	0.00%
FY08 Projects	\$ 220,500	\$ -	0.00%
Debt Service Interest Revenue	\$ (72,300)	\$ (82,451)	114.04%
Oper. Reserve Funding Deposit	\$ 97,400	\$ 48,870	50.17%
Sub-total Debt Service	\$ 5,466,760	\$ 2,495,250	45.64%
Total Expenses	\$ 22,374,370	\$ 10,101,594	45.15%
Customer Revenues	\$ 19,768,660	\$ 9,051,278	45.79%
Total Metro Funding Amount	\$ 2,605,710	\$ 1,050,316	40.31%



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6. FY2009-2010 Budget Preparation Requirements

Table 6. FY2010 Budget Summary & Comparison



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Table 6. FY10 Budget Summary & Comparison

Item	FY08 Actual Cost	FY09 Budget	FY10 Budget	Percent Change from FY08	Percent Change from FY09
FOC: Basic + C/O 6C	\$ 3,739,971	\$ 3,852,200	\$ 3,976,200	6.32%	3.22%
FOC: 9th Chiller	\$ 35,044	\$ 36,100	\$ 37,200	6.15%	3.05%
FOC: Change Order 6A	\$ 69,187	\$ 71,300	\$ 73,400	6.09%	2.95%
FOC: Change Order 6B	\$ 60,571	\$ 62,400	\$ 64,300	6.16%	3.04%
Chemicals	\$ 187,192	\$ 156,500	\$ 161,200	-13.89%	3.00%
Engineering	\$ 21,160	\$ 40,000	\$ 26,200	23.82%	-34.50%
Insurance	\$ 29,850	\$ 42,400	\$ 43,700	46.40%	3.07%
Marketing: CEPS Sales Activity	\$ -	\$ 27,000	\$ 9,800	n.a.	-63.70%
Metro Marketing	\$ 33,027	\$ 52,900	\$ 35,000	5.98%	-33.84%
Incentive Payments	\$ 27,801	\$ 30,100	\$ -	-100.00%	-100.00%
Project Administration	\$ -	\$ 24,200	\$ 24,000	n.a.	-0.83%
Metro Incremental Cost	\$ 505,605	\$ 568,000	\$ 544,000	7.59%	-4.23%
Water/Sewer	\$ 469,390	\$ 681,600	\$ 765,700	63.13%	12.34%
Natural Gas/Propane	\$ 4,854,021	\$ 6,574,800	\$ 4,849,300	-0.10%	-26.24%
Electricity	\$ 4,014,589	\$ 4,437,300	\$ 5,889,300	46.70%	32.72%
EDS Repair & Improvement	\$ 161,709	\$ 171,400	\$ 176,500	9.15%	2.98%
EDS Surcharge	\$ -	\$ 68,500	\$ 70,600	n.a.	3.07%
Sub-total Operations	\$ 14,209,117	\$ 16,896,700	\$ 16,746,400	17.86%	-0.89%
2002 Bonds	\$ 4,362,377	\$ 4,361,800	\$ 4,362,900	0.01%	0.03%
2005 Bonds	\$ 629,837	\$ 631,600	\$ 627,600	-0.36%	-0.63%
FY07 Projects	\$ 227,800	\$ 227,800	\$ 227,800	0.00%	0.00%
FY08 Projects	\$ -	\$ 220,500	\$ 220,500	n.a.	0.00%
Debt Service Interest Revenue	\$ -	\$ (72,300)	\$ (123,700)	n.a.	71.09%
Oper. Reserve Funding Deposit	\$ 190,961	\$ 97,300	\$ 126,000	-34.02%	29.50%
Sub-total Debt Service	\$ 5,410,975	\$ 5,466,700	\$ 5,441,100	0.56%	-0.47%
Total Expenses	\$ 19,620,092	\$ 22,363,400	\$ 22,187,500	13.09%	-0.79%
Customer Revenues	\$ 17,953,792	\$ 20,091,900	\$ 19,643,300	9.41%	-2.23%
Project Admin. Revenue	\$ -	\$ 26,400	\$ 24,000	n.a.	-9.09%
* Additional Revenue Required	\$ -	\$ -	\$ 499,610	n.a.	n.a.
Total Metro Funding Amount	\$ 2,193,075	\$ 2,245,100	\$ 2,020,590	-7.86%	-10.00%

* Supplemental Funds required to meet OMB's MFA reduction target



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7. Capital Projects Review

Financial Summary

Table 7: Capital Projects Summary

Active Project Status



Table 7: Capital Project Summary (12/31/08)

	Spent to End of FY08	FY09 Spending	Balance to Date (12/31/08)
2002A Bond	\$3,680,667	\$47,036	\$0
R&I Projects	\$626,555	\$23,940	\$452,626
2005B Bond	\$7,655,347	\$14,922	\$516,232
2007 Bond	\$2,620,771	\$0	\$237,729
2008 Bond	\$87,758	\$77,099	\$2,578,829
Total	\$14,671,098	\$162,997	\$3,785,416



Active Project Status

- DES 036: 4th Ave Tunnel Fan (R&I) - in closeout
- DES 041/054: Symphony CND – in closeout
- DES 044: STM Repair & CND Replacement MH 5 to MH 9 – in construction
- DES 045: MH 6 to MH 23 CND Replacement – in closeout
- DES 046: Ryman CND – in design
- DES 050: MH Insulation – in construction/ongoing
- DES 052: Wildhorse CND Tempering – in closeout
- DES 055: Rebuild of MH “C” – in closeout
- DES 056: STM Repair & CND Replacement to Citizen’s Plaza – in construction
- DES 057: STM & CND Valve Replacement: Phase I – in construction



Return on Investment

- Capital Project ROI
 - Boiler O₂ Trim
 - Power Factor Correction Capacitor
 - Condensate Return
 - New Customers
 - MWS Effluent for CT Make-up
- Funding



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8. Other Board Member Items

9. Adjourn