



Metro Nashville
DISTRICT ENERGY SYSTEM

Advisory Board Quarterly Meeting
Fourth Quarter FY09

Presented to
District Energy Advisory Board

August 20, 2009



Agenda

1. Call to Order
2. Review & Approval of Previous Meeting Minutes
3. Board Vacancy
4. Review of DES Contractor Performance
5. Natural Gas Purchasing
6. Financial Reports – 4th Qtr FY09
7. FY09-10 Budget Status Report
8. Capital Projects Review and Status Report
9. Other Board Member Items
10. Adjourn



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1. Call to Order




2. Review and Approval of Previous Meeting Minutes

3. Board Vacancy



4. Review of DES Contractor 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 4: Customer Cost Comparison for the Previous 12 Months

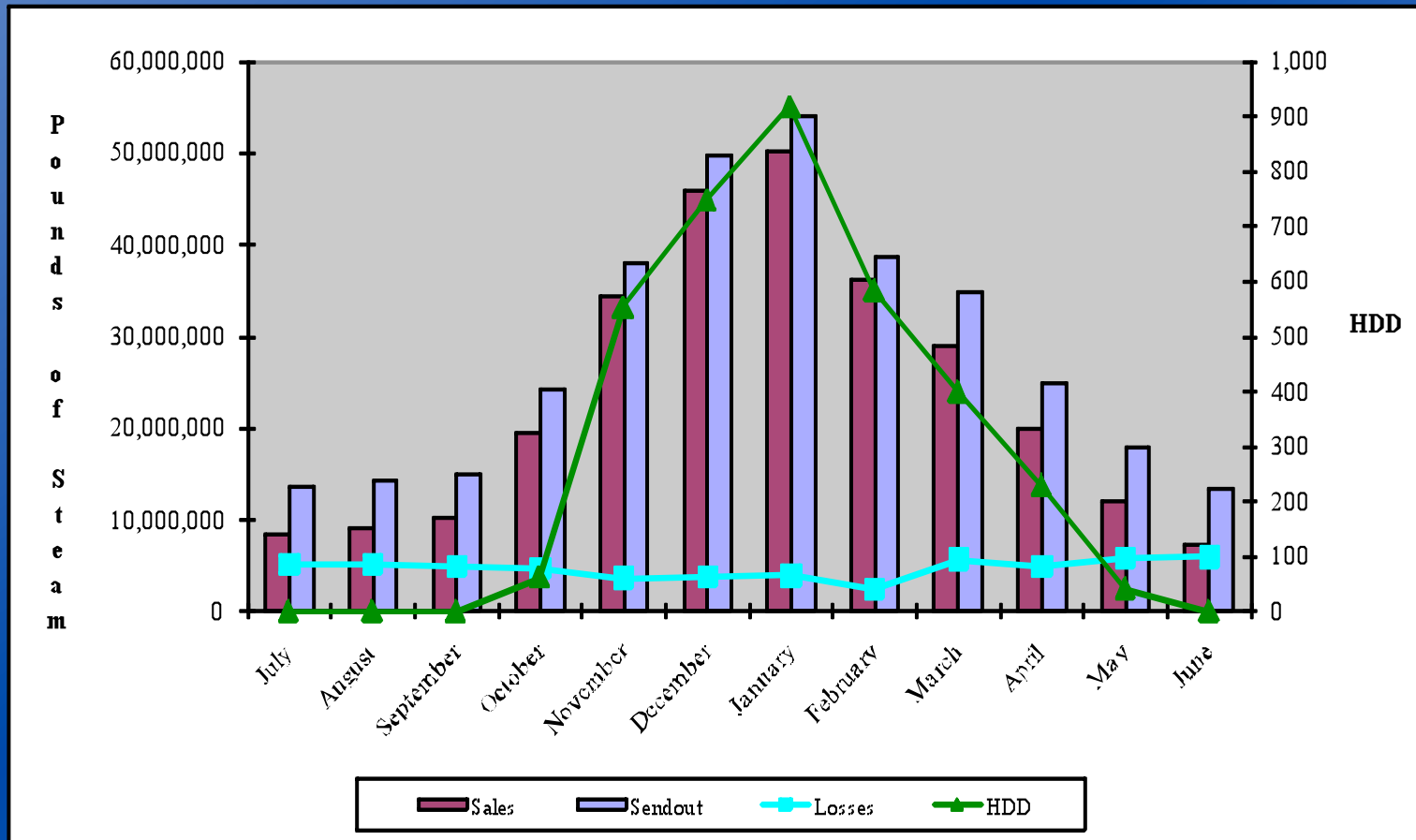
	Steam (\$ millions)			Chilled Water (\$ millions)		
	7/07 – 6/08	7/08-6/0 9	% Diff.	7/07 – 6/08	7/08-6/0 9	% Diff.
Private	\$2.289	\$2.294	<1%	\$3.890	\$3.711	-4.6%
State	\$2.866	\$2.971	3.7%	\$3.200	\$3.262	1.9%
Metro	\$3.103	\$3.514	13.2%	\$4.588	\$5.366	17.0%
New Customers	\$1.438	\$1.706	18.6%	\$3.111	\$3.479	11.8%
Aggregate	\$8.258	\$8.778	6.3%	\$11.678	\$12.339	5.7%

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



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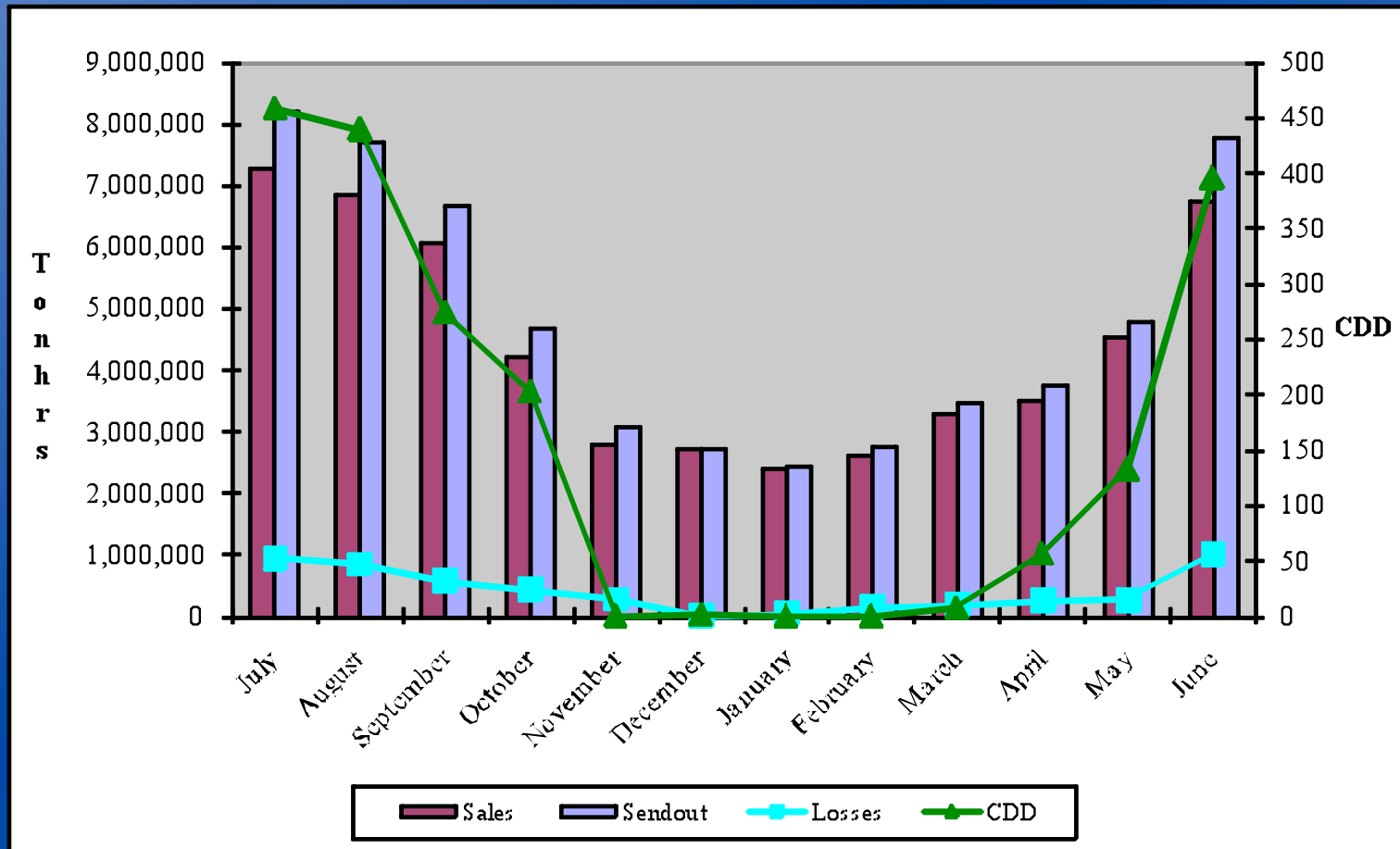
FY09 Operations: Steam





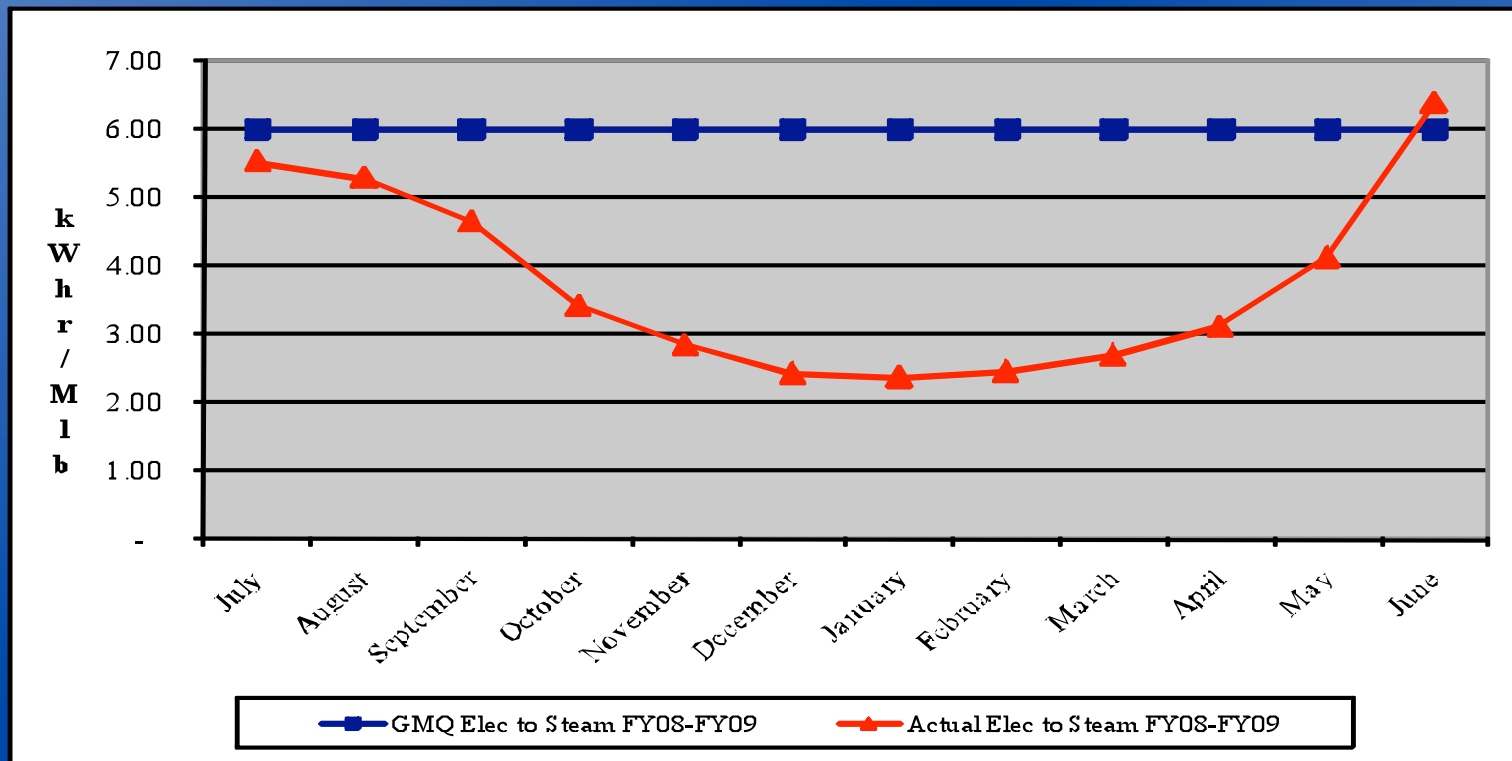
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FY09 Operations: Chilled Water



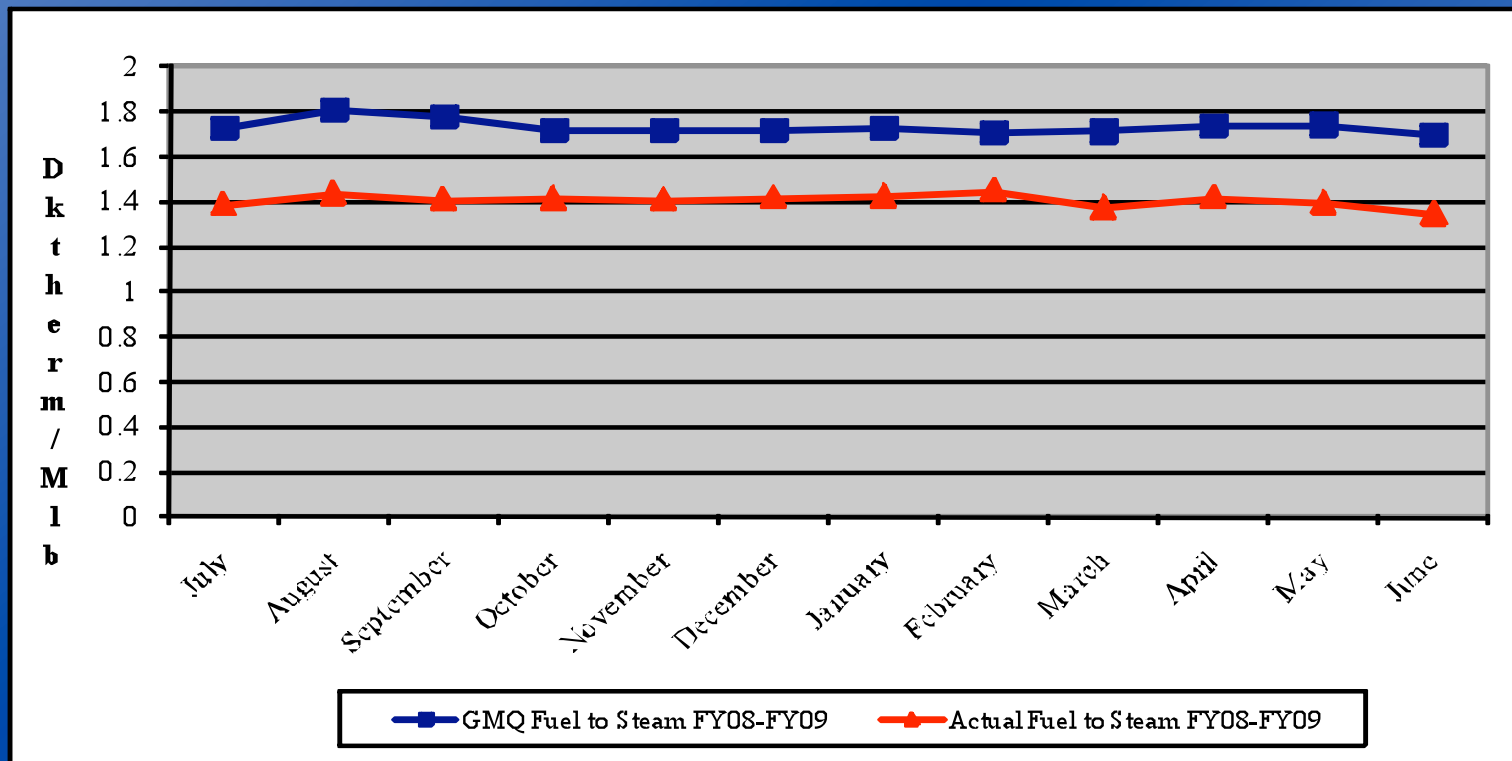


Performance Measurement FY09: Steam Electric Conversion





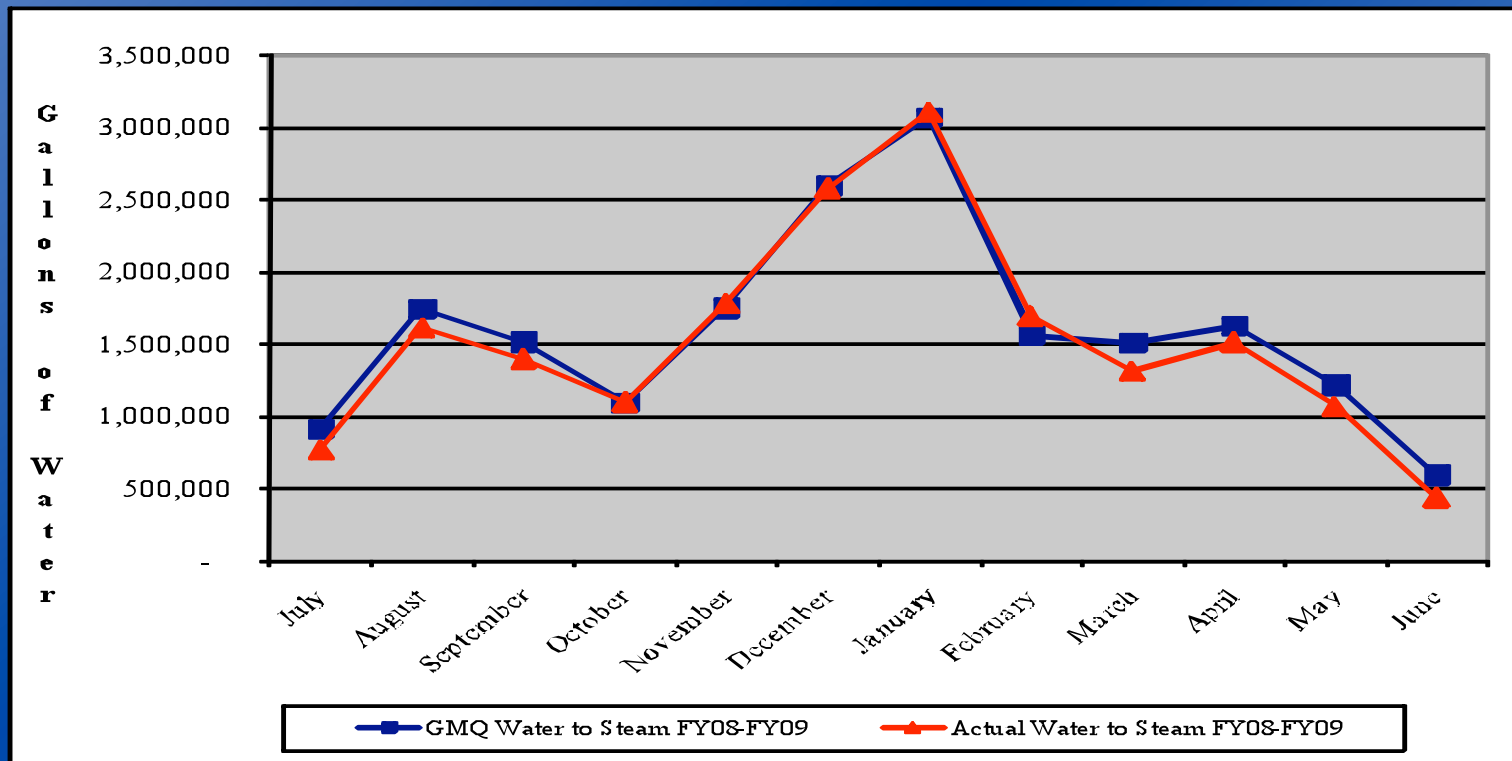
Performance Measurement FY09: Steam Plant Efficiency





Performance Measurement FY09: Steam

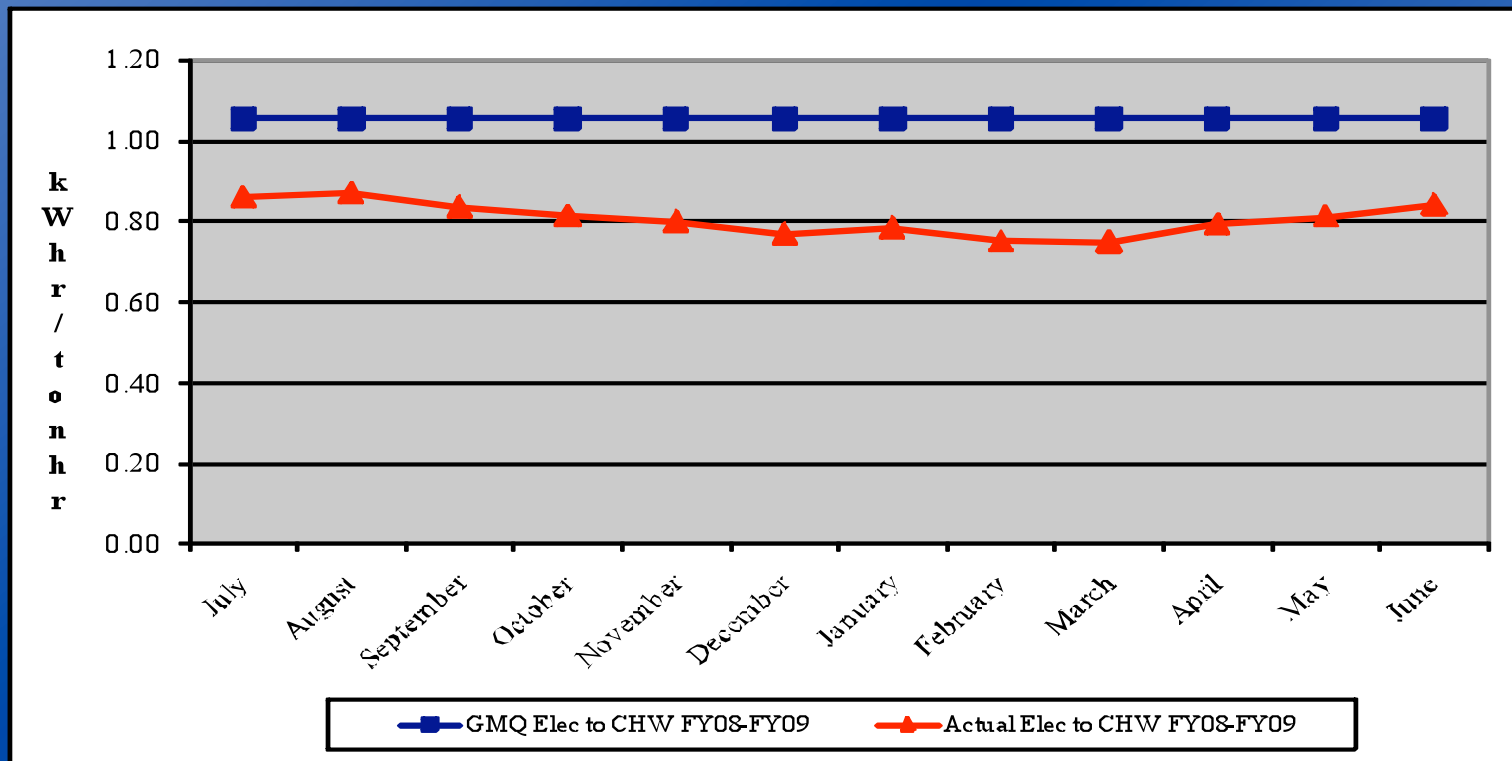
Water Conversion ●





Performance Measurement FY09: Chilled Water

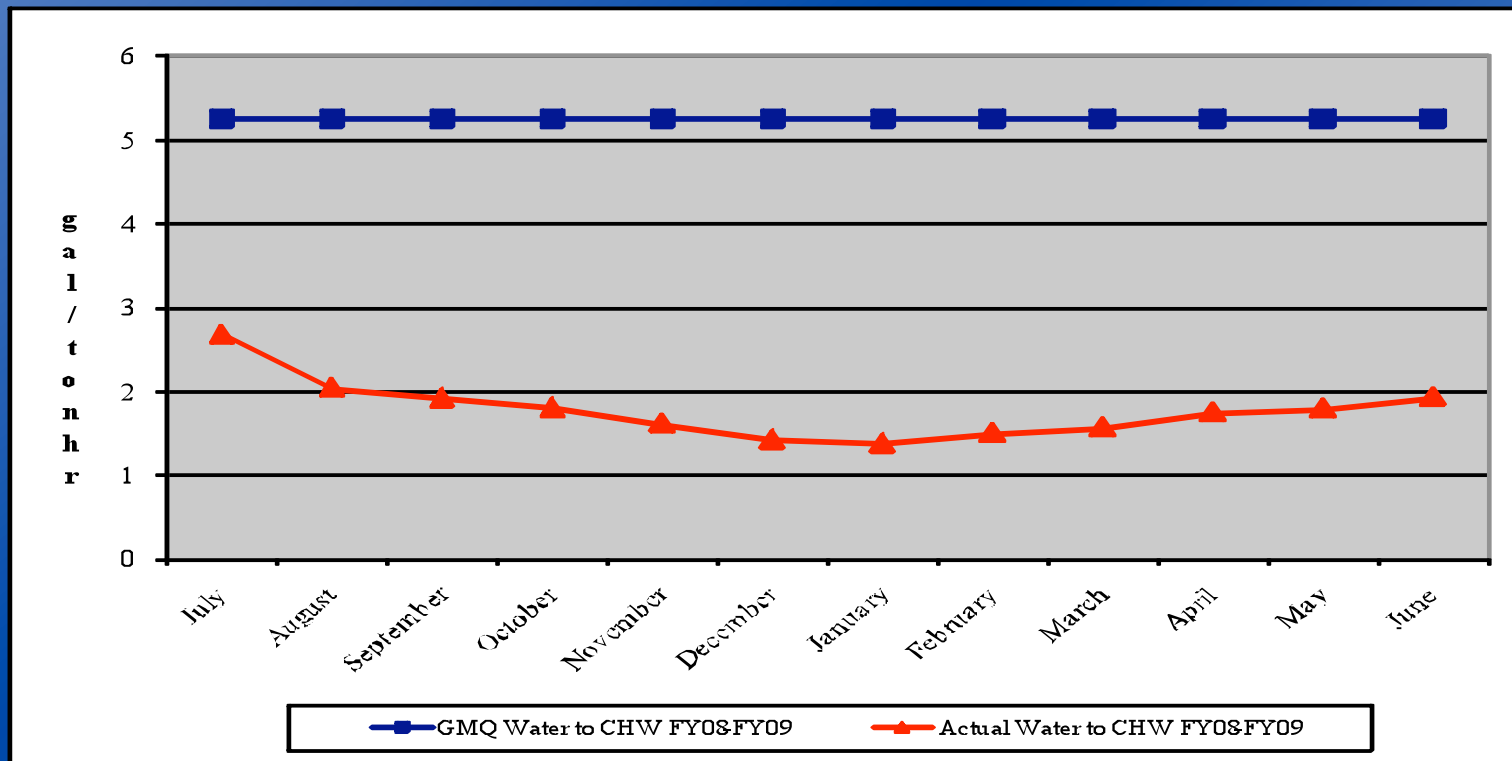
Electric Conversion





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 ●



5. Natural Gas Purchasing

Natural Gas Purchasing Review

Table 5: FY09 Gas Spending & Budget Comparison

Figure 5: Actual and Projected Gas Cost Comparison for FY09



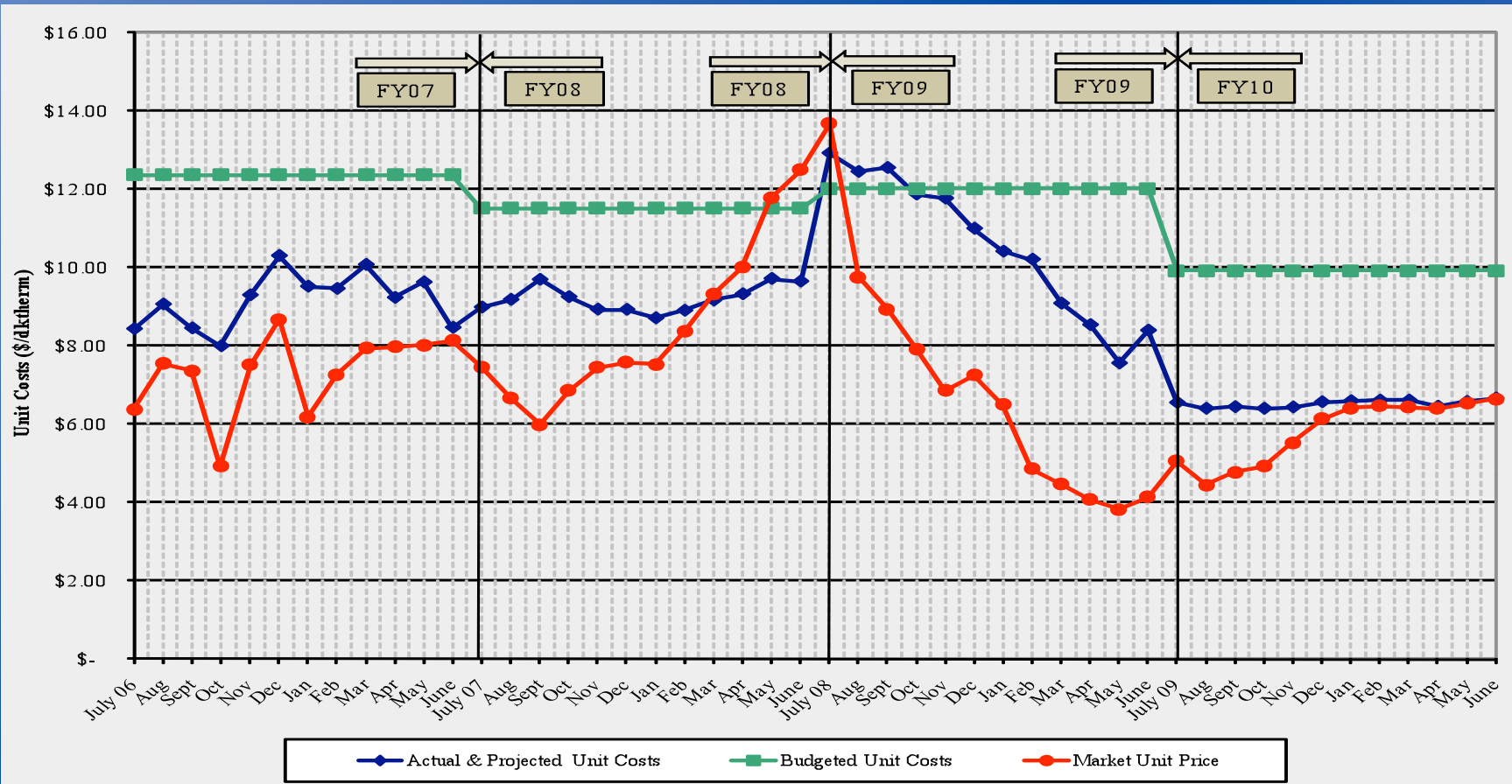
Table 5: FY09 Gas Spending & Budget Comparison

		Actual FY09 To date (June 30)	Budget FY09
Steam Sendout (Mlbs)		338,984	377,050
Fuel Use (Dth)	●	477,760	547,231
Plant Eff (Dth/Mlb)	●	1.409	1.451
Total Gas Cost	●	\$5,171,322	\$6,575,300
Unit Cost of Fuel (\$/Dth)	●	\$10.824	\$12.020



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Actual and Projected Gas Cost Comparison for FY09





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6. Financial Reports: 4th Qtr FY09

Item	FY09 Budget	FY09 Post-True up	% Difference to Budget
FOC: Basic + C/O 6C	\$ 3,852,200	\$ 3,852,170	0.0%
FOC: 9th Chiller	\$ 36,100	\$ 36,095	0.0%
FOC: Change Order 6A	\$ 71,300	\$ 71,263	-0.1%
FOC: Change Order 6B	\$ 62,400	\$ 62,388	0.0%
Chemicals	\$ 156,500	\$ 150,209	-4.0%
Engineering	\$ 40,000	\$ 21,345	-46.6%
Insurance	\$ 42,400	\$ 29,722	-29.9%
Marketing: CEPS Sales Activity	\$ 27,000	\$ 5,006	-81.5%
Metro Marketing	\$ 52,900	\$ 7,698	-85.4%
Incentive Payments	\$ 30,100	\$ 9,878	-67.2%
Project Administration	\$ 24,200	\$ -	-100.0%
Metro Incremental Cost	\$ 568,000	\$ 374,174	-34.1%
Water/Sewer	\$ 681,600	\$ 402,901	-40.9%
Natural Gas/Propane	\$ 6,575,300	\$ 5,292,873	-19.5%
Electricity	\$ 4,437,300	\$ 4,312,285	-2.8%
EDS Repair & Improvement	\$ 171,400	\$ 137,575	-19.7%
EDS Surcharge	\$ 68,500	\$ -	-100.0%
Sub-total Operations	\$ 16,897,200	\$ 14,765,582	-12.62%
2002 Bonds	\$ 4,361,800	\$ 4,362,360	0.0%
2005 Bonds	\$ 631,600	\$ 1,433,498	127.0%
FY07 Projects	\$ 227,800	\$ 224,150	-1.6%
FY08 Projects	\$ 220,500	\$ -	n.a.
Debt Service Interest Revenue	\$ (72,300)	\$ (227,951)	n.a.
Oper. Reserve Funding Deposit	\$ 96,800	\$ 97,740	1.0%
Sub-total Debt Service	\$ 5,466,200	\$ 5,889,798	7.75%
Total Expenses	\$ 22,363,400	\$ 20,655,380	-7.64%
Customer Revenues	\$ 19,741,800	\$ 17,702,957	-10.33%
Project Admin. Revenue	\$ 24,200	\$ -	
True up Credits to Customers	\$ -	\$ (266,448)	
Total Metro Funding Amount	\$ 2,597,400	\$ 3,218,871	23.93%



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7. FY2009-2010 Budget Status Review

**Table 7A. FY2010 Operating Budget
Summary**

Table 7B. Capital Projects Summary



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Table 7A. FY10 Operating Budget Summary

Item	FY09 Budget	FY09 Post-True up	FY10 Budget	Percent Change from FY09 Budget
FOC: Basic + C/O 6C	\$ 3,852,200	\$ 3,852,170	\$ 3,976,200	3.2%
FOC: 9th Chiller	\$ 36,100	\$ 36,095	\$ 37,200	3.0%
FOC: Change Order 6A	\$ 71,300	\$ 71,263	\$ 73,400	2.9%
FOC: Change Order 6B	\$ 62,400	\$ 62,388	\$ 64,300	3.0%
Chemicals	\$ 156,500	\$ 150,209	\$ 161,200	3.0%
Engineering	\$ 40,000	\$ 21,345	\$ 26,200	-34.5%
Insurance	\$ 42,400	\$ 29,722	\$ 43,700	3.1%
Marketing: CEPS Sales Activity	\$ 27,000	\$ 5,006	\$ 9,800	-63.7%
Metro Marketing	\$ 52,900	\$ 7,698	\$ 35,000	-33.8%
Incentive Payments	\$ 30,100	\$ 9,878	\$ -	-100.0%
Project Administration	\$ 24,200	\$ -	\$ 24,000	-0.8%
Metro Incremental Cost	\$ 568,000	\$ 374,174	\$ 526,400	-7.3%
Water/Sewer	\$ 681,600	\$ 402,901	\$ 689,600	1.2%
Natural Gas/Propane	\$ 6,575,300	\$ 5,292,873	\$ 4,692,900	-28.6%
Electricity	\$ 4,437,300	\$ 4,312,285	\$ 5,034,100	13.4%
EDS Repair & Improvement	\$ 171,400	\$ 137,575	\$ 176,500	3.0%
EDS Surcharge	\$ 68,500	\$ -	\$ 70,600	3.1%
Sub-total Operations	\$ 16,897,200	\$ 14,765,582	\$ 15,641,100	-7.4%
2002 Bonds	\$ 4,361,800	\$ 4,362,360	\$ 4,362,900	0.0%
2005 Bonds	\$ 631,600	\$ 1,433,498	\$ 627,600	-0.6%
FY07 Projects	\$ 227,800	\$ 224,150	\$ 227,800	0.0%
FY08 Projects	\$ 220,500	\$ -	\$ 220,500	0.0%
Debt Service Interest Revenue	\$ (72,300)	\$ (227,951)	\$ (123,700)	71.1%
Oper. Reserve Funding Deposit	\$ 96,800	\$ 97,740	\$ -	-100.0%
Sub-total Debt Service	\$ 5,466,200	\$ 5,889,798	\$ 5,315,100	-2.8%
Total Expenses	\$ 22,363,400	\$ 20,655,380	\$ 20,956,200	-6.3%
Customer Revenues	\$ 19,741,800	\$ 17,702,957	\$ 18,479,400	-6.4%
Project Admin. Revenue	\$ 24,200	\$ -	\$ 24,000	-0.8%
		\$ (266,448)		
Total Metro Funding Amount	\$ 2,597,400	\$ 3,218,871	\$ 2,452,800	-5.6%



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Table 7B: Capital Project Summary (06/30/09)

	Spent to End of FY08	FY09 Spending	Balance to Date (06/30/09)
2002A Bond	\$3,680,667	\$47,036	\$0
R&I Projects	\$626,555	\$137,575	\$458,936
2005B Bond	\$7,655,347	\$264,743	\$266,410
2007 Bond	\$2,620,771	\$0	\$237,729
2008 Bond	\$87,758	\$1,638,385	\$1,031,878
2009 Bond	\$0	\$0	\$2,410,000
Total	\$14,671,098	\$2,087,739	\$4,404,953



8. Capital Projects Review

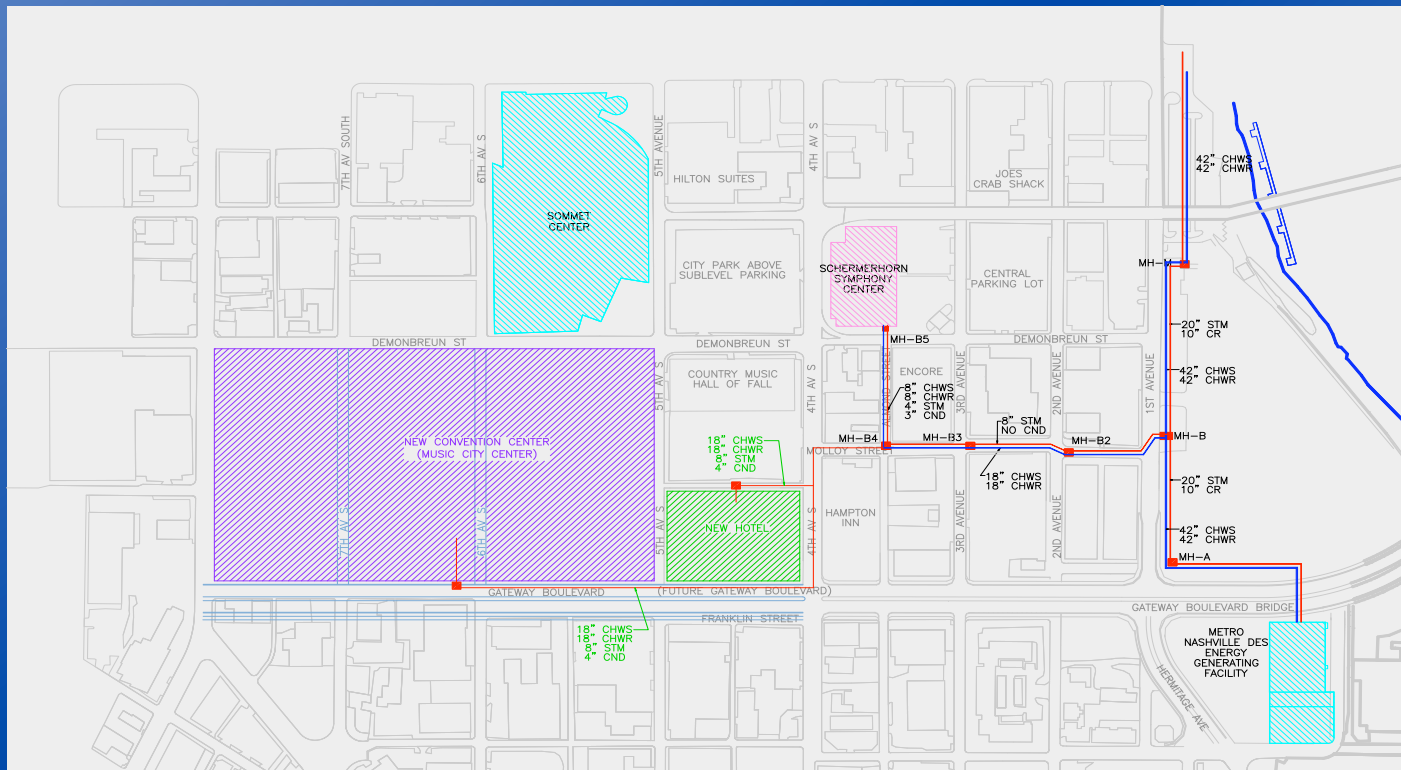
Active Capital Projects

- DES 041/054: Symphony CND – in closeout
- DES 044: STM Repair & CND Replacement MH 5 to MH 9 – in closeout
- DES 046: Ryman CND – in closeout
- DES 050: MH Insulation – in construction/ongoing
- DES 055: Rebuild of MH “C” – in closeout
- DES 056: STM Repair & CND Replacement to Citizen’s Plaza – in closeout
- DES 057: STM & CND Valve Replacement: Phase I – in closeout



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Music City Center & New Hotel DES Location



Nashville District Energy



Music City Center & New Hotel

- Music City Center
 - 3,500 tons
 - 35,000 pph
- New Hotel
 - 1,500 tons
 - 18,000 pph
- Est \$1,500,000 (~55%) Reduction in MFA
- No Impact on Existing Customers
- New Load Approaches EGF Capacity Limit



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9. Other Board Member Items

10. Adjourn