



**Metro District Energy System Advisory Board
Regularly Scheduled Meeting of
February 19, 2009**

Minutes of Meeting

The meeting was held at the Energy Generation Facility at 90 Peabody Street Nashville, TN 37210

Facilitator: Harry Ragsdale, DES Project Contract Administrator, and TEG Staff as Assigned

Board Members Present:

Charles Harrison
Karen Bennett
Phil Ryan
Tom Thompson
Thomas Turner
Nancy Whittemore

Board Members not Present:

Richard Riebeling
Tom Turner
Yuri Cunza
Joe Sweat

Others Present: Kevin Jacobs, Mary Ann Queen, and Michael Bradley

The meeting began at 10:10 A.M.

The Chair opened the meeting by making a motion for approval of the minutes of the last meeting. The motion was carried by voice vote.

At the request of the Chair, Mr. Ragsdale proceeded with the presentation to the Board.

Mr. Ragsdale reviewed the customer cost comparison information for Metro, State, and Private customers for 2007 and 2008 calendar years. On an aggregate basis, steam costs were up 2.5% and chilled water was down 0.2%.

Mr. Jacobs and Mr. Ragsdale reviewed with the Board the operations data for Steam and Chilled water production. The contractor is in compliance with the operating terms of the contract. Mr. Jacobs mentioned the "color coding" assigned to each performance area in order to assist the Board members in understanding issues related to levels of performance.

Mr. Jacobs reviewed information on the operating contractor performance, and discussed the results of the monitoring activities. A review was given of the steam and chilled water production performance measures, as well as electric and water conversion performance measures.



Mr. Jacobs and Mr. Ragsdale reviewed the conversion tables for electricity, steam, and water, as well as the plant efficiency. The contractor's performance is excellent in all of these areas. There was some discussion regarding the water and the treatment applications being applied by the contractor. Mr. Ragsdale indicated that this was being monitored to ensure the levels were in acceptable ranges.

Mr. Jacobs then reviewed the results of the inspections of both the Energy Generation Facility (EGF) and the Energy Distribution System (EDS). Areas of focus included: equipment maintenance, operations, electrical systems, housekeeping, structure, grounds, and safety items. It was noted that there was work necessary on some pipe insulations and handrails in the several manholes.

Mr. Ragsdale presented information to the Board on natural gas purchasing and the cost of fuel through the first quarter of the fiscal year. DES remains under its budget through end of the quarter. A cost comparison graph was reviewed and some discussion was held on the gas costs in relationship to the "market price" and the "budget price". Mr. Harrison requested information on the last five years of gas expenditures. This request was also made by the Chair. Ms Bennett asked that the information be made available at the next Board meeting in May, 2009.

Financial reports for the 2nd quarter were reviewed. The proposed operating budget for FY 10 was then reviewed with the Board. The recommended budget is subject to change as the budget process moves forward. The proposed budget reflects a 7.86 % reduction over FY 08.

A summary of capital projects was then reviewed with the Board. Bond fund expenditures and balances were reported and summarized. An active project status report was also reviewed. Mr. Ragsdale then reviewed several "return on investment" projects that may be considered for the future. There was some discussion as to the cost/benefit of these projects.

Without further discussion the meeting was adjourned at 11:15 A.M.

The next Board Meeting will be held Thursday, May 21, 2009 at 10:00 A.M.

Prepared by: _____

Michael Bradley, Liaison

Approved: _____

Karen Bennett, Chair, DES Advisory Board

Date: _____

Date: _____