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Metro Nashville DES Establishes Advisory Board

A DES Advisory Board has been established to continually review DES and make reports and recommendations to the Mayor. The board will ensure that DES maintains a satisfactory relationship with its operator, Constellation Energy Projects & Services Group, Inc., and provides its customers with dependable and cost-effective services. The board will meet quarterly and have nine permanent voting members:

- ⌘ J.B. Loring, Chair and Representative of Metro Council
- ⌘ Doug Uphoff, Vice Chair and

General Manager's Corner

By John Schaffer

Metro Nashville District Energy System continues to excel in both performance and reliability. As of January 15, 2005, we have successfully completed all reliability and capacity acceptance tests. There has been only one scheduled 12-hour chilled-water outage to make improvements to the Energy Generation

Facility's (EGF) condenser water pumps. Other work throughout the Energy Distribution System (EDS), mainly related to steam, has required only a few customers to be inconvenienced for short periods of time. All projects, construction and repairs are coordinated closely with the affected customers, and cooperation has been tremendous across the board.



The EGF also continues to enjoy a perfect track record regarding environmental issues. There have been no exceedances, thus no fines, and all records and reporting criteria are up-to-date and in order.

Metro has contracted with Constellation Energy Projects & Services Group, Inc. to oversee the continued growth and improvement of the EDS, including the following projects currently in progress.

- ⌘ The Tennessee Tower decoupling project will separate the building's chilled-water system from the EDS. Taking the building's head pressure off of the system will increase efficiency and reliability in the DES chilled-water system.
- ⌘ An extensive one-year construction project to upgrade and improve commodity metering in 29 of the 37 existing DES customer buildings has begun. Currently in the equipment procurement stage, the metering installation projects are in the bid process for the selection of an installation contractor. This process will result in all customers having state-of-the-art meters. The metering work will be closely coordinated with each customer to minimize service losses and other inconveniences. This will also allow both the customer and Metro to be confident that billing is correct.
- ⌘ Several repairs to the condensate line will be completed throughout the summer months. Approximately 80 percent of the

Representative of DES
Initial Private
Customers

- ⌘ David Manning, Metro
Director of Finance
- ⌘ Nancy Whittemore,
Metro Director of
General Services
- ⌘ Charles Harrison,
Representative of the
State of Tennessee
- ⌘ Joe Sweat, Public
Representative
- ⌘ Yuri Cunza, Public
Representative
- ⌘ Thomas Turner,
Business Community
Representative
- ⌘ Phil Ryan, Executive
Director of Metro
Development and
Housing Agency

Two Companies Involved with Metro Nashville DES Recognized

- ⌘ Constellation Energy was named the "2004 Energy Company of the Year" with the Platts Global Energy Award, given annually by Platts and its sister publication, BusinessWeek magazine. The company was recognized for its notable growth and leadership in the electricity market.
- ⌘ Constellation Energy was also recently named the "Most Admired Energy

original condensate lines have been replaced in the past several years. Increased condensate return saves customers money by making the plant more efficient.

- ⌘ Five DES projects are planned to either increase system reliability or repair leaking piping. These projects are planned for completion on or before July 1, 2006.

These projects reflect the commitment by all of our team members to continually improve services for every DES customer, and we look forward to serving downtown for many years to come.

DES Construction Updates: Spring 2005

The spring and summer seasons are already proving to be busy for everyone involved with EDS expansion. The following projects currently under construction will further expand the District Energy System's areas of service.



- ⌘ The new Schermerhorn Symphony Center on Fourth Avenue is in the process of being connected to the EDS, with service commencement planned for May. The Center's close proximity to the system helped make this connection a manageable project.
 - ⌘ The Viridian Tower, a new residential high-rise building under construction on Church Street near the intersection of Fourth Avenue, plans DES service commencement for July. Its location next to the L&C Tower allows DES to easily furnish chilled-water service from the tunnel under Fourth Avenue.
 - ⌘ A construction project to connect Metro's Main Public Library on Church Street at Seventh Avenue to the DES is scheduled to start in April, with service commencement planned for July. Connection to the EDS will eliminate the need for the facility to operate its own boilers and chillers, which it has been doing since opening nearly four years ago, and will transform its heating and cooling into a more economical operation.
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Company in America" by Fortune magazine. This ranking comes from Fortune's 2005 list of "America's Most Admired Companies," and is especially prestigious since it is given based on a poll of Constellation Energy's customers and competitors.

- ☞ Smith Seckman Reid, a Nashville-based engineering design and facility consulting firm, received the "Grand Award for Engineering Excellence" for its work on the new Energy Generation Facility. The award was given at the statewide competition of the American Council of Engineering Companies (ACEC) of Tennessee.

DES Operator Changes Name

The Baltimore, Md.-based company contracted by Metro to operate the DES facility, formerly known as Constellation Energy Source, Inc., has changed its name to Constellation Energy Projects & Services Group, Inc.

New Sales Team Created To Fill Additional Capacity at DES

A new DES customer sales team has been formed to take advantage of the incredible growth and development taking place downtown by promoting the facility's additional capacity to handle extra buildings. Already 34 customers have been signed to the new Metro DES energy services agreement.

The team consists of Constellation Energy personnel and DES advisers. The new team began to identify and prioritize the list of potential new customers that would benefit from the new heating and cooling system. New customers will enjoy the benefit of lowering the capital cost for new commercial development, migrating the owners' risk of operating and maintaining to DES, and providing a 10 percent savings over self-generating versus purchasing service from DES.

Since the new plant's opening in 2003 many new customers have been added including: Viridian Condominium Tower, Schermerhorn Symphony Center, Hume-Fogg Academic High School, the main branch of the Nashville Public Library and the SunTrust Bank Building, which was a holdover customer.

The new customer sales team is currently working with many new developments downtown. They also work with existing buildings that need to replace aging HVAC equipment. DES is looking forward to the chance to provide developers and building owners an economically reliable option for heating and cooling their Nashville buildings.

Metro Nashville DES Celebrates First Anniversary in New Facility

On December 16, 2004, DES completed its first full year of operations in the new Energy Generation Facility (EGF). To commemorate the successful year, the team held a morning ceremony, during which Metro finance director and member of the DES advisory board David Manning was presented a sculpture of the Shelby



Street Bridge. The sculpture, constructed of recycled materials from the old Thermal plant, was created by Ed Gershman, Artisan in Metals, and is symbolic of the transition from the old Thermal Transfer plant to the new EGF. It is currently displayed in the EGF lobby with a plaque listing the contractors associated with the project.

A dedication ceremony was held later in the afternoon with Mayor Bill Purcell in attendance. Greg Jarosinski, president of Constellation Energy Projects & Services Group, Inc.; John Schaffer, Constellation Energy's general manager for the DES; and Harvey Gershman, Metro's project administrator for DES; were also in attendance.

Meet Jimmy Hatcher: Manager of Finance and Administration

Jimmy Hatcher, a certified public accountant, is manager of finance and administration for Constellation Energy Projects & Services Group, Inc.'s DES responsibilities. Hatcher has been with CES since DES began operations in December 2003 and takes care of all accounting, payroll, and administrative functions in the Nashville office.



Hatcher's previous experience includes work with Nashville Thermal Transfer Corporation as its controller and work for the state of Tennessee. He also spent 21 years with United Cities Gas Company, moving up the ranks to assistant controller.

He holds a B.A. degree from David Lipscomb University with an emphasis in accounting and economics. Hatcher has been married to his wife, Sherrhea, for 22 years. Together they have five children. He enjoys reading and being active in his church, Fairview Church of Christ, where he serves as a Deacon.

The Expanding Role of LNG

By P. Jon Wilems

President, Gas Supply Consulting, Inc.

One means of alleviating natural gas price increases is to develop vast natural gas resources in countries that have excess production capacity, liquify the produced gas, and transport the liquified natural gas (LNG) to the United States via tankers. A new development in LNG technology could mean lower costs for all DES customers.

A new LNG terminal, the Energy Bridge Deepwater Port, was placed into service on March 17, 2005. Located 116 miles off the coast of Louisiana in the Gulf of Mexico, it utilizes new technology that eliminates the need for the large fixed facilities normally required to turn the super-cooled liquid into natural gas. Instead, the LNG is converted back to natural gas through mechanisms installed on the tanker.

When fully operational, this terminal will be capable of importing 500 million cubic feet of gas per day, which represents slightly less than 1 percent of total natural gas consumption in the entire United States. Combined with the four existing onshore terminals, the Energy Bridge terminal expands the United States' total LNG receiving capacity to approximately 3.1 billion cubic feet of gas per day. When planned expansions of the four onshore terminals materialize, LNG imports could be providing almost 9 percent of all gas consumed in the United States.

LNG's growing role in the country's natural gas supply base is important because it has the potential of significantly reducing the market price of natural gas in the United States. Many planned LNG projects report a

landed U.S. price of \$4 per thousand cubic feet. With prices today trading in excess of \$7 per thousand cubic feet, expansion of LNG imports has the potential to significantly reduce gas prices in the United States in the long term.

The Metro Nashville DES uses natural gas as its fuel for generating its steam product, so developments of LNG imports could help soften the future price fluctuation being experienced with purchasing natural gas for DES customer needs.

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