



Metro Nashville
DISTRICT ENERGY SYSTEM

Advisory Board Quarterly Meeting
Third Quarter FY09

Presented to
District Energy Advisory Board

May 21, 2009



Agenda

1. Call to Order
2. Review & Approval of Previous Meeting Minutes
3. Summary of Performance
4. Natural Gas Purchasing
5. Financial Reports – 3rd Qtr FY09
6. FY09-10 Budget Status Report
7. Capital Projects Review and Status Report
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

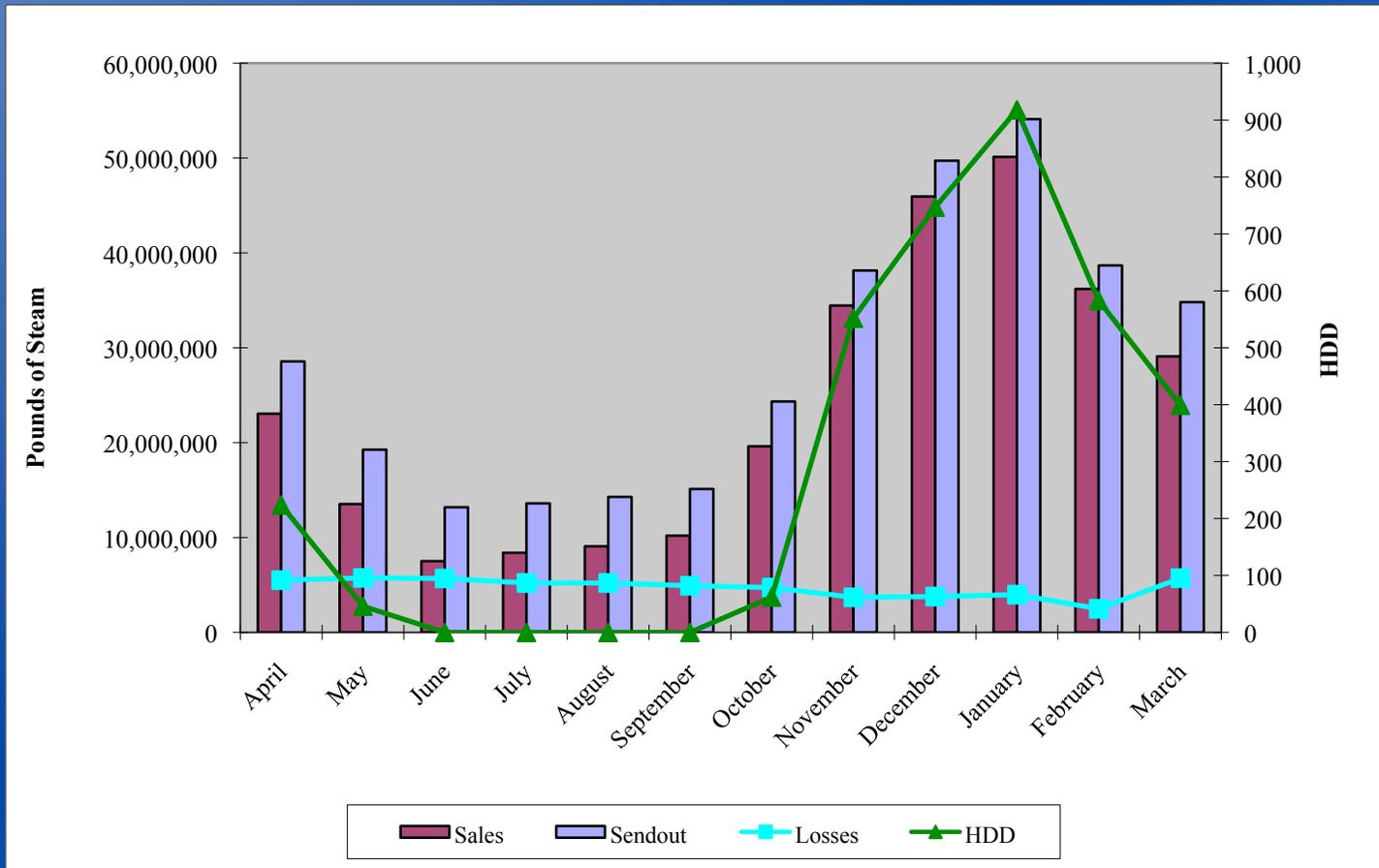
	Steam (\$ millions)			Chilled Water (\$ millions)		
	4/07 – 3/08	4/08-3/0 9	% Diff.	4/07 – 3/08	4/08-3/0 9	% Diff.
Private	\$2.255	\$2.378	5.5%	\$3.901	\$3.775	-3.2%
State	\$2.842	\$3.062	7.7%	\$3.173	\$3.268	3.0%
Metro	\$3.185	\$3.329	4.5%	\$4.621	\$4.624	<0.1%
New Customers	\$1.487	\$1.574	5.9%	\$3.171	\$3.088	-2.6%
Aggregate	\$8.283	\$8.769	5.9%	\$11.695	\$11.667	-0.2%

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



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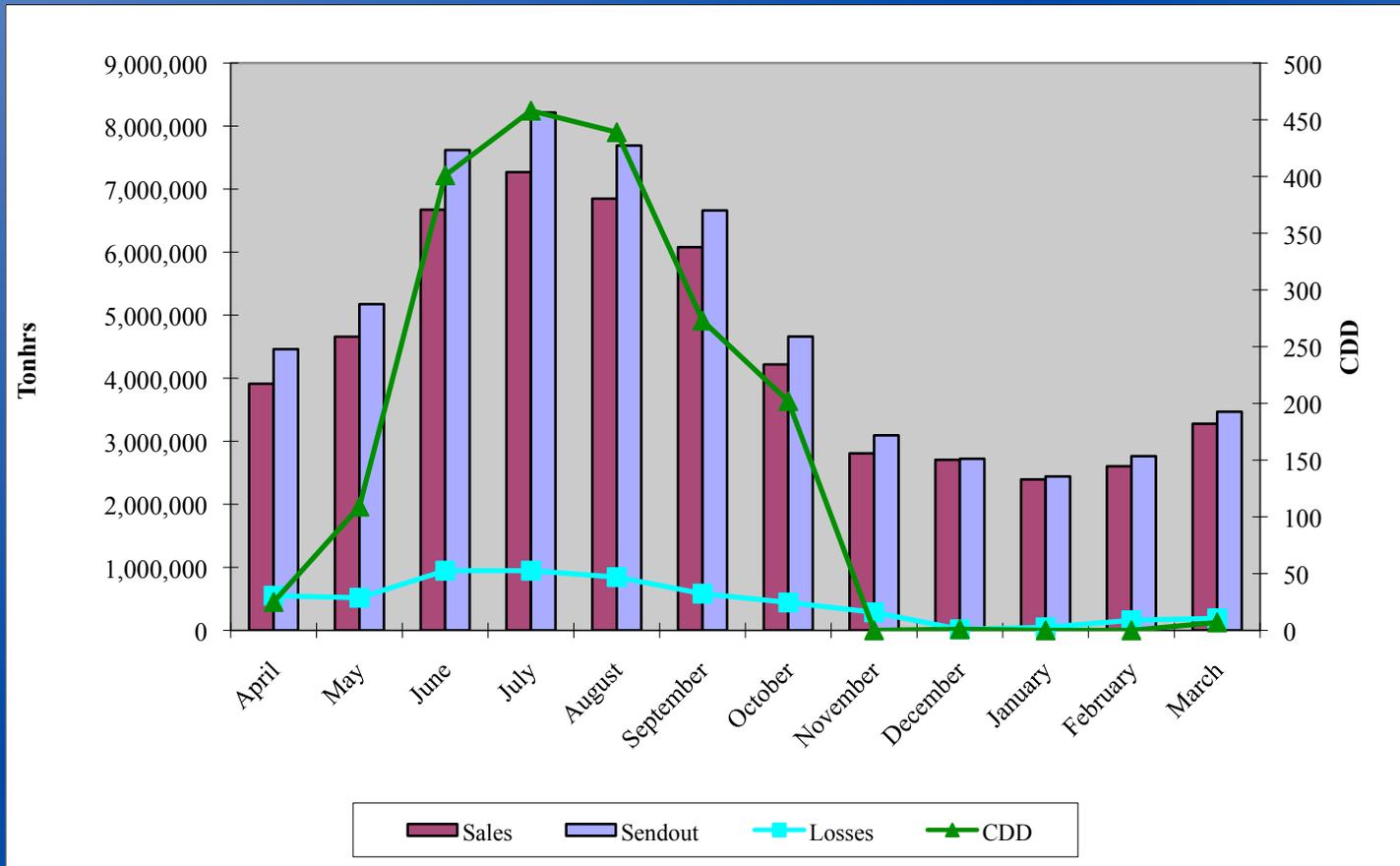
FY09 Operations: Steam





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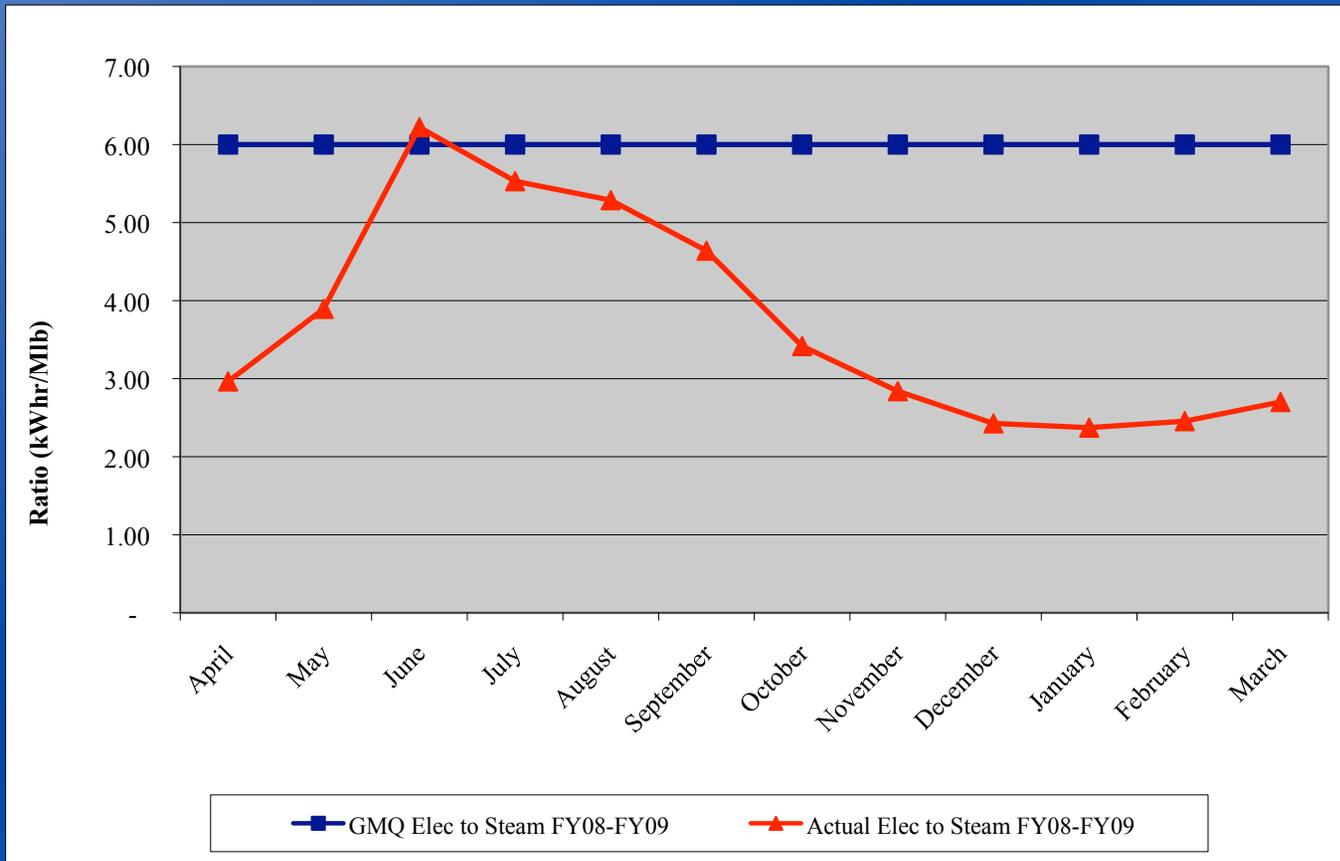
FY09 Operations: Chilled Water





Performance Measurement FY09: Steam

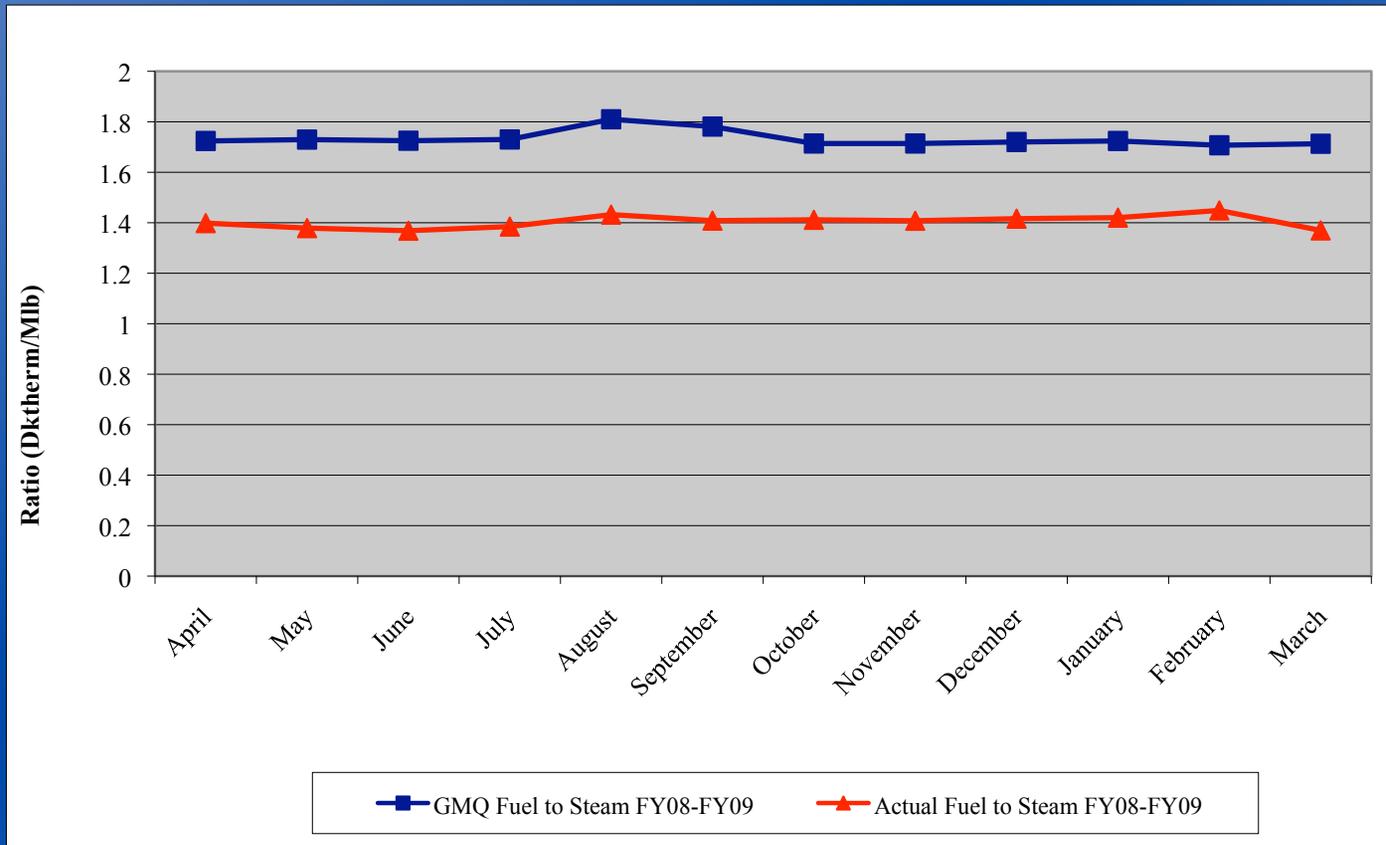
Electric Conversion





Performance Measurement FY09: Steam

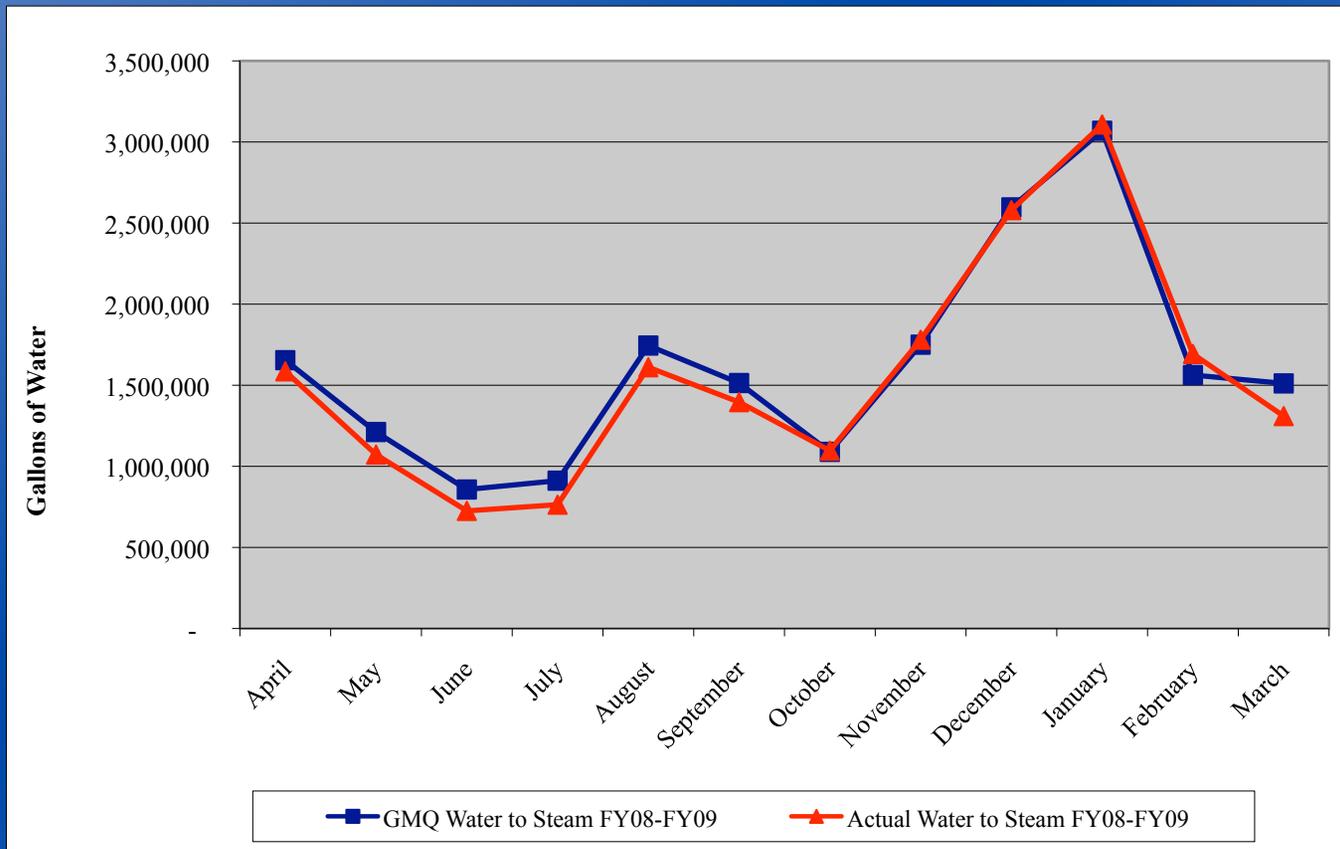
Plant Efficiency ●





Performance Measurement FY09: Steam

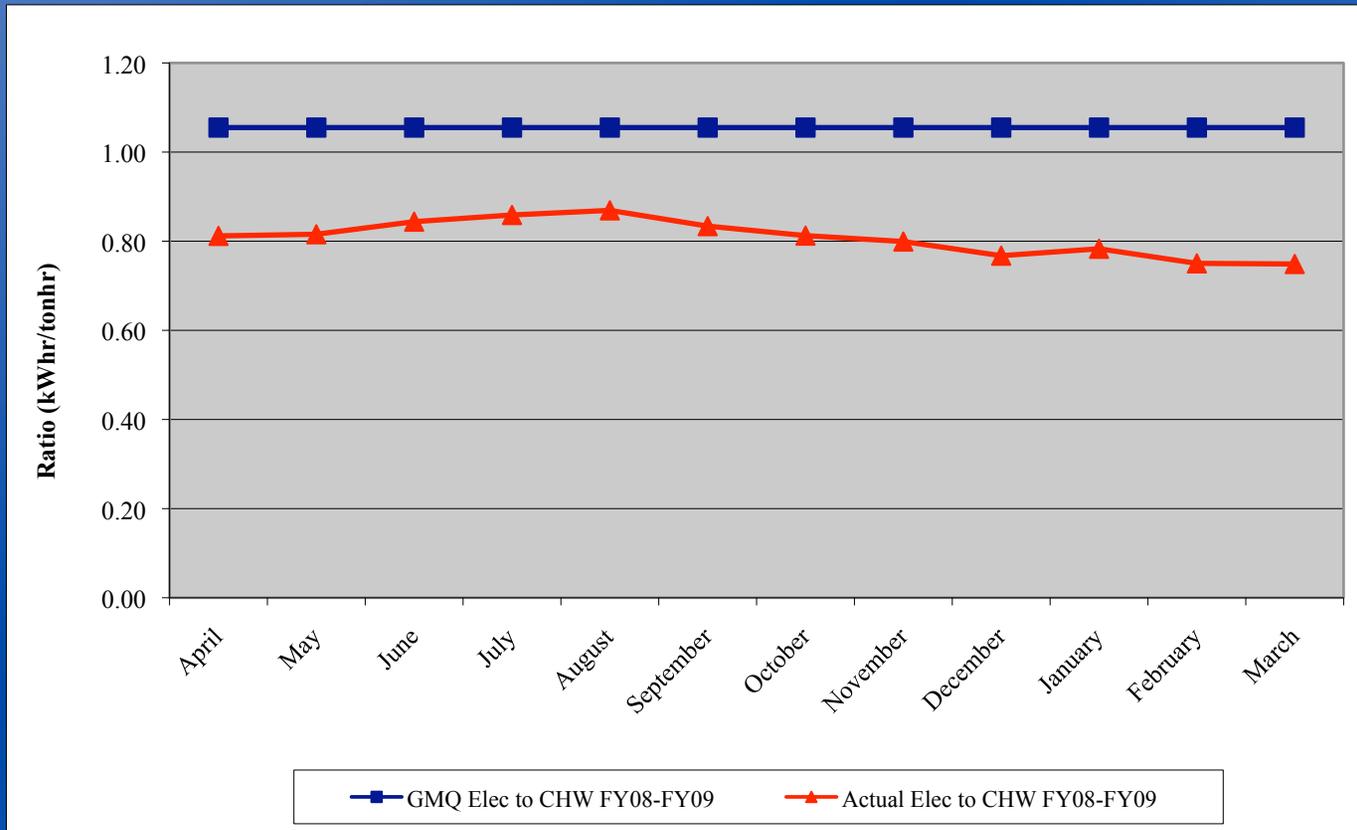
Water Conversion





Performance Measurement FY09: Chilled Water

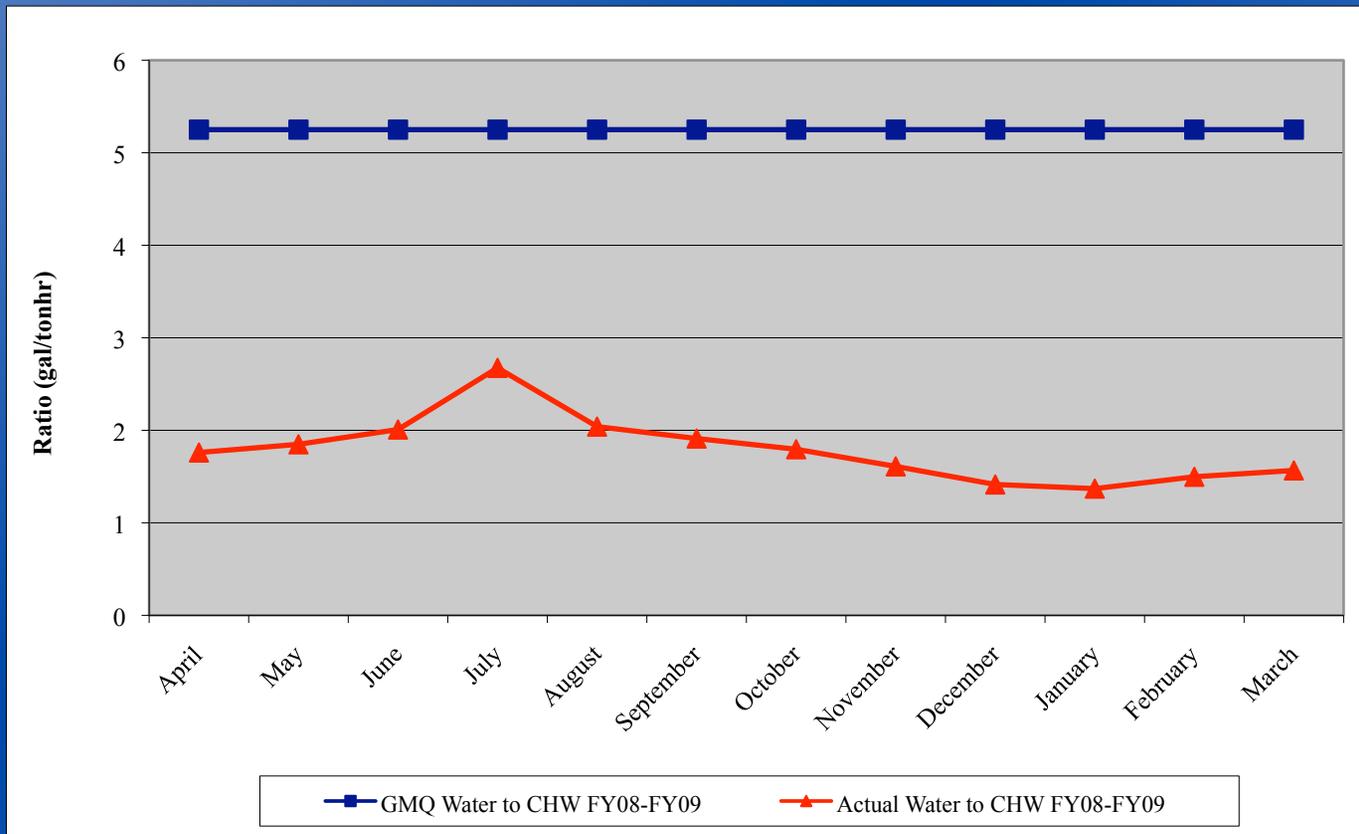
Electric Conversion





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 ●



4. Natural Gas Purchasing

Natural Gas Purchasing Review

**Table 4: FY09 Gas Spending & Budget
Comparison**

**Figure 4: Projected Gas Cost
Comparison for FY09**

Metro Policy on Hedging



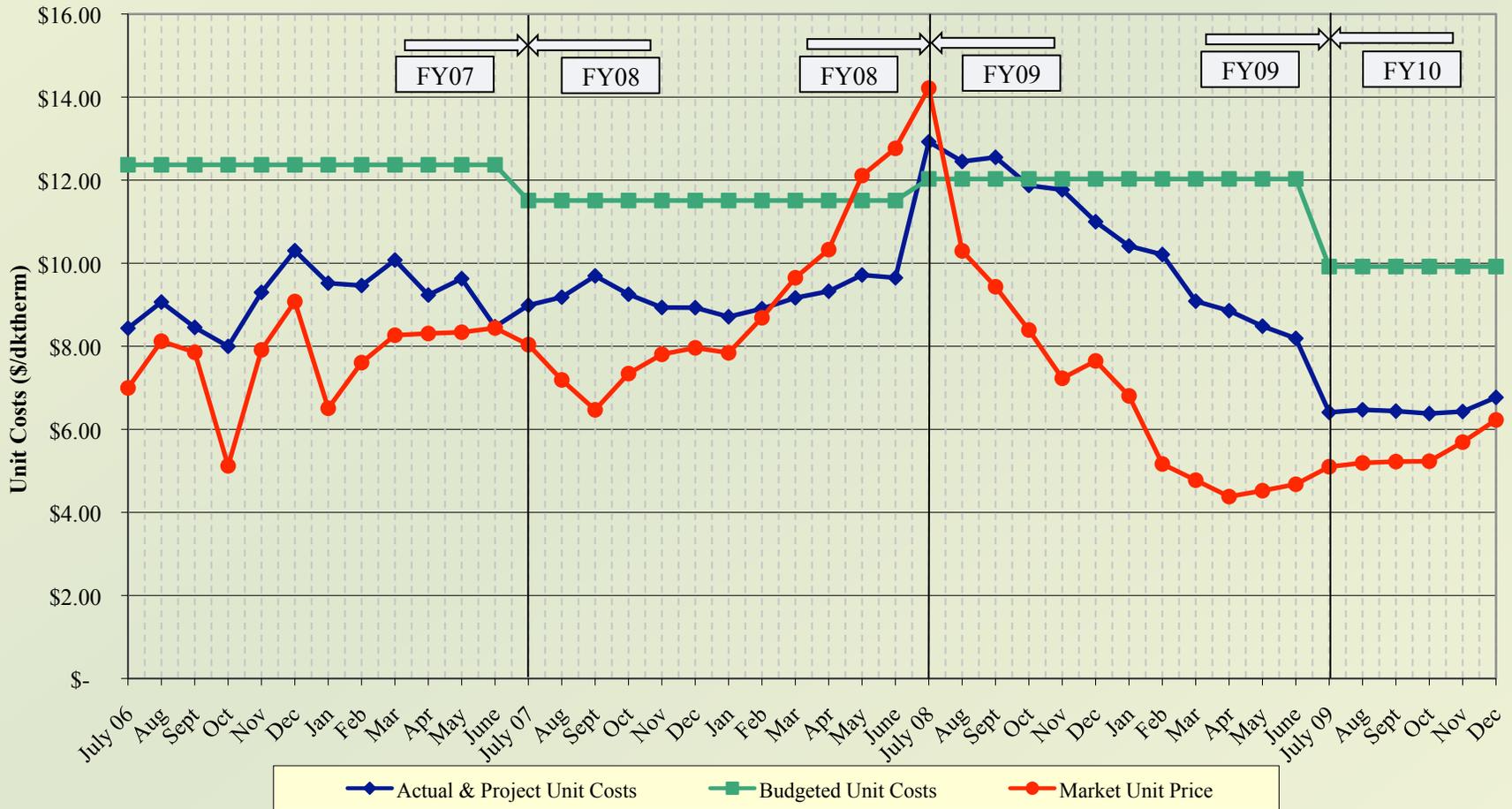
Table 4: FY09 Gas Spending & Budget Comparison

		Actual FY09 To date (Mar31)	Budget FY09
Steam Sendout (Mlbs)		282,809	285,604
Fuel Use (Dth)	●	399,637	414,411
Plant Eff (Dth/Mlb)	●	1.413	1.451
Total Gas Cost	●	\$4,491,708	\$4,985,364
Unit Cost of Fuel (\$/Dth)	●	\$11.239	\$12.030



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Projected Gas Cost Comparison for FY09





Metro Policy on Hedging

- Hedging Purpose:
 - Ensure Price Stability
 - Protect the Budget
 - Not for Speculation or Monetary Gain
- 80% Max Hedged Amount up to 12 Months in Advance
- 40% Max Hedged Amount 13 to 18 Months in Advance



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5. Financial Reports: 3rd Qtr FY09

Item	FY09 Budget	Total Expenses to Date	Percent of FY09 Budget
FOC: Basic	\$ 3,852,170	\$ 2,889,128	75.00%
FOC: 9th Chiller	\$ 36,100	\$ 27,071	74.99%
FOC: Change Order 6A	\$ 71,260	\$ 53,447	75.00%
FOC: Change Order 6B	\$ 62,390	\$ 46,791	75.00%
Chemicals	\$ 156,510	\$ 129,709	82.88%
Engineering	\$ 40,000	\$ 14,716	36.79%
Insurance	\$ 42,440	\$ 29,722	70.03%
Marketing: CEPS Sales Activity	\$ 27,000	\$ 5,006	18.54%
Metro Marketing	\$ 52,890	\$ 3,573	6.76%
Incentive Payments	\$ 30,150	\$ 9,878	32.76%
Project Administration	\$ 22,090	\$ -	0.00%
Metro Incremental Cost	\$ 585,420	\$ 302,911	51.74%
FEA: Steam	\$ -	\$ 189,172	n.a.
FEA: Chilled Water	\$ -	\$ 290,421	n.a.
ARFA	\$ -	\$ 41,960	n.a.
Metro Credit	\$ -	\$ (307,178)	n.a.
Water/Sewer	\$ 681,600	\$ 266,049	39.03%
Natural Gas/Propane	\$ 6,570,400	\$ 4,491,708	68.36%
Electricity	\$ 4,437,300	\$ 3,147,582	70.93%
EDS Repair & Improvement	\$ 171,430	\$ 122,143	71.25%
EDS Surcharge	\$ 68,460	\$ -	0.00%
Sub-total Operations	\$ 16,907,610	\$ 11,753,809	69.52%
2002 Bonds	\$ 4,361,770	\$ 3,271,662	75.01%
2005 Bonds	\$ 631,590	\$ 347,868	55.08%
FY07 Projects	\$ 227,800	\$ 224,150	98.40%
FY08 Projects	\$ 220,500	\$ -	0.00%
Debt Service Interest Revenue	\$ (72,300)	\$ (225,138)	311.39%
Oper. Reserve Funding Deposit	\$ 97,400	\$ 73,305	75.26%
Sub-total Debt Service	\$ 5,466,760	\$ 3,691,846	67.53%
Total Expenses	\$ 22,374,370	\$ 15,445,656	69.03%
Customer Revenues	\$ 19,768,660	\$ 13,795,754	69.79%
Total Metro Funding Amount	\$ 2,605,710	\$ 1,649,902	63.32%



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6. FY2009-2010 Budget Status Review

Table 6. FY2010 Budget Summary



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Table 6. FY10 Budget Summary

Item	FY09 Budget	FY10 Budget	Percent Change from FY09
FOC: Basic + C/O 6C	\$ 3,852,200	\$ 3,976,200	3.2%
FOC: 9th Chiller	\$ 36,100	\$ 37,200	3.0%
FOC: Change Order 6A	\$ 71,300	\$ 73,400	2.9%
FOC: Change Order 6B	\$ 62,400	\$ 64,300	3.0%
Chemicals	\$ 156,500	\$ 161,200	3.0%
Engineering	\$ 40,000	\$ 26,200	-34.5%
Insurance	\$ 42,400	\$ 43,700	3.1%
Marketing: CEPS Sales Activity	\$ 27,000	\$ 9,800	-63.7%
Metro Marketing	\$ 52,900	\$ 35,000	-33.8%
Incentive Payments	\$ 30,100	\$ -	-100.0%
Project Administration	\$ 24,200	\$ 24,000	-0.8%
Metro Incremental Cost	\$ 568,000	\$ 526,900	-7.2%
Water/Sewer	\$ 681,600	\$ 689,600	1.2%
Natural Gas/Propane	\$ 6,574,800	\$ 4,692,900	-28.6%
Electricity	\$ 4,437,300	\$ 5,034,100	13.4%
EDS Repair & Improvement	\$ 171,400	\$ 176,500	3.0%
EDS Surcharge	\$ 68,500	\$ 70,600	3.1%
Sub-total Operations	\$ 16,896,700	\$ 15,641,600	-7.4%
2002 Bonds	\$ 4,361,800	\$ 4,362,900	0.0%
2005 Bonds	\$ 631,600	\$ 627,600	-0.6%
FY07 Projects	\$ 227,800	\$ 227,800	0.0%
FY08 Projects	\$ 220,500	\$ 220,500	0.0%
Debt Service Interest Revenue	\$ (72,300)	\$ (123,700)	71.1%
Oper. Reserve Funding Deposit	\$ 97,300	\$ -	-100.0%
Sub-total Debt Service	\$ 5,466,700	\$ 5,315,100	-2.8%
Total Expenses	\$ 22,363,400	\$ 20,956,700	-6.3%
Customer Revenues	\$ 20,091,900	\$ 18,488,100	-8.0%
Project Admin. Revenue	\$ 26,400	\$ 24,000	-9.1%
Total Metro Funding Amount	\$ 2,245,100	\$ 2,460,400	9.6%



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7. Capital Projects Review and Status Report

Financial Summary

Table 7: Capital Projects Summary

Active Project Status

Return on Investment

Music City Center & Hotel



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Table 7: Capital Project Summary (05/05/09)

	Spent to End of FY08	FY09 Spending	Balance to Date (05/05/09)
2002A Bond	\$3,680,667	\$47,036	\$0
R&I Projects	\$626,555	\$122,143	\$414,395
2005B Bond	\$7,655,347	\$198,519	\$249,353
2007 Bond	\$2,620,771	\$0	\$237,729
2008 Bond	\$87,758	\$1,524,627	\$1,136,116
Total	\$14,671,098	\$1,892,325	\$2,037,593



Active Project Status

- 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 pre-construction
- 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 construction
- DES 057: STM & CND Valve Replacement: Phase I – in closeout



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Music City Center & New Hotel





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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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8. Other Board Member Items

9. Adjourn