Metro Nashville District Energy System Advisory Board

Regularly Scheduled Meeting of

February 19, 2026

Minutes of Meeting

<u>Facilitators</u>: Dan Coyle, DES Project Contract Administrator, and Kevin Jacobs, Thermal Engineering Group (TEG)

<u>Board Members Present:</u>

Olivia Hill, At-Large Metro Council Member
Brian Taylor, Public Representative
Heidi Hoeffner *(on behalf of Jenneen Reed, Metro Finance Director)*
Ann McGauran, State of Tennessee Representative
Philip Sackett, ISC Private Customer Representative
Kim Shinn, Public Representative
Curtis Thomas *(on behalf of Dr. Troy White, MDHA Executive Director)*
Blake Ramey, New Private Customer Representative

<u>Others Present:</u>

Mike Winters, District Energy Asset Operations (DEAO) [Constellation]
John Schaffer, DEAO
Randy Pomeroy, PMC
Bill Purcell, FBT Gibbons
Jackson Ferrell, FBT Gibbons
Freddie Adom, Metro General Services
Chris Singleton, Metro ITS - Metro Nashville Network
Adrienne Fancher, Metro Water Services
Charda Johnson, Metro ITS (Webex host)

Advisory Board Chair Olivia Hill called the meeting to order at 10:00 a.m. Ann McGauran moved for approval of the minutes of the previous meeting, and Heidi Hoeffner seconded. The minutes were approved unanimously. Ms. Hill shared her preference to have the Advisory Board meetings broadcast on Metro Nashville Network. She asked the other Board members to email her their opinions so that the Board could vote

Adrienne Fancher, Metro DES Liaison, invited the Board to tour the plant at their convenience and to participate in upcoming long-range planning for the future of the utility.

Kevin Jacobs reviewed the Customer Sales. Mr. Jacobs stated that there are no customers in arrears for more than 30 days. In reviewing the Customer Cost Comparison, Mr. Jacobs noted a general increase in customer consumption amid increased water and electricity costs, although gas costs have been relatively stable.

For Historic Chilled Water Sales comparing years 2022 through 2025, chilled water sales were above average for the quarter. For Historic Steam Sales, steam sales were also higher than average.

For Marketing, Mr. Jacobs noted that there is available chilled water capacity and that several potential customers are still working through financially stalled projects as economic conditions continue to improve for new developments. He added that there is one building conversion that is expected to execute a contract in the upcoming few weeks.

In reviewing the System Operator's performance, Mr. Jacobs noted that the Steam-Electric, Steam-Water, Chilled Water-Electric, and Chilled Water-Water performance metrics were met this quarter. The Steam Plant Efficiency was above the guarantees for November and December due to condensate leaks, most of which have been repaired. Condensate rates, on which the efficiency performance guarantee is calculated, were also down during this period.

Regarding water treatment, Mr. Jacobs noted there have not been any biological issues in the Chilled Water system and the side stream filter is working well.

Regarding year-to-date natural gas purchases, Mr. Jacobs observed that gas spending is below budget. We used nearly all of our stored propane in December and January. There was a gas flow restriction during the ice storm. There was no operational impact during the ice storm. The cost of propane is not included in the comparison of natural gas costs, but the projected market price spike in February was deflected by our hedged purchases. In response to Ms. McGauran's question, Mr. Jacobs confirmed that fuel costs are included in the customer pass-through. Fuel purchases are expected to remain under budget without tapping into the contingency funds.

For the FY26-to-date costs, Mr. Jacobs projected that the relatively warm end of winter will restrain fuel usage. All other costs remain at 50% of budget or less. Debt service for this year is reduced due to a retired bond last year.

Mr. Jacobs observed during the quarterly EGF Walkthrough that Constellation continues to address minor issues. Jon Belcher conducted the EDS Walkthrough and noted in his observations that valve evaluations and condensate leak repairs are in progress.

Mr. Jacobs reviewed the FY26 Capital Expenditures and noted that increased R&I funds are available for distribution system projects like the condensate repairs in lieu of using bond funds.

For the status of Capital Projects, Mr. Jacobs reported continued delays for the Auto Nashville Hotel and the promising new connections for 414 Union and the Nashville Fire Department Headquarters. Mr. Jacobs highlighted the addition of schedule and budget figures to the project descriptions, as Ms. McGauran requested. Before Dan Coyle continued the review of capital projects, he noted that because of our gas market positioning, although DES paid over $6 for gas during the ice storm, market price at that time was over $12. He explained the strategic phasing of the condensate leak repairs to accommodate paving on James Robertson Parkway. Mr. Coyle also highlighted the projects that were closed or in close-out phase during the quarter.

The System Operator, DEAO [Constellation], presented an update for the Advisory Board. Although the January winter storm was not part of the quarter's activity, Mike Winters summarized the System operations during the event as a timely update. Mr. Winters highlighted the safety record of the DEAO staff and its contractors. He noted the one narrowly missed guarantee for gas-to-steam efficiency. Mr. Winters noted that an emergency NES repair caused a brief [45 minutes] steam system shutdown. Mr. Winters introduced a new staff hire for a retirement replacement. There was discussion of customer impacts and communication during an emergency outage – which during this event proved to be negligible customer impact. Ms. Hill commended the staff for extraordinary efforts during the storm event.

For Special Topics, (1) Mr. Jacobs described the continued observation of seasonal Operations data to project future needs. He noted that even during the recent severe winter weather, the System did not set a new peak. (2) Ms. Fancher introduced Chris Singleton, Division Manager of the Metro Nashville Network (MNN), to explain the logistics of live streaming the Advisory Board meetings. She added that the current location, the Sonny West Conference Center, is well-equipped for broadcasting. Mr. Singleton provided an overview of how Metro Boards and Commissions are covered by MNN, the technical logistics of recording the meetings, and the options for public viewing. He noted that because the Sports Authority Board meets at the same time and is live streamed on MNN, the DES Advisory Board meetings will be recorded for broadcast on a secondary channel. Ms. Hill added that more public interaction is welcome. (3) Mr. Jacobs presented a timeline to illustrate the remaining life of customer and operations contracts and major equipment as part of the utility's future planning.

For Other Board Member Items, Brian Taylor asked about the status of serving the new TPAC East Bank location. Ms. Fancher responded that it was helpful to learn that TPAC was moving to a site at the east end of the Seigenthaler Pedestrian Bridge, but TPAC's schedule and the decision to connect to DES are still pending. Mr. Jacobs added that the Nissan Stadium capacity will be available.

Ms. Hill adjourned the meeting at 10:55 a.m.

The next regular Board Meeting will be held Thursday, May 21, 2026, at 10:00 a.m.

These minutes were approved on _______________.