

Citizens Thermal Update

A Division of Citizens Gas & Coke Utility

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Preserving History

CTE Provides Precise Climate Control to Soldiers' and Sailors' Monument

At the Soldiers' and Sailors' Monument, the iconic symbol of the Circle City, precise climate control is vital to preserving the history that lies within its 8-foot thick walls of Indiana limestone.

Dedicated in 1902, the 248-foot Soldiers' and Sailors' Monument is home to the Colonel Eli Lilly Civil War Museum. Large video screens showing battle re-enactments and displays of priceless artifacts, including uniforms, weapons, and battle flags, transport visitors to a time when our nation was torn apart like never before.

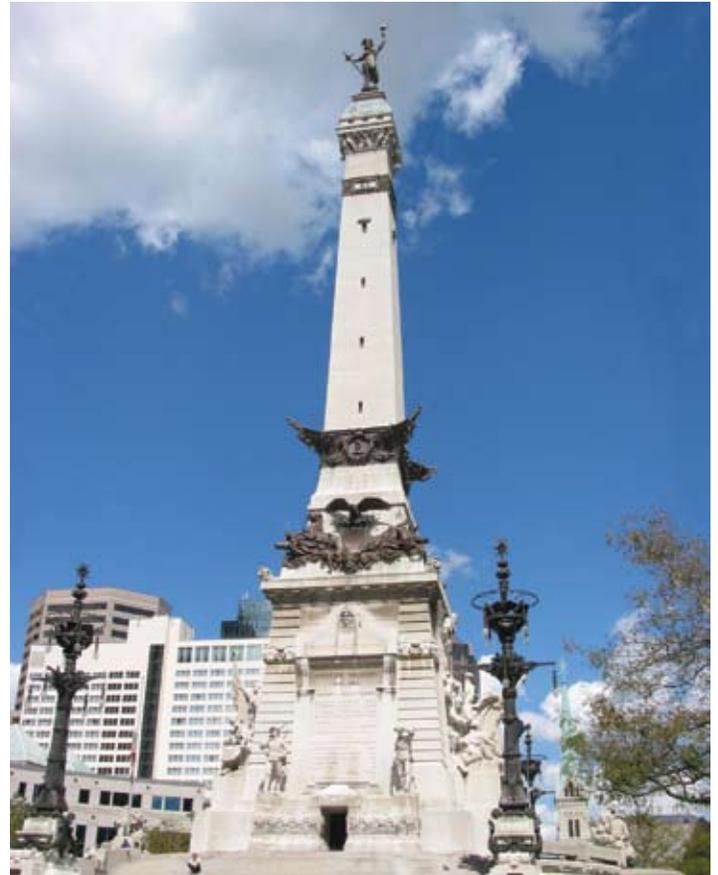
This summer visitors to the monument will be kept cool by chilled water from Citizens Thermal Energy, thanks to a



Brigadier General J. Stewart Goodwin admires the regimental battle flags that hang inside the Colonel Eli Lilly Civil War Museum located inside the Soldiers' and Sailors' Monument. Precise climate control provided by Citizens Thermal Energy is vital to preserving the many priceless artifacts inside the museum.

recent system expansion under Monument Circle. Monument officials chose CTE chilled water rather than replace an aging chiller that utilizes water drawn from a well deep under Monument Circle. The facility has been heated by CTE steam since 1924.

"Silt from the well water has been creating a lot of maintenance problems for our old chiller. We've also begun to have problems regulating humidity in the Civil War Museum. The decision on how to replace our cooling system was bigger than your normal business deal. By partnering with Citizens Thermal Energy, we eliminate the maintenance hassles of the old chiller and get precise humidity control vital to preserving the many artifacts in our museum," said



The Soldiers' and Sailors' Monument is now heated and cooled by Citizens Thermal Energy thanks to a recent chilled water expansion. A 150-foot directional bore under Monument Circle allowed for the installation of new chilled water lines.

Brigadier General J. Stewart Goodwin, Executive Director of the Indiana War Memorials Commission.

Goodwin added that reliability also was a major factor in choosing CTE. "We know from their steam and chilled water service to our other facilities that Citizens Thermal is dedicated to reliability and customer

service. With the kind of artifacts we have and those that we host from other museums, having reliable heating and cooling is a must," Goodwin said.

While switching to chilled water was hassle free for those who manage the monument, it presented engineering challenges to



Brigadier General J. Stewart Goodwin, Executive Director of the Indiana War Memorials Commission, talks about the rich history of the Soldiers' and Sailors' Monument with Bill Petty, Manager, Market Development for Citizens Thermal Energy.

Preserving History (continued)

CTE. Given the heavy traffic and historic nature of Monument Circle, a conventional street cut was not an option for installing the new chilled water lines to the monument. Instead, a construction crew worked late at night for about a week to complete a 150-foot directional bore from the basement of the Emmis Communications Building approximately 10 feet under Monument Circle. Crews then carefully bore through the 8-foot thick monument foundation into a small equipment room located inside the Civil War Museum.

Final project steps involved connecting the CTE chilled water lines to the Monument's air handling system.

The addition of the Soldiers' and Sailors' Monument to the chilled water system now means Citizens Thermal heats and cools most of the facilities across the expansive Indiana War Memorial Plaza Historic District, the nation's largest monument district honoring veterans.



A sculpture of a fallen soldier lies next to a quote from Abraham Lincoln.

Jamie Dillard Receives Promotion

Jamie Dillard was recently promoted to General Manager, Engineering and Facility Operations for Citizens Thermal Energy. Dillard will be responsible for Lilly Facility Operations, Plant and Project Engineering and additional Facility Operations at the Indianapolis Airport.

Dave Toombs will continue his role as General Manager, Steam and Chilled Water Operations with direct responsibility for Perry K, West Street Chilled Water, ICE Chilled Water, IUPUI North Plant, Illinois Street Chilled Water, and our remote Chilled Water operations at the Convention Center and State Office Buildings.

"The Thermal Division continues to grow with the ongoing Chilled Water expansion, IUPUI and Lilly growth, and various other new facility operations. Along with this growth, we continue to work hard to improve customer service while meeting other significant challenges including environmental upgrades, plant maintenance and various operations projects. Jamie Dillard and Dave Toombs will provide the leadership we need to meet all of these challenges," said Bill Tracy, Senior Vice President of Operations for Citizens Gas & Coke Utility.



Employee Spotlight – Scott Moore

Title: Project Coordinator – Planning

Job Duties: I assist with the development and maintenance of the Perry K Steam Plant's overhaul schedule. The majority of my time is spent as administrator of the Computerized Maintenance Management System that both Perry K and the distribution system utilize. My duties also consist of contacting steam customers to schedule steam line outages and in planning and scheduling major steam line repairs.

I focus on careful planning and implementation of steam line outages and repairs because I know it directly impacts customers. Some steam outages may be as simple as 2 hours to patch a leak or replace a valve, and other steam outages last 24 hours to replace large isolation valves, trap valves, blow down valves, and expansion joints. Meticulous planning of this work ensures safe and reliable service to Citizens Thermal Energy's steam customers.

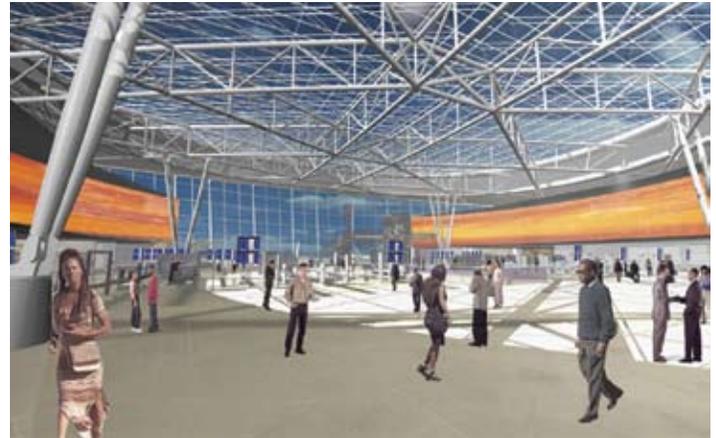
I joined Citizens Thermal in 2001 after graduating from Purdue University in 1999 and working at AgReliant Genetics.

Working on the Moore family farm for the past 15 years is my primary hobby or passion. I also enjoy working on my wife Kimberly's family dairy farm. Woodworking is a new and challenging hobby for me. I get frustrated when all the pieces don't fit together.



Partnership to Deliver Energy Services to New Airport Terminal

Through its partnership with BHMM Energy Services, LLC, Citizens Thermal Energy will play an instrumental role in providing heating and cooling to the Indianapolis International Airport's new midfield terminal once it opens in late 2008.



The Indianapolis Airport's new midfield terminal will be heated and cooled through a partnership between Citizens Gas & Coke Utility and BHMM Energy Services.

BHMM Energy Services, of which Citizens Gas subsidiary, Citizens By-Products owns a 40 percent stake, recently signed a contract with the Indianapolis Airport Authority to operate the Central Energy Center (CEC); which will fulfill the new terminal's energy needs.

The CEC is located on the 300-acre site of the Indianapolis Maintenance Center (IMC), which was once operated by United Airlines. The 1.7 million square foot, state-of-art maintenance facility, which houses 12 aircraft hangars, is now the home of AAR Aircraft Services, Inc. The CEC is the source for the facility's heating and cooling, utilizing hot water and chilled water.

"Forming a partnership with BHMM was the right thing for the Trust and our community. It provides us an opportunity to take part in one of the most visible projects in central Indiana," said Bill Tracy, Citizens' Senior Vice President of Operations.



The Central Energy Center will provide the heating and cooling needs for the airport.

He adds, "While bringing a considerable amount of operating experience to the table, our involvement will allow us to address the energy needs of the airport and other energy management operations as well. In addition, our partnership with BHMM is consistent with Citizens' Supplier Diversity Policy, and should further assist us in supporting diversity and inclusion when selecting vendors and contractors."

BHMM Energy Services, founded by a group of four minority business leaders, is an entity that was created to provide a full range of energy facilities management services. BHMM Energy Services currently has one employee, Del Morris, who serves as the Facility Manager of the CEC and is a former Citizens Thermal Energy employee. The CEC staffing level is expected to reach a total of 11 employees by the time the new airport terminal opens in 2008.

Covanta Contract Submitted for Approval

On February 13, 2006, CTE submitted a new 20-year Steam Purchase Agreement with Convanta Indianapolis, Inc. to the Indiana Utility Regulatory Commission for approval. The existing Steam Purchase Agreement will remain in full effect until it expires on November 30, 2008.

Covanta and its affiliates operate over 31 large-scale waste-to-energy facilities predominantly located in the United States. These facilities offer an environmentally sound solution to the waste disposal needs of numerous communities by using solid waste as a fuel to generate steam and other energy products. Covanta owns and operates the Indianapolis Resource Recovery Facility located at 2230 South Harding Street in Indianapolis and, through this new agreement, will continue to supply approximately 40 percent of the steam required for Citizens to meet its customers' annual steam requirements.

Citizens anticipates that when the Agreement becomes effective December 1, 2008, the price paid for steam will be higher than the price under the existing steam purchasing agreement. However, the price is expected to be lower than the cost Citizens would incur to produce that steam at our Perry K steam production plant. We also anticipate that the new negotiated price escalation methodology should reduce the volatility of the price Citizens pays for this steam.

For more details about this contract, please contact Bill Petty, Manager Business Development, at 927-4742, or Jamie Dillard, General Manager, Facilities and Engineering, at 693-8858.

Seasonal Start-up Assistance Available

Citizens Thermal Energy (CTE) has a number of chilled water customers that do not need or cannot use chilled water during the winter heating season. In this situation, they often shut-down and isolate their own system piping from the district system. This seasonal shut-down is appropriate and normal for customers that use this method of heating and cooling control.

Citizens Thermal Energy will assist customers in this situation with the spring start-up of their system, if they so desire. The following is our recommended steps for bringing the chilled water cooling system back into service after the winter shut-down:

1. Drain the residual water from the building's cooling system.
2. Fill the system with clean city water and add a chemical-cleaning agent. Citizens Thermal Energy would like to review your cleaning product data information to make sure that it is compatible with CTE water treatment chemicals before the system is cleaned.
3. Circulate the cleaning solution through the building's cooling system. This will help flush contaminants from the system, and the cleaning agent will remove any bacteria, oils and greases, and reduce the risk of corrosion inside the piping.
4. Check and clean air handler(s) and pump strainers before draining.
5. Drain the cleaning solution from the system and refill with clean city water.
6. Flush all coils, drains, and system blowdowns until the water flowing from the drain piping is clear.
7. Call the Citizens Thermal Energy Plant control room (317-236-6700) before opening the building system to CTE system. Open the isolation valves to re-connect the building to the Citizens Thermal Energy district cooling system.

Following this simple procedure will help insure that a cooling system operates efficiently and effectively for many years. The pre-season cleaning and preparation steps will help reduce problems from dirty cooling coils, bacteria contamination, plugged cooling lines, and poor space conditioning.

For those building owners and operators that go through a seasonal shut-down, Citizens Thermal Energy will be happy to provide on-site assistance and chemical cleaning materials at no additional charge to the customer.

If you have any questions, or would like to take advantage of this service, please do not hesitate to call us at 317-236-6700.

Steam and Chilled Water Service Telephone Numbers

Dave Toombs,
Thermal General Manager,
317-236-6703 (office)
317-727-1342 (cell)

Jamie Dillard,
General Manager, Facilities
& Engineering
317-693-8858 (office)

Bob Purdue, Plant Manager
(Steam Operations)
317-693-8701 (office)
317-695-0512 (cell)

Bob Asher,
Manager Customer Services
& Distribution
317-693-8704 (office)
317-431-3256 (cell)

Sharon Connell,
Customer Service & Billing
Representative
317-261-8794

Bob Taber, Foreman,
Customer Service & Metering
317-693-8883 (office)
317-695-7924 (cell)

**Toll Free Number - Customer
Service & Billing**
877-313-2467

Kenny Cox,
Manager Operations & Maintenance
317-693-8884 (office)
317-441-7309 (cell)

Jeff Hansen, Facilities Manager
(Chilled Water Operations)
317-236-6702 (office)
317-695-2019 (cell)

Jim Walker,
Operations Supervisor
Chilled Water Operations
317-236-6704 (office)
317-695-0276 (cell)

Other telephone numbers: Marketing - Steam and Chilled Water

Bill Tracy,
Senior Vice President Operations
317-927-4534 (office)

Bill Petty,
Manager Market Development
317-927-4742 (office)
317-431-3358 (cell)

**Steam and Chilled Water Service
Emergency Contacts**
*In the event of a steam or chilled
water emergency, Citizens Thermal
Energy can be reached at the
following numbers:*

**Steam Plant Operations
Emergency 24-Hour Number
(Steam Operations Control Room)**
317-261-8804

Shift Supervisor's Office
317-261-8819

Ron Pinkins,
Operations Supervisor
317-693-8807 (office)
317-431-4414 (cell)

**Chilled Water Plant Operations
Emergency 24-Hour Number
(Chilled Water Control Room)**
317-236-6700

Chilled Water Luncheon

Chilled Water Customer meeting will be May 3rd 11-12:30 a.m. at the NCAA Conference Center, Dempsey Ballroom. Lunch will be served from 11-11:30 a.m. followed by a short business meeting and then a tour of the Hall of Champions. Invitations will be mailed in early April.