

Citizens Thermal Update

A Division of Citizens Gas & Coke Utility

Spring, 2007 Volume 5, Issue 1

Preserving the Past, Looking to the Future OneAmerica Completing Renovation of the Gibson Building

Originally designed to serve as the assembly plant for the Willys Overland automobile, later known as the Jeep, the historic Gibson Building in downtown Indianapolis has seen many uses in the past 91 years.

Today, OneAmerica Companies is renovating the stately five-story building at 433 N. Capitol Street for both office and retail uses.

"About 175 employees from our Group Insurance Division, who are now in leased offices, will occupy floors two and three and part of four in the Gibson Building. This will help us create a true corporate campus between the OneAmerica Tower and the Gibson Building," said David Marks, Vice President of Real Estate for OneAmerica.

OneAmerica is seeking to lease the 25,000-foot first floor to multiple retail tenants. "We are hopeful that we can lease the first floor for various retail businesses like restaurants, banking or even a grocery store. We think there is a good market for more retail businesses in this part of downtown given the ongoing residential growth in the area," Marks commented.

Built in 1916, the Gibson Building was once the headquarters for the Gibson Company, a large automotive parts company that existed until 1967. Although only a few cars were assembled in the building, it retains a factory or warehouse feel.

"We wanted to retain the current warehouse look and feel. Because this building is on the National Register of Historic Places, the renovation must follow strict guidelines set out by the National Park Service. We have preserved the building's brick and limestone façade. We also are preserving the column caps on the interior of the building and replacing all of the many windows," Marks explained.

Thanks to Citizens Thermal Energy, creating a new heating and cooling system is not part of the complex renovation project.

"The engineering firm we hired for the renovation chose Citizens Thermal Energy over developing our own energy facilities. Using CTE District Energy systems reduces the costs

associated with maintaining and operating our own heating and cooling equipment. It also eliminates the problems associated with locating an unattractive cooling tower on this historic site. Choosing CTE also was driven by our ongoing relationship with the company and its good reputation for customer service," Marks said.

Central cooling for the building will certainly be a big improvement over the building's previous cooling method.

"The building was partially cooled before. The tenants just opened the windows for cooling," Marks said.

While the renovation will retain historic features inside and out, the project has involved raising the interior floors of the building to lower ceiling heights in order to save energy. Space under the floors is being used to house all utility lines and provides the source of heating and cooling.

"This has been a very interesting project. We look forward to its completion, including certification of the work by the National Parks Service," Marks concluded.



OneAmerica is renovating the historic Gibson Building to create a true corporate campus for the growing company.

OneAmerica At a Glance

- **History** -- OneAmerica Financial Partners, Inc., headquartered in Indianapolis, traces its solid foundation to more than 125 years in the insurance and financial services marketplace.
 - **Today** – OneAmerica was formed Dec. 17, 2000, as part of the conversion of American United Life Insurance Company® (AUL) to American United Mutual Insurance Holding Company (AUMIHC). OneAmerica is a subsidiary of AUMIHC.
 - **Common values and objectives** -- OneAmerica's nationwide network of companies and affiliates offers retirement plan products and services; individual life insurance and annuities; long-term care insurance; and group insurance.
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Citizens Thermal Energy Requests First Rate Adjustment in 13 Years

The Indiana Utility Regulatory Commission will likely hold hearings in July for a general rate petition filed by Citizens Thermal Energy (CTE) in December. The filing marks the first steam rate increase request for CTE since it was acquired from Indianapolis Power & Light in 2000.

If approved, the rate increase would be the first general increase in steam rates since 1993. Under a settlement order issued by the IURC in June 2004, Citizens Thermal was required to file a rate petition no later than January 1, 2007. Citizens Thermal has not yet defined the revenue requirement that will be requested in its full rate case.

Citizens Thermal states in the petition that the rate adjustment is necessary to cover increasing expenses for operations and maintenance of equipment, investments in existing equipment, extensions and replacements, and debt service.

“Citizens Thermal has been able to avoid a rate increase for 13 years through continuous efforts to hold down costs.

However, since 1993 we have seen annual increases in the full range of business expenses. We also have made substantial investments to reduce air emissions and improve efficiency at our Perry K Steam Plant. Sound financial management now dictates that we seek a rate adjustment to recover the increasing cost of providing steam service,” said



Bill Tracy, Senior Vice President of Operations for Citizens Gas & Coke Utility.

In addition to the rate request, Citizens Thermal is proposing changing the frequency of fuel cost adjustment filings from annually to quarterly. Citizens Thermal passes on to customers the cost of fuels used to generate steam on a dollar-for-dollar basis with no profit added. “Quarterly fuel cost adjustments are necessary to be more responsive to the highly volatile fuel prices we have seen in recent years. Changing the fuel adjustments to quarterly will provide a more market-responsive fuel cost rate, thus sending more appropriate price signals to customers as they plan their energy budgets,” said Tracy.

The proposed rate adjustment and change in fuel cost adjustment frequency are not expected to take effect for several months, pending review and approval of the petition by the IURC.

“Citizens Thermal Energy remains committed to doing all it can to hold down operating costs and make wise fuel purchasing decisions as it provides efficient steam service across the growing Downtown Indianapolis area. We also will continue working with customers to help them find ways to reduce their energy use,” Tracy said.

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 are 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. CTE can provide the chemical cleaning materials at no cost to the customer. If you prefer to use your own chemicals, please contact CTE before cleaning to make sure the chemicals are compatible with our water treatment chemicals.
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 blow downs 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 isolation valves to re-connect the building to the Citizen 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.

CTE can also provide onsite assistance during the start-up process at no cost 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.

Project Updates

Illinois Street Expansion

The Illinois Street Chilled Water Plant is being expanded from 4,000 tons to 6,000 tons of capacity. The chiller was moved into the building during February and should be ready for service this summer.

Chilled Water Bottleneck

CTE's chilled water system has a 12" diameter section of pipe near the Star-News Building that is too small to allow effective utilization of the Illinois Street chilled water capacity. CTE engineers have designed a section of 24-inch diameter pipe to effectively by-pass the old piping and allow improved utilization of the system. Easement arrangements through Military Park are currently being made and construction bids sought. This project is scheduled to be complete in time for this year's cooling season.

North Plant Relocation

CTE and Clarian Health are relocating equipment from CTE's North Chilled Water Plant at IUPUI to make way for a new parking garage being constructed in conjunction with an expansion of Riley Hospital.

The chilled water equipment is being moved to a new loading dock facility that is being built as part of an expansion of Riley Hospital. The new chilled water plant/loading dock facility is adjacent to the site of the existing North Plant.

"The new plant will be about 500 tons larger than the old facility and equipped with newer more efficient equipment. The new plant is scheduled to be in service in May of this year, but much of the old plant will remain in service until the new facility is complete. The new facility will provide both emergency back-up for the



The Illinois Street Chilled Water Plant has added a chiller to keep up with growing demand.



The North Chilled Water Plant is being relocated at IUPUI.



Pre-insulated high temperature water pipes are being installed for the new Midfield Terminal.

growing campus and peaking capacity for CTE's downtown chilled water system," said Jamie Dillard, General Manager of Engineering and Facility Operations for CTE.

Airport Project Update

Construction continues through the muck and mud on the installation of the utility connector under two runways at Indianapolis International Airport. The utility connector will link the Central Energy Center and the new Indianapolis Midfield Airport Terminal.

CTE and BHMM Energy Services, LLC are managing the construction in conjunction with Shiel Sexton Corp. and Bowen Engineering. CTE and BHMM also currently operate and maintain the Central Energy Center.

Excavation work under the runway was complete in November 2006. The electric duct bank was installed at the bottom of the connector early this year. The next phase involves installation of 8-inch diameter pipes for hot water and 24-inch diameter pipes for chilled water. The pipes are being assembled outside the utility connector and then pulled into the conduit under the runway in 1,000-foot sections. This process minimizes welding inside the connector and should save significant construction costs.

The \$1.1 billion airport improvement project features a new terminal building located between the two existing main runways along with new highway access, new and improved parking and support facilities and improved utilities and airside operations. The new airport terminal is scheduled to open in late 2008.

IURC Approves Covanta Agreement

On December 29th, 2006 the Indiana Utility Regulatory Commission (IURC) approved the Steam Purchase agreement between Covanta Indianapolis, Inc. and Citizens Thermal Energy (CTE). The agreement covers the purchase of steam from Covanta's Waste to Energy Facility after the current steam purchase agreement expires in December, 2008.

"The basic contract is a 20-year agreement that will continue to provide Citizens Thermal Energy and their customers a reliable, cost effective supply of steam for the foreseeable future. In addition, the trash that fuels the Covanta Plant is considered a renewable fuel and therefore consistent with our country's national goal of becoming less dependent on fossil

fuels," said Bill Tracy, Senior Vice President of Operations for Citizens Gas & Coke Utility.

In approving the contract, the IURC specified portions of the contract costs that should be included in CTE's base steam rates and portions of the contract costs that should be included in the steam fuel related charges. The final determination of these charges is still being reviewed and will be addressed by the IURC in the coming weeks. Also, the IURC requested that CTE address concerns from the Office of the Utility Consumers Counselors (OUCC) related to future production plans for the steam business.

"CTE is pleased with the IURC's approval of the agreement and looks forward to extending our relationship with the Covanta Facility and their staff," said Tracy.

Employee Spotlight – Todd Fuller

What is your job title?

Chilled Water Facilities Manager

What are your job duties?

Main responsibilities are to:

- Maintain or improve the Thermal customer satisfaction level through the safe, reliable & efficient operation of our chilled water system assets.
- Accommodate the growth of the chilled water business through close cooperation with our Marketing & Engineering Departments to ensure that we can meet the future needs of the system.

What is your favorite part of the job?

Involvement in Downtown construction projects (such as Lucas Oil Stadium or new plant construction) & seeing projects progress from the conceptual phase through construction & commissioning.

How does your job affect the customer?

The operation of the chilled water plants has a direct affect on our customers' comfort level as well as the price they pay for that comfort.

What are your hobbies outside of work?

Golf & baseball (coaching & playing)

What did you do before coming to Thermal?

I spent 6 yrs in the US Navy as a nuclear plant operator serving onboard a ballistic missile submarine.



Todd Fuller, Chilled Water Facilities Manager

Steam and Chilled Water Service Telephone Numbers

Dave Toombs,
Thermal General Manager,
317-693-8805 (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)

Todd Fuller, Facilities Manager
(Chilled Water Operations)
317-236-6702 (office)
317-695-2099 (cell)

Jim Walker,
Operations Supervisor
Chilled Water Operations
317-236-6704 (office)
317-695-2099 (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