

Citizens Thermal Update

A Division of Citizens Gas & Coke Utility

October, 2004 Volume 2, Issue 3

Citizens Thermal Expanding to Meet Downtown Energy Needs

Citizens Thermal Energy continues to expand its steam and chilled water systems on both the south and west sides of Downtown.

Right: Equipment is gathered for the construction of a new 8-inch diameter steam main to serve the Clarian Health Clinical Laboratory now being built off St. Clair Street. This facility is part of the BioCrossroads life sciences initiative. Next year the main will be extended to Martin Luther King Drive to serve the Indiana University Medical Information Sciences Building.

Bottom left: Sections of 36-inch diameter iron pipe await burial earlier this summer beneath Delaware Street near Conseco Fieldhouse. This line was built to accommodate industrial growth on the south side of Downtown.

Bottom right: A new 2,000-ton chiller is installed at the North Power Plant at IUPUI. The York chiller was added to provide additional cooling capacity for Thermal's downtown chilled water system. The chilled water system now has about 41,000 tons of capacity.



Government Scientists Hedge Their Bets on Winter Forecast

Equipped with the latest meteorological technology the scientists at the National Oceanic and Atmospheric Administration (NOAA) have weighed in on a weather prediction for this winter in the Midwest and once again they seem to be flipping a coin.

Here's the bold prediction your tax dollars produced – "There are equal chances of warmer, cooler or near-normal temperatures this winter in the Northeast, Midwest and parts of Southwest," says the NOAA report. The report was more definitive about snow amounts, saying it expects drier than normal conditions across the Midwest.

NOAA expects below average temperatures across the Gulf Coast states, the Southeast and the mid-Atlantic region of the U.S.

"Our winter forecast factors in the effects of a weak El Niño that may strengthen into a moderate event during the winter months," said retired Navy Vice Adm. Conrad C. Lautenbacher, Ph.D., undersecretary of commerce for oceans and atmosphere

and NOAA administrator. "But we'll keep our eye on other climate features in the Pacific and the North Atlantic that play an important role on the week-to-week variability in our winter weather. These patterns influence the position of the jet stream and dictate where and how winter storms will move."

Also, the climate system called the North Atlantic Oscillation plays an important role in modulating the winter weather over the eastern half of the U.S. The NAO is a climate pattern that influences the position of the jet stream over the North Atlantic, affecting winter weather over the Northeast.

"To a large extent, our forecast of equal chances of above or below normal temperatures and precipitation over the northeastern U.S. is based on the NAO, which is only confidently predicted one to two weeks in advance," said Ed O'Lenic, meteorologist at the NOAA Climate Prediction Center. Impacts from the NAO are included in the NOAA Climate Prediction Center's 8-14 day and 6-10 day outlooks and U.S. Hazards Assessment.

Heartland Gas Pipeline To Provide Central Indiana New Access to Affordable Natural Gas Supplies

Heartland Gas Pipeline, LLC., a joint venture of Citizens Gas & Coke Utility and ProLiance Energy, has filed a petition with the Indiana Utility Regulatory Commission to construct and operate a new 25-mile pipeline to provide Central Indiana direct access to affordable, clean-burning natural gas from the western United States and Canada.

Heartland Gas Pipeline proposes to build and operate a 16-inch diameter pipeline to transport up to 80,000 dekatherms per day of natural gas to the region. The \$17 million pipeline would begin at an interconnect with the Midwestern Gas Transmission system in Sullivan County, Indiana and extend about 25 miles east through Clay County to the Citizens Gas Underground Storage facilities in Greene County, Indiana.

The affordable new supplies provided by the pipeline should give Citizens Thermal even more fuel supply flexibility at the Perry K Steam Plant.

In an associated filing, Citizens Gas & Coke Utility is seeking approval of a gas storage services agreement with Heartland Gas Pipeline, including the terms and conditions for providing these services to the new pipeline.

Pending Commission approval of the petitions, Heartland Gas Pipeline proposes to begin construction in spring 2005 and be ready for service by Nov. 1, 2005.

Through its interconnection with Midwestern Gas Transmission, Heartland Gas Pipeline would provide Central Indiana improved access to growing gas supply volumes now flowing into an interstate pipeline delivery hub located near Chicago. The Chicago hub receives gas supplies from Canada, via the Alliance Pipeline and from the Gulf of Mexico, western and southwestern U.S., via ANR Pipeline and Natural Gas Pipeline of America. Heartland Gas Pipeline also would provide the opportunity to access substantial gas supply resources projected to be available from northwestern Canada in several years.

Central Indiana is currently served by Texas Gas Transmission and Panhandle Eastern pipelines, which primarily transport gas supplies from the southwestern U.S. and the Gulf of Mexico.

"Natural gas is increasingly the fuel of choice for both home and industrial uses. Higher demand in turn has led to higher wholesale gas prices, which utilities pass on to customers on a dollar-for-dollar basis. Heartland's access to multiple gas supply sources now available at the Chicago hub, would provide the opportunity to lower gas costs to customers. The pipeline also would enhance our ability to mitigate seasonal spikes in wholesale gas prices," said Carey Lykins, Executive Vice President and COO of Citizens Gas.

Access to more affordable and diverse sources of natural gas is important to the Indiana economy, added John Talley, President of ProLiance. "Demand for natural gas continues to grow as power generators, manufacturing facilities and other energy consumers seek economical ways to comply with federal clean air mandates. Heartland's access to new gas supplies from the western U.S. and Canada would help the Indiana economy be more competitive, thus attracting and preserving jobs, while



Heartland Gas Pipeline will provide access to growing volumes of gas supply being produced in the Rocky Mountain region.

helping clean the air," Talley said.

Heartland's access to the Chicago hub also would help utilities guard against gas supply disruptions caused by storms or cold weather in the Gulf of Mexico, according to Lindsay Lindgren, Vice President of Gas Operations for Citizens Gas. "As we have seen recently with Hurricane Ivan, gas supplies in the Gulf can be disrupted by weather. Heartland will provide enhanced price and supply security for energy customers year-round."

Heartland Gas Pipeline also would enable Citizens Gas to more efficiently utilize its underground gas storage facilities in Greene County as well as the 65-mile pipeline that transports gas from these facilities to Indianapolis.

In addition, Heartland is expected to generate incremental funds that would be shared with current and future customers and other beneficiaries of the Public Charitable Trust.

How to Read Your Rate 1 Citizens Thermal Energy Steam Bill

1. Your Customer Account Number, which uniquely identifies your steam service.
2. When your payment is due in our office.
3. Mailing address of your steam bill.
4. Address where steam service is located.
5. We billed you on this date.
6. Amount of last bill; payment received; previous balance.
7. Fuel Charge is adjusted based on the prior year's cost of fuel for Citizens Thermal to produce steam.
Energy Charges are based on a tiered rate schedule. These Rates were last adjusted January 13, 1998.
Customer Charge is assigned based on the building's Equivalent Direct Radiation needs. Rate 1 typically is for smaller buildings that use steam on a seasonal basis.
8. Account balance to date.
9. Number of therms delivered through your meter. (1) Therm equals 100,000 BTU's
10. Previous meter reading and date meter read.
11. Current meter reading and date meter read.
12. Number of the meter assigned to the address where service is located.
13. Next time your steam meter is scheduled to be read.
14. Please return this part of your bill with payment. Having this stub helps us process your payment more quickly and accurately.

a division of Citizens Gas and Coke Utility
P.O. Box 6231
Indianapolis, IN 46206-6231

<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">CUSTOMER</td> <td style="width: 70%;">345678-111</td> </tr> <tr> <td colspan="2" style="text-align: center;">General Steam Service Rate 1</td> </tr> </table>	CUSTOMER	345678-111	General Steam Service Rate 1		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2" style="text-align: center;">STEAM</th> </tr> <tr> <td style="width: 30%;">Date:</td> <td style="width: 70%;">12/13/2003</td> </tr> <tr> <td>Due Date:</td> <td>12/30/2003</td> </tr> <tr> <td>Terms:</td> <td>NET17</td> </tr> <tr> <td colspan="2">Citizens Contact: Sharon Cornell (317) 261-8794</td> </tr> </table>	STEAM		Date:	12/13/2003	Due Date:	12/30/2003	Terms:	NET17	Citizens Contact: Sharon Cornell (317) 261-8794	
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Previous Balance	Payments	Unpaid Balance	Current Charges	State Tax	Total Acct Balance
\$6,000.00	\$6,000.00	\$0.00	\$6,330.69	\$379.84	\$6,710.53

Customer NBR: 345678-111

REF NBR	DESCRIPTION	CHARGES
STEAM	Service Address: 123 Elm Street INDIANAPOLIS IN 46204 Rate R1 GENERAL RATE SERVICE Next Reading Date: 01/04/2003 Billing Period from 11/07/2003 to 12/07/2003 Meter Number: 123456 Meter Read Date: 11/07/2003 Meter Read To: 12/07/2003 Meter Read From: 281800 Meter Read Present: 716700 Billing Constant: 0.3128130 Therm Usage: 5605.86 Adjustments: 0.00 Total Billed Therms: 5605.86	Therm Usage: 5605.86 Adjustments: 0.00 Total Billed Therms: 5605.86
BILLING SUMMARY		
Fuel Charge:		5605.86 x \$0.10551
Energy Charge:		1000 Therms x \$1.16
		4000 Therms x \$0.96
		605.86 Therms x \$0.80
Customer Charge:		1.00 x \$80.00000
		\$581.47
		\$1,160.00
		\$3,960.00
		\$579.22
		\$80.00

PLEASE RETURN BOTTOM PORTION WITH YOUR PAYMENT

STEAM CUSTOMER NUMBER: 345678-111				
DUE DATE	AMOUNT DUE	LATE FEE AFTER DUE DATE	TOTAL AFTER DUE DATE	AMOUNT PAID
12/30/2003	\$6,710.53	\$190.13	\$6,900.66	\$

Please make payment to Citizens Thermal Energy.

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Steam Fuel Adjustment Approved

Effective with the June 2004 meter readings, the Indiana Utility Regulatory Commission approved a fuel cost adjustment of \$0.10551 per therm for both classes of steam customers (Rate 1 General Service and Rate 2 Demand Service) on the district steam system of Citizens Thermal Energy. The increase is driven by increasing fuel costs to produce the steam, and represents relative steam cost increases of approximately 5.38% for the typical Rate 1 customer and 8.97% for the typical Rate 2 customer.

Citizens Thermal Energy would like to thank all of our customers for your support and we look forward to serving your future energy needs. If you have any questions or comments, would like to request a copy of our steam rates, or need additional information, please call our office at 317-261-8794 or toll-free 877-313-2467.

Precautions for Winter Start-up

Soon the heating season will be upon us and many of our customers will be re-energizing their steam heating system for the winter months. There are precautions that we would recommend during this start-up process.

As you open your steam valve, you are likely to encounter a phenomenon known as water hammer. As the steam enters the cold piping system, some of the steam condenses to water (condensate) and is carried through the pipes creating the water hammer at bends and elbows. Along with being a noisy nuisance, water hammer can cause serious damage. In severe cases it may cause valves and pipes to rupture, causing damage and perhaps personal injury.

Steam traps are located throughout buildings to remove condensate and air from steam systems during

normal operations. If the traps are not working properly, water hammer may occur. We encourage everyone to have their traps checked for proper operation on at least an annual basis by your maintenance staff or a qualified contractor. The fall start-up is a perfect time to inspect the building's traps and steam system components.

When first energizing your steam system, open the steam valve slightly to gradually warm your steam system. Continue to open the valve slowly until the valve is fully open. This process can take several hours (depending on the size of your building) to get the system up to normal temperature and the valve fully open. If you encounter an excessive amount of condensate or water hammer during this process, you should not continue to energize the

system. Once the condensate has been removed and the water hammer ceases, then the system can be re-energized.

The fall heating system start-up is an excellent time to make a visual inspection of your steam system. Look for areas of insulation that may need repair or leaks that need to be addressed. Keeping your heating system well insulated and in good operating condition can result in significant savings in your building heating costs.

If you have questions or concerns related to a fall start-up of your steam system, please feel free to call our Citizens Thermal Energy Customer Service Department at 317-261-8794. If requested and at no charge, Citizens Thermal Energy will provide assistance to customers with this seasonal start-up process.

Steam and Chilled Water Service Telephone Numbers

Dave Toombs,
Thermal General Manager,
317-927-4356 (office)
317-727-1342 (cell)

Jamie Dillard,
Assistant General Manager
317-927-4360 (office)

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

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

Jeff Hansen, Manager
Customer Services and Distribution
317-693-8704 (office)
317-695-2019 (cell)

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

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

Jim Teso, Facilities Manager
(Chilled Water Operations)
317-236-6702 (office)
317-695-0145 (cell)

Other telephone numbers: Marketing - Steam and Chilled Water

Bill Tracy, Vice President,
Market Development
317-927-4534 (office)

Bill Petty, Director,
Market Development
317-927-4742 (office)

Lane Dunagin,
Industrial Sales Consultant
317-927-4347 (office)
317-694-2776 (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
317-261-8807 (office)
317-431-4414 (cell)

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

Employee Spotlight

One of the most important parts of the steam business is ensuring the steam metering is kept in proper working order so customers get billed correctly. A large portion of this falls on the shoulders of Jeff Sietsma, Industrial Steam Metering man. Some of his responsibilities include but are not limited to billing inquiries, meter investigations, meter installations and valve and trap maintenance. While sometimes in the shop and other times in the field, Jeff likes the variety this job gives him. When not busy at work Jeff spends time with his wife and four kids and taking care of his eight horses.

