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STEAM SERVICE AGREEMENT
BETWEEN
NRG ENERGY CENTER MINNEAPOLIS, LLC
AND
THE CITY OF MINNEAPOLIS

Dated January 1, 2000

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STEAM SERVICE AGREEMENT

This Agreement, is entered into as of January 1, 2000, between NRG Energy Center Minneapolis, LLC, a Minnesota limited liability company d/b/a Minneapolis Energy Center ("Supplier") and the City of Minneapolis ("City").

RECITALS:

- A. Supplier is engaged in the business of producing and selling steam;
- B. City is the owner/builder of the parking facility ("Building") being constructed at 333 3rd Avenue South in Minneapolis, Minnesota commonly known as the "Court Building Parking Ramp";
- C. City wishes to purchase from Supplier its total heating requirements for the Building and for other Building uses (said steam hereinafter referred to as ("Product")) upon the terms and conditions set forth herein;

NOW, THEREFORE, it is agreed as follows:

1. Term. This Agreement shall extend for an initial term commencing on January 1, 2000 (the "Effective Date") to and including December 31, 2009. If this Agreement is terminated prior to December 31, 2009, City shall, on the date this Agreement is terminated, immediately pay to Supplier, in cash, Supplier's unamortized cost of that portion of its distribution system enumerated on Exhibit III attached hereto and made a part hereof. In the event City makes payment to Supplier as provided in the preceding sentence and within 48 months after the date of such payment, Supplier executes a service agreement or agreements for the sale to another customer or customers of steam which otherwise would have been sold to City under this Agreement, then Supplier shall refund to City, without interest, upon the effective date of such service agreements, a percentage, equal to the ratio of the Contract Demand(s) established under such new service agreements to the Contract Demand set forth in paragraph 3A, of those funds paid to Supplier under the preceding sentence provided that in no event shall the amount refunded by Supplier to City hereunder exceed the amount paid by City to Supplier upon the termination of this Agreement. The provisions of this paragraph shall survive the termination of this Agreement.

2. Sale and Purchase of Product. Supplier shall sell and City shall purchase Product for use by City within the Building. City agrees that it shall not subcontract for the sale of Product to other buildings not owned by the City without the express written consent of Supplier; provided that City shall have the right to purchase Product for use within skyways connected to the Building.

3. Establishing Contract Demand.

A. City and Supplier agree that 500 pounds of steam per hour shall represent the contract demand ("Contract Demand") during the first three years of this Agreement subsequent to the Effective Date.

B. Except in the case of any accident involving the Building (including the breakdown of any equipment or mechanical, electrical or other system located therein), if, during any one-hour period during the term of this Agreement, City's actual demand for steam ("Actual Demand") exceeds the Contract Demand then in effect, then, for the next twelve months, Contract Demand shall be adjusted to an amount equal to Actual Demand.

C. At the conclusion of the first three years of this Agreement subsequent to the Effective Date, Contract Demand for steam will be re-established by Supplier for subsequent years based on actual operating experience during the third year of this Agreement extrapolated to the Standard Design Temperature. The Standard Design Temperature for purposes of this Agreement is -20°F. Under no circumstances, however, will Contract Demand be re-established at less than 90% of the Contract Demand set forth in paragraph 3A above.

D. If the City, after three years have elapsed from the Effective Date of this Agreement, institutes energy conservation procedures which reduce Actual Demand below Contract Demand, City may request in writing a Contract Demand reduction from Supplier. Upon receipt of such request, Supplier will, during the next twelve months, study City's actual heating requirements. One year from the date of request, Supplier will reestablish City's Contract Demand to a mutually agreeable figure, but in no event less than 90% of the Contract Demand set forth in paragraph 3A.

E. Beginning in the fourth year of this Agreement, if City's Demand is adjusted pursuant to paragraph 3B for three consecutive twelve-month periods, then the City's Contract Demand may be re-established by Supplier to the lowest peak Actual Demand occurring during such three year period extrapolated to the Standard Design Temperature.

F. The determination of City's Actual Demand under this Agreement shall be based upon the City's peak one-hour consumption and not upon the City's instantaneous peaks.

G. During the three-year period commencing with the Effective Date, Supplier agrees to furnish up to 1,000 pounds of steam per hour pursuant to this Agreement.

After the expiration of such three-year period, Supplier shall have no obligation to furnish City quantities of Product in excess of Contract Demand established from time to time pursuant to the terms of this Agreement.

4. Rates. As of the Effective Date, City shall pay the monthly Demand Rate, Consumption Rate and Lost Water Rate as set forth on the attached Exhibit I, as adjusted from time to time pursuant to paragraph 4B below, together with the Escalation charge or credit calculated in accordance with paragraph 4A below.

A. The Escalation charge or credit is determined as follows:

(i) Prior to the commencement of the term of this Agreement, and on or after the first day of each calendar year thereafter during the entire term of this Agreement, Supplier shall prepare an estimate of operating costs ("Estimated Operating Costs") per thousand pounds of steam sold which Supplier will incur in furnishing the same to its customers during that calendar year. The difference between Estimated Operating Costs per thousand pounds of steam sold and \$0.798 per thousand pounds of steam sold ("Steam Base Operating Costs") shall be paid by City or credited to City's account as an Escalation charge or credit each month after the Effective Date, based upon City's consumption of steam during the preceding billing period.

(ii) On or about May 1 of the calendar year immediately following the Effective Date of this Agreement, and on or about May 1 of each year thereafter during the term of this Agreement, Supplier shall prepare a statement of actual operating costs ("Actual Operating Costs") per thousand pounds of steam sold which Supplier incurred in furnishing Product to its customers during the immediately preceding calendar year. The statement of Actual Operating Costs shall be certified by an independent certified public accounting firm selected by Supplier, and shall contain a certification therein that the Actual Operating Costs are presented in accordance with generally accepted accounting principles consistently applied, and in accordance with the terms of this Agreement. The Actual Operating Costs for the immediately preceding calendar year shall be compared to the Estimated Operating Costs earlier prepared for that same year. The difference between the two figures multiplied by the City's total consumption of steam for the year will produce an additional charge or credit ("Operating Cost Adjustment"). Any Operating Cost Adjustment owing by Supplier to City shall be either returned or credited, at the City's option, and any Operating Cost Adjustment owing by City to Supplier shall be paid by City to Supplier within 30 days of billing.

(iii) For purposes of this Agreement, the term Operating Costs shall mean those reasonable costs which Supplier shall incur in furnishing Product to its customers, including City, and shall include without limitation the following: wages, payroll tax and fringe benefit charges for labor, maintenance, supplies, fuel, electric power, water, utilities, water treatment, insurance and professional fees, management fees (which

management fees of any type shall not in the aggregate exceed in any year five percent (5%) of Supplier's total revenues), real estate taxes, personal property taxes, street use taxes, sales taxes and other legally imposed federal, state or local taxes, levies, or fees, (but not including federal or state income taxes or federal or state gross profits taxes) and other miscellaneous charges but with such changes, deletions or additions to the foregoing made necessary by reason of changes in technology, equipment, fuels and/or business technology, which are generally applied by Supplier uniformly to its business and/or to its customers. Operating costs may also be increased by the amortization of special equipment necessitated by government regulations, or by the amortization of equipment which, when combined with other operating costs, will result in a lower cost to the City than if such equipment were not installed. Except as provided in the preceding sentence, Operating Costs shall not include the amortization of capital expenditures incurred by Supplier to furnish Product to City. Supplier shall provide City with written notice in the event that Supplier incurs Operating Costs of a type or nature different from those specifically enumerated in this paragraph 4A(iii).

(iv) Supplier, in determining Estimated Operating Costs and Actual Operating Costs, shall use reasonable methods of computation and allocation of costs, and City shall be bound thereby. Notwithstanding the fact that City shall be bound by the method of accounting used by Supplier in accordance with the preceding sentence, City shall have the right at its sole cost and expense to examine the books and records of Supplier for the purpose of determining that the operating Cost Adjustment charged or credited to City is correct. City shall have no right, as a result of its examination of Supplier's books, to withhold payment of any amounts claimed to be due to Supplier under the terms of this Agreement. Absent a finding of fraud or gross negligence by a court of competent jurisdiction, City's sole remedy, in the event City's audit proves an error by Supplier, shall be to receive a credit for any overpayments made by City to Supplier and to recover the audit costs incurred by City as hereinafter provided. City may, within 180 days of the billing of an Operating Cost Adjustment to City, give notice and commence an audit of Supplier's books at City's sole cost and expense. Supplier agrees to make its books and records available for this purpose. In the event that City's audit determines that Supplier has made an error in the calculation of Actual Operating Costs of 2% or more, the cost of the audit incurred by City shall be paid by Supplier, otherwise the same shall be paid by City. In the event that City, after completing its audit, shall give further notice that it disagrees with the Operating Cost Adjustment charged by Supplier, Supplier and City agree that their respective certified public accounting firms shall be requested to meet and attempt to settle the difference in calculation or opinion. In the event that agreement cannot be reached, the parties may agree to submit the dispute to arbitration pursuant to the rules of the American Arbitration Association upon the condition that the arbiters shall be individuals acquainted either by business experience or accounting practice in the operation and cost accounting relating to Product production and sale. Where Supplier and City do not agree to arbitrate any such dispute, either party may submit its claims to a court of competent jurisdiction. Prior to a resolution of the dispute, whether by mutual

agreement, arbitration or court order, City shall in no event withhold any payments whatsoever billed to it by Supplier.

B. The rates set forth in Exhibit I shall also be increased or decreased by a "CPI Adjustment Ratio" as follows:

(i) As of the first of January, 2002, and as of the first day of January of every fifth year thereafter (the "Adjustment Year"), the rate schedules attached as Exhibit I shall be modified by a "CPI Adjustment Ratio."

The CPI Adjustment Ratio for the five-year period beginning on January 1, 2002 shall be determined by taking the National Index of Consumer Price Index for All Urban Households (CPI-U) issued by the Bureau of Labor Statistics as of the third quarter of 2001 (or the nearest quarter thereto) and dividing it by the CPI-U index as of the comparable quarter five years prior to 2001, to-wit: 1996.

On the first day of every Adjustment Year during the term of this Agreement, a new CPI Adjustment Ratio shall be determined by dividing the CPI-U index issued as of the third quarter of the calendar year immediately preceding the Adjustment Year by the CPI-U index as of the comparable quarter five years prior thereto. In the event that the Bureau of Labor statistics ceases to publish the CPI-U, then the parties hereto agree that any revised or replacement cost of living index shall be used and applied in such a manner as to result in an equitable adjustment to the CPI Adjustment Ratio as though the CPI-U had continued to have been published.

(ii) On the dates indicated in subparagraph (i) above, the Demand Rates, Consumption Rates and Lost Water Rate set forth on Exhibit I hereto shall be adjusted as follows and shall remain in effect until the next occurring Adjustment Year during the term of this Agreement:

a. The Demand Rates then in effect for each demand category shall be multiplied by the CPI Adjustment Ratio and the resulting number shall serve as the new Demand Rate in such demand category.

b. The Lost Water Rate then in effect shall be multiplied by the CPI Adjustment Ratio and the resulting number shall serve as the new Lost Water Rate.

c. The Consumption Rate then in effect for each level of steam consumption shall first have subtracted from it \$.798 per thousand pounds of steam and the remainder shall be multiplied by the CPI Adjustment Ratio. To the number resulting, \$.799 per thousand pounds of steam shall be added and shall serve as the new Consumption Rate for such level of consumption.

(iii) It is the intention of the parties that the CPI Adjustment Ratio does not apply to, and shall not be multiplied against, any Escalation charge or credit determined pursuant to paragraph 4A.

5. Conditions of Service and Customer's Instructions. The Conditions of Service and Customer's Instructions attached hereto as Exhibit II are incorporated herein by reference. Supplier may amend the conditions of Service and Customer's Instructions by adopting other or additional conditions which are reasonably necessary for the proper and safe operation of Supplier's system and which amendments shall be deemed to apply to the City, unless City reasonably objects in writing within 90 days after being notified of such amendments. Except as provided in the preceding sentence, all amendments to the Conditions of Service and Customer's Instructions shall become a part of this Agreement, and City shall be bound thereby upon receipt by City of a copy thereof. To the extent possible, all such amendments shall be uniformly applied to all customers unless specific building location, features, uses or specifications require otherwise.

6. Permits, Easements, Etc. Supplier will use all reasonable efforts to secure and maintain all necessary permits, easements and licenses over private and public property, and City agrees to cooperate with Supplier with respect to the foregoing. Supplier and City agrees that all obligations of Supplier to City hereunder are contingent upon Supplier being allowed to secure and maintain all permits, easements, and licenses referred to in the preceding sentence. City agrees to allow the running of service lines within City's property to the first shut-off valve and in the public right-of-way adjacent to City's property in order to accomplish the purpose of this Agreement.

7. City's Equipment. Supplier shall inspect the connection of Supplier's service to City's equipment for the purpose of determining that Supplier's equipment and piping will not be damaged or otherwise rendered ineffective because of the operation of City's equipment. Except for Supplier's maintenance and monitoring obligations described in the preceding paragraph, Supplier shall have no duty or liability in conjunction with the lawful, safe or proper operation of City's equipment and City represents to Supplier that it is not relying upon Supplier's expertise or knowledge in the sale of Product in connection with the design or operation of City's equipment or the use of the Product within the Building.

8. Termination by Supplier. Supplier may terminate this Agreement, discontinue the delivery of Product to City, enter the Building and remove all of Supplier's equipment, including without limitation all meters installed thereon, upon the happening of any one of the following events:

a. Failure of City to pay in full, within 30 days of billing, the charges by Supplier for Product furnished by Supplier pursuant to this Agreement.

b. Failure of City to construct, maintain and operate its equipment within the Building as required in the Conditions of Service and Customer's Instructions and any supplements and amendments thereto.

c. Destruction, or a taking by eminent domain proceedings, of the facilities or equipment by which Supplier produces or distributes the Product, or damage to, or taking by eminent domain proceedings of, such a part of such facilities or equipment, that the Product cannot be furnished by Supplier substantially as required under the provisions of this Agreement and Supplier elects not to rebuild or restore the facilities or equipment. Supplier agrees to promptly give notice to City of any known destruction or any known or anticipated taking by eminent domain proceedings which may result in a termination of this Agreement under this subparagraph (c).

d. The withdrawal, through no fault of Supplier, of any governmental authority essential for the furnishing by Supplier of the Product substantially as required under the provisions of this Agreement or the enforcement by any governmental authority of any rule or regulation which prevents Supplier from furnishing Product substantially as required under the provisions of this Agreement.

e. City defaults in any of its material obligations under this Agreement not specifically covered above in this paragraph 8.

Supplier agrees to give City 30 days written notice prior to the exercise of its right to terminate this Agreement under this paragraph, and, in addition to said 30-day period, City shall have, with respect to curable defaults referred to in subparagraph (b) and (e) only, that number of additional days which is equal in number to the number of days which City is prevented from eliminating the happening solely by reasons or causes beyond its reasonable control. City agrees to indemnify Supplier against all losses and damages which Supplier may incur by reason of termination under paragraph 8(a), (b) or (e) and also against all attorneys' fees and expenses incurred in enforcing any of the provisions of this Agreement. If Supplier terminates this Agreement under paragraph 8(a), (b) or (e), City shall immediately pay, in cash, to Supplier, Supplier's unamortized cost of that portion of its distribution system enumerated on Exhibit III attached hereto and made a part hereof. The provisions of this paragraph shall survive the termination of this Agreement.

9. Termination by City. City may immediately terminate this Agreement by written notice to Supplier in the event of the happening of any of the following (and notwithstanding the second sentence of paragraph 11 and the provisions of paragraph 16 to the contrary):

a. Failure for a period of at least 14 consecutive days by Supplier to provide City's Product requirements up to the Contract Demand established herein, unless such failure to provide is due to the unavailability of fuel or government imposed use restrictions.

b. Failure by Supplier to provide City's Product requirements up to the Contract Demand established herein for any 30 days in any 360-day period.

c. The Building is demolished, destroyed or so damaged as to make the same substantially unusable for its intended purpose, is vacated for purposes of such demolition, or the Building or a substantial portion thereof is taken by eminent domain or condemnation proceedings or purchased in lieu thereof.

d. Supplier defaults in any of its material obligations under this Agreement not specifically covered above in this paragraph 9.

If City terminates this Agreement pursuant to this paragraph 9, City shall not be required to make additional payments for Product other than Product supplied prior to the date of such termination. Upon such termination, Supplier may enter the Building and remove all or any part of its equipment installed therein. If City elects to terminate this Agreement pursuant to subparagraph (c) above, City shall pay Supplier with the notice of termination, as a condition of such termination, Supplier's unamortized costs of that portion of its distribution system enumerated on Exhibit III attached hereto, whereupon this Agreement shall terminate. If this Agreement is terminated pursuant to subparagraph (c) above, and (i) the Building is completed, substantially restored and/or the construction of a new building is completed on the same property within 60 months after the date of such condemnation, taking, demolition, damage, destruction or delay and (ii) either (a) the owner of such building executes a service agreement with Supplier within 48 months after such date for the purchase of steam, or (b) Supplier unreasonably refuses to execute such a new service agreement containing terms and conditions substantially similar to those in this Agreement, then Supplier shall refund to City, without interest, upon the effective date of such service agreement or within 30 days after such unreasonable refusal to execute, a percentage, equal to the ratio of the Contract Demand established under such new service agreement (or under such new service agreement which Supplier unreasonably refused to execute) to the Contract Demand set forth in paragraph 3A, of those funds paid to Supplier with the notice of termination; provided that in no event shall the amount refunded by Supplier to City hereunder exceed the amount paid by City to Supplier upon the termination of this Agreement pursuant to subparagraph (c). Supplier agrees to indemnify City against all losses and damages which City may incur by reason of termination under paragraph 9(a), (b) or (d) and also against all attorneys' fees and expenses incurred in enforcing any of the provisions of this Agreement. The provisions of this paragraph shall survive the termination of this Agreement.

10. No Waiver; Cumulative Remedies. No failure or delay on the part of either party hereto in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder. The remedies herein are cumulative and not exclusive of any remedies provided by law.

11. Interruption of Service. If Supplier fails to deliver Product for any reason other than termination of this Agreement pursuant to paragraphs 8 or 9, the Demand Rate then in effect under this Agreement shall be adjusted, based on the proportion of the period and the degree to which the delivery of Product is reduced. Supplier will make every effort, and City will cooperate in every way, in removing and overcoming the cause of the interruption, and nothing contained herein (except as set forth in paragraphs 8 or 9) shall be construed as permitting Supplier to refuse to deliver, or City to refuse to accept, Product after the cause of interruption has been removed. During any period of Supplier's inability to provide Product, the City shall have the right to purchase Product from another source with the right to claim reimbursement from Supplier for any amounts paid for steam actually purchased during such period from alternative sources in excess of what would have been the cost to City of such steam under this Agreement; provided, however, that such right to claim reimbursement from Supplier shall be limited to the first fourteen (14) days of such interruption, regardless of the duration of any interruption in the delivery of Product. Except as provided in the preceding sentence, Supplier shall be liable to City for any lost, damage or claim thereof, arising out of the interruption of Product, only to the extent such loss or damage was caused by the gross negligence of Supplier. Under no circumstances shall Supplier be liable for special or consequential damages sustained by City arising out of the interruption of Product. The refusal of City to accept Product for any cause other than as stated in this paragraph 11 or upon termination of this Agreement pursuant to paragraphs 8 or 9 shall not relieve City of its obligation to pay for Product in accordance with the provisions of this Agreement and the aforementioned Conditions of Service and Customer's Instructions. Except where Supplier is determined to have been negligent, City shall indemnify Supplier and hold it harmless from any loss, damage or claim thereof to any occupants of the Building resulting from the interruption of Product. Supplier and City agree that Supplier's performance under this Agreement shall be solely for the benefit of City. This Agreement shall not be construed as to confer any rights of a third party beneficiary upon any person or entity.

12. Equipment. All equipment placed in the Building by Supplier for the purpose of furnishing Product hereunder, including without limitation all meters, shall be and remain the property of Supplier, and City shall exercise reasonable care to protect such equipment from loss or damage.

13. Notices, Etc. All notices, demands or requests provided for or permitted to be given pursuant to this Agreement must be made in writing and delivered in person or mailed, postage prepaid, by registered or certified mail, return receipt requested, addressed as follows:

To Supplier:

NRG Energy Center Minneapolis, LLC
3707 IDS Center
Minneapolis, MN 55402
Attention: President

To City:

Director of Transportation
City Hall, Room 233
350 South 5th Street
Minneapolis, MN 55415

or to such other address with respect to either party hereto as such party shall notify the other in writing as above provided. Any notice so given, if mailed, shall be deemed received upon the date indicated in the return by the United States Post Office.

14. Benefit, Assignment, Etc. This Agreement shall be binding upon and inure to the benefit of the parties' respective successors and assigns; provided, however, that neither party shall be relieved of liability in the event of an assignment except as set forth below. In the event City (i) conveys fee title to the Building to a third party and (ii) assigns its interest in this Agreement to the same third party and if that third party executes a written agreement in a form reasonably satisfactory to Supplier, wherein such third party assumes and agrees to keep and perform promptly all of the City's obligations under this Agreement, then City shall be relieved of all its obligations under this Agreement not having theretofore accrued. In the event Supplier (i) conveys fee title to the Minneapolis Energy Center to a third party and (ii) assigns its interest in this Agreement to the same third party and if that third party is approved by the City in writing, which approval shall not be unreasonably withheld, and provided such third party executes a written agreement in a form reasonably satisfactory to City wherein such third party assumes and agrees to keep and perform promptly all of Supplier's obligations under this Agreement, then Supplier shall be relieved of all its obligations under this Agreement not having theretofore accrued.

15. Covenants of Supplier. Supplier will use every reasonable effort (a) to keep the facilities from which it produces Product in good and operable condition and to provide Product, (b) to keep such facilities and distribution lines operating in accordance with applicable rules, regulations and ordinances, (c) to utilize the lowest cost fuels available for existing plant equipment (subject to environmental and other regulatory requirements, availability of such fuels and the requirements of (d) herein), (d) to operate the system in an efficient, cost effective, safe and reliable manner consistent with prudent business judgment, (e) to obtain and maintain licenses, permits and other governmental authorizations which are essential to the furnishing by it of Product as required under the provisions of this Agreement, and (f) to contest, within reasonable limits, any applicable rule, regulation, law or ordinance which would prevent Supplier from providing Product to City.

16. Partial Performance. If for any reason, other than City's gross negligence or breach of contract by City, Supplier is prevented by reasons beyond its control from furnishing to City its requirements of Product established pursuant to the terms of this Agreement, Supplier will make reasonable efforts to furnish City with a pro rata share of the Product which is available as such Contract Demand relates to the then total Contract Demand of all customers of Supplier.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

NRG ENERGY CENTER
MINNEAPOLIS, LLC

By: 
Its President

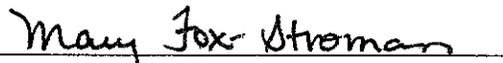
CITY OF MINNEAPOLIS

By: 
Mayor

Attest:


Assistant City Clerk

Countersigned:

Asst 
City Finance Officer

Approved as to form:

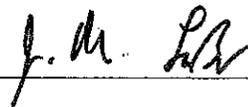


EXHIBIT I

NRG ENERGY CENTER MINNEAPOLIS, LLC
STEAM RATE SCHEDULE
RATES EFFECTIVE JANUARY 1, 1997

Monthly Steam Rates*:

1. Demand Rate:

\$696.16 per month for the first 1,000 pounds of demand

\$599.48 per month for 1,000 pounds per hour for the next 9,000 pounds per hour of demand

\$560.80 per month for 1,000 pounds per hour for the next 15,000 pounds per hour of demand

\$522.12 per month for 1,000 pounds per hour for the next 25,000 pounds per hour of demand

\$502.80 per month for 1,000 pounds per hour for all over 50,000 pounds per hour of demand

2. Consumption Rate:

\$2.96 per 1,000 pounds for the first 500,000 pounds of Steam per month

\$2.01 per 1,000 pounds for the next 1,000,000 pounds of Steam per month

\$1.81 per 1,000 pounds for the next 3,500,000 pounds of Steam per month

\$1.63 per 1,000 pounds for the next 10,000,000 pounds of Steam per month

\$1.43 per 1,000 pounds for all over 15,000,000 pounds of Steam per month

3. Lost Water Rate:

\$11.62 per 1,000 gallons of Steam condensate

*The Steam consumption rates include \$.798 in Steam Base Operating Cost per Section 4A of the Agreement. The Steam Base Operating Cost component is not subject to modification by the CPI adjustment ratio.

MINNEAPOLIS ENERGY CENTER
NRG Energy Center Minneapolis, LLC

EXHIBIT II

CONDITIONS of SERVICE
and
TECHNICAL/ENGINEERING INSTRUCTIONS
for STEAM SERVICE

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CONDITIONS OF SERVICE

Section 1. Nature, Availability and Requirements Relating to Use of Steam Service.

- 1.01 In General: Minneapolis Energy Center/NRG Energy Center Minneapolis, LLC (the 'Company') plant facilities as described below are and will be constructed, maintained and operated on lands owned or occupied in accordance with properly granted use permits, and shall furnish a private (as distinguished from public) Service to Customers. Accordingly, Company reserves the right to refuse to enter into Service Agreements with any party or parties requesting Service for any reason or reasons deemed by Company to be sufficient.
- 1.02 Heating Plant: Company will render steam heating Service from a central plant or plants and a distribution system providing a primary supply of saturated steam at a maximum pressure of 250 psig to its Customer. *(Certain sections of the distribution system will provide steam at a maximum pressure of 150 psig)* Condensate will be pumped from the premises by the Customer to the point of return on Company's system (see Sketch No. 1, attached hereto showing typical connection). No Customer may tap into or otherwise interfere with the flow of such condensate.
- 1.03 Steam Service: Steam Service may be purchased from Company for all purposes permitted under the Service Agreement for use in Customer-owned equipment which is connected or can be connected to Company's steam distribution system after Customer and Company have executed a written Service Agreement.

Section 2. Meters.

- 2.01 Company will furnish and maintain metering equipment best suited to the Service requirements. Customer will furnish, install and maintain such pressure regulating valves or pumps required to change inlet and return pressures or flows.
- 2.02 Customer will provide, without charge, adequate space on its premises for the housing of and access to such measuring equipment and appurtenances. Customer shall install, at its expense, metering equipment (pipe runs, meters and associated equipment) furnished by Company.

Section 3. Metering and Billing.

- 3.01 Measurement of Stem Service: Metering of the Customer's usage of steam within the Building and the condensate return is accomplished by a stem flow meter and a condensate return meter. To minimize operating costs, the Customer shall retain

at least 95% of the Building condensate. When less than 95% of the condensate is returned, the Customer is required to pay for the difference between the actual amount of water returned and 95% of the total stem usage at the "lost water rate" then in effect on the Rate Schedule attached as Exhibit I to the Service Agreement.

- 3.03 Meter Reading and Billing Period: The regular meter reading and billing period shall be a calendar month. Company reserves the right to read meters and render bills at any other intervals of time.
- 3.04 Bills Based Upon Estimated Usage: When a meter fails to register the quantity of stem, and/or condensate, Company will change or repair the meter and render a bill for the period of non-registration based on either of the following methods:
 - (1) Estimates of the stem consumed on the basis of past usage during a similar period and under similar conditions; or
 - (2) Estimates of the stem consumed on the basis of usage registered by the new or repaired meter during a subsequent period.
- 3.05 Estimated Bills: Company may, at its option, estimate the billing. Over or under charges shall be compensated for at the next monthly billing. Any estimated billing will be so designated, and the amount thereof will be mutually agreed to by Customer and Company.
- 3.06 Testing of Meters: Company agrees to service its metering equipment located within the Building as needed. In the event Customer believes that the meters located within the Building are not operating properly, Customer may request, in writing, a test of the meters whereupon Company shall engage a mutually acceptable qualified, independent testing company to conduct a test of the meters located in the Building. If the results of such test show that the meters have overstated the amount of Product used by Customer by at least three percent (3%), then Company shall bear the costs of such test and shall either repair or replace the defective meters at its own expense. In all other cases, Customer shall bear the costs of such test. Customer and Company agree to negotiate in good faith the amount of any retroactive adjustment, if any, to be made as a result of any meter test, whether such adjustment would result in payments by, or credits issued to, Customer.
- 3.07 Payment of Bills: Bills of Company for services are due on presentation and payable within fifteen (15) days thereafter.

- 3.08 The Energy Center is now installing microprocessor-based metering for all services; over time most metering data will be automatically telemetered back to the Main Plant for data archival and direct billing via computer. As this telemetering is installed into customer meters, chart recorders may no longer be used at each customer location. The Customer (at its expense) may still have access to an electronic data signal proportional to steam flow) from the Energy Center's metering system for use by its energy management system.

Section 4. Additional Meters.

- 4.01 Should Company, in the exercise of its reserved rights under Section 5.02 hereof provide Customer with one or more additional delivery points, the services rendered at each such point shall be separately metered and billed unless otherwise agreed to by the parties in writing.

Section 5. Company's Service Pipelines.

- 5.01 Company will install its service pipelines to a location at the outside wall of the basement or foundation of Customer's building, determined by Company to be convenient and practicable, and will extend such service lines through a sleeve provided and installed by the Customer in such basement wall or foundation to a point immediately inside the wall. The point to which Company so extends its service lines shall constitute the point of delivery of Service (see attached Sketch Nos. 1). Customer shall provide a room or area around the point of delivery that provides easy access to Company's shut off valves, traps, cathodic protection flanges, and meters and where its equipment can be serviced without the possibility of damage to finished Customer's space or equipment.
- 5.02 Steam service will be normally supplied to the Customer's building through a single steam supply line and a single condensate return line. For reasons of Company's economy, conditions on Company's distribution system, improvement of service conditions, or volume of the Customer's requirements, Company may at its option install more than one service line for steam service.
- 5.03 Company reserves the right to determine the location of any service lines, and to avoid misunderstanding, Customer, before starting work, shall consult Company as to the exact location of the point of service termination (or point of delivery). Any change requested by the Customer in the point of delivery of service or location of Company's service facilities, provided such change is approved by Company, will be made at the expense of Customer, who shall reimburse Company for the actual cost of such change.

Section 6. Company's Property.

- 6.01 The service lines, meters and service equipment furnished by Company shall remain the property of Company.
- 6.02 The service stop valves and meter stop valves shall be operated only by authorized personnel of Company, except that the service stop valves and meter stop valves may be closed by Customer in an emergency, but in no event shall they be opened by Customer after shut-off. Company shall be notified immediately of such shut-off.
- 6.03 No person, except a duly authorized employee of Company, shall be permitted to break or replace an Company seal or lock, or to alter or interfere with the operation of meters, or its connections, regulators or any other item of service equipment furnished by Company.

Section 7. Customer's Property.

- 7.01 Customer will furnish, install and maintain, where required, on the service side of the meter, such pumps and regulating devices as are necessary to maintain pressure and flow conditions required by Customer's equipment, and provide return flows at distribution operating pressure conditions (see attached sketches). Customer shall also furnish, install, and maintain all facilities required for its utilization of services as shown on attached sketches.
- 7.02 Customer shall provide (without cost to Company) suitable space for the installation, inspection, protection and maintenance of Company's meters and telemetry equipment, and other necessary service equipment within Customer's premises, at a location acceptable to Company and as near the point of delivery as practicable. Where electricity or instrument air is required for the operation of Company's meters or meter regulating valves, Customer shall furnish, install wiring, piping and equipment necessary to provide such service. Electricity and/or instrument air required for the operation of Company's meters shall be furnished by Customer.

The Customer shall also make available telephone or other data line(s) to the Energy Center for use with its telemetry system (see 3.08 above) at the Energy Center's cost.

- 7.03 Except as otherwise provided herein, all repairs to Customer's piping and equipment shall be made by the Customer. Customer shall give immediate notice to Company of any leakage or escape of steam.

- 7 04 Company shall not be required to supply steam service until Customer's installations have been approved by all local authorities having jurisdiction over the same. If at any time a local authority or Company deems Customer's plant or equipment to be unsafe, Company reserves the right to withhold or discontinue services until the necessary corrective measures have been taken by Customer, and the local authority and Company determine the Customer's plant or equipment to be in safe condition. Except in the case of an emergency, Company will notify Customer prior to discontinuing its delivery of Product for the reasons stated above.

Section 8. Access to Premises.

- 8.01 Company's duly authorized representatives shall have the right of access to all of Company's property on the premises of Customer and on all other premises, with respect to which Customer has secured easements, at all reasonable times, for the purposes of installing service lines, inspecting, protecting, maintaining, and replacing, where necessary, its service lines, meters and service equipment, removing its property, or any other proper purpose. Except in the case of an emergency, Company shall give reasonable notice of its presence on Customer's premises.

TECHNICAL/ENGINEERING INSTRUCTIONS

Section 9. Standard Specifications for Steam Service.

The following design requirements are necessary to insure compatibility between Customer's and Company's systems:

- 9.01 Company will supply this service in accordance with Section 5.01 hereof. Company will provide service shut-off valves and cathodic protection isolation flanges when required. All other equipment and installation will be provided by Customer, with the exception that Company will furnish the steam flow meter, including the primary measuring element, or the meter bodies, or transmitters, the necessary electronics, recorders, or telemetry equipment for installation by Customer. The Customer shall provide at the location determined for the meter a 120 volt, 60 cycle, single phase power, a 20 psi clean, dry air supply, and telephone/data line if required. Company will also furnish a condensate meter to be installed by Customer in Customer's pumped condensate return line in accordance with the attached Sketch No. 1.

- 9.02 Company will supply steam at a primary pressure (250 psig or 150 psig; also some areas have dual pressures: 250 psig - summer & 150psig - winter)¹ and quantity adequate to meet the Contract Demand. Customer shall supply a pressure reducing station generally in accordance with the typical piping schemes shown on Sketch No. 1, to reduce this pressure to the end use pressure. The meter, or meters, shall be installed in the piping at the location indicated on the attached Sketch No. 1.

At the Customer's option for use in buildings with hot water only systems, a hot water convertor and subcooler may be installed per Sketch No. 1A. This arrangement eliminates the need for pressure reducing and safety relief valves if the convertors and piping are ANSI Class 300.

- 9.03 Customer's service connection and pressure reducing station shall be designed for operation with 250 psig steam. Pressure reducing equipment and shut off valves should be of 300 psi class cast steel construction. Where Customer is served by a 150 psig steam service only (not dual pressure), 150 psig cast steel or 250 psi cast iron valves may be used.
- 9.04 The pressure regulating valves shall be pilot operated type similar to Spence Type E, Fisher 92S, Leslie GPS, or equal.
- 9.05 Double pressure reduction of the 250 psig pressure steam is recommended. Where 150 psig steam is furnished, a single pressure reduction system may prove adequate although double reduction is still recommended. A pressure safety relief valve of adequate capacity must always be provided on the low pressure side of the regulating valve to protect against pressure reducing valve failure.
- 9.06 Where it is not practical to provide the relief valve and exhaust pipe because of the long distance to the roof, etc., the ASME Code does provide for an arrangement with a safety control pilot that will trip the steam lines closed in the event the low side pressure exceeds the predetermined limit. Such a system must be installed in accordance with the ASME Code regulations and should not be used at any time with a bypass around the pressure reducing stations.

The City of Minneapolis Inspections Department must also approve of any Code equipment prior to installation.

- 9.07 Plans for intermediate pressure metering, may be considered by Company.

¹Confirm steam pressure with the Energy Center for each specific location.

- 9.08 Condensate from the Customer's Building shall be returned to Company's pumped condensate return system through a condensate meter provided by Company and installed by Customer. Customer will be required to install a condensate receiver equipped with one or more condensate return pumps capable of a discharge pressure at rated flow of 75 psig.

In the event Customer's condensate becomes contaminated as a result of leakage of a Customer heat exchanger or for any other reason, Customer will be required to dump its return condensate downstream of the condensate meter as shown as Sketch No. 1 attached until the cause of the condensate contamination has been eliminated.

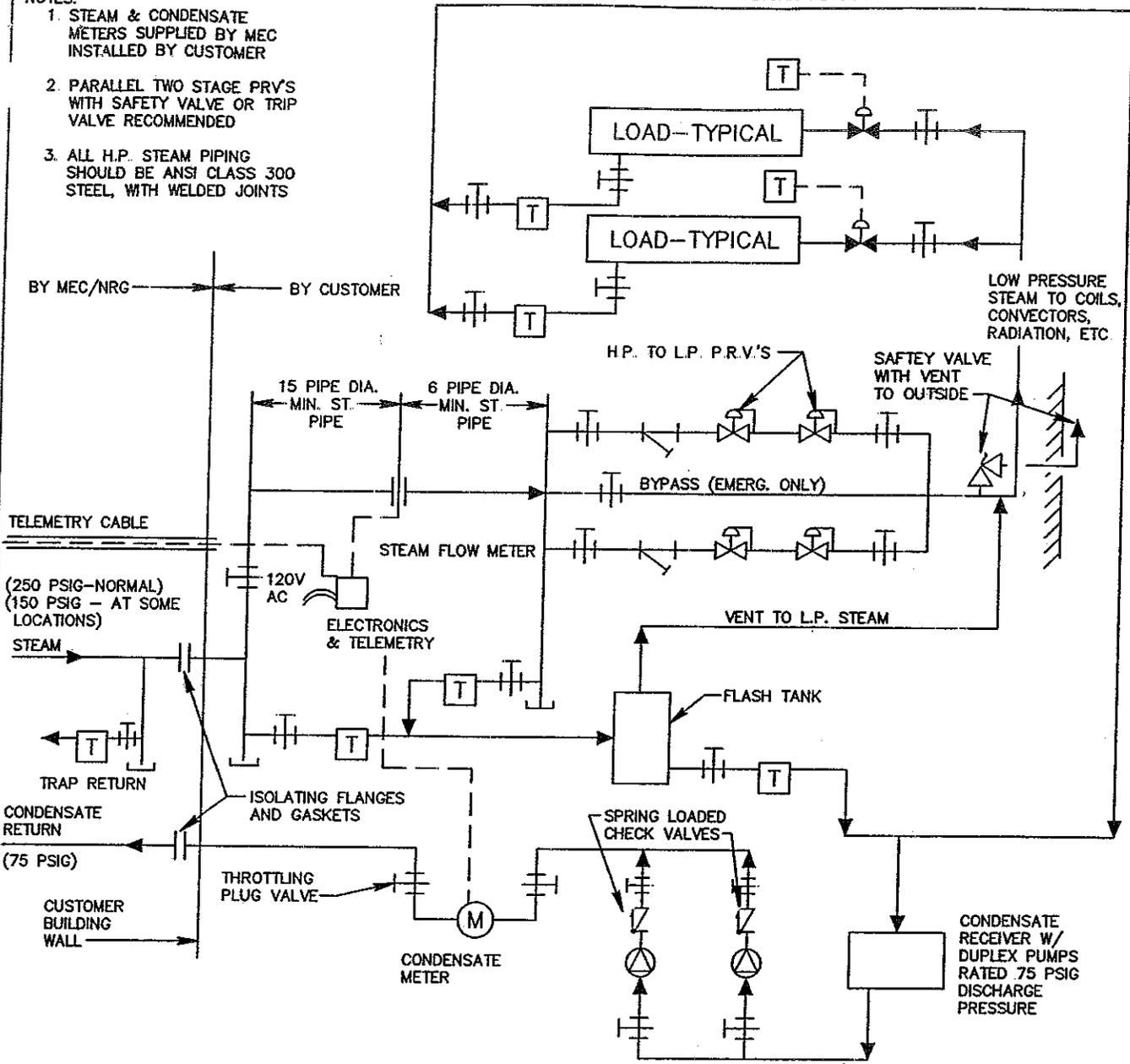
During the period when condensate is dumped, Customer will be required to pay for such lost condensate at the lost water rate then in effect on the Rate Schedule attached as Exhibit 1 to the service agreement contract documents.

- 9.09 A high pressure drip shall be discharged to Customer's condensate receiver through a flash tank. The steam side of the flash tank may be piped to the low pressure side of the secondary regulators. Sketch No. 1 shows suggested flash tank assembly.
- 9.10 All steam systems installed by Company or Customer before the pressure reducing valve(s) shall be designed for maximum operating pressures of 300 psig (ANSI Class 300). *See Recommended MEC/NRG Steam Piping, Specification Table.*
- 9.11 All steam and condensate piping and valves within the building walls shall be insulated by Customer, even though the valve or piping was installed by Company.
- 9.12 The discharge pressure of the Customer's condensate pump or pumps shall be determined only after review of Customer's plans showing location of said pump. A balancing cock, spring-loaded check valve, and downstream pressure gauge shall be installed in the condensate pump discharge main.
- 9.13 Prior to final connection Company's mains, Customer shall properly clean and flush its steam and condensate systems and shall make certain there are no leaks in its system at the maximum operating pressure.

NOTES:

1. STEAM & CONDENSATE METERS SUPPLIED BY MEC INSTALLED BY CUSTOMER
2. PARALLEL TWO STAGE PRV'S WITH SAFETY VALVE OR TRIP VALVE RECOMMENDED
3. ALL H.P. STEAM PIPING SHOULD BE ANSI CLASS 300 STEEL, WITH WELDED JOINTS

CONDENSATE RETURN HEADER

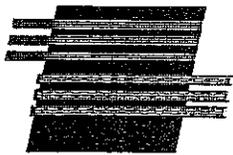


TYP. STEAM PIPING & METERING DIAGRAM

(SEE CUSTOMER INSTRUCTIONS - EXHIBIT II FOR FURTHER INSTALLATION INFORMATION)

SKETCH NO. 1
NO SCALE

MINNEAPOLIS ENERGY CENTER
AN NRG COMPANY



Downtown's Heating and Cooling Choice

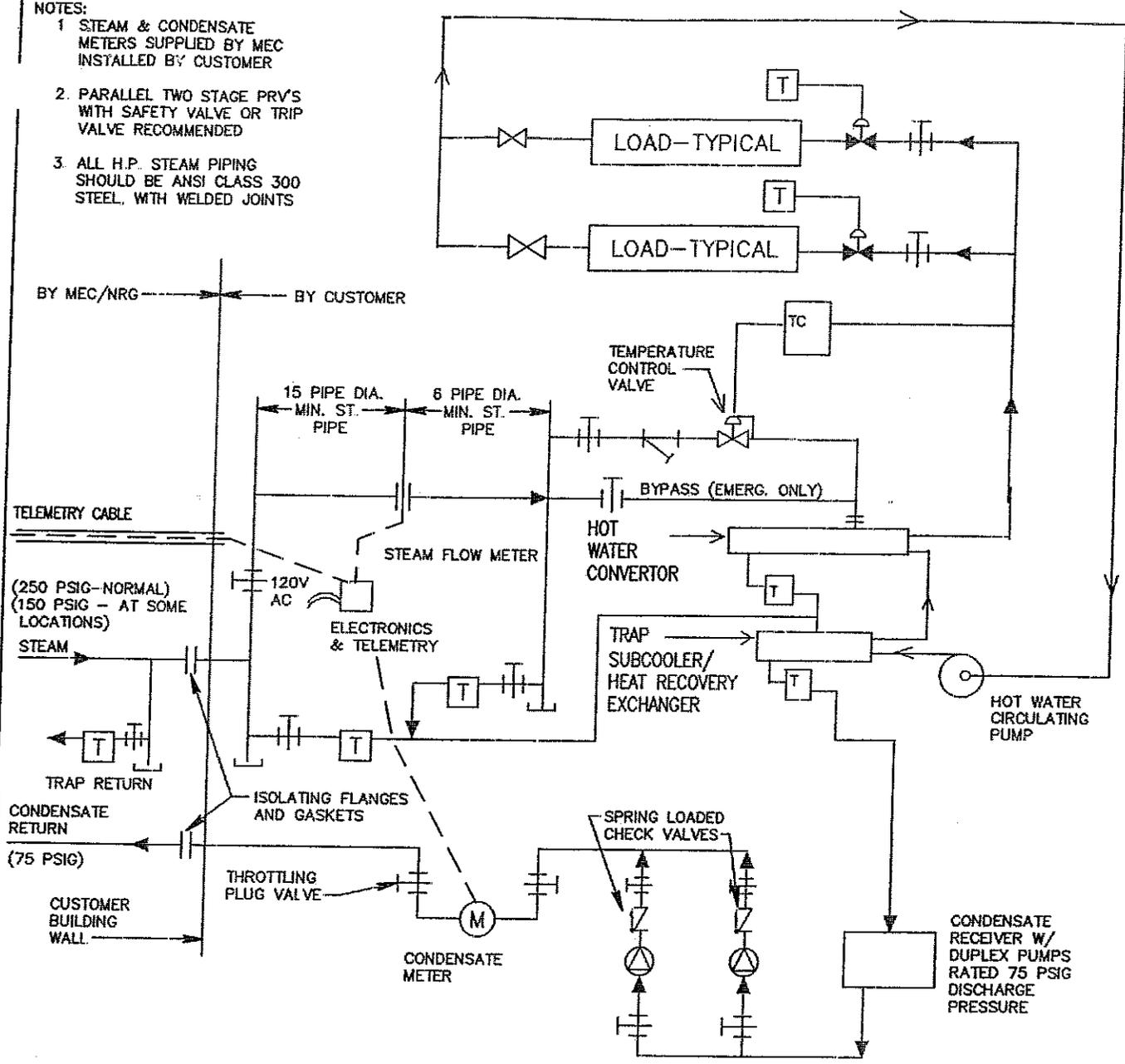
Revised: April 14, 1998

MINNEAPOLIS ENERGY CENTER
NRG Energy Center, Inc.
3707 IDS Center
Minneapolis, MN 55402

612-349-6066

NOTES:

1. STEAM & CONDENSATE METERS SUPPLIED BY MEC INSTALLED BY CUSTOMER
2. PARALLEL TWO STAGE PRV'S WITH SAFETY VALVE OR TRIP VALVE RECOMMENDED
3. ALL H.P. STEAM PIPING SHOULD BE ANSI CLASS 300 STEEL, WITH WELDED JOINTS



TYP. STEAM PIPING & METERING DIAGRAM

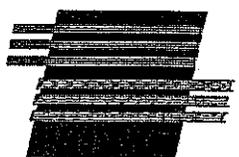
(SEE CUSTOMER INSTRUCTIONS - EXHIBIT II FOR FURTHER INSTALLATION INFORMATION)

OPTIONAL HYDRONIC HEATING ONLY

SKETCH No. 1A

NO SCALE

MINNEAPOLIS ENERGY CENTER
AN NRG COMPANY



Downtown's Heating and Cooling Choice

Revised: April 14, 1988

MINNEAPOLIS ENERGY CENTER
NRG Energy Center, Inc.
3707 IDS Center
Minneapolis, MN 55402

612-349-6066

EXHIBIT III TO STEAM SERVICE AGREEMENT

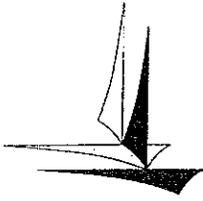
A. Company's Steam Distribution System

For purposes of Sections 9 and 10 of the Steam Service Agreement (the "Agreement"), Company's distribution system is deemed to be the Steam lines, condensate return lines and all hangers, brackets, ceiling, floor and wall support members, valves, meters, underground piping and underground structures and other similar accessories necessary or incidental thereto extending between Company's nearest distribution lines to the point of entry into the Customer's Building to and including the first shut-off valve for Steam.

The total cost of the foregoing shall be deemed to be the cost incurred by Company to put the foregoing system into place including but not necessarily limited to, labor, materials, architect and engineering fees, overhead and interim financing fees, not to exceed a total of: \$5,000.

B. Calculation of Unamortized Cost

For purposes of Sections 8 and 9 of the Agreement, the unamortized cost of the distribution system shall be that portion of the total cost allocable to Steam service set forth in paragraph A reduced by five percent (5%) for each 12-month period (or a pro rata reduction in the case of partial years) between the Service Commencement Date of the Agreement and the event giving rise to Customer's obligation to pay such unamortized cost to Company pursuant to Sections 9 or 10 thereof. The cost as adjusted in the preceding sentence shall be multiplied by a fraction, the numerator of which is Customer's Contract Demand for Steam service on the Service Commencement Date of the Agreement, and the denominator of which is the total Contract Demand for Steam service to all customers, including Customer, for whom Steam passes through the section of line defined in paragraph A above. The resulting figure shall be the unamortized cost of the distribution system relating to Steam service.



June 7, 2000

City of Minneapolis The Honorable Dore' Mead, Chairwoman
Department of Public Works Transportation and Public Works Committee

David J. Sonnenberg
City Engineer
Director

Room 307 City Hall
Minneapolis, MN 55415-1383

Brian J. Lokkesmoe
Deputy Director

RE: Steam and Chilled Water Service Agreement for Hawthorne Transportation Center

350 South 5th Street - Room 203
Minneapolis MN 55415-1390

Office (612) 673-2352
Fax 673-3565
TTY 673-2157

Dear Council Member Mead:

Management Services
R. H. Smith, Director
Assistant Director of Public Works
350 South 5th St. - Room 203
Minneapolis, MN 55415-1390
(612) 673-2241

The Public Works Department Transportation and Parking Services Division requests authority from your committee to enter into an agreement with the Minneapolis Energy Center (MEC) for steam and chilled water service at the Hawthorne Transportation Center.

Administrative Services
J. M. Garber Director
350 South 5th St. - Room 203
Minneapolis, MN 55415-1390
(612) 673-2410

The MEC is asking for a long term commitment for this service, similar to the agreement entered into for the 10th And Hennepin and Federal Courts Municipal Parking Ramps. Therefore, we are asking permission to enter into a 10 year agreement at current market rates, as adjusted from time to time, pursuant to the agreement.

Engineering Services
R. Kannankutty, Director
309 2nd Ave. S. - Room 300
Minneapolis, MN 55401-2268
(612) 673-2456

This contract is a standard practice related to the operation of the Municipal Parking System and is structured the same as at our other facilities with steam and chilled water service.

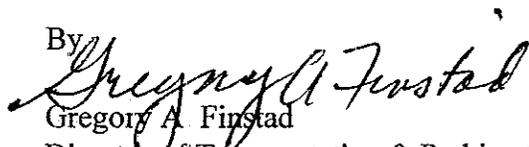
Equipment Services
J. E. Edmunds, Director
1300 Currie Ave.
Minneapolis, MN 55403-1234
(612) 673-5737

Respectfully Submitted,

Field Services
L. A. Krumm Director
350 South 5th St. - Room 203
Minneapolis, MN 55415-1390
(612) 673-3759

David J. Sonnenberg
City Engineer- Director of Public Works

Property Services
S. A. Kotke Director
350 South 5th St. - Room 223
Minneapolis, MN 55415-1390
(612) 673-2402

By 
Gregory A. Finstad
Director of Transportation & Parking Services

Solid Waste & Recycling
S. A. Young Director
309 2nd Ave. S. - Room 210
Minneapolis, MN 55401-2281
(612) 673-2433

C: Mike Sachi ✓
Tim Blazina
Heidi Hamilton
Jack Yuzna

Transportation & Parking
G. A. Finstad Director
350 South 5th St. - Room 233
Minneapolis, MN 55415-1390
(612) 673-2411

Water Works
A. J. Kramer Director
250 South 4th St. - Room 206
Minneapolis, MN 55415-1330
(612) 673-2418

DEC 17 1999

T&PW - Your Committee recommends that the proper City officers be authorized to enter into the appropriate agreements with the Minneapolis Energy Center (MEC) for steam chilled water service at the Courthouse and Hennepin at 10th municipal parking ramps. The term of the agreement shall be 20 years (5-year initial term with three 5-year options), with prices to be at the current rate (adjustable pursuant to the agreement).

Adopted. Yeas, 13; Nays none.

Passed December 17, 1999.

Approved December 23, 1999.

S. Sayles Belton, Mayor.

Attest: M. Keefe, City Clerk.

015059



MINNEAPOLIS ENERGY CENTER

AN NRG COMPANY



*Downtown's Heating
and Cooling Choice*

December 9, 1999

Mr. Mike Sachie
Department of Transportation
City Hall – Room 333
350 South 5th Street
Minneapolis, MN 55415

Subject: Executable Contracts for Court Ramp and Hennepin at 10th Parking Facilities

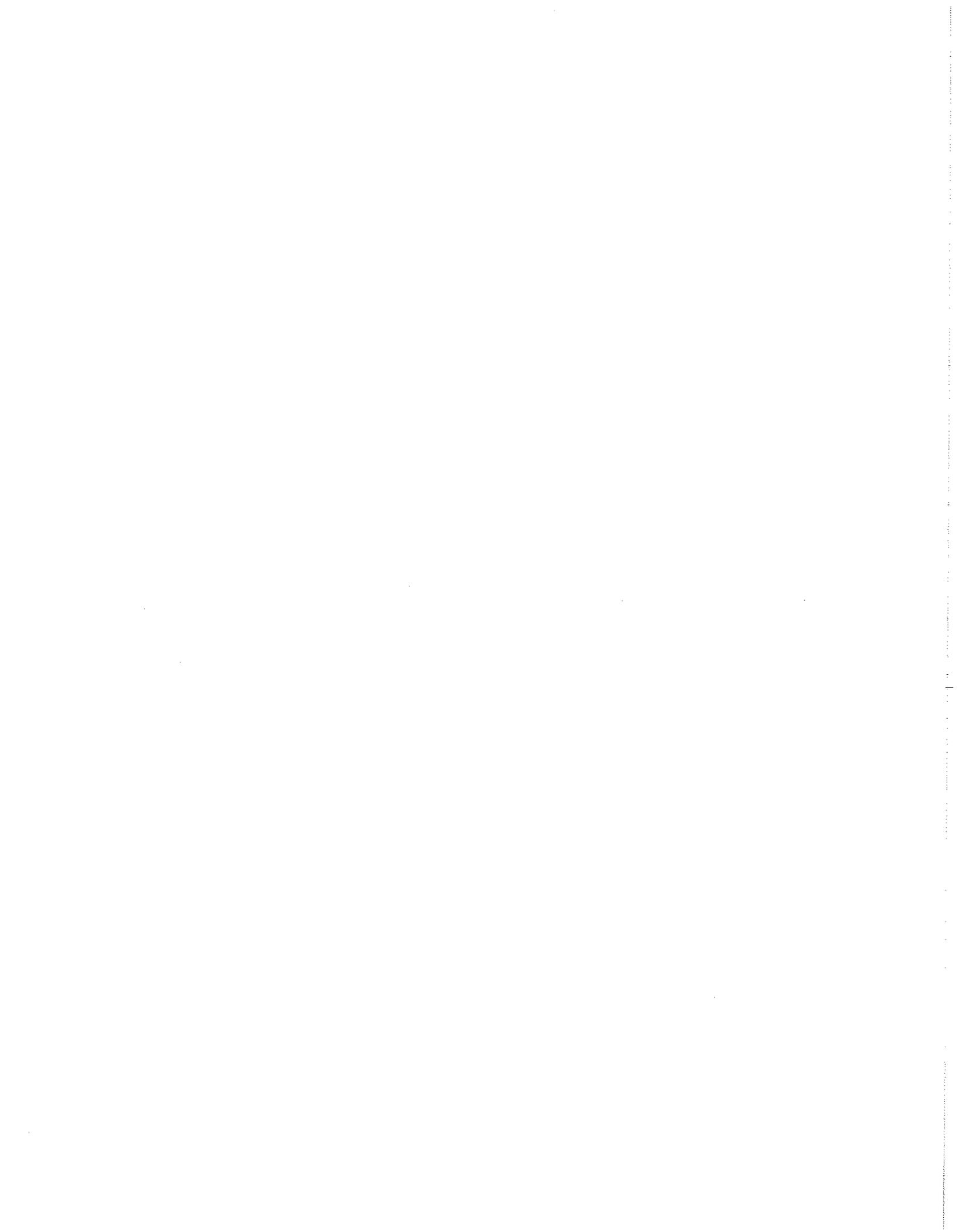
Mike:

Enclosed are 6 executable and one marked to show changes copies of the contracts as we discussed on the phone.

Please call me at 349-6074 if you should have any questions. Thank you for your help on these and we look forward to serving these parking facilities.

Sincerely,

Tom Davison
Vice President



DEPARTMENT OF PUBLIC WORKS

350 South 5th Street - Room 203
Minneapolis MN 55415-1390

Office (612) 673-2352
Fax (612) 673-3565
TTY (612) 673-2157

DAVID J. SONNENBERG
CITY ENGINEER - DIRECTOR OF PUBLIC WORKS



B. J. LOKKESMOE
ASSISTANT DIRECTOR OF
PUBLIC WORKS/DIRECTOR
ENGINEERING OPERATIONS
350 S 5th St - Rm 203
Minneapolis MN 55415-1390
(612) 673-3316
FAX (612) 673-3565

December 3, 1999

The Honorable Dore' Mead, Chairwoman
Transportation and Public Works Committee
Room 307 City Hall
Minneapolis, MN 55415-1383

M. J. MONAHAN
ASSISTANT DIRECTOR OF
PUBLIC WORKS/DIRECTOR
TRANSPORTATION
350 S 5th St - Rm 233
Minneapolis MN 55415-1390
(612) 673-2411
FAX (612) 673-2149

RE: Steam and Chilled Water Service Agreements for Municipal Parking Ramps

J. E. EDMUNDS, DIRECTOR
EQUIPMENT SERVICES
1300 Currie Ave
Minneapolis MN 55403-1234
(612) 673-5737
FAX (612) 335-5936

Dear Council Member Mead:

The Public Works Department Transportation and Parking Services Division requests authority from your committee to enter into certain agreements with the Minneapolis Energy Center (MEC) for steam and chilled water service at our two newest Municipal parking ramps, **Courthouse and Hennepin at 10th Street.**

J. M. GARBER, DIRECTOR
ADMINISTRATION
350 S 5th St - Room 203
Minneapolis MN 55415-1390
(612) 673-2410
FAX (612) 673-3565

We have been operating under a temporary arrangement at these two facilities since they opened for occupancy. The MEC is asking for a long term commitment for these services. Therefore, we are asking permission to enter into a 20 year agreement (a 5 year initial term, and three (3)-5 year options) at current market rates, as adjusted from time to time, pursuant to the agreement.

R. KANNANKUTTY, DIRECTOR
ENGINEERING DESIGN
309 2nd Ave S - Rm 300
Minneapolis MN 55401-2268
(612) 673-2456
FAX (612) 673-2048

This contract is a standard practice related to the operation of the Municipal Parking System and is structured the same as at our other facilities with steam and chilled water service. Thank you for your consideration.

A. J. KRAMER, DIRECTOR
WATER WORKS
250 S 4th St - Rm 206
Minneapolis MN 55415-1330
(612) 673-2418
FAX (612) 673-2684

Respectfully Submitted,

David J. Sonnenberg
City Engineer- Director of Public Works

R. L. PLETAN, DIRECTOR
GENERAL SERVICES
350 S 5th St - Rm 223
Minneapolis MN 55415-1390
(612) 673-2706
FAX (612) 673-3565

By 
Gregory A. Finstad
Director of Transportation & Parking Services

R. H. SMITH, DIRECTOR
MANAGEMENT SUPPORT
350 S 5th St - Rm 203
Minneapolis MN 55415-1390
(612) 673-2241
FAX (612) 673-3565

attachment

C: Mike Sachi
Tim Blazina

S. A. YOUNG, DIRECTOR
SOLID WASTE & RECYCLING
309 2nd Ave S - Rm 210
Minneapolis MN 55401-2281
(612) 673-2433
FAX (612) 673-2250

AFFIRMATIVE ACTION EMPLOYER

Recycled paper 30% post consumer waste

DEC 17 1999

Jon
Roger S.
Dreg

T&PW & W&M/Budget - Your Committee, having under consideration Phase 3 of the Cedar Lake Trail Project and two easements that are required for construction and having received a report from the Minneapolis Community Development Agency (MCDA) outlining what condemnation of the properties would cost and a report from the Risk Management Division providing an assessment of the risks involved with the easements, now recommends that the proper City officers be authorized to:

- a) Enter into an easement agreement with the Burlington Northern Sante Fe Railroad for property associated with the Phase 3 of the Cedar Lake Trail Project and make a payment in the amount of \$16,470;
- b) Enter into an easement agreement with Investment Management, Incorporated (IMI) for property associated with Phase 3 of the Cedar Lake Trail Project and make a payment in the amount of \$1; and
- c) Proceed with the vacation and exchange of land parcels relating to the agreement with IMI.

Your Committee further recommends that the costs for the easements be payable from the Bike Commuter Route System Capital Program (4100-943-9464).

Adopted. Yeas, 13; Nays none.
Passed December 17, 1999.
Approved December 23, 1999.
S. Sayles Belton, Mayor.
Attest: M. Keefe, City Clerk

T&PW & W&M/Budget - Your Committee, having under consideration the Uptown Streetscape Project and having been informed that the project is complete, now recommends that the proper City officers be authorized to execute Supplemental Agreement #4 to the contract with Electric Service Company of Minneapolis (Contract #9199) increasing the contract by \$12,677.29 due to a change in the scope of project construction.

Your Committee further recommends that the electrical and concrete work for the project be accepted and final payment of \$1,026,972.07 be authorized.
Adopted. Yeas, 13; Nays none.
Passed December 17, 1999.
Approved December 23, 1999.
S. Sayles Belton, Mayor.
Attest: M. Keefe, City Clerk

Steve M.

T&PW - Your Committee recommends that the proper City officers be authorized to enter into the appropriate agreements with the Minneapolis Energy Center (MEC) for steam chilled water service at the Courthouse and Hennepin at 10th municipal parking ramps. The term of the agreement shall be 20 years (5-year initial term with three 5-year options), with prices to be at the current rate (adjustable pursuant to the agreement).

Adopted. Yeas, 13; Nays none.
Passed December 17, 1999.
Approved December 23, 1999.
S. Sayles Belton, Mayor.
Attest: M. Keefe, City Clerk

Mike S.
Dreg
Tom

MINNEAPOLIS ENERGY CENTER

AN NRG COMPANY



*Downtown's Heating
and Cooling Choice*

May 9, 2000

Mr. G. A. Finstad
Transportation and Parking
City of Minneapolis
350 South 5th Street, Suite 233
Minneapolis, Minnesota 55415-1390

SUBJECT: Open Contracts

Dear Greg:

I'm writing to check on the status of the Courts Ramp in the Federal Building and the Ramp at Hennepin and 10th. Please advise the status of these projects for we are continuing to serve them without contracts.

Also, we are being asked to install service into the new parking ramp being built by the Greyhound terminal. Please advise the size of conditioned area so I can get a contract over to you for signature and can begin service construction.

Regards,

MINNEAPOLIS ENERGY CENTER

Thomas L. Davison
Vice President

cc: Gary Gustafson

MINNEAPOLIS ENERGY CENTER

AN NRG COMPANY



*Downtown's Heating
and Cooling Choice*

June 7, 2000

Michael Sachi
Transportation and Parking
350 South 5th Street
Room 233
Minneapolis, MN 55415-1390

Subject: Open Contracts

Mike,

Attached are the changes to the Courts Ramp and Hennepin at 10th Ramp as we discussed. Based upon history, you have used 1100 mlbs and 1700 mlbs per year and therefore will cost about \$13,000 and \$20,400 annually at today's rates respectively. Of course as usage changes the annual costs will change. To date there is an outstanding balance of \$1611.00 for the Hennepin at 10th and a similar unbilled amount for the Courts facility.

Also included in our estimate for the Hawthorn ramp assuming 50,000 square feet condition area. To date I have not received the contract draft from our lawyer. Upon receipt I will walk it over to your office. Once we get this one signed, we will commence with installing the service. ✓

Mike, hopefully I have what you need. If not please call me at 349-6074.

Regards,

Tom Davison
Vice President

COMPARATIVE ANALYSIS: ON-SITE PLANTS VS PURCHASED HEATING & COOLING

Prospect Name: *Dawtham Ray* **Date:** 07-Jun-00
Services Desired: Heating & Cooling **By:** TL DAVISON
File:

Basic Assumptions: Heating

a) rates and charges as of	1-1-00	
b) installed capacity and auxiliaries at	\$25	per pound per hour(pph)
c) area requirement for on-site plant at	0.1	sqft/pph
d) on-site plant space cost per sqft at	\$60	
e) annual interest rate	10	%
f) amortization for 20 yrs @ 10% / yr =	11.59	%
g) for reliability and standby, installed nameplate capacity typically exceeds MEC estimated peak demand by	50	%
h) natural gas rates as of	1-1-00	
i) gross square feet of space to be served:		50,000
j) heating peak demand in pph or mbtu/hr.		1,500
k) annual boiler efficiency	60	%
l) annual replacement cost	3	%
m) labor requirement equiv in man-years	0.3	
n) load factor in hrs. per year	1800	
o) capital equipment		0

On-site Heating Plant Costs: MEC Estimate for		1,500 pph peak
Installed capacity of pph	2,250	
pph x \$25 per pph		\$56,250
Space construction costs		
pph x 0.1sqft/pph x \$60 sqft		13,500
Total Capital Requirement		\$69,750

Annual Cost to Amortize Capital		\$8,084
Annual Replacement Cost @ 3 %		2,093

Annual Cost to Own On-site Heating **\$10,177**

Operating Requirements

Equivalent full load hours	1,800	hrs/yr
Consumption for heating	2,700	Mlbs/yr

Operating Costs

Fuel Costs—Space Heating Efficiency	60 %	
Fuel use @ 100% gas		
(100%*Mlbsx\$5.50/mcfx1.05mcf/Mlb/Eff.)		\$25,988
Labor—Full-time Equivalents Per Year	0.3	
(2080hrs/yrx\$18.30/hrx1.05)		11,990
Added administrative time @ 10% of Labor		1,199
Maintenance,repairs,parts,supplies,and replacements (MECI Cost x 1.5)		1,598
Water,water treatment,electric power, insurance,licenses, and fees (MECI Cost x 1.5)		1,326

Annual Costs to Operate On-site Heating **\$42,100 per year**

COMPARATIVE ANALYSIS: ON-SITE PLANTS VS PURCHASED HEATING & COOLING

TOTAL COSTS TO OWN AND OPERATE HEATING **\$52,277 PER YEAR**

Purchased Heating from MEC

Capacity (peak 1-hr use)	1,500	lbs	\$11,950
Load Factor	1,800	hrs/yr	
Consumption per Year	2,700	Mlbs	8,321
Operating Charge per Mlb	\$6.40		17,280
Tax Credit (If Tax Exempt Customer)			

Annual MEC Charges **\$37,551**

Capital Requirement	\$0		
Annual Cost to Amortize Capital			\$0

TOTAL COSTS TO PURCHASE HEATING **\$37,551 PER YEAR**

HEATING COMPARISON	On-site Plant	Purchased MEC	MEC Advantage
Annual Heating Costs	\$52,277	\$37,551	\$14,726



COMPARATIVE ANALYSIS: ON-SITE PLANTS VS PURCHASED HEATING & COOLING

Basic Assumptions: Cooling

a) rates and charges as of 1/1/00		
b) installed capacity and auxiliaries at	\$700	per ton
c) area requirement for on-site plant at	2	sqft/ton
d) on-site plant space cost per sqft at	\$60	
e) amortization for 20 yrs @ 10% / yr =	11.59	%
f) for reliability and standby, installed nameplate capacity typically exceeds MEC estimated peak demand by	50	%
g) gross square feet of space to be served:		
h) estimated peak tons		100
i) load factor in hrs. per year		800
j) annual interest rate	10	%
k) annual replacement cost	3	%
l) labor requirement equiv. in man years	0.3	
m) capital requirement		0

On-site Cooling Plant Costs: MEC Estimate for 100 peak tons

Installed capacity of	150	tons	
(tons x \$/TON)			\$105,000
Space construction costs			
(tons x 2sqft/T x \$/sqft)			18,000

Total Capital Requirements **\$123,000**

Annual Interest Charges @	10	%	\$12,300	per year
Annual Cost to Amortize Capital			\$14,256	
Annual Replacement Cost @	3	%	3,690	

Annual Costs to Own On-site Cooling **\$17,946**

Operating Requirements

Equivalent full load hours	800	hrs/yr
Consumption for cooling	80,000	ton-hrs/yr

Operating Costs

Electric Power Costs--Chillers & Aux (1 0kw/T, \$0.0406/kwh, \$8.13/kwS, \$5.88/kwW)		\$9,440	per year
Labor--Full-time Equivalents Per Year (2080hrs/yr x \$18.30/hr x 1.05)	0.3	11,990	
Added administrative time @ 10% of Labor		1,199	
Maintenance, repairs, parts, supplies, and replacements (MECI Cost x 1.5)		1,452	
Water, water treatment, insurance, licenses, and fees (MECI costs x 1.5)		1,140	

Annual Costs to Operate On-site Cooling **\$25,221 per year**

TOTAL COSTS TO OWN AND OPERATE COOLING

\$43,167 PER YEAR



COMPARATIVE ANALYSIS: ON-SITE PLANTS VS PURCHASED HEATING & COOLING

Purchased Cooling from MEC

Capacity (peak 1-hr use)	100	tons	\$20,686
Load Factor	800	hrs/yr	
Consumption per Year	80,000	ton-hrs	8,492
Operating Charge / T-hr	\$0.102		8,160
Tax Credit (Tax Exempt Customer)			

Annual MEC Charges \$37,338

Capital Requirement \$0
 Annual Cost to Amortize Capital \$0

TOTAL COSTS TO PURCHASE COOLING **\$37,338 PER YEAR**

COOLING COMPARISON	On-site Plant	Purchased MEC	MEC Advantage
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Annual Cooling Costs	\$43,167	\$37,338	\$5,829

The TRANSPORTATION & PUBLIC WORKS Committee submitted the following reports:

~~T&PW~~ - Your Committee recommends that the proper City officers be authorized to enter into the appropriate agreements with the Minneapolis Energy Center (MEC) for steam chilled water service at the Courthouse and Hennepin at 10th municipal parking ramps. The term of the agreement shall be 20 years (5-year initial term with three 5-year options), with prices to be at the current rate (adjustable pursuant to the agreement).

Adopted. Yeas, 13; Nays none.

Passed December 17, 1999.

Approved December 23, 1999.

S. Sayles Belton, Mayor.

Attest: M. Keefe, City Clerk.

