



Wendy Gallegos  
Office Manager

On Dec. 5, NRG held a special Employee Recognition Celebration to recognize NRG Energy Center San Francisco employees for their continued diligence and dedication to maintaining and improving the NRG Energy Center San Francisco plant and distribution lines, while continuing a legacy of safety. Held annually, the event highlighted the team's overall professionalism and provided awards for Customer Service, Productivity, Teamwork, Safety Excellence and more. Our thanks to the entire team for ensuring system reliability for our customers year-round.

## A Job Well Done.



NRG welcomes these new or reconnected customer buildings to our system:

- JP Morgan Chase at One Kearny
- Charles Schwab at 100 Post St.
- 360 Pine St.
- 625 Bush Street Apartments
- 1188 Market St.



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## Hilton San Francisco Union Square: A history of sustained excellence

When Conrad Hilton arrived in Cisco, Texas, in 1919, the town was a booming metropolis of 15,000 people, many of them lured by brochures touting the town as the "Gate City of the West." Cisco then had a diverse economic base and it seemed like a good place to buy a bank — at least that's what Hilton first had in mind.

But as fate would have it, Hilton's bank purchase fell through, and he bought something else instead: the 40-room Mobley Hotel. And one could probably say the rest is history.

The purchase became the foundation of the Hilton Hotel Corp., which grew into the nation's first coast-to-coast hotel chain and changed the face of the hospitality industry forever.



The Hilton San Francisco Union Square's large and welcoming lobby greets many thousands of convention-goers every year.

Photo: Courtesy Hilton San Francisco Union Square.

stellar customer service, they are also dependent on some key back-of-the-house functions to stay clean and comfortable during their stay.

"San Francisco really offers up some diverse weather with the heavy fog influence," says Brian Mork, director of property operations, who has been with the hotel for 21 years. "It can get down to 50 degrees F at night in the summer, so we need reliable space heating year round. But the biggest challenge is when we have a large convention on site, and everyone gets up around the same time to take a hot shower right before their first meeting of the day. That's when our heating consumption really peaks. But since the hotel is an NRG Energy Center San Francisco steam customer, we have the flexibility to take as much steam as we need, so we're able to adjust as demand changes throughout the day and throughout the year."

In addition to using NRG steam for space heating and domestic hot water, the hotel taps the heat for laundry and kitchen use. Located at 333 O'Farrell Street, the hotel has its own chillers on site to provide air conditioning.

The Hilton Family takes energy use and sustainability seriously throughout the world, committing to the following reductions for 2009-2014:

- Reducing energy consumption by 20 percent.
- Reducing carbon dioxide emissions by 20 percent.
- Reducing output of waste by 20 percent.
- Reducing water consumption by 10 percent.

Furthermore, the Hilton property has signed on to the pledge and has a property sustainability profile in place delineating goals and values. From energy efficiency to sustainable housekeeping practices, the Union Square property maintains the practices inside and out year-round and tracks its progress. Currently Union Square reports recycling is up to 65 percent and 75 percent or more of employees are using alternative transportation methods to travel to work.

Although the Union Square property has benchmarked energy consumption through ENERGY STAR for nearly a decade, it actually started keeping its own records for comparison around 1990. "To be able to improve, you need to measure how you're doing so you have something to compare to," says Mork.

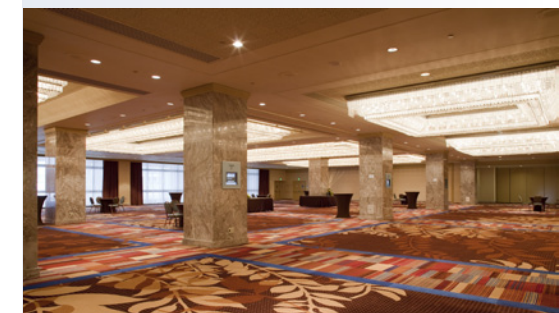
"We're always looking to increase efficiencies, and I am proud to say we've done so for many years. Looking at our records for steam and electricity, for example, I'd say we've reduced annual electricity consumption by about 33 percent and annual steam consumption by about 30 percent since 1990. We know there is even more we can do."

NRG Energy Center San Francisco congratulates Hilton San Francisco Union Square on its commitment to a sustainable future — and is proud to be a partner in its energy future.



The Hilton San Francisco Union Square is the West Coast's largest hotel and offers business and pleasure travelers a tranquil spa experience, an outdoor swimming pool and a well-equipped workout facility.

Photo: Courtesy Hilton San Francisco Union Square.



The Yosemite Room on the hotel's ballroom level offers 11,000 sq ft of meeting space that can be left completely open for large groups or divided into smaller meeting spaces.

Photo: Courtesy Hilton San Francisco Union Square.



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## Lower Steam Rates Now in Effect



Karel Sykora  
General Manager

As we're all aware, the recent recession has had a particularly strong impact on the San Francisco Bay Area. As a result, any news of cost reduction is most welcome. That's why NRG Energy Center San Francisco was especially pleased to file lower steam utility rates with the California Public Utility Commission (CPUC) that became effective Sept. 1, 2009.

The new rates are possible due to a number of reasons, such as natural gas finds over the past year, weak demand during the recession, and a mild hurricane season in the Gulf. This combination of events has led to seven-year lows in natural gas prices. Most energy observers are predicting natural gas storage caverns in the U.S. to soon be full, indicating that natural gas prices will continue to remain at relatively low levels.

NRG used these current natural gas market conditions to negotiate a new low-price gas contract for the next 12 months. Even factoring in PG&E charges for gas transportation, the state's public purpose program surcharge and a structural increase of 6.5 percent in our general cost of doing business, we were able to provide a tariff rate reduction of 16.84 percent. That reduction translates into more than \$5 of savings per thousand pounds of steam.

Every time NRG enters into price negotiations for a natural gas contract, we do so with an objective of cutting costs and maintaining competitive prices. We're pleased to be able to pass on the resulting savings to our valued customers.

NRG used current natural gas market conditions to negotiate a new low-price gas contract for the next 12 months.



## District Energy = More Efficient Heat



Dean Jansen  
Operations Manager

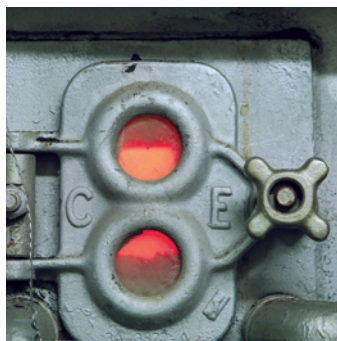
District heating systems, like the one operated by NRG Energy Center San Francisco, provide thermal energy to multiple buildings from a central plant, replacing the need for individual building-based boilers

Due to the use of more sophisticated equipment and operation by highly trained personnel, NRG's central plant uses fuel and water much more efficiently than individual buildings do with their multiple in-house boilers. Furthermore, district heating systems also produce lower levels of carbon and nitrogen oxide-based emissions since they employ better emission controls. Air quality and community livability can improve when a single, well-managed plant is used rather than multiple boilers with uncontrolled stack emissions at many individual buildings.

Finally, in-building boilers typically carry excess capacity to meet occasional peak demand, which leads to inefficient partial boiler loading or warm-up cycling during most of the year. This may result in poor seasonal efficiency while, by contrast, central boilers are operated to achieve the highest seasonal efficiency possible.

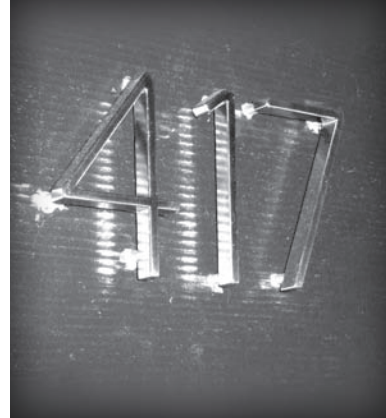
NRG has heated San Francisco safely, reliably, efficiently, cost-effectively — and cleanly — with steam for many years, and we look forward to doing so for many years to come.

**Professional operators at NRG Energy Center San Francisco's plant monitor boiler flames to ensure highest-possible efficiency and lowest-possible emission levels.**



## CRESCENT CONNECTION

A new 87-room boutique hotel is scheduled to open in downtown San Francisco just in time for the holiday season. The Crescent San Francisco, located at 417 Stockton St., utilizes steam from NRG to provide space heating and domestic hot water in guest rooms and common areas.



Formerly the Allison Hotel, the new property was totally gutted, renovated and rebranded as The Crescent by Greg Peck, new owner and principal partner of 417 Stockton LLC. Acquired by Peck late last year, the eight-story building was damaged in the 1989 Loma Prieta earthquake and has been in limited operation after a modest retrofit completed in 2004. With 38,000 sq ft of space, this compact yet stylish hotel was updated with new and hip lobby décor, and plans call for an upscale restaurant on site in the near future.

The property is the only hotel to add new rooms in the Union Square area in 2009. Thus, it is well-positioned to benefit from the locale when the economy roars back. An underground light rail station is slated to be located at the corner of Stockton and Gary, offering hotel guests easy access to all that is San Francisco.

The Crescent's owners chose district steam for a number of reasons, including seismic concerns with supporting a boiler plant in a building of its vintage. Additionally, the architectural plans could not accommodate an exhaust flue pipe to the roof, and rerouting a gas line from PG&E was not an option. Finally, the owners also appreciated the much lower capital equipment cost and subsequent operating cost of direct steam from NRG.

NRG extended a service line to the hotel from an existing steam line behind the building. In coordination with InCom Mechanical of Petaluma and Marchetti Construction of South San Francisco, NRG worked to ensure that the steam line that enters the building on the second floor was unobtrusive and that the hotel's unique interior architectural style was respected. NRG's agreement is for three years and includes engineering support and maintenance service.

## Green Steam Projects Further Improve Reliability, Efficiency



Karel Sykora  
General Manager

NRG Energy Center San Francisco is continuously seeking ways to enhance the reliability and efficiency of our plant and distribution system — while reducing both operating costs and environmental impact.

One such project is our condensate return program. Recovering condensate, a byproduct of steam generation, results in considerable energy savings and water conservation, and lower sewage costs. As we strive to provide green steam (i.e., generated in an environmentally friendly operation), NRG has set a goal of being able to return 40 percent of the condensate from our

steam within two years. Our first step toward this goal is working on projects that will return condensate from our largest customers.

In 2008 we completed installing piping for a condensate return system from the "city loop"—the San Francisco Department of Public Health, City Hall and Bill Graham Civic Auditorium. This year we've been installing a condensate return line from the Hilton Hotel, one of our largest customers. That project recently reached the important milestone of crossing Ellis Street. The line will be complete in second quarter 2010.



## Shaking, Rattling and Rolling for Safety

Nick Joseph  
Compliance Specialist



On Sept. 19, NRG Energy Center San Francisco's parking lot was transformed and filled with children, seniors and everyone in between for the company's third annual Family/Friends Day. This year's event centered on "Earthquake Preparedness," reflecting the priority NRG places on safety and serving as a relevant topic for all of us living in San Francisco.



The Quake Cottage simulated the experience of an 8.0 earthquake.

Photo: Courtesy Safe-T-Proof Disaster Preparedness Company

Specifically, both the front and rear parking lots were transformed like never before with colorful balloons, banners and tents. But the 'epicenter' for the day was a mobile earthquake simulator known as the Quake Cottage, in which attendees could experience the sensation of being in an 8.0. Many times victims do not know how to react in such

a real situation, so this simulation helped them understand how it might feel.

NRG Thermal's Safety Director Eric Toth and the safety committee coordinated the event, bringing in former professional firefighter Mike Forster, CERT (Community Emergency Response Team), NERT (Neighborhood Emergency Response Team) EAST BAY who gave an informative presentation to attendees on earthquake preparedness.

Safety awareness is an integral part of NRG's culture. It's one of our company's core values, as expressed by "STRIVE" (Safety, Teamwork, Respect, Integrity, Value creation and Exemplary leadership). This event extended that safety focus to our family and friends, which was very appropriate given the heavy losses the Bay Area experienced in the major earthquakes of 1906 and 1989.

The annual get-together gives NRG employees the opportunity to show our workplace to the important people in our lives, foster greater safety awareness — and enjoy each other's company. Thank you to the safety committee, which worked tirelessly for months to coordinate the event and did an astounding job. We look forward to continuing the tradition next year!

## Giving Back



Lisa Smethurst  
Account Manager

To celebrate and recognize the achievements of many of our customers, NRG sponsored several events this past year and also supported BOMA San Francisco, San Francisco Chamber, the Yerba Buena Alliance, San Francisco Police Officer Association, the Glide Foundation and St. Anthony Foundation, to name a few.

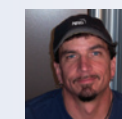
Yet NRG contributes more than just financially. It also has a team of volunteers who like making a positive difference in someone's life. This past April the NRG team volunteered at the San Francisco Food Bank at St. Anthony. The team assisted in preparing lunch and serving the community diners in the hall. The feeling was overwhelmingly positive as we saw smiles on the diners' faces, which put smiles on our faces.

Whether NRG is sponsoring, contributing or volunteering, our participation and involvement in our community will continue to broaden, as we are dedicated to serving not just steam but goodwill as well.



This past April NRG Energy Center San Francisco volunteers helped out at the San Francisco Food Bank.

## Optimizing Operations



Mike Eurkus  
Distribution Manager

Have you taken advantage of NRG Energy Center San Francisco's free steam system assessment? Dozens of customers have already done so and have found that implementing the recommendations not only increases building efficiencies but also reduces their steam use, ultimately saving them money on their steam bill.

This assessment is available to all existing customers as well as other entities interested in our services. We inspect and evaluate the system's primary components such as heat exchangers, storage tanks and steam traps, and at the same time look for leaks and piping efficiencies.

Take control of your steam costs today by contacting me — Mike Eurkus — at 415-644-9668 or [Mike.Eurkus@nrgenergy.com](mailto:Mike.Eurkus@nrgenergy.com). Invite me out to take a look, and let's see how together we can optimize your use of NRG steam.



## Electronic Possibilities

Peggy Avery  
Controller



The world of finance is going electronic (as if you did not know)! Accounting functions were some of the first to be completed by computers, since so many of them involve basic arithmetical calculations. Accounting spreadsheets adapted easily to electronic spreadsheets, payroll ported over to computers just as easily, and now we are moving into the era of electronic invoicing and bill paying.

We receive many of our vendor invoices via email, paying many of them by ACH transfer. And we encourage our customers to pay via ACH transfer as well.

Why are so many companies going electronic? Simple: It is cheaper and more accurate — for both accounts receivable and payable. No more envelopes and postage or paying for an employee to stuff the envelopes, apply the postage and then mail everything.

Electronic payment eliminates the worry of payments not being received on time, with the added advantage of no more payments being lost in the mail. Or a check diverted and cashed by some unscrupulous person. Plus the payer gains more control over cash when it is known just exactly when the funds will be deducted from the bank account.

Join us and many of our customers and vendors as we move into the electronic age. Please email me at [peggy.avery@nrgenergy.com](mailto:peggy.avery@nrgenergy.com) for further information.