

THE STATE OF NEW HAMPSHIRE



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July 16, 2014

Paul N. Stewart
Stewart Property Management
P.O. Box 10540
Bedford, NH 03110-0540

Re: DE 14-125; Pondview Conway, LLC and Ossipee Affordable Housing LP
Joint Request to Waive Puc 303.02

To the Parties:

On May 15, 2014, Pondview Conway, LLC (Pondview) and Ossipee Affordable Housing LP (which owns a building known as Mountainview) jointly filed a request for waiver of the rule that precludes "master metering" in a multi-tenant building. Puc 303.02(b). The rule requires separate meters so that tenants have control over their electric heating, air conditioning, or electric water heating, and can thus monitor their individual energy use.

Pondview is a 12 unit low-income elderly housing project in Conway. Mountainview is a 24 unit low-income elderly apartment building in Ossipee. Both buildings date to the late 1970s. Residents at both locations meet strict income eligibility standards. In 2012, Ryan N. Stewart and Paul N. Stewart (Stewart) acquired Pondview and Mountainview and financed the purchase of the two buildings through government agencies.

Stewart participated in other government programs to finance energy efficiency improvements at the apartments, which programs required Stewart to conduct energy audits. Stewart followed the audit recommendations and installed additional insulation, solar panels for hot water at Mountainview, new windows, bathroom fans, appliances, lighting, and water saving devices. Stewart also participated in PSNH's HEATSMART program, now called Load Controlled Delivery Service or Rate LCS. HEATSMART offers a lower electricity rate for using special heating devices and for allowing PSNH to occasionally interrupt service in times of high demand. The heating devices protect residents during power outages by releasing stored heat.

Stewart's energy auditor predicted electricity savings of 20%. Unfortunately, these savings did not materialize largely because the HeatSmart program required transition from a single master meter for each building to 53 meters at Mountainview and 14 meters at Pondview. Each meter carries a separate monthly meter charge that is not dependent on the amount of electricity used. According to Stewart, the extra meter charges "overwhelmed" the savings from the lower rate structure and less electricity use. It appears from Staff's review that there was miscommunication between PSNH and the energy audit firm that recommended the HeatSmart conversion regarding the customer charges.

Stewart asked PSNH to abandon the HEATSMART program and return to a single meter and the former rate. PSNH denied the request because Puc 303.02 precludes master metering, even though Pondview and Mountainview had master meters for their first 33 years until the HeatSmart conversion in 2012. Pondview and Mountainview, through Stewart, thus filed this request for a waiver of Puc 303.02.

By letter filed July 16, 2014, PSNH notified the Commission that it does not object to Stewart's request. PSNH stated that if the waiver is granted, the thermal storage units will remain in place and that PSNH will coordinate with Stewart to make the necessary meter changes, although the individual meter sockets will remain in case the properties revert to individual metering in the future.

Under Puc 201.05, the Commission may waive any rule if it finds a waiver serves the public interest and does not disrupt the orderly and efficient resolution of matters before the Commission. A waiver request requires consideration of whether compliance with the rule would be onerous given the circumstances or whether the purpose of the rule is satisfied by the alternative method proposed.

Stewart stated that Puc 303.02(b) is both onerous and that Stewart can satisfy the purpose of the rule. The rule is onerous because of the high electricity costs absent master metering. Stewart stated that the electricity bills of both apartment buildings increased as a result of the HeatSmart program. Mountainview's bill increased 35% over a three month period in 2013 compared to the same three months in 2012. Pondview's bills increased by almost 20%. Stewart stated it will nonetheless satisfy the purpose of the rule to encourage efficiency because of the many energy efficiency improvements already installed at Mountainview and Pondview. Finally, Stewart reminded the Commission that both apartments operated with master meters for over 30 years.

Commission Staff issued a memorandum supporting the waiver request. Staff described the history of this issue as discussed above, including that both apartment buildings have acquired substantial energy efficiency measures resulting in less electricity use. Staff confirmed that the extra meter charges are the source of the increased electricity bills. Although the low-income residents are not paying higher electricity bills because utilities are included in their rent, the increased costs leave less money in Stewart's budgets for tenant services. Staff noted that the increased bills resulting from the conversion were "either not fully understood or well communicated"

among the parties. Staff noted that PSNH and the energy auditor support this waiver request. For these reasons Staff recommended that the Commission grant the waiver of Puc 303.02(b).

For the reasons stated in the petition and in Staff's recommendation, the Commission has determined that the standards for a waiver are satisfied here and that granting a waiver is consistent with the public good. Please be advised that the rule waiver only extends to the Commission rule and not to any independent requirements of the state building code.

Sincerely,

A handwritten signature in cursive script, appearing to read "Debra A. Howland".

Debra A. Howland
Executive Director

cc: Service List (Electronically)
Docket File

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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FILING INSTRUCTIONS:

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with: DEBRA A HOWLAND
EXEC DIRECTOR
NHPUC
21 S. FRUIT ST, SUITE 10
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- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.
- c) Serve a written copy on each person on the service list not able to receive electronic mail.