



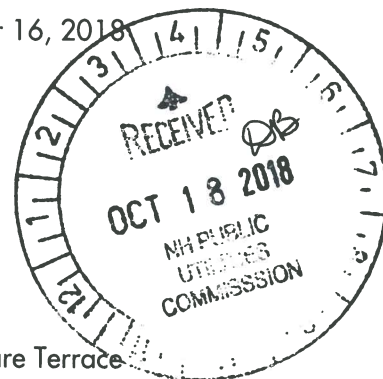
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October 16, 2018

New Hampshire Public Utilities Commission
 Attn: Debra Howland, Executive Director
 21 South Fruit Street
 Suite 10
 Concord, NH 03301-2429



Re: Request for waiver of N.H. Code Admin Rules Puc 303.02 for Central Square Terrace

Dear Ms. Howland,

Keene Housing (KH) is requesting a waiver of N.H. Code Admin Rules Puc 303.02 (master metering rule) to allow for consolidating meters at the Central Square Terrace property located at 5 Central Square, Keene, New Hampshire. The consolidation of meters is being integrated into the work planned for a major renovation to the property, the cost of which far exceeds 50 percent of the value of the building. Central Square Terrace is an affordable housing property that is designated for elderly and disabled residents.

On February 7, 2018, Keene Housing (KH) filed a request for a waiver for four properties managed by KH, consisting of 20 buildings, with a total of 189 apartments (248 electric utility accounts in total).

On July 17, 2018, PUC staff issued an inter-department communication wherein it stated that "based on Staff's analysis regarding the historical language of the rule, and the historical policies and practices of New Hampshire's electric utilities, including Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource, the Company or PSNH), Staff recommends that KH's request for a waiver of Puc 303.02 be denied."

The main argument against approval of the waiver included that there is no precedent for approving a waiver of the master metering rule involving the consolidation of two or more existing residential meters within a facility to master meters absent concurrent substantial renovations to the building in question.

Reviewing Puc 303.02(c)(1) and (c)(2) from the October 21, 1997 version of the rule, it appeared to Staff that master metering would be considered only for new construction or for renovations that exceed 50 percent of the value of the building.

PUC staff concluded that it "recommends that if KH undertakes substantial renovations to one or more of its facilities (in which the cost of renovation exceeds 50 percent of the value of the building) in the future, and KH files a request for a waiver of the master



metering rule for the renovated location(s), then the Commission should consider such request at that time on an individual basis."

KH has spent over twelve months planning an extensive renovation to Central Square Terrace and is now scheduled to begin construction in February 2019. The cost of the substantial renovation to the facility, approximately \$6.137 million well exceeds 50 percent of the value of the building, which is appraised at \$4.485 million. At this time, and upon the recommendation of the PUC staff, we are filing a waiver of the master-metering rule for your consideration.

Background

Keene Housing engaged Stevens & Associates, P.C. of Brattleboro, Vermont to draft architectural and engineering plans to thoroughly renovate Central Square Terrace. In May 2018 Bread Loaf Corporation of Middlebury, Vermont was selected to provide Construction Management services for the renovation project. Central Square Terrace is a 90-unit residential building in the center of historic downtown Keene. Keene Housing was the original sponsor of the Central Square Terrace development in 1982 and has managed the property since that time.

There are two distinct yet fully connected buildings that make up the 90-unit property. The first property is a five-story 21,800 sq ft historic structure referred to as the Colony Block. The Colony Block was built in the 1860's and is on the National Register of Historic Places. The second building, referred to as the Roxbury building is a seven-story 55,745 sq ft structure built in 1982-1984. The buildings share certain utilities and services, and their floors are joined by way of a seven-story horizontal connector that includes two elevators. There is a common laundry room on the 7th floor, retail spaces and covered parking on the ground floor. The unit breakdown of the property includes 9 studio and 81 one-bedroom units, all with full bathrooms.

Central Square Terrace has not seen a significant rehabilitation or update since the construction of the Roxbury building in 1982.

Current Metering

The Roxbury units (70) are individually metered. All individual meters are located in the Roxbury first floor mechanical room. Colony Block units (20) are not individually metered. Four (4) common meters service this part of the property and are the only meters at the property that are currently on the GS rate with demand charges. The meters and distribution panels are located in a basement electrical room. The distribution panels, manufactured by Federal Pacific, were most likely installed in 1982 and have reached the end of their service life.

Central Square Terrace is affordable housing for elderly and disabled residents. Keene Housing pays 100% of the electricity as well as other utilities.

Substantial Renovation

Renovations at the property will modernize and make units more accessible for senior residents, especially those with impaired mobility, including adding grab bars in the bathrooms and converting baths to easy entrance showers, in addition to replacing floor finishes and upgrading kitchens in each apartment. The goal is to create a space that allows residents to live comfortably for as long as they like in the building and delays transitions to assisted living.

Keene Housing is also committed to a long-term goal of reducing overall energy and water consumption across our properties, and the renovations at Central Square Terrace provide an opportunity to apply many energy conserving measures. Energy efficiency improvements include replacing existing light fixtures with high-efficiency LEDs, installing ENERGY STAR rated appliances and using low flow plumbing fixtures throughout. Most exciting, the plans include installing heat pumps in each unit to provide primary heating and cooling. The heat pumps will have a central master control with remote access and owner managed controls. Each tenant will have a range of set limits for individual temperature control with the KH having the ability to choose either heating or cooling.

This project also aims to restore, preserve and protect the historic Colony Block's exterior facade to stop further physical deterioration.

The renovations are generally modernization, maintenance and repair items. There are no plans for alterations to existing walls except in five one-bedroom apartments that will be altered to make them fully accessible to people with disabilities, thereby doubling the number of fully accessible apartments at Central Square Terrace from five to ten.

BASE CONSTRUCTION COST¹

(Includes 2.75% CM Fee + 10% Construction Contingency):

Central Square \$1,348,016

Roxbury \$4,552,399

Historic Façade Restoration \$237,485

Total Base Construction Cost \$6,137,900

An appraisal of the property was completed by Concord Realty Advisors with an effective date of October 6, 2017. The "As is" market value is defined as "the estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal's effective date."

The "As is" Value of the property was reported to be \$4,485,000.

The renovations of the building will exceed 100% of the property's value.

¹ Base construction costs were developed during the project's Feasibility Study phase. Final construction costs are expected to be slightly higher.

Consolidation of Meters

An electrical engineer (DuBois & King, Inc.) was engaged to assess the feasibility of consolidating meters at Central Square Terrace. Their review of existing equipment and metering was completed during the summer of 2018, and found the following:

1. The main switchboard has a junction (cable section) and four bolted pressure switches that are each fused. The manufacturer is Federal Pacific and this equipment should be replaced with new based on a number of key factors, including age, the inability to obtain replacement components, and safety.
2. There are currently four distribution panels that serve the apartments and various panel boards located in the basement electrical room for the Roxbury and Central Square apartments/common spaces and one of those distribution panels serves the rental spaces. They are all Federal Pacific panels and should be replaced.
3. Each of the apartment floors in Roxbury contains a group-metering center with 12 meters and main breaker (serving each apartment) located within the group-metering center. These can be easily converted to just main breakers for distribution on each floor with no wiring required and blanking off the meter sockets. A new meter that would serve all of the distribution panels for both the Roxbury apartments & Central Square could be installed in the basement.
4. The typical distribution for Central Square is currently on a single meter that is called Colony Block and tagged on the front of the meter.
5. Each of the Central Square floors has a distribution panel that serves the apartments on that floor. Those panels are Federal Pacific and should be replaced.
6. There are several other panels located throughout the facility that are all assumed to be Federal Pacific panels and rated either to 225 amp or 100 amp. These panels should also be replaced.
7. A reputable electrical contractor should be engaged to look at the difficulty in replacing some of this equipment during the detailed design phase. We believe for each of the distribution panels it may be fairly straightforward on a one-for-one replacement, with minimum downtime. But the main distribution switchboard may be more difficult².

² This work was completed subsequent to DuBois and King, Inc. completing the feasibility study, and integrated into the Detailed Design phase.

8. The other item to note is the fact that the existing electrical room had flooded recently, fortunately only with 12 inches of water and it appeared that all of the electrical equipment was above the flood level and there was no damage. While this might be a singular occurrence we would caution replacing this existing electrical equipment without some provisions for sealing the space with watertight doors and possibly permanent sump pumps³.

Based on the inventory of equipment and recommendations above, Bread Loaf Corporation priced out the cost to Keene Housing of the meter consolidations. The cost to install meter bypass jumpers for 72 meters at the property would be approximately \$15,000. This would result in two (2) main meters serving the property.

Benefits

1. **Cost Savings:** An energy model using Trane Trace® software was completed, and annual demand was projected for all Central Square Terrace accounts. The result was an estimated annual bill savings of \$3,618.
2. **Accounting:** KH is currently being invoiced for, paying and analyzing 74 individual meters at Central Square Terrace. Internal savings in time and resources would be realized if 72 of the meters at the property were consolidated to two master-meters. Tenants are not billed for their usage and never see a bill.
3. **Renewable energy:** KH continues to research and implement opportunities for renewable energy. A solar array is coming online at our Harper Acres property later this month. We have also recently begun planning for the installation of a solar array at Forest View Apartments. The feasibility and cost of installing a solar array on Central Square Terrace in the future is impacted by the number of meters at the property.
4. **Aging Equipment:** The distribution panels manufactured by Federal Pacific were most likely installed in 1982 and appear to be at the end of their service life. DuBois & King, Inc. are recommending an upgrade and replacement of the 35-year-old Federal Pacific distribution panels. These panels are currently located in a basement electrical room. As described earlier, the distribution panels will be relocated to the first floor as part of the electrical upgrades to Central Square Terrace.

In conclusion, Keene Housing is requesting a waiver, as recommended by the PUC, for consolidating meters at Central Square Terrace. The consolidation of meters will be integrated into the work planned for a major renovation to the property, the cost of which far exceeds 50 percent of the value of the building. Construction is scheduled to begin in

³ Final construction plans include relocating the electrical equipment from the basement to the first floor.

late January or early February 2019. This renovation project is likely the only opportunity for major infrastructure improvements at Central Square Terrace for the next thirty years, meaning that if we do not make these improvements now, it is unlikely that they will be made before 2050.

Based on the October 21, 1997 version of the master metering rule, Puc 303.02(c)(1) and (c)(2), master metering would be considered only for new construction and ***for renovations that exceed 50 percent of the value of the building.*** It was based on this ruling that PUC staff recommended that Keene Housing re-submit a waiver request for a specific property that is consistent with these parameters. We have thoroughly documented in the preceding paragraphs of this letter that this threshold is met.

We respectfully request that the PUC consider this request in a timely manner. We are in the process of putting together bid documents that will be published for prospective contractors in November. The bid documents we're preparing will be significantly affected by the exclusion or inclusion of the meter consolidation and related electrical and engineering work.

Respectfully,



Joshua Meehan
Executive Director

Attached:

1. Appendix A, Central Square Terrace Feasibility and Cost Estimate Report prepared by Stevens and Associates, P.C. (full report available upon request)
2. Cover letter, Central Square Terrace Appraisal prepared by Concord Realty Advisors (full report available upon request)