

# STATE OF NEW HAMPSHIRE

## Inter-Department Communication

 **DATE:** December 3, 2018

**AT (OFFICE):** NHPUC

**FROM:** Rich Chagnon  
Utility Analyst – Electric Division

**SUBJECT:** DE 18-158, Keene Housing  
Petition to Waive Puc 303.02; Master Metering  
Central Square Terrace Property

**TO:** Commissioners  
Debra Howland, Executive Director

**CC:** Tom Frantz, Director, Electric Division  
Amanda Noonan, Director, Consumer Services and External Affairs  
Les Stachow, Assistant Director, Electric Division  
Mary Schwarzer, Staff Attorney

### Summary

On October 18, 2018, Keene Housing (KH), a subsidized public housing agency in Keene, New Hampshire, filed a request for waiver of N.H. Code Admin. Rules Puc 303.02 (master metering rule) with respect to KH's Central Square Terrace property located at 5 Central Square in Keene. Central Square Terrace includes two adjoining buildings, the Roxbury and the Colony Block... Central Square Terrace provides affordable housing for elderly and disabled residents with low and moderate incomes.

Staff recommends that the Commission approve the master metering rule waiver request for KH's Central Square Terrace property, as clarified in KH's October 24, 2018 filing, and that the waiver be in effect for so long as the property remains subsidized public housing for low and moderate income households.

### Background

KH is a Section 8 and public housing agency in Keene, New Hampshire. KH provides affordable housing for low and moderate-income households in the Monadnock region. Residents at Central Square Terrace pay 30 percent of their income (adjusted for medical costs, etc.) each month; the federal Department of Housing and Urban Development (HUD) makes up the difference between the residents' rent share and each unit's contract

rent. KH currently pays residents' utilities (with the exception of air conditioning expenses).

KH has a commitment to reducing its carbon footprint and wishes to reduce its utility operating expenses. KH states that, in addition to the environmental benefits, reducing its energy and water consumption will free up much needed funds for programming, as well as for developing new affordable housing units and maintaining its existing portfolio.

In Docket No. DE 18-019, KH filed a request for a waiver for four properties managed by KH, including the Central Square Terrace property, and consisting of 20 buildings, with a total of 189 apartments (248 electric utility accounts in total). KH's original request for a waiver of Puc 303.02 was intended to lower its electric utility and heating costs by eliminating the separate charges on each residential meter by replacing the existing residential and commercial meters with master meters in each building.

Commission Staff filed a memorandum recommending that the Commission deny KH's waiver request. Staff concluded that the master metering rule was never intended for the consolidation of existing residential meters as a way to reduce costs through changing the rate at which existing accounts are metered and billed.

On July 27, 2018, the Commission issued a secretarial letter denying KH's request for a waiver of Puc 303.02. In that letter, the Commission stated that

A waiver of the rule is not intended to permit the replacement of individual meters with master meters in multi-unit residential buildings in order to be billed through a different rate class, as KH appears to request. In the event that KH undertakes significant renovations of any of its buildings or builds new facilities to accommodate low-income housing, it may resubmit a request for a waiver of the master metering rule at that time.

In the instant filing, KH has elected to submit a waiver request for one specific property, and explains that it has undertaken significant/substantial renovations to the Central Square Terrace property including many energy efficiency improvements. After the renovations are complete, KH will continue to pay all of the tenants' electric utility charges, including air conditioning expenses.

On October 24, 2018, KH filed a letter clarifying that its waiver request is to combine the following electrical services to one master meter:

- The 70 residential units in the Roxbury building which are currently individually metered.
- The 1 commercial meter which currently serves the common areas for the Roxbury building.
- The 1 commercial meter which currently serves the 20 residential units and the common areas for the Colony Block building.

## **Keene Housing (KH)**

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 is approximately \$6.137 million, and exceeds 50 percent of the value of the building which is appraised at \$4.485 million. Accordingly, the proposed construction must meet the current Building Energy Code, inclusive of the energy efficiency requirements contained therein.

The Roxbury units (70) are currently individually metered and are billed to KH. The Colony Block units (20), along with the common area for the Colony Block are metered through one of the four (4) commercial rate meters on this property that are billed to KH. The other three meters serve the facility as follows: one is for the common area of the Roxbury; one is for a commercial kitchen; and one common meter is labeled as "other." As clarified in KH's October 24<sup>th</sup> letter, only the first two of these four meters listed above are being consolidated along with the 70 Roxbury units in this master metering rule waiver request. All other meters at this location, which include the last two existing commercial rate meters listed above, will continue to be billed to KH and are not included in the new master meter being requested. There are also an additional six (6) existing commercial rate meters which serve individual commercial business units within the facility, not billed to KH, which will remain as is.

As a part of this renovation project, all of the electrical distribution panels, which are over 35 years old, are being replaced. The existing meter boxes (Roxbury units) will remain in place, and meter bypass jumpers will be installed. All electrical power serving residential tenants at the Roxbury and Colony Block will be metered through the one master meter.

Included in the renovations of each unit will be the following energy efficiency improvements: replacing existing light fixtures with high-efficiency LEDs; installing ENERGY STAR rated appliances; using low flow plumbing fixtures throughout; and 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 KH having the ability to choose either heating or cooling.

KH confirmed to Staff that it currently pays all electric utility charges for the Roxbury and Colony Block residential tenants, except that residents who install window air conditioning (AC) units in the cooling months are charged \$22/month for excess energy costs. After the renovation project is completed, KH will continue to pay all electric utility charges. All residents will be provided AC in cooling months via the heat-pumps, and no resident will be charged the excess energy fee for air conditioning.

KH's plan to consolidate meters will be integrated into the work planned for the major renovations to the Central Square Terrace property, the cost of which far exceeds 50

percent of the value of the building. Construction is scheduled to begin in late January or early February 2019. The base construction cost of \$6,137,900 was developed during the Feasibility Study phase of the project. KH expects the final construction costs to be slightly higher than that amount. An appraisal of the property completed October 2017 resulted in a reported "as is" value at \$4,485,000.

### **Eversource**

In Docket No. DE 18-019, Eversource objected to KH's proposed blanket rule waiver request for a number of reasons. Staff contacted Eversource regarding the metering configuration proposed in the current waiver request, and Eversource informed Staff that it takes no position on this master metering rule waiver request.

### **Analysis**

The Master Metering Rule, Puc 303.02, provides as follows:

- (a) No utility shall install master metering in a building with multiple dwelling units. The energy in each dwelling unit in such a building shall be separately metered;
- (b) A utility shall only install master metering in commercial buildings and as consistent with the International Energy Conservation Code 2009 (Code) as adopted pursuant to RSA 155-A:1,IV; and
- (c) Hotels, motels, dormitories, boarding houses and time-sharing interests in condominiums as defined in RSA 356-B:3 shall not be considered a dwelling unit within the meaning of Puc 303.02(a) above.

The Waiver of Rules, Puc 201.05, provides as follows:

- (a) The commission shall waive the provisions of any of its rules, except where precluded by statute, upon request by an interested party, or on its own motion, if the commission finds that: (1) The waiver serves the public interest; and (2) The waiver will not disrupt the orderly and efficient resolution of matters before the commission.
- (b) In determining the public interest, the commission shall waive a rule if: (1) Compliance with the rule would be onerous or inapplicable given the circumstances of the affected person; or (2) The purpose of the rule would be satisfied by an alternative method proposed.
- (c) Any interested party seeking a waiver shall make a request in writing, except as provided in (d) below.
- (d) The commission shall accept for consideration any waiver request made orally during a hearing or pre-hearing conference.
- (e) A request for a waiver shall specify the basis for the waiver and proposed alternative, if any.

Staff notes there are many differences between KH's current master metering rule waiver request and the request denied in Docket No. DE 18-019: only one property is included in this waiver request, rather than a blanket waiver covering all properties; the metering configuration is significantly different; KH is undertaking substantial renovations, including a number of energy efficiency improvements; and Eversource has been notified of the current meter configuration and has confirmed it takes no position on the pending waiver.

The purpose of the master metering rule is to incentivize energy conservation and efficiency. Here, that purpose will be met by the alternate method of making the building's envelope energy-efficient and through the installation of a number of energy-efficient mechanical, lighting, and power systems. In addition, the objective of the master metering rule to incentivize customer energy conservation through individual metering is diluted in this case because tenants do not pay their own utility bills.

Staff notes that in most waiver requests: the primary savings are due to avoiding constructions costs associated with installing or retrofitting individual meters; the construction includes energy efficiencies; and tenants do not pay their own utilities, which are included in rent. This is the first waiver request in which Staff supports the consolidation of existing individual meters to a master meter configuration with primary savings due to resulting changes in rate and service charges. At the same time, consistent with other recommended waivers, the proposed construction includes energy efficiencies, and tenants do not pay their own utilities, although they retain some ability to elect heat settings.

Consistent with Puc 201.05, Staff concludes that the waiver would serve the public interest by satisfying the purpose of the rule through an alternative method, i.e., the installation of a number of energy efficient mechanical, lighting, and power systems in connection with substantial building renovations; and the waiver would not disrupt the orderly and efficient resolution of matters before the Commission.

### **Recommendation**

Based on the foregoing analysis, Staff recommends that the Commission grant the request for a waiver of the Master Metering Rule in Puc 303.02 for KH's Central Square Terrace property as clarified in KH's October 24, 2018 filing, and that the waiver be in effect for so long as that property remains subsidized public housing for low and moderate income households. If KH's Central Square Terrace property is no longer operated as described at some future time, then the waiver should no longer be effective and KH should be required to: reset individual electric meters in the Roxbury building; return the Colony Block building to its 2017 status, and promptly notify the Commission and Eversource of the changes.

**SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED**

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**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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Docket #: 18-158-1      Printed: December 04, 2018

**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  
EXECUTIVE DIRECTOR  
NHPUC  
21 S. FRUIT ST, SUITE 10  
CONCORD NH 03301-2429
- 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.