

STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: February 8, 2021
AT (OFFICE): NHPUC

FROM: Stephen R. Eckberg, Utility Analyst, Electric Division RC
SUBJECT: Docket No. DE 20-065
Visions for Creative Housing Solutions, Inc. Request to Waive Puc 303.02
TO: Commissioners
Debra A. Howland, Executive Director
CC: Tom Frantz, Director, Electric Division
Rich Chagnon, Assistant Director, Electric Division
Amanda Noonan, Director, Consumer Services & External Affairs
Mary Schwarzer, Staff Attorney

Summary

On May 5, 2020, Visions for Creative Housing Solutions, Inc. filed a request for waiver of N.H. Admin. Rules Puc 303.02 (the master metering rule), related to its purchase and renovation of property at 12 Green Street in Lebanon. The project will renovate two buildings on the property to provide supportive housing for adults with special needs whose incomes are below 50% of the area median income. The request is seeking permission to install one master meter for each building rather than installing individual meters for each separate living unit as would otherwise be the practice. Staff recommends that the waiver request be granted for one building, for the reasons explained below. The utility has concluded that the second building does not require a waiver. Accordingly, Staff concludes that the request for a second waiver need not be addressed.

Background

Visions for Creative Housing Solutions Inc. (Visions), a 501(c) 3 non-profit housing organization¹, has purchased and, according to its petition, plans to renovate two multifamily housing buildings located at 12 Green Street in Lebanon to create a supported living environment for adults with special needs. The plan will create four two-bedroom apartments in the first building (Building # 1) and a fifth two-bedroom living unit in the second building (Building #2). The Building #2 will also include a common area, a large shared kitchen/dining room, a space for administrative offices, and accommodations for overnight staffing. *See* Petition (May 5, 2020).

Staff understands from Visions that it closed on the purchase of the property on July 23, 2020.

In its request, Visions states that the purchase and renovation of the buildings are being financed by the New Hampshire Housing Finance Authority (NHHFA) using National Housing Trust Fund monies and the Federal Home Loan Bank of Boston. The housing units being developed will be reserved for adults with developmental disabilities with incomes below 50% of area median income.

¹ <http://www.visionsnh.org>

To ensure that the housing continues to serve the special needs population over the long term, NHHFA will require, as a condition of the financing provided, that Visions record a Land Use Regulatory Agreement (LURA) with the Grafton County Registry of Deeds for the property. The LURA ensures compliance with the restrictions for the housing units for a period of 30 years. Visions states that all utility costs will be included in the rent, including heat, hot water, and electricity. Visions will pay the actual utility bills for both buildings. Residents will pay a fixed amount of approximately \$700 per month to cover their room and board, including utilities.

Visions states the project is on a very tight budget and that the additional costs needed to provide individual meters, approximately \$5,000, would not provide any incremental benefit to the project or its residents. Visions' petition states that spending money to individually meter each apartment in the first building would also "likely result in some other critical component of the renovation being sacrificed." *See* Petition.

Liberty Utilities

A Visions representative contacted Liberty Utilities (Liberty) regarding the master metering configuration proposed in the current waiver request. At the time, Liberty informed Visions that it supported this request for a waiver of the master metering rule for both buildings. Thereafter, however, Liberty informed Staff that the second building, containing a two-bedroom living unit for residents, administrative offices, accommodations for overnight staff and a large common area including a kitchen/dining room, does not need a waiver in order to be master metered.

Analysis

The Master Metering Rule, N.H. Admin. Rules 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 2009² (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, N.H. Admin. 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 New Hampshire Energy Code was updated to the 2015 International Energy Conservation Code effective September 15, 2019. *See* RSA 155-A:1:IV; NH Admin R. Puc 303.02(b) and 306.1(b)(2).

(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.

In the absence of the requested waiver, each of the four residential apartments in the first building would be required to be individually metered.

The purpose of the master metering rule is to incentivize energy conservation and efficiency by providing each residential unit with information about its energy consumption and cost. Here, that purpose will be met by the alternate method of making Building #1's shell more energy-efficient and through the installation of a number of energy efficient mechanical, lighting and power systems beyond Code requirement. In addition, the cost savings attributed to avoided construction costs associated with the wiring necessary for installation of individual meters will support investment in energy efficiency upgrades. Staff also considered that tenants will not be directly responsible for their own utility bills so that individual electric meters will not necessarily incentivize conservation or efficiency.

The project plan includes energy efficient improvements for Building #1 in the estimated amount of \$47,620 which exceed current energy code requirements and which will reduce the energy related operating costs of the project. These include:

- New replacement windows and doors with U value ≤ 0.25 where the code requirement is only $U \leq 0.32$;
- Attic insulation to a minimum of R60 which exceeds the 2015 Energy Code requirement of R49;
- Wall insulation to R24 which exceeds the 2015 Energy Code requirement of R20 (includes building second stud wall to increase wall thickness beyond existing 4" cavity);
- High efficiency Mitsubishi Air Source Heat Pumps (ASHP) w/wireless interface to allow off-site building management to monitor, control, and adjust system set points;
- LED lighting fixtures both interior and exterior. Common area lighting will include controls which dim lighting to 30% when unoccupied and power up to 100% upon motion detection;
- All appliances will be EnergyStar rated. Refrigerators will be supplied through NHSaves Home Energy Assistance (HEA) program which serves income-eligible households;
- Energy Recovery Ventilation (ERV) units will provide required air changes per hour for health and safety in remodeled buildings which are planned to be more air-tight than required by the Energy Code.

Energy efficient improvements beyond Code requirements will also be made to Building #2 in the estimated amount of \$34,400. These totals do not include the cost of EnergyStar refrigerators, which are being supplied through NHSaves Home Energy Assistance (HEA) program which provides energy efficiency services and products at no cost to participating income-eligible households and projects.

Consistent with Puc 201.05 and prior master meter waiver requests granted, Staff concludes that this waiver would serve the public interest by satisfying the purpose of Puc 303.02 through an alternative method, i.e. the installation of significant energy efficient enhancements to insulation, mechanical, lighting, and heating systems in lieu of installing individual meters in each unit. This alternative method, in conjunction with allowing Visions to avoid costs associated with wiring and installation of separate electric meters will not disrupt the orderly and efficient resolution of matters before the Commission.

Staff Recommendation

Based on the foregoing analysis, Staff recommends that the Commission grant the request for a waiver of the Master Metering Rule, Puc 303.02, for Visions' Building #1 at 12 Green Street in Lebanon, i.e. the building that will contain four separate two-bedroom apartments.

In the opinion of Liberty, the electric utility providing service to the buildings at issue, the second (multiple use) building does not require a waiver in order for it to be master metered. Accordingly, Staff concludes the request for a second waiver need not be addressed.

If, in the future, Visions no longer operates the property as described above, or if Visions does not make the energy efficiency updates identified in their request and as supplemented by their data responses, Staff recommends that waiver should no longer be effective and Visions should be required to install the electrical infrastructure necessary to meter individual units in Building #1, and to promptly notify the Commission and Liberty Utilities of those changes.

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