

# DIVIDER

STATE OF NORTH DAKOTA  
INFORMATION TECHNOLOGY DEPARTMENT  
SFN 2053 (4-2002)

**PU-07-752**  
**Shorestone Development**  
**Master Meter Waiver**  
**Approval**  
**Filed 11/9/2007**      **Closed 5/12/2008**

07

STATE OF NORTH DAKOTA  
PUBLIC SERVICE COMMISSION

Shorestone Development  
Master Meter Waiver  
Approval

Case No. PU-07-752

AFFIDAVIT OF SERVICE BY ORDINARY MAIL

STATE OF NORTH DAKOTA  
COUNTY OF BURLEIGH

Claire Tipton deposes and says that:


she is over the age of 18 years and not a party to this action and, on the 4<sup>th</sup> day of February, 2008, she deposited in the United States Mail, Bismarck, North Dakota, one envelope by first class mail, fully prepaid, securely sealed and containing a photocopy of:

**Order**

The envelope was addressed as follows:

Tamie Aberle  
Montana Dakota Utilities  
400 N. 4<sup>th</sup> Street  
Bismarck, ND 58501

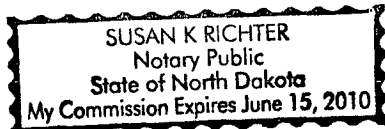
Each post office address shown is the respective addressee's last reasonably ascertainable mailing address.

  
\_\_\_\_\_

Subscribed and sworn to before me  
this 4<sup>th</sup> day of February, 2008.

  
\_\_\_\_\_  
Notary Public

SEAL



**STATE OF NORTH DAKOTA  
PUBLIC SERVICE COMMISSION**

**Shorestone Development  
Master Meter Waiver  
Approval**

**PU-07-752**

**ORDER**

**January 30, 2008**

On November 9, 2007 Shorestone Development filed a petition to master meter electric service for heating and cooling a new 44-plex apartment building being constructed at 2201 21<sup>st</sup> St. SE in Mandan, ND. Shorestone plans to install a single meter for metering separate combination heating/cooling units in each apartment. Shorestone would install separate meters for each apartment's remaining electric usage. Electric service to the building is to be provided by Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc. (MDU).

North Dakota Administrative Code section 69-09-02-37 generally prohibits master metering, but provides that the Commission may approve a petition for master metering if "the owner or builder effectively demonstrates to the satisfaction of the Commission that the costs of purchasing and installing separate meters in such building exceed the long run benefits of separate metering to the customers in such building."

69-09-02-37. Electric master metering prohibited - Exception.

1. Applicability. This section is applicable to any new or substantially remodeled commercial or residential building containing more than one unit or any other multiple use facility in which the occupant of each unit has control over a portion of the electric energy used in the building or facility. This section is applicable to those buildings or facilities on which construction or substantial remodeling is commenced on or after November 1, 1980. This section is not applicable to hotels, motels, dormitories, nursing homes, homes for the elderly, or similar facilities, or to low income rental housing in which the cost of electricity is included in the rent and where the amount of the rental payment is based upon the tenant's ability to pay.
2. Master metering of electric service in new or substantially remodeled buildings is prohibited, except to the extent determined appropriate by the commission pursuant to subsection 3.
3. An owner or builder of a new or substantially remodeled building may petition the commission for approval of master metering of electric service. The commission may approve the petition if the owner or builder affirmatively demonstrates to the satisfaction of the commission that the costs of purchasing and installing separate meters in such building exceed the long-run benefits of separate metering to the customers in such building.

Shorestone asserts that heating and cooling are basic needs with limited potential for conservation such that any long-run benefits of separate metering would be minimal compared to the costs.

Shorestone's engineering consultant estimates the initial capital cost for installing larger meter sockets and panels to carry the additional electric load for heating and cooling each apartment through 44 separate meters to be approximately \$30,000 more than the costs for installing a master meter.

Shorestone contends that the costs of purchasing and installing separate meters includes the loss of ongoing electric cost savings to tenants expected from master metering under MDU's General Electric Space Heating Rate 32.

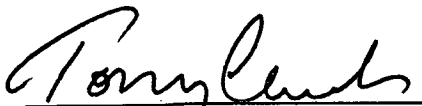
Having considered this matter, the Commission finds that Shorestone has affirmatively demonstrated to the satisfaction of the Commission that the ongoing costs of purchasing and installing separate meters exceed the long-run benefits of separate metering.

### Order

The Commission Orders:

1. The petition of Shorestone Development to master meter electric service is GRANTED.
2. Shorestone is reminded that both sub-metering and resale of electricity are prohibited under section 69-09-02-15 of the North Dakota Administrative Code.


### PUBLIC SERVICE COMMISSION



Tony Clark  
Commissioner



Susan E. Wefald  
President



Kevin Cramer  
Commissioner

**APPROVED**

DATE: 1-30-08  
EQ

**MOTION**

**January 30, 2008**

**Shorestone Development  
Master Meter Waiver  
Approval**

**Case No. PU-07-752**

I move the Commission adopt the Order granting Shorestone Development's petition to master meter electric service, Case No. PU-07-752.

JRL

**STATE OF NORTH DAKOTA  
PUBLIC SERVICE COMMISSION**

**Shorestone Development  
Master Meter Waiver  
Approval**

**PU-07-752**

**ORDER**

**January 30, 2008**

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2. Master metering of electric service in new or substantially remodeled buildings is prohibited, except to the extent determined appropriate by the commission pursuant to subsection 3.
3. An owner or builder of a new or substantially remodeled building may petition the commission for approval of master metering of electric service. The commission may approve the petition if the owner or builder affirmatively demonstrates to the satisfaction of the commission that the costs of purchasing and installing separate meters in such building exceed the long-run benefits of separate metering to the customers in such building.

Shorestone asserts that heating and cooling are basic needs with limited potential for conservation such that any long-run benefits of separate metering would be minimal compared to the costs.

Shorestone's engineering consultant estimates the initial capital cost for installing larger meter sockets and panels to carry the additional electric load for heating and cooling each apartment through 44 separate meters to be approximately \$30,000 more than the costs for installing a master meter.

Shorestone contends that the costs of purchasing and installing separate meters includes the loss of ongoing electric cost savings to tenants expected from master metering under MDU's General Electric Space Heating Rate 32.

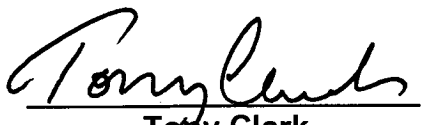
Having considered this matter, the Commission finds that Shorestone has affirmatively demonstrated to the satisfaction of the Commission that the ongoing costs of purchasing and installing separate meters exceed the long-run benefits of separate metering.

### Order

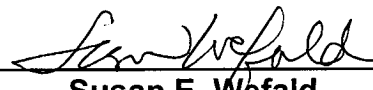
The Commission Orders:

1. The petition of Shorestone Development to master meter electric service is GRANTED.
2. Shorestone is reminded that both sub-metering and resale of electricity are prohibited under section 69-09-02-15 of the North. Dakota. Administrative Code.

### PUBLIC SERVICE COMMISSION



Tony Clark  
Commissioner



Susan E. Wefald  
President



Kevin Cramer  
Commissioner

**North Dakota Public Service Commission**  
**INFORMAL HEARING**  
**January 16, 2008**

**Shorestone Development**  
**Master Meter Waiver**  
**Approval**

**PU-07-752**  
**Filed: 11/9/07**

**Summary of Proposal:** Shorestone Development requests to master meter electric service for heating and cooling a new 44-plex apartment building being constructed at 2201 21<sup>st</sup> St. SE in Mandan, ND. Shorestone wants to install one 800 amp, single-phase electric service to power separate combination heating/cooling units for each apartment. Shorestone would install separate meters for each apartment's remaining electric usage. Electric service to the building is to be provided by MDU.

**Recommendation:** Shorestone's engineering consultant estimates the proposed master metering would save approximately \$30,000 in wiring costs and staff estimates additional annual energy cost savings of up to \$9,000. Therefore, it appears the costs of purchasing and installing separate meters, including the loss of savings expected from master metering, would exceed the long-run benefits of separate metering and the petition should be granted.

**Discussion:** N.D. Admin. Code section 69-09-02-37 provides that the Commission may approve a petition for master metering if *"the owner or builder effectively demonstrates to the satisfaction of the Commission that the costs of purchasing and installing separate meters in such building exceed the long run benefits of separate metering to the customers in such building."*

**69-09-02-37. Electric master metering prohibited - Exception.**

1. *Applicability. This section is applicable to any new or substantially remodeled commercial or residential building containing more than one unit or any other multiple use facility in which the occupant of each unit has control over a portion of the electric energy used in the building or facility. This section is applicable to those buildings or facilities on which construction or substantial remodeling is commenced on or after November 1, 1980. This section is not applicable to hotels, motels, dormitories, nursing homes, homes for the elderly, or similar facilities, or to low income rental housing in which the cost of electricity is included in the rent and where the amount of the rental payment is based upon the tenant's ability to pay.*

2. *Master metering of electric service in new or substantially remodeled buildings is prohibited, except to the extent determined appropriate by the commission pursuant to subsection 3.*

3. *An owner or builder of a new or substantially remodeled building may petition the commission for approval of master metering of electric service. The commission may approve the petition if the owner or builder affirmatively demonstrates to the satisfaction of the commission*

*that the costs of purchasing and installing separate meters in such building exceed the long run benefits of separate metering to the customers in such building.*

Shorestone's engineering consultant estimates the initial capital cost for installing larger meter sockets and panels to carry the additional electric load for heating/cooling each apartment through 44 separate meters to be approximately \$30,000 more than the costs for installing a master meter.

Shorestone calculated additional annual electric bill savings of \$14,262.84 from taking master metered service under MDU's General Electric Space Heating Rate 32. However, Shorestone appears to have neglected to consider summer demand charges that would result from master metering of the cooling load. Staff revised estimate, including summer demand charges, indicates an approximate annual net decrease of up to \$9,000 in total electric costs if the building is master metered for both heating and cooling as proposed.

**Prepared by:** Jerry Lein

**North Dakota Public Service Commission**  
**INFORMAL HEARING**  
**January 16, 2008**

**Shorestone Development**  
**Master Meter Waiver**  
**Approval**

**PU-07-752**  
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**Prepared by:** Jerry Lein

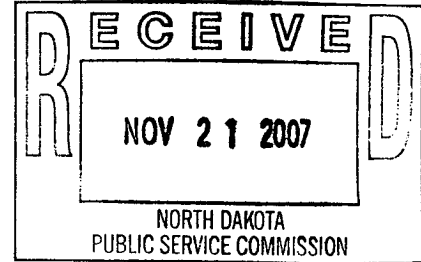


**TOMAN ENGINEERING COMPANY**  
**CONSULTING CIVIL & ENVIRONMENTAL ENGINEERS**

501 1ST STREET N.W. • MANDAN, NORTH DAKOTA 58554 • 701-663-6483 • FAX 701-663-0923

November 20, 2007

Ms. Ilona Jeffcoat-Sacco  
Executive Director  
Public Service Commission  
State Capital  
600 East Blvd., Dept. 408  
Bismarck, ND 58505



RE: Additional Information for Submitted Petition for an Exception to the ND  
Administrative Code 69-09-02-37, Case #TU-07-752, TECO#7543

Dear Ms. Jeffcoat-Sacco;

On November 7<sup>th</sup>, I submitted a "Petition for an Exception to the ND Administrative Code 69-09-02-37" to the Public Service Commission for their review. It has come to my attention that additional information is needed to complete this petition. I have discussed the additional information needed with Mr. Jerry Lein of your office and have provided the information he requested below:

1. Identify Applicant:

The applicant for this petition is:  
Shorestone Development  
Attn: Mr. Mark Payne  
4654 Amber Valley Parkway  
Fargo, ND 58104

2. Signature authorization:

Toman Engineering Company is the engineering firm representing Shorestone Development who has authorized me to develop, submit, and sign this petition.

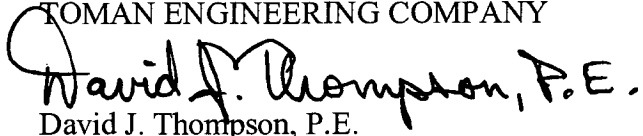
3. Who to send the decision to:

Please send the Commission decision to the applicant at the above address.

I hope that this information clarifies any questions regarding this petition. One other thing to note that was not included in the original petition was that the heating unit is also the air conditioning unit. If you need any additional information please contact me at 663-6483.

Sincerely,

TOMAN ENGINEERING COMPANY

A handwritten signature in black ink that reads "David J. Thompson, P.E.". The signature is written in a cursive style with a large initial "D".

David J. Thompson, P.E.

Engineer

Cc: Shorestone Development

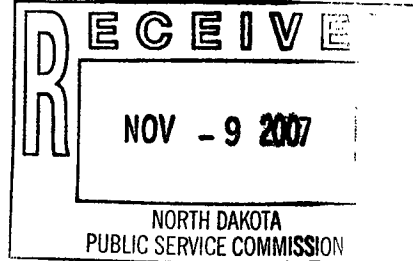


**TOMAN ENGINEERING COMPANY**  
**CONSULTING CIVIL & ENVIRONMENTAL ENGINEERS**

501 1ST STREET N.W. • MANDAN, NORTH DAKOTA 58554 • 701-663-6483 • FAX 701-663-0923

November 7, 2007

Ms. Ilona Jeffcoat-Sacco  
Executive Director  
Public Service Commission  
State Capital  
600 East Blvd., Dept. 408  
Bismarck, ND 58505



RE: Petition for an Exception to the ND Administrative Code 69-09-02-37

Dear Ms. Jeffcoat-Sacco;

Enclosed please find an original and seven copies of a "Petition for an Exception to the ND Administrative Code 69-09-02-37" by Shorestone Development to allow for master metering of heat in a new apartment building that Shorestone Development is currently constructing in Mandan, North Dakota. Once you have had a chance to review this petition and need any additional information please call me at 701-663-6483. As this building is currently under construction and the electrical contractor is beginning electrical work, any action to have this matter resolved as quickly as possible would be greatly appreciated.

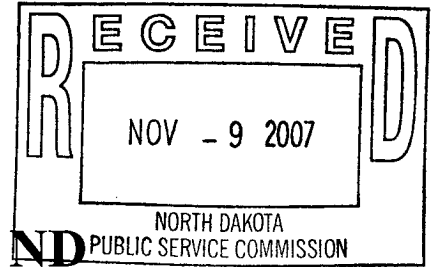
Sincerely,

TOMAN ENGINEERING COMPANY

*David J. Thompson, P.E.*

David J. Thompson, P.E.  
Engineer

Cc: Shorestone Development



## **Petition for an Exception to the ND Administrative Code 69-09-02-37**

To Whom It May Concern,

Shorestone Development is currently in the process of constructing an apartment building at 2201, 21<sup>st</sup> Street SE, in Mandan, North Dakota. Shorestone Development would like to install a single electrical service (800 amp single phase service) for heating the entire apartment building. This would allow the residences of the apartment building to take advantage of Montana Dakota Utilities Co.'s less expensive general electric space heating service rate 32, as opposed to the higher residential electrical service rate 10 pricing. Shorestone Development believes the potential cost savings to be significant. The current costs for the MDU rates are as follows:

### Residential Electric Service Rate 10

Base Rate: \$ 5.50 per month

Energy Charge: October – May

First 750 Kwh per month 6.830 ¢ per Kwh

Over 750 Kwh per month 3.431 ¢ per Kwh

Energy Charge: June – September 6.830 ¢ per Kwh

### General Electric Space Heating Service Rate 32

Base Rate \$ 10.00 per month

Energy Charge: October – May 3.255 ¢ per Kwh

Based on past electrical usage rates, a 1,087 square foot average size apartment could expect to use approximately 993 Kwh for heat per month on an average winter. Applying the rated charged by MDU above, this would translate into an electrical cost, if master metered as follows:

Basic Charge:	\$ 10.00
993 Kwh x 44 units = 43,692 Kwh x .03255	\$1,422.17
Total monthly charge	\$1,432.17

If each of the 12 individual units had meters combined for basic electrical usage and heat the cost would be as follows:

Basic Charge	\$ 0.00
750 Kwh x 44 units = 33,000 Kwh x .06830	\$2,253.90
243 Kwh x 44 units = 10,692 Kwh x .03431	<u>\$ 366.84</u>
Total monthly charge	\$2,620.74

As you can see the cost difference to the individual renters would be significant.

In addition to the significant monthly savings, the cost of upgrading to larger meter sockets and larger panels to carry the additional electric load for heating to each individual apartment, would add approximately \$30,100 to the project. Shorestone Development only intends to master meter heat, not general lighting, small appliances, air conditioning, etc. As a result, the individual tenants would not receive an incentive to waste electricity on discretionary things such as general lighting, small appliances, air conditioning, etc. The individual tenants will still pay the cost of electricity for these uses. Here, Shorestone Development only intends to master meter a basic need of each tenant – heat. By doing so, Shorestone Development, the building owner can expect to save on a monthly basis during winter months approximately \$ 27.01 per unit. As a result, there would not be any benefit to separate metering the customers in the building being constructed by Shorestone Development. The cost of purchasing and installing separate meters would clearly exceed the long run benefits (in this case a negative) of separate metering.

Shorestone Development is quite anxious to have this matter resolved as soon as possible to avoid delays in construction. As a result, Shorestone Development would respectfully request expedited treatment of this petition. Please contact David Thompson of Toman Engineering at 701-663-6483 with any questions you may have regarding this petition.