

Capital Square Bismarck, LLC

1555 43rd Street South, Suite 203

Fargo, North Dakota 58103

701-492-6123

April 2, 2012

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Mr. Darrell Nitschke, Director of Administration
ND Public Service Commission
600 East Boulevard Avenue
Bismarck, ND 58505-0480

PUBLIC SERVICE COMMISSION

Re: Petition to Master Meter Office Space
Electric Service at
Capital Building One
4501 Coleman Street
Bismarck, ND 58502

Dear Mr. Nitschke:

We are seeking a petition for a waiver to provide a master meter on the electrical service on the above referenced building, in lieu of multiple meters as described in section 69-09-02-37, of the North Dakota Century Code. The building in question is a 29,385 SF office building, being constructed this summer in north Bismarck.

The design intent for the above project is to provide one metered electrical service to the building. One service would be in place to service the building, with electrical service invoiced back to the tenants in the form of a C.A.M. charge ("common area maintenance" charge). All energy charges would be accounted for based upon square footage of space leased.

Our firm has a history of constructing office buildings with multiple tenants, and both leasing and managing the properties upon completion. We are currently marketing the above building for lease. We will have multiple tenants with a minimum square footage requirement of 1,000 SF. All our anticipated leases will be written in the "triple net lease" format, which includes all utilities being billed back in the form of CAM charges. These CAM charges will include property taxes, snow removal, lawn care, janitorial maintenance, general maintenance, water, gas, and electricity. The CAM charges will be billed back to each tenant based upon their percentage of leased space within the entire building.

Triple Net Leases with C.A.M. charges are typical for an office building of this size for a number of reasons:

- The long term costs of separate metering exceed any benefits derived.
- Most leases are of short duration (5 year leases). The initial leases as well as the ongoing different size space requirements would create a financial burden on the

Land, Landlord, with the final financial burden placed on the Tenant, in the form of increased rents.

- Most office tenants are subject to rapid growth or downsizing. Master metering allows more flexibility in meeting this ongoing change in demand of space requirements at a reduced cost.
- The building referenced will be highly energy efficient. We will be utilizing as much "green technology" as possible, with low energy usage lights, and a Daikin electric VRV heating and cooling system. The utilization of the "green technology" will allow us to closely monitor all energy consumption. This system is engineered to be a "shared system", hence, multiple metering would be impractical.
- We are currently estimating, budgeting and marketing the total CAM charges for this building, at \$4.00 per square foot.
- We believe the precedence for master metering has been set and has been in place for some time. Examples of master metered buildings with multiple tenants include the Fargo Federal Courthouse Building and the Fargo Federal (Post Office) Building, both of which are owned and operated by the General Services Administration, and leased to numerous tenants. Furthermore, there are numerous private buildings in Fargo, and throughout the State, which are master metered similar to our proposed Capital Building One, in Bismarck.

Master metering has been an ideal solution for new construction in office buildings, where these office buildings are planned to house short term tenants, with like office needs, and ever changing space requirements. We anticipate all our tenants having similar utility needs, and they would appreciate a CAM charge that would facilitate their need and utilization of setting and following monthly budgets. Including electric charges in these CAM charges, will take away one more uncertainty in their monthly budgets.

In summary, multiple metering in this office building would add to the upfront costs of construction. These costs would need to be passed on to the end user. Multiple metering does not offer any direct savings to the end user. Long term costs of multiple metering exceed any and all benefits to the end user. Master metering provides the flexibility needed to insure the best and most efficient rental space today and in the future.

For the reasons listed above, we respectfully submit this petition to the North Dakota Public Service Commission and ask a waiver, pursuant to **Subsection 3 of Section 69-09-02-37** of the **North Dakota Century Code**. Due to the fact that we wish to soon begin construction of this building, we request our petition be reviewed as soon as possible.

I respectfully thank you in advance for your quick attention to this matter.

Sincerely,



Robert H. Leslie, President
Capital Building One Bismarck, LLC