

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**Capital Building One Bismarck, LLC
Master Meter Waiver
Approval**

Case No. PU-12-135

ORDER

April 25, 2012

On April 2, 2012, Capital Building One Bismarck, LLC, a subsidiary of Lextar Construction, a property management and real estate development company out of Fargo, has filed a petition to master meter electric service at a 29,385 sq. ft. office building to be constructed this summer at 4501 Coleman Street in north Bismarck. Capital Building One plans to provide one master-metered electrical service to serve the entire building. 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.

Capital Building One provided an engineering cost estimate indicating the increased costs of purchasing separate meters to be somewhere around \$13,000 more than the cost of a master meter plus un-quantified costs of installation and building space for the additional meters and electrical panels, plus ongoing additional MDU customer charges of up to approximately \$4,000 per year.

Capital Building One points out that most office tenants are small businesses subject to rapid growth or downsizing. As a result, Capital Building One expects to configure office spaces to meet the needs of tenants such that separate metering would result in additional on-going costs for rewiring.

Capital Building One contends that the building will be highly energy efficient so that any conservation improvement resulting from separate metering would be minimal. The building will incorporate an energy efficient Daikin electric VRV (Variable Refrigerant Volume) heating and cooling system with air-to-air heat pumps and fan systems engineered to be a shared system such that separate metering would be impractical.

Having considered this matter, the Commission finds that Capital Building One 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

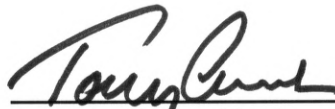
The Commission Orders:

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

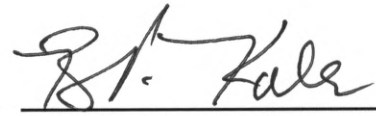
PUBLIC SERVICE COMMISSION



Kevin Cramer
Commissioner



Tony Clark
Chairman



Brian P. Kalk
Commissioner