

North Dakota Public Service Commission
INFORMAL HEARING
April 11, 2012

Capital Building One Bismarck, LLC
Master Meter Waiver
Approval

PU-12-135
Filed: 4/2/12

Summary of Proposal: 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.

Recommendation: It appears that the costs of purchasing and installing separate meters for the buildings leasable office space, including the costs of ongoing rewiring when tenants or needs change, would exceed the long-run benefits of separate metering. Therefore, I recommend the petition 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.

Capital Building One provided an engineering cost estimate indicating the increased costs of purchasing separate meters to be somewhere around \$13,000 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 plans that expenses such as property taxes, snow removal, lawn care, maintenance, utilities, etc. would be billed back to tenants in the form of CAM charges, currently expected to be approximately \$4 annually per square foot.

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.

Capital Building One states in summary that multiple metering would add to the upfront costs of construction. These increased 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.

Capital Building One wishes to begin construction in early May and requests its petition be reviewed as soon as possible.

Prepared by: Jerry Lein