February 2, 2016

Public Utilities Commission
Attn: Darren Kearney
Capitol Building 1st Floor
500 E. Capitol Ave.
Pierre, SD 57501

Re: EL 15-040

Darren,

This letter addresses the series of questions you have on the Master Metering docket EL 15-040. As we discussed I have withdrawn the request to master meter the gas services, as there will be no gas service to the site.

1) Please describe in detail the central water heating system to be used in the multi-occupancy building as described in the variance request.
   This is a central water heating system consisting of 2 199,000 BTU high efficient water heaters with main piping at the center floor of the building with branch piping going to each unit
2) Please describe in detail the heating system to be used in the multi-occupancy building.
   The Heating System is an Electric Forced air Furnace for each unit.
3) Please describe in detail the cooling system to be used in the multi-occupancy building.
   The Cooling system is an Electric Central Air System with an outdoor condensing unit for each unit.
4) Please provide an estimated cost for individually metering electric service to each unit and the planned cost for master metering the electric service for the building.
   I have enclosed an estimate of costs for the increased cost of separate metering each unit.
5) Please explain the administrative burden, and any costs associated with such burden, that would occur as a result of individually metering gas and electric services to each unit.

As a part of our tax credit application, we have agreed to include the cost of utilities in the rent paid by our tenants. As a result we are bound to include those costs in the rents. If the units were separately metered, that would create 39 additional invoices which would need to be processed at our corporate office, with no effect on the end user.

6) Please provide justification for the variance, specifically addressing 1) the cost-effectiveness of the variance and 2) the impacts the variance will have on energy efficiency and conservation.

The centralized hot water system is cheaper to implement. In fact, installing individual hot water systems would push us closer to the cost limits for tax credit projects. With tax credit projects, if we exceed our cost limits, we lose a dollar of tax credits for every dollar we exceed the limits. Therefore, if there are cost overages, we lose $2.00 for every dollar we exceed the limit. This project is up against its cost limits as designed. The additional $65,660 in costs would likely create a $100,000 financing gap which would make it difficult for this project to go forward.

There is also $4,446 per year in basic service charges which would go into our operating expenses on the project.

Central domestic hot water systems provide us energy efficiency as well as construction efficiency and allow us to maximize the space we provide to our tenants. To aid in energy conservation in a project where utilities are provided we will install regulated thermometers which restrict the temperature range in the units.

Thank you for your time and consideration on this matter.

Sincerely,

Jacob M. Quasney

Tech Heights Cost Comparison

	Quantity	Unit Price	Extentsion
Delete Central Water Heater	2 EA	($10,000.00)	($20,000.00)
Add individual Water Heaters	39 EA	$650.00	$25,350.00
Add Floor Drains for Water Heaters	39 EA	$300.00	$11,700.00
Delete Whole Building Hot Water Distribution	1 LS	($1,500.00)	($1,500.00)
Add Water Heater Closet			
Doors, Frame & Hardware	39 EA	$250.00	$9,750.00
Drywall/Framing/Paint	39 EA	$300.00	$11,700.00
Increase Panel Size for Water Heater	39 EA	$10.00	$390.00
Add Breakers for Water Heaters	39 EA	$80.00	$3,120.00
Increase Feeder Size for Building	1 LS	$13,500.00	$13,500.00
Add Meter Sockets	39 EA	$250.00	$9,750.00
			$0.00
			$0.00
			$63,760.00
Operating Cost			
Basic Service Charge	468 mos	$9.50	$4,446.00