

February 27, 2017

Public Utilities Commission
Eric Paulson
500 East Capitol Avenue
Pierre, SD 57501

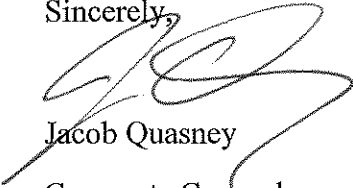
Mr. Paulson,

I apologize for my failure to promptly reply to your request for information. The request for master metering was filed upon award of Low Income Housing Tax Credits at the request of the South Dakota Housing Development Authority. Upon further evaluation, the project will remain separately metered for electrical services. Although the tenants will not pay their electric bill, we will not alter the existing electrical system. I had previously made the request with inaccurate information on the rehab. We will however, install thermostats which limit the tenants ability to adjust the temperature of their unit drastically.

As for gas services, we are requesting that the property be master metered due to the existing central domestic hot water system in each of the buildings. To remove that system and replace it with separate hot water heaters in every unit would require replumbing the entire project and would result in costs which would cause the project to be over its cost limits which would result in us being unable to rehabilitate the units. This is a 62 unit affordable housing project aimed at providing housing to very low income families. Our construction team estimated the cost of replumbing the project and providing new hot water heaters to each unit at \$4,500 per unit, which includes \$500 for hot water heaters, \$3,000 per unit in plumbing, and \$1,000 per unit in carpentry and reconfiguration to create a utility closet. The added estimated cost of \$279,000 would be a cost for which there is no funding source. Due to the restricted nature of the financing of these projects and the rent limits we would be forced to abandon the project. Further, our application and award requires us to pay tenant utilities, so we would simply have another bill that would have to be gathered individually and paid, without the benefit of having the tenants incentivized to reduce their gas usage.

Due to this change in the request, we understand if this matter either needs to be rescheduled, dismissed and refiled, or any other steps as you may deem necessary. Again, I apologize for the delay in responding, and thank you for your patience in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Quasney', written over the printed name.

Jacob Quasney

Corporate Counsel