

South Dakota Public Utilities Commission
WEEKLY FILINGS
For the Period of April 20, 2000 through April 26, 2000

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Delaine Kolbo within five business days of this filing.
Phone: 605-773-3705 Fax: 605-773-3809

CONSUMER COMPLAINTS

CE00-001 In the Matter of the Complaint filed by B. J. Pease, et al., Similarly Situated Consumers, Aberdeen, South Dakota, against NorthWestern Public Service Company Regarding Multiple Billing Issues.

The complainant alleges multiple issues regarding the NorthWestern Public Service Company billings and billing practices for electric service. The complainant requests numerous remedies to include: compensation from NorthWestern Public Service Company, for the Public Utilities Commission to assess fines against NWPS for its practices and other corrective measures to address the issues.

Staff Analyst: Charlene Lund
Staff Attorney: Karen Cremer
Date Docketed: 04/25/00
Intervention Date: NA

CT00-062 In the Matter of the Complaint filed by Margery Jensen, Yankton, South Dakota, against OLS, Inc. Regarding Unauthorized Switching of Services.

The Complainant alleges that she received a telemarketing call concerning OLS services and refused the offer. The switch was made without authorization. For a resolution the Complainant requests reimbursement for all charges, plus compensation for time and stress.

Staff Analyst: Leni Healy
Staff Attorney: Karen Cremer
Date Docketed: 04/20/00
Intervention Deadline: NA

CT00-063 In the Matter of the Complaint filed by Tim and Kay Troolen, White, South Dakota, against HBS Billing Services and Business Options, Inc. Regarding Unauthorized Switching of Services and Unauthorized Billing for Services.

The complainants allege they received a phone bill in March, 2000, with long distance charges from HBS Billing Services from December 1, 1999 to January 15, 2000. The complainants did not recognize HBS Billing Services and report that neither authorized a change in telephone service. The complainants request that HBS Billing Services be penalized to the full extent of the law for the unlawful change in long distance services. The complainants request that the PUC force HBS Billing Services to fully reimburse them with a billing refund and the \$1000.00 compensation.

*Large roll of
maps in
Mortons
office*

Staff Analyst: Charlene Lund
Staff Attorney: Camron Hoseck
Date Docketed: 04/20/00
Intervention Deadline: NA

CT00-064 In the Matter of the Complaint filed by Steve Paulson, Business Manager, Yankton Janitorial Supply, Yankton, South Dakota, against U S Republic Communications, Inc. Regarding Unauthorized Switching of Long Distance Carrier.

The complainant, Steve Paulson, Business Manager for Yankton Janitorial Supply alleges that he noticed the phone service had been switched on the 1/25/00 phone bill. He identified charges from OANC and U S Republic Communications. The complainant states that the only person authorized to switch providers is the business owner, Dixie Church. Ms Church confirmed that she did not authorize a switch in long distance services. The complainant requests that the PUC talk to U S Republic and get them off of their phone bill and have U S Republic pay for the \$50.56 phone charges and other fines the state laws deem.

Staff Analyst: Charlene Lund
Staff Attorney: Camron Hoseck
Date Docketed: 04/20/00
Intervention Deadline: NA

CT00-065 In the Matter of the Complaint filed by Vesta Jensen, Brookings, South Dakota, against Global Crossing Telecommunications, Inc., formerly Allnet Communication Services, Inc. d/b/a Frontier Communications Services and Teltrust Communications Services, Inc. d/b/a Teltrust and d/b/a TCS Regarding Unauthorized Switching of Services.

The Complainant states that her out-of-state long distance service was switched without authorization on February 24, 2000. She requests that "the Public Utilities Commission should enforce the stiffest fines and penalties to stop the long distance phone companies from changing anyone's service without permission."

Staff Analyst: Leni Healy
Staff Attorney: Camron Hoseck
Date Docketed: 04/25/00
Intervention Deadline: NA

CT00-066 In the Matter of the Complaint filed by Wheeler and Gloria Gill, Townhouse Bakery, Canton, South Dakota, against Long Distance Services, CEO Telecommunications, Inc., Business Options, Inc. and Home Owners Long Distance, Inc. Regarding Unauthorized Switching of Services and Unauthorized Billing for Services.

The complainants allege that the long distance service to their business was switched by CEO Telecom/ LD Service, Long Distance Service and Business Options, Inc./Home Owners Long Distance without their authorization. The complainants request that the identified companies be prosecuted to the full extent of the South Dakota law.

Staff Analyst: Charlene Lund
Staff Attorney: Camron Hoseck
Date Docketed: 04/25/00
Intervention Date: NA

CT00-067 In the Matter of the Complaint filed by Shelly Slagle, Yankton, South Dakota, against OLS, Inc. Regarding Switching Telecommunications Services Through Deceptive Practices.

The Complainant alleges that through a deceptive telemarketing call, her long distance service was switched. The Complainant did not receive the rates or plan as outlined by the telemarketer. The Complainant is seeking the maximum fines as compensation.

Staff Analyst: Leni Healy
Staff Attorney: Karen Cremer
Date Docketed: 04/25/00
Intervention Deadline: NA

ELECTRIC

EL00-012 In the Matter of the Filing by MidAmerican Energy Company for Approval of Tariff Revisions.

MidAmerican Energy Company is proposing to add a provision to the Electric Tariff Rules and Regulations. The new provision is for diversion of electric service.

Staff Analyst: Keith Senger
Staff Attorney: Karen Cremer
Date Docketed: 04/25/00
Intervention Deadline: N/A

GAS AND ELECTRIC

GE00-002 In the Matter of the Filing by the Dunham Company for a Master Metering Variance Request for the River Centre Office Building, Sioux Falls, South Dakota.

The Dunham Company has filed a request for a variance from Administrative Rules of South Dakota (ARSD) 20:10:26:04(6) for the Proposed River Centre Office Building in Sioux Falls, South Dakota. The proposal includes one electric and gas meter serving the first four floors with four or five additional gas and electric submeters for the condominium units on the fifth floor.

Staff Analyst: Michele Farris, Martin Bettman
Staff Attorney: Camron Hoseck
Date Docketed: 04/24/00
Intervention Deadline: 05/12/00

TELECOMMUNICATIONS

TC00-074 In the Matter of the Filing by City of Brookings Telephone Company d/b/a Swiftel Communications for Approval of its Revised Service Territory as a Result of Annexation.

As a result of a recent annexation to the City of Brookings, the Commission received a filing from the City of Brookings Telephone d/b/a Swiftel Communications for approval to include property recently annexed in its exclusive franchise territory. The service territory change includes the South East Quarter of the North East Quarter of Section 34, T110N, R50W, Out 5 in the South East Quarter of Section 15, T110N, R50W all in the County of Brookings, South Dakota; and Blocks 4,5, and 6, Freeland Addition in the South East Quarter of Section 18, T110N, R49W. The request is made pursuant to SDCL 49-31-21.

Staff Analyst: Michele Farris
Staff Attorney: Karen Cremer
Date Docketed: 04/21/00
Intervention Deadline: 05/12/00

TC00-075 In the Matter of the Application of Advanced TelCom Group, Inc. for a Certificate of Authority to Provide Telecommunications Services, Including Local Exchange Services, in South Dakota.

Advanced TelCom Group, Inc. submitted an application on April 25 to provide resold and facilities-based local exchange and interexchange telecommunications services in South Dakota. The applicant intends to market its services to primarily small to mid-sized businesses and residential customers.

Staff Analyst: Heather Forney
Staff Attorney: Camron Hoseck
Date Docketed: 04/25/00
Intervention Deadline: 05/12/00

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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE FILING BY THE)	ORDER FOR AND NOTICE
DUNHAM COMPANY FOR A MASTER)	OF HEARING
METERING VARIANCE REQUEST FOR THE)	
RIVER CENTRE OFFICE BUILDING, SIOUX)	GE00-001
FALLS, SOUTH DAKOTA)	

On April 24, 2000, the Public Utilities Commission (Commission) received a master metering variance request from the Dunham Company (Dunham) for its River Centre Office Building. Dunham requested a variance from ARSD 20:10:26:04(6). Dunham further requested that a hearing be scheduled if necessary.

Pursuant to ARSD 20:10:26:07, if an applicant requests a hearing, the Commission shall serve notice of the hearing on the affected utility company and set a procedural schedule. The Commission finds that it has jurisdiction over this matter pursuant to SDCL Chapters 1-26 and 49-34A, including 49-34A-27, and ARSD Chapter 20:10:26.

A hearing shall be held on June 8, 2000, beginning at 1:30 o'clock P.M. in Room 413 of the State Capitol Building, 500 E. Capitol, Pierre, South Dakota. All persons testifying will be subject to cross-examination by the parties.

The issue at the hearing is whether a master metering variance shall be granted to Dunham for its River Centre Office Building.

The hearing shall be an adversary proceeding conducted pursuant to SDCL Chapter 1-26. All parties have the right to be present and to be represented by an attorney. These rights and other due process rights shall be forfeited if not exercised at the hearing. If you or your representative fail to appear at the time and place set for the hearing, the Final Decision will be based solely on the testimony and evidence provided, if any, during the hearing or a Final Decision may be issued by default pursuant to SDCL 1-26-20. After the hearing, the Commission will consider all evidence and testimony that was presented at the hearing. The Commission will then enter Findings of Fact, Conclusions of Law, and a Final Decision regarding this matter. As a result of the hearing, the Commission shall determine whether a master metering variance shall be granted to Dunham for its River Centre Office Building. The Commission's Final Decision may be appealed by the parties to the state Circuit Court and the state Supreme Court as provided by law. It is therefore

ORDERED, that a hearing shall be held at the time and place specified above on the issue of whether a master metering variance shall be granted to Dunham for its River Centre Office Building.

Pursuant to the Americans with Disabilities Act, this hearing is being held in a physically accessible location. Please contact the Public Utilities Commission at 1-800-332-1782 at least 48 hours prior to the hearing if you have special needs so arrangements can be made to accommodate you.

Dated at Pierre, South Dakota, this 26th day of May, 2000.

CERTIFICATE OF SERVICE	
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.	
By:	<u>Debra Kalbo</u>
Date:	<u>5/26/00</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner


Northern States Power Company - South Dakota

Jim Wilcox, Manager,
 Government & Regulatory Services
 500 West Russell Street
 P.O. Box 908
 Sioux Falls, SD 57101-0908
 Telephone (605) 339-8350 fax (612) 573-8083
 email James.C.Wilcox@nspco.com



June 9, 2000

Mr. William Bullard, Executive Director
 South Dakota Public Utilities Commission
 State Capitol Building
 500 East Capitol Avenue
 Pierre, South Dakota 57501-5070

Re: Docket GE00-002 In the matter of the filing by the Dunham Company for a master meter variance request for the River Centre Office Building, Sioux Falls, South Dakota.

Dear Mr. Bullard:

NSP believes that the issue of master metering is a matter of public policy and the Company defers to the Commission's decision on this docket. There are a number of other examples similar to this project that provide precedent for master metering. The Western Mall in Sioux Falls being one that comes to mind.

There actually can be some benefit to the tenants of a building that is master metered. That is, the property manager through aggregation becomes eligible for a commercial general service tariff, which brings a volume discount that could benefit the tenants of the building. There also are some administrative savings to NSP as fewer meters are needed and fewer bills need to be mailed every month.

NSP believes that Administrative Rule 20:10:26:04 enables a property manager to "file an application for a variance with the Commission." Further, NSP tariff rules under section 6, sheet 19, section 4.1(C) provides that electrical service may be purchased for redistribution to tenants if (section 5) the service is permitted by order of the Public Utilities Commission.

NSP supports the Dunham Company's request for a master metering variance at the River Centre Office Building in Sioux Falls, SD.

If anyone has any questions, please call me at 339-8350

Sincerely,



Jim Wilcox

c. Mike Swenson
Don Dunham

RECEIVED

THE PUBLIC UTILITIES COMMISSION JUN 16 2000

OF THE STATE OF SOUTH DAKOTA SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

* * * * *

IN THE MATTER OF THE FILING BY THE
DUNHAM COMPANY FOR A MASTER
METERING VARIANCE REQUEST FOR THE
RIVER CENTRE OFFICE BUILDING, SIOUX
FALLS, SOUTH DAKOTA

ORIGINAL

GE00-002

* * * * *

Transcript of Proceedings
June 8, 2000

* * * * *

BEFORE THE PUBLIC UTILITIES COMMISSION,
JIM BURG, CHAIRMAN
PAM NELSON, VICE CHAIR
LASKA SCHOENFELDER, COMMISSIONER

COMMISSION STAFF
Rolayne Ailts Wiest
Gregory A. Rislov
William Bullard Jr.
Martin Bettmann

APPEARANCES
CAMRON HOSECK, appearing on behalf of
Commission staff
DON DUNHAM, appearing on behalf of Dunham Company

Reported By Cheri McComsey Wittler, RPR

PRECISION REPORTING
L I M I T E D

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE FILING BY THE
DUNHAM COMPANY FOR A MASTER
METERING VARIANCE REQUEST FOR THE
RIVER CENTRE OFFICE BUILDING, SIOUX
FALLS, SOUTH DAKOTA. GE00-002

Transcript of Proceedings
June 8, 2000

BEFORE THE PUBLIC UTILITIES COMMISSION,
JIM BURG, CHAIRMAN
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Martin Bettmann

APPEARANCES
CAMRON HOSECK, appearing on behalf of
Commission staff
DON DUNHAM, appearing on behalf of Dunham Company

Reported By Cheri McComsey Wittler, RPR

CHAIRMAN BURG: I'll begin the
hearing in Docket GE00-002 In The Matter Of The
Filing By Dunham Company For A Master Metering
Variance Request For The River Centre Office
Building, Sioux Falls, South Dakota.

The time is approximately 1:30 p.m., the date
is June 8, 2000, and the location of the hearing is
Room 413, State Capitol, Pierre, South Dakota. I
am Jim Burg, Commission Chairman. Commissioners
Laska Schoenfelder and Pam Nelson are also
present. I am presiding over this hearing.

This hearing was noticed pursuant to
Commission's Order For and Notice of Hearing issued
May 26, 2,000. The issue at this hearing is
whether a master metering variance shall be granted
to Dunham for its River Centre Office Building.

All parties have the right to be present and
to be represented by an attorney. All persons
testifying will be sworn and subject to
cross-examination by the parties. The Commission's
final decision may be appealed by the parties to
the State Circuit Court and State Supreme Court.

Rolayne Wiest will act as Commission counsel.
She may provide recommended rulings on procedural
and evidentiary matters. The Commission may

I N D E X

Witness	Direct	Cross	Redirect	Recross
Don Dunham	4	8	--	24
Michele Farris	26	34	--	--
Exhibit Nos.		M	O	R
1 - River Centre Metering Configuration		8	8	8
2 - Letter to Bill Bullard from Don Dunham dated 4-20-00		42	43	43
A - Rules & Regulations		28	28	28
B - Section 4, Use of Service Rules		29	30	30

TRANSCRIPT OF PROCEEDINGS, held in the
above-entitled matter, at the South Dakota State
Capitol, Room 413, 500 East Capitol Avenue, Pierre,
South Dakota, on the 8th day of June 2000, commencing
at 1:30 p.m.

overrule its counsel's preliminary rulings
throughout the hearing. If not overruled, the
preliminary rulings will become final rulings.
At this time I'll turn it over to Rolayne to
conduct the actual hearing.

MS. AILTS WIEST: First of all, I'll
take appearances of the parties. Who appears on
behalf of Dunham Company?

MR. DUNHAM: Don Dunham.

MS. AILTS WIEST: Commission staff?

MR. HOSECK: Cameron Hoseck on
behalf of Commission staff.

MS. AILTS WIEST: Any opening
statements, or do you want to go into the
testimony?

MR. HOSECK: No opening statements.

MS. AILTS WIEST: Go ahead,

Mr. Dunham.

DIRECT EXAMINATION

MR. DUNHAM: My name is Don Dunham
from Sioux Falls, South Dakota. I want to thank
you for allowing me to come before you today to ask
your approval to install one meter for gas and one
meter for electricity for my new five-story office
and residential building in downtown

1 Sioux Falls,

2 DON DUNHAM,

3 called as a witness, being first duly sworn in the
4 above-entitled matter, testified under oath as follows:

5 MR. DUNHAM: The reason for my
6 request is at this time and in the future we have
7 no way of knowing how many tenants will occupy this
8 building. As we have done in buildings like this,
9 the Commerce Center, Shriver Square, Phillips
10 Center are all office tenants, and they all share
11 in paying for the gas and electricity off of one
12 meter.

13 The only difference in the River Centre is
14 that I'm going to try to sell condominiums on the
15 top floor, and if I am unsuccessful, I will
16 obviously convert it back to offices or the fifth
17 floor could actually be a combination of
18 condominiums and offices as well.

19 Right now I'm projecting that if we sell it
20 for residential condominiums, we'll probably have
21 between four to six actual condo units, depending
22 on the size people want to buy. It is our intent
23 to submeter both the gas and electricity for all
24 the residential condominium owners.

25 I'm not sure if I have enough of these. On

1 Western Surety Building in Sioux Falls started out,
2 and I think it had between 12 and 15 tenants when
3 it was built in the early '80s. Today it's only
4 occupied by Western Surety. On the other hand, the
5 IBM building started out with almost exclusively
6 being used by IBM, and now it has multiple tenants
7 because IBM is downsized and gone.

8 So the point is I would think in order to
9 probably serve this building forever we would
10 probably have to put between four and six meters on
11 every floor just to take care of all future needs.
12 In other words, we don't have any leases signed to
13 the building yet because I am building strictly on
14 spec. But at the same time we do have people that
15 we are hoping to lease it to, Eide Bailly being
16 one.

17 Initially they would probably take at least
18 one full floor. If they decided to expand along
19 the road or their lease expires and they move out,
20 we might have to have four or five tenants to fill
21 that space. And that's why not trying to guess
22 what you're going to have in the building or lock
23 yourself in on the one meter concept works so much
24 better.

25 MS. AILTS WIEST: Did you have

1 the first chart there -- maybe if I could have one
2 back. Thank you.

3 On the first chart it just says that
4 there's -- in the main switchboard this shows one
5 for electricity and the meter would be read, of
6 course, by the utility company, and that would
7 serve all of these floors. If in the top floor we
8 do not end up being able to sell any condominiums,
9 then obviously we wouldn't have any submeters.

10 And, again -- well, let's go through the
11 second page, and I'd like to make a few other
12 comments about other buildings in Sioux Falls.
13 Again, it just says floors 1, 2, 3, and 4 contain
14 commercial tenant spaces, floor 5 residential.
15 Under current configuration, electric service to
16 individual residential units can be measured with
17 individual submeters. The current metering
18 configuration is an economical solution to
19 providing an electrical infrastructure within the
20 facility based on projected used of space.
21 Coordination with the serving electrical utility
22 has been accomplished. This facility meets the
23 requirements of ARSD 20:10:26:04 subparagraph (6).

24 And the additional comments is that we have
25 had a lot of buildings -- for example, the

1 anything further, Mr. Dunham?

2 MR. DUNHAM: I'd be happy to answer
3 any questions, obviously, or to try to add more if
4 I need to.

5 MS. AILTS WIEST: Would you like to
6 put this in as an exhibit?

7 MR. DUNHAM: Yes.
8 (Exhibit 1 is marked for identification)

9 MS. AILTS WIEST: Is there any
10 objection to admitting Exhibit 1?

11 MR. HOSECK: No objection.

12 MS. AILTS WIEST: It's admitted.

13 MS. AILTS WIEST: Mr. Hoseck, do you
14 have any questions?

15 CROSS-EXAMINATION

16 BY MR. HOSECK:

17 Q Mr. Dunham, I'm Camron Hoseck, and I'm an attorney for
18 the staff and Commission.

19 A Okay.

20 Q A few questions. With regard to the design of this
21 building, are you seeking a master metering for the gas
22 utility also?

23 A Yes.

24 Q In other words, it is for gas and electric; is that
25 correct?

1 A That's correct.

2 Q Okay. Have you done any cost analysis as to what it
3 would cost you to put individual meters on the fifth
4 floor as compared to doing it on a master metering
5 basis?

6 A The submeters, you mean, versus the --

7 Q Yeah.

8 A Well, again, if you put like the gas meters up there and
9 if you, you know -- right now if everybody wanted a
10 1,000 square foot condominium, we could have a need for
11 nine of them. We're thinking it's probably going to be
12 closer to four or five. But that would mean we would
13 have nine -- just like, for example, gas meters, to have
14 nine gas meters on the fifth floor because you would
15 have to put in a number that would be sufficient to
16 carry the maximum number you could have.

17 So you would have nine sets of pipes going up
18 the outside of the building for those meters. And
19 obviously the cost would be astronomical. I would guess
20 probably 25 to \$30,000 to put those nine meters, gas
21 meters, up there.

22 Q And what about the electric aspect of it? In other
23 words, if you had to have individual meters on the
24 condominiums up there, do you have any idea in terms of
25 a cost estimate?

1 A Yeah. On the electrical it would be, again, on the
2 nine, about 9 to \$10,000. Because obviously we have to
3 read the meters off of the main floor.

4 Q Have you done any studies or relied on any studies or
5 any advice or anything as far as whether master metering
6 does or does not contribute to any energy efficiency in
7 the use of heat or gas or electricity?

8 A It definitely contributes to energy efficiency.

9 Q In what respect?

10 A Well, one sufficient energy system. In other words, you
11 have one system that serves the entire building, and you
12 can control it. If everybody has their own system or
13 their own individual systems, it would be -- I mean, you
14 could have -- it would be catastrophic, I would think,
15 to have multiple systems and multiple people controlling
16 the climate control on every floor.

17 Q With regard in particular to the fifth floor, which is
18 really where this comes into play, the master metering
19 as far as the proposed condominiums, do you agree that a
20 tenant might be a little more conservative if they were
21 paying the bill directly?

22 A They will be paying the bill directly.

23 Q To the utility?

24 A No. But we're going to be reading their submeter, and
25 they'll be paying it.

1 Q What happens if, for instance, for some reason you don't
2 pay the bill, in other words, and the tenant gets the
3 power or the gas shut off? What kind of a safeguard is
4 there in there for that?

5 A That's a good question. I don't know. Every building
6 we've built in Sioux Falls we've had one meter, and it's
7 never came up so I guess I can't answer that.

8 Q I'm assuming you're planning on being the property
9 manager of this building?

10 A Owner and manager, uh-huh.

11 Q Okay. Would it be like an employee of yours or
12 something similar that would read the meters?

13 A Yes. We would have an employee that actually would have
14 an office in the lower level, in the garage floor of the
15 building, and that person would actually read the meters
16 and maintain the hallways and changing light bulbs,
17 things like that.

18 Q Okay. With regard to this fifth floor again, if I'm
19 understanding correctly, you really haven't got any
20 plans gelled as far as the size of the specific units.
21 is that correct?

22 A No. We have a model home designed that we would intend
23 to build up there to show people what it could look
24 like. But, again, we're not that far along in the
25 building.

1 Q And if everything went according to your plans, the
2 ideal thing would be that you would sell these off as
3 condominium units?

4 A Right. We have the condominium regime approved.

5 Q So it wouldn't be a landlord/tenant type situation?

6 A No. They would have their own association, and they
7 would own 20 percent of the association for the entire
8 building.

9 Q What price range are you looking at?

10 A Probably 150 to \$175 per-square foot. 12-foot ceilings,
11 10-foot windows. There's three 15 by 15 decks that
12 overlook the River there. It would be pretty high tech.

13 Q If you were to sell these, would the cost -- if you had
14 to put in individual meters, would you agree that that
15 cost is something that could be added to that sale
16 price?

17 A Well, it could be. I think it might -- there's only a
18 point of no return how much people can pay. You know,
19 the shell of the building is \$110 in and of itself
20 without any regard to the interior electricity and gas.

21 Q If hypothetically there was a power outage and you had
22 this master metering situation approved for the fifth
23 floor, who's the residential tenant to call if there's
24 an outage?
25 In other words, who do they get ahold of?

1 Because obviously the power company isn't going to know
2 who they are. They aren't going to be a direct
3 customer. How would you address that type of
4 situation?

5 A It's very easy. We tie that right into the alarm
6 service company. Midwest Alarm is handling all of our
7 buildings right now. We have all of them computer
8 wired. And, in fact, even if a light bulb goes out, it
9 can give a warning that a light bulb goes out in the
10 hallway upstairs in the condominium.

11 For example, if you have it with a one meter
12 situation like -- but if you had multiple meters, then
13 you can't do your computer connections, you see. That's
14 another advantage of having one master meter because
15 everything can be controlled.

16 In other words, if the air conditioning goes
17 out in the middle of the night in the middle of the
18 summer, the light will go on, our maintenance person
19 that's on duty for that evening will get the call. That
20 doesn't mean that person can handle it, but they'll know
21 who to contact that can handle it.

22 MR. HOSECK: No further questions.

23 Thank you.

24 MS. AILTS WIEST: Commissioners?

25 CHAIRMAN BURG: I have a couple.

1 That's about the only kind of business you can
2 really afford to do it. You can't ever recover
3 your costs. The difference between putting in
4 2 by 6 steel studs or 2-by-4s, depending on the
5 type of wall it is, you can build that cheaper and
6 the cost of putting in your partitioning walls, in
7 other words, the ones you buy, you can never
8 recover that cost.

9 CHAIRMAN BURG: So if you've got to
10 change tenants and want a different configuration,
11 you basically tear out the walls and rebuild them
12 rather than having movable walls?

13 THE WITNESS: Right.

14 CHAIRMAN BURG: But that's the way
15 you would handle that part, and I take it that's
16 why you're saying it's hard to individual meter on
17 the business end of it because these will vary as
18 to what the space would be that each would have; is
19 that correct?

20 THE WITNESS: Well, that's the
21 problem. As I mentioned, you might start out with
22 a whole floor, which would be 13,000 square feet.
23 Well, if they move and put four more tenants in
24 there, now we have one meter to start with. Now
25 we're going to have to have three submeters

1 You're going to submeter on the top floor. Would
2 each condo have its own water heater?

3 THE WITNESS: Yes.

4 CHAIRMAN BURG: Would it have its
5 own furnace as well?

6 THE WITNESS: Yes.

7 CHAIRMAN BURG: So you're going to
8 have individual heating, air conditioning, and
9 water heating in each condo and you're going to
10 submeter that and they would pay for the cost of
11 what they used off from the master meter on it?

12 THE WITNESS: That's correct.

13 CHAIRMAN BURG: On the other floors
14 will all the walls be movable so that you can
15 change if tenants change?

16 THE WITNESS: No. The cost -- it's
17 not -- I think there's only about two or three
18 types of businesses where you can afford to buy --
19 and we're doing one right now, 42,000 square foot
20 down by the old Menards building in Sioux Falls.
21 And they're buying all the interior walls except
22 for some sheer walls that are required of the
23 building for structure are going to be partitioned
24 walls. They can move any time they want, very
25 similar to Citibank.

1 anyway.

2 But, on the other hand, the second floor we're
3 talking four different tenants, the law firm and
4 insurance company and so forth. They would start
5 with four meters. Maybe in five years they're all
6 gone. Eide Bailly wants to expand down there,
7 we're going to have three meters sitting there
8 doing nothing.

9 Plus, you cannot connect that many meters in
10 that kind of a situation up to -- it's not a smart
11 building with all of those meters in it because you
12 cannot do the kinds of things that you can do
13 today. I mean, every light bulb that goes out, if
14 the elevator quits in the middle of the night, all
15 of those things can go right to our service company
16 and you can be alerted whenever that happens and
17 you can't do it with all the meters.

18 CHAIRMAN BURG: But you're going to
19 submeter both the gas and electric on the condo
20 floor?

21 THE WITNESS: Right.

22 CHAIRMAN BURG: There would be a
23 meter to measure how much went through it. I guess
24 just to make sure we understand why you're here,
25 because I'm sure it's not cheap to come out here,

1 what this law is and what was behind the law is
2 it's kind of what Cameron mentioned.

3 It was the theory especially in apartment
4 buildings people don't have to pay individually for
5 gas and electric. They leave the windows open in
6 the wintertime and summer both probably with air
7 conditioning and heat. The theory behind it -- and
8 it was a federal law. The theory behind it was
9 they would be more efficient if they could control
10 what they pay and pay the same amount whether they
11 control it or not.

12 And that's why they put the variance in here
13 to meet the needs you're talking about. That's why
14 it's fit the way it has.

15 COMMISSIONER SCHOENFELDER: I have a
16 few questions. First of all, have you contacted
17 your utility companies to support this
18 application?

19 I don't have anything in my file that says
20 they support it. I would like to see whether they
21 do or not.

22 THE WITNESS: They do support it. I
23 did not personally handle that. The mechanical and
24 electrical engineering firm did that.

25 COMMISSIONER SCHOENFELDER:

1 drive-through of this bank.

2 COMMISSIONER SCHOENFELDER: So this
3 is a bank building now?

4 THE WITNESS: No. It's just a steel
5 frame sitting there right now, and we're putting up
6 the precast on the first floor right now.

7 CHAIRMAN BURG: It's a brand new
8 building?

9 THE WITNESS: Yes.

10 COMMISSIONER SCHOENFELDER: Okay.
11 So, you know, if you don't know who the tenants are
12 going to be, it's going to be really hard to
13 configure how it's going to be divided up inside,
14 so to speak.

15 I guess my question is if I'm an insurance
16 company or a law office or whoever, I need some
17 control over what the temperature is in my office,
18 that kind of thing, and will those people have any
19 say at all?

20 THE WITNESS: Oh, you bet.

21 COMMISSIONER SCHOENFELDER: How are
22 they going to do it if you just -- it's just a
23 master meter, but I can control it otherwise?

24 THE WITNESS: Well, they have a VAV
25 box and that's volume air or -- I'm not -- you put

1 Ordinarily in this case we would have support from
2 MidAmerican and Northern States Power.

3 THE WITNESS: I would be happy to
4 get letters from them.

5 COMMISSIONER SCHOENFELDER: Well, at
6 least to know they didn't object because it's a
7 variance from the federal law. I have a couple of
8 questions about the master meter and how this
9 building will work.

10 I understand your argument about the alarm
11 system and that kind of thing, and I understand the
12 cost doesn't necessarily follow through with me.
13 But what I'm concerned about is that you expect to
14 rent this building -- I'm assuming you expect for
15 at least people to have different offices,
16 different kinds of leases in this building.

17 Where is this building located at, by the way,
18 sir?

19 THE WITNESS: It's called the old
20 Brown Drug site. It's actually located directly
21 east of First National Bank. And I say the
22 drive-through for this bank that I'm trying to get
23 on the main floor of this, if you go one way, you
24 go through the drive-through of First National, and
25 you go the other way, you go through the

1 an enhancer in the office spaces, and you do it
2 on -- based on, for example, the north side you
3 don't have any sun so you would have less of those
4 on the south side or west side where the sun comes
5 in.

6 So, I mean, there's all kinds of different
7 kinds. But you have to plan so everybody has the
8 exact same temperature within the entire building,
9 in other words, if it's 68 or 72. We have a
10 tenant, for example, in the Phillips Center, which
11 I completed in 1995. It was a law firm and
12 L.G. Everist and Dakota Bank and so forth.

13 It was right downtown where the Hansen fire
14 was. In that building, for example, we have a
15 tenant meeting every quarter because they're also
16 owners and partners. We have a meeting every
17 quarter to find out how is the climate control and
18 how is cleaning and all of these kinds of things.

19 COMMISSIONER SCHOENFELDER: Tell me,
20 then this is what bothers me about these
21 applications. And it's not yours. It's all of
22 these. If I don't use a lot of energy and I'm a
23 low energy using business or whatever it is or a
24 condominium, what if I live in there alone and the
25 people in the condo down the hall have five people

1 in it?

2 I'm a low energy user. I'm on the road. I'm
3 not there often and somebody else uses a lot and
4 you're going to share it. Or you could, you know,
5 extrapolate that to the businesses also you're
6 going to share it. Then it's really not fair, is
7 it?

8 THE WITNESS: That's why we would do
9 the submetering, so we wouldn't have that problem.

10 COMMISSIONER SCHOENFELDER: In the
11 condos, right.

12 THE WITNESS: Again, I do own
13 13 downtown office buildings, and most of the new
14 ones are mine. And I'm not bragging about this,
15 but we have never had a customer complain about
16 it.

17 COMMISSIONER SCHOENFELDER: So is
18 that figured in the cost of the rent or -- I mean,
19 it's expected to be so many dollars a month and
20 they about meet that all the time?

21 THE WITNESS: Yeah. What happens is
22 you set up a base rent, and then you have what's
23 called additional rent. In the additional rent is
24 window washing, common area cleaning, bathroom
25 cleaning, you know.

1 in them. In other words, the one I built called
2 First Dakota Title building, right at Eighth and
3 Minnesota, First Dakota Title outgrew it, and we
4 sold them another building.

5 In that one we have residential furnaces in
6 there. Wherever you have residential furnaces you
7 would. Now the Willey-Williams building, which is
8 the one I did the renovation on in 1983 or 1984,
9 that is a multi-tenant building, and we went one
10 meter in that too.

11 CHAIRMAN BURG: The reason I ask it
12 is because if it were office space, have you done
13 any study to know how much it would vary from one
14 tenant to the other, cost of utilities per square
15 foot?

16 My sense is most of them aren't going to vary
17 the temperature by more than a couple degrees. And
18 most offices probably have similar equipment. And
19 I'm wondering how much difference it would be if
20 they were individually metered, if you have any
21 kind of comparison.

22 THE WITNESS: I do not have a
23 comparison. I have a comment. That is the only
24 time that we promote using single metering is when
25 you have exterior windows and doors that can be

1 In some of them where we have federal tenants
2 we also do the in-suite janitorials for them
3 because that's part of the federal lease
4 requirements.

5 Yeah. There's a variety of things. But, I
6 mean, we manage everything for the tenants.

7 COMMISSIONER SCHOENFELDER: But, you
8 know, I guess I'm just looking at it from the
9 tenants' point of view. It might not be fair if
10 you're a high energy user and I'm not.

11 THE WITNESS: And, again --

12 COMMISSIONER SCHOENFELDER: That's
13 one of the purposes for the law.

14 THE WITNESS: The heat isn't really
15 the issue in office buildings. It's the cooling.
16 Right now the problem is the air conditioners run
17 all winter long because the generation of the
18 computers is much more than the furnace ever was.

19 COMMISSIONER SCHOENFELDER: I know
20 that. Thank you.

21 CHAIRMAN BURG: Do you have any
22 buildings at all that have individual metering for
23 any business space?

24 THE WITNESS: Only the very small
25 ones. I think they would have residential furnaces

1 opened to outside, outside the main office
2 building.

3 And, for example, when you have like the
4 Phillips Center, Shriver Square, Commerce Center,
5 those types of buildings, there aren't operable
6 windows or doors out to the outside air.

7 But, again, that's why we have three openings
8 in the upstairs. That's why I'm saying in the
9 condominium we have three decks up there in the
10 fifth floor so that's why I was recommending we
11 would do submetering and each person would be
12 responsible for their own up there.

13 Because obviously the people who do not have
14 operable windows, chances are they are going to be
15 more efficient than the people with the decks.
16 Only three decks, but if we have five or six of
17 them, two or three will have decks, and there won't
18 be any operable windows.

19 MS. AILTS WIEST: Do you have
20 anything further to add, Cameron?

21 RE-CROSS-EXAMINATION

22 BY MR. HOSECK:

23 Q Mr. Dunham, just one point. I want to make sure this is
24 clear on the record. For the first four floors, which
25 I'm understanding are going to be in some sort of a

Page 25

1 commercial usage?
 2 A Office.
 3 Q Are you going to have central heating, air conditioning
 4 for those four floors? Is that your intent?
 5 A That's correct.
 6 Q And how about central water heating? Is that also going
 7 to be --
 8 A That's correct.
 9 Q For all of those four floors?
 10 A Right.
 11 Q So then the minute we jump to the fifth floor --
 12 A Water would be the same on the fifth floor.
 13 Q Okay. So then we're going to be into the proposed
 14 condominiums if everything works out okay, and that's
 15 where you're talking about the application of the
 16 submetering; is that correct?
 17 A Right.
 18 Q For those units for both the gas and electric; is that
 19 correct?
 20 A Correct.
 21 MR. HOSECK: Okay. Thank you.
 22 MS. AILTS WIEST: Any other
 23 questions? Thank you, Mr. Dunham.
 24 Do you have any other witnesses?
 25 THE WITNESS: No. Do you want me to

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1 get letters from the utility companies?
 2 COMMISSIONER SCHOENFELDER: I don't
 3 know. Just ordinarily they've always supported it
 4 when they've filed it in the past.
 5 MS. AILTS WIEST: We'll listen to
 6 staff first.
 7 COMMISSIONER SCHOENFELDER: If it's
 8 necessary, I don't know whether it's necessary.
 9 MS. AILTS WIEST: You may go ahead.
 10 MICHELE FARRIS,
 11 called as a witness, being first duly sworn in the
 12 above-entitled matter, testified under oath as follows:
 13 DIRECT EXAMINATION
 14 BY MR. HOSECK:
 15 Q Would you state your name for the record, please.
 16 A Michele Farris.
 17 Q And what is your job?
 18 A Utility analyst with the Public Utilities Commission.
 19 Q What is your educational background?
 20 A I have a Bachelor of Science Degree in mechanical
 21 engineering from South Dakota State University and a
 22 Master's of Science Degree in civil engineering from the
 23 University of Colorado.
 24 Q And just briefly what is your work experience since you
 25 left college?

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1 A I worked for four years as an aerospace engineer for
 2 Martin Marietta & Associates in Denver, Colorado. I
 3 worked for two years for an environmental consulting
 4 firm in Denver, Colorado. And I spent six years as an
 5 air quality engineer at the Department of Environment
 6 and Natural Resources for South Dakota.
 7 Q And are you generally familiar with the application of
 8 the Dunham Companies for master metering variance in
 9 this docket?
 10 A Yes, I am.
 11 Q And just briefly would you describe what is being built
 12 in this case?
 13 A It's a five-story building, first four floors being
 14 commercial office space and the fifth floor being
 15 residential apartments.
 16 Q In the work that you did on this docket would you
 17 describe to the Commissioners what tasks you performed
 18 A I reviewed the plans and specifications originally
 19 submitted with the application for the variance. There
 20 were several written and verbal data requests with the
 21 Dunham Company, and I also had several verbal contacts
 22 with the design engineers for the mechanical and
 23 electrical systems.
 24 Q As part of your research did you look at the tariffs for
 25 the utilities which are proposed to serve this building?

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1 A Yes, I did.
 2 Q And which companies are involved in providing electrical
 3 and gas service?
 4 A MidAmerican Energy Company will be the gas provider, and
 5 Northern States Power will be the electric provider.
 6 Q Did you look at the gas company tariff in particular
 7 with regard to the issue of master metering?
 8 A Yes, I did.
 9 Q And specifically, what is the tariff that you looked at?
 10 A It's the South Dakota Gas Sales Tariff, South Dakota PUC
 11 Section No. 5, Original Issue Sheet No. 14 under gas
 12 meters.
 13 (Exhibit A is marked for identification)
 14 Q And is the document that you just described the one
 15 which I am now showing to you marked as Exhibit A?
 16 A Yes, it is.
 17 MR. HOSECK: I would move Exhibit A
 18 into evidence at this point in time.
 19 MS. AILTS WIEST: Any objection?
 20 MR. DUNHAM: No.
 21 MS. AILTS WIEST: If not, it's
 22 admitted.
 23 Q Would you describe the gas metering as you understand it
 24 as this building is designed.
 25 A Well, there's a little bit of confusion. The mechanical

1 engineer designer, when I spoke with him he indicated to
2 me that the residential apartments would be -- would
3 have a separate furnace which would be gas fired and
4 there would be separate gas lines to those furnaces.

5 However, testimony today indicates that
6 submetering will be used on those individual furnaces.

7 Q Was it your understanding that there would be actual
8 individual meters for the fifth floor units?

9 A Yes, it was.

10 Q Okay. With regard to Exhibit A, what does that provide
11 with regard to submetering?

12 A Master metering is prohibited for new multiple occupancy
13 buildings except for certain exceptions, and the main
14 exception is the buildings with central heating or
15 cooling systems.

16 Q Okay. With regard to the service of NSP to provide
17 electrical service to this building, did you research
18 the tariff that NSP has on file with the Commission?

19 A Yes, I did.

20 (Exhibit B is marked for identification)

21 Q I'm show you what has been marked as Exhibit B, and I'd
22 ask you to identify that document for the record,
23 please.

24 A This is a copy of Northern States Power Company's
25 Electric Tariff, Section No. 6, Original Sheet No. 17.

1 correct?

2 A That's correct.

3 Q And that is in yellow; is that correct?

4 A That's correct.

5 Q Speaking in general terms now, in looking at a master
6 metering situation, where it is allowed, what concerns
7 would you have with regard to master metering generally?

8 A One concern is the fact that if a tenant pays their bill
9 and the landlord does not pay the bill, they have no
10 recourse with the utility company if they're
11 disconnected.

12 Another issue would be in this case with
13 submetering the utility company would read the master
14 meter and the management would be responsible for
15 reading the submeters, and that may not coincide on the
16 same day so there could be a lead or lag on the reading.

17 Q And hypothetically in this situation would there be any
18 rate differential between what would be paid by a
19 residential tenant on the fifth floor as opposed to any
20 other kind of tenant?

21 A Depending on the amount of energy consumption, the
22 master metered building could go to a different rate
23 class than a residential rate. Therefore, they could
24 have a lower rate as a small service commercial -- it
25 depends on how much usage.

1 It's the section for use of service rules.

2 Q And this is a document that is on file with the
3 Commission, is that correct?

4 A Yes.

5 MR. HOSECK: I would at this time
6 move Exhibit B into evidence.

7 MS. AILTS WIEST: Any objection?

8 MR. DUNHAM: None.

9 MS. AILTS WIEST: It's admitted.

10 Q With regard to the issue of submetering, what does this
11 exhibit state, and can you point out specifically where
12 it's stated?

13 A Yes. If you look at Original Sheet No. 18, I've
14 highlighted the sentence that says, "Electricity is
15 supplied for use by customer's household or business or
16 outside sales or submetering of such service is not
17 permitted."

18 And on Original Sheet No. 17 there's a
19 definition of submetering. And the definition of
20 submetering is, "The provision of metered electrical
21 supply through a customer owned meter to a customer's
22 tenants, cooperative or condominium owner, other
23 occupants or to a portion of the customer's own
24 electrical consumption."

25 Q And you have highlighted those sections; is that

1 Q And so would that be stating that condo owners on the
2 fifth floor would be paying a rate different from most
3 residential consumers; is that correct?

4 A That's correct.

5 Q And would that be for gas or electricity?

6 A That would be for electricity.

7 Q Do you have these same concerns with regard to what I'll
8 call the commercial floor, the first four floors of this
9 River Centre Office Building?

10 A No, I don't.

11 Q And why is that?

12 A The commercial floors, because they have central heat
13 and central cooling, central hot water, it would be
14 difficult, as Mr. Dunham had testified, to individually
15 meter because of the variability of the tenants in the
16 building.

17 Q And would it be fair to say then that your concerns that
18 you've previously spoke about were directed primarily
19 towards the residential or the fifth floor?

20 A That would be correct.

21 Q And is it true that you've been present in the room and
22 heard Mr. Dunham's testimony this afternoon?

23 A That's correct.

24 Q And based upon your research and the Applicant's
25 testimony and the tariffs that you have considered and

1 that are now in evidence, have you formed an opinion as
 2 to whether or not the Dunham Company should be granted a
 3 variance from the Commission's master metering
 4 prohibition?

5 A Yes.

6 Q And what is your opinion with regard to the first four
 7 floors, which I'll term the commercial floors of this
 8 building?

9 A The first four floors, because of the central heating,
 10 cooling, and hot water, would fall under the exception
 11 in the rule, and I can't remember the rule number, but
 12 because of the central heating, cooling, and hot
 13 watering they would fall under that exception.

14 Q And then with regard to the fifth floor, the residential
 15 floor, what is your opinion?

16 A Well, as I mentioned previously, I have concerns on the
 17 rate that the tenants would be paying, the recourse they
 18 would have if there were a disconnection or any other
 19 type of a service quality issue.

20 Q And is that concern with regard to the residential floor
 21 applied to both the gas and electrical service?

22 A Yes.

23 Q And is it your opinion that a variance should or should
 24 not be granted in this case as to the fifth floor?

25 A Regarding the fifth floor, I don't believe a variance

1 possibility?

2 A That's correct.

3 MR. DUNHAM: That's all I have.

4 MS. AILTS WIEST: Commissioners?

5 COMMISSIONER NELSON: I have one.

6 When you talked about the commercial floors said
 7 you thought that we should grant the variance
 8 because it fell within the definition in the law.

9 THE WITNESS: No. I don't believe a
 10 variance is necessary because it falls into the
 11 exception.

12 COMMISSIONER NELSON: Okay. All
 13 right. And so you don't feel that that's true for
 14 the other one, though?

15 THE WITNESS: Correct.

16 CHAIRMAN BURG: From I guess your
 17 expert knowledge, how much efficiency do you see
 18 with the central heating, air movement, water
 19 heating and air conditioning as compared to
 20 individual -- and I'm talking about the commercial
 21 part of it, the individual unit or each of those
 22 utilities.

23 THE WITNESS: Because the office
 24 spaces could be changing and be random, I believe
 25 it would be more efficient to have the one boiler,

1 should be granted.

2 Q Would that be as to the electric service or gas service?

3 A For both services.

4 MR. HOSECK: I have no further
 5 questions of this witness.

6 MS. AILTS WIEST: Do you have any
 7 questions, Mr. Dunham, of Mr. Farris?

8 MR. DUNHAM: Yes. I just have a
 9 couple of questions.

10 CROSS-EXAMINATION

11 BY MR. DUNHAM:

12 Q One is you said something about reading on a different
 13 day. It wouldn't matter, would it, what day you read
 14 the meter, whether it was 32 days or 29 days. They
 15 would pick it up the next month or the previous month?

16 A That's correct. As long as the tenant is the same all
 17 the time, but if for chance they move --

18 Q These aren't tenants. These are owners.

19 A But if they were to turn around and sell the condominium
 20 to another individual, there would be that variable in
 21 time.

22 Q Sure. They'd read it on the date they transferred
 23 ownership. You indicated maybe that because of the
 24 volume use that they might have the benefit of getting
 25 lower rates than being individually metered. Is that a

1 the one air handling unit to service those four
 2 floors.

3 CHAIRMAN BURG: Do you have any kind
 4 of a comparison what it would be -- let's just for
 5 the purposes of comparison say the spaces would
 6 always remain the same and that they would not move
 7 around and, in fact, let's just say you had
 8 20 tenants and each separate office space had its
 9 own heating, air conditioning, and hot water
 10 heating as compared to a central one.

11 Do you have any idea of the difference in
 12 the -- the efficiency differences?

13 THE WITNESS: Well, there's a
 14 certain amount of efficiency for each unit. You'll
 15 never get 100 percent efficiency out of any
 16 mechanical device. So if each of your furnaces are
 17 80 percent efficient, if you have six of them,
 18 you've got 80 percent for six. Whereas, if you had
 19 one, you'd have a complete 80 percent. Your
 20 efficiency will go down as you add units.

21 CHAIRMAN BURG: Have you seen
 22 anywhere where there's actually through the air
 23 movement, shifted heat or air conditioning from one
 24 part of the building to the other depending on the
 25 heating and air conditioning parts of it?

1 As an example, today the buildings on the west
2 side of the building -- the apartments on the west
3 side of the building or the units are going to take
4 a lot more cooling than on the other side.

5 Is there any efficiency to be gained by doing
6 a central in that way?

7 THE WITNESS: I'm not sure. I don't
8 know.

9 CHAIRMAN BURG: If I remember when
10 we toured or visited the Black Hills Power and
11 Light Building in the Rapid City, in the wintertime
12 they move heat from the warm side of the building
13 to the cool side of the building to use it most
14 efficiently.

15 That probably would not be possible in
16 individual ones; is that correct?

17 THE WITNESS: That would be correct.

18 MS. AILTS WIEST: Anything else from
19 the Commissioners? Is it your opinion the tariff
20 even prohibits the submetering of the fifth floor?

21 THE WITNESS: Yes.

22 CHAIRMAN BURG: That was the way I
23 read that tariff, and that is a concern that I have
24 is that the way NSP has filed that tariff that it's
25 not permissible to actually submeter, to sell it or

1 submeter it.

2 And I guess one additional question I'd
3 probably ask you, is there anything to prevent
4 submetering to be at a different rate than what the
5 master metering rate would be?

6 THE WITNESS: I'm not sure I
7 understand.

8 CHAIRMAN BURG: What I guess I'm
9 saying is they say they're under a small commercial
10 rate for the building under master metering.

11 Is there anything from preventing the building
12 owners from charging whatever they wanted on the
13 submeter kilowatts?

14 THE WITNESS: I believe it's
15 prohibited from charging something other than the
16 tariffed rate.

17 CHAIRMAN BURG: Okay.

18 COMMISSIONER SCHOENFELDER: My only
19 question was -- I forgot so I'm sorry. But I want
20 to know if you've been in contact with NSP and
21 MidAmerican about this application.

22 THE WITNESS: Yes.

23 COMMISSIONER SCHOENFELDER: If
24 you've had conversations with them, and what did
25 they tell you about them?

1 THE WITNESS: I spoke with
2 Mr. Wilcox from NSP and discussed the tariff with
3 him, and he said he is not in opposition.
4 Basically, he has no opinion, and that's why they
5 chose not to be here today.

6 And I personally did not speak with
7 MidAmerican. They had spoke with Cameron, and what
8 he had relayed to me is basically they were of the
9 same -- that they don't have a strong opinion
10 either way.

11 COMMISSIONER SCHOENFELDER: Okay.
12 And then, Ms. Wiest, when you're done with this
13 witness and staff is done I'd like to ask
14 Mr. Dunham some more questions, if I could.

15 MS. AILTS WIEST: Anymore questions
16 of Ms. Farris?

17 COMMISSIONER NELSON: I have one.
18 The part that you highlighted on the second page
19 here, NSP, the General Rules, Part B, 4.1, it said
20 electricity that's supplied for use by customer's
21 household or submetering is not permitted.

22 Is that because he wouldn't be using it
23 himself?

24 THE WITNESS: Yes. And I believe it
25 also is because of the charging.

1 COMMISSIONER NELSON: Okay. Thanks.

2 CHAIRMAN BURG: I want to follow up
3 on that a little bit. If you did bring this part
4 of the NSP tariff to Mr. Wilcox's attention --

5 THE WITNESS: Yes.

6 CHAIRMAN BURG: Did he have any idea
7 how we'd get around that if we wanted to grant a
8 variance?

9 THE WITNESS: I didn't ask that
10 question.

11 CHAIRMAN BURG: That's the one
12 concern I come to. If they want to allow this to
13 be happening, they need to file a tariff, I think.

14 THE WITNESS: Right.

15 MR. RISLOV: How many furnaces are
16 being configured in this building from your
17 understanding?

18 THE WITNESS: From what I
19 understand, there's the central down in the
20 basement for the first four floors, and I was told
21 there would be five separate furnaces on the fifth
22 floor.

23 MR. RISLOV: You talked about
24 submetering being prohibited. What if Mr. Dunham
25 decided to just have one furnace for the entire

1 building, master meter the entire building?

2 Is that okay under your definition then? Does
3 that meet with the requirements?

4 THE WITNESS: It certainly wouldn't
5 be submetering. I mean, if it was one central heat
6 and a central cooling system and central hot water,
7 then it would meet one of the exceptions in our
8 rules.

9 MR. RISLOV: Is it your opinion the
10 PURPA requirements allows any master metering
11 system -- allows it to be automatically usable in a
12 situation like this?

13 MR. HOSECK: Objection. This is a
14 question of law.

15 MR. RISLOV: She's interpreted the
16 rule, and she had been stating that she was
17 interpreting the rule for staff. I'm just wanting
18 to know what her understanding of that rule happens
19 to be.

20 MS. AILTS WIEST: I don't know if
21 she said she was interpreting PURPA rules. She was
22 interpreting your rule.

23 MR. RISLOV: Maybe I'll go back to
24 the Rule No. 6, under that rule, that subsection of
25 that rule. Does that automatically mean any master

1 that application being in?

2 MR. DUNHAM: No.

3 COMMISSIONER NELSON: Mr. Dunham, do
4 you want copies of that stuff?

5 MR. DUNHAM: I got copies of one of
6 them.

7 COMMISSIONER NELSON: Do you want
8 the others?

9 MR. DUNHAM: That's fine.

10 MS. AILTS WIEST: Exhibit 2 will be
11 admitted. I believe Commissioner Schoenfelder had
12 a couple of questions.

13 COMMISSIONER SCHOENFELDER: You
14 talked about the cost of running the conduit up the
15 side of the building. Do you do that on the
16 outside? I thought you did that internally, but
17 that's okay.

18 So what would be the difference in cost and
19 why would you object to direct metering from NSP so
20 you wouldn't -- first of all, it would stop you
21 from having to read those people's meters. It
22 would make them and NSP responsible to each other
23 and if you're going to have the submetering anyway
24 and if you're going to have a separate furnace and
25 hot water heater for each one of those condos,

1 meter facility automatically qualifies?

2 THE WITNESS: No. It says if it's
3 got central water, central heat, central cooling,
4 then it has to be brought to the attention of the
5 Commission. I don't have the rule in front of me,
6 but I think that's what it says.

7 MR. RISLOV: The rule deals with
8 PURPA. It's very difficult so forget it.

9 MS. AILTS WIEST: Anymore questions
10 of this witness?

11 MR. HOSECK: None.

12 MS. AILTS WIEST: Any other
13 witnesses?

14 MR. HOSECK: No other witnesses, and
15 I would as a matter of explanation state that we
16 will furnish extra copies of the gas tariff. We
17 didn't think that was going to be an issue, but we
18 will provide extra copies of that to the Commission
19 afterwards.

20 MS. AILTS WIEST: I was thinking
21 maybe we should also for the Application put that
22 as Exhibit 2 just so that it's in the record.

23 MR. HOSECK: Fine.

24 (Exhibit 2 is marked for identification)

25 MS. AILTS WIEST: Any objection to

1 which I would think if I were going to buy one of
2 those, you better have, why wouldn't you direct me
3 to NSP and would that solve the problem?

4 MR. DUNHAM: Well, I think there's
5 probably three different answers I need to give you
6 on that. One, the 10 or 12 or whatever the
7 difference is, probably not the biggest part of
8 it.

9 It's the fact that they're probably going to
10 have to put one -- again, we don't know if we're
11 even going to be able to sell these as condominiums
12 because it's never been done in Sioux Falls
13 before. I would say the closest probably
14 condominiums to having been sold in this price
15 range are Okoboji, Iowa or certainly Minneapolis or
16 maybe Des Moines or Omaha.

17 But what happens is when you're getting \$175
18 per square foot range, you eliminate a lot of
19 buyers. Because you get 1,000 square feet. That's
20 \$175,000, and that's merely an apartment. So it's
21 very possible that we'll never do it.

22 But, again, if we sell one now and we have one
23 meter for that, an individual meter, then we got to
24 run one gas line up the outside of the building and
25 then we have a meter there and if we sell the next

1 one, we've got to run another one up alongside the
2 building.

3 Again, the aesthetic part of it, I can
4 guarantee you the people up there would much rather
5 have the submeter than these ugly gas lines.

6 COMMISSIONER SCHOENFELDER: But I
7 think the question here isn't the gas line. I
8 think the question here is the electric line. I
9 don't know that the gas line is in question. I
10 think it's the electric service.

11 And I just don't think that it would be any
12 added cost to direct meter than it would be to
13 submeter, except you'd be running the individual
14 conduit up. And I guess I always thought you ran
15 conduit up the inside, not the outside.

16 MR. DUNHAM: In electric you would.
17 In plumbing I think you have to run up the outside.

18 COMMISSIONER SCHOENFELDER: But I'm
19 talking about the electric one.

20 MR. DUNHAM: Then the only risk you
21 would take is guessing how much meter panel you
22 would buy. If you bought six meters, one for
23 downstairs and five for upstairs, and you'd have
24 to -- but, again, it probably --

25 COMMISSIONER SCHOENFELDER: I just

1 understand that.

2 MR. DUNHAM: You might sell one
3 condo and that's all you'll sell and the rest might
4 be all office. It's complicated. There's no
5 question about it.

6 COMMISSIONER SCHOENFELDER: And I'm
7 not a contractor. I don't understand it
8 completely, but I do want to understand it. That's
9 what I'm struggling with here.

10 I imagine you sort of answered my other
11 question, which is how many of these type of things
12 you have in Sioux Falls. And this is the first one
13 with residential apartments or condos in it?

14 THE WITNESS: Well, it's not first
15 one because there's a lot older buildings downtown.

16 COMMISSIONER SCHOENFELDER: I know.
17 I'm talking about the ones you built new. Thank
18 you.

19 MS. AILTS WIEST: Mr. Dunham, do you
20 have anything you'd like to add in rebuttal to
21 Ms. Farris's testimony?

22 MR. DUNHAM: No. I think one of the
23 benefits, and I don't know what year this was
24 written. 1996, I guess, Mike Hansen. But, you
25 know, I do think if we go to these individual

1 wondered if that would solve the problem and how
2 expensive it would be to solve that problem.

3 MR. DUNHAM: Maybe we can set it
4 up --

5 COMMISSIONER SCHOENFELDER: You're
6 really in an iffy situation here because if you
7 don't sell them --

8 MR. DUNHAM: If we set it up for
9 eight panels and we use the office, we're going to
10 have a meter there, a panel with every seven vacant
11 panels and one meter sitting on the panels.

12 COMMISSIONER SCHOENFELDER: And you
13 would do that even though you planned it -- the way
14 you had it planned you would have the five
15 submeters, you'd have the panel ready to go for
16 five submeters, would you not?

17 MR. DUNHAM: No. Each meter would
18 be in the utility closet or in a designated place
19 on the fifth floor.

20 COMMISSIONER SCHOENFELDER: But so
21 would it be if it were direct meter, would it not,
22 to each individual condo?

23 MR. DUNHAM: No. Because you
24 wouldn't do it until you sold the condo.

25 COMMISSIONER SCHOENFELDER: I

1 meters, you know, each one of these people are
2 going to be out of the loop as far as being -- you
3 know, if something goes wrong with the building,
4 they're not going to be in the loop with that.

5 Again, I think with one meter situation where
6 everything can be tied to a service, whether it be
7 Midwest Alarm -- and there's three or four in
8 Sioux Falls now. You can tie that in. They're
9 monitored 24 hours a day.

10 I mean, the health and fire and safety
11 protection and those kinds of things with one
12 meter, I think, is better than having submeters
13 because the submeters aren't going to have all of
14 the benefits that these residential people are
15 going to have in that building.

16 And that's the only thing -- and I don't have
17 any problem -- I don't have any problems of
18 individually metering the electric, as you pointed
19 out. I just think that the owners are going to
20 lose some benefits by that happening because
21 they're not going to be into the computer
22 programming for the building.

23 The only way they could is if their own
24 telephone line, which they could pay for the
25 service themselves, which would probably cost them

1 50 bucks a month or something.

2 MS. AILTS WIEST: Okay. Thank you.
3 Any closing statements?

4 MR. HOSECK: The only thing I would
5 state is I would remind the Commission that under
6 the rule -- this was filed April 24 so we've got
7 60 days to make a decision, and I believe that
8 would put it about June 23, just as a reminder.

9 COMMISSIONER SCHOENFELDER: I would
10 ask, though, that staff or Mr. Dunham, somebody,
11 request letters from those companies. I'd like
12 their comments, especially NSP on the tariff, if
13 that's possible. Ordinarily when you ask for a
14 variance you have support from the company, right?

15 MR. HOSECK: I don't know. The
16 rule, Commissioner Schoenfelder, seems to direct
17 the burden in the Application upon the person
18 that's seeking the variance and so, you know, if
19 the utilities --

20 COMMISSIONER SCHOENFELDER: Okay.
21 If Mr. Dunham could supply the comments -- if he
22 can call NSP and MidAmerican and supply comments, I
23 would be a lot more comfortable.

24 MR. DUNHAM: I'll do that.

25 CHAIRMAN BURG: Just a comment that

1 MR. DUNHAM: I would have a tendency
2 to believe they probably never anticipated
3 something like that when they wrote this too.

4 CHAIRMAN BURG: I would guess so
5 too. That's why I think we need some kind of
6 response from them. If you can figure out a way
7 they would do that, that's something we can
8 consider.

9 As it is now, I don't see that we have the
10 latitude to make an approval under the tariff that
11 they filed.

12 MS. AILTS WIEST: Pending those
13 letters, the Commission will take it under
14 advisement and close the hearing.

15 CHAIRMAN BURG: What's your
16 construction date? Is it critical by that date or,
17 I guess --

18 MR. DUNHAM: Yeah. I mean, moving
19 forward. I know I just saw the air handling
20 equipment show up and be craned off the trucks here
21 a couple of days ago.

22 CHAIRMAN BURG: My guess is if we
23 deny the variance for the fifth floor, that your
24 architect will probably do some reconfiguration of
25 the wiring at least maybe and even the gas, and I'm

1 I would have on it. I tend to see some advantages
2 for this level of a condo, and people have a choice
3 whether they want to buy one under those conditions
4 or not under submetering.

5 My one concern is how do we get around the
6 file tariff? How do we get around the rules? We
7 don't. That's why I would like a comment from
8 NSP. How can we approve this, given a tariff
9 that's been filed that they have said that they
10 would provide service by and that we have to live
11 under.

12 If there's a satisfaction of that, I have a
13 tendency to feel the advantage to those people may
14 be worth -- on my part, may be worth a variance.

15 COMMISSIONER NELSON: Just for my
16 own information, how much work would it be if NSP
17 changed its tariff to allow that?

18 COMMISSIONER SCHOENFELDER: Well, I
19 would like to add to what Commissioner Burg said.
20 These are NSP tariffs filed, and we approve them.
21 So once we approve them they become the same as
22 statute. So they're laws we have to operate
23 under.

24 So if NSP would change it's tariff, that's
25 fine, but I don't know --

1 wondering at what point is that impossible to do?

2 MR. DUNHAM: Well, again, I think
3 it's when you order your office. And, again, I'm
4 guessing that the main service has probably already
5 been ordered. Because there's probably 8 to 12
6 weeks-lee time on that.

7 So what we would do is probably get a
8 residential panel to put next to the main service
9 for the lower four floors.

10 CHAIRMAN BURG: Something else just
11 occurred to me. If you designed your heating, air
12 conditioning, and everything for condominiums on
13 that floor, you're not going to put the air
14 handling or water heating and all of that -- you'll
15 end up with individuals furnaces, and that -- even
16 if you ended up making that office space, they
17 would be using individual --

18 THE WITNESS: No. We've sized the
19 air handling equipment enough to carry all five
20 floors. Because if my condo project flops, I have
21 to make sure I have enough for all five floors.

22 CHAIRMAN BURG: Or the tenants up
23 there would have individual?

24 MR. DUNHAM: It would, but I don't
25 think it would be desirable.

1 COMMISSIONER SCHOENFELDER:
 2 Mr. Dunham, could I ask you to contact those
 3 companies right away? Because we're acting under
 4 the deadline, and I hope you would have a decision
 5 by the deadline.

6 MR. DUNHAM: I could fax that to
 7 you. I think most of your correspondence is with
 8 Connie. We're kind of a rookie. It's the first
 9 time I've been here for this. It sounds like I
 10 needed more expertise. But, anyway, I think I can
 11 get Jim and so forth and, I mean -- are we just --

12 COMMISSIONER SCHOENFELDER: The main
 13 one would be NSP, but I'd like to hear from
 14 MidAmerican too if that's possible, but I think the
 15 criteria would be NSP.

16 THE WITNESS: I'm sure I can meet
 17 with them tomorrow.

18 COMMISSIONER SCHOENFELDER: I would
 19 appreciate a quick response with them so we can
 20 make a quick decision.

21 CHAIRMAN BURG: For clarification, I
 22 probably need to go back to staff. What is
 23 MidAmerican's tariffs on submetering?

24 Okay. We can go back and look. That part's
 25 in there. I guess with the amount of construction

1 STATE OF SOUTH DAKOTA)
 2)SS CERTIFICATE
 3 COUNTY OF HUGHES)
 4)

5 I, CHERI MCCOMSEY WITTLER, Registered
 6 Professional Reporter and Notary Public in and for the
 7 State of South Dakota:

8 DO HEREBY CERTIFY that as the duly-appointed
 9 shorthand reporter, I took in shorthand the proceedings
 10 had in the above-entitled matter on the 8th day of
 11 June 2000, and that the attached is a true and correct
 12 transcription of the proceedings so taken.

13 Dated at Pierre, South Dakota this 16th day
 14 of June 2000.

15
 16 *Cheri M. Wittler*
 17 Cheri McComsey Wittler,
 18 Notary Public and
 19 Registered Professional Reporter
 20
 21
 22
 23
 24
 25

1 I'm surprised we haven't run up against this
 2 before. It's a matter of the combination. We've
 3 probably never made the combination
 4 business/residence before, have you?

5 MS. AILTS WIEST: I assume we put it
 6 on the June 20 Commission meeting for a decision.

7 COMMISSIONER SCHOENFELDER: Is that
 8 quick enough? We could do an ad hoc if we have the
 9 information before then.

10 MS. AILTS WIEST: We'll see when we
 11 get the information.

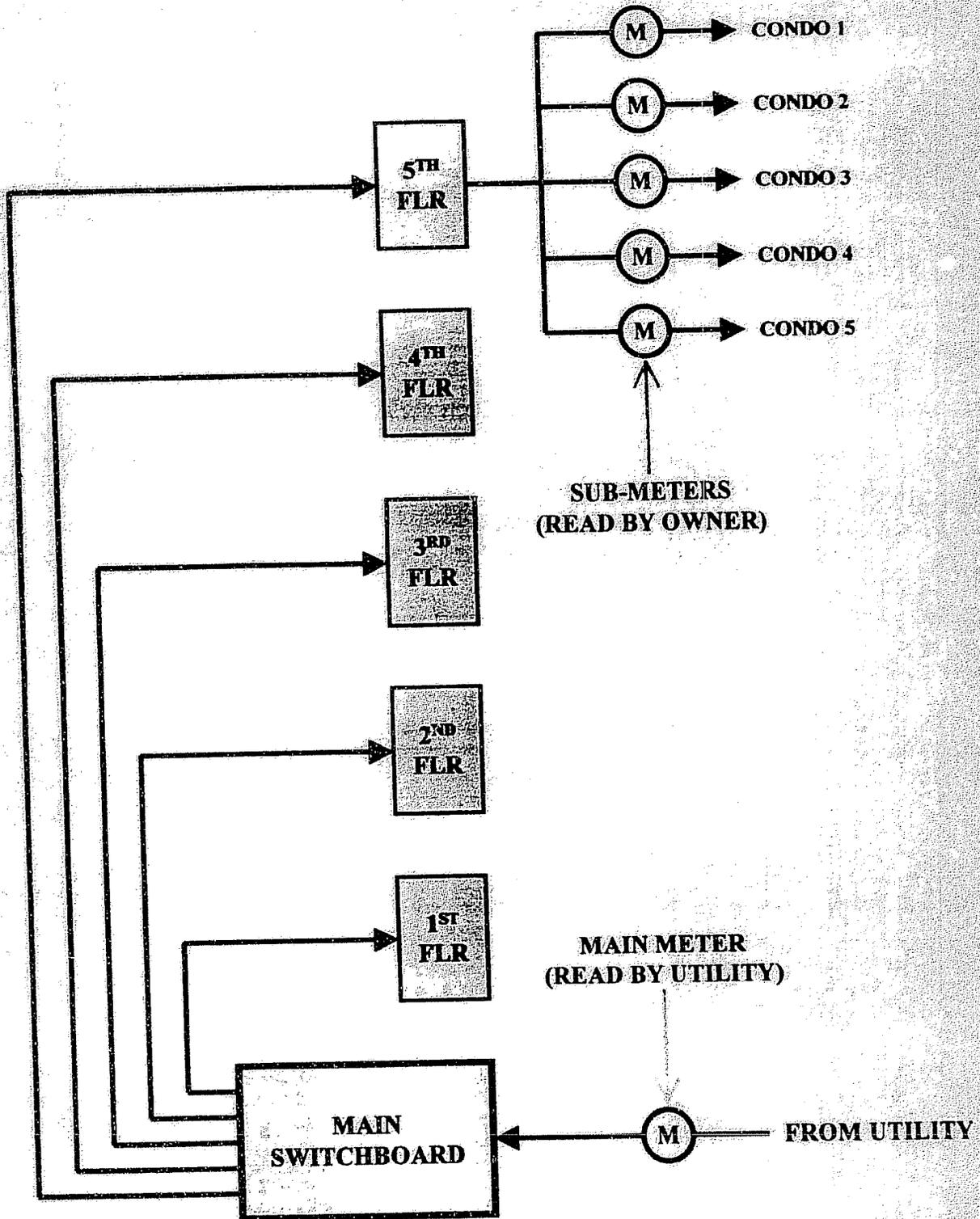
12 (The hearing concluded at 2:30 p.m.)
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RIVER CENTER METERING CONFIGURATION



RIVER CENTER ELECTRICAL FACT SHEET

- FLOORS 1, 2, 3 & 4 CONTAIN COMMERCIAL TENANT SPACES.
- FLOOR 5 CONTAINS RESIDENTIAL TENANT SPACES.
- UNDER CURRENT CONFIGURATION, ELECTRICAL SERVICE FOR ENTIRE BUILDING IS MEASURED WITH MASTER METER.
- UNDER CURRENT CONFIGURATION, ELECTRICAL SERVICE TO INDIVIDUAL RESIDENTIAL UNITS CAN BE MEASURED WITH INDIVIDUAL SUB-METERS.
- THE CURRENT METERING CONFIGURATION IS AN ECONOMICAL SOLUTION TO PROVIDING AN ELECTRICAL INFRASTRUCTURE WITHIN THE FACILITY BASED ON PROJECTED USES OF SPACE.
- COORDINATION WITH THE SERVING ELECTRICAL UTILITY HAS BEEN ACCOMPLISHED.
- THIS FACILITY MEETS THE REQUIREMENTS OF ARSD 20:10:26:04, SUBPARAGRAPH (6).



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APR 24 2000

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

April 20, 2000

Mr. Bill Ballard, Executive Director
Public Utilities Commission
500 East Capitol Avenue
Pierre, SD 57501

Re: River Center Office Building, Sioux Falls, SD

Dear Mr. Ballard:

Enclosed please find information regarding the River Centre Office Building in Sioux Falls.

The River Centre Office Building is a 5-story building with underground parking consisting of approximately 85,000 square feet. The first 4 floors of this building will be office space. The 5th floor of this building will consist of 4-5 condominium units.

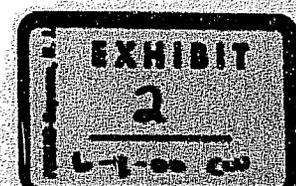
The building will have a central gas heating/cooling system and a central ventilation system. MidAmerican Energy and Northern States Power will service the gas and electricity.

We plan to install 1 electrical and 1 gas meter for the entire first four floors. We plan to install submeters for the 4-5 condominium units located on the 5th floor. This is the most cost-effective and energy-efficient method to provide gas and electricity to our tenants. We do not know the number of tenants that will occupy the building at this time. It would be impossible to use separate meters for each future tenant based on the type of HVAC system that we will be using.

Please see additional information enclosed in response to Mr. Martin Bettmann's letter dated April 4, 2000. Mr. Bettmann has a full set of blueprints for this building and will forward these to you for your review.

We are requesting a variance referenced in Section 20:10:26:04, Number 6.

After review of this request, please contact me to discuss any questions. Please schedule a hearing to discuss this project if further review is necessary.



Page -2-
April 20, 2000

Thank you for your assistance with this project.

Sincerely,

A handwritten signature in cursive script that reads "Bonnie Peterson-Mogen". The signature is written in dark ink and is positioned above the printed name.

Bonnie Peterson-Mogen
Vice President - Development Division

enclosures

cc: Donald A. Dunham, Jr.

South Dakota Public Utilities Commission

State Capitol Building, 500 East Capitol Avenue, Pierre, South Dakota 57501-5070



April 18, 2000

Ms. Bonnie Peterson-Mogen
Dunham Company
230 South Phillips Avenue, Suite 202
Sioux Falls, SD 57104-6321

Re: Master Metering Variance for the River Centre Office Building, Sioux Falls, SD

Dear Ms. Mogen:

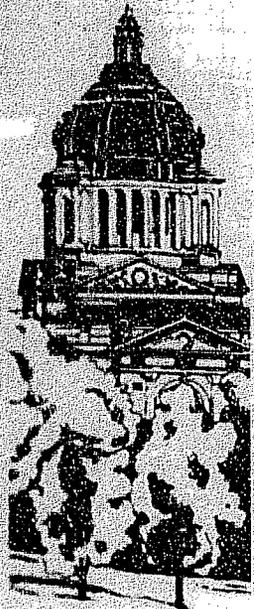
After reviewing the response to my data request, it is my opinion that you need to apply to the Commission for a master meter variance pursuant to ARSD 20:10:26. The information you have submitted does indicate that there is a central heating and air handling system, and normally this would allow for a variance. However, the fact that there may be four or five submetered residential living spaces on the fifth floor makes your request different from the normal notification submitted under ARSD 20:10:26:04(6), where the entire building is either retail or residential.

If you do not wish to do so, you will not need to submit a second set of plans as part of your request. Simply, refer to the plans you sent to me earlier and they can be made part of the docket.

If you have any questions about this letter, please do not hesitate to contact me.

Sincerely,


MARTIN C. BETTMANN
Staff Engineer



Capitol Office
Telephone (605)773-3201
FAX (605)773-3809

Transportation/
Warehouse Division
Telephone (605)773-5280
FAX (605)773-3225

Consumer Hotline
1-800-332-1782

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April 13, 2000

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APR 17 2000

Mr. Martin Bettmann
Public Utilities Commission
500 East Capitol Avenue
Pierre, SD 57501

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Re: Master Metering Variance for the River Centre Office Building, Sioux Falls, SD

Dear Mr. Bettmann:

This letter is in response to your questions in the letter dated April 4, 2000.

1. **Drawing No. M2.3 - nine individual gas meters.** We will actually install 4-5 Submeters to accommodate the 4-5 condominium units to be built on the 5th floor. The architect originally planned on 9 condominium units, however, we feel this number will more likely be 4-5 units. Actual number of submeters will be determined at a later date when the actual number of condominiums to be built in the 5th floor space is determined.
2. **Gas use in Condominiums.** Gas will be used for the furnace and hot water heat.
3. **Gas Cost to Individual Tenants.** All tenants will be charged for gas on a prorata share based on the space they lease.
4. **Nine Additional Meters.** These will be the 4-5 Submeters referred to in #1 above.
5. **Common Area Electrical Use.** Each tenant will pay a monthly charge based on their prorata share as part of the Building Owners Association monthly dues.

Please review this letter and let me know if you have any additional questions regarding this project. Thank you for your assistance with this matter.

Sincerely,



Bonnie Peterson-Mogen
Vice President - Development Division

cc: Donald A. Dunham, Jr.

South Dakota Public Utilities Commission

State Capitol Building, 500 East Capitol Avenue, Pierre, South Dakota 57501-5070



April 4, 2000

Ms. Bonnie Peterson-Mogen
Dunham Company
230 South Phillips Avenue, Suite 202
Sioux Falls, SD 57104-6321

Re: Master Metering Variance for the River Centre Office Building, Sioux Falls, SD

Dear Ms. Mogen:

I have reviewed your letter and the copy of the mechanical drawings regarding the above referenced matter sent to me last week. For purposes of clarification, please respond in writing to the following questions.

1. On Drawing No. M2.3, a single "gas service and meter" is shown along with nine individual gas meters. If it is your intent to install submeters for just the four or five condominiums, how will the remaining four or five meters be used?

2. How would gas be used in the condominiums?

3. It appears that the single meter will only be used to measure the gas used by the water heating system located in the penthouse that appears will be the source for hot water for both space heating and domestic water for the entire building. If this is true, how will the gas cost be assigned to the individual tenants?

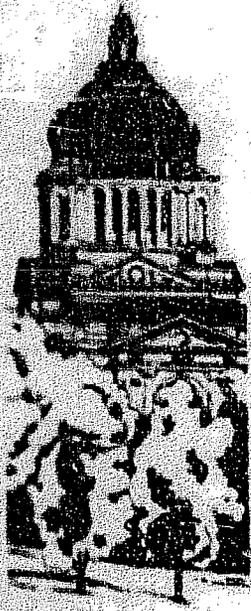
4. On Drawing No. E3.1, it appears that there is a single utility meter and provision for up to nine additional meters that would be located on Panel "L5." What electric usage these meters would measure?

5. How will the cost of "common area" electrical use be recovered from the tenants?

If you have any questions about this request, please do not hesitate to contact me.

Sincerely,

MARTIN C. BETTMANN
Staff Engineer



Capitol Office
Telephone (605)773-3201
FAX (605)773-3809

Transportation/
Warehouse Division
Telephone (605)773-5290
FAX (605)773-3225

Consumer Hotline
1-800-332-1702

TTY Through
Relay South Dakota
1-800-877-1113

Internet Website
www.state.sd.us/puc/

Jim Burg
Chairman
Pam Nelson
Vice-Chairman
Laska Schoenfelder
Commissioner

William Bullard Jr.
Executive Director

Harlan Best
Marion C. Bettmann
Sue Cichos
Karen E. Cremer
Terry Emerson
Michelle M. Farris
Marlette Fischbach
Heather K. Forney

Shulem Fugitt
Mary Giddings
Lewis Hammond
Liam Healy
Mary Healy
Cameron Hoseck

Lisa Hull
Dave Jacobson
Jennifer Kirk
Bob Knadle
DeLaine Kolbo
Charlene Lund
Gregory A. Rislov
Keith Senger
Kathryn A. Wiest



Dunham Commercial Real Estate

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SIOUX FALLS, SOUTH DAKOTA 57104-6321
www.dunhamcompany.com
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605-339-9400 BUSINESS
605-330-9444 FAX

March 30, 2000

Mr. Martin Bettmann
Public Utilities Commission
500 East Capitol Avenue
Pierre, SD 57501

RECEIVED

MAR 31 2000

Re: River Centre Office Building, Sioux Falls, SD

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

Dear Mr. Bettmann:

This letter is in response to our recent telephone conversation regarding the River Centre Office Building in Sioux Falls.

The River Centre Office Building is a 5-story building with underground parking consisting of approximately 85,000 square feet. The first 4 floors of this building will be office space. The 5th floor of this building will consist of 4-5 condominium units.

The building will have a central gas heating/cooling system and central ventilation system. MidAmerican Energy and Northern States Power will service the gas and electricity.

We plan to install 1 electrical and 1 gas meter for the entire first four floors. We plan to install submeters for the 4-5 condominium units located on the 5th floor. This is the most cost-effective and energy-efficient method to provide gas and electricity to our tenants. We do not know the number of tenants that will occupy the building at this time. It would be impossible to use separate meters for each future tenant based on the type of HVAC system that we will be using.

I have enclosed a full set of the mechanical blueprints for this building. After your review of the enclosed information, please contact me regarding the approval of this master metering request. Thank you.

Sincerely,

Bonnie Peterson-Mogen
Vice President - Development Division

enclosure

cc: Donald A. Dunham, Jr.
Nate Limoges

RULES AND REGULATIONS

6.00 Gas Meters (Continued)

6.00 Testing Meters - The Company reserves the right to remove and test all gas meters. A customer may request the Company test its gas meter and the customer may be present during the testing. The Company shall make the test as soon as possible after receipt of the request. If a meter test request is made within one year after a previous request, the Company may require a residential customer to pay a \$10 deposit and may require any other customer to pay deposit in the following amount:

<u>Non-Residential Gas Meters</u>	
<u>Meter Rating</u>	<u>Deposit Amount</u>
425 therms or less	\$10.00
426 therms to 1,000 therms	\$20.00
Over 1,000 therms	\$60.00

The deposit shall be refunded only if the meter is found to have an unacceptable error, as defined in paragraph 9.04 or 9.05 of Section V.

If after testing the meter, the meter is determined to be inaccurate and measures more than 2% in excess of the standard volume passed through the meter on test, the Company shall refund or charge the customer in accordance with Company rules in paragraph 9.04 or 9.05 of Section V.

6.07 Master Metering Prohibition - Pursuant to South Dakota A.R.S.D. 20:10:26, the Company will not allow master metering of new multiple occupancy buildings. This prohibition shall apply to all new residential and commercial buildings and new mobile home trailer courts which began construction after June 13, 1980. Certain exemptions to this prohibition include but are not limited to:

- a) Residential multiple occupancy buildings of two units, one of which is occupied by the owner of such building;
- b) Hospitals, nursing homes, transient hotels and motels and other residential facilities of a purely transient nature;
- c) Multiple occupancy buildings with central heating or cooling systems.

Other exemptions may apply which can be found in A.R.S.D. 20:10:26.



Date Filed: September 22, 1995 Effective Date: November 15, 1995

Issued By: James J. Howard, Vice President
Gas Administrative Services



GENERAL RULES AND REGULATIONS (Continued)

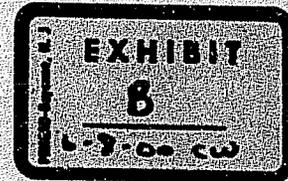
Section No. 6
 Original Sheet No. 17
 Relocated from SDPUC No. 1 Sheet No. 5-10

SECTION 4 USE OF SERVICE RULES

4.1 USE OF SERVICE

A. Definitions

1. *Individual Company Metering.* Direct measurement by the Company, using a Company meter, of all electrical consumption of a customer supplied by Company.
2. *Redistribution.* The provision of unmetered electrical supply by a customer to customer's tenants or other occupant, or to any person who qualifies for unmetered service.
3. *Submetering.* The provision of metered electrical supply through a customer owned meter to a customer's tenants, cooperative or condominium owners, other occupants, or to a portion of the customer's own electrical consumption.
4. *Outside Sale.* The sale or provision of electrical supply by a customer to any other person outside the customer's building or property.
5. *Series Subtractive Metering.* An arrangement to measure consumption in a multiple occupancy unit building using individual Company meters on each occupancy unit in series with one Company master meter to measure total building consumption on the set of service entrance conductors or feeder supplying the individual occupancy units with billing for common area usage determined by Company formula.
6. *Building.* A self-contained complete structure, including movable and temporary structures separated by space or an area separation wall (as defined in the Uniform Building Code) from all other structures. Two or more structures shall not be considered a single building merely by the existence of skyways, tunnels, common heating or cooling facilities, common garages, entry halls or elevators, or other attachments.
7. *Occupancy Unit.* A room, office, apartment, or other space separated by walls or partitions that enclose the area, or a contiguous grouping thereof when occupied by a single customer.



(Continued on Sheet No. 6-18)

Date Filed: 10-15-96

By: Michael J. Hanson
 General Manager & Chief Executive
 NSP - South Dakota

Effective Date: 12-16-96

Docket No. EL96-025

Order Date: 12-16-96



GENERAL RULES AND REGULATIONS (Continued)

Section No. 6
 Original Sheet No. 18
 Relocated from SDPUC No. 1 Sheet No. 5-10 &
 5-11

4.1 USE OF SERVICE (Continued)

B. General Rules

Electric service may be used only for the purposes set forth in the respective rate schedules. Within its assigned service area, the Company is in the business of providing retail electricity to the ultimate consumer. Electricity is supplied for use by customer's household or business and outside sale or submetering of such service is not permitted.

The electric service equipment and associated building wiring of buildings must be arranged by the owner to facilitate individual Company metering of the electrical consumption of each building and occupancy unit, except where specifically permitted by Section 4.1, USE OF SERVICE, Paragraphs (C) and (D). The Company will install and maintain necessary individual Company meters to measure consumption and render bills on the applicable rate schedules to each customer and separately occupied buildings and occupancy unit.

The Company will not install, operate, maintain, or acquire any series metering system. The Company may, however, require series subtractive metering for its own purposes to measure consumption and render bills for electric energy not otherwise measured.

Electricity is normally supplied to each separate customer through a single service and meter. The Company does not engage in the practice of doing interior wiring on customer's premises except for the installation and maintenance of its own property. The customer may combine the supply of electricity through one meter and one service to two or more buildings or occupancy units if they are located on the same or contiguous parcels of property and occupied by the same customer solely for customer's own use. If separate buildings are occupied in whole or part by tenants of the customer, then each tenant occupied building, or area, or occupancy unit must be segregated from other loads of the customer and metered by the Company.

(Continued on Sheet No. 6-19)

Date Filed: 10-15-96

By: Michael J. Hanson
 General Manager & Chief Executive
 NSP - South Dakota

Effective Date: 12-16-96

Docket No. EL96-025

Order Date: 12-16-96

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE FILING BY THE DUNHAM COMPANY FOR A MASTER METERING VARIANCE REQUEST FOR THE RIVER CENTRE OFFICE BUILDING, SIOUX FALLS, SOUTH DAKOTA))))))	ORDER EXTENDING TIME FOR DECISION GE00-002
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On April 24, 2000, the Public Utilities Commission (Commission) received a master metering variance request from the Dunham Company (Dunham) for its River Centre Office Building. The Dunham Company requested a variance from ARSD 20:10:26:04(6). The Dunham Company further requested that a hearing be scheduled if necessary.

Pursuant to ARSD 20:10:26:07, if an applicant requests a hearing, the Commission shall serve notice of the hearing on the affected utility company and set a procedural schedule. The Commission finds that it has jurisdiction over this matter pursuant to SDCL Chapters 1-26 and 49-34A, including 49-34A-27, and ARSD Chapter 20:10:26.

A hearing was scheduled for June 8, 2000, beginning at 1:30 o'clock P.M., in Room 413 of the State Capitol Building, 500 E. Capitol, Pierre, South Dakota. The hearing was held as scheduled. The issue at the hearing was whether a master metering variance should be granted to the Dunham Company for its River Centre Office Building. At the close of the hearing, the Commission took the matter under advisement.

At its June 20, 2000, meeting, the Commission considered this matter. The Commission voted unanimously to extend the deadline for a decision. Pursuant to ARSD 20:10:26:08, the Commission finds good cause to extend the time for ruling on this application for a variance. The Commission notes that at the hearing, Commissioner Schoenfelder asked that Mr. Dunham request a letter from NSP and MidAmerican concerning their position on Mr. Dunham's request for a variance. The Commission received a letter from NSP but has not received a letter from MidAmerican. Thus, the Commission will extend the time for ruling until such time as it receives a letter from MidAmerican. After receiving the letter, the Commission will make a ruling as soon as its schedule permits. It is therefore

ORDERED, that the Commission finds good cause to extend the time for ruling on this application.

Dated at Pierre, South Dakota, this 22nd day of June, 2000.

CERTIFICATE OF SERVICE
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.
By: <u>Melanie Kalbo</u>
Date: <u>6/22/00</u>
(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner



South Dakota Public Utilities Commission



State Capitol Building, 500 East Capitol Avenue, Pierre, South Dakota: 57501-5070

July 3, 2000

Ms. Bonnie Peterson-Mogen
Vice President - Development
Division
Dunham Company
230 S. Phillips Avenue, Ste. 202
Sioux Falls, SD 57104-6321

Mr. Jim Wilcox
Manager
Government & Regulatory Services
Northern States Power Company
P. O. Box 988
Sioux Falls, SD 57101-0988

Ms. Suzan M. Stewart
Managing Attorney
MidAmerican Energy Company
P. O. Box 778
Sioux City, IA 51101

Re: In the Matter of the Filing by the Dunham
Company for a Master Metering Variance
Request for the River Centre Office Building,
Sioux Falls, South Dakota
Docket GE00-002

Dear Folks:

Enclosed each of you will find a copy of Motion and Notice of Motion in the above
captioned matter. This is intended as service upon you by mail.

Very truly yours,

Karen E. Cremer
Staff Attorney

KEC:dk
Enc.

Capitol Office
Telephone (605)773-3201
FAX (605)773-3909

Transportation/
Warehouse Division
Telephone (605)773-3280
FAX (605)773-3225

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Relay South Dakota
1-800-877-1113

Internet Website
www.state.sd.us/puc/

Jim Burg
Chairman
Pam Nelson
Vice-Chairman
Linda Schoenfelder
Commissioner

William Bullard Jr.
Executive Director

Hurlan Best
Marta C. Bethmann
Sue Cichas
Karen E. Cremer
Terry Emerson
Michelle M. Farris
Marianne Fruehbach
Heather K. Forney
Luz Foxson
Mary Giddings
Lewin Hamwood
Loni Healy
Mary Healy
Cameron Homock
Lisa Hull
Dave Johnson
Jennifer Kirk
Bob Knadle
Debra Korb
Charlene Laird
Gregory A. Riskov
Keith Senger
Robynne Aita West

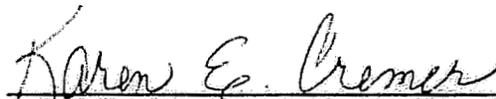
**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE FILING BY THE)	MOTION AND NOTICE OF
DUNHAM COMPANY FOR A MASTER)	MOTION
METERING VARIANCE REQUEST FOR THE)	
RIVER CENTRE OFFICE BUILDING, SIOUX)	GE00-002
FALLS, SOUTH DAKOTA)	

MOTION

COMES NOW Commission Staff and hereby moves the Commission, pursuant to SDCL 1-26-18 and 1-26-19, to admit the attached NSP tariff as a late filed exhibit. The tariff, in particular paragraph 7, is relevant to the issue of whether a master metering variance shall be granted to Dunham for its River Centre Office Building

Dated at Pierre, South Dakota, this 3rd day of July, 2000.



Karen E. Cremer
Staff Attorney
South Dakota Public Utilities Commission
500 East Capitol
Pierre, SD 57501
Telephone (605) 773-3201

NOTICE OF MOTION

TO: DUNHAM COMPANY; NORTHERN STATES POWER COMPANY AND
MIDAMERICAN ENERGY COMPANY

PLEASE TAKE NOTICE that the undersigned will bring the above Motion on for hearing before the South Dakota Public Utilities Commission, Room 412, State Capitol Building, Pierre, South Dakota, on Thursday, July 6, 2000, at 2:00 P.M., or as soon thereafter as counsel can be heard.

Dated this 3rd day of July, 2000.



Karen E. Cremer
Staff Attorney
South Dakota Public Utilities Commission
500 East Capitol
Pierre, SD 57501
Telephone (605) 773-3201

CERTIFICATE OF SERVICE

I hereby certify that copies of Motion and Notice of Motion were served on the following by mailing the same to them by United States Post Office First Class Mail, postage thereon prepaid, at the address shown below on this the 3rd day of July, 2000.

Ms. Bonnie Peterson-Mogen
Vice President - Development
Division
Dunham Company
230 S. Phillips Avenue, Ste. 202
Sioux Falls, SD 57104-6321

Mr. Jim Wilcox
Manager
Government & Regulatory Services
Northern States Power Company
P. O. Box 988
Sioux Falls, SD 57101-0988

Ms. Suzan M. Stewart
Managing Attorney
MidAmerican Energy Company
P. O. Box 778
Sioux City, IA 51101



Karen E. Cremer
Staff Attorney



RULES FOR APPLICATION OF RESIDENTIAL RATES

Section No. 5

Original Sheet No. 13

Relocated from SDPUC No. 1 Sheet No. 3-7

1. The Residential Service, Residential Service - Underground, Residential Time of Day Service, and Residential Time of Day Service - Underground rates are the only rates available to residential customers for domestic purposes in a single private residence. Energy Controlled Service (Non-Demand Metered), Residential Heat Pump Service (Two Meter Rate), Limited-Off Peak Service, and Automatic Protective Lighting Service rate schedules are also available to qualifying residential customers.
2. Normal service under the Residential Service, Residential Service - Underground, Residential Time of Day Service, and Residential Time of Day Service - Underground rate schedules is single phase service rendered through one meter. Three phase service or service through more than one meter will be provided upon a one-time payment of an amount to reimburse Company for the additional investment, operating, and maintenance costs. If customer is served through more than one meter, each meter will be separately billed.
3. Electric space heating charges are applicable only when customer's electric space heating equipment is used as customer's primary heating source.
4. The Residential Service - Underground and Residential Time of Day Service - Underground rate schedules will apply where the underground facilities are owned by Company and Company has not been fully reimbursed for the added cost of such underground facilities.
5. Standby and Supplementary Service is available for any residential customer subject to the provisions in the General Rules and Regulations.
6. A customer using electric service for domestic and non-domestic purposes jointly may combine such use through one meter on such rates as are available to General Service customers.
7. Every building or portion of building used for residential purposes constructed or materially changed after November 23, 1980, shall be arranged to permit the consumption for each apartment or dwelling unit to be individually metered. An apartment is defined as a portion of a building consisting of one or more rooms completely equipped for living purposes.

Date Filed: 10-15-96

By: Michael J. Hanson
General Manager & Chief Executive
NSP - South Dakota

Effective Date: 12-16-96

Docket No. EL96-025

Order Date: 12-16-96



RECEIVED

JUL 05 2000

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

MidAmerican Energy Company
One RiverCenter Place
106 East Second Street
P.O. Box 4350
Davenport, Iowa 52808
319 333-8006 Telephone
319 333-8021 Facsimile

Karen M. Huizenga
Attorney

July 3, 2000

By UPS Overnight

Mr. William Bullard, Executive Director
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre, South Dakota 57501-5070

Re: Docket GE00-002 In the matter of the filing by the
Dunham Company for a master meter variance request
for the River Centre Office Building, Sioux Falls,
South Dakota

Dear Mr. Bullard:

MidAmerican Energy Company (MidAmerican) appreciates this opportunity to comment on the request by Dunham Company for a master metering variance for its River Centre Office Building, Sioux Falls, South Dakota. MidAmerican regrets that there apparently was a lapse in communication so that MidAmerican was not aware before the hearing that a letter had been requested.

It is MidAmerican's understanding that Dunham originally requested that the building be master-metered, from the utility perspective, but that there would be sub-metering by Dunham of a number of condominiums planned for the fifth floor. In a conversation with Dunham's construction manager for the River Centre project on Friday, June 30, 2000, a MidAmerican representative learned that the fourth and fifth floors of the building have been leased to one party. MidAmerican believes that this arrangement means there will be no sub-metering by Dunham of condominiums on the fifth floor. Because this issue is apparently moot, MidAmerican will offer no specific comments on the sub-metering portion of Dunham's request.

In regard to Dunham's request to master-meter the building as a whole, MidAmerican is mindful that there are many reasons a builder might wish to have a new commercial property master-metered, one example being the energy efficiencies in heating, cooling and ventilation that can often be achieved by the use of centralized



Mr. William Bullard, Executive Director
July 3, 2000
Page 2

systems. Therefore, MidAmerican has no objection to the instant request from a practical perspective.

MidAmerican's tariff concerning master metering is found at Section No. V, Sub First Revised Sheet No. 14, part 6.07. This tariff states that, pursuant to A.R.S.D. 20:10:26, MidAmerican generally will not allow master metering of new multiple occupancy buildings. However, the tariff also would allow master metering when the building qualifies for an exception or the Commission grants a variance of that rule.

Therefore, if the Commission is satisfied with the plan for the River Centre Office Building, MidAmerican would have no objection to the granting of a variance in this case.

Sincerely,

A handwritten signature in cursive script, appearing to read "James M. Hingosa".

KMH-ekt



Dunham Commercial Real Estate

230 SOUTH PHILLIPS AVENUE, SUITE 202
SIOUX FALLS, SOUTH DAKOTA 57104-6321
www.dunhamcompany.com
1-800-844-9816 TOLL FREE
605-339-9400 BUSINESS
605-330-9444 FAX

July 5, 2000

RECEIVED

JUL 07 2000

Mr. Martin Bettman, Staff Engineer
Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre, SD 57501-5070

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Sent By Fax: (605) 773-3809

Re: River Centre Office Building, Sioux Falls, SD
Docket GE00-002

FAX Received JUL 05 2000

Dear Mr. Bettman:

This letter is to inform you that the decision has been made to change the 5th floor of the River Centre Office Building to office space versus condominiums which were originally planned.

Therefore, the River Centre Office Building will now be a 5-story building with underground parking consisting of approximately 85,000 square feet. The entire 5 floors will be office space.

We plan to install 1 electrical and 1 gas meter for the entire 5 floors. This plan should clearly meet the exception stated in (ARSD) 20:10:26:04(6).

Please let me know if you need any additional information regarding this change. Thank you.

Sincerely,

Bonnie Peterson-Mogen
Vice President - Development Division

cc: Michele Farris
Donald A. Dunham, Jr.

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE FILING BY THE)	ORDER FINDING NO
DUNHAM COMPANY FOR A MASTER)	VARIANCE NEEDED
METERING VARIANCE REQUEST FOR THE)	
RIVER CENTRE OFFICE BUILDING, SIOUX)	GE00-002
FALLS, SOUTH DAKOTA)	

On April 24, 2000, the Public Utilities Commission (Commission) received a master metering variance request from the Dunham Company (Dunham) for its River Centre Office Building. The Dunham Company requested a variance from ARSD 20:10:26:04(6). The Dunham Company further requested that a hearing be scheduled if necessary.

Pursuant to ARSD 20:10:26:07, if an applicant requests a hearing, the Commission shall serve notice of the hearing on the affected utility company and set a procedural schedule. The Commission finds that it has jurisdiction over this matter pursuant to SDCL Chapters 1-26 and 49-34A, including 49-34A-27, and ARSD Chapter 20:10:26.

A hearing was scheduled for June 8, 2000, beginning at 1:30 o'clock P.M., in Room 413 of the State Capitol Building, 500 E. Capitol, Pierre, South Dakota. The hearing was held as scheduled. The issue at the hearing was whether a master metering variance should be granted to the Dunham Company for its River Centre Office Building.

At the hearing, Don Dunham testified on behalf of the Dunham Company. He stated that his River Centre Office Building would be five stories, with the top story currently planned for residential condominiums and the first four floors as office space. He asked that he be allowed to install one gas meter and one electric meter for the building. The fifth floor would have submeters for both gas and electricity. Each condominium would have its own water heater, air conditioner, and furnace.

Michele Farris, utility analyst for the Commission, stated that since the first four floors have central water heating, cooling, and heating, no variance is needed under the Commission's rules. She recommended that no variance be granted for the fifth floor for either electric service or gas service. Ms. Farris was concerned about the rate the residential tenants would pay, what recourse they would have in the event of a disconnection, and any possible service quality issues. At the close of the hearing, the Commission took the matter under advisement.

At its June 20, 2000, meeting, the Commission voted to defer action and extend the time to consider the request, pending a letter from MidAmerican Energy Company stating its position on the variance request. On July 5, 2000, the Commission received a letter from the Dunham Company stating that the fifth floor would be office space and that there would be one electric meter and one gas meter for all five floors.

At its July 13, 2000, meeting, the Commission considered this matter. The Commission voted unanimously to find no variance was needed pursuant to ARSD 20:10:26:04(6). It is therefore

ORDERED, that no variance is needed for the River Centre Office Building

Dated at Pierre, South Dakota, this 20th day of July, 2000.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.

By: *Delaine Kalles*

Date: 7/20/00

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner