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December 22, 2016

Public Utilities Commission  
ATTN: Darren Kearney  
Capitol Building 1<sup>st</sup> Floor  
500 E. Capitol Avenue  
Pierre, SD 57501

Re: Inter-Lakes Community Action Partnership (Horizon) Request for Master-metering Variance

Dear Mr. Kearney:

Pursuant to SDAR 20:10:26:05 we are requesting, on behalf of Inter-Lakes Community Action Partnership, a variance to the separate metering requirement in SDAR 20:10:26:05.

The project for which a variance is requested is a 62-unit acquisition/rehabilitation of three multi-family facilities located at 3500, 3520, and 3600 North 4<sup>th</sup> Avenue, Sioux Falls, South Dakota designed to provide affordable housing to the community of Sioux Falls. We have submitted an application for LIHTC/HOME and HTC funds and the project has been awarded. The Horizon Place projects intends to begin rehabilitation early in 2017. Lloyd Companies is providing planning, design, construction, and management services and makes this request on behalf of our client. We are requesting to master meter the project for electrical and gas services.

The project is located at 3500, 3520 and 3600 North 4<sup>th</sup> Avenue in Sioux Falls, South Dakota.

The appropriate utility companies have been copied on this letter, pursuant to SDAR 20:10:26:05. No hearing is requested by Inter-Lakes Community Action Partnership.

**(1) Type of Project**

We are rehabilitating three buildings for multi-family housing structures to provide affordable housing to the community. It includes 62 units in total.

**(2) Justification**

Under the lease structure on this project, the Landlord is going to pay all utilities. Therefore, a separate metering would create an additional up front construction and would create an additional administrative burden. Further, the property is going to be equipped with central domestic hot water heating system which will service the entire facility.

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The central domestic hot water heating system brings the project within the scope of SDAR 20:10:26:04(6), which provides an exception for multi-occupancy building providing central systems to the building. The design and character of the project within the scope of an exception to master metering requirements and the addition up front and continued expense of separately metering the project make it most appropriate to master meter this project for all utilities.

On a project of this nature, separate metering would result in increased costs of \$2000.00 per unit, and an annual operating cost increase of \$124,000.

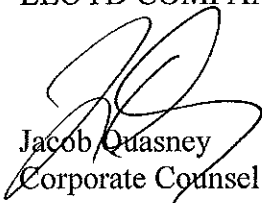
As a part of our tax credit application, we have agreed to include the cost of utilities in the rent paid by our tenants. As a result, we are bound to include those costs in the rents. If the units were separately metered, that would create 62 additional invoices which would need to be processed at our corporate office, with no effect on the end user.

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

If you have any questions, comments, or concerns, please contact me. Thank you for your time and consideration on this matter.

Sincerely,

LLOYD COMPANIES



Jacob Quasney  
Corporate Counsel

JQ: clj

cc: Xcel Energy  
Mid-American Energy