

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of the Application of Grand )  
View Tower LLC for Approval of a )  
Variance from 4 CSR 240-20.050(2). )

Case No. EE-2005-0486

**STAFF RECOMMENDATION TO GRANT VARIANCES**

COMES NOW the Staff of the Public Service Commission of Missouri (Staff)  
and for its recommendation states:

1. On January 20, 2006 Union Electric Company d/b/a AmerenUE filed an application to intervene and for variances from Subparts II.K. and V.L. of Union Electric Company's tariff Schedule 5—Schedule of Rates for Electric Service to allow master metering of electric service to the residential living units of the multi-family residential apartment building owned by Grand View Tower LLC in the existing building complex known as Council House located at 300 South Grand Boulevard, St. Louis, Missouri.

2. In the attached Memorandum, which is labeled Appendix A, the Staff recommends the Commission, pursuant to Subpart II.K. and Subpart V. L. of Union Electric Company's tariff Schedule 5—Schedule of Rates for Electric Service, grant variances to allow master metering of electric service to the residential living units of the multi-family residential apartment building owned by Grand View Tower LLC in the existing building complex known as Council House located at 300 South Grand Boulevard, St. Louis, Missouri and permit rent for each unit to include an unidentifiable amount for electric utility service to that unit, without such service being disaggregated and billed to the tenants of each unit by Union Electric Company; and, as recommended by the Commission's Electric Meter Variance Committee, find that Commission Rule 4 CSR 240-20.050 does not apply.

3. According to the application filed by Grand View Tower LLC on June 13, 2005, the building in question was constructed forty-two years ago—circa 1963, which would mean footing for the building were poured before June 1, 1981.

4. Commission Rule 4 CSR 240-20.050, in part, provides:

Each residential and commercial unit in a multiple-occupancy building *construction of which has begun after June 1, 1981* shall have installed a separate electric meter for each residential or commercial unit.

In subpart 4 CSR 240-20.050(1)(D) of that rule, the Commission has defined when construction begins for purposes of the rule as follows: “Construction begins when the footings are poured.”

5. In light of the foregoing, as recommended by the Commission’s Electric Meter Variance Committee on July 15, 2005, the Missouri Public Service Commission should issue an order that no variance from the separate metering requirement of 4 CSR 240-20.050 is required.

6. Subpart II.K of Union Electric Company’s Tariff Schedule 5, 6th Revised Sheet No. 144 issued February 14, 2003, and made effective March 17, 2003, provides in full:

GENERAL RULES AND REGULATIONS  
II. CHARACTERISTICS OF SERVICE SUPPLIED

K. Non-Standard Service

Changes in business practices and regulatory and legal requirements will, from time to time, result in the Company serving or billing a limited number of customers in a manner that is currently considered a non-standard form of service. Such non-standard service includes, but is not limited to, voltages, frequencies, metering equipment, metering locations, electrical distribution system supply facilities and configurations, and master and cumulated meter billing situations that are prohibited by current Commission rules and company tariffs for application to new customers. The continued provision of such non-standard service and billing is limited to the premises presently served by such facilities. These facilities may only be relocated, expanded or enhanced for Company's engineering reasons.

In order to minimize and phase out the number of non-standard service installations and billing applications on its system, company will, unless otherwise provided for above, discontinue providing any such non-standard

service to a premises when a) the premises is remodeled or rehabilitated in any such manner that requires new, modified, enhanced or relocated electrical distribution supply facilities from the Company, or b) the premises become an inactive account for a consecutive period of six (6) months or more. Any premises meeting the conditions of (a), or (b) herein shall be considered to have been constructed after June 1, 1981, for application of 4 CSR 240-20.050 of the Commission's metering requirements and related Sections V.L. Rent Inclusion and V.M. Resale of Service, which are a part of the Billing Practices Section of Company's General Rules and Regulations.

7. Sections V.L. and V.M. (Subparts V.L. and V.M.) of Union Electric Company's tariff referred to above in Subpart II.K. provide in full:

GENERAL RULES AND REGULATIONS  
V. BILLING PRACTICES

L. Rent Inclusion

The furnishing of electric service by a customer to a third party as an unidentifiable rental component, without such service being segregated and billed to the third party by Company, is generally prohibited by the Commission's rules. Separate metering shall be required for each unit in multiple occupancy buildings constructed after June 1, 1981, except for the following electrical usage:

1. For transient multiple occupancy buildings and transient mobile home parks, e .g., hotel, motels, dormitories, rooming houses, hospitals, nursing homes, fraternities, sororities, campgrounds, and mobile home parks which set aside, on a permanent basis, at least eighty percent (80%) of their mobile home pads or comparable space for use by travel trailers;
2. Where commercial unit space is subject to alteration with change in tenants as evidenced by temporary versus permanent type of wall construction separating the commercial unit space; e .g., space at a trade fair.
3. For commercial adjacent buildings;
4. For that portion of electricity used in central space heating, central hot water heating, central ventilating, and central air conditioning systems, or
5. For buildings or mobile home parks where alternative renewable energy resources are utilized in connection with central space heating, central hot water heating, central ventilating, and central air conditioning systems.

6. For all portions of electricity in commercial units in buildings with central space heating, ventilating and air conditioning systems.

\*\* Any person or entity affected by the provisions of this Section V. L. Rent Inclusion may file an application with the Commission seeking a variance from all or parts of such provisions for good cause shown, pursuant to the Commission's rules applicable thereto.

\* Nursing homes, as referenced in (1.) above, shall include all facilities licensed by the State of Missouri Department of Social Services Division of Aging. Central space heating, water heating and air conditioning systems referred to in (4.) above shall include those systems employing individual heating/cooling units interconnected with centralized heating/cooling sources by means of a central piping system containing water or other fluids suitable for such purposes.

\*Indicates Change      \*\*Indicates Addition

M. Resale of Service

The furnishing of metered electric service by a customer of Company to a third party for a specific identifiable charge based upon such metered consumption is prohibited except where such practice originated prior to July 24, 1958. Where such practice has continued since July 24, 1958, the charge for electric service from customer to a third party shall not exceed the charge which would result from the application of Company's appropriate rate, contained herein, for comparable electric service. For such exceptions, the practice of resale shall be discontinued when such premises are remodeled, rebuilt or replaced.

8. While not a model of clarity, the Staff believes the last sentence of Subpart II.K., which follows, incorporates the procedures of Commission Rule 4 CSR 240-20.050 into Union Electric's tariff and, thus, the Commission has authority to grant variances in circumstances where existing structures that are master metered are renovated for multiple residential housing units:

Any premises meeting the conditions of (a), or (b) herein shall be considered to have been constructed after June 1, 1981, for application of 4 CSR 240-20.050 of the Commission's metering requirements and related Sections V.L. Rent Inclusion and V.M. Resale of Service, which are a part of the Billing Practices Section of Company's General Rules and Regulations.

Further, Subpart V.L., addressing the inclusion in rent of an unidentifiable amount of use of electric utility service, contains the following provision which permits a variance to allow rent for each unit to include an unidentifiable amount for electric utility service to that unit:

Any person or entity affected by the provisions of this Section V.L. Rent Inclusion may file an application with the Commission seeking a variance from all or parts of such provisions for good cause shown, pursuant to the Commission's rules applicable thereto.

9. As stated above, Commission Rule 4 CSR 240-20.050(2) provides:

Each residential and commercial unit in a multiple-occupancy building construction of which has begun after June 1, 1981 shall have installed a separate electric meter for each residential or commercial unit.

However, Subpart 4 CSR 240-20.050(5), in part, provides:

Any person or entity affected by this rule [4 CSR 240-20.050] may file an application with the commission seeking a variance from all or parts of this rule (4 CSR 240-20.050) and for good cause shown, variances may be granted . . . .

10. The Commission's rule is aimed at compliance with certain sections of the Public Utility Regulatory Policies Act of 1978 (PURPA) codified in Chapter 16 of the United States Code (U.S.C.). That Chapter includes at 16 U.S.C. § 2625(d) the following language:

Master metering

Separate metering shall be determined appropriate for any new building for purposes of section 2623(b)(1) of this title if –

- (1) there is more than one unit in such building,
- (2) the occupant of each such unit has control over a portion of the electric energy used in such unit, and
- (3) with respect to such portion of electric energy used in such unit, the long-run benefits to the electric consumers in such building exceed the costs of purchasing and installing separate meters in such building.

11. In its application Grand View Tower LLC relates the subject building “was one of a related series of residential and commercial use building which were part of a unified complex

constructed and owned by the Teamsters in midtown St. Louis as Council House (the 'Complex')" and, further:

The property is a building which was constructed forty-two years ago as a retirement residence for trade union members. It was wired and constructed to be served without individual unit electric meters. It would be prohibitively expensive to tear out the structure to rewire the building and each unit for individual metering of electricity.

\* \* \* \*

The Complex as a whole, including the Property, was served by a common distribution center of HVAC (heating, ventilating and air conditioning) and electrical power for all buildings in the Complex. The Complex was served through a common "powerhouse" where electricity was distributed centrally as well as the heating and air conditioning and hot and cold water.

\* \* \* \*

Grand View Tower purchased one of the buildings in the Complex for use as a multi-family residential apartment building and is in the process of renovating the units.

It is now necessary to provide power to the building purchased by Grand View Tower. The Property, because of its participation in the common power distribution scheme which was in place when it was part of the Complex, is wired to single service of supply from the powerhouse. The units in the Property are not individually metered.

The units are fed vertically through the building on the Property from centralized distribution panels. Groups of several units (anywhere from five to seven) are fed by each vertical feed. Thus, it is impossible to split out and meter each unit without replacing each and every one of the vertical feeds. This would require a gutting of the building and the provision of a completely new distribution of electricity, the cost of which would be prohibitive. Kevin S. Griesemer, P.E., of G&W Engineering Corporation, has prepared on behalf of the Company an energy savings analysis which projects costs of \$1,625,000 to \$2,125,000 to install individual unit meters, with a ten percent (10%) energy savings as a result of the installation of individual meters in each unit. This would result in an energy savings of \$8,391.40 per year or a one hundred ninety-three (193) year pay back at best. Thus the expenditure is not economically feasible.

12. In its application AmerenUE relates the building has 300 total units (60 one bedroom and 240 efficiencies), the main use of electricity will be for the centralized HVAC

system and that it would cost an additional about \$90 per unit to separately meter each unit rather than master meter the building, a total of about \$13,200.

13. Based on the foregoing information included in the applications and as stated in its Memorandum attached hereto as Appendix A, it is the Staff's opinion that with respect to the portion of electric energy used by the residents of each residential unit of the building owned by Grand View Tower LLC in the existing building complex known as Council House located at 300 South Grand Boulevard, St. Louis, Missouri, the long-run benefits to the electric consumers of separate metering do not exceed the costs of purchasing and installing separate meters for each residential unit.

14. Further, its is the Staff's opinion that the applications show good cause to grant a variance from subpart V.L. of Union Electric Company Tariff Schedule 5, 3rd Revised Sheet No. 174 issued July 21, 1995 and made effective August 26, 1995 and permit rent paid to Grand View Tower LLC for each residential unit in the existing building owned by Grand View Tower LLC in the building complex known as Council House located at 300 South Grand Boulevard, St. Louis, Missouri to include an unidentifiable amount for electric utility service to that unit, without such service being disaggregated and billed to the tenants of those units by Union Electric Company.

15. Based on a review of Commission records, Union Electric Company has no outstanding assessments and is current in its filing of annual reports.

16. Listing variances from subpart II.K. of Union Electric Company's Tariff Schedule 5, 6th Revised Sheet No. 144 and subpart V.L. of Union Electric Company Tariff Schedule 5, 3<sup>rd</sup> Revised Sheet No. 174 granted by the Commission would provide readily accessible public notice of those variances and facilitate tracking those variances.

WHEREFORE, the Staff of the Missouri Public Service Commission recommends that the Commission (1) determine that separate metering for residential units in the existing building owned by Grand View Tower LLC in the building complex known as Council House located at 300 South Grand Boulevard, St. Louis, Missouri is not required by 4 CSR 240-20.050; (2) determine that a variance to Subpart II.K. of Union Electric Company's Tariff Schedule 5, 6th Revised Sheet No. 144 issued February 14, 2003, and made effective March 17, 2003, should be granted for the building owned by Grand View Tower LLC in the building complex known as Council House located at 300 South Grand Boulevard, St. Louis, Missouri to permit master metering; (3) determine that a variance to Subpart V.L. of Union Electric Company Tariff Schedule 5, 3rd Revised Sheet No. 174 issued July 21, 1995 and made effective August 26, 1995 should be granted and, therefore, grant the Application for Variance made by Union Electric Company d/b/a AmerenUE and deny the Application filed by Grand View Tower LLC in accordance with such determinations ; (4) authorize Union Electric Company to master meter the building owned by Grand View Tower LLC in the building complex known as Council House located at 300 South Grand Boulevard, St. Louis, Missouri, as requested by Union Electric Company and Grand View Tower LLC; (5) permit rent paid to Grand View Tower LLC for each residential unit the building owned by Grand View Tower LLC in the building complex known as Council House located at 300 South Grand Boulevard, St. Louis, Missouri to include an unidentifiable amount for electric utility service to that unit, without such service being disaggregated and billed to the tenants of those units by Union Electric Company; and (6) direct Union Electric Company to file tariff sheet(s) that list all variances from its Tariff Schedule 5, 6th Revised Sheet No. 144 and 3rd Revised Sheet No. 174 that the Commission has granted.



Respectfully submitted,

/s/ Nathan Williams

Nathan Williams

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### **Certificate of Service**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 8<sup>th</sup> day of February 2006.

/s/ Nathan Williams

Nathan Williams

MEMORANDUM

TO: Missouri Public Service Commission Official Case File  
Case No. EE-2005-0486, Union Electric Company

FROM: James Watkins 2/8/06  
James Watkins, Operations Division

Nathan Williams 2-8-06  
Nathan Williams, Office of the General Counsel

SUBJECT: Recommendation for **Approval** of Application for Variances from Union Electric Company's tariff to allow master metering of electrical service to the residential living units of the multi-family residential apartment building owned by Grand View Tower LLC in the existing building complex known as Council House located at 300 South Grand Boulevard, St. Louis, Missouri.

DATE: February 8, 2006

On January 20, 2006, Union Electric Company, d/b/a AmerenUE, filed its Application For Variance Of Union Electric Company And Request To Accept Intervention Out Of Time (Application). In its Application, AmerenUE requests variances from certain provisions of its tariff (Section II.K. Non-Standard Service and Subpart V.L. Rent Inclusion of the Company's Schedule 5 - Schedule of Rates for Electric Service) for electrical service to a building owned by Grand View Tower, LLC in the existing building complex known as Council House located at 300 South Grand Boulevard, St. Louis, Missouri.

In its Application, AmerenUE states the following:

The project consists of renovating an existing apartment building (originally constructed forty-two years ago), consisting of 300 total units (60 one bedroom and 240 efficiencies). The mechanical systems consist of central HVAC units that are central to the building, which will be metered on the house meter regardless of master or individual metering of the individual apartments, and a common gas hot water heating system.

Ameren UE estimates that individually metering each unit versus master metering would result in additional expenditures of approximately \$90 per apartment, or \$13,200 in total.

In an earlier separate Application, Grand View Tower LLC states the following:

The units are fed vertically through the building on the Property from centralized distribution panels. Groups of several units (anywhere from five to seven) are fed by each vertical feed. Thus, it is impossible to split out and meter each unit without replacing each and every one of the vertical feeds. This would require a gutting of the building and the provision of a completely new distribution of electricity, the cost of which would be prohibitive. Kevin S. Griesemer, P.E., of G&W Engineering Corporation, has prepared on behalf of the Company an energy savings analysis which projects costs of \$1,625,000 to \$2,125,000 to install individual unit meters, with a ten percent (10%) energy savings as a result of the installation of individual meters in each unit. This would result in an energy savings of \$8,391.40 per year or a one hundred ninety-three (193) year pay back at best. Thus the expenditure is not economically feasible.

The Staff has considered the potential benefits to consumers of individual metering, i.e., the ability to directly receive the financial benefits of individual conservation and efficiency efforts, and finds that these potential benefits are likely to be very small compared to the estimated cost of installing individual meters when heating and cooling is provided centrally and is served through a house meter. Furthermore, individual metering is estimated produce only a ten percent (10%) energy savings in the non-heating/non-cooling usage in the individual units.

The Staff, for good cause shown, recommends that the Commission issue an order granting variances from Section II.K. Non-Standard Service and Subpart V.L. Rent Inclusion of the Company's Schedule 5 - Schedule of Rates for Electric Service for electric service to the building owned by Grand View Tower, LLC in the existing building complex known as Council House located at 300 South Grand Boulevard, St. Louis, Missouri.

The Staff also recommends that, if the Commission grants the variances, the Commission order Union Electric Company to file revised tariff sheets to add Grand View Tower to the list of variances from the Commission's Rule 4 CSR 240-20.050 that are now on file with the Commission.

Union Electric Company has no outstanding assessments and is current in its filing of annual reports.

