

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

In the Matter of the Application of)
reStart Housing Services, Inc. for a)
Variance from 4 CSR 240-20.050)
Regarding Individual Electric Meters)

Case No. EE-2015-0177

STAFF’S RESPONSE AND RECOMMENDATION TO GRANT VARIANCE

COMES NOW the Staff of the Missouri Public Service Commission and responds to reStart Housing Services, Inc.’s application by recommending the Commission grant the variance reStart Housing Services, Inc. seeks for Kansas City Power & Light Company to provide master-metered electric service to a new multiple-occupancy apartment building being built at 7540 Washington, Kansas City, Missouri, as follows:

1. reStart Housing Services, Inc. is seeking a variance from Rule 4 CSR 240-20.050 to allow master metering of an apartment building. That rule is aimed at compliance with certain sections of the Public Utility Regulatory Policies Act of 1978. 16 U.S.C. section 2625(d) of that Act provides:

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.

2. Subpart (5) of Commission rule 4 CSR 240-20.050 provides:

(5) Any person or entity affected by this rule 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 as follows:

(A) The variance request shall be filed in writing and directed to the secretary of the commission;

(B) If the commission deems it in the public interest, a hearing may be held by the commission as in complaint hearings before the commission; and

(C) A variance committee consisting of two (2) members of the commission's utility division staff and a member of the commission's general counsel's office shall be established by the commission within thirty (30) days from September 28, 1981. The public counsel shall be an *ex officio* member of this committee.

1. The variance committee shall consider all variance applications filed by utilities and shall make a written recommendation of its findings to the commission for its approval.

2. Each applicant for a variance shall have ten (10) days from the date of the variance committee's findings to either accede or request a formal hearing before the commission.

3. If applicant accedes, the commission may adopt the variance committee's findings or set the matter for formal hearing upon the application of any interested person or upon the commission's own motion.

3. The Commission last appointed members to the variance committee on July 6, 2006. Those members were Nathan Williams, Office of the General Counsel, Mike Taylor, Utility Division, and Lena Mantle, Utility Division, with Lewis Mills, Office of the Public Counsel an *ex officio* member. Both Mike Taylor and Lena Mantle are no longer employed by the Commission. It is undersigned counsel's understanding that appointment of variance committee members will be a February 11, 2015, Commission meeting agenda item; however, the Commission has ordered its Staff to respond by

February 10, 2015, the Commission does not plan to meet during the following week and reStart Housing Services, Inc. requests the Commission act expeditiously and grant the requested variance by no later than February 20, 2015.

4. At the February 11, 2015, Commission meeting, Staff will propose that the Commission appoint Commission employees Nathan Williams, Daniel Beck and Robin Kliethermes members to the variance committee, because Rule 4 CSR 240-20.050(5) does not reflect the current organization of Commission staff and Commission attorneys.

5. Staff recommends that the Missouri Public Service Commission issue an order granting a variance from the separate residential unit metering requirement of 4 CSR 240-20.050 for Kansas City Power & Light Company's electric service to the 14-unit apartment building reStart Housing Services, Inc. is building at 7540 Washington, Kansas City, Missouri. Kansas City Power & Light Company's tariff allows it to provide master metering to multiple-occupancy premises where the Commission has granted a variance from the separate metering requirement of 4 CSR 240-20.050.¹

6. In its application, reStart Housing Services, Inc. relates that it is a Missouri non-profit corporation, f/k/a 3300 Troost Apartments, Inc., established to provide services pursuant to HUD's Section 811 Supportive Housing Program for Persons with Disabilities, pursuant to Section 202 of the Housing Act of 1959,

¹ 5.01 INDIVIDUAL METERING FOR SEPARATE PREMISES: Except as otherwise provided in this Rule 5, or if the Commission has granted a variance pursuant to Commission Rule 4 CSR 240-20.050(5) permitting otherwise, the occupant of each separate premises in or on any multiple occupancy premises will be individually metered and supplied electric service as the Customer of the Company, which electric service shall be utilized by the Customer only for operation of the Customer's installation located in or on the separate premises for which such electric service is supplied pursuant to the

as amended, and Section 811 of the National Affordable Housing Act, as amended, that the IRS has recognized it as a § 501(c)(3) public charity exempt from federal income taxes, and that the State of Missouri also recognizes it is exempt from state sales and use tax.

7. reStart Housing Services, Inc. further relates that it is building a 14-unit apartment building at 7540 Washington, Kansas City, Missouri, as a HUD 811 project at an estimated cost of \$2.2 million to house 18-24 year-old single young adults with disabilities who have aged out of foster care programs and who would likely otherwise become homeless that it hopes to open by July 2015. It plans that rent will be no more than 30% of a tenant's income, and the program will pay for all regulated utility services, but will not bill tenants for them. reStart Housing Services, Inc. plans for staff at ReDiscover, a Missouri non-profit community health agency, to provide tenants with needed services.

8. In response to Staff data requests, reStart Housing Services, Inc. has disclosed that “[it] will furnish each apartment with a refrigerator, a dishwasher, an electric stove (with oven), a hood vent, and a microwave,” each of which will be Energy Star compliant. It disclosed that each apartment unit will be equipped with a set temperature range of 68-72° F for space heating, covered by a lockable guard, and that the live-in residential manager will set the temperatures in consultation with the project’s HUD-approved building management firm, Kim Wilson Housing, Inc. It disclosed that space heaters will not be permitted, except in temporary circumstances, such as a malfunction of the HVAC system and in that in such circumstances the space heater(s)

Customer's service agreement. Section 5.01, P.S.C. MO No. 2, 3rd revised Sheet No. 1.18 (Effective September 27, 2013; Tariff File No. JE-2014-0103).

will be purchased by reStart Housing Services, Inc. and monitored by project staff. Further, reStart Housing Services, Inc. disclosed that “[t]he project has a comprehensive energy efficiency plan that will be monitored by a full-time, live-in residential manager from the project’s HUD-approved building management firm, Kim Wilson Housing, Inc.”

9. Staff conducted its review in light of the following questions:
 - a. Is individual metering of the multiple-occupancy building required by 4 CSR 240.050;
 - b. Do the occupant(s) of each unit have control over a portion of the electric energy used in such unit;
 - c. With respect to such portion of electric energy used in such unit, do the long-run benefits to the electric consumers in such building exceed the costs of purchasing and installing separate meters;
 - d. Would the granting of a variance be consistent with the goals of PURPA to increase conservation of electric energy, increase efficiency in the use of facilities and resources by electric utilities, and establish equitable retail rates for electric consumers; and
 - e. Would the granting of a variance be in the public interest because it furthers a public policy objective in conjunction with other federal, state, or local government programs, such as subsidizing housing costs for low-income residents or promoting economic development in certain urban areas?
10. In regard to the five questions, above, Staff found:
 - a. Yes, individual metering is required because the project is a multi-occupancy building being built after June 1, 1981, that does not fall under any the stated exemptions in 4 CSR 240.050 (4).
 - b. Yes, the occupants of each unit will not have control over their electric energy usage used for heating or cooling purposes, but they will have control over general electric energy used for cooking or cleaning.

c. No, because the occupants of each unit will only have control over a small portion of their electric energy usage, the long-run benefits to the electric consumer do not exceed the cost of purchasing and installing separate meters; therefore, the requested variance is consistent with the goals of PURPA and the public interest.

d. Yes, for the same reasons stated in response to part b and c., granting the requested variance is consistent with the goals of PURPA to increase conservation of electric energy, increase efficiency in the use of facilities and resources by electric utilities, and establish equitable retail rates for electric consumers.

e. Yes, for the same reasons stated in paragraph 7 above and parts b and c, granting the requested variance is in the public interest because it furthers a public policy objective in conjunction with other federal government programs and provides housing to young adults who would otherwise be homeless.

11. Based on Staff's review of Commission records, Kansas City Power & Light Company has no outstanding assessments and is current in its filing of annual reports.

12. Listing variances from 4 CSR 240-20.050 the Commission has granted that directly affect Kansas City Power & Light Company would provide readily accessible public notice of those variances. Kansas City Power & Light Company lists such variances in its tariff on P.S.C.MO. No. 2, Sheet No. 1.71, and Staff recommends

the Commission order Kansas City Power & Light Company to add this variance to that list.

WHEREFORE, the Staff of the Missouri Public Service Commission recommends that the Commission (1) find that with respect to the portion of electric energy used by the tenants of each residential unit of the 14-unit apartment building at 7540 Washington, Kansas City, 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, (2) grant a variance from 4 CSR 240-20.050 that allows Kansas City Power & Light Company to provide master-metered electric service to reStart Housing Services, Inc.'s 14-unit apartment building at 7540 Washington, Kansas City, Missouri, and (3) order Kansas City Power & Light Company to add this variance to the list of variances on P.S.C.MO. No. 2, Sheet No. 1.71 in its tariff.

Respectfully submitted,

/s/ Nathan Williams

Nathan Williams
Deputy Staff Counsel
Missouri Bar No. 35512

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 751-8702 (Telephone)
(573) 751-9285 (Fax)
nathan.williams@psc.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered, transmitted by facsimile or by electronic mail to all counsel of record on this 10th day of February, 2015.

/s/ Nathan Williams _____

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AFFIDAVIT OF ROBIN KLIETHERMES

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Robin Kliethermes, of lawful age, on oath states: that she has knowledge of the matters set forth in Staff's Response and Recommendation to Grant Variance; and that they are true to the best of her knowledge and belief.



Robin Kliethermes

Subscribed and sworn to before me this 10th day of February, 2015.

SUSAN L. SUNDERMEYER
Notary Public - Notary Seal
State of Missouri
Commissioned for Callaway County
My Commission Expires: October 28, 2018
Commission Number: 14942086



Notary Public

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AFFIDAVIT OF DANIEL I. BECK

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Daniel I. Beck, of lawful age, on oath states: that he has knowledge of the matters set forth in Staff's Response and Recommendation to Grant Variance; and that they are true to the best of his knowledge and belief.



Daniel I. Beck

Subscribed and sworn to before me this 10th day of February, 2015.

SUSAN L. SUNDERMEYER
Notary Public - Notary Seal
State of Missouri
Commissioned for Callaway County
My Commission Expires: October 28, 2018
Commission Number: 14942086



Notary Public