

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

In the Matter of the Application of Aladdin)
PropCo, LLC for a Variance from 20 CSR) **File No. EE-2025-0158**
4240-20.050 Regarding Individual Electric)
Meters)

ELECTRIC VARIANCE COMMITTEE RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), by and through the undersigned counsel, and concurrently herewith files the Electric Variance Committee’s memorandum, in which the committee, for the reasons set forth in its memorandum, recommends that the Commission find that no variance from Commission Rule 20 CSR 4240-20.050 is required.

Respectfully Submitted,

/s/ Alexandra Klaus

Alexandra Klaus

Senior Staff Counsel

Missouri Bar No. 67196

Tracy D. Johnson

Senior Staff Counsel

Missouri Bar No. 65991

200 Madison Street

P.O. Box 360

Jefferson City, MO 65102-0360

(573) 751-9533

lexi.klaus@psc.mo.gov

**Attorneys for the Staff of the
Missouri Public Service Commission**

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to counsel of record as reflected on the certified service list maintained by the Commission in its Electronic Filing Information System this 17th day of January, 2025.

/s/ Alexandra Klaus

MEMORANDUM

TO: Missouri Public Service Commission Case File
Case No. EE-2025-0158
In the Matter of the Application of Aladdin PropCo, LLC for a Variance from
20 CSR 4240-20.050 Regarding Individual Electric Meters

FROM: Electric Meter Variance Committee

/s/ Travis Pringle

Travis Pringle, Chief Deputy Counsel
Staff Counsel Department, Missouri Public Service Commission

/s/ Claire M. Eubanks, P.E.

Claire M. Eubanks, P.E., Manager of Engineering Analysis Department, Industry
Analysis Division, Missouri Public Service Commission

/s/ Justin Tevie

Justin Tevie, Economics Analyst, Tariff and Rate Design Department, Industry
Analysis Division, Missouri Public Service Commission

SUBJECT: Electric Meter Variance Committee Recommendation

DATE: January 17, 2025

SUMMARY

On November 18, 2024, Aladdin PropCo, LLC (“Aladdin”) and Evergy Missouri Metro (“EMM” or “Company”), (together, “Applicants”), filed an application for a variance from Commission rule 20 CSR 4240-20.050 “Individual Electric Meters – When Required” for Aladdin’s project at 1215 Wyandotte Street, Kansas City, Missouri 64105 (the “Property”). The Applicants recommend the Commission find that no variance is required because the footings were poured prior to June 1, 1981, and EMM is willing to waive its metering requirement so long as the Property is used to provide housing¹ to individuals who pay fixed rent inclusive of electric service.

¹ Staff notes Aladdin’s response to Staff data request 7 indicates there are plans for a craft cocktail venue space on floor 16 of the building. However, Aladdin clarified in its response to Staff data request 22 that if the space is leased to a third-party, it will be billed fixed rent inclusive of electric service. Staff assumes that because EMM is a joint applicant it is agreeable to this arrangement.

Given that the building was constructed in 1925, and that the Applicants jointly proposed a solution to EMM's tariff rule regarding metering requirements, the Electric Meter Variance Committee² recommends the Commission find that no variance from Commission Rule 20 CSR 4240-20.050 is required.

OVERVIEW

Commission Rule 20 CSR 4240-20.050 is aimed at compliance with certain sections of the Public Utility Regulatory Policies Act of 1978 ("PURPA"). 16 U.S.C. § 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.

Commission Rule 20 CSR 4240-20.050(2) states:

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.

"Construction begins when the footings are poured" as set out in 20 CSR 4240-20.050(1)(D) and 20 CSR 4240-20.050(1)(F) defines "multiple occupancy building" as "a building or premises which is designed to house more than one (1) residential or commercial unit".

² The Office of the Public Counsel has chosen not to participate on the Electric Meter Variance Committee for this case and has indicated that it does not intend to oppose the remaining members' recommendation.

The Electric Meter Variance Committee typically considers the following questions when reviewing applications for variances from 20 CSR 4240-20.050:

- a. Is individual metering of the multiple-occupancy building required by 20 CSR 4240-20.050;
- 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?

In addition to the above listed considerations, Commission Rule 20 CSR 4240-20.050(6) states:

The commission, in its discretion, may approve tariffs filed by an electric corporation which are more restrictive of master metering than the provisions of this rule.

EMM's Rules and Regulations regarding multiple occupancy premises are found at PSC MO No. 2 Sheet 1.18A through Sheet 1.22.³ While the Rules and Regulations within EMM's relevant

³ P.S.C. MO. No. 2 Original Sheet 1.18A; P.S.C. MO. No. 2 Second Revised Sheet 1.19; P.S.C. MO. No. 2 Second Revised Sheet 1.20; P.S.C. MO. No. 2 Fourth Revised Sheet 1.21; and P.S.C. MO. No. 2 Fifth Revised Sheet 1.22.

tariffs are more restrictive than the provisions of 20 CSR 4240-20.050, EMM's tariffs also provide it with discretion to waive the rules and regulations within the relevant tariffs under certain conditions.

DISCUSSION

The Project at 1215 Wyandotte Street, Kansas City, Missouri 64105 consists of renovation of the historic Aladdin Hotel⁴ to provide 122 housing units. Aladdin will set aside 10 percent of the units for affordable⁵ housing to area residents. The Aladdin Hotel is adjoined to the Kansas City Convention Center through an underground walkway.⁶ The planned renovations includes common areas such as lounge areas, co-working space, fitness room, and a craft cocktail venue.⁷

Based on the building's National Register of Historic Places nomination form ("Nomination Form"), the Aladdin Hotel was constructed in 1925 and underwent at least one interior renovation which was completed by July 1981. The Aladdin Hotel was used as a hotel at the time of its 1983 nomination to the National Register of Historic Places.⁸ While the Nomination Form does not specifically state that footings were poured in 1925, it is reasonable to conclude that footings were poured prior to June 1, 1981, and therefore that building construction had begun before June 1, 1981. Further, in response to Staff data request 18, Aladdin represents that:

⁴ Listed as 1213 Wyandotte Street in the *National Register of Historic Places Inventory – Nomination Form for Hotels in the Downtown Area of Kansas City*.

⁵ Aladdin response to data request 5 indicates in part: "For the purposes of this development, "affordable housing" is defined as housing that a household having an income at or below sixty (60%) of the HUD MFI ("60% MFI") for all households within the Kansas City metropolitan area would be able to afford if they were to expend not more than thirty percent (30%) of such income for the mortgage or rent, including utilities."

⁶ Aladdin response to data request 7, presentation slide 2.

⁷ Aladdin response to data request 7, presentation slide 7.

⁸ *National Register of Historic Places Inventory – Nomination Form for Hotels in the Downtown Area of Kansas City*, Page 6. [National Archives NextGen Catalog](#). The National Historic Places Register Reference Number is 83001000.

“No structural work is planned for the property. The original footings are in place and will not be disturbed.”

EMM supplies electric service to the building. Additionally, Vicinity Energy Kansas City, Inc. provides or will provide steam heat and chilling services to the building.⁹ Aladdin intends to install an electric sub-metering system as a part of the renovations.¹⁰

EMM expects the building to be served on the Medium General Service¹¹ rate (“Schedule MGS”). Schedule MGS¹² is available for purposes other than those listed in the availability provisions of the Residential Service Rate Schedule¹³ and does not allow service to be supplied on that rate schedule “where the ultimate use is primarily for residential purposes.” The applicability section of Schedule MGS indicates the rate is applicable to “multiple-occupancy buildings when the tenants or occupants of the building are furnished with electric service on a rent inclusion basis.”

EMM’s Rules and Regulations regarding multiple occupancy premises contain the following provisions:

Rule 5.01 – Individual Metering for Separate Premises. This provision requires the occupant of each separate premises in multiple occupancy premises to be individually metered and supplied electric service as the Customer of the Company, unless otherwise

⁹ Aladdin response to data request 15.

¹⁰ Aladdin Application, May 9, 2024, paragraph 10 and response to Data requests 8 and 10.

¹¹ EMM response to data request 1.

¹² P.S.C. MO. No. 7 4th Revised Sheet No. 10.

¹³ P.S.C. MO. No. 7 1st revised sheet 5D. “Single-phase electric service for residential customers that have a dwelling unit having kitchen facilities, sleeping facilities, living facilities and permanent provisions for sanitation... However, this schedule is not applicable for ... other structures designed to provide multiple sleeping quarters for unrelated individuals, or any other commercial enterprise.”

provided for by Rule 5 or by the granting of a variance from 20 CSR 4240-20.050 by the Commission.

Rule 5.02 – Public Service Metering for Lessor. This provision explains that common areas of multiple occupancy premises will be separately metered and billed under the applicable non-residential rate schedule.

Rule 5.03 – Resale and Distribution. This provision indicates the Company will not provide electric service to a Customer for Resale or Redistribution except as provided by Rule 5.05, 5.06, and 5.07. This provision defines Resale and Redistribution as follows:

- (a) "Resale" shall mean the furnishing of electric service by a Customer to another person under any arrangement whereby the Customer makes a specific or separate charge for the electric service so furnished, either in whole or in part, and whether the amount of such charge is determined by submetering, remetering, estimating or rebilling as an additional, flat, or excess charge, or otherwise.
- (b) "Redistribution" shall mean the furnishing of electric service by the Customer (i) to another building occupied by the Customer and located on the same premises of the Customer but used by the Customer for a separate business enterprise, or (ii) to separate premises occupied by another person, whether or not such premises are owned, leased or controlled by the Customer, without making a specific or separate charge for the electric service so furnished. With respect to any multiple-occupancy premises, the Company will not supply[sic] electric service to the owner, lessee, or operator thereof, as the Customer of the Company, and permit redistribution by such Customer to his office or residential tenants therein, except for those premises being supplied such service on the effective date of this schedule. The restriction against "redistribution" may be waived by the Company where the operation of certain types of multiple occupancy premises, either in whole or in part, makes it impractical for the Company, in its judgment, to separately meter and supply electric service to each occupant as a Customer of the Company.¹⁴

Rule 5.04 – Rent Inclusion by Lessor. This provision allows the Company to consider the lessor as the customer for billing and collection purposes but the Company shall individually meter each such tenant.

¹⁴ P.S.C. MO. No. 2 Second Revised Sheet 1.19 includes exceptions.

Rule 5.05 – Present Resale Practices. Allows for customers who were engaged in the redistribution of electric service to tenants on January 10, 1966, to continue such practice until (a) termination of electric service for any reason and (b) improvements thereon are substantially destroyed by any means.

Rule 5.06 – Present Redistribution Practice. Allows for customers who were engaged in the resale of electric service to tenants on January 10, 1966, to continue such practice provided it is continued on a rent inclusion basis.

Rule 5.07 – Renovation.¹⁵ This provision indicates that an apartment building presently receiving electric service for redistribution is no longer eligible for redistribution when an apartment building undergoes renovation where the renovation is greater than 50% or more of the value of the building.

Rule 5.08 – Wholesale Sales. This provision indicates nothing in Rule 5 applies to service supplied by the Company at wholesale for resale. For example, instances where EMM supplies service to rural electric cooperatives.

Aladdin intends to install a submetering system to provide energy usage information to its future residents.¹⁶ The Applicants jointly proposed an alternate option for billing tenants that aligns with the definition of redistribution in EMM's tariffs under Rule 5.03(b) in that Aladdin would furnish electric service to separate premises¹⁷ occupied by another person without making a

¹⁵ Staff notes that while the cost of the planned renovation (\$38.5 million) is greater than 50% or more of the value of the building (purchase price of \$2.5 million), this provision appears to apply to apartment buildings and the building is not yet being used as an apartment. Further, because EMM is a joint applicant it must have determined the renovations comply with this provision.

¹⁶ Aladdin response to data request 14.

¹⁷ P.S.C. MO No. 2 Third Revised Sheet No. 1.06. Rule 1.07 PREMISES: That separate walled portion of a single building undivided by any common area, or that separate portion of a single contiguous tract of land (including all improvements thereon) undivided by any way used by the public, which portion is occupied by the Customer, or as may, with the consent of the Company, be designated in the service application or by other means acceptable to the

specific or separate charge for the electric service. EMM's Commission approved tariffed rules restrict against "redistribution", however, such restriction may be waived by the Company where the operation of certain types of multiple occupancy premises, either in whole or in part, makes it impractical for the Company, in its judgment, to separately meter and supply electric service to each occupant as a Customer of the Company.

RECOMMENDATION:

Given that the building 1215 Wyandotte Street, Kansas City, Missouri 64105 was constructed in 1925, and that the Applicants jointly proposed a solution to EMM's tariff rule regarding metering requirements, the Electric Meter Variance Committee recommends the Commission find that no variance from Commission Rule 20 CSR 4240-20.050 is required.

Company. All common areas in any such building and on any such tract of land may be deemed by the Company to be occupied by the owner or lessee of such building or tract of land or his authorized agent, as another Customer. A "common area" shall include all halls, lobbies, passageways and other areas of a Building or a tract of land used or usable by persons other than the Customer.

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Meters)

AFFIDAVIT OF TRAVIS PRINGLE

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW TRAVIS PRINGLE, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Electric Variance Committee Recommendation*; and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

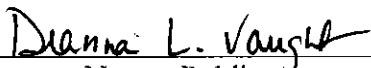
Further the Affiant sayeth not.



TRAVIS PRINGLE

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 16th day of January 2025..



Notary Public

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: July 18, 2027
Commission Number: 15207377

