

JOINT REQUEST FOR WAIVER OF N.H. CODE ADMIN. RULE PUC #303.02  
ON BEHALF OF PONDVIEW CONWAY LLC  
AND  
OSSISPEE AFFORDABLE HOUSING LP

Pursuant to N.H. Code Admin. Rule PUC #201.05, Pondview Conway LLC (hereinafter “Pondview”) and Ossipee Affordable Housing LP (referred to as “Mountainview”) hereby jointly request a waiver of the prohibition against master metering with respect to two elderly subsidized housing projects located in Conway and Ossipee respectively. See N.H. Code Admin. Rule PUC #303.02.

The principals of both Pondview and Mountainview are Ryan L. Stewart and Paul N. Stewart.

By way of background and in support of the waiver request for the two properties, we offer the following:

In July 2012 we acquired Pondview Apartments in Conway and Mountainview Apartments in Ossipee.

Pondview has 12 one bedroom units and Mountainview has 24 one bedroom units, and both were built in the late 1970s to house very low income elderly and the disabled under HUD’s Section 8 rental subsidy program.

Residents pay 30% of adjusted income for rent with the remainder of the agreed upon rent coming from HUD. The rent paid by the resident includes all utilities.

Residents at both properties are required to have incomes below 60% of median, and 40% of the residents who are admitted must be below 30% of the Carroll County median income.

The income limit restrictions are embodied in New Hampshire Housing Finance Authority’s Land Use Restriction Agreement, which is recorded in the Registry of Deeds, and is in effect for 99 years.

The acquisition of the properties involved financing through NHHFA, and included both a first mortgage as well as additional funding under an initiative known as the “Greener Homes Program,” and the Low Income Housing Tax Credit Program, administered by NHHFA but authorized by the federal government.

The Greener Homes Program pooled funding from various NHHFA sources and was designed to improve the energy efficiency of eligible low income housing properties and the concomitant cost thereof. In the case of these two projects, the funding source was HUD’s HOME Program.

In order to participate in the program, owners were required to engage an energy audit, which would prescribe energy related improvements and the resulting expected savings.

In the case of the foregoing properties, we engaged the services of Buffalo Energy, Inc., one of four firms pre-approved by NHHFA to undertake these detailed audits.

The recommendations for both properties were similar, prescribing additional insulation, solar panels for hot water at Mountainview, windows, bathroom fans, appliances, lighting, and water saving devices.

The most significant of the recommendations was that the existing electric heat source be retained, but that the existing baseboard resistance heat be replaced by PSNH's HEATSMART program, which was represented in the audit as a way to decrease electricity expense.

The HEATSMART program offers a lower rate on some of the components of the PSNH rate structure and, in return, the property owner agrees to permit PSNH to shut power to the property under certain conditions and during periods of peak power demand.

Under this model, the utility achieves some demand flexibility, the owner saves in utility cost, and the property residents are protected because the electric thermal units (ETS) that are installed as part of the initiative will release stored heat during periods of power outage.

Buffalo Energy projected savings of 20% by installing the HEATSMART units, and those savings were factored into the expense underwriting analysis performed by NHHFA, reducing the budgeted expense for electricity.

Over the winter of 2012 and into the spring of 2013 we installed the ETS units and related wiring at a cost of \$84,000 at Mountainview and \$43,832 at Pondview.

Unfortunately, contrary to all that was represented, and despite several energy related improvements that were designed to reduce consumption and cost, our electricity expense at both properties has increased substantially.

The one positive outcome from all of the improvements is that we do have anecdotal evidence that electricity usage at both properties, adjusted for degree days, has decreased from pre-renovation levels.

The attached Exhibit 1 shows the billing history in the last three months of 2013 compared to a like period in 2012 before the HEATSMART program commenced, and when the rate benefit should have taken hold to produce savings.

The electricity expense at Mountainview increased 34.5% and 19.2% at Pondview.

Similarly, for the first three months of 2014 the electricity expense at Mountainview and Pondview increased 22% and 27% respectively over the same period in 2013.

The warmer months, when the HEATSMART rate is of no value, will produce greater disparities between the pre and post HEATSMART initiative.

The essence of the problem is that at each property we have gone from one single meter and a G rate to 53 meters at Mountainview and 14 meters at Pondview and an R rate.

For example, Mountainview's monthly meter charge increased from \$10.29 to \$600.16, and Pondview's from \$10.29 to \$285.50.

This substantial increase in meter charges overwhelms the relative minor savings in the rate structure.

Once we reached the early conclusion that the conversion to HEATSMART was not only not going to produce a savings, but that it would do serious injury to the viability of these rent-controlled properties, we asked permission to eliminate the HEATSMART program and return to a single meter and a G rate, which would be accomplished at our expense.

Our request was denied by PSNH because master metering, which both properties enjoyed for the first thirty three years of their existence, is no longer permitted.

Given that the rent of the residents includes all utilities and is based on individual incomes, they are not specifically affected by the financial impact of the single largest component of our operating expense - electricity- on the operation of the property.

However, there are ramifications to the residents if we are forced to decrease our operating standards to effect economies in other areas of the budget. Slower repair service, less frequent apartment painting, decreased grounds care, and potential time restrictions on the use of the community building at Mountainview are but a few measures we may be forced to undertake.

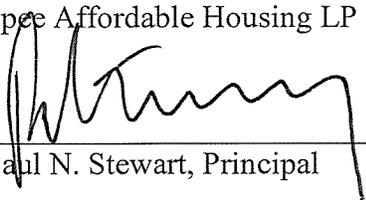
In addition, the Resident Service Coordination program at Mountainview, which links services to residents to promote their ability to live independently, and which we had suspended during the renovation period, will not be reinstated.

We are prepared to conclude that our investment in the HEATSMART equipment is a loss to us, but, at this juncture, it is far more important that we receive the relief we believe that we and the residents deserve by permitting us to return to one single meter and the G rate.

Accordingly, we request that the Commission grant a waiver of PUC rule #303.02 to allow us to return to one master meter at both properties.

Respectfully submitted,

Pondview Conway LLC  
Ossipee Affordable Housing LP

By:   
Paul N. Stewart, Principal

Date: 14 May 2014

By:   
Ryan L. Stewart, Principal