

STATE OF NEW HAMPSHIRE

Inter-Department Communication

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DATE: July 12, 2017

AT (OFFICE): NHPUC


FROM: Rich Chagnon
Utility Analyst – Electric Division

SUBJECT: DE 17-009, The Prospect Woodward Home
Petition to Waive Puc 303.02; Master Metering

TO: Commissioners
Debra Howland, Executive Director

CC: Tom Frantz, Director, Electric Division
Amanda Noonan, Director, Consumer Services and External Affairs
Les Stachow, Assistant Director, Electric Division
David Wiesner, Staff Attorney

Summary

On January 17, 2017, The Prospect Woodward Home (PWH) filed a request for waiver of N.H. Code Admin. Rules Puc 303.02 (master metering rule), with respect to the Hillside Village Continuing Care Retirement Community (CCRC) to be constructed in Keene. Staff believes there are particular aspects of the proposed development that justify granting the rule waiver requested. Staff recommends that the master metering rule be waived for the Hillside Village project for so long as it remains a CCRC.

Background

PWH is a New Hampshire non-profit corporation resulting from the merger of Prospect Hill Home, d/b/a Prospect Place, and The Woodward Home. PWH's mission is to address the housing and health care needs of elderly citizens in the Keene area, and it seeks to further this mission by developing a new CCRC campus in Keene, to be known as "Hillside Village." Hillside Village will consist of 140 apartments in one, two, and three bedroom formats, a Community Center, and a separate Health Care Center which will include 60 assisted living units and 20 nursing beds. The health care beds are in addition to the 140 individual apartments. The project will be designed and constructed to include up-to-date energy efficiency measures.

Hillside Village will provide long-term non-rehabilitative assisted living and nursing care in the on-site Health Center when medically necessary without any increase in the then current monthly fee charged to residents, except for certain other fees and expenses not covered in the Residence and Care Agreement. Nursing care, other than short-term rehabilitative care, will be provided in the on-site Health Center. The Community Center

will include resident dining rooms, lounges, lobbies, library, social and recreational facilities, and other public areas which Hillside Village will make available for the use and enjoyment of its residents.

PWH's filing explains that Hillside Village will be financed through the issuance of tax-exempt bonds by the New Hampshire Health and Education Facilities Authority (NHEFA) and by residents' entrance fees. The bond issuance will consist of both short-term and long-term bonds, with the long-term bonds having a 40-year term. Hillside Village is contractually obligated to operate the facility as a senior housing project for the full length of the term of its bond financing.

According to PWH's filing, Hillside Village residents who meet the financial and health care requirements for admission will be guaranteed an accommodation in an apartment or health care bed, depending on their individual needs. Residents will not own any portion of the community, but only the right to occupy an apartment or a health care accommodation throughout their lifetimes. Residents will pay a one-time entrance fee and an on-going monthly fee, based upon their initial selection of a living unit. The fees are determined through an actuarially-based fee structure based on residents' age at time of entry and their initial accommodation chosen. The fee structure is based on the premise that some residents will require some level of healthcare during their stay, but all of the costs of operating the community are actuarially distributed to all Hillside Village residents. Residents may move into different levels of care depending on their health care needs.

Because of this health care insurance feature of the CCRC model, Hillside Village has been granted both a Certificate of Authority by the New Hampshire Department of Insurance and a Certificate of Need by the New Hampshire Department of Health and Human Services.

PWH requests that the Commission grant a waiver of Puc 303.02, the master metering rule, because electric utility costs will not be passed on directly to any resident, but will be paid in total by the community, and therefore individual electric meters should not be required for individual residential units. PWH maintains that, if meter sockets were installed to accommodate some future change in the community configuration, the sockets would probably be of no use given the longevity of the community as currently structured, as well as the financing restrictions and regulatory oversight in place to ensure its continued operation as a CCRC.

PWH asserts it is in the public interest to ensure that Hillside Village construction costs are kept as low as possible so that residents' entrance fees and monthly fees can be maintained at the lowest possible levels to permit the largest number of residents to meet the financial requirements for entry into the CCRC. For this reason, the Hillside Village construction plans include master meters installed at the five transformer locations in the current design.

On March 21, 2017, after completing an initial review of PWH's master metering rule waiver request, Staff asked PWH to address a number of clarifying questions. In its response submitted on June 20, 2017, PWH provided additional information regarding the proposed Hillside Village project, including clarification that the additional cost of individual unit meter sockets and secondary wiring to those sockets would be approximately \$100,000. PWH also indicated it had identified with Eversource appropriate locations to install meter banks in the future, and that appropriate conduit could be installed to allow for the wiring to future meter installations for each individual residence, if required.

PWH emphasizes that Hillside Village is different from the ordinary apartment complex. According to PWH, Hillside Village residents are not just "apartment dwellers," but are joined in a communal arrangement that has benefits far beyond the simple enjoyment of individual accommodations. Residents will be attracted to its "lifestyle" community, sharing common interests with members of the same generation, while having access to a wide variety of sponsored activities within the Hillside Village buildings, the Community Center, the Healthcare Center, and the greater Keene community. Residents will also share a common interest through the "insurance" aspect of the CCRC, in which the actuarially-determined fee structure means the risk of long-term care is shared among all the residents, including those who will eventually access health care services and those who will not.

Analysis and Recommendation

Puc 303.02(a) provides that "[n]o utility shall install master metering in a building with multiple dwelling units. The energy in each dwelling unit in such a building shall be separately metered." The exception in Puc 303.02(c) for hotels, motels, dormitories, boarding houses and time-sharing interests in condominiums would not apply to a CCRC such as Hillside Village. In the absence of the requested waiver, Hillside Village would have to install individual electric meters for each dwelling unit, despite the fact that electric service charges will not be assessed directly to the residents of those units.

Staff believes that Hillside Village as a CCRC has many features that distinguish it from a typical multi-dwelling unit building or complex. The residents secure far more than just a living space through their enrollment. They also participate in an active community of people with similar interests and circumstances. And they have access to a range of health care services and supports if needed, without additional charges beyond their original entrance fees and on-going monthly fees, both of which fees are actuarially determined. Electric service and other utility charges are included in those fees and are not individually assessed to the residents. The CCRC model therefore includes community living and cost-sharing aspects as well as a "health insurance" feature, all of which are lacking from typical apartment complex projects. Those special features of a CCRC are evident from the fact that, unlike most apartment buildings, the project has been granted regulatory certificates by two state agencies, the Insurance Department and the Health and Human Services Department.

Relieving Hillside Village from the requirement to install individual electric meters would serve to reduce the total costs shared by its residents, thereby making residency relatively more affordable and making the benefits of the CCRC more readily available. That result would serve the public interest and would not disrupt the orderly and efficient resolution of matters before the Commission, consistent with Puc 201.05.

Based on this analysis, Staff recommends that the Commission grant PWH's request for a waiver of Puc 303.02 to permit master metering as proposed at Hillside Village, such waiver to be in effect for so long as the project is operated as a CCRC as described in the PWH filings. If the Hillside Village project is no longer operated as a CCRC at some future time, then the waiver should no longer be effective and the project owner should be required to install individual electric meters for each separate dwelling in the development. PWH should be directed to notify the Commission and Eversource if Hillside Village is no longer operating as a CCRC.

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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FILING INSTRUCTIONS:

a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:

DEBRA A HOWLAND
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21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429

b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.

c) Serve a written copy on each person on the service list not able to receive electronic mail.