

Summary of Proposed Residential Submetering Program

for residential tenants of the at George T Douris Tower located at:

27-40 Hoyt Avenue South,(a/k/a 25-03 29th Street, a/k/a/ 28-31 Astoria Boulevard),
Queens, New York.

The George T. Douris Tower also known as Astoria Senior Housing is located at 27-40 Hoyt Avenue South in the Astoria section of Queens and is owned by HANAC Astoria Housing Redevelopment Associates, L.P. (HANAC AHRA) The building was constructed through the Low Income Affordable Marketplace Program (LAMP) of the New York City Housing Development Corporation (HDC), the Special Needs Division of New York City Department of Housing Preservation and Development (HPD) and the New York State Division of Housing and Community Renewal (DHCR).

Part of making this property affordable to residents was construction with an energy efficient design. This included an electrical submetering system that will be able to purchase electricity at discounted bulk rates for all residents through a master metered account with Con Edison and submetered accounts with all residents.

As your landlord, HANAC AHRA, has applied to the New York State Public Service Commission (PSC) for approval to submeter electricity usage by residential tenants at your building. Approval will allow HANAC AHRA to bill and collect your share of electricity costs based on actual meter readings that the landlord pays to the utility, Con Edison and any electricity supplier. Your share will be determined by your usage measured in kilowatt hours by the submeter for your apartment times the cost per kilowatt hour paid by the landlord. Rates and cost are explained in more detail below.

New York State Public Service Commission regulations require that you be given notice of the application and information about the proposed submetering program. The following is relevant information from the application to the PSC with some supplementary explanations.

1. The economic advantages of submetering over direct utility metering:

George Douris Towers was built in accordance with an energy efficient design prepared by the Association for Energy Affordability with incentives provided from the Multifamily Performance program of the New York State Energy Research and Development Authority. The design called for master metered electricity service for the apartments that could be submetered rather than individual "direct metered" tenant accounts with Con Edison. This choice results in lower usage rates for residents as they benefit from master meter bulk rates and the avoidance of the Con Edison monthly service charge in exchange for much lower submeter billing charges. Some studies have indicated that submetered customers pay about 25% less than direct metered customers. Furthermore building the new electricity system for submetering instead of direct metering saved substantially on construction costs improving the building's economic viability.

Presently HANAC is paying for electricity usage by tenants, pending approval of submetering by the PSC after which tenants would pay for their usage. By submetering,

HANAC AHRA would be able to offset an escalating cost and shift responsibility to the individual resident end-users where it belongs based on each unit's actual consumption usage. This would help stabilize rents in the long term. Tenants would also receive an opportunity to save from efficient use of electricity that did not exist before.

2. The type of submetering system installed and its reliability and accuracy

The system installed at GEORGE T. DOURIS TOWER is a TRIACTA Power Hawk 6320. Meter specifications and test reports that document the accuracy and reliability of the equipment in accordance with national performance standards have been submitted to the PSC. The meters meet accuracy standards prescribed by the American National Standards Institute (ANSI) for electricity submeters.

The submeters are installed in the electricity service rooms in the building. Each submeter monitors the amount of electricity flowing through the power feed cables to each apartment and translates usage into kilowatt hours (kwh). The data is collected in the meter and automatically transmitted to the meter company, Velocity Utility Billing (A Division of Real Page).

3. Electricity rates to be charged and calculation of bills:

Velocity Utility Billing collects data from the meters and will prepare monthly electricity bills which are sent to management for collection.

Submetered rates will be calculated to only recover your share of building costs for master-metered electricity service. The submetering system calculates usage in its simplest form, as an odometer logs automobile mileage: the number of kilowatt hours consumed by each unit during a billing period is computed by subtracting the final reading from the initial one. A kilowatt is 1,000 watts. Your lights and appliances all have wattage ratings. A kilowatt hour (kwh) is the usage of 1,000 watts over an hour of time.

Below is an explanation the way the rate you pay will be charged and how the costs you are billed for will be calculated, with formulas and examples. First the rate is calculated based on the total costs charged the building by Con Edison divided by the total electricity usage by the building measured by the Con Edison master meter. That rate is then multiplied by the electricity usage measured by the submeter for your apartment to get the costs of electricity service for your apartment that you are billed for.

Calculation electricity rate you will be charged –with formula and example:

The monthly cost of building-wide electric service is divided by kilowatt hours consumed by the master meter to yield a flat monthly kilowatt hour rate. The cost of building wide service is composed of charges for electricity supply and the cost of delivery by the utility. Electricity supply can be provided by either Con Edison or an independent company called an ESCO. If Con Edison provides the supply, then all costs are in the Con Edison bill. When the building buys electricity supply from an “ESCO” that cost is added to the Con Ed bill for delivery. The monthly kwh usage is on the Con Edison Master Meter bill.

The formula for and sample of calculation of the building wide rate from the master meter account is as follows:

$$\text{Building Wide Rate} \quad = \frac{\text{total monthly cost [supply and delivery to building]}}{\text{[master meter and submeter] kilowatt hours [kwh] used during month}}$$

EXAMPLE: If total monthly cost = \$19,000 and total kwh = 100,000, then

$$\text{Building Wide Rate for month} = \frac{\$19,000}{100,000 \text{ kwh}} = \$.19/\text{kwh} \text{ or } 19 \text{ cents per kwh}$$

The rate per unit of electricity service is then multiplied by submeter readings of kwh consumption to yield individual charges. An administration fee is added to each resident's monthly bill that will be below the Con Edison direct metered service charge.

Calculating the Electricity Costs you will be billed for each month with formula and example:

Your usage for the month equals kwh reading on your submeter at the end of the month minus the submeter reading at the beginning of the month:

Formulas and examples:

Formula to calculate your electricity usage for the month = end of month reading – beginning of month reading:

Example:

if reading at the end of the month = 1,200 kwh and the reading at the beginning of the month = 1,000 kwh, your usage for the month is
 $1,200 \text{ kwh} - 1,000 \text{ kwh} = 200 \text{ kwh}$

Formula to calculate your monthly charge for electricity = usage in kwh for the month x the submeter rate \$/kwh

Example – from above examples:

We calculated that your monthly usage was 200 kwh and the rate to be charged is \$.19/kwh. Your bill for the month then would be $200 \text{ kwh} \times \$.19 \text{ per kwh} = \38.00 for electricity used that month.

A billing charge less than the Con Edison direct metered service charge will also be added to the bill.

Submetering regulations prescribe that charges to tenants shall not exceed the utility's residential rate for utility's direct metered service to such tenants. Con Edison's direct metered rates have been in excess of \$.25 per kwh. Tenants will also not pay the Con Edison monthly service charge for direct metered service which is presently over \$16.00 per month.

4. Leases, Rents and Electricity:

Your lease does not provide that HANAC AHRA as your landlord will provide and pay for your electricity. The rents that you are paying were calculated to not include the costs electricity that are presently being paid for by the building owner. Your electricity is provided from a "master metered" account that the building owner has with Con Edison. The landlord has been paying for your electricity but not charging you for its cost. After approval by the NYS PSC of HANAC's proposed submetering program, lease amendments will be offered to you that will enable you to received submetered electricity service from HANAC.

The lease amendment will describe in plain language the method of rate calculation, the rate cap, complaint procedures, tenant protections and the enforcement mechanisms. These amendments will be incorporated in plain language into all leases governing the submetered premises. Program features will be incorporated into all leases, under authority of an order from the PSC, to make the submetering program an integral part of the landlord-tenant relationship.

5. Consumer protections in billing and collections:

Submetered service is provided to residents with the same consumer protections provided by utilities, such as Con Edison, to their direct metered customers. Both utilities and submeters and building owners must comply with the Home Energy Fair Practices Act (HEFPA) (Public Service Law, sections 31-50; 16 NYCRR Parts 11 and 12). HEFPA rules provide consumer protections and compliance procedures against unfair billing practices and provides a dispute resolution process. They are designed to make sure that consumers are given: accurate and understandable bills, opportunities to dispute bills, reasonable payment arrangements, notices of collections or terminations and consideration of hardship circumstances.

HANAC's submetering application to the PSC contains detailed descriptions of HEFPA protections and complaint procedures with the management and meter companies. A summary of these procedures is available on request from the management office or the PSC Website at:

<http://documents.dps.state.ny.us/public/MatterManagement/CaseMaster.aspx?MatterCaseNo=10-E-0338&submit=Search+for+Case%2FMatter+Number>

The procedures provide that tenants may contact the PSC at any time with concerns or complaints and that the PSC has the ultimate authority to decide disputes.

After PSC approval of the submetering plan and before commencement of billing, you will receive a detailed annual notification of tenant's rights and responsibilities, summarized below, that will include descriptions of consumer protections and procedures.

The customer may contact the New York State Public Service Commission at any time at the address or phone numbers below with any questions or concerns at its.

Office of Consumer Services
90 Church Street, New York, New York 10007
212-417-6161
or call its HELPLINE at 1-800-342-3377

A tenant can contact the managing agent at:

The Wavecrest Management Team, Ltd.
Address: 87-14 116th Street,
Richmond Hill, NY 11418,
Phone: 718-463-1200.
Primary Contact: Avi Slansky ext 3745
e-mail: Aslansky@twmt.net

c. Annual Notification of Rights and Responsibilities

The submeterer will, at the time service is initiated (including implementation of submetering) to a residential customer and at least annually thereafter, provide the customer the following information in compliance with the Home Energy Fair Practices Act (HEFPA):

- (1) a description of the submetering complaint handling procedures available at the Owner/Management Office and the Commission;
- (2) the rights and obligations of residential customers relating to payment of bills, terminations, disconnections and suspension of service and reconnection of service;

(3) a description of special protections afforded the elderly, blind and disabled; persons with medical emergencies; persons receiving public assistance, supplemental security income benefits or additional State payments;

(4) a request that residential customers who qualify for the protections referred to in subdivisions (b) of section 11.5 which refer to customers who are elderly, blind or disabled and subdivision (c) of section 11.5 which provides special procedures to be followed during cold weather periods.

(5) the right of a customer to designate a third party to receive copies of all notices relating to termination, disconnection and suspension of service or other credit notices;

(6) a description of the customers' rights in regard to deferred payment plans and the holding and requesting of security deposits by the submeterer; and

(7) a description of the submeterer's budget or levelized payment plans.

6. Managing Your Electricity Costs

Since tenants have not been billed for electricity pending approval of submetering by the PSC, they have not yet had information on how much they have been using and what the costs are. Since they are not yet paying bills they also have no financial incentives to avoid wasting electricity. A review of submetered data collected to date indicates very high usage for many apartments during the summer of 2010. This is driven mostly by increased use of air-conditioning. Other factors could also play a part such as leaving lights on when not needed. Building management plans to enable electricity affordability for residents throughout the year through a strategy that includes:

Metered Electricity Usage Analysis: For high electricity users, with submeter data already collected, HANAC will show the amounts of electricity used monthly and the costs of providing that electricity. High users will receive a projection what your annual costs and average monthly costs would likely be at this rate. We will identify high usages especially in the summer months and estimate amounts that can be cut back to keep costs within budget.

Energy User Education: With this notice, we are providing a report on Managing Your Apartment Electricity Costs that includes Energy Saving Tips that can help reduce your usage and costs. These tips give special attention to reducing air-conditioning and refrigeration costs during the summer. Management will be available to discuss them on request. They will also be a topic for discussion at the tenant meetings scheduled for September 14 at 4PM and 6PM to be held in the second floor community room.

Budget/Levelized Billing: To help you manage paying for your monthly submetered electricity costs, management will offer Budget/Levelized billing. You will be able to pay an equal amount each month which at the end of the year would add up to your total estimated costs for the year. This way you will not be faced with unaffordable costs in high cost months – such as the summer.

The submetering application and consumer protection procedures were prepared by HANAC's consultant, Energy Investment Systems.

Sincerely,

The Wavecrest Management Team, Ltd.