

PENDING PETITION MEMO

Date: 7/23/2007

TO : OCS
OGC

FROM: CENTRAL OPERATIONS

UTILITY: CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

SUBJECT: 07-E-0865

Petition of Parker Towers to submeter electricity at 104-20, 104-40 and 104-60 Queens Boulevard, Queens, NY, located in the territory of Consolidated Edison Company of New York, Inc., filed in C 26998.

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07-E-0865
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COMMISSION
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July 16, 2007

Jaclyn A. Brilling, Secretary to the Commission
New York State Public Service Commission
3 Empire State Plaza
Albany, NY 12223

RE: Application to Submeter Electricity at Parker Towers, Queens, NY

Dear Ms. Brilling:

I am submitting this application to submeter electricity at Parker Towers, Queens, NY.

Parker Towers is a 3-building master metered, rental type residential complex located at 104-20, 104-40 and 104-60 Queens Boulevard near the intersection of Yellowstone Boulevard and Queens Boulevard in the Forest Hills section of Queens, New York.

This residential building complex contains a total of 1,307 apartments, including approximately 879 apartments occupied by rent stabilized residents.

Apartment heating and domestic hot water are provided by steam produced by burning oil. Apartment cooling is facilitated by individual through-the-wall mounted air conditioning units.

The buildings' electricity is supplied, transmitted and distributed from Consolidated Edison and is subject to the Con Edison bulk electric rate of SC-8, currently the lowest rate for a non-electrically heated residential application. Residents are charged approximately \$23 per month per air conditioner. Upon the implementation of electrical submetering, these charges will be eliminated.

The majority of apartments fall under the category of rent stabilized which are subject to the rent regulations and guidelines of rent stabilization under DHCR's Office of Rent Administration. Specifically, rent reductions in accordance with DHCR's Operational Bulletin 2003-1 shall apply and the electricity charged to the tenants will be at the utility bulk rate plus up to \$4/mo/apt. for billing and maintenance of the submetering system.

The owner/management of Parker Towers is interested in both energy conservation and in reducing the building operating costs which will be accomplished by metering each apartment in order for each resident to be charged for electricity in direct proportion to actual usage.

The options available to the owner/management are confined to either direct metering or submetering. The advantages of submetering are multi-fold.

Estimates received from building construction consultants and subcontractors for buildings such as Parker Towers indicate that the direct metering option would cost substantially more than submetering. Additionally, the submetering option will permit Parker Towers to receive financial incentives under residential programs developed by the New York State Energy Research & Development Authority (NYSERDA). These incentives will defray a significant percentage of the submetering implementation costs while these incentives are not available for a direct metering conversion.

Con Edison utility rates for direct metering the apartment units @ SC-1 are approximately 25% higher than the current master metered bulk rate @ SC-8, which would be maintained only under a submetering conversion. Also, the direct metering option will put this building at a decided disadvantage in being able to take advantage of electric deregulation as Energy Service Companies (ESCOs) can offer better pricing for electricity to buildings which are master metered as the number of bills rendered is reduced from the number of apartments to one. Under the submetering option the building would remain master metered and continue to purchase electricity from either Con Edison or an ESCO.

The owner/management is currently in the process of installing cogeneration equipment for this building complex, and under direct metering the apartment sector would become unavailable to accept the electricity produced by the onsite cogeneration equipment. This would likely preclude utilization of cogeneration effectively as its economic viability would be significantly impaired. Additionally, only submetering under the NYSERDA residential program would provide the building apartments the metering required to participate in both Price Responsive Load Management and Time Sensitive Pricing programs currently advocated and conducted by NYSERDA.

The New York State Division of Housing and Community Renewal, a government agency which has jurisdiction at this property (with regard to rent reductions), has granted permission to similar buildings to submeter contingent on meeting all applicable requirements of the New York State Public Service Commission and receiving approval of their application to submeter. It is for all the aforementioned reasons that this application has been prepared and is being submitted to the New York State Public Service Commission for consideration.

Residents living in rent stabilized apartments will have their rents reduced the exact amount as stipulated under the guidelines developed specifically for submetering by the New York State Division of Housing and Community Renewal pursuant to Operational Bulletin 2003-1. SCRIE tenants will be unaffected and fair market apartments will become submetered upon the expiration of their current leases.

In no case will any apartment, regardless of category, be charged more for electricity than if the apartment were directly metered. The rent stabilized apartments will be charged at the bulk rate as required by DHCR. Failure to pay for electricity will be treated as the same as failure to pay rent and the landlord will have the same legal recourse as if the rent were not paid; however, in no case will electricity be shut down in any apartment for failure to pay for electricity unless all conditions of HEFPA are met and the submetering technology is able to accommodate this, which currently it does not. Electricity shut down in any apartment shall only be done to accommodate a repair or building emergency requirement and be of temporary duration.

Studies conducted throughout New York State have documented the conservation benefit of electrical submetering demonstrating savings ranging between 18%-26% annually (New York State Energy Research and Development Authority (NYSERDA) report 86-8, entitled "Demonstration of New Submetering Technologies", dated October 1986). NYSERDA through its "Multifamily Performance Program" is encouraging the conversion of master metered buildings to submetering utilizing advanced metering technology designed to accommodate real-time pricing and load curtailment capabilities and is offering incentives to buildings which comply.

I am providing the following information in response to the State of New York Public Service Commission (PSC) requirements as stipulated in Case 26998, approved July 7, 1988 under Section 96.2, sub-section B (Category: Master Metered Residential Rental Units Owned or Operated by Private or Government Entities), Items 1 through 8:

- (1) The economic advantages of submetering over direct metering include:
 - (a) The SC-1 direct meter rate is approximately 25% greater than the master metered and submetered SC-8 rate.
 - (b) The cost of a building direct metering retrofit would exceed a building submetering retrofit by a considerable amount.
 - (c) NYSERDA has been promoting submetering over direct metering by offering incentives for submetering with advanced metering capabilities.
 - (d) The economics under deregulation would be more favorable under submetering as opposed to direct metering due to more favorable pricing for electricity.
 - (e) A direct metering conversion would eliminate the economic benefit of cogeneration as apartments under direct metering are not available to an onsite cogeneration system.
- (2) The submetering system to be installed at Parker Towers shall meet the requirements as has been stipulated by the NYSERDA Advanced Metering requirements. These requirements include compliance to the most current standards established by the American National Standard Code for Electric Metering (ANSI C12-1).

The submetering equipment selected by Parker Towers shall be a metering system utilizing wireless communications as manufactured by Intech 21 (or equivalent) and currently installed and operational in numerous residential buildings in New York State under various NYSERDA sponsored programs.

The wireless type submetering system will minimize equipment installation costs, minimize resident inconvenience, and simplify the meter reading and bill rendering process. The wireless technique permits the remote reading of apartment submeters without the need for additional expensive building wiring and without the requirement of apartment entry to read each submeter.

It should be noted that Parker Towers has retained the Consultant previously contracted under the New York State Energy Research and Development Authority (NYSERDA) "Submetering in Multifamily Buildings" program to witness meter accuracy and equipment verification testing. This Consultant shall also provide continuous monitoring of the submetering system for at least sixty days to provide additional verification. It is also management's intention to provide shadow billing to the residents prior to actual

billing in order to familiarize residents with electric costs predicated on their individual usage patterns.

- (3) To establish the monthly cost of electricity (in cents per kWh) to the rent stabilized tenants, management shall divide the total building Con Edison charge (computed at the SC-8 rate) by the total building consumption (kWh) as measured by Con Edison. The monthly cost of electricity to the rent stabilized tenants shall also include a monthly billing service charge as limited by DHCR at \$4/mo/apt. and as rendered to the building owner by the meter reading/bill rendering company providing this service. However, in no case shall the remaining tenants be charged at a rate which exceeds the Con Edison residential rate for direct metering (SC-1).
- (4) The owner is aware that the Consultant to Parker Towers was the project manager of the NYSEDA Facilitating Submetering Implementation Program and that the issues of complaint procedures, tenant protections, dispute resolution and grievance procedures are items which must be addressed as part of this application. The procedure proposed for this application is virtually identical to that currently in place at the New York City Department of Housing Preservation and Development (HPD) and amended to substitute an arbitrator from the American Arbitration Association (or equivalent) for the Assistant Commissioner of HPD. The procedure is as outlined:

Regarding the resolution of complaints involving electric service, the resident shall first present to the managing agent or representative, a written complaint which may be in letter form, including the action or relief requested. The managing agent or representative shall investigate and respond to the complaint in writing within ten days of the receipt of the complaint. The managing agent intends to utilize the submetering company and/or its submetering consultant, where appropriate, to assist in the investigation of the complaint. The complainant shall be advised of the disposition of the complaint and the reasons therefore.

If the complainant is dissatisfied with the managing agent's or representative's response, he or she may request a review of said determination by filing a written protest within fourteen days from the date of the response to the managing agent or representative. No particular form of protest is required. Upon receipt of the protest, the matter shall be turned over to a grievance arbitrator (selected from the American Arbitration Association or equivalent) for review of the complaint and the response by management, at no cost to the tenant. If necessary, an inspection of the meter may be ordered and/or a conference may be scheduled with management and the complainant. The arbitrator shall within a reasonable period of time prepare a written report containing a recommended disposition of the matter. A copy of this report shall be sent to both management and the complainant and be binding to both parties.

Procedures consistent with the Home Energy Fair Practices Act (HEFPA) shall apply to this submetering process.

- (5) All residents of Parker Towers shall be notified in writing by the building manager of the owner's proposal to submeter electricity and will be invited to attend an informational meeting during which the owner's submetering plan is presented and the residents are

afforded the opportunity to ask questions and receive clarification. During this meeting, rent reduction issues, metering issues, billing issues and installation issues will be thoroughly discussed and sample submetering units will be available for the residents to view. Residents are invited to contact the building management office or the nearest office of the Commission Consumer Services Division for further information, if required.

- (6) Refer to item (4) above.
- (7) The method of rate calculation, the rate cap, complaint procedures, tenant protections, and the enforcement mechanism shall be incorporated in plain language into a rider to be added to all leases governing submetered apartments.
- (8) The rent stabilized apartments shall receive a rent reduction which meets the guidelines of the New York State Division of Housing and Community Renewal (DHCR) as applied to a submetering conversion. In addition to this reduction in rent, charges to residents for use of appliances such as air conditioners shall be eliminated. The submetering process shall provide procedures which comply with the Home Energy Fair Practices Act (or equivalent).

I appreciate your time and attention with regard to this matter. As we are anxious to move quickly your prompt attention to this matter is appreciated. Should you have any questions or require any additional information, please do not hesitate to contact me. Thank you.

Very truly yours,



Herbert E. Hirschfeld, P.E.
(As Agent for The Jack Parker Corporation)

cc: Nacho Arenas, The Jack Parker Corporation
Honor Kennedy, PSC

File: PSCAp-Parker Towers