
IOWA UTILITIES BOARD
General Counsel and Policy Sections

Docket Nos.: WRU-2014-0013-0004
Utility: Altoona Tower Condominiums,
LLC f/k/a Ironwood
Development, LC and
Professional Property
Management, Inc.

File Date/Due Date: June 2, 1015,-N/A

Memo Date: June 23, 2015

TO: The Board

FROM: Parveen Baig, Cecil Wright

SUBJECT: Recommendation on Request for Rehearing

I. Background

On April 29, 2015, the Utilities Board (Board) issued an order approving a Pilot Project, with certain conditions, for a master meter at two apartment buildings in Altoona, Iowa. The Pilot Project was approved as a result of a request for waiver to allow the master metering of electric service at the two apartment buildings filed by Altoona Tower Condominiums, LLC, and Professional Property Management, Inc. (collectively, Applicants). The Pilot Project was approved based upon an agreement between Applicants, MidAmerican Energy Company (MidAmerican), and the Office of Consumer Advocate (OCA), a division of the Iowa Department of Justice that addressed the parameters of the Pilot Project except for the rate to be charged for electric service. In the April 29, 2015, order, the Board decided that the rate developed by MidAmerican was the appropriate rate to be charged for service during the first year of the Pilot Project while data was collected about the two apartment buildings.

On May 19, 2015, Applicants filed a request for rehearing of the April 29, 2105, Board order. On June 2, 2015, OCA filed a response to Applicants' request for rehearing. On June 8, 2015, MidAmerican filed a response to the request for rehearing.

II. Rehearing Request

Applicants request rehearing of the Board's decision that the special rate developed by MidAmerican should be charged for electric service at the master meter. Applicants also request that the Board schedule a hearing to address the issue.

Applicants provide the following arguments in support of the request for rehearing:

1. Applicants point out that there is an unresolved factual issue regarding the number of meters to be used for the Pilot Project. Applicants point out that the Board approved the Pilot Project which expressly states that there will be only one master meter for billing electric service for the two buildings. Applicants assert that MidAmerican's Rate RMS implies that additional meters are required for certain areas of the building regularly used for business and professional purposes. As a result, the Pilot Project and the Rate RMS are in conflict because there are portions of the two apartment buildings that are used for business purposes related to the two apartment buildings. Applicants request that this issue be resolved by a finding that there be only one billing meter for the Pilot Project.

Applicants state that the April 29, 2015, order provides that the data related to tenant energy usage collected by MidAmerican should be shared with Applicants when the annual report is filed. Applicants argue that they have the responsibility of providing energy education and behavior programs to tenants to reduce tenant energy usage. Without the monthly data they cannot provide meaningful energy education information to tenants. In addition, Applicants argue that they need access to the monthly data to assess how certain equipment is working and whether modifications or repairs need to be performed on the equipment. Applicants state that without the monthly data they would rather install individual meters and forego the Pilot Project.

Applicants assert that the information they provided in support of use of a commercial rate for the Pilot Project demonstrates that the load at the two apartment buildings will be more similar to a commercial load. Applicants state that the order dismisses this information and finds that the Rate RMS is more appropriate for the Pilot Project based upon MidAmerican's unsupported statement that the usage is more similar to residential usage. Applicants request the Board reconsider this finding and find that Applicants have met their burden and have demonstrated that the apartment buildings will meet the requirements for use of the LS Rate (a commercial rate for large commercial customers).

Applicants request, if the Board decides a residential rate is the appropriate rate to charge for electric service for the Pilot Project, that a more reasonable and equitable residential rate be charged rather than the Rate RMS. Applicants point out that the Rate RMS contains a stair-step energy rate that charges a higher rate for the first 100,000 kWh (kilo watt hours) used per month and a lower rate for any amount used thereafter in the winter months. Applicants state it appears that the Rate RMS was generated by using the average residential monthly household energy usage of 1000 kWh and multiplying that number by the number of apartments at the two apartment buildings, or 100 apartments, to reach the 100,000 kWh per month threshold.

Applicants suggest that documentation presented to the Board demonstrates that the two apartment buildings are extremely energy efficient and only few apartments will reach the 1000 kWh threshold, especially the studio, one, and two bedroom apartments. This means that the apartment buildings will not reach the lower stair step rate and, according to Applicants, are being punished for being energy efficient.

Applicants suggest that a more reasonable threshold would be 29,000 kWh per month. This threshold is obtained by multiplying the number of apartments, 29, who may reach 1000 kWh per month, by 1000 kWh per month. The threshold stair step should thus be set at 29,000 kWh per month, not 100,000 kWh per month.

Applicants state that establishing the lower stair step or a commercial rate would not unjustly enrich Applicants or result in unreasonable rates. According to Applicants, if the LS Rate is applied to the Pilot Project, MidAmerican will receive the same revenue it would receive if the apartment buildings were office buildings. The difference is that people live in the apartment buildings and people work in office buildings; the building size, structure, insulation, and demand are equivalent.

If the lower stair step is adopted, Applicants are placed in the same position as other residential homeowners by allowing Applicants to receive a lower rate when individual residential usage is over 1,000 kWh. Use of the lower stair step recognizes that Applicants have implemented energy efficiency strategies that will reduce summer peak energy demand since large user demand rates are only available under commercial rates.

Applicants recognize that the Board determined that the Rate RMS should be used for the first 12 months until the data has been collected to determine whether a different rate is more appropriate. Applicants contend that they have met their burden regarding the loads and demands of the apartment buildings and no contradictory evidence has been presented. Applicants state that they have spent over \$50,000 in pursuing the Pilot Project and they cannot afford to pursue the project another year. Applicants request a hearing to demonstrate that the LS Rate, or a residential rate with a more appropriate threshold, is the appropriate rate that should be charged for electric service for the Pilot Project.

Applicants state that the order does not establish the length of time that the master meter will be allowed to provide service at the apartment buildings. The agreement to the Pilot Project should be accompanied by an agreement that the apartment buildings may receive service from a master meter indefinitely.

Applicants state that the Pilot Project presents a unique situation for the collection of data and analysis regarding the split incentive and this opportunity may not arise again. The energy efficiency standards and hard data collected could establish criteria for high performance multifamily housing standards and electrical rates and could set a precedent for addressing the split-incentive issue for other

tenants and property owners. There could also be a benefit to society with the reduction of energy consumption with the resulting CO₂ and global greenhouse gas emissions and reduced summer peak demand.

Applicants state that with approval of the Rate RMS and without monthly sharing of data they will not be able to agree to the Pilot Project and will install individual meters instead. Without recovery of some of the costs associated with the energy efficiency strategies and the administrative work for the Pilot Project, agreement to the Pilot Project does not make economic sense. Applicants incorporate their February 27, 2015, response to the Board's January 30, 2015, order, and their March 20, 2015, filing as part of this rehearing request.

III. OCA Response to Request for Rehearing

OCA believes the Pilot Project represents a unique opportunity to gather valuable data related to energy conservation. OCA states that the data would provide concrete information to the rule that allows master metering "where the benefits of individual metering (reduced and controlled energy consumption) are more effectively accomplished through a master meter arrangement." 199 IAC 20.3(1)(b)(3). OCA states that the data will also address the issue of the split incentive between landlords and tenants.

OCA urges the Board and other Parties to find a solution that saves the Pilot Project. Iowa is not likely to see a solution to the split incentive issue for some time without the Pilot Project. OCA makes several suggestions to save the Pilot Project.

1. OCA agrees that further proceedings, up to and including a rehearing, is appropriate to address the unresolved issues raised by Applicants in the request for rehearing.
2. OCA responds to the grounds for rehearing as follows:
 - a. OCA agrees with Applicants that the total number of meters to be used in the subject property remains unclear. OCA further notes that if an additional meter or meters are to be used, the Board should explain which rate should apply to the usage recorded at the additional meter(s). Specifically, the question remains regarding which rate to apply to separately-metered common areas. OCA states its understanding that common areas are sometimes billed at the commercial rate.
 - b. OCA agrees that MidAmerican should turn over usage data promptly; at least on a monthly basis.
 - c. OCA believes that Applicants have provided data and other evidence sufficient to support the application of the commercial rate (or

a rate closer to commercial than the currently approved Rate RMS) at least for the initial period of the Pilot Project. If, after the initial period, the profile data does not correspond to the typical commercial load profile, the Board could revise the rate accordingly and MidAmerican's customers would have suffered little harm. If the property's usage and load profile data matches that of a commercial user, then the commercial rate would be justified from a cost basis and MidAmerican's customers would suffer no harm from using the commercial rate at the apartment buildings.

d. OCA agrees that the Board should consider alternative means of reducing the rate for the Pilot Project, including a reduction to the threshold for the "stair-step" rate reduction. OCA notes that under MidAmerican's previous rate regime, the threshold for the stair-step discount was set lower for apartments. The previous threshold for apartments was 600 kWh per month while the threshold for free-standing single family dwellings was set at the current 1,000 kWh per month. The reduced threshold for apartments acknowledged the fact that apartments tend to use less energy than free-standing houses. OCA suggests that the Board look at this old rate structure and set the stair-step substantially lower Rate RMS.

e. OCA agrees that the Rate RMS denies Applicants of the benefit intended by the winter stair-step rate reduction. Many of the apartments will be small and will never exceed 1,000 kWh per month in usage while other larger apartments would. Under Rate RMS the smaller units would very likely cancel out the usage of the larger units. OCA suggests that the Board adopt the stair-step threshold described above as a compromise.

f. OCA agrees with Applicants that clarity is required regarding the duration of the rates under the Pilot Project. Applicants deserve some level of certainty about what rates will be charged for electric service. OCA states that the rates can be revisited after actual data is collected. OCA states that the success of the Pilot Project will depend on the total energy savings and the load profile. OCA believes that a 30 percent savings over standard apartment buildings would mean the Pilot Project was a success. OCA states that the more like a commercial load profile the load profile for the apartments is the closer to a commercial rate should be charged for service.

OCA believes a compromise on rates is possible and that a compromise should be reached to save the Pilot Project. OCA states that the Board may not get another opportunity to address the energy efficiency issues that will be addressed in the Pilot Project.

IV. MidAmerican Response to Request for Rehearing

MidAmerican states that the request for rehearing should be denied because the Board in the April 29, 2015, order addressed the issues that were raised by Applicants and resolved the disputed material facts. MidAmerican provided the following responses to the issues raised by Applicants:

1. MidAmerican states that the number of meters located at the two apartment buildings is irrelevant to the issue of the apartment buildings' load factor and the rate design. MidAmerican states that the filings describing the Pilot Project make it clear that separate meters were to be installed for the common areas and the residences. MidAmerican states that the shared common areas are residential and not commercial. MidAmerican explains that the language "those portions regularly used for business or professional purposes" in Rate RMS was intended to cover the potential situation that businesses unrelated to the apartment buildings might at some point be located in the buildings. MidAmerican suggests that the relevant information is the load shape of the residential building.

2. MidAmerican disagrees with Applicants offering energy education and tenant behavior programs while the Pilot Project is in effect and points out that offering these programs will taint the information gained from the project. MidAmerican contends that the point of the Pilot Project is to test the effectiveness of energy efficiency and not to test energy education and behavior programs. In addition, MidAmerican states that in a real-life master metering situation the individual tenant information would not be available since no meters would be installed to measure tenant usage. MidAmerican believes that the Pilot Project be structured in a way that is similar to the structure of future projects. MidAmerican states if individual metering is essential to the success of the Pilot Project then Rate RMS should include the cost of the individual meters.

3. MidAmerican states that Applicants have provided no information that shows the load at the apartment buildings is more akin to commercial than to residential load. MidAmerican states that its assessment is based on the load information used to determine energy efficiency rebate for the project as part of MidAmerican's Commercial New Construction program. MidAmerican attached information used to calculate load factors.

4. MidAmerican points out that since Applicants have failed to demonstrate that the load at the apartment buildings is a commercial load Applicants request the Board require a special residential rate with a lower retail winter block. MidAmerican states that the suggested special rate is completely unrelated to the question of whether master metering can help lessen the split incentive for energy efficiency for rental properties. MidAmerican suggests that its energy efficiency programs exist specifically to provide financial assistance to make energy efficiency affordable to customers and, if those incentives are not adequate, then that issue should be addressed in MidAmerican's energy efficiency plan.

5. MidAmerican states that Applicants' suggestion that Applicants will not benefit enough from achieving lower demand in the summer because the apartment buildings will be billed on a non-demand rate does not address the extent to which Applicants can reduce costs for lower energy usage related to lower capacity requirements. MidAmerican points out that the rates for summer usage were approved by the Board in Docket No. RPU-2013-0004 and include all the summer capacity cost assigned to the residential class.

6. MidAmerican suggests that any permanent waiver of the rates that will be charged to Applicants is conditioned on the outcome of the three-year Pilot Project. The data from the project should be reviewed before any determination is made on a permanent waiver.

V. Legal Standards

199 IAC 20.3(1)"b"(4) provides:

b. The amount of all electricity delivered to multioccupancy premises within a single building, where units are separately rented or owned, shall be measured on the basis of individual meter measurement for each unit, except in the following instances:

(4) Where individual metering is impractical. "Impractical" means: (1) where conditions or structural barriers exist in the multioccupancy building that would make individual meters unsafe or physically impossible to install; (2) where the cost of providing individual metering exceeds the long-term benefits of individual metering; or (3) where the benefits of individual metering (reduced and controlled energy consumption) are more effectively accomplished through a master meter arrangement.

If a multioccupancy building is master-metered, the end-user occupants may be charged for electricity as an unidentified portion of the rent, condominium fee, or similar payment, or, if some other method of allocating the cost of the electric service is used, the total charge for electric service shall not exceed the total electric bill charged by the utility for the same period.

VI. Staff Analysis

On April 29, 2015, the Board issued an order that approved a Pilot Project, subject to certain conditions, that would allow a two apartment building complex in Altoona, Iowa to take electric service through a master meter. The Pilot Project was approved based upon some compromises between Applicants and MidAmerican

and with conditions the Board considered necessary. Applicants have filed for rehearing of several components of the Pilot Project. MidAmerican has resisted rehearing of the issues raised by Applicants and OCA supports modification of the certain components to ensure the Pilot Project is accepted so that energy efficiency related data can be collected and analyzed.

Staff agrees with Applicants and OCA that the Pilot Project is an opportunity for the Board to obtain data about the split incentive for property owners that want to install energy efficiency systems in multi-family buildings and receive the benefit of those systems in reduced energy costs. Under current rules and cost constraints, property owners do not consider it economical to install energy efficiency systems when the tenant has control of the use of most of those systems and receives the benefit from lower energy costs. Staff's agreement however is limited by the Board's rules that consider individual tenant metering is the best way to limit energy usage.

Staff will address the issues raised on rehearing below. Staff is not recommending any modifications to the conditions placed on the Pilot Project in the April 29, 2015, order. However, staff discusses one modification to the winter rate stair-step that could be supported by the information provided in the docket.

1. Applicants raise the issue of whether the apartment buildings will have more than one meter for receiving electric service. Applicants see this as an unresolved factual issue. It is not clear from MidAmerican's response whether MidAmerican is in agreement that there is only one meter installed for billing purposes. MidAmerican states that it is clear from the record that the Pilot Project was intended to have separate meters for the common areas and the residences and the intended use is residential. MidAmerican states that the language in the Rate RMS "those portions of the regularly used for business or professional purposes" was to address use of the buildings by businesses other than those related to Applicants.

Staff believes MidAmerican's clarification of the language in Rate RMS addresses the issue of electric service being provided to other businesses that might utilize part of the apartment building facilities. It is staff's understanding that Applicants do not intend to lease parts of either of the two buildings to other businesses; however, if Applicants do enter into such an arrangement, staff believes those business should be metered separately.

As far as the metering of the apartment buildings, staff understands that, under the Pilot Project, there will be one master meter that will provide service to the two apartment buildings and that the one master meter will measure the electric usage that will be billed to Applicants. Other meters, such as those in the common areas and for individual tenants, will be submeters that are installed exclusively for data collection purposes and not for billing purposes. Electric service for the buildings will be billed at the rate approved by the Board at the single master meter.

2. As approved by the Board in the April 29, 2015, order, MidAmerican would collect the data from the apartment buildings for a 12-month period and then provide that data and analysis to the Board and Applicants. Applicants ask for rehearing of this arrangement and request that the data be provided to Applicants on a monthly basis. MidAmerican in its response to the request for rehearing disagrees with providing the data to Applicants monthly and argues that offering educational programs, as intended by Applicants, while the Pilot Project is in effect, will taint the information gained from the data collected.

Staff does not understand MidAmerican's position. The Pilot Project is to determine whether the data will support offering a specific rate for electric service at multi-family buildings where energy efficiency strategies and equipment have been installed. Applicants propose to provide information about energy savings and the energy efficiency systems to tenants on a quarterly basis so that tenants may modify usage. Tenant education was an approved component of the Pilot Project that was addressed by the Board in the January 30, 2015, order that granted temporary approval to the project. If the sharing of the data with Applicants on a monthly basis and then Applicants conducting quarterly energy educational meetings will reduce energy consumption at the apartment buildings, then staff believes MidAmerican should share the data monthly.

Tenant education could be an important component in determining whether the Pilot Project is successful. Rather than tainting the results, staff believes that sharing the data may reflect the benefit of educational programs over the course of the Pilot Project. MidAmerican will not have to analyze the data each month, but should make the data available to Applicants on a monthly basis.

3. Applicants request that the Board reconsider the decision that the Rate RMS, developed by MidAmerican, should be charged for electric service as measured by the master meter at the apartment buildings for the first year. Applicants contend that the information they provided supports charging a commercial rate and there is no evidence to support Rate RMS. MidAmerican argues that Applicants have provided no evidence that the load at the apartment buildings will be more like a commercial building.

As pointed out by the Board in the April 29, 2015, order, paragraph 199 IAC 20.3(1)(b) states that electricity delivered to multioccupancy premises within a single building, where units are separately rented or owned, shall be measured on an individual meter basis for each unit, except in certain circumstances. The Board pointed out that subparagraph 199 IAC 20.3(1)(b)(4) provides that a master meter may be installed where individual metering is impractical and lists four circumstances where individual metering could be impractical. One of those circumstances is in 199 IAC 20.3(1)(b)(4)(3) which provides that a master meter may be used "where the benefits of individual metering (reduced and controlled energy consumption) are more effectively accomplished through a master meter arrangement."

Based upon the provisions of the Board's rule described above, and the lack of data to support a commercial rate, the Board in the April 29, 2015, order decided that the Rate RMS was the appropriate rate for the first year of the Pilot Project. The Board decided that after the 12-month data was analyzed the Board would decide if a commercial or some other rate was more appropriate. In the order, the Board stated that until the data has been analyzed the arguments concerning the appropriate rate could not be verified and the Board concluded that for the residential apartment buildings the Rate RMS should be charged.

Staff does not believe that the Board should change its position as stated in the April 29, 2015, order. Board rules favor individual metering in apartment buildings and, until the 12-month data is analyzed, a rate that reflects the residential nature of the building should be charged. If the data shows that a commercial or some other rate would fit the load profile at the two apartment buildings, then a different rate can be considered by the Board. Rates for electric utilities are designed based upon usage characteristics and to receive a rate similar to a commercial load the apartments must show comparable usage characteristics.

There is no data in the record that the proposed residential apartment buildings' usage profile is similar to an average commercial building usage profile. Data taken from tables 1-4 of Weidt Group January 23, 2015 memo to Curtis Klaassen, Energy Systems Engineering was filed by MidAmerican on June 8, 2015 as MidAmerican Response to Rehearing, Appendix 1 (Weidt Group memo) and additional information filed by MidAmerican on March 4, 2015, shows:

Building Description	Aggregate Monthly Load Factor
Ironwood Apartment building baseline usage	44%
Ironwood building with improvements	37%
MidAmerican multioccupancy building average	55%
MidAmerican average residential customer	25%
MidAmerican average commercial customer	60-70 %

A simple comparison of building load factors does not support a commercial rate for the first year of the Pilot Project. To qualify for a commercial rate, the load factor at the apartment buildings will need to be close to the 60-70 percent range. Until the 12-month data is collected and analyzed, the information provided does not support a commercial rate.

4. Applicants propose that the Board make an adjustment to the stair-step in Rate RMS that is more favorable to the Applicants, if the Board decides that the Rate RMS is the appropriate rate to be charged at the apartment buildings. Applicants believe that the 100,000 kWh step is unrealistic and the apartment buildings usage will never trigger the lower rate above that first step. Applicants suggest that the studios and the one and two bedroom apartments are not expected

to reach the 1,000 kWh per month usage level which Applicants assume was used as the average usage to arrive at the 100,000 kWh stair-step. Applicants suggest that only a small number of units will use 1,000 kWh. Applicants suggest that a more realistic step would be at 29,000 kWh which is 1,000 kWh times the number (29) of three and four bedroom apartments. Applicants state they have spent over \$50,000 to pursue this issue and they cannot absorb the same level of costs to litigate the issue next year.

MidAmerican contends that Applicants have failed to show that the load at the apartment buildings will be similar to a commercial load and MidAmerican is troubled that Applicants have asked the Board to develop a special rate because the two buildings will use less energy than similar customers. MidAmerican states that a proposed special rate is completely unrelated to the question of whether master metering can help lessen the split incentive for energy efficiency at rental properties. MidAmerican states that its energy efficiency programs exist specifically to provide financial assistance to make efficiency affordable for customers. MidAmerican suggests, if the incentives in the energy efficiency programs are not adequate to achieve their intended goals, the issue should be addressed in MidAmerican's energy efficiency plan.

Since usage data for the apartment buildings that support a reasonable billing rate will not be collected and analyzed for another year, there is no definitive way to determine which of the two proposals for a stair-step is appropriate for the first year of the Pilot Project. Applicants contend that Rate RMS is a major impediment to Applicants' participation in the Pilot Project.

Staff believes the information in the case supports the 100,000 kWh threshold. As stated earlier, Rate RMS has been approved for the first year of the project and a different rate can be approved once the data has been obtained and analyzed. It is clear from the Weidt Group memo that the apartment buildings' load will be winter peaking load (845.4 kW) and MidAmerican is a summer peaking utility. MidAmerican's Rate RMS approved by the Board in the April 29, 2015, order, which includes an added lower priced winter step for aggregated usage over 100,000 kWh, is an adequate and reasonable rate design for the first year of the pilot to reflect the fact that the apartment buildings' peak usage will be non-coincident with MidAmerican's system peak. This rate design recognizes the anticipated usage patterns and allows recovery of costs associated with providing electric service to the two apartment buildings by including a reduced rate during the winter.

If the Board considers it important to modify the Pilot Project to address Applicants concerns, staff recommends the Board modify the threshold in Rate RMS by reducing the 100,000 kWh threshold to 50,000 kWh. Based upon the energy efficiency measures installed by Applicants, a reduced threshold would recognize that the total usage, because of the large number of small units, may not reach the 100,000 kWh monthly usage threshold for the lower rate. Staff does not consider it reasonable to adopt the much lower threshold proposed by Applicants, since that

threshold does not recognize the usage in the smaller units or the common areas. Staff notes that the information provided by MidAmerican in the June 8, 2015, filing, based on the Weidt Group memo, shows that the estimated monthly usage for the common areas in the apartment buildings is 18,557 kWh. Using this average usage for the common areas plus Applicants' estimate of 29,000 kWh for the larger apartments would support this modification. The modification would move the step toward the number of larger units while also taking into account the common areas and other uses of electric energy in the two apartment buildings. Staff believes such a modification would be designed to accommodate Applicants concerns.

Staff is not proposing any additional compromises regarding the rate to be charged for electric service at the two apartment buildings because Applicants have already received approximately \$103,815 from MidAmerican for installation of energy efficient fixtures and appliances under MidAmerican's existing energy efficiency programs. The data collection and analysis are being paid for through MidAmerican's energy efficiency budget. In addition, staff is concerned about subsidization of the rates paid by Applicants by other MidAmerican customers.

5.. Applicants questioned whether the two apartment buildings would continue to be master metered beyond the three-year Pilot Project if the data does not support a reduced rate. Applicants suggest that the master meter and any reduced rate should be allowed to continue indefinitely. MidAmerican states that the Board's order is clear that the Pilot Project will last three years, and at the end of the three-year period any continuation of the master meter will depend on the analysis of the data.

Staff believes that it is premature to decide whether the two apartment buildings will be allowed to continue to receive service through a master meter after the Pilot Project is completed. However, staff has no real concerns with the apartment buildings receiving service through a master meter even after the end of the Pilot Project. Applicants will have provided a service to the Board and other similarly situated customers regardless of the results of the Pilot Project and a continuation of the master meter arrangement and a reduced rate for this one location will have little effect on other customers, even if the data does not support requiring MidAmerican to develop a separate rate for multioccupancy buildings with similar energy efficiency strategies and facilities.

6. Staff agrees that this is a good opportunity for the Board and MidAmerican to collect data to address the split incentive where property owners install energy efficiency systems and tenants receive any benefits from reduced energy usage that results from the systems. The April 19, 2015, order established the components of the Pilot Project. Staff has suggested clarifications discussed above but does not recommend any other modifications of the components. As discussed earlier, staff suggests one modification if the Board determines that some change should be made to the components approved in the April 19, 2015, order.

The data from the first 12-month period will hopefully provide some guidance regarding the appropriate rate.

Staff does not see that a hearing would provide any additional information that has not already been presented in the filings. The only additional information that is important is the results of the analysis of the 12-month data. Based upon the recommended resolutions of the issues raised in the request for rehearing, staff recommends that the Board issue an order that denies the request for rehearing, and addresses the issues as discussed in this memorandum.

VII. Recommendation

Staff recommends that the Board direct General Counsel to prepare an order for the Board's consideration denying rehearing, continuing the threshold for Rate RMS at 100,000 kWh as approved in its April 19, 2015, order and addressing all other issues as discussed in this memorandum.

RECOMMENDATION APPROVED

IOWA UTILITIES BOARD

/s/ Geri D. Huser 6-29-15
Date

/s/ Elizabeth S. Jacobs 6-29-15
Date

/s/ Nick Wagner 6-26-15
Date

I am in agreement with MidAmerican and the data should not be used to influence resident behavior in the pilot facility.

The sharing of data from the pilot to influence the behavior of residents in the pilot facility may skew the results of this project. The conditions of pilot residences and the control residences should be as closely matched as possible as has been determine in the previous decision by the Board. By allowing a difference such as the sharing of data to occur, an outside influence is introduced and the level of that influence is impossible to determine if single metering for multi resident facilities is more efficient. The metering should be the only difference between the control and pilot residences. Additional differences will add uncertainty and dilute the resulting data because it cannot be determined which difference created the results in the data.

NAW 6-26-15

I concur with Board Member Wagner's comments above. ESJ 6-29-15

Alternative Recommendation

An alternative to the above recommendation is for the Board to direct General Counsel to prepare an order for the Board's consideration denying rehearing, modifying the Rate RMS 100,000 kWh threshold approved in April 19, 2015, order to 50,000 kWh and addressing all other issues as discussed in this memorandum

**ALTERNATIVE RECOMMENDATION
APPROVED**

IOWA UTILITIES BOARD

Date

Date

Date

/ciw