

**FILED WITH  
Executive Secretary**

**May 19, 2015**

**IOWA UTILITIES BOARD**

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

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**IN RE:**

**ALTOONA TOWER CONDOMINIUMS,  
LLC, f/k/a IRONWOOD DEVELOPMENT,  
LC**

Docket No. WRU-2014-0013-0004

**And**

**PROFESSIONAL PROPERTY  
MANAGEMENT, INC.**

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**APPLICANTS ALTOONA TOWER CONDOMINIUMS AND PROFESSIONAL  
PROPERTY MANAGEMENT, INC.'S APPLICATION FOR REHEARING**

COME NOW Applicants Altoona Tower Condominiums f/k/a Ironwood Development, LC and Professional Property Management, Inc. and pursuant to Iowa Code Section 476.12, hereby submit the following Application for Rehearing:

1. On April 29, 2015, the Iowa Utilities Board (the "Board") issued a final Order in the above-captioned matter (the "Order"). The Order approved the Pilot Project proposed by the Applicants but found, over Applicants' objections, that the new residential rate developed by MidAmerican for the Pilot Project should be used. Specifically, the Board found that because the tenants at Altoona Towers are residential tenants and the aggregated load profile for Altoona Towers will most likely be similar to aggregated residential load profiles, a residential rate should be applied to the Pilot Project. However, for the reasons discussed below, Applicants request that the Board

rehear this issue and schedule a hearing.

2. Pursuant to Iowa Code Section 476.12 this Application for Rehearing is required to be filed with the Board within 20 days after issuance of the Board's Order, or on or before May 19, 2015. Thus, this Application is timely.

3. Applicants assert the following grounds<sup>1</sup> in support of their Application for Rehearing:

a. Initially, it should be noted that there is an unresolved factual issue regarding the number of meters to be used for the Pilot Project. The Order provides that the Master Meter Pilot Project is approved as submitted by the Applicants (except for a few conditions, none of which address the number of meters to be used for the Pilot Project). Applicants' Pilot Project expressly states as follows:

The Altoona Towers project will have one "master meter" to measure all electrical consumption and demand for both apartment buildings. The single electric master meter will serve as the standard MidAmerican billing meter for electric service and demand.

See Request for Waiver, Revised Pilot Project Proposal and Response to Board's January 30, 2015 Order ("Pilot Project") at 19. The Pilot Project, as written, only intended to have one billing meter. However, MidAmerican's Rate RMS implies additional meters for certain areas of the building in response to a commercial load. Specifically, MidAmerican's Rate RMS provides that service under the Rate RMS will be furnished only to the dwellings and common areas inside the pilot facilities and not for "those portions regularly used for business or professional purposes." See

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<sup>1</sup> Neither Iowa Administrative Code nor the Iowa Code provides any explicit standards as to the grounds for granting a rehearing.

MidAmerican's RMS Rate. As a result, the Pilot Project and the RMS Rate are in conflict because there are portions in Altoona Towers that are used for business purposes related to Altoona Towers. The Applicants believe that the above issue should be resolved with a finding that only one meter should be used as a billing meter for the entire project. As discussed in the Pilot Project, the purpose behind the Pilot Project is to determine whether having a single master meter for billing purposes provides a solution for the split incentive problem with achieving energy efficiency savings in rental housing. Accordingly, a single billing meter should be used.

b. The Order indicates that MidAmerican shall collect tenant energy use data and only share the information with the Applicants when it files its annual report with the Board. However, as part of the Pilot Project, the Applicants have a responsibility to provide energy education and tenant behavior programs to reduce tenant energy use and offset possible increases in energy use by tenants not financially responsible for paying the energy bill. If the monthly energy use data is not shared with the Applicants, the Applicants cannot meaningfully educate the tenants. In addition, the Applicants need access to the monthly information to assess how certain equipment, *i.e.*, building envelope and insulation, furnaces, air conditioning, refrigerators, etc., are working and whether any modifications or repairs need to be performed on the equipment. Without access to the data, Applicants cannot readily assess how the energy efficient strategies implemented at Altoona Towers are performing. If the data is not going to be shared with the Applicants on a monthly basis, the Applicants would rather install individual meters and forego the Pilot Project so that they can obtain meaningful information

regarding their tenants' energy use.

c. In the Applicants' Pilot Project and in their Reply to MidAmerican Energy Company's Response to Applicants' Rate Information ("Applicants' Reply"), Applicants provided numerous documentation, studies, and evidence that established that the energy efficiency strategies at Altoona Towers are going to result in a consolidated electric load that is similar to a commercial load, not a residential load. However, the Order simply dismisses the evidence provided by the Applicants, and instead finds that MidAmerican's rate is more appropriate based only on MidAmerican's conclusory statement (made without evidence, specific examples, documentation) that the usage patterns of the Pilot Project is more akin to a residential pattern. Applicants request that the Board reconsider its ruling and find that the Applicants' have met their burden and have demonstrated that Altoona Towers will meet the requirement to allow a master meter under the LS Rate.

d. However, should a special pilot project only rate be considered, Applicants request that a more reasonable and equitable residential rate be applied to the Pilot Project than the RMS Rate proposed by MidAmerican. Specifically, the RMS Rate proposed by MidAmerican contains a stair-step energy rate that charges a higher rate for the first 100,000 kWh used per month and a lower rate for any amount used thereafter in the winter months. It is presumed that the RMS Rate was generated by using the average residential monthly household energy use of 100,000 kWhs and multiplying that number by the number of apartments at Altoona Towers, or 100 apartments, to reach the 100,000 kWh per month threshold. However, as the

documentation previously provided to the Board demonstrates, because Altoona Towers is extremely energy efficient, only a very small number of apartments at Altoona Towers will reach the 1000 kWh per month threshold. Indeed, none of the studio, one, or two bedroom apartments are expected to reach 1000 kWh of energy use a month. Thus, Applicants will not be able to take advantage of the lower stair step energy rate and are, in essence, being punished for implementing energy efficiency strategies. A more reasonable threshold would be 29,000 kWh per month, obtained by multiplying the number of apartments at Altoona Towers who may reach the 1000 kWh per month threshold, *i.e.*, 29 three and four bedroom apartments, by 1000 kWh per month. Thus, a more appropriate threshold for the stair-step threshold rate is 29,000 kWh per month, not 100,000 kWh per month.

e. It is important to note that providing Applicants with the lower stair step threshold or with the LS rate will not unjustly enrich the Applicants or deprive MidAmerican of collecting reasonable rates. If the LS Rate is applied to the Pilot Project, MidAmerican will receive the same revenue it would receive if Altoona Towers was an office building instead of an apartment building. The only difference is that people reside in the apartment building and do not work in the apartment building. The building size, structure, insulation, and demand are equivalent. Similarly, if the lower stair-step threshold rate discussed above is applied to the Pilot Project, the lower threshold rate merely puts the Applicants in the same position as other residential homeowners by allowing Applicants to receive a lower rate when individual resident use is over 1000 kWh. The lower threshold recognizes the fact that the Applicants have

implemented energy efficiency strategies that will produce lower summer peak energy demand since large user demand rates are only available under commercial rates.

Applicants understand that the Board would like to wait until the Pilot Project has produced data for 12 months before determining whether the rates proposed by the Applicants should be used. However, as discussed above, the Applicants have met their burden of proof regarding the loads and demands that Altoona Towers will present whereas there has been no contradictory evidence presented. In addition, the Applicants have already spent over \$50,000 in costs and expenses related to pursuing this Pilot Project. The Applicants simply cannot pursue this issue again in another year. Accordingly, the Applicants request that the Board rehear this issue and allow the Applicants to demonstrate at a hearing that the LS commercial rate or a residential rate with a more appropriate threshold should be applied to the Pilot Project.

f. There is no indication in the Order regarding how long Applicants would be allowed to have master metering at Altoona Towers. The Applicants believe that, should they decide to undertake the Pilot Project, the waiver and the allowance for master metering should continue indefinitely for Altoona Towers.

4. This Pilot Project presents a unique situation that would allow data to be collected and analysis to be done regarding the split incentive that may never arise again. The energy efficiency standards and hard data collected from the project could establish the criteria for high performance multifamily housing standards and electrical rates setting a precedent for addressing the split incentive issue to the benefit of concerned tenants, property owners, utilities and society in general. In addition, the

Pilot Project represents societal benefits of significantly reduced energy consumption with the resulting CO2 and global greenhouse gas emissions and reduced summer peak electrical demand to help avoid construction of new power plants.

That said, as stated in the Pilot Project and Applicants' Reply, if MidAmerican's proposed rate is approved for the Pilot Project and the Applicants are not entitled to the data collected on a timely basis, Applicants will have no choice but to regretfully forego the Pilot Project and install individual meters at the Pilot Project facilities. Without the possibility of recovering some of their costs associated with the energy efficiency strategies and the administrative work involved in the Pilot Project, it simply does not make economic sense for the Applicants to continue with the Pilot Project. The Applicants are not going to achieve a financial windfall with this Pilot Project regardless of the rate chosen for the Pilot Project. The Applicants have spent time and valuable resources into developing a highly efficient building because the Applicants are passionate about energy efficiency. However, the Applicants simply cannot pursue this Pilot Project any further without a reasonable rate. Accordingly, the LS Large Electric Service rate or a residential rate with lower stair step threshold, not the special RMS Rate, should be used for the Pilot Project.

5. Applicants hereby incorporate their Revised Pilot Project Proposal and Response to Board's January 30, 2015 Order which was submitted to the Board on February 27, 2015, and its Reply to Response to Rate Information submitted to the Board on March 20, 2015, as if fully set forth herein.

WHEREFORE, for the reasons stated herein and in their Pilot Project and Applicants' Reply, Appellants respectfully request the Board grant a rehearing pursuant to Iowa Code Section 476.12. Appellants further respectfully request that upon such rehearing, the Board enter a decision setting aside the Order dated April 29, 2015 and finding that the rate proposed by the Applicants is the appropriate rate for the Pilot Project. Appellants further respectfully request any other order necessary under the circumstances.

Dated: May 19, 2015.

Respectfully submitted,

/s/ Rachel T Rowley

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