



August 7, 2008

New Jersey Board of Public Utilities
Office of Policy and Planning
Attention: Draft EMP Comments
Two Gateway Center
Newark, New Jersey 07102

RE: Draft EMP Comments

VIA: E-Mail

To Whom It May Concern:

My name is Jeffrey Peterson and my position with AUM is Senior Vice President - General Counsel. I have been working in the industry for over 5 years and have vast experience with the utility billing process. American Utility Management, Inc. (AUM) is a third party multifamily resident billing service provider, working with more than 1,500 client properties nationwide to reduce and recover utilities expenses. I am submitting these formal comments in support of the Energy Master Plan's (EMP) proposal to determine the economic feasibility of the installation of individual sub-meters at multifamily properties.

As stated in the executive summary, the EMP's most important goal is to maximize energy conservation. Action Item 4 proposes the creation and use of a "smart grid". One aspect of this type of grid is the ability to manage and reduce consumption in the multifamily sector through the installation of sub-metering.

A majority of tenants of multifamily housing are not charged for utilities, but rather these costs are included in the rent. The natural impression to tenants is that the utilities are "free", but truly they are imbedded within the rent charged to tenants. The result of the "free" impression is gross waste due to tenants being unaware of the actual cost of their usage. This impression is prevalent in areas besides the multifamily housing industry.

Consider the consequence of the price of gasoline. Prior to recent years, the cost of gasoline has been relatively low, therefore out of the minds of many. This unawareness resulted in unprecedented waste as seen in the massive increased sales of Sport-Utility and low gas mileage vehicles. Only until the cost of gasoline increased to its current high levels did the general public begin to educate itself on the benefits of high gas mileage vehicles. As seen across the country, sales of SUV's have steadily dropped, while the sales of hybrid vehicles continue to climb. The direct impact is an overall reduction of gasoline use.

A solution to maximize energy conservation is to raise awareness of the actual cost of utilities. As stated above, a major area where awareness is currently not occurring is within the multifamily housing industry because of the “free” impression. Continuing to include utilities within rent only perpetuates the waste inherent with the lack of actual utility cost awareness. As such, educating tenants of that cost has become a priority in the industry. The most effective educational tool is to remove the energy cost from being embedded in the rent, and directly hold the tenants responsible for the cost of their usage, and more often their waste. In doing so, the responsibility of using the utility is in the direct control of the end user. They have the ultimate ability to use their appliances in the most efficient manner possible since it has a direct impact on their expenses.

The responsibility shift is most effective in situations where the actual consumption is measured, and the cost of that usage is charged to the end user. While the use of utility grade metering equipment has in the past been only available to utility companies, advances in submetering technology has given rise to the economic ability of multifamily property owners to install these measuring devices. Depending on the electric and gas distribution system in existing projects, submeters and reading devices may be installed and used to generate utility statements for tenants. The cost of this installation varies for each situation, but typically the owner will begin to recover that cost immediately with the energy conservation of the tenants.

Unlike utility companies, multifamily owners have first hand knowledge of tenant information. Furthermore, existing utility companies are ill-equipped to exponentially increase their customer base to all multifamily tenants. In contrast, multifamily owners are already receiving and processing payments (rent) from each tenant. Therefore, unlike the utility company, the added burden and cost is dramatically reduced.

The ultimate goal is to provide the necessary tools for the State of New Jersey to conserve and reduce the cost of energy. I am hoping that these comments are useful in the determination that sub-metering is a practicable and economically feasible solution to the raising cost of energy.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Peterson", with a long horizontal line extending to the right.

Jeffrey Peterson
Senior Vice President and General Counsel
AUM

cc: