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Energy and Telecommunications Interim Committee

63rd Montana Legislature

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October 25, 2013

To: ETIC members
From: Sonja Nowakowski, ETIC staff
Re: Universal System Benefits (USB) program

Attached is a copy of the 2012 USB program reports submitted by Montana-Dakota Utilities, the Montana Electric Cooperatives' Association, the City of Troy, and NorthWestern Energy.

Title 69-8-402, MCA requires the ETIC to "review the universal system benefits programs, and, if necessary, submit recommendations regarding these programs." Public utilities and cooperative utilities are required to submit an annual summary report of universal system benefits programs to the ETIC for review.

During the November 8 meeting, ETIC members will receive additional information about the USB program.

[Sonja Nowakowski](#)

Research Analyst
Montana Legislative Services Division
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400 North Fourth Street
Bismarck, ND 58501
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February 28, 2013

Mr. Russ Trasky
Montana Department of Revenue
Sam W. Mitchell Building
125 N. Roberts, 3rd Floor
Helena, MT 59604-5805

RE: Montana-Dakota Utilities Co.
2012 Electric USB Report

Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc. herewith submits its Annual Report regarding Universal System Benefit Programs (USBP) pursuant to MCA § 69.8.402 (8) as part of the Electric Utility Industry Restructuring Law.

In accordance with 69-8-402 (MCA) Montana-Dakota, hereby submits the funds collected in 2012 that exceeded the credits for internal programs and large customer credits of \$29,231.59 described in the attached report.

Please acknowledge receipt by stamping or initialing the duplicated copy of this letter attached hereto and returning the same in the enclosed, self-addressed, stamped envelope.

Sincerely,

A handwritten signature in purple ink that reads 'Tamie A. Aberle'.

Tamie A. Aberle
Directory of Regulatory Affairs

Cc: Montana Public Service Commission
Montana Consumer Counsel
John Alke

**Montana-Dakota Utilities Co.
Universal System Benefits Program
2012 Annual Report**

The total dollars collected under the Universal System Benefit Charges (USBC) approved by the Montana Public Service Commission (Commission) during the period January 1, 2012 through December 31, 2012 was \$987,623.29. The large customer group, defined as customers with monthly electric billing demands of 1,000 kW or higher, accounted for \$264,456.18 of the total amount collected.

The following USBP expenditures were made in calendar year 2012 in accordance with programs approved by the Commission:

Low-Income Discount	\$346,708.80
Low-Income Weatherization	177,000.00
Low-Income Energy Audits	10,000.00
Energy Share Endowment & Admin	35,000.00
Energy Share Furnace Safety & WX	58,000.00
Low-Income Program Promotion	5,367.14
Conservation Programs	91,091.17
Total Montana-Dakota Programs	<u>\$723,167.11</u>

Following is a description of each program:

Montana-Dakota offers a low-income discount to all customers that have qualified for Low-Income Energy Assistance (LIEAP). The discount remains in place on a calendar basis and qualifying customer's accounts are updated annually upon the start of the LIEAP qualification process the following heating season. Beginning with the 2008-2009 LIEAP season (first LIEAP payments were received November 18, 2008) customers qualifying for LIEAP also qualified for a discount on their electric bill based on a new discount structure filed as part of the Stipulation in Docket No. D2006.1.2 and approved by the Commission on August 20, 2008. Three levels of discount are available under this discount rate

structure; 30% discount for customers at 0-60% of the federal poverty level, 25% discount for customers at 61-90% of the federal poverty level and a 20% discount for customers at 91% to the ceiling of the federal poverty percentage of income as established by the Department of Health and Human Services in determining LIEAP benefits.

The income data used to administer the discount is received from the State Department of Health and Human Services at the time a customer qualifies for LIEAP. When combined with a LIEAP benefit, the bill discount serves to mitigate the higher percentage of disposable income necessary to pay utility bills that this group of customers pays in comparison to other customers. Following are statistics regarding the distribution of the electric discounts among the various discount levels based the percentage of poverty for calendar year 2012. On average, 1,651 customers received benefit of the discounts with the months or number of bills discounted for each customer dependent upon the time LIEAP benefits were first received on their behalf. The discount was applied to 19,814 bills.

Low Income Discounts January 1, 2012- December 31, 2012

% of Federal Poverty/Age	Discount	Customers	Average Discount/Bill
0-60%	30%	500	\$(18.95)
61-90%	25%	414	(16.17)
91%-ceiling %	20%	737	(13.06)

The other low-income related programs include weatherization, energy audits, bill assistance and a furnace/water heater repair program. These programs provide assistance to low income customers located in Montana-Dakota's service territory. The bill assistance and furnace/water heater programs are administered by Energy Share of Montana in accordance with their established guidelines to provide assistance to qualifying low-income customers. In 2012, 101 households received bill assistance at an average of \$354 per household.

The furnace safety program recognizes the problem that arises when a low-income customer is faced with a costly repair bill or in some cases the cost of replacing space or water heating equipment. Seventy-five households were assisted through this program in 2012. The Weatherization and Energy Audit Programs are administered by Action for Eastern Montana in accordance with guidelines established by the State Department of Health & Human Services and the Department of Energy and assist low-income customers with conservation measures that result in energy savings. Action for Eastern Montana provided weatherization services to eleven households utilizing USB funds in 2012 at an average cost of \$4,932 per household.

The Energy Share endowment will provide for the long-term needs of the low-income customers of Montana by providing a stable funding source for energy assistance dollars and is a cost effective program that will benefit Montana-Dakota's customers. Customer education consists of outreach required to better inform customers of the available assistance programs noted above and the Federal LIEAP program. Bill inserts, web site promotion and advertising done in conjunction with Energy Share of Montana were tools utilized in 2012. Montana-Dakota has developed a package of bill inserts, posters and direct mail pieces to assist with educating customers regarding assistance available under the programs.

In addition to the low-income related conservation programs, funds were also made available for all residential and commercial customers for conservation measures. The cost effectiveness of the conservation program offerings was determined based on the cost/benefit analyses provided in the Company's Integrated Resource Plan filed in Docket No. N2011.8.70. In 2012 three customers were issued a rebate under the Commercial Lighting program for installing qualifying lighting system retrofits for fluorescent T8 or T5 lamps, electronic ballast compact lamps or exit signs. Montana-Dakota is also partnering with Miles Community College to assist in the installation of a 2 kW

Photovoltaic Array at the newly constructed Agricultural Center that is owned and operated by Miles Community College in Miles City, Montana. In addition, an Electric Energy Efficiency Potential Study was conducted by Nexant, Inc. to identify and characterize remaining cost-effective electric energy efficiency potential in Montana-Dakota' Montana electric supply territory and to quantify the amount of electric energy savings achievable through energy efficiency programs. This study will guide the Company in the development and deployment of cost effective conservation programs to be further studied as part of the next electric Integrated Resource Plan to be filed in September 2013.

As noted above, a total of \$264,456.18 was collected from the Large Customer Group. In accordance with 69-8-402 (MCA) the Large Customer Group has the right to self-direct funds collected through the USBC. Funds totaling \$235,224.59 will be refunded to the Large Customer group.

In accordance with 69-8-402 (MCA) Montana-Dakota, hereby submits the unexpended balance of \$29,231.59 to the Department of Revenue. The determination of this amount is summarized below:

Total USB Funds Collected	\$987,623.29
Less: Program Expenditures	
Low-Income Discount	346,708.80
Low-Income Weatherization	177,000.00
Low-Income Energy Audits	10,000.00
Energy Share Endowment & Admin	35,000.00
Energy Share Furnace Safety & Weatherization	58,000.00
Low-Income Program Promotion	5,367.14
Commercial Lighting Rebates	10,915.68
Conservation Programs	80,175.49
Total Montana-Dakota Programs	<u>\$723,167.11</u>
Less Large Customer Self-Directed Funds	235,224.59
Amount to Remit to Department of Revenue	<u><u>\$29,231.59</u></u>



March 1, 2013

Mr. Russ Trasky
Montana Department of Revenue
Large Customer Team
PO Box 5805
Helena MT 59620-5805

Dear Mr. Trasky:

Enclosed with this letter is the 2012 Electric Universal System Benefits (USB) report for NorthWestern Energy. Copies of this report are also being provided to the Montana Public Service Commission and members of the Energy and Telecommunications Interim Committee of the Montana Legislature.

The report documents the revenues collected by NorthWestern Energy through the USB Charge; summarizes the qualifying expenditures made by the utility in the implementation of internal programs and activities, and the credits claimed; and documents the collection and reimbursement of the USB charge from NorthWestern Energy's Large Customers.

A total of \$9,372,359 in electric USB revenues was collected from NorthWestern Energy's electric distribution customers in 2012.

Approximately 37% of the 2012 USB funds, or \$3,440,408 was directed to Low Income activities by NorthWestern Energy. Large Customers self-directed activities accounted for 30% of the total 2012 electric USB revenues, or \$2,769,145 with \$102,1848 self-directed to Low Income activities and \$2,657,809 self-directed to energy reduction activities. Allocations by NorthWestern Energy to the other public purpose categories are as follows: \$1,406,566 to Local Conservation, \$302,922 to Market Transformation, and \$1,452,743 to Renewable Resources and Research and Development.

Included with the 2012 report are updates for the 2009, 2010, and 2011 reports.

No USB funds collected from NorthWestern Energy customers are being released to Statewide USB funds.

If you have questions, please contact our USB staff at (406) 497-2491.

Sincerely,

A handwritten signature in blue ink that reads "Bill Thomas".

Bill Thomas
Manager, Regulatory Support Services

NorthWestern[®]
Energy



**NorthWestern Energy
Universal System
Benefits Activities
2012 Annual Report**

March 2013

**NorthWestern Energy
Universal System Benefits Activities
2012 Annual Report**



Executive Summary

NorthWestern Energy is committed to administering Universal System Benefits (USB) programs and activities to efficiently deliver public purpose benefits to its Montana distribution customers to the fullest extent possible.

Since 1999, electric customers in NorthWestern Energy's Montana service territory have funded nearly \$125 million of Universal System Benefits programs. Through USB, funding of low income programs have been increased, conservation and market transformation programs have continued, and renewable generation opportunities have been initiated for NorthWestern Energy's customers.

A total of \$9,372,359 was collected from NorthWestern Energy's electric distribution customers in 2012. This is \$5,154 more than 2011 revenues with Large Customer revenues up by \$20,378 over 2011 and non-Large Customer revenues down \$15,225 from 2011.

The 2012 electric USB funds have been allocated to the categories consistent with guidelines provided in Montana Public Service Commission (MPSC) Order No. 6679e. MPSC Order No. 6679e recognizes and allows for the pooling of electric and natural gas USB funds for residential audits, Free Weatherization for low income customers, and emergency energy assistance through Energy Share of Montana. As in past years, allocations have been adjusted between Market Transformation and Local Conservation; and, between Research and Development and Renewable Generation. Demands for the low income bill discount in 2012 resulted in the low income category requiring \$226,445 in additional funds. Funds were reallocated from Local Conservation/Market Transformation and Renewables/Research and Development to cover this shortfall. An additional \$575 was reallocated from the Local Conservation/Market Transformation and Renewables/Research and Development categories to cover administrative costs to support the Large Customer Category.

The mix of low income, conservation, and renewable generation programs in 2012 is similar to 2011.

Separate of the electric USB funded activities, NorthWestern Energy customers fund additional residential Local Conservation and Low Income activities with natural gas

**NorthWestern Energy
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USB funds. Other energy efficiency programs are included in NorthWestern Energy's electric and natural gas supply portfolios and are funded through supply rates.

Of the 2012 electric USB revenues, \$3,440,408, or 36.7% were allocated to Low Income activities by NorthWestern Energy separate of low income allocations from the Large Customer category. Large Customers self-directed an additional \$102,184 of their 2012 electric USB funds to Low Income activities, bringing the total of 2012 electric USB funds directed to Low Income to \$3,542,592, or 37.8% of the 2012 electric USB revenues.

NorthWestern Energy implements its USB programs and activities consistent with the requirements of legislation for USB, the Department of Revenue (DOR) administrative rules for USB Programs, and tariffs and orders of the MPSC. NorthWestern Energy's allocation decisions for 2012 are consistent with well-established past practices. To the extent that substantial changes to programmatic or funding levels have been made, these changes are noted in the appropriate activity summary.

The activities for 2012 are summarized and the qualifying expenditures and credits claimed by NorthWestern Energy are documented with this report. *No funds are being released to the Statewide USB fund(s).* Large Customers that self-direct their funds are required to separately report those activities. To the extent that a Large Customer has informed NorthWestern Energy that it has directed funds to Low Income activities, the totals have been reported.

This report includes brief highlights of activity in each category, a summary of the allocations of 2012 electric USB funds by category and activity, and a summary of the energy and demand savings and new renewable resources resulting from the 2012 allocations. The report also includes updates on previous years' activities, and a summary by public purpose category of electric USB funding from 1999-2012.

**NorthWestern Energy
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UNIVERSAL SYSTEM BENEFITS REVENUES

NorthWestern Energy's Universal System Benefits Charge (USBC) tariffs went into effect January 1, 1999. As required in law, the tariffs were established to collect nearly \$8.6M (2.4% of 1995 revenues) in a weather-normal year based upon 1998 electric loads. The USBC generated \$9,372,359 in 2012. The table below shows that the USBC revenues are based upon electrical usage (kiloWatt hours or kWh), lists the USBC tariff rates by customer class, and the percentage of USB revenues each sector contributed in 2012.

General Description	Tariffed Customer Class	Rate/kWh	Percent
Residential	Residential	\$0.001334	34%
Commercial/Small Industrial	GS-1 & GS-2 under 1000 KW	\$0.001143	33%
Large Customer per USB	GS-1 & GS-2 over 1000 KW	\$0.000900	30%
Irrigation	Irrigation	\$0.001144	1%
Lighting	Lighting	\$0.003404	2%

An average NorthWestern Energy residential customer using 750 kiloWatt hours (kWh)/month pays about \$1 each month for electric USBC. The Large Customer USB rate of \$0.0009 per kWh was set by the Montana legislature.

Large Customers are those customers with an individual qualifying load greater than 1,000 kiloWatt (kW) average monthly demand in the previous calendar year. By law, Large Customers may self-direct their USB funds to qualifying public purposes. The Large Customer USBC rate is applied to the qualifying load and all associated demand-metered accounts. Large Customers, representing 56 customers and their 491 accounts, make up close to \$2.77 M of the USB revenues.

Appendix 1 provides additional information regarding USB revenues by customer class.

Segregated USB Account

NorthWestern Energy segregates its electric and natural gas USB funds from other utility operating funds by depositing them into a separate interest-bearing bank account, per MPSC Order No. 6504a. In 2012, the net gain in interest to USB was \$1,731 of which \$1,177 was credited to the electric USB categories on a pro rata basis and the balance was credited to natural gas USB activities.

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UNIVERSAL SYSTEM BENEFITS EXPENDITURES

All electric USB funds collected from NorthWestern Energy customers in 2012 have been spent and/or committed to qualifying public purposes. No funds are being released to the Statewide USB fund(s).

This report includes information about the 2012 USB programs and activities for NorthWestern Energy customers. Sections are provided for Low Income, Local Conservation, Market Transformation, Renewable Resources, and Research and Development. A general summary of the Large Customer self-directed activities is provided. NorthWestern Energy does not “qualify” Large Customer self-directed activities and therefore, only provides the funding obligation and basic expenditure information. See Appendix 2 for a summary of the 2012 allocations and expenditures and Appendix 3 for energy savings and customer participation information.

NorthWestern Energy’s mix of programs and activities have been guided by the MPSC through Orders No. 5986 f, g, and i; Order No. 6514; Order No. 6504a; Order No. 6574c; and Orders No. 6679a, b, c, and e; advice from members of NorthWestern Energy’s USB Advisory Committee; input from the Montana Department of Health and Human Services (MDPHHS) and local Human Resource Councils (HRCs) for the Free Weatherization program; NorthWestern Energy’s experience in program design and implementation; and in response to customer needs and market conditions.

As provided for in the Administrative Rules of Montana and Montana Statute, NorthWestern Energy implemented qualifying internal utility programs and activities in 2012 and has financial commitments to implement additional activities/projects for completion in 2013. These programs and activities are described in this report. The breakdown between qualifying expenditures in the current year and financial commitments for completion in 2013 is documented in Appendices 2 and 3 to this report.

NorthWestern Energy requested, and was granted by the DOR, time extensions for projects for which the timelines have been modified requiring more time for completion as reported in the Addendums for the 2009, 2010, and 2011 Reports. None of the projects to which 2012 funds have been committed are expected at this time to extend beyond 2013.

UNIVERSAL SYSTEM BENEFITS RESULTS

From 1999 through 2012, NorthWestern Energy has delivered USB benefits to various customer classes and across all public purpose categories. General descriptions of the activities or programs for 2012, along with the funding total for the category, follow.

**NorthWestern Energy
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Large Customers-- \$2,769,720

Large Customers are allowed to self-direct their USB funds by statute. Those who self-direct funds are required to file individual reports with the DOR regarding their activities. NorthWestern Energy is required to collect the USBC from these customers pursuant to Montana Statute through a tariff. Individual customers file reimbursement claims with NorthWestern Energy for which the utility processes payment. NorthWestern Energy does not pre-qualify Large Customer credits and bears no financial responsibility for any disallowance of their USB activities. Energy savings associated with Large Customer projects are not accounted for in NorthWestern Energy's report.

Large Customer revenues are included in the utility's annual USB obligation. Large Customers may self-direct their funds and do not have a minimum funding requirement for Low Income nor an obligation to fund any of the utility's activities. Likewise, Large Customers are not eligible to participate in NorthWestern Energy's USBC funded Efficiency Plus (E+) programs.

In 2012, \$2,769,145 was collected from 56 Large Customers to meet their 2012 obligations. All but three of these customers self-directed all of their 2012 USB funds. Large Customers self-directed \$2,278,206 of 2012 funds toward energy reduction projects within their facilities, and have carried over \$379,602 for additional projects in 2013. Large Customers self-directed \$102,184 to Low Income activities in 2012.

The unclaimed 2012 Large Customer funds in the amount of \$9,152 and the USB account interest amount of \$348 covered most of the NorthWestern Energy administrative costs for this category. 2011 unclaimed Large Customer funds identified in 2012 in the amount of \$1,983 along with \$288 from the Local Conservation and \$287 from the Renewables categories have been used to cover the \$2,558 deficit.

Claims to NorthWestern Energy for reimbursement are documented as received. Reimbursements are made after the USBC has been collected from the customer.

Large Customer USB obligations and claims are only provided by NorthWestern Energy to DOR under Protective Order for accounting purposes only.

**NorthWestern Energy
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Low Income Activities--\$ 3,440,408

In Order No. 5986i, the MPSC directed the utility to allocate 21% of the total electric USB funds collected to Low Income activities and to reallocate any unspent Large Customer funds to Low Income activities. In 2005, the MPSC issued Orders No. 6574c, 6679a and 6679b, all of which served to increase the allocation of electric USB funds to the Low Income sector. MPSC Order No. 6679e (December 2008) made permanent the Low Income bill discount levels and established a Low Income allocation guideline as part of the direction to guide allocations amongst the electric USB categories.

NorthWestern Energy directed \$3,440,408 in 2012 electric USB funds to Low Income activities, or nearly 37% of electric USB revenues. Large Customers reported self-directing an additional \$102,184 to Low Income activities bringing the total 2012 funds committed to Low Income to \$3,542,592 or more than 37% of the total funds collected. These funds, along with 2011 carryover funds for Free Weatherization were insufficient to cover the electric Low Income obligations as set forth in Order 6679e. As a result, \$226,445 was reallocated from the other non-Large customer categories to cover the shortfall in the low income category.

Appendix 4 to the 2012 report provides a summary of NorthWestern Energy's Electric USB allocations for 1999-2012 by category and better illustrates the low income reallocations.

Low Income USB funds are directed to a wide range of activities that benefit low income customers of the utility. Program offerings include bill assistance, weatherization and emergency energy assistance.

Households served by NorthWestern Energy that meet the LIEAP eligibility requirements receive bill assistance in the form of a discount, and may be eligible for weatherization services through the Free Weatherization Program. LIEAP eligibility guidelines are set by MDPHHS each heating season which is defined as November through April. Higher income levels for LIEAP eligibility from November 2008 through April 2011 resulted in more NorthWestern Energy customers qualifying for bill assistance through LIEAP and NorthWestern Energy's Low Income bill discount and greater demands on Low Income USB funds through mid-2012. The current LIEAP eligibility is set at up to 150% of the Federal poverty guidelines. Customers who had qualified at the higher income level are no longer receiving the NorthWestern Energy bill discount.

LIEAP qualified customers may also qualify for the Free Weatherization Program and households with energy emergencies may receive assistance through Energy Share of Montana.

**NorthWestern Energy
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More than 15,000 low income households were served in 2012 with electric USB funds. The financial impact of electricity costs on low income households was reduced through bill assistance, weatherization, and emergency energy assistance.

Bill Assistance

Consistent with MPSC Order No. 6679e the electric Low Income bill discount is 25% from November through April and 15% from May through October. Electric USB funds cover the electric Low Income discount. Separately, natural gas USB funds cover the natural gas USB Low Income Discount.

Customers qualifying for LIEAP, the federally funded heating assistance program, also receive the NorthWestern Energy bill discount. Customers may apply for LIEAP assistance through their local HRC. As noted earlier, LIEAP eligibility guidelines were increased by MDPHHS during the 2008-2011 heating seasons. These increases in eligibility increased the number of customers receiving bill discounts through mid-2012, and, likewise, the total funds required to support the bill discount. The funding of the electric Low Income discount totaled \$2,636,906 in 2012 for the 13,765 low income customers served. The amount of money required to fund of the bill discount fluctuates annually based upon the number of customers enrolled, rates, and weather.

The Free Weatherization Program

NorthWestern Energy partners with MDPHHS and local HRCs to offer the Free Weatherization Program.

The commitment of federal funds to Low Income weatherization through ARRA dramatically increased funding available to weatherize low income homes in Montana over the three heating seasons leading up to 2011-2012. Federal funding for the 2012-2013 season has been reduced. In response to the funding fluctuations, and in cooperation with MDPHHS, NorthWestern Energy has made annual modifications to its Free Weatherization Program contract with MDPHHS to simplify the administrative process associated with the this program in an effort to better maximize the weatherization results of all funding sources for NorthWestern Energy low income customers.

The 2012 Free Weatherization Program pooled the 2011 and 2012 electric USB funds, along with 2012 natural gas funds to complete \$1,421,541 of low income weatherization work for 521 low income customers in 2012. The Free Weatherization program includes a comprehensive energy audit, installation of air-sealing, hot water conservation, insulation measures and compact fluorescent light bulbs, and energy related health and safety improvements such as heating equipment tune-ups and repairs. Customers whose homes are heated primarily with electricity from NorthWestern Energy are considered for conversion to natural gas. Customers are provided with information to help them better manage their energy usage and to better understand their energy costs.

**NorthWestern Energy
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Additional program contract changes are included for 2013 and will be noted in future reports.

Customers served through the program provide comments back to NorthWestern Energy about their experiences through letters and customer response cards handed out by the HRCs.

- ***“I’m very happy to have such professional service plus quality materials.”***
- ***“I feel this is a good program. Keep it going. The things they did/fixd were needed badly. I couldn’t afford to do them on my own. Thank you so much.”***
- ***“I really appreciated this program-they do great work and are very nice and informative. Cut my bill by 430/month. Thank you.”***
- ***“My life is much more comfortable now that my home is warmer. Thank you again for an outstanding job done.”***

Energy Share

Energy Share of Montana offers assistance to those facing heating emergencies. It is intended to be a one-time, last resort safety net, used after all other resources have been exhausted. MPSC Order No. 6679e retained the total annual commitment of USB funds to Energy Share at \$575,000 with \$239,000 being allocated from the electric USB funds and the balance from natural gas USB funds. \$239,000 of 2012 electric USB funds met the 2012 electric funding commitment to Energy Share.

Additionally in 2012, unspent Large Customer funds in the amounts of \$5,560 from 2011 and \$36,586 from 2010 have been directed by NorthWestern Energy to Energy Share to benefit NorthWestern Energy low income customers.

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Local Conservation Activities-- \$ 1,406,566

The mix of energy conservation and market transformation programs offered by NorthWestern Energy with USB funding has been more limited as some programs have been shifted to the electric supply portfolio as demand side management (DSM) acquisition. The primary focus of the USBC-funded energy conservation and market transformation programs is to provide energy savings across customer sectors-- residential, commercial, institutional, and small industrial facilities on NorthWestern Energy's system. Customers meeting Large Customer USB criteria are not eligible to participate in these USBC funded programs.

Efficiency Plus (E+) Energy Audit Program

The E+ Audit for the Home is an on-site energy audit program for residential customers whose space and/or water heating fuels are delivered by NorthWestern Energy. It is a flagship of energy efficiency for NorthWestern Energy's non-low income customers. The E+ audit includes the installation of water-related energy efficiency measures that start saving right away. Customer education about where their energy dollar is going is supported through a blower door analysis, a natural gas appliance inspection for customers whose natural gas is delivered by NorthWestern Energy, and with specific suggestions for customers to better manage their homes or change behaviors to achieve greater energy-efficiency. Customers receive a report specific to their home and energy use habits. The report breaks out historical energy usage by end-use, provides recommendations on cost-effective weatherization measures, and offers tips on energy-efficient practices and natural gas appliance maintenance. Demand for energy audits has increased in recent years and additional funds have been allocated to this program to the extent available. The pool of 2011 and 2012 electric USB funds, along with 2012 natural gas funds allowed for the completion of more than 3,000 on-site residential audits in 2012.

NorthWestern Energy *electric baseload-only customers (no space heat or water heat fuels delivered by NorthWestern Energy)* are offered a separate audit service. The E+ Energy Survey is a mail-out audit for baseload customers consisting of a survey mailed to residential customers with specific consumption profiles. Customers complete and return the survey; they receive a report similar to the on-site E+ Audit report. In addition to breaking out the historical energy usage by appliance end-use, the report includes customer-specific recommendations for appliance usage in the customer's home. General weatherization and water heating recommendations are provided. With the combination of the on-site audit, the Free Weatherization program, and the E+ Energy Survey, almost every NorthWestern Energy residential customer has an energy efficiency assessment tool available for their home. More than 3,000 residential electric customers participated in the E+ Energy Survey program in 2012.

Customers are provided the opportunity to comment to NorthWestern Energy regarding the E+ Audit for the Home:

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- ***“We were very happy with [the auditors]. They answered a lot of questions and gave us lots of good advice and changed things that we are sure will help our power bill. Thanks much to you both. Glad we had it done. I really like the water saver you put on the kitchen sink.”***
- ***“These two guys were great! Professional, competent and Helpful. I am totally satisfied with the program.”***
- ***“Thank you so much. [The auditors] were very helpful, friendly, and helped me understand what I need to do to save & conserve energy. Every homeowner should have this done.”***
- ***“More people should know how thorough this is! Such pleasant & efficient guys—SO PLEASED!”***

The E+ Energy Appraisal Program for Businesses focuses on identifying electric conservation opportunities for commercial customers on NorthWestern Energy’s electric distribution system with a primary emphasis on smaller, “main street” businesses. In addition to the obvious lighting efficiency opportunities, many small businesses benefit from a greater understanding of where their energy dollar is going within their operation and the significance maintenance plans can have on their energy use and bills. In 2012, more than 400 commercial facilities were evaluated through this program offering with 2011 and 2012 electric USB funding.

Efficiency Plus (E+) Business Partners Program-New/Retrofit/Irrigation

Most of the NorthWestern Energy’s E+ Business Partners Program activity is funded as DSM through electric supply rates. Irrigation projects and those electric commercial non-Large Customers in Choice may qualify for the USB-funded portion of the program. Incentives are offered for energy conservation and load management projects in new and retrofit applications. Projects under this program frequently take more than a year to develop and implement.

In 2012, 74 irrigation efficiency improvement projects were funded and completed with 2012 USB dollars. Additionally, 20 projects were provided rebates for commercial electric Choice customers for non-lighting electric efficiency improvements.

Customers qualifying for “Large Customer” USBC are not eligible for this USB funded program.

**NorthWestern Energy
Universal System Benefits Activities
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Market Transformation – \$302,922

Market Transformation is the process of bringing more energy efficient products, practices, and services into the marketplace with a goal of changing behaviors, practices, standards, and markets in such a way that the market, rather than an interventional program or activity, supports energy efficiency.

Efficiency Plus (E+) Commercial Lighting Rebate Program

As was reported in previous years, the E+ Commercial Lighting Rebate program has largely been transitioned to electric supply DSM funding. Rebates for qualifying lighting measures from electric commercial non-Large Choice customers are funded with as requested. Thirteen projects from this customer group were completed in 2012.

ENERGY STAR[®] and New Homes

Homes built to the Northwest ENERGY STAR standards are on the increase in Montana despite declines in the new housing market. USB funds provide to outreach for the Northwest ENERGY STAR homes program including builder and verifier training and program promotion continues to be funded as a USB market transformation program. Additionally, USB funds were used to provide training and develop educational information related to Montana's adoption of the 2009 Energy Code for builders, trade allies and the general public.

Motor Management and Building Operator Certification Training

Training and education are important components in moving customers to more energy efficient products and practices that provide benefits to NorthWestern Energy's customers. These two market transformation activities provide quality, regionally and nationally recognized training sessions to qualifying customers and trade allies at little or no cost to participants. These activities help support other electric energy efficiency programs of NorthWestern Energy.

Regional Market Transformation

NorthWestern Energy has directed 2012 market transformation funds to regional collaborative and training efforts. In particular for 2012, NorthWestern Energy, along with the Montana Department of Environmental Quality, and the Northwest Energy Efficiency Alliance's (NEEA's) BetterBricks organized a conference for commercial customers and the energy services community that support them. The conference included more than 25 training and information sessions on commercial energy efficiency topics and included recognition of the 2012 Montana BetterBricks Award winners. Other training focused on technical training targeting industrial customers and trade allies, Building Operator Certification Training for facility managers, and motor management training.

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***Renewable Resources, and
Research and Development--\$1,452,743***

Renewable energy development as a public purpose category was initiated with the Universal System Benefits programs in NorthWestern Energy's service territory in 1999. The Research and Development activities funded in 2012 were tied to renewable resources, so the two categories have been combined for this discussion. Costs for the separate categories are broken out in the appendices. Projects that maximize the partnering of funding and/or benefits are encouraged.

There are now more than 1,100 net-metered renewable generators in the NorthWestern Energy service territory with a large majority of the systems having received USB funds. Additionally, through the years, USBC has provided funding toward projects without net-metering, most notably for some solar thermal systems and one biomass project. Residential solar Photovoltaic (PV) projects represent the majority of USB funded projects.

There were about 140 projects completed in 2012, with a majority of these projects funded with 2011 dollars. Most projects completed in 2012 were installed on private residences. A handful of PV systems were installed at schools and non-profit facilities. At schools, the systems provide an educational opportunity for students to learn about the capabilities of renewable generation. The size of systems installed on schools ranged between 2 and 16.9 kW.

The majority of PV systems were 2 kW or smaller. Larger systems included a 44 kW system at a small manufacturer in Southwest Montana.

Projects completed in 2012 with funds from previous years are noted in the Addendums to the 2009, 2010, and 2011 reports.

The following table summarizes renewable projects that have received USB funding and were completed by the end of 2012.

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USB Renewable Projects 1999-2012		
Facility Type	#	KW
Commercial Projects	46	291.17
Fire Stations	35	77.91
Irrigation Projects	5	102.80
Low Income	51	186.17
Non-Profit Projects	34	84.39
Private Residences	652	1726.25
Schools	62	245.68
Other Public Buildings	17	234.27
Biomass	1	750.00
Solar Thermal	19	NA
Biodiesel	2	15.00

NorthWestern Energy has instituted safety and experience qualification requirements for solar PV and small-scale wind installers. Since 2009, installers receiving USB Renewable Resources funds must meet safety and experience requirements. At the end of 2012, 28 businesses met the solar PV qualification requirements and six businesses met the small-scale wind qualification requirements. These installers are listed on NorthWestern Energy's website. Installers are added to the listing as they meet the requirements.

USB funds are used in partnership with the Montana Renewable Energy Association (MREA) and the Occupational Safety and Health Administration (OSHA) to provide safety training to installers of small renewable generation systems. NorthWestern Energy sponsored two (2) three-day conferences in Helena in 2012. These conferences covered a variety of topics including, OSHA electrical safety, Four Hazards Training, Fall Protection, and NFPA 70E. Additional training for installers has been committed to for 2013. The qualified installers, as well as several program contractors, provide education, project development services and rebates to residential and commercial customers. Seminars, tours, workshops and exhibits for individuals interested in renewable energy technologies and sustainable building practices continue to be funded.

NorthWestern Energy initiated the E+ Green Power program in 2003. Through this program, customers may elect to purchase the environmental benefits associated with renewable energy generated in the Northwest and Wyoming. USB funds have been used to support the marketing of the program and revenues that are greater than expenses are returned to the Renewable Resources category and directed to other renewable projects. In 2012, funds were returned to the renewable energy category. Customer interest in this program has been sustained; the majority of participating

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customers are homeowners, but the majority of the E+ Green blocks of environmental benefits associated with renewable generation are sold to a handful of commercial accounts.

NorthWestern Energy continues to consult with its USB Renewable Advisory Subcommittee regarding allocations of Renewable Resources and Research and Development funds and works to maintain a mix of projects with diverse geographic distribution, and to a mix of public, non-profit, and private electric customers.

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Conclusion

In every year since the inception of USB, NorthWestern Energy's activities have covered all public purpose categories—Low Income, Local Conservation, Market Transformation, Renewable Resources and Research and Development, *and*, the offerings have included all customers—low income, senior citizens, and other residential customers; main street businesses, schools and also government, office buildings, irrigation, and small industrial companies (with the exception of the Large Customers, who may self-direct USB funds).

Programs and funding activities continue to be coordinated by NorthWestern Energy staff with much of the implementation work being performed by others. The Free Weatherization Program is a cooperative effort between NorthWestern Energy, MDPHHS, and the local HRCs. The HRCs also qualify customers for the utility's bill discount, free weatherization and emergency bill assistance through Energy Share.

NorthWestern Energy collects the natural gas USBC from its customers and implements Low Income bill assistance and weatherization, and residential conservation activities. MPSC Order No. 6679e recognizes and allows for the pooling of electric and natural gas USB funds for residential on-site audits, Free Weatherization for low income customers, and emergency assistance through Energy Share of Montana. The natural gas USB activities are funded and implemented consistent with law and MPSC direction. Additional cost-effective energy efficiency, demand side management (DSM), programs for NorthWestern Energy customers are funded through electric and natural gas supply rates as part of NorthWestern Energy's supply portfolios.

Addendums for the years 2009, 2010, and 2011 are included to provide an update of funded USB activities that were completed this past year.

Find out more about NorthWestern Energy USB programs by visiting www.northwesternenergy.com/eplus in the Montana sections under "At Home" and "At Work".

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Appendices 1-4



Appendix 1
2012 Electric USB Revenues

	USBC kWh (Load)	USBC Revenue By Class	% of USB Revenue By Class
Residential			
Residential	2,360,453,080	\$ 3,146,742	34%
General Service			
GS-1/GS-2 < 1000 kW	2,756,362,454	\$ 3,122,946	33%
Irrigation	107,745,064	\$ 122,261	1%
Lighting	62,025,118	\$ 211,265	2%
Total Non-Large Customer	5,286,585,716	\$ 6,603,215	70%
Large Customer			
GS-1/GS-2 > 1000 kW and Special Contracts	3,336,179,421	\$ 2,769,145	30%
Total Large Customer	3,069,719,265	\$ 2,769,145	30%
Total USBC	8,356,304,981	\$ 9,372,359	100%

Note: The Residential class includes income-qualified customers receiving the 25% Low-Income discount from November 1st - April 30th and the 15% Low-Income discount from May 1st - October 31st. The discount is applied to the total bill, including the Universal System Benefits Charge.

	Revenue Allocation		Spent in 2012	Contracted - Complete 2013		Allocation & Expenses
	per Order 6679e	Reallocation ^(a)				
Local Conservation	1,112,565	294,000	1,041,966	364,600		1,406,566
E+ Residential Audit/Sm. Comm Audit			624,073	364,600	(b)	988,673
E+ Business Partners / Irrigation Projects			327,440	-		327,440
Promotion			59,904	-		59,904
Labor			30,302	-		30,302
Admin. Non-labor			387	-		387
Interest Income			(140)	-		(140)
Local Conservation Summary			1,041,966	364,600		1,406,566
Market Transformation	710,433	(407,511)	302,922	-		302,922
E+ Commercial Lighting			91,832	-		91,832
Motor Management Training			10,882	-		10,882
Energy Star Homes			41,772	-		41,772
Building Operator Certification			41,972	-		41,972
Commercial Industrial Training & Conference			47,288	-		47,288
Promotion			46,710	-		46,710
Labor			17,654	-		17,654
Admin. Non-labor			4,901	-		4,901
Interest Income			(89)	-		(89)
Market Transformation Summary			302,922	-		302,922
Renewable Resources	1,272,387	(159,481)	234,790	878,116		1,112,906
Generation/Education			202,153	878,116	(b)	1,080,269
Green Power Product			(18,039)	-		(18,039)
Promotion			1,978	-		1,978
Labor			48,383	-		48,383
Admin. Non-labor			475	-		475
Interest Income			(160)	-		(160)
Renewable Resources Summary			234,790	878,116		1,112,906
Research & Development	293,866	45,971	24,372	315,465		339,837
R&D/ Infrastructure			15,363	315,465		330,828
Promotion			1,050	-		1,050
Labor			7,838	-		7,838
Admin. Non-labor			158	-		158
Interest Income			(37)	-		(37)
Research & Development Summary			24,372	315,465		339,837
Low Income	3,213,963	226,445	3,108,852	331,556		3,440,408
Bill Assistance			2,636,906	-		2,636,906
Free Weatherization			186,444	331,556		518,000
Elec Wx Incentives			8,440	-		8,440
Fuel Switch Analyses			4,300	-		4,300
Energy Share			239,000	-		239,000
Promotion			2,397	-		2,397
Labor			33,055	-		33,055
Admin. Non-labor			1,603	-		1,603
Interest Income			(404)	-		(404)
Allocated from 2009 Mkt Trans to Low Income ^(c)			(2,889)	-		(2,889)
Low Income Summary			3,108,852	331,556		3,440,408
Large Customer	2,769,145	575	2,392,101	377,619		2,769,720
Self-Directed Energy Reduction			2,278,206	379,602		2,657,809
Self-Directed to Low Income			102,184	-		102,184
Labor			12,058	-		12,058
Admin. Non-labor			-	-		-
Interest Income			(348)	-		(348)
Reallocate LC Funds from 2011 to 2012			-	(1,983)	(b)	(1,983)
Large Customer Summary			2,392,101	377,619		2,769,720
Unallocated	-	-	-	-		-
Totals	9,372,359	(0)	7,105,003	2,267,356		9,372,359
2012 USB Revenues less Expenses and Contractual Commitments						-

^(a) Allocations have been adjusted between Market Transformation and Local Conservation; and, between Research and Development and Renewable Generation consistent with past practice.

^(b) The 2012 Large Customer Admin Costs of \$12,058 less the interest income of \$348 exceeded the amount of unclaimed 2012 Large Customer funds of \$9,152. NWE has committed unclaimed 2011 Large Customer funds in the amount of \$1,983 and reallocated \$288 from the 2012 Local Conservation and \$287 from the Renewables categories to cover the \$2,558 deficit.

^(c) The 2009 Distribution Efficiency Initiative required \$2,889 to complete than anticipated. The remaining funds were reallocated to 2012 Low Income activities.

2012 USB FUNDING AND EXPENDITURE SUMMARY

USB Category	Allocation of 2012 funds based on Order 6679e	Percentage by Category	Allocation of 2012 funds to meet LI Discount	Percentage by Category	Allocation w/Lrg Cust funds self-directed to LI ^(a)	Percentage by Category	Total Electric USB Funds Spent in 2012	2012 Electric USB Funds Contracted to Spend in 2013
Local Conservation	\$ 1,112,565	12%	\$ 1,406,566	15%	\$ 1,406,566	15%	\$ 1,041,966	\$ 364,600
Market Transformation	\$ 710,433	8%	\$ 302,922	3%	\$ 302,922	3%	\$ 302,922	\$ -
Renewables	\$ 1,272,387	14%	\$ 1,112,906	12%	\$ 1,112,906	12%	\$ 234,790	\$ 878,116
Research & Development	\$ 293,866	3%	\$ 339,837	4%	\$ 339,837	4%	\$ 24,372	\$ 315,465
Low Income	\$ 3,213,963	34%	\$ 3,440,408	37%	\$ 3,542,592	38%	\$ 3,108,852	\$ 331,556
Large Customer	\$ 2,769,145	30%	\$ 2,769,720	30%	\$ 2,667,536	28%	\$ 2,392,101	\$ 379,602
	\$ 9,372,359	100%	\$ 9,372,359	100%	\$ 9,372,359	100%	\$ 7,105,003	\$ 2,269,339

2012 LOW-INCOME FUNDING SUMMARY COMPLETED IN 2012

Low-Income Category	
Bill Assistance	\$ 2,636,906
Free Weatherization	\$ 518,000
Elec Wx Incentives	\$ 8,440
Fuel Switch Analysis	\$ 4,300
Energy Share	\$ 239,000
NWE Promotion	\$ 2,397
NWE Labor	\$ 33,055
NWE Admin. Non-labor	\$ 1,603
USB Interest & Svc Chg	\$ (404)
Self-Directed Large Customer	\$ 102,184
Low-Income USB Funding from all 2012 Electric USB sources :	\$ 3,545,481
Reallocated 2009 Mkt Transformation Funds:	\$ (2,889)
Low-Income USB Funding from all 2012 Electric USB Sources:	\$ 3,542,592
Low-Income share of 2012 Electric USB revenues :	37.8%

2012 ELECTRIC USB PARTICIPATION SUMMARY

Electric USB Activity by Category	Quantity	Units
Conservation		
Residential Onsite Audits	1,860	homes
Residential Mail out Audits	1,948	homes
Business Appraisals	249	businesses
Business Partners / Irrigation	54	projects
Business Partners / Small Choice	20	projects
Market Transformation		
Commercial Lighting	13	projects
NWE Building Operator Certification	20	people
Motor Training	101	people
Vendor Miser	-	units
Energy Star Builder Training	39	people
Renewables		
Generation / Education	16	projects
Research & Development		
Renewable Energy Seminars/Workshops	90	attendees
Low-Income		
Bill Assistance	13,765	households
Free Weatherization	444	homes
Energy Share	1,139	households

2012 ENERGY SAVINGS & RENEWABLE RESOURCES ESTIMATES

Savings & Resources acquired in 2012 w/ 2012 \$

	aMW	MWH	MW
Local Conservation	0.328	2,877	0.252
Market Transformation	0.165	1,442	0.314
Renewables	0.009	77	0.059
Research & Development	NA	NA	NA
Low Income	0.017	145	0.192
Large Cust - Low Income	NA	NA	NA
Large Customer ^(b)	NA	NA	NA
	0.518	4,541	0.817

Projected Savings & Resources to acquire in 2013 w/ 2012 \$ (c)

	aMW	MWH	MW
Local Conservation	0.027	237	0.047
Market Transformation	-	-	-
Renewables	0.041	361	0.280
Research & Development	NA	NA	NA
Low Income	0.029	257	-
Large Cust - Low Income	NA	NA	NA
Large Customer ^(b)	NA	NA	NA
	0.098	855	0.326

Total Savings & Resources	0.616	5,397	1.143
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^(a) Large Customers may self-direct their USB dollars to energy saving and renewable activities in their own facilities, or to Low-Income activities. In 2012, Large Customers self-directed a total of \$102,184 to Low-Income.

^(b) Large Customer energy savings estimates are reported by individual large customers and are not available in this report.

^(c) Projected Savings & Resources are based on contracts that were in place at the end of 2012. Actual results will be reported in 2013.



**Appendix 4
Summary of Electric USB
1999 - 2012**

Annual Electric USB Allocation

Original Allocation per D97.7.90, Order 5986g (a)

	% by Category	\$ by Category
Local Conservation	20%	1,704,748
Market Transformation	13%	1,069,860
Renewables	12%	1,051,686
Research & Development	3%	212,437
Low-Income	21%	1,866,219
Large Customers	31%	2,981,806
	100%	8,886,756

Current Allocation per D2005.6.106, Order 6679e (a)

	% by Category	\$ by Category
Local Conservation	11.37%	1,079,000
Market Transformation	7.26%	689,000
Renewables	13.00%	1,234,000
Research & Development	3.00%	285,000
Low-Income	32.84%	3,117,000
Large Customers	32.52%	3,087,000
	100%	9,491,000

Historic Allocation of Electric USB Funds (b)

USB Categories

Year	Total Electric USB Funds	Large Customers	Low Income (c)	Supplemental Low Income (d)	Total Low Income	Conservation	Market Transformation	Renewables	Research Development	Irrigation
1999	7,789,477	2,715,626	1,666,669	-	1,666,669	1,622,585	721,031	654,449	409,117	-
2000	8,631,017	2,942,611	1,287,513	525,000	1,812,513	1,461,945	1,140,529	1,070,900	202,519	-
2001	8,200,995	2,469,907	1,294,533	500,000	1,794,533	1,660,401	852,251	1,113,545	64,328	246,030
2002	8,237,435	2,437,538	1,863,220	-	1,863,220	1,439,131	950,714	864,334	188,252	494,246
2003	8,522,939	2,543,165	1,986,700	725,604	2,712,304	1,142,524	1,077,120	916,703	114,849	16,274
2004	8,886,755	2,965,994	2,247,698	-	2,247,698	1,573,264	1,094,692	860,226	144,881	-
2005	9,018,197	3,046,997	2,387,502	586,394	2,973,896	1,446,761	586,332	838,336	125,876	-
2006	9,340,465	3,049,832	3,858,505	-	3,858,505	1,482,096	26,908	812,829	110,296	-
2007	9,410,198	3,063,311	4,170,445	-	4,170,445	1,315,910	77,023	673,328	110,179	-
2008	9,625,630	3,145,276	3,408,329	-	3,408,329	1,866,896	136,441	974,290	94,396	-
2009	9,361,818	2,897,568	3,146,326	-	3,146,326	1,340,555	444,078	1,362,237	171,054	-
2010	9,191,653	2,740,669	3,139,869	-	3,139,869	1,579,218	201,753	1,193,053	337,091	-
2011	9,367,205	2,748,767	3,221,373	-	3,221,373	1,483,095	344,107	1,243,669	326,195	-
2012	9,372,359	2,769,145	3,213,963	-	3,213,963	1,112,565	710,433	1,272,387	293,866	-
	124,956,144	39,536,405	36,892,644	2,336,999	39,229,643	20,526,946	8,363,412	13,850,287	2,692,899	756,549

Allocation as % of Revenue by Category	100%	32%		31%	16%	7%	11%	2%	1%
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Allocation as % of Revenues, excluding Large Customer Revenues	100%			46%	24%	10%	16%	3%	1%
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(a) SB 390 required that utilities collect 2.4% of their 1995 electric revenues to fund approved USB activities, and direct 17% of the total to the low income category. The allocation set forth by MPSC in Order 5986g increased NorthWestern Energy's low-income requirement to 21% of total revenues. While this adjustment did not affect the allocation for Large Customers, it effectively reduced the amount of USB funds available for other USB categories. In December 2008 MPSC issued Order 6679e, which reallocated funds as shown above.

(b) The historic allocation table illustrates the expenditure or direction of electric USB by category from 1999 through 2012.

(c) This column summarizes all funds reallocated to low-income activities by NorthWestern Energy, except those noted in (d). In addition to funds reallocated by NorthWestern Energy, Large Customers have self-directed \$2,137,426 to low-income activities since 1999.

(d) 2003 Supplemental low income funds reallocated based on a recommendation from the Governor's Energy Consumer Protection Taskforce, and MPSC Order 6514. 2005 Supplemental low-income funds reallocated based on a stipulation reached between NWE, District XI HRC, AARP, RNP & NRDC in Docket D2004.6.90, Order 6574c.

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ADDENDUM 2011 REPORT

**ADDENDUM
to the
2011 Report**



The 2011 NorthWestern Energy USBC revenues totaled \$9,367,205. Of this \$6,687,730 was spent on projects completed in 2011, and \$2,206,666 was spent on projects completed in 2012, leaving a balance of \$472,810 of projects to complete in 2013.

The projects associated with \$2,206,665 of 2011 USB funds, including \$588,488 Large Customer self-directed activities, were completed in 2012. The results are included in Appendix 2 of this addendum.

Included in the 2012 expenditures, NorthWestern Energy reallocated \$5,560 of unspent Large Customer 2010 funds to Energy Share of Montana for energy emergencies of NorthWestern customers. The reallocation of unspent Large Customer funds to a Low Income activity is consistent with historic allocation of such funds. An additional \$1,983 unclaimed Large Customer 2011 funds was identified during 2012. These funds have been reallocated to cover a portion of the deficit in the 2012 Large Customer category. Historically, unspent Large Customer funds were available to cover the NorthWestern Energy administrative costs associated with the Large Customer category. This was not the case in 2012. The unspent 2011 Large Customer funds were applied to the deficit and additional funds were reallocated from Local Conservation and Renewables to cover the balance.

NorthWestern Energy requested and was granted extensions from the Department of Revenue as allowed per ARM 49.29.111 for renewable generation and research and development projects totaling \$428,764 for completion in 2013.

Updated results are provided in the 2011 Addendum in Appendices 2 and 3 (p. 2011-2 and p. 2011-3).

	Revenue Allocation		Spent in 2011	Contracted - Complete 2012	Contracted - Complete 2013 ^(b)	Allocation & Expenses
	per Order 6679e	Reallocation ^(a)				
Local Conservation	1,115,130	367,965	1,083,095	400,000	-	1,483,095
E+ Residential Audit/Sm. Comm Audit			878,135	400,000	-	1,278,135
E+ Business Partners / Irrigation Projects			121,103	-	-	121,103
Promotion			49,010	-	-	49,010
Labor			30,596	-	-	30,596
Admin. Non-labor			4,677	-	-	4,677
Interest Income			(426)	-	-	(426)
Local Conservation Summary			1,083,095	400,000	-	1,483,095
Market Transformation	712,071	(367,965)	336,268	7,839	-	344,107
E+ Commercial Lighting			167,173	-	-	167,173
Motor Management Training			9,838	-	-	9,838
Energy Star Homes			39,328	-	-	39,328
Building Operator Certification			28,821	6,727	-	35,548
Commercial Industrial Training & Conference			38,945	1,112	-	40,057
Promotion			33,355	-	-	33,355
Labor			18,381	-	-	18,381
Admin. Non-labor			699	-	-	699
Interest Income			(272)	-	-	(272)
Market Transformation Summary			336,268	7,839	-	344,107
Renewable Resources	1,275,320	(31,652)	97,328	979,240	167,101	1,243,669
Generation/Education			58,985	979,240	167,101	1,205,326
Green Power Product			(11,935)	-	-	(11,935)
Promotion			4,314	-	-	4,314
Labor			46,000	-	-	46,000
Admin. Non-labor			451	-	-	451
Interest Income			(487)	-	-	(487)
Renewable Resources Summary			97,328	979,240	167,101	1,243,669
Research & Development	294,543	31,652	12,381	52,151	261,663	326,195
R&D/ Infrastructure			4,550	52,151	261,663	318,364
Promotion			808	-	-	808
Labor			7,039	-	-	7,039
Admin. Non-labor			96	-	-	96
Interest Income			(113)	-	-	(113)
Research & Development Summary			12,381	52,151	261,663	326,195
Low Income	3,221,373	0	3,042,426	178,947	-	3,221,373
Bill Assistance			2,927,723	-	-	2,927,723
Free Weatherization			267,909	178,947	-	446,857
Elec Wx Incentives			26,638	-	-	26,638
Fuel Switch Analyses			2,000	-	-	2,000
Energy Share			101,584	-	-	101,584
Allocated to Low Income			(323,215)	-	-	(323,215)
Promotion			6,176	-	-	6,176
Labor			33,610	-	-	33,610
Admin. Non-labor			1,231	-	-	1,231
Interest Income			(1,231)	-	-	(1,231)
Low Income Summary			3,042,426	178,947	-	3,221,373
Large Customer	2,748,767	0	2,116,233	588,488	44,046	2,748,767
Self-Directed Energy Reduction			2,003,446	528,276	42,063	2,573,785
Self-Directed to Low Income			102,068	54,652	-	156,720
Labor			11,769	-	-	11,769
Admin. Non-labor			-	-	-	-
Interest Income			(1,050)	-	-	(1,050)
NWE Reallocate to Energy Share			-	5,560	-	5,560
Reallocate LC Funds from 2011 to 2012			-	-	1,983	1,983
Large Customer Summary			2,116,233	588,488	44,046	2,748,767
Unallocated	-	-	-	-	-	-
Totals	9,367,205	0	6,687,730	2,206,666	472,810	9,367,205
2011 USB Revenues less Expenses and Contractual Commitments						-

^(a) Allocations have been adjusted between Market Transformation and Local Conservation; and, between Research and Development and Renewable Generation consistent with past practice.

^(b) 2011 funds have been granted time extensions for completion in 2013 by the Department of Revenue. Unspent Large Customer funds are reallocated by NWE to Low Income per historic direction.

PROJECTS COMPLETED IN 2012 WITH 2011 FUNDS

Energy Savings & Renewable Resource Estimates			
USB Category	Projects Completed in 2012 with 2011 USB \$		
	aMW	MWH	MW
Local Conservation	0.078	680	0.155
Market Transformation	0.012	106	-
Renewables	0.059	515	0.392
Research & Development	NA	NA	NA
Low Income	0.019	168	-
Large Customer	NA	NA	NA
	0.168	1,470	0.547

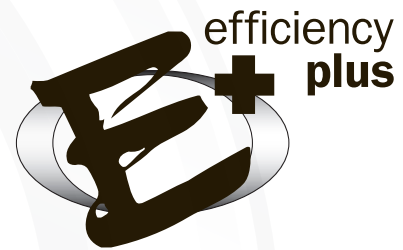
Program Participation Summary		
USB Category / Program Segment	Quantity	Units
Conservation		
Residential Onsite Audits	1,192	homes
Residential Mail out Audits	1,249	homes
Business Appraisals	160	businesses
Business Partners	-	projects
Market Transformation		
Commercial Lighting	-	projects
NWE Building Operator Certification	-	people
Vendor Miser	-	vending machines
Motor Training	-	people
Energy Star Builder Training	-	people
Renewables		
Generation / Education	98	projects
Research & Development		
Renewable Energy Seminars/Workshops	81	attendees
Low-Income		
Bill Assistance	-	households
Free Weatherization	77	homes
Energy Share	-	households

TOTAL OF PROJECTS COMPLETED WITH 2011 FUNDS

Energy Savings & Renewable Resource Estimates			
USB Category	Total Projects Completed with 2011 USB \$		
	aMW	MWH	MW
Local Conservation	0.316	2,766	0.587
Market Transformation	0.183	1,601	0.259
Renewables	0.062	542	0.413
Research & Development	NA	NA	NA
Low Income	0.043	380	0.086
Large Customer	NA	NA	NA
	0.604	5,290	1.345

Program Participation Summary		
USB Category / Program Segment	Quantity	Units
Conservation		
Residential Onsite Audits	4,215	homes
Residential Mail out Audits	1,275	homes
Business Appraisals	436	businesses
Business Partners	15	projects
Market Transformation		
Commercial Lighting	13	projects
NWE Building Operator Certification	28	people
Vendor Miser	-	vending machines
Motor Training	107	people
Energy Star Builder Training	125	people
Renewables		
Generation / Education	105	projects
Research & Development		
Renewable Energy Seminars/Workshops	81	attendees
Low-Income		
Bill Assistance	15,018	households
Free Weatherization	663	homes
Energy Share	1,328	households

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**NorthWestern Energy
Universal System
Benefits Activities
2012 Annual Report**

ADDENDUM 2010 REPORT

**ADDENDUM
to the
2010 Report**



The 2010 NorthWestern Energy USBC revenues totaled \$9,191,652. Of this \$7,182,421 was spent on projects completed in 2010, \$1,682,030 on projects completed in 2011, and the balance of \$327,202 of projects was completed in 2012.

NorthWestern Energy requested and was granted extensions from the Department of Revenue as allowed per ARM 49.29.111 for renewable generation and research and development projects totaling \$290,615 for completion in 2012. An additional \$36,586 in unspent Large Customer 2010 funds had been identified and NorthWestern Energy reallocated these funds to Energy Share of Montana for energy emergencies of NorthWestern customers. The reallocation of unspent Large Customer funds to a Low Income activity is consistent with historic MPSC direction.

Updated results are provided in the 2010 Addendum in Appendices 2 and 3 (p. 2010-2 and p. 2010-3).

	Revenue Allocation		Spent in 2010	Spent in 2011	Spent in 2012	Allocation & Expenses
	per Order 6679e	Reallocation ^(a)				
Local Conservation	1,414,916	164,302	1,462,136	117,082	-	1,579,218
E+ Residential Audit/Sm. Comm Audit			1,214,737	117,082	-	1,331,819
E+ Business Partners / Irrigation Projects			120,000	-	-	120,000
NWE Promotion			84,362	-	-	84,362
NWE Labor			42,407	-	-	42,407
NWE Admin. Non-labor			1,561	-	-	1,561
USB Interest & Svc Chg			(931)	-	-	(931)
Local Conservation Summary			1,462,136	117,082	-	1,579,218
Market Transformation	366,055	(164,302)	201,753	-	-	201,753
E+ Commercial Lighting			25,899	-	-	25,899
Motor Management Training			12,873	-	-	12,873
Energy Star Homes			43,947	-	-	43,947
Building Operator Certification			61,219	-	-	61,219
Regional Market Transformation			12,060	-	-	12,060
NWE Promotion			17,904	-	-	17,904
NWE Labor			18,983	-	-	18,983
NWE Admin. Non-labor			9,109	-	-	9,109
USB Interest & Svc Chg			(241)	-	-	(241)
Market Transformation Summary			201,753	-	-	201,753
Renewable Resources	1,243,054	(50,000)	377,855	617,270	197,928	1,193,053
Generation/Education			340,862	617,270	197,928	1,156,060
Green Power Product Offering			(34,573)	-	-	(34,573)
NWE Promotion			4,654	-	-	4,654
NWE Labor			66,865	-	-	66,865
NWE Admin. Non-labor			863	-	-	863
USB Interest & Svc Chg			(817)	-	-	(817)
Renewable Resources Summary			377,855	617,270	197,928	1,193,053
Research & Development	287,091	50,000	57,864	186,540	92,687	337,091
R&D/ Infrastructure			49,686	186,540	92,687	328,913
NWE Promotion			1,876	-	-	1,876
NWE Labor			6,292	-	-	6,292
NWE Admin. Non-labor			199	-	-	199
USB Interest & Svc Chg			(189)	-	-	(189)
Research & Development Summary			57,864	186,540	92,687	337,091
Low Income	3,139,869	-	2,944,444	195,425	-	3,139,869
Bill Assistance			2,641,573	-	-	2,641,573
Free Weatherization			-	195,425	-	195,425
Elec Wx Incentives			7,309	-	-	7,309
Fuel Switch Analyses			1,500	-	-	1,500
Energy Share			239,000	-	-	239,000
NWE Promotion			9,742	-	-	9,742
NWE Labor			44,714	-	-	44,714
NWE Admin. Non-labor			2,670	-	-	2,670
USB Interest & Svc Chg			(2,065)	-	-	(2,065)
Low Income Summary			2,944,444	195,425	-	3,139,869
Large Customer	2,740,668	-	2,138,370	565,713	36,586	2,740,668
Self-Directed Energy Reduction			1,970,421	511,315	-	2,481,736
Self-Directed to Low Income			156,734	31,369	-	188,104
USB Interest & Svc Chg			(1,802)	-	-	(1,802)
-NWE Labor			13,016	-	-	13,016
-NWE Admin. Non-labor			-	-	-	-
-NWE Reallocate to Energy Share			-	23,028	36,586	59,614
Large Customer Summary			2,138,370	565,713	36,586	2,740,668
Unallocated	-	-	-	-	-	-
Totals	9,191,652	-	7,182,421	1,682,030	327,202	9,191,652
2010 USB Revenues less Expenses and Contractual Commitments						-

^(a) Allocations have been adjusted between Market Transformation and Local Conservation; and, between Research and Development and Renewable Generation consistent with past practice.

PROJECTS COMPLETED IN 2012 WITH 2010 FUNDS

Energy Savings & Renewable Resource Estimates			
USB Category	Projects Completed in 2012 with 2010 USB \$		
	aMW	MWH	MW
Local Conservation	-	-	-
Market Transformation	-	-	-
Renewables	0.016	136	0.106
Research & Development	NA	NA	NA
Low Income	-	-	-
Large Customer	NA	NA	NA
	0.016	136	0.106

Program Participation Summary		
USB Category / Program Segment	Quantity	Units
Conservation		
Residential Onsite Audits	-	homes
Residential Mail out Audits	-	homes
Business Appraisals	-	businesses
Business Partners	-	projects
Market Transformation		
Commercial Lighting	-	projects
NWE Building Operator Certification	-	people
Vendor Miser	-	vending machines
Motor Training	-	people
Energy Star Builder Training	-	people
Renewables		
Generation / Education	25	projects
Research & Development		
Renewable Energy Seminars/Workshops	21	attendees
Low-Income		
Bill Assistance	-	households
Free Weatherization	-	homes
Energy Share	-	households

TOTAL OF PROJECTS COMPLETED WITH 2010 FUNDS

Energy Savings & Renewable Resource Estimates			
USB Category	Total Projects Completed with 2010 USB \$		
	aMW	MWH	MW
Local Conservation	0.250	2,189	0.482
Market Transformation	0.344	3,012	0.054
Renewables	0.066	582	0.417
Research & Development	NA	NA	NA
Low Income	0.018	154	-
Large Customer	NA	NA	NA
	0.678	5,937	0.953

Program Participation Summary		
USB Category / Program Segment	Quantity	Units
Conservation		
Residential Onsite Audits	4,009	homes
Residential Mail out Audits	2,342	homes
Business Appraisals	262	businesses
Business Partners	12	projects
Market Transformation		
Commercial Lighting	2	projects
NWE Building Operator Certification	65	people
Vendor Miser	45	vending machines
Motor Training	52	people
Energy Star Builder Training	484	people
Renewables		
Generation / Education	127	projects
Research & Development		
Renewable Energy Seminars/Workshops	821	attendees
Low-Income		
Bill Assistance	15,291	households
Free Weatherization	773	homes
Energy Share	1,178	households

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**NorthWestern Energy
Universal System
Benefits Activities
2012 Annual Report**

ADDENDUM 2009 REPORT

**ADDENDUM
to the
2009 Report**



The 2009 NorthWestern Energy USBC revenues totaled \$9,361,819. Of this \$6,502,172 was spent on projects completed in 2009, \$2,130,902 on projects completed in 2010, \$644,648 in 2011, \$64,811 spent in 2012, leaving a balance of \$19,285 on a single project to complete in 2013. An extension of time for use of these funds leading into 2013 was granted by the Department of Revenue (DOR) as allowed per ARM 49.29.111. The results are included in Appendix 2 of this addendum.

Market Transformation

One project to which 2009 funds have been previously been committed was completed in 2012 for \$2,889 less than anticipated. These funds were reallocated to 2012 low income activities. The remaining project is coming to conclusion and it is anticipated that the final work and report associated with this pilot effort will be completed by mid-2013.

Updated results are provided in the 2009 Addendum in Appendices 2 and 3 (p. 2009-3 and p. 2009-4).

	Revenue Allocation		Spent in 2009	Spent in 2010	Spent in 2011	Spent in 2012	Contracted - Complete 2013 ^(b)	Allocation & Expenses
	per Order 6679e	Reallocation ^(a)						
Local Conservation	1,089,151	251,404	1,288,353	52,202	-	-	-	1,340,555
E+ Residential Audit/Sm. Comm Audit			1,034,850	52,202	-	-	-	1,087,052
E+ Business Partners / Irrigation Projects			161,760	-	-	-	-	161,760
NWE Promotion			43,954	-	-	-	-	43,954
NWE Labor			36,680	-	-	-	-	36,680
NWE Admin. Non-labor			11,786	-	-	-	-	11,786
USB Interest & Svc Chg			(676)	-	-	-	-	(676)
Local Conservation Summary			1,288,353	52,202	-	-	-	1,340,555
Market Transformation	695,482	(251,404)	189,522	168,289	14,474	52,509	19,285	444,079
E+ Commercial Lighting			-	-	-	-	-	-
Motor Management Training			14,087	-	-	-	-	14,087
Energy Star Homes			41,724	-	-	-	-	41,724
Building Operator Certification			57,496	-	-	-	-	57,496
Distribution Efficiency Initiative			4,200	-	7,011	45,900	-	57,111
Regional Market Transformation			29,527	118,320	7,432	3,720	19,285	158,999
DEQ Appliance Replacement Program			-	49,969	31	-	-	50,000
NWE Promotion			23,207	-	-	-	-	23,207
NWE Labor			18,542	-	-	-	-	18,542
NWE Admin. Non-labor			1,170	-	-	-	-	1,170
USB Interest & Svc Chg			(432)	-	-	-	-	(432)
Reallocated to 2012 Low Income ^(c)			-	-	-	2,889	-	2,889
Market Transformation Summary			189,522	168,289	14,474	52,509	19,285	424,794
Renewable Resources	1,245,610	116,627	318,361	919,202	112,372	12,302	-	1,362,236
Generation/Education			275,361	919,202	112,372	12,302	-	1,319,237
Green Power Product Offering			(17,982)	-	-	-	-	(17,982)
NWE Promotion			11,143	-	-	-	-	11,143
NWE Labor			49,311	-	-	-	-	49,311
NWE Admin. Non-labor			1,300	-	-	-	-	1,300
USB Interest & Svc Chg			(774)	-	-	-	-	(774)
Renewable Resources Summary			318,361	919,202	112,372	12,302	-	1,362,236
Research & Development	287,681	(116,627)	23,704	147,350	-	-	-	171,054
R&D/ Infrastructure			16,000	147,350	-	-	-	163,350
NWE Promotion			2,296	-	-	-	-	2,296
NWE Labor			5,286	-	-	-	-	5,286
NWE Admin. Non-labor			300	-	-	-	-	300
USB Interest & Svc Chg			(179)	-	-	-	-	(179)
Research & Development Summary			23,704	147,350	-	-	-	171,054
Low Income	3,146,325	-	2,447,608	233,605	465,114	-	-	3,146,326
Bill Assistance			2,137,133	-	-	-	-	2,137,133
Free Weatherization			-	233,605	31,017	-	-	264,622
Elec Wx Incentives			12,985	-	-	-	-	12,985
Fuel Switch Analyses			400	-	-	-	-	400
Energy Share			239,000	-	-	-	-	239,000
Appliance Replacement Program			-	-	434,097	-	-	434,097
NWE Promotion			15,723	-	-	-	-	15,723
NWE Labor			40,588	-	-	-	-	40,588
NWE Admin. Non-labor			3,733	-	-	-	-	3,733
USB Interest & Svc Chg			(1,954)	-	-	-	-	(1,954)
Low Income Summary			2,447,608	233,605	465,114	-	-	3,146,326
Large Customer	2,897,568	-	2,234,625	610,255	52,688	-	-	2,897,568
Self-Directed Energy Reduction			2,166,301	504,715	-	-	-	2,671,017
Self-Directed to Low Income			58,650	71,205	-	-	-	129,855
USB Interest & Svc Chg			(1,799)	-	-	-	-	(1,799)
-NWE Labor			11,473	-	-	-	-	11,473
-NWE Admin. Non-labor			-	-	-	-	-	-
-NWE Reallocate to Low-Income			-	34,335	52,688	-	-	34,335
Large Customer Summary			2,234,625	610,255	52,688	-	-	2,844,880
Unallocated	-	-	-	-	-	-	-	-
Totals	9,361,818	-	6,502,172	2,130,902	644,648	64,811	19,285	9,361,819
2009 USB Revenues less Expenses and Contractual Commitments								-

^(a) Allocations have been adjusted between Market Transformation and Local Conservation; and, between Research and Development and Renewable Generation consistent with past practice.

^(b) 2009 funds have been granted time extensions for completion in 2013 by the Department of Revenue.

^(c) The 2009 Distribution Efficiency Initiative required \$2,889 to complete than anticipated. The remaining funds were reallocated to 2012 Low Income activities.

PROJECTS COMPLETED IN 2012 WITH 2009 FUNDS

Energy Savings & Renewable Resource Estimates			
USB Category	Projects Completed in 2012 with 2009 USB \$		
	aMW	MWH	MW
Local Conservation	-	-	-
Market Transformation	-	-	-
Renewables	0.004	38	0.029
Research & Development	NA	NA	NA
Low Income	0.000	-	-
Large Customer	NA	NA	NA
	0.004	38	0.029

Program Participation Summary		
USB Category / Program Segment	Quantity	Units
Conservation		
Residential Onsite Audits	-	homes
Residential Mail out Audits	-	homes
Business Appraisals	-	businesses
Business Partners	-	projects
Market Transformation		
Commercial Lighting	-	projects
NWE Building Operator Certification	-	people
Vendor Miser	-	vending machines
Motor Training	-	people
Energy Star Builder Training	-	people
Renewables		
Generation / Education	4	projects
Research & Development		
Renewable Energy Seminars/Workshops	-	attendees
Low-Income		
Bill Assistance	-	households
Free Weatherization	-	homes
Appliance Replacement	-	units
Energy Share	-	households

TOTAL OF PROJECTS COMPLETED WITH 2009 FUNDS

Energy Savings & Renewable Resource Estimates			
USB Category	Total Projects Completed with 2009 USB \$		
	aMW	MWH	MW
Local Conservation	0.247	2,162	0.522
Market Transformation	0.412	3,613	-
Renewables	0.093	814	0.622
Research & Development	NA	NA	NA
Low Income	0.050	434	-
Large Customer	NA	NA	NA
	0.802	7,023	1.144

Program Participation Summary		
USB Category / Program Segment	Quantity	Units
Conservation		
Residential Onsite Audits	3,257	homes
Residential Mail out Audits	2,287	homes
Business Appraisals	261	businesses
Business Partners	12	projects
Market Transformation		
Commercial Lighting	-	projects
NWE Building Operator Certification	53	people
Vendor Miser	108	vending machines
Motor Training	-	people
Energy Star Builder Training	143	people
Renewables		
Generation / Education	129	projects
Research & Development		
Renewable Energy Seminars/Workshops	464	attendees
Low-Income		
Bill Assistance	12,772	households
Free Weatherization	771	homes
Appliance Replacement	130	units
Energy Share	954	households



MONTANA ELECTRIC COOPERATIVES' ASSOCIATION

2012 FINAL MECA USBP POOL REPORT

SUMMARY

Through December 31, 2012

Total <u>Minimum</u> Pool <u>Overall</u> USBP Spending Requirement @ 2.4% of 1995 Electricity Sales Revenue	\$	3,724,709.68
Total <u>Minimum</u> Pool Low-Income USBP Spending Requirement @ 17 % of 2.4% of 1995 Electricity Sales Revenue	\$	633,200.65
Total Actual 2012 USBP <u>Overall</u> Expenditures as a % of Base-Year Revenues		6.34%
Total Actual 2012 USBP <u>Low-Income</u> Expenditures as a % of 2.4 % Minimum		34.40%
Total USBP \$\$ Surplus Above Minimum Overall USBP spending requirement	\$	6,120,303.81
Total Low Income \$\$ Surplus Above Minimum Low-income USBP Spending Requirement	\$	648,180.94

<i>Cooperative</i>	<i>1995 Electricity Revenue Sales</i>	<i>Energy Conservation</i>	<i>Low Income USBP Expenditures/credits</i>	<i>Renewable Resource Projects/Apps</i>	<i>Research & Development</i>	<i>Market Transformation</i>	<i>Total ALL</i>
Beartooth	\$ 2,947,731.00	\$ 1,650.35	\$ 6,716.59	\$ -	\$ -		\$ 8,366.94
Big Flat	\$ 3,090,220.00	\$ 10,421.07	\$ 8,498.67	\$ -	\$ -		\$ 18,919.74
Fall River	\$ 2,288,300.00	\$ 88,960.27	\$ 10,051.60	\$ -	\$ -		\$ 99,011.87
Fergus	\$ 5,359,940.00	\$ 49,902.61	\$ 22,000.00	\$ -	\$ -		\$ 71,902.61
Flathead	\$ 50,214,236.00	\$ 4,075,874.00	\$ 639,679.00	\$ 878,296.00	\$ 39,950.00		\$ 5,633,799.00
Glacier	\$ 9,230,882.00	\$ 423,648.00	\$ 20,982.00	\$ 97,028.00	\$ -		\$ 541,658.00
Goldenwest	\$ 525,154.56	\$ 11,063.45	\$ 1,800.43	\$ -	\$ -		\$ 12,863.88
Hill County	\$ 3,860,963.00	\$ 1,745.51	\$ 17,130.00	\$ -	\$ -		\$ 18,875.51
Lincoln	\$ 5,449,237.00	\$ 316,695.51	\$ 46,795.80	\$ 19,021.94	\$ -		\$ 382,513.25
LYREA	\$ 4,714,641.00	\$ 190,182.00	\$ 19,235.00	\$ -	\$ -		\$ 209,417.00
Marias River	\$ 3,675,396.00	\$ 198,945.43	\$ 15,000.00	\$ 1,500.00	\$ -		\$ 215,445.43
McCone	\$ 4,538,237.00	\$ 49,123.52	\$ 11,210.38	\$ -	\$ -		\$ 60,333.90
Mid-Yellowstone	\$ 1,596,165.00	\$ 10,566.99	\$ 3,256.18	\$ -	\$ -		\$ 13,823.17
Missoula	\$ 8,943,402.00	\$ 361,584.00	\$ 41,941.00	\$ 36,968.00	\$ -		\$ 440,493.00
NorVal	\$ 3,736,575.00	\$ 4,514.15	\$ 6,267.49	\$ -	\$ -		\$ 10,781.64
Northern Lights	\$ 2,799,775.00	\$ 156,320.69	\$ 83,386.42	\$ 16,505.91	\$ -		\$ 256,213.02
Park	\$ 3,731,388.20	\$ 140,962.85	\$ 15,627.11	\$ 373.82	\$ -		\$ 156,963.78
Ravalli	\$ 6,341,387.00	\$ 412,326.00	\$ 49,188.00	\$ 27,797.00	\$ -		\$ 489,311.00
Sheridan	\$ 4,629,678.00	\$ 10,200.00	\$ 5,000.00	\$ -	\$ -		\$ 15,200.00
Southeast	\$ 1,543,712.00	\$ 6,603.43	\$ 25,324.41	\$ -	\$ -		\$ 31,927.84
Sun River	\$ 5,252,060.00	\$ 55,978.88	\$ 76,291.79	\$ -	\$ -		\$ 132,270.67
Tongue River	\$ 4,796,392.02	\$ -	\$ 3,000.00	\$ -	\$ -		\$ 3,000.00
Vigilante	\$ 6,711,438.91	\$ 371,346.52	\$ 30,087.72	\$ 92,116.00	\$ 1,916.00		\$ 495,466.24
Yellowstone Valley	\$ 9,219,326.00	\$ 401,696.00	\$ 122,912.00	\$ 1,848.00	\$ -		\$ 526,456.00
TOTAL	\$155,196,237	\$ 7,350,311.23	\$ 1,281,381.59	\$ 1,171,454.67	\$ 41,866.00		\$ 9,845,013.49

	Item #1	Item #2	Item #3	Item #4	Item #5	Item #6	Item #7	Item #8	Item #9	Item #10
Beartooth		\$ 1,650.35								
Big Flat		\$ 6,217.59			\$ 4,135.18					
Fall River			\$ 10,445.00							
Fergus										
Flathead	\$ 64,055.00	\$352,989.00	\$381,283.00		\$154,140.00		\$ 99,000.00		\$ 5,400.00	
Glacier		\$ 6,168.00	\$ 28,462.00		\$ 1,000.00					
Goldenwest	\$ 5,287.50									
Hill County	\$ 281.91						\$ 1,303.05			
Lincoln	\$ 6,087.02	\$ 4,561.48		\$ 31,746.37			\$ 62,502.44		\$ 20,983.82	
LYREA		\$ 3,500.00					\$ 12,355.00			
MariasRiver					1050					
McCone		\$ 31,434.34			\$ 2,639.71		\$ 2,400.00			
Mid-Yellowstone					\$ 2,069.68					
Missoula	\$ 150.00	\$ 971.00								
NorVal		\$ 2,550.00			\$ 1,833.54					
Northern Lights										
Park	\$ 766.43	\$ 200.00			\$ 3,058.63					\$ 137.52
Ravalli	\$ 14,438.00	\$ 725.00			\$ 22,690.00	\$ 5,606.00			\$115,068.00	\$ 4,125.00
Sheridan	\$ 720.00	\$ 5,400.00			\$ 4,080.00					
Southeast	\$ 3,761.11	\$ 2,350.91								
SunRiver	\$ 5,167.16	\$ 10,572.03			\$ 12,322.27					
TongueRiver										
Vigilante		\$ 170.00			\$ 6,191.52					
YVEC	\$ 14,209.00	\$ 11,833.00			\$ 3,062.00	\$ 16,340.00	\$ 4,186.00			
TOTAL	\$114,923.13	\$441,292.70		\$ 31,746.37	\$218,272.53	\$ 21,946.00	\$ 181,746.49		\$141,451.82	\$ 4,262.52

Item #'s represent the following:

1=Energy Audits

2=Water Heater Programs & Energy Efficient Appliance Incentives

3=Grants or loans for lighting efficiency conversions

4=Grants for motor efficiency conversions

5=Expenses for consumer conservation education

6=Expenses for demand side management programs

7=Grants or low-interest loans for ground-source heat pumps used for energy efficiency savings

8= Irrigation Conservation Audits

9=Programs such as Super Good Cents, Energy Star, Vending Miser

10=Design/construction assistance for energy-efficient construction

	Item #11	Item #12	Item #13	Item #14	Item #15	Item #17	Item #18	Item #18a	Item #18b	Item #18c	Item #19	TOTAL
Beartooth												\$ 1,650.35
Big Flat						\$ 68.30						\$ 10,421.07
Fall River						\$ 78,515.27						\$ 88,960.27
Fergus					\$ 1,462.07	\$ 48,440.54						\$ 49,902.61
Flathead				\$ 179,370.00		\$ 3,620,514.00	\$ 58.00	\$ 122,090.00		\$ (903,025.00)		\$ 4,075,874.00
Glacier						\$ 388,018.00						\$ 423,648.00
Goldenwest						\$ 5,775.95						\$ 11,063.45
Hill County						\$ 160.55						\$ 1,745.51
Lincoln						\$ 179,546.78	\$ 10,665.45				\$ 602.15	\$ 316,695.51
LYREA						\$ 154,142.00	\$ 20,185.00					\$ 190,182.00
MariasRiver				\$ 197,689.37		\$ 206.06						\$ 198,945.43
McCone						\$ 12,649.47						\$ 49,123.52
Mid-Yellowstone			\$ 413.28		\$ 6,626.13	\$ 235.65	\$ 1,222.25					\$ 10,566.99
Missoula						\$ 360,463.00						\$ 361,584.00
NorVal						\$ 130.61						\$ 4,514.15
Northern Lights						\$ 156,320.69						\$ 156,320.69
Park				\$ 135,829.00		\$ 199.46	\$ 771.81					\$ 140,962.85
Ravalli						\$ 249,674.00						\$ 412,326.00
Sheridan												\$ 10,200.00
Southeast							\$ 491.41					\$ 6,603.43
SunRiver			\$ 5,328.66	\$ 22,368.00		\$ 220.76						\$ 55,978.88
TongueRiver												\$ -
Vigilante						\$ 235,003.00					\$ 129,982.00	\$ 371,346.52
YVEC			\$ 5,228.00		\$ 159,554.00	\$ 187,284.00						\$ 401,696.00
TOTAL	\$ -		\$ 10,969.94	\$ 535,256.37	\$ 167,642.20	\$ 5,677,568.09	\$ 33,393.92				\$ 130,584.15	\$ 7,350,311.23

Item #'s represent the following:

11= Design/implementation assistance for retrofits of existing loads

12= Waste heat generation expenses

13=Street lighting - security lighting upgrades for efficiency

14=Incremental cost of distribution efficiency expenditures attributable to increases in energy efficiency above acceptable minimum industry standards documented & verified by electrical engineer

15= Peak-shaving devices applied in customer facilities to reduce peak

demands excluding interruptible service or payment for curtailment rates

17= Conservation investments made through power purchases pursuant to 69-8-402(2)(b)

18=Other -- Prog. admin.(Flathead Elec., Lincoln Elec., Southeast Elec.), Elec. Heat & Service upgrades (LYREA) Reporting time (Park), Energy Efficiency measures in office building (Mid-Yellowstone Elec.)

18a=Compact Fluorescent Light Bulb Distribution Campaign

18b=Power supplier reimbursements/Rebates for energy efficiency measures & renewables

18c=(Flathead Elec.) Power Supplier Reimbursements/Rebates for Energy Efficiency

19=Irrigation Conservation Measures

	Item #1	Item #2	Item #3	Item #4	Item #5	Item #6	Item #7	Item #8	Item #9	Item #10	Item #11
Beartooth		\$ 1,200.00									\$ 5,516.59
Big Flat	\$ 6,000.00	\$ 200.00		\$ 1,573.67							
Fall River					\$ 434.50	\$ 9,400.00					
Fergus		\$ 22,000.00									
Flathead	\$ 106,882.00	\$ 89,572.00				\$ 206,456.00					
Glacier		\$ 6,000.00	\$ 200.00								
Goldenwest											
Hill County		\$ 17,000.00									
Lincoln						\$ 1,778.40					\$ 35,344.99
LYREA		\$ 19,235.00									
MariasRiver			\$ 15,000.00								
McCone		\$ 11,210.38									
Mid-Yellowstone	\$ 336.43	\$ 2,269.75									
Missoula		\$ 15,000.00									\$ 9,544.00
NorVal		\$ 2,500.00									
Northern Lights											\$ 5,711.54
Park	\$ 814.90	\$ 3,000.00				\$ 4,025.00					\$ 7,787.21
Ravalli	\$ 3,728.00	\$ 5,000.00			\$ 10,432.00						
Sheridan											
Southeast	\$ 187.38	\$ 7,770.00				\$ 17,070.57					
SunRiver		\$ 2,500.00					\$ 19,314.91				
TongueRiver		\$ 3,000.00									
Vigilante	\$ 2,932.72	\$ 1,550.00				\$ 11,800.00					
YVEC		\$ 30,000.00									
TOTAL	\$ 120,881.43	\$ 239,007.13	\$ 15,200.00		\$ 10,866.50	\$ 250,529.97					\$ 63,904.33

Item #'s represent the following:

1=Outreach for LIEAP enrollment

2= Energy Share or similar contributions

3=Funds contributed to endowments that qualify for low-income USBP purposes

4=Safety/repairs related to low-income energy issues

5= Energy-efficient equipment/technologies that help low-income households meet the cost of home energy

6=Heating and energy crisis benefits including payments toward recipient household's energy costs

7= Payment toward recipient household weatherization costs

8= Purchase and delivery of fuels used by recipient households for home energy

9= Purchase, delivery, and installation of weatherization materials

10=Purchase and delivery of blankets, space heating devices, equipment and other tangible items that are provided to help low-income households meet the cost of home energy

11=Discounted utility and bulk fuel prices for recipient households

	Item #12	Item #13	Item #14	Item #15	Item #16	Item #17	Item #18	Item #19	TOTAL
Beartooth									\$ 6,716.59
Big Flat		\$ 725.00							\$ 8,498.67
Fall River			\$ 217.10						\$ 10,051.60
Fergus									\$ 22,000.00
Flathead		\$ 49,511.00				\$ 110,130.00	\$ 58.00	\$ 77,070.00	\$ 639,679.00
Glacier						\$ 14,782.00			\$ 20,982.00
Goldenwest	\$ 1,800.43								\$ 1,800.43
Hill County	\$ 130.00								\$ 17,130.00
Lincoln		\$ 720.91				\$ 8,951.50			\$ 46,795.80
LYREA									\$ 19,235.00
MariasRiver									\$ 15,000.00
McCone									\$ 11,210.38
Mid-Yellowstone		\$ 650.00							\$ 3,256.18
Missoula						\$ 17,397.00			\$ 41,941.00
NorVal		\$ 3,767.49							\$ 6,267.49
Northern Lights						\$ 77,674.88			\$ 83,386.42
Park									\$ 15,627.11
Ravalli			\$ 17,698.00				\$ 12,330.00		\$ 49,188.00
Sheridan					\$ 5,000.00				\$ 5,000.00
Southeast		\$ 296.46							\$ 25,324.41
SunRiver	\$ 50,211.26	\$ 4,265.62							\$ 76,291.79
TongueRiver									\$ 3,000.00
Vigilante							\$ 13,805.00		\$ 30,087.72
YVEC		\$ 92,912.00							\$ 122,912.00
TOTAL	\$ 52,141.69	\$ 152,848.48		\$ -		\$ 228,935.38	\$ 26,193.00		\$ 1,281,381.59

Item #'s represent the following:

12=Partial or full waivers of utility and other income home energy connection and reconnection fees, application fees, and late payment charges
13=Partial or full forgiveness of home energy bill arrearages
14=Discounts or reductions in the costs of home heating and weatherization materials
15=**Services of paid staff donated by their employer to deliver fuel and other** tangible items that help low-income households meet the cost of home energy

16=Purchase, delivery, and installation of energy efficient equipment/technologies that help low-income households meet the cost of home energy
17= Low-income energy assistance investments made through power purchases pursuant to 69-8-402(2)(b)
18= Other -- Admin., etc.; BPA Power (Ravalli County Elec.)
19. Education for Low-Income

	<i>Item #1</i>	<i>Item #2</i>	<i>Item #3</i>	<i>Item #4</i>	<i>Item #5</i>	<i>Item #6</i>	<i>Item #7</i>	TOTAL
Beartooth								\$ -
Big Flat								\$ -
Fall River								\$ -
Fergus								\$ -
Flathead						\$ 226,407.00	\$ 651,889.00	\$ 878,296.00
Glacier						\$ 97,028.00		\$ 97,028.00
Goldenwest								\$ -
Hill County								\$ -
Lincoln						\$ 19,021.94		\$ 19,021.94
LYREA								\$ -
MariasRiver							\$ 1,500.00	\$ 1,500.00
McCone								\$ -
Mid-Yellowstone								\$ -
Missoula						\$ 36,968.00		\$ 36,968.00
NorVal								\$ -
Northern Lights						\$ 16,505.91		\$ 16,505.91
Park	\$ 186.91			\$ 186.91				\$ 373.82
Ravalli		\$ 1,597.00				\$ 26,200.00		\$ 27,797.00
Sheridan								\$ -
Southeast								\$ -
SunRiver								\$ -
TongueRiver								\$ -
Vigilante						\$ 92,116.00		\$ 92,116.00
YVEC	\$ 1,037.00			\$ 811.00				\$ 1,848.00
TOTAL	\$ 1,223.91	\$ 1,597.00		\$ 997.91		\$ 514,246.85		\$ 1,171,454.67

Item #'s represent the following:

- 1=Photovoltaics conversion
- 2= Solar thermal applications
- 3= Geothermal projects
- 4=Wind power projects

5= Local micro hydro projects that are on streams outside protected areas as defined by the Northwest Power Planning Council or state or federal law, or that are irrigation ditch projects

6=Renewable energy investments made through power purchases pursuant to 69-8-402(2)(b)

7=Other (Flathead Electric=land fill gas-to-energy power production expenses); (Marias River Elec., green tag purchases)

Line Item Spending -Research and Development

	<i>Item #1</i>	<i>Item #2</i>	<i>Item #3</i>	<i>Item #4</i>	TOTAL
Beartooth					
Big Flat					
Fall River					
Fergus					\$ -
Flathead	\$ 39,950.00				\$ 39,950.00
Glacier					\$ -
Goldenwest					
Hill County					
Lincoln					\$ -
LYREA					
MariasRiver					
McCone					
Mid-Yellowstone					
Missoula					
NorVal					
Northern Lights					
Park					
Ravalli					
Sheridan					
Southeast					
SunRiver					
TongueRiver					
Vigilante	\$ 1,916.00				\$ 1,916.00
YVEC					
TOTAL	\$ 41,866.00	\$ -			\$ 41,866.00

Item # 1:

Flathead Electric - Represents Alternate Power Supply Research

Line Item Spending -Market Transformation

	<i>Item #1</i>	<i>Item #2</i>	<i>Item #3</i>	<i>Item #4</i>	TOTAL
Beartooth					
Big Flat					
Fall River					
Fergus					
Flathead					
Glacier					
Goldenwest					
Hill County					
Lincoln					
LYREA					
MariasRiver					
McCone					
Mid-Yellowstone					
Missoula					
Northern					
Northern Lights					
Park					
Ravalli					
Sheridan					
Southeast					
SunRiver					
TongueRiver					
Vigilante					
YVEC					
TOTAL					0

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MT DOR

P O Box 823, Troy, Montana 59935

(406) 295-4151

FAX (406)295-4540

THE CITY OF TROY

Anthony E. Brown, Mayor

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FEB 13 2013

BTV

COUNCIL
Phillip Fisher
Frances McCully
Joe Arts
Crystal Denton

February 12, 2013

Russ Trasky
Montana Department of Revenue
PO Box 5805
Helena, MT 59604-5805

Ref: Universal System Benefit Programs
Annual Report for 2012

Enclosed is the 2012 Annual Report for the Universal System Benefit Program. If you have any questions please contact me at 406-295-4151. Thank you.

Sincerely,



Tracy Rebo
City Clerk/Treasurer

USBP Credit Activities Report
 JAN 1, 2012 to Dec 31, 2012

Reporting Cooperative City of Troy
 Contact Person Clinton C Taylor
 1995 Electricity Sales Revenues \$ 722,745

Amount of
Credit
Expenditure

<u>A. Energy Conservation</u>	
1. Energy Audits	\$
2. Water heater programs	\$
3. Grants or loans for lighting efficiency conversions	\$
4. Grants for motor efficiency conversions	\$
5. Expenses for consumer conservation education	\$
6. Expenses for demand side management programs	\$
7. Grants or low-interest loans for ground-source heat pumps used for energy efficiency savings	\$
8. Irrigation audits to reduce power requirements	\$
9. Programs such as Super Good Cents	\$
10. Design/construction assistance for energy-efficient construction	\$
11. Design/implementation assistance for retrofits of existing loads	\$
12. Waste heat generation expenses	\$
13. Street lighting - security lighting upgrades for efficiency	\$
14. Incremental cost of distribution efficiency expenditures attributable to increases in energy efficiency above acceptable minimum industry standards that are documented and verified by an electrical engineer	\$
15. Peak-shaving devices applied in customer facilities for the purpose of reducing peak demands excluding interruptible service or payment for curtailment rates	\$
16. Large customer conservation investments made pursuant to 69-8-101 et.seq	\$
17. Conservation investments made through power purchases pursuant to 69-8-402(2)(b)	\$ 41,491
18. Other	\$

B. Low-Income USBP Expenditures and Credits

1. Outreach for LIHEAP enrollment	\$	
2. Funds contributed to endowments that qualify for low-income USBP purposes	\$	
3. Safety/repairs related to low-income energy issues	\$	
4. Energy-efficient equipment/technologies that help low-income households meet the cost of home energy	\$	
5. Heating and energy crisis benefits including payments toward recipient household's energy costs <i>City of Troy Benefit Fund</i>	\$	1800
6. Payment toward recipient household weatherization costs	\$	
7. Purchase and delivery of fuels used by recipient households for home energy	\$	
8. Purchase, delivery, and installation of weatherization materials	\$	
9. Purchase and delivery of blankets, space heating devices, equipment and other tangible items that are provided to help low-income households meet the cost of home energy	\$	
10. Discounted utility and bulk fuel prices for recipient households	\$	
11. Partial or full waivers of utility and other income home energy connection and reconnection fees, application fees, and late payment charges	\$	
12. Partial or full waivers of utility and other home energy connection and reconnection fees, application fees, and late payment charges	\$	
13. Partial or full forgiveness of home energy bill arrearages	\$	
14. Discounts or reductions in the costs of home heating and weatherization materials	\$	
15. Services of paid staff donated by their employer to deliver fuel and other tangible items that help low-income households meet the cost of home energy	\$	
16. Purchase, delivery, and installation of energy efficient equipment/technologies that help low-income households meet the cost of home energy	\$	

17. Low-income energy assistance investments made through power purchases pursuant to 69-8-402(2)(b)	\$
18. Other	1383
	\$

C. Renewable Resource Projects and Applications

1. Photovoltaics conversion	\$
2. Solar thermal applications	\$
3. Geothermal projects	\$
4. Wind power projects	\$
5. Local micro hydro projects that are on streams outside protected areas as defined by the Northwest Power Planning Council or state or federal law, or that are irrigation ditch projects	\$
6. Renewable energy investments made through power purchases pursuant to 69-8-402(2)(b)	\$11,756
7. Other	\$

D. Research & Development

1.	\$
2.	\$
3.	\$
4.	\$

E. Market Transformation

1.	\$
2.	\$
3.	\$
4.	\$