

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

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IN THE MATTER OF the Public Service                    )       REGULATORY DIVISION  
Commission's Investigation into Electric and        )  
Natural Gas Universal System Benefits Programs    )       DOCKET NO. N2013.4.29  
and Funding

COMMENTS BY ENERGY SHARE OF MONTANA, STATE ASSOCIATION  
OF HUMAN RESOURCE COUNCIL DIRECTORS, MONTANA  
ENVIRONMENTAL INFORMATION CENTER, NATURAL RESOURCES  
DEFENSE COUNCIL, NW ENERGY COALITION, AND  
RENEWABLE NORTHWEST PROJECT

Montana law requires the imposition of a non-bypassable rate or charge on customers of both electric and natural gas utilities to fund universal system benefits (USB) programs. USB programs are "public purpose" programs, producing "system" benefits, meaning all customers of the utility benefit from the operation of the programs.

The additional amount utility customers pay towards USB to produce these system benefits is modest. For NorthWestern Energy in 2012, the average monthly electric USB charge for a typical residential customer (750 kwh/monthly) is \$1.00; the average monthly natural gas USB charge for a typical residential customer (100 therms/month) is \$1.62. For Montana Dakota Utilities, using the same average monthly consumption, the average monthly electric USB charge for a residential customer is \$1.17, the average monthly natural gas USB charge is \$0.65. For Energy West, again using the same average consumption amounts, the average monthly USB charge for a residential customer is \$0.84.

Specifically, the law states that for electric utilities: “Universal system benefits programs are established for the state of Montana to ensure continued funding of and new expenditures for energy conservation, renewable resource projects and applications, and low-income energy assistance.” § 69-8-402(1) MCA. For gas utilities: ““Universal system benefits programs’ means public purpose programs for cost-effective local energy conservation, low-income energy bill discounts, low-income weatherization, and emergency low-income energy bill assistance.” § 69-3-1402(15) MCA.

The Public Service Commission has determined that all of the public purposes must receive a “meaningful” level of funding, which the Commission has defined as “an amount or level ... noticeably or measurably large enough to have or likely to have influence or effect.” Order 6679(e) at ¶ 89. Clearly, however, low-income energy services, including weatherization, is first among equals in terms of prioritization. Both the electric and natural gas USB statutes single out low-income public purpose funding by specifying minimum levels of expenditure for this purpose.<sup>1</sup> In practice, funding by the utilities for low income purposes greatly exceeds the statutory minimum.<sup>2</sup>

All of the designated uses of USB funds serve important public purposes.

Repeatedly, the Montana legislature has restated its commitment to USB and to funding

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<sup>1</sup> For electric utilities, the minimum funding level is 17% of the total USB revenue for a given year. § 69-8-402(5) MCA. For natural gas utilities, the minimum funding level is .42% of the utility’s prior year’s revenues. § 69-8-1403(2) MCA.

<sup>2</sup> In 2012, on the electric side NorthWestern Energy dedicated 37 % of its total USB obligation and 52% of effective USB funds<sup>2</sup> (meaning those funds that are subject to PSC jurisdiction, so not including the large customer obligation) to low income purposes; on the natural gas side NorthWestern Energy dedicated 73% of USB funds to low-income. *See* NorthWestern Energy Universal System Benefits Activities 2012 Annual Report, March 2013 and Docket D2013.3.20, Appendix A. On the electric side, in 2012, Montana Dakota Utilities dedicated 64 % of its total USB obligation and 87% of effective USB funds (meaning those funds that are subject to PSC jurisdiction, so not including the large customer obligation) to low income purposes. MDU 2012 annual report, Schedule 35A. On the natural gas side, in 2012, Montana Dakota Utilities dedicated 100% of funds for low income. MDU 2012 annual report, Schedule 36A. Energy West, in 2011, dedicated 100% of USB funds to low income purposes. Notice of Investigation, Attachment 5. (It is unclear why Energy West’s Schedule 36a classifies weatherization and the furnace program to conservation since those programs are directed to low-income households.)

these varied public purposes. On 3 separate occasions – in 1999, 2003, and 2005 – the authority to collect the electric USB charge was extended;<sup>3</sup> then, in 2009, it was made permanent.<sup>4</sup> Utility customers across the nation fund programs like these, which are either run by their utility or by a third party. Again, utility customers benefit from the programs. Providing low-income energy services in the form of bill assistance and weatherization enables those customers to stay on the system thus obviating the need for expensive shut-off and bill collection efforts. In addition, enabling low-income households to continue to be utility customers spreads the utilities' fixed costs, which reduces rates of non low-income customers. Conservation, market transformation, and renewable resource development public purpose programs seek to counter the existence of market barriers to less expensive and less risky forms of energy that help reduce customer bills and enhance grid stability.

The USB program evolved into its present form over a period of about a decade. Between 1997 and 2008, when the last major USB proceeding was resolved, there were at least 12 Commission dockets that addressed USB related issues. Uncertainty over the scope and operation of the USB program and near continual litigation before the Commission created a significant burden for all concerned..

To a large extent, difficulties in implementation arose because the USB natural gas rate was insufficient to fund natural gas public purposes. This put pressure on the entire program and, at least in the case of NorthWestern Energy, electric USB funds were used to fund natural gas USB programs. In 2007, the legislature amended the natural gas

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<sup>3</sup> See HB 337, Chap. 580 (1999), SB 77, Chap. 290 (2003), SB 365, Chap. 256 (2005).

<sup>4</sup> See HB 27, Chap. 55 (2009). See also HB 509, Chap. 565 (2003), § 69-8-102(5) (it is in the "public interest" to continue to fund all of the public purpose programs). The gas USB charge did not contain a sunset provision.

USB statute by giving the Commission the ability to increase the natural gas USB funding requirement so as to ensure that natural gas USB funds were sufficient to cover natural gas USB programs.<sup>5</sup> In 2008, in a NorthWestern Energy docket, the Commission determined that its prior practice of authorizing the use of electric USB funds for natural gas programs was not consistent with the 2007 amendment and increased the natural gas USB rate.<sup>6</sup> Since 2008, the USB program has been allowed to reach equilibrium and is working for the entities that administer program funds, for those who directly benefit from its operation, and for utility customers generally.

Commenters here represent a diverse group of entities that are involved in various ways with the USB program.<sup>7</sup> Commenters have a significant interest in ensuring that the USB program continues to function smoothly and that the public benefits made possible by USB funding are optimized. The following remarks are intended to be informative and responsive to the Commission's notice that initiated this docket. Issues identified by the Commission in its notice will be addressed in the balance of these comments. Obviously, all commenters would welcome the opportunity to engage further with the Commission on issues related to USB should the Commission deem that advisable.

1. *Whether it is appropriate for USB programs to include or emphasize revolving, continuous assistance as opposed to one-time assistance.*

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<sup>5</sup> HB 427, which was requested by the Commission, inserted the word "minimum" before the phrase "annual funding requirement [for low-income programs]." Thus, the legislature was giving the Commission the authority to raise the rate to an appropriate level.

<sup>6</sup> Docket Nos. D2004.7.99, D2004.12.192, D2005.6.106 (consolidated), Order 6679(e), December 17, 2008.

<sup>7</sup> Commenters and their specific interest in and connection to the USB program are identified at the end of these comments.

Commenters are unsure what the concern is here so we run the risk of not being as responsive as we would like to be. We begin by noting that every USB program is different and seeks to accomplish objectives specific to that program, under guidelines designed specifically for that program. This fact is important because it means that one size does not fit all when it comes to the USB program.

The way the issue is framed could be read to suggest that “continuous assistance” is the norm. In fact, commenters are aware of only one USB program, namely the low-income discount, that allows recipients of USB funds to receive those funds for more than one year, provided they meet certain eligibility requirements.<sup>8</sup> Other USB programs however explicitly make USB funds available on a one-time basis, as appropriate for that particular program. For example, Energy Share emergency assistance is one-time (or up to a lifetime maximum of \$700.00). NorthWestern Energy’s audit programs – the on-site home audit and the small business appraisal – is limited to one per home or business.

As discussed above, the reason for different requirements is that the programs are different. It is entirely appropriate for the low-income discount to be available not based on an arbitrary time constraint but on need. As noted above, there are costs to all utility customers when any one customer runs into payment problems. It is important for that reason to ensure that people are able to pay their bills, to say nothing of the enormous social benefit associated with the problems that come from forcing a household to relocate or having to live without needed energy.

It is also useful to understand how the low-income discount works to achieve its objectives. In addition to giving a low-income household more dollars than the

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<sup>8</sup> According to the Montana Department of Health and Human Services, the average length of time a household receives the discount is 3.3 years.

household would otherwise have if the discount was not available, *i.e.*, making bills more manageable, the availability of the discount enhances the ability of a low-income individual to budget and plan accordingly. These tasks are necessary if a low-income household is to improve its financial situation and move out of poverty. It would make little sense to make the discount available for one year and then, without regard to whether it is making a difference and enabling a low-income individual to improve his or her financial situation, pull the rug out from under them.

The Commission should also be aware that there is not a static group of individuals receiving the low-income discount. People do improve their situation and are no longer eligible to receive the discount. Or, an individual may be eligible to receive the discount one year, not eligible for some number of years, and then for whatever reason suffer a financial set back and become eligible again. Or, an individual eligible in one year may simply not want to, or be able to, undertake the reasonably considerable effort of reapplying for the discount, as they must on a yearly basis, in a subsequent year.<sup>9</sup> In Montana, about one-fifth of the households eligible to receive bill assistance are enrolled in the program in a given year, which is at least partly explained by the significant social stigma associated with programs of this type. In fact, Montanans tend to participate in assistance programs at levels below those of residents of other states.

In conclusion, with respect to this issue, we do not think that “USB programs emphasize revolving, continuous assistance....” Rather, we believe that the programs have been designed thoughtfully, have evolved as USB has matured, and are based on the specific needs and characteristics of the particular program.

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<sup>9</sup> To receive the discount a low-income household must apply and be qualified for assistance under the federal low-income home energy assistance program (LIHEAP).

2. *Whether natural gas and/or electricity conservation and energy efficiency programs should continue to reside in both the USB portfolio and the demand-side management (DSM) energy supply portfolio.*

In 2005 the Commission drew a distinction between energy efficiency acquisition efforts of NorthWestern Energy that has been followed ever since. The distinction remains valid and absent a compelling reason to change the way NorthWestern Energy procures efficiency the distinction should continue to govern what efficiency acquisition is funded out of supply rates and what is funded by USB.

In Order 6679(a) the Commission stated that if a USB activity is “consistent with the multiple long-term portfolio management and procurement objectives (in the Commission’s then default supply guidelines and what are now the procurement guidelines), the activities should continue in the context of the default supply portfolio and the associated costs are recoverable in default supply rates.” *Id.* at ¶ 86. Put another way, if an efficiency activity is cost-effective, it should be evaluated on a par with other resources, in the context of NorthWestern Energy’s overall supply portfolio. Such resources, since they can compete with other sources of supply, do not need the USB program.

Other efficiency programs that often or sometimes fail purely energy-based cost effectiveness tests but have significant public purpose benefits that are not measured in those energy supply cost-effectiveness test may, and should, be funded with USB funds. The objective of such USB programs is not solely direct energy savings; thus, the programs should not be measured and procured based on a standard that applies to resources subject to the Commission’s competitive procurement processes. So, for

example, NorthWestern Energy's on-site home audit on the electric side struggles with cost-effectiveness but is, nonetheless, a critical part of the utility's overall residential efficiency programs. It is through the audit that NorthWestern Energy first makes contact with customers, informing them of efficiency opportunities, and enlisting them in other programs. The on-site home audit requires USB funding and that funding benefits all residential efficiency programs.

Finally, as noted above, the legislature has identified the public purposes that are to be funded by the USB programs. A Commission determination that conservation acquisition no longer warrants USB funding is problematic.

*3. The cost-effectiveness of USB programs that are intended to produce energy savings and conservation.*

Since, as noted above, Montana Dakota Utilities, and Energy West (two of the three main utilities subject to a USB requirement) devote the lion's share of their USB funds to low-income, it is possible that NorthWestern Energy's electric on-site audit, which is funded by USB and is usually not cost-effective using standard energy efficiency cost tests,<sup>10</sup> is the reason for the Commission's Notice raising this as an issue. The electric audit is designed and serves as an entry point to other NorthWestern Energy programs. These other programs are cost-effective. Accordingly, judging the electric audit program in isolation is not appropriate.

Equally important is that this specific benefit-cost test probably obscures more than it reveals. Audits are performed using a mixture of both electric and natural gas USB funds, almost always in homes and businesses that use both electricity and natural

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<sup>10</sup> See SBW's Impact and Process Evaluation, Chapter 3. An earlier DSM program evaluation of NorthWestern Energy's programs, by Nexant, also found the electric audit not to be cost-effective.

gas, and then energy savings have to be attributed to each. This division is likely to be somewhat arbitrary. It is for sure difficult to do this with any degree of precision because a significant percentage of total energy savings comes not from installed measures<sup>11</sup> but from “indirect” savings or estimates of actions that result from the performance of the audit. A better practice would be to end the distinction between electric and natural gas and evaluate the programs in a combined way without attempting to assign the benefits as between natural gas and electric customers. If this was done for the audit program, since the natural gas audit program is cost-effective, (as found by both SBW and Nexant), the cost-effectiveness test would be much more favorable.

4. *Whether the lost revenue adjustment mechanism (LRAM) should apply to statutorily mandated USB programs.*

Commenters believe that an LRAM for USB conservation activities continues to be warranted and is good regulatory practice.

In Order 6574(e), in Docket Nos. D2003.6.77 and D2004.6.90, the Commission approved the use of an LRAM for NorthWestern Energy.<sup>12</sup> The Commission’s analysis of the subject was well reasoned and comprehensive; it will not be repeated here. Simply put, without something like an LRAM, NorthWestern Energy’s financial health is undermined when it encourages its customers to use less energy. This is a function of that fact that the ability of NorthWestern Energy to recover its fixed costs is tied to how much energy it sells.

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<sup>11</sup> In fact, not all installed measures are included as energy savings attributable to the audit. Energy savings from CFLs installed during the audit are attributed to NWE’s E+ lighting programs. Presumably, the cost of the CFLs is also assigned to the lighting program and not the audit. In any event, however, not counting energy savings from the installation of CFLs hurts the audit’s cost effectiveness score.

<sup>12</sup> As the only utility with an LRAM, this issue applies exclusively to NorthWestern Energy.

Good regulation aligns utility and customer interests and rewards a utility for doing the right thing. Good regulation is not achieved by maintaining an incentive system that discourages the utility from doing the right thing and trying to overcome that by threatening the utility with disallowances.

Thus, an LRAM, and other methods of addressing this same problem like decoupling, seek to remove the disincentive for a utility to do something, *i.e.*, acquire energy efficiency, that is not in the utility's best interest, even though the acquisition of energy efficiency would be in the best interests of its customers. The way the issue is framed indicates that the Commission wishes to explore the question of whether an LRAM is needed to remove any disincentive on the part of NorthWestern Energy since it is "statutorily mandated" to implement USB conservation programs, suggesting that this is incentive enough.

First, it is worth noting that the distinction the Commission attempts to draw here, namely between USB "mandated" efficiency acquisition and efficiency acquired not by USB programs but rather through supply, is less than meets the eye. In fact, utilities are under an obligation, *i.e.*, are mandated, to acquire efficiency when to do so is in the best interests of its customers.<sup>13</sup> But, even when this is the case, utilities can be reluctant to acquire energy efficiency. In other words, the mere existence of an obligation on the part of the utility to acquire energy efficiency does not undermine the case for a mechanism to remove the disincentive.

Second, and relatedly, under a utility run efficiency model (as opposed to a third party model), efficiency acquisition is maximized only when the utility is fully engaged

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<sup>13</sup> "To the extent NWE's retail electricity supply costs are higher than they otherwise would have been with the additional DSM, a cost disallowance is justified." Order 6386(c), Docket Nos. D2007.5.46 and D2006.5.66 (consolidated) at ¶ 174.

and committed to the effort. Hence the need for something like an LRAM that makes it possible for the utility to be enthusiastic in its pursuit of energy efficiency.

Lastly, preventing NorthWestern Energy from recovering its lost transmission and distribution (t&d) system revenues associated with its USB activities could have particularly deleterious consequences. As discussed above, NorthWestern Energy's main element for efficiency acquisition under USB is its audit program. Also, as noted above, the audit program provides a gateway to other NorthWestern Energy programs, which are funded out of supply. Not allowing NorthWestern Energy to recover its relatively small amount of lost t&d revenues from the audit program will cause that program to suffer, which, in turn, will have negative consequences on NorthWestern Energy's other efficiency programs and its customers.

*5. Whether natural gas and/or electricity USB funding is equitably disbursed (e.g., are customers in towns served by two separate utilities with USB programs, such as in Billings, Kalispell and Great Falls, receiving more or less USB benefits than customers in towns served by one utility with split operating divisions, such as in Helena and Missoula?).*

This issue raises a legitimate concern. But, it is one that has been addressed.

The Commission has stated "that it is important to align the USB charges with the USB program benefits in the territory in which the money was received." Order 6679(e), ¶ 88. This concern arose principally (maybe entirely) because of the fact that natural gas USB programs were underfunded and that it was necessary to use electric USB funds for natural gas programs. Thus, given that in some jurisdictions there are two utility providers, it was possible that, for example, customers in Billings who were paying an

electric USB charge to NorthWestern Energy were funding natural gas programs directed at NorthWestern Energy gas customers in the Flathead. With an adequate USB natural gas rate, allowing natural gas USB charges to fully fund natural gas programs, this possibility no longer exists.<sup>14</sup>

In addition, USB programs link costs and benefits. NorthWestern Energy weatherization dollars can only be spent on a residence with NorthWestern Energy electric and/or natural gas service. A Montana Dakota Utilities electric low-income discount is funded by electric customers and only provided to electric customers of that utility. Even Energy Share, which gets funding from a number of different sources, requires that only customers of the utility that provided the USB funds receive USB benefits attributable to the use of those funds.

*6. Whether the Commission should amend ARM 38.5.7020(2), which requires natural gas utilities to spend at least 1.12% of their previous year's gas revenues on USB programs, to reduce the funding requirement to the statutory minimum funding level of .42% of the previous year's gas revenues.*

The short answer is no.

The framing of the issue obscures that what is proposed is to set the natural gas rate at the minimum amount for low-income public purpose funding. As discussed above, a reduction in the natural gas USB rate to the minimum level for low-income funding would make it impossible to fund anything other than low-income and would, in

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<sup>14</sup> Theoretically, an inequitable distribution of USB benefits between counties or cities within a particular utility's overall electric or natural gas program could exist. But, this could occur only if there was some marked difference in the attributes of geographic areas so that one place would be receiving more (or less) of the benefits. Commenters are unaware of any evidence this is occurring.

effect, rewrite the statute to remove the public purpose of local energy conservation and renewable resource development. Such a result, of course, is not permissible.

Nor should the Commission want to reach this result. It is precisely because the gas USB rate is set where it is that the program is able to function. If the Commission reduces the rate it will result in an overall USB program that does not have sufficient funds to cover its programs and a return to the underfunding situation that the legislature and Commission previously addressed.

The Commission could solve one problem associated with reducing the natural gas USB rate by drastically reducing the amount allocated to the natural gas low-income discount, or, alternatively, lowering the discount or the number of months it is available. But, this would create more problems by imposing significant hardships on citizens of Montana and bringing us back to the bad old days of the early to mid 2000s with non-stop USB dockets over meeting the need that reducing bill assistance exposes. Plus, even with a much reduced natural gas discount (assuming the Commission does not want to terminate the natural gas discount in its entirety) there would likely be the need to resume using electric USB funds for natural gas USB programs.

The Commission should also be cognizant of the fact that the total amount of natural gas USB funds collected from customers, which derive from a rate set yearly based on the utility's previous year's revenues, is sensitive to natural gas prices. Thus, there is certain symmetry between the amount of funds collected by the natural gas USB rate and the relative need for the discount. Relatively low natural gas prices will depress utility revenues and result in a lower USB rate to collect what will be a lower target

amount. A diminished funding stream as a result of lower natural gas prices is coincident with lower customer bills that are also due to lower prices.

Finally, we caution against changing the natural gas rate in an effort to track natural gas prices. Given the volatility of this commodity, this would be a never ending process.

*7. Low-income bill assistance. State law requires an allocation of natural gas USB funds to low-income bill discounts and emergency low-income bill assistance and an allocation of electric USB funds to low-income energy programs. Given the decline in natural gas rates should the Commission consider revisiting the allocations of gas USB funds that are allocated to utilities low-income discounts and other forms of bill assistance? Regarding electric USB funds, what are the current USB-funded "low-income energy programs" and what changes or additions to those programs should the Commission consider?*

As an initial matter it is necessary to reiterate a point made above: because the low-income bill discount is based on a percentage of a customer's bill, as natural gas or electricity prices decline, the dollar value of the discount is also reduced. The low-income discount already tracks, to a certain extent, the fluctuations up and down of the price of natural gas and electricity.

What the question is really asking is: can the level of bill assistance to low-income customers be reduced?<sup>15</sup> One way to answer this question is to consider what the

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<sup>15</sup> The way the issue is framed suggests that the Commission may not be entirely aware of the dynamic nature of the overall allocation process. The low-income discount is not allocated x amount of dollars, though it is important to have a sense of how much the discount will require. Rather, the Commission sets a discount rate and determines the length of time the discount will be available. Then, working backward, it is possible to estimate how much it will take to fund that discount and what that will mean for other program funding.

various forms of bill assistance are accomplishing in Montana. An often cited report, issued yearly, by Colton, sheds some light on this subject.<sup>16</sup> The short answer is not nearly enough. Thus, there is a vital need to continue the present level of bill assistance.

Colton reports that:

Home energy is a crippling financial burden for low-income Montana households. Montana households with incomes of below 50% of the Federal Poverty Level pay 57.3% of their annual income simply for their home energy bills. Home energy unaffordability, however, is not simply the province of the very poor. Bills for households between 75% and 100% of Poverty take up 16.4% of income. Even households with incomes between 150% and 185% of the Federal Poverty Level have energy bills above the percentage of income generally considered to be affordable.<sup>17</sup>

Colton also reports:

Existing sources of energy assistance do not adequately address the energy affordability gap in Montana. Actual low-income energy bills exceeded affordable energy bills in Montana by \$159 million at 2010/2011 winter heating fuel prices. In contrast, Montana received a gross allotment of federal energy assistance funds of \$25.9 million for Fiscal Year 2011.

The answer to the second question is as follows: Both NorthWestern Energy and Montana Dakota Utilities fund a low-income discount, low-income weatherization, and provide emergency bill assistance through Energy Share. Low-income weatherization is critically important because it works to improve the energy efficiency of dwellings that low-income consumers inhabit. Success at improving the energy efficiency of these homes reduces utility bills permanently from what they would be otherwise. Low-income weatherization treats the disease not the symptom. Emergency energy assistance is just that: absolutely necessary for households facing a crisis and for whom a one-time

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<sup>16</sup> See [http://www.homeenergyaffordabilitygap.com/08\\_AboutFSC2.html](http://www.homeenergyaffordabilitygap.com/08_AboutFSC2.html)

<sup>17</sup> Many Montanans fall into these categories. Colton reports that in 2011 there were 120,785 Montana households with incomes below 185% of the federal poverty level; nearly 52,000 households were below the federal poverty level. In 2011, the federal government poverty level for a family of 4 was \$22,350.

grant enables utility payments and continued utility service. In addition, NorthWestern Energy has funded low-income renewable energy projects.

The low-income need in Montana is so great that more funding can always be put to good use. However, neither the Commission nor utilities and their customers are charged with solving poverty. Although it is entirely appropriate – as evidenced by the fact that utilities and their customers nationally fund low-income energy assistance<sup>18</sup> – that USB funds be used for low-income purposes, there are limits to what can be asked of utilities and their customers given the complex mix of other objectives that must be pursued to provide energy in today's society. That said, the current USB formula is not close to that limit and provides critical energy services to vulnerable Montanans.

As noted above, commenters believe that the USB program is working. We believe the Commission has struck an appropriate balance between the various public purposes and that its oversight has ensured that the implementation of the program is sound. We greatly appreciate the Commission's interest in and support for the USB program. We, of course, will participate in any further proceedings in this docket.

## DESCRIPTION OF COMMENTERS

### **Energy Share of Montana**

Energy Share of Montana is a private nonprofit organization whose primary purpose is to provide emergency energy assistance to Montanans. Energy Share receives

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<sup>18</sup> For example, Puget Sound Energy's tariff has customers contribute \$20 million through rates to bill assistance, Oregon's public benefits fund has a legislatively mandated allocation for low-income weatherization and bill payment assistance, Avista Utilities has a dedicated tariff where electric customers contribute almost \$4 million and gas customers almost \$2 million to rate assistance.

USB funding from NorthWestern Energy, Montana Dakota Utilities, Energy West, Cut Bank Gas, electric cooperatives, members of the Large Customer Group, and non-USB donations from businesses and individuals. Since its inception in 1982 Energy Share has distributed 14.4 million dollars in energy assistance to more than 44,000 families.

Energy Share has three energy assistance programs, all of which utilize local Human Resource Councils to implement the specific program. 1)Emergency assistance, which is a one-time grant, or no interest loan, is the largest Energy Share program. Energy Share distributes USB funds to the HRC's, which coordinate local committees to make funding decisions, based on a set of contractual guidelines.<sup>19</sup> In FY 2012 Energy Share helped 1,485 customers of NorthWestern Energy, Montana Dakota Utilities, Energy West, and Cut Bank Gas, using \$608,984 in USB funds. 2)Energy Share receives USB funds, earmarked for the purpose of furnace safety, from Montana Dakota Utilities and Energy West. Working through the Human Resource Councils in those utilities' service territories, unsafe furnaces or water heaters are repaired if possible or replaced with a more energy efficient model. In FY 2012, Energy's Share's furnace program helped 113 households with \$179,954in USB funds. 3) Energy Share also uses Energy West funds for low-income weatherization. Again using the local HRCs to manage the effort, arrange for the contractors, etc., in FY12, \$124,921 of Energy West USB funds were responsible for weatherizing 71 homes of Energy West customers.

Please note that issues 2-4 are not relevant to Energy Share's mission and it takes no position on those issues.

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<sup>19</sup> Working with the HRCs allows Energy Share to distribute its funds in the most efficient way possible, since not only are the HRC's familiar with working directly with low-income clients and delivering energy services, the HRCs are tasked with taking low-income energy assistance program (LIEAP) applications. LIEAP is the federal program for low-income bill assistance and Energy Share requires that low-income individuals apply first for LIEAP in order to demonstrate need.

### **State Association of Human Resource Council Directors**

The State Association of Human Resource Council Directors is the umbrella group representing all 10 of the state's Human Resource Councils (also called Human Resource Development Councils). Human Resource Councils are non-profit corporations established as a result of the Economic Opportunity Act of 1964. The HRC structure was created in order to focus and provide available local, state, private, and federal resources to the low-income community. One of the ways the HRCs perform this function is through the provision of energy assistance. Thus, as discussed in the Energy Share description, the HRCs receive funding through Energy Share and, since they are the point of contact with the low-income community, the HRCs then implement the specific programs. Weatherization funding also flows through to the HRCs. Funding for weatherization comes from several sources, including from the federal government through the State of Montana. Because of the importance of leveraging federal funding in undertaking weatherization, the HRCs are required to enter into a contract with the state that establishes the parameters for how weatherization is to proceed.

### **Montana Environmental Information Center**

MEIC is a non-profit, statewide environmental group that has, since the inception of USB, been active in seeking to ensure its continued existence. In every legislative session in which the electric USB charge was up for reauthorization, MEIC was the principal entity working to ensure that it was reauthorized.

### **Natural Resources Defense Council**

NRDC is a not-for-profit corporation dedicated to the preservation of the earth's natural resources, including its air, land, and water resources that are impacted by electric

power production and delivery. NRDC has been a party to numerous proceedings before this Commission addressing issues related to the USB program and a representative of NRDC's sits on NorthWestern Energy's USB renewable energy advisory committee. NRDC seeks to ensure that the USB program accomplishes its objectives by providing a full range of energy services.

### **NW Energy Coalition**

NWEC is a regional group with over 120 members involved in energy issues in the northwest. NWEC's members include businesses, conservation and faith-based groups, low-income service groups, and utilities. Over the years, NWEC has sought to ensure, for those states with a public purpose charge, that the programs are adequately funded and that all public purposes receive a meaningful level of funding.

### **Renewable Northwest Project**

RNP is a not-for-profit corporation that promotes and supports the development of appropriately sited, new renewable resources in the Pacific Northwest. RNP's many members include businesses and manufacturers that develop renewable energy equipment and projects as well as environmental and consumer organizations. RNP's executive director was a member (one of twenty) appointed to the Comprehensive Review, which was established by the Governors of Montana, Idaho, Washington, and Oregon to consider issues related to electricity supply and generation in the region. The Comprehensive Review originated the idea of a charge to fund various public purposes, including low-income, conservation, and renewable resource development.