

Universal System Benefits Programs in Montana

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ETIC and the USB

- o What are USB programs?
- o History of USB programs in Montana?
- o What is the role of the ETIC?
- o How does USB work?
- o What happened with USB in 2012?

What are the Electricity USB Programs?

- Low Income (energy assistance & weatherization)
- Cost-Effective Conservation + R&D
- Market Transformation
- Renewables + R&D



History of USB

1997

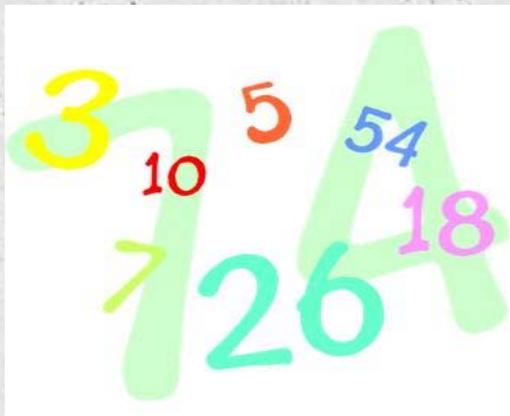
- SB390 established the Universal System Benefits Charge for all electric distribution utilities at 2.4% of 1995 electric utility revenues to begin January 1, 1999.
- Public Purpose categories—low income weatherization and bill assistance, energy conservation, market transformation, renewable resources, and research and development.
- Large customer, those with loads greater than 1000 kW, USBC rate established at the lesser of \$500,000 or .9mills/kWh. Large customers are allowed to self-direct to qualifying public purposes.
- Minimum funding level for Low Income activities was set at 17% of total funds collected.
- Cooperatives allowed to “pool” expenditures to achieve 2.4% of total cooperative revenues.
- Unspent funds were designated to State Low Income USB or State USB special revenue funds.

History of USB

2003-2009

- Legislature Extended Electricity USB charge sunset to December 31, 2005.
- Legislature required that any leftover USBP money that flowed into State Special Revenue Accounts be expended in the service territory from which the money was received.
- Legislature Extended Electricity USB charge sunset to December 31, 2009.
- Legislature eliminates the USBP charge termination date.
- Legislature requires the ETIC to review the USB programs every interim.

USBP Equation Simplified



- o 1995 Retail Sales = \$100
- o USBP Initial Funding Level = \$2.40 (2.4%)
- o Subtract any credits = -credits
- o Any left over money flows into state account for distribution.
- o The cooperatives are allowed to collectively pool statewide credits.
- o Large customers' USBP charge equals the lesser of \$500,000 or 0.9 mills per kilowatt hour multiplied by the customer's total kilowatt hour purchases, less credits.

Natural Gas USB

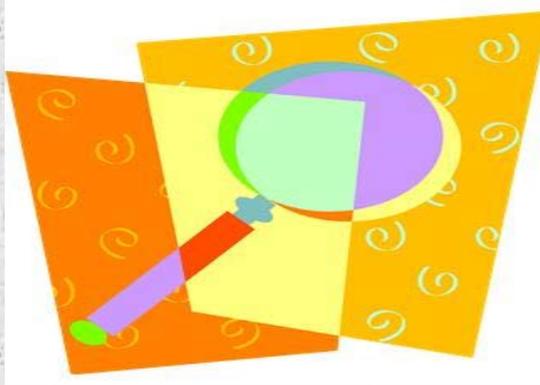
- Commission establishes USB charge.
- Annual funding requirement for low-income weatherization and bill assistance is established at 0.42% of a natural gas utility's annual revenue.
- NorthWestern natural gas USBP obligation for 2012 = \$3,637,828. Filing remains open at the PSC, with four interveners.



Low Income Portion USB Charge

- Of the hypothetical \$2.40 initial over-all funding level, a minimum of .40 cents (17%) must be allocated to low income assistance. The utility can subtract any credits. Left over money flows into state account for distribution.





Investigation and Audit

Public Service Commission initiates investigation

Legislative Audit Committee undertakes audit

ETIC to review again in 2014

USB Electricity Obligation in 2012

NorthWestern Energy	\$9,372,359
Montana-Dakota Utility	\$987,623
MT Rural Elec. Coops	\$3,724,710

Total: \$13,820,236

Allocation of USB Funds 2012 (NorthWestern)

Conservation	15%
Market Transformation	3%
Renewables	12%
Research and Development	3%
Low-Income Programs	34%
Energy Share	3%
Large Customers (self-directed)	30%
Total:	100%

Allocation of (NorthWestern)
Large Customer
2012 USB Funds

Total Large Customer USB Obligation =
\$2,769,145 from 56 large customers

Amount self-directed to low-income =
\$102,184

Amount self-directed to conservation =
\$2,657,809

Allocation of USB Funds 2012 (Montana Rural Electric Coops)

Pool of Overall USB Spending: \$3.7 million

Total, actual all USB spending: \$9.8 million

Pool of Low Income Spending: \$633,201

Total, actual low-income spending: \$1.3 million

Energy Conservation Spending:

Total, actual energy conservation: \$7.3 million

Renewable Resource Spending:

Total, actual renewable resource: \$1.17 million

Research and Development Spending:

Total, actual R&D: \$41,866

Allocation of USB Funds 2012 (Montana-Dakota Utilities)

Low Income Programs	55%
Energy Share	9%
Conservation Programs	8%
Market Transformation	1%
Large Customer Self Directed	24%
Percentage Unspent Money Directed to the State	3%
Total:	100%

Questions?

