



Universal System Benefits Activities **2019 Annual Report**

March 2020

NorthWestern[®]
Energy



**Efficiency
Plus**



February 28, 2020

Mr. Jason Lay
Montana Department of Revenue
PO Box 5805
Helena MT 59604-5805

Dear Mr. Lay:

Enclosed with this letter is the 2019 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 \$10,367,307 in electric USB revenues was collected from NorthWestern Energy's electric distribution customers in 2019.

As required by statute and Montana Public Service Commission Order No. 7458, 50% of the 2019 USB funds, or \$5,183,653 was directed to Low Income activities by NorthWestern Energy. Large Customers funds accounted for 35% of the total 2019 electric USB revenues, or \$3,577,562 with \$56,692 self-directed to Low Income activities and \$3,479,889 self-directed to energy reduction activities. Allocations by NorthWestern Energy to the other public purpose categories are as follows: \$448,845 to Local Conservation, \$415,034 to Market Transformation, and \$742,212 to Renewable Resources and Research and Development.

Included with the 2019 report are updates for the 2016, 2017, and 2018 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,

Pamela Hanson-Burch
Customer Care - DSM

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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 \$193 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 \$10,367,307 was collected from NorthWestern Energy's electric distribution customers in 2019. This is about \$304,200 more than 2018 revenues with Large Customer revenues up by nearly \$437,200 and non-Large Customer revenues decreased by about \$133,000 when compared to 2018 revenues.

The 2019 electric USB funds have been allocated to the categories consistent with guidelines provided in Montana Public Service Commission (MPSC) Orders No. 6679e and No. 7458. 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. MPSC Order No. 7458 directs 50% of the total electric USBC revenues to Low Income activities, consistent with statute and proportionally reduces allocations between the Local Conservation and the Market Transformation categories, and the Renewable Generation and the Research and Development categories.

The portfolio of Low Income, Conservation, and Renewable generation programs in 2019 is similar to 2018.

Separate of the electric USB funded activities, NorthWestern Energy customers fund additional residential Local Conservation and Low Income Programs with natural gas USB funds. Other energy efficiency programs are included in NorthWestern Energy's electric and natural gas supply portfolios and are funded through supply rates.

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Of the 2019 electric USBC revenues, \$5,183,653 or 50% 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 \$56,692 of their 2019 electric USB funds to Low Income activities, bringing the 2019 Low Income electric USB funds total to \$5,240,345 or 50.55% of the 2019 electric USBC 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 allocations for 2019 are consistent with these requirements and with well-established past practices. To the extent that substantial changes have been made to programmatic or funding levels outside of those required by MPSC Order, these changes are noted in the appropriate activity summary.

The activities for 2019 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 2019 electric USB funds by category and activity, and a summary of the energy and demand savings and new renewable resources resulting from the 2019 allocations. The report also includes updates on previous years' activities, and a summary by public purpose category of electric USB funding from 1999-2019.

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UNIVERSAL SYSTEM BENEFITS CHARGE 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 electric USBC generated \$10,367,307 in 2019. The table below shows that the electric USBC revenues are based upon electrical usage (kiloWatt hours or kWh), lists the electric USBC tariff rates by customer class, and the percentage of electric USBC revenues each sector contributed in 2019.

General Description	Tariffed Customer Class	Rate/kWh	Percent *
Residential	Residential	\$0.001334	33%
Commercial/Small Industrial	GS-1 & GS-2 under 1000 KW	\$0.001143	30%
Large Customer per USB	GS-1 & GS-2 over 1000 KW	\$0.000900	35%
Irrigation	Irrigation	\$0.001144	1%
Lighting	Lighting	\$0.003404	2%

* NOTE: Due to rounding percentages may not add to 100%.

A typical NorthWestern Energy residential customer using 750 kiloWatt hours (kWh)/month pays about \$1 each month for electric USBC. The Large Customer USBC 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 58 customers and their 572 accounts, make up \$3.58 M of the electric USBC revenues.

Appendix 1 provides additional information regarding electric USBC 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 2019, the net gain in interest to USB was \$10,084 of which \$6,857 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 2019 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 2019 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 2019 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; Order No. 7458, 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 2019 and has financial commitments to implement additional activities/projects for completion in 2020. These programs and activities are described in this report. The breakdown between qualifying expenditures in the current year and financial commitments for completion in 2020 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 2017 and 2018 Reports. None of the projects to which 2019 funds have been committed are expected at this time to extend beyond 2020.

UNIVERSAL SYSTEM BENEFITS RESULTS

From 1999 through 2019, NorthWestern Energy has delivered USB activities to various customer classes and across all public purpose categories. General descriptions of the activities or programs for 2019, along with the funding total for each category, follow.

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Large Customers-- \$3,577,562

Large Customers are allowed to self-direct their USB funds by Montana 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 the 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 USB funded Efficiency Plus (E+) programs.

In 2019, \$3,577,562 was collected from 58 Large Customers to meet their 2019 obligations. All but two of these customers self-directed all of their 2019 USB funds. Large Customers self-directed \$2,353,848 of 2019 funds toward energy reduction projects within their facilities, and have carried over \$1,126,040 for additional projects in 2020. Large Customers self-directed \$56,692 to Low Income activities in 2019.

The unclaimed 2019 Large Customer funds and the 2019 USB account interest covered NorthWestern Energy administrative costs for this area leaving a balance of \$30,863 that is being reallocated to the Low Income category for expenditure in 2020 by NorthWestern Energy, consistent with historic MPSC direction. Claims to NorthWestern Energy for reimbursement are documented as received. Reimbursements are made after the USBC has been collected from the customer. NorthWestern sends reminders to the Large Customers of their reporting requirements to the DOR.

Consistent with statute, utilities are required to provide a list of Large Customers that self-directed USB funds in the previous year. The list of the 56 Large Customers on NorthWestern's system that self-directed funds follows.

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NorthWestern Energy Listing of Large Customers Self-Directing 2019 Funds	
AMERICAN CHEMET	MONTANA RESOURCES
ASH GROVE CEMENT - Western Region	MONTANA STATE UNIVERSITY - BILLINGS
ASPEN AIR	MONTANA STATE UNIVERSITY - BOZEMAN
BARRETTS MINERALS	PASTA MONTANA
BILLINGS CLINIC	PHILLIPS66 PIPELINE
BOEING OF HELENA	PHILLIPS66 REFINERY
CALUMET MONTANA REFINING, LLC	R Y TIMBER
CHS	REC SILICON
CITY OF BILLINGS	ROCKY MOUNTAIN POWER
CITY OF GREAT FALLS	ROSEBURG FOREST PRODUCTS
COLSTRIP ENERGY PARTNERSHIP	SAINT JAMES HOSPITAL
COMMUNITY MEDICAL CENTER	SAINT PATRICK HOSPITAL
CRYPTOWATT	SAINT VINCENT HEALTHCARE
EXPRESS PIPELINE LLC	STILLWATER MINING COMPANY
EXXONMOBIL	SUN MOUNTAIN LUMBER
GCC THREE FORKS (FORMERLY OLDCASTLE MATERIALS CEMENT HOLDINGS)	TALEN MONTANA, LLC
GENERAL MILLS	THOMPSON RIVER LUMBER
GOLDEN SUNLIGHT MINES, INC.	UNITED MATERIALS INCORPORATED
GRAIN CRAFT	UNITED PROPERTIES, INC.
GRAYMONT WESTERN US INC.	UNIVERSITY OF MONTANA
HYPERBLOCK, LLC (FORMERLY PROJECT SPOKANE LLC)	US AIR FORCE
IDAHO FOREST GROUP (FORMERLY TRICON TIMBER)	US DEPT VETERANS AFFAIRS
IMERYS TALC AMERICA, INC.	US PUBLIC HEALTH SERVICE (NATIONAL INSTITUTE OF HEALTH)
JUDITH GAP ENERGY LLC	VISTA OUTDOOR SALES (FORMERLY ATK TACTICAL SYSTEMS)
MALTEUROP NORTH AMERICA, INC.	WESTERN SUGAR COOPERATIVE
METRA PARK-BILLINGS	WESTMORELAND RESOURCES INC.
MONTANA DEPARTMENT OF CORRECTIONS	WESTMORELAND ROSEBUD MINING LLC (FORMERLY WESTERN ENERGY)
MONTANA PRECISION PRODUCTS LLC	YELLOWSTONE DEVELOPMENT

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Low Income Activities-- \$5,183,653

In Order No. 5986i (May 1999), 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. In 2015, the MPSC issued Order No. 7458 increasing the funding of Low Income activities to 50% of the total annual electric USBC revenues as now required by statute and increasing allocations to the Free Weatherization Program and Energy Share of Montana.

NorthWestern Energy directed \$5,183,653 in 2019 electric USB funds to Low Income activities, or 50% of electric USBC revenues. Large Customers reported self-directing an additional \$56,692 to Low Income activities bringing the total 2019 funds committed to Low Income to \$5,240,345 which is slightly more than 50% of the total funds collected.

Appendix 4 to the 2019 report provides a summary of NorthWestern Energy's Electric USB allocations for 1999-2019 by category and better illustrates the Low Income program funding changes.

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 Low Income Energy Assistance Program (LIEAP) eligibility requirements receive bill assistance in the form of a discount on their utility bill. LIEAP eligibility guidelines are set by MDPHHS each heating season which is defined as November through April.

LIEAP qualified customers may also qualify for the Free Weatherization Program and households with energy emergencies may receive assistance through Energy Share of Montana. More than 13,121 low income households were served in 2019 with electric USB funds. The financial impact of electricity costs on low income households was reduced through bill assistance, weatherization, and emergency energy assistance.

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Bill Assistance

Consistent with MPSC Order No. 6679e the NorthWestern Energy 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 bill discount. Separately, natural gas USB funds cover the natural gas USB Low Income bill 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. Participation in the bill discount in 2019 was similar to the 2018 participation level. The funding of the electric Low Income bill discount totaled \$2,450,189 in 2019 for the 11,533 low income customers served. The amount of money required to fund bill assistance 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.

Through the history of this program, NorthWestern Energy has made modifications to the Free Weatherization Program contract with MDPHHS in an effort to better maximize the weatherization results of all funding sources for NorthWestern Energy low income customers.

Contract changes to streamline the program and better mirror federal program requirements prior to 2019 have been noted in previous reports. Increased funding to the Low Income program with MPSC Order No. 7458 increased funding of Free Weatherization Program. As noted in previous reports since 2013, USB funds up to 100% of weatherization costs for homes where NorthWestern Energy is listed as the primary heating vendor and up to 50% of weatherization costs for homes where the NorthWestern Energy electric customer does not list NorthWestern as the primary heating vendor.

The 2019 Free Weatherization Program pooled unspent 2018 electric USB funds, along with 2019 electric USB funds and 2019 natural gas funds for a total of \$3,321,470. The HRCs performed low income weatherization work for 455 low income customers in 2019. An additional \$648,024 of unspent 2019 Low Income electric funds and \$21,604 of reallocated 2019 Large Customer electric funds have been committed to weatherization for completion in 2020.

The Free Weatherization program includes a comprehensive energy audit, installation of air-sealing, hot water conservation, insulation measures and compact fluorescent light or LED bulbs, and energy related health and safety improvements such as heating

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equipment tune-ups, repairs and replacement. 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.

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.

- **“Thank you. I am so grateful for all you guys have done. * ~ AWESOME ~ * Best Gift Ever!”**
- **“All the workers were kind and courteous, the inspector very thorough. I’m sure it will help on my bill and my little trailer already feels more cozy!”**
- **“I am so grateful to know that the house I am living in is going to be a lot warmer this winter. Thanks to the program.”**
- **“Wish I had known about this 15 years ago.”**
- **“Keep up the good work and stand proud. Fixing a house can save a family or 1 person. Many cannot afford this themselves.”**

Energy Share

Energy Share of Montana offers assistance to those facing energy emergencies. It is intended to be a one-time, last resort safety net, used after all other resources have been exhausted. MPSC Order No. 7458 increased the minimum annual commitment of electric USB funds to Energy Share to \$289,000. Separately, natural gas USB funds in the amount of \$336,000 are also directed to Energy Share annually. In addition to the 2019 pooled electric and natural gas funds there was an additional \$114,143 of 2018 Low Income electric USB funds spent in 2019, for a total of \$739,143. An additional \$222,100 of unspent 2019 Low Income electric funds and \$9,259 of reallocated 2019 Large Customer electric funds have been committed to Energy Share for payment in 2020.

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Local Conservation Activities-- \$ 527,220

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 USB-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 USB 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 energyefficient practices and natural gas appliance maintenance. The pool of 2018 and 2019 electric USB funds, along with 2019 natural gas funds allowed for the completion of 2,053 on-site residential audits in 2019.

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 1,549 residential electric customers participated in the E+ Energy Survey program in 2019.

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

- **“The auditors were helpful and very kindly answered all my questions. It was an educational and enjoyable experience.”**
- **“So glad I requested this audit!”**
- **“The audit was very beneficial. I learned a lot and plan to make the recommended changes. The auditors were friendly and knowledgeable. Thank You!”**
- **“Thanks for offering this FREE service. I learned a lot!”**
- **“Very helpful with great suggestions to be safe and save money!”**

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 2019, approximately 75 commercial facilities were evaluated through this program offering with electric USB funding from 2018 and 2019.

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 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 2019, 5 irrigation efficiency improvement projects were funded and completed with 2019 USB funds.

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

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Market Transformation – \$336,659

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.

Commercial Lighting for Small Choice Customers

Commercial lighting rebates were paid on 7 projects for one electric Choice customer in 2019. As a result of limited budgets and participation, rebates and incentives for small electric choice customers have been discontinued.

ENERGY STAR® and New Homes

USB funds provide outreach for the ENERGY STAR homes program including builder and verifier training and the promotion of high energy efficiency in new home construction. Additionally, USB funds were used to provide training for builders, code officials, trade allies, and the general public. New educational information has been drafted in anticipation of the adoption by Montana of the 2018 International Energy Conservation Code (IECC). It is expected that Montana will adopt the 2018 IECC in 2020 and the educational information will be finalized.

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. Building Operator Certification classes held in 2019 specifically targeted public schools, government facilities, and non-profit hospitals. These activities help support other electric energy efficiency programs of NorthWestern Energy.

Regional Market Transformation

NorthWestern Energy has directed 2019 Market Transformation funds to regional collaborative and training efforts. Technical training targeting commercial and industrial customers and trade allies is included in these activities.

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***Renewable Resources, and Research and Development--
\$742,212***

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 2019 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, education, and that increase geographic representation on NorthWestern's electric system are encouraged.

When the USBC was established in 1999, there were few renewable generation installers in Montana. Installation costs of solar Photovoltaic (PV) projects were high and almost all net-metered systems received USB funding for at least a portion of the installation costs. Through the years, USBC has provided funding toward projects without net metering, most notably for some solar thermal systems and one biomass project and larger commercial, non-profit and government buildings. Residential solar PV projects represent the majority of the projects receiving USB funds over the years. A limited number of small scale wind projects have received funding. In the early years of USB funding, a number of schools received funds toward PV and/or small scale wind projects. At schools, the systems provide an educational opportunity for students to learn about the capabilities of renewable generation.

The initial cost to install small scale solar PV systems has been declining in recent years. As the installation costs have declined and the installer network has grown, the Renewable Energy custom incentives for PV systems on homes and businesses have been reduced and have now been eliminated. Currently, proposals are considered for incentives for small scale solar PV systems for non-profit and government/public buildings, such as libraries, non-profit community centers, and schools. Custom proposals are considered on a case-by-case basis depending upon geographic representation and other criteria and the availability of funds.

Fixed dollar per Watt incentives continue to be available to small scale wind projects on a case-by-case basis.

With USB funding a portion of the projects, 18 solar PV projects were completed in 2019 with 2016, 2017 and 2018 funds. Projects completed in 2019 were installed on schools, public buildings, and non-profit facilities.

Projects completed in 2019 with funds from previous years are noted in the Addendums to the 2016, 2017, and 2018 reports.

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The following table summarizes renewable projects that have received USB funding since USB funding began in 1999.

USB Renewable Projects 1999-2019		
Facility Type	#	KW
Commercial Projects	68	639.57
Fire Stations	42	131.26
Irrigation Projects	6	103.52
Low Income	61	340.25
Non-Profit Projects	73	566.31
Private Residences	831	2653.96
Schools	104	880.44
Other Public Buildings	41	749.26
Biomass	1	750.00
Solar Thermal	19	NA
Biodiesel	2	15.00

NorthWestern Energy continues to consult with its USB Renewable Advisory Subcommittee regarding program modifications and 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 government/public and non-profit electric customers.

NorthWestern Energy has instituted safety and experience qualification requirements for solar PV and small-scale wind installers. Since 2009, projects must be installed by a Qualified Installer that meets safety and experience requirements in order for projects to receive USB renewable resource funds. At the end of 2019, 38 firms met the solar PV installer qualification requirements and seven met the small-scale wind installer qualification requirements. These installers are listed on NorthWestern Energy’s website. The Qualified Installer list is updated as installers are added or deleted based upon their meeting the Qualified Installer requirements.

USB funds are used in partnership with the Montana Electrical Joint Apprenticeship and Training Committee (MEJATC) and Occupational Safety and Health Administration (OSHA) to provide safety training to installers of small renewable generation systems. NorthWestern Energy sponsored 57 training sessions throughout the state in 2019. These sessions covered a variety of topics including, OSHA battery storage, Four Hazards Training, Fall Protection, NFPA 70E, Building Codes for Montana Installers, First Responder Training, utility worker and electrical inspector training. Additional training for

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installers, home inspectors and electrical inspectors has been committed to 2020. The Qualified Installers, as well as several program contractors, provide education and project development services.

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. Consistent with historic practice, when revenues of the program are greater than expenses, funds are directed to the Renewable Resources category and when the program expenses exceed revenues, USB funds are used to support the program. In 2019, funds have been directed back to the renewable generation category. Generally, customer participation in the program is stable with a few customers enrolling or leaving each year. The majority of participating customers are homeowners, but a handful of commercial accounts purchase a substantial number of the E+ Green blocks of environmental benefits associated with renewable generation.

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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 energy assistance.

NorthWestern Energy collects the natural gas USBC from its customers and implements Low Income bill assistance, emergency energy assistance, 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 energy 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, 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 2016, 2017 and 2018 Reports are included to provide an update of funded USB activities that were completed this past year.

Find out more about NorthWestern Energy USB programs and activities by visiting www.NorthWesternEnergy.com/Eplus.

For further information regarding this report, please contact:

Customer Care – DSM

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Butte, MT 59701-1711

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FAX (406)-497-2084
e-mail: E+Programs@northwestern.com

Appendices 1- 4

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	USBC kWh (Load)	USBC Revenue By Class	% of USBC Revenue By Class
Residential			
Residential	2,570,199,090	\$ 3,427,213	33%
General Service			
GS-1/GS-2 < 1000 kW	2,688,808,671	\$ 3,073,249	30%
Irrigation	78,844,840	\$ 89,518	1%
Lighting	58,651,868	\$ 199,764	2%
Total Non-Large Customer	5,396,504,469	\$ 6,789,744	65%
Large Customer			
GS-1/GS-2 > 1000 kW and Special Contracts	3,974,477,129	\$ 3,577,562	35%
Total USBC	9,370,981,598	\$ 10,367,307	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 2019	Contracted - Complete in 2020	Allocation & Expenses
	per Order 7458	Reallocation ^(b)			
Local Conservation	527,220	(78,375)	322,658	126,187	448,845
E+ Residential Audit/Sm. Comm Audit			141,239	126,187	267,426
E+ Business Partners / Irrigation Projects			13,156	-	13,156
Promotion			140,069	-	140,069
Labor			28,269	-	28,269
Admin. Non-labor			274	-	274
Interest Income			(349)	-	(349)
Local Conservation Summary			322,658	126,187	448,845
Market Transformation Summary	336,659	78,375	383,034	32,000	415,034
E+ Commercial Lighting			142,929	-	142,929
Motor Management Training			14,375	-	14,375
Energy Star Homes			104,111	32,000	136,111
Building Operator Certification			32,105	-	32,105
Commercial Industrial Training & Conference			45,682	-	45,682
Promotion			15,346	-	15,346
Labor			19,034	-	19,034
Admin. Non-labor			9,674	-	9,674
Interest Income			(223)	-	(223)
Market Transformation Summary			383,034	32,000	415,034
Renewable Resources	602,956	53,826	50,091	606,691	656,782
Generation/Education			-	606,691	606,691
Green Power Product			(23,388)	-	(23,388)
Promotion			42	-	42
Labor			73,471	-	73,471
Admin. Non-labor			366	-	366
Interest Income			(399)	-	(399)
Renewable Resources Summary			50,091	606,691	656,782
Research & Development	139,256	(53,826)	23,930	61,500	85,430
R&D/ Infrastructure			-	61,500	61,500
Battery Storage			1,146	-	1,146
Promotion			263	-	263
Labor			22,417	-	22,417
Admin. Non-labor			196	-	196
Interest Income			(92)	-	(92)
Research & Development Summary			23,930	61,500	85,430
Low Income	5,183,653	-	4,313,529	870,124	5,183,653
Bill Assistance			2,450,189	-	2,450,189
Free Weatherization			1,520,210	648,024	2,168,234
Elec Wx Incentives			23,412	-	23,412
Fuel Switch Analyses			2,100	-	2,100
Energy Share			289,000	222,100	511,100
Promotion			(87)	-	(87)
Labor			31,147	-	31,147
Admin. Non-labor			987	-	987
Interest Income			(3,429)	-	(3,429)
Low Income Summary			4,313,529	870,124	5,183,653
Large Customer ^(a)	3,577,562	-	2,420,659	1,156,903	3,577,562
Self-Directed Energy Reduction			2,353,848	1,126,040	3,479,889
Self-Directed to Low Income			56,692	-	56,692
Labor			12,486	-	12,486
Interest Income			(2,366)	-	(2,366)
NWE Reallocation to Free Weatherization			-	21,604	21,604
NWE Reallocation to Energy Share			-	9,259	9,259
Large Customer Summary			2,420,659	1,156,903	3,577,562
Totals	10,367,307	-	7,513,902	2,853,405	10,367,306
2019 USB Revenues less Expenses and Contractual Commitments					-

^(a) The unclaimed 2019 Large Customer funds and the USB account interest covered Large Customer administrative costs leaving a balance of \$30,863 that is being reallocated to Free Weatherization and Energy Share for expenditure in 2020.

^(b) Reallocations between Local Conservation and Market Transformation and Renewables and Research and Development are consistent with past practice.

2019 USB FUNDING AND EXPENDITURE SUMMARY

USB Category	Allocation of 2019 funds based on Order 7458	Percentage by Category	Reallocation of 2019 funds	Percentage by Category	Allocation w/Lrg Cust funds self-directed to LI ^(a)	Percentage by Category	Total Electric USB Funds Spent in 2019	2019 Electric USB Funds Contracted to Spend in 2020
Local Conservation	\$ 527,220	5%	\$ 448,845	4%	\$ 448,845	4%	\$ 322,658	\$ 126,187
Market Transformation	\$ 336,659	3%	\$ 415,034	4%	\$ 415,034	4%	\$ 383,034	\$ 32,000
Renewables	\$ 602,956	6%	\$ 656,782	6%	\$ 656,782	6%	\$ 50,091	\$ 606,691
Research & Development	\$ 139,256	1%	\$ 85,430	1%	\$ 85,430	1%	\$ 23,930	\$ 61,500
Low Income	\$ 5,183,653	50%	\$ 5,183,653	50%	\$ 5,240,345	51%	\$ 4,313,529	\$ 870,124
Large Customer	\$ 3,577,562	35%	\$ 3,577,562	35%	\$ 3,520,870	34%	\$ 2,420,659	\$ 1,156,903
	\$ 10,367,307	100%	\$ 10,367,306	100%	\$ 10,367,306	100%	\$ 7,513,902	\$ 2,853,405

2019 LOW INCOME FUNDING SUMMARY

2019 Low Income Expenditures

Bill Assistance	\$ 2,450,189
Free Weatherization	\$ 1,520,210
Elec Wx Incentives	\$ 23,412
Fuel Switch Analysis	\$ 2,100
Energy Share	\$ 289,000
*Promotion	\$ (87)
*Labor	\$ 31,147
*Admin. Non-labor	\$ 987
USB Interest Income	\$ (3,429)
Self-Directed Large Customer	\$ 56,692
Total:	\$ 4,370,221
Low Income share of 2019 Electric USB revenues :	42.2%

2019 ENERGY SAVINGS & RENEWABLE RESOURCES ESTIMATES

Savings & Resources acquired in 2019 w/ 2019 \$

	aMW	MWH	MW
Local Conservation	0.082	717	0.134
Market Transformation	0.031	269	-
Renewables	-	-	-
Research & Development	N/A	N/A	N/A
Low Income	0.038	331	0.067
Large Customer ^(b)	-	-	-
	0.150	1,318	0.201

Projected Savings & Resources to acquire in 2020 w/ 2019 \$ (c)

	aMW	MWH	MW
Local Conservation	0.006	55	0.011
Market Transformation	N/A	N/A	N/A
Renewables	0.136	1,188	0.904
Research & Development	N/A	N/A	N/A
Low Income	0.009	76	0.015
Large Customer ^(b)	-	-	-
	0.151	1,319	0.930
Total Savings & Resources	0.301	2,636	1.131

2019 ELECTRIC USB PARTICIPATION SUMMARY

Electric USB Activity by Category	Quantity	Units
Conservation		
Residential Onsite Audits	1,603	homes
Residential Mail out Audits	1,210	homes
Business Appraisals	59	businesses
Business Partners / Irrigation	5	projects
Business Partners / Small Choice	-	projects
Market Transformation		
Commercial Lighting	7	projects
NWE Building Operator Certification	17	people
Motor Training	124	attendees
Market Transformation Training	100	attendees
Renewables		
Generation / Education	-	projects
Research & Development		
Renewable Energy Seminars/Workshops	-	attendees
Low-Income		
Bill Assistance	11,533	households
Free Weatherization	399	homes
Energy Share	1,588	households

^(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 2019 with 2019 funds, Large Customers self-directed a total of \$56,692 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 2019. Actual results will be reported in 2020.

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 D2015.7.58, Order 7458 (a)

	% by Category	\$ by Category
Local Conservation	5%	527,220
Market Transformation	3%	336,659
Renewables	6%	602,956
Research & Development	1%	139,256
Low-Income	50%	5,183,653
Large Customers	35%	3,577,562
	100%	10,367,307

Historic Allocation of Electric USB Funds (b)

Year	USB Categories									
	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	9,329,518	3,033,322	3,858,505	-	3,858,505	1,487,658	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	2,769,720	3,440,408	-	3,440,408	1,406,566	302,922	1,112,906	339,837	-
2013	9,485,951	2,840,538	3,879,499	-	3,879,499	1,238,110	243,855	979,534	304,414	-
2014	9,543,001	2,890,506	3,530,178	-	3,530,178	1,518,042	176,454	1,015,155	412,666	-
2015	9,531,041	2,950,657	4,765,520	-	4,765,520	671,655	304,518	729,125	109,566	-
2016	9,447,558	2,893,024	4,723,779	-	4,723,779	717,796	266,924	574,269	271,766	-
2017	9,838,601	3,009,528	4,919,301	-	4,919,301	758,514	268,707	743,991	138,559	-
2018	10,063,092	3,147,008	5,031,546	-	5,031,546	614,558	399,090	707,490	163,399	-
2019	10,367,307	3,577,562	5,183,653	-	5,183,653	448,845	415,034	656,782	85,430	-
	193,221,747	60,829,294	69,152,566	2,336,999	71,489,564	26,794,029	10,030,482	19,097,152	4,224,671	756,549

Allocation as % of Revenues by Category	100%	31.5%		37.0%	13.9%	5.2%	9.9%	2.2%	0.4%
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Allocation as % of Revenues, excluding Large Customer Revenues	100%			54.0%	20.2%	7.6%	14.4%	3.2%	0.6%
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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. In December 2008 MPSC issued Order 6679e which increased the allocations to Low Income and adjusted allocations to the other non-Large Customer Categories. MPSC Order 7458 increased to 50% the allocation to Low Income and proportionally reduced non-Large Customer categories. These Orders did not affect the allocation for Large Customers, they effectively reduced the amount of USB funds available for other non-Low Income USB categories.
- (b) The historic allocation table illustrates the expenditure or direction of electric USB by category from 1999 through 2019.
- (c) This column summarizes all funds allocated to low-income activities by NorthWestern Energy, except those noted in (d). In addition to funds allocated by NorthWestern Energy, Large Customers have self-directed \$3,129,617 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.

Addendum **2018 Report**

Universal System Benefits Activities **2019 Annual Report**

**ADDENDUM
to the
2018 Report**



The 2018 NorthWestern Energy USBC revenues totaled \$10,063,092. Of this, \$7,342,834 was spent on projects completed in 2018, and \$2,119,708 was spent on projects completed in 2019, leaving a balance of \$600,550 for projects to complete in 2020.

The projects associated with \$2,119,708 of 2018 USB funds, including \$1,059,009 of Large Customer self-directed activities, \$291,891 of Local Conservation residential audits, \$10,000 of Market Transformation training sessions, \$236,405 of combined Renewable generation projects and R & D, and \$408,260 of Free Weatherization projects and \$114,143 directed to Energy Share were completed in 2019.

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 \$600,550 for completion in 2020.

Updated results are provided in the 2018 Addendum in Appendices 2 and 3 (p. 2018-2 and p. 2018-3).

	Revenue Allocation		Spent in 2018	Spent in 2019	Contracted - Complete in 2020	Allocation & Expenses
	per Order 7458	Reallocation ^(a)				
Local Conservation ^(b)	620,813	(6,255)	322,667	291,891	-	614,558
E+ Residential Audit/Sm. Comm Audit			227,548	291,891	-	519,439
E+ Business Partners / Irrigation Projects			20,165	-	-	20,165
Promotion			46,185	-	-	46,185
Labor			29,014	-	-	29,014
Admin. Non-labor			74	-	-	74
Interest Income			(320)	-	-	(320)
Local Conservation Summary			322,667	291,891	-	614,558
Market Transformation ^(b)	396,423	2,668	389,090	10,000	-	399,090
E+ Commercial Lighting			117,717	-	-	117,717
Motor Management Training			-	-	-	-
Energy Star Homes			139,569	-	-	139,569
Building Operator Certification			42,198	10,000	-	52,198
Commercial Industrial Training & Conference			42,237	-	-	42,237
Promotion			21,331	-	-	21,331
Labor			17,950	-	-	17,950
Admin. Non-labor			8,292	-	-	8,292
Interest Income			(204)	-	-	(204)
Market Transformation Summary			389,090	10,000	-	399,090
Renewable Resources	709,994	(2,504)	20,825	235,890	450,775	707,490
Generation/Education			-	235,890	450,775	686,665
Green Power Product			(20,826)	-	-	(20,826)
Promotion			2,472	-	-	2,472
Labor			39,336	-	-	39,336
Admin. Non-labor			209	-	-	209
Interest Income			(365)	-	-	(365)
Renewable Resources Summary			20,825	235,890	450,775	707,490
Research & Development	163,978	(578)	13,109	515	149,775	163,399
R&D/ Infrastructure			-	515	149,775	150,290
Battery Storage			1,139	-	-	1,139
Promotion			3,869	-	-	3,869
Labor			7,922	-	-	7,922
Admin. Non-labor			264	-	-	264
Interest Income			(84)	-	-	(84)
Research & Development Summary			13,109	515	149,775	163,399
Low Income	5,031,546	-	4,509,143	522,403	-	5,031,546
Bill Assistance			2,451,697	-	-	2,451,697
Free Weatherization			1,708,524	408,260	-	2,116,784
Elec Wx Incentives			16,300	-	-	16,300
Fuel Switch Analyses			2,900	-	-	2,900
Energy Share			289,000	114,143	-	403,143
Promotion			9,347	-	-	9,347
Labor			33,149	-	-	33,149
Admin. Non-labor			816	-	-	816
Interest Income			(2,590)	-	-	(2,590)
Low Income Summary			4,509,143	522,403	-	5,031,546
Large Customer	3,140,338	6,670	2,087,999	1,059,009	-	3,147,008
Self-Directed Energy Reduction			2,026,029	1,003,137	-	3,029,166
Self-Directed to Low Income			42,113	55,872	-	97,985
Labor			21,474	-	-	21,474
Interest Income			(1,616)	-	-	(1,616)
Large Customer Summary			2,087,999	1,059,009	-	3,147,008
Unallocated	-	-	-	-	-	-
Totals	10,063,092	-	7,342,834	2,119,708	600,550	10,063,092
2018 USB Revenues less Expenses and Contractual Commitments						-

^(a) The 2018 Large Customer Admin costs of \$21,474 less the interest income of \$1,616 exceeded the amount of unclaimed 2018 Large Customer funds of \$13,188. NWE has reallocated Local Conservation, Market Transformation, Renewable Resources and Research & Development funds to cover the deficit.

^(b) Allocations have been adjusted between Local Conservation and Market Transformation consistent with past practice.

PROJECTS COMPLETED IN 2019 WITH 2018 FUNDS

Energy Savings & Renewable Resource Estimates			
USB Category	Projects Completed in 2019 with 2018 USB \$		
	aMW	MWH	MW
Local Conservation	0.018	155	0.032
Market Transformation	0.010	84	-
Renewables	0.030	262	0.199
Research & Development	N/A	N/A	N/A
Low Income	0.005	46	0.009
Large Customer	-	-	-
	0.062	547	0.241

Program Participation Summary		
USB Category / Program Segment	Quantity	Units
Conservation		
Residential Onsite Audits	450	homes
Residential Mail out Audits	339	homes
Business Appraisals	16	businesses
Business Partners/Irrigation	-	projects
Business Partners/Small Choice	-	projects
Market Transformation		
Commercial Lighting	-	projects
NWE Building Operator Certification	5	people
Motor Training	-	people
Market Transformation Training	-	people
Renewables		
Generation / Education	9	projects
Research & Development		
Renewable Energy Seminars/Workshops	28	attendees
Low-Income		
Bill Assistance	-	households
Free Weatherization	56	homes
Energy Share	-	households

TOTAL OF PROJECTS COMPLETED WITH 2018 FUNDS

Energy Savings & Renewable Resource Estimates			
USB Category	Total Projects Completed with 2018 USB \$		
	aMW	MWH	MW
Local Conservation	0.120	1,055	0.200
Market Transformation	0.024	207	-
Renewables	0.030	262	0.199
Research & Development	N/A	N/A	N/A
Low Income	0.033	288	0.067
Large Customer	-	-	-
	0.207	1,812	0.467

Program Participation Summary		
USB Category / Program Segment	Quantity	Units
Conservation		
Residential Onsite Audits	2,157	homes
Residential Mail out Audits	2,402	homes
Business Appraisals	105	businesses
Business Partners/Irrigation	12	projects
Business Partners/Small Choice	-	projects
Market Transformation		
Commercial Lighting	14	projects
NWE Building Operator Certification	28	people
Motor Training	-	people
Market Transformation Training	42	people
Renewables		
Generation / Education	9	projects
Research & Development		
Renewable Energy Seminars/Workshops	28	attendees
Low-Income		
Bill Assistance	11,576	households
Free Weatherization	479	homes
Energy Share	1,569	households

Addendum **2017 Report**

Universal System Benefits Activities **2019 Annual Report**

**ADDENDUM
to the
2017 Report**



The 2017 NorthWestern Energy USBC revenues totaled \$9,838,601. Of this, \$7,416,004 was spent on projects completed in 2017, and \$2,028,750 was spent on projects completed in 2018, leaving a balance of \$393,848 for projects to complete in 2019.

The projects associated with \$2,028,750 of 2017 USB funds, including \$780,474 of Large Customer self-directed activities, \$207,157 of Local Conservation residential audits, \$10,000 of Market Transformation training sessions, \$436,367 of combined Renewable generation projects and R & D, and \$444,796 of Free Weatherization projects and \$149,956 directed to Energy Share were completed in 2018.

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 \$393,848 for completion in 2019.

Renewable generation and Research and Development projects associated with \$393,848 were completed in 2019.

Updated results are provided in the 2017 Addendum in Appendices 2 and 3 (p. 2017-2 and p. 2017-3).

	Revenue Allocation		Spent in 2017	Spent in 2018	Spent in 2019	Allocation & Expenses
	per Order 7458	Reallocation ^(a)				
Local Conservation	626,907	131,607	551,357	207,157	-	758,514
E+ Residential Audit/Sm. Comm Audit			422,986	207,157	-	630,143
E+ Business Partners / Irrigation Projects			20,167	-	-	20,167
Promotion			79,129	-	-	79,129
Labor			28,031	-	-	28,031
Admin. Non-labor			1,138	-	-	1,138
Interest Income			(94)	-	-	(94)
Local Conservation Summary			551,357	207,157	-	758,514
Market Transformation	400,314	(131,607)	258,707	10,000	-	268,707
E+ Commercial Lighting			-	-	-	-
Motor Management Training			17,067	-	-	17,067
Energy Star Homes			123,307	-	-	123,307
Building Operator Certification			37,359	10,000	-	47,359
Commercial Industrial Training & Conference			40,455	-	-	40,455
Promotion			14,683	-	-	14,683
Labor			18,475	-	-	18,475
Admin. Non-labor			7,421	-	-	7,421
Interest Income			(60)	-	-	(60)
Market Transformation Summary			258,707	10,000	-	268,707
Renewable Resources	716,963	27,027	35,417	397,497	311,077	743,991
Generation/Education			-	397,497	311,077	708,574
Green Power Product			(12,728)	-	-	(12,728)
Promotion			2,341	-	-	2,341
Labor			45,302	-	-	45,302
Admin. Non-labor			609	-	-	609
Interest Income			(107)	-	-	(107)
Renewable Resources Summary			35,417	397,497	311,077	743,991
Research & Development	165,587	(27,027)	16,919	38,870	82,771	138,559
R&D/ Infrastructure			1,618	38,870	82,771	123,259
Battery Storage			1,034	-	-	1,034
Promotion			3,375	-	-	3,375
Labor			10,671	-	-	10,671
Admin. Non-labor			245	-	-	245
Interest Income			(25)	-	-	(25)
Research & Development Summary			16,919	38,870	82,771	138,559
Low Income	4,919,301	0	4,324,549	594,752	-	4,919,301
Bill Assistance			2,415,021	-	-	2,415,021
Free Weatherization			1,555,100	444,796	-	1,999,896
Elec Wx Incentives			19,047	-	-	19,047
Fuel Switch Analyses			3,500	-	-	3,500
Energy Share			289,000	149,956	-	438,956
Promotion			9,702	-	-	9,702
Labor			30,836	-	-	30,836
Admin. Non-labor			3,080	-	-	3,080
Interest Income			(737)	-	-	(737)
Low Income Summary			4,324,549	594,752	-	4,919,301
Large Customer	3,009,528	(0)	2,229,054	780,474	-	3,009,528
Self-Directed Energy Reduction			2,177,033	635,971	-	2,813,004
Self-Directed to Low Income			50,594	144,503	-	195,096
Labor			13,763	-	-	13,763
Interest Income			(451)	-	-	(451)
NWE Allocated from 2016 to cover LC Expense ^(b)			(11,884)	-	-	(11,884)
Large Customer Summary			2,229,054	780,474	-	3,009,528
Unallocated	-	-	-	-	-	-
Totals	9,838,601	(0)	7,416,004	2,028,750	393,848	9,838,601
2017 USB Revenues less Expenses and Contractual Commitments						-

^(a) Allocations have been adjusted between Market Transformation and Local Conservation consistent with past practice.

^(b) The 2017 Large Customer Admin Costs of \$13,763 less the interest income of \$451 exceeded the amount of unclaimed 2017 Large Customer funds of \$1,428. NWE has committed unclaimed 2016 Large Customer funds in the amount of \$13,312 to cover the deficit.

PROJECTS COMPLETED IN 2019 WITH 2017 FUNDS

Energy Savings & Renewable Resource Estimates			
USB Category	Projects Completed in 2019 with 2017 USB \$		
	aMW	MWH	MW
Local Conservation	-	-	-
Market Transformation	-	-	-
Renewables	0.038	336	0.256
Research & Development	N/A	N/A	N/A
Low Income	-	-	-
Large Customer	-	-	-
	0.038	336	0.256

Program Participation Summary		
USB Category / Program Segment	Quantity	Units
Conservation		
Residential Onsite Audits	-	homes
Residential Mail out Audits	-	homes
Business Appraisals	-	businesses
Business Partners/Irrigation	-	projects
Business Partners/Small Choice	-	projects
Market Transformation		
Commercial Lighting	-	projects
NWE Building Operator Certification	-	people
Motor Training	-	people
Market Transformation Training	-	people
Renewables		
Generation / Education	7	projects
Research & Development		
Renewable Energy Seminars/Workshops	647	attendees
Low-Income		
Bill Assistance	-	households
Free Weatherization	-	homes
Energy Share	-	households

TOTAL OF PROJECTS COMPLETED WITH 2017 FUNDS

Energy Savings & Renewable Resource Estimates			
USB Category	Total Projects Completed with 2017 USB \$		
	aMW	MWH	MW
Local Conservation	0.129	1,128	0.196
Market Transformation	0.066	581	-
Renewables	0.078	686	0.523
Research & Development	N/A	N/A	N/A
Low Income	0.042	371	0.035
Large Customer	-	-	-
	0.316	2,766	0.754

Program Participation Summary		
USB Category / Program Segment	Quantity	Units
Conservation		
Residential Onsite Audits	2,243	homes
Residential Mail out Audits	2,915	homes
Business Appraisals	128	businesses
Business Partners/Irrigation	7	projects
Business Partners/Small Choice	-	projects
Market Transformation		
Commercial Lighting	-	projects
NWE Building Operator Certification	22	people
Motor Training	104	people
Market Transformation Training	35	people
Renewables		
Generation / Education	17	projects
Research & Development		
Renewable Energy Seminars/Workshops	992	attendees
Low-Income		
Bill Assistance	11,337	households
Free Weatherization	470	homes
Energy Share	1,594	households

Addendum **2016 Report**

Universal System Benefits Activities **2019 Annual Report**

**ADDENDUM
to the
2016 Report**



The 2016 NorthWestern Energy USBC revenues totaled \$9,447,558. Of this, \$7,129,086 was spent on projects completed in 2016, and \$1,956,385 was spent on projects completed in 2017, leaving a balance of \$362,087 for projects to complete in 2018.

As reported in the 2017 report, unspent 2016 Large Customer funds identified in 2017 were reallocated to Low Income activities with \$751 directed to Energy Share and \$1,753 directed to Free Weatherization to be completed in 2018.

Renewable generation and Research and Development projects associated with \$285,091 were completed in 2018.

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 \$74,493 for completion in 2019.

Renewable generation and Research and Development projects associated with \$74,493 were completed in 2019.

Updated results are provided in the 2016 Addendum in Appendices 2 and 3 (p. 2016-2 and p. 2016-3).

	Revenue Allocation		Spent in 2016	Spent in 2017	Spent in 2018	Spent in 2019	Allocation & Expenses
	per Order 7458	Reallocation ^(a)					
Local Conservation	600,969	116,827	561,247	156,549	-	-	717,796
E+ Residential Audit/Sm. Comm Audit			361,703	156,549	-	-	518,252
E+ Business Partners / Irrigation Projects			83,945	-	-	-	83,945
Promotion			83,195	-	-	-	83,195
Labor			32,193	-	-	-	32,193
Admin. Non-labor			283	-	-	-	283
Interest Income			(72)	-	-	-	(72)
Local Conservation Summary			561,247	156,549	-	-	717,796
Market Transformation	383,751	(116,827)	256,924	10,000	-	-	266,924
E+ Commercial Lighting			-	-	-	-	-
Motor Management Training			-	-	-	-	-
Energy Star Homes			137,520	-	-	-	137,520
Building Operator Certification			33,272	10,000	-	-	43,272
Commercial Industrial Training & Conference			39,060	-	-	-	39,060
Promotion			24,190	-	-	-	24,190
Labor			19,983	-	-	-	19,983
Admin. Non-labor			2,944	-	-	-	2,944
Interest Income			(46)	-	-	-	(46)
Market Transformation Summary			256,924	10,000	-	-	266,924
Renewable Resources	574,269	0	45,928	284,575	190,582	53,184	574,269
Generation/Education			-	284,575	190,582	53,184	528,341
Green Power Product			(12,683)	-	-	-	(12,683)
Promotion			1,969	-	-	-	1,969
Labor			55,857	-	-	-	55,857
Admin. Non-labor			854	-	-	-	854
Interest Income			(69)	-	-	-	(69)
Renewable Resources Summary			45,928	284,575	190,582	53,184	574,269
Research & Development	271,766	(0)	49,335	106,614	94,509	21,309	271,765
R&D/ Infrastructure			29,200	106,614	94,509	21,309	251,632
Battery Storage			1,131	-	-	-	1,131
Promotion			9,665	-	-	-	9,665
Labor			9,157	-	-	-	9,157
Admin. Non-labor			214	-	-	-	214
Interest Income			(33)	-	-	-	(33)
Research & Development Summary			49,335	106,614	94,509	21,309	271,765
Low Income	4,723,779	0	4,132,324	591,454	-	-	4,723,779
Bill Assistance			2,243,563	-	-	-	2,243,563
Free Weatherization			1,526,000	434,059	-	-	1,960,059
Elec Wx Incentives			27,971	-	-	-	27,971
Fuel Switch Analyses			3,600	-	-	-	3,600
Energy Share			289,000	157,395	-	-	446,395
Promotion			8,738	-	-	-	8,738
Labor			33,153	-	-	-	33,153
Admin. Non-labor			864	-	-	-	864
Interest Income			(566)	-	-	-	(566)
Low Income Summary			4,132,324	591,454	-	-	4,723,779
Large Customer	2,893,024	0	2,083,328	807,193	2,504	-	2,893,024
Self-Directed Energy Reduction			2,012,507	555,353	-	-	2,567,860
Self-Directed to Low Income			67,000	104,247	-	-	171,247
Self-Directed to Renewable Energy			-	135,709	-	-	135,709
Labor			12,931	-	-	-	12,931
Interest Income			(346)	-	-	-	(346)
NWE Reallocated to Free Weatherization			-	-	1,753	-	1,753
NWE Reallocated to Energy Share			-	-	751	-	751
NWE Allocated from 2015 to cover LC Expense ^(b)			(8,764)	-	-	-	(8,764)
NWE Allocated from 2016 to cover LC Expense ^(b)			-	11,884	-	-	11,884
Large Customer Summary			2,083,328	807,193	2,504	-	2,893,024
Unallocated	-	-	-	-	-	-	-
Totals	9,447,558	0	7,129,086	1,956,385	287,595	74,493	9,447,558
2016 USB Revenues less Expenses and Contractual Commitments							-

^(a) Allocations have been adjusted between Market Transformation and Local Conservation consistent with past practice.

^(b) The 2016 Large Customer Admin Costs of \$12,931 less the interest income of \$346 exceeded the amount of unclaimed 2016 Large Customer funds of \$3,821. NWE has committed unclaimed 2015 Large Customer funds in the amount of \$8,764 to cover the deficit.

PROJECTS COMPLETED IN 2019 WITH 2016 FUNDS

Energy Savings & Renewable Resource Estimates			
USB Category	Projects Completed in 2019 with 2016 USB \$		
	aMW	MWH	MW
Local Conservation	-	-	-
Market Transformation	-	-	-
Renewables	0.008	70	0.053
Research & Development	N/A	N/A	N/A
Low Income	0.000	0	0.000
Large Customer	-	-	-
	0.008	70	0.053

Program Participation Summary		
USB Category / Program Segment	Quantity	Units
Conservation		
Residential Onsite Audits	-	homes
Residential Mail out Audits	-	homes
Business Appraisals	-	businesses
Business Partners/Irrigation	-	projects
Business Partners/Small Choice	-	projects
Market Transformation		
Commercial Lighting	-	projects
NWE Building Operator Certification	-	people
Motor Training	-	people
Renewables		
Generation / Education	2	projects
Research & Development		
Renewable Energy Seminars/Workshops	153	attendees
Low-Income		
Bill Assistance	-	households
Free Weatherization	-	homes
Energy Share	-	households

TOTAL OF PROJECTS COMPLETED WITH 2016 FUNDS

Energy Savings & Renewable Resource Estimates			
USB Category	Total Projects Completed with 2016 USB \$		
	aMW	MWH	MW
Local Conservation	0.154	1,347	0.317
Market Transformation	0.088	774	-
Renewables	0.041	355	0.270
Research & Development	N/A	N/A	N/A
Low Income	0.028	248	0.019
Large Customer	-	-	-
	0.311	2,724	0.606

Program Participation Summary		
USB Category / Program Segment	Quantity	Units
Conservation		
Residential Onsite Audits	2,104	homes
Residential Mail out Audits	2,952	homes
Business Appraisals	125	businesses
Business Partners/Irrigation	18	projects
Business Partners/Small Choice	-	projects
Market Transformation		
Commercial Lighting	-	projects
NWE Building Operator Certification	26	people
Motor Training	-	people
Market Transformation Training	38	people
Renewables		
Generation / Education	27	projects
Research & Development		
Renewable Energy Seminars/Workshops	2,131	attendees
Low-Income		
Bill Assistance	11,220	households
Free Weatherization	436	homes
Energy Share	1,612	households