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ARM 42.29.104 allows any interested person to file comments challenging a claim. Please accept these comments on behalf of the NW Energy Coalition.

The Universal Systems Benefits Programs, as stated in statute 69-8-402, “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.

The statute allows large customers to self-direct their USB funds “for internal expenditures and activities that qualify as a universal system benefits program expenditure...”

The vast majority of large customers self-direct their funds for “expenditures that result in a reduction in the consumption of electrical energy in the large customer’s facility.” A few large customers direct funding to low-income energy assistance, such as Energy Share, and almost none direct them toward renewable energy projects.

The Coalition believes that energy efficiency is the most important resource for numerous reasons. Simply put energy efficiency is the cheapest, cleanest, and most readily available resource. Investment in energy efficiency by one customer, inherently reduces costs for other customers, hence the term “universal system benefit.”

Per statute, large customers are required to submit annual reports regarding their USB allocations and expenditures to the Department of Revenue. According to DOR staff presentation during the 2017-2018 interim session, the department may not investigate the accuracy of the reports unless challenged by an outside party. While ARM 42.29.104 lays out the challenge and review procedures, the Coalition is not aware of statute or rule dictating that the department may not make its own inquiries. We encourage the Department of Revenue to be more proactive in ensuring that large customers are directing funds for universal benefit.

The Coalition applauds those customers that have made meaningful investments in energy efficiency. However numerous questions arise from a review of the 2018 large customer USB reports. Many questions are due to incomplete reports. It is impossible to verify the accuracy of reported savings and universal benefits if reports are incomplete.

Due to the privilege of self-direction given to large customers, with minimal oversight, incomplete reports should be treated the same as inaccurate reports. As such, the NW Energy Coalition files challenges to the following reports, in alphabetical order.

Thank you for the opportunity to comment.

F. Diego Rivas
Senior Policy Associate
NW Energy Coalition

American Chemet Corp.

- No indication or documentation of what USB funds were used for. Form B requests \$55,883, claiming a savings of 156,489 kwh annually. The “Description of Project(s)” box states, “Please note attached paper.” There is no attachment.
- 69-8-402 (10)(a): A large customer claiming credits for a calendar year shall submit an annual summary report of its universal system benefits programs activities and expenditures to the department of revenue and to the large customer's utility. A report must be filed with the department even if a large customer is being reimbursed for a prior year's project. **The annual report of a large customer must identify each qualifying project or expenditure for which it has claimed a credit and the amount of the credit.** Prior approval by the utility is not required, except as provided in subsection (10)(b).

Ash Grove Cement

- Form B is dated February 11, **2019**. All projects listed on this form would qualify for 2019 expenditures, not 2018.
- NorthWestern Progress report shows no payments requests made in 2018.
- Ash Grove received payments of \$27,632.47 from previous payment requests, yet claim only 198 kwhs of savings from lighting in *2017*. There are no claims or documentation for claims for 2018.
- 69-8-402 (10)(a): A large customer claiming credits for a calendar year shall submit an annual summary report of its universal system benefits programs activities and expenditures to the department of revenue and to the large customer's utility. A report must be filed with the department even if a large customer is being reimbursed for a prior year's project. **The annual report of a large customer must identify each qualifying project or expenditure for**

which it has claimed a credit and the amount of the credit. Prior approval by the utility is not required, except as provided in subsection (10)(b).

Billings Clinic

- From cover letter: “These USB payments were for energy efficient [sic] projects submitted in previous years.” No mention of project, energy saved, or total expenditures.
- 69-8-402 (10)(a): A large customer claiming credits for a calendar year shall submit an annual summary report of its universal system benefits programs activities and expenditures to the department of revenue and to the large customer's utility. A report must be filed with the department even if a large customer is being reimbursed for a prior year's project. **The annual report of a large customer must identify each qualifying project or expenditure for which it has claimed a credit and the amount of the credit.** Prior approval by the utility is not required, except as provided in subsection (10)(b).

CHS

- From cover letter: “All the USB payments we received in 2018 were self-directed for energy efficiency projects previously submitted.” No mention of project, energy saved, or total expenditures.
- CHS carried over a request for \$4.5 million from 2017. Details of how the \$4.5 million is/will be spent should be provided.
- 69-8-402 (10)(a): A large customer claiming credits for a calendar year shall submit an annual summary report of its universal system benefits programs activities and expenditures to the department of revenue and to the large customer's utility. A report must be filed with the department even if a large customer is being reimbursed for a prior year's project. **The annual report of a large customer must identify each qualifying project or expenditure for which it has claimed a credit and the amount of the credit.** Prior approval by the utility is not required, except as provided in subsection (10)(b).

City of Great Falls

- No new request since 2008, per cover letter. Yet, still have a Total Payment Request carover of \$3.7 million. Receive less than \$20,000 in USB credit per year. Equals final recovery of 2008 request in 213 years. We believe this to be inaccurate.
- No documentation provided on projects for which 2018 payments, \$17,799.50, were used.
- 69-8-402 (10)(a): A large customer claiming credits for a calendar year shall submit an annual summary report of its universal system benefits programs

activities and expenditures to the department of revenue and to the large customer's utility. A report must be filed with the department even if a large customer is being reimbursed for a prior year's project. **The annual report of a large customer must identify each qualifying project or expenditure for which it has claimed a credit and the amount of the credit.** Prior approval by the utility is not required, except as provided in subsection (10)(b).

Enbridge – Express Pipeline

- No documentation provided on projects for “energy efficiency project that had been submitted to NorthWestern Energy in 2015.”
- 69-8-402 (10)(a): A large customer claiming credits for a calendar year shall submit an annual summary report of its universal system benefits programs activities and expenditures to the department of revenue and to the large customer's utility. A report must be filed with the department even if a large customer is being reimbursed for a prior year's project. **The annual report of a large customer must identify each qualifying project or expenditure for which it has claimed a credit and the amount of the credit.** Prior approval by the utility is not required, except as provided in subsection (10)(b).

ExxonMobil

- Total payment request carryover from 2017 of \$7,191,138.26. Year 2018 USB credit of \$191,364.24. Equals 36 years of continued payments.
- No documentation of “projects we submitted in previous years.”
- 69-8-402 (10)(a): A large customer claiming credits for a calendar year shall submit an annual summary report of its universal system benefits programs activities and expenditures to the department of revenue and to the large customer's utility. A report must be filed with the department even if a large customer is being reimbursed for a prior year's project. **The annual report of a large customer must identify each qualifying project or expenditure for which it has claimed a credit and the amount of the credit.** Prior approval by the utility is not required, except as provided in subsection (10)(b).

GCC

- Total payment request carryover from 2017 of \$7,191,138.26. Year 2018 USB credit of \$191,364.24. Equals 36 years of continued payments.
- No documentation of “projects submitted in previous years.”
- 69-8-402 (10)(a): A large customer claiming credits for a calendar year shall submit an annual summary report of its universal system benefits programs activities and expenditures to the department of revenue and to the large

customer's utility. A report must be filed with the department even if a large customer is being reimbursed for a prior year's project. **The annual report of a large customer must identify each qualifying project or expenditure for which it has claimed a credit and the amount of the credit.** Prior approval by the utility is not required, except as provided in subsection (10)(b).

Graymont

- Cover letter states, “As you will see in the Form B and summary report, we made a request for \$28,635.81 and of that \$20,855.24 has been reimbursed.”
- Form B indicates Amount of Credit Requested: \$28,635.81
- NorthWestern Energy Progress Report shows Total Payment Requests: \$2,863,581.00, a ten fold increase from the actual requests.
- While we believe this error lies with NorthWestern, the Coalition challenges all accounts with greater than \$1,000,000 of payment requests or carryovers from previous years. An audit of each of these accounts should ensure that this type of mistake was not made in previous years with other large customers. The result of this potential error is that large customers receive credits for projects that never occur. As such, nor does any universal benefit occur.

IMERYS Talc

- No documentation of “projects submitted in previous years.”
- 69-8-402 (10)(a): A large customer claiming credits for a calendar year shall submit an annual summary report of its universal system benefits programs activities and expenditures to the department of revenue and to the large customer's utility. A report must be filed with the department even if a large customer is being reimbursed for a prior year's project. **The annual report of a large customer must identify each qualifying project or expenditure for which it has claimed a credit and the amount of the credit.** Prior approval by the utility is not required, except as provided in subsection (10)(b).
- Progress report shows total payment request carryover of \$4,822,726.23. Yet yearly credit is only \$25,000. The carryover request would take 191 years to be paid off. The Coalition believes this to be an error, similar to that of Graymont and others with seven-figure carryover balances.

MetraPark

- No documentation of “projects submitted in previous years.”
- 69-8-402 (10)(a): A large customer claiming credits for a calendar year shall submit an annual summary report of its universal system benefits programs activities and expenditures to the department of revenue and to the large customer's utility. A report must be filed with the department even if a large customer is being reimbursed for a prior year's project. **The annual report of a large customer must identify each qualifying project or expenditure for**

which it has claimed a credit and the amount of the credit. Prior approval by the utility is not required, except as provided in subsection (10)(b).

Progress report shows total payment request carryover

- 2017 carryover request of \$167,388.56 would take 55 years to pay off at a yearly USB credit rate of roughly \$3,000.

Montana Precision Products

- No kw or kwh savings provided in Form B, and no other documentation of lighting project is included in report. It is unknown if \$7,158.09 was requested for 10 watts of savings or 10 kws of savings.
- Form B states “LED parking lot light” – singular light. The Coalition is unaware of a singular LED light or fixture costing seven thousand dollars.

Montana State University

- No documentation of “energy efficiency projects previously submitted.”
- 69-8-402 (10)(a): A large customer claiming credits for a calendar year shall submit an annual summary report of its universal system benefits programs activities and expenditures to the department of revenue and to the large customer's utility. A report must be filed with the department even if a large customer is being reimbursed for a prior year's project. **The annual report of a large customer must identify each qualifying project or expenditure for which it has claimed a credit and the amount of the credit.** Prior approval by the utility is not required, except as provided in subsection (10)(b).

Montana State University – Billings

- According to NWE progress report, MSU-B received \$7,650.65 in payments.
- There is no mention in the report of how those funds were used, not even the insufficient template language of “previous projects.”
- 69-8-402 (10)(a): A large customer claiming credits for a calendar year shall submit an annual summary report of its universal system benefits programs activities and expenditures to the department of revenue and to the large customer's utility. A report must be filed with the department even if a large customer is being reimbursed for a prior year's project. **The annual report of a large customer must identify each qualifying project or expenditure for which it has claimed a credit and the amount of the credit.** Prior approval by the utility is not required, except as provided in subsection (10)(b).

Phillips 66 Pipeline

- No documentation of “energy efficiency projects we submitted in previous years.”
- 69-8-402 (10)(a): A large customer claiming credits for a calendar year shall submit an annual summary report of its universal system benefits programs activities and expenditures to the department of revenue and to the large

customer's utility. A report must be filed with the department even if a large customer is being reimbursed for a prior year's project. **The annual report of a large customer must identify each qualifying project or expenditure for which it has claimed a credit and the amount of the credit.** Prior approval by the utility is not required, except as provided in subsection (10)(b).

- 2017 Carryover of \$7,397,731.22 with yearly credit of \$132,000. 56 year pay off period, barring any new requests. The Coalition believes this to be an error similar to Graymont and requests a multi-year audit of reports be completed.

Pyramid Mountain Lumber

- Pyramid states that its 2018 USB charge, to be carried over to 2019, totaled \$10,782.09.
- Yet, in its third ever filing, it claims a total carry forward balance of \$1.25 million. These numbers do not add up.

SCL Health

- According to NWE progress report, SCL Health received \$5,800.23 in payments in 2018.
- There is no mention in the report of how those funds were used, not even the insufficient template language of “previous projects.”
- 69-8-402 (10)(a): A large customer claiming credits for a calendar year shall submit an annual summary report of its universal system benefits programs activities and expenditures to the department of revenue and to the large customer's utility. A report must be filed with the department even if a large customer is being reimbursed for a prior year's project. **The annual report of a large customer must identify each qualifying project or expenditure for which it has claimed a credit and the amount of the credit.** Prior approval by the utility is not required, except as provided in subsection (10)(b).

St. Patrick Hospital

- According to NWE progress report, St. Patrick Hospital received \$\$1,051.98 in payments in 2018.
- There is no mention in the report of how those funds were used, not even the insufficient template language of “previous projects.”
- 69-8-402 (10)(a): A large customer claiming credits for a calendar year shall submit an annual summary report of its universal system benefits programs activities and expenditures to the department of revenue and to the large customer's utility. A report must be filed with the department even if a large customer is being reimbursed for a prior year's project. **The annual report of a large customer must identify each qualifying project or expenditure for which it has claimed a credit and the amount of the credit.** Prior approval by the utility is not required, except as provided in subsection (10)(b).

Saint Vincent Healthcare

- No documentation of “energy efficiency projects submitted in previous years.”
- 69-8-402 (10)(a): A large customer claiming credits for a calendar year shall submit an annual summary report of its universal system benefits programs activities and expenditures to the department of revenue and to the large customer's utility. A report must be filed with the department even if a large customer is being reimbursed for a prior year's project. **The annual report of a large customer must identify each qualifying project or expenditure for which it has claimed a credit and the amount of the credit.** Prior approval by the utility is not required, except as provided in subsection (10)(b).

University of Montana

- Cover letter states, “UM has a USB credit balance of over \$2.6 million and receives an average monthly credit of \$3,908. At this recovery rate, it will require 55 years to payout UM’s current request balance.
- 2017 Carryover Request Balance of \$2.6 million
- No documentation or explanation of what payouts totaling \$43,315.38 in 2018 were used for.
- 69-8-402 (10)(a): A large customer claiming credits for a calendar year shall submit an annual summary report of its universal system benefits programs activities and expenditures to the department of revenue and to the large customer's utility. A report must be filed with the department even if a large customer is being reimbursed for a prior year's project. **The annual report of a large customer must identify each qualifying project or expenditure for which it has claimed a credit and the amount of the credit.** Prior approval by the utility is not required, except as provided in subsection (10)(b).

US Air Force

- Nothing in report aside from NorthWestern Progress Report.
- No documentation or explanation of what payouts totaling \$51,590.34 in 2018 were used for.
- 69-8-402 (10)(a): A large customer claiming credits for a calendar year shall submit an annual summary report of its universal system benefits programs activities and expenditures to the department of revenue and to the large customer's utility. A report must be filed with the department even if a large customer is being reimbursed for a prior year's project. **The annual report of a large customer must identify each qualifying project or expenditure for which it has claimed a credit and the amount of the credit.** Prior approval by the utility is not required, except as provided in subsection (10)(b).

Western Sugar Cooperative

- No documentation or explanation of what payouts totaling \$17,209.75 in 2018 were used for.

- 69-8-402 (10)(a): A large customer claiming credits for a calendar year shall submit an annual summary report of its universal system benefits programs activities and expenditures to the department of revenue and to the large customer's utility. A report must be filed with the department even if a large customer is being reimbursed for a prior year's project. **The annual report of a large customer must identify each qualifying project or expenditure for which it has claimed a credit and the amount of the credit.** Prior approval by the utility is not required, except as provided in subsection (10)(b).