



March 1, 2019

Ms. Nicole Hensley  
Montana Department of Revenue  
Miscellaneous Tax Unit  
PO Box 5805  
Helena MT 59620-5805

Dear Ms. Hensley:

Enclosed with this letter is the 2018 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 \$10,063,092 in electric USB revenues was collected from NorthWestern Energy's electric distribution customers in 2018.

As required by statute and Montana Public Service Commission Order No. 7458, 50% of the 2018 USB funds, or \$5,031,546 was directed to Low Income activities by NorthWestern Energy. Large Customers funds accounted for 31% of the total 2018 electric USB revenues, or \$3,140,338 with \$42,113 self-directed to Low Income activities and \$3,085,038 self-directed to energy reduction activities. Allocations by NorthWestern Energy to the other public purpose categories are as follows: \$614,558 to Local Conservation, \$399,090 to Market Transformation, and \$870,889 to Renewable Resources and Research and Development.

Included with the 2018 report are updates for the 2015, 2016, and 2017 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,

Deb Martin Young  
Customer Care - DSM



Universal System  
Benefits Activities  
**2018 Annual Report**

**March 2019**

**NorthWestern**<sup>®</sup>  
**Energy**



**Efficiency  
Plus**

**NorthWestern Energy**  
**Electric**  
**Universal System Benefits Activities**  
**2018 Annual Report**



**Executive Summary**

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

Since 1999, electric customers in NorthWestern Energy's Montana service territory have funded nearly \$183 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 \$10,063,092 was collected from NorthWestern Energy's electric distribution customers in 2018. This is about \$224,500 more than 2017 revenues with Large Customer revenues up by nearly \$131,000 and non-Large Customer revenues up by about \$94,000 when compared to 2017 revenues.

The 2018 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 Market Transformation and Local Conservation categories, and the Research and Development and the Renewable Generation categories.

The portfolio of Low Income, Conservation, and Renewable generation programs in 2018 is similar to 2017.

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.

**NorthWestern Energy**  
**Electric**  
**Universal System Benefits Activities**  
**2018 Annual Report**

Of the 2018 electric USBC revenues, \$5,031,546 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 \$42,113 of their 2018 electric USB funds to Low Income activities, bringing the 2018 Low Income electric USB funds total to \$ 5,073,659 or 50.42% of the 2018 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 2018 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 2018 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 2018 electric USB funds by category and activity, and a summary of the energy and demand savings and new renewable resources resulting from the 2018 allocations. The report also includes updates on previous years' activities, and a summary by public purpose category of electric USB funding from 1999-2018.

**NorthWestern Energy  
Electric  
Universal System Benefits Activities  
2018 Annual Report**

**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 \$10,063,092 in 2018. 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 2018.

<b>General Description</b>	<b>Tariffed Customer Class</b>	<b>Rate/kWh</b>	<b>Percent</b>
Residential	Residential	\$0.001334	34%
Commercial/Small Industrial	GS-1 & GS-2 under 1000 KW	\$0.001143	32%
Large Customer per USB	GS-1 & GS-2 over 1000 KW	\$0.000900	31%
Irrigation	Irrigation	\$0.001144	1%
Lighting	Lighting	\$0.003404	2%

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 57 customers and their 561 accounts, make up \$3.14 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 2018, the net gain in interest to USB was \$7,618 of which \$5,180 was credited to the electric USB categories on a pro rata basis and the balance was credited to natural gas USB activities.

**NorthWestern Energy  
Electric  
Universal System Benefits Activities  
2018 Annual Report**

**UNIVERSAL SYSTEM BENEFITS EXPENDITURES**

All electric USB funds collected from NorthWestern Energy customers in 2018 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 2018 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 2018 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 2018 and has financial commitments to implement additional activities/projects for completion in 2019. These programs and activities are described in this report. The breakdown between qualifying expenditures in the current year and financial commitments for completion in 2019 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 2016 and 2017 Reports. None of the projects to which 2018 funds have been committed are expected at this time to extend beyond 2019.

**UNIVERSAL SYSTEM BENEFITS RESULTS**

From 1999 through 2018, NorthWestern Energy has delivered USB activities to various customer classes and across all public purpose categories. General descriptions of the activities or programs for 2018, along with the funding total for each category, follow.

**NorthWestern Energy  
Electric  
Universal System Benefits Activities  
2018 Annual Report**

***Large Customers-- \$3,140,338***

*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 2018, \$3,140,338 was collected from 57 Large Customers to meet their 2018 obligations. All but one of these customers self-directed all of their 2018 USB funds. Large Customers self-directed \$2,026,029 of 2018 funds toward energy reduction projects within their facilities, and have carried over \$1,059,009 for additional projects in 2019. Large Customers self-directed \$42,113 to Low Income activities in 2018.

The unclaimed 2018 Large Customer funds in the amount of \$13,188 and the 2018 USB account interest amount of \$1,616 were not sufficient to cover the NorthWestern Energy administrative costs for 2018 Large Customers of \$21,474. NorthWestern Energy reallocated Local Conservation, Market Transformation, Renewable Resources and Research & Development funds to cover the \$6,670 deficit and resulting in a total of \$3,147,008 of the total 2018 electric USB funds being directed to the Large Customer category.

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.

**NorthWestern Energy  
Electric  
Universal System Benefits Activities  
2018 Annual Report**

**Listing of Large Customers Self-Directing Funds in 2018**

AMERICAN CHEMET	MONTANA PRECISION PRODUCTS LLC
ASH GROVE CEMENT	MONTANA RESOURCES
ASPEN AIR	MONTANA STATE UNIVERSITY - BILLINGS
ATK TACTICAL SYSTEMS	MONTANA STATE UNIVERSITY - BOZEMAN
BARRETT'S MINERALS	PASTA MONTANA
BENEFIS HEALTH CARE	PHILLIPS 66 PIPELINE (YELLOWSTONE PIPELINE & PHILLIPS 66 CARRIER)
BILLINGS CLINIC	PHILLIPS 66 REFINERY
BOEING OF HELENA	R Y TIMBER
CALUMET MONTANA REFINING, LLC	REC SILICON
CHS, INC.	ROCKY MOUNTAIN POWER
CITY OF BILLINGS	ROSEBURG FOREST PRODUCTS
CITY OF GREAT FALLS	SAINT JAMES HOSPITAL
COLSTRIP PARTNERSHIP	SAINT PATRICK HOSPITAL
COMMUNITY MEDICAL CENTER	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. (BARRICK)	UNITED MATERIALS INCORPORATED
GRAIN CRAFT	UNITED PROPERTIES, INC.
GRAYMONT WESTERN US INC.	UNIVERSITY OF MONTANA
HYPERBLOCK (FORMERLY PROJECT SPOKANE LLC)	US AIR FORCE
IMERYS TALC AMERICA, INC.	US DEPT VETERANS AFFAIRS
IDAHO FOREST PRODUCTS (FORMERLY TRICON TIMBER)	US PUBLIC HEALTH SERVICE (NATIONAL INSTITUTE OF HEALTH)
JUDITH GAP ENERGY LLC	WESTERN ENERGY
MALTEUROP NORTH AMERICA, INC.	WESTERN SUGAR COOPERATIVE
METRA PARK	WESTMORELAND RESOURCES INC.
MONTANA DEPARTMENT OF CORRECTIONS	YELLOWSTONE DEVELOPMENT (YELLOWSTONE CLUB)



**NorthWestern Energy  
Electric  
Universal System Benefits Activities  
2018 Annual Report**

***Low Income Activities--\$5,031,546***

*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 \$5,031,546 in 2018 electric USB funds to Low Income activities, or 50% of electric USBC revenues. Large Customers reported self-directing an additional \$42,113 to Low Income activities bringing the total 2018 funds committed to Low Income to \$5,073,659 which is slightly more than 50% of the total funds collected.

Appendix 4 to the 2018 report provides a summary of NorthWestern Energy's Electric USB allocations for 1999-2018 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 eligibility is set at up to 150% of the Federal poverty.

*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 13,500 low income households were served in 2018 with electric USB funds. The financial impact of electricity costs on low income households was reduced through bill assistance, weatherization, and emergency energy assistance.

**NorthWestern Energy  
Electric  
Universal System Benefits Activities  
2018 Annual Report**

**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 2018 was slightly greater than the 2017 participation level. The funding of the electric Low Income bill discount totaled \$2,451,697 in 2018 for the 11,576 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 2018 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 2018 Free Weatherization Program pooled unspent 2016 and 2017 electric USB funds, along with 2018 electric USB funds and 2018 natural gas funds for a total of \$3,548,073. The HRCs performed low income weatherization work for 485 low income customers in 2018. An additional \$408,260 of unspent 2018 Low Income electric funds has been committed to weatherization to be completed in 2019.

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 equipment tune-ups, repairs and replacement. Customers whose homes are heated

**NorthWestern Energy  
Electric  
Universal System Benefits Activities  
2018 Annual Report**

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.

- **“They were awesome explaining everything. I can feel the difference. My house stays warmer and I feel the heat more when it’s cold.”**
- **“The folks that worked in my home were all so good and very professional. I enjoyed working with them.”**
- **“I will never forget the kindness & help you all gave me. Everyone was so wonderful to me. I thank you from the bottom of my heart!!!”**
- **“Thank you so much for making a positive change in our home & lives”**
- **“This was truly appreciated especially at a time when I did not have the means to weatherize my home and a new furnace.”**

**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. An additional \$114,143 of unspent 2018 Low Income electric funds have been committed to Energy Share for payment in 2019.

**NorthWestern Energy  
Electric  
Universal System Benefits Activities  
2018 Annual Report**

## **Local Conservation Activities-- \$ 614,558**

*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 2017 and 2018 electric USB funds, along with 2018 natural gas funds allowed for the completion of 2,021 on-site residential audits in 2018.

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 2,400 residential electric customers participated in the E+ Energy Survey program in 2018.

**NorthWestern Energy  
Electric  
Universal System Benefits Activities  
2018 Annual Report**

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

- **“This audit was very helpful! The auditors found a gas leak and made other suggestions. We have completed their to-do list and are so grateful!”**
- **“Absolutely Wonderful! I learned so much. They really helped me. Strongly recommend to others.”**
- **“I just bought this house! So glad I made this appt! They were on time, very professional, knowledgeable, friendly and they gave me some great advice.”**
- **“I've been receiving mailers for years - so glad I finally followed through. I started making changes the same day.”**

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 2018, approximately 105 commercial facilities were evaluated through this program offering with electric USB funding from 2017 and 2018.

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

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

In 2018, 12 irrigation efficiency improvement projects were funded and completed with 2018 USB funds. While such custom rebates have been reported in past years, there were no qualifying custom rebates for commercial electric Choice customers for nonlighting electric efficiency improvements in 2018.

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

**NorthWestern Energy  
Electric  
Universal System Benefits Activities  
2018 Annual Report**

***Market Transformation – \$399,090***

*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**

Consistent with historic practice, commercial electric Choice customers have been eligible for lighting electric efficiency improvements and 14 projects were funded in 2018.

**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 and develop educational information related to Montana's adoption of the 2012 Energy Code for builders, code officials, trade allies, and the general public.

**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 2018 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 2018 Market Transformation funds to regional collaborative and training efforts. Technical training targeting commercial and industrial customers and trade allies is included in these activities.

**NorthWestern Energy  
Electric  
Universal System Benefits Activities  
2018 Annual Report**

***Renewable Resources, and Research and Development--  
\$870,889***

*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 2018 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 completed in 2018. The majority of these completed projects were funded with 2016 and 2017 funds. Projects completed in 2018 were installed on schools, public buildings, non-profit facilities, and a fire station.

**NorthWestern Energy  
Electric  
Universal System Benefits Activities  
2018 Annual Report**

Projects completed in 2018 with funds from previous years are noted in the Addendums to the 2015, 2016, and 2017 reports.

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

<b>USB Renewable Projects 1999-2018</b>		
<b>Facility Type</b>	<b>#</b>	<b>KW</b>
Commercial Projects	68	639.57
Fire Stations	42	131.26
Irrigation Projects	6	103.52
Low Income	61	340.25
Non-Profit Projects	68	442.36
Private Residences	831	2653.96
Schools	99	683.11
Other Public Buildings	33	562.41
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 2018, 41 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 Renewable Energy Association (MREA) and the Occupational Safety and Health Administration (OSHA) to provide safety training to installers of small renewable generation systems. NorthWestern Energy



**NorthWestern Energy  
Electric  
Universal System Benefits Activities  
2018 Annual Report**

sponsored 76 training sessions throughout the state in 2018. These sessions covered a variety of topics including, OSHA electrical safety, Four Hazards Training, Fall Protection, NFPA 70E, utility worker and electrical inspector training. Additional training for installers, home inspectors and electrical inspectors has been committed to 2019. 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 2018, 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.

**NorthWestern Energy  
Electric  
Universal System Benefits Activities  
2018 Annual Report**

## **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, free 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 2015, 2016 and 2017 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](http://www.NorthWesternEnergy.com/Eplus).

For further information regarding this report, please contact:

Customer Care – DSM

NorthWestern Energy  
11 East Park St  
Butte, MT 59701-1711

Phone: (406) 497-2491  
FAX (406)-497-2084  
e-mail: [E+Programs@northwestern.com](mailto:E+Programs@northwestern.com)

# Appendices 1-4

Universal System  
Benefits Activities  
**2018 Annual Report**



	USBC kWh (Load)	USBC Revenue By Class	% of USBC Revenue By Class
<b>Residential</b>			
Residential	2,536,631,945	\$ 3,382,391	34%
<b>General Service</b>			
GS-1/GS-2 < 1000 kW	2,839,930,067	\$ 3,245,985	32%
Irrigation	78,583,868	\$ 89,181	1%
Lighting	60,247,308	\$ 205,197	2%
<b>Total Non-Large Customer</b>	<b>5,515,393,188</b>	<b>\$ 6,922,754</b>	<b>69%</b>
<b>Large Customer</b>			
GS-1/GS-2 > 1000 kW and Special Contracts	<b>3,488,638,916</b>	<b>\$ 3,140,338</b>	<b>31%</b>
<b>Total USBC</b>	<b>9,004,032,104</b>	<b>\$ 10,063,092</b>	<b>100%</b>

*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 2018	Contracted - Complete in 2019	Allocation & Expenses
	per Order 7458	Reallocation <sup>(a)</sup>			
<b>Local Conservation <sup>(b)</sup></b>	<b>620,813</b>	<b>(6,255)</b>	322,667	291,891	<b>614,558</b>
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
<b>Market Transformation <sup>(b)</sup></b>	<b>396,423</b>	<b>2,668</b>	389,090	10,000	<b>399,090</b>
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
<b>Renewable Resources</b>	<b>709,994</b>	<b>(2,504)</b>	20,825	686,665	<b>707,490</b>
Generation/Education			-	686,665	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	686,665	707,490
<b>Research &amp; Development</b>	<b>163,978</b>	<b>(578)</b>	13,109	150,290	<b>163,399</b>
R&D/ Infrastructure			-	150,290	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	150,290	163,399
<b>Low Income</b>	<b>5,031,546</b>	<b>-</b>	4,509,143	522,403	<b>5,031,546</b>
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
<b>Large Customer</b>	<b>3,140,338</b>	<b>6,670</b>	2,087,999	1,059,009	<b>3,147,008</b>
Self-Directed Energy Reduction			2,026,029	1,059,009	3,085,038
Self-Directed to Low Income			42,113	-	42,113
Labor			21,474	-	21,474
Interest Income			(1,616)	-	(1,616)
Large Customer Summary		-	2,087,999	1,059,009	3,147,008
<b>Unallocated</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Totals</b>	<b>10,063,092</b>	<b>-</b>	<b>7,342,834</b>	<b>2,720,258</b>	<b>10,063,092</b>
<b>2018 USB Revenues less Expenses and Contractual Commitments</b>					<b>-</b>

<sup>(a)</sup> 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.

<sup>(b)</sup> Allocations have been adjusted between Local Conservation and Market Transformation consistent with past practice.

**2018 USB FUNDING AND EXPENDITURE SUMMARY**

USB Category	Allocation of 2018 funds based on Order 7458	Percentage by Category	Reallocation of 2018 funds	Percentage by Category	Allocation w/Lrg Cust funds self-directed to LI <sup>(a)</sup>	Percentage by Category	Total Electric USB Funds Spent in 2018	2018 Electric USB Funds Contracted to Spend in 2019
Local Conservation	\$ 620,813	6%	\$ 614,558	6%	\$ 614,558	6%	\$ 322,667	\$ 291,891
Market Transformation	\$ 396,423	4%	\$ 399,090	4%	\$ 399,090	4%	\$ 389,090	\$ 10,000
Renewables	\$ 709,994	7%	\$ 707,490	7%	\$ 707,490	7%	\$ 20,825	\$ 686,665
Research & Development	\$ 163,978	2%	\$ 163,399	2%	\$ 163,399	2%	\$ 13,109	\$ 150,290
Low Income	\$ 5,031,546	50%	\$ 5,031,546	50%	\$ 5,073,659	50%	\$ 4,509,143	\$ 522,403
Large Customer	\$ 3,140,338	31%	\$ 3,147,008	31%	\$ 3,104,896	31%	\$ 2,087,999	\$ 1,059,009
	<b>\$ 10,063,092</b>	<b>100%</b>	<b>\$ 10,063,092</b>	<b>100%</b>	<b>\$ 10,063,092</b>	<b>100%</b>	<b>\$ 7,342,834</b>	<b>\$ 2,720,257</b>

**2018 LOW INCOME FUNDING SUMMARY**

**2018 Low Income Expenditures**

Bill Assistance	\$ 2,451,697
Free Weatherization	\$ 1,708,524
Elec Wx Incentives	\$ 16,300
Fuel Switch Analysis	\$ 2,900
Energy Share	\$ 289,000
*Promotion	\$ 9,347
*Labor	\$ 33,149
*Admin. Non-labor	\$ 816
USB Interest Income	\$ (2,590)
Self-Directed Large Customer	\$ 42,113
<b>Total:</b>	<b>\$ 4,551,256</b>
<b>Low Income share of 2018 Electric USB revenues :</b>	<b>45.2%</b>

**2018 ENERGY SAVINGS & RENEWABLE RESOURCES ESTIMATES**

**Savings & Resources acquired in 2018 w/ 2018 \$**

	aMW	MWH	MW
Local Conservation	0.103	900	0.168
Market Transformation	0.014	123	-
Renewables	-	-	-
Research & Development	NA	NA	NA
Low Income	0.028	242	0.058
Large Customer <sup>(b)</sup>	NA	NA	NA
	<b>0.144</b>	<b>1,266</b>	<b>0.226</b>

**Projected Savings & Resources to acquire in 2019 w/ 2018 \$ (c)**

	aMW	MWH	MW
Local Conservation	0.015	135	0.026
Market Transformation	0.014	123	-
Renewables	0.088	773	0.588
Research & Development	NA	NA	NA
Low Income	0.004	32	0.008
Large Customer <sup>(b)</sup>	NA	NA	NA
	<b>0.121</b>	<b>1,063</b>	<b>0.622</b>
<b>Total Savings &amp; Resources</b>	<b>0.266</b>	<b>2,329</b>	<b>0.848</b>

**2018 ELECTRIC USB PARTICIPATION SUMMARY**

Electric USB Activity by Category	Quantity	Units
<b>Conservation</b>		
Residential Onsite Audits	1,707	homes
Residential Mail out Audits	2,063	homes
Business Appraisals	89	businesses
Business Partners / Irrigation	12	projects
Business Partners / Small Choice	-	projects
<b>Market Transformation</b>		
Commercial Lighting	14	projects
NWE Building Operator Certification	23	people
Motor Training	-	attendees
Market Transformation Training	42	attendees
<b>Renewables</b>		
Generation / Education	-	projects
<b>Research &amp; Development</b>		
Renewable Energy Seminars/Workshops	-	attendees
<b>Low-Income</b>		
Bill Assistance	11,576	households
Free Weatherization	423	homes
Energy Share	1,569	households

<sup>(a)</sup> Large Customers may self-direct their USB dollars to energy saving and renewable activities in their own facilities, or to Low Income activities. In 2018 with 2018 funds, Large Customers self-directed a total of \$42,113 to Low-Income.

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

<sup>(c)</sup> Projected Savings & Resources are based on contracts that were in place at the end of 2018. Actual results will be reported in 2019.

**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	6%	620,813
Market Transformation	4%	396,423
Renewables	7%	709,994
Research & Development	2%	163,978
Low-Income	50%	5,031,546
Large Customers	31%	3,140,338
	100%	10,063,092

**Historic Allocation of Electric USB Funds (b)**

Year	Total Electric USB Funds	Large Customers	Low Income (c)	USB Categories						
				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	-
	<b>182,854,440</b>	<b>57,251,732</b>	<b>63,968,912</b>	<b>2,336,999</b>	<b>66,305,911</b>	<b>26,345,184</b>	<b>9,615,448</b>	<b>18,440,369</b>	<b>4,139,241</b>	<b>756,549</b>

Allocation as % of Revenues by Category	100%	31.3%		36.3%	14.4%	5.3%	10.1%	2.3%	0.4%
---	------	-------	--	-------	-------	------	-------	------	------

Allocation as % of Revenues, excluding Large Customer Revenues	100%			52.8%	21.0%	7.7%	14.7%	3.3%	0.6%
--	------	--	--	-------	-------	------	-------	------	------

- (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 2018.
- (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 \$3,017,053 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 **2017 Report**

Universal System  
Benefits Activities  
**2018 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.

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	Contracted - Complete in 2019	Allocation & Expenses
	per Order 7458	Reallocation <sup>(a)</sup>				
<b>Local Conservation</b>	<b>626,907</b>	<b>131,607</b>	551,357	207,157	-	<b>758,514</b>
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
<b>Market Transformation</b>	<b>400,314</b>	<b>(131,607)</b>	258,707	10,000	-	<b>268,707</b>
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
<b>Renewable Resources</b>	<b>716,963</b>	<b>27,027</b>	35,417	397,497	311,077	<b>743,991</b>
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
<b>Research &amp; Development</b>	<b>165,587</b>	<b>(27,027)</b>	16,919	38,870	82,771	<b>138,559</b>
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
<b>Low Income</b>	<b>4,919,301</b>	<b>0</b>	4,324,549	594,752	-	<b>4,919,301</b>
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	-	4,919,302
<b>Large Customer</b>	<b>3,009,528</b>	<b>(0)</b>	2,229,054	780,474	-	<b>3,009,528</b>
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 <sup>(b)</sup>			(11,884)	-	-	(11,884)
Large Customer Summary			2,229,054	780,474	-	3,009,528
<b>Unallocated</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Totals</b>	<b>9,838,601</b>	<b>(0)</b>	<b>7,416,004</b>	<b>2,028,750</b>	<b>393,848</b>	<b>9,838,601</b>
<b>2017 USB Revenues less Expenses and Contractual Commitments</b>						<b>-</b>

<sup>(a)</sup> Allocations have been adjusted between Market Transformation and Local Conservation consistent with past practice.

<sup>(b)</sup> 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 2018 WITH 2017 FUNDS**

Energy Savings & Renewable Resource Estimates			
USB Category	Projects Completed in 2018 with 2017 USB \$		
	aMW	MWH	MW
Local Conservation	0.015	128	0.027
Market Transformation	0.014	123	-
Renewables	0.040	350	0.267
Research & Development	NA	NA	NA
Low Income	0.004	36	0.009
Large Customer	NA	NA	NA
	<b>0.073</b>	<b>638</b>	<b>0.302</b>

  

Program Participation Summary		
USB Category / Program Segment	Quantity	Units
<b>Conservation</b>		
Residential Onsite Audits	314	homes
Residential Mail out Audits	379	homes
Business Appraisals	16	businesses
Business Partners/Irrigation	-	projects
Business Partners/Small Choice	-	projects
<b>Market Transformation</b>		
Commercial Lighting	-	projects
NWE Building Operator Certification	5	people
Motor Training	-	people
Market Transformation Training	-	people
<b>Renewables</b>		
Generation / Education	10	projects
<b>Research &amp; Development</b>		
Renewable Energy Seminars/Workshops	345	attendees
<b>Low-Income</b>		
Bill Assistance	-	households
Free Weatherization	62	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	0.040	350	0.267
Research & Development	NA	NA	NA
Low Income	0.042	371	0.035
Large Customer	NA	NA	NA
	<b>0.277</b>	<b>2,431</b>	<b>0.497</b>

  

Program Participation Summary		
USB Category / Program Segment	Quantity	Units
<b>Conservation</b>		
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
<b>Market Transformation</b>		
Commercial Lighting	-	projects
NWE Building Operator Certification	22	people
Motor Training	104	people
Market Transformation Training	35	people
<b>Renewables</b>		
Generation / Education	10	projects
<b>Research &amp; Development</b>		
Renewable Energy Seminars/Workshops	345	attendees
<b>Low-Income</b>		
Bill Assistance	11,337	households
Free Weatherization	470	homes
Energy Share	1,594	households

# Addendum **2016 Report**

## Universal System Benefits Activities **2018 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.

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	Contracted - Complete in 2019	Allocation & Expenses
	per Order 7458	Reallocation <sup>(a)</sup>					
<b>Local Conservation</b>	<b>600,969</b>	<b>116,827</b>	<b>561,247</b>	<b>156,549</b>	<b>-</b>	<b>-</b>	<b>717,796</b>
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
<b>Market Transformation</b>	<b>383,751</b>	<b>(116,827)</b>	<b>256,924</b>	<b>10,000</b>	<b>-</b>	<b>-</b>	<b>266,924</b>
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
<b>Renewable Resources</b>	<b>574,269</b>	<b>0</b>	<b>45,928</b>	<b>284,575</b>	<b>190,582</b>	<b>53,184</b>	<b>574,269</b>
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
<b>Research &amp; Development</b>	<b>271,766</b>	<b>0</b>	<b>49,335</b>	<b>106,614</b>	<b>94,509</b>	<b>21,309</b>	<b>271,766</b>
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	271,766
<b>Low Income</b>	<b>4,723,779</b>	<b>0</b>	<b>4,132,324</b>	<b>591,454</b>	<b>-</b>	<b>-</b>	<b>4,723,779</b>
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
<b>Large Customer</b>	<b>2,893,024</b>	<b>0</b>	<b>2,083,328</b>	<b>807,193</b>	<b>2,504</b>	<b>-</b>	<b>2,893,024</b>
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 <sup>(b)</sup>			(8,764)	-	-	-	(8,764)
NWE Allocated from 2016 to cover LC Expense <sup>(b)</sup>			-	11,884	-	-	11,884
Large Customer Summary			2,083,328	807,193	2,504	-	2,893,025
<b>Unallocated</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Totals</b>	<b>9,447,558</b>	<b>0</b>	<b>7,129,086</b>	<b>1,956,385</b>	<b>287,595</b>	<b>74,493</b>	<b>9,447,558</b>
<b>2016 USB Revenues less Expenses and Contractual Commitments</b>							<b>-</b>

<sup>(a)</sup> Allocations have been adjusted between Market Transformation and Local Conservation consistent with past practice.

<sup>(b)</sup> 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 2018 WITH 2016 FUNDS**

Energy Savings & Renewable Resource Estimates			
USB Category	Projects Completed in 2018 with 2016 USB \$		
	aMW	MWH	MW
Local Conservation	-	-	-
Market Transformation	-	-	-
Renewables	0.013	110	0.084
Research & Development	NA	NA	NA
Low Income	0.000	0	0.000
Large Customer	NA	NA	NA
	<b>0.013</b>	<b>110</b>	<b>0.084</b>

  

Program Participation Summary		
USB Category / Program Segment	Quantity	Units
<b>Conservation</b>		
Residential Onsite Audits	-	homes
Residential Mail out Audits	-	homes
Business Appraisals	-	businesses
Business Partners/Irrigation	-	projects
Business Partners/Small Choice	-	projects
<b>Market Transformation</b>		
Commercial Lighting	-	projects
NWE Building Operator Certification	-	people
Motor Training	-	people
<b>Renewables</b>		
Generation / Education	6	projects
<b>Research &amp; Development</b>		
Renewable Energy Seminars/Workshops	588	attendees
<b>Low-Income</b>		
Bill Assistance	-	households
Free Weatherization	0	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	0.033	285	0.217
Research & Development	NA	NA	NA
Low Income	0.028	248	0.019
Large Customer	NA	NA	NA
	<b>0.303</b>	<b>2,654</b>	<b>0.553</b>

  

Program Participation Summary		
USB Category / Program Segment	Quantity	Units
<b>Conservation</b>		
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
<b>Market Transformation</b>		
Commercial Lighting	-	projects
NWE Building Operator Certification	26	people
Motor Training	-	people
Market Transformation Training	38	people
<b>Renewables</b>		
Generation / Education	25	projects
<b>Research &amp; Development</b>		
Renewable Energy Seminars/Workshops	1,978	attendees
<b>Low-Income</b>		
Bill Assistance	11,220	households
Free Weatherization	436	homes
Energy Share	1,612	households

# Addendum **2015 Report**

Universal System  
Benefits Activities  
**2018 Annual Report**



**ADDENDUM  
to the  
2015 Report**



The 2015 NorthWestern Energy USBC revenues totaled \$9,531,040. Of this, \$5,980,704 was spent on projects completed in 2015, and \$3,173,729 was spent on projects completed in 2016, and \$309,708 was completed in 2017, leaving a balance of \$66,899 to complete 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 \$309,708 for completion in 2018.

Renewable generation projects associated with \$66,899 were completed in 2018.

Updated results are provided in the 2015 Addendum in Appendices 2 and 3 (p. 2015-2 and p. 2015-3).

	Revenue Allocation		Spent in 2015	Spent in 2016	Spent in 2017	Spent in 2018	Allocation & Expenses
	per Order 7458	Reallocation <sup>(a)</sup>					
<b>Local Conservation</b>	<b>595,752</b>	<b>75,903</b>	<b>425,692</b>	<b>245,963</b>	<b>-</b>	<b>-</b>	<b>671,655</b>
E+ Residential Audit/Sm. Comm Audit			218,793	245,963	-	-	464,756
E+ Business Partners / Irrigation Projects			80,660	-	-	-	80,660
Promotion			91,923	-	-	-	91,923
Labor			34,141	-	-	-	34,141
Admin. Non-labor			369	-	-	-	369
Interest Income			(194)	-	-	-	(194)
Local Conservation Summary			425,692	245,963	-	-	671,655
<b>Market Transformation</b>	<b>380,420</b>	<b>(75,903)</b>	<b>304,518</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>304,518</b>
E+ Commercial Lighting			18,813	-	-	-	18,813
Motor Management Training			13,122	-	-	-	13,122
Energy Star Homes			131,478	-	-	-	131,478
Building Operator Certification			55,306	-	-	-	55,306
Commercial Industrial Training & Conference			44,101	-	-	-	44,101
Promotion			16,541	-	-	-	16,541
Labor			19,472	-	-	-	19,472
Admin. Non-labor			5,809	-	-	-	5,809
Interest Income			(124)	-	-	-	(124)
Market Transformation Summary			304,518	-	-	-	304,518
<b>Renewable Resources</b>	<b>681,333</b>	<b>47,793</b>	<b>41,805</b>	<b>335,893</b>	<b>284,528</b>	<b>66,899</b>	<b>729,125</b>
Generation/Education			1,000	335,893	284,528	66,899	688,320
Green Power Product			(19,490)	-	-	-	(19,490)
Promotion			5,730	-	-	-	5,730
Labor			53,102	-	-	-	53,102
Admin. Non-labor			1,685	-	-	-	1,685
Interest Income			(222)	-	-	-	(222)
Renewable Resources Summary			41,805	335,893	284,528	66,899	729,125
<b>Research &amp; Development</b>	<b>157,358</b>	<b>(47,793)</b>	<b>73,210</b>	<b>14,811</b>	<b>21,545</b>	<b>-</b>	<b>109,566</b>
R&D/ Infrastructure			56,490	14,811	21,545	-	92,846
Battery Storage			1,708	-	-	-	1,708
Energy Corps			0	-	-	-	0
Promotion			5,869	-	-	-	5,869
Labor			9,057	-	-	-	9,057
Admin. Non-labor			137	-	-	-	137
Interest Income			(51)	-	-	-	(51)
Research & Development Summary			73,210	14,811	21,545	-	109,566
<b>Low Income</b>	<b>4,765,520</b>	<b>0</b>	<b>3,114,827</b>	<b>1,650,693</b>	<b>-</b>	<b>-</b>	<b>4,765,520</b>
Bill Assistance			2,340,963	-	-	-	2,340,963
Free Weatherization			418,950	1,469,844	-	-	1,888,794
Elec Wx Incentives			17,465	-	-	-	17,465
Fuel Switch Analyses			2,500	-	-	-	2,500
Energy Share			289,000	180,849	-	-	469,849
Promotion			9,789	-	-	-	9,789
Labor			35,727	-	-	-	35,727
Admin. Non-labor			1,983	-	-	-	1,983
Interest Income			(1,551)	-	-	-	(1,551)
Low Income Summary			3,114,827	1,650,693	-	-	4,765,520
<b>Large Customer</b>	<b>2,950,657</b>	<b>0</b>	<b>2,020,653</b>	<b>926,368</b>	<b>3,635</b>	<b>-</b>	<b>2,950,657</b>
Self-Directed Energy Reduction			1,998,831	880,819	-	-	2,879,650
Self-Directed to Low Income			20,000	36,785	-	-	56,785
Labor			14,054	-	-	-	14,054
Interest Income			(960)	-	-	-	(960)
NWE Reallocate to Energy Share			-	-	1,090	-	1,090
NWE Reallocate to Free Weatherization			-	-	2,545	-	2,545
NWE Allocated from 2014 to cover LC Expense <sup>(b)</sup>			(11,272)	-	-	-	(11,272)
NWE Allocated from 2015 to cover LC Expense <sup>(b)</sup>			-	8,764	-	-	8,764
Large Customer Summary			2,020,653	926,368	3,635	-	2,950,656
<b>Unallocated</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Totals</b>	<b>9,531,040</b>	<b>0</b>	<b>5,980,704</b>	<b>3,173,729</b>	<b>309,708</b>	<b>66,899</b>	<b>9,531,040</b>
<b>2015 USB Revenues less Expenses and Contractual Commitments</b>							<b>-</b>

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

<sup>(b)</sup> The 2015 Large Customer Admin Costs of \$14,054 less the interest income of \$960 exceeded the amount of unclaimed 2015 Large Customer funds of \$1,822. NWE has committed unclaimed 2014 Large Customer funds in the amount of \$11,272 to cover the deficit.

**PROJECTS COMPLETED IN 2018 WITH 2015 FUNDS**

Energy Savings & Renewable Resource Estimates			
USB Category	Projects Completed in 2018 with 2015 USB \$		
	aMW	MWH	MW
Local Conservation	-	-	-
Market Transformation	-	-	-
Renewables	0.004	37	0.028
Research & Development	NA	NA	NA
Low Income	-	-	-
Large Customer	NA	NA	NA
	<b>0.004</b>	<b>37</b>	<b>0.028</b>

  

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

**TOTAL OF PROJECTS COMPLETED WITH 2015 FUNDS**

Energy Savings & Renewable Resource Estimates			
USB Category	Total Projects Completed with 2015 USB \$		
	aMW	MWH	MW
Local Conservation	0.155	1,355	0.236
Market Transformation	0.337	2,953	-
Renewables	0.043	376	0.287
Research & Development	NA	NA	NA
Low Income	0.037	325	0.077
Large Customer	NA	NA	NA
	<b>0.572</b>	<b>5,009</b>	<b>0.600</b>

  

Program Participation Summary		
USB Category / Program Segment	Quantity	Units
<b>Conservation</b>		
Residential Onsite Audits	2,094	homes
Residential Mail out Audits	2,112	homes
Business Appraisals	149	businesses
Business Partners/Irrigation	21	projects
Business Partners/Small Choice	-	projects
<b>Market Transformation</b>		
Commercial Lighting	3	projects
NWE Building Operator Certification	35	people
Motor Training	55	people
Market Transformation Training	48	people
<b>Renewables</b>		
Generation / Education	16	projects
<b>Research &amp; Development</b>		
Renewable Energy Seminars/Workshops	1,348	attendees
<b>Low-Income</b>		
Bill Assistance	11,629	households
Free Weatherization	501	homes
Energy Share	1,322	households