



February 8, 2013

Ms. Kate Whitney
Montana Public Service Commission
1701 Prospect Avenue
P. O. Box 202601
Helena, MT 59620-2601

RE: Docket No. D2012.5.49 Electric Tracker
Revised Exhibit__(MHB-1a) attached to the Supplemental Testimony of Michael
H. Baker submitted January 18, 2013

Dear Ms. Whitney:

Please discard the original CD containing Exhibits MHB-1a and 1b attached to the Supplemental Testimony of Michael H. Baker submitted as part of NWE's January 18, 2013 Supplemental filing in this docket and replace it with the enclosed CD. Exhibits MHB-1a and 1b are Volumes 1 and 2, respectively, of the SBW, Inc. Report. Volume 1 of the report was revised following the discovery of an error in the Programs Evaluation Report. Exhibit__(MHB-1a) revisions are as follows:

- The date on the cover page was changed to January 29, 2013 (page 1);
- The last sentence on page ii of the Executive Summary was corrected (page 4), and
- Table 1 in the Executive Summary was corrected (page 5).

No changes were made to Volume 2, Exhibit__(MHB-1b).

Paper copies of the affected pages are enclosed for replacement in the original 965-page document. Those pages and this letter of explanation have also been efiled on the PSC website, and the replacement CDs have been mailed to the service list in this docket.

Should you have questions, please contact Bobbi Stauffer at (406) 497-2122.

Sincerely,

Nedra Chase
Administrative Assistant

Enclosures
cc: Service List

**A. Service List
D2012.5.49**

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IMPACT AND PROCESS EVALUATION OF NORTHWESTERN ENERGY 2007-2011 DEMAND SIDE MANAGEMENT PROGRAMS

Submitted to **NORTHWESTERN ENERGY**
Butte, Montana

Submitted by **SBW CONSULTING, INC.**
Bellevue, Washington

In association with **RESEARCH INTO ACTION, INC.**
Portland, Oregon

NEW HORIZON TECHNOLOGIES, INC.
Butte, Montana

RIDGE & ASSOCIATES
San Francisco, California

January 29, 2013



ENERGY • WATER • EFFICIENCY

EXECUTIVE SUMMARY

This report presents the methodology, findings and recommendations based on an impact and process evaluation of the NorthWestern Energy (NWE) Demand Side Management (DSM) portfolio. The evaluation covers the operation of 24 energy efficiency and renewable energy programs during the period July 1, 2006 through December 31, 2011.

Evaluation of Impacts and Cost-Effectiveness

The table below shows the net savings and cost effectiveness findings for NWE’s natural gas and electric programs funded with Universal System Benefits Charges (USBC) or through natural gas and electric supply rates. We base these findings on data collection and analysis of participant and non-participant samples representative of each program in the portfolio. As part of this evaluation, we completed file reviews for 1,181 participants. Our field staff also completed site visits, and site-specific energy savings estimates for 638 participants and, as part of that effort, we installed 220 light loggers at 75 homes to measure hours of lighting operation. Our team completed telephone surveys with 922 participants to assess free ridership and they assessed spillover for 508 participants. In addition, we interviewed 40 Compact Fluorescent Lamp (CFL) retailers to determine what portion of the Upstream Buy-Down CFLs (and related Northwest Energy Efficiency Alliance (NEEA) Initiatives were purchased by businesses.

The energy impact and cost-effectiveness results from our evaluation are summarized in Table 1. As shown in the table we found that NWE’s DSM portfolio achieved 87 percent of reported electric savings and 66 percent of report gas savings over the five year period covered by this evaluation. The table also shows our findings regarding the benefits and costs of the portfolio during this period. Benefits exceeded costs (Benefit/Cost ratio greater than 1) for both electric and gas savings.

Impact and Process Evaluation of NorthWestern Energy 2007–2011 DSM Programs

Table 1: Portfolio Impact and Cost-Effectiveness for All Calendar Years

Funding	Program	Units	Reported Energy Savings	Net Savings Adjustment Rate	Adjusted Savings	Benefit/Cost Ratios				
						Total Resource Cost (TRC) Test	Program Administrator Cost (PAC) Test	Ratepayer Impact Measure (RIM) Test	Societal Cost (SC) Test	
Electric										
	All Programs Electric	kWh	309,335,688	0.87	270,564,139	1.41	2.49	1.46	1.56	
Natural Gas										
	All Programs Natural Gas	dkbt	874,310	0.66	577,245	1.28	1.60	1.20	1.41	