

an overall lower portfolio cost and, for those customers that participate in programs, reduced energy consumption resulting in lower bills.

Second, Dr. Power discussed the barriers to utility acquisition, including the disincentive faced by utilities in the pursuit of energy efficiency, which, although advantaging customers can disadvantage shareholders. The Commission has long recognized the existence of this disincentive and has sought, as have other Commissions across the country, to seek to align the interests of customers, shareholders, and society. In Montana, the Commission utilizes a lost revenue adjustment mechanism that attempts to put NorthWestern Energy in the same position it would have been in insofar as fixed cost recovery is concerned if the cost-effective customer energy efficiency acquisition had not been made. NorthWestern Energy should be allowed to recover its proposed lost revenues, as modified by the results of the SBW report.¹

Third, Dr. Power discussed the difficulty of measuring free ridership and spillover and the basis for SBW's conclusion to establish a net to gross energy savings ratio of 1.0. *Id.* at 27-31. While this was a subject of questioning at the hearing, SBW's conclusion in this regard was not undermined. As Dr. Power notes, the inherent difficulty associated with measuring these two effects and their offsetting nature make it impossible to assign any value other than zero to the sum of these effects. *Id.* at 31.

CONCLUSION

NorthWestern Energy's efficiency programs provide customers with great value.

¹ Dr. Power noted that the SBW analysis reduced electricity savings by 10% for the evaluation period. HRC-1 at 28. This reduction is factored into the true-up that occurs as part of a tracker, resulting in a lowering of rates.

The Commission and the utility should work together to make possible the acquisition of a resource that works to the advantage of Montana residents and businesses. In the context of this docket that means allowing NorthWestern Energy to recover its proposed lost revenue and issuing a strong statement in support of continued utility engagement in and commitment to the pursuit of cost effective customer energy efficiency.

Respectfully submitted,

Charles E. Magraw
501 8th Ave.
Helena, MT 59601
(406) 449-3375
(406) 461-3696 (mobile)

Attorney for Natural Resources Defense
Council and Human Resource Council,
District XI

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CERTIFICATE OF SERVICE

I hereby certify that the above signatory has, this 14th day of August, 2103, served the foregoing by electronic delivery and U.S. mail, postage prepaid to NorthWestern Energy and the Montana Consumer Counsel (and its counsel).