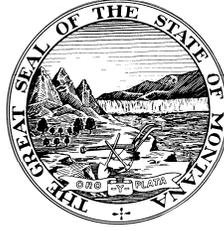


PUBLIC SERVICE COMMISSION
STATE OF MONTANA



Bill Gallagher, Chairman
Bob Lake, Vice Chairman
Kirk Bushman, Commissioner
Travis Kavulla, Commissioner
Roger Koopman, Commissioner

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April 5, 2013

Mr. Charles Magraw
501 8th Avenue
Helena, MT 59601

RE: Data requests in Docket D2012.5.49

Dear Mr. Magraw,

Enclosed please find data requests of the Montana Public Service Commission to the Human Resource Council, District XI and the Natural Resources Defense Council. The requests are numbered PSC-096 through PSC-099 in the above-referenced Docket. Please provide responses by April 19, 2013. If you have any questions, please contact Neil Templeton at (406) 444-6191, or me at (406) 444-6359.

Sincerely,

Will Rosquist
Regulatory Division
Montana Public Service Commission

Service Date: April 5, 2013

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

* * * * *

IN THE MATTER OF NorthWestern Energy's) REGULATORY DIVISION
Application for Approval of Electricity Supply)
Deferred Cost Account Balance and Projected) DOCKET NO. D2012.5.49
Electric Supply Costs)

**DATA REQUESTS PSC-096 THROUGH PSC-099 OF THE
MONTANA PUBLIC SERVICE COMMISSION
TO
HUMAN RESOURCE COUNCIL, DISTRICT XI AND
NATURAL RESOURCES DEFENSE COUNCIL**

PSC-096

Regarding: Criteria for utility energy efficiency programs

Witness: Power

- a. In the Commission's attempt to evaluate DSM programming, should it matter which consumers participate in DSM programs, or should DSM's savings of energy to the system compared with the avoided cost of energy the utility otherwise would have purchased be the Commission's lodestone, regardless of the level of consumer participation?
- b. Please refer to NWE response to PSC-054. Do you support the company's plan to continue incenting CFL purchases even while federal regulations have caused (or will cause) incandescent light bulbs of gradually lower wattages to be discontinued from being manufactured?
- c. Please comment on the efficacy of market transformation programs.
- d. You argue on pgs. 18-19, that using the *average* cost rather than the *incremental* cost of expanding energy supply can keep customers from realizing the energy savings they have facilitated. You write, "Average cost pricing may provide a price signal that understates the value of electricity saved and discourages customer energy saving investments that are actually cost-effective." Do you accept the reverse proposition, that when incremental costs are lower than the average cost, that the average cost may *overstate* the value of electricity saved by DSM programming?

- e. Given current low avoided prices available through market purchases in at least the short term, would you agree that DSM programs that are short- or medium-lived, such as CFL lighting programs, may avoid incremental costs that are in fact less than the average cost of energy?

PSC-097

Regarding: SBW report

Witness: Power

- a. Are you challenging any aspect of SBW's work and, if so, which aspect(s)?
- b. Have you accepted as true the energy savings the SBW report projects as resulting from NorthWestern's Energy Efficiency programming?
- c. Have you reviewed the avoided-cost calculations that NorthWestern and SBW are using to benchmark DSM cost savings against? (Refer to the report, and PSC-052 as needed.) If so, do you find them reasonable?
- d. In your view, what are the relative merits and deficiencies of the cost-benefits tests that SBW uses to evaluate DSM programming? Is one test more meritorious than others of adoption for use by the Commission and, if so or not, why or why not?
- e. Are there any DSM programs that, in light of the SBW study, you would recommend discontinuing?

PSC-098

Regarding: SBW report

Witness: Power

To what extent should the Commission be concerned about the independence of the savings estimates in SBW's report, given that SBW's contract is with NWE?

PSC-099

Regarding: LRAM

Witness: Power

In a time when utilities are filing more recent rate cases, is it reasonable to discontinue the LRAM because volumes will be more quickly re-established in rate proceedings?