



Universal System Benefits Activities **2020 Annual Report**

March 2021

NorthWestern[®]
Energy

 **Efficiency
Plus**



March 1, 2021

Mr. Jason Lay
Montana Department of Revenue
PO Box 5805
Helena MT 59604-5805

Dear Mr. Lay:

Enclosed with this letter is the 2020 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 \$9,917,706 in electric USB revenues was collected from NorthWestern Energy's electric distribution customers in 2020.

As required by statute and Montana Public Service Commission Order No. 7458, 50% of the 2020 USB funds, or \$4,958,853 was directed to Low Income activities by NorthWestern Energy. Large Customers funds accounted for 32% of the total 2020 electric USB revenues, or \$3,150,720 with \$51,754 self-directed to Low Income activities and \$2,856,223 self-directed to energy reduction activities. Allocations by NorthWestern Energy to the other public purpose categories are as follows: \$331,587 to Local Conservation, \$640,965 to Market Transformation, and \$835,581 to Renewable Resources and Research and Development.

COVID-19 impacted 2020 USB revenues and activities and in early March 2020, NorthWestern Energy limited, suspended, and/or postponed Efficiency Plus (E+) related activities, specifically in-person interactions with customers and trade allies. This led to some USB activities planned for 2020 being postponed and funds carried forward to 2021 as allowed by statute and with extensions of time granted by the Department of Revenue as allowed by Administrative Rules (ARM) of Montana, 42.29.111.

Included with the 2020 report are updates for the 2018 and 2019 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,

Shawn Fredrickson
Customer Care - DSM

**NorthWestern Energy
Electric
Universal System Benefits Activities
2020 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 slightly more than \$203 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 \$9,917,706 was collected from NorthWestern Energy's electric distribution customers in 2020. This is about \$450,000 less than 2019 revenues with Large Customer revenues down by nearly \$427,000 and non-Large Customer revenues decreased by about \$23,000 when compared to 2019 revenues.

The 2020 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 E+ Audit program, 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 Universal System Benefits Charge (USBC) revenues to Low Income activities, consistent with statute and proportionally reduces allocations between the Local Conservation and the Market Transformation categories, and the Renewable Generation and the Research and Development categories.

COVID-19 has impacted 2020 USB revenues and activities. On March 13, 2020, NorthWestern Energy began reaching out to contractors affiliated with its Efficiency Plus (E+) activities and asked these contractors limit, suspend, and/or postpone in-person interactions with customers and trade allies. As a result, face-to face activities were suspended or limited. NorthWestern Energy provided the Montana Public Service Commission (MPSC) an update with regard to E+ activities in a letter dated March 20,

NorthWestern Energy
Electric
Universal System Benefits Activities
2020 Annual Report

2020. In December, NorthWestern Energy updated the MPSC and Montana Consumer Counsel. In an effort to maximize the value to our customers, NorthWestern Energy applied 2020 natural gas USB funds for all E+ Energy Audit program and E+ Weatherization services provided in 2020 and is carrying forward 2019 and 2020 electric USB funds associated with these programs to 2021 activities. COVID-19 resulted in other activities planned for 2020 being postponed and funds carried forward to 2021 as allowed by statute and with extensions of time granted by the Department of Revenue as allowed by Administrative Rules (ARM) of Montana, 42.29.111.

Separate of the USB funded activities referenced above, NorthWestern Energy customers fund additional 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.

Of the 2020 electric USBC revenues, \$4,958,853 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 \$51,754 of their 2020 electric USB funds to Low Income activities, bringing the 2020 Low Income electric USB funds total to \$5,010,607 or more than 50% of the 2020 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 2020 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 2020 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 2020 electric USB funds by category and activity, and a summary of the energy and demand savings and new renewable resources resulting from the 2020 allocations. The report also includes updates on previous years' activities, and a summary by public purpose category of electric USB funding from 1999-2020.

**NorthWestern Energy
Electric
Universal System Benefits Activities
2020 Annual Report**

UNIVERSAL SYSTEM BENEFITS CHARGE REVENUES

NorthWestern Energy's 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 \$9,917,706 in 2020. 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 2020.

General Description	Tariffed Customer Class	Rate/kWh	Percent *
Residential	Residential	\$0.001334	35%
Commercial/Small Industrial	GS-1 & GS-2 under 1000 kW	\$0.001143	30%
Large Customer per USB	GS-1 & GS-2 over 1000 kW	\$0.000900	32%
Irrigation	Irrigation	\$0.001144	1%
Lighting	Lighting	\$0.003404	2%

* NOTE: Due to rounding percentages may not add to 100%.

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 514 accounts, make up slightly more than \$3.15M 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 2020, the net gain in interest to USB was \$3,894 of which \$2,648 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
2020 Annual Report**

UNIVERSAL SYSTEM BENEFITS EXPENDITURES

All electric USB funds collected from NorthWestern Energy customers in 2020 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 2020 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 2020 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 2020 and has financial commitments to implement additional activities/projects for completion in 2021. These programs and activities are described in this report. The breakdown between qualifying expenditures in the current year and financial commitments for completion in 2021 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 2018 and 2019 Reports.

UNIVERSAL SYSTEM BENEFITS RESULTS

From 1999 through 2020, NorthWestern Energy has delivered USB activities to various customer classes and across all public purpose categories. General descriptions of the activities or programs for 2020, along with the funding total for each category, follow.

**NorthWestern Energy
Electric
Universal System Benefits Activities
2020 Annual Report**

Large Customers– \$3,150,720

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 E+ programs.

In 2020, \$3,150,720 was collected from 57 Large Customers to meet their 2020 obligations. All but one of these customers self-directed all of their 2020 USB funds. Large Customers self-directed \$1,844,110 of 2020 funds toward energy reduction projects within their facilities, and have carried over \$1,012,113 for additional projects in 2021. Large Customers self-directed \$51,754 to Low Income activities in 2020.

The unclaimed 2020 Large Customer funds and the 2020 USB account interest covered NorthWestern Energy administrative costs for this area leaving a balance of \$236,226 that is being reallocated to the Low Income category for expenditure in 2021 by NorthWestern Energy, consistent with historic MPSC direction. Claims to NorthWestern Energy for reimbursement are documented as received. Reimbursements are made after the USBC has been collected from the customer. NorthWestern Energy 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 Energy's system that self-directed funds follows.

**NorthWestern Energy
Electric
Universal System Benefits Activities
2020 Annual Report**

**NorthWestern Energy
Listing of Large Customers Self-Directing 2020 Funds**

AMERICAN CHEMET	MONTANA RESOURCES
ASH GROVE CEMENT	MONTANA STATE UNIVERSITY - BILLINGS
ASPEN AIR	MONTANA STATE UNIVERSITY - BOZEMAN
BARRETTS MINERALS	PASTA MONTANA
BILLINGS CLINIC	PHILLIPS66 PIPELINE
BOEING OF HELENA	PHILLIPS66 REFINERY
CALUMET MONTANA REFINING, LLC	R Y TIMBER
CHS	REC SILICON
CITY OF BILLINGS	ROCKY MOUNTAIN POWER
CITY OF GREAT FALLS	ROSEBURG FOREST PRODUCTS
COLSTRIP ENERGY LTD PARTNERSHIP	SAINT JAMES HOSPITAL
COMMUNITY MEDICAL CENTER	SAINT PATRICK HOSPITAL
CRYPTOWATT MINING, LLC	SAINT VINCENT HEALTHCARE
EXPRESS PIPELINE LLC	STILLWATER MINING COMPANY
EXXONMOBIL	SUN MOUNTAIN LUMBER
GCC THREE FORKS LLC	TALEN MONTANA, LLC
GENERAL MILLS	THOMPSON RIVER LUMBER
GOLDEN SUNLIGHT MINES, INC.	UNITED MATERIALS INCORPORATED
GRAIN CRAFT	UNITED PROPERTIES, INC.
GRAYMONT WESTERN US INC.	UNIVERSITY OF MONTANA
HYPERBLOCK, LLC	US AIR FORCE
IDAHO FOREST GROUP (FORMERLY TRICON TIMBER)	US DEPT VETERANS AFFAIRS
IMERYS TALC AMERICA, INC.	US PUBLIC HEALTH SERVICE (NATIONAL INSTITUTE OF HEALTH)
JUDITH GAP ENERGY LLC	VISTA OUTDOOR SALES, LLC
MALTEUROP NORTH AMERICA, INC.	WESTERN SUGAR COOPERATIVE
METRA PARK	WESTMORELAND RESOURCES INC.
MONTANA DEPARTMENT OF CORRECTIONS	WESTMORELAND ROSEBUD MINING LLC
MONTANA PRECISION PRODUCTS LLC	YELLOWSTONE DEVELOPMENT

**NorthWestern Energy
Electric
Universal System Benefits Activities
2020 Annual Report**

Low Income Activities– \$4,958,853

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 \$4,958,853 in 2020 electric USB funds to Low Income activities, or 50% of electric USBC revenues. Large Customers reported self-directing an additional \$51,754 to Low Income activities bringing the total 2020 funds committed to Low Income to \$5,010,607 which is slightly more than 50% of the total funds collected.

Appendix 4 to the 2020 report provides a summary of NorthWestern Energy's Electric USB allocations for 1999-2020 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 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 11,324 low income households were served in 2020 with electric USB funds. The financial impact of electricity costs on low income households was reduced through bill assistance, weatherization, and emergency energy assistance.

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.

**NorthWestern Energy
Electric
Universal System Benefits Activities
2020 Annual Report**

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 2020 was similar to the 2019 participation level. The funding of the electric Low Income bill discount totaled \$2,411,024 in 2020 for the 11,324 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.

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 2020 have been noted in previous reports. Increased funding to the Low Income program with MPSC Order No. 7458 increased funding of the 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 Energy as the primary heating vendor.

Due to impacts from COVID-19, the Free Weatherization Program was suspended from March 13, 2020 through September 18, 2020. The HRCs performed low income weatherization work for 173 low income customers in 2020. As noted earlier, only natural gas USB funds were used for weatherization work and the 2019 and 2020 electric USB funds have been carried forward to 2021 weatherization activities. Unspent 2020 Low Income electric funds of \$1,986,254, along with reallocated Large Customer electric funds in the amounts of \$93,736 from 2020 and \$185,981 from 2019 have been committed to weatherization for completion in 2021.

The Free Weatherization program includes a comprehensive energy audit, installation of air-sealing, hot water conservation, insulation measures and LED bulbs, and energy related health and safety improvements such as heating equipment tune-ups, repairs and replacement. Customers whose homes are heated primarily with electricity from NorthWestern Energy are considered for conversion to natural gas. Customers are

**NorthWestern Energy
Electric
Universal System Benefits Activities
2020 Annual Report**

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.

- “Very Professional – Very Nice – Very Informative (explained everything they did) – Very Hard Workers. One Great Crew!!”
- “Everything was Great.”
- “Insulation on basement exterior walls made an instant effect on comfort. Bath exhaust is great. Thank You!”
- “We so appreciated all they did and it helped our \$ output. Plus, we are warm.”
- “Just a very big THANK YOU! Very appreciated, bless you!”

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. In addition to the 2020 pooled electric and natural gas funds there was an additional \$222,100 of 2019 Low Income electric USB funds spent in 2020 and \$9,259 of reallocated 2019 Large Customer electric funds, for a total of \$856,359. An additional \$224,169 of unspent 2020 Low Income electric funds, and reallocated Large Customer electric funds in the amounts of \$142,491 from 2020 and \$109,585 from 2019 have been committed to Energy Share for payment in 2021.

**NorthWestern Energy
Electric
Universal System Benefits Activities
2020 Annual Report**

Local Conservation Activities– \$593,543

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.

As noted earlier, only 2020 natural gas USB funds were used to support the 2020 local conservation E+ Audit Program. The activities under the E+ Audit program umbrella include the E+ Audit for the Home, the E+ Home Energy Check virtual assessment pilot, E+ Energy Surveys, and E+ Energy Appraisals for Businesses.

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. Before the March 13, 2020 suspension of the E+ Audit for the Home, 408 on-site residential audits were completed in 2020.

In an effort to continue to support energy efficiency for non-low income customers and to continue to provide space and/or water heat customers with information to improve energy efficiency of their homes, the E+ Home Energy Check virtual assessment pilot was kicked off through a soft launch in late 2020. Funds have been carried into 2021 to continue this offering.

Both the E+ Audit for the Home and the E+ Home Energy Check provide customers 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 energy efficient practices and natural gas appliance maintenance.

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 electric customers with specific consumption profiles. Customers complete and return the survey; they receive a report similar to the on-site E+ Audit and E+ Home Energy Check 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

**NorthWestern Energy
Electric
Universal System Benefits Activities
2020 Annual Report**

provided. More than 3,000 residential electric customers participated in the E+ Energy Survey program in 2020.

Through the E+ Audit for the Home, the E+ Home Energy Check, the Free Weatherization Program, or the E+ Energy Survey, almost all NorthWestern Energy residential customers have an energy efficiency assessment tool available for their home.

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 advance of the March 13 suspension of the program due to COVID-19, more than 20 commercial facilities were evaluated through this program offering.

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 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 2020, 6 irrigation efficiency improvement projects were funded and completed with 2020 USB funds.

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

**NorthWestern Energy
Electric
Universal System Benefits Activities
2020 Annual Report**

Market Transformation– \$379,009

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.

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 for builders, code officials, trade allies, and the general public, though COVID-19 delayed some of the trainings. New educational information has been drafted in anticipation of the adoption by Montana of the 2018 International Energy Conservation Code (IECC). While it was anticipated that the 2018 IECC would be adopted in 2020, it is now expected that Montana will adopt the 2018 IECC in 2021 allowing for the educational information will be finalized and additional training for code inspectors, builders, and other trade allies to move forward.

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, where typically Building Operator Certification training specifically targets public schools, government facilities, and non-profit hospitals. These activities help support other electric energy efficiency programs of NorthWestern Energy. Due to COVID-19, Building Operator Certification classes were not held in 2020 and funds have been carried into 2021 for online offerings of this training.

Regional Market Transformation

NorthWestern Energy has traditionally directed Market Transformation funds to regional collaborative and technical training opportunities. As a result of COVID-19, there were no in person trainings or webinars targeting commercial and industrial customers and trade allies that required funding. Regional collaboration for technical work was funded as that work was continued remotely. The remaining Local Conservation and Market Transformation funds from 2020 have been carried into 2021 to address market transformation activities.

**NorthWestern Energy
Electric
Universal System Benefits Activities
2020 Annual Report**

Renewable Resources, and Research and Development—\$835,581

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 2020 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 Energy'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 installation costs have declined and the installer network has grown, the E+ Renewable Energy custom incentives for PV systems on homes and businesses were reduced and more recently 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, 19 solar PV projects were completed in 2020 with 2018 and 2019 funds. Projects completed in 2020 were installed on schools, public buildings, and non-profit facilities.

Projects completed in 2020 with funds from previous years are noted in the Addendums to the, 2018, and 2019 reports.

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

**NorthWestern Energy
Electric
Universal System Benefits Activities
2020 Annual Report**

USB Renewable Projects 1999-2020		
Facility Type	#	kW
Commercial Projects	68	639.57
Fire Stations	42	131.26
Irrigation Projects	6	103.52
Low Income	61	340.25
Non-Profit Projects	80	812.14
Private Residences	831	2,653.96
Schools	112	1,247.16
Other Public Buildings	45	852.05
Biomass	1	750.00
Solar Thermal	19	NA
Biodiesel	2	15.00

NorthWestern Energy continues to consult with its USB Renewable Advisory Committee 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 2020, 38 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 Electrical Joint Apprenticeship and Training Committee (MEJATC) and Occupational Safety and Health Administration (OSHA) to provide safety training to installers of small renewable generation systems. NorthWestern Energy sponsored 51 training sessions throughout the state in 2020. These sessions covered a variety of topics including, OSHA battery storage, Four Hazards Training, Fall Protection, NFPA 70E, Building Codes for Montana Installers, First Responder Training, utility worker and electrical inspector training, as well as COVID-19 OSHA/CDC Workplace Recommendations for Electricians/Solar Installers. Additional training for installers, home inspectors and electrical inspectors has been committed to 2021. The Qualified Installers, as well as several program contractors, provide education and project development services.

**NorthWestern Energy
Electric
Universal System Benefits Activities
2020 Annual Report**

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. In 2020, this program was reviewed as part of the Green Power Stakeholder Advisory process. The Green Power Stakeholder Advisory group was created as part of an agreement between NorthWestern Energy, the Montana Department of Environmental Quality, the Montana Consumer Council, and WalMart. The agreement was approved in MPSC Order No. 7604u in Docket No. 2018.08.012. NorthWestern Energy filed to reduce the rate for the E+ Green Power Program from \$2.00 per 100 kWh block to \$1.25 per 100 kWh block of environmental benefits associated with renewable energy generated in the Northwest and Wyoming. The MPSC approved this rate change Docket No. 2020.03.034, MPSC Order No. 7739. Historically, when revenues of the E+ Green Power program are greater than expenses, excess funds are directed to the Renewable Resources category and when the program expenses exceed revenues, USB funds are used to support the program. The net revenues of the E+ Green Power program and 2020 renewable funds for a total of \$85,000 have been carried into 2021 for promotion development and execution of the E+ Green Power program. 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 Power blocks of environmental benefits associated with renewable generation.

**NorthWestern Energy
Electric
Universal System Benefits Activities
2020 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).

While COVID-19 has presented unprecedented challenges and impacts, NorthWestern Energy's commitment to deliver public purpose benefits to customers in 2020 and beyond has continued. 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, 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, 2018 and 2019 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.

For further information regarding this report, please contact:

NorthWestern Energy Customer Care – DSM	
11 East Park St Butte, MT 59701-1711	Phone: (406) 497-2491 e-mail: E+Programs@northwestern.com

Appendices 1- 4

Universal System
Benefits Activities
2020 Annual Report



	USBC kWh (Load)	USBC Revenue By Class	% of USBC Revenue By Class
Residential			
Residential	2,629,487,122	\$ 3,506,408	35%
General Service			
GS-1/GS-2 < 1000 kW	2,602,176,660	\$ 2,974,221	30%
Irrigation	94,694,078	\$ 107,495	1%
Lighting	52,543,865	\$ 178,862	2%
Total Non-Large Customer	5,378,901,725	\$ 6,766,986	68%
Large Customer			
GS-1/GS-2 > 1000 kW and Special Contracts	3,602,497,175	\$ 3,150,720	32%
Total USBC	8,981,398,900	\$ 9,917,706	100%

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 2020	Contracted - Complete in 2021	Allocation & Expenses
	per Order 7458	Reallocation ^(b)			
Local Conservation	593,543	(261,956)	91,587	240,000	331,587
E+ Residential Audit/Home EnergyCheck and Sm. Comm Appraisal			-	240,000	240,000
E+ Business Partners/ Irrigation Promotion			16,761	-	16,761
Labor			44,458	-	44,458
Admin. Non-labor			30,475	-	30,475
Interest Income			51	-	51
			(158)	-	(158)
Local Conservation Summary			91,587	240,000	331,587
Market Transformation	379,009	261,956	60,614	580,351	640,965
Motor Management Training			-	15,000	15,000
Energy Star Homes			-	122,693	122,693
Building Operator Certification			2,000	12,000	14,000
Regional Market Transformation Promotion			24,389	430,658	455,047
Labor			10,170	-	10,170
Admin. Non-labor			23,629	-	23,629
Interest Income			528	-	528
			(101)	-	(101)
Market Transformation Summary			60,614	580,351	640,965
Renewable Resources	678,806	-	67,148	611,658	678,806
Generation/Education			-	526,658	526,658
Green Power Product			(19,304)	85,000	65,696
Promotion			31	-	31
Labor			86,544	-	86,544
Admin. Non-labor			59	-	59
Interest Income			(181)	-	(181)
Renewable Resources Summary			67,148	611,658	678,806
Research & Development	156,775	-	31,815	124,960	156,775
R&D/ Infrastructure			1,913	124,960	126,873
Promotion			266	-	266
Labor			29,525	-	29,525
Admin. Non-labor			152	-	152
Interest Income			(42)	-	(42)
Research & Development Summary			31,815	124,960	156,775
Low Income	4,958,853	-	2,748,430	2,210,423	4,958,853
Bill Assistance			2,411,024	-	2,411,024
Free Weatherization & Fuel Switch			-	1,986,254	1,986,254
Elec Weatherization Incentives			16,541	-	16,541
Fuel Switch Analyses			300	-	300
Energy Share			289,000	224,169	513,169
Promotion			63	-	63
Labor			32,396	-	32,396
Admin. Non-labor			430	-	430
Interest Income			(1,324)	-	(1,324)
Low Income Summary			2,748,430	2,210,423	4,958,853
Large Customer ^(a)	3,150,720	-	1,902,381	1,248,339	3,150,720
Self-Directed Energy Reduction			1,844,110	1,012,113	2,856,223
Self-Directed to Low Income			51,754	-	51,754
Labor			7,358	-	7,358
Interest Income			(841)	-	(841)
NWE Reallocation to Free Weatherization			-	93,736	93,736
NWE Reallocation to Energy Share			-	142,491	142,491
Large Customer Summary		-	1,902,381	1,248,339	3,150,719
Totals	9,917,706	-	4,901,975	5,015,731	9,917,706
2020 USB Revenues less Expenses and Contractual Commitments					-

^(a) The unclaimed 2020 Large Customer funds and the USB account interest covered Large Customer administrative costs leaving a balance of \$236,226 that is being reallocated to Free Weatherization and Energy Share for expenditure in 2021.

^(b) Reallocations between Local Conservation and Market Transformation are consistent with past practice.

2020 USB FUNDING AND EXPENDITURE SUMMARY

USB Category	Allocation of 2020 funds based on Order 7458	Percentage by Category	Reallocation of 2020 funds	Percentage by Category	Allocation w/Lrg Cust funds self-directed to LI ^(a)	Percentage by Category	Total Electric USB Funds Spent in 2020	2020 Electric USB Funds Contracted to Spend in 2021
Local Conservation	\$ 593,543	6%	\$ 331,587	3%	\$ 331,587	3%	\$ 91,587	\$ 240,000
Market Transformation	\$ 379,009	4%	\$ 640,965	6%	\$ 640,965	6%	\$ 60,614	\$ 580,351
Renewables	\$ 678,806	7%	\$ 678,806	7%	\$ 678,806	7%	\$ 67,148	\$ 611,658
Research & Development	\$ 156,775	2%	\$ 156,775	2%	\$ 156,775	2%	\$ 31,815	\$ 124,960
Low Income	\$ 4,958,853	50%	\$ 4,958,853	50%	\$ 5,010,607	51%	\$ 2,748,430	\$ 2,210,423
Large Customer	\$ 3,150,720	32%	\$ 3,150,720	32%	\$ 3,098,966	31%	\$ 1,902,381	\$ 1,248,339
	\$ 9,917,706	100%	\$ 9,917,706	100%	\$ 9,917,706	100%	\$ 4,901,975	\$ 5,015,731

2020 LOW INCOME FUNDING SUMMARY

2020 Low Income Expenditures

Bill Assistance	\$ 2,411,024
Free Weatherization	\$ -
Elec Weatherization Incentives	\$ 16,541
Fuel Switch Analysis	\$ 300
Energy Share	\$ 289,000
*Promotion	\$ 63
*Labor	\$ 32,396
*Admin. Non-labor	\$ 430
USB Interest Income	\$ (1,324)
Self-Directed Large Customer	\$ 51,754
Total:	\$ 2,800,184
Low Income share of 2020 Electric USB revenues :	28.2%

2020 ENERGY SAVINGS & RENEWABLE RESOURCES ESTIMATES

Savings & Resources acquired in 2020 w/ 2020 \$

	aMW	MWH	MW
Local Conservation	0.057	499.39	0.101
Market Transformation	-	-	-
Renewables	-	-	-
Research & Development	N/A	N/A	N/A
Low Income	0.013	110.51	92.643
Large Customer ^(b)	-	-	-
	0.070	609.90	92.744

Projected Savings & Resources to acquire in 2021 w/ 2020 \$ (c)

	aMW	MWH	MW
Local Conservation	0.000	0.77	-
Market Transformation	N/A	N/A	N/A
Renewables	0.073	640.44	0.487
Research & Development	N/A	N/A	N/A
Low Income	0.020	171.79	0.026
Large Customer ^(b)	-	-	-
	0.093	813.00	0.514
Total Savings & Resources	0.162	1,422.90	93.258

2020 ELECTRIC USB PARTICIPATION SUMMARY

Electric USB Activity by Category	Quantity	Units
Conservation		
Residential Onsite Audits	408	homes
Residential Mail out Audits	3,078	homes
Residential Home Energy Check	21	homes
Small Commercial Appraisals	23	businesses
Business Partners / Irrigation	6	projects
Market Transformation		
NWE Building Operator Certification	-	people
Motor Training	-	attendees
Market Transformation Training	-	attendees
Renewables		
Generation / Education	-	projects
Research & Development		
Renewable Energy Seminars/Workshops	-	attendees
Low-Income		
Bill Assistance	11,324	households
Free Weatherization & Fuel Switch	173	homes
Energy Share	1,129	households

^(a) Large Customers may self-direct their USB dollars to energy saving and renewable activities in their own facilities, or to Low Income activities. In 2020 with 2020 funds, Large Customers self-directed a total of \$51,754 to Low-Income.

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

^(c) Projected Savings & Resources are based on contracts that were in place at the end of 2020. Actual results will be reported in 2021.

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	5%	527,220
Market Transformation	3%	336,659
Renewables	6%	602,956
Research & Development	1%	139,256
Low-Income	50%	5,183,653
Large Customers	35%	3,577,562
	100%	10,367,307

Historic Allocation of Electric USB Funds (b)

USB Categories										
Year	Total Electric USB Funds	Large Customers	Low Income (c)	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	-
2019	10,367,307	3,577,562	5,183,653	-	5,183,653	448,845	415,034	656,782	85,430	-
2020	9,917,706	3,150,720	4,958,853	-	4,958,853	331,587	640,965	678,806	156,775	-
	203,139,453	63,980,014	74,111,419	2,336,999	76,448,417	27,125,616	10,671,448	19,775,958	4,381,446	756,549
Allocation as % of Revenues by Category	100%	31.5%			37.6%	13.4%	5.3%	9.7%	2.2%	0.4%

Allocation as % of Revenues, excluding Large Customer Revenues	100%				54.9%	19.5%	7.7%	14.2%	3.1%	0.5%
--	------	--	--	--	-------	-------	------	-------	------	------

- (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 2020.
- (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 \$3,472,401 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 **2019 Report**

Universal System
Benefits Activities
2020 Annual Report

**ADDENDUM
to the
2019 Report**



The 2019 NorthWestern Energy USBC revenues totaled \$10,367,307. Of this, \$7,513,902 was spent on projects completed in 2019, and \$1,420,794 was spent on projects completed in 2020, leaving a balance of \$1,432,610 for projects to complete in 2021.

The projects associated with \$1,420,794 of 2019 USB funds, including \$852,077 of Large Customer self-directed activities, \$26,571 of Market Transformation training sessions, \$310,787 of combined Renewable generation projects and R & D, and a total of \$231,359 directed to Energy Share, which includes \$9,259 in reallocated Large Customer funds were completed in 2020.

NorthWestern Energy requested and was granted extensions from the Department of Revenue as allowed per ARM 49.29.111 for Local Conservation activities totaling \$126,187, Market Transformation activities totaling \$9,715, combined Renewable generation projects and R & D totaling \$392,404, Low Income activities totaling \$669,628, which includes \$21,605 in reallocated Large Customer funds for completion in 2021.

Updated results are provided in the 2019 Addendum in Appendices 2 and 3 (p. 2019-2 and p. 2019-3).

	Revenue Allocation		Spent in 2019	Spent in 2020	Contracted - Complete in 2021	Allocation & Expenses
	per Order 7458	Reallocation ^(b)				
Local Conservation	527,220	(78,375)	322,658	-	126,187	448,845
E+ Residential Audit/Sm. Comm Audit			141,239	-	126,187	267,426
E+ Business Partners / Irrigation Projects			13,156	-	-	13,156
Promotion			140,069	-	-	140,069
Labor			28,269	-	-	28,269
Admin. Non-labor			274	-	-	274
Interest Income			(349)	-	-	(349)
Local Conservation Summary			322,658	-	126,187	448,845
Market Transformation Summary	336,659	78,375	383,034	26,571	5,429	415,034
E+ Commercial Lighting			142,929	-	-	142,929
Motor Management Training			14,375	-	-	14,375
Energy Star Homes			104,111	26,571	5,429	136,111
Building Operator Certification			32,105	-	-	32,105
Commercial Industrial Training & Conference			45,682	-	-	45,682
Promotion			15,346	-	-	15,346
Labor			19,034	-	-	19,034
Admin. Non-labor			9,674	-	-	9,674
Interest Income			(223)	-	-	(223)
Market Transformation Summary			383,034	26,571	5,429	415,034
Renewable Resources	602,956	53,826	50,091	310,787	295,904	656,782
Generation/Education			-	310,787	295,904	606,691
Green Power Product			(23,388)	-	-	(23,388)
Promotion			42	-	-	42
Labor			73,471	-	-	73,471
Admin. Non-labor			366	-	-	366
Interest Income			(399)	-	-	(399)
Renewable Resources Summary			50,091	310,787	295,904	656,782
Research & Development	139,256	(53,826)	23,930	-	61,500	85,430
R&D/ Infrastructure			-	-	61,500	61,500
Battery Storage			1,146	-	-	1,146
Promotion			263	-	-	263
Labor			22,417	-	-	22,417
Admin. Non-labor			196	-	-	196
Interest Income			(92)	-	-	(92)
Research & Development Summary			23,930	-	61,500	85,430
Low Income	5,183,653	-	4,313,529	222,100	648,024	5,183,653
Bill Assistance			2,450,189	-	-	2,450,189
Free Weatherization			1,520,210	-	648,024	2,168,234
Elec Wx Incentives			23,412	-	-	23,412
Fuel Switch Analyses			2,100	-	-	2,100
Energy Share			289,000	222,100	-	511,100
Promotion			(87)	-	-	(87)
Labor			31,147	-	-	31,147
Admin. Non-labor			987	-	-	987
Interest Income			(3,429)	-	-	(3,429)
Low Income Summary			4,313,529	222,100	648,024	5,183,653
Large Customer ^(a)	3,577,562	-	2,420,659	861,336	295,566	3,577,562
Self-Directed Energy Reduction			2,353,848	570,307	-	2,924,155
Self-Directed to Low Income			56,692	281,771	-	338,463
Labor			12,486	-	-	12,486
Interest Income			(2,366)	-	-	(2,366)
NWE Reallocation to Free Weatherization			-	-	185,981	185,981
NWE Reallocation to Energy Share			-	9,259	109,585	118,844
Large Customer Summary		-	2,420,659	861,336	295,566	3,577,562
Totals	10,367,307	-	7,513,902	1,420,794	1,432,610	10,367,307
2019 USB Revenues less Expenses and Contractual Commitments						-

^(a) The unclaimed 2019 Large Customer funds and the USB account interest covered Large Customer administrative costs leaving a balance of \$30,863 that is being reallocated to Free Weatherization and Energy Share for expenditure in 2020. At the end of 2020, there were unclaimed 2019 Large Customer funds in the amount of \$273,963 that are being reallocated to Free Weatherization and Energy Share for expenditure in 2021.

^(b) Reallocations between Local Conservation and Market Transformation and Renewables and Research and Development are consistent with past practice.

PROJECTS COMPLETED IN 2020 WITH 2019 FUNDS

Energy Savings & Renewable Resource Estimates			
USB Category	Projects Completed in 2020 with 2019 USB \$		
	aMW	MWH	MW
Local Conservation	-	-	-
Market Transformation	-	-	-
Renewables	0.037	326	0.248
Research & Development	N/A	N/A	N/A
Low Income	-	-	-
	0.037	326	0.248
Program Participation Summary			
USB Category / Program Segment	Quantity	Units	
Conservation			
Residential Onsite Audits	-	homes	
Residential Mail out Audits	-	homes	
Business Appraisals	-	businesses	
Business Partners/Irrigation	-	projects	
Business Partners/Small Choice	-	projects	
Market Transformation			
Commercial Lighting	-	projects	
NWE Building Operator Certification	-	people	
Motor Training	-	people	
Market Transformation Training	-	people	
Renewables			
Generation / Education	9	projects	
Research & Development			
Renewable Energy Seminars/Workshops	-	attendees	
Low-Income			
Bill Assistance	-	households	
Free Weatherization	-	homes	
Energy Share	-	households	

TOTAL OF PROJECTS COMPLETED WITH 2019 FUNDS

Energy Savings & Renewable Resource Estimates			
USB Category	Total Projects Completed with 2019 USB \$		
	aMW	MWH	MW
Local Conservation	0.082	717	0.134
Market Transformation	0.031	269	-
Renewables	0.037	326	0.248
Research & Development	N/A	N/A	N/A
Low Income	0.038	331	0.067
	0.188	1,643	0.449

Program Participation Summary		
USB Category / Program Segment	Quantity	Units
Conservation		
Residential Onsite Audits	1,603	homes
Residential Mail out Audits	1,210	homes
Business Appraisals	59	businesses
Business Partners/Irrigation	5	projects
Business Partners/Small Choice	-	projects
Market Transformation		
Commercial Lighting	7	projects
NWE Building Operator Certification	17	people
Motor Training	124	people
Market Transformation Training	100	people
Renewables		
Generation / Education	9	projects
Research & Development		
Renewable Energy Seminars/Workshops	-	attendees
Low-Income		
Bill Assistance	11,533	households
Free Weatherization	399	homes
Energy Share	1,588	households

Addendum **2018 Report**

Universal System
Benefits Activities
2020 Annual Report

**ADDENDUM
to the
2018 Report**



The 2018 NorthWestern Energy USBC revenues totaled \$10,063,092. Of this, \$7,342,834 was spent on projects completed in 2018, and \$2,119,708 was spent on projects completed in 2019, leaving a balance of \$600,550 for projects to complete in 2020.

The projects associated with \$580,285 of 2018 USB funds include \$580,285 of combined Renewable generation projects and R & D that were completed in 2020.

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 \$29,190 for completion in 2021.

Updated results are provided in the 2018 Addendum in Appendices 2 and 3 (p. 2018-2 and p. 2018-3).

	Revenue Allocation		Spent in 2018	Spent in 2019	Spent in 2020	Contracted - Complete in 2020	Allocation & Expenses
	per Order 7458	Reallocation ^(a)					
Local Conservation ^(b)	620,813	(6,255)	322,667	291,891	-	-	614,558
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
Market Transformation ^(b)	396,423	2,668	389,090	10,000	-	-	399,090
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
Renewable Resources	709,994	(2,504)	20,825	235,890	450,775	-	707,490
Generation/Education			-	235,890	450,775	-	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	235,890	450,775	-	707,490
Research & Development	163,978	(578)	13,109	515	129,510	20,265	163,399
R&D/ Infrastructure			-	515	129,510	20,265	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	515	129,510	20,265	163,399
Low Income	5,031,546	-	4,509,143	522,403	-	-	5,031,546
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
Large Customer	3,140,338	6,670	2,087,999	1,059,009	-	-	3,147,008
Self-Directed Energy Reduction			2,026,029	1,003,137	-	-	3,029,166
Self-Directed to Low Income			42,113	55,872	-	-	97,985
Labor			21,474	-	-	-	21,474
Interest Income			(1,616)	-	-	-	(1,616)
Large Customer Summary		-	2,087,999	1,059,009	-	-	3,147,008
Unallocated	-	-	-	-	-	-	-
Totals	10,063,092	-	7,342,834	2,119,708	580,285	20,265	10,063,092
2018 USB Revenues less Expenses and Contractual Commitments							-

^(a) 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.

^(b) Allocations have been adjusted between Local Conservation and Market Transformation consistent with past practice.

PROJECTS COMPLETED IN 2020 WITH 2018 FUNDS

Energy Savings & Renewable Resource Estimates			
USB Category	Projects Completed in 2020 with 2018 USB \$		
	aMW	MWH	MW
Local Conservation	-	-	-
Market Transformation	-	-	-
Renewables	0.070	614	0.467
Research & Development	N/A	N/A	N/A
Low Income	-	-	-
	0.070	614	0.467

Program Participation Summary		
USB Category / Program Segment	Quantity	Units
Conservation		
Residential Onsite Audits	-	homes
Residential Mail out Audits	-	homes
Business Appraisals	-	businesses
Business Partners/Irrigation	-	projects
Business Partners/Small Choice	-	projects
Market Transformation		
Commercial Lighting	-	projects
NWE Building Operator Certification	-	people
Motor Training	-	people
Market Transformation Training	-	people
Renewables		
Generation / Education	10	projects
Research & Development		
Renewable Energy Seminars/Workshops	1,037	attendees
Low-Income		
Bill Assistance	-	households
Free Weatherization	-	homes
Energy Share	-	households

TOTAL OF PROJECTS COMPLETED WITH 2018 FUNDS

Energy Savings & Renewable Resource Estimates			
USB Category	Total Projects Completed with 2018 USB \$		
	aMW	MWH	MW
Local Conservation	0.120	1,055	0.200
Market Transformation	0.024	207	-
Renewables	0.100	876	0.666
Research & Development	N/A	N/A	N/A
Low Income	0.033	288	0.067
	0.277	2,426	0.933

Program Participation Summary		
USB Category / Program Segment	Quantity	Units
Conservation		
Residential Onsite Audits	2,157	homes
Residential Mail out Audits	2,402	homes
Business Appraisals	105	businesses
Business Partners/Irrigation	12	projects
Business Partners/Small Choice	-	projects
Market Transformation		
Commercial Lighting	14	projects
NWE Building Operator Certification	28	people
Motor Training	-	people
Market Transformation Training	42	people
Renewables		
Generation / Education	19	projects
Research & Development		
Renewable Energy Seminars/Workshops	1,065	attendees
Low-Income		
Bill Assistance	11,576	households
Free Weatherization	479	homes
Energy Share	1,569	households