



# Universal System Benefits Activities **2021 Annual Report**

**March 2022**





March 1, 2022

Russ Christenson  
Montana Department of Revenue  
PO Box 5805  
Helena, MT 59604-5805

Dear Mr. Christenson:

Enclosed with this letter is the 2021 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 \$10,074,524 in electric USB revenues was collected from NorthWestern Energy's electric distribution customers in 2021.

As required by statute and Montana Public Service Commission Order No. 7458, 50% of the 2021 USB funds, or \$5,037,262 was directed to Low Income activities by NorthWestern Energy. Large Customers funds accounted for 31% of the total 2021 electric USB revenues, or \$3,081,003 with \$32,829 self-directed to Low Income activities and \$1,839,963 self-directed to energy reduction activities. Allocations by NorthWestern Energy to the other public purpose categories are as follows: \$367,145 to Local Conservation, \$685,044 to Market Transformation, and \$904,002 to Renewable Resources and Research and Development.

In addition to usual delays in completion of work, a combination of conditions related to the COVID-19 Pandemic impacted the ability for work to be completed in 2021. The COVID-19 Pandemic has limited in-person interactions for energy audits, weatherization projects, trainings, and other direct customer interactions. Additionally, the pandemic has created supply chain issues, including product shortages, increased prices, and shipping disruptions, along with employment challenges, all which have interrupted the ability for contractors to complete work. This led to some USB activities planned for 2021 being postponed and funds carried forward to 2022 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 2021 report are updates for the 2018, 2019, and 2020 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  
2021 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 \$213 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 \$10,074,524 was collected from NorthWestern Energy's electric distribution customers in 2021. This is about \$157,000 more than 2020 revenues with Large Customer revenues down by nearly \$70,000 and non-Large Customer revenues increased by about \$226,467 when compared to 2020 revenues.

The 2021 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.

In addition to usual delays in completion of work, a combination of conditions related to the COVID-19 Pandemic (Pandemic) impacted the ability for work to be completed in 2021. The Pandemic has limited in-person interactions for energy audits, weatherization projects, trainings, and other direct customer interactions. Additionally, the Pandemic has created supply chain issues, including product shortages, increased prices, and shipping

**NorthWestern Energy**  
**Electric**  
**Universal System Benefits Activities**  
**2021 Annual Report**

disruptions, along with employment challenges, all which have interrupted the ability for contractors to complete work.

In an effort to maximize the value to our customers, NorthWestern Energy applied 2021 natural gas USB funds for the E+ Energy Audit program in 2021 and will be carrying forward 2019 and 2020 electric USB funds for 2022 program activities. For E+ Weatherization services provided in 2021, NorthWestern also utilized primarily natural gas USB funds and will be carrying forward 2019, 2020, and 2021 electric USB funds to 2022 activities. The ongoing Pandemic resulted in other activities planned for 2021 being postponed and funds carried forward to 2022 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 2021 electric USBC revenues, \$5,037,262 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 \$32,829 of their 2021 electric USB funds to Low Income activities, bringing the 2021 Low Income electric USB funds total to \$5,070,091 or more than 50% of the 2021 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 2021 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 2021 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 2021 electric USB funds by category and activity, and a summary of the energy and demand savings and new renewable resources resulting from the 2021

**NorthWestern Energy  
Electric  
Universal System Benefits Activities  
2021 Annual Report**

allocations. The report also includes updates on previous years' activities, and a summary by public purpose category of electric USB funding from 1999-2021.

## **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 \$10,074,524 in 2021. 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 2021.

	<b>Tariffed Customer Class</b>	<b>Rate/kWh</b>	<b>% USBC Revenue by Class</b>
Residential	Residential	\$0.001334	36%
Commercial/Small Industrial	GS-1 & GS-2 under 1000 kW	\$0.001143	31%
Large Customer per USB	GS-1 & GS-2 over 1000 kW	\$0.000900	31%
Irrigation	Irrigation	\$0.001144	1%
Lighting	Lighting	\$0.003404	1%

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 55 customers and their 502 accounts, make up slightly more than \$3.08M 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 2021, the net gain in interest to USB was \$661 of which \$450 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  
2021 Annual Report**

## **UNIVERSAL SYSTEM BENEFITS EXPENDITURES**

All electric USB funds collected from NorthWestern Energy customers in 2021 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 2021 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 2021 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 2021 and has financial commitments to implement additional activities/projects for completion in 2022. These programs and activities are described in this report. The breakdown between qualifying expenditures in the current year and financial commitments for completion in 2022 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 2019 and 2020 Reports.

## **UNIVERSAL SYSTEM BENEFITS RESULTS**

From 1999 through 2021, NorthWestern Energy has delivered USB activities to various customer classes and across all public purpose categories. General descriptions of the activities or programs for 2021, along with the funding total for each category, follow.

**NorthWestern Energy  
Electric  
Universal System Benefits Activities  
2021 Annual Report**

***Large Customers– \$3,081,071***

*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 2021, \$3,081,071 was collected from 55 Large Customers to meet their 2021 obligations. All but one of these customers self-directed all of their 2021 USB funds. Large Customers self-directed \$1,839,963 of 2021 funds toward energy reduction projects within their facilities, and have carried over \$1,204,790 for additional projects in 2022. Large Customers self-directed \$32,829 to Low Income activities in 2021.

The unclaimed 2021 Large Customer funds in the amount of \$3,489 and the 2021 USB account interest amount of \$138 were not sufficient to cover the \$6,616 in 2021 NorthWestern Energy Large Customer administrative costs. NorthWestern Energy reallocated Local Conservation, Market Transformation, Renewable Resources and Research & Development funds to cover the \$2,989 deficit and resulting in a total of \$3,084,060 of the total 2021 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 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. The list of the 54 Large Customers on NorthWestern Energy's system that self-directed 2021 funds follows.

**NorthWestern Energy**  
**Electric**  
**Universal System Benefits Activities**  
**2021 Annual Report**

NorthWestern Energy  
Listing of Large Customers Self-Directing 2021 Funds

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



**NorthWestern Energy  
Electric  
Universal System Benefits Activities  
2021 Annual Report**

***Low Income Activities– \$5,037,262***

*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 \$5,037,262 in 2021 electric USB funds to Low Income activities, or 50% of electric USBC revenues. Large Customers reported self-directing an additional \$32,829 to Low Income activities bringing the total 2021 funds committed to Low Income to \$5,070,091, which is slightly more than 50% of the total funds collected.

Appendix 4 to the 2021 report provides a summary of NorthWestern Energy's Electric USB allocations for 1999-2021 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 Home Energy Assistance Program (LIHEAP) eligibility requirements receive bill assistance in the form of a discount on their utility bill. LIHEAP eligibility guidelines are set by MDPHHS each heating season, which is defined as November through April.

*LIHEAP qualified customers may also qualify for the Free Weatherization Program and households with energy emergencies may receive assistance through Energy Share of Montana. An average of 10,458 low income households were served in 2021 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  
2021 Annual Report**

Customers qualifying for LIHEAP, the federally funded heating assistance program, also receive the NorthWestern Energy bill discount. Customers may apply for LIHEAP assistance through their local HRC. Average participation in the bill discount in 2021 was similar, yet slightly decreased as compared to the 2020 participation level. The funding of the electric Low Income bill discount totaled \$2,283,036 in 2021 for the average of 10,458 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 2021 have been noted in previous reports. As also 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.

A combination of conditions related to the Pandemic have impacted the ability for work to be completed for the Free Weatherization and Fuel Switch program in 2021. The Pandemic has limited in-person interactions to get into customers' homes to perform weatherization. Additionally, the Pandemic has created supply chain issues, including product shortages, increased prices, and shipping disruptions, along with employment challenges, all of which have interrupted the ability for HRCs to complete work for these programs. The HRCs performed low income weatherization work for 252 low income customers in 2021. As noted earlier, natural gas USB funds were primarily used for weatherization work along with \$166,603 of 2019 electric Low Income and \$185,981 of reallocated Large Customer carryover funds. The remaining 2019 and 2020 electric USB funds will be carried forward to 2022 weatherization activities. Unspent 2021 Low Income electric funds of \$1,792,584 have been committed to weatherization for completion in 2022.

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

**NorthWestern Energy  
Electric  
Universal System Benefits Activities  
2021 Annual Report**

replacement. Customers whose homes are heated 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.

- “Everyone I had at my home were great – can’t thank you enough. I appreciate all you have done. Great Program!!”
- “Did good work and answered any questions that I had.”
- “I really appreciate all the weatherization upgrades to my home!”
- “Thank you all for your work. People like myself are grateful for helping us in our times of need.”
- “The entire process was absolutely fantastic! Thank you so very much!!”
- “Above & beyond what I expected!”

**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 2021 pooled electric and natural gas funds there was an additional \$224,169 of 2020 Low Income electric USB funds spent in 2021 and \$142,491 of reallocated 2020 Large Customer electric funds, for a total of \$991,660. An additional \$628,389 of unspent 2021 Low Income electric funds have been committed to Energy Share for payment in 2022.

**NorthWestern Energy  
Electric  
Universal System Benefits Activities  
2021 Annual Report**

***Local Conservation Activities– \$367,145***

*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.*

In 2021 natural gas USB funds were used to support the 2021 local conservation E+ Audit Program. The activities under the E+ Audit program umbrella include the E+ Home EnergyCheck virtual assessment pilot and the E+ Electric Usage Survey.

**E+ Energy Audit Program**

The E+ Home EnergyCheck is a virtual energy assessment for residential customers whose space and water heating fuels are delivered by NorthWestern Energy.

In an effort to continue to support energy efficiency for non-low income customers and to continue to provide space and water heat customers with information to improve energy efficiency of their homes, the E+ Home EnergyCheck pilot kicked off in late 2020 had 848 customers participate in the virtual energy assessment in 2021. The 2019 and 2020 funds have been carried into 2022 to continue this offering.

The E+ Home EnergyCheck provides the customer with 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+ Electric Usage Survey is a mail-out audit for baseload customers consisting of a survey mailed to residential electric customers with specific consumption profiles. After completion of the survey, customers receive a report similar to the E+ Home EnergyCheck 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. More than 3,200 residential electric customers participated in the E+ Electric Usage Survey program in 2021.

**NorthWestern Energy  
Electric  
Universal System Benefits Activities  
2021 Annual Report**

Customers who received an E+ Home EnergyCheck receive a survey and have the opportunity to provide comments back to NorthWestern Energy about their experiences.

- “The gentleman handling the program for me seemed genuinely interested in how to help me conserve energy in my home.”
- “I recommend this energy program to everyone. I believe there is something we can all do to help conserve our energy resources.”
- “The energy specialist was very helpful and knowledgeable. He took time to answer my questions and gave great suggestions about specific energy issues I have with my house.”
- “Both people I dealt with were courteous, knowledgeable, and gave me great advice on how to save energy!!!”
- “I appreciate that I didn't feel pressured to do anything and that I was told about energy rebates.”
- “Thank you for making it so easy to schedule and for providing a virtual tour in the time of COVID!”

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

The E+ Energy Appraisal Program for Businesses continued to be suspended in 2021 due to the ongoing Pandemic.

**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 2021, 11 irrigation efficiency improvement projects were funded and completed with 2020 USB funds. NorthWestern completed targeted marketing to irrigation customers to promote rebates and incentive programs resulting in additional projects.

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

**NorthWestern Energy  
Electric  
Universal System Benefits Activities  
2021 Annual Report**

***Market Transformation– \$685,044***

*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 with the adoption of the 2018 International Energy Conservation Code (IECC), USB funds were used to provide training and education materials for builders, code officials, trade allies, and the general public. It is expected that Montana will adopt the 2021 IECC in 2022, therefore some of this information may need to be updated.

**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 (BOC) training specifically targets public schools, government facilities, and non-profit hospitals and scholarships are offered to employees of these facilities. These activities help support other electric energy efficiency programs of NorthWestern Energy.

BOC Level I training commenced in the Fall of 2021 with 14 students attending web-based trainings. In addition to the training, NorthWestern provided past BOC graduates the opportunity to attend 6 different technical webinars, where information on latest best practices, trends, and technologies to help save energy and operate facilities at optimal efficiency was delivered.

**Regional Market Transformation**

NorthWestern Energy has traditionally directed Market Transformation funds to regional collaborative and technical training opportunities. With ongoing Pandemic concerns, 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.

**NorthWestern Energy  
Electric  
Universal System Benefits Activities  
2021 Annual Report**

***Renewable Resources, and Research and Development—\$904,002***

*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 2021 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.

Currently, proposals are considered for incentives for small scale renewable energy 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, educational value, participant match, system maintenance plan, and the availability of funds.

With USB funding a portion of the projects, 15 solar PV projects were completed in 2021 with 2019 and 2020 funds. Projects completed in 2021 were installed on schools, public buildings, fire stations, and non-profit facilities.

Projects completed in 2021 with funds from previous years are noted in the Addendums to the 2019 and 2020 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  
2021 Annual Report**

<b>USB Renewable Projects 1999-2021</b>		
<b>Facility Type</b>	<b>#</b>	<b>kW</b>
Commercial Projects	68	639.57
Fire Stations	43	159.66
Irrigation Projects	6	103.52
Low Income	61	340.25
Non-Profit Projects	84	919.66
Private Residences	831	2,653.96
Schools	117	1475.96
Other Public Buildings	50	1016.65
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 2021, 39 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 66 web-based training sessions in 2021. 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 Pandemic OSHA/CDC Workplace Recommendations for Electricians/Solar Installers. Additional training for installers, home inspectors and electrical inspectors has been committed to 2022. The Qualified Installers, as well as several program contractors, provide education and project development services.



**NorthWestern Energy  
Electric  
Universal System Benefits Activities  
2021 Annual Report**

NorthWestern Energy initiated the E+ Green Power program in 2003. Through this program, customers may elect to pay a premium on their electric bill to purchase the environmental benefits associated with renewable energy generated in the Northwest and Wyoming. The current Green Tariff rate is \$1.25 per 100kWh block as set in Docket No. 2020.03.034, MPSC Order No. 7739. 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. In 2021, program revenue exceeded expenses and these funds totaling \$14,268, in addition to \$47,000 of 2020 electric USB funds are being carried forward into 2022 for the development and execution of promotional activities and program administration for the E+ Green Power program. In 2021, funds from 2020 were spent for E+ Green promotional activities and are noted in the Addendum to the 2020 report.

**NorthWestern Energy  
Electric  
Universal System Benefits Activities  
2021 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.

In addition to usual delays in completion of work, a combination of conditions related to the Pandemic impacted the ability for work to be completed in 2021. The Pandemic has limited in-person interactions for energy audits, weatherization projects, trainings, and other direct customer interactions. Additionally, the Pandemic has created supply chain issues, including product shortages, increased prices, and shipping disruptions, along with employment challenges, all which have interrupted the ability for contractors to complete work.

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, 2019, and 2020 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).

NorthWestern Energy  
Customer Care – DSM

11 East Park St  
Butte, MT 59701-1711

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

# Appendices 1- 4

Universal System  
Benefits Activities  
**2021 Annual Report**



	USBC kWh (Load)	USBC Revenue By Class	% of USBC Revenue By Class
<b>Residential</b>			
Residential	2,724,387,901	\$ 3,633,105	36%
<b>General Service</b>			
GS-1/GS-2 < 1000 kW	2,713,206,910	\$ 3,101,128	31%
Irrigation	110,486,834	\$ 126,395	1%
Lighting	39,108,245	\$ 132,825	1%
<b>Total Non-Large Customer</b>	<b>5,587,189,890</b>	<b>\$ 6,993,454</b>	<b>69%</b>
<b>Large Customer</b>			
GS-1/GS-2 > 1000 kW and Special Contracts	3,423,411,663	\$ 3,081,071	31%
<b>Total USBC</b>	<b>9,010,601,553</b>	<b>\$ 10,074,524</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 2021	Committed - Complete in 2022	Allocation & Expenses
	per Order 7458	Reallocation <sup>(b)</sup>			
<b>Local Conservation</b>	<b>367,145</b>	<b>(226,390)</b>	140,755	-	<b>140,755</b>
E+ Energy Audit Program			-	-	-
E+ Business Partners/ Irrigation			21,785	-	21,785
Promotion			83,041	-	83,041
Labor			35,828	-	35,828
Admin. Non-labor			117	-	117
Interest Income			(16)	-	(16)
Local Conservation Summary			140,755	-	140,755
<b>Market Transformation</b>	<b>685,044</b>	<b>224,782</b>	80,345	829,482	<b>909,827</b>
Motor Management Training			-	-	-
Energy Star Homes			-	-	-
Building Operator Certification			17,100	6,000	23,100
Regional Market Transformation			31,400	823,482	854,882
Promotion			7,778	-	7,778
Labor			24,050	-	24,050
Admin. Non-labor			47	-	47
Interest Income			(31)	-	(31)
Market Transformation Summary			80,345	829,482	909,827
<b>Renewable Resources</b>	<b>734,390</b>	<b>67,148</b>	67,795	733,743	<b>801,538</b>
Generation/Education			-	719,475	719,475
Green Power Product			(14,268)	14,268	-
Promotion			16	-	16
Labor			82,029	-	82,029
Admin. Non-labor			51	-	51
Interest Income			(33)	-	(33)
Renewable Resources Summary			67,795	733,743	801,538
<b>Research &amp; Development</b>	<b>169,612</b>	<b>(68,530)</b>	29,102	71,980	<b>101,082</b>
R&D/ Infrastructure			-	71,980	71,980
Promotion			266	-	266
Labor			28,831	-	28,831
Admin. Non-labor			12	-	12
Interest Income			(8)	-	(8)
Research & Development Summary			29,102	71,980	101,082
<b>Low Income</b>	<b>5,037,262</b>	<b>-</b>	2,616,290	2,420,973	<b>5,037,262</b>
Bill Assistance			2,283,036	-	2,283,036
Free Weatherization & Fuel Switch			-	1,792,584	1,792,584
Elec Weatherization Incentives			16,189	-	16,189
Fuel Switch Analyses			100	-	100
Energy Share			289,000	628,389	917,389
Promotion			803	-	803
Labor			27,040	-	27,040
Admin. Non-labor			347	-	347
Interest Income			(225)	-	(225)
Low Income Summary			2,616,290	2,420,973	5,037,263
<b>Large Customer <sup>(a)</sup></b>	<b>3,081,071</b>	<b>2,989</b>	1,879,270	1,204,790	<b>3,084,060</b>
Self-Directed Energy Reduction			1,839,963	1,204,790	3,044,753
Self-Directed to Low Income			32,829	-	32,829
Labor			6,616	-	6,616
Interest Income			(138)	-	(138)
Large Customer Summary		-	1,879,270	1,204,790	3,084,059
<b>Totals</b>	<b>10,074,524</b>	<b>-</b>	<b>4,813,556</b>	<b>5,260,968</b>	<b>10,074,524</b>
<b>2021 USB Revenues less Expenses and Contractual Commitments</b>					<b>-</b>

*<sup>(a)</sup> The 2021 Large Customer Admin costs of \$6,616 less the interest income of \$138 exceeded the amount of unclaimed 2021 Large Customer funds of \$3,489. NWE has reallocated Local Conservation, Market Transformation, Renewable Resources and Research & Development funds to cover the deficit.*

*<sup>(b)</sup> Reallocations between Local Conservation and Market Transformation and Renewables and Research and Development are consistent with past practice.*

**2021 USB FUNDING AND EXPENDITURE SUMMARY**

USB Category	Allocation of 2021 funds based on Order 7458	Percentage by Category	Total Electric USB Funds Spent in 2021	2021 Electric USB Funds Committed to Spend in 2022	Allocation w/Lrg Cust funds self-directed to LI <sup>(a)</sup>	Percentage by Category	Allocation & Expenses	Percentage by Category
Local Conservation	\$ 367,145	4%	\$ 140,755	\$ -	\$ 140,755	1%	\$ 140,755	1%
Market Transformation	\$ 685,044	7%	\$ 80,345	\$ 829,482	\$ 909,827	9%	\$ 909,827	9%
Renewables	\$ 734,390	7%	\$ 67,795	\$ 733,743	\$ 801,538	8%	\$ 801,538	8%
Research & Development	\$ 169,612	2%	\$ 29,102	\$ 71,980	\$ 101,082	1%	\$ 101,082	1%
Low Income	\$ 5,037,262	50%	\$ 2,616,290	\$ 2,420,973	\$ 5,070,090	50%	\$ 5,037,262	50%
Large Customer	\$ 3,081,071	31%	\$ 1,879,270	\$ 1,204,790	\$ 3,051,231	30%	\$ 3,084,060	31%
	<b>\$ 10,074,524</b>	<b>100%</b>	<b>\$ 4,813,556</b>	<b>\$ 5,260,968</b>	<b>\$ 10,074,524</b>	<b>100%</b>	<b>\$ 10,074,524</b>	<b>100%</b>

**2021 LOW INCOME FUNDING SUMMARY**

**2021 Low Income Expenditures**

Bill Assistance	\$ 2,283,036
Free Weatherization	\$ -
Elec Weatherization Incentives	\$ 16,189
Fuel Switch Analysis	\$ 100
Energy Share	\$ 289,000
*Promotion	\$ 803
*Labor	\$ 27,040
*Admin. Non-labor	\$ 347
USB Interest Income	\$ (225)
Self-Directed Large Customer	\$ 32,829
<b>Total:</b>	<b>\$ 2,649,118</b>
<b>Low Income Expenditure share of 2021 Electric USB revenues :</b>	<b>26.3%</b>

**2021 ENERGY SAVINGS & RENEWABLE RESOURCES ESTIMATES**

**Savings & Resources acquired in 2021 w/ 2021 \$**

	aMW	MWH	MW
Local Conservation	0.068	599.72	0.088
Market Transformation	0.016	139.04	-
Renewables	-	-	-
Research & Development	N/A	N/A	N/A
Low Income	0.012	105.54	-
Large Customer <sup>(b)</sup>	-	-	-
	<b>0.096</b>	<b>844.29</b>	<b>0.088</b>

**Projected Savings & Resources to acquire in 2022 w/ 2021 \$ (c)**

	aMW	MWH	MW
Local Conservation	-	-	-
Market Transformation	N/A	N/A	N/A
Renewables	0.071	624.56	0.702
Research & Development	N/A	N/A	N/A
Low Income	0.015	134.24	-
Large Customer <sup>(b)</sup>	-	-	-
	<b>0.087</b>	<b>758.80</b>	<b>0.702</b>

<b>Total Savings &amp; Resources</b>	<b>0.183</b>	<b>1,603.09</b>	<b>0.790</b>
--------------------------------------	--------------	-----------------	--------------

**2021 ELECTRIC USB PARTICIPATION SUMMARY**

Electric USB Activity by Category	Quantity	Units
<b>Conservation</b>		
Residential Home EnergyCheck	848	homes
Residential Electric Usage Survey	3,265	homes
Small Commercial Appraisals	-	businesses
Business Partners / Irrigation	11	projects
<b>Market Transformation</b>		
Building Operator Certification	8	people
Motor Training	-	attendees
Market Transformation Training	-	attendees
<b>Renewables</b>		
Generation / Education	-	projects
<b>Research &amp; Development</b>		
Renewable Energy Seminars/Workshops	-	attendees
<b>Low-Income</b>		
Bill Assistance	10,458	households
Free Weatherization & Fuel Switch	191	homes
Energy Share	1,435	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 2021 with 2021 funds, Large Customers self-directed a total of \$32,829 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 2021. Actual results will be reported in 2022.

**Annual Electric USB Allocation**

**Original Allocation per D97.7.90, Order 5986g <sup>(a)</sup>**

	<b>% by Category</b>	<b>\$ by Category</b>
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 <sup>(a)</sup>**

	<b>% by Category</b>	<b>\$ by Category</b>
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 <sup>(b)</sup>**

Year	USB Categories									
	Total Electric USB Funds	Large Customers	Low Income <sup>(c)</sup>	Supplemental Low Income <sup>(d)</sup>	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	-
2021	10,074,524	3,084,060	5,037,262	-	5,037,262	140,755	909,827	801,538	101,082	-
	213,213,977	67,064,074	79,148,680	2,336,999	81,485,679	27,266,371	11,581,274	20,577,496	4,482,528	756,549

<b>Allocation as % of Revenues by Category</b>	<b>100%</b>	<b>31.5%</b>		<b>38.2%</b>	<b>12.8%</b>	<b>5.4%</b>	<b>9.7%</b>	<b>2.1%</b>	<b>0.4%</b>
--	-------------	--------------	--	--------------	--------------	-------------	-------------	-------------	-------------

<b>Allocation as % of Revenues, excluding Large Customer Revenues</b>	<b>100%</b>			<b>55.8%</b>	<b>18.7%</b>	<b>7.9%</b>	<b>14.1%</b>	<b>3.1%</b>	<b>0.5%</b>
---	-------------	--	--	--------------	--------------	-------------	--------------	-------------	-------------

<sup>(a)</sup> 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.

<sup>(b)</sup> The historic allocation table illustrates the expenditure or direction of electric USB by category from 1999 through 2021.

<sup>(c)</sup> 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 \$4,037,022 to low-income activities since 1999.

<sup>(d)</sup> 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 **2020 Report**

Universal System  
Benefits Activities  
**2021 Annual Report**



**ADDENDUM  
to the  
2020 Report**



The 2020 NorthWestern Energy USBC revenues totaled \$9,917,706. Of this, \$4,901,975 was spent on projects completed in 2020, and \$1,913,422 was spent on projects completed in 2021, leaving a balance of \$3,102,310 for projects to complete in 2022.

The projects associated with \$1,913,422 of 2020 USB funds, including \$1,012,113 of Large Customer self-directed activities; \$74,100 of Market Transformation activities; \$366,813 of combined Renewable Resources and Research & Development; a total of \$93,736 directed to Low Income Free Weatherization from reallocated Large Customer funds; and a total of \$366,660 directed to Energy Share, which includes \$142,491 in reallocated Large Customer funds were completed in 2021.

NorthWestern Energy requested and was granted extensions from the Department of Revenue as allowed per ARM 49.29.111 for Local Conservation activities totaling \$240,000; Market Transformation activities totaling \$528,144; combined Renewable Resources and Research & Development activities totaling \$508,255; and Low Income activities totaling \$2,079,990, which includes \$93,736 in reallocated Large Customer funds for completion in 2022.

Updated results are provided in the 2020 Addendum in Appendices 2 and 3 (p. 2020-2 and p. 2020-3).

	Revenue Allocation		Spent in 2020	Spent in 2021	Committed - Complete in 2022	Allocation & Expenses
	per Order 7458	Reallocation <sup>(b)</sup>				
<b>Local Conservation</b>	<b>593,543</b>	<b>(261,956)</b>	91,587	-	240,000	<b>331,587</b>
E+ Residential Audit/Home EnergyCheck and Sm. Comm Appraisal			-	-	240,000	240,000
E+ Business Partners/ Irrigation			16,761	-	-	16,761
Promotion			44,458	-	-	44,458
Labor			30,475	-	-	30,475
Admin. Non-labor			51	-	-	51
Interest Income			(158)	-	-	(158)
Local Conservation Summary			91,587	-	240,000	331,587
<b>Market Transformation</b>	<b>379,009</b>	<b>261,956</b>	60,614	74,100	506,251	<b>640,965</b>
Motor Management Training			-	-	15,000	15,000
Energy Star Homes			-	62,100	60,593	60,593
Building Operator Certification			2,000	12,000	-	2,000
Regional Market Transformation			24,389	-	430,658	455,047
Promotion			10,170	-	-	10,170
Labor			23,629	-	-	23,629
Admin. Non-labor			528	-	-	528
Interest Income			(101)	-	-	(101)
Market Transformation Summary			60,614	74,100	506,251	566,866
<b>Renewable Resources</b>	<b>678,806</b>	<b>-</b>	67,148	324,853	286,805	<b>678,806</b>
Generation/Education			-	286,853	239,805	239,805
Green Power Product			(19,304)	38,000	47,000	27,696
Promotion			31	-	-	31
Labor			86,544	-	-	86,544
Admin. Non-labor			59	-	-	59
Interest Income			(181)	-	-	(181)
Renewable Resources Summary			67,148	324,853	286,805	353,953
<b>Research &amp; Development</b>	<b>156,775</b>	<b>-</b>	31,815	41,960	83,000	<b>156,775</b>
R&D/ Infrastructure			1,913	41,960	83,000	84,913
Promotion			266	-	-	266
Labor			29,525	-	-	29,525
Admin. Non-labor			152	-	-	152
Interest Income			(42)	-	-	(42)
Research & Development Summary			31,815	41,960	83,000	114,815
<b>Low Income</b>	<b>4,958,853</b>	<b>-</b>	2,748,430	224,169	1,986,254	<b>4,958,853</b>
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	-	289,000
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	224,169	1,986,254	4,734,684
<b>Large Customer <sup>(a)</sup></b>	<b>3,150,720</b>	<b>-</b>	1,902,381	1,248,340	-	<b>3,150,721</b>
Self-Directed Energy Reduction			1,844,110	867,249	-	2,711,358
Self-Directed to Low Income			51,754	144,864	-	196,618
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	1,248,340	-	3,150,720
<b>Totals</b>	<b>9,917,706</b>	<b>-</b>	<b>4,901,975</b>	<b>1,913,422</b>	<b>3,102,310</b>	<b>9,917,706</b>
<b>2020 USB Revenues less Expenses and Contractual Commitments</b>						<b>-</b>

<sup>(a)</sup> 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.

<sup>(b)</sup> Reallocations between Local Conservation and Market Transformation are consistent with past practice.

**PROJECTS COMPLETED IN 2021 WITH 2020 FUNDS**

Energy Savings & Renewable Resource Estimates			
USB Category	Projects Completed in 2021 with 2020 USB \$		
	aMW	MWH	MW
Local Conservation	0.011	98	-
Market Transformation	-	-	-
Renewables	0.037	323	0.246
Research & Development	N/A	N/A	N/A
Low Income	0.001	7	-
	0.049	428	0.246

Program Participation Summary		
USB Category / Program Segment	Quantity	Units
Conservation		
Residential Onsite Audits	-	homes
Residential Mail out Audits	-	homes
Residential Home EnergyCheck	-	homes
Business Appraisals	-	businesses
Business Partners/Irrigation	-	projects
Market Transformation		
Building Operator Certification	6	people
Motor Training	-	people
Market Transformation Training	-	people
Renewables		
Generation / Education	7	projects
Research & Development		
Renewable Energy Seminars/Workshops	246	attendees
Low-Income		
Bill Assistance	-	households
Free Weatherization	13	homes
Energy Share	-	households

**TOTAL OF PROJECTS COMPLETED WITH 2020 FUNDS**

Energy Savings & Renewable Resource Estimates			
USB Category	Total Projects Completed with 2020 USB \$		
	aMW	MWH	MW
Local Conservation	0.068	597	0.101
Market Transformation	-	-	-
Renewables	0.037	323	0.246
Research & Development	N/A	N/A	N/A
Low Income	0.013	118	92.64
	0.118	1,038	92.99

Program Participation Summary		
USB Category / Program Segment	Quantity	Units
Conservation		
Residential Onsite Audits	408	homes
Residential Mail out Audits	3,078	homes
Residential Home EnergyCheck	21	homes
Small Commercial Appraisals	23	businesses
Business Partners/Irrigation	6	projects
Market Transformation		
Building Operator Certification	6	people
Motor Training	-	people
Market Transformation Training	-	people
Renewables		
Generation / Education	7	projects
Research & Development		
Renewable Energy Seminars/Workshops	246	attendees
Low-Income		
Bill Assistance	11,324	households
Free Weatherization	186	homes
Energy Share	1,129	households

# Addendum **2019 Report**

Universal System  
Benefits Activities  
**2021 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, \$1,420,794 was spent on projects completed in 2020, and \$825,002 was spent in 2021, leaving a balance of \$607,608 for projects to complete in 2022.

The projects associated with \$825,002 of 2019 USB funds, including \$5,429 of Market Transformation activities; \$357,404 of combined Renewable Resources and Research & Development; and a total of \$352,584 directed to Low Income Free Weatherization; which includes \$185,981 in reallocated Large Customer funds; a total of \$109,585 directed to Energy Share from reallocated Large Customer funds were completed in 2021.

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, and Low Income activities totaling \$500,000 for completion in 2022.

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	Spent in 2021	Committed - Complete in 2022	Allocation & Expenses
	per Order 7458	Reallocation <sup>(b)</sup>					
<b>Local Conservation</b>	<b>527,220</b>	<b>(78,375)</b>	<b>322,658</b>	<b>-</b>	<b>-</b>	<b>126,187</b>	<b>448,845</b>
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
<b>Market Transformation Summary</b>	<b>336,659</b>	<b>78,375</b>	<b>383,034</b>	<b>26,571</b>	<b>5,429</b>	<b>-</b>	<b>415,034</b>
E+ Commercial Lighting			142,929	-	-	-	142,929
Motor Management Training			14,375	-	-	-	14,375
Energy Star Homes			104,111	26,571	5,429	-	130,682
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	-	409,605
<b>Renewable Resources</b>	<b>602,956</b>	<b>53,826</b>	<b>50,091</b>	<b>310,787</b>	<b>295,904</b>	<b>-</b>	<b>656,782</b>
Generation/Education			-	310,787	295,904	-	310,787
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	-	360,878
<b>Research &amp; Development</b>	<b>139,256</b>	<b>(53,826)</b>	<b>23,930</b>	<b>-</b>	<b>61,500</b>	<b>-</b>	<b>85,430</b>
R&D/ Infrastructure			-	-	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	-	23,930
<b>Low Income</b>	<b>5,183,653</b>	<b>-</b>	<b>4,313,529</b>	<b>222,100</b>	<b>166,603</b>	<b>481,421</b>	<b>5,183,653</b>
Bill Assistance			2,450,189	-	-	-	2,450,189
Free Weatherization			1,520,210	-	166,603	481,421	2,001,631
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	166,603	481,421	5,017,050
<b>Large Customer <sup>(a)</sup></b>	<b>3,577,562</b>	<b>-</b>	<b>2,420,659</b>	<b>861,336</b>	<b>295,566</b>	<b>-</b>	<b>3,577,562</b>
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
<b>Totals</b>	<b>10,367,307</b>	<b>-</b>	<b>7,513,902</b>	<b>1,420,794</b>	<b>825,002</b>	<b>607,608</b>	<b>10,367,307</b>
<b>2019 USB Revenues less Expenses and Contractual Commitments</b>							<b>-</b>

<sup>(a)</sup> 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.

<sup>(b)</sup> Reallocations between Local Conservation and Market Transformation and Renewables and Research and Development are consistent with past practice.

**PROJECTS COMPLETED IN 2021 WITH 2019 FUNDS**

Energy Savings & Renewable Resource Estimates			
USB Category	Projects Completed in 2021 with 2019 USB \$		
	aMW	MWH	MW
Local Conservation	-	-	-
Market Transformation	-	-	-
Renewables	0.042	372	0.283
Research & Development	N/A	N/A	N/A
Low Income	0.003	26	-
	0.045	398	0.283

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	8	projects
Research & Development		
Renewable Energy Seminars/Workshops	460	attendees
Low-Income		
Bill Assistance	-	households
Free Weatherization	48	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	0.080	698	0.531
Research & Development	N/A	N/A	N/A
Low Income	0.041	357	0.067
	0.233	2,041	0.732

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	17	projects
Research & Development		
Renewable Energy Seminars/Workshops	460	attendees
Low-Income		
Bill Assistance	11,533	households
Free Weatherization	447	homes
Energy Share	1,588	households

# Addendum **2018 Report**

Universal System  
Benefits Activities  
**2021 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, \$2,119,708 was spent on projects completed in 2019, and \$580,285 was spent on projects completed in 2020 leaving a balance of \$20,265 for projects to complete in 2021.

The projects associated with \$20,265 of 2018 USB funds include \$20,265 of Research & Development that were completed 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	Spent in 2021	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	235,890	450,775	-	<b>707,490</b>
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
<b>Research &amp; Development</b>	<b>163,978</b>	<b>(578)</b>	13,109	515	129,510	20,265	<b>163,399</b>
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
<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	1,003,137	-	-	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
<b>Unallocated</b>	<b>-</b>	<b>-</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>2,119,708</b>	<b>580,285</b>	<b>20,265</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.

### PROJECTS COMPLETED IN 2021 WITH 2018 FUNDS

Energy Savings & Renewable Resource Estimates			
USB Category	Projects Completed in 2021 with 2018 USB \$		
	aMW	MWH	MW
Local Conservation	-	-	-
Market Transformation	-	-	-
Renewables	-	-	-
Research & Development	N/A	N/A	N/A
Low Income	-	-	-
	-	-	-
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	
Market Transformation Training	-	people	
<b>Renewables</b>			
Generation / Education	-	projects	
<b>Research &amp; Development</b>			
Renewable Energy Seminars/Workshops	245	attendees	
<b>Low-Income</b>			
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	1,310	attendees
Low-Income		
Bill Assistance	11,576	households
Free Weatherization	479	homes
Energy Share	1,569	households