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**PUBLIC UTILITIES COMMISSION**

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December 13, 2016

Ms. Patricia Van Gerpen, Executive Director  
 South Dakota Public Utilities Commission  
 500 E. Capitol Ave.  
 Pierre, SD 57501

**RE: GE16-005- In the Matter of the Filing by NorthWestern Corporation dba NorthWestern Energy for Approval of 2017 South Dakota Demand Side Management Plan**

Dear Ms. Van Gerpen:

On November 18, 2016, the Commission received a petition from NorthWestern Energy requesting approval of its 2017 Demand Side Management (DSM) Plan with the associated DSM tariffs and a change in the Energy Efficiency Adjustment (EEA) rate. The company proposes an effective date of January 1, 2017.

After an initial review of the petition, Staff has questions and concerns regarding the proposed 2017 DSM Plan that cannot be addressed before the requested effective date. More specifically, Staff has concerns with the cost-effectiveness of NorthWestern's 2017 DSM Plan based on the Total Resource Cost (TRC) scores for the plan's proposed measures provided in Attachment A to the application. Further, the following tables provide the TRC scores for NorthWestern's 2014-15 DSM Plan that also indicate a need for DSM Plan modifications (especially for the residential programs).

Electric DSM Program TRC Scores			
	2014-15	2015-16	2016 Extension
Commercial Lighting	0.97	1.14	1.60
Commercial Electric Business Partners	-	-	-
Commercial Electric Existing	0.70	1.60	2.80
Commercial Electric New	-	0.67	0.7
Total Commercial	0.81	1.23	2.12
Residential Electric Audits	0.12	0.17	0.16
Residential Electric Existing	0.22	0.20	0.80
Residential Electric New	-	0.11	-
Residential Lighting	0.17	0.22	0.04
Total Residential	0.15	0.18	0.39

Gas DSM Program TRC Scores			
	2014-15	2015-16	2016 Extension
Commercial Gas Business Partners	-	-	-
Commercial Gas Existing	0.01	0.35	1.10
Total Commercial	0.01	0.25	1.1
Residential Gas Audits	0.19	0.30	0.28
Residential Gas Existing	0.76	0.91	0.73
Total Residential	0.55	0.91	0.73

Pursuant to SDCL 49-34A-14, Staff requests that the Commission suspend the proposed 2017 DSM Plan effective date until March 1, 2017. Staff recommends the Commission authorize the current gas and electric EEA rates to remain in effect until otherwise ordered by the Commission. This suspension will allow Staff time to fully review the petition and work with NorthWestern Energy to determine what changes can be made to the proposed 2017 DSM Plan.

Sincerely,

*Amanda M. Reiss*

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Staff Attorney