

**MONTANA-DAKOTA UTILITIES CO.
SOUTH DAKOTA PUBLIC SERVICE COMMISSION
DOCKET NO. NG14-007
DATA REQUEST
DATED OCTOBER 30, 2014**

Question 8: Approximately 3.6 percent of the incentives are budgeted for commercial customers. Please provide the estimated percentage of CTA revenue that will be collected from those customers. Assuming this percentage is larger than 3.6 percent, please explain the extent to which this creates a cross subsidy between classes and whether or how the Company should address this.

Response:

The estimated percentage of CTA revenue that will be collected from commercial customers is 45% while 55% is collected from residential customers. The conservation programs are available to all firm customers, both residential and firm general service. In addition, the residential and firm general service classes make up the general service (firm) PGA class and equally benefit from the reduction in demand. The commercial customer's benefit related to the reduction in demand is greater than a residential customer's benefit as well. The commercial programs were instituted in 2012 and while the majority of participants are residential, as awareness of the commercial programs grow, the Company is projecting the number of commercial participants to increase.