

**Montana-Dakota Utilities Co.
Gas Utility - South Dakota
DSM Performance Target Financial Incentive
Summary of Programs and Incentive Threshold
2012 Program Year**

Program	Black Hills 1/			East River 1/		
	Participants	Dk Saving	Budget	Participants	Dk Saving	Budget
Residential						
Furnaces Tier 1 - 92-94% AFUE	5	59	\$750	2	24	\$300
Furnaces Tier 2 - 95+% AFUE - New	10	71	3,000	2	14	600
Furnaces Tier 2 - 95+% AFUE - Replacement	140	1,834	42,000	30	393	9,000
Furnace Tune-Up	40	116	1,600	10	29	400
Water Heating (.62 EF)	15	21	750	2	3	100
Water Heating (.67 EF)	2	7	200	1	4	100
Programmable Thermostats	70	203	1,400	30	87	600
Commercial						
Furnaces Tier 1 - 92-94% AFUE	2	41	300	1	21	150
Furnaces Tier 2 - 95+% AFUE - New	4	50	1,200	1	12	300
Furnaces Tier 2 - 95+% AFUE - Replacement	5	115	1,500	2	46	600
Custom Efficiency	2	200	1,206	1	100	594
Administration & Promotion			15,394 2/			3,664 2/
Total	<u>295</u>	<u>2,717</u>	<u>\$69,300</u>	<u>82</u>	<u>733</u>	<u>\$16,408</u>

Incentive Range

Minimum Incentive 3/	\$3,465	\$820
Incentive Cap 4/	10,169	2,414

1/ As proposed in the South Dakota Gas Portfolio filing dated October 4, 2011 with the addition of the Programmable Thermostat program.

Excludes the Energy Audit program expenditures.

2/ Reflects administration costs of \$9,308 and promotional costs of \$9,750 for 2012.

3/ 5% of budget as established in Docket No. NG09-001.

4/ Authorized return adjusted for taxes at 125% of budget as established in Docket No. NG09-001.