

**MONTANA-DAKOTA UTILITIES CO.
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION STAFF
SECOND DATA REQUEST
DATED MAY 28, 2014
DOCKET NO. NG14-04**

2-1 Why doesn't MDU utilize varying rebate amounts for furnaces and water heaters based on size/btu rating? Does the rebate offering impact commercial/industrial participation? Explain why or why not. How does MDU assure an equitable return to its larger customers on the CTA rate, given this disparity? Does MDU have any such plans to increase commercial participation?

Response:

Rebates based on the size of the furnace or water heater are generally not offered in utility rebate programs for residential and small commercial customers. Montana-Dakota does not offer them primarily due to the following reasons:

- Typical size ranges for these appliances are not large enough to warrant additional energy savings and thus, would not impact the cost/benefit ratio of this program;
- Structuring the rebate program in a simple and easy manner is beneficial for the customers and other stakeholders to understand and ultimately to participate in the program;
- Offering varying rebates dependent on the size of the furnaces and water heaters may lead to customers installing larger units than needed which ultimately may make the unit less efficient due to improper sizing and,
- The difference in the cost of the furnace based on size alone does not warrant different rebates.

Most commercial businesses that use a forced air furnace use a similar size unit as a residential customer and therefore, the incremental cost is the same. If needed, commercial customers may use multiple units and the program does allow for multiple rebates. The large commercial customers primarily use boilers and direct fired rooftop units for heating and those units would be covered under the Commercial Custom Rebate program.

Montana-Dakota continues to look at ways to increase commercial customer participation and plans to target this segment in 2014. At this time, Montana-Dakota plans to do additional outreach to both Trade Allies and commercial customers through meetings and direct mail.