

**MONTANA-DAKOTA UTILITIES CO.
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION
DATA REQUEST SET 1
ISSUED FEBRUARY 2, 2021 – DUE FEBRUARY 9, 2021
DOCKET NO. NG21-001**

- 1-1. Refer to page 3 of MDU's letter. Does MDU plan to seek CTA recovery of the future costs of the three residential energy audits that were applied for before the program was suspended, given that they were not included in the costs to be recovered on Exhibit 3?

Response:

Montana-Dakota plans to request CTA recovery if the three outstanding audits are completed in 2021. Montana-Dakota expects to have the outstanding audits resolved as soon as the third-party contractor can complete these audits.

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- 1-2. Refer to page 5 of MDU's letter. Provide the benefit/cost models that were used to calculate the benefit/cost test results for 2020 actual performance.

Response:

Please see excel file named Response No. 1-2 Attachment A.

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- 1-3. Refer to Exhibit 2.
- a. Provide a breakout of actual 2020 participants and advertising expense between MDU’s Black Hills and East River territories. Does MDU find this to be (roughly) proportional to its customer counts in each territory? Explain.
 - b. Provide the calculations for the administrative cost allocations to South Dakota for 2020. Confirm that none of these costs overlap with any of the costs allowed in base rates.
 - c. Explain how MDU employs the 110 percent participation caps and provide any documentation used to disclose these caps.
 - d. Explain why MDU went over the 110 percent participation caps for Tier 2 Programmable Thermostats in the residential program and for the New Furnaces and Custom Efficiency in the commercial program.
 - e. Explain if MDU used the combination of New and Replacement Furnaces to stay under the 110 percent cap in the commercial program and used the combination of Tier 1 and Tier 2 Programmable Thermostats to stay under the 110 percent cap in the residential program. If so, why didn’t MDU use the combination of New and Replacement Furnaces to honor more rebates while staying under the 110 percent cap in the residential program?

Response:

- a. The table below shows the participants, billboard advertising expense, and customer count breakdown for the Black Hills and East River territories. In addition to the billboard advertising, Montana-Dakota conducted a one month targeted online advertising campaign directed to the zip codes served by Montana-Dakota and further targeted to people searching for home heating related items. In the table below the participants generally align with the number of customers.

**2020 South Dakota Conservation Programs
Black Hills / East River Comparison**

	Program Participation		Advertising Expense*		Customer Counts	
	Count	Percent	\$ Spent	Percent	Count	Percent
Black Hills Territory	498	63.12%	\$3,434	75.74%	53,953	86.16%
East River Territory	291	36.88%	\$1,100	24.26%	8,663	13.84%
Total	789		\$4,534		62,616	

*Billboard expense only. The targeted online campaign was directed to customers located in the zip codes served by Montana-Dakota and searching for furnaces, heating contractors etc.

- b. Please see Response No. 1-3 Attachment A. Montana-Dakota confirms the costs included within this filing are not a part of the established base rates.
- c. Montana-Dakota monitors program participation rates monthly. As a program approaches the approved budgeted level of participation, rebates received are carefully

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monitored and a receipt date is recorded on the application. Montana-Dakota does not publicly disclose any information regarding the actual number of rebates allowed or the real time status of program participation. The following language is provided on the Company's website and application forms regarding limited funding for the programs:

Incentive qualifications and amounts are subject to change and funding for the program is limited. Completed incentive applications will be processed in the order in which they are received. Incentives will not be paid if funds are depleted prior to December 31 of the plan year.

- d. Montana-Dakota exceeded the Tier 2 Programmable Thermostat participation by 7 rebates over the 110% threshold. This was mainly due to processing furnace replacement rebates that included a tier 2 programmable thermostat. The amount over was determined to not be materially significant and not affect the overall cost-effectiveness of the program; therefore, the tier 2 programmable thermostats were processed for payment.

The commercial furnace rebates typically include more than one furnace installation per customer. In February the Company received an application from a commercial customer for the installation of 4 new construction furnaces and then in June we received applications for 3 new furnace installations from 2 customers. Since the program calculation at 110% would be a total of 5.5 participants, it was determined to pay the three June commercial new furnace application requests and close the program, with the intent not to exceed a 110% threshold for both new and replacement furnaces. Montana-Dakota did not decline any commercial replacement furnace requests in 2020.

Although the Commercial Custom Project participation exceeded the 110% threshold, the budget dollars did not exceed 110%. Due to the varying nature of projects included in this program and projected energy savings, the entire budget for this program could be expended with one project or several smaller projects and that was the case in 2020.

- e. Montana-Dakota monitors spending at the individual program level (IE – Furnaces – New, Furnaces – Replacement, etc.) not at the overall program level (IE – Residential, Commercial).

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- 1-4. Refer to Exhibit 5.
- a. Was the decrease to 160 New Furnace participants in the residential program due solely to an anticipated decrease in demand given the rebate decrease from \$300 to \$150? If not, explain any other factors that contributed to this decrease.
 - b. Explain the decreases in the Replacement Furnace participants in both the residential and commercial programs given the amount of participation in 2020.
 - c. How many Custom Efficiency requests went unfulfilled in 2020? Explain any other factors that contributed to the increase from one participant budgeted for 2020 and four participants budgeted for 2021.

Response:

- a. Program participation goals were developed by evaluating historical annual participation rates for the years 2015-2019 and participation rates through August 2020. At that time, the residential new furnace program had a total of 141 participants which looked comparable to the past five years. The historical participation rates along with the reduction in rebates were factors that contributed to the decrease in forecasted participants.
- b. Program participation goals for the Residential and Commercial Replacement Furnace programs were developed in the same manner as described in Response No. 1-4 a.
- c. Montana-Dakota did not deny any Commercial Custom Efficiency requests in 2020. Due to the participation levels in 2020 and an active dealer network Montana-Dakota believes that this program could experience growth in the future.

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1-5. Refer to Exhibit 7. Explain how MDU calculated the \$75,686 approximate revenue increase.

Response:

Montana-Dakota should have shown the calculated number of \$82,567 as follows: Projected volumes of 6,880,587 times the increase in the rate of 0.012 = \$82,567.

The Company listed \$75,686 incorrectly on Exhibit 7. Please see Response No. 1-5 Attachment A for a Revised Exhibit 7.