

**Docket Number:** NG23-025  
**Subject Matter:** First Data Request  
**Request to:** Montana-Dakota Utilities Co.  
**Request from:** South Dakota Public Utilities Commission Staff  
**Date of Request:** 11/8/2023  
**Responses Due:** 11/22/2023

1-1. Provide a calculation of the performance incentive MDU plans to receive for each of the budget years. Is this method consistent with past plans?

**Response:**

See the below calculation of the DSM incentive range based on the proposed program budgets. Actual DSM incentive will be based on the actual program expenses. The calculation is consistent with the Company's prior filings. Please note, the Incentive Cap is based on the Company's current authorized rate of return, which will be updated based on the final order in Docket No. NG23-014.

	Program Budget		
	2024	2025	2026
<u>Residential Program</u>			
Furnaces - 95+% AFUE - New	\$18,000	\$19,500	\$21,000
Furnaces - 95+% AFUE - Replacement	75,000	75,000	75,000
Programmable Thermostats - Tier 1	1,125	1,050	1,050
Programmable Thermostats - Tier 2	11,400	11,700	12,000
Total Residential	\$105,525	\$107,250	\$109,050
<u>Commercial Program</u>			
Furnaces - 95+% AFUE - New	\$1,050	\$1,350	\$1,500
Furnaces - 95+% AFUE - Replacement	6,000	6,000	6,000
Custom Efficiency	9,000	9,000	9,000
Total Commercial	\$16,050	\$16,350	\$16,500
Administration and Promotion	\$20,000	\$20,500	\$21,000
Total Programs	\$141,575	\$144,100	\$146,550
<u>Incentive Range</u>			
Minimum Incentive 1/	\$7,079	\$7,205	\$7,328
Incentive Cap 2/	11,977	12,191	12,398

1/ 5% of budget as established in Docket No. NG09-001.

2/ Authorized return adjusted for taxes at 100% of budget as established in Docket No. NG15-005.

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1-2. If Energy Star has determined Tier 1 thermostats aren't efficient enough for "Energy Star" anymore, explain why rebates should continue.

**Response:**

Energy Star has been evaluating and changing the standards and specifications to receive the Energy Star label on products, and currently only offers Energy Star certification on Wi-Fi enabled smart thermostats. This does not mean there are no energy savings associated with the Tier 1 programmable thermostats. Montana-Dakota uses the Minnesota Technical Reference Manual (MN TRM) to evaluate qualifying equipment for the programmable thermostat rebate program. The MN TRM identifies the assumed baseline for the installation of a Tier 1 thermostat is a manually operated non-programmable thermostat for existing homes that are replacing their standard thermostat. Therefore, there are still energy savings associated with the standard programmable thermostat and by offering the rebate within the conservation program portfolio, Montana-Dakota is able to offer a lower cost option to customers interested in ways to save energy.