



February 28, 2025

Montana Department of Revenue
Sam W. Mitchell Building
125 N. Roberts, 3rd Floor
Helena, MT 59604-5805

RE: Montana-Dakota Utilities Co.
2024 Electric USB Report

Montana-Dakota Utilities Co. (Montana-Dakota) herewith submits its Annual Report regarding Universal System Benefit Programs (USBP) pursuant to 69-8-402 (MCA) subpart 8 as part of the Electric Utility Industry Restructuring Law.

In accordance with 69-8-402 (MCA), Montana-Dakota is to submit any funds collected in the previous calendar year that exceeded the credits for internal programs and large customer credits as described in the attached report. The Company's internal programs and large customers credits exceeded the funds collected and therefore no excess funds are being submitted to the Montana Department of Revenue for calendar year 2024.

Sincerely,

/s/ Travis R. Jacobson

Travis R. Jacobson
Vice President of Regulatory Affairs

Cc: Montana Public Service Commission
Montana Consumer Counsel
Mike Green

**Montana-Dakota Utilities Co.
Universal System Benefits Program
2024 Annual Report**

The total dollars collected under the Universal System Benefit Charges (USBC) approved by the Montana Public Service Commission (Commission) during the period January 1, 2024 through December 31, 2024 was \$924,030.92. The large customer group, defined as customers with monthly electric billing demands of 1,000 kW or higher, account for \$246,530.28 of the total amount collected.

The following USBP expenditures were made in calendar year 2024 in accordance with programs approved by the Commission:

Low-Income Discount	\$399,154.57
Low-Income Weatherization (AEM & HRDC)	90,000.00
Low-Income Energy Audits (AEM)	10,000.00
Energy Share Endowment & Admin	35,000.00
Energy Share Bill Assistance	90,000.00
Energy Share & HRDC Furnace Safety	50,000.00
Low-Income Program Promotion (Energy Share)	6,756.16
Conservation Programs (Lighting)	43,628.03
Total USBP Expenditures	\$724,538.76

Following is a description of each program:

Montana-Dakota offers a low-income discount to all customers that have qualified for Low-Income Energy Assistance (LIEAP). The discount remains in place on a calendar basis and qualifying customer's accounts are updated annually upon the start of the LIEAP qualification process the following heating season. Beginning with the 2008-2009 LIEAP season, customers qualifying for LIEAP also qualified for a discount on their electric bill based on a new discount structure filed as part of the Stipulation in Docket No. D2006.1.2 and approved by the Commission on August 20, 2008. Three levels of discount are available under this discount rate structure; 30% discount for customers at 0-60% of the federal poverty level, 25% discount for customers at 61-90% of the federal poverty level and a 20% discount for customers at 91% to the ceiling of the federal poverty percentage of income as established by the Department of Health and Human Services in determining LIEAP benefits.

The income data used to administer the discount is received from the State Department of Health and Human Services at the time a customer qualifies for LIEAP. When combined with a LIEAP benefit, the bill discount serves to mitigate the higher percentage of disposable income necessary to pay utility bills that this group of customers pays in comparison to other customers. Following are statistics regarding the distribution of the electric discounts among the various discount levels based the percentage of poverty for calendar year 2024. On average, 1,292 customers received benefit of the discounts with the months or number of bills discounted for each customer dependent upon the time LIEAP benefits were first received on their behalf. As shown, approximately 42 percent of the recipients were in the lowest percentage of federal poverty.

Low Income Discounts January 1, 2024 - December 31, 2024

% of Federal Poverty	Discount	Customers	Average Discount/Bill
0-60%	30%	545	\$(31.82)
61-90%	25%	277	(23.04)
91%-ceiling %	20%	470	(20.35)

The other low-income related programs include weatherization, energy audits, bill assistance and a furnace/water heater repair program. These programs provide assistance to low income customers located in Montana-Dakota’s service territory. The bill assistance and furnace/water heater programs are administered by Energy Share of Montana in accordance with their established guidelines to provide assistance to qualifying low-income customers. In 2024, 180 households received bill assistance at an average cost of \$737 per household. The furnace safety program recognizes the problem that arises when a low-income customer is faced with a costly repair bill or in some cases the cost of replacing space or water heating equipment. Ten households were assisted through this program in 2024 at an average cost of \$4,774 per household. The Weatherization and Energy Audit Programs are administered by Action for

Eastern Montana and the HRDC District VII in accordance with guidelines established by the State Department of Health & Human Services and the Department of Energy and assist low-income customers with conservation measures that result in energy savings. Weatherization services were provided to six households utilizing USB funds in 2024 at an average cost of \$538 per household.

The Energy Share endowment will provide for the long-term needs of the low-income customers of Montana by providing a stable funding source for energy assistance dollars and is a cost-effective program that will benefit Montana-Dakota's customers. Customer education consists of outreach required to better inform customers of the available assistance programs noted above and the Federal LIEAP program. Bill inserts, web site promotion and advertising done in conjunction with Energy Share of Montana were tools utilized in 2024. Montana-Dakota has developed a package of bill inserts, posters and direct mail pieces to assist with educating customers regarding assistance available under the programs.

In addition to the low-income related conservation programs, funds were also made available for all residential and commercial customers for conservation measures. The cost effectiveness of the conservation program offerings was determined based on the cost/benefit analyses provided in the Company's Integrated Resource Plan filed in Docket No. N2015.7.54. The Commercial Lighting program was well accepted and accounts for the majority of the conservation related funds expended in 2024.

As noted above, a total of \$246,530.28 was collected from the Large Customer Group. In accordance with 69-8-402 (MCA) the Large Customer Group has the right to self-direct funds collected through the USBC. Funds totaling \$215,891.94 will be refunded to three customers out of the seven customers on Montana-Dakota's system that qualify as a Large Customer. Two of the three customers will receive the total USBC dollars they remitted in 2024 through their utility service bills in the amounts of \$28,581.12, and \$9,257.76, respectively. The third customer submitted a claim for \$270,185.77 which

exceeds the funds collected of \$178,05.06 from this customer in 2024 and will be paid the amount of funds collected. The remaining requested funds will be added to the customer's carry-over for a cumulative balance of \$1,787,800.25 available for future periods.

In accordance with 69-8-402 (MCA), Montana-Dakota is to submit any funds collected in the previous calendar year that exceeded the credits for internal programs and large customer credits described above. As shown in the summary below, the Company collected \$924,030.92 in 2024 and had internal program expenditures of \$724,538.76. After claims to the Large Customer Group of \$215,891.94, the Company's net collections for 2024 is (\$16,399.78). Therefore, no excess funds remained from 2024 and there will be no remittance to the Department of Revenue.

USB Funds Collected	\$924,030.92
Less: Program Expenditures	
Low-Income Discount	399,154.57
Low-Income Weatherization (AEM & HRDC)	90,000.00
Low-Income Energy Audits (AEM)	10,000.00
Energy Share Endowment & Admin	35,000.00
Energy Share Bill Assistance	90,000.00
Energy Share & HRDC Furnace Safety	50,000.00
Low-Income Program Promotion (Energy Share)	6,756.16
Conservation Programs (Lighting)	43,628.03
Total Montana-Dakota Programs	<u>\$724,538.76</u>
Less Large Customer Self-Directed Funds	<u>215,891.94</u>
Net Collections	<u>(\$16,399.78)</u>
Amount to Remit to Department of Revenue	<u><u>\$0.00</u></u>

Montana-Dakota will continue to monitor its USB collections and program expenditures and, if necessary, will submit any modifications to the Company's USB program and rates at some point in the future.