

**MONTANA-DAKOTA UTILITIES CO.
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION STAFF
FIRST DATA REQUEST
DATED FEBRUARY 9, 2015
DOCKET NO. NG15-001**

- 1-9) Referring to page 4 of the report, please explain why benefit/cost tests were lower than the proposed tests for the 2014 Budget year since costs of the total program in 2014 were 80.2% of the approved budget and actual Dk savings of the total program were 93.9% of the approved program.

Response:

The cost of gas included in the 2014 Budget model was based on projected 2014 gas commodity costs, while the 2014 actual model reflected a cost of gas based on projected 2015 gas commodity costs. The projected 2015 cost of gas was lower than the projected 2014 cost of gas, which lowered the benefits of conservation. Even with the lower gas costs, the resulting benefit/cost ratios were still a net benefit.

Please see Attachment A for the benefit/cost ratios of:

- 2014 actual results with projected 2015 gas costs (as filed)
- 2014 actual results with projected 2014 gas costs (used for budget)
- 2014 Budget with projected 2014 gas costs

As shown on Attachment A, had the projected 2014 gas costs been used with 2014 actual results, the benefit/cost ratios would have been higher than budget.