

**BEFORE THE SOUTH DAKOTA PUBLIC UTILITIES COMMISSION**

**APPLICATION OF BLACK HILLS )  
POWER, INC. d/b/a BLACK HILLS )  
ENERGY FOR APPROVAL OF AN ) Docket No. EL17-\_\_\_\_\_  
ADJUSTMENT TO ITS ENERGY )  
EFFICIENCY SOLUTIONS )  
ADJUSTMENT RATE(S) )**

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**APPLICATION TO ADJUST ITS ENERGY EFFICIENCY SOLUTIONS ADJUSTMENT  
RATE(S)**

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**INTRODUCTION**

Black Hills Power, Inc. d/b/a Black Hills Energy (“BHP” or the “Company”), a South Dakota corporation, respectfully requests approval from the South Dakota Public Utilities Commission (the “Commission”) for an adjustment to its Energy Efficiency Solutions Adjustment (“EESA”) rate(s), to become effective December 1, 2017.

On November 28, 2016, BHP received approval of its currently effective EESA tariff with rates effective December 1, 2016, representing a residential service EESA rate of \$0.0007/kWh and a commercial and industrial service EESA rate of \$0.0013/kWh. The Company requests approval herein to decrease its residential service EESA rate to \$0.0004~~3~~3/kWh and ~~maintain-decrease~~ its commercial and industrial EESA rate at \$0.001~~3~~2/kWh.

**EXHIBITS THAT SUPPORT THE APPLICATION**

- Exhibit 1 – BHP’s Energy Efficiency Plan for Program Year 2014 through PY2016 - as approved in Docket No. EL15-044
- Exhibit 2 – BHP’s Energy Efficiency Plan Status Report for PY2016
- Exhibit 3 – BHP’s Narrative of Outreach and Community Events Conducted during PY2016
- Exhibit 4 – BHP’s Balancing Account for PY2016
- Exhibit 5 – BHP’s Rate Adjustment Sheet for PY2016
- Exhibit 6 – BHP’s Proposed Legislative Tariff
- Exhibit 7 – BHP’s Proposed Tariff in Clean Form

- Exhibit 8 – BHP’s proposed Customer Notice
- Exhibit 9 – BHP’s Total Resource Cost (“TRC”) Calculation(s)
- Exhibit 10 – BHP’s LivingWise Program Summary Report

## **OVERVIEW OF PY2016 PROGRAMS AND RESULTS**

BHP’s approved plan (PY2016) contained the following programs:

- Residential Lighting Program;
- Residential Appliance Recycling Program;
- Residential High Efficiency HVAC Program;
- Residential Whole House Efficiency Program;
- Residential Audit Program;
- Residential Weatherization Program;
- Student-Based Education Program;
- Commercial and Industrial Prescriptive Rebate Program; and
- Commercial and Industrial Custom Rebate Program.

In PY2016, BHP’s Energy Efficiency Plan aided customer(s) in managing their yearly energy bills by achieving 4,650,409 kWh’s of energy savings under its approved plan. In PY2016, the Company achieved 66% percent of its energy savings goal, 65% percent of its demand savings goal and spent 85% percent of its budget goal.

To evaluate the cost-effectiveness of the Company’s Energy Efficiency Plan and each individual program within the portfolio, the Company used the TRC ratio, which compares the total benefits to total costs for the portfolio and/or the total benefits to total costs for each program. Any TRC ratio of above one (1) is considered to be cost-effective. In PY2016, the portfolio obtained a TRC of 1.72, the residential portfolio obtained a TRC of 0.83 and the commercial and industrial portfolio obtained a TRC of 1.99. Further TRC summary details on each individual program within the residential and commercial & industrial portfolios can be found in the attached Exhibit 2.

A full executive summary containing the actual PY2016 spend compared to the forecasted budget for energy savings, demand savings, by sector and program, along with the TRC cost-

effectiveness results for each program and the portfolio is attached as Exhibit 2. Exhibit 2 also provides detailed and summary information related to each program within the Company's energy efficiency portfolio. Exhibit 9 contains further details on the TRC calculation(s) that support the summary information contained in Exhibit 2.

The Company's next status report and proposed adjustment to its EESA rate(s) will be filed on or before October 15, 2018.

### **REPORT OF PROPOSED TARIFF CHANGES**

The following information is consistent and being provided pursuant to South Dakota Administrative Rule 20:10:13:26 regarding this application for an adjustment to the Company's EESA rate(s):

**(1) Name and Address of the Public Utility:**

Black Hills Power, Inc. d/b/a Black Hills Energy  
625 Ninth Street  
Rapid City, SD 57701

**(2) Section and Sheet Number of Tariff Schedule:**

The Company's EESA rate(s) are set forth in the EESA tariff sheets contained in Exhibit 6 and Exhibit 7, Section No. 3C No. 11 and No. 21, attached hereto.

**(3) Description of the Change:**

BHP requests Commission approval to ~~increase~~decrease its EESA rate(s) for the residential and commercial & industrial customer classes.

**(4) Reason for the Change:**

BHP's total program costs are ~~more~~less than the amount being recovered under the current EESA rate(s).

**(5) Present Rate(s):**

Residential Service: \$0.0007/kWh  
Commercial & Industrial Service: \$0.0013/kWh

**(6) Proposed Rate(s):**

Residential Service: \$0.00043/kWh  
Commercial & Industrial Service: \$0.004312/kWh

**(7) Proposed Effective Date of Modified Rate(s):**

BHP proposes that the new rate(s) be effective December 1, 2017.

**(8) Approximate Annual Decrease in Revenue:**

Approximate Residential Service Revenue Decrease: (\$196,000)

Approximate Commercial & Industrial Service Decrease: (\$65,000)

**(9) Points Affected:**

The proposed tariff changes would apply throughout the Company's electric service area in South Dakota.

**(10) Estimation of the Number of Customers Whose Cost of Service will be Affected and Annual Amounts of Either Increases or Decreases, or both, in Cost of Service to Those Customers:**

Approximately 72,000 South Dakota customers will be affected.

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In accordance with South Dakota Administrative Rule 20:10:13:18, a customer notice will be displayed, for no less than thirty (30) days prior to the effective date of the approved rate(s), in the BHP district offices and has been attached and identified as Exhibit 8. The Company also plans to provide notice to customers regarding the new EESA rate(s) through a bill message with the first bill for service under the proposed rate(s) in accordance with South Dakota Administrative Rule 20:10:13:19.

**COMPANY REPRESENTATIVES**

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**VERIFICATION**

Attached is the Verification signed by Jason S. Keil, who is authorized to act on behalf of Black Hills Power, Inc. d/b/a Black Hills Energy, affirming that the contents of the Application are true, accurate and correct to the best of his understanding, knowledge and belief.

**CONCLUSION**

Based on this application and exhibits, BHP respectfully requests that the Commission issue an order approving the proposed EESA rate(s) with an effective date of December 1, 2017.

Dated: October 16, 2017

