

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA**

<b>IN THE MATTER OF THE SOUTH DAKOTA PUBLIC UTILITIES COMMISSION DEMAND RESPONSE INVESTIGATION</b>	) ) ) ) )	<b>DOCKET NO. AA22-003</b>
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**RESPONSE TO ORDER REQUESTING COMMENTS ON  
DEMAND RESPONSE RATE MECHANISMS**

Black Hills Power, Inc. d/b/a Black Hills Energy (“Black Hills Power”), a South Dakota corporation, respectfully submits its responses to the South Dakota Public Utilities Commission in the above referenced matter, as ordered at its regularly scheduled meeting on July 19, 2022.

- a. A report of existing demand response and demand flexibility practices used by commercial, residential, and industrial customers to reduce electricity, consumption during periods of unusually high demand service to South Dakota, as well as adjoining jurisdictions.**

**Response:** Black Hills Power has Energy Management rate schedules for Utility Controlled Residential (UCR), Utility Controlled General Service (UCG), Small Interruptible General Service (SIGS), and Large Demand Curtailable (LDC) customers. These rate schedules were closed to new customers on January 1, 2007. At the time of closure Black Hills Power had 1MW of load on the LDC service and calculated it would need 5MW of load reduction to avoid the smallest purchased power block available causing a disproportionate level of customer compensation relative to savings received by Black Hills Power. The other Energy Management rate schedules also had similar level of interest combined with customer complaints and thermostat tampering lead to the decision to close the rates to new customers.

- b. Current rate mechanisms employed for timely recovery of the costs of demand – response and demand flexibility practices.**

**Response:** Rates are set to recover allocated costs to each customer class.

- c. **Previous actions taken by the Public Utilities Commission or State Legislature to implement the standard or a comparable standard, if any.**

**Response:** Black Hills Power is not aware of any South Dakota Public Utility Commission or State Legislative standard implemented.

- d. **Opportunities to further promote the use of demand-response and demand flexibility practices to reduce electricity consumption during periods of unusually high demand.**

**Response:** Opportunities for Black Hills Power to offer rate options that could promote demand-response and demand flexibility require evaluation of customer suitability and interest. Changes in the levels and patterns of energy use by customers since the time the Energy Management rate schedules were established require time and resources to analyze the current potential for shaving system peak load. The level of interest of Residential customers could be influenced by customer concerns over their individual ability to control their summer cooling if their central air conditioning were subject to curtailment, even for short periods of time.

The level of interest by commercial and industrial customers in demand-response rate options would be driven by sensitivity to all or a portion of their business operations being curtailed during peak system hours. An analysis of the opportunities would need to include the seasonal nature of the Company's system peak loads and the potential commercial and industrial demand that could be curtailed coincident with the system peak load periods. Monthly system peak loads tend to occur between the hours of 3:00 pm and 7:00 pm during the months of May through September and varies between the hours of 8:00 am and 6:00 pm during the other months. Commercial and industrial customers are generally sensitive to the amount of time and frequency of any curtailments. Some industrial processes can potentially take lengthy amounts of time to properly shut down to avoid damaging equipment. Some Commercial and Industrial

customers would be sensitive to impacts upon their ability to fully serve their own customers' needs during normal business hours.

Dated this 28<sup>th</sup> day of October, 2022.

BLACK HILLS POWER, INC.



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Jason S. Keil  
Manager, Regulatory & Finance  
7001 Mt. Rushmore Rd.  
Rapid City, SD 57702  
Phone: (605) 721-1502  
jason.keil@blackhillscorp.com