



**Jim Keck**  
Manager, Energy Services  
Jim.Keck@blackhillscorp.com

PO Box 1400  
Rapid City, SD 57709  
P: 605.721.2612  
F: 605.721.2574

April 30, 2013

Ms. Patricia Van Gerpen  
Executive Director  
South Dakota Public Utilities Commission  
Capital Building, 1<sup>st</sup> Floor  
500 E. Capital Ave.  
Pierre, SD 57501-5070

RE: Docket No. EL11-002 – In the Matter of the Application of Black Hills Power, Inc. for Approval of Energy Efficiency Programs, Tariffs, and Cost Recovery Mechanism

Dear Ms. Van Gerpen:

As provided in the Order, dated July 7, 2011, to the above referenced docket, Black Hills Power (BHP) received approval of the Energy Efficiency Solutions (EES) Plan with a program launch date of September 1, 2011. The approved Original Tariff Sheet No. 21 – Energy Efficiency Solutions Adjustment (EESA) states the following: "After the first period effective date of September 1, 2011, to coincide with the implementation of the EES programs, the EESA will be updated and filed by April 30<sup>th</sup> each year thereafter with the effective date of June 1<sup>st</sup>."

In 2012, BHP did not make an adjustment to the originally filed EESA rates. A report was sent to the Commission on December 3, 2012 of the 1<sup>st</sup> Program Year's results covering the period September 1, 2011 to August 31, 2012. An updated report of the 2<sup>nd</sup> Program Year's performance to date (September 1, 2012 to March 31, 2013) is included with this letter.

Participation in the programs is increasing, with numerous commercial customers' projects underway or under consideration. BHP is recommending the expansion of a current residential measure (School Based Education Program) and adoption of new residential measures (Energy Star Rated Refrigerator Purchase Program and Home Energy Inspections for any Residential Home). In addition, BHP is also adding other items such as Residential Online Energy Audit upgrades and the adoption of Commercial Online Energy Audit tools. We believe these measures benefit the largest number of customers possible and will make an impact on energy use for years to come.

The document attached labeled "Attachment 1" shows the costs through the entire life of the EES program (September 1, 2011 through August 31, 2014). These costs include actual costs through March 31, 2013 and the remaining budgeted costs through August 31, 2014.

In order to meet our residential goals, BHP plans to expand three programs. The Energy Based School Education Program will be offered to all 5<sup>th</sup> grade classrooms in our service territory during the next school year. We would expect as many as 1,000 students to participate in

Rapid City and the surrounding Black Hills communities. This program has been well received and passes the Total Resource Cost Test (TRC – 1.28).

BHP will add an Energy Star refrigerator rebate program (TRC - 1.79) for those customers that purchase a qualified refrigerator and provide confirmation that their old refrigerator was removed from service by their dealer.

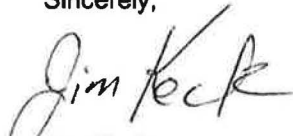
BHP will begin offering home energy inspections to customers not qualified for our certified energy audit. Although the home energy inspection doesn't pass the TRC test, it does provide BHP an opportunity to help educate a greater number of residential customers on the most efficient use of energy.

BHP's commercial program rebate applications are beginning to accelerate. We have 36 identified projects under construction or in the process of submitting their rebate application. The majority are lighting retrofit projects. Four of the applications are large ground source heat pump projects that are projected to reach the \$25,000 maximum rebate limit.

BHP does not seek a change to the EESA rates at this time. BHP will make its 2014 Annual EES Adjustment Filing by April 30, 2014. BHP finds these programs to be cost effective for customers and BHP looks forward to continuing this program into the future.

If you have any questions or concerns, please feel free to contact me.

Sincerely,



Jim Keck

Enclosures:

Annual EES Adjustment Filing - 2013

Attachment 1: Energy Efficiency Solutions Program - 3 Year Plan Costs