

BEFORE THE SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

APPLICATION OF BLACK HILLS)
POWER, INC. FOR APPROVAL)
OF ENERGY EFFICIENCY) Docket No. _____
PROGRAMS, TARIFFS, AND)
COST RECOVERY MECHANISM)
)
)

APPLICATION FOR ENERGY EFFICIENCY PROGRAM EXTENSION

INTRODUCTION

Black Hills Power, Inc. (Black Hills Power or the Company) requests approval from the South Dakota Public Utilities Commission (Commission) for a three year extension of Black Hills Power's current Energy Efficiency Solutions Plan (EESP), to become effective on September 1, 2014.

Black Hills Power received approval of the EESP and associated Energy Efficiency Solutions Adjustment (EESA) Tariff on July 7, 2011, with a program effective date of September 1, 2011 through May 31, 2014.

On July 11, 2013, Black Hills Power received approval for the reduction of the EESA Tariff, effective August 1, 2013, for the remainder of the 3-year pilot program.

On May 16, 2014, Black Hills Power received a three month extension of the scheduled expiration date for its EESP and the associated Tariff.

In support of this Application, the following information is provided to satisfy the requirements of South Dakota Administrative Rule 20:10:13:26:

- (1) Name and address of the public utility:

Black Hills Power, Inc.
409 Deadwood Avenue
P.O. Box 1400
Rapid City, SD 57709

(2) Section and sheet number of tariff schedule:

The energy efficiency solutions adjustment rates are set forth in the Cost Adjustment Summary and Energy Efficiency Solutions Adjustment tariff sheets contained in Attachment 1 and 2, attached hereto.

(3) Description of the change:

Black Hills Power requests Commission approval to extend the EESP for an additional 3-year period.

(4) Reason for the change:

As indicated above, Black Hills Power's EESP was due to expire on May 31, 2014. On April 30, 2014, Black Hills Power filed an application seeking a three month extension of its current EESP and EESA rate. Black Hills Power requested an extension in order to provide the Company with adequate time to fully evaluate the existing programs and prepare a complete application for a new 2014-2016 EESP. The Company's request for extension (Docket EL14-038) was approved by the Commission in an order dated May 16, 2014. Under the proposed 2014-2016 EESP, Black Hills Power has modified its pilot EESP to increase participation and to provide all customers more opportunities to manage their energy use.

An Energy Efficiency Study, provided as Attachment 3, was completed by Applied Energy Group (AEG) to screen potential measures using the same benefit/cost model used in the evaluation for Black Hills Power's initial pilot program. The Energy Efficiency Study provides the following in separately numbered sections:

a) Portfolio Overview:

This section provides introductory information regarding Black Hills Power's proposed plan for 2014 through 2016, including (by year):

- Expected customer participation
- Expected MWh savings
- Expected coincident kW savings
- Total proposed budgets

b) Portfolio Development:

This section provides an explanation of the methods used to screen and then select possible programs for inclusion in the overall portfolio.

c) DSM Planned Portfolio:

This section provides a summary of new programs proposed for inclusion in the 2014 through 2016 EESP as well as identifies the existing programs Black Hills Power proposes to continue providing as part of the overall portfolio. These programs have been developed in consultation with AEG and incorporate best practices in order to promote energy efficiency to the company's customers. In short, Black Hills Power proposes the addition of a Residential Lighting and Appliance Program, a Whole House Efficiency Program and a Small Business Direct Install Program along with the existing portfolio of residential, commercial and industrial measures. Also provided in this section of the Energy Efficiency Study are summaries of each program proposed for inclusion in the 2014 through 2016 portfolio, including information about:

- Target market
- Description of program
- Program goals
- Marketing strategy
- Estimated participation
- Estimated savings
- Estimated budgets
- Cost effectiveness

An Energy Efficiency Solutions status report (Attachment4) for program years 1 and 2 has been included as part of this application. This report presents a status of Program Year 1 (PY1), which ran from September 1, 2011 through August 31, 2012, and Program Year 2 (PY2), which ran from September 1, 2012 through August 31, 2013. The status report provides the following information for both PY1 and PY 2:

- Budget by Residential and Non-Residential sectors (goal compared to actual)
- Budget and expenditures by program
- Energy savings (kWh) by sector
- Energy savings (kWh) by program
- Demand savings (kW) by sector
- Demand savings (kW) by program
- Total portfolio cost-effectiveness results
- For PY 1 and PY2, program-by-program evaluations summarized in a goal-versus-actual format presenting:
 - Participation
 - Expenditures

- Energy impacts
- Demand impacts
- Cost-effectiveness results

An overriding objective in offering the 2014-2016 portfolio is to achieve even stronger customer participation than was realized in the 2011-2014 pilot program. The promotional techniques used by Black Hills Power from September 2013 through June 2014 are summarized in Attachment 5. Past status reports filed with the Commission recap promotional efforts undertaken from the inception of the EESP program through the period covered in the most recently filed report. Attachment 5 also summarizes the additional promotional techniques/initiatives under consideration for enhancing participation in the proposed 2014 – 2016 programs.

- (5) Attachment 6 presents the actual EESA account balances for September 2011 through April 2014, and projections for May 2014 through August 2014. The Company forecasts an over-collection in the balancing account of \$305,498 for residential customers and \$521,838 for commercial and industrial customers. Attachment 7 provides a detailed calculation of the residential and commercial and industrial EESA rate for Program Year 2014.

- (6) Present rate:

- Residential customers - \$0.0004/kWh
- Commercial & Industrial customers - \$0.0002/kWh

- (7) Proposed rate:

- Residential customers - 0.0002/kWh
- Commercial & Industrial customers - \$0.0000/kWh

- (8) Proposed effective date of modified rate:

Black Hills Power proposes that the modified program and rates be effective September 1, 2014.

- (9) Customer Notice:

The Company plans to provide notice to customers regarding the EESA rate through a bill message with the first bill for service under the proposed rate in accordance with South Dakota Administrative Rule 20:10:13:19. A customer notice will be displayed in the Black Hills Power South Dakota district offices and has been attached and identified as Attachment 8. The Company will work with Commission Staff to determine if there are any suggestions to modify the notice to customers

COMPANY REPRESENTATIVES

Copies of all notices, other correspondence and all inquiries concerning this

Application should be sent to:

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VERIFICATION

Attached is the Verification signed by Vance Crocker, who is authorized to act on behalf of Black Hills Power, affirming that the contents of this Application are true, accurate and correct to the best of his understanding, knowledge and belief.

CONCLUSION

Based on this Application, Black Hills Power respectfully requests that the Commission issue an order approving:

- (1) The EESP costs and financial incentives from September 2011 through April 2014;
- (2) The proposed 2014 – 2016 EESP; and
- (3) The EESA tariff revisions to Section 3C, Sheet No. 11 and 21.

Dated this 30th day of June, 2014.

BLACK HILLS POWER, INC.

By: _____



Vance Crocker
Vice President, Operations

STATE OF SOUTH DAKOTA)
)SS.
COUNTY OF PENNINGTON)

I, Vance Crocker, being duly sworn, do hereby depose and say that I am Vice-President, Operations of Black Hills Power, Inc., Applicant in the foregoing Application; that I have read such Application; and that the facts set forth therein are true and correct to the best of my knowledge, information and belief.

By: Vance Crocker
Vance Crocker
Vice-President, Operations

Signed and sworn to me on this 30th day of June, 2014 by Vance Crocker.

(SEAL)

Pamela K. Wiley
Notary Public

My commission expires: 10-5-2015