

BEFORE THE SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

BLACK HILLS POWER, INC. d/b/a BLACK)
HILLS ENERGY'S APPLICATION FOR)
ADJUSTMENT IN ITS ENERGY) Docket EL16-____
EFFICIENCY SOLUTIONS ADJUSTMENT)
RATE(S)

**BLACK HILLS POWER, INC. d/b/a BLACK HILLS ENERGY'S APPLICATION FOR
ADJUSTMENT IN ITS EESA RATE(S)**

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 the Company's Energy Efficiency Solutions Adjustment ("EESA") rate(s), to become effective on December 1, 2016.

On December 11, 2015, BHP received approval of its currently effective EESA tariff, effective January 1, 2016, representing a residential service EESA rate of \$0.0004/kWh and a commercial and industrial services EESA rate of \$0.0009/kWh. The Company requests approval herein to increase its residential service EESA rate to \$0.0008/kWh and its commercial and industrial EESA rate to \$0.0013/kWh.

EXHIBITS THAT SUPPORT THE APPLICATION

Exhibit 1 – BHP's Energy Efficiency Plan for Program Year 2015 ("PY2015") and Program Year ("PY2016") – as approved on December 11, 2015

Exhibit 2 – BHP's Energy Efficiency Plan Status report for PY2015

Exhibit 3 – BHP's narrative of outreach and community events conducted during PY2015

Exhibit 4 – BHP's balancing account for PY2015

Exhibit 5 – BHP's rate adjustment sheet for PY2015

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”) Calculations

Exhibit 10 - BHP's LivingWise Program Summary Report

OVERVIEW OF PY2015 PROGRAMS & RESULTS

BHP’s approved plan contains the following programs:

- Residential: (1) residential lighting, (2) appliance recycling, (3) residential high efficiency HVAC, (4) whole house efficiency, (5) residential audits, (6) school-based education, and (7) weatherization;
- Commercial & Industrial: (1) prescriptive and (2) custom.

Based upon the results of PY2015, which ran from September 1, 2015 through August 31, 2016, the Company is not recommending any changes to the approved plan at this time.

Overall results for PY2015 showed that BHP achieved 96 percent of its energy savings goal, 97 percent of its demand savings goal and spent 103 percent of its budget goal.

BHP uses the TRC measure to determine the cost-effectiveness of each program as-well-as the overall portfolio. BHP’s overall results for PY2015 showed that BHP obtained a total portfolio TRC of 1.21. This is a significant change from PY2014 total portfolio TRC of 2.33. The change was primarily driven by the higher startup costs of the newer programs that were implemented during PY2015. (Each program TRC is included in Exhibit 2 - BHP’s Energy Efficiency Plan Status report for PY2015 and the detailed calculations are included within Exhibit 9 - BHP’s Total Resource Cost Calculations).

The Company’s next status report and proposed adjustment to its EESA rate(s) will be filed on or before October 15, 2017, with proposed modifications that the Company would deem necessary for maintaining program success.

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 Sheets No. 11 & No. 21, attached hereto.

(3) Description of the change:

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

(4) Reason for the change:

BHP total program costs are more than that amount recovered from the current EESA rate(s).

(5) Present rate(s):

Residential services: \$0.0004/kWh
Commercial & Industrial services: \$0.0009/kWh

(6) Proposed rate(s):

Residential services: \$0.0008/kWh
Commercial & Industrial services: \$0.0013/kWh

(7) Proposed effective date of modified rate(s):

BHP proposes that the new rate(s) be effective December 1, 2016.

The Company 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. A customer notice will also 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 will work with Commission staff to determine if there are any suggested modifications to the customer notice.

COMPANY REPRESENTATIVES

Copies of all notices, other correspondence and all inquiries concerning this Application should be sent to:

Mr. Vance Crocker
Vice President – Electric Operations
409 Deadwood Ave
P.O. Box 1400
Rapid City, SD 57709
Phone: (605) 721-2612
vance.crocker@blackhillscorp.com

Lee DeLange
Sr. Manager – Energy Services & Customer Operation
Vice President – Electric Operations
409 Deadwood Ave
P.O. Box 1400
Rapid City, SD 57709
Phone: (605) 721- 2243
lee.delange@blackhillscorp.com

Jim Dillon
Sr. Manager – Energy Efficiency
1102 E. 1st St.
Papillion, NE 68046
Phone: (402) 221-2080
jim.dillon@blackhillscorp.com

Jason Keil
Manager – Regulatory
625 Ninth St.
P.O. Box 1400
Rapid City, SD 57709
Phone: (605) 721-1502

jason.keil@blackhillscorp.com

Todd Brink
Associate General Counsel
625 Ninth St.
P.O. Box 1400
Rapid City, SD 57709
Phone: (605) 721-1502
todd.brink@blackhillscorp.com

VERIFICATION

Attached is the Verification signed by Jason S. Keil, who is authorized to act on behalf of Black Hills Power, 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 request that the Commission issue an order approving the proposed EESA rate(s).

Dated this 17th day of October, 2016.

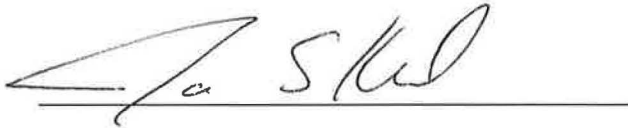
BEFORE THE PUBLIC UTILITY COMMISSION OF SOUTH DAKOTA

STATE OF SOUTH DAKOTA)

SS:

COUNTY OF PENNINGTON)

I, Jason S. Keil, being duly sworn, do hereby depose and say that I am Manager - Regulatory for Black Hills Power, Inc. d/b/a Black Hills Energy, 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.



Jason S. Keil, Manager - Regulatory

Subscribed and sworn to before me this 17th day of October, 2016.



Notary Public

My Commission Expires: 9/14/2021