

**BEFORE THE SOUTH DAKOTA
PUBLIC UTILITIES COMMISSION**

**APPLICATION OF BLACK HILLS)
POWER, INC. d/b/a BLACK HILLS)
ENERGY FOR APPROVAL TO) Docket No. EL17-____
MODIFY AND EXTEND ITS)
ENERGY EFFICIENCY)
SOLUTIONS PLAN)**

**APPLICATION TO MODIFY AND EXTEND ITS CURRENT ENERGY
EFFICIENCY SOLUTIONS PLAN**

INTRODUCTION

Black Hills Power, Inc. d/b/a Black Hills Energy (“Black Hills Power” or the “Company”), a South Dakota corporation, respectfully requests an order from the South Dakota Public Utilities Commission (“Commission”) approving a three year extension of Black Hills Power’s current Energy Efficiency Solutions Plan (EESP) with minor modifications, to become effective on September 1, 2017.

BACKGROUND

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. On June 30, 2014 Black

Hills Power filed an application for Energy Efficiency Program Extension requesting approval to modify and extend the EESP from September 1, 2014 to August 31, 2017, true-up and approval of costs and financial incentives from September 2011 through April 2014, and approval of revisions to the EESA tariff Sheets effective September 1, 2014. On August 26, 2014 Black Hills Power received approval of this request from the Commission, Docket EL14-038.

On October 8, 2015 Black Hills Power filed an application for extension of EESP status reports and updated Energy Efficiency Solutions Cost Recovery Factors. The Commission approved this request at the October 29, 2015 meeting. The approved order signed November 2, 2015 permitted Black Hills Power to file the required status reports and updated EESA by October 31, 2015, Docket EL15-042.

On December 11, 2015, Docket EL15-044, the Commission approved Black Hills Power's status report of Plan Year 2013, and performance incentive of its previous EESP from docket EL11-002. This order also approved Black Hills Power's status report of Plan Year 2014, and performance incentive, and Black Hills Power's proposed EESP for Plan Years 2015 and 2016 subject to the following:

- 1) Dealer incentives shall be removed from the Appliance Recycling program;
- 2) Dealer incentives shall be removed from the Residential Efficiency HVAC program;
- 3) Black Hills Power shall revise the "Recycle and Replace – ENERGY STAR Refrigerator" measure to make it cost effective or, in the alternative, remove the measure from the EESP;

- 4) Black Hills Power shall revise the “Central Air Conditioner (SEER 15)” and “Ductless Mini Split Air Conditioner (SEER \geq 19)” measures to make them cost effective or, in the alternative, remove the measures from the EESP; and
- 5) Black Hills Power shall revise the “Ceiling Mount Occupancy Sensors” measure to make it cost effective or, in the alternative, remove the measures from the EESP

Black Hills Power complied with the order issued in EL15-044 and removed the listed program measures that were not cost effective, thus modifying Program Years 2015 and 2016. Finally, this order approved the proposed EESA rates effective January 1, 2016.

Black Hills Power’s currently effective EESA was approved on November 28, 2016, Docket EL16-034, with an effective date of December 1, 2016. The Commission also approved Black Hills Power’s status report and balancing account for Plan Year 2015, including the performance incentive recovery as revised in this docket. In this docket the Company agreed to file any modifications to the EESP by June 1st of each year.

EXHIBITS TO SUPPORT APPLICATION

Exhibit A: 2017-2019 Energy Efficiency Solutions Plan

Exhibit B: 2017-2019 EESP Benefit and Cost Workbook

ENERGY EFFICIENCY SOLUTIONS PLAN PROGRAM YEAR 2017-2019

As previously noted Black Hills Power’s current EESP will expire August 31, 2017. Black Hills Power is requesting a three year extension of its approved 2014 – 2016 EESP with minor modifications. Attached as Exhibit A is Black Hills Power’s detailed 2017-2019 plan. The proposed 2017 – 2019 DSM Portfolio program update includes:

Residential

- **Residential Lighting.** The offerings for this program continue to be LED lighting and ENERGY STAR fixtures. The Advanced Power Strip measures has been removed due to low participation.
- **Appliance Recycling.** Black Hills Power will continue to offer the rebate for recycling a secondary refrigerator or freezer to the customer.
- **Residential Efficiency HVAC.** Black Hills Power will offer incentives for efficient heat pumps, central ACs, and ductless mini-split heat pumps. Heat pump water heaters will also continue to be incentivized. The early retirement measures for heat pumps and electric tank water heaters have been removed due to the cost-effectiveness of those measures.
- **Whole House Efficiency.** Black Hills Power and Montana-Dakota Utilities (“MDU”) will continue to jointly offer a Whole House Efficiency Program to residential customers. Black Hills Power will continue to offer a Residential Kit containing easy to install measures at no cost to customers who participate in the program.
- **Residential Audit.** The program will continue to consist of an online energy audit for customers. BHP offers a Residential Kit containing easy to install measures at no cost to customers who complete an online energy audit.
- **Student- Based Education.** This program will remain the same and consists of a proven education program for 5th grade students.
- **Weatherization.** BHP will continue to offer the installation of measures to qualifying low income customers, however, the CFL rebate has been discontinued due to market shifts. In addition to those installation measures, BHP offers a Residential Kit containing easy to install measures at no cost to customers who participate in the program.

Commercial & Industrial

- **C&I Prescriptive.** The list of qualifying prescriptive measures was modified to better reflect what is currently available in the market and to bring in line with programs in other Black Hills service territories.
- **C&I Custom.** No program changes.

The residential measures listed below will be removed from the currently effective plan and will not be included in the 2017-2019 EESP as they no longer demonstrate a

Total Resource Cost (TRC) measure of 1.0 or greater.

- Early Retirement Heat Pump SEER ≥ 15 , EER ≥ 12.5 , HSPF ≥ 8.5
- Ductless Mini-Split AC SEER ≥ 119 , EER ≥ 12.8
- Geothermal EER ≥ 21 , COP ≥ 4.1
- Early Retirement Geothermal EER ≥ 21 , COP ≥ 4.1
- Electric Storage Water Heater EF < 0.95
- Electric Storage Water Heater EF ≥ 0.95

Due to the Company's low avoided costs, additional programs within the residential portfolio did not meet the TRC measure of 1.0 or greater. However, at this time Black Hills Power proposes that only the measures mentioned above be removed from the currently effective plan.

There are multiple reasons Black Hills Power is proposing for the EESP to be extended for the 2017-2019 plan years. Black Hills Power's EESP provides customers with an option to reduce their energy costs while promoting energy conscience choices. Energy Efficiency Solution Programs are a tool commonly used to assist elderly, low income, and fixed income residential customers with their energy expenses. Black Hills Power also believes that the Commercial portion of the portfolio will continue to be successful and it is important that this momentum is maintained. Commercial customers who have chosen to take advantage of the Energy Efficiency Solutions Programs have been able to promote their organizations through positive public image while reducing their carbon footprint as stewards of the environment. Finally, Energy Efficiency has alleviated some of the energy expenses commercial customers' experience as a cost of doing business

COMPANY REPRESENTATIVES

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

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CONCLUSION

Based on this Application, Black Hills Power respectfully requests that the Commission issue an order approving 2017 – 2019 Energy Efficiency Solutions Plan

Dated this 1st day of June, 2017.

