

BLACK HILLS POWER, INC.
d/b/a BLACK HILLS ENERGY
EL17-026

REQUEST DATE : 06/29/17

RESPONSE DATE : 07/18/17

REQUESTING PARTY: Staff

SDPUC Request No. 1.5:

1. The Company's application, page 5, states that "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."
 - a) Further explain why the Company believes it is appropriate to continue these measures at this time while other measures with a TRC less than 1.0 are being removed. Provide justification for each individual measure.
 - b) Further justify inclusion of these measures given the combined TRC for the Residential Programs is forecasted to be less than 1.0 for Program Years 2017 through 2019.
 - c) Refer to Exhibit B, Measure Inputs sheet. It appears the Residential Lighting LED measure is forecasted to reach a TRC of 1.0 and greater in Program Years 2018 and 2019.
 - i. Explain the drivers of the increase in the expected TRC from year to year.
 - ii. Are there any incentive adjustments or other adjustments the Company can make to the program measure to achieve an estimated TRC of 1.0 for Program Year 2017?
 - d) Refer to Exhibit B, Measures Inputs sheet. It appears the Residential Lighting ENERGY STAR Fixture measure is forecasted to reach a TRC of 1.0 and greater in Program Years 2018 and 2019.
 - i. Explain the drivers of the increase in the expected TRC from year to year.
 - ii. Are there any incentive adjustments or other adjustments the Company can make to the program measure to achieve an estimated TRC of 1.0 for Program Year 2017?
 - e) Refer to Exhibit B, Measures Inputs sheet, regarding the Residential High Efficiency HVAC Heat Pump Water Heater measure.
 - i. Explain the drivers causing the decrease from a TRC of 0.60 in Program Year 2017 to 0.48 in Program Years 2018 and 2019.
 - ii. Are there any incentive adjustments or other adjustments the Company can make to the program measure to make it cost effective?
 - f) Refer to Exhibit B, Measures Inputs sheet, regarding the Residential High Efficiency HVAC Ductless Mini-Split HP SEER ≥ 19 , EER ≥ 12.8 , HSPF ≥ 10 measure. Are there any incentive adjustments or other adjustments the Company can make to the program measure to make it cost effective?

Response to SDPUC Request No. 1.5:

- a) Please see attachment for further explanations as to why the Company believes it is appropriate to continue these measures.

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- b) Please see attachment for further explanations as to why the Company believes it is appropriate to continue these measures.
- c)
- i. Please see attachment for explanation of the drivers for the increase in the expected TRC from year to year.
 - ii. Incentive amounts are not included in TRC benefit/cost calculations. The TRC primary driver is the Incremental Cost and Avoided Costs. The model used an incremental amount of \$7.50. A small reduction in incremental costs is enough to move the TRC to 1.0. The cost difference between incandescent and LED bulbs is continuing to come down. To avoid over compensating customers and managing the Program, BHE looks at each application and caps the rebate amount to 33% of actual cost not to exceed \$5/bulb.
- d)
- i. Please see attachment for explanation of the drivers for the increase in the expected TRC from year to year.
 - ii. For the same reasons as the Residential LED Lighting measure, a small change in the incremental amount would move the measure to a TRC of 1.0 in PY2017. BHE also manages the costs of this program by limiting the amount to 50% of actual costs up to \$10/fixture.
- e)
- i. Please see attachment for explanation of the drivers for the increase in the expected TRC from year to year. In the filing there is an error in the incremental Cost for PY2018 and 2019. PY2018 and PY2019 contains an incremental cost of \$1,000 that should be \$784. The Company did correct the model but the measure still does not pass the TRC test.
 - ii. Please see the attachment for an explanation on what can make the program measure cost effective.
- f) Please see attachment for explanation of adjustments that can be made to the program measure to make it cost effective.

Attachments:

Attachment 1.5 Measures Below TRC Threshold

Responder:

Don Martinez