

BEFORE THE SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

**APPLICATION OF BLACK HILLS)
POWER, INC. d/b/a BLACK HILLS)
ENERGY FOR APPROVAL OF AN)
ADJUSTMENT TO ITS ENERGY)
EFFICIENCY SOLUTIONS)
ADJUSTMENT RATE(S))**

Docket No. EL18-_____

APPLICATION TO ADJUST ITS ENERGY EFFICIENCY SOLUTIONS ADJUSTMENT RATE(S)

INTRODUCTION

Black Hills Power, Inc. d/b/a Black Hills Energy (the “Company” or “BHP”), a South Dakota corporation, respectfully requests approval from the South Dakota Public Utilities Commission (the “Commission”) to keep its Residential Energy Solutions Adjustment (“EESA”) rate at its current rate and for an adjustment to its EESA for its Commercial and Industrial (“C&I”) customers, to become effective December 1, 2018.

On November 21, 2017, BHP received approval of its currently effective EESA tariff with rates effective December 1, 2017, representing a residential service EESA rate of \$0.0003/kWh and a C&I service EESA rate of \$0.0012/kWh. The Company requests approval herein to keep its residential service EESA rate at \$0.0003/kWh and to decrease its C&I service EESA rate to \$0.0009/kWh.

EXHIBITS THAT SUPPORT THE APPLICATION

- Exhibit 1 – BHP’s Energy Efficiency Plan PY2017-2019
- Exhibit 2 – BHP’s PY2017 Status Report
- Exhibit 3 – BHP’s Narrative of Outreach and Community Events Conducted during PY2017
- Exhibit 4 – BHP’s Balancing Account for PY2017
- Exhibit 5 – BHP’s Proposed EESA Rate
- 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”) Calculation(s)
- Exhibit 10 – BHP’s LivingWise Program Summary Report

OVERVIEW OF PY2017 PROGRAMS AND RESULTS

BHP’s approved plan (PY2017) contained the following programs:

- Residential Lighting Program;
- Residential Appliance Recycling Program;
- Residential High Efficiency HVAC Program;
- Residential Whole House Efficiency Program;
- Student-Based Education Program;
- Commercial and Industrial Prescriptive Rebate Program; and
- Commercial and Industrial Custom Rebate Program.

Overall results for PY2017 show that BHP spent approximately 85% of its total budget and achieved 81% of its energy savings goal and 77% of its demand savings goal. To evaluate the cost-effectiveness of BHP’s Energy Efficiency Plan and each individual program within the portfolio, BHP used the TRC ratio, which compares the total benefits to total costs for the portfolio and/or the total benefits to total costs for each program. Any TRC ratio of above one (1) is considered to be cost-effective. In PY2017, the overall total portfolio cost-effectiveness resulted in a TRC 1.03. Further details on each individual program can be found in the attached Exhibit 2 – BHP’s PY2017 Status Report.

The General Administration sector budget was over by 11%. A variety of factors attributed to this which include: oversight of the anticipated funding needs for the programs, unplanned expenses for additional outreach efforts and attendance at multiple events, and an increase in application analysis. There were a variety of applications that were analyzed but did not pass the incremental payback requirements of two years or greater or did not pass the TRC test. The rebate applications that did not pass still had funding used towards their analysis which contributed towards being over budget in the General Administration sector budget.

A full executive summary containing the actual PY2017 spend compared to forecasted budget for energy savings, demand saving, by sector and program, along with the TRC cost-effectiveness results for each program and portfolio is attached as Exhibit 2 – BHP’s PY2017 Status Report. Exhibit 2 also provides detailed and summary information related to each program within the Company’s energy efficiency portfolio. Exhibit 9 contains further details on the TRC calculation(s) that support the summary information contained in Exhibit 2.

In preparation of this Application, the Company discovered that its proposed tariff in its prior years filing (Docket No. EL17-045) did not contain tariff changes, related to the Applicable section and a change in the filing date, agreed upon with Commission Staff and approved by the Commission in its 2016 docket (Docket No. EL16-034). These changes are reflected in Exhibit 6 and 7 of this Application and the Company will make a compliance filing correcting the approved tariff sheets in Docket No. EL17-045. As discussed with Commission Staff, the Company’s next status report and proposed adjustment to its EESA rate(s) will be filed by October 1, 2019.

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
7001 Mount Rushmore Rd.
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 No. 11 and No. 21, attached hereto.

(3) Description of the Change:

BHP requests Commission approval to keep its current EESA rate for the residential

class and decrease its commercial & industrial customer class.

(4) Reason for the Change:

BHP's total program costs are being fully recovered from the residential customer class and program costs are less than the amount being recovered under the current C&I customer class EESA rate.

(5) Present Rate(s):

Residential Service: \$0.0003/kWh

Commercial & Industrial Service: \$0.0012/kWh

(6) Proposed Rate(s):

Residential Service: \$0.0003 /kWh

Commercial & Industrial Service: \$0.0009 /kWh

(7) Proposed Effective Date of Modified Rate(s):

BHP proposes that the new rate(s) be effective December 1, 2018.

(8) Approximate Annual Increase/Decrease in Revenue:

Residential Revenue will increase by approximately \$828

Commercial & Industrial Service Revenue will decrease by approximately \$237,396

(9) Points Affected:

The proposed tariff changes would apply throughout the Company's electric service area in South Dakota to all customers.

(10) Estimation of the Number of Customers Whose Cost of Service will be Affected and Annual Amounts of Either Increases or Decreases, or both, in Cost of Service to Those Customers:

Approximately 70,000 South Dakota customers will be affected.

COMPANY REPRESENTATIVES

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VERIFICATION

Attached is the Verification signed by Jason S. Keil, who is authorized to act on behalf of Black Hills Power, Inc. d/b/a Black Hills Energy, 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 requests that the Commission issue an order approving the proposed EESA rate(s) with an effective date of December 1, 2018.

Dated: October 15, 2018

[illegible]

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 acts set forth therein are true and correct to the best of my knowledge, information and belief.


Jason S. Keil, Manager - Regulatory

Signed and sworn to me on this 15TH day of October, 2018



Notary Public

My commission expires: _____ **My Commission Expires June 22, 2023**