



Jason S. Keil
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June 24, 2020

Ms. Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
Capitol Building, 1st floor
500 E. Capitol Ave.
Pierre, SD 57501-5070

RE: Amended - Notification to the South Dakota Public Utilities Commission of the intentions of Black Hills Power, Inc. d/b/a Black Hills Energy to not seek approval of a new Energy Efficiency Solutions Plan
Docket No. EL19-034

On June 1, 2020, Black Hills Power, Inc. d/b/a Black Hills Energy (“Black Hills”) provided notice to the South Dakota Public Utilities Commission (“Commission”) of its intention to discontinue its Energy Efficiency Solutions Plan (“EESP”) effective September 1, 2020. Per Black Hills’ tariff, the company is required to file any recommended modifications to the currently effective EESP no later than June 1st. To comply with this tariff provision, Black Hills provided its June 1st notice, and is filing this follow-up in order to provide more background regarding the decision to discontinue the EESP effective September 1, 2020.

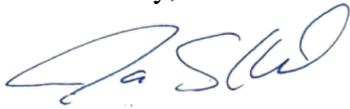
Black Hills’ decision to not recommend modifications to the currently effective EESP and discontinue it EESP effective September 1, 2020 is driven by the inability to establish a portfolio of energy efficiency offerings that are and that will remain cost effective. Although Black Hills’ current EESP would appear cost effective with the assumptions under which it was created, Black Hills’ has determined that the assumptions within the plan are not supportable when considered against its current resource planning assumptions.

When the current EESP was originally filed, Black Hills had a LM6000 peaking combustion turbine in its then most recent resource plan proximate to the EESP filing. Consequently, under Black Hills’ current EESP, avoided costs were calculated based upon a theoretical avoidance of a LM6000 peaking combustion turbine. At this time, Black Hills is not forecasting any new power supply additions in the near term and plans to fill any short-term seasonal capacity deficits that do exist with seasonal firm energy purchases. Consequently, using an LM6000 to model avoided costs is no longer consistent with Black Hills’ expectations regarding the necessary power supply to meet its obligations to customers. Without an avoided cost calculation that assumes both a need for future capacity additions and that the need will be met by with power from a new LM6000, only one program passes the Total Resource Cost (TRC) cost-effectiveness threshold. This program is the residential lighting program which has a TRC of 1.23.

Black Hills appreciates the Commission's support for its EESP over the years and will consider providing energy efficiency solutions for its customers in the normal course of business.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. S. Keil". The signature is fluid and cursive, with the first name "Jason" and last name "Keil" clearly distinguishable.

Jason S. Keil
Manager – Regulatory & Finance