

**FILED WITH
Executive Secretary
June 27, 2013
IOWA UTILITIES BOARD**

OFFICE OF CONSUMER ADVOCATE

DIRECT EXHIBIT

OF

FASIL KEBEDE

**IN RE: BLACK HILLS/IOWA GAS UTILITY COMPANY, LLC
d/b/a BLACK HILLS ENERGY**

DOCKET NO. EEP-2013-0001

June 27, 2013

**OFFICE OF CONSUMER ADVOCATE
DATA REQUEST**

DATE : May 29, 2013
DOCKET NO. : EEP-2013-0001
COMPANY : Black Hills Energy
SUBJECT : Nonresidential Prescriptive Program

41. Increases in savings do not keep pace with increases in the budget. Why do the savings increase proportionally so much less than the budget?

Response: There are several factors that lead to this. First, participation for some measures, such as cooking, is only expected to occur in later years. Second, as the federal water heater standard goes into effect, the savings per measure decreases, though the incentive is constant. Finally, participation in the dealer spiff program is anticipated to increase over the planning period.

Responded by: Jim Dillon

**OFFICE OF CONSUMER ADVOCATE
DATA REQUEST**

DATE : May 29, 2013
DOCKET NO. : EEP-2013-0001
COMPANY : Black Hills Energy
SUBJECT : Nonresidential Prescriptive Program: Impact of Changing Codes and Standards on Baselines

42. What is the procedure for updating baselines to keep current with changing codes?

Response: For known updates to standards (e.g. the federal water heating standard), the impact of the changing baseline is accounted for in the planning estimates. If other codes/standards come into effect during the planning horizon, Black Hills will make changes to savings or incentive levels as needed.

Responded by: Jim Dillon

NOTE: In the event the response to this data request contains confidential information, do not simply mark the entire response or attached document(s) confidential. Please highlight, or otherwise identify, the specific information that is claimed to be confidential.

**OFFICE OF CONSUMER ADVOCATE
DATA REQUEST**

DATE : June 4, 2013
DOCKET NO. : EEP-2013-0001
COMPANY : Black Hills Company
SUBJECT : Nonresidential Evaluation Program: High Program Costs

49. Table 32 provides the savings goals for this program in Dekatherms, and Table 33 outlines the commercial budget. Dividing the budgeted money by the expected therms yields an average expected cost per therm of \$30.18. As a point of comparison, MidAmerican's commercial assessment program is projected to cost \$7.28/therm. Why are the projected commercial savings so expensive?

Response: Black Hills Energy is not familiar with the assumptions used in MidAmerican's program. However, for Black Hills Energy's program, the claimed savings are solely from leave-behind measures (namely, aerators, water heater pipe insulation, showerheads). While these do result in limited savings, the primary purpose of the evaluation is to funnel the participants to the Prescriptive or Custom measures programs, where more significant savings are garnered.

Responded by: Jim Dillon

**OFFICE OF CONSUMER ADVOCATE
DATA REQUEST**

DATE : June 4, 2013
DOCKET NO. : EEP-2013-0001
COMPANY : Black Hills Company
SUBJECT : Nonresidential Evaluation Program: Follow-up Actions Performed
After Evaluation Completed

52.

A. Is there any follow up after an evaluation? If so, who does it and when?

Response: A list of the recent commercial evaluations are given to the account managers for follow up. The program manager also makes monthly calls as a reminder follow up.

B. Are rates of conversion (undertaking actions recommended by the evaluation) tracked for these customers?

Response: Not currently.

Responded by: Jim Dillon

**OFFICE OF CONSUMER ADVOCATE
DATA REQUEST**

DATE : June 4, 2013
DOCKET NO. : EEP-2013-0001
COMPANY : Black Hills Company
SUBJECT : Nonresidential Evaluation Program: Missing Industrial Budget
and Goals Numbers

53. For many gas programs, the most cost-effective gas savings projects come from industrial projects. There are no budget or goals data for industrial customers provided in the plan. Please provide goals and budget data for industrial customers.

Response: Industrial facilities are eligible to participate in the nonresidential evaluation program; see table 30. Goals and budgets were not separated by customer class.

Responded by: Jim Dillon

**OFFICE OF CONSUMER ADVOCATE
DATA REQUEST**

DATE : June 4, 2013
DOCKET NO. : EEP-2013-0001
COMPANY : Black Hills Company
SUBJECT : Nonresidential Custom Program: Participation and Budget

54. The budget and expected savings for this program has been cut as compared to 2011 levels.

A. Why are there not more resources allocated to activities designed to increase participation in this program?

Response: Resources were allocated based on recent historical participation levels. Black Hills Energy will continue to conduct outreach to engage customers.

B. Why is there a cap of \$3000 on incentives? Does this present a barrier to larger, cost-effective projects?

Response: Incentives, including the application of a cap, are set based on program experience and best practice research at a level that is just sufficient to move the market. Incentives higher than this sweet spot exhibit diminishing returns, while incentives lower than the sweet spot will fail to attract the desired program participation. It is unknown if the cap is perceived as a barrier for interested customers.

Responded by: Jim Dillon

**OFFICE OF CONSUMER ADVOCATE
DATA REQUEST**

DATE : June 4, 2013
DOCKET NO. : EEP-2013-0001
COMPANY : Black Hills Company
SUBJECT : Nonresidential Custom Program: Outreach and Budget for
Account Management

55. Account management can be a highly effective means to target customers through building relationships, understanding their needs, and driving participation. It is not clear what role account managers play in this program.

A. Please provide a count of account managers.

Response: There are two account managers currently and an additional one is planned to be hired in 2013.

B. If administration and program delivery of this program only accounts for \$12,000 to \$15,000 of the annual budget, where are the funds allocated for account management?

Response: Black Hills Energy supports the account management staff through budget which is spread across the portfolio. Therefore not all funding allocated for account management is included in the program-by-program budget.

Responded by: Jim Dillon