

**STATE OF IOWA  
DEPARTMENT OF COMMERCE  
BEFORE THE IOWA UTILITIES BOARD**

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<b>IN RE:</b>  <b>BLACK HILLS/IOWA GAS UTILITY COMPANY, LLC D/B/A BLACK HILLS ENERGY</b>	<b>DOCKET NO. EEP-2013-0001</b>
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**MODIFICATION OF ENERGY EFFICIENCY PLAN**

**COMES NOW**, Black Hills/Iowa Gas Utility Company, LLC d/b/a Black Hills Energy ("BHE") and pursuant Iowa Administrative Code 199-35.6(4) (476) seeks approval from the Iowa Utilities Board ("Board") to modify BHE's Residential New Construction Program ("RNC") as approved in its current Energy Efficiency Plan.

**PROCEDURAL HISTORY**

On March 3, 2009, the Board issued an order directing BHE to file a new energy efficiency plan on or before April 1, 2013. BHE filed its proposed new energy efficiency plan on March 29, 2013, which is for the years 2014 through 2018. A non-unanimous partial settlement agreement was filed on October 2, 2013, and later amended on October 7, 2013, by BHE and the Office of Consumer Advocate ("OCA"). On December 17, 2013, the Board issued and Order approving the settlement.

## **PROPOSED MODIFICATION**

Due to stricter residential building codes and rebate requirements set forth in the 2014 program year, participation has continued to be low in this program. The current program does not encourage whole-house energy efficiency. It simply encourages the installation of high efficiency HVAC equipment, which may result in a less efficient product for the consumer. It is not the intention of BHE to remove the current program from the portfolio completely, as it encourages builder to build higher efficiency homes for customer in BHE service territories. However, due to the low participation described above, BHE proposes suspension of the current program and the introduction of a pilot program in the Grimes, Iowa area.

By participating in a program which encourages an increase in efficiency for the home as a whole, as rated by the HERS index, builders are providing their customers with higher efficiency, more cost effective homes. Grimes, Iowa is one of our fastest growing communities, and with a local presence, the monitoring of the success of the program will be easier. Also limiting the participation area will allow for new marketing campaigns in a targeted area, and will allow BHE to monitor the success of those new marketing and outreach ideas. Preliminary talks with builders in the area reveal that the desire to participate in the new pilot program is high, and that builders are willing to alter their current building strategies to comply with the requirements set forth in the pilot. The requirements for the pilot program will be as follows:

- 96% AFUE furnace
- .67 EF Storage Water Heater

- Must meet 2012 IEC code
- Must achieve a HERS score of 60 or less
- All properties must be pre-enrolled in the program and enrollment will be subject to BHE’s approval.
- The rebate level for this pilot program will be \$2,000

**ANALYSIS SUPPORTING THE REQUESTED MODIFICATION**

A cost effective test analysis is provided below. In addition, Exhibit 1 attached hereto and incorporated by reference contains full program details including, but not limited to Program Delivery, Promotional Activities, Eligibility Parameters, Eligible Measures and Incentives, and Energy Savings.

<b>Cost-Effectiveness Test</b>	<b>Costs</b>	<b>Benefits</b>	<b>Net Benefits</b>	<b>SCT Benefit/Cost Ratio</b>
Res Portfolio with HERS 60 based RNC (with 0.96 AFUE Furnace, 0.67 WH, and \$400 per home HERS rating cost)	\$36,593,768	\$37,154,212	\$560,444	1.02
Res Portfolio Original	\$41,581,796	\$42,753,800	\$1,172,004	1.03

**ESTIMATED IMPLEMENTATION SCHEDULE**

The implementation of this two-year pilot program will begin as soon as approval is received from the Board. As previously discussed, BHE has already received high interest from builders in the Grimes, Iowa area and has begun making internal preparations for the pilot program. If there is interest in other communities within BHE’s territory, the pilot program can be expanded later in the program year(s).



## CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was served by e-mail, on the 16th day of March, 2016, upon the following individuals:

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By:     /s/ Amy Seaman

