

Black Hills withdraws energy-efficiency program application

Black Hills has withdrawn its application to implement a portfolio of energy-efficiency programs, stating that it intends to re-submit an application in conjunction with its next rate increase application.

The company stated that the universally negative comments from customers at the public hearings on the programs, plus the numerous objections raised by CURB and the Commission Staff, prompted the company to withdraw the application.

CURB's objections centered around two key concerns: 1) most of the programs were going to raise the rates of non-participants without providing them any benefits, and 2) the company wanted not only to be paid up front for its expenses, but wanted to receive payments for its losses in sales that the company estimated would occur as a result of participating customers becoming more efficient in their natural gas usage. CURB was also concerned that the programs, as designed, would not offer benefits commensurate with their costs.

KCC Staff and CURB agreed that the Commission should not consider any sort of mechanism to provide decoupling or recovery of lost revenues outside the context of a rate case, where the company's expenses and revenues can be thoroughly examined.

The Commission is expected to allow the company to withdraw its application. Black Hills is currently under a base-rate moratorium that will expire at the end of this year. We anticipate that the company will be filing for a base rate increase in January 2011.

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