

ATTACHMENT 5

COMPARATIVE ANALYSIS

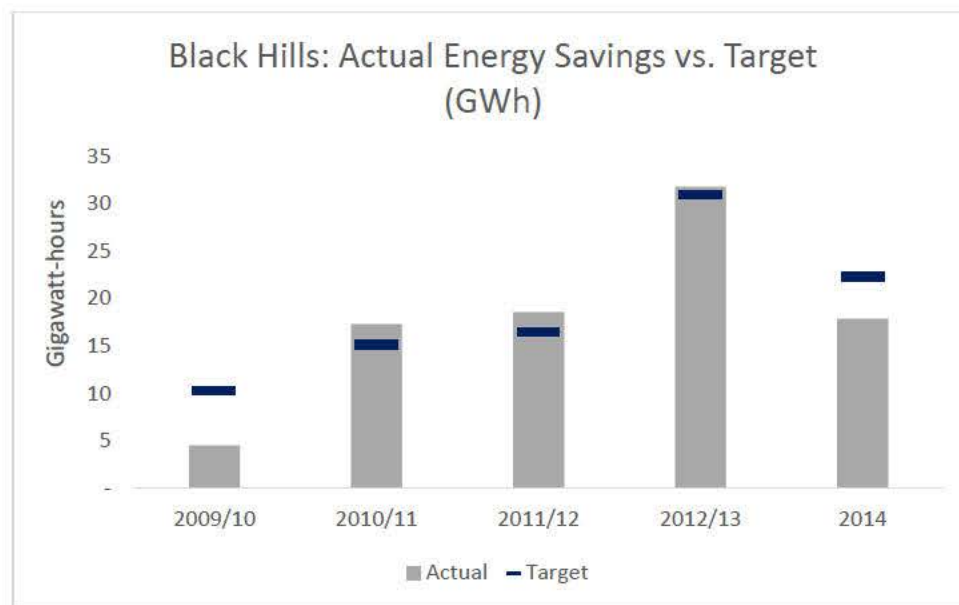
This comparative analysis is further detailed in the Supplemental Direct Testimony of Steven Jurek.

A. Black Hills/Public Service Company of Colorado (“PSCo”) Comparison: Historical DSM plan performance.¹

1. *Energy Savings vs. Goals.*

Black Hills

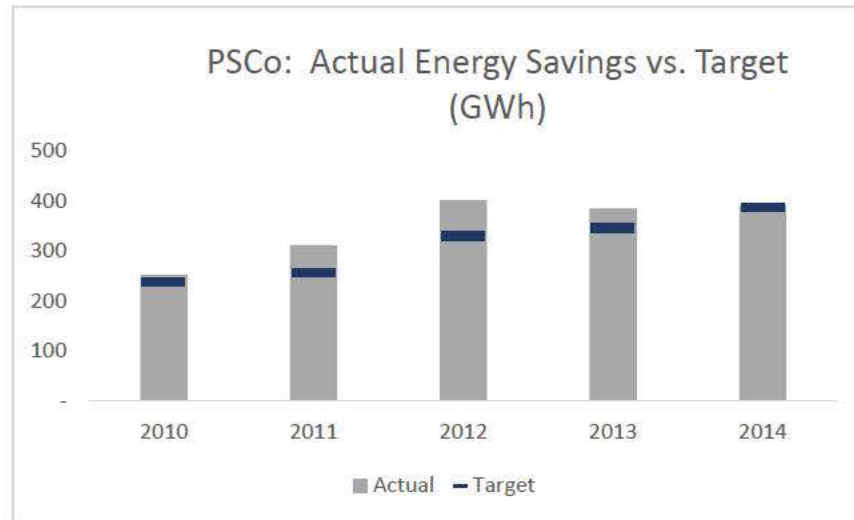
Black Hills only exceeded savings targets in 3 of the last 5 program years. On average, Black Hills has achieved approximately 91% of savings targets over the last 5 program years.



¹ Note that Black Hills’ DSM plans for 2010-2012, under the prior plan, ran from July – June. Beginning with the 2012-2015 DSM Plan, the first program year covered July 2012 – December 2013 in order to put the Plan on a calendar year basis.

PSCo

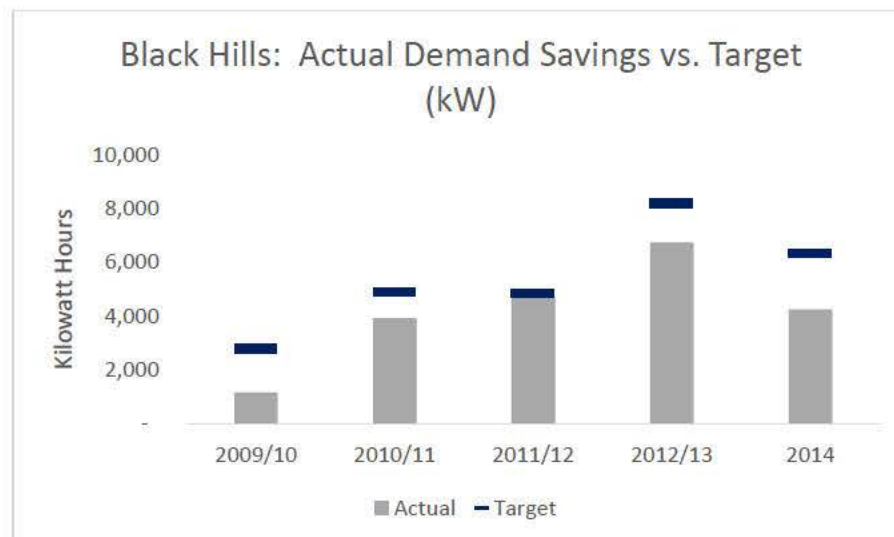
PSCo has exceeded savings targets in each of the last 5 program years. In addition, PSCo has achieved about 112% of savings targets on average over the last 5 program years.



2. *Demand Savings vs. Goals.*

Black Hills

Black Hills has never exceeded the demand savings goals. On average, Black Hills has achieved about 74% of demand savings targets over the last 5 years.



PSCo

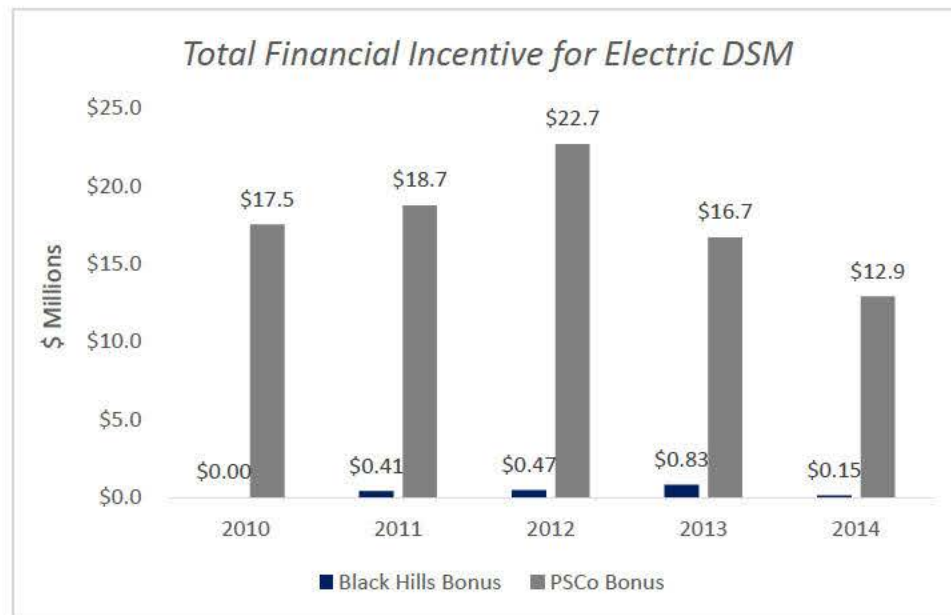
PSCo exceeded the demand savings target in 3 of the last 5 years. PSCo achieved about 103% of demand savings targets on average over the last 5 years.



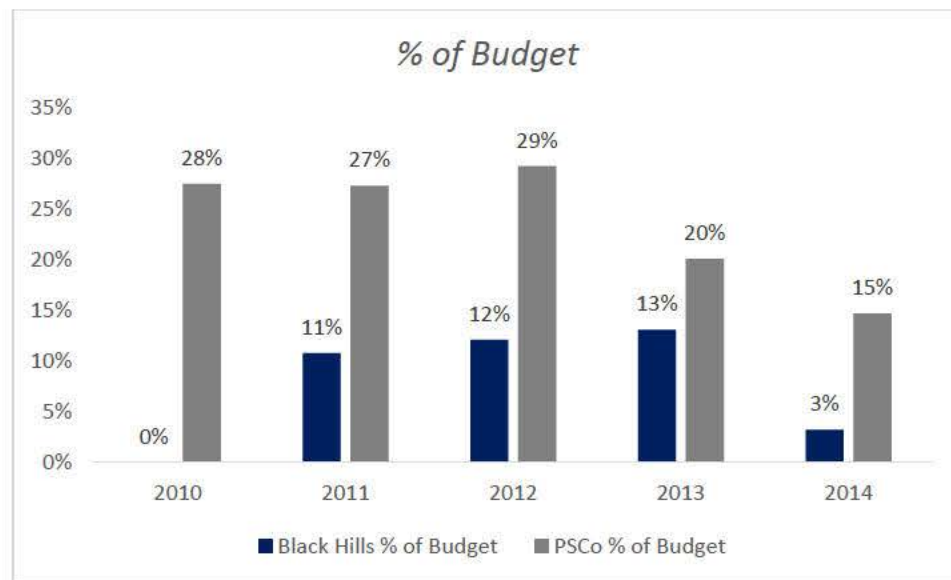
3. *Historical Achieved DSM Incentives.* PSCo has received a performance incentive for achieving DSM goals for every year from 2010-2014, and has earned an aggregate of approximately \$88.5 million during that same time period.² By contrast, Black Hills has only earned an aggregate combined financial disincentive offset and performance incentive of approximately \$1.86 million since 2009.³

² PSCo numbers are based upon the DSM Reports provided to the Colorado General Assembly by the Colorado Public Utilities Commission.

³ Black Hills' results are based on the Commission-approved DSMCAs, and include both the \$150,000 financial disincentive offset, if earned, as well as the performance incentive, if earned.



4. In addition, on average, PSCo has recouped nearly a quarter of its planned DSM budget in bonus incentives compared to only 8% for Black Hills, on average.



5. The data establishes that PSCo has had more success to date in satisfying applicable DSM plan metrics, resulting in consistent achievement of incentives. Black Hills, on the other hand, has not had consistent success in meeting its goals and, in 2014,

Black Hills only achieved a \$168 performance incentive for 2014 in addition to the \$150,000 financial disincentive offset. To the extent PSCo's successful performance and high incentives justified the change in PSCo's DSM incentive structure, this rationale is not applicable here given the Company's performance to date.

B. Black Hills/PSCo Comparison: DSM Plan Program Allocations.

6. Through the Settlement Agreement, Black Hills has a much larger percentage of its budget and energy savings coming from the Low Income sector than PSCo for its 2016 plan year.⁴ In 2016, PSCo has also budgeted to spend a higher percentage of budget and savings on the Commercial and Industrial programs than Black Hills.

Sector	% of kWh Saved		Settlement % of \$ Budget	
	PSCo	BH	PSCo	BH
Residential	34%	42%	35%	29%
Commercial	64%	53%	61%	55%
Low Income	2%	5%	4%	16%

C. Black Hills/PSCo Comparison: Electric Service Territory.

7. Differences between the Black Hills service territory and demographics, as compared to that of PSCo (electric only), reveal that Black Hills is presented with unique challenges in implementing its DSM programs:⁵

⁴ Total budgets did not include portfolio-level costs, only specific program related costs were included for accurate comparison purposes.

⁵ The information reflected here is based on data from the US Census Bureau.

- Black Hills only serves 5% of Colorado's population compared to nearly 70% of the population being served by PSCo.
- Black Hills customers are more likely to be employed in retail, education services, health care, social assistance, and public administration. There are far fewer Black Hills customers employed in finance, insurance, real estate, professional, scientific, and management and administrative services which traditionally are higher income producing occupations.
- Black Hills' customer median household income (\$39,216) is \$19,028 or 33% less than the state median of \$58,244. Comparatively, PSCo's median (\$57,560) is \$684 or 1% less than the state's median.
- In addition, the mean income comparison shows an even bigger gap. Customers of Black Hills have a mean income of \$51,233, which is \$26,667, or 34% less, than the Colorado mean of \$77,900. PSCo's mean income of \$73,304 is \$4,596, or 6% less, than the state's mean income. This means that Black Hills customers are living on 2/3 of the mean household income compared to the average Coloradan.
- Considerably fewer homes are heated with electricity in the Black Hills area than the PSCo area. Black Hills home owners are more likely to be heating with propane or wood than Coloradans or PSCo customers.
- 54% of housing in Black Hills-served Zip Codes is valued at less than \$150,000. 61% and 63% of housing in Colorado and PSCo, respectively, is valued at more than \$200,000. Only 26% of housing in Black Hills' service territory is valued this high.

8. Electric Only vs. Combined Electric and Gas. It is also significant that Black Hills is an electric-only utility. By contrast, PSCo, is a combined electric/natural gas utility, which allows it to maximize DSM potential in ways that Black Hills cannot since it is not offering natural gas service to its electric customers.

9. Third-Party Trade Partner Feedback. In addition, for Black Hills, customer engagement in one program in particular is substantially down from historic numbers across the United States. The Small Business Direct Install Program has a close rate in the Black Hills territory of 25-30%. By contrast, the third-party trade partner has reported that its typical close rate is over 60%.