



**Community Investment and Low-Income Energy Assistance Updates
Black Hills Energy**

May 5, 2014

Overview: Making Changes, Making a Difference



Black Hills Energy is committed to partnering with community organizations and agencies to help low-income customers maintain and pay for their service and save money, and we are doing things no other Colorado utility is doing. Since 2010:

- Disconnects for non-payment have declined nearly 23 percent and continue to trend downward, due in part to our Payment Assistance Team
- Company matching contributions to our Black Hills Cares program have increased 15.5 percent since 2011, now totaling almost \$46,000 annually.
- We have waived nearly \$125,000 in deposits for connection or re-connection through our Deposit Forbearance Initiative
- The number of customers enrolled in our Black Hills Energy Assistance Program has grown to over 860 customers within its first 18 months.
- Our energy efficiency programs have helped customers save enough energy to power 9,000 homes for a year

Introduction

- Through partnership and collaboration, BHE has made significant progress on many of the issues identified by energy assistance organizations.
- The number of disconnections, notices, PUC complaints have all decreased dramatically over the past few years.
- New programs like BHEAP have had a positive impact and provided assistance to many customers in need.
- BHE has one of the lowest emissions fleets in the state, insulating our customers from concerns of additional environmental regulations.
- Continuous partnering efforts will advance our community further, and we are eager to collaborate on beneficial opportunities.



BHE has been, and continues to be, responsive to concerns expressed by customers.



Issue:	Continuum of Care Proposed Action:	BHE Proposed Action:	BHE Action
<p>Local charities shoulder disproportionate burden for managing low-income energy assistance workloads</p>	<p>Establish an Office of Low-Income Assistance “responsible for helping the poor, disabled and unemployed pay their utility bills.”</p>	<ul style="list-style-type: none"> • We offer Free Form Payment arrangements to match pay-day schedules • Installment Plans with as little as 10% down • Monthly Budget Billing Plan • Payment Assistance Team 	
<p>Electric service for poor are being disconnected during winter months</p>	<p>“Establish Cold Weather Rule.”</p>	<p>If the National Weather Service predicts 35 degree weather within a 48-hour period, no disconnects will occur during that time</p>	

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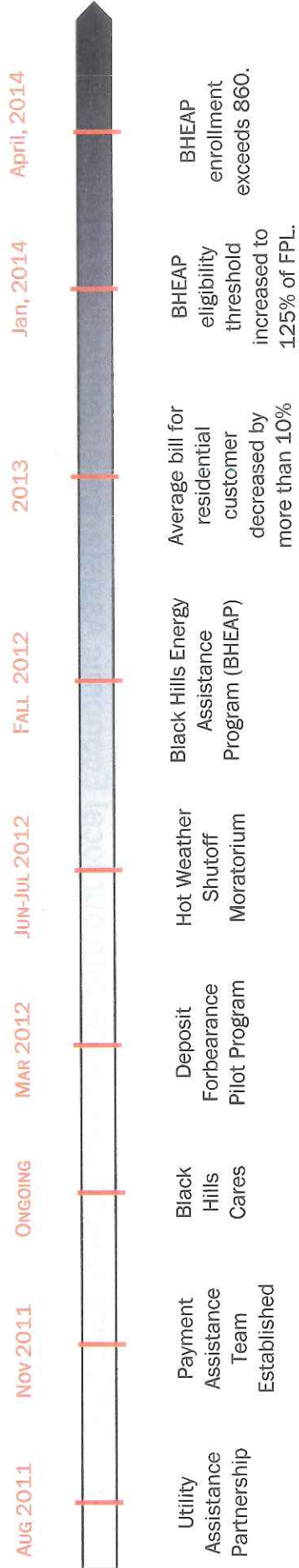
Issue:	Continuum of Care Proposed Action:	BHE Proposed Action:	BHE Action
<ul style="list-style-type: none">• Poor have insufficient funds to pay deposits• Charitable funds would be stretched by having to pay deposits	<p>“Waive reconnect and deposit fees for Office of Low-Income Assistance clients.”</p>	<p>Improve communications, reduce the number of avoidable shutoffs, eliminate the need for deposits or reconnects.</p> <ul style="list-style-type: none">• Improve local office access by establishing a Payment Assistance Team and a local contact number• Improve the Interactive Voice Response (IVR) tree to make it more user friendly• Efforts to initiate earlier interventions: lower customer bills, lessen need for charitable dollars and eliminate need for deposits	<p>✓</p> <p>✓</p> <p>✓</p> <p>DEPOSIT FORBEARANCE TARIFF & PILOT PROGRAM</p>

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Issue	BHE Proposal	BHE Action
<ul style="list-style-type: none">• Customers not calling Black Hills Energy until <i>after</i> shutoff• 83% of first-time shutoffs have not exhausted payment options	<ul style="list-style-type: none">• Make access and communication easier• Black Hills Energy offers several methods of payment arrangements• Work with EA Agencies to teach customers to take action prior to disconnection of service	✓
<p>Energy cost is disproportionate to income for those below 180% of federal poverty level</p>	<p>BHE worked with PUC in rulemaking to establish a low-income energy assistance rate that began in fall of 2012.</p>	✓

BHE Initiatives Addressing Customers with Financial Need



Improving life with energy

5/5/2014

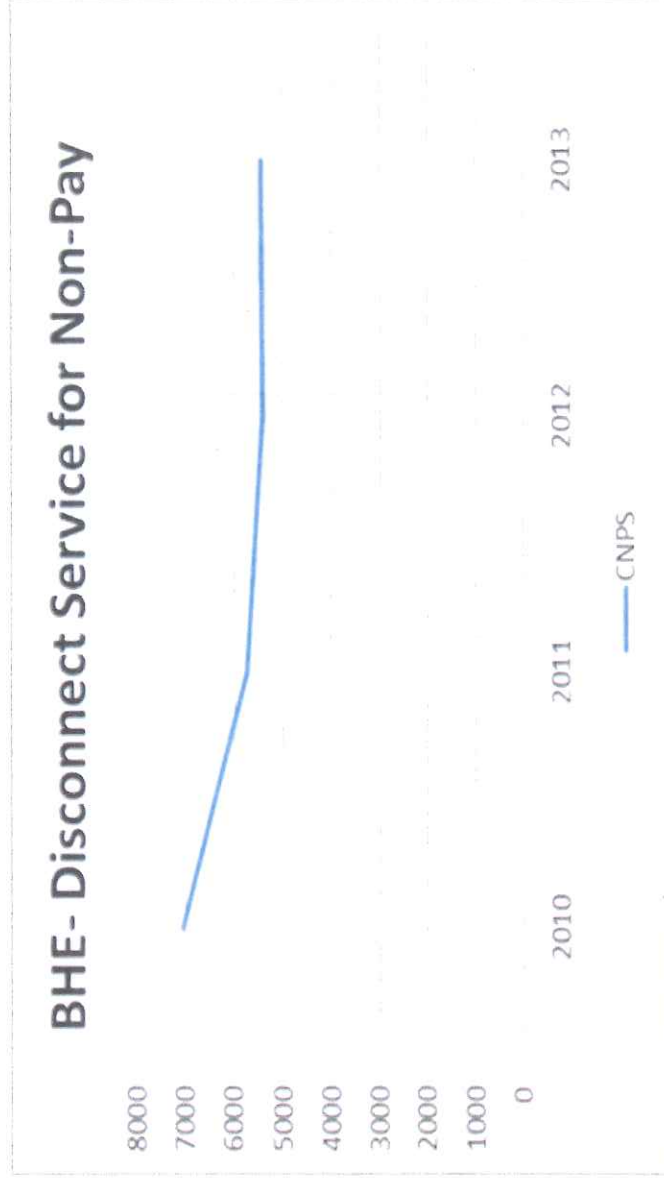
Utility Assistance Partnership - a Productive Collaboration.

- BHE began a series of ongoing meetings in August 2011 with numerous local charitable organizations and social service agencies to better understand issues affecting low-income customers and devise collaborative solutions thereto.
- Initial participants included United Way, Catholic Charities, Posada, Los Pobres, Pueblo County Department of Housing & Human Services, Pueblo County Department of Social Services, San Isabel Electric, Board of Water Works, Pueblo City Council, and BHE.
- BHE continues to coordinate with our local Economic Assistance organizations on customer needs and program issues.



Payment Assistance Team – Producing Results for Customers.

- In November of 2011, BHE launched the Payment Assistance Team (PAT) to manage the unique customer service issues of payment-challenged customers with a dedicated team of internal resources.
- As a result of establishing this team, the number of disconnects dropped significantly and continues to trend downward.



Payment Assistance Team – Producing Results for Customers (continued).

- Based on data for the first quarter of 2014, disconnects for non-payment are down by approximately 30 per month.
- The current pace of 2014, through the first quarter, is similar to 2013.

CNP Orders Completed Yearly

Total Orders Completed	2010	2011	2012	2013	Avg.	2014
Jan	613	683	492	587	594	422
Feb	543	464	347	196	388	484
Mar	644	477	395	386	476	449
Apr	603	509	405	508	506	
May	626	589	504	462	545	
Jun	685	576	497	482	560	
July	532	392	458	537	480	
Aug	595	368	525	551	510	
Sep	610	544	433	480	517	
Oct	686	514	685	594	620	
Nov	636	408	408	386	460	
Dec	278	199	251	270	250	
YTD TOTAL	7051	5723	5400	5439	5903	1355



Black Hills Cares - Providing Discretionary Funds to Help Customers with a Need.

- This ongoing program is separate from any other low-income contribution program and allows concerned customers to make voluntary contributions to be matched dollar for dollar by Black Hills Corporation for the specific purpose of helping those customers who need it the most.
- Total annual program funding has increased each year since 2008, reaching over \$90,000 in 2013. Half of this funding is BHE corporate funds.
- Since 2011, this program has provided \$259,000 to Energy Outreach Colorado for distribution to customers in need.
- **Black Hills Energy is one of only three electric utilities in Colorado that matches customer contributions to Energy Outreach Colorado.**
- In addition to these funds, BHE regularly contributes to a number of other local organizations to assist those in need.



Deposit Forbearance Initiative – Allowing Residential Customers to Reconnect Service without Paying a Deposit.

- The company has agreed to forego the normal cash deposit requirement for reconnection of service if:
 - The customer whose service has been disconnected for non-payment obtains a pledge of 50% of the payment necessary for reconnection from a designated assistance agency
 - The disconnected customer enters into a payment arrangement for any remaining arrearage not covered by the assistance agency's pledge of payment.
- **Results**
 - Approaching \$125,000 in deposits waived to date.
 - The original pilot program expired on November 1, 2012, but was extended by BHE.
 - To date, approximately 440 customers have benefited from waived deposits, with an average benefit of approximately \$280.
 - BHE write-offs have increased as a result, however the program has proven to be a benefit to customers in need.

BHEAP - Offering Credit Assistance since October of 2012.

- Colorado Public Utilities Commission, in a 2011 Order required all rate regulated utilities to create new income-based utility assistance plans.
- The Black Hills Energy Assistance Program (BHEAP) is funded by all customer classes per PUC rule. Residential customers pay a monthly fee of 28 cents.
- Additional benefits include customer education programs designed to help customers better manage their energy usage.
- BHE customer service agents are available to assist customers and application forms are delivered to community outreach organizations.
- We accepted customers with ITIN numbers, which is more inclusive than any other utility in Colorado.
- The biggest reasons for program non-acceptance are: income being above FPL limit (>50%), arrearage amount and customer failure to respond to requests for additional information.
- BHE constantly evaluates how it might improve this program to better meet the needs of the community. Administration of the program is currently being transitioned to BHE's Pueblo office.



BHEAP - Offering Credit Assistance since October of 2012 (continued).

- As of May 1, 2014, Black Hills Energy had 868 customers participating in this program. We are still accepting applications for BHEAP and funding remains available.

BHEAP Statistics 10/2012 to Current



BHEAP Eligibility and Timing Criteria.

Eligibility Requirements

- Current Colorado Electric customers.
- Household income (HHI) at or below 125% of the Federal Poverty Level.
- Customer's affordable bill is calculated as a percent of the customer's actual HHI relative to Federal Poverty Level.
- Customers also benefit from Black Hills Energy's Budget Billing Program and participate in no-cost energy efficiency and weatherization programs.

Annual Program Dates

- Funding Cycle: July 1 - June 30 of each year
- Benefit Cycle: October 1 - September 30 of each year
- Applications will be ranked with other applications on the waiting list.
- Limited enrollment based on availability of BHEAP funds and subject to individual customers' relative position based on HHI.



Black Hills Energy's Energy Efficiency Programs and Efforts

- The company has 11 energy efficiency programs designed to assist residential, commercial and industrial customers conserve energy.
- These programs are designed to save over 96,000 MWH for our customers by 2018.
- To date, they have produced documented savings of 67,000 MWH, enough to power 9,000 homes for a year.
- Our programs include low income assistance by providing high efficiency appliances to qualified customers.
- As part of our weatherization program, BHE and its employees have provided weatherization assistance to senior citizens, local non-profit organizations and low income customers.
- BHE has also provided over 5,200 energy efficiency kits to middle school students as part of its energy conservation education program.



Black Hills Energy's Growing Commitment to Pueblo

- Our scholarship program started in 2012, and BHE will contribute \$20,000 this year to graduating seniors.
- We contribute an additional \$20,000+ each year to local educational institutions in Pueblo.
- BHE employees and BHC Foundation combined to raise almost \$29,000 for the United Way in 2013.
- We financially supported a total of 118 local organizations across Pueblo County last year with over \$174,000 in donations.
- Our employees serve on dozens of local boards, are members of local civic clubs and volunteer regularly.



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