

**BEFORE THE SOUTH DAKOTA  
PUBLIC UTILITIES COMMISSION**

**BLACK HILLS POWER, INC. d/b/a BLACK  
HILLS ENERGY'S APPLICATION FOR )  
APPROVAL OF ITS 2015 ECONOMIC )  
DEVELOPMENT REPORT AND 2016 )  
ECONOMIC DEVELOPMENT PLAN**

**Docket EL16-\_\_\_\_\_**

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**2015 ECONOMIC DEVELOPMENT REPORT**

**AND**

**2016 ECONOMIC DEVELOPMENT PLAN**

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Black Hills Power, Inc. d/b/a Black Hills Energy ("BHE" or the "Company"), files its 2015 Economic Development Report and 2016 Economic Development Plan in compliance with the settlement stipulation that was approved in Docket EL14-026. BHE respectfully requests an order from the South Dakota Public Utilities Commission ("Commission") approving the Company's 2015 Economic Development Report and its 2016 Economic Development Budget.

**BACKGROUND**

BHE is committed to being a partner with the communities in its service territory and their local and regional economic development organizations. This partnership includes financial support along with leadership support from the Company's employees to help promote community growth and economic development opportunities.

In Docket EL14-026, the Commission established the following economic development cost recovery and reporting requirement for BHE:

*The Parties agree that economic development expenses up to \$100,000 shall be equally shared by shareholders (\$50,000) and customers (\$50,000). The economic development expenses shall include, but not be limited to, all South Dakota labor, expenses, and monetary contributions. This program will begin on October 1, 2014, and shall continue thereafter until revised by the Commission. Black Hills Power will submit, on an annual basis, no later than March 1st of each year beginning in 2015, for Commission approval a filing which describes the cost, design, and benefit of Black Hills Power's economic development programs. Program costs will*

*be reported on a calendar year basis. Any portion of the annual customer contribution that remains unspent at the end of a program year shall be carried over into the next program year for Commission approval of expenditures or refund. No carry over shall occur for amounts spent annually in excess of \$100,000. This agreement does not preclude Black Hills Power from spending more on economic development nor does it restrict Black Hills Power from asking for modification of these economic development terms in its next general rate filing.*

In Docket EL15-012, the Commission approved BHE's 2015 Economic Development Plan. The Company requests the Commission now approve its 2015 Economic Development Report and its 2016 Economic Development Plan.

### **2015 ECONOMIC DEVELOPMENT REPORT**

BHE's 2015 economic development budget, as approved in Docket EL15-012, and actual expenses for 2015 are shown in Exhibit A – 2015 Economic Development Report.

Black Hills Vision is a regional partnership/alliance of over 100 private and public investors working together to ensure a bright economic future for the Black Hills region. Black Hills Vision was the Company's flagship economic development tool, with \$50,000 budgeted and spent. These expenditures were targets to support Black Hills Vision's strategic objectives of: 1) completing a regional marketing plan to identify target businesses that will enhance regional economic development and infrastructure build-out, 2) Ellsworth Air Force Base housing development targeted in expanding the base's infrastructure and attracting new missions to the base within the next 2-5 years, 3) technology corridor growth within the Rushmore region, and 4) work force development initiatives that focus on key components of work force development with partnerships from organizations that have the resources to implement a plan that is measureable and regional. Additional information on Black Hills Vision success stories and future economic development initiatives can be found on its website (<http://www.blackhillsvision.org>). Black Hills Vision will continue to be BHE's flagship economic development tool in 2016.

During 2015, BHE budgeted a membership investment of \$1,000 for the Belle Fourche Economic Development Corporation and a \$2,500 investment for the sponsorship of the Black Hills Bakken & Investors Conference. However, the Company did not make any investment in either. The Belle Fourche Economic Development Corporation did not actively pursue membership investments during 2015. BHE determined that it was prudent to not sponsor the Black Hills Bakken & Investor Conference due to crude oil prices plummeting to record lows and the reduction of business activities within the region.

## **2016 ECONOMIC DEVELOPMENT PLAN**

Exhibit B – 2016 Economic Development Plan contains BHE’s proposed 2016 economic development budget.

In 2016, BHE will continue its partnership with community leaders, chambers of commerce, and economic development organizations to focus on business development and increase economic opportunities for BHE customers. The 2016 economic development plan is designed to attract and retain businesses in our service territory through financial contributions to organizations, community event sponsorships, and labor. The Company’s employees will continue to remain actively involved in leadership capacities in various economic development organizations and committees, and participate in community planning and downtown associations.

The goal of this plan is to increase economic growth in the Black Hills area. Growing economies will provide more employment opportunities for our customers. More employment opportunities generally lead to better wages and increased demand for goods and services. With business growth, there is the added benefit of an expanded sales and property tax base. Another potential benefit of economic development is additional energy consumption could lower average utility costs by spreading fixed costs over more unit sales.

### **COMPANY CONTACTS**

The Company will be represented in this proceeding by the following persons. Correspondence regarding this proceeding should be directed to the following:

Amy Koenig  
Deputy General Counsel  
P.O. Box 1400  
Rapid City, SD 57709  
605-721-1166  
[Amy.Koenig@blackhillscorp.com](mailto:Amy.Koenig@blackhillscorp.com)

Jason Keil  
Manager, Regulatory Affairs  
P.O. Box 1400  
Rapid City, SD 57709  
402-880-6312  
[Jason.Keil@blackhillscorp.com](mailto:Jason.Keil@blackhillscorp.com)

### **EXHIBITS**

In support of this Economic Report and Plan, the Company submits the following:

Exhibit A: 2015 Economic Development Report

Exhibit B: 2016 Economic Development Plan

## CONCLUSION

BHE respectfully requests that the Commission issue an order approving its 2015 Economic Development Report and its 2016 Economic Development Plan.

BEFORE THE PUBLIC UTILITY COMMISSION OF SOUTH DAKOTA

**STATE OF SOUTH DAKOTA           )**

**SS:**

**COUNTY OF PENNINGTON         )**

I, Jason Keil, being duly sworn, do hereby depose and say that I am Manager, Regulatory Affairs for Black Hills Power, Inc. d/b/a Black Hills Energy, that I have read the Economic Report and Plan, and that the facts set forth therein are true and correct to the best of my knowledge, information and belief.

A. Skel

**Jason Keil – Manager, Regulatory Affairs**

Subscribed and sworn to before me this 1<sup>st</sup> day of March, 2016.



*Pamela K. Wiley*

Notary Public

My Commission Expires: 10-5-2021