

**BEFORE THE SOUTH DAKOTA
PUBLIC UTILITIES COMMISSION**

**BLACK HILLS POWER, INC. d/b/a BLACK
HILLS ENERGY'S APPLICATION FOR)
APPROVAL OF ITS 2016 ECONOMIC)
DEVELOPMENT REPORT AND 2017)
ECONOMIC DEVELOPMENT PLAN**

Docket EL17-_____

**2016 ECONOMIC DEVELOPMENT REPORT AND 2017 ECONOMIC
DEVELOPMENT PLAN**

Black Hills Power, Inc. d/b/a Black Hills Energy ("Black Hills" or the "Company"), files its 2016 Economic Development Report and 2017 Economic Development Plan in compliance with the settlement stipulation that was approved in Docket EL14-026. Black Hills respectfully requests an order from the South Dakota Public Utilities Commission ("Commission") approving the Company's 2016 Economic Development Report and its 2017 Economic Development Plan.

BACKGROUND

Black Hills 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 Black Hills:

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 EL16-007, the Commission approved Black Hills' 2016 Economic Development Plan. The Company requests the Commission now approve its 2016 Economic Development Report and its 2017 Economic Development Plan.

2016 ECONOMIC DEVELOPMENT REPORT

Black Hills' 2016 economic development budget, as approved in Docket EL16-007, and actual expenses for 2016 are shown in Exhibit A – 2016 Economic Development Report.

During 2016, Black Hills administered an approved budget of \$113,615 and spent a total of \$117,066 on economic development activities. Budget variance explanations are included in Exhibit A – 2016 Economic Development Report filed in this docket.

Black Hills' leading economic development partner in 2016 was Black Hills Vision. Black Hills contributed \$50,000 towards Black Hills Vision during 2016. 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 in 2016, 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.

2017 ECONOMIC DEVELOPMENT PLAN

Exhibit B – 2017 Economic Development Plan contains Black Hills' proposed 2017 economic development budget.

In 2017, Black Hills will continue its partnership with community leaders, chambers of commerce, and economic development organizations to focus on business development and increase economic opportunities for Black Hills' customers. The 2017 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.

Since Black Hill Vision Phase I and II were successfully achieved during 2016, the Black Hills Vision Board of Directors has voted to suspend any future phases. This suspension resulted in no membership budget dollars for Black Hills Vision in the Company's 2017 Economic Development Proposed Budget.

In 2017, Black Hills will offer economic development grant funding support within Black Hills' service area. The grants will be channeled through a request process that will require measureable results as presented by a community economic development organization that address the economic needs in communities seeking job creation through sustainable business development and strategic planning. Such requests may include research and development studies, marketing outreach, economic development training and scholarships and economic initiatives that create job opportunities and new business growth.

COMPANY CONTACTS

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

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EXHIBITS

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

Exhibit A: 2016 Economic Development Report

Exhibit B: 2017 Economic Development Plan

CONCLUSION

Black Hills respectfully requests that the Commission issue an order approving its 2016 Economic Development Report and its 2017 Economic Development Plan.

BEFORE THE PUBLIC UTILITY COMMISSION OF SOUTH DAKOTA

STATE OF SOUTH DAKOTA)
 SS:
COUNTY OF PENNINGTON)

I, Jason S. Keil, being duly sworn, do hereby depose and say that I am Manager of Regulatory 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.



Jason S. Keil – Manager of Regulatory

Subscribed and sworn to before me this 28th day of February, 2017.





Notary Public

My Commission Expires: 9/14/2021