

BEFORE THE SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

**BLACK HILLS POWER, INC. d/b/a BLACK
HILLS ENERGY'S APPLICATION FOR)
APPROVAL OF ITS 2017 ECONOMIC)
DEVELOPMENT REPORT AND 2018)
ECONOMIC DEVELOPMENT PLAN**

Docket EL18-_____

**2017 ECONOMIC DEVELOPMENT REPORT AND 2018 ECONOMIC
DEVELOPMENT PLAN**

Black Hills Power, Inc. d/b/a Black Hills Energy ("Black Hills" or the "Company"), files its 2017 Economic Development Report and 2018 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 2017 Economic Development Report and its 2018 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. All of the monies invested in 2017 Economic Development organizations are for economic development activities only and were not utilized for lobbying activities.

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.

2017 ECONOMIC DEVELOPMENT REPORT

Black Hills' 2017 Economic Development budget, as approved in Docket No. EL17-009, and actual expenses for 2017 are shown in Exhibit A – 2017 Economic Development Report.

During 2017, Black Hills administered an approved budget of \$118,450 and spent a total of \$123,587 on economic development activities. Budget variance explanations are included within Exhibit A – 2017 Economic Development Report filed in this docket.

The goal of the Company's 2017 plan was to increase economic growth in the Black Hills area. Growing economies often 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 also the added benefit of an expanded sales and property tax base. Another potential benefit of economic development is additional energy consumption, which could lower average utility costs by spreading fixed costs over more unit sales.

In 2017, Black Hills' main economic development activity was its economic development grant program, which offered economic development grant funding support within Black Hills' service area. As of May 1, 2017, grants were channeled through a request process that included an application, which also included a presentation of each proposed project or activity to Black Hills' Sr. Manager Community Affairs. Black Hills' Economic Development Grant Committee ("Grant Committee"), which consists of the following members: Black Hills' Vice President, Operations Manager – Black Hills Area, Operations Manager – Rapid City Area, Energy Services Manager, and Sr. Manager Community Affairs, reviewed each request to

determine if it should be approved or denied. Grants prior to May 1, 2017 were channeled through the Grant Committee for approval without formal application.

The Company's 2017 economic development grant program reached out to thirteen (13) economic development organizations in need of financial support for programs that have strategic value in meeting the community and organization economic development initiatives and goals. Table 1 below lists the thirteen (13) organizations that received grants during 2017.

Table 1 - Grant Program Participating Organizations

<u>Line</u>	<u>Organization</u>
1	BHSU School of Business Advisory Board
2	Black Hills and Badlands Tourism Association
3	City of Sturgis - Mayor's Ride
4	Custer Area Chamber of Commerce
5	Custer Area Economic Development Corp.
6	Deadwood-Lead Economic Development
7	IEDC Annual Conference for SEDC Staff
8	Rapid City Area Economic Development Partnership
9	Rushmore Region Business Alliance
10	Southern Hills Economic Development Corp.
11	Southern Hills Future Foundation
12	Spearfish Economic Development Corporation
13	Sturgis Economic Development Corp

Success from the grant program varies based on the type of request. Most grants pertained to marketing support for each community to aid in the promotion of their community as a great place to do business. This included marketing on both a collaborative and regional basis. Rushmore Region is a great example of how regional marketing may reach targeted industries while showcasing several communities at one time.

Economic development leadership development is also a critical component of building support through local businesses and local/state government officials. Supporting their economic development organizational annual meetings and reports ensures that each community is aware of economic development activities. This has proved to be a great benefit for the community of Hot

Springs and Belle Fourche as they continue to seek funding support from their local government at a city and county level.

In summary, Black Hills is proud to be a partner in ensuring that the economic development organizations remain sustainable while becoming effective in reaching their goals in 2017 and years to come. Further testimonial can be found in Exhibit C filed in this docket.

2018 ECONOMIC DEVELOPMENT PLAN

Exhibit B – 2018 Economic Development Plan contains Black Hills’ proposed 2018 economic development budget.

In 2018, 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 2018 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. Table 2 below lists the economic development organizations the Company will invest in during 2018.

Table 2 - 2018 Economic Development Memberships

<u>Line</u>	<u>Organization</u>
1	Belle Fourche Economic Development Corp
2	Black Hills Badlands Association
3	Black Hills Community Economic Development, Inc.
4	Custer Area Economic Development Corp
5	Hill City Economic Development Corp.
6	Rapid City Area Economic Development Corp.
7	South Dakota Chamber & Economic Development Council
8	Southern Hills Economic Development Corp.
9	Spearfish Economic Development Corp.
10	Sturgis Economic Development Corp.

In 2018, Black Hills will also offer economic development grant funding support within Black Hills' service area. Grant requests will again be channeled through a formal request process and approved by the Grant Committee. Black Hills' 2018 grant program guidelines and criteria is attached at Exhibit D filed in this docket.

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: 2017 Economic Development Report
- Exhibit B: 2018 Economic Development Plan
- Exhibit C: Grant Program Testimonials
- Exhibit D: 2018 Grant Program Guidelines and Criteria
- Exhibit E: 2017 Membership Invoices and Payments
- Exhibit F: 2017 Community Sponsorship Invoices and Payments
- Exhibit G: 2017 Grant Program Invoices and Payments
- Exhibit H: 2017 Other Cost Invoices and Payments

CONCLUSION

Black Hills respectfully requests that the Commission issue an order approving its 2017 Economic Development Report and its 2018 Economic Development Plan.

STATE OF SOUTH DAKOTA)
SS:
COUNTY OF PENNINGTON)

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

Ja SWJ

Jason S. Keil – Manager - Regulatory

Subscribed and sworn to before me this 28th day of February, 2018.

Bruce [Signature]

Notary Public

My Commission Expires: _____ My Commission Expires June 22, 2023

