



March 31, 2014

Patricia Van Gerpen, Executive Director  
South Dakota Public Utilities Commission  
500 E. Capitol  
Pierre, SD 57501

RE: NG14 - \_\_\_\_\_ - NorthWestern Energy 2014 Economic Development Budget and 2013 Economic Development Annual Report

Dear Ms. Van Gerpen:

In accordance with the Decision and Order approving the Settlement Stipulation Agreement for NG11-03, NorthWestern Corporation, dba NorthWestern Energy (NorthWestern) hereby submits our proposed economic development 2014 budget and 2013 actual expenses for the South Dakota Public Utilities Commission's review and approval.

Advantage South Dakota is the flagship economic development tool organized by NorthWestern Energy and our community partners in 2010. Advantage SD is a regional partnership organization involving NorthWestern, community or regional economic development leaders from within our service territory, and the Governor's Office of Economic Development (GOED). The goal of Advantage South Dakota is to use a regionalized approach in developing economic development opportunities and promote job growth for member communities within our service territory. Additional information related to Advantage SD can be found on its website (<http://www.advantagesouthdakota.com>).

One highlight of the Advantage SD effort during 2013 was the **Advantage South Dakota Jobs Showcase Tour** – a two day bus tour in early October for employment recruiters that enabled member communities to showcase employment opportunities in their area. At each stop, recruiters had 1.5 hours to meet with employers who are looking to fill jobs that are currently open or wanting to expand if they can find the right individuals to fill positions. Community presentations were also provided that highlighted what these communities have to offer in addition to potential employment. A follow-up meeting was held in November with five of the six recruiters who participated on the bus tour. Each recruiter was very enthusiastic about the tour and what they learned about these communities and employers. All said they would attend a similar tour again and offered suggestions on how it can be improved to give them more time and information while visiting a community. It was also suggested that a GOED representative should be included on the next tour to discuss the Governor's "SD WINS" effort. There was a great deal of local media attention generated during the tour. As a result of that media attention, NorthWestern received contacts from other recruiters asking how they could be included on the next tour – confirming that there is interest in the types of job openings in these communities. Advantage SD is considering hosting another Jobs Showcase Tour in May or June of 2014.

Another avenue the Advantage SD group is exploring is how to generate interest in the recruitment of veterans to our area. As a group, the Advantage South Dakota representatives are considering the possibility of participating in career fairs for veterans. This will tie directly with one of the missions of the group, namely employee recruitment. One upcoming career fair that is being considered is at Fort Riley, Kansas.

NorthWestern's 2013 economic development budget as approved in Docket NG13-002 and actual expenses for 2013 are shown in Attachment A. Attachment B is our proposed 2014 economic development budget. The stipulation agreement for NG11-03 provides for an economic development annual budget cap of \$30,000 that can be allocated to natural gas customers. These costs are to be split 50/50 between NorthWestern Energy and our natural gas customers. Therefore, the customer share of those expenses is capped at \$15,000. While our overall 2013 budget and expenses exceeded the \$30,000 cap, NorthWestern is providing a full representation of its economic development contributions that benefitted our natural gas customers in South Dakota for the Commission's information.

The Commission will note that there are some adjustments from the 2013 budget as presented in Docket NG13-002 and actual expenses in 2013. In some cases, NorthWestern did not receive a payment request from an organization that traditionally was supported or we decided to offer support to another organization that we traditionally have not. An adjustment was also made regarding the Southeast Enterprise Facilitation Project as to how it was allocated for Actual Expenses in 2013. The Southeast Enterprise Facilitation Project benefits communities that are all natural gas only customers of NorthWestern Energy so it was adjusted to a 100% natural gas allocation for actual expenses. Also, a contribution to Absolutely Aberdeen! did not occur in 2013 as projected in the budget. Due to an oversight, that contribution will now occur in 2014 instead. The final dollar amount that was spent in 2013 was \$2,295 over the adjusted budget as presented in 2013. This increase is due primarily to an expanded time commitment by our Specialist Key Accounts and Economic Development related to the Advantage SD effort. Budgets will have some fluidity from year to year as community economic development needs or priority projects change.

During 2014, NorthWestern Energy will continue its focus on working with local community leaders, chambers of commerce, and economic development organizations to promote their communities as good places to do business. A key component of that partnership effort will be the ongoing Advantage South Dakota endeavor. We will also continue to work with existing service territory businesses that want to expand to see how we can help them achieve those goals. We will continue to leverage our key account activities to identify and support expansion and retention opportunities. In addition, we will look to attract out-of-state businesses that provide products and services to our local businesses, thus creating an employment cluster.

NorthWestern Energy takes its role in helping South Dakota to remain viable and competitive in the economic development arena very seriously. We understand the value of partnerships and well planned communications to highlight the advantages of South Dakota's business climate to businesses looking to locate or expand within our service territory. The importance of that collaborative effort translates to new jobs and/or business opportunities for our customers. NorthWestern appreciates the opportunity to assist our communities in reaching their goals.

NorthWestern Energy respectfully requests Commission approval of our proposed 2014 economic development budget and 2013 expenses. If there are any questions regarding this filing, please contact me at your convenience.

Thank you,



**Pamela A. Bonrud**

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