



March 31, 2015

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

RE: NG15 - _____ - NorthWestern Energy 2015 Economic Development Budget and 2014 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 hereby submits its proposed economic development 2015 budget and 2014 actual expenses for the South Dakota Public Utilities Commission's review and approval.

NorthWestern Energy's 2014 economic development budget as approved in Docket NG14-001 and actual expenses for 2014 are shown in Attachment A. Attachment B is our proposed 2015 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 2014 budget and expenses exceeded the \$30,000 cap, NorthWestern Energy 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 2014 budget as presented in Docket NG14-001 and actual expenses in 2014. In some cases, NorthWestern Energy 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. The final adjusted dollar amount that was spent in 2014 was \$8,952 less than the adjusted budget as presented in 2014. This decrease is due primarily to some of the expenses being covered from our Advantage South Dakota contribution rather than distribution directly to local development corporations. In addition, the Huron Development Corporation only received their annual installment of \$25,000. Budgets will have some fluidity from year to year as community economic development needs or priority projects change. No funding provided by NorthWestern Energy for economic development purposes is used for lobbying at the state or federal levels.

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

In 2014, Advantage South Dakota turned its attention to workforce development and recruitment. Advantage South Dakota provided two \$5000 sponsorships for the Governor's Workforce Summits held in Mitchell and Aberdeen. The sponsorships helped to bring in speakers and offset other expenses related to the summits. The community members decided they had not seen enough benefit from the first Advantage South Dakota bus tour to promote a second tour in 2014.

During 2015, 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. Advantage South Dakota has approved grants in 2015 to help fund local workforce initiatives within its membership. Workforce initiative grants are being provided to Aberdeen, Mitchell, Huron, Yankton, and DeSmet. 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 business opportunities for our customers. NorthWestern Energy appreciates the opportunity to assist our communities in reaching their goals.

NorthWestern Energy respectfully requests Commission approval of our proposed 2015 economic development budget and 2014 expenses. If there are any questions regarding this filing, please contact me at your convenience.

Thank you,

Pamela A. Bonrud

Director – Government and Regulatory Affairs

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