

Docket Number: NG16-004
Subject Matter: First Data Request
Request to: NorthWestern Energy
Request from: South Dakota Public Utilities Commission Staff
Date of Request: 4/1/16
Responses Due: 4/15/16

- 1-1) Explain how NorthWestern measures the effectiveness of each organizations' economic development activities.
In economic development, there are three legs to the stool: business retention, business expansion, and business attraction. We generally look to those organizations to determine their success in any and/or all of these areas. We also look at the support and perception of other community leaders toward those organizations. And finally, we make sure that their mission and vision aligns with those things we are trying to achieve (load growth, load stability, job retention/creation, etc.).
- 1-2) Explain how NorthWestern calculated the estimated Staffing expense in the 2016 budget. The staffing expense was calculated by taking a percentage of all employees' wages who conduct work in the economic development arena for South Dakota and then applying the budgeted 2016 salary increase of 2.5% to the 2015 staffing expense.
- 1-3) Explain the change in allocation factors to NG customers in Attachment A (30%) and Attachment B (29%).
The allocation factor for Natural Gas customers may vary from year-to-year as it is reviewed annually and calculated by our accounting personnel. It is based on the distribution of revenues to the Natural Gas utility versus the Electric Utility side of the business.
- 1-4) Explain why the company continues to list the following entities on Attachment B as proposed to receive economic development funding when they have not received any funding yet were proposed to receive money each year in calendar years 2013, 2014, and 2015.
I. DeSmet Area Chamber
II. Aberdeen Downtown Association
III. Webster Area Chamber of Commerce
IV. Brookings Economic Development Corp
In years past, NorthWestern received and paid invoices from these organizations. In recent years, we have not received invoices from them. However, at times, these groups will embark on economic development campaigns for their communities, so we continue to track these as a placeholder. Additionally, in the case of Brookings, we continue to be hopeful that they will join our Advantage South Dakota group in the future. NorthWestern is agreeable to removing these organizations from Attachment B if that is the Commission's desire.
- 1-5) Provide further detailed explanations or expert opinions, on an individual item basis, as to why the following expenses are considered economic development and not just a donation or charitable contribution:
I. Dakota Wesleyan University
DWU's new wellness center is open to the public and offers the public a location to exercise 24 hours per day. It is a joint effort with Queen of Peace and Great Life organization. It is expected that the wellness center will help with enrollment growth at DWU, which in turn,

promotes additional room and board opportunities for local businesses and landlords in the Mitchell area as well as increased sales tax revenues and other economic spin-off benefits. The project also created temporary construction jobs as well as load growth for the Company. And, it provides amenities for the community that can be leveraged to recruit businesses or employees to Mitchell.

II. DeSmet Community Foundation

This was for a new Community Center in DeSmet that allows them to host training events for local businesses and attract additional growth to their community. The community can now host events that in the past they could not. This also served to create temporary construction jobs as well as load growth for the Company. And, it provides amenities for the community that can be leveraged to recruit businesses and employees.

III. Madison Hospital Foundation

NorthWestern provided financial support for the construction of the new hospital which will bring additional doctors and staff to Madison while improving the quality of life for current residents. Another economic benefit will be out-of-town patients that will utilize the new medical facility and will purchase from local vendors while in Madison. This also served to create temporary construction jobs as well as load growth for the Company. And, it provides amenities for the community that can be leveraged to recruit businesses and employees.

IV. Brookings Health System

Company financial support was for a hospital expansion project. The project created temporary construction jobs as well as load growth for the Company. It provides quality of life amenities for the community that can be leveraged to recruit or retain businesses and employees. And finally, it enabled the hospital to become a regional medical center that has far reaching economic benefits to Brookings when patients and their families use the hospital's medical services.

V. Mitchell School District #17-2

The Mitchell School District embarked on a Fine Arts Center located at its high school. The Fine Arts Center will enhance the growth of the performing arts in the Mitchell area and improve the quality of life for existing residents while giving Mitchell an additional tool for use in recruiting or retaining business and employees. The economic impact for local vendors and construction companies made a significant impact on the Mitchell community with numerous economic spin-off benefits for local businesses.

- 1-6) Provide details on the mission statement of the Huron Chamber & Visitor Bureau and what the expenses related to this line item are used for in the Huron community as it pertains to economic development.

The Huron Chamber & Visitor Bureau serves its members by strengthening businesses, supporting visitors, enhancing quality of life to attract new business and promote trade in the Huron area. It has a membership of over 450 area businesses that have joined together for the purpose of enhancing the general welfare and prosperity of Huron and the surrounding area.