



March 29, 2016

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

RE: NG16 - _____ - NorthWestern Energy 2016 Economic Development Budget and 2015 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 its proposed economic development 2016 budget and 2015 actual expenses for the South Dakota Public Utilities Commission's ("Commission") review and approval.

NorthWestern's 2015 economic development budget as approved in Docket NG15-002 and actual expenses for 2015 are shown in Attachment A. Attachment B is our proposed 2016 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 2015 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 2015 budget as presented in Docket NG15-002 and actual expenses in 2015. 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 have not in the past. The final adjusted dollar amount that was spent in 2015 was \$23,509 more than the overall adjusted budget as approved by the Commission in its order dated May 29, 2015 in Docket NG15-002. This increase was due primarily to company contributions to special, one-time community economic development projects that were unknown at the time the proposed budget was prepared. 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.

Included in the special, one-time company contributions to community economic development projects in 2015 were \$25,000 to Dakota Wesleyan University's new wellness complex, \$10,000 to the DeSmet Community Foundation to support their Community Center Capital Campaign, \$10,000 to the Mitchell School District for its Fine Arts Center, and \$5,000 each to the Madison Hospital Foundation and Brookings Health System for hospital expansion projects. These economic development and community enhancement projects provide greater load to NorthWestern that helps all customers by expanding revenue resources for the company, improve community amenities and medical resources for quality of life and business attraction, and increase the ability of these communities to be able to host regional meetings or sporting events.

Advantage South Dakota remains the flagship economic development tool used by NorthWestern Energy. It 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). Advantage South Dakota uses a regionalized approach in developing economic development opportunities and promoting job growth for member communities. In 2015, Advantage South Dakota focused on workforce development and recruitment. As noted last year, Advantage South Dakota provided grants in 2015 to help fund local workforce initiatives within its membership. Workforce initiative grants were provided to Aberdeen, Mitchell, Huron, Yankton,



and DeSmet. Additional information related to Advantage South Dakota can be found on its website (<http://www.advantagesouthdakota.com>).

During 2016, 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 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 2016 economic development budget and 2015 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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