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**BLACK HILLS POWER AND LIGHT COMPANY**

P.O. BOX 1400 625 NINTH STREET  
RAPID CITY, SOUTH DAKOTA 57709

KYLE D. WHITE  
DIRECTOR, RATES AND  
DEMAND-SIDE MANAGEMENT

TELEPHONE  
(605) 348-1700

October 31, 1995

RECEIVED

Mr. William Bullard, Jr.  
Executive Director  
South Dakota Public Utilities Commission  
State Capitol Building  
Pierre, SD 57501-5070

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

**Subject: 1996 Economic Development Plans**

Dear Bill:

Paragraph 7 of the Settlement Stipulation for Black Hills Power and Light Company's rate case under SDPUC Docket No. EL95-003 establishes certain economic development activity requirements for us. I have attached our planning document for 1996 which indicates the areas of economic development support that we intend to offer.

Our budget for the year is \$100,000, but because economic development is dynamic and changes constantly, where the dollars will actually be spent is unknown to us at this time. We do know that we have these obligations for 1996:

| ANNUAL MEMBERSHIP DUES                           |          |
|--|----------|
| Rapid City Area Economic Development Partnership | \$ 5,000 |
| Northern Hills Community Development, Inc.       | \$ 1,000 |
| Belle Fourche Development Corporation            | \$ 250   |
| Twin City Economic Development                   | \$ 1,000 |
| Spearfish Economic Development Corporation       | \$ 250   |
| Sturgis Industrial Development                   | \$ 250   |
| Newell Community Development                     | \$ 250   |

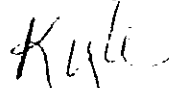
Mr. William Bullard, Jr.

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October 31, 1995

If you have any questions, please call me or our Manager of Marketing and Economic Development, Mutch Usera.

Sincerely,



Kyle D. White

KDW:glm

cc: Ev Hoyt, President and COO

Mutch Usera, Manager Marketing and Economic Development

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# BLACK HILLS POWER AND LIGHT COMPANY 1996 Economic Development Plan

## INTRODUCTION

Black Hills Power and Light Company (BHP) is an investor-owned utility company serving approximately 54,000 customers throughout a 9,000 square mile area in Western South Dakota, Eastern Wyoming, and Southeastern Montana.

The economic prosperity of our service territory is vitally important to us and the customers and communities we serve. BHP has developed programs and services to assist both existing businesses and potential customers in our service territory. Since each community is unique, our intent is to offer a flexible package of economic development programs that benefit the community, our customers, and BHP. Our support will be through:

- Financial Assistance
- Business Development Service Contracts
- Business Attraction, Retention, and Expansion Programs
- Site and Spec Building Development
- Energy Efficient Grant Program
- Marketing Support
- Industry Resource Team
- Community Involvement

## ECONOMIC DEVELOPMENT GOAL

To promote the economic growth of our states and communities by establishing and maintaining partnerships with economic development groups in order to achieve locally established and supported goals that will enhance the profitable growth of BHP and the communities we serve.

## FINANCIAL ASSISTANCE

BHP supports economic development loan funds available in BHP communities. These loans are requested by the economic development corporations and have received contributions in communities served by BHP.

BHP's goal is to encourage growth through leveraged financial packaging. Realizing that each community is unique, our assistance must stay flexible to the various needs of the community.

### **Economic Development Committee**

BHP's Economic Development Committee will review requests made by communities and development organizations requesting financial assistance. The Area Manager will participate on the committee when the request or presentation for request is from the specific area of interest. The Area District Manager will also screen applicants from their area before presenting or recommending that the committee review the request. Rapid City will be represented by the Manager of Economic Development as well as participate on the committee as a full-time member.

Each request will be reviewed as unique opportunities and presented based on the economic growth and activity of the request.

The Committee members will be as follows:

Dan Landguth, BHC President & CEO  
Ev Hoyt, BHP President & COO  
Dale Clement, BHC Sr. Vice President, Finance  
Jim Mattern, BHP Vice President District Administration  
Kyle White, BHP Director-Rates & DSM  
Mutch Usera, BHP Manager-Economic Development

### **BHP's Economic Development Support Requirements**

To qualify for BHP's Business Development Service program, BHP energy efficient grants and incentives, financial or joint venture assistance from BHP, there are several requirements that must be available for review and approval by BHP's Economic Development Committee:

1. The business, manufacturer or development project must be located within BHP's service territory.
2. The project or manufacturer must be able to stimulate the economy through new and good paying jobs created by the activity.
3. The local contribution must be evident through such vehicles as REVOLVING LOAN FUND, local banking, Site Assistance Programs, Community Redi-Funds, Tax credits, and other utility companies.

4. New company or proposed development is able to present a business profile or plan which shows potential employment and economic growth to the community it plans to reside in.
5. Manufacturer or development electric usage as well as load factor/peak coincidence will also be reviewed.

### **BUSINESS ATTRACTION, RETENTION, AND EXPANSION**

The goal is to continue support and assistance for present and new businesses through loan programs and other activities which are available through the economic development corporations and BHP's Business Development Service Program.

BHP's Economic Development rate structures, incentives or adjustments for new manufacturers and developments must meet the Business Development Service requirements. The Business development Service was approved by the South Dakota Public Utility Commission on August 1, 1995. Eligibility for the Business Development Service Program is included in this plan.

Other involvement includes employee participation in the Rapid City economic development retention and expansion survey. The survey is used to measure the satisfaction of new businesses that have moved to the Rapid City area with the efforts of the City of Rapid City, Economic Development Partnership, and other businesses involved in assisting and supporting new businesses moving to Rapid City.

### **SITE AND SPECULATIVE BUILDING DEVELOPMENT**

BHP supports and encourages the development of commercial and residential sites and speculative buildings which can produce a positive economic climate as well as meet the development standards and support of the city, county, and state.

BHP will participate in a land development study conducted by the Rapid City Area Partnership Board, which will focus on potential properties for industrial development within BHP service area.

Areas that will be studied and evaluated are properties along: Deadwood Avenue, South Hi-Way 16 commercial strip, Expansion of South Creek Industrial Park, North of Rushmore Mall area, and South Hi-Way 79.

We will also assist, participate, and invite proposals which involve joint ventures in speculative buildings for potential manufacturers and major businesses relocating to the Black Hills area.



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## **ECONOMIC DEVELOPMENT ENERGY EFFICIENT GRANT PROGRAM**

The goal is to encourage a variety of economic development efforts through marketing and innovative electric technology to enhance or encourage new business relocation or expansion of existing businesses and encourage expansion or relocation of business within our service territory.

BHP will offer new or expanded businesses energy efficient electric equipment grants which encourage reduction in peak demands and reduces the costs of energy used by the business yet increase production and business growth.

Grants must be approved by the economic development committee and can be used for energy efficient heating and cooling technology, lighting, and innovative industrial electric equipment. Grant dollars may also go to the research cost of innovative technologies which use electricity and encourage expansion or relocation of business within our service territory.

## **RESIDENTIAL HOUSING AND SUBDIVISION DEVELOPMENT**

BHP will also seek opportunities to participate in new residential development areas, through total electric technologies that are sensitive to demand-side management objectives and areas which enhances the economic growth of the community.

The participation will allow BHP the opportunity to research new technology such as Geothermal Heating and Cooling on larger scale.

Economic growth possibilities are present in the success of geothermal communities because of the unique equipment and installation of the system. The geothermal communities will also become marketable and an added option for homebuyers who plan to relocate in the community.

## **MARKETING SUPPORT**

Several Black Hills communities will be working with the Governor's Office of Economic Development to target potential manufacturers interested in relocation of their businesses in order to reside in the Black Hills.

BHP will actively participate and support the Northern Hills and Rapid City Economic Development groups in this effort through sponsorship of new business hostings, the Black Hills Buffalo Roundup, and Minnesota and California visits as a corporate host and sponsor.

These efforts are scheduled throughout the year based on availability of participants from the GOED and area economic development groups and business volunteers.

To ensure the success of new businesses for the Black Hills communities, BHP will support and encourage new businesses to enroll in available business workshops, seminars, and training which will aid in the success of the business.

BHP will participate as a co-sponsor to such workshops, and other training programs coordinated by the community. This support can include BHP staff support and financial contributions.

The request for sponsorship support will be determined by the District Manager and Manager of Economic Development with approval by the President of BHP.

### **COOPERATIVE ADVERTISING AND MARKETING**

BHP will participate in cooperative advertising, promotional, and direct marketing activities which promote and inform companies of the positive lifestyle and economic growth within BHP's service territory within South Dakota and Wyoming. Activities include support and sponsorship in area economic development videos, brochures, and trade shows including the Future Fair.

The cooperative advertising request will be presented to the marketing and economic development manager and the area district manager for review and approval based on the following guidelines:

- The advertisement promotes BHP's service territory.
- Involvement from other Businesses and Utilities.
- BHP receives the list of company contacts from the Coop Advertisement.
- BHP is recognized as a participating sponsor.
- BHP cost does not exceed 1/4 of the total cost of the promotional campaign.



## **INDUSTRY RESOURCE TEAM**

BHP's Resource Team will be available in working with new and present industrial and commercial businesses which are in our service territory. The Resource Team will focus on various areas of interest such as electric rates, system demand, power line relocation, new power line planning, site development, and national trade information.

The Resource Team will consist of experts from the various departments of BHP (Customer Service, Marketing, Engineering Dept., etc.) depending on the challenges set by the perspective customer. Coordinated by the Manager, Marketing and Economic Development, the Resource Team will be activated in response to a request of the customer or an economic development organization in order to assist in gathering information and/or research for the customer interested in locating a business in BHP's service territory.

## **COMMUNITY INVOLVEMENT**

Community involvement is the key to BHP's economic development strategies and goals. There are 19 communities in which BHP is presently an active member which includes payment in annual membership dues. Some communities have combined their efforts to achieve success in meeting their economic development goals. For specific information regarding the economic development organizations that are represented in each community, refer to the Economic Development Organizational Profile section of the plan.

## **COMMUNITIES SERVED INCLUDE:**

### **SOUTH DAKOTA:**

#### **Northern Hills**

Belle Fourche  
Newell  
Spearfish  
Sturgis  
Whitewood  
Lead  
Deadwood

#### **Southern Hills**

Custer  
Hill City  
Keystone  
Hot Springs  
Edgemont

#### **Central Hills**

Rapid City  
Box Elder  
Ellsworth Air Force Base

### **WYOMING:**

#### **Retail**

Newcastle  
Upton  
Osage

#### **Wholesale**

Gillette

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The goal for community involvement is to strengthen the communities by supporting strategically planned projects which are located within BHP's service territory. Although financial contributions are often requested, a personal commitment by key employees can often have as great or greater impact.

Part of our support for the economic development organizations in each community will be that key BHP employees will participate on boards, committees, and task forces on a regular basis. This will ensure continued communication of the economic development activities in each district as well as focus on key projects and goals that can impact BHP's load forecast and customer growth.

BHP district manager or assigned employee will represent BHP as part of the economic development organization in their district. This will develop support for the organization from BHP and maintain an active communication link for participating in the activities related to economic development.

BHP employees are encouraged to support and attend local and area economic activities which promote economic development through workshops, conferences, tradeshows, and seminars.

Economic development activities will be included in the district monthly and quarterly reports. The marketing and economic development staff will monitor the activities and assist with the districts as a support staff.

BHP Assigned Representatives for 1996 are:

#### **SOUTH DAKOTA**

##### **SD Board of Economic Development**

BHC Representative: Dale Clement

##### **SD Industry and Commerce Association**

BHC Representative: Dan Landguth

##### **Black Hills Business Council**

BHC Representative: Mutch Usera

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**RAPID CITY**

**Rapid City Economic Development Foundation Board of Directors**  
BHP Representative: Ev Hoyt

**Rapid Fund Board of Directors**  
BHP Representative: Ev Hoyt

**Rapid City Area Economic Development Partnership**  
BHP Representative: Mutch Usera

**Rapid City Business Attraction Committee**  
BHP Representative: Mutch Usera

**Business Retention and Expansion Committee**  
BHP Representative: Mutch Usera

**Convention and Visitors Bureau**  
BHP Representative: Barbara Thirstrup

**NORTHERN HILLS COMMUNITY DEVELOPMENT, INC.**  
BHP Representative: Tony Hay

**BELLE FOURCHE DEVELOPMENT CORPORATION**  
BHP Representative: Tony Hay

**TWIN CITY ECONOMIC DEVELOPMENT CORPORATION**  
BHP Representative: Jim Jeffery

**NEWELL COMMUNITY DEVELOPMENT**  
BHP Representative: Tony Hay

**SPEARFISH ECONOMIC DEVELOPMENT CORPORATION**  
BHP Representative: Mike Shultz

**STURGIS INDUSTRIAL DEVELOPMENT**  
BHP Representative: Tony Hay

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**CUSTER ECONOMIC DEVELOPMENT TASK FORCE**

BHP Representative: Kristy Schmitz

**EDGEMONT, CITY OF**

BHP Contact Person: Bob Foster

**HOT SPRINGS ECONOMIC DEVELOPMENT COMMITTEE**

BHP Representative: Bob Foster

**WYOMING**

**GILLETTE**

BHP Representative: Dick Bratton

**NEWCASTLE**

BHP Representative: Jim Bunch

PUBLIC UTILITIES COMMISSION OF SOUTH DAKOTA

BLACK HILLS POWER AND LIGHT COMPANY  
RAPID CITY, SOUTH DAKOTA

SECTION NO. 4  
ORIGINAL SHEET NO. 2

BUSINESS DEVELOPMENT SERVICE

RATE No. BDS-1  
Page 1 of 3

AVAILABLE

At points on the Company's existing transmission or distribution facilities supplied by its interconnected transmission system within Butte, Custer, Fall River, Lawrence, Meade, and Pennington Counties of South Dakota.

APPLICABLE

To customers requiring an appropriate response to non-standard, unique or specialized electric services and/or to meet competitive forces in the energy services markets in a manner that satisfies the needs of participating customers while balancing the interests of the participating customer, the non-participating customers, and the Company.

CHARACTER OF SERVICE

Alternating current, 60 hertz, at the voltage and phase of the Company's established transmission or distribution system most available to the location of the customer.

ELIGIBILITY

Customers requesting Business Development Service (BDS) will be considered upon written application to the Company if one or more of the following conditions is shown by the customer to exist:

1. The customer accepts non-standard electric service for new or existing load;
2. The customer has unique requirements for new load;
3. The customer intends to acquire its electric service for new or existing load from a source other than the Company absent service under this rate by showing:
  - a. The customer demonstrates a competitive alternative, energy source or business location, to the Company's standard tariff rates; and
  - b. The comparative economics, including but not limited to availability of capital, environmental impacts and assessment of risk, of the alternative over the Company's standard tariffed rates are material; and

DATE FILED: June 20, 1995

EFFECTIVE DATE: For service on and  
after August 1, 1995

ISSUED BY: \_\_\_\_\_

*Kyle D. White*  
\_\_\_\_\_  
Kyle D. White  
Director, Rates and Demand-Side Management

PUBLIC UTILITIES COMMISSION OF SOUTH DAKOTA

BLACK HILLS POWER AND LIGHT COMPANY  
RAPID CITY, SOUTH DAKOTA

SECTION NO. 4  
ORIGINAL SHEET NO. 4

BUSINESS DEVELOPMENT SERVICE

RATE NO. BDS-1  
Page 3 of 3

RATE

All charges for service under this rate shall be the charges contained in the contract between the Company and the customer.

CONFIDENTIALITY

Upon request of the Company or the customer, upon good cause shown by affidavit, all terms and conditions of any service agreement under this rate schedule and any supporting information shall be protected from disclosure as confidential in accordance with the Commission's Administrative Rules provided for at Section 20:10:01:41 and 20:10:01:42.

DATE FILED: June 20, 1995

EFFECTIVE DATE: For service on and  
after August 1, 1995

ISSUED BY:

Kyle D. White  
Kyle D. White  
Director, Rates and Demand-Side Management