

**BEFORE THE SOUTH DAKOTA
PUBLIC UTILITIES COMMISSION**

BLACK HILLS POWER, INC.’S)
APPLICATION FOR APPROVAL OF ITS)
2015 ECONOMIC DEVELOPMENT) **Docket** _____
BUDGET)

2015 ECONOMIC DEVELOPMENT PLAN

Black Hills Power, Inc. (“Black Hills Power” or the “Company”), a South Dakota corporation, respectfully requests an order from the South Dakota Public Utilities Commission (“Commission”) approving the 2015 economic development budget.

This report is submitted in accordance with the approved amended settlement stipulation (“Stipulation”) in Docket EL14-026. Per the associated Stipulation, Black Hills Power is required to provide an annual report that describes the costs, design, and benefit of its economic development program.

BACKGROUND

Black Hills Power is committed to being a partner with the communities in our service territory and their local and regional economic development organizations. This partnership includes financial support along with leadership support from our employees to help promote community growth and economic development opportunities.

In Docket EL14-026, the Commission established the following economic development cost recovery and reporting requirement for Black Hills Power:

The Parties agree that economic development expenses up to \$100,000 shall be equally shared by shareholders (\$50,000) and customers (\$50,000). The economic development expenses shall include, but not be limited to, all South Dakota labor, expenses, and monetary contributions. This program will begin on October 1, 2014, and shall continue thereafter until revised by the Commission. Black Hills Power will submit, on an annual basis, no later than April 1st, 2015, and March 1st of each year beginning in 2016, for Commission approval a filing which describes the cost, design, and benefit of Black Hills Power’s economic development programs. Program costs will be reported on a calendar year basis. Any portion of the annual customer contribution that remains unspent at the

end of a program year shall be carried over into the next program year for Commission approval of expenditures or refund. No carry over shall occur for amounts spent annually in excess of \$100,000. This agreement does not preclude Black Hills Power from spending more on economic development nor does it restrict Black Hills Power from asking for modification of these economic development terms in its next general rate filing.

This report outlines the planned economic development activities for 2015. In its 2016 Economic Development filing, the Company will compare its actual 2015 economic development expenditures with the approved budget and report on key economic indicators and results.

2015 ECONOMIC DEVELOPMENT PLAN

Black Hills Power will partner with community leaders, chambers of commerce, and economic development organizations to focus on business development and increase economic opportunities for customers. The 2015 economic development plan is designed to attract and retain businesses in our service territory through financial contributions to organizations, community event sponsorships, and labor. Exhibit A contains Black Hills Power's 2015 economic development budget. Our employees are actively involved in leadership capacities in various economic development organizations and committees, and participate in community planning and downtown associations. Please see Exhibit B for some of the planned employee involvement in 2015.

The goal of this plan is to increase economic growth in the Black Hills area. Growing economies will provide more employment opportunities for our customers. More employment opportunities generally lead to better wages and increased demand for goods and services. With business growth, there is the added benefit of an expanded sales and property tax base. Another potential benefit of economic development is additional energy consumption could lower average utility costs by spreading fixed costs over more unit sales. The Company will report on key economic indicators and results in next year's annual report.

COMPANY CONTACTS

The Company will be represented in this proceeding by the following persons. Correspondence regarding this proceeding should be directed to the following:

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