



March 23, 2018

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

RE: EL18 - _____ - NorthWestern Energy 2018 Proposed Electric Utility Economic Development Budget and 2017 Economic Development Annual Report

Dear Ms. Van Gerpen:

In accordance with the Decision and Order approving the Settlement Stipulation Agreement for EL14-106, NorthWestern Corporation, dba NorthWestern Energy ("NorthWestern") hereby submits its proposed electric utility economic development 2018 budget for the South Dakota Public Utilities Commission's ("Commission") review and approval. Also for the Commission's review and approval is NorthWestern's 2017 Economic Development Report for the electric utility that details actual versus budgeted expenses.

NorthWestern is proposing its 2018 economic development budget (Attachment A) in accordance with the Commission's order dated November 4, 2015 in EL14-106. The stipulation agreement for EL14-106 provides for an economic development annual budget cap of \$70,000 that is to be allocated to NorthWestern's electric customers. These costs are to be split 50/50 between NorthWestern Energy and our electric customers. Therefore, the customer share of those expenses is capped at \$35,000. While our overall 2018 budget exceeds the \$70,000 cap, NorthWestern is providing a full representation of its proposed economic development expenditures that will benefit our electric customers for the Commission's information. No economic development funding proposed by NorthWestern Energy in its 2018 economic development budget will be used for lobbying at the state or federal level.

Also included in this submittal is NorthWestern's 2017 Economic Development Annual Report (Attachment B) that details the company's actual expenditures as compared to the 2017 budget approved in Docket EL17-016. The final adjusted dollar amount that was spent in 2017 was \$31,791 more than the overall adjusted budget as approved by the Commission in Docket EL17-016. Budgets will have some fluidity from year to year as community economic development needs or priority projects change. No economic development funds supplied by NorthWestern in 2017 were used for lobbying at the state or federal level.

Advantage South Dakota is 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. During 2017, Advantage South Dakota continued its focus on workforce development and recruitment. As noted last year, Advantage South Dakota provided grants starting in 2015 to help fund local workforce initiatives within its membership. Workforce initiative grants provided to electric utility communities included Aberdeen, Mitchell, Huron, and Yankton. These workforce initiative grants culminated with final payments in 2017.

In mid-2017, the membership gathered to identify additional opportunities that are available through Advantage South Dakota. One area that was identified involved the training of economic development practitioners as well as business leaders in participating communities. To that end, the group completed the activities necessary to broadcast Aberdeen's 'Power Hour' training sessions to business leaders in participating communities. This involved the purchase and installation of necessary equipment to view the biweekly broadcasts. Additionally, the



group allocated dollars so that economic development practitioners can attend one training program per year to enhance their skills. This may also include attendance at a site selector conference that could spawn local job creation. Additional information related to Advantage South Dakota can be found on its website (<http://www.advantagesouthdakota.com>).

During 2018, NorthWestern Energy will 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 Advantage South Dakota. We will also continue to work with existing service territory businesses in regard to business expansion opportunities. NorthWestern will also continue to leverage our key account activities to identify and support business 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 employment clusters.

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 2018 economic development budget and 2017 economic development expenditures for our electric utility. If there are any questions regarding this filing, please contact me at your convenience.

Thank you,

Pamela A. Bonrud

Director – Government and Regulatory Affairs

pam.bonrud@northwestern.com

O 605-978-2900

C 605-321-4025

Cc: Rick Edwards, Director Community Connections, NorthWestern Energy
Paul Mantz, Specialist Key Accounts & Economic Development, NorthWestern Energy