

**BEFORE THE SOUTH DAKOTA PUBLIC UTILITIES COMMISSION**

**BLACK HILLS POWER, INC. d/b/a BLACK )**  
**HILLS ENERGY’S APPLICATION FOR )**  
**APPROVAL OF ITS 2020 ECONOMIC ) Docket EL21-\_\_\_\_\_**  
**DEVELOPMENT REPORT AND 2021 )**  
**ECONOMIC DEVELOPMENT PLAN )**

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**2020 ECONOMIC DEVELOPMENT REPORT AND 2021 ECONOMIC  
DEVELOPMENT PLAN**

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Black Hills Power, Inc. d/b/a Black Hills Energy (“Black Hills Power” or the “Company”), files its 2020 Economic Development Report and 2021 Economic Development Plan in compliance with the settlement stipulation approved in Docket EL14-026. Black Hills Power respectfully requests an order from the South Dakota Public Utilities Commission (the “Commission”) approving the Company’s 2020 Economic Development Report and its 2021 Economic Development Plan.

**BACKGROUND**

Black Hills Power is committed to being the energy partner of choice for communities within its service territory. This commitment has led to strong partnerships with local and regional economic development organizations. Through these partnerships, Black Hills Power provides leadership and financial support promoting economic growth in local communities. All the funds invested in the prior year were used only for economic development activities and were not used for lobbying activities. All the funds budgeted for 2021 will be used for economic development activities, not lobbying activities.

In Docket No. 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 March 1st of each year beginning in 2015, 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.*

## **2020 ECONOMIC DEVELOPMENT REPORT**

Exhibit A to this Application shows the budget approved in Docket No. EL20-008 compared to the actual expenses incurred in 2020. The approved 2020 budget totaled \$159,850 and Black Hills Power spent \$116,814 for economic development activities throughout the year. Exhibit A also contains variance explanations to the approved budget.

Black Hills Power's 2020 economic development strategy was to attract and recruit new businesses from across the country to relocate to the Black Hills of South Dakota. Over the course of 2020, it is all well-known of the unusual circumstances that occurred. South Dakota remained "Open for Business", which gave the opportunity to gain businesses looking for a change. Marketing strategies highlighted available buildings and properties to develop for commercial and industrial purposes.

Financial contributions were specifically made to local organizations and community events throughout the year; examples include trade studies, training programs, location development, and entrepreneurship outreach. These actions highlight some of the steps taken towards the goal but do not demonstrate the full level of commitment from Black Hills Power. There were numerous other activities throughout the year the Company participated in to promote the Black Hills area, including its investment in Elevate Rapid City ("ERC").

ERC has been ongoing for several years and is centered around helping Rapid City achieve its potential as a desirable place to live, work, and visit. The group provides a multitude

of resources including, a list of available properties, business advocacy resources, and crucial business resources such as updates about COVID-19 relief. Black Hills Power has pledged to donate \$150,000 each year since ERC was incorporated.

Black Hills Power also plans to continue its support of other economic development organizations located throughout its service area. Such organizations maintain a strong understanding of their community's strengths and weaknesses and are highly motivated to promote growth. New business and industry help grow the local economies and drive a higher demand for goods and services. Business growth also increases the energy consumption in the area. Higher energy loads decrease the average utility cost for customers by spreading fixed costs over more units.

## **2020 ECONOMIC DEVELOPMENT GRANT PROGRAM**

The Economic Development Grant Program was Black Hills Power's primary economic development activity in 2020. This program offered support through grants within the Black Hills Power's service territory to organizations that provide benefit to the local economy. The grant process included an application and a presentation by each organization. Every request was presented to the Economic Development Grant Committee that determined whether it should be approved or denied. Exhibit C outlines the framework used behind the decision making.

Black Hills Power distributed nine grants to local economic development organizations throughout 2020, Table 1 lists those organizations. These organizations requested financial support to enhance their strategic plans to achieve growth initiatives. Grant types consisted of sponsorships, professional development, community development, and marketing. During the year, COVID-19 caused several cancelations for grant programs across the service territory.

<b>Table 1 - 2020 Grant Recipients</b>	
<b>Organization</b>	<b>Grant Type</b>
Custer Economic Development Foundation	Sponsorship
Deadwood-Lead Economic Development Corp.	Community Development
Ellsworth Development Authority - Embrace the Base	Sponsorship
SD Mines CEO Student Business Plan Competition	Sponsorship
South Dakota Agricultural & Rural Leadership Program	Sponsorship
Southern Hills Economic Development Corporation	Professional Development
Spearfish Economic Development Corporation	Cooperative Marketing
Sturgis Economic Development Corporation	Sponsorship
Whitewood Economic Development Organization	Community Development

Each grant type serves a different purpose. Sponsorship grants provide recipients the funding to hold their meetings or events. Black Hills Power receives significant recognition from each sponsorship. Success from sponsorship grants comes from the amount of exposure and attendance levels. Professional development grants center around any educational opportunities or improvements to human capital. Examples of these grants include tuition for college courses and community business classes. Success from professional development is subtle but pays dividends down the road. Community development grants can be thought of as capital projects. This funding goes specifically to improve a property or a building. Success can be seen rather quickly, for example the Deadwood-Lead community development grant went to a facility upgrade for a new business in 2020. Cooperative marketing includes advertising and communication materials related to growing the regional economy. Success is tracked from the level of exposure and attendance levels.

In 2020, the goal was to attract and recruit businesses to the service territory. Cooperative marketing and sponsorship grants played a significant role to achieve this goal. The COVID-19 pandemic caused many obstacles, from travel restrictions to canceled events. Marketing and advertising accomplished via social media, websites, virtual meetings, and catalogs avoided much of those obstacles. Community event sponsorships such as “Embrace the Base” were also used to strategically market the region. This grant sponsored local community events designed to inform military personnel and family members about the area. The actual dollar amount spent on grants in 2020 was approximately \$9,000 under the approved budget, which was due to the COVID impact. For the upcoming year, the Company is committed to continuing the Grant Program and will continue with the same process as previous years.

## 2021 ECONOMIC DEVELOPMENT PLAN

Exhibit B to this Application contains Black Hills Power's proposed 2021 economic development budget. For the upcoming year, the partnerships between Black Hills Power and the local community will continue to focus on business development and economic opportunities for area. The 2021 economic development plan will be centered around advertising and marketing the business opportunities in the Black Hill's service territory. The full extent of the COVID-19 pandemic is still unknown, and precautions still must be taken. Such precautions are expected to impact travel and other economic development activities. Still, Black Hills Power is looking forward to the upcoming year. The marketing and advertising campaign will be accomplished through financial contributions towards community events, providing business resources, and highlighting available properties. Employees of Black Hills Power will continue their active involvement in economic development activities. This includes participating in leadership capacities in committees and planning initiatives. Community planning and downtown revitalization projects will also be a point of emphasis. Table 2 below lists the economic development organizations the Company will invest in during 2021.

<b>Table 2 - 2021 Economic Development Memberships</b>
<b>Organizations</b>
Belle Fourche Development Corporation
Black Hills & Badlands Association
Destination Rapid City - Main Street Square
Deadwood-Lead-Central City Economic Development Corp.
Heart of the Hills Economic Development Corporation
South Dakota Chamber & Economic Development Council
Spearfish Economic Development Corporation
Sturgis Economic Development Corporation
Whitewood Economic Development Organization

## **COMPANY CONTACTS**

The Company will be represented in this proceeding by the following persons.  
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## **EXHIBITS**


In support of this Economic Report and Plan, the Company submits the following:

- Exhibit A: 2020 Economic Development Report
- Exhibit B: 2021 Economic Development Plan
- Exhibit C: 2020 Grant Program Guidelines and Criteria
- Exhibit D: 2020 Membership Invoices and Payments
- Exhibit E: 2020 Community Sponsorship Invoices and Payments
- Exhibit F: 2020 Grant Program Invoices and Payments
- Exhibit G: 2020 Other Cost Invoices and Payments
- Exhibit H: 2020 Membership Report
- Exhibit I: 2020 Grant Report

## **CONCLUSION**

Black Hills Power respectfully requests that the Commission issue an order approving its 2020 Economic Development Report and its 2021 Economic Development Plan.

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Jason S. Keil  
Manager Regulatory & Finance

  
Notary Public

My Commission Expires: \_\_\_\_\_