

BEFORE THE SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

**BLACK HILLS POWER, INC. d/b/a BLACK)
HILLS ENERGY’S APPLICATION FOR)
APPROVAL OF ITS 2021 ECONOMIC) Docket EL22-_____
DEVELOPMENT REPORT AND 2022)
ECONOMIC DEVELOPMENT PLAN)**

**2021 ECONOMIC DEVELOPMENT REPORT AND 2022 ECONOMIC
DEVELOPMENT PLAN**

Black Hills Power, Inc. d/b/a Black Hills Energy (“Black Hills Power” or the “Company”), files its 2021 Economic Development Report and 2022 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 2021 Economic Development Report and its 2022 Economic Development Plan.

BACKGROUND

Black Hills Power is committed to being the energy partner of choice for communities within its service territory. Their 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 funds invested in 2021 were only used for economic development activities and were not used for lobbying activities. All funds budgeted for 2022 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.

2021 ECONOMIC DEVELOPMENT REPORT

Exhibit A to this Application shows the 2021 budget approved in Docket No. EL20-008 compared to the actual expenses incurred in 2021. The approved 2021 budget totaled \$142,350 and Black Hills Power spent \$141,252 for economic development activities throughout the year. Exhibit A also contains variance explanations to the approved budget.

Black Hills Power's 2021 economic development strategy was to improve local communities through financial investments in leadership development, housing solutions, and business attraction. Funds were used on seminars with guest speakers that taught new skills to members of economic development groups. Housing studies were subsidized to help provide solutions to higher housing demands. Marketing campaigns that highlighted the pro-business climate of the Black Hills received aid. These strategies worked in cohesion to promote the Black Hills region of western South Dakota.

Financial contributions were made to local organizations and community events throughout the year; examples include trade studies, leadership development, housing studies, 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 Rapid City achieving 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. Black Hills Power has pledged to and has donated each year ERC has existed.

Black Hills Power is a proud sponsor of the Black Hills Military Coalition (BHMAC). BHMAC is a new economic development group that aims to partner and support all branches of the military. Since the Black Hills area is home to over 4,000 military members between the SD National Guard and Ellsworth Airforce Base there are numerous growth opportunities associated with the military. The Ellsworth Base expansion and COVID-19 impacts provided the Black Hills community an opportunity to refine and analyze the approach to support the military personnel and their families. The result of these discussions led to the creation of BHMAC. The goal of BHMAC is to provide a unified voice to strengthen the connection between the military and regional communities. Community leaders now have an avenue to regularly meet with military leaders to discuss ways to support the military.

Black Hills Power remains committed to supporting 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.

2021 ECONOMIC DEVELOPMENT GRANT PROGRAM

The Economic Development Grant Program has consistently been Black Hills Power’s primary economic development activity each year. This program offers financial support within the company’s service territory to benefit the local economy. The grant process includes an application and a presentation from each organization. Every request is presented to the Economic Development Grant Committee to determine whether it should be approved or denied. Exhibit C outlines the framework used to award grant funds.

Black Hills Power distributed funds to 15 local economic development organizations in 2021 as listed in Table 1 below. These organizations requested financial support to enhance their strategic plans to achieve growth initiatives. Grant types consisted of sponsorships, professional development, organizational development, marketing, and research projects.

Table 1 - 2021 Grant Recipients	
Organization	Grant Type
Belle Fourche Development Corporation	Sponsorship
Black Hills Special Service Cooperation	Marketing
Custer Area Economic Development Corporation	Organization Development; Sponsorship
Deadwood Lead Economic Development Corporation	Sponsorship; Organizational Development; Reaserch
Heart of the Hills Economic Development Corporation	Research; Organizational Development
Hill City Economic Development Corporation	Professional Development
Rushmore Region Alliance	Organization Development
SD Center of Enterprise Opportunity	Sponsorship
SD Agriculture & Rural Leadership Program	Organization Development
SD School of Mines	Sponsorship
Southern Hills Economic Development Corporation	Sponsorship; Organization Development
Spearfish Economic Development Corporation	Sponsorship; Marketing
Sturgis Economic Development Corporation	Professional Development
Town of Newell	Research
Western Dakota Tech	Sponsorship

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 educational opportunities or leadership trainings to a member of a local organization. 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. Organizational development grants provide support for entire organizations often including members of the public. Funds are used to provide workshops, classes, and training programs for the economic development organization. Success happens with high engagement levels and group attendance. 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 2021, the goal was to develop the human capital and improve housing within the service territory. Organizational and professional development played a huge role achieving the goal. Workshops, training programs, and classes were all used to teach new ideas and technical skills. Research grants were used to conduct housing studies. Supporting the growth in the Black Hills includes housing. Several local communities used the housing studies to improve the long- and short-term growth goals. The actual dollar amount spent on grants was approximately \$2,000 under the approved budget due to variations in funding requests. For the upcoming year, the Company is committed to the continued support of the Economic Development Grant Program.

2022 ECONOMIC DEVELOPMENT PLAN

Exhibit B to this Application contains Black Hills Power’s proposed 2022 Economic Development Plan. 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 the area. The 2022 Economic Development Plan is centered around workforce development and housing improvements. Investments to research projects and educational opportunities will continue during the year. Black Hills Power to continuing its continued support of local communities and employees. Black Hills Power will continue their active involvement in economic development activities. This includes participating in leadership capacities in committees and planning initiatives including an emphasis on downtown revitalization projects. Table 2 below lists the economic development organizations the Company will support in 2022.

Table 2 -2022 Economic Development Memberships
Organizations
Belle Fourche Development Corp.
Black Hills & Badlands Association
Black Hills Community Economic Development, Inc.
Custer Area Economic Development Corp.
Dakota Land Trust
Deadwood-Lead-Central City Economic Development Corp.
Destination Rapid City - Main Street Square
Heart of the Hills Economic Development Corp.
South Dakota Chamber and Economic Development Council
South Dakota Economic Development Association
Southern Hills Economic Development Corp.
Spearfish Economic Development Corp.
Sturgis Economic Development Corp.

COMPANY CONTACTS

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

Correspondence regarding this proceeding should be directed to the following:

Mr. Todd Brink
Associate General Counsel
P.O. Box 1400
Rapid City, SD 57709
605-721-2516
Todd.Brink@blackhillscorp.com

Mr. Jason Keil
Manager – Regulatory and Finance
P.O. Box 1400
Rapid City, SD 57709
605-721-1502
Jason.Keil@blackhillscorp.com

EXHIBITS

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

- Exhibit A: 2021 Economic Development Report
- Exhibit B: 2022 Economic Development Plan
- Exhibit C: 2021 Grant Program Guidelines and Criteria
- Exhibit D: 2021 Membership Invoices and Payments
- Exhibit E: 2021 Community Sponsorship Invoices and Payments
- Exhibit F: 2021 Grant Program Invoices and Payments
- Exhibit G: 2021 Other Cost Invoices and Payments
- Exhibit H: 2021 Membership Report
- Exhibit I: 2021 Grant Report

CONCLUSION

Black Hills Power respectfully requests that the Commission issue an order approving its 2021 Economic Development Report and its 2022 Economic Development Plan.

BEFORE THE PUBLIC UTILITY COMMISSION OF SOUTH DAKOTA

STATE OF SOUTH DAKOTA)
) SS:
COUNTY OF PENNINGTON)

I, Jason S. Keil, being duly sworn, do hereby depose and say that I am Manager – Regulatory & Finance for Black Hills Power, Inc. d/b/a Black Hills Energy, that I have read the Economic Report and Plan, and that the facts set forth therein are true and correct to the best of my knowledge, information and belief.



Jason S. Keil
Manager – Regulatory & Finance

Subscribed and sworn to before me this 28th day of February, 2022.



Notary Public

My Commission Expires June 22, 2023

My Commission Expires: _____