



March 31, 2022

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

RE: EL22 - _____ - NorthWestern Energy 2022 Proposed Electric Utility Economic Development Budget and 2021 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 2022 budget for the South Dakota Public Utilities Commission's ("Commission") review and approval. Also for the Commission's review and approval is NorthWestern's 2021 Economic Development Report for the electric utility that details actual versus budgeted expenses.

NorthWestern is proposing its 2022 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 2022 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 2022 economic development budget will be used for lobbying at the state or federal level.

Also included in this submittal is NorthWestern's 2021 Economic Development Annual Report (Attachment B) that details the company's actual expenditures as compared to the 2021 budget approved in Docket EL21-010. The final adjusted dollar amount that was spent in 2020 was \$11,837 less than the overall adjusted budget as approved by the Commission in Docket EL21-010. 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 2021 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. The primary areas of focus of the Advantage South Dakota Initiative include business attraction, business expansion, business retention, and workforce development. The monies available through this initiative enable the economic development practitioners to address issues that may not otherwise be addressed.

During 2021, one key area of focus was again workforce development and workforce housing. As such, the Advantage South Dakota group allocated \$60,000 to assist communities with their workforce development initiatives. Additionally, the group allocated funding of \$28,000 to assist with capacity building and education of the local economic development practitioners.. In 2022, 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. Additional information related to Advantage South Dakota can be found on its website



(<https://www.advantagesouthdakota.com/>). 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 and mid-sized business activities to identify and support business expansion and retention opportunities. In addition, we will continue to look to attract out-of-state businesses that provide products and services to our local businesses. This effort will leverage the relationships that have been established with site selectors across the United States.

The Commission will note NorthWestern did not contribute to the Aberdeen Development Corporation's capital campaign in 2021 because we did not receive an invoice. After speaking with them, the 2021 capital campaign amount is included in the 2022 proposed budget.

NorthWestern Energy takes its role in helping South Dakota to be viable and competitive in economic development 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 2022 economic development budget and 2021 economic development expenditures for our electric utility. If there are any questions regarding this filing, please contact me at your convenience.

Sincerely,

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Director Government and Regulatory Affairs

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Cc: Rick Edwards, Director Community Connections, NorthWestern Energy
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