

**BEFORE THE SOUTH DAKOTA PUBLIC UTILITIES COMMISSION**

**BLACK HILLS POWER, INC. d/b/a BLACK )**  
**HILLS ENERGY’S APPLICATION FOR )**  
**APPROVAL OF ITS 2022 ECONOMIC )**                    **Docket No. EL23-\_\_\_\_\_**  
**DEVELOPMENT REPORT AND 2023 )**  
**ECONOMIC DEVELOPMENT PLAN )**

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**2022 ECONOMIC DEVELOPMENT REPORT AND  
2023 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 2022 Economic Development Report and 2023 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 2022 Economic Development Report and 2023 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 the 2022 were used for economic development activities and were not used for lobbying activities. All funds budgeted for 2023 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.*

## **2022 ECONOMIC DEVELOPMENT REPORT**

Exhibit A to this Application shows the 2022 budget approved in Docket No. EL22-005 compared to the actual expenses incurred in 2022. The approved 2022 budget totaled \$151,350 and Black Hills Power spent \$102,913 for economic development activities throughout the year. Exhibit A also contains variance explanations to the approved budget.

Black Hills Power's 2022 economic development strategy centered around impact to local communities through financial investments in leadership development, housing solutions, and business attraction. We achieved this goal by supporting seminars that taught new skills to members of economic development groups, funding housing studies that provided data to direct local decision making, and marketing campaigns to highlight the pro-business climate and quality of life of the Black Hills. These strategies worked in cohesion to promote the Black Hills region of western South Dakota for business growth and talent attraction.

Financial contributions were made to local organizations and community events throughout the year; examples include trade shows, leadership development, housing studies, and entrepreneur outreach. Black Hills Power economic development investments helped support increases in building permit valuations, new home starts, job creation, and sales tax revenue in communities throughout the Black Hills.

This report highlights some of the steps taken towards the goal but do not demonstrate the full level of commitment from Black Hills Power in promoting economic growth for the region. One major investment towards economic growth is Black Hills Powers involvement in Elevate Rapid City. Through our investment in Elevate Rapid City, Black Hills Power supported record business growth driven by business outreach, low interest loans and grants for business development, professional development and business networking opportunities. Black Hills Power is also proud to participate on the Elevate Board of Directors and lend time and talents to the economic vision of the area.

Black Hills Power is a sponsor of the Black Hills Military Coalition (“BHM MAC”). The BHM MAC offers a unified voice on behalf of the area to strengthen the connection between the military and regional communities in terms of military support, mission development, and defense industry outreach. Quite possibly the biggest economic impact for our region over the next 5-years will be the growth seen at Ellsworth Air Force Base. Through the BHM MAC, we are able lead the efforts of supporting quality of life for incoming Airmen and families and creating community engagement opportunities with military leadership. The BHM MAC also focuses on attracting defense industry businesses to our area through outreach and symposiums, as well as preparing exciting businesses to do work with the Department of Defense.

Black Hills Power remains committed to supporting economic development organizations throughout our South Dakota service area through volunteer support and membership. Connection with these organizations allow Black Hills Power to be at the table during community development planning and implementation. Black Hills Power Economic Development Grant program allows impactful investment in the development work taking place in communities throughout the Black Hills. However, even further than funds, Black Hills Power contributes the time and talent of our employees to serve on board and committees helping to execute the economic development strategy of each community.

**2022 ECONOMIC DEVELOPMENT GRANT PROGRAM**

The Economic Development Grant Program, coupled with employee representation, 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 begins with an application from each organization explaining the reason for the funds and the estimated impact. 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 14 local economic development organizations in 2022 as listed in Table 1 below. These organizations requested financial support consistent with their local economic development goals. Grant types consisted of sponsorships, professional development, organizational development, and marketing.

**Table 1 - Grantee Organizations and Type**

Organization	Grant Type
Belle Fourche Development Corporation	Sponsorship
Black Hills Special Services Coop	Marketing

Box Elder, City of	Housing study, Sponsorship, Marketing
Custer Area Economic Development Corporation	Professional Development, Sponsorship
Deadwood/Lead Economic Development Corp.	Sponsorship
Elevate Rapid City	Marketing
Main Street Square	Organizational Development
Rushmore Region Economic Development Alliance	Sponsorship
SD Governor’s Office of Economic Development	Sponsorship
SD Agricultural & Rural Leadership Program	Organizational Development
Southern Hills Economic Development Corp	Sponsorship
Spearfish Economic Development Corp	Sponsorship, Marketing
Sturgis Economic Development Corp	Sponsorship

Each grant type serves a different purpose in support of economic development activities.

- **Sponsorship grants** provide recipients funds to help off-set the cost associated with various events. Black Hills Power receives significant recognition from each sponsorship grant at the event and in event marketing. Sponsorship grants are successful in assisting economic development organizations celebrate successes, promote local projects, or cultivate awareness of economic opportunities.
- **Professional development grants** center around educational opportunities or leadership trainings to members of a local economic development organizations. Examples of these grants include tuition for college courses and community business classes. These types of grants allow for a long-term foundational investment in the growth of our local economic development professionals. Most of the local economic development organizations are smaller non-profits that lack the budget needed to invest in training for their professional

staff. Local ED professionals lead many of the important conversations, planning, and programming around growth strategy. Therefore, ensuring these professionals have access to ongoing development creates stability and leadership for this critical community role.

- **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, business leaders, board members, and elected officials. Successful programming is determined by the quality of training, the attendance, and feedback from participants.
- **Cooperative marketing** includes advertising and communication materials related to growing the regional economy through business development and workforce attraction. Impact of marketing investments vary by project but are generally evaluated by reach to intended audience and subsequent engagement.

In 2022, economic development impact focused on business recruitment, organizational development, workforce attraction, and housing. Funds given through the Black Hills Power Economic Development Grant Program played a role in moving the needle in these focus areas. Workshops, training programs, and classes were used to teach new ideas and technical skills, housing studies were conducted, and marketing strategies were developed and implemented. The actual dollar amount spent on grants was approximately \$4,600 under the approved budget, due to variations in funding requests. Black Hills Power is committed to the continued support of the Economic Development Grant Program and will work to increase awareness of these available funds to regional economic development partners.

## 2023 ECONOMIC DEVELOPMENT PLAN

Exhibit B to this Application contains Black Hills Power’s proposed 2023 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 2023 Economic Development Plan is centered around workforce development and talent attraction, as well as housing development, and growth through new and existing businesses. These focus areas will feature support of communication and outreach tools, research to identify and understand areas of need, educational opportunities for community and economic development leaders, and support of programming and events of local economic development offices. Black Hills Power is looking forward to continuing its support of local communities, and employees of Black Hills Power will continue their active involvement in economic development activities, committees, and boards. Table 2 below lists the economic development organizations the Company plans to partner with in 2023.

**Table 2 - 2023 Economic Development Partnerships**

<b>Organizations</b>
Belle Fourche Development Corporation
Black Hills Military Advisory Coalition
Black Hills Special Services Coop
Black Hills State University
Box Elder, City of
Custer Area Economic Development Corp
Deadwood/Lead Economic Development Corp
Elevate Rapid City
Main Street Square
Rushmore Region Economic Development Alliance
SD Chamber of Commerce

SD GOED
SD Mines and Technology
SD Agricultural & Rural Leadership Program
Southern Hills Economic Development Corp
Spearfish Economic Development Corp
Sturgis Economic Development Corp
Western Dakota Tech
Municipal and County governments within service territory

### **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, Black Hills Power submits the following:

- Exhibit A      2022 Economic Development Report
- Exhibit B      2023 Economic Development Plan
- Exhibit C      2022 Grant Program Guidelines and Criteria
- Exhibit D      2022 Membership Invoices and Payments
- Exhibit E      2022 Community Sponsorship Invoices and Payments
- Exhibit F      2022 Grant Program Invoices and Payments
- Exhibit G      2022 Other Cost Invoices and Payments



Exhibit H 2022 Membership Report

Exhibit I 2022 Grant Report

### **CONCLUSION**

Black Hills Power respectfully requests that the Commission issue an order approving its 2022 Economic Development Report and its 2023 Economic Development Plan.

