



March 29, 2023

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

RE: EL23 - _____ - NorthWestern Energy 2023 Proposed Electric Utility Economic Development Budget and 2022 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 2023 budget for the South Dakota Public Utilities Commission's ("Commission") review and approval. Also for the Commission's review and approval is NorthWestern's 2022 Economic Development Report for the electric utility that details actual versus budgeted expenses.

NorthWestern is proposing its 2023 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 2023 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 2023 economic development budget will be used for lobbying at the state or federal level.

Also included in this submittal is NorthWestern's 2022 Economic Development Annual Report (Attachment B) that details the company's actual expenditures as compared to the 2022 budget approved in Docket EL22-009. The final adjusted dollar amount that was spent in 2022 was \$946.00 more than the overall adjusted budget as approved by the Commission in Docket EL22-009. 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 2022 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 for Advantage South Dakota include business attraction, business expansion, business retention, and workforce development. Funding from Advantage South Dakota enables member economic development practitioners to address issues that may not otherwise be addressed.

During 2022, key areas of focus remained 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 \$28,000 in funding to assist with capacity building and education of member local economic development practitioners. In 2023, NorthWestern Energy will continue working with local community leaders, chambers of commerce and economic development organizations to promote their communities as good places to do business. NorthWestern will continue supporting business retention or expansion opportunities throughout our service territory by leveraging our key account, mid-sized business and other business relationships. In addition, we will also look to attract out-of-state businesses that provide products



and services to our local businesses and customers. A key component of these efforts will be Advantage South Dakota. Additional information related to Advantage South Dakota can be found on its website (<https://www.advantagesouthdakota.com/>).

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Because NorthWestern did not receive an invoice in 2021 from the Aberdeen Development Corporation for its capital campaign, our 2022 actual contribution was increased to \$25,000. In 2023, this contribution is proposed to return to the normal campaign amount of \$15,000. Additionally, the South Dakota Economic Development Professionals Association (SDEDPA) did not submit a dues request in 2022 for the budgeted amount of \$10,000. This will be accounted for in dues payments to SDEDPA in the amounts of \$15,000 for 2023 and 2024, respectively.

Another change from the Approved 2022 budget was the actual expense related to the Lake Francis Case Development Corporation (LFCDC). LFCDC submitted an unanticipated capital campaign request during 2022 resulting in a higher expense for this organization than what was projected. Thrive Yankton (which combined with the Yankton Chamber of Commerce) also made a capital campaign contribution request during 2022 that resulted in an increase to our 2022 budgeted expense. Going forward, all contributions that previously went to the Yankton Chamber and Yankton Area Progressive Growth organizations will be allocated to Thrive Yankton due to the merging and rebranding of these organizations.

Additionally, a number of our local chambers of commerce increased their dues in 2022. These dues increases are reflected in Attachment B. As seen in previous years, several organizations that normally receive financial support from NorthWestern for economic development activities did not submit payment requests in 2022. Therefore, the 2022 actual expenses in Attachment B have been adjusted to reflect the non-payment of these dues. This was largely attributed to turnover at these organizations. NorthWestern anticipates receiving dues requests from these organizations in 2023 and has included those dues in our proposed budget in Attachment A.

NorthWestern Energy takes its role in helping South Dakota to be viable and competitive in the pursuit of economic development opportunities very seriously.. We understand the value of partnerships and well planned communications in highlighting 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 2023 economic development budget and 2022 economic development expenditures for our electric utility. If there are any questions regarding this filing, please contact me at your convenience.

Sincerely,

Pamela A. Bonrud

Director Government and Regulatory Affairs

Pam.bonrud@northwestern.com

○ 605-978-2990

○ 605-321-4025



Cc: Rick Edwards, Director Community Connections, NorthWestern Energy
Paul Mantz, Manager of National Accounts & Economic Development, NorthWestern Energy