

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

**IN THE MATTER OF BLACK HILLS)
POWER, INC. d/b/a BLACK HILLS)
ENERGY FOR APPROVAL OF ITS 2025)
ECONOMIC DEVELOPMENT REPORT)
AND ITS 2026 ECONOMIC)
DEVELOPMENT PLAN)**

Docket EL26- ____

**2025 ECONOMIC DEVELOPMENT REPORT AND
2026 ECONOMIC DEVELOPMENT PLAN**

Black Hills Power, Inc. d/b/a Black Hills Energy (“Black Hills Power”), files its 2025 Economic Development Report and 2026 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 its 2025 Economic Development Report and its 2026 Economic Development Plan.

Background

Economic development by our western South Dakota communities has always been a multi-faceted approach of business recruitment and retention, coupled with an emphasis on workforce development and quality of life. The success our communities have seen in this approach reflects the work of many small organizations with limited resources, who come together for the growth and betterment of the region. Black Hills Power is proud to be a committed partner in those efforts through the contribution of financial resources and leadership

support. As in previous year, no funds were used for lobbying activities in 2025 or will be in 2026.

In Docket No. EL14-026, the Commission established the following economic development cost recovery reporting requirements 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.

2025 Economic Development Report

Exhibit A outlines the 2025 budget approved in Docket No. EL25-008 compared to the actual expenses incurred in 2025. The approved budget totaled \$153,650 with an actual expenditure of \$101,000 for economic development activities throughout the year. Economic development actual expenses for 2025 were \$52,650 below the 2025 approved budget. This was partly due to our local economic development partners focusing on housing development which resulted in local organizations seeking different funding partners more suited to large housing investments and marketing in 2025. Black Hills Power believes this trend will change in 2026 as economic development organizations refocus their outreach efforts to targeted businesses that fit

their specific community profile. Given the demand for higher paying career opportunities, we are seeing local communities more intentional about business recruitment and incentives that meet the needs and vision of each area. This includes a growing focus on workforce initiatives, workforce training opportunities, regional economic collaboration, and focused branding to target industries.

Labor and related expenses saw a reduction of \$20,108 due to less-than-expected conference attendance and travel. In 2026, we expect to see additional labor-related expenses as employees serve on economic development boards and related associations. We also anticipate increased participation in regional and national economic development organization conferences, such as investor-level events, workforce development forums, and site-selector training sessions which will require additional travel, registration fees, and staff time.

Black Hills Power economic development investment spans communities throughout our territory in western South Dakota serving more than 75,000 customers in both incorporated and unincorporated areas. By working closely with local business leaders, developers, elected officials, and economic development professionals, Black Hills Power focuses its support to meet the individual needs of each community and growth opportunity. The heart of our economic development support program continues to be leadership investment and the relationships we build with economic development organizations. While grant requests were down this year, we have employees who serve on boards of Elevate Rapid City, Sturgis, Hot Springs, Hill City, and Belle Fourche economic development organizations, as well as the Rushmore Region Economic Development Alliance and Dakota Resources. These partnerships ensure we maintain a finger on the pulse of what is important in our local communities when it comes to economic development activities.

The financial support we can give through the Black Hills Power structured Economic Development Grant program is a tool that compliments the strong partnership we have with our communities. The grant program is used to support the unique events and initiatives that help drive growth year-round that increases the local tax base and workforce opportunities.

A. Membership Support of Local Economic Development Related Organizations

Black Hills Power is an active member in eleven economic development related organizations for a total membership investment of \$19,200 in 2025. These organizations have come to depend on Black Hills Power for membership support, volunteer engagement, and sponsorships. Each organization has a mission which focuses on meeting the growth needs of the community or industry area. Key focus areas for 2026 will mirror previous years with an emphasis on business retention and attraction. Black Hills Power will continue to put focus on local employee engagement on boards and committees to offer insight into energy issues as a major consideration for current business needs.

Table 1- Black Hills Power Economic Development Related Memberships 2025

Organization	Membership Amount
Belle Fourche Economic Development Corp	\$1,000
Black Hills & Badlands Tourism Association	\$ 650
Custer Economic Development Corp	Did not invoice
Deadwood/Lead Economic Development	\$ 1,000
Elevate Rapid City	<i>5-Year membership – paid with Corporate Funds</i>
Heart of the Hills Economic Development	\$ 750
South Dakota Chamber of Commerce & Industry	\$8,300
South Dakota Economic Development Prof Assoc	\$ 2,500
Southern Hills Economic Development Corp	\$ 1,000
Spearfish Economic Development Corp	\$ 2,000
Sturgis Economic Development Corp	\$ 2,000
Total	\$ 19,200

B. Economic Development Grants and Community Sponsorships

The Black Hills Power Economic Development Grant Program allows the utility to partner with communities and organizations to support growth and development initiatives for the Black Hills region. As seen in Exhibit C to the Application, Black Hills Power publishes guidelines each year to offer clarification on how the organization supports economic development activity throughout our South Dakota territory. These guidelines are distributed to our regional economic development offices and community partners engaging in qualifying programming.

Outlined in the table below are the economic development opportunities supported through the 2025 Black Hills Power Economic Development Grant Program. The grant program supports economic development functions through event sponsorship, program collaborations, and investments in professional and organizational development of local economic development leaders. Sponsored programs and events directly support entrepreneur development, business attraction, job creation, and promote the important work of our economic development organizations to their local communities.

Table 2 - Black Hills Power 2025 Economic Development Grant Support

Name	Description	Amount
BH Badlands Tourism Association	Annual Meeting sponsorship	\$ 500.00
BH Military Advisory Coalition (SDEDA)	2025 Ellsworth and Military Events	\$ 10,000.00
BH Special Services Cooperative	Community Education publications	\$ 2,500.00
Custer AEDC	Small Business Basics Workshop	\$ 1,500.00
Custer AEDC	Website update	\$ 3,500.00
Dakota Resources	Dakota Regional Training	\$ 2,500.00
Deadwood Chamber of Commerce	Deadwood Job Fair	\$ 500.00
DLEDC Annual Meeting	Annual Meeting	\$ 2,500.00
Elevate Rapid City	Economic Summit	\$ 3,000.00
Enterprise Institute	Innovation Expo at SDSMT	\$ 1,000.00

Heart of the Hills (Hill City EDC)	Annual Meeting	\$ 1,000.00
Rushmore Region/Ally Dakota Dev	Fuel the Growth Training	\$ 3,000.00
Rushmore Region/Ally Dakota Dev	Website marketing	\$ 3,000.00
SD Chamber of Commerce & Industry	2025 Governor's Giant Vision	\$ 5,000.00
SD Governor's Office of Economic Development (GOED)	GOED Conference - Feb 25-27, 2025	\$ 2,500.00
SD Governor's Office of Economic Development (GOED)	GOED Conference - Feb 2026	\$ 2,500.00
SDCEO (BHSU)	SDCEO Programming Sponsorship	\$ 5,000.00
SDSMT	SDSMT CEO Business Plan Competition	\$ 4,000.00
So Hills EDCO (SHEDCO)	Annual Membership Banquet	\$ 1,000.00
Spearfish EDC	Annual Meeting	\$ 1,000.00
Sturgis EDC	Business Connections Events (Jan, Mar, Apr)	\$ 750.00
Sturgis EDC	Annual Meeting	\$ 2,500.00
Total		\$ 58,750.00

2026 Economic Development Plan

Exhibit B of the Application outlines Black Hills Power’s proposed 2026 Economic Development Plan. Similar to last year, we are proposing a 2026 Economic Development budget of \$155,900. Continuing our consistent support of memberships and event sponsorship, coupled with local initiatives, Black Hills Power believes 2026 will also hold opportunities for collaborative marketing efforts to site selectors and potential industry partners. We have seen a shift in recent years of local economic development organizations investing in the growth and development of their staff and boards. Black Hills Power hopes to partner more in this effort in 2026 as the capacity and talent of our local professional economic development organizations strengthens the opportunities they create in their communities. To accomplish this, Black Hills Power plans to hold virtual Q&As sessions with local economic development organizations to outline how the grant aligns with their communities' current projects. These virtual sessions will

also showcase past project types and case studies that our grant program has previously supported. This outreach is expected to increase application volume. Black Hills Power also plans to partner with the state Economic Development Professionals Association and the South Dakota Chamber in a marketing campaign to promote business growth and opportunities.

Black Hills Power Contacts

Black Hills Power will be represented in this proceeding by the following persons.

Correspondence regarding this proceeding should be directed to the following:

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Exhibits

The following exhibits are presented in support of this Economic Development Report and Plan:

- Exhibit A 2025 Economic Development Report
- Exhibit B 2026 Economic Development Plan
- Exhibit C Economic Development Grant Program

Conclusion

Black Hills Power is proud to support the work of the economic development professionals, chambers of commerce, local governments, and developers in the Black Hills

region and across the state. Their work can be seen in the continued business growth, the increased wages, and the quality of life we enjoy in the state.

Black Hills Power respectfully requests the Commission issue an order approving the 2025 Economic Development Report along with Black Hills Power's 2026 Economic Development Plan.

