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March 29, 2013

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

RE: NG13 - \_\_\_\_\_ - NorthWestern Energy 2013 Economic Development Budget and 2012 Economic Development Expenses

Dear Ms. Van Gerpen:

In accordance with the Decision and Order approving the Settlement Stipulation Agreement for NG11-03, NorthWestern Corporation, dba NorthWestern Energy (NorthWestern) hereby submits our proposed 2013 economic development budget and 2012 actual expenses for the South Dakota Public Utilities Commission's review and approval.

One of NorthWestern's top priorities in supporting economic development opportunities within our service territory remains the Advantage South Dakota effort. Advantage SD is a regional partnership organization involving NorthWestern, our community economic development leaders and the Governor's Office of Economic Development (GOED). The goal of Advantage South Dakota is to use a more global approach to developing economic development opportunities and promote job growth for member communities within our service territory. A significant accomplishment in 2012 was the completion of the Advantage SD website (<http://www.advantagesouthdakota.com>). The website reflects a collaborative effort between our community economic development partners and NorthWestern. It was developed to provide the type of information site selectors use in reviewing potential locations that can meet their clients' business needs. While the website provides an overview of what communities in our service territory have to offer, it also includes links to individual community websites that provide greater local details. In addition, in 2012, we developed and executed a social media strategy for the Advantage South Dakota initiative. This includes a presence on Facebook, Twitter, and LinkedIn.

One highlight of the Advantage SD website is a continuous update of economic development news related to our region and SD in particular. It was important to the Advantage SD group that the website highlights news items that showcase the advantages of doing business in SD, growth opportunities in our area and business incentives to locate within our region. We are also proud of an educational opportunity that Advantage SD provided a Mt. Vernon high school student. Alaina Bertsch (daughter of NorthWestern's Key Accounts and Economic Specialist Jerry Bertsch) developed a video highlighting Advantage SD for a school project. The video Alaina produced is embedded on the Advantage SD website and features many local businesses from throughout our service territory.

NorthWestern's 2012 economic development budget as approved in Docket NG12-001 and actual expenses for 2012 are shown in Attachment A. Our proposed 2013 economic development is included in Attachment B. The stipulation

agreement for NG11-03 provides for an economic development annual budget cap of \$30,000 that can be allocated to natural gas customers. These costs are to be split 50/50 between NorthWestern Energy and our natural gas customers. Therefore, the customer share of those expenses is capped at \$15,000. While our overall budget exceeds the \$30,000 cap, NorthWestern is providing a full representation of economic development contributions that did/will benefit our natural gas customers in South Dakota for 2012 and 2013 for the Commission's information.

The Commission will note that there are some adjustments from the 2012 budget as presented in Docket NG12-001. Some examples of those adjustments included NorthWestern not receiving a payment request from an organization which traditionally receives financial support (i.e. River City Racing; Brookings Economic Development Corporation) or we removed an anticipated payment from the expense column as the organization represented an electric only community (i.e. Chamberlain Chamber of Commerce; Platte Chamber of Commerce). However, the final dollar amount that was actually spent in 2012 was within \$1745 of the 2012 budget as adjusted for the natural gas allocation. Budgets will have some fluidity from year to year as community economic development needs or priority projects change.

During 2013, NorthWestern Energy will continue its 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 the ongoing Advantage South Dakota endeavor. Already in 2013, Advantage SD is developing a pilot survey to determine the needs of businesses that will be conducted in a two county area with hopes to expand the survey throughout the region represented by Advantage SD. The survey information will be used to develop a strategy to meet and expand the personnel needs of our primary sector businesses. Based upon the challenges of an aging workforce, it is necessary that we develop adequate bench strength that will enable businesses continuity and expansion. We will also continue to work with existing service territory businesses that want to expand to see how we can help them achieve those goals. And, finally, we will collaborate with our communities to attract the production workers necessary to operate our processing and manufacturing facilities.

NorthWestern Energy takes its role in helping South Dakota to remain viable and competitive in the economic development arena 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/or 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 2013 economic development budget and 2012 expenses. If there are any questions regarding this filing, please contact me at your convenience.

Thank you,



Pamela A. Bonrud

Director – Government and Regulatory Affairs

Enclosure (1)

Cc: Rick Edwards, Director – Key Accounts Customer Education, NorthWestern Energy  
Jerry Bertsch, Specialist Key Accounts & Economic Development, NorthWestern Energy