



March 29, 2023

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

RE: NG23 - _____ - NorthWestern Energy 2023 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 NG11-003, NorthWestern Corporation, dba NorthWestern Energy ("NorthWestern") hereby submits its proposed natural gas utility economic development 2023 budget and 2022 actual expenses for the South Dakota Public Utilities Commission's ("Commission") review and approval.

NorthWestern's proposed 2023 economic development budget is shown in Attachment A. Attachment B is NorthWestern's 2022 economic development budget as approved in Docket NG22-004 versus actual expenses for 2022. The stipulation agreement for NG11-003 provides for an economic development annual budget cap of \$30,000 that is to be allocated to natural gas customers and NorthWestern. 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 proposed 2023 budget and 2022 budget and expenses exceed the \$30,000 cap, NorthWestern is providing a full representation of its economic development contributions that benefitted our natural gas customers in South Dakota for the Commission's information.

The Commission will note that there are some adjustments from the 2022 budget as presented in Docket NG22-004 and actual expenses in 2022. In some cases, NorthWestern did not receive a payment request from an organization that was traditionally supported or we decided to offer support to another organization that we have not in the past. The final adjusted dollar amount that was spent in 2022 was \$1,204 more than the overall adjusted budget as approved by the Commission in Docket NG22-004. Budgets will have some fluidity from year to year as community economic development needs or priority projects change. No funding provided by NorthWestern Energy for economic development purposes in 2022 was used for lobbying at the state or federal levels.

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 our member economic development partners to address issues that may not otherwise be addressed.

During 2022, key areas of focus were once 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 \$28,000 in funding to assist with capacity building and education of the local economic development practitioners. In 2023, NorthWestern Energy will remain focused 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 (<http://www.advantagesouthdakota.com>).



We will continue working with existing service territory businesses regarding business expansion opportunities. NorthWestern will also leverage our key account and mid-sized business activities to identify and support business expansion and retention opportunities. In addition, we will remain focused on our efforts 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 a contribution totaling \$5,000 to the Harrisburg Economic Development Corporation that was not included in our 2022 approved budget. It was a new request for funding to support their capital campaign. NorthWestern also did not contribute to Aberdeen Development Corporation's capital campaign in 2021 because we did not receive an invoice due to a glitch in their billing system. As a result, our 2022 actual contribution increased to compensate for the 2021 payment. In our 2023 proposed budget, this contribution returns to the normal campaign amount of \$15,000. The Commission will also note that the Lake Area Improvement Corporation's (LAIC) Capital Campaign contribution for 2022 was expensed in 2021 and paid in early 2022. Therefore, two years' worth of campaign contributions were paid in 2021 that decreased the amount paid to LAIC in 2022.

Additionally, a number of our local chambers of commerce increased their dues for 2022. These dues increases are reflected in Attachment B. As in past 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 and we anticipate receiving their dues requests in 2023. The 2023 proposed budget in Attachment A has been adjusted accordingly.

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 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

pam.bonrud@northwestern.com

O 605-978-2900

C 605-321-4025

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