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October 24, 2016

Ms. Barcy F. McNeal
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43215

RE: Case No. 16-2069-GA-EDP
Columbia Gas of Ohio, Inc.
Application for Approval of an Economic Development Project:
Sofidel Pipeline Project

Dear Ms. McNeal:

On October 21, 2016, Columbia Gas of Ohio, Inc. ("Columbia") filed an application in Case Nos. 16-2067-GA-ATA and 16-2068-GA-IDR that requested authority to establish its Infrastructure Development Rider ("IDR"). That application sought to establish the rider, but did not request recovery of any amounts pursuant to the new rider. The Application in the instant docket is the first in which Columbia is requesting authority to incur and defer infrastructure development costs that are eligible for potential recovery pursuant to the IDR.

Columbia, therefore, submits this Application for Approval of an Economic Development Project pursuant to Revised Code § 4929.163(A) and Ohio Admin. Code 4901:1-43-03(A). The project which is the subject of this Application is a proposed pipeline project known as the Sofidel Pipeline Project (the "Project").

The Project is located in Pickaway County, Ohio, crossing portions of the City of Circleville, and Jackson and Wayne Townships. As required by Ohio Admin. Code 4901:1-43-03(A), please be advised of the following:

(A) The notice shall contain the following information:

(1) The name and location of the project.

The Sofidel Pipeline Project is the installation of new infrastructure – an 11.8-mile, 12-inch diameter, coated steel, high pressure gas main, to serve Sofidel America’s new \$300 million paper manufacturing facility near Circleville, Pickaway County, Ohio.

(2) A background of the subject company of the economic development project.

Sofidel America Corp., a Florida corporation, is a subsidiary of Sofidel Corp., an international company based in Italy. Sofidel is the sixth largest manufacturer of paper products, including bathroom tissue, in the world, and operates in multiple countries and employs approximately 6,000 people globally.

(3) The level of total investment and capital expenditure by the subject company and the economic development impact.

The Project investment and capital expenditure attributable to Sofidel is \$ [REDACTED], which is comprised of the following funding:

\$ [REDACTED] from Sofidel
\$ [REDACTED] from [REDACTED]
\$2.51 million from this Application

This description shall contain the following information:

(a) Estimated state and local taxable base increase.

Columbia currently does not have an estimate for state and local taxable base increase because this information is not available to Columbia.

(b) Anticipated number of new jobs created and jobs retained by the project.

Sofidel estimates that the new facility will create around 300 new jobs in the Circleville area. Because Sofidel currently does not operate in Pickaway County, no existing jobs are being retained.

(c) Description of the community served and the benefits to that community.

The United States Census Bureau estimates that Pickaway County's population was 56,998 as of July, 2015. The project will be closest to the city of Circleville that had an estimated population of 13,857 as of July, 2015. With Sofidel locating its plant in Pickaway County, it will be one of the largest employers in the county, behind DuPont (570), General Electric (441), and TriMold LLC (330).

The greatest benefit to Sofidel siting its plant in Pickaway County is the job creation anticipated. As of April 2016, the unemployment rate of Pickaway County was 4.6%. The jobs created with the plant will provide a secondary benefit of economic growth and development.

(4) To the maximum extent practicable, a description of other potential locations that may compete with the proposed location, including the type, location, and time frame of potentially competing projects.

When considering locating in Circleville, Ohio, Sofidel chose Pickaway County over 100 other potential sites in the United States according to Sofidel CEO Luigi Lazzareschi. Columbia does not have more specific information about these potential sites.

(5) The level of infrastructure investment anticipated by the natural gas company. This description shall contain the following information:

(a) A description of how the infrastructure development costs are projected to generate a return less than the most recently authorized rate of return.

The total cost of the project is \$ [REDACTED]. With Columbia's authorized rate of return, Columbia required a contribution of \$ [REDACTED]. With the total dollars invested by Columbia, Sofidel and [REDACTED], there is a \$2.51 million gap in funding. Without this additional funding, the Project would not be financially viable.

(b) A description of how the utility will not exceed the two dollar cap on an annual basis.

In Case Nos. 16-2067-GA-ATA and 16-2068-GA-IDR, Columbia's requested authority to establish its IDR rate at \$0. Here, with the \$2.51 million requested being Columbia's first application to apply for funds pursuant to Revised Code § 4929.163(A) and Ohio Admin. Code 4901:1-43-03(A), Columbia is below Columbia's \$2.8 million annual cap on recovery for economic development projects (i.e., \$2 annual cap for Columbia's 1.4 million customers).

Should the Commission desire further information or discussion of this application, please do not hesitate to reach out to me at the information listed above.

Respectfully submitted,

COLUMBIA GAS OF OHIO, INC.

/s/ Joseph M. Clark

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Summary: Application for Approval of an Economic Development Project: Sofidel Pipeline Project electronically filed by Cheryl A MacDonald on behalf of Columbia Gas of Ohio, Inc.