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November 15, 2017

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

RE: Case No. 17-1679-GA-EDP
Columbia Gas of Ohio, Inc.
Application for Approval of an Economic Development Project:
FWD:Energy, Southern Ohio Industrial District Project

Dear Ms. McNeal:

Columbia Gas of Ohio, Inc. ("Columbia") submits this Application for Approval of an Economic Development Project pursuant to Revised Code § 4929.163 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 FWD:Energy, Southern Ohio Industrial District Project (the "Project").¹

The Project is located in Lawrence County, Ohio, near the village of Hanging Rock and in Hamilton Township. As required by Revised Code § 4929.163 and Ohio Admin. Code 4901:1-43-03(A), Columbia is filing this application prior to beginning construction on the Project, and advises the Commission of the following:

(A) The notice shall contain the following information:

(1) The name and location of the project.

The FWD:Energy, Southern Ohio Industrial District Project involves a new customer, FWD:Energy, that is looking at starting a business in an existing building on the previously-owned Dow Chemical plant site near Hanging Rock, Ohio.

¹ The line extension for FWD:Energy is a joint project with GETH-Ohio. Columbia also filed an application for approval of an economic development project for GETH-Ohio in Case No. 17-1678-GA-EDP.

The Dow Chemical property has been purchased by the Lawrence Economic Development Corporation for the purpose of marketing this site available to new industry. The project will involve the installation of approximately 1,400 feet of new six-inch mainline from the existing Dow Measurement Station to the existing building where FWD:Energy is interested in locating. FWD:Energy is expected to invest approximately \$3 million in renovations to the existing building on site to make it operational for its use.

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

FWD:Energy, a Nevada-based corporation, has developed a proprietary, patent pending system that converts scrap rubber from tires and other sources into valuable energy-related products. The technology integrates industrial-scale microwave processing, which is efficient and environmentally sound. The products from this process include carbon black, which is then converted into a synthetic crude oil that is used as a blend stock with other conventional oil products and chemicals. Automobile tires consist of roughly 40% carbon black and the need for this material is expected to grow from 13.9 million metric tons in 2016 to 19.2 million metric tons in 2022.

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

The Project investment and capital expenditure for the main line extension attributable to FWD:Energy is [REDACTED], which is comprised of the following funding:

[REDACTED] from FWD:Energy
\$47,592 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.

FWD:Energy estimates that the new facility initially will create around 25 new jobs in the Hanging Rock area. The company hopes to expand this facility over the next few years, but the number of additional jobs has not been estimated. Because FWD:Energy does not currently operate in Lawrence County, no existing jobs are being retained.

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

The Southern Ohio Industrial District is located in an unincorporated area called Haverhill, which is near Hanging Rock, Ohio. Hanging Rock has a population of 220 people. However, it is also part of the Huntington/Ashland/Ironton Metropolitan Statistical Area and offers a population of 340,000 residents for new companies to pull from at this site. The Ohio Chemical Council has also released a study which said this area was the second best petrochemical region in the United States and this site is being considered by other businesses as well, such as GETH-Ohio.

The greatest benefit of FWD:Energy siting its plant in Lawrence County is the job creation anticipated from it and the economic growth and development that may be attracted to the Southern Ohio Industrial District as a result of it being there. As of May 2017, the unemployment rate of Lawrence County was 5.3%.

(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 Hanging Rock, Ohio, FWD:Energy chose Lawrence County over potential sites in Kentucky and West Virginia according to Lawrence Economic Development Corporation. 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 and FWD:Energy there is a \$47,592 gap in funding. Without this additional funding, the Project may not be financially viable.

As noted in Columbia's Motion for a Protective Order filed in this docket, the total project cost, the required contribution and the calculations to determine that contribution are highly confidential and proprietary. Due to its confidential nature, Columbia will meet with Staff of the Public Utilities Commission of Ohio to discuss this information.

(b) A description of how the utility will not exceed the \$1.50 per month rate limitation.

In 2017, Columbia has only received approval for \$100,000 of Infrastructure Development Rider-eligible funding.² Here, and with the application for GETH-Ohio, Columbia is filing its second applications in calendar year 2017 for approval pursuant to Revised Code § 4929.163 and Ohio Admin. Code 4901:1-43-03(A). Both applications propose approval of dollars well below the annual recovery limitation of \$1.50 per month, per customer provide in Revised Code § 4929.162(A) with Columbia's approximately 1.4 million customers.

Finally, pursuant to Revised Code § 4929.163(C)(4), attached hereto as Appendix A is the support for the project by an economic development entity or chamber of commerce.

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.

² See Case No. 17-1906-GA-EDP.

Respectfully submitted,

COLUMBIA GAS OF OHIO, INC.

/s/ Joseph M. Clark

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May 11, 2017

William D. Schlarb, Marjor Account Manager
Columbia Gas of Ohio 98 Steubenville Avenue
Cambridge, OH 43725

Dear Mr. Schlarb,

Thank you for taking time to join Lawrence Economic Development Corporation, LEDC, leadership in review of the plans for further development of the Southern Ohio Industrial District. This development is so important to the future of Lawrence and Scioto Counties as well as the State of Ohio.

You are familiar with LEDC's work at our Point Industrial Park in South Point, Ohio where we have constructed 11 speculative buildings with the help of many other agencies. These 11 buildings are now fully occupied with the exception of one-half of Spec Building #5, and we are within days of signing a 10 year lease on that space that will bring another 27 jobs to the Point to join the over 700 existing ones.

As we shared with you, we see the Southern Ohio Industrial District offering even greater opportunity for manufacturing job development than the Point, as it has all the same logistical amenities with more buildable land. Additionally, the close availability of natural gas can make it far more desirable than other properties for manufacturing so we are so appreciative that you and Columbia are willing to attempt to work with us to provide full development of those energy resources for these properties.

LEDC has recently purchased from the Dow Chemical Corporation three buildings totaling 173,000 sf. along with 65 acres which are all out of the flood plain and served by NS rail. We have two companies already committed to the 23,000 sf building subject to having the utilities available at the building with an option to expand to a second of the three. These two companies are committed to provide 45 jobs with a \$21.00 per hour wage plus benefits. One of those companies, GETH-Ohio has further committed to a total of 200 jobs as they expand into a second building. Additionally, we have been in discussions with a third company that manufactures concrete blocks and mining safety products that could offer 100 manufacturing jobs; therefore, we are in negotiations with Dow to purchase the balance of their closed plant. This property will offer two more rail spurs into the NS Rail, 1300' of Ohio River frontage, and enough above flood plain properties to construct numerous buildings and manufacturing sites. This discussion is under an NDA with a clause allowing me to share with partners, and I am looking at you and Columbia as one of our partners.

Other partners to date include Jobs Ohio, the Ohio Development Service Agency, the Appalachian Partnership for Economic Growth, American Electric Power, and the Ohio Department of Transportation. ODOT provided \$250,000 toward the new roadway and the Jobs Ohio/APEG package to bring water and electric into the buildings and to replace some of the transite siding with steel was over \$888,000 which allowed us to sign an option agreement with the two companies. In

addition to serving these three buildings, the utility extensions will open the 60+ acres that were purchased with the three buildings for construction of some speculative buildings.

When we look at the property currently in LEDC ownership and hoped to be under our ownership by late summer, we see the possibility of 2000 jobs eventually being part of this new industrial park. APEG and Jobs Ohio are working together to assist LEDC or the Lawrence County Port Authority, an agency administered by LEDC, in purchasing this additional 300 acres and seven buildings.

In this most southern part of Ohio, we normally have to fill valleys or level hills to have adequate sites for buildings; therefore, the opportunity to fully develop this Southern Ohio Industrial District and offer nearly 500 acres of industrial development land is a game changer for this region. We are in great hopes that you, Columbia Gas, the Ohio Public Utilities Commission, and Jobs Ohio can provide the assistance to make this a fully developed and accessible site for development and job creation.

Sincerely,

A handwritten signature in cursive script that reads "Bill W. Dingus".

Bill Dingus, PhD.
Executive Director

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

11/15/2017 1:50:24 PM

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Case No(s). 17-1679-GA-EDP

Summary: Application for Approval of an Economic Development Project: FWD:Energy,
Southern Ohio Industrial District Project
electronically filed by Cheryl A MacDonald on behalf of Columbia Gas of Ohio, Inc.