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October 31, 2019

Ms. Tanowa M. Troupe
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43215

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PUCO

RE: Case No. 19-2000-GA-EDP
Columbia Gas of Ohio, Inc.
Application for Approval of an Economic Development Project:
Mucci Farms, Inc. Project

Dear Ms. Troupe:

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 project known as the Mucci Farms Project (the "Project").

The Project is located in Erie County on Rye Beach Road. 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.

Mucci Farms is a family-owned and operated hydroponic grower of produce and has been in business since 1963. Based out of Kingsville, Ontario, it operates 400 acres of farmland and employs 1,200 individuals. Mucci Farms is a grower, shipper, and marketer of produce such as tomatoes, peppers, and cucumbers across Canada and the United States.

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Currently, Mucci Farms has a 30-acre greenhouse along with office and distribution space in Huron, Ohio, and employs 110 individuals. It will be constructing Phase 2 of its expansion, which consists of an additional 30 acres of greenhouse space and warehouse space in Huron, Ohio.

To serve the Project, Columbia is required to install Columbia owned distribution facilities. This includes the installation of 11,000 feet of mainline as well as a new point-of-delivery ("POD") station and regulator station.

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

Mucci Farms is an industry leader with greenhouses in two countries, equipped with world-class technology and a dedicated team of over 1,200. The company started over 60 years ago when two brothers from Italy immigrated to Canada to grow fruits and vegetables. The company has grown into a leader in the greenhouse industry. With an emphasis on efficiency, Mucci Farms makes significant investments in state-of-the-art automation and robotics to provide consumers with the highest level of food safety and maximum shelf life for all of its products. Vertically integrated from seed to retail, Mucci Farms owns and operates over 250 acres of tomato, pepper, cucumber, eggplant, lettuce, and strawberry greenhouses in Kingsville, Ontario and Huron, Ohio. It also has a global network of over 1,500 acres with partner growers.

Due to consumer demand, Mucci Farms is expanding its Ohio footprint. This expansion allows Mucci Farms to reduce the food miles for U.S. retailers and give U.S. customers their own locally grown vegetables.

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

The Mucci Farms expansion reflects a total fixed capital investment of \$67,735,000, being made by the subject company. Two hundred new jobs will be created as a direct result of the overall Mucci Farms expansion with the average pay being \$13/hour and an annual payroll of \$5,453,760.

During Phase 1 of the Mucci Farms initial expansion into the United States, funding was awarded to Mucci Farms from other sources: a \$200,000 Economic Development Grant from JobsOhio, discounted electric rate agreement from the

City of Huron, and a commitment to land sale from Bowling Green State University.

The required contribution for Project investment and capital expenditure for the new Columbia distribution facilities, including a mainline extension, point-of-delivery (POD) station and a new regulator, is \$ [REDACTED], which is comprised of the following funding:

\$ [REDACTED] from Mucci Farms
\$1,198,409 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.

Mucci Farms estimates Phase 2 of its expansion will create 40 new full-time jobs, totaling 200 new full-time jobs once all Phases are completed.

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

Erie County and the City of Huron are home to over 75,000 people located along the Lake Erie coastline. The region also serves as an employment hub for several surrounding counties such as Ottawa and Huron Counties. Historically the area's economy and employment base were driven by manufacturing. However, recent decades have brought more diverse employment opportunities to the region in tourism and entertainment, healthcare, and professional services. Many would recognize the area's largest seasonal employer, Cedar Point amusement park.

Despite a smaller residential population, the City of Huron serves as home to many large companies in the county, benefiting from strong logistics (ports, rail and I-90), competitive land and utility prices, and the educational resources of Bowling Green State University Firelands. With its business corridor still centered largely in automotive manufacturing, the community has been actively seeking diversification into less cyclical businesses. The recent agricultural investment from Mucci Farms was welcomed alongside a \$30 million dollar expansions at n2y, a software firm, and Firelands Scientific, a medical production company. The City and county are also focused on revamping Main Street areas and the waterfront to ensure residents continue to invest in the region as well.

The long-term vision for Mucci Farms totals over \$75 million in capital investment and 200 locally employed Ohioans. Phase I of the project in Huron was completed with an acquisition of 100 acres and a \$50 million investment to construct a thirty-acre green house, plus warehouse and distribution space to service both U.S. and Canadian production. Mucci Farms has already been a significant positive contributor to the local tax base, employment opportunities, infrastructure maintenance, and charitable giving.

- (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 the expansion, the Project also considered another potential location in Michigan.

- (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 Mucci Farms, there is a \$1,198,409 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.

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

With the application for Mucci Farms, Columbia is filing its fourth application in calendar year 2019 for approval pursuant to Revised Code § 4929.163 and Ohio Admin. Code 4901:1-43-03(A). The application proposes 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. In the event this application is approved, the resulting rate tied specifically to the Project is less than \$0.10.

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.

Respectfully submitted,

COLUMBIA GAS OF OHIO, INC.

/s/ Joseph M. Clark

Joseph M. Clark, (Counsel of Record)

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COLUMBIA GAS OF OHIO, INC.



October 11th, 2019

Mr. Tommy Young, Economic Development Manager
Columbia Gas of Ohio, Inc.
P.O. Box 2318
Columbus, Ohio 43216

Dear Mr. Young,

On behalf of the Erie County Economic Development Corporation, I am pleased to submit this letter of support for an Infrastructure Development Rider to be dedicated to support Mimi Farms, a growing Erie County company.

Mimi Farms is a subsidiary of Mucci Farms, an established hydroponic greenhouse grower headquartered in Kingsville, Ontario. Mimi Farms is the company's first U.S. based growing operation, reducing food miles to many of their large U.S. customers. This operation is yet another way Mucci Farms is advancing the practice of agriculture and sustainable product development.

The company's innovative production techniques, considerable capital investment, and local employment opportunities have been a welcome addition to Erie County. When completed, the company's vision of 60 greenhouse acres will make it one of the largest local investments in recent decades and one of the largest employment centers in the county with 200+ team members.

With Phase I of the project successfully carried out, Mimi is preparing to embark upon Phase II of this exciting project including more investments in building and equipment and human capital. The project also requires considerable cost in infrastructure expansion, and assistance from Columbia Gas & the Public Utilities Commission of Ohio will help to alleviate some of this concern. It is a key part in ensuring this growth and prosperity is positioned in Erie County & the State of Ohio. We appreciate your assistance and support of our regional economy.

Sincerely,

A handwritten signature in cursive script, appearing to read "Abbey Bemis".

Abbey Bemis, Executive Director
Erie County Economic Development Corporation