

FILE

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Columbia
Gas[®]
of Ohio
A NiSource Company

October 31, 2019

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

RECEIVED-DOCKETING DIV.
2019 OCT 31 AM 11:19
PUCO

RE: Case No. ~~10~~-19-2001-GA-EDP
Columbia Gas of Ohio, Inc.
Application for Approval of an Economic Development Project:
Emerson Process Management Value Automation, Inc.

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 Emerson Process Management Value Automation, Inc. (the "Project").

The Project is located in Richland County on Park Avenue West in Mansfield, Ohio. 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.

Emerson Process Management Value Automation, Inc. (a.k.a. Actuation Technologies) ("Emerson" or "Actuation Technologies") is located in Mansfield, Ohio. Emerson is planning an expansion by constructing a second plant in Mansfield, Ohio.

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Technician mm Date Processed 10/30/19

To serve the Project, Columbia is required to install Columbia-owned distribution facilities. This includes the installation of 4,885 feet of new mainline and the installation of 350 feet of new service line.

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

Emerson is a global technology and engineering company. The Actuation Technologies business segment helps manufacturers maximize production, improve efficiencies, and ensure project delivery. The operations in Mansfield, Ohio manufacture valves, actuators, and regulators used to open and close valves in industrial applications. The company's products are used around the world and enable companies to stay competitive in the adverse environments.

Emerson wants to expand the Mansfield plant to support future business growth, improve productivity, and enhance customer experience. The project has been separated into two phases. The initial phase adds 12,600 square feet of manufacturing space to expand electric hydraulic production and streamline the Rotary Vane value stream.

The second phase will commence in 2021 and adds 10,900 square feet to expand shipping and enable inside storage for in process goods and enhance overall customer experience. This investment includes funding to materially increase manufacturing space, transform Rotary Vane production to single piece flow, construct a new lobby, build a learning center and customer lab space, and improve safety and Americans with Disabilities Act compliance.

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

The Emerson expansion reflects a total capital investment of \$6,500,000 being made by the company. New jobs and a top-tier manufacturing facility are a direct result of the expansion.

The required contribution for Project investment and capital expenditure for the new Columbia distribution facilities, including a mainline extension and a new service line, is \$ [REDACTED], which is comprised of the following funding:

\$ [REDACTED] from Emerson
\$103,021 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.

Emerson estimates the plant will create 20 new full-time jobs.

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

Richland County is 500 square miles in north central Ohio. The county has a population of 122,000 and Mansfield, the largest city, has a population of approximately 47,000. The median household income is \$44,000, compared to the Ohio median of \$57,000. The labor force is regional – there are nearly 25,000 people commuting into the county (mostly from neighboring counties) and about 22,000 commuting out, mostly to Franklin County. While the county's bachelor degree rate is below the national and state averages, the company's workforce is technically trained and experienced.

The local economy is largely driven by healthcare and manufacturing. There are seven different health systems in the county, all of which have expanded in the past seven years. Manufacturing has a long history in Richland County, with household names like Westinghouse, Tappan, and General Motors. There is now a mixture of companies in several clusters including automotive, advanced manufacturing, steel and related products, fluid movement, and flexible packaging. The largest employers are OhioHealth, Newman Technologies, Stoneridge, Inc., Startek, Arcelor Mittal, Jay Industries, Next Generation Films, and The Gorman-Rupp Company.

The expansion of Emerson will allow it to operate a new line of products, which is the new area of growth for the business. It will allow for more engineering offices, create new training space, and help to modernize the office which will make this location viable, moving in the future. The continued success of Emerson is important to the local community.

- (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 other potential locations in Houston, Texas and Pune, Indiana.

- (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 Emerson, there is a \$103,021 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 Emerson, Columbia is filing its sixth 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 \$0.01.

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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October 17, 2019

Thomas Young
Economic Development Manager
Columbia Gas of Ohio, Inc.

RE: Expansion of Emerson Process Management

Dear Mr. Young:

On behalf of the Richland Area Chamber & Economic Development, I wish to express our support for Project FastTrack, the expansion of the Emerson location in Ontario, Ohio. The continued growth of national brands through the hard work of our local workforce is essential to our economy. While we have supported this company through its growth process with assistance and local incentives, the participation from Columbia Gas is certainly pivotal.

Emerson Process Management has been manufacturing in Ontario since the 1950s, it began as Schaffer Valve and was eventually acquired by Emerson who kept the facility in its location. Increased natural gas service to this facility is essential not only for the expansion in consideration, but also for continued operation of the facility in its current state. Last year Emerson didn't have enough gas to properly heat their facility, these lower temperatures mean they were unable to run their paint booth for a week leading to a serious loss of productivity. This infrastructure upgrade helps address this current problem and prepare for the future.

This new expansion project will allow them to fully operate a new line of products the Bettis Electro-Hydraulic Operator (EHO), which is the new area of growth for the business. Additionally, it will allow for more engineering offices, create new training space, and help to modernize the office which will make this location viable moving into the future. We are very excited to see this project come to completion.

Please feel free to contact me if you need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Barrett Thomas".

Barrett Thomas
Director of Economic Development
Richland Area Chamber & Economic Development