

LAW OFFICES  
**BRYDON, SWEARENGEN & ENGLAND**

PROFESSIONAL CORPORATION

312 EAST CAPITOL AVENUE

P.O. BOX 456

JEFFERSON CITY, MISSOURI 65102-0456

TELEPHONE (573) 635-7166

FACSIMILE (573) 635-0427

DAVID V.G. BRYDON  
JAMES C. SWEARENGEN  
WILLIAM R. ENGLAND, III  
JOHNNY K. RICHARDSON  
GARY W. DUFFY  
PAUL A. BOUDREAU  
SONDRA B. MORGAN  
CHARLES E. SMARR

DEAN L. COOPER  
MARK G. ANDERSON  
GREGORY C. MITCHELL  
BRIAN T. MCCARTNEY  
DIANA C. FARR  
JANET E. WHEELER

OF COUNSEL  
RICHARD T. CIOTTONE

October 17, 2003

**HAND DELIVERED**

Mr. Dale Hardy Roberts  
Secretary/Chief Regulatory Law Judge  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, MO 65102

**Re: Missouri-American Water Company  
Application/Tariff Filing**

Dear Mr. Roberts:

Enclosed for filing on behalf of Missouri-American Water Company, please find an original and eight (8) copies of the following documents in the above-referenced matter:

- ▶ Application for Approval of Agreement and Tariff and Motion for Expedited Treatment; and
- ▶ Motion for Protective Order.

Also enclosed for filing, please find three (3) copies of the following tariff sheets, of which the original is being filed as Appendix B of the Application for Approval of Agreement and Tariff and Motion for Expedited Treatment:

P.S.C. Mo. No. 1, 1<sup>st</sup> Revised Sheet No. C, Canceling, Original Sheet No. C  
P.S.C. Mo. No. 6, Original Sheet No. 54

These tariff sheets contain an issue date of October 17, 2003, and an effective date of November 16, 2003. The purpose of this filing is to establish Rate P -- Special Retail Sale Contract Rate: Premium Pork, LLC, in accordance with MAWC's economic development rider for the St. Joseph Service territory. The proposed tariff sheets are designed to assist St. Joseph's efforts to attract out-of-state industry to the St. Joseph area.

**FILED<sup>2</sup>**  
**OCT 17 2003**  
**Missouri Public  
Service Commission**

Secretary/Chief Regulatory Law Judge

October 17, 2003

Page 2

Because these efforts are time sensitive, MAWC has included in its Application a Motion for Expedited Treatment, which asks that the tariff sheets become effective October 31, 2003.

Please see that this filing is brought to the attention of the appropriate Commission personnel. If there are any questions regarding the attached they may be directed to me at the above number.

Thank you in advance for your cooperation in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'DLC', with a long horizontal flourish extending to the right.

Dean L. Cooper

DLC/jar

Enclosures

cc: Office of the Public Counsel (Ruth O'Neill)  
General Counsel (Keith Krueger)  
Dale Johansen  
David Abernathy

FILED<sup>2</sup>

OCT 17 2003

Missouri Public  
Service Commission

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of the Application of )  
Missouri-American Water Company )  
for Approval of an Agreement with )  
Premium Pork, LLC for the Retail Sale )  
and Delivery of Water )

Case No. \_\_\_\_\_

**APPLICATION FOR APPROVAL OF AGREEMENT AND TARIFF  
AND MOTION FOR EXPEDITED TREATMENT**

COMES NOW Missouri-American Water Company ("MAWC"), in accordance with Section 393.150, RSMo. and MAWC's Economic Development Rider, and, in support of its Application for approval of an agreement with Premium Pork, LLC for the retail sale and delivery of water, and related tariff sheets, respectfully represents and states as follows to the Missouri Public Service Commission:

**APPLICANT**

1. MAWC is a Missouri corporation with its principal office and place of business at 535 N. New Ballas Road, St. Louis, Missouri, 63141. MAWC is a Missouri corporation in good standing. A Certificate of Good Standing from the Office of the Missouri Secretary of State was filed in Commission Case No. WM-2001-309 and is hereby incorporated by reference in accordance with Commission Rule 4 CSR 240-2.060(1)(G).

2. MAWC currently provides water service to the public in and around the cities of St. Joseph, Joplin, Brunswick, Mexico, Warrensburg, Parkville, Riverside, Jefferson City, and parts of St. Charles and Platte Counties Missouri, and most all of St. Louis County, Missouri. MAWC currently provides water service to approximately 445,000 customers. MAWC provides sewer service to approximately 100 customers near Parkville, Missouri.

MAWC is a "water corporation," a "sewer corporation" and a "public utility" as those terms are defined in Section 386.020 RSMo. 2000, and is subject to the jurisdiction and supervision of the Commission as provided by law.

3. MAWC currently has a general rate case pending appeal (WR-2000-281), a general rate case pending before the Commission (WR-2003-0500), and an Infrastructure Replacement System Surcharge case pending before the Commission (WO-2004-0116). MAWC has no other pending action or final unsatisfied judgment or decision against it from any state or federal agency or court involving customer service or rates and having occurred within three years of the date hereof. MAWC has no overdue Commission annual reports or assessment fees.

4. Pleadings, notices, orders and other correspondence concerning this Application should be addressed to:

Dean L. Cooper  
Brydon, Swearingen & England P.C.  
312 E. Capitol Avenue  
P. O. Box 456  
Jefferson City, MO 65102  
(573) 635-7166  
(573) 635-3847 facsimile  
[dcooper@brydonlaw.com](mailto:dcooper@brydonlaw.com)

David Abernathy  
Missouri-American Water Company  
535 N. New Ballas Road  
St. Louis, Missouri 63141  
(314) 996-2276 (phone)  
(314) 997-2451 (facsimile)  
[dabernathy@mawc.com](mailto:dabernathy@mawc.com)

## FACTS

5. MAWC makes this Application by authority of §393.150, RSMo 2000.  
Section §393.150 states in pertinent part:

**393.150. Commission may fix rates after hearing—stay increase—burden of proof.--**

1. Whenever there shall be filed with the commission by any . . . water corporation . . . any new form of contract or agreement . . . relating to . . . any privilege . . . the commission shall have, and it is hereby given, authority, to enter upon a hearing concerning the propriety of such . . . form of contract

or agreement . . . ; and after full hearing; whether completed before or after the . . . form of contract or agreement . . . goes into effect, the commission may make such order in reference to such . . . form of contract or agreement . . . or practice as would be proper in a proceeding . . .

Case law indicates that the Commission may act upon such an application without a hearing under the file and suspend provisions of §393.150, if and when it so determines.

6. The reasons for this Application are as follows:

A. Premium Pork is proposing to construct a pork processing facility at a site located within the city limits of St. Joseph, Missouri. The total investment in the plant would be approximately \$130-135 million. Approximately 800 jobs would be associated with the processing facility, with another 200 jobs created as part of the corporate headquarters of the company also to be located in St. Joseph.

B. It has been represented to MAWC that the proposed water rate is very important to the efforts to attract Premium Pork to St. Joseph.

C. MAWC has negotiated an Agreement with Premium Pork for the retail sale and delivery of water ("Agreement"). This Agreement is conditioned on Commission approval. A copy of the Agreement (and subsequent Addendum thereto) will be marked **Appendix A** and late-filed with the Commission. The Agreement is not included as it is considered by MAWC to be highly confidential in nature. It will be late-filed with the Commission upon the issuance of the Commission's standard protective order.

D. The Agreement has been negotiated to operate for a period exceeding ten (10) years. Further, MAWC and Premium Pork mutually acknowledge the Commission's authority to review the rates set forth therein, which acknowledgments are set forth within the Agreement itself (see Appendix A).

E. Attached as **Appendix B** are copies of the following proposed tariff sheets:

P.S.C. Mo. No. 1, 2<sup>nd</sup> Revised Sheet No. C; and,

P.S.C. Mo. No. 1, Original Sheet No. 54.

These tariff sheets are designed to implement the provisions of the Agreement attached as Appendix A. They carry an issue date of October 17, 2003, and a proposed effective date of November 16, 2003.

F. Attached as **Appendix C** and **Appendix D**, respectively, are letters from the St. Joseph Area Chamber of Commerce and the City of St. Joseph describing the importance of the Premium Pork project to the community.

7. MAWC requests that the Commission authorize it to perform under the Agreement for the following reasons:

A. The City of St. Joseph alleges that the economic impact on the community from this project will be significant, to include:

- (i) Approximately 339 jobs associated with the construction of the plant, representing \$7.25 million in wages;
- (ii) Approximately 1,000 new jobs for St. Joseph (800 production, 75 management and 124 administrative) with base wages greater than \$10.00/hour plus benefits;
- (iii) Annual real and personal property taxes anticipated to total approximately \$1.2 million; and,
- (iv) An additional 218 (vendor) jobs anticipated to be created by 2005, representing wages of approximately \$25 million.

B. In order to construct its processing facility in St. Joseph, Premium Pork must be assured that it may operate pursuant to the terms of the Agreement. These terms are necessary for the project to proceed because the General Incentive Provisions of the Economic Development Rider Tariff currently approved by this Commission are not sufficient. The General Incentive rates are not competitive with rates for water service offered by other communities in which Premium Pork has considered constructing its new facility. Attached hereto as **Appendix E** is the Affidavit of Dennis Krause, Vice-President and Chief Financial Officer of Premium Pork, in which Mr. Krause explains that Premium Pork has considered several other communities outside of Missouri for placement of its new facility, and that the competitiveness of water supply costs will be the "most important factor" in Premium Pork's selection of location for its new facility. Mr. Krause further states that the rates negotiated with MAWC, as set forth in the Agreement, are competitive with rates being offered by other communities, unlike the rates set forth in the General Incentive Provisions. See Appendix E. Therefore, unless the proposed Agreement is approved, Premium Pork will likely choose not to proceed with its plans to construct the new facility in St. Joseph, because the cost for water service would be prohibitive. *Id.*

C. Premium Pork has compared and analyzed the costs of obtaining water service from alternative suppliers, the results of which appear in Appendix E described above. As reflected therein, Premium Pork's costs for obtaining water service under the Agreement would be competitive with rates offered by the other communities being considered by Premium Pork. As stated by Mr. Krause in his Affidavit, Premium Pork will be likely to pursue another, more competitive rate option available in a different community if the terms of the Agreement are not approved.

D. The revenue generated by the Agreement will ultimately help offset certain of MAWC's costs and will to that extent benefit MAWC's customers in terms of the rates they would otherwise pay. A copy of a schedule that quantifies the offset/benefit to existing ratepayers will be marked **Appendix F** and late-filed with the Commission. Appendix F also will set forth the "level of contribution towards all other costs associated with the provision of service" Premium Pork will be required to pay under the Agreement. Appendix F is not included as it is considered by MAWC to be highly confidential in nature. It will be late-filed with the Commission upon the issuance of the Commission's standard protective order.

E. The terms of the Agreement will pose no detriment or hardship to other ratepayers within MAWC's affected service territory or to the interests of the State of Missouri. Approval of the Agreement (and the resulting construction/operation of Premium Pork's new facility) will further provide immediate and continuing economic benefit to the St. Joseph and surrounding area in the ways set forth in the Economic Impact Study, attached hereto as **Exhibit G**.

8. A statement quantifying "variable and assignable costs", specifically "variable production cost" of water that MAWC will incur as a result of the Agreement with Premium Pork will be found in Appendix F. There will be no additional facilities specifically attributable to serving Premium Pork.

9. The "change in revenues"; i.e. the change in annual revenues resulting from the Agreement reflected as the difference between the revenues that would be recovered under general tariff vs. those to be recovered under Agreement will also be included in



Appendix F.

10. In negotiating the Agreement, MAWC also negotiated and filed the economic development rider tariff sheets upon which this application is based. Thus, no internal policies or practices have been created or followed in regard to these negotiations.

**MOTION FOR EXPEDITED TREATMENT**

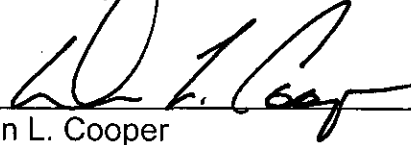
11. MAWC seeks approval of the proposed tariff sheets so that they become effective on October 31, 2003, or as soon thereafter as possible. Failure to decide this matter in a timely manner may adversely affect the ability of the St. Joseph area and MAWC's customers to benefit from the economic impacts described above. The economic development rider tariff sheets upon which this application is based became effective on October 3, 2003. This application has been filed as soon as it could have after the approval of those tariff sheets and the collection of the required information. Therefore, MAWC moves the Commission to expedite its processing such that the proposed tariff sheets may be effective as of October 31, 2003, or as soon thereafter as possible.

WHEREFORE, MAWC respectfully requests that the Commission expedite the processing of this application and thereafter issue its order:

- a) authorizing MAWC to perform in accordance with the Agreement;
- b) approving MAWC's tariff sheets attached hereto as Appendix B to be effective on October 31, 2003, or as soon thereafter as possible; and,

- c) granting such further relief as is consistent with this application.

Respectfully submitted,



Dean L. Cooper #36592

**BRYDON, SWEARENGEN & ENGLAND P.C.**

312 E. Capitol Avenue

P. O. Box 456

Jefferson City, MO 65102

(573) 635-7166 voice

(573) 635-3847 fax

dcooper@brydonlaw.com

David P. Abernathy MBE#33785

Missouri-American Water Company

535 N. New Ballas Road

St. Louis, MO 63141

(314) 996-2276 (phone)

(314) 997-2451 (facsimile)

dabernathy@mawc.com

ATTORNEYS FOR APPLICANT

STATE OF MISSOURI     )  
                                  )  
COUNTY OF Cole     )     ss

I, David P. Abernathy, state that I am Vice-President of Missouri-American Water Company ("MAWC"); that I have read the above and foregoing document; that the statements contained therein are true and correct to the best of my information, knowledge and belief; and, that I am authorized to make this statement on behalf of MAWC.

David P. Abernathy

Subscribed and sworn to before me this 16<sup>th</sup> day of September, 2003.

Doris K. Adams  
Notary Public

My Commission Expires:

DORIS K. ADAMS  
NOTARY PUBLIC - NOTARY SEAL  
STATE OF MISSOURI  
(SEAL) COUNTY OF COLE  
My Commission Expires May 20, 2006



## **APPENDIX A**

APPENDIX A HAS BEEN IDENTIFIED AS HIGHLY CONFIDENTIAL  
AND WILL BE FILED WHEN THE COMMISSION HAS ISSUED  
ITS PROTECTIVE ORDER

# APPENDIX B

FORM NO. 13

P.S.C. MO. NO. 1

CANCELLING

(1<sup>st</sup> Revised)  
(Original)

SHEET NO. C

SHEET NO. C

MISSOURI-AMERICAN WATER COMPANY  
NAME OF ISSUING CORPORATION

FOR CITY OF ST. JOSEPH, MO AND VICINITY  
COMMUNITY, TOWN, OR CITY

TARIFF INDEX		
<u>SECTION RULES</u>	<u>DESCRIPTION</u>	<u>SHEET NUMBER</u>
24.	General	38
25.	Rules and Regulations Applicable to Plumbers	38 - 42
26.	Extension of Mains Income Tax Liability	42 - 43
	Application for Special Connection	44 - 48
27.	Economic Development Rider	49 - 53
	Rate P - Special Retail Sale Contract Rate: Premium Pork, LLC	54
		+
		+
<p>* Indicates new rate or text + Indicates change</p>		

DATE OF ISSUE

October 17, 2003  
month day year

DATE EFFECTIVE

November 16, 2003  
month day year

ISSUED BY:

David P. Abernathy, Vice President,  
General Counsel and Secretary  
Name of Officer, Title

535 N. New Ballas Road  
St. Louis, MO 63141  
Address

FORM NO. 13

P.S.C. MO. NO. 6

(Original)

SHEET NO. 54

SHEET NO.

MISSOURI-AMERICAN WATER COMPANY  
NAME OF ISSUING CORPORATION

FOR CITY OF ST. JOSEPH, MO AND VICINITY  
COMMUNITY, TOWN, OR CITY

**RULES GOVERNING  
RENDERING OF WATER SERVICE  
SCHEDULE OF RATES**

Rate P - Special Retail Sale Contract Rate:  
Premium Pork, LLC

Availability: This rate is available for service provided to Premium Pork, LLC pursuant to the Contract for the Retail Sale and Delivery of Potable Water (Contract).

The Company will provide service pursuant to rates to be generated by the provisions of the Contract. The rates generated by the provisions of the Contract may not be modified without Commission approval.

\* Indicates new rate or text

+ Indicates change

DATE OF ISSUE

October 17, 2003  
month day year

DATE EFFECTIVE

November 16, 2003  
month day year

ISSUED BY:

David P. Abernathy, Vice President,  
General Counsel and Secretary  
Name of Officer, Title

535 N. New Ballas Road  
St. Louis, MO 63141  
Address

AUG 11 2003



St. Joseph Area  
Chamber of Commerce

August 7, 2003

Mr. Eric W. Thornburg, President  
Missouri American Water  
535 North New Ballas Road  
St. Louis, MO 63141

Dear Mr. Thornburg:

I am writing in regard to the tariff to be filed with the Missouri Public Service Commission for a water rate associated with Premium Pork, LLC. The proposed water rate is very important in our efforts to attract the company to St. Joseph.

Premium Pork is proposing to construct a pork processing facility in a redevelopment area of the community known as the Stockyards. The total investment would be \$130 million. Approximately 800 jobs would be associated with the processing facility, with another 200 jobs created as part of the corporate headquarters of the company also to be located in St. Joseph.

As I am sure, you can appreciate a project of this size is very competitive. Several communities, in addition to St. Joseph, have been considered. While the community has offered significant incentives to help offset the cost of locating in a redevelopment area, the cost of water is a key consideration given the nature of the business.

We appreciate the water company's support in assisting with this important economic development project for our community. The ability to provide a competitive water rate will help deliver new jobs and investment.

Sincerely,

R. Patt Lilly  
President/CEO

RPL/dh



# CITY OF ST. JOSEPH

1100 Frederick Avenue, St. Joseph, Missouri 64501-2346

David J. Jones  
Mayor

Phone: (816) 271-4640  
mayor@ci.st-joseph.mo.us

July 22, 2003

Eric W. Thornburg  
President  
Missouri American Water  
535 North New Ballas Road  
St. Louis, Missouri 63141-6875

Dear Mr. Thornburg:

I appreciated the opportunity to visit with you and Bob yesterday. I am especially pleased that we have opened the lines of communication and can have honest and productive dialogues with each other.

I also appreciate your interest and support of Premium Pork Allied Producers (PPAP) coming to St. Joseph. This projects will be a tremendous boost for our economic development efforts:

- Construction of a \$135 million pork processing facility represents 339 jobs to the local economy representing \$7.25 million in wages.
- This new facility will be 600,000 square feet and will process 500 head an hour, operating 16-hours a day. It will not simply be a "kill" operation. A large part of the facility will be devoted to further processing of pork.
- Employment estimates are 1,000 new jobs for St. Joseph: 800 production, 75 management and 124 administrative. Base wages will be greater than \$10.00/hour plus benefits.
- Annual real and personal property taxes are anticipated to totally approximately \$1.2 million.
- We anticipate an additional 218 jobs (vendor) will be created by 2005. The total impact of these wages on the local economy will be approximately \$25.0 million.
- In the early to mid 1900s, the Stockyards Area was the economic heart of St. Joseph. Sadly over the years, we've been forced to watch it weaken. PPAP will bring new energy and incomes to this area, completely revitalizing this once vibrant business district.

When completed this plant will set the industry standard for food quality and food safety and be a showcase for the community and PPAP. Since day one, it has been a challenging project requiring many partnerships to make it a reality. The City, Chamber and members of the business sector of St. Joseph set a goal, worked towards it and achieved success. Now we must continue that partnership to make these plans a reality.



Mr. Eric W. Thornburg

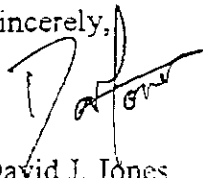
July 22, 2003

Page 2 of 2

I appreciate that Missouri American Water realizes the part they play in this scenario and are willing to negotiate with Premium Pork Allied Producers. As a major vendor for PPAP, you will be very important to their future successes.

Again, thank you for all you have done for the City of St. Joseph. We appreciate your corporation on this and all future projects.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Jones", written over a horizontal line.

David J. Jones

Mayor

cc: Bob Annman; Missouri American Water, St. Joseph

AFFIDAVIT OF DENNIS KRAUSE

STATE OF KANSAS     )  
                                       )  
 County of JOHNSON    )

I, Dennis Krause, being first duly sworn, deposes and says:

1. I am over the age of eighteen (18) years, of sound mind, and I am competent to execute this Affidavit.

2. I am currently employed as the Vice-President and Chief Financial Officer of Premium Pork, LLC, a Limited Liability Company organized under the laws of the State of Missouri, and which is currently in good standing ("Company").

3. The Company's primary business is owning, developing, constructing, and operating a \$120,000,000 facility to slaughter and process pork products for delivery both domestically and abroad.

4. In my capacity as Vice-President and Chief Financial Officer for Premium Pork, LLC, I am responsible for all financial, information services, human resources, accounting and financial affairs of the Company. Among my duties is the responsibility to analyze and assess the prospects for expanding the Company's facilities and operations to new locations and market areas. I am familiar with the circumstances and details involving the Company's plan to establish corporate headquarters and a new pork processing facility within the city limits of St. Joseph, Missouri ("St. Joseph facility"). The Company expects to commence construction of such headquarters and the St. Joseph Facility in the Fall of 2003 and to complete construction in the Summer of 2005. Within two (2) years after commencement of operations, the Company has agreed with the City of St. Joseph that it will create in excess of 1000 new jobs.

5. St. Joseph, Missouri was one of several possible locations, including but not limited to Albert Lee, Minnesota, Omaha, Nebraska, Plattsmouth, Nebraska and Monmouth, Illinois, being reviewed by the Company for placement of a new processing facility, including locations in a number of different states. The most important factor in the Company's decision process for selecting such locations is the availability and relative cost of utility services needed to operate such a facility, including water service.

6. In addition, the Company's decision to locate its facility in St. Joseph, Missouri is expressly contingent upon the Company receiving Tax Increment Financing and financing for certain wastewater pre-treatment facilities from the City of St. Joseph, Missouri, and an agreement with a supplier of water service that is satisfactory to the Company.

7. The Company has reviewed the General Incentive Provisions of the Economic Development Rider Tariff currently approved by the Missouri Public Service Commission and has determined that such provisions are not sufficient for the Company. The Company is a large consumer of utility services. The cost of these utilities is very important to the Company and its decision of where to locate its facility. The Company believes that it received competitive rate alternatives from other communities which far exceed the General Incentive Provisions of the Economic Development Rider Tariff. To be competitive in the pork processing industry, the Company requires that the rate it pays for water consumption be competitive.

8. After examination of pertinent cost factors for alternative suppliers of water service, the Company determined that Missouri American Water Company ("MAWC") could best meet our needs for supply; ( as it is the only third-party supplier of potable water in the City of St. Joseph, Missouri) therefore, the Company and MAWC have negotiated a rate structure for water supply which the Company believes

is equal in cost to any of the available suppliers considered by the Company. Alternatives available to the Company were, and remain, that it locate its facility in a community outside the State of Missouri where water service rates are lower. One supplier the Company considered was in Albert Lee, Minnesota. It is the Company's understanding that it would pay a water rate in the City of Albert Lee, Minnesota equal to approximately (\$.403) per thousand gallons of water.

9. The rates negotiated between the Company and MAWC have been set forth in an Agreement between the parties, which Agreement is currently before the Missouri Public Service Commission for its review and approval, pursuant to Missouri law.

10. The specific terms of the Agreement meet the Company's requirements for proceeding with its plan to construct and operate the St. Joseph facility.

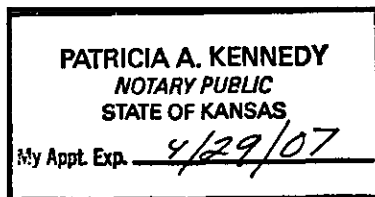
11. Without the terms for water service as set forth in the Agreement, the Company would probably not proceed with its plans to construct and operate the St. Joseph facility because the cost to the Company for such water service would be prohibitive, would make it more difficult for the Company to be competitive, and because the Company could receive more competitive water rates from other communities.

FURTHER AFFIANT SAYETH NOT.

*Dennis K...* CFO  
[Name/Title]

Subscribed and sworn before me, a Notary Public, this 8<sup>th</sup> day of Oct., 2003.

*Patricia A. Kennedy*  
Notary Public



## **APPENDIX F**

APPENDIX F HAS BEEN IDENTIFIED AS HIGHLY CONFIDENTIAL  
AND WILL BE FILED WHEN THE COMMISSION HAS ISSUED  
ITS PROTECTIVE ORDER

### St. Joseph Pork Processing Plant Economic Impact Study

The St. Joseph Pork Processing Plant Project is proposed to begin in 2004 with a year of construction and equipment installation. \$133.3 million dollars is to be spent during 2004 in the following manner: \$30.0 million in construction and land acquisition, \$95.6 million in production oriented machinery and equipment, \$200,000 in motor vehicles for the company, \$2.5 million in furniture for the plant and central office facilities, and \$5.0 million in computers and other machinery for the central office facilities. The hiring and production phase of this project is proposed to begin in 2005 with the hiring of 800 production workers at \$11 per hour and the hiring of 200 central office staff management officials who would be based at this facility.

This project was analyzed using Regional Economic Models Inc.'s Policy Insight software (REMI), and the current city and county sales, schools, and property tax rates to generate local and state benefit. The construction phase of this project will see an additional 339 jobs added to the regional economy. Two-hundred forty four (244) of those jobs are construction jobs and 95 are ancillary, that is related to the support of the additional workers. These jobs add an additional \$7.25 million to the regional economy. The production phase will see the jobs added by construction in 2004 ended, and the 1000 jobs related to production and the central office facility begin. In addition to the 1000 jobs added in the food manufacturing industry, which is assumed to continue unchanged over the period of study, an additional 218 ancillary or supportive jobs will be created in other industries within the region. These jobs provide an additional \$23.86 million to the regional economy in 2005.

Year	2004	2005	2006	2007	2008	2009	2010
Employment	339	1,218	1,232	1,246	1,260	1,275	1,290
Total Wage Bill	\$7,246,000	\$23,860,000	\$27,830,000	\$31,830,000	\$35,690,000	\$39,470,000	\$43,220,000

Year	2011	2012	2013	2014	2015	2016	2017
Employment	1,307	1,324	1,341	1,358	1,376	1,393	1,411
Total Wage Bill	\$46,890,000	\$50,350,000	\$53,730,000	\$57,070,000	\$60,330,000	\$63,550,000	\$66,800,000

State and local tax costs and benefits are based upon the following local tax rates:

City Sales Tax Rate	0.117
County Sales Tax Rate	0.095
County Property Tax Rate	\$1.50
School Property Tax	\$3.62
City Property Tax Rate	\$0.60
City Earnings Tax Rate	0%
Per Capita State Expenditures	(\$1,000)
Per Capita Local Expenditures	(\$1,000)
Prime Interest Rate	4.25%

The Policy Insight software calculates, based upon past history, a number of those people currently unemployed who will work for the new facility, and a number of people who will move into the area to take up the new jobs generated by the new plant and the ancillary demand of its new employees. Given that a certain percentage of those moving to take new jobs will bring families with them, state and local costs as well as projected tax revenue are calculated again based upon the historical experience of the region. The resulting values are adjusted for inflation to produce a "present value" of the costs and benefits that can be compared over time. The increasing costs to the state of the project are primarily but not exclusively due to the increasing school requirements of the families added in 2005.

	14 Years	7 Years
Cumulative Benefits	\$87,443,183	\$35,722,741
State	\$31,757,150	\$11,637,439
Local	\$55,686,034	\$24,085,302
Present Value of Benefits	\$62,527,673	\$29,902,356
State	\$22,296,411	\$9,642,808
Local	\$40,231,262	\$20,259,548
Cumulative Costs	(\$51,483,240)	(\$14,395,740)
State	(\$34,322,160)	(\$9,597,160)
Local	(\$17,161,080)	(\$4,798,580)
Present Value of Costs	(\$34,920,396)	(\$11,630,184)
State	(\$23,280,264)	(\$7,753,456)
Local	(\$11,640,132)	(\$3,876,728)
Net Benefit	\$35,959,943	\$21,327,001
State	(\$2,565,010)	\$2,040,279
Local	\$38,524,954	\$19,286,722
Present Value of Net Benefit	\$27,607,278	\$18,272,172
State	(\$983,853)	\$1,889,351
Local	\$28,591,130	\$16,382,820
Total Incentives:	\$0	\$0
State	\$0	\$0
Local	\$0	\$0