

UTILITIES & SITE SELECTION

ENERGIZED

FOR SUCCESS

The availability of low-cost and reliable energy creates super-charged opportunities for locating warehouses and distribution centers.

Imagine building your dream home, only to discover when the power bill arrives that you can't afford the energy to heat, cool, and light the house.

For many businesses selecting sites for new distribution centers and warehouses, ensuring adequate and affordable energy to power the facility presents a challenge. Smart companies enlist local resources to help explore utility costs in municipalities they are considering for new locations.

Ensuring the availability of reliable and low-cost power is an essential site selection consideration, so it is not surprising that the geographical regions positioned to offer the best utility deals are aggressively selling their advantages to manufacturers and third-party logistics providers seeking the power of, well, power.

Kentucky Comes Clean

When it comes to the price of power, Kentucky is one of the most economical states in the country. "Utilities in Kentucky cost 25 percent less than the national average," notes Erik Dunnigan, commissioner of the Department for Business Development for the Commonwealth of Kentucky. The department recruits companies to the area, and encourages job retention and creation by working with existing businesses and industry to enhance the overall viability of the state's economy.

Prominent among the factors contributing to Kentucky's competitive edge are the benefits of clean coal technologies. Coal-fired power plants produce more than 90 percent of Kentucky's electric power, with the balance generated by hydroelectric dams, fuel oil, and natural gas. Kentucky's large reserves of unmined coal ensure abundant supplies of electric power for the foreseeable future.

These benefits serve the companies that make up Kentucky's diverse manufacturing base. "The state is home to the automotive, food, pharmaceuticals, and plastics industries," Dunnigan says.

Over in Missouri and Illinois, Ameren Corporation works to promote energy

efficiency for its 2.4 million electric and 900,000 natural gas customers through a variety of green initiatives offering incentives to help reduce costs.

"Ameren's commercial rates fall below the national average," says Cheryl Welge, business development executive in Ameren's economic development department. Her claim is validated by an Edison Electric Institute study showing that Ameren Illinois commercial customers pay 18 percent less than the national average, while Ameren Missouri commercial customers pay 33 percent less than the national average.

Commercial energy users can save even more by taking advantage of energy-efficiency incentives, particularly in refrigerated facilities. Illinois' deregulated environment provides commercial customers yet another incentive to locate there.

One common thread runs through the

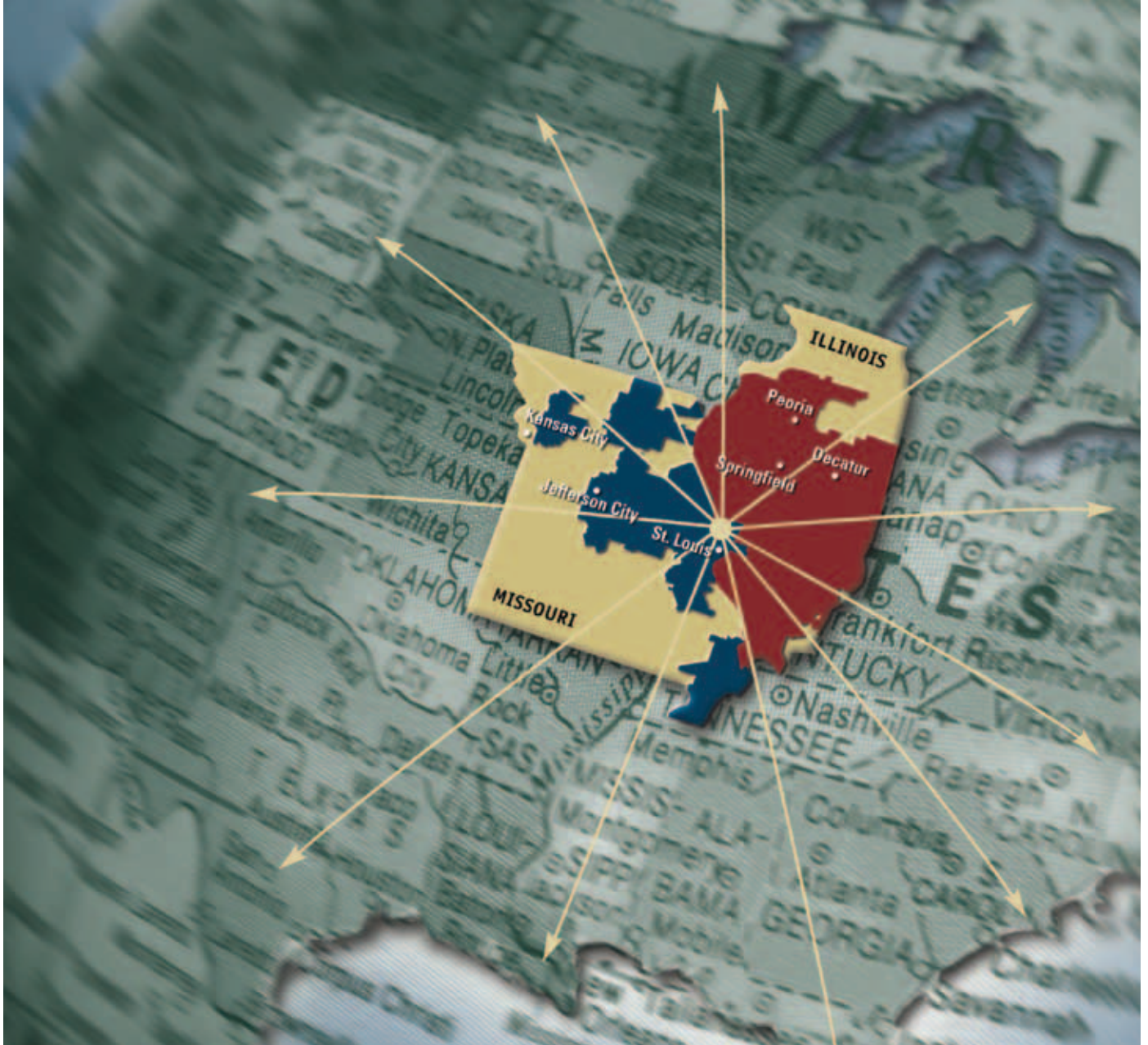
regions where utilities are at their most efficient and economical: the partnerships formed between government and the utilities. It helps, of course, if you happen to control the utility itself. That's the case in Nebraska, where the state's citizens own the Nebraska Public Power District (NPPD), the state's largest electric utility.

"Nebraska's status as the only public power state in the country provides a significant advantage to businesses that choose to locate here," says Rick Nelsen, NPPD economic development manager. "It means the primary goal of Nebraska's electric utilities is to provide low-cost power, rather than shareholder profits."

"Public power also means Nebraska's utilities are financed, in part, through issuing and selling tax-exempt revenue bonds, resulting in lower interest rates on borrowed money," he adds. "Maintaining a publicly elected board as our decision- and



During site selection for warehousing and distribution facilities, companies must ensure local utilities generate sufficient power to run their buildings efficiently.



Least Cost Connections to Midwest Markets

Take advantage of:

- A regional customer base of nearly 78 million.
- Unsurpassed infrastructure: Class 1 rail, intermodal, air, interstates and river.
- A location positioned to benefit from shifts in international transportation lanes.
- Tremendous community resources, transportation assets and workforce availability.

*Selected business costs
from 18% to 27% below
the national average costs
for Distribution Centers.*



*Ameren's Economic Development Team is ready to help
with your site search.*



rate-making body allows NPPD to move more quickly than other utilities on key issues.”

NPPD’s chartered territory includes all or parts of 91 of Nebraska’s 93 counties. The utility’s revenues are derived mainly from wholesale power supply agreements with 52 towns and 25 rural public power districts and rural cooperatives that rely totally or partially on NPPD’s electrical system. NPPD also serves about 80 communities at the retail level. More than 5,000 miles of transmission lines make up the NPPD electrical grid system, which delivers power to about one million Nebraskans.

Partnering is also a key element in Kentucky, where the state’s business development department functions as a power line to the utilities, beginning when a company first inquires about a possible location for a DC or warehouse.

“The Department for Business Development immediately engages with the utilities in that process,” says Dunnigan. “In doing so, government creates an environment where businesses can be successful.”

Part of the Team

Development executives at Ameren see themselves as integral members of the site-selection team in the regions they serve. “Typically, we are part of the local and state team working with companies looking for sites in the region,” Welge says. “We provide information the team needs to sell the location based on low-cost energy and long-term solutions. We provide support to



Kentucky businesses count on utilities such as Louisville Gas and Electric Company to provide affordable, reliable power.

local and state officials to help move projects along quickly and efficiently.”

Ameren brings yet another form of power to the process: scale. Ameren Missouri ranks as the largest electric power provider in Missouri, and Ameren Illinois ranks as the third-largest natural gas distribution operation (in total number of customers) in Illinois.

With assets of \$23 billion, Ameren is a holding company for Ameren Illinois, Ameren Missouri, and three other

operating entities. It serves customers across 64,000 square miles in Illinois and Missouri.

In Missouri’s Joplin region, companies seeking DC and warehouse space look first to the Joplin Regional Partnership, which provides site-selection assistance, incentive and business tax information, key contacts in business and local government, demographic and economic data, and other services.

“The Joplin Regional Partnership helps companies looking to expand or relocate to the region identify the best possible site,” says Rob O’Brian, president, Joplin Area Chamber of Commerce. “Low-cost reliable utilities are just one of the many benefits employers find in our region.”

The Empire District Electric Company, Missouri Gas Energy, American Water, and many other utility companies provide affordable, safe, and reliable utilities to the Joplin region.

In Kentucky, electric power is distributed by four investor-owned electric utilities, 30 municipal electric systems, the Tennessee Valley Authority, and 21 rural electric cooperatives, whose service areas can be obtained from the Kentucky Association of Electric Cooperatives. The investor-owned utilities, which account for nearly 50 percent of all sales in the state, are AEP Kentucky Power, Kentucky Utilities Company, Louisville Gas and Electric Company, and Duke Energy.

Kentucky’s industrial electric power costs are the lowest in the eastern United States and fourth-lowest in the country.

A chain-link fence with a sign attached to it. The sign has a red top section with the words 'HIGH VOLTAGE' in white, and a white bottom section with the words 'POWERFUL TRANSPORTATION, SITES, AND TAX INCENTIVES.' in black. Below that, in smaller black text, it says 'CONTACT HOOSIER ENERGY BEFORE EVEN THINKING ABOUT RELOCATING.'

HIGH VOLTAGE


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The state's industrial sector natural gas prices are also among the lowest in the country, and are ranked second-lowest in the eastern United States. Natural gas in Kentucky is available from 28 gas distribution companies, 49 intrastate pipeline gas companies, and 172 municipal, college, or housing authority providers.

Access and Hospitality

Site-selection considerations for DCs and warehouses must additionally focus on proximity to the markets they serve. You might say that the heart of it all is being at the heart of it all.

"You can reach about two-thirds of the U.S. population within one day's drive from Kentucky," says Dunnigan. "When you are delivering product, that location is conducive to success."

Nebraska also touts a beneficial location. "Geographically, Nebraska is center stage to both regional and national markets,"

Nelsen says. "I-80, the most traveled east-west transcontinental route of the interstate highway system, offers 482 miles of quick access to every market in the nation. Goods delivered by truck reach more than 25 percent of the U.S. population in just one day. Within two days, that percentage increases to more than 90 percent."

The nation's two largest rail companies—BNSF Railway Company and Union Pacific Railroad—provide service to many Nebraska communities. Ten freight railroads operate more than 3,200 miles of track throughout the state. As a result, no major city in the United States is more than five days by rail from Nebraska.

A hospitable work environment is another important plus. "Nebraska's workforce consists of productive, dependable, educated, and well-trained individuals," says Nelsen. "This contributes to low absenteeism and turnover rates."

"Nebraska maintains an unemployment

rate of 3.8 percent—less than half the nationwide unemployment rate of 8.2 percent," he adds. "Unemployment insurance and worker's compensation insurance costs also are lower than the national average."

The Joplin region, meanwhile, lays claim to a location nearly equidistant between Los Angeles and New York, as well as the Mexico and Canada borders. Of particular importance to DCs and warehouses, three Class I and two regional shortline railroads serve the region, providing direct access to major ports on the Gulf of Mexico and Pacific Ocean.

"The opening of I-49 in late 2012 will create a north-south interstate complement to the existing I-44, and connect the Midwest to the Southwest," says O'Brian. "The Joplin Regional Airport provides commercial and airfreight service, and three other commercial airports are within driving distance of the region."



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NEBRASKA PUBLIC POWER DISTRICT

The Joplin region offers a productive workforce, reasonable operating costs, and a high quality of life. Fiber-optic backbones provide data access throughout the area and around the world.

Attention-Getter

The region served by the Hoosier Energy Power Network also receives considerable attention from businesses and site consultants looking for transportation, distribution, and logistics opportunities because of its proximity to important highway, rail, and water transportation routes, along with several population centers that offer highly trained workforces.

Based in Bloomington, Ind., Hoosier Energy provides electricity through a distribution system of member-owned cooperatives to developed sites and industrial parks along the I-70, I-65, I-64, and I-74 corridors, with significant workforces located in adjacent metropolitan areas such as Indianapolis, Louisville, Cincinnati, and Evansville. As a generation and transmission cooperative, Hoosier Energy operates coal, natural gas, and renewable energy power plants, and delivers power through a 1,500-mile transmission network.

"Shovel-ready sites served by Hoosier Energy stretch over a wide region," says Harold Gutzwiller, Hoosier Energy's manager of key accounts and economic development. "The area's eastern

LOW-COST ELECTRICITY: TOP 15 STATES

Utility rates are an important consideration in site selection decisions. Missouri, Kentucky, Nebraska, and Indiana offer some of the lowest electricity costs in the nation.

Average
Electricity
Rate for All
Sectors
Cents per
Kilowatthour

Rank/State	
1. Wyoming	5.88
2. Idaho	6.14
3. Utah	6.26
4. North Dakota	6.44
5. Missouri	6.46
6. West Virginia	6.62
7. Kentucky	6.63
8. Nebraska	6.67
9. Washington	6.98
10. Iowa	6.99
11. South Dakota	7.05
12. Montana	7.26
13. Indiana	7.62
14. Oklahoma	7.67
15. Oregon	7.70

SOURCE: U.S. Energy Information Administration

Disasters Happen! How you handle them is what matters.

On May 22nd, an EF-5 tornado devastated nearly 1/3 of Joplin, Missouri

7,000 homes were destroyed

More than 500 businesses were leveled and 5,000 jobs were lost

107 miles of city streets were filled with 3 million cubic yards of debris

(That's enough debris to fill a football field end zone to end zone nearly as high as the Empire State Building)

Eleven public school facilities, including the high school, and one private school were lost

Before dawn on May 23rd, all streets were opened one lane for emergency services

Before midnight on May 24th all lanes were cleared

On May 26th the Business Recovery Center opened to help impacted businesses

More than 400 businesses have reopened their doors with more reopening every day

3,500 of the employees who "lost" their job remain on the payroll

All 3 million cubic yards of debris was removed by August 7th as scheduled

Schools started on time in temporary facilities that are the model for schools of tomorrow



For More Information

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www.JoplinRegionalPartnership.com

This recovery would not have been possible without our Regional Partners
and help from all across the United States and the world.

Thanks to this CAN DO attitude, the Joplin region is still open for business and stronger than ever.

Your business can benefit from this CAN DO spirit.

Contact us today.

The Joplin Region: Central. Connected. More Than Capable!

boundary offers one-day delivery to the East Coast, while the western boundary is only a short drive from St. Louis. Our entire service area provides easy proximity to southeastern and south-central markets such as Nashville, Memphis, and Atlanta."

Interstate 65 runs through the heart of the Hoosier Energy service area. Interstates 75 and 57 run on the region's respective eastern and western borders, providing a variety of routes that connect with the southern United States.

"Interstate 69 will have 65 miles of new lanes open in 2012, with additional interstate completed within the next two years," adds Gutzwiller. "And Interstates 70 and 64 are convenient routes to East Coast ports and markets—and they provide access to the west. Both rail and Ohio River ports are available for transshipping as well."

Attracting Major Players

"The area's most recent distribution center success is a new one-million-square-foot facility being constructed for Amazon in Clark County, Ind., a Louisville suburb," says Gutzwiller. "Amazon considers the Indiana labor force and business environment so advantageous it is opening its fourth distribution center here."

"The I-65 corridor continues to be an important logistics thoroughfare for Indiana from Chicago to the Ohio River and points south, as shown by recent expansions and new facilities along this route," says Gutzwiller.

Growth is also a hallmark of the Gateway Commerce Center in St. Louis, served by Ameren. Tenants include Procter & Gamble, Hershey's, Unilever, and Walgreens.

"Walgreens opened a new DC and fulfillment center for its online operations," Welge says. "And it employs robotics."

Powered, of course, by reliable, low-cost energy sources.

For information on participating in an Economic Development Supplement, contact James O. Armstrong at 815-334-9945 or jim@inboundlogistics.com.



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