

ECONOMIC BENEFITS OF THE MVP PROJECT TO GILES COUNTY

Introduction

The proposed Mountain Valley Pipeline (MVP) project is a natural gas pipeline system that would span approximately 300 miles from the north of West Virginia to the south of Virginia. In Virginia, it would pass through six southwestern counties – Giles, Craig, Montgomery, Roanoke, Franklin, and Pittsylvania. The following describes the benefits to Virginia and Giles County from construction spending, pipeline operations, ad valorem taxes, and direct supply of natural gas.

Construction Benefits

The MVP project developers are expected to spend over \$400 million on Virginia-based labor, goods, and services from 2015 to 2018 to support the construction of the project. This direct spending would add \$369 million in cumulative gross regional product to Virginia during that period and approximately 4,400 jobs in 2018 at the peak of construction. With its large, established manufacturing base, Giles County could contribute labor and other resources to the construction effort.

Pipeline Operation Benefits

Ongoing operation of the pipeline would support a total of 34 jobs across the state with average annual wages and benefits of almost \$67,000.

Ad Valorem Tax Benefits

The MVP project could generate up to \$1.1 million in annual county ad valorem taxes (property taxes) once the pipeline is in service.

Direct-Use Benefits

Residential and Commercial Sectors

The Towns of Pearisburg and Narrows, which represent 27% of the county households and commercial entities, have natural gas access. The remaining 73% of the county, however, use primarily electricity for heating needs. The area east of the New River, particularly the Town of Pembroke, less than two miles from the planned route, is not served by natural gas and could benefit from the MVP project's proximity.

Manufacturing Sector

The manufacturing sector represents the largest opportunity for Giles County to benefit from the MVP project. The sector employs over 1,000 people, accounting for \$63 million in annual wages or 36% of the total employment wages in the county. There is estimated to be 8.5 billion cubic feet per year of new natural gas demand potential among manufacturers. Fulfilling this demand would result in 73 new jobs and \$4.5 million in additional wages.

The Celanese plant exemplifies the benefits of natural gas access. Building a new gas pipeline and replacing its coal boilers with gas boilers to meet EPA regulations has allowed Celanese to continue operating in the county, retaining 600 employees and adding 22 new, permanent jobs.

Transportation Sector

Fuel switching in municipal and private vehicle fleets presents another possible savings opportunity. There are estimated to be approximately 100 school buses, other school vehicles, solid waste disposal trucks, and county vehicles, which if converted from gasoline and diesel, would yield over \$100,000 in annual savings.



CRITICAL THINKING
AT THE CRITICAL TIME™

About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organizations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. FTI Consulting professionals, who are located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management and restructuring.

www.fticonsulting.com