

ECONOMIC BENEFITS OF THE MVP PROJECT TO MONTGOMERY 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 Montgomery County from construction spending, pipeline operations, ad valorem taxes, and direct use 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 established manufacturing base, Montgomery 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 \$1.8 million in annual county ad valorem taxes (property taxes) once in service.

Direct-Use Benefits

Residential, Commercial, and Municipal

Most of the county has access to natural gas. Two-thirds of the county's residents use natural gas as their primary source for home heating. Riner is one of the last major areas without natural gas access, and the MVP project could help provide additional supplies to service the residential, commercial, and municipal sectors.

Additional natural gas access also could enable the conversion of Virginia Tech's Central Steam Plant from coal to gas. Coal accounts for 78% of the plant's fuel input while gas and fuel oil account for 20% and 2%, respectively.

Manufacturing

The manufacturing sector plays an important role in the county's economy. It represents 12% of the jobs in the county and pays, on average, \$53,700 in annual wages per employee, which is 33% higher than the average county wage. Major manufacturers in the county include Corning Glass Works, Federal Mogul, and Moog. Providing additional supply to county manufacturers via MVP would help ensure reliable access to a low-cost fuel source. Increased supply also would provide opportunities for manufacturing expansions.

Transportation

Fuel switching in municipal and private vehicle fleets presents another possible savings opportunity to the community. There are estimated to be approximately 300 school buses, other school vehicles, solid waste disposal trucks, and county vehicles, which if converted from gasoline and diesel, would yield significant annual savings if fuel prices rise.



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