Protecting the heritage, resources and economy of the Allegheny-Blue Ridge region

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DOMINION'S ACP: COSTS VASTLY OUTWEIGH BENEFITS STUDY SHOWS

Dominion says that it would cost approximately \$5 billion to build its 594-mile high pressure natural gas transmission line through West Virginia, Virginia, and North Carolina. That number pales in comparison to the costs and economic impacts of the pipeline that will be incurred across just a four-county area of western and central Virginia according to an independent economic study released Tuesday examining the true costs to individuals, communities, and local governments through the construction and operation of the Atlantic Coast Pipeline (ACP) and compressor station.

Five groups concerned about the pipeline's short-term and permanent impacts – Highlanders for Responsible Development, Augusta County Alliance, Friends of Nelson, Friends of Buckingham, Virginia, and Yogaville Environmental Solutions – commissioned Key-Log Economics, a Charlottesville-based research economics firm, to conduct the exhaustive in-depth study.

The eye-opening analysis found that up to \$141 million in lost property value and services, such as water and air quality, would occur across the four-county study area just during construction. Further, the pipeline will depress area economies, contribute to job loss, reduce quality of life, and lower personal incomes in perpetuity to the tune of up to \$109 million annually.

Those estimates are conservative, notes Spencer Phillips, founder of Key-Log Economics. "Putting the stream of costs into present value terms and adding the one-time costs, the total estimated cost of the ACP in Highland, Augusta, Nelson, and Buckingham Counties is between \$6.9 and \$7.9 billion," he said.

The recently announced re-routing of the ACP through the southern portion of Highland County, into Bath County, and back through Augusta County was announced after the Key-Log study was completed. While the re-routing would reduce to some extent the economic impact on Highland, the negative economic impact resulting from the re-routing into northern Bath County would increase the total impact on the immediate region due to the higher property values of affected property and businesses in Bath. Further, the additional dozen or so miles added to the Augusta County route will only serve to increase the final economic impact to that community.

The uniqueness of the counties in the study mean that the specific impacts within each area vary. However, the underlying result, as pointed out in the study, is that the four counties will be deeply impacted in a very negative way.

"In Highland County annual costs to the local economy are estimated to be \$7 million or higher, much larger than the projected benefits that would come to the county, including tax revenues paid by the pipeline. Adverse impacts on property values, which have already been negatively affected by the prospect of the project, will be significant. Also negatively impacted will be travel and tourism, which account for one-fifth of the county's employment," said Lewis Freeman, Chair of the Allegheny Blue Ridge Alliance and President of Highlanders for Responsible Development.

For Augusta County, through which Dominion proposes to run more than 50 miles of the pipeline route, the negative impacts to people's lives and property is enormous, according to the report. Total property value lost would be approximately \$44.5 million, resulting in an annual reduction to the county coffers in excess of \$209,061. "Those figures, while conservative and not inclusive of the new route through the Deerfield Valley, are based on loss of subdivision and development potential, loss of property value and property marketability because of proximity to the pipeline, damage to water resources, and a reduction in agricultural production to name just some of the factors that went into the calculation," noted Nancy Sorrells, Chair of the Augusta County Alliance.

The Atlantic Coast Pipeline would cost Nelson County up to \$43 million dollars per year, with additional one-time costs of up to \$41 million according to the report. Individuals and businesses would lose up to \$25 million in property value outright, while annual losses would include \$18 million in recreation tourism dollars and \$1.2 million in personal income. The annual loss to the county government would be \$526,000 in tax revenue and \$144,000 in property tax revenue, far exceeding the local annual tax payment promised by ACP, LLC.

The communities in Buckingham County, the eastern-most county in the study, are faced with the double whammy of the massive pipeline and a gigantic compressor station that will be in operation 24/7. According to the study, the ACP would cost Buckingham as much as \$20.8 million in one-time costs and annual losses of as much as \$7.1 million.

"I would encourage every Buckingham resident to become familiar with Key-Log's findings," noted Chad Oba, Chair of Friends of Buckingham. "This report uncovers previously undisclosed costs of Dominion's mega-industrial project for our county. No one wants to live near a toxin-belching compressor station nor a 42-inch pipeline, both of which bring many health hazards, and threaten Virginians' property rights." As to the purported tax revenue promised by Dominion to the county, she added, "No amount of tax revenue can buy off citizens who are sincere about protecting their community and their beautiful surroundings."

The pipeline impact study was spearheaded by local citizens groups and property owners who were frustrated at the inaccurate information being distributed by Dominion in regard to the purported benefits of the ACP. Not only were those "benefits," such as large numbers of jobs during and after pipeline construction and promised tax payments to the counties, generally understood to be greatly inflated, they were also not balanced with information on what the negative effects of the pipeline could be in these central and western Virginia communities.

A study released in June of 2015, that was conducted by Synapse Energy Economics, Inc. and commissioned by the Southern Environmental Law Center, has already shown that Dominion's rosy projections of jobs, economic development, and lowered energy prices because of the ACP were flawed. (http://www.abralliance.org/wp-content/uploads/2015/08/Synapse-Report-on-ACP-Benefits-6-12-15.pdf)

"It has fallen on us to analyze the costs to our communities should this pipeline come to pass," said Ernie Reed of Friends of Nelson, the lead group that commissioned the study. "This report demonstrates not only how economically dangerous the pipeline is but how our four counties would bear a huge share of the costs of this project at the hands of Dominion. Further, while the use of the pipeline is measured in years, the costs to the region are forever."

Economic Impacts from the Atlantic Coast Pipeline in the four-county region

•	Lost ecosystem service value during construction	\$16.9-61 million
•	Lost ecosystem service value annually in perpetuity	\$4.9-17.8 million
•	Total property value lost	\$55.8-80.2 million
•	Annual loss in property tax revenue	\$281,000-408,400
•	Annual loss in recreation tourism expenditures	\$41.3 million
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(387 jobs/\$7.4 million payroll)

• Annual loss of personal income \$8.2 million

• One-time costs during construction (property value & ecosystem services) \$72.7-141.2 million

Parcels touched by the right-of-way
Parcels within a half mile of the compressor station
Parcels in the 1.4-mile evacuation zone
6,148

• Residents and homes in the evacuation zone 15,128 people and 8,762 homes

LINKS TO STUDIES

Economic Costs of the Atlantic Coast Pipeline: Effects of Property Value, Ecosystem Services, and Economic Development in Western and Central Virginia (http://www.abralliance.org/wp-content/uploads/2016/02/Economic_Costs_Of_The_Atlantic_Coast_Pipeline-KeyLogic_2-16-16.pdf)

Augusta County: Summary of Economic Effects (http://www.abralliance.org/wp-content/uploads/2016/02/Augusta County Summary of ACP Economic Effects-KeyLogic 2-16-16.pdf)

Buckingham County: Summary of Economic Effects (http://www.abralliance.org/wp-content/uploads/2016/02/Buckingham County Summary of ACP Economic Impacts-KeyLogic2-16-16.pdf)

Highland County: Summary of Economic Effects (http://www.abralliance.org/wp-content/uploads/2016/02/Highland County Summary of ACP Economic Impacts-KeyLogic 2-16-16.pdf)

Nelson County: Summary of Economic Effects (http://www.abralliance.org/wp-content/uploads/2016/02/Nelson County Summary of ACP Economic Impacts-KeyLogic 2-16-16.pdfv)

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