

ESTIMATED ECONOMIC IMPACT OF THE LEIDY SOUTH PROJECT

Analysis Conducted By: **ESI** **ECONSULT SOLUTIONS INC.**

Introduction

The following summary presents results of an economic impact analysis conducted by researchers with Econsult Solutions, Inc. ("ESI"), a nationally recognized Philadelphia-based economic consulting firm. ESI employed industry-standard economic modeling techniques to estimate direct economic activity, translating that activity into total economic output, employment and associated earnings, as well as tax revenue impact.

Summary of Results

The Leidy South project includes the installation of new turbine-driven compressor units in Luzerne County, Pa., (Compressor Station 607) and Schuylkill County, Pa, (Compressor Station 620). These investments are estimated to total \$82 million. ESI has estimated the economic and fiscal impact of construction and ongoing operations of these investments. The overall Leidy South Project includes infrastructure investments in addition to the installation of compressor stations 607 and 620. Therefore, the economic impact estimates presented in the report are conservative.

It is estimated that construction will generate a one-time economic impact of \$47 million in direct, indirect, and induced effects within Luzerne County, supporting 340 jobs worth a combined \$13 million in employee compensation. Schuylkill County will experience a \$39 million economic impact as a result of construction, supporting 290 jobs worth \$10 million in employee compensation. The Commonwealth of Pennsylvania will experience a one-time economic impact of \$100 million, with 680 supported jobs worth \$28 million in employee compensation.

One-Time Economic Impact from Construction			
	Luzerne County	Schuylkill County	Commonwealth of Pennsylvania
Direct Impact (\$M)	\$30	\$29	\$59
Indirect & Induced Impact (\$M)	\$17	\$10	\$41
Total Economic Impact (\$M)	\$47	\$39	\$100
Total Jobs Supported (FTE)	340	290	680
Total Employee Compensation (\$M)	\$13	\$10	\$28

State Tax Revenue Impact

The construction of the compressor stations will generate one-time tax revenues for Pennsylvania. Modeled tax revenues include income tax, sales tax, and business tax, which in total will produce an estimated \$1.3 million in one-time total tax revenues from the direct, indirect, and induced economic activity of construction.

Impact from Operations

Following the completion of construction, direct expenditures and associated employee compensation resulting from ongoing operations will generate an annual economic impact in Luzerne and Schuylkill counties, as well as a total benefit for Pennsylvania. Within Luzerne County, compressor station operations will produce \$2 million annually in total economic impact. Within Schuylkill County, compressor station operations will produce \$2.1 million annually in total economic impact.

Annual Economic Impact from Operations			
	Luzerne County	Schuylkill County	Commonwealth of Pennsylvania
Direct Impact (\$M)	\$1.7	\$1.7	\$3.4
Indirect & Induced Impact (\$M)	\$0.3	\$0.4	\$0.8
Total Economic Impact (\$M)	\$2.0	\$2.1	\$4.2
Total Jobs Supported (FTE)	4	4	8
Total Employee Compensation (\$M)	\$0.3	\$0.3	\$0.6