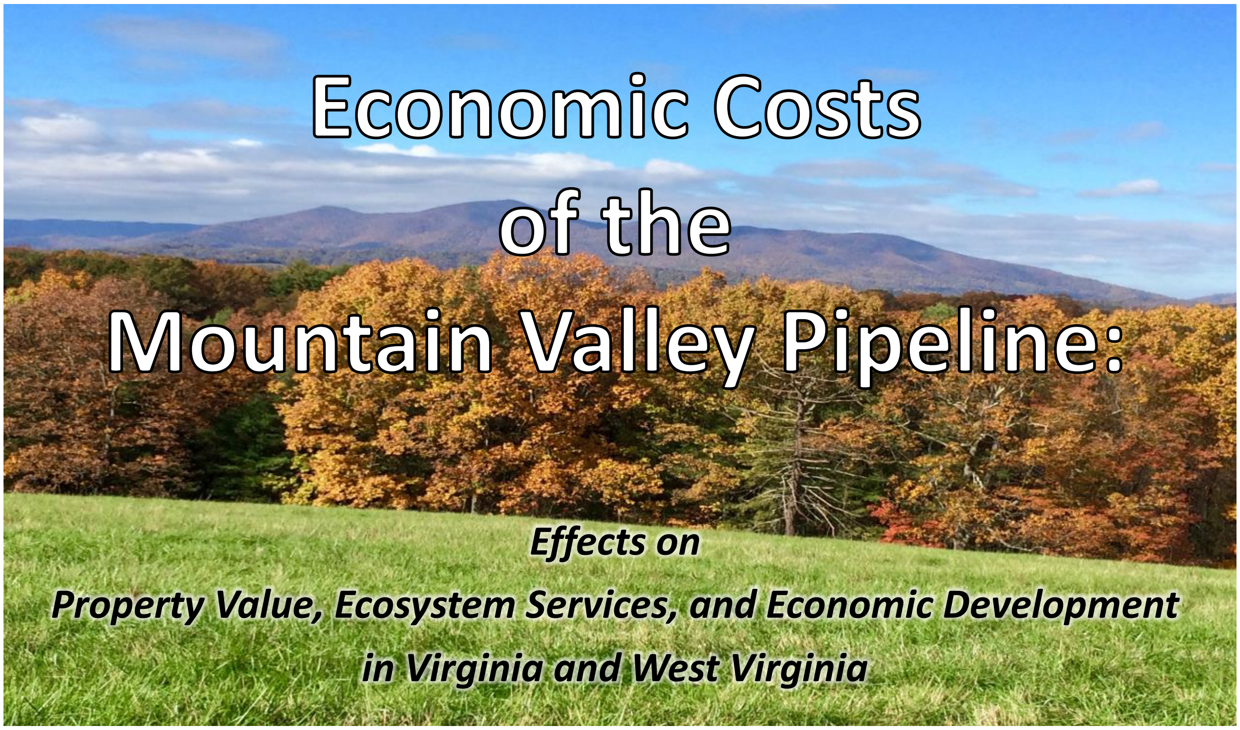

MAY 2016

Report to:
Protect Our Water, Heritage, Rights (The POWHR Coalition)
powhr.org

Spencer Phillips, PhD
Sonia Wang
Cara Bottorff

KEY-LOG. economics LLC
Research and strategy for the land community.

keylogeconomics.com

EXECUTIVE SUMMARY

The Mountain Valley Pipeline (MVP) is proposed to carry natural gas from the Marcellus and Utica Shale approximately 300 miles through 11 West Virginia and 6 Virginia counties before terminating at the existing Transcontinental pipeline compressor station in Pittsylvania County, Virginia. Mountain Valley Pipeline, LLC, which would construct and operate the pipeline as a joint venture of EQT Corporation and NextEra Energy, Inc., and some public officials have promoted the MVP as both environmentally safe and economically beneficial, providing economic opportunity for local communities along the proposed route.

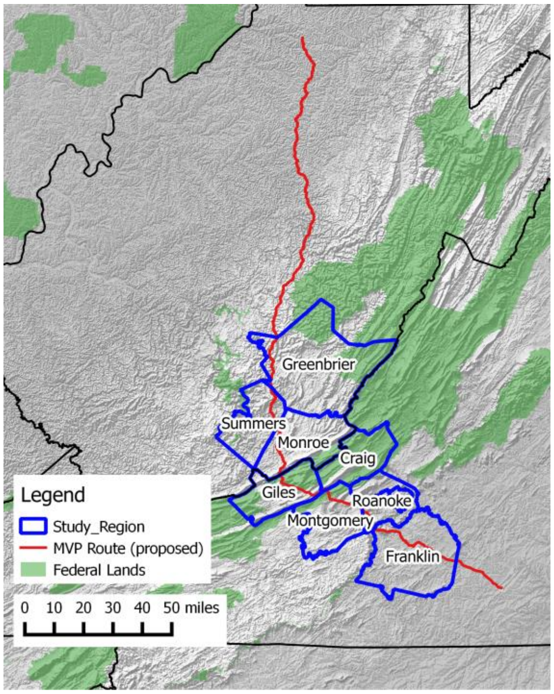

FIGURE 1: Eight-County Study Region

Note: Roanoke County includes the independent cities of Salem and Roanoke

Sources: MVP route digitized from online maps and MVP LLC filings (http://mountainvalleypipeline.info/maps/); Study Region (counties), federal lands, and hill shade from USGS and http://nationalmap.gov/small_scale/

Promised economic benefits, however, are only part of the impact the Federal Energy Regulatory Commission (FERC) must review before deciding whether to approve the construction and operation of the pipeline. Under its own policy and the more comprehensive requirements of the National Environmental Policy Act, FERC's review must consider the full range of environmental effects of the proposed pipeline. These include the various ways in which environmental effects would result in changes in human well-being—including economic benefits and costs. While estimates of the positive economic effects, including construction jobs and local tax payments, have been developed and promoted as reasons to move forward with the pipeline, no systematic consideration of the potential negative economic effects—economic costs—of the MVP has been completed.

To help fill the gap in current information, the POWHR (Protect Our Water, Heritage, Rights) coalition of community groups from an eight-county region in West Virginia and Virginia commissioned this independent research into key economic costs of the MVP. This region comprises Greenbrier, Monroe, and Summers Counties in West Virginia and Craig, Franklin, Giles, Montgomery, and Roanoke Counties in Virginia (Figure 1). The MVP's construction, operation, and presence would impose three types of costs on this region. First, the pipeline would impact property values along the approximately 143 miles of pipeline proposed for the study region. Affected properties are those touched by the 50-foot-wide right-of-way, within the 1.4-mile-wide evacuation zone, and throughout the viewshed of the proposed pipeline. Second, construction and the ongoing operation of the pipeline would alter land use/land cover in ways that diminish the value of ecosystem services, such as aesthetics, water supply, and timber and food production. Third, and in part due to a loss of scenic and quality-of-life amenities, there would be decreases in visitation, in-migration, tourism, small business development, plus a loss of jobs and personal income those activities would otherwise support.

Considering this eight-county region alone, estimated one-time costs range from $65.1 to $135.5 million. These one-time costs comprise lost property value and the value of ecosystem services lost during construction. Annual costs following the construction period include lower ecosystem service productivity in the MVP's right-of-way, lower property tax revenue due to the initial losses in property value, and dampened economic development. These total between $119.1 and $130.8 million per year and would persist for as long as the MVP right-of-way exists—that is, in perpetuity. (See "At a Glance," page iii for details.) Putting the stream of costs into present value terms [1] and adding the one-time costs, the total estimated cost of the MVP in the eight counties is between $8.0 and $8.9 billion.

The costs represented by the estimates presented here are what economists call "externalities," or "external costs," because they would be imposed on parties other than (external to) the company proposing to build the pipeline. Unlike the private (or internal) costs of the pipeline, external costs borne by the public do not affect the company's bottom-line. From an economic perspective, the presence of externalities is what demands public involvement in decisions about the MVP. Without consideration of all of the costs of the project, too much pipeline (which may mean any pipeline at all) is the inevitable result. FERC must consider the true bottom line and ensure that the full costs of the pipeline, especially those external costs imposed on the public, are rigorously examined and brought to bear on its decision about whether or not to permit the MVP project to proceed.

For reasons explained in the body of this report, estimates of external costs developed as part of this study and reported here are conservative. One reason is simply that there are categories of impacts that are beyond the scope of the study. These impacts include changes to sites or landscapes that have historical or cultural significance. Like lost aesthetic quality or a decrease in the capacity of the landscape to retain soil, filter water, or sequester carbon, historical and cultural impacts matter to humans and, therefore, can be expressed as monetary value. We have also not included the cost to communities of increased emergency response planning and capacity necessary during the operation of the proposed pipeline or of increased law enforcement, road maintenance and repair, or other costs that would accompany its construction.[2]

Another important category of cost not counted here is "passive use value." Passive use value includes the value to people of simply knowing an unspoiled natural area exists and the value of keeping such places unspoiled for the sake of some future direct or active use. In light of this, it is important to consider the estimates of economic costs provided here as a fraction of the total economic value put at risk by the proposed Mountain Valley Pipeline.

Finally, while this report covers many of the costs that *will* happen if the MVP is constructed and operated, it does not include an assessment of natural resource damage and other effects that *might* happen during construction and operation. For example, there is some probability that erosion of steep slopes and resulting sedimentation of streams and rivers will occur during construction. Similarly, there is some probability that there will be a leak and explosion somewhere along the length of the MVP during its lifetime. If, when, and where such events occur with the MVP, there will be clean-up and remediation costs, costs of fighting fires and reconstructing homes, businesses, and infrastructure, the cost of lost timber, wildlife habitat, and other ecosystem services, and most tragically, the cost of lost human life and health.[3] The magnitude of these damages, multiplied by the probability that they will occur, yields additional "expected costs," which would then be added to the more certain costs estimated in this study. The same is true of the costs that could accrue after the MVP is no longer used and maintained.

To be clear, the costs estimated here—the effect on ecosystem services from clearing land for the pipeline corridor, the impact on land values resulting from buyers' concerns about pipeline safety, and reductions in economic vitality stemming from changes in the landscape—will occur with or without any discreet or extreme events like landslides or explosions ever happening. These impacts and their monetary equivalents are simply part of what will happen in West Virginia and Virginia if the MVP is approved, built, and operated.

[1] The present value of a perpetual stream of costs is the one-year cost divided by the 1.5% real discount rate recommended by the Office of Management and Budget for cost-benefit and cost-effectiveness analysis of public projects and decisions (Office of Management and Budget, 2015).

[2] As of this writing, a pilot study of these cost for one Virginia county in our study region is underway, with results expected in the coming weeks.

[3] While no one was killed in the incident, one need look no further than the recent explosion of Spectra Energy's Texas Eastern gas transmission line in Pennsylvania to see such impacts. See, for example, https://stateimpact.npr.org/pennsylvania/2016/05/04/pa-pipeline-explosion-evidence-of-corrosion-found/

At a Glance:

The Mountain Valley Pipeline in Virginia and West Virginia

Craig, Franklin, Giles, Montgomery, and Roanoke Counties in Virginia and Greenbrier, Monroe, and Summers Counties in West Virginia

- Miles of pipeline: 143
- Acres
  - In the construction corridor and temporary roads and workspaces: 2449
  - In the permanent right-of-way (ROW): 861
  - In permanent access roads and other facilities: 76
- Most impacted land cover types (ROW only): forest (664 acres) and pasture (142 acres)
- Parcels touched by ROW: 716
- Parcels in the 1.4-mile-wide evacuation zone: 8,221
- Residents and housing units in the evacuation zone: 20,389 people and 9,700 homes
- Parcels from which the pipeline would be visible: 78,553 or 31% of all parcels in the six counties for which detailed parcel data are available
- Baseline (no pipeline) property value at risk (and expected one-time cost due to the MVP):
  - In the ROW: $125.9 million ($5.3 to $16.4 million)
  - In the evacuation zone: $972.6 million ($37.0 million)
  - In the viewshed: $16.8 billion (to avoid double counting with lost aesthetic value under ecosystem services, this impact is not separately estimated)
- Total property value lost (a one-time cost): $42.2 to $53.3 million
- Resulting loss in property tax revenue (annual): $243,500 to $308,400
- Lost ecosystem service value, such as for water and air purification, recreational benefits, and others:
  - Over the two-year construction period (a one-time cost): between $22.9 and $82.2 million
  - Resulting loss in property tax revenue (annual): between $4.1 and $14.8 million
- Lost economic development opportunities due to the erosion of these counties' comparative advantages as attractive places to visit, reside, and do business. Under the scenarios described below, these could include:
  - Annual loss of recreation tourism expenditures of $96.8 million that supports 1,073 jobs and $24.3 million in payroll and generates $4.8 million in state and $2.6 million in local taxes
  - Annual loss of personal income of $15.6 million due to slower growth in the number of retirees
  - Annual loss of personal income of $2.1 million due to slower growth in sole proprietorships
- Total of estimated costs:
  - One-time costs (lost property value and lost ecosystem service value during construction) would total between $65.1 to $135.5 million
  - Annual costs (costs that recur year after year) would range from $119.1 to $130.8 million
    - Present discounted value of all future annual costs (discounted at 1.5%): $7.9 to $8.7 billion
  - One-time costs plus the discounted value of all future annual costs: $8.0 to $8.9 billion

CONTENTS

ABBREVIATIONS AND TERMS

BTM: Benefit Transfer Method, a method for estimating the value of ecosystem services in a study region based on values estimated for similar resources in other places

EIS: Environmental Impact Statement, a document prepared under the National Environmental Policy Act analyzing the full range of environmental effects, including on the economy, of proposed federal actions, which in this case would be the approval of the Mountain Valley Pipeline

ESV: Ecosystem Service Value, the effects on human well-being of the flow of benefits from an ecosystem endpoint to a human endpoint at a given extent of space and time, or more briefly, the value of nature's benefits to people

FERC: Federal Energy Regulatory Commission, the agency responsible for preparing the EIS and deciding whether to grant a certificate of public convenience and necessity (i.e., whether to permit the pipeline)

HCA: High Consequence Area, the area within which both the extent of property damage and the chance of serious or fatal injury would be expected to be significant in the event of a rupture failure

MVP: Mountain Valley Pipeline, which in this report generally refers to the pipeline corridor itself

MVP LLC: Mountain Valley Pipeline, LLC, a joint venture of EQT Midstream Partners, LP, NextEra US Gas Assets, LLC, Con Edison Gas Midstream, LLC, WGL Midstream, Vega Midstream LLC, and RGC Midstream, will own and construct the proposed Mountain Valley Pipeline

NEPA: National Environmental Policy Act of 1970, which requires the environmental review of proposed federal actions, preparation of an EIS, and, for actions taken, appropriate mitigation measures

ROW: Right-of-Way, the permanent easement in which the pipeline is buried

AUTHOR'S NOTE

We are grateful for the assistance of POWHR—for "Protect Our Water, Heritage, Rights" (information at powhr.org)—coalition members and other groups in identifying local information sources and making contacts in the study region. These groups include Blue Ridge Land Conservancy, Border Conservancy, Chesapeake Climate Action Network, Greenbrier River Watershed Association, Preserve Bent Mountain, Preserve Craig, Preserve Franklin, Preserve Giles County, Preserve Greenbrier County, Preserve Monroe, Preserve Montgomery County, Va., Preserve the New River Valley, Preserve Roanoke, Roanoke Valley Cool Cities Coalition, Save Monroe, Summers County Residents Against the Pipeline, Virginia Chapter, Sierra Club, and Virginia Citizens Consumer Council.

We also thank Professor Stockton Maxwell of Radford University and his students John DeGroot and Bryan Behan for their assistance acquiring and processing spatial (GIS) data for the land value and visibility analyses. Key-Log Economics remains solely responsible for the content of this report, the underlying research methods, and the conclusions drawn. We have used the best available data and employed appropriate and feasible estimation methods but nevertheless make no claim regarding the extent to which these estimates will match the actual magnitude of economic effects if the MVP is built.

Cover Photo from Franklin County, Virginia courtesy of David Sumrell

BACKGROUND

The proposed Mountain Valley Pipeline (MVP) is a high-volume transmission pipeline intended, as described in filings with the Federal Energy Regulatory Commission (FERC), to transport up to two million dekatherms per day of natural gas from the Marcellus and Utica Shale region in West Virginia to markets in the Mid- and South-Atlantic Region of the United States (Mountain Valley Pipeline LLC, 2015a). MVP LLC partners have also indicated that the pipeline could facilitate export of liquefied natural gas to India or other overseas markets (Adams, 2015).

The majority of the pipeline, and the entire portion in the eight-county region considered in this study (Figure 1), would consist of 42-inch diameter pipe and would be operated at a nominal pressure of 1,480 pounds per square inch gauge (PSIG).

Along the way, the MVP would cross portions of the Jefferson National Forest, the Appalachian Trail, the Blue Ridge Parkway, and other public conservation, scenic, and natural areas. Its permanent right-of-way and temporary construction corridor—50 and 125 feet wide, respectively—would also cross thousands of private properties. Pipeline leaks and explosions, should they occur, would cause substantial physical damage and require evacuation of even wider swaths, affecting perhaps tens of thousands of homes, farms, and businesses. Still wider, but more difficult to gauge and estimate, are the zones within which the construction, operation, and presence of the pipeline would affect human well-being by changing the availability of ecosystem services such as clean air, water supply, and recreational opportunities. This would occur as the pipeline creates an unnatural linear feature on a landscape that otherwise remains largely natural or pastoral and dampens the attractiveness of the affected region as a place to live, visit, retire, or do business.

To date, these negative effects and estimates of their attendant economic costs have not received much attention in the otherwise vigorous public debate surrounding the proposed MVP. This report, commissioned jointly by several regional and local groups, is both an attempt to understand the nature and potential magnitude of the economic costs of the MVP in a particular eight-county area, as well as to provide an example for FERC as it proceeds with its process of analyzing and weighing the full effects of the proposed MVP along its entire length and, by extension, throughout the region in which its effects will occur.

Policy Context

Before construction can begin, the MVP must be approved by FERC. That approval, while historically granted to pipeline projects, depends on FERC's judgment that the pipeline would meet a public "purpose and need." Because the approval would be a federal action, FERC must also comply with the procedural and analytical requirements of the National Environmental Policy Act (NEPA). These include requirements for public participation, conducting environmental impact analysis, and writing an Environmental Impact Statement (EIS) that evaluates all of the relevant effects. Of particular interest here, such relevant effects include direct, indirect, and cumulative effects on or mediated through the economy. As the NEPA regulations state,

> Effects include ecological (such as the effects on natural resources and on the components, structures, and functioning of affected ecosystems), aesthetic, historic, cultural, economic, social, or health, whether direct, indirect, or cumulative. Effects may also include those resulting from actions which may have both beneficial and detrimental effects, even if on balance the agency believes that the effect will be beneficial (emphasis added, 36 CFR 1508.b).

It is important to note NEPA does not require that federal actions–which in this case would be approving or denying the MVP–necessarily balance or even compare benefits and costs. NEPA is not a decision-making law, but rather a law requiring decisions be supported by an as full as possible accounting of the reasonably foreseeable effects of federal actions on the natural and human environment. It also requires that citizens have opportunities to engage in the process of analyzing and weighing those effects.

Moreover, FERC's own policy regarding the certification of new interstate pipeline facilities (88 FERC, para. 61,227) requires adverse effects of new pipelines on "economic interests of landowners and communities affected by the route of the new pipeline" be weighed against "evidence of public benefits to be achieved [by the pipeline]" (88 FERC, para. 61,227; Hoecker, Breathitt, & He'bert Jr., 1999, pp. 18–19). Further, "…construction projects that would have residual adverse effects would be approved only where the public benefits to be achieved from the project can be found to outweigh the adverse effects" (p. 23).

In principal, this policy is in line with the argument, on economic efficiency grounds, that the benefits of a project or decision should be at least equal to its cost, including external costs. However, the policy's guidance regarding what adverse effects must be considered and how they are measured is deeply flawed. The policy states, for example, "if project sponsors…are able to acquire all or substantially all, of the necessary right-of-way by negotiation prior to filing the application…it would not adversely affect any of the three interests," which are pipeline customers, competing pipelines, and "landowners and communicates affected by the route of the new pipeline" (Hoecker et al., 1999, pp. 18, 26). The Commission's policy contends the only adverse effects that matter are those affecting owners of properties in the right-of-way. Even for a policy adopted in 1999, this contention is completely out of step with long-established understanding that development that alters the natural environment has negative economic effects.

A further weakness of the FERC policy is that it relies on applicants to provide information about benefits and costs. The policy's stated objective "is for the applicant to develop whatever record is necessary, and for the Commission to impose whatever conditions are necessary, for the Commission to be able to find that the benefits to the public from the project outweigh the adverse impact on the relevant interests" (Hoecker et al., 1999, p. 26). The applicant therefore has an incentive to be generous in counting benefits[4] and parsimonious in counting the costs of its proposal. Under these

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[4] MVP LLC has published estimates of economic benefits in the form of employment and income stemming from the construction and operation of the MVP (Ditzel, Fisher, & Chakrabarti, 2015a, 2015b). As has been well documented elsewhere, these studies suffer from errors in the choice and application of methods and in assumptions made regarding the long-run economic stimulus represented by the MVP. Most significantly, the studies make no mention of likely

circumstances, it seems unlikely that the Commission's policy will prevent the construction of pipelines for which the full costs are greater than the public benefits they would actually provide. Indeed, until just recently, FERC has never rejected a pipeline proposal (van Rossum, 2016).

Because MVP LLC failed to acquire a sufficient portion of the right-of-way and other federal agencies, including the US Forest Service, needed to evaluate how the MVP would affect resources under its stewardship, the Commission issued a Notice of Intent to prepare an EIS in February of 2015 (Federal Energy Regulatory Commission, 2015). The process began with a series of scoping meetings where members of the public could express their general thoughts on the pipeline as well as what effects should fall under the scope of the EIS. Interested parties also had the opportunity to submit comments online and through the mail.

Much of what FERC heard from citizens echoed and expanded upon the list of potential environmental effects listed in its Notice of Intent. Of those, several including "domestic water sources…, Appalachian Trail…, Residential developments and property values; Tourism and recreation" and others are particularly important as environmental effects that resonate in the lives of people. These effects can take the form of economic costs external to MVP LLC that would be borne by individuals, businesses, and communities throughout the landscape the MVP would traverse.

Based on a review of written comments submitted to FERC in January through March of 2015, citizens do seem to have emphasized these issues. Key issues include economic impacts, environmental degradation, public safety, property value effects, and issues related to cultural and historical resources (Pipeline Information Network, 2015).

Study Objectives

Given the policy setting and what may be profound effects of the proposed MVP on the people and communities of Virginia and West Virginia, we have undertaken this study to provide information of two types:

1. An example of the scope and type of analyses that FERC could, and should, undertake as part of its assessment of the environmental (including economic) effects of the MVP.
2. An estimate of the potential magnitude of economic effects in this eight-county subset of the landscape where the MVP's environmental effects will be felt.

We do not claim the estimates below represent the total of all potential costs that would attend the construction, operation, and presence of the pipeline. Specifically, we have included several categories of cost: "passive-use value,"[5] including the value of preserving the landscape without a pipeline for

economic costs, and their projections of long-term benefits extend far beyond the time period (of a year or so) within which economic impact analysis is either useful or appropriate. See Phillips (Phillips, 2015b) for details on these shortcomings.

[5] Passive-use values include *option* value, or the value of preserving a resource unimpaired for one's potential future use; *bequest* value, which is the value to oneself of preserving the resource for the use of others, particularly future generations; and *existence* value, which is the value to individuals of simply knowing that the resource exists, absent any expectation of future use by oneself or anyone else. In the case of the MVP, people who have not yet visited the Blue Ridge Parkway or otherwise spent vacation time and dollars in the region are better off knowing that the setting for their planned activities is

future direct use, increases in the cost of community services like road maintenance and emergency response that may increase due to the construction and operation of the pipeline,[6] and probabilistic damages to natural resources, property, and human health and lives in the event of mishaps during construction and leaks/explosions during operation.

Therefore, our figures should be understood to be conservative, lower-bound estimates of the true total cost of the MVP in the sub-region and, of course, they do not include costs for the remainder of the region proposed for the MVP. We urge that the FERC augment the results of this study with its own similar analysis for the entire region and with additional research to determine the costs of community services and other relevant classes of costs not counted here.

Current Economic Conditions in the Study Region

Our geographic focus is an eight-county region encompassing Craig, Franklin, Giles, Montgomery, and Roanoke counties in Virginia[7] as well as Greenbrier, Monroe, and Summers counties in West Virginia. This 3,964-square-mile region supports diverse land uses, including wild and pristine forests, both the Appalachian Trail and Blue Ridge Parkway, thriving cities, working farms, and extensive commercial timberland. These natural, cultural, and economic assets are among the reasons more than

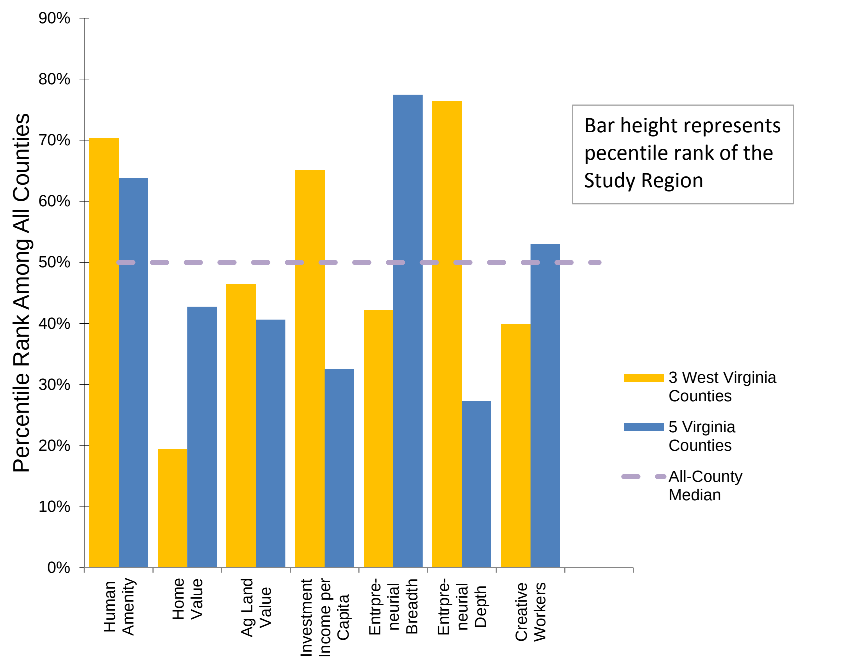

FIGURE 2: Regional Asset Indicators for Study Region Counties, Relative to their Respective States
(Source: Federal Reserve Bank of Kansas City)

a beautiful aesthetically pleasing landscape. What future visitors would be willing to pay to maintain that possibility would be part of the "option value" of an MVP-free landscape.

[6] As with communities impacted by the shale gas boom itself, communities along the pipeline can expect spikes in crime as transient workers come and go, more damage to roads under the strain of heavy equipment, increases in physical and mental illnesses including asthma, depression, anxiety, and others triggered by exposure to airborne pollutants, to noise, and to emotional, economic, and other stress. See, for example, Ferrar et al. (2013), Healy (2013), Fuller (2007), Campoy, (2012), and Mufson (2012).

[7] Two independent cities, Salem and Roanoke, lie within the geographic borders of Roanoke County. In this report, subject to some limitations where noted, statistics, estimates, and other information labeled as "Roanoke County" reflect totals for the County plus the two independent cities. The City of Radford at the southern edge of Montgomery County lies on the other side of the New River from the rest of the County, and is considered in this study to be far enough removed from the proposed MVP that it is not included in the statistics or estimates.

342,000 people call this region home and an even larger number visit each year for hiking, boating, sightseeing, festivals, weddings, and other events.

Statistics from the Center for the Study of Rural America, part of the Federal Reserve Bank of Kansas City, highlight the extent to which the region possesses the right conditions for resilience and economic success in the long run (Low, 2004). These data show that the study region has a higher human amenity index (based on scenic amenities, recreational resources, and access to health care), and strong entrepreneurship relative to most West Virginia or Virginia counties (Figure 2).[8] The West Virginia counties are stronger in terms of investment income per capita than the average for other West Virginia counties. The five Virginia counties have slightly more creative workers, as a percentage of the workforce, than the average for the Commonwealth.

More traditional measures of economic performance suggest the region is generally strong and resilient, though there are some differences among the Virginia and West Virginia Counties. From 2000 through 2014, for example:[9]

- Population in the study region grew by 9.6%, compared to a -0.5% loss of population for non-metro Virginia and West Virginia[10]
    - Population in the Virginia section of the study region grew by 10.5%, compared to a -0.2% loss of population for non-metro Virginia
    - Population in the West Virginia section of the study region grew by 0.8%, compared to a -1.1% loss of population for non-metro West Virginia
- Employment in the study region grew by 3.5%, compared to a -4.0% loss for non-metro Virginia and West Virginia
    - Employment in the Virginia section of the study region grew by 3.4%, compared to a -6.7% loss of employment for non-metro Virginia
    - Employment in the West Virginia section of the study region grew by 5.1%, compared to a 2.4% growth of employment for non-metro West Virginia
- Personal income in the study region grew by 20.6%, compared to 15.1% for non-metro Virginia and West Virginia
    - Personal income in the Virginia section of the study region grew by 20.7%, compared to 13.1% growth of personal income for non-metro Virginia

[8] Note that the Kansas City Fed's statistics have not been updated since 2004-2006, and conditions in and outside the study region have undoubtedly changed. Some of these relative rankings may no longer hold.

[9] These data are from Headwaters Economics (2015), US Bureau of Economic Analysis (2015), and US Bureau of the Census (2014, 2015).

[10] "Non-metro Virginia" and "Non-metro West Virginia" comprises those counties that are not a part of a federally defined metropolitan statistical area (MSA). While the Virginia counties in the study region are in MSAs, each of the study region counties are predominantly rural in landscape and character and are much more like other non-metro counties than they are like Northern Virginia or Tidewater, for example. Therefore, we believe that averages for non-metro Virginia provide a more appropriate point of comparison than statistics that include the Commonwealth's more urban areas. None of the West Virginia counties in the study region are part of an MSA.

  - Personal income in the West Virginia section of the study region grew by 19.7%, compared to 19.6% growth of personal income for non-metro West Virginia
- On average, earnings per job in the study region are higher, by about $7,400/year, than the average for non-metro Virginia and West Virginia
  - Earnings per job in the Virginia section of the study region are higher, by about $9,300/year, than the average for non-metro Virginia
  - Earnings per job in the West Virginia section of the study are lower, by about $5,100/year than the average for non-metro West Virginia
- Per capita income is higher in the study region, by $4,100/year, than the average for non-metro Virginia and West Virginia
  - Per capita income in the Virginia section of the study region is higher, by about $4,400/year, than the average for non-metro Virginia
  - Per capita income in the West Virginia section of the study region, while growing, is lower, by about $1,400/year, than the average for non-metro West Virginia
- The unemployment rate in the study region is 2.5%, compared to 2.3% for non-metro Virginia and West Virginia, during 2000-2014
  - The unemployment rate in the Virginia section of the study region is 2.9%, compared to an unemployment rate of 3.2% for non-metro Virginia, during 2000-2014
  - The unemployment rate in the West Virginia section of the study region is 0.3%, compared to an unemployment rate of 1.0% for non-metro West Virginia, during 2000-2014

These trends are consistent with what regional economists McGranahan and Wojan have called the "Rural Growth Trifecta" of outdoor amenities, a creative class of workers, and a strong "entrepreneurial context" (innovation-friendliness) (2010). Individual workers, retirees, and visitors are attracted to the natural beauty of the region while entrepreneurs are attracted by the quality of the environment, by the quality of the workforce, and by existing support from local government. Workers, for their part, are retained and nurtured by dynamic businesses that fit with the landscape and lifestyle that attracted them to the region in the first place. As further indication of this dynamic, consider since 2000:[9]

- The region's population growth has been primarily due to in-migration
- The proportion of the population 65 years and older has increased from 14.5% to 15.5%
- Proprietors' employment is up by 28.9%
- Non-labor income (primarily investment returns and age-related transfer payments like Social Security) is up by 39.0%.

These trends suggest entrepreneurs and retirees are moving to (or staying in) this region, bringing their income, expertise, and job-creating energy with them.

Temporary residents–tourists and recreationists attracted to the natural amenities of the region–and the businesses that serve them are also important parts of the region's economy. Tourists spent more than $1.2 billion in the study region in 2014. The companies that directly served those tourists employed 11,642 people, or 15.4% of all full- and part-time workers (Dean Runyan Associates, 2015; Headwaters Economics, 2015; Virginia Tourism Corporation, 2015).

It is in this context the potential economic impacts of the MVP must be weighed and the apprehension of the region's residents understood. Many believe the construction and operation of the pipeline will kill, or at least dampen, the productivity of the proverbial goose that lays its golden eggs in the region. This could result in a slower rate of growth in the region and worse economic outcomes. More dire is the prospect that businesses will not be able to maintain their current levels of employment. Just as retirees and many businesses can choose where to locate, visitors and potential visitors have practically unlimited choices for places to spend their vacation time and expendable income. If the study region loses its amenity edge, other things being equal, people will go elsewhere, and this region could contract.

Instead of a "virtuous circle" with amenities and quality of life attracting/retaining residents and visitors, who improve the quality of life, which then attracts more residents and visitors, the MVP could tip the region into a downward spiral. In that scenario, loss of amenity and risk to physical safety would translate into a diminution or outright loss of the use and enjoyment of homes, farms, and recreational and cultural experiences. Some potential in-migrants would choose other locations and some long-time residents would move away, draining the region of some of its most productive members. Homeowners would lose equity as housing prices follow a stagnating economy. With fewer people to create economic opportunity, fewer jobs and less income will be generated. Communities could become hollowed out, triggering a second wave of amenity loss, out-migration, and further economic stagnation.

ENVIRONMENTAL-ECONOMIC EFFECTS AND WHERE THEY WOULD OCCUR

In the remainder of this report, we follow this potential cycle and estimate three distinct types of economic consequences.

First, corresponding to the direct biophysical impacts of the proposed pipeline, are effects on ecosystem services–the benefits nature provides to people for free, like purified water or recreational opportunities, that will become less available and/or less valuable due to the MVP's construction and operation. Second are effects on property value as owners and would-be owners choose properties farther from the pipeline's right-of-way, evacuation zone, and viewshed. Third and finally are more general economic effects caused by a dampening of future growth prospects or even a reversal of fortune for some industries.

We begin with an exploration of the geographic area over which these various effects will most likely be felt.

Impact Zones within the Study Region

Construction of the pipeline corridor itself would require clearing an area at least 125 feet (38.1 m) wide. (It would be wider in some areas depending on slope.) After construction, the permanent right-of-way (ROW) would be 50 feet wide along the entire length of the pipeline. Within the construction zone and right-of-way is where the greatest disruption of ecosystem processes will occur, so these zones are where reductions in ecosystem service value (ESV) emanate. Since we are estimating ecosystem service values at their point of origin, we will focus on the ROW and the construction zone, as well as temporary and permanent access roads, temporary workspaces, and permanent surface infrastructure.

Operated at its intended pressure and due to the inherent risk of leaks and explosions, the pipeline would present the possibility of having significant human and ecological consequences within a large "High Consequence Area" and an even larger evacuation zone. A High Consequence Area (HCA) is "the area within which both the extent of property damage and the chance of serious or fatal injury would be expected to be significant in the event of a rupture failure" (Stephens, 2000, p. 3). Using Stephens' formula, the HCA for this pipeline would have a radius of 1,095 feet (333.9 m). The evacuation zone is defined by the distance beyond which an unprotected human could escape burn injury in the event of the ignition or explosion of leaking gas (Pipeline Association for Public Awareness, 2007, p. 29). There would be a potential evacuation zone with a radius of at least 3,583 feet (1092.1 m).[11] (See map, Figure 3, for a close-up of these zones in part of the study region.) An explosion would undoubtedly affect ecosystem processes within the HCA and possibly the evacuation zone, but given the probability of an explosion at a particular point along the pipeline at a given time is small, we do not include the additional effects *on ecosystem service value* due to explosion in the cost estimates.

> ***"I saw no other option than to cancel my home building project once the MVP was proposed to cross the property."***
>
> *— Christian Reidys, Blacksburg, VA*

Effects on land value are another matter, and it is reasonable to consider land value impacts through both the high consequence area and the evacuation zone. As Kielisch (2015) stresses, the value of land is determined by human perception, and property owners and would-be owners have ample reason to perceive risk to property near high-pressure natural gas transmission pipelines. Traditional news reports, YouTube, and other media reports attest to the occurrence and consequences of pipeline leaks and explosions, which are even more prevalent for newer pipelines than for those installed decades ago (Smith, 2015). Information about pipeline risks translates instantly into buyers' perceptions and, therefore, into the chances of selling properties exposed to those risks, into prices offered for those properties, and, for people who already own such properties, diminished enjoyment of them (Freybote & Fruits, 2015).

In addition, loss of view quality would be expected for properties both near to and far from the pipeline corridor. Unlike leaks and explosions, view quality impacts will occur with certainty. If the pipeline is built, people will see the corridor as a break in a once completely forested hillside, and their "million-

[11] The maximum operating pressure proposed for the MVP is 1,480 PSIG, but the source data for this evacuation distance is a table with pressure in 100 PSIG increments. The full evacuation distance would be between 3,583 feet and 3,709 feet, the distance recommended for a 42" pipeline operated at 1,500 PSIG. The upshot for this study is a slightly more conservative estimate of the effect of the MVP on property value.

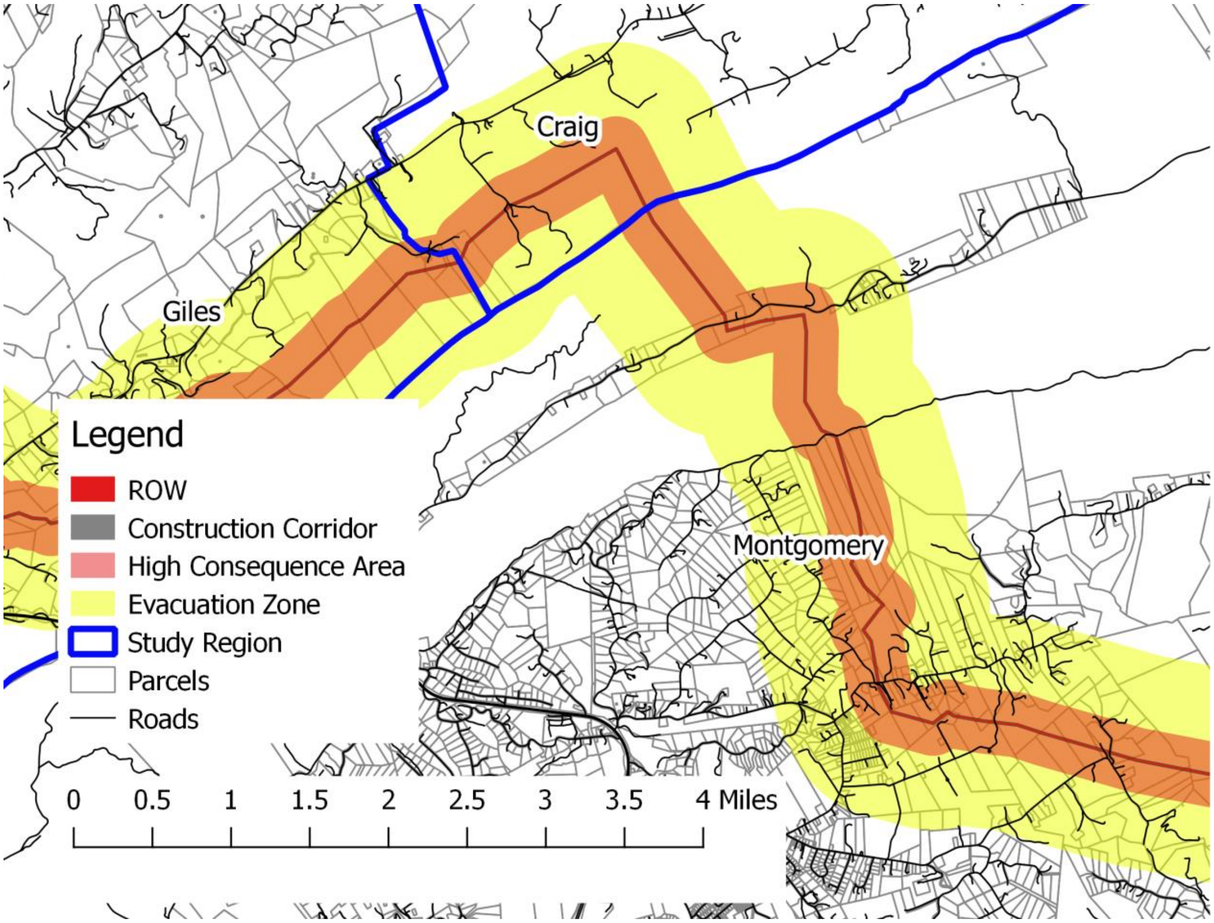

FIGURE 3: Right-of-Way, Construction, High Consequence, and Evacuation Areas

Note that the overlay of the HCA (in rose) and the evacuation zone (in yellow) shows up as the orange band in the map. The ROW covers much of the construction corrido, leaving a thin band of grey visible.

Sources: MVP route digitized from online maps and MVP LLC filings (http://mountainvalleypipeline.info/maps/); Counties and roads from USGS (http://nationalmap.gov; Parcels from public records in Giles and Montgomery County, respectively. (Parcel boundaries are not available in electronic form for Craig County.)

dollar" view will be diminished. Therefore, for our analysis of land value, we consider any place where there is considerable potential to see the pipeline corridor to be within its direct impact zone. (See map, Figure 7, in the land value section for the results of the visibility analysis.)

Beyond the loss of ecosystem services stemming from the conversion of land in the ROW, the loss of property value resulting from the chance of biophysical impacts, or the certainty of impacts on aesthetics, the proposed MVP would also diminish physical ecosystem services, scenic amenity, and passive-use value that are realized or enjoyed beyond the evacuation zone and out of sight of the pipeline corridor. The people affected include residents, businesses, and landowners throughout the study region, as well as past, current, and future visitors to the region. The impacts on human well-being would be reflected in economic decisions such as whether to stay in or migrate to the study region, whether to choose the region as a place to do business, and whether to spend scarce vacation time and dollars near the MVP instead of in some other place.

To the extent the MVP causes such decisions to favor other areas, less spending and slower economic growth in the study region would be the result. A secondary effect of slower growth would be further reductions in land value, but in this study we consider the primary effects in terms of slower population, employment, and income growth in key sectors. Table 1 summarizes the types of economic values considered in this study and the zones in which they are estimated.

TABLE 1: Geographic Scope of Effects

A check mark indicates those zones/effects for which estimates are included in this study. The "X's" indicate areas for future study.

Values / Effects	Right-of-Way and Construction Zone	High Consequence Area	Evacuation Zone	Pipeline Viewshed	Entire Study Region	The World Beyond the Study Region
Ecosystem Services	✓	a	a	a,b	✗[a,b]	✗
Land / Property Value	✓[c]	✓[d]	✓[d]	✓[e]	✗	n/a
Economic Develop-ment Effects	f	f	f	f	✓	n/a

Notes:

a. Changes in ecosystem services that are felt beyond the ROW and Construction zone may be key drivers of "Economic Development Effects," but they are not separately estimated to avoid double counting.
b. With the exception of the impact on visual quality, we do not estimate the spillover effects of alteration of the ecosystem within the ROW on the productivity of adjacent areas. The ROW, for example, provides a travel corridor for invasive species that could reduce the integrity and ecosystem productivity of areas that, without the MVP would remain core ecological areas, interior forest habitat, etc.
c. We estimate land value effects for the ROW but not for the construction zone.
d. Properties in the HCA are treated as though there is no additional impact on property value relative to the impact of being in the evacuation zone.
e. To avoid double-counting, changes in property value due to an altered view from the property are considered to be part of lost aesthetic value under the "Ecosystem Services" section.
f. Economic development effects related to these subsets of the study region are included in estimates for the study region.

EFFECTS ON ECOSYSTEM SERVICE VALUE

The idea that people receive benefits from nature is not at all new, but "ecosystem services" as a term describing the phenomenon is more recent, emerging in the 1960s (Millennium Ecosystem Assessment, 2003). "Benefits people obtain from ecosystems" is perhaps the simplest and most commonly heard definition of ecosystem services (Reid et al., 2005). Other definitions abound, including the following from Gary Johnson of the University of Vermont:

> Ecosystem services are the effects on human well-being of the flow of benefits from an ecosystem endpoint to a human endpoint at a given extent of space and time (2010).

This definition is helpful because it emphasizes services are not necessarily things–tangible bits of nature–but rather, they are the effects on people of the functions of the natural world. It also makes clear ecosystem services happen or are produced and enjoyed in particular places and at particular times.

No matter the definition, different types of ecosystems (forest, wetland, cropland, urban areas) produce different arrays of ecosystem services, and/or produce similar services to greater or lesser degrees. This is true for the simple reason that some ecosystems or land uses produce a higher flow of benefits than others.

"Ecosystem services" is sometimes lengthened to "ecosystem goods and services" to make it explicit that some are tangible, like physical quantities of food, water for drinking, and raw materials, while others are truly services, like cleaning the air and providing a place with a set of attributes that are conducive to recreational experiences or aesthetic enjoyment. We use the simpler "ecosystem services" here. Table 2, lists the provisioning, regulating, and cultural ecosystem services included in this study.

At a conceptual level, we estimate the potential effects of the MVP on ecosystem service value by identifying the extent to which the construction and long-term existence of the pipeline would change land cover or land use, resulting in a change in ecosystem service productivity. Lower productivity, expressed in dollars of value per acre per year, means fewer dollars' worth of ecosystem service value produced each year.

Construction would essentially strip bear the 125-foot-wide construction corridor. Once construction is complete and after some period of recovery, the 50-foot-wide right-of-way will be occupied by a different set of ecosystem (land cover) types than were present before construction. By applying per-acre ecosystem service productivity estimates (denominated in dollars) to the various arrays of ecosystem service types, we can estimate ecosystem service value produced per year in the periods before, during, and after construction. The difference between annual ecosystem service value *during* construction and *before* construction is the annual loss in ecosystem service value *of* construction. The difference between the annual ecosystem service value during ongoing operations (i.e., the value produced in the ROW) and the before-construction baseline (no pipeline) is the annual ecosystem service cost that will be experienced indefinitely.

TABLE 2: Ecosystem Services Included in Valuation

Provisioning Services[a]
Food Production: The harvest of agricultural produce, including crops, livestock, and livestock by-products; the food value of hunting, fishing, etc.; and the value of wild-caught and aquaculture-produced fish. **Associated land uses[b]:** Cropland, Pasture/Forage, Forest
Raw Materials: Fuel, fiber, fertilizer, minerals, and energy. **Associated land uses[b]:** Forest
Water Supply: Filtering, retention, storage, and delivery of fresh water—both quality and quantity—for drinking, watering livestock, irrigation, industrial processes, hydroelectric generation, and other uses. **Associated land uses[b]:** Forest, Water, Wetland
Regulating Services[a]
Air Quality: Removing impurities from the air to provide healthy, breathable air for people. **Associated land uses[b]:** Shrub/Scrub, Forest, Urban Open Space
Biological Control: Inter- and intra-specific interactions resulting in reduced abundance of species that are pests, vectors of disease, or invasive in a particular ecosystem. **Associated land uses[b]:** Cropland, Pasture, Grassland, Forest
Climate Regulation: Storing atmospheric carbon in biomass and soil as an aid to the mitigation of climate change, and/or keeping regional/local climate (temperature, humidity, rainfall, etc.) within comfortable ranges. **Associated land uses[b]:** Pasture/Forage, Grassland, Shrub/Scrub, Forest, Wetland, Urban Open Space, Urban Other
Erosion Control: Retaining arable land, stabilizing slopes, shorelines, riverbanks, etc. **Associated land uses[b]:** Cropland, Pasture/Forage, Grassland, Shrub/Scrub, Forest
Pollination: Contribution of insects, birds, bats, and other organisms to pollen transport resulting in the production of fruit and seeds. May also include seed and fruit dispersal. **Associated land uses[b]:** Cropland, Pasture/Forage, Grassland, Forest
Protection from Extreme Events: Preventing and mitigating impacts on human life, health, and property by attenuating the force of winds, extreme weather events, floods, etc. **Associated land uses[b]:** Forests, Urban Open Space, Wetland
Soil Fertility: Creation of soil, inducing changes in depth, structure, and fertility, including through nutrient cycling. **Associated land uses[b]:** Cropland, Pasture/Forage, Grassland, Forest
Waste Treatment: Improving soil and water quality through the breakdown and/or immobilization of pollution. **Associated land uses[b]:** Cropland, Pasture/Forage, Grassland, Shrub/Scrub, Forest, Water, Wetland
Water Flows: Regulation by land cover of the timing of runoff and river discharge, resulting in less severe drought, flooding, and other consequences of too much or too little water available at the wrong time or place. **Associated land uses[b]:** Forests, Urban Open Space, Urban Other
Cultural Services[a]
Aesthetic Value: The role that beautiful, healthy natural areas play in attracting people to live, work, and recreate in a region. **Associated land uses[b]:** Forest, Pasture/Forage, Urban Open Space, Wetland
Recreation: The availability of a variety of safe and pleasant landscapes—such as clean water and healthy shorelines—that encourage ecotourism, outdoor sports, fishing, wildlife watching, hunting, etc. **Associated land uses[b]:** Cropland, Forest, Water, Wetland, Urban Open Space, Urban Other

Notes:

a. Descriptions follow Balmford (2010, 2013), Costanza et al. (1997), Reid et al. (2005), and Van der Ploeg, et al. (2010).

b. "Associated Land Uses" are limited to those for which per-unit-area values are available in this study.

In addition to the ROW and construction corridor, the MVP would require the construction of various temporary and permanent access roads, temporary work areas, and several areas for maintenance facilities. All temporary roads and temporary work areas are treated as though they are part of the construction zone. Permanent roads and installations are treated separately. Note that many of the access roads already exist and will simply be used for pipeline access. Since there is no change in the land use for those roads, there is no loss in ecosystem service value associated with them. It is only when areas are converted from forest, pasture, or other land covers to the developed use (a road or surface facility) that ecosystem service value is altered.

This overall process is illustrated in Figure 4 and the details of our methods, assumptions, and calculations are described in the following two sub sections.

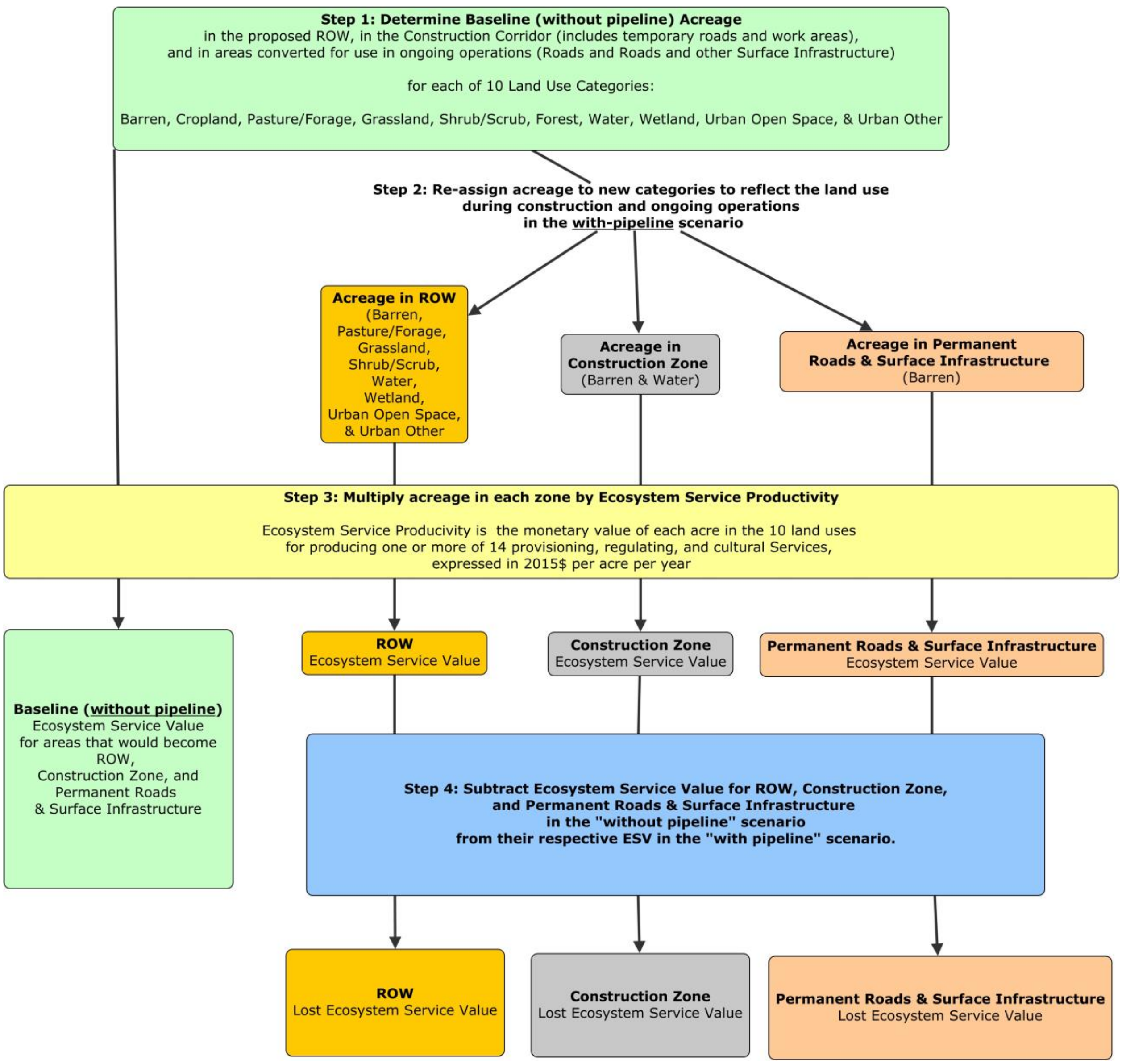

FIGURE 4: Ecosystem Service Valuation Process

Ecosystem Service Estimation Methods

Economists have developed widely used methods to estimate the monetary value of ecosystem services and/or natural capital. The most widely known example was a study by Costanza et al. (1997) that valued the natural capital of the entire world. That paper and many others employ the "benefit transfer method" or "BTM" to establish a value for the ecosystem services produced or harbored from a particular place.[12] According to the Organization for Economic Cooperation and Development, BTM is "the bedrock of practical policy analysis," particularly in cases such as this when collecting new primary data is not feasible (OECD, 2006).

As the name implies, BTM takes a rate of ecosystem benefit delivery calculated for one or more "source areas" and applies that rate to conditions in the "study area." As Batker et al. (2010) state, the method is very much like a real estate appraiser using comparable properties to estimate the market value of the subject property. It is also similar to using an existing or established market or regulated price, such as the price of a gallon of water, to estimate the value of some number of gallons of water supplied in some period of time. The key is to select "comps" (data from source areas) that match the circumstances of the study area as closely as possible.

Typically, values are drawn from previous studies estimating the value of various ecosystem services from similar land cover or ecosystem types. Also, it is benefit (in dollars) per-unit-area-per-year in the source area that is transferred and applied to the number of hectares or acres in the same land cover/biome in the study area. For example, data for the source area may include the value of forest land for recreation. In that case, one would apply the per-acre value of recreation from the source area's forestland to the number of acres of forestland in the study area. Multiplying that value by the number of acres of forestland in the study area produces the estimate of the value of the study area's forests to recreational users. Furthermore, it is important to use source studies that are from regions with underlying economic, social, and other conditions similar to the study area.

Following these principles as well as techniques developed by Esposito et al. (2011), Esposito (2009), and Phillips and McGee (2014, 2016a), and as illustrated in Figure 4, we employ a four-step process to evaluate the short-term and long-term effects of the MVP on ecosystem service value in our study region. The steps are described in greater detail below, but in summary, they are:

1. Assign land and water in the study to one of 10 land uses based on remotely sensed (satellite) data in the National Land Cover Dataset (NLCD) (Fry et al., 2011). This provides the array of land uses for estimating baseline or "without MVP" ecosystem service value.
2. Re-assign or re-classify land and water to what the land cover would most likely be during construction and during ongoing operation.
3. Multiply acreage by per-acre ecosystem service productivity (the "comps,") (in dollars per acre per year) to obtain estimates of annual aggregate ecosystem service value under the baseline/no MVP scenario, for the construction corridor (and period), and for the ROW during

[12] See also Esposito et al. (2011), Flores et al. (2013), and Phillips and McGee (2014) for more recent examples.

ongoing operation.

For simplicity and given the two-year construction period, we assume the construction corridor will remain barren for a full two-year period. We recognize revegetation will begin to occur soon after the trench is closed and fill and soil are returned, but it will still be some time until something like a functioning ecosystem has actually been restored.

4. Subtract baseline (no pipeline) ESV from ESV (with pipeline) for the construction period (and in the construction corridor) and from ESV during ongoing operations (in the ROW) to obtain estimates of the ecosystem service costs imposed annually during the construction and operations period, respectively.

Step 1: Assign Land to Ecosystem Types or Land Uses

The first step in the process is to determine the area in the 10 land use groups in the study region. This determination is made using remotely sensed data from the National Land Cover Database (NLCD) (Fry et al., 2011). Satellite data provides an image of land in one of up to 21 land cover types at the 30-meter level of resolution;[13] 15 of these land cover types are present in the study region (Table 3 and Figure 5).

TABLE 3: Land Area Affected By MVP, Study Region Total (See Also Figure 6)

Land Use	Baseline acreage in ROW	Baseline acreage in construction corridor, including temp work zones, etc.	Baseline acreage in permanent surface infrastructure
Urban Other	6.6	22.9	1.3
Urban Open Space	23.9	85	3.3
Wetland	0.5	1.4	0
Water	0.8	2.5	0
Forest	663.7	1781.4	54
Shrub/Scrub	0.5	2	0
Grassland	3.6	10.5	0.4
Pasture/Forage	141.5	485.3	15.6
Cropland	11.9	32.3	0.9
Barren	8.2	26.1	0.2
Total	**861.2**	**2449.4**	**75.7**

Looking forward to the final step, we will use land use categories to match per-acre ecosystem value estimates from source areas to the eight-county study region. Unfortunately, value estimates are not available for all of the detailed land use categories present in the region. We therefore simplify the NLCD classification by combining a number of classifications into larger categories for which per-acre

[13] Because 30 meters is wider than the right-of-way and not much narrower than the 125-foot construction corridor, we resample the NLCD data to 10m pixels, which breaks each 30m-by-30m pixel into 9 10m-by-10m pixels. This allows for a closer approximation of the type and area of land cover in the proposed ROW and construction corridor.

values are more available. Specifically, low-, medium-, and high-intensity development are grouped as "urban other," and deciduous, evergreen, and mixed forest are grouped as "forest."

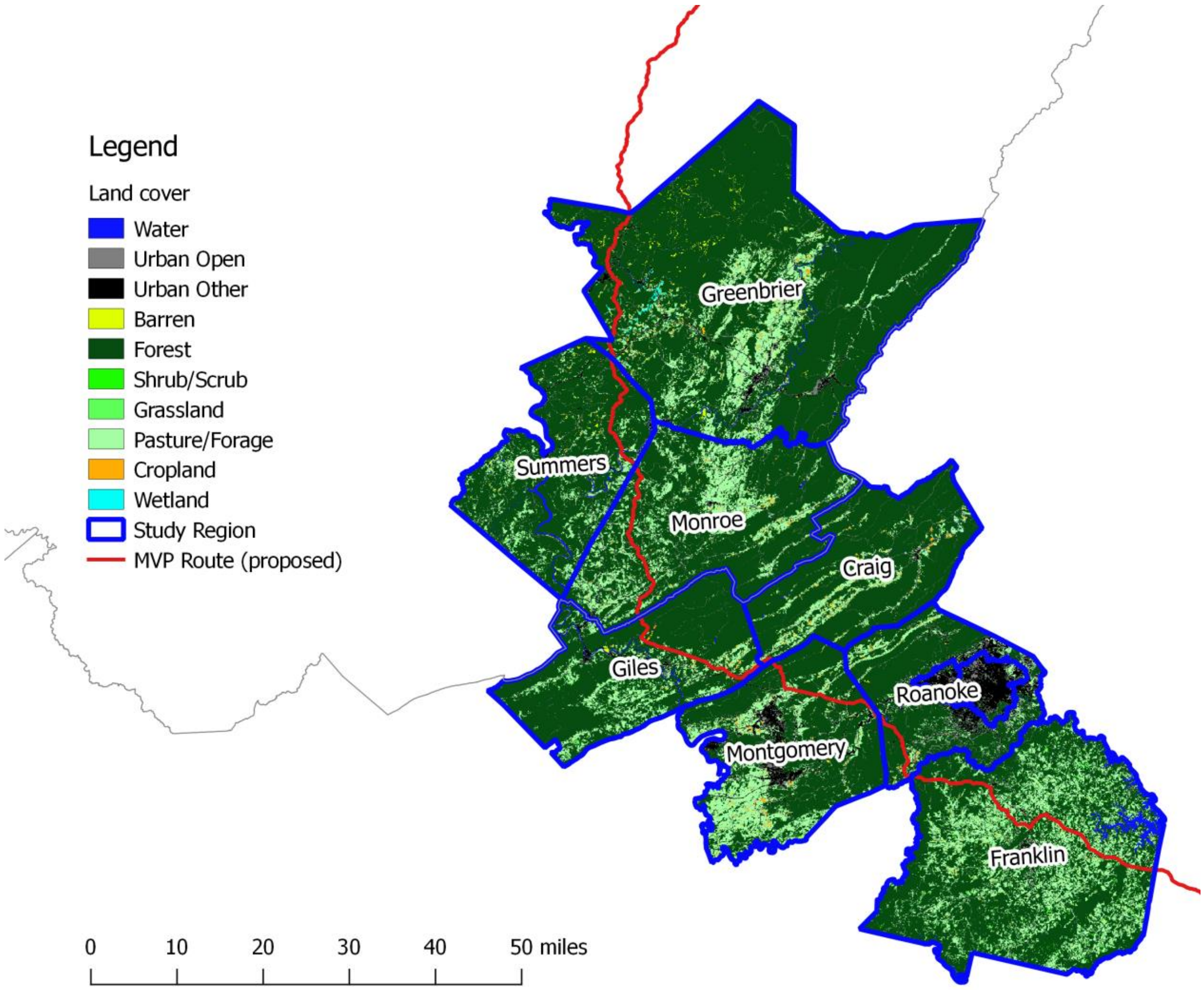

FIGURE 5: Land Use in the Study Region, as Classified for Ecosystem Service Valuation

Land cover for the entire study region is shown to display the overall range and pattern of land use. The ecosystem service valuation itself covers only those portions of the study region that would be occupied by the MVP right-of-way and construction corridor.

Sources: Land Cover from National Land Cover Database (Fry, et al. 2011); MVP route digitized from online maps and MVP LLC filings (http://mountainvalleypipeline.info/maps/); Counties from USGS (http://nationalmap.gov).

In addition and for two reasons, we add land in the NLCD category of "woody wetlands" to the "forest" category for two reasons. First, these wetlands would normally become forest in the study region (Johnston, 2014; Phillips & McGee, 2016a). Second, wetlands possess some of the highest per-acre values for several ecosystem services. To avoid over-estimating the ecosystem services contribution of "woody wetlands," we count them as "forest" instead of "wetland."

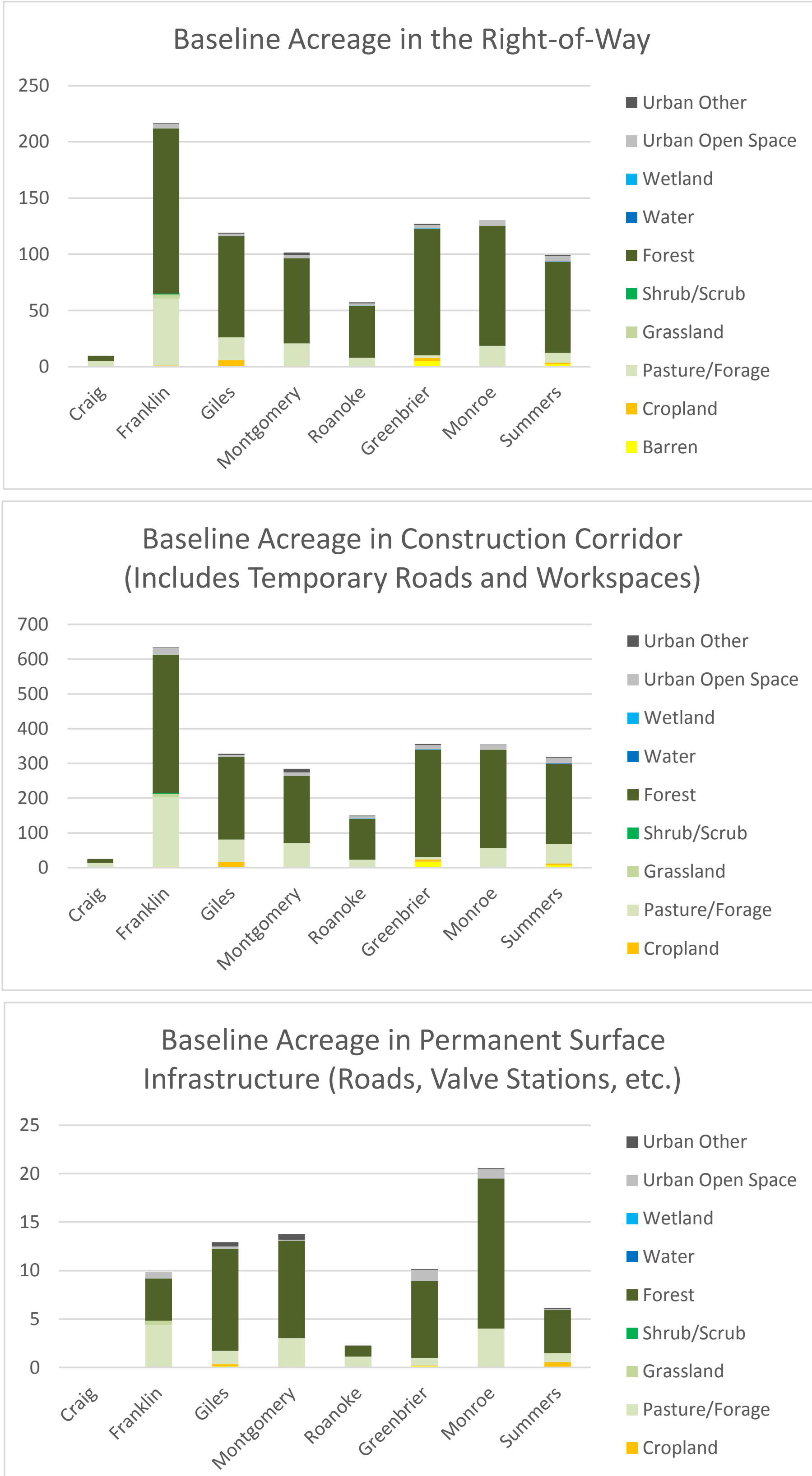

FIGURE 6: Baseline (Pre-MVP) Land Use, by County, in the Row, Construction Zones, and Permanent Surface Infrastructure. (See also Table 3.)

In the end, at least for baseline (no pipeline) conditions, we have land in 10 land uses. The total area that would be disturbed in the construction corridor and temporary roads and other work areas is 2,449 acres, of which 861 acres would be occupied by the permanent right-of-way. An additional 76 acres would be devoted to permanent access roads and other installations on the surface. Figure 6 shows the distribution of acreage in the ROW, construction zone, and in land needed for permanent surface infrastructure by county and pre-MVP, or baseline land use.

Step 2: Re-assign Acreage to New Land Cover Types for the Construction and Operation Periods

We assume all land in the construction corridor will be "barren" or at least possess the same ecosystem service productivity profile as naturally-occurring barren land for the duration of the construction period. Water will remain water during construction. Table 4 lists the reassignment assumptions in detail.

TABLE 4: Land Cover Reclassification

NLCD Category	Reclassification for Baseline	Reclassification for Construction	Reclassification for Ongoing Operation in the ROW	Reclassification for Ongoing Operation Roads and Surface Infrastructure
Barren Land	Barren	Barren	Barren	Barren
Cultivated Crops	Cropland	Barren	Pasture/Forage	Barren
Pasture/Hay	Pasture/Forage	Barren	Pasture/Forage	Barren
Grassland/Herbaceous	Grassland	Barren	Grassland	Barren
Shrub/Scrub	Shrub/Scrub	Barren	Shrub/Scrub	Barren
Deciduous Forest	Forest	Barren	Shrub/Scrub	Barren
Evergreen Forest	Forest	Barren	Shrub/Scrub	Barren
Mixed Forest	Forest	Barren	Shrub/Scrub	Barren
Woody Wetlands	Forest	Barren	Shrub/Scrub	Barren
Open Water	Water	Water	Water	Barren
Emergent Herbaceous Wetlands	Wetland	Barren	Wetland	Barren
Developed, Open Space	Urban Open Space	Barren	Urban Open Space	Barren
Developed, Low Intensity	Urban Other	Barren	Urban Other	Barren
Developed, Medium Intensity	Urban Other	Barren	Urban Other	Barren
Developed, High Intensity	Urban Other	Barren	Urban Other	Barren

Within the ROW, and for the indefinite period following construction—during ongoing operations—we assume pre-MVP forestland will become shrub/scrub, and cropland will become pasture/forage. We recognize some pre-MVP cropland may be used for crops after construction has been completed, but as expressed in comments to FERC and elsewhere, and as we discovered through personal interviews with agricultural producers in the region, it seems likely that the ability to manage acreage for row crops will be greatly curtailed, if not eliminated entirely by the physical limits imposed by the MVP and by restrictions in easements to be held by MVP LLC. These include limits on the weight of equipment that could cross the corridor at any given point and difficulty using best soil conservation practices, such as tilling along a contour, which may be perpendicular to the pipeline corridor. (This would require extra time and fuel use that could render some fields too expensive to till, plant, or harvest.) Reclassifying cropland as pasture/forage (which is a generally less productive ecosystem service) recognizes these effects while also recognizing some sort of future agricultural production in the ROW (grazing and possibly haying) could be possible.

An additional effect not captured in our methods is long-standing harm to agricultural productivity due to soil compaction, soil temperature changes, and alteration of drainage patterns due to pipeline construction. As agronomist Richard Fitzgerald (2015) concludes, "it is my professional opinion that the productivity for row crops and alfalfa will never be regenerated to its existing present 'healthy' and productive condition [after installation of the pipeline]." Thus, the true loss in food and other ecosystem service value from pasture/forage acreage would be larger than our estimates reflect.

Permanent access roads and sites for main line valves are assumed, post construction, to remain in the "barren" land use and produce the corresponding level of ecosystem services.

Step 3: Multiply Acreage by Per-Acre Value to Obtain ESV

After obtaining acreage by land use in the construction corridor and the ROW, we are ready to multiply those acres times per-acre-per-year ecosystem service productivity (in dollar terms) to obtain total ecosystem service value in each area and for with- and without-pipeline scenarios. Per-acre ecosystem service values are obtained primarily from a database of more than 1,300 estimates compiled as part of a global study known as "The Economics of Ecosystems and Biodiversity" or "the TEEB" (Van der Ploeg et al., 2010).[14] The TEEB database allows the user to select the most relevant per-unit-area values, based on the land use/land cover profile of the study region, comparison of general economic conditions in the source and study areas, and the general "fit" or appropriateness of the source study for use in the study area at hand. After eliminating estimates from lower-income countries and estimates from the U.S. that came from circumstances vastly different from Virginia and West Virginia, we identified 91 per-acre estimates in the TEEB that adequately provide approximations of ecosystem service value in our study region.[15]

[14] Led by former Deutsche Bank economist, Pavan Sukhdev, the TEEB is designed to "[make] nature's values visible" in order to "mainstream the values of biodiversity and ecosystem services into decision-making at all levels" ("TEEB - The Initiative," n.d.). It is also an excellent example of the application of the benefit transfer method.

[15] Among those U.S. studies included in the TEEB database that we deemed inappropriate for use here were a study from Cambridge Massachusetts that reported extraordinarily high values for aesthetic and recreational value and the lead author's own research on the Tongass and Chugach National Forests in Alaska. The latter was excluded due to the vast differences in land use, land tenure, climate, and other factors between the source area and the current study region.

After selecting the best candidate studies and estimates in the TEEB database, we still had some key land use/ecosystem services values (such as food from cropland) without value estimates. To fill some of the most critical gaps, we turned to other studies that examined ecosystem service value in this general region (Phillips, 2015a; Phillips & McGee, 2016b) and to specific data on cropland and pasture/hayland value from Virginia Cooperative Extension and the National Agricultural Statistics Service (Lex & Groover, 2015; USDA National Agricultural Statistics Service, 2016).

For several land cover-ecosystem service combinations, either multiple source studies were available or the authors of those studies reported a range of dollar-per-acre ecosystem service values. We are therefore able to report both a low and a high estimate based on the bottom and top end of the range of available estimates.

In the end, we have 165 separate estimates from 61 unique source studies covering 67 combinations of land uses and ecosystem services. (See Appendix A to this report for a full list of the values and sources that yielded these estimates.) This is still a fairly sparse coverage, given there are 140 possible combinations of the 10 land uses and 14 services. Therefore, we know our aggregate estimates will be lower than they would be if dollar-per-acre values for all 14 services were available to transfer to each of the 10 land use categories in the study region. It is possible to live with that known underestimation, or it is possible to assign per-acre values from a study of one land-use-and-service combination to other combinations. Doing so would introduce unknown over- or perhaps under-estimation of aggregate values. We prefer to take the first course, knowing our estimates are low/conservative and urge readers to bear this in mind when interpreting this information for use in weighing the costs of the proposed MVP.

After calculating acreage and per-acre ecosystem service values, we now calculate ecosystem service value per year for each of the four area/scenario combinations. To repeat, these annual values are:

- Baseline (no pipeline) ecosystem service value in the proposed construction corridor
- Ecosystem service value in the construction corridor during construction
- Baseline (no pipeline) ecosystem service value in the proposed right-of-way
- Ecosystem service value in the right-of-way during the (indefinite) period of ongoing operations[16]

[16] Note that while the ROW and construction corridors overlap in space, they do not overlap in time, at least not from an ecosystem services production standpoint. During construction, the land cover that would eventually characterize the ROW will not exist in the construction corridor. Thus, there is no double counting of ecosystem service values or of costs from their diminution as a result of either construction or ongoing operations.

Value calculations are accomplished according to this formula

$$\text{ESV per year } = \sum_{i,j}[(Acres_j) \times (\$/acre/year)_{i,j}]$$

Where:

$Acres_j$ is the number of acres in land use (j)

$(\$/acre/year)_{i,j}$ is the dollar value of each ecosystem service (i) provided from each land use (j) each year. These values are drawn from the TEEB database and other sources listed in Appendix A.

Step 4: Subtract Baseline "without MVP" ESV from ESV in "with MVP" Scenario

With the steps above complete, we now estimate the cost in ecosystem service value of moving from the baseline (no pipeline) or status quo to a scenario in which the MVP is built and operating.

The cost of construction is the ESV from the construction corridor during construction, minus baseline ESV for the construction corridor, multiplied by two. The multiplication by two is due to the conservative assumption that revegetation and restoration to a land use that is functionally different from barren land will take at least two years.

The ecosystem service cost of ongoing operations is ESV from the ROW in the "with MVP" scenario minus the baseline ESV for the ROW. This will be an annual cost borne every year in perpetuity.

Ecosystem Service Value Estimates

In the baseline or "no pipeline" scenario, the construction corridor and land slated for temporary roads and workspaces produces between \$11.4 and \$41.1 million per year in ecosystem service value. The largest contributors to this total (at the high end) are aesthetic value, water supply, and protection from extreme events. Under a "with MVP" scenario, and not surprisingly given the temporary conversion to bare/barren land, these figures drop to near zero, or between \$451 and \$3,552 per year for each of the two years. Taking the difference as described above, estimated per-year ecosystem service cost of the MVP's construction would be between \$11.4 and \$41.1 million, or between \$22.8 and \$82.2 million over two years in the eight-county study region (Table 5).

The ecosystem service costs for the ROW are predictably smaller on a per-year basis, but because they will persist indefinitely, the cumulative effect will be much higher. Under the "with MVP" scenario, using minimum values, the annual ecosystem service value from the ROW falls from \$4.2 million to about \$160,000 for an annual loss of over \$4.1 million. At the high end of the range, the ecosystem service value of the ROW would fall from \$15.3 million to about \$436,000 for an annual loss of \$14.8 million in the study region (Table 6).

TABLE 5: Ecosystem Service Value Lost to the Construction Corridor and Temporary Roads and Workspaces in Each of Two Years, Relative to Baseline, by Ecosystem Service (2015$)

	Study Region			
Ecosystem Service	*Baseline (low)*	*Loss (low)*	*Baseline (high)*	*Loss (high)*
Aesthetic Value	8,046,503	(8,046,503)	32,491,871	(32,491,871)
Air Quality	666,647	(666,647)	680,270	(680,270)
Biological Control	12,524	(12,524)	30,044	(30,044)
Climate Regulation	209,199	(209,199)	228,236	(228,236)
Erosion Control	15,104	(15,104)	146,466	(146,466)
Protection from Extreme Events	1,447,945	(1,447,945)	1,482,118	(1,482,118)
Food Production	10,929	(10,929)	10,929	(10,929)
Pollination	369,769	(369,769)	433,706	(433,706)
Raw Materials	43,763	(43,763)	297,240	(297,240)
Recreation	64,090	(63,722)	967,718	(965,459)
Soil Formation	12,837	(12,837)	41,061	(41,061)
Waste Treatment	22,692	(22,666)	527,395	(527,369)
Water Supply	84,501	(84,444)	2,306,613	(2,305,346)
Water Flows	417,057	(417,057)	1,444,340	(1,444,340)
Total	**11,423,559**	**(11,423,108)**	**41,088,007**	**(41,084,455)**

Most of this loss is due to the conversion of forestland to shrub/scrub. Shrub/scrub naturally increases its share of overall ecosystem service value in the “with pipeline” scenario. Those gains are dwarfed, however, by the loss of much more productive forests. Similarly, the ecosystem-service value of cropland falls due to its assumed transition to pasture/forage. While there is some gain in the pasture/forage category, there is a net loss of ecosystem service value from the two agricultural land uses of between $1,000 and $28,000 per year.[17]

TABLE 6: Ecosystem Service Value Lost Each Year Post Construction in Right-Of-Way, Relative to Baseline, by Ecosystem Service (2014$)

	Study Region			
Ecosystem Service	*Baseline (low)*	*Loss (low)*	*Baseline (high)*	*Loss (high)*
Aesthetic Value	2,985,838	(2,945,731)	12,089,964	(12,040,073)
Air Quality	248,102	(222,539)	251,931	(222,539)
Biological Control	4,062	(1,673)	10,554	(8,166)
Climate Regulation	68,141	(32,887)	75,238	(39,900)
Erosion Control	4,926	12,931	51,847	(26,014)

[17] Note that due to differences in the range of dollars-per-acre estimates available for the various combinations of land use and ecosystem service, there are some instances where an apparent gain at the low end turns into a loss at the high end. For example, and based on the estimates available from the literature, the minimum value for erosion control from shrub/scrub acres is higher than the minimum for forests. Because we assume that forests return to shrub/scrub after the pipeline is in operation, this translates into a net increase in erosion regulation. At the high end, however, available estimates show a higher erosion control value for forests than for shrub/scrub. Thus, the high estimate shows a net loss of erosion control benefits. It is important, therefore, to keep in mind that these estimates are sensitive to the availability of underlying per-acre estimates.

Protection from Extreme Events	536,977	(529,386)	547,721	(529,386)
Food Production	3,308	(1,043)	3,308	(1,043)
Pollination	137,114	(133,628)	160,576	(153,309)
Raw Materials	16,306	(16,278)	110,739	(110,711)
Recreation	18,729	1,738	355,391	(332,073)
Soil Formation	4,641	(4,083)	15,136	(14,579)
Waste Treatment	8,197	(7,182)	194,147	37,326
Water Supply	31,478	(31,450)	859,334	(857,620)
Water Flows	155,301	(152,619)	536,635	(529,356)
Total	4,223,118	(4,063,831)	15,262,520	(14,827,442)

Finally, the establishment of permanent access roads and other surface installations will entail the conversion of land from various uses to what, from an ecosystem services perspective, will function as barren land. These areas amount to a total of only 76 acres across the study region, so the effect on ecosystem service values are correspondingly small, at least when compared to the impact of the construction zone and ROW. As with the ROW, however, these effects would occur year after year for as long as the MVP exists. The annual loss of ecosystem service value from these areas under a "with MVP" scenario would range from $350,000 to $1.2 million.

It bears repeating the benefit transfer method applied here is useful for producing first-approximation estimates of ecosystem service impacts. For several reasons, we believe this approximation of the effect of the MVP's construction and operation on ecosystem service values is too low rather than too high. These reasons include:

- The estimates include only the loss of value that would otherwise emanate from the ROW, construction corridors, access roads, temporary workspaces, and other surface installations themselves.

  The estimates do not account for the extent to which the construction and long-term presence of the MVP could damage the ecosystem service productivity of adjacent land. During construction, the construction corridor itself could be a source of air and water pollution that may compromise the ability of surrounding or downstream areas to deliver ecosystem services of their own. For example, if sediment from the construction zone that reaches surface waters, the sediment will cause those streams and rivers to lose some of their ability to provide clean water, food (fish), recreation, and other valuable services. This reduced productivity may persist well after construction is complete.[18]

- Over the long term, the right-of-way would serve as a pathway by which invasive species or wildfire could more quickly penetrate areas of interior forest habitat, thereby reducing the natural

[18] This is not a small risk. As noted by the Dominion Pipeline Monitoring Coalition "pipeline construction over steep Appalachian mountains creates significant runoff and slope-failure problems" (Webb, 2015b). In one example, multiple problems during and after construction of a relatively small pipeline on Peters Mountain in Giles County caused extensive erosion and damage to waterways (Webb, 2015a). The coalition points out that "the potential for water resource problems will be greatly multiplied for the proposed larger projects [like the MVP], both in terms of severity and geographic extent."

productivity of those areas and imposing direct costs on communities and landowners in the form of fire suppression costs, lost property, and the costs of controlling invasive species.

- Finally, these estimates reflect only those changes in natural benefits that occur due to changes in conditions on the surface of the land. Particularly because the proposed pipeline would traverse areas of karst topography there is well-founded concern that subsurface hydrology could be affected during construction and throughout the lifetime of the pipeline (Jones, 2015; Pyles, 2015). Blasting and other activities during construction could alter existing underground waterways and disrupt water supply. There is also a risk that sediment and other contaminants could reach groundwater supplies if sinkholes form near the pipeline during construction or afterwards.

EFFECTS ON PROPERTY VALUE

Land Price Effects

To say the impacts and potential impacts of the MVP on private property value are important to people along its proposed route would be an extreme understatement. The Pipeline Information Network (2015) reviewed all MVP comments submitted to FERC in the first three months of 2015. Some 60% of these comment letters mentioned property value or property rights concerns. Landowners and Realtors along the proposed route of the Mountain Valley Pipeline report have abandoned building plans, seen lower than expected appraisals, and have had buyers walk away from properties potentially affected by the MVP (Adams, 2016). At least one ROW landowner has been told by two insurance agencies that rates would likely increase for properties like hers if, indeed, coverage remains available at all (Roston, 2015).

> ***"I never met a client who would choose, for a family home, a property with a 42" pipeline full of explosive gas over a similar property without such an environmental and personal-safety hazard."***
>
> *– Patricia Tracy, Realtor*
> *Blacksburg, Virginia*

While it is impossible to know precisely how large an effect the specter of the MVP has already had on land prices, there is strong evidence from other regions that the effect would be negative. In a systematic review, Kielisch (2015) presents evidence from surveys of Realtors, home buyers, and appraisers demonstrating natural gas pipelines negatively affect property values for a number of reasons. Among his key findings relevant to the MVP:

- 68% of Realtors believe the presence of a pipeline would decrease residential property value.
- Of these Realtors, 56% believe the decrease in value would be between 5% and 10%. (Kielisch does not report the magnitude of the price decrease expected by the other 44%.)
- 70% of Realtors believe a pipeline would cause an increase in the time it takes to sell a home. This is not merely an inconvenience, but a true economic and financial cost to the seller.
- More than three quarters of the Realtors view pipelines as a safety risk.

- In a survey of buyers presented with the prospect of buying an otherwise desirable home with a 36-inch diameter gas transmission line on the property, 62.2% stated that they would no longer buy the property at any price. Of the remainder, half (18.9%) stated that they would still buy the property, but only at a price 21%, on average, below what would otherwise be the market price. The other 18.9% said the pipeline would have no effect on the price they would offer.

  Not incidentally, the survey participants were informed that the risks of "accidental explosions, terrorist threats, tampering, and the inability to detect leaks" were "extremely rare" (2015, p. 7).

  Considering only those buyers who are still willing to purchase the property, the expected loss in market value would be 10.5%.[19] This loss in value provides the mid-level impact in our estimates. A much greater loss (and higher estimates) would occur if one were to consider the fact that 62% of buyers are effectively reducing their offer prices by 100%, making the average reduction in offer price for <u>all</u> potential buyers 66.2%.[20] In our estimates, however, we have used the smaller effect (-10.5%) based on the assumption that sellers will eventually find one of the buyers still willing to buy the pipeline-easement-encumbered property.

- Based on five "impact studies" in which appraisals of smaller properties with and without pipelines were compared, "the average impact [on value] due to the presence of a gas transmission pipeline is -11.6%" (Kielisch, 2015, p. 11). The average rises to a range of -12% to -14% if larger parcels are considered, possibly due to the loss of subdivision capability.

These findings are consistent with economic theory about the behavior of generally risk-averse people. While would-be landowners who are informed about pipeline risks and nevertheless decide to buy property near the proposed MVP corridor could be said to be "coming to the nuisance," one would expect them to offer less for the pipeline-impacted property than they would offer for a property with no known risks.

Kielisch's findings demonstrate that properties on natural gas pipeline rights-of-way suffer a loss in property value. Boxall, Chan, and McMillan (2005), meanwhile, show that pipelines also decrease the value of properties lying at greater distances. In their study of property values near oil and gas wells, pipelines, and related infrastructure, the authors found that properties within the "emergency plan response zone" of sour gas[21] wells and natural gas pipelines faced an average loss in value of 3.8%, other things being equal.

The risks posed by the MVP would be different – it would not be carrying sour gas, for example—but there are similarities between the MVP scenario and the situation in the study that makes their finding particularly relevant. Namely, the emergency plan response zones (EPZs) are defined by the health and safety risks posed by the gas operations and infrastructure. Also, in contrast to MVP-cited studies

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[19] Half of the buyers would offer 21% less, and the other half would offer 0% less; therefore the expected loss is 0.5(-21%) + 0.5(0%) = -10.5%.

[20] This is the expected value calculated as 0.622*(-100%)+0.189*(-21%)+0.189*(0%).

[21] "Sour" gas contains high concentrations of hydrogen sulfide and poses an acute risk to human health.

showing no price effects (see “Claims that pipelines have no effect on property value may be invalid,” below), the Boxall study examines prices of properties for which landowners must inform prospective buyers when one or more EPZs intersect the property.

The MVP has both a high consequence area (HCA) and an evacuation zone radiating from both sides of the pipeline defined by health and safety risks. Whether disclosed or not by sellers, prospective buyers are likely to become informed regarding location of the property relative to the MVP’s HCA and evacuation zones or, at a minimum, regarding the presence of the MVP in the study region.

In addition to the emerging body of evidence that there is a negative relationship between natural gas infrastructure and property value, there have been many analyses demonstrating the opposite analog. Namely, it is well-established that amenities such as scenic vistas, access to recreational resources, proximity to protected areas, cleaner water, and others convey positive value to real property.[22] There are also studies demonstrating a negative impact on land value of various other types of nuisance that impose noise, light, air, and water pollution, life safety risks, and lesser human health risks on nearby residents (Bixuan Sun, 2013; Bolton & Sick, 1999; Boxall et al., 2005). The bottom line is that people derive greater value from, and are willing to pay more for, properties that are closer to positive amenities and farther from negative influences, including health and safety risks.

Claims that pipelines have no effect on property value may be invalid.

Both FERC and MVP LLC have cited several studies purporting to show that natural gas pipelines (and in one case a liquid petroleum pipeline) have at most an ambiguous and non-permanent effect on property values. In its final EIS regarding the Constitution Pipeline, for example, FERC cited two articles concluding, in brief, that effects on property value from the presence of a pipeline can be either positive or negative, and that decreases in values due to a pipeline explosion fade over time (Diskin, Friedman, Peppas, & Peppas, 2011; Hansen, Benson, & Hagen, 2006). In its filing, MVP LLC cites additional studies drawing similar conclusions based on comparison of market and/or assessed prices paid for properties “on” or “near” a pipeline versus those farther away (Allen, Williford & Seale Inc., 2001; Fruits, 2008; Mountain Valley Pipeline LLC, 2015b; Palmer, 2008).

While the studies differ in methods, they are similar in that each fails to take into account two factors potentially voiding their conclusions entirely. First, the studies do not consider that the property value data used do not represent prices arising from transactions in which all buyers have full information about the subject properties. Second, for the most part, the definition of nearness to the pipelines may be inappropriate or inadequate for discerning actual effects on property value of that nearness.

Economic theory holds that for an observed market price to be considered an accurate gauge of the value of a good, all parties to the transaction must have full information about the good. If, on the other hand, buyers lack important information about a good, in this case whether a property is near a potential hazard, they cannot bring their health and safety concerns—their risk aversion—to bear on

[22] Phillips (2004) is one such study that includes an extensive review of the literature on the topic.

their decision about how much to offer for the property. As a result, buyers' offer prices will be higher than they would be if they had full information.

As Albright (2011) notes in response to the article by Disken, Friedman, Peppas, & Peppas (2011):

> The use of the paired-sales analysis makes the assumption of a knowing purchaser, but I believe this analysis is not meaningful unless it can be determined that the purchaser had true, accurate and appropriate information concerning the nature and impact of the gas pipeline on, near or across their property. … I believe that the authors' failure to confirm that the purchasers in any of the paired sales transactions had full and complete knowledge of the details concerning the gas transmission line totally undercut the authors' work product and the conclusions set forth in the article. (p.5)

Of the remaining studies, only Palmer (2008) gives any indication that any buyers were aware of the presence of a pipeline on or near the subject properties. For Palmer's conclusion that the pipeline has no effect on property value to be valid, however, it must be true that **all** buyers have full information, and this was not the case.

The study by Hansen, Benson, and Hagen (2006) actually reinforces the conclusion that when buyers know about a nearby pipeline, market prices drop. The authors found that property values fell after a deadly 1999 liquid petroleum pipeline explosion in Bellingham, Washington. They also found that the negative effect on prices diminished over time. This makes perfect sense if, as is likely, information about the explosion dissipated once the explosion and its aftermath left the evening news and the physical damage from the explosion had been repaired.

We do not think it is appropriate to conclude from this study (as FERC did in the case of the Constitution Pipeline) that natural gas transmission pipelines would have no effect on land prices in today's market. In contrast to Bellingham homebuyers in the months and years after the 1999 explosion, today's homebuyers can query Zillow to see the history of land prices near the pipeline and explore online maps to see what locally undesirable land uses exist near homes they might consider buying. They also have YouTube and repeated opportunities to find and view news reports, citizens' videos, and other media describing and depicting such explosions and their aftermath. Whether the pre-explosion prices reflected the presence of the pipeline or not, it is hard to imagine that a more recent event and the evident dangers of living near a fossil fuel pipeline would be forgotten so quickly by today's would-be homebuyers.

Online based tools have changed the ways people shop for homes. We are now in a real world much closer to the competitive economic model that assumes all buyers have full information about the homes they might purchase. Anyone with an eye toward buying property near the proposed MVP corridor would quickly learn that the property is in fact near the corridor, that there is a danger the property could be adversely affected by the still-pending project approval, and that fossil fuel pipelines and related infrastructure have an alarming history of negative health and environmental effects. Accordingly, the price buyers would offer for a home near the MVP will be lower than the price offered for another farther away or in another community or region entirely.

The second problem with the studies is that while they purport to compare the price of properties near a pipeline to properties not near a pipeline, many or in some cases all of the properties counted as "not near" the pipelines are, in fact, near enough to the subject pipelines that health and safety concerns could influence prices. In both studies written by the Interstate Natural Gas Association of America (INGAA) the authors compare prices for properties directly on a pipeline right-of-way to prices of properties off the right-of-way. However, in almost all cases the geographic scope of the analysis was small enough that most or all of the properties not on the right-of-way are still within the pipelines' respective evacuation zones (Allen, Williford & Seale Inc., 2001; Integra Realty Resources, 2016).[23]

The 2016 INGAA study suffers from the same problems, including the comparison of properties "on" and "off" the six pipelines analyzed when a majority of the "off" properties are within the pipelines' evacuation zones. In eight of the case studies—those for which a specific distance from pipeline was reported—an average of 72.5% of the "off" properties were actually within the evacuation zone. (We estimated the evacuation zone based on available information about the pipelines' diameter and operating pressure.) For the other two pipelines, the study reported a simple "yes" or "no" to indicate whether the property abutted the pipeline in question. For these cases, we assume the author's methods, while flawed, are at least consistent from one case study to the next meaning it is likely at least 50% or more of the comparison properties (the "off" properties) are in fact within the evacuation zone.

To adequately compare the price of properties with and without a particular feature, there needs to be certainty that properties either have or do not have the feature. It is a case where one actually does need to compare apples to oranges. However, because there is no variation in the feature of interest (i.e., the majority of properties are within the evacuation zone), the study is only looking at and comparing "apples." In this case, the feature of interest is the presence of a nearby risk to health and safety. With no variation in that feature, one would not expect a systematic variation in the price of the properties. By comparing apples to apples when it should be comparing apples to oranges, the INGAA study reaches the forgone and not very interesting conclusion that properties that are similar in size, condition, and other features <u>including their location within the evacuation zone of a natural gas pipeline</u> have similar prices.

To varying degrees, the other studies cited by FERC and in MVP LLC's filing suffer from the same problem. Fruits (2008), who analyzes properties within one mile of a pipeline that has a 0.8-mile-wide-evacuation zone (0.4 miles on either side), offers the best chance that a sizable portion of subject properties are in fact "not near" the pipeline from a health and safety standpoint. He finds that distance from the pipeline does not exert a statistically significant influence on the property values, but he does not examine the question of whether properties within the evacuation zone differ in price from comparable properties outside that zone. A slightly different version of Fruits' model, in other words, could possibly detect such a threshold effect. Such an effect would show up, of course, only if the

[23] This is based on a best estimate of the location of the pipelines derived from descriptions of the pipelines location provided in the study (only sometimes shown on the neighborhood maps) and an approximation of the evacuation zone based on pipeline diameter and operating pressure (Pipeline Association for Public Awareness, 2007).

buyers of the properties included in the study had been aware of their new property's proximity to the pipeline.

In short, one cannot conclude from these flawed studies' failure to identify a negative effect of pipelines on property value that no such effect exists. To evaluate the effects of the proposed MVP on property value, FERC and others must look to studies (including those summarized in the previous section) in which buyers' willingness to pay is fully informed about the presence of nearby pipelines and in which the properties bought are truly different in terms of their exposure to pipeline-related risks.

Visual Effects and Viewshed Analysis

Information about how the visual effects of natural gas transmission pipelines are reflected in property value is scarcer than information related to health and safety effects. On one hand, we know better views increase property value. Conversely, utility corridors from which power lines can be seen decrease property values (by 6.3% in one study) (Bolton & Sick, 1999). This suggests that a pipeline corridor reduces property value either by impairing a good view or, if like power lines, by simply being unattractive. It is reasonable to conclude that the proposed MVP would have effects on property value that are mediated through visual effects, but the literature to date does not offer clear guidance on how large or strong the effects may be. We therefore have not included separate estimates of the impact of the MVP on property value in the viewshed. Moreover, we do not wish to double-count a portion of the impact of the MVP on "Aesthetics," which is already included among the ecosystem service value effects.

We do want to know, however, how many properties might suffer a portion of that lost aesthetic value. To keep the estimate conservative, we only count properties with a higher-than-average likelihood the MVP corridor could be seen from them. To determine this for each parcel, a GIS-based visibility analysis provides an estimate of how many points along the pipeline could potentially be seen from each 30m-by-30m spot in the study region. To keep the computing needs manageable, we analyzed a sample of points placed at 100m intervals along the proposed MVP route.

Because weather, smog, and other conditions limit the distance at which one can see anything in the mountains and valleys of Virginia and West Virginia, we restricted the scope of analysis for any given point on the pipeline to spots in the study region that lie within a 25-mile radius. We analyzed a section of the MVP beginning 25 miles north of the western boundary of Greenbrier County, West Virginia that extended to a point 25 miles east of the eastern boundary of Franklin County, Virginia.

By tallying the number of points on the pipeline corridor that could be seen from each spot in the study region and then connecting those spots to parcel boundaries, we obtain an estimate of how much of the pipeline could be seen from some spot within a given parcel. In Figure 6, yellow spots on the maps are points where between 1 and 10 points on the pipeline are visible, whereas orange and red spots have a view of up to as many as 251 points. Since each point represents 100 meters of pipeline, there are places in the study region where 25.1 km, or 15.6 miles, of pipeline corridor could be visible.

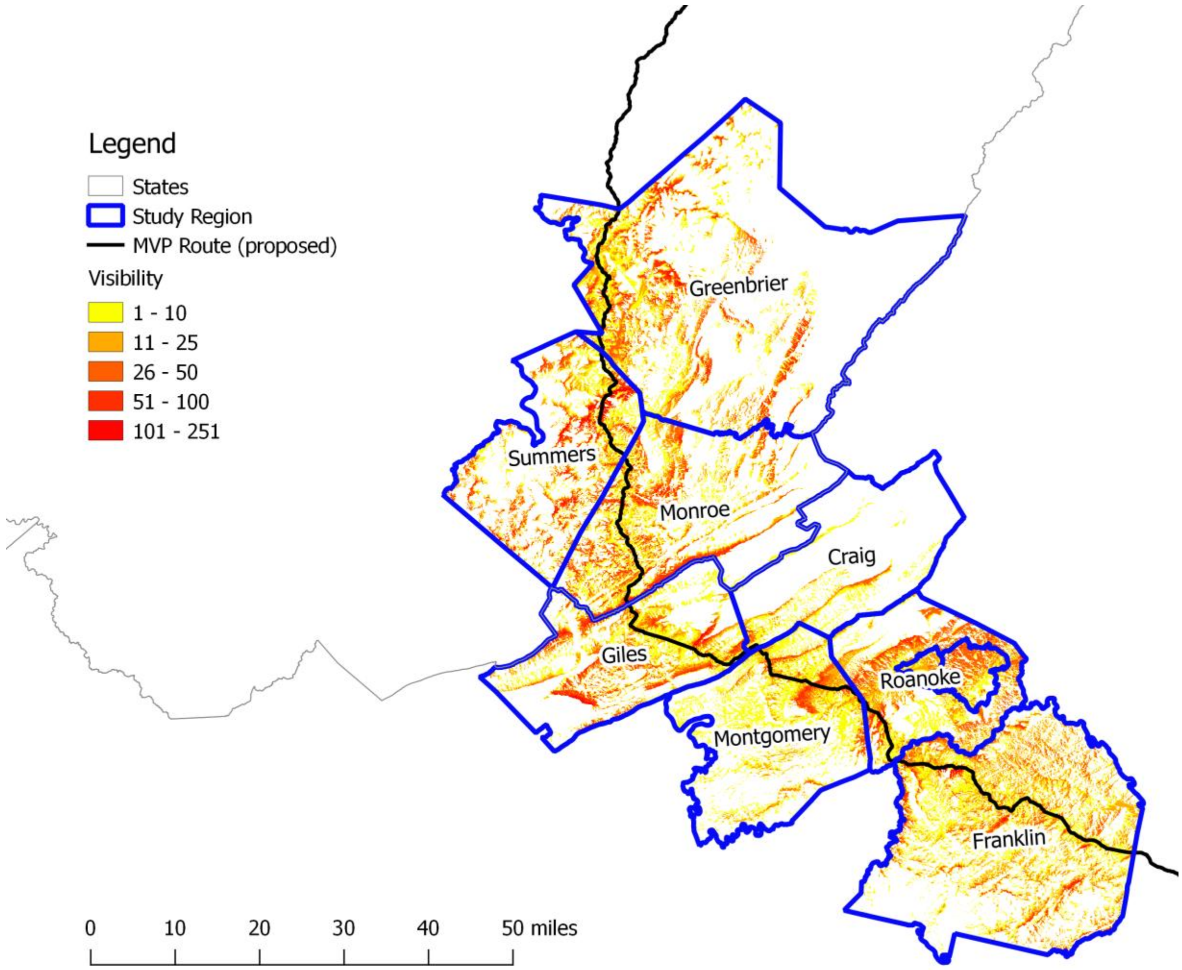

FIGURE 7: Visibility of the Proposed Mountain Valley Pipeline

The color of each point on the map indicates the number of waypoints, spaced 100m apart along the MVP route and only those within 25 miles,that could be seen from each point. Note that the analysis is based on elevation only, and does not take into account the extent to which buildings or trees may mask views of the pipeline corridor.

Sources: MVP route digitized from online maps and MVP LLC filings (http://mountainvalleypipeline.info/maps/); Counties from USGS (http://nationalmap.gov); Visibility analysis thanks to Bryan Behan and Stockton Maxwell of Radford University.

Taking into account those spots on nearly every parcel from which the MVP corridor is not visible, the average of the maximum number of points visible from a parcel is 10. This serves as our threshold for identifying parcels from which the pipeline would be "visible." Parcels containing no locations (again each spot is a 30m-by-30m square) from which more than 10 pipeline points are visible are considered to have no view of the pipeline. By this rule, and out of 253,880 parcels in the study region, 78,553 parcels, or just under one-third, would have a potential view of the pipeline.[24] The total value of these properties is currently $16.8 billion.

We call this a potential view of the pipeline because we have not taken other visual obstructions such as trees or buildings into account. In particular, smaller parcels in more densely developed areas could be at elevations relative to the pipeline which would make it possible to see the MVP corridor, but the

[24] Because GIS parcel maps are unavailable for Craig and Monroe Counties, those counties are not included in these figures.

house next door may block that view. The restriction of our analysis to those parcels that have comparatively many spots from which to potentially see the pipeline mitigates this limitation of our GIS analysis. The reason is simply that smaller urban lots have very few 30-meter-square spots to begin with. A parcel has to be at least 10 spots in size (2.2 acres), with the pipeline visible from every spot, to cross the 10-spot threshold.

Parcel Values

For five of the eight counties in the study region, GIS data on parcel boundaries and corresponding tabular data with parcel value was obtained from the jurisdictions' public records. For the remaining three counties, electronic data on parcel boundaries, parcel values, or both were unavailable. In those cases, we adopted variations on a second-best approach to ensure more complete coverage of land value effects.

- Summers County, WV parcel boundaries were available, but the corresponding parcel values were not. We therefore used median house value from the US Census Bureau's American Community Survey (ACS) (2014) as a proxy. After adjusting the ACS figures for inflation, we attached those values to each parcel, according to which block group the parcel occupies.[25]
- Monroe County, WV parcel boundaries are viewable via the County's online map service, which allowed us to develop a list of parcels crossed by the ROW and those that overlap the evacuation zone. Similar to Summers County, we used median house value from ACS as a proxy for parcel value.
- For Craig County, parcel maps and corresponding parcel values are not available. MVP's route map, however, does show the 10 parcels crossed by the (ROW) through the County's southwest corner. We assume that 10 more parcels would be within the evacuation zone. For parcel value, we use the same proxy from ACS.

Two other features of the parcel data required adjustments prior to performing any land value impact calculations. First, the Giles County data had instances in which two or more individual tracts in different parts of the County are listed on a single tax record with a single property value. The consequence is that the value of all of the land connected to such multi-tract tax records would be swept up with the value of just those tracts actually crossed by the proposed ROW, or in the evacuation zone. To avoid overstating impacts, we split the multi-tract parcels into separate tax records and assigned each tract its own value based on its size and the per-acre value of the original multi-tract parcel.

The second remaining issue deals with public land that is unlikely to be sold and therefore does not possess any market value. To ensure these properties would not inflate overall property value effects, we used the "Protected Areas Database" from the National Gap Analysis Program to identify fee-owned conservation properties, such as portions of the Jefferson National Forest and state, county, and

[25] Because many parcels overlap block group boundaries, each parcel is assigned to a block according to whether its centroid, or geometric center, lies within the block group.

municipal parks (Conservation Biology Institute, 2012). Once identified, we set the value of all such properties equal to zero.

With all of these adjustments made, there remains the comparatively straightforward matter of identifying parcels of six types for which one could expect some effect of the MVP on the value. In order of increasing distance from the pipeline itself, these are:

1. Parcels crossed by the right-of-way
   (716 parcels, with total value (before MVP) of $125.9 million)
2. Parcels crossed by the construction corridor
   (768 parcels, with total value (before MVP) of $132.6 million)
3. Parcels at least partially within the high consequence area (HCA)
   (2,333 parcels, with total value (before MVP) of $320.6 million)
4. Parcels at least partially within the evacuation zone
   (8,221 parcels, with total value (before MVP) of $972.6 million)
5. Parcels from which the pipeline would be visible (as defined in the previous section)
   (78,553, with total value (before MVP) of $16.8 billion, not counting Monroe or Craig County)[26]

Note there is overlap among these zones. All ROW parcels are within the construction, HCA, and evacuation zones, for example. To avoid double counting we apply only one land value effect to any given parcel. ROW parcels are assumed to suffer no further reduction in value due to their location within the evacuation zone.

We have not considered the construction corridor separately this analysis. Even though the additional 52 parcels and $6.7 million in value (relative to parcels in the ROW) are not trivial, we do not have a basis for estimating a change in value that is separate from or in addition to the change due to the parcels' proximity to the ROW or their location within the evacuation zone.

> *[Upon learning of the proposed MVP route through my property,] I immediately put the land on the market, disclosing its [bisection] by the pipeline…I was told by a realtor that a sale was out of the question, as the land had lost its value for building…. As of now I have not received any offers except ones that make a purchase contingent on the pipeline not being built. Apparently buyers do care.*
>
> *- Christian M. Reidys, Ph.D.*
> *Montgomery County Landowner*

Furthermore, we treat parcels in the HCA and in the evacuation zone the same way and apply a single land value change to all parcels in the evacuation zone. Arguably, there should be a larger effect on parcels in the HCA than those only in the evacuation zone. Living with the possibility of having to evacuate one's home at any time day or night could have a smaller effect on property value than living with the possibility of not surviving a "high consequence" event and, therefore, not having the chance to evacuate at all. We do not have data or previous study

[26] Monroe and Craig County are excluded because we do not have the necessary GIS parcel boundary data.

results that allow us to draw such a distinction, so instead we apply the lower evacuation zone effect to all HCA and evacuation zone parcels.

To summarize, Table 7 repeats a portion of Table 2, but with the property value effects in place of check marks.

TABLE 7: Summary of Marginal Property Value Effects

Values / Effects	Right-of-Way (Low, Medium, & High Effects)	High Consequence Area	Evacuation Zone	Pipeline Viewshed
Land / Property Value	-4.2%[a] -10.5%[b] -13.0%[c]	-3.8%[d]		Impact included with Ecosystem Services

Notes:

a. Kielisch, Realtor survey in which 56% of respondents expected an effect of between -5% and -10% (0.56*-7.5% = -4.2%).

b. Kielisch, buyer survey in which half of buyers still in the market would reduce their offer on a property with a pipeline by 21% (0.50*-0.21 = -10.5%).

c. Kielisch, appraisal/impact studies showing an average loss of between -12% and -14% (-13% is the midpoint)

d. Boxall, study in which overlap with an emergency planning zone drives, on average, a 3.8% reduction in price. We apply this reduction ONLY to those parcels in the evacuation zone that are not also in the ROW or within one half mile of the compressor station.

Estimated Land Value Effects

Following the procedures outlined in the previous section, our conservative estimate for costs of the proposed MVP would include between $42.2 million and $53.3 million in diminished property value. Some of the most intense effects will be felt by the owners of 716 parcels in the path of the right-of-way, who collectively would lose between $5.3 million and $16.4 million in property value. Some 8,221 additional parcels lie outside the ROW but are within or touching the evacuation zone. These parcels' owners would lose an estimated $37.0 million (Table 8). A far greater number of parcels, 78,553, would experience a loss in value due to diminished quality of the view from their properties.

Based on median property tax rates in each county, these one-time reductions in property value would result in reductions in property tax revenue of between $243,500 and $308,400 per year (Table 9). To keep their budgets balanced in the face of this decline in revenue, the counties would need to increase tax rates, cut back on services, or both. The loss in revenue would be compounded by the likelihood that the need for local public services, such as road maintenance, water quality monitoring, law enforcement, and emergency preparedness/emergency response could increase. The MVP could drive up expenses while driving down the counties' most reliable revenue stream.[27]

[27] We recognize that MVP anticipates making tax payments, but because those payments are tied to net income from the operation of the pipeline, they may fluctuate from year to year or disappear entirely if pipeline operations become unprofitable.

TABLE 8: Summary of Land Value Effects, by Zone and County

	Effects in Right-of-Way			Effects in Evacuation Zone
Area	**Realtor Survey (4.2%)**	**Buyer Survey (10.5%)[a]**	**Impact Studies (13.0%)**	**Boxall Study (3.8%)**
Study Region	-5,288,289	-13,220,723	-16,368,514	-36,958,088
Virginia Portion	-4,484,041	-11,210,102	-13,879,174	-30,656,302
Craig	-60,223	-150,557	-186,404	-54,487
Franklin	-2,138,174	-5,345,434	-6,618,157	-14,855,120
Giles	-792,099	-1,980,248	-2,451,735	-4,174,604
Montgomery	-714,101	-1,785,252	-2,210,312	-7,009,533
Roanoke	-779,444	-1,948,611	-2,412,566	-4,562,557
West Virginia Portion	-804,248	-2,010,620	-2,489,339	-6,301,786
Greenbrier	-186,961	-467,402	-578,688	-1,438,278
Monroe	-382,228	-955,571	-1,183,088	-3,321,634
Summers	-235,059	-587,647	-727,563	-1,541,874

TABLE 8: Continued

	Total of ROW and Evacuation Zone Effects		
Area	**Low**	**Medium**	**High**
Study Region	-42,246,377	-50,178,810	-53,326,601
Virginia Portion	-35,140,343	-41,866,404	-44,535,476
Craig	-114,710	-205,045	-240,892
Franklin	-16,993,293	-20,200,554	-21,473,277
Giles	-4,966,703	-6,154,852	-6,626,339
Montgomery	-7,723,634	-8,794,785	-9,219,845
Roanoke	-5,342,002	-6,511,168	-6,975,123
West Virginia Portion	-7,106,034	-8,312,406	-8,791,125
Greenbrier	-1,625,239	-1,905,680	-2,016,966
Monroe	-3,703,862	-4,277,204	-4,504,721
Summers	-1,776,933	-2,129,522	-2,269,438

In addition to factors that make our estimates of the effects on property value conservative,[28] there is one other factor that makes the estimates of effects on property taxes lower than expected if the MVP is permitted. Some portion of properties in the ROW are currently undeveloped but still assessed at a

[28] These factors include using the lower expected price reduction from the buyer survey and applying the same price reduction to the entire evacuation zone (including the HCA).

value that assumes a single house site. Depending on where and how the ROW crosses these properties, it is likely that some will lose their potential usefulness for future residential or other development. In those cases, the assessed value (which by law reflects market value) will fall, and tax revenue generated by future development will never materialize.

TABLE 9: Effects on Local Property Tax Revenue

Area	Median Tax Rate (% of Value)[a]	Lost Property Tax Revenue		
		Low	Medium	High
Study Region		-243,476	-289,966	-308,414
Virginia Portion		-217,097	-259,111	-275,783
Craig	0.50%	-574	-1,025	-1,204
Franklin	0.47%	-79,868	-94,943	-100,924
Giles	0.72%	-35,760	-44,315	-47,710
Montgomery	0.67%	-51,748	-58,925	-61,773
Roanoke	0.92%	-49,146	-59,903	-64,171
West Virginia Portion		-26,379	-30,855	-32,631
Greenbrier	0.42%	-6,826	-8,004	-8,471
Monroe	0.36%	-13,334	-15,398	-16,217
Summers	0.35%	-6,219	-7,453	-7,943

a. Source: Property Taxes By State (Virginia Counties and Independent Cities) (propertytax101.org, 2015).

EFFECTS ON ECONOMIC DEVELOPMENT

Across the study region, county-level economic development plans recognize the importance of a high quality of life, a clean environment, and scenic and recreational amenities to the economic future of people and communities. Franklin County's Comprehensive Plan, for example, states that "the County wishes to maintain its rural character and scenic views…" (Franklin County Planning Commission, 2007). Greenbrier County's Comprehensive Plan notes the County's melding of old and new economy businesses (farming and high tech, for example) and recognizes that "a healthy environment is central to citizens' health, welfare, and quality of life" (Greenbrier County Planning Commission, 2014).

The MVP would undermine the progress toward these visions if the loss of scenic and recreational amenities, the perception and the reality of physical danger, and environmental and property damage were to discourage people from visiting, relocating to, or staying in the study region. Workers, businesses, and retirees who might otherwise choose to locate along the MVP's proposed route will instead pick locations retaining their rural character, productive and healthy landscapes, and promise for a higher quality of life.

This is already occurring in the region. With the possibility of the MVP looming, business plans have stalled and the real estate market has slowed. Study region residents are also concerned about the effect the MVP could have on the economy. Based on the Pipeline Information Network's review of comment letters submitted in the first three months of 2015, more than half mentioned the economy,

Forgone Economic Development: Sustainable Agriculture

Owners Patti and Constantine Chlepas describe their 23-acre Birdsong Farm as “pristine land in the heart of Monroe County.” They use organic practices to produce natural raw honey and natural beeswax products. In part because pesticides are threatening honeybee operations worldwide, Birdsong Farm is an oasis from which the Chlepas can sell bees to and serve as mentors for apiarists in other places that have been hit hard. With the proposed MVP right-of-way adjacent to their property—and the likelihood that the ROW would be maintained using chemical defoliants that could harm bees—the owners are concerned that their core business would be wiped out.

The Chlepas have put on hold their planned investment in a pick-your-own strawberry operation and a new line of business selling locally-grown fresh strawberries, strawberry plugs, and value-added products to sell in an on-site store. Birdsong Farm was planning to hire employees to help run their local operation. However, because of the MVP, they cancelled their grant to build a high tunnel greenhouse, and estimate the long-term loss in revenue to the County may run as high as half a million dollars.

with property value, tourism, recreation, and agriculture looming large in citizens’ concerns (Pipeline Information Network, 2015).

These fears are consistent with research results from this region and around the country demonstrating that quality of life is often of primary importance when people choose places to visit, live, or do business. As Niemi and Whitelaw state, “as in the rest of the Nation, natural-resource amenities exert an influence on the location, structure, and rate of economic growth in the southern Appalachians. This influence occurs through the so-called people-first-then-jobs mechanism, in which households move to (or stay in) an area because they want to live there, thereby triggering the development of businesses seeking to take advantage of the households’ labor supply and consumptive demand” (1999, p. 54). They note that decisions affecting the supply of amenities “have ripple effects throughout local and regional economies” (p. 54).

Along similar lines, Johnson and Rasker (1995) found that quality of life is important to business owners deciding where to locate a new facility or enterprise and whether to stay in a location already chosen. This is not surprising. Business owners value safety, scenery, recreational opportunities, and quality of life factors as much as residents, vacationers, and retirees.

It is difficult to predict just how large an effect the MVP would have on decisions about visiting, locating to, or staying in the study region. Even so, based on information provided by business owners to FERC and as part of this research, we can consider reasonable scenarios for how the MVP might affect key portions of the region’s overall economy.

The study region’s residents believe the MVP will harm the travel and tourism industry. In the words of the owner of one recreation and tourism business in Summers County, West Virginia, the MVP would “completely destroy the use, purpose, business operation, well, commercial septic system, two rental houses, and public campground on [the] property,” with one-time losses valued at $800,000, not to mention the owners loss of livelihood and employment (Berkley, 2015). While more systematic research could provide refined estimates of the impact of natural gas transmission pipelines on recreation and tourism spending, one plausible scenario is that the impact is at

> ***Recognizing that a healthy environment is central to citizens' health, welfare, and quality of life, Greenbrier County strongly supports the wise stewardship of our natural environment, including air and water resources, agricultural and forest resources, and geologic resources, with special emphasis on the protection of environmentally sensitive areas and features (springs, sinkholes, caves, other karst features, floodplains, and wetlands) which contribute to overall environmental health and citizens' quality of life.***
>
> *–Greenbrier County Comprehensive Plan*

least as high as the minimum of these business owners' reported expectations. If the MVP were to cause a 10% drop in recreation and tourism spending from the 2014 baseline, the MVP could mean $96.8 million less in travel expenditures each year. Those missing revenues would otherwise support roughly $24.3 million in payroll, $2.6 million in local tax revenue, $4.8 million in state tax revenue, and 1,073 jobs in the eight-county region's recreation and tourism industry each year.[29] In the short run, these changes multiply through the broader economy as recreation and tourism businesses buy less from local suppliers and fewer employees spend their paychecks in the local economy. As with the reduction in local property taxes, lost tax revenue from a reduction in visitation and visitor spending would squeeze local governments trying to meet existing public service needs as well as those additional demands created by the MVP.

Along similar lines, retirement income is an important economic engine that could be adversely affected by the MVP. In county-level statistics from the US Department of Commerce, retirement income shows up in investment income and as age-related transfer payments, including Social Security and Medicare payments. In the study region, investment income grew by 0.8% per year from 2000 through 2014, and age-related transfer payments grew by 5.8% per year. During roughly the same time period (through 2013), the number of residents age 65 and older grew by 15.1% (1.2% per year), and this age cohort now represents 15.5% of the total population.[2]

It is difficult to precisely quantify the effect of the MVP on retirement income, but given the expression of concern from residents about changes in quality of life, safety, and other factors influencing retirees' location decisions, it is important to consider that some change is likely. Here, we consider what just a *10% slowing of the rate of increase* might entail. Such a scenario entails an annual decrease in investment income and age-related transfer payments of approximately $15.6 million. That loss would ripple through the economy as the missing income is not spent on groceries, health care, and other services such as restaurant meals, home and auto repairs, etc.

The same phenomenon also applies to people starting new businesses or moving existing businesses to communities in the study region. This may be particularly true of sole proprietorships and other small businesses who are most able to choose where to locate. As noted, sole proprietors account for a large and growing share of jobs in the region. If proprietors' enthusiasm for starting businesses in the study

[29] Raw data on travel expenditures is from the Virginia Tourism Corporation (2015) and Dean Runyan Associates (2015). This reduction in economic activity would be in addition to the lost recreation benefits (the value to the visitors themselves over and above their expenditures on recreational activity) that are included with ecosystem service costs above.

region were dampened to the same degree as retirees' enthusiasm for moving there, the 10% reduction in the rate of growth would mean 722 fewer jobs and $2.0 million less in personal income.

For "bottom line" reasons (e.g., cost of insurance) or due to owners' own personal concerns, businesses in addition to sole proprietorships might choose locations where the pipeline is not an issue. If so, further opportunities for local job and income growth will be missed.

These are simple scenarios and the actual magnitude of these impacts of the MVP will not be known unless and until the pipeline is built. Even so, and especially because the pipeline is promoted by supporters as bringing some jobs and other economic benefits to the region, it is important to consider the potential for loss.

> ***A pipeline route through here will destroy our farm business. Our customers drive here for the scenery and tranquility as much as for the fresh blueberries. Construction of a pipeline this large does not fit into this picture. Our customers would recoil and take their business elsewhere.***
>
> *–Shirley & Lewis Woodall*
> *Craig County, Virginia*

CONCLUSIONS

The full costs of the proposed Mountain Valley Pipeline in the eight-county study area and beyond are wide-ranging. They include one-time costs like reductions in property value and lost ecosystem services during pipeline construction, which we estimate to be between $65.1 and $135.5 million. Plus there are ongoing costs like lost property tax revenue, diminished ecosystem service value, and dampened economic growth that would recur year after year for the life of the pipeline. Our estimates of the annual costs range from $119.1 to $130.8 million per year. Most of these costs would be borne by residents, businesses, and institutions in Craig, Franklin, Giles, Montgomery, Roanoke, Greenbrier, Monroe, and Summers Counties.

By contrast, the MVP's one local benefit is much smaller. It is an estimated average tax payment of $6.1 million per year (for the five Virginia counties) and $4.5 million per year (for the 3 West Virginia counties) through 2025 (Ditzel, Fisher, & Chakrabarti, 2015a, p. 15, 2015b, p. 13). Other MVP-promoted benefits, such as jobs from the MVP's construction and operation and those stemming from lower energy costs, would accrue primarily in other places (Ditzel et al., 2015a, 2015b).[30]

The decision to approve or not approve the MVP does not hinge on a simple comparison of estimated benefits and estimated costs. The scope and magnitude of the costs outlined here, however, reflect an important component of the full extent of the MVP's likely environmental effects that must be considered when making the decision. Impacts on human well-being, including but not limited to those that can be expressed in dollars-and-cents, must be taken into account by the Federal Energy Regulatory Commission and others weighing the societal value of the Mountain Valley Pipeline.

If these considerations and FERC's overall review result in selection of the "no-action" alternative and the Mountain Valley Pipeline is never built, most of the costs outlined in this report will be avoided. It

[30] Due to issues with the methods and assumptions used in the MVP-sponsored studies, the benefit estimates they present may be inflated. See Phillips (2015b) for a review.

is *most*, but not *all* costs because there has already been the cost of delaying implementation of business plans, the cost of houses languishing on the market, and the cost to individuals of the stress, time, and energy diverted to concern about the pipeline rather than what would normally (and more productively) fill their lives.

Another possible scenario is that the FERC, considering the impacts of the MVP *as currently proposed* on ecosystem services, property values, and economic development, would conduct a thorough analysis of all possible alternatives. Those alternatives may include using existing gas transmission infrastructure (with or without capacity upgrades), routing new gas transmission lines along existing utility and transportation rights-of-way, and/or scaling down permitted new pipeline capacity to match regional gas transmission needs (as opposed to permitting pipelines on a company-by-company basis). In this case, estimates of these impacts should inform the choice of a preferred alternative that minimizes environmental damage and, thereby, minimizes the economic costs to individuals, businesses, and the public at large.

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APPENDIX A:
CANDIDATE PER-ACRE VALUES FOR LAND-USE AND ECOSYSTEM SERVICE COMBINATIONS

As explained under "Effects on Ecosystem Service Value," the benefit transfer method applies estimates of ecosystem service value from existing studies of "source areas" to the "study area," which in this case is the proposed MVP corridor. This application is done on a land-use-by-land-use basis. So, for example, values of various ecosystem services associated with forests in the source area are applied to forests in the study area. The table below lists all of the values from source area studies considered for our calculations.

Land Use	Ecosystem Service	Minimum $/acre/year	Maximum $/Acre/year	Source Study
Cropland	Aesthetic	35.01	89.23	(Bergstrom, Dillman, & Stoll, 1985)
	Biological Control	15.21	15.21	(Brenner Guillermo, 2007) *
	Biological Control	14.38	204.95	(Cleveland et al., 2006)
	Erosion	27.31	72.55	(Pimentel et al., 2003) *
	Food	33.25	33.25	(Lex & Groover, 2015)
	Pollination	10.14	10.14	(Brenner Guillermo, 2007) *
	Pollination	13.89	13.89	(Robinson, Nowogrodzki, & Morse, 1989)
	Pollination	47.43	1,987.97	(Winfree, Gross, & Kremen, 2011)
	Recreation	18.77	18.77	(Brenner Guillermo, 2007) *
	Recreation	2.16	5.02	(Knoche & Lupi, 2007)
	Soil Fertility	7.28	7.28	(Pimentel, 1998) *
	Soil Fertility	115.23	115.23	(Pimentel et al., 2003)
	Waste	132.26	132.26	(Perrot-Maître & Davis, 2001) *
Grasslands	Aesthetic	102.38	116.61	(Ready, Berger, & Blomquist, 1997)
	Biological Control	15.21	15.21	(Brenner Guillermo, 2007) *
	Climate	3.55	3.55	(Brenner Guillermo, 2007) *
	Erosion	17.48	17.48	(Barrow, 1991) *
	Erosion	68.28	68.28	(Sala & Paruelo, 1997) *
	Food	15.50	15.50	(Lex & Groover, 2015) *
	Pollination	16.23	16.23	(Brenner Guillermo, 2007) *
	Soil Fertility	3.55	3.55	(Brenner Guillermo, 2007) *
	Waste	55.28	55.28	(Brenner Guillermo, 2007) *
	Waste	5.88	64.40	(Ministerie van Landbouw & Natuur en Voedselkwaliteit, 2006) *
	Water Flows	2.54	2.54	(Brenner Guillermo, 2007) *
Pasture	Aesthetic	102.38	116.61	(Ready et al., 1997)
	Biological Control	15.21	15.21	(Brenner Guillermo, 2007) *
	Climate	3.55	3.55	(Brenner Guillermo, 2007) *
	Erosion	17.48	17.48	(Barrow, 1991) *
	Erosion	68.28	68.28	(Sala & Paruelo, 1997) *
	Food	15.50	15.50	(Lex & Groover, 2015)
	Pollination	16.23	16.23	(Brenner Guillermo, 2007) *
	Soil Fertility	3.55	3.55	(Brenner Guillermo, 2007) *

Land Use	Ecosystem Service	Minimum $/acre/year	Maximum $/Acre/year	Source Study
Pasture, cont'd	Waste	55.28	55.28	(Brenner Guillermo, 2007) *
	Waste	5.88	64.40	(Ministerie van Landbouw & Natuur en Voedselkwaliteit, 2006) *
	Water Flows	2.54	2.54	(Brenner Guillermo, 2007) *
Shrub/Scrub	Air Quality	37.26	37.26	(Ministerie van Landbouw & Natuur en Voedselkwaliteit, 2006) *
	Climate	7.27	7.27	(Croitoru, 2007) *
	Erosion	22.75	22.75	(Ministerie van Landbouw & Natuur en Voedselkwaliteit, 2006) *
	Pollination	1.41	7.10	(Robert Costanza, Wilson, et al., 2006)
	Recreation	3.95	3.95	(Haener & Adamowicz, 2000)
	Waste	46.35	46.35	(Croitoru, 2007) *
	Waste	0.10	324.35	(Ministerie van Landbouw & Natuur en Voedselkwaliteit, 2006) *
Forest	Aesthetic	4,439.71	18,141.99	(Nowak, Crane, Dwyer, & others, 2002)
	Air Quality	372.57	372.57	(Ministerie van Landbouw & Natuur en Voedselkwaliteit, 2006) *
	Biological Control	8.91	8.91	(Wilson, 2005) *
	Biological Control	2.54	2.54	(Brenner Guillermo, 2007) *
	Climate	67.45	67.45	(Brenner Guillermo, 2007) *
	Climate	56.89	56.89	(Robert Costanza, d'Arge, et al., 2006)
	Erosion	61.87	61.87	(Brenner Guillermo, 2007) *
	Erosion	3.09	36.09	(Zhou, Al-Kaisi, & Helmers, 2009)
	Extreme Events	797.66	797.66	(Weber, 2007)
	Food	0.13	0.13	(Wilson, 2005) *
	Pollination	202.87	202.87	(Brenner Guillermo, 2007) *
	Raw Materials	24.53	24.53	(Wilson, 2005) *
	Raw Materials	166.82	166.82	(Weber, 2007)
	Recreation	152.66	152.66	(Brenner Guillermo, 2007) *
	Recreation	1.29	4.55	(Cruz & Benedicto, 2009) *
	Recreation	1.56	1.56	(Kniivila, Ovaskainen, & Saastamoinen, 2002) *
	Recreation	37.13	45.50	(Prince & Ahmed, 1989)
	Recreation	2.79	503.97	(Shafer, Carline, Guldin, & Cordell, 1993)
	Soil Fertility	6.09	6.09	(Brenner Guillermo, 2007) *
	Soil Fertility	19.97	19.97	(Weber, 2007)
	Waste	55.28	55.28	(Brenner Guillermo, 2007) *
	Waste	8.66	8.66	(Cruz & Benedicto, 2009) *
	Waste	265.79	266.89	(Lui, 2006)
	Water	204.39	204.39	(Brenner Guillermo, 2007) *
	Water	47.39	47.39	(Cruz & Benedicto, 2009) *
	Water	1,292.23	1,292.23	(Weber, 2007)
	Water Flows	230.01	230.01	(Mates, 2007)
	Water Flows	797.66	797.66	(Weber, 2007)

Land Use	Ecosystem Service	Minimum $/acre/year	Maximum $/Acre/year	Source Study
Water	Recreation	446.31	446.31	(Brenner Guillermo, 2007) *
	Recreation	155.36	914.10	(Cordell & Bergstrom, 1993)
	Recreation	304.18	437.19	(Mullen & Menz, 1985)
	Recreation	148.68	148.68	(Postel & Carpenter, 1977)
	Waste	10.72	10.72	(Gibbons, 1986) *
	Water	512.74	512.74	(Brenner Guillermo, 2007) *
	Water	22.98	22.98	(Gibbons, 1986) *
Wetland	Aesthetic	38.46	38.46	(Amacher & Brazee, 1989) *
	Air Quality	75.50	98.02	(Jenkins, Murray, Kramer, & Faulkner, 2010)
	Climate	1.84	1.84	(Wilson, 2005) *
	Climate	157.73	157.73	(Brenner Guillermo, 2007) *
	Extreme Events	228.06	369.85	(Wilson, 2005) *
	Extreme Events	110.06	4,583.26	(Brenner Guillermo, 2007) *
	Extreme Events	304.18	304.18	(Robert Costanza, Farber, & Maxwell, 1989)
	Extreme Events	278.77	278.77	(Robert Costanza & Farley, 2007)
	Extreme Events	1,645.59	7,513.98	(Leschine, Wellman, & Green, 1997)
	Raw Materials	50.16	50.16	(Everard, Great Britain, & Environment Agency, 2009)
	Recreation	80.71	80.71	(Bergstrom, Stoll, Titre, & Wright, 1990)
	Recreation	1,716.76	1,761.89	(Brenner Guillermo, 2007) *
	Recreation	109.30	429.97	(Robert Costanza et al., 1989)
	Recreation	1,041.04	1,041.04	(Creel & Loomis, 1992)
	Recreation	88.06	994.50	(Gren & Söderqvist, 1994) *
	Recreation	71.11	71.11	(Gren, Groth, & Sylven, 1995) *
	Recreation	208.01	208.01	(Kreutzwiser, 1981)
	Recreation	209.51	209.51	(Lant & Roberts, 1990) *
	Recreation	648.57	4,203.82	(Whitehead, 1990)
	Waste	141.56	141.56	(Wilson, 2005) *
	Waste	67.02	67.02	(Breaux, Farber, & Day, 1995)
	Waste	1,050.34	1,050.34	(Brenner Guillermo, 2007) *
	Waste	170.05	170.05	(Gren & Söderqvist, 1994) *
	Waste	35.20	35.20	(Gren et al., 1995) *
	Waste	551.02	551.02	(Jenkins et al., 2010)
	Waste	209.51	209.51	(Lant & Roberts, 1990) *
	Waste	5,027.28	5,027.28	(Meyerhoff & Dehnhardt, 2004) *
	Waste	10,881.15	10,881.15	(Lui, 2006)
	Water	1,934.84	2,407.52	(Brenner Guillermo, 2007) *
	Water	622.77	622.77	(Creel & Loomis, 1992)
	Water	18.19	18.19	(Folke & Kaberger, 1991) *
	Water Flows	3,741.87	3,741.87	(Brenner Guillermo, 2007) *
	Water Flows	3,920.69	3,920.69	(Leschine et al., 1997)
	Water Flows	4,329.70	4,329.70	(UK Environment Agency, 1999)

Land Use	Ecosystem Service	Minimum $/acre/year	Maximum $/Acre/year	Source Study
Urban Open Space	Aesthetic	1,006.06	1,322.31	(Qiu, Prato, & Boehrn, 2006)
	Air Quality	32.46	32.46	(G. McPherson, Scott, & Simpson, 1998)
	Air Quality	192.35	192.35	(G. E. McPherson, 1992)
	Climate	1,134.38	1,134.38	(G. E. McPherson, 1992)
	Extreme Events	315.52	597.01	(Streiner & Loomis, 1995)
	Water Flows	8.32	8.32	(G. E. McPherson, 1992)
	Water Flows	138.22	187.58	(The Trust for Public Land, 2010)
Urban Other	Climate	420.95	420.95	(Brenner Guillermo, 2007) *
	Recreation	2,670.74	2,670.74	(Brenner Guillermo, 2007) *
	Water Flows	7.61	7.61	(Brenner Guillermo, 2007)

All values are adjusted for inflation to 2014 dollars.
* Indicates source is from the TEEB database.