



December 6, 2022

Proponent Testimony by Mike Jacoby, President of Ohio Southeast Economic Development

Chairman Stephens, Vice Chair Stewart, Ranking Member Weinstein, and members of the House Energy and Natural Resources Committee, thank you for the opportunity to provide proponent testimony on House Bill 685.

My name is Mike Jacoby and I am the President of Ohio Southeast Economic Development (OhioSE). OhioSE is a non-profit economic development organization, representing 25 counties in southern and eastern Ohio as the regional JobsOhio Network Partner. We work to retain, expand, and attract new industry into the region. Our work includes corporate site selection, including not just trying to match companies with sites and buildings in the region but also preparing sites and buildings to accommodate businesses. This is particularly important as many of our counties have not enjoyed the same business growth and prosperity as metro areas.

One significant hindrance to development is the dearth of natural gas distribution capacity in our region. Several of our counties lack gas lines or excess gas in pipeline networks to meet existing and future industrial, commercial and residential needs. This challenge greatly inhibits our ability to assist existing companies in their expansions and our efforts to attract new firms into the region.

In Ross County, home to Chillicothe, one of our region's largest cities, a major project opportunity was lost due to lack of excess natural gas in the current distribution system. A very costly upgrade would have been required to bring in new gas capacity. The cost estimate from the natural gas provider to meet the company's needs was significantly higher than what was palatable for the company and community. As a result, the project located elsewhere.

Another example is in Adams County, one of the most economically distressed counties in Ohio, where the community is trying to redevelop itself after losing its two largest employers, which happened to be two coal-fired power plants. Several firms have been interested in a new business park, but a natural gas line must be extended from a city in neighboring county at an estimated cost of \$15 million. Without natural gas, the cost premium of using delivered propane has discouraged companies interested in the new park.

You have already heard from Commissioner Schilling on the challenges in Washington County where new businesses have cancelled projects because they found out late in the process that there was no excess gas available in the distribution pipes.

Belmont County is blessed with some of the most productive natural gas wells in the country, yet the quoted cost to extend a distribution line to the East Ohio Regional Industrial Park from the

transmission gas line, whose easement is visible from the park, was \$3 million. That cost made the project unaffordable for many small companies in the park.

HB 685 seeks to remedy these natural gas deserts by providing tax advantages, financing, and some cost recovery allowances to extend natural gas lines to underserved areas. We believe these tools could make a difference in whether or not businesses can grow in our communities that lack natural gas or sufficient natural gas.

Another benefit for our region, which produces a tremendous amount of natural gas thanks to the Utica Shale, is to utilize this resource where it is produced rather than exporting to other states and countries.

Ohio has been on a winning streak, attracting major projects such as Intel, Honda-LG, Semcorp and others. There is a limited time window for Ohio to capture new industry and spin-off companies from these investments that can be transformational for all Ohio. With this in mind, I urge the committee to take action and pass HB 685. I would be happy to answer any questions the committee may have.

Best regards,

Mike Jacoby
President