



NORTH COAST GAS TRANSMISSION

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The Honorable Adam Holmes, Chair
Energy Committee
Ohio House of Representatives
77 South High Street
Columbus, Ohio 43215

North Coast Gas Transmission, LLC, an intrastate pipeline company as determined by the Public Utility Commission of Ohio, submits the following written statement in support of SB 2 and HB 15.

As an "intrastate" pipeline company, NCGT seeks to develop and expand natural gas pipelines to connect local distribution companies and local industrial businesses to interstate natural gas supply. While Ohio produces vast amounts of natural gas, most of western Ohio lacks sufficient natural gas pipeline infrastructure to truly realize increased industrial productivity and the benefits of low-cost natural gas for households.

Today, Ohio heavily taxes the personal property of "pipeline companies." The tax is calculated on the cost of pipeline infrastructure which in turn increases the delivered cost of energy to Ohio consumers. For every \$10 million dollars invested, Ohio pipeline companies can expect to pay nearly \$6 million dollars in tax during the first 10 years of the asset's life. This tax is severely limiting our ability to expand natural gas supply for power generation, residential and industrial growth and job creation for numerous communities.

Reducing this tax will also remove a powerful financial disincentive causing pipelines to be underbuilt and underprepared for growth. The current tax rate discourages pipeline companies from building excess capacity. The excess capacity creates an unfunded tax obligation and forces consumers to pay higher service rates. North Coast Gas Transmission strongly believes reducing this tax will foster an economic environment where new investments can expand capacity, encourage new power generation and increase the benefits of being a major energy producing state for all Ohioans.

Regards,

Lee Lochtefeld
President & Chief Executive Officer
North Coast Gas Transmission, LLC