

THE ECONOMIC IMPACT OF SUNOCO LOGISTICS' MARINER EAST PROJECTS IN PENNSYLVANIA

Executive Summary



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EXECUTIVE SUMMARY

Sunoco Logistics (NYSE: SXL) has found new opportunities to provide services throughout Pennsylvania with increasing natural gas and natural gas liquid (NGL) production from the Marcellus shale as a way to meet market demands of residential and manufacturing needs for natural gas liquids along the East Coast. Capitalizing on its existing infrastructure, SXL will repurpose the Marcus Hook Industrial Complex (MHIC), a former oil refinery, as a storage, processing, and distribution terminal for natural gas liquids such as propane and butane. To provide this service, SXL has reversed the flow of an existing 8-inch refined products pipeline between MHIC and Delmont, Pa., added 50 miles of new pipeline between Delmont and Houston, Pa., and began shipping propane to MHIC in late 2014.¹ This project is known as Mariner East 1. Due to the large volume of NGLs being extracted from the Marcellus shale and the high demand for processing, SXL will build a second pipeline system, Mariner East 2, which will originate in Ohio and West Virginia and generally run parallel to Mariner East 1 in Pennsylvania.

The construction of both pipelines and the repurposing of MHIC will impact the economy of the region. The total potential economic impact from all construction in the Commonwealth is estimated to be \$4.2 billion, supporting more than 30,100 jobs during the construction period with earnings of \$1.9 billion (See Table ES.1).

TABLE ES.1 -POTENTIAL ECONOMIC IMPACT FROM CONSTRUCTION OF THE MARINER EAST PROJECTS IN THE COMMONWEALTH OF PENNSYLVANIA

Impact Type	Commonwealth of Pennsylvania
Total Economic Impact (\$ billion)	\$4.2
Employment Supported	30,100
Labor Income Supported (\$ billion)	\$1.9

SXL's NGL operations at MHIC will contribute to the manufacturing economy throughout the state. The total potential annual economic impact in the Commonwealth from the ongoing operations of the Mariner East projects are estimated to be between \$100 million and \$150 million, supporting 290 to 440 jobs with earnings of \$22 million to \$33 million (see Table ES.2). The majority of employment and expenditure impact will be in Southeast Pennsylvania due to the ongoing operations at MHIC.

TABLE ES.2-RANGE OF POTENTIAL ANNUAL ECONOMIC IMPACT FROM OPERATIONS OF THE MARINER EAST PROJECTS IN THE COMMONWEALTH OF PENNSYLVANIA IN 2017

Impact Type	Commonwealth of Pennsylvania
Total Economic Impact (\$ million)	\$100 - \$150
Employment Supported	290-440
Labor Income Supported (\$ million)	\$22 - \$33

¹ Delaware County Times, "Sunoco Begins to Move Marcellus Shale Propane to Marcus Hook," (2015)