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THE AMERICAN ENERGY INITIATIVE, PART 14: EXPEDITING THE KEYSTONE XL PIPELINE—ENERGY SECURITY AND JOBS

HEARING

BEFORE THE

SUBCOMMITTEE ON ENERGY AND POWER

OF THE

COMMITTEE ON ENERGY AND COMMERCE
HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

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THE AMERICAN ENERGY INITIATIVE, PART 14: EXPEDITING THE KEYSTONE XL PIPELINE—ENERGY SECURITY AND JOBS

FRIDAY, DECEMBER 2, 2011

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ENERGY AND POWER,
COMMITTEE ON ENERGY AND COMMERCE,
Washington, DC.

The subcommittee met, pursuant to call, at 10:40 a.m., in room 2123, Rayburn House Office Building, Hon. Ed Whitfield (chairman of the subcommittee) presiding.

Members present: Representatives Whitfield, Sullivan, Shimkus, Terry, Burgess, Olson, McKinley, Griffith, Upton (ex officio), Rush, Inslee, Castor, Markey, Engel, Green, and Waxman (ex officio).

Staff present: Charlotte Baker, Press Secretary; Jim Barnette, General Counsel; Michael Beckerman, Deputy Staff Director; Patrick Currier, Counsel, Energy and Power; Garrett Golding, Professional Staff Member, Energy and Power; Cory Hicks, Policy Coordinator, Energy and Power; Ben Lieberman, Counsel, Energy and Power; Dave McCarthy, Chief Counsel, Environment and the Economy; Gib Mullan, Chief Counsel, Commerce, Manufacturing, and Trade; Andrew Powaleny, Assistant Press Secretary; Lyn Walker, Coordinator, Admin/Human Resources; Alex Yergin, Legislative Clerk; Jeff Baran, Minority Senior Counsel; Caitlin Haberman, Minority Policy Analyst; Angela Kordyak, Minority DOE Detailee; and Alexandra Teitz, Minority Senior Counsel, Environment and Energy.

OPENING STATEMENT OF HON. ED WHITFIELD, A REPRESENTATIVE IN CONGRESS FROM THE COMMONWEALTH OF KENTUCKY

Mr. WHITFIELD. I call today's hearing to order.

Today's hearing on the Keystone XL pipeline is a direct response to the administration's failure to issue a permit to build this pipeline.

Earlier this year, the Obama administration led us to believe they would make a decision on the pipeline by December 31st, 2011. Now the administration says they are incapable of making a decision before 2013. And I might add that the original application was filed in April of 2008. In the meantime, tens of thousands of American workers are forced to wait at least another year for possibly the most shovel-ready of all projects.

The announcement to delay a decision until after next year's election to me appears to be blatantly political. The President had a golden opportunity to take bold action and create jobs for America, and he declined to do so. It appears that he is appeasing environmentalists and casting aside the opportunity to create jobs.

Opponents of the Keystone pipeline continually deceive the public with a series of misguided statements, such as how pipelines transporting diluted bitumen are dangerous or that the pipeline will increase gasoline prices or how killing the pipeline will stop oil sand production.

Rather than confront those opinions with my own words, I want to simply read a series of quotes:

"Having Canada as a supplier of our oil is much more comforting than having other countries supply our oil"—Secretary of Energy Steven Chu.

"Both synthetic crude oil and diluted bitumen are similar in composition and quality to the crude oils currently transported in pipelines in the U.S. and being refined in Gulf Coast refineries." That was in the State Department's Final Environmental Impact Statement.

"Gasoline prices in oil markets served by the Gulf Coast and the East Coast refiners would decrease, including the Midwest." That was the Deputy Assistant Secretary of Energy for Policy and Analysis, Carmine Difiglio.

"It is a bit naive to think the oil sands would not be developed if they don't build that pipeline." That was former White House economic advisor Austan Goolsbee.

So while the President's own advisors make numerous statements about the Keystone pipeline that completely rebut all arguments against it, why does the administration insist on waiting another minimum of 12 to 15 months to make a decision on this project?

But even without their answers, I think it is very safe to assume this latest delay has nothing to do with pipeline safety, oil sands production, or even the State of Nebraska. Instead, it has everything to do with appeasing a small, vocal group of opponents of this project.

We in Congress, like the President, make policy decisions based on our best information and best judgment. Most important decisions that we make involve economic and policy risks. Since the President did not act, Congress, in my view, must act. And if we do nothing, the American people will have to wait at least another year, until after the election, to enjoy the benefit of the energy security and jobs that the pipeline can bring.

So we must find a way forward, and we must find it fast. And today we want to explore what the pipeline means to our job creation and the economy. We want to know what remains of the review process and how it can be corrected.

I might also say that the Pipeline and Hazardous Materials Safety Administration has suggested 57 additional safety measures for this pipeline, which TransCanada has agreed to meet. This is the most technologically advanced and safest pipeline ever proposed. It has 16,000 data points along its 1,661-mile route to monitor flow

rates and pressure and detect leaks. That is a sensor for every 548 feet.

I want to thank all of the witnesses for being here with us today to explore this important project, and we look forward to your testimony.

And, at this time, I would like yield time and recognize the ranking member of the subcommittee, Mr. Rush, for his opening statement.

[The prepared statement of Mr. Whitfield follows:]

Opening Statement of Chairman Ed Whitfield

Subcommittee on Energy and Power

Committee on Energy and Commerce

Hearing on "The Keystone XL Pipeline: Expediting Energy Security and Jobs"

December 2, 2011

Today's hearing on the Keystone XL pipeline is a response to broken promises.

Earlier this year, the Obama administration was relentlessly insistent that it would make a decision on the pipeline by December 31, 2011. Unfortunately the situation has changed dramatically over the past few weeks.

Now the administration says they're incapable of making a decision before 2013. In the meantime, tens of thousands of American workers are forced to wait at least another year for possibly the most shovel-ready of all projects.

I believe that is completely unacceptable. Recently the President has been on the campaign trail proclaiming the slogan "we can't wait".

Well, Mr. President, I agree.

The President had a golden opportunity to take bold action and he declined. It appears the reality is he can't wait to start a reelection campaign that appeases extreme environmentalists and casts aside blue collar workers.

Opponents of the Keystone pipeline continually deceive the public with a series of misguided statements, such as how pipelines transporting diluted bitumen are dangerous, or that the pipeline will increase gasoline prices, or how killing the pipeline will halt oil sands production.

Rather than confront these opinions with my own words, I want to simply read a series of quotes:

- "Having Canada as a supplier of our oil is much more comforting than having other countries supply our oil." –*Secretary of Energy Steven Chu*

- "Both synthetic crude oil and dilbit [diluted bitumen] are similar in composition and quality to the crude oils currently transported in pipelines in

the U.S. and being refined in Gulf Coast refineries." –*State Department Final Environmental Impact Statement*

- "Gasoline prices in all markets served by [Gulf Coast and East Coast] refiners would decrease, including the Midwest." –*Deputy Assistant Secretary of Energy for Policy Analysis Carmine DiFiglio*

- "It's a bit naïve to think the oil sands would not be developed if they don't build that pipeline." –*Former White House economic advisor Austan Goolsbee*

So while the President's own advisors make numerous statements about the Keystone pipeline that completely rebut all arguments against it, why does the administration insist on waiting another 12 to 15 months to make a decision on the project?

But even without their answers, I think it is very safe to assume this latest delay has nothing to do with pipeline safety, oil sands production, or even the State of Nebraska.

Instead, it has everything to do with appeasing a small but vocal group of opponents of the project.

We in Congress, like the President, must make policy decisions based upon our best information and best judgment. Most important decisions that we make involve economic and policy risks.

But in this case, it seems that the biggest risk is for us to stand by and do nothing. The "no-action" alternative for Congress will result in one of three probable outcomes:

1) the American people have to wait at least another year, until after the elections, to enjoy the benefit of the energy security and jobs that the pipeline will bring.

Or

2) Sometime after next year's elections, the President disapproves the project.

Or

3) While the U.S. sits on its hands, Canada finds another buyer for the oil and the pipeline, without its main customer is canceled.

Two out of three of those outcomes are permanent losses for us. The third, delaying the jobs and energy benefits for another year, is certainly not appealing, either. That's why, for us in Congress, the biggest risk of all is to do nothing.

We must find a way forward and we must find it fast.

Today we want to explore what the pipeline means to our job creation and the economy. We want to know what remains of the review process and how it can be corrected.

I thank the witnesses for appearing today – many of whom have travelled long distances for the opportunity to testify.

With that I yield my time and recognize the Ranking Member of the Subcommittee, Mr. Rush.

OPENING STATEMENT OF HON. BOBBY L. RUSH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Mr. RUSH. I want to thank you, Mr. Chairman.

And today we are holding a hearing to discuss ways to force the Obama administration to recklessly and expeditiously make a decision on the Keystone XL pipeline, even after the Republican-controlled legislature and the Governor in Nebraska just recently voted to reroute the pipeline away from the ecologically sensitive Sand Hills region in their district.

As I understand it, Mr. Chairman, the Nebraska bill was just signed into law 2 weeks ago, on November 22nd, I might add. And it formalizes the State's plans to conduct its own supplemental environmental review of a yet-to-be determined new route for the pipeline. And that State-level review would not even be completed before mid to late 2012.

Mr. Chairman, it is hard for me to believe that a party that espouses States' rights wants to trample over the rights of the State of Nebraska. Mr. Chairman, I believe that it is entirely appropriate, even necessary, for the administration to conduct a thorough review of the pipeline's new proposed route before they issue a final decision.

We all understand that under the current Republican majority in the Congress issues such an environmental protection, safety laws, and health safeguards are all secondary in importance to allowing industry to move forward unfettered and unrestricted. But I, for one, believe the Obama administration is acting prudently and responsibly and legally, as the law requires, in allowing the State of Nebraska to conduct its own environmental review of the new route, making its own decision on this new proposed route.

If this was truly solely about jobs for my Republican colleagues, then they would not be trying to stifle each and every aspect of every job-creating program that President Obama has been begging, pleading, and pushing the Congress to act on, including new infrastructure projects which would put thousands of construction workers back to work. If this committee, if my Republican colleagues wanted to work on creating jobs, then why not support the American Jobs Act?

It appears to me that this is just one more in a long line of opportunities for my Republican colleagues to try to hammer the Obama administration and portray the President as not doing enough to spur job creation, when, in fact, it is the majority party in this House—your party, Mr. Chairman—who have stated that it is their number-one priority, their highest priority, their definite chief aim, their main goal is to make President Obama fail, regardless of how it affects the rest of the country.

With that said, Mr. Chairman, I am very interested to hear from all of our panelists on the issue of jobs stemming from this pipeline as well as the research and development of green alternative fuel projects.

Mr. Chairman, I yield the rest of my time to Mr. Green of Texas.

OPENING STATEMENT OF HON. GENE GREEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. GREEN. Thank you, Mr. Chairman.

I thank the ranking member for allowing me to give a statement.

I am extremely disappointed with the State Department's announcement there would be an additional delay of at least 15 months on the grant permit for the Keystone XL pipeline. It has been 38 months, 3 years and 2 months since TransCanada first filed an application to the Department of State to build and operate the Keystone project. This demonstrates that already an extensive review has gone toward the project, given that other international pipelines were granted within 18 to 24 months.

It is in our national interest to have a secure and stable source of crude oil now, and there are thousands of jobs on the line, and our economy is still trying to recover. I represent five refineries in the Houston area who would like to be a customer of our closest neighbor to the north. I am disappointed with the direction the administration has taken, and I hope the project can afford this unnecessary delay. I unfortunately do know that our construction workers cannot afford delay.

And, Mr. Chairman, I appreciate you inviting all my friends to be our witnesses today before our committee.

My hope is this committee will develop thoughtful, bipartisan legislation that can pass both the House and the Senate. This issue has become so contentious, and yet it is simply about jobs and energy security. We have worked together on this in the past, and hopefully we will be able to continue to work on it.

And I thank the gentleman for the time.

Mr. WHITFIELD. At this time, I recognize the chairman of the full committee, Mr. Upton of Michigan, for his opening statement.

OPENING STATEMENT OF HON. FRED UPTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Mr. UPTON. Well, thank you, Mr. Chairman. And I want to thank you for holding this hearing, although it is a hearing that I wish was not necessary.

For months, the White House assured us a final decision on Keystone XL pipeline would come by the end of 2011. In fact, when we approved earlier legislation on the House floor to guarantee a timely decision on the long-overdue project, a formal statement of administration policy called the bill "unnecessary" because the State Department was committed to reaching a decision by December 31st.

Then, as we know, last month the White House announced what many of us had feared: that this administration had no intention of making a decision on this vital project. You see, the longer the project has been delayed, the louder the advocates and detractors have become. And while environmentalists wage an aggressive campaign against the pipeline in a futile attempt to halt oil sands production that will continue regardless of this decision, workers represented by some of today's witnesses are clamoring for the immense job-creation potential of the pipeline.

Unwilling to take a position, the White House simply put it off until after the Presidential election next November. And just a few yards from scoring the go-ahead touchdown, the administration called a 14-month timeout.

The President had a chance to green light a private-sector project that would immediately create 20,000 pretty high-wage construction jobs, strengthen our Nation's energy security, and create perhaps as many as another additional 118,000 spinoff jobs. But he didn't do that. Instead, he placed election-year politics perhaps above jobs and the good of the country.

The President has been using the slogan, "We can't wait," as he travels around the country, but "wait" is exactly what he told the workers who want to build and support the pipeline. "Wait" is what he told families and industries looking for secure, reliable energy supplies.

And, unfortunately, this wait could last forever. That is because another lengthy delay could, in fact, kill the project, at least for the United States. We are not the only country in need of Canada's oil supplies, and our northern neighbor could very well look to other customers around the globe if we continue to stall. Canadian Prime Minister Stephen Harper recently talked about, and I quote, "the necessity of Canada making sure that we are able to access Asian markets for our energy products," saying that will be an important priority of his government going forward, particularly if we continue to say no.

This pipeline is a rare opportunity for us to access energy from our closest friend and ally, Canada; reduce dependence on less reliable sources, such as Venezuela, Nigeria, the Middle East. Have we learned nothing since 1973? A steady stream of oil from Canada, North Dakota, and Montana delivered to U.S. refineries at the lowest transportation cost could help stabilize not only U.S. oil prices but also the price of gas and other refined products. It just makes sense to keep the refining here at home, which obviously means jobs and stable supplies.

I recently visited a pipe manufacturer who has miles of pipe ready to go for use on this very pipeline. Without a decision, it sits idle in a stockyard, waiting for the White House to do the right thing, waiting for the White House to take American workers off the bench, and say "yes" to a project that not only creates American jobs but also increases our energy security.

Today's hearing allows us to discuss where we go from here, take a closer look at this pipeline, the promise for job creation. I look forward to hearing from our witnesses.

And I yield the balance of my time to the gentleman from Nebraska, Mr. Terry.

[The prepared statement of Mr. Upton follows:]

Opening Statement of Chairman Fred Upton
Committee on Energy and Commerce
Hearing on "The Keystone XL Pipeline: Expediting Energy Security and Jobs"
December 2, 2011

Thank you, Mr. Chairman. I want to thank you for holding this hearing, although it's a hearing that I wish was not necessary.

For months, the White House assured us a final decision on the Keystone XL pipeline would come by the end of 2011. In fact, when we approved legislation earlier this year to guarantee a timely decision on the long-overdue project, a formal Statement of Administration Policy called the bill "unnecessary" because the State Department was "committed" to reaching a decision by December 31.

Then, last month, the White House announced what many of us had feared – this administration had no intention of making a decision on this vital project. You see, the longer this project has been delayed, the louder the advocates and detractors have become. While environmentalists wage an aggressive campaign against the pipeline in a futile attempt to halt oil sands production that will continue regardless, workers represented by some of today's witnesses are clamoring for the immense job creation potential of the pipeline. Unwilling to take a position, the White House simply put it off until after the Presidential election.

Just a few yards from scoring the go-ahead touchdown, the administration called a 14-month timeout. This president had a chance to green light a private-sector project that would immediately create 20,000 high-wage construction jobs, strengthen our nation's energy security, and create an additional 118,000 spin-off jobs. But he didn't do it. Instead, he placed election-year politics above jobs and the good of the country.

The President has been using the slogan "we can't wait" as he travels around the country. But "wait" is exactly what he told the workers who want to build and support this pipeline. "Wait" is what he told families and industries looking for secure, reliable energy supplies. And unfortunately, this wait could last forever.

That's because another lengthy delay could kill the project. We are not the only country in need of Canada's oil supplies, and our northern neighbor could very well look to other customers around the globe if we continue to stall. Canadian Prime Minister Stephen Harper recently talked about – and I quote – "the necessity of Canada making sure that we're able to access Asian markets for our energy products," saying that will be an important priority of his government going forward.

This pipeline is a rare opportunity for us to access energy from our closest friend and ally, Canada, and reduce dependence on less-reliable sources such as Venezuela, Nigeria, and the Middle East. Have we learned nothing since 1973? A steady stream of oil from Canada, North Dakota, and Montana delivered to U.S. refineries at the lowest transportation cost could help stabilize not only U.S. oil prices, but also the price of gasoline and other refined products. It just makes sense to keep the refining here at home, which will mean jobs and stable supplies.

I recently visited a pipe manufacturer who has many miles of pipe ready for use on the Keystone XL pipeline. Without a decision, it sits idle in a stockyard waiting for the White House to do the right thing; waiting for the White House to take American workers off the bench and say yes to a project that not only creates American jobs, but also increases our energy security.

Today's hearing allows us to discuss where we go from here, and to take a closer look at this pipeline's promise for job creation. I look forward to hearing from our witnesses,

particularly the representatives from four different labor unions representing thousands of workers who were scheduled to start work next year, until this project was knocked off its track. We will also hear from TransCanada about recent developments, including their cooperation with the state of Nebraska to develop a new pipeline route through that state. And I hope we will begin a discussion about creative ideas such as the one being developed by Representative Terry to get this project back on track, taking into consideration the developments in Nebraska, to finally say yes to jobs and secure energy supplies.

I thank the witnesses for appearing today and look forward to the discussion. With that I yield my time to [....].

OPENING STATEMENT OF HON. LEE TERRY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEBRASKA

Mr. TERRY. I thank the chairman for yielding some time to me.

This is about jobs—good, high-paying labor jobs. And I think we have a good solution going forward, a bill that will be introduced after this hearing today, with the support of the full committee chair, subcommittee chair, and I think everybody that is sitting here right now, which would recognize Nebraska's compromise to move the pipeline off of the Sand Hills area and reroute it.

It is the goal of those that are engaged in the negotiations—our State legislature, DEQ, Governor's office, TransCanada—that they think they could have the siting and the environmental study finished within about 6 months. Frankly, it is a move of about 50 or 60 miles off of some sensitive area. It is a good compromise.

So the bill that I am introducing, with the support of the people I just mentioned, recognizes that when the Nebraska Department of Environmental Quality is finished, they will submit that then, according to our legislation, to FERC, who is the expert agency in pipelines and understands pipeline safety and will understand much greater than the State Department about pipeline safety. And then we will have a shot clock of 30 days to review that supplemental to the supplemental to the EIS, to determine whether it is appropriate. And then we will issue the permit.

The point of this is to avoid the politics and get to the jobs.

I yield back.

Mr. WHITFIELD. Thank you.

At this time, I recognize the ranking member of the full committee, Mr. Waxman of California, for his opening statement.

OPENING STATEMENT OF HON. HENRY A. WAXMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. WAXMAN. Thank you, Mr. Chairman.

We all want more jobs. And that is why I support and I think probably all of our witnesses support the President's jobs program, which is being blocked by the Republicans because they don't want it to be paid for by any increases on taxes for billionaires in this country. Instead, they want to get jobs from areas that benefit some of their best friends, the oil companies particularly.

My greatest concern is that Keystone XL would make us more reliant on the dirtiest source of fuel currently available. On a lifecycle basis, tar sands emit far more carbon pollution than conventional oil—almost 40 percent, by some estimates. And what this pipeline would do would be to carry a sludge made from Canadian tar sands through the middle of America, a 2,000-mile pipeline. That is because it takes huge amounts of energy to take something of the consistency of tar, which they mine in Canada, and turn it into a synthetic oil.

We should be reducing our oil dependence and using cleaner fuels, but Keystone is a big step in the opposite direction. By moving tar sands oil to Gulf Coast refineries, the Keystone XL pipeline would open world markets to tar sands oil. The pipeline would remove existing constraints on tar sands production, dramatically in-

creasing carbon pollution for decades. It would be the equivalent to building five large coal-fired power plants.

Last month, the International Energy Agency issued its authoritative World Energy Outlook for 2011. IEA found that, in just 5 years, business-as-usual investments in energy infrastructure will lock in enough carbon pollution to commit the world to potentially devastating warming of 11 degrees Fahrenheit or more. The IEA's chief economist called such an outcome, quote, "a catastrophe for all of us," end quote.

We face a choice: business as usual and climate catastrophe, or making the necessary changes in our energy infrastructure to mitigate the damage. Keystone XL is the wrong choice.

Supporters of this project make a number of arguments that just don't stand up to scrutiny. They say this pipeline will enhance energy security for the United States, but the Department of Energy found that we will have excess pipeline capacity from Canada for the next decade or more, even without Keystone XL. And there is nothing to stop Gulf Coast refineries from simply exporting the refined product. That doesn't improve our energy security.

The Obama administration's fuel economy standards will do more to boost our energy security, by saving 1.8 billion barrels of oil while saving consumers money at the pump. And yet the Republicans—some Republicans in the leadership here in the House are beating up the Obama administration for establishing these fuel economy standards.

Supporters also say that if we don't build Keystone XL, the oil will go west to Asia. Well, that is far from certain. There are legal and political hurdles for a large new pipeline to Canada's west coast, including unified opposition from more than 70 First Nations with aboriginal land and water rights in the pipeline route. A de facto tanker ban also exists off the British Columbia coast. In June, Alberta's energy minister said that, absent new pipelines, quote, "Our greatest risk in Alberta is that by 2020 we will be landlocked," end quote.

One argument we will hear today is legitimate: The project would produce several thousand short-term construction jobs. It is on all of our minds, and it is certainly on the minds of our witnesses today. People in this country need jobs, particularly in the hard-hit construction industry. But with this project, we will be paying a very high price over a very long time for some short-term benefits. Instead, we should be focusing on good clean energy jobs that are going to last.

There is going to be $38 trillion invested in new energy infrastructure over the next 20 years. Our new economic growth and our national security will be determined by whether we succeed in building these new industries. I support the administration's decision to take some additional time to do a thorough evaluation of the climate and other environmental impacts of this proposed pipeline. It is imperative that we start to move to a clean energy economy now. Keystone XL will take us in the opposite direction.

I yield back the time.

Mr. Chairman, I would like to ask unanimous consent my full statement be made a part of the record.

[The prepared statement of Mr. Waxman follows:]

FRED UPTON, MICHIGAN
CHAIRMAN

HENRY A. WAXMAN, CALIFORNIA
RANKING MEMBER

ONE HUNDRED TWELFTH CONGRESS

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Opening Statement of Rep. Henry A. Waxman
Ranking Member, Committee on Energy and Commerce
Hearing on "Expediting the Keystone XL Pipeline: Energy Security and Jobs"
Subcommittee on Energy and Power
December 2, 2011

Today's hearing focuses on the proposed Keystone XL pipeline -- a $7 billion, 2,000-mile pipeline that would carry a sludge made from Canadian tar sands through the middle of America.

My greatest concern is that Keystone XL would make us more reliant on the dirtiest source of fuel currently available. On a life-cycle basis, tar sands emit far more carbon pollution than conventional oil – almost 40% more by some estimates. That's because it takes huge amounts of energy to take something the consistency of tar -- which they mine – and turn it into synthetic oil. We should be reducing our oil dependence and using cleaner fuels. But Keystone is a big step in the opposite direction.

By moving tar sands oil to Gulf Coast refineries, the Keystone XL pipeline would open world markets to tar sands oil. The pipeline would remove existing constraints on tar sands production, dramatically increasing carbon pollution for decades. It would be the equivalent to building five large coal-fired power plants.

Last month, the International Energy Agency issued its authoritative World Energy Outlook for 2011. IEA found that, in just five years, business-as-usual investment in energy infrastructure will lock in enough carbon pollution to commit the world to potentially devastating warming of 11 degrees Fahrenheit or more. The IEA's Chief Economist called such an outcome "a catastrophe for all of us."

We face a choice: business as usual and climate catastrophe … or making the necessary changes in our energy infrastructure to mitigate the damage. Keystone XL is the wrong choice.

Supporters of this project make a number of arguments that just don't stand up to scrutiny.

They say this pipeline will enhance energy security for the U.S. But the Department of Energy found that we will have excess pipeline capacity from Canada for the next decade or more, even without Keystone XL. And there is nothing to stop Gulf Coast refineries from simply exporting the refined product. That doesn't improve our energy security.

The Obama Administration's fuel economy standards will do far more to boost our energy security by saving 1.8 billion barrels of oil while saving consumers money at the pump.

Supporters also say if we don't build Keystone XL, the oil will go west to Asia. That is far from certain. There are legal and political hurdles for a large new pipeline to Canada's west coast, including unified opposition from more than 70 First Nations with aboriginal land and water rights in the pipeline route. A de facto tanker ban also exists off the British Columbia coast. In June, Alberta's Energy Minister said that absent new pipelines,"our greatest risk in Alberta is that by 2020 we will be landlocked."

One argument we will hear today is legitimate. The project would produce several thousand short-term construction jobs. And people in this country need jobs, particularly in the hard hit construction industry. But with this project, we would be paying a very high price over a very long time, for some short-term benefits.

Instead, we should be focusing on good, clean energy jobs that are going to last. Our future depends on developing clean energy. There will be $38 trillion invested in new energy infrastructure over the next 20 years. Our economic growth and our national security will be determined by whether we succeed in building these new industries.

I support the Administration's decision to take some additional time to do a thorough evaluation of the climate and other environmental impacts of the proposed pipeline. This is a decision that we need to get right.

It's imperative that we start to move to a clean energy economy . . . now. Keystone XL would take us in the opposite direction. It would double our reliance on the dirtiest source of oil available, drive a significant increase in carbon pollution, and lock this in for a century. There are better ways to create better, lasting jobs.

Mr. WAXMAN. And, further, I would like to ask unanimous consent that we enter into the record written statements from the Transport Workers Union of America and the Cornell University's Global Labor Institute. The Transport Workers Union testimony discusses the reasons for their opposition to the Keystone XL pipeline. And the Global Labor Institute testimony discusses their analysis of the job estimates associated with this project. The Institute's conclusion is that the pipeline will produce far fewer jobs than has been claimed.

Mr. WHITFIELD. Without objection.

[The statements follow:]

United States House of Representatives
Committee on Energy and Commerce
Keystone XL Pipeline Hearing
December 2, 2011, 2123 Rayburn House Office Building, Washington DC

Testimony of K. Dean Hubbard, Jr., Senior Counsel for Strategic Research
Transport Workers Union of America, AFL-CIO

Good morning Chairman Upton, Ranking Member Waxman and Members of the Energy and Commerce Committee. My name is Dean Hubbard. I am Senior Counsel to the Transport Workers Union of America, AFL-CIO. TWU represents some 200,000 active members and retirees nationwide. Our members work in aviation, public transportation, railroads, gaming, utilities and universities.

I am here today to give you a sense of why, from a trade union perspective, construction of the Keystone XL pipeline is not in the national interest of the United States. To put it simply, the project would have an overwhelmingly adverse impact on the environment, local communities and jobs.

TWU shares the concerns about the project that the Environmental Protection Agency conveyed to the State Department. These concerns include 1) the potential impacts to United States groundwater resources from pipeline spills, 2) the high levels of greenhouse gas emissions associated with the proposed project, which would exacerbate the job killing components of the climate crisis, and 3) the inevitable damage to the health of communities affected by the increase in refinery emissions. Approval of this project at this time would be reckless, given the EPA's assessment of the risks. The State Department was wise to provide additional time to consider these risks.

In addition, a vital consideration from a trade union perspective is that approval of this project would impede our country's critical efforts to create the jobs we need to transition to a more sustainable economy. This is a transition that sound science and sound economics tell us we must make today, not in some far off future, in order to prevent irreversible harm to our planet's climate, and to provide good jobs now for the millions of Americans who desperately need them. To help us make that transition, there is no shortage of water and sewage pipelines that need to be fixed or replaced, bridges and tunnels that are in need of emergency repair, and transportation infrastructure that needs to be renewed and developed. Beyond that, we need to create hundreds of thousands of new jobs in energy conservation, upgrading the grid, developing alternative fuels and energy sources, and maintaining and expanding public transportation—jobs that can help us reduce air pollution and greenhouse gas emissions, and improve energy efficiency.

It is past time for major "New Deal" type public investments in infrastructure modernization and repair, energy conservation and climate protection as a means of putting people to work and laying the foundations of a more sustainable economic future for the United States. This is simply sound science and sound economics. Increasing our reliance on dirty bitumen sands oil through projects such as Keystone XL would take us in the opposite direction. Thank you.

Cornell University
ILR School
Global Labor Institute

United States House of Representatives
Committee on Energy and Commerce
Hearing on "Expediting the Keystone XL Pipeline: Energy Security and Jobs"
December 2, 2011, Atrium Hall, 2123 Rayburn House Office Building, Washington, D.C.

Testimony of Lara Skinner, Ph.D., Associate Director of Research, Cornell University's Global Labor Institute, School of Industrial and Labor Relations

Chairman Upton, Ranking Member Waxman and Members of the Energy and Commerce Committee, my name is Dr. Lara Skinner. I am with Cornell University's Global Labor Institute, School of Industrial and Labor Relations. Thank you for the opportunity to speak today.

Cornell Global Labor Institute released a report on September 28, 2011 examining the jobs claims made by TransCanada Corporation and the American Petroleum Institute. TransCanada, the American Petroleum Institute and other proponents of the pipeline claim Keystone XL is a $7 billion project that will create 20,000 direct construction and manufacturing jobs and 119,000 indirect jobs. **However, Cornell's analysis of Keystone XL has found that TransCanada's numbers are unsubstantiated, and that the project will produce far fewer jobs than they claim. In fact, Cornell's careful and more comprehensive analysis reveals that construction of Keystone XL may destroy more jobs than it creates.**

I want to underscore four main points that explain why construction of Keystone XL may destroy more jobs than it creates.

First, TransCanada claims that Keystone XL is a $7 billion project. Actually, Keystone XL's U.S. project budget is only $3.3 billion. TransCanada has inflated the U.S. project budget by including $1.6 billion that will be spent in Canada and approximately $2.6 billion that has already been spent or committed to the project. In reality, Keystone XL's U.S. project budget is less than half what TransCanada claims, and this means a lot less jobs will be created.

Second, steel pipe is the main material input for Keystone XL. To date, TransCanada has manufactured almost 50% of the pipe outside the U.S., even though they claim Keystone XL will create 7,000 manufacturing jobs in the U.S. TransCanada has made a significant investment in the pipe for Keystone XL that is largely generating economic activity and job creation *outside* of the U.S.

Third, according to TransCanada's own data supplied to the State Department, the project will create no more than 2,500 to 4,650 temporary, direct construction jobs for two years. Only 10 to 15% of the total Keystone XL workforce will be hired locally.

Fourth, because of the pipeline, Midwest consumers will pay 10 to 20 cents more per gallon of gas and fuel, totaling $2 to $4 billion in additional costs to Midwest economies. Just one year of fuel price increases as a result of the Keystone XL pipeline diverting oil from Midwest to Gulf Coast refineries would cancel out some or all of the jobs created by the project.

TransCanada has also ignored or dismissed fears that Keystone XL will have a serious impact on our environment and our economy through inland spills, spills into freshwater supplies or increases in greenhouse gases and other pollutants. Put simply, pipeline spills, pollution and climate change incur huge costs and destroy jobs.

I want to conclude by saying that the number of jobs that could be created by the construction of Keystone XL is by no means insignificant, especially to the working people that receive these jobs. However, the U.S. is currently facing a serious unemployment problem and this problem should not be trivialized by TransCanada Corporation vastly overstating the number of jobs that will be created by Keystone XL.

TransCanada and other proponents of Keystone XL have done an injustice to the American public by raising expectations for jobs that simply cannot be met. More importantly, this project brings serious threats to the environment, the climate, and to local and indigenous communities near the tar sands and the pipeline. Given these serious threats, the minimal employment potential of Keystone XL should not be a determining factor in the decision to approve or disapprove Keystone XL.

The U.S. needs a jobs plan, but Keystone XL is not it. Thank you.

Mr. WHITFIELD. And I would also like to ask unanimous consent that a rebuttal of the Cornell University study by Dr. Ray Perryman be placed into the record, as well.

[The rebuttal follows:]

Brief Response by M. Ray Perryman to the "Pipe Dreams?" Position Paper from the Cornell University Global Labor Institute (GLI)

Overview

This statement will briefly respond to the multiple erroneous and misleading assertions found in the Cornell University Global Labor Institute's "position paper" which purports to be a critique of my analysis of the Keystone XL (KXL) project. In reality, the GLI paper essentially is an example of making false and misleading assertions to support a preordained conclusion and is a thinly veiled effort to suggest Keystone XL should not receive a Presidential Permit. The Cornell group's **purpose is clearly advocacy** rather than objective analysis. My response is based on a brief, initial review and may be supplemented in the future.

Discussion of GLI Claims Regarding Spending Estimates Used

Following a summary of main points, the first section tries to say my results are overstated because the $7 billion total investment is used rather than the US portion. The Cornell paper correctly states elsewhere that our study includes the so-called Cushing extension, which is now completed. Although the Cornell group attempts to characterize this as a flaw in our study, we included the Cushing-related amounts in our analysis for two simple reasons. First, it is part of the necessary investment to achieve the long-term energy market benefits of the project. Second, it was still under development at the time of our report. **Our objective was**

to measure the total value of the ongoing and anticipated investment, and the Cushing extension is clearly a component of the total value to the United States.

While the Cornell paper seems to suggest that the only purpose of our analysis was to quantify the portion that is presently under review, the overall objective of our study was much broader (as clearly stated in our report). Unlike the authors of the GLI advocacy document, our focus was well beyond the issues in the permit process. While the Cushing segment is now completed and fully operational 16 months after our analysis was completed, it was entirely appropriate to include it at the time of our original study and this fact is explicitly stated and discussed in our report. In fact, there is even a table showing mileage in each state that cites to Phase 2 documents. Because the Cushing extension is an element of the overall value to the United States, excluding it from our prior analysis would have been inappropriate.

Having said that, it is completely and obviously incorrect for the Cornell group to state that we used the entire $7 billion investment. **We only used the US portion and eliminated the segment of those funds that represented procurement outside the US.** This fact is stated in our report and even cited elsewhere in the Cornell paper. Even (properly and explicitly) including the Cushing segment, the total direct spending we employed in our analysis is less than $5 billion. This number is presented in the tables to our report and can be readily identified by anyone familiar with basic input-output modeling techniques. Thus, the assertion that we used an inflated cost number that can be arbitrarily reduced is simply false. We used the US spending only, both in terms of the total pipeline system and procurement. Nowhere does our report "claim that KXL is a

$7 billion stimulus to the US economy" as asserted in the Cornell paper (page 6). The authors basically erect their own straw man and tear it down.

Discussion of GLI Claims Related to Construction Jobs and Non-US Purchases

The next section merely cites the direct construction job numbers from the Final Environmental Impact Statement. To my knowledge, these numbers are not in dispute. As noted in our state-level reports which provided county-level results, we fully accounted for the direct jobs and even adjusted for those living outside the area and the likelihood that labor camps would be used in some of these areas. The Cornell authors cited to my state reports and were obviously aware of this fact.

The GLI paper then includes a discussion of the fact that the construction jobs are temporary and many of them are non-local. Again, these aspects of the project are documented and fully accounted for in our analysis. All construction jobs are, by their very nature, temporary, and this aspect of the Cornell paper merely states the obvious. It is for that very reason that they are measured in person-years (the equivalent on a full-time job for a year). Moreover, as noted above, we **fully accounted for** the non-local nature of some of the activity and went to great lengths to assure that we only incorporated activity in local areas to the extent it was appropriate. The Cornell advocacy paper cites a portion of this description from my study elsewhere, indicating that the authors were well aware of this fact.

The next segment of the Cornell paper suggests that a portion of the pipe will be manufactured outside the US. Again, our analysis fully accounted for that fact and used only the portion that will be made domestically as a direct input to our estimates. To suggest otherwise is incorrect and misleading, as we explicitly stated that we excluded foreign-produced pipe in our report. This section also asserts that the use of foreign steel for some segments of the pipeline might raise safety concerns in some unspecified manner, while acknowledging that the project is subject to "more stringent safety specifications." The notion that only the US manufactures safe steel is bizarre and seems to be no more than an unsubstantiated assertion designed to raise unjustified environmental concerns. The Cornell authors base these statements on information from advocacy groups which are well known to be anti-oil; this type of "evidence" is in no way objective or appropriate to utilize in something seeking to masquerade as an academic analysis.

The next section suggests that some of the engineering and other services will be purchased in Canada. Again, we explicitly adjusted for this phenomenon and so stated in our analysis.

Discussion of GLI Claims that Our Study is "Deeply Flawed"

The GLI paper then moves into a discussion alleging that our study is "deeply flawed." The first claim in this section is that we did not define the project. As stated above, we indeed defined in detail what we were modeling through both narrative discussion and tables. Contrary to the assertions in the Cornell paper, we are not trying to mislead anyone and explicitly stated what we were modeling. Moreover, in a more recent

study, we examined the effects of a one-year delay in the project under review; this analysis excluded the Cushing extension and did not attribute any adverse economic consequences to delaying manufacturing or the work on the Cushing extension. In every instance, we are quite explicit in stating the activity that we are modeling.

The second point of purported criticism is that we do not include "multipliers." Contrary to the assertion in the Cornell paper, it is not universally true that multipliers are provided; that decision is driven by the purpose of the study. The only reason anyone would likely want to compare multipliers across projects is if they are somehow competing for public dollars and the construction effects are a decision criteria. It is more common and appropriate to evaluate projects based upon a broader view of their effects upon completion, as it would be nonsensical public policy to base decisions solely on the biggest construction impact irrespective of the merits of individual projects and what they contribute to long-term well-being. In any case, in the present instance, what is being assessed is the benefits of a **private investment** in new infrastructure that is not seeking public funds. Furthermore, anyone with a reason to want a "multiplier" analysis could make those calculations (literally just division) from the tables included in our study if they had a basic knowledge of input-output modeling.

This section next rehashes in more detail the fact that our analysis included the Phase 2 effects. This is obviously true, explicitly stated in our report, and we do not dispute this fact. The authors of the Cornell paper seem to be manufacturing controversy where none exists. The paper goes on to criticize that we did not provide the cost data from TransCanada. However, the net cost is actually provided in the tables to

our report and readily accessible to those with minimal exposure to input-output analysis.

Discussion of GLI Analysis of Jobs and Multipliers

The following section attempts to question the direct, indirect, and induced effects that we measured. As discussed above, the underlying figures used in the Cornell paper are incorrect, as we made explicit adjustments for leakages outside the US. Beyond that, the authors arbitrarily reduce our jobs per $1 million in direct construction spending from about 18 to 11. The only rationale they provide is a study of a pipeline in Alberta and British Columbia, Canada. The use of multipliers from this geographic area demonstrates the authors' desire to understate economic benefits in that multipliers differ across regions based on the ability to retain business activity within an area (by providing necessary input of goods and services), as well as costs, topography, and many other factors. Obviously, the economy of the US is much larger and more diverse than that of Western Canada and would exhibit higher multipliers as more of the spinoff business activity (such as purchases of needed supplies and materials from vendors) could be captured. Moreover, while every project is different, roughly 20 person-years per $1 million in construction spending is the rule of thumb routinely used by policymakers in assessing projects (for example, the state of New York uses 24 and Oregon uses 21.33).

Despite (1) the inappropriateness of extrapolating results from a relatively rural segment of Canada to the entire US economy (the largest and most sophisticated in the world) and (2) the compatibility of my estimates with

those routinely used in the US, the GLI paper suggests that I have somehow combined operations impacts with construction (see note 56). This assertion is **patently false**. Every table and the discussion in this segment of our analysis are clearly identified as referring to the construction and/or development phase.

The authors then suggest (note 57) that it is "not a verifiable claim" that the US Multi-Regional Impact Assessment System (USMRIAS) has been used extensively and is widely accepted. They also assert that the model and the data are "opaque." I have addressed the data at length above. While the model is proprietary in nature (like most major economic models), I developed it personally and have maintained it since the early 1980s. I typed "USMRIAS" into Google and found hundreds of references to diverse projects involving all 50 states and a variety of topics. Moreover, public records from congressional and legislative hearings and regulatory and judicial proceedings are replete with testimony based on this model; in fact, it was cited in US Senate legislation filed as recently as this month. It is routinely used by major corporations and has often been subject to academic peer review, most recently in an article in the *Journal of Medical Economics* in 2010 (which included a set of specific simulation coefficients).

The Cornell paper then launches into an extensive discussion of alternative numbers, all of which flow from the fallacies and erroneous attributions described above. At the end of this falsely premised discourse, the report transitions into a discussion of the limited effect this project would have on unemployment. This aspect of the project is truly baffling. It is certainly true that the projected level of job creation is small relative to an overall labor force of more than 150 million people and

approximately 14 million unemployed persons. It is ludicrous to suggest, however, that a multi-billion-dollar project, even by the flawed measure of the Cornell paper, is insignificant. If that is the standard, virtually every enterprise in America is inconsequential. To my knowledge, no one other than these authors has ever suggested that a project is only important if it is capable of moving the dials on the largest economy in world history. In fact, economic development professionals routinely treat any investment of $500 million of more as an "elephant" project.

Within this context, it should be noted that, in recent months, job growth has been very sluggish and job increases of the magnitude of those anticipated from this project are indeed notable. In fact, the press has frequently pointed out the effects of matters such as strikes, layoffs of smaller magnitude than the job creation associated with the KXL project, and the government shutdown in Minnesota on the monthly jobs numbers. The most recent jobs report showed zero growth, and would have been notably affected by this project. Moreover, virtually all proposals for economic stimulus have emphasized the need for "shovel-ready" infrastructure projects. The KXL pipeline is such a project and is not seeking any taxpayer money to move forward.

Discussion of GLI Claims that Keystone XL Could be a "Job Killer"

The final major section (other than a summary conclusion) tries to assert that the project will produce job losses. The first suggested reason is that oil prices may increase in some areas. Although the authors completely ignore it, my analysis includes a detailed discussion of the net effect on oil prices (which is to reduce them and stimulate long-term economic activity)

and the resulting overall benefits to the economy. (A previous brief flyer by the Cornell group attempted to critique this segment of my analysis, but the issue was evidently dropped once I pointed out that the criticisms were in conflict with the plain language of the report.)

The GLI paper next attempts to attribute job losses to environmental concerns such as oil spills. It is not at all apparent why a new, state-of-the-art pipeline built to substantial safety standards would be subject to greater risk than the alternatives (such as using older pipelines, tankers from other parts of the world, or oil from offshore rigs, all of which have been subject to major issues in the past). Sending oil through a newly-constructed pipeline is likely to be one of the **safest** mechanisms available. To simply assume that oil spills will occur is inappropriate. Again, the fact that the Cornell paper relies on well-established anti-oil advocacy groups for "evidence" is indicative of the non-objective nature of many of its claims.

The GLI paper also suggests job losses from the environmental effects of higher emissions. In reality, refineries have been designed for many years to process sour or heavy crude oil. That long-term trend is driven by market factors and is unlikely to be reversed. The issue in this instance is not whether less such oil will be processed, but rather whether it comes in a safe manner from a politically stable and friendly supplier or from a more volatile region of the world. As I demonstrate in my analysis, there are substantial benefits to the availability of more **stable and predictable** suppliers. Suggesting that the KXL project is somehow associated with the drought in Texas or Hurricane Irene is not credible. It is interesting that in the previous flyer, the Cornell group concluded (correctly) that the

oil from KXL would likely substitute for oil from other countries. They now seem to be taking a contradictory position.

The next major contention of the GLI paper is that KXL destroys "green energy" jobs. I should initially point out that I am strong proponent of renewable energy and have performed numerous major studies of its benefits (using the same model as described above). Given future world demand conditions, it is highly probable that all forms of energy are going to be needed and will develop in response to market signals. The KXL project is an effort by a private firm to make an investment based on its assessment of potential risk and returns. In the absence of perceived demand, this initiative would not be undertaken. Given the state of renewable energy technology, it is unlikely that it will displace a substantial segment of global hydrocarbon demand (particularly refined petroleum products) in the near future. Simply stated, while green energy likely has a viable future and will be an important part of a diverse fuel mix, there is no empirical link between green energy jobs and the KXL project (nor did the Cornell authors seek to establish one beyond broad assertions).

The Cornell paper offers a final "wrap-up" section that reiterates its many incorrect assertions and suggests that the project not be approved.

Conclusion

Once again, the Cornell GLI paper uses incorrect assertions to come to uninformed conclusions in a transparent effort to suggest Keystone XL should not receive a Presidential Permit. This advocacy paper is a classic

case of starting with a preordained conclusion and saying whatever is necessary (no matter how obviously false, misleading, and contradictory) to support it. This approach is the very antithesis of proper scholarship and violates the intellectual principles that should be fostered by a university of the quality, heritage, reputation, and history of Cornell.

Mr. WHITFIELD. At this time, I would like to introduce our witnesses.

We do thank you very much for taking time to be with us today on this very important issue.

We have with us today Mr. Alex Pourbaix, president, Energy and Oil Pipelines, TransCanada Corporation.

We have Mr. Brent Booker, who is the director of the Construction Department for Laborers' International Union of North America.

We have Mr. Jeffrey Soth, who is the assistant director, Department of Legislative and Political Affairs, the International Union of Operating Engineers.

We have Mr. David Barnett, who is special representative, United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry of the United States and Canada, Pipe Line Division.

We have Mr. Bruce Burton, who is international representative for the International Brotherhood of Electrical Workers.

We have Mr. Jerome Ringo, who is the chief business officer of BARD Holdings, Incorporated.

And then we have Ms. Jane Kleeb, executive director of Bold Nebraska.

So, once again, we welcome all of you.

We are going to recognize each one of you for 5 minutes for your opening statement. In the middle of the desk, there is a little light. So when it goes red, then your 5 minutes are up.

We are going to try to get through these opening statements before we have votes on the floor, and I don't know if we will be successful or not.

But, Mr. Pourbaix, I will recognize you for 5 minutes for your opening statement.

STATEMENTS OF ALEX POURBAIX, PRESIDENT, ENERGY AND OIL PIPELINES, TRANSCANADA CORPORATION; DAVID L. BARNETT, SPECIAL REPRESENTATIVE, UNITED ASSOCIATION OF JOURNEYMEN AND APPRENTICES OF THE PLUMBING AND PIPE FITTING INDUSTRY OF THE UNITED STATES AND CANADA, PIPE LINE DIVISION; BRENT BOOKER, DIRECTOR, CONSTRUCTION DEPARTMENT, LABORERS' INTERNATIONAL UNION OF NORTH AMERICA; JEFFREY SOTH, ASSISTANT DIRECTOR, DEPARTMENT OF LEGISLATIVE AND POLITICAL AFFAIRS, INTERNATIONAL UNION OF OPERATING ENGINEERS; BRUCE BURTON, INTERNATIONAL REPRESENTATIVE, INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS; JEROME RINGO, CHIEF BUSINESS OFFICER, BARD HOLDINGS, INC.; JANE FLEMING KLEEB, EXECUTIVE DIRECTOR, BOLD NEBRASKA

STATEMENT OF ALEX POURBAIX

Mr. POURBAIX. Thank you, Mr. Chairman.

TransCanada is a $50 billion energy infrastructure company with more than 60 years of experience in the responsible development and reliable operation of North American energy infrastructure. We employ over 4,200 employees, with half of those employees in the United States. In addition, we operate the largest gas pipeline sys-

tem in North America, over 40,000 miles, with the capability to transport 20 percent of the natural gas produced in North America every day.

Keystone will bring many benefits to the United States, but I believe the most important role that Keystone will play is to bring energy security to the United States during what has been recently some very unsettling times overseas. When you boil down the debate on this project, I believe it comes down to a simple question for Americans: Do they want secure, stable oil from a friendly neighbor in Canada, or do they want to continue to import high-priced conflict oil from unfriendly regions, such as the Middle East or Venezuela?

Keystone XL will help secure that stable supply of oil by linking Canadian and U.S. crude supplies with the largest refining markets in the U.S. Canada's oil reserves are vast—175 billion barrels. This compares to the United States reserves of 21 billion barrels.

And I think a lot of people forget that, while transporting oil from Canada, Keystone will also transport domestic U.S. crude oil. We expect to move 100,000 barrels a day of oil from the North Dakota and Montana area to Cushing in the Gulf Coast, and we further expect to pick up 150,000 barrels of oil from Cushing to transport back to the Gulf Coast.

Growing domestic U.S. oil production has long been a goal of the United States, but this production cannot grow effectively if it cannot reach market. The fact that this pipeline access is needed is apparent in the very significant price discount that U.S. mid-continent producers have been receiving for their production.

This project will also create valuable jobs for Americans. Construction of the segment from Cushing to the Gulf Coast would have created over 4,000 construction jobs next year in Kansas, Oklahoma, and Texas. These are high-paying jobs: pipefitters, welders, mechanics, electricians, heavy-equipment operators. Construction of the northern segment through Montana, South Dakota, and Nebraska would have created an additional 9,000 construction jobs. On top of that, there are 7,000 manufacturing jobs associated with this project—20,000 jobs in all.

These thousands of direct construction jobs were planned to begin next year. The majority of them were union jobs. They would have started only a couple of months from now. Contracts and subcontracts have already been awarded to dozens of U.S. companies. Americans were hired and ready to go to work.

Local businesses along the route would have also benefited from the 118,000 spinoff jobs Keystone would have created through increased business for local restaurants, hotels, and suppliers.

Keystone is expected to add $20 billion to the U.S. economy, and the project will pay over half a billion dollars in taxes just during construction alone.

The need for prompt approval of the Keystone project is particularly crucial today, when U.S. consumers are struggling to keep cope with the high cost of gasoline. Specifically, the Keystone XL project has the capability to reduce by almost 50 percent U.S. dependence on OPEC oil supply.

The type of Canadian crude that Keystone would ship is very similar to the heavy crude that is already refined by Gulf Coast re-

finers. Canadian oil is not new or different. At present, more than 2 million barrels a day of Canadian crude is imported and refined daily at refineries all over the U.S.

I wanted to take 1 minute to talk about pipeline safety. Many people have talked about pipeline safety, and I want to assure everybody that one of TransCanada's core values is to ensure the safety of our facilities for our employees and the communities that we go through.

Keystone will be safe. We are using the latest technologies and the strongest steel pipe to build the pipeline. We have agreed to implement 57 additional pipeline safety and integrity conditions that significantly exceed the current Federal standards. They include such requirements as burying the pipe deeper in ground, conducting increased inspections, and placing more isolation valves along the route.

This pipeline will be monitored 24 hours a day, 7 days a week. We have 21,000 data points along the entire route of the pipeline that are linked to satellites which feed data to our control center every 5 seconds. In if any of these sensors detect a drop in pressure, the control center will remotely close valves, isolating the line and shutting it down within minutes.

I will emphasize that the project has already gone through a thorough review process. This has been by far the most exhaustive and detailed review ever conducted of a crude oil pipeline in the U.S. In fact, the State Department in the FEIS concluded that Keystone XL would be the safest pipeline ever constructed in the U.S.

We submitted our Presidential permit 40 months ago and are now faced with a potential delay of a further 12 months or more, bringing the total time period for this process to 50 months. The length of this review was unprecedented and was certainly beyond anyone's reasonable expectations.

Mr. WHITFIELD. The gentleman's time has run out. If you want to conclude, respectfully.

Mr. POURBAIX. I am happy to do so.

Once again, just to finish off, the fundamentals of this project have not changed. Keystone will help reduce the U.S. reliance on higher-priced, unstable foreign oil from Venezuela and the Middle East and replace it with secure supplies from Canada. We are going to create 20,000 American jobs at a time when unemployment is high.

This project is needed. The benefits are clear. But time is absolutely of the essence to receive the approvals we need so Americans can begin to experience the benefits of Keystone. We can create jobs immediately, and we would very much like to get started.

Thank you.

[The prepared statement of Mr. Pourbaix follows:]

TESTIMONY OF ALEX POURBAIX
PRESIDENT, ENERGY AND OIL PIPELINES, TRANSCANADA CORPORATION
HOUSE COMMITTEE ON ENERGY AND COMMERCE
SUBCOMMITTEE ON ENERGY AND POWER
DECEMBER 2, 2011

Good afternoon. My name is Alex Pourbaix and I am President, Energy and Oil Pipelines for TransCanada Corporation. I am responsible for TransCanada's oil pipeline business, as well as the Company's power and non-regulated gas storage businesses.

I would like to thank the Subcommittee for the opportunity to testify today.

Before I discuss the specifics of our Keystone project, I would like to give you a brief overview of our company.

TransCanada is a $50 billion energy infrastructure company with more than 60 years of experience in the responsible development and reliable operation of North American energy infrastructure.

TransCanada's employs 4,200 employees across North America, including nearly 2,000 in the United States.

We operate the largest natural gas pipeline network in North America – over 35,000 miles with the capability to transport approximately 20% of the gas produced in North America every day. In addition, TransCanada is the third largest gas storage provider on the continent and our power assets across North America produce enough power to meet the needs of 11 million homes.

Just this week, we announced the completion of another phase of Canada's largest wind power project we are building in Quebec. We have built and are operating the largest wind farm in Maine. Our hydro electric facilities span three States in New Hampshire, Massachusetts and Vermont. And we looking into solar power development.

Now with the Keystone Pipeline System, TransCanada is developing one of North America's largest oil delivery systems.

Keystone will bring many benefits to the United States but I believe the most important role Keystone will play is to help bring energy security to the United States during what have recently been some very unsettling times overseas.

When you boil down the debate on this project, I believe it comes down to a simple question for Americans: do they want secure, stable oil from a friendly neighbour in Canada or do they want to continue importing high priced conflict oil from unfriendly regions such as the Middle East or Venezuela?

Keystone XL will help secure that stable supply of oil by linking Canadian and U.S. crude supplies with the largest refining markets in the United States. Canada's oil reserves are vast – approximately 175 billion barrels are estimated to be recoverable at today's oil price. This compares to the United States reserves, which are estimated to be around 19 billion barrels.

While transporting oil from Canada, Keystone XL will also ship domestic U.S. crude oil.

Keystone XL expects to move 100,000 Bbl/d of American crude production from North Dakota and Montana to Cushing, Oklahoma or to the Gulf Coast, and further expects to move 150,000 Bbl/d of U.S. crude oil from Cushing to the Gulf Coast. Growing domestic U.S. oil production has long been a goal in the United States. But that production cannot grow effectively if it cannot reach market. Keystone XL encourages domestic U.S. oil production by connecting areas with increased supply in Montana, North Dakota, and Cushing, Oklahoma, with the United States' largest refining center in the Gulf Coast. The fact that this pipeline access is needed is apparent in the significant price discount that U.S. inland producers have been receiving for their production compared to the price that Gulf Coast refiners pay for comparable grades of crude oil imported from other countries.

In addition to energy security, our project will also create valuable jobs for Americans.

Construction of the segment from Cushing to the Gulf Coast would have created over 4,000 construction jobs next year in Oklahoma and Texas, pipe fitters, welders, mechanics, electricians, heavy equipment operators, etc. in Engineering, Land, Environment, Surveying and other Construction areas. Construction of the segment in Montana, South Dakota and Nebraska would have created an additional 9,000 construction jobs. Also, there are 7,000 manufacturing jobs associated with the project. In its entirety Keystone XL was poised to put 20,000 Americans to work to construct the pipeline.

Thousands of direct construction jobs were planned to begin next year, the overwhelming majority of which were union jobs. They would have started only a few months from now. Contracts and sub-contracts were awarded to dozens of U.S. companies. Americans were hired and ready to go to work. Those Americans will now need to find other employment while we work through this delay. The opponents of this project have had a voice in the debate over Keystone XL. Who speaks for these thousands of Americans and their families?

Local businesses along the pipeline route would have benefited from the 118,000 spin-off jobs Keystone XL would have created through increased business for local restaurants, hotels and suppliers.

Five billion dollars in property taxes paid by TransCanada over the lifetime of the project will allow counties in States along the pipeline route to invest in new schools, roads and hospitals

Keystone is expected to inject $20 billion into the U.S. economy and the project will pay over a half billion dollars in taxes to the individual states along the pipeline route – money that will be used to benefit local communities.

Prior to the delay in this process, TransCanada was ready to mobilize construction crews to start work on the project beginning immediately next year. The thousands of jobs are not concentrated in one location, but are distributed throughout the country where the pipeline is routed in Montana, South Dakota, Nebraska, Kansas, Oklahoma, and Texas, but also in manufacturing facilities in Ohio, Pennsylvania, Arkansas and Oregon.

The need for prompt approval of the Keystone XL Project is particularly crucial today when U.S. consumers are struggling to cope with the high cost of gasoline - something that impacts the pocket books of everyone - in rural America and in cities. Specifically, the Keystone XL Project has the capability to replace nearly half the volume of higher priced Middle East oil presently consumed by the United States.

A recent Department of Energy study, which is included in the State Department's Final EIS, found that the delivery of western Canadian crude oil to U.S. Gulf Coast refineries by Keystone would fill a gap being created by declining supply from traditional heavy crude suppliers such as Mexico and Venezuela. The supply of Canadian crude oil that Keystone XL would ship is very similar to the crude oil that is already refined by Gulf Coast refiners. Canadian crude oil is not new or different. At present, more than 2 million barrels per day of Canadian crude oil is imported and refined daily at

refineries all over the United States from California to Pennsylvania to Texas and nearly everywhere in-between.

The study further projected that if Keystone XL was not built, more oil would be shipped by foreign countries to the U.S., primarily from the Middle East, to fill the gap. And this would lead to higher overall greenhouse gas emissions due to increased tanker traffic.

I would like to take a minute to talk about pipeline safety. Many people have raised concerns about pipeline safety. One of TransCanada's core values is to ensure the safety of our facilities for our employees and for the community. Keystone XL will be safe.

We are using the latest technologies and the strongest steel pipe from American mills to build the pipeline. TransCanada has agreed to implement 57 additional pipeline safety and integrity conditions developed by the Pipeline and Hazardous Materials Safety Administration – PHMSA -- that significantly exceed the current Federal standards. These standards include such requirements as burying the pipe deeper in the ground, conducting increased inspections, and placing more shut down valves in sensitive locations.

The pipeline will be monitored 24 hours a day, seven days a week. Twenty-one thousand data points along the entire route of the pipeline are linked to satellites, which feed data to the state of the art Operations Control Center every five seconds. If we detect a drop in pressure, our control center will remotely close valves, isolating the line and shutting it down within minutes.

I want to emphasize that the Keystone XL Project has already undergone a thorough and comprehensive review process. This has been by far the most exhaustive and detailed review ever conducted of a crude oil pipeline in the United States. As part of that process, Keystone has held over 100 open houses and public meetings along the pipeline route and submitted thousands of pages of information to government agencies in response to questions. The process included a Draft and Supplemental Draft Environmental Impact Statement and resulted in the issuance by the State Department of an eight-volume Final Environmental Impact Statement that concluded that Keystone XL would have a minimal impact on the environment.

We submitted our Presidential Permit application 40 months ago and are now faced with a potential delay that could take another 12 months or more – bringing the total time period for this process to more than 50 months. The length of this review was certainly beyond anyone's reasonable expectations. When we applied for a Presidential Permit for the initial Keystone Pipeline project,

the entire process from application to Presidential Permit required 23 months. The process for the Enbridge Alberta Clipper project took 27 months. Those projects are not very different from Keystone XL. Both of these projects consisted of pipelines from Alberta to U.S. refineries. Both consisted of pipelines roughly similar in diameter and capacity to the Keystone XL pipeline and both transport crude oil that is similar to the crude oil expected to flow in Keystone XL. All three projects were found to have a minor impact on the environment, including Keystone XL, and both the Keystone and Clipper projects were found to be in the national interest.

The U.S. Department of State announced on November 10 that further assessment of alternative routes for Keystone XL was needed in Nebraska to move forward with the National Interest Determination. My understanding is that the supplemental review is being conducted solely because of concerns that were raised after the issuance of the FEIS regarding the route specifically through the Sand Hills region in Nebraska. It would certainly be our view that, once that routing assessment is completed, all of the information needed to make a decision on the project, is available today.

We are pleased the positive conversations we have had with Nebraska leaders resulted in legislation that respects the concerns of Nebraskans by our voluntarily moving the pipeline route out of the Sandhills, and the legislation ensures the development of the Keystone XL pipeline. Now that Nebraska legislation has passed, the greatest barrier to approval has been removed. This should help win federal approval for the project more quickly.

Working together with the State Department, Nebraska's Department of Environmental Quality will conduct an environmental assessment to define the best location for Keystone XL in Nebraska. We will cooperate with these agencies and provide them with the information they need to complete a thorough review that addresses concerns regarding the Sandhills region. This review should be conducted expeditiously and completed as soon as possible in 2012.

I would also note that much of the opposition to this pipeline has been based on an opposition to Canadian crude oil production, although this pipeline will deliver U.S. crude oil as well. Despite our view that issues related to Oil Sands production in Canada are outside the necessary scope of the environmental review of KXL, the EIS considered those issues. We hope and expect that they will not be reopened in the limited supplemental review of Nebraska routing issues.

Canadian crude oil green house gas emissions are comparable to many types of crude produced in California, Venezuela, and elsewhere, all of which are also refined in the United States. And

emissions of Canadian crudes are being reduced. On a per barrel basis, the green house gas emissions from Canadian crude oil production have fallen 30% since 1990 and more improvements are underway.

A December 2010 U.S. Department of Energy analysis of Keystone XL concluded 'The WORLD and DOE Energy Technologies Perspective (ETP) model analyses results show no significant change in total U.S. refining activity, total crude and product import volumes and costs, in global refinery CO2 and total life-cycle GHG emissions whether KXL is built or not.'

Canadian crude oil will be produced regardless of whether Keystone XL is built. If it is not exported to the United States, it will be exported to other countries, from which there is no shortage in demand.

If the key issue is crude oil production in Canada, then a decision on Keystone XL can be made today. But a decision to deny Keystone XL because it will carry some Canadian oil will not impact crude oil production in Canada; it will only change the market to which it is brought.

The fundamentals of Keystone XL as a whole have not changed. The Final Environmental Impact Statement for the project concluded that it would have a minimal impact on the environment.

Keystone will help reduce the United States' reliance on higher-priced, unstable foreign oil from Venezuela and the Middle East and replace it with secure supplies from both Canada and the U.S.

Keystone will create 20,000 American jobs at a time when unemployment remains high. The project will inject $20 billion into the U.S. economy and pay billions in taxes for decades to come so communities can build schools and ball fields.

This project is needed – the benefits are clear – but time is of the essence to receive the approvals we need so Americans can begin to experience the benefits of Keystone.

We are ready to begin. We can create jobs immediately. We would like to get started.

Thank you and I would be pleased to address any questions that you may have.

Mr. WHITFIELD. Thank you very much.

I wasn't aware of it; we do have a vote on the floor right now, and we have about 3 minutes left in the vote. And we are going to have a total of about seven votes, which means it will probably be an hour before we get back. So I want to apologize to you in advance.

We do have some marvelous little delicatessens downstairs, where you can get yogurt and drinks and cookies. Mr. Rush said on my dime.

But, anyway, we will look forward to hearing all of your testimony when we come back, and then we will start our questioning.

Thank you very much.

[Recess.]

Mr. TERRY [presiding]. Thank you for all of your patience. If there are witnesses out in the hallway, if we can roust them.

And I think Mr. Booker was next. Since Mr. Booker is not in place and the fumes are already taking over, Mr. Barnett, do you mind if we start with you?

So, at this time, Mr. Barnett, if you would give us your statement, 5 minutes. Go ahead.

STATEMENT OF DAVID L. BARNETT

Mr. BARNETT. Thank you, Congressman Terry.

Good morning, Chairman Whitfield, Ranking Member Rush, Chairman Upton, Ranking Member Waxman, members of the subcommittee. My name is David Barnett, and I am a special representative with the United Association of Plumbers and Pipefitters, which represents more than 340,000 members in the United States and Canada. I want to thank you for allowing me to testify today.

On a personal note, I am a third-generation, 35-year member of the United Association. I began my career 35 years ago on the Trans-Alaska pipeline project alongside my father. Pipelines is all I have ever constructed, and I guess that is what brought me here today.

United Association is the leading trade union representing piping crafts, including pipeline workers, in the United States and Canada. My home local union, 798, based in Tulsa, Oklahoma, is a nationwide local of pipeliners, which would comprise the largest single craft working on the Keystone XL project. As an organization, United Association invests roughly $200 million in training to assure that our pipeliners and other members are the best trained and most highly skilled our industry has to offer.

The United Association strongly supports the Keystone XL pipeline for several good reasons.

Keystone XL is a project that represents billions of dollars in capital investment, hundreds of millions in tax revenue, and approximately 13,000 construction jobs. I cannot emphasize enough how important these jobs are. The construction industry has wrestled with unemployment as high as 27 percent over the last 2 years. During this time, we have seen countless working families lose their livelihoods, their homes, and, in some cases, their hope of building a better life. These are not just jobs we are talking about today, they are American families.

One of the best parts about this project is that it is funded entirely with private-sector dollars, which means that all of these benefits come at zero cost to the taxpayer.

According to the U.S. Department of Energy's Energy Information Administration, oil and natural gas will be needed to meet over half of our energy needs through at least 2035. For this reason, it is critical for us to secure a reliable, long-term supply of crude oil. Standing in the way of this objective, however, are significant supply-side challenges, including Middle East instability in key oil-producing regions, as well as substantial growth in worldwide demand due in large part to emerging economies like China and India.

Keystone XL will help us overcome these challenges. Our friends in Canada command the third-largest oil reserves in the world and already provide us with more oil than any other country. With Keystone, we will be able to get more of our oil from Canada and less from places like the Middle East, which I think is good for America.

A variety of claims have been made about the environmental impact of the Keystone XL. The fact of the matter is that the Keystone XL project has been subjected to the most extensive review of any pipeline project in recent memory, including a careful review by the State Department, which concluded that it would have no significant impact on the environment.

Canada's oil sands are going to be developed whether we build this pipeline or not. In fact, it appears that TransCanada's next best option after a pipeline south to the U.S. would be a pipeline west to serve China. It is hard to see how the environment is better off with the oil from Canada being processed by China rather than the U.S.

As noted, the members of the United Association represent one of the most highly trained and qualified pipeline workforces in the world. In addition, while pipelines are already the most environmentally safe method for transporting petroleum products, TransCanada has pledged to make Keystone XL the safest of all pipelines in America by using puncture-resistant steel, coating the pipeline with a corrosion-resistant shell, burying it deeper under the ground, installing 24-hour monitoring systems, and, yes, signing a project labor agreement with the best workforce in the world.

Let me make one additional point in closing. There are pipelines in the U.S. that we should be concerned about. Across the country there are thousands of miles of 50- and 100-year-old oil and gas pipelines that are well beyond their useful life. We have seen increasing numbers of these pipelines explode or burst, causing senseless deaths and jeopardizing public health. One example, the Kalamazoo River. That is an older pipeline that should have been replaced some time ago.

Our whole country—business, labor, and government—should be able to get behind efforts to repair or replace these unsafe pipelines. However, in focusing attention on the Keystone XL, we have zeroed in on the model pipeline rather than the problem pipelines. Our hope in the United Association is that we can move forward with the Keystone XL pipeline and on to a discussion of those pipelines which do pose a problem.

Thank you again for the opportunity to testify today.
[The prepared statement of Mr. Barnett follows:]

Written Testimony Submitted to the

U.S. House of Representatives
Committee on Energy and Commerce
Subcommittee on Energy and Power

Hearing on The American Energy Initiative:
Expediting the Keystone XL Pipeline: Energy Security and Jobs

David L. Barnett, Special Representative

United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada, AFL-CIO

Summary of Major Points

Project Status

- The Keystone XL project has been subjected to an unprecedented level of review and scrutiny. Now that elected officials in Nebraska appear to have settled on a plan to reroute the pipeline, it is critical that we work together to move this project forward.

Jobs and Economic Benefits

- Keystone XL would generate thousands of good American jobs along with substantial state and local tax revenues and other economic benefits.
- The importance of the jobs cannot be understated. The construction industry has seen unemployment as high as 27 percent in the last two years. We've seen workers lose their livelihoods, their homes, and, in some cases, their hope of building a better life for their families. These are not just jobs we're talking about, but American families.

Energy Security

- Forecasts confirm we will be reliant on oil through at least 2035. Given this reality, instability in the Middle-East, and the growing needs of China et al., we need a reliable, long-term supply of crude. Canada's oil sands and Keystone XL will help to provide it.
- Saying no to the Keystone XL pipeline will not change our oil demand. It will only force us to pay higher prices and get more of it from irresponsible Middle-Eastern producers.

Environmental Impact

- Objections based on global greenhouse gases are misplaced because the oil sands *will* be developed -- and global oil demand *will* increase -- whether or not Keystone XL is built.
- Pipelines already *the most environmentally-safe method* for transporting crude. Upon completion, Keystone XL would be *the most environmentally-safe pipeline* in America.
- There are 50 to 100 year old pipelines in the U.S. which *are* legitimate problems. However, instead of focusing on these, the debate has centered on the Keystone XL pipeline.

Full Written Testimony

Good morning Chairman Whitfield, Ranking Member Rush, Chairman Upton, Ranking Member Waxman, and members of the Subcommittee. My name is David Barnett, and I am a Special Representative with the United Association of Plumbers and Pipe Fitters, which represents over 340,000 members in the plumbing and pipe fitting industry in the United States and Canada. Thank you for the opportunity to provide testimony on the pending Keystone XL Pipeline Project.

The United Association is the leading trade union representing piping crafts, including pipeline workers, in the United States and Canada. My home Local Union, 798 based in Tulsa, Oklahoma, is a nationwide local of pipeliners which would comprise the largest-single craft working on the Keystone XL project. The United Association as an organization invests roughly $200 million per year in training centers across the country in order to produce the most highly-skilled and productive workers our industry has to offer. For this reason, we bring to Keystone XL project an assurance that the pipeline would be built to the highest quality standards, in an environmentally-responsible manner and with the utmost regard for public health and safety.

The United Association strongly supports the Keystone XL project for several reasons. First, this project would generate a tremendous number of well-paying jobs in construction, manufacturing and related sectors, hundreds of millions of dollars in state and local tax revenues and various other economic benefits. In addition, this project would substantially increase our country's long-term energy security by enabling us to obtain more of the oil we need from our friends in Canada and less from the

increasingly unstable and unreliable Middle East. Further, once completed, Keystone XL would be the most environmentally-safe crude oil pipeline in America. And finally, because this project is being financed solely with private-sector dollars, all of these jobs, economic benefits and energy security gains would come at *zero cost* to taxpayers.

As the Committee is well-aware, the Keystone XL project has been subjected to government review and scrutiny over the past several years. Apart from the recent concerns that have been expressed about the pipeline route through Nebraska, the Keystone XL project has cleared every hurdle to date, including an extensive review by the U.S. State Department which concluded that the project would have "no significant impacts" on the environment.[1] Now that elected officials in Nebraska appear to have settled on a plan to reroute the pipeline through their state,[2] let me address in greater detail why it is so important that we all work together to move this critical project forward sooner rather than later.

First, as noted, Keystone XL would generate a tremendous number of U.S. jobs. During construction alone, this project is expected to create approximately 13,000 construction jobs.[3]

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[1] U.S. State Department, Final Environmental Impact Statement, Summary of Findings, 3.15-1, *available at* http://www.keystonepipeline-xl.state.gov.

[2] *See* Andrew Restuccia, Nebraska Governor Signs Bills Aimed At Rerouting Oil Pipeline, *The Hill* E[2] Wire Blog, Nov. 11, 2011, *at* http://thehill.com/blogs/e2-wire/e2-wire/195085-nebraska-governor-signs-bills-aimed-at-rerouting-keystone-pipeline.

[3] The Perryman Group, The Impact of Developing the Keystone XL Pipeline Project on Business Activity in the U.S, p. 4, *at* http://www.transcanada.com/docs/Key_Projects/ TransCanada_US_Report_06-10-10.pdf.

We cannot emphasize enough how important these jobs are. The construction industry is usually the first hit and the hardest hit by economic downturns -- and the current downturn has been no exception. Over the last two years, we've seen construction industry unemployment reach upwards of 27 percent, including pockets of unemployment in some parts of the country that have far exceeded this number. We've seen working families lose their livelihoods, their homes, their children's college savings, and, in some cases, their dreams of building a better life for their families. These are not just jobs we're talking about, but American families.

As noted, the Keystone XL project is also essential to our long-term energy security. The U.S. Energy Information Administration projects the U.S. will need oil and natural gas supplies to meet more than half of its energy needs through 2035.[4] Thus, at the same time we pursue alternative and renewable sources of energy, we must also recognize that are going to need carbon-based fuels for the foreseeable future and do all that we can to secure a reliable, long-term supply of these fuels.

Complicating matters are demand and supply-side challenges that bear on our ability to secure the reliable, long-term supply of crude we need. These include geopolitical instability in the Middle East, which brings significant risk to the supply side of the equation, and the growing energy needs of economies such as China and India, which are driving worldwide demand. Canada's oil sands, together with the Keystone XL project, offer us a unique opportunity to secure much of the supply we need without

[4] U.S. Energy Information Administration, Annual Energy Outlook 2011 (with Projections to 2035), *at* http://www.eia.doe.gov/forecasts/aeo/pdf/0383(2011).pdf.

these risks. This was among the key points made by the *Washington Post* in a February 5, 2011 editorial endorsing the Keystone XL project.[5]

At 175 billion barrels, Canada's oil reserves are the third-largest in the world and the largest among non-OPEC countries.[6] Oil sands represent upwards of 97 percent of these reserves.[7] With the infrastructure provided by the Keystone XL project, we could begin to transport this source to U.S. refineries in the Gulf Coast which are already configured to process heavy oil and have excess capacity as a result of reduced production from Mexico, where heavy oil production is in steep decline, and Venezuela, which is moving to other markets. Given that the U.S. already imports far more oil from Canada than any other country -- over 80 million barrels per month -- there is no good reason to let this opportunity pass us by.[8]

While some have objected to the Keystone XL project out of concern that it would result in higher greenhouse gas emissions, such objections are founded on a couple of flawed premises. First, they presume that Canada's oil sands would not be developed but for the Keystone XL pipeline. However, there is no credible evidence to suggest that

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[5] Washington Post Editorial Board, Say Yes to the Keystone Pipeline, Feb. 5, 2011, *available at* http://www.washingtonpost.com/wp-dyn/content/article/2011/02/05/AR2011020503490.html

[6] U.S. Energy Information Administration, Country Analysis Brief: Canada, Updated April 2011, *available at* http://www.eia.doe.gov/EMEU/cabs/Canada/pdf.pdf

[7] *Id.*

[8] *See* U.S. Energy Information Administration, Crude Oil and Total Petroleum Imports Top 15 Countries, Released April 28, 2011 (2011 data), *available at* http://www.eia.doe.gov/pub/oil_gas/petroleum/data_publications/company_level_imports/current/import.html

worldwide demand for oil is going anywhere but up[9] or that Canada would have trouble finding other countries to purchase its oil if the U.S. declines to do so. Indeed, it seems clear that TransCanada's next best option after building a pipeline south to the U.S. is building a pipeline west to serve China,[10] which, as environmentalists know, does not have the environmental protections we have.

The fact of the matter is that Keystone XL would, upon completion, be the most environmentally-safe pipeline anywhere in America. The members of the United Association represent one of the most highly trained and qualified pipeline workforces in the world. Our organization spends nearly $200 million per year training our members on the latest technology and best practices to make sure that the pipelines we build are safe, efficient, and durable. In addition, pipelines are already the safest and most environmentally-responsible method for transporting petroleum products as compared to other methods, such as trucks, rail and tankers.[11] However, TransCanada has pledged to make Keystone XL *the safest of all pipelines* by, among other things, using 36-inch, specially constituted steel piping that is resistant to puncture, coating the pipeline with a corrosion-resistant shell, and burying it deeper underground than most existing pipelines.[12] On top of all of these steps, TransCanada is planning to install

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[9] *See* U.S. Energy Information Administration, Short-Term Energy Outlook, May 10, 2011, at http://www.eia.doe.gov/emeu/steo/pub/contents.html.

[10] *See e.g.,* Ensys Energy, Keystone XL Assessment, Dec. 23, 2010, pp. 17-19, *at* http://www.keystonepipeline-xl.state.gov/clientsite/keystonexl.nsf/AssmtDrftAccpt.pdf.

[11] *See* U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration Website, Safe Pipelines FAQ, *at* http://www.phmsa.dot.gov/about/faq.

[12] See Lorna Thackeray, TransCanada Says Keystone XL Will Be Safest Pipeline in U.S., *Billings Gazette*, Aug. 16, 2011, *available at* http://billingsgazette.com/news/local/article_0addce6b-ab18-59bb-97b7-a892485c605c.html.

remote electronic monitoring and other safety systems to ensure all parts of the pipeline are protected 24 hours a day, 365 days a year.[13]

To be sure, there *are* pipelines we should be concerned about -- but Keystone XL is not one of them. Across the United States, there are thousands of miles of oil, gas, water and wastewater pipelines that are well beyond their useful life. We have seen increasing numbers of outdated pipelines carrying crude oil explode, causing senseless deaths, and ever greater numbers of water and wastewater pipes burst, contaminating our water supply and jeopardizing public health. Our whole country -- business, organized labor and environmentalists -- should be able to get behind efforts to repair or replace these increasingly unsafe pipelines. Unfortunately, instead of taking on the pipelines that *are* legitimate problems, the national discussion has been focused on a pipeline we ought to be using as a model.

In summary, the Keystone XL project is clearly in our country's interests. At a time when Americans are struggling to find work and states and localities are struggling to balance budgets, we need the jobs and economic benefits that this project would generate – especially given that they would come at *zero cost* to taxpayers. Further, at a time when the energy demands of countries such as China and India are creating more intense competition for oil, we need the long-term supply and energy-security that Keystone XL would provide. And finally, given the minimal environmental impact that this project would have and the unprecedented commitments the United Association and TransCanada have made to pipeline safety, we need to refocus the debate from

[13] *Id.*

what would be America's newest and safest pipeline to the many aging U.S. pipelines which *are* legitimate concerns.

Thank you again for the opportunity to testify. I'd be pleased to answer any questions.

Mr. TERRY. Perfect timing.

We are going to move back, then, from our left to right as we see it.

Mr. Booker, you have 5 minutes. Thank you.

STATEMENT OF BRENT BOOKER

Mr. BOOKER. Mr. Chairman, on behalf of the half-million members of the Laborers' International Union in North America, I want to thank you and the members of the committee for holding this hearing.

LIUNA strongly supports the construction of the Keystone XL pipeline, which will move oil from deposits in Canada to existing refineries into Texas, Oklahoma, and the Midwest. Our union has been involved with this project for 3 years, and we believe that the benefits of this pipeline are too many to allow it to be derailed by environmental extremists.

The Keystone XL will create good-paying jobs here in the United States and Canada and will increase the Nation's energy security by providing a reliable source of crude oil from a friendly and stable trading partner. And it will provide State and local governments with new revenue that can help them provide the needed services to the public.

For many members of the Laborers, this project is not just a pipeline; it is, in fact, a lifeline. As you may know, the construction sector has been particularly hard-hit by the economic recession. Unemployment in construction is far higher than any industry sector, with over 1.1 million construction workers currently without a job in the United States. Too many hardworking Americans are out of work, and the Keystone XL pipeline will change that dire situation for thousands of them. No one can argue that this project won't create thousands of good jobs for construction workers almost immediately, and the construction economy desperately needs the massive infusion of private capital generated by the Keystone XL pipeline.

TransCanada has executed a project labor agreement that will cover nearly all of the pipeline construction, guaranteeing that the overwhelming majority of the work is the kind of high-road employment that allows workers to earn family-supporting wages and benefits.

It is also clear that additional jobs will be created in the extraction and refining of the oil, as well, and the manufacturing and service sectors. While economic experts may disagree as to the scale of the impact, there is no dispute that the construction and maintenance of the Keystone XL will have a ripple effect of consumer spending that will have a positive impact on the States and communities where the pipeline will be located.

We know there are many groups outside the construction industry that do not understand the positive impact that the Keystone XL pipeline will have for workers. These groups hold the unrealistic belief that if the project is not built, the development of the oil sands will cease. However, the evidence is overwhelming that, with or without the Keystone XL pipeline, there will likely be no effect on the production of oil from western Canada.

Unfortunately, many of these groups have resorted to attacking the nature of the work that members of unions have chosen as careers. They believe that construction jobs are of lesser value because, by its very nature, a construction project has a completion date, and therefore that individual job will come to an end eventually. They call these jobs "temporary" in order to diminish their importance. And they recruit others to join with them in a chorus of negativity, proclaiming that those jobs have no real value to society. They should be ashamed of themselves.

Even in these terrible economic times, most employees in the construction industry work full-time, and many work over 40 hours a week. Construction workers may work evenings, weekends, and holidays to finish jobs or take care of an emergency. Inclement weather can halt construction work, which workers usually do not get paid for. Construction projects also create work for people with many different talents and educational backgrounds—managers, clerical workers, accountants, engineers, inspectors, for instance.

I would suggest to those that seek to dismiss the nature of the work that LIUNA members are engaged in should perhaps think long and hard about the people whose value they seek to diminish before so quickly dismissing the nature of their professions.

Construction of this pipeline will also produce needed government revenue at the Federal, State, and local levels. These new resources can help our local governments protect their communities from harmful budget cuts that have led to layoffs and the elimination of much-needed services.

There are also considerable environmental benefits associated with the transport of oil imports from Canada via the Keystone XL pipeline. Regardless of where it comes from, Gulf Coast refineries will continue to seek supplies of heavy crude oil. Failure to secure crude oil from Canada will force these facilities to continue their reliance on oil supplied by foreign regimes where environmental regulations scarcely exist. The oil will be carried by oil tankers that often employ low-wage workers largely drawn from nations other than our own.

The Keystone XL pipeline will be the safest pipeline built in the world. The 57 special conditions voluntarily agreed to by TransCanada have a degree of safety greater than any typically constructed domestic oil pipeline system.

It should also be noted that a significant portion of oil, about 85 percent, that spills from inland pipelines goes to containment areas around breakout tanks or to solid ground rather than directly into surface waters. This minimizes the environmental impact of these unfortunate spills as compared to discharges or spills that occur at sea.

If the Keystone XL pipeline is not built, Canadian producers will seek alternatives to American markets. This oil will not sit idle. Producers will find ways to move the oil to market. Several projects are in the planning and permitting phases that allow the movement of this valuable energy resource to Canadian ports for shipment to China and other Asian markets. Denial of a Presidential permit to the Keystone XL increases the likelihood that American markets will miss the opportunity to secure long-term commit-

ments for this North American resource, which could be forever lost to China and other Asian international competitors.

Without this Canadian oil, our Nation will continue to rely on unstable and unfriendly nations to meet our petroleum-based energy needs. The Keystone XL pipeline will allow our Nation to develop a safe and reliable energy from a stable and friendly neighbor.

Unfortunately, the administration seems to have mistaken volume and theatrics for the actual will of the American people. Just last week, a poll prepared by Rasmussen Reports found that 60 percent of likely U.S. voters are at least somewhat in support of building the Keystone XL and just 24 percent are opposed.

If the opponents of the American jobs succeed in preventing the Keystone XL from being built, the socioeconomic benefits of the project will not be realized. There will be no additional income to property owners and businesses along the pipeline route. Our Nation will continue to import oil from unstable regimes that continue to try to undermine the wellbeing of our citizens. And, critically important to our members, the jobs that will be created by this massive private investment will be lost.

Thank you for inviting us to participate.

[The prepared statement of Mr. Booker follows:]

Testimony of Brent Booker
Director, Construction Department
Laborers' International Union of North America
Before the Subcommittee on Energy and Power
Committee on Energy and Commerce
US House of Representatives

Expediting the Keystone XL Pipeline: Energy Security and Jobs
December 2, 2011

Mr Chairman,

On behalf of the half a million members of the Laborers International Union of North America (LIUNA) I want to thank you and the members of the Committee for holding this hearing.

LIUNA strongly supports the construction of the Keystone XL pipeline which will move oil from deposits in Canada to existing refineries into the Texas, Oklahoma and the Midwest. Our union has been involved with this project for 3 years and we believe that the benefits of this pipeline are too many to allow it to be derailed by environmental extremists.

The Keystone XL will create good paying jobs here in the United States and Canada. It will increase the Nation's energy security by providing a reliable source of crude oil from a friendly and stable trading partner. And it will provide State and local governments with new revenue that can help them provide much needed services to the public.

For many members of the Laborers, this project is not just a pipeline; it is in fact, a life-line. As you may know the construction sector has been particularly hard hit by the economic recession. The unemployment rate in the construction industry reached over 27% in 2010, and has hovered over 20% for much of the last two years. Joblessness in construction is far higher than any industry sector, with over 1.1-million construction workers currently unemployed in the United States. Too many hard-working Americans are out of work, and the Keystone XL Pipeline will change that dire situation for thousands of them.

The construction economy desperately needs the massive infusion of private capital generated by the Keystone XL Pipeline. It is inarguable that the project will create thousands of good jobs for construction workers. Had the project been granted the Presidential Permit by the US Department of State, construction could have begun almost immediately.

TransCanada has executed a Project Labor Agreement (PLA) with the construction crafts that are signatory to the National Pipeline Agreement that will cover nearly all of the pipeline construction. Also, within the last several weeks the company has also agreed to include some of the electrical work at the pumping stations in the PLA, guaranteeing even more of the work is the kind of high road employment that allows workers to earn family supporting wages and benefits.

Regardless of characterizations by the projects opponents, it is indisputable that jobs will be created and supported in the extraction and refining of the oil, as well as, in the manufacturing and service sectors. While economic experts may disagree as to the scale of the impact, there is no dispute that the construction and maintenance of the Keystone XL will have a ripple effect of consumer spending that will have a positive impact on the states and communities where the pipeline will be located.

We know there are many groups outside the construction and oils industry that do not understand the importance of the economic and jobs impact that the Keystone XL Pipeline will have for workers in these sectors. These groups hide behind, unfounded and unrealistic expectations that if the project is not built, the development of the oil sands will cease. However the evidence is overwhelming that with or without the Keystone XL Pipeline, there will likely be no effect on

the production of oil from Western Canada. According to the US State Department's Final Environmental Impact Statement (FEIS), "[t]he proposed Project is not likely to impact the amount of crude oil produced from the oil sands."

Unfortunately, a number of these groups have resorted to attacking the nature of the work that members of unions have chosen as careers. They have imposed a value judgment that holds construction jobs to be of a lesser value because by its very nature a construction project has a completion date and therefore that individual job will come to an end at some point. They call these jobs "temporary" in order to diminish their importance and recruit others to join in a chorus of negativity in the mistaken belief that these jobs have no "real" value to society. They should be ashamed of themselves.

While the information is a bit dated and does not necessarily reflect the industry as impacted by the recession over the last several years I want to quote the US Department of Labor's Bureau of Labor Statistics, *Career Guide to Industries, 2010-11 Edition:*

> **Hours.** Most employees in the construction industry work full time, and many work over 40 hours a week. In 2008, about 18 percent of construction workers worked 45 hours or more a week. Construction workers may sometimes work evenings, weekends, and holidays to finish a job or take care of an emergency. Rain, snow, or wind may halt construction work. Workers in this industry usually do not get paid if they can't work due to inclement weather.

> **Work environment.** Workers in this industry need physical stamina because the work frequently requires prolonged standing, bending, stooping, and working in cramped quarters. They also may be required to lift and carry heavy objects. Exposure to the weather is common because much of the work is done outside or in partially enclosed structures. Construction workers often work with potentially dangerous tools and equipment amidst a clutter of building materials; some work on temporary scaffolding or at great heights. Consequently, they are more prone to injuries than workers in other jobs. Data from the U.S. Bureau of Labor Statistics show that many construction trades workers experienced a work-related injury and illness rate that was higher than the national average. . . . . [i]

The BLS Career Guide also points out that:

> "Construction offers a great variety of career opportunities. People with many different talents and educational backgrounds—managers, clerical workers, accountants, engineers, truck drivers, trades workers, and construction helpers—find job opportunities in the construction industry."[ii]

I would suggest to those that seek to dismiss the nature of the work that LIUNA members are engaged in should perhaps avail themselves to the BLS Guide or perhaps better yet actually try to get some work experience in the field before so quickly dismissing the nature of the jobs.

Construction of this pipeline will also produce needed government revenue at the federal, state and local levels. These new resources can help our state and local governments protect their communities from harmful budget cuts that have led to layoffs and the elimination of much needed services.

While no shipment method is perfect, there are considerable environmental benefits associated with the transport of oil imports from Canada via the Keystone XL pipeline. Regardless of national origin, refineries in the Gulf Coast will continue to seek supplies of heavy crude oil. The failure to secure crude oil from Canada will force these facilities to continue their reliance on oil supplied by foreign regimes where environmental regulations scarcely exist. This oil will be carried largely by oil tankers flying foreign "flags of convenience" and employing low wage workers largely drawn from nations others than our own.

The Keystone XL pipeline will be the safest pipeline in the world. The 57 special conditions developed by the Pipeline and Hazardous Materials Safety Administration and the State Department – and voluntarily agreed to by TransCanada – have a degree of safety greater than any typically constructed domestic oil pipeline system under current regulations. These conditions, to which the whole Keystone XL pipeline will be subjected, are similar to the regulatory requirements for a pipeline in a "high consequence" area. It should also be noted that a significant portion of oil (about 85%) that spills from inland pipelines goes to containment areas around breakout tanks or to solid ground rather than directly into surface waters.[iii] This minimizes the environmental impact of these unfortunate spills as compared to discharges or spills that occur at sea.

If the Keystone XL Pipeline is not built, Canadian producers will seek alternatives to American markets. This oil will not sit idle; producers will find ways to move the oil to market. Several projects are in the planning and permitting phases that allow the movement of this valuable energy resource to Canadian ports for shipment to China and other Asian markets. Denial of a Presidential Permit to the Keystone XL increases the likelihood that American markets will miss the opportunity to secure long-term commitments for this North American resource, which could be lost forever to China and other international competitors.

Without the ability to bring this Canadian oil to US markets, our nation will continue to rely on unstable and unfriendly nations to meet our petroleum based energy needs. Some of the oil profits that these enemies of our national interests realize will be used to oppose the United States economic and security interests. Keystone XL pipeline will allow our nation to develop a safe and reliable source of energy from a stable and friendly neighbour

Unfortunately, the Administration seems to have sided with a radical minority of pipeline opponents in favour of sound policy and majority support. They have mistaken volume and theatrics for the actual will of the American people. Just last week a poll prepared by Rasmussen Reports found that 60% of likely U.S. voters at least somewhat in favor of building the Keystone XL pipeline and just 24% are opposed.

If the opponents of American jobs succeed in preventing the Keystone XL Pipeline from being built, the socioeconomic benefits of the project will not be realized: No local, state, and federal

revenue will be generated by the construction and operation of the pipeline. There will be no additional income to property owners and businesses along the pipeline route. Our Nation will continue to import oil from unstable regimes that continue to try to undermine the well being of our citizens. And, critically important to our members, the jobs that will be created by the massive private investment will be lost.

Thank you for inviting the Laborers to testify before the Committee today.

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[i] Bureau of Labor Statistics, U.S. Department of Labor, *Career Guide to Industries, 2010-11 Edition*, Construction, on the Internet at http://www.bls.gov/oco/cg/cgs003.htm.

[ii] Id.

[iii] American Petroleum Institute, Publication 356 *Analysis of U.S. Oil Spillage*, August 2009. Prepared by: Dagmar Schmidt Etkin, PhD, Environmental Research Consulting.

Mr. TERRY. Thank you.
Mr. Soth?

STATEMENT OF JEFFREY SOTH

Mr. SOTH. Thank you, Mr. Terry, Ranking Member Rush, and members of the subcommittee.

My name is Jeffrey Soth. I am here on behalf of the International Union of Operating Engineers, a trade union representing approximately 400,000 men and women in the United States and Canada, most of whom work in the construction industry. Thousands of IUOE members who operate heavy equipment in the sector hope to build the Keystone XL pipeline.

The IUOE is profoundly disappointed by the State Department's action to postpone a decision on Keystone XL until 2013. The decision leaves in question the creation of thousands of jobs for operating engineers and other workers. As IUOE general president Vincent Giblin said in his recent letter to Secretary Clinton, "Because of the unique authority the administration possessed to create jobs almost immediately without congressional action or a dime of public investment, this decision will reverberate throughout the membership of the Operating Engineers."

We believe that the best way to analyze the project's impacts, particularly in light of the State Department's recent decision, is to consider what will happen without the Keystone XL pipeline. That is to say, what will happen if the State Department's action kills the project?

First, without the Keystone XL pipeline, American crude oil from the Bakken formation, the fastest-growing oil field in the United States, will continue to move out of the region in the most dangerous, most expensive way possible: by tanker truck. The State Department's environmental review of the Keystone XL says that trucking is 87 times more likely to result in a fatality than a pipeline. Trucks are 35 times more likely to result in a fire and/or an explosion than a pipeline.

The rapid growth in crude production in the Bakken formation has outstripped the infrastructure to move it. Today, according to the State Department's environmental review, 25,000 barrels per day of Bakken crude move to refinery by truck.

The Keystone XL, as you have heard earlier from Mr. Pourbaix, would provide an on-ramp for this crude in Baker, Montana, with contractual commitments to move 65,000 barrels at the start of operations for Keystone XL and more expected later with the dramatic growth in Bakken oil. Without the Keystone XL, this American crude will be transported to refineries in ways that increase risk to the environment and to human health and safety.

Second, with or without the Keystone XL pipeline, there will likely be no effect on the production of oil sands from western Canada.

The third point, related to the second, is that if the pipeline is not built, the United States may lose a chance to secure a long-term energy supply from our Canadian allies. If the Keystone XL pipeline is not built, Canadian producers of oil sands will be forced to seek alternatives to American markets, likely sending dramatically more crude to China.

For those who think Asian options for Canadian crude are speculative and unrealistic, I would just make three quick observations.

First, the Northern Gateway project, which would move oil sands to Kitimat, British Columbia, for export, is but one option to move the commodity to Asia. Kinder Morgan also proposes to expand its Trans Mountain pipeline to export oil sands to China.

Second, crude tankers are common at Port of Vancouver facilities. In fact, 71 tankers departed Burnaby, British Columbia's Westridge Terminal to deliver oil sands to refiners in 2010. Kinder Morgan proposed to quadruple the number of shipments.

Third, state-owned Chinese oil companies have dramatically increased their presence in Canadian oil sands. Sinopec has even gone to extraordinary lengths to offer not only an equity investment in the Northern Gateway project but also offer technical assistance. Even since the release of the Final Environmental Impact Statement, an article in The Globe and Mail in September identified a second Chinese state-owned oil company that has taken an indirect financial interest in the project.

Fourth, without the pipeline, Gulf Coast refiners will continue to demand heavy crude, with all of its attendant environmental, economic, and national security consequences.

And, finally, if the Keystone XL pipeline is not built, the socioeconomic benefits of the project will not be realized. There will be no local, State, Federal revenue. There will be no jobs created. That means there will be no employer contributions to the health and welfare funds of members of the Operating Engineers and other craft workers. There will be no contributions to pension and retirement funds for these workers. There will be no investments in the future of the industry in apprenticeship and training in our labor management training programs for the pipeline sector.

With the high rate of unemployment in construction currently at 14 percent, it is clear that many of these workers will remain jobless, relying on unemployment insurance and other public assistance. It is no wonder why the State Department concludes in the FEIS that the Keystone XL is preferable to no project at all. What makes one wonder is why, given that finding, the administration postponed the decision until 2013.

Thank you, Chairman Whitfield and members of the committee, for the opportunity to testify.

[The prepared statement of Mr. Soth follows:]

International Union of Operating Engineers

AFFILIATED WITH THE AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS

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One-Page Summary of
Testimony of

Jeffrey Soth
International Union of Operating Engineers

Committee on Energy and Commerce
Subcommittee on Energy and Power

"The American Energy Initiative:
Expediting the Keystone XL Pipeline: Energy Security and Jobs"
December 2, 2011

The IUOE is profoundly disappointed by the State Department's action to postpone a decision on the Presidential Permit for Keystone XL until the first part of 2013.

The best way to analyze the project is to consider what will happen *without the Keystone XL Pipeline.* That is, what will occur if the State Department's action kills the project?

- First, without the Keystone XL Pipeline, American crude oil from the Bakken Formation will continue to move out of the region by truck to refineries
- Second, there will likely be no effect on the production of oil sands from Western Canada.
- Third, is that if the pipeline is not built, the United States may lose the chance to secure a long-term energy supply from our Canadian allies.
- Fourth, without the pipeline, Gulf Coast refiners will continue to demand heavy crude oil, with all of its environmental, economic, and national security consequences.
- Finally, if the Keystone XL Pipeline is not built, the socioeconomic benefits of the project will not be realized. No jobs will be created.

The Keystone XL Pipeline is critically important to the nation's national security and economy.

Thank you for the invitation to testify, Chairman Whitfield.

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Testimony of

Jeffrey Soth
International Union of Operating Engineers

Committee on Energy and Commerce
Subcommittee on Energy and Power

"The American Energy Initiative:
Expediting the Keystone XL Pipeline: Energy Security and Jobs"
December 2, 2011

Thank you, Chairman Whitfield and Members of the Energy and Power Subcommittee, for the opportunity to testify today. My name is Jeffrey Soth. I am here in behalf of the International Union of Operating Engineers, a diversified trade union representing approximately 400,000 men and women in the United States and Canada, most of whom work in the construction industry. Thousands of IUOE members, who operate heavy equipment in the sector, hope to build the Keystone XL Pipeline.

The IUOE is profoundly disappointed by the State Department's action to postpone a decision on the Presidential Permit for Keystone XL until the first part of 2013. This decision jeopardizes the project, and, among other things, leaves in question the creation of thousands of jobs for Operating Engineers and other workers. As IUOE General President Vincent Giblin said in his letter to Secretary Clinton after the decision, "Because of the unique authority the Administration possessed to create jobs almost immediately, without congressional action or a dime of public investment, this decision will reverberate throughout the membership of the Operating Engineers."

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While there has been a great deal of attention focused on what will happen if the project is built, perhaps the best way to analyze the project's impacts, particularly in light of the State Department's decision, is to consider what will happen *without the Keystone XL Pipeline*. That is, what will occur if the State Department's action kills the project?

First, without the Keystone XL Pipeline, American crude oil from the Bakken Formation, the fastest growing oil field in the United States, will continue to move out of the region in the most dangerous, most expensive way possible – by tanker truck. Growth in crude production has outstripped capacity to move it in the region. Today, according to the State Department's environmental review of Keystone XL, 25,000 barrels per day of Bakken crude moves to refineries by truck. The Keystone XL would provide an "on-ramp" for this crude in Baker, MT, moving 65,000 barrels per day from the Bakken Formation to refineries in the Midwest and Gulf Coast. The State Department's Draft Environmental Impact Statement for the project says that trucking is 87 times more likely to result in fatality than a pipeline, and 35 times more likely to result in a fire and/or explosion. Without the Keystone XL, this American crude will be transported in ways that increase the risk to the environment and human safety.

Second, immediate movements in the marketplace by pipeline companies demonstrate that, with or without the Keystone XL Pipeline, there will likely be no effect on the production of oil sands from Western Canada. The thirst for oil will be met, one way or the other, with little regard for the way the commodity is shipped. According to the project's Final Environmental Impact Statement (FEIS) (ES-15), "[t]he proposed Project is not likely to impact the amount of crude oil produced from the oil sands".

The third point, related to the second, is that if the pipeline is not built, the United States may lose the chance to secure a long-term energy supply from our Canadian allies. If the Keystone XL Pipeline is not built, Canadian producers of oil sands will be forced to seek alternatives to American markets, likely sending dramatically more crude to China. Delay of a Presidential Permit to the Keystone XL increases the likelihood that American markets will miss a major opportunity to secure

long-term commitments for this North American resource – opportunities that could be lost forever to China. For those who think that Asian options for Canadian crude are speculative and unrealistic, I would make three observations: First, the Enbridge's Northern Gateway project is but one option to move the commodity to Asia; Kinder Morgan also proposes to move dramatically more oil sands to Asia through an expansion of its Trans Mountain Pipeline, which is currently running over capacity. Second, crude tankers are commonly loaded at facilities in the Port of Vancouver and make their way through the Georgia Strait and the Strait of Juan de Fuca near Washington State to refiners. In fact, seventy-one tankers departed Burnaby, BC's Westridge Terminal to deliver oil sands to refiners in 2010. Kinder Morgan proposes to quadruple the number of shipments this decade. Third, Chinese oil companies have dramatically increased their presence in Canadian oil sands. China Petroleum and Chemical Corporation (Sinopec) has even offered technical assistance and equity investments to the Northern Gateway project, which would move crude oil from the Western Canadian Sedimentary Basin to Western British Columbia for export to Asia. Even since the release of the FEIS, a press report identified a second Chinese state-owned oil company, CNOOC, Ltd., has indirectly offered funding to the project, according to an article in the Globe and Mail published in September.

Fourth, without the pipeline, Gulf Coast refiners will continue to demand heavy crude oil, with all of its environmental, economic, and national security consequences. Americans will still consume the oil; smaller volumes will come from Canada and more of it will come from Venezuela and Saudi Arabia. That means more waterborne tankers into the Gulf exposing the country to spills, more American dollars will be sent to kingdoms and dictators, and the nation will be more susceptible to supply shocks, especially those related to political uncertainty.

Finally, if the Keystone XL Pipeline is not built, the socioeconomic benefits of the project will not be realized. No local, state, or federal revenue will be generated. And, critically important to the International Union of Operating Engineers, no jobs will be created. That means there will be no

employer contributions made to IUOE members' health care for their families. No contributions to retirement. And no investments in the labor-management training funds that support the skill development of future workers in the pipeline industry.

It is no wonder why the State Department concludes in the Final Environmental Impact Statement that the Keystone XL is preferable to no project at all. What makes one wonder is why, given the finding above, the Administration postponed the decision until 2013. The record of the legal and environmental review of the project simply does not support that decision.

The Keystone XL is critically important to the nation's national security and economy. Without it, more American crude from the Bakken will move by truck, refiners will demand more heavy crude from Venezuela and the Middle East, and China is likely to solidify its long-term relationship to producers in Western Canada. Most important to the IUOE, no jobs will be created.

Thank you for the invitation to testify, Chairman Whitfield.

Mr. TERRY. Thank you, Mr. Soth.

Mr. Burton, you are recognized for 5 minutes.

STATEMENT OF BRUCE BURTON

Mr. BURTON. Good morning, Mr. Terry, Ranking Member Rush, and members of the committee. My name is Bruce Burton. I am an international representative with the International Brotherhood of Electrical Workers. On behalf of the approximately 725,000 members of the IBEW, I thank you for the opportunity to testify in support of the Keystone XL pipeline project.

As an electrician who began his apprenticeship in 1981, I have very distinct memories of members of my local union telling stories about their work on the Trans-Alaska pipeline. Members of my local union, located in Michigan, spent months working on the Trans-Alaska pipeline, which covers 800 miles and carries oil from the North Slope of Alaska to Valdez, Alaska. Over the 3-year span of the project, approximately 70,000 jobs were created. And, to this day, depending on the season, between 2,000 and 4,500 individuals remain employed on the Trans-Alaska pipeline today.

IBEW members from all across the United States were able to save their homes during the rough economic period of the late 1970s because they were able to work on the Trans-Alaska pipeline. The IBEW's primary concern in our Nation's energy debate is jobs. Like the Trans-Alaskan pipeline of 35 years ago, the Keystone XL pipeline project would create jobs and help our members through this difficult economic period.

In his letter to Secretary of State Hillary Rodham Clinton requesting approval of the Presidential permit necessary to build Keystone, IBEW President Edwin D. Hill wrote, and I quote, "At a time when job creation should be the top priority, the Keystone XL pipeline project will put Americans back to work and have ripple effects throughout the economy. The shovel-ready pipeline will create 20,000 direct jobs and 118,000 indirect jobs. IBEW members look forward to being part of this historic project and pledge to deliver the highest quality of work to make it a success," end quote.

Our highly skilled, trained, and licensed journeymen electricians, linemen, apprentices, and instrument control technicians would be working on Keystone's pump stations, which will move oil through the 1700-mile-long pipeline. The pump stations are to be located approximately 50 miles apart and built on small parcels of land approximately 5 to 10 acres each. Each pump station contains between two to five pumps, which are electrically driven, 6500-horsepower high-voltage motors. Initially, our members would be working on 15 pump stations, with the potential for 15 more stations in the future. Each station would require approximately 6,000 electrical labor hours to complete.

In addition, many of the pump stations are to be built in remote locations. Therefore, new high-voltage transmission lines must be built in order to get electrical power to the stations. For example, in Nebraska, a new transmission line would need to be built that would be 74 miles long and carry 115,000 volts. This project within a project is valued at $49 million and will provide approximately 55,500 hours of labor for linemen.

Just like the benefits from the Trans-Alaskan pipeline, the benefits from the Keystone XL pipeline will not be localized. From pipe manufactured in Arkansas, pump motors assembled in Ohio, and transformers built in Pennsylvania, to the men and women who will actually work on the pipeline itself, workers from all over the United States would benefit from the project.

The Keystone XL pipeline would be built under a project labor agreement with the IBEW, the Laborers International Union of North America, the International Brotherhood of Teamsters, the United Association of Plumbers and Pipefitters, the International Union of Operating Engineers, and the Pipeline Contractors Association. Only the highest-skilled workers will be employed on the project. This will ensure the most well-built, safest pipeline possible.

Today, the United States is experiencing the worst economic downturn since the Great Depression. The Keystone XL pipeline is shovel-ready. As soon as a Presidential permit is granted, jobs would be created—jobs that our country, jobs that our members desperately need.

I thank you for your time and look forward to your questions.

[The prepared statement of Mr. Burton follows:]

Testimony of Bruce Burton

International Representative, International Brotherhood of Electrical Workers

Before the Energy and Power Subcommittee of the House Energy and Commerce Committee

Washington, DC

December 2, 2011

"Expediting the Keystone XL Pipeline: Energy Security and Jobs"

Good morning Chairman Whitfield, Ranking Member Rush, and members of the committee.

My name is Bruce Burton. I am an International Representative at the International Brotherhood of Electrical Workers (IBEW). On behalf of the approximately 725,000 members of the IBEW, I thank you for the opportunity to testify in support of the Keystone XL Pipeline project.

As an electrician who began his apprenticeship in 1981, I have very distinct memories of members of my local union telling stories about their work on the Trans-Alaska Pipeline. Members of my local union, located in Michigan, spent months working on the Trans-Alaska Pipeline which covers 800 miles and carries oil from the North Slope of Alaska to Valdez, Alaska.[1] Over the 3 year span of the project, approximately 70,000 jobs were created.[2] Depending on the season, between 2,000 and 4,500 individuals remain employed on the Trans-Alaska Pipeline today.[3] IBEW members from

[1] http://alyseka-pipe.com/pipelinefacts.html
[2] *Id.*

all across the United States were able to save their homes during this rough economic time because they were able to work on the Trans-Alaska Pipeline.

The IBEW's primary concern in our nation's energy debate is jobs. Like the Trans-Alaskan Pipeline of 35 years ago, the Keystone XL Pipeline Project would create jobs and help our members through this difficult economic time. In his letter to Secretary of State Hillary Rodham Clinton requesting approval of the Presidential Permit necessary to build Keystone, IBEW President Edwin D. Hill wrote:

> "At a time when job creation should be the top priority, the Keystone XL Pipeline project will put Americans back to work and have ripple benefits throughout the economy. The shovel-ready pipeline would create 20,000 direct jobs and 118,000 indirect jobs. IBEW members look forward to being part of this historic project and pledge to deliver the highest quality work to make it a success."[4]

Our highly skilled, trained, and licensed journeyman electricians, linemen, apprentices, and instrument control technicians would be working on Keystone's pump stations which would move oil through the 1,700 mile-long pipeline.[5] The pump stations are to be located approximately 50 miles apart and built on small parcels of land – approximately 5 to 10 acres.[6] Each pump station contains between 2 and 5 pumps which

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[3] Alyeska Pipeline Service Company, *Alaska Native Program – Section 29 Designated & Reporting TAPS Contractor Employment Guide*, 2010, p. 1.
[4] Letter from IBEW President Ed Hill to Secretary of State Clinton dated October 28, 2011.
[5] TransCanada, IBEW to Provide Skilled Workers for Keystone XL, October 18, 2011.
[6] *Id.*

are electrically driven by 6,500 horsepower high-voltage motors.[7] Initially, our members would be working on 15 pump stations with the potential for 15 more stations in the future.[8] Each station would require approximately 6,000 electrical labor hours to complete.[9]

In addition, many of the pump stations are to be built in remote locations. Therefore, new high-voltage transmission lines must be built in order get electrical power to the stations. For example, in Nebraska a new transmission line that would need to be built would be 74 miles long and carry 115,000 volts.[10] This "project within a project" is valued at $49 million and will provide approximately 55,500 hours of labor for linemen.[11]

Just like the benefits from the Trans-Alaskan Pipeline, the benefits from the Keystone XL Pipeline will not be localized. From pipe manufactured in Arkansas, pump motors assembled in Ohio and transformers built in Pennsylvania, to the men and women who will actually work on the pipeline itself, workers from all over the United States would benefit from the project.

The Keystone XL Pipeline would be built under a Project Labor Agreement with the IBEW, the Laborers International Union of North America, the International Brotherhood of Teamsters, the United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry of the United States and Canada, the International Union of Operating Engineers and the Pipeline Contractors Association.[12] Only the

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[7] *Id.*
[8] *Id.*
[9] *Id.*
[10] Testimony of John Bourne before the Nebraska State Judiciary Committee.
[11] *Id.*

highest skilled workers will be employed on the project. This will ensure the most well-built, safest pipeline possible.

Today, the United States is experiencing the worst economic downturn since the Great Depression. The Keystone XL Pipeline project is shovel-ready. As soon as a Presidential Permit is granted, jobs would be created – jobs that our country – jobs that our members desperately need.

I thank you for your time and look forward to your questions.

[12] http://www.transcanada.com/5493.html

Mr. TERRY. Thank you, Mr. Burton.

Mr. Ringo, you are recognized for 5 minutes.

STATEMENT OF JEROME RINGO

Mr. RINGO. Thank you very much.

My name is Jerome Ringo, and I am the chief business officer for BARD Holdings, an algae cultivation, harvesting, and extraction project that is creating advanced technologies as alternative energy and pharmaceutical resources. My thanks to the chairman, the ranking member, and members of the committee for inviting me to speak today on this most important subject.

I spent over 25 years working in the Louisiana petrochemical industry as a member of the Oil, Chemical, and Atomic Workers Union, both in construction and operations. I spent 13 years on the board of directors of the National Wildlife Federation, where I became chairman of that 5-million-member organization. And I also was the president of the Apollo Alliance, a 17-million-member coalition on alternative energy; and currently with BARD Holdings. I would like to offer a long-term perspective on America's energy choices.

Understanding America's growing appetite for energy and our need for economic stimulation, it is important that we meet this energy demand with smart choices for our economy and while minimizing adverse impact on the safety of the water, the air, the lands we depend on. In fact, American workers have proven again and again that we can create jobs by pursuing an environmentally smart path forward.

I clearly recognize the job impacts of construction projects, but sometimes the best intentions can deliver negative results. I agree with President Obama; he got it right when he said we need to take the time to understand the impact of this project and not rush to build. The obvious destruction and contamination of northern Canada, along with the safety challenges, health, and environmental risks to the American people of such a pipeline, is enormous. The environmental justice impacts on communities surrounding gulf refineries have never been adequately examined. And, according to NASA scientist James Hansen, tar sands are a game-over scenario with respect to climate change.

The Keystone XL pipeline would transfer highly corrosive and toxic tar sands under high pressures along more than 2,000 miles, crossing waterways, sensitive aquifers, and jeopardizing the quality of lives of citizens along its routes. TransCanada and the State of Nebraska have agreed to move a small part of the Keystone XL pipeline. I am not as reassured, however, because I now wonder what part of America is now going to be willing to sacrifice the next spill of a magnitude.

According to the State Department's Final Environmental Impact Statement, a spill from this pipeline could reach a worst-case scenario estimated to be 2.8 million gallons. If we pay attention to what is happening in Michigan, we can see the consequences because it has happened. Last year, a similar pipeline spilled more than a million gallons of tar sand oil into Michigan's Kalamazoo River. The river is still closed today. It ruined drinking water, harming the health and safety of nearby residents and killing wild-

life. The EPA recently announced that it has already recovered more than 1.1 million gallons from the Kalamazoo and that there is no end in sight to the cleanup because tar sands is more difficult to clean up than conventional oil. We have no idea of how much oil has really spilled.

As we continue our dependency on foreign oil, with the goal to declare energy independence, it is critical that we not shift our dependency from Middle East oil to Canadian oil. Our goal is not to switch seats on a sinking ship. The middle-ground answer lies in creating jobs to meet America's energy demand while simultaneously improving the state of our environment and our economy. The answer lies in increased investment in the research and development of clean oil alternative energy products. This is a win-win-win on jobs, national security, and the environment. And that clean fuel strategy, as well, is real, powerful, and under way right now.

The new fuel economy standards recently enacted and proposed for cars and trucks together cut America's need for oil by 3.4 million barrels per day. That is more than three times the proposed capacity of the Keystone XL. Or, put differently, that equals oil savings greater than the proposed XL pipeline plus all the oil that is currently imported from the Persian Gulf. Innovating to build more efficient and alternative fuel vehicles and underpinning a renaissance in auto and manufacturing sectors that, according to Bureau of Labor Statistics, has added more than 125,000 direct jobs in the auto industry.

Energy investment is a long-term investment. We need to think long-term, Mr. Chairman. I urge Congress to put the long-term interests of the American people as a top priority and not rush to build the Keystone pipeline.

Mr. TERRY. Thank you, Mr. Ringo.

Mr. RINGO. Thank you, Mr. Chair.

[The prepared statement of Mr. Ringo follows:]

Statement of Jerome Ringo
Chief Business Officer
BARD Holdings Inc.

My name is Jerome Ringo. I am the Chief Business Officer for Bard Holdings, an algae cultivation, harvesting and extraction project.

My thanks to the Chairman and members of this committee for inviting me to speak today on this most important subject.

After twenty-five plus years of working in Louisiana's petro-chemical industry (all as a member of the Oil Chemical and Atomic Workers Union), thirteen years as a board member of the National Wildlife Federation, seven years heading the Apollo Alliance (17 million member alternative energy coalition) and currently with Bard Holding (with its advanced technologies in alternative fuel production), I come to offer a prospective on what I consider to be a very negative impact, on what is intended to bring positive results.

Understanding America's growing appetite for energy and our need for economic stimulation, it is important that we meet the energy demand with as minimal adverse impact as possible. I clearly recognize the jobs impact of construction projects such as the Keystone Pipeline. At the same time, I believe that such a project in the shorter term may be good to us, but in the long term may not be good for us.

The obvious destruction and contamination of northern Canada, along with the safety challenges, health and environmental risk to the American people of such a pipeline is immeasurable.

The Keystone pipeline will transfer highly corrosive and toxic sludge, under high pressures through extremely sensitive routes that potentially threatens the quality of aquifers, as well as the quality of life of citizens along its route.

A tar sludge pipeline recently dumped 800,000 gallons of contaminates into Michigan's Kalamazoo River. The proposed route takes the pipeline through aquifers in northern Nebraska, which provides irrigation for much of America's breadbasket, and drinking water for two million people. We can ill afford such sacrifices to meet energy needs.

As we continue our dependency on foreign oil, with a goal to declare energy independence, it is critical that we not shift our dependency from the Middle East to Canada. Our goal is to not switch seats on a sinking ship.

The middle ground answer lies in creating jobs to meet America's energy demand, while simultaneously improving the state of our environment and our economy. The answer lies in increased investment in the research and development of green alternative energy projects. The American Solar Energy Society estimated that in 2006 alone, renewable energy and energy efficiency were responsible for $970 billion in industry revenues and 8.5 million jobs.

We in America are actually facing a labor shortage in sectors like manufacturing. The American Association of Manufacturers performed a survey where 90% of their responders indicated a moderate or severe shortage of qualified, skilled production employees like machinists and technicians, with 1/3 of our workforce being eligible for retirement in the next seven years. Building this pipeline may offer a short-term solution, but contribute to a long-term problem.

I urge the Congress to put the long-term interest of the American people as its top priority and reconsider its position in supporting project like the Keystone Pipeline.

Mr. TERRY. Ms. Kleeb?

STATEMENT OF JANE FLEMING KLEEB

Ms. KLEEB. Thank you, Representative Terry and members of the committee, for asking me to be with you today on an issue that has captivated our State for several years. My name is Jane Fleming Kleeb, and I am the head of an advocacy group called Bold Nebraska.

Hearings like today give us citizens an opportunity to not only thank you for your dedication to our country but also to ask for your help. President Obama made a tough and right decision by asking for more time to study this pipeline. He stood up for our families, our landowners, our farmers, our ranchers, who have been bullied by TransCanada. I am asking you today to also stand with us as we figure out a path forward.

Our broad coalition of individuals and groups speaking out against the pipeline has become much more than just a group speaking out on an issue. We have become a family. And we are doing everything we can to defend our land and our water.

Some will try to say, because we passed two bills last month in our State, that everything is fine in Nebraska. I am here to tell you, everything is not fine. TransCanada has yet to propose a new route that will avoid the Sand Hills and our precious Ogallala Aquifer. Landowners are still on pins and needles, knowing that the easements that TransCanada now owns for land can be sold to other oil pipeline companies today. We have not even started the new State process to study this pipeline and yet are being told by Members of Congress that we need to rush a decision within 30 to 60 days.

Simply put, we are looking to you, our elected officials, and each of our elected officials back at home to do right by landowners like Randy and Susan and to do right by small businesses like Clear Creek Organics, which rely on the clean and abundant source of water from the Ogallala Aquifer. These small businesses, our ranchers and farmers, produce jobs every day, tax revenue every day, as well as excellent cheese and meat.

With the TransCanada Keystone XL pipeline, it is all too easy to turn this into the all-too-familiar jobs-versus-the-environment frame. We believe this pipeline represents more than one energy project, and we think that it endangers much more than any amount of jobs that TransCanada or their allies will claim it will produce. We have seen figures ranging from 3,000 to 1 million. In fact, Stephen Colbert even did a funny bit about all of the jobs that would be produced by this pipeline.

Whatever the real figure is—and we still are wondering what that real figure is—I stand with President Obama and Nebraskans like Randy who know we must figure out a way to create jobs while protecting our land and water.

This pipeline is risky. It is massive. And we literally have no long-term studies on how tar sands will affect our land, water, and health. Several elected officials, as well as PHMSA, have made it clear in other hearings that we literally have no idea how tar sands will affect our land, our water, and our health. And we are seeing that play out in the Kalamazoo River, where hundreds of families

have been displaced from their homes. They have had to move because of the tar sands spill that occurred in their backyard.

I am asking for your help to get a study done on tar sands so it can be firm and we can be clear and so industry can also have the answers and there will be very clear answers, so we can find a path forward together. While the permit process may seem like it is taking too long, we still have no proposed route in Nebraska. And, again, we have no study on how tar sands affects us.

Additionally, if this oil is meant for the United States, then attach that to a bill. Make it clear that this oil is guaranteed for the United States. Because right now there are no guarantees. We know that TransCanada and other tar sands companies need to get to our ports. Whether it is the Gulf, whether it is Maine, whether it is other ports, they want access to our ports in order to sell their commodity on the international market.

And so, yes, this process has taken a long time. It has been over 3 years since TransCanada has been bullying our landowners. It has been 3 years since they have been threatening eminent domain, when they have no permit for their project. It has been 3 years with our State being bombarded with misleading ads about job claims and tax revenue.

Next week, we will be releasing a new report that shows that TransCanada has overpromised on how much they are paying our counties in Nebraska. Just because you create jobs does not give you the green light to take American land for your private gain. That is what TransCanada is doing. Six families right now in South Dakota are in court with TransCanada, trying to protect their land.

As a Nation, we are facing our next moon challenge. Energy is our moon challenge. And when I look at my three little girls, I want to make sure they know that I, as their mom, did everything I can to fight for sustainable energy. And I know each of you want to do that, as well.

We want energy that is revitalizing our communities, not putting them at risk. And I know as Americans that we can meet this challenge. We can do right by landowners, we can do right by workers, because we are Americans, and we can do this together.

Thank you.

[The prepared statement of Ms. Kleeb follows:]

Jane Fleming Kleeb
Bold Nebraska
Expediting the Keystone XL Pipeline: Energy Security and Jobs
December 2, 2011
Subcommittee on Energy and Power

Thank you Chairman Whitfield and Members of the Committee for asking me to be with you today on an issue that has captivated our state for the past several years. My name is Jane Fleming Kleeb, and I am the head of a nonprofit advocacy group called Bold Nebraska.

Hearings like today give us, citizens, an opportunity to not only thank you for your dedication to our country but also to ask for your help. President Obama made a tough and right decision by asking for more time to study this pipeline. He stood up for our families and landowners who have been bullied by TransCanada. I am asking you to also stand with us as we figure out a path forward.

Our broad coalition of individuals and groups speaking out against the pipeline has become much more than just a coalition working on an issue. We are now a family doing everything we can to protect our land and water. We are defending the heritage of our state.

Some will try to say because we passed two bills last month on oil pipelines that everything is fine in Nebraska. Everything is not fine. TransCanada has yet to propose a new route that will avoid the Sandhills and our precious Ogallala Aquifer, landowners are still on pins and needles knowing the easements TransCanada owns can be sold today to another oil pipeline company, and we have not even started the new state-based process to study this pipeline.

Simply put, we are looking to our elected officials, each of you and those back home, to do right by landowners like Randy and Susan, and to do right by small businesses like Lucky Bucket, a local brewing company that relies on the clean and abundant water from the Ogallala Aquifer, and Clear Creek Organics which relies on the intricate ecosystem of the Sandhills for their products. These small businesses produce jobs and tax revenue as well as excellent beer, cheese and meat.

With the TransCanada Keystone XL pipeline, it is all too easy to turn this into a jobs vs. environment issue. We believe this pipeline represents much more than one energy project and endangers much more than any amount of jobs that TransCanada or their allies claim it will produce. We have seen figures ranging from 3,000 to 1 million jobs related to the pipeline. Whatever the real figure is, I stand with President Obama and Nebraskans who know we must figure out a

way to create jobs while protecting our land and water.

This pipeline is risky. It is massive, and we literally have no long-term study on how tar sands affect land, water or our health. We have seen first hand in Michigan, with the awful tar sands spill in the Kalamazoo River, how much more difficult and expensive it is to clean up tar sands and the chemicals mixed with this type of oil. Families have been displaced and the oil is sticking to the bottom of the riverbed. This is not traditional oil that floats and can be skimmed with booms. We owe it to workers, our families, the environment and our water to do the right study to get us the answers we need.

I am asking for your help in getting a study on how tar sands affects our land, water and health. We need clarity on if traditional pipelines, designed to carry conventional oil, can safely carry corrosive tar sands especially since we have seen 14 spills in the past year on TransCanada's Keystone 1 when they told us we would see 11 leaks over the lifetime of the pipe.

While the permit process may seem like it is taking too long, we still have no proposed route in Nebraska and no study on how tar sands affects our land, water and health. Additionally, if this oil is meant for the United States, then please make an agreement stating as much. Pass a bill saying the oil is for US consumption. It is hard to rationalize how a pipeline carrying oil across our nation to an unknown final destination can be in our national interest. We all know TransCanada and other tar sands companies need to get their oil to various ports in order to sell it to the highest bidder. In the end, we assume all the risks and none of the rewards.

Yes, the process has taken a long time. It has been over three years since TransCanada started to contact landowners and threaten eminent domain even though they had no permit for their project, three years of threats from a powerful international company. Our state has been bombarded with misleading ads about the amount of jobs and money this pipeline would bring to our state. We will soon be releasing a report that shows how little in taxes TransCanada actually has paid to our counties compared to their promises.

Just because you create jobs, does not give you the green light to take American land for your private gain. That is what TransCanada is doing. In South Dakota at least six American families are in court fighting eminent domain right now to protect their land. Families in Nebraska are ready to do the same. Never did I think, in our country, a foreign company could take land for their private gain through eminent domain, a process already controversial but a process we think should be left to "public good" projects, not projects that are for private financial profit.

As a nation, we are facing our next moon challenge. Energy is our moon challenge. I want to look at my three little girls and tell them that I'm doing everything I can to ensure our energy is sustainable, that our energy is helping revitalize our communities not destroy them, and that our energy is safe.

The TransCanada pipeline simply does not meet the challenge. It sets us on a path backward, not forward. We do not need to figure out ways to approve this pipeline. We need to figure out ways to ensure our land and water are protected as we look to our moon challenge and as we, together, figure out solutions for our country's energy and job needs without risking our land and water.

We can meet this challenge. We are Americans and nothing can stop us from coming together to make tough decisions, to do right by landowners and to finally get on a path to energy independence.

Mr. TERRY. Thank you.

I want to thank all of you for your testimony. It was very insightful.

At this time, to begin our questions, I would yield to the gentleman from Illinois. You are recognized for 5 minutes.

Mr. SHIMKUS. Thank you, Mr. Chairman. I appreciate the courtesy of letting me go rapidly because I am going to board a plane.

And that plane that—actually, when I fly from St. Louis, it is heavy crude from the Canadian oil sands that is already piped down to my Conoco-Phillips refinery, which is refined there and then piped to the airfield. So, many times, the jet fuel that I am using to come back and forth is already established. You see in front of me, really, the works of jobs already because of this.

You know, the oil sands is the third-largest oil venue in the world. And you talk about North American energy security, this is what you talk about. You have Caterpillar. I have been up to the oil sands. These things are massive. They are five-stories tall. The tires are one-story tall. UAW, Teamster drivers—this is it. This is what the whole fight is about, oil sands. Come see it after the hearing. We mine it, surface mining, or you get it in situ. This stuff is already coming into the country. It is going to my Marathon refinery in Robinson, Illinois. Good-paying, great benefits. Members of organized labor already benefiting.

Ms. Kleeb, how many pipelines go through the aquifer right now?

Ms. KLEEB. Actually, only one crude oil pipeline currently goes through——

Mr. SHIMKUS. The question is how many pipelines.

Ms. KLEEB. Well, can I answer your first question?

Mr. SHIMKUS. Well, the question is, how many pipelines go through the aquifer?

Ms. KLEEB. In the Ogallala Aquifer in the State of Nebraska, there is one crude oil pipeline——

Mr. SHIMKUS. Yes. OK. And what is the other ones?

Ms. KLEEB. There are no other oil——

Mr. SHIMKUS. There are three pipelines——

Ms. KLEEB [continuing]. Pipelines that go through the aquifer.

Mr. SHIMKUS [continuing]. That go through the aquifer as of today, so——

Ms. KLEEB. You are absolutely incorrect. And I am sure that people——

Mr. SHIMKUS. I am reclaiming my time.

Ms. KLEEB [continuing]. This piece of paper, but I live in Nebraska. And the oil——

Mr. SHIMKUS. Reclaiming my time. Reclaiming my time, ma'am.

Ms. KLEEB. That is fine.

Mr. SHIMKUS. The——

Ms. KLEEB. That oil causes cancer.

Mr. SHIMKUS. Now I would like to go to—again, people can—they are more than welcome to come view this. I have studied this stuff quite a lot, and all I know, it is a lot of jobs.

So, Mr. Booker, how many jobs do you project will be produced from your segment?

Mr. BOOKER. For the Laborers International Union, it would be a guess, but I can tell you what, of other projects we have done, have——

Mr. SHIMKUS. Quickly.

Mr. BOOKER. Yes. Ruby Pipeline, El Paso was the owner, 680 miles. We performed 2.1 million man hours on a 680-mile pipeline, which generated $24 million in fringe benefit contributions for our members.

Mr. SHIMKUS. And this is actually a 1,700-mile pipeline that this is being produced.

Mr. Barnett, how many jobs do you think this would produce?

Mr. BARNETT. We expect this project to create over 1,500 jobs for our welders, pipefitters, and pipeline——

Mr. SHIMKUS. And you talk about the Trans-Alaska pipeline. One thing that is not—and you all tried to highlight this. My father-in-law was a microwave technician. He moved to Alaska for those jobs. And that is the side benefits of—and, Mr. Burton, you were talking about the engines that are being built and the high transmission lines. Same time that my father-in-law moved to Alaska for this, the high-paying jobs.

Mr. Soth, do you have a job number for this project?

Mr. SOTH. Contractors have shared with us their proprietary estimates for the number of hours that operating engineers would perform on the project. In excess of 3 million hours are estimated from a number of those contractors.

Mr. SHIMKUS. And how much government money is going into this? Anyone?

Mr. SOTH. Not a dime.

Mr. SHIMKUS. Is this a shovel-ready project, in your view, members of organized labor?

Mr. BOOKER. Yes.

Mr. BARNETT. Yes.

Mr. SHIMKUS. Which sector is the President going to mess over by making a decision? Is he going to blow off his supporters in organized labor, or is he going to blow off his friends in the environmental left after the election? Does anybody have any idea? He has to do one, right? He is either going to pick environmental left or he is going to pick jobs.

I am standing with labor, and I am standing with jobs. And it is a great environment to be, because sometimes members of the Republican side aren't really considered to be total friends of organized labor. And we get that. And I do my best, as many of you know. But this is not the fight—if you want to help the President of the United States win re-election, this is the fight that he should have for jobs, 20,000 jobs.

The last point I will make is, the biggest oil spill occurred where? Prince William Sound. How many gallons? I mean, not gallons—how many millions of gallons? Fifty-five million gallons of oil through a tanker. So don't come and preach to us about the spills from a pipeline, when the biggest environmental damage that could occur is tankers traveling around the world.

I yield back my time. Thank you, Mr. Chair.

Mr. TERRY. Thank you, Mr. Shimkus.

Now we recognize another gentleman from Illinois, the ranking member, Mr. Rush, for 5 minutes.

Mr. RUSH. Thank you very much, Mr. Chairman.

And, Mr. Chairman, I want to—I know that this is—the issue of jobs is constantly being bandied about here, and I am extremely sensitive to that issue of jobs and unemployment. In fact, my district, which is the First District of Illinois, the unemployment rate is more than twice the national average and may be closer to 50 percent for many of my constituents. I have multi generations of unemployed people residing in my district. So some of the concern about jobs is a concern that I have had for many, many years and one that I face daily.

In numerous hearings on Keystone XL and the pipeline safety reauthorization, as well as in private meetings in my office, I have asked many of the experts, those who are proponents of this and from the American Petroleum Institute to the Association of Oil Pipelines to individual industry representatives, about the participation of those minority-owned businesses and contractors in the pipeline industry. And it seems like no one, absolutely no one, can give me an answer.

I am for jobs. I am for the environment. But I am also for jobs for minority- and women-owned businesses. And I can't find not one scintilla of evidence that there is any minority-owned businesses and contractors in this entire industry, not one. And I have asked until I am literally blue in the face. The fact that none of these so-called experts could give me an estimate of the level of minorities involved in the construction and operation of pipelines in this country leads me to believe that the numbers are so small that they may be nonexistent.

To address this issue and shed more light on it, I am working to include a comprehensive study on this issue in the pipeline safety reauthorization bill that is currently being renegotiated, or being negotiated.

But I have all my union friends here. And I must say that some of them are friends and have supported me in the past. But I am really kind of a little disturbed and surprised about some of the issues right now. And I am just going to ask you, each one of you who are representing labor, can you give me any level of participation of minority contractors, workers, or businesses that are engaged in each of your respective organizations? And if not today, can you forward that information to my office within a few weeks?

I want to know how many minority contractors, how many minority workers, and how many minority businesses are associated with the pipeline industry.

And, Mr. Pourbaix, can you answer that question?

Mr. POURBAIX. I don't have the figures in front of me. I would be happy to provide them.

I think what I could say, showing the support that we have from minority businesses and businesspeople and laborers, is, we have the full support of the Hispanic Chamber of Commerce, the full support of the Hispanic Veterans Association. And I think that is just an example that we do have significant support among minorities in this country.

And perhaps some of the other gentlemen from labor may be able to shed some further light on that.

Mr. BOOKER. I don't have any specific information regarding the question you asked. We will be happy to forward it to your office upon the conclusion of the hearing.

Mr. RUSH. Mr. Soth?

Mr. SOTH. The Operating Engineers are happy to provide you some data, particularly on our apprenticeship programs, where we are systematically tracking that data and can provide you a good look at what we do for people of color and women in the Operating Engineers Union.

Mr. RUSH. OK.

Mr. Barnett?

Mr. BARNETT. First of all, I would like to say that we are a membership-driven organization; we are not contractor-driven. We do not track that type of information.

I can tell you that we have a large number of minorities in our local union that we are very proud of, that go out there every day, they perform their work. And those are the people that we go to bat for every day.

Mr. RUSH. All right.

Mr. Chairman, I really—I know my time is up, but, again, I am coming up with songs that I can't really dance to, and I am sorely disappointed. And I think that that is an issue that this committee and this subcommittee is going to have to address. And for the members of labor to come before me and before this subcommittee and not have good, firm information for me, I think that that is atrocious.

And, with that, I yield back the balance of my time.

Mr. TERRY. Thank you, Mr. Rush.

At this time, we will recognize Mr. McKinley. He also has transportation issues. You are recognized for 5 minutes.

Mr. MCKINLEY. Thank you, Mr. Chairman.

Before we had this hearing, I went back to look at some of the things that were said, what were in the press back in the 1970s, before the Alaska pipeline. There the criticism was the effects on the tundra, possible pollution, harm to animals, geographic features, and the lack of engineering. Then they went ahead and they built it—800 miles long, 48 inches in diameter, across 3 mountain chains, 30 rivers. It seemed to have worked.

So, today, I am just curious in the last 30-some years since that pipeline was put in in the 1970s how much we have improved.

And I have heard all the scare tactics from the friends on the other side that this is a very corrosive, difficult product to handle, but I think engineers over the years have developed ways of handling that. We can have ceramic line pipes. We can do a lot of things to handle it. If we can pipe hydrochloric acid, we sure as the dickens can pipe crude oil.

So I am just curious from this panel, from a construction background, some of the improvements we have made. I assume that now, 30 years later—we didn't have X–80 steel, 80 kip steel. We now use that. Some of the welding techniques that we have learned about over the years that have developed from our friends in the

construction industry with the low-hydrogen electrodes that we are using.

Can you amplify a little bit about some of the improvements that have happened over the last 30-some years in construction, why we should have a greater comfort level?

Mr. POURBAIX. Yes, I would be happy to.

I think, if you take a look at pipelines, the majority of pipeline incidents come from really two areas. They come from corrosion of the pipeline, and they come from third-party strikes, sort of, whether it is a backhoe, some third-party agency acting on the pipe.

And since the Alaska pipeline was built—let's talk about corrosion, for example. Today, all new pipelines are built of much stronger steel. You mentioned X–80 steel. It is far stronger, it is more puncture-resistant. On the corrosion side, every pipeline built has cathodic protection, which is running an electrical current through the pipe to inhibit corrosion. And on top of that, every joint of the pipe that we will build is coated with fusion-bond epoxy coating. And when you combine cathodic protection with fusion-bond epoxy coating, you would expect that 50 years from now you would take those joints of pipe out of the ground, and they would have no evidence whatsoever of corrosion. So that is how far the industry has come on corrosion.

On line strikes, as I said, we are using stronger steel. One of the 57 special conditions which we voluntarily agreed to with this pipeline is that, instead of burying the pipe 3 feet under the surface, we are burying it 4 feet under the surface, which should largely remove that risk. And on top of that, we have accepted an obligation to continue to maintain that depth of cover over the entire pipeline over the entire time it is operational.

And then, you know, finally, when it comes to leak detection, you heard other people talk about that today. We have 21,000 sensors on this pipeline. They are regenerating data every 5 seconds. If there is a drop of pressure, we will know immediately, and the pipeline will be shut down automatically in literally minutes. And, at that point, you have a cleanup situation.

Mr. MCKINLEY. What was the ratio, what was that like on those leak detectors on the Alaska pipeline?

Mr. POURBAIX. I don't know the exact amount, but it certainly would be—we have multiple redundant leak-detection systems on this pipeline.

Mr. MCKINLEY. There was another issue that was raised by Bill Erasmus, national chief of the Dene Nation, I guess, if I am pronouncing that properly. And he made some very good points, excellent points about—one of them had to do with tailing ponds. And years ago, back in the 1970s, they weren't using EPDM liners. They were using clay liners, primarily, with it.

So our construction knowledge has expanded so much over those 30 years that—are you expecting when—are you going to be using liners at your impoundment ponds for your tailings?

Mr. POURBAIX. Well, we don't produce any oil ourselves; we just move it. But what I would say, a good number to think about that is, going forward, approximately 70 to 75 percent of all future oil developments in the oil sands are actually going to be done through

in-situ drilling with wellbores. And those projects do not even require tailings ponds, so——

Mr. MCKINLEY. So, in summary, then, our welding techniques have improved, our steel has improved. You are using Core 10 steel on areas that we didn't have available 30 years ago. So technology has really moved, so if it worked back 30, 40 years ago, I don't understand, unless there is another agenda here—and that is a little bit more sinister—about why we are not allowing this to progress and putting our people back to work. So I think the technology is fine; it is the other—the political side of it is where we are hung up right now.

Ms. KLEEB. Representative, can I just follow up on the——

Mr. MCKINLEY. I am over my time. If he will let me——

Mr. TERRY. The gentleman's time has expired.

At this time, I will recognize the full committee ranking member, Mr. Waxman.

Mr. WAXMAN. Thank you, Mr. Chairman.

For those who may be viewing this hearing, I think they would be struck, as I am, that the only way Republicans can deal with the fact that some people have some questions about the pipeline is that it is a conspiracy, there is some hidden agenda, it is all politics. One of the Republicans who asked questions said, who is President Obama going to choose, the environmentalists or the labor unions? They only think in these terms, and they want to make this a political issue.

Well, the question of the decision to go ahead with this pipeline is a serious one, and I think we need to fully understand the implications of approving energy infrastructure that is going to last for decades. And I wouldn't make light of it just because the Republicans want to use this hearing for their own political purposes. I think it is appropriate for the President of the United States to review this matter. I think it is appropriate for the government agencies and people in the State of Nebraska to review this issue.

The Republicans put a bill forward that they have already put through the House, saying, we should decide this issue in a shorter period of time and decide it favorably for the Alaska pipeline. They don't really want to know the truth; they just want the pipeline.

And my friend who just asked questions on the Republican side talked about how there must be this hidden agenda because it is perfectly safe. Well, we do already have one Keystone pipeline, and it is certainly a lot later in time than the Alaska pipeline because it has been within a year. And this last year of operation showed that there were a dozen spills, so many spills that it was shut down temporarily.

But let me go to the question that bothers me the most and what the impact will be from this pipeline if we see it go forward on the climate problem that we are seeing in this country and all around the world. Republicans don't even believe it is such a thing. They deny the science, and when they hear scientists talk about it, they think it is a hidden agenda. So they can't take another point of view seriously because they are so convinced that they are right all the time.

The decision is an important one. They want to short-circuit the process. Ms. Kleeb, you and your neighbors have been fighting for

a thorough evaluation of the environmental impacts of this proposed pipeline. Do these Nebraska laws satisfy your concerns? We have been told Nebraska has passed some laws so we ought to let this whole thing go forward.

Ms. KLEEB. You know, so they are definitely a step in the right direction. And I will say, the only reason that we have those bills is because citizens and landowners raised hell for 2 solid years at our State capitol to make sure that those bills got passed.

We still don't have a study on tar sands. And I hoped that Representative Terry would introduce that on behalf of Nebraskans, to make sure that any tar sands pipeline that does get approved, that we make sure that that is safe. We don't know how tar sands——

Mr. WAXMAN. Well, Representative Terry's position was that the original pipeline route was fine, he was for this project——

Ms. KLEEB. That is right.

Mr. WAXMAN [continuing]. And he thinks it is important. Jobs, jobs, jobs.

Well, this is a lot different than the Alaska pipeline because the Alaska pipeline was taking oil, and it was taking it through not verypopulated areas. This is a different kind of pipeline because it is going to take the dirtiest source of oil available, and it is going to drive a significant increase in carbon pollution.

What was your concern about the original route? I guess the original route is not going to happen now. That is not because of TransCanada but because of Nebraska. What was your concern about the original route?

Ms. KLEEB. That it was going to cut right through the Sand Hills. We have no oil pipelines, tar sands or traditional crude, that cross the Sand Hills currently.

Mr. WAXMAN. And the Sand Hills is where the aquifer is, the Ogallala Aquifer?

Ms. KLEEB. The Sand Hills have a unique relationship with the aquifer. It is a very intricate ecosystem. The aquifer essentially lays beneath the entire State of Nebraska. I mean, obviously, it provides water for the backbone of our State's economy.

And the detection system, quite frankly, of TransCanada's first pipeline we know is not a very good one, since a landowner in North Dakota had to be their detection system. Their sensors did not work in that scenario.

Mr. WAXMAN. When we hear about these jobs, we are hearing estimates based on a long period of time. In fact, the job estimates assume this whole thing is going to operate for a hundred years. Well, that is a century of oil addiction. We would be locking in higher carbon pollution for a hundred years. And we can't afford to keep building dirty energy infrastructure that is going to last decades.

The IEA, the International Energy Agency, said in 5 years we are going to have to make a significant move toward clean energy to avoid an 11-degree increase in global temperature. I don't know if that is Democratic or Republican, but I think it is a perfectly important, legitimate concern and shouldn't be just dismissed by the Republicans because they want to wonder whether Obama is trying to satisfy one interest group or another.

So I just raise these issues. I think this is an issue that is worthy of our serious consideration by all the appropriate agencies.

I yield back my time.

Mr. TERRY. Thank you, Mr. Waxman.

Mr.—well, before I—Ms. Kleeb, this committee passed a pipeline safety bill, and a request for study was part of that. I voted for it.

Mr. Pourbaix, can you tell me, on behalf of—you are the representative from TransCanada pipeline. The company builds pipelines, right?

Mr. POURBAIX. Uh-huh.

Mr. TERRY. If a pipeline was not built, would oil sands from Alberta still come in to the United States to be refined? And if so, how would it be transported?

Mr. POURBAIX. There is some capacity left on existing pipelines that cross the border, and those pipelines can get probably a few hundred thousand barrels of incremental oil into the Chicago area. The problem is that there are no pipelines that are in place that can take that oil from Chicago to where it is needed, which is the Gulf Coast. So, yes, the answer is more pipeline capacity is needed.

Mr. TERRY. Is that the safer mode of transportation, as opposed to—I have heard of rail and trucks.

Mr. POURBAIX. Well, it is interesting right now—and a lot of people have mentioned the Bakken formation in North Dakota and Montana, and the Bakken is rapidly growing in production. It is anticipated to be 800,000 barrels a day in the next 5 years. Right now, there are no pipeline options, and all of that incremental production is being moved either by truck or by rail car. And as you heard some of the other gentlemen speak about both of those, not only are they much more costly, they are several orders of magnitude more risky, in terms of risk to the environment and risk to human life.

Mr. TERRY. And in regard to risk, has the risk of the Keystone pipeline, the route that—why we are here today, has that been studied? Have there been environmental impact studies?

Mr. POURBAIX. In August of this year, the State Department completed their close to 40-month environmental impact review. In that, the conclusions of that study, it was the most comprehensive study of any oil pipeline in the history of the United States, and it came to the conclusion that this pipeline would be the safest crude oil pipeline ever built and operated in the U.S.

Mr. TERRY. So the route was dictated from the environmental study that was done?

Mr. POURBAIX. Yes. And that final environmental impact——

Mr. TERRY. Your ability to move would probably be restrained from the fact that that was deemed the safest environmental route?

Mr. POURBAIX. That was the largest challenge we had in Nebraska. Until the State Department came out with their most recent delay, they had come to the conclusion that the preferred route with the lowest environmental impact—and had we voluntarily moved that route, we would have created a significant uncertainty as to whether any new route would be permitted because, by definition, it would have a higher environmental impact.

Mr. TERRY. So that was why it was important that the State Department be part of that agreement to move that off the sand hills.

Mr. POURBAIX. Yes.

Mr. TERRY. What is the total investment into the Keystone pipeline?

Mr. POURBAIX. Including the operating?

Mr. TERRY. No. Let's just do it for parts, steel, and construction costs.

Mr. POURBAIX. So we, right now, are $2 billion into this project. By the end of next year, we will be close to $3 billion. The total project cost would be approximately $7 billion.

Mr. TERRY. $7 billion. And out of the $7 billion, though, how much of that would be construction job-related?

Mr. POURBAIX. $4, $4.5, $5 billion, in that range.

Mr. TERRY. $4.5 to $5 billion going toward workers' salaries?

Mr. POURBAIX. Yes.

Mr. TERRY. Mr. Booker, have you estimated how many man hours your union would dedicate to this pipeline?

Mr. BOOKER. Rough estimates were well over 3 million man hours. Compared on similar projects, Ruby Pipeline, 680 miles, we performed 2.1 million man hours on that project.

Mr. TERRY. I am going to interrupt because I only have 37 seconds left. Mr. Soth, do you have an estimate of how many man hours your union hall would supple, or your union totally?

Mr. SOTH. We have been privy to contractor estimates of over 3 million worker hours.

Mr. TERRY. Three million. You mentioned that earlier.

Mr. BARNETT.

Mr. BARNETT. Approximately 2.5 to 3 million man hours.

Mr. TERRY. Mr. Burton.

Mr. BURTON. We are probably a little bit on the low side. I did some quick math here tallying up just the numbers that I talked about, and we are around 63,000—let's say 64,000. We are probably the lowest trade.

Mr. TERRY. In my 5 seconds, Ringo, I want to say I support the research and development into algae. In fact, the University of Nebraska, I have helped them get some grants to do research. I hope you are very successful in your operations. I actually have a bill, too, to allow biofuels—under current law, the loan program can only go to gas and oil pipelines. And I have got a bill—would you agree—how would you feel if the bill would allow pipelines to be built to carry biofuels, like those made from algae?

Mr. RINGO. Well, I think it is important. But we first have to give consideration to whether there is going to be any adverse impact of building any type of pipeline on the people who live in closest proximity.

Mr. TERRY. Fair enough. All right. Thank you.

At this time, I think it is Mr. Engel. The gentleman from New York is recognized for 5 minutes.

Ms. Castor was here first. Oh, I am sorry.

At this time, Ms. Castor.

Ms. CASTOR. Thank you, Mr. Chairman.

And thank you to all the panelists who are here today.

I would really like to encourage my colleagues on the other side of the aisle to organize a bipartisan hearing on jobs related to the fastest growing energy sector, and that is clean energy and renew-

ables. Clean energy is creating good jobs all across America, and it is most often not accompanied by the harmful impacts to the health in our communities, environmental impacts, impacts to the water that we drink and rely upon. And I think Americans are crying out for jobs tied to this growing clean energy sector.

In fact, the International Energy Agency recently reported and confirmed what we are all feeling and what we know, that the fastest-growing sector is in clean energy. The clean energy sector is now providing one-fifth of all electricity global, one-fifth of all electricity worldwide, and it is growing. And this is where the emphasis in national policymaking should be placed now because, think about the divergent views here on the impacts to this community. When you talk about clean energy it is something that brings us all together. It creates jobs in communities that need those jobs. It provides a great shot in the arm for utility companies and others. But it safeguards community health.

And I think one of the reasons it is important for the Keystone pipeline to continue to undergo review is that there are a lot of unanswered questions, and there are a lot of serious concerns that have been raised: Carbon pollution, clean water impacts, and safety concerns.

Right now, we know that extracting tar sands bitumen and upgrading it to synthetic crude oil produces roughly three times greater greenhouse gas emissions and carbon pollution. Can we do something about that? Do we need to put all of our emphasis on an energy source that is going to aggravate the carbon pollution problem facing our country and the globe?

Water quality, the testimony we are hearing today is folks are very concerned about the quality of the clean water that they rely on. And the safety concerns are really raising a lot of red flags mainly because of the risks that have been covered just over the past year. In Michigan, an 800,000 gallon spill; plus outside Chicago a 250,000 gallon spill; a 1.3 million gallon spill in Alberta tar sands. And on May 7, the Keystone tar sands pipeline provided another warning when it spilled 21,000 gallons of crude in North Dakota. That was its 11th and most significant spill. So you can see there are a lot of concerns that I think require the administration to continue an all-out review of the impact.

On safety, of course, one of the major concerns is the transporting of the diluted bitumen through the middle of the United States, and many are concerned that the substance is more corrosive than conventional oil and may pose a greater threat to pipeline deterioration. When the head of the Federal pipeline safety agency testified before this committee, she said that the agency hadn't yet studied whether this tar sands oil poses unique threats to pipelines.

Another question is whether the tar sands oil is more difficult to clean up after a blowout. Last year, as I mentioned, there was a major tar sands oil blowout in the Kalamazoo River in Michigan, and I understand that this heavy oil sank to the bottom of the river, and it may have made it more difficult to clean up.

Ms. Kleeb, you have reviewed a lot of these concerns, and you have raised issues of safety. Can you discuss the safety concerns you have heard throughout the communities in Nebraska about the

tar sands oil, and how do those concerns relate to the proposed route?

Ms. KLEEB. Yes. Absolutely, Ms. Castor. I was born in Florida. So I appreciate you being on this committee and asking me that question.

You know, our landowners, our ranchers, and our farmers seriously have a lot of concerns about how tar sands—if a spill happens, if they have organic certification, for example, their organic certification will go away as soon as there is a tar sands spill on their land because that just simply does not go with organic certification.

I have personally met families who have been affected by the Kalamazoo tar sands spill. They are not only facing from the minor, if you will, headaches and bloody noses, people are having seizures and are seriously injured from the tar sands spill that happened in Michigan. And 150 families had to be displaced from their homes because of that oil spill. So these are valid concerns.

And I think if the tar sands industry and TransCanada are confident in their product, they will not mind additional scrutiny and additional studies that we need to do here in the United States because there are two assumptions that are being made: One, that tar sands is safe; and two, that this bill is going to be used for the United States consumption. And those two assumptions don't have and are not backed up by facts. And that is what we are asking for. Landowners, ranchers, moms, we are all asking for facts.

Mr. TERRY. The gentlelady's time is 1 minute over.

Mr. Burgess is recognized for 5 minutes.

Mr. BURGESS. Thank you, Mr. Chairman.

I am not going to do justice to your name. But Mr. Pourbaix, and I apologize if you have answered this question before and I missed it. But what is the capacity of the pipeline in question to deliver oil—the capacity in, say, barrels per day?

Mr. POURBAIX. It is around 830,000 barrels a day.

Mr. BURGESS. So that is a fairly substantial amount. How does that compare with other delivery systems, other pipelines?

Mr. POURBAIX. It is not different from other large-scale oil pipelines in the U.S. There are lots of pipelines in that range of 500,000 to 1 million barrels a day.

Mr. BURGESS. For a point of comparison, what does the Alaska pipeline deliver?

Mr. POURBAIX. Geez, I am trying to think. The Alaska pipeline is 42 inches, and it is significantly over 1 million barrels a day.

Mr. BURGESS. OK. But this is a significant contribution to America's energy needs.

Mr. POURBAIX. Oh, absolutely.

Mr. BURGESS. Presuming the energy is used in America.

Mr. Ringo, I was fascinated to hear your testimony. I am certainly interested in what can be done with using algae as a source for a petroleum stock. Where is your plant currently?

Mr. RINGO. We have opened plants in Calhoun, Georgia. We are about to open a plant in Augusta, Georgia. We have plans on the drawing board to open plants in Michigan, California. And I am in talks in your home State of Texas.

Mr. BURGESS. OK. Just give us an idea of how scalable is this production. For example, how many barrels a day can be delivered in one of your plants that is up and running and mature?

Mr. RINGO. Well, it is scalable based on demand. Our process, without giving away our trade secret here——

Mr. BURGESS. I don't want you to do that.

Mr. RINGO [continuing]. Is a scalable amount that we can increase our production based on demand. And we have the extraction process in place that we can extract the oil and deliver, as a biofuel, feedstock or in the pharmaceutical industry for the omega-3s that are present in the product.

Mr. BURGESS. Do you see a point where one of these plants could produce 100,000 barrels a day?

Mr. RINGO. Absolutely.

Mr. BURGESS. 200,000?

Mr. RINGO. Absolutely.

Mr. BURGESS. How does it go from there to where you need it used?

Mr. RINGO. Well, normally you can build the plants onsite. Where you have a biofuels plant, you can actually build an algae manufacturing facility at the plant. But you also can move it out there like others by either a pipeline or a truck, but you would definitely have to do the studies to make sure that, as in any product, that there is not going to be any adverse impact on the communities and on people and on the environment in the transfer of the product.

Mr. BURGESS. OK. Your company is BARD Holdings, is that correct?

Mr. RINGO. Yes.

Mr. BURGESS. Is that a publicly traded company?

Mr. RINGO. Not yet, no.

Mr. BURGESS. So it is privately held?

Mr. RINGO. Yes, it is. It is a brand-new company.

Mr. BURGESS. So the ability for us to, for example, to see the financials, is that possible or not possible?

Mr. RINGO. Not as of yet, but soon.

Mr. BURGESS. Where does your primary financing come from?

Mr. RINGO. Not from the government. It is privately financed, yes.

Mr. BURGESS. You know, it was interesting to hear the comments that we ought to have some hearings on clean energy. In Oversight and Investigations, we are having a lot of hearings on solar energy. It is not good news necessarily, though, for the solar energy folks. So I am glad to hear you are doing this on your own. You have people who have invested, venture capitalists, I presume?

Mr. RINGO. Yes.

Mr. BURGESS. Who have put their money at risk?

Mr. RINGO. Yes.

Mr. BURGESS. And they believe in the marketability of this product. That is the American story. That is the American way. I am glad to see that is happening.

Mr. Barnett, you talked about transporting fuels over land. If you don't have a pipeline, you put it in a truck. Did I catch that part of your testimony correctly?

Mr. BARNETT. No. I think that was Mr. Soth.

Mr. BURGESS. Mr. Soth. I beg your pardon.

But I did understand that correctly, we have just testified that there is an inherent risk to overland transport of petroleum products?

Mr. SOTH. That is right. The environmental review for Keystone XL suggests that fatality is 87 times more likely with tanker truck as compared to pipeline, and I believe it was 37 times more likely to cause a fire and/or explosion than a pipeline.

Mr. BURGESS. Yes. My congressional district sits in north Texas, Interstate 35; 35 E and 35 W run right through the heart of my district. Probably 3 years ago, we had a tanker truck that jackknifed and buckled and hit the concrete wall in the middle of the freeway and caught on fire. There was a significant loss of life. It was impressive in that there were so many people that were suddenly immobile. Once they got into that mess, they couldn't get out. And it was extremely disruptive for a period of days. It wasn't just a traffic jam that you hear about in rush hour. This went on for a long time. So I can see an upside to getting these off our freeways. I think that is a reasonable approach, and I am glad you came and shared that with us today.

Thank you, Mr. Chairman. I will yield back.

Mr. TERRY. The gentleman's time has expired. At this time, another gentleman from Texas, Mr. Green.

Mr. GREEN. After both of us, you are going to get used to our Texas accents.

I have a number of questions. And I know I will run out of time. But my first one, I want to ask Mr. Barnett. And I know there is testimony—there is a project labor agreement on the pipeline. Does that project labor agreement cover the whole part of the pipeline, literally from where it ends in the district I represent up through Oklahoma and into Canada?

Mr. BARNETT. At the present time, the project labor agreement covers approximately 90 percent of the work. There is a Southern in there that is not written into the project labor agreement. We are working to get that written in with TransCanada.

Mr. GREEN. OK. Well, I know I have met with folks from Canada, and I would hope that would be dealt with because if we have a project labor agreement up north, then I would sure like my folks to be able to be covered by it.

Mr. BARNETT. Exactly. And if we are going to sell this skill and this craftsmanship on one end of the pipeline, we need to sell it all the way through.

Mr. GREEN. I agree.

Mr. Ringo, one, I appreciate you being here. I appreciate your work, for your 25 years in the petrochemical industry. You heard earlier, I represent a lot of what used to be OCAW, but they are all steelworkers now. I used to have steel plants, but now they are all refinery workers and chemical plant workers. And I know you have been on the board of the National Wildlife Federation and the Apollo Alliance and BARD Holdings. And I appreciate what you are doing with investment because I know some companies in Houston actually are doing some investment in algae in Louisiana and in

other locations. And that may be something we can do many years from now.

But we have heard testimony today from a number of folks about the safety issue. And right now, like North Dakota does, they have to truck out all their crude oil they produce in North Dakota because there is no pipeline. The National Wildlife Federation or the Apollo Alliance, have they ever done anything comparing the safety in tanker cars on rail or trucking oil out as compared to a pipeline? Because we have heard that—87 times more likely to have an accident if you truck it out. And I don't know what it is for railcars. But I know everything I have learned all these years is that it is so much safer to be in a pipeline than it is either on a tanker truck on the road or even in a tank car on a train. Do you know if the Wildlife Federation has? I know it is not the first time we have gone over sensitive wetlands, for example.

Mr. RINGO. Sure. And during my time as leaders of these organizations, our primary focus was to consider other alternative energy solutions that a tank truck or a pipeline was not an issue. When you are talking about extracting oil from algae, when you are talking about growing biofuels products, when you are talking about electric cars and energy-efficient vehicles, you do not face the possibilities of environmental impacts of a hydrocarbon——

Mr. GREEN. I agree. And I only have 5 minutes. But I also understand that—you know, I was so hopeful because of GM and the Chevy Volt. But obviously, we have problems with that. So every source of energy is going to have a problem. And right now though—and no matter who is in charge, the Department of Energy says for the next 30 years, we will be on hydrocarbons. And of course, I have to admit, I am prejudice because I have lots of refineries and chemical plants, and we produce that in our district. We also have the downstream. But you don't disagree with the testimony that sending it by truck or rail is much more dangerous than pipeline?

Mr. RINGO. And with that, Mr. Green, yes. And I do agree with that. There are challenges.

Mr. GREEN. I only have a minute and a half now. And I don't know if we will get a second round because we keep losing members.

Mr. Pourbaix, I was disappointed in the decision by the administration, particularly since I represent those refineries. My question is—and it may be speculative. But I know there were some contracts signed on 2014 deliveries. Are those contracts enough that they could be flexible, that if we delayed it—like the President said—until 2013, I don't see how you could ever deliver those contracts in 2014.

Mr. POURBAIX. Obviously, our shippers who were—and particularly those refiners that are in your district, the reason they signed those contracts is because their traditional sources of heavy crude—being Mexico and Venezuela—are declining in production and their contracts are expiring in 2014. That is their primary reason why they signed up with TransCanada. We have spoken to all of our shippers. I think it is fair to say they were deeply disappointed by the decision to delay their——

Mr. GREEN. OK. So you can't make those contracts in 2014?

Mr. POURBAIX. We are working with them in order to have them stay with——

Mr. GREEN. Mr. Chairman, I know I am out of time. But I have those five refineries. They require 1 million barrels of oil a day.

Mr. POURBAIX. That is correct.

Mr. GREEN. And one contract with Venezuela ran out with the Lyondell refinery, a large refinery I have, months ago. So they are buying on the open market. And literally, from the Mississippi River down to Corpus Christi, Texas, is where we refine a lot of our product for our whole country, and we need that pipeline. So, thank you, Mr. Chairman.

Mr. TERRY. Thank you Mr. Green.

Now the gentleman from New York Mr. Engel is recognized for 5 minutes.

Mr. ENGEL. Thank you, Mr. Chairman.

I am probably one of the few members of this subcommittee that is really in the middle on this. So I have been listening to the testimony.

And on the one hand, I am concerned about the environmental impact. I think Mr. Waxman made excellent points. And I think we need to be concerned about that.

On the other hand, we cannot just say "no" to everything. I, for one, opposed drilling in Alaska because I thought it was the wrong thing to do from an environmental point of view. But we can't just keep saying "no" to everything and then complain that gasoline is $4 a gallon and that we are beholden to Hugo Chavez and the Saudi royal family. I think we have to have a little bit of a balance.

I was disappointed in the administration's pushing back of this deadline because I think it is time to make a move one way or the other. We all know what the issues are, and we can make a decision. I just think delaying it doesn't benefit anybody.

Now I am for renewables. I think it is important to have clean energy and sustainable energy. But I, frankly, don't think we can move from step 1 to step 10 overnight. I don't think it is a matter of moving to sustainable energy, clean energy and turning off hydrocarbons at the same time. There has to be a transition. It is one of the reasons why I have fought for legislation to have a renewable fuel standard for all cars that are made in America. I think that we should have them built so that they can run on ethanol, methanol, and gasoline, as is the case in Brazil, and which we would be able to do it with $100 or less per car, a cost to manufacture these cars. So I don't think it is a black-and-white situation. And that is why I am open-minded to this.

My concerns are environmental. I understand the unions want jobs, and I am very pro union. I support their wanting jobs. But I think that we need to make sure that the environmental impact on this is something that is not going to be negative.

I wonder if anyone on the panel would like to say—Ms. Kleeb in her testimony said that we ought to put in the legislation that the oil is guaranteed to be used in the U.S. Is there anyone on the panel who can tell me why that can't be done?

Yes, Mr. Pourbaix.

Mr. POURBAIX. I would be happy to take a shot at that. I think right off the bat, you have to recognize that the U.S. produces

about 5 million barrels of oil a day and consumes about 20 million barrels a day of refined products. The U.S. is, by far, the largest consumer of refined products on the planet. So I just think it is natural that the vast majority of this product will stay in the region with the highest demand.

I would make one point. The U.S. has a preponderance of need for gasoline to move motor vehicles. And anytime you take a barrel of oil, it will produce a certain proportion of gasoline and a certain proportion of diesel. When you see exports of refined products coming from the U.S., it is largely moving away excess diesel while the U.S. continues to import what they need more of, which is gasoline. And I think if you were to artificially set requirements that would prevent that, you would just prevent the most reasonable allocation of that product.

Mr. ENGEL. Thank you.

I want to give Ms. Kleeb, who raised some environmental issues—particularly with Nebraska—an opportunity to perhaps refute some of the things that you have heard.

Ms. KLEEB. Essentially the answer is "no." TransCanada just told us "no," they will not make a commitment that the oil is going to be used by Americans. And so we are assuming all of the risks right through the heart of our country and not getting any of the rewards of this energy. And quite frankly, I don't think that is right, and I don't think that Americans when they hear that think that is right either.

And we do know that the refineries that they do have contracts with are ones that are retrofitting their refineries in order to export that diesel. That is exactly what he is talking about. This is an export pipeline. This is not about energy security. This is about TransCanada having oil that they need to get on the market.

Mr. ENGEL. Thank you.

I see my time is up Mr. Chairman.

Mr. TERRY. Thank you Mr. Engel.

At this time, the gentleman from Massachusetts, Mr. Markey, is recognized for 5 minutes.

Mr. MARKEY. Thank you, Mr. Chairman, very much.

Mr. Pourbaix, you have told us repeatedly that the oil coming through this pipeline would enable us to reduce our dependence on imported oil.

In fact, TransCanada's application for its permit even states that the proposed pipeline will serve the national interests of the United States by providing a secure and reliable source of Canadian crude to meet the growing demand by refineries and markets in the United States.

And in your testimony, you posed what you said was the key question: Do Americans want secure, stable oil from a friendly neighbor in Canada? Or do they want to continue importing high-priced conflict oil from unfriendly regions, such as the Middle East or Venezuela?

However, some have questioned these assertions of energy security benefits, siting plans by Gulf Coast refineries, with whom TransCanada has entered into long-term sales contracts, to reexport diesel and other refined products made from the Keystone crude to Latin America, Europe, and beyond. In other words, if this

pipeline is approved, the United States may just become the middle man for shipping products made from some of the dirtiest crude oil on Earth to foreign markets around the world.

In fact, nearly all of the refineries where the Keystone crude will be sent are located in Port Arthur, Texas, which is a designated foreign trade zone. This being said, if these refineries reexported diesel or other refined products, they wouldn't even have to pay U.S. taxes on those exports.

So, Mr. Pourbaix, would TransCanada support legislation that ensures that the product can only move forward if the diesel or other refined fuels from the pipeline are only sold in the United States so that this country realizes all of the energy security benefits of your company and others have promised it would bring to back out that oil from Venezuela or from the Middle East, from the United States of America? Would you commit to not having that oil sold outside of the United States?

Mr. POURBAIX. As I said earlier, TransCanada does not produce one barrel of oil. Our entire business is safely transporting that oil. That would be a question that I think would be better put to our shippers, who are largely refiners and producers and largely American companies.

Mr. MARKEY. Well, would you agree to put a prohibition on reexport into your contracts with these refineries, to ensure that reexport does not occur? You have the power to do that. And then to make that a legal part of the agreement, and then that would make us all feel a lot better. Would you be willing to commit to making that a condition of being able to use the pipeline?

Mr. POURBAIX. If the concern that we are talking about is energy security for the U.S.——

Mr. MARKEY. That is right.

Mr. POURBAIX. If the U.S. Government was to put that kind of a criteria on the approval of a pipeline, I would argue that would actually reduce the energy security benefits to the U.S. because, as I said, the U.S. is, by far, the world's largest consumer of refined products——

Mr. MARKEY. I don't understand why that reduces our security. We are just saying that—and you are willing to contractually commit to keeping the oil here. So it is only a redundancy at that point. Will you commit to the redundancy of having it be put on paper as a condition?

Then because you are saying it is going to happen anyway—that is what you are saying—what is your problem with then agreeing that that is the way it is going to be? Will you commit to agree to put on paper what you say is going to happen in terms of keeping the oil here?

Mr. POURBAIX. As I said before, in order to get enough refined products that are needed for the U.S., the refineries produce from time to time more diesel than they use, and they tend to export that diesel to Europe, and they import incremental volumes of refined products.

Mr. MARKEY. Would you agree that there would be a net—there would be no net difference? The total amount of oil that is transported through the pipeline then has to have an exact corresponding amount that is imported in any other form in order to

make sure that the amount stays exactly the same so that our energy security in the United States—backing out this oil from the Middle East—is, in fact, achieved as a goal. Would you commit to that?

Mr. POURBAIX. Once again, in many ways, I can't do that because I am merely the shipper of this oil and that is a question——

Mr. MARKEY. No. I want you to make it a condition of shipping, that that is your deal with these people. Can you do that?

Mr. POURBAIX. No, I can't do that. We have already agreed to our shipping arrangements with our——

Mr. MARKEY. Well, you can see why I am very skeptical and the American people are very skeptical. This is going to be a conduit to Port Arthur tax-free to send this stuff around the planet. And then you will just say, Oh, market conditions changed, and there is nothing in the free market that stops us from now sending this overseas.

Meanwhile, all these environmental concerns have now been overwritten. So you can see why we are a little bit skeptical. We just want a little guarantee that we do get the national security benefit from it and a corporation isn't allowed—because they are not legally bound—to then skirt that commitment.

So I have very serious reservations about this company and its real commitment to meeting the national security objectives.

Mr. TERRY. I thank the gentleman. Your time has expired.

And there is no one left to ask questions. Our prearranged agreement is that on a get-away day, we aren't going to have a second round of questions. So I want to thank all of you for your time and effort and coming to this hearing. You have been very helpful in the process. And that means all of you. Thank you.

[Whereupon, at 1:58 p.m., the subcommittee was adjourned.]

[Material submitted for inclusion in the record follows:]

Opening Statement of the Honorable Joe Barton
Chairman Emeritus, Committee on Energy and Commerce
Subcommittee on Energy & Power Hearing
The American Energy Initiative XIV
"Expediting the Keystone XL Pipeline: Energy Security and Jobs"
December 02, 2011

Thank you, Chairman Whitfield, for having this hearing on "Expediting the Keystone XL Pipeline: Energy Security and Jobs". And thank you Mr. Terry for bringing this discussion draft legislation before us today.

Canada is now the largest source of United States oil imports. The United States needs national energy security, which includes a secure oil supply. Canada needs security of oil demand. The proposed 1661 mile expansion of the existing Keystone pipeline, (which represents less than one percent (1%) of existing pipelines spanning across the United States) would create 20,000 direct jobs, and as much as 118,000 additional jobs.

Why would the President of the United States delay such an important decision, which he promised to make? This could potentially damage our relationship with Canada, an ally, and make us more reliant on foreign oil supplies. Why would he not want to put our unemployed back to work? The construction industry alone suffers one of the highest unemployment rates in American history with over 1.1 million out of work. The construction of the Keystone XL Pipeline has the support of many of the Unions across the U.S.

If no pipeline solutions occur in the next few years, we are likely to see a very significant build-out of rail capacity to bring Canadian oil sands

AND Mid-Continent light crude, known as 'tight oil' to new markets. This will be at a much higher transportation cost than the extension of the pipeline, and there would be minimal positive jobs impact as a result of the rail transport.

Many of the environmental groups contend that without approval of the Keystone XL pipeline, the oil sands will cease to be produced all together. This is simply not true. Canada can and will continue to produce oil sands. They will intensify their efforts to export oil to foreign countries such as Asia if we cannot give them the certainty that they need to supply to the U.S.

This draft legislation would provide the security needed to the industry so that construction of the non-modified portion of the pipeline could proceed while Nebraska works out the details on the route modification. This is the right thing to do, to create the certainty needed: to work with our allies, to get our unemployed back to work, and our economy back on track.

I look forward to hearing the testimony of our witnesses today, and with that I yield back.

Energy & Commerce Committee
Subcommittee on Energy & Power
Hearing: Expediting the Keystone XL Pipeline: Energy Security and Jobs
Opening Statement
December 2, 2011

Thank you, Mr. Chairman.

Another day, and promise from this president proven to be untrue. Our colleagues on the other side of the aisle assured us months ago when this committee marked up Mr. Terry's NAMES Act, to require this president to do his job and make a decision on the Keystone Pipeline by the end of the year. "Unnecessary!" we were told again and again – the president has already committed to making a decision by December, and the State Department has said they would meet that timeline!

And here we are, no decision coming. The president claims he needs more time to study a different route. The State Department has been studying this issue for over two years – how much more time do we have to wait for jobs? This president – for yet another time – was unwilling to make a tough decision that would put him in a politically

vulnerable position. Approve the pipeline, and the environmentalists - who are already upset over the president's decision to shelve the EPA's smog rules – would stay home during the 2012 election. Reject the pipeline, and the unions – who are on record discussing how many thousands of jobs this project will create – would be equally upset.

So here we sit, in limbo on yet another issue. The Administration won't make a decision until after the 2012 election. Convenient.

The American people are waking up to the hollow promises this president continues to make and not fulfill. This committee will continue to expose this Administration for the opportunistic political decisions they continue to make.

Approval of this pipeline would put thousands of men and women to work immediately. A decision needs to be made on its fate, and it needs to be made now.

With that, I yield back.

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Alex Pourbaix,
President, Energy & Oil Pipelines

January 9, 2012

Mr. Ed Whitfield, Chairman
Subcommittee on Energy and Power
Congress of the United States
House of Representatives
Committee on Energy and commerce
2125 Rayburn house Office Building
Washington, Dc 20515-6115

Dear Mr. Whitfield:

Thank you for the opportunity to testify at the Subcommittee on Energy and Power in Washington on December 2, 2011.

As requested in your letter dated December 19, 2011 attached are the responses to the additional questions submitted by Honorable Bobby Rush. The document has been formatted per your request as well.

Should you have any questions or require additional information, please don't hesitate to contact me.

Sincerely,

Alex Pourbaix
President, Energy & Oil Pipelines

Attachment

Cc: The Honorable Bobby Rush, Ranking member
Subcommittee on Energy and Power

The Honorable Bobby L. Rush

TransCanada Corporation is an owner and operator of energy assets. We are not an engineering consulting company or a construction company. We hire contractors and consultants to provide us with the expertise to develop and construct our greenfield projects, such as Keystone XL. The responses below pertain to our U.S. Operations.

1. **What is the percentage of minority members in your organization?**

   The percentage of minority members in our U.S. organization overall is 18.9%.

2. **Of the percentage of minority members, what is the breakdown of African American, Hispanic, Asian Pacific, and other ethnic groups?**

   Of the 18.9%, 40.2% identify as African American, 28.5% identify as Hispanic or Latino, 21.2% identify as Asian, and 10.1% identify as other minorities, such as American Indian, two or more races, etc.

3. **What is the percentage of women members in your organization?**

   Women comprise 19.2% of our US workforce.

4. **What percentage of the senior management positions are held by minorities?**

   The percentage of senior management positions held by minorities is 7.5%.

5. **What percentage of the senior management positions are held by women?**

   The percentage of senior management positions held by women is 12.5%.

6. **What percentage of "hands-on" workers are minorities?**

   The percentage of 'hands-on' workers such as technicians and craft workers that are minorities is 12.3%.

7. **What percentage of "hands-on" workers are women?**

   The percentage of 'hands-on' workers such as technicians and craft workers that are women is 3.5%

8. Does your organization have any programs aimed at recruiting or hiring minorities?

Yes. TransCanada is committed to a diversity vision of a workforce reflective of the communities in which we live and work. The company sets and communicates diversity hiring goals on an annual basis and managers are encouraged to source broadly for job candidates. To assist with this, the company posts jobs on diversity job boards and participates in minority group targeted career fairs. In addition, TransCanada has workplace policies and practices to support diversity and inclusion, including but not limited to, an equal employment opportunity and anti-discrimination policy, an anti-harassment policy, a duty to accommodate policy, flexible work arrangement practices, diversity training, etc.

9. Does your organization have any programs aimed at recruiting or hiring women?

Yes. TransCanada is committed to a diversity vision of a workforce reflective of the communities in which we live and work. The company sets and communicates hiring goals for women on an annual basis and managers are encouraged to source broadly for job candidates. To assist with this, the company posts jobs on diversity job boards. To expand on the policy and program information above, TransCanada provides a flexible workplace that is attractive to women with multiple leave options, flexible start and stop times, specific programs such as a women's affinity network, and the development of practices to assist in the advancement of women in the organization.

10. What is the percentage of minority workers who have completed training programs, pre-apprenticeships, or apprenticeships sponsored by your organization who have been placed in permanent positions within your organization?

TransCanada does not track this data. Please note that TransCanada does not have an active apprenticeship program.

11. What is the percentage of women who have completed training programs, pre-apprenticeships, or apprenticeships sponsored by your organization who have been placed in permanent positions within your organization?

TransCanada does not track this data. Please note that TransCanada does not have an active apprenticeship program.

12. If the Keystone XL project is approved, can you provide an estimate on the number of jobs or man hours your organization expects to create?

The $7 billion Keystone XL oil pipeline is the largest infrastructure project on the books in the U.S. right now. If approved, the Keystone XL project will provide at least two types of jobs for the U.S. economy: (1) those created during the period of construction and development, which include both (a) direct jobs involved in construction and development and (b) other jobs stimulated by the construction and development expenditures; and (2) long-term, permanent jobs stimulated by the additional stability Keystone XL's deliveries will create in U.S. oil markets.

Category 1a above will create 20,000 jobs: 13,000 in construction, 7,000 in manufacturing. Here's how those numbers break down:

- Construction of the 1,600 mile pipeline is broken down into 17 pipeline spreads or sections with 500 workers per spread – that's 8,500 workers
- Keystone XL also needs 30 pump stations worth tens of millions of dollars. Each station requires 100 workers – that's 3,000 jobs. Add in another 600 jobs that will be needed for the six construction camps and tank construction at Cushing, Oklahoma
- A project of such magnitude needs construction and management and inspection over sight – the 1,000 workers here brings the overall Keystone XL total to 13,000 direct, on-site jobs

For this type of large project, many skilled positions need to be filled: project managers, superintendents, assistant superintendents, quality control personnel, right of way coordinators, environmental coordinators, safety coordinators, engineers, foremen, office managers, purchasing agents, operators, oilers, straw bosses, laborers, welding foremen, journeymen, graded helpers, welder helpers, truck drivers, mechanics, security and time keeper/clerks .

These are new, real U.S. jobs – not person-hours, there is no double counting, they are not Canadian jobs. Thirteen thousand Americans would be put to work constructing our Keystone XL project – period. Seven thousand more jobs would be created in the U.S. manufacturing sector, making the materials needed to build Keystone XL.

Keystone XL will require hundreds of millions of dollars worth of materials and related services for items such as the steel pipe, the tens of thousands of fittings, hundreds of large valves, fabrication of piping assemblies and structural steel for supports and thousands of other pieces of equipment used to build such things as transformers for pumping stations, meters to measure the amount of oil delivered, large electric motors for operating pumps and cabling, and electrical equipment to connect our vast pipeline monitoring systems.

TransCanada alone has contracts with over 50 suppliers across in the U.S. Manufacturing locations for our equipment include: Texas, Missouri, Pennsylvania, Michigan, Oklahoma, South Carolina, Indiana, Georgia, Maryland, New York, Louisiana, Oklahoma, Minnesota, Ohio, Arkansas, Kansas, California and Pennsylvania.

Construction of Keystone XL is expected to also create 7000 manufacturing jobs. Key support companies include: Welspun (pipe from Arkansas), Cameron (valves from Louisiana), Siemens (pumps, motors and related control equipment manufactured in Oregon, Ohio and Indiana) and dozens of other companies manufacturing everything from nuts and bolts to complex electrical control equipment.

The jobs described in category 1a above will not be employed by TransCanada Corporation, rather, by third party contractors and suppliers.

We also expect an additional 118,000 spin-off jobs to be stimulated in the U.S. by construction and development expenditures (category 1b), according to an econometric study conducted by economist Dr. Ray M. Perryman of The Perryman Group. Dr. Perryman refers to these as "person-years of employment. One person year of employment is the equivalent of one full-time job for one year. For additional detail, please see Dr. Perryman's study at www.transcanada.com/economic_benefits.html.

Once Keystone XL is up and running, the U.S. would see the addition of an estimated 250,000 permanent jobs (category 2) per year from the price effect of the stability Keystone XL will bring to U.S. oil markets. Quoting Dr. Perryman's study: "Beyond the construction and development of the pipeline, the U.S. economy would see permanent benefits because of the savings stemming from a more reliable supply of oil to meet future needs. Various sectors would essentially be paying less for the same input than would be the case in the absence of the Keystone XL Project, and these savings represent a net pool of funds that would be added to the production complex." Dr. Perryman's study estimated these additional permanent jobs would number at least 250,000 annually if oil prices remain at the average of prices for all of 2007, with the annual number of jobs growing substantially if oil prices "reach he peak levels observed in the summer of 2008."

13. Additionally, can you provide an estimate on the percentage of those jobs or man hours that will be filled by minority workers and female workers?

We can only provide a substantiated response based on TransCanada demographics. We cannot provide estimates of our contractors. We expect that the percentage of jobs that TransCanada actually hires (not contractors) would mirror our current representation for both women and minorities, summarized in questions 1 to 7 above.

14. Can you provide a brief summary of how the Keystone XL Pipeline, if approved, would directly benefit minority workers, businesses, or contractors?

The Keystone XL Pipeline project will provide substantial opportunities for minority workers, businesses and contractors.

TransCanada USA is committed to equal opportunity and affirmative action and has in place continuing Affirmative Action Plans for females, minorities, individuals with disabilities and covered veterans. The Company, likewise, insists that our prime contractors have similar policies in place and requires them to report to us to confirm their compliance.

Regarding opportunities for companies to provide contract work on Keystone XL, TransCanada USA staunchly supports a policy of equal opportunity for Minority and Women-Owned Business Enterprises (M/WBEs) and Historically Underutilized Businesses (HUBs). Our Company is committed to: Working to ensure that all have equal opportunity to provide cost-competitive proposals on work associated with our projects; Providing all qualified companies equal consideration for business opportunities; Communicating this commitment both inside the Company and to our prime contractors and major strategic partners who may subcontract work on our projects; and Proactively taking steps to communicate contract opportunities to the M/WBE and HUB communities.

The Company is likewise committed to tasking our prime contractors and other strategic business partners to follow similar policies and practices. To this end, TransCanada USA: Requests written confirmation that prime contractors and strategic business partners who subcontract out our work share these commitments; Request that these partners provide TransCanada with a copy of their own supplier diversity policies; and Require that they report to the Company, on a regular basis, a summary of their outreach to these diverse small business communities, as well as he outcomes of those efforts."

15. Can you provide a brief summary of how the Keystone XL Pipeline, if approved, would directly benefit woman-owned businesses, contractors, or female members of your organization?

Yes. The Keystone XL Pipeline project, if approved, will directly benefit woman-owned businesses, contractors and female employees. In fact, it already has. On the Texas/Oklahoma portion of the Keystone XL project, for example, our primary stakeholder relations contactor is a woman-owned business (Booker-Hancock Public Relations), and one of its three subcontractors is also a woman-owned business (Susan K. Medina Communication Strategies). Relating to question 14, a second of three subcontractors is a Hispanic-owned business (JRG Communications, owned by J.R. Gonzales.)

All comments relating to equal opportunity and affirmative action provided relative to prior questions apply equally here. TransCanada USA is committed to equal opportunity and affirmative action and has in place continuing Affirmative Action Plans for females, minorities, individuals with disabilities and covered veterans. The Company, likewise, insists that our prime contractors have similar policies in place and requires them to report to us to confirm their compliance.

In terms of employees, 37.5% percent of our TransCanada USA headquarters office in Houston is female and females hold substantial positions of responsibility in management (25% of VP and Director positions) and relating to the planning, engineering and construction of Keystone XL. A female, for example, oversees construction and construction planning for the Texas/Oklahoma portion of Keystone XL.

United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada

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Stephen E. Kelly
Assistant General President

General Office File Reference: DLB

January 25, 2012

The Honorable Bobby L. Rush
C/o Mr. Alex Yergin, Legislative Clerk
U.S. House Committee on Energy and Commerce
Subcommittee on Energy and Power
2125 Rayburn Office Building
Washington, DC 20515-6115

Re: Answers to Questions for the Record Re Dec. 2, 2011 Hearing on "The American Energy Initiative -- Expediting the Keystone XL Pipeline: Energy Security and Jobs"

Dear Congressman Rush:

On December 2, 2011, I provided testimony at the above-referenced hearing in support of the Keystone XL Project on behalf of the United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada, AFL-CIO ("United Association" or "UA") and my local union, UA Local Union 798, which is based in Tulsa, OK. As we explained at the hearing, the UA has strongly supported this project from the start because it will create critically needed jobs, serve our nation's vital energy needs, and it is being built without the assistance of any taxpayer funds.

Attached hereto please find our responses to questions recently forwarded by your office concerning the workforce that will be used on the Keystone Project. Please be advised that the United Association does not collect race, gender or other demographic information on its membership at the national/international level, but relies on its local unions to collect this information. Therefore, in the attached answers, we are providing demographic information collected by Local Union 798, which is the United Association's pipeline specialty local that will be performing the bulk of the work on the Keystone Project.

Thank you for your attention in this matter.

Sincerely,

David L. Barnett
Special Representative

DLB:bdh
Attachment

QUESTIONS FOR THE RECORD
FOR DAVID BARNETT

House Committee on Energy and Commerce
Subcommittee on Energy and Power

Hearing on "The American Energy Initiative"
Entitled "Expediting the Keystone XL Pipeline: Energy Security and Jobs"
December 2, 2011

Questions From The Honorable Bobby L. Rush

1. **What is the percentage of minority members in your organization?**

   Answer: Approximately 13.9% of Local 798's membership includes minority and women workers. Please note, however, that while Local 798 attempts to collect information regarding the minority and gender status of our members through surveys or other similar means, members are given the option of declining to provide such information, and often exercise that option for privacy and other reasons. Therefore, we believe the actual participation by minority members and women in our union is likely greater but we have no way of estimating this number with greater certainty due to its voluntary nature.

2. **Of the percentage of minority members, what is the breakdown of African American, Hispanic, Asian Pacific, and other ethnic groups?**

   Answer: Local 798's records do not track the specific information for each of these specific types of ethnic groups. Therefore, please see Answer No. 1 above.

3. **What is the percentage of women members in your organization?**

   Answer: Please see Answer Nos. 1 and 2 above.

4. **What percentage of the senior management positions are held by minorities?**

   Answer: Of the senior management of the United Association, approximately 4% are minorities.

5. **What percentage of the senior management positions are held by women?**

   Answer: Of the senior management of the United Association, approximately 4% are women.

6. **What percentage of "hands-on" workers are minorities?**

   Answer: Virtually all of Local 798's members perform "hands on" work in pipeline construction. Therefore, the answer to this and the next question is approximately 13.9% of the Local's members are minorities and women. Please also see Answer No. 1 above.

7. **What percentage of "hands-on" workers are women?**

   Answer: Please see Answer Nos. 6 and 1 above.

8. **Does your organization have any programs aimed at recruiting or hiring minorities?**

   Answer: Local Union 798 has used both qualifications-based and minority-based recruitment efforts. The United Association encourages all of its local unions to recruit minority and women workers. Specifically, our local unions undertake various actions to recruit women and minority workers into our union through our apprenticeship training programs, which are generally the main point of entry into our union for persons interested in the trade. Under federal law, our local unions are required to operate on non-discriminatory basis. In addition, our apprenticeship training programs, which are operated as joint labor-management organizations with our signatory contractors, undertake various actions to promote diversity in the recruitment of apprentice candidates. For example, our apprenticeship programs regularly conduct outreach efforts through local area high schools, technical schools and community groups for apprentice applicants, including minorities and women. These efforts are monitored by the U.S. Department of Labor Employment and Training Administration, which oversees such efforts and provides guidance for promoting increased opportunities for women and minority applicants. Our local unions also promote various other outreach programs that benefit women and minority applicants, including the UA Native American Outreach Program, the UA Veterans in Piping Program and the Building Trades Helmets-to-Hardhats Program.

9. **Does your organization have any programs aimed at recruiting or hiring women?**

   Answer: Please see Answer No. 8 above.

10. **What is the percentage of minority workers who have completed training programs, pre-apprenticeships, or apprenticeships sponsored by your organization who have been placed in permanent positions within your organization?**

    Answer: Virtually all of our members go through our apprenticeship or other training programs as a condition of becoming journey workers and permanent members of our union. As noted, approximately 13.9% percent of the membership of Local Union 798 is minorities and women.

11. What is the percentage of women who have completed training programs, pre-apprenticeships, or apprenticeships sponsored by your organization who have been placed in permanent positions within your organization?

Answer: Please see Answer Nos. 1 and 10 above.

12. If the Keystone XL project is approved, can you provide an estimate on the number of jobs or man hours your organization expects to create?

Answer: The jobs on this project will not be created by our organization, but by the project owner, TransCanada and the project contractors. We estimate that roughly 3,000 jobs will be created in our trade.

13. Additionally, can you provide an estimate on the percentage of those jobs or man hours that will be filled by minority workers and female workers?

Answer: For reasons set forth in Answer No. 1 above, we would expect that approximately 13.9% of the workers supplied to this job by our union would be women and minorities.

14. Can you provide a brief summary of how the Keystone XL Pipeline, if approved, would directly benefit minority workers, businesses, or contractors?

Answer: We cannot give estimates of the number of opportunities for contractors or other businesses or other construction unions as we do not have this information. The minority/women worker participation for our union would likely be approximately 13.9% for reasons stated above.

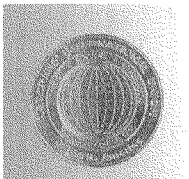
We would also like to note that while there is only limited information available regarding minority/women participation in non-union apprenticeship training programs, the data that is available consistently shows that union programs recruit, accept and graduate far more women and minorities than non-union programs. These facts have been established by numerous state-level studies cited below. Given this reality, the fact that Keystone is going to be built under a PLA means that it will likely have substantially greater participation by both women and minority workers than if this project was being constructed by a non-union workforce.

The referenced studies, which have been performed by various universities and other credible research groups show that union apprenticeship programs in the U.S. construction industry have consistently and substantially outperformed non-union programs in the recruitment and graduation of minority and female apprentices. *See e.g.*, Anneta Argyres & Susan Moir, Labor Resource Center, University of Massachusetts Boston, *Building Trades Apprentice Training in Massachusetts: An Analysis of Union and Non-Union Programs, 1997-2007* (2008); Erin Johansson & Fred Feinstein,

Apprenticeship Training Programs in Maryland: A Case Study of the Construction Industry, 1990-2003 (2005); Jeff Vincent, Indiana University Institute for the Study of Labor in Society, *Analysis of Construction Industry Apprenticeship Programs in Indiana* (2004); Randy Loomans & Mitch Seaman, Washington State Construction and Building Trades Council, AFL-CIO, *Apprenticeship Utilization in Washington State Programs in the Building and Construction Trades* (2003); Donald H. Bradley & Stephen A. Herzenberg, Keystone Research Center, *Construction and Apprenticeship Training In Pennsylvania* (2002); Sarah S. Etherton et. al., West Virginia University Extension Service, Institute for Labor Studies and Research, *Building Trades Apprentice Training in West Virginia: A Comparison of Union and Non-Union Building Trades Programs in the 1990s* (2002); Cihan Bilginsoy, University of Utah, *Apprenticeship Training in the U.S. Construction Industry* (1998); William J. Londrigan & Joseph B. Wise, Kentucky AFL-CIO, *Apprenticeship Training In Kentucky: A Comparison of Union and Non-Union Programs in the Building Trades* (1997).

15. Can you provide a brief summary of how the Keystone XL Pipeline, if approved, would directly benefit woman-owned businesses, contractors, or female members of your organization?

Please see Answer Nos. 13 and 14 above.



LiUNA!

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January 10, 2012

The Honorable Ed Whitfield
Chairman
Committee on Energy and Commerce,
Subcommittee on Energy and Power
United States House of Representatives
2125 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Whitfield:

I want to thank you again for giving me the opportunity to appear as a witness before the Subcommittee on Energy and Power at the hearing, "Expediting the Keystone XL Pipeline: Energy Security and Jobs." The Laborers' International Union of North America (LIUNA) strongly supports the construction of the Keystone XL pipeline. The workers who earn their living in the construction industry continue to suffer through levels of unemployment that far exceed other sectors of the economy and for many of them this project is not just a pipeline, it is a life-line.

The multi-billion dollar Keystone XL project will create thousands of good paying jobs here in the United States. It will increase the Nation's energy security by providing a reliable source of crude oil from a friendly and stable trading partner. And it will provide state and local governments with a new revenue source that can help them provide much needed services to the public.

Attached are my answers to the questions which were submitted for the official record by Ranking Member Rush. LIUNA prides itself on being an open and inclusive union that affords all our members access to the skills and training that our employers need and diversity in our membership is a point of pride for our organization. On both the national and local level, LIUNA strives to eliminate any, real or perceived, racial and gender biases that may exist.

Again, I appreciate the opportunity to testify before the Subcommittee and answer the questions of its members. The Laborers welcome the opportunity to continue this dialogue in the future.

With kind regards, I am

Sincerely yours,

Brent Booker
Director, Construction Division

Feel the Power

Subcommittee on Energy and Power
"Expediting the Keystone XL Pipeline: Energy Security and Jobs."
December 2, 2011
Additional Questions for the Record

The Honorable Bobby L. Rush

1. **What is the percentage of minority members in your organization?**

   The national office of the Laborers International Union of North America (LIUNA) does not keep demographic data on the racial make-up of our membership. However, we do know that our membership is reflective of the communities in which we have local union affiliates. In areas of high diversity our locals tend to have a diverse membership. In communities where there is a less diverse population our Local Unions tend to reflect that lack of diversity.

   The Department of Labor (DOL) does however compile some demographic data on the United States' workforce by occupational industry. The 2010 data shows that 9% of Construction Laborers are African American, 2.2% are Asian, and 43.1% are Hispanic or Latino.[1] This is a significantly higher percentage than the percentages for all other construction crafts combined which is 6.1% for African Americans, 1.4% for Asians, and 29.1 for Hispanics or Latinos.[2]

2. **Of the percentage of minority members, what is the breakdown of African American, Hispanic, Asian Pacific, and other ethnic groups?**

   While LIUNA does not keep this data, we believe it would reflect the national percentages. Again our membership is reflective of the communities where we operate.

3. **What is the percentage of women members in your organization?**

   LIUNA does not compile gender data on our membership. However, according to DOL, 2.7% of construction laborers are women which is slightly higher than the 2.6% of all construction workers who are women.

4. **What percentage of the senior management positions are held by minorities?**

   The management and administration of the union is comprised of the national headquarters, eight U.S. regional offices, 44 District Councils, and 415 local unions. LIUNA does not track the gender or race of its staff across all of these offices. All of our union officers are democratically elected by our membership and we do not compile data on the gender and racial make-up of all of our union's officers. However, the LIUNA General Executive Board includes

[1] http://www.bls.gov/cps/cpsaat11.pdf (page 18)
[2] Id

fourteen Vice Presidents. Four of these Vice Presidents (30%) are of minority descent – two African American and two Latino and we have a large number of women in senior management positions at our national headquarters.

LIUNA prides itself on the fact that our union is reflective of the communities where we are active, and having just completed our 24th national convention we know that the procedures for the election of officers is open and fair, allowing for our members to elect individuals they deem best qualified to represent their interests.

5. **What percentage of the senior management positions are held by women?**

Please refer to the answer for question #4.

6. **What percentage of "hands-on" workers are minorities?**

If you are referring to our rank-and-file members who work as construction laborers, I believe that this has been answered to the best of our ability in Question #1. If you are asking about LIUNA staff the answer is the largely the same as the one provided for question #4. LIUNA does not keep demographic or gender data on the hundreds of the union's employees across the more than 400 Local Unions, District Councils, and Regional Offices.

7. **What percentage of "hands-on" workers are women?**

Please refer to the answer for Question #4.

8. **Does your organization have any programs aimed at recruiting or hiring minorities?**

We do. LIUNA is committed to reflecting diversity in membership participation, elected leadership, staff, and training opportunities. At the national level, LIUNA's Minority Advancement Department continues our union's history of welcoming minorities, immigrants, and women into our organization. The office assists in identifying, promoting, and supporting issues of concern specific, but not limited, to our minority and women members. Through these efforts, LIUNA supports workers' rights and helps to build coalitions around shared goals with minority advocacy, civil rights, political, religious, immigrant rights, social justice, community and union constituency groups.

Minority and disadvantaged worker outreach and training are not new to LIUNA, as they are woven throughout the fabric of the Construction Craft Laborer Training and Apprentice Programs. In 1995 LIUNA Training began engaging in the development, implementation and administration of worker education programs that worked with their affiliated training funds, community groups, colleges and universities to target specific minority communities. Over the seventeen years of program implementation of the Minority Outreach Program (MOP), LIUNA Training has helped thousands of unemployed and under-employed residents in minority communities receive training and secure living wage jobs as Construction Craft Laborers.

Strategies to increase employment opportunities include innovative recruitment, retention and training models. These training models empower and enhance LIUNA's capacity to assist underserved individuals and their communities by applying practices and training that; contribute to social environmental equity, ensure equal access to educational and employment opportunities, and foster economic self-sufficiency and self-determination. In line with this goal the MOP focuses its job training on construction jobs related to energy, infrastructure, transportation, and the "green jobs" initiative, as well as, the environmental remediation industry. LIUNA Training looks to promote a true "career ladder" for participants.

Administered by our training centers, these programs give minority workers the skills and education they need to succeed. Participants receive more than just job skills training; the program includes a structure that promotes partnerships with local organizations and government agencies and encourages active engagement of employers and local unions. Program activities include: outreach and recruitment; employability (life skills) and job skills training; case management (referral to and/or provision of needed social services); career guidance; employment placement assistance; and post-graduate follow-up. The programs provide participants with job skills that are marketable in their community to assist in ensuring employment in construction and environmental remediation.

9. Does your organization have any programs aimed at recruiting or hiring women?

Please refer to the answer for question #8.

10. What is the percentage of minority workers who have completed training programs, pre-apprenticeships, or apprenticeships sponsored by your organization who have been placed in permanent positions within your organization?

Unfortunately, this is an "apples to oranges" question. Participants in our training programs do not get placed in "permanent positions" with the union. Union members belong to a local union. When work is available union members are referred to an employer based upon the needs of the employer, the skill set of the union member, their availability to work, and the pre-determined procedures governing the "out-of-work list" at the Local Union.

The ability to work is largely determined by the availability of jobs. The reason that the Keystone XL Pipeline is so essential is that the construction sector is still facing levels of unemployment that far outpace the national unemployment average. The millions of work hours the project will create will put thousands of Laborers back to work almost immediately.

11. What is the percentage of women who have completed training programs, pre-apprenticeships, or apprenticeships sponsored by your organization who have been placed in permanent positions within your organization?

Please see the answer for Question #10.

12. If the Keystone XL project is approved, can you provide an estimate on the number of jobs or man hours your organization expects to create?

We believe that the Keystone XL Pipeline will result in excess of 3,000,000 work hours of employment for Laborers.

13. Additionally, can you provide an estimate on the percentage of those jobs or man hours that will be filled by minority workers and female workers?

Unfortunately, we have no way of determining how many work hours would be filled by minority or women Laborers. As previously stated, our membership tends to reflect the communities where LIUNA Local Unions are situated. The pipeline's current proposed route takes it through Montana, South Dakota, Nebraska, Oklahoma, and Texas. To the extent that we have minority membership in Locals that provide workers for the project, and the member in question has the skills needed, they could get dispatched to work on the project. LIUNA believes that connecting skilled workers with jobs and training others to have access to these opportunities benefits everyone. LIUNA engages in

various workforce outreach and recruitment initiatives on major projects that assist in supporting local economies with a workforce that is comprised of members of the community it will serve. For example, an interactive website was developed to assist in ensuring a local workforce was engaged in building the Port of Miami Tunnel Project (see http://www.build305.com/).

14. Can you provide a brief summary of how the Keystone XL Pipeline, if approved, would directly benefit minority workers, businesses, or contractors?

Across the country, LiUNA members are a reflection of the communities in which they work. When local people are put to work on construction projects, the whole community is strengthened, as tax dollars flow back into local families' pockets and people take pride in the great projects their family, friends and neighbors are creating. When local people are put to work, they will support their local small businesses, strengthen their neighborhoods, and help their city invest in future improvements.

To a minority worker on the project the benefits are significant. The vast majority of the project will be constructed under a Project Labor Agreement assuring that the work will be done with highly-trained, union labor. While wages and benefits will vary depending on the location of the pipeline work, men and women working in the construction industry see a significant difference between union and non-union wages. For instance, the national average is for a non-union construction worker to only make 66% as much as a unionized construction worker in weekly wages.[3] And while industry specific data is hard to come by the most recent report from January 21, 2011, the Bureau of Labor Statistics (BLS) shows that African Americans who do not belong to a union make 76% of what their unionized brothers and sisters make; Hispanics and Latino non-union workers make 66% of those who are union members; and women who do not belong to a union only make 75% of unionized women workers.[4]

It is important to note that the BLS data is only based on median weekly earnings and does not take into account the added health care, pension, and other benefits that a unionized construction job often provides and which are often not a part of a non-union workers pay and benefits package.

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[3] http://www.bls.gov/news.release/union2.t04.htm

[4] http://www.bls.gov/news.release/union2.t02.htm

15. Can you provide a brief summary of how the Keystone XL Pipeline, if approved, would directly benefit woman-owned businesses, contractors, or female members of your organization?

Please see the answer to question #14

Response to
Questions for the Record
from
Jeffrey Soth
Assistant Director, Department of Legislative and Political Affairs
International Union of Operating Engineers

Committee on Energy and Commerce
Subcommittee on Energy and Power

"The American Energy Initiative:
Expediting the Keystone XL Pipeline: Energy Security and Jobs"
December 2, 2011

The Honorable Bobby L. Rush

1. **What is the percentage of minority members in your organization?**

   As an International Union, the Operating Engineers are not legally required to maintain such information. However, minority recruitment into the IUOE is largely conducted through local unions' joint labor-management apprenticeship and training programs, which are the primary entrance points for careers in the Operating Engineers. The data is required for reporting on these various training programs, and they are discussed in more detail below.

2. **Of the percentage of minority members, what is the breakdown of African American, Hispanic, Asian Pacific, and other ethnic groups?**

   See response to #1.

3. **What is the percentage of women members in your organization?**

   See response to #1.

4. **What percentage of the senior management positions are held by minorities?**

   The IUOE is governed by a General Executive Board, which consists of a General President, General Secretary Treasurer, and fourteen General Vice Presidents, who are elected from the membership of the union throughout the United States and Canada. Currently, no minorities sit on the General Executive Board.

5. **What percentage of the senior management positions are held by women?**

The IUOE is governed by a General Executive Board, which consists of a General President, General Secretary Treasurer, and fourteen General Vice Presidents, who are elected from the membership of the union throughout the United States and Canada. Currently, no women sit on the General Executive Board.

6. What percentage of "hands-on" workers are minorities?

Data not available.

7. What percentage of "hands-on" workers are women?

Data not available.

8. Does your organization have any programs aimed at recruiting or hiring minorities?

Most of the work conducted by the International Union of Operating Engineers to recruit women and minorities into the union is performed through its local unions – their joint labor-management apprenticeship and training programs, in particular – and through a separate but related national legal entity, the International Union of Operating Engineers National Training Fund (IUOE NTF). Apprenticeship and training is the primary entrance point for new members of the IUOE into their local labor markets.

As mentioned in the "Truth in Testimony" form submitted before the hearing, the IUOE NTF receives federal grants to carry out training programs. As part of its obligation as a federal contractor, the Office of Federal Contract Compliance Programs (OFCCP) of the Department of Labor audits the equal employment opportunity policies and practices of the IUOE NTF. In December 2011, the OFCCP completed its review of the IUOE NTF's Affirmative Action Plan and found "no apparent deficiencies of violations." (See attached letter.)

Further, the IUOE NTF has operated pre-apprenticeship programs for over 45 years within the Department of Labor's Job Corps Program. These pre-apprenticeship programs provide comprehensive career technical training and placement to socially and/or economically disadvantaged youth. A detailed summary of the IUOE NTF program, including performance data for minority recruitment, placement wages, etc., is attached.

Further, the International Union of Operating Engineers, through its local unions, engages with its employers to establish and maintain separate labor-management apprenticeship and training programs, governed by the Taft-Hartley Act, that are designed as the primary entrance point for careers in the IUOE. The Office of Apprenticeship at the Department of Labor maintains regulatory authority over most of these training programs and virtually all of them in the construction sector. The Office of Apprenticeship possesses an approved Affirmative Action Plan for IUOE apprenticeship and training programs in the construction sector that is incorporated into apprenticeship agreements with the federal agency (or its state designee), a sample of which is attached.

Many local unions of the IUOE, oftentimes through partnerships with their employers in apprenticeship and training program, work with community-based organizations around the country to prepare individuals for demanding careers in the union, while at the same time improving workforce diversity. Local unions of the IUOE are involved in these programs all over the country – PortJobs in Seattle and the Apprenticeship Preparedness Program in Boston are leading examples.

The IUOE has supported other policy initiatives to increase membership diversity of the union that have been in the jurisdiction of this committee, including the Green Construction Careers program that was passed as part of the American Clean Energy and Security Act (ACES) in the 111th Congress.

9. Does your organization have any programs aimed at recruiting or hiring women?

The same programs that exist at the National Training Fund and local unions to recruit minority workers are also designed to recruit women into the trades. Some of the community-based pre-apprenticeship programs may have a special focus on recruitment and retention of women, rather than minorities, such as the PortJobs program mentioned above; however, Job Corps, apprenticeship, and other programs possess similar outreach strategies and performance objectives to encourage female participation in the Operating Engineers Union.

10. What is the percentage of minority workers who have completed training programs, pre-apprenticeships, or apprenticeships sponsored by your organization who have been placed in permanent positions within your organization?

In 2010, according to the Bureau of Labor Statistics, African Americans made up 6.1% of all construction workers, and Hispanic and Latino workers accounted for nearly 29% of the country's construction labor force. More specifically, based on the same BLS data, for operating engineers, both union and non-union, African Americans were 4.7% of the occupation, and 13.7% of operating engineers were of Hispanic or Latino descent.

Minority participation rates for the primary entrance point for new recruits into local unions of the Operating Engineers Union, apprenticeship, compare favorably to these industry trends. The IUOE National Training Fund voluntarily conducts an annual survey of its apprenticeship and training programs of local unions. The 2010 census reveals:

- About 25% of IUOE construction apprentices were women and people of color.
- In IUOE stationary engineer programs, people of color and women accounted for about 41% of all apprentices.

11. What is the percentage of women who have completed training programs, pre-apprenticeships, or apprenticeships sponsored by your organization who have been placed in permanent positions within your organization?

In 2010, according to the Bureau of Labor Statistics, females comprised only 2.6% of all construction workers. More specifically, based on the same BLS data, for operating engineers, both union and non-union, women comprised just 1.5% of the occupation. IUOE Local Unions' Apprenticeship and training programs, based on the IUOE National Training Fund voluntary census of apprenticeship in 2010, females made up 7% of apprentice enrollments in construction programs – nearly five times higher than the occupation as a whole.

Females made up 6.6% of apprentices in stationary engineer apprenticeship and training programs in 2007.

12. If the Keystone XL project is approved, can you provide an estimate on the number of jobs or man hours your organization expects to create?

The IUOE will not "create" jobs on the project. TransCanada, its suppliers, and contractors will create jobs and employ workers on the Keystone XL. Based on proprietary reports from construction contractors, over three-million worker hours are estimated for members of the Operating Engineers Union alone.

13. Additionally, can you provide an estimate on the percentage of those jobs or man hours that will be filled by minority workers and female workers?

Data not available. Contractors are responsible for hiring members of the IUOE. Through its hiring halls, IUOE Local Unions are obligated to refer members to employment on a non-discriminatory basis.

14. Can you provide a brief summary of how the Keystone XL Pipeline, if approved, would directly benefit minority workers, businesses, or contractors?

An undetermined number of minority members of the IUOE will perform work on the project.

15. Can you provide a brief summary of how the Keystone XL Pipeline, if approved, would directly benefit woman-owned businesses, contractors, or female members of your organization?

An undetermined number of female members of the IUOE will perform work on the project.

U.S. Department of Labor

Office of Federal Contract
Compliance Programs

Richmond District Office
400 North 8th Street – Suite 466
Richmond, Virginia 23219-4817
Reply to the Attention of:

December 9, 2011

Ms. Elizabeth Nadeau
Fund Counsel
International Union of Operating Engineers
(IUOE)
National Training Fund
1125 17th Street, N. W.
Washington, D.C. 20036

Dear Ms. Nadeau::

Our recent compliance review of the equal employment opportunity policies and practices of IUOE-National Training Fund's facility located at 1125 17th Street, NW, Washington, DC has been completed.

We found no apparent deficiencies or violations of the Executive Order 11246, as amended, Section 503 of the Rehabilitation Act of 1973, as amended or the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended (38 U.S.C. 4212). This determination may be modified by the Regional Director or the Director for Federal Contract Compliance Programs within 45 days of the issuance of this letter.

The Office of Federal Contract Compliance Programs sincerely appreciates the cooperation and courtesies extended by you and your staff during the conduct of the compliance review.

Sincerely,

for Heidi S. [illegible]
GEORGE ROUSE III
District Director
Richmond District Office

International Union of Operating Engineers National Training Fund Job Corps Program

The International Union of Operating Engineers National Training Fund (IUOE NTF) has operated pre-apprenticeship programs for over 45 years within the Department of Labor's Job Corps Program. These pre-apprenticeship programs provide comprehensive career technical training and placement to socially and/or economically disadvantaged youth.

The general eligibility for Job Corps applicants is as follows:

- Between the ages of 16 and 24; the maximum age is waived for disabled applicants
- Meet Selective Service Registration requirements
- Be a U.S. citizen or national, including a naturalized citizen or lawfully admitted permanent resident alien, refugee, asylee or parolee, or other immigrant who has been authorized by the Attorney General to work in the United States or a resident of a U.S. territory
- Qualify as "low-income"
- Have one or more of the following barriers: school dropout, requires additional education, career technical training to participate in regular schoolwork or to secure and hold employment, is basic skills deficient, is homeless, is considered a runaway or foster child, or be a parent with corollary obligations to financially support a minor

The outreach plan for Job Corps applicants comply with the outreach requirements of the Workforce Investment Act (WIA) nondiscrimination requirements at 29 CFR 37.42. The public education and outreach methods, activities, events and linkages are developed to include reaching potential applicants who represent the diversity of the community in which the Job Corps center is located in terms of the following characteristics:

- Gender
- Race and ethnicity, including status as Limited English Proficient (LEP)/English Language Learner (ELL)
- Disability status

Evidence of the population served based on the diversity of the geographic area where the Job Corps site is located is reflected in the two charts below for the 11 site locations for 28 pre-apprenticeship programs operated by the IUOE NTF. These charts reflect the Job Corps center's population enrolled during the period of July 1, 2010 thru June 30, 2011 and the students separated during the same period.

POPULATION ENROLLED - RACE ANALYSIS FOR SPECIFIC JOB CORPS SITES FROM 7/1/2010 TO 6/30/2011

Job Corps Center Location	Percent of American Indian or Alaska Native	Percent of Asian	Percent of Black or African American	Percent of Hispanic or Latino	Percent of Native Hawaiian or Pacific Islander	Percent of White
Alaska JCC, Alaska	45.56	4.63	7.34	3.47	2.32	36.68
Anaconda JCC, Montana	6.36	.71	4.59	9.54	1.77	77.03
Atterbury JCC, Indiana	.70	.28	52.88	5.06	.28	40.79
Cass JCC, Arkansas	.94	0	32.08	6.92	1.57	58.49
Fort Simcoe JCC, Washington	5.32	.38	7.60	11.41	1.14	74.14
Jacobs Creek JCC, Tennessee	.55	0	44.54	5.19	.27	49.45
Mingo JCC, Missouri	.33	0	19.67	2.00	0	78.00
Pittsburgh JCC, Pennsylvania	.62	1.97	55.13	3.94	.31	38.03
Sacramento JCC, California	1.43	4.29	38.85	29.04	4.50	21.88
Turner JCC, Georgia	0	.08	86.73	2.99	.25	9.95
Woodstock JCC, Maryland	.78	.78	87.87	2.74	.39	7.44

POPULATION SEPERATED - RACE ANALYSIS FOR SPECIFIC JOB CORPS SITES FROM 7/1/2010 TO 6/30/2011

Job Corps Center Location	Percent of American Indian or Alaska Native	Percent of Asian	Percent of Black or African American	Percent of Hispanic or Latino	Percent of Native Hawaiian or Pacific Islander	Percent of White
Alaska JCC, Alaska	50.35	5.24	6.64	2.45	1.75	33.57
Anaconda JCC, Montana	5.71	.36	3.21	10.71	.36	79.64
Atterbury JCC, Indiana	.28	.14	53.30	6.73	.42	39.13
Cass JCC, Arkansas	.67	1.00	28.00	4.33	3.67	62.33
Fort Simcoe JCC, Washington	5.88	.69	7.27	9.69	.69	75.78
Jacobs Creek JCC, Tennessee	.90	0	48.06	3.58	0	47.46
Mingo JCC, Missouri	.57	0	21.02	2.27	0	76.14
Pittsburgh JCC, Pennsylvania	.30	1.21	60.44	3.33	.20	34.51
Sacramento JCC, California	1.79	5.98	34.06	28.88	5.18	24.10
Turner JCC, Georgia	.07	.07	86.76	2.29	.21	10.59
Woodstock JCC, Maryland	.20	.59	86.13	2.93	.20	9.96

The IUOE NTF currently provides pre-apprenticeship for career technical training in transportation, construction, and mechanic and repairers-related training programs as follows: Heavy Equipment Operations, Heavy Construction Equipment Mechanic, Basic and Advanced Asphalt Paving and Stationary Engineering.

The IUOE NTF has developed pre-apprenticeship career technical training for each of our four industry training provided areas that are approved by the National Office of Job Corps. All of our training is based on the National Guideline of Apprenticeship Standards, standards which are approved by the Department of Labor Office of Apprenticeship. Our curriculum and training standards are routinely reviewed to ensure the career technical training continues to parallel the National Guideline of Apprenticeship Standards and meet the current needs of the industries' employers. In addition, our programs also incorporate the latest and relevant green-technology knowledge and practices utilized by major employers in our respective industry areas.

The IUOE NTF pre-apprenticeship programs provide the following Department of Labor National Office of Job Corps approved certification opportunities:

Heavy Equipment Operations	**Heavy Construction Equipment Mechanic**	**Basic and Advanced Asphalt Paving**	**Stationary Engineering**
Heavy Equipment Operator – Pre-Apprentice	Heavy Construction Equipment Mechanic – Pre-Apprentice	Heavy Equipment Operator – Pre-Apprentice	Stationary Engineer – Pre-Apprentice
CDL – Commercial Driver License	CDL – Commercial Driver License (Class A)	CDL – Commercial Driver License (Class A)	AC&R R-410A HVAC
CDL – Commercial Driver License (Class A)	CDL – Commercial Driver License (Class B)	CDL – Commercial Driver License (Class B)	CAA Section 608 Chlorofluorocarbon (Clean Air Act)
CDL – Commercial Driver License (Class B)	Crane License (Class C)	Crane License (Class C)	Confined Space Awareness
Crane License (Class C)	Forklift Operator	Forklift Operator	Forklift Operator
Flagger, Traffic Control	Mine Safety Training	Hazwoper 40 – Hazardous Waste Operations and Emergency	Green Awareness
Forklift Operator	OSHA 10 Hr. Safety Training	OSHA 10 Hr. Safety Training	Hazwoper 24 – Hazardous Waste Operations and Emergency
Hazwoper 40 – Hazardous Waste Operations & Emerg.	OSHA 30 Hr. Safety Training	OSHA 30 Hr. Safety Training	Hazwoper 40 – Hazardous Waste Operations & Emerg.

Mine Safety Training	Powerline Hazard Awareness		Maryland 3rd Class Stationary Engineer
NSTC Card – North Slope Safety Training			OSHA 10 Hr. Safety Training
OSHA 10 Hr. Safety Training			OSHA 30 Hr. Safety Training
OSHA 30 Hr. Safety Training			Power Actuated Tools

The IUOE NTF Job Corps Program provides students training in career technical, career success, and applied academic skills so that they become agile workers with expanded career options, and maintain long-term attachment to the labor market or educational opportunities. Our goal is to place students into registered apprenticeship programs or into industry related jobs with career-advancement potential in their respective trained industry. Our training outcomes include the following placement categories:

1. Students entering a registered apprenticeship training program leading to full journey-level status or a customized employer-based training program that leads to career opportunities

2. Students entering a specific area of the craft/trade that pays sustainable wages and offers the opportunity for long-term employment and career advancement, or enters the Armed Forces

3. Students entering a community college or technical training school-level program to pursue further technical training or degree-based education, if they choose not to pursue further training or job placement in the occupation for which IUOE has provided the training

The IUOE's National Guideline of Apprenticeship Standards as approved by the Department of Labor Office of Apprenticeship for the occupation of Operating Engineer (Universal-Equipment Operator, Grade and Paving Equipment Operator, Plant Equipment Operator, or Heavy Duty Repairer) and the occupation of Stationary Engineer state the following in Appendix D., Section III., Number I.:

> *"Youth who complete a Job Corps training program in any occupation covered in these Standards, who meet the minimum qualifications of the apprenticeship program, may be admitted directly into the program, or if no apprentice opening is available, the Job Corps graduate may be placed at the top of the current applicant ranking list and given first opportunity for placement. The JAC will evaluate the Job Corps training received for granting appropriate credit on the term of apprenticeship. Entry of Job Corps graduates will be done without regard to race, color, religion, national origin, or sex. (Note: This is a method of direct entry into the apprenticeship program.)"*

Therefore, IUOE NTF Job Corps graduates qualifying and entering into an IUOE apprenticeship program will be evaluated to receive appropriate credit toward the term on earning their apprenticeship certification.

The IUOE NTF pre-apprenticeship programs have historically provided quality services and excellent performance outcomes. These outcomes are reflected in the following table for program year 2010 (July 1, 2010 – June 30, 2011).

IUOE NTF Pre-Apprenticeship Program Outcomes for PY 2010 (July 1, 2010 – June 30, 2011)

Location/ Program	Number of Programs	Initial Placement	Average Wage	Job Training Match	JTM Average Wage	6 Mo. Weekly Earnings
Alaska Heavy Equipment Operator	1	100%	$18.50	100%	$18.50	$656.25
Anaconda Heavy Equipment Operator	2	86.7%	$14.29	76.9%	$15.66	$421.61
Anaconda Heavy Equipment Mechanic	2	87%	$11.45	68.8%	$12.96	$480.98
Atterbury Heavy Equipment Operator	1	100%	$11.53	100%	$11.11	$460.60
Atterbury Heavy Equipment Mechanic	1	100%	$10.11	100%	$10.11	$414.53
Cass Heavy Equipment Operator	2	100%	$10.47	100%	$10.47	$521.97
Fort Simcoe Heavy Equipment Operator	2	94.7%	$13.11	100%	$13.63	$539.59

Location/ Program	Number of Programs	Initial Placement	Average Wage	Job Training Match	JTM Average Wage	6 Mo. Weekly Earnings
Jacobs Creek Heavy Equipment Operator	2	88.9%	$9.41	66.7%	$10.33	$456.67
Jacobs Creek Heavy Equipment Mechanic	1	81.8%	$9.00	80%	$8.88	$509.71
Mingo Heavy Equipment Operator	2	100%	$10.80	82.4%	$11.17	$622.41
Pittsburgh Heavy Equipment Operator	1	100%	$19.81	100%	$20.95	$1,110.56
Pittsburgh Heavy Equipment Mechanic	1	100%	$14.82	87.5%	$14.07	$636.99
Sacramento Heavy Equipment Operator	3	100%	$15.04	82.4%	$16.10	$699.91
Sacramento Heavy Equipment Mechanic	1	100%	$11.80	100%	$11.88	$534.83
Turner Basic Paving	1	91.7%	$10.55	100%	$10.56	$317.15
Turner Advanced Paving	1	90.9%	$13.78	70%	$16.17	$347.22
Turner Heavy Equipment Mechanic	1	92.3%	$9.09	91.7%	$9.29	$357.99

(Column 1: program & location. Column 2: Number of programs. Column 3: % of graduates placed. Column 4: Average wage of placements. Column 5: Percent of placements that are related to pre-apprentice training. Column 6: Average wage of jobs related to pre-apprentice training. Column 7: Average weekly earning 6 months after initial placement.)

Appendix C

(SAMPLE)
AFFIRMATIVE ACTION PLAN

ADOPTED BY

(INSERT NAME OF LOCAL JAC)

AS REQUIRED UNDER TITLE 29, CODE OF FEDERAL REGULATIONS, PART 30
AMENDED MAY 12, 1978

DEVELOPED IN COOPERATION WITH THE
UNITED STATES DEPARTMENT OF LABOR
OFFICE OF APPRENTICESHIP

APPROVED BY _____
REGISTRATION AGENCY

DATE APPROVED: _____

SECTION I - INTRODUCTION

The local JAC enters this Affirmative Action Plan (AAP) with good faith for the purpose of promoting equality of opportunity into its registered apprenticeship program. The local JAC seeks to increase the recruitment of qualified women and/or minorities for possible selection into the apprenticeship program in the event women and/or minorities are underutilized in the apprenticeship program. The JAC hereby adopts the following nondiscriminatory pledge and the Plan.

This Plan is a supplement to the Apprenticeship Standards. Any changes made by the local JAC will become part of this written Plan, once approved by the Registration Agency.

SECTION II - EQUAL OPPORTUNITY PLEDGE

The local JAC commits to the following Equal Opportunity Pledge:

"The recruitment, selection, employment, and training of apprentices during their apprenticeship, will be without discrimination because of race, color, religion, national origin, or sex. The sponsor will take affirmative action to provide equal opportunity in apprenticeship and will operate the apprenticeship program as required under Title 29 of the Code of Federal Regulations, part 30."

SECTION III - UTILIZATION AND ANALYSIS, GOALS AND TIMETABLES

In order to allow positive recruitment and full utilization of minorities and women in the apprenticeship program, the local JAC pledges to identify outreach efforts under Section IV which will be undertaken. The purpose of the analysis is to determine the minority and women's labor force in the local JAC's labor market area. Once the labor force is determined, the local JAC can determine if deficiencies exist in terms of underutilization of minorities and/or women in the occupations registered with the Registration Agency. (See attached Affirmative Action Plan Analysis Worksheet)

SECTION IV - OUTREACH AND POSITIVE RECRUITMENT

The local JAC's AAP includes the following □checked□ outreach and positive recruitment efforts that would reasonably be expected to increase minority and women's participation in apprenticeship by expanding the opportunity of minorities and women to become eligible for apprenticeship selection. **Once those efforts have been checked, the local JAC will set forth the specific steps they intend to take under each identified effort.** The local JAC will identify **a significant number of activities** in order to enable it to
meet its obligation under Title 29, CFR, part 30.4(c).

A. ☐ An announcement of specific apprenticeship openings must be disseminated thirty (30) days in advance of the earliest date for application at each interval to the following agencies/organizations:

- Registration Agency
- Women's Organizations/Centers
- Local Schools
- Employment Service Centers
- One Stop Centers
- Vocational Education Schools
- Other Organizations/Centers (which can effectively reach minorities and women)
- Newspapers (which are circulated in the minority community and among women)

The announcement will include the nature of the apprenticeship, requirements for admission to apprenticeship, availability of apprenticeship opportunities, sources of apprenticeship applications, and the local JAC's equal opportunity policy. The period for accepting applications as established by the local JAC is: _____

B. ☐ Participation in annual workshops conducted by employment service agencies for the purpose of familiarizing school, employment service and other appropriate personnel with the apprenticeship program and current opportunities.

C. ☐ Cooperation with school boards and vocational educational systems to develop programs for preparing students to meet the standards and criteria required to qualify for entry into the apprenticeship program.

D. ☐ Internal communication of the local JAC's equal opportunity policy should be conducted in such a manner to foster understanding, acceptance, and support among the local JAC's various officers, supervisors, employees, and members, and to encourage such persons to take the necessary action to aid in meeting its obligation under Title 29, CFR, part 30.

E. ☐ Engaging in programs such as outreach for the positive recruitment and preparation of potential applicants for apprenticeships; where appropriate and feasible, such programs will provide for pre-testing experience and training. In initiating and conducting these programs, the local JAC may be required to work with other sponsors and appropriate community organizations. The local JAC will also initiate programs to prepare women and encourage women to enter traditionally male programs.

F. ☐ Encouraging the establishment and utilization of programs of pre-apprenticeship, preparatory trade training, or others designed to afford related work experience or prepare candidates for apprenticeship. The JAC will make appropriate provisions in its affirmative action plan to assure that those who complete such programs are afforded full and equal opportunity for admission into the apprenticeship program.

G. ☐ Utilizing journeyworkers to assist in the implementation of affirmative action in the apprenticeship program.

H. ☐ Granting advance standing or credit on the basis of previously acquired experience, training, skills, or aptitude for all applicants equally.

I. ☐ Other appropriate action to ensure that the recruitment, selection, employment, and training of apprentices during their apprenticeship will be without discrimination because of race, color, religion, national origin, or sex (e.g., general publication of apprenticeship opportunities and advantages in advertisements, industry reports, articles, etc., use of present minority and female apprentices and journeyworkers as recruiters; career counseling; development of reasonable procedures to ensure employment opportunity, including reporting systems, on-site reviews, briefing sessions).

(Identify Action:)

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FOR EACH ITEM CHECKED IN SECTION IV, LIST EACH SPECIFIC STEP THAT THE JAC WILL UNDERTAKE TO FULFILL THAT OUTREACH AND RECRUITMENT STEP

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SECTION V - ANNUAL REVIEW OF AFFIRMATIVE ACTION PLAN

The local JAC will make an annual review of its current Plan and its overall effectiveness and institute any revisions or modifications warranted. The review will analyze (independently and collectively) the affirmative action steps taken by the local JAC for evaluating the positive impact, as well as the adverse impact in the areas of outreach and recruitment, selection, employment, and training. They will work diligently to identify the cause and effects that result from their affirmative action measures. The local JAC will continually monitor these processes in order to identify the need for a new affirmative action effort and/or deletion of ineffective existing activity(ies). All changes to the Plan must be submitted to the Registration Agency for approval. The local JAC will continually monitor the participation rates of minorities and women in the apprenticeship program in an effort to identify any type of underutilization. If

underutilization exists, corrective action will be immediately implemented. The goals and timetables also will be reviewed periodically as determined by the Registration Agency and updated where necessary.

SECTION VI - OFFICIAL ADOPTION

The *(Insert Name of JAC)* hereby officially adopts this Affirmative Action Plan on this _____day of _____, (INSERT YEAR).

_____
SIGNATURE OF (MANAGEMENT PROVIDE TITLE)

_____
PRINTED NAME

_____
SIGNATURE OF (LABOR TO PROVIDE TITLE)

_____
PRINTED NAME

Appendix C

(SAMPLE)
AFFIRMATIVE ACTION PLAN

ADOPTED BY

(INSERT NAME OF LOCAL JAC)

AS REQUIRED UNDER TITLE 29, CODE OF FEDERAL REGULATIONS, PART 30
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(Identify Action:)

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_____
SIGNATURE OF (MANAGEMENT PROVIDE TITLE)

_____
PRINTED NAME

_____
SIGNATURE OF (LABOR TO PROVIDE TITLE)

_____
PRINTED NAME

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS

900 Seventh Street, NW
Washington, DC 20001
202.833.7000
www.ibew.org

EDWIN D. HILL
International President

SAM J. CHILIA
International
Secretary-Treasurer

January 10, 2012

VIA EMAIL

The Honorable Ed Whitfield, Chairman
House of Representatives Committee on Energy and Commerce
Subcommittee on Energy and Power
2125 Rayburn House Office Building
Washington, DC 20515-6115

Dear Representative Whitfield:

I am writing in response to your letter of December 19, 2011, in which you attach a list of additional questions from Representative Bobby Rush in connection with my appearance before the Subcommittee on Energy and Power on December 2, 2011. I appeared before the Subcommittee on behalf of the International Brotherhood of Electrical Workers ("IBEW") to testify at the hearing on "The American Energy Initiative" entitled "Expediting the Keystone XL Pipeline: Energy Security and Jobs."

As I stated at the hearing, the IBEW supports the Keystone XL Pipeline project. That project is estimated to create 20,000 direct jobs and 118,000 additional jobs once construction is complete. The IBEW is signatory to an agreement with TransCanada that covers the construction of the proposed XL extension. That agreement provides that the highest skilled workers will be employed on the project to ensure that it is built in an efficient and safe manner.

Representative Rush has submitted several additional questions asking about the number of minority and women members of the IBEW. I have reviewed those questions, and have made internal inquiries regarding the information requested. As explained below, the IBEW simply does not compile the data that Rep. Rush has requested.

As stated above, I appeared at the hearing on behalf of the IBEW. I did not appear on behalf of any IBEW local union, but instead testified in my capacity as a representative of the IBEW International. The IBEW is an international labor organization with approximately 700,000 members throughout the United States and Canada. There are 878 local unions affiliated with the IBEW. Each of those local unions operates with substantial autonomy under the IBEW Constitution. For example, each IBEW local union's membership elects its own officers, fixes the salaries of such officers, and determines its own admission rules, dues and assessments. For those IBEW local unions that sponsor apprenticeship programs, those programs are managed jointly by labor and management representatives at the local level. Thus, the rules and manner of the administration of those apprenticeship programs are determined by the local union together with representatives from the employers with which the local has a collective bargaining relationship.

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS®

IBEW members are members of their respective local unions. The IBEW International is funded by IBEW local unions through the payment by those locals of per capita dues, based on each local union's membership. It has long been recognized that IBEW local unions are entities separate and apart from the IBEW International. *See e.g., International Brotherhood of Electrical Workers (Franklin Electric)*, 121 NLRB 143, 146 (1958) ("The overwhelming weight of judicial authority, including the Supreme court of the United States, is that a local union is a legal entity apart from its international and that it is not a mere branch or arm of the latter.").

The information requested by Rep. Rush is information that, to the extent it exits, would be kept by IBEW local unions. The IBEW International historically has not collected the information sought by Rep. Rush from either local unions, or from members directly. The IBEW has recently sought to collect such information from new members on a voluntary basis through their local unions, but the amount of data collected thus far is so small that it cannot be deemed reliable or necessarily representative. Thus, I am unable to provide the specific data requested by Rep. Rush.

Although the IBEW does not keep specific data, our general experience is that minorities are represented in the IBEW construction trade at rates similar to those in the general population in a particular locality. Although we do have several thousand female members working in construction, employment in the construction industry is disproportionately male. Thus, I would expect, as with every craft in the industry – union and non-union – the representation of females on a construction site to be less than that in the general population in the area.

As set forth above, the Keystone project will create thousands of jobs. Although we do not have a specific estimate of the number that will be created in our particular industry, as I testified, there will be a substantial amount of electrical work associated with operating the pump stations along the pipeline, as well as in connection with supplying power to those pump stations. We anticipate that these jobs will be high quality and will pay solid union wages, and that a significant number will be filled by minorities and women.

Once again, the IBEW appreciates the opportunity to testify in support of the Keystone XL Pipeline project.

Sincerely yours,

Bruce G. Burton

Bruce G. Burton
International Representative

BGB:lgd
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