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ONE HUNDRED TWELFTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON ENERGY AND COMMERCE
2125 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–6115

Majority (202) 225–2927
Minority (202) 225–3641

February 10, 2012

Russell K. Girling
President & CEO
TransCanada Corporation
450 - 1 Street SW
Calgary, Alberta, Canada
T2P 5H1

Dear Mr. Girling:

We are writing to request that TransCanada disclose where the materials to construct the Keystone XL pipeline will be manufactured.

TransCanada has made repeated representations to congressional offices regarding the domestic manufacturing opportunities presented by the Keystone XL pipeline project. On December 2, 2011, Alex Pourbaix of TransCanada Corporation testified before the Energy and Commerce Committee that "[w]e are using the latest technologies and the strongest steel pipe from American mills to build the pipeline."[1] On February 2, 2012, TransCanada informed Committee staff that "[a]pproximately 74% of the pipe required for the Project in the United States was sourced from North American based mills -- Evraz Regina Canada and Welspun Little Rock, U.S."[2] TransCanada also stated, "We have not sourced any steel from India."[3]

These claims have been relied upon by members. During the February 6, 2012, markup of legislation to approve the Keystone project, Rep. Tim Murphy stated that the project would create jobs in the "local steel mills" in Pennsylvania.[4] Rep. Cassidy stated that if Keystone were

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[1] Testimony of Alex Pourbaix, President, Energy and Oil Pipelines, TransCanada Corporation (Dec. 2, 2011).
[2] Email from Government Relations Staff, TransCanada Corporation, to Staff, Energy and Commerce Committee (2:35pm, Feb. 2, 2012).
[3] Email from Government Relations Staff, TransCanada Corporation, to Staff, Energy and Commerce Committee (12:17pm, Feb. 2, 2012).
[4] Statement of Rep. Tim Murphy, Markup of H.R. 3548, the North American Energy Access Act (Feb. 6, 2012).

to be approved, there would be job creation in the U.S. because of the need for "manufacturing steel."[5] Rep. Shimkus stated the information he was provided asserted "that 50 percent of Keystone XL steel originated from the United States and the second largest source was from Canada."[6]

New information obtained by Rep. Doyle indicates that these statements may not be accurate. On February 6, 2012, Welspun Tubular LLC in Little Rock informed Rep. Doyle's office that some of the steel pipe to be used in the construction of the Keystone XL pipeline was produced in India. Mr. Doyle explained:

> Let's understand something. The steel is not being manufactured in Little Rock, Arkansas. There is no steel being manufactured there. They are taking steel that has already been manufactured in a foreign country, heating it up and bending it and welding the seams. That is what is going on in Little Rock, Arkansas. There are approximately 200 to 300 jobs at that plant.

As this is a privately funded project, TransCanada is entitled to decide where to purchase its materials. However, providing misleading information to Congress in order to obtain a legislative earmark for the approval of its pipeline would be clearly improper.

The House is expected to vote on legislation regarding the Keystone XL pipeline next week. We believe this issue should be clarified before that vote. We therefore request that TransCanada immediately disclose where the materials to be used in Keystone XL are produced and the quantity of those materials. Specifically, we request answers to the following questions:

1. TransCanada has stated that 800,000 tons of steel will be used in the Keystone XL pipeline. Is this an accurate estimate of the amount of steel that would be used?

2. TransCanada has stated that 660,000 tons of steel will be used for the U.S. portion of the Keystone XL pipeline. Is this an accurate estimate of the amount of steel that would be used?

3. Has TransCanada entered into contracts for the production of steel pipe and other steel products for the Keystone XL pipeline? If any amount of steel product has not yet been contracted for, please provide the amount of steel product that has not yet been contracted for.

4. Would the Keystone XL pipeline, in whole or in part, be constructed with steel that was poured and melted in the United States? If so, how many tons would meet this description?

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[5] Statement of Rep. Bill Cassidy, Markup of H.R. 3548, the North American Energy Access Act (Feb. 6, 2012).

[6] Statement of Rep. John Shimkus, Markup of H.R. 3548, the North American Energy Access Act (Feb. 6, 2012).

5. Would the Keystone XL pipeline, in whole or in part, be constructed with steel that was poured and melted in India, Russia, China, or another country? If so, please explain how many tons would be used from each country.

The questions that have been raised about TransCanada's steel claims put into doubt other assertions by TransCanada. In particular, we have questions about TransCanada's assertion that the Keystone XL pipeline would create 7,000 manufacturing jobs. Please identify the specific geographic location of these jobs and the specific products to be manufactured at each location.

We hope you will respond to these questions without delay. Members should have the facts about this pipeline before voting on this legislation. Thank you for your attention to this matter.

Sincerely,

Henry A. Waxman
Ranking Member
Committee on Energy and Commerce

Bobby L. Rush
Ranking Member
Subcommittee on Energy and Power

John D. Dingell

Mike Doyle