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1 {York Stenographic Services, Inc.}  
2 RPTS MEYERS  
3 HIF025.030

4 ``AMERICAN JOBS NOW: A LEGISLATIVE HEARING ON H.R. 3548, THE  
5 'NORTH AMERICAN ENERGY ACCESS ACT''  
6 WEDNESDAY, JANUARY 25, 2012  
7 House of Representatives,  
8 Subcommittee on Energy and Power  
9 Committee on Energy and Commerce  
10 Washington, D.C.

11 The subcommittee met, pursuant to call, at 8:05 a.m., in  
12 Room 2123 of the Rayburn House Office Building, Hon. Ed  
13 Whitfield [Chairman of the Subcommittee] presiding.

14 Members present: Representatives Whitfield, Sullivan,  
15 Shimkus, Walden, Terry, Burgess, Bilbray, Scalise, Olson,  
16 McKinley, Gardner, Pompeo, Griffith, Barton, Kinzinger, Upton  
17 (ex officio), Rush, Inslee, Markey, Green, Doyle, Gonzalez  
18 and Waxman (ex officio).

19           Staff present: Charlotte Baker, Press Secretary;  
20 Caroline Basile, Staff Assistant; Mike Bloomquist, Deputy  
21 General Counsel; Anita Bradley, Senior Policy Advisor to  
22 Chairman Emeritus; Maryam Brown, Chief Counsel, Energy and  
23 Power; Allison Busbee, Legislative Clerk; Patrick Currier,  
24 Counsel, Energy and Power; Garrett Golding, Professional  
25 Staff Member, Energy; Cory Hicks, Policy Coordinator, Energy  
26 and Power; Peter Kielty, Senior Legislative Analyst; Heidi  
27 King, Chief Economist; Ben Lieberman, Counsel, Energy and  
28 Power; Dave McCarthy, Chief Counsel, Environment and Economy;  
29 Mary Neumayr, Senior Energy Counsel; Katie Novaria,  
30 Legislative Clerk; Phil Barnett, Democratic Staff Director;  
31 Greg Dotson, Democratic Energy and Environment Staff  
32 Director; Caitlin Haberman, Democratic Policy Analyst;  
33 Elizabeth Letter, Democratic Assistant Press Secretary; and  
34 Alexandra Teitz, Democrat Senior Counsel, Environment and  
35 Energy.

|  
36           Mr. {Whitfield.} I would like to call this meeting to  
37 order this morning, and the subject of this hearing is  
38 ``American Jobs Now,'' and we are going to be considering  
39 H.R. 3548, the North American Energy Access Act.

40           I would also like to welcome those members of the  
41 referee training class. I didn't realize you all were going  
42 to be with us this morning but we are delighted you are here  
43 on the second row, and I hope you will enjoy the hearing as  
44 well.

45           Today's hearing gives us the opportunity to learn why  
46 the Obama Administration denied a permit to build the  
47 Keystone pipeline from Canada through parts of the United  
48 States. How could the Obama Administration when presented  
49 with the chance to create thousands of jobs and at the same  
50 time significantly reduce our dependence on oil from the  
51 Middle East say ``no'' to the American people?

52           Today we will examine how such a harmful decision was  
53 made and explore opportunities to reverse that decision.  
54 While the Administration struggles to find a rational reason  
55 to reject the construction of Keystone pipeline, we are going  
56 to look for ways to build the Keystone pipeline.

57           This is a project that would cost about \$7 billion to  
58 build. There would not be any government money involved in

59 this project. It is all being supplied by private industry,  
60 and it would immediately put at least 20,000 people to work.  
61 That certainly sounds like the national interest to me.

62 If our President decides that sending three aircraft  
63 carrier strike groups to the Strait of Hormuz to defend the  
64 free flow of oil, if he thinks that is in the national  
65 interest, then one would also think a pipeline from Canada  
66 that would help us be less dependent on Middle Eastern oil  
67 would also serve the national interest.

68 The President's own State Department determined that the  
69 pipeline would have no significant impact on the environment.  
70 The President said it himself. His rejection of the Keystone  
71 pipeline is not based on its merits. He said that, which  
72 makes us believe that the decision to reject the pipeline was  
73 solely a political decision to help him be reelected.

74 [The prepared statement of Mr. Whitfield follows:]

75 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

|

76 [H.R. 3548 follows:]

77 \*\*\*\*\* INSERT 3 \*\*\*\*\*

|  
78           Mr. {Whitfield.} At this time I would like to yield the  
79 remainder of my time to Mr. Terry.

80           Mr. {Terry.} Thank you, Mr. Chairman, for holding this  
81 hearing on this bill.

82           A couple of points with the couple of minutes I have.  
83 This is what the State Department has by way of environmental  
84 studies on the Keystone route. As you can see, it is very  
85 voluminous and it is difficult to understand why this would  
86 just be discarded, and we will get into some of the points  
87 later during questioning.

88           I want to go off my regular script and just express my  
89 displeasure that the State Department decided or objected to  
90 our Nebraska witness that could help put in context the  
91 Nebraska exemption and what Nebraska is doing. The State  
92 Department objected because they don't sit on the same panel  
93 as a State witness, so the head of our Nebraska Department of  
94 Environmental Quality is not worthy enough to sit there, and  
95 because of time constraints, his ability to answer our  
96 questions had to be deleted from this panel and frankly, I am  
97 disturbed by that.

98           But we are going to get into the false excuse of using  
99 the State of Nebraska as the reason--reading your testimony--  
100 as the reason for the denial. In fact, the bill was written

101 so you wouldn't have to make that decision, and we will get  
102 into those statements. I yield back.

103 [The prepared statement of Mr. Terry follows:]

104 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

|  
105 Mr. {Whitfield.} I thank the gentleman for yielding  
106 back.

107 I might say also that last night the President in his  
108 State of the Union address talked about the importance of  
109 infrastructure for America to remain competitive.

110 Mr. {Rush.} I am really going to have to say that  
111 regular order isn't in order, and the 5 minutes is up, so we  
112 should proceed because the regular order is up. Your time is  
113 up, Mr. Chairman.

114 Mr. {Whitfield.} Well, I think when you said that,  
115 there was still 30 seconds left.

116 Mr. {Rush.} I looked at it and it was--

117 Mr. {Whitfield.} We will enforce the 5-minute rule and  
118 recognize the gentleman for 5 minutes.

119 Mr. {Rush.} Thank you, Mr. Chairman. Thank you for  
120 recognizing me.

121 Mr. Chairman, I am also delighted to see the referees  
122 there. This is a good opportunity for them to exercise their  
123 craft because I expect there to be a big battle to take place  
124 this morning at this morning's hearing, because, Mr.  
125 Chairman, today we are holding yet another hearing on the  
126 Keystone XL pipeline as a follow-up to the last hearing, the  
127 last markup and the former we had where the majority

128 attempted to force the Obama Administration to hastily make a  
129 decision on the Keystone XL pipeline. Let me remind you, the  
130 majority first tried to move legislation that required the  
131 Administration to forego its legal obligations and its due  
132 diligence and come out with a favorable decision for Keystone  
133 XL by November 1 of last year, and the majority's reckless  
134 and irresponsible view if the American public was left  
135 unprotected because the Administration did not have the time  
136 needed to conduct a thorough review, I want to repeat, a  
137 thorough review and oversight of this project. For my  
138 Republican colleagues, as long as industry got what it  
139 wanted, then that was the most important role of this  
140 Congress.

141 After that tactic failed, the majority held hostage the  
142 payroll tax cut extension, which would benefit millions of  
143 middle-class working families, in order to attach a rider  
144 that attempted to force President Obama to come out in favor  
145 of Keystone XL within 60 days of the bill's enactment, and we  
146 all know how well that strategy worked out.

147 Again, the majority said too bad if ordinary Americans  
148 might have been negatively impacted by a lack of federal  
149 oversight, and who cares if the Republican governor and  
150 legislators Nebraska have yet to even identify a new route  
151 for the pipeline. As was the theme all last year, my

152 Republican colleagues continue to push this false notion that  
153 if you would just roll back government oversight and  
154 protections for average Americans and allow industry to do  
155 what it wants without restriction, and unfettered, then  
156 somehow miraculously, jobs will be created and millions of  
157 out-of-work Americans will be gainfully employed. After all,  
158 Mr. Chairman, we saw how well this well-defined philosophy  
159 worked during the Bush years with the collapse of our total  
160 financial institutions and our economy.

161         Mr. Chairman, it is ironic that 25 Energy and Power  
162 Subcommittee and joint hearings, the nine bills that  
163 originated from this subcommittee that went through the House  
164 last year, the only piece of legislation that actually became  
165 law was the Pipeline Safety Reauthorization bill, which  
166 expanded regulation in order to address public safety. In  
167 fact, the pipeline safety bill enjoyed unanimous support from  
168 this committee and so it would appear that my Republican  
169 colleagues are not always opposed to federal regulation and  
170 oversight, especially when their districts are directly  
171 affected.

172         So Mr. Chairman, today we are here on another proverbial  
173 fishing expedition by the majority party, again to try to  
174 sidestep federal regulations and oversight in order to help  
175 industry get what they want and the American public be damned

176 in the process. I am not sure if the majority's goal is  
177 simply to show TransCanada that they are working feverishly  
178 on their behalf for more campaign contributions, even when  
179 they know that the underlying legislation would never, ever  
180 become law--

181 Mr. {Terry.} Mr. Chairman--

182 Mr. {Rush.} --or they are trying to keep this issue--

183 Mr. {Terry.} --I think the gentleman's time has expired  
184 and I want his words taken down.

185 Mr. {Rush.} --with the millions of dollars that the--

186 Mr. {Terry.} I move that his words be stricken.

187 Mr. {Rush.} --American Petroleum Institute is pouring  
188 into commercials supporting Keystone XL.

189 Mr. {Whitfield.} The gentleman's time is expired.

190 Mr. {Rush.} And I yield back the balance of my time.

191 [The prepared statement of Mr. Rush follows:]

192 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

|  
193 Mr. {Whitfield.} Recognize the gentleman from Nebraska.

194 Mr. {Terry.} The gentleman made an accusation saying  
195 that we are tied to campaign contributions. A, that is  
196 wrong, but that is against our rules. His words need to be  
197 taken down.

198 Mr. {Whitfield.} We will have the clerk review the  
199 transcript, and then we will proceed at that time, and I will  
200 remind everyone that we do not need to be making accusations  
201 about what people are and are not doing as far as legal  
202 campaign finance laws and whatever.

203 At this time I would like to recognize the gentleman  
204 from Michigan for 5 minutes, Mr. Upton, the chairman of the  
205 full committee.

206 The {Chairman.} Well, thank you, Mr. Chairman. I  
207 notice we have a number of referees in that second row.  
208 Welcome to the big house. I note that you have got red  
209 flags, and of course, that it not a yellow flag, that is a  
210 red flag. A red flag usually means it is a review of the  
211 play. We look forward to having a review of the play. In  
212 fact, that vote did pass in this committee and on the House  
213 Floor by a two-to-one margin, and we are looking to have the  
214 ruling on the field confirmed again and perhaps again and  
215 again.

216           It is not often that Congress can take a single step  
217 that will simultaneously help reduce the future price at the  
218 gas pump, strengthen the Nation's energy security, and create  
219 literally tens of thousands of jobs. And it is certainly not  
220 often that we can accomplish all of these important goals at  
221 absolutely no cost to the taxpayer. But this is exactly what  
222 approving the Keystone XL pipeline expansion project would do  
223 and why I support this legislation, H.R. 3548, the North  
224 American Energy Access Act.

225           Keystone is a shovel-ready project whose construction  
226 would create badly needed jobs. Once completed, it would  
227 allow more oil from our ally Canada to come to the United  
228 States, taking the place of imports from far less friendly  
229 producers. The oil would go to refiners in the Midwest and  
230 the Gulf Coast, increasing the supply of American-made gas  
231 and preserving domestic refining jobs. The pipeline would  
232 also provide an outlet for the growing supplies of domestic  
233 oil produced in the Bakken formation in North Dakota and  
234 Montana, relieving a potential bottleneck there. And every  
235 penny of the \$7 billion dollar project will be paid for by  
236 the private sector.

237           Given the many benefits of Keystone, it is no surprise  
238 that so many Americans consider this decision to be a no-  
239 brainer, especially since the environmental impacts of the

240 project have been extensively studied for years and found to  
241 be minimal.

242         Last July, the House passed a bill requiring the State  
243 Department to make the long-overdue decision on Keystone by  
244 November 1st. It was certainly bipartisan, 47 Democrats  
245 joining nearly all the Republicans in supporting the  
246 reasonable measure. The bill probably would have garnered  
247 even more votes if not for the Administration's repeated  
248 assurances that it is going to make a decision before the end  
249 of 2011, and that a legislated deadline was not necessary.

250         But sadly, as the end of the year approached, the  
251 Administration reversed position and postponed its decision  
252 until 2013 at the earliest. In response, Congress gave the  
253 President a second chance to do the right thing by providing  
254 him yet another 60 days to approve Keystone as part of the  
255 payroll tax bill, but last week he decided to reject the  
256 proposal after only 26 days. You see, 60 days wasn't enough.

257         Make no mistake, time is of the essence. Not only are  
258 unemployed Americans anxiously looking for jobs, not only is  
259 Iran threatening the Strait of Hormuz, not only is the price  
260 at the pump headed towards perhaps 5 bucks in the next couple  
261 of months, but the Canadian government is understandably  
262 growing impatient with the endless red tape and delays coming  
263 from Washington. Canada is rapidly increasing its oil

264 production, and if the United States foolishly refuses to be  
265 a customer for these new supplies, Canada will build a  
266 pipeline not to the south but to the Pacific coast and the  
267 oil will be exported to China, where they are waving their  
268 hands because they want it there.

269         That is why we are again offering an opportunity to  
270 approve Keystone. I believe that this approach, this  
271 legislation giving the decision-making authority to the FERC,  
272 the Federal Energy Regulatory Commission, is a good one. I  
273 look forward to moving it through the committee, and I would  
274 yield to anyone on our side that would like time, and if not,  
275 will yield back the remainder of my time.

276         [The prepared statement of Mr. Upton follows:]

277 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

|  
278           Mr. {Whitfield.} The gentleman yields back the balance  
279 of his time.

280           At this time I recognize the gentleman from California  
281 for 5 minutes, Mr. Waxman.

282           Mr. {Waxman.} Thank you, Mr. Chairman.

283           Today, we once again consider legislation to approve the  
284 Keystone XL tar sands pipeline. This legislation exempts one  
285 pet project from every federal and state permitting  
286 requirement. Yes, one project would be exempted from every  
287 review. Now is that a way to approve an important and  
288 controversial pipeline? I hardly think that is the case.

289           The fact is that the legislation we are considering  
290 today is an earmark that benefits just one project. You  
291 remember the Republicans saying they were against earmarks?  
292 Well, not when it helps their friends. And the arguments for  
293 the project just don't stand up to scrutiny. This tar sands  
294 pipeline won't boost our energy independence or lower gas  
295 prices or create the inflated jobs being promised.

296           Why have the Republicans introduced bill after bill to  
297 short-circuit the permitting process on Keystone XL? They  
298 say it will make the country more energy independent. That  
299 is a myth. Oil prices are set by the global markets. This  
300 pipeline will have no impact on our vulnerability to price

301 spikes or Iranian brinksmanship.

302           In fact, Keystone won't even reduce our imports. It  
303 will simply allow Canadian oil companies to use the United  
304 States as a conduit for shipping their tar sands overseas to  
305 China.

306           Now, I know they say if they don't get this pipeline,  
307 they are going to go to the West Coast. Well, that is a  
308 problem, because there are First Nations in Canada that don't  
309 want this pipeline going in that direction, and it is not so  
310 clear they can get the approval to do that.

311           The Republicans say it will cut gasoline prices. But  
312 the opposite will happen. Canadian oil that is now being  
313 refined in the Midwest and suppressing prices in that market  
314 will be diverted to the Gulf Coast for export, costing  
315 consumers in the Midwest billions of dollars.

316           The Republicans say they support the pipeline because it  
317 will create tens of thousands of jobs, but that is not right  
318 either. According to TransCanada, the company seeking to  
319 build the Keystone XL pipeline, the project will have ``a  
320 peak workforce of approximately 3,500 to 4,200 construction  
321 personnel.'' Some labor groups have recently described the  
322 GOP's antics on Keystone as the ``politics as usual strategy  
323 of a do-nothing Republican Congress.''

324           If the Republicans were seriously and actually concerned

325 about jobs, they would work with the President passing his  
326 jobs bill. They have no solution to the jobs crisis. The  
327 jobs crisis, they say, must be responded to by tearing away  
328 regulations to protect public health and safety. We will  
329 have more jobs if we let billionaires keep more money and it  
330 will trickle down to more jobs. And then they say this one  
331 project will provide the jobs we need. It is amazing to me.

332         The fact is, the legislation we are considering today is  
333 one that is hard to understand. This Committee has an  
334 obligation to understand who benefits from this legislation.  
335 Last year, news organizations reported that one company, Koch  
336 Industries, would be one of the big winners if this pipeline  
337 were constructed. We asked Koch whether this was true and  
338 were told that they have no interest whatsoever in the  
339 pipeline. But then we learned that they have told the  
340 Canadian government that they have a direct and substantial  
341 interest. Something does not add up.

342         To understand this situation better, Mr. Rush and I  
343 requested that we invite the Koch brothers or the Koch  
344 Industries to come here and testify. The chairman hasn't  
345 even responded to our letter. We therefore, Mr. Chairman,  
346 are invoking the minority's rights under rule XI of the House  
347 rules to have a minority day of hearings. It is important  
348 that we hear from Koch and other stakeholders.

349 I think this pipeline is a bad idea. It ignores the concerns  
350 of the--

351 [The prepared statement of Mr. Waxman follows:]

352 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

|  
353 Mr. {Whitfield.} The gentleman's time is expired.

354 I would also tell the gentleman, we will certainly  
355 accept the letter and we will follow the rules, but we are  
356 not going to be subpoenaing the Koch brothers, and we are not  
357 asking the Koch brothers to appear because the Koch brothers  
358 have nothing to do with this project.

359 Mr. {Waxman.} Well, how does--

360 Mr. {Whitfield.} At this time I would like to--

361 Mr. {Waxman.} Point of order, Mr. Chairman. You made a  
362 statement where you were not recognized for the time. You  
363 cut me off in the middle of a sentence. I would like to know  
364 the substantiation for your--

365 Mr. {Whitfield.} Your time was up, Mr. Waxman.

366 Now, we are going to recess this hearing for 10 minutes,  
367 and then we are going to come back.

368 Mr. {Waxman.} Are you calling the Koch brothers during  
369 the recess?

370 Mr. {Whitfield.} Let me tell you something. If you  
371 want to talk about that, let us talk about the millions of  
372 dollars that the Obama Administration gave companies like  
373 Solyndra, to people like George Kaiser, who is out there  
374 bundling money for the President.

375 Mr. {Waxman.} Point of order, Mr. Chairman.

376 Mr. {Whitfield.} Would you like for us to--

377 Mr. {Waxman.} Point of order, Mr. Chairman.

378 Mr. {Whitfield.} Would you like for us to subpoena him  
379 too?

380 Mr. {Waxman.} Why are you interrupting members and then  
381 you take unlimited time for yourself?

382 Mr. {Whitfield.} I am responding to your questions,  
383 your allegations. I am the chairman and I am telling you  
384 right now, we are going to recess for 10 minutes.

385 [Recess.]

386 Mr. {Whitfield.} I call the hearing back to order, and  
387 at this time we will hear the testimony of our two witnesses,  
388 and I would like to welcome both of you to this hearing  
389 today.

390 First of all, we have the Hon. Kerri-Ann Jones, who is  
391 the Assistant Secretary of State, Bureau of Oceans and  
392 International Environmental and Scientific Affairs, and we  
393 also have Mr. Jeffery Wright, who is the Director, Office of  
394 Energy Projects at the Federal Energy Regulatory Commission.

395 So once again, I welcome you all to the hearing. Each  
396 one of you will be recognized for 5 minutes, and then we will  
397 have questions for you at that time.

398 So Ms. Jones, I will recognize you for your 5 minutes.

|  
399 ^STATEMENTS OF HON. KERRI-ANN JONES, ASSISTANT SECRETARY OF  
400 STATE, BUREAU OF OCEANS AND INTERNATIONAL ENVIRONMENTAL AND  
401 SCIENTIFIC AFFAIRS; AND JEFFERY C. WRIGHT, DIRECTOR, OFFICE  
402 OF ENERGY PROJECTS, FEDERAL ENERGY REGULATORY COMMISSION

|  
403 ^STATEMENT OF KERRI-ANN JONES

404 } Ms. {Jones.} Thank you, Mr. Chairman, and good morning,  
405 Chairman Whitfield, Ranking Member Rush and other members of  
406 the Subcommittee on Energy and Power. I appreciate the  
407 opportunity to appear before you today.

408 The U.S. Department of State received the application  
409 for Keystone XL pipeline project in September 2008. We  
410 undertook a thorough, rigorous and transparent process to  
411 determine whether issuance of a Presidential Permit for this  
412 pipeline was in the national interest.

413 In December, Congress passed the Temporary Payroll Tax  
414 Cut Continuation Act of 2011, which required a determination  
415 by the President within 60 days of whether the Keystone XL  
416 proposal project would serve the national interest. On  
417 January 18, 2012, the Department of State recommended to the  
418 President that the application for a Presidential Permit be  
419 denied due to insufficient time to conduct the necessary

420 analysis. The President accepted our recommendation and  
421 determined that the Keystone XL pipeline project, as  
422 presented and analyzed at that time, would not serve the  
423 national interest.

424 I would like to provide some further details about this  
425 process and also comment briefly on the Administration's view  
426 of H.R. 3548.

427 On April 30, 2004, President Bush issued Executive Order  
428 13337, which designated and empowered the Department of State  
429 to receive the applications for Presidential Permits for all  
430 oil infrastructure projects that cross a United States  
431 border. The Executive Order indicates that the permit should  
432 be granted based on whether it is in the national interest.  
433 The Department's national interest determination factors  
434 include numerous issues including energy security, foreign  
435 policy, economic effects, health, safety and environmental  
436 considerations including climate change as well as any other  
437 factor the Department believes is relevant to the national  
438 interest. To make an informed decision, the Department is  
439 directed in the Executive Order to request additional  
440 information as needed from the applicant.

441 In order to analyze the potential environmental impacts  
442 of the project as required by the Executive Order, the  
443 Department determined that it would prepare an Environmental

444 Impact Statement, or EIS, consistent with NEPA, the National  
445 Environmental Policy Act of 1969. We also carried out  
446 processes mandated by the National Historic Preservation Act  
447 of 1966 and the Endangered Species Act. Following NEPA  
448 requirements, we engaged in a robust public outreach effort  
449 including meetings along the proposed pipeline route.

450         On August 26, 2011, we issued the final EIS. Following  
451 its issuance, we began an interagency review period for the  
452 national interest determination and we conducted an  
453 additional public comment period that closed on October 9,  
454 2011. We held meetings along the pipeline route including in  
455 the Sand Hills. These meetings were passionate with strong  
456 opinions and rationale on both sides. In Nebraska, we heard  
457 concerns about the fragile and unique Sand Hills of Nebraska.  
458 We heard about their important to the Nation and to the  
459 people of Nebraska. Indeed, the people of Nebraska felt so  
460 strongly about this issue that their legislators met in  
461 special session to draft a law to ensure the Sand Hills would  
462 be protected. That is why we paused the process in November  
463 2011, and based on experience with pipelines of similar  
464 length, we estimated that it would take until early 2013 to  
465 complete our assessment.

466         In December 2011, as we were cooperating with Nebraska's  
467 Department of Environmental Quality, the Temporary Payroll

468 Tax Cut Continuation Act was enacted into law. We knew that  
469 60 days was not enough time to complete the work and the  
470 analysis needed relevant to the national interest  
471 determination. We decided based not on the merits but on the  
472 inadequate time period and incomplete review to recommend  
473 that the President deny the permit.

474 This now brings me to H.R. 3548. The proposed  
475 legislation imposes narrow time constraints and creates  
476 automatic mandates that prevent an informed decision. We  
477 also feel the legislation raises serious questions about  
478 existing legal authorities and appears to override foreign  
479 policy and national security considerations implicated by a  
480 cross-border permit, which are properly assessed by the State  
481 Department.

482 Mr. Chairman, internationally we remain fully engaged  
483 with all our key partners and suppliers including Canada as  
484 we work on issues of energy security and diplomacy. As we do  
485 this, the State Department remains committed to carrying out  
486 its responsibilities under the Executive Order with diligence  
487 and fairness to the applicants but with ultimate concern for  
488 the best interest of the American people.

489 Thank you again for this opportunity to testify, and I  
490 would be pleased to answer any questions.

491 [The prepared statement of Ms. Jones follows:]

492 \*\*\*\*\* INSERT 1 \*\*\*\*\*

|  
493 Mr. {Whitfield.} Thank you, Ms. Jones.

494 Mr. Wright, you are recognized for 5 minutes.

|  
495 ^STATEMENT OF JEFFERY C. WRIGHT

496 } Mr. {Wright.} Thank you. Chairman Whitfield, Ranking  
497 Member Rush and member of the subcommittee, my name is Jeff  
498 Wright and I am the Director of the Office of Energy Projects  
499 at the Federal Energy Regulatory Commission, and I appreciate  
500 the opportunity to appear before you today. The Office of  
501 Energy Projects is responsible for, among other things, the  
502 certification of interstate natural gas pipelines pursuant to  
503 the National Gas Act.

504 H.R. 3548, the North American Energy Access Act,  
505 addresses the Keystone XL pipeline project. I have no  
506 position on the proposed bill, but should Congress direct the  
507 Commission to act on an application for the project, the  
508 Office of Energy Projects as the Commission's infrastructure  
509 review branch would likely take a primary role in advising  
510 the Commission on the matter. Therefore, I will offer  
511 comments on the proposed bill with the goal of seeking to  
512 ensure that if Congress gives this responsibility to the  
513 Commission, the legislation should provide clear and  
514 effective procedures for conducting this review.

515 Before commenting on specific sections, I do note that  
516 the authorization provided by the bill would differ

517 substantially from the Natural Gas Act in that the proposed  
518 act does not make any explicit provision for procedures such  
519 as public notice, public comment, issuance of an order  
520 supporting a Commission decision, rehearing or judicial  
521 review in conjunction with the Commission's consideration of  
522 an application.

523 I now turn to specific provisions of the act. Section  
524 3(a) of the bill would require the Commission to approve the  
525 project within 30 days of receipt of an application, and if  
526 the Commission has not acted on the application within these  
527 30 days, the application is deemed approved. The 30-day  
528 deadline would not permit construction of an adequate record  
529 of allow for meaningful public comment in arriving at a  
530 decision. In fact, section 3 could be read as giving the  
531 Commission no discretion in the issuance of the permit.

532 The section also states that the permit is to be  
533 implemented in accordance with the terms of the final  
534 Environmental Impact Statement. However, it is not clear  
535 whether the Commission or any other entity would have  
536 authority to ensure and enforce compliance with the measures  
537 required by that document.

538 Section 3(b)(1) allows for the applicant or permit  
539 holder to propose a modification of the route or other terms  
540 of the final Environmental Impact Statement and for the

541 Commission to authorize such a modification. The bill,  
542 however, does not articulate a standard or a process for such  
543 a decision. Section 3(b)(2) of the bill states that the  
544 Commission will enter into a memorandum of understanding with  
545 the State of Nebraska for an effective and timely review  
546 under the National Environmental Policy Act of any route  
547 modification of the project in the State of Nebraska. Upon  
548 approval of the modification by the Governor of Nebraska, the  
549 Commission will have 30 days to finish its review and to  
550 approve the modification, and Section 3(b)(3) provides that  
551 if the Commission has not acted within 30 days, a  
552 modification shall be deemed approved.

553 The proposed process here is unclear. The bill appears  
554 to contemplate that such entity, either the Commission or the  
555 State, will issue a NEPA document regarding a Nebraska  
556 modification after which the Governor of Nebraska will have  
557 the opportunity to approve the proposal. The Commission then  
558 would have 30 days to complete consideration of and approve  
559 such modification. This section could be read to mean that  
560 the Commission has no discretion but to approve a Nebraska  
561 modification, and further, this section does not appear to  
562 provide a process for public notice and comment, opportunity  
563 for hearing or rehearing.

564 Section 4 of the proposed legislation states that a

565 permit issued under this act shall be the sole legal  
566 authority required to construct and operate the pipeline  
567 except for the safety oversight of the Department of  
568 Transportation's Pipeline and Hazardous Materials Safety  
569 Administration and the Commission's existing rate and tariff  
570 authority. The language makes it unclear whether such  
571 permits from other federal agencies would still be required.  
572 Further, while the Department of State is responsible for  
573 issuing the Presidential Permit that authorizes the border  
574 crossing facilities, individual States or subdivisions  
575 thereof, depending on State law, have authority to site oil  
576 pipelines within their jurisdiction. This proposed  
577 legislation could be construed as providing that federal  
578 jurisdiction supplants local authority.

579 This concludes my testimony, and I will be happy to  
580 answer any questions you may have.

581 [The prepared statement of Mr. Wright follows:]

582 \*\*\*\*\* INSERT 2 \*\*\*\*\*

|  
583 Mr. {Whitfield.} Thank you very much, Mr. Wright.

584 I will recognize myself for 5 minutes of questions. Ms.  
585 Jones, on October 15, 2010, Secretary of State Clinton said  
586 she was inclined to approve the Keystone pipeline permit. On  
587 October 31, 2011, White House Press Secretary Jay Carney  
588 stated the fact is that this is a decision that will be made  
589 by the State Department, and the very next day, President  
590 Obama said the decision would rest with him. But in the  
591 President's announcement last week to reject the pipeline's  
592 permit, he said he had accepted the State Department's  
593 recommendation to do so.

594 So my question would be, were you involved in the  
595 decision made at the State Department and did you recommend  
596 to the President that he reject this permit?

597 Ms. {Jones.} Thank you, Mr. Chairman. The  
598 recommendation that went to the President was a State  
599 Department recommendation, and it came from my bureau and  
600 other bureaus. It came through the deputy and through the  
601 Secretary to the President.

602 Mr. {Whitfield.} So your bureau recommended that the--

603 Ms. {Jones.} Yes, sir.

604 Mr. {Whitfield.} --permit be denied?

605 Ms. {Jones.} Yes, sir.

606 Mr. {Whitfield.} And what other bureaus at the State  
607 Department were involved in that decision making?

608 Ms. {Jones.} The other bureau that is involved is the  
609 Bureau of Economic Affairs. The State Department looks at  
610 this pipeline across all of the issues that are involved so  
611 there are multiple bureaus involved in all of the meetings  
612 and discussions that we have. We also have some energy  
613 expertise, and we also have of course the regional bureau  
614 which handles matters with Canada.

615 Mr. {Whitfield.} Now, I think Mr. Walden over there has  
616 a copy of the impact statement, which is quite voluminous,  
617 but isn't it true that the State Department's draft  
618 Environmental Impact Statement concluded that the Keystone  
619 pipeline would have limited adverse environmental impact?

620 Ms. {Jones.} Mr. Chairman, what the statement said was,  
621 it suggested that there would be little adverse impact to  
622 most resources. It then went on to say that was the case if  
623 the applicant followed all of the State and local rules and  
624 all of the mitigation procedures that were outlined. It then  
625 went on to say there were three or four areas that were of  
626 concern where there could be impact: called out spills a  
627 possibility, called out cultural resources related to Native  
628 Americans, called out wetlands and some other areas where  
629 trees and shrubs would not be put back after the pipeline was

630 put in. The Environmental Impact Statement is very long.  
631 The summary is just a page, but there are many other pieces  
632 throughout the document.

633 Mr. {Whitfield.} Isn't it true that the State  
634 Department's own Environmental Impact Statement included  
635 review of an alternative not to build the pipeline at all and  
636 didn't the Environmental Impact Statement conclude that  
637 building the pipeline along the preferred route was better  
638 environmentally than no pipeline at all?

639 Ms. {Jones.} In the Environmental Impact Statement, we  
640 looked at many alternative routes and we analyzed those, and  
641 we looked at routes that avoided the Sand Hills. We looked  
642 at routes that took short little jogs and made different  
643 changes. The Environmental Impact Statement did not identify  
644 any of those alternative routes as more preferable to the  
645 proposed route at that time based on the different  
646 environmental considerations that the different routes had as  
647 well as economic and some technical issues.

648 But Mr. Chairman, the denial of this permit is related  
649 not to all of these pieces but to the timeline that we had in  
650 that we did not have a complete route to look at at this  
651 point.

652 Mr. {Whitfield.} Well, Ms. Jones, reading directly from  
653 the federal Environmental Impact Statement, it says, ``As a

654 result of these considerations, the Department of State does  
655 not regard the no action alternative, that is, not to build  
656 the pipeline, we do not regard that alternative to be  
657 preferable to the proposed project.'" So this language in  
658 here is very clear that as opposed to not doing anything, the  
659 State Department concluded it was preferable to build the  
660 pipeline. So we found ourselves confused about how all of a  
661 sudden the State Department and the President reverse  
662 themselves on this. After all, this was a study that went on  
663 for 40 months or so.

664 My time is expired. At this time I would like to  
665 recognize the gentleman from Illinois, Mr. Rush, for 5  
666 minutes.

667 Mr. {Rush.} Thank you, Mr. Chairman.

668 Ms. Jones, most people would agree that haste makes  
669 waste. So my question is, why did the State Department  
670 recommend that the President deny the Keystone XL pipeline  
671 application?

672 Ms. {Jones.} We recommended the denial because we felt  
673 we did not have the time to get the information that was  
674 needed on the alternative routes in Nebraska, and with not  
675 getting that information, we would also be unable to look at  
676 the other factors, economic, socioeconomic factors,  
677 environmental factors as well as foreign policy and energy

678 security. We did not have the time to do that, and that is  
679 why we recommended denial. It was not based on the merits of  
680 the project.

681 Mr. {Rush.} Well, maybe you can further explain this.  
682 Why was the ``full assessment'' not completed by the  
683 arbitrary deadline set forth by the Republican bill and what  
684 additional issues did the State Department not have time to  
685 consider?

686 Ms. {Jones.} In November when we identified that there  
687 was the need for additional information and in-depth analysis  
688 on alternative routes that would avoid the ecologically  
689 unique area, the Sand Hills in Nebraska, we recognized that  
690 there are many pieces to that information, and the first  
691 piece we don't have yet is to just identify what some of  
692 those alternative routes may be. So we don't even have a  
693 complete route for this pipeline, which goes through the  
694 whole central part of the country. That is one thing we  
695 don't have.

696 We also don't have the level of detail. If we were to  
697 have a route, we would then have to get into the level of  
698 detail regarding all of the different kinds of information--  
699 the topography, the number of bodies of water crossed, if it  
700 crossed any aquifers. Then we would also have to look at if  
701 there were any endangered species issues, and of course, we

702 would have to interact with the communities along that new  
703 route to hear their concerns and to understand what any  
704 issues might be there. So that overall process would take  
705 several months and the estimate that we put out there was  
706 supported by both the applicant and the State of Nebraska  
707 when we talked to them about this. So this is the process  
708 that we had defined and worked with partners, both the  
709 applicant and the State of Nebraska, to understand what would  
710 be needed to get the information that we thought we needed to  
711 make a decision that would be very well informed.

712         Mr. {Rush.} Do you think then that it would have been  
713 irresponsible, reckless and potentially harmful to the  
714 American public had you tried to grant permits within these  
715 artificial deadlines as established by the Republicans in  
716 this situation?

717         Ms. {Jones.} Well, I think it would have been  
718 irresponsible because we didn't have defined a significant  
719 portion of a major pipeline that would be a major piece of  
720 infrastructure that would affect our country for many years.  
721 So I think having that information was an important piece,  
722 and that is what we based our first decision on November 10th  
723 and this most recent decision is based on the fact that we  
724 did not have the time to get the information we think we  
725 needed.

726 Mr. {Rush.} In all of your experience in your  
727 particular role and your capacity at the State Department,  
728 have you ever had any similar instances whereby Congress  
729 enacted some artificial deadline that did not allow you the  
730 time to thoroughly and completely perform your  
731 responsibilities to the American public?

732 Ms. {Jones.} Not that I can recall, Congressman.

733 Mr. {Rush.} Thank you, Mr. Chairman. I yield back.

734 Mr. {Whitfield.} Thank you, Mr. Rush.

735 At this time I would like to recognize the gentleman  
736 from Texas, Mr. Barton, for 5 minutes.

737 Mr. {Barton.} Thank you, Mr. Chairman.

738 I need to make a disclosure before I ask my questions.  
739 My Congressional district in Texas, if it were a State, at  
740 one time would have been the fifth largest energy-producing  
741 State in the country. I have producing oil wells, producing  
742 natural gas wells. I have producing coalmines. I have coal-  
743 fired power plants. I have gas-fired power plants. I have  
744 oil pipelines. I have natural gas pipelines. I have water  
745 pipelines existing that are in use, and some that are not in  
746 use but are still underground. I have big pipelines and  
747 little pipelines. So I think I know a little bit about this  
748 subject.

749 I have listened with interest to the gentlelady from the

750 State Department's explanation, and I will say that she puts  
751 the best face possible on a terrible decision that her  
752 department has made. One of the things that you just said,  
753 Madam Secretary, was that there were socioeconomic factors  
754 that had to be considered. Where is that in the law,  
755 especially the State Department, socioeconomic factors?

756 Ms. {Jones.} Congressman, the--

757 Mr. {Barton.} No, is it in the law? I don't need a  
758 long, dodge answer. Is there a statute under law that says  
759 the State Department has to consider socioeconomic factors,  
760 yes or no?

761 Ms. {Jones.} It is in the Executive Order.

762 Mr. {Barton.} Oh, it is in the Executive Order. That  
763 is not a law.

764 Ms. {Jones.} It is in NEPA as well, sir.

765 Mr. {Barton.} I see. Well, I would like you to provide  
766 it, if that is the case.

767 Is it a socioeconomic factor that a project might bring  
768 thousands of high-paying jobs to a region? Is that a  
769 socioeconomic factor?

770 Ms. {Jones.} Yes, it is.

771 Mr. {Barton.} Is it a socioeconomic factor that a  
772 project might bring much-needed energy to the mid-continent  
773 and the lower Southwest and southeastern States? Is that a

774 socioeconomic factor?

775 Ms. {Jones.} Yes, it is.

776 Mr. {Barton.} Okay. And were those considered?

777 Ms. {Jones.} Absolutely.

778 Mr. {Barton.} Absolutely? So--

779 Ms. {Jones.} The decision at this time was not based on  
780 those factors.

781 Mr. {Barton.} So those socioeconomic factors might be  
782 the reason that until the radical environmentalists begin to  
783 protest and petition against it that when the Secretary of  
784 State was asked out in California the status of the  
785 application, she indicated that she was inclined or the State  
786 Department was inclined to approve it? Is that a fair  
787 statement?

788 Ms. {Jones.} We considered--we were considering all of  
789 those factors that you mentioned, Congressman, but we were  
790 unable to complete that analysis because of the deadline that  
791 was put forward.

792 Mr. {Barton.} What is the statutory deadline in the law  
793 for consideration? Isn't it 180 days after receipt of the  
794 application?

795 Ms. {Jones.} I am not sure, sir.

796 Mr. {Barton.} Okay. I know it is not 4 years, okay? I  
797 am not going to swear it is 180 days but I think it is 180

798 days.

799           Ms. {Jones.} My understanding is that in previous cases  
800 where we have reviewed pipelines, it has taken 2 years or so.  
801 So I don't know what the statutory timeline is.

802           Mr. {Barton.} Well, there are three phases of a  
803 pipeline. You have the construction phase, you have the  
804 operation phase, and unfortunately, on occasion, you can have  
805 a catastrophic accident once it is in operation. Were there  
806 concerns about the construction of the pipeline? What I am  
807 trying to get at is, the primary concern of the State  
808 Department. Is it the construction phase concern, is it an  
809 operation phase concern or is it a concern about some sort of  
810 a catastrophic event that would spill oil out into the  
811 environment?

812           Ms. {Jones.} Our concern at this point, sir, was that  
813 we did not have time to do the analysis. All of the  
814 dimensions of the issue that you are talking about, we had  
815 been studying. Certainly the spills, certainly the issues  
816 around construction and operation, but the reason the  
817 decision was taken was because we did not have the time--

818           Mr. {Barton.} But we fought and won World War II in  
819 less time than it has taken so far to evaluate this project.  
820 I mean, with all due respect, it is an insult to the American  
821 people to say that you need more time. There are 10 other

822 agencies that reviewed this project, and correct me if I am  
823 wrong, but my understanding is that the Corps of Engineers  
824 approved it, the Department of Agriculture approved it, the  
825 Energy Department approved it, the Department of Interior  
826 approved it, the Department of Transportation approved it,  
827 the Environmental Protection Agency, believe it or not,  
828 approved it, the Defense Department approved it, the Justice  
829 Department approved it, the Homeland Security Department  
830 approved it, and the Department of Commerce approved it.  
831 Only the State Department, which I believe by law is required  
832 to look at the international implications, since it is  
833 TransCanada, only the State Department did not approve it.

834 Mr. {Whitfield.} The gentleman's time is expired.

835 Mr. {Barton.} With that, I yield back, Mr. Chairman.

836 Mr. {Whitfield.} At this time I would like to recognize  
837 the gentleman from California, Mr. Waxman, for 5 minutes.

838 Mr. {Waxman.} Thank you very much, Mr. Chairman.

839 When we first held a hearing on this subject a year ago,  
840 there were press reports that Koch Industries would be one of  
841 the ``big winners'' if this pipeline was constructed, and we  
842 asked Koch Industries whether this was true.

843 Mr. {Sullivan.} Will the gentleman yield?

844 Mr. {Waxman.} No.

845 And we were told--

846 Mr. {Sullivan.} Will the gentleman yield?

847 Mr. {Waxman.} --that they had no interest whatsoever in  
848 the pipeline, but then we learned that they have told the  
849 Canadian government they have a direct and substantial  
850 interest. Something doesn't add up, and I have before me a  
851 document. This is the application for intervener status in  
852 Canada, and this is an application from a company called  
853 Flint Hills Resources Canada of Flint Hills, which is a  
854 subsidiary of Koch Industries, and they said what is your  
855 specific interest in this proceeding. They said Flint Hills  
856 Resources of Canada is among Canada's largest crude oil  
857 purchasers, shippers and exporters, coordinating supply for  
858 its refinery in Pine Bend, Minnesota. Consequently Flint  
859 Hills has a direct and substantial interest in the  
860 application.

861 Mr. Chairman, I would like this document to be made part  
862 of the record.

863 Mr. {Whitfield.} Without objection.

864 [The information follows:]

865 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

|  
866 Mr. {Waxman.} This document raises the issue that the  
867 statement that Koch Industries was not involved is inaccurate  
868 because they are involved and they claim to intervene in  
869 Canada because they are involved, and that is why I think we  
870 need to get more information.

871 Now, the Keystone XL tar sands pipeline poses  
872 substantial risks for Americans. This would pump tar sands  
873 almost 2,000 miles across the middle of America from Canada  
874 to the Gulf of Mexico. Even if the pipeline is rerouted  
875 around Nebraska, the Sand Hills, it will almost certainly  
876 still go through the Ogallala aquifer, endangering water  
877 supplies for 2 million Americans, their farms and their  
878 businesses. The State Department's analysis indicates that  
879 shifting to tar sands oil from crude oil would increase  
880 carbon pollution and that increase could be substantial.

881 Now, these are risks. They are real and they are  
882 serious. The benefits for oil companies are also real. They  
883 will finally be able to export tar sands to Asia. Port  
884 Arthur is even a tax-free trade zone. But the benefits for  
885 Americans are a lot less clear.

886 Dr. Jones, how many jobs would the pipeline generate  
887 according to the State Department's analysis?

888 Ms. {Jones.} Economic analysis and economic

889 consideration is part of the review we have been doing that  
890 was cut short with the deadline we faced, but in the final  
891 Environmental Impact Statement, we approximated based on the  
892 number of work crews that would be used to build the pipeline  
893 at 5,000 to 6,000 construction jobs would be needed per year.

894 Mr. {Waxman.} Per year. For how many years?

895 Ms. {Jones.} For 2 years.

896 Mr. {Waxman.} Well, the oil industry has been saying  
897 this would create 20,000 or even 100,000 jobs. They haven't  
898 provided any information to us supporting those claims or  
899 challenging your estimate. Have they submitted information  
900 to you challenging your estimate?

901 Ms. {Jones.} Congressman, we have seen many different  
902 estimates on the number of jobs that would be created with  
903 this pipeline, and the job creation issue is a very  
904 complicated issue because--

905 Mr. {Waxman.} Have the oil companies challenged your  
906 data and your claim?

907 Ms. {Jones.} Well, we have had a lot of challenges  
908 coming from a lot of different directions but that is the  
909 number that we have gotten through the--

910 Mr. {Waxman.} Let me get back to my time because as  
911 soon as my time is up, that gavel is going to be smashed.

912 The Washington Post claimed that this project will

913 create tens of thousands of jobs. This was called a Two  
914 Pinocchio challenge when this statement was made. The  
915 economy is recovery. We need millions of new jobs to reduce  
916 unemployment and get the economy moving again. The President  
917 proposed an American jobs bill. Instead of doing that  
918 legislation, we are considering legislation to ram through  
919 one pipeline. I think that is a pitiful excuse for a jobs  
920 policy

921 I want to ask you about the review, Dr. Jones. Assuming  
922 that TransCanada reapplies for a permit and the State  
923 Department is still the relevant agency, you will need to  
924 assess the application in light of a new route. Will you  
925 commit to examine other questions about addressing U.S.  
926 carbon emissions and climate change when you look at this  
927 question?

928 Ms. {Jones.} Congressman, should a new application be  
929 submitted, it would be reviewed without prejudice and we  
930 would look at all of the different aspects of the project,  
931 and as you mentioned, certainly greenhouse gases as well as  
932 the economic considerations and other broader environmental  
933 issues, foreign policy, everything would be considered, and  
934 we would just do that in all fairness and transparency as we  
935 have tried to do with this process, and it would be a new  
936 application.

937 Mr. {Waxman.} Thank you.

938 Thank you, Mr. Chairman, for your generosity on the  
939 time.

940 Mr. {Whitfield.} At this time I would like to recognize  
941 the gentleman from Oklahoma, Mr. Sullivan, for 5 minutes.

942 Mr. {Sullivan.} Thank you, Mr. Chairman, and I would  
943 like to yield 1 minute of my time to my friend from Kansas,  
944 Mr. Pompeo.

945 Mr. {Pompeo.} Thank you.

946 You know, I have sat here for a year and watched folks  
947 on the left obsess about one of my constituents, Koch  
948 Industries. But today we reached a new place. We reached a  
949 place where they have now asked a private company to come  
950 talk about whether they happen to benefit from a particular  
951 permit application. This makes no sense to me. We are  
952 supposed to do good policy. We are not supposed to decide  
953 whether a particular company benefits or not. I can't  
954 understand why whether Koch Industries benefits or not would  
955 be relevant to our decision. We should decide if this is in  
956 the American national interest.

957 I would not for a moment suggest that we should bring  
958 Warren Buffet in to testify about whether his company and his  
959 rail interest would benefit from this permit application. I  
960 have read that he would be greatly benefited if we do not get

961 that permit approved. I cannot believe that anyone on this  
962 committee would have their decision on whether or not to vote  
963 for this piece of legislation turn on whether Koch Industries  
964 or any other private company benefited or was harmed by this.  
965 This is not what we are supposed to be doing.

966 The Constitution tells us we are supposed to do good  
967 public policy and we should not be making decisions based on  
968 whether one company or another benefits.

969 I yield back.

970 Mr. {Whitfield.} Mr. Pompeo, Mr. Sullivan didn't want  
971 you to go over 1 minute.

972 Mr. {Sullivan.} Well, thank you, Mr. Pompeo. Thank  
973 you, Mr. Chairman.

974 Mr. {Pompeo.} Thank you, Mr. Sullivan.

975 Mr. {Sullivan.} Thank you, Ms. Jones, for being here  
976 today. And it has taken, you know, 3 years, no decision, and  
977 my constituents are wondering about this, and I know the  
978 government is kind of slow, but when do you think you could  
979 make a decision? Do you think 10 years from now? Do we need  
980 to reapply, or when do you think you can make a decision?

981 Ms. {Jones.} Congressman, when we made the decision in  
982 November that we needed additional information, we put an  
983 estimate out there that it would take until probably the  
984 first quarter of 2013, but at this time we recommended the

985 denial because we didn't have the time to do that.

986 Mr. {Sullivan.} Well, these other departments seem to  
987 have approved. We heard from Mr. Barton about that. Why are  
988 they so nimble and you are so slow?

989 Ms. {Jones.} Congressman, I didn't have a chance to  
990 respond to Congressman Barton's comments, but we did not  
991 finish the national interest determination of consultations  
992 with other agencies so I was not clear as to what kind of  
993 approval that was referring to because we didn't finish the  
994 process.

995 Mr. {Sullivan.} Okay. Ms. Jones, on January 11th,  
996 Secretary of State Hillary Clinton made remarks calling  
997 Iran's Strait of Hormuz threats ``provocative and  
998 dangerous.'' She also called the strait ``the lifeline that  
999 moves oil and gas around the world.'' According to the  
1000 Department of Energy, about 15.5 million barrels of oil a  
1001 day, or a sixth of the global consumption, passes through the  
1002 Strait of Hormuz between Iran and Oman at the mouth of the  
1003 Persian Gulf. The fact is that crude oil futures have risen  
1004 7.4 percent since December 16th on increasing concern that  
1005 Iran, OPEC's second largest producer, would close the passage  
1006 in the face of pressure from the U.S. and European  
1007 governments to abandon a suspected nuclear weapon program.

1008 In light of these national and energy security threats

1009 from Iran, why has it taken 3 years for the State Department  
1010 to review the Keystone XL pipeline? And do you agree that it  
1011 is in our national interest for the United States to be more  
1012 energy-independent from regimes such as Iran that want to  
1013 harm our way of life, impose energy security threats, and  
1014 would you agree that fluctuating oil prices demonstrate how  
1015 our economic and national security is threatened by reliance  
1016 on unstable sources of oil? And Ms. Jones, as you noted  
1017 earlier, Secretary of State Hillary Clinton is concerned  
1018 about Iran's provocative actions in the Strait of Hormuz.  
1019 Does the State Department share the same concerns with our  
1020 good friend and neighbor, Canada? Yes or no on the Canada  
1021 thing.

1022 Ms. {Jones.} Yes, we share a commitment with Canada to  
1023 work towards energy security. It is one of the areas that is  
1024 part of our very strong bilateral relationship. And as you  
1025 point out, the whole issue of energy independence and energy  
1026 security is a very important national priority and it was and  
1027 is one of the considerations when pipelines are being  
1028 reviewed.

1029 We did not have the opportunity to complete that review.  
1030 We did not have a complete route for this pipeline. That is  
1031 the reason why we took the action, made the recommendation  
1032 that we did last week. It is only partially defined, this

1033 pipeline at this point.

1034           Mr. {Sullivan.} Well, Ms. Jones, Keystone XL pipeline  
1035 is a game changer for energy security. The pipeline when  
1036 fully completed could transport nearly 1.3 million barrels of  
1037 oil per day from Alberta and North Dakota to refineries in  
1038 the Midwest and Gulf Coast. I believe it is in our national  
1039 interest to move forward with this pipeline, and the State  
1040 Department's 3-year delay in considering this pipeline is a  
1041 national travesty and I wish it would have happened a lot  
1042 sooner.

1043           Thank you, and I yield back.

1044           Mr. {Whitfield.} At this time I recognize the gentleman  
1045 from Texas, Mr. Gonzalez, for 5 minutes.

1046           Mr. {Gonzalez.} Thank you very much, Mr. Chairman, and  
1047 good morning to the witnesses.

1048           First, in full disclosure, I support the building of the  
1049 pipeline, and I also believe that given the proper timelines  
1050 to look at all factors that eventually this application will  
1051 be approved with recommendations. It is a matter of time,  
1052 and I will agree that time is of the essence and that we need  
1053 to move forthwith, however, not to rush it. We can still do  
1054 this properly and address all the concerns that have been  
1055 mentioned by the two witnesses.

1056           I believe that it will lead to energy security. It is

1057 my understanding if we do this, if we do this, the total  
1058 production out of Canada and the United States will exceed  
1059 the production of Saudi Arabia. That to me is energy  
1060 security. I also believe it will result in more jobs in  
1061 America just merely on the construction side. I also believe  
1062 that it will lead to more jobs as a result of the United  
1063 States being an exporter of fuel.

1064 Now, the only problem I have is the representation that  
1065 is consistently made by member of this committee and on the  
1066 Floor that this is going to inure to the benefit of the  
1067 American consumer in lower gasoline prices. That is not  
1068 going to happen, and the sooner they acknowledge that it is a  
1069 world market and the leading export for the United States  
1070 last year, according to a story that appeared in the  
1071 Associated Press on the last day of last year, was fuel.  
1072 Fuel. And there are tremendous implications for the United  
1073 States as a result of that. But as a result of world market  
1074 forces and selling it to the highest bidder means that the  
1075 American public is not going to be paying less for fuel, and  
1076 we need to continue to emphasize alternative means and fuels  
1077 and hybrids and more efficiency and conservation.

1078 The only real reservation I have is that we are placing  
1079 all our eggs in one basket, and it may be the Keystone  
1080 pipeline, and it is a distraction from pursuing more

1081 responsible energy policies that truly will lead to energy  
1082 independence in this country but in a way that is safe and is  
1083 cleaner, more efficient and cheaper to the American people.  
1084 But this is part of it. I do believe that it is part of it.

1085 Now, Dr. Jones, there has not been made any final  
1086 determination on the application, and is it clear from your  
1087 testimony that the reason it has not been approved is that  
1088 you have not been given sufficient time?

1089 Ms. {Jones.} Yes, sir, that is the reason.

1090 Mr. {Gonzalez.} Mr. Wright, let me ask you, now, you  
1091 are not new to your job. I asked my staff to look into your  
1092 background. I think you have been with FERC since the  
1093 inception of the department that you worked with.

1094 Mr. {Wright.} In 1979, I began at FERC.

1095 Mr. {Gonzalez.} Since 1979. And your testimony today  
1096 that what we are attempting to do or the proposition to  
1097 basically circumvent or introduce a new process at this point  
1098 in time would not be workable in its present form. Is that  
1099 correct?

1100 Mr. {Wright.} Well, my testimony is based upon my  
1101 experience with the siting of natural gas pipelines under the  
1102 Natural Gas Act. Given the strictures of the Natural Gas Act  
1103 and my experience with gas pipelines trying to extrapolate to  
1104 oil pipelines, it doesn't appear that would be enough time,

1105 as I mentioned, for procedures to be followed with public  
1106 notice, public comment, time allowed to do an appropriate  
1107 study under the National Environmental Policy Act.

1108         Mr. {Gonzalez.} Well, this is not the first time that  
1109 Congress is unhappy with basically one department or one  
1110 agency, and we try to transfer it to another, and the other  
1111 agency or department is telling us it is still not going to  
1112 work with the wording and the process that we are proposing.  
1113 So I am hoping that we are listening. I hope that we can all  
1114 be on one page. Understand that if we do this properly and  
1115 correctly, it will be beneficial to the people of the United  
1116 States of America in every respect, but let us just give it  
1117 the time that is necessary.

1118         And with that, I yield back. Thank you, Mr. Chairman.

1119         Mr. {Whitfield.} At this time I recognize the gentleman  
1120 from Illinois, Mr. Shimkus, for 5 minutes.

1121         Mr. {Shimkus.} Thank you, Mr. Chairman. So many  
1122 questions, so little time. Thanks for you all coming.

1123         Last night, the President used a great phrase that was  
1124 really coined by Republicans a couple years ago, which is, we  
1125 need an all-of-the-above energy strategy. In fact, I was  
1126 sitting with my friend on the other side of the aisle and I  
1127 looked at him and he goes, yeah, he should have credited you,  
1128 Shimkus, for that phrase. All of the above means all of the

1129 above--nuclear, solar, wind, natural gas, crude oil, energy  
1130 security. So we applaud him for that statement based upon  
1131 that definition.

1132 I want to continue to frame this debate. This is not a  
1133 partisan debate by Members of the House of Representatives.  
1134 When the first Keystone bill passed, 47 Democrats joined us  
1135 in that piece of legislation. I think the vote was 279 to  
1136 147. This not also a debate against business versus labor  
1137 because we had right at the same table you are at a strong  
1138 group of friends from organized labor from the laborers to  
1139 the operating engineers all supporting this, and why? They  
1140 support it for job creation.

1141 Last night in the Speaker's box, we had the owner and  
1142 manufacturer of pipe. He has already built 600 miles of pipe  
1143 from Arkansas, which is not part of your job calculations of  
1144 job creation if you are just considering people who are  
1145 putting the pipe in the ground. You fail to mention the  
1146 people who built the pipe and the coke and the coal that goes  
1147 into steelmaking nor do you consider the people who created  
1148 the electric generators for the pumping stations. So that is  
1149 where it is easy to say 20,000 jobs because, you know, we  
1150 built pipelines. And you know how many people it takes for a  
1151 mile pipe. So just multiply that by 1,700, 1,660, I think is  
1152 the mileage. So it doesn't take a rocket scientist to figure

1153 out the job creation statistics and that is why organized  
1154 labor, who is usually not real friendly to the Republican  
1155 side, joined us, joined 47 Members on the Democrat side and  
1156 was very, very supportive of this piece of legislation. So  
1157 just on the record.

1158 Another issue, in the Speaker's box, I had two refinery  
1159 managers from close to my current district, and it will be in  
1160 my new Congressional district, Ray Brooks from the Marathon  
1161 oil refinery in Robinson, Illinois, hundreds of jobs, and  
1162 they are already using oil sands right now from the Keystone  
1163 pipeline. So we have done research on moving oil crude, oil  
1164 sands crude, through pipelines. We are already doing it.  
1165 Also in attendance was Mr. Jay Churchill, the manager of the  
1166 ConocoPhillips Company in Wood River. The ConocoPhillips  
1167 refinery for the past 3 years had a \$2 billion expansion to  
1168 be able to refine and crack this new crude oil. Thousands of  
1169 members of organized labor were on the ground during the  
1170 worst economic times. That is why I am proud to continue to  
1171 talk about the brown economy.

1172 You talk about energy security growing our country and  
1173 what my friend Mr. Gonzalez said is absolutely correct. The  
1174 brown economy creates more, better, high-paying jobs with  
1175 great benefits and it doesn't get the credit that it  
1176 deserves.

1177           For Ms. Jones, because I guess I should ask a question.  
1178 Did you know that in the Wall Street Journal January 4th that  
1179 the Athabasca Oil Sand Company sold 40 percent of their oil  
1180 sands interest? Do you know to which country?

1181           Ms. {Jones.} No, sir, I do not.

1182           Mr. {Shimkus.} China. Do you know why?

1183           Ms. {Jones.} No.

1184           Mr. {Shimkus.} Because they will now have the  
1185 controlling interest in that oil field so they can do what?  
1186 Develop it.

1187           In political speak, what does profoundly disappointment  
1188 mean in State Department international relations speak? What  
1189 does profoundly disappointment mean?

1190           Ms. {Jones.} Sir, it usually means exactly what it  
1191 says.

1192           Mr. {Shimkus.} They are ticked off, I hear. In State  
1193 Department language, they are very angry.

1194           Ms. {Jones.} That one.

1195           Mr. {Shimkus.} I think the Chinese are profoundly  
1196 pleased. The Canadians, our allies, are profoundly  
1197 disappointed, and I yield back my time.

1198           Mr. {Whitfield.} At this time I would like to recognize  
1199 the gentleman from Texas, Mr. Green, for 5 minutes.

1200           Mr. {Green.} Thank you, Mr. Chairman, and I am glad to

1201 know my colleague from Illinois is now going to represent two  
1202 refineries. I have still got three more up on you, so--

1203 Mr. {Shimkus.} I am going to work for more. I am going  
1204 to work for more.

1205 Mr. {Green.} And I am also glad you are all for the  
1206 above because I know you traditionally come from a coal area.  
1207 I welcome you to the natural gas and oil caucus.

1208 Mr. Chairman, I realize this hearing's primary focus is  
1209 on H.R. 3548, the North American Energy Access Act. I am a  
1210 strong supporter of the Keystone pipeline and have been from  
1211 the beginning. We need this product, and I think by stopping  
1212 Keystone pipeline from being built, we are preventing the  
1213 future production of the Canadian oil sands and mitigated all  
1214 air quality concerns associated with its production.  
1215 Environment and safety concerns need to be dealt with, but  
1216 without this product, we will continue to feed monies into  
1217 countries that hate us for everything we stand for.

1218 Having said that, I don't think we should be rewriting a  
1219 longstanding process for one pipeline, which is why I do not  
1220 support this bill and particularly the approach to last  
1221 week's decision, but I do have some questions about the  
1222 process and I will use my time to address it.

1223 Ms. Jones, the Executive Branch exercises permitting  
1224 authority over the construction and operation of pipelines,

1225 etc. for petroleum literally since the Executive Order in  
1226 1968. Is that correct? And the Executive Order from  
1227 President Bush 13337 amended that authority but did not  
1228 substantially alter the exercise of that authority with the  
1229 delegation to the Secretary of State. Is that correct?

1230 Ms. {Jones.} That is correct.

1231 Mr. {Green.} Ms. Jones, how many permits have been  
1232 issued under this order since 1968 for pipelines crossing  
1233 international boundaries?

1234 Ms. {Jones.} I know of three.

1235 Mr. {Green.} I am sorry?

1236 Ms. {Jones.} I know of three at this point. I am not  
1237 sure if that is accurate.

1238 Mr. {Green.} Okay. I guess because I have a district  
1239 in Texas and most of our pipelines would come from Mexico  
1240 instead of Canada, but it seems like there would be a number  
1241 of them that crossed international borders between Mexico and  
1242 the United States and, of course, Canada.

1243 What is the average time that these permits have taken?  
1244 And it is my understanding that other pipelines of a similar  
1245 nature have been granted permits between 18 and 24 months.

1246 Ms. {Jones.} That is right. It has been about 2 years  
1247 or so.

1248 Mr. {Green.} Okay. And I know the State Department

1249 issued a favorable Environmental Impact Statement in August  
1250 on the pipeline, and then you held several public hearings as  
1251 a part of the interagency review. And by the way, I  
1252 appreciate the State Department a couple years ago granting  
1253 my request for a hearing in eastern Harris County east of  
1254 Houston--actually, it was in Congressman Poe's district but  
1255 it was right across the street from mine--where we could have  
1256 our constituents talk about it.

1257         You held those hearings, and when you announced in  
1258 November that you were delaying decision, you pointed to  
1259 concerns raised by Nebraskans about the pipeline going  
1260 through Sand Hills. My question centers on the language  
1261 included in the payroll tax extension that allowed for  
1262 TransCanada to continue on the alternative route through  
1263 Nebraska. I understand the President's frustration at having  
1264 to decide in a 60-day time frame, but given the favorable  
1265 EIS, the 57 special safety conditions agreed upon by the  
1266 operator and the language allowing for the Nebraska issue to  
1267 be dealt with, why were you not able to make the decision in  
1268 60 days? Because the average time was 18 to 24 months for  
1269 previous pipelines, and this has been well over 3 years now.  
1270 Why wasn't 60 days enough time?

1271         Ms. {Jones.} Congressman, we felt we did not have the  
1272 information we needed, particularly related to alternative

1273 routes in Nebraska, and since we did not have that and we  
1274 didn't have all of the other related information that would  
1275 go along with that route, and that is a significant portion  
1276 of the pipeline. So it was an arbitrary timeline and we knew  
1277 it would take more time for us to do the analysis.

1278         Mr. {Green.} Well, granted, it was arbitrary but again,  
1279 previous permits have taken 18 to 24 months. Now, this is a  
1280 longer pipeline than others. I know the original Keystone  
1281 pipeline that goes into Congressman Shimkus's district and  
1282 Indiana is much shorter, but it just seems like 3-1/2 years  
1283 is plenty of time, and to give someone 60 days and say okay,  
1284 you have done all these environmental studies, you need to  
1285 make a decision, even though the pipeline, I have to admit,  
1286 my colleague from Nebraska, Mr. Terry, may have a different  
1287 opinion, but there are pipelines crossing Sand Hills right  
1288 here. Did the EIS find that out?

1289         Ms. {Jones.} No, sir. We didn't see any oil pipelines  
1290 crossing the Sand Hills.

1291         Mr. {Green.} Okay. There are six pipelines, and I am  
1292 not sure whether they are natural gas or what product they  
1293 have, but there are already six pipelines, and I understand  
1294 this pipeline route would be in that easement that is already  
1295 being used by other products, and so that is the frustration.

1296         And Mr. Chairman, I know I am almost--in fact, I am out

1297 of time. I don't know if we are going to have a second round  
1298 or not, but I would be glad to submit follow-up questions.

1299 Mr. {Whitfield.} I doubt that we are because we are  
1300 going to be voting on the Floor, and then I think there is  
1301 going to be a ceremony for Ms. Giffords.

1302 Mr. {Green.} I would like to, like we always do, if we  
1303 could submit questions, because I didn't even get to FERC but  
1304 to the State Department.

1305 Mr. {Whitfield.} At this time I recognize the gentleman  
1306 from Oregon, Mr. Walden, for 5 minutes.

1307 Mr. {Walden.} Thank you very much, Mr. Chairman, and I  
1308 welcome our witnesses today. This is interesting. I have  
1309 been reading through the FEIS to a certain extent. I know  
1310 you are all quite familiar with it.

1311 On November 12, 1973, the United States House of  
1312 Representatives under Democrat control took a similar sort of  
1313 action in approving the TransAlaska pipeline on a vote of 361  
1314 to 14 and 60. They deemed that that pipeline met the  
1315 standards. The Senate took it up and approved it on a 49-49  
1316 tie, and then Vice President Spiro Agnew cast the deciding  
1317 vote, and that pipeline continued. Now, that was 800 miles  
1318 of pipeline. It brought oil out of Prudhoe Bay and it was  
1319 about that period that we had the Arab oil embargo.  
1320 President Nixon at the time said, you know, we have got to do

1321 something about using America's energy reserves, and at least  
1322 the pipeline came along and was deemed approved by Congress.

1323         So this is not an unheard-of act to grant sufficiency.  
1324 Now, maybe in the State Department you have not been involved  
1325 in one of these. I get that. As somebody that represents a  
1326 district that has 55 percent federal and has watched things  
1327 over the years, I believe in the Clinton Administration there  
1328 were circumstances involving forestry where NEPA was deemed  
1329 to have been sufficiently achieved in a cleanup down in Texas  
1330 after a windstorm, and I think even in North Dakota, maybe  
1331 South Dakota after a fire. It is not unheard of and the  
1332 Congress has done it before.

1333         I want to get on the issue of jobs. In your final EIS  
1334 on 3.10.58, it says that there is \$7 billion to construct the  
1335 proposed project. We don't have any disagreement on that  
1336 number, do we? Seven billion. And then you talk about the  
1337 number of jobs, and in the FEIS, it talks about hiring of  
1338 5,000 to 6,000 workers over the 3-year construction period.  
1339 The related income benefits would be substantial--these are  
1340 the words of the FEIS--and the proposed project would  
1341 generate \$349.4 million in total wages--that is in the FEIS--  
1342 and if the maximum construction workforce were 6,000 people,  
1343 a total of \$419.28 million in wages would be generated.

1344         You also talked about the effect beyond that. These

1345 numbers are only related just to the actual construction of  
1346 the pipeline, correct?

1347 Ms. {Jones.} Yes, sir.

1348 Mr. {Walden.} And I was trying to find table 2.3.2-1 to  
1349 get into the more localized, because the 5,000 to 6,000 jobs  
1350 aren't the only jobs related to approval of this construction  
1351 of the pipeline, are they?

1352 Ms. {Jones.} That is right. I didn't get a chance to  
1353 speak to the indirect jobs.

1354 Mr. {Walden.} I am going to give you that chance right  
1355 now because I believe--I mean, I have a company--not I, I  
1356 mean there is a company in Oregon that is building the pumps  
1357 for the XL pipeline. Could you talk to us, tell me what the  
1358 FEIS says relative to the total number of jobs both  
1359 construction direct and all the indirect jobs associated were  
1360 the President to approve this. What is your best estimate?

1361 Ms. {Jones.} We were in the process of analyzing the  
1362 indirect jobs, and there are multiple models that people use  
1363 for that.

1364 Mr. {Walden.} Sure.

1365 Ms. {Jones.} We did not complete that because of the  
1366 timeline. We were candid, and we have--

1367 Mr. {Walden.} It is not in the FEIS, the final  
1368 Environmental Impact Statement?

1369 Ms. {Jones.} We have the direct job numbers in there.  
1370 We don't have the indirect. We were looking at that through  
1371 the national interest determination and engaging with other  
1372 agencies. We have some rough estimates that are similar to  
1373 what the applicant is saying in terms of--

1374 Mr. {Walden.} And what would those be?

1375 Ms. {Jones.} I think it was approximately 35,000 per  
1376 year.

1377 Mr. {Walden.} For how many years?

1378 Ms. {Jones.} Well, that is another point of discussion.  
1379 One timeline was extraordinarily long, and there has been a  
1380 lot of confusion about using person-years versus particular  
1381 jobs. But we do not--

1382 Mr. {Walden.} Well, how then in the executive summary  
1383 of the FEIS does it say ``operation post project would also  
1384 result in long-term to permanent beneficial socioeconomic  
1385 impacts including employment and income benefits resulting  
1386 from long-term hires and local operating expenditures and  
1387 increased property tax revenues. An estimated \$140.5 million  
1388 annual property tax revenues would be generated by the  
1389 proposed project.'' Somebody has done some of that to get to  
1390 that, right?

1391 Ms. {Jones.} Yes. Some of that is in the FEIS but that  
1392 is only one piece of the analysis, and we did not finish the

1393 rest of it. We recognize that the economic impact is a very  
1394 important consideration but we did not finish that because we  
1395 do not have the complete route for this pipeline.

1396 Mr. {Walden.} My time is expired.

1397 Mr. {Whitfield.} At this time I would like to recognize  
1398 the gentleman from Pennsylvania, Mr. Doyle, for 5 minutes.

1399 Mr. {Doyle.} Thank you, Mr. Chairman.

1400 Mr. Chairman, I just think the discussion over this  
1401 Keystone pipeline, the back and forth has been unfortunate  
1402 and it sort of mirrors the discussions we have on energy  
1403 policy in general. People talk about the need for us to have  
1404 an all-of-the-above strategy but you hear that said a lot but  
1405 in reality and in practice, this seems to always be an  
1406 either-or strategy on this committee when we have energy  
1407 debates. If you are for coal or if you are for oil, then you  
1408 can't be solar and wind, and vice versa. And the reality is,  
1409 we do need to do all of this if we are going to have energy  
1410 security in the country, and we need to pay particular  
1411 attention to these nascent technologies in clean energy that  
1412 are slowly but surely over time going to start to replace  
1413 fossil fuels because, as we all know, fossil fuels aren't an  
1414 infinite supply. They are a supply that is going to go down,  
1415 and something has to take its place. Now, it is not going to  
1416 take its place tomorrow. It is not going to take its place

1417 even 5 or 10 years from now. But if we don't start making  
1418 investments in clean energy now, we are going to be in  
1419 trouble down the road. So we need to do that also.

1420 But having said that, it is in our interest to develop  
1421 domestic supplies in this country and also to continue the  
1422 relationship that we have with Canada. This pipeline is a  
1423 small piece of that puzzle, and let us not delude ourselves,  
1424 as Mr. Gonzalez said, that this is a silver bullet for  
1425 anything. This is not going to lower people's gas prices,  
1426 and this pipeline will not result in us having to no longer  
1427 buy oil from OPEC nations. That is just not accurate and we  
1428 shouldn't make people think that that is the case.

1429 You know, there is going to be 800,000 tons of steel  
1430 pipe in this project. I wish I could sit here and say that  
1431 that steel is coming from the United States of America.  
1432 Unfortunately, TransCanada has contracted with an Indian  
1433 multinational company, Welspun Corp Limited, and a Russian  
1434 company to manufacture the steel pipe for the Keystone XL  
1435 pipeline. Now, as someone coming from Pittsburgh where we  
1436 still make steel and headquarters of U.S. Steel, I would feel  
1437 a lot better about this project too if just one little drop  
1438 of U.S. steel was being made in this pipeline. Now, it is  
1439 unfortunate that it isn't.

1440 Having said all of that, I think that probably what has

1441 doomed this application more than anything was the politics  
1442 that has been played when we passed the Payroll Tax Act to  
1443 put in this 60-day clause and put this gun to the President's  
1444 head and said you have to make this decision in 60 days, and  
1445 it is just pure election-year politicking that has been going  
1446 on on this issue. I agree with Mr. Gonzalez that eventually  
1447 after the environmental reviews are done with this and we  
1448 make sure that we have a route that is environmentally safe  
1449 and all these things are checked, that this project should  
1450 move forward but not until we do that, and I don't think we  
1451 are there yet.

1452         This legislation in front of us from a good friend of  
1453 mine, Lee Terry, who I have tremendous affection and respect  
1454 for, once again imposes this artificial deadline of 30 days  
1455 and takes this out of the hands of the State Department to an  
1456 agency that does gas pipelines but not oil pipelines. I  
1457 think it is a misguided effort.

1458         So with the time I have left, I do want to ask a couple  
1459 questions. Secretary Jones, I know we had planned earlier to  
1460 have the Nebraska DEQ with us today but for whatever reason  
1461 Mr. Linder is not appearing today, but I note in his  
1462 testimony he lays out a timeline for his State intended to  
1463 follow to establish this new route through Nebraska and  
1464 complete any necessary environmental reviews and allow for

1465 public comment. Mr. Linder said in his statement that ``If  
1466 this were done on an aggressive schedule, a new route could  
1467 be approved by October of 2012 at the earliest.'' Ms. Jones,  
1468 does the State Department believe that the 60-day timeline  
1469 laid out in the payroll tax bill has allowed for a complete  
1470 recommendation from the State of Nebraska on the new route  
1471 for the pipeline?

1472 Ms. {Jones.} No, sir, we feel that we do need the time  
1473 that Mr. Linder had put out in his estimate. We had talked  
1474 to both the Department of Environmental Quality as well as to  
1475 the applicant and the estimates of time that came in from all  
1476 of them were within the same range.

1477 Mr. {Doyle.} Thank you. Has the State Department ever  
1478 recommended a pipeline be in the national interest without  
1479 having the entire proposed route before them? Have you ever  
1480 done that before?

1481 Ms. {Jones.} No, sir.

1482 Mr. {Doyle.} Was there any indication that the State of  
1483 Nebraska would be able to complete a modified route proposal  
1484 by February 21, 2011, which was the deadline imposed in the  
1485 Payroll Tax Act?

1486 Ms. {Jones.} No, sir, and that is why we felt we could  
1487 not go forward.

1488 Mr. {Doyle.} Thank you. Did this lack of a complete

1489 route proposal--I see my time is expired. Thank you, Mr.  
1490 Chairman.

1491 Mr. {Whitfield.} Now, Mr. Doyle, I am trying to get  
1492 through everybody before we have to go vote because we are  
1493 not going to be able to come back, so thank you.

1494 Mr. Terry, you are recognized for 5 minutes.

1495 Mr. {Terry.} Thank you, Mr. Chairman, and I have great  
1496 affection and respect for my friend from Pittsburgh. Just to  
1497 add some clarification, I think it is about 60 to 65 percent  
1498 of the steel in this pipeline is U.S. steel. In fact, Mr.  
1499 Shimkus mentioned that. The reason why Mr. Linder isn't here  
1500 is because our State Department, Dr. Jones, objected to him  
1501 being on the panel because it was beneath them to have a  
1502 State official. So that is why he is not here and that his  
1503 testimony--

1504 Mr. {Doyle.} Would my friend yield for just one second?

1505 Mr. {Terry.} Well, I have got a lot of questions.

1506 There is an email chain verifying that. I may have put a  
1507 little editorial to it.

1508 Let me just state that I am profoundly disappointed that  
1509 the State Department objected to Mr. Linder being on the  
1510 panel, and therefore he is not.

1511 Now, for the record, I would like to introduce a media  
1512 note from the State Department April 15th saying ``In

1513 conclusion, the U.S. State Department expects to make a  
1514 decision whether to grant or deny the permit before the end  
1515 of 2011.'' Another one making the same statement of March  
1516 15, 2011, an Executive Office of the Management of Budget  
1517 from the White House saying the same thing, that they are  
1518 working with the State Department and all entities are  
1519 working diligently and will have all of the information they  
1520 need and will be able to make their decision by December 31,  
1521 2011. I would like to submit those for the record.

1522         Then the point here is that we are using the State of  
1523 Nebraska as the excuse to delay the decision until after the  
1524 election. I don't think it is any coincidence that the State  
1525 Department and the entities feel like they would be in a  
1526 position to make a decision within about 60 days after the  
1527 election. I think the point--or they said in the first  
1528 quarter of 2013. It certainly flies in the face of all of  
1529 their previous statements. And I read a quote from  
1530 Environment News Service. I don't have the date handy on it,  
1531 but it is after the Nebraska legislature met. ``Kerri-Ann  
1532 Jones, Assistant Secretary of State, said, 'I am confident  
1533 that the Department and Nebraska authorities would be able to  
1534 efficiently work together in preparing any documents  
1535 necessary to examine the alternative routes in the State of  
1536 Nebraska that satisfy the federal laws and any state law of

1537 Nebraska.''' So they were all set and ready to go with the  
1538 State of Nebraska. Now, if Mr. Linder would have been  
1539 allowed to participate in this hearing today but for the  
1540 objections of the State Department, he would have said ``On  
1541 December 1, 2011, we contacted the State Department to begin  
1542 to explore the process of entering into an MOU between two  
1543 agencies which would outline responsibilities and define a  
1544 schedule. We received the first draft of the agreement from  
1545 the State Department within the next 2 weeks and exchanged  
1546 comments to which what we considered to be an executable  
1547 document which we submitted to the State Department in  
1548 December 2011. No further progress had been made on that  
1549 front.'' I think it is odd or interesting that the State  
1550 Department in the middle of December 2011 decided that they  
1551 weren't going to work on this project anymore and then come  
1552 in here and say they don't have enough time. In the legal  
1553 field, there is a doctrine of clean hands. You can't be the  
1554 one delaying it and then object to the delays.

1555       May I also submit for the record the actual language of  
1556 the bill that was signed into law that created the Nebraska  
1557 exemption? Let me wait for just a second on that one,  
1558 because as I understand from reading your report to Congress,  
1559 you were objecting because not later than 60 days after the  
1560 enactment of this act the President acting through the

1561 Secretary of State shall grant the permit under Executive  
1562 Order 13337 for the Keystone XL pipeline. You said many  
1563 times in your testimony and answers today, Dr. Jones, that it  
1564 is that 60-day requirement, the absurdity that--darn. But  
1565 yet there is Nebraska exemption in here that specifically  
1566 said that is carved out and that 60 days for Nebraska doesn't  
1567 run until all of the reports are done and certified by the  
1568 Governor. Darn. I yield back.

1569 Mr. {Whitfield.} Sorry. We are going to have some  
1570 votes.

1571 Dr. Burgess, you are recognized for 5 minutes.

1572 Dr. {Burgess.} Thank you, Mr. Chairman.

1573 Dr. Jones, according to some information that I have,  
1574 October 15, 2010, Secretary of State Clinton said she was  
1575 inclined to approve Keystone's permit. On October 31, 2011--  
1576 that is over a year later--White House Press Secretary Jay  
1577 Carney stated, ``The fact is, this is a decision that will be  
1578 made by the State Department or is housed within the State  
1579 Department.'' The very next day, President Obama said the  
1580 decision would rest with him. In the President's  
1581 announcement last week to reject the pipeline's permit, he  
1582 said he had accepted the State Department's recommendations  
1583 to do so. So everything seems to be pointing to you guys at  
1584 the State Department. So can you tell the committee who was

1585 the one who made the call, made the decision to reject the  
1586 Keystone XL permit?

1587 Ms. {Jones.} Congressman, based on the act, the Payroll  
1588 Tax Cut Act, which had specific language in it regarding what  
1589 the President needed to do in a certain time, we, the State  
1590 Department, recommended to the President--

1591 Dr. {Burgess.} Who is ``we''?

1592 Ms. {Jones.} ``We'' is the Deputy Secretary through the  
1593 Secretary to the President.

1594 Dr. {Burgess.} And the name of that person is?

1595 Ms. {Jones.} Bill Burns.

1596 Dr. {Burgess.} Bill Burns was the one who made the  
1597 decision?

1598 Ms. {Jones.} No, he recommended to the President that  
1599 this decision be taken, and the President decided.

1600 Dr. {Burgess.} Did the White House exert any influence  
1601 over the State Department's recommendation?

1602 Ms. {Jones.} No, sir.

1603 Dr. {Burgess.} Mr. Chairman, it seems to me that there  
1604 is an individual there that is missing then from this hearing  
1605 today that perhaps we should ask if we should be able to  
1606 submit some questions to that individual.

1607 You know, we all know and the State Department in  
1608 particular knows what is going on in the Strait of Hormuz. I

1609 was in Iraq in August, and although our military presence now  
1610 there has wound down, there is still a big State Department  
1611 footprint in Iraq, isn't there? In Basra, where I was, there  
1612 is in fact one of the largest State Department operations,  
1613 and the reason, my understanding, the reason is because that  
1614 is where Iraq kind of narrows down going to the Gulf and all  
1615 the oil flowing from the southern part of that country will  
1616 go through Basra and the four pipelines that go through  
1617 there, so the State Department felt they needed to have a  
1618 large presence there. I don't get it. Why do we have to  
1619 have--I mean, there are jobs there but I would rather have  
1620 the pipeline through Texas where, yeah, we can be hard to  
1621 deal with sometimes but we are not nearly as hard to deal  
1622 with as people in the Middle East.

1623         So just food for thought. Let us build this pipeline  
1624 where--you know, why make it hard on ourselves. Why make it  
1625 hard on our country. We need American jobs. We need  
1626 American energy. This seems so straightforward.

1627         Mr. Chairman, I would like to yield, if he wants the  
1628 time, to Mr. Pompeo. Are you good? Mr. Terry, did you get  
1629 to finish everything you needed to do?

1630         Mr. {Terry.} Generally.

1631         Dr. {Burgess.} Generally? I will yield back to you,  
1632 Mr. Chairman.

1633 Mr. {Whitfield.} At this time I recognize the gentleman  
1634 from Washington State, Mr. Inslee, for 5 minutes.

1635 Mr. {Inslee.} Thank you. My understanding is, there is  
1636 potential that some of the product that would flow through  
1637 this proposed pipeline could be exported. It could be used  
1638 and consumed by other countries rather than consumers in the  
1639 United States. Under this bill, would the United States  
1640 government be able to assess the impact of that export on  
1641 consumer prices in the United States at all?

1642 Ms. {Jones.} Congressman, I assume you mean the bill  
1643 that is proposed here?

1644 Mr. {Inslee.} Yes.

1645 Ms. {Jones.} I can't answer that question as to how  
1646 that bill would approach it. That consideration was one of  
1647 the considerations in the national interest determination  
1648 that we were in the process of doing when we were given this  
1649 timeline and didn't have a route to really analyze and to  
1650 have an informed decision.

1651 Mr. {Inslee.} So I guess the question is, right now, my  
1652 understanding is, this product is being used by American  
1653 consumers in their gas tanks in their cars. If it goes to  
1654 the Gulf and then is exported, other people around the world  
1655 will be bidding on it. We will be bidding against them for  
1656 the gasoline when we consumer it domestically. In other

1657 words, there will be another person who will be bidding on  
1658 the product in the export market. I think that has the  
1659 potential to affect the price we pay at the pump because now  
1660 we are competing for the same product with someone else who  
1661 might be bidding more, which then drives up our prices  
1662 potentially. Now, I don't know the answer to that question  
1663 but I just wonder, under this bill, would the U.S. government  
1664 assess that as part of this decision-making process?

1665 Mr. {Wright.} I would say as part of the NEPA analysis,  
1666 as part of the overall national interest analysis, the  
1667 socioeconomic impacts, that would probably be something that  
1668 would be assessed.

1669 Mr. {Inslee.} Thank you.

1670 Mr. {Whitfield.} Does the gentleman yield back his  
1671 time?

1672 Mr. {Inslee.} Yes.

1673 Mr. {Whitfield.} Okay. I tell you what, we have a vote  
1674 on the Floor. We are not going to be able to come back. We  
1675 have a lot of people still wanting to ask questions, so I am  
1676 going to give everybody 3 minutes in an effort to try to get  
1677 through everybody.

1678 So Mr. Bilbray, you are recognized for 3 minutes.

1679 Mr. {Bilbray.} Thank you very much.

1680 Ms. Jones, what is your experience on these cross-border

1681 issues? How long have you been working on cross-border  
1682 issues for the State Department?

1683 Ms. {Jones.} I have been at the State Department since  
1684 August 2009.

1685 Mr. {Bilbray.} Okay. Some of us that have more than a  
1686 passing interest in cross-border and environmental problems,  
1687 so let me just say, this is a 1,700-mile pipeline. We have  
1688 2,300,000 miles of pipeline in this country. How much  
1689 jurisdiction does the State Department have over that 2  
1690 million-plus pipe?

1691 Ms. {Jones.} The State Department is involved only in  
1692 permits that cross international boundaries.

1693 Mr. {Bilbray.} Just across that line. Okay. Then any  
1694 environmental impact report or statement obviously looks at  
1695 the impact of the no-project option. What is the emissions  
1696 that would be created--well, first of all, let me back up.  
1697 What is the ability under NAFTA for Canada to bring trucks  
1698 across the border?

1699 Ms. {Jones.} I don't think I can answer that question,  
1700 sir.

1701 Mr. {Bilbray.} It is pretty unrestricted, though?

1702 Ms. {Jones.} Um-hum.

1703 Mr. {Bilbray.} So the no-project option on a pipeline  
1704 is to train or truck it across that area. What is the total

1705 emissions annually if we went to that option rather than  
1706 using a pipeline?

1707 Ms. {Jones.} I couldn't give you that number, but I do  
1708 know that in the final Environmental Impact Statement, there  
1709 was some analysis done that if the pipeline wasn't built, it  
1710 was likely that other modes of transportation would pick up  
1711 and continue to move crude.

1712 Mr. {Bilbray.} And wouldn't consider the fact that not  
1713 only would those modes, train and truck, be putting out  
1714 emissions but those emissions are diesel emissions, which  
1715 have been categorized as a toxic emission above and beyond  
1716 what dioxin is. Did they also point out that trains are  
1717 three times more dangerous with fatalities than a pipeline  
1718 and that trucks are, I think the latest number is 87 times  
1719 more dangerous than a pipeline. So my question is this: Did  
1720 you consider the fact that the no-project option or the  
1721 denial or the delay, the denial would end up having more  
1722 emissions total that we reflected by use of truck and train?

1723 Ms. {Jones.} The denial that was taken last week was  
1724 based on the fact that we didn't have the time to do all the  
1725 analysis that you are talking about.

1726 Mr. {Bilbray.} Okay. Let me just say this. I am very  
1727 happy to see you approve, the President approve a cross-  
1728 border agreement with a private company to be able to operate

1729 airports across the border, and the fact is, just because the  
1730 gentleman who is financing it is a billionaire from Chicago,  
1731 I am not going to attack that agreement, but I would ask,  
1732 when you did this agreement at Alta Mesa, did you consider  
1733 the increased emissions and the global impact of Mexico's air  
1734 operations that would be operating in relationship to this  
1735 border crossing that you approved, that the President  
1736 approved just recently?

1737 Mr. {Whitfield.} Go ahead and finish.

1738 Ms. {Jones.} I wasn't involved with that. I can't  
1739 respond to that. I could go back and get more from the  
1740 Department.

1741 Mr. {Bilbray.} I would appreciate that. Thank you for  
1742 approving that project.

1743 Mr. {Whitfield.} Mr. Scalise, you are recognized for 3  
1744 minutes.

1745 Mr. {Scalise.} Thank you, Mr. Chairman. I appreciate  
1746 you having this hearing. I thank the witnesses for coming.

1747 I think what irritates me, what irritates a lot of  
1748 people that are concerned about the economy, getting the  
1749 economy back on track and creating jobs is that the President  
1750 made a political decision to throw away 20,000 American jobs  
1751 and to hurt our relationship with Canada, who is a strong,  
1752 strong friend, maybe one of the best friends of America in

1753 the world. Canada had been trying to get this project done  
1754 for over 3 years. Is it true, Ms. Jones, that Canada  
1755 submitted their application for this Keystone XL pipeline  
1756 back in September 2008?

1757 Ms. {Jones.} TransCanada, the company, submitted it  
1758 then, yes.

1759 Mr. {Scalise.} So, you know, you sit here at the table  
1760 and the President said this time and time again, he didn't  
1761 have enough time. He has had 40 months. You know, if you  
1762 look at the original Keystone pipeline, because this is a  
1763 separate Keystone, Keystone XL, the original Keystone  
1764 pipeline was approved back in 2008 after less than 2 years of  
1765 review. It doesn't take 40 months to review a project like  
1766 this. And so at some point in time you have to decide  
1767 whether you are going to fish or cut bait, and ultimately,  
1768 that is what Congress decided in a bipartisan way. It is not  
1769 a partisan issue. It is not a House versus Senate issue. It  
1770 is one of the few things we actually came together on and  
1771 agreed, Republicans and Democrats, House and Senate, said Mr.  
1772 President, stop wasting time, stop delaying this project for  
1773 political purposes, make a decision, yes or no, and then  
1774 unfortunately, he used you all because you all back in August  
1775 of last year, you all said this is something you should do.  
1776 Hillary Clinton back in 2010, the quote was, ``We are

1777 inclined to do so'' when asked about approving the Keystone  
1778 pipeline in 2010. And then you go through the timeline and  
1779 then you get to August of last year where you all came with  
1780 your report and you basically said this is something that we  
1781 should do, we don't see any real problems with the Keystone  
1782 pipeline. I will use the exact--``There would be no  
1783 significant impacts.'' That was State Department on Keystone  
1784 back in August of 2011. And what happened after that? What  
1785 happened after that is in November, on November 7, 2011,  
1786 radical environmentalists went and had a big rally at the  
1787 White House. You know, Darryl Hanna got arrested real  
1788 famously, a bunch of radical environmentalists went and said  
1789 Mr. President, don't approve the Keystone pipeline. They  
1790 threatened his reelection. And gee whiz, coincidentally, 3  
1791 days after this rally by radical environmentalists, the  
1792 President then reversed his course and says we are going to  
1793 push the decision on Keystone until after the election. He  
1794 is one who gave the arbitrary date, not because of  
1795 environmental reasons, because of political reasons because  
1796 he was getting beaten up by radical environmentalists who  
1797 didn't want this thing approved at all so he said I will just  
1798 kick the can until after the election and maybe this will go  
1799 away, and Canada said, we can't wait that long because China  
1800 wants the oil, they want to do something, they want to

1801 participate with us. But instead, the President said no, we  
1802 don't want the jobs, let China get that oil, and now of  
1803 course we go to the statement by the prime minister of Canada  
1804 who said they are profoundly disappointed with this decision.  
1805 He has hurt our relationships and hurt our national security  
1806 with a political decision.

1807 Mr. {Whitfield.} Mr. Markey, you are recognized for 3  
1808 minutes.

1809 Mr. {Markey.} Thank you.

1810 We have been repeatedly told that we need to get over  
1811 the concerns about pipeline and the environment because the  
1812 oil coming through this pipeline would enable us to reduce  
1813 our dependence on oil imported from unfriendly Middle Eastern  
1814 nations. TransCanada's application for its permit even  
1815 states that the proposed pipeline will serve the national  
1816 interest of the United States by providing a secure and  
1817 reliable source of Canadian crude oil to meet the growing  
1818 demands by refineries and markets in the United States.  
1819 However, some have questioned these assertions of energy  
1820 security benefits, citing plans by Gulf Coast refineries with  
1821 whom TransCanada has entered into long-term sales contracts  
1822 to re-export diesel and other fuels made from the Keystone  
1823 crude to Latin America, Europe and beyond. In fact, nearly  
1824 all of these refineries where the Keystone crude will be sent

1825 to are located in Port Arthur, Texas, which is designated as  
1826 a foreign trade zone. This means that if these refineries  
1827 re-exported diesel or other fuel, they wouldn't even have to  
1828 pay U.S. taxes on these exports.

1829         Earlier this month, Canadian Stephen Harper said that  
1830 when you look at the Iranians threatening to block the Strait  
1831 of Hormuz, I think that that just illustrates how critical it  
1832 is that supply for the United States to be North American.  
1833 But in December when I asked the president of TransCanada  
1834 whether he would agree to ensure that the oil and refined  
1835 products stay here in this country instead of re-exporting  
1836 it, he said no, sitting right at this table. In other words,  
1837 if the permit for this pipeline is legislatively mandated by  
1838 this bill, the United States may just become the middleman  
1839 for shipping products made from some of the dirtiest crude  
1840 oil on earth to foreign markets around the world.

1841         Secretary Jones, does the process the Administration was  
1842 following to determine whether Keystone XL was in the  
1843 national interest allow for the consideration of issues like  
1844 whether the project would reduce dependence on Middle Eastern  
1845 oil?

1846         Ms. {Jones.} Yes, sir, that is one of the  
1847 considerations when we look at energy security.

1848         Mr. {Markey.} Thank you. So if the Republicans hadn't

1849 forced the Administration to deny the permit because it  
1850 wasn't given enough time to review it, the Administration  
1851 could have issued a permit that required the Keystone oil and  
1852 fuels to be sold only in the United States. Isn't that  
1853 right?

1854 Ms. {Jones.} I am not sure of that, sir, what we can  
1855 restrict in terms of exports.

1856 Mr. {Markey.} You could restrict it?

1857 Ms. {Jones.} No, we would have to study that. I don't  
1858 think that we can restrict exports, but that is something we  
1859 would continue to study.

1860 Mr. {Markey.} That could be in the national interest.  
1861 Is that correct? To keep the oil here.

1862 Ms. {Jones.} We would have to study it in regard to  
1863 export.

1864 Mr. {Markey.} No, could it be in the national interest,  
1865 though, potentially to keep the oil here?

1866 Ms. {Jones.} It would certainly be a consideration but  
1867 we were unable to really study all that.

1868 Mr. {Markey.} That is right, so we never got a chance  
1869 to look at that.

1870 Now, for both Ms. Jones and Mr. Wright, does the  
1871 Republican legislation provide FERC with explicit authority  
1872 to issue a permit that contains a requirement that the oil or

1873 fuels have to be sold in the United States? Does it contain  
1874 that provision?

1875 Mr. {Wright.} I did not see that explicitly.

1876 Mr. {Markey.} Do you, Ms. Jones?

1877 Ms. {Jones.} No, I do not see that there.

1878 Mr. {Markey.} Okay. Well, make no mistake, I think  
1879 this is a pipeline--

1880 Mr. {Whitfield.} The gentleman's time is expired.

1881 Mr. {Markey.} --out of the United States and into  
1882 other--

1883 Mr. {Whitfield.} Mr. Olson, you are recognized for--

1884 Mr. {Olson.} I thank the chair for the recognition.

1885 Mr. {Whitfield.} We are going to have to go down to 2  
1886 minutes because we have, like, 4 minutes left on the Floor.  
1887 Three hundred and twelve people still have not voted, and I  
1888 want everyone to get an opportunity to say something. So 2  
1889 minutes.

1890 Mr. {Olson.} I will be quick. I promise. I appreciate  
1891 the witnesses' time today.

1892 We all know the benefits of the Keystone XL pipeline:  
1893 20,000 jobs, energy from Canada as opposed to Middle Eastern  
1894 oil, national security and energy security. And as a former  
1895 naval aviator who has flown in the Persian Gulf in what we  
1896 call strait transits, right through the Strait of Hormuz, I

1897 have unique perspective on Iran, and we all know that Iran  
1898 has threatened to close the straits, stopping 30 percent of  
1899 the world's supply of oil from getting to market. Now, I  
1900 can't expand upon this enough but that is a very real threat.  
1901 The straits are narrow, about 9 miles wide in some places,  
1902 and they are shallow. If a vessel would sink, vessels in the  
1903 middle of the straits, they would be blocked for months, if  
1904 not years. In fact, three of our 11 nuclear-powered aircraft  
1905 carriers have been deployed to the region because our  
1906 Commander in Chief, our President, sees the threat as real.

1907         The State Department has a history of approving new  
1908 pipelines in the interest of national security because of  
1909 political tensions. The most recent example is the Alberta  
1910 Clipper pipeline in the Midwest part of the United States.  
1911 This is another Canadian pipeline. And let me read you a  
1912 section from the record of decision for the Alberta Clipper  
1913 pipeline, and this is a quote: ``The Department of State has  
1914 determined through review of the Alberta Clipper project  
1915 application that the Alberta Clipper project would serve the  
1916 national interest. In a time of considerable political  
1917 tensions in other major oil-producing region countries, by  
1918 providing additional access to a proximate, stable, secure  
1919 supply of crude oil with minimal transportation requirements  
1920 from a reliable ally and trading partner, the United States,

1921 which we have free trade agreements that further augments the  
1922 security of this energy supply.'" Why is the situation now  
1923 different? Yes or no, Ms. Jones, is the situation now more  
1924 dire than the situation was when we approved the Alberta  
1925 Clipper pipeline? Yes or no.

1926 Ms. {Jones.} Energy security is still a major priority  
1927 for this country and this Administration. However, we did  
1928 not reject this project on the merits. It was an issue that  
1929 we did not have time. Those considerations you raised would  
1930 be considered if we had the entire route and if we had the  
1931 time to conduct the process that we feel the American people  
1932 need to have.

1933 Mr. {Whitfield.} All right. Time is expired.

1934 Mr. {Olson.} Ma'am, with all due respect, you changed  
1935 your mind in October.

1936 Mr. {Whitfield.} Mr. McKinley, you are recognized for 2  
1937 minutes.

1938 Mr. {McKinley.} Thank you, Mr. Chairman.

1939 Just some quick questions, and perhaps if you could just  
1940 respond, Ms. Jones, in writing to us rather than take time.  
1941 The first is, could you submit to us a chronological order of  
1942 the process since it began in September of 2008, why in God's  
1943 name it would take 3-1/2 years. I just know from the private  
1944 sector, firms would be fired for taking that long to go

1945 through a process. Can you get back to us as to whether the  
1946 railroads in Montana and North Dakota and Oklahoma, are those  
1947 captive railroads? I don't know whether they are not. Do  
1948 you understand the term?

1949 Ms. {Jones.} I think we will have to get an answer back  
1950 to you on that.

1951 Mr. {McKinley.} Sure. I am not expecting you to answer  
1952 these things right now. So I am asking for the record if you  
1953 will get back to us on that on whether or not these are  
1954 captive railroads?

1955 Ms. {Jones.} Yes, we will.

1956 Mr. {McKinley.} And can you also respond, please, to  
1957 the editorial that was in the Investment and Business Daily  
1958 back on November 16th in which the editorial board there is  
1959 suggesting that there could be a link between the railroad  
1960 systems and this decision, especially given that it is a  
1961 political decision. We all know that. Anyone who would  
1962 postpone this until after the election is already crying out,  
1963 this is a political decision. So since they are linking it  
1964 to two major individuals, global figures, I would like your  
1965 response back to that or perhaps even the person that made  
1966 the ultimate decision to cancel this project. Because it  
1967 wasn't based on the time frame. We understand that, and I  
1968 think the American public is going to come to understand

1969 that. But thank you. If you get back to us in writing, I  
1970 would appreciate it. Thank you.

1971 Mr. {Whitfield.} Mr. Gardner, you are recognized for 2  
1972 minutes.

1973 Mr. {Gardner.} Is job creation the number one national  
1974 interest? Yes or no. Is job creation the number one  
1975 national interest?

1976 Ms. {Jones.} Yes.

1977 Mr. {Gardner.} Does this pipeline create jobs?

1978 Ms. {Jones.} Yes, but the number is--

1979 Mr. {Gardner.} Just a yes or no question, and you  
1980 denied the pipeline. You recommended not moving forward with  
1981 the pipeline.

1982 Ms. {Jones.} We denied it based on the time we were  
1983 given.

1984 Mr. {Gardner.} You denied it, and it is your number one  
1985 national interest so you acted at odds with the number one  
1986 national interest.

1987 Ms. {Jones.} Sir, we were reviewing the job situation,  
1988 the economic issues as part of the review.

1989 Mr. {Gardner.} I will accept that. You turned it down.  
1990 That is fine.

1991 I want to go back to this amount of paper here, the  
1992 final Environmental Impact Statement from August 2011. the

1993 EIS identified a particular route as the preferred  
1994 alternative? Yes or no.

1995 Ms. {Jones.} Yes.

1996 Mr. {Gardner.} And among the other alternatives you  
1997 considered, you considered a no-action alternative? Yes or  
1998 no.

1999 Ms. {Jones.} Yes.

2000 Mr. {Gardner.} And the final EIS expressly concluded  
2001 the preferred alternative was way better than not building a  
2002 pipeline at all? Yes or no.

2003 Ms. {Jones.} Yes, but there was more to that. These  
2004 are simple pieces coming out of the FEIS.

2005 Mr. {Gardner.} ``As a result of considerations, the  
2006 Department of State does not regard the no-action alternative  
2007 to be preferable to the proposed project.'' That is from the  
2008 final EIS. Thank you.

2009 The reason you concluded that all things considered,  
2010 transporting the oil in a state-of-the-art pipeline is better  
2011 than shipping it by rail, truck and cargo ships because it is  
2012 better than shipping it from the Middle East. Yes or no?

2013 Yes. Thank you. You have to agree with that, it is better  
2014 to ship from Canada.

2015 Ms. {Jones.} Yes, I do. It is part of energy security.

2016 Mr. {Gardner.} But if we delay this, if the White House

2017 delays it, we run the risk of no pipeline at all. Your  
2018 delays run the risk of no pipeline. You said jobs are the  
2019 number one national interest, and yet you said to the White  
2020 House we don't want to do this.

2021 Ms. {Jones.} We have to work with the pipeline where we  
2022 have the route and we would do a comprehensive--

2023 Mr. {Gardner.} You have said jobs are the number one  
2024 national interest and you have said no to this. These delays  
2025 risk the killing of this pipeline, and so you will end up  
2026 with no pipeline, which is not the preferred alternative as  
2027 the Department of State has already said in their final EIS.  
2028 So if you do this, you are going to have none of the jobs.  
2029 You are going to kill the job. You are going to have none of  
2030 the energy, and China wins.

2031 Mr. {Whitfield.} Mr. Pompeo, you are recognized for 2  
2032 minutes.

2033 Mr. {Pompeo.} Thank you, Mr. Chairman. I think I can  
2034 do it in 1 minute.

2035 I have one question. Ms. Jones, are you lacking any  
2036 information that you were constrained for time about how this  
2037 impacts a particular private company? That is, are you  
2038 interested in how this might or might not affect any  
2039 particular private company? Is it relevant to your decision  
2040 at all?

2041 Ms. {Jones.} No, sir. The issue is, the route through  
2042 Nebraska and all of the impacts that possibly could have.

2043 Mr. {Pompeo.} So testimony about how any private  
2044 company would be impacted would be irrelevant to your  
2045 decision-making process.

2046 Ms. {Jones.} Sir, we are looking at the route as we had  
2047 explained.

2048 Mr. {Pompeo.} Thank you.

2049 One last statement. Mr. Waxman suggested that because  
2050 Koch Industries had filed as an intervener before the  
2051 Canadian National Energy Board, that that suggested that they  
2052 must have a financial interest in this transaction. That is  
2053 just false. This notion that they have an interest there has  
2054 been shredded. There are many, many interveners including  
2055 the Sierra Club of Canada, who I don't think has a financial  
2056 interest in the Keystone XL pipeline, the Alberta Federation  
2057 of Labor, the Communication, Energy and Paper Workers of  
2058 Canada. This is a silly concept, and I want to make sure the  
2059 record reflected that this mere intervener status makes no  
2060 indication about whether any company has an interest in this  
2061 pipeline at all.

2062 With that, I yield back my time, Mr. Chairman.

2063 Mr. {Whitfield.} Mr. Griffith, you are recognized for 2  
2064 minutes.

2065 Mr. {Griffith.} Thank you, Mr. Chairman.

2066 You know, I am sitting here kind of curious. The State  
2067 Department keeps talking about its studies in Nebraska but  
2068 isn't your job supposed to determine what the impact is  
2069 because it is international and what the impact is on the  
2070 international relationship with our friends in Canada?

2071 Ms. {Jones.} Because we have the authority for the  
2072 permitting--

2073 Mr. {Griffith.} I understand you have the authority for  
2074 the permitting but you got all this done by the agencies that  
2075 would normally do that. Isn't your job as the State  
2076 Department to focus on the relationships with our foreign  
2077 friends and not to be interfering in internal decisions made  
2078 by other agencies?

2079 Ms. {Jones.} Our job in this situation is to look at  
2080 the entire pipeline for the impact it could have on the  
2081 country.

2082 Mr. {Griffith.} So everything these people did was  
2083 worthless?

2084 Ms. {Jones.} No, sir. That is important analytical  
2085 information.

2086 Mr. {Griffith.} Well, then, why do you have to redo it  
2087 all?

2088 Ms. {Jones.} We don't have the route through Nebraska.

2089 Mr. {Griffith.} I really believe that this was a  
2090 political decision. You are not supposed to comment on that,  
2091 and I understand that. But I believe that you had the  
2092 President in a political quandary with labor versus radical  
2093 environmentalists and he had to delay until after the  
2094 election. That is what I believe and that is what I believe  
2095 the evidence shows. I am not asking for a comment.

2096 I would say to you, more oil refined in the United  
2097 States, particularly when it is coming from a closer supply,  
2098 means more jobs in the United States, more profits in the  
2099 United States, more taxes paid to the United States and more  
2100 U.S. supply available. All of those things I think are good  
2101 things, and because you are from the State Department, I  
2102 would say that we have damaged our relationship with a good  
2103 ally and a close neighbor and friend, and to me, that seems  
2104 counter to the purpose of the State Department and all of  
2105 this would indicate that everything that you all are doing is  
2106 counter to the interest of the United States of America, and  
2107 I yield back.

2108 Mr. {Whitfield.} That concludes today's hearing. I  
2109 want to thank the two witnesses for being with us today, and  
2110 the record will remain open for 10 days for additional  
2111 documents, and some questions were submitted to you all and  
2112 we would appreciate you all getting that information back to

2113 us. Thank you.

2114 [Whereupon, at 10:05 a.m., the subcommittee was

2115 adjourned.]