

Written Testimony Submitted to the

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

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

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Summary of Major Points

Project Status

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

Jobs and Economic Benefits

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

Energy Security

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

Environmental Impact

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

Full Written Testimony

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

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

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

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

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

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

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

² See Andrew Restuccia, Nebraska Governor Signs Bills Aimed At Rerouting Oil Pipeline, *The Hill E² Wire* Blog, Nov. 11, 2011, *at* <http://thehill.com/blogs/e2-wire/e2-wire/195085-nebraska-governor-signs-bills-aimed-at-rerouting-keystone-pipeline>.

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

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

As noted, the Keystone XL project is also essential to our long-term energy security. The U.S. Energy Information Administration projects the U.S. will need oil and natural gas supplies to meet more than half of its energy needs through 2035.⁴ Thus, at the same time we pursue alternative and renewable sources of energy, we must also recognize that we are going to need carbon-based fuels for the foreseeable future and do all that we can to secure a reliable, long-term supply of these fuels.

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

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

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

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

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

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

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

⁷ *Id.*

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

worldwide demand for oil is going anywhere but up⁹ or that Canada would have trouble finding other countries to purchase its oil if the U.S. declines to do so. Indeed, it seems clear that TransCanada's next best option after building a pipeline south to the U.S. is building a pipeline west to serve China,¹⁰ which, as environmentalists know, does not have the environmental protections we have.

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

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

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

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

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

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

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

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

¹³ *Id.*

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

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