



# LIUNA!

## Written Statement

### May Va Lor, Laborers International Union of North America (LIUNA)

### U.S. Department of Energy, Quadrennial Energy Review Public Meeting: “Natural Gas: Transmission, Storage and Distribution”

Pittsburgh, Pennsylvania – July 21, 2014

#### Introduction:

Good morning Secretary Moniz, members of the Quadrennial Energy Review taskforce, and distinguished guests. My name is May Va Lor, I am an Energy Researcher for the Laborers International Union of North America (LIUNA). The Laborers represent 500,000 workers primarily in the construction industry throughout the United States and Canada. Our union is a leader in advocating for smart infrastructure investments that range from Highway Trust Funding to the Keystone XL pipeline. On behalf of our General President Terry O’Sullivan, I thank the Department of Energy for inviting us to participate in today’s panel.

The Laborers work in multiple sectors of the energy industry: we build hydro, wind turbine, and solar energy facilities; we build and maintain power plants and refineries; we maintain and decommission nuclear power plants; we retrofit buildings and homes to improve energy efficiency; we install natural gas distribution pipelines in homes and businesses; and we are very active in building and maintaining oil and natural gas transmission infrastructure. We

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estimate that about a quarter of all the work our members do is related to energy.

Additionally, through our pension funds, we invest in companies and private equity funds that finance energy infrastructure. Through our labor-management training funds, thousands of workers each year receive hands-on training for energy jobs in our state-of-the-art facilities. Most importantly, through our local hiring halls, we focus on placing and recruiting local residents for construction careers in the energy industry.

Since the Marcellus natural gas boom, our members have worked over 15 million hours on building transmission pipelines in the region. Pipeline work by our members has generated tens of millions of dollars in state income tax revenue, and provided relief and security during the economic downturn.

### **The Importance of Energy Infrastructure:**

Already, significant investments have been made in the region, and tremendous growth has reshaped transportation patterns. Marcellus shale gas production will continue to increase in the next ten years, along with the infrastructure required to bring natural gas and liquids safely to end markets. As we know, there are still a significant number of wells in the Utica and Marcellus that are waiting for pipeline connections. According to our analysis, over 120 pipeline projects – ranging from major interstate pipeline projects to smaller scale compressor station modification jobs – have been proposed or are currently under construction in West Virginia, Ohio, and Pennsylvania. More natural gas resources have also accelerated the use of natural gas-fired generation. There are 17 new plants that have been proposed in the region.

These and other energy investments are good for families and good for business. They also have the power to transform people's lives by providing steady, quality, long-term employment. Last year, in Ohio alone, pipeline work increased 700% compared to 2012. There are over 20,000 Laborers who build pipelines, and in Pennsylvania alone, we've completed 900 jobs since 2011. These are not just work hours, they're not just statistics, and they're not just wells and pipelines. For our members, they're lifelines to good union jobs with pay that supports families, and quality healthcare and retirement benefits. For many, it has been a path out of poverty.

We have been privileged to work with a number of leading energy companies who value a well-trained workforce, and who value using local tradesmen who will spend their earnings here to support their communities.

## **Our Interests:**

### **1. Consistent, Transparent, and Objective Cross-Border Permitting Process**

An “all of the above” energy policy requires the expansion and modification of our nation’s pipeline infrastructure. Pipelines are integral to oil and gas development, and integral to our nation’s energy and economic ambitions. Accordingly, we don’t believe energy infrastructure is a partisan issue, and we encourage an end to political bickering around important pipeline projects. It’s expected that “everyone wants energy” but “no one wants a pipeline in their backyard”. These dynamics make it even more important that pipelines and other energy facilities should be judged based on their individual merits using objective, consistent, and transparent standards. Specifically, it is apparent that the current cross-border permitting process is flawed. Recent cross-border permit applications demonstrate how uneven the process has become. For example, despite five years of review and numerous environmental studies that confirm Keystone XL will have no appreciable impact on greenhouse gas emissions while putting thousands of hard-working Americans to work, the State Department continues to postpone a decision on the pipeline. On the other hand, FERC issued a Presidential Permit for the NET Mexico Project – a pipeline that significantly increases natural gas exports – in just over five months. That is why we support HR 3301, The North American Energy Infrastructure Act. Although this bill is not perfect, it outlines a predictable and timely framework for review. In our opinion, reforms are needed to the cross-border permitting process to ensure transparency, consistency, and equitable application. There should also be a heightened focus on meaningful job creation because supporting American workers and their families is in the nation’s best interest.

In addition to pipelines, we back the export of LNG as long as it does not hinder economic growth domestically. These multi-billion dollar projects will employ thousands of workers for several years during initial construction. We would urge

policy-makers to prioritize projects that have a demonstrated commitment to local hire and quality job creation. Two of these export terminals – the Jordan Cove Energy Project in Coos Bay, Oregon and the Dominion Cove Point Project in Maryland – will be built under Project Labor Agreements which will maximize the quality of jobs for the construction trades on the projects. These workers will not only be highly trained, but will earn family-supporting wages. These are the type of jobs American workers need.

## **2. Workforce Development Standards**

The regulations for major pipeline construction are robust, and pipelines built today are safer than ever. We support the ongoing efforts by the industry and policy makers to reduce risks to the environment, communities, and workers. The training, technology, and ingenuity exist in the industry to meet the highest pipeline construction standards. Our members have built the biggest pipelines in the country in the most formidable terrain, and we believe that experience positions us to be effective advocates for skilled workforce development. High quality and safe systems protect the environment and neighboring communities.

Since it is our members' lives that are on the line, we are dedicated to ensuring that every worker who goes to work on a pipeline returns home safely. In Pennsylvania and West Virginia, where our union has been most active in pipeline construction and maintenance, the number of significant pipeline incidents per 1,000 miles of pipeline is considerably lower compared to states like Louisiana or Texas.<sup>1</sup> Our safety and health record is further evidence that our members are well trained.<sup>2</sup> We encourage policy-makers, owners, and other stakeholders to collaborate with us to identify opportunities for improving the quality and efficiency of pipeline construction through workforce development.

Furthermore, the pace of activity, and the volume of projects, emphasizes the need for collaboration. There is a tightening of qualified skilled labor in the oil and gas industry. Jobs for Laborers are projected to grow ten percentage points greater than overall employment.<sup>3</sup> It is important that we not take shortcuts in training that

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<sup>1</sup> LIUNA analysis of PHMSA Significant Incident Reports.

<sup>2</sup> LIUNA analysis of OSHA Violations in NAICS Code 237120, Oil and Gas Pipeline and Related Structures Construction, from 07/09/2009 to 07/09/2014.

<sup>3</sup> [http://www.bls.gov/emp/ep\\_table\\_102.htm](http://www.bls.gov/emp/ep_table_102.htm)

compromise worker safety. We believe that the use of a highly trained local workforce in conjunction with union contractors is the best way to meet our nation's needs. We encourage owners and communities to hold contractors accountable to worker training and safety standards.

Risk reduction strategies also include protecting these assets after construction. Excavation by third parties is the single largest cause of significant pipeline accidents. Therefore, basic steps such as promoting "Call Before You Dig" programs, and the registration of all pipelines in these programs, should help to reduce incidents. In addition, integrity management programs protect these investments and the public. Today, best-in-class technologies exist to detect risks and enhance integrity, including in-line inspection tools and real-time monitoring. Most interstate natural gas transmission pipelines have the capacity to accommodate in-line inspection tools. Our contractors maintain pipelines for some of the largest pipeline operators, and routinely perform integrity digs to allow for visual inspection of facilities. It is not necessary to duplicate integrity management efforts by PHMSA and states, but we believe more can be done to ensure contractors who perform this work are sufficiently qualified to do so.

### **3. More Information on Gathering Pipelines**

Another area of investigation includes greater public disclosure on gathering pipelines. Pipelines are the safest way to transport natural gas and hazardous liquids, and gathering pipelines carry low risks. However, the public is concerned about the extent of unregulated gathering pipelines. There are thousands of miles of onshore gathering pipelines that are unregulated, and there are concerns about the construction quality of these pipelines. Some states, like North Dakota, are exploring novel ways to track construction performance problems, which we support. It is our belief that greater transparency helps build public confidence, and has the potential to raise construction standards. Therefore, we would encourage the QER to review how greater disclosure could be achieved.

### **4. Modernization of Natural Gas Distribution Infrastructure**

Our union also supports the accelerated modernization of existing distribution pipeline facilities. Although cast iron pipelines comprise less than 3% of natural gas distribution mains, these pipes are linked to a disproportionate share of

incidents, posing risks to the environment and communities. Eighty percent of these pipes are concentrated in ten states, including Pennsylvania. Recent tragedies in Manhattan and Allentown further stress the urgency. And, research that highlights excessive methane leaks in major cities put the public on edge. At the current rate, it will take many decades to completely modernize the system. It will also take significant investment by utilities and ratepayers, over \$80 billion according to the industry.<sup>4</sup> Financial and logistical obstacles are great, but pipe upgrades cannot wait. Some states and utilities have chosen to be proactive, and their efforts can serve as a blueprint. Massachusetts recently adopted legislation to expedite the repair of methane leaks. Utilities in Ohio are working with the Public Utilities Commission to accelerate pipe replacement. We encourage the QER to investigate strategies states, localities, and utilities can implement to prioritize repairs to the system. Fortunately, there are a sufficient number of trained workers available to do this work. Our union performs millions of hours in gas distribution work annually, and work for some of the largest gas utility companies. We have trained thousands of workers to do this work safely and efficiently, and they are ready to be deployed to fix this crumbling infrastructure.

## **Closing**

LIUNA members live and work in every corner of the US. We have represented workers in the construction industry for over a century, and built and maintained pipelines for over a half a century. These are not temporary jobs, but family supporting careers. LIUNA members are highly trained, and proud of the work we do. We are invested in the success of the oil and gas industry. Domestic energy development supports working families both in terms of jobs and lower energy costs. But, development must not come at any costs. There are far too many examples of workers being hurt, communities being disrupted, and the environment being damaged when there is a “low road” approach to safety, training, and quality. We hope the QER process sparks a discussion that improves safety standards for all pipeline workers, increases collaboration on workforce development and training needs, and promotes the overall quality and security of our vital energy facilities.

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<sup>4</sup> <http://www.aga.org/our-issues/safety/pipeline-safety/DistributionIntegrity/Documents/Managing%20the%20Nation%27s%20Cast%20Iron%20Inventory.pdf>