

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE APPLICATION
BY SCS CARBON TRANSPORT LLC FOR
A PERMIT TO CONSTRUCT A CARBON
DIOXIDE TRANSMISSION PIPELINE

HP22-001

**DIRECT TESTIMONY OF RANDALL L.
HARRIS**

1. Please state your name, affiliation, and address.

Answer: My name is Randy Harris, my address is 1 North Old State Capitol Plaza, Suite 525, Springfield, Illinois, 62701. I am the Director of the Laborers-Employer Cooperation and Education Trust (LECET) for the Laborers' International Union of North America's (LIUNA or the Laborers) Midwest Region. The Great Plains' Laborers' District Council (GPLDC), which is the LIUNA affiliate in this case, covers Illinois, South Dakota, Iowa, and Nebraska. LIUNA represents thousands of construction workers in the Midwest, and has local offices in Sioux Falls, South Dakota. I am testifying on behalf of GPLDC.

2. Please summarize your background and professional experience.

Answer: I have served as the Director of Midwest LECET for 12 years. LECET's mission is to expand markets and work opportunities for existing union contractors and union members. I have worked for the Laborers in various capacities since 2004. Prior to employment with LIUNA, I worked in the field as a union laborer for eight years on a range of infrastructure projects in the Midwest. I have been involved in the construction industry since 1996. I have a Bachelor of Science in History from Illinois State University. I have included my resume as Attachment 1 to my testimony.

3. Please describe LIUNA's experience building pipelines.

Answer: LIUNA members have been building pipelines across every state of the United States for several decades. We are one of four trades employed on main line pipelines similar to

Summit Carbon Solutions' Midwest Carbon Express Project (the Project). The other trades include the International Union of Operating Engineers (IUOE), the International Brotherhood of Teamsters (IBT), and the United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry (UA).¹ LIUNA and the other trades have a national collective bargaining agreement with the Pipe Line Contractors' Association (PLCA), a trade association established in 1948 and comprised of 164 pipeline companies including the largest and oldest pipeline construction contractors and specialized drillers in the country.

The partnership with PLCA means union contractors have ready access to thousands of highly skilled craft labor who have experience building pipelines in every region of the country. The agreement also means workers employed on pipeline develop an expertise with pipeline specific construction processes that they bring to every project regardless of owner or contractor. The agreement establishes wages and benefit levels for all construction trades that reflect our members' experience and high skills, and are sufficient to sustain workers with long-term careers in construction. The agreement also requires that only qualified workers will be dispatched to the project, with unions having to certify that dispatched workers are trained and qualified to work in the pipeline industry.

We estimate Laborers' members have been employed on approximately half of major oil and gas pipeline projects nationally. In fact, our union has generated approximately 114 million work hours building main line pipelines since 2014. This translates into 65,000 jobs that pay family-sustaining wages and provide health insurance and retirement benefits.

4. What experience does LIUNA have building pipelines in South Dakota?

Answer: LIUNA members have built all the major pipeline projects in South Dakota and across the Upper Midwest, including the Keystone Pipeline Project in 2008-2009, and the Dakota Access Pipeline in 2016-2017.² We also built Enbridge's Line 3 Replacement Project in Wisconsin, North Dakota, and Minnesota between 2017 and 2021. Our members generated 2.4 million work hours building the Dakota Access Pipeline. Our decades of experience mean there

¹ The four unions combined represent over 4.4 million workers nationally, and thousands of members in South Dakota and neighboring states.

² At the time of application, the Keystone Pipeline System was 1,400 miles including 220 miles of 30-inch diameter pipeline in South Dakota, HP07-001. The Dakota Access Pipeline was 1,168 miles including 270 miles of 12- to 30-inch diameter pipeline in South Dakota, HP14-002.

are thousands of union members who have experience installing pipelines in similar terrain and under similar conditions to the Summit Project.

In addition to installing new pipelines, we build above-ground pipeline facilities including pump stations and compressor stations, and we maintain existing pipelines that service the Midwest, including for operators such as Northern Natural Gas Company.

5. What is the purpose of your testimony?

Answer: LIUNA is very supportive of pipelines, but we have some concerns regarding one of the pipeline contractors with whom Summit has executed a contract. We do not believe this contractor has the requisite experience in the Upper Midwest to build a project of this size in South Dakota. We are also concerned that using this contractor will significantly reduce employment opportunities for South Dakota residents, and reduce the total positive impacts for host communities and the state. Should the Public Utilities Commission (Commission) approve Summit's application, we recommend attaching reporting requirements concerning the employment of state residents, training for construction personnel, and other metrics. I discuss those specific recommendations later in my testimony.

6. What information has Summit provided concerning the companies Summit will use to build the pipeline in South Dakota?

Answer: Summit has executed a contract with Texas-based Pumpco, Inc. to build project facilities in the state. Summit has also indicated it will use a union contractor, although the Applicant has not identified that specific contractor.³

7. Do you have any information concerning the companies Summit will use to build the pipeline outside of South Dakota?

Answer: Yes. During the evidentiary hearings on the Project in North Dakota, Summit's Chief Operating Officer, James Powell, testified that the Applicant executed two contracts with companies to build the pipeline, one of which is with Pumpco. The other company, Precision

³ South Dakota Public Utilities Commission Docket No. HP22-001. 2022. SCS Carbon Solutions, LLC's Responses to Second Set of Interrogatories of the Great Plains, March 31. 2023.

Pipeline, is a Wisconsin-based company.⁴ Powell testified that Precision has constructed extensive miles in this part of the country where it is cold and conditions are not similar to other regions.⁵ Indeed, Precision was one of the pipeline contractors employed on the Dakota Access Project. Summit also disclosed it is using Precision in Iowa.

8. What information has Summit provided regarding Pumpco’s experience building projects similar to the Midwest Carbon Express pipeline?

Answer: According to Summit, Pumpco has not installed any pipelines in South Dakota. In total across the United States, Pumpco has installed over 7,300 miles of pipe. However, Pumpco has limited experience in the Upper Midwest. By Summit’s own admission, Pumpco has only installed 115 miles of pipeline in North Dakota and Wyoming. In other words, only about 1.6% of Pumpco’s total pipeline installations have occurred in states that are similar in climate and terrain to South Dakota.⁶

LIUNA submitted several interrogatories to Summit regarding how Pumpco will staff the project, whether they will use North Dakota residents or out-of-state workers, whether Pumpco sponsors any registered apprenticeship programs across the project footprint, whether Pumpco has installed carbon dioxide pipelines, and the details of the Pumpco project in North Dakota and Wyoming, but Summit objected to the interrogatories.⁷

9. Do you have information regarding Pumpco’s experience building pipelines?

Answer: Yes. In the absence of a response by Summit, we reviewed past projects that listed Pumpco as a contractor on Industrial Info Resources, a project tracking database used by the construction industry, and could not locate any pipeline projects completed by Pumpco in the Upper Midwest.⁸ In fact, of the 51 pipeline projects where Pumpco was listed as a contractor, nearly all of them were in Texas (44 of 51 projects), and all but one of the remaining projects

⁴ North Dakota Public Service Commission Docket No. PU-22-391, Testimony of James Powell, Formal Hearing in Bismarck, ND at 49:00, March 14, 2023, <https://www.psc.nd.gov/database/documents/22-0391/078-010.mp3>.

⁵ North Dakota Public Service Commission Docket No. PU-22-391, Testimony of James Powell, Formal Hearing in Gwinner, ND at 33:35, March 28, 2023, <https://www.psc.nd.gov/database/documents/22-0391/094-010.mp3>.

⁶ South Dakota Public Utilities Commission Docket No. HP22-001. 2022. SCS Carbon Solutions, LLC’s Responses to Second Set of Interrogatories of the Great Plains, March 31, 2023.

⁷ South Dakota Public Utilities Commission Docket No. HP22-001. 2022. SCS Carbon Solutions, LLC’s Responses to Third Set of Interrogatories of the Great Plains, May 5, 2023.

⁸ The Industrial Info Resources database can be found here: <https://www.industrialinfo.com/>.

were located in states bordering Texas. In addition, Pumpco’s website features six projects, all of which are in Texas. I’ve included a list of Pumpco projects from Industrial Info Resources as Attachment 2.

10. Do you have any information concerning construction issues on past Pumpco pipeline projects?

Answer: Yes. Interstate natural gas facilities and international border crossings are regulated by the Federal Energy Regulatory Commission (FERC). We reviewed construction reports for two FERC-regulated projects where Pumpco was the pipeline contractor, and found several reports of non-compliance. For instance, Pumpco built the Double E Pipeline Project, a 135-mile, 30- to 42-inch natural gas pipeline in New Mexico and Texas. Construction of the project commenced in January of 2021 and was placed into service in November of 2021. Per FERC records, there were a number of non-compliance issues arising from pipeline construction. In March of 2021, a construction employee operating a mulching machine mistakenly cleared vegetation in an area measuring 20-foot by 40-foot outside of the approved area.⁹ In April of 2021, evidence of previously unidentified contaminated soils were found at two separate locations at the project site.¹⁰ In addition, later in April, the pipeline owner notified the Bureau of Land Management (BLM) that their contractor had leveled land outside of the authorized area.¹¹ In June of 2021, the pipeline owner notified BLM of an additional unauthorized equipment access across a sensitive exclusion area. After Double E was made aware of the incident, the pipeline owner “initiated a stand-down and shut down crew for multiple days and initiated re-training along with undertaking staffing actions.”¹²

Pumpco was also the general contractor for Energy Transfer Partners, LP’s (ETP) 42-inch, 143-mile Trans-Pecos natural gas pipeline in Texas. This project included an international border crossing, and construction of about 1,093 feet of 42-inch natural gas pipeline beneath the Rio Grande River in Presidio County, Texas in 2016-2017. Only the border crossing was subject to FERC oversight, the Texas Railroad Commission has jurisdiction over intrastate pipelines. In

⁹ FERC Docket No. CP19-495, Bi-Weekly Construction Report ending March 20, 2021.

¹⁰ FERC Docket No. CP19-495, Bi-Weekly Construction Report ending April 17, 2021.

¹¹ FERC Docket No. CP19-495, Bi-Weekly Construction Report ending May 1, 2021.

¹² FERC Docket No. CP19-495, Bi-Weekly Construction Report ending June 26, 2021.

December of 2016, FERC inspectors noted two environmental non-compliance incidents. The first was for failure to protect a wetland area. According to FERC:

*Wetland soils were stripped for the full 125-foot-width of the workspace, signage identifying and protecting the wetland was missing, and vehicles were allowed to travel through the unprotected wetland area, resulting in deep rutting of saturated soils.*¹³

FERC also noted that construction personnel had cleared an unauthorized path through dense vegetation for installation of horizontal directional drilling (HDD) tracking wires. According to Trans-Pecos, the path was about 2 feet wide by 370 feet long. The clearing occurred through 10 feet tall mesquite vegetation.¹⁴ Outside of the FERC-regulated border crossing, in September 2016, the *El Paso Times* reported that construction workers on the Trans-Pecos project destroyed a 5,000 year old Native American site in Brewster County, Texas in September 2016.¹⁵

In addition to the FERC-regulated projects noted above, a representative of LIUNA who has a decade of experience building pipelines testified in North Dakota that he observed construction issues on Pumpco right-of-ways including one project site where the tie-in sections of the pipe used to tie to the mainline were laying unprotected on the ground.¹⁶ Importantly, we know from our experience building pipelines across the country, and as explained by LIUNA's witness, that laying pipe on the ground can expose it to abrasive surfaces which may affect the coating of the pipe and lead to corrosion.

11. What information did Summit provide concerning how Pumpco will staff the Project in South Dakota?

Answer: GPLDC requested information from Summit regarding Pumpco's staffing plan, but Summit objected to the interrogatory stating it was irrelevant. Summit did disclose generally that union contractors have a stated objective of employing South Dakota residents for half of

¹³ FERC Docket No. CP15-500, FERC Field Inspection Report, December 20, 2016.

¹⁴ FERC Docket No. CP15-500, FERC Field Inspection Report, December 20, 2016.

¹⁵ Schladen, Marty, "Pipelines spur protest in N. Dakota and West Texas, *El Paso Times*, September 30, 2016, <https://www.elpasotimes.com/story/news/2016/09/30/pipelines-spur-protest-n-dakota-west-texas/91331918/>.

¹⁶ North Dakota Public Service Commission Docket No. PU-22-391, Testimony of Evan Whiteford, Formal Hearing in Linton, ND, at 3:08, May 9, 2023, <https://www.psc.nd.gov/database/documents/22-0391/212-020.mp3>.

construction jobs while non-union contractors bring core personnel from out-of-state and supplement staffing with South Dakota residents.¹⁷

12. Do you have any information concerning how Pumpco has staffed past pipeline projects?

Answer: Yes. According to the Environmental Assessment for the FERC-regulated Double E Pipeline where Pumpco was the contractor, it was estimated that 85% of the construction contractor labor pool would originate outside the project area, and 15% would come from the local workforce.¹⁸ It is important to note the Double E Pipeline was located in Texas where Pumpco is based, and performs most of its pipeline projects. Pumpco's lack of experience in the Upper Midwest also means it does not have a local labor pool from which to hire workers in South Dakota. Considering these facts, we believe Pumpco will use a predominantly out-of-state workforce to build the Project in South Dakota.

13. What information has Summit provided regarding the employment of local or state workers on the Project?

Answer: According to Summit's economic impacts report by Ernst & Young which used the IMPLAN model to estimate economic impacts, the project will create 1,613 jobs by Summit's suppliers and contractors in South Dakota. Summit estimates labor income over three years for this workforce will total \$440 million.¹⁹ However, in response to an interrogatory by GPLDC, Summit disclosed that the jobs and labor income estimate for South Dakota assumes approximately 96% of workers will reside in South Dakota, and 94% will reside in the counties through which the Project will be constructed. Indeed, Summit explains that these rates are based on the IMPLAN model's in-commuting rate of 4.1% for the state and 5.7% for counties. These in-commuting rates are an input in the IMPLAN model, and Ernst & Young did not make any adjustments to these rates.²⁰ Therefore, it is our belief that Summit's broader community benefits

¹⁷ South Dakota Public Utilities Commission Docket No. HP22-001. 2022. SCS Carbon Solutions, LLC's Responses to Second Set of Interrogatories of the Great Plains, March 31, 2023.

¹⁸ FERC Docket No. CP19-495, Double E Pipeline Project, Environmental Assessment, p. 103, March 2020.

¹⁹ Ernst & Young, "Economic Contributions of Summit Carbon Solutions," April 2022.

²⁰ South Dakota Public Utilities Commission Docket No. HP22-001. 2022. SCS Carbon Solutions, LLC's Responses to First Set of Interrogatories of the Great Plains, October 5, 2022.

created by its capital investment in the state are grossly overstated because its model relies on generic worker commuting rates, and do not reflect specific commitments by Summit or Pumpco to hire a certain number of local and state workers to build the Project.

14. Does the creation of jobs for South Dakota residents provide greater community benefits when compared to projects that are built by out-of-state residents?

Answer: Yes. As stated previously, broader economic impacts for the state and host counties reported by Summit are predicated on an unrealistic assumption that nearly all of the workforce hired to build the pipeline facilities will be state and local residents. These rates reflect a generic input in the IMPLAN model, and not a commitment by Summit or Pumpco to hire local or state workers. In the absence of substantiation of state and local employment hiring rates, GPLDC recommends the Commission reject Summit's jobs and labor income estimates for the construction phase of the Project.

The fact is, and our experience demonstrates, that the extent of economic benefits to the state and local economies depend on whether workers employed to build the Project live in South Dakota, or have traveled here from out-of-state to build the project. A report by NorthStar Policy Action, a research and communications institute located in Minnesota, quantified the difference in economic impacts from using local versus non-local labor for the Summit Project. The report found that a local pipeline construction worker can be expected to contribute four times more to the local economy than a non-resident worker. The difference in spending relates to findings by economists that estimate local workers spend 95% of their income, and half of their fringe benefits, such as health insurance and retirement benefits, in the region where they live. Non-local workers, on the other hand, send their payroll remittances to their home state, and limit their local spending to the amount of their daily per diem.²¹ I have included a copy of the report as Attachment 3.

15. Are you aware of any registered apprenticeship programs sponsored by Pumpco in the Project footprint?

²¹ Jake Schwitzer and Lucas Franco, NorthStar Policy Action, "Capturing the Moment: A Roadmap to High-Road Carbon Capture Development," <https://media.websitecdn.net/sites/949/2022/12/Capturing-the-Moment.pdf>.

Answer: GPLDC requested information from Summit regarding registered apprenticeship programs sponsored by Pumpco, but Summit objected to the interrogatory. To my knowledge, Pumpco does not sponsor any registered apprenticeship programs in Nebraska, Iowa, North Dakota, Minnesota, and South Dakota. Our union sponsors registered apprenticeship programs in almost every state of the country including South Dakota.

16. Are you aware of any requirements regarding the utilization of registered apprentices on carbon capture pipelines?

Answer: Yes. The Inflation Reduction Act (IRA) passed by Congress amended Section 45Q to provide bonus credits to carbon capture projects that meet requisite prevailing wage and registered apprenticeship goals. Summit estimates the dollar value of Section 45Q credits to be \$585 million a year.²² In 2024, IRA requires 15% of total labor hours be performed by qualified registered apprentices. Despite Summit's reliance on 45Q tax credits to build the Project, it has not disclosed how it will meet the IRA apprenticeship goals.

17. What information has Summit provided regarding training requirements for construction personnel employed to build the pipelines?

Answer: Summit's original application generally notes the importance of experienced, well-trained personnel. It states it will require environmental training for all project personnel prior to construction, as well as prevention, response, and general safety training. It states it will require contractor personnel be informed of construction issues and concerns, and will be trained on these requirements. It notes that training requirements will vary based on different groups of contractor personnel and require contractor supervisors, managers, and field foremen attend a full-day environmental training session. Summit states all contractor personnel will attend a 1- to 2-hour training session before the beginning of construction, and as new workers are assigned to the Project. In response to GPLDC interrogatories for more details on the training requirements for construction labor, Summit stated training and certifications will be commensurate with other

²² South Dakota Public Utilities Commission Docket No. HP22-001. 2022. SCS Carbon Solutions, LLC's Responses to First Set of Interrogatories of the Great Plains, October 5, 2022.

pipeline projects in South Dakota, but did not provide a description of the training curriculum, or any other specifics regarding the scope of construction tasks workers would be trained on.

18. Please explain LIUNA’s approach to training on pipeline construction.

Answer: LIUNA and our partner employers have for decades met the workforce needs of the construction industry through self-funded training infrastructure and registered apprenticeship programs. We invest about \$100 million annually in skills training for construction workers through more than 70 mobile and fixed training centers. Specifically, LIUNA began training pipeline laborers in 1996, and has revised its curriculum since then to reflect regulatory changes, and industry standards. LIUNA’s Pipeline Technology Training Course is 64 hours with approximately 60% of training time devoted to hands-on practice of various tasks. Training topics include environmental protection, skid crew, coating crew, crossing roads and rivers, testing crew, clean up and restoration. Hands-on exercises cover several activities including: securing loads with straps and binders, installing silt fences, applying coating, coating repair, using a Holiday Detector to insure coating integrity, and cad welding for cathodic protection. At the end of the training, participants learn 228 specific course objectives. The Participant Guide for the Pipeline Technology class is over 300 pages. Full attendance is required, and full satisfaction of each training component is required to achieve a passing grade in this course. In addition, LIUNA provides Operator Qualification training for members on common covered tasks, including: examination of buried pipe, protection of coatings from backfill, observation of excavation, hauling/stringing/handling pipeline, and right-of-way cleanup. We also provide a number of other classes related to pipeline work, including pipe laying, OSHA 10 and 30 certificate courses, confined space awareness, and cutting and burning and fire watch, to name a few. Once workers are dispatched to pipeline jobs, they undergo additional project-specific training which is provided by the pipeline owner.

19. Are there broader trends in the construction industry or region that may affect Summit’s ability to staff the Project?

Answer: Yes. Summit estimates that approximately 4,200 construction jobs will be supported annually by the Project across five states. In South Dakota, 945 construction jobs will be supported by the Project. Building pipelines is labor intensive, and requires a mix of skilled trades. Summit projects construction will commence in the third quarter of 2024. The timing

means Summit will be competing with other major energy projects, including Navigator Heartland Greenway Pipeline's carbon capture project, for a limited pool of skilled craft labor. Navigator, however, has executed a Letter of Intent with LIUNA and the other pipeline unions to perform all the construction tasks necessary to prepare the right-of-way, install the pipeline, and reclaim the affected area.

Moreover, considering the highly specialized nature of pipeline installation, record unemployment, the construction workforce shortage that already exists, and the sheer number of major infrastructure projects on the horizon, the competition for skilled construction labor will intensify over the next couple of years. It is our view that owners who have finalized their labor procurement strategy will have a competitive advantage in securing the skilled labor required to perform construction activities efficiently, and safely. Indeed, according to a workforce survey by the Associated General Contractors of America, the leading trade association for the construction industry, nearly all (93%) construction firms have open positions they are trying to fill. The craft position that is the hardest to fill is pipelayers.²³ Pipelayers on main line pipeline projects are typically filled by construction laborers. In addition, Summit disclosed that it is concerned that the forecasted demand for construction workers in 2024 and 2025 will exceed South Dakota resources, and has completed a labor study to identify potential deficiencies. In respond to a request by GPLDC for a copy of the labor study, Summit objected stating it was irrelevant.²⁴

20. What are your recommendations to the Commission?

Answer: Should the Commission approve Summit's Application, GPLDC recommends the Commission require Summit to provide information regarding the hiring of South Dakota residents employed to build the Project. These disclosures will enable a complete record in this case, and provide the Commission and stakeholders vital data to evaluate community impacts. Specifically, Summit should include in its regular reports to the Commission: 1) the number of and percent of total construction workers who are South Dakota residents, and how this rate

²³ The Associated General Contractors of America, 2022 Workforce Survey Analysis Summary, accessed May 2023, https://www.agc.org/sites/default/files/users/user22633/2022_AG_C_Workforce_Survey_Analysis.pdf

²⁴ South Dakota Public Utilities Commission Docket No. HP22-001. 2022. SCS Carbon Solutions, LLC's Responses to Third Set of Interrogatories of the Great Plains, May 5, 2023.

compares to other Project states, and 2) the number of and percent of total registered apprentices who are South Dakota residents, and how this rate compares to other Project states. In addition to these metrics, in order to ascertain potential uncompensated care impacts to local health facilities, GPLDC recommends the Commission require Summit to provide before construction begins, the percentage of construction workers in South Dakota who are covered by employer-sponsored health insurance. Finally, in relation to training, GPLDC recommends the Commission require Summit provide more detailed training disclosures prior to the start of construction, including the minimum hours of training required for pipeline contractor personnel, and the specific tasks in which personnel will be trained on. GPLDC also recommends Summit certify in its regular reports to the Commission, the number of and percent of workers who have undergone required training. We believe training disclosures are needed to ensure all workers on the Project have the training and certifications needed to build the pipeline facilities safely and efficiently, and because Summit's pipeline contractor, Pumpco, has limited experience building pipelines in the Upper Midwest.

21. Does this conclude your testimony?

Answer: Yes, it does.

Dated this 16th day of June, 2023.

/s/ Randy Harris

Randy Harris