

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE APPLICATION
OF NAVIGATOR HEARTLAND
GREENWAY, LLC FOR A PERMIT
UNDER THE SOUTH DAKOTA ENERGY
CONVERSION AND TRANSMISSION
FACILITIES ACT TO CONSTRUCT THE
HEARTLAND GREENWAY PIPELINE IN
SOUTH DAKOTA

HP22-002

**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 hundreds of construction workers in the state, and has local offices in Sioux Falls, South Dakota. I am testifying on behalf of GPLDC. The International Union of Operating Engineers, Local 49, is also a party to this case. Our two unions represent two of the four construction trades that are employed on main line pipeline projects, similar to the Navigator project.

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 A to my testimony.

3. What are your duties and responsibilities in your current position, and how does that relate to the construction of the Navigator pipeline in South Dakota?

Answer: LECET was created to identify new and emerging markets, and to position LIUNA and our signatory contractors to capitalize on those opportunities. LECET is one of three organizations that make up LIUNA's tri-funds, which are designed to assist in expanding our market share in the construction industry. LECET's governing board includes both labor and management trustees. My key responsibilities include tracking major projects in the Midwest, outreach to project developers and other stakeholders about the benefits of using union labor, negotiating labor agreements with project owners and contractors, and working with employers and local affiliates to ensure workforce training and development.

We learned of the Navigator project, and the two other carbon capture pipelines (Wolf Midstream and Summit Carbon Solutions) when they were announced, and immediately engaged the owners about the possibility of employing union members on the projects. Energy projects, and natural gas and liquids' pipeline projects in particular, have been a key driver of work opportunities for our union. Nationally, about one-third of all the work our members do is related to the energy sector. And since 2014, our union has generated approximately 114 million work hours building main line pipelines similar to the Navigator project. This translates into 65,000 jobs that pay wages that are equivalent to salaries of workers with a college degree, health insurance that ensure workers and their families have access to healthcare through reliable medical benefits, and a retirement benefit that enables workers to age with dignity at the end of their careers.

4. Have you previously submitted testimony in a proceeding before the South Dakota Public Utilities Commission?

Answer: No, I have not.

5. What is the purpose of your testimony?

Answer: I am testifying in support of Navigator Heartland Greenway LLC's proposed Heartland Greenway Pipeline in South Dakota. GPLDC supports the pipeline because Navigator has executed a Letter of Intent with us and three other pipeline unions for construction and

installation of the project. My testimony will address the benefits of using union labor on the Navigator project.

6. What are the benefits of using union labor?

Answer: The benefits of using union labor fall into two categories. The first relates to the high quality construction services our union signatory contractors, and members bring to the project because of their experience and investment in workforce development. The second relates to broader socioeconomic benefits resulting from the use of local labor, and the provision of union scale wages and benefits that reflect the high skills of the workforce.

7. Please describe the experience union contractors and Laborers' members have building pipelines in South Dakota, and how that experience relates to the Navigator project.

Answer: The Navigator pipeline system is 1,300 miles of pipelines connecting 21 carbon dioxide capture facilities at ethanol and fertilizer plants throughout South Dakota, Nebraska, Minnesota, Iowa, and Illinois to a final storage site in Illinois. The project will have the ability to capture and sequester approximately 15 million metric tons of CO₂ every year, which is the equivalent of removing 3.2 million cars from the road. In South Dakota, Navigator is proposing to build approximately 111.9 miles of new 6-inch and 8-inch diameter pipeline in Brookings, Moody, Minnehaha, Lincoln, and Turner counties.

Union contractors and Laborers' members have built the other similarly sized pipelines in South Dakota and Midwest states: the Keystone Pipeline Project in 2008-2009, and the Dakota Access Pipeline in 2016-2017. The Keystone Pipeline's system in the United States is 1,400 miles, and includes 220 miles of 30-inch diameter pipeline in South Dakota. The Dakota Access Pipeline is approximately 1,168 miles, and includes 270 miles of 12- to 30-inch pipeline in South Dakota.¹ Union contractors built those projects, and thousands of Laborers' members worked on all phases of construction. Our members generated 2.4 million work hours building the Dakota Access Pipeline. Our decades of experience means there are thousands of union members who have experience installing pipelines in similar terrain and under similar conditions as the

¹ Miles reported for the Keystone Pipeline Project and Dakota Access Pipeline reflect the systems' pipeline facilities when the applications were before the South Dakota Public Utilities Commission, HP14-002 and HP07-001.

Navigator project. We estimate Laborers' members have been employed on approximately half of major oil and gas pipeline projects nationally.

In addition, the Laborers and the other pipeline trades are uniquely positioned to build the Navigator pipeline because of our partnership with the Pipe Line Contractors' Association (PLCA). PLCA is a trade association established in 1948 and is comprised of 164 pipeline companies including the largest and oldest pipeline construction contractors and specialized drillers in the country. The PLCA and four construction trade unions, LIUNA, International Union of Operating Engineers (IUOE), the International Brothers of Teamsters (IBT), and the United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry (UA), are signatory to the National Pipeline Agreement, which dictates the terms and conditions for labor on transportation main line pipeline and underground cable work. The partnership means union contractors have ready access to thousands of highly skilled craft labor throughout the United States who have experience building pipelines in every region of the country.² The agreement also means workers employed on pipeline develop an expertise with pipeline specific construction processes that they bring to every project regardless of who the developer or contractor is. The agreement establishes wages and benefit levels for all construction trades that 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. These qualifications go beyond what is required by law, and surpass labor standards at non-union companies.

8. Is the use of union labor instrumental to the construction of the Navigator pipeline?

Answer: Yes, building pipelines is labor intensive, and requires a mix of skilled trades. Navigator estimates approximately 1,000 construction personnel will be needed at peak construction. Navigator will have two construction spreads, each requiring 500 personnel, which will be built concurrently in 2024-2025. The four construction trade unions with whom Navigator has executed a Letter of Intent are equipped to perform all the construction tasks necessary to prepare the right-of-way, install the pipeline, and reclaim the affected area. Our

² The four unions combined represent over 4.4 million workers nationally, and thousands of members in South Dakota and neighboring states.

members have the background, training, and experience to ensure that this project is built to the highest standards. I firmly believe there are no better qualified or skilled workers than what we can provide to complete this project safely, responsibly, and efficiently.

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, including Summit Carbon Solution's CO2 pipeline, on the horizon, the competition for skilled construction labor will intensify over the next couple of years. By executing a Letter of Intent with unions, Navigator has a competitive advantage over other projects that have not finalized their labor procurement strategy. 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.³ Pipelayers on main line pipeline projects are typically filled by construction laborers.

9. What type of training does LIUNA provide to its members, and how is that training beneficial to the project?

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. These centers offer 164 hours of pipeline-specific training that is free to our members. Moreover, the Laborers have a Registered Apprenticeship Program in almost every state, including South Dakota.

10. How does occupational safety relate to the proposed project?

Answer: Job-site safety is an important issue to workers and employers. Safety includes safe work practices to avoid injury to workers which is critical to the workers, their families and the employer. But safety also includes safe work practices that help avoid an adverse impact on the environment and conservation areas, and work procedures to avoid adverse interaction with existing forms of transportation, such as road and rail crossings. Union labor is central to these

³ 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

safe work practices because workers undergo safety training, know their responsibilities and rights, are empowered to speak up if they see unsafe practices, and have systems in place to promote safety. Well-trained workers take great pride in the projects they work on and my experience is that these workers have installed thousands of miles of pipelines in the Midwest region safely.

11. What are the broader socioeconomic benefits resulting from the use of union labor?

Answer: As stated above, Navigator anticipates 1,000 construction personnel will be required to build the two pipeline segments. Construction is anticipated between the second quarter of 2024 through the first quarter of 2025. Navigator anticipates that 30%-50% of the total construction workforce will be hired locally. Because pipeline projects are so specialized, non-union pipeline contractors tend to import their own traveling workforce. Absent a partnership with local trade unions, the actual number of local workers employed on major energy projects in the Midwest is minimal. And, when local workers are hired, they tend to be employed by temporary staffing agencies, paid entry-level wages, and receive little if any benefits.

The use of union labor means Navigator's local employment estimate is not an aspirational goal. Rather, because the project will be built consistent with our agreement with the PLCA, half of the workforce will be hired from local South Dakota communities. The employment of local workers ensures wages paid on the project stay in South Dakota, reduces any adverse impacts associated with an influx of thousands of non-state residents to host communities, and sparks additional economic activity in local communities and the state for years into the future. When you compare Navigator's local employment commitment to that of Summit Carbon Solutions, for example, Navigator has substantiated its local employment target because of its commitment to use union labor. Summit, on the other hand, used a model to estimate economic impacts which assumes that approximately 94.3% of workers will be local to the state, while 5.7% will be non-locals who commute into the state. Unlike Navigator, Summit's 94.3% local employment rate is just an input in the IMPLAN model, and not a true representation of how many state or local residents the project is expected to employ.⁴

⁴ South Dakota Public Utilities Commission Docket No. HP22-001. 2022. SCS Carbon Solutions, LLC's Responses to Interrogatories of the Great Plains. Pg. 2.

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

Yes. According to Navigator’s Regional Economic Impact Study, total wages and salaries will peak in 2024 at approximately \$1.15 billion over the project footprint. Whether South Dakota’s share of labor income stays in the state, depends on whether those workers permanently live in South Dakota, or have traveled here 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 carbon capture 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 (\$63,000 versus \$16,000 per job). 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.⁵ Therefore, Navigator’s commitment to use union labor will create substantial benefits to the state and local counties. I have included a copy of the report as Attachment B.

13. Do you have any information about the wages and benefit levels of union labor employed on the project?

Answer: Yes. The wages and benefits paid to workers on the project have been negotiated between labor unions and the PLCA, and reflect the expertise of this highly specialized workforce. The wages are fair and incent a long-term career in construction, and the fringe benefits include affordable family health insurance that is not reliant on a single employer, and a portable retirement benefit. For laborers, in particular, the wages are significantly greater than the average wages the Bureau of Labor Statistics reports for construction laborers. The quality of the jobs and excellent benefits are an investment in the stability and skills of the workforce, and also provide blue collar workers, and workers in rural areas, a pathway to the middle class.

14. Does this conclude your testimony?

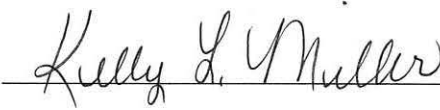
⁵ Jake Schwitzer and Lucas Franco, NorthStar Policy Action, “Capturing the Moment: A Roadmap to High-Road Carbon Capture Development,” <https://media.websitecdn.net/sites/949/2022/12/Capturing-the-Moment.pdf>.

Answer: Yes, it does.



Randy Harris

Subscribed and sworn to before me this 25 day of May, 2023.



Notary Public

My commission expires: 8.15.2023

