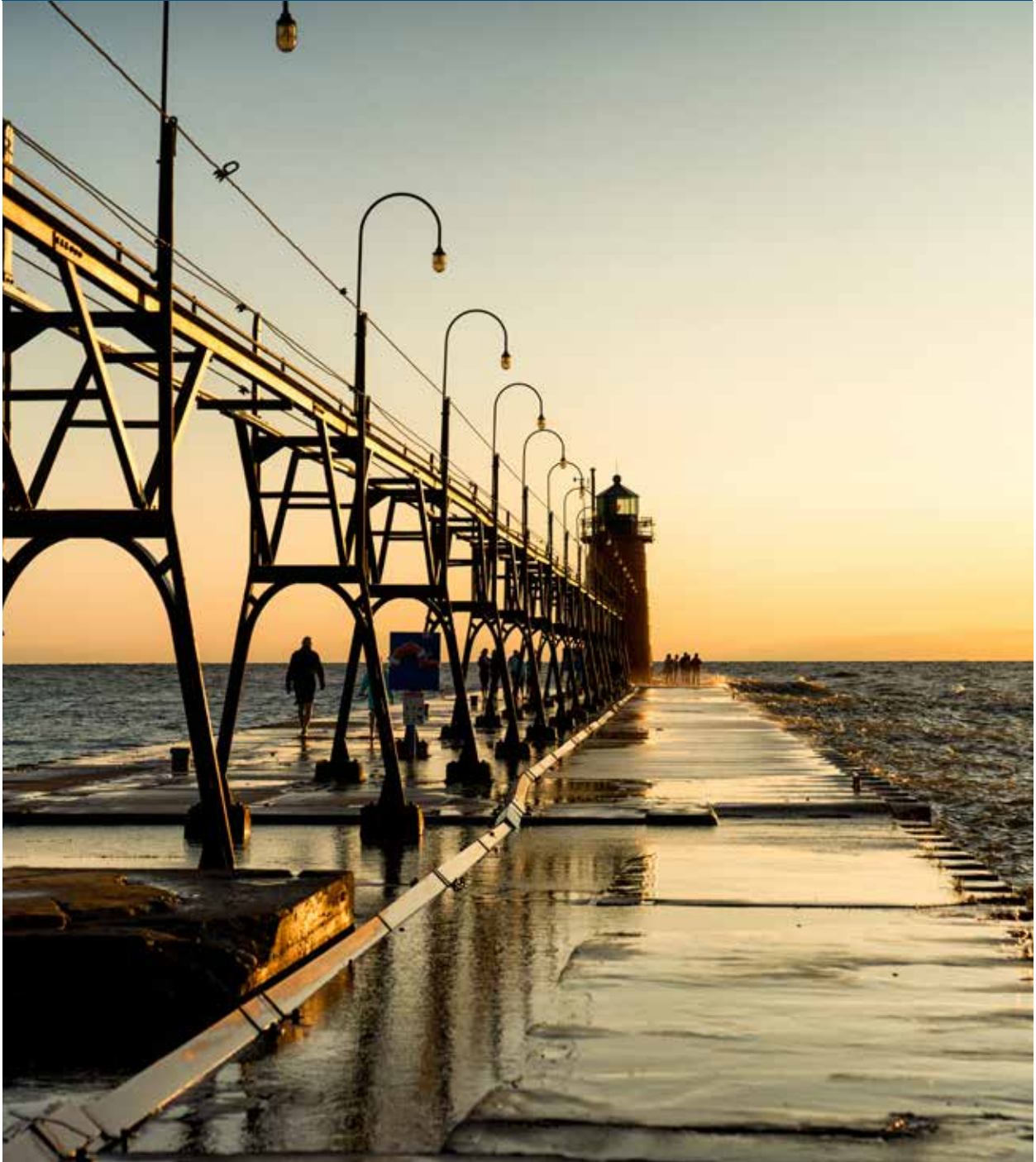


HOW PIPELINES CAN SPUR IMMEDIATE POST-COVID ECONOMIC RECOVERY



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Blocking the Line 5 Tunnel Project Would:

- Destroy \$5.4B a year in economic activity in Southeast Michigan, Ohio
- Put the environment at risk with 2,000 trucks or 800 rail cars out every day to carry the same energy
- Raise Michigan's already higher-than-average energy costs
- Eliminate almost two-thirds of the Upper Peninsula's propane supply

Michigan is facing a daunting economic recovery from COVID-19, but persistent, politically-motivated actions against the Line 5 upgrade are stalling a \$500 million private investment that could contribute immediately to the economy. What's more, the stall tactics are part of a campaign that could drastically raise energy prices for Michigan families, farmers and small businesses, and kill

off \$5.4 billion in annual economic activity in Southeast Michigan and Ohio – at a time when the state's leaders should be courting more of investment and spending.

CURRENT ECONOMIC CHALLENGES

The State of Michigan remains one the hardest-hit from the COVID-19 pandemic. Not only did it experience a massive public health crisis in the spring, but the lockdown persisted and the phased reopening stalled, creating a surge in the unemployment rate to over 21% – the third highest in the country.⁵⁵ Fortunately, it receded to 14.8% in June, but was still the sixth highest in the nation.

The economic shutdown hammered most of the state's traditional manufacturing base, including the auto industry.⁵⁶ Many plants closed, while others struggled to reopen given the disarray in global supply chains.

Family-owned businesses, like the Michigan Maple Block Company, which opened in Petoskey in 1881, closed their doors for good, and now only has operations in states with cheaper energy costs.⁵⁷ And Michigan's tourism industry, which supports one out of every 16 jobs in the state and makes most of its money in the summertime, spent this year in survival mode.⁵⁸

Adding insult to injury, Detroit's newly remodeled Metro Airport saw a more than 94% decrease in daily traffic at the height of the pandemic and has been slow to rebound. Factor in additional

⁵⁵ <https://www.marketwatch.com/story/unemployment-rate-falls-in-43-states-in-may-but-still-tops-20-in-nevada-michigan-and-hawaii-2020-06-19>

⁵⁶ <https://www.brookings.edu/blog/the-avenue/2020/06/04/why-covid-19-hit-michigan-so-hard/>

⁵⁷ <https://www.wsj.com/articles/factories-close-for-good-as-coronavirus-cuts-demand-11589122800>

⁵⁸ <https://www.cbsnews.com/news/michigan-tourism-coronavirus-pandemic-survive/>

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layoffs, a wave of early retirements, home losses, and people already struggling to pay their bills and we've far surpassed the ingredients for an economic disaster.

With Michigan's residential electric rates already more than 20% above the national average, it makes this current economic malaise even harder on the population of the state, where the median household income is just shy of \$55,000 a year. It's even worse for those with low or fixed incomes and those living paycheck-to-paycheck.⁵⁹

WHAT'S AT RISK NOW

Unfortunately, there is even more uncertainty about Michigan's energy future and it is putting at risk more than half a billion barrels of energy that is now delivered every day. Legal and political wrangling is stalling implementation of an existing bipartisan solution for Michigan's energy consumers, approved more than two years ago, which will replace existing pipeline under the Straits of Michigan with a new state-of-the-art tunnel.

Following the independent Michigan Petroleum Pipeline Task Force's Dynamic Risk Report in 2017 and bipartisan approval of legislation authorizing the upgrade in the state legislature, the current administration of Gov. Gretchen Whitmer, through Attorney General Dana Nessel, sued to stop the pipeline and its operators with two cases. Their first effort reviewing the constitutionality of the legislation lost in both the lower court and the court of appeals, while the second involving the

line's easement is ongoing. The administration also requested an emergency injunction to shut down the line, which was lifted.

These delay tactics are wasting millions in taxpayer dollars and increasing project costs – which can be avoided to save Michiganders from suffering from needlessly higher energy prices. Line 5 fuels families, truckers, farmers and local economies and brings 65% of the Upper Peninsula's propane supply, crucial for the biting winters. Michigan is among the top five states in residential petroleum use and the top residential consumer of hydrocarbon gas liquids, which is mostly propane, according to the U.S. Energy Information Administration. After months of trying to identify an alternative, the state keeps creating taskforces to search in vain for an energy source to somehow replace Line 5, something which homes, businesses, factories and fleets are already configured to use.

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Traditionally, government task forces are an elaborate way to delay while creating the impression of action. The current Administration's task force has yet to come up with viable alternatives to Line 5, risking 14.7 million gallons of transportation fuel, 756,000 gallons of propane to the UP, and a loss of \$5.4 billion in annual

⁵⁹ https://www.eia.gov/electricity/monthly/epm_table_grapher.php?t=epmt_5_6_a

economic output to southeast Michigan and Ohio, which also rely on the pipeline for some of their energy needs.⁶⁰

Here is a fact: The only way to meet the Upper Peninsula's and the rest of Michigan's energy needs without Line 5 would be to put the energy equivalent of Line 5 onto 2,000 trucks or 800 railcars every day, which would add significant traffic to roads and rail lines through communities, and increase the very emissions the state is hoping to avoid.⁶¹

LINE 5 TUNNEL PROJECT

Line 5 has been safely operating for over 60 years with recurring engineering and safety upgrades to ensure it can provide Michigan with 55% of its propane and 30% of the feedstock for refineries to make gasoline, diesel, and jet fuel. The remainder is developed into byproducts used for consumer goods. Like any piece of infrastructure, it needs upgrades and maintenance. It is well past time to modernize Line 5, since it's a key part of a 645-mile system that moves 540,000 barrels of energy a day.

The Line 5 upgrade is a wholesale change that will entomb the pipeline segment that is now anchored to the lakebed inside a tunnel 100 feet below the bottom of the lake in solid bedrock. Just to be sure, the new pathway for the dual-line pipeline will be reinforced with concrete and constructed using state-of-the-art boring technology to reduce environmental risks to the Straits. The project will be a \$500 million private

investment, employ up to 350 people in local labor, and utilize revolutionary technology and materials for enhanced safety and efficiency.

With almost 1.5 million Michiganders out of work⁶² and 14.1% living in poverty, people across the state desperately need new economic opportunities to shore up family budgets and improve business bottom lines. The Line 5 project can help affordably fuel many of them.

60 https://www.enbridge.com/~media/Enb/Documents/Factsheets/FS_Without_Line5_econ_impact.pdf

61 <https://consumerenergyalliance.org/cms/wp-content/uploads/2020/08/MI-Pipeline-Report.jpg>

62 https://ycharts.com/indicators/michigan_unemployment_rate