HOW PIPELINES CAN SPUR IMMEDIATE POST-COVID ECONOMIC RECOVERY

EXECUTIVE SUMMARY
Pipeline Delays Are:

- Causing More Than $13.6 Billion in Lost Investment
- Risking More Than 66,000 Jobs
- Blocking More Than $280 Million in Annual State & Local Tax Revenue

Our country is seeing unprecedented financial harm from the devastating COVID-19 pandemic and government-imposed lockdowns on the economy and travel. The crisis has taken our economy back to depths not seen since the last century. April 2020’s monthly employment numbers were the worst since World War II with 20.5 million jobs lost and an unemployment rate of 14.7%. And the second quarter gross domestic product plunged by the largest amount ever – 32.9% – a number that not even the Great Depression can match.1

The real impacts on workforce participation are expected to be historically bad with more than 103 million Americans, or nearly 40% of the country, at least temporarily out of the labor force – a low not seen since January 1973. And the public sector ripple effect from the lost revenues due to the COVID-19 shutdown is starting to be felt: States and municipalities are furloughing staff now and cutting essential services on which the public relies.

In the midst of the crushing job losses and pain being felt across so many of our states, communities, and neighbors, there are signs of hope and incredible stories of sacrifice and dedication by so many in our critical industries that have kept our country going and our lives connected.

The one thread tying all of this renewed growth together is energy, and it holds the key to our eventual financial recovery. From the production and disbursement of personal protective equipment (PPE) and fuel for food deliveries to the creation of life-saving products, energy and pipeline companies have stepped up while facing their own financial turmoil. Now, these companies continue to provide services that keep hospitals, first responders, grocery stores and our homes powered and online – often at great personal risk to their workers, to help maintain our public health and the health of the nation.

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Think about it for a moment – the one thing Americans have rarely had to worry about during the pandemic lockdown has been having enough energy, fuel or power.

Despite this classic American effort of banding together in the face of crisis, there are still forces in this country who are intent on leveraging the pain inflicted by the pandemic to advance an extreme

agenda against the infrastructure that delivers the energy we use, which literally makes our world go around, our lives easier, and our environment better. Their effort champions lawsuits, procedural delays, and regulatory roadblocks to stop construction projects that almost always pay wages far above the national average and which, when complete, can lower energy bills and emissions in a host of communities nationwide. Moreover, extremists cheer – or ignore – their destruction of real economic activity and jobs, many times at the expense of families and businesses in communities they don’t live in and have no intention to visit, save perhaps to protest.

It is an indisputable fact that pipelines are infrastructure projects that provide the safest and most environmentally sound option to transport our energy, reliably and affordably. Pipelines offer an immediate positive impact to communities across the country in terms of jobs and tax revenue, which can help – and in some cases are already helping – ease the fiscal burden that COVID has placed on government treasuries. They share the scale of job creation and economic activity of the public works projects that sparked America’s recovery out of the Great Depression, but differ because it is private money that supports the government – instead of the other way around – while creating public good.

Yet some fail to see that good – and that failure has a real cost to Americans, who rely on affordable, reliable and environmentally sound energy.

Activists, litigation and permit delays have canceled or are threatening a minimum of $13.6 billion in economic activity, the creation and support of over 66,000 jobs and more than $280 million per year in state and local tax revenue just by targeting the pipeline projects in this report. Further, untold billions in cumulative consumer savings are being put at risk or have been permanently lost during an economic downturn simply because certain policymakers, regulators and even jurists will not approve pipelines.

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Amazingly, defying legal precedent, a federal judge during the pandemic suspended action on a U.S. Army Corp of Engineers water permit needed for a pipeline, and then took the unusual step of placing an injunction on every infrastructure project that used that same Nationwide 12 Water Permit. This unprecedented decision stopped roughly 5,500 different projects from moving forward, everything from pipelines to telecom, electricity, shipping, transportation and more. Although the judge’s decision was later altered to include only oil and gas pipelines – which already face the most stringent environmental reviews – it nonetheless demonstrated the great risk that this kind of activist-driven litigation places on our economy.

That particular longstanding and heretofore uncontroversial permit simplifies the approval process, but removing it multiplies the already exhaustive paperwork at a bureaucracy-choking rate. The Army Corps of Engineers estimated it would take its 1,250 regulatory project managers 18 months to process the currently pending individual permits if the decision were to stay. According to an amicus brief filed by 18 state attorneys general in support of the Corps, processing individual permits instead of using the Nationwide 12 permit would take 788 days on average and add hundreds of thousands of dollars in costs.

Another recent decision by a federal judge in the District of Columbia would take the unprecedented step of forcing the Dakota Access Pipeline to cease operations – nearly three years after it has been safely in daily operation – while its environmental permits are resubmitted and re-reviewed. These are permits that were already federally approved and included significant public input. If upheld, this decision has the potential to create total chaos in the Mid-Continent and Midwest by stopping more than 500,000 barrels a day of fuel from reaching families, truckers and markets. That would in turn have created cascading impacts for farmers and other industries who would have to compete for rail service to move their goods. Fortunately, a higher court ruled Dakota Access could keep operating until the case reaches a determination.

An analysis by a commodity price-consulting group estimated the negative economic ripple effects for farmers in the Midwest could exceed $1 billion a year in losses because agricultural products would have to compete for limited rail car space. Arlen Suderman with Stone X Group consulting noted, “That means that ethanol plants have to wait for rail cars, and that means that grain companies have to wait for rail cars, or the cost of those cars are going to be a lot more expensive.”

A group of state attorneys general, some of whose staff are paid through a private foundation-endowed law school program that sets the terms of their employment based on their anti-energy views, have echoed the demands of extreme activists and urged our federal energy regulators to stop reviewing permits and regulatory decisions for pipelines and related infrastructure. The key question the public should be asking policymakers right now is – why are we trying to make it harder for regular people, small businesses, farmers and our industries to get back to work or save on energy costs in the middle of an economic downturn and global pandemic?

After $2.6 trillion in stimulus, loan and rescue funds have been approved by Congress, the Federal Reserve and the Administration, there

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4 https://www.eenews.net/greenwire/2020/04/28/stories/1062995279
5 https://www.eenews.net/energywire/2020/06/24/stories/1063442881?
6 https://www.law360.com/articles/1268895/don-t-disrupt-dakota-access-pipeline-army-corps-nd-urge
8 https://www.wsj.com/articles/appeals-court-allows-dakota-access-pipeline-to-continue-operating-11596662661
9 Ibid.
are solutions where pipelines could provide relief today for families and small businesses struggling to make ends meet so they can make payroll and provide employee health benefits. Even better, pipeline projects do not use public funds and can put thousands of people back to work at wages far above the national average.

The average yearly income for a salaried worker in late 2019 was roughly $48,672.\(^{13}\) In 2019, the median wage for the oil, gas and utility sector was $117,000 or nearly $40,000 more than the average wage for Americans with advanced degrees.\(^{14}\) According to the Association of Oil Pipe Lines, one major pipeline construction project will employ 7,000 construction workers and generate $400 million in salary and benefits that can help put kids through college and give families a better quality of life. The group notes that more than 500 workers are needed to construct each 100-mile section of pipeline, which also require pumping stations to be constructed every 50 miles.\(^{15}\) A myriad of workers including heavy equipment operators, laborers, welders, Teamsters, foremen, engineers, safety inspectors and support staff are needed for each job.

Further, more pipeline construction activity would create and spur demand in the manufacturing and industrial sector for steel, parts, services and a host of energy and construction supply chain needs. The COVID-19 outbreak has laid bare great weaknesses in our supply chains, including our over-dependence on China and global competitors for key components. That has not only been demonstrated in our consumer and medical goods supply chains, but in the energy sector for solar development, battery storage and demand.\(^{16}\)

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Ending our supply chain vulnerabilities and putting people back to work can happen now if only our policymakers had the courage to say no to politically motivated anti-energy groups, who lack a realistic plan to help get America back on its feet.

Note to Readers: This report is a national summary of select projects that are facing further scrutiny following completion, are ready to go, are nearly finished or have unfortunately been canceled because of opposition actions. To understand the cost of arbitrary delays, lawsuits, and roadblocks, each section examines the present economic hardships caused or exacerbated by COVID-19 in the related states and regions. It then explains the financial impact that delays, obstruction or cancellation of pipeline infrastructure projects can or will have on those economies, at a time when an American fiscal recovery requires more economic activity – not less.