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Before the North Dakota Public Service Commission

**Laborers District Council of Minnesota and North Dakota
(LIUNA Minnesota & North Dakota)**

Ruso Wind Project - Ward and McLean Counties

Case No. PU-19-28

Testimony of Kevin Pranis

on behalf of LIUNA Minnesota & North Dakota

June 17, 2019

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Exhibit 44 - Written testimony of Kevin Pranis
Laborers District Council Minnesota and North Dakota - Intervenor

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23 Q. Please state your name, the name of your employer, and your business address:

24
25 A. My name is Kevin Pranis. I currently serve as the Marketing Manager for LIUNA
26 Minnesota & North Dakota, an affiliate of the Laborers International Union of North
27 America, on behalf of my employer, the LIUNA Great Lakes Organizing Committee. My
28 organization represents more than 12,000 skilled construction laborers engaged in the
29 construction of building, civil, and energy infrastructure projects across Minnesota and
30 North Dakota. My business address is 81 East Little Canada Road, St. Paul, Minnesota
31 55117.

32
33 Q. Please describe your qualifications:

34
35 A. For the past five years, I have managed LIUNA's strategic research and growth
36 initiatives in Minnesota and North Dakota, and I have represented the organization in a
37 wide range of energy regulatory matters, including the permitting of gas and oil pipelines
38 and wind and solar energy installations.

39
40 Prior to accepting my current position with LIUNA, I spent seven years in Washington
41 D.C. where I served as Research Director for the six-million member Change to Win
42 labor federation and a LIUNA Campaign Director. My responsibilities included directing
43 research and growth initiatives focused on freight transportation, energy efficiency, and
44 water infrastructure.

45
46 Beyond my work with organized labor, I have extensive research and policy experience
47 in the fields of criminal justice policy, immigration detention, and the privatization of
48 public services, including co-founding nationally-recognized New York City-based
49 criminal justice policy consulting firm Justice Strategies.

50
51 I have authored and participated in the development of numerous published reports on
52 topics ranging from construction employment to sentencing policy. I earned a Master of
53 Arts degree in Social Sciences and a Bachelor of Arts in Latin American Studies from the
54 University of Chicago.

55
56 Q. What is the purpose of your testimony?

57
58 A. First, I will summarize the findings of a research analysis that my colleague, Lucas
59 Franco, and I produced to explore the likely socioeconomic impact of reliance on local
60 and non-local workforce to build a wind energy facility of the size and scope of the
61 proposed Ruso Wind Project.

62
63 Second, I will discuss the feasibility of building Ruso Wind and similar large wind projects
64 in North Dakota using a construction workforce that consists largely of local workers.

65

66 Third, I will discuss the potential consequences of the approval of wind energy projects
67 that employ few local construction workers to local workers and communities as well as
68 the industry as a whole.
69

70 Fourth, I will discuss actions that the North Dakota Public Service Commission could
71 take, consistent with its legal authority and the public interest, to maximize local benefits
72 and minimize negative socioeconomic impacts of Ruso Wind and similar wind energy
73 projects.
74

75 Q. Please describe the analysis that you and Mr. Franco produced on the potential economic
76 impact of construction hiring on the proposed Ruso Wind project and explain your major findings
77 of your analysis?
78

79 A. Mr. Lucas Franco, our organization's Research Manager, and I undertook an analysis of
80 the potential construction employment and associated economic impacts of a wind
81 energy project of similar size and scope to Ruso Wind. We employed a methodology that
82 was initially developed by North Star Policy Institute to examine the employment impacts
83 of wind energy development in Minnesota, and that has been used subsequently by
84 NSPI and Mr. Franco to analyze proposed wind energy projects in Minnesota and North
85 Dakota. Our findings from the Ruso analysis are as follows:
86

87 First, we found that a project such as Ruso Wind that employ local construction
88 workforce can positively impact local residents and communities by generating career
89 opportunities for local workers and injecting tens of millions of dollars in construction
90 payrolls into the local economy. We project that building such a facility with a 70% local
91 construction workforce would create 140 jobs for local workers and generate more than
92 \$14 million in local economic activity directly associated with construction payrolls.
93

94 Wind energy projects have the potential to create high-quality jobs opportunities for both
95 experienced construction workers and new entrants to the industry. Our research
96 indicates that North Dakota construction workers employed on wind energy construction
97 projects can expect to earn \$52,500 in wages, on average, in addition to roughly
98 \$12,500 in health benefits and \$12,500 in retirement benefits.
99

100 We find that the average local worker employed on a wind energy project can be
101 expected to contribute roughly \$51,600 in direct local spending over the short term, after
102 deducting taxes and savings and adding spending associated with health coverage. The
103 same worker could contribute an additional \$12,500 over the long term as retirement
104 savings are converted into retirement income. After applying a local spending multiplier,
105 we expect each such job to generate nearly \$90,000 in short-term economic activity and
106 over \$110,000 when retirement benefits are included.
107

108 Second, we found that employment of local construction workers to build a project like
109 Ruso Wind can be expected to deliver significant incremental benefits compared to the
110 employment of non-local workers. We find that the typical local worker employed on a
111 wind farm can be expected to contribute over three times more than a non-local worker
112 in terms of local spending (\$51,600 vs. \$15,600), and their contribution can be four times
113 greater over the long term (\$64,000 vs. \$15,600).

114
115 When this incremental difference is applied to a project similar to Ruso Wind, we find
116 utilization of a largely local workforce (50% to 70% local) is associated with roughly \$5
117 million in incremental short-term economic activity compared to utilization of a largely
118 non-local workforce (10% to 30% local) -- a figure that grows to \$6.7 million over the long
119 term as retirement savings become retirement income.

120
121 Third, we found that, thousands of local residents could benefit from new construction
122 career opportunities created by a large energy project such as Ruso Wind. While North
123 Dakota's unemployment rate remains low, our research identified more than 10,000
124 workers employed in retail, accommodations, and food service jobs that pay an average
125 of \$9 to \$15 per hour and may offer few, if any, fringe benefits.

126
127 Like large pipeline projects, wind energy can create opportunities for new entrants to the
128 construction industry. These projects do so directly in the form of entry-level jobs on a
129 project, and indirectly, by attracting local workers from other sectors of the construction
130 industry whose positions must be backfilled. These opportunities are only generated,
131 however, to the extent that contractors employ local rather than non-local construction
132 workforce.

133
134 The construction of large energy facilities such as the proposed Ruso Wind Project can
135 offer unique opportunities for current construction workers to advance their careers and
136 for new workforce to get a foot in the door. Wind and other large energy projects create
137 jobs with skill and experience requirements ranging from entry-level positions that can be
138 filled by men and women with no background in the industry who are willing to show up
139 on time, work hard, and follow directions; to positions that can be filled by men and
140 women with experience working on building or highway projects; to positions that can
141 only be filled by men and women who have extensive wind industry experience.

142
143 Q. Do you conclude that it is feasible for a project such as Ruso Wind to be built using a largely
144 workforce? And if so, what is the basis for your conclusion?

145
146 A. We are confident that Ruso Wind can be built using local workers because our members
147 have participated in construction of similar projects where locals made up a majority of
148 the workforce. We also know from past experience with other large energy projects,
149 including the Dakota Access Pipeline, that our union and our brothers and sisters in

150 other crafts are capable of recruiting and training local workers to fill positions that do not
151 require extensive industry experience.

152
153 Sunflower Wind in Hebron, North Dakota is a good example of a project that showcased
154 the ability of local workers to deliver a safe and successful wind energy project.
155 Sunflower is just one of several projects that have relied on local workforce.

156
157 LIUNA has a roster of skilled local construction workers, including members with wind
158 industry experience. The same is true of unions that represent Operating Engineers, Iron
159 Workers, Millwrights, Electricians. In addition to current membership, our organizations
160 have a proven ability to recruit new workforce and to deliver state-of-the-art classroom
161 and hands-on training to both new members and current members learning specialized
162 skills ranging from concrete placement to the operating and rigging the heavy cranes
163 used to install wind turbines. There are also thousands of nonunion construction workers
164 in North Dakota who would likely welcome the opportunity to work on a project like Ruso
165 Wind.

166
167 While wind developers sometimes cite the remote location of projects as a challenge to
168 attracting local workforce, Ruso Wind is located within commuting distance of several
169 population centers, including Minot, and Bismarck New Town, and Bismarck. The project
170 has the added advantage of being located in the same area of the state as North
171 Dakota's coal-fired power plants, which could not only provide access to skilled
172 workforce but also benefit workers, families and communities that face negative impacts
173 associated with the closure of coal plants.

174
175 Q. Why is the employment of local workforce on wind energy construction projects a concern for
176 your organization and your members, and why should it be a concern for the Commission?

- 177
178 A. Our organization is concerned about employment of local workforce on wind energy
179 because we believe that the practice of outsourcing construction of wind energy facilities
180 to non-local workers has become widespread, and because we believe that reliance on
181 non-local workforce is undercutting the benefits of, and support for, wind energy
182 development. Despite the fact that projects like Sunflower have employed many North
183 Dakota workers, our investigation into large wind projects under construction in 2018
184 suggest that North Dakota workers accounted for fewer than 20 percent of wind energy
185 construction jobs.

186
187 The relative absence of North Dakota construction workers on North Dakota wind energy
188 projects represents more than just a missed opportunity. Based on our informal survey of
189 wind projects under construction or in the development pipeline in North Dakota, we
190 have identified a cumulative capacity of more than 2,500 megawatts. It is unlikely that all
191 of the proposed projects will be able to move forward given limited transmission capacity

192 and demand for energy, as well as the limited investor capital available to finance
193 projects.
194

195 In these circumstances, there is potential for a project approved by the Commission to
196 "crowd out" other projects that must compete for customers, financing, or transmission.
197 This phenomenon is well-recognized by infrastructure investors, who may be reluctant to
198 consider investing in a market that appears to be at risk of becoming saturated. I have
199 provided a letter on this subject submitted by ULLICO Infrastructure Management
200 Company, a major infrastructure investor, pursuant to a wind energy siting proceeding
201 before the Minnesota Public Utilities Commission for reference.
202

203 We are concerned that the approval of a project that offers limited local employment
204 benefits represents more than a missed opportunity; such an approval can end up
205 hurting local workers and communities by crowding out better projects that could have
206 delivered many more jobs and much greater economic stimulus. We are also concerned
207 that the approval of projects that create few local jobs could undermine public support for
208 wind energy development and confidence in the permitting process.
209
210

211 What could the North Dakota Public Service Commission do, consistent with its legal authority,
212 to maximize the local benefits and minimize unintended consequences of wind energy
213 development?
214

- 215 A. North Dakota Administrative Code Title 69, Article 6, Chapter 68 authorizes the Public
216 Service Commission to give preference in permitting decisions to projects that can be
217 expected to maximize associated benefits, specifically including the training and
218 employment of local workers. The Commission is further authorized under Chapter 68 to
219 condition the issue of a permit, in proper cases, on the adoption of policies and practices
220 that the Commission finds necessary to maximize such benefits. We believe that the
221 Commission can and should exercise its authority to encourage greater use of local
222 labor where feasible, and to provide more transparency with respect to the employment
223 impacts of wind energy development.
224

225 First, the Commission can consider the extent to which the project can be expected to
226 create high-quality employment and training opportunities for local workers based on the
227 evidence in the record, potentially including any local construction hiring commitments
228 made by the applicant as well as evidence concerning past hiring practices on projects
229 built by the applicant and its affiliates, or by contractors selected or under consideration
230 to build the facility. The Commission can further weigh the project's anticipated local
231 employment and training benefits against any negative impacts that could occur if the
232 project "crowds out" competing development opportunities.
233

234 Second, the Commission can require successful applicants for wind energy facilities to
235 submit regular reports during construction on the employment of local and non-local
236 workforce in order to better inform future Commission decisions and provide greater
237 public transparency regarding the degree to which promised benefits of wind energy
238 development actually materialize and are made available to local residents. Both of
239 these steps fall clearly within the Commission's legal authority and both could strengthen
240 public confidence in the development and permitting of wind energy facilities.
241

242 Q. Have any neighboring states taken similar steps to maximize the local employment benefits
243 and increase transparency in wind energy development?
244

245 A. Minnesota's Public Utilities Commission has recently taken action in both areas. In late
246 2018, Minnesota's Commission began requiring successful applicants for permits to
247 build or retrofit wind energy facilities to submit quarterly reports on number of Full-Time
248 Equivalent workers (FTE) or hours worked by local workers -- including both Minnesota
249 residents and residents of neighboring states living within 150 miles of the project -- and
250 non-local workers.
251

252 Minnesota's Commission recognized that it made little sense to require collection of
253 detailed information on species and other environmental impacts, but no information on
254 how many local residents were eventually employed on projects that purported to create
255 hundreds of new construction jobs. Permits have been issued for three wind energy
256 construction projects since the Commission began requiring local hire reporting,
257 including one that is currently under construction and another that is expected to
258 commence construction later this year.
259

260 In December of 2018, for the first time in its history, Minnesota's Commission also made
261 employment of local construction workers an explicit consideration in a case where the
262 Commission referred applications for a Certificate of Need and Site Permit to contested
263 case hearings based on concerns over expected reliance of non-local construction labor.
264 The proposed project was subsequently sold to another different developer and is
265 expected to create many more employment opportunities for local workers.
266

267 It is important to note that Minnesota's Commission took these actions under its broad
268 mandate under Certificate of Need and Site Permitting statutes and rules to consider
269 societal impacts, including the promotion of sustainable development and efficient use of
270 resources, as well as its general authority to impose reasonable conditions based on the
271 evidence in the record. North Dakota's rules provide an even more explicit legal
272 foundation for local hire consideration and reporting than Minnesota's.
273

274 Q. How have the steps taken in Minnesota impacted the development process and the
275 employment of local workers on wind energy construction projects?
276

277 A. There are many factors at play, but we have seen tangible progress in the use of local
278 labor on Minnesota wind energy projects, and there is no question that the Commission's
279 actions and attention to the issue have played a major role. During the 2017 and 2018
280 construction seasons, we estimate based on field observations and information filed with
281 the Minnesota Public Utilities Commission that fewer than 20 percent of construction
282 jobs on large Minnesota wind energy projects were filled by local workers. In 2019, by
283 contrast, we project that well over half of construction jobs on large wind energy projects
284 will be filled by local workers. Further, public dialogue over renewable energy
285 development in Minnesota have changed from conversations that were almost entirely
286 driven by environmental concerns to conversations that include impacts on workers and
287 the job impacts.

288
289 On the other hand, we have seen no evidence that Minnesota's decisions to elevate the
290 importance of local jobs and require local hire reporting have had any negative impacts
291 on the industry or the pace of development. Minnesota is experiencing record levels of
292 wind energy development and construction heading into 2020, and attention to local
293 employment benefits has helped increase local support for projects such as Tenaska's
294 Nobles 2 Wind near Worthington, Minnesota, which we expected to employ roughly 150
295 local workers. No wind energy developer has contested Minnesota's reporting
296 requirement. Finally, in the one case where a developer withdrew from a project whose
297 local job impact was disputed, the project was immediately acquired by another
298 developer with a better local hiring track record.

299
300 Q. Would the proposed local hire reporting condition impose an undue burden on wind energy
301 developers or their construction contractors?

302
303 A. No. The wind energy construction industry is well-equipped to provide data on the
304 employment of local and non-local construction labor with little or no difficulty. Wind
305 energy projects are routinely built by a small handful of large and sophisticated national
306 contractors. These contractors are capable of tracking hours worked on projects at a
307 much higher level of detail than would be required by the proposed reporting condition.

308
309 Further, the existence of a similar reporting requirement in a neighboring state with
310 substantial wind energy development all but ensures that likely bidders for Ruso Wind
311 and other North Dakota wind energy projects will be willing and able to provide such
312 reports. Among the five EPC contractors that perform the lion's share of wind energy
313 installation in the United States, two are building projects covered by Minnesota's
314 reporting requirement and the rest are on bid lists for future Minnesota projects or have
315 otherwise indicated their willingness to provide such reports.

316
317 Q. Does your organization advocate for the Commission to require the hiring of workers on wind
318 energy projects or to deny permits for wind energy projects based solely on anticipated job
319 impacts?

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A. No. While the Commission might have legal authority under North Dakota Administrative Code Title 69, Article 6, Chapter 68 to establish local hiring requirements or deny applications based solely on job impacts, we would not recommend that the Commission do so. We merely urge the Commission to weigh the evidence in the record regarding an applicant's local hiring commitments and past practices as the Commission considers the totality of the project's environmental and socioeconomic impacts, which obviously extend far beyond construction employment. We advocate consideration of local construction employment impacts as an important factor among many, not as a stand-alone basis to approve or deny a permit.

Q. Does this conclude your testimony?

A. Yes