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Vice President and Regulatory Affairs Counsel

October 6, 2011

Secretary Hillary Clinton
Keystone XL EIS Project
P.O. Box 96503-98500
Washington, D.C. 20090-6503

Re: National Interest Determination – Keystone XL Pipeline

Dear Secretary Clinton:

The American Trucking Associations¹ (“ATA”) is writing to urge the Department of State to issue a Presidential Permit allowing the construction of the Keystone XL pipeline. Keystone XL will provide the United States with a secure supply of crude oil that is critically important to the health of the trucking industry and the United States economy. As discussed in more detail below, Keystone XL is in the national interest in that it will improve domestic energy security, create thousands of jobs, produce a much needed economic stimulus in the affected states, and even reduce the environmental impact associated with transporting oil to the United States refining industry in Houston.

A. The Trucking Industry Depends Upon Diesel Fuel

The trucking industry is the backbone of this Nation's economy with nearly 7 million Americans working in trucking-related jobs. Trucks move 70% of our Nation's freight tonnage and earn 82% of the Nation's freight revenue.

The trucking industry consumes over 35 billion gallons of diesel fuel and 14 billion gallons of gasoline to deliver virtually all of our Nation's food, clothing, medicine, and other essential commodities. Increases in the cost and volatility of crude oil adversely affect the trucking industry and raise the cost of virtually all consumer goods delivered by trucks.

¹ ATA is a united federation of motor carriers, state trucking associations, and national trucking conferences created to promote and protect the interests of the trucking industry. Directly and through its affiliated organizations, ATA encompasses every type and class of motor carrier operation.

Good stuff.



B. Trucking will Depend on Diesel for the Foreseeable Future

The trucking industry has developed a sustainability plan and continues to pursue new technologies and operating procedures to reduce fuel consumption.² Even with the most aggressive fuel conservation program, the trucking industry will continue to demand large quantities of diesel fuel to deliver an increasing volume of freight.

The trucking industry also embraces the voluntary use of alternative fuels (*e.g.*, renewable diesel and natural gas); however, these alternatives present both economic and operational challenges for many fleets and additional research and investment incentives are needed to overcome these challenges. The trucking industry is a very diverse industry and while some segments of the industry may be able to operate on alternative fuels, large segments of the trucking industry will continue to depend upon a plentiful supply of diesel fuel for the foreseeable future.

C. Keystone XL will Improve U.S. Energy Security

The United States dependence on oil from unstable regions of the world threatens the health of the trucking industry and our Nation's economic recovery. The development of Keystone XL will provide a stable, long-term supply of crude oil from Montana, North Dakota, and Canada – one of our strongest and most loyal allies – to refineries in the United States.

The Keystone XL pipeline is a critical piece of infrastructure that will help the United States enhance its energy security. The United States currently imports about half of the petroleum we consume. Keystone XL will transport 700,000 barrels of petroleum per day. While most of the petroleum carried by the pipeline will originate in Alberta, Canada, Keystone XL also will carry between 65,000 and 100,000 barrels per day from Montana and North Dakota, thereby reducing the cost of transporting Bakken oil to market.

The United States continues to import oil from unstable and adversarial countries despite the vast North American resources available. The United States reliance on imported oil places United States consumers at greater risk of supply disruptions and damaging price spikes. Volatile diesel prices harm the trucking industry and jeopardize the United States economy. The recent events in North Africa and the Middle East have reminded us of how vulnerable our energy supply is to geo-political events beyond our control. If we turn our backs on Canadian petroleum products as we develop green alternatives, then our dependence on crude imported from other parts of the globe will continue to rise and further erode United States energy security.

² A copy of ATA's sustainability plan may be viewed through the following link:
<http://www.trucksdeliver.org/>

D. Job Preservation and Job Creation

Today it may cost over \$1,000 to refuel a long-haul, over-the-road truck. The trucking industry is overwhelmingly comprised of small businesses that operate in extremely competitive business environments, with narrow profit margins.³ The future of these trucking companies is at risk when the price of fuel spikes. In addition, soaring and volatile fuel prices are a serious threat to the broader economy, adversely impacting both the cost of goods and our ability to move them affordably throughout the country.

As fuel prices increase, it's a double hit for the trucking industry. Not only does it cost more to refuel trucks, high energy prices depress consumer spending, which translates to a reduction in the amount of freight to be hauled. In 2008, when oil peaked at \$148 per barrel and diesel hit \$4.75 per gallon, more than 3,000 trucking companies failed.⁴ These bankruptcies removed more than 140,000 trucks from the road and even more trucking industry employees.⁵

Keystone XL is a \$7 billion dollar private construction project that will stimulate the United States economy. In addition to boosting jobs in the trucking industry from transporting construction materials, Keystone XL is expected to create 20,000 manufacturing and construction jobs across the country and provide more than \$5 billion in new tax revenues for state and local governments along the pipeline route.

E. Environmental Issues

The trucking industry believes in environmental stewardship and has invested billions of dollars in new trucks that reduce criteria pollutants. In addition, ATA members have developed a sustainability plan to reduce carbon emissions from the trucking industry.⁶

The Department of State has thoroughly analyzed the Keystone XL pipeline's potential environmental impact and the Final EIS properly concludes that there are no substantial environmental concerns that should prohibit this project from moving forward.

³ Roughly 96% of all interstate motor carriers operate 20 or fewer trucks.

⁴ *Source:* Avondale Partners, (these figures understate the true impact upon trucking jobs, as they do not include companies with fewer than 5 trucks).

⁵ *Id.*

⁶ <http://www.trucksdeliver.org/>

We understand that one of the primary objections to the construction of Keystone XL is a perception that it will increase global carbon emissions. This is simply not true. In fact, carbon emissions actually will increase if the United States does not approve the Keystone XL Pipeline. In the absence of Keystone XL, Canada will still develop its vast oil sands reserves, as it cannot afford to turn its back on this lucrative natural resource. Instead of moving the oil derived from oil sands to the United States via the Keystone XL pipeline, that oil will be transported by other modes of transportation. The carbon emissions associated with transporting oil via rail, ship and even trucks is much greater than the emissions associated with moving the oil from Alberta to Houston via pipeline. As such, the Keystone XL pipeline will decrease global climate emissions compared to other alternatives.

CONCLUSION

The development of Keystone XL presents a unique opportunity to strengthen our national security, provide greater energy security for American consumers, reduce global carbon emissions, and create jobs in the United States.

The benefits of a secure North American petroleum supply are critically important to our domestic energy security and to the trucking industry, which depends upon a stable supply of diesel fuel to deliver virtually all consumer goods in the United States. As we begin a transition to alternatives, we must not forget that the trucking industry and our economy will continue to depend upon diesel fuel for the foreseeable future. The failure to boost secure North American sourced petroleum supplies during this transition will simply translate into increased dependence on foreign sources of oil, damaging fuel price spikes, and a continuing threat to our economy and national security.

For these reasons ATA believes that the construction of the Keystone XL pipeline is in the best interest of all Americans, and we respectfully request that the Department of State expeditiously approve the project and grant TransCanada the Presidential Permit necessary to begin building the pipeline.

Respectfully submitted,



Richard Moskowitz
Vice President and Regulatory Affairs Counsel

cc: Alexander Yuan