



# STEAMFITTERS LOCAL UNION 420

ANTHONY GALLAGHER  
*Business Manager*

KEVIN HEFFERNAN  
*Financial Secretary/Treasurer*

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## **Remarks by Anthony Gallagher – Business Manager of Steamfitters Local Union 420**

Good morning Chairman Argall and members of the Senate Majority Policy Committee;

Thank you for allowing me the chance to offer my comments on the proposed reversal of the Laurel Pipeline.

My name is Anthony Gallagher, and I'm the Business Manager of the Steamfitters Local Union 420, which represents over 4,600 highly skilled craftsmen. Our union, along with the thousands of members of the Philadelphia Building Trades have built many things in our region. From skyscrapers to major manufacturing complexes, we play an integral role in our region's economic development. We are highly skilled and dedicated workers, but we are also leaders in our personal lives. Many of our members spend their free time building communities through in-kind contributions of labor and materials, and other significant financial support to non-profit organizations that help the underprivileged in our area. None of this would be possible without the important work that we do as partners with industry in our region.

I can tell you firsthand that many of my members depend on facilities like Monroe Energy and Philadelphia Energy Solutions (PES) for their livelihoods. Over the years, jobs at our local Pennsylvania refineries have provided life-changing opportunities for tens of thousands of steamfitters, many of whom spent their careers working at facilities like these.

The refining industry is constantly evolving, and it's also an industry that requires consistent upkeep of equipment. Refiners here in Pennsylvania spend hundreds of millions of dollars every year on facility improvements and enhancements. They rely on my members to accomplish the necessary annual maintenance as well as the building of new units and other projects. By working together we help keep our region strong, and hundreds of millions of dollars are injected into Pennsylvania's economy as a result.

So I want to be very clear when I say that Buckeye's proposed reversal of the Laurel Pipeline represents a direct threat to all of this. It threatens the jobs of my members and thousands more, many of which are members of the Philadelphia Building Trades and Construction Trades Council. It also threatens to eliminate the infusion of economic activity that we currently enjoy in our region and our state.

Unfortunately we all know too well how bad things can get when a refinery closes its doors. Because in September of 2011, ConocoPhillips and Sunoco announced the closure of their respective Pennsylvania refineries in Trainer, Philadelphia and Marcus Hook, and this news devastated the Greater Philadelphia region. In a blink of an eye, over 2,300 high-paying direct jobs and tens of thousands of lucrative indirect jobs were suddenly at risk.

At the time, the Pennsylvania Department of Labor conducted a study to determine the true extent of the impact on the region, beyond just the jobs directly supported by these refineries. What they found was astonishing. Their report said:

“The employment multiplier for these layoffs in southeastern Pennsylvania is substantial. An estimated 18.3 jobs will be lost for each layoff. The employment multipliers in this industry for the state and the nation are 22 jobs and 61 jobs, respectively.”

Senators, that is one of the highest job multipliers in any industry in the United States – right here in Pennsylvania. Thankfully those jobs came back. But we face new threats to our region’s economic stability – and a proposed reversal of the Laurel Pipeline is one that has the potential to create a damaging ripple effect that runs far and wide.

And while this issue is largely about the threat to Pennsylvania, it’s also about national security. U.S. Energy Department officials have previously stated that, if Philadelphia area refineries were to close, there would be massive price increases at the pump which represents a threat to U.S. national security interests. Higher gas prices force consumers and businesses alike to cut back, and when that happens, the ones who suffer the most are often those least able to afford it.

Buckeye may tell you that the reversal will lead to a major investment in the form of a construction project. And while that’s great, it’s also a one-time investment. Once that project ends, those workers will have to look elsewhere for work, perhaps out of state. But every year, the refineries in southeast Pennsylvania invest more than the amount that Buckeye has said they’re prepared to spend on this one-time project. So why would we want to jeopardize an industry that offers us a continued investment, year after year, in favor of a one-time project?

For the many reasons I discussed, I respectfully request that you support my members, that you support consumers in the western part of the state, and that you support our Pennsylvania businesses by expressing your opposition to Buckeye’s proposal to the PUC. Buckeye’s proposal is anti-free market because it consolidates the ability to supply Western PA with finished fuel products exclusively in the hands of out-of-state refiners. This will absolutely eliminate competition in the market, which will lead to higher gas prices for consumers, and effectively cut off Pennsylvania refineries from a vital market that’s located in our own state. We simply cannot afford to voluntarily jeopardize our refineries, and consumers and businesses cannot afford to have prices raised upon them.

Thank you again for the opportunity to offer my comments.

Sincerely,



Anthony Gallagher  
Business Manager



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