

**LIUNA Minnesota & North Dakota Comments on the Proposed
Mower County Wind Facility
PUC Docket Number/s: E002/PA-19-553**

LIUNA Minnesota & North Dakota appreciates the opportunity to offer comments on the proposed acquisition and repower of the Mower County Wind Facility by Northern States Power, doing business as Xcel Energy (“Xcel”).

LIUNA Minnesota & North Dakota represents 12,000 unionized construction workers statewide including over 500 members in Southwest Minnesota. We believe that Xcel’s proposal to repower and acquire Mower County Wind will benefit local workers, local communities, and the public at large by creating and sustaining high-quality construction and maintenance jobs.

We support Xcel’s petition to acquire, own, and operate the repowered 98.9 megawatts (MW) Mower County Wind Facility (Project). We believe the repower project will provide significant socio-economic benefits to the regional economy by maximizing the use of local labor and utilizing skilled local tradesmen and women to build the project. We also believe that the project will help Xcel meet its carbon reduction goals and efficiently use existing interconnection rights, while maximizing ratepayer benefits and minimizing risks associated with operations and decommissioning.

Xcel’s repower proposal will maximize the use of local labor and create good, family-supporting jobs for area residents. While the creation of high-quality construction jobs is not the primary objective of energy policy in Minnesota, it is an important factor to consider, especially in a rural area of Minnesota where the availability of family-supporting blue-collar jobs is very limited. Xcel Energy has arranged with the facility’s current owner to a preference for use of local union labor, which will help to ensure that the project is built by local workers, and that wages and benefits earned recirculate in the local economy.

There is a close connection between the use of union labor and use of local workforce based on industry interviews and observations.¹ Use of union labor helps to maximize local labor content because area construction trade unions are deeply embedded in local communities, and local governance structures and collective bargaining agreements prioritize the dispatch of local members to fill job opportunities on area construction projects. The Minnesota Building and Construction Trades unions represent members throughout Minnesota, including many in Southwest Minnesota where the proposed project would be located. These unions have a deep bench of qualified workers who stand ready and willing to build new renewable energy projects.

Further, the Minnesota Building Trades are at the forefront of recruiting and training the next generation of skilled construction workers. These unions invest substantial time and resources in recruitment, including the organization’s Construct Tomorrow program which regularly draws thousands of students from across Southwest Minnesota to Mankato for a hands-on introduction to construction careers, along with participation in numerous job fairs across the region. Beyond recruiting young people into the construction industry, Minnesota Building and Construction

¹ See PUC Docket No. E002/M-19-568.

Trades union work to work to recruit area those with both extensive or little to no construction experience into a family-supporting career in the construction industry.²

Minnesota's relatively low unemployment rates have been deployed as a rationale to excuse the failure of contractors to employ local workers. However, the real-world experience of trade unions that successfully recruit new workforce during periods of low unemployment, together with analysis of data published by Minnesota's Department of Employment and Economic Development (DEED), shows that unemployment rates tell us little about the feasibility of local hiring.

There are currently thousands of workers employed in low-wage, part-time jobs with few opportunities for upward mobility in Southwest Minnesota. For example, of the approximately 172,409 workers in Southwest Minnesota, 30,764 are employed in low-wage retail, accommodations, and food service jobs.³ Many of these workers would welcome an opportunity for a well-paid, 40+ hour per week job with generous benefits.⁴

We estimate that the average construction worker on a Minnesota renewable energy project would earn anywhere from \$2,000-\$2,370 per week in addition to health and retirement benefit payments.⁵ This is three to five times the average weekly earnings of a worker in accommodation, food service or retail work before accounting for the value of fringe benefits.

The use of local labor on a wind farm project significantly increases the socio-economic benefits to regional communities. Research reports published by North Star Policy Institute and the Local Jobs North campaign have documented the high cost to Minnesota workers and communities of reliance on non-local construction labor to build wind energy facilities.⁶ For example, Hatt and Franco found that use of a largely non-local construction workforce (10-30% local) was associated with a roughly \$45 million reduction in the local economic benefit of installing 1,400 megawatts of wind energy, compared to use of a largely local workforce (50-70% local).⁷ A local worker can be expected to contribute three-times more to local economies than non-local

² For more information on Minnesota Building Trades career programs and partnerships see <https://mntrades.org/apprenticeship> and <https://constructioncareers.org/programs/>

³ This is QCEW data from Minnesota DEED. Data is from Southwest Minnesota Planning Region, which includes the following counties: Big Stone County, Blue Earth County, Brown County, Chippewa County, Cottonwood County, Faribault County, Jackson County, Lac qui Parle County, Le Sueur County, Lincoln County, Lyon County, Martin County, Murray County, Nicollet County, Nobles County, Pipestone County, Redwood County, Rock County, Sibley County, Swift County, Waseca County, Watonwan County and Yellow Medicine County

⁴ Kalleberg, Arne L. *Good jobs, bad jobs: The rise of polarized and precarious employment systems in the United States, 1970s-2000s*. Russell Sage Foundation, 2011.

⁵ We estimate pay and benefit rates based on an average of prevailing wage rates established by the Minnesota Department of Labor and Industry for heavy industrial and highway projects across southern Minnesota. The low end of the pay range assumes little to no overtime, while the high end is based on 1/3 of hours at overtime rates. We use the same rate as our wind worker rate estimate in the report *Catching the Wind 2.0*. A full description of these rates can be found here:

<https://d3ciwvs59ifrt8.cloudfront.net/19d28156-d283-4f19-aa25-a3a81dcffdf/5d62076d-cfaa-4d0d-b4c2-82a55b767446.pdf>.

⁶ Franco, Lucas and Katie Hatt, *Catching the Wind: The impact of local vs. non-local hiring practices on construction of Minnesota wind farms*, The North Star Policy Institute, 2018.

⁷ Ibid, page 2.

workers over the near term, and the four-times more over the long-term as retirement benefits generate retirement income.⁸

The use of union labor has additional public benefits. For example, the use of union labor improves worksite safety. Researchers have demonstrated a clear link between unionization and jobsite safety. A 2018 article by Michael Zoorob, Ph.D., at Harvard, for example, finds that each one-percent decline in unionization corresponds to an approximately five-percent increase in the rate of occupational fatalities (on-the-job deaths) based on a longitudinal analysis of the impact of right-to-work laws.⁹ Mr. Zoorob further finds that right-to-work laws are associated with a 14.2 percent increase in occupational fatalities through decreased unionization.¹⁰

Finally, the use of union construction labor increase local socio-economic benefits by ensuring the creation of family-supporting jobs in the region and recruiting and training the next generation of skilled construction workers through registered apprenticeship program. Union construction jobs pay middle-class wages and deliver portable benefits that typically include employer-paid family health coverage and defined-benefit pensions which provide lifetime retirement security. Further, the use of union labor means an investment in registered apprenticeship programs. Each union construction workers completed extensive classroom and on-the-job training through union sponsored apprenticeship models. Union members and their employers also invest in these programs through negotiated fringe benefit payments.

Increased participation in registered apprenticeship programs provide substantial benefits to apprentices and their families and communities, to ratepayers, and to the public. For example, research by Mathematica Politica Research for the U.S. Department of Labor Employing and Training Administration found that participants in registered apprentice programs have significantly higher earnings than non-participants. They found that those that complete a registered apprenticeship program “receive an average of \$301,533 more in compensation than nonparticipants over their careers.”¹¹ The study found that registered apprentices rare not only better-compensated than peers, but also less likely to suffer long-term unemployment.¹²

We also support Xcel’s petition because the acquisition of Mower Wind will help Xcel meet its carbon reduction goals as detailed in the company’s integrated resource plan. Reducing carbon emissions is critical to addressing climate change. The Mower County Wind Facility will help Xcel meet their ambitious carbon reduction goals.

Xcel’s likewise petition likewise represents responsible use of existing transmission resources. Limited transmission capacity is hindering new wind farm development. Developers are facing cost and capacity barriers in their efforts to develop new projects. The upgrading of existing wind farm facilities through repower projects maximizes existing interconnection and transmission without crowding out new projects.

⁸ Ibid.

⁹ Zoorob, Michael. "Does ‘right to work’ imperil the right to health? The effect of labour unions on workplace fatalities." *Occupational Environmental Medicine* 75, no. 10 (2018): 736-738.

¹⁰ Ibid.

¹¹ Reed, Debbie, Albert Yung-Hsu Liu, Rebecca Kleinman, Annalisa Matri, Davin Reed, Samina Sattar, and Jessica Ziegler. *An effectiveness assessment and cost-benefit analysis of registered apprenticeship in 10 states*. No. 1b5795d01e8a42239b3c98dcc1e1161a. Mathematica Policy Research, 2012.

¹² Ibid.

Last, Xcel's propose to acquire Mower County Wind would minimize ratepayer risks and maximize benefits when the infrastructure reaches the end of its useful life. Under Xcel ownership, local communities, workers, and ratepayers will have greater assurance that the facility is decommissioned properly and safely by skilled local workers whose wages and benefits will be recycled into area economies.

Decommissioning will be funded through rates no matter who owns the facility. The difference is that under regulated ownership, budgeting, planning and execution will happen through a transparent process where the Commission can hold Xcel accountable for both costs and outcomes. Under third-party ownership the Commission, the public, and local residents will just have to hope that the then-owner acts responsibly and in the public interest when disposing of a facility that is no longer generating any revenue for the owner.

In summary, we believe that the proposed project can benefit Minnesota construction workers and the public at large by creating and sustaining high-quality jobs, advancing Xcel's carbon reduction goals and efficiently utilizing existing interconnection rights. We appreciate the opportunity to comment.

Dated: December 13, 2019

Respectfully Submitted,
LIUNA Minnesota & North Dakota

A handwritten signature in black ink, appearing to read 'Lucas Franco', written in a cursive style.

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