Testimony of John H. Kyles Senior Attorney, Plains All American Pipeline, L.P. before the Committee on Energy & Commerce Energy & Power Subcommittee U.S. House of Representatives

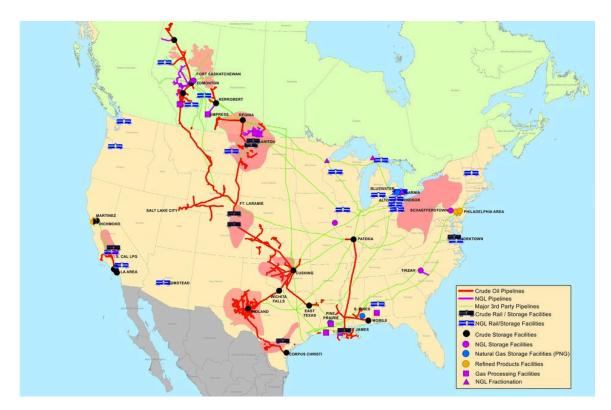
"Hearing on H.R. 3301, the North American Energy Infrastructure Act"

October 29, 2013

Mr. Chairman and distinguished members of the committee, thank you for inviting me here to testify today on the need for reform of the Presidential Permit program for cross-border energy infrastructure.

I am John Kyles, Senior Attorney for Plains All American Pipeline. We are based in Houston, Texas, but have pipeline infrastructure across the country, including several pipelines that cross the US - Canadian border.

Today, I will testify on the need for reform of the State Department Presidential Permit process for liquid pipeline projects. While delay of the Keystone XL pipeline project has garnered widespread public attention, there are many other Presidential Permit applications stuck at the State Department also facing multi-year delays. It is my understanding that many of these projects are simple changes of ownership filings with no impact on the pipeline's operations or border-crossing status. And yet they face lengthy delays at the State Department. We support the goal of Chairman Upton and Congressman Green to streamline the permit process and exempt those projects with minimal policy or practical impact on society. Every day, Plains All American handles over 3.5 million barrels of crude oil and natural gas liquids such as butane, propane and ethane. We have approximately 16,500 miles of active crude oil and natural gas liquid pipelines and gathering systems. Our pipelines stretch from Montana and North Dakota in the north to Texas and Louisiana in the south. We have pipelines and facilities in California and states in between to the East Coast.

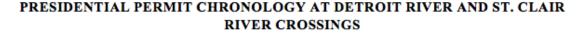


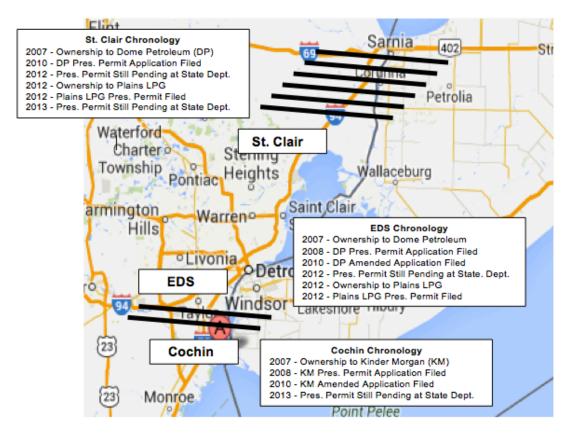
The pipelines I will highlight today run from Canada to Michigan, crossing the US - Canadian border under the Detroit River near Detroit, Michigan, and under the St. Clair River at Port Huron, Michigan. These pipelines deliver liquefied petroleum gases such as propane and butane for industrial uses in manufacturing, chemicals, plastics, and similar products as well as gasoline refining.

Simply put, these pipelines deliver the raw materials that support good-paying manufacturing jobs in Michigan and beyond. These are blue-

collar jobs, with pay and benefits to support a family, provide healthcare, or send a child to college. Our pipelines provide exactly the kind of jobs Michigan and the rest of the country need and want. So, it is doubly frustrating when something as important as this is caught up in years of bureaucratic delay under the current presidential permitting process.

Plains All American currently has two presidential permit applications pending for seven pipelines crossing the US - Canadian border into Michigan. Our need to apply for a presidential permit was triggered when Plains bought these pipelines in 2012. Under current State Department guidelines, a change in ownership of the pipeline triggers the need to apply for a new presidential permit.





These pipelines already had a pending name change permit application from their previous change of ownership in 2007. So, for as long as 5 years, the State Department has been considering whether to issue a presidential permit for something almost as simple as a name change at the top of the permit. There have been no operational changes of the pipelines, no change in materials or any physical or environmental impacts. Just many years of review, document requests, pubic notices, additional document requests, but still no decision.

We are allowed to continue operating the pipeline consistent with the terms of the existing Presidential Permit, but we face the uncertainty of not knowing when or if we will ever get the presidential permit we are supposed to have for these pipelines and whether constraints might be placed on our future use of the pipeline.

Another area of uncertainty is on our Poplar-Wascana pipeline crossing the US-Canadian border near Raymond, Montana and Saskatchewan. This too involves an even more benign change of ownership presidential permit at the State Department. The Poplar- Wascana pipeline name change is only required pursuant to a corporate reorganization that effected the former holder and the new holder of the pipeline. Both entities are wholly owned Plains subsidiaries. However, the application has been delayed while State considers whether to review the interconnection of our new Bakken North pipeline into Poplar-Wascana for movement of crude north across the border into Canada. This interconnection will have no impact on the border crossing and no impact on operation of the pipeline at the border. Now, we imagine that the State Department officials working on these and other applications are dedicated public servants. Part of the problem though, is there appears to be little guidance to these folks or us on what is the appropriate process for consideration and approval. The entire State Department rules and procedures for this process is one single page, which I can submit for the record.

As this committee knows, there is no authorizing statute from the Congress laying out the requirements for this program. There is no guidance in the law on what should be reviewed, and what can be exempted because it is too small to make a difference. There are no laws on what criteria to use, what to examine, how or by when. The unfortunate result of the lack of clear guidance is uncertainty and delay.

Our 5 year delay for simple paperwork is an example of why this program needs reform and your bill would be welcome. That concludes my testimony and I would be happy to answer any questions. Thank you.

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