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Fact Sheet

CONFRONTING GLOBAL WARMING



TransCanada Exaggerating Jobs Claims for Keystone XL

Oil giant is inflating the jobs potential from construction of its proposed tar sands pipeline by 13 times. Jobs estimates from a TransCanada-commissioned report differ sharply from a Department of State analysis.

Exploiting Americans' economic anxiety to sell a dangerous pipeline

Through ad campaigns, social media, and probably closed-door lobbying, TransCanada has been aggressively pressing the case that its proposed Keystone XL tar sands pipeline would be a boon for U.S. jobs. With the American job market still struggling, the company is now exaggerating the project's job-creation potential in order to win the support of a skeptical public. Farmers and ranchers are concerned that the pipeline would bring the threat of oil spills through America's heartland, putting their traditional livelihoods at risk.

As a part of the permitting process for Keystone XL, the Department of State (DOS) did an analysis of the jobs that would be created by building the pipeline, based on information provided by TransCanada.¹ Later, TransCanada commissioned its own independent study from a consultant, the Perryman Group.² TransCanada has been citing the jobs numbers from this study to advocate for the project, without explaining why they differ so drastically from those given in the DOS analysis. TransCanada even admits these claims may be speculative in a fine-print disclaimer (see reverse side).

Starkly different numbers

As shown in the table below, the jobs estimates for the project provided by the separate analyses differ substantially. For the states addressed by both, the Perryman Group study overestimates the job-creation potential by approximately 13 times compared with the DOS analysis.

| | Total Jobs (State Department) | Local Jobs (State Department) ³ | Total Jobs (Perryman Group) | Approximate Difference in Total Jobs ⁴ |
|--------------|----------------------------------|---|--------------------------------|---|
| Montana | 930 - 1,560 | 93 - 234 | 5,531 | -4,286 |
| South Dakota | 1,210 - 2,020 | 121 - 303 | 5,102 | -3,487 |
| Nebraska | 938 - 1560 | 94 - 234 | 7,551 | -6,302 |
| Kansas | Section Already Built | | 6,721 | --- |
| Oklahoma | 370 - 640 | 37 - 96 | 14,440 | -13,935 |
| Texas | 1,555 - 2,527 | 156 - 379 | 50,365 | -48,324 |
| Rest of U.S. | Not Considered | | 29,226 | --- |
| Total | 5,003 - 8,307 | 500 - 1,246 | 118,935 | -76,334 |

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All numbers are given in the metric of a year of employment for one person. The project is expected to take 3 years. Therefore, by the most conservative estimate, it would generate 3-year, temporary jobs for 1,668 people, with only 167 jobs going to local workers.



Where did the State Department numbers come from?

The DOS analysis used a straightforward method to calculate the project's job-creation potential, using information provided by TransCanada. It divides the proposed pipeline into 17 spreads (3 in Montana, 4 in South Dakota, etc.). Building the pipeline itself would employ 500-600 construction and inspection workers for 6-8 months. Building each of the 30 pump stations along the pipeline (6 in Montana, 7 in South Dakota, etc.) would employ 20-30 workers for 18-24 months. Building one construction tank farm in Nebraska would employ 30-40 workers for 15-18 months. For all the workers employed to build the pipeline, pump stations, and tank farms, only about 10-15 percent would be hired from local labor markets.

Where did the Perryman Group study numbers come from?

The Perryman Group study assessed the direct job-creation potential from the construction and development of the pipeline, and the indirect job-creation potential in sectors that would support the project. The study used a modeling technique called an input-output analysis to simulate the economic activity from building the pipeline. For example, this analysis found that building the pipeline would generate 2,710 non-construction jobs in Nebraska, including 801 retail trade jobs. This method and the results raise serious red flags, considering 801 retail trade jobs is several times the local Nebraska jobs from the DOS analysis.

Read the fine print

TransCanada has used the disclaimer below in its press materials advocating for Keystone XL.⁵ The inconsistencies in the jobs numbers and the public statements bring into question whether Keystone XL would really be the jobs boon for America's heartland that TransCanada is claiming.

TRANSCANADA FORWARD-LOOKING INFORMATION (emphasis added)

This news release may contain certain information that is forward looking and is subject to important risks and uncertainties. The words "anticipate", "expect", "believe", "may", "should", "estimate", "project", "outlook", "forecast" or other similar words are used to identify such forward-looking information. Forward-looking statements in this document are intended to provide TransCanada securityholders and potential investors with information regarding TransCanada and its subsidiaries, including management's assessment of TransCanada's and its subsidiaries' future financial and operations plans and outlook. Forward-looking statements in this document may include, among others, statements regarding the anticipated business prospects and financial performance of TransCanada and its subsidiaries, expectations or projections about the future, and strategies and goals for growth and expansion. All forward-looking statements reflect TransCanada's beliefs and assumptions based on information available at the time the statements were made. **Actual results or events may differ from those predicted in these forward-looking statements.** Factors that could cause actual results or events to differ materially from current expectations include, among others, the ability of TransCanada to successfully implement its strategic initiatives and whether such strategic initiatives will yield the expected benefits, the operating performance of TransCanada's pipeline and energy assets, the availability and price of energy commodities, capacity payments, regulatory processes and decisions, changes in environmental and other laws and regulations, competitive factors in the pipeline and energy sectors, construction and completion of capital projects, labour, equipment and material costs, access to capital markets, interest and currency exchange rates, technological developments and the current economic conditions in North America. By its nature, forward looking information is subject to various risks and uncertainties, which could cause TransCanada's actual results and experience to differ materially from the anticipated results or expectations expressed. Additional information on these and other factors is available in the reports filed by TransCanada with Canadian securities regulators and with the U.S. Securities and Exchange Commission (SEC). **Readers are cautioned to not place undue reliance on this forward looking information,** which is given as of the date it is expressed in this news release or otherwise, and to not use future-oriented information or financial outlooks for anything other than their intended purpose. TransCanada undertakes no obligation to update publicly or revise any forward looking information, whether as a result of new information, future events or otherwise, except as required by law.

To learn more about tar sands pipelines, visit: www.nwf.org/tarsands

¹ U.S. Department of State, Draft Environmental Impact Statement for the Keystone XL Pipeline Project, Chapter 3.10.2.3: <http://www.keystonepipeline-xl.state.gov/clientsite/keystonexl.nsf?Open>

² The Perryman Group, The Impact of Developing the Keystone XL Pipeline Project on Business Activity in the US: http://www.transcanada.com/docs/Key_Projects/TransCanada_US_Report_06-10-10.pdf
Omaha World Herald, Labor backs pipeline: <http://www.omaha.com/article/20100917/MONEY/709179917>

³ Local jobs numbers are based on estimates that 10-15% of the workers are hired from local labor markets. This is based on information from similar, previously built pipelines.

⁴ Difference in total jobs is calculated based on median total jobs numbers from the Department of State of analysis.

⁵ TransCanada News Release: <http://www.transcanada.com/5493.html> .