



Statement of Mr. Chris Jaskiewicz

President and Chief Operating Officer of VEC, Inc.

on behalf of the

National Electrical Contractors Association

to the

Subcommittee on Energy and Mineral Resources
Committee on Natural Resources

U.S. House of Representatives

for a hearing on

“American Energy Jobs:
Opportunities for American Manufacturing”

May 20, 2014

NECA is the voice of the \$130 billion electrical construction industry that brings power, light, and communication technology to buildings and communities across the U.S. NECA's national office and 119 local chapters advance the industry through advocacy, education, research and standards development.

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President and COO of VEC, Inc.**

On behalf of the National Electrical Contractors Association (NECA)
Subcommittee on Energy and Mineral Resources
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Thank you Chairman Lamborn, Ranking Member Holt, and members of the Subcommittee for inviting me to testify today at this very important hearing. On behalf of the National Electrical Contractors Association (NECA), we greatly appreciate the opportunity to submit a statement for the record to the Subcommittee on Energy and Mineral Resources hearing on “American Energy Jobs: Opportunities for American Manufacturing.” The subcommittee is to be commended for holding this important hearing to address a critical role that the oil and gas industry yields in creating jobs in the American energy sector, thus allowing my company to exponentially grow the business.

My name is Chris Jaskiewicz and I am the President and Chief Operating Officer of Valley Electrical Consolidated, Inc. (VEC), which is located in Mahoning Valley, Ohio. This is my twentieth year with VEC. I started out at minimum wage in 1995 and have since moved up to President and Shareholder. When I started, we were performing \$7M a year in revenue and employed 12 full-time team members. I have had a chance to witness tremendous growth with VEC, specifically since our involvement with the oil and gas Industry.

VEC Inc. was founded in Youngstown, Ohio in 1975, VEC started as a family-owned business providing electrical contracting services to the region’s many factories, production lines, and steel mills. It is a multifaceted construction company that is wholly dedicated to constant improvement and sustainability. Its vision – “To serve others with integrity for the sake of our future generations” – has resulted in significant growth. This success has intensified recently due to heavy involvement with the Utica and Marcellus Shale projects. In the last five years, employee numbers have more than tripled and revenue has increased by 250 percent.

Although Valley Electrical began as a small, family-owned electrical contractor, its leaders had a greater vision. By the mid-2000’s, VEC had expanded into new markets adding diverse capabilities and gaining experience, cultivating expertise, and respect as it grew. In 2001, VEC Systems Integrator was created to meet the low-voltage and information-technology demands of our customers. 2003 saw the acquisition of Evets Electric Inc., a specialty electrical contractor focusing on the oil and gas industry. In 2009 VEC purchased JLAllen, a general contractor in the oil and gas Industry. This acquisition, along with Evets in 2003 and the creation of Systems Integrator, has transformed VEC Inc. into a total solutions provider for clients throughout the United States.

The knowledge and expertise that VEC has acquired from its many decades of experience are unmatched. We have provided electrical, mechanical, and civil construction to customers across the U.S. Although most of our jobs are concentrated in Ohio and the Midwest, we have worked as far south as Texas and Louisiana and as far west as California.

As opportunities continue to present themselves to VEC, we continue on a path of steady and sustainable growth. While it has been almost 40 years since the end of the steel era, the oil and gas boom in the Midwest has revived and modernized the region's economy and is creating new job opportunities that are here to stay. The development of fracking and horizontal drilling expands beyond the Ohio borders. According to the U.S. Energy Information Administration's Rankings of the Natural Gas Marketed Production, oil and natural gas development is occurring in at least 32 states. It has increased access to reserves for oil and gas in Alabama, Arkansas, Colorado, Illinois, Louisiana, Michigan, New York, North Dakota, Oklahoma, Pennsylvania, Texas, and Wyoming.

We are proud members of the National Electrical Contractors Association (NECA). NECA is the nationally recognized voice of the electrical construction industry, comprised of over 60,000 electrical contracting firms, employing over 750,000 electrical workers, and producing an annual volume of over \$130 billion in the electrical construction industry that brings power, light, and communication technology to buildings and communities across the United States. NECA continues to build on a legacy of protecting the public and making innovation possible. Our contractors strive to be solution-providers for their customers and their industry expertise benefits everyone working on an electrical construction project.

NECA contractors work across the commercial and industrial sectors and specialize in a broad range of areas including traditional power and lighting, power quality, lighting controls, fire, life safety and security systems, backup power generation, communication and connectivity systems, automation controls, and energy efficiency projects. As a result, comprehensive energy policy must be addressed in order to meet the current and future demands of the entire electrical construction industry.

Across the country, electrical contractors are the market-leading businesses that are providing electrical infrastructure and services to the oil and gas industry. Widespread extraction of shale gas will have a significant impact on our ability to create new energy reserves as well as boost America's manufacturing sector.

Natural gas accounts for over 25 percent of electricity generation. This rapidly growing industry is taking place in the oil and gas fields of Utica and Marcellus shale. The new energy economy in these areas is creating new job opportunities for the construction industry, particularly for the electrical construction industry. More jobs have been created for the first time since the decline of the steel industry in the 1980's. This industry is poised to keep growing and, as technologies continue to develop, the production of natural gas continues to rise.

Growth in this arena is helping address the loss of jobs in the electrical construction industry and we certainly hope the turnaround will continue. According to the Bureau of Labor Statistics, unemployment in the electrical construction industry overall is still hovering at approximately 12 percent, nearly one and a half times the national unemployment rate.

What is Driving Change and Growth in the Electrical Construction Industry?

The concept of electrical construction work has continued to evolve dramatically over the past decade. According to recent *Profile of the Electrical Contractor* surveys, which date back to 2007, 46 percent of electrical contractors are performing work on energy construction projects. More specifically, 26 percent of companies with 1-9 employees worked on energy projects and almost 57 percent of companies with more than 100 employees engaged in this type of work. A significant increase in companies performing energy work resulted in a significant increase of interest in training programs. By 2009, the economy had taken a nosedive and the electrical construction industry was hit especially hard. As the construction industry works to recover from the economic recession, electrical contractors across the country have been looking for ways to evolve our industry, explore new technologies, and ensure some sort of profit to their bottom lines.

As the construction industry suffered historically high unemployment rates just a few short years ago (as high as 27 percent) the electrical construction industry endeavored to increase its scope of construction services. In 2009, almost 60 percent of companies were now engaged in the energy sector ranging from energy efficiency building projects to upgrading manufacturing plants across the country. By 2013, electrical contractors had expanded their scope of work to include almost 40 different project services, an increase from approximately 20 types with energy projects accounting for the majority of the expansion.

When the U.S. energy boom began about a decade ago, one of the many markets that grew at a rapid pace was the oil and gas industry. The natural gas revolution is giving new hope to America's manufacturing sector, including the electrical construction industry. It is clear that our manufacturing sector must be as productive and efficient as possible to ensure our economic competitiveness and continue to grow our economy. The electrical construction industry undoubtedly plays a key role in assuring that the U.S. will have an adequate and reliable electrical power supply in the future.

A 2012 study commissioned by the U.S. Chamber of Commerce's 21st Century Energy Institute says the extraction of "unconventional" shale oil and gas through horizontal hydraulic fracturing has created a job boom even in states that do not actually have shale deposits. 1.7 million jobs have already been created and a total of 3.5 million jobs projected by 2035.

We are pleased to report that this expansion has allowed the manufacturing industry to offer high-tech, high-skilled, and high-paying careers. Jobs in the natural gas industry that are provided by NECA businesses such as VEC come with rewarding pay with full health benefits and promised retirement plans. VEC is not your typical construction company. We look for talented, ethical people with integrity and the necessary hardworking characteristics who we then teach the business. VEC's vision, mission, and purpose focus on sustainability; integrity and serving others, unlike the many companies that have negatively impacted the U.S. economy because of greed. VEC is proud to have helped our local universities and technical colleges by hiring many of their graduating students. Job growth in oil and gas operations, trucking, and

welding has allowed us the chance to work through community college programs to hire and train workers to meet these new skill challenges.

In today's global economy, widespread adoption of new energy technologies has been slow due to economic, government, and marketplace barriers. NECA contractors have set the industry standard for traditional and integrated electrical systems and are now leading the industry in the development, practical application, and installation of new technologies.

These new energy technologies, which include hydraulic fracturing, horizontal drilling, and enhanced oil recovery, are creating record demand for construction jobs in the oil and gas industry. According to the Bureau of Labor Statistics, employment in the nation's oil and gas industry rose from about 120,000 in early 2004 to about 208,000 in March 2014.

While this is good news for the future of the construction industry, we believe a key part of the solution is enacting a national energy plan that will address our energy needs, ensure our energy independence, and grow our economy. We applaud those efforts and hope that Congress will enact comprehensive energy strategy that promotes development of all available energy resources, including upgrading and modernizing transmission lines, increasing domestic oil, expanding natural gas exploration, investing in nuclear power, and further investments in clean and renewable energy sources.

It is clear that energy production within the oil and gas industry has proven to have a positive economic impact through job creation and leading to American energy independence. However, this boom has predominately taken place on private lands. To date, states continue to adopt and implement rules and regulations for the exploration, development, and production of the oil and gas industry on non-federal lands. Thankfully, Congress -- specifically the Committee on Natural Resources -- has expressed a great deal of interest in enacting sound policy that will promote America's energy production on public lands and provide greater opportunities to continue to encourage construction.

We believe there is a fresh opportunity for the federal government to get involved in this sector in a positive way. For example, the White House recently expressed support for the oil and gas boom and technologies involved with hydraulic fracturing. During the President's most recent State of the Union, he pledged to make 2014 a year of action for producing more energy, cleaner energy, and paving a path towards making our country more energy efficient. In addition, he called for a nationwide network devoted to innovating and scaling up advanced manufacturing technologies and processes.

Congress should continue to hold hearings, roundtables and other discussions with regard to the unconventional development of the oil and gas industry so long as federal involvement does not constrain the development, exploration, construction, and production of the industry.

Growth of Manufacturing Opportunities for Electrical Contractors

Considering the energy agenda of the 113th Congress and the administration, the electrical construction industry must continue to prepare itself for additional growth and diversification. A

major component of this growth for NECA contractors is that they must continue to recruit young and other talented workers.

Historically, market share grows for those companies who possess the talent and skills necessary to meet their client's needs. Furthermore, research has revealed that most companies tend to hire their best talent during a downturn economy.

It is clear that energy production within the oil and gas industry has proven to be one of the most promising job creators. There is no better example of job creation than VEC. By building and updating its current petroleum infrastructure, VEC's goal is to help America become energy independent. To date, VEC has invested over \$10 million in vehicles, equipment, and buildings over the last three years alone. In March 2014, VEC again enhanced its capabilities with a \$4 million expansion to its fabrication shop in Hubbard, Ohio. This 22,000-square-foot fabrication facility created more than 30 jobs fabricating equipment for oil and gas and other industries. It is only one example of VEC's plan to continue embracing technology and recognizing possibilities for the benefit of its clients, employees, and community. The facility will have the capabilities to manufacture skid design and fabrication, pipe fabrication, ASME-coded pressure vessels, launchers and receivers, separators, hydrotesting, sandblasting, coating and painting, and walkways.

Oil and gas has both directly and indirectly made up over 85 percent of our revenue over the last three years. VEC has grown its company from 37 office support staff and 75 field support employees in 2008 to 124 office support staff and 350 field support employees in 2013. These numbers continue to rise as the company continues to expand. Many of these new team members come from a whole variety of industry backgrounds including teachers, policeman, factories (now closed), students, non-profit, and food services industries, just to name a few.

Prior to the oil and gas energy boom, this scope of work experience was not prevalent in Youngstown, Ohio. In fact, it did not exist in most of the Midwest. The area surrounding Youngstown has seen tremendous growth directly and indirectly because of the oil and gas industry. As noted, the direct economic impact can be seen in VEC's rapid expansion in not only its revenue but also the number of employees that company has hired and retained. This economic impact expands beyond the walls of VEC in Ohio. In fact, the extraction of natural gas has had a positive economic impact on the local economy.

In order to be an efficient and independent construction company, we must continue to expand the technologies that are available to us. We are using and experimenting with technologies that are revolutionizing the construction industry. These include: Google Glasses, 5-D Drawings, Augmented Reality, 3-D Printing (Additive Manufacturing), GPS Positioning Tools, Tablets, and Pre-Fabrication.

VEC is consistently adding services to its scope of work. Our Mission, by opening our hearts and minds, is to create new opportunities for our team members. This in turn will create new jobs for the citizens of our United States.

Conclusion

Thank you for the opportunity to testify at this very important hearing. NECA applauds the Subcommittee's unwavering efforts to examine these important components of our booming energy economy. We continue to offer our support in helping to advance the Subcommittee's agenda and look forward to working with you as you move forward in enacting smart and sound policy to help our nation's energy independence, grow the construction industry, and ensure our economy truly recovers.