

TransCanada To Reroute XL Pipeline – Nebraskans Must Remain Vigilant

TransCanada announced Monday, November 14, 2011, that the company will reroute its KeystoneXL pipeline through Nebraska. A news conference, held at the State Capitol Building, occurred after a series of acts of remarkable brinkmanship.

TransCanada told Nebraska's Governor it would not change the route. It met with the Speaker of the State's Legislature and told him a route change was out of the question.

Speaking to the US State Department, the company said changing the route would "jeopardize the project," and "cost tens of thousands of jobs" according to a story reported last Friday in the New York Times.

On Monday, in Lincoln, as debate commenced in the Nebraska Legislature over changes in the State's law to govern oil pipelines, TransCanada blinked. Suddenly, a route change is not out of the question, but part of the plan. And, suddenly Nebraskans will be included in the planning process through the State.

Although TransCanada's announcement is good news for the Nebraska Sandhills and the Aquifer, two transforming messages must be derived from TransCanada's conduct and recent events.

1. Nebraska desperately needs a citizen-based, non-political, non-business-driven, people-focused long ranging planning function. Emergencies like this one can be avoided most of the time with forward thinking, understanding of infrastructure and superstructure, state needs, and the interests of the people.
2. TransCanada's brinkmanship cannot be rewarded or Nebraska's sovereignty will be eroded by large corporate after large corporation, all focused on self-centered, non-Nebraska-based profits, and all engaging brinkmanship.

The process of building the KeystoneXL pipeline should have been collaborative from its inception stages years ago. It was not. What should have been a thoughtful and intelligent approach to a problem and its solution was, instead, a power play by a bully who is believed to have deceived people, flexed its muscles to get its way, threatened to sue people if they did not give in, and sent consistently mixed messages about the company's intention and planning.

In the end, TransCanada's conduct calls into question the validity of its disclosures as they relate to its environmental studies, the truthfulness of its disclosures to state and federal governments up and down the pipeline, and its overall sincerity about its project.

TransCanada has not, to our knowledge, made public its contracts for use of its pipeline, its business plan, its profit model or, for that matter, the amount of tax incentive money it will receive in the form of deductions, credits, etc., to build its pipeline.

TransCanada is publicly traded and owned. It is a foreign company, traded on the Canadian and US stock exchanges and apparently owned primarily by institutional investors, not individuals. The company's ultimate governance and its true decision makers are not readily identified. Like so many multi-national companies, it is hard to tell who *really* calls the shots.

Business infrastructure is extremely important. TransCanada's pipeline could prove to be a valuable international asset. Whether tar sands should, or should not, be "mined" for oil is the subject of a separate debate. TransCanada's pipeline would ship tar sands oil. Someone else will remove it from the ground. Of course, the mining is of no meaning or substance without a transportation system, but the two are separate, and the pipeline must be judged as separate infrastructure since, at least along parts of its route, the pipeline is likely to help relieve the transportation bottleneck in North Dakota.

Indeed, the pipeline *could* turn out to be a good thing if it is owned and operated by a responsible company committed to telling the truth, governing itself in a transparent way—since it operates in the public interest—and disclosing to the world what is truly at stake, environmentally and otherwise, in its operations.

We know this much, based on Reuters' figures, TransCanada's gross and net profit margins, and its take-home profit, dramatically exceed levels of its competitors. The company is extraordinary among pipeline companies for its rate structure and profitability.

Yet, TransCanada was willing to jeopardize one of America's most fragile ecosystems, the great Nebraska Sandhills and its unique near-to-the-surface Ogallala Aquifer, to reduce costs with a cheap shortcut across a fragile prairie.

Nebraskans must not pause to celebrate for too long. We must plan, long term, for the best interests of the State, and therefore the best interests of the nation as Nebraska and its resources relate to the country as a whole.