Company Says Pipeline Delays Could Cost $1M a Day

GRANT SCHULTE,Associated Press

LINCOLN, Nebraska (AP) — A Canadian pipeline developer that wants to run an oil line through six U.S. states to Texas refineries would lose at least $1 million a day and suffer "substantial economic harm" if opponents delay or derail the project, a top executive said in response to a U.S. lawsuit.

Robert Jones, a TransCanada vice president who is overseeing the hotly contested Keystone XL pipeline project, said in a sworn statement that delays would leave the company with unavoidable expenses — such as for pre-ordered construction equipment — and damage its relationship with shippers.

"Successful efforts to delay or derail the permitting process will not only affect TransCanada's investment in the Keystone XL, but also result in diminishing the value of the entire Keystone pipeline system," Jones said in an Oct. 7 sworn statement filed in U.S. District Court. "

State Department officials, who have jurisdiction over the pipeline because it crosses an international border, have said they hope to approve or deny a permit for the project by the end of the year.

TransCanada and pipeline supporters have maintained that the project would create U.S. construction jobs, help lower gas prices and reduce dependence on Middle East oil. Jones' statements are a reminder of the company's own stake in the fight.

A coalition of environmentalists, lawmakers and landowners are fighting the proposal amid fears that the Keystone XL could leak and pollute the Ogallala aquifer, a groundwater supply that sprawls beneath Nebraska and seven other states. Environmental groups have argued the project could also threaten wildlife and say there's no guarantee the oil will go to U.S. customers.

The Nebraska Legislature opened a special session this week to consider changing the law to give the state more control over the Keystone XL and other major oil lines. TransCanada has promised to file court challenges if Nebraska tries to intervene, saying the decision is a federal issue.

Jones estimated the losses a delay would cause in a statement filed as a response to a federal lawsuit filed by three environmental groups. TransCanada was not named in the lawsuit, which targets the U.S. State Department and U.S. Fish and Wildlife for not stopping early groundwork on the project. The company filed a motion to intervene because of its financial stake in the case.

TransCanada said it already has spent $1.7 billion on the $7 billion Keystone XL,

which would carry crude oil from Alberta to Texas Gulf Coast refineries, according to Jones' statement.

Jones said the $1 million-per-day loss estimate was based on TransCanada's existing promises to buy construction materials that require a great deal of advance notice, its commitments to power utilities, and the costs of maintaining staff and equipment, among other expenses.

TransCanada spokesman Shawn Howard said Wednesday that the economic fallout would go beyond the company.

"If they increase the project's cost, if they file frivolous lawsuits, does that cost us money? Yes," Howard said. "But it's consumers they end up hurting because of this. If the price of gasoline goes up, it's not the company that pays those costs. It's you and I."

Pipeline opponents called the company's financial loss estimates self-serving.

"Their claims about these financial losses are overblown and disingenuous," said Noah Greenwald, endangered species director for the Center for Biological Diversity, one of the groups that filed the lawsuit. "They're trying to force this on us, to ensure we don't have a fair process that weighs the cost and benefits."

The environmental groups' lawsuit against TransCanada alleges U.S. officials illegally allowed the company to begin preparing the route for the 1,700-mile (2,735-kilometer) long pipeline — which would run through Montana, South Dakota, Kansas, Nebraska, Oklahoma and Texas — even though the project hasn't gained final government approval.

The lawsuit was filed in U.S. District Court in Nebraska by the Center for Biological Diversity, Western Nebraska Resources Council and Friends of the Earth. The State Department, Secretary of State Hillary Clinton, Secretary of the Interior Ken Salazar and the U.S. Fish and Wildlife Service are named as defendants because of their oversight roles.

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