TransCanada Hopes for 2015 Keystone Start-Up Date

ROB GILLIES, Associated Press

TORONTO (AP) — TransCanada has pushed back the possible start-up date of a controversial pipeline that would carry Canadian oil to refineries in Texas.

The Calgary, Alberta-based company said in an earnings release that its executives continue to work with Nebraska to determine the best route that avoids Nebraska's environmentally sensitive Sandhills region.

Last month, the administration of President Barack Obama denied a permit for the project, but left the door open for TransCanada to apply for a new pipeline route. The company said last month it expected the new application would be processed in an expedited manner so that it could be in service in late 2014.

TransCanada has now moved that back to early 2015.

"We've always said that the time period for construction of Keystone XL would be a two full years, and we're just taking a look at the time frame," TransCanada executive Alex Pourbaix said on a conference call with analysts. "We believe that a reasonable date to get a new presidential permit is in Q1 (first quarter) of 2013, and it was really just simple math."

Pourbaix said they "have a little bit of work to do in Nebraska" before they reapply in the "near future."

TransCanada CEO Russ Girling said political and regulatory authorities in Nebraska are supportive and said he doesn't have any doubt the pipeline will be built.

Girling reiterated that the company expects a new application would be processed in an expedited manner. The U.S. State Department, however, has said previously that it wouldn't necessarily expedite what would be a new review process.

Pourbaix also said TransCanada continues to weigh whether to build a segment of the line — from Oklahoma to Texas — that wouldn't require U.S. State Department approval.

The Obama administration had suggested development of an Oklahoma-to-Texas line to alleviate an oil glut at a Cushing, Oklahoma, storage hub.

Pourbaix said their top priority is going ahead with the entire project, but he said there is a real need to take care of the bottleneck in Oklahoma.

"I would expect that this is the kind of thing we'll be considering over the next

couple of months here," he said.

Obama blocked the $7 billion pipeline last month, saying officials did not have enough time to review the project before a Feb. 21 deadline imposed by Congress.

The pipeline would carry 800,000 barrels of oil a day from Alberta across six U.S. states to the Texas Gulf Coast, which has numerous refineries.

TransCanada first applied to build the pipeline in 2008, under the Bush administration.

TransCanada says the pipeline could create as many as 20,000 jobs, a figure opponents say is inflated. A State Department report last summer said the pipeline would create up to 6,000 jobs during construction

The pipeline is a dicey proposition for Obama, who enjoyed strong support from both organized labor and environmentalists in his 2008 campaign for the White House.

Environmental advocates have made it clear that approval of the pipeline would dampen their enthusiasm for Obama in November. Some liberal donors even threatened to cut off funds to Obama's re-election campaign to protest the project, which opponents say would transport "dirty oil" that requires huge amounts of energy to extract and contributes to greenhouse gas emissions blamed for global warming.

By rejecting the pipeline, Obama also risks losing support from organized labor, a key part of the Democratic base, for thwarting thousands of jobs.

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