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Keystone XL Pipeline Project About Increasing Gas Prices, Market Manipulation

Polarizing Interest Groups Obscured Issue, Provided Cover For Officials - Midwesterners To Pay

Divisive debate continues in Nebraska over a Canadian company's proposed pipeline project which would transport tar sands oil from Alberta, Canada, to the Gulf of Mexico. Opponents, mostly citing prospects for environmental disasters, and proponents, touting "energy independence", jobs, and increased tax revenues, have obscured focus from reasonable scrutiny of the project by taxpayers and voters.

The actual facts about the project, its impact on Nebraska, fourteen other Midwest states, and solutions for true energy independence have been lost in the polarizing political debate. As a result, elected officials at the state and federal levels from both political parties have not been held to account regarding a growing list of troubling questions.

Documents on file at [Canadian](#) and [U.S. government](#) agencies, including filings by TransCanada and [Koch Industries](#), and [National Energy Board of Canada decision](#), [several market analyses](#), [federal](#) and [state legislative reports](#), [campaign donation filings](#), and spending by advocacy groups tell a different story from the dialogue that has prevailed for many months.

The Keystone XL Pipeline would result in increased gas and diesel prices in fifteen Midwestern states to the detriment of those states' citizens and economies. All Canadian oil producers would benefit. Analysts project a \$.10 - \$.20 price per gallon increase in the Midwest region. According to its own statements, TransCanada wants to build the line to remove oversupply from the Midwestern market and shift types of oil, either heavy crude or synthetic, based on market conditions, to avoid the discounts Canadian producers currently receive. Once moved past the Midwest, Canadian products would move into the Gulf Coast area, which in addition to providing a new sales market, also affords access to foreign trade zone ports.

Negative impact from the pipeline project constitutes a serious conundrum considering that state law presumes pipelines are for a public purpose. Nebraska law empowers a pipeline company, whether American or foreign, to invoke eminent domain. Following the very controversial *Kelo v. City of New London* U.S. Supreme Court decision in 2005, many state legislatures moved to pass "Kelo laws", specifically prohibiting the use of eminent domain for economic development. Nebraska State Senator Deb Fischer did introduce such a law that was passed in Nebraska in 2006, but it has been [labeled inadequate by a property rights advocacy group called the Castle Coalition](#) - and the law specifically exempts pipelines.

The required Presidential Permit for the project is based on a standard of "national interest". Considering that one area of the country will experience negative impact, the project is questionable. Reportedly, the permit decision will be made by President Obama himself, [whose statements in a November 1 KETV interview](#) seemed to indicate he considers the pipeline project "domestic oil and natural gas production" when he contrasted the project to Middle East oil sources. The President's characterization of Canadian oil and gas as "domestic" points to a bi-partisan problem on the subject of energy security, and specifically the pipeline project.

President Obama is a Democrat, Nebraska's Second District Congressman, Lee Terry, a Republican. Both apparently view the project similarly. [On Thursday, November 3, Rep. Terry re-introduced his pipeline expedition bill](#) entitled the "[North American-Made Energy Security Act](#)", calling it a "jobs bill", even as the State Legislature in his home state entered a third day of a special session called to consider implementing laws related to the issue.

In addition to many other unanswered questions, another that is not being asked is why there has been so much time, political capital, and money invested by Nebraska officials and advocacy groups in debating over an oil pipeline transporting oil from a foreign company, and why those resources have not been focused on lifting restrictions on accessing our own oil?

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1. "Keystone XL Pipeline Section 52 Application, Section 3: Supply and Markets", National Energy Board of Canada. [https://www.neb-one.gc.ca/ll-eng/livelink.exe/fetch/2000/90464/90552/418396/550305/556487/549220/B-1f - Supply and Markets \(Tab 3\) incl. Appendix 3.1 - A119R7?nodeid=549324&vernum=0&redirect=3](https://www.neb-one.gc.ca/ll-eng/livelink.exe/fetch/2000/90464/90552/418396/550305/556487/549220/B-1f - Supply and Markets (Tab 3) incl. Appendix 3.1 - A119R7?nodeid=549324&vernum=0&redirect=3)
 2. Presidential Permit application filed with the Bureau of Economic, Energy, and Business Affairs, U.S. State Department by TransCanada Corporation, September 19, 2008. <http://www.keystonepipeline-xl.state.gov/clientsite/keystonexl.nsf/presidentialpermitapplication.pdf?OpenFileResource>
 3. Application for Intervenor Status in Keystone XL Pipeline Application, filed by Flint Hills Resources LP a Koch Industries subsidiary, National Energy Board of Canada, May 19, 2009. Note that the inclusion of this application is not intended to imply that such an application to the NEB constitutes an immediate or direct interest in the Keystone XL Pipeline project or took an active role in the hearings process. It is included because a Koch Industries subsidiary followed the project's application and that company, as a producer and processor of Canadian tar sands oil, stood to benefit if the project was approved. Further, parent company Koch Industries' majority owners, David and Charles Koch, are the primary benefactors of Americans For Prosperity, the state chapters of which invested significant funds and resources in pipeline advocacy. <https://www.neb.gc.ca/ll-eng/Livelink.exe/fetch/2000/90464/90552/418396/550305/556601/557343/557339/C-8-1 - Flint Hills Resources Canada LP - Application for Intervenor Status - A1J8R7 .pdf?nodeid=557340&vernum=0&redirect=3>
 4. National Energy Board of Canada, "Reasons for Decision", TransCanada Keystone Pipeline GP Ltd., OH-1-2009. See particularly pg. 17, 21. <https://www.neb-one.gc.ca/ll-eng/livelink.exe/fetch/2000/90464/90552/418396/550305/604643/604441/A1S1E7 - OH-1-2009 Reasons for Decision.pdf?nodeid=604637&vernum=00>
 5. See "Philip Verleger: If gas prices go up further, blame Canada", StarTribune, March 13, 2011 <http://www.startribune.com/opinion/otherviews/117832183.html>
- Also, quote from UBS Securities Canada Inc. oil and gas analyst Chad Friess, October, 2011. <http://www.truth-out.org/koch-subsidiary-told-regulators-it-has-direct-and-substantial-interest-keystone-xl/1317915241>
6. Nebraska Unicameral Natural Resources Committee Interim Study LR435, December 2010 http://nebraskalegislature.gov/bills/view_bill.php?DocumentID=11248
 7. LR435 Hearing Transcript, December 2010 http://nebraskalegislature.gov/bills/view_bill.php?DocumentID=11248
 8. Congressional Research Service "Information on Federal Law Related to Siting and Safety of Oil Pipelines", September 2010. <http://www.scribd.com/doc/66792131/CRS-Information-on-Federal-Law-Related-to-Siting-and-Safety-of-Oil-Pipelines-Sept-2010>
 9. GiN is conducting an ongoing research project examining filings with the Nebraska Accountability and Disclosure Commission for both elected officials and registered PACs; preliminary findings include noting top donating sectors are organized labor, attorneys, banking, finance, and insurance. AFP-NE played a significant role in Nebraska's 2010 election cycle, creating significant controversy. Further, pipeline advocate, Rep. Lee Terry's filings show significant contributions from TransCanada lobbying interests and Koch Industries. <http://www.opensecrets.org/news/2011/09/surge-of-lobbying-fuels-keystone-xl.html> and <http://lindstromforcongress.blogspot.com/2011/09/press-release-what-lee-terry-doesnt.html>
 10. See number 3.
 11. Castle Coalition, Nebraska <http://www.castlecoalition.org/about/1356>
 12. Obama to make final call on Keystone XL pipeline http://journalstar.com/news/article_35604cb8-ab88-55e1-a70d-579c262e3ff1.html#ixzz1cinhDXmN