



Could the Otterburne Explosion Hurt TransCanada's Long-Term Goals?

Description

Over the weekend a pipeline owned and operated by **TransCanada Corp** ([TSX:TRP](#))([NYSE:TRP](#)) exploded outside in the southern Manitoba community of Otterburne, sending flames hundreds of feet into the air and causing road closures and a loss of gas service to over 4,000 homes. The explosion also affected **Xcel Energy** (NYSE:XEL) customers in the U.S. who are serviced by the pipeline.

The section of pipe that exploded was part of the Canadian Mainline natural gas pipeline system and was built between 1960 and 1969. The cause of the rupture remains unknown. This could not have come at a worse time, with overnight temperatures falling to -45C (with the wind chill). Residents were left without gas for the weekend, and some communities still have many more days until services along the three affected lines will be restored.

Past explosions in Manitoba

This is not the first time that TransCanada has had one of its natural gas pipelines erupt into flames in the province of Manitoba.

In 1995, the community of Rapid City located north of Brandon experienced one of these explosions. In 1996, the gas pipeline running on the southern edge of my hometown St. Norbert exploded. I still remember hearing the explosion and I'll never forget the sight of the 400-500 foot pillar of fire.

This was followed by a quiet period that ended in 2002 when the line running outside Brookdale that is located north east of Brandon also erupted into flames.

Potential fallout

TransCanada and other pipeline companies should expect to see some negative press in the coming days as they push for expanding their current infrastructure. For TransCanada it could be used as fodder to further push back the Northern Keystone XL pipeline out of safety concerns.

Those involved in BC's natural gas boom such as **Fortis** ([TSX:FTS](#)) and **Shell** (NYSE:RDS.B) could face increased scrutiny from the public. Even as the province pushes to capitalize on its fully realized

gas reserves, these types of accidents are hard to shake from the minds of the people living near the pipelines.

Foolish bottom line

On the first day of trading since the explosion TransCanada's stock held firm, up \$0.11 to close at \$48.55. While the impact to TransCanada's financials will take months to realize, the immediate effects on those in southern Manitoba and those in the natural gas industry are already unfolding.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:TRP (Tc Energy)
2. TSX:TRP (TC Energy Corporation)

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