



TransCanada Corporation Is a Great Buy With or Without Keystone XL

Description

TransCanada Corporation ([TSX:TRP](#))([NYSE:TRP](#)) is one of the largest energy infrastructure companies in North America. The company has an oil pipeline network of nearly 3,500 km and over 68,000 km of gas pipelines that connect with nearly every major gas supply in North America.

In addition to transporting energy, TransCanada also generates and stores power, with 11,800 megawatts of power generation and storage facilities for 407 billion cubic feet of gas.

Keystone XL pipeline: is a decision coming?

One of the ongoing projects that TransCanada has is the Keystone XL pipeline, which has made its way into the news recently. The proposed path of the pipeline starts in Alberta and moves southeast to Montana, where American-produced oil could be added to the pipeline to travel through South Dakota and then Nebraska.

The project has been undergoing a review for several years now and has drawn a number of critics, including the state of Nebraska, just about every Democratic candidate, and even President Obama himself. Initially, the pipeline had passed a vote in both houses in the U.S., only to be vetoed by President Obama.

Progress on the pipeline has attracted media attention on both sides of the border, most recently this week when TransCanada asked the Obama administration to halt the review.

Why delay now?

The review has been going on for a long time—eight years. The project itself is a lucrative \$8 billion pipeline that was intended to ship crude from the oil sands in Canada to refineries stationed in the gulf.

Among the principal complaints regarding the project are the proposed pipeline route in Nebraska and the impact to the environment.

Given the ongoing criticism of the project and the amount of time that the pipeline has been under

review, it is no surprise that TransCanada has asked for a halt to the review.

Part of the delay may lie in the upcoming U.S. presidential election that may result in a Republican president taking over. Republican candidates all appear to be in favour of the project, so a delay might be the best course of action to get the project moving again.

Unfortunately for TransCanada, that delay request was rejected by the State Department, which stated that it wanted an outcome for the review, especially seeing how long it has taken.

TransCanada is a great buy

One unique factor to TransCanada is that the company operates more like a toll road and is paid based on volume. This means the company is largely excluded from volatility that energy producers are subject to.

This model has worked well for the company, with investors reaping an annual return of at least 12% per year over the past 15 years. Currently, the stock trades at \$45.10 and is up by 5% over the past month. The company reported better-than-expected earnings this week, with revenues up 20% year over year.

Regardless of the outcome of the ongoing Keystone XL project, TransCanada remains a very strong and profitable company that, in my opinion, should be a part of your portfolio.

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1. Energy Stocks
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1. Editor's Choice

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

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