



## Nebraska Approves the Keystone XL: Why Investors Shouldn't Be Too Excited

### Description

Nebraska was the final state that **TransCanada Corporation** ([TSX:TRP](#))([NYSE:TRP](#)) needed approval from on its Keystone XL pipeline. Montana and South Dakota had already given the pipeline project the go-ahead. On Monday, regulators in Nebraska also gave the pipeline project the green light with a very close split decision of three votes to two. However, the decision will likely be appealed by environmental groups.

### Approval with a big caveat

Although Nebraska approved the pipeline, the route that it approved was not the one that TransCanada preferred. The result will be a longer and costlier project, and with TransCanada [abandoning the Energy East project](#) earlier this year due to rising costs that no longer made the project viable, a similar fate could follow the Keystone XL.

The company's president and CEO, Russ Girling, made no indication of TransCanada's path going forward, stating, "As a result of today's decision, we will conduct a careful review of the Public Service Commission's ruling while assessing how the decision would impact the cost and schedule of the project."

### Recent spill in North Dakota did not impact voting

Just last week, TransCanada had to send crews to South Dakota to fix its existing Keystone pipeline, which leaked 210,000 gallons of oil in the state. Despite the negative press, Nebraska officials stated that the leak did not impact its voting on the Keystone XL project, and that it only gave consideration to the documents and testimony that took place during hearings this past summer.

However, this will likely provide environmental groups with plenty of fodder to appeal the decision.

### Is the pipeline still needed?

Whether or not the pipeline is still needed might be the big question, as the Keystone XL proposal has been around for years and well before the big drop in oil prices. Supply has been outpacing demand

and, especially if costs are going to be higher for the project, it may not be as appealing over the long term as it once was.

### **Modest reaction from investors**

TransCanada's stock was initially up over 2% on news of the approval as excitement was likely tempered by the company's reaction and the uncertainty that remains. Unfortunately for investors, Monday's news did not necessarily provide any conclusion on what will happen with the project and may have created more questions than answers.

### **Should you buy TransCanada's stock?**

In the past six months, returns for the stock have been barely 1%, as investors have been non-committal on TransCanada's stock, and these recent developments will likely mean much of the same going forward. The stock's dividend is just shy of 4% and might be enough to entice investors to hang on to the investment while a decision on what to do with the Keystone XL project remains outstanding.

TransCanada still is one of the most stable stocks you can find on the TSX, and even despite the downturn in oil prices the share price has risen more than 40% in the past five years. Although the company [didn't impress with its latest quarter](#), there is a lot of potential going forward.

Regardless of what happens with Keystone XL, TransCanada is a great long-term buy, and the company will make the decision that is in the best interest of its shareholders.

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