

Economist: Pipeline licensing process invalid

By DON WALTON
Lincoln Journal Star

The licensing process for TransCanada's Keystone XL pipeline has been fatally flawed by a tangled web of economic and political conflicts of interest, a well-known University of Nebraska-Lincoln economist said Monday.

Greg Hayden unveiled a detailed 26-page study that he said "invalidates the whole process and (means) most of it will have to be done over."

Hayden said the method of choosing an environmental consultant conflicts with federal law; an analysis of costs and benefits is inadequate, exaggerated and reflects an

economic conflict of interest; and behind-the-scenes financial interests have driven the entire process.



HAYDEN

"I was surprised to see how involved Koch Industries has been," Hayden said.

Koch owns stock in refineries in Canada and the U.S. Gulf Coast, holding an interest in the pipeline at both ends, he said. In addition, Hayden said, Koch is part-owner of corporations that are mining the tar sands in Canada.

Included in a long list of interconnected conflicts is what

Hayden describes as "a conflict with law" in the choice of an environmental impact consultant.

The U.S. State Department delegated the task of seeking a consultant to TransCanada, Hayden said, and the company recommended consideration of its own longtime consultant, Cardno Enrtix, placing it at the top of a list of three candidates.

Those actions are in conflict with federal law requiring that outside contractors be hired "solely by the lead agency," Hayden said, as well as a requirement that contractors "have no financial or other interest in the outcome of the project."

Hayden drew particular

attention to "the long-term connections between TransCanada's lobbyists and Department of State personnel, and the access Department of State personnel gave to the lobbyists."

TransCanada has hired a "high-echelon personnel from (Secretary of State) Hillary Clinton's campaign for president, President Bill Clinton's administration and Barack Obama's campaign for president," Hayden wrote.

"The long-term connections between the two sets of personnel have led to a conflict on the part of the Department of State to maintain an objective evaluation of TransCanada's permit application," he stated.

"The nexus of the conflicts of the TransCanada lobbyists and Department of State employees is probably the most important determinant of all the problems encountered with the Keystone XL decision process.

"The lobbyists were overtaken by financial conflicts of interest, and the Department of State employees were overtaken by personal and political connections, which caused the employees to act in conflict with expected standards of care, competence, agency and prudence," Hayden wrote.

"Thus, the Department of State did not select or heed unbiased third-party contractors and analysts."

Last week, the Obama administration ordered a review of the proposed pipeline route with an eye toward considering alternate paths that would avoid Nebraska's Sandhills and the Ogallala Aquifer. TransCanada said Monday it will shift the route.

Hayden perhaps is most familiar to Nebraskans as the outspoken advocate for the state's interests as a member of the former Central Interstate Low-Level Radioactive Waste Compact Commission, the entity that wanted to build a regional radioactive waste storage facility in Boyd County.

Reach Walton at 402-473-7248 or dwalton@journalstar.com.