

July 8, 2011

Mr. Terry Cunha
TransCanada Corporation
450 - 1 Street SW
Calgary, Alberta, Canada
T2P 5H1



Dear Mr. Cunha:

I am the landowner who placed a call to your company May 7 to report the spill at the Keystone pipeline pumping station from my home near Brampton. I have read some of your public statements on behalf of TransCanada, as well as the incident report filed with the North Dakota Public Service Commission. I have reviewed my records and the report to the PSC, and other statements you have made, and there seem to be discrepancies among them, which I have noted below.

I also have seven critical questions about the events of May 7 and surrounding circumstances, which are noted below, and would appreciate answers to these questions.

Specifically, according to a news story printed in the Lincoln Star Journal, you said that by the time I placed my call, the company "already knew about the problem." This statement was reiterated in an Associated Press story that ran in North Dakota newspapers.

However, according to the company's May 16 report to the PSC, the company's Operation Control Centre personnel were "in the process of completing the validation procedures associated with the system shutdown" at the time my call was placed. This statement suggests that the company was still in the process of determining whether or not there was a problem when I called.

Moreover, the corrective action order issued by the Pipeline and Hazardous Materials Safety Administration on June 3, states (p. 2) that your company "initiated shut-down of the pipeline and isolation of the area" "after being notified of the Ludden Pump Station leak on May 7 by a local citizen."

I was that local citizen. According to my phone records, I placed the call at 6:23 a.m. CDT. However, the dispatcher I reached kept me on the line for between two or two and a half minutes, during which time I was questioned about whether or not my call was a hoax. I was transferred to the OCC at 6:26, as the report states. However, I was then placed on hold for another four minutes before the OCC answered my call, at approximately 6:30. Less than a minute after the OCC personnel picked up the line, my wife and I heard the pump shut off.

Question #1: Why did these delays occur in responding to my call?

I also note in the report to the PSC that the company says the Keystone Leak Detection System started to show a load imbalance at 5:51 a.m., which was before I observed oil gushing from the pump station, and 32 minutes before I placed my call.

Question #2: What is the length of time required from the point when OCC identifies a possible leak until the point at which the OCC takes action to shut down the system?

A final concern is the length of time it took clean-up crews to arrive at the site, and the basis for the determination that there was no immediate threat to public safety or the environment.

The report to the PSC notes that the OCC dispatched an “operations technician” to the site at 6:37 a.m., who arrived at approximately 9:00 a.m., probably close to three hours after the spill began. This specialist “confirmed that there was no immediate threat”.

Question #3: How could the specialist have immediately made a determination that there was no threat to the environment?

The federal National Response Center was not notified until 9:46, according to the report, and at 9:51 the company was contacted by the North Dakota Department of Health. Only after the call from the Department of Health, according to the report, were the emergency spill response contractors dispatched. The regional incident management team was not dispatched until the afternoon, according to the report, and a Community Relations Specialist also made contact in the afternoon. I observed the arrival of the first spill response team at approximately 11:30.

Question #4: If your company had determined that a spill had occurred, why would a single technician rather than a clean-up crew initially be sent to the area, and why did the clean-up crew not arrive until about five hours after my call was received?

It is also appears from the report to the PSC that the company did not notify that agency immediately, even though the PSC is the state regulatory body that approved the siting of the pipeline.

Question #5: Why was the PSC was not notified promptly about the spill?

One final matter puzzles me: According to the company's risk analysis of the proposed Keystone II pipeline, on file with the South Dakota Public Utilities Commission, a leak of 50 barrels or more on the Keystone system would be expected once every seven years. However, the Sioux Falls Argus Leader quoted you as saying this estimate did not apply to pump stations, which were not included in the risk analysis. Nevertheless, you noted that all the spills that have occurred on the Keystone line have been at pump stations.

Question number #6: Why would the company not have included in its risk analysis that element of the pipeline which has been most leak-prone and has proved to present the greatest risk to the public and the environment?

Question number #7: If the pumping stations had been included in the risk analysis, how would the estimated frequency of leaks have been changed?

Sincerely,



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