Kelsch Kelsch Ruff & Kranda

C.F. Kelsch
1890-1987

Attorneys at Law
Mandan, North Dakota

William C. Kelsch
Retired

THOMAS F. KELSCH
ARLEN M. RUFF, P.C.
THOMAS D. KELSCH, P.C.
TODD D. KRANDA, P.C.*
WILLIAM J. DELMORE
DANIEL NAGLE

*Also Licensed in Minnesota

MERITAS LAW FIRMS WORLDWIDE

103 Collins Avenue
P.O. Box 1266
Mandan, ND 58554-7266
Phone (701) 663-9818
1-888-663-9818
Fax (701) 663-9810
Website www.kelschlaw.com

June 4, 2007

MS ILLONA A JEFFCOAT-SACCO
EXECUTIVE SECRETARY
PUBLIC SERVICE COMMISSION
600 EAST BOULEVARD, DEPT 408
BISMARCK ND 58505-0480

Re: TransCanada - Keystone Pipeline Project
Case No: PU-06-421
Our File No. 11815

Dear Ms. Jeffcoat-Sacco:

I recently forwarded additional information regarding the landowner contacts that have occurred in reference to the TransCanada Keystone Pipeline, LP pending Applications for the Certificate of Corridor Compatibility and Route Permit.

I have recently received a copy of the Spring 2007 Keystone Connection publication a copy of which is enclosed. The Spring Keystone Connection is being forwarded this week to the landowners who are located along the proposed pipeline route as an update about the project.

Please share this enclosure with Patrick Fahn because I have previously indicated to him that I would continue to send in the type of direct contact material that has been and is forwarded to the landowners along the proposed pipeline route such as this brochure.

If you, Mr. Fahn or anyone else have any questions, please feel free to contact me.

Sincerely,

Todd D. Kranda

Todd D. Kranda

TK:ls
Encs

c: TransCanada Keystone

Keystone Connection Spring 2007

United States Edition

Keystone Rights-of-Way

What Landowners Can Expect

In certain areas of the mainline route, the project team has begun to purchase easements for the Keystone Oil Pipeline project.

A right-of-way easement grants Keystone the right to construct, operate and maintain the pipeline. The easement document describes the landowner's and Keystone's rights and is retained by that property as it is registered on title.

The easement document identifies a right-of-way width where certain activities may be restricted. The goal is to keep the pipeline safe. For example, while buildings are not allowed in the right-of-way, usual farming and cultivation practices are not restricted. Typically, the right-of-way width for Keystone is 50 feet – 25 feet on either side of the pipeline.

The easement also specifies temporary workspace to be used during pipeline construction. Typically this consists of an additional 60 feet of land, though additional workspace may be required for road and stream crossings and to accommodate other construction activities.

Since it was first shared publicly, the Keystone route has been refined reflecting detailed environmental and engineering data gathered, as well as input from customers, landowners, communities and agencies reviewing the project. Minor route refinements are expected to continue, even as the project acquires regulatory permits and rights-of-way.

Keystone land agents will work with each landowner to identify the precise route of the pipeline on their property, and the area for the pipeline right-of-way and temporary workspace needs. Land agents will also discuss what landowners can expect during construction and ways Keystone can minimize the impact of construction in the area, such as minimizing the time when construction may impact the landowner's use of access roads to farm fields.

Keystone will negotiate with landowners in good faith for land rights. Fair market value will be paid for easements. Keystone will also compensate landowners for the impacts caused during construction and will work cooperatively with individual landowners to identify and address issues of crop loss and plans for reclamation of the land.

With a network of more than 36,500 miles of pipeline, TransCanada is a leader in the responsible development and reliable operation of North American energy infrastructure. The company's experience and dedication to working with communities and more than 40,000 landowners on its system, is reflected in the plans for Keystone's construction and operation.

TransCanada
In business to deliver

TransCanada Keystone Project Team
7509 NW Tiffany Springs Parkway
Northpointe Circle II, Suite 200
Kansas City, MO 64153

Contact us
Toll-free number: 1.866.717.7473
E-mail: keystone@transcanada.com
www.transcanada.com/keystone

Keystone Connection

Spring 2007

The Keystone Oil Pipeline Project continues to progress through the regulatory process, while the project team continues to prepare for construction of the project. In some portions of the route, Keystone has begun to acquire right-of-way for the pipeline. Keystone will start acquiring right-of-way in all areas of the route this year.

After holding environmental scoping meetings last fall, the U.S. Department of State continues to review the Keystone project. Because the Keystone pipeline will cross the U.S. – Canadian border, it requires a U.S. Presidential Permit. The U.S. Department of State is acting as the lead agency in the federal review process, coordinating input and reviews from numerous federal agencies, including the U.S. Army Corps of Engineers, the U.S. Department of Agriculture, the U.S. Department of Transportation, the U.S. Fish and Wildlife Service, the U.S. Environmental Protection Agency and the National Park Service.

A Draft Environmental Impact Statement (EIS) is expected to be issued this summer. This document will assess environmental, social, cultural and other impacts of the project to help decision-makers permit the project. The U.S. Department of State will hold additional public meetings on the Draft EIS. The Final EIS, which will incorporate comments received, is expected to be issued later this year.

In Canada, Keystone has received approval from the National Energy Board to convert 530 miles of its existing natural gas mainline system into oil use for the project. The ability to reuse the existing pipe provides a significant advantage to Keystone by minimizing both costs and overall impacts of the project. Keystone requires additional approvals from the Canadian federal government and various other permits from each of the three provinces where Keystone facilities will be located.

In addition to U.S. federal government approvals, reviews and approvals will be required in each of the seven states on the Keystone route. All regulatory reviews in Canada and in the United States are expected to be completed by the end of this year.

As regulatory reviews progress, Keystone has civil surveys of the route to help prepare for more detailed siting and engineering of the project.

Keystone also continues to meet with landowners, community leaders, state and federal agency representatives, and others to keep them apprised of project activities and to solicit their feedback.

Project Timeline

2005 – Solicited industry support and initiated public consultation with stakeholders, which included the hosting of 24 open house meetings in the U.S. and Canada

2006 – Prepared and submitted major U.S. and Canadian regulatory applications

– Hosted 23 open house meetings in U.S. and Canada as part of ongoing public consultation activities based on route refinement and engineering design

2007 – Complete detailed engineering design, material procurement and construction plans

– Receive regulatory approvals and permits

2008 – Initiate conversion of existing facilities and construction of new facilities in Canada, North Dakota, South Dakota, and Nebraska

2009 – Construction of new facilities in Kansas, Missouri and Illinois

– System in-service and operating

2010 – Proposed Construction of new facilities on Cushing Extension (Kansas, Oklahoma)

– Proposed expansion and Cushing Extension in-service

Keystone S[illegible]s Commercial Commitments for Cushing Extension

Building a large pipeline like the Keystone Oil Pipeline involves numerous steps in a wide range of areas, such as engineering, environmental analysis, land acquisition and public consultation, to name a few.

However, none of that activity is possible without firm commercial commitments for the project. The Keystone Oil Pipeline announced its first batch of firm commitments in early 2006. The project took another major step in early 2007 when it publicized the start of a second "open season," this time for an expansion and extension of the project.

The purpose of the open season is to obtain binding commitments from energy companies that want to ship oil to U.S. refineries. During the open season, energy companies and TransCanada negotiate agreements detailing financial terms, duration of the contract and oil quantities to be shipped.

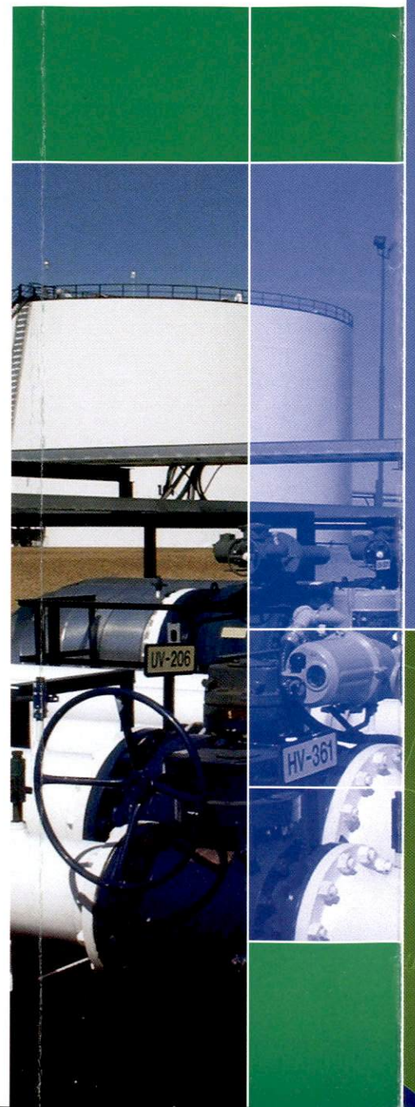
In 2006, TransCanada held the first open season for the mainline portion of the project, which stretches 1,842 miles from Hardisty, Alberta to Wood River and Patoka, Illinois. The mainline open season attracted strong demand that resulted in long-term transportation commitments from producers totaling 340,000 barrels per day with average contract durations of 18 years.

In the second open season, TransCanada seeks to sign contracts with shippers to support an expansion of Keystone from 435,000 barrels per day to a nominal capacity of 591,000 barrels per day, and to extend the pipeline approximately 294-miles from the Nebraska/Kansas border to the refining and terminal hub near Cushing, Oklahoma. The expansion and extension of Keystone is targeted to be in-service in the fourth quarter of 2010.

The Cushing Extension open season closed in mid-March. TransCanada is currently evaluating responses received from interested parties and will likely announce the results of the open season this spring.

"The positive commercial response we received for the mainline portion of the Keystone Oil Pipeline confirms that shippers recognize the value of our project as a cost-competitive way to link growing oil sands supply to U.S. energy markets," says Robert Jones, Vice President, Keystone Oil Pipeline.

"With crude oil production from the oil sands expected to grow to approximately 2.5 million barrels per day over the next 10 years, TransCanada's Keystone project will help meet a critical need for additional pipeline infrastructure supporting the market demand for energy."



Keystor[illegible]
By The Numbers

- The pipeline will be buried under a minimum nominal cover of 4 feet.
- approximately 450,000 tons of steel will be needed to build the Keystone Oil Pipeline.
- It will take approximately 9 million barrels of oil to fill the pipeline.
- It will take 30 days for a barrel of oil to travel from Hardisty, Alberta to Wood River, Illinois, traveling at approximately 3 miles per hour.
- 24 pump stations will be built in the U.S. at intervals of approximately 50 miles
- Initially, each pump station will have 2 or 3 motors, each of which produce 4,000 horsepower.
- By adding pumps, Keystone will have the capacity to deliver 590,000 barrels of oil per day.
- The U.S. economy uses 20 million barrels of oil per day.
- With 179 billion barrels of known reserves, Canada has the second largest deposits of oil in the world.
- TransCanada, a leading energy infrastructure company in North America, owns and safely operates 36,500 miles of pipeline.

Keystone Pr[illegible]le: Robert Jones, Vice President – Keystone Oil Pipeline

New pipeline projects begin when a company understands market demands well enough to determine a new delivery path is needed to meet them. The Keystone Oil Pipeline Project was no different when TransCanada Vice President Robert Jones helped conceive the idea of a new pipeline connecting the oil sands in Alberta with increasing U.S. demand for oil.

What started as a good idea to serve the need for oil in the Midwest has evolved into a project spanning over 1,800 miles in the U.S. and Canada.

"Moving forward on a major energy infrastructure project like Keystone is a significant undertaking," says Jones. "In this case, the need is so compelling that making the effort just makes sense."

For Jones, managing Keystone from development through construction requires him to use his more than 25 years of experience. "I've always worked in the pipeline industry," says Jones, who began his career as controller and advanced to field, operations and project engineering positions before moving into planning and business development roles.

Building innovative pipelines like Keystone is something TransCanada does on a regular basis, Jones is focused on identifying opportunities to satisfy the transportation needs of oil producers and refiners.

With his experience in the pipeline business, Jones saw how the combination of rising demand and improved technology were merging to make Alberta's oil sands region more appealing as an abundant supply of North American crude oil.

Keystone, he says, is a significant project that will set a new standard. "TransCanada has a tradition of setting industry standards. We're taking everything we've learned from constructing pipelines over the past 50 years to build Keystone."

Perhaps no other area of the project better reflects that approach than Keystone's work with landowners and other stakeholders.

"We've worked hard to talk to people to find the best way to build the project," says Jones. That dialogue, starting early in the project, also has helped stakeholders understand the need for Keystone.

"Canada has an opportunity to provide the United States with a source of crude oil that is stable, reliable and expandable to help meet growing demand. People we talk to understand that building Keystone will strengthen U.S. energy security," says Jones.

"We are committed to working with landowners in good faith, to keep them informed and to listen to their concerns," said Jones. "That's why we organized nearly 40 U.S. open house meetings and held dozens of meetings with community leaders in the past two years."

With a North American pipeline system of more than 36,500 miles, Jones says TransCanada has a good understanding of how to build both pipelines and relationships with landowners and stakeholders.

"Keystone gives us the opportunity to match what we know about building and operating pipelines with what we hear from landowners, the marketplace and other stakeholders."