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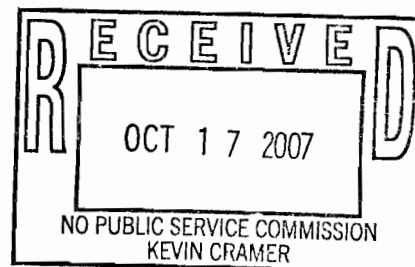
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October 17, 2007

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

HAND DELIVERED

Re: TransCanada - Keystone Pipeline Project  
Case No: PU-06-421  
OAH File No. 20070181  
Our File No. 11815



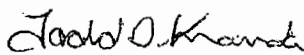
Dear Ms. Jeffcoat-Sacco:

I am filing an original and seven (7) copies of the October 16, 2007 Letter from Robert Jones, Vice President Keystone Pipeline Project, regarding the October 10, 2007 letter request from the Commission about the easement acquisition process.

I am also enclosing an original Affidavit of Service which indicates that this response letter has been provided to Attorney Nicholas Delaney who is legal counsel of record for the Intervenors of Dakota Resource Council et al as well as to Intervenors John and Janie Capp.

If there is any additional information or documentation required by the Commission please notify me. Also, if you have any questions, please feel free to contact Thomas D. Kelsch or me.

Sincerely,

  
Todd D. Kranda

TK:ls

Encs

c: TransCanada Keystone  
Attorney Nicholas Delaney  
John and Janie Capp





TransCanada Pipelines Limited

October 16, 2007

President Susan E. Wefald  
Commissioner Kevin Cramer  
Commissioner Tony Clark  
North Dakota Public Service Commission  
State Capitol  
Bismarck, ND 58505

**tel** 403.920.2033  
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**web** www.transcanada.com/keystone

Dear Commissioners:

In response to your request that TransCanada Keystone Pipeline LP (Keystone) provide the North Dakota Public Service Commission (PSC) with information regarding easement acquisition procedures, we are pleased to provide the following information.

Keystone values our relationships with all landowners and is working hard to build those relationships in North Dakota. With the exception of landowner complaints included in Exhibit T-32 that Keystone filed with the PSC on September 19, 2007, we were not aware of unresolved landowner complaints about land agent behavior on the proposed Keystone route in North Dakota. Other landowners who apparently expressed concern to you had not contacted us. We would welcome any information you can provide to us with regard to landowner complaints beyond those included in Exhibit T-32.

Specific to two landowners who contacted the PSC, Keystone reports the following:

Re: James Belanus, Keystone is attempting to reach a financial agreement with him that will compensate him for easement rights the project would acquire that would be consistent with fair market value for his property and other factors. Our Land Manager, Denny Needham, spoke with Mr. Belanus on October 4, 2007, and discussed the terms of a financial agreement with him as well as his concern with regard to trees on his property. To provide an expert assessment on the trees, Keystone has requested the involvement of an arborist, a service that will be at the project's expense. When asked, Mr. Belanus told Mr. Needham that Keystone representatives have treated him with respect. Keystone will continue its negotiation with Mr. Belanus for an easement on his property.

Re: Curtis Novak, Mr. Needham spoke to him on October 4, 2007 regarding Mr. Novak's concerns about damages and compensation for crop loss beyond the standard three-year term. Mr. Needham informed Mr. Novak that Keystone would pay for confirmed crop loss beyond the three-year timeframe on property. Our policy on this matter is that if crop productivity is reduced below that of adjacent lands, Keystone will initiate reclamation measures in consultation with the landowner and provide appropriate compensation for any reductions in crop productivity. Mr. Novak also expressed a concern about weed control. Mr. Needham informed Mr. Novak that Keystone would pay for any weed remediation efforts caused as a result of the pipeline's construction on his property. Mr. Mr. Needham also assured Mr. Novak that Keystone would compensate him for any loss or damages to trees on his property. Mr.

Novak requested a meeting with the Keystone Land Agent as soon as possible and informed Mr. Needham that he had no concerns regarding his treatment by the Land Agent. Keystone will continue its negotiation for an easement with Mr. Novak.

The experiences of Mr. Belanus and Mr. Novak are consistent with Keystone's unwavering policies and philosophy to treat landowners fairly and with courtesy. Our land agents have had more than 2,700 contacts with North Dakota landowners for permission to survey and for easement discussions. These contacts have resulted in successful easement negotiations for three quarters of the proposed pipeline right of way in North Dakota to date. Since beginning landowner contacts, we have been made aware of a small number of complaints, all of which Keystone has investigated and attempted resolution. The vast majority of our landowner contacts are positive.

More specifically, it is an expectation of the company, that our representatives treat all stakeholders with respect, in an open and honest manner. Land agents are to give due consideration to requests regarding concerns landowners have on their property regarding the pipeline. Under absolutely no circumstances shall members of the land or project team threaten a landowner with eminent domain actions as a means of negotiations. All land agents are required to comply with the expectations of the company, and if an investigation into a complaint shows evidence to the contrary, Keystone will take immediate corrective action. With regard to "threats" involving the potential use of eminent domain, please understand if the landowner asks the agent about the eminent domain process, the agent must answer. We cannot misrepresent the fact that we will engage in the eminent domain process if attempts at negotiations fail.

We recognize that some people may view Keystone as a temporary disruption to their farming activities and their lands. We understand their perspective and we are working hard to be sensitive to their concerns. While most landowners understand the need for the Keystone Pipeline project, a small number have declined to meet with or talk to our representatives despite our best efforts to contact them and engage in good faith negotiations. Regardless of the circumstances and landowner reaction, our land agents treat landowners with respect and courtesy.

Long before Keystone began easement negotiations in North Dakota in spring 2007, we established a variety of ways for landowners to contact us, including by e-mail: [keystone@transcanada.com](mailto:keystone@transcanada.com); by US mail; through our toll-free general inquiries line: 866-717-7473; directly to our Kansas City project office: 877-880-4881; or to TransCanada's Landowner Relations Supervisor, Sandra Roth at 800-562-8931. We continue to encourage landowners to utilize those contact channels if they have any questions about Keystone, or if they have any concerns regarding the easement acquisition process including how our land agents are treating them.

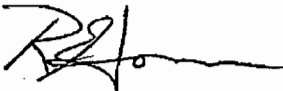
TransCanada has more than 50 years of pipeline experience and more than 36,000 miles of existing pipeline right of way. During that time TransCanada has established relationships with more than 40,000 landowners. We recognize and value these important relationships.

Keystone is a large energy infrastructure project designed to meet the transportation needs of U.S. markets for crude oil. The need for Keystone is reflected in the long-term contracts shippers have signed

to transport nearly 500,000 barrels of oil per day on the pipeline, all of which will help reduce demand for oil from offshore imports. The proposed project crosses the land of thousands of landowners in seven states. With Keystone, we are just starting to build landowner relationships. Where landowners have indicated the relationship needs work, we will continue to work with these landowners to improve the relationship.

We look forward to working cooperatively with the PSC to identify and resolve any issues regarding the proposed Keystone Pipeline Project.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Jones', with a long horizontal flourish extending to the right.

Robert Jones  
Vice President  
Keystone Pipeline Project

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF NORTH DAKOTA

TRANSCANADA KEYSTONE PIPELINE, LP ) CASE NO. PU-06-421  
30-INCH CRUDE OIL PIPELINE/CAVALIER TO )  
SARGENT COUNTIES SITING APPLICATION )

STATE OF NORTH DAKOTA )  
 ) ss. **AFFIDAVIT OF SERVICE**  
COUNTY OF MORTON )

TERRESSA LINDEMANN, being first duly sworn, on oath, deposes and says: That she is a citizen of the United States, over the age of eighteen and not a party to the above-entitled action.

That on the 17<sup>th</sup> day of October, 2007, this affiant deposited in the United States Post Office at Mandan, North Dakota, a true and correct copy of the following document(s) in the above-captioned action:

October 16, 2007 Keystone Pipeline response letter by Robert Jones to the October 10, 2007 letter from the Commission regarding the easement acquisition process

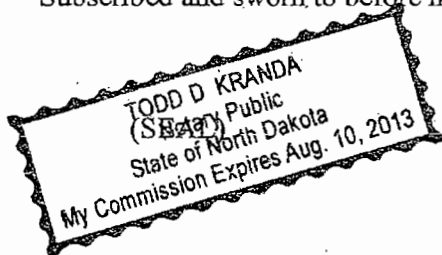
That a copy of the above document(s) was securely enclosed in an envelope with postage duly prepaid, and addressed as follows:

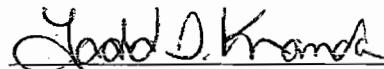
NICHOLAS R DELANEY  
ATTORNEY AT LAW  
PO BOX 1497  
ST CLOUD MN 56302-1497

JOHN & JANIE CAPP  
12466 60<sup>TH</sup> ST NE  
LANKIN ND 58250

  
TERRESSA LINDEMANN

Subscribed and sworn to before me this 17<sup>th</sup> day of October, 2007.



  
Notary Public, State of North Dakota