

**APPROVED**

DATE: 11-07-07  
ej

**MOTION**

**November 7, 2007**

**TransCanada Keystone Pipeline, LP  
30-Inch Crude Oil Pipeline/Cavalier to Sargent  
Counties  
Siting Application**

**Case No. PU-06-421**

I move the Commission adopt the Notice of Intent to Consider Information Not Presented at a Hearing in TransCanada Keystone Pipeline, LP's application to construct a 30-inch crude petroleum pipeline in Cavalier to Sargent Counties, Case No. PU-06-421.

PJF

**STATE OF NORTH DAKOTA**  
**PUBLIC SERVICE COMMISSION**

**TransCanada Keystone Pipeline, LP**  
**30-Inch Crude Oil Pipeline/Cavalier to Sargent Counties**  
**Siting Application**

**Case No. PU-06-421**

**NOTICE OF INTENT TO CONSIDER INFORMATION NOT PRESENTED AT A HEARING**

**November 7, 2007**

Pursuant to N.D.C.C. §28-32-25, the Public Service Commission (Commission) gives notice that it intends to consider information in its possession that was not presented as evidence at a hearing and that has been received by letters and e-mails from persons, governmental agencies and political subdivisions. The information is in the Commission case file for Case No. PU-06-421, including items from the public input file for Case No. PU-06-421 that have now been docketed in the case file for purposes of administrative tracking. A copy of each document is attached.

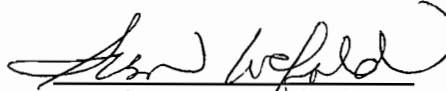
Items docketed in the case file	17, 20, 47, 97, 100, 164, 168, 170, 172, 175, 177, 178, 179, 193, 202, 203, 211, 221, 222, 223, 224, 226
Items transferred from public input file and docketed in the case file	227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239

You are hereby advised that you have the right, upon written request, to examine the information or evidence and to present your own information or evidence and to cross-examine the person furnishing the information or evidence. Any such written request must be filed within ten (10) days of the date of this Notice.

For more information contact the Public Service Commission, State Capitol, Bismarck, North Dakota 58505; 701-328-2400; or Relay North Dakota 1-800-366-6888 TTY. If you require any auxiliary aids or services, such as readers, signers, or Braille materials please notify Illona A. Jeffcoat-Sacco, Executive Director at least 24 hours in advance.

**PUBLIC SERVICE COMMISSION**

  
**Tony Clark**  
**Commissioner**

  
**Susan E. Wefald**  
**President**

  
**Kevin Cramer**  
**Commissioner**

# 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

 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](http://www.kelschlaw.com)

\*Also Licensed in Minnesota

April 11, 2007

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

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



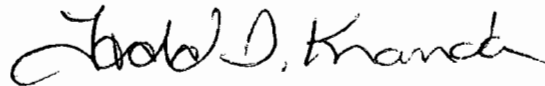
Dear Ms. Jeffcoat-Sacco:

At our meeting this afternoon when I filed the Corridor Certificate and Route Permit Applications, the Certificate of Public Convenience and Necessity Application and the Application for Waiver and Reduction, I noted that the entity name of TransCanada Keystone Pipeline, LLP, which was originally used with the Letter of Intent has been corrected with the filing at the North Dakota Secretary of State's office. The correct name for this matter should be TransCanada Keystone Pipeline, LP.

Enclosed is a copy of the page I retrieved from the North Dakota Secretary of State's business records search with regard to the correct name of TransCanada Keystone Pipeline, LP. for verification in order for you to change your records to the correct entity name.

If you have any questions, please feel free to contact me.

Sincerely,



Todd D. Kranda

TK:ls

Enc

c: Keystone

17 PU-06-421

Pages: 2

Name correction per Sec of State filing

by TransCanada Keystone Pipeline, LP

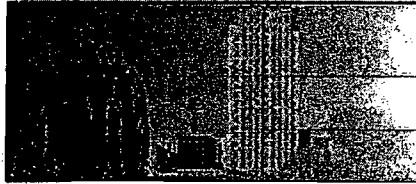
04/12/2007

CC: Comm Legal Illona, Pat, Annette



North Dakota

nd.gov Official Portal for  
North Dakota State Government



# SECRETARY OF STATE NORTH DAKOTA



[Home](#) | [Business Records Search](#)

## TRANSCANADA KEYSTONE PIPELINE, LP

### Partnership Details

<b>System ID:</b> 22535500	<b>Phone:</b> (503) 833-4000
<b>Type:</b> Limited Partnership	
<b>Status:</b> Active & Good Standing	
<b>Original File Date:</b> 11/30/2006	<b>Effective Date:</b> 11/30/2006
<b>State of Origin:</b> Delaware	

### Principal Office

450 1ST ST SW  
CALGARY, AB T2P 5H1

### Registered Agent

**C T CORPORATION SYSTEM**  
314 E THAYER AVE  
PO BOX 400  
BISMARCK, ND 58502-0400  
**Established Date:** Nov 30, 2006

### Nature of Business

PURSUE THE PERMITTING, DESIGN, ENGINEERING, CONSTRUCTION, COMMISSIONING, OWNING & OPERATION OF THE KEYSTONE US PIPELINE SYSTEM

### General/Managing Partners

**TRANSCANADA KEYSTONE PIPELINE GP, LLC**  
1400 SW 5TH AVE STE 900  
PORTLAND, OR 97201-5523

[Return to Search Results](#)



# 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

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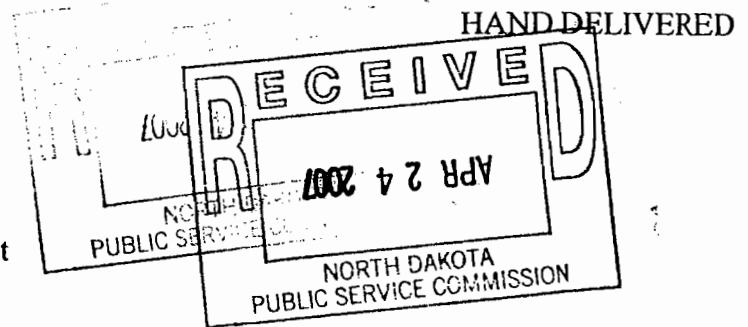
TTT MERITAS LAW FIRMS WORLDWIDE

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](http://www.kelschlaw.com)

April 24, 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:

Enclosed is supplemental material on behalf of TransCanada Keystone Pipeline, LP, for the Applications for Waiver of Reduction in Procedures, Certificate of Corridor Compatibility and Route Permit.

The enclosed supplemental material is with regard to the Guideline requirements for facility signing, namely section B, subparagraph 1, for the policies limiting and commitments to limit the environmental impact of its facilities including copies of the board resolutions and management directives; and subparagraph 7, for the qualifications and biographies of the people in the various disciplines that contributed to the facility route location study. I have included an original and ten copies with CDs which contain the electronic version of this supplemental material.

I apologize for any inconvenience. If there is any additional information or documentation required please notify me. Also, if you have any questions, please feel free to contact me.

Sincerely,

Todd D. Kranda

TK:ls

Encs

c: TransCanada Keystone

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Pages: 15

Supplemental Application Information


by Kelsch Kelsch Ruff & Kranda

04/24/2007

CC: Comm Legal Illona, Pat, Annette . .



**MISSION  
STATEMENT**

<b>TransCanada Policies and Procedures</b>		
Title: <b>HS&amp;E Commitment Statement Guiding Principle</b>		
Effective Date (Date of Last Revision): 2006/02/28	<b>UNCONTROLLED IF PRINTED</b>	
Original Execution Date: 1999	Status: <b>Approved</b>	

## COMPLIANCE / EXCEPTIONS

Employees are expected to comply with all aspects of this policy and to support others in doing so. Please refer to the [TransCanada Policies and Procedures Web Site](#) for more information.

## GUIDING PRINCIPLE


The executive leadership team, management and employees at TransCanada are committed to being an industry leader in health, safety and environmental practices, to maintaining a safe and healthy workplace and to protecting environmental quality. We believe excellence in Health, Safety and Environment practices is vital to the well being of all people everywhere and essential to all aspects of our global business.

The following principles will guide and measure our corporate goals and objectives in Health, Safety and Environment:

- ◆ We conduct our business so it meets or exceeds all applicable laws and regulations and minimizes risk to our employees, the public and the environment;
- ◆ We are committed to continuously improving our Health, Safety and Environment performance;
- ◆ We will continually promote employee safety on and off the job;
- ◆ We believe all occupational injuries and illnesses are preventable;
- ◆ We will respect the diverse environments and cultures in which we operate;
- ◆ We will endeavor to do business with companies and contractors which share our expectations for Health, Safety and Environment performance and commitment and we will regularly assess their performance;
- ◆ We will use our influence with companies in which we have partial ownership, to meet the Health, Safety and Environment Commitment of TransCanada, and
- ◆ We support open communication between TransCanada, the public, the scientific community and policy makers and public interest groups who research, develop and implement standards for Health, Safety and Environmental protection.




**At TransCanada  
we believe all employees are responsible and accountable  
for Health, Safety and Environment Performance.**

As endorsed by TransCanada's Operations Committee, February 2006

<b>TransCanada Policies and Procedures</b>		
<b>Title: HS&amp;E Commitment Statement Guiding Principle</b>		
<b>Effective Date (Date of Last Revision): 2006/02/28</b> <b>Original Execution Date: 1999</b>	<b>UNCONTROLLED IF PRINTED</b> <b>Status: Approved</b>	

**REFERENCES AND LINKS**

- Questions and Comments

<b>Document Originator(s)</b>  Brian McConaghy, Vice-President, Community, Safety & Environment	<b>Signature</b>  
<b>Approval(s) for Issuance</b>  Don Wishart, Executive Vice-President, Operations & Engineering  Hal Kvisle, President and CEO, TransCanada Pipelines Limited (on behalf of the Operations Committee)	<b>Signature</b>   

<b>Accountable Department</b> Community, Safety & Environment-03861	<b>Document Owner</b> Brian McConaghy, Vice-President, Community, Safety & Environment	<b>Review Date</b> 2007/02/28
<b>Master Index Section (Master Section)</b> Health, Safety & Environment	<b>Scope</b> Enterprise Wide	<b>Sensitivity Code</b> Public

**ENVIRONMENTAL  
PROCEDURE  
STANDARD**

**(INDEX ONLY)**

**(See Appendix J for Full Document)**

Title: Environmental Design Standard

Revision: 0

CAUTION! Check EDMS for latest revision

C

Title: <b>Mainline and BC System Environmental Design Standard</b>		Document Type: Standard
Effective Date: 2003/08/15	Revision: 0	
Classification Code: EN01	Document Owner: Community, Safety & Environment (CS&E)	
Originator: Andrea Jalbert, CS&E	_____ Signature (signed record on file)                      Date	
Reviewer: Karen Etherington, CS&E	_____ Signature (signed record on file)                      Date	
Approver: Kim McCaig, Manager, CS&E	_____ Signature (signed record on file)                      Date	
Approver: Brian McConaghy, Vice President, CS&E	_____ Signature (signed record on file)                      Date	

## PURPOSE

The purpose of this Standard is to provide internal resources with an understanding of TransCanada's environmental protection planning processes and decision-making frameworks. Other goals include:

- Guidance for those doing environmental assessment for TransCanada projects;
- Documenting the program for the HSE Management System;
- Facilitating legislative compliance and efficient application review, therefore minimizing business risk and liability; and,
- Addressing the need to consistently and cost-effectively apply TransCanada's environmental protection planning processes.

## SCOPE

This Standard applies to TransCanada projects on the Mainline and BC System requiring an environmental assessment. For projects on the Alberta System see "*Conservation and Reclamation Standard*" (April 1999). An environmental professional will determine the specifics of the environmental assessment.

## BRIEF DESCRIPTION OF CHANGE (IF A REVISION)

This is a new document.

PURPOSE..... i

SCOPE..... i

BRIEF DESCRIPTION OF CHANGE (IF A REVISION)..... i

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## **QUALIFICATIONS AND BIOS**

Trow Engineering

**Michael Koski**

Mr. Michael Koski is currently the Vice President of Energy Services with Trow Engineering Consultants Inc and works from the Tallahassee, Florida. Mr. Koski currently serves as the Project Director for the technical team assigned to the US portion of the Keystone project. In this capacity, Mr. Koski is responsible for the management of all engineering, land and environmental resources assigned to the project.

Mr. Koski has 19 years of experience in engineering and environmental issues, particularly with respect to pipeline, LNG and mining industries. This unique blend of expertise has enabled him to serve as a key execution team member for numerous major pipeline, terminal and plant projects involving capital costs in excess of 1 billion dollars. His experience includes the design and construction planning of liquid and gas transmission pipelines, LNG import terminals, gas plants, pipeline routes, pipeline river crossings, right-of-way reinstatement, hydrology/hydraulic studies, slope and excavation stability assessments, dewatering systems, directional drilling assessments, construction control and environmental permit negotiations. He is considered an expert with regards to pipeline river crossings having provided expert testimony in hearings and litigation, served on technical panels, presented at industry conferences and authored several related manuals for governmental and industry.

Mr. Koski has been involved in the following projects as described below:

Overall project manager for the Canadian portion of the proposed 2.8 billion dollar Blue Atlantic Transmission system involving over 1000 miles of large diameter gathering and transmission line and a 1 bcf/d gas plant. Managed the entire Canadian project team including engineering, environment, consultation and regulatory efforts.

Senior Design Engineer and Project Manager for Trow involvement for the Gulfstream Natural Gas System pipeline project involving approximately 750 miles of 36 inch and 24 inch pipeline from Mississippi and Alabama to Florida. Responsible for technical and regulatory coordination to ensure the development of innovative technical solutions to regulatory problems. Served on the owner sponsored project management committee established for the project.

Project Engineer and project management committee member for the Viking Voyageur Gas Transmission project, involving approximately 800 miles of 42" pipe from Emerson, Manitoba to Chicago, Illinois. Responsible for the development and execution of route selection, route review, and FERC filing data collection aspects of the project. Managed a team of professionals for the completion of these activities.

Engineering Coordinator and project management committee member for the 512 mile US portion of the Express Oil Pipeline in Montana and Wyoming. Responsible for the development and execution of the environmental permitting strategy which involved the control of all state and federal agency negotiations, activities of consultants, and liaison with engineering, environmental and legal personnel.

Project Manager for the design for the Sunshine Pipeline project involving approximately 800 miles of 30" pipeline in Mississippi, Alabama, and Florida. Participated in the design of river crossings, permit application/negotiation and route selection/review activities before the project was canceled in 1994.

Universal Engineering

**L.A. Gray**

Mr. L. A. "Buster" Gray is a Senior Vice President and Project Director for Universal Ensco, Inc. of Houston, Texas. He has thirty (30) years of experience in the project management, engineering design, and construction management of pipelines and related facilities. Mr. Gray is presently serving as project manager of the US portion of the Keystone pipeline project.

Mr. Gray has worked on some of the largest projects in the World including the 888 mile , \$1.2 billion U.S. portion of the 36" Alliance natural gas pipeline that crossed the upper Midwest and the 2,500 mile, \$5 billion 40" China West to East natural gas pipeline.

Mr. Gray is a graduate of Civil Engineering from Mississippi State University, a member of the American Society of Civil Engineers and a former President of the Pipeliner's Association of Houston.

**ENSR**

**Scott Ellis**

Mr. Scott Ellis is Senior Program Manager with ENSR/AECOM in Fort Collins, Colorado, with over 30 years experience managing the preparation of permit applications and Environmental Impact Statements for natural gas, natural gas liquids, petroleum products, and crude oil pipeline projects throughout the United States. Mr. Ellis currently serves as the Regulatory Project Manager for ENSR, managing the EIS data development and permitting efforts as the primary environmental consultant to Trow Engineering and Transcanada.

Mr. Ellis' technical expertise is in the area of plant ecology, reclamation, and assessment of effects on threatened and endangered species. Mr. Ellis was a participant in the Northern Tier Pipeline Project that was proposed for construction across North Dakota in the 1980s. Examples of liquids pipeline projects he has managed include pipeline EIS and permitting projects for Shell in New Mexico, Questar Williams in Utah and MidAmerica in Utah, Colorado and New Mexico.

Mr. Ellis is a graduate of Cornell University.

## **Heidi Tillquist**

Ms. Heidi Tillquist is a Senior Project Manager in ENSR's Permitting and Compliance Department in Fort Collins, Colorado. She currently serves as the Assistant Project Manager for the Keystone Pipeline Project.

Ms. Tillquist holds professional certifications as a Wildlife Biologist with The Wildlife Society and as a Fisheries Professional with the American Fisheries Society. She has over 18 years of experience in NEPA analysis, environmental toxicology, risk assessment, fisheries and wildlife biology. Ms. Tillquist has been involved in numerous pipeline projects, including TransCanada's Keystone Pipeline (crude oil), Oneok's Overland Pass EIS (natural gas liquids), Entrega's Pipeline Project EIS (natural gas), Piceance Basin Expansion Project EIS (natural gas), Shell's New Mexico Products Pipeline EIS (refined products), and Questar/Williams/Kern River Pipelines Project EIS (natural gas and crude oil pipelines). Ms. Tillquist's areas of expertise include pipeline safety and integrity management, risk assessment, federal pipeline design and construction requirements, and pipeline routing. She has also conducted a variety of projects for the oil and gas industry, including oil and gas field developments and power generating facilities.

Ms. Tillquist received her M.S. in Aquatic Toxicology/Fisheries Science and B.S. in Wildlife Biology from Colorado State University.

## **Charles Johnson**

Mr. Charles Johnson is a Senior Wildlife Biologist/Project Coordinator for ENSR in Fort Collins, Colorado. He currently serves as the Senior Biologist for the Keystone Pipeline Project in the U.S.

Mr. Charles Johnson has over 15 years of experience in wildlife ecology, managing and coordinating environmental studies, mitigation plans, and monitoring programs throughout the western United States. He has been involved in a number of projects including Environmental Impact Statements (EIS), Resource Management Plans (RMP) Environmental Assessments (EA), Cumulative Impacts Assessments (CIA), Biological Evaluations (BE), and Biological Assessments (BA) that were examined under NEPA and the Endangered Species Act (ESA). Mr. Johnson has been part of pipeline project teams to conduct EIS investigations and permitting for a number of oil and gas companies including Caballero Pipeline Company, Mid-America, Merrick, Questar and Shell.

Mr. Johnson has a B.S. in Biology from Humboldt State University and a M.S. in Ecology from the University of Northern Colorado.

Roger Johnson  
Agriculture Commissioner  
www.agdepartment.com



Phone (701) 328-2231  
Toll Free (800) 242-7535  
Fax (701) 328-4567

600 E. Boulevard Ave., Dept. 602  
Bismarck, ND 58505-0020

June 11, 2007

Todd D. Kranda  
Kelsch, Kelsch, Ruff, & Kranda  
P.O. Box 1266  
Mandan, ND 58554

Dear Mr. Kranda:

*Todd,*

Thank you for the opportunity to comment on the proposed TransCanada Keystone Pipeline. My comments are confined to the control of noxious weeds within the construction right-of-way.

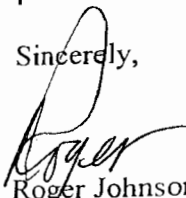
According to North Dakota Century Code (NDCC) 63-01.1-01, every person in charge of or in possession of land in this state, whether as landowner, lessee, renter, or tenant, shall control or eradicate noxious weeds on those lands. Your April 2007 project application to the North Dakota Public Service Commission indicates that pipeline construction will disturb 3,371 acres—including 418 acres of native and modified grasslands. As this project recovers the vegetation in the disturbed areas, please pay special attention to noxious weed control.

The primary jurisdiction regarding noxious weed law resides with the counties. The jurisdiction of each county weed board extends to all land within the county, but it does not include any land within the corporate limits of a city if that city has its own noxious weed control program (NDCC Ch. 63-01.1-03.2). Ken Junkert has emailed you a list of county weed board contact information as per your request. Please contact these weed control officers to discuss weed control issues that may be unique to each county.

Weed boards must conduct at least one annual inspection to determine the progress of noxious weed control activities within the county (NDCC Ch. 63-01.1-04.1(4)). I encourage you to contact each county weed control officer and schedule a time for inspection of the land impacted by pipeline construction. Restoration and management of cover vegetation will require an active management plan. Cooperation with the county weed control boards will ensure that the disturbed land does not create a future noxious weed control concern.

I am enclosing a copy of North Dakota's noxious weed law and regulations. If you have any questions, please contact Ken Junkert of my staff at 701-328-4756. Thank you.

Sincerely,

  
Roger Johnson  
Agriculture Commissioner

*Kranda!*



RJ: kj

Enclosure

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Pages: 1

Comments re: control of noxious weeds



**STATE  
HISTORICAL  
SOCIETY  
OF NORTH DAKOTA**

John Hoeven  
*Governor of North Dakota*

August 13, 2007

North Dakota  
State Historical Board

Marvin L. Kaiser  
*Williston - President*

Albert I. Berger  
*Grand Forks - Vice President*

Chester E. Nelson, Jr.  
*Bismarck - Secretary*

Gerold Gerntholz  
*Valley City*

A. Ruric Todd III  
*Jamestown*

Diane K. Larson  
*Bismarck*

Richard Kloubec  
*Fargo*

Sara Otte Coleman  
*Director  
Tourism Division*

Kelly Schmidt  
*State Treasurer*

Alvin A. Jaeger  
*Secretary of State*

Douglass Prchal  
*Director  
Parks and Recreation  
Department*

Francis Ziegler  
*Director  
Department of Transportation*

Merlan E. Paaverud, Jr.  
*Director*

Ms. Elizabeth Orlando, Esq.  
OES/ENV  
Room 2657A  
U.S. Department of State  
Washington, DC 20520

**NDSHPO REF. : 06-0088f Department of State (DOS)/ND PSC  
(TransCanada) Keystone Oil Pipeline Project Applicant for Presidential  
Permit: Draft Environmental Impact Statement (DEIS)**

Dear Ms. Orlando:

We have received and reviewed project documentation: "(TransCanada) Keystone Oil Pipeline Project Applicant for Presidential Permit: Draft Environmental Impact Statement," (Entrix, August 10, 2007). One correction is found on p. 3.11-3, fourth paragraph, last line: Bleier et al. (2006a).

Our comments remain largely directed at consultation and review of outstanding North Dakota aspects of the Keystone project. As indicated, project re-routes and other ancillary facilities and infrastructure (pp. 3.11-3-3.11-7 ; 3.11.-39; 3.11-62; 3.11-78; 3.14-2; 5-14-5-16) remain to be completed and reported.

Finally, we look forward to receiving forthcoming DOS correspondence covering determinations of effect(s) to historic properties and to the review of other report(s)/supporting documentation covering the remaining aspects of the project as it unfolds. Thank you for the opportunity to review the document, and to further consultation on the project. If you have questions please contact either Paul Picha at (701) 328-3574 or Susan Quinnell at (701) 328-3576.

Sincerely,

97 PU-06-421

Pages: 1

Merlan E. Paaverud, Jr.  
State Historic Preservation Officer (North Dakota)  
and

Director, State Historical Society of North Dakota  
c: Susan E. Wefald, Commissioner, ND PSC

Project Review Letter to US Dept of State

by Historical Society

08/13/2007 CC: Comm Legal Ilona, Pat, Annette ALJ.

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American Association  
of Museums

**Fahn, Patrick J.**

---

**From:** Janie Capp [JanieCapp@csb100.com]  
**Sent:** Thursday, August 23, 2007 3:34 PM  
**To:** Fahn, Patrick J.  
**Subject:** FW: Keystone pipeline  
**Attachments:** map.bmp

August 23, 2007

Dear Public Service Commissioners'

I would like to make a few more comments to have on the record about the TransCanada Keystone Pipeline.

First there is of course the spills, I would like to make you aware that while we were having our hearing in Park River on this project there was a major spill in Burnaby, B. C. at least 50 homes had to be evacuated; the oil crept on to the water; long term toxic effects on wildlife; environmental concerns are being raised; blame is being placed on each other. This oil line is operated by Kinder Morgan Canada. Then the mess in Coffeyville from oil So spills are real and very damaging plus costly to clean up, if ever.

Then there is the global warming/ green house gases. According to the NRDC Press Release on June 11 2007 Canadian tar sands are estimated to contain 1.7 trillion barrels of crude bitumen. The problem comes in getting it out of the ground. After lagging for years, production has doubled over the past decade. The Alberta government and the government of Canada have laid out an aggressive new package of tax breaks, subsidies and discounts royalties to ramp up extraction even more.

To get at tar sands, companies use huge amounts of natural gas—enough to heat 4 million homes last year alone, to generate steam that is pumped deep under ground.

From start to finish the process generates three times the global warming emission of conventional gasoline. Emission from tar sands production totaled 125 million tons in 2003.

"The irony is that extracting energy from the Alberta tar sands actually requires an input of massive amounts of energy. It's counterproductive, could contribute triple the global warming pollution as conventional oil, and devastates the environment. It just doesn't make sense," said NRDC senior attorney Susan Casey-Lefkowitz.

Industry and political leaders are pushing us blindly down a dangerous and expensive energy path. The vast amounts of energy needed to make these fuels means that overall emissions from every gallon could double or even triple. Mining fuels to put in our gas tanks would have devastating impacts on local communities and the landscape. It will suck up valuable water in places where it is already in short supply. Said NRDC Energy Analyst Devron Lovaas.

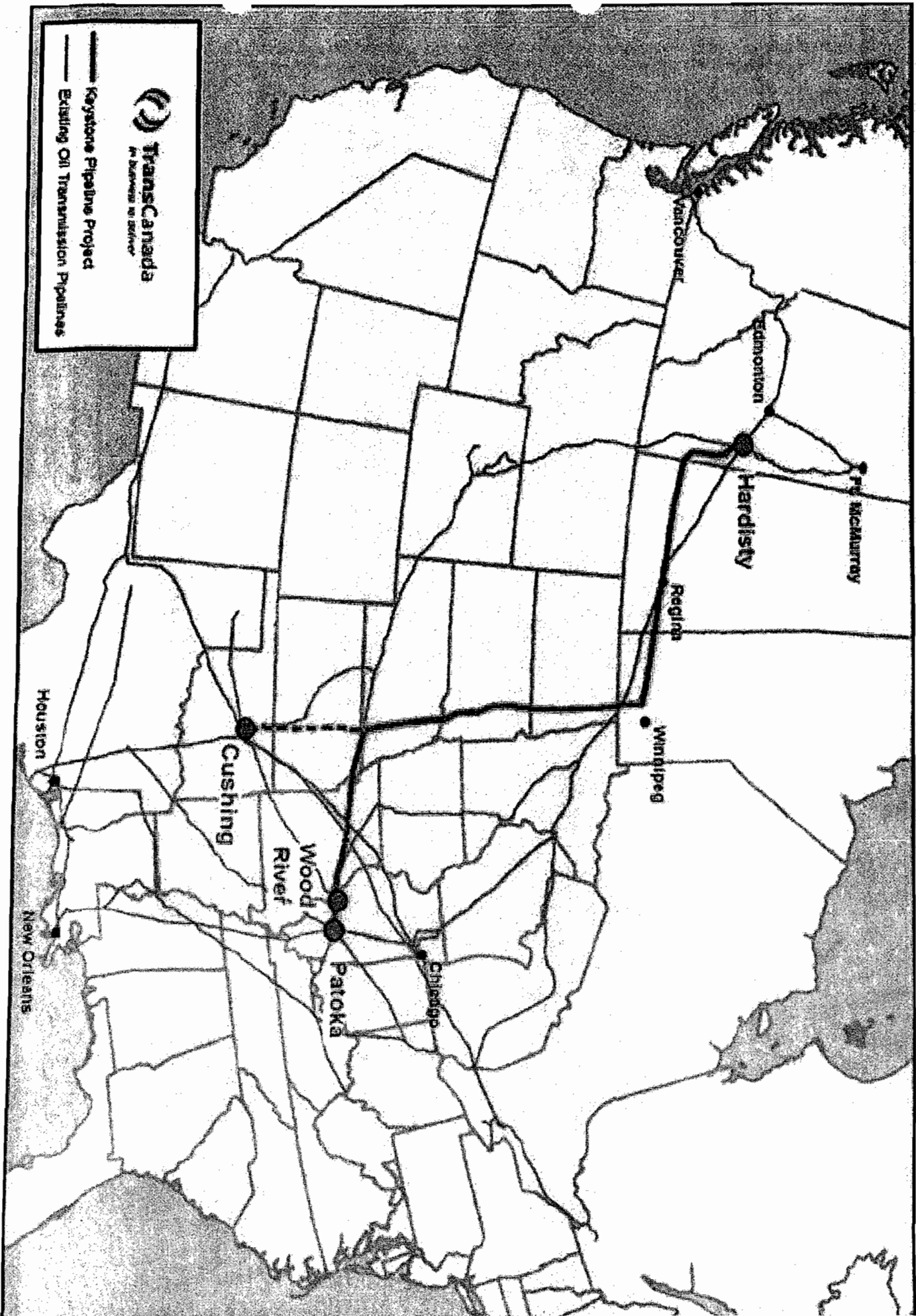
People are saying that the pipeline will benefit ND in the way of Tax Revues. ( Which I doubt when you figure the costs to repair roads, clean up leaks, and the liability for ND that goes with it.) but why should us North Dakota's whom have paid taxes all our life's to the state suffer because of it? We are the citizens whom have made this state our home and have left our money here; not like Keystone will do.

The state of ND has a lot of potential to produce our own energy. (Wind- towers , Biofuels) for example. That will be taken away if Keystone takes productive farm land away. Nothing will grow when the temp. of this crude is 74 degrees at all times. Plus a leak will render the land sterile. It will not be just one pipeline but several. As the amount is to great for one pipe so there goes another pipe then you need another to bring the refined oil back up so there is the 3<sup>rd</sup>. So there goes a quarter of land.

.....We DO NOT believe that it is a common carrier as ND will be just a pass through state. A Keystone map shows how the pipeline lines up perfectly with an existing pipe going to Texas. Is that because they can get cheap labor from the Gulf of Mexico to refine it and then send it back to Canada? I have enclosed the map

Although the Keystone charts and graphs are impressive and I am sure their representatives have very high college degrees they do not know the lay of the land like the landowner does. They know where every rock is, low spot that doesn't drain, pothole.etc. The owner knows his land like the back of his hand. So how can Keystone come in and say this is the best place for a pipeline? North Dakota is an Agricultural State not an Industrial State!

Janie Capp  
12466 60<sup>th</sup> St. NE  
Lankin, ND 58250  
Phone 701-593-6126

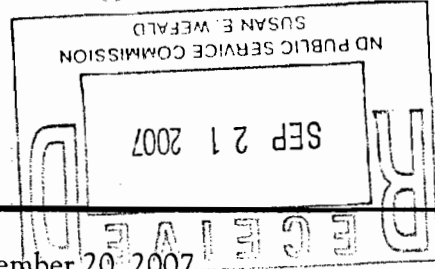


**TransCanada**  
A Division of Enbridge

**Keystone Pipeline Project**  
Existing Oil Transmission Pipelines



**STATE  
HISTORICAL  
SOCIETY  
OF NORTH DAKOTA**



John Hoeven  
Governor of North Dakota

North Dakota  
State Historical Board

Marvin L. Kaiser  
Williston - President

Albert I. Berger  
Grand Forks - Vice President

Chester E. Nelson, Jr.  
Bismarck - Secretary

Gereld Germtholz  
Valley City

A. Ruric Todd III  
Jamestown

Diane K. Larson  
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Sara Otte Coleman  
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Secretary of State

Douglass Prchal  
Director  
Parks and Recreation  
Department

Francis Ziegler  
Director  
Department of Transportation

Merlan E. Paaverud, Jr.  
Director

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Ms. Elizabeth Orlando, Esq.  
OES/ENV  
Room 2657A  
U.S. Department of State  
Washington, DC 20520

September 20, 2007

**NDSHPO REF. : 06-0088g Department of State (DOS)/ND PSC  
(TransCanada) Keystone Oil Pipeline Project Applicant for Presidential  
Permit: Geotechnical Borings Documentation, Unanticipated Discovery  
Plan, and DOE List concurrence**

Dear Ms. Orlando:

We have received and reviewed project documentation: **06-0088g  
Department of State (DOS)/ND PSC (TransCanada) Keystone Oil Pipeline  
Project: Geotechnical Borings Information, Unanticipated Discovery Plan, and  
NRHP DOE List concurrence.** We found both the geotechnical boring  
information and the "Unanticipated Discovery Plan" acceptable. If the  
geotechnical borings are restricted to the locations provided and are of the  
nature described we concur that no survey is warranted and we would concur  
with a "**No Historic Properties Affected**" determination for that aspect of the  
project. Likewise, we concur with the recommendation that a permitted  
cultural resource contractor be available for monitoring in the event that it is  
deemed prudent and necessary. Finally, we concur with the DOS  
determinations of National Register of Historic Places eligibility (NRHP DOE)  
found in the attached list from Appendix B of the supporting documentation.  
Finally, we look forward to receiving and the forthcoming review of other  
report(s)/supporting documentation ~~covering the remaining aspects of the  
project, as outlined in the DOS September 13 correspondence.~~ Thank you for  
the opportunity to review the document, and to further consultation on the  
project. If you have questions please contact either Paul Picha at (701) 328-  
3574 or Susan Quinnell at (701) 328-3576.

Sincerely,

Merlan E. Paaverud, Jr.  
State Historic Preservation Officer (North Dakota)

and  
Director, State Historical Society of North Dakota  
enc. as stated

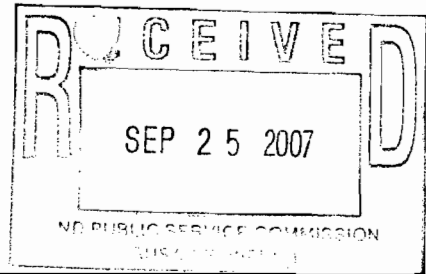
✓ c: Susan E. Wefald, Commissioner, ND PSC (with enc.)

Attachment B: List of Properties Evaluated for  
 Eligibility to the National Register of Historic Places  
 For the TransCanada Keystone Pipeline Project in North Dakota

Site Identifier	Site Type	NRHP Recommendation by Applicant	NRHP Finding by DOS
32BA170	Pre-contact scatter	Not Assessed	Not evaluated
32NEx99	Historic farmstead	Not Assessed	Not evaluated
32PB202	Pre-contact scatter	Not Assessed	Not evaluated
32WA247	Historic farmstead (depression)	Not Assessed (Non-Contributing)	Not evaluated
32BA148	Historic railroad	Potentially eligible	Potentially eligible
32BA171	Historic railroad	Potentially eligible	Potentially eligible
32NE70	Historic railroad	Potentially eligible	Potentially eligible
32NE72	Historic railroad	Potentially eligible	Potentially eligible
32RM155	Historic railroad	Potentially eligible	Potentially eligible
32RM160	Pre-contact scatter	Recommended ineligible	Ineligible
32RMx89	Pre-contact scatter	Recommended ineligible	Ineligible
32SA47	Historic railroad	Potentially eligible	Potentially eligible
32SA80	Historic railroad	Potentially eligible	Potentially eligible
32ST171	Historic railroad	Potentially eligible	Potentially eligible
32WA244	Historic railroad	Potentially eligible	Potentially eligible
32WA246	Historic railroad	Potentially eligible	Potentially eligible
32BAx107	Pre-contact isolate	Recommended ineligible	Ineligible
32BAx108	Pre-contact isolate	Recommended ineligible	ineligible
32BAx109	Pre-contact isolate	Recommended ineligible	Ineligible
32BAx110	Pre-contact isolate	Recommended ineligible	Ineligible
32BAx111	Pre-contact isolate	Recommended ineligible	Ineligible
32BAx112	Pre-contact isolate	Recommended ineligible	Ineligible
32PBx176	Pre-contact isolate	Recommended ineligible	Ineligible
32SA81	Historic foundation	Recommended ineligible	Ineligible
32WAx211	Pre-contact isolate	Recommended ineligible	Ineligible



**STATE  
HISTORICAL  
SOCIETY  
OF NORTH DAKOTA**



John Hoeven  
Governor of North Dakota

September 24, 2007

North Dakota  
State Historical Board

Kim Munson, Anthropologist  
Project Manager  
ENSR International  
1601 Prospect Parkway  
Fort Collins, CO 80525

Marvin L. Kaiser  
Williston - President

Albert I. Berger  
Grand Forks - Vice President

**NDSHPO REF. : 06-0088h PSC/ Department of State/ENSR  
TransCanada Keystone Pipeline: Scope-of-Work for NRHP Evaluation of  
sites 32RM260, 32WA250, and 32WA251**

Chester E. Nelson, Jr.  
Bismarck - Secretary

Gereld Gerntholz  
Valley City

Dear Ms. Munson:

A. Ruric Todd III  
Jamestown

We have reviewed project documentation: "Proposed Scope-of-Work for the Testing and Evaluation of Three Sites, 32RM260, 32WA250, and 32WA251 in Ransom and Walsh Counties, North Dakota," (Metcalf Archaeological Consultants, September 20007) and find it acceptable. We concur with the level and scope of evaluation efforts in the TransCanada Keystone project area, as reported.

Diane K. Larson  
Bismarck

Finally, we look forward to reviewing the forthcoming report(s) covering the NRHP evaluations and the remaining 2007 investigations and other addenda.

Richard Kloubec  
Fargo

Thank you for the opportunity to review, and to further consultation on, the project. If you have questions please contact either Paul Picha at (701) 328-3574 or Susan Quinnell at (701) 328-3576.

Sara Otte Coleman  
Director  
Tourism Division

Kelly Schmidt  
State Treasurer

Alvin A. Jaeger  
Secretary of State

Sincerely,

Douglass Prchal  
Director  
Parks and Recreation  
Department

Francis Ziegler  
Director  
Department of Transportation

Merlan E. Paaverud, Jr.  
Director

Merlan E. Paaverud, Jr.  
State Historic Preservation Officer (North Dakota)  
and

Director, State Historical Society of North Dakota

c: Elizabeth Orlando, Esq., DOS

✓ c: Susan E. Wefald, Commissioner, PSC

c: Suzanne Nelsen, MAC

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Pages: 1



**STATE  
HISTORICAL  
SOCIETY  
OF NORTH DAKOTA**

John Hoeven  
*Governor of North Dakota*

October 2, 2007

North Dakota  
State Historical Board

Marvin L. Kaiser  
*Williston - President*

Albert I. Berger  
*Grand Forks - Vice President*

Chester E. Nelson, Jr.  
*Bismarck - Secretary*

Gereld Gemtholz  
*Valley City*

A. Ruric Todd III  
*Jamestown*

Diane K. Larson  
*Bismarck*

Richard Kloubec  
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Sara Otte Coleman  
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Tourism Division*

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*Secretary of State*

Douglass Prchal  
*Director  
Parks and Recreation  
Department*

Francis Ziegler  
*Director  
Department of Transportation*

Merlan E. Paaverud, Jr.  
*Director*

Ms. Elizabeth Orlando, Esq.  
OES/ENV  
Room 2657A  
U.S. Department of State  
Washington, DC 20520

**NDSHPO REF. : 06-0088i Department of State (DOS)/ND PSC  
(TransCanada) Keystone Oil Pipeline Project Applicant for Presidential  
Permit: North Dakota Status Report on Cultural Resources (8/10/07) CD**

Dear Ms. Orlando:

We have received and reviewed project documentation: **06-0088i Department of State (DOS)/ND PSC (TransCanada) Keystone Oil Pipeline Project: North Dakota Status Report on Cultural Resources (8/10/07) CD.** We found "Status Report of the Cultural Resource Investigations Along the Keystone Pipeline Corridor in North Dakota, as of August 10, 2007," prepared by Metcalf Archaeological Consultants acceptable.

Also, we look forward to receiving and the forthcoming review of other report(s)/supporting documentation covering the remaining aspects of the project, as outlined in prior DOS correspondence.

Thank you for the opportunity to review the document, and to further consultation on the project. If you have questions please contact either Paul Picha at (701) 328-3574 or Susan Quinnell at (701) 328-3576.

Sincerely,

Merlan E. Paaverud, Jr.  
State Historic Preservation Officer (North Dakota)  
and  
Director, State Historical Society of North Dakota

✓c: Susan E. Wefald, Commissioner, ND PSC

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of Museums*

170 PU-06-421

Pages: 1



**NORTH DAKOTA**  
DEPARTMENT of HEALTH

ENVIRONMENTAL HEALTH SECTION  
Gold Seal Center, 918 E. Divide Ave.  
Bismarck, ND 58501-1947  
701.328.5200 (fax)  
www.ndhealth.gov



September 25, 2007

SUSAN WEFALD  
ND PUBLIC SERVICE COMMISSION  
12<sup>TH</sup> FLOOR – CAPITOL BLDG.  
BISMARCK ND 58505



Dear Commissioner Wefald:

On September 6, 2007, I testified at the public hearing for the TransCanada Keystone Pipeline siting application.

The reason for my being subpoenaed was to testify about the permitting process for Section 401 of the Clean Water Act. The Department of Health will not initiate a detailed review until we receive a completed Section 404 application from the U.S. Army Corps of Engineers.

On September 19, 2007, I conducted a cursory field review of the proposed pipeline crossing site on the Sheyenne River.

The site could be characterized as an intact riparian zone. Mature trees form a near canopy over the river providing substantial shade. The banks were steep and heavily vegetated. It appeared that the river contained diverse habitat in the form of snags and rocks with a riffle area downstream.

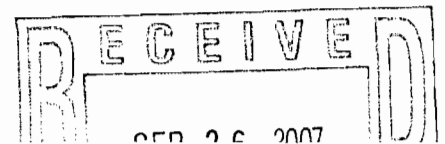
In my opinion, it would be extremely difficult if not impossible to restore this area if any of the trenching methods were implemented. The riverine and riparian zone for 300 feet upstream and downstream look similar to the Keystone preferred crossing site. At this time the crossing method appears to be much more important than the selected site.

Upon receipt of the complete Section 404 application, this Department will begin its formal review of the project.

If you have any questions, I can be reached at 328-5237.

Sincerely,

Michael T. Sauer  
Senior Environmental Scientist  
Division of Water Quality



172 PU-06-421

Pages: 1

letter re field review proposed pipeline

by TransCanada Keystone Pipeline, LP

09/26/2007

CC: Comm Legal Illona, Pat ALJ

MTS:dlp



**STATE  
HISTORICAL  
SOCIETY  
OF NORTH DAKOTA**

John Hoeven  
*Governor of North Dakota*

October 10, 2007

**North Dakota  
State Historical Board**

Marvin L. Kaiser  
*Williston - President*

Albert I. Berger  
*Grand Forks - Vice President*

Chester E. Nelson, Jr.  
*Bismarck - Secretary*

Gereld Gerntholz  
*Valley City*

A. Ruric Todd III  
*Jamestown*

Diane K. Larson  
*Bismarck*

Richard Kloubec  
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Sara Otte Coleman  
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*Secretary of State*

Douglass Prchal  
*Director  
Parks and Recreation  
Department*

Francis Ziegler  
*Director  
Department of Transportation*

Merlan E. Paaverud, Jr.  
*Director*

Ed Stine  
Staff Archaeologist  
Metcalf Archaeological Consultants  
PO Box 2154  
Bismarck, ND 58502-2154

Kim Munson, Anthropologist  
Project Manager  
ENSR International  
1601 Prospect Parkway  
Fort Collins, CO 80525

**NDSHPO REF. : 06-0088j PSC/ Department of State/ENSR  
TransCanada Keystone Pipeline: 2007 Cultural Resource Inventory (Class  
I, II, and III) Report: Addendum 1**

Dear Mr. Stine and Ms. Munson:

We have received and reviewed **06-0088j TransCanada Keystone Pipeline: "Addendum 1 to Keystone Pipeline Project: Class I, II, and III Cultural Resource Investigations in Eastern North Dakota,"** by Ed Stine, Andrea Kulevsky, and Aaron Barth (Metcalf Archaeological Consultants, October 2007) and find it acceptable. We concur with the level and scope of identification efforts undertaken on Phase I investigations in the TransCanada Keystone project APE, as reported. Also, we offer no substantive comments on the report at this time.

If consulted either by a federal agency or a state agency, we would concur with additional recommended significance (National Register) evaluations and with the recommended determinations of National Register of Historic Places eligibility (DOE) presented in Chapter 5 of the aforementioned report.

Thank you and we look forward to further consultation and to further review of outstanding documents (e.g, Addendum 2), regarding the project. If you have questions please contact either Paul Picha at (701) 328-3574 or Susan Quinnell at (701) 328-3576.

Sincerely,

Merlan E. Paaverud, Jr.  
State Historic Preservation Officer (North Dakota)  
and

Director, State Historical Society of North Dakota  
c: Elizabeth Orlando, Esq., Department of State

✓ c: Susan E. Wefald, Commissioner, PSC



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**Upper Sheyenne River Joint  
Water Resource Board**

P.O. Box 446  
Lakota, North Dakota 58344-0446

Phone: 701 247-2682  
Fax: 701 247-2692  
E-mail: [ncwrdb@polarcomm.com](mailto:ncwrdb@polarcomm.com)  
Web: [upper-sheyenne-river-board.tripod.com/](http://upper-sheyenne-river-board.tripod.com/)

*Providing a coordinated and cooperative approach to planning and  
implementing a comprehensive water management program in the  
Upper Sheyenne Watershed*

September 20, 2007

Elizabeth Orlando  
OES/ENV Room 2657  
U.S. Department of State  
Washington, D.C. 20520



RE: Keystone Oil Pipeline Project

The Upper Sheyenne River Joint Water Resource Board represents 12 counties in North Dakota. This Board is concerned with the proposed Keystone Pipeline in regard to water quality issues within the watershed.

The proposed route from the Luverne Pumping Station in Steele County and south comes very close to the Sheyenne River and Lake Ashtabula. The Board suggests moving the line to a ridge approximately 3 to 5 miles east. This would give some protection to the river, in the event there is a leak, by detecting it before it would reach the river or Lake Ashtabula.

The Board is also concerned with comments that the pipe thickness would fluctuate in rural areas. The Upper Sheyenne River Joint Water Resource Board strongly requests that the standard thickness is maintained with no variances allowed.

Respectfully,

Ben Varnson, Chairman

Copy: North Dakota Public Service Commission  
North Dakota Department of Health  
Senator Kent Conrad  
Senator Byron Dorgan  
Representative Earl Pomeroy  
Mary Lee Nielson, Mayor, Valley City, ND

BAV:ckv

Dan Stenvold, Mayor

Tom D. Larson, City Auditor  
Tom D. Larson, Business Manager

# City of Park River

PO Box C  
Park River, ND 58270-0702  
Phone: 701-284-6150  
Fax: 701-284-6380

August 22, 2007

Public Service Commission  
State Capitol  
600 E Blvd. Ave.  
Bismarck, ND 58505-0480

Re: Keystone Pipeline Project

Dear Commissioners:

The Park River City Council asked that I write you this letter as a follow up to the public hearing held in Park River on July 24, 2007.

As you may recall, the original proposed location of the pipeline was to run near State Hwy. 32 and over the Fordville Aquifer, which provides the City of Park River with its drinking water. The City previously had indicated its concerns to Keystone as well as the State Water Commission regarding this location, and as a result, the pipeline route was moved some miles to the West.

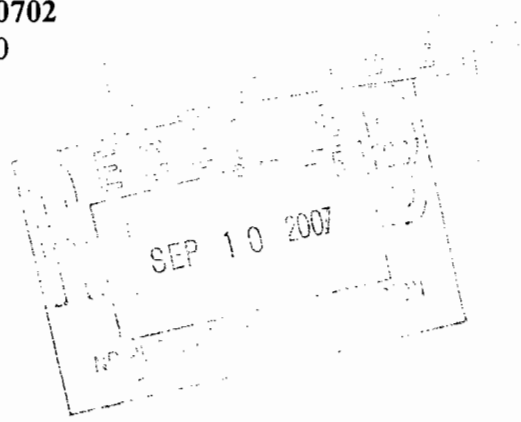
At the hearing, some of the residents who live along the Forest River provided testimony that much of the flow of water coming from the West actually gets absorbed into the aquifer rather than continuing downstream due to the porous nature of the gravel above the aquifer.

The reason the City Council wanted me to write was to ask that in approving a pipeline route, the Commission consider whether the proposed pipeline route has been moved far enough to the West, or, as an alternative, could be moved far enough East of State Hwy. 32 so that any leak would not infiltrate the Fordville Aquifer, as it appears that the current proposed location sits right at the top of the drainage area and any leak would flow downhill and be absorbed into the aquifer.

Other than this concern, the City of Park River trusts that the Commission, in making their decision, will approve a location that does not jeopardize the potential contamination of the Fordville Aquifer serving the water needs of the City of Park River, City of Minto, and the Walsh Rural Water District.

Sincerely,

  
Dan Stenvold, Mayor



178 PU-06-421

Pages: 1

Letter from City of Park River

by Public Service Commission by D Stenvold, Mayor

10/10/2007

CC: Comm Legal Illona, Pat ALJ



# NORTH DAKOTA HOUSE

STATE CAPITOL  
600 EAST BOULEVARD  
BISMARCK, ND 58505-0360



Representative David Monson  
District 10  
P.O. Box 8  
Osnabrock, ND 58269-0008  
dmonson@state.nd.us

Assistant Majority Leader  
COMMITTEES:  
Appropriations

August 7, 2007

To Whom It May Concern:

I am writing in support of the Trans-Canada Keystone Pipeline that will run through eastern ND including my legislative district. I believe this is a very good thing for ND and all the communities through which this pipeline runs. The need for ND to find ways to export our energy is very real. We have an abundance of coal, oil, biofuels, and wind, all of which must be exported in order for ND and the nation to benefit from them. I realize this particular pipeline may not carry much ND oil, at least at the start, but we are part of a North American energy link. We need to cooperate with all of our neighbors on all sides in order for us to expect them to cooperate with us. This is much larger than just ND or even the US. It is vital to the whole North American continent. Our need for achieving energy independence from unfriendly sources half way around the world needs to move forward as quickly as possible. I see this pipeline as just the first step in helping to achieve this goal. It is one of many pipelines and transmission lines that I believe will be built through ND in the near future.

I see this pipeline as an economic engine to our job-starved area, as well. The money generated in land taxes and the jobs created in the construction, operation, and maintenance of this pipeline will help our schools, townships and counties in eastern ND. Our declining enrollment in schools and the exodus from rural communities and counties has to stop. This pipeline should help, I believe.

I strongly urge you to approve this pipeline and let it proceed without further delay. If you have further questions I would be happy to try to answer them or provide more information to you.

Sincerely,

Rep. David Monson  
District 10 State Representative

179 PU-06-421

Pages: 1

Letter from ND House of Reps

by Public Service Commission by Rep Monson  
08/07/2007

CC: Comm Legal Illona, Pat ALJ .

Tony,

I sent an e-mail to this effect to jhm@oracle.psc.state.nd.us  
This is just kind of a backup. Thanks!  
C. PU-07-152

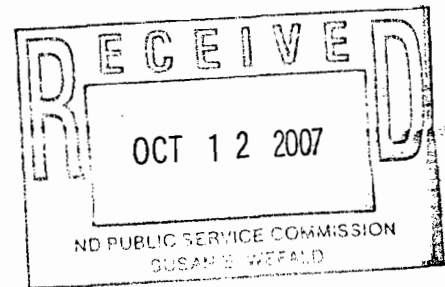


# NORTH DAKOTA FOREST SERVICE

*"To care for, protect and improve forest and natural resources to enhance the quality of life for present and future generations."*

October 10, 2007

Susan E. Wefald, President  
North Dakota Public Service Commission  
State Capitol  
600 East Boulevard  
Bismarck, ND 58505-0480



Reference: Keystone Pipeline Comments

Dear Commissioner Wefald:

We are writing to submit comments on the proposed Keystone Pipeline project. The Office of the State Forester does not have an official position on the proposal. Unfortunately, we have received feedback from landowners indicating our agency supports and/or endorses the project. For the record, we do not endorse the project nor have we extended our support to any aspect of the Keystone pipeline proposal.

The State Forester's role and function in such matters is to provide technical assistance to the Public Service Commission, landowners, utility representatives and other entities requesting forestry and natural resource information and services. Thus far, we have worked closely with private landowners and utility representatives on inquiries relating to forest resource mitigation measures, forestland inventory techniques and valuation needs. In addition, we have conducted joint field surveys with Keystone representatives to discuss easement requirements and identify mitigation measures for the proposed corridor across the 430-acre Tetrault Woods State Forest near Walhalla. The Keystone representatives have been very receptive to our request to directionally drill under the forest and the Pembina River to avoid surface disturbances. We have told Keystone that any further consideration of their state forest easement request by the State Forester is subject to prior approval of the pipeline corridor by the Public Service Commission.

We continue to point out potential environmental concerns and forest resource mitigation needs with the proposed Keystone Pipeline project. From our viewpoint, the foremost environmental needs include protecting water quality, especially ground water aquifers near the pipeline corridor, and minimizing the loss of native forests, farmstead and field windbreaks and other agroforestry plantings. With less than two (2.0) percent of North Dakota's total land area being

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Letter submitting comments on the pipeline

State Forester Molberg Forestry Center 307 First Street

Tel: (701) 228-5422 • Fax: (701) 228-5448 • E-mail: forest

by North Dakota Forest Service

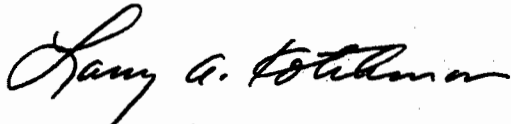
10/12/2007

CC: Comm Legal Illona, Pat ALJ

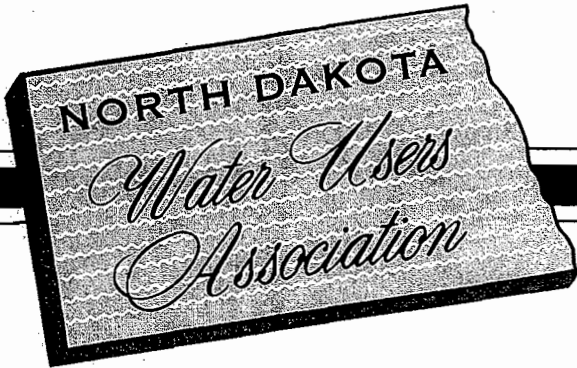
forested, protection of this unique natural resource is imperative. In addition, the proposed pipeline corridor will impact the aesthetic qualities and tourism opportunities associated with the scenic Pembina River and Sheyenne River Valleys. We urge the Public Service Commission to continue its careful assessment of these environmental, social and economic impacts.

Thank you for this opportunity to comment on the proposed Keystone Pipeline. We greatly appreciate the follow-up telephone conversation with your staff on October 9th regarding our input. Please do not hesitate to contact my office if you have further forestry related questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Larry A. Kotchman". The signature is written in a cursive, flowing style.

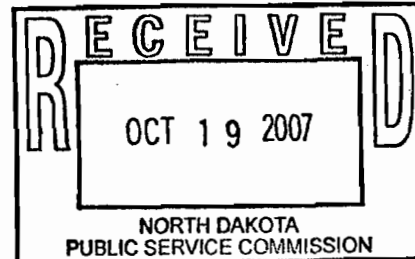
Larry A. Kotchman  
State Forester



Michael A. Dwyer  
Executive Vice President  
701-223-4615  
701-223-4645 (Fax)

PO Box 2254 • Bismarck, ND 58502-2254

October 18, 2007



Illona Jeffcoat-Sacco  
Executive Director  
Public Service Commission  
600 E Blvd Apt 408  
Bismarck, ND 58505-0480

RE: TransCanada Keystone Pipeline Project  
PSC Case #PU-06-421

Dear Ms. Jeffcoat-Sacco:

On behalf of the North Dakota Water Users Association, this letter is to express our concern about the TransCanada Keystone Pipeline Project.

First, we recognize that your record in the routing of this proposed pipeline is closed. We did not become fully aware of the project or the hearing process until this fall, and our board of directors met on October 4, 2007, to discuss this matter. However, we believe there are some water supply issues that should be considered in this matter. We do believe the PSC has the discretion to reopen the record, and we request that the PSC do so to consider issues relating to safeguards in the routing and construction of the TransCanada Keystone Pipeline Project, in the context of water supply issues for eastern North Dakota.

It is our further understanding that certain pipeline design standards have been waived for this project. Considering the type of product that is proposed to be transported by this pipeline, and its current proposed routing along and across the Sheyenne River at critical locations, we believe further analysis and study is warranted before approval of this project.

As you know, a large segment of North Dakota's population lives in the eastern tier of counties in our state, and with the rapid growth in industry, manufacturing, business sector, and population, an additional water supply is necessary to provide for the long-term stability and opportunity in eastern North Dakota. For a half century North Dakota has been endeavoring to provide a water supply to eastern North Dakota from the Missouri River. The conveyance system for this water supply includes the Sheyenne River and Lake Ashtabula. Lake Ashtabula on the Sheyenne River is both a flood control

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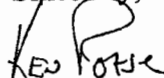
Letter re input received after hearing

*Dedicated to Protect, Develop, and Manage*

by Public Service Commission by ND Water Users Associ  
10/19/2007 CC: Comm Legal Illona, Pat ALJ

and water supply reservoir, and Grand Forks, Fargo, and other communities have water rights in the waters stored behind the Baldhill Dam. The potential disruption or damage of the water supply for eastern North Dakota must be taken very seriously for both current and future generations. We are concerned that the proposed routing of the pipeline, the safeguards and protective measures in the design of the pipeline, and mitigation measures in the event of a pipeline failure, have been insufficiently addressed by TransCanada in order to protect the current and long-term water supply of eastern North Dakota. Thank you for your consideration of these comments.

Sincerely,

Handwritten signature of Ken Royse in black ink, appearing as 'KEN ROYSE'.

Ken Royse

President

North Dakota Water Users Association

cc: Board of Directors  
Governor John Hoeven



U.S. Department  
of Transportation

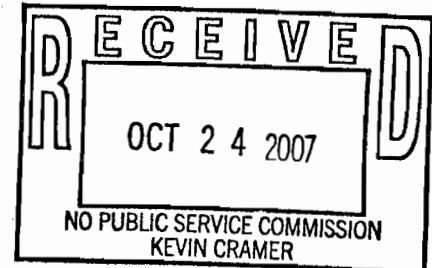
**Pipeline and Hazardous  
Materials Safety Administration**

400 Seventh Street, S.W.  
Washington, D.C. 20590

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

APR 30 2007

Mr. Robert Jones  
Vice President  
TransCanada Keystone Pipeline, LP  
450 1<sup>st</sup> Street, SW  
Calgary, Alberta, T2P 5H1  
Canada



Dear Mr. Jones:

On November 17, 2006 you wrote to the Pipeline and Hazardous Materials Safety Administration (PHMSA) requesting a waiver of compliance from PHMSA's pipeline safety regulation 49 CFR 195.106 for two pipelines. The regulation specifies the design factor used in the design pressure formula to establish the maximum operating pressure for a hazardous liquid pipeline.

The PHMSA is granting this waiver through the enclosed special permit. This special permit will allow TransCanada Keystone Pipeline, LP (Keystone) to establish a maximum operating pressure for two pipelines using a 0.80 design factor in lieu of 0.72, with conditions and limitations. The proposed pipelines covered by this special permit are the 1,025-mile, 30-inch, mainline from the Canadian border at Cavalier County, North Dakota, to Wood River, Illinois; and, the 291-mile, 36-inch, Cushing Extension from Jefferson County, Nebraska, to Cushing (Marion County), Oklahoma. The special permit provides some relief from the Federal pipeline safety regulations for Keystone while ensuring that pipeline safety is not compromised.

If necessary, my staff would be pleased to discuss this special permit or any other regulatory matter with you. Florence Hamn, Director, Office of Regulations (202-366-4595) would be pleased to assist you.

Sincerely,

Jeffrey D. Wiese  
Acting Associate Administrator  
for Pipeline Safety

Enclosure

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Letter to TransCanada re Waiver of  
Compliance  
by Public Service Commission by US Department of Trans  
10/24/2007 CC: Comm Legal Illona, Pat ALJ .

**DEPARTMENT OF TRANSPORTATION**

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION (PHMSA)**

**SPECIAL PERMIT**

Docket Number: PHMSA-2006-26617  
Pipeline Operator: TransCanada Keystone Pipeline, L.P.  
Date Requested: November 17, 2006  
Code Section(s): 49 CFR 195.106

**Grant of Special Permit:**

Based on the findings set forth below, the Pipeline and Hazardous Materials Safety Administration (PHMSA) grants this special permit to TransCanada Keystone Pipeline, L.P. (Keystone). This special permit allows Keystone to design, construct and operate two new crude oil pipelines using a design factor and operating stress level of 80 percent of the steel pipe's specified minimum yield strength (SMYS) in rural areas. The current regulations in 49 CFR 195.106 limit the design factor and operating stress level for hazardous liquids pipelines to 72 percent of SMYS. This special permit is subject to the conditions set forth below.

Except for the non-covered portions of the pipelines described below, this special permit covers two proposed pipelines in the United States:

- The 1,025-mile, 30-inch, Mainline from the Canadian border at Cavalier County, North Dakota, traversing the States of South Dakota, Nebraska, Kansas and Missouri, to Wood River, Illinois; and
- The 291-mile, 36-inch, Cushing Extension from Jefferson County, Nebraska, through Kansas, to Cushing (Marion County), Oklahoma.

This special permit does not cover certain portions of the Mainline and Cushing Extension pipelines. These non-covered portions are the following:

- Pipeline segments operating in high consequence areas (HCAs) described as commercially navigable waterways in 49 CFR 195.450;
- Pipeline segments operating in HCAs described as high population areas in 49 CFR 195.450;

- Pipeline segments operating at highway, railroad and road crossings; and
- Piping located within pump stations, mainline valve assemblies, pigging facilities and measurement facilities.

For the purpose of this special permit, the “special permit area” means the area consisting of the entire pipeline right-of-way for those segments of the pipeline that will operate above 72 percent of SMYS.

**Findings:**

PHMSA finds that granting this special permit to Keystone to operate two new crude oil pipelines at a pressure corresponding to a hoop stress of up to 80 percent SMYS is not inconsistent with pipeline safety. Doing so will provide a level of safety equal to, or greater than, that which would be provided if the pipelines were operated under existing regulations. We do so because the special permit analysis shows the following:

- Keystone’s special permit application describes actions for the life cycle of each proposed pipeline addressing pipe and material quality, construction quality control, pre-in service strength testing, the Supervisory Control and Data Acquisition (SCADA) system inclusive of leak detection, operations and maintenance and integrity management. The aggregate affect of these actions and PHMSA’s conditions provide for more inspections and oversight than would occur on pipelines installed under existing regulations; and
- The conditions contained in this special permit grant require Keystone to more closely inspect and monitor the pipelines over its operational life than similar pipelines installed without a special permit.

**Conditions:**

The grant of this special permit is subject to the following conditions:

- 1) **Steel Properties:** The skelp/plate must be micro alloyed, fine grain, fully killed steel with calcium treatment and continuous casting.
- 2) **Manufacturing Standards:** The pipe must be manufactured according to American Petroleum Institute Specification 5L, *Specification for Line Pipe* (API 5L), product

specification level 2 (PSL 2), supplementary requirements (SR) for maximum operating pressures and minimum operating temperatures. Pipe carbon equivalents must be at or below 0.23 percent based on the material chemistry parameter (Pcm) formula.

- 3) **Transportation Standards:** The pipe delivered by rail car must be transported according to the API Recommended Practice 5L1, *Recommended Practice for Railroad Transportation of Line Pipe* (API 5L1).
- 4) **Fracture Control:** API 5L and other specifications and standards address the steel pipe toughness properties needed to resist crack initiation. Keystone must institute an overall fracture control plan addressing steel pipe properties necessary to resist crack initiation and propagation. The plan must include acceptable Charpy Impact and Drop Weight Tear Test values, which are measures of a steel pipeline's toughness and resistance to fracture. The fracture control plan, which must be submitted to PHMSA headquarters, must be in accordance with API 5L, Appendix F and must include the following tests:
  - a) **SR 5A - Fracture Toughness Testing for Shear Area:** Test results must indicate at least 85 percent minimum average shear area for all X-70 heats and 80 percent minimum shear area for all X-80 heats with a minimum result of 80 percent shear area for any single test. The test results must also ensure a ductile fracture;
  - b) **SR 5B – Fracture Toughness Testing for Absorbed Energy;** and
  - c) **SR 6 – Fracture Toughness Testing by Drop Weight Tear Test:** Test results must be at least 80 percent of the average shear area for all heats with a minimum result of 60 percent of the shear area for any single test. The test results must also ensure a ductile fracture.

The above fracture initiation, propagation and arrest plan must account for the entire range of pipeline operating temperatures, pressures and product compositions planned for the pipeline diameter, grade and operating stress levels, including maximum pressures and minimum temperatures for start up and shut down conditions associated with the special permit area. If the fracture control plan for the pipe in the special permit area does not meet these specifications, Keystone must submit to PHMSA headquarters an alternative plan providing an acceptable method to resist crack initiation, crack propagation and to arrest ductile fractures in the special permit area.

- 5) **Steel Plate Quality Control:** The steel mill and/or pipe rolling mill must incorporate a comprehensive plate/coil mill and pipe mill inspection program to check for defects and

inclusions that could affect the pipe quality. This program must include a plate or rolled pipe (body and all ends) ultrasonic testing (UT) inspection program per ASTM A578 to check for imperfections such as laminations. An inspection protocol for centerline segregation evaluation using a test method referred to as slab macro-etching must be employed to check for inclusions that may form as the steel plate cools after it has been cast. A minimum of one macro-etch or a suitable alternative test must be performed from the first or second heat (manufacturing run) of each sequence (approximately four heats) and graded on the Mannesmann scale or equivalent. Test results with a Mannesmann scale rating of one or two out of a possible five scale are acceptable.

- 6) Pipe Seam Quality Control: A quality assurance program must be instituted for pipe weld seams. The pipe weld seam tests must meet the minimum requirements for tensile strength in API 5L for the appropriate pipe grade properties. A pipe weld seam hardness test using the Vickers hardness testing of a cross-section from the weld seam must be performed on one length of pipe from each heat. The maximum weld seam and heat affected zone hardness must be a maximum of 280 Vickers hardness (Hv10). The hardness tests must include a minimum of two readings for each heat affected zone, two readings in the weld metal and two readings in each section of pipe base metal for a total of 10 readings. The pipe weld seam must be 100 percent UT inspected after expansion and hydrostatic testing per APL 5L.
- 7) Monitoring for Seam Fatigue from Transportation: Keystone must inspect the double submerged arc welded pipe seams of the delivered pipe using properly calibrated manual or automatic UT techniques. For each lay down area, a minimum of one pipe section from the bottom layer of pipes of the first five rail car shipments from each pipe mill must be inspected. The entire longitudinal weld seam must be tested and the results appropriately documented. For helical seam submerged arc welded pipe, Keystone must test and document the weld seam in the area along the transportation bearing surfaces and all other exposed weld areas during the test. Each pipe section test record must be traceable to the pipe section tested. PHMSA headquarters must be notified of any flaws that exceeded specifications and needed to be removed. Keystone's findings will determine if PHMSA will require the testing program be expanded to include a larger sampling population for seam defects originating during pipeline transportation.

- 8) Puncture Resistance: Steel pipe must be puncture resistant to an excavator weighing up to 65 tons with a general purpose tooth size of 3.54 inches by 0.137 inches. Puncture resistance will be calculated based on industry established calculations such as the Pipeline Research Council International's *Reliability Based Prevention of Mechanical Damage to Pipelines* calculation method.
- 9) Mill Hydrostatic Test: The pipe must be subjected to a mill hydrostatic test pressure of 95 percent of SMYS or greater for 10 seconds. Any mill hydrostatic test failures must be reported to PHMSA headquarters with the reason for the test failure.
- 10) Pipe Coating: The application of a corrosion resistant coating to the steel pipe must be subject to a coating application quality control program. The program must address pipe surface cleanliness standards, blast cleaning, application temperature control, adhesion, cathodic disbondment, moisture permeation, bending, minimum coating thickness, coating imperfections and coating repair.
- 11) Field Coating: Keystone must implement a field girth weld joint coating application specification and quality standards to ensure pipe surface cleanliness, application temperature control, adhesion quality, cathodic disbondment, moisture permeation, bending, minimum coating thickness, holiday detection and repair quality must be implemented in field conditions. Field joint coatings must be non-shielding to cathodic protection (CP). Field coating applicators must use valid coating procedures and be trained to use these procedures. Keystone will perform follow-up tests on field-applied coating to confirm adequate adhesion to metal and mill coating.
- 12) Coatings for Trenchless Installation: Coatings used for directional bore, slick bore and other trenchless installation methods must resist abrasions and other damages that may occur due to rocks and other obstructions encountered in this installation technique.
- 13) Bends Quality: Certification records of factory induction bends and/or factory weld bends must be obtained and retained. All bends, flanges and fittings must have carbon equivalents (CE) equal to or below 0.42 or a pre-heat procedure must be applied prior to welding for CE above 0.42.
- 14) Fittings: All pressure rated fittings and components (including flanges, valves, gaskets, pressure vessels and pumps) must be rated for a pressure rating commensurate with the MOP of the pipeline.

- 15) Design Factor - Pipelines: Pipe installed under this special permit may use a 0.80 design factor. Pipe installed in pump stations, road crossings, railroad crossings, launcher/receiver fabrications, population HCAs and navigable waters must comply with the design factor in 49 CFR 195.106. If portions of the pipeline become population HCAs during the operational life of the pipeline, Keystone will apply to PHMSA headquarters for a special permit for the affected pipeline sections.
- 16) Temperature Control: The pipeline operating temperatures must be less than 150 degrees Fahrenheit.
- 17) Overpressure Protection Control: Mainline pipeline overpressure protection must be limited to a maximum of 110 percent MOP consistent with 49 CFR 195.406(b).
- 18) Construction Plans and Schedule: The construction plans, schedule and specifications must be submitted to the appropriate PHMSA regional office for review within two months of the anticipated construction start date. Subsequent plans and schedule revisions must also be submitted to the PHMSA regional office.
- 19) Welding Procedures: The appropriate PHMSA regional office must be notified within 14 days of the beginning of welding procedure qualification activities. Automated or manual welding procedure documentation must be submitted to the same PHMSA regional office for review. For X-80 pipe, Keystone must conform to revised procedures contained in the 20<sup>th</sup> edition of API Standard 1104, *Welding of Pipelines and Related Facilities* (API 1104), Appendix A, or by an alternative procedure approved by PHMSA headquarters.
- 20) Depth of Cover: The soil cover must be maintained at a minimum depth of 48 inches in all areas except consolidated rock. In areas where conditions prevent the maintenance of 42 inches of cover, Keystone must employ additional protective measures to alert the public and excavators to the presence of the pipeline. The additional measures shall include placing warning tape and additional pipeline markers along the affected pipeline segment. In areas where the pipeline is susceptible to threats from chisel plowing or other activities, the top of the pipeline must be installed at least one foot below the deepest penetration above the pipeline. If routine patrols indicate the possible loss of cover over the pipeline, Keystone must perform a depth of cover study and replace cover as necessary to meet the minimum depth of cover requirements specified herein. If the replacement of cover is impractical or not possible, Keystone must install other protective measures including warning tape and closely spaced signs.

- 21) **Construction Quality:** A construction quality assurance plan for quality standards and controls must be maintained throughout the construction phase with respect to: inspection, pipe hauling and stringing, field bending, welding, non-destructive examination (NDE) of girth welds, field joint coating, pipeline coating integrity tests, lowering of the pipeline in the ditch, padding materials to protect the pipeline, backfilling, alternating current (AC) interference mitigation and CP systems. All girth welds must be NDE by radiography or alternative means. The NDE examiner must have all current required certifications.
- 22) **Interference Currents Control:** Control of induced alternating current from parallel electric transmission lines and other interference issues that may affect the pipeline must be incorporated into the design of the pipeline and addressed during the construction phase. Issues identified and not originally addressed in the design phase must be brought to PHMSA headquarters' attention. An induced AC program to protect the pipeline from corrosion caused by stray currents must be in place and functioning within six months after placing the pipeline in service.
- 23) **Test Level:** The pre-in service hydrostatic test must be to a pressure producing a hoop stress of 100 percent SMYS and 1.25 X MOP in areas to operate to 80 percent SMYS. The hydrostatic test results from each test after completion of each pipeline must be submitted to PHMSA headquarters.
- 24) **Assessment of Test Failures:** Any pipe failure occurring during the pre-in service hydrostatic test must undergo a root cause failure analysis to include a metallurgical examination of the failed pipe. The results of this examination must preclude a systemic pipeline material issue and the results must be reported to PHMSA headquarters and the appropriate PHMSA regional office.
- 25) **Supervisory Control and Data Acquisition (SCADA) System:** A SCADA system to provide remote monitoring and control of the entire pipeline system must be employed.
- 26) **SCADA System – General:**
  - a) Scan rate shall be fast enough to minimize overpressure conditions (overpressure control system), provide very responsive abnormal operation indications to controllers and detect small leaks within technology limitations;
  - b) Must meet the requirements of regulations developed as a result of the findings of the National Transportation Safety Board, *Supervisory Control and Data Acquisition (SCADA) in Liquid Pipelines*, Safety Study, NTSB/SS-05/02 specifically including:

- Operator displays shall adhere to guidance provided in API Recommended Practice 1165, *Recommended Practice for Pipeline SCADA Display* (API RP 1165)
  - Operators must have a policy for the review/audit of alarms for false alarm reduction and near miss or lessons learned criteria
  - SCADA controller training shall include simulator for controller recognition of abnormal operating conditions, in particular leak events
  - See item 27b below on fatigue management
  - Install computer-based leak detection system on all lines unless an engineering analysis determines that such a system is not necessary
- c) Develop and implement shift change procedures for controllers;
- d) Verify point-to-point display screens and SCADA system inputs before placing the line in service;
- e) Implement individual controller log-in provisions;
- f) Establish and maintain a secure operating control room environment;
- g) Establish controls to functionally test the pipeline in an off-line mode prior to beginning the line fill and placing the pipeline in service; and
- h) Provide SCADA computer process load information tracking.
- 27) SCADA – Alarm Management: Alarm Management Policy and Procedures shall address:
- a) Alarm priorities determination;
  - b) Controllers’ authority and responsibility;
  - c) Clear alarm and event descriptors that are understood by controllers;
  - d) Number of alarms;
  - e) Potential systemic system issues;
  - f) Unnecessary alarms;
  - g) Controllers’ performance regarding alarm or event response;
  - h) Alarm indication of abnormal operating conditions (AOCs);
  - i) Combination AOCs or sequential alarms and events; and
  - j) Workload concerns.
- 28) SCADA – Leak Detection System (LDS): The LDS Plan shall include provisions for:
- a) Implementing applicable provisions in API Recommended Practice 1130, *Computational Pipeline Monitoring for Liquid Pipelines* (API RP 1130), as appropriate;

- b) Addressing the following leak detection system testing and validation issues:
    - Routine testing to ensure degradation has not affected functionality
    - Validation of the ability of the LDS to detect small leaks and modification of the LDS as necessary to enhance its accuracy to detect small leaks
    - Conduct a risk analysis of pipeline segments to identify additional actions that would enhance public safety or environmental protection
  - c) Developing data validation plan (ensure input data to SCADA is valid);
  - d) Defining leak detection criteria in the following areas:
    - Minimum size of leak to be detected regardless of pipeline operating conditions including slack and transient conditions
    - Leak location accuracy for various pipeline conditions
    - Response time for various pipeline conditions
  - e) Providing redundancy plans for hardware and software and a periodic test requirement for equipment to be used live (also applies to SCADA equipment).
- 29) SCADA – Pipeline Model and Simulator: The Thermal-Hydraulic Pipeline Model/ Simulator including pressure control system shall include a Model Validation/Verification Plan.
- 30) SCADA – Training: The training and qualification plan (including simulator training) for controllers shall:
- a) Emphasize procedures for detecting and mitigating leaks;
  - b) Include a fatigue management plan and implementation of a shift rotation schedule that minimizes possible fatigue concerns;
  - c) Define controller maximum hours of service limitations;
  - d) Meet the requirements of regulations developed as a result of the guidance provided in the American Society of Mechanical Engineers Standard B31Q, *Pipeline Personnel Qualification Standard* (ASME B31Q), September 2006 for developing qualification program plans;
  - e) Include and implement a full training simulator capable of replaying near miss or lesson learned scenarios for training purposes;
  - f) Implement tabletop exercises periodically that allow controllers to provide feedback to the exercises, participate in exercise scenario development and actively participate in the exercise;

- g) Include field visits for controllers accompanied by field personnel who will respond to call-outs for that specific facility location;
  - h) Provide facility specifics in regard to the position certain equipment devices will default to upon power loss;
  - i) Include color blind and hearing provisions and testing if these are required to identify alarm priority or equipment status;
  - j) Training components for task specific abnormal operating conditions and generic abnormal operating conditions;
  - k) If controllers are required to respond to “800” calls, include a training program conveying proper procedures for responding to emergency calls, notification of other pipeline operators in the area when affecting a common pipeline corridor and education on the types of communications supplied to emergency responders and the public using API Recommended Practice 1162, *Public Awareness Programs for Pipeline Operators* (API RP 1162);
  - l) Implement on-the-job training component intervals established by performance review to include thorough documentation of all items covered during oral communication instruction; and
  - m) Implement a substantiated qualification program for re-qualification intervals addressing program requirements for circumstances resulting in disqualification, procedure documentation for maximum controller absences before a period of review, shadowing, retraining, and addressing interim performance verification measures between re-qualification intervals.
- 31) SCADA – Calibration and Maintenance: The calibration and maintenance plan for the instrumentation and SCADA system shall be developed using guidance provided in API 1130. Instrumentation repairs shall be tracked and documentation provided regarding prioritization of these repairs. Controller log notes shall periodically be reviewed for concerns regarding mechanical problems. This information will be tracked and prioritized.
- 32) SCADA – Leak Detection Manual: The Leak Detection Manual shall be prepared using guidance provided in Canadian Standards Association, *Oil and Gas Pipeline Systems*, CSA Z662-03, Annex E, Section E.5.2, Leak Detection Manual.
- 33) Mainline Valve Control: Mainline valves located on either side of a pipeline segment containing an HCA where personnel response time to the valve exceeds one hour must be

remotely controlled by the SCADA system. The SCADA system must be capable of opening and closing the valve and monitoring the valve position, upstream pressure and downstream pressure.

- 34) Pipeline Inspection: The pipeline must be capable of passing in line inspection (ILI) tools. All headers and other segments covered under this special permit that do not allow the passage of an ILI device must have a corrosion mitigation plan.
- 35) Internal Corrosion: Keystone shall limit sediment and water (S&W) to 0.5 percent by volume and report S&W testing results to PHMSA in the 180-day and annual reports. Keystone shall also report upset conditions causing S&W level excursions above the limit. This report shall also contain remedial measures Keystone has taken to prevent a recurrence of excursions above the S&W limits. Keystone must run cleaning pigs twice in the first full year of operation and as necessary in succeeding years based on the analysis of oil constituents, weight loss coupons located in areas with the greatest internal corrosion threat and other internal corrosion threats. Keystone will send their analyses and further actions, if any, to PHMSA.
- 36) Cathodic Protection (CP): The initial CP system must be operational within six months of placing a pipeline segment in service.
- 37) Interference Current Surveys: Interference surveys must be performed within six months of placing the pipeline in service to ensure compliance with applicable NACE International Standard Recommended Practices 0169 and 0177 (NACE RP 0169 and NACE RP 0177) for interference current levels. If interference currents are found, Keystone will determine if there have been any adverse affects to the pipeline and mitigate the affects as necessary. Keystone will report the results of any negative finding and the associated mitigative efforts to the appropriate PHMSA regional office.
- 38) Corrosion Surveys: Corrosion surveys of the affected pipeline must be completed within six months of placing the respective CP system(s) in operation to ensure adequate external corrosion protection per NACE RP 0169. The survey will also address the proper number and location of CP test stations as well as AC interference mitigation and AC grounding programs per NACE RP 0177. At least one CP test station must be located within each HCA with a maximum spacing between test stations of one-half mile within the HCA. If placement of a test station within an HCA is impractical, the test station must be placed at the nearest practical location. If any annual test station reading fails to meet 49 CFR 195,

Subpart H requirements, remedial actions must occur within six months. Remedial actions must include a close interval survey on each side of the affected test station and all modifications to the CP system necessary to ensure adequate external corrosion control.

- 39) Initial Close Interval Survey (CIS) - Initial: A CIS must be performed on the pipeline within two years of the pipeline in-service date. The CIS results must be integrated with the baseline ILI to determine whether further action is needed.
- 40) Pipeline Markers: Keystone must employ line-of-sight markings on the pipeline in the special permit area except in agricultural areas or large water crossings such as lakes where line of sight markers are impractical. The marking of pipelines is also subject to Federal Energy Regulatory Commission orders or environmental permits and local restrictions. Additional markers must be placed along the pipeline in areas where the pipeline is buried less than 42 inches.
- 41) Monitoring of Ground Movement: An effective monitoring/mitigation plan must be in place to monitor for and mitigate issues of unstable soil and ground movement.
- 42) Initial In-Line Inspection (ILI): Keystone must perform a baseline ILI in association with the construction of the pipeline using a high-resolution Magnetic Flux Leakage (MFL) tool to be completed within three years of placing a pipeline segment in service. The high-resolution MFL tool must be capable of gouge detection. Keystone must perform a baseline geometry tool run after completion of the hydrostatic strength test and backfill of the pipeline, but no later than six months after placing the pipeline in service under a special permit. The ILI data summary sheets and planned digs with associated ILI tool readings will be sent to the PHMSA regional office. The PHMSA regional office will be given at least 14 days notice before confirmation digs are executed on site. The dimensional data and other characteristics extracted from these digs will be shared with the PHMSA regional office. Keystone will also compare dimensional data and other characteristics extracted from the digs and compare them with ILI tool data. If there are large variations between dig data and ILI tool data, Keystone will submit PHMSA a plan on further actions, inclusive of more digs, to calibrate their analysis and remediation process.
- 43) Future ILI: Future ILI inspection must be performed on the entire pipeline subject to the special permit, on a frequency consistent with 49 CFR 195.452(j)(3), assessment intervals,

or on a frequency determined by fatigue studies based on actual operating conditions, inclusive of flaw and corrosion growth models.

- 44) Verification of Reassessment Interval: Keystone must submit a new fatigue analysis to validate the pipeline reassessment interval annually for the first five years after placing the pipeline subject to this special permit in service. The analysis must be performed on the segment experiencing the most severe historical pressure cycling conditions using actual pipeline pressure data.
- 45) Two years after the pipeline in-service date, Keystone will use all data gathered on pipeline section experiencing the most pressure cycles to determine effect on flaw growth that passed manufacturing standards and installation specifications. This study will be performed by an independent party agreed to by Keystone and PHMSA headquarters. Furthermore, this study will be shared with PHMSA headquarters as soon as practical after its completion, preferably before baseline assessment begins. These findings will determine if an ultrasonic crack detection tool must be launched in that pipeline section to confirm crack growth with Keystone's crack growth predictive models.
- 46) Direct Assessment Plan: Headers, mainline valve bypasses and other sections covered by this special permit that cannot accommodate ILI tools must be part of a Direct Assessment (DA) plan or other acceptable integrity monitoring method using External and Internal Corrosion Direct Assessment criteria (ECDA/ICDA).
- 47) Damage Prevention Program: The Common Ground Alliance (CGA) damage prevention best practices applicable to pipelines must be incorporated into the Keystone's damage prevention program.
- 48) Anomaly Evaluation and Repair: Anomaly evaluations and repairs in the special permit area must be performed based upon the following:
  - a) Immediate Repair Conditions: Follow 195.452(h)(4)(i) except designate the calculated remaining strength failure pressure ratio (FPR) =  $< 1.16$ ;
  - b) 60-Day Conditions: No changes to 195.452(h)(4)(ii);
  - c) 180-Day Conditions: Follow 195.452(H)(4)(iii) with exceptions for the following conditions which must be scheduled for repair within 180 days:
    - Calculated FPR =  $< 1.32$
    - Areas of general corrosion with predicted metal loss greater than 40 percent

- Predicted metal loss is greater than 40 percent of nominal wall that is located at a crossing of another pipeline
  - Gouge or groove greater than 8 percent of nominal wall
- d) Each anomaly not repaired under the immediate repair requirements must have a corrosion growth rate and ILI tool tolerance assigned per the Integrity Management Program (IMP) to determine the maximum re-inspection interval.
- e) Anomaly Assessment Methods: Keystone must confirm the remaining strength (R-STRENG) effective area, R-STRENG - 0.85dL and ASME B31G assessment methods are valid for the pipe diameter, wall thickness, grade, operating pressure, operating stress level and operating temperature. Keystone must also use the most conservative method until confirmation of the proper method is made to PHMSA headquarters.
- f) Flow Stress: Remaining strength calculations for X-80 pipe must use a flow stress equal to the average of the ultimate (tensile) strength and the SMYS.
- g) Dents: For initial construction and the initial geometry tool run, any dent with a depth greater than 2 percent of the nominal pipe diameter must be removed unless the dent is repaired by a method that reliable engineering tests and analyses show can permanently restore the serviceability of the pipe. For the purposes of this condition, a “dent” is a depression that produces a gross disturbance in the curvature of the pipe wall without reducing the pipe wall thickness. The depth of the dent is measured as the gap between the lowest point of the dent and the prolongation of the original contour of the pipe.
- 49) Reporting - Immediate: Keystone must notify the appropriate PHMSA regional office within 24 hours of any non-reportable leaks originating in the pipe body in the special permit area.
- 50) Reporting – 180 Day: Within 180 days of the pipeline in-service date under a special permit, Keystone shall report on its compliance with special permit conditions to PHMSA headquarters and the appropriate regional office. The report must also include pipeline operating pressure data, including all pressures and pressure cycles versus time. The data format must include both raw data in a tabular format and a graphical format. Any alternative formats must be approved by PHMSA headquarters.
- 51) Annual Reporting: Following approval of the special permit, Keystone must annually report the following:

- a) The results of any ILI or direct assessment results performed within the special permit area during the previous year;
- b) The results of all internal corrosion management programs including the results of:
  - S&W analyses
  - Report of processing plant upset conditions where elevated levels of S&W are introduced into the pipeline
  - Corrosion inhibitor and biocide injection
  - Internal cleaning program
  - Wall loss coupon tests
- c) Any new integrity threats identified within the special permit area during the previous year;
- d) Any encroachment in the special permit area, including the number of new residences or public gathering areas;
- e) Any HCA changes in the special permit area during the previous year;
- f) Any reportable incidents associated with the special permit area that occurred during the previous year;
- g) Any leaks on the pipeline in the special permit area that occurred during the previous year;
- h) A list of all repairs on the pipeline in the special permit area during the previous year;
- i) On-going damage prevention initiatives on the pipeline in the special permit area and a discussion of their success or failure;
- j) Any changes in procedures used to assess and/or monitor the pipeline operating under this special permit;
- k) Any company mergers, acquisitions, transfers of assets, or other events affecting the regulatory responsibility of the company operating the pipeline to which this special permit applies; and
- l) A report of pipeline operating pressure data to include all pressures and pressure cycles versus time. The data format must include both raw data in a tabular format and a graphical format. Any alternative formats must be approved by PHMSA headquarters.

**Limitations:**

Should Keystone fail to comply with any conditions of this special permit, or should PHMSA determine this special permit is no longer appropriate or that this special permit is inconsistent with pipeline safety, PHMSA may revoke this special permit and require Keystone to comply with the regulatory requirements in 49 CFR 195.106.

**Background and process:**

The Keystone Pipeline is a 1,845-mile international and interstate crude oil pipeline project developed by TransCanada Keystone Pipeline L.P., a wholly owned subsidiary of TransCanada Pipelines Limited. The Keystone Pipeline will transport a nominal capacity of 435,000 barrels per day of crude oil from western Canada's sedimentary basin producing areas in Alberta to refineries in the United States. Keystone indicates it has filed an application with the U.S. Department of State for a Presidential Permit for the Keystone Pipeline since the project involves construction, operation and maintenance of facilities for the importation of petroleum from a foreign country. Keystone anticipates receiving all necessary government approvals by November 2007 and beginning construction in late 2007. The targeted in-service date is during the fourth quarter of 2009.

The existing regulations in 49 CFR 195.106 provide the method used by pipeline operators to establish the MOP of a proposed pipeline by using the design formula contained in that section. The formula incorporates a design factor, also called a de-rating factor, which is fixed at 0.72 for an onshore pipeline. Keystone requests the use of a 0.80 design factor in the formula instead of 0.72 design factor.

PHMSA previously granted waivers to four natural gas pipeline operators to operate certain pipelines at a hoop stresses up to 80 percent SMYS. The Keystone pipeline project represents the first request by an operator in the United States for approval to design and operate a hazardous liquid (crude oil) pipeline beyond the existing regulatory maximum level. Canadian standards already allow operators to design and operate hazardous liquids pipelines at 80 percent SMYS.

On January 15, March 27, and April 17, 2006, PHMSA conducted technical meetings to learn more about the technical merits of Keystone's proposal to operate at 80 percent SMYS and to

answer questions posed by internal and external subject matter experts. The meetings resulted in numerous technical information requests and deliverables, to which Keystone satisfactorily responded.

PHMSA also secured the services of experts in the field of steel pipeline fracture mechanics, leak detection and SCADA systems to assist in the review of appropriate areas of Keystone's application. The experts' reports are included in the public docket.

On February 8, 2007, PHMSA posted a notice of this special permit request in the Federal Register (FR) (72 FR 6042). In the same FR notice we informed the public that we have changed the name granting such a request to a special permit. The request letter, the FR notice, supplemental information and all other pertinent documents are available for review under Docket Number PHMSA-2006-26617, in the DOT's Document Management System.

Two comments were received and posted to the public docket concerning the Keystone pipeline project request for a special permit. One commenter listed a number of recommended and relevant conditions for hazardous liquid pipelines to operate at 80 percent SMYS. The conditions developed by PHMSA and incorporated into the grant of special permit include the concerns of the commenter. The second commenter did not provide substantive comments relevant to the special permit request.

**AUTHORITY:** 49 U.S.C. 60118(c) and 49 CFR 1.53.

Issued in Washington, DC on APR 30 2007



Jeffrey D. Wiese,

Acting Associate Administrator for Pipeline Safety.



SENATOR CURTIS OLAFSON  
 District 10  
 13041 84th Street NE  
 Edinburg, ND 58227-9624  
 colafson@nd.gov

SENATE  
**NORTH DAKOTA  
 LEGISLATIVE ASSEMBLY**

STATE CAPITOL  
 600 EAST BOULEVARD  
 BISMARCK, ND 58505-0360

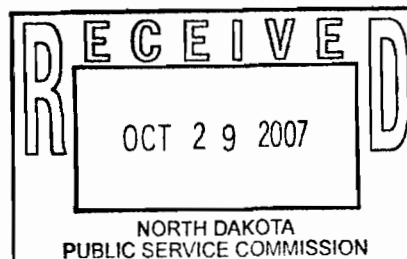


COMMITTEES:  
 Judiciary  
 Political Subdivisions,  
 Vice Chairman

October 25, 2007

North Dakota Public Service Commission  
 600 E. Boulevard, Dept. 408  
 Bismarck, ND 58505-0480

President Susan E. Wefald  
 Commissioner Kevin Cramer  
 Commissioner Tony Clark



RE: Case No. PU-06-421

I am writing today to urge your favorable consideration of the siting application filed by TransCanada Keystone Pipeline, LLC for construction of the proposed pipeline from Cavalier to Sargent counties.

I think it is significant to note that I have not had any phone calls, emails, or personal contact initiated by any constituent who wanted to contact me to voice opposition to this project. I have, however, been approached by a number of city leaders, township officers, county commissioners and citizens who were strongly supportive of the project.

As elected officials, we have an obligation to listen to the concerns of the citizens of our state who do oppose a project of this type. It is my perception that you have done an exemplary job of hearing those concerns in a fair and impartial manner. All types of energy development involve some level of risk. It is my opinion, and that of many of my constituents, that the benefits of this project are many and significantly outweigh the very minimal risks. Thank you for allowing me the opportunity to submit my comments for the record.

Sincerely yours,

Senator Curtis Olafson

CC: Chuck Thacker  
 Kenneth Yantes  
 Andy Adamson  
 L.A. "Buster" Gray  
 Todd D. Kranda

211 PU-06-421

Pages: 1

Letter from Senator Olafson

by Public Service Commission  
 10/29/2007

CC: Comm Legal Illona, Pat ALJ

BOARD OF COUNTY COMMISSIONERS  
NELSON COUNTY

Lakota, North Dakota 58344

Ronald Dahlen  
Donald Fougner

Odell Flaagan, Chairman

Noel Lofthus  
Harold Bergquist

November 5, 2007

Public Service Commission  
608 E. Boulevard Ave., Dept 408  
Bismarck, ND 58505-0480

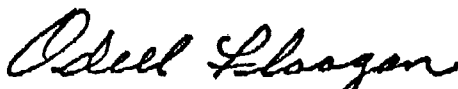
Dear Commission:

The Nelson County Commissioners would like to take this opportunity to express their opposition to the reopening of hearings on the Keystone Pipeline. The City of Fargo had ample time to attend previous hearings and did not attend. We understand that all state and federal regulations have been met and feel there is not reason to drag these hearings on any longer. The counties that are involved with Keystone Pipeline stand to lose a large amount of taxes if the pipeline is delayed any further.

The Nelson County Commission supports the Keystone Pipeline project and would like to see it move forward as proposed.

Attached is a resolution passed at the October 17, 2007 Nelson County Commissioners meeting.

Sincerely,



Odell Flaagan, Chairman  
Nelson County Commission

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Pages: 2

Letter/Resolution Against Reopening  
Hearings/Nelson County Commission  
by Public Service Commission by O. Flaagan, Chair  
11/05/2007 CC: Comm Legal Ilona, Pat ALJ

## RESOLUTION

**WHEREAS**, the proposed Keystone Pipeline, a property of TransCanada Pipelines, Ltd., will bring substantial economic benefits to the residents of Nelson County; and

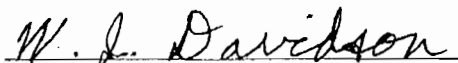
**WHEREAS**, Nelson County Commissioners believe that transporting oil by underground pipeline is the safest and most reliable way to transport oil to production facilities; and

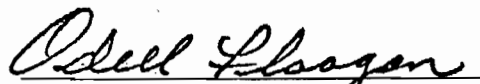
**WHEREAS**, Nelson County Commissioners are satisfied that TransCanada will be required to take all steps necessary to obtain permits from both federal and state regulatory agencies and county authorities to ensure the safety of the public and environmental protection of the land; and

**WHEREAS**, Nelson County Commissioners call on TransCanada to respect the rights of landowners across North Dakota and be a good steward of the land which it shall cross.

**THEREFORE**, be it resolved, that the Nelson County Commissioners support the Keystone Pipeline Project and urge the North Dakota Public Service Commission to grant approval to this envisioned venture.

ATTEST: Dated this 17<sup>th</sup> day of October, 2007

  
W. J. Davidson  
Nelson County Auditor

  
Odell Flaagan, Chairman  
Nelson County Commission

**PEMBINA COUNTY BOARD OF COMMISSIONERS**  
**301 DAKOTA ST WEST #1**  
**Cavalier, North Dakota 58220-4100**  
[www.pembinacountynd.gov](http://www.pembinacountynd.gov)

**ANDY ADAMSON JR, Chairman**  
**District #5**

**Gary Nilsson**  
**District #2**

**Corene Vaughn**  
**District #4**

**Hugh Ralston**  
**District #3**

**Hetty Walker**  
**District #1**

November 5, 2007

North Dakota Public Service Commission members

Commissioner Wefald  
Commissioner Kramer  
Commissioner Clark

The Board of Pembina County Commissioners would like to Thank the Public Service Commission for the work you do for our State and its citizens. Earlier this year, you held a hearing in Pembina County regarding the Keystone Pipeline that would run through Pembina County and across the State. We thank you for having this hearing in Pembina County giving us and any interested citizens an opportunity to attend. It was very interesting and educational for us as a Board to attend.

We are writing today to urge you as a Commission to continue as scheduled and not delay your decision on the Keystone Pipeline. All issues of safety and potential impact have been addressed. We as a Board are confident in the construction plans and operating plans that Keystone has put in place for the project.

The growth of our State and development of independence from Mideast oil is vital to all citizens. The construction of the Keystone Pipeline in North Dakota will bring growth and development to our State and to Pembina County. The benefits of this project are positive for our State.

Again we urge you not to delay your decision, but to move on with the original schedule for approval of such Keystone Pipeline.

Sincerely,

Board of Pembina County Commissioners



SENATOR CURTIS OLAFSON

District 10  
13041 84th Street NE  
Edinburg, ND 58227-0624  
colafson@nd.gov

SENATE  
**NORTH DAKOTA  
LEGISLATIVE ASSEMBLY**

STATE CAPITOL  
600 EAST BOULEVARD  
BISMARCK, ND 58505-0360



COMMITTEES:  
Judiciary  
Political Subdivisions,  
Vice Chairman

November 5, 2007

North Dakota Public Service Commission  
600 E. Boulevard, Dept. 408  
Bismarck, ND 58505-0480

The Honorable Susan E. Wefald, President  
The Honorable Kevin Cramer, Commissioner  
The Honorable Tony Clark, Commissioner

RE: Case No. PU-06-421 TransCanada Keystone Pipeline Siting Application

I am writing today to express my concerns about the Motion for Intervention to Appear as a Party and Motion to Reopen the Hearing Records filed by the City of Fargo on October 24<sup>th</sup>, 2007. I will herein state a number of reasons why I believe the Commission should deny the request.

My first and foremost concern regarding the Motion is based on my review of North Dakota Administrative Code section 69-02-06-01, which I believe is the relevant rule that you must use in adjudicating this Motion. I'm sure you are well versed on the language contained in this section, so there is no need for me to quote the code. It is clear to me that Subsections 1 and 4 contain language which specifies that new and compelling evidence must exist in order to justify reopening a closed hearing. It is my understanding that the petitioner has not stated the existence of any new and compelling evidence in their Motion, and I am not aware that they are claiming that such evidence exists. If a decision is rendered by the Commission which could potentially be argued as one that contravenes the existing law, I am extremely concerned that this could have some very serious repercussions for the state of North Dakota. Those potential repercussions could confront the state in a number of very damaging ways and could have a negative impact on our state for a long time to come. I implore you to give very serious consideration to the legal issues involved in the decision before you, and the potential ramifications of a decision which could result in serious legal challenges to your decision.

Secondly, it is my understanding that the concerns that have been raised by the petitioner have already been raised by other citizens, and have been addressed in the hearing process. It is also my understanding that there already is a procedure in place for acceptance and consideration of the concerns raised in the Motion without formally reopening the proceedings, and that it is the intent of the Commission to follow those procedures as it relates to other information late-filed by other parties. If that is the case, then the petitioner should not be given preferential treatment and the Motion should be denied in the absence of containing significantly different or new information.

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Pages: 3

Request to Deny Motion for Intervention to  
Appear/Motion to Reopen  
by Public Service Commission by Senator Curtis Olafson  
11/05/2007 CC: Comm Legal Illona, Pat ALJ

Page 2

In addition to the legal and procedural concerns detailed above, the negative financial consequences resulting from a delay of this project are incalculable. The financial losses would be staggering for the project developer, which has invested heavily in our state, and has relied upon a reasonable presumption that a fair and timely hearing process would take place. Further, their planning was based on an expectation, which again, is reasonable, of a full construction season for the 2008 calendar year. Your obligation to act in the best interests of the citizens of North Dakota must include serious consideration of the certain, monumental, and irrecoverable loss of revenue to the state and its political subdivisions if this major project is unreasonably delayed.

I strongly urge you to deny the Motion filed by the City of Fargo and to move forward with the processing of the siting application in as expeditious a manner as is reasonably possible.

Thank you for allowing me the opportunity to submit my comments.

Sincerely yours,

  
Senator Curtis Olafson

CC: Chuck Thacker  
Kenneth Yantes  
Andy Adamson  
L.A. "Buster" Gray  
Todd D. Kranda  
Harold (Ole) Nowatzki



SENATOR CURTIS OLAFSON  
District 10  
13041 84th Street NE  
Edinburg, ND 58227-9624  
*colafson@nd.gov*

SENATE  
**NORTH DAKOTA  
LEGISLATIVE ASSEMBLY**

STATE CAPITOL  
600 EAST BOULEVARD  
BISMARCK, ND 58505-0360



COMMITTEES:  
Judiciary  
Political Subdivisions,  
Vice Chairman

**November 5, 2007**

**Fax Cover Sheet**

**Attached please find two pages of a letter submitted via fax to the North Dakota Public Service Commission at 9:50 AM on November 5<sup>th</sup>, 2007.**

**STEELE COUNTY****201 WASHINGTON AVENUE WEST****P.O. BOX 273****FINLEY, ND 58230****(701) 524-2110**

LINDA LEADBETTER, AUDITOR  
JUDITH BAESLER, TREASURER  
LISA JACOBSEN, RECORDER/CLK OF CRT.  
CHARLES A. STOCK, STATE'S ATTORNEY  
WAYNE BECKMAN, SHERIFF  
STEELE CO. PRESS, OFFICIAL PAPER

COUNTY COMMISSIONERS:  
1ST DIST. DENNIS LINDSTROM, FINLEY  
2ND DIST. LANCE FUGLEBERG, PORTLAND  
3RD DIST. KEITH JACOBSON, HOPE  
4TH DIST. RANDY RICHARDS, HOPE  
5TH DIST. JANE AMUNDSON, SHARON

November 5, 2007

North Dakota Public Service Commission:

The Steele County Commission met at 8:00 a.m. this morning to discuss concerns presented regarding the proposed TransCanada Keystone Pipeline Project. The following resolution was presented and adopted by the Steele County Commission.

Members of the Steele County Commission have followed the facts and issues presented to the Public Service Commission pertaining to the proposed pipeline. It is the understanding of the Steele County Commission, that proper guidelines were followed in terms of the required public hearings. The county commission believes that public safety and protecting a quality water supply have been thoroughly addressed during the regulatory process. The North Dakota Department of Health, Division of Water Quality staff testified before the Public Service Commission that it is comfortable with the proposed Keystone Pipeline route.

The Steele County Commission has gone on record in support of the underground crude oil pipeline and would also like it noted it that it does not approve the re-opening of the hearing process. Re-opening the hearing would set a dangerous precedent and allow others to question the Public Service Commission's review process.

Members of the Steele County Commission respectfully request that the North Dakota Public Service Commission adhere to its requirements and follow the process as it is defined.

Sincerely,



Linda Leadbetter  
Steele County Auditor

224 PU-06-421

Pages: 3

Letter & Resolution Supporting Current  
Approval Schedule  
by Public Service Commission by Steele County Commiss  
11/05/2007 CC: Comm Legal Illona, Pat ALJ .

WHEREAS, the Steele County Commission has, as a part of its mission, the desire to improve the lives and provide for the safety of the citizens of Steele County and to maximize the tax base of the county; and

WHEREAS, the Steele County Commission has been informed of the possible installation of an underground crude oil pipeline and associated facilities through Steele County, North Dakota; and

WHEREAS, the Steele County Commission has been provided information regarding the safety and environmental impact of said proposed pipeline; and


WHEREAS, the Steele County Commission has met, on various occasions, with representatives of the proposed TransCanada Keystone Pipeline; and

WHEREAS, the Steele County Commission understands that procedures and public hearings were conducted in accordance with North Dakota Century Code.

NOW, THEREFORE, BE IT RESOLVED, that the Steele County Commission, Steele County, North Dakota, do support the TransCanada Keystone Pipeline Project and believes that TransCanada will be a positive corporate neighbor, a good steward of the land, and a positive contributor to the economy of North Dakota during the construction of the pipeline and beyond.

Dated at Finley, North Dakota this 5<sup>th</sup> day of November, 2007.

*Lance Fugleberg*  
Lance Fugleberg, Chairman

*Linda Leadbetter*  
Linda Leadbetter, Auditor  


FAX COVER PAGE  
STEELE COUNTY AUDITOR

PO Box 275, Finley, ND 58230

Phone Number: 701-524-2110

Fax Number: 701-524-1715

DATE: November 5 2007

TO: ND PSC

FAX #: 701-328-2410

FROM: Linda Leadbetter

NUMBER OF PAGES, INCLUDING COVER: 3

MESSAGE OR COMMENTS: \_\_\_\_\_

\_\_\_\_\_  
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\_\_\_\_\_  
\_\_\_\_\_

**Rafferty, Tom D.**

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**From:** Wefald, Susan E.  
**Sent:** Monday, November 05, 2007 11:16 AM  
**To:** Rafferty, Tom D.  
**Subject:** FW: Keystone Pipeline Project

---

**From:** Wefald, Susan E.  
**Sent:** Monday, November 05, 2007 11:16 AM  
**To:** Roppel, Dawn M.  
**Subject:** RE: Keystone Pipeline Project

Dear Dawn – Thank you so much for your letter regarding the Keystone Pipeline. Your letter will go into the public input file of the Keystone Pipeline case. I appreciate you taking the time to share your thoughts with the Commission!  
Best wishes,  
Commissioner Susan Wefald  
President, North Dakota Public Service Commission

---

**From:** Dawn Roppel [mailto:droppel@nd.gov]  
**Sent:** Monday, November 05, 2007 11:02 AM  
**To:** Wefald, Susan E.; Clark, Tony T.; Cramer, Kevin  
**Subject:** Keystone Pipeline Project

I am the Cavalier County Auditor. We (Cavalier County) heard from and asked questions of the Keystone People. The Public was invited to attend this meeting. We were very much in favor of the project and I would urge you to reject Fargo's request to reopen the Keystone Pipeline proceeding.

Cavalier County stands to benefit significantly by the pipeline in new tax revenues and economic activity. \$250,000, per year is estimated in tax revenues from the pipeline. This will help the schools and local residents. Cavalier County was very satisfied with the stringent safety standards that Keystone Pipeline needs to maintain. This project will also deliver oil to meet US needs for fuels, fertilizers, and other products.  
I would like to again urge you to allow the project to begin so Cavalier County can realize these benefits. Thank you in advance for considering this request.

Sincerely,  
Dawn Roppel, Cavalier County Auditor

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Pages: 1

Email re Reject Reopening Hearings/Cavalier  
County Auditor  
by Public Service Commission by Dawn Roppel

11/05/2007

CC: Comm Legal Illona, Pat ALJ