

STATE OF NORTH DAKOTA

PUBLIC SERVICE COMMISSION

TransCanada Keystone Pipeline, LP
30-Inch Crude Oil Pipeline/Cavalier to
Sargent Ctys

Case No, PU-06-421

AFFIDAVIT OF LOYS A. GRAY, III

IN SUPPORT OF PENDING ROUTE REFINEMENTS SINCE KEYSTONE'S PSC
APPLICATION FILING

LOYS A. GRAY, III, BEING FIRST DULY SWORN, ON OATH, DEPOSES AND STATES, AS FOLLOWS

- I have previously included a copy of my resume with my educational background and qualifications.
- Paragraph 2 of the North Dakota Public Service Commission (Commision) Order dated February 21, 2008 provides that:

"Keystone is issued Certificate of Corridor Compatibility No. 101 and Route Permit No. 111 to construct the 218 mile, 30-inch crude oil pipeline. The route that is approved for this purpose is the route identified in the Application, as supplemented by Exhibit Nos. T16 and T17 that were submitted at the hearing for the reroutes at the Bures and Zacharias properties."
- Ordering Paragraph 3 of the Commission's order requires Keystone to obtain approval prior to any changes or deviations to the pipeline route.
- In accordance with the requirements of the Commission's Order, I am filing this affidavit in support of five additional proposed route refinements developed since Keystone's February 19, 2007 route permit application.
- I have served in various pipeline engineering and construction management positions including engineering manager, construction manager, and project director on a variety of large diameter pipeline projects throughout the United States and in foreign countries. The larger projects range from 200 to 2,500 miles in length with diameters from 30 to 40 inches. From this experience, I am very familiar with the routing of large diameter pipelines.
- At this time, Keystone has obtained easements from all but 14 landowners on its pipeline route. Keystone has initiated eminent domain proceedings with respect to these 14 landowners.
- Keystone has recently met with five of these landowners or landowners' attorneys who are currently a part of eminent domain proceedings to attempt to voluntarily acquire pipeline easements from these landowners.
- Landowner Belanus requested the minor route refinements depicted in Exhibit A. Keystone has agreed to implement this route refinement, subject to Commission approval and subject to Mr. Belanus' agreement to grant Keystone a voluntary easement. At this time, Keystone is in the final stage of negotiating to acquire an easement voluntarily from Mr. Belanus.

- Landowner Letkeman requested the route refinement depicted in Exhibit B. Keystone has agreed to implement this route refinement, subject to Commission approval and subject to Keystone reaching an agreement to acquire a voluntary easement from adjacent landowner Goschke. The Goschkes have verbally agreed to the terms of the easement and, at this time, Keystone is in the final negotiations of acquiring this easement voluntarily from the Goschkes.
- Landowner Johansen requested the route refinement depicted in Exhibit C. Keystone has agreed to implement this route refinement deviation, subject to Commission approval and subject to Mr. Johansen's agreement to grant Keystone a voluntary easement. At this time, Keystone is in the final stage of negotiating to acquire an easement voluntarily from Mr. Johansen.
- Landowner Kratochvil requested the route refinement depicted in Exhibit D. Keystone has agreed to implement this route refinement, subject to Commission approval and subject to Mr. Kratochvil's agreement to grant Keystone a voluntary easement. At this time, Keystone is completing civil and cultural resource surveys and, upon completion of surveys, will enter into negotiations to acquire this easement voluntarily from Mr. Kratochvil.
- Landowner Holm requested the route refinement depicted in Exhibit E. Keystone has agreed to implement this route refinement subject to Commission approval, and subject to Keystone's ability to amend its current easement with the landowner to the north, and to acquire a voluntary easement from Mr. Holm. However, this route refinement involves two other tracts of land south of Mr. Holm's land (Ramona Klein and Richard Starke) where Keystone has been unsuccessful in acquiring voluntary easements. Although Keystone has been unable to communicate with landowners Klein and Starke, Keystone understands that this route refinement may open a dialog for voluntary easements with Klein and Starke. Mr. Holm's attorney is discussing this route refinement with Mr. Holm at this time.
- Attached as Exhibit F are revised route maps depicting the five proposed route refinements relative to the original route in Keystone's application. Note that some of these are not distinguishable at this scale of map. All of these proposed route refinements are within the Commission's approved one-mile corridor.
- Keystone is actively attempting to negotiate voluntary easements from additional landowners currently involved in condemnation actions.
- Although route refinements must be assessed on a case by case basis, Keystone will consider additional minor route refinements, if requested, to acquire voluntary easements from the remaining landowners from whom easements have not been acquired.
- It is my professional opinion that these five additional route refinements developed since Keystone's February 19, 2007, route permit application and depicted on Exhibits A through E, will accommodate landowner requests and may prevent Keystone's need to utilize eminent domain rights to acquire easements from these landowners.

Dated this 28 day of April, 2008

Loys A. Gray III
LOYS A. GRAY, III

STATE OF Missouri)
COUNTY OF Platte) ss.

On the 28 day of April, 2008, before me personally appeared LOYS A. GRAY, III, known to me to be the same person described in and who executed the within and foregoing instrument and acknowledged to me that he executed the same



Myrna E. Coleman
Notary Public, State of Missouri
My Commission expires 9-13-2011