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May 27, 2008

RECEIVED

MAY 27 2008

PUBLIC SERVICE COMMISSION

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
OAH File No. 20070181
Our File No. 11815

Dear Ms. Jeffcoat-Sacco:

Enclosed for filing is an original and seven copies of the following documents which are being submitted on behalf of TransCanada Keystone Pipeline, LP:

1. Motion for Approval of Two Pending Route Refinements Since Keystone's PSC Application Filing;
2. Affidavit of Loys A. Gray, III, in Support of Two Pending Route Refinements in Walsh County Since Keystone's PSC Application Filing;
3. Certificate of Service.

An electronic copy will be submitted to the Public Service Commission separately. If you have any questions, please feel free to contact me.

Sincerely,



Todd D. Kranda

TK:ls
Encs

c: TransCanada Keystone



486 PU-06-421 Filed: 5/27/2008 Pages: 20
Motion for Approval of Two Pending Route
Refinements and Affidavit of Loys Gray in Support
Thereof
TransCanada Keystone Pipeline, LP
Kelsch Kelsch Ruff & Kranda, Todd Kranda

THE STATE OF NORTH DAKOTA

PUBLIC SERVICE COMMISSION

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

**MOTION FOR APPROVAL OF TWO PENDING ROUTE
REFINEMENTS SINCE KEYSTONE'S PSC APPLICATION FILING**

TransCanada Keystone Pipeline LP (Keystone) hereby requests that the North Dakota Public Service Commission (Commission) approve two additional route refinements that are proposed by Keystone since the filing of the application with the Commission which were not specifically addressed and identified previously but are based on landowner discussion. A request is also being made that the Commission expedite its review and consideration of these two route refinements and upon doing so approve the route refinements as requested which are conditioned upon obtaining a voluntary easement from the landowners.

This request is specifically addressed by the attached and supporting Affidavit of Loys A Gray, III. The Affidavit of Loys A. Gray, III along with the attachments provide a detailed explanation and basis for these two proposed route refinements developed since Keystone's February 19, 2007 route permit application.

Keystone has obtained easements from all but six (6) landowners on its pipeline route as refined to date. Based on discussions that have occurred with certain individual landowners along an area of the route that easements have not yet been secured, these two route refinements were identified in order to promote the voluntary acquisition of easements.

Therefore, in an attempt to voluntarily acquire pipeline easements from these additional landowners the two route refinements are submitted for approval. For the reasons indicated,

Keystone respectfully requests that the Commission expedited its review and approve these two additional route refinements as identified.

Paragraph 2 of the Commission's Order dated February 21, 2008 provides as follows:

"Keystone 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."

In accordance with paragraph 2 of the Order, Keystone has identified these two additional route refinements which Keystone proposes for approval by the Commission. As explained in the Affidavit of Loys A. Gray, III these two additional route refinements were identified and voluntary agreements are being sought to implement a route variation in these two areas which is different from what was previously submitted in Keystone's application submitted for permit on February 19, 2007. These two route refinements are subject to and conditioned upon the approval of the route as refined by the PSC together with the granting of a voluntary easement from the landowners.

Also, there is attached as Exhibit A and Exhibit D to the Affidavit of Loys A. Gray, III individual maps for the two route refinements with the specific landowners involved. Shown and included with the attachment of Exhibit E to the Affidavit of Loys A. Gray, III, are revised route maps depicting the two proposed route deviations relative to the original route in Keystone's application.

These two proposed route refinements are within the approved 1 mile corridor. These two route refinements are early enough in the construction process and are based on landowners discussions that it would be very important and more efficient to the project and encouraging to the

landowners if the Commission would expedite its review and approval of these two pending route refinements.

In conclusion, Keystone respectfully requests that the Commission expedite its review and approve Keystone's two additional route refinements that are identified and proposed herein.

Dated this 27th day of May, 2008.



TODD D. KRANDA, State Bar ID No. 04512
THOMAS D. KELSCH, State Bar ID No. 03918
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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 IN WALSH COUNTY SINCE
KEYSTONE'S PSC APPLICATION FILING**

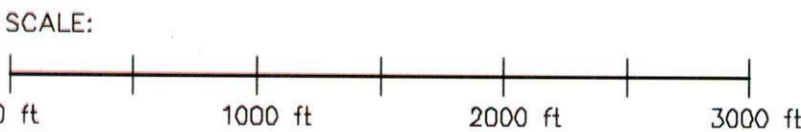
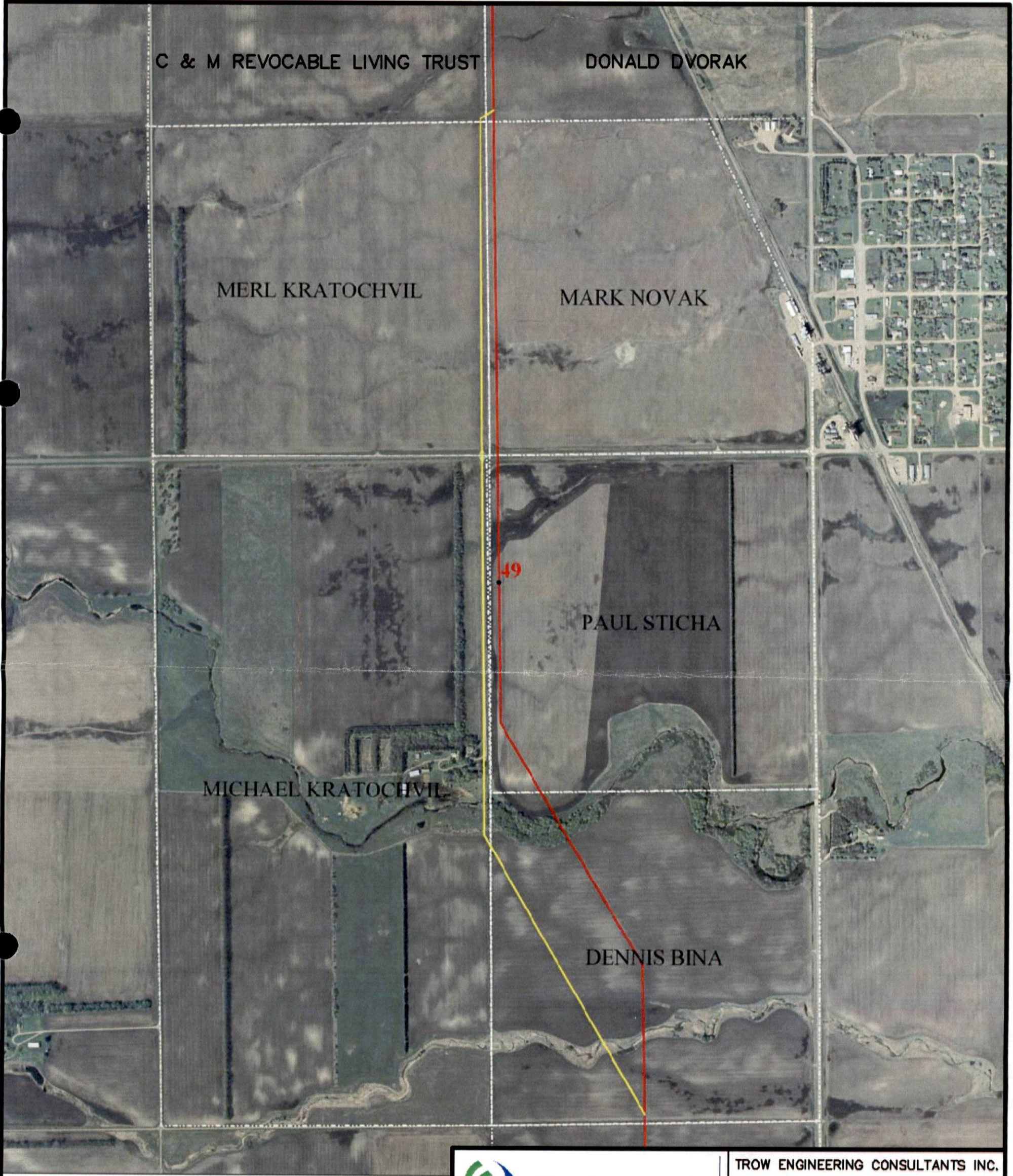
LOYS A. GRAY, III, BEING FIRST DULY SWORN, ON OATH, DEPOSES AND STATES, AS FOLLOWS

- I have previously included a copy of my resume with my educational background and qualifications.
- Paragraph 2 of the North Dakota Public Service Commission (Commission) 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 two 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 agreements to obtain easements from all but 6 landowners on its pipeline route. Keystone has initiated eminent domain proceedings with respect to these 6 landowners.
- Keystone has recently met with two of these landowners who are currently a part of eminent domain proceedings to attempt to voluntarily acquire pipeline easements from these landowners.

- Landowner Mark Novak has refused to discuss or have any negotiations regarding the proposed pipeline route on his property as depicted on Exhibit A. At this time, Landowner Sticha has also not agreed to a meeting to negotiate an easement although Keystone is hopeful that Mr. Sticha may concede to a meeting in the near term. Due to the lack of progress with Landowners Novak and Sticha, Keystone initiated discussions with landowners Merle Kratochvil and Michael Kratochvil regarding the route refinement shown on Exhibit A.
- Landowner Michael Kratochvil has agreed to an option for a pipeline easement on the route refinement depicted in Exhibit A. Mr. Kratochvil has also executed a waiver for the pipeline to be within 500' of his residence and it is attached as 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 Merle Kratochvil and Lukes to the North and Landowner Bina to the South. Additionally, this reroute would be contingent upon completing cultural resource surveys.
- Landowners John Capp and Eugene Capp have refused Keystone's offers to acquire a voluntary easement regarding the proposed pipeline route on their property as depicted on Exhibit C. Due to the lack of progress with Landowners John Capp and Eugene Capp, Keystone initiated discussions with new landowners Monte Sticha, Kenneth & Gale Beneda, and James and Mary Lou Novak regarding the route refinement shown on Exhibit D.
- Keystone will implement this route refinement if it can voluntarily acquire easements from the new landowners, subject to Commission approval and subject to Keystone reaching an agreement to amend its existing easement with Landowner Sticha, Beneda and Novak to the South. Additionally, this reroute would be contingent upon completing cultural resource surveys.
- Attached as Exhibit E is a revised route map depicting the two 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 two additional route refinements developed since Keystone's February 19, 2007, route permit application and depicted on Exhibits A through E may prevent Keystone's need to utilize eminent domain rights to acquire easements from these landowners.

Exhibit A – Novak/Sticha Route Deviation



Red Line, Original Keystone Route
 Yellow Line - Route Variation



TROW ENGINEERING CONSULTANTS INC.
 1300 Metropolitan Blvd. Suite 200
 Tallahassee, Florida 32308
 Phone: 1-850-385-5441
 Fax: 1-850-385-5523



TROW PROJ. No.:	THES0050388S	KEYSTONE PIPELINE PROJECT ROUTE VARIATION: 364-ND-48.3-49.6-S	
DRAWN BY:	TB		
CHECKED BY:	SS	DRAWING No.:	REV.
DATE:	MAY 19 08		

Exhibit B – Kratochvil Waivers

Keystone Pipeline Project

Contact Summary Report

BUFFER ZONE A/D 008

Tract No. _____

Directly Affected _____ Adjacent

Legal Description 1/2 W/4 - SEC. 26 - TWP. 156 - RGE. 57

Additional Legal Information: _____

Landowner(s): Michael KRatochvil

Address: 12452 Co 15 City/Town: JANICIN

County: _____ Township: _____ State: _____ Zip Code: 58250

Telephone: Home : (701) 593-6307 Business : (_____)

Tenant(s): yes - A brother

Address: _____ City/Town: _____

County: _____ Township: _____ State: _____ Zip Code: _____

Telephone: Home : (_____) Business : (_____)

Contact Summary:

SAW MIKE & HIS WIFE PAM AT THEIR HOME.

They were very receptive. However there ARE

TWO RESIDENCES MIKE & HIS FAMILY LIVE IN ONE.

HIS BROTHER LIVES IN THE OTHER. MIKE OWNS BOTH

WHICH BOTH APPEAR TO BE IN THE BUFFER ZONE.

HE SIGNED FOR ONE RESIDENCE.

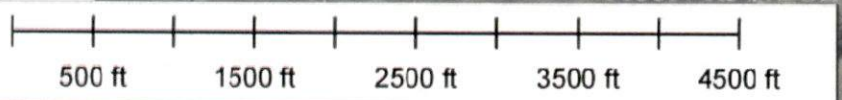
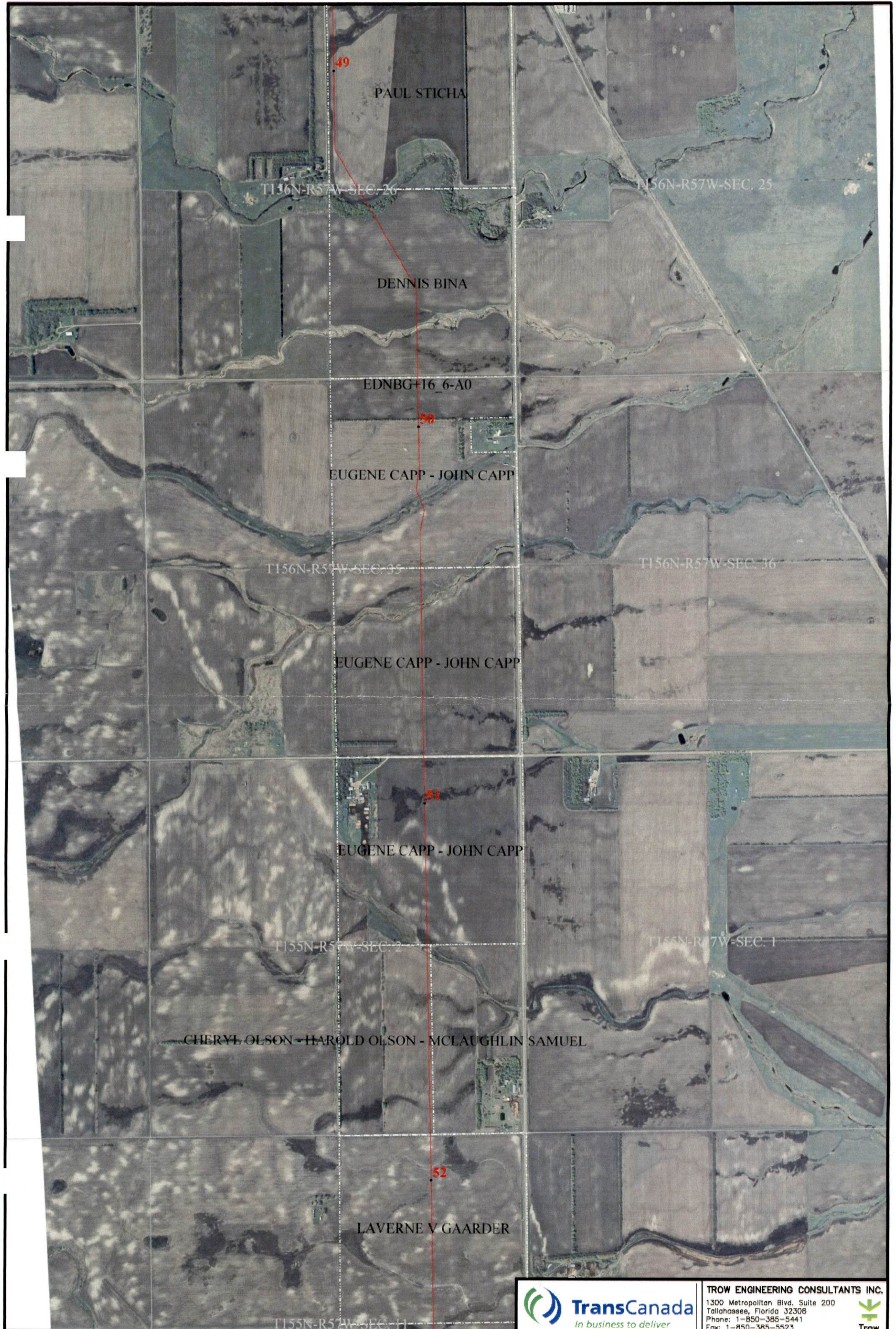
SAW MIKE AT HIS JOB - ELEVATOR AT DALLAS - GOT WAIVER FOR 3rd RESIDENCE GAVE HIM CHECKS FOR

[Signature]
Land Representative

04/06/07
Date

\$1,000 FOR TWO RESIDENCES + GOT W-9 4/13/07

Exhibit C – Capp Route



Capp Tracts (1 of 2) Walsh County, ND



TROW ENGINEERING CONSULTANTS INC.
 1300 Metropolitan Blvd, Suite 200
 Tallahassee, Florida 32308
 Phone: 1-850-385-5441
 Fax: 1-850-385-5523



TROW PROJ. No.:	THES0050388S
DRAWN BY:	TB
CHECKED BY:	SS
DATE:	MAY 23 08

KEYSTONE PIPELINE PROJECT	
ROUTE VARIATION: XXX-ND-XXX-XX.X-X	
DRAWING No.:	REV.
ND-Appendix C-1	0

Exhibit D – Capp Route Deviation



Capp Reroute Walsh County, ND



TROW ENGINEERING CONSULTANTS INC.
 1300 Metropolitan Blvd, Suite 200
 Tallahassee, Florida 32308
 Phone: 1-850-385-5441
 Fax: 1-850-385-5523



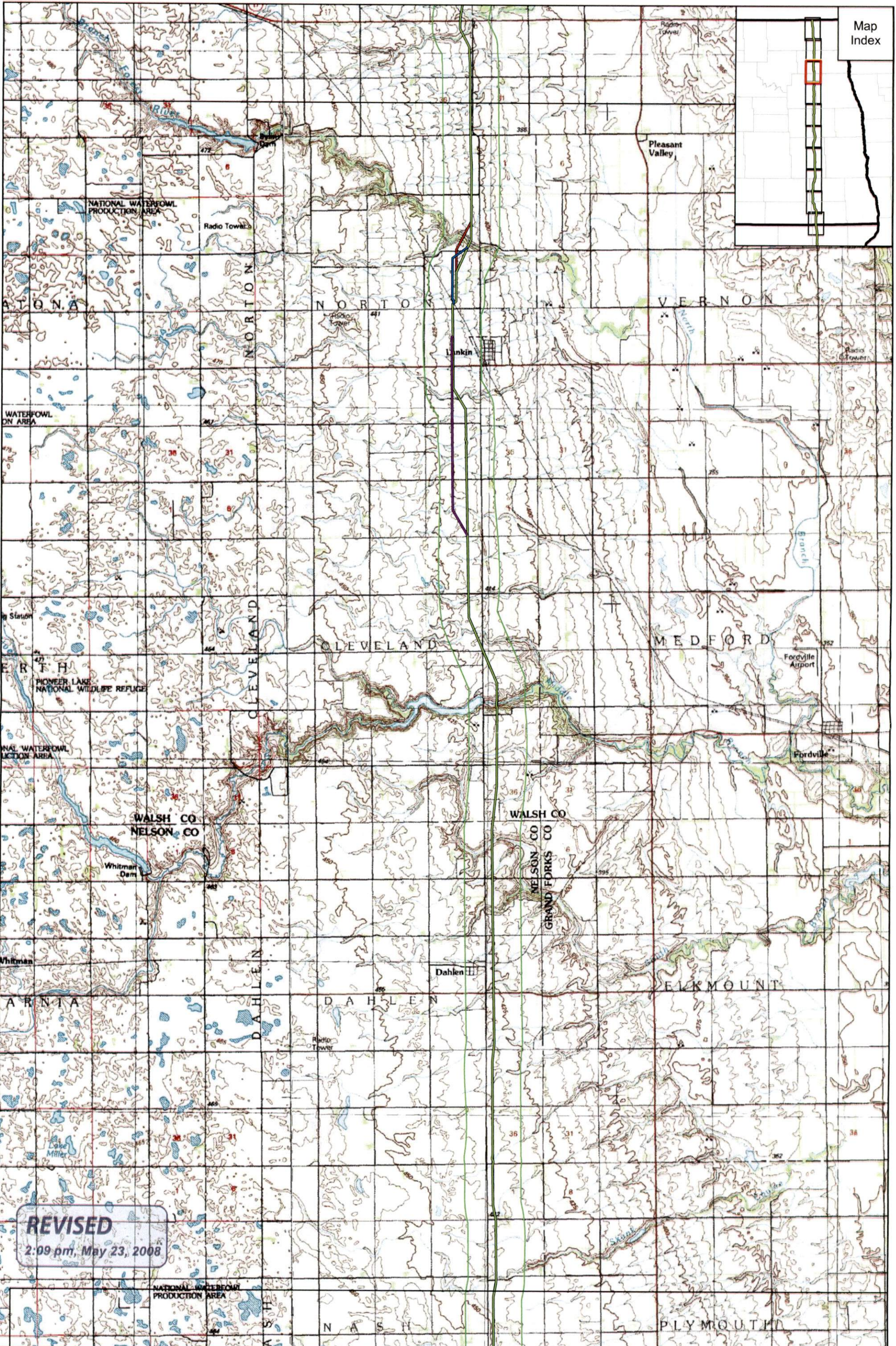
TROW PROJ. No.:	THES0050388S
DRAWN BY:	TB
CHECKED BY:	SS
DATE:	MAY 27 08

KEYSTONE PIPELINE PROJECT	
ROUTE VARIATION: 365-ND-XX.X-XX.X-X	
DRAWING No.:	REV.
ND-365-1	0

500 ft 1500 ft 2500 ft 3500 ft

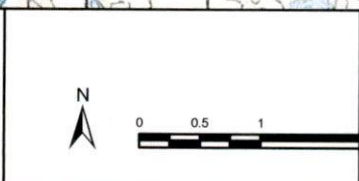
Red Line—Original Keystone Centerline Orange Line—Novak Reroute Yellow Line—Capp Reroute

Exhibit E – Revised Route Map



REVISED
2:09 pm May 23, 2008

- Mileposts (March 13, 2008)
- Proposed Pipeline (March 13, 2008)
- Half-mile Buffer (March 13, 2008)
- Proposed Pipeline (March 2, 2007)
- Pipeline Reroute (April 28, 2008)
- Pipeline Reroute (May 23, 2008)



Keystone Pipeline Project

TransCanada
In business to deliver

Map 3 of 10
General Project Location
Topographic Map (1:100,000 scale)
(North Dakota)

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF NORTH DAKOTA

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

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 21st day of May, 2008, the undersigned emailed a true and correct copy of the following document(s) in the above-captioned action:

Letter to PSC dated May 27, 2008
Motion for Approval of Two Pending Route Refinements Since Keystone's PSC
Application Filing;
Affidavit of Loys A. Gray, III, in Support of Two Pending Route Refinements in Walsh
County Since Keystone's PSC Application Filing

That a copy of the above document(s) was emailed as follows:

WILLIAM BINEK
ATTORNEY AT LAW
PUBLIC SERVICE COMMISSION
wbinek@nd.gov

JOHN & JANIE CAPP
janiecapp@csb100.com

JANA LINDERMAN
ATTORNEY AT LAW
jlinderman@plainsjustice.org



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