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

THIRD SUPPLEMENTAL ORDER

June 19, 2008

Preliminary Statement

On February 21, 2008 the Commission issued Findings of Fact, Conclusions of Law and Order (Order) granting to TransCanada Keystone Pipeline, LP (Keystone) Certificate of Corridor Compatibility No. 101 and Route Permit No. 111 for a 218 mile, 30-inch crude oil pipeline (Keystone Pipeline) in Cavalier, Pembina, Walsh, Nelson, Steele, Barnes, Ransom, and Sargent Counties of North Dakota.

On May 27, 2008 TransCanada filed a motion requesting approval of two (2) route refinements to be contingent of Keystone obtaining voluntary acquisition of easements from affected landowners.

The first proposed route refinement was in Walsh County from pipeline milepost 48.3 to milepost 49.8 (the Novak-Sticha reroute) was approved by the Commission's May 30, 2008 Second Amended Order

The second route refinement is in Walsh County near pipeline mileposts 50 to 52 (the Capp reroute).

The May 19, 2008 affidavit of Loys A Gray stated that the 2 route refinements prevent Keystone's need to utilize eminent domain proceedings to acquire easements from landowners.

On May 27, 2008 Keystone provided Notice to State Agencies and Officials as identified pursuant to North Dakota Administrative Code Section 69-06-01-05, Notice to County Auditors and County Commissions pursuant to North Dakota Administrative Code Section 69-06-01-02, and Notice to State Senators and Representatives pursuant to North Dakota Administrative Code § 69-06-01-02 that they had until 5:00 p.m. on Thursday May 29, 2008 to file written comments with the Commission concerning the two refinements.

Keystone requested that the 2 route refinements be approved by the Commission contingent upon the filing of voluntary easements from the affected landowners. If the voluntary easements cannot be obtained and filed for a route refinement, that route

refinement will not take effect. Keystone also indicates the reroutes are contingent upon completing cultural resource surveys.

At the Commission's May 29, 2008 Informal Hearing, Keystone indicated that additional information would be filed concerning the Capp reroute and requested that the Commission postpone its decision on the Capp reroute.

On June 12, 2008 Keystone filed a map which indicated a slightly adjusted Capp route refinement to avoid a residence by at least 500 feet.

On June 12, 2008 Keystone provided Notice to State Agencies and Officials as identified pursuant to North Dakota Administrative Code Section 69-06-01-05, Notice to County Auditors and County Commissions pursuant to North Dakota Administrative Code Section 69-06-01-02, and Notice to State Senators and Representatives pursuant to North Dakota Administrative Code § 69-06-01-02 that they had until 5:00 p.m. on Monday, June 16, 2008 to file written comments with the Commission concerning the Capp route refinement revision.

On June 13, 2008 Keystone filed an affidavit of Loys Gray verifying that the latest refinement locates the route 525 feet away from and to the west of the Capp residence, and further than 525 from a second, unoccupied, residence located on the Capp farm. The June 12 route refinement is within the corridor approved by the Commission on February 21, 2008.

By email dated June 16, 2008, the State Historic Preservation Office (SHPO) indicated that a newly recorded site--a stone foundation remnant--MAC-WA-01 (32WA260) is within the construction impact corridor. The SHPO states that this site warrants a formal evaluation regarding its significance and eligibility for the National Register of Historic Places if it is to be impacted and not avoided.

Job Service North Dakota's June 13, 2008 letter indicated no comment on the project and no permits are required from Job Service.

The issues to be considered in this proceeding are:

1. Will the location, construction, and operation of the proposed pipeline produce minimal adverse effects on the environment, natural resources, and upon the welfare of the citizens of North Dakota?

2. Is the proposed pipeline compatible with the environmental preservation and the efficient use of resources?

3. Will the proposed pipeline corridor and route minimize adverse human and environmental impact while ensuring continuing system reliability and integrity and ensuring that energy needs are met and fulfilled in an orderly and timely fashion?

The proposed Capp reroute is compatible with the environmental preservation and the efficient use of resources and will result in minimal adverse effects on the environment, natural resources, and upon the welfare of the citizens of North Dakota while ensuring continuing system reliability and integrity and ensuring that energy needs are met and fulfilled in an orderly and timely fashion.

Order

The Commission orders:

1. TransCanada Keystone Pipeline, LP's June 12, 2008 request for the route refinement referred to as the Capp reroute is granted conditional upon the landowners granting voluntary easements to Keystone and the filing of the easements with the Commission and contingent upon completing cultural resource surveys.

2. This Order is supplemental to the Commission's February 21, 2008 Findings of Fact, Conclusions of Law and Order, the Commission's May 23, 2008 First Amended Order, and the Commission's May 30, 2008 Second Amended Order.

3. TransCanada Keystone Pipeline, LP is issued Third Amended Route Permit Number 111.

4. Third Amended Route Permit Number 111 is effective for the life of the pipeline, but is subject to modification by order of the Commission if deemed necessary to further protect the public or the environment.

PUBLIC SERVICE COMMISSION

Absent		
Tony Clark	**Susan E. Wefald**	**Kevin Cramer**
Commissioner	**President**	**Commissioner**

STATE OF NORTH DAKOTA

Third Amended
Route Permit Number 111

This is to certify that the Commission has designated a transmission facility route for TransCanada Keystone Pipeline, LP to construct and operate a 218-mile, 30-inch crude oil pipeline with associated facilities and pipeline interconnections in Cavalier to Sargent Counties, North Dakota.

The transmission facility route is designated by the Commission's February 21, 2008 Order in Case No PU-06-421; is amended by the Commission's May 23, 2008 Order in Case No. PU-06-421 for route refinements; is amended by the Commission's May 30, 2008 Order for a conditional route refinement; and is amended by the Commission's June 19, 2008 Order for a conditional route refinement.

This permit is subject to the conditions and limitations in those orders.

Bismarck, North Dakota, June 19, 2008.

ATTEST: ***PUBLIC SERVICE COMMISSION***

Executive Director ***Commissioner***