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July 10, 2008

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GLORIA GEIGER
ACTING EXECUTIVE SECRETARY
PUBLIC SERVICE COMMISSION
600 EAST BOULEVARD, DEPT 408
BISMARCK ND 58505-0480

PUBLIC SERVICE COMMISSION

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

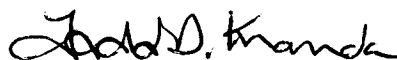
Dear Ms. Geiger:

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 Pending Route Refinement;
2. Affidavit of Loys A. Gray, III, in Support of Pending Route Refinement; and
3. Certificate of Service.

Also enclosed is a CD containing the above information. If you have any questions, please feel free to contact me.

Sincerely,



Todd D. Kranda

TK:ls

Encs

c: TransCanada Keystone



548 PU-06-421 Filed: 7/11/2008 Pages: 13
**Motion for Approval of Pending Route Refinement
and Affidavit of Loys Gray in Support Thereof + CD**

TransCanada Keystone Pipeline, LP

KelschKelschRuff&Kranda, Todd Kranda

THE STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

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

MOTION FOR APPROVAL OF PENDING ROUTE REFINEMENT

TransCanada Keystone Pipeline LP (Keystone) hereby requests that the North Dakota Public Service Commission (Commission) approve an additional route refinement that is being proposed by Keystone since the filing of the February 19, 2007 Application with the Commission and since the prior requests for approval of various route refinements which were submitted in response to landowner negotiations.

A request is also being made that the Commission expedite its review and consideration of this route refinement and upon doing so approve the route refinement as requested and supported by the Affidavit of Loys A Gray, III.

Paragraph 3 of the Commission's Order dated February 21, 2008 requires Keystone to obtain approval prior to any changes or deviations to the pipeline route.

The Affidavit of Loys A. Gray, III along with the attachments provide a detailed explanation and basis for this additional proposed route refinement that was developed by Keystone as a result of negotiations with two specific landowners, namely the Holms and Richard Starke, in Barnes County who have property along the route. The route refinement being requested actually affects three specific Barnes County landowners, the Holms, Richard Starke and Ramona Klein.

The specific route refinement that is being requested is depicted in Exhibit A of the Affidavit of Loys A. Gray, III. The original pipeline route is depicted (red line) as well as an

alternate route that was approved recently by the Commission which was contingent upon voluntary land acquisition from the affected landowners (yellow line) and the currently requested alternate route (fuchsia/pink line).

In an effort to work with the landowners and refine the route to a location that is acceptable to the Keystone project and accommodating to the majority of the landowners involved, Keystone requests that the Commission consider and approve the route refinement as submitted.

Several meetings have been held with the landowners and an agreement has been reached for locating the route on the property of two of the three remaining landowners, Holms and Starke. While the third landowner, Klein, has not agreed, the proposed route refinement would be a more favorable location across her property as explained in the attached Affidavit.

Landowners Holm and Starke prefer the route refinement as is being requested herein and are agreeable with issuing an easement for the pipeline across their property if the route was refined as requested. Since Klein's property is located between the property of Holm and Starke it is necessary to approve the route refinement for these two landowners even though the third remaining landowner has not reached an agreement for an easement. The route refinement will accommodate landowners Holm and Starke and should prevent Keystone's need to utilize eminent domain rights to acquire easements from these two landowners even though the other landowner, Klein, remains unwilling and to some extent unreasonable which may cause her case to continue to resolution by the eminent domain proceeding regardless of the route refinement.

The route refinement that is being requested is within the Commission's approved one-mile corridor. Also, there are two residences that are located near the route as refined.

However, the two residences are located a distance of over 500 feet from the proposed route as depicted on Exhibit A.

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

Dated this 10th day of July, 2008.



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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 REFINEMENT

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

- I have previously submitted 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 have previously submitted requests for route refinements in response to landowner negotiations and the Commission has accepted those route refinements conditioned upon the filing of voluntary easements from the landowners.
- I am now filing this affidavit in support of an additional proposed route refinement developed since Keystone’s February 19, 2007 route permit application which relates to the property of three landowners located in Barnes County, namely the Holms, Ramona Klein and Richard Starke.
- The specific route refinement requested is depicted in Exhibit A. The original pipeline route is depicted as well as an alternate route approved by the Commission contingent upon voluntary land acquisition from the affected landowners and the currently requested alternate route.
- The specific route refinement requested is within the Commission’s approved one-mile corridor and is located a distance of over 500 feet from the two residences as depicted on Exhibit A.
- I have had several meetings with these landowners and have reached an agreement for locating the route on the property of two of the three landowners. While the third landowner has not agreed the proposed route refinement would, in my opinion, be a more favorable location across her property. Therefore, in an effort to work with these landowners and refine the route to a location that is acceptable to the Keystone project and accommodating to the majority of the landowners involved, I would ask that the Commission consider and approve the route refinement requested in this matter.

- While I have obtained an agreement for the route as refined from landowners Holm and Starke, I have not been able to reach an agreement yet with Klein. Nevertheless, landowners Holm and Starke would prefer the route refinement and are agreeable with issuing an easement for the pipeline across their property if the route was refined as requested. Since Klein's property is located between the property of Holm and Starke it is necessary to approve the route refinement for the two landowners even though the third remaining landowner has not reached an agreement for an easement.
- Keystone has initiated eminent domain proceedings for those parcels for which an easement had not been acquired. The remaining landowner, Klein, is involved with a Barnes County condemnation proceeding for the route as currently approved by the ND PSC across her property and that proceeding will continue whether or not the route is refined for the two other landowners, Holm and Starke, who are willing to issue an easement if the route refinement is approved by the Commission.
- Keystone would amend its condemnation petition on Klein to the alternate route depicted on Exhibit A if the Commission approves the route refinement. Approval of the route refinement will satisfy landowners Holm and Starke who will then issue an easement for the route as refined and shown in Exhibit A.
- Keystone believes that the route as refined would be a better route across Klein's property since it would place the route near the edges of the property adjacent to public roads and eliminate concerns of future damages caused by the inability to place potential future wind turbines and crosses fewer wetlands, does not require removal of any trees and is shorter than the one previously submitted and approved by the Commission.
- At this time, Keystone has obtained options for easements from the two landowners located on either side of the Klein property, namely Holms and Starke. Those landowners, Holms and Starke, are also involved in the same Barnes County condemnation proceeding as is landowner Klein. However, if the Commission accepts and approves the route refinement as requested then those two landowners will complete the voluntary easements with Keystone and they will be dismissed from the condemnation proceeding leaving one remaining party.
- Keystone has agreed to implement this route refinement as shown on Exhibit A, subject to Commission approval. As stated, two of the three landowners affected are willing to grant Keystone a voluntary easement if the route refinement is approved. Keystone has attempted to negotiate with the one remaining landowner along the Keystone route that has not granted either an option or voluntary easement without success. Even if that one remaining landowner does not reach an understanding with Keystone the two other landowners could be voluntarily resolved if the Commission approved the requested route refinement.
- this route refinement developed since Keystone's February 19, 2007, route permit application and depicted on Exhibits A and B, will accommodate landowners Holm and Starke and should prevent Keystone's need to utilize eminent domain rights to acquire easements from these two landowners even though the other landowner, Klein, remains unwilling and to some extent unreasonable which may cause her case to continue to resolution by the eminent domain proceeding regardless of the route refinement.
- Although Keystone has been unable to reach an agreement with landowner Klein, Keystone understands that this further route refinement may continue to open a dialog with the landowner and her attorney for a possible voluntary easement.

- It is my professional opinion that this route refinement developed since Keystone's February 19, 2007, route permit application and depicted on Exhibits A and B, will accommodate landowners Holm and Starke and should prevent Keystone's need to utilize eminent domain rights to acquire easements from these two landowners even though the other landowner, Klein, remains unwilling and to some extent unreasonable which may cause her case to continue to resolution by the eminent domain proceeding regardless of the route refinement.
- It is respectfully requested that the proposed route refinement for the property of landowners Holms, Klein and Starke as shown on Exhibit A be approved.

Dated this 9th day of July, 2008

Loys A. Gray III
LOYS A. GRAY, III

STATE OF Missouri)
) ss.
COUNTY OF CLAY)

On the 9th day of July, 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

Debra A. Snodell

(SEAL)

Notary Public, State of Missouri
My Commission expires 2/21/09

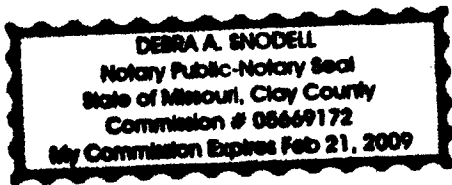


Exhibit A – Holm, Klein & Starke Route Refinement

Exhibit B – Revised Route Map

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 10th day of July, 2008, the undersigned deposited in the United States Post Office at Mandan, North Dakota, a true and correct copy of the following document(s) in the above-captioned action:

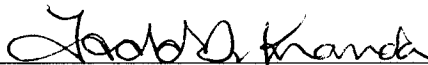
1. Motion for Approval of Pending Route Refinement;
2. Affidavit of Loys A. Gray, III, in Support of Pending Route Refinement.

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

ILLONA JEFFCOAT-SACCO
ATTORNEY AT LAW
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BISMARCK ND 58505-0480

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