

Fahn, Patrick J.

From: Mark Anderson [mark.anderson@kljeng.com]
Sent: Thursday, June 11, 2009 9:43 AM
To: Fahn, Patrick J.
Cc: -Grp-PSC Commissioners; -Grp-PSC Legal; Geiger, Gloria A.
Subject: RE: Keystone 3rd party inspector contract

Patrick:

We certainly are agreeable to an extension of the contract terms and conditions for Contract Number PU-566-0480 to December 31, 2009.

We are currently evaluating the remaining work for the north segment of the pipeline construction through North Dakota. We have been trying to get in touch with Bill Lafoon to verify the contractor's remaining work schedule, work items and timeframe for completion of that portion of the project. We have been unsuccessful to this point in reaching Mr. Lafoon but are expecting to speak with him today. After we have the information from Mr. Lafoon, we will propose a project visit schedule for the remainder of the construction season, along with estimated costs and indicate if we expect to exceed the original budget of \$73,270.28.

On the south segment of the pipeline, the construction is essentially complete. At this point, the only work remaining for the contractor to complete is reclamation of the pipeline due to settlement and/or erosion and clean-up. Our involvement in these activities we anticipate will be minimal.

If we are able to get in touch with Mr. Lafoon today, I will forward you the anticipated hours and fee we anticipate to incur through the 2009 construction season later today. If we do not hear from him, we will assemble our best estimate of the work remaining and the contractor's schedule and forward that information to you no later than tomorrow morning, Friday June 12.

If you have any additional questions, comments or concerns, please let me know. Thank you Patrick.

Mark Anderson, PE

Kadrmass, Lee and Jackson, Inc.
1010 4th Avenue SW
P.O. Box 937
Valley City, ND 58072

Direct Dial (701) 845-9417
Cell (701) 739-6920
Fax (701) 845-0252

649 PU-06-421 Filed: 6/11/2009 Pages: 2
**KLJ Response to Staff Email re. Extension of
Contract Terms and Conditions**

From: Fahn, Patrick J. [mailto:pfahn@nd.gov]
Sent: Wednesday, June 10, 2009 10:46 AM
To: mark.anderson@kljeng.com
Cc: -Grp-PSC Commissioners; -Grp-PSC Legal; Geiger, Gloria A.; Fahn, Patrick J.
Subject: Keystone 3rd party inspector contract

Public Service Commission

Patrick Fahn

Mark Anderson,

We spoke several days ago about the current contract between Kadrmass, Lee & Jackson and the North Dakota Public Service Commission (Contract Number PU-566-0480) and that the contract end

date is June 30, 2009. The Commission wishes to renew/extend the contract for an additional period of time, possibly to December 31, 2009 to include the entire 2009 construction season. Please respond to this email and indicate whether Kadrmas, Lee & Jackson would be agreeable to an extension of the contract terms and conditions.

The current contract has a budget cap of \$73,270.28. If this amount will not be sufficient to continue 3rd party inspection throughout reclamation and clean-up of the Keystone Pipeline right-of-way, please provide an estimate of the additional budget. For these additional funds, the PSC must take a request to the Emergency Commission.

Patrick Fahn

Director-Compliance and Competitive Markets

Email: pfahn@nd.gov

Phone: (701) 328-4077

North Dakota Public Service Commission

600 E Boulevard

Bismarck ND 58505-0480

Fax: (701) 328-2410