

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

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HP 14-001

IN THE MATTER OF THE APPLICATION :
BY TRANSCANADA KEYSTONE :
PIPELINE, LP FOR A PERMIT UNDER THE :
SOUTH DAKOTA ENERGY CONVERSION :
AND TRANSMISSION FACILITIES ACT TO :
CONSTRUCT THE KEYSTONE XL :
PROJECT, :
:
:

DIRECT TESTIMONY OF
COREY GOULET

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Pursuant to the Commission's Order Granting Motion to Define Issues and Setting Procedural Schedule, Petitioner TransCanada Keystone Pipeline, LP, offers the following direct testimony of Corey Goulet.

1. Please state your name and address for the record.

Answer: My name is Corey Goulet. My business address is 450 1st Street S.W.,
Calgary, AB Canada T2P 5H1.

2. Please state your position with Keystone and provide a description of your areas of responsibility with respect to the Keystone XL Project.

Answer: I am President, Keystone Projects, with overall accountability for the implementation and development of the Keystone Pipeline system, including the Keystone XL Project (Project). In that capacity, I am responsible for overall leadership and direction of the Project.



3. Please state your professional qualifications and experience with pipeline operations.

Answer: My professional background is stated in my resume, a copy of which is attached as Exhibit A. I have a degree in mechanical engineering.

4. Are you responsible for portions of the Tracking Table of Changes attached as Appendix C to Keystone's certification petition?

Answer: Yes. I am individually or jointly responsible for the information provided with respect to Finding Numbers 14, 15, 16, 17, 18, 19, 20, 22, 23, and 107 related to the Project. In general, I can testify to the Project purpose; overall description; construction schedule; operating parameters; overall design; cost; and tax revenues.

5. Please summarize the updated information regarding Finding Number 14.

Answer: The Bakken Marketlink project was developed after Keystone's permit application in HP 09-001. The update to this finding reflects that the Project's purpose include transporting domestic production from the Williston Basin and supporting the growth of crude oil production in the United States.

6. Please summarize the updated information regarding Finding No. 15.

Answer: The Gulf Coast Segment of the original Keystone XL Project and the Houston Lateral were constructed as a stand-alone project. The update to this finding reflects that change, meaning that the Project consists of the Steele City Segment, from Hardisty, Alberta, Canada, to Steele City Nebraska, where it will interconnect with the Keystone Cushing Extension segment of the Keystone Pipeline. The Project's current design is based on a maximum capacity to transport 830,000 barrels per day.

7. Please summarize the updated information regarding Finding No. 16.

Answer: Because the Project is limited to the Steele City Segment, the mileage decreased to approximately 1202 miles, with 876 miles through Montana, South Dakota, and Nebraska. The mileage has changed slightly in South Dakota due to minor route variations made at the request of landowners or for engineering reasons. The right of way passes through the same counties as indicated in the Permit Application.

8. Please summarize the updated information regarding Finding No. 17.

Answer: Keystone does not currently have a construction schedule for the Project, pending issuance of the Presidential Permit. The Project's inservice date is uncertain for the same reason.

9. Please summarize the updated information regarding Finding No. 18.

Answer: Due to minor route variations, the mileage in South Dakota and the mileposts have changed slightly. The pipeline will be constructed using API 5L X70M high-strength steel, which was one of the design options presented in the original Permit Application. Keystone's final design determinations were made after TransCanada withdrew its application to PHMSA for a special permit and adopted 59 special conditions developed by PHMSA as set forth in Appendix Z to the Department of State Final Supplemental Environmental Impact Statement (FSEIS).

10. Please summarize the updated information regarding Finding No. 19.

Answer: This update reflects final design determinations based on the decision to withdraw the special permit application and the requirements of 49 CFR 195.106.

11. Please summarize the updated information regarding Finding No. 20.

Answer: This update reflects a change in the number of mainline valves in South Dakota from 16 to 20 due to PHMSA requirements. All of the valves will be remotely controlled for purposes of emergency response.

12. Please summarize the updated information regarding Finding No. 22.

Answer: The 59 special conditions are set forth in Appendix Z to the FSEIS. Keystone has committed to meet these conditions.

13. Please summarize the updated information regarding Finding No. 23.

Answer: The estimated cost of the Project in South Dakota increased to \$1.974 billion due to new technical requirements, inflation, and additional costs due to the delay in receipt of federal approval and commencing construction.

14. Please summarize the updated information regarding Finding No. 107.

Answer: Although I am not a tax expert, the increased cost of the Project reflected in Finding No. 23 is likely to result in increased tax revenues to the affected counties. To the extent that tax revenues are an issue at the hearing, Keystone may present rebuttal testimony addressing tax issues from Steve Klekar, Manager, Property Taxation for TransCanada – US Pipelines.

15. Are you aware of any reason that Keystone cannot continue to meet the conditions on which the Permit was granted by the Commission?

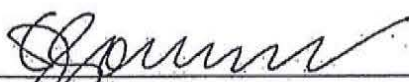
Answer: No. As stated in the Certification that I signed, Keystone is or will be able to satisfy all of the conditions imposed by the Commission as part of its Amended Final Decision and Order dated June 29, 2010.

16. Does this conclude your prepared direct testimony?

Answer: Yes.

Case Number: HP 14-001
Direct Testimony of Corey Goulet

Dated this 1 day of April, 2015.



Corey Goulet