

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

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 PIPELINE)
PROJECT)

HP 09-001

**UPDATED
DIRECT TESTIMONY OF
JOHN W. HAYES**

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

Answer: My name is John W. Hayes. My business address is 450 1st Street SW,
Calgary Alberta T2P 5H1 Canada.

**2. Please state your position and provide a description of your areas of
responsibility for TransCanada Keystone Pipeline, LP (Keystone).**

Answer: I am the Operations Manager for the Keystone Pipeline. I am
responsible for matters pertaining to emergency response planning and preparedness in
addition to assisting with other operation matters. This role draws upon my extensive
career and experience in the operations of liquids pipelines.

3. What is your role with the Keystone XL Pipeline Project?

Answer: My role in the project is to develop the Emergency Response Program
and assist with other operational matters.

**4. Please state your professional qualifications and experience with pipeline
operations.**

Answer: I have a Bachelor of Arts from the University of Winnipeg, Manitoba
and a Diploma of Technology in Resource Management from Kelsey Institute of Applied



Arts and Sciences in Saskatoon, Saskatchewan. I also have attended numerous internal and external courses, including many related to emergency response and incident management.

5. Have you provided a resume?

Answer: Yes, my resume is attached as Exhibit A of my testimony.

6. Are you responsible for portions of the application which Keystone is filing with the South Dakota Public Utilities Commission seeking a permit under the Energy Conversion and Transmission Facilities Act?

Answer: Yes, I am individually or jointly responsible for the information provided in the following sections:

- Section 2.3.2 – Abnormal Operations;
- Section 2.3.2.2 – Emergency Response Procedures;
- Table 6 – Impact Summary Table;
- Section 6.3.4 – Public Safety; and
- Section 6.5.2 – Protection of Human Health and Safety.

7. Could you identify the information that you are responsible for in Section 2.3.2 – Abnormal Operations?

Answer: I am responsible for the discussion pertaining to abnormal operating conditions as they relate to pipeline operations and emergency response.

8. Could you identify the information that you are responsible for in Section 2.3.2.2 – Emergency Response Procedures?

Answer: I am responsible for the discussion related to emergency response including the Emergency Response Plan, training, equipment and resources, and public officials and emergency responders.

9. Could you briefly summarize the information that you are responsible for in Table 6 – Impact Summary?

Answer: I am responsible the portion of Table 4 with in the Public Health and Safety item that addresses the implementation of Keystone’s Emergency Response Plan in the event that a pipeline release were to occur.

10. Could you briefly summarize the information that you are responsible for in Section 6.3.4 – Public Safety?

Answer: I am responsible the discussion of the implementation of Keystone’s Emergency Response Plan in the event that a pipeline release were to occur, as well as implementation of an Integrated Public Awareness Program. I also will coordinate and lead Keystone’s emergency response exercise program as required by federal emergency exercise requirements.

11. Could you briefly summarize the information that you are responsible for in Section 6.5.2 – Protection of Human Health and Safety?

Answer: I am responsible for ensuring that Keystone complies with pipeline safety regulations relating to pipeline operations, including the Emergency Response Plan, coordination with emergency responders, preparedness and training.

12. Please describe the Keystone XL Project's Emergency Response Program.

Answer: The Emergency Response Program has five integrated components:

- 1) The Emergency Response Plan;
- 2) Training;
- 3) Equipment and Resources;
- 4) Continual improvement and audits; and
- 5) Public Official and Emergency Services Awareness.

13. Could you please address the Plan itself?

Answer: The Emergency Response Plan for the Keystone Pipeline Project was developed in coordination with an independent third-party contractor with expertise in pipelines and associated emergency response. Prior to its development, Keystone had a number of goals for the Emergency Response Plan that included: (i) meet or achieve regulatory requirements; (ii) address key stakeholder issues; (iii) address all types of potential emergencies; (iv) address Tactical Control Plans, training requirements, and equipment; (v) preposition Keystone emergency response equipment and personnel; (vi) identify a lead national emergency response contractor; (vii) utilize environmental sensitivity maps; and (viii) address other relevant topics as required to develop and implement a complete and regulatory compliant Emergency Response Plan.

Keystone prepared an Emergency Response Plan for the Keystone Pipeline Project, which was recently approved by the US Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA). Keystone will prepare a project-specific Emergency Response Plan for the Keystone XL Project, based on the PHMSA-approved Keystone Emergency Response Plan. Keystone will submit the

Emergency Response Plan for the Keystone XL Project to PHMSA for review and approval prior to commencing operations.

14. Could you please address the training element of the Emergency Response Program?

Answer: Emergency Response Program training will include a combination of regulatory compliance and technical training. To achieve regulatory compliance, Keystone will ensure its employees have all mandatory training including the need to become Qualified Individuals and be HAZWOPER compliant. Other regulatory requirements will be included in a regular training schedule for operations personnel.

From a technical training perspective, operations personnel, field technicians and management will be participating in water-based spill response scenarios on an annual basis. Other training elements are documented in the Emergency Response Plan and will be implemented according to the prescribed regulatory agenda. Emergency response agencies and public officials will be invited to observe the field exercises. Staff will also be trained on Incident Command System levels 100/200 and some key staff will also be trained in ICS 300. The Incident Command System is a prescriptive system of responding and managing incidents. Technical staff will be completing ICS 100/200, while management will be completing ICS 300.

15. Could you please discuss the equipment and resource element of the Emergency Response Program?

Answer: Keystone will purchase emergency response equipment, which will be strategically situated along the pipeline route. This equipment will include trailers, oil spill containment and recovery equipment, boats, and a communication office. Keystone will engage a national response contractor who will have access to and be able to provide large quantities of equipment to meet Oil Spill Response Organization (OSRO) requirements. Keystone will also have a number of local contractors available to provide emergency response assistance as required. Finally, Keystone will have a contract Spill Management Team available to respond and assist with incident management in the event of a significant release.

16. Could you please address the Continual Improvement element of the Emergency Response Plan?

Answer: The fourth component of the Emergency Response Program involves establishing a system of continual improvement and auditing of the program. This will be a longer term program component but will lead to enhanced program components.

17. Could you please address the Public Official and Community Services Awareness element of the Emergency Response Program?

Answer: Keystone will implement a comprehensive Integrated Public Awareness (IPA program), consistent with the program employed by TransCanada on all of its pipelines in the US. As part of this program, Keystone will proactively work with emergency response agencies to inform and educate these agencies about the role they would be expected to play in the unlikely event of a release.

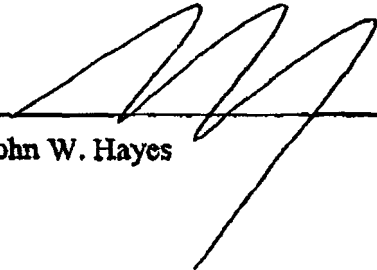
18. Do you adopt the portions of the application referenced herein as your own testimony in this matter?

Answer: Yes, with the caveat that I am jointly responsible for certain portions of the application with additional witnesses.

19. Does this conclude your prepared direct testimony?

Answer: Yes it does.

Dated this 19 day of October, 2009.



John W. Hayes

Exhibit A

Resume for John Hayes

38 – 52147 RR 231
Sherwood Park, AB T8B 1A4
#415-126-14th Ave SW
Calgary, Alberta

Home (780) 416-3938
Cell (780) 233-1585
Cell- (430)461-9245

John William Hayes

Personal Data

Birth: June 11, 1957 Prince Albert, Saskatchewan, Canada

Citizenship: Canadian, Permanent Resident of the USA

Experience

2008-Current

President, B.A.S.S. Pipeline Consultants Inc

This incorporated company (**Best Available Safety Solutions**) was formed in 2008 to provide service to pipeline companies in various aspects of pipeline design, construction and operations. This company is presently under contract to TransCanada Pipeline, and specifically the Keystone Pipeline Project. Direct responsibilities include the development and implementation of the Emergency Response Program, Security Program and tank Pre-fire Plans for the Hardisty and Steele City terminals. Other areas include Public Consultation, Training, equipment procurement and safety.

The company is under contract to Keystone for the remainder of the year

2003 – 2008 Enbridge Pipelines Inc. Edmonton, AB
General Manager, Western Region

Responsible for one of Enbridge's largest operating Regions including Edmonton Terminal, 336 miles of mainline and stations, Athabasca pipeline and terminal and Hardisty Caverns Limited Partnership. Responsibilities include the safe and efficient operations of liquid petroleum products through the Region. Specific duties include operation and capital budgets, safety, environmental management, emergency response, petroleum quality and measurement, human resource management, landowner and public awareness, participation in industry associations, pipeline integrity, system optimization and compliance. Annual budget exceeds 20 million dollars and staff complement is 121. Reported to Vice President, Operations.

2001 - 2003 Enbridge Pipelines Inc. Edmonton, AB
Director, Pipeline Operations

Responsible for directing all aspects of the Edmonton Control Centre, Operations Services, and U.S. Compliance & Risk Management, to ensure the safe and efficient transportation and delivery of liquids and gas through the Enbridge System. Responsibilities include establishing plans, providing direction, analyzing and resolving issues, budgeting, managing operating costs, personnel development, business development, and attaining Corporate objectives. Responsible for ensuring the Enbridge System meets petroleum industry standards for custody transfer measurement and that product quality is maintained at a level satisfactory to our customers. Directs the provision of services to Canadian and U.S. operations to effectively meet their requirements concerning right-of-way and crossings, performance based training, regulatory reporting, and emergency response. Manage an annual Operating Cost Budget of 13.8 million, Capital Budget of 6.7 million. Direct reports include 6 managers and 126 staff.

1997-2001

Enbridge (U.S.) Inc.

Bemidji, MN

Bemidji District Manager

As Bemidji District Manager reporting to the Vice President, U.S. Operations, I was responsible for the safe and efficient operation and maintenance of the District's plant and facilities, including all aspects of operations, maintenance, emergency response, construction, operating agreements, governmental agency interface, business development and expansion of pipeline operations. In addition, I have served on numerous internal and external committees pertaining to pipeline issues. I am responsible for 57 staff, 280 miles of mainline pipe, eight stations, one terminal and large capital and operational budgets.

1987-1997

Interprovincial Pipe Lines Inc.

Edmonton, AB

Manager, Safety and Environment

As Manager, Safety and Environment I reported to the Vice President, Administration. I was responsible for four corporate portfolios involving 11 staff: safety, environment, training and documentation management. This multi faceted department played a significant role in the implementing the corporate vision of "going beyond". The company won numerous industry and national awards for excellence in safety and environmental protection. My specialties included: emergency response, environmental auditing, public consultation, waste management, training, site reclamation and projects.

Manager, Environmental Protection

As the Manager, Environmental Protection, I assumed responsibilities for overall environmental management within IPL and Lakehead Pipe Line Company (LPL). The most significant accomplishment was the development of the Environmental Management System (EMS). The EMS has been developed to ensure all aspects of IPL's business, from design to operations to international opportunities are implemented in a competent, responsible manner.

Supervisor, Environmental Protection

As Supervisor, Environmental Protection, I was responsible for supervising four staff members and implementing the Environmental Management Programs within IPL. A significant initiative during this tenure was the formalization of the IPL Internal Environmental Review Program and a complete overhaul of the Company Emergency Response Program.

Environmental Coordinator

As the Environmental Coordinator and senior environmental staff member, I was responsible for the Company's management, design and implementation of environmental management programs. These programs, strengthened by the Environment Policy include: environmental auditing, emergency response, overall environmental compliance, manual preparation, construction specifications, northern issues, waste management, vegetation management, oil spill planning and emergency preparedness, training, environmental assessment and impact studies, PCB removal program and environmental education and awareness presentations.

1986-1987 Indian and Northern Affairs Yellowknife, N.W.T.
Northern Affairs Program, Water Resources Division

Regional Coordinator, Inland Waters Engineering

As the Regional Coordinator, Inland Waters Engineering, my responsibilities were to review and evaluate recommendations on proposed inland water developments with particular emphasis on hydro-electric exploration, water engineering and other related water use and waste disposal issues. Activities included coordinating water licence proposals evaluating impact associated with water quality, biology, engineering and monitoring, surveillance plans and spill response.

1983-1986 Indian and Northern Affairs Fort Simpson, N.W.T.,
Norman Wells, N.W.T.
Northern Affairs Program

Environmental Surveillance Inspector

As the Environmental Surveillance Inspector, I was directly responsible for the monitoring, inspection and compliance with conditions and stipulations outlined on the various permits issued by INAC., pertaining to the Norman Wells Pipeline Project.

1982-1983 Indian and Northern Affairs Norman Wells, N.W.T.,
Northern Affairs Program

Resources Management Officer

As the Resources Management Officer, I was responsible for a wide range of duties, including land use management, water developments, forest and granular resource

management, forest fire suppression and overall District administration to ensure departmental objectives in environmental management were adhered to.

1982 Parks Canada Winnipeg, MB
Natural Resource Conservation Division

Environment Impact Assessment Technologist

As an Environmental Impact Assessment Technologist, my duties included the preparation and review of environmental screening reports and the preparation of a published report on environmental impact resource studies.

1981 The Department of Northern Saskatchewan Dore Lake, SK

Resource Officer

As a Resource Officer in the Dore Lake area, I was responsible for all aspects of natural resource management primarily focusing on timber management, fisheries research, public safety, and forest fire control.

1980 Fisheries and Oceans Winnipeg, MB
Freshwater Institute

Fisheries Technician

As Fisheries Technician I worked at the Experimental Lakes area near Kenora, Ontario. Our Toxicology Section was involved with heavy metal, acid rain and the potential effects on aquatic habitat.

Education

2004 Queens University
▪ Executive Development Program

Ongoing University of Waterloo
▪ Bachelor of Environmental Studies
▪ Major in Physical Geography (correspondence)

1980-1982 Kelsey Institute of Applied Arts and Sciences
▪ Renewable Resources Technology
▪ Major in Forest Fire Control

1974-1979 University of Winnipeg
▪ Bachelor of Arts
▪ Major in History and Psychology
▪ Minor in Sociology

Additional Training

Teams in Action	Working with People
Effective Performance Management	Practical Supervision
Time Management	Crisis Communications
Conservation and Resource Management	Effective Presentations
Effective Writing	Environmental Courses
Environmental Land Management	Staff Relations
Financial Management	Instructor's Training Course
Basic Supervision	Incident Command System
Part 195 Liquid Pipelines Seminar	Corrective Action Bargaining
CPR/First Aid	Pipeline Economics & Mgmt (NW Univ)
HAZWOPER	OSHA Training
Defensive Driving	Banff School of Mgmt
Increasing Human Effectiveness	API Security Vulnerability Assessment
Executive Enterprises Corrective Bargaining	Industrial Electricity I & II
Driver Attitude	Strategic Negotiation for Managers
PTAC Safety Seminar	Incident Investigation
Aboriginal Affairs Training	
Process Safety Institute Certified Compliance Auditing	

Other Relevant Information

- Presented paper "An Enhanced Public Official Visitation Program", Minnesota Office of Pipeline Safety Spring Conference, Brainerd, MN, 1998.
- Presented Paper "A Case Study of Two Pipeline Incidents in Northern Minnesota", Minnesota Office of Pipeline Safety Conference, Brainerd, MN, in 1998, and API/NEB Awareness 2000 Conference, Niagara Falls, Ontario, 2000.
- Presented paper "Effective Soil Conservation Methods During Major Pipeline Construction in Western Canada" Canadian and Reclamation Conference, 1988.
- Guest Lecturer – University of Alberta – Physical Geography – Northern Pipeline Issues.
- Conference Presenter "Northern Pipeline Environmental Challenges" – ECOBIEN 90 – Sochi, U.S.S.R.
- Instructor – Petroleum Industry Training Service – On Scene Commander Course.
- Presented Paper – "Environmental Protection Procedures for Linear Facilities", National Transportation Research Forum – 1989.
- Presented Paper – "Oil Spill Planning for Pipelines" International Oil Spill Conference, San Diego, California – 1989.
- Participant – Beaufort Regional Environmental Advisory Group, Inuvik, N.W.T. – 1990.
- Projects
 - Norman Wells Pipeline Project
 - Line One Replacement
 - Debottlenecking
 - St. Lawrence Pipeline
 - Capacity Expansion Project*
 - Phase III Expansion
 - NGL Storage Facility
 - Regional Biomediation Facilities
 - Intercoastal Pipeline Project*
 - Trans Equador Pipeline Project

- Columbia Pipeline Project
- Terrace Expansion
- Line 9 Reversal

- Harbin Gas Pipeline Project
 - Line 8 Conversion
- *Testified at National Energy Board Hearing

- Prepared and implemented numerous in-house courses: topsoil conservation, oil spill containment and recovery, waste management, land reclamation, etc.
- Numerous Due Diligence and acquisition projects.

Memberships and Affiliations

- Former Member, N.W.T. Water Board Technical Advisory Committee
- Former Member, Canadian Land Reclamation Association
- Canadian Petroleum Association
 - Secretary, Pipeline Environment Sub-Committee
 - Member, Frontier Environment Committee
 - Member, PROSCARAC R & D Committee
 - Member, Steering Committee, Area B Coop
 - Chairman, TFOSP Equipment Sub-Committee
 - Canadian Environmental Assessment Task Force
 - Chairman, Pipeline Environment Committee
 - Director, PROSCARAC Inc.
- Canadian Energy Pipeline Association
 - Member, Safety and Environment Committee
 - Chairman, Pipeline Environment Committee
- Canadian Pipeline Water Crossing Committee
 - Member and Conference Master of Ceremonies
 - Co-Chairman and Master of Ceremonies
- Conference Board of Canada
 - Member, Environmental Management Council
- Board of Directors – Beltrami Red Cross, 2000
- Board of Directors – Kitchi Gammi Regional Library, 1999
- API Security Committee
- Board of Directors – Strathcona Industrial Association
- Board of Directors – Regional Issues Working Group
- Account Executive – United Way
- Volunteer – Youth Emergency Shelter
- Chair – Enbridge Pipelines Maintenance Technical Committee