

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

IN THE MATTER OF THE APPLICATION ) HP 09-001  
BY TRANSCANADA KEYSTONE PIPELINE, )  
LP FOR A PERMIT UNDER THE SOUTH )  
DAKOTA ENERGY CONVERSION AND ) **DIRECT TESTIMONY OF**  
TRANSMISSION FACILITIES ACT TO ) **STEVE HICKS**  
CONSTRUCT THE KEYSTONE XL PIPELINE )  
PROJECT )

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

Answer: My name is Steve Hicks. My business address is 7505 NW Tiffany Springs Parkway, Northpointe Circle I, Kansas City, Missouri 64153.

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

Answer: I am employed by TransCanada as Manager for the US portion of the Steele City Segment of the Keystone XL Project (Project).

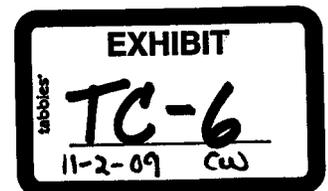
**3. Please state your professional qualifications.**

Answer: I have over 25 years of experience leading private and publicly-held companies in the pipeline construction, energy, and electric utility industries.

**4. Have you provided a resume?**

Answer: Yes, my resume and a list of representative projects is provided as Exhibit A of my testimony.

**5. What are your responsibilities on the Keystone XL Project?**



**Answer:** I have overall management responsibilities for all aspects of the Project, including construction management, land acquisition, engineering, surveying, and safety for the US-Steele City Segment of the Project.

**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.

**7. For which portions of Keystone's application are you responsible?**

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

- Section 1.4 – Project Schedule;
- Section 2.2.4 – Land Requirements;
- Section 2.2.5 – General Construction Procedures;
- Section 2.2.6 – Special Construction Procedures;
- Table 4 – Impact Summary Table;
- Section 5.3.4 – Soils;
- Section 5.3.5 – Erosion and Sedimentation;
- Section 5.3.6 – Seismic, Subsidence, and Slope Stability Risks;
- Section 5.4.1 – Surface Water Drainage;
- Section 5.4.3.1 –Hydrostatic Testing;
- Section 5.4.3.2 – Spill Prevention (Construction);
- Section 5.5.1.2 – Noxious Weeds;
- Section 5.6.1 – Wetlands;
- Section 5.6.2.1 – Potential Construction Impacts (Stream Crossing Methodology; Hydrostatic Testing);
- Section 5.7.4 – Local Land Use Controls;
- Section 5.8 – Water Quality and Uses;
- Section 5.9 – Air Quality;
- Section 5.10 – Solid Wastes;
- Section 6.1.1 – Employment/Labor Market, and all its subsections;
- Section 6.1.2 – Agriculture, and all its subsections;
- Section 6.2.1 – Housing;

- Section 6.2.3 – Sewer and Water;
- Section 6.2.4 – Solid Waste Management;
- Section 6.2.5 – Transportation;
- Section 6.3.1 – Health Services and Facilities;
- Section 6.3.2 – Schools;
- Section 6.3.3 – Recreation;
- Section 6.3.4 – Public Safety;
- Section 6.5.1 – Population and Demographics;
- Section 6.5.2 – Protection of Human Health and Safety;
- Section 7.1.2 – Environmental Inspection;
- Exhibit B – The Construction Mitigation and Reclamation Plan; and
- Exhibit C – Preliminary Site-specific Crossing Plans.

**8. Could you briefly summarize the information in Section 1.4 – Project Schedule?**

Answer: Section 1.4 describes the schedule for the execution of the Project in South Dakota. Keystone proposes to commence construction of the Project in South Dakota in 2011 and to complete construction in 2012.

**9. Could you briefly summarize the information that you are responsible for in Section 2.2.4 – Land Requirements?**

Answer: I am responsible for the land requirements for the construction and operation of the project.

**10. Could you briefly summarize Section 2.2.5 – General Construction Procedures?**

Answer: Section 2.2.5 describes the general procedures for construction of the Project in South Dakota. Prior to starting construction, Keystone will finalize engineering surveys of the centerline and extra workspaces and substantially complete the acquisition of easements, as well as any property that it is necessary to acquire in fee. To manage

and mitigate construction impacts, Keystone will implement its Construction, Mitigation, and Reclamation Plan (CMR Plan), which is attached to Keystone's application as Exhibit B of the application. The CMR Plan contains construction and mitigation procedures that will be used throughout the project. Construction will proceed as a moving assembly line called a "spread." The construction process will consist of a series of activities including survey and staking of the ROW, clearing and grading, trenching, pipe stringing, bending, welding, lowering in, backfilling, hydrostatic testing, and cleanup.

**11. Could you briefly summarize the information that you are responsible for in Section 2.2.6 – Special Construction Procedures?**

Answer: In addition to standard pipeline construction methods described in Section 2.2.5, Section 2.2.6 discusses the special construction techniques that Keystone will use where warranted by site-specific conditions. Special construction techniques will be used when constructing across paved roads, highways, railroads, waterbodies, wetlands, and sand hill areas. Additional details of the special construction techniques are found in the CMR Plan.

**12. Could you briefly summarize the information that you are responsible for in Table 4 – Impact Summary Table?**

Answer: Table 4 summarizes the impacts of the Project on various resources in the State. I am responsible for the following items within Table 4:

- Soils (slope stability, CMR Plan);
- Water Resources (crossing methods, hydrostatic testing, CMR Plan);
- Vegetation (CMR Plan);

- Wildlife Resources (CMR Plan);
- Aquatic Resources (CMR Plan);
- Sensitive Species (CMR Plan);
- Land Use (CMR Plan);
- Socioeconomic Conditions (construction activities); and
- Public Health and Safety (construction activities).

**13. Could you briefly summarize the information that you are responsible for in Section 5.3.4 – Soils?**

Answer: Section 5.3.4 summarizes the soil types crossed by the Project. If not properly addressed by soil stabilization and proper topsoil handling procedures, construction activities can cause soil compaction and rutting. The CMR Plan identifies construction procedures to minimize impacts to soils. Keystone plans to minimize or mitigate potential impacts to soils by implementing the soil protection measures identified in the CMR Plan. These measures include procedures for segregating and replacing topsoil, trench backfilling, relieving areas compacted by heavy equipment, removing surface rock fragments, and implementing water and wind erosion control practices.

The CMR Plan also addressed procedures to address the potential discovery of preexisting contaminated soils during construction.

**14. Could you briefly summarize the information that you are responsible for in Section 5.3.5 – Erosion and Sedimentation?**

Answer: Section 5.3.5 discusses soils that are particularly sensitive to erosion and sedimentation. Potential impacts to these soils during construction will be minimized or mitigated by the soil protection measures identified in the CMR Plan, including procedures for implementing water and wind erosion control practices.

**15. Could you briefly summarize the information that you are responsible for in Section 5.3.6 – Seismic, Subsidence, and Slope Stability Risks?**

Answer: This section discusses areas along the Project that are prone to ground motion hazards, including seismicity, subsidence, and slope instability. The route does not cross identified active faults or areas where ground subsidence or karst hazards exist. Keystone has identified certain areas along the route where geologic conditions can cause ground movement, such as ground swelling, slope instability. In these areas, Keystone will conduct appropriate pre-construction site assessments and design facilities to account for various ground motion hazards as required by federal regulations.

**16. Could you briefly summarize the information that you are responsible for in Section 5.4.1 – Surface Water Drainage?**

Answer: Section 5.4.1 discusses potential construction impacts related to waterbody crossings. Keystone plans to use horizontal directional drilling (HDD) at three crossings in South Dakota (Little Missouri, Cheyenne, and White rivers). Since HDD does not involve any intended direct contact with the waterbody, channel bed, or banks, no impact is expected at these crossings. Keystone proposes to cross the remaining streams by the open cut method. At open cut wet crossings, the extent of increased suspended solids concentrations and downstream sedimentation impacts will depend on the flow conditions at the time of construction South Dakota PUC Application 43 February 2009 and the channel substrate. Measures related to managing spoil, timing, access, and equipment are included in the CMR Plan.

During construction, runoff and the resulting erosion of lands adjacent to waterbodies can lead to the introduction of solids into suspension and the deposition of sediment in-stream. The CMR Plan includes extensive procedures to limit the extent of disturbed land adjacent to waterbodies, to control erosion, and methods to prevent sediments from entering waterbodies or wetlands.

**17. Could you briefly summarize the information that you are responsible for in Section 5.4.3.1 – Hydrostatic Testing?**

Answer: Section 5.4.3.1 summarizes information related to water used during construction for hydrostatic testing and for dust control. Hydrostatic test water withdrawals from surface waterbodies will be made at controlled rates and with equipment that will minimize impacts on stream beds and aquatic life. The water is likely to be withdrawn from water sources during summer and fall months. Keystone will coordinate with federal and South Dakota agencies to further identify such water sources and seasonal concerns. Water withdrawals will occur from the streams or rivers designated for hydrostatic test water in accordance with withdrawal permits.

**18. Could you briefly summarize the information that you are responsible for in Section 5.4.3.2 – Spill Prevention (Construction)?**

Answer: This section discusses spill prevention of fuel and lubricants used during construction. Keystone will adhere to its Spill Prevention, Control, and Countermeasure (SPCC) procedures that are described in the CMR Plan. The SPCC procedures will be implemented in compliance with 40 CFR 112 (for oil spills) and corresponding state regulations.

**19. Could you briefly summarize the information that you are responsible for in Section 5.5.1.2 – Noxious Weeds?**

Answer: Section 5.5.1.2 describes noxious weeds that may occur within the Project's footprint. I am responsible for matters related to preventing the spread of noxious weeds during construction, including implementation of the weed control procedures in the CMR Plan.

**20. Could you briefly summarize the information that you are responsible for in Section 5.6.1 – Wetlands?**

Answer: Section 5.6.1 describes the mitigative measures to be implemented during construction related to crossing wetlands. Keystone will implement specific procedures as outlined in the CMR Plan to minimize and mitigate impacts to wetlands. All work shall be conducted in accordance with applicable permits.

**21. Could you briefly summarize the information that you are responsible for in Section 5.6.2.1 – Potential Construction Impacts (Stream Crossing Methodology; Hydrostatic Testing)?**

Answer: This section discusses the mitigative measures described in the CMR Plan to be implemented during construction related to crossing waterbodies and for sourcing and disposal of water for hydrostatic testing.

**22. Could you briefly summarize the information that you are responsible for in Section 5.7.4 – Local Land Use Controls?**

**Answer:** Section 5.7.4 indicates that the majority of the route in South Dakota is used for agricultural land uses.

**23. Could you briefly summarize the information that you are responsible for in Section 5.8 – Water Quality and Uses?**

**Answer:** I am responsible for the portions of Section 5.8 that relate to the use of water for hydrostatic testing and for dust control during construction. The general discharge permit for hydrostatic test water discharges will impose pollutant limits on those discharges that will be protective of the designated uses of the receiving waterbodies. In addition, construction methods for stream crossings (detailed in the CMR Plan) also will protect those streams and water bodies from exceedances of water quality standards.

**24. Could you briefly summarize the information that you are responsible for in Section 5.9 – Air Quality?**

**Answer:** Section 5.9 states that the construction of the pipeline, pump stations, and other ancillary facilities will require the use of mobile sources of emissions, such as commuter vehicles and construction equipment. Keystone will limit dust impacts in residential and commercial areas adjacent to pipeline construction by utilizing dust minimization techniques (primarily watering disturbed surfaces) in accordance with the CMR Plan. Wind-generated dust after construction will be controlled using land surface reclamation measures outlined in the CMR Plan.

**25. Could you briefly summarize the information that you are responsible for in Section 5.10 – Solid Wastes?**

**Answer:** Section 5.10 discusses the types of solid wastes that may be generated by the construction of the Project. Keystone will ensure that solid wastes are handled and dispose of properly.

**26. Could you briefly summarize Section 6.1.1 – Employment/Labor Market?**

**Answer:** This section generally discusses the overall pipeline construction labor force; overall labor resourcing during construction and the construction payroll by labor category; benefits to the local economy resulting from construction activity; and the potential for hiring local labor for construction.

A limited number of contract employees will be required for maintenance activities and emergency response. The total number of permanent employees will not result in significant additions to the total workforce of the region.

**27. Could you briefly summarize the information that you are responsible for in Section 6.1.2 – Agriculture?**

**Answer:** This section addresses construction methods set forth in the CMR Plan with respect to pastureland and rangeland; croplands; and irrigated land. Keystone will implement mitigation measures included in the CMR Plan to minimize impacts on agriculture productivity. Reclamation and revegetation will be in accordance with applicable ROW agreements. Temporary losses due to crop disturbance will be compensated.

Impacts to land uses during operations will be limited. Maintenance activities would not be significant because disturbances would be isolated, short-term, and infrequent. The primary long-term impact is the prohibition of permanent structures (e.g.,

homes, barns) within the 50-foot permanent ROW. The majority of existing land uses for croplands would not be affected.

**28. Could you briefly summarize in Section 6.2.1 – Housing?**

**Answer:** Section 6.2.1 discusses labor housing during construction. During the peak construction months between May and August, there will be up to approximately 2,000 pipeline construction workers in South Dakota, working on three separate construction spreads. It is anticipated that most of the temporary workers will seek housing in the more populated, service-oriented towns located within a reasonable commuting distance to the work site. Given the total number of available temporary housing units, there should be adequate housing for the Project's work force. Due to the limited number of permanent employees required for operations, no significant effects on housing are anticipated during operation of the Project.

**29. Could you briefly summarize in Section 6.2.3 – Sewer and Water?**

**Answer:** Section 6.2.3 states that there will be increased utilization of water and sewage facilities due to the pipeline construction offices and influx of temporary construction workers. However, no significant effects to sewer and water facilities are anticipated during the construction or operation of the Project.

**30. Could you briefly summarize Section 6.2.4 – Solid Waste Management?**

**Answer:** As discussed in Section 5.10, there will be increased, temporary utilization of solid waste management facilities due to the pipeline construction offices and influx of temporary construction workers utilizing local lodging and services and solid wastes from pipeline construction. Keystone will ensure that solid wastes are

handled and dispose of properly. Construction of the Project will not result in significantly effects to communities' solid waste services. No affect on solid waste management is anticipated during operation of the Project.

**31. Could you briefly summarize Section 6.2.5 – Transportation?**

Answer: This section discusses road use and maintenance during construction. Prior to construction, access roads to be utilized during construction will be identified as necessary to support state and local permitting. Keystone expects local road permitting to be conducted at the county and township level. Keystone has initiated contacts with local permitting authorities for the purpose of establishing timelines for road approvals. During construction, traffic on highways and secondary roads will increase due to construction activities and the influx of construction workers. The primary impact will be deterioration of gravel or stone surfaced roads requiring grading and/or replenishment of the surface materials. Keystone will be responsible for repairing damage to roads and restoring them to pre-construction condition or better. No effect on transportation is anticipated during operation of the Project.

**32. Could you briefly summarize Section 6.3.1 – Health Services and Facilities?**

Answer: This section indicates that use of local health services and facilities during construction will be limited. Consequently, the impact to the local health care facilities as a result of this Project will be minor. Due to the limited number of employees required for operations, no effect on health services and facilities is anticipated during operation of the Project.

**33. Could you briefly summarize Section 6.3.2 – Schools?**

**Answer:** This section indicates that most workers do not travel with their families or enroll their children in the local schools. Because of this limited potential for new students, local schools should be capable of providing more than adequate opportunities and accommodations for any new students. Due to the limited number of employees required for operations, no effect on schools is anticipated during operation of the Project.

**34. Could you briefly summarize the information that you are responsible for in Section 6.3.3 – Recreation?**

**Answer:** This section indicates that the construction and operation of the Project will not result in significant effects to recreational in South Dakota.

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

**Answer:** In this section, public safety during construction is discussed. Law enforcement agencies in the communities adjacent to the Project will not experience a significant impact from the pipeline workers. Local law enforcement agencies should have adequate full and part-time law enforcement officers to accommodate the additional labor personnel as a result of the Project although the Project may result in a minor short-term increase in workloads for those agencies. During construction, response times to highway or construction-related accidents may be lengthy given communication, dispatch, and travel time considerations. In these areas, it may be necessary to provide on-site first responder services; however, Keystone will work with the local law

enforcement, fire departments, and emergency medical services to determine the best course of action and coordinate for effective emergency response.

**36. Could you briefly summarize the information that you are responsible for in Section 6.5.1 – Population and Demographics?**

**Answer:** This section addresses the impact of the temporary change in local demographics due to the presence of the construction and operations labor forces.

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

**Answer:** As discussed in previous sections of the application, Keystone would implement its CMR Plan, which includes a number of precautions for protecting human health and safety. Keystone and its contractors will be safety trained and will implement the SPCC Plan to reduce the likelihood and impacts of an accidental spill during construction.

**38. Could you briefly summarize the information in Section 7.1.2 – Environmental Inspection?**

**Answer:** This section addresses environmental inspection resourcing during construction, which will ensure that all permitting requirements are satisfied.

**39. Could you briefly summarize the information that you are responsible for in Exhibit B of the application?**

**Answer:** Yes, I am responsible for the CMR Plan.

**40. Could you briefly summarize the information that you are responsible for in Exhibit C of the application?**

Answer: Yes, Witness Richard Gale and I are responsible for the Preliminary Site-specific Crossing Plans.

**41. Based on your testimony above, do you have an opinion as to whether, taking into account the mitigative practices and techniques described above, the construction of the Project would pose a threat of serious injury to the environment nor to the social and economic condition of inhabitants or expected inhabitants in the siting area?**

Answer: Yes, in my opinion, taking into account the mitigative practices and techniques described above, and set forth in the CMR Plan, the construction of the project would not pose a threat of serious injury to the environment nor to the social and economic condition of inhabitants or expected inhabitants in the siting area.

**42. Are you responsible for those portions of the updated application that Keystone submitted in response to a Staff Data Request on August 21, 2009, that deal with construction camps?**

Answer: Yes, I am responsible for the discussion of construction camps at Sections 2.2.4, 6.2.1, 6.2.2, and 6.2.3 of the updated application.

**43. Could you briefly summarize the information provided in the updated application on construction camps?**

Answer: As discussed in the updated application, some areas of the Project in South Dakota lack adequate temporary housing. In these remote locations, Keystone has determined that it needs two temporary construction camps, to be located near Union Center and Winner. The camp sites will be approximately 80 acres in size, of which 30 acres will be used as a contractor yard and 50 acres will be used as the camp site. Each camp will be sized to accommodate approximately 600 people. The camps will be permitted, constructed, and operated in compliance with all applicable regulations, as summarized in Table 5 of the updated application. Each camp site will be restored after completion of construction. As discussed in Sections 6.2.1, 6.2.2, and 6.2.3 of the updated application, Keystone will work with local officials, local power providers, and local utilities to address the adequacy of local infrastructure in these locations.

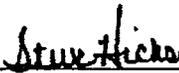
**44. Do you adopt the sections of the application identified above as your testimony in this case?**

Answer: Yes, with the caveat that some sections are the joint responsibility of myself and other witnesses.

**45. Does this complete your prepared direct testimony?**

Yes, it does.

Dated this 16 day of October, 2009.

  
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Steve Hicks