

# DAILY COMMERCIAL NEWS

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## Fargo intervenes in pipeline route plan

Delay could add US\$100 million to TransCanada's project costs

BISMARCK, ND

North Dakota's Public Service Commission has agreed to reopen public comment about the location of a proposed oil pipeline to help move oil from Alberta to Oklahoma.

A two-day hearing, set to begin Nov. 27 in the commission's state capitol hearing room, was set up after commissioners agreed to allow Fargo to formally intervene in the Keystone pipeline siting case.

Fargo officials say they are worried the pipeline could pollute major local lakes if it leaks. The city relies on the river and lake for its drinking water. The pipeline's developers say Fargo's fears are unwarranted.

As planned, the pipeline's route through eastern North Dakota comes close to waterbodies in several places.

The pipeline is being developed by a unit of TransCanada Corp of Calgary.

Commissioners Tony Clark and Kevin Cramer supported Fargo's intervention. The commission's president, Susan Wefald, did not, arguing that Fargo could make its case against the pipeline's location without being allowed to intervene in the case.

"A political subdivision wishing to intervene, and put evidence on the record regarding a specific drinking water concern, is the very definition of good cause," Clark said during a commission meeting Wednesday.

The Keystone pipeline is designed to carry crude oil from Alberta to Illinois and Oklahoma. It is meant to supply at least 435,000 barrels of Canadian crude each day to refineries in the Midwestern United States.

Four days of public hearings about the pipeline's route wrapped up in September. Company officials say Fargo's pollution concerns were addressed at the hearings.

The PSC's delay could put off completion of the North Dakota segment of the pipeline until 2009, and add US\$65 million to US\$100 million to its cost, said Robert Jones, a project vice-president.

Jeff Rauh, a Keystone spokesman, said the company "looks forward to the opportunity to present, again, issues that relate to the safety of this pipeline, as it addresses Fargo's concerns."

"We remain concerned about the decisions made by the commission, especially the open-ended nature of these decisions," Rauh said.

TransCanada wants to begin using the pipeline for oil deliveries to Illinois refineries in late 2009, and to begin deliveries to Cushing, Okla., the following year. The pipeline is expected to stretch for nearly 3,500 kilometres and cost US\$5.2 billion to build.

The Public Service Commission allows people or organizations with an interest in a particular case to intervene. Typically, this is done at the beginning of the commission's review process.

The Keystone case has seven "interveners" — the Dakota Resource Council, an environmental group based in Dickinson, and six affected landowners.

Any member of the public may submit comments about a pending case, but interveners have additional



Anderson Exhibit # 16

rights. They are notified about filings in the case and may subpoena information. They take part in formal hearings, and may question witnesses.

Clark and Cramer said they considered TransCanada's estimate of US\$100 million in added pipeline construction costs in making their decision. "It still ought to be our goal to get this done as quickly as possible within the context of this new order, and still be able to get the company in construction next spring," if the commission approves the project, Cramer said.

Clark said the added cost is "a factor we have to take into consideration."

The Public Service Commission concluded May 2 that TransCanada's application to build the pipeline was complete, which set the stage for later hearings.

North Dakota law normally allows six months for the commission to decide whether to approve a pipeline project, though the deadline may be extended. The six months began May 2.

The commission has already extended the deadline from Nov. 2 to Dec. 12, and commissioners say it will be difficult to meet the Dec. 12 deadline.

Associated Press

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