



EAST RIVER

ELECTRIC POWER COOPERATIVE

121 Southeast First St.
Madison, SD 57042

P.O. Box 227
Telephone (605) 256-4536

October 31, 2007

To Whom It May Concern:

I am the General Counsel for East River Electric Power Cooperative, Inc.

Enclosed/attached please find the Direct Testimony of James O. Edwards, Jr., on behalf of East River.

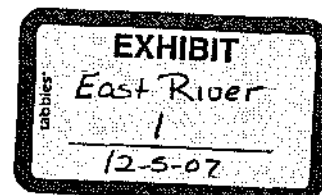
Please contact me if you have any questions.

Sincerely,

Robert K. Sahr
General Counsel

RKS/sl

Enc.



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 PIPELINE)
PROJECT)

HP07-001

**DIRECT TESTIMONY OF
JAMES O. EDWARDS, JR.**

Q: Please state your name, title, and business address.

A: My name is James O. Edwards, Jr. I am the Assistant General Manager of Operations of East River Power Cooperative, Inc. ("East River"). My business address is 121 SE First Street, P.O. Box 227, Madison, South Dakota 57042.

Q: What is your educational background and professional experience?

A: I received a Bachelor of Science degree in Electrical Engineering, with emphasis in Power Systems, from South Dakota State University, Brookings, South Dakota, in 1982. I received a Masters of Engineering degree from the University of Colorado, Boulder, Colorado, in 1989. From 1983 to 1985, I was employed by the Southwestern Public Service Company ("SPSC") as a District Distribution Engineer. My responsibilities included designing, specifying, and overseeing the installation of overhead and underground electrical distribution systems and equipment. From 1985 to 1988, I was an Industrial Power Engineer for SPSC and my responsibilities included assisting large utility industrial and commercial customers with the design, specification, and installation of electrical systems, metering, and energy management systems. From 1988 to 1989, I was a Supervisory Controls Engineer for a subsidiary of SPSC and my responsibilities included designing control systems for electrical generating plants. From 1989 to 1994, I was a Principal Engineer employed by General Physics Corporation. My responsibilities included providing technical consulting services to electrical utilities on power system operations and maintenance. From 1994 to 1998, I was the District Superintendent employed by the Oregon Trail Electric Consumers Cooperative. My responsibilities included supervising the operation, construction, and maintenance of the distribution

systems, transmission systems, and substations for two of the cooperative's four districts. From 1998 to the present, I have been employed by East River as the Assistant General Manager of Operations. I am a registered Professional Electrical Engineer in South Dakota, Maryland, New Mexico, Oregon, and Texas. I have provided testimony before the South Dakota Public Utilities Commission and before the United States Federal Energy Regulatory Commission.

Q. Please describe your present responsibilities.

A. As Assistant General Manager of Operations, I am responsible for managing the Operations Division which is comprised of Engineering, Transmission, Substation, Dispatch, and Telecommunications Departments. I am responsible for overseeing the safe and reliable operation of East River's transmission, telecommunications, and control systems.

Q: Please tell us about East River.

A: East River is a wholesale electric power supply cooperative serving 20 rural electric cooperatives and one municipally-owned electric system, which in turn serve more than 86,000 homes and businesses and about 250,000 consumers. Our 36,000 square mile service area covers the rural areas of 41 counties in eastern South Dakota and nine counties in western Minnesota. To serve our member systems, East River owns and operates an extensive transmission system which includes over 2,600 miles of transmission lines and 215 substations.

Q: What role will East River and its member play in the Keystone Pipeline?

A: East River will provide the needed facilities and wholesale electric power supply to enable four of its member cooperatives--Lake Region Electric Association, Inc.; Dakota Energy Cooperative, Inc.; Central Electric Cooperative, Inc.; and Southeastern Electric Cooperative, Inc.--to serve the electricity needs of the four Keystone Pipeline pump stations to be located in South Dakota.

Lake Region is based in Webster, South Dakota, and serves 2,450 members. Dakota Energy is based in Huron, South Dakota, and serves 2,239 members. Central Electric is based in Mitchell, South Dakota, and serves 4,764 members. Southeastern Electric is based in Marion, South Dakota, and serves 11,300 members.

Q: What are your general thoughts regarding the proposed Keystone Pipeline?

A: The Keystone Pipeline will bring benefits to the State of South Dakota and to the school districts, counties, and communities through which it will pass. The project will also be an important piece of our nation's energy infrastructure and lead to greater energy security and independence as the crude oil pipeline is estimated to provide a sizable portion of our nation's petroleum needs. The Keystone Pipeline is a rare opportunity to mitigate the tremendous cost of our reliance on overseas oil supplies. As such, East River and its member systems believe this is precisely the type of project that our state and nation should support.

Q: Please discuss the following standard:

49-41B-22. Applicant's burden of proof The applicant has the burden of proof to establish that:

- (1) The proposed facility will comply with all applicable laws and rules;*
- (2) The facility will 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;*
- (3) The facility will not substantially impair the health, safety, or welfare of the inhabitants; and*
- (4) The facility will not unduly interfere with the orderly development of the region with due consideration having been given the views of governing bodies of affected local units of government.*

A: As stated in my previous response, we see significant benefits from the Keystone Pipeline. SDCL 49-41B-22 sets forth important criteria for the Commission to consider. We believe, when one applies these statutory standards, the pipeline not only meets the standards but furthermore supplies a positive impact to each of the categories.

The project will produce significant economic value during construction, and, in the long term, communities along the route will derive substantial financial benefits from the increased tax revenues. This will positively affect the criteria listed in 49-41B-22 (2), (3) and (4).

The pipeline will be located underground, and this should mitigate many safety concerns. An underground facility also should have little, if any, impact on the inhabitants, local communities, and the development of the region. Our research indicates TransCanada has an excellent environmental and safety track record.

TransCanada will pay landowners for easements and crop loss and return the land as closely as possible to its previous form. The project will have almost no impact on future agricultural use of the land. We expect that on much of the route, after a very short period of time, it will be difficult to ascertain where the pipe lies.

TransCanada's filing calls for four pumping stations in South Dakota. From our review of the plans, it appears these sites and other above ground facilities will have minimal impact on the local areas.

It should be noted that other pipelines currently exist and operate safely in our state on a daily basis. These pipelines help us meet the needs of society, contribute to the tax rolls of our governments, and peacefully coexist with farmers, ranchers, communities, businesses, and even other pipelines. All indications are that the Keystone Pipeline will harmoniously exist in a similar manner.

While we urge TransCanada to negotiate fairly with landowners and to treat landowners respectfully, it would be impossible to build any piece of infrastructure spanning the state without encountering some level of landowner discontent. Society constructs roads, airports, water pipelines, and a myriad of other projects for the public good. And, understandably, some affected people may not support a particular project, others may oppose the project's proposed design, and others may believe they should receive greater compensation from the project.

It is our understanding that the Keystone Pipeline's route was carefully chosen. Alternative locations were considered. Modifications were made to the current route.

TransCanada ultimately selected a pathway that would have a minimal impact on South Dakota, its communities and people, and the environment.

East River will construct facilities to provide electrical service to the four oil pump stations. Like the rest of our infrastructure, these facilities will be designed to meet or exceed any safety standards and to minimize the impact on the affected areas. We will, of course, comply with all federal, state, and local laws, including siting, zoning, and environmental regulations, throughout the construction and operation of our facilities.

Finally, it is impossible to evaluate the Keystone Pipeline without considering the critical role the project will play in developing a more stable energy future for our country. Our nation is grappling with energy delivery from unstable international sources, desperately looking for new and innovative energy solutions, and focusing on growing North America's energy infrastructure. This project addresses all three issues, and, if successful, could lead to additional development of these energy resources. In light of this, it is not an overstatement to say the Keystone Pipeline will greatly increase the energy security of the United States of America and the State of South Dakota.

Q: How will the Keystone Pipeline impact East River and its members?

A: As I am sure the Commission is well aware, the last few decades have been a dynamic and challenging time in the electric utility industry. One of the ways East River and its members have met these challenges has been through the growth of large customers such as ethanol plants, other agri-business ventures, rural water systems, and a variety of businesses locating and expanding in the communities we serve. These large loads have sparked an economic revitalization in rural and small towns in South Dakota and Minnesota and have directly and indirectly benefited our electric cooperatives and their member consumers.

TransCanada and its Keystone Pipeline is one of the latest large customers to choose South Dakota as a possible location. After soliciting bids and an evaluation process, TransCanada selected Lake Region, Dakota Energy, Central Electric, and Southeastern Electric as its retail electric service providers.

The Keystone Pipeline will be an important customer for these four electric cooperatives. The project will diversify and enhance their overall customer mix. Because of its size, it

will have a similar effect on East River, and, in turn, the other members of East River. Because electric cooperatives are member-owned entities, the benefits of serving the Keystone Pipeline will ultimately flow to and be shared by South Dakotans and Minnesotans who are the member-owners of our region's rural electric cooperatives.

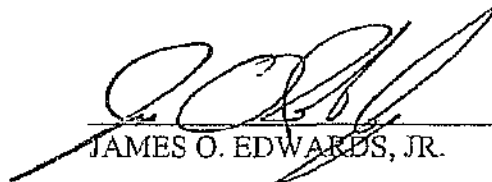
In conclusion, our nation needs more energy independence and stability. To ensure their future viability, our small towns and rural communities need to expand their economic bases and tax rolls. The Keystone Pipeline is a carefully planned project that will meet these goals and benefit our nation, state, and consumers.

We respectfully encourage the Commission to approve the application of TransCanada Keystone Pipeline, LP, to build the Keystone Pipeline.

Q: Does this conclude your testimony?

A: Yes.

Dated this 31st day of October, 2007.



JAMES O. EDWARDS, JR.