

**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.

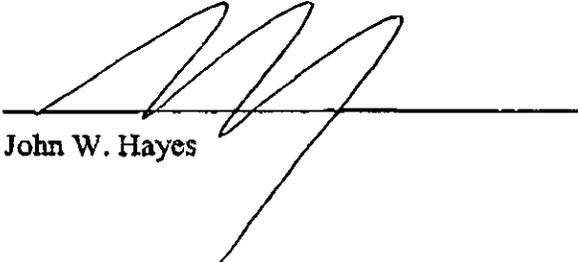
18. Do you adopt the portions of the application referenced herein as your own testimony in this matter?

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