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**From:** Debra Niemi

**Sent:** Monday, April 13, 2009 12:22 PM

**To:** xlpipelineproject@state.gov

**Cc:** Kolbeck, Steve; Hanson, Gary (PUC)

**Subject:** Transcanada's financial condition

Due to the fact that ConocoPhillips dropped (for what reason?) their financial interest 60% in the Keystone pipeline and that Transcanada's capital structure is 66% debt and 34% equity with a 0.29 debt service coverage ratio (industry average is 1.15 or higher) according to Peat Marwick's numbers as of 12.31.08, will the SD PUC guarantee or back the funding of this pipeline if Transcanada cannot get its bonds sold through HSBC (offered in January) to fund the infrastructure?

The Dept. of State's representative, Elizabeth Orlando, told me at the Buffalo scoping meeting this last week that the Dept. of State would not guarantee it as the Department of State issued the permit and it is up to the State of SD to approve it (and guarantee it?).

Debra Niemi