

Walsh, Brian

From: John Hayes [john_hayes@transcanada.com]
Sent: Monday, December 21, 2009 10:41 AM
To: Walsh, Brian
Cc: Brett Koenecke; Rob Sillner; Jim Krause; Robert Latimer; jrauh@neilpalmerllc.com
Subject: Supplemental Information

Brian, in addition to the material sent to you and your follow-up email, I have prepared a *DRAFT* document that hopefully addresses your questions.

Please contact me if you have any additional questions or comments and we can discuss.

Keystone is committed to excellence in all aspects of our Emergency Response Program and we are pleased work with your agency going forward.

Thank you and enjoy the Holiday Season.

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12/10/2010

Supplemental Information for South Dakota DENR

The document represents supplementary information to the Keystone Pipeline Emergency Response Program and as it applies to procedures for mitigating emergencies resulting from a request from Mr. Brian Walsh, South Dakota DENR. Keystone is committed to a comprehensive approach to emergency management including considering stakeholder comment.

1. Keystone Pipeline

The 2,148-mile Keystone Pipeline will transport crude oil from Hardisty, Alberta to U.S. Midwest markets at Wood River and Patoka, Illinois and eventually to Cushing, Oklahoma. The U.S. portion of the project includes construction of approximately 1,379 miles of 30" diameter pipeline and related pump stations.

The Keystone Pipeline will have an initial capacity of 435,000 barrels per day in late 2009 and will be expanded to a nominal capacity of 590,000 barrels per day in late 2010. Keystone has contracts with shippers totaling 495,000 barrels per day with an average term of 18 years.

2. Definition of an Emergency

- The following defines an emergency on the Keystone Pipeline:
 - An unforeseen or imminent event which requires:
 - A priority to protect the health, safety and welfare of the public and our employees;
 - Protection of the environment;
 - Minimizing damage to property, company operations and reputation;
 - Efficient coordination of resources including highly trained response personnel; and
 - Prompt communications and notifications.

In all cases, employee and public safety remain the top priority.

3. Keystone Emergency Response Program

A critical aspect of operating the Keystone Pipeline system is to have a comprehensive Emergency Response Program. A key component of the program includes having an Emergency Response Plan. The plan was prepared to achieve a number of goals - ensure regulatory compliance, appropriate for all key stakeholders including field operations, include all emergencies and response measures, timely internal and external notification procedures, and training requirements. In addition, the plan contains information related to worst case discharge, company owned equipment, environmental sensitivities, contract resources and public officials, and tactical control plans.

The Plan will be distributed to key internal and external stakeholders and delivered to TransCanada personnel through a secure internet portal hosted by TransCanada's emergency response provider and preparer of the plan. The plan has been submitted to the National Energy Board in Canada and the United States Department of Transportation's Pipeline and Hazardous Material Safety Administration office. The plan will be updated regularly.

The Keystone Emergency Response Plan combined with a rigorous training program, retention of and access to the industry's most knowledgeable response experts, and a state of the art pipeline integrity and maintenance program make emergency response for the Keystone Pipeline system fully endorsed at all levels within TransCanada.

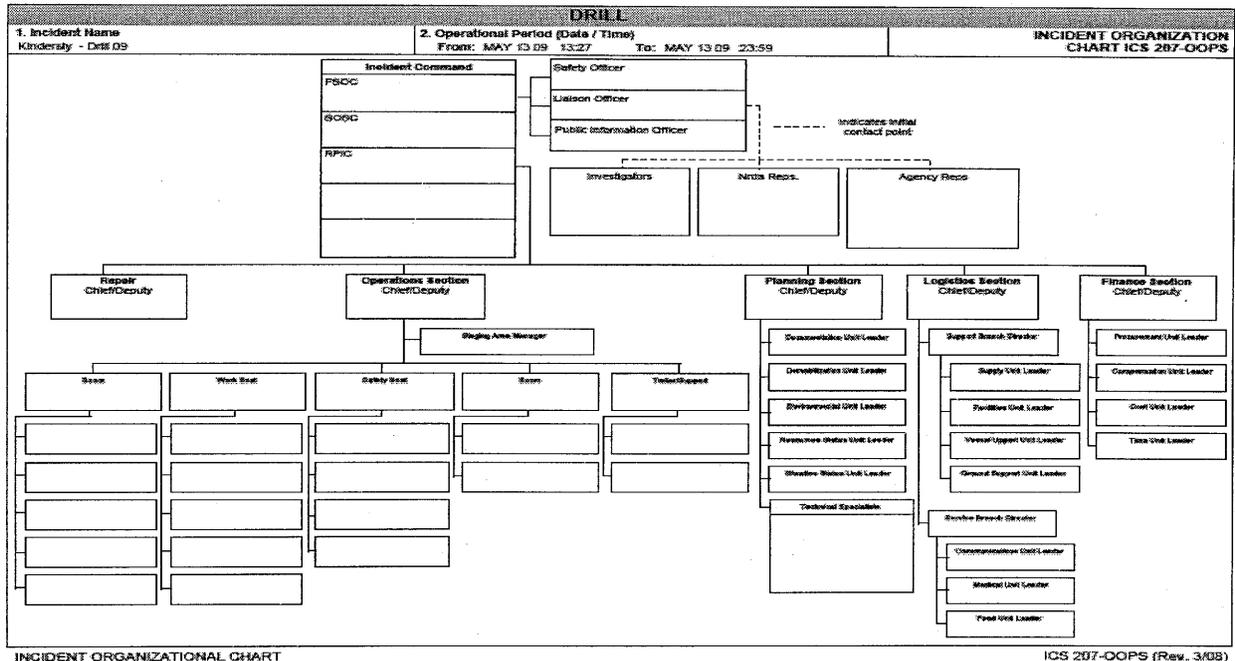
4. Initial Response Actions

Initial response actions are those taken by Keystone on call personnel immediately upon becoming aware of a discharge or emergency incident. Timely implementation of these actions is critical because they can greatly affect the overall response action. Keystone has committed to a **4 Hour response time to secure the site. This means that a Keystone on call employee will be on site in no more than 4 hours to secure the site and ensure employee and public safety.**

Note: The 24 Hour Toll free Numbers for TCPL is 1-800-447-8066

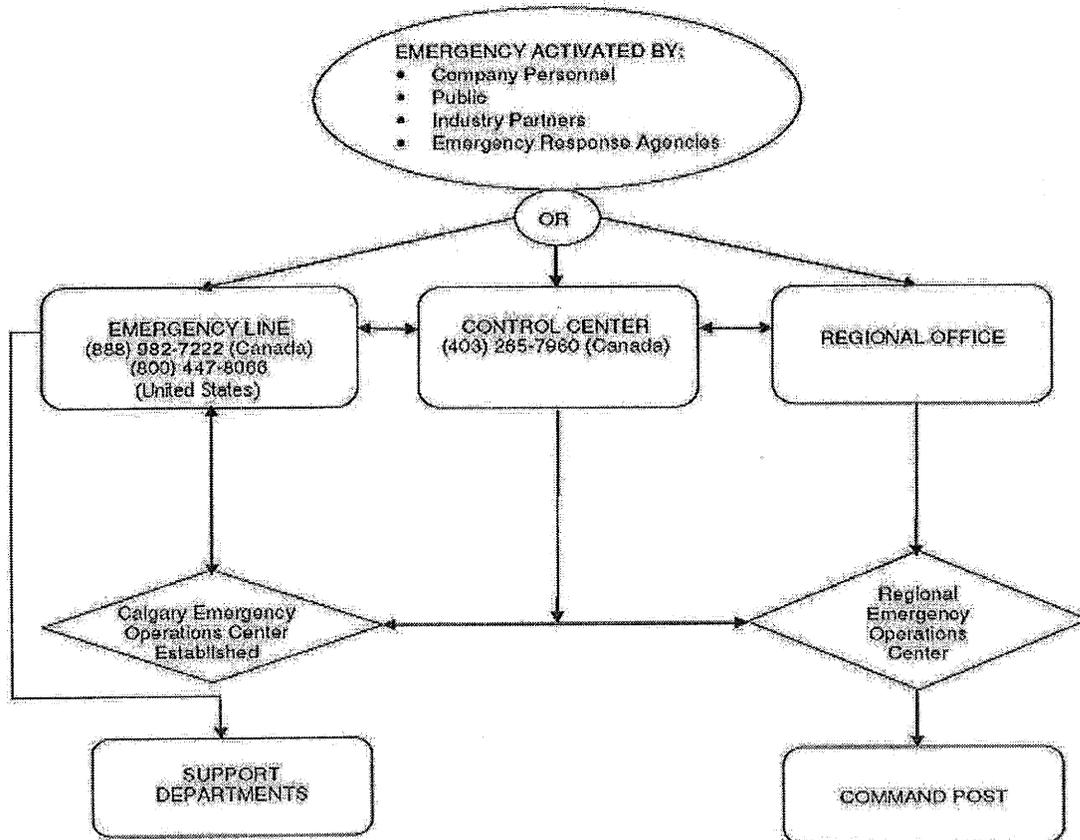
In the event of an incident, the *first person* on site shall:

1. Take appropriate personal protective measures.
2. Secure the site and protect the public.
3. Call for medical assistance (911) if an injury has occurred.
4. Notify Keystone Console and area management an incident has occurred.
5. Eliminate any possible sources of ignition in the vicinity of the spill.
6. Take any necessary fire response actions.
7. Advise personnel and public in the vicinity of the spill of potential threats and or evacuations. This includes contacting the Federal, State and Local emergency response agencies.
8. Identify/isolate the source and minimize lost product.
9. Restrict access to the site as the situation demands.
10. Verify the product types and estimate the quantity released.
11. Direct any media inquires to Company Management.
12. Established the Incident Command System/Unified Command



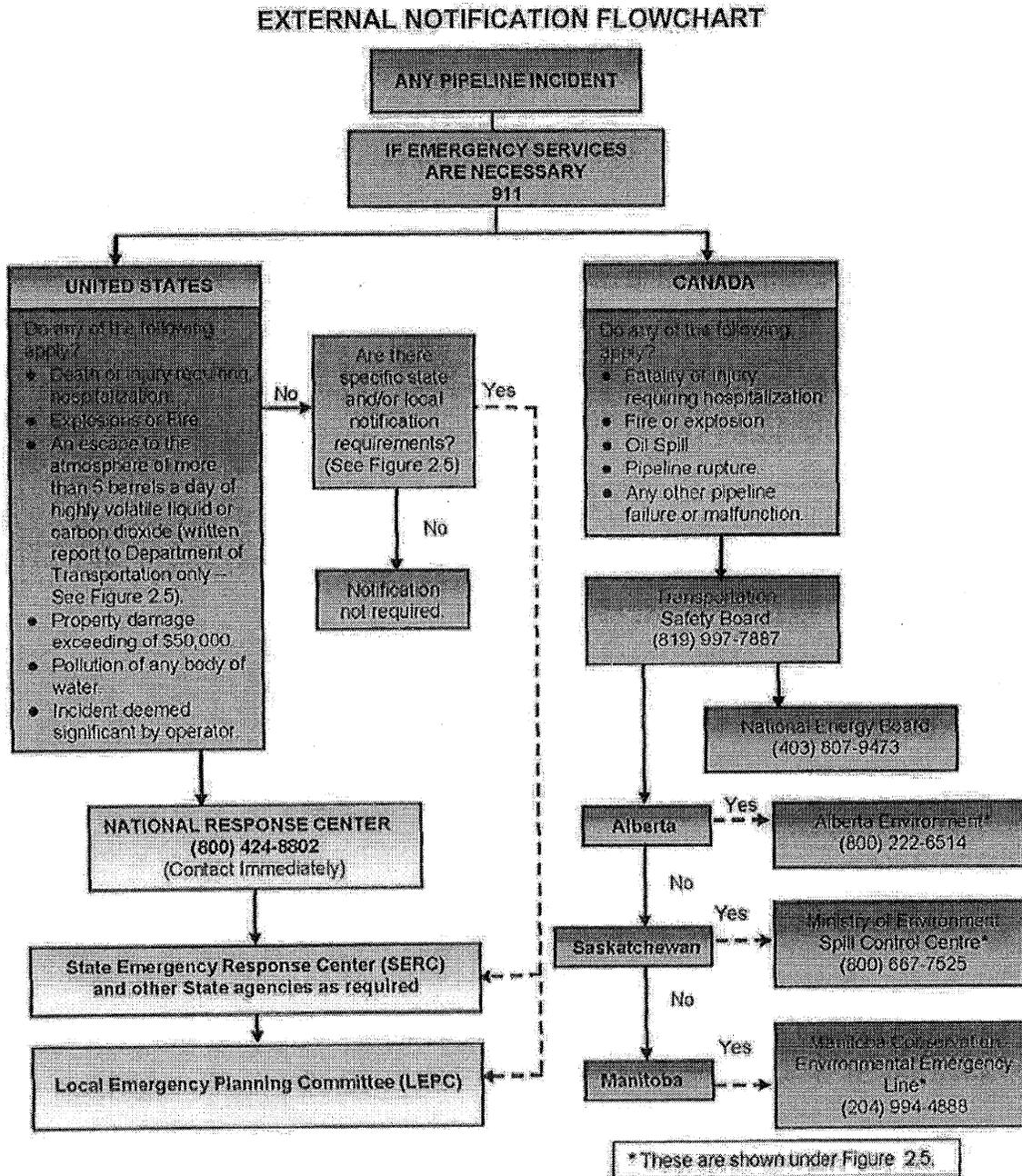
5. Notification and Reporting

Internal Notification Sequence



External Notification

External Notification is the responsibility of Keystone. The Keystone Console has several reporting responsibilities within specified timelines, to regulatory agencies based on certain criteria. The External Notification Flowchart is identified below.



South Dakota Specific Spill/Release Reporting

A responsible party must report the discharge of a regulated substance (petroleum products, pesticides, fertilizer, chemicals, solvents, heavy metals, etc) to the DENR immediately, pursuant to ARSD 74:34:01.

Reportable Quantities

- The discharge may impact surface water or ground water;
- The discharge may endanger human health or safety;
- The discharge exceeds 25 gallons;
- The discharge causes a sheen on water;
- Surface water or ground water standards are exceeded;
- The discharge may threaten wildlife or aquatic life;
- The discharge quantity meets the SARA Title III reportable quantity.

South Dakota Department and Natural Resources (DENR) should be notified during normal business hours at (605) 773-3296. Notification of a release to DENR fulfills the requirement for notification to the State Emergency Response Commission (SERC).

After Hours notification should be made to the Office of Public Safety and State Radio Communications at **(605) 773-3231**. The duty officer for the Office of Public Safety will notify all appropriate state agencies such as DENR, Dept of Transportation, Highway Patrol, Game Fish and Parks, etc. The Duty Officer for the Office of Public Safety will communicate directly with the appropriate County Emergency Manager. The County Emergency Manager is the primary point of contact for the Local Emergency Planning Committee (LEPC). Notification of reportable releases can be made directly to the County Emergency Manager. The Office of Public Safety and DENR maintain a current list of each Emergency Manager and their contact numbers.

6. Incident Command System

The Incident Command System that will be implemented by Keystone is a flexible, scalable, structure that provides standardized processes, procedures, organizational structure and common terminology for incident management and emergency response. The system creates an organized response encompassing all stakeholder and agency concerns. The ICS structure is built around five major response functional areas: Command, Planning, Operations, Logistics, and Finance. If necessary, Keystone will use a Unified Command Structure, when multi-jurisdictional agencies are involved in the response.

During an incident, the South Dakota DENR will be provided with a contact

number that will normally be the Liaison Officer within the Incident Command Structure. Keystone encourages all applicable agencies to become part of Unified Command as soon as practical.

7. Spill Response Resources

Internal Resources

Keystone has highly trained staff strategically situated along the route. All Keystone operations personnel have been trained in Hazwoper, participated in several training drills, completed ICS 100/200 and 300 emergency management programs, Boat and equipment handling courses and Table Top drills. Keystone also has several corporate staff trained and able to occupy several roles in the aforementioned Incident Command structure.

Keystone has purchased equipment and boom trailers that are immediately available to respond to any incident. These custom designed trailers contain over 700 pieces of response equipment and include a Command Post. The trailers are situated in Valley City, ND, Yankton, SD, St. Joseph, MS, and St. Louis, MS.

External Resources

Keystone has retained several industry spill experts to assist in the event of a release from our pipeline. These include:

- 1) The National Response Corporation that has established a far reaching network of spill responders across the continent including several in South Dakota (once finalized, TransCanada will provide the SD DENR with a list of South Dakota based response contractors) It should be noted that NRC is Keystones identified OSRO and has a significant amount of company owned equipment available to Keystone within 12 hours.

- 2) The O'Brien's Response Management Company is a world class spill management company that has up to 160 individuals available to assist Keystone in an event of an emergency. These individuals would be immediately dispatched to an event and able to occupy any role and function in an Incident command structure. In addition, this group would assist with immediate Incident Command within one hour while resources are being dispatched to the scene.
- 3) Keystone has several contracts with pipeline, construction and heavy equipment contractors along its route that are available to assist in primarily land based spills. These contractors have been approved by Keystone for safety using ISN Network.
- 4) In addition to the Keystone Emergency response trailers that contain a mobile Command Post, Keystone has identified hotels and facilities along the route to function as a remote Command Post if necessary. Several other external mobile Command Posts have been identified and are anticipated to be on site within 12 hours to relieve or support the company owned Command Post.

8. Conclusion

Keystone Pipeline has developed a comprehensive Emergency Response Program including a plan, equipment, resources, training and public awareness. We are committed to working with local state and federal agencies to ensure stakeholder needs are addressed and understood.

The top priority at any incident remains employee and public safety.