

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

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HP 14-001

IN THE MATTER OF THE PETITION OF :
TRANSCANADA KEYSTONE PIPELINE, LP :
FOR ORDER ACCEPTING CERTIFICATION :
OF PERMIT ISSUED IN DOCKET HP09-001 :
TO CONSTRUCT THE KEYSTONE XL : REBUTTAL TESTIMONY OF
PROJECT : COREY GOULET
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Pursuant to the Commission’s Order Granting Motion to Define Issues and Setting Procedural Schedule, Petitioner TransCanada Keystone Pipeline, LP, offers the following rebuttal testimony of Corey Goulet.

1. Please state your name and address for the record.

Answer: My name is Corey Goulet. My business address is 450 1st Street S.W., Calgary, AB Canada T2P 5H1.

2. Please state your position with Keystone and provide a description of your areas of responsibility with respect to the Keystone XL Project.

Answer: I am President, Keystone Projects, with overall accountability for the implementation and development of the Keystone Pipeline system, including the Keystone XL Project (Project). In that capacity, I am responsible for overall leadership and direction of the Project.

3. Have you provided direct testimony in this proceeding?

Answer: Yes, I have.

4. Which witnesses' direct testimony are you responding to in your rebuttal testimony?

Answer: I am responding to portions of the direct testimony of Cindy Myers, Sue Sibson, Diana Steskal, and Paul Seamans.

5. Cindy Myers testified that the Materials Safety Data Sheets (MSDS) provided in the State Department's Final Supplemental Environmental Impact Statement do not reflect the actual product that would flow through the proposed pipeline. Can you comment on that point?

Answer: The MSDS's provided in the Final Supplemental EIS represent the range of the different types of crude oil that would be transported through the proposed pipeline. Importantly, in the event of a release from the pipeline, the MSDS for the particular product or products involved in the release would be provided to responders and state and local officials within minutes.

6. Has TransCanada tested its ability to provide the applicable MSDS to responders and officials in the event of a release?

Answer: Yes we have. During its evaluation of the proposed pipeline reroute in Nebraska, the Nebraska Department of Environmental Quality (NDEQ) required TransCanada to demonstrate that ability. Accordingly, the NDEQ required TransCanada to conduct a test that is reported in its January 2013 Final Evaluation Report.

This emergency response exercise was conducted on the existing Keystone pipeline. Representatives of NDEQ and the Nebraska Emergency Management Agency (NEMA) attended the exercise at the TransCanada Regional Emergency Operations Center (EOC) in Omaha, Nebraska. The scenario chosen for the exercise was a landowner performing excavation work without first calling 811 to determine the location of any utilities on the property. The hypothetical landowner struck the pipeline, smelled and saw oil flowing into the trench, and called TransCanada's toll-free emergency line to report the incident. NDEQ randomly selected the simulated spill location and provided it at the start of the exercise.

The exercise facilitator, playing the role of the toll-free emergency line operator, began the exercise by calling the TransCanada Operations Control Centre (OCC) in Calgary and reporting the third-party excavation damage to the pipeline. The controller at the OCC stated that he had observed indications of a product release and that he was shutting down the line and contacting the nearest TransCanada on-scene responder to drive to the location of the spill. The Regional EOC in Omaha was activated, along with the Corporate EOC in Calgary. The Regional EOC Manager requested that the OCC email an MSDS for the batch of crude oil in the pipeline at the point of the third-party strike. The OCC controller stated that the location of the strike was near the interface of two batches of oil and sent an MSDS for each batch to the Regional EOC Manager, the Regional EOC Logistics Manager, and the TransCanada on-scene responder.

NDEQ and the other exercise observers reviewed the two MSDSs. Seventeen minutes after the exercise began, the Regional EOC Logistics Manager emailed the two safety data sheets to NEMA, the Wayne County Sheriff, the Wayne County Local Emergency Planning Committee (LEPC), and the PSAP (public safety answering point, or 911), successfully completing the

exercise. According to the NDEQ's Final Evaluation report, "the exercise demonstrated that Keystone could provide an MSDS for the exact material being transported in the pipeline at the time of a hypothetical spill in a reasonable length of time."

7. Have you reviewed the direct testimony of Sue Sibson and Diana Steskal?

Answer: Yes I have. They both raise concerns with respect to our reclamation efforts on the Sibson property after the construction of the first Keystone Pipeline.

8. Can you comment on the concerns that they raise?

Answer: I have not personally viewed the property in question but I have reviewed the photos provided in Ms. Sibson's testimony. I understand the stated concerns that our reclamation efforts to date have not been to the Sibsons' satisfaction. I reiterate our commitment to continue working with the Sibsons to address these concerns and to achieve reclamation success equivalent to similar off-right-of-way property. In addition, I reiterate our commitment to compensate landowners for demonstrated damages to property that result from our construction activities.

9. Mr. Seamans testified that TransCanada overstated the estimated tax benefits to the counties along the route of the proposed pipeline. Can you comment on that testimony?

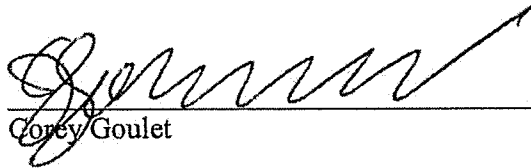
Answer: Yes. At the time of its 2009 application, and again at the 2009 hearing, TransCanada estimated the tax impacts of the KXL project in good faith, employing estimated construction costs. TransCanada does not control the assessed valuation determined by the Department of Revenue or the methodology the Department employs. To date, the actual taxes levied on the first Keystone Pipeline have been less than our estimates. Nonetheless, the taxes paid by Keystone, and the taxes expected on the Keystone XL Pipeline, are substantial, and

represent a significant benefit to the counties and school districts that host the pipeline. For 2014, Keystone will pay real property taxes totaling slightly more than \$4,300,000 in the ten counties transited by the first Keystone Pipeline. The 2014 taxes paid on the first Keystone Pipeline will represent about 3.4% of the total real property taxes collected in the ten counties crossed by the pipeline.

10. Does this conclude your prepared rebuttal testimony?

Answer: Yes.

Dated this 24 day of June, 2015.



Corey Goulet