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October 31, 2007

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

Chairman Dustin Johnson  
Vice Chair Gary Hanson  
Commissioner Steve Kolbeck  
South Dakota Public Utilities Commission  
500 East Capitol Avenue  
Pierre SD 57501-5070

Ron Schaeffer  
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Menno SD 57045

605-387-5250

Dear Commissioners,

I wish for this letter to be submitted for the formal hearings scheduled for December 3, 2007 concerning the TransCanada Keystone Pipeline.

I applied for party status and should be on file.

I am a farmer in Hutchinson & Yankton County. I live on a county line and farm in both counties. I am on the Township board of Molan Township in Hutchinson County. The proposed pipeline is intended to cross two of my fields immediately across the county line into Yankton County, Jamesville Township, East 1/2 of the NE 1/4 of Section 3 (T96N-R56W) & the West 1/2 of the NW 1/4 of Section 2 (T96N-R56W).

I oppose the current route of the Pipeline. Before I have heard or read any info on it, I have been concerned about the issue of tiling. I have intents to tile both of these fields at some future date. The placement of the tile could be adversely affected by the pipeline. It could make it substantially more expensive to complete the tiling project or make it impossible to do at all. I discussed this briefly with several TransCanada officials at one of the informational meetings. I believe two were friendly and cooperative and the third got quite excited when I asked about having the line placed deeper under my land - siting much greater expense as well as it only being a plan on my part. It did not appear that they would be cooperative on this matter. Currently, the discussions have been more positive with land agents. However, I have not seen this matter in writing yet.

As an expanding crop farmer, I am concerned with area fields which the pipeline crosses and how they may impact tiling. Has the current landowner even considered that tiling might be a future option? Probably not. My current tiling plans could very well be affected by the depth of the pipeline in the neighbors field!

Also, before reading any opposing information, I am greatly concerned about the excavation for the pipeline. I have had a 16 to 20 inch waterline placed under my land and landlords land. The agreement was for them to restore all drainage to the original condition. First off, it is very difficult with more dirt coming out of the hole than going back in. The extra dirt must be properly placed in the landscape by someone who understands the landscape. I needed to spend significant time (and expense) reconditioning the contour to properly drain the area. The water company also placed a

valve that provides a large obstruction on the surface, permanently causing me to drive around and mow around on my landlord's property (probably without consultation of him or extra compensation). I am not transferring ill will from the waterline company to TransCanada. I only have experience as to the difficulties involved. It takes time for the dirt to settle so that it can be shaped back to the original contour. The black dirt is never fully placed back onto the surface and is mixed with the subsoil or vice versa. In addition, I spent numerous hours picking up trash and rocks (which were exposed) from the project. What about compensation or proper economic reassurance that this will not take place?

I have heard that the ground temperature is warmer in the area of the pipeline due to the friction. Probably the ground will never freeze in this area. This distorts insect cycles, as well as the natural freeze/thaw cycle controlling disease and improving soil structures. The absence of a freeze cycle could allow insects and diseases to overwinter in this area providing early infection of area crops. Currently, many diseases and insects must blow in from the South on a yearly basis. Early infection could cost South Dakota a massive amount in lost crop or increased pesticides. In the cases of drought years, the evaporative moisture loss would be increased substantially over the pipeline. I expect there to be significant yield loss over the pipeline area due to the increased soil temperature. Recently, the land agent has mentioned future yield loss payments to me. However, it is not written in the easement, and he suggested that it wouldn't be.

I understand that the current easements do not free the landowner from liability. I am concerned at the risk of placing tile in the field and potentially for damage to the pipeline. If there was even a touch of a dent in the line, it could place my tile contractor or me at risk. Will I even be able to get a tile plow operator to enter my field? I think it could be rather difficult! There is no easement payment that is large enough for me to take on liability for soil contamination of a neighbor and no payment that is large enough that would encourage me to risk contamination my own fields. I feel at a loss to negotiate an easement with these people when they have the possibility of condemnation. If I were to sign an easement, I would be motivated by fear of getting nothing rather than what is fair.

One of these fields has been in my family for over 30 years. I take a huge pride in caring for this land as best I can. I don't want to limit myself as to future tiling, I can't have my current drainage distorted, and I can't take any liability for an oil spill. These are risks one should not have to make for a foreign company.

I encourage the board to force the company to consider an alternate route down the I-29 corridor that would be on public land, already unusable for cropland. The effects of the distortions due to excavation in a grass roadway right of way would be far less than in highly productive farmland. I believe the agronomic changes due to the lack of freezing would be far less also. Please consider this. Yes, traffic would temporarily be disrupted, but it would soon be back to normal. The cropland over a pipeline may never be back to normal. Please, take this option.

In the event that the commission grants TransCanada to construct the pipeline on the proposed route, I need an easement that states the promises made by the land agents written in common language that protects me, the landowner. I need it to be clear that I have no liability whatsoever except for intentional damage to the pipeline.

In addition, if the company properly assumes liability, will it have the means to pay. There should be an escrow or a deposit of some kind with the State of South Dakota, with the State monitoring all such problems, especially a break of some kind and the resulting ruined land. I don't want to use legal terms to get a foreign company to do what it promised, neither should any government entity be responsible to clean up after a foreign company.

Respectfully submitted,

A handwritten signature in black ink that reads "Ron Schaeffer". The signature is written in a cursive style with a long, sweeping tail on the final letter.

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