

LAW OFFICES  
**MAY, ADAM, GERDES & THOMPSON LLP**  
503 SOUTH PIERRE STREET  
P.O. BOX 160  
PIERRE, SOUTH DAKOTA 57501-0160

DAVID A. GERDES  
CHARLES M. THOMPSON  
ROBERT B. ANDERSON  
TIMOTHY M. ENGEL  
MICHAEL F. SHAW  
BRETT KOENECKE  
CHRISTINA L. FISCHER  
PATRICK M. GRODE  
JUSTIN R. JOHNS

SINCE 1881  
www.magt.com

OF COUNSEL  
THOMAS C. ADAM  
RETIRED  
WARREN W. MAY  
GLENN W. MARTENS 1881-1963  
KARL GOLDSMITH 1885-1966  
BRENT A. WILBUR 1949-2006  
TELEPHONE  
605 224-8803  
TELECOPIER  
605 224-6289

March 12, 2009

Writer's E-mail: [koenecke@magt.com](mailto:koenecke@magt.com)

Kara Semmler  
SD Public Utilities Commission  
500 E. Capitol  
Pierre, SD 57501

**RECEIVED**

**MAR 13 2009**

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

RE: TransCanada Keystone Pipeline  
Our File: 5057

Dear Kara:

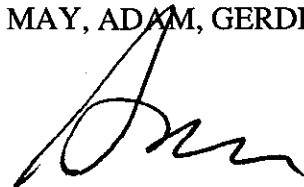
Enclosed please find an original South Dakota Energy Facility Permit Act Bond in the amount of \$12,000,000 in satisfaction of the conditions for the Keystone Pipeline Permit issued April, 2008.

I have copied John Smith on this letter so that he knows that you are in possession of the same.

If you have questions, be sure to be in touch.

Very truly yours,

MAY, ADAM, GERDES & THOMPSON LLP



BRETT KOENECKE  
BK/kw

Enclosures

cc: James P. White  
James E. Moore  
Dennis L. Duncan  
Ralph Seizer  
Buster Gray

## SOUTH DAKOTA ENERGY FACILITY PERMIT ACT BOND

Bond No.: SN4247

Bond Amount: \$12,000,000.00

**TransCanada Keystone Pipeline, LP** as Principal (the "Principal") and **Travelers Casualty and Surety Company of America** a corporation created and existing under the laws of Connecticut as Surety (the "Surety"), are held and firmly bound unto the South Dakota Public Utilities Commission ("PUC") and those townships, counties, or other governmental entities in South Dakota whose property is crossed by the pipeline referenced herein, as Obligees (individually referred to herein as "Obligee" and collectively referred to as the "Obligees") in the amount of --Twelve Million and-00/100 Dollars (\$12,000,000.00) lawful money of the United States for the payment of which sum the Principal and the Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally.

### WHEREAS:

- A. the Principal is undertaking a pipeline project known as the Keystone Pipeline Project;
- B. the PUC has approved the Principal's application for the South Dakota portion (the "Project") of the Keystone Pipeline Project;
- C. the Principal has been granted the necessary permits by the PUC to carry out the Project;
- D. Chapter 49-41B-38 of the South Dakota Energy Facility Permit Act requires the Principal to provide the PUC with a bond to ensure the Principal complies with its obligation to ensure that any damage to roads and bridges (beyond normal wear) as a result of the Project is repaired;

Therefore, the condition of this obligation is such that if the Principal shall repair any damage beyond normal wear to public roads, highways, bridges or other related facilities caused by the Principal during the construction of the Project (the "Damage") then this obligation shall be void; otherwise to remain in full force and effect, subject to the following conditions:

1. In the event the Principal fails to repair any Damage within a reasonable period of time after an Obligee has made written demand on the Principal to repair such Damage (a "Default"), such Obligee shall notify the Surety in writing prior to the expiration of the term of this Bond as defined in paragraph 6.
2. Following a Default and written notice thereof to the Surety by an Obligee, the Surety shall pay to such Obligee the actual cost of repairing the Damage, not to exceed the Bond Amount.
3. Regardless of the number of Obligees hereunder, in no event shall the aggregate liability of the Surety hereunder exceed the Bond Amount.
4. No right of action shall accrue on this Bond, to or for the use of, any person or corporation other than the Obligees named herein.
5. It is a condition of this Bond that any suit or action hereunder must be commenced before the expiration of two (2) years from the date the Obligee's cause of action hereunder has accrued.
6. This Bond shall remain in effect until released by the PUC in accordance with Condition 31 (e) of the permit for the Project and shall not be cancelled by the Surety prior to such time.

7. For the purpose of providing any notice required pursuant to this Bond, the addresses of the Principal, the Surety and the PUC are as follows:

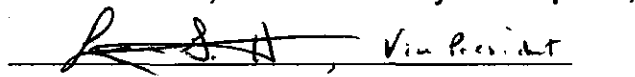

TransCanada Keystone Pipeline, LP:  
7509 Tiffany Springs Parkway  
Northpointe Circle II, Suite 200  
Kansas City, MO 64153

Travelers Casualty and Surety Company of America  
One Tower Square  
Hartford, Connecticut 06183

South Dakota Public Utilities Commission  
Capitol Building 1<sup>st</sup>, Floor  
500 East Capitol Avenue  
Pierre, South Dakota 57501-5070

**IN WITNESS WHEREOF**, the Principal and the Surety have Signed and Sealed this Bond the 27 day of February in the year 2009.

**TransCanada Keystone Pipeline LP, by its  
General Partner, TransCanada Keystone Pipeline, GP, LLC**

  
\_\_\_\_\_, Vice President  
  
\_\_\_\_\_, Secretary

**Travelers Casualty and Surety Company of America**

  
\_\_\_\_\_  
**Lois Innes Attorney-in-Fact**



POWER OF ATTORNEY

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
Seaboard Surety Company
St. Paul Fire and Marine Insurance Company

St. Paul Guardian Insurance Company
St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company

Attorney-In Fact No. 219252

Certificate No. 002030098

KNOW ALL MEN BY THESE PRESENTS: That Seaboard Surety Company is a corporation duly organized under the laws of the State of New York, that St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company and St. Paul Mercury Insurance Company are corporations duly organized under the laws of the State of Minnesota, that Farmington Casualty Company, Travelers Casualty and Surety Company, and Travelers Casualty and Surety Company of America are corporations duly organized under the laws of the State of Connecticut, that United States Fidelity and Guaranty Company is a corporation duly organized under the laws of the State of Maryland, that Fidelity and Guaranty Insurance Company is a corporation duly organized under the laws of the State of Iowa, and that Fidelity and Guaranty Insurance Underwriters, Inc. is a corporation duly organized under the laws of the State of Wisconsin (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint

Deb Stanton, Mark Shaul, Murray Epp, Tim Gale, and Lois Innes

of the City of Calgary, Alberta, State of Canada, their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign, execute, seal and acknowledge any and all bonds, recognizances, conditional undertakings and other writings obligatory in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed and their corporate seals to be hereto affixed, this 26th day of October, 2007

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
Seaboard Surety Company
St. Paul Fire and Marine Insurance Company

St. Paul Guardian Insurance Company
St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company



State of Connecticut
City of Hartford ss.

By: [Signature]
George W. Thompson, Senior Vice President

On this the 26th day of October, 2007, before me personally appeared George W. Thompson, who acknowledged himself to be the Senior Vice President of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., Seaboard Surety Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

In Witness Whereof, I hereunto set my hand and official seal.
My Commission expires the 30th day of June, 2011.



[Signature]
Marie C. Tetreault, Notary Public

This Power of Attorney is granted under and by the authority of the following resolutions adopted by the Boards of Directors of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., Seaboard Surety Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, which resolutions are now in full force and effect, reading as follows:

**RESOLVED**, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary may appoint Attorneys-in-Fact and Agents to act for and on behalf of the Company and may give such appointee such authority as his or her certificate of authority may prescribe to sign with the Company's name and seal with the Company's seal bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking, and any of said officers or the Board of Directors at any time may remove any such appointee and revoke the power given him or her; and it is

**FURTHER RESOLVED**, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President may delegate all or any part of the foregoing authority to one or more officers or employees of this Company, provided that each such delegation is in writing and a copy thereof is filed in the office of the Secretary; and it is

**FURTHER RESOLVED**, that any bond, recognizance, contract of indemnity, or writing obligatory in the nature of a bond, recognizance, or conditional undertaking shall be valid and binding upon the Company when (a) signed by the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary and duly attested and sealed with the Company's seal by a Secretary or Assistant Secretary; or (b) duly executed (under seal, if required) by one or more Attorneys-in-Fact and Agents pursuant to the power prescribed in his or her certificate or their certificates of authority or by one or more Company officers pursuant to a written delegation of authority; and it is

**FURTHER RESOLVED**, that the signature of each of the following officers: President, any Executive Vice President, any Senior Vice President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any power of attorney or to any certificate relating thereto appointing Resident Vice Presidents, Resident Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such power of attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding on the Company in the future with respect to any bond or understanding to which it is attached.

I, Kori M. Johanson, the undersigned, Assistant Secretary, of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., Seaboard Surety Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company do hereby certify that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which is in full force and effect and has not been revoked.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seals of said Companies this 27 day of February, 2009.

*Kori M. Johanson*  
Kori M. Johanson, Assistant Secretary



To verify the authenticity of this Power of Attorney, call 1-800-421-3880 or contact us at [www.travelersbond.com](http://www.travelersbond.com). Please refer to the Attorney-In-Fact number, the above-named individuals and the details of the bond to which the power is attached.