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Patty Van Gerpen  
SD Public Utilities Commission  
500 E. Capitol  
Pierre, SD 57501

RE: TransCanada Keystone Pipeline  
HP 07-001  
Our File: 5057

Dear Patty:

Attached for filing please find the Keystone Pipeline Liaison Quarterly Report for the Second Quarter 2008 – May 6 through June 30, 2008.

If you have any questions, please do let me know.

Very truly yours,

MAY, ADAM, GERDES & THOMPSON LLP



BRETT KOENECKE

BK:lar  
Enclosures

## **Keystone Pipeline Liaison Quarterly Report Second Quarter 2008 May 06, through June 30, 2008**

### **General Liaison Activity**

Sarah Metcalf was selected by TransCanada Keystone Pipeline, LP as the candidate to be the Keystone Public Liaison Officer. This appointment was unanimously approved by the PUC on May 06, 2008. Letters informing interested parties, agencies and landowners of the appointment and approval of the Public Liaison Officer, including contact information, were sent out on May 16, 2008. The Keystone website was also updated to include a construction progress report available to any interested party. This website can be located at <http://www.transcanada.com/keystone/index.html> under the link for "US Construction Progress" which will open a PDF file that is updated regularly as construction progresses in each county and state in the US.

Dennis Stuart, US Pipeline Manager, Keystone Pipeline, and Buster Gray, Engineering and Construction Manager, for Keystone Pipeline invited Metcalf to attend the monthly planning meetings in Kansas City as well as the kick off meetings with contractors for spread 2A. At these meetings they introduced Metcalf and the liaison role to all the key players who can help insure the liaison position is successful. Contact numbers were provided for all Keystone employees and contractors whom the liaison may need to interface with. To date all communication with Keystone and its representatives have been positive and progressive. In general, all parties have been very open to communications brought to the table by the liaison officer.

Construction activities have not yet begun in South Dakota, although pre-construction activities such as one-call locates, civil and environmental surveys are taking place. The first construction activities of clearing and grading are tentatively expected to reach the border between North Dakota and South Dakotas around the beginning of August 2008.

The first phone calls to the Liaison office began on May 13, 2008 from landowners who were following the PUC activities closely and had worked with Metcalf during her time as a land agent. In all there have been 48 calls, 14 meetings with concerned parties, 3 meetings with press agencies regarding the liaison's roll and background and only 2 letters and emails. Of these activities, there have been 21 separate landowners and 2 tenants and 7 contacts were interested groups, companies or agencies.

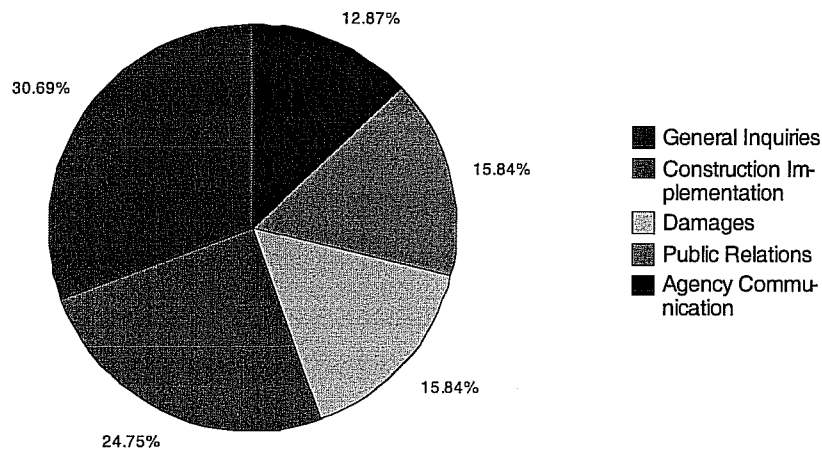
## Issue Tracking

The types of issues to come into the liaison office can be broken into the following five categories:

1. General Inquires about the project make up 31.3% of the calls and meetings,
2. Construction Implementation comprises about 25% of the issues to date,
3. Damages, long term effects and compensation concerns make up 15.6%,
4. Public Relations and press events are also about 15.6% of the activity, and
5. Permit and Agency Communications 12.5%.

See the attached Liaison Call and Activity Log for details on individual calls and issues.

*Illustration 1: Issue Tracking Chart*



## General Project Inquires

Many of the calls and meetings were from people who were curious about the liaison position or the Keystone Pipeline project in general. The inquires were comprised mostly of general project questions, about the route location or easement procedures as well as the cost and time line of the project. There were several calls from people inquiring about jobs openings with the contractor or about providing services and supplies that the contractor might need. Local companies are interested in providing all sorts of goods and services for the project. Calls have come in from companies that would like to supply gas, sand and gravel, hauling services and lodging as the project moves through the state. Most of these are referred on to the contractor Michel's Pipeline Co. construction office.

## **Construction Implementation**

Twenty five percent of the calls and meetings conducted this quarter were with landowners who were concerned with construction procedure or reclamation activities. Most landowners who have construction concerns have farm systems, such as irrigations systems, drainage ditches, cathodic protections units, wells, etc. They want to make sure Keystone and it's contractors are aware of their concerns prior to construction. In most cases these issues are easily communicated in the Construction Agreements and are common issues that pipeline contractors deal with regularly on projects such as the Keystone. The procedure, thus far, has been to document the concerns and make sure it is clearly recorded on the Construction Agreement. An on-site visit is conducted anytime it is needed or requested by the landowner. Any concerns that involve safety, specialty work or engineering, are coordinated with the project engineers and planners, to ensure feasibility, prior to finalizing an agreement with landowners. There are several issues that will need to be monitored into the following quarters to insure landowner requests are taken care of. The construction agreement is a primary communication tool used to insure all parties are aware of issues specific to an individual tract. The information on these forms is shared with all Keystone parties via line lists. The locations of wells and other engineering issues are noted in more detail on alignment sheets when necessary.

## **Damages: Long-term effects and compensation**

The long term effect of the pipeline on land use is a primary concern for most effected landowners and tenants nearly sixteen percent of the calls received were regarding this issue. Some landowners are concerned that crops will not return to their original productivity level following construction. Meetings have been conducted with them to go over the reclamation process and share before and after photos from other projects. From past experience, it is observed that land use is typically restored by the second or third season following construction. If there is an issue beyond the 3<sup>rd</sup> year, Keystone will investigate and work to find and address the issue if it has resulted from Keystone's activity.

Trees and shelter belts are a topic of concern for some landowners. On-site visits were made in several cases to assess the tree loss and to work out compensation for the loss. A few of the owners would like Keystone to limit the amount of trees they take out as much as possible. To date, the company has been able to work out an agreeable compensation with landowners whose trees can not be avoided. Any unforeseen damages will be assessed and compensated for, either as they occur or following the construction. There are also several issues here that will require follow up monitoring in

the coming quarters.

### **Public Relations and Media**

Several requests for interviews came in following the appointment of the liaison officer. The press wanted to interview Metcalf about the liaison roll and her background, which lead to her selection as the liaison officer. They also wanted to address peoples concerns about Metcalf's previous roll as a Land Agent. Interviews were conducted and several stories appeared across the project area informing the public of the Liaison Officers roll and availability to concerned parties. There were also a few invitations to public relation events and a seminar.

### **Agency Communications**

Permitting activities and preparation for construction continues, as construction nears the state line. The contractor is finalizing haul routes and access roads and getting more details out to concerned parties. Several calls have come in as well regarding preparations that need to be made, for example the lowering of rural waterlines. The liaison roll has been to facilitate communications between the contractor and concerned parties. There have been several meetings as well that the liaison has attended with the contractor in order to supply general project information, to the agencies.

### **Open Issues for the Third Quarter**

For the most part there are no major open issues this quarter. There are a couple issues regarding construction that will need to be monitored to ensure the agreements made are completed to the landowners satisfaction. A primary one being the dredging of the Crow Creek Drainage ditch crossing prior to the installation of the pipeline. A follow up call will be made to Mid-Dakota Rural water to ensure they have gotten all the information needed to lower their waterlines. A meeting will be set with Gene Tisher finalize his construction agreement and to address his concerns about reclamation and compensation for his tree rows.

### **Summary**

Thus far it seems the Public Liaison Officer position has been working as it was intended. Landowners and agencies have a direct means of getting their questions and concerns addressed. Concerned parties whom have called in to the liaison office, in general, seem to be happy with the process and feel reassured by the fact that they do have a means of making contact and getting their questions and concerns addressed quickly. Keystone and all its representatives have been very

supportive and open to the liaison efforts and there are no concerns about the effectiveness of this position to date.