

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE APPLICATION)
BY TRANSCANADA KEYSTONE PIPELINE,)
LP FOR A PERMIT UNDER THE SOUTH)
DAKOTA ENERGY CONVERSION AND)
TRANSMISSION FACILITIES ACT TO)
CONSTRUCT THE KEYSTONE XL PIPELINE)
PROJECT)

HP 09-001

**UPDATED
DIRECT TESTIMONY OF
DONALD M. SCOTT**

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

Answer: My name is Donald M. Scott. My business address is 450 1st Street SW,
Calgary, Alberta, T2P 5H1 Canada.

**2. Please provide a description of your areas of responsibility with TransCanada
Keystone Pipeline, LP (Keystone) as related to the Keystone XL Project.**

Answer: I am a consulting engineer for Keystone, I am involved in Supervisory
Control and Data Acquisition (SCADA) systems, pipeline hydraulics, leak detection
systems, and Pipeline Controller training for the Keystone XL Project.

**3. Please state your professional qualifications and experience with pipeline
operations.**

Answer: I am a registered professional engineer in APEGGA (Association of
Professional Engineers of Alberta). I have forty years of engineering experience of which
21 years are in the liquid hydrocarbon pipeline business. Areas of pipeline work
experience are in capital project management; pipeline hydraulic design and analysis;
building of pipeline simulation trainer systems; software-based pipeline leak detection

systems; and preparation of industry standards and regulator documents for Canadian and US jurisdictions.

4. Have you provided a resume?

Answer: Yes, my resume is attached as Exhibit A of my testimony.

5. Are you responsible for portions of the application which Keystone is filing with the South Dakota Public Utilities Commission seeking a permit under the Energy Conversion and Transmission Facilities Act?

Answer: Yes, I am individually or jointly responsible for the information provided in the following sections of the application:

- Section 2.3.1 – Normal Operations and Routine Maintenance;
- Section 2.3.2 – Abnormal Operations;
- Section 2.3.2.1 – SCADA and Leak Detection;
- Table 6 – Impact Summary Table; and
- Section 6.5.2 – Protection of Human Health and Safety.

6. Could you briefly summarize the information provided in Section 2.3.1 – Normal Operations and Routine Maintenance?

Answer: I am responsible for those portions of Section 2.3.1 discussing SCADA facilities, the functions that the SCADA system performs, and the Operational Control Center. Section 2.3.1 explains that SCADA facilities will be located at all pump stations and remotely-operated valves and will allow the OCC to monitor various pipeline readings on a 24/7 basis.

7. Could you briefly summarize the information provided in Section 2.3.2 – Abnormal Operations?

Answer: Section 2.3.2 explains that Keystone is required by federal regulation to include in its written operating procedures manual those procedures that will provide safety when normal operating parameters have been exceeded, and identifies various types of procedures that are included in the manual.

8. Could you briefly summarize the information provided in Section 2.3.2.1 – SCADA and Leak Detection?

Answer: Section 2.3.2.1 describes the SCADA system that Keystone will use to remotely monitor and control the pipeline system. The SCADA system will include a redundant, fully functional, backup Operational Control Center (OCC), available for service at all times; automatic features to ensure operation within prescribed pressure limits; and additional automatic features installed at the pump stations to provide pipeline pressure protection in the event communications with the SCADA host are interrupted.

Section 2.3.2.1 also describes the complimentary leak detection methods and systems that are available within the OCC and in the field. These methods are overlapping in nature and progress in leak detection thresholds. These leak detection methods and systems are as follows:

- Remote monitoring performed by the OCC Operator, which consists primarily of monitoring pressure and flow data received from pump stations and valve sites fed back to the OCC by the Keystone SCADA system. Remote monitoring is typically able to detect leaks down to approximately 25 percent to 30 percent of pipeline flow rate;

- Software-based volume balance systems that monitor receipt and delivery volumes. These systems are typically able to detect leaks down to approximately 5 percent of pipeline flow rate;
- Computational Pipeline Monitoring or software-based leak detection systems that utilize a model to break the pipeline system into smaller segments and monitor each of these segments on a mass balance basis. These systems are typically capable of detecting leaks down to a level approximately 1.5 percent to 2 percent of pipeline flow rate;
- Computer-based, non-real time, accumulated gain/(loss) volume trending to assist in identifying low rate or seepage releases below the 1.5 to 2 percent by volume detection thresholds; and
- Direct observation methods, which include aerial patrols, ground patrols, and public and landowner awareness programs that are designed to encourage and facilitate the reporting of suspected leaks and events that may suggest a threat to the integrity of the pipeline.

8. Can you briefly describe the information that you are responsible for in Table 4 – Impact Summary?

Answer: I am responsible for the reference to SCADA and leak detection systems in the Public Health and Safety section of the table.

9. Can you briefly describe the information you are responsible for in Section 6.5.2 – Protection of Human Health and Safety?

Answer: I am responsible for the cross-reference to Section 2.3.2.1 (Leak Detection) in Section 6.5.2.

10. Do you adopt the portions of the application referenced herein as your own testimony in this matter?

Answer: Yes, with the caveat that I am jointly responsible for certain portions of the application with additional witnesses.

11. Does this conclude your prepared direct testimony?

Answer: Yes it does.

Dated this 15 day of October, 2009.

A handwritten signature in black ink, appearing to read "D. Scott". The signature is written in a cursive style with a large initial "D" and a trailing flourish.

Donald M. Scott