

**KXL Pipeline**  
**South Dakota Public Utility Commission**  
**Liaison Annual Report**  
**2013**

**January 01, through December 31, 2013**

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## **1. General Liaison Activity**

Construction of the proposed Keystone KXL project is anticipated to begin pending US Department of State approval of the project and issuance of the Presidential Permit. The route includes approximately 311 miles of pipeline in South Dakota and 301 landowners. The route crosses Harding, Butte, Perkins, Meade, Pennington, Haakon, Jones, Lyman, and Tripp Counties. In addition, facilities in South Dakota include seven pump stations to be located in Harding, Meade, Haakon, Jones, and Tripp Counties. Construction is planned to commence pending US-DOS approval and will begin following the issuance of the Presidential Permit. Keystone representatives will continue to keep state and local stakeholders advised as the project progresses.

The South Dakota Public Utility Commission issued the Notice of Entry- Final Decision Order during the first quarter of the 2010. These construction conditions ordered Keystone to appoint a Liaison Officer for the KXL project. In 2010 the Commission approved Sarah Metcalf to be the Liaison Officer for the Keystone KXL Project.

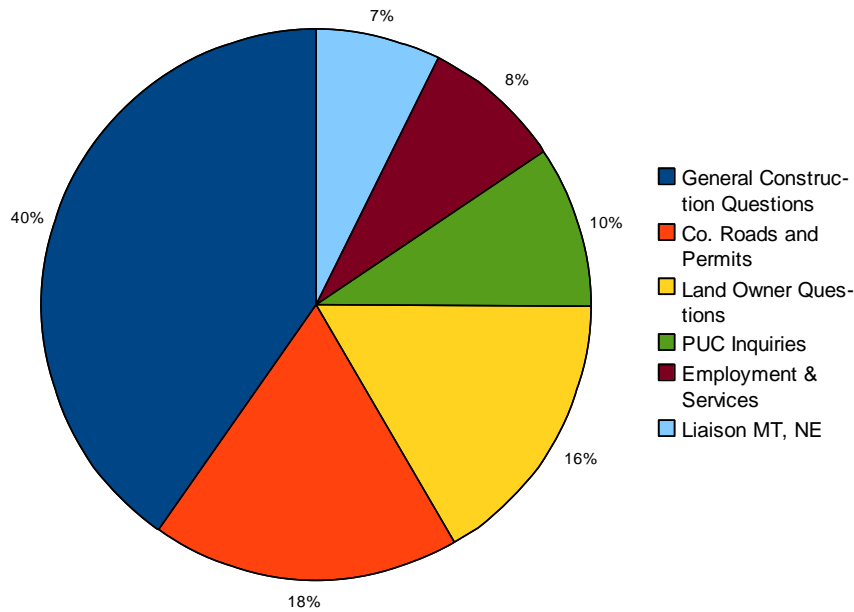
## **2. Issue Tracking**

Over the course of 2013 there were approximately 339 contacts made to the liaison office, of those contacts, 47 were regarding the first phase the Keystone Project, which has already been constructed and put into operation. Construction of the Keystone Pipeline in eastern South Dakota was completed in 2009. The following years were dedicated to the completion of clean up, reclamation and transition to operations and maintenance activities. Over the course of 2012, transition from the construction phase of the project to the ongoing operational phase was completed. Some reclamation and maintenance issues will continue as time progresses. In upcoming years, reclamation and monitoring activities will continue along the ROW. Oversight of maintenance activities has been fully transitioned from Keystone's construction group to Keystone Operations personnel. Keystone Pipeline Operations has local offices in Brookings, SD and Omaha, NE, as well as others throughout the US. Oversight of reclamation activities has been fully transitioned to the Post Construction Reclamation and Monitoring Program (PCRM) with key team members located in Calgary, Omaha and Houston, as well as, various contract personnel located near the ongoing work sites. These parties are available to assist landowners and stakeholders along the route as operation and maintenance activities are conducted. All calls received by the liaison office related to the operational portion of the Keystone were referred to the appropriate personnel. The calls for the operational phase were typically related to below ground farm activities near the ROW (directed to the -811 number for utility locates). Questions also related to ongoing reclamation or pipeline operation and maintenance activities, which were directed to the Keystone Pipeline Operations Offices or the local land agent.

On the KXL project there were 292 contacts with land owners, agencies and interested parties over the course of the year. There were no major issues reported to the liaison directly or through the PUC. The majority of contacts made were from parties interested in the project and/or the permitting process and how they could voice their opinion on the project, these calls

were referred accordingly. The number of contacts was highest at the beginning of the year and began to become less through out the year. Call and meeting volume increased with survey, permitting and other pre-construction activity along the line. Inquiries often coincided with news reports regarding political activity related to the project and the permitting process. Other contacts were made by parties interested in general information about the project or seeking employment and service or sales opportunities. The majority of the calls and emails were referred to KXL personnel working on project and/or to the TransCanada- KXL project website. The types of issues encountered during the year of 2013 can be broken into the following six categories:

- a) General Project and Construction Inquires 40%
- b) County and Township Roads and Permits 18%
- c) Landowner Inquires/Concerns 16%
- d) PUC Inquires 10%
- e) Employment and Services 8%
- f) Liaison Role in MT, SD, NE 7%



### **3. General Project and Construction**

The majority of calls and emails came from various parties along the route, as well as, in surrounding states. Most were interested in information on the permit process and how to voice their opinion. Others were interested in project schedule information, typically about a final decision for the permit process and/or the onset of the anticipated construction. Other inquires were regarding the economic boost the project could offer the state and local communities, number of jobs that would be created and other information related to the affect the project could have on the US. Much of this information was provided by the liaison office to consumers, while other contacts were referred to various parties in the Keystone team or the TransCanada Keystone website and newsletters.

### **4. County and Township Roads and Local Permits**

The liaison worked with Keystone permitting specialists to ensure that agencies in South Dakota had all the information and data they needed in order to grant the various road use, land use and other permits required for construction operations in the state. The liaison met with various county and township officials as well as their road groups to address their concerns and share information. There were many inquires related to the liaisons experience with roads and county groups on the first phase of Keystone construction.

There were very few concerns regarding roads or other permits this year. The liaison contacted county and highway officials in Harding, Butte, Perkins, Meade, Pennington, Haakon, Jones, Lyman, and Tripp Counties, as well as, many of the townships within the counties in the construction corridor. There were no major concerns regarding the permits, haul routes or construction. Most counties are reassured about the project after hearing reports from counties in the first phase and the release of the haul route bond by the PUC from Keystone phase 1. The only concern stated in most cases was over dust control by a few South Dakota residents, however, the highway officials feel that communication has been open with the company and they do not anticipate major problems. Other Keystone representatives have continued to holding meetings with these various groups throughout the year as well. In order to share information and negotiate agreements on haul routes, mediation plans, road crossing permits and other issues that could affect communities along the route.

In addition to road and county commission meetings throughout the year, the liaison joined with Keystone representatives, State and County officials on a tour of workforce camps, operating in North Dakota oil fields. These tours were designed to allow state and county officials, as well as, other concerned parities to see how the workforce camps operate. In addition Keystone representatives arranged to have the camp operators and officials in North Dakota available, to answer questions regarding these facilities. Work force camps will be utilized in rural areas of the project, where local accommodations can not adequately address the needs of the project and their employees.

The liaison is working with Keystone and their permit specialists to ensure any issues that do

arise will be quickly resolved once construction activities commence in the state. There were no direct contacts to the liaison office by road agencies this year, which may indicate that communication between the company and the various county and township groups is going well. The liaison will continue to be available to road groups and will monitor the status of haul routes and agency communication throughout the project.

## **5. Land Owner Inquires and Concerns**

Landowner concerns directed to the liaison office this year were various. Reasons landowners contacted the liaison included, minor route shifts on their property, survey activities, construction methods, haul route agreements on private roads and damage compensation. Survey activities this year included civil, environmental and fly-over surveys for migratory birds, wildlife and sensitive species, geo-technical core sampling of HDD and bore sites and other pre-construction investigation related to the permitting and construction processes.

There were fewer landowner contacts in 2013 and there were no major issues reported through the PUC to the liaison this year. Those inquiries that came in had to do primarily with concerns over route variations, related surveys and damage compensation. Many contacts were regarding scheduling of construction activities and landowners questions about what to expect when construction starts. Notification of survey flights to landowners continued throughout the year and there were no reports of spooked cattle or other issues reported to the liaison. Land agents were proactive in addressing land owner concerns and few felt the need to contact the liaison. Many who did said that they called the liaison number and just had some questions, however are happy to know they have a point of contact for construction and in the years following. There were also fewer concerns over easements and damage compensation this year, these were referred to the Keystone land group who met with the landowners to reach an agreement. There were also several landowners who requested slight route variations on their property, the liaison tracked these requests but Keystone agents handled all landowner concerns. The liaison followed up with all landowners who had reported questions and concerns and as of the end of 2013, there were no outstanding issues that the liaison was aware of. There are landowner requests pending that can not be addressed until construction commences. There are also requests are being tracked by Keystone representatives, as well as, the liaison and will be addressed as they arise in the field. The liaison met with landowners and land agents to review and explain construction procedures and will continue to be available to concerned landowners throughout the project, construction and reclamation phases. The liaison office anticipates that contacts from landowners and agencies will increase when the permitting process is finalized and construction activity commences.

## **6. PUC Inquires**

There were no actual issues reported to the liaison through the PUC this year. There were a number of calls related to various consumer inquiries regarding the project. The liaison was also contacted by PUC staff members regarding media inquiries, as well as, inquiries into pre-construction activities and regulatory reporting of these activities. There are no major issues

being tracked by the PUC or liaison going into 2014. There are however a number of landowner requests that will be monitored by both parties as construction commences in the state.

## **7. Employment and Services**

There were a number of calls into the liaison office relating to employment opportunities for individuals, as well as, for various sub-contractor companies. These parties were referred to the proper departments within the Keystone and TransCanada organization, as well as, to the TransCanada website link for vendors. In addition to work inquiries a number of calls came in from local businesses and community organizations along the project corridor offering goods and services to the company, the project, sub-contractors and employees.

## **8. Liaison Role in MT, SD, NE**

In South Dakota the Liaison Officer was appointed to the KXL project in 2010 by the SD-PUC. A Liaison Officer for Montana was selected in the third quarter of 2012, who reports similarly to the Montana Department of Environmental Quality (MT-DEQ). The role is also being considered in the state of Nebraska. Interest in the liaison role and duties in South Dakota decreased over the year of 2013. The questions that did come in were related to what the liaison duties were and how they were implemented, as well as, how such a role would be implemented in Nebraska and Montana. The South Dakota liaison also worked with the Montana liaison to help prepare and establish the liaison officer in Montana. The liaison provided information to Keystone representatives in Nebraska, as the state is considering implementing the role as well. Several potential candidates for the Nebraska Liaison role contacted the SD Liaison Officer to gain information regarding the role. Liaisons are available currently, to state residents in both South Dakota and Montana, the role is still being considered by the state of Nebraska.

## **9. Summary**

There were more calls to the liaison office in 2013 than in previous years, however there were no major issues reported to the Liaison Officer during the course of the year. The majority of contacts were related to the exchange of information regarding the project. Keystone officials are active throughout the project corridor to work with all parties affected by the project. The Liaison Officer will be available throughout construction of the KXL Pipeline to landowners and other affected parties in the state, for a period of three years post-construction. The liaison can assist landowners, tenants, agencies and other interested parties with any questions, concerns or issues that might arise during or after project. Formal quarterly reporting on this project will begin when construction activities commence, which will begin follow US-DOS approval of the project and issuance of the Presidential Permit.