

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

IN THE MATTER OF THE APPLICATION BY)	
TRANSCANADA KEYSTONE PIPELINE, LP)	ORDER GRANTING MOTION
FOR A PERMIT UNDER THE SOUTH DAKOTA)	FOR RELEASE OF
ENERGY CONVERSION AND TRANSMISSION)	CONSTRUCTION BONDS
FACILITIES ACT TO CONSTRUCT THE)	
KEYSTONE PIPELINE PROJECT)	HP07-001

On April 27, 2007, TransCanada Keystone Pipeline, LP ("Applicant" or "Keystone") filed an application with the South Dakota Public Utilities Commission ("Commission") for a permit as required by SDCL Chapter 49-41B to construct the South Dakota portion of the Keystone Pipeline Project ("Project"), an approximately 1,800 mile pipeline for transporting crude oil from Alberta to Illinois and Oklahoma, with approximately 1,400 miles located in the United States and 220 miles located in South Dakota. After formal evidentiary hearing held on December 3-7, 2007, the Commission issued its Final Decision and Order; Notice of Entry on April 25, 2008 (Order). Condition 31(e) of the Order required Keystone to obtain and file with the Commission a bond in the amount of \$3 million in 2008 and \$12 million in 2009 to ensure that any damage beyond normal wear to public roads, highways, bridges or other related facilities will be adequately compensated. On June 4, 2008, the Commission issued its Order Granting Motion for Approval of Construction bond, which approved the form of the bonds to be filed by Keystone. On June 10, 2008, Keystone filed a South Dakota Energy Facility Permit Act Bond, Bond No.:SN4208 and Rider No. 1 in the amount of \$3,000,000. On March 13, 2009, Keystone filed with the Commission a South Dakota Energy Facility Permit Act Bond, Bond No.: SN4247 in the amount of \$12,000,000.00. On December 20, 2011, Keystone filed a Motion for Release of Construction Bonds (Motion). On March 28, 2012, the Keystone Liaison Officer filed the 2011 Keystone Pipeline Liaison Annual Report. The Report stated that as of year end 2011, there was only one road issue remaining outstanding.

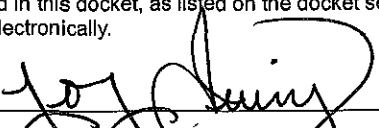
The Commission has jurisdiction over this matter pursuant to SDCL Chapter 49-41B, specifically 49-41B-38.

At its regular meeting on April 24, 2012, the Commission considered the Motion. In response to questions from the Commission regarding an outstanding road issue involving Redstone Township in Miner County, counsel for Keystone and the Keystone Liaison Officer described the actions that Keystone had taken in providing a cash payment to the township in the amount requested by the township to perform the necessary repair work on the Redstone Township road and stated that the issue was resolved to everyone's satisfaction. Keystone further stated that under the Conditions of the Order, it remained obligated and was committed to continue to monitor and repair any other damage issues that come to light in the future. The Commission voted unanimously to grant the Motion for Release of Construction Bonds and to authorize the Executive Director or Commission Counsel to execute any necessary release documents.

It is therefore

ORDERED, that Keystone's Motion for Release of Construction Bonds is hereby granted and the Executive Director or Commission Counsel are authorized to execute any necessary release documents to release Energy Facility Permit Act Bond, Bond No.:SN4208 and Energy Facility Permit Act Bond, Bond No.: SN4247.

Dated at Pierre, South Dakota, this 3rd of May, 2012.

CERTIFICATE OF SERVICE
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, electronically.
By: <u></u>
Date: <u>May 3, 2012</u>
(OFFICIAL SEAL)

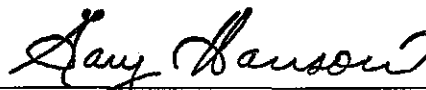
BY ORDER OF THE COMMISSION:



CHRIS NELSON, Chairman



KRISTIE FIEGEN, Commissioner



GARY HANSON, Commissioner