

**KXL Pipeline  
South Dakota PUC  
Liaison Annual Report  
2014**

**January 01, through December 31, 2014**

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## **1. General Liaison Activity**

The proposed Keystone KXL project is anticipated to begin following the final US Department of State (US-DOS) approval of the project and issuance of a Presidential Permit. The line is 36 inches in diameter and will extend 875 miles from the Canadian–U.S. border, to Steele City, Nebraska, the route in South Dakota, will include three or four construction spreads and cover approximately 311 miles of right-of-way (ROW) with 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 schedule will be finalized and is planned to commence following the US-DOS approval of the project.

The South Dakota Public Utility Commission issued the Notice of Entry- Amended Final Decision and Order on June 29, 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. By statute, if the project does not commence within four years, the company must certify that it still meets the permit conditions. SDCL § 49-41B-27. The four year mark occurred in June of 2014 so the company is in the process of certification. The hearing to consider the certification of the project will take place in May of 2015. No construction activities will take place in the state until the SD-PUC Commission certifies the project. However, KXL representatives will continue to work in the state to keep landowners, state and local stakeholders advised as the permit process and project progresses.

## **2. Issue Tracking**

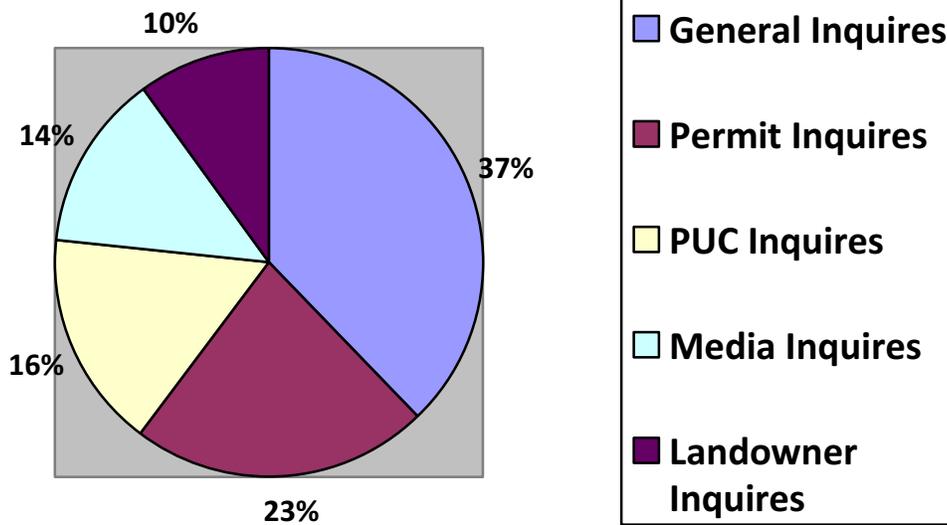
Over the course of 2014 there were approximately 143 contacts made to the liaison office, of those contacts, 32 were regarding the first phase of the Keystone Project, which has already been constructed and put into operation. Construction of the Keystone Pipeline in eastern South Dakota was completed in 2009. Transition to operations and maintenance activities took place over the course of 2012. Ongoing maintenance and related reclamation issues will continue through the life of the pipeline and oversight of these operations has been fully transitioned from Keystone's construction group to Keystone Operations personnel. All issues reported to the liaison related to the original line were referred to Keystone Pipeline Operations, which has local offices in Brookings, SD and Omaha, NE. The nature of calls related to the existing Keystone pipeline were typically regarding below ground farming or construction activities near the ROW and were directed to #811 for utility locates. Questions related to ongoing pipeline operation and maintenance activities, were directed to the Keystone Pipeline Operations Offices or the local land agents.

On the KXL project there were approximately 111 contacts with land owners, agencies and other interested parties over the course of the year. There were 4 contacts directed to the liaison via the PUC, however no major issues were reported to the liaison. Again this year the majority

of contacts made were from parties interested in general information about or the permitting status of the project. The number of contacts were again highest at the beginning of the year and then clustered around media reports or hearings related to the project. There were fewer contacts made this year by parties interested in employment or offering services and sales to the project. The majority of calls and emails were referred to KXL personnel working on the project or to the TransCanada- KXL project website for more information. Roads were of very little concern this year. Also the liaison has contacted all counties along the project again this year, to ensure that no questions or concerns have arisen that have not been addressed by the company. To date no counties or townships have requested a meeting with the Liaison, however they do have contact information for the liaison should a question arise or if they require assistance when construction activities actually begin.

The types of issues encountered during the year of 2014 can be broken into the following categories:

- a) General Project and Construction Inquires 37%
- b) Permit Inquiries 23%
- c) PUC Inquires 16%
- d) Media Inquires 14%
- e) Landowner Inquires/Concerns 10%



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

General inquires dominated the type of calls that come into the liaison for most of this year. Due to the fact that the project has been under consideration for so long the majority of landowners, tenants and affected officials, have had most of the questions and concerns addressed. In general most affected parties are awaiting the permit process completion and for the project to commence. Most of the calls received regarding general project information were from parties not directly affected by the project, various state residents, as well, as some out of state parties who were interested in information on the construction or permitting processes. Other inquiries were regarding potential economic gains that could be related to the project, for the state and local communities. Inquiries came in related to the number of jobs that would be created and other information related to the affect the project could have on the US. Others were interested in the liaison perspective and experience on the original Keystone project, specifically regarding construction and reclamation outcome. Much of this information was provided by the liaison office to consumers, while other contacts were referred to various parties within the KXL project team or the TransCanada Keystone website and newsletters.

### **4. Permit Inquiries**

The number of calls related to the permitting process increased toward the latter part of the year. Most were interested in information on how the permit process worked and how to voice their opinions. Last year most permit inquiries were regarding the national final decision for the permit process, however, this year there were fewer calls regarding the national permit and many calls related to the SD-PUC certification process. The liaison provided information to callers and directed them to the company and PUC websites, where they could find links to information on the project, the certification process and to contact regulators to voice their opinions.

The liaison continued to work with KXL permitting specialists to ensure that agencies in South Dakota had all the information and data that they needed. There were no concerns voiced by counties or townships this year. There were again inquires related to the liaison's experience with roads and county groups on the first phase of Keystone construction, however not nearly as many as in past years, and none that came via county or township officials.

The liaison contacted county and highway officials in Harding, Butte, Perkins, Meade, Pennington, Haakon, Jones, Lyman, and Tripp Counties, as well as, the affected townships within these counties. There were no requests to meet formally with the liaison and no major concerns regarding the permits, haul routes or construction. Most of the county officials have had a chance to speak with other county officials from the first Keystone project and are reassured by their reports. As well as the company efforts to better document haul route conditions pre-construction and avoid potential issues during construction. KXL permit specialists have been active in meeting with counties and townships to address all of their concerns and permit conditions. The liaison has made sure all affected roads groups have the proper contact information. However, highway and road officials reported to the liaison that they feel that communication has been open with the company and they anticipate that any

issues will be quickly addressed should they arise. Other Keystone representatives have continued to hold meetings with various groups throughout the state over the course of the year, to share information and negotiate agreements on haul routes, mediation plans, road crossing permits and other regulatory requirements.

There were no direct contacts to the liaison office by county or road agencies this year. The liaison will continue to be available to permitting agencies, county officials and the various road groups throughout the permit process as well as through construction and reclamation once the project moves forward.

## **5. PUC Inquires**

There were no major issues reported to the liaison through the PUC this year. There were a number of calls related to various consumer inquiries and project updates. The liaison was also contacted by PUC staff members regarding various media inquiries to the PUC related to the project, these were referred to the company for direct comment.

There were four calls from the PUC that required the liaison to follow up with the interested parties. One landowner inquired about route maps for the full project. Two other out of state parties requested route map information. They were referred to the KXL website, as well as, the SD-PUC and US-DOS websites related to the project, where information filed on the project is publicly available. The final caller was also out of state and was concerned by an internet post that reported KXL was staging pipe in the state. The liaison verified with the company that no construction activity was taking place in the state and reported back to the PUC. The post was false information and the pipe photographed was for a completely unrelated project.

There are no major issues being tracked by the PUC or liaison going into 2015. There is, however, one land owner request for a pre-construction site visit to native grassland areas within the construction corridor. As well as, a few other landowner requests from previous years for monitoring of construction and reclamation when construction commences in the state.

## **6. Media Inquires**

Media coverage of the project has increased in 2015, as did calls from various media sources. None of the calls were specific the liaison role in the state or activities related to that role. The majority of calls occurred in conjunction with political or regulatory updates on the project or were related to protests taking place in the state. The liaison relayed the calls to the appropriate parties within the company to be addressed directly.

## **7. Land Owner Inquires**

There were the fewest landowner inquires to the liaison this year of any to date. The majority of landowner contacts to the liaison were related to project or permit updates. Some contacts were regarding what to expect for scheduling of construction activities once the project permit was granted. Land agents in the state have again been proactive in addressing land owner concerns and very few contacted the liaison. There were no concerns over easements or damage compensation this year. There are several landowner requests pending that will not be of concern until construction commences. These issues are noted along with other tract information to be relayed to contractors and monitored by the land team, as well as the liaison, once construction does start. One site visit is pending in 2015, a landowner has requested a preconstruction visit by the liaison to native grassland areas along the right-of-way. The landowner wants a point of reference to ensure that reclamation is completed properly following construction. This visit will take place in the spring of 2015, as environmental conditions allow. The liaison will continue to be available to the SD-PUC, as well as concerned landowners and other affected parties, throughout the project construction and reclamation phases. The liaison anticipates that contacts from landowners and agencies will increase when the permitting process is finalized and construction activities commence.

## **8. Summary**

There were fewer calls to the liaison office in 2014 than in previous years. There were also no major issues reported to the liaison over the course of the year. The majority of contacts were related to the general status of the project and the permit process on the state and federal levels. Through the certification process with the SD-PUC, KXL officials remain available along the project corridor, to assist affected parties and keep them informed as the project develops. The majority of people seem to be satisfied with the information provided to date and are awaiting the final decisions in the permit process.

The Liaison Officer will be available throughout construction of the KXL Pipeline to landowners and other affected parties in the state of South Dakota, for a period of three years post-construction, or as ordered by the SD-PUC in the construction conditions. 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, following US-DOS approval of the project and issuance of the Presidential Permit as well as the completion of the SD-PUC certification process.