



October 11, 2007

Chairman Dustjn Johnson
Vice Chair Gary Hanson
Commissioner Steve Kolbeck
South Dakota Public Utilities Commission
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Dear Commissioners,

We acknowledge your letter dated September 26, 2007 regarding recent Commission contacts from landowners along the proposed Keystone Pipeline route in South Dakota. Like you, TransCanada values our relationships with all landowners, and Keystone is working hard to build those relationships in South Dakota.

Given the importance of this matter, Keystone U.S. Landowner Relations Supervisor Sandra Roth and Associate General Counsel Eva Neufeld had a productive meeting October 9 with PUC staff in which they developed a process by which Keystone will keep the PUC informed of our responses to landowner concerns brought to the PUC's attention. Going forward, we will provide PUC staff with summaries and dates of contacts Keystone makes in response to calls and letters the PUC receives in connection with the project. In addition, for all written correspondence Keystone sends to landowners in response, each letter will indicate that the PUC has been copied on the letter, which will be forwarded to PUC staff.

To put this matter in context, land agents representing Keystone have had more than 3,200 contacts with South Dakota landowners for permission to survey and for easement discussions. These contacts have resulted in successfully negotiated easements for more than half of the proposed pipeline rights of way in South Dakota. Furthermore, I was pleased to note your letter referred to landowners who indicated their dealings with Keystone have been positive, an assessment that reflects the vast majority of our landowner contacts.

The process we have developed with the PUC will complement the existing ways landowners can contact us, including by e-mail: keystone@transcanada.com; by U.S. mail; through our general inquiries line: 866-717-7473; or directly to our Kansas City project office: 877-880-4881 or to Ms. Roth at 800-562-8931. We continue to encourage landowners to utilize those contact channels.

TransCanada has more than 50 years of pipeline experience and more than 36,000 miles of existing pipeline right of way. During that time TransCanada has established relationships with more than 40,000 landowners. We recognize and value these important relationships.

Keystone is a large energy infrastructure project designed to meet the transportation needs of U.S. markets for crude oil. The Keystone project is supported by 495,000 barrels per day of firm contracts to meet increasing demand of Midwest markets and to displace oil from offshore imports. The proposed project crosses the land of thousands of landowners in seven states. With Keystone, we are just starting to build landowner relationships. Where landowners have indicated the relationship needs work, we look forward to working with these landowners to improve relationships.

We also look forward to continuing to work cooperatively with your agency and others to identify and resolve any issues regarding the Keystone Pipeline Project.

Sincerely,

Robert Jones

Vice President
Keystone Pipeline Project